NINE-MONTH
FINANCIAL REPORT 2014

Deutsche Office

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DO DEUTSCHE OFFICE AG
IN 9M/2014* AT A GLANCE

- Good letting volume of approx. 107,700 square metres in nine-month period in partly challenging letting markets: Total letting volume corresponds to approx. 11.5 percent of the total lettable area.

- Strong letting performance in the summer quarter Q3/2014, with new rental contracts concluded for approx. 12,700 square metres and leases renewed for approx. 7,700 square metres.

- Steady reduction of the vacancy rate: from approx. 20 percent at year-end 2013 to 19.2 percent as of 30 September 2014.

- Quarterly growth of Funds from Operations driven by attractive financing terms, reduced debt and stable cash flows from lettings: Funds from Operations increased from EUR 10.2 million in Q1/2014 and EUR 10.9 million in Q2/2014 to EUR 13.0 million in Q3/2014.

- Increase in Funds from Operations to EUR 34.1 million or EUR 0.20 per share in 9M/2014 is in line with expectations for the full year 2014.

- Significant increase in EPRA earnings to EUR 33.6 million in 9M/2014, compared with EUR 27.3 million in Pro-Forma 9M/2013.

- Debt was further reduced, and financial income was significantly improved: Loan-to-Value fell by 40 basis points to 54.6 percent as of 30 September 2014 compared with the previous quarter, and financial income improved by 36.8 percent to EUR -35.2 million compared to Pro-Forma 9/M/2013.

- Net Asset Value (NAV) increased to EUR 778.2 million or to EUR 4.31 per share as of 30 September 2014, compared with the Pro-Forma end of 2013. EPRA NAV reached EUR 4.60 per share as of 30 September 2014.

- Guidance confirmed: Based on expected rental income from investment properties of between EUR 109 million and EUR 111 million for FY 2014, the Executive Board confirms FFO guidance in the range of between EUR 44 million and EUR 46 million, i.e. between EUR 0.24 and EUR 0.25 per share. The Executive Board continues to plan to pay out between 40 and 45 percent of FFO for fiscal year 2014.

* Note: Due to the merger at the end of January 2014, Prime Office REIT-AG has only been consolidated since February 2014.

KEY FINANCIALS

Income-related key financials in million EUR (IFRS) and employees	01/01-30/09/14	01/01-30/09/13*	DELTA IN %
Rental income	78.8	102.5	-23.1
Net operating income	70.2	88.7	-20.9
Earnings before interest and taxes (EBIT)	132.4	-28.0	>100
Financial income	-35.2	-55.7	-36.8
Earnings for the period	94.8	-81.1	>100
Earnings per share (in Euro)	0.56	-0.61	>100
EPRA earnings	33.6	27.3	23.1
EPRA earnings per share (in Euro)	0.20	0.20**	0.0
Funds from Operations (FFO)	34.1	30.7	11.1
FFO per share (in Euro)	0.20	0.23**	-13.0
Employees (headcount)	36	34	5.9

Balance-sheet-related key financials in million EUR (IFRS)	30/09/14	31/12/13*	DELTA IN %
Investment properties	1,844.1	1,904.1	-3.2
Cash and cash equivalents	59.2	80.2	-26.2
Total assets	1,931.0	2,119.7	-8.9
Equity	778.2	711.5	9.4
Equity ratio (as a percentage)	40.3	33.6	19.9
Total liabilities including derivatives	1,152.7	1,346.1	-14.4
Net debt	1,012.6	1,176.5	-13.9
Loan-to-Value (as a percentage)	54.6	58.6	-7.3
Net Asset Value (NAV)	778.2	711.5	9.4
NAV per share (in euros)	4.31	5.31**	-18.8
EPRA-NAV per share (in euros)	4.60	5.64**	-18.4
EPRA-NNNAV per share (in euros)	4.31	5.31**	-18.8

Other key EPRA financials	30/09/14	31/12/13*	DELTA IN %
EPRA net initial yield (as a percentage)	5.2	4.8	8.3
EPRA "topped up" net initial yield (as a percentage)	5.3	5.0	6.0
EPRA vacancy rate (as a percentage)	21.1	23.2	-9.1

* Pro-forma
** 133.9 million shares following the merger were used for calculation

LETTER FROM THE EXECUTIVE BOARD

DEAR SHAREHOLDERS OF DO DEUTSCHE OFFICE AG,
LADIES AND GENTLEMEN,

In the first nine months of fiscal year 2014, our asset management team achieved a strong letting performance in partly challenging letting markets. The letting performance of approx. 107,700 square metres corresponded to approx. 11.5 percent of our portfolio's total lettable area.

New contracts accounted for approx. 31,000 square metres of the letting volume in the period under review, with contracts for approx. 12,700 square metres concluded in the summer quarter, which usually is relatively quiet. In this context, particular mention should be made of the letting performance in Carl Schurz Strasse in the city of Neuss near Düsseldorf. At the beginning of the year, the vacancy rate in this property was 59 percent. By mid-year, rental contracts had been concluded for a total area of as much as 4,200 square metres, which reduced the vacancy rate to 28 percent. In the summer quarter, rental contracts were concluded for a total area of approx. 4,900 square metres, with terms of between 3 and 5 years. Consequently, the vacancy rate in this property was largely reduced, so that the occupancy rate was increased to 98 percent. For the remaining area of 270 square metres, letting negotiations are far advanced, so that we expect that the property on Carl Schurz Strasse will be fully occupied in the near future. Another important letting achievement can be reported with regard to the Sigmund Schuckert Haus in Nuremberg: We concluded a 5-year rental contract for an area of approx. 3,400 square metres with the Free State of Bavaria, which rented the property for the police headquarters of the central Franconian region. The lease contract will commence in April 2015. We have granted a right until 30 June 2015 to the Free State of Bavaria to lease the remaining free areas. We expect that the Free State of Bavaria will rent the remaining free areas by mid-2015. In Q3/2014, we also concluded a lease contract with a term of approx. 6 years for an area of approx. 1,400 square metres in the Martinistrasse property in Bremen with Comcave, an institute for professional development. In the past few months, we have continued to pursue the revitalisation of our "Seestern" property in Düsseldorf. This has led to a significant increase in the number of prospective tenants visiting our property.

In the nine-month period, leases were renewed for an aggregate area of approx. 76,700 square metres, approx. 7,700 square metres in the summer quarter of 2014. In this context, particular mention should be made of the early renewal of a 5-year lease contract agreed with a law firm for an area of approx. 1,100 square metres in the Potsdamer Platz property in Bonn.

For the "Westend Ensemble" in Frankfurt, we have initiated a structured redevelopment process, which is now well underway after the approval of the preliminary building application which we had filed for a potential conversion of the office building to a residential building. In this context, we are in the process of selecting a strong and experienced development partner with whom we can implement the project. At the same time, we continue our efforts to let the property.

On the sales side, rights and obligations for a total of five properties worth EUR 122 million were transferred in the first nine month of this fiscal year. The two last properties sold in Leipzig generated a profit of EUR 2.4 million. In addition, we signed a purchase contract for a property of approx. 3,000 square metres on "Altenessener Strasse" in Essen on 30 September 2014. The property was sold at its carrying value, in line with our continuous portfolio optimisation strategy.

Financially, the first nine months of fiscal year 2014 were characterised by one-off and special effects in connection with the merger of Prime Office REIT-AG with the Company in Q1/2014. The transaction costs recognised in Other Operating Expenses – in particular the real estate transfer tax and the consultancy fees payable in connection with the merger – reduced the nine-month income by a total of approx. EUR 23.6 million. On the other hand, the first-time consolidation of Prime Office REIT-AG within the Group led to income of EUR 115.4 million.

Based on rental income of EUR 78,8 million, we generated net rental income of EUR 70.2 million in the first nine months of the fiscal year. Due to the much lower Loan-to-Value (54.6 percent as of 30 September 2014) and much better financing terms, the Financial Income improved by 36.8 percent to EUR -35.2 million compared to Pro-Forma 9M/2013. The Net Profit for the Period amounted to EUR 94.8 million in the first nine months 2014. When adjusted for one-off effects from the merger with Prime Office REIT-AG, which are included in Other Operating Expenses and Other Operating Income, we generated EUR 5.4 million in Net Profit before Taxes in 9M/2014.

Despite the completed property sales and the existing vacancy rate, we increased Funds from Operations (FFO) in the nine-month period year-on-year by 11 percent to EUR 34.1 million. FFO also increased significantly in the course of Q3/2014. In fact, Funds from Operations increased from EUR 10.2 million in Q1/2014 and EUR 10.9 million in Q2/2014 to EUR 13.0 million in the summer quarter.

Against this background, the Executive Board of Deutsche Office confirms its guidance for fiscal year 2014, which will be characterised not only by the development of the operational property business and the valuation of investment properties but also – and more importantly – by the special effects of the merger implemented in January 2014. Based on expected rental income from investment properties of between EUR 109 million and EUR 111 million for the full year 2014, the Executive Board confirms its FFO guidance in the range of EUR 44 million to EUR 46 million, i.e between EUR 0.24 and EUR 0.25 per share. Deutsche Office also continues to plan to pay out a total dividend of between 40 and 45 percent of FFO for the fiscal year 2014.

Sincerely,
The Executive Board of DO Deutsche Office AG

GROUP INTERIM MANAGEMENT REPORT

MARKET OVERVIEW

MACRO-ECONOMIC ENVIRONMENT

In the German government's autumn forecast published in October, growth expectations for real Gross Domestic Product in 2014 and 2015 were significantly adjusted downwards. Growth of 1.2 percent (previously 1.8 percent) is now expected for the current year 2014 and 1.3 percent (previously 2.0 percent) for 2015. Overall, the German economy has been affected by the troubled waters of external trade: the geopolitical crises have created uncertainty in Germany, and the domestic economy has been hampered by global economic trends that are no better than moderate. Nevertheless, the German government believes that the buoyancy of the domestic economy remains intact thanks to a persistently robust labour market. Wages are increasing in Germany while employment continues to rise. Against this background, consumer spending and expenditure on housing are expected to expand. The forecasters also expect that, once the international environment picks up, the competitiveness of the German economy will yet again bear fruit, enabling Germany to restore a solid course of growth in 2015.

The ifo Business Climate Index fell again in September 2014, reaching its lowest level since April 2013 at 104.7 points. However, the current business situation is still rated as good overall, although not as good as in the preceding months. In their recent Autumn Report, the leading German economic research institutes anticipate that the German economy will grow 1.3 percent in 2014 (previously 1.9 percent) and 1.2 percent in 2015 (previously 2.0 percent). The economists lowered their growth expectations following the introduction of a national minimum wage and the adoption of a pension package, as they see these measures as slowing down growth. In its October forecast the International Monetary Fund (IMF) also adjusted its figure for growth in Germany down to 1.4 percent (previously 1.9 percent) in 2014 and 1.5 percent (previously 1.7 percent) in 2015, but these expectations are still higher than those of the leading German economic research institutes and the German government.

THE OFFICE PROPERTY MARKET IN GERMANY

According to the international real estate consulting firm Jones Lang LaSalle ("JLL"), the office letting markets in Germany's major property centres displayed little momentum in summer due to the sluggish economic growth. In fact, at the end of the third quarter, the demand for office space dropped further into the minus range, even below its mid-year level. Given the gloomy economic prospects, companies are generally more careful and cautious. In the Big 7 – Germany's seven major office locations – cumulative office space take-up in the first nine months of 2014 was about 2.1 million square metres, which is approx. 7 percent below the previous year's level. Overall, regional differences continue to be very significant. While office space take-up increased significantly year-on-year in Berlin and Hamburg (+10.5 percent each), there were double-digit declines in Cologne (-28.3 percent), Düsseldorf (-25.3 percent) and Frankfurt (-16.9 percent). The drop in office space take-up was less pronounced in Munich (-5.7 percent) and in Stuttgart (-2.1 percent). Overall, JLL expects an office space take-up of 2.8 to 2.9 million square metres in 2014. This would leave office space take-up marginally lower than the average for the past 10 years, and approx. 4 percent down year-on-year.

Vacancies in Germany's seven most important office locations had decreased to approx. 7.0 million square metres by the end of Q3/2014. This reflects a decline of approx. 2 percent compared with the previous quarter (Q2/2014) and approx. 6 percent compared with September 2013. The average vacancy rate fell below the 8-percent mark at the end of Q3/2014, and at 7.9 percent, it was altogether 60 basis points below the level on 30 September 2013. There were also significant regional differences in vacancy rates: the drop in the vacancy rate was most pronounced in Hamburg, where it decreased by 10.7 percent compared with the previous quarter and thus amounted to 7.1 percent. Stuttgart again had the lowest vacancy rate among the Big 7 at 5.3 percent. In both Cologne and Munich, the vacancy rate fell by 7.6 percent year-on-year, so that the vacancy rate dropped to 6.6 percent in Cologne and 7.0 percent in Munich. The vacancy rate in Berlin was 7.9 percent (-4.8 percent), precisely matching the average for Germany's seven biggest office locations. On the other hand, Frankfurt (10.7 percent) and Düsseldorf (11.3 percent) again had the highest vacancy rates among Germany's seven major office locations.

In the first nine months of 2014, completions (including total refurbishments) in Germany's seven leading office locations amounted to approx. 586,000 square metres, down year-on-year. Due to postponements, this decline will only be temporary because much higher completion figures are expected in Q4. For 2014 as a whole, JLL expects completions in an order of magnitude of 1.1 million square metres, which would be an increase of approx 19 percent compared with 2013. On the positive side, 70 percent of completions to date have already been pre-let or handed over to owner-occupiers. JLL currently anticipates a sharp decline in the volume of new-builds in 2015 to less than 1 million square metres.

While prime rents in Düsseldorf fell by 3.6 percent to EUR 26.50 in the third quarter, prime rents in Berlin, Hamburg and Cologne remained unchanged. In Frankfurt, prime rents increased to EUR 35.00 (+1.4 percent), in Munich to EUR 32.50 (+3.2 percent) and in Stuttgart to EUR 19.00 (+2.7 percent). The JLL Index for prime office rental values fell in Q3/2014 for the first time after 16 quarterly increases in succession. Even so it is only slightly below the half-year level.

It is currently not possible to predict to what extent political crises such as the unrest in Ukraine and in the Middle East will affect economic development and property markets. The investment market remained unaffected in the first nine months and is very rapidly heading towards its best year since 2007. JLL expects that the transaction volume in Germany will increase to between EUR 35 billion and EUR 40 billion in 2014.

PORTFOLIO REPORT

THE PROPERTY PORTFOLIO OF DEUTSCHE OFFICE AG

The office property portfolio of DO Deutsche Office AG is characterised by nationwide properties and a widely diverse tenant base from various sectors and with a strong credit standing. The properties in the portfolio are mainly located in Germany's metropolitan regions and conurbations in the western part of the country. Combined with the potential to generate substantial value, this provides the basis for stable rental income, high profitability as well as a sustainable dividend potential and, at the same time, an adequate risk diversification.

As of the balance sheet date on 30 September 2014, the Deutsche Office portfolio included a total of 53 investment properties with a market value of approx. EUR 1.8 billion and a total lettable area of approx. 936,000 square metres. In Q3/2014, a notarised purchase contract was signed for one property, so that this property was recognised as an asset held for sale as of 30 September because the rights and obligations had not yet been transferred. For two assets which had been recognised as assets held for sale as of 30 June 2014, the rights and obligations were transferred on 1 August 2014. The vacancy rate amounted to 19.2 percent as of 30 September 2014. With more than approx. 550 managed rental contracts with a weighted average lease term of 4.7 years, the annual rental income amounted to EUR 112 million, based on the rental contracts concluded as of the reporting date on 30 September 2014. On this basis, the Gross Initial Yield amounted to 6.1 percent, while the Net Yield amounted to 5.2 percent. As of 30 September 2014, the EPRA Net Yield of Deutsche Office amounted to 5.2 percent. The "topped-up" EPRA Net Yield, where the calculated rent is adjusted for rent-free periods, amounted to 5.3 percent.

83 percent of Deutsche Office's rental income (excluding other ancillary areas) is generated by renting out office properties, whereas retirement homes have a share of 8 percent, retail space approx. 4 percent, logistics space 3 percent and hotel space a share of 2 percent. While the properties are spread out over various regions, 52 of the total of 53 properties are located in Western Germany. One property – the Treptowers – is located in Berlin. Overall, the majority of the properties (44 of 53 properties) are located in cities with more than 100,000 inhabitants.

A total of 74 percent of the properties of Deutsche Office are multi-tenant properties. Only 28 percent of the properties of Deutsche Office are properties with only one tenant or one dominant principal tenant. Overall, the tenant structure in the various properties differs. The majority of the properties are used by more than five tenants. In addition, since Deutsche Office manages a total of approx. 550 rental contracts with tenants from a variety of sectors, this provides well-balanced diversification. Approx. 23 percent of net cold rental income is generated with companies from the insurance sector, 18 percent with companies from the telecommunications sector, 13 percent with companies from the services sector, and 11 percent with companies from the real estate sector.

MAJOR LETTING AND SELLING ACTIVITIES OF DEUTSCHE OFFICE AG

In view of the partly sluggish letting markets in the first nine months of 2014, Deutsche Office achieved a good letting performance, with an aggregate letting volume of 107,700 square metres, which corresponds to approx. 11.5 percent of the total lettable area. New contracts accounted for approx. 31,000 square metres, with contracts for approx. 12,700 square metres concluded in Q3/2014. This includes in particular approx. 3,400 square metres for the Sigmund-Schuckert building in Nuremberg under a five-year rental contract concluded with the Free State of Bavaria, approx. 4,900 square metres in Neuss, where the counterparties include Emerson and 3M, and 1,400 square metres let to Comcave in Bremen. In addition, the new agreements concluded in the first half of 2014 included rental contracts for a total of approx. 3,000 square metres in the KASTOR Tower in Frankfurt, approx. 2,200 square metres in the Neckarturm building in Heilbronn let to Kaufland and Lidl-Stiftung, and a total of approx. 2,800 square metres in Neuss let to Auto Online and Bestseller.

Overall, leases were renewed for 76,700 square metres in the first nine months, including leases for approx. 7,700 square metres renewed in the period from July to September 2014. Approx. 23 rental contracts with terms of between 1 and 5 years were renewed in Q3/2014, of which "Potsdamer Platz" in Bonn accounts for approx. 1,100 square metres (5 years for a law firm). Furthermore, leases renewed in the first half of 2014 include the contracts for 13,700 square metres on "Heerdter Lohweg" in Düsseldorf, for 5,800 square metres in Bonn ("Potsdamer Platz") and for 2,900 square metres in the "Immermannhof" property in Düsseldorf.

The properties in our portfolio are regularly reviewed from a strategic perspective. On the sales side, the rights and obligations for a total of 5 properties with a total volume of EUR 122 million were transferred in the first nine months of the fiscal year. The two most recent divestments of properties in Leipzig generated a profit of EUR 2.4 million. In addition, a purchase contract was signed on 30 September 2014 for a property of approx. 3,000 square metres on "Altenessener Strasse" in Essen. The property was sold at its carrying value, in line with our continuous portfolio optimisation strategy.

ECONOMIC REVIEW

BUSINESS PERFORMANCE

The merger and hence the combination of Prime Office REIT-AG with OCM German Real Estate Holding AG to establish DO Deutsche Office AG (formerly: Prime Office AG) became effective with the entry in the Commercial Register on 21 January 2014. For this reason, the Interim Financial Statements for the period ended 30 September 2014 reflect the business combination for a period of eight months only. The figures specified in the Interim Financial Statements for the period which ended on 30 September 2013 do not reflect the business combination; instead, they only represent the figures for the OCM Group.

To permit an economically sensible discussion of the company's performance in 9M/2014, the 9M/2013 figures presented below on the company's net assets, financial position and results of operations are provided on a pro-forma basis. Since the two companies previously had no business relationship, the pro-forma figures are based on the sum of the financial statements separately prepared as of 30 September 2013 and as of 31 December 2013, respectively, without taking into account effects of the first-time consolidation, which was not implemented until 21 January 2014.

INCOME

Although the pro-forma figures have been provided for 9M/2013, a direct comparison between the two nine-month periods is not possible. The Interim Financial Statements for 2014 are characterised by income of EUR 115.4 million from the business combination due to the merger of Prime Office REIT-AG with the Company on 21 January 2014 as well as expenses of EUR 23.6 million in connection with the merger, in particular due to the provisions accrued for the real estate transfer tax due on the fictitious acquisition of the Prime Office REIT-AG properties. Without these special effects, the net profit before taxes would have amounted to € 5.4 million in 9M/2014.

in million EUR	9M/2014	Pro-Forma 9M/2013
Rental income from investment properties	78.8	102.5
Service charge income	19.0	18.5
Recoverable service charge expenses	-18.3	-18.5
Non-recoverable service charge expenses	-9.3	-13.8
Net operating income	**70.2**	**88.7**
Admnistrative expenses	-7.9	-8.9
Other income	117.1	3.9
Other expenses	-25.1	-9.6
Interim total	**154.3**	**74.1**
Investment property disposal proceeds	122.0	40.8
Investment property disposal expenses	-119.6	-41.4
Profit/loss from disposal of investment properties	**2.4**	**-0.6**
Gain/loss on measurment at fair value	-24.3	-101.5
Profit/loss before interest and taxes	**132.4**	**-28.0**
Finance costs	-35.2	-55.7
Profit/loss before taxes	**97.2**	**-83.7**
Income taxes	-2.4	2.6
Net profit for the period	**94.8**	**-81.1**
Earnings per share:		
Basic and diluted earnings per share (in EUR)	0.56	-0.61

Due to the first-time consolidation as of 21 January 2014, nearly all the earnings contributions of the Prime Office REIT-AG properties for January 2014 (with net operating income of approx. EUR 2.4 million) were lacking in January 2014, compared with the pro-forma figures for 9M/2013. In addition, the number of properties in the portfolio decreased by nine, compared with the pro-forma figures for 9M/2013 because properties were sold in 2013 and the first nine months of 2014, which alone accounts for a decline of nearly EUR 12.2 million in net operating income. Furthermore, the property “Am Seestern 1” in Düsseldorf (Xcite) was still fully let in Q1/2013, and the property “Platz der Einheit 1” in Frankfurt (Kastor) was nearly fully occupied in the first nine months of 2013. The main tenants of the two properties moved out at the end of Q1/2013 and in Q4/2013, respectively, so that the net operating income for both properties decreased by a total of approx. EUR 7 million in the nine-month reporting period in 2014.

Unlike the two properties in Leipzig, the selling prices for the other three properties so far sold in 2014 had already been recognised as of 31 December 2013 and as of the first-time consolidation date, respectively, so that the property disposal proceeds were offset by corresponding expenses. The gain on disposal of EUR 2.4 million results from the sale of the two properties in Leipzig.

The unrealised losses on measurement at fair value is largely due to the increase in real estate transfer tax in the federal states of Bremen and Hesse in 2014. Since the Company owns 15 properties in cities in the State of Hesse alone (including Frankfurt/Main, Eschborn and Darmstadt), the increase in real estate transfer tax and the associated reduction of the value of these properties is the primary reason for the unrealised losses on measurement at fair value.

EPRA EARNINGS

Taking into account the special effects, earnings after Group-specific adjustments increased by EUR 2.9 million, compared with 9M/2013. Lost earnings contributions due to the divestment of properties as well as vacancy in the Xcite and Kastor properties were more than offset by an improved financial income. The disposal proceeds and the proceeds from the cash capital increase were, to a large extent, used to repay loans, so that – in conjunction with the refinancing of the Homer and Herkules portfolio and the associated improvement of terms – the financial income improved significantly in 9M/2014.

in million EUR	9M/2014	Pro-Forma 9M/2013
Earnings for the period	**94.8**	**-81.1**
(a) Changes in market value of investment properties	24.4	101.5
(b) Losses on investment property disposals	-2.4	0.6
(c) Income from business combination	-115.4	0.0
(d) Transaction costs associated w ith the merger	24.1	7.9
(e) Changes in market value and extraordinary items from the redemption of derivative financial instruments	5.8	1.0
(f) Deferred taxes related to EPRA adjustments	2.3	-2.6
EPRA earnings	**33.6**	**27.3**
EPRA earnings per share* (in EUR)	0.20	0.20
Group related adjustments:		
Interest expense on interest-bearing loans from related companies	0.0	3.4
Earnings after group related adjustments	**33.6**	**30.7**
Earnings after group related adjustments per share* (in EUR)	0.20	0.23

* 169,215,671 average outstanding shares used for calculation purposes
(comparable period: pro-forma 133,941,345 shares after merger)

FUNDS FROM OPERATIONS (FFO)

Funds from Operations (FFO) were approx. EUR 3.4 million higher in 9M/2014 than the pro-forma FFO for 9M/2013. The reduction of Net Operating Income due to property sales and vacancy rates was more than offset by the improved financial result and lower administrative expenses.

in million EUR	9M/2014	Pro-Forma 9M/2013
Net operating income	70.2	88.7
Administrative expenses	-7.4 *	-8.9
Other income	1.7 **	3.9
Other expenses	-1.0 ***	-1.7 ***
Finance result	-29.4 ****	-51.3 °
Funds from Operations (FFO)	**34.1**	**30.7**
FFO per share°° (in EUR)	**0.20**	**0.23**

* adjusted for provisions due to the closure of the Munich office (0.5 million EUR)
** adjusted for earnings due to business combination (115.4 million EUR)
*** adjusted for transaction cost of the merger and refinancing (24.1 million EUR) (9M/2013: 7.9 million EUR)
'**** adjusted for changes in market value as w ell as expenses due to early termination of sw aps 9M/2014: 5.8 million EUR)
° adjusted for non cash interest expenses for subordinated interest-bearing loans to related companies until the date of deposit to equity (9M/2013: 3.4 million EUR) as w ell as exceptional items from the early termination of loans (9M/2013: 1.0 million EUR)

°° 169,215,671 average outstanding shares used for calculation purposes
(comparable period: pro-forma 133,941,345 shares after merger)

ASSETS AND FINANCIAL POSITION

Total Assets decreased compared with the pro-forma Consolidated Balance Sheet as of 31 December 2013, in particular due to the disposal of five properties. The disposal proceeds and the proceeds from the cash capital increase in February were used almost entirely to repay loans.

in million EUR	30 Sep 2014	Pro-Forma 31 Dec 2013
ASSETS		
Non-current assets		
Investment properties	1,844.1	1,904.1
Derivative financial instruments, non-current portion	2.2	5.8
Other non-current assets	0.9	1.1
Total non-current assets	**1,847.2**	**1,911.0**
Current assets		
Derivative financial instruments, current portion	0.5	0.0
Trade receivables	11.1	11.6
Other current assets	2.7	12.5
Cash and cash equivalents	59.2	80.2
	73.5	**104.3**
Assets held for sale	10.3	104.4
Total current assets	**83.8**	**208.7**
	1,931.0	**2,119.7**
EQUITY AND LIABILITIES		
Equity	**778.2**	**711.5**
Non-current liabilities		
Interest-bearing loan, non-current portion	1,028.9	196.2
Derivative financial instruments, non-current portion	42.7	43.8
Total non-current liabilities	**1,071.6**	**240.0**
Current liabilities		
Interest-bearing loan, current portion	27.5	1,060.5
Derivative financial instruments, current portion	11.5	6.0
Trade payables	17.5	30.5
Other current liabilities	24.7	9.1
	81.2	**1,106.1**
Liabilities in connection with assets held for sale	0.0	62.1
Total current liabilities	**81.2**	**1,168.2**
	1,931.0	**2,119.7**
Leverage (in %)	**59.70**	**66.43**
Equity ration (in %)	**40.30**	**33.57**

The change in investment properties is due, on the one hand, to the disposal of two properties in Leipzig and the reclassification of two properties held for sale as of the balance sheet date. On the other hand, the acquired assets and liabilities were revalued in connection with the first-time consolidation of the Prime Office REIT. As a result of this revaluation, the value of the "Ludwig-Erhard-Anlage" property in Fankfurt ("Westend Ensemble") was reduced by EUR 25.9 million. Furthermore the increase in real estate transfer tax in a number of federal states in 2014 led to a reduction of the property portfolio's value.

NET ASSET VALUE

in million EUR	30 Sep 2014	Pro-Forma 31 Dec 2013
Investment properties	1,844.1	1,904.1
Interest-bearing loans	-1,056.4	-1,256.7
Cash and cash equivalents	59.2	80.2
Other assets and liabilities	-68.7	-16.1
Net Asset Value (NAV)	**778.2**	**711.5**
Net Asset Value (NAV) per share* (in EUR)	4.31	5.31
Effects from the exercise of options, convertible participatory rights and other equity rights	0.0	0.0
Diluted NAV after exercise of options, convertible participatory rights and other equity rights	**778.2**	**711.5**
Fair value of derivative financial instruments	51.5	44.0
Diluted EPRA-NAV	**829.7**	**755.5**
Diluted EPRA-NAV per share* (in EUR)	4.60	5.64
Fair value of derivative financial instruments	-51.5	-44.0
Diluted EPRA-NNNAV	**778.2**	**711.5**
Diluted EPRA-NNNAV per share* (in EUR)	4.31	5.31

* 180.529.633 numbers of shares as of balance sheet day used for calculation
(comparable period: pro-forma 133.941.345 shares after merger)

On the one hand, the Net Asset Value increased by EUR 128 million following the cash capital increase in February 2014. On the other hand, the NAV decreased as a result of the reduction in the property portfolio’s value due to the increase in real estate transfer tax in a number of federal states in 2014, the decrease in value of the “Ludwig-Erhard-Anlage” property in Frankfurt/Main upon first-time consolidation, the valuation of the derivatives in connection with the first-time consolidation and the subsequent valuation as of 30 September 2014, as well as the nine-month profit adjusted for the first-time consolidation effects.

The EPRA NAV per share was diluted due to the cash capital increase at a share price of EUR 2.80 and amounted to EUR 4.60 as of the balance-sheet date on 30 September 2014.

LOAN TO VALUE RATIO

in million EUR	30 Sep 2014	Pro-Forma 31 Dec 2013
Inerest-bearing loans (current and non-current portion)	1,056.4	1,256.7
Cash and cash equivalents	-59.2	-80.2
Cash reserved for real estate transfer tax	15.4	0.0
Net-financial liabilities	**1,012.6**	**1,176.5**
Investment properties	1,844.1	1,904.1
Assets held for sale	10.3	104.4
	1,854.4	**2,008.5**
Loan to Value Ratio in %	**54.6**	**58.6**

The repayment of loans from the proceeds of the property disposals and the successful refinancing of the Homer and Herkules acquisition loans using nearly all of the proceeds from the cash capital increase have improved the LTV as of 30 September 2014 by 4 percentage points, compared with 31 December 2013.

The following overview shows the composition of the interest-bearing loans as of 30 September 2014:

Portfolio/Property	30 September 2014 in million EUR	due in years	interest hedge	interst rate including hedging
Herkules-portfolio (35 properties)	192.7	4.22	83%	2.71%
	212.8	6.22	83%	3.44%
	405.5	**5.27**	**83%**	**3.09%**
Homer-portfolio (10 properties)	221.5	4.00	80%	2.17%
	144.8	4.00	81%	3.37%
	366.3	**4.00**	**80%**	**2.65%**
Düsseldorf, Stuttgart, Nürnberg	54.8	4.25	100%	4.87%
Darmstadt, T-Online	84.8	5.17	100%	5.57%
Darmstadt, T-Systems	22.9	5.25	100%	7.00%
Essen, Alfredstr.	43.3	2.75	100%	3.47%
Essen, Opernplatz	19.2	3.25	100%	4.77%
Frankfurt, Ludwig-Erhard-Anlage	36.1	3.25	0%	4,35%*
Meerbusch	9.8	1.25	100%	5.10%
Heilbronn	17.2	2.75	100%	6.42%
Total loans outstanding	**1,059.9**	**4.48**	**83%**	**3.47%**
Deferred interest	2.6			
less: Effective interest valuation	-6.1			
Interest-bearing loans as reported	**1,056.4**			

* interest rat starting 1 October 2014 (interest rate until 30 September 2014: 4.85%)

CASH FLOW

in million EUR	9M/2014	Pro-Forma 9M/2013
Cash Flow from operating activities	49.4	80.1
Cash Flow from investing activities	150.6	73.2
Cash Flow from financing activities	-178.4	-235.3
Net change in cash and cash equivalents	**21.6**	**-82.0**
Cash and cash equivalents at the beginning of the period	37.6	183.0
Cash and cash equivalents at the end of the period	**59.2**	**101.0**

Compared with the pro-forma 9M/2013, Cash Flow from Operating Activities decreased, in particular due to the property disposals and the vacancy rates described above. The disposal proceeds and the proceeds from the cash capital increase were used almost entirely to repay loans. Following payments of EUR 7.6 million, cash funds as of 30 September 2014 include an amount of EUR 15.4 million earmarked for the real estate transfer tax payable due to the merger with the Prime Office REIT.

REPORT ON RISKS AND OPPORTUNITIES

With regard to the risks and opportunities associated with the development of the company's future business, please see the information provided in the Risk Report and in the section on the opportunities of the company's future development in the Management Report for the Company and the Group for fiscal 2013.

THE DEUTSCHE OFFICE SHARE

Note: After the merger of Prime Office REIT-AG with OCM German Real Estate Holding AG, the company initially traded under the name of Prime Office AG. Trading of the share started on 22 January 2014. Following a resolution adopted at the Annual General Meeting on 20 May 2014 and the entry in the Commercial Register on 7 July 2014, the company now trades under the name of Deutsche Office AG. The following explanations and data with regard to the share price performance of DO Deutsche Office AG in 9M/2014 refer exclusively to the period as of 22 January 2014.

THE SHARE PRICE PERFORMANCE OF DEUTSCHE OFFICE

The capital market environment was increasingly overshadowed in the third quarter of fiscal year 2014 by geopolitical crises and concerns about the performance of the economy. These concerns had been prompted by growing tensions in Ukraine and unrest in Iraq and Syria in connection with activities by the radical Islamist terrorist organisation Islamic State (IS). The developments in the Near and Middle East were seen as posing a potential risk to the development of oil prices and hence to the global economy. Uncertainty about the referendum on Scottish independence also had a negative impact on stock markets. A rapidly growing number of Ebola cases in West Africa, which spread to other continents during the reporting period, and an economic slowdown in a number of EU Member States contributed further to the cyclical concerns among capital market players. Even the continuing low level of the prime lending rate and, overall, an expansionary monetary policy by major central banks failed to generate much stimulus in the light of growing fears of a recession. Mario Draghi, President of the European Central Bank (ECB), was obliged in August, in the light of deflationary trends and a fall-off in economic momentum in the European currency area, to consider the prospect of a programme for buying up bonds ("quantitative easing"). On 4 September 2014, the ECB lowered the Eurozone prime lending rate again to just 0.05 percent and announced that it would be purchasing asset-backed securities and covered bonds, which gave some impetus to the markets. The overall picture can therefore be described as very unsettled.

The share price performance of Deutsche Office was characterised by considerable volatility in Q3/2014. Overall, the share price fell with the market. Starting from EUR 3.41 per share – the XETRA opening price on 1 July 2014 – the share price reached its quarterly high of EUR 3.44 on 3 July 2014. In the following weeks, the share price stabilised at a fairly constant level around EUR 3.39. During the latter part of the reporting period, it was subject to a downward trend. The XETRA Q3 closing price on 30 September 2014 amounted to EUR 3.03 per share (-11 percent in Q3), the lowest price in the quarter.

SHAREHOLDER STRUCTURE

As of the 30 September 2014 reporting date, the shareholder structure of the property company is as follows: Oaktree Capital Group Holdings GB, LLC holds 60.4 percent and Ironsides Partners LLC holds 4.5 percent of the shares of Deutsche Office. In addition, the Company's shareholder base includes a large proportion of international institutional investors who particularly specialise in property companies. Management considers this to be evidence of the high level of trust that investors place in the strategy and business model of Deutsche Office.

Free float amounted to approx. 35.1 percent of the shares on 30 September 2014.

Key shareholders of the company with shares ≥ 3 %

Oaktree (USA)	60.4 %
Ironsides Partners LLC (USA)	4.5 %

INVESTOR RELATIONS

In the third quarter of the current fiscal year, the investor relations activities of Deutsche Office were focused, as in the past, on a continual and transparent exchange with its stakeholders. In this context, Management presented Deutsche Office at a number of capital market conferences in September and October 2014, including the German Corporate Conference in Munich (Berenberg/Goldman Sachs), the Baader Investment Conference in Munich, the EPRA Conference in London, the Pan-European Real Estate Conference held by Société Générale in London and Initiative Immobilienaktie organised by the German Property Federation (ZIA). Management also attended investor events in Frankfurt, Munich, Brussels, London, New York, Boston and Chicago.

Deutsche Office is currently being covered by eight banks and analysts. Assessments of the property company are predominantly positive. One bank recommended overweighting the share in portfolios, five banks and analysts recommended buying the share and two banks issued a holding recommendation. The positive perception of Deutsche Office by analysts is also reflected in share price targets. Towards the end of the reporting period, these ranged from EUR 3.50 to EUR 4.00 per share, which meant that in most cases they were much higher than the share price at the end of October, which was between EUR 2.80 and EUR 2.85.

STATEMENT OF EVENTS AFTER THE REPORTING DATE

EVENTS AFTER THE REPORTING DATE

No events have occurred since 30 September 2014 which would significantly affect the Company’s net assets, financial position and results of operations.

PROJECTIONS

MACRO-ECONOMIC DEVELOPMENT

The German government expects that Germany’s Gross Domestic Product will grow by 1.2 percent in 2014 and by 1.3 percent in 2015. In the German government's opinion, the buoyancy of the German economy is still intact, and so growth is expected to accelerate slightly in 2015. This development is supported by the German economy’s continuing strong competitiveness. In their recently published Autumn Report, the leading German economic research institutes anticipate that the German economy will grow 1.3 percent in 2014 and 1.2 percent in 2015. The economists lowered their growth expectations partly because of the introduction of a national minimum wage and the adoption of a pension package because they believe that these measures will slow down growth. In its October forecast, the International Monetary Fund (IMF) also adjusted its figure for growth in Germany down to 1.4 percent in 2014 and 1.5 percent in 2015, but these expectations are still higher than those of the leading German economic research institutes and the German government.

DEVELOPMENT OF THE PROPERTY SECTOR IN GERMANY

Based on the investment market figures published for Germany in October 2014, JLL expects to see an overall positive development, believing that the market is rapidly heading towards its best year since 2007, with the transaction volume rising to between EUR 35 billion and EUR 40 billion.

On the other hand, growth in the office letting markets is expected to remain sluggish for the remainder of the fourth quarter because the economic environment in Germany and the gloomy prospects have kept office space take-up below the previous year’s level in 2014. With regard to the vacancy rate in the seven major property locations, JLL expects stabilisation up to the end of 2014 at approx. 8 percent.

It is currently not possible to predict whether, and in what way, the geopolitical crises such as the unrest in Ukraine and in the Middle East will affect economic development and property markets.

PROJECTION: OUTLOOK 2014

The Executive Board of Deutsche Office confirms its guidance for fiscal year 2014, which will be characterised not only by the development of the operational property business and the valuation of investment properties but also – and more importantly – by the special effects of the merger implemented in January 2014.

Based on expected rental income from investment properties of between EUR 109 million and EUR 111 million for the full year 2014, the Executive Board confirms its FFO guidance in the range of between EUR 44 million and EUR 46 million, i.e. between EUR 0.24 and EUR 0.25 per share. Deutsche Office also continues to plan to pay out between 40 and 45 percent of FFO for fiscal year 2014.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

in EUR k	Notes	1/1-30/09/2014	1/1-30/09/2013
Rental income from investment properties	5.1	78,844	67,364
Service charge income		18,990	14,967
Recoverable service charge expenses	5.2	-18,359	-14,964
Non-recoverable service charge expenses	5.3	-9,291	-6,256
Net operating income		**70,184**	**61,111**
Administrative expenses	5.4	-7,864	-3,597
Other income	5.5	117,134	1,768
Other expenses	5.6	-25,133	-5,641
Interim result		**154,321**	**53,641**
Investment property disposal proceeds		121,950	20,325
Investment property disposal expenses		-119,538	-20,437
Result from disposal of investment properties	5.7	**2,412**	**-112**
Loss on measurement at fair value	6.1	-24,350	-16,228
Profit before interest and taxes		**132,383**	**37,301**
Financial income		70	13
Financial expenses	5.8	-35,267	-32,525
Profit before taxes		**97,186**	**4,789**
Income taxes		-2,356	2,590
Earnings for the period		**94,830**	**7,379**
Of which attributable to:			
shareholders of the parent company		94,830	7,379
Earnings per share:			
basic and diluted earnings per share (in EUR)	5.9	0.56	**0.09**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR k	1/1 - 30/09/2014	1/1 - 30/09/2013
Earnings for the period	**94,830**	**7,379**
Other comprehensive income to be reclassified to the income statement in subsequent periods:		
Unrecognized gains/losses from derivative financial instruments	-11,625	16,940
Tax effects from items of other comprehensive income	1,840	-2,640
Other comprehensive income after tax	**-9,785**	**14,300**
Consolidated total comprehensive infome	**85,045**	**21,679**
Of which attributable to:		
shareholders of the parent company	85,045	21,679

CONSOLIDATED BALANCE SHEET

in EUR k ASSETS	Notes	30/09/2014	31/12/2013
Investment properties	6.1	1,844,091	1,299,410
Intangible assets		581	693
Property, plant and equipments		362	176
Derivative financial instruments, non-current portion	6.5	2,166	0
Non-current assets		**1,847,200**	**1,300,279**
Derivative financial instruments, current portion	6.5	517	0
Trade receivables		11,104	7,632
Receivables from related parties		48	33
Other receivables and other assets		2,510	9,493
Income tax receivables		72	21
Cash and cash equivalents		59,204	37,606
Subtotal current assets		**73,455**	**54,785**
Assets held for sale	6.2	10,335	70,441
Current assets		**83,790**	**125,226**
		1,930,990	**1,425,505**

in EUR k EQUITY AND LIABILITIES	Notes	30/09/2014	31/12/2013
Subscribed capital	6.3	180,530	82,000
Capital reserve	6.3	482,897	287,432
Other reserves		-10,935	-1,150
Retained Earnings		125,756	30,926
Equity attributable to shareholders of the parent company		778,248	399,208
Total equity		**778,248**	**399,208**
Interest-bearing loans, non-current portion	6.4	1,028,935	0
Derivative financial instruments, non-current portion	6.5	42,646	0
Non-current liabilities		**1,071,581**	**0**
Interest-bearing loans, current portion	6.4	27,488	927,562
Derivative financial instruments, current portion	6.5	11,532	6,046
Trade payables		17,493	23,485
Income tax liabilities		748	759
Other liabilities	6.6	23,900	6,351
Subtotal current liabilities		**81,161**	**964,203**
Liabilities in connection with assets held for sale		0	62,094
Current liabilities		**81,161**	**1,026,297**
		1,930,990	**1,425,505**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR k	Subscribed capital	Treasury shares	Capital reserves	Other reservers: Cashflow Hedge reserve	Other reservers: Miscellaneous reserve	Retained earnings	Total
Notes	6.3		6.3			6.3	
Equity as of 1 January 2013	**84**	**-4**	**226,375**	**-20,363**	**7,928**	**27,951**	**241,971**
Income for the period						7,379	**7,379**
Other comprehensive income				14,300			**14,300**
Consolidated total comprehensive income				14,300		7,379	**21,679**
Purchase treasury shares	-4	4					
Capital increase from own funds	81,920		-81,920				0
Equity as of 30 September 2013	**82,000**	**0**	**144,455**	**-6,063**	**7,928**	**35,330**	**263,650**
Equity as of 1 January 2014	**82,000**	**0**	**287,432**	**-1,150**	**0**	**30,926**	**399,208**
Income for the period						94,830	**94,830**
Other comprehensive income				-9,785			**-9,785**
Consolidated total comprehensive income				-9,785		94,830	**85,045**
Capital increase due to business combination	51,941		114,219				**166,160**
Cash capital increase	46,588		83,859				**130,447**
Costs for capital increase net of taxes			-2,613				**-2,613**
Equity as of 30 September 2014	**180,530**	**0**	**482,897**	**-10,935**	**0**	**125,756**	**778,248**

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR k	Notes	1/1-30/09/2014	1/1-30/09/2013
1. Cash flow from operating activities		0	
Profit before taxes		**97,186**	**4,789**
Adjustments of profit/loss for non-cash transactions			
Unrealized gains on measurement at fair value		24,350	16,228
Income for business combination	4	-115,388	0
Other non-cash income and expenses		687	868
Depreciation and loss from disposal of fixed assets		153	0
Result from disposal of investment properties		-2,412	112
Transaction costs for refinancing		820	0
Financial expenses	5.8	35,267	32,525
Financial income		-70	-13
Change in net current assets			
Change in trade receivables		935	219
Change in other receivables and assets		-280	429
Changes in income tax receivables		-51	90
Change in trade payables		-7,606	-862
Change in other liabilities		15,824	-285
Tax refunds/taxes paid		-25	-49
Cash flow from operating activities		**49,390**	**54,051**
2. Cash flow from investing acitivities			
Proceeds from divestments of investment properties	4/6.2	121,950	20,325
Payments in connections with the divestment of investment properties	5.7	-11	-180
Payments for investments into investment properties	6.1	-16,292	-7,200
Net cash due to business combination	4	45,000	0
Cash flow from investing activities		**150,647**	**12,945**
3. Cash flow from financing activities			
Interest paid		-31,033	-31,311
Interest received		70	12
Payments for termination/change in interest rate swaps		-16,690	0
Proceeds from interest rate swaps		3,730	0
Repayment of loans		-1,051,336	-109,313
Loans	6.4	795,000	0
Paid transaction costs for refinancing		-5,598	0
Proceeds from cash capital increase	6.3	130,447	0
Paid transaction costs for capital increase		-3,029	0
Cash flow from financing acitivities		**-178,439**	**-140,612**
Net change in cash and cash equivalents		21,598	-73,616
Cash and cash equivalents at the beginning of the period		37,606	117,490
Cash and cash equivalents at the end of the period		**59,204**	**43,874**

NOTES TO THE CONDENSED CONSOLIDAATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2014

1. Corporate information

DO Deutsche Office AG, formerly Prime Office AG, (hereinafter referred to as the “Company” or “Deutsche Office”), was founded on 20 June 2006. It is registered at the Cologne District Court under number HRB 67370. The registered domicile of all companies in the Deutsche Office Group is Maarweg 165, 50825 Köln, Germany.

On 20 May 2014, the Annual General Meeting resolved to change the Company’s name to “DO Deutsche Office AG”. On 7 July 2014, the Company’s new name was entered in the Commercial Register of the Cologne District Court.

The Company and its subsidiaries (the “Group” or “Deutsche Office Group”) are engaged in the acquisition and management of real estate and investment companies. The principal focus of these business operations is Germany. As of 30 September 2014, the Group portfolio comprised 53 investment properties located throughout Germany. The portfolio consists primarily of office and retail premises, including two hotels and three retirement residences. 49 properties were acquired by the subsidiary German Acorn PortfolioCo II GmbH, Cologne, from Deka Immobilien Investment GmbH, Fran millionkfurt/Main, under a purchase agreement dated 25 August 2006, (“Herkules Portfolio”). Another 12 properties were acquired by the subsidiary German Acorn PortfolioCo I GmbH, Cologne, from DEGI Deutsche Gesellschaft für Immobilienfonds mbH, Frankfurt/Main, under a purchase agreement dated 15 November 2007 (“Homer Portfolio”). The rights and obligations for these 12 properties were transferred on 1 January 2008. Of the original 61 properties, 16 had been sold by the 30 September 2014 reporting date. The properties on “Yorckstrasse”, Düsseldorf, and “Gotenstrasse”, Hamburg, were sold in 2013 with transfer of ownership in January 2014. In the nine-month period of 2014, the two properties on “Hainstrasse” in Leipzig were sold, with transfer of ownership in August 2014. The most recent disposal was that of the property on “Altenessener Strasse” in Essen, which was notarised on 30 September 2014; ownership of this property has not yet been transferred, so that this property as well as the property on "Gutleutstrasse" in Frankfurt/Main have been recognised as Assets Held for Sale.

11 properties were acquired by the Company as part of the business combination (merger) with Prime Office REIT-AG, Munich (PO REIT); however, the property on “Philipp-Reiss-Strasse” in Stuttgart/Fellbach was sold under a notarised agreement dated 17 January 2014. The rights and obligations were transferred on 18 February 2014. The merger of PO REIT with the Company was registered at the Cologne District Court on 21 January 2014. Only when the merger was entered in the registry of companies did the Company acquire control over PO REIT, so that the merger of PO REIT with the Group became effective on 21 January 2014.

On 22 January 2014, the Company’s share was introduced to regulated trading on the Frankfurt Stock Exchange.

2. Accounting and valuation principles

2.1. Preparation of the financial statements

The Condensed Interim Consolidated Financial Statements (hereinafter also referred to as “Interim Financial Statements”) for the period from 1 January to 30 September 2014 were drawn up in accordance with IAS 34 as applicable in the EU. The Interim Financial Statements have not been audited or submitted for review by an auditor.

These Interim Financial Statements do not contain all the information and data required in year-end consolidated financial statements and must therefore be read in conjunction with the Consolidated Financial Statements as of 31 December 2013.

The Interim Financial Statements consistently apply the principle of historical cost. Exceptions to this rule are investment properties and financial derivatives, which are recorded at fair value.

The Interim Financial Statements have been drawn up in euros. Unless otherwise indicated, all values have been rounded up or down to units of a thousand euros (EUR k). In some cases, this may result in minor discrepancies in the tables included in these Interim Financial Statements and in the totals provided in the Notes.

Due to the merger with PO REIT effective from 21 January 2014, Group data for the nine-month period in 2013 are not directly comparable with figures posted for 9M/2014. The Company has provided comparative information in the Notes to the extent that this information facilitates understanding of the Interim Financial Statements in connection with the business combination with PO REIT.

The Group’s business operations are largely unaffected by seasonal factors and the economic cycle.

2.2. Key financial reporting standards

The financial reporting methods used to draw up the Consolidated Financial Statements as at 31 December 2013 have been retained unchanged for these Interim Financial Statements. The only exception to this principle results from standards which first became a requirement on 1 January 2014.

New or amended standards and interpretations

For the period from 1 January to 30 September 2014, the Group has applied the following IFRS amendment and its new interpretation. Applying this revised standard and its new interpretation has had no effects, or no significant effects, on the Group’s net assets, financial position or results from operations. A number of other new standards and revisions will likewise require introduction in the year 2014. However, they have no implications for the Group’s Interim Financial Statements.

Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendment clarifies the formulation “currently has a legally enforceable right of set-off”. Furthermore, it is more precise about the application of offsetting criteria set out in IAS 32 to settlement systems (e.g. centralised clearing) in which non-simultaneous transactions are grossed. The amended standard first becomes effective in the annual period beginning on or after 1 January 2014. This amendment in no way affects the financial reporting methods applied by the Group, but it will require additional information to be provided in the Notes to the Consolidated Financial Statements for the fiscal year.

IFRIC 21 – Levies

On 20 May 2013, the IASB issued IFRIC Interpretation 21 ‘Levies’. It clarifies how and especially when a levy imposed by a public body that does not fall within the scope of another IFRS is to be recognised as a liability in accordance with IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’. The interpretation provides guidance on how the general principles set out in IAS 37 apply to the recognition of liabilities incurred as a result of levies. IFRIC 21 defines levies as an outflow of resources imposed by government agencies: the obligation arises from the unilateral action of a sovereign body exercising its rights. This means that liabilities resulting from a contractual agreement between a government agency and a company are not covered. The interpretation confirms that the liability must be recognised in the balance sheet and in the Income Statement when the obligating event that triggers payment of the levy occurs. IFRIC 21 first becomes effective in the annual period beginning on or after 1 January 2014.

Due to the application of this interpretation, liabilities of EUR 1,090 k were recognised in the Interim Financial Statements for the outstanding property tax due in the fourth quarter of the fiscal year for the properties in the Group’s portfolio. Receivables of EUR 851 k were capitalised, reflecting the amount to be refunded in future by tenants in the context of the settlement of service charges. The receivables and liabilities were recognised in the Interim Financial Statements under “Trade receivables” and “Trade liabilities”. The difference between receivables and liabilities, amounting to EUR 249 k, was recognised as an expense under “Non-recoverable service charge expenses”.

Other published or amended standards

IFRS 15 ‘Revenues from Contracts with Customers’ was published on 28 May 2014 and IFRS 9 ‘Financial Instruments’ on 24 July 2014. These standards shall be applied in the case of business years beginning on or after 1 January 2017 or 2018, respectively, subject to endorsement.

The Company has not made early application of these or any further new or amended standards and interpretations which may have been issued but are not yet mandatory. The effects, if any, on the Consolidated Financial Statements are currently being analysed.

2.3. Scope of consolidation

The Interim Financial Statements represent the financial statements of the Company and its subsidiaries as at 30 September 2014. The financial statements of subsidiaries were drawn up on the basis of the same uniform accounting and valuation methods and reporting date as the financial statements of the parent company.

Alongside Deutsche Office, the consolidation embraces companies in which Deutsche Office directly or indirectly holds the majority of voting rights. The Group consists of Prime Office, 2 domestic subsidiaries and 101 domestic second-tier subsidiaries (on 31 December 2013: 2 domestic subsidiaries and 107 domestic second-tier subsidiaries). In the course of the interim reporting period, five domestic second-tier subsidiaries were merged into, or accreted to, one subsidiary. One domestic second-tier subsidiary was divested within the framework of a share deal.

2.4. Key estimates and assumptions

When drawing up the Interim Financial Statements, management applies discretionary decisions, estimates and assumptions which influence the end-of-period figures for reported earnings, expenses, assets and debts and disclosed contingencies. The uncertainties inherent in these assumptions and estimates could, however, result in future periods in substantial adjustments to the book values of the assets or debts concerned.

3. Segment reporting

The nature of the services provided by the Company derives exclusively from its leasing operations. In geographical terms, the Company operates solely in the German market and has only one segment, i.e. “investment property”, consisting essentially of office properties which are owned by the Company but let to tenants rather than being used by the Company itself. The properties within this segment form the basis for the Company’s earnings. There is no differentiation between client groups as the Company has only commercial properties in its portfolio.

The properties are all separately monitored in order to assess the profitability of each property in the segment individually and to make timely decisions about the performance of the segment.

The rental income derived in net base rent from two tenants accounted in this nine-month period for 23.4 percent of all rental income earned in the Group (9M/2013: 15.1 percent from a single tenant). These are both tenants of excellent standing whose credit risk can be rated as minimal.

4. Business combination

With the entry of the merger in the register of companies, the Company acquired control over PO REIT, and the business combination is accordingly recognised as of 21 January 2014. At this point in time, PO REIT was running an established operation with seven employees and a real estate portfolio of 11 properties; however, the “Philipp-Reis-Strasse” property (Stuttgart/Fellbach) was sold under a notarised agreement on 17 January 2014, and the rights and obligations were transferred on 18 February 2014.

The acquisition costs for the undertaking (fair value of the total consideration transferred) amounted to a total of EUR 166,160 k. The acquisition cost, i.e. the consideration accorded in return for the assets and liabilities transferred from PO REIT, is determined by the value of the company’s shares issued. The PO REIT merger was effected through the issue of 51,941,345 new shares in the Company. IFRS 3.33 requires that, when a business combination is effected by means of an exchange of shares, to determine the fair value of the consideration transferred, recourse should be made for calculating goodwill to the fair value of the shares, as this can be determined more reliably. The Company, which was not listed on the stock exchange at the time of the merger, acquired PO REIT, which had been listed since 2011. Given the assumption of equilibrium between the two sides of the transaction, recourse is made to such values as can be more reliably determined. The PO REIT share closed trading on the day before discontinuation at EUR 3.199 (Xetra closing price on 20 January 2014). This gives rise to a market capitalisation of EUR 166,160 k which, in the valuation hierarchy, is hence the yardstick which must be applied in determining the consideration transferred. The business acquisition gave rise to a gain from first-time consolidation (negative goodwill) recognised in the Consolidated Statement of Income under Other Operating Income and calculated as follows:

in EUR k	Fair values at the date of acquisition
Assets	
Investment properties	579,138
Intangible assets	24
Property, pland and equipment	202
Derivative financial instruments (non-current and current)	7,026
Trade receivables	4,382
Other assets	1,304
Income tax receivables	1
Cash and cash equivalents	45,000
Assets held for sale	34,000
	671,077
Liabilities	
Interest-bearing loans (non-current and current)	330,413
Derivative financial instruments	48,901
Trade liabilities	8,502
Other liabilities	1,713
	389,529
Total identified net assets as fair value	281,548
Transferred consideration	166,160
Gain from business combination	115,388

The gain from the business combination results from the requirement to apply the low share price to determine the value of the consideration. The fair values for acquired assets and liabilities shown above were subjected to reassessment.

Since the time of acquisition, PO REIT has contributed EUR 21,381 k to Rental Income from Investment Properties. If the business had been combined at the start of the year, Rental Income from Investment Properties would have amounted to EUR 24.208 k. Due to the legal merger between the companies, PO REIT's earnings contribution can no longer be calculated separately.

Transaction costs of EUR 7,365 k had already been reported as an expense in 2013 and recognised as Administrative Expenses. The transaction costs of EUR 23,556 k which were subsequently incurred during the nine-month period in 2014, consisting for the most part of land transfer tax and consultancy fees, were likewise recognised as Administrative Expenses in the Statement of Income and as Cash Flow from Operating Activities in the Statement of Cash Flows.

Business combination in the previous year:
The merger with German Acorn Real Estate GmbH, Cologne (German Acorn), was recognised in the previous year as a business combination under joint control. The date when the Company acquired control over German Acorn was 11 November 2013, the date the merger agreement was concluded. From that date, the assets and liabilities of German Acorn were included at their carrying amounts as recognised, in accordance with IFRS, in the Consolidated Financial Statements of the top-tier parent company.

5. Selected Notes to the Consolidated Statement of Income

5.1. Rental income from investment properties

Rental income from investment properties breaks down as follows:

in EUR k	9 M 2014	9 M 2013
Rental income from property leases	75,883	65,727
Rental income from garages	5,369	4,210
Rent-free periods	-2,408	-2,573
	78,844	**67,364**

Since the business combination with PO REIT, EUR 21,381 k has been earned in Rental Income from Investment Properties.

5.2. Recoverable service charge expenses

Property-related expenses that can be recovered from tenants break down as follows:

in EUR k	9 M 2014	9 M 2013
Property tax	5,983	2,439
Maintenance costs	4,128	3,196
Hot w ater and heating costs	2,613	2,427
Electricity costs	2,511	2,539
Porter, reception, janitor costs, security	2,490	2,429
Property management	1,670	1,241
Insurance	1,068	652
Cleaning costs	983	1,020
Water	847	587
Winter clearance, street cleaning, external maintenance, irrigation	813	775
Non-deductible input tax	642	988
Refuse and w aste disposal	456	415
thereof non-assignable due to rental agreement	-1,211	-1,168
thereof non-assignable due to vacancy	-5,080	-2,896
Other	446	320
Total	**18,359**	**14,964**

Compared with the nine-month period ended on 30 September 2013, recoverable expenses have risen overall, essentially due to the merger with PO REIT and the resulting increase in the number of properties. However, as vacancies have increased, vacancy-related non-recoverable expenses have also risen. Since the acquisition of the PO REIT properties, these have contributed EUR 4,830 k to recoverable expenses incurred by letting operations. However, these include a property tax charge of EUR 1,987 k incurred before the reporting period, which was levied following a subsequent assessment by the City of Munich and which was fully passed on to tenants. In addition, the property tax charge increased in the reporting period due to the application of IFRIC 21 as EUR 1,090 k was recognised as liabilities for the outstanding property tax due in Q4/2014 for the properties in the Group’s portfolio. Receivables of 851 k were capitalised, reflecting the amount to be refunded in future by tenants in the context of the settlement of service charges. The difference between receivables and liabilities, amounting to EUR 249 k, was reclassified as an expense under “Non-recoverable service charge expenses”.

5.3. Non-recoverable service charge expenses

Expenditure on non-recoverable property-related costs breaks down as follows:

in EUR k	9 M 2014	9 M 2013
Servicing and maintenance	1,002	770
Non-deductible input tax	503	678
Legal and consulting fees	251	75
Non-assignable due to rental agreements	1,211	1,168
Non-assignable due to vacancy	5,080	2,896
Other	1,244	669
Total	**9,291**	**6,256**

Since the acquisition, PO REIT has contributed EUR 3,160 k to non-recoverable operating expenses.

5.4. Administrative Expenses

in EUR k	9 M 2014	9 M 2013
Personnel expenses	3,784	0
Legal and consulting fees	631	149
Rental costs	450	0
Audit costs	433	171
EDP-costs	391	0
Other personnel related costs	251	0
Insurance/contributions and levies	241	57
Travel costs	238	0
Depreciation/amortisation	233	0
Management services (incl. asset management)	0	3,017
Other	1,212	203
Total	**7,864**	**3,597**

In 9M/2013, management services comprised the asset management charge of EUR 1,728 k and the service charge of EUR 1,289 k for services provided by German Acorn. Following the Company's merger with German Acorn on 11 November 2013, these charges fell under intra-Group expenses and income and have since then been eliminated.

The entries relating to personnel expenses and depreciation are a consequence of the business combinations with PO REIT and German Acorn and the resulting assumption of existing employment contracts and furnishings & equipment. In this context, the occupancy costs, travel expenses for transferred staff and other administrative expenses are reported, which essentially accounts for the increase in Other Administrative Expenses.

Due to the closure of the Munich office as of 30 June 2014, Administrative Expenses include special effects amounting to a total of EUR 490 k. These are personnel expenses and rental costs which include not only regular rents but also unavoidable expenses for the settlement of future financial obligations from the office space rental contract which will run until 30 August 2016.

5.5. Other Income

Other Income of EUR 117,134 k (9M/2013: EUR 1,768 k) essentially consists of the gain from the business combination amounting to EUR 115,388 k. In this regard, see Notes under "4. Business combination". In addition, Other Income essentially includes EUR 661 k in income from a warranty claim (9M/2013: EUR 0 k).

5.6. Other Expenses

Other Expenses break down as follows:

in EUR k	9 M 2014	9 M 2013
Transaction costs for merger w ith PO REIT	23,556	4,233
Expenses for refinancing of loans	572	0
Valuation allow ances on recivables and losses on receivables	444	652
Non-deductible input tax	257	0
Other	304	756
Total	**25,133**	**5,641**

The year-on-year increase in Other Expenses relates directly to the transaction costs for the merger with Prime Office REIT AG. In particular, it includes an associated provision for future real estate transfer tax amounting to EUR 23,000 k.

5.7. Profit on disposal of properties

The nine-month period ended on 30 September 2014 saw disposal of the properties on "Yorkstrasse" in Düsseldorf (transfer of rights and obligations on 1 January 2014), on "Gotenstrasse" in Hamburg (transfer of rights and obligations on 31 January 2014) and of the two properties on "Hainstrasse" in Leipzig (transfer of rights and obligations on 1 August 2014).

In addition, the "Philipp-Reis-Strasse" property in Stuttgart/Fellbach, acquired in the course of the business combination with PO REIT, was also sold, and the rights and obligations were transferred on 18 February 2014.

The sales prices of the properties sold in 2014 amounted to a total of EUR 121,950 k (9M/2013: EUR 20,325 k), with carrying amounts of EUR 119,527 k (9M/2013: EUR 20,257) and expenses from the disposal of the properties amounting to EUR 11 k (9M/2013: EUR 180 k).

5.8. Finance costs

Finance Costs break down as follows:

in EUR k	9 M 2014	9 M 2013
Interest expenses Hercules Portfolio loan	10,362	16,142
Interest expenses Homer Portfolio loan	8,688	16,380
Interest exepnses other property loans	10,447	0
Expenses from ineffective portion of derivative financil instruments	5,770	3
Total	**35,267**	**32,525**

Interest expenses for the Homer and Herkules loans fell significantly year-on-year due to repayments and improved credit terms following the refinancing carried out during the interim reporting period.

Interest expenses for loans for other properties result from liabilities to banks derived from the business combination with PO REIT and reflect interest incurred since the acquisition.

5.9. Earnings per share

To determine undiluted earnings per share, the net profit for the year attributable to holders of ordinary shares in the parent company is divided by the weighted number of ordinary shares outstanding during the year. Since there are no equity instruments with dilutive effect, the diluted earnings per share are equal to the undiluted earnings per share.

The merger of PO REIT with the Company was entered in the register of companies at the Cologne District Court on 21 January 2014, along with the equity increase of EUR 51,941,345 to EUR 133,941,345.00.

On 14 February 2014, an increase in share capital to EUR 180,529,633.00 as a result of a cash capital increase from the issue of 46,588,288 new no-par-value bearer shares was entered in the register of companies at the Cologne District Court.

The weighted number of shares was 169,215,671 as of 30 September 2014. In 9M/2013, the assumption for the full year was that – because of the increase in capital from the Company's own funds implemented in 2013 – there would be 82,000,000 outstanding shares.

6. Selected Notes to the Consolidated Balance Sheet

6.1. Investment properties

in EUR k	9/30/2014	12/31/2013
As at 1 January	1,299,410	1,398,268
Disposals from sales	-15,377	-13,589
Additions due to business combination	579,138	0
Value-increasing investments during the year	16,292	10,846
Correction of rent smoothing based on the application of SIC 15	-687	38
Unrealised gains on measurement at fair value	4,162	18,678
Unrealised losses on measurment at fair value	-28,512	-44,681
Reclassification to assets held for sale	-10,335	-70,150
As at 30 September 2014/31 December 2013	**1,844,091**	**1,299,410**

At 30 June 2014, the investment properties were recognised at fair value following detailed valuation. Please see the Consolidated Financial Statements as at 31 December 2013 for details of the valuation methods and metrics.

The validity of valuations as of 30 June 2014 was reviewed for the purpose of reporting as of 30 September 2014. The Executive Board concluded from their review of the valuation of the properties that, except for the increase in real estate transfer tax cited below, there had been no significant changes in the factors affecting the properties' value. In light of this, the property values established for 30 June 2014 were retained without modification for the Interim Financial Statements as of 30 September 2014, except for the properties for which the real estate transfer tax was increased as of 1 August 2014. For properties undergoing investment beyond the usual level of maintenance and repair, the values determined as at 30 June 2014 and adjusted for the increase in land property tax were increased by the amount of the investment.

The properties acquired as a result of the merger with PO REIT also underwent detailed valuation as at 31 December 2013. The Executive Board concluded from their review at the time of initial consolidation that the value attributed to the "Ludwig-Erhard-Anlage" property in Frankfurt/Main should be reduced by EUR 25,900 k to EUR 90,000 k, compared with the value as of 31 December 2013 determined in the expert appraisal. In every other respect, the fair values as at 31 December 2013 were taken over unaltered for the first-time consolidation.

The unrealised losses on measurement at fair value are directly related to the decision adopted in 2014 in Berlin, Bremen and Hesse to increase the real estate transfer tax. In the valuation of investment properties, the present value is calculated net of incidental acquisition costs such as real estate transfer tax. Since the Company owns 15 properties in cities in the State of Hesse alone, the increase in real estate transfer tax and the associated reduction of the value of these properties is the primary reason for the unrealised losses on measurement at fair value.

In addition, the result on measurement at fair value is influenced by the investments made during the nine-month period in 2014, in particular the investments in the "Am Seestern 1" and "Heerdter Lohweg" properties in Düsseldorf and in the "Platz der Einheit 1" property in Frankfurt, which has not yet been reflected by an increase in the properties' value. This is mainly due to the vacancy rates which were high in some of the properties at the time the valuation was carried out.

With reference to the "Ludwig-Erhard-Anlage" property, the Company recognises the carrying amount of EUR 90,000 k from the first-time consolidation minus a value reduction due to the increase in real estate transfer tax in Hesse as of 30 September 2014 and thus deviates from the value of EUR 102,700 k determined in the valuation appraisal as of 30 June 2014 because the Executive Board disagrees with the assumptions made by the external expert with regard to the realisable rent per square metre and the necessary investments as well as the period of time required for re-letting the property.

With reference to the reclassification of assets from Investment Properties to Assets Held for Sale, please see the following Notes under “6.2 Assets held for sale and associated liabilities”.

6.2. Assets held for sale and associated liabilities

On the balance sheet as at 30 September 2014, the properties on “Gutleutstrasse” in Frankfurt/Main and on "Altessener Strasse" in Essen, both of which are investment properties, are recognised as Assets Held for Sale.

The rights and obligations of the properties listed under this item on 31 December 2013 – “Gotenstrasse” in Hamburg, with a purchase agreement dated 17 October 2013 (EUR 8,150 k), and “Yorckstrasse” in Düsseldorf, with a purchase agreement dated 12 December 2013 (EUR 62,000 k) – were transferred on 31 January 2014 and 1 January 2014, respectively, although the “Yorckstrasse” property was sold as part of a share deal, and the associated assets and debts have been transferred to the purchaser.

6.3. Equity

Detailed information about changes in equity will be found in the Consolidated Statement of Changes in Equity.

On 7 August 2013, the Executive Boards of the Company and PO REIT concluded a notarised agreement to merge PO REIT with the Company (the “Merger Contract”). The merger of PO REIT with the Company was resolved by the Annual General Meeting of the Company on 23 September 2013 and the Annual General Meeting of PO REIT on 24 September 2013. The merger of PO REIT with the Company was entered in the register of companies at the Cologne District Court on 21 January 2014 along with an increase in share capital to EUR 133,941,345.00. The PO REIT share closed trading on the day before discontinuation at EUR 3.199 (Xetra closing price on 20 January 2014). The surplus over the nominal value of the shares issued was transferred to the Capital Reserve (EUR 114,219 k).

On 14 February 2014, an increase in share capital to EUR 180,529,633.00 as a result of a cash capital increase from the issue of 46,588,288 new no-par-value bearer shares was entered in the register of companies at the Cologne District Court. The cash capital increase was based on a price of EUR 2.80 per share. The share capital increase followed the resolution adopted by the Annual General Meeting on 23 September 2013 to endorse the “authorised capital for 2013”. The surplus over the nominal value of the shares issued was transferred to the Capital Reserve (EUR 83,859 k). The transaction costs for the capital increase consist essentially of transaction fees paid to the underwriting banks.

6.4. Interest-bearing loans

Secured loan of EUR 425 million (“Herkules Refinancing Loan”)

On 18 December 2013, an agreement worth up to EUR 475 million was signed for the refinancing of the Herkules Acquisition Loan. This Herkules Refinancing Loan was drawn on 20 February 2014 and amounted to a total of EUR 425 million. The Herkules Refinancing Loan has been granted in the form of one tranche worth EUR 202 million, which will run until 18 December 2018 (“tranche A”), and another tranche amounting to EUR 223 million (“tranche B”), which will expire on 18 December 2020. The loan is to be repaid in equal instalments at 2 percent p.a. on a Loan to Value (LTV) equal to or greater than 55 percent, and when the LTV falls below 55 percent, at 1.5 percent p.a. of the nominal amount. The interest on the loan will be based on the 3-month EURIBOR plus a margin. The margin is 1.9 percent p.a. for tranche A and 2.3 percent p.a. for tranche B.

Secured loan of EUR 370 million (“Homer Refinancing Loan”)

On 19 December 2013, an agreement worth EUR 370 million was signed for the refinancing of the Homer Acquisition Loan. The payment was drawn on 19 February 2014. The loan will run until 30 September 2018. The loan is to be repaid in equal instalments at 2 percent p.a. on an LTV equal to or greater than 55 percent, and when the LTV falls below 55 percent, at 1.5 percent p.a. of the nominal amount. The interest is fixed in the contract at the 3-month EURIBOR plus an additional margin of 2 percent p.a. for interest periods that begin with an LTV greater than or equal to 55 percent and 1.9 percent p.a. when LTV falls below 55 percent.

Secured loans from the business combination

The business combination with PO REIT, which took effect on 21 January 2014, resulted in the transfer of secured loans with a provisional fair value of EUR 330,413 k. All these loans are associated with specific properties and were concluded with different banks.

The interest on these loans is primarily fixed by contract at the 3-month EURIBOR plus a margin ranging from 0.9 percent p.a. to 4.27 percent p.a. The loans are secured by mortgages and other customary forms of bank collateral. The loan for the property on “Philipp-Reis-Strasse” in Stuttgart/Fellbach was fully discharged in February 2014 following the sale of the property.

Financing for the properties in Stuttgart/Nuremberg/Düsseldorf was rescheduled under a loan agreement of 21 March 2014 with an expiry date of 31 December 2018. Refinancing in accordance with the terms of the contract took place on 31 March 2014. The interest rate is based on the 3-month EURIBOR with an additional margin of 1.9 percent p.a. The loan is to be repaid in equal instalments at 2 percent p.a. on an LTV equal to or greater than 55 percent, and when the LTV falls below 55 percent, at 1.5 percent p.a. of the nominal amount.

Financing worth approx. EUR 37.58 million for the “Ludwig-Erhard-Anlage” property in Frankfurt (“Westend Ensemble”) was extended at the end of March, as a first step, for another 6 months until 30 September 2014, at an interest rate of 4.85 percent, due to the continuing and as yet inconclusive discussion about whether to convert the property for residential purposes and sell it on. Subsequently, financing was extended by another 3 months until 31 December 2014, with a reduction of the interest rate to 4.35 percent p.a. The loan will be repaid monthly in arrears, using an annuity formula at an initial rate of approx. EUR 234 k.

Financing for the properties in Darmstadt was extended, with effect from 1 July 2014, until 30 November and 31 December 2019, respectively, including unscheduled repayments of approx. EUR 4.94 million. The interest is based on the 3-month EURIBOR plus a margin of 1.8 percent p.a. The loans are to be repaid in equal instalments of EUR 426 k and EUR 115 k, respectively. For the loan which will run until 30 November 2019, unscheduled repayments of a total of EUR 6 million are to be made over a period of three years on 30 June, beginning in 2015.

6.5. Derivative financial instruments

Derivative financial instruments include interest-rate swaps and interest caps, which are used to manage potential interest-rate risks arising from the Group’s operations and its sources of finance. The fair value of the derivative financial instruments, all of which fall into valuation hierarchy level 2, was determined by an independent expert using a simplified discounted cash flow model.

In the period from 1 January to 30 September 2014, the following significant changes occurred with regard to derivative financial instruments:

Reversal of interest-rate hedges

The interest-rate swap with a nominal amount of EUR 163,727 k, which was concluded to hedge against the interest-rate risk arising from the Homer Acquisition Loan and whose term would have extended until 30 November 2014, was fully reversed on 19 February 2014. The portion of the loss from the former hedging instrument included in Other Reserves (accumulated equity) was fully recognised in income (EUR 1,367 k).

Conclusion of interest-rate hedges in connection with refinancing the Homer loan

On 19 February 2014, two interest-rate swaps were concluded for the Homer Refinancing Loan. As part of these transactions, an additional payment of EUR 1,865 k was agreed by the banks; these amounts were paid out to the Company on 28 February 2014. The total amount was used to finance the redemption amount of the original swap cited above. The term of each of the two swaps will end on 30 September 2018.

In addition, two interest caps were concluded for the Homer Refinancing Loan on the same day. The Company paid a one-off fixed premium of EUR 1,175 k for each cap. The term of each of the two interest caps will end on 30 September 2018.

As of 30 September 2014, the fair values of the interest-rate hedges were as follows:

in EUR k Interest related contracts	fixed rate/ Caprate p.a.	Nominal value	Fair value
Swaps	1.6575%	117,000	-6,563
Caps	1.2500%	177,677	225
Total negative fair value			**-6,563**
Total positive fair value			**225**
Total nominal value		**294,677**	

Conclusion of interest-rate hedges in connection with refinancing the Herkules loan

On 20 February 2014, three interest-rate swaps were concluded for the Herkules Refinancing Loan. The term of two of the three swaps extends until 18 December 2018, while the term of one swap extends until 18 December 2020. As of 30 September 2014, the fair values of these swaps were as follows:

in EUR k Interest related contracts	fixed rate p.a.	Nominal value	Fair value
Swaps	0.9375%	159,984	-4,439
Swap	1.3280%	176,616	-8,552
Total negative fair value			**-12,991**
Total nominal value		**336,600**	

Acquisition of interest-rate hedges from the business combination

As a result of the business combination with PO REIT, interest-rate hedges were acquired with the following fair values:

in EUR k		30 Sept 2014		21 Jan 2014
Interest related contracts	Fixed rate/Caprate p.a. as of 30 Sept 2014	Nominal value	Fair value	Fair value
Property				
Darmstadt (T-Online Allee)				
Swap		0	0	-5,557
Swap		0	0	-7,631
Swap	3.7700%	84,774	-13,378	0
Meerbusch (Earl-Bakken-Platz)				
Swap	4.2000%	9,788	-498	-772
Essen (Opernplatz)				
Swap	3.1200%	19,241	-1,737	-1,877
Essen (Alfredstr.)				
Swap	2.8600%	30,288	-2,177	-2,461
CAP	2.8600%	12,981	0	28
Swap to Swap (Payer Swap)		0	0	-9,027
Swap to Swap (Receiver Swap)		0	0	4,980
Darmstadt (Deutsche Telekom Allee)				
Swap	5.2000%	22,885	*-5,365*	*-5,564*
Stuttgart (Breitwiesenstr.)				
Swap	3.0250%	19,952	-2,558	-4,212
Nürnberg (Richard-Wagner-Platz)				
Swap	3.0250%	7,146	-916	-1,508
Heilbronn (Bahnhofstr.)				
Swap	2.8600%	12,078	-872	-982
CAP	2.8600%	5,177	0	11
Swap to Swap (Payer Swap)	4.6900%	17,592	-3,730	-3,738
Swap to Swap (Receiver Swap)	1.7400%	17,592	2,458	2,006
Düsseldorf (Am Seestern)				
Swap	2.9175%	27,441	-3,393	-5,572
Total positive fair value			**2,458**	**7,025**
Total negative fair value			**-34,624**	**-48,901**
Total nominal value		**286,935**		

When it refinanced the Stuttgart/Nuremberg/Düsseldorf properties, the Company reduced the fixed interest rates of the existing and continuing swaps used to hedge the current loans by 1.6325 and 1.66 percentage points, effective as of 31 March 2014, against one-off payments to the swap counterparty.

The receiver and payer swap used to hedge the financing of the “Alfredstrasse” property in Essen was redeemed for a total amount of EUR 3,773 k, effective as of 27 June 2014. The redemption amount was paid in July 2014.

Due to the extension of the loans for the two properties in Darmstadt, the associated interest-rate hedges were adjusted with effect from 30 June 2014.

In this context, the two swaps used to hedge two tranches of the loan for financing the “T-Online Allee” property in Darmstadt were replaced by a new interest-rate hedge. Compared to its predecessors, the term of the swap was extended by one year, so that it matches the loan’s due date. The swap’s nominal amount and its repayment structure also match the loan. The fixed interest rates of the two swaps were reduced by 0.56 percent and 0.41 percent, respectively, to 3.77 percent, effective as of 30 June 2014.

The swap used to hedge the loan for financing the “Deutsche Telekom Allee” property in Darmstadt was adjusted as of 30 June 2014 insofar as the variable interest rate was converted from 1-month EURIBOR to 3-month EURIBOR. The swap’s nominal amount and its repayment structure were modified to match the loan. These changes led to additional cost for the Company, as reflected *inter alia* by a higher fixed interest rate of 0.39 percent, compared with the original interest-rate hedge. In addition, a one-off payment of EUR 216 k was agreed with the swap counterparty, which was made in July 2014.

All the adjustments cited above have been included in the table above.

6.6. Other liabilities

As of 30 September 2014, Other Liabilities mainly include provisions accrued for real estate transfer tax of originally EUR 23,000 k payable in connection with the business combination with PO REIT. In addition, Other Liabilities include rent deposits received (EUR 2,584 k; December 2013: EUR 2,493 k), rent paid in advance by tenants (EUR 2,451 k; 31 December 2013: EUR 1,188 k), pension obligations (EUR 1,363 k; 31 December 2013: EUR 649 k) and security deposits (EUR 942 k; 31 December 2013: EUR 968 k).

7. Other notes

7.1. Other financial obligations

Obligations amount to EUR 6,834 k (31 December 2013: EUR 4,703 k) from contracts already awarded for initiated or planned investment projects or from contractual agreements with tenants and other business partners.

7.2. Contingent assets

There were no contingent assets on the balance sheet date.

7.3. Consolidated Statement of Cash Flows

Cash and Cash Equivalents as shown in the Statement of Cash Flows include all payment resources derived from bank balances.

7.4. Related party disclosures

No significant changes have occurred since the disclosures on related entities and individuals made for 31 December 2013. At the reporting date for the Consolidated Interim Financial Statements, Deutsche Office was still controlled by a foreign entity, Oaktree Capital Group Holdings GP, LLC, Wilmington, Delaware, USA (the “Holding Company”). This control is exercised via several intermediate companies, controlled by the Holding Company, which in turn have several investment companies under their control (collectively known as “Oaktree Capital”). The investment companies with a direct shareholding in the Company collectively hold a 60.5-percent interest in the Company’s share capital.

7.5. Headcount

In the period from 1 January to 30 September 2014, the Company and hence the Group retained an average of 36 employees. Averages were determined on the basis of the number of employees at the end of each month. As a result of the business combination with PO REIT on 21 January 2014, 7 employment contracts were transferred to the Company.

7.6. Executive Board

When the merger with PO REIT took effect on 21 January 2014, Alexander von Cramm, Munich, was appointed to the Executive Board of the Company.

As at 30 September 2014, the Executive Board of the Company consisted of Jürgen Overath, Hennef, and Alexander von Cramm, Munich.

7.7. Supervisory Board

When the merger with PO REIT took effect on 21 January 2014, the Supervisory Board was expanded from three members to six. As at 30 September 2014, the composition of the Supervisory Board was as follows:

- Hermann T. Dambach (Chairman from 22 January 2014), Managing Director of Oaktree GmbH, Frankfurt/Main
- Uwe E. Flach (Deputy Chairman from 22 January 2014), management consultant
- Caleb Kramer, Managing Director of Oaktree Capital Management L.P and Oaktree Capital Group LLC, London (from 20 May 2014)
- Edward P. Scharfenberg, lawyer (from 21 January 2014)
- Nebil Senman, Co-Managing Partner of Griffin Real Estate Sp.z.o.o., Warsaw, Poland
- Prof. Dr. Harald Wiedmann, auditor, lawyer, accountant (from 21 January 2014)

- Prof. Dr. h.c. Roland Berger, Honorary Chairman of Roland Berger Strategy Consultants GmbH, Munich (from 21 January 2014 to 5 May 2014)

7.8. Events since 30 September 2014

No events have occurred since 30 September 2014 which would significantly affect the Company's net assets, financial position and results of operations.

Cologne, 4 November 2014

The Executive Board

Alexander von Cramm Jürgen Overath

STATEMENT OF RESPONSIBILITY

“We hereby certify that, to the best of our knowledge and in accordance with the applicable rules on financial reporting, the Consolidated Interim Financial Statements for the period ending 30 September 2014 give a true and fair view of the net assets, financial position and results of operations, provide a true and fair view of the Group’s business performance including the Group’s results of operations and current status, and set out the opportunities and risks associated with the Group’s expected development.”

Cologne, 4 November 2014

The Executive Board

Alexander von Cramm   Jürgen Overath

INFORMATION ON DO DEUTSCHE OFFICE AG

Start of trading on 22 January 2014	EUR 3.20
XETRA closing price on 30 September 2014	EUR 3.03
Low/high price in period under review	EUR 2.72 / EUR 3.49
Market capitalisation on 30 September 2014	EUR 546.9 million
Official market	Prime Standard, Frankfurt and XETRA
Index	FTSE EPRA/NAREIT Global Real Estate Index Series, SDAX Index
Number of shares	180,529,633
Ticker symbol	PMOX
Securities identification number (WKN)	PRME02
ISIN	DE000PRME020
Designated sponsors	Baader Bank, Close Brothers Seydler

FINANCIAL CALENDAR 2014/2015

4 November 2014	Financial report on the first nine months of 2014
6-7 November 2014	Kempen Roadshow London, Amsterdam
13 November 2014	Commerzbank Commercial RE Seminar, London
24-26 November 2014	German Equity Forum, Frankfurt
27 November 2014	Roadshow Paris, Kepler Cheuvreux
9 December 2014	MidCap Conference CB Seydler, Geneva
19-22 January 2015	German Corporate Conference, Kepler Cheuvreux, Frankfurt

19-22 January 2015	German Corporate Conference, Kepler Cheuvreux, Frankfurt
26 March 2015	Publication of FY 2014
13 May 2015	Financial report on the first three months of 2015
11 August 2015	Financial report on the first half of 2015
11 November 2015	Financial report on the first nine months of 2015

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