Deutsche Annington Finance B.V., Amsterdam

Financial Report 2013

Content

1. Management report 2013

Early 2013 the senior management of Deutsche Annington Immobilien SE, Düsseldorf („DAIG“ or „entity“) initiated the execution of the new financing strategy for the DAIG group. This strategy is based on a balanced equity and debt financing with a solid equity and LTV (loan – to – value) ratio. This means in particular a refinancing of the GRAND CMBS securitization by a sound mixture of issued unsecured and unsubordinated bonds, of structured financings and mortgage loans and as a consequence a weighted and balanced maturity profile.

As a first step DAIG has applied in June 2013 for the permission of an initial public offering to trade its shares on the Frankfurt and Luxembourg Stock Exchange based on a prospectus in accordance with the EU prospectus guidelines. The permission was rendered on 19 June and 10 July by the German oversight authorities (Bafin).

The initial public offering (IPO) occurred on 11 July 2013 in the Prime Standard Segment of the Frankfurt Stock Exchange (WKN: A1ML7J; Ticker Symbol: ANN).

As a consequence from the IPO the DAIG obtained proceeds of net (of transaction costs) 379m€ in the course of the associated increase of the subscribe capital.

With the closing of the IPO and the obtained proceeds the rating agency Standard & Poors (S&P) released for DAIG a corporate credit rating long-term BBB and short-term A2 with stable outlook (investment grade rating BBB). The successful IPO and the investment grade rating from S&P opened the doors for a fundraising through the international equity and debt markets.

In execution of the financing strategy DAIG founded Deutsche Annington Finance B.V., Amsterdam, (DA Finance B.V.), a fully owned subsidiary of DAIG, as an entity to perform the fundraising on the international debt markets through the issuance of unsecured and unsubordinated bonds. The fund raising would be on-lended to the DAIG group to allow finally for a refinancing of the GRAND CMBS securitization which would release DAIG group from all the restrictions associated with a CMBS financing. In parallel DAIG managed a refinancing of certain property portfolios through structured financings. Making use of a Dutch financing company is in line with international practice.

On 25 July, on 2 and 8 October 2013 DA Finance B.V. issued on the basis of the investment grade rating and an unlimited and unconditional guarantee of DAIG bonds in three steps and five tranches with a total amount of 2.540 m€. The raised funds served finally for the repayment of the GRAND CMBS securitization by on-lending the funds to the respective DAIG group entities. DA Finance B.V. obtains an interest rate on the on-lending which represents a mixture form the interest rates payable on the bonds plus arm’s length margin.

After the repayment of the GRAND securitization finally through the bond proceeds, the achieved structured financings and the successful IPO DAIG has essentially achieved the main objectives of its financing strategy with the balanced mixture of equity and unsecured, unsubordinated bonds with free access to the equity and debt markets based on an investment grade rating. This translates in an overall LTV of around 50%.

These achievements are a clearly distinguishing competitive advantage for a German residential real estate company.

DAIG serves within the DAIG group as management holding and cash-pool leader.

DA Finance B.V. is an integral part of the DAIG risk and control management system and is monitored and supervised by the middle office of the DAIG treasury department which in particular takes care of the main business risks of DA Finance B.V. as there are the interest rate risk, the liquidity risk and the counterparty risk and to a certain degree the currency risk. DAIG treasury is also responsible for the execution of a reasonable hedging of the before mentioned risks.

DA Finance B.V. is incorporated in the consolidated financial statements of DAIG prepared under IFRS as endorsed in the EU.

DAIG senior management has the clearly articulated intention to raise further funds through DA Finance B.V. by issuing further bonds to obtain debt financings to complement equity financing for further internal as well as external growth (through acquisitions). Acquisitions are an integral part of the DAIG strategy and DA Finance B.V. therefore an important tool to execute the DAIG strategy. On this account the issuing of additional bonds and transactions within the DA Finance BV can be expected. The going concern of the DA Finance BV is ensured.

The results of 2013 are negatively affected by the first time losses from the contracted cross-currency swaps. The swaps have been purchased to support the North-American fundraising, the first bond placed in the US through a European residential real estate company with which DAIG group got access to the North-American debt markets. The company applies hedge accounting to hedge currency risk on borrowings and lendings.

Besides that, the results of DA Finance B.V. should be driven by the margin obtained on the on-lending less certain charges for central service provided through DAIG. Finally DA Finance B.V. is supported by the unconditional and unlimited guarantee of DAIG. Also in the future the earnings will be determined by income items associate by the on-lending of raised funds and the profitability will be based on the margins obtained from the on-lending in excess of the interest to be paid on the notes and the service charges. Based on that DA Finance B.V. will achieve a reasonable profit under these circumstances.

DA Finance B.V. does not engage in any research and development activities.

Amsterdam, 10 March 2014

Original has been signed by
Rick van Dijk

Original has been signed by
Lars Schnidrig

2. Financial Statements

a. Balance Sheet as at 31 December 2013
(before appropriation of result)

Assets		**31 December 2013**	
	Note	EUR´000	EUR´000
Fixed assets			
Tangible fixed assets	5	12	
Receivables from affiliated companies	6	2.527.126	
			2.527.138
Current assets			
Receivables from affiliated companies	6	21.620	
Deferred tax assets	7	2.545	
Cash and cash equivalents	4.4	2.000	
			26.165
Total assets			2.553.303

Liabilities		31 December 2013	
	Note	EUR´000	EUR´000
Equity			
Subscribed capital	8	18	
Capital reserve	8	2.000	
Net result for the period		-6.992	
			-4.974
Provisions			230
Long-term liabilities			
Bonds	9	2.507.856	
Derivative financial liabilities	18	24.657	
			2.532.513
Current liabilities			
Trade payables		613	
Other liabilities	10	24.921	
			25.534
Total equity and liabilities			2.553.303

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

b. Income statement for the period 19 June until 31 December 2013

		31 December 2013	
	Note	EUR´000	EUR´000
Income			
Interest and similar income	11		34.324
Expenses			
Interest and similar expenses	11		-43.720
Net financial expenses			-9.396
Personal expenses	13	-45	
Depreciation and amortization expenses	14	-1	
Other operating expenses	12/15	-102	
Total expenses			-148
Result before taxation			-9.544
Taxation	16		2.552
Result after taxation			-6.992

c. Cash flow statement for the period 19 June until 31 December 2013

	Note	31 December 2013 EUR´000	EUR´000
Net Income for the period			**-6.992**
Cash flows from operating activities			
Adjustments for:			
Depreciation on Property, Plant and Equipment	5	1	
Provision		230	
Trade Payables		613	
Other Liabilities	10	24.921	
Derivative Financial Liabilities	18	24.657	
Deferred tax assets		-2.545	
Net cash generated (used) from operating activities			**47.877**
			40.885
Purchases of Property, Plant and Equipment	5	-13	
Net cash generated (used) from investing activities			**-13**
			40.872
Adjustments for:			
Bonds	9	2.507.856	
Receivables to Affiliated Companies	6	-2.548.746	
Capital Contributions	8	2.018	
Net cash generated (used) from financing activities			**-38.872**
			2.000
Net increase in cash and cash equivalents			

Movements in cash and cash equivalents can be broken down as follows:

Balance as at 19 June 2013	0
Movements during the period	2.000
Balance as at 31 December 2013	**2.000**

2d. Notes to the financial statements 2013

1 General Information

1.1 Activities

The business subject of Deutsche Annington Finance B.V. (DA Finance B.V.) with its statutory domicile in Amsterdam is to raise funds on the international debt markets through the issuance of unsecured and unsubordinated bonds for and on behalf of Deutsche Annington Immobilien SE, Düsseldorf (DAIG) and its affiliated companies and to on-lend the raised funds to the DAIG and its group companies for the purposes of group financing. The head office (principal place of business) is located at Bramenberg 14 A – K5, Eemnes, Netherlands.

The rating agency Standard and Poors (S&P) has released for DAIG a corporate credit rating long-term BBB and short-term A2 with stable outlook. This has to be considered as basis for the activities of DA Finance B.V. on the international debt markets combined with an unlimited and unconditional guarantee of DAIG.

The operations of DA Finance B.V. comprise therefore of:

- to participate in, finance or hold any other interest in, or to conduct management of, other legal entities, partnerships or enterprises
- to furnish guarantees, provide security, warrant performance or in any other way assume liability, whether jointly or severally or otherwise, for or in respect of obligations of Group Companies or other legal parties; and
- to do anything which in the widest sense of words, is connected with or may be conducive to the attainment of these objects.

1.2 Group Structure

DA Finance B.V. is a member of the Deutsche Annington Immobilien SE (DAIG) - Group. The ultimate parent company of this group is DAIG with its legal domicile in Düsseldorf, Germany. The financial statements of DA Finance B.V. are included in the consolidated financial statements under IFRS, as endorsed in the EU, of DAIG. These financial statements are published in the German legal gazette and they are available on the web-side of Deutsche Annington Immobilien SE under www.deutsche-annington.com. Main shareholder with 84,4% is Monterey Holdings S.a r. l. in Luxembourg.

1.3 Going concern

The Company suffered al loss of EUR 6.992 thousand for the period ended 31 Dec 2013, which results in a negative net equity of EUR -/- 4.974 thousand as at 31 Dec 2013. In the future the earnings of the Company will be determined by income items associate by the on-lending of raised funds and the profitability will be based on the margins obtained from the on-lending in excess of the interest to be paid on the notes and the service charges. Based on that DA Finance B.V. will achieve a reasonable profit under these circumstances. Finally, DA Finance B.V. is supported by the unconditional and unlimited guarantee of DAIG. The accounts have therefore been prepared based upon the going concern principle.

1.4 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly be influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors, other key personnel of DA Finance B.V. or of the shareholder or ultimate parent company and close relatives are regarded as related parties.

Significant and or material transactions between the company and related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view. For 2013 no such transaction took place.

1.5 Estimates

Preparing financial statements and the application of relevant rules may require the use of critical accounting estimates which requires therefore exercising professional judgment. Estimates used in these financial statements are limited to the use of provisions for general expenses and taxes based on experience and sound professional judgment.

If necessary to provide a view in accordance with art. 2:360 part 1 DCC of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

1.6 Accounting policies for the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents except for deposits with a maturity over three months. Interest paid and received are included in cash from financing activities.

Notes to the cash flow statement

Under the investments in tangible fixed assets only the investments are included for which in 2013 cash was paid.

2 Principles of valuation for assets and liabilities

2.1 General

The financial statements are prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The financial statements are denominated in EUR.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred.

The balance sheet, income statement and cash flow statement include references to the notes.

2.2 Comparison with prior year

The company was incorporated in 2013 so that 2013 is the first and shortened fiscal year of DA Finance B.V. Therefore a comparison with prior year is not possible and prior year numbers are not stated within the financial statements.

2.3 Foreign currencies

Functional currency

Items in the financial statements of group companies are stated with due observance of the currency of the primary economic environment in which the respective group company operates (the functional currency) and as this is Europe the functional currency is the EURO.

The functional currency of the entity as well as for the DAIG-Group is the EURO.

Transactions, receivables and liabilities
Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate prevailing on the balance sheet date. Investments in participations are stated at the historical exchange rate. Transactions denominated in foreign currencies in the reporting year are recognized in the financial statements at exchange rate ruling at the transaction date.
In the income statement foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized, except when deferred in equity as qualifying hedges.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

Translation differences on non-monetary assets such as equities held at fair value through profit or loss are recognised through profit or loss as part of the fair value gain or loss.

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise, unless they are hedged.

Hedging
In respect of any positions in the balance sheet that are covered by cross currency interest rate swaps or by foreign exchange forward contracts, the differences in values calculated at mid-rates at the end of the year and contract rates are allocated to the respective principals of the loans. If the loan taken is denominated in a currency other than EUR, the respective correction is allocated to this loan. Otherwise the respective loan granted is corrected.

2.4 Tangible fixed assets

Fixed assets are valued at acquisition or production cost including directly attributable expenses, less straight-line depreciation over the estimated useful economic life, or market value if lower.

For computer hardware a depreciation period of 3 years is used.

2.5 Financial fixed assets

Loans, in particular loans to affiliated companies
Loans and receivables to group companies with an original term of more than one year are treated as financial fixed assets. They are valued initially at fair value of the amount owed, which normally consists of the face value, net of any provisions considered necessary. Subsequently they are measured at their amortized cost value.

2.6 Impairment of fixed assets

On each balance sheet date, the company tests whether there are any indications of assets being subject to impairment. If any such indications are present, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount is higher than its recoverable value; the recoverable value is the higher of the net realizable value and the value in use.

Impairment is directly recognized as an expense in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized through profit or loss.

At the balance sheet date no fixed assets were subject to impairments.

2.7 Current assets

Receivables
Current receivables are due and will be received within one year.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and deposits held at call with maturities under twelve months. Bank overdrafts are shown as borrowings under current liabilities. Cash and cash equivalents are stated at face value.

Under the receipts from lending activities in the cash flow statement a cash inflow of KEUR 2.539.809 has been included with regard to securities.

2.9 Long-term liabilities

Bonds
The bonds initial measurement is at fair value and subsequent at amortized cost net of transaction costs. Within 2013 led released transaction costs to an altered subsequent measurement. All long-term amounts due from bonds have a maturity of over one year. Debt insurance costs are netted against nominal amount.

Other liabilities
Other liabilities are valued at their amortized cost value.

2.10 Current liabilities

Short term liabilities with a remaining maturity of within one year are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, being the amount received taking account any premium or discount, less transaction cost.

Bonds
The bonds are valued at their amortized cost value net of transaction cost. All short-term amounts payable from bonds within one year are disclosed under current liabilities. This are in particular accrued interests.

Other liabilities
Other payables with a remaining maturity of within one year are shown under other liabilities and are valued at their nominal redemption value.

Current and deferred income tax
The current Dutch nominal tax rate of 25% has been applied.

Other accrued liabilities
The accruals are stated at the amount required, based on sound business judgment and valued at the expected costs.
Accrued liabilities comprise outstanding invoices.

2.11 Provisions

Provisions are recognized for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated.

Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

2.12 Financial instruments

Securities included in financial and current assets, as well as liabilities and derivative financial instruments, are stated at fair value. The company applies hedge accounting to hedging currency risk on borrowings and lendings. Both the derivative and the hedged item are stated at fair value. The gain or loss relating to the ineffective portion is recognized in the income statement within finance cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

Derivatives are initially recognised in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is quoted in an active market. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not quoted in an active market, it will be stated at cost or lower market value. Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument.

The company applies hedge accounting. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items. The Company also tests its assessment, both at hedge inception and on an ongoing basis, or whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivatives for which a fair value hedge is applied
In applying fair value hedge accounting, both the hedging instrument and the hedged position are stated at fair value, at least where this is attributable to the hedged risk. The gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount at the balance sheet date shall be directly recognised through profit or loss.

The Company shall discontinue prospectively the fair value hedge accounting if:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the criteria for hedge accounting;
- The Company revokes the designation.

To measure the cross currency swaps, future cash flows are calculated and then discounted. The calculated cash flows result from the contract conditions and the US-$ forward rates (development of exchange rates expected by the market). Discounting is based on market interest rate data as at the reporting date for comparable instruments (EURIBOR rate of the same tenor). The fair value contains the credit risk of the cross currency swaps and therefore allows for adjustments for the company's own credit risk or for the counterparty credit risk.

2.13 Deferred Taxes

Deferred income tax assets are recognised to provide for temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial statements, on the understanding that deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and fiscal losses can be utilized.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized.

Deferred income taxes are recognized at face value.

3 Principles for recognition of income and expenses

3.1 General

Result is determined as the difference between the realizable value of services rendered and the costs and other charges for the year. Results on transactions are recognized in the year in which they are realized; losses are taken as soon as they are foreseeable.

3.2 Revenue recognition, financial income and expenses

Revenue from interest income and cost from interest expenses is allocated to the reporting year in which it occurs following the matching principle. Interest income and expense is recognized on a pro rata basis, taking into account the effective interest rate of the assets and liabilities concerned. When recognizing the interest charges, the transaction cost on the loans received is taken into account.

3.3 Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognized in the income statement in the year that they arise unless hedged.

3.4 Other operating income and expenses

Other operating income and expenses include income and expenses that are not directly attributable to the interest income and expenses and are valued at the realizable value. Gains and losses upon the sale of tangible fixed assets are included in other operating income or other operating expenses respectively.

3.5 Depreciation and amortization

Intangible fixed assets are amortized and tangible fixed assets are depreciated over their expected useful lives as from the inception of their use. Future depreciation is adjusted if there is a change in estimated useful life.

3.6 Taxation

Profit tax is calculated on the profit before taxation in the income statement, taking into account any losses carried-forward from previous financial years (insofar as these are not included in deferred tax assets), tax-exempt items and non-deductible expenses. Account is also taken of changes in deferred tax assets and deferred tax liabilities owing to changes in the applicable tax rates.

4 Financial instruments and risks

Risks associated with financial instruments are subject to the risk management system of DAIG group and is in particular monitored through the middle office located in the DAIG Group Treasury department.

4.1 Market risk

Currency risk
The interest rate risks from bonds denominated in foreign currency are hedged with an adequate cross-currency hedge.

Interest rate risk
Risks associated with movements in interest rates are addressed through adequate interest rate hedges. Loans to affiliated companies are in general on fix terms.

4.2 Credit risk

The risk of default arising from financial assets and derivative financial instruments involves the risk of default by counterparties. The maximum loss from derivative instruments equals their positive fair value. Risk is additionally limited by a limit system based on credit assessments by the of our treasury middle office based on announcements from international rating agencies.

4.3 Liquidity risk

The company uses several banks which are selected at group level. The liquidity risk is monitored by assuring that the critical terms of the relevant items match. Finally DA Finance B.V. is supported by the unconditional and unlimited guarantee of DAIG.

4.4 Cash and cash equivalents

Cash and cash equivalents are not restricted with regard to their use.

5 Tangible fixed assets

Tangible fixed assets comprising office equipment subject to scheduled depreciation.

	31/12/2013 **EUR'000**
Acquisition Cost beginning of period	-
Additions	13
Disposals	-
Acquisitions Cost end of period	13
Accumulated depreciation beginning of period	-
Depreciation of the period	1
Accumulated depreciation disposals	-
Accumulated depreciation end of period	1
Total bookvalue	**12**

6 Receivables from affiliated companies

Receivables from affiliated companies are related to the group financing. The receivables from intercompany loans bear interest at 3,189% and have an unlimited term. In addition there are receivables from the cash pool agreement with DAIG. These bear interest at EONIA -0,25%.

	31/12/2013 EUR'000
Deutsche Annington Beteiligungsverwaltungs GmbH	2.101.784
Deutsche Annington Immobilien SE	290.200
Deutsche Annington Immobilien SE – Cashpooling	21.620
Deutsche Annington Wohnungsgesellschaft III mbH	62.953
Deutsche Annington EWG Kassel Bestands GmbH & Co.KG	27.658
Deutsche Annington EWG Kassel Bewirtschaftungs GmbH & Co.KG	19.610
Deutsche Annington Heimbau Bestands GmbH & Co.KG	18.980
Deutsche Annington Heimbau GmbH	5.941
Total	**2.548.746**

7 Deferred tax assets

The deferred tax assets are based on temporary differences with respect to the First time loss from the Cross-currency swap

	31/12/2013 EUR'000
Deferred tax assets	2.545

8 Equity

The authorized share capital of medium-sized DA Finance B.V. amounts to EUR 18.000 and consists of 18.000 ordinary shares with a nominal value of EUR 1. On 25 September 2013 there was an additional paid in the capital reserve. The payment on the shares issued in 2013 was made in cash.

Statement of Changes in Equity (in EUR`000)

	Subscribed capital	Capital reserves	Net result for the period	Total equity
As at 19 June 2013	**18**	**-**	**-**	**18**
Shareholder's capital contributions		**2.000**		**2.000**
Net loss for the period			-6.992	**-6.992**
As at 31 December 2013	**18**	**2.000**	**-6.992**	**-4.974**

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9 Bonds

The long-term liabilities comprising the bonds, issued within 2013, as there are:

Bond	Face Value	Coupon	Maturity
Eurobond	€ 100k	2,125%	7-2016
Eurobond	€ 100k	3,125%	7-2019
Yankeebond	US-$ 50k	3,200%	10-2017
Yankeebond	US-$ 50k	5,000%	10-2023
EMTN Drawdown 1	€ 1.000	3,625%	10-2021

The bonds issued are unsecured and unsubordinated.

The Eurobond is listed on the Frankfurt Stock Exchange, the EMTN Drawdown is listed on the Luxembourg Stock Exchange.

The Yankeebond has been issued in a private placement exclusively to qualified investors in accordance with Rule 144A under the U.S. Securities Act.

		Bookvalue 31/12/2013 EUR'000	Marketvalue 31/12/2013 EUR'000
Eurobond	2,125% listed	695.956	711.883
Eurobond	3,125% listed	596.607	614.055
Yankee bond	3,200% unlisted	540.845	552.390
Yankee bond	5,000% unlisted	178.183	178.073
EMTN Drawdown 1	3,625% listed	496.265	514.200
Total		**2.507.856**	**2.570.601**

The valuation of the Yankee bonds are calculated using standard market valuation methods for such instruments on the basis of the market data provided by an accredited market data vendor.

The determined rates were verified with respect to the implicit risk premiums.

10 Other liabilities

Obligations with a maturity within one year are disclosed as current liabilities.

The current liabilities as of 31 December 2013 result from accrued interest liabilities on the issued bonds.

Bond	Coupon	Interest Payment	31/12/2013 EUR'000
Eurobond	2,125%	annual 25 July	6.480
Eurobond	3,125%	annual 25 July	8.168
Yankee bond	3,200%	semi-annual 2 October / 2 April	4.254
Yankee bond	5,000%	semi-annual 2 October / 2 April	2.216
EMTN Drawdown 1	3,625%	annual 8 October	4.171
			25.289
Compensation with the Cross-currency Swap			- 371
Other tax liabilities			3
Total			**24.921**

The fair value of the current liabilities approximates the book value due to its short term character.

11 Interest and similar income and expenses

	For the period 19 June until 31 December 2013 EUR'000
Interest income from affiliated companies	27.229
Interest income from third parties	6.470
Other interest income	625
	34.324
Interest expenses from affiliated companies	- 2
Interest expenses to third parties	- 32.706
Interest expenses from First Time loss	-11.012
	-43.720
Total	**- 9.396**

In connection with the initial valuation of the cross currency swaps interests are expensed in the P&L statement due to the difference between the net present value and the fair value.

They are attributable to the stringent financial risk management strategy, which does not allow to hold open a currency risk in connection with the issuance of the USD bonds even temporarily

12 Other operating expenses

	For the period 19 June until 31 December 2013 EUR'000
General and administrative expenses	18

13 Personal expenses

	For the period 19 June until 31 December 2013 EUR'000
Personal expenses	45

14 Depreciation and amortization expenses

Depreciation and amortization expenses of EUR´000 1 are related to the schedule depreciation of tangible assets which is comprising office equipment.

15 Independent Auditor's Fees

The following fees, based on invoices and estimated work orders for accounting and tax services from PricewaterhouseCoopers Accountants N.V. occurred in the reporting period 2013:

	For the period 19 June until 31 December 2013 EUR'000
Audit of the financial statements	
PricewaterhouseCoopers Accountants N.V.	47
Other assurance services	
PricewaterhouseCoopers Accountants N.V.	37
Total	**84**

16 Taxation on result on ordinary activities

The taxation on result on ordinary activities can be specified as follows:

	31/12/2013 EUR'000
Result before taxes	-/- 9.544
Taxes	2.552

Effective tax rate 26,7%
The nominal tax rate is 25.0%.

17 Related parties

In accordance to the business purpose of the company, namely raising funds from the debt capital and onlending the funds to DAIG or its affiliated companies respectively markets the related party relationships are therefore related to this group financing activities.

All loans are granted to group companies for group financing purposes. The interest income is mainly derived from these group companies. The interest rates charged to the group companies are comprised from a weighted mix of interest rates from the issued bonds plus a service charge margin.

The company obtains services from the shared service center of DAIG, for which in the first year of existence no service fees have been charges as setting up of the entity and setting in place the operational activities was in the sole interest of DAIG as main beneficiary.

Therefore any receivables and liabilities to DAIG or its affiliated companies are related to the above mentioned financing activities.

18 Average numbers of employees

As at 31.12.2013 the company has one employee working in the Netherlands. Services are obtained by the shared service functions of DAIG.

19 Financial instruments

The company’s policy is to fully hedge its interest rate and exchange rate exposures, which relates to the Yankee bonds. The financial instruments of the company had the following notional amounts:

	31/12/2013 EUR’000
Interest/ Currency swaps	**739.809**

The financial instruments of the company had the following positive or negative market values:

	31/12/2013 EUR’000
Interest/ Currency swaps	**- 24.657**

20 Directors and supervisory directors

Management Board:

- Rick van Dijk, Rotterdam
- Lars Schnidrig, Düsseldorf

The Management has not received any remuneration for 2013.

The management board has declared that to the best of its knowledge:

1. The financial statements give a true and fair view of the assets, the liabilities, the financial position and the results of the company; and

2. The management report gives a true and fair view of the company's situation on the balance sheet date, the events that occurred during the period and the risks to which the company is exposed.

3. As at 1 January 2013, a new law on management on supervision (Wet Bestuur en Toezicht) came into effect in the Netherlands. The purpose of this law is to attain a balance (at least 30% of each gender) between men and women in the board of directors of large entities (as defined in the said law). After taking cognisance of the current nature and activities of the group and the knowledge and expertise of the current board members, the existing composition of the board of directors is considered to be appropriate. However, the new law will be taken into account while appointing the future members of the Board of Directors.

3. Other information

a. Profit appropriation according to the Articles of Association

The company's Articles of Association, article 20 provide that appropriation of accrued profit is subject to the decision of the shareholders at the general meeting of shareholders. The company can only make distributions to the shareholders and other persons entitled up to an amount which does not exceed the amount of the distributable reserves. The general meeting may resolve to pay dividends from legally distributable reserves.

b. Proposed appropriation of profit

The Management Board has proposed to charge the net loss of EUR 6.992.029 to the other reserves.

c. Post balance sheet events

The management board of Deutsche Annington has decided upon authorization of the supervisory board, dated 28. February 2014 to issue a subordinated bond through Deutsche Annington Finance B.V. with a long maturity and a higher coupon with a size of up to € 750 m. Furthermore the management board decided upon authorization of the supervisory board dated 28. February 2014 to perform in 2014 further drawdowns out of the EMTN-Program.

Amsterdam, 10 March 2014

Management Board

Original has been signed by
Rick van Dijk

Original has been signed by
Lars Schnidrig

4. Independent auditor´s report

PricewaterhouseCoopers Accountants N.V.
For identification purposes only

Independent auditor's report

To the Board of Directors of Deutsche Annington Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements for the period 19 June 2013 to 31 December 2013 of Deutsche Annington Finance B.V., Amsterdam, which comprise the balance sheet as at 31 December 2013, the income statement for the period from 19 June 2013 to 31 December 2013 and the notes, comprising a summary of accounting policies and other explanatory information.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Deutsche Annington Finance B.V. as at 31 December 2013, and of its result for the period from 19 June 2013 to 31 December 2013 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

3-4-2014

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Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, 11 March 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.P.A. Corver RA

3-4-2014