

ANNUAL FINANCIAL STATEMENTS OF DEUTSCHE ANNINGTON IMMOBILIEN SE, DÜSSELDORF

for the financial year
from January 1 to December 31, 2013

Annual Financial Statements

04

Balance Sheet

05

Income Statement

06

Statement of Fixed Assets Movements

08

Notes

Further Information

33

Shareholdings

36

Auditor's Report

37

Responsibility Statement

Balance Sheet

Annex 1

in €	Notes	31.12.2013	31.12.2012
ASSETS			
A. FIXED ASSETS			
I. Intangible assets			
Commercial and industrial property rights and similar rights		159.36	637.42
II. Tangible assets			
Other equipment, fixtures, furniture and office equipment		353,566.42	799,047.97
III. Financial assets			
Shares in affiliated companies	2	1,608,885,547.82	1,606,094,881.92
Investments		520.00	520.00
Other long-term loans		3,415,633.91	5,293,129.49
		1,612,301,701.73	1,611,388,531.41
		1,612,655,427.51	1,612,188,216.80
B. Current assets			
I. Receivables and other assets			
Receivables from affiliated companies	3	764,687,957.30	193,719,326.98
Receivables to companies in which the company holds a participating interest		2,058,264.65	2,120,904.48
Other assets		4,265,897.94	1,521,482.35
		771,012,119.89	197,361,713.81
II. Cash and cash equivalents			
Cash, balances at banks	4	408,633,861.63	70,568,541.08
		1,179,645,981.52	267,930,254.89
C. Prepaid expenses			
	5	2,342,983.86	10,710.00
D. Surplus from offsetting			
	6	679,855.14	677,773.32
TOTAL ASSETS		2,795,324,248.03	1,880,806,955.01
EQUITY AND LIABILITIES			
A. Equity			
I. Share capital			
	7	224,242,425.00	120,000.00
II. Capital reserve			
	8	1,444,000,000.00	1,052,308,434.22
III. Revenue reserves			
1. Legal reserve	9	12,000.00	12,000.00
2. Other revenue reserves	10	25,588.00	25,588.00
IV. Net profit for the year			
	11	195,583,207.82	174,054,506.30
	12	1,863,863,220.82	1,226,520,528.52
B. Provisions			
Provisions for pensions and similar obligations	13	33,186,166.60	32,376,336.27
Provisions for taxes		6,954,887.00	6,600,000.00
Other provisions	14	37,670,527.53	63,922,190.98
		77,811,581.13	102,898,527.25
C. Liabilities			
Liabilities to banks	15	-	2,685,573.85
Trade payables		1,195,148.41	9,930,814.15
Liabilities to affiliated companies		851,122,142.15	537,454,547.80
Other liabilities		1,332,155.52	1,316,963.44
		853,649,446.08	551,387,899.24
SUMME PASSIVA		2,795,324,248.03	1,880,806,955.01

Income Statement

Annex 2

January 1 to December 31

in €	Notes	2013	2012
Other operating income	16	102,069,740.90	136,642,485.12
GROSS PROFIT		102,069,740.90	136,642,485.12
Personnel expenses			
a) Wages and salaries		- 30,227,715.49	- 40,809,292.66
b) Social security contributions and expenses for pensions and support	17	- 3,002,912.16	- 3,575,264.71
		- 33,230,627.65	- 44,384,557.37
Amortisation of intangible assets and depreciation of tangible assets	18	- 498,345.99	- 863,502.39
Other operating expenses	19	- 101,340,589.74	- 89,076,205.58
Income from investments	20	3,786,859.48	3,980,122.39
Income from profit transfer agreements	21	28,703,671.54	36,812,484.96
Other interest and similar income	22	45,567,690.95	1,175,556.46
Write-downs of financial assets and marketable securities	23	-	- 130,000.00
Expenses for the assumption of losses	24	- 2,133,806.12	- 1,655,947.16
Interest and similar expenses	25	- 44,493,488.10	- 32,531,308.35
RESULT FROM ORDINARY ACTIVITIES		- 1,568,894.73	9,969,128.08
Income taxes	26	- 171,886.24	- 300,000.00
Other taxes		- 28,635.53	- 34,947.43
NET LOSS FOR THE YEAR / NET INCOME FOR THE YEAR		- 1,769,416.50	9,634,180.65
Profit carried forward from previous year		174,054,506.30	164,432,325.65
Allocation to legal reserve		-	12,000.00
Withdrawal from capital reserve		23,298,118.02	-
NET PROFIT FOR THE YEAR		195,583,207.82	174,054,506.30

Statement of Fixed Assets Movements

Annex 1

in €	Acquisition or production costs					Accumulated depreciation				Book values	
	Balance on January 1, 2013	Additions	Disposals	Transfers	Balance on December 31, 2013	Balance on January 1, 2013	Additions	Disposals	Balance on December 31, 2013	Balance on December 31, 2013	Balance on December 31, 2012
I. Intangible assets											
Acquired Industrial rights and similar rights	6,462,800.39	-	-	-	6,462,800.39	6,462,162.97	478.06	-	6,462,641.03	159.36	637.42
	6,462,800.39	-	-	-	6,462,800.39	6,462,162.97	478.06	-	6,462,641.03	159.36	637.42
II. Tangible assets											
Other equipment, fixtures, furniture and office equipment	3,739,894.76	111,096.42	146,423.40	-	3,704,567.78	2,940,846.79	497,867.93	87,713.36	3,351,001.36	353,566.42	799,047.97
	3,739,894.76	111,096.42	146,423.40	-	3,704,567.78	2,940,846.79	497,867.93	87,713.36	3,351,001.36	353,566.42	799,047.97
III. Financial assets											
1. Shares in affiliated companies						546,895.80	-	-	546,895.80	1,608,885,547.82	1,606,094,881.92
2. Equity interests	1,606,641,777.72	3,756,896.67	966,230.77	-	1,609,432,443.62	-	-	-	546,895.80	520.00	520.00
3. Other long-term loans	520.00	-	-	-	520.00	806,870.51	-	-	-	3,415,633.91	5,293,129.49
	6,100,000.00	-	2,000,000.00	-	4,100,000.00			122,504.42	684,366.09		
	1,612,742,297.72	3,756,896.67	2,966,230.77	-	1,613,532,963.62	1,353,766.31	-	122,504.42	1,476,270.73	1,612,301,701.73	1,611,388,531.41
	1,622,944,992.87	3,867,993.09	3,112,654.17		1,623,700,331.79	10,756,776.07	498,345.99	210,217.78	11,289,913.12	1,612,655,427.51	1,612,188,216.80

Notes to the 2013 Annual Report

In June 2013, Deutsche Annington Immobilien SE, Düsseldorf (hereinafter referred to as "DAIG" or "Company") applied for admission of its public offering of its no-par-value registered shares on the Frankfurt and Luxembourg stock exchanges on the basis of a stock exchange prospectus in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz (WpHG)).

On July 2, 2013, the shares were admitted to trading on the Prime Standard of the regulated market by the Frankfurt stock exchange. The German Securities Code (WKN) is: A1ML7; the ticker symbol: ANN. The company is therefore subject to the rules of the German Securities Trading Act (Wertpapierhandelsgesetz (WpHG)).

DAIG is therefore a capital market-oriented company within the meaning of Section 264d of the German Commercial Code (HGB) and is accordingly deemed to be a large corporation in accordance with Section 267 HGB.

The initial listing of the share of Deutsche Annington Immobilien SE then took place on July 11, 2013, in the regulated market of the Prime Standard segment of the Frankfurt stock exchange (IPO). Monterey Holdings I S.à r.l., Luxembourg, (hereafter referred to as "Monterey") was the sole shareholder of the company until the stock exchange listing on July 11, 2013. As a result of the listing of the shares, the free float is 15.6 %, including 5.4 % held by the Norwegian Norges Bank.

In accordance with Section 17, para. 2 German Stock Corporation Act (AktG), DAIG therefore continues to be deemed to be a dependent company of Monterey. As no domination agreement exists, DAIG is obliged to submit a report on relations with affiliated companies in accordance with Section 312 AktG through Section 61, 9, para. 1, lit. c) ii SE Regulation (SE-VO). The Management Board of DAIG must therefore report to the Supervisory Board on relations with affiliated companies (dependent company report) in accordance with Section 312 AktG.

The capital increase, which took place as part of the initial listing, resulted in a net cash inflow of app. € 380 million allowing for the transaction costs.

The rating agency, Standard & Poor's (S&P), then granted DAIG a corporate rating of BBB (long-term) and A2 (short-term) with a stable outlook (investment grade rating BBB).

On July 25, October 2 and 8, 2013, Deutsche Annington Finance B.V., Amsterdam, (hereinafter referred to as "Finance BV"), a wholly-owned subsidiary of DAIG, issued bonds in three stages with five tranches worth € 2,527 million. These funds received were ultimately used, in addition to the structured loans with a total volume of € 1,664 million, to repay GRAND Notes previously used to finance the Group. Therefore, the funds received by Finance BV were passed on by way of Group financing to the Group companies. Finance BV receives an interest rate (plus margin), which, as a weighted mixed interest rate, is derived from the relevant interest rates of the bond tranches. DAIG has provided a guarantee for the liabilities of Finance BV.

In accordance with the cash pooling agreement according to the arm's length principle, Deutsche Annington Immobilien SE performs, as the main account holder and the cash pool manager, the intra-Group cash pooling with the exception of the companies which are financed through the structured loans with Corealcredit Bank AG, Landesbank Hessen-Thüringen and SEB AG, Berlin-Hannoversche Hypothekenbank (Landesbank Berlin) as well as Berlin-Hannoversche Hypothekenbank, Landesbank Berlin and Landesbank Baden-Württemberg. The purpose of cash pooling is to optimise the liquidity management and the Group's financial result.

As the parent company of the Deutsche Annington Immobilien Group, DAIG prepares consolidated financial statements in accordance with Section 290 of the German Commercial Code (HGB). The DAIG consolidated financial statements are prepared in accordance with the IFRS standards as they are to be applied in the EU. The annual financial statements and the consolidated financial statements are published in the electronic Federal Gazette. Furthermore, the consolidated financial statements can be called up on the company's website.

Deutsche Annington Immobilien SE assumes the function of the management holding in the Group. On the one hand, it is responsible for strategic management, on the other hand, it coordinates and pools overarching operational tasks, which are performed in a standardised manner for the Group companies under service agreements.

In application of Section 315, para. 3 HGB in conjunction with Section 298, para. 3 HGB, the management report of Deutsche Annington Immobilien SE was combined with the Group management report and published together with the consolidated financial statements.

ACCOUNTING AND VALUATION PRINCIPLES

The annual financial statements for the financial year from January 1 to December 31 2013 have been prepared in euros (€) according to the accounting principles of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The amounts disclosed in the Notes are in euros (€) or in thousand euros (€ k).

The income statement has been prepared using the nature of expense method. To improve clarity and informative value, certain items in the income statement and balance sheet are combined. These items are shown separately and explained in the Notes.

Intangible assets are carried at acquisition cost and amortised on a straight-line basis over a period of 3 years.

Tangible assets are valued at acquisition cost and, except for land, depreciated over their respective useful lives.

Fixtures, furniture and office equipment are depreciated on a straight-line basis over periods of between 3 and 13 years. Movable assets are, in accordance with the tax regulations, depreciated exclusively pro rata temporis. Minor assets, which are assets whose acquisition cost is up to and including € 410.00, are written off in full in their year of purchase. A compound item was established for assets acquired in 2008 and 2009 when the cost of the individual asset was more than € 150.00 but not more than € 1,000.00. The relevant compound item was released over five years to affect net income, i.e. by one fifth in the year of establishment and in each of the following four financial years.

Financial assets are recorded at cost of acquisition.

Interest-free and low-interest loans are stated at their present values.

If, at the balance-sheet date, the fair value of an asset is lower than the value obtained by application of the aforementioned valuation methods and this impairment is likely to be permanent, allowance is made by unscheduled depreciation. If the reasons for unscheduled depreciation no longer apply at a later balance-sheet date, the write-down is reversed in accordance with Section 253, para. 5 of the German Commercial Code.

Receivables and other assets are stated at nominal values. The fund assets for pensions and similarly long-term obligations are stated at fair value. Allowance is made for all discernible risks by appropriate deductions. Furthermore, general risks are covered by a general valuations allowance.

The provisions allow for all discernible risks and uncertain obligations. Provisions are established in the amount of the settlement amount considered necessary using reasonable commercial judgement.

With provisions with a residual term of more than one year, future price and cost increases are taken into consideration and discounting to the balance-sheet date is performed. The interest rates corresponding to the residual terms of the provisions are used as announced by the German Federal Bank in accordance with the German Provision Discounting Ordinance (Rückstellungsabzinsungsverordnung).

Provisions for pensions are determined on the basis of recognised actuarial computations using the projected unit credit method. In accordance with Section 253, para. 2, sentence 2 of the German Commercial Code, a residual term of 15 years is assumed. Thus a discount rate of 4.91% is taken for the valuation. The biometric basis for the calculation of provisions for pensions is still the Heubeck 2005G mortality tables. The projected salary increases are assumed to be 2.75% p.a. and the projected pension payment increases 2.0% p.a.

The provisions for part-time phased early retirement obligations already recognised as expense in the prior year are determined in line with actuarial principles using the projected unit credit method with a discount rate of 3.84% p.a. and an assumed remaining term of 4 years. The projected salary increase is assumed to be 2.5% p.a. The Heubeck 2005G mortality tables are taken as a basis for the calculation.

At the end of 2013, a further part-time phased early retirement programme was set up. The provisions for part-time phased early retirement obligations under this programme, recognised as expense for the first time, are determined in line with actuarial principles using the projected unit credit method with a discount rate of 4.26% p.a. and an assumed remaining term of 7 years. The projected salary increase is assumed to be 2.5% p.a. The Heubeck 2005G mortality tables are taken as a basis for the calculation.

The other long-term personnel provisions for anniversary bonuses and temporary assistance were determined using the projected unit credit method applying actuarial principles with a discount rate of 4.91% p.a. on the basis of the 2005G mortality tables of Prof. Dr Klaus Heubeck. A general residual term of 15 years is assumed. The projected salary increases for the temporary assistance are assumed to be 2.75% p.a.

The asset values of the insolvency insurance policy to secure fulfilment obligations arising from part-time phased early retirement contracts are offset in accordance with Section 246, para. 2, sentence 2 of the German Commercial Code against the amounts for fulfilment arrears contained in the provisions for part-time phased early retirement. Surpluses of the fair values of the asset values are shown separately in the balance sheet as a surplus arising from offsetting.

Reinsurance contracts for the pension benefits of individual persons were taken out against payment of a one-off insurance premium. Furthermore, securities and, to a minor extent, bank credit balances are held which also serve to secure the pension claims. The invested assets were pledged in favour of the beneficiaries and cannot be accessed by other creditors and will be offset as an asset against the underlying obligations in accordance with Section 246, para 2, sentence 2 of the German Commercial Code as plan assets.

Liabilities are shown at the amount repayable.

In line with Section 274 HGB, deferred taxes are determined according to the balance sheet-based concept. Deferred taxes are determined for temporary differences between the amount of assets, liabilities, prepaid expenses and deferred income in the commercial financial statements and those prepared for tax purposes, including loss carryforwards which can be taken into account. As well as differences resulting from its own balance-sheet items, DAIG also includes those relating to subsidiaries and partnerships with which it forms a fiscal entity for tax purposes. Deferred taxes are measured with regard to corporate income tax and the solidarity charge on the basis of a tax rate of 15.8% and with regard to municipal trade tax on the basis of a tax rate of 17.3%. Deferred taxes of the same kind are shown netted. Any resulting overall excess of tax burdens is recognised in the balance sheet as deferred tax liabilities. The option under Section 274, para. 1 of the German Commercial Code (HGB) is exercised and capitalisation of any possible net deferred tax asset is dispensed with.

The severance payments to employees as well as the top-up amounts under the part-time phased early retirement programme are recognised for the first time within other operating expenses. In previous years, they were shown under personnel expenses.

NOTES TO THE BALANCE SHEET

1 FIXED ASSETS

The development of fixed assets is shown in Annex 1 to the Notes (**Statement of Fixed Assets Movements**).

2 FINANCIAL ASSETS

The list of shareholdings of DAIG is appended in Annex 2.

The significant changes in the financial assets are described in the following:

Deutsche Annington Finance B.V. was established in the 2013 financial year with a share capital of € 18 k.

By notarised merger agreement of August 26, 2013, and with economic effect from January 1, 2013, Deutsche Annington Solutions GmbH, Bochum, Deutsche Annington Personalservice GmbH, Bochum, each with a share capital of € 25 k, were merged with Deutsche Annington Kundenservice, Bochum.

In the 2013 financial year, DAIG made other payments in accordance with Section 272, para. 2, No. 4 HGB into the capital reserve of Deutsche Annington Finance B.V. of € 2,000 k, Deutsche Annington Holdings Eins GmbH, Düsseldorf, of € 1,689 k as well as Deutsche Annington Holdings Sechs GmbH, Bochum, of € 50 k.

Write-downs to the net realisable value amounting to € 0 k (prior period € 130 k) were performed on shares in affiliated companies in the current financial year.

Other long-term loans

Under an agreement dated May 5, 2008, a supplier received a loan from DAIG in the amount of € 2,000 k. The loan was repaid before the end of the term in the 2013 financial year.

By loan agreement dated December 15, 2008, DAIG granted Wohnimmobilien Kooperation Deutsche Annington e.V. an interest-free loan of € 4,100 k with a term of 10 years. Unwinding of the discount of € 123 k on the loan was performed in the financial year.

3 RECEIVABLES AND OTHER ASSETS

Receivables and other assets and their remaining terms break down as follows:

in €k	Dec. 31, 2013		Dec. 31, 2012	
	Total	of which with a remaining term of more than 1 year	Total	of which with a remaining term of more than 1 year
Receivables from affiliated companies	764,688	3,023	193,719	15,025
(of which from shareholders)	(3,023)	(3,023)	(15,025)	(15,025)
from companies in which the company holds a participating interest	2,058	-	2,121	-
Other assets	4,266	-	1,522	-
TOTAL	771,012	3,023	197,362	15,025

The receivables from affiliated companies mainly result from the granting of short-term intercompany loans amounting to € 409,478 k (prior year: € 25,000 k), from the cash pooling amounting to € 350,267 k (prior year: € 151,849 k), from the onward-charging of personnel expenses amounting to € 3,023 k (prior year: € 15,025 k) and from the takeover of the result of Deutsche Annington WOGÉ Vier Bestands GmbH & Co. KG, Bochum, which amounted to € 1,572 k (prior year: € 1,845 k).

The receivables from companies in which the company holds a participating interest result from the shareholding in AVW Assekuranz der Wohnungswirtschaft GmbH & Co. KG, Hamburg and relate to the profit allocation from 2013.

4 CASH AND CASH EQUIVALENTS, CREDIT BALANCES AT BANKS

The balances at banks include bank accounts pledged to third parties amounting to € 5,590 k. The pledged bank accounts are mainly for securing purchase price payments received from third parties and are blocked until performance of the work still outstanding under the respective contract.

5 PREPAID EXPENSES

The prepaid expenses contain amounts paid for insurance services which will be rendered up to 2024.

6 SURPLUS ARISING FROM OFFSETTING

in €k	Dec. 31, 2013	Dec. 31, 2012
Surplus arising from offsetting/ provisions for part-time phased early retirement	534	414
Surplus arising from offsetting/ provisions for pensions and similar obligations	146	264
SURPLUS ARISING FROM OFFSETTING	680	678

The surplus from offsetting of the part-time phased early retirement obligations results from the netting of the part-time phased early retirement obligations under the old model and the corresponding fair value of the plan assets.

The plan assets and the part-time phased early retirement obligations under the old model developed as follows:

in €k	Dec. 31, 2013	Dec. 31, 2012
Fair value of money on account - Allianz	916	1,891
Settlement amount - part-time phased early retirement obligations	-382	-1,477
SURPLUS ARISING FROM OFFSETTING	534	414
Cost of money on account	916	1,891

The income and expenses from the discounting as well as from the assets to be offset break down as follows:

Interest expense for part-time phased early retirement obligations

in €k	2013	2012
Change in fair value of money on account	37	69
Taxation expiry from part-time phased early retirement	28	41
Interest portion of provision for part-time phased early retirement	-33	-92
INTEREST EXPENSE AFTER NETTING	32	18

Information on the fair values and the amortised costs of the plan assets of the pension obligations as well as on the income and expenses netted in this connection is given under (13) Provisions for pensions and similar obligations.

7 EQUITY

The provisions of Section 272 HGB as well as Section 150ff. AktG apply to the accounting treatment of equity.

8 SUBSCRIBED CAPITAL

The subscribed capital represents the share capital of the company amounting to € 224,242,425.00 divided into 224,242,425 no-par value registered shares.

The shares are currently uncertificated.

In the event of capital increases, the profit participation of new shares can be determined in a manner which differs from that stipulated in Section 60 AktG.

During the financial year, the subscribed capital was increased by € 199,880,000.00 as part of a capital increase from company funds and by € 24,242,425.00 through cash capital increases from € 120,000.00 to € 224,242,425.00.

Development of subscribed capital

in €k	2013
SUBSCRIBED CAPITAL AS AT JANUARY 1, 2013	120,000.00
Capital increase from company funds using the capital reserve on June 9, 2013	199,880,000.00
Subscribed capital as at June 9, 2013	200,000,000.00
Cash capital increase as at June 30, 2013	22,222,223.00
Subscribed capital as at June 30, 2013	222,222,223.00
Cash capital increase as at July 10, 2013	2,020,202.00
SUBSCRIBED CAPITAL AS AT DECEMBER 31, 2013	224,242,425.00

For the stock exchange listing, by resolution of the general shareholders' meeting on June 9, 2013, the share capital was increased by € 199,880,000.00 to € 200,000,000.00 using capital reserve as part of a capital increase from company funds. The capital increase was entered in the Düsseldorf commercial register on June 12, 2013. The 200,000,000 shares were held by the previous sole shareholder.

By resolution of the general shareholders' meeting on June 30, 2013, a further cash capital increase of € 22,222,223.00 was performed against the issuance of new no-par value registered shares. With a view to the public offering, the shares from the capital increase were subscribed by J.P. Morgan Securities plc on behalf of the consortium of banks underwriting the stock exchange placement. The capital increase was entered in the Düsseldorf commercial register on July 2, 2013.

In advance of the stock exchange placement, by resolution of the general shareholders' meeting on July 10, 2013, the share capital was again increased by € 2,020,202 by the issuance of new no-par value registered shares against a cash contribution of € 2,020,202.00. These newly issued shares were also subscribed by J.P. Morgan Securities plc. The shares were entered in the Düsseldorf commercial register on July 10, 2013.

In the stock exchange placement, 24,242,425 newly issued shares and 10,606,060 old shares including 4,545,454 shares relating to the overallotment option, that is a total of 34,848,485 shares, were thus placed.

Further resolutions relating to the company's equity passed by the extraordinary general shareholders' meeting on June 30, 2013

Authorised capital

The Management Board is authorised, subject to the consent of the Supervisory Board, to increase the Company's subscribed capital by up to a total of € 111,111,111.00 through one or more issuances on or before June 29, 2018 by issuing up to 111,111,111 new no-par value registered shares against contributions in cash or in kind.

The Management Board is authorised, subject to the consent of the Supervisory Board, to exclude the subscription right under certain circumstances and/or as part of a cash capital increase if the newly issued new shares do not exceed 10 % of the share capital or, in the case of capital increases against non-cash contribution in return for the granting of new shares for the purpose of acquisitions and employee share programmes.

Issuance of option rights, bonds with warrants, convertible bonds, profit-sharing rights or profit participation bonds

The Management Board was authorised, subject to the consent of the Supervisory Board, to issue once or several times on or before June 29, 2018 option rights, bonds with warrants, convertible bonds, profit-sharing rights or profit participation bonds or a combination of these instruments (together referred to as "debentures") up to a total amount of € 3 billion and to grant the holders or creditors of the debentures option or conversion rights for the shares of the Company with a proportionate aggregate amount of up to € 100 million of the share capital subject to the detailed conditions of the debentures.

Conditional capital

Conditional capital was created in the amount of € 100,000,000.00 divided into 100,000,000 registered shares in order to service the conversion or option rights owing to the authorisation given by the general shareholders' meeting on June 30, 2013 to issue convertible bonds, bonds with warrants or similar bonds. The subscribed capital is therefore deemed to be conditionally increased by up to € 100 million divided into up to 100 million new no-par value registered shares.

Authorisation to purchase treasury shares

The Management Board was authorised to purchase on or before June 29, 2018 treasury shares up to a total of 10 % of the company's share capital outstanding at the time of the resolution.

9 CAPITAL RESERVE

Development of the capital reserve

in €	2013
CAPITAL RESERVE AS AT JANUARY 1, 2013	1,052,308,434.22
Non-cash contribution of the "S" Ref Notes by Monterey on January 23, 2013	239,112,096.30
Capital reserve as at March 31, 2013	1,291,420,530.52
Capital increase from company funds using the capital reserve on June 9, 2013	-199,880,000.00
Capital reserve as at June 30, 2013	1,091,540,530.52
Premium in accordance with Section 272, para. 2, No. 1 HGB from the initial listing on July 11, 2013	375,757,587.50
Capital reserve as at September 30, 2013	1,467,298,118.02
Withdrawal from capital reserve	-23,298,118.02
CAPITAL RESERVE AS AT DECEMBER 31, 2013	1,444,000,000.00

The non-cash contribution of the "S" Ref Notes from the GRAND securitisation took place on January 23, 2013 as a secondary condition under the restructuring of the GRAND Notes.

The premium in accordance with Section 272, para. 2, No. 1 HGB comprises the share premium from the issuance of 24,242,425 new shares as part of the initial listing through the registered share value equivalent at a price of € 16.50.

Until January 1, 2013, the capital reserve contained solely amounts paid into the capital reserve in accordance with Section 272, para. 2, No. 4 HGB. As at December 31, 2013, the capital reserve contains amounts in accordance with Section 272, para. 2, No. 1 HGB totalling € 375,757,575.00 and amounts in accordance with Section 272, para. 2, No. 4 totalling € 1,068,242,425.00.

10 LEGAL RESERVE

The legal reserve is unchanged at € 12,000.00 as the legal reserve and the capital reserve in accordance with Section 272, para. 2, Nos. 1 - 3 HGB together exceed the amount of 10 % of the share capital in accordance with Section 150, para. 2 AktG.

11 OTHER REVENUE RESERVES

The other revenue reserves amounting to € 25,588.00 relate to additions as part of the changeover to the regulations of the German Accounting Law Modernisation Act (BilMoG).

12 NET PROFIT FOR THE YEAR

in €	Dec. 31, 2013
Loss for the financial year according to the income statement	-1,769,416.50
+ Profit carried forward from the prior year	174,054,506.30
+ Withdrawal from capital reserve	23,298,118.02
NET PROFIT AS AT DECEMBER 31, 2013	195,583,207.82

The profit carried forward is the net profit for the prior year, which was carried forward to the new account by resolution of the annual general shareholders' meeting. The profit carried forward contains amounts totalling € 86,773.09, which result from the measurement of assets at fair value. The amount is reduced by € 48,615.00 for a loss from the measurement at fair value in the 2013 financial year. In accordance with Section 268, para. 8, sentence 3 HGB, there is a cumulated distribution ban amounting to € 38,158.09.

13 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The fair value of the reinsurance contracts corresponds to the asset value at the balance-sheet date confirmed by the insurance company.

The fair value of the securities corresponds to the stock market price on the balance-sheet date.

The value of the plan assets is higher than the respective benefit obligations for some people. The surplus of assets over obligations is shown under the item "Surplus arising from offsetting".

Provisions for pensions and similar obligations:

in €k	Dec. 31, 2013	Dec. 31, 2012
Settlement amount for pensions and similar obligations	38,246	37,368
Fair value of reinsurance contract	3,330	3,361
Fair value of securities and credit balances with banks	1,876	1,895
Net liability recognised in the balance sheet	33,040	32,112
SURPLUS ARISING FROM OFFSETTING	146	264
PROVISION FOR PENSIONS RECOGNISED IN THE BALANCE SHEET	33,186	32,376
Amortised cost of reinsurance contract	3,330	3,361
Amortised cost of securities and credit balances with banks	1,838	1,807

The income resulting from the plan assets as well as the depreciation of the fair value were offset against interest expenses for provisions for pensions as follows:

Interest expenses for provisions for pension

in €k	2013	2012
Reinsurance contract		
Current income (pension payments)	155	13
Depreciation (previous year appreciation) through change in fair value	-31	433
Securities		
Income distributions	42	47
Depreciation (previous year appreciation) through change in fair value	-48	13
Income from plan assets	118	506
Interest expense from change in discount rate	-921	-346
Addition of interest portion to pension provision current financial year	-1,786	-1,782
INTEREST EXPENSE AFTER NETTING	-2,589	-1,622

14 OTHER PROVISIONS

The other provisions cover all discernible risks which are not already taken into account in other balance-sheet items and break down as follows:

in €k	Dec. 31, 2013	Dec. 31, 2012
Personnel obligations	28,691	40,403
Outstanding invoices	4,429	20,230
Year-end closing costs	1,213	258
Supervisory Board remuneration	712	91
Other obligations	2,626	2,939
TOTAL	37,671	63,921

The provisions for personnel expenses include provisions for severance payments, part-time phased early retirement as well as bonus, vacation and special payments.

Furthermore, the personnel provisions include Long-Term Incentive plans (LTIP) totalling € 16,342 k (prior year: € 25,590 k). For the payments under the Long-Term Incentive Plan (LTIP), Monterey Holdings I S.à r.l. has assumed the existing obligations towards serving and former members of the Management Board. In the amount of the obligations assumed, DAIG shows an amount receivable from Monterey Holdings I S.à r.l. of € 3,023 k (prior year: € 15,025 k) under receivables from affiliated companies. As part of the initial listing of the shares, a new Long-Term Incentive Plan (LTIP) was agreed with the Management Board members. This agreement also regulates the replacement of the previous LTIP.

Accordingly, the Management Board members were paid one-off remuneration of € 6,300 k gross at the time of the initial listing in settlement of all claims arising out of the previous LTIP.

The new LTIP is to be qualified as a cash-settled share-based plan or as a cash-settled plan.

Depending on the development of the market value of the share and the respective level of target achievement, the annual expense may deviate upwards or downwards. In the financial year, € 4.0 million was recognised as expense in the provisions.

15 LIABILITIES

The liabilities break down according to their remaining terms as follows:

in €k	Dec. 31, 2013	Dec. 31, 2013			Dec. 31, 2012	
	Total	of which with a remaining term of			Total	< 1 year
		< 1 year	1 to 5 years	over 5 years		
Liabilities to banks	-	-	-	-	2,686	2,686
Trade payables	1,195	1,195	-	-	9,931	9,931
Liabilities to affiliated companies	851,122	851,122	-	-	537,455	537,455
Other liabilities	1,332	1,332	-	-	1,317	1,317
(of which from taxes)	(1,156)	(1,156)	-	-	(1,106)	(1,106)
TOTAL	853,649	853,649	-	-	551,389	551,389

The liabilities to affiliated companies mainly result from cash pooling amounting to € 327,523 k (prior year: € 177,941 k) as well as to liabilities to Deutsche Annington Finance B.V. in the amount of € 290,200 k under an inter-company loan in connection with the bond as well as liabilities to Frankfurter Siedlungsgesellschaft mbH (FSG), Düsseldorf, in the amount of € 230,000 k in connection with a loan from the acquisition of the FSG Group.

NOTES TO THE INCOME STATEMENT

16 OTHER OPERATING INCOME

The other operating income includes income from intercompany allocations (€ 81,161 k) as well as income not relating to the period, mainly from the reversal of other provisions amounting to € 5,003 k (prior year: € 6,319 k).

17 SOCIAL SECURITY CONTRIBUTIONS AND EXPENSES FOR PENSIONS AND SUPPORT

The expenses for pensions amount to € 1,052 k (prior year: € 1,219 k).

18 AMORTISATION OF INTANGIBLE ASSETS AND DEPRECIATION OF TANGIBLE ASSETS

In the reporting period, depreciation and amortisation amounted to € 498 k (prior year: € 864 k). It was exclusively scheduled depreciation and amortisation.

19 OTHER OPERATING EXPENSES

This item mainly includes legal and consultancy costs (€ 38,831 k), expenses from remuneration, particularly for personnel secondment (€ 17,891 k), costs of business premises (€ 9,096 k), IT and service costs (€ 8,357 k) as well as expenses for prior years amounting to € 81 k (prior year: € 1 k).

20 INCOME FROM INVESTMENTS

Of the income from investments, € 1,724 k (prior year: € 1,845 k) relates to affiliated companies and results from the takeover of the profit of Deutsche Annington WOGÉ Vier Bestands GmbH & Co. KG amounting to € 1,572 k as well as from the distribution of profits of prior years of MELCART Grundstücks-Verwaltungsgesellschaft mbH, Grünwald, amounting to € 152 k (prior year: € 0 k).

21 INCOME FROM PROFIT-AND-LOSS TRANSFER AGREEMENTS (SEE ANNEX 2)

The income from the profit-and-loss transfer agreements breaks down as follows:

in €k	Dec. 31, 2013
Frankfurter Siedlungsgesellschaft mbH *	14,079
Deutsche Annington Holdings Vier GmbH	7,005
Deutsche Annington Business Management GmbH	2,036
Deutsche Annington Dienstleistungs GmbH	1,842
Deutsche Wohn-Inkasso GmbH	1,516
Deutsche Annington Kundenservice GmbH	1,295
Deutsche Annington Vertriebs GmbH	564
Deutsche Multimedia Service GmbH	414
Deutsche Annington Informationssysteme GmbH	110
Verimmo2 GmbH	42
INCOME FROM PROFIT-AND-LOSS TRANSFER AGREEMENTS	28,903

* before allowance for guaranteed dividends to the minority shareholder of € 200 k

22 OTHER INTEREST AND SIMILAR INCOME

Of the other interest and similar income, € 34,483 k (prior year: € 897 k) relate to affiliated companies.

23 WRITE-DOWNS OF FINANCIAL ASSETS AND MARKETABLE SECURITIES

In the reporting period, write-downs to the net realisable value amounting to € 0 k (prior year: € 130 k) were performed on shares in affiliated companies.

24 EXPENSES FOR THE ASSUMPTION OF LOSSES (SEE ANNEX 2)

The expenses for the assumption of losses break down as follows:

in €k	Dec. 31, 2013
Deutsche Annington Service GmbH	1,472
Deutsche Annington Immobilienmanagement GmbH	315
Deutsche Annington Dienstleistungsmanagement GmbH	143
Deutsche Annington Eigentumsverwaltungs GmbH	70
Deutsche Annington Kundenmanagement GmbH	48
Deutsche Annington IT-Management GmbH	43
Deutsche Annington Vertriebsmanagement GmbH	37
Deutsche Annington Business GmbH	6
EXPENSES FOR THE ASSUMPTION OF LOSSES	2,134

25 INTEREST AND SIMILAR EXPENSES

Of the interest and similar expenses, € 23,439 k (prior year: € 22,851 k) relate to affiliated companies. The expenses arising from the unwinding of discounting for provisions amount to € 2,746 k (prior year: € 2,227 k).

26 INCOME TAX

As the controlling company, the company is the tax debtor for the profit-and-loss agreements with its affiliated companies. The income taxes shown relate in full to current taxes for prior years. Deferred taxes are not contained in the income taxes owing to the exercising of the accounting option for deferred tax assets. The future tax relief not recognised is mainly attributable to timing differences in the accounting for housing stocks of the subsidiaries of the fiscal entity and for provisions as well as to tax loss carryforwards.

OTHER INFORMATION**Employees**

In the 2013 financial year, an average of 154 staff (office workers) were employed in the company.

Contingent liabilities

DAIG has given a guarantee for the liabilities of its subsidiary, Deutsche Annington Finance B.V. These liabilities result from the issuance of bonds in the amount of € 2.3 billion.

There is a letter of comfort given to the seller of shares in ten railway housing companies in which DAIG undertakes to provide these companies with sufficient own funds and liquidity on a long-term basis in order to meet and fulfil their obligations under the privatisation contract for the shares in the companies dated December 14/15, 2000. The obligations comprise guarantees for the provision of housing and employment guarantees.

Contingent liabilities as defined by Section 251 of the German Commercial Code include bank accounts with balances of € 5,590 k pledged to third parties. The bank accounts are largely for securing purchase price payments received from third parties and are blocked until performance of the work still outstanding under the respective contract.

The Management Board considers the risk of claims arising from the contingent liabilities to be moderate as there are no relevant indications of a claim.

The financial obligations break down as follows:

in €k	2014	2015	2016	2017	from 2018
Under rental and service contracts	7,178	6,704	4,957	1,336	308
Under TV basic-service contracts	11,585	8,928	8,928	8,095	91,758
of which to affiliated companies	153	153	153	153	269

In the financial year 2011, Deutsche Multimedia Service GmbH signed contracts with Telekom Deutschland GmbH with a view to creating a joint strategic partnership. As regards assumption of debt, Telekom Deutschland GmbH and DAIG have agreed that, in addition to Deutsche Multimedia Service GmbH, DAIG will jointly and severally enter into all existing and future obligations arising from the contracts. As of the balance-sheet date, there are financial obligations of € 129 million resulting from the contract for the TV basic service. These obligations are set against future income from marketing the TV basic service to the tenants.

Related parties

In the 2013 financial year, the costs of € 3.6 million for the stock exchange placement were borne and settled by Monterey to the extent that they relate to the share of 10,606,060 old shares of Monterey.

With completion of the stock exchange listing, the previous Long-Term Incentive Plan (LTIP) for two Management Board members was settled and replaced by a new LTIP for all three Management Board members. Details of the LTIP – as well as the remuneration of the governing bodies - are given in the Remuneration Report.

DAIG's settlement claim against Monterey under the former Long-Term Incentive Plan (LTIP) for serving and former Management Board members was settled by Monterey so that there is now only a settlement claim under the LTIP regarding one former Management Board member for whom not all conditions of the LTIP have been fulfilled.

The obligations under the LTIP towards selected executives of the DAIG Group have been fulfilled insofar as the fulfilment conditions have been met through the IPO.

Obligations under the former LTIP as well as the new LTIP are shown under other provisions on the basis of actuarial calculations and reports.

Shareholdings in accordance with Section 285, No. 11 and No. 11a HGB

The list of shareholdings is given in Annex 2 to these Notes.

Auditor's services

For information on the scope of the auditor's services for DAIG and its subsidiaries, we refer to the relevant notes in the Notes to the consolidated financial statements.

Governing bodies

The following are members of the **SUPERVISORY BOARD**:

Dr Wulf H. Bernotat, since June 18, 2013

Chairman of the Supervisory Board

Former CEO of E.ON SE

Mandates:

- > Allianz SE (Deputy Chairman of the Supervisory Board)
- > Bernotat & Cie. GmbH (Managing Director)
- > Bertelsmann SE & Co. KGaA (Member of the Supervisory Board)
- > Bertelsmann Management SE (Member of the Supervisory Board)
- > Deutsche Telekom AG (Member of the Supervisory Board)
- > Metro AG (Member of the Supervisory Board)

Prof. Dr Edgar Ernst, since June 18, 2013

President of Deutsche Prüfstelle für Rechnungslegung DPR e.V.

Mandates:

- > Deutsche Postbank AG (Member of the Supervisory Board)
- > DMG MORI SEIKI AG (Member of the Supervisory Board)
- > TUI AG (Member of the Supervisory Board)
- > Wincor Nixdorf AG/Wincor Nixdorf International GmbH (Member of the Supervisory Board)

Hildegard Müller, since June 18, 2013

Chairwoman of the Executive Board of Bundesverband der Energie- und Wasserwirtschaft

Mandates:

- > Bundesverband der Energie- und Wasserwirtschaft (Chairwoman of the Executive Board)

Clara-Christina Streit, since June 18, 2013

Former Senior Partner with McKinsey & Company, Inc.

Mandates:

- > Delta Lloyd N.V. (Member of the Supervisory Board, subject to the approval of the Dutch Central Bank)
- > Vontobel Holding AG (Member of the Administrative Board)

Robert Nicolas Barr, from May 21, 2013 (previously dormant)

Deputy Chairman of the Supervisory Board

Operational Managing Director of Terra Firma Capital Partners Ltd.

Mandates:

- > Odeon and UCI Cinemas Holdings Limited (Member of the Board of Directors)
- > Terra Firma Capital Partners Limited (Director)

Tim Pryce, since June 18, 2013

Chief Executive Officer of Terra Firma Capital Partners Ltd.

Mandates:

- > Terra Firma Capital Partners Limited (Member of the Board of Directors)
- > Terra Firma Investments (DA) Limited (Member of the Board of Directors)
- > Terra Firma Investments (DA) II Limited (Member of the Board of Directors)
- > Terra Firma Investments (GP) 2 Limited (Member of the Board of Directors)
- > Terra Firma Investments (GP) 3 Limited (Member of the Board of Directors)
- > Terra Firma Investments (RE) Limited (Member of the Board of Directors)
- > Terra Firma Investments (Special Opportunities I) Limited (Member of the Board of Directors)

Arjan Breure

Financial Managing Director of Terra Firma Capital Partners Ltd.

Mandates:

- > Elli Group (UK) Limited (Member of the Board of Directors)
- > Elli Finance (UK) plc (Member of the Board of Directors)
- > Elli Management Limited (Member of the Board of Directors)
- > Maltby Capital Limited (Member of the Board of Directors)
- > Maltby Holdings Limited (Member of the Board of Directors)

Fraser Duncan

Business Consultant

Mandates:

- > Annington Ltd (Non-executive Director)
- > Aurelius Property LLP (Member of the Board of Directors)
- > Metellus Property LLP (Member of the Board of Directors)
- > Odeon and UCI Holdings plc (Non-executive Director)
- > Clockjack Investments (Member of the Board of Directors)
- > Abroadacre Ltd (Director)

Professor Dr Klaus Rauscher

Business Consultant

Mandates:

- > Drägerwerk AG & Co. KGaA (Member of the Supervisory Board)
- > Dräger Medical GmbH (Member of the Supervisory Board)
- > Dräger Safety GmbH (Member of the Supervisory Board)
- > Drägerwerk Verwaltungs AG (Member of the Supervisory Board)
- > Endi AG until August 31, 2013 (Chairman of the Supervisory Board)

Guy Hands, until June 18, 2013

Chairman

Chairman and Chief Investment Officer of Terra Firma Capital Partners Ltd.

Neil Hasson, until June 18, 2013

Managing Director of Citi Property Investors

The following have been appointed **MANAGEMENT BOARD MEMBERS**:

Rolf Buch, since April 1, 2013

(Chairman)

Mandates:

- > GSB Gesellschaft zur Sicherung von Bergmannswohnungen mbH (Member of the Supervisory Board)
- > Woldemar-Winkler Stiftung of Sparkasse Gütersloh (Member of the Committee)

Robert Nicolas Barr, until May 20, 2013

Klaus Freiberg

Dr. A. Stefan Kirsten

Mandates:

- > AVW Versicherungsmakler GmbH (Member of the Supervisory Board)
- > VBW Bauen und Wohnen GmbH (Deputy Chairman of the Supervisory Board)

Remuneration Report

Information on the individual remuneration of the DAIG Management Board and the Supervisory Board members is given in the Remuneration Report which is part of the combined management report.

Remuneration of the Supervisory Board:

The Supervisory Board members received fixed remuneration of € 639 k (prior year: € 194 k) for their work in the financial year.

Remuneration of the Management Board:

The total remuneration received by serving Management Board members for the 2013 financial year amounts to € 20.4 million (prior year: € 3.4 million). Of this figure, € 2.3 million (prior year: € 2.1 million) was for fixed remuneration components including non-cash benefits and other remuneration. The variable remuneration of € 1.7 million (prior year: € 1.3 million) refers to bonuses. The settlement of the previous LTIP accounts for € 2.4 million.

The total remuneration includes the fair value of the 931,030 notional shares granted under the new LTIP for the entire five-year period amounting to € 14.0 million. This corresponds to the actuarial fair value of the expected remuneration over the entire five-year period of the LTIP.

Remuneration of former Management Board members and their surviving dependants:

The total remuneration of the former Management Board members and their surviving dependants amounts to € 7.3 million for the 2013 financial year (prior year: € 3.0 million). The pension obligations to serving members of the Management Board amount to € 0.8 million (prior year: € 0.5 million) and to former members of the Management Board and their surviving dependants to € 10.7 million (prior year: € 7.8 million).

Appropriation of profit

The Management Board and the Supervisory Board propose to the Annual General Meeting of Shareholders that, out of the net profit of Deutsche Annington Immobilien SE for the 2013 financial year of € 195,583,207.82, an amount of € 156,969,697.50 on the shares of the share capital as at December 31, 2013 be paid as a dividend to the shareholders and the remaining amount of € 38,613,510.32 be carried forward to the new account or be used for other dividends on shares which are entitled to dividends at the time of the Annual General Meeting and which go beyond those as at December 31, 2013. This corresponds to a dividend of € 0.70 per share.

The dividend will be distributed on the basis of the shares entitled to a dividend at the time of the Annual General Meeting.

Declaration in accordance with Section 160, para. 1, No. 8 AktG

In accordance with Section 160, para. 1, No. 8 German Stock Corporation Act (Aktiengesetz), information shall be given relating to the existence of a shareholding which has been notified pursuant to Section 21, para. 1 or para. 1a of the Securities Trading Act (Wertpapierhandelsgesetz).

The Company has received the following notifications of voting rights:

1. Monterey Holdings I S.à r.l., Luxembourg, Grand Duchy of Luxembourg, has informed us according to Section 21, para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

2. Terra Firma Deutsche Annington L.P., St. Peter Port, Guernsey, has informed us according to Section 21, para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to Terra Firma Deutsche Annington L.P. pursuant to Section 22, para. 1, sentence 1, No. 1 WpHG and were held by the following controlled company:

> Monterey Holdings I S.à r.l.

3. Terra Firma Deutsche Annington - II L.P., St. Peter Port, Guernsey, has informed us according to Section 21, para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to Terra Firma Deutsche Annington - II L.P. pursuant to Section 22, para. 1, sentence 1, No. 1 WpHG and were held by the following controlled company:

> Monterey Holdings I S.à r.l.

4. Terra Firma Deutsche Annington - III L.P., St. Peter Port, Guernsey, has informed us according to Section 21, para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to Terra Firma Deutsche Annington - III L.P. pursuant to Section 22, para. 1, sentence 1, No. 1 WpHG and were held by the following controlled company:

> Monterey Holdings I S.à r.l.

5. Terra Firma Deutsche Annington - IV L.P., St. Peter Port, Guernsey, has informed us according to Section 21, para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to Terra Firma Deutsche Annington - IV L.P. pursuant to Section 22, para. 1, sentence 1, No. 1 WpHG and were held by the following controlled company:

> Monterey Holdings I S.à r.l.

6. Terra Firma Deutsche Annington - V L.P., St. Peter Port, Guernsey, has informed us according to Section 21 para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to Terra Firma Deutsche Annington - V L.P. pursuant to Section 22, para. 1, sentence 1, No. 1 WpHG and were held by the following controlled company:

> Monterey Holdings I S.à r.l.

7. Terra Firma Investments (DA) Limited, St. Peter Port, Guernsey, has informed us according to Section 21 para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to Terra Firma Investments (DA) Limited pursuant to Section 22, para. 1, sentence 1, No. 1 WpHG and were held by the following controlled companies:

- > Terra Firma Deutsche Annington L.P.
- > Terra Firma Deutsche Annington - III L.P.
- > Terra Firma Deutsche Annington - IV L.P.
- > Terra Firma Deutsche Annington - V L.P.
- > Monterey Holdings I S.à r.l.

8. Terra Firma Investments (DA) II Limited, St. Peter Port, Guernsey, has informed us according to Section 21 para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to Terra Firma Investments (DA) II Limited pursuant to Section 22, para. 1, sentence 1, No. 1 WpHG and were held by the following controlled companies:

- > Terra Firma Deutsche Annington - II L.P.
- > Monterey Holdings I S.à r.l.

9. Terra Firma Holdings Limited, St. Peter Port, Guernsey, has informed us according to Section 21 para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to Terra Firma Holdings Limited pursuant to Section 22, para. 1, sentence 1, No. 1 WpHG and were held by the following controlled companies:

- > Terra Firma Investments (DA) Limited
- > Terra Firma Investments (DA) II Limited
- > Terra Firma Deutsche Annington L.P.
- > Terra Firma Deutsche Annington - II L.P.
- > Terra Firma Deutsche Annington - III L.P.
- > Terra Firma Deutsche Annington - IV L.P.
- > Terra Firma Deutsche Annington - V L.P.
- > Monterey Holdings I S.à r.l.

10. TFCP Capital Investments Limited, St. Peter Port, Guernsey, has informed us according to Section 21 para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), its share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to TFCP Capital Investments Limited pursuant to Section 22, para. 1, sentence 1, No. 1 WpHG and were held by the following controlled companies:

- > Terra Firma Holdings Limited
- > Terra Firma Investments (DA) Limited
- > Terra Firma Investments (DA) II Limited
- > Terra Firma Deutsche Annington L.P.
- > Terra Firma Deutsche Annington - II L.P.
- > Terra Firma Deutsche Annington - III L.P.
- > Terra Firma Deutsche Annington - IV L.P.
- > Terra Firma Deutsche Annington - V L.P.
- > Monterey Holdings I S.à r.l.

11. Guy Hands, Guernsey, has informed us according to Section 21 para. 1a WpHG, that on July 2, 2013, the date of the first-time admission of the shares in Deutsche Annington Immobilien SE to trading on the regulated market on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), his share in the voting rights of Deutsche Annington Immobilien SE amounted to 90.00 % (200,000,000 voting rights).

90.00 % (200,000,000 voting rights) thereof were attributed to Guy Hands pursuant to Section 22 para. 1 sentence 1 No. 1 WpHG and were held by the following controlled companies:

- > TFCP Capital Investments Limited
- > Terra Firma Holdings Limited
- > Terra Firma Investments (DA) Limited
- > Terra Firma Investments (DA) II Limited
- > Terra Firma Deutsche Annington L.P.
- > Terra Firma Deutsche Annington - II L.P.
- > Terra Firma Deutsche Annington - III L.P.
- > Terra Firma Deutsche Annington - IV L.P.
- > Terra Firma Deutsche Annington - V L.P.
- > Monterey Holdings I S.à r.l.

12. On July 25, 2013, Norges Bank (the Central Bank of Norway), Oslo, Norway has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Deutsche Annington Immobilien SE, Düsseldorf, Deutschland, have exceeded the 3 % and 5 % threshold of the voting rights on July 11, 2013 and on that day amounted to 5.47 % (this corresponds to 12,150,000 voting rights).

13. On July 25, 2013, the Ministry of Finance on behalf of the State of Norway, Oslo, Norway has informed us according to Article 21, Section 1 of the WpHG that via shares its Voting Rights on Deutsche Annington Immobilien SE, Düsseldorf, Deutschland, have exceeded the 3 % and 5 % threshold of the voting rights on July 11, 2013 and on that day amounted to 5.47 % (this corresponds to 12,150,000 voting rights). According to Article 22, Section 1, Sentence 1, No. 1 of the WpHG, 5.47 % of the voting rights (this corresponds to 12,150,000 voting rights) is to be attributed to the company via Norges Bank.

List of Deutsche Annington Immobilien SE Shareholdings

Annex 2

as at December 31, 2013 according to section 285 no. 11 HGB

Declaration in accordance with Section 161 AktG

The declarations on the German Corporate Governance Code to be made by DAIG in accordance with Section 161 of the German Stock Corporation Act (AktG) are available to shareholders and interested parties on the company's website (www.deutsche-annington.com). Furthermore, the declarations are given for the first time in the combined management report.

Parent company

As the ultimate parent company and parent company for the largest group of affiliated companies, Monterey Holdings I S.à r.l. prepares consolidated financial statements in accordance with IFRS, as they are to be applied in the EU, in which DAIG is included with its subsidiaries. These consolidated financial statements are published in the electronic Commercial Register of the Grand Duchy of Luxembourg (www.legilux.lu).

Düsseldorf, February 28, 2014

Deutsche Annington Immobilien SE
The Management Board

Rolf Buch Klaus Freiberg Dr A. Stefan Kirsten

Subsidiaries higher 20 %

Nr.	Company	Company domicile	Interest %	Equity €k	Net income / loss for the year €k
1	286 Baugesellschaft Bayern mbH	Munich	94.90	122,043	5,980
2	268 Bundesbahn Wohnungsbaugesellschaft Kassel Gesellschaft mit beschränkter Haftung	Kassel	94.90	1,739	-2,556
3	293 Bundesbahn-Wohnungsbaugesellschaft Regensburg mbH	Regensburg	94.90	51,090	-867
4	261 BWG Frankfurt am Main Bundesbahn-Wohnungsbaugesellschaft mbH	Frankfurt	94.90	71,187	-1,653
5	37 Deutsche Annington Acquisition Holding GmbH (früher: Deutsche Annington Dritte Beteiligungsgesellschaft mbH)	Düsseldorf	100.00	21	-1
6	146 DA DMB Netherlands B.V.	Eindhoven/NL	100.00	36,964	2,415
7	196 Deutsche Annington Beteiligungsverwaltungs GmbH	Düsseldorf	100.00	146,308	32,061
8	400 Deutsche Annington Business GmbH	Bochum	100.00	25	-5 1) 2) 3)
9	170 Deutsche Annington Business Management GmbH	Bochum	100.00	1,050	2,036 1) 2) 3)
10	226 Deutsche Annington DEWG GmbH & Co. KG	Bochum	100.00	7,279	2,220
11	253 Deutsche Annington DEWG Verwaltungs GmbH	Düsseldorf	100.00	30	0 5)
12	116 Deutsche Annington DID Verwaltungs GmbH	Düsseldorf	100.00	22	-1 5)
13	171 Deutsche Annington Dienstleistungs GmbH	Bochum	100.00	439	1,842 1) 2) 3)
14	401 Deutsche Annington Dienstleistungsmanagement GmbH	Bochum	100.00	25	-143 1) 2) 3)
15	147 Deutsche Annington DMB Eins GmbH	Bochum	100.00	1,910	148 1)
16	404 Deutsche Annington Eigentumsverwaltungs GmbH	Bochum	100.00	25	-70 1) 2) 3)
17	269 Deutsche Annington EWG Kassel Bestands GmbH & Co. KG	Bochum	100.00	9,757	2,792
18	270 Deutsche Annington EWG Kassel Bewirtschaftungs GmbH & Co. KG	Bochum	100.00	32,213	2,286
19	271 Deutsche Annington EWG Kassel Verwaltungs GmbH	Düsseldorf	100.00	22	-1 5)
20	300 Deutsche Annington Finance B.V.	Amsterdam/NL	100.00	-5,270	-7,288 4)
21	118 Deutsche Annington Finance GmbH	Düsseldorf	100.00	2,900	144
22	245 Deutsche Annington Fundus Immobiliengesellschaft mbH	Cologne	100.00	3,179	1,166 1)
23	125 Deutsche Annington Fünfte Immobiliengesellschaft mbH	Düsseldorf	100.00	3,404	-1
24	224 Deutsche Annington Haus GmbH	Kiel	100.00	1,900	324
25	222 Deutsche Annington Heimbau GmbH	Kiel	100.00	26,295	-1,877
26	219 Deutsche Annington Heimbau Verwaltungs GmbH	Düsseldorf	100.00	21	-1 5)
27	150 Deutsche Annington Holdings Drei GmbH	Bochum	100.00	13,947	406
28	140 Deutsche Annington Holdings Eins GmbH	Düsseldorf	100.00	150,606	-2,816
29	215 Deutsche Annington Holdings Fünf GmbH	Düsseldorf	100.00	36,922	7,151 1) 3)
30	155 Deutsche Annington Holdings Sechs GmbH	Bochum	100.00	72	-1
31	214 Deutsche Annington Holdings Vier GmbH	Düsseldorf	100.00	36,849	7,005 1) 2) 3)
32	308 Deutsche Annington Holdings Vier GmbH & Co. KG	Bochum	100.00	34,932	194
33	141 Deutsche Annington Holdings Zwei GmbH	Düsseldorf	100.00	138,847	-2,680 1)
34	107 Deutsche Annington Immobilien-Dienstleistungen GmbH	Düsseldorf	100.00	7,771	-2,385 1)

Nr.	Company	Company domicile	Interest %	Equity €k	Net income / loss for the year €k
35	178 Deutsche Annington Immobilienmanagement GmbH	Bochum	100.00	24	-315 1) 2) 3)
36	166 Deutsche Annington Immobilienservice GmbH	München	100.00	25	383 1) 3)
37	165 Deutsche Annington Immobilienservice West GmbH	Bochum	100.00	25	393 1) 3)
38	50 Deutsche Annington Informationssysteme GmbH	Düsseldorf	100.00	2,124	110 1) 2) 3)
39	119 Deutsche Annington Interim DAMIRA GmbH	Düsseldorf	100.00	568	54
40	405 Deutsche Annington IT-Management GmbH	Düsseldorf	100.00	25	-43 1) 2) 3)
41	402 Deutsche Annington Kundenmanagement GmbH	Bochum	100.00	25	-48 1) 2) 3)
42	173 Deutsche Annington Kundenservice GmbH	Bochum	100.00	339	1,295 1) 2) 3)
43	314 Deutsche Annington McKinley Drei Verwaltungs GmbH	Düsseldorf	100.00	22	-3 4)
44	313 Deutsche Annington McKinley Eins GmbH & Co. KG	Bochum	100.00	47,218	-6,283 4)
45	312 Deutsche Annington McKinley Eins Verwaltungs GmbH	Düsseldorf	100.00	22	-2 4)
46	311 Deutsche Annington McKinley-Holding GmbH & Co. KG	Bochum	100.00	53,499	-2 4)
47	304 Deutsche Annington Regenerative Energien GmbH	Bochum	100.00	186	-1
48	75 Deutsche Annington Revisionsgesellschaft mbH	Düsseldorf	100.00	47	-1
49	248 Deutsche Annington Rheinland Immobiliengesellschaft mbH	Cologne	100.00	13,762	1,568 1)
50	235 Deutsche Annington Rhein-Ruhr GmbH & Co. KG	Düsseldorf	100.00	25,653	9,218
51	310 Deutsche Annington Sechste Beteiligungs GmbH	Düsseldorf	100.00	23	-2 4)
52	188 Deutsche Annington Service GmbH	Bochum	100.00	63	-1,472 1) 2) 3)
53	172 Deutsche Annington Vertriebs GmbH	Bochum	100.00	284	564 1) 2) 3)
54	403 Deutsche Annington Vertriebsmanagement GmbH	Bochum	100.00	25	-37 1) 2) 3)
55	117 Deutsche Annington Vierte Beteiligungsgesellschaft mbH	Düsseldorf	100.00	22	0 5)
56	106 Deutsche Annington WOG E Drei Verwaltungs GmbH	Düsseldorf	100.00	22	-1 5)
57	144 Deutsche Annington WOG E Fünf Bestands GmbH & Co. KG	Bochum	100.00	218	-26
58	145 Deutsche Annington WOG E Fünf Bewirtschaftungs GmbH & Co. KG	Bochum	100.00	88,501	3,827
59	143 Deutsche Annington WOG E Fünf Verwaltungs GmbH	Düsseldorf	100.00	22	0
60	152 Deutsche Annington WOG E Sechs Bestands GmbH & Co. KG	Bochum	100.00	1	100
61	153 Deutsche Annington WOG E Sechs Bewirtschaftungs GmbH & Co. KG	Bochum	100.00	9,320	1,066
62	151 Deutsche Annington WOG E Sechs Verwaltungs GmbH	Bochum	100.00	24	0
63	216 Deutsche Annington WOG E Sieben Verwaltungs GmbH	Düsseldorf	100.00	24	1
64	212 Deutsche Annington WOG E Vier Bestands GmbH & Co. KG	Bochum	100.00	12,847	1,659
65	130 Deutsche Annington WOG E Vier GmbH & Co. KG	Bochum	100.00	-180,643	-74
66	103 Deutsche Annington Wohnungsgesellschaft I mbH	Essen	100.00	37,553	1,785 1)
67	105 Deutsche Annington Wohnungsgesellschaft III mbH	Bochum	100.00	32,422	189 1)
68	202 Deutsche Annington Zweite Beteiligungsgesellschaft mbH	Essen	100.00	45	-4
69	250 Deutsche Eisenbahn-Wohnungs-Holdings GmbH & Co. KG	Leipzig	100.00	11,938	7,395
70	167 Deutsche Multimedia Service GmbH	Düsseldorf	100.00	24	414 1) 2) 3)
71	177 Deutsche Soziale Wohnen GmbH	Bochum	100.00	77	18
72	162 Deutsche TGS Dienstleistungsgesellschaft mbH	Bochum	100.00	25	0 4)
73	161 Deutsche TGS GmbH	Bochum	51.00	128	1,626
74	163 Deutsche TGS Rheinland GmbH	Bochum	100.00	151	126 4)
75	160 Deutsche TGS West GmbH	Düsseldorf	51.00	637	2,396
76	24 Deutsche Wohn-Inkasso GmbH	Bochum	100.00	25	1,516 1) 2) 3)
77	281 Eisenbahn-Siedlungsgesellschaft Augsburg mbH (Siegau)	Augsburg	94.90	2,549	-9,460
78	265 Eisenbahn-Wohnungsbau-Gesellschaft Karlsruhe GmbH	Karlsruhe	94.90	109,523	790
79	241 Eisenbahn-Wohnungsbau-Gesellschaft Köln mbH	Cologne	94.90	137,655	-4,039
80	289 Eisenbahn-Wohnungsbau-Gesellschaft Nürnberg GmbH	Nuremberg	94.90	8,493	-428
81	123 Frankfurter Siedlungsgesellschaft mbH	Düsseldorf	100.00	431,691	14,079 1) 2)

Nr.	Company	Company domicile	Interest %	Equity €k	Net income / loss for the year €k
82	122 FSG Immobilien GmbH & Co. KG	Düsseldorf	100.00	193,025	15,760
83	121 FSG Immobilien Verwaltungs GmbH	Düsseldorf	100.00	19	-1
84	124 FSG-Holding GmbH	Düsseldorf	94.80	7,937	125
85	115 Immobilienfonds Koblenz-Karthause Wolfgang Hober KG	Düsseldorf	92.71	2,589	220
86	903 JANANA Grundstücksgesellschaft mbH & Co.KG	Grünwald	94.90	2,140	-58
87	902 KADURA Grundstücksgesellschaft mbH & Co.KG	Grünwald	94.91	25,924	-230
88	900 LEMONDAS Grundstücksgesellschaft mbH & Co.KG	Grünwald	94.90	1,359	21
89	901 LEVON Grundstücksgesellschaft mbH & Co.KG	Grünwald	94.90	6,055	46
90	910 MAKAB Beteiligungs Eins GmbH	Düsseldorf	100.00	22	-30
91	909 MAKAB Grundstücksgesellschaft mbH & Co. KG	Grünwald	100.00	75	-48
92	907 MAKANA Beteiligungsgesellschaft Eins GmbH	Düsseldorf	100.00	2,282	-10
93	904 MAKANA Grundstücksgesellschaft mbH & Co. KG	Grünwald	94.90	10,416	27
94	906 MANGANA Grundstücksgesellschaft mbH & Co. KG	Grünwald	94.90	1,544	328
95	905 MELCART Grundstücks-Verwaltungsgesellschaft mbH	Grünwald	94.80	789	40
96	93 MIRA Grundstücksgesellschaft mbH	Düsseldorf	94.90	135,152	-8 1)
97	911 MIRIS Grundstücksgesellschaft mbH & Co. KG	Grünwald	94.90	2,001	290
98	303 Monterey Capital I S.à r.l.	Strassen / L	100.00	4	-1
99	307 Prima Wohnbauten Privatisierungs-Management GmbH	Berlin	100.00	23,845	7,246 1) 3)
100	273 "Siegau" Siedlungsgesellschaft für das Verkehrspersonal mbH Mainz	Mainz	94.90	71,478	-726
101	175 Verimmo2 GmbH	Bochum	100.00	26	42 1) 2) 3)
102	193 Viterra Holdings Eins GmbH	Düsseldorf	100.00	709,760	-1,093
103	194 Viterra Holdings Zwei GmbH	Düsseldorf	100.00	703,376	-2,715
104	231 Wohnungsgesellschaft Ruhr-Niederrhein mbH Essen	Essen	94.90	31,079	-2,559

Other shares at great capital companies higher 5%

Company	Company domicile	Interest %	Equity €k 31.12.2012	Net income / loss for the year €k 31.12.2012	
6486	Hellerhof GmbH	Frankfurt am Main	13.17	46,709	4,317
8011	VBW Bauen und Wohnen GmbH	Bochum	14.15	82,735	5,626

1) result before transfer of result

2) profit-and-loss transfer agreement with DAIG

3) exemption according to section 264 para. 3 HGB

4) result from short business year

5) shares increase of 0.40 % to the previous year

Auditor's Report

Independent Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the combined management report of Deutsche Annington Immobilien SE, Düsseldorf, for the financial year from January 1 to December 31, 2013. The maintenance of the books and records and the preparation of the annual financial statements and combined management report in accordance with German commercial law and supplementary provisions of the articles of association are the responsibility of the Company's executive board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the executive board, as well as evaluating the overall presentation of the annual financial statements and combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and the provisions of the Company's articles of association and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Essen, February 28, 2014

KPMG AG

Wirtschaftsprüfungsgesellschaft

Dr. Hain
Wirtschaftsprüfer
[German Public Auditor]

Salzmann
Wirtschaftsprüferin
[German Public Auditor]

Responsibility Statement

"To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the Group's net assets, financial and results of operations, and the combined Group management report includes a fair view of the business development including the results and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the financial year."

Rolf Buch Klaus Freiberg Dr A. Stefan Kirsten

Contact

DEUTSCHE ANNINGTON IMMOBILIEN SE

Philippstrasse 3
44803 Bochum
Germany

Phone +49 234 314- 0
Fax +49 234 314- 1314
info@deutsche-annington.com
www.deutsche-annington.com

YOUR CONTACTS

Corporate Communications

Klaus Markus
Head of Corporate Communications
Phone +49 234 314 1149
Fax +49 234 314 1309
E-Mail: klaus.markus@deutsche-annington.com

Investor Relations

Thomas Eisenlohr
CFA, Head of Investor Relations
Phone +49 234 314 2384
Fax +49 234 314 2884

Financial Calendar

April 30, 2014	Interim Report Q1 2014
Mai 12, 2014	Annual General Meeting
Juli 31, 2014	Interim Report H1 2014
Oktober 30, 2014	Interim Report Q3 2014

Imprint

Published by the Management Board of Deutsche Annington Immobilien SE
Status: February 2014
© Deutsche Annington Immobilien SE, Bochum, Germany

