INTERIM FINANCIAL REPORT

First Quarter of 2014

DEUTSCHE ANNINGTON

€ million	3M 2014	3M 2013	Change (%)
Key Figures			
Rental income	180.5	182.0	− 0.8
Adjusted EBITDA Rental	109.5	109.3	0.2
Income from disposal of properties	60.2	102.7	− 41.4
Adjusted EBITDA Sales	9.2	11.6	− 20.7
Adjusted EBITDA	118.7	120.9	− 1.8
Total maintenance and modernisation work	57.3	39.4	45.4
thereof maintenance	34.0	34.3	− 0.9
thereof capitalised maintenance	5.6	3.9	43.6
thereof modernisation	17.7	1.2	–
Interest expense FFO	− 44.7	− 56.6	− 21.0
FFO 1	61.9	49.3	25.6
FFO 2	71.1	60.9	16.7
AFFO	56.6	45.4	24.7
FFO 1 per share* in €	0.26	0.25	4.5

* Based on the shares qualifying for a dividend on the reporting date Mar. 31, 2014: 240,242,425; Mar. 31, 2013: 200.000.000

Key Balance Sheet Figures	Mar. 31, 2014	Dec. 31, 2013	Change (%)
Fair value	10,324.6	10,326.7	0.0
NAV	5,118.8	4,782.2	7.0
LTV (%)	46.2	50.2	− 4.0pp
NAV per share* in €	21.31	21.33	− 0.1

* Based on the number of shares on the reporting date Mar. 31, 2014: 240,242,425; Dec. 31, 2013: 224,242,425

Non-Financial Figures	3M 2014	3M 2013	Change (%)
Number of units managed	201,136	206,946	− 2.8
thereof own apartments	174,327	180,292	− 3.3
thereof apartments owned by others	26,809	26,654	0.6
Number of units sold	926	1,765	− 47.5
thereof Privatise	548	816	− 32.8
thereof Non-Core	378	949	− 60.2
Vacancy rate (%)	3.7	4.0	− 0.3pp
Monthly in-place rent in €/m² (like-for-like)*	5.44	5.34	1.9
Number of employees (as at March 31)	3,073	2,516	22.1

* Mar. 31, 2013 monthly in-place rent not like-for-like 5.32m²

€ million	3M 2014	3M 2013	Change (%)
Other Financial Figures			
Income from fair value adjustments of investment properties	19.8	514.5	− 96.2
EBITDA IFRS	97.4	115.3	− 15.5
EBT	57.2	557.6	− 89.7
Profit for the period	38.3	387.5	− 90.1
Cash flow from operating activities	76.4	64.0	19.4
Cash flow from investing activities	79.9	73.1	9.3
Cash flow from financing activities	143.4	− 430.9	− 133.3

Contents

Dear Shareholders,
Ladies and Gentlemen,

Following the successful 2013 financial year, the first quarter of 2014 was also eventful for Deutsche Annington: at a press conference held at the end of February, we reported on the positive performance in 2013 and explained in detail the course our company has adopted. At the same time, we were able to announce two transactions relating to attractive housing portfolios involving a total volume of some 41,000 apartments. With their integration, our housing stocks will grow to some 215,000 rental apartments. We are therefore extending our market leadership – both in terms of portfolio value and the number of residential units.

The first portfolio comprises some 11,500 apartments, which are concentrated in the conurbations of Munich, Frankfurt am Main, Düsseldorf, Cologne and Hamburg. We acquired this portfolio from the DeWAG Group. The transaction was closed as planned on April 1, 2014 and the integration of the housing stocks into the existing portfolio is progressing ahead of schedule. We believe that we will have incorporated the new apartments into our systems by the planned closing of the Vitus transaction at the end of the third quarter of 2014. With the integration into our operational platform, we will be further developing the housing stocks in a targeted manner through professional real estate management as well as value-focused refurbishment and modernisation measures.

The second portfolio involves about 30,000 residential units of the Vitus Group, a leading housing company in northern and western Germany with housing stocks in the Rhine-Ruhr conurbation as well as in the cities of Bremen, Kiel and Wuppertal. We expect this transaction to be closed in the fourth quarter of 2014.

The size and structure of the new housing stocks distributed throughout Germany offer us outstanding opportunities to fully exploit the strengths of our company. The tenants will benefit from an improved service and product offering. At the same time, we can generate substantial cost advantages through the efficient utilisation of our infrastructure.

Thanks to our efficient and equally flexible financing strategy, we can refinance the price of the two transactions amounting to some € 2.4 billion on optimum terms and conditions. We have already successfully completed two important steps in the refinancing: firstly, we performed a capital increase by issuing 16 million shares at a price of € 19 on March 5, 2014, resulting in gross proceeds of € 304 million. Secondly, we were the first real estate company in Europe to issue a rated hybrid bond with a volume of € 700 million on April 1, 2014 on attractive conditions. Both the capital increase and the hybrid bond met with very great demand, which confirms the investors' interest in the sustained and attractive growth prospects of our company.

In the first quarter, we continued the good development of operations of the previous year: at € 61.9 million in the first quarter, FFO 1 (Funds from Operations) – the decisive metric for assessing our operational performance – was well above the level of the prior-year period despite the fact that the number of our apartments fell by roughly 6,000 units in the last 12 months as a result of sales. The net asset value (EPRA NAV) as at March 31, 2014 increased by 7.0% to € 5,118.8 million compared with the year-end figure. The monthly in-place rents rose like-for-like by 1.9% compared with the prior-year quarter while the vacancy rate fell further by 0.3 percentage points.

The maintenance and investment programme involving more than € 300 million got off to a successful start: for example, in the first quarter we began the energy-efficient modernisation of more than 2,500 apartments according to the KfW programme 151/152. Here, we are implementing the first projects in accordance with the refurbishment roadmap developed with the German Energy Agency (dena). Furthermore, we have started the handicapped-accessible conversion (to the KfW programme 159 "senior-friendly conversion") or the high-quality conversion of some 700 residential units.

In all our economic and operational optimisation efforts, our attention remains focused on the satisfaction of our customers. The expansion of our core business implemented last year through improved on-site support and tar-

Klaus Freiberg
Member of the Management Board, COO

Rolf Buch
Chairman of the Management Board, CEO

Dr A. Stefan Kirsten
Member of the Management Board, CFO

geted services is increasingly paying off: our Group's own craftsmen's organisation was further expanded and now fits very well into the workflows. Moreover, the conversion of homes to the fibre-optic cable network of Deutsche Telekom is progressing to schedule.

The start to the year was very successful. Therefore, we are confidently looking forward to the coming quarters as well: we will continue to pursue our portfolio strategy and, with improved management, ensure that our customers continue to feel at home in our properties. In view of the much higher investment volume, we will spend considerably more per square metre of living area in the current year and therefore further extend our lead over our competitors. In this way, we also want to underline our mission – to achieve substantial value creation and sustainable earnings.

Alongside implementation of the modernisation programme and the integration of the portfolios, we will also be increasingly targeting costs in the coming months.

As far as the economic data are concerned, in 2014 we want to confirm the reliability of the forecast made in 2013: without allowing for acquisitions and as we communicated in our 2013 annual financial statements, we are expecting a figure of between € 250 and € 265 million for FFO 1. We still anticipate an increase of 2.3% to 2.6% in the monthly in-place rent per square metre like-for-like while the vacancy rate will be roughly at the 2013 level of 3.5%. Furthermore, we are planning to invest a total of € 150 million this year in the modernisation of apartments and buildings.

Bochum, April 25, 2014

Rolf Buch
(CEO)

Klaus Freiberg
(COO)

Dr A. Stefan Kirsten
(CFO)

INTERIM MANAGEMENT REPORT

Fundamental Information about the Group

BUSINESS MODEL

The company
With some 174,300 residential units worth a total of € 10.3 billion, exvha is one of the leading real estate companies in Europe.

Today, the Deutsche Annington Immobilien Group is the biggest housing company in Germany measured by fair value and the number of residential units. At the end of the first quarter of 2014, we managed 174,327 residential units of our own, 40,591 garages and parking spaces as well as 1,069 commercial units. We also managed 26,809 residential units for other owners. The Deutsche Annington Immobilien Group provides housing in 527 towns and municipalities throughout Germany.

For a comprehensive description of our business model, our strategy and our portfolio, please refer to the combined management report in the 2013 Annual Report. This is available on the website of Deutsche Annington at www.deutsche-annington.com.

The Deutsche Annington portfolio as at March 31, 2014, breaks down as follows:

Portfolio structure

HOUSING STOCKS

as at March 31, 2014	Units	Living area (thousand m²)	Vacancy rate (%)	Vacancy rate Change (% points)	In-place rent (p.a. € million)	In-place rent (€/m²/month)	In-place rent Change like-for-like (%)
Operate	68,000	4,297	3.2	−0.4	275.2	5.52	+1.7
Upgrade Buildings	45,469	2,870	2.9	0.4	179.0	5.36	+2.0
Optimise Apartments	31,944	2,028	3.1	0.9	137.4	5.83	+2.8
Rental Only	**145,413**	**9,195**	**3.1**	**0.1**	**591.6**	**5.54**	**+2.2**
Privatise	19,319	1,321	4.8	−0.7	80.3	5.31	+1.6
Non-Core	9,595	602	11.0	−1.6	27.0	4.21	+0.9
Total	**174,327**	**11,119**	**3.7**	**−0.3**	**699.0**	**5.44**	**+1.9**

Regional distribution of the entire portfolio

HOUSING STOCKS BY GERMAN STATE

as at March 31, 2014	Units	Living area (thousand m²)	Vacancy rate (%)	In-place rent (p.a. € million)	In-place rent (€/m²/month)
North Rhine-Westphalia	92,169	5,763	4.1	341.7	5.15
Hesse	20,812	1,315	2.0	102.9	6.64
Bavaria	14,036	934	2.0	61.3	5.59
Berlin	12,849	827	1.7	56.5	5.79
Schleswig-Holstein	11,181	697	4.1	41.2	5.16
Lower Saxony	5,598	379	7.9	21.4	5.11
Rhineland-Palatinate	5,021	357	3.6	21.7	5.26
Baden-Württemberg	4,716	330	2.6	21.4	5.55
Saxony	3,197	200	8.8	10.8	4.91
Saxony-Anhalt	1,289	88	17.7	4.0	4.51
Hamburg	1,121	65	1.9	5.6	7.41
Thuringia	1,039	67	6.9	4.0	5.29
Mecklenburg-Western Pomerania	642	49	2.6	3.3	5.71
Brandenburg	576	42	3.6	2.9	5.85
Bremen	65	5	6.2	0.3	5.81
Saarland	16	1	0.0	0.1	4.75
Total	**174,327**	**11,119**	**3.7**	**699.0**	**5.44**

HOUSING STOCKS 25 LARGEST LOCATIONS

as at March 31, 2014	Units	Living area (thousand m²)	Vacancy rate (%)	In-place rent (p.a. € million)	In-place rent (€/m²/month)
Dortmund	17,483	1,067	3.1	60.0	4.84
Berlin	12,849	827	1.7	56.5	5.79
Frankfurt am Main	9,931	614	1.1	52.5	7.19
Essen	9,462	581	5.7	34.3	5.24
Bochum	7,571	435	2.8	26.2	5.16
Gelsenkirchen	7,468	457	6.7	23.7	4.64
Munich	4,598	306	0.7	23.3	6.39
Herne	4,556	279	5.2	15.1	4.75
Duisburg	4,486	267	4.1	15.4	5.01
Bonn	4,216	295	1.9	21.4	6.14
Cologne	3,924	259	2.0	19.8	6.52
Gladbeck	3,246	199	3.8	11.4	4.95
Herten	2,688	172	4.4	9.1	4.61
Düsseldorf	2,453	160	2.9	13.0	6.96
Aachen	2,187	145	3.2	9.2	5.47
Marl	2,099	139	6.4	7.9	5.08
Wiesbaden	2,042	136	2.7	11.8	7.44
Geesthacht	1,987	113	3.7	7.3	5.59
Bottrop	1,886	119	3.0	7.1	5.10
Bergkamen	1,871	122	6.8	6.2	4.57
Kassel	1,841	115	4.0	6.5	4.94
Castrop-Rauxel	1,698	100	4.4	5.8	5.12
Recklinghausen	1,652	109	2.8	6.2	4.83
Flensburg	1,593	106	5.0	5.8	4.87
Nuremberg	1,567	108	0.8	7.5	5.86
SUBTOTAL OF THE 25 LARGEST LOCATIONS	**115,354**	**7,230**	**3.3**	**463.1**	**5.52**
Other locations	58,973	3,889	4.5	235.8	5.29
TOTAL	**174,327**	**11,119**	**3.7**	**699.0**	**5.44**

MANAGEMENT SYSTEM

Our company policy focuses on sustainably increasing the value of the company. As is customary in the industry, this is expressed in the net asset value (NAV); in determining NAV, we are guided by the official statements of EPRA (European Public Real Estate Association).

We strive to steadily grow our earnings through the value-enhancing management of our properties, through value-creating investments in these portfolios as well as through active portfolio management.

This focus on value is also reflected in our internal management system. For this purpose, we distinguish between the two segments, Rental and Sales. In the Rental segment, we pool all business activities for active management as well as investments in our residential properties. The Sales segment covers all business activities relating to the sale of single units (Privatise) as well as the sale of entire buildings or plots of land (Non-Core sales). A Group-wide planning and controlling system ensures that resources for both segments are efficiently allocated and their successful use is monitored.

Financial and non-financial indicators

For a description of the financial and non-financial indicators of the management system, please refer to the statements in the combined management report for the 2013 financial year which remain valid. The management report is available on the website of Deutsche Annington at www.deutsche-annington.com.

SHARE AND CAPITAL MARKET

Continued positive development of the share price

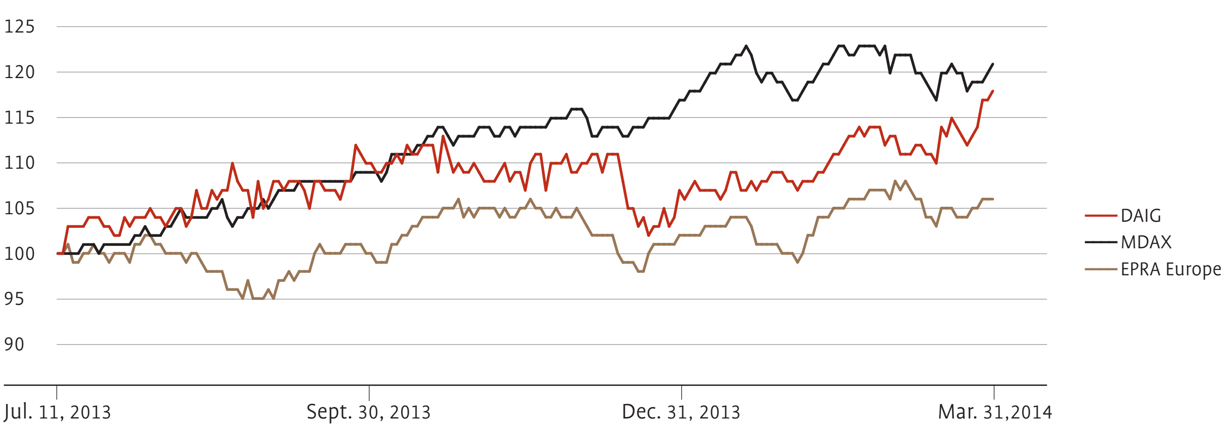
The shares of Deutsche Annington Immobilien SE have been listed on the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange since July 11, 2013.

The positive development of the share continued in the first quarter of 2014. On March 31, 2014, the Xetra closing price was € 20.71. This corresponded to an increase of 15.1 % since the beginning of the year.

Based on the opening price (€ 17.10) on its first day on the stock exchange, the price increase at the end of the reporting period was 21.1 %.

Since the beginning of the year, our shares have performed much better than the industry index EPRA Europe, which increased by 2.4 % in the same period. The market capitalisation of Deutsche Annington amounted to roughly € 5 billion as at March 31, 2014.

DEVELOPMENT OF THE SHARE PRICE
in %



Information on the share

In an accelerated book-building procedure, 16,000,000 new shares were issued to institutional investors on March 5, 2014 at a price of € 19.00, which represents gross proceeds of € 304 million for the company. In addition, 11,000,000 shares from the portfolio of an already existing shareholder were placed on the market at the same price so that the shares in free float increased significantly.

INFORMATION ON THE SHARE

1st day of trading	July 11, 2013
Subscription price	€ 16,50
Total number of shares	240.2 million
Share capital in €	240,242,425
ISIN	DE000A1ML7J1
WKN	A1ML7J
Symbol	ANN
Common code	094567408
Class	Registered shares with no par value
Free float	32.70 %
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market

The new shares have full dividend rights as of January 1, 2013. Based on the proposed appropriation of profit of € 0.70 per share, further dividends totalling € 11,200,000 are allocable to the newly created shares.

Shareholder structure: free float increased significantly

The number of Deutsche Annington shares issued was therefore 240,242,425 as at March 31, 2014.

The majority shareholder Monterey Holdings I S.à r.l. transferred 27,593,277 shares to one of its shareholders, CPI Capital Partners Europe GP LLC, New York, which belongs to Citigroup Inc., New York.

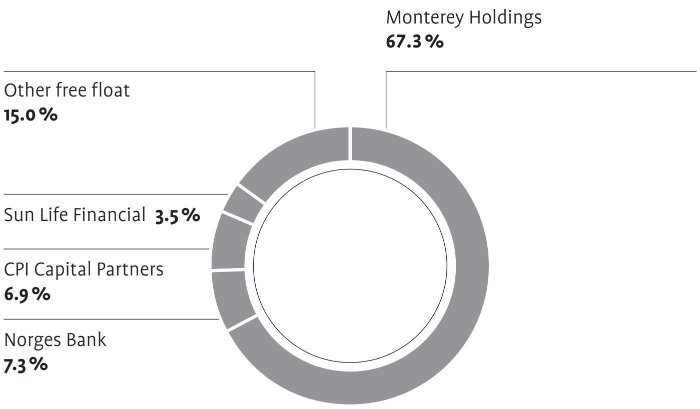
As part of the placement of the new shares, CPI Capital Partners Europe GP LLC sold a further 11,000,000 so that a total of 27,000,000 shares were placed in the capital market on March 5, 2014.

The shareholder structure of Deutsche Annington changed as follows:

The interest of the majority shareholder Monterey Holdings I S.à r.l. decreased to 67.3 %, Norges Bank participated in the capital increase and increased its shareholding from 5.4 % to 7.3 %. Furthermore, CPI Capital Partners Europe GP LLC owns 6.9 % of the shares and Sun Life Financial 3.5 %.

The free float increased to 32.7 % due to the capital increase and the placement by CPI Capital Partners Europe GP LLC.

SHAREHOLDER STRUCTURE
as at March 31, 2014



Further capital market activities

On April 1, 2014, Deutsche Annington agreed the issue of a € 700 million hybrid bond. Demand was very high for the bonds, which have a maturity of up to 60 years, an initial nominal coupon of 4.625 % p.a. at an issue price of 99.782 % and may be called first after five years (and thereafter every five years) if the company uses its termination option. The hybrid bond was placed by our Dutch subsidiary Deutsche Annington Finance B.V.

CORPORATE GOVERNANCE

Corporate governance, acting in accordance with the principles of responsible management aimed at increasing the value of the business on a sustainable basis, is an essential requirement for DAIG embracing all areas of the business. Our corporate culture is founded on transparent reporting and corporate communications, on corporate governance aimed at the interests of all stakeholders, fair and open dealings between the Management Board, the Supervisory Board and employees as well as on compliance with the law. Our corporate culture is also governed by a fixed system of values and a deep understanding of the company's mission. Further details on the Corporate Governance Code can be found in the Investor Relations section of the website at www.investoren.deutsche-annington.com.

Report on Economic Position

DEVELOPMENT OF THE ECONOMY AND THE INDUSTRY

Positive economic trend continues in the first quarter

According to the Kiel Institute for the World Economy (IfW), the economic climate in Germany continued to improve in recent months. Thus, indicators of economic confidence continued to improve at the start of the year, not least because the economy in the rest of the eurozone showed tentative signs of recovery. Furthermore, stabilisation substantiated by hard facts such as order intake and industrial output has also been seen recently. This indicates that the upswing will continue and output will gain momentum. Nevertheless, the crisis in the eurozone still presents risks.

In the fourth quarter of 2013, gross domestic product grew somewhat faster than in the previous quarter at a current annual rate of 1.5 %. Higher exports were the main driver. Consumer spending was down slightly for the first time in about two years. By contrast, investments in plant and equipment rose sharply. Thanks to extremely low interest rates, the upturn in construction activity continued unabated. The mild winter was also a contributory factor.

The situation on the labour market also continued to improve: unlike most months of the past year, unemployment has been falling slightly again since the end of 2013. According to the Federal Employment Agency, the number out of work in February totalled 2.91 million when seasonally adjusted. The unemployment rate was 6.8 %. Prices increased somewhat at the start of the year after consumer prices (seasonally adjusted) had remained practically unchanged during the second half of the previous year. The inflation rate in February 2014 was 1.2 %.

Housing market

Upturn in rents and purchase prices in Germany

During the first two months of 2014, quoted rents increased significantly, by about 1 percentage point nationwide both in January and in February. This is based on a report by the property portal ImmobilienScout24 after evaluation of the IMX property index. This supports the theory that the rent ceiling announced by the government may already be impacting the market. Landlords who fear that freedom to set rents will be restricted in future are now raising their rents considerably. Moderate price increases are anticipated in the medium term.

According to ImmobilienScout24, the prices quoted for owner-occupier apartments have continued to increase nationwide since the beginning of the year. The trend is driven by the new-build segment. Here prices increased by 0.9 percentage points in January and 1.1 percentage points in February compared to the previous month. At the same time, the prices quoted for existing apartments remained more or less stable, only increasing slightly by 0.3 percentage points in both months. ImmobilienScout24 expects these trends to continue in the near future.

Further high demand for housing portfolios

Although activity was still somewhat muted in January, the market for residential portfolios was highly dynamic in February. According to the real estate service provider Savills, transactions increased sevenfold to € 3.5 billion compared with February 2013. This is attributable to the bulk acquisitions made by Deutsche Annington and Buwog. The experts at the real estate service providers Cushman & Wakefield and Savills expect a somewhat lower transaction volume in 2014 than in the previous year. The reason for this is a lack of supply, particularly in the large-volume segment.

Tenancy Amendment Act
The bill on the "rent ceiling" submitted by SPD Federal Minister of Justice, Heiko Maas, in March goes beyond the stipulations of the coalition agreement and has therefore come under criticism, also from the coalition partner CDU/CSU. The bill envisages, inter alia, the future capping of currently freely negotiable rents in tense housing markets when apartments are relet. Criticism levelled by the housing industry primarily focuses on the risks arising from state interference in contractual freedom, the lack of a clear definition of tenseness, the negative impact on new build activity and the failure to set a time limit. A package of measures for addressing the housing shortage should also be enshrined in law.

ECONOMIC DEVELOPMENT OF THE GROUP

Business development in the first quarter of 2014

For the Deutsche Annington Immobilien Group, the first three months of this year were chiefly marked by the following key events:

> Further positive development of the property management business
> Capital increase from authorised capital of € 304 million gross
> Confirmation of the investment grade rating

Overall development of business

The business of the Deutsche Annington Immobilien Group developed positively during the first quarter of 2014. FFO 1 increased substantially by 25.6 % from € 49.3 million in the first quarter of 2013 to € 61.9 million in the first quarter of 2014. At € 118.7 million, adjusted EBITDA was slightly below the prior-year quarter level of € 120.9 million. This is largely due to lower property sales compared to the strong first quarter of 2013.

The acquisition of the real estate business of the DeWAG Group was completed on April 1, 2014, the acquisition of the real estate business of the Vitus Group is expected to be completed on October 1, 2014. Consequently, these real estate businesses have not been included in these quarterly financial statements. By contrast, the transaction costs allocated to these acquisitions have already been recognised as expense in these quarterly financial statements. They are discussed under non-recurring items in the presentation of the results of operations.

RESULTS OF OPERATIONS

The following primary KPIs reflect the development of the results of operations of the Deutsche Annington Immobilien Group:

KEY PERFORMANCE INDICATORS OF DEUTSCHE ANNINGTON

€ million	3M 2014	3M 2013
Income from property management	265.2	266.0
thereof rental income	180.5	182.0
Adjusted EBITDA Rental	109.5	109.3
Income from disposal of properties	60.2	102.7
Adjusted EBITDA Sales	9.2	11.6
EBITDA IFRS	97.4	115.3
Adjusted EBITDA	118.7	120.9
FFO 1	61.9	49.3
FFO 2 (incl. profit from property sales)	71.1	60.9
AFFO	56.6	45.4
Number of employees	3,073	2,516
Number of units sold	926	1,765
thereof Privatise	548	816
thereof Non-Core	378	949
Vacancy rate (%)	3.7	4.0
Monthly in-place rent (€/m²) (like-for-like)*	5.44	5.34
Number of residential units in portfolio	174,327	180,292

* Monthly in-place rent March 31, 2013 not like-for-like € 5.32/m²

Rental

As expected, our core business, Rental, developed positively during the first quarter of 2014. Despite a smaller housing portfolio compared with the first quarter of 2013, we slightly increased **adjusted EBITDA Rental** to € 109.5 million. On the back of lower rental income due to the smaller housing portfolio and virtually stable maintenance expenses for our properties, we managed to reduce the property management costs for our units.

ADJUSTED EBITDA RENTAL

€ million	3M 2014	3M 2013
Rental income	180.5	182.0
Maintenance expenses	−34.0	−34.3
Operating costs	−37.0	−38.4
Adjusted EBITDA Rental	**109.5**	**109.3**

At € 180.5 million, **rental income** in the first quarter of 2014 was only slightly below the prior-year quarter figure of € 182.0 million despite the smaller number of residential properties compared to the first quarter of 2013 as a result of property sales. The main reason for this was that the monthly in-place rent for the units rented as at the end of the first quarter of 2014 increased to € 5.44/m². If the effects of changes in the portfolio on the monthly in-place rent are taken into account, this increase was 2.3 %, like-for-like 1.9 %. Furthermore, rental income was positively impacted by the development of the vacancy rate which we reduced from 4.0 % at the end of the first quarter of 2013 to 3.7 % at the end of the first quarter of 2014.

Maintenance expenses in the past quarter totalled € 34.0 million and were therefore slightly below the prior-year figure of € 34.3 million as a result of the reduction in our housing stocks due to sales. Including capitalised maintenance of € 5.6 million as well as value-enhancing modernisation work of € 17.7 million, we invested a total of € 57.3 million in modernisation and maintenance work in our properties in the first quarter of 2014 (first quarter of 2013: € 39.4 million).

MAINTENANCE AND MODERNISATION

€ million	3M 2014	3M 2013
Maintenance expenses	34.0	34.3
Capitalised maintenance*	5.6	3.9
Modernisation work**	17.7	1.2
Total cost of modernisation and maintenance work	**57.3**	**39.4**
thereof sales of own craftsmen's organisation	37.4	26.5
thereof bought-in services	19.9	12.9

* 3M 2014 including intra-Group profits of € 0.3 m
** 3M 2014 including intra-Group profits of € 0.2 m

Property management costs cover all expenses for the Rental segment which cannot be allocated to maintenance expenses. In addition, we also include other income from property management which is offset by costs such as income from condominium administration for other owners or public-sector rent supplements.

We reduced our property management costs by 3.6 % in the first quarter of 2014. This was mainly due to the expansion of our craftsmen's organisation and resulting cost savings as well as optimisations in receivables management and in service charge and ancillary cost billing.

Sales

The Sales segment covers all business activities relating to the sale of single residential units (Privatise) and the sale of entire buildings or land (Non-Core sales).

Sales in the Privatise portfolio segment in the first quarter of 2014 were as follows:

SALES OF PRIVATISE PORTFOLIO SEGMENT

€ million	3M 2014	3M 2013
Number of units sold	548	816
Income from disposal of properties	49.5	69.3
Fair value of properties sold*	−37.8	−57.2
Adjusted profit from disposal of properties	**11.7**	**12.1**
Fair value step-up (%)	31.0	21.2

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

In the first quarter of 2014, the number of units sold (548) in the Privatise portfolio segment was significantly below the figure of the first quarter of 2013 as expected. Consequently, income from the disposal of properties decreased from € 69.3 million to € 49.5 million. This reduced sales volume was, however, accompanied by a significantly improved sales margin expressed in the fair value step-up. This increased substantially from 21.2 % in the first quarter of 2013 to 31.0 % in the first quarter of 2014.

SALES OF NON-CORE PORTFOLIO SEGMENT

€ million	3M 2014	3M 2013
Number of units sold	378	949
Income from disposal of properties	10.7	33.4
Fair value of properties sold*	−9.8	−31.0
Adjusted profit from disposal of properties	**0.9**	**2.4**
Fair value step-up (%)	9.2	7.7

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

In the Non-Core portfolio segment, we continued to optimise our portfolio by selling properties which do not fit in with our strategy in the medium to long term. The figure of 378 units sold in the first quarter of 2014 was, however, down on the strong prior-year quarter level.

Overall, the Sales segment developed as follows in the first quarter of 2014 compared with the previous year:

ADJUSTED EBITDA SALES

€ million	3M 2014	3M 2013
Income from disposal of properties	60.2	102.7
Carrying amount of properties sold	–54.2	–95.5
Revaluation of assets held for sale	6.1	5.5
Profit on disposal of properties (IFRS)	**12.1**	**12.7**
Revaluation (realised) of assets held for sale	–6.1	–5.5
Revaluation from disposal of assets held for sale	6.6	7.3
Adjusted profit from disposal of properties	**12.6**	**14.5**
Selling costs	–3.4	–2.9
Adjusted EBITDA Sales	**9.2**	**11.6**

At € 3.4 million, selling costs in the first quarter of 2014 were slightly above the figure for the first quarter of 2013.

In addition, in the Sales segment, we adjust for effects not relating to the period from assets held for sale. This adjustment is made to show the effect of property sales on the result only in the period in which the sale takes place. In the first quarter of 2014, it totalled € 0.5 million compared with € 1.8 million in the first quarter of 2013. Adjusted EBITDA Sales decreased from € 11.6 million to € 9.2 million during this period.

Non-recurring items

To show the development of operating performance and to ensure comparability with prior periods, we calculate, as mentioned above, adjusted EBITDA for both the Rental and the Sales segments. The sum of these two KPIs gives the **adjusted EBITDA of the Group**. The adjustments made include special effects which do not relate to the period, are non-recurring or do not relate to the object of the company. These special effects comprise expenses for refinancing and equity increases (where not treated as capital procurement costs), expenses for pre-retirement part-time work arrangements, severance payments, IPO preparation costs, the development of new fields of business, acquisition projects and the development of business processes.

The following table gives a detailed list of the non-recurring items for the first quarter:

NON-RECURRING ITEMS

€ million	3M 2014	3M 2013
Business model optimisation / Development of new fields of business	0.5	1.7
Acquisition costs	18.6	0.0
Refinancing and equity measures	0.2	2.1
Severance payments / Pre-retirement, part-time work arrangements	1.5	0.0
Total non-recurring items	**20.8**	**3.8**

The non-recurring items in the first quarter of 2014 were governed by incidental acquisition costs of € 18.6 million for the acquisition of DeWAG and Vitus.

Adjusted EBITDA decreased slightly to € 118.7 million in the first quarter of 2014, compared with € 120.9 million in the first quarter of 2013. If these adjustments for non-recurring items and effects not relating to the period in the Sales segment are excluded, this gives **EBITDA IFRS**, which fell from € 115.3 million in the first quarter of 2013 to € 97.4 million in the first quarter of 2014.

FFO

We increased our primary key indicator for sustained operating performance, **FFO 1**, by € 12.6 million or 25.6 % to € 61.9 million compared to the first quarter of 2013. This rise is due, in particular, to much improved current interest expense as a result of our refinancing measures in 2013. Related to the number of our shares as at March 31, 2014, FFO 1 is € 0.26 per share.

The table shows the reconciliation of key financial performance indicators:

FUNDS FROM OPERATIONS (FFO)

€ million	3M 2014	3M 2013
Profit for the period	**38.3**	**387.5**
Interest expense / income	58.4	70.7
Income taxes	18.9	170.1
Depreciation	1.6	1.5
Income from fair value adjustments of investment properties	– 19.8	– 514.5
= EBITDA IFRS	**97.4**	**115.3**
Non-recurring items	20.8	3.8
Total period adjustments from assets held for sale	0.5	1.8
= Adjusted EBITDA	**118.7**	**120.9**
Adjusted EBITDA Sales	9.2	11.6
= Adjusted EBITDA Rental	**109.5**	**109.3**
Interest expense FFO	– 44.7	– 56.6
Current income taxes	– 2.9	– 3.4
= FFO 1	**61.9**	**49.3**
Capitalised maintenance	– 5.3	– 3.9
= AFFO	**56.6**	**45.4**
FFO 2 (FFO 1 incl. profit from property sales)	**71.1**	**60.9**
FFO 1 per share* in €	0.26	0.25
AFFO per share* in €	0.24	0.23

* Based on the shares qualifying for a dividend on the reporting date Mar. 31, 2014: 240,242,425 Mar. 31, 2013: 200,000,000

The net interest result improved by a total of € 12.3 million to € 58.4 million, with the operating FFO-related interest result showing an improvement of € 11.9 million. This improvement is ultimately due to repayments of financial liabilities in 2013 and the optimised financing conditions resulting from the refinancing in 2013.

RECONCILIATION OF NET INTEREST RESULT TO NET CASH INTEREST

€ million	3M 2014	3M 2013
Income from non-current loans	0.5	0.6
Interest income	0.9	2.5
Interest expense	−59.8	−73.8
Net interest result*	**−58.4**	**−70.7**
Adjustments:		
Transaction costs	0.7	3.3
Prepayment penalties and commitment interest	5.4	14.8
Effects from the valuation of non-derivative financial instruments	7.7	−10.3
Derivatives	−5.5	0.0
Interest accretion to provisions / EK02	2.7	3.9
Accrued interest	9.8	−5.4
Other effects	2.7	2.4
Net cash interest	**−34.9**	**−62.0**
Accrued interest adjustment	−9.8	5.4
Interest expense FFO	**−44.7**	**−56.6**

* Excluding income from other investments

Profit for the period
The profit for the first quarter of 2014 amounted to € 38.3 million and was largely determined by net income from fair value adjustments of investment properties of € 19.8 million. By comparison, the profit for the first quarter of 2013 included net income from fair value adjustments of investment properties of € 514.5 million.

ASSETS POSITION

Asset and capital structure

Capital increases from authorised capital against cash contributions to the exclusion of the subscription right
On February 28, 2014, the Management Board of Deutsche Annington Immobilien SE resolved, with the Supervisory Board's approval, to increase the equity against cash contributions from the existing authorised capital by 16,000,000 no-par value registered shares to the exclusion of the subscription rights of previous shareholders.

In an accelerated book-building process, 16,000,000 new shares at a price of € 19.00 were issued to institutional investors on March 5, 2014. This resulted in gross proceeds of € 304 million for the company. The capital increase transaction was closed on March 11, 2014.

The equity of the Deutsche Annington Immobilien Group increased by € 317.8 million in the first quarter of 2014 from € 3,818.0 million to € 4,135.8 million. The main drivers of this increase were the capital increase performed on March 11, 2014 and the profit for the period. The recognition of actuarial losses from pension provisions of € 8.1 million and the negative impact from hedge accounting of € 14.4 million had an opposite effect.

The non-current liabilities also include financial liabilities of € 5,471.7 million, pension obligations of € 301.9 million as well as residual pollution provisions of € 24.2 million and non-current provisions for pre-retirement, part-time work arrangements. Deferred tax liabilities of € 930.4 million are also shown under non-current liabilities.

In addition to other provisions, current liabilities largely include current payment obligations for debt repayments and interest on loans of € 211.9 million.

GROUP BALANCE SHEET STRUCTURE

	Mar. 31, 2014		Dec. 31, 2013	
	€ million	%	€ million	%
Non-current assets	10,355.3	91.3	10,352.6	93.3
Current assets	992.5	8.7	740.2	6.7
TOTAL ASSETS	**11,347.8**	**100.0**	**11,092.8**	**100.0**
Equity	4,135.8	36.4	3,818.0	34.4
Non-current liabilities	6,768.0	59.7	6,830.7	61.6
Current liabilities	444.0	3.9	444.1	4.0
TOTAL EQUITY AND LIABILITIES	**11,347.8**	**100.0**	**11,092.8**	**100.0**

The equity ratio increased from 34.4 % to 36.4 % as at the reporting date March 31, 2014. At € 10,268.0 million (Dec. 31, 2013: € 10,266.4 million), the Group's main non-current assets are investment properties. The total value of the real estate assets including properties used by the Group and assets held for sale remained virtually unchanged at € 10,323.0 million (Dec. 12, 2013: € 10,324.5 million) (GAV or gross asset value).

Cash and cash equivalents as at March 31, 2014 totalled € 847.5 million. The increase compared with December 31, 2013 is largely the result of cash inflows from the capital increase of March 11, 2014. Of this figure, € 32.6 million are cash-restricted.

Fair values

Calculating and showing the fair values for our housing stocks provides a control parameter inside the company and also helps to make the development of the value of our assets transparent to people outside the company.

The value of the entire housing portfolio was determined on the basis of the International Valuation Standard Committee's definition of market value. It is confirmed by the appraiser CBRE GmbH on a regular quarterly basis.

The fair values of Deutsche Annington are reviewed quarterly and updated to reflect the current market situation. The residential property market in Germany continues to develop positively. This can be seen in the development of existing rents of Deutsche Annington. In addition to increased rental income, the removal of rent restrictions and modernisation work in the portfolio have led to positive effects on the value of the real estate and, compared to the end of the year, to an increase in the value of our properties in the investment properties segment of € 42.6 million in the first quarter of 2014.

Further details on the recognition and valuation of investment properties are given in the Notes to the consolidated financial statements. Please also refer to the combined management report for the 2013 financial year. The management report is available on Deutsche Annington's website at www.deutsche-annington.com.

The values of our real estate portfolio are a main factor influencing the assessment of our asset position and therefore the development of our important performance indicator, net asset value.

Net asset value

The EPRA net asset value (EPRA NAV) of the Deutsche Annington Immobilien Group increased by € 336.6 million or 7 % from € 4,782.2 million to € 5,118.8 million in the reporting period in line with equity due to the capital increase performed of € 301 million net, but also the profit for the period attributable to DAIG of € 36.9 million. 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	Mar. 31, 2014	Dec. 31, 2013
Equity attributable to DAIG shareholders	**4,121.9**	**3,805.5**
Fair value of derivative financial instruments*	69.5	54.7
Deferred taxes	927.4	922.0
NAV	**5,118.8**	**4,782.2**
NAV per share in €**	**21.31**	**21.33**

* Adjusted for effects from cross currency swaps

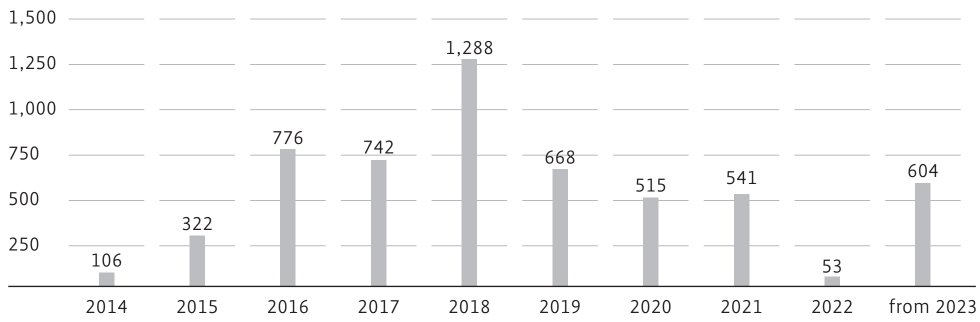
** Based on the number of shares on the reporting date Mar. 31, 2014:240,242,425; Dec. 31, 2013: 224,242,425

FINANCING POSITION

Financing and financing strategy

With the completion of the listing of its shares as well as the bond placements on the basis of the investment grade rating, DAIG has gained access to the international equity and debt capital markets and can therefore achieve flexible and balanced financing with a balanced maturity profile; this financing structure of Deutsche Annington was as follows as at March 31, 2014:

MATURITY STRUCTURE
as at Mar. 31, 2014 in € million



For more detailed information, we refer to the relevant explanations in the Notes "Other Financial Liabilities".

In connection with the issue of unsecured bonds by Deutsche Annington Finance B.V., we have committed to the observance of the following normal market financial covenants:

- limitations on incurrence of financial indebtedness,
- maintenance of consolidated coverage ratio,
- maintenance of total unencumbered assets.

These financial covenants have been fulfilled as expected. Any failure to meet the agreed financial covenants could have a negative effect on the liquidity status.

Cash flow

The following table shows the cash flow of the Group for the first quarter of 2014:

STATEMENT OF CASH FLOW

€ million	3M 2014	3M 2013
Cash flow from operating activities	76.4	64.0
Cash flow from investing activities	79.9	73.1
Cash flow from financing activities	143.4	−430.9
Net changes in cash and cash equivalents	**299.7**	**−293.8**
Cash and cash equivalents at the beginning of the period	547.8	470.1
Cash and cash equivalents at the end of the period	**847.5**	**176.3**

The increase in cash flow from **operating activities** compared with the prior-year period is the result of higher cash surplus from the property management business and a more favourable development of working capital.

Cash flow from **investment activities** shows cash inflows from the disposal of assets totalling € 107.8 million and cash outflows of € 30.7 million for investments, principally for our investment property portfolios.

Cash flow from **financing activities** for the first quarter of 2014 reflects the net proceeds of € 301 million from the equity increase of March 11, 2014, scheduled and non-scheduled repayments of debt financings of € 113.8 million, regular interest payments of € 37.7 million as well as prepayment penalties and transaction costs of € 6.1 million.

On February 28, 2014, Standard & Poor's Rating Services (S&P) confirmed the 'BBB' long-term corporate credit rating and the 'A-2' short-term corporate credit rating of Deutsche Annington Immobilien SE (DAI) with a stable outlook, after the acquisition of the DeWAG portfolio and the integration of the Vitus Group had been analysed. At the same time, S&P confirmed the 'BBB' rating of the planned but as yet outstanding, unsecured and long-maturity DAIG bond.

Opportunities and Risks

On February 28, 2014, Deutsche Annington resolved to buy approx. 11,500 of the residential units managed by DeWAG and to integrate a combined portfolio of the Vitus Group. This entails the risk of wrong investment decisions and payment of an excessively high purchase price, particularly through the incorrect assessment of the property portfolios acquired and the property management processes including the inherent risks. In order to minimise this risk, the acquisitions were accompanied by extensive due diligence procedures under the supervision of external consultants.

Furthermore, the integration of the portfolios and the integration of new entities bear operational risks which might jeopardise achievement of the desired synergy objectives. Deutsche Annington is counteracting these risks with a structured integration programme.

There have been no significant changes in the other opportunities and risks presented in the management report for the 2013 financial year .

There are currently no risks that might jeopardise the company's continued existence and at present none can be identified for the future.

SUBSEQUENT EVENTS

Events after the balance-sheet date

> Completion of the acquisition of the real estate business managed by the DeWAG Group
With effect from April 1, 2014, the acquisition of the real estate business managed by the DeWAG Group was completed and the purchase price of € 37.9 million was paid and the shareholders' loan of € 406 million was assumed.

> Integration of the real estate business of the Vitus Group
After majority approval by the shareholders of Vitus and beyond the contribution and investment agreement of February 28, 2014, a share purchase agreement on the portfolios of the Vitus Group was concluded on April 17, 2014. The closing of the share purchase agreement is planned for October 1, 2014.

> Issue of a hybrid bond
With effect from April 8, 2014, a € 700 million hybrid bond was placed by our Dutch subsidiary Deutsche Annington Finance B.V. with a nominal coupon of 4.625 % and an issue price of 99.782 %.

Completion of the acquisition of the real estate business managed by the DeWAG Group

On February 28, 2014, the Management Board resolved, with the approval of the Supervisory Board, to acquire a real estate business managed by the DeWAG Group by purchasing the relevant approx. 94 % of the shares on the basis of a submitted contract ready for signature. The object of the acquisition agreement is the relevant property-holding entities in addition to selected holding companies. The acquisition was completed on April 1, 2014.

The DeWAG Group is an excellent supplement to the DAIG strategy. As of April 1, procedures prepared for the integration of the acquired business into the management property processes of the Deutsche Annington Immobilien Group were initiated.

DeWAG is a real estate management company operating throughout Germany with housing stocks of more than 11,000 units. The majority of these stocks are located in the metropolises of Munich, Frankfurt, Düsseldorf, Cologne and Hamburg. The portfolio comprises almost exclusively properties used for residential purposes, which are further developed through professional property management as well as value-focused refurbishment and modernisation measures.

Integration of real estate business of the Vitus Group

On February 28, 2014, the Management Board further resolved, with the approval of the Supervisory Board, to integrate the real estate business of the Vitus Group. The object of the contribution and investment agreement is, among other things, the relevant property-holding entities of the Vitus Group. After majority approval by the shareholders of Vitus and beyond the contribution and investment agreement of February 28, 2014, a share purchase agreement on the portfolios of the Vitus Group was concluded on April 17, 2014. The closing of the share purchase agreement is planned for October 1, 2014.

With over 30,000 apartments of its own, the Vitus Group is one of the leading housing companies in northern and western Germany. The properties are located in the Rhine-Ruhr conurbation as well as in the cities of Bremen and Kiel. The Vitus Group is therefore a further good complement to the DAIG strategy.

Issue of a hybrid bond

On February 28, 2014, the Management Board resolved, with the Supervisory Board’s approval, to issue a subordinated, long-term bond (hybrid bond) in the amount of € 600 million to € 750 million.

On April 1, 2014, Deutsche Annington agreed the issue of a € 700 million hybrid bond in a private placement procedure with institutional investors only. The bonds, which have a maturity of up to 60 years, bear interest at an initial nominal rate of 4.625 % p.a. and may be called first after five years (and thereafter every five years) if the company uses its termination option. The issue price was 99.782 %. The hybrid bond was placed by our Dutch subsidiary Deutsche Annington Finance B.V. The issue was completed on April 8, 2014.

A hybrid bond is an unsecured bond which is subordinate to the previously placed unsecured corporate bonds. In accounting terms, the hybrid bond is treated as debt. Due to the long maturity, the option to defer/suspend due interest payments under certain circumstances as well as the call options which are solely on the company side, the bond has equity-like qualities, economically speaking, but without the corresponding diluting effects. Hence Standard & Poor’s also qualifies 50 % of the issue volume of the hybrid bonds as equity for rating purposes.

Forecast Report

FURTHER COURSE OF THE GROUP

Expected development of the overall economic environment

Economic growth trend will gain further momentum over the coming year

According to the Kiel Institute for the World Economy (IfW), German gross domestic product will increase by 1.9 % in 2014 compared to 0.4 % in the previous year. For 2015, experts even forecast growth of 2.5 %. Investment activities will also begin to pick up. This is partly the result of the continued extremely expansive monetary environment, which is primarily driving housing construction, with cyclical stimuli also playing a role.

A robust labour market, low interest rates and rising income will also provide a major boost to private consumption over the current year. The IfW expects domestic consumer spending to increase by 1.5 %. Imports and exports will continue their recent expansion. As imports will increase somewhat more strongly than exports due to strong domestic demand, foreign trade will, in purely arithmetical terms, have little effect on production. The employment level is likely to pick up so that the unemployment rate may fall to 6.7 %.

However, as the economic boom continues, experts predict that stability risks will also increase, especially as interest rates in Germany remain much too low measured by the output gap and the inflation rate.

Housing market

The real estate association IVD also anticipates stable residential real estate markets in Germany in 2014, offering buyers and sellers good opportunities. An average price increase above the rate of inflation is forecast for residential property. First evaluations by the real estate service provider ImmobilienScout24 confirm an increase in quoted rents and prices in January and February 2014. Although IVD predicts that prices will probably continue to stabilise in the larger cities, experts from Jones Lang LaSalle expect smaller cities to experience sharper price increases in 2014.

A housing bubble or overheating of the housing markets is not anticipated, although the demand for accommodation will tend to rise compared with previous years. Low interest rates remain the main driver of the property markets: thanks to the good economic situation and rising employment, more Germans can afford to buy their own home and are therefore keeping demand high. However, in the light of increasing house prices and moderately increasing interest rates, the IVD expects the affordability of residential property to decrease slightly over the coming quarters.

The number of building permits granted in 2014 is also expected to increase. According to the IVD, this positive trend is so far not enough to satisfy the high demand for housing, particularly in cities. According to the GdW, there is an acute backlog of demand, particularly for affordable housing. The GdW and IVD believe that the introduction of a rent ceiling announced by the coalition government will have an adverse effect on the construction of rental apartments.

Forecast for the 2014 financial year

Our outlook for the 2014 financial year does not take account of the acquisition of approx. 41,000 residential units from DeWAG and the Vitus Group. As soon as DeWAG and the Vitus Group are integrated into the business processes of Deutsche Annington, this acquisition will also be considered in the forecast.

Deutsche Annington had a successful start to the 2014 financial year. Both the Rental and Sales segments performed positively as expected.

In the Rental segment, the investment programme aimed at improving our housing stocks was successfully launched. At the end of the first quarter, projects had been developed for all measures planned in 2014. We therefore expect the investment volume of approx. € 150 million to be implemented as planned. The focus will be on energy-efficient modernisations, the refurbishment of units to improve the standard of comfort and on senior-friendly conversions. We expect our maintenance spend including capitalised maintenance to amount to approx. € 160 million.

The development of the monthly in-place rent per square metre in the first quarter of 2014 is in line with our expectations. Therefore, we continue to expect a like-for-like rent increase of between 2.3 % and 2.6 %. Our vacancy rate also developed as expected, running at 3.7 %. Thus, we are able to confirm our forecast that rental income will be somewhat less than the rental income of € 728 million generated in the 2013 financial year. In 2014, we will also continue to strive to further improve customer satisfaction and increase the customer satisfaction index CSI by up to 5 %.

Compared with the interest expense of € 211 million in 2013, we still anticipate that there will be a considerable improvement in long-term interest expense excluding non-recurring items. On the whole, we therefore confirm our forecast of € 250 to 265 million for FFO 1 excluding the above-mentioned acquisitions.

Property sales in the Sales segment are going to plan. In the first quarter of 2014, 548 apartments were privatised with a step-up of 31.0 %. We still anticipate that apartment sales will be below the figure of 2,575 recorded in 2013 and the step-up will be about 20 %. We will also continue to sell buildings in the Non-Core segment throughout the remainder of the 2014 financial year as the opportunity presents itself.

In 2014, we are expecting the net asset value to increase and be roughly at the level of the expected increase in rents. This evaluation again applies to our real estate portfolio excluding the above-mentioned acquisitions.

Düsseldorf, April 25, 2014

The Management Board

Rolf Buch
(CEO)

Klaus Freiberg
(COO)

Dr A. Stefan Kirsten
(CFO)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

€ million	Notes	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013 Restated*
Income from property letting		260.7	261.7
Other income from property management		4.5	4.3
Income from property management	5	**265.2**	**266.0**
Income from sale of properties		60.2	102.7
Carrying amount of properties sold		– 54.2	– 95.5
Revaluation of assets held for sale		6.1	5.5
Profit on disposal of properties	6	**12.1**	**12.7**
Net income from fair value adjustments of investment properties	7	**19.8**	**514.5**
Capitalised internal modernisation expenses		13.5	4.3
Cost of materials	8	– 119.3	– 121.1
Personnel expenses	9	– 44.1	– 35.1
Depreciation and amortisation		– 1.6	– 1.5
Other operating income		9.8	9.7
Other operating expenses		– 39.8	– 21.2
Financial income		1.4	3.1
Financial expenses	10	– 59.8	– 73.8
Profit before tax		**57.2**	**557.6**
Income tax	11	– 18.9	– 170.1
Profit for the period		**38.3**	**387.5**
Attributable to:			
DAIG shareholders		36.9	385.1
Non-controlling interests		1.4	2.4
Earnings per share (basic and diluted) in €	12	**0.16**	**1.93**

Consolidated Statement of Comprehensive Income

€ million	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013 Restated*
Profit for the period	**38.3**	**387.5**
Cashflow Hedges		
Change in unrealised gains / losses, net	– 25.9	1.8
Net realised gains / losses	5.8	7.2
Tax effect	5.7	– 2.1
Available-for-sale financial assets		
Changes in the period	–	–
Taxes on changes in the period	–	–
Items which will in future be recognised in profit or loss	**– 14.4**	6.9
Actuarial gains / losses from pensions and similar obligations		
Change in actuarial gains / losses, net	– 12.1	13.3
Tax effect	4.0	– 4.3
Items which will not be recognised in profit or loss in future	**– 8.1**	**9.0**
Other comprehensive income	**– 22.5**	**15.9**
Total comprehensive income	**15.8**	**403.4**
Attributable to:		
DAIG shareholders	14.4	401.0
Non-controlling interests	1.4	2.4

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

Consolidated Balance Sheet

€ million	Notes	Mar. 31, 2014	Dec. 31, 2013
ASSETS			
Intangible assets		3.8	3.8
Property, plant and equipment		22.5	20.7
Investment properties	13	10,268.0	10,266.4
Financial assets	14	41.7	42.5
Other assets		16.2	16.1
Income tax receivables		0.1	0.1
Deferred tax assets		3.0	3.0
Total non-current assets		**10,355.3**	**10,352.6**
Inventories		2.0	2.5
Trade receivables	15	52.7	103.5
Other financial assets	14	2.1	2.1
Other assets		32.4	26.3
Income tax receivables		12.9	12.1
Cash and cash equivalents	16	847.5	547.8
Assets held for sale	17	42.9	45.9
Total current assets		**992.5**	**740.2**
Total assets		**11,347.8**	**11,092.8**
EQUITY AND LIABILITIES			
Subscribed capital		240.2	224.2
Capital reserves		1,716.1	1,430.1
Retained earnings		2,207.3	2,178.5
Other reserves		−41.7	−27.3
Total equity attributable to DAIG shareholders		**4,121.9**	**3,805.5**
Non-controlling interests		13.9	12.5
Total equity	18	**4,135.8**	**3,818.0**
Provisions	19	355.7	342.6
Trade payables		0.3	0.3
Other financial liabilities	20	5,471.7	5,553.0
Income tax liabilities		0.0	0.0
Other liabilities		9.9	9.8
Deferred tax liabilities		930.4	925.0
Total non-current liabilities		**6,768.0**	**6,830.7**
Provisions	19	156.0	148.6
Trade payables		33.1	47.6
Other financial liabilities	20	211.9	212.1
Income tax liabilities		0.0	0.0
Other liabilities		43.0	35.8
Total current liabilities		**444.0**	**444.1**
Total liabilities		**7,212.0**	**7,274.8**
Total equity and liabilities		**11,347.8**	**11,092.8**

Also see the corresponding explanations in the Notes.

Consolidated Cash Flow Statement

€ million	Notes	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
Profit for the period		38.3	387.5
Net income from fair value adjustments of investment properties	7	−19.8	−514.5
Revaluation of assets held for sale	6	−6.1	−5.5
Depreciation and amortisation		1.6	1.5
Interest expenses / income		58.4	70.7
Income taxes	11	18.9	170.1
Results from disposals of investment properties		−6.0	−7.2
		85.3	**102.6**
Changes in inventories		0.5	−0.3
Changes in receivables and other assets		−1.2	−2.9
Changes in provisions		0.5	−30.3
Changes in liabilities		−7.1	−4.0
Payments of tax liabilities (EK02)		–	−2.4
Income tax paid		−1.6	1.3
Cash flow from operating activities		**76.4**	**64.0**
Proceeds from disposals of investment properties and assets held for sale		106.9	81.8
Proceeds from disposals of intangible assets and property, plant and equipment		0.1	0.1
Proceeds received from disposals of financial assets	14	0.8	–
Acquisition of investment properties	13	−27.2	−10.1
Acquisition of intangible assets and property, plant and equipment		−3.5	−0.9
Interest received		2.8	2.2
Cash flow from investing activities		**79.9**	**73.1**
Premium on the issue of new shares		288.0	–
Capital contributions		16.0	–
Cash paid to non-controlling shareholders		0.0	−0.1
Cash proceeds from issuing loans and notes	20	–	654.4
Cash repayments of financial liabilities	20	−113.8	−938.1
Transaction costs		−0.7	−68.1
Payment of transaction costs in connection with the issue of shares		−3.0	–
Prepayment penalty and commitment interest		−5.4	−14.8
Interest paid		−37.7	−64.2
Cash flow from financing activities		**143.4**	**−430.9**
Net changes in cash and cash equivalents		**299.7**	**−293.8**
Cash and cash equivalents at beginning of the period		547.8	470.1
Cash and cash equivalents at the end of the period *)	16	**847.5**	**176.3**

*) Thereof restricted cash € 36.2 million (Mar. 31, 2013: € 124.9 million)

Consolidated Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Retained earnings	Other reserves – Can be reclassified – Cash flow hedges	Other reserves – Can be reclassified – Available-for-sale financial assets	Other reserves – Total	Equity of DAIG share-holders	Non-controlling interests	Total equity
As at Jan. 1, 2013	**0.1**	**1,052.3**	**1,661.1**	**−47.2**	**0.1**	**−47.1**	**2,666.4**	**11.0**	**2,677.4**
Profit for the period			385.1				385.1	2.4	387.5
Other comprehensive income									
Changes in the period			9.0	1.4		1.4	10.4		10.4
Reclassification adjustments recognised in income				5.5		5.5	5.5		5.5
Total comprehensive income			394.1	6.9		6.9	401.0	2.4	403.4
Shareholder's capital contributions		239.1					239.1		239.1
As at Mar. 31, 2013	**0.1**	**1,291.4**	**2,055.2**	**−40.3**	**0.1**	**−40.2**	**3,306.5**	**13.4**	**3,319.9**
As at Jan. 1, 2014	**224.2**	**1,430.1**	**2,178.5**	**−27.3**	**0.0**	**−27.3**	**3,805.5**	**12.5**	**3,818.0**
Profit for the period			36.9				36.9	1.4	38.3
Other comprehensive income									
Changes in the period			−8.1	−18.6	0.0	−18.6	−26.7	0.0	−26.7
Reclassification adjustments recognised in income				4.2		4.2	4.2		4.2
Total comprehensive income			28.8	−14.4	0.0	−14.4	14.4	1.4	15.8
Capital increase	16.0						16.0		16.0
Premium on the issue of new shares		288.0					288.0		288.0
Transaction costs on the issue of new shares		−2.0					−2.0		−2.0
As at Mar. 31, 2014	**240.2**	**1,716.1**	**2,207.3**	**−41.7**	**0.0**	**−41.7**	**4,121.9**	**13.9**	**4,135.8**

Also see Note (18) in the Notes.

Selected explanatory notes in accordance with IFRS

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. 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. The parent company of DAIG is Monterey Holdings I S.à r.l., Luxembourg. 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 interim consolidated financial statements as at March 31, 2014 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. In addition, the supplementary commercial law provisions under Section 315a (1) of the German Commercial Code [HGB] have been considered.

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 2013 financial year. In line with IAS 34, presentation of the interim consolidated financial statements of DAIG as at March 31, 2014 in condensed form compared with the consolidated financial statements for the year ended December 31, 2013 has been chosen.

For further information on the accounting and measurement policies used, please refer to the consolidated financial statements as at December 31, 2013, 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 2013. For a detailed description, please refer to the consolidated financial statements for the year ended December 31, 2013.

3 SCOPE OF CONSOLIDATION

In addition to Deutsche Annington Immobilien SE, 99 (Dec. 31, 2013: 101) domestic companies and 3 foreign companies (Dec. 31, 2013: 3) have been included in the interim consolidated financial statements of DAIG as at March 31, 2014.

The disposals up to March 31, 2014, resulted from two legal mergers.

4 ACCOUNTING POLICIES

Changes in accounting policies

Owing to the extended business of the Group's own craftsmen's organisation, the capitalised internal modernisation expenses were shown in a separate item for the first time in the financial statements as at December 31, 2013 in order to achieve better presentation of the results of operations. These expenses had previously been deducted from the original expenses.

The prior-year figures have been adjusted as follows:

€ million	Jan. 1 - Mar. 31, 2013	Adjustments Jan. 1 - Mar. 31, 2013	Jan. 1 - Mar. 31, 2013 Restated
Capitalised internal modernisation expenses		4.3	4.3
Cost of materials	−119.1	−2.0	−121.1
Personnel expenses	−33.6	−1.5	−35.1
Other operating expenses	−20.4	−0.8	−21.2

The change in the accounting policies had no effect on the cash flow, the balance sheet and the earnings per share.

Estimates, assumptions and management judgment

The decisions of management regarding the scope of estimates, assumptions and the exercise of judgment are consistent with those in the last consolidated financial statements as at December 31, 2013.

Changes in accounting policies due to new Standards and Interpretations

The following new or amended Standards and Interpretations became mandatory for the first time in the 2014 financial year and have no significant effects on the DAIG consolidated financial statements:

> IFRS 10 "Consolidated Financial Statements"
> IFRS 11 "Joint Arrangements"
> IFRS 12 "Disclosure of Interests in Other Entities"
> IFRIC 21 "Levies"
> Amendments to IAS 27 "Separate Financial Statements"
> Amendments to IAS 28 "Investments in Associates and Joint Ventures"
> Amendments to IAS 32 "Financial Instruments: Presentation"
> Amendments to IAS 36 "Impairment of Assets"
> Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5 INCOME FROM PROPERTY MANAGEMENT

€ million	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
Rental income	180.5	182.0
Ancillary costs	80.2	79.7
INCOME FROM PROPERTY LETTING	**260.7**	**261.7**
Other income from property management	4.5	4.3
INCOME FROM PROPERTY MANAGEMENT	**265.2**	**266.0**

6 PROFIT ON DISPOSAL OF PROPERTIES

€ million	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
Income from disposal of investment properties	25.1	39.9
Carrying amount of investment properties sold	− 19.1	− 32.7
PROFIT ON DISPOSAL OF INVESTMENT PROPERTIES	**6.0**	**7.2**
Income from sale of assets held for sale	35.1	62.8
Retirement carrying amount of assets held for sale	− 35.1	− 62.8
Revaluation of assets held for sale	6.1	5.5
PROFIT ON DISPOSAL OF ASSETS HELD FOR SALE	**6.1**	**5.5**
	12.1	**12.7**

The fair value adjustment of investment properties held for sale led to a positive result of € 6.1 million (1st quarter 2013: € 5.5 million) as of March 31, 2014. After value adjustment, these properties were transferred to "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 of March 31, 2014, of € 19.8 million (1st quarter 2013: € 514.5 million) (see Note (13) Investment Properties).

8 COST OF MATERIALS

€ million	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013 Restated*
Expenses for ancillary costs	79.5	80.1
Expenses for maintenance	26.3	27.4
Other cost of purchased goods and services	13.5	13.6
	119.3	**121.1**

* See Note (4) Changes in accounting policies

9 PERSONNEL EXPENSES

€ million	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013 Restated*
Wages and salaries	36.9	29.2
Social security, pensions and other employee benefits	7.2	5.9
	44.1	**35.1**

* See Note (4) Changes in accounting policies

As at March 31, 2014, 3,073 people (1st quarter 2013: 2,516) 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 € 2.3 million (1st quarter 2013: € 2.0 million) relating to provisions for pensions and € 0.4 million (1st quarter 2013: € 0.7 million) relating to miscellaneous other provisions.

In the first quarter of 2014, transaction costs of € 0.7 million were recognised as expenses while the first quarter of 2013 was impacted by transaction costs of € 3.1 million.

In addition, interest from prepayment penalties and commitment interest negatively impacted results in the amount of € 5.4 million (1st quarter 2013: € 14.8 million).

In the reporting period, € 5.6 million was recognised as interest expense in connection with swaps (1st quarter 2013: € 8.5 million).

11 INCOME TAXES

Income taxes at € 2.8 million (1st quarter 2013: € 3.4 million) relate to current tax and € 16.1 million (1st quarter 2013: € 166.7 million) to deferred tax.

Income tax expense is based on the anticipated average effective group tax rate for the entire financial year. The anticipated effective group tax rate for 2014 for current and deferred taxes is 33.11 % (1st quarter 2013: 30.5 %). The group tax rate includes 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 outstanding during the reporting period.

	Jan. 1 - Mar. 31, 2014	Jan. 1 - Mar. 31, 2013
Profit for the period attributable to DAIG shareholders (in € million)	36.9	385.1
Weighted average number of shares	228,686,869	200,000,000
Earnings per share (basic and diluted) in €	**0.16**	**1.93**

In March 2014, a cash capital increase was performed against the issuance of 16,000,000 new shares which led to a total of 240,242,425 shares.

In the current financial year, as in the prior year, there were no dilutive financial instruments outstanding. Thus basic and diluted earnings per share are identical.

NOTES TO THE CONSOLIDATED BALANCE SHEET

13 INVESTMENT PROPERTIES

€ million	
Balance on Jan. 1, 2014	**10,266.4**
Additions	4.1
Capitalised modernisation costs	22.8
Transfer to assets held for sale	− 32.1
Disposals	− 19.1
Net income from fair value adjustments of investment properties	19.8
Revaluation of assets held for sale	6.1
Balance on Mar. 31, 2014	**10,268.0**
Balance on Jan. 1, 2013	**9,843.6**
Additions	0.9
Capitalised modernisation costs	90.8
Grants received	− 2.0
Transfer from property, plant and equipment	1.1
Transfer to property, plant and equipment	− 3.4
Transfer to assets held for sale	− 124.7
Disposals	− 117.9
Net income from fair value adjustments of investment properties	553.7
Revaluation of assets held for sale	24.3
Balance on Dec. 31, 2013	**10,266.4**

The fair values of the investment properties were determined on the basis of the International Valuation Standard Committee's definition of market values on the basis of the discounted cash flow (DCF) method.

The following table gives an overview of the main valuation parameters and valuation results as at March 31, 2014:

Valuation parameters	
Management costs residential	avg. of € 248 per residential unit p.a.
Repair and maintenance costs residential	avg. of € 9.74 per m² p.a.
Apartment improvement costs for reletting	avg. of € 3.24 per m² p.a.
Market rent	avg. of € 5.93 per m² p.a.
Market rent increase	avg. 1.2 % p.a.
Cost increase / inflation	1.5 % p.a.
Stabilised vacancy rate	avg. of 3.1 %
Discount rate	avg. of 6.1 %
Capitalised interest rate	avg. of 5.1 %
Valuation results	
Net initial yield	5.0 %
In-place rent multiplier	14.1-fold
Fair value per m²	€ 906 per m² of lettable area

The residential property market in Germany continues to develop positively. This can be seen in the development of existing rents of DAIG. In addition to increased rental income, the removal of rent restrictions and modernisation work in the portfolio have led to positive effects on the value of the real estate and, compared to the end of the year, to net income from fair value adjustments of € 19.8 million in the three-month period ending March 31, 2014.

14 FINANCIAL ASSETS

€ million	Mar. 31, 2014 non-current	Mar. 31, 2014 current	Dec. 31, 2013 non-current	Dec. 31, 2013 current
Other investments	1.6	–	1.6	–
Loans to other investments	33.6	–	33.6	–
Securities	2.9	–	3.7	–
Other long-term loans	3.6	–	3.6	–
Dividends from other investments	–	2.1	–	2.1
	41.7	**2.1**	**42.5**	**2.1**

15 TRADE RECEIVABLES

€ million	Mar. 31, 2014	Dec. 31, 2013
Receivables from the sale of properties	41.4	90.5
Receivables from property letting	11.0	12.0
Receivables from other management	0.3	1.0
	52.7	**103.5**

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 € 847.5 million (Dec. 31, 2013: € 547.8 million).

Of these bank balances, € 36.2 million (Dec. 31, 2013: € 49.1 million) are restricted with regard to their use.

17 ASSETS HELD FOR SALE

Assets held for sale of € 42.9 million (Dec. 31, 2013: € 45.9 million) include 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

At the annual general meeting held on June 30, 2013, the Management Board was authorised, subject to approval of the Supervisory Board, to increase the Company's share capital until June 29, 2018 by a maximum of € 111,111,111 by issuing up to 111,111,111 new no-par value registered shares against cash and/or non-cash contributions once or multiple times and under certain circumstances to the exclusion of the subscription rights of shareholders (authorised capital).

The Company's existing authorised capital has been partially utilised in accordance with resolutions passed by the Management Board on February 28, 2014 and March 4, 2014 on a capital increase against cash contributions in the amount of € 16,000,000 to the exclusion of the subscription rights of existing shareholders pursuant to Section 186, para. 3, sentence 4 of the German Stock Corporation Act [AktG]. The Supervisory Board and its finance committee, to which the Supervisory Board had delegated certain powers by resolution dated February 28, 2014, approved these resolutions of the Management Board by resolutions dated February 28, 2014 and March 4, 2014, respectively. Entry in the Düsseldorf commercial register was on March 7, 2014. Following this capital increase, the subscribed capital of Deutsche Annington Immobilien SE was divided into 240,242,425 no-par-value registered shares which carry full dividend rights as from January 1, 2013.

The shares resulting from the capital increase on March 7, 2014 were successfully placed on the market in an accelerated book-building procedure at an issue price of € 19.00.

Capital reserves
Capital reserves amounted to € 1,716.1 million (Dec. 31, 2013: € 1,430.1 million).

The capital reserves increased by € 288.0 million in the first quarter of 2014 as a result of the premium on the issue of new shares. The capital procurement costs attributable to the company of € 3.0 million in connection with the issuing of the new shares were offset against the capital reserves allowing for deferred tax effects of € 1.0 million.

19 PROVISIONS

The provisions as at March 31, 2014 comprise provisions for pensions totalling € 301.9 million (Dec. 31, 2013: € 291.0 million), tax provisions for current income tax of € 66.0 million (Dec. 31, 2013: € 64.4 million) and other provisions totalling € 143.8 million (Dec. 31, 2013: € 135.8 million).

The increase in pension provisions compared with 2013 is largely a result of the recognition of actuarial losses, which are due to the reduction of the discount rate to 3.0 % (Dec. 31, 2013: 3.3 %). Actuarial losses were recognised in equity not affecting net income.

20 OTHER FINANCIAL LIABILITIES

	Mar. 31, 2014		Dec. 31, 2013	
€ million	non-current	current	non-current	current
OTHER NON-DERIVATIVE FINANCIAL LIABILITIES				
Banks	2,441.1	141.5	2,512.7	150.6
Other creditors	2,946.4	24.9	2,970.9	25.7
Deferred interest from other non-derivative financial liabilities	–	48.6	–	26.8
DERIVATIVE FINANCIAL LIABILITIES				
Purchase price liabilities from put options	–	7.4	–	7.4
Cash flow hedges	84.2	–	69.4	–
Deferred interest from cash flow hedges	–	– 10.5	–	1.6
	5,471.7	**211.9**	**5,553.0**	**212.1**

For hedge accounting purposes, the deferred interest from cash flow hedges is included in the carrying amount of interest rate swaps. The deferred interest from cash flow hedges mainly consists of receivables under cross currency interest rate swaps, as gross settlement has been agreed with the bank and payment was received from the bank after the closing date.

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

€ million	Mar. 31, 2014	Dec. 31, 2013
Bond *)	700.0	700.0
Bond *)	600.0	600.0
Bond (US dollar) *)	554.9	554.9
Bond (US dollar) *)	184.9	184.9
Bond (EMTN) *)	500.0	500.0
Portfolio loans		
Landesbank Hessen-Thüringen and SEB AG *)	247.5	248.5
Norddeutsche Landesbank (1) *)	144.2	144.2
Corealcredit Bank AG *)	161.5	162.3
Berlin-Hannoversche Hypothekenbank (Landesbank Berlin) *)	605.4	640.9
Nordrheinische Ärzteversorgung	37.7	38.5
AXA S.A. (Société Générale S.A.) *)	168.8	174.8
Norddeutsche Landesbank (2) *)	128.7	129.4
Berlin-Hannoversche Hypothekenbank, Landesbank Berlin and Landesbank Baden-Württemberg *)	459.4	465.5
Pfandbriefbank AG *)	184.9	190.3
Mortgages	936.9	993.9
	5,614.8	**5,728.1**

*) Under the conditions of existing loan agreements, DAIG is obliged to fulfil certain financial covenants

As at March 31, 2014, scheduled repayments of € 61.7 million and unscheduled repayments of mortgages of € 52.1 million had been made. No new loans were taken out.

OTHER NOTES AND DISCLOSURES

21 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

Measurement categories and classes: € million	Measurement category in acc. with IAS 39	Carrying amounts Mar. 31, 2014
Assets		
Cash and cash equivalents	LaR	847.5
Trade and other receivables		
Receivables from the sale of properties	LaR	41.4
Receivables from property letting	LaR	11.0
Receivables from other management	LaR	0.3
Other assets		
Receivables from related parties	LaR	3.1
Financial assets		
Loans to other investments	LaR	33.6
Other long-term loans	LaR	3.6
Dividends from other investments	LaR	2.1
Other non-derivative financial assets		
Long-term securities	AfS	2.9
Other investments	AfS	1.6
Liabilities		
Trade and other payables		
Liabilities from property letting	FLAC	16.9
Liabilities from other goods and services	FLAC	16.5
Other non-derivative financial liabilities		
Liabilities to banks	FLAC	2,582.6
Liabilities to other lenders	FLAC	2,879.2
Deferred interest from other non-derivative financial liabilities	FLAC	48.6
Liabilities from finance leases	n.a.	92.1
Derivative financial liabilities		
Purchase price liabilities from put options	FLHfT	7.4
Cash flow hedges (cross currency swaps)	n.a.	29.1
Cash flow hedges (interest rate swaps)	n.a.	55.1
Deferred interest from cash flow hedges	n.a.	−10.5
thereof aggregated by measurement categories in accordance with IAS 39		
Loans and receivables	LaR	942.6
Available-for-sale financial assets	AfS	4.5
Financial liabilities held for trading	FLHfT	7.4
Financial liabilities measured at amortised cost	FLAC	5,543.8
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		8.2
Amount by which the fair value of plan assets exceeds the corresponding obligation		–
Provisions for pensions and similar obligations		301.9

	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 Mar. 31 2014	Fair-value hierarchy level
	847.5						847.5	1
		41.4					41.4	2
		11.0					11.0	2
		0.3					0.3	2
		3.1					3.1	2
		33.6					44.2	2
		3.6					3.6	2
		2.1					2.1	2
					2.9		2.9	1
			1.6				1.6	n.a.
		16.9					16.9	2
		16.5					16.5	2
		2,582.6					2,873.7	2
		2,879.2					3,018.6	2
		48.6					48.6	2
						92.1	114.0	2
				7.4			7.4	3
				11.2	17.9		29.1	2
				2.0	53.1		55.1	2
				−10.5			−10.5	2
	847.5	95.1	0.0	0.0	0.0	0.0	953.2	
	0.0	0.0	1.6	0.0	2.9	0.0	4.5	
	0.0	0.0	0.0	7.4	0.0	0.0	7.4	
	0.0	5,543.8	0.0	0.0	0.0	0.0	5,974.3	

Measurement categories and classes: € million	Measurement category in acc. with IAS 39	Carrying amounts Dec. 31, 2013
Assets		
Cash and cash equivalents	LaR	547.8
Trade and other receivables		
Receivables from the sale of properties	LaR	90.4
Receivables from property letting	LaR	12.1
Receivables from other management	LaR	1.0
Other assets		
Receivables from related parties	LaR	3.0
Financial assets		
Loans to other investments	LaR	33.6
Other long-term loans	LaR	3.6
Dividends from other investments	LaR	2.1
Other non-derivative financial assets		
Long-term securities	AfS	3.7
Other investments	AfS	1.6
Liabilities		
Trade and other payables		
Liabilities from property letting	FLAC	19.5
Liabilities from other goods and services	FLAC	28.4
Other non-derivative financial liabilities		
Liabilities to banks	FLAC	2,663.3
Liabilities to other lenders	FLAC	2,904.7
Deferred interest from other non-derivative financial liabilities	FLAC	26.8
Liabilities from finance leases	n.a.	91.9
Derivative financial liabilities		
Purchase price liabilities from put options	FLHfT	7.4
Cash flow hedges (cross currency swaps)	n.a.	24.7
Cash flow hedges (interest rate swaps)	n.a.	44.7
Deferred interest from cash flow hedges	n.a.	1.6
thereof aggregated by measurement categories in accordance with IAS 39		
Loans and receivables	LaR	693.6
Available-for-sale financial assets	AfS	5.3
Financial liabilities held for trading	FLHfT	7.4
Financial liabilities measured at amortised cost	FLAC	5,642.7
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		8.1
Amount by which the fair value of plan assets exceeds the corresponding obligation		–
Provisions for pensions and similar obligations		291.0

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 Dec. 31, 2013	Fair-value hierarchy level
547.8						547.8	1
	90.4					90.4	2
	12.1					12.1	2
	1.0					1.0	2
	3.0					3.0	2
	33.6					37.4	2
	3.6					3.6	2
	2.1					2.1	2
				3.7		3.7	1
		1.6				1.6	n.a.
	19.5					19.5	2
	28.4					28.4	2
	2,663.3					2,756.2	2
	2,904.7					2,945.5	2
	26.8					26.8	2
					91.9	109.4	2
			7.4			7.4	3
			10.6	14.1		24.7	2
			6.9	37.8		44.7	2
			1.6			1.6	2
547.8	145.8	0.0	0.0	0.0	0.0	697.4	
0.0	0.0	1.6	0.0	3.7	0.0	5.3	
0.0	0.0	0.0	7.4	0.0	0.0	7.4	
0.0	5,642.7	0.0	0.0	0.0	0.0	5,776.4	

€ million	Mar. 31, 2014	Level 1	Level 2	Level 3
Assets				
Investment properties	**10,268.0**			10,268.0
Available-for-sale financial assets				
Non-current securities	**2.9**	2.9		
Assets held for sale				
Investment properties (contract closed)	**42.9**		42.9	
Liabilities				
Derivative financial liabilities				
Purchase price liabilities from put options	**7.4**			7.4
Cash flow hedges	**73.7**		73.7	

€ million	Dec. 31, 2013	Level 1	Level 2	Level 3
Assets				
Investment properties	**10,266.4**			10,266.4
Available-for-sale financial assets				
Non-current securities	**3.7**	3.7		
Assets held for sale				
Investment properties (contract closed)	**45.9**		45.9	
Liabilities				
Derivative financial liabilities				
Purchase price liabilities from put options	**7.4**			7.4
Cash flow hedges	**71.0**		71.0	

When inputs used to measure the fair value are categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Should the level of the input parameters used for a financial instrument change in a period subsequent to initial recognition, the financial instrument is reclassified to the new hierarchy level as of the end of that reporting period. No financial instruments were reclassified to different hierarchy levels during the reporting period.

DAIG measures its investment properties on the basis of the discounted cash flow (DCF) methodology (Level 3). The main measurement parameters and results may be found in Note (13) Investment Properties.

Non-current securities are measured using the quoted prices in active markets (Level 1).

The investment properties classified as assets held for sale are recognised at the time of their transfer to assets held for sale at their new fair value, the agreed purchase price (Level 2).

For the measurement of non-derivative and derivative financial instruments, cash flows are initially calculated and then discounted. In addition to the tenor-specific EURIBOR rates (3M; 6M), the respective credit risk is taken as a basis for discounting. Depending on the expected cash flows, either DAIG's own credit risk or the counterparty risk is taken into account in the calculation. For the interim consolidated financial statements DAIG's own credit risk was relevant in each case. This credit risk is derived for major risks from rates observable on the capital markets and ranges between 80 and 140 basis points, depending on the residual maturities of financial instruments.

Other non-derivative financial liabilities are measured at fair value by discounting contractually agreed future cash flows.

The fair value of the purchase price obligations from put options granted to minority shareholders for the shares they hold is generally based on the going concern value of the company; if a contractually agreed minimum purchase price exceeds this amount, the purchase price is recognised (Level 3). Overall, there was no material change in value as of the reporting date. Moreover, as in the first quarter of the previous year, there were no additions or disposals of level 3 financial instruments, deferred gains or losses recognised in profit or loss or other comprehensive income, or purchases or sales. The unobservable valuation parameters may fluctuate depending on the going concern values of these companies. However, a major change in value is not likely, as the business model is very predictable.

In order to measure interest rate swaps, future cash flows are calculated and then discounted (Level 2). The calculated cash flows result from the contract conditions. The contract conditions refer to the EURIBOR reference rates (3M and 6M EURIBOR).

The calculated cash flows of the currency swap result from the forward curve for USD/EUR. The cash flows are discounted on the basis of the reference interest rate of each currency (LIBOR and EURIBOR) and translated into EURO at the current exchange rate (Level 2).

22 FINANCIAL RISK MANAGEMENT

The financial risks existing in DAIG have not changed significantly since December 31, 2013.

Please refer to the notes to the consolidated financial statements as at December 31, 2013 for a detailed description of the interest, credit default, market and liquidity risks.

23 DERIVATIVE FINANCIAL INSTRUMENTS

At the reporting date, the nominal volume of the interest rate swaps amounted to € 993.0 million (December 31, 2013: € 996.4 million). Interest rates vary between 1.295 % and 4.470 % with original swap periods of 4.75 to ten years.

The nominal volume of the cross currency swaps is € 739.8 million at the reporting date (December 31, 2013: € 739.8 million). The interest conditions are 2.970 % for four years and 4.58 % for ten years.

As part of the cash flow hedge accounting, the derivatives as at March 31, 2014, were shown at their negative fair values totalling € 73.7 million (December 31, 2013: € 71.0 million) under other financial liabilities.

At the balance sheet date, all the derivative financial instruments used by DAIG are part of effective hedging as required by IAS 39.

24 SEGMENT REPORTING

DAIG is an integrated real estate company. Its policy focuses on sustainably increasing the value of the company. DAIG seeks to steadily grow its earnings through the value-enhancing management of its properties, through value-creating investments as well as through active portfolio management. The housing stocks are located exclusively in Germany.

The systematic focus on value is also reflected in the company's internal management system. For this purpose, a distinction is made between the two segments, Rental and Sales.

The Rental segment pools all business activities for active management as well as investments in the residential properties.

Only ancillary costs that cannot be passed on to the tenants are included in the Rental segment. Other income from property management is offset against operating costs within the Rental segment and thus not presented gross as sales.

The Sales segment covers all business activities relating to the sale of single units (Privatise) as well as the sale of entire buildings or plots of land (Non-Core sales).

A Group-wide planning and controlling system ensures that resources for both segments are efficiently allocated and their successful use is monitored.

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 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 and the segment result. The segment result represents earnings before interest, tax, 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).

€ million	Rental	Sales	Other*	Group
Jan. 1 - Mar. 31, 2014				
Segment revenues	**180.5**	**60.2**	**84.7**	**325.4**
Carrying amount of properties sold		−54.2		
Revaluation from disposal of assets held for sale		6.6		
Maintenance	−34.0			
Operating expenses	−37.0	−3.4	−84.7	
EBITDA (adjusted)	**109.5**	**9.2**	**0.0**	**118.7**
Non-recurring items				−20.8
Period adjustments from assets held for sale				−0.5
EBITDA IFRS				**97.4**
Net income from fair value adjustments of investment properties				19.8
Depreciation and amortisation				−1.6
Income from other investments				0.0
Financial income				1.4
Financial expenses				−59.8
EBT				**57.2**
Income taxes				−18.9
Profit for the period				**38.3**

* Includes ancillary costs of € 80.2 million and other income from property management of € 4.5 million

€ million	Rental	Sales	Other*	Group
Jan. 1 - Mar. 31, 2013				
Segment revenues	**182.0**	**102.7**	**84.0**	**368.7**
Carrying amount of properties sold		−95.5		
Revaluation from disposal of assets held for sale		7.3		
Maintenance	−34.3			
Operating expenses	−38.4	−2.9	−84.0	
EBITDA (adjusted)	**109.3**	**11.6**	**0.0**	**120.9**
Non-recurring items				−3.8
Period adjustments from assets held for sale				−1.8
EBITDA IFRS				**115.3**
Net income from fair value adjustments of investment properties				514.5
Depreciation and amortisation				−1.5
Income from other investments				0.0
Financial income				3.1
Financial expenses				−73.8
EBT				**557.6**
Income taxes				−170.1
Profit for the period				**387.5**

* Includes ancillary costs of € 79.7 million and other income from property management of € 4.3 million

25 CONTINGENT LIABILITIES

The property transfer obligations decreased by € 4.1 million from € 12.6 million as at December 31, 2013 to € 8.5 million. A detailed description of contingent liabilities may be found in the consolidated financial statements as at December 31, 2013.

26 RELATED PARTY TRANSACTIONS

Monterey Holdings I S.à r.l., Luxembourg, has settled its existing obligations to reimburse the payments to serving members and former members of the Management Board under the Long Term Incentive Plan (LTIP) linked to the stock exchange listing. DAIG shows under other assets a receivable from Monterey Holdings I S.à r.l., Luxembourg, of € 3.1 million (2013: € 3.0 million) in the amount of the resulting remaining obligation.

In an accelerated book-building procedure conducted at the beginning of March, to complete the capital increase, the bookrunners were provided with the necessary shares on a loan basis by the previous sole shareholder Monterey Holdings I S.à r.l., Luxembourg.

27 SUBSEQUENT EVENTS

With the share purchase agreement dated February 28, 2014 Deutsche Annington Immobilien SE acquired roughly 94 % of the real estate business of the DeWAG Group via a subsidiary. The share purchase was completed on April 1, 2014.

DeWAG is a real estate management company operating throughout Germany with housing stocks of some 11,000 units. The majority of these stocks are located in the metropolitan areas of Munich, Frankfurt, Düsseldorf, Cologne and Hamburg. The portfolio comprises almost exclusively residential properties that are further developed through professional property management as well as value-focused refurbishment and modernisation measures. The apartments are also offered for sale at selected locations where respective demand for residential property exists. The stocks managed by the DeWAG Group present an excellent complement to the portfolio strategy of the Deutsche Annington Immobilien Group, in particular with a view to the aspiration to continuously improve the quality of life and housing for tenants while simultaneously generating a corresponding higher value as a return for our shareholders.

The housing stocks and management processes are to be integrated into the Deutsche Annington Immobilien Group in order to realise potential synergies.

In a uniform transaction, in addition to selected holding companies, the relevant property-holding entities under German and Dutch law as well as amounts payable by the DeWAG Group under existing shareholder loans were acquired.

The sellers are holding companies under Dutch and Luxembourg law that are advised by international investment funds.

With the completion of the acquisition on April 1, 2014, the Deutsche Annington Immobilien SE Group gained control over the activities of the acquired property business and will treat the acquisition as a business combination as defined by IFRS 3 from April 1, 2014.

The provisional consideration for the acquisition of the shares is made up as follows (in € million):

Cash and cash equivalents	33.3
Contingent purchase price obligation	4.6
= Total consideration	**37.9**

In terms of amount and reason, the contingent purchase price obligation relates to the occurrence of circumstances in connection with the realisation of construction projects, the anticipated statutory provisions on rent ceilings and the prepayment penalties related to the repayment of existing financing.

The contingent purchase price obligation is recognised at the anticipated fair value.

In addition, Deutsche Annington assumes amounts payable by the acquired DeWAG Group under existing shareholder loans at a purchase price of € 406 million.

The presented allocation of the total purchase price at the fair values of the assumed assets and liabilities at the time of acquisition is based on a preliminary valuation report prepared for this purpose.

The assets and liabilities assumed in the course of the business combination had the following provisional fair values at the time of acquisition:

(€ billion)	
Investment properties	1.06
Cash and cash equivalents	0.06
Other assets	0.01
Other financial liabilities	− 1.01
Deferred taxes	− 0.05
Other liabilities	− 0.03
Net assets acquired	0.04

On the basis of information available so far there is no significant goodwill or badwill.

Should knowledge become available within twelve months of the acquisition that necessitates a different assessment of the recognition and measurement of assets and liabilities at the acquisition date, these will be revised retrospectively as of the time of acquisition.

In the 2014 financial year, transaction costs of € 8.0 million were recognised as other operating expenses.

Additional required disclosures on the acquisition of the DeWAG Group were not available at the time of preparation of these interim consolidated financial statements.

Authorisation for the integration of the real estate business of the Vitus Group

With the approval of the Supervisory Board, the Management Board furthermore resolved on February 28, 2014 to integrate the real estate business of the Vitus Group. The contribution and investment agreement also pertains to the relevant property-holding companies of the Vitus Group. Following majority approval by the shareholders of the Vitus Group, a share transfer agreement for the portfolios of the Vitus Group was concluded on April 17, 2014 in addition to the contribution and investment agreement of February 28, 2014. This transaction is expected to be completed on October 1, 2014.

Issue of a hybrid bond

On April 1, 2014, DAIG agreed to issue a subordinated long-term bond (hybrid bond) of € 700 million. The bond was issued with a term of up to 60 years and an initial nominal interest rate of 4.625% and may be called first after five years (and afterwards every five years) if the company uses its termination option. The hybrid bond was placed by Deutsche Annington Finance B.V. at an issue price of 99.782%. The issue was completed on April 8, 2014.

Düsseldorf, April 25, 2014

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 March 31, 2014 – together with the interim group management report of the Deutsche Annington Immobilien SE for the period from January 1 to March 31, 2014, that are part of the quarterly financial report according to § 37x Abs. 3 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, April 29, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr Hain Wirtschaftsprüfer [German Public Auditor]	Salzmann Wirtschaftsprüferin [German Public Auditor]

Glossary

GLOSSARY OF THE KEY PERFORMANCE INDICATORS

Adjusted EBITDA (Earnings before interest, taxes, depreciation and amortisation)
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.

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.

Covenants
Requirements specified in loan agreements or bond conditions containing future obligations of the borrower or the bond obligor to meet specific requirements or to refrain from undertaking certain activities.

CSI (customer satisfaction index)
The CSI is determined at regular intervals by means of systematic customer surveys and reflects how our services are perceived and accepted by our customers. The CSI is determined on the basis of points given by the customers for our properties and their neighbourhood, customer service, commercial and technical support as well as maintenance and modernisation management.

dena (Deutsche Energie-Agentur GmbH)
Deutsche Energie-Agentur GmbH (dena) (German Energy Agency) is the centre of expertise for energy efficiency, renewable energy sources and intelligent energy systems. dena's mission is to generate economic growth and maintain prosperity with ever lower energy inputs.

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.

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 confirmed regularly by external property appraisers.

Fair value step-up
Fair value step-up is the difference between the income from the disposal of a residential unit and its fair value related to its fair value. It shows the percentage increase in value for the company on the sale of a residential unit before further costs to sell.

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 / AFFO / FFO 2

The Deutsche Annington Immobilien Group differentiates between

> FFO 1 (excluding adjusted EBITDA Sales), which is determined by adjusting adjusted EBITDA for the respective periods for net interest expense excluding non-recurring items (e.g. transaction costs, prepaid penalties and commitment interest) 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.

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, owner-occupied apartments 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.

Modernisation measures

Modernisation measures are long-term and sustainable value-enhancing investments in housing and building stocks. Energy-efficient refurbishments generally involve improvements to the building shell and communal areas as well as the heat and electricity supply systems. Typical examples are the installation of 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. façade insulation, insulation of the top storey ceilings and cellar ceilings. In addition to modernisation of the apartment electrics, the refurbishment work upgrades the apartments, typically through the installation of modern and/or handicapped-accessible bathrooms, the installation of new doors and the laying of high-quality and non-slip flooring. Where required, the floor plans are altered to meet changed housing needs.

Monthly in-place rent

The monthly in-place rent is measured in € per square metre and 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 deduction of 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.

Rating

Classification of debtors or securities with regard to their creditworthiness or credit quality according to credit ratings. The classification is generally performed by rating agencies.

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.

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Financial Calendar

May 9, 2014	Annual General Meeting
July 31, 2014	Interim Report H1 2014
October 30,2014	Interim Report Q3 2014

Note

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

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 2013 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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