INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER OF 2013

DEUTSCHE ANNINGTON IMMOBILIEN SE

DEUTSCHE ANNINGTON

Key figures

€ million	9M 2013	9M 2012	Change %
Rental income	546.1	547.3	-0.2
Adjusted EBITDA Rental	335.7	322.9	4.0
Income from disposal of properties	226.1	226.1	0.0
Adjusted EBITDA Sales	27.4	29.6	-7.4
Adjusted EBITDA	363.1	352.5	3.0
Maintenance and modernisation including maintenance work performed by our own craftsmen's organisation	138.3	156.7	-11.7
thereof maintenance	96.0	99.1	-3.1
thereof capitalised maintenance	15.7	11.2	40.2
thereof modernisation	26.6	46.4	-42.7
Interest expense FFO	-166.3	-201.9	-17.6
FFO 1	163.4	115.7	41.2
FFO 2	190.8	145.3	31.3
FFO 1 before maintenance	259.4	214.8	20.8
AFFO	147.7	104.5	41.3
FFO 1 per share in € *	0.73	0.58	26.0

* Based on the shares qualifying for a dividend on the reporting date Sep. 30, 2013: 224,242,425; Sep. 30, 2012: 200,000,000.

Key balance-sheet figures

€ million	Sep. 30, 2013	Dec. 31, 2012	Change %
Fair value	10,375.4	9,982.0	3.9
EPRA NAV	4,766.5	3,448.9	38.2
LTV in %	50.9	58.6	-7.7pp
NAV per share in € *	21.26	17.24	23.3

* Based on the number of shares on the reporting date Sep. 30, 2013: 224,242,425; Dec. 31, 2012: 200,000,000.

Key performance and company figures

€ million	9M 2013	9M 2012	Change %
Number of units managed	206,376	210,821	-2.1
thereof own apartments	178,565	183,216	-2.5
thereof apartments owned by others	27,811	27,605	0.7
Vacancy rate in %	3.9	4.4	-0.5pp
Vacancy rate (EPRA) in %	3.5	-	-
Monthly in-place rent in €/m²	5.37	5.26	2.1
Number of employees (as at September 30)	2,669	1,953	36.7

Other key earnings and financial figures

€ million	9M 2013	9M 2012	Change %
Income from fair value adjustment of investment properties	540.1	123.6	337.0
EBITDA IFRS	343.5	350.5	-2.0
EBT	674.0	229.6	193.6
Profit for the period	474.3	182.9	159.3
Cash flow from operating activities	130.5	314.1	-58.5
Cash flow from investing activities	159.7	145.2	10.0
Cash flow from financing activities	-479.4	-534.3	-10.3

Profile

With some 179,000 units worth a total of some € 10.4 billion, Deutsche Annington Immobilien SE is one of the leading real estate companies in Europe. With our housing profile, we are well placed to profit in future from the expected increase in one and two-person households in the German metropolitan areas. Furthermore, a clear portfolio strategy helps to add long-term value to the company.

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Dear Shareholders,
Ladies and Gentlemen,

This year is a year of far-reaching changes for Deutsche Annington. With the IPO, the company has presented itself to a broad-based public and now offers not only professional investors but also interested customers and employees the opportunity to buy shares in the largest private-sector residential real estate company in Germany. At the same time, the IPO has put the company's financing on a new footing. Today, Deutsche Annington is a company which is well positioned in the attractive German residential real estate market and also has a financing structure which is competitive in a European comparison.

The first six months of this year focussed on preparations for the IPO. Parallel to this, we worked at full speed on the further development of our business. The successful initial listing at the beginning of July then opened up new strategic options for us and, at the same time, the entire team was able to concentrate its energies on the operational business. All in all, we look back on a successful third quarter of 2013 and are very confident of achieving the goals we have set ourselves for the year as a whole.

Despite intensive work on the IPO and the successful refinancing, we also managed to further improve our operational performance. All relevant KPIs show a positive development: for example, we increased adjusted EBITDA year-on-year by 3 % to € 363.1 million, reduced the vacancy rate to 3.9 % and increased the average rent per square metre to € 5.37. Finally, we improved FFO 1 (Funds from Operations), the key metric for assessing our operational performance, by 41.2 % to € 163.4 million. As at the reporting date, September 30, 2013, the EPRA NAV (Net Asset Value) was € 4,766.5 million, the equity ratio 35.2 % and the loan-to-value (LTV) 50.9 %.

On the financing side, in the third quarter we systematically and comprehensively took advantage of the opportunities which the IPO opened up to us and implemented our financing strategy step by step. In July, we were the first German residential real estate company to successfully place our first issue on the European bond market. In October, there followed another premiere with the successful placing of bonds on the US market.

Successfully placing a total of five bond issues on the markets in Europe and the USA with a total volume of some € 2.5 billion in less than three months: this is an achievement which our company is definitely proud of. It underlines the financial strength and attractiveness of our business, but above all it shows the confidence of our financing partners and the financial markets in our company.

Today, Deutsche Annington is the only German residential real estate company with an investment grade rating ("BBB") and therefore in a position to obtain unsecured refinancing on attractive conditions. This flexibility gives us competitive advantages through optimised financing costs and greater scope for action.

We will continue to use this scope for action for the sustained development and expansion of our business. In the middle of the year, we already announced a comprehensive investment programme designed to increase the quality of our tenants' housing. Overall, we will be spending some € 800 million in the next five years on modernisation measures to enhance energy efficiency and on senior-friendly, low-barrier conversions. The implementation of these measures will create appreciable value added for our tenants as they will help to reduce ancillary costs and enable older tenants to stay living in their familiar surroundings as long as possible.

We assume responsibility by offering solutions to these challenges facing society. It is our mission to offer our customers clean, secure and affordable housing. Therefore, we continue to invest substantial amounts in our housing stocks. Maintenance expenses and capitalised maintenance in the first nine months amounted to € 111.7 million and were therefore € 1.4 million up on the prior-year figure. Not all apartments come up to the standard we have set ourselves and so we will continue to concentrate on successively eliminating shortcomings.

For us, satisfied tenants are the key to future success. In regular customer surveys, we already achieve satisfactory ratings. Nevertheless, we want to further increase these ratings.

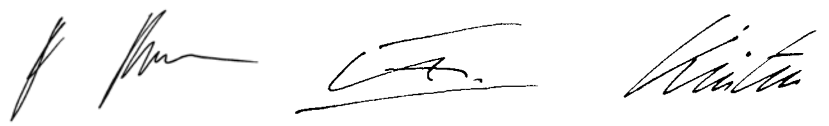
In line with our strategy, we will further develop our business in the months to come and grow, above all organically. This in no way precludes acquisitions. As the largest residential real estate company in Germany operating throughout the country, we are the natural first port of call for sellers of housing stocks. Thanks to our comfortable financing situation and a strategy which does not rely on acquisitions, we can examine any option offered to us in a relaxed manner and without pressure. The preconditions for any purchase are, in any case, that the properties can be sensibly integrated into our portfolio, the price is attractive and they add value for our shareholders.

As part of our portfolio strategy, we still expect to privatise over 2,000 units in 2013. Furthermore, we are currently in sales negotiations regarding a package of some 2,100 units, which are assigned to our Non-Core segment.

As regards the results for the year as a whole, we confirm the forecast for the first half of the year. Therefore, we expect the average rent per square metre to rise by between 1.8 % and 2.0 % and FFO 1 to be at the upper end of the outlook of € 210 million to € 220 million.

We thank you for the trust you have placed in us and look forward to having you remain loyal to Deutsche Annington as a shareholder, tenant, business partner, employee and friend of the company in the future.

Bochum, October 30, 2013



Rolf Buch (CEO)	Klaus Freiberg (COO)	Dr A. Stefan Kirsten (CFO)

THE SHARE: KEY STOCK MARKET DATA

After its successful placing, our share has successfully established itself on the Frankfurt stock exchange. After its initial listing on July 11 at a price of € 17.10, the share increased in value by 11.1 % to € 19.00 by the end of September. The market capitalisation therefore amounted to € 4.3 billion at the end of September 2013.

Successful IPO affords important leeway for financing strategy

Our successful IPO has afforded our company important leeway for our financing strategy. A total of 34,848,485 shares within a price range from € 16.50 to € 17.00 were offered to institutional investors on July 9, 2013 by way of an accelerated book-building process – an innovative placement procedure for the German IPO market. The offering consisted of 24,242,425 new shares from a capital increase, 6,060,606 shares from the holdings of the selling shareholder and 4,545,454 shares from the selling shareholder as part of an over-allotment.

The offering was clearly oversubscribed at the subscription price of € 16.50. Our Group obtained gross proceeds of € 400.0 million with the placement of the new shares, which we used to reduce debt. The over-allotment was exercised in full. The overall placement volume amounted to € 575.0 million.

Shareholder structure

The outstanding shares of Deutsche Annington amount to 224,242,425. Alongside the selling shareholder Monterey Holding I S.à r.l., which retains a majority 84.4 % stake in Deutsche Annington, Norway's Norges Bank acquired a 5.4 % holding in Deutsche Annington within the framework of the IPO. The 15.6 % (including the Norges stake) free-float shares are held mainly by institutional investors.

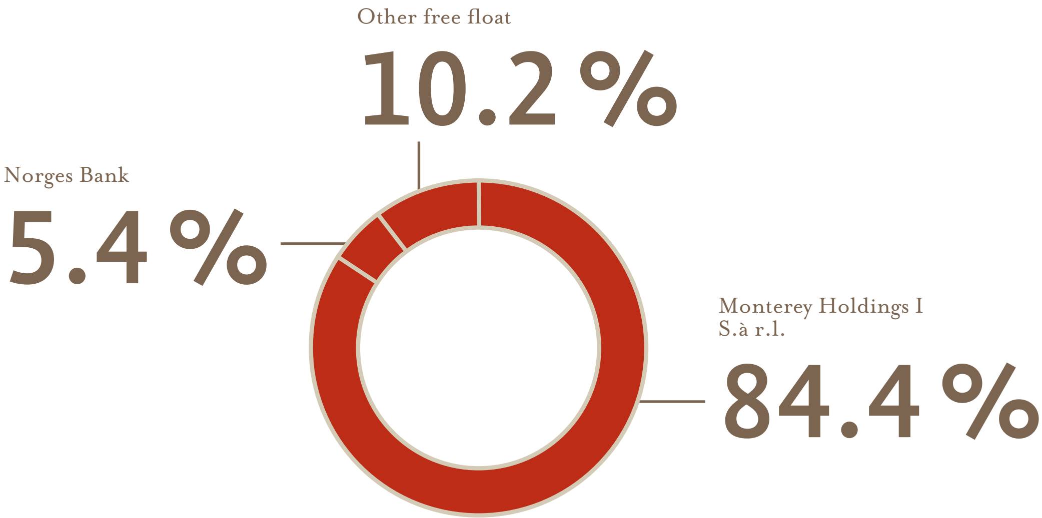
Dividend policy

Given stable business developments, Deutsche Annington aims to distribute an annual dividend of around 70 % of FFO 1. From the 2014 financial year onwards, this will amount to around 4.0 % of the EPRA NAV at that time. We are expecting a lower dividend to be paid out initially for the 2013 financial year although on a level comparable to that of other German real estate companies.

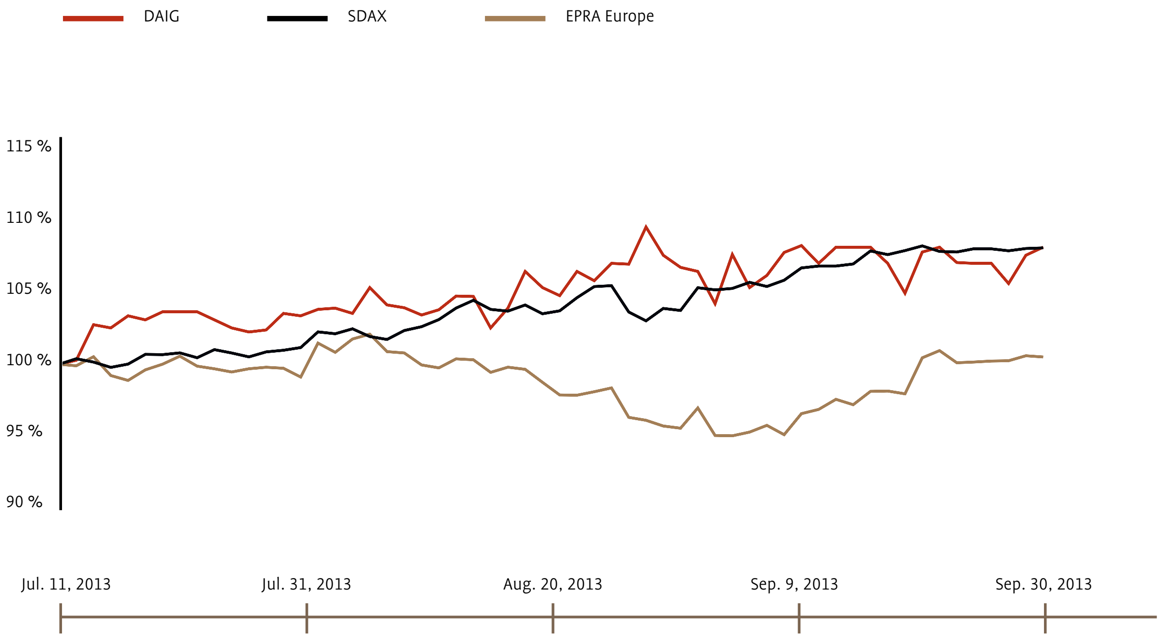
Share information

1st day of trading	July 11, 2013
Subscription price	€ 16.50
Total number of shares	224.2 million
Share capital in €	224,242,425
ISIN	DE000A1ML7J1
WKN	A1ML7J
Symbol	ANN
Common code	094567408
Class	Registered shares with no par value
Free float	15.6 % (including Norges Bank)
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market

Shareholder structure



Share price development



OUR

SHARE

IS BACKED

BY A

STRONG

COMPANY

1. Our BUSINESS MODEL stands for stable growth in recurring earnings.
2. The GERMAN HOUSING MARKET is very well positioned in an international comparison.
3. Our ASSET PROFILE puts us in an attractive market segment.
4. We invest purposefully in ENERGY-EFFICIENCY-ENHANCING modernisation measures and senior-friendly conversions. With these investments, we are creating further value for our investors.
5. Our size and setup enable EFFICIENT MANAGEMENT. Integrated management enables us to leverage synergetic effects and capitalise on economies of scale.
6. We have many opportunities to extend our SERVICE OFFERING.
7. Our innovative FINANCING STRATEGY affords us flexible and efficient access to capital.
8. The prerequisites for good organic growth are excellent. This affords us the opportunity to target and look into new ACQUISITION OPTIONS.

INTERIM MANAGEMENT REPORT

OVERVIEW

For the Deutsche Annington Immobilien Group, the first nine months of this year were above all marked by three important events: the preparations for the IPO, the IPO itself and the further development of our financing structure. The latter enabled us to repay our GRAND securitisation at the end of July 2013 and has opened up new strategic options for the Deutsche Annington Immobilien Group.

As part of the preparations for the IPO, the subscribed capital and the number of shares of Deutsche Annington Immobilien SE were increased to some € 224 million. Since July 11, 2013, the shares of Deutsche Annington Immobilien SE have been listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. Deutsche Annington Immobilien SE raised gross proceeds of € 400.0 million from the issuance of further no-par value registered shares. Together with the non-cash contribution to capital reserves in early 2013 by the then sole shareholder, Deutsche Annington has therefore received more than € 625 million since the beginning of the year.

With the **IPO**, Deutsche Annington has taken an important step and, with a clear strategy and the generation of sustainable returns, can take a leading role on the attractive German residential real estate market. At the same time, the IPO not only gives us flexible access to the equity market but also enables us to profit from more flexibility in our financing structure.

An investment grade rating, which we received from Standard & Poor's Ltd. on July 10, 2013, forms the basis for the **NEW FINANCING STRATEGY** of Deutsche Annington. The agency granted the company a rating of BBB. As the only housing company in Germany with an investment grade rating, we can therefore efficiently use the entire spectrum of secured and unsecured financing possibilities. We are therefore even more flexible with financings and can profit from interest advantages depending on the market situation.

Alongside the new financing options, we were also active in the classic secured financing markets in the reporting period. Here, we systematically pushed ahead with the refinancing of various sub-portfolios. In six transactions with banks and insurance companies, we contracted follow-on loans for portfolios from the GRAND securitisation with a volume of about € 1.7 billion. We see the successful conclusion of these loans as further evidence of confidence in our business model and our performance.

By **ESTABLISHING DEUTSCHE ANNINGTON FINANCE B.V.**, with its head office in Amsterdam, we have created a further basis for the issuance of unsecured corporate bonds, which we successfully used on July 25, 2013 by placing our first issue with an aggregate notional volume of € 1.3 billion. Our first issue consisted of two tranches, a three-year tranche with a volume of € 700.0 million and a coupon of 2.125 % as well as a six-year tranche with a volume of € 600.0 million and a coupon of 3.125 %.

Two further premieres were successfully achieved at the start of the fourth quarter, underlining the functionality and market acceptance of the new financing strategy: For example, the first US-dollar bond of a European residential real estate company was successfully placed. Our US-dollar bond has two tranches – a four-year tranche with a volume of US-$ 750.0 million and a coupon of 3.2 % and a ten-year tranche with a volume of US-$ 250.0 million and a coupon of 5.0 %. At the same time, the potential currency risk was hedged in full by contracting appropriate currency derivatives. Due to the interest rate differences between the US dollar and the euro, this also resulted in a reduction in the financing costs compared with the US-dollar coupon. Furthermore, we succeeded in placing the first bond from the new € 4.0 billion EMTN Programme (European Medium Term Note Programme) with a volume of € 500 million, a term of eight years and a coupon of 3.625 %. Both the USD bond and the EMTN bond were paid out in October and therefore after the end of the reporting period.

All these bonds also received a rating of BBB from Standard & Poor's.

The proceeds from the bonds were used for the repayment in full of the unsecured bank loan of € 2.3 billion contracted with two banks, which we had used to repay the GRAND liabilities on July 18, 2013.

The implementation of our operating strategy remains well on track. Our company continues to operate on a stable and promising foundation. This is also evidenced by the current development of business: overall, we can look back on a good nine months of the year.

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) and FFO 1 (funds from operations) were above the level of the prior-year period. Adjusted EBITDA totalled € 363.1 million, which is an increase of 3 % compared with the prior-year period figure. FFO 1 increased by 41.2 % to € 163.4 million. Adjusted EBITDA Sales fell by 7.6 % to € 27.4 million as the very good margins achieved for sales from the Non-Core portfolio segment in 2012 could, as expected, not be matched in 2013.

The positive result trend is also reflected in the development of the operating KPIs: the monthly in-place rent rose by 2.1 % from € 5.26/m² (September 30, 2012) to € 5.37/m² (September 30, 2013). The vacancy rate fell by 0.5 percentage points to 3.9 %. At the same time, the number of apartments sold fell slightly by 33 units to 3,415 apartments.

Our customer service is divided into two core units – Central Customer Service and Local Customer Service. Today, our staff in the Central Customer Service in Bochum and in the Local Customer Service on site work hand in hand. The closer interaction of the departments in the Local Customer Service – New Rentals, Property Management, Technology and Caretakers – aimed at increased cross-departmental customer care has led to greater flexibility as well as faster response times in customer service. For our internal processes, we have defined a response time within which written customer inquiries must be finally settled. Customers receive a binding reply from us within 5 to 10 working days.

An important part of customer care in the Local Customer Service is **REGULAR ON-SITE SERVICE HOURS** at all locations of Deutsche Annington properties. Every month, some 750 on-site service hours are held throughout Germany. What's more, our own caretaker and craftsmen's organisations guarantee the greatest possible customer proximity.

Our **CARETAKERS** are the direct contacts for our tenants and, at the same time, they make sure that our residential estates are clean and tidy. Since the beginning of the year, our caretakers regularly conduct visual and functional checks in and on our buildings at all property locations throughout Germany. A binding catalogue of services guarantees the same high quality of these caretaker services at all our sites. Despite this extended customer service, the pass-through ancillary cost charge to be paid by the tenant will normally be below the ancillary cost index.

Craftsmen's work such as painting, plumbing, heating and masonry work is performed in our properties by our own craftsmen's organisation, Technischer Gebäudeservice (TGS). With this customer service, we are now present at all Deutsche Annington property locations with **SOME 840 OWN CRAFTSMEN**.

Thanks to our strong on-site presence, we are able to react even faster and more reliably to our customers' wishes and requests.

As part of the strategic partnership with Deutsche Telekom started at the end of 2011, Deutsche Annington is equipping **ITS HOUSING STOCKS** step-by-step **WITH MODERN FIBRE-OPTIC TECHNOLOGY** and providing the tenants with a TV signal through the subsidiary Deutsche Multimedia Service GmbH. By the end of the reporting period, Deutsche Multimedia Service GmbH had already provided the first 43,000 units with a TV signal. In addition to a TV connection, some 7,300 apartments will be connected to the modern fibre-optic network of Deutsche Telekom by the end of the 2013 financial year. Thanks to the strategic partnership, we can offer our tenants throughout Germany a discount of up to 15 % on telephone and internet products of Deutsche Telekom and the Telekom subsidiary, Congstar, through Deutsche Multimedia Service GmbH.

One element of our cross-departmental customer care in the Local Customer Service is the personal contacting of tenants who face termination of their lease without notice. The aim is to find a solution together with the tenant. As part of this service, we also give advice to tenants in financial difficulties. To this end, we have set up our social management organisation which operates nationwide with some 80 social managers. As a result of this special counselling, some 400 evictions have been avoided to date.

All in all, the third quarter has shown that we have achieved both our economic and operational goals. We are therefore positive about the last quarter, which has meanwhile started: here, too, we are confident that we can meet our targets.

PORTFOLIO

Deutsche Annington is Germany's largest private-sector residential real estate company both in terms of portfolio value and the number of units owned. As at September 30, 2013, we managed 178,565 residential units of our own, 41,324 garages and parking spaces as well as 1,082 commercial units. We also manage 27,811 apartments for other owners. The Deutsche Annington Immobilien Group provides accommodation in some 540 cities and communities throughout Germany.

With an aggregate portfolio of 11,396 million m² of living area, we generate an average monthly in-place rent of € 5.37/m². The vacancy rate was 3.9 % at the end of the reporting period.

Portfolio segments

Deutsche Annington has divided its portfolio into five portfolio segments. We follow a differentiated strategy with regard to each segment. The individual segments are as follows:

> **Operate**
Continual improvement of rents and efficient maintenance

> **Upgrade Buildings**
Investments in improving energy efficiency

> **Optimise Apartments**
Investments in making apartments fit for senior living and high-standard apartment modernisations

> **Privatise**
Sale of apartments to private customers

> **Non-Core**
Sale of whole buildings to private and institutional investors

The three segments of the Rental Only sub-portfolio – Operate, Upgrade Buildings, Optimise Apartments – make up 82 % of our housing stocks in terms of fair value and offer above-average, value-creating potential. The Privatise segment accounts for another 13 % of our housing stocks. Here we are expecting to create additional value by single unit sales to private customers. The four portfolio segments – Operate, Upgrade Buildings, Optimise Apartments and Privatise – make up our core portfolio. It represents 95 % of our portfolio in terms of fair value.

5 % of our housing stocks only have limited development potential in the medium to long term as they are not suitable for management using our standardised letting processes due to their location or the condition of the property. This housing stock is to be sold in the medium term at prices around fair value.

The Deutsche Annington portfolio as at September 30, 2013 breaks down as follows:

Housing stocks
as at Sep. 30, 2013

	Units	Living area	Vacancy rate		In-place rent		
		thousand m²	%	Change % points	€ million	like-for-like €/m²/month	Change like-for-like €/m²/month
Operate	78,766	4,999	3.2	-0.4	314.6	5.42	+0.10
Upgrade Buildings	43,530	2,746	3.0	-0.2	169.3	5.31	+0.08
Optimise Apartments	21,367	1,335	2.5	0.4	94.5	6.06	+0.20
Rental Only	**143,663**	**9,080**	**3.1**	**-0.2**	**578.5**	**5.48**	**+0.11**
Privatise	21,215	1,453	5.1	-0.6	87.7	5.29	+0.05
Non-Core	13,687	863	11.2	-2.4	39.2	4.27	+0.02
Total	**178,565**	**11,396**	**3.9**	**-0.5**	**705.4**	**5.37**	**+0.11**

In all portfolio segments, the rents developed very positively: the comparable monthly in-place rent (like-for-like) rose in the housing stocks as a whole by € 0.11/m² to € 5.37/m². In the Rental Only sub-portfolio – Operate, Upgrade Buildings and Optimise Apartments – the monthly in-place rent (like-for-like) also increased by € 0.11/m² and amounted to € 5.48/m²/month at the end of the reporting period.

The vacancy rate had fallen as at September 30, 2013 by 0.5 percentage points to 3.9 % compared with the rate as at September 30, 2012. In the Rental Only sub-portfolio, the vacancy rate fell by 0.2 percentage points to 3.1 %. The vacancy rate according to the EPRA definition was 3.5 % as at September 30, 2013.

Portfolio strategy

We intend to continually increase the value of the core portfolio through three main levers:

> **Value-enhancing property management:** we achieve operational value generation through rental growth, vacancy reduction, effective and sustainable maintenance spend as well as cost efficiencies through scale.

> **Value-creating investments:** we generate significant value improvement through a comprehensive investment programme which concentrates on two societal megatrends: climate protection and demographic change. This forms the basis for our investments in the housing stocks: energy-efficient modernisations, the refurbishment of apartments for senior living as well as high-standard refurbishments in markets where fully refurbished apartments deliver a rental premium.

> **Privatisation:** we plan further value generation through privatisation of owner-occupier units and single-family houses at a significant premium compared with the fair value. These units amount to 13 % of the total portfolio of Deutsche Annington. In the last three years, Deutsche Annington has sold some 2,500 apartments on average per year at an average selling price of more than 20 % above the fair value at the time of sale.

Regional distribution of total portfolio

Most of our housing stocks (96 %) are situated in the old West Germany and Berlin. 53 % are located in North Rhine-Westphalia. We therefore continue to hold by far the largest proportion of our portfolio in the most populous German state.

Housing stocks by German State
as at Sep. 30, 2013

	Units	Living area	Vacancy rate	In-place rent	
		thousand m²	%	€ million	€/m²/month
North Rhine-Westphalia	95,181	5,958	4.3	347.7	5.09
Hesse	21,141	1,338	1.8	103.2	6.54
Bavaria	14,224	946	2.2	61.1	5.50
Berlin	12,893	830	1.4	56.1	5.72
Schleswig-Holstein	11,247	701	4.2	41.2	5.12
Lower Saxony	5,679	384	8.2	21.6	5.09
Rhineland-Palatinate	5,126	364	3.2	21.8	5.17
Baden-Württemberg	4,931	344	2.5	21.8	5.41
Saxony	3,282	205	10.5	10.7	4.87
Saxony-Anhalt	1,379	94	20.0	4.1	4.50
Hamburg	1,122	65	2.0	5.6	7.36
Thuringia	1,059	68	5.9	4.0	5.21
Mecklenburg-Western Pomerania	642	49	2.2	3.3	5.71
Brandenburg	576	42	4.2	2.8	5.84
Bremen	66	5	6.1	0.3	5.76
Saarland	17	1	5.9	0.1	4.75
Total	**178,565**	**11,396**	**3.9**	**705.4**	**5.37**

Roughly 66 % of the housing portfolio (117,667 units) is concentrated in our 25 largest locations. The three largest locations are Dortmund, Berlin and Essen. Overall, a large proportion of our residential portfolio is located in cities and regions with good growth prospects and a positive development of the number of households, including Munich and Berlin as well as the Rhine-Main region with the cities Frankfurt am Main, Cologne, Bonn and Düsseldorf. Some 69 % of the portfolio is located in cities with more than 100,000 inhabitants.

Housing stocks 25 largest locations
as at Sep. 30, 2013

	Units	Living area	Vacancy rate	In-place rent	
		thousand m²	%	€ million	€/m²/month
Dortmund	17,607	1,074	3.1	59.5	4.78
Berlin	12,893	830	1.4	56.1	5.72
Essen	10,070	617	5.8	36.1	5.19
Frankfurt am Main	9,995	619	0.8	52.4	7.11
Gelsenkirchen	7,759	476	6.8	24.5	4.60
Bochum	7,611	439	3.0	26.1	5.12
Duisburg	4,719	281	4.3	16.0	4.97
Munich	4,648	310	0.8	23.1	6.26
Herne	4,575	280	5.1	15.0	4.71
Bonn	4,244	298	1.7	21.2	6.05
Cologne	3,984	263	2.1	19.8	6.40
Gladbeck	3,258	200	3.2	11.3	4.90
Herten	2,711	174	4.5	9.1	4.57
Marl	2,508	167	7.9	9.4	5.09
Düsseldorf	2,471	162	2.6	13.0	6.90
Aachen	2,187	145	2.4	9.1	5.36
Wiesbaden	2,062	137	2.2	11.8	7.33
Bergkamen	2,019	134	8.1	6.6	4.49
Geesthacht	1,999	114	3.6	7.3	5.56
Bottrop	1,914	120	3.5	7.1	5.07
Kassel	1,863	116	3.3	6.6	4.87
Castrop-Rauxel	1,704	100	4.6	5.8	5.11
Recklinghausen	1,656	109	3.9	6.0	4.78
Nuremberg	1,612	111	1.2	7.6	5.80
Flensburg	1,598	106	5.1	5.8	4.79
Subtotal of the 25 largest locations	**117,667**	**7,380**	**3.4**	**466.4**	**5.45**
Other locations	60,898	4,016	5.0	239.1	5.22
Total	**178,565**	**11,396**	**3.9**	**705.4**	**5.37**

Regional distribution of the Rental Only sub-portfolio

The Rental Only sub-portfolio of Deutsche Annington comprises three portfolio segments, Operate, Upgrade Buildings and Optimise Apartments. Some 96 % of our housing stocks are concentrated in old West Germany and Berlin. The following table shows the distribution of the Rental Only sub-portfolio by German state together with information on the living area, vacancy rate and in-place rent:

Rental Only sub-portfolio by German state
as at Sep. 30, 2013

	Units	Living area	Vacancy rate	In-place rent	
		thousand m²	%	€ million	€/m²/month
North Rhine-Westphalia	78,428	4,853	3.7	288.6	5.15
Hesse	17,633	1,110	1.5	86.7	6.61
Berlin	12,480	803	1.3	54.4	5.73
Bavaria	10,200	674	1.9	45.5	5.74
Schleswig-Holstein	9,007	548	3.6	32.5	5.13
Rhineland-Palatinate	3,907	273	2.6	16.7	5.22
Baden-Württemberg	3,711	266	1.3	17.8	5.66
Saxony	2,824	178	7.7	9.7	4.91
Lower Saxony	1,894	136	3.6	9.6	6.10
Hamburg	1,118	64	1.9	5.6	7.37
Thuringia	797	53	3.8	3.3	5.47
Mecklenburg-Western Pomerania	642	49	2.2	3.3	5.71
Saxony-Anhalt	503	34	5.6	2.1	5.24
Brandenburg	469	34	1.5	2.5	6.08
Bremen	50	3	4.0	0.2	6.36
Saarland	0	0	0.0	0.0	0.00
Total	**143,663**	**9,080**	**3.1**	**578.5**	**5.48**

As at September 30, 2013, some 70 % of the Rental Only sub-portfolio or 100,492 units were in our 25 largest locations. The remaining 43,171 units are spread across some 300 towns and communities throughout Germany.

Rental Only sub-portfolio 25 largest locations
as at Sep. 30, 2013

	Units	Living area	Vacancy rate	In-place rent	
		thousand m²	%	€ million	€/m²/month
Dortmund	15,751	955	2.8	53.2	4.79
Berlin	12,480	803	1.3	54.4	5.73
Frankfurt am Main	8,752	534	0.8	45.7	7.19
Essen	7,798	469	5.1	27.9	5.24
Bochum	6,959	398	2.7	23.7	5.11
Gelsenkirchen	6,105	367	6.6	19.6	4.77
Munich	3,934	259	0.7	18.9	6.13
Heme	3,817	235	4.8	12.6	4.71
Bonn	3,810	267	1.5	18.9	5.99
Duisburg	3,324	190	4.1	11.1	5.09
Cologne	3,051	199	1.5	15.1	6.39
Gladbeck	2,709	164	2.5	9.7	5.07
Aachen	2,074	138	2.0	8.7	5.37
Herten	2,046	127	3.7	7.1	4.85
Düsseldorf	2,033	133	1.9	10.7	6.87
Marl	1,948	127	6.3	7.2	5.08
Wiesbaden	1,730	114	1.8	9.7	7.27
Bergkamen	1,729	112	6.1	5.6	4.47
Kassel	1,679	103	3.6	5.8	4.88
Geesthacht	1,577	87	3.8	5.6	5.57
Castrop-Rauxel	1,518	88	4.0	5.2	5.11
Recklinghausen	1,509	99	3.9	5.5	4.82
Kiel	1,492	89	1.3	5.4	5.16
Flensburg	1,390	89	5.3	4.9	4.87
Bottrop	1,277	79	2.0	5.0	5.34
Subtotal of 25 largest locations	**100,492**	**6,222**	**3.0**	**397.2**	**5.49**
Other locations	43,171	2,858	3.3	181.3	5.47
Total	**143,663**	**9,080**	**3.1**	**578.5**	**5.48**

Sales of Privatise and Non-Core segments

Sales of Privatise portfolio segment

€ million	9M 2013	9M 2012
Number of units sold	2,001	2,084
Income from disposal of properties	172.5	174.4
Fair value of properties sold *	-139.9	-141.6
Adjusted profit from disposal of properties	**32.6**	**32.8**
Fair value step-up in %	**23.3**	**23.2**

* The fair values of properties sold including fair value effects from assets held for sale.

In the Privatise portfolio segment, we sell individual apartments to private customers. Despite the slight fall in the number of apartments sold from 2,084 to 2,001 units, we managed to keep both the income from disposal of properties and the profit from disposal of properties virtually stable at € 172.5 million and € 32.6 million respectively. The latter was also made possible thanks to the slight increase in the fair value step-up to 23.3 %.

Sales of Non-Core portfolio segment

€ million	9M 2013	9M 2012
Number of units sold	1,414	1,364
Income from disposal of properties	53.6	51.7
Fair value of properties sold *	-48.9	-44.1
Adjusted profit from disposal of properties	**4.7**	**7.6**
Fair value step-up in %	**9.6**	**17.3**

* The fair values of properties sold including fair value effects from assets held for sale.

The Non-Core portfolio segment, which makes up roughly 5 % of our total residential portfolio, comprises units which do not fit into our strategy in the medium to long term and are therefore sold at prices around the fair value.

We sold more units from the Non-Core portfolio segment than in the prior-year period. The number of apartments sold increased by 50 to 1,414 units. The fair value step-up of the properties sold decreased, as expected, by 7.7 percentage points to 9.6 %.

Modernisation and maintenance

In 2013, we continue to pursue our objective of steadily improving the quality of our housing stocks and the neighbourhoods. In the 2013 reporting period, maintenance expenses totalled € 96 million (see page 31).

Our investment programme concentrates on energy-efficient modernisations of buildings, the refurbishment of individual apartments for senior living and high-standard refurbishments.

As part of these energy-saving measures, we are heat-insulating for example facades, basement ceilings and attics for a living area of some 150,000 m². This significantly reduces energy consumption which in turn cuts CO_2 emissions. The lower energy consumption not only benefits the environment but also our tenants in the form of lower ancillary cost bills.

We take account of the demographic change when planning investments in our properties. Some 36.0 % of our tenants are over 60 and many of them want to stay living in their homes as long as possible. In 2013, we have earmarked approximately € 10.0 million for the senior-friendly refurbishment of some 670 apartments according to the KfW standard.

In the first nine months of 2013, work was started on modernisation projects for 2,194 apartments. Overall, the Deutsche Annington Immobilien Group will probably perform some 70 modernisation projects for roughly 2,400 apartments throughout Germany in the current year.

BUSINESS PERFORMANCE IN THE THIRD QUARTER

Economy and industry environment

According to the Federal Ministry of Economics and Technology (BMWi), the German economy remains on a path of growth. GDP rose by 0.7 % in the second quarter of 2013. The crucial factor for this was private consumer spending. With a rise of 0.5 % in the second quarter, it was the basis for strong domestic growth. Moreover, construction investments provided strong momentum, in particular investments in equipment, which increased appreciably for the first time in six quarters. The labour market was in a sound and stable condition. Employment increased again, the rise resulting from the growth in the number of people liable to pay social security contributions. Seasonally adjusted, the number of unemployed rose slightly in September as a result of a less pronounced easing effect of labour market policy.

The business climate index for Germany, calculated by the Institute for Economic Research at the University of Munich (ifo), increased for the fifth time in succession. Although companies rated their current business situation as slightly less satisfactory than in the previous month, their expectations for the further development of business remained more optimistic. Overall, the German economy started the autumn with confidence, according to the ifo figures.

According to IVD (Immobilienverband Deutschland), rents and purchase prices for residential real estate have only risen moderately in the past twelve months. On average, the price increase is hardly above the inflation rate. Whilst the average rent for apartments with an average standard did not increase much more than the national average, even in cities, the purchase price rises for owner-occupier apartments in the metropolises were nearly twice as high. However, the market appears to have reached its zenith here, too, because the increasing new build activities are dampening the prices.

Currently, there is controversy about the ceiling on rent increases initiated by the German government. According to the IVD, the introduction of such a ceiling would mean an artificial intervention in the market, which would be more likely to lead to a greater housing shortage because private money would no longer be invested in new builds or in existing residential properties. A better alternative would be to improve the framework conditions for investment in real estate.

There are also reservations about the planned tightening of the Energy Conservation Regulations (EnEV) 2014 for new builds. According to the German Association of German Housing and Real Estate Companies (GdW), this would act as a further sharp brake on housing construction so urgently needed in metropolitan areas.

Business Performance

Key performance indicators of the Deutsche Annington Immobilien Group

€ million	9M 2013	9M 2012
Income from property management	799.5	810.2
thereof rental income	546.1	547.3
Adjusted EBITDA Rental	335.7	322.9
Income from disposal of properties	226.1	226.1
Adjusted EBITDA Sales	27.4	29.6
EBITDA IFRS	343.5	350.5
Adjusted EBITDA	363.1	352.5
FFO 1	163.4	115.7
FFO 1 before maintenance	259.4	214.8
FFO 2 (incl. profit from property sales)	190.8	145.3
AFFO	147.7	104.5
	Sep. 30, 2013	Dec. 31, 2012
NAV	4,766.5	3,448.9
	9M 2013	9M 2012
Number of employees	2,669	1,953
Number of units sold (recorded sales)	3,415	3,448
Sold individually	2,001	2,084
Other sales	1,414	1,364
Vacancy rate in %	3.9	4.4
Monthly in-place rent in €/m²	5.37	5.26
Number of residential units in portfolio	178,565	183,216

As an integrated residential real estate company, the Deutsche Annington Immobilien Group concentrates on the value-enhancing management of its housing stocks and the selective privatisation or sale of units. The business activities of Deutsche Annington are split into two segments, Rental and Sales

Rental

Adjusted EBITDA Rental

€ million	9M 2013	9M 2012
Rental income	546.1	547.3
Other income from property management	14.3	14.0
Ancillary cost balance	-13.7	-14.6
Other property management costs	-211.0	-223.8
Adjusted EBITDA Rental	**335.7**	**322.9**

The Rental segment covers property rental and condominium administration services.

The **ADJUSTED EBITDA** of the Rental segment increased by € 12.8 million to € 335.7 million compared with the prior-year period.

Despite the smaller number of rental units as a result of property sales, **RENTAL INCOME** totalled € 546.1 million, which is only slightly down on the prior-year figure of € 547.3 million. The main factors were vacancy reductions as well as higher average monthly rents compared with the prior-year period.

At the end of the reporting period, the **VACANCY RATE** was 3.9 % and therefore 0.5 percentage points below the prior-year figure of 4.4 %. As a result, we cut the vacancy losses by 11.0 % to € 27.4 million.

In the first nine months of 2013, we again managed to increase the monthly **IN-PLACE RENT**. It rose in comparison to the prior-year period by 2.1 % on average to € 5.37/m² (September 30, 2012: € 5.26/m²). We achieved the rent increases through rent adjustments as well as in connection with modernisation measures. Housing improvements allow landlords to pass on some of the costs to their tenants.

The **ANCILLARY COST BALANCE** was down by € 0.9 million on the prior-year period figure of € 14.6 million. This development mainly results from the decrease in voids.

The **OTHER PROPERTY MANAGEMENT COSTS** fell in the reporting period by € 12.8 million to € 211.0 million, partly as a result of improved business processes (€ 9.1 million) as well as a decrease in write-downs on receivables (€ 3.4 million) thanks to improved receivables management. The other property management costs include maintenance expenses of € 96.0 million (September 30, 2012: € 99.1 million) including maintenance work performed by our own craftsmen's organisation.

Sales

Adjusted EBITDA Sales

€ million	9M 2013	9M 2012
Income from disposal of properties	226.1	226.1
Carrying amount of properties sold	-207.1	-200.2
Revaluation of assets held for sale *	17.2	17.9
Profit on disposal of properties (IFRS)	**36.2**	**43.8**
Revaluation (realised) of assets held for sale *	-17.2	-17.9
Revaluation from disposal of assets held for sale *	18.3	14.5
Adjusted profit on disposal of properties	**37.3**	**40.4**
Operating expenses	-9.9	-10.8
Adjusted EBITDA Sales	**27.4**	**29.6**

* For the first time in the interim management report for the first half of 2013, EBITDA Sales was adjusted for these period effects. The purpose of this adjustment is to show effects from the application of IFRS 5 on property sales affecting net income only in the period in which the sale actually takes place.

The Sales segment covers the sale of housing stocks from the Privatise and Non-Core portfolio segments. The units are offered for sale to tenants, owner-occupiers as well as private and institutional capital investors. The offering largely ranges from owner-occupier apartments and single-family houses to multi-family houses and residential estates.

In the reporting period, the **income from disposal of properties** was at the level of the prior-year period and totalled € 226.1 million.

Nationwide, we sold 3,415 apartments in the first nine months of 2013 (September 30, 2012: 3,448 apartments). Of this figure, 2,001 apartments (September 30, 2012: 2,084 apartments) were sold under the privatisation programme and 1,414 apartments (September 30, 2012: 1,364 apartments) were from the Non-Core portfolio segment (see also page 20). There is continued strong demand for apartments for owner occupation or as a long-term capital investment.

In spite of the larger number of multi-family houses sold, **adjusted EBITDA Sales** was € 27.4 million, just below the prior-year period figure (September 30, 2012: € 29.6 million). The main reason for this was the very good margins achieved in the prior year on sales from this segment, which, as expected, could not be maintained at the same level.

Operating expenses in the Sales segment were reduced by € 0.9 million to € 9.9 million.

FFO

Funds from Operations (FFO)

€ million	9M 2013	9M 2012
Profit for the period	**474.3**	**182.9**
Interest expense/income	205.0	240.0
Income taxes	199.7	46.7
Depreciation	4.6	4.5
Income from fair value adjustment of investment properties	-540.1	-123.6
= EBITDA IFRS	**343.5**	**350.5**
Non-recurring items	18.5	5.4
Total period adjustments from assets held for sale	1.1	-3.4
= EBITDA (adjusted for non-recurring items)	**363.1**	**352.5**
Adjusted EBITDA Sales	-27.4	-29.6
= Adjusted EBITDA Rental	**335.7**	**322.9**
Interest expense FFO	-166.3	-201.9
Current income taxes	-6.0	-5.3
= FFO 1	**163.4**	**115.7**
Capitalised maintenance	-15.7	-11.2
= AFFO	**147.7**	**104.5**
FFO 2 (FFO 1 incl. profit from property sales)	190.8	145.3
FFO 1 per share in € *	0.73	0.58
FFO 2 per share in € * (FFO 1 incl. profit from property sales)	0.85	0.73
AFFO per share in € *	0.66	0.52

* Based on the shares qualifying for a dividend on the reporting date Sep. 30, 2013: 224,242,425; Sep. 30, 2012: 200,000,000.

The profit for the period increased in the reporting period compared with the prior-year period by € 291.4 million to € 474.3 million. The main driver was the sharp increase in the income from fair-value adjustment of investment properties.

For the first time in 2013, Deutsche Annington had its entire real estate portfolio valued by CBRE GROUP Inc. (CBRE). In the determination of the fair value of investment properties, CBRE used the DCF valuation method and made assumptions and estimates in line with the approach generally accepted and used in the market. The valuation results of CBRE were applied in the interim consolidated financial statements as at March 31, 2013. On a comparable basis to the previously applied income capitalisation method and using the market assessment determined by CBRE, the fair value of the investment properties would have been roughly 0.4 % lower as at March 31, 2013. The fair values were updated by the external property appraiser, CBRE, as at September 30, 2013. The assumptions and estimates detailed in the CBRE valuation and the overall positive market development resulted in net income from fair value adjustment of investment properties of € 540.1 million in the first nine months of 2013 (September 30, 2012: € 123.6 million). The increase in income from the fair value adjustment of investment properties resulted in a sharp rise in income taxes from € 46.7 million to € 199.7 million compared with the prior-year period.

At € 343.5 million, **EBITDA IFRS** in the reporting period was down on the prior-year figure (September 30, 2012: € 350.5 million). The decrease was largely due to higher non-recurring items, which increased by € 13.1 million year-on-year to € 18.5 million.

EBITDA ADJUSTED for non-recurring items rose by € 10.6 million to € 363.1 million (September 30, 2012: € 352.5 million). The positive development is mainly the result of adjusted EBITDA Rental increasing by € 12.9 million to € 335.7 million.

FFO 1 rose by 41.2 % to € 163.4 million in the reporting period. The fall in interest expense FFO of € 35.6 million to € 115.7 million in conjunction with capital repayments made on financial liabilities had a positive effect. The interest expense reflects the net cash interest allowing for adjustments through interest accretion effects.

FFO 2 (FFO 1 including profit from property sales) rose in the reporting period by 31.3 % to € 190.8 million.

The non-recurring items resulted from the development of new fields of business, severance payments due to business process optimisation, higher expenses for refinancings and equity increases (where not deductible from the liabilities or equity) as well as from preparations for the IPO. The table shows the respective amounts for the non-recurring items in the first nine months of 2013 compared with the prior-year period.

Non-recurring items

€ million	9M 2013	9M 2012
Development of new fields of business	3.2	3.3
Development of business processes and reorganisation measures	0.6	0.0
Severance payments	0.7	-0.3
Cost of refinancings and equity increases which cannot be deducted from liabilities or equity	7.1	1.1
IPO preparations	6.9	1.3
Total non-recurring items	**18.5**	**5.4**

Reconciliation of financial result to net cash interest

€ million	9M 2013	9M 2012
Income from non-current loans	1.4	1.5
Interest income	14.7	6.1
Interest expense	-221.1	-247.6
Financial result	**-205.0**	**-240.0**
Adjustments:		
Transaction costs	17.9	19.2
Prepayment penalties and commitment interest	26.8	1.0
Effects from the valuation of loans	-27.6	6.6
Derivatives	13.7	-0.9
Interest accretion to provisions / EK02	8.2	14.1
Accrued interest	-24.2	-0.6
Other effects	-0.3	-1.9
Net cash interest	**-190.5**	**-202.5**
Accrued interest adjustment	24.2	0.6
Interest expense FFO	**-166.3**	**-201.9**

The **financial result** improved by € 35 million to € 205.0 million in the reporting period. This development is mainly due to lower interest expense as a result of the restructuring and subsequent repayment of the GRAND CMBS as well as the capital repayments made in the reporting period. Interest expense fell by € 26.5 million to € 221.1 million. Prepayment penalties and commitment interest as a result of the capital repayments made in the reporting period had an opposite effect.

FINANCIAL POSITION AND NET ASSETS

The equity of the Deutsche Annington Immobilien Group increased in the first nine months from € 2,677.4 million to € 3,810.5 million. This increase of € 1,133.1 million mainly results from the financial result and the valuation effects contained therein, the contribution to equity made by the former sole shareholder as well as from the capital increase as part of the first listing.

The equity ratio rose from 25.2 % as at the 2012 reporting date to 35.2 % as at September 30 this year.

Parallel to this, in the first nine months, current and non-current loans were reduced as a result of the implemented restructuring and the repayment of the GRAND CMBS as well as further loans. Current and non-current liabilities were reduced by € 914.4 million as a result of the associated capital repayments.

Group balance-sheet structure

	Sep. 30, 2013		Dec. 31, 2012	
	€ million	%	€ million	%
Non-current assets	10,361.0	95.7	9,946.8	93.8
Current assets	466.0	4.3	661.5	6.2
TOTAL ASSETS	**10,827.0**	**100.0**	**10,608.3**	**100.0**
Equity	3,810.5	35.2	2,677.4	25.2
Non-current liabilities	6,629.1	61.2	6,940.5	65.5
Current liabilities	387.4	3.6	990.4	9.3
TOTAL EQUITY AND LIABILITIES	**10,827.0**	**100.0**	**10,608.3**	**100.0**

The company's main non-current assets are investment properties. At € 10,279.0 million as at September 30, 2013, they also account for a major part of the total property portfolio of € 10,375.5 million. Smaller parts of the real estate assets are shown as assets held for sale; real estate used by the company itself is shown under property, plant and equipment.

The net asset value (NAV) according to the EPRA definition of the Deutsche Annington Immobilien Group increased by 38.2 % in the reporting period as a result of the increase in the value of the real estate assets and the capital measures performed. The triple NAV according to the EPRA definition is the reported equity of the Deutsche Annington shareholders.

Net asset value (NAV) based on application of IAS 40

€ million	Sep. 30, 2013	Dec. 31, 2012
Equity attributable to DAIG shareholders	**3,794.4**	**2,666.4**
Fair value of derivative financial instruments	50.5	67.1
Deferred taxes	921.6	715.4
NAV	**4,766.5**	**3,448.9**
NAV per share in € *	21.26	17.24

* Based on the number of shares on the reporting date Sep. 30, 2013: 224,242,425; Dec. 31, 2012: 200,000,000.

The Deutsche Annington Immobilien Group invests in maintaining and improving the quality of its housing stocks with targeted maintenance and modernisation programmes.

The necessary modernisation and maintenance work is performed by our own craftsmen's organisation and external service providers. The total sum of the modernisation and maintenance work amounted to € 147.4 million as at September 30, 2013 (September 30, 2012: € 157.0 million). After elimination of the value added of the craftsmen's organisation, the net expense was € 138.3 million (September 30, 2012: € 156.7 million). This figure includes personnel expenses of € 23.1 million and other costs of our own craftsmen's organisation (September 30, 2012: € 12.7 million).

Maintenance and modernisation

€ million	9M 2013	9M 2012
Sales of own craftsmen's organisation	86.6	36.8
Bought-in services	60.8	120.2
Total cost of modernisation and maintenance work	**147.4**	**157.0**
Intercompany profits of own craftsmen's organisation eliminated in the consolidated financial statements	-9.1	-0.4
Modernisation and maintenance work recognised in the consolidated financial statements	**138.3**	**156.7**
thereof maintenance *	96.0	99.1
thereof capitalised maintenance	15.7	11.2
thereof modernisation	26.6	46.4

* Including cost of materials of € 72.9 million as well as personnel expenses of € 23.1 million and other costs of our own craftmen's organisation.

The modernisation and maintenance work recognised in the consolidated financial statements includes maintenance expenses as well as capitalised maintenance and modernisation measures. At € 26.6 million, expenditure on modernisation measures was € 19.8 million down on the prior-period figure. In comparison to the prior-year period, capitalised maintenance rose by € 4.5 million to € 15.7 million.

Overall, the development of expenditure on maintenance and modernisation work in any one year is subject to seasonal fluctuations as some of the planned maintenance and modernisation work cannot be performed at all times of the year.

Cash flow

Statement of cash flow

€ million	9M 2013	9M 2012
Cash flow from operating activities	130.5	314.1
Cash flow from investing activities	159.7	145.2
Cash flow from financing activities	**-479.4**	**-534.3**
Net changes in cash and cash equivalents	-189.2	-75.0
Cash and cash equivalents at the beginning of the period	**470.1**	**278.5**
Cash and cash equivalents at the end of the period	**280.9**	**203. 5**

Cash flow from operating activities fell by € 183.6 million to € 130.5 million, above all as a result of the repayment of the EK 02 liability amounting to € 114.7 million and the changes in working capital.

Cash flow from investing activities increased in the reporting period by € 14.5 million to € 159.7 million. This was due to lower expenditure on investments in our housing stocks as a result of delays because of the bad weather.

Cash flow from financing activities reflects in particular the cash outflow for the restructuring of the GRAND CMBS and the associated capital repayments made as well as transaction costs and, on the other hand, the cash inflow from the initial listing on the Frankfurt Stock Exchange.

Explanations of our key performance indicators

Adjusted EBITDA

Adjusted EBITDA is the result before interest, taxes, depreciation and amortisation but including income from other investments adjusted for the non-recurring result and for net income from fair value adjustments of investment properties. The non-recurring result comprises effects considered by the company to be unusual or infrequent effects which have an impact on the result such as project costs for the further development of business.

Adjusted EBITDA Rental

Adjusted EBITDA Rental is adjusted EBITDA less adjusted EBITDA Sales and shows the profit from property rental adjusted for non-recurring items.

Adjusted EBITDA Sales

Adjusted EBITDA Sales is determined on the basis of the economic transfer of title of the properties sold in order to show the realised earnings for the period. It is therefore adjusted for the “revaluation of assets held for sale” and the “revaluation (realised) from the disposal of assets held for sale”. The purpose of this adjustment is to show effects from the application of IFRS 5 on property sales affecting net income only in the period in which the sale actually takes place.

FFO (funds from operations)

FFO represents a metric based on the cash flow available from operating activities. In addition to adjusted EBITDA, FFO allows for recurring cash-effective net interest expenses from non-derivative financial instruments as well as income taxes. This metric is not determined on the basis of any specific international reporting standard but is to be regarded as a supplement to other performance indicators determined in accordance with IFRS.

FFO 1 (excluding adjusted EBITDA Sales) is determined by adjusting adjusted EBITDA for the respective periods to reflect net cash interest payments and current income taxes but not the operating result of sales activities (adjusted EBITDA Sales).

FFO 1 before maintenance, in which FFO 1 is adjusted for maintenance expense.

AFFO refers to capex-adjusted FFO 1 in which FFO 1 is adjusted for capitalised maintenance.

FFO 2 is determined by adding profit on disposal of properties to FFO 1 for the respective periods.

FUNDING

Funding in the reporting period was dominated by two major subjects: the refinancing of various sub-portfolios, as agreed in the restructuring at the end of 2012, as well as the realignment of the financing strategy allowing for corporate bonds.

As part of the secured refinancing of sub-portfolios, we successfully concluded and had paid out follow-on financing for portfolios from the GRAND securitisation involving a volume of roughly € 1.7 billion in six transactions with banks and insurance companies.

As already reported in the last interim report, four loans with a volume of more than € 1 billion were already agreed and concluded before the start of the reporting period.

In the reporting period, we contracted a loan for € 193.5 million with a term of 5 years with Pfandbriefbank AG. Landesbank Berlin, Berlin-Hannoversche Hypothekenbank and Landesbank Baden-Württemberg made a further 7-year loan of € 470.3 million available. Both loans were paid out before the GRAND repayment date on July 18, 2013 and therefore reduced the amount to be repaid to GRAND accordingly.

All these loans were contracted at normal market conditions and securities were provided in the form of pledge agreements and land charges. The loans are subject to normal market covenants which are to be regularly reviewed. In no case is there any cross-collateralisation with other loans.

In addition to contracting these loans, in the reporting period we took the first steps to implement the new financing strategy of Deutsche Annington so that, in future, corporate bonds can also be issued by Deutsche Annington Immobilien SE or relevant subsidiaries for portfolio financing. One major precondition for this was the granting of a BBB long-term corporate credit rating to Deutsche Annington Immobilien SE by Standard & Poor's on June 10, 2013.

As the first step, we signed an unsecured bank loan for € 2.5 billion with two bank partners which was paid out in the amount of € 2.3 billion after the IPO. The GRAND securitisation was repaid in full on July 18, 2013 with the funds available as a result. The bonds subsequently issued mainly served to repay this bank loan.

On July 25, 2013, the Group raised an aggregate amount of € 1.3 billion from the placement of its first corporate bond issue through Deutsche Annington Finance B.V., Amsterdam. The first issue consisted of two tranches, a three-year tranche with a volume of € 700.0 million and a coupon of 2.125 % as well as a six-year tranche with a volume of € 600.0 million and a coupon of 3.125 %.

Deutsche Annington was granted a rating of BBB for both tranches by Standard & Poor's.

Furthermore, we used part of the net proceeds (€ 218.6 million) from the IPO on July 22, 2013 for early repayment of the portfolio financing of Deutsche Annington WOGE Vier GmbH & Co. KG, Düsseldorf (Barclays Bank plc.).

The average interest rate for the liabilities of Deutsche Annington under loans was 2.9 % on the reporting date and was therefore well below the prior-year figure of 3.6 %. We refer to the section on Subsequent Events for information on the effects of the other bond issues.

In connection with the issuance of unsecured bonds by Deutsche Annington Finance B.V., we committed to the observance of the following covenants: limitations on incurrence of financial indebtedness, maintenance of consolidated coverage ratio and maintenance of total unencumbered assets. The requirements under the bond conditions were observed.

For more detailed information, we refer to the relevant explanations in the Notes and under Subsequent Events.

SUBSEQUENT EVENTS

After the end of the reporting period, Deutsche Annington achieved another premiere with the successful placing of a US-dollar bond on October 2, 2013. Our US-dollar bond, the first of a European residential real estate company, has two tranches – four years with a volume of US-$ 750 million and a coupon of 3.2 % as well as ten years with a volume of US-$ 250 million and a coupon of 5.0 %. At the same time, the potential currency risk was hedged in full by contracting appropriate currency derivatives. Due to the interest rate differences between the US dollar and the euro, this also resulted in a reduction in the financing costs compared with the US-dollar coupon.

The last major step in the implementation of the new financing strategy was the set-up of a € 4.0 billion EMTN Programme (European Medium Term Note Programme). This programme gives us flexible and rapid access to the debt capital markets. On October 8, 2013, we issued a bond with a volume of € 500 million and a term of eight years under this programme.

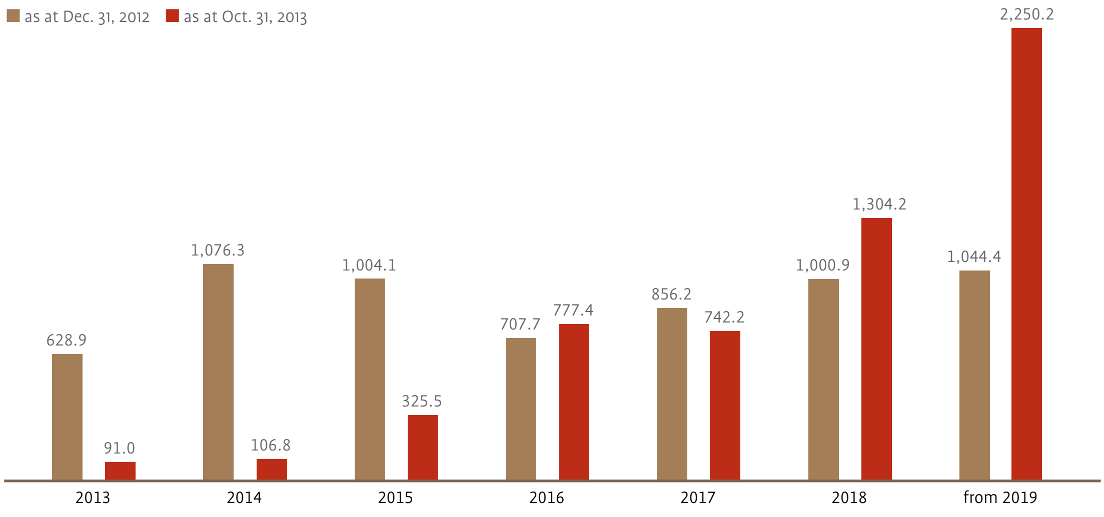
Deutsche Annington also received a rating of BBB from Standard & Poor's for all these bonds.

The proceeds from the bonds were used for the repayment in full of the unsecured bank loan so that this loan was repaid in full on October 8, 2013.

Due to the new, long-term financing structure, the average interest rate for the liabilities of the Group under loans rose to 3.3 % as per the end of October 2013 and the average term is now 8.8 years. The terms of the structured financing excluding loans from promotional banks are 5.2 years.

The new financing structure of Deutsche Annington led to the following maturity profile as at October 31, 2013:

Maturity Profiles
€ million



RISK REPORT

Deutsche Annington Immobilien SE continually monitors and controls risk positions in the company in order to avoid developments which might threaten the existence of the company and, at the same time, to exploit any opportunities which present themselves. The risk management system has been designed on the basis of the corporate strategy and the portfolio structure as an appropriate and effective early warning and control instrument. With the established risk management system, the Management Board is able at all times to identify and assess material risks within the company and in the company's environment in good time as well as to take appropriate counteraction. Currently, the Management Board of Deutsche Annington Immobilien SE sees no risks which might jeopardise the company's existence.

The risk reporting in the interim report concentrates on material changes in the risk situation which have occurred since the preparation of the 2012 Annual Report for the Group. In this interim report, we do not give a detailed description of the different types of risk but refer to the Annual Report.

The liquidity risks arising from financing transactions with high volumes (volume risks) have become apparent in the financial sector, especially in the light of the financial crisis. In order to limit these risks, we continuously monitor the financial markets and are also in constant contact with many different market players and we continually monitor all financing options available on the capital and banking markets.

Moreover, we subject our existing financings to an early examination prior to the respective final maturity date in order to ensure refinancing. In the future, we are also expecting to be able to refinance the necessary volumes by making use of all financing instruments.

Particularly under our secured loans, the cash flows and excess cash are subject to requirements and restrictions on their use. As at September 30, 2013, cash and cash equivalents of € 38.9 million were cash-restricted.

In total, the Deutsche Annington Immobilien Group had cash and cash equivalents of € 280.9 million as at September 30, 2013. This enables the Deutsche Annington Immobilien Group to fulfil its payment obligations at all times, even against the backdrop of the existing cash restrictions.

FORECAST REPORT

The development of our business in the first nine months of 2013 confirms our company's forecast for the year as a whole: accordingly, we anticipate that the average rent per square metre will rise by between 1.8 % and 2.0 %. We expect FFO 1 to be at the upper end of our forecast of € 210 million to € 220 million.

Overall economic outlook

The ifo institute is expecting an accelerating economic recovery as the year progresses. Provided the sovereign debt crisis in the euro zone does not worsen, the domestic economy and exports should also pick up again. As a result, private consumption and capital expenditure should rise significantly again.

According to the forecast of the Federal Labour Office, the unemployment rate will increase by 0.2 percentage points to 7.0 %. In its annual economic report for 2013, the German government expects consumer prices to increase by 1.8 % and GDP to grow by 0.4 % in 2013.

According to the housing market experts of HSH Nordbank, the rents and residential real estate prices will continue to rise in the years to come. However, the growth of rents and residential real estate prices will gradually slow. The reasons for this are above all declining demand and increased new build activity.

Expected development of the Group

With the IPO, we have taken an important next step in the development of our company. Not least in view of the difficult market environment in the past weeks, the successful IPO is clear proof of confidence in our business model and our performance. Deutsche Annington has a strong financial base and we are driving operational business further forward.

In our Rental segment, we will continue in 2013 to steadily improve the quality of our housing stocks. Our investments in modernisation and maintenance will be at the prior-year level. A large proportion of the modernisation investments will go into energy-saving measures and action to improve the quality standard of the units through low-barrier conversions. For the next five years, we have identified additional investment possibilities of more than € 800 million in the portfolio as a whole and plan to invest some € 150 million a year from 2014 onwards. We have already completed planning of the 2014 investment programme by identifying the individual measures to be performed. Therefore, we will further increase investments in the quality of our housing stocks in future.

This year, we are expecting to further cut the vacancy rate. We are expecting rental income to reach the 2012 level.

In the Privatise segment, we will continue the selective sale of apartments in 2013. We are expecting to again sell over 2,000 units in 2013.

In the Non-Core segment, we are continuing with the selective sale of units on a larger than normal scale and are currently in negotiations regarding the sale of a package of some 2,100 units. This package accounts for roughly 15 % of our entire Non-Core portfolio.

We are expecting a noticeable improvement in the financial result owing to the repayment of the GRAND securitisation and the interest level secured under the new financing structure. The repayment of the GRAND securitisation and the low interest rate level resulting from the new financing structure will also have a positive effect on the profit for the year.

We are expecting a further rise in the NAV in the last quarter of 2013. We also believe that the fair values of our residential properties will increase yet again.

Concluding remark

This Management Report contains forward-looking statements and information. These forward-looking statements may be identified by words such as “expects,” “intends,” “will,” or words of similar meaning. Such statements are based on our current expectations, assessments and assumptions about future developments and events and, therefore, are naturally subject to certain uncertainties and risks. The actual developments and events may differ significantly both positively and negatively from the forward-looking statements so that the expected, anticipated, intended, believed or estimated developments and events may in retrospect prove to be incorrect.

(For explanations on significant related party transactions, see note 27 Related party transactions)

Düsseldorf, October 2013

The Management Board

Buch	Freiberg	Dr Kirsten
(CEO)	(COO)	(CFO)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ million	Notes	Jan. 1- Sep. 30, 2013	Jan. 1- Sep. 30, 2012 restated*	Jul. 1- Sep. 30, 2013	Jul. 1- Sep. 30, 2012 restated*
Revenues from property letting		785.2	796.2	262.0	264.2
Other income from property management		14.3	14.0	5.3	4.9
Income from property management	5	**799.5**	**810.2**	**267.3**	**269.1**
Income from sale of properties		226.1	226.1	59.2	85.8
Carrying amount of properties sold		-207.1	-200.2	-53.1	-78.3
Changes in value of assets held for sale		17.2	17.9	6.1	5.1
Profit on disposal of properties	6	**36.2**	**43.8**	**12.2**	**12.6**
Net income from fair value adjustments of investment properties	7	**540.1**	**123.6**	**16.2**	**42.9**
Cost of materials	8	-357.1	-398.8	-119.7	-132.8
Personnel expenses	9	-105.7	-79.3	-35.3	-30.6
Depreciation and amortisation		-4.6	-4.5	-1.8	-1.6
Other operating income		33.1	23.6	13,9	9.4
Other operating expenses		-63.2	-49.6	-21.3	-16.9
Financial income		16.8	8.2	9.7	5.9
Financial expenses	10	-221.1	-247.6	-92.7	-84.6
Profit before tax		**674.0**	**229.6**	**48.5**	**73.4**
Income tax	11	-199.7	-46.7	-14.4	-2.0
Profit for the period		**474.3**	**182.9**	**34.1**	**71.4**
Attributable to:					
DAIG shareholders		469.2	183.2	32.4	72.1
Non-controlling interests		5.1	-0.3	1.7	-0.7
Earnings per share (basic and diluted) in €	12	**2.25**	**0.92**	**0.14**	**0.36**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	Jan. 1- Sep. 30, 2013	Jan. 1- Sep. 30, 2012 restated*	Jul. 1- Sep. 30, 2013	Jul. 1- Sep. 30, 2012 restated*
Profit for the period	**474.3**	**182.9**	**34.1**	**71.4**
Cash flow hedges				
Change in unrealised gains/losses, net	1.7	-27.9	-3.1	-10.3
Net realised gains/losses	19.1	18.8	5.8	7.1
Tax effect	-4.6	2.4	-0.3	0.9
Actuarial gains/losses from pensions and similar obligations				
Change in actuarial gains/losses, net	25.4	-45.9	0.0	-45.9
Tax effect	-8.3	15.0	-0.1	15.0
Other comprehensive income	**33.3**	**-37.6**	**2.3**	**-33.2**
Total comprehensive income	**507.6**	**145.3**	**36.4**	**38.2**
Attributable to:				
DAIG shareholders	502.5	145.4	34.7	38.5
Non-controlling interests	5.1	-0.1	1.7	-0.3

Also see the corresponding explanations in the Notes.
* See note (4) Accounting policies.

CONSOLIDATED BALANCE SHEET

€ million	Notes	Sep. 30, 2013	Dec. 31, 2012
ASSETS			
Intangible assets		3.2	5.2
Property, plant and equipment		17.3	16.2
Investment properties	13	10,279.0	9,843.6
Financial assets	14	42.8	44.6
Other assets		16.4	28.3
Income tax receivables		0.1	0.1
Deferred tax assets		2.2	8.8
Total non-current assets		**10,361.0**	**9,946.8**
Inventories		1.9	0.9
Trade receivables	15	39.9	20.3
Other financial assets	14	4.3	2.1
Other assets		43.4	26.5
Income tax receivables		8.5	12.8
Cash and cash equivalents	16	280.9	470.1
Assets held for sale	17	87.1	128.8
Total current assets		**466.0**	**661.5**
Total assets		**10,827.0**	**10,608.3**
EQUITY AND LIABILITIES			
Subscribed capital		224.2	0.1
Capital reserves		1,453.7	1,052.3
Retained earnings		2,147.4	1,661.1
Other reserves		-30.9	-47.1
Total equity attributable to DAIG shareholders	18	**3,794.4**	**2,666.4**
Non-controlling interests		16.1	11.0
Total equity		**3,810.5**	**2,677.4**
Provisions	19	334.1	358.2
Trade payables		0.2	0.3
Other financial liabilities	20	5,366.2	5,766.7
Income tax liabilities		0.0	86.3
Other liabilities	21	4.8	4.8
Deferred tax liabilities		923.8	724.2
Total non-current liabilities		**6,629.1**	**6,940.5**
Provisions	19	120.5	185.5
Trade payables		41.0	46.0
Other financial liabilities	20	200.7	683.8
Income tax liabilities		0.0	26.5
Other liabilities	21	25.2	48.6
Total current liabilities		**387.4**	**990.4**
Total liabilities		**7,016.5**	**7,930.9**
Total equity and liabilities		**10,827.0**	**10,608.3**

Also see the corresponding explanations in the Notes.

CONSOLIDATED CASH FLOW STATEMENT

€ million	Notes	Jan. 1-Sep. 30, 2013	Jan. 1-Sep. 30, 2012 restated *
Profit for the period		474.3	182.9
Net income from fair value adjustments of investment properties	7	-540.1	-123.6
Revaluation of assets held for sale		-17.2	-17.9
Depreciation and amortisation		4.6	4.5
Interest expenses/income		204.9	240.0
Income taxes		199.7	46.7
Results from disposals of investment properties		-19.0	-18.5
		307.2	**314.1**
Other expenses/earnings not affecting net income		1.1	-
Changes in inventories		-1.0	12.2
Changes in receivables and other assets		-6.3	15.3
Changes in provisions		-30.0	-27.3
Changes in liabilities		-18.5	-6.3
Income tax paid		-122.0	6.1
Cash flow from operating activities		**130.5**	**314.1**
Proceeds from disposals of investment properties		206.8	203.6
Proceeds from disposals of intangible assets and property, plant and equipment		0.2	-
Proceeds received from disposals of financial assets		0.5	0.1
Acquisition of investment properties	13	-46.5	-60.3
Acquisition of intangible assets and property, plant and equipment		-4.1	-4.7
Acquisition of shares in consolidated companies (net of cash acquired)		-	-0.9
Acquisition of financial assets		-	-0.2
Interest received		2.8	7.6
Cash flow from investing activities		**159.7**	**145.2**
Capital contributions	18	400.0	-
Cash proceeds from issuing loans and notes	20	5,275.2	151.6
Cash repayments of financial liabilities	20	-5,797.1	-452.5
Acquisition of shares in consolidated companies		-	-5.0
Transaction costs **		-112.4	-17.3
Payment of transaction costs in connection with the issue of shares		-25.0	0.0
Prepayment penalty and commitment interest		-26.8	-1.0
Interest paid		-193.3	-210.1
Cash flow from financing activities		**-479.4**	**-534.3**
Net changes in cash and cash equivalents		**-189.2**	**-75.0**
Cash and cash equivalents at beginning of the period		470.1	278.5
Cash and cash equivalents at the end of the period * **	16	**280.9**	**203.5**

* See note (4) Changes in accounting policies.
** The transaction costs in 2013 include one-off payments of € 36.6 million for the adjustment of derivative financial instruments as part of the GRAND restructuring.
*** Thereof restricted cash € 38.9 million (2012: € 49.6 million).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Subscribed capital	Retained earnings	Capital reserves
As at Jan. 1, 2012	**0.1**	**718.2**	**1,539.7**
Change in disclosure of actuarial gains and losses			-0.4
As at Jan. 1, 2012 (restated *)	**0.1**	**718.2**	**1,539.3**
Profit for the period			183.2
Other comprehensive income			
Changes in the period			-30.9
Reclassification adjustments recognised in income			
Total comprehensive income			152.3
Changes recognised directly in equity			-1.5
As at Sep. 30, 2012 (restated *)	0.1	718.2	1,690.1
As at Jan. 1, 2013	**0.1**	**1,052.3**	**1,661.1**
Profit for the period			469.2
Other comprehensive income			
Changes in the period			17.1
Reclassification adjustments recognised in income			
Total comprehensive income			486.3
Shareholder's capital contributions	24.2	239.1	
Capital increase from company funds	199.9	-199.9	
Inflow from the stock exchange listing		375.8	
Cost of the stock exchange listing		-13.6	
As at Sep. 30, 2013	**224.2**	**1,453.7**	**2,147.4**

Also see note (18) in the Notes.
* See note (5) a) Changes in accounting policies in the Notes to the consolidated financial statements for the period ended December 31, 2012.

Other reserves						
Can be reclassified		Cannot be reclassified				
Cash flow hedges	Available-for-sale financial assets	Actuarial gains and losses	Total	**Equity of DAIG shareholders**	Non-controling interests	**Total equity**
-41.4	**0.1**	**-0.4**	**-41.7**	**2,216.3**	**13.5**	**2,229.8**
		0.4	0.4	0.0		0.0
-41.4	**0.1**		**-41.3**	**2,216.3**	**13.5**	**2,229.8**
				183.2	-0.3	182.9
-21.3	0.0		-21.3	-52.2		-52.2
14.4			14.4	14.4	0.2	14.6
-6.9	0.0		-6.9	145.4	-0.1	145.3
				-1.5	-2.5	-4.0
-48.3	**0.1**		**-48.2**	**2,360.2**	**10.9**	**2,371.1**
-47.2	**0.1**		**-47.1**	**2,666.4**	**11.0**	**2,6774**
				469.2	5.1	474.3
1.6			1.6	18.7	0.0	18,7
14.6			14.6	14.6		14.6
16.2			16.2	502.5	5.1	507.6
				263.3		263.3
				375.8		375.8
				-13.6		-13.6
-31.0	**0.1**		**-30.9**	**3,794.4**	**16.1**	**3,810.5**

NOTES

ACCOUNTING POLICIES

1 Basis of presentation

The Deutsche Annington Immobilien Group (hereinafter referred to as DAIG) is a performance-focused holder and manager of residential real estate in Germany. Our core business is providing affordable housing for broad sections of the population. We also offer additional real estate-related services which bring benefits for our stakeholders. A further business activity is portfolio optimisation. To achieve this, we sell selected properties in our portfolio and systematically integrate new housing stock into the Group. Deutsche Annington Immobilien SE is incorporated and domiciled in Germany; its registered office is located in Düsseldorf. The head office (principal place of business) is located at Philippstrasse 3, Bochum.

The IPO of Deutsche Annington Immobilien SE took place on July 11, 2013 with the first listing of the share on the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange.

With the completion of the stock exchange listing and the resulting net proceeds of € 380 million, DAIG was granted a corporate credit rating of BBB long-term and A2 short-term with a stable outlook by the rating agency, Standard & Poor's.

The interim consolidated financial statements as at September 30, 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the EU for interim financial statements in accordance with IAS 34. Furthermore, the rules of the German Securities Trading Act (WpHG) were observed.

Accounting and measurement as well as the explanations and disclosures are based on the same accounting and measurement policies as those applied to the consolidated financial statements for the 2012 financial year. In line with IAS 34, presentation of the interim consolidated financial statements of DAIG as at September 30, 2013 in condensed form compared with the consolidated financial statements for the year ended December 31, 2012 has been chosen.

For further information on the accounting and measurement policies used, please refer to the consolidated financial statements as at December 31, 2012, which are the basis for these interim consolidated financial statements.

In the reporting period, there were no seasonal or business cycle influences which affected the business activities of DAIG.

2 Consolidation principles

Entities that are under the control of Deutsche Annington Immobilien SE are included in the interim consolidated financial statements as subsidiaries. Control is exercised when Deutsche Annington Immobilien SE is able to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. Any potential voting rights are taken into account when assessing control, if they are exercisable or convertible at any time.

The same consolidation principles have been applied as for the consolidated financial statements for 2012. For a detailed description, please refer to the consolidated financial statements for the year ended December 31, 2012.

3 Scope of consolidation

In addition to Deutsche Annington Immobilien SE, 109 (Dec. 31, 2012: 131) domestic companies and 3 foreign companies (Dec. 31, 2012: 2) have been included in the interim consolidated financial statements of DAIG as at September 30, 2013.

In January 2013, 3 companies were acquired which were not business operations at the date of acquisition.

In the reporting period, 6 companies were established. The disposals up to September 30, 2013 were the result of 17 intra-Group legal reorganisations and 13 mergers.

4 Accounting policies

Changes in accounting policies

Since the end of the 2012 financial year, the income from property management for ancillary costs is recognised at the same time as the expenses for ancillary costs already paid. This presentation leads to the recognition of income and expenses in connection with ancillary costs in the period in which they are incurred. Consequently, as at September 30, 2012 the income from property letting and the cost of materials increased by € 57.4 million.

In the third quarter of 2013, DAIG chose to derive the interest rate relevant for the measurement of the pension obligations on the basis of the Global Rate LINK Index as this index provides a sufficiently deep and representative set of comparisons. This leads as at September 30, 2013 to a pension obligation which is € 12.2 million lower.

Estimates, assumptions and management judgment

The preparation of the interim consolidated financial statements requires discretionary decisions and/or estimates for some items, which may have an effect on their recognition and measurement in the balance sheet and the income statement.

The estimates and assumptions which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities mainly relate to the determination of the fair value of investment properties.

The best evidence of the fair value of investment properties is the current price in an active market for comparable properties. If, however, such information is not available, DAIG uses standard valuation techniques.

Until and including the 2012 financial year, DAIG used the income capitalisation method for the valuation of its portfolio, whereby the fair values of investment properties are calculated on the basis of contract and market rents as well as risk-adjusted capitalised interest rates. The capitalised interest rates applied were derived from the development of the German residential real estate market, further adjusted by numerous factors to reflect risks associated with the respective investment and allocated to the properties with the aid of a rating system; all buildings in the portfolio were valued according to a rating system with regard to their quality, their market attractiveness and their location. The market rents were derived for every location from the current rent indices (Mietspiegel) and several market data provided by external real-estate service providers.

From the beginning of the 2013 financial year, DAIG refined the valuation methodology it uses and applies the discounted cash flow (DCF) methodology. Under the DCF methodology, the expected future income and costs associated with each property are generally forecast over a 10-year period. To determine the forecast cash flows, various parameters such as expected rent growth, development of vacancy rates and expected maintenance expenses are taken into account. The forecast cash flows calculated on this basis are discounted, on an annual basis, to the date of valuation. In addition, the terminal value of the property at the end of the relevant 10-year period is estimated using forecasts of the then expected stabilised net operating income and appropriate capitalisation rates. The terminal value is discounted to the date of valuation. The applied discount rate reflects the market situation, location, property condition and letting situation of the property, the yield expectations of a potential investor and the level of uncertainty and the inherent risk of the forecast future cash flows, while the applicable capitalisation rate is derived from the discount rate.

For the first time, this current methodology has been applied by the external property appraiser CBRE Group Inc. (CBRE) and DAIG incorporated the valuation results of CBRE in its interim consolidated financial statements as at March 31, 2013. In the determination of fair value of investment properties, CBRE used the DCF valuation method and made certain assumptions and estimates in line with the approach generally accepted and used in the market. On a comparable basis to the previously applied income capitalisation method, using the market assessment of CBRE, DAIG's net income from fair value adjustments in the first three months of 2013 would have been approximately € 42.0 million lower. The fair values were updated as at September 30, 2013 by the independent external property appraiser CBRE Group Inc. (CBRE). The overall positive market development in the first nine months of 2013 and the extended approach to assumptions and estimates resulted in net income from fair value adjustments of € 540.1 million in the nine-month period ended September 30, 2013.

The investment properties owned by DAIG are revalued on an annual basis with a quarterly update in accordance with IAS 40 in conjunction with IFRS 13 at their respective market value as of the relevant reporting date. Changes in certain market conditions such as prevailing rent levels and vacancy rates may affect the valuation of investment properties. Any changes in the fair value of the investment portfolio are recognised as gains or losses in the Group's income statement and can substantially affect DAIG's results of operations.

All further assumptions and estimates are based on premises which existed at the balance-sheet date. In principle, the methods for determining them are the same as those used in the consolidated financial statements for the year ended December 31, 2012. The actual amounts may differ from the assumptions and estimates if the aforementioned framework conditions develop differently to the expectations on the balance-sheet date.

Changes in accounting policies due to new Standards and Interpretations

The application of the following new or amended Standards and Interpretations became mandatory for the first time for the 2013 financial year.

IAS 19 (revised 2011) "Employee Benefits"

As DAIG already recognises actuarial gains and losses in other comprehensive income, this change has no effect on the interim consolidated financial statements for the period ended September 30, 2013.

The revised IAS 19 replaces the expected return on plan assets and the interest cost on the pension obligation with a uniform net interest component. Compared with the method previously used, recognition of the return on plan assets on the basis of the discount rate of the pension liability at the start of the period leads to an increase of € 0.2 million in net interest.

Furthermore, the amended definition of termination benefits has an effect on accounting for top-up amounts to which DAIG has committed under pre-retirement part-time work arrangements. Due to the pro-rata-temporis accumulation of top-up amounts over the relevant active years of service of the employees covered by a pre-retirement part-time work arrangement, the pre-retirement part-time work provision is € 0.2 million lower as at September 30, 2013.

IFRS 13 "Fair Value Measurement"

The new IFRS 13 defines uniform guidelines for measuring fair value and also the necessary disclosures in notes for fair value measurement. The new standard leads to extended disclosure in the DAIG notes.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5 Income from property management

€ million	Jan. 1 - Sep. 30, 2013	Jan. 1 - Sep. 30, 2012 restated *
Rental income	546.1	547.3
Ancillary costs	239.1	248.9
Revenues from property letting	**785.2**	**796.2**
Other income from property management	14.3	14.0
Income from property management	**799.5**	**810.2**

* See note (4) Changes in accounting policies.

6 Profit from disposal of properties

€ million	Jan. 1 - Sep. 30, 2013	Jan. 1 - Sep. 30, 2012
Income from disposal of investment properties	98.5	100.6
Carrying amount of investment properties sold	-79.5	-82.1
Profit on disposal of investment properties	**19.0**	**18.5**
Income from sale of trading properties	-	20.1
Carrying amount of trading properties sold	-	-12.7
Profit on disposal of trading properties	**-**	**7.4**
Income from sale of assets held for sale	127.6	105.4
Retirement carrying amount of assets held for sale	-127.6	-105.4
Revaluation of assets held for sale	17.2	17.9
Profit on disposal of assets held for sale	**17.2**	**17.9**
	36.2	**43.8**

The revaluation of investment properties held for sale led to a gain as at September 30, 2013 of € 17.2 million (1st nine months of 2012: € 17.9 million). After the fair value adjustment, these properties were transferred to the balance-sheet item “Assets held for sale”.

7 Net income from fair value adjustments of investment properties

The measurement of the investment properties led to a net valuation gain as at September 30, 2013 of € 540.1 million (1st nine months of 2012: € 123.6 million) (see note (13) Investment properties).

8 Cost of materials

€ million	Jan. 1 - Sep. 30, 2013	Jan. 1 - Sep. 30, 2012 restated *
Expenses for ancillary costs	240.2	261.9
Expenses for maintenance	72.9	86.4
Other costs of purchased goods and services	44.0	50.5
	357.1	**398.8**

* See note (4) Changes in accounting policies.

9 Personnel expenses

€ million	Jan. 1 - Sep. 30, 2013	Jan. 1 - Sep. 30, 2012
Wages and salaries	87.5	65.5
Social security, pensions and other employee benefits	18.2	13.8
	105.7	**79.3**

As at September 30, 2013, 2,669 people (September 30, 2012: 1,953) were employed at DAIG. The personnel expenses include personnel costs for the company's own craftsmen's organisation for maintenance work.

10 Financial expenses

The financial expenses mainly relate to interest expense on financial liabilities measured at amortised cost.

Interest expense contains interest accretion to provisions, thereof € 6.1 million (1st nine months of 2012: € 8.1 million) relating to provisions for pensions and € 0.4 million (1st nine months of 2012: € 1.6 million) relating to miscellaneous other provisions.

Furthermore, a € 3.8 million (1st nine months of 2012: € 4.4 million) addition of accrued interest concerning the obligation to pay lump-sum tax on the previously untaxed so-called EK 02 amounts is included in financial expenses as well as the positive interest effect from the early repayment in full of this income tax liability, which had an opposite effect of € 1.9 million.

In the reporting period, € 30.5 million was recognised as interest expense in connection with swaps (1st nine months of 2012: € 24.2 million).

11 Income tax

Of the income tax € -0.4 million (1st nine months of 2012: € -2.1 million) relates to current taxes and € 200.1 million (1st nine months of 2012: € 48.8 million) to deferred taxes.

The income tax expense is based on the average effective Group tax rate to be expected for the financial year as a whole. The effective Group tax rate for current and deferred taxes expected for 2013 is 29.63 % (1st nine months of 2012: 20.3 %). The Group tax rate contains German corporate income tax and trade tax.

12 Earnings per share

The earnings per share are calculated by dividing the profit for the period attributable to the shareholders by the weighted average number of ordinary shares in circulation during the reporting period.

	Jan. 1 - Sep. 30, 2013	Jan. 1 - Sep. 30, 2012
Profit for the period attributable to DAIG shareholders (in € million)	469.2	183.2
Weighted average number of shares	208,184,408	200,000,000
Earnings per share (basic and diluted) in €	**2.25**	**0.92**

As a prearrangement to the IPO, the share capital was increased to € 200,000,000 in June 2013 as part of a capital increase from company funds using the capital reserves. The number of shares increased accordingly by 199,880,000 to 200,000,000. As this did not lead to any change in the resources available to the company, this share capital was, in accordance with IAS 33.64, included in the calculation retrospectively for all earlier periods.

Furthermore, on June 30, 2013 a cash capital increase was performed against the issuance of 22,222,223 new shares. By resolution of the extraordinary general shareholders' meeting of July 10, 2013, the subscribed capital was increased to € 224,242,425 by a cash contribution of € 2,020,202.

In the current financial year and in the previous year, no diluting financial instruments were in circulation. The basic earnings per share are therefore identical to the diluted earnings per share.

NOTES TO THE CONSOLIDATED BALANCE SHEET

13 Investment properties

€ million	
Balance on Jan. 1, 2013	**9,843.6**
Additions	0.9
Capitalised modernisation costs	42.3
Transfer to assets held for sale	-85.6
Disposals	-79.5
Net income from fair value adjustments of investment properties	540.1*
Revaluation of assets held for sale	17.2
Balance on Sep. 30, 2013	**10,279.0**
Balance on Jan. 1, 2012	9,893.8
Additions	3.5
Capitalised modernisation costs	89.4
Transfer from property, plant and equipment	0.2
Transfer to property, plant and equipment	-5.4
Transfer to assets held for sale	-243.7
Disposals	-116.9
Net income from fair value adjustments of investment properties	205.6
Revaluation of assets held for sale	17.1
Balance on Dec. 31, 2012	**9,843.6**

* For further explanations, see note (4) Accounting policies, paragraph, Estimates, assumptions and management judgments.

From the beginning of the 2013 financial year, DAIG adjusted the valuation methodology it uses and now applies the discounted cash flow (DCF) methodology. The external appraiser CBRE Group Inc. (CBRE) updated the fair values as at September 30, 2013 on the basis of the new method.

The main valuation parameters and valuation results as at September 30, 2013 are as follows:

Valuation parameters	
Management costs	avg. of € 233 per residential unit p.a.
Repair and maintenance costs	avg. of € 9.01 per m² p.a.
Discount rate	avg. of 6.1 %
Capitalisation rate	avg. of 5.1 %
Rent increase p.a.	stabilised at approx. 1.2 % p.a.
Stabilised vacancy rate	avg. of 3.0 %
Valuation results	
Net initial yield	5.1 %
Multiplier	14.1-fold
Fair value per m²	€ 889 per m² of lettable area

The overall positive market development in the first nine months of 2013 and the extended approach to assumptions and estimates resulted in net income from fair value adjustments of € 540.1 million in the nine-month period ended September 30, 2013.

Going forward, in line with market practice, the Group intends to use the DCF approach. Moreover, in the future, an external independent appraiser will be instructed to appraise DAIG's real estate portfolio at least once a year.

14 Financial assets

	Sep. 30, 2013		Dec. 31, 2012	
€ million	non-current	current	non-current	current
Other investments	1.6	-	1.6	-
Loans to related companies	33.6	-	33.7	-
Securities	3.8	-	3.8	-
Other long-term loans	3.8	-	5.5	-
Other derivatives	-	4.3	-	-
Dividends from other investments	-	-	-	2.1
	42.8	**4.3**	**44.6**	**2.1**

15 Trade receivables

€ million	Sep. 30, 2013	Dec. 31, 2012
Receivables from the sale of properties	25.5	8.6
Receivables from property letting	14.0	11.1
Receivables from other management	0.4	0.6
	39.9	**20.3**

16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques and deposits at banking institutions with an original term of up to three months totalling € 280.9 million (Dec. 31, 2012: € 469.9 million). In the prior period, this balance-sheet item also contained marketable securities totalling € 0.2 million which were restricted with regard to their use.

Of these bank balances, € 38.9 million (Dec. 31, 2012: € 363.0 million) are restricted.

17 Assets held for sale

The assets held for sale amounting to € 87.1 million (Dec. 31, 2012: € 128.8 million) contain the carrying amounts of properties held for sale for which there is a concrete intention to sell and whose sale within the next twelve months is highly probable.

18 Equity

Subscribed capital

By resolution of the general shareholders' meeting on June 9, 2013, the subscribed capital of Deutsche Annington Immobilien SE was increased by € 199,880,000 from € 120,000 to € 200,000,000. To this end, the same amount from the capital reserves was converted into subscribed capital. The capital increase was entered in the Düsseldorf commercial register on June 12, 2013. After this capital increase, the subscribed capital of Deutsche Annington Immobilien SE was divided into 200,000,000 no-par value registered shares.

By resolution of the extraordinary general shareholders' meeting on June 30, 2013, the subscribed capital of Deutsche Annington Immobilien SE was increased by a cash contribution of € 22,222,223 to € 222,222,223. The subscribed capital is fully paid up. The capital increase was entered in the Düsseldorf commercial register on July 2, 2013.

By resolution of the extraordinary general shareholders' meeting on July 10, 2013, the subscribed capital of Deutsche Annington Immobilien SE was increased by a further cash contribution of € 2,020,202 to € 224,242,425. The subscribed capital is fully paid up. The capital increase was entered in the Düsseldorf commercial register on July 12, 2013.

The shares from the capital increases of June 30 and July 10, 2013 were issued as part of the IPO on July 11, 2013.

Capital reserves

The capital reserves amount to € 1,453.7 million (Dec. 31, 2012: € 1,052.3 million). In the first half of 2013, a contribution in kind of € 239.1 million was made by the shareholder (shareholders' resolution of January 23, 2013) and capital reserves of € 199.9 million were converted into subscribed capital (resolution of the general shareholders' meeting of June 9, 2013).

Of the gross proceeds from the IPO, € 375.8 million was paid into the capital reserves.

The capital procurement costs attributable to the company of € 20.2 million in connection with the initial listing were offset against the capital reserves, allowing for deferred tax effects of € 6.6 million.

19 Provisions

The provisions as at September 30, 2013 comprise provisions for pensions totalling € 290.7 million (Dec. 31, 2012: € 319.0 million), tax provisions for current income taxes of € 59.0 million (Dec. 31, 2012: € 71.4 million) and other provisions totalling € 104.9 million (Dec. 31, 2012: € 153.3 million).

20 Other financial liabilities

	Sep. 30, 2013		Dec. 31, 2012	
€ million	non-current	current	non-current	current
Other non-derivative financial liabilities				
Banks	2,559.1	146.8	1,297.0	337.1
Other creditors	2,756.4	27.6	4,402.6	300.5
Deferred interest from other non-derivative financial liabilities	-	10.5	-	35.4
Derivative financial liabilities				
Purchase price liabilities from put options	-	7.2	-	7.0
Cash flow hedges	50.7	-	67.1	-
Other derivatives	-	4.1	-	-
Deferred interest from cash flow hedges	-	4.5	-	3.8
	5,366.2	**200.7**	**5,766.7**	**683.8**

The nominal obligations of the liabilities to banks and the liabilities to other creditors developed as follows:

€ million	Sep. 30, 2013	Dec. 31, 2012
Securitisation transaction		
GRAND plc	-	4,325.3
Bonds	1,300.0	-
Term Loan	1,000.0	-
Portfolio loans		
Barclays Bank plc	-	220.8
Landesbank Hessen-Thüringen and SEB AG	249.5	252.8
Norddeutsche Landesbank (1)	145.7	147.3
Corealcredit Bank AG	163.2	166.8
Berlin-Hannoversche Hypothekenbank (Landesbank Berlin)	650.8	-
Nordrheinische Ärzteversorgung	38.8	-
AXA S.A. (Société Générale S.A.)	175.6	-
Norddeutsche Landesbank (2)	130.1	-
Berlin-Hannoversche Hypothekenbank, Landesbank Berlin and Landesbank Baden-Württemberg	470.1	-
Pfandbriefbank AG	191.1	-
Mortgages	**1,042.6**	**1,205.5**
	5,557.5	**6,318.5**

In the reporting period, scheduled repayments of € 5,654.6 million and unscheduled repayments of € 142.5 million on mortgages were made. New loans of € 5,275.2 million were taken out.

GRAND PLC

As a further step in the GRAND restructuring, € 240 million was taken from cash and cash equivalents on January 17, 2013 and used, as contractually agreed, for redemption of bearer bonds (REF Notes) and the current liabilities outstanding as at the end of 2012 were correspondingly reduced. This redemption was in addition to the regular capital repayments of € 120.1 million from proceeds from property sales.

As already agreed as part of the GRAND restructuring, on January 17, 2013 further liabilities of the Securitisation Group amounting to € 240.0 million were converted into subordinated bearer bonds (“S” REF Notes).

Following the repayment in full of the GRAND securitisation, the remaining “S” REF Notes in the Group were offset against the “S” Loan at the level of Deutsche Annington Immobilien SE.

Term Loan

On June 3, 2013, Deutsche Annington Immobilien SE agreed a loan (Term Loan) totalling € 2.5 billion with JP Morgan Limited and Morgan Stanley Bank International Limited, which was approved by the Supervisory Board on June 10, 2013. On July 18, 2013, € 2.3 billion was drawn down under this loan agreement and the outstanding portfolios of the GRAND securitisation amounting to € 2,236.9 million repaid ahead of schedule.

Bonds

On July 25, 2013, DAIG placed a bond with an amount of € 700 million, a term of 3 years and a coupon of 2.125 % (WKN: A1HNTJ; ISIN: DE000A1HNTJ5) in the unregulated open market on the Frankfurt Stock Exchange as well as another bond with an amount of € 600 million, a term of 6 years and a coupon of 3.125 % (WKN: A1HNW5; ISIN: DE000A1HNW52). The interest payment date is in each case July 25 of a year beginning in 2014.

The net proceeds from the bonds were used to repay part of the Term Loan (tranche A) on July 25, 2013 amounting to € 1.3 billion.

Berlin-Hannoversche Hypothekenbank (Landesbank Berlin)

The partial refinancing of the Securitisation Group negotiated in December 2012 with Berlin-Hannoversche Hypothekenbank (Landesbank Berlin) was paid out on February 14, 2013 with a loan amount of € 654.3 million. As part of this refinancing, a total of € 545.1 million of the outstanding REF Notes were redeemed on the pay-out date. Furthermore, € 60.6 million was used to repay mortgages.

Nordrheinische Ärzteversorgung

Furthermore, on March 28, 2013 a loan for € 39.5 million was signed with Nordrheinische Ärzteversorgung, Düsseldorf, to partially refinance the Securitisation Group. Under the terms of the loan agreement, loan maturity is 10 years and the interest rate is fixed at 3.49 %. The loan was paid out on April 15, 2013. Using this amount and further cash and cash equivalents, liabilities of the Securitisation Group amounting to € 40.8 million were repaid in April 2013 as part of this transaction. Securities in the form of land charges and assignments were provided.

AXA S.A. (Société Générale S.A.)

On June 26, 2013, a loan agreement for a total of € 176.4 million was signed with AXA S.A. (Société Générale) and paid out. This loan has a term of 5 years and bears interest at a weighted interest rate of 3.61 %. Securities were provided in the form of land charges, account pledge agreements and assignments. Under this refinancing, € 164.6 million of the outstanding REF Notes was repaid. The remaining amount was used to finance the transaction costs.

Norddeutsche Landesbank (2)

A loan for € 130.3 million agreed with Norddeutsche Landesbank (2) was paid out on June 28, 2013. This loan has a term of 10 years and a weighted interest rate of 3.05 %. Securities were provided in the form of land charges, account pledge agreements and assignments. In addition to the repayment of the outstanding REF Notes in the amount of € 105.8 million, € 18.7 million was used to make capital repayments on mortgages. The remaining amount was used to finance the transaction costs.

Berlin-Hannoversche Hypothekenbank, Landesbank Berlin und Landesbank Baden-Württemberg

In a consortium with two other German covered bond banks (Pfandbriefbanken), Berlin-Hannoversche Hypothekenbank paid out a further loan for € 470.3 million on July 2, 2013. The loan has a weighted interest rate of 3.52 % and runs until June 30, 2020. The normal securities – assignments, pledge agreements and land charges – were also provided for this loan. The loan was used to repay outstanding REF Notes as well as to repay existing mortgages and settle the transaction costs.

Pfandbriefbank AG

On July 5, 2013, Pfandbriefbank AG provided financing of € 193.5 million. The loan has a term of five years and the weighted interest rate is 3.25 %. Securities will be provided in the form of assignments, pledge agreements and land charges. The loan was used to repay outstanding REF Notes as well as to settle the transaction costs.

21 Other liabilities

The other liabilities amounting to € 30.0 million (Dec. 31, 2012: € 53.4 million) include on-account payments of € 7.7 million as at September 30, 2013 (Dec. 31, 2012: € 24.8 million) made by tenants for ancillary costs after offsetting against the corresponding work in progress.

OTHER NOTES AND DISCLOSURES

22 Additional disclosures on financial instruments

Measurement categories and classes:

€ million	Measurement category in acc. with IAS 39	Carrying amounts Sep. 30, 2013
Assets		
Cash and cash equivalents	LaR	**280.9**
Trade and other receivables		
Receivables from the sale of properties	LaR	**25.5**
Receivables from property letting	LaR	**14.0**
Receivables from other management	LaR	**0.4**
Other assets		
Receivables from related parties	LaR	**7.5**
Financial assets		
Loans to related companies	LaR	**33.6**
Other long-term loans	LaR	**3.8**
Other non-derivative financial assets		
Long-term securities	AfS	**3.8**
Other investments	AfS	**1.6**
Derivative financial assets		
Other derivatives	HfT	**4.3**
Liabilities		
Trade and other payables		
Liabilities from property letting	FLAC	**22.2**
Liabilities from other goods and services	FLAC	**18.9**
Other non-derivative financial liabilities		
Liabilities to banks	FLAC	**2,705.9**
Liabilities to other lenders	FLAC	**2,692.2**
Deferred interest from other non-derivative financial liabilities	FLAC	**10.5**
Liabilities from finance leases	n.a.	**91.8**
Derivative financial liabilities		
Purchase price liabilities from put options	FLHfT	**7.2**
Other derivatives	FLHfT	**4.1**
Cash flow hedges	n.a.	**50.7**
Deferred interest from cash flow hedges	n.a.	**4.5**
thereof aggregated by measurement categories in accordance with IAS 39:		
Loans and receivables	LaR	365.7
Available-for-sale financial assets	AfS	5.4
Held for trading	HfT	4.3
Financial liabilities held for trading	FLHfT	11.3
Financial liabilities measured at amortised cost	FLAC	5,449.7
Financial assets and financial liabilities not covered by IAS 39		
Employee benefits in accordance with IAS 19		
Gross presentation: right to reimbursement corresponding to indirect obligation arising from transferred pension obligations		**8.4**
Amount by which the fair value of plan assets exceeds the corresponding obligation		**0.1**
Provisions for pensions and similar obligations		**290.6**

Amounts recognised in balance sheet according to IAS 39						
Face value	Amortised cost	Acquisition cost	Fair value affecting net income	Fair value recognised in equity	Amounts recognised in balance sheet in acc. with IAS 17	Fair value Sep. 30, 2013
280.9						**280.9**
	25.5					**25.5**
	14.0					**14.0**
	0.4					**0.4**
	7.5					**7.5**
	33.6					**38.2**
	3.8					**3.8**
				3.8		**3.8**
		1.6				**1.6**
			4.3			**4.3**
	22.2					**22.2**
	18.9					**18.9**
	2,705.9					**3,776.3**
	2,692.2					**1,706.0**
	10.5					**10.5**
					91.8	**111.7**
			7.2			**7.2**
			4.1			**4.1**
			10.8	**39.9**		**50.7**
			4.5			**4.5**
280.9	84.8	0.0	0.0	0.0	0.0	370.3
0.0	0.0	1.6	0.0	3.8	0.0	5.4
0.0	0.0	0.0	4.3	0.0	0.0	4.3
0.0	0.0	0.0	11.3	0.0	0.0	11.3
0.0	5,449.7	0.0	0.0	0.0	0.0	5,533.9

Financial instruments measured at fair value

€ million	Level 1	Level 2	Level 3	Total
Assets				
Other non-derivative financial assets				
Long-term securities	3.8	-	-	3.8
Derivative financial assets				
Other derivatives	-	4.3	-	4.3
Liabilities				
Derivative financial liabilities				
Purchase price liabilities from put options	-	-	7.2	7.2
Cash flow hedges	-	50.7	-	50.7
Other derivatives	-	4.1	-	4.1

The fair value of available-for-sale financial assets is based on quoted market prices at the reporting date.

The fair values of the other non-derivative financial liabilities are measured by discounting the future cash flows using the current interest rate structure curve at the balance-sheet date and allowing for a proportionate risk premium in line with the transactions last performed on the market.

The fair value of the put options for shares held by minority shareholders is always determined by the value of the respective company; if a contractually agreed minimum purchase price is higher than this amount, this purchase price is recognised. Overall there was no significant change in value at the balance-sheet date. The valuation parameters which are not observable could fluctuate as a result of a change in the value of the respective companies. However, a high change in value is not likely since the business model is predictable.

In order to measure interest rate swaps, future cash flows are calculated and then discounted. The calculated cash flows result from the contract conditions. The contract conditions refer to the EURIBOR reference rates (3M and 6M EURIBOR). Discounting is based on market interest rate data as at the reporting date for comparable instruments (EURIBOR rate of the same tenor). The fair value contains the credit risk of the interest rate swaps and therefore allows for adjustments for the company's own credit risk or for the counterparty credit risk.

The calculated cash flows of the currency swap result from the forward curves for USD/EUR. The cash flows are discounted on the basis of the benchmark interest rates of the relevant currency (LIBOR and EURIBOR) and translated into euro at the current exchange rate. The net present value for the future periods is calculated on the basis of these payments and determined by discounting the fair value adjusted for credit risks.

23 Financial risk management

The financial risks existing in DAIG have not changed substantially since December 31, 2012.

For a detailed description of the interest risk, the credit risks, the market risks and the liquidity risk, please refer to the notes to the consolidated financial statements for the year ended December 31, 2012.

24 Derivative financial instruments

At the reporting date the nominal volume of the interest rate swaps amounted to € 1,000.9 million (Dec. 31, 2012: € 800.5 million). Interest rates vary between 1.295 % and 4.400 % with original swap periods of 4.75 and 10 years.

A fixed payer swap for a notional amount of € 86.6 million and a term of ten years was contracted on June 28, 2013 in connection with the refinancing by Norddeutsche Landesbank.

In addition, two fixed payer swaps, effective July 5, 2013, for amounts of € 90.5 million and € 103.0 million and with a term of 5 years were contracted in connection with the refinancing by Pfandbriefbank.

Furthermore, two forward starting swaps, effective September 30, 2013, for amounts of € 88.0 million and € 61.3 million respectively and a term of 4.75 years were contracted with Société Générale at the same time as the refinancing by the insurance company AXA.

On September 25, 2013, two currency swaps each were contracted in equal amounts with JP Morgan Limited and Morgan Stanley Bank International Limited; these currency swaps will become effective on the issuance of a bond for an amount of US-$ 1,000 million on October 2, 2013. The hedging instruments, each for an amount of US-$ 375 million, have a term of four years and the currency swaps, each for an amount of US-$ 125 million, have a term of ten years.

As part of cash flow hedge accounting, the non-current derivatives as at September 30, 2013 were shown at their negative clean present fair values totalling € 50.7 million under other financial liabilities.

The interest hedging transactions transferred to Deutsche Annington Immobilien SE as part of the repayment of the GRAND securitisation were taken over and adjusted to hedge the Term Loan. After the repayment of the Term Loan in October, the interest hedging instruments were no longer necessary and were therefore sold in October with a carrying amount profit of € 0.2 million. As at September 30, 2013, these hedging instruments that are not included in hedge accounting are shown at their fair values of € + 4.3 million and € - 4.1 million under current other financial assets and liabilities respectively.

25 Segment reporting

DAIG is an integrated residential real estate company whose core business is the value-enhancing management of its housing stocks and the selective privatisation or sale of units. The housing stocks are located exclusively in Germany.

The Rental segment covers the marketing and management of the residential units as well as their maintenance and modernisation with the focus on a sustained strengthening of rental income and the optimisation of operating costs.

The Sales segment sells selected housing stocks either in single units or en-bloc to tenants, future owner-occupiers as well as to commercial investors in order to optimise the performance of the entire portfolio and to generate cash flows.

Reporting to the chief decision-makers and thus the assessment of business performance as well as the allocation of resources are performed on the basis of this segmentation. Accordingly, the presentation of segment reporting in accordance with IFRS 8.22 follows this presentation. No segmentation by region is performed. Assets and liabilities are not viewed separately by segment.

Internal reporting is generally based on the IFRS reporting standards.

The chief decision-makers assess the company's performance on the basis of the revenues as well the segment result. The segment result represents earnings before interest, taxes, depreciation and amortisation adjusted for items not related to the period, recurring irregularly and untypical for the business operation and excluding effects from revaluations in accordance with IAS 40 (adjusted EBITDA). The segments are viewed without taking into account the ancillary costs chargeable to tenants which are shown separately. Intra-Group transactions are billed in the same manner as arm's length transactions.

Since June 30, 2013, the key decision-makers have only focused on adjusted EBITDA in their internal reporting. The non-recurring effects and the EBITDA derived from the IFRS income statement are now only viewed at Group level.

Jan. 1 - Sep. 30, 2013 € million	Rental	Sales	Total Segments	Ancillary costs	Group
Segment revenues	560.4	226.1	786.5	239.1	1,025.6
EBITDA (adjusted for non-recurring effects)	335.7	27.4	363.1	0.0	363.1
Non-recurring items					-18.5
Period adjustments from assets held for sale					-1.1
EBITDA IFRS					343.5
Net income from fair value adjustments of investment properties					540.1
Depreciation and amortisation					-4.6
Income from other investments					-0.7
Financial income					16.8
Financial expenses					-221.1
EBT					674.0
Income taxes					-199.7
Profit for the period					**474.3**

Jan. 1 - Sep. 30, 2012 € million	Rental	Sales	Total Segments	Ancillary costs	Group
Segment revenues	561.3	226.1	787.4	248.9	1,036.3
EBITDA (adjusted for non-recurring effects)	322.9	29.6	352.5	0.0	352.5
Non-recurring items					-5.4
Period adjustments from assets held for sale					3.4
EBITDA IFRS					350.5
Net income from fair value adjustments of investment properties					123.6
Depreciation and amortisation					-4.5
Income from other investments					-0.6
Financial income					8.2
Financial expenses					-247.6
EBT					229.6
Income taxes					-46.7
Profit for the period					**182.9**

The comparable segment figures for the periods July 1 to September 30 of the financial years 2012 and 2013 are as follows:

Jul. 1 - Sep. 30, 2013 € million	Rental	Sales	Total Segments	Ancillary costs	Group
Segment revenues	187.3	59.2	246.5	80.0	326.5
EBITDA (adjusted for non-recurring effects)	113.6	7.8	121.4	0.0	121.4
Non-recurring items					-4.3
Period adjustments from assets held for sale					0.5
EBITDA IFRS					**117.6**
Net income from fair value adjustments of investment properties					16.2
Depreciation and amortisation					-1.8
Income from other investments					-0.5
Financial income					9.7
Financial expenses					-92.7
EBT					**48.5**
Income taxes					-14.4
Profit for the period					**34.1**

Jul. 1 - Sep. 30, 2012 € million	Rental	Sales	Total Segments	Ancillary costs	Group
Segment revenues	186.8	85.8	272.6	82.3	354.9
EBITDA (adjusted for non-recurring effects)	104.7	10.3	115.0	0.0	115.0
Non-recurring items					-2.5
Period adjustments from assets held for sale					-1.3
EBITDA IFRS					**111.2**
Net income from fair value adjustments of investment properties					42.9
Depreciation and amortisation					-1.6
Income from other investments					-0.4
Financial income					5.9
Financial expenses					-84.6
EBT					**73.4**
Income taxes					-2.0
Profit for the period					**71.4**

26 Contingent liabilities

The property transfer obligations have decreased compared with December 31, 2012 by € 49.9 million from € 70.1 million to € 20.2 million. A detailed description of the contingent liabilities is to be found in the consolidated financial statements for the year ended December 31, 2012.

27 Related party transactions

Monterey Holdings I S.à r.l., Luxembourg, has assumed the existing obligations towards the members and former members of the Management Board for the payments under the long-term incentive plan (LTIP). DAIG discloses, within Other assets, a receivable from Monterey Holdings I S.à r.l., Luxembourg, of € 2.8 million (Dec. 31, 2012: € 15.0 million) in the amount of the obligations assumed.

A new long-term incentive agreement was concluded on June 28, 2013. This regulates, on the one hand, the replacement of the previous LTIP agreements, including a new LTIP agreement concluded in the second quarter, subject to the condition precedent of an IPO as well as the terms of the newly granted LTIP. The condition precedent occurred with the completion of the stock market listing on July 11, 2013.

Accordingly, at the time of the first listing, the Management Board members are granted one-off remuneration of € 6.3 million gross in settlement of all claims under the previous LTIP.

On the IPO, the individual Management Board members bought 171,424 shares of the company at a price of € 16.50 per share. These shares have full dividend and voting right entitlements but their disposal is restricted until the end of the respective Management Board member's employment contract (Restricted Shares).

In addition, the Management Board members are granted a total of 931,030 notional shares (SARs=stock appreciation rights). The plan will run for a period of 5 years (5 annual tranches) with a cliff vesting of 20 % per calendar year of the total number of notional shares granted. These notional shares will be converted into payout amounts for each annual tranche on the basis of a formula laid down in the LTIP agreement. Therefore, this new LTIP qualifies as a cash-settled plan in accordance with IFRS 2. Payout of the amounts of the vested tranches will be triggered as soon as and if the previous sole shareholder reduces its shareholding to below 30 %, the subsequently vested tranches will become due on every anniversary of the commencement of trading, but at the latest on September 30, 2019 all amounts under the LTIP will become due (long-stop date).

If there is a change of control over the company before the investors in funds advised by Terra Firma have reduced the direct or indirect investment in the company to less than 50 %, all notional shares will fully vest and all claims connected therewith will become due.

The cash-settled amounts are determined from the product of the number of notional shares per tranche, the market value of the share taking into account dividend payments in the period between the IPO and the payout date and the level of performance target achievement for the relevant measurement period. This level of performance target achievement results from the sum of the NAV percentage, the TSR percentage and the AFFO percentage divided by three. (NAV = EPRA Net Asset Value, TSR = Total Shareholder Return, AFFO = Adjusted Funds from Operations). The possible performance target achievement may be between 90 % and 110 %. The following table shows the performance target achievement parameters as well as the factors influencing them:

Performance target achievement parameters	Factors influencing the parameters
NAV	NAV increase per share in relation to the comparator group defined in the LTIP agreement
TSR	Increase in the market closing price adjusted for dividend payments (generally the stock market price) in relation to the comparator group defined in the LTIP agreement
AFFO	AFFO from the last financial statements against the AFFO target for the same period in the medium-term plan

The Supervisory Board has the right and the obligation to appropriately adjust the calculation modalities if there are significant changes in the Group.

Accounting for a cash-settled plan requires that the fair value of the remuneration plan is determined at every balance-sheet reporting date and recognised in profit or loss for the respective part of the year. Changes in the fair value of tranches which are already vested are also recognised in profit or loss at every reporting date.

On the basis of the LTIP agreement and the actuary's basis for calculation, the fair value as at the date of initial measurement (July 11, 2013) is € 15.3 million. The annual expense may deviate considerably upwards or downwards, depending on the development of the market value of the share and the respective percentage of target achievement. As at the reporting date, € 2.1 million was recognised as expenses in the provisions.

The receivable from Monterey Holdings I S.à r.l., Luxembourg, amounting to € 4.8 million shown under other assets relates to costs in connection with the IPO, which were settled by DAIG but are attributable to the former sole shareholder, Monterey Holdings I S.à r.l., Luxembourg.

28 Subsequent events

On October 2, 2013, the issuance of a bond for US-$ 1,000 million was completed as part of a private placement. The bond is split into two tranches, one four-year bond for US-$ 750 million with a coupon of 3.20 % with 100 % payout and a 10-year bond for US-$ 250 million with a coupon of 5.00 % with 98.993 % payout. The interest payment dates are April 2 and October 2 of each year, beginning with April 2, 2014. The EUR-USD currency risk resulting from the interest payments and capital repayments was eliminated for the entire term of the bonds by contracting corresponding currency swaps.

Furthermore, the placing of an 8-year bond for € 500 million under the European Medium Term Note Programme (EMTN) was completed on October 8, 2013. The coupon is 3.625 % with a payout of 99.443 %. Interest is paid yearly on October 8, beginning in 2014.

The necessary debt issuance cost was recognised as prepaid expenses in the financial statements for the third quarter; it will be offset against the value of the respective liability at the end of the fourth quarter and amortised over the respective term of the bond using the effective interest method.

The funds received are designated for the repayment in full of tranche B of the Term Loan, any funds in excess thereof are to be used for the repayment of mortgages.

As a result of the repayment, the derivatives acquired to interest-hedge the Term Loan were sold back to the bank from which they were contracted.

Supervisory Board

Dr Wulf H. Bernotat, Chairman (since June 18, 2013)
Former Chief Executive Officer of E.ON SE

Guy Hands, Chairman (until June 18, 2013)
Chairman and Chief Investment Officer of Terra Firma Capital Partners Limited

Robert Nicolas Barr, Deputy Chairman (since May 21, 2013; until May 20, 2013 dormant)
Operational Managing Director of Terra Firma Capital Partners Limited

Arjan Breure
Financial Managing Director of Terra Firma Capital Partners Limited

Fraser Duncan
Business Consultant

Prof. Dr Edgar Ernst, (since June 18, 2013)
President of Deutsche Prüfstelle für Rechnungslegung DPR e.V.

Neil Hasson (until June 18, 2013)
Managing Director of Citi Property Investors

Hildegard Müller (since June 18, 2013)
Chairwoman of the Executive Board of Bundesverband der Energie- und Wasserwirtschaft

Tim Pryce (since June 18, 2013)
Chief Executive Officer of Terra Firma Capital Partners Limited

Prof. Dr Klaus Rauscher
Business Consultant

Clara-Christina Streit (since June 18, 2013)
Former Senior Advisor with McKinsey & Company, Inc.

Management Board

Rolf Buch, Chairman (since April 1, 2013)

Robert Nicolas Barr (until May 20, 2013)

Klaus Freiberg

Dr A. Stefan Kirsten

Düsseldorf, October 30, 2013

Rolf Buch | Klaus Freiberg | Dr A. Stefan Kirsten

REVIEW REPORT*

To Deutsche Annington Immobilien SE, Düsseldorf:

We have reviewed the condensed interim consolidated financial statements of the Deutsche Annington Immobilien SE --comprising Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and Notes to the condensed interim consolidated financial statements as of September 30, 2013-- together with the interim group management report of the Deutsche Annington Immobilien SE for the period ended September 30, 2013, that are part of the interim annual financial report according to § 37x WpHG [„Wertpapierhandelsgesetz“: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in supplementary compliance with the International Standard on Review Engagements “Review of interim Financial Information performed by the Independent Auditor of the Entity” (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Essen, October 31, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Hain Wirtschaftsprüfer	Salzmann Wirtschaftsprüferin

* The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements of Deutsche Annington Immobilien SE for the first nine month of 2013 give a true and fair view of the Group's net assets, financial position and results of operations, and the interim consolidated management report includes a fair view of the business development including the results and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the financial year.

Bochum, October 30, 2013

Rolf Buch Klaus Freiberg Dr A. Stefan Kirsten

Management Board

GLOSSARY

Adjusted EBITDA
Adjusted EBITDA is the result before interest, taxes, depreciation and amortisation (but including income from other investments) adjusted for the non-recurring result and for net income from fair value adjustments of investment properties. The non-recurring result comprises effects considered by the company to be unusual or infrequent effects which have an impact on the result, such as project costs for the further development of business.

Adjusted EBITDA Rental
Adjusted EBITDA Rental is adjusted EBITDA less adjusted EBITDA Sales and shows the profit from property rental adjusted for non-recurring items.

Adjusted EBITDA Sales
Adjusted EBITDA Sales is determined on the basis of the economic transfer of title of the properties sold in order to show the realised earnings for the period. It is therefore adjusted for the "revaluation of assets held for sale" and the "revaluation (realised) from the disposal of assets held for sale". The purpose of this adjustment is to show effects from the application of IFRS 5 on property sales affecting net income only in the period in which the sale actually takes place.

Cash flow
Metric for assessing the financial and earning power of a company (see also Cash flow statement).

Core/Non-Core properties
Properties which are assigned to the company's Core or Non-Core housing stocks. Non-Core properties are properties which are less suited to property management with our processes and due to their characteristics or location. Furthermore, significant numbers of these properties have below-average growth potential and will be sold in the medium term in line with the corporate strategy. Core properties are our properties in the Rental Only and Privatise portfolios.

Corporate Governance
Corporate governance lays down the rules for good, value-driven corporate management. The aim is to protect the shareholders' interests and ensure a responsible corporate policy geared to long-term added value.

Covenants
Limitations on incurrence of financial indebtedness, maintenance of consolidated coverage ratio and maintenance of total unencumbered assets.

EMTN Programme (European Medium Term Note Programme)
An EMTN Programme is a framework agreement for issuing bonds and notes. Under this framework agreement, further bonds can be issued very quickly and cost-efficiently as a comprehensive prospectus can be dispensed with.

EPRA (European Public Real Estate Association)
Organisation domiciled in Brussels which represents the interests of the large European property companies in the public eye and supports the development and market presence of the European publicly listed real estate companies.

EPRA NAV
EPRA NAV is used as an indicator of Deutsche Annington's long-term equity and is calculated based on the net asset value ("EPRA NAV") excluding the fair value of derivative financial instruments (net) and deferred taxes.

EPRA NNNAV
The triple net asset value according to EPRA is the reported equity of the Deutsche Annington shareholders.

EPRA vacancy rate
The estimated annual rental income of vacant space at market rents in relation to the estimated market rental value of the whole portfolio.

Fair value
The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of the Deutsche Annington properties is determined regularly by external property appraisers.

FFO (funds from operations)
FFO represents a metric based on the cash flow available from operating activities. In addition to adjusted EBITDA, FFO allows for recurring cash-effective net interest expenses from non-derivative financial instruments as well as income taxes. This metric is not determined on the basis of any specific international reporting standard but is to be regarded as a supplement to other performance indicators determined in accordance with IFRS.

FFO 1 / FFO 1 before maintenance / FFO2 / AFFO
The Deutsche Annington Immobilien Group differentiates between

> FFO 1 (excluding adjusted EBITDA Sales), which is determined by adjusting adjusted EBITDA for the respective periods to reflect net cash interest payments and current income taxes but not the operating result of sales activities (adjusted EBITDA Sales).

> FFO 1 before maintenance, in which FFO 1 is adjusted for maintenance expense.

> AFFO, which refers to capex-adjusted FFO 1 in which FFO 1 is adjusted for capitalised maintenance.

> FFO 2, which is determined by adding profit from the disposal of properties to FFO 1 for the respective periods.

Financial covenants
Set of conditions in individual loan agreements in which the borrower undertakes, for the duration of the loan agreement, to comply with certain financial key figures laid down in relation to equity, debt, earnings or liquidity.

GRAND financing
In 2006, 31 companies of the Deutsche Annington Immobilien Group sold REF Notes to German Residential Asset Note Distributor PLC (Grand) in a securitisation transaction. Grand itself refinanced the acquisition of the REF Notes on the capital market by issuing secured floating-rate notes. The 31 issuing companies involved in the securitisation transactions in 2006 provided securities in the form of land charges, account pledge agreements and assignments. Furthermore, company shares were pledged. At the end of 2012, the GRAND securitisation was restructured. The restructuring enables the Deutsche Annington Immobilien Group to repay the liabilities of € 3.8 billion under the securitisation in tranches over a period of five years.

IFRS (International Financial Reporting Standards)
International accounting standards particularly for publicly listed companies.

Investment properties
Investment properties are properties that are held for the purpose of earning rental income or for capital appreciation. Investment properties include undeveloped land, land and land rights including buildings and land with inheritable rights of third parties. Properties which are capitalised under a finance lease in accordance with IAS 17 "Leases" and are covered by the definition of investment properties are also classified as investment properties.

LTV ratio (loan-to-value ratio)
The loan-to-value ratio (LTV ratio) is the ratio of the nominal amount of financial liabilities (excluding so-called EK 02 tax liabilities), less cash and cash equivalents, to the sum of investment properties, trading properties, buildings used by the company itself and assets held for sale at a given reporting date.

Maintenance
Maintenance covers the measures which are necessary to ensure that the property can continue to be used as intended over its useful life and which eliminate structural and other defects caused by wear and tear, age and weathering effects.

Market capitalisation
Current price of a share multiplied by the total number of shares listed on the stock exchange. The market capitalisation is determined for individual companies but also for industries or for entire share markets and makes them comparable among each other.

Modernisation measures
Typical modernisation measures are the refurbishment of bathrooms, the installation of new doors and windows, the installation of central heating systems, the renovation of balconies and the retrofitting of prefabricated balconies as well as the implementation of energy-saving projects, such as the installation of double-glazed windows and heat insulation, e.g. facade insulation, insulation of the top storey ceilings and the cellar ceilings.

Monthly in-place rent
The monthly in-place rent is measured in € per square metre. It is the current gross rental income per month for rented residential units as agreed in the corresponding rent agreements at the end of the relevant month before deducting non-transferrable ancillary costs divided by the living area of the rented residential units. The in-place rent is often referred to as the net cold rent.

Prime Standard
The most important market segment of the Frankfurt Stock Exchange with the highest transparency standards and regulation requirements. Listing on the Prime Standard is the prerequisite for inclusion in the DAX, MDAX, SDAX and TecDAX.

Rental performance
Describes the number of new lets within a reporting period. It counteracts the tenant turnover rate.

Revaluation of assets held for sale
The difference in value between the fair value and the sale price of the properties for which a purchase contract has been signed but for which no economic transfer of title has yet taken place. On the basis of IFRS, this difference in value at the time of contract signature is to be taken into account.

Revaluation (realised) from the disposal of assets held for sale
The difference in value between the fair value and the sale price of the properties for which economic transfer of title is taking place, for which, in prior periods, a purchase contract had been signed and for which economic transfer of title has taken place in the reporting period.

Securitisation
Procurement of funds by converting receivables into securities, e.g. bonds. The primary aim is to make these receivables tradable on organised capital markets, e.g. stock exchanges. Investors (savers) and borrowers (e.g. companies or the state) enter into a direct creditor/debtor relationship with each another. The purchaser of the securitised receivables therefore assumes the risk of market price fluctuations of the security and the risk of default. In contrast to taking out a loan from a bank, the debtor generally has a large number of anonymous creditors and has to prove his credit standing publicly by means of detailed and regular reporting as well as by means of a rating where possible.

Vacancy rate
The vacancy rate is the number of empty housing units as a percentage of the total housing units owned by the company. The vacant units are counted at the end of each month.

CONTACT AND FINANCIAL CALENDAR

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Financial Calendar

February 28, 2014	**2013 Annual Report**
April 30, 2014	**Interim Report Q1 2014**
May 12, 2014	**Annual General Meeting**
July 31, 2014	**Interim Report H1 2014**
October 30, 2014	**Interim Report Q3 2014**

Notes
This Interim Report is published in German and English. The German version is always the authoritative text. The Interim Report can be found on the website at www.deutsche-annington.com.

Editor's note: Rounding differences may occur in the tables.

Disclaimer
This report contains forward-looking statements. These statements are based on current experience, assumptions and projections of the Management Board as well as information currently available to the Board. The forward-looking statements are not guarantees of the future developments and results mentioned therein. The future developments and results depend on a large number of factors. They involve certain risks and uncertainties and are based on assumptions that may prove to be inaccurate. These risk factors include but are not limited to those discussed in the Risk Report of the 2012 Annual Report. We do not assume any obligation to update the forward-looking statements contained in this report. This financial report does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security of Deutsche Annington Immobilien SE.

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