

DEM BAYERISCHEN HEERE

INTERIM REPORT

as of 30 September 2013
ISARIA Wohnbau AG Munich

ISARIA Wohnbau Group

Key Parameters

OPERATING PERFORMANCE INDICATORS IN € MILLION

	01/01/ - 09/30/2013	01/01/ - 09/30/2012	Q3 2013	Q3 2012
Sales revenue	19.6	40.0	13.6	18.2
Total output	26.4	42.6	11.4	14.1
Gross profit	10.5	14.3	4.1	4.2
EBIT	3.6	10.6	0.9	5.1
Consolidated result after taxes	-3.4	-2.5	-1.6	1.3
Gross profit margin	54%	36%	30%	23%
EBIT margin	18%	26%	7%	28%
Profit-turnover-ratio	-18%	-6%	-12%	7%
Cashflow from operating activities	0.3	39.1		
Cashflow from investing activities	1.2	2.2		
Cashflow from financing activities	-13.2	-43.7		

BALANCE SHEET RATIOS IN € MILLION

	09/30/2013	12/31/2012
Current assets	131.1	139.1
of which: Properties held for sale and other inventories	90.9	84.1
Equity	3.0	3.0
Financial liabilities	91.4	78.2
of which: non-current	8.6	9.3
Balance sheet total	153.8	162.7

EMPLOYEES

	09/30/2013	12/31/2012
Number of employees	30.0	31.0

SHARE

ISIN	DE000A1E8H38
WKN	A1E8H3
Market segment	Prime Standard
Highest price 9 months (Xetra)	3.50
Lowest price 9 months (Xetra)	2.25
Closing price on 09/30/2013 (Xetra)	3.09

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TRADITION IN A NEW LIGHT

Being at home has always meant being able to enjoy time to yourself.
Our modern utilisation concepts shed new light on this need today while
keeping tomorrow in mind.

To our shareholders and business partners

During the third quarter, for the first time since two years, we once again handed over a stage in our major “nido” project in Karlsfeld to the purchasers. These 30 terraced houses will be followed by a further 51 units in the last quarter. It is interesting to see that the purchasers of the houses now transferred have apparently made the deal of their life by buying one of the houses. The houses were handed over at purchase prices of around € 400,000 as certified in 2011 and 2012. We are currently selling the same type of house in additional construction stages in this project for € 549,000 as a result of the enormous price increases in Munich. Each of the purchasers formed additional “equity” of € 150,000 when they moved in. This is how much a normal household saves in at least a decade (after taxes). However, for lasting success, this is conditional upon a rule in Munich that has already stood the test of decades continuing to apply: Sometimes prices go up fast, sometimes slow, and sometimes they even stagnate. But they never fall.

Our shareholders can verify that we can realise totally different margins for the 380 hand-overs that are still pending for 2014 and 2015 than was the case in this period under review. A property developer’s financial statements map the market in past periods.

As a result, a look at the financials for the past nine months of fiscal year 2013 do not yet show the full extent of the progress that ISARIA Wohnbau AG has made in this period. At least the structures for future success can already be clearly seen in the figures in these interim financial statements as of 30 September 2013.

FINANCING STRUCTURE STABLE

Financing expenses are stable at a substantially lower level for the third successive quarter. This can be impres-

sively seen by comparing the quarterly financial expenses over the past eight quarters. The positive impact on earnings from the improvements in the financing structure already recorded in 2012 totalled € 7.0 million in the three quarters of the reporting period compared to the same period of the previous year.

It will be difficult to improve further given our current equity, although this really is needed. We will be dependent on comparatively expensive tier three funding for at least a further two years without a capital increase. That is why in the last six months we also placed a strategic focus on acquiring Hamburg-based One Group. It now appears that we have a secure supply of capital for our projects at fair conditions.

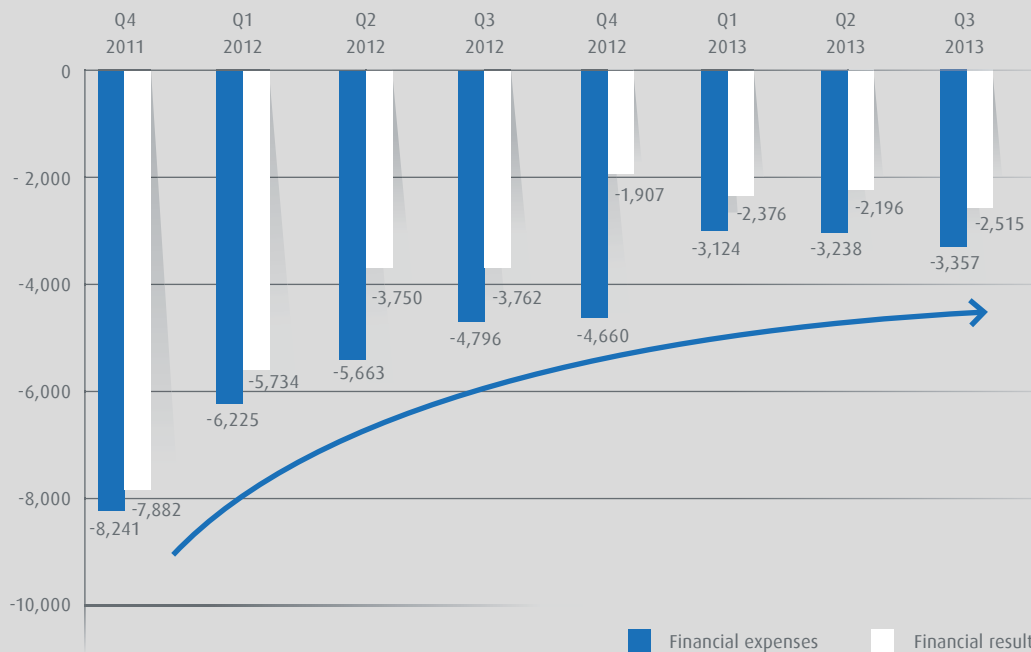
INTEGRATION OF HAMBURG-BASED ONE GROUP AT THE END OF 2013

We already informed you of our July acquisition of the Hamburg-based issuing company One Group as of the end of 2013 in our six-month report. During the past three months we have further intensified the business relationships with One Group. One Group is very successful on the market with its project development funds it has currently set up. We already received funds of around € 10 million to finance our current construction projects during the past third quarter. Preparations for integrating One Group into the ISARIA Group’s organisational structure have already started.

MAJORITY ACQUISITION OF A PROJECT COMPANY

The improved financing structure of ISARIA Wohnbau AG, which is also due to One Group, allows us to acquire a majority interest in a project company with a sales volume of around € 50 million still in 2013. We have been linked

FINANCIAL RESULT in k€



to this company since last year as a minority shareholder. The revitalisation property is to be at least partially completed in 2013 and transferred to the purchasers.

CONTINUED EXCELLENT SALES SUCCESS

Including this majority acquisition, we have broken the € 100 million mark with our notarised sales through to the end of October! That means that we are a good 30 per cent up on the previous year's figure and have also surpassed the previous record-breaking year of 2010 by almost € 20 million. As already reported, we are currently continuing to sell "from the drawing board to the green field" in Karlsfeld, i.e. houses for which construction has not yet even started. At present, we have not only already got 100 % of the sales planned for this year for this construction project in our books via the sales already concluded with a notary, but already have almost 90 % of the sales forecast for next year (2014) on our books. This means that it is easy to forecast our income.

UNCHANGED EXCELLENT MARKET ENVIRONMENT

The market environment also continues to be excellent. This is confirmed time and time again by various quarterly reports. ISARIA Wohnbau's position for individual sales to private buyers continues to be strong, and demand for affordable apartments in Munich is unrelenting. ISARIA Wohnbau has a well-filled project pipeline in this regard for several years' revenues, and in the coming years it continues to have attractive offerings, in contrast to some of its competitors. This potential will also be reflected in the coming years in ISARIA Wohnbau's results.

A VIEW TO FUTURE PROJECTS

Project development has already started for our next projects for the period after our major project in Karlsfeld has been completed. Taking the Diamalt Quarter in the Munich region of Allach as an example (you can find this on pages 10 to 15), you can see how ISARIA Wohnbau AG

is co-shaping the future of the City of Munich. Here, ISARIA Wohnbau AG is once again developing a quarter with more than 400 residential units.

OUTLOOK

Based on the previous course of business in the first nine months of 2013 and the on-forecast results for the third quarter of 2013, we are confirming our forecast issued as part of our reporting on 31 December 2012 for 2013 as a whole for positive earnings after taxes in the low single-digit millions. However, reaching this result depends, to a great extent, on the majority acquisition of an SPE planned for the final quarter of 2013 and described above being complete, and also the successful forecast completions in this project, despite this tight timeframe. We hope that the weather will also support us a little and that winter does not come early.

Munich, November 2013

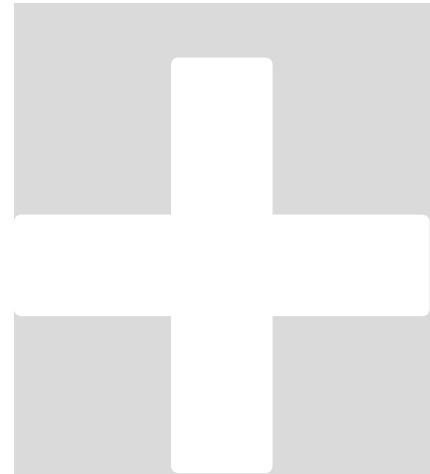
ISARIA Wohnbau AG
– The Management Board –



Michael Haupt



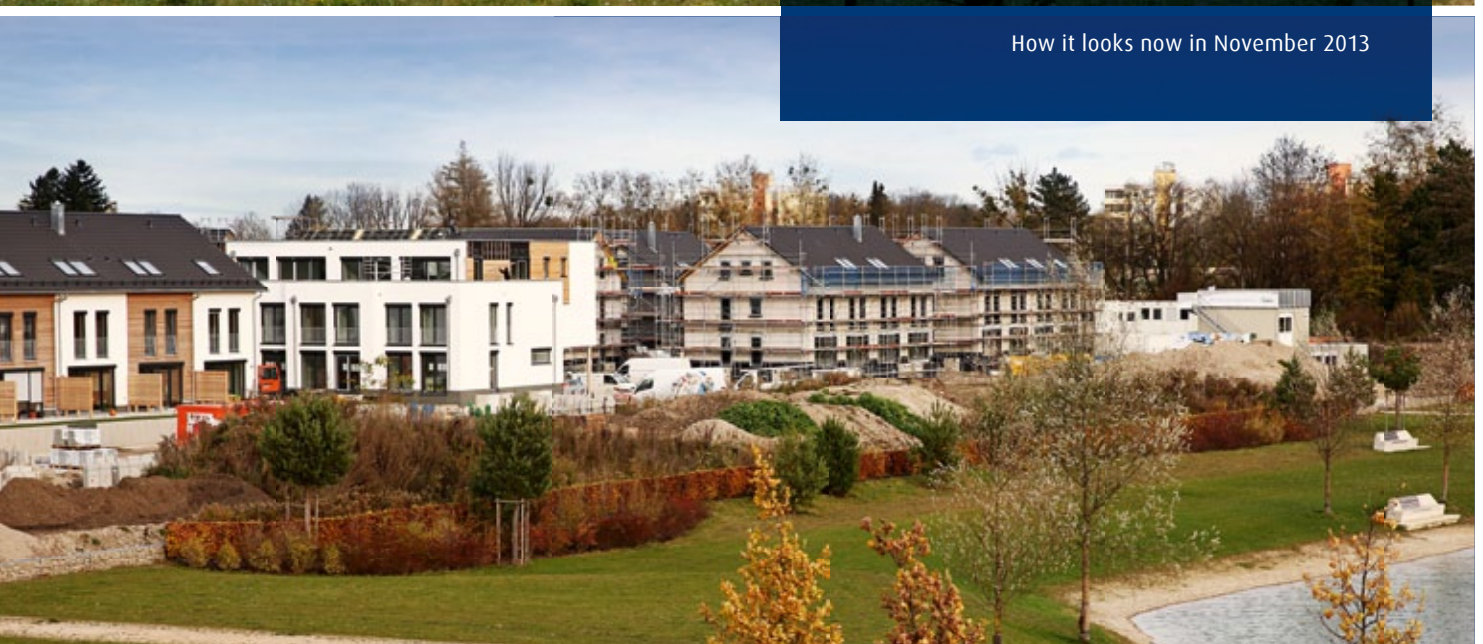
Christian Dunkelberg



Construction progress on the Nido project in Karlsfeld



View of sections WA 6, 7 and 9 in July 2013



How it looks now in November 2013

Urban development by ISARIA

Diamalt Quarter: State-of-the-art apartments in a historic setting

North-West Munich, City District 23, Allach-Untermenzing – In the coming four years more than 400 new apartments will be built on the former site of the baking product manufacturer Diamalt AG. ISARIA Wohnbau AG will build a residential area worth living in on the site, where some of the properties are listed buildings – the Diamalt Quarter.

The Diamalt site offers the opportunity of creating new residential space in a very special environment, and thus driving urban development. That is urgently needed: The population is continuing to grow. According to the real estate agents Jones Lang Lasalle (JLL), at the end of 2012 more than 1.4 million people were living in Munich – 6.5 per cent more than five years previously.

- THE POPULATION IN MUNICH HAS GROWN 6.5 % IN FIVE YEARS
- RENTS HAVE CLIMBED BY 35 % SINCE 2005
- PURCHASE PRICES HAVE INCREASED BY 14 % IN THE LAST 12 MONTHS

The number of new inhabitants is particularly high in the west of the city. The growth is set to continue: The Bundesinstitut

für Bau-, Stadt- und Raumforschung (BBSR) forecasts that there will be 1.65 million people living in Munich by 2030.

HIGH DEMAND FOR NEW APARTMENTS IN MUNICH

According to the report from Jones Lang Lasalle already quoted, in 2012 almost 6,700 apartments were completed in Munich, which corresponds to the demand identified by the City of Munich for around 7,000 apartments per year. However this only works with subsidies from the city. The construction boom is being partially financed by a housing program by the City of Munich, which will pump almost EUR 800 million in to residential construction through to 2016.

However these efforts are by no means enough to compensate for the insufficient construction activities in the past, and the number of planning permissions issued in 2012 was down once again by 10 % year-on-

year. However, despite the subsidies the housing scarcity is driving prices further up: In the first half of 2013 the average rents in all city districts were up by six to ten per cent year-on-year. They have increased by 35 per cent from 2005. Purchase prices also grew: In the first half of 2013 they were 14 per cent higher than in the previous year. On average, people in Munich pay EUR 5,800 per square metre of new owner-occupied apartments. However, JLL does not believe that purchase prices have peaked yet, and the city of Munich also believes that the strong growth in the number of people moving to the city will continue. As a result, new space is needed for new housing construction.

REVITALISATION CONSERVES A BIT OF THE PAST

The Diamalt site, with its 70,000 square metres offers just such space. During the past few years, a large part of the requisite infrastructure has been set up in the direct vicinity. At the same time, the site's history means that it has a high potential for identification with the region. Diamalt GmbH, which went on to become Diamalt AG, formed its branch in Allach in 1902, where it produced malt extract, soup flavourings and other foodstuffs. Through to its bankruptcy in 1993 the company made a major contribution to the development of this part of town. However, it has not been possible to re-establish any commercial use since Diamalt AG closed. The DIY chain OBI showed some interest in 2005, however delays in the approval process caused the company to lose interest. All attempts to attract commercial operators have failed. Even the last remaining user, Siemens AG, which produced linear motors there, is discontinuing its use of the site at the end of the year.

By revitalising the site, ISARIA Wohnbau AG will not only create housing for the future - it is also securing a little bit of the past. The Diamalt AG factory buildings are now listed properties. A private real estate developer has already started to renovate the boiler house. Together with his family he will move into the loft, and the factory's former energy centre is also already home to offices and a medi-

Allach is located to the north-west of Munich's centre. Due to its position on the outskirts of the city, Allach offers all the benefits of life in a major city while still having plenty of green spaces and leisure areas. It's this combination that makes Allach so attractive.



cal technology company. The two other listed buildings "Suppenwürze" and "Maschinenhaus" will be extensively renovated by ISARIA, and will be developed for residential use in particular. This building complex will later form the centre of the new Diamalt quarter and will offer key highlights to heighten identification.

- THE BUILDINGS IN THE NEW RESIDENTIAL AREA WILL BE INFORMED BY A HISTORICAL STYLE

A FUTURE-PROOF PROJECT: LIVING ON THE DIAMALT SITE

If people in Munich talk about housing, they are most likely talking about the lack of housing or the excessive or increasing rents. There is a solution for both problems - building new properties. However, free construction space is rare in the Bavarian capital, and attractive space with good transport connections even more so. The Diamalt site in the north west of Munich is just such a rare example.

On a site of around 70,000 square meters, in the coming four years ISARIA Wohnbau AG will build more than 400



apartments in Allach-Untermenzing. The weathered Diamalt AG factory site between Georg-Reismüller-Straße, Ludwigsfelder Straße and the train lines will thus be fully revitalised after more than 20 years, and turned into a

- MORE THAN 400 APARTMENTS
- COVERING AN AREA OF 70.00 m²
- FIRST OCCUPANCY IN 2016

new quarter of the city. The project has a sales volume of around EUR 160 million and is one of Munich's 15 largest development areas. It is also one of the five residential areas that the city is treating with priority.

A NEW QUARTER OF THE CITY FOR 1,000 PEOPLE

ISARIA Wohnbau AG already bought the Diamalt site together with its listed "Suppenwürze" factory building in 2011. The first stage was to clear the site - carefully and with great effort - which was urgently needed as the site had stood vacant for many years. The provisional construction road was built, and in the coming year the preparatory construction work is set to start, which means that the first residents can move into their new apartments in 2016.

The renovated "Suppenwürze" factory will form the centrepiece of the future Diamalt quarter, offering apart-



KISS OF LIFE –

the City of Munich neglected the Diamalt plant (left) for 30 years. ISARIA Wohnbau is breathing new life into the area, which had fallen into disrepair despite being a listed building.



Non-binding visualization

ments and lofts. It will be a prime example of the successful conversion of commercial properties to form modern apartments. Together with the remaining listed properties, the newly built apartments will give the quarter its own identity.

The apartment buildings will be an excellent fit with the existing appearance of Allach-Untermenzing. At the same time, the Diamalt Quarter will benefit from the existing infrastructure such as schools and shops. The S-Bahn station Allach is just a few minutes' walk away, and it is not far by car to the main city access road Dachauer Straße. In several construction stages, ISARIA Wohnbau AG will develop the Diamalt site to become an independent

quarter of the city with light and spacious apartments. The final stage of construction is expected to be completed in 2017.

- S-BAHN CONNECTION TO THE CITY CENTRE
- EXPANDED INFRASTRUCTURE WITH SCHOOLS, NURSERIES AND SHOPPING OPPORTUNITIES

From industry to a crowning glory



IN OUR INTERVIEW WITH CHRISTIAN DUNKELBERG, COO OF ISARIA WOHNBAU AG, HE EXPLAINS THE OPPORTUNITIES OFFERED BY THE DIAMALT SITE.

Mr. Dunkelberg, the Diamalt site is located in Allach-Untermenzing to the north west of Munich. Why did you decide on this location?

Christian Dunkelberg: Of course many Munich residents and those who would like to move there would like an apartment that is as centrally located as possible. However, Munich should be regarded as a metropolitan region. Not because the strong excess demand is forcing us to do so, but because the city can also everything that residents would like to find in a metropolis outside of the centre, thanks to the rail links and infrastructure. The Diamalt site is just a few minutes from the Allach S-Bahn station. Future residents can get to the centre of Munich in less than half an hour.

What were the key factors for ISARIA Wohnbau AG to invest in this site, much of which is lying idle and which has existing listed buildings?

We knew from the very outset that this site offers huge potential. In addition, the history of Diamalt AG and its buildings is inseparably linked to the communities of Allach and Untermenzing. We not only want to create new housing in the listed "Suppenwürze" factory. The renovated building will give the Diamalt Quarter a unique look. Another key factor was the direct S-Bahn and tram connection, because mobility is a key reason for more and more

people to move from the country to the city. The excellent infrastructure with schools and child day-care centres and shops was another central criterion behind the purchase.

More than 400 new apartments are to be created in the Diamalt Quarter. Is the existing infrastructure enough to support that?

The City of Munich is working to create new offerings. The administration is totally responsible for public facilities and transport in the direct proximity of the Diamalt Quarter. In so doing, we are cooperating very closely with the City of Munich to create the best possible results for the future residents. The Diamalt site is an end-to-end urban development project, in which we are working as a project developer.

The development plan for the existing factory site has to be transformed from industry to housing. How is your cooperation with the administrative authorities in Munich going?

We are very happy with the cooperation so far. The responsible authorities are cooperating closely with us. Our employees know what they are doing. They are committed to concluding the formalities quickly. The authorities have to process a large number of applications with what are, in some cases, highly complex planning permissions. Munich urgently needs new housing, and that is also placing pressure on the authorities. I am confident that we will take a key step towards realizing this project in the coming year.

A QUARTER WITH HISTORY – HISTORY-STEEPED DIAMALT AG

Diamalt AG's product range included jam and soup flavourings as well as sweets and baking ingredients. Attracted by the Munich-Ingolstadt train line, the company formed its branch in Allach back in 1902. From then on, the foodstuff manufacturer made a major contribution to the development of the current Munich district.

BMW and the engineering company Krauss-Maffei also located in the industrial zone to the east of Allach-Untermenzing. The rapid growth awakened the interest of the state capital, and in 1938 Allach and Untermenzing became part of the City of Munich.

Diamalt defied the labour pains of the First World War with its innovative business idea: Diamalt products such as "diastatic malt extract" revolutionised the industrial production of bakery products. In addition, the company also produced chocolate and sweets. As a result, the company was able to rely on government subsidies during the war, in order to combat food bottlenecks. Diamalt AG set its course for expansion after the war. It added soap and stock cubes to its product range. At the same time, it opened branches in countries including France, Norway, Switzerland and the USA.

The company also grew in Allach-Untermenzing. In order to provide accommodation for the guest workers who came to Germany in particular in the 1960s, Diamalt AG built houses and apartments in the direct vicinity of the company's site. This also ensured that the industrial zone had a mixed structure, which led to further residential development.

The downturn of Diamalt AG in its original form started in 1978: The Schering AG Group acquired the company and held its interests through to 1990. This was followed by a management buy out, however the former executives had to file for bankruptcy in 1993.

- THE LONG-ESTABLISHED COMPANY DIAMALT AG SHAPED THE MUNICH DISTRICT BETWEEN 1902 AND 1993
- BY REVITALISING THE FORMER DIAMALT PROPERTY, ISARIA WOHNBAU AG COUNTERACTS THE HOUSING SHORTAGE

The company was then broken up. The company Meistermarken took over the baking ingredients sector, and the other segments went abroad.

Since then, the Diamalt AG site has lain idle, as the City of Munich was not able to find another commercial tenant. The historic buildings have been left to ruin for centuries. ISARIA Wohnbau AG wants to stop this development with this revitalization, and at the same time combat the housing shortage in Munich.

Below: Old advertising stamps with products of
Diamalt AG

Right: A share of the former Diamalt AG



GROUP INTERIM MANAGEMENT REPORT

as of 30 September 2013

1. BUSINESS ACTIVITIES AND ECONOMIC ENVIRONMENT

I. BUSINESS ACTIVITIES AND GROWTH

ISARIA Wohnbau AG (formerly JK Wohnbau AG, hereinafter also referred to as the "Company" or, in connection with its subsidiaries and participating interests the "ISARIA Wohnbau group" or only "ISARIA Wohnbau") is a project developer for residential properties in the greater Munich region. The Group buys plots of land in attractive locations via independent special purpose entities/subsidiaries, plans residential properties in these locations, constructs these and then sells them. The business activities of the ISARIA Wohnbau group are divided into the business areas of new residential real estate construction and the revitalization of existing properties. The latter includes also converting former commercial properties to turn them into residential properties under the brand "APP.ARTMENTS" created for this purpose.

The company's business model is to sell all apartments and houses that it has constructed. ISARIA Wohnbau does not aim to rent or hold apartments or houses within a portfolio. With its project companies, the company operates exclusively in the high-growth greater metropolitan region of Munich.

The ISARIA Wohnbau Group generates its future revenues from the projects listed in the table. The project not included in the table "Neue Hirschpark Terrassen" (104 residential units) is being executed in cooperation with Corpus Sireo Projektentwicklung Wohnen GmbH and is carried at equity by the joint ventures included in the consolidated financial statements. For this company no revenues are recorded at a consolidated level. Instead, the proportionate result is absorbed.

KEY EVENTS IN THE PERIOD UNDER REVIEW

Change of company name

In its general meeting on 6 June 2013, the Company changed its name to ISARIA Wohnbau AG. This was entered in the commercial register on 13 June 2013.

Further improvements to the financing structure

On 11 January 2013, JK Wohnbau AG (now ISARIA Wohnbau AG) used its right to a call option and acquired all of the limited partners' interests in JK Vertriebs AG & Co. KG at a price of k€ 3,200. Interest bearing liabilities recognised as compensation liabilities to shareholders in general partnership were reduced accordingly.

In order to reduce dependence on the previous financing partners the Company has investigated the multi-faceted, and partially newly created market for equity project financing, and in December 2013 it started a cooperation with the ProReal Deutschland Fund from Hamburg-based One Group, and it already reinforced this alliance in the first six months of 2013. As a result of an agreement concluded on 5 July 2013 on the acquisition of One Group GmbH on 31 December 2013, this alliance has now taken on a new quality, which is exclusive for the Munich market. Since the contract was signed, we have already received new financing from this source with a volume totalling € 16.4 million (as of 30 September 2013).

Additional repayments of financial liabilities in the first nine months of 2013 led to a further reduction of the interest-bearing liabilities recognised as financial liabilities and compensation liabilities to shareholders in general partnership as of 30 September 2013 versus the last balance sheet date in the amount of k€ 5,921. This already includes the refinancing or new draw-downs totalling k€ 16,434 (see above).

ISARIA WOHNBAU'S PROJECTS

Project	Special purpose entity	Location	Total number of housing units	Scheduled completion	Status
nido	JK Wohnbau Objekt Karlsfeld 1 GmbH; Section 1	Karlsfeld am Prinzenpark	77	09/2015	construction started
	JK Wohnbau Objekt Karlsfeld 1 GmbH; Section 6		31	08/2013	completed
	JK Wohnbau Objekt Karlsfeld 1 GmbH; Sections 5,7		50	12/2013	Being completed
	JK Wohnbau AG & Co. Objekt Karlsfeld 2 KG; Section 8		55	12/2014	construction started
	JK Wohnbau AG & Co. Objekt Karlsfeld 2 KG; Section 9		35	06/2014	construction started
	JK Wohnbau AG & Co. Objekt Karlsfeld 2 KG; Section 10		73	12/2015	Preparation for start of construction
	JK Wohnbau AG & Co. Objekt Karlsfeld 3 KG		148	06/2015	Preparation for start of construction
driem	JK Wohnbau Objekt Willy-Brandt-Allee GmbH; House A	Munich-Riem	61	09/2012	completed
	JK Wohnbau Objekt Willy-Brandt-Allee GmbH; House B		56	12/2012	completed
	JK Wohnbau Objekt Willy-Brandt-Allee GmbH; House C		64	03/2013	completed
St. Bonifatius	gindiwo Gesellschaft für individuelle Wohnungsprivatisierung Objekt St. Bonifatius Straße mbH – rear building	Munich-Giesing	21	12/2013	Being completed
	gindiwo Gesellschaft für individuelle Wohnungsprivatisierung Objekt St. Bonifatius Straße mbH – front building		22	06/2014	construction in progress
Tower	JK Tower GmbH	Munich-Obersendling	328	12/2018	Plan B development
Am Münchfeld	JK Wohnbau Objekt Am Münchfeld GmbH	Munich-Allach	458	2017 - 2018	Plan B development

Exit of minority shareholders in general partnerships and contribution by a shareholder

HFS Helvetic Financial Services AG has transferred to ISARIA Wohnbau AG the limited partners shares it previously held in various property companies including the profit entitlements due to it, with economic effect from 30 June 2013 at their carrying amounts. These profit entitlements were

previously disclosed under compensation liabilities to shareholders in general partnerships. It then assigned part of the resulting receivable for the purchase price to its sister company and shareholder of ISARIA Wohnbau AG, Helvetic Private Investments AG, which in turn waived this receivable. Through this liabilities in the consolidated balance sheet were reduced by k€ 3,301. This is reflected in the

The Nido project in Karlsfeld: the terraced houses in section WA 6 were completed in the third quarter.



consolidated interim financial statements as a contribution from shareholders to reserves.

Developments of projects

It was only possible to recommence construction activities very late in the first six months of 2013 as a result of the long winter. These were free from disruptions and on schedule in the third quarter. The projects in detail:

The last unit in the Hohenwaldeck building was handed over in March 2013, marking the completion of the project.

All units from the "driem" project in Munich-Riem, which were still left as of 31 December 2012, were handed over in the first three months of 2013. The property has therefore been completely sold, handed over and occupied.

Construction work on the project "Neue Hirschpark Terrassen" progressed on schedule despite the long winter, and was concluded in the second quarter of 2013 when "Haus Nord" was completed with a total of 19 units. The external areas have also already been finished. The total of 104 apartments had been fully sold as of 30 September 2013, and with the exception of two units these had also been transferred. In the first nine months of 2013, as a result it was possible to transfer a total of 27 units. The last two apartments will be transferred in the fourth quarter of 2013. The project is being carried out in cooperation with Corpus Sireo Projektentwicklung Wohnen GmbH and is included in the consolidated financial statements at equity via the investment result.

In the St. Bonifatius renovation project, the work on the building to the rear has mostly been completed, and the units will be transferred in the last quarter of 2013. The owners of the building to the front have moved out and renovation has started. This part of the building will also be ready for re-occupation by the middle of 2014.

In the "nido" project in Dr. Johann-Heitzer-Straße in Karlsfeld West, after the extremely long winter at the start of the year, for a further two months we had to

battle extreme rainfall and the resulting high ground water levels. This led to weather-related delays in the continued course of construction. Completion of the first 31 units in the current sites had originally been planned for June 2013, however these were then completed in July/August 2013, and thus in the third quarter of 2013. With the exception of one unit, these units were also transferred in the third quarter, which resulted in corresponding revenues and earnings. As of 1 October 2013 a total of 85 residential units were still under construction. These have already been fully sold. Construction work on these units is progressing on schedule. As a result of the major sales success, in addition a further 158 residential units in subsequent sites have been put up for sale, and a good 80 % of these had already been sold by the end of September. 100 % of the 78 residential units in the first construction stage have already been sold, finished and transferred since 2012. ISARIA Wohnbau is realising a total of 547 residential units on this 115,000 m² site.

In the two developments Am Münchfeld and Tower, obtaining building rights is being further driven. In the project Am Münchfeld in Allach, the decision on key data ("Eckdatenabschluss") is expected during the course of 2013, however this is not expected before 2014 for the Tower project. The political will to create more residential construction rights that has been clearly expressed is faced with bureaucratic implementation, as a large number of public-sector players are involved in type of process. This means that it is impossible to set out an exact timetable in practice.

Supervisory Board Membership Changes

Mr. Andreas Epple resigned from his office on 28 January 2013. The district court of Munich then appointed Mr. Robert Unger, attorney at law, Berlin, as a new member of the supervisory board with the resolution of 17 April 2013. Mr. Unger was elected deputy chairman of the supervisory board at the meeting of the supervisory board on 19 April 2013. On 6 June 2013, the general meeting elected Mr. Unger as a member of the supervisory board.

II. OVERALL ECONOMIC DEVELOPMENTS

According to the current economic forecast by the Institut für Weltwirtschaft (ifw) in Kiel dated September 2013, the global economy will continue to expand at a moderate pace, whereas the economy in the eurozone will recover. In particular the pace of the economy in Germany has picked up perceptibly, driven by consumption. The ifw believes that this recovery will continue this year and also next year. The monetary environment will remain expansive for several years, with interest thus remaining low. The labour market continues to be robust. In contrast, there continue to be substantial risks, in particular with regard to uncertain issues concerning the further development of the crisis in the eurozone.

Residential construction will continue to benefit from these underlying conditions, in particular from the continued favourable financing conditions, the lack of alternative investments and the continued insecurities, which is currently also leading to a tendency to investments in tangible assets.

III. DEVELOPMENTS ON THE REAL ESTATE MARKETS IN GERMANY AND MUNICH

THE MARKET FOR RESIDENTIAL PROJECT DEVELOPERS

The real estate economy in Germany (as an indicator for the current situation) continues to grow after having reached a new record high in June 2013, although the pace has lessened. The real estate climate (as an indicator for perspectives) has also improved constantly since the start of the year according to the Hypo-Immobilienkonjunktur-Index, published monthly in September 2013, and is currently at the same level as in April 2012. Only the residential climate has fallen slightly since the start of 2013, and currently totals 4.9 % lower than the top figure from December 2012. Despite this, residential project developers still enjoy an excellent environment in all of Germany's high-growth regions.

DEVELOPMENTS ON THE HOUSING MARKET IN MUNICH

The real estate market has been mostly unchanged since the start of the year. Munich as a location takes first place in many current national studies with regard to factors relevant for the real estate market, such as economic and structural indicators, location strength and future-proof locations. Munich is also the highest-priced location for residential real estate in Germany.

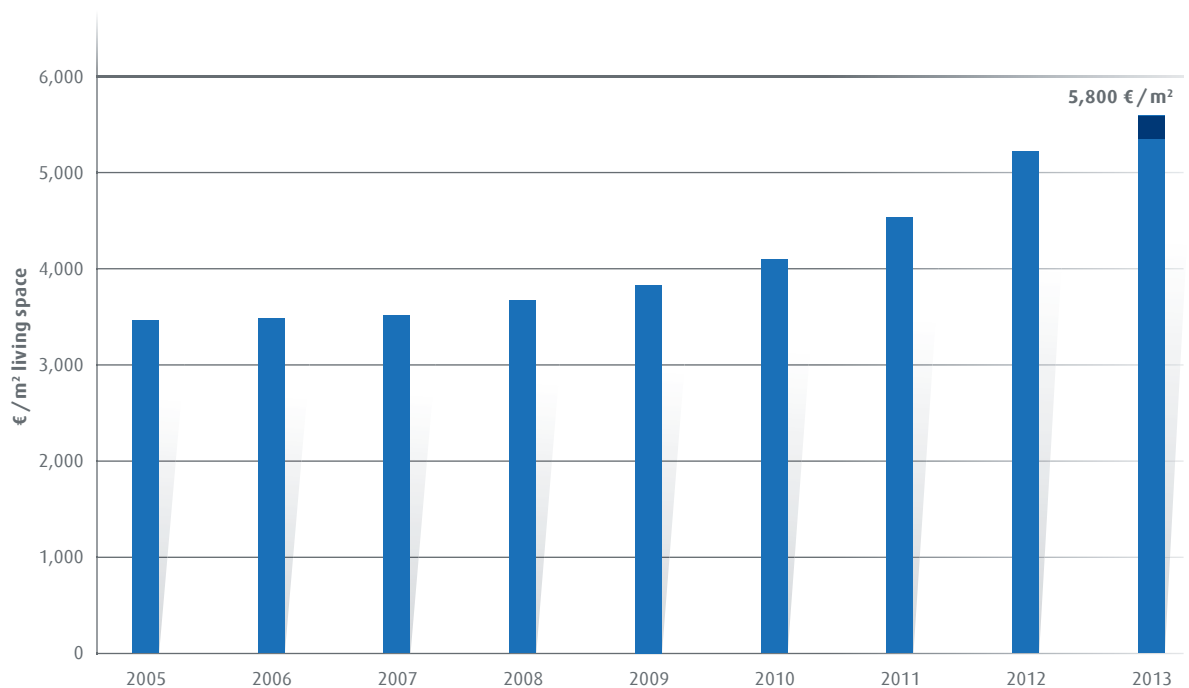
According to the current evaluation by Jones Lang LaSalle on HY1, 2013, the price increase continued in 2012. Over the year as a whole, the increase in purchase prices for owner-occupied residential properties was lower than the figures at the start of the year, but still 14 %. This is certainly not a turnaround to lower growth rates.

This strong increase is due to the exceptionally high and constant demand, which, in turn is due to the strong growth in the population of the city and its surrounding areas. For example, Munich has grown by around 65,000 people since 2009. This is now not only due to strong numbers of newcomers but also a higher birth rate, as many of the new residents are the right age to be starting families.

In addition to the strong demand, however, the low supply is also ensuring that the situation on the Munich market remains tense. According to the report from Jones Lang LaSalle already quoted, in 2012 almost 6,700 apartments were completed in 2012, which almost corresponds to the demand identified by the City of Munich for around 7,000 apartments per year. However, this is not enough to compensate for the insufficient construction activities in the past few years, and the number of planning permissions issued in 2012 was down once again by 10 % year-on-year. The continued downturn in the number of sales ascertained by the Munich Committee of Experts in its current six-month report 1/2013 is due to this scarcity of demand.

Given this environment, ISARIA Wohnbau is excellently positioned with its current projects. Developers and in-

PRICES FOR NEW RESIDENTIAL UNITS IN MUNICH (PRICES FOR 2005 TO 2012 FROM ANNUAL REPORTS, 2013 IN HY1)



Source: Expert Committee Munich, Report on the halfyear 1/2013

vestors will also have to turn to other cities, according to newspaper reports.

With regard to price growth, the Munich Committee of Experts comes to the same conclusion with regard to price developments in its current semi-annual report. It reports a further substantial increase in the price of new apartments in average and excellent residential locations from around € 5,000/m² in 2012 to an average of € 5,800/m² in the first half of 2013. As a result, the average prices in Munich increased in the second quarter of 2013 alone by a further € 200/m².

In the IVD Institute's opinion, there are currently no indicators that the situation on the Munich real estate market will relax over the medium term. There is still a great appetite to make purchasers among both investors and owner-occupiers despite these higher purchase prices given the highly limited offering.

In the demography report dated December 2012, the city of Munich is already forecasting that the 1.5 million inhabitants mark will be passed in 2014. By 2030 the city is forecast to grow to between 1.65 million and 1.8 million inhabitants, depending on the scenario. That would be at least 213,000 inhabitants more than the current figure, and corresponds to average growth of almost 20,000 to 30,000 inhabitants per year. That also means that residential accommodation of around the size of a small town has to be created in Munich every year. That goes far beyond the current offering.

The underlying economic conditions and the demographic trends in Munich have a positive impact on the opportunity/risk profile for this location. A study by Savills, a real estate agent and consulting company, which deals with current developments, perspectives and potential on the German market for residential real estate, comes to the conclusion that the macro location risk in Munich is the lowest of all of the locations it surveyed.

COMPETITIVE POSITION OF ISARIA WOHNBAU IN MUNICH

Competition for project developers for residential construction is mostly fragmented throughout Germany. There are many smaller providers on the market, who develop a few, small-scale properties in the traditional housing estate structures. As a result of the strong growth in the population of Munich, which has been the case for decades, however, some major companies have become established, who mostly ensure urban development growth. ISARIA Wohnbau has ranked among these companies for several years.

In terms of providers on the market by total project volume, comprising completed projects, projects being constructed and projects with concrete plans, according to a study by BulwienGesa the top three project developers for residential property on the Munich market are Baywobau, ISARIA Wohnbau and Bayerische Hausbau. ISARIA Wohnbau continues to be the most important German residential property developer which only operates in a single location.

2. FINANCIAL POSITION AND RESULTS OF OPERATIONS

In the first nine months of 2013 it was possible to generate total sales of € 63.9 million. This means that sales were down by almost 23 % compared to the first nine months of the previous year 2012 (€ 72.4 million), however the figure was still almost 5 % higher than the corresponding level in 2011. Notarized sales less units already transferred resulted in an order book of € 87 million on 30 September 2013. This order book secures future revenues.

I. RESULTS OF OPERATIONS

ISARIA Wohnbau's income in the first nine months of 2013 was characterized by sales revenues which were low, but with high margins, as scheduled. The bulk of the sales revenues forecast for 2013 (from the transfer of residential units and the resulting realization of profits) will be realized in the fourth quarter of 2013. As a result of these low sales revenues, consolidated total earnings in the period under review will total € -3,446 thousand, and thus € 973 lower than in the first nine months of 2012. It was not fully possible to compensate for the downturn in the operating result with the substantially improved operating result.

	01/01/-09/30/ 2013 k€	01/01/-09/30/ 2012 k€	Change k€
Revenues	19,619	40,005	-20,385
Total output	26,384	42,553	-16,169
Cost of materials	-15,853	-28,256	12,403
Gross profit	10,531	14,297	-3,767
Personnel expenses	-1,897	-2,033	136
Other operating income	1,525	6,722	-5,197
Other operating expenses	-6,197	-8,021	1,824
EBIT	3,621	10,564	-6,943
Financial result	-7,087	-13,246	6,159
Income tax expenses/gains	19	208	-189
COMPREHENSIVE INCOME	-3,446	-2,474	-973

The revenue volume (proceeds from the sale of residential units and from leasing) amounts to k€ 19,619 in the first nine months of 2013 (corresponding period last year: k€ 40,005) and is particularly attributed to the proceeds from the dwelling units handed over during the respective period. In the first six months of 2013, they primarily related to the handover of the remaining units in the “driem” project (JK Wohnbau Objekt Willy-Brandt-Allee GmbH), which had not yet been handed over as of 31 December 2012 and to the handover of the last unit from the “Selectio” project (J.K. Wohnbaugesellschaft mbH & Co. Objekt Hohenwaldeck KG). In the third quarter of 2013 a completed construction stage in the “nido” project (JK Wohnbau Objekt Karlsfeld 1 GmbH) was transferred.

Total output includes revenues as well as the change in inventories of ongoing construction properties according to construction progress and handovers in the current reporting period.

The cost of materials in the first nine months of 2013 fell to k€ 15,853 compared to the first nine months of 2012 (k€ 28,256), down k€ 12,403. This downturn reflects the lower number of projects in construction compared to the same period of the previous year.

Personnel expenses declined slightly during the reporting period to k€ 1,897 versus k€ 2,033 during the same period last year. As of 30 September 2013, 30 employees were employed at the ISARIA Wohnbau Group (30 September 2012: 29 employees).

Other operating expenses fell in the first nine months of 2013 to k€ 6,197 in 2013 compared to the same period of 2012 (k€ 8,021), down by around 23%. Of this downturn, k€ 1,176 is due to lower sales commission. This was due to the lower sales in the first nine months of 2013 compared to the same period of the previous year as described above. The remaining downturn is mostly due to lower legal and consulting costs.

EBIT fell in both absolute and relative terms in the period under review to k€ 3,621 compared to 9M 2012 (k€ 10,564). However, the results from the same period of the previous year include other operating income from the sale of units in two previously fully consolidated SPEs in the amount of k€ 5,316. If we eliminate this one-off income, the downturn is just k€ 1,627.

It was possible to cut the financial result to almost half of the 9M 2012 figure (k€ -13,246) to k€ -7,087 in the first nine months of 2013. Financial income was lower in the first nine months of 2013 at k€ 908 compared to the same period of the previous year (k€ 1,330). Financial expenses on the other hand declined to k€ 9,719 in the first nine months of 2013 (respective period last year: k€ 16,684). Here, the improvement in the financing structure and reduction of liabilities that have already been achieved in 2012 made an impact to their full extent, as was also the case in the first half of 2013. The result of at-equity investments amounted to k€ 1,724 during the reporting period (same period last year: k€ 2,108).

Despite the very low level of sales and considering the weather-related delays in construction progress, the course of business in the first nine months of 2013 was satisfactory and in line with expectations. The economic position of ISARIA Wohnbau has improved sustainably as a result of the significant improvement in the financing structure already initiated in 2012.

II. NET ASSETS

Non-current assets fell slightly to k€ 22,696 on the reporting date compared to 31 December 2012 (k€ 23,647). The investment property fell by k€ 726 – mostly as a result of the sale of three residential units in the first six months of 2013. The carrying amounts of the equity-accounted companies fell despite the proportionate receipt of earnings in the amount of k€ 1,724 as a result of the disbursements made in the period under review by a total of k€ 205.

	09/30/ 2013	12/31/ 2012	Change
	k€	k€	k€
Non-current assets	22,696	23,647	-951
Current assets	131,066	139,062	-7,996
Equity	2,955	3,009	-55
Non-current liabilities	12,950	27,811	-14,861
Current liabilities	137,857	131,889	5,968
BALANCE SHEET TOTAL	153,762	162,710	-8,948

At k€ 131,066 as at 30 September 2013, current assets have declined slightly compared almost 6 % to 31 December 2012 (k€ 139,062). Cash and cash equivalents declined by k€ 11,764 from k€ 24,719 as of 31 December 2012 to k€ 12,955 on the reporting date. This decline is mainly attributed to the repayment of liabilities and the continued construction activities. Other receivables and financial assets declined by k€ 2,969 from k€ 26,914 as of 31 December 2012 to k€ 23,944 on the reporting date. This decline is primarily attributed to the fulfilment of receivables of JK Fonds I from a non consolidated project company. The properties held for sales, which increased by k€ 6,764 during the reporting period, developed in the opposite direction, in line with ongoing construction progress. As a result of the decline in current assets, total assets as of 30 September 2013 at k€ 153,762 also declined vis-à-vis k€ 162,710 as of 31 December 2012.

III. FINANCIAL POSITION

Equity is practically unchanged on the reporting date compared to 31 December 2012 (k€ 3,009) at k€ 2,955. Initially, the negative consolidated earnings in the period under review of k€ 3,466 reduced equity by a corresponding amount. This was offset by an increase in reserves as a result of a shareholder's contribution (waiver of a receivable) in the amount of k€ 3,301 as already described.

Long-term debt decreased by k€ 14,861 from k€ 27,811 as of 31 December 2012 to k€ 12,950 as of 30 September 2013. A

decline in the amount of k€ 9,346 resulted from the scheduled repayment of compensation liabilities to shareholders in general partnership. There was a further reduction of k€ 3,954 as a result of the exit of a minority shareholder from project companies that have already been concluded and managed in the form of general partnerships. The non-current portion of financial debt to banks fell by k€758 as a result of redemptions. The remaining decline in long-term debts results from other reductions in liabilities.

Current debt increased from k€ 131,889 as of 31 December 2012 by k€ 5,968 to k€ 137,857 on the balance sheet date. This increase is due to the increase in liabilities from advance payments by k€ 7,357. These are connected to the construction progress in the projects and drawing down purchase price instalments. In addition, the net draw-down of additional funds for project financing totalled k€ 14,434, which led to a corresponding increase in financial liabilities from silent participations, shareholder loans and other forms of capital provision. In particular the compensation liabilities to shareholders in general partnerships took a contradictory course as a result of a compensation payment of k€ 9,858. In addition, during the first nine months of 2013 trade payables and income taxes and VAT totalling k€ 5,510 were repaid.

Cash and cash equivalents of the Group declined versus 31 December 2012 mainly as the result of the repayment of debts during the reporting period and ongoing construction activities. The changes are as follows:

Cash flow from operating activities amounts to k€ 310 in the reporting period after k€ 39,142 in the respective prior year period and primarily results from the negative consolidated result before income taxes in the amount of k€ 3,466 plus the financial result (k€ 7,087), the increase in properties for sale in the amount of k€ 6,729, the drop in receivables from the sale of properties and other receivables as well as financial assets in the amount of k€ 2,454, an increase in non-interest-bearing liabilities and provisions in the amount of k€ 2,189 and income tax paid in the amount of k€ 850. The change in cash flow from operating activities compared to the prior year period results largely from a purchase price for a global sale received in H1 2012.

The cash flow from investing activities in the amount of k€ 1,158 (prior year period 2012: k€ 2,186) in the first nine months of 2013 is primarily attributed to the purchase price received from the sale of investment properties.

The cash flow from financing activities totalled k€ -13,232 in the first nine months of 2013 after k€ -43,660 in the respective prior year period. The repayment of financial liabilities in the amount of k€ 26,226 and interest payments in the amount of k€ 6,601 exceeded the inflow from drawing down financial liabilities for the ongoing construction activities in the amount of k€ 19,594. The change in cash flow from financing activities compared to the prior year period results largely from the repayment

	09/30/ 2013 k€	12/31/ 2012 k€	Change k€
Cash and cash equivalents	12,955	24,719	-11,764

	01/01/- 09/30/ 2013 k€	01/01/- 09/30/ 2012 k€	Change k€
Cash flow from			
operating activities	310	39,142	-38,832
investing activities	1,158	2,186	-1,028
financing activities	-13,232	-43,660	30,428

of a bank loan in H1 2012 after the purchase price for a global sale was received.

3. OPPORTUNITY AND RISK REPORT

As a result of its business activities, ISARIA Wohnbau Group is exposed to various operational and economic risks. In this regard please refer to the detailed description in the Group management report for the fiscal year 2012. These risks include, in particular, financial risks. These have decreased from 1 January 2013 through a further reduction of liabilities.

As described above, JK Wohnbau AG (now ISARIA Wohnbau AG) used its right to a call option on 11 January 2013 and acquired the limited partners' interests in JK Vertriebs AG & Co. KG at a price of k€ 3,200. Interest-bearing liabilities recognised as compensation liabilities were reduced accordingly. Additional repayments of financial liabilities in the first nine months of 2013 led to a further reduction of the interest-bearing liabilities recognised as financial liabilities and compensation liabilities as of 30 September 2013 versus the last balance sheet date in the amount of k€ 5,921. This also includes the refinancing or new draw-downs totalling k€ 16,434.

In order to reduce dependence on previous financing partners, the company has investigated the wide-ranging and partially newly created market for equity investors in project financing and in December 2012 it started a cooperation with the ProReal Deutschland fund from One Group in Hamburg and reinforced this in the first half of 2013. As a result of the agreement concluded on 5 July 2013 on the acquisition of One Group GmbH on 31 December 2013, this alliance has now taken on a new quality, which is exclusive for the Munich market. Since the contract was signed, we have already received new financing from this source with a volume totalling € 16.4 million (as of 30 September 2013).

30 September 2013 was the day before the main penal proceedings against the former CEO Josef Kastenberger at Munich Regional Court I as a result of various crimes, for which the Company is mostly the damaged party. These issues took place around three years or more ago. The investigations in this regard were already reported in the management report for fiscal year 2012. The ruling is documented in the report on events after the balance sheet date. The main proceedings were preceded by an agreement between the court, the public prosecutors and the defence. As a result, individual items of the deeds were no longer discussed. These also include the accusations in connection with the company's IPO, which means that a conviction in due to wilful offenses is no longer expected in this regard. Under civil law, only one shareholder, who is also subject to a reporting requirement due to the amount of the interest held, took action against the company and other parties involved in the IPO that could have led to a suspension of the statute of limitations for the company. We can not yet foresee the extent to which these proceedings could have a substantial negative impact on the company. In the mean time, the company has filed for damages against the previous board members Mr. Haberstock and Mr. Kastenberger and the auditor at that time. As a result, the company assumes that there are opportunities for regress in the event that it is called upon by third parties. The company intends to file the first action in 2013. At the same time, substantial disadvan-

tages for the company cannot be ruled out. In addition, it must be stated that there are no accusations against current board members or employees or against all of the former and current members of the supervisory board. In the mean time, the company has viewed the files in the penal proceedings against Mr. Kastenberger. Deeds from before the IPO in 2010 resulted in starting points for further claims to be made against Mr. Josef Kastenberger and other parties.

During the first half of the fiscal year, the company assessed that its participating interests in project companies, in which it does not exercise a controlling influence, do not always allow risks to be monitored in a satisfactory manner during the project development phase. So-called "soft" factors in particular, such as the political acquisition of construction rights, and involvement by neighbourhoods and citizens is very difficult to quantify. However, the low amounts of the participating interests do not lead to material risks, in particular as the general price development is highly positive for residential construction land. However, the company had taken a strategic decision to take all efforts in the second half of the year to regain a controlling influence over these companies. In the third quarter results in this respect could not yet be reached. The report on events after the balance sheet date notes initial results though.

Finally, in the first half of 2013 in particular the weather risk impacted our business activities. We had to overcome extreme rainfall and high levels of ground water after the extremely long winter. These extreme weather conditions are still having an impact, as many craftsmen are bound by orders from insurance companies in the flooded regions.

4. REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

On 11 October 2013 the previous CEO Josef Kastenberger was sentenced to a prison sentence of three and a half years by Munich I Regional Court for breaching trust and

fraud. He admitted to having used company funds of € 160 thousand for his own purposes and to having defrauded a private creditor of k€ 2,000.

By way of a notarised agreement dated 6 November 2013, the Company signed an agreement to re-acquire the majority of interests in the SPE Living Bogenhausen GmbH (formerly JK Wohnbau Objekt Vogelweidestraße GmbH). The effectiveness of this acquisition of interests and thus the inclusion of the SPE in the consolidated financial statements of ISARIA Wohnbau AG is subject to the condition precedent of the former project financing being restructured. According to the current forecast, this will take place at the end of 2013.

Apart from this, on the date that this consolidated interim management report was prepared, the company was not aware of any material events that occurred after the balance sheet date and which have a material impact on the group's business growth.

5. FORECAST

Based on the course of business to date in the first nine months of 2013 and the on-forecast results for the third quarter of 2013, we are confirming our forecast issued as

part of our reporting on 31 December 2012 for 2013 as a whole for positive earnings after taxes in the low single-digit millions. However, reaching this result depends, to a great extent, on the majority acquisition of a SPE planned for the final quarter of 2013 and described under 4. above being successful, and also the successful forecast completions in this project, despite this tight timeframe. If it should no longer be possible to realize these completions, or to only partially realize them this year, the forecast earnings for 2013 will be lower, however earnings in 2014 will thus be higher by up to € 5.0 million. However, at present the managing board believes it will be possible to complete these in 2013.

Munich, 8 November 2013



Michael Haupt
Spokesmen of the
Management Board / CEO



Christian Dunkelberg
Member of the
Management Board / COO



The Nido project in Karlsfeld: view from Watzmannstraße of section WA 7 (penthouses/terraces), where construction began in July 2013



How it looks now in November 2013

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of 30 September 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM 1 JANUARY TO 30 SEPTEMBER 2013

	01/01/- 09/30/ 2013	01/01/- 09/30/ 2012	07/01/- 09/30/ 2013	07/01/- 09/30/ 2012
	k€	k€	k€	k€
SALES REVENUE				
a) from the sale of property units	17,298	38,829	12,788	17,650
b) from the lease of property units	2,321	1,176	775	579
Change in inventories of properties held for sale with finished or unfinished buildings	6,764	2,548	-2,147	-4,165
TOTAL OUTPUT	26,384	42,553	11,417	14,065
Cost of materials				
a) Expenses for the sale of property units	-13,758	-27,228	-6,580	-9,248
b) Expenses for the lease of property units	-2,095	-1,028	-721	-626
GROSS PROFIT	10,531	14,297	4,115	4,191
Personnel expenses	-1,897	-2,033	-658	-629
Depreciations/amortisation/impairment charges	-341	-401	-108	-126
Other operating income	1,525	6,722	-26	4,407
Other operating expenses	-6,197	-8,021	-2,378	-2,745
EBIT	3,621	10,564	945	5,097
Financial income	908	1,330	152	690
Financial expenses	-9,719	-16,684	-3,357	-4,796
Result of associates accounted for using the equity method	1,724	2,108	690	344
FINANCIAL RESULT	-7,087	-13,246	-2,515	-3,762
CONSOLIDATED RESULT BEFORE INCOME TAXES	-3,466	-2,682	-1,570	1,334
Income tax expenses	19	208	-7	3
CONSOLIDATED RESULT AFTER TAXES ON INCOME	-3,446	-2,474	-1,577	1,338
of which attributable to the shareholders of ISARIA	-3,484	-2,369	-1,645	1,344
of which attributable to non controlling interests	38	-105	69	-7
Other Comprehensive income	0	0	0	0
COMPREHENSIVE INCOME	-3,446	-2,474	-1,577	1,338
of which attributable to the shareholders of ISARIA	-3,484	-2,369	-1,645	1,344
of which attributable to non controlling interests	38	-105	69	-7
EARNINGS PER SHARE IN €				
Basic	-0.17	-0.11	-0.08	0.06
Diluted	-0.17	-0.11	-0.08	0.06

CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2013

Assets	09/30/ 2013	12/31/ 2012
	k€	k€
I. Non-current assets	22,696	23,647
1. Intangible assets	64	95
2. Investment properties	14,146	14,872
3. Property, plant and equipment	221	285
4. Financial assets		
a) Investments in associates accounted for using the equity method	2,602	2,807
b) Other investments	38	38
5. Deferred tax assets	4,843	4,843
6. Other accounts receivable	782	707
II. Current assets	131,066	139,062
1. Properties held for sales and other inventories		
a) Properties and equivalent rights with unfinished buildings	90,234	83,470
b) Properties and equivalent rights with finished buildings	640	640
2. Accounts receivable from the sale of property	3,243	3,270
3. Income tax receivables	49	49
4. Other accounts receivable and financial assets	23,944	26,914
5. Cash and cash equivalents	12,955	24,719
Total assets	153,762	162,710

Equity and liabilities	09/30/ 2013 k€	12/31/ 2012 k€
I. Equity	2,955	3,009
1. Subscribed capital	20,764	20,764
2. Equity and Reserves	133,909	130,517
3. Balance sheet loss	-151,800	-148,316
Consolidated equity of the majority shareholders	2,872	2,965
4. Non controlling interests	82	45
II. Non-current liabilities	12,950	27,811
1. Compensation liabilities to shareholders in general partnership	2,289	16,562
2. Financial liabilities to banks	8,560	9,318
3. Deferred tax liabilities	124	480
4. Other provisions	1,977	1,451
III. Current liabilities	137,857	131,889
1. Compensation liabilities to shareholders in general partnership	15,351	25,209
2. Financial liabilities from silent participations, shareholder loans and other forms of capital provision	62,659	48,225
3. Financial liabilities to banks	20,229	20,622
4. Trade accounts payable	7,446	10,113
5. Liabilities from payments made on account	22,815	15,458
6. Income tax liabilities	501	1,015
7. Other provisions	1,616	3,071
8. Other liabilities	7,239	8,176
Total equity and liabilities	153,762	162,710

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FROM 1 JANUARY TO 30 SEPTEMBER 2013

	Subscribed capital	Equity and Reserves	Balance sheet loss	Consolidated equity of the majority shareholders	Non controlling interests	Total consolidated equity
	k€	k€	k€	k€	k€	k€
As of 1st January 2012	20,764	129,773	-149,595	942	129	1,071
Comprehensive Income	0	0	-2,369	-2,369	-105	-2,474
Financial guarantees by Josef L. Kastenberger/ JK Holding GmbH	0	629	0	629	0	629
As of 30st September 2012	20,764	130,402	-151,964	-798	24	-774
As of 1st January 2013	20,764	130,517	-148,316	2,965	45	3,009
Comprehensive Income	0	0	-3,484	-3,484	38	-3,446
Contribution from shareholders	0	3,301	0	3,301	0	3,301
Financial guarantees by Josef L. Kastenberger/ JK Holding GmbH	0	91	0	91	0	91
As of 30st September 2013	20,764	133,909	-151,800	2,872	82	2,955

CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY TO 30 SEPTEMBER 2013

	01/01/ – 09/30/ 2013	01/01/ – 09/30/ 2012
	k€	k€
CONSOLIDATED RESULT BEFORE INCOME TAXES	-3,466	-2,682
Depreciations/amortisation/impairment charges	341	401
Valuation allowances (+) / write-ups (-)	-69	-274
Financial results	7,087	13,246
Results from the sale of investment properties	-649	0
Other non-cash expenses/income	0	-3,965
Increase (+) and decrease (-) in properties held for sale and other inventories	-6,729	-2,377
Increase (+) and decrease (-) in accounts receivable from the sale of property and of other accounts receivable and financial assets	2,454	26,840
Increase (+) and decrease (-) in trade accounts payable and other current liabilities	3,018	10,775
Increase (+) and decrease (-) in other provisions	-829	-1,278
Income taxes paid / refunded	-850	-1,544
CASH FLOWS FROM OPERATING ACTIVITIES	310	39,142
Acquisition of intangible assets	-18	-72
Acquisition of property, plant and equipment	-7	-65
Payments from the sale of investment properties	1,155	0
Sale of shares of subsidiaries with loss of control less cash disposed	0	2,314
Interest received	29	17
CASH FLOWS FROM INVESTING ACTIVITIES	1,158	2,186
Payments from taking out of financial liabilities	19,594	35,526
Repayments of financial liabilities	-26,226	-68,834
Interest paid	-6,601	-10,352
CASH FLOWS FROM FINANCING ACTIVITIES	-13,232	-43,660
CHANGE IN CASH AND CASH EQUIVALENTS	-11,764	-2,332
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE ACCOUNTING PERIOD	24,719	25,991
CASH AND CASH EQUIVALENTS AT THE END OF THE ACCOUNTING PERIOD	12,955	23,659

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2013

ISARIA Wohnbau AG (formerly JK Wohnbau AG, hereinafter also referred to as the “Company”, „ISARIA“, or, in connection with its subsidiaries and affiliated companies as “ISARIA Wohnbau group” or the “Group”) is an Aktiengesellschaft (public limited company) under German law. Shares of the company are listed on the Regulated Market of the Frankfurt Stock Exchange. ISARIA Wohnbau AG is the Group’s parent company. It is registered with Local Court of Munich under registration number HRB 187909. The Company’s registered office is Leopoldstraße 8, 80802 Munich, Germany.

In its general meeting on 6 June 2013, the Company changed its name to ISARIA Wohnbau AG. This was entered in the commercial register on 13 June 2013.

The condensed consolidated interim financial statements (hereinafter also referred to as just the “consolidated interim financial statements”) are presented in euros (€), as all of the Group’s transactions are based on this currency and the euro is thus the Group’s functional currency. If not otherwise stated, disclosures are made in thousands of euros (k€). We note that if rounded amounts and percentages are used, rounding may result in differences. This also relates to the totals and subtotals presented in the consolidated interim financial statements.

The consolidated statement of comprehensive income is prepared according to the type-of-expenditure format. The fiscal year used by ISARIA Wohnbau AG and its subsidiaries and joint venture companies included in the consolidated interim financial statements corresponds to the calendar year.

1. BUSINESS OPERATIONS

The ISARIA Wohnbau Group is a project developer for residential properties in the greater Munich area. The Group

buys plots of land in attractive locations via independent special purpose entities/subsidiaries, plans residential properties in these locations, constructs these and then sells them. The business activities of the ISARIA Wohnbau Group include the divisions New Construction of Residential Property and Revitalization of Existing Properties. The latter also includes changing former commercial properties into residential properties under the brand “APP.ARTMENTS” created for this purpose.

2. PRINCIPLES FOR PREPARING THE INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements for the period from 1 January to 30 September 2013 have been prepared in accordance with IAS 34 “Interim Reporting” as condensed consolidated interim financial statements. These consolidated interim financial statements do not include all of the information required for financial statements for a full fiscal year, and should be read in connection with the consolidated financial statements as of 31 December 2012.

The accounting and valuation methods used to prepare the consolidated interim financial statements fundamentally correspond to the methods used in the last consolidated financial statements as of 31 December 2012.

The consolidated interim financial statements as of 30 September 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) applicable in the European Union. All applicable mandatory standards were accounted for; there was no early application of voluntary standards. There was no impact on the accounting methods and the presentation of the financial position and results of operations from first-time application of the standards and interpretations.

3. CHANGES TO THE CONSOLIDATED GROUP

With contract of 7 February 2013, JK Vertriebs AG & Co. KG was absorbed by the parent company JK Wohnbau AG (now

ISARIA Wohnbau AG). The resulting effects of the absorption were eliminated as an intra-group transaction.

As of 30 September 2013, the consolidated interim financial statements comprise, in addition to ISARIA Wohnbau AG, 20 subsidiaries (31 December 2012: 21) and three joint ventures (figure unchanged compared to 31 December 2012) carried at equity.

4. SIGNIFICANT BUSINESS TRANSACTIONS

FURTHER REDUCTION OF DEBT FINANCING

On 11 January 2013, JK Wohnbau AG (now ISARIA Wohnbau AG) used its right to a call option and acquired all of the limited partners' interests in JK Vertriebs AG & Co. KG at a price of k€ 3,200. Interest-bearing liabilities recognised as compensation liabilities to shareholders in general partnership were reduced accordingly.

Additional repayments of financial liabilities in the first nine months of 2013 led to a further reduction of the interest-bearing liabilities recognised as financial liabilities and compensation liabilities to shareholders in general partnership as of 30 September 2013 versus the last balance sheet date in the amount of k€ 5,921. This also includes the refinancing or new draw-downs totalling k€ 16,434.

SUPERVISORY BOARD MEMBERSHIP CHANGES

On 28 January 2013, supervisory board member Andreas Eppe resigned from his office. Mr. Robert Unger, attorney at law, Berlin, was appointed by the court as a new member of the supervisory board on 17 April, and was elected by the general meeting on 6 June 2013. Mr. Unger was elected deputy chairman of the supervisory board at the meeting of the supervisory board on 19 April 2013.

EXIT OF MINORITY SHAREHOLDERS IN GENERAL PARTNERSHIPS AND CONTRIBUTION BY A SHAREHOLDER

HFS Helvetic Financial Services AG has transferred to ISARIA Wohnbau AG the limited partners shares it previously held in various property companies including the profit entitlements due to it, with economic effect from 30 June

2013 at their carrying amounts. These profit entitlements were previously disclosed under compensation liabilities to shareholders in general partnerships. It then assigned part of the resulting receivable for the purchase price to its sister company and shareholder of ISARIA Wohnbau AG, Helvetic Private Investments AG, which in turn waived this receivable. Through this liabilities in the consolidated balance sheet were reduced by k€ 3,301. This is reflected in the consolidated interim financial statements as a contribution from shareholders to reserves.

CONCLUSION OF AN AGREEMENT TO ACQUIRE A 100 % INTEREST IN ONE GROUP GMBH

On 5 July, 2013 an agreement was concluded to acquire a 100% interest in One Group GmbH, Hamburg (One Group). The acquisition is to take place at the end of 2013. The Supervisory Board of ISARIA Wohnbau AG approved the acquisition on 14 July 2013.

One Group was formed in 2009 and is an issuing company for project development funds. In future, these funds are to primarily invest in the ISARIA Wohnbau project pipeline in Munich. One Group will also continue to cooperate with external developers at other locations. In addition, a strategic alliance between ISARIA Wohnbau and One Group is also planned in other areas of business.

The acquisition of One Group is to be performed as part of a non-cash capital increase against the issue of up to 3 million new shares of ISARIA Wohnbau AG. The effects from the first-time consolidation of One Group in ISARIA Wohnbau AG's consolidated financial statements, which is expected to be incurred as of 31 December 2013, cannot currently be forecast reliably, as the exact analysis of the allocation of the purchase price is still outstanding and no IFRS financial statements are yet available for One Group.

5. SEGMENT REPORTING

	ISARIA Wohnbau k€	Revitalisation k€	Other k€	Consolidation/ Reconciliation k€	Group k€
SALES REVENUE – EXTERNAL					
01/01/-09/30/2013	17,484	0	2,135	0	19,619
1/01/-09/30/2012	28,873	9,534	1,598	0	40,005
SALES REVENUE - INTERNAL					
01/01/-09/30/2013	0	0	0	0	0
1/01/-09/30/2012	0	0	0	0	0
CHANGE IN INVENTORIES					
01/01/-09/30/2013	2,952	3,812	0	0	6,764
1/01/-09/30/2012	-264	2,812	0	0	2,548
GROSS PROFIT					
01/01/-09/30/2013	20,437	3,812	2,135	0	26,384
1/01/-09/30/2012	28,609	12,346	1,598	0	42,553
DEPRECIATIONS					
01/01/-09/30/2013	-116	0	-225	0	-341
1/01/-09/30/2012	-138	-1	-263	0	-402
EBIT					
01/01/-09/30/2013	1,804	1,462	355	0	3,621
1/01/-09/30/2012	7,581	2,702	281	0	10,564
FINANCIAL INCOME					
01/01/-09/30/2013	839	3	66	0	908
1/01/-09/30/2012	701	113	1,058	-542	1,330
FINANCIAL EXPENSES					
01/01/-09/30/2013	-7,491	-1,981	-247	0	-9,719
1/01/-09/30/2012	-12,726	-3,859	-641	542	-16,684
RESULT OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD					
01/01/-09/30/2013	1,724	0	0	0	1,724
1/01/-09/30/2012	2,108	0	0	0	2,108
INCOME TAX EXPENSES/INCOME					
01/01/-09/30/2013	-38	50	7	0	19
1/01/-09/30/2012	241	-13	-20	0	208
RESULT AFTER TAXES ON INCOME					
01/01/-09/30/2013	-3,039	-590	182	0	-3,446
1/01/-09/30/2012	-3,807	656	677	0	-2,474
VALUATION ALLOWANCES (-) / WRITE-UPS (+) ON INVENTORIES AND RECEIVABLES					
01/01/-09/30/2013	-63	132	0	0	69
01/01/-09/30/2012	734	-562	0	0	171

6. CONTINGENCIES, CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

With regard to contingencies, contingent liabilities and other obligations please refer to the presentation in the notes to the consolidated financial statements for fiscal year 2012, as these substantially remain unchanged as of 30 September 2013.

7. MATERIAL TRANSACTIONS WITH RELATED PARTIES

ISARIA Wohnbau Group's related parties are unchanged compared to the consolidated financial statements as of 31 December 2012, therefore please also refer to the presentation in the notes to the consolidated financial statements for fiscal year 2012.

The following transactions were performed between the ISARIA Wohnbau Group and related parties during the period under review:

Transactions with related parties	Revenue 01/01/ – 09/30/ 2013 k€	Expenses 01/01/ – 09/30/ 2013 k€	Accounts receivable 09/30/ 2013 k€	Liabilities 09/30/ 2013 k€
JK-COR companies	1,724	0	0	0
JK Holding companies	0	2	373	603
Helvetic Private Investment AG, Helvetic Financial Services AG, Ketom AG	0	0	0	0
Management and Supervisory board	11	502	0	77
Other related parties	652	604	5,280	1,863
Total	2,387	1,108	5,653	2,543

Transactions with related parties	Revenue 01/01 – 09/30/ 2012 k€	Expenses 01/01 – 09/30/ 2012 k€	Accounts receivable 12/31/ 2012 k€	Liabilities 12/31/ 2012 k€
JK-COR companies	2,108	9	0	569
JK Holding companies	24	5	313	596
Helvetic Private Investment AG, Helvetic Financial Services AG, Ketom AG	234	2,047	0	0
Management and Supervisory board	0	579	0	7
Other related parties	964	638	5,971	2,712
Total	3,331	3,278	6,284	3,884

8. EMPLOYEES

On average there were 30 employees in the first nine months of fiscal year 2013.

	09/30/ 2013	12/31/ 2012
Number of employees	30	31

Apart from this, on the date that these consolidated interim financial statements were prepared, the company was not aware of any material events that occurred after the balance sheet date and which have a material impact on the group's business growth.

9. EVENTS AFTER THE BALANCE SHEET DATE

On 11 October 2013 the previous CEO Josef Kastenberger was sentenced to a prison sentence of three and a half years by Munich I Regional Court for breaching trust and fraud. He admitted to having used company funds of € 160 thousand for his own purposes and to having defrauded a private creditor of € 2,000 thousand.

By way of a notarised agreement dated 6 November 2013, the Company signed an agreement to re-acquire the majority of interests in the SPE Living Bogenhausen GmbH (formerly JK Wohnbau Objekt Vogelweidestraße GmbH). The effectiveness of this acquisition of interests and thus the inclusion of the SPE in the consolidated financial statements of ISARIA Wohnbau AG is subject to the condition precedent of the former project financing being restructured. According to the current forecast, this will take place until the end of 2013.

Munich, 8 November 2013



Michael Haupt
Spokesmen of the
Management Board/CEO



Christian Dunkelberg
Member of the
Management Board/COO

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Fotostudio Black Box, Tommy Lösch, Bildagenturen

Financial Calendar

5 Dezember 2013:
16th Munich Capital Market Conference

April 2014:
annual report 2013

FORWARD-LOOKING STATEMENTS AND FORECASTS

This interim report contains statements referring to the future. Forward-looking statements are statements which are not based on historical events and facts. These statements are based on assumptions, forecasts and evaluations of future developments by the management board. These assumptions, forecasts and evaluations were made on the basis of all the information which is available at the current time. If the assumptions of future developments used in the statements and evaluations do not materialise, the actual results might deviate from the current expectations. The management board and the Company do not accept any liability with regard to the actual materialisation of the forward-looking statements. The management board and the Company do not accept any obligation to continue any statements or adjust such to future events and developments over and above the legal requirements. This management report and the information contained herein do not form an offer for the sale or an offer to buy or subscribe securities of ISARIA Wohnbau AG within the Federal Republic of Germany or in any other country. In the United States, the shares of ISARIA Wohnbau AG may only be sold or offered for sale after prior registration or, without prior registration, on the basis of an exemption from the registration requirement according to the provisions of the 1933 US Securities Act in its currently valid version. ISARIA Wohnbau AG does not intend to carry out a public offer of shares in the United States.

