



Interim Report Q3 2015



# Key Parameters

Operating performance indicators in € million	01/01/ - 09/30/2015	01/01/ - 09/30/2014	Q3 2015	Q3 2014
Sales revenue	63.2	65.4	25.9	7.4
Total output	103.6	80.7	21.9	38.2
Gross profit	20.5	17.4	7.2	2.4
EBITDA	12.8	6.6	4.0	-0.7
EBIT	11.6	5.2	3.6	-1.1
Financial result	-11.4	-7.8	-3.6	-1.9
Consolidated result after taxes	0.1	-2.0	0.0	-2.8
Gross profit margin	32%	27%	28%	33%
EBIT margin	18%	8%	14%	-15%
Profit-turnover-ratio	0%	-3%	0%	-37%

Balance sheet ratios in € million	09/30/2015	12/31/2014
Current assets	224.3	262.3
of which: Properties held for sale and other inventories	166.7	136.4
Equity	23.0	22.9
Equity ratio	8.5%	7.6%
Financial liabilities & compensation liabilities	198.0	189.6
of which: non-current	160.3	111.4
<b>Balance sheet total</b>	<b>272.2</b>	<b>300.4</b>

Key sales figures in € million	01/01/ - 09/30/2015	01/01/ - 09/30/2014
Notarized sales of the period	18	59
	09/30/2015	12/31/2014
Orders on hand*	42	84

\* Amount of notarized sales of units not yet transferred to the customers

Employees	09/30/2015	12/31/2014
Number of employees	60	60

# Table of Contents

01	<b>TO OUR SHAREHOLDERS</b> 4 – 9										
	<table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">To our shareholders</td> <td style="text-align: right;">4 – 5</td> </tr> <tr> <td style="padding-left: 20px;">ISARIA Wohnbau AG's share</td> <td style="text-align: right;">6 – 9</td> </tr> </table>	To our shareholders	4 – 5	ISARIA Wohnbau AG's share	6 – 9						
To our shareholders	4 – 5										
ISARIA Wohnbau AG's share	6 – 9										
02	<b>GROUP INTERIM MANAGEMENT REPORT</b> 10 – 27										
03	<b>CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS</b> 28 – 41										
	<table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">Consolidated Statement of Comprehensive Income</td> <td style="text-align: right;">29</td> </tr> <tr> <td style="padding-left: 20px;">Consolidated Balance Sheet</td> <td style="text-align: right;">30 – 31</td> </tr> <tr> <td style="padding-left: 20px;">Statement of Changes in Consolidated Equity</td> <td style="text-align: right;">32 – 33</td> </tr> <tr> <td style="padding-left: 20px;">Consolidated Cash Flow Statement</td> <td style="text-align: right;">34</td> </tr> <tr> <td style="padding-left: 20px;">Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements</td> <td style="text-align: right;">35 – 41</td> </tr> </table>	Consolidated Statement of Comprehensive Income	29	Consolidated Balance Sheet	30 – 31	Statement of Changes in Consolidated Equity	32 – 33	Consolidated Cash Flow Statement	34	Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements	35 – 41
Consolidated Statement of Comprehensive Income	29										
Consolidated Balance Sheet	30 – 31										
Statement of Changes in Consolidated Equity	32 – 33										
Consolidated Cash Flow Statement	34										
Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements	35 – 41										
04	<b>FURTHER INFORMATION</b> 42 – 43										
	<table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">Imprint</td> <td style="text-align: right;">42</td> </tr> <tr> <td style="padding-left: 20px;">Financial Calendar</td> <td style="text-align: right;">43</td> </tr> </table>	Imprint	42	Financial Calendar	43						
Imprint	42										
Financial Calendar	43										

# 01 | TO OUR SHAREHOLDERS

Dear shareholders,  
dear friends and business partners of  
ISARIA Wohnbau AG,

we are now three quarters of the way through 2015, which has been a good year so far, and the last quarter also offers the prospect of a good finish.

In the first nine months of 2015, the Group realised revenues in the amount of € 63.2 million (first 9 months 2014: € 65.4 million). In the third quarter, the transfer of another 48 residential units made an important contribution to this. The main share of these units resulted from the completion of further construction stages of the large-scale construction project *nido* in Karlsfeld. Thus, in the current fiscal year, it has already been possible to hand over 130 apartments or terraced houses to their new owners. Earnings before interest and tax (EBIT) at € 11.6 million more than doubled compared with the same period last year (€ 5.2 million).

Thus, the construction phases that are being completed in the current fiscal year are significantly more profitable,

whereby the price increases in the Munich real estate market over the last few years are now finally translating into our group earnings.

In terms of book value as at 30 September 2015, the company generated a year-on-year increase in project volume of around 25%. Subsequently, in the first nine months of 2015, financial expenses saw a year-on-year increase of approximately 16% to € 11.9 million (€ 10.2 million in previous year). Nevertheless, since the start of the year, it has been possible to significantly further reduce the average interest rate for all the interest-bearing liabilities from 9.5% to, currently, 8.1%.

At the 'bottom line', in the first nine months of 2015, the Group reached a net result after taxes of € 0.1 million (first 9 months 2014: € -2.0 million).

## Innovations to ensure future earnings

Customer satisfaction in tandem with an optimum earnings situation rank among the key objectives of ISARIA Wohnbau AG. Using a digital software solution, ISARIA was able to install an optimum defect management system, which is described in detail in the current edition, 02/2015, of *oneView*, our customer magazine. A high level of customer satisfaction in conjunction with simultaneously remedying defects more effectively are contributing to a further optimisation of earnings.

Networking is a keyword for our times, whether in media and communications, road traffic or also in a particularly important area of life – housing. The smart homes that arose out of a cooperation with iHaus AG, in the *nido* project, use intelligent controls to provide superior features in relation to security, energy saving and comfort for heating, lighting, or anti-intrusion systems. In this way, ISARIA Wohnbau AG is pursuing its goal of setting new standards in housing through the use of innovative solutions and turning intelligent living spaces into reality. In Germany, so far as we can tell by looking at the market, we are the first property developer to offer its customers such a complete 'off-the-shelf' package. After the first two months of marketing and the ensuing notarial appointments for signing the sales contracts, we can safely say that our product has been enthusiastically received by the market. Nearly all buyers have an idea about the advantages of intelligent home technology and would like to have 'something like that' themselves – but they feel overwhelmed by all the technical details. With us, they get a complete solution, which can still be customised subsequently, without extra charge.

Munich, 9 November 2015



Michael Haupt  
Spokesman of the  
Executive Board | CEO



Christian Dunkelberg  
Member of the  
Executive Board | CIO



Jan von Lewinski  
Member of the  
Executive Board | COO

## Outlook for the full year 2015

The company has entered the final quarter of the 2015 fiscal year with a still considerable order book of notarised sales amounting to € 42 million. From this, in the last quarter of 2015, we expect that around 60 residential units in our large-scale project *nido* will be completed and handed over to their new owners.

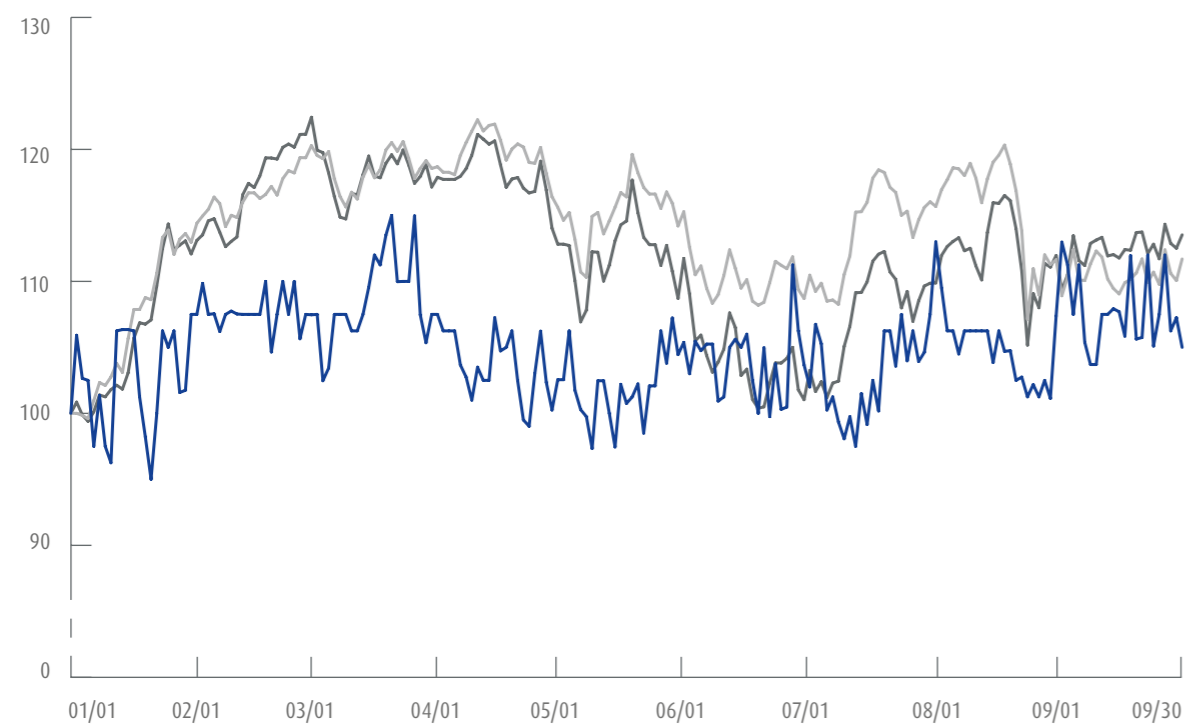
Based on the revenues generated in the first nine months of 2015, as well as those which, at the time of reporting, were partially realised and, moreover, on the basis of handovers that are already scheduled for the fourth quarter, we confirm our forecast for the full year 2015 – which we made in connection with our report as at 31 December 2014 – for revenues of around € 100 million. On the basis of these revenues alone, we are confident that we will achieve earnings after taxes in the mid single-digit million euro range. Not yet included herein are potential earnings opportunities from additional revenues from the sale of a completed project development.

The significant progress we made in 2015 in the procurement of building rights for our project developments, and which we already reported on three months ago, is not yet reflected in the figures for the fiscal year 2015. In the meantime, we have secured residential building permits for all our Munich-based projects. This will have a correspondingly positive effect on the further course of the projects, and thus on the company's overall development in the coming years.

# 01 | ISARIA Wohnbau AG's SHARE

## Share price performance

from 1 January to 30 September 2015 (indexed)



ISARIA Wohnbau AG's Share | EPRA Europe | EPRA Germany

## Share price performance

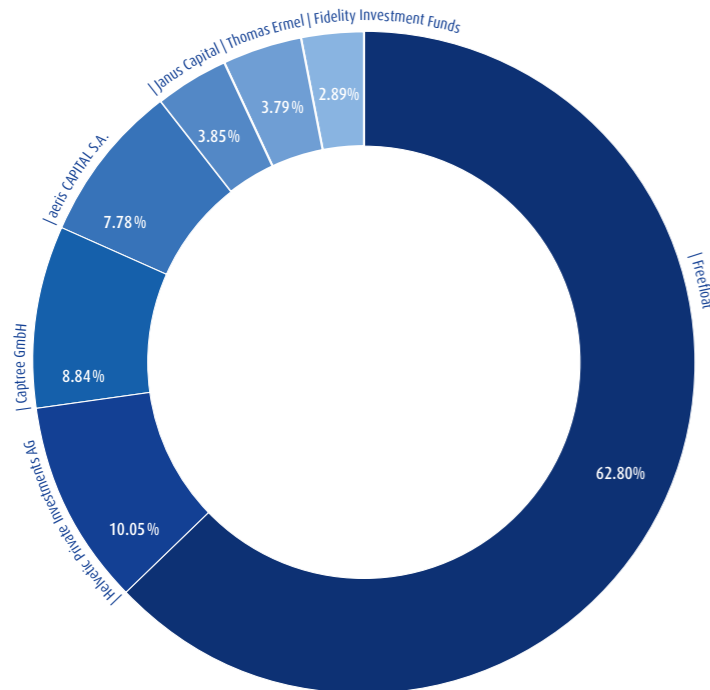
ISARIA shares started 2015 with a price of € 4.00. In March 2015, they reached € 4.60, its previous year's high, which they narrowly missed twice in the third quarter. The closing price of ISARIA shares in XETRA trading on 30 September 2015 was € 4.20. This represents an increase of 5.0% since the beginning of the year. This means that ISARIA shares have performed below the industry indices EPRA Germany (+13.5%) and EPRA Europe (+11.7%) over the period of the first nine months of 2015.

## Analysts estimates show substantial upside potential

Analysts evaluated the ISARIA Wohnbau group and the share of ISARIA Wohnbau AG in 2015. Analysts of M.M.Warburg & Co. and FIRST Berlin continue to be very confident with respect to the medium to long-term potential of our group. Both companies' quarterly reports include a 'Buy' recommendation for the share of ISARIA Wohnbau AG with a target price last amounting to € 5.80 (Warburg Research) and/or € 6.00 (FIRST Berlin).

## Notifications of voting rights published

In the first nine months of fiscal year 2015 ISARIA Wohnbau AG published three notifications of voting rights in accordance with Section 21 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz/WpHG). All notifications of voting rights received by the company can be found on the company's website in the section Investor Relations / financial news / notifications of voting rights.



## Shareholder structure

as of 30 September 2015

Since the end of March 2015 we have a further major international institutional investor as a shareholder in the form of Janus Capital Management LLC, Denver, USA. Furthermore, the shareholder structure continues to be characterised by institutional and private investors pursuing a predominantly long-term investment strategy.

## Investor relations

The investor relations of ISARIA Wohnbau AG focus on achieving prompt, comprehensive communication with the financial community, continuity and the highest level of transparency and are implemented in continual dialogue with analysts as well as existing and potential investors.

In the second quarter of 2015, we first attended a one-day road show in London. We also presented at an event for 'small caps to watch', a format especially for small caps that was organised by M.M.Warburg and took place in Frankfurt.

We also maintained close contact with our analysts as well as existing and potential investors through a wide range of conversations. The management of ISARIA Wohnbau AG considers personal contact and regular interaction with capital market participants an integral part of capital market communication.

We also provide detailed information on the topic of investor relationships, our company and our share at [www.isaria.ag](http://www.isaria.ag), key word Investor Relations. In addition to up-to-date news and dates, you can also access presentations as well as our annual and quarterly reports here.

## Key data for ISARIA Wohnbau AG's share

Stock market ticker	IWB
Type of stock	No-par value transferable shares
ISIN	DE000A1E8H38
WKN	A1E8H3
Market segment	Regulated market, Prime Standard
Designated Sponsor	M.M. Warburg & Co., Hamburg

Stock exchange	All German stock exchanges including Xetra
IPO	10 November 2010
Highest price 9 months (Xetra)	€ 4.60
Lowest price 9 months (Xetra)	€ 3.80
Closing price on 06/30/2015 (Xetra)	€ 4.20
Market capitalisation in million Euro	99,8

# 02 | GROUP INTERIM MANAGEMENT REPORT

## 1. Business activities and economic environment

### I. Business activities and growth

ISARIA 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 since 20 years. 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. In most cases project development involves obtaining planning permission for residential properties for areas which were previously used commercially. In so doing, the company focuses on locations in which at least one hundred apartments can be realised. In order to realise the highest earnings potential the property might also be sold in an earlier phase of the project development. The business activities of ISARIA Wohnbau include the divisions New Construction of residential property and Revitalisation of existing properties. The latter includes changing former commercial properties into residential properties under the *APP.ARTMENTS* brand.

The company's business model is to sell all apartments and houses that it has constructed. As of this year, however, it is being continually evaluated as to whether certain properties can also be held as investment properties in our portfolio, such as subsidised residential buildings or commercial properties as part of our residential construction projects whose construction is obligatory with respect to planning law. The same applies for residential properties on offer that have already been built by third parties. The prerequisite for recognition as an investment property is that the presently favourable first-rate interest situation allows for sufficient surpluses from the management of the property to pro-

vide a proper return on equity and that this equity is not needed for project developments. This can be ensured e.g. with new financial products from the group's own financing platform. Overall, investment properties serve to generate rental income to offset the comparatively volatile project development business.

So far, the company, together with its SPEs, has exclusively operated on the high-growth greater Munich region where it has ranked among the market leaders for several years. However this position can only be upheld by making ongoing acquisitions and it cannot be expanded in a reasonable manner. Given this background, in 2014 ISARIA Wohnbau took the strategic decision to expand its activities geographically and to include Hamburg as a second location. This is also in view of the fact that price levels in this city, which is next largest in terms of its size, are much lower than in Munich – while population growth is also strong and private households have comparable spending power. The company acquired two projects in Hamburg in 2014 and opened up an office. The company's headquarters, with all of the central departments, will continue to be in Munich.

ISARIA Wohnbau has its own financing platform within the group with One Group GmbH, Hamburg and its subsidiaries (hereinafter also referred to as 'One Group'). The business activities of One Group mostly comprise the development, structuring and issuing of project development funds for residential construction projects in Germany. In ISARIA Wohnbau's locations these funds invest exclusively in the company's projects. In addition, investments are also made in external projects at other locations. One Group will be managed as a sub-group within the ISARIA Wohnbau group. This segment will map this sub-group's results.

## ISARIA WOHNBAU'S PROJECTS

Project	Special purpose entity	Location	Total number of housing units	Intended completion	Status
<b>SEGMENT NEW DEVELOPMENTS</b>					
nido	ISARIA Wohnbau Objekt Karlsfeld 2 GmbH; Section 8a	Karlsfeld am Prinzenpark	37	03/2015	completed and handed over
	ISARIA Wohnbau Objekt Karlsfeld 3 GmbH; Section 11a1		26	06/2015	completed and handed over
	JK Wohnbau Objekt Karlsfeld 1 GmbH; Section 1c		31	12/2015	partly completed and handed over
	ISARIA Wohnbau Objekt Karlsfeld 2 GmbH; Section 10a		24	12/2015	partly completed and handed over
	ISARIA Wohnbau Objekt Karlsfeld 2 GmbH; Section 10b		24	06/2016	construction started
	ISARIA Wohnbau Objekt Karlsfeld 2 GmbH; Section 10c		25	10/2017	preparation for start of construction
	ISARIA Wohnbau Objekt Karlsfeld 3 GmbH; Section 11b1		30	11/2015	partly completed and handed over
	ISARIA Wohnbau Objekt Karlsfeld 3 GmbH; Section 11c1 (RH)		18	02/2016	construction started
	ISARIA Wohnbau Objekt Karlsfeld 3 GmbH; Section 12b		11	12/2016	construction started
	ISARIA Wohnbau Objekt Karlsfeld 3 GmbH; sections 11c1 (ETW) 11a2-c2, and 12a		36	12/2017	preparation for start of construction
Tübinger Strasse	Wohnbau Objekt Tübinger Straße GmbH/ Wohnbau Objekt Hansastrasse GmbH	Munich-Sendling/ Westpark	323	2018-2019	Plan B developed
Diamalt-Quartier	ISARIA Wohnbau Objekt Am Münchfeld GmbH	Munich-Allach	593	2018-2020	Plan B development
Wohnpark Nord	ISARIA Holding GmbH & Co. Objekt Hörgensweg KG	Hamburg-Eidelstedt	500+	2019-2020	Plan B development
<b>SEGMENT REVITALISATION</b>					
APP.ARTMENTS	Living Bogenhausen GmbH	Munich-Bogenhausen	167	03/2014	completed
St. Bonifatius	gindiwo Gesellschaft für individuelle Wohnungsprivatisierung Objekt St. Bonifatius Straße mbH - front building	Munich-Giesing	22	04/2015	completed
Elsenheimerstraße	ISARIA GmbH & Co. Objekt Metropolis KG	Munich-Westend	350	12/2017	Plan B developed
Kapstadtring	Objekt Kapstadtring 1 GmbH	Hamburg-Winterhude	143	03/2017	building application submitted
Tower	ISARIA Tower GmbH	Munich-Obersendling	270	06/2019	Plan B development

The projects listed in the table will allow ISARIA Wohnbau to generate its future revenue volume.

## Key events in the period under review

### On-schedule repayment of bonds

On 16 February 2015 the corporate bond 2014/2015 was repaid on schedule in the amount of € 10.0 million.

In the third quarter of 2015, the company repaid a subordinated bond of € 10.0 million to the STRATOS Mezzanine Fund. The repayment of this facility has helped to reduce the financing costs of the group even further. As a result, we no longer have mezzanine financing in the group, where the interest would exceed 10%.

### Start of sales activities of ProReal Deutschland Fonds 4

On 23 April 2015 One Group received its approval and license to start sales of ProReal Deutschland Fond 4, its first regulated investment fund according to the Kapitalanlagegesetzbuch (KAGB - German Capital Investment Code). The planned issuing volume totals € 75 million. By 30 September 2015 over € 15 million were already raised.

### Acquisition of majority interests in two project developments

Already in December 2013 the company notarised the acquisition of a majority interest in the special purpose entities Wohnbau Objekt Hansastrasse GmbH and Wohnbau Objekt Tübinger Straße GmbH by way of notarised purchase agreements. Various conditions precedent had to occur in order to execute these contracts. These conditions were fully met on 21 April 2015. Since this date, ISARIA Wohnbau AG has held an interest of 90% in each case in these companies, and will include these companies in its consolidated financial statements from this date. Jointly, both of the special purpose entities have a planned sales volume of around € 160 million.

### Developments of projects

Construction work in the first nine months 2015 for the *nido* project in Dr. Johann-Heitzer-Strasse in Karlsfeld

West benefited from the mild weather at the beginning of the year 2015. In March 2015, a total of 37 apartments were completed, with 31 of these apartments handed over before 31 March 2015. The remaining units from this stage were handed over in the second quarter of 2015 as well as another construction stage comprising 26 terrace houses. In the third quarter of 2015 a further 41 units were completed and handed over for individual ownership. ISARIA Wohnbau is constructing a total of 553 residential units in 12 construction stages on the 115,000 sqm plot. Of these units, 395 had been handed over by 30 September 2015. As of 1 October 2015, a total of 97 housing units were under construction, and except for ten units, which have only recently been offered for sale, all have already been sold. The start of sales of additional construction zones currently depends on relevant planning permission being issued. Nevertheless, we expect this to be issued in due course.

In the *APP.ARTMENTS* revitalisation project in Vogelweidestrasse 5 in Munich-Bogenhausen with a total of 167 apartments, 149 units had already been handed over at the end of 2014. In 2015 the remaining apartments are being sold and handed over on an ongoing basis. During the first nine months of 2015, a further 16 apartments were handed over with a sales volume (revenues) of € 6.4 million. All but one of the apartments had been sold or reserved by the reporting date.

For the *Tower* project in Munich-Obersendling, the so-called key data resolution ('Eckdatenbeschluss') passed by the city council on 22 October 2014 has been implemented in the form of an urban and landscape planning competition that has been carried out since December 2014. The decision of the jury, that is the advisory committee, with the presentation of the results was made on 8 May 2015. For the *Tower*, the advisory committee recommended using the design by Munich's Meili Peter Architekten as a basis for urban land-use planning with

respect to conversion for use of the high rise as a residential building. After completion of the competition and the planning procedure, the draft resolution 'Competition and procedure' was prepared, which should now be adopted at the city council's meeting to be held in the fourth quarter of 2015. Once the resolution is adopted, the development plan will be officially launched. This means that project development has entered a secure phase.

With respect to the *Diamant-Quartier* project in Munich-Allach, the so-called key data resolution and decision for the development planning process ('Eckdaten- und Aufstellungsbeschluss') was adopted by the city council on 29 July 2015. This marked yet another milestone for the construction of a further large residential district. The urban planning and landscaping competition coordinated with the state capital of Munich is taking place from September to December 2015. The jury meeting which will determine the winning design will take place on 15 December 2015. This will then serve as a basis for the development plan process, which is scheduled to start in the first quarter of 2016.

For the building in Elsenheimer Strasse in Munich we already have a positive preliminary building application to convert this to a boarding house/living complex. A second preliminary building application regarding planning questions was answered 15 June 2015. The architect and technical planners have adjusted their planning in accordance with this and continue to prepare the draft plan for subsequent approval. Alternative concepts are also being explored and evaluated in this context.

The Tübinger Strasse property includes an abandoned production site in Munich-Westpark. This site, i.e. the properties on the parallel streets that border each other to the rear, is shared between the special purpose entities Wohnbau Objekt Hansastrasse GmbH and

Wohnbau Objekt Tübinger Straße GmbH. The land had previously been uniformly built over, and the redevelopment secured with the preliminary building permit from 21 May 2014 also provides for a uniform development predominantly focused on residential and to a lesser extent commercial (mainly retail). Since the takeover of the special purpose entities in the second quarter of 2015, the company has been looking into the feasibility of developing the two plots separately. Privately funded residential and retail space shall be allocated on the Tübinger Strasse plot. Part of the vacant production halls on these two plots have been rented out temporarily to the city of Munich since 15 August 2015 for the accommodation of refugees. The management of this accommodation is the sole responsibility only of the city of Munich and is designed not to interfere with the construction activities.

City council decisions or preliminary building permits are now available for all our Munich project developments, for the targeted residential development.

Three different potential utilisation concepts (hotel, boarding house, living) have been worked out for the former office building on Hamburg's Kapstadtring street during the fiscal year past. The boarding house concept is being pursued in-depth. The building application was submitted in August 2015.

At present, work is underway for the property in Hamburg Nord to change the zoning (from commercial to residential).

#### Expansion of investment property portfolio

One Group holds interest in a multi-family dwelling in the greater Cologne area whose 78 dwelling units were planned to be sold, for the most part, to investors following renovation. After evaluating alternative strategies, the property is now being kept as an investment property

that generates ongoing surpluses from the management of the building within ISARIA Wohnbau group. Instead of selling the individual flats, One Group is planning another fund product that will also provide subordinate capital for the group's fixed assets in future.

#### Change to the members of the executive board

In May, Christian Dunkelberg informed the supervisory board that he will not be renewing his contract ending in November 2015. There are no plans for a new appointment of this third position in the executive board. The tasks of Christian Dunkelberg have been distributed among the other two members of the executive board.

#### Re-election of the supervisory board

At the annual shareholder meeting on 8 May 2015, all three members of the supervisory board were re-elected in their office for an additional three years. In the constitutive meeting directly following the shareholder meeting, Professor Dr. Raimund Baumann was again elected chairman of the supervisory board. Mr Robert Unger was elected deputy chairman of the supervisory board.

## II. Overall Economic Developments

According to the autumn forecast of the Institute for the World Economy (IfW) in Kiel in September 2015, the economic outlook in Germany remains positive despite a an uneasy global economic environment. Private consumption supported by strong growth in purchasing power continues to drive the economy in 2015, and it is increasingly supported by the upturn in investment.

Residential construction will continue to benefit from these underlying conditions, in particular from the continued extremely low financing costs and also from the lack of alternative investments.

## 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) lifted by 10,0% in the first nine months of 2015, and in September lies just below the new record reached in August. With 12.6%, the real estate climate (as an indicator for the further outlook) enjoyed strong growth in the first quarter of 2015. This was followed by a drop in the second quarter and another increase in the third quarter of 2015. In net terms, in September it increased 7.3% compared to the end of 2014 – which means that growth remains strong. At the same time, a decline over three consecutive months as it was the case in the second quarter indicates that the real estate boom of recent months will not go on forever. The climate for housing construction increased only slightly by 2.0% in September 2015 compared with the end of 2014, however it continues to be the most attractive asset class compared to the other classes, and is thus a 'safe haven'. The underlying conditions in the real estate sector can thus continue to be regarded as being excellent. Residential project developers thus continue to enjoy an excellent environment in all of Germany's high-growth regions.

In their plenary meeting on 27 March 2015 the German federal states approved the Act to introduce a rental price block and to reinforce the principle of the ordering party for agency fees (Mietrechtsnovellierungsgesetz – German Rental Law Amendment Act – MietNovG). The introduction of a rental price block is to curb the increase in rents in tight housing markets. Under this act, however, new properties which are used and rented for the first time after 1 October 2014 are not covered by the rent cap. This could make new residential properties even more attractive for both private and also institu-



tional investors. The rental price block provisions apply throughout Hamburg since 1 July 2015 and throughout the entire city area of Munich since 1 August 2015.

#### Developments on the housing market in Munich

Munich is one of Germany's top places to live. Its attractiveness has remained unchanged since our last in-depth reporting in our 2014 annual report. Munich as a location continues to take first place in many national studies with regard to factors relevant for the real estate market, such as economic and structural indicators, location strength and future-proof locations. As a result, Munich is ranked first also in the HWWI/Berenberg city ranking 2015 introduced in October 2015. This study examined the 30 largest cities in terms of their future viability. Munich also continues to hold one of the top places in international rankings, for example it takes second place in the City Investment Intensity Index currently published by Jones Lang Lasalle (JLL). Munich's high-performance economic structure can be seen in factors including the largest number of company headquarters per resident. It is the most productive German city and is often called the 'City of the DAX groups'. As a consequence, Munich is also the highest-priced location for residential real estate in Germany.

These sustainable and very positive underlying conditions let to continued high demand on the Munich residential real estate market over the past few years, with a substantial increase in prices. As such, the Committee of Experts for the City of Munich ('Gutachterausschuss') stated an average increase in prices in 2014 for new apartments in average and good living locations (new and existing buildings) in its 2014 annual report. The increase in prices was even greater for corresponding land plots. Prices for land plots for multistorey residential buildings in average and good living locations increased on average by 14% in 2014. A distinction between residential locations shows that price elasticity is highest

in average locations – that means apartments are still affordable there. These are the locations in which ISARIA Wohnbau AG primarily operates. In its most recent publication, the Committee of Experts reported that purchase prices continued to increase in the first half of 2015. In addition to need-driven demand, there is now increasing demand for residential investment properties. This is due to the still very low interest rates and the resulting emergency situation for returns.

Since the last year, the subject of a 'property bubble' has been increasingly discussed. If purchase prices increase significantly faster than rents over an extended period, this points to the market overheating, as no sustainable returns can be expected any more. This price growth would also have to part company permanently from the underlying economic conditions. In fact the gap between rents and purchase prices for residential properties has been increasing substantially. Based on a study by bulwiengesa, rents have increased by 24% between 2000 and 2014, and purchase prices have increased by 73%. However, just looking at price changes alone is not totally meaningful. At least in Munich, there are mostly fundamental reasons for this development. Demand for residential accommodation in Munich continues to be high. An average of 80 people move to Munich every day. In theory that means 50 new apartments every day. More than 300,000 people have thus moved to Munich over the past 15 years. As such, the city of Munich reported in May this year that its number of residents had passed the 1.5 million mark. In addition, most of the apartments have been 'sensibly' financed – that means with a high proportion of equity and high repayments.

Munich is also far from having an oversupply of apartments. Quite the opposite in fact: the continued high demand for residential properties in Munich has now perceptibly thinned out the offering on the market. The Committee of Experts in Munich ascertained a reduc-

tion in the number of sales on the market for owner-occupied apartments for the second successive year in its 2014 annual report. In 2014 this totalled a further 4% after 12% in 2013. This decline in the number of contracts affirms the lack of supply. And this can only be overcome with a sustained and substantial increase in construction activities. The City of Munich's Planning Department reports that the City of Munich covered the requirement for the construction of 7,000 new apartments annually as 7,026 apartments were completed in 2014 (after 7,904 in 2013). However, this is not sufficient to compensate for the lack of building activities in the past few years. In addition, other institutions believe that actual demand is much higher than the figure estimated by the City of Munich at 11,500 to 12,000 apartments per year. In addition, the space available for construction in Munich is continuing to decrease – in contrast to other large German cities.

As a result, there are currently no indicators that the situation on the market will relax over the medium term, and this means that there is also no substantial decline in price or for that matter a price bubble on the Munich real estate market. Homebuyers are still prepared to buy properties, despite increasing or higher purchase prices – and this applies to both investors and also owner occupiers, with the properties on offer still being very limited.

#### Developments on the housing market in Hamburg

The residential real estate market in Hamburg has also not changed since our last report at the end of 2014. Hamburg unites strong spending power with a high number of residents, as is the case in Munich. The real estate market in this city with its 1.8 million residents is the third largest in Germany in terms of requirements for new properties, following Berlin and Munich. Real estate prices in Hamburg are among the highest in Germany. According to a recent study by Postbank, Hamburg leads the top cities with the best

future prospects for property development up to 2030, even beating Munich at 2nd place. As a result, demand is also expected to outstrip supply over the long term in Hamburg. At present, there is a lack of around 30,000 residential units in order to cover requirements. This is clearly due to the relatively low construction activity in the previous years. Since 2013 the annual construction covers at least the target defined by the local 'Alliance for living in Hamburg' ('Bündnis für das Wohnen in Hamburg') of 6,000 apartments per year. However, according to a recent forecast by the Federal Institute for Building, Urban Affairs and Spatial Development (Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR)) the demand is assumed to be close to 9,500 new apartments, at least for 2015. After 2015, the demand is expected to gradually decline to 6,100 new apartments per year up to 2025.

According to a market report 'Marktbericht Bauträger' by Grossmann & Berger (real estate subsidiary of the Haspa – Hamburger Sparkasse) the outlook for 2015 foresees a strong demand against a decreasing supply, as plots of land for property development are scarce and expensive. Due to the price level that is lower compared to Munich, an increasing number of tenants are in search of a freehold apartment at similar monthly financial charges.

#### 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.

## 2. Financial position and results of operations

bulwiengesa has identified a group of five leading residential property developers in Munich. All of the other companies in this group have been family-owned for decades and the 'second youngest' has already been operating on the market for 45 years. Based on a sufficiently large and strategic project pipeline, developing residential properties in Munich is thus clearly one of the least crisis-hit business models in the real estate industry. According to the 2015 project developer study published on 6 May 2015, ISARIA Wohnbau is currently the second largest project developer for residential properties in Munich.

### Competitive position of ISARIA Wohnbau in Hamburg

The properties secured in 2014 mean that ISARIA Wohnbau has laid the foundations to also rank among the top ten residential project developers in Hamburg in future.

During the first nine months of 2015 notarised individual sales of € 17.8 million (prior year period: € 58.7 million) were notarised. The amount of the individual sales continues to be mostly due to building permits for the major project *nido* in Karlsfeld not being issued quickly enough or to the required extent. As a result, it was not yet possible to increase the speed of sales in the first nine months of 2015. For the remaining three months of the current fiscal year, we anticipate with regard to this large project an increase of the speed of sales as a result of obtained building permits for construction sites where work has not yet started.

Notarised sales less units already transferred resulted in a continued high order book of € 42 million on 30 September 2015 despite the extensive handovers in the previous reporting period (31 December 2014: € 84 million).

This order book secures future revenues. With regard to the revenues forecast for 2015 from the sale of individual property units, these units have already been sold completely.

### I. Results of operations

As our projects are realised over multiple years, the disclosure of revenues is subject to substantial accounting fluctuations, which affect the ability to compare these figures with previous years.

ISARIA Wohnbau's earnings in the first nine months of 2015 were characterised by lower sales revenues from handing over projects compared to the same period of the previous year, however these were much more profitable. These are attributable to the current construction

#### Results of operations

	01/01/-09/30/2015 k€	01/01/-09/30/2014* k€	Change k€
Revenues	63,221	65,449	-2,228
Total output	103,596	80,679	22,917
Cost of materials	-83,132	-63,316	-19,816
<b>Gross profit</b>	<b>20,465</b>	<b>17,363</b>	<b>3,102</b>
Personnel expenses	-4,377	-3,871	-506
Fair-value measurement of investment properties	791	0	791
Other operating income	3,191	1,580	1,611
Other operating expenses	-7,269	-8,536	1,267
<b>EBIT</b>	<b>11,627</b>	<b>5,242</b>	<b>6,385</b>
Financial result	-11,419	-7,814	-3,605
<b>EBT</b>	<b>209</b>	<b>-2,572</b>	<b>2,781</b>
Income tax expenses/ gains	-107	616	-723
<b>Comprehensive income</b>	<b>102</b>	<b>-1,957</b>	<b>2,059</b>

\* adjusted prior-year figures due to the final purchase price allocation of One Group GmbH

phases of the *nido* project in Karlsfeld and reflect the price increases on the Munich housing market over the past few years. This resulted in a substantial improvement in the gross profit and EBIT margins compared to the same period in the previous year. Higher financial expenses are related to the project volume increasing by 25%. However, after taking into account the financing costs, only a 'zero result' remains for the reporting period. This is due to the follow-up costs incurred in the period under review and recognised as an expense for construction stages and projects handed over in previous years. These costs are included in the cost of materials for the reporting period and thus reduce the overall margin of the group in the current fiscal year accordingly.

The revenue volume (revenues from the sale of property units and from rentals as well as from other receivables) totalled k€ 63,221 in the first nine months of fiscal year 2015 (Q3 2014: k€ 65,449) and is primarily due to the income from the residential units handed over in the respective period. In the first nine months of 2015, this was mostly due to the hand-overs of residential units in two further construction stages (WA 8a, WA 11a1 and WA 11b1) in the *nido* construction project (ISARIA Wohnbau Objekt Karlsfeld 2 GmbH and ISARIA Wohnbau Objekt Karlsfeld 3 GmbH).

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

The cost of materials rose by k€ 19,816 from k€ 63,316 in the first nine months of 2014 to k€ 83,132 in the first nine months of 2015. In the amount of k€ 47,276 this increase is attributed to the properties included in first-time consolidation of two project companies. At the same time the previous year's figures included the purchase price

for two newly acquired plots totalling k€ 26,140. When these effects are eliminated, the costs of materials have decreased by k€ 1,320. Of the costs of materials for the period under review, k€ 3,795 is attributable to follow-up costs for construction phases and projects handed over in previous years.

Despite these follow-up costs the gross profit margin currently totals 32% compared to 27% in the same period of the previous year. These reflect the price increases on the Munich housing market over the past few years.

Personnel expenses increased by k€ 506 or 13% to k€ 4,377 compared to k€ 3,871 over the same period of the previous year. This increase is due to the increase in the average number of employees of more than 7% compared to the previous year. Over the period of the first nine months of 2015, the ISARIA Wohnbau group had in average 58 employees (compared to 54 employees in average over the same period in 2014). In addition, personnel expenses in the period under review include k€ 192 for variable payments for Board members (previous year: k€ 0). This expense is due to payments in the period under review for fiscal year 2014 which were higher than the provisions that had been formed in this regard.

The earnings from the fair-value measurement of investment properties in the amount of k€ 791 (Q3 2014: k€ 0) resulted from the revaluation of the property at market value in connection with the reclassification of the property previously intended for sale from properties held for sale to investment properties. These earnings are attributable to the *One Group* segment.

Other operating income in the period under review in the amount of k€ 3,191 (Q3 2014: k€ 1,580) include an entitlement to compensation payments for downstream costs the company had already paid in previous years for a legacy property in the amount of k€ 1,599. In addition,

this item also includes k€ 443 earnings from the sale of a minority shareholding (Q3 2014 k€ 0) as well as k€ 146 from the reversal of provisions (Q3 2014: k€ 396). Furthermore, earnings from the derecognition of a liability in the amount of k€ 821 are contained in the previous year's figure.

Other operating expenses are lower by k€ 1,267 at k€ 7,269 in the first nine months of 2015 (Q3 2014: k€ 8,536). In addition, sales commission and advertising costs as well as guarantee and follow-up costs decreased by k€ 1,540 and k€ 368 respectively compared with the same period of the previous year. This was offset by an adjustment of input tax for previous years amounting to k€ 225 as well as a k€ 315 increase in loss-of-use compensation paid to buyers.

Earnings before interest and taxes (EBIT) have more than doubled compared to the previous year (k€ 5,242) to reach k€ 11,627. In relation to revenues this results in a substantially improved EBIT margin of a good 18% (Q3 2014: 8%).

The negative financial result increased in the first nine months of 2015 by k€ 3,605 or 46% to k€ -11,419 compared to k€ -7,814 in the same period of the previous year. Financial income was lower than in Q3 2014 (k€ 1,709), totalling k€ 115 in the first nine months of 2015. This is because the prior-year figure included income (non-recurring) from present value adjustments of liabilities in the amount of k€ 1,162. Financial expenses increased in the first nine months of 2015 compared to the same period of the previous year (k€ 10,205) by 16% to k€ 11,859. This increase is directly connected to interest-bearing liabilities which are up by 25% year on year. These, in turn, are due directly to the corresponding higher project volumes to be financed. The fact that financing expenses have increased to a lesser extent than this figure reflects the further improvement in the financing structure.

The project volume to be financed guarantees revenues and consequently earnings for future periods. The result from participating interests carried at equity totalled k€ 325 in the period under review (Q3 2014: k€ 682).

The consolidated earnings before taxes for the period under review are with k€ 209 just barely positive, but with a k€ 2,781 increase they have shown a marked improvement compared with the pre-tax earnings over the same period of the previous year (k€ -2,572). Income tax expense in the amount of k€ 107 (Q3 2014: income in the amount of k€ 616) led to earnings after taxes of k€ 102 (Q3 2014: k€ -1.957).

Business activities in the *One Group* segment are mostly reflected in the financial result. One Group recorded a slightly positive financial result of k€ 254 in the period under review. This includes expenses of k€ -1,681 from the adjustment for the present value of compensation liabilities to the funds' unit holders. Overhead costs in the period under review (personnel expenses, amortisation/depreciation, other operating expenses) totalled k€ 1,924 (Q3 2014: k€ 2,340). The aforementioned income from revaluation of investment property amounting to k€ 791 (Q3 2014: k€ 0) is fully attributable to this segment. Considering income tax expenses of k€ 291, on the whole this led to segment earnings after taxes of k€ -523, prior to the consideration of the amortisation of intangible assets acquired as part of the acquisition of One Group GmbH. This corresponds to the economic segment earnings included in internal reporting. However, the intangible assets acquired as part of the acquisition of One Group GmbH are also to be allocated to the *One Group* segment at a group level. These were subject to scheduled amortisation in the period under review in the amount of k€ 850. This is offset by the resulting reversal of deferred tax liabilities in the amount of k€ 272. In total this results in negative earnings after taxes for the *One Group* segment of k€ -1,101.

The course of business for the group as a whole in the first nine months of 2015 was in line with forecasts for revenues, financing and overhead costs. The aforementioned additional costs of materials recorded over the reporting period were higher than forecast. Consequently, the key financial indicators gross profit, EBIT and earnings before/after taxes over the period under review came in below forecasts.

#### Fair values of properties held for sale

At a project developer such as ISARIA Wohnbau, central assets – properties held for sale and inventories under construction – are carried at cost. This is a fundamental difference between the balance sheet for the ISARIA Wohnbau group and that of a real estate holding company, where central assets are carried at their market values. In order to make these figures still comparable with those from real estate holding companies the company has identified the fair value of these stocks itself using residual value calculations that are standard on the market, and had these confirmed by an external expert. In this valuation method an expert estimates the income values in agreement with the project developers. The budgeted completion costs including a reasonable profit margin for the developer are deducted from the income values.

The residual amount in this valuation method gives the market value of our project developments. The company then uses these market values to calculate the net asset value (NAV) according to EPRA standards, the figure used internationally to assess real estate companies, for reasons of comparison. When calculating the EPRA NAV, ISARIA Wohnbau uses its equity before minority interests, supplemented by hidden reserves from the calculation of the residual values of the inventories. In 2014, the recoverability of the market values was confirmed by a sale, which exceeded the book value as well as the residual value.

For a project developer NAV analysis is only useful. It is used to determine the value above the book value at which the projects in the current stage of development can be sold to third parties. However, the enterprise value of a developer or its shares is also determined by future profits that can be generated from the realisation of these and other projects at present and in the future. As a result, the enterprise value will regularly be significantly higher than the NAV.

The company conducts these calculations considering the EPRA Best Practice Recommendations from Decem-

ber 2014. According to these recommendations, 'Trading Properties' are to be included at their market value without considering deferred taxes, as the EPRA NAV shall reflect the real estate value of the equity. According to this method, as of 31 December 2014 the EPRA NAV for the ISARIA Wohnbau group was k€ 112,319. Calculations for residual values and thus the EPRA NAV are only updated every six months. On 30 June 2015, the EPRA NAV slightly increased to k€ 113,092. This is due to the further increases in market prices as well as increases in value due to the development of construction rights which caused further increases in hidden reserves for the properties in the accounts. As a rule calculations for residual values and thus the NAV are only updated every six months.

#### II. Net assets

The company's net assets are mostly characterised by a strong downturn in current assets. Total assets fell by a good 9% to € 272,177 on 30 September 2015 compared to € 300,417 on 31 December 2014.

Non-current assets increased significantly to k€ 47,922 on 30 September 2015 compared to 31 December 2014

(k€ 38,089). This is mainly due to the aforementioned reclassification of a property of One Group previously held in the properties held for sale to investment properties in the amount of k€ 10,800. This was offset mainly by amortisation of intangible assets.

Current assets fell by a good 15% to k€ 224,255 on 30 September 2015 compared to 31 December 2014 (k€ 262,328). Receivables from the sale of land are substantially lower by k€ 53,021 as a result of the receipt of a payment in February 2015 for the purchase price which became due on this date from the sale of a project development which was concluded at the end of 2014. The funds received here were, for the most part, used to repay the corporate bond, liabilities to banks as well as trade payables. As a result, cash fell by k€ 17,493 from k€ 42,090 on 31 December 2014 to k€ 24,597 as of the balance sheet date. A contradictory trend was shown by the properties held for sale and other inventories, that increased on balance by k€ 30,292 despite the handovers performed during the reporting period as well as the reclassification of a property to investment properties. The inflow of two properties in the amount of k€ 46,562 from the first-time consolidation of two project companies in the second quarter is decisive in this respect. In addition, other receivables and financial

#### EPRA NAV – ISARIA Wohnbau Group

	06/30/2015* k€	12/31/2014 k€
Equity before non-controlling interests	22,978	22,905
Hidden reserves of inventories	90,114*	89,414
<b>EPRA NAV</b>	<b>113,092</b>	<b>112,319</b>
Number of shares	23,764	23,764
<b>NAV per share</b>	<b>4.76</b>	<b>4.73</b>

\* As a rule calculations for residual values and thus the NAV are only updated every six months.

#### Net assets

	09/30/2015 k€	12/31/2014 k€	Change k€
Non-current assets	47,922	38,089	9,833
Current assets	224,255	262,328	-38,073
<i>of which: Properties held for sale and other inventories</i>	<i>166,731</i>	<i>136,439</i>	<i>30,292</i>
Equity	23,012	22,905	107
Equity ratio	8.5%	7.6%	-
Non-current liabilities	165,068	115,571	49,497
Current liabilities	84,097	161,941	-77,844
<b>Balance sheet total</b>	<b>272,177</b>	<b>300,417</b>	<b>-28,240</b>

assets increased by k€ 1,069. This was mostly due to the capitalisation of the compensation entitlement detailed above.

### III. Financial position

Equity increased to k€ 23,012 as of the balance sheet date compared to 31 December 2014 (k€ 22,905) in line with the slightly positive consolidated earnings after taxes. As a result of the strong reduction in total assets, the equity ratio increased from 7.6% to 8.5%.

Non-current liabilities increased by k€ 49,497 to k€ 165,068 on 30 September 2015 compared to k€ 115,571 on 31 December 2014. This increase is mostly due to an increase in non-current financial liabilities to banks amounting to k€ 36,212. As part of the aforementioned first-time consolidation, the company took over bank liabilities with a maturity of over one year in the amount of k€ 32,200.

Furthermore, the company took out an additional bank loan during the period under review, which was valued at k€ 7,234 on the balance sheet date. The long-term portion of compensation liabilities to shareholders in general partnerships increased by k€ 12,717 over the period under review due to the funds raised by ProReal Deutschland Fond 4.

Current liabilities fell by k€ 77,844 or 48% to k€ 84,097 on the balance sheet date compared to k€ 161,941 on 31 December 2014. In the first instance, the current portion of compensation liabilities to shareholders in general partnership fell on balance by k€ 1,475. This was due to the profit entitlement for the investors in JK Fonds I being paid out. This legacy fund has thus been fully wound up. Current financial debt to non-banks fell by a total of k€ 23,300 in the period under review as a result of the repayment of the corporate bond in February 2015 as well as other bonds. Current financial

debt to banks fell by k€ 15,805 in the period under review. This is mostly due to the repayment of a loan which was taken over in December 2014 as part of the first-time consolidation of a project development. In the course of the handover of completed housing units, the liabilities from advance payments were reduced by k€ 13,275. Trade payables fell by k€ 17,291 as the result of payment. Other liabilities fell by k€ 5,339 as a result of the repayment of two loans, which were also taken over in December 2014 as part of the first-time consolidation of a project development.

Cash in the ISARIA Wohnbau group declined compared to 31 December 2014 (k€ 42,090) by k€ 17,493 and totalled k€ 24,597 on the balance sheet date. As of 30 September 2015 the group could freely dispose of these funds in the amount of k€ 10,998 (31 December 2014: k€ 17,003).

The decrease in freely disposable cash is due to the cash flow from operating activities in the amount of k€ 27,620 (Q3 2014: k€ -12,969), the cash flow from investing activities of k€ 1,104 (Q3 2014: k€ -14) and the cash flow from financing activities in the amount of k€ -34,729 (Q3 2014: k€ 30,305).

The cash flow from operating activities totalled k€ 27,620 in the period under review after k€ -12,969 in the previous year period and is mostly due to the consolidated earnings before income taxes in the amount of k€ 209 plus the financial result (k€ 11,419), the decrease in properties held for sale of k€ 6,183, the downturn in receivables from the sale of property and other receivables and financial assets of k€ 68,687, and a decrease in non-interest bearing liabilities and provisions by k€ 58,785.

The cash flow from investing activities in the first six months of 2015 amounted to k€ 1,104 (Q3 2014: k€ -14) and primarily resulted from cash taken over in the amount of k€ 1,510 in connection with the first-time

consolidation of two project companies less payments for the purchase of property, plant and equipment in the amount of k€ 445.

The cash flow from financing activities in the first six months of 2015 amounted to k€ -34,729 (Q3 2014: k€ 30,305). The repayment of financial liabilities in the amount of k€ 52,975 (Q3 2014: k€ 33,564) and interest payments in the amount of k€ 4,149 (Q3 2014: k€ 12,098) exceeded the inflow from drawing down financial liabilities for the ongoing construction activities in the amount of k€ 22,394 (Q3 2014: k€ 75,967).

#### Financial position

	09/30/2015 k€	12/31/2014 k€	Change k€
Cash	10,998	17,003	-6,005
	01/01/-09/30/2015 k€	01/01/-09/30/2014 k€	Change k€
Cash flow from			
operating activities	27,620	-12,969	40,589
investing activities	1,104	-14	1,118
financing activities	-34,729	30,305	-65,034

### 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 information in the group management report for fiscal year 2014. From 1 January 2015 no risks have been entered into or have become perceptible which would lead to a different assessment.

In the trial for damages versus a former auditor (fiscal years up to 2009) due to subsequent corrections to the balance sheet, which became necessary, the parties agreed to a settlement before the regional court of Munich I in March 2015. This resulted in other operating income in the low six digit euro range.

On 18 June 2015, insolvency proceedings were opened against the assets of the previous Chairman of the Executive Board Josef Kastenberger. The Company has filed extensive claims for damages in the insolvency proceedings. These claims are not capitalised, and we largely do not consider these claims to be collectible.

A shareholder has brought a claim for damages against the company and other parties i.a. due to prospectus liability relating to the 2010 IPO. The settlement negotiations already mentioned in the 2014 group management report could be completed successfully in the 3rd quarter of 2015. Thereby no liabilities are resulting to the company. From the perspective of the company, all risks relating to the IPO have therefore been resolved.

### 4. Report on the events after the balance sheet date

At 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 revenues generated in the first nine months of 2015, as well as the current building progress in the large-scale *nido* project in Karlsfeld – we confirm our forecast for the full year 2015 – which we made in connection with our report as at 31 December 2014 – for revenues of around € 100 million. On the basis of these revenues alone we will not be able to achieve earnings after taxes in the high single-digit million euro range as originally forecast for the full year 2015 due to the higher than expected follow-up costs, as reported in chapter 2.I above from construction phases and projects that had already been handed over in previous years. Instead, on the basis of the forecast revenues, for the full year 2015, we are confident that we will achieve earnings after taxes in the mid single-digit million euro range.

Not yet included herein are potential earnings opportunities from additional revenues from the sale of a completed project development. Specific sales negotiations are currently underway with respect to this. However, at the time of preparing this report, it was not possible to forecast whether a conclusion with impact on earnings still in 2015 would be most probably.

Munich, 9 November 2015



**Michael Haupt**  
Spokesman of the  
Executive Board | CEO



**Christian Dunkelberg**  
Member of the  
Executive Board | CIO



**Jan von Lewinski**  
Member of the  
Executive Board | COO

# 03 | CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Consolidated Statement of Comprehensive Income

from 1 January to 30 September 2015

	01/01/-09/30/2015 k€	01/01/-09/30/2014* k€	Q3 2015 k€	Q3 2014* k€
Sales revenue				
a) from the sale of property units	59,858	62,798	24,788	6,569
b) from the lease of property units	3,350	2,506	1,131	834
c) from other deliveries and services	13	146	6	39
	63,221	65,449	25,925	7,442
Change in inventories of properties held for sale with finished or unfinished buildings	40,376	15,230	-4,003	30,791
<b>Total output</b>	<b>103,596</b>	<b>80,679</b>	<b>21,922</b>	<b>38,232</b>
Cost of materials				
a) Expenses for the sale of property units	-80,416	-61,281	-13,578	-35,098
b) Expenses for the lease of property units	-2,715	-2,035	-1,127	-685
	-83,132	-63,316	-14,705	-35,782
<b>Gross profit</b>	<b>20,465</b>	<b>17,363</b>	<b>7,217</b>	<b>2,450</b>
Personnel expenses	-4,377	-3,871	-1,108	-1,266
Depreciations / amortisation / impairment charges	-1,174	-1,295	-345	-429
Fair-value measurement of investment properties	791	0	0	0
Other operating income	3,191	1,580	192	315
Other operating expenses	-7,269	-8,536	-2,322	-2,152
<b>EBIT</b>	<b>11,627</b>	<b>5,242</b>	<b>3,634</b>	<b>-1,082</b>
Financial income	115	1,709	33	1,467
Financial expenses	-11,859	-10,205	-3,765	-3,390
Result of associates accounted for using the equity method	325	682	97	0
<b>Financial result</b>	<b>-11,419</b>	<b>-7,814</b>	<b>-3,635</b>	<b>-1,923</b>
<b>Consolidated result before income taxes</b>	<b>209</b>	<b>-2,572</b>	<b>-1</b>	<b>-3,005</b>
Income tax expenses	-107	616	34	218
<b>Consolidated result after income taxes</b>	<b>102</b>	<b>-1,957</b>	<b>33</b>	<b>-2,787</b>
of which attributable to the shareholders of ISARIA	111	-1,934	31	-2,777
of which attributable to non controlling interests	-10	-23	2	-9
Other Comprehensive income	0	0	0	0
<b>Comprehensive income</b>	<b>102</b>	<b>-1,957</b>	<b>33</b>	<b>-2,787</b>
of which attributable to the shareholders of ISARIA	111	-1,934	31	-2,777
of which attributable to non controlling interests	-10	-23	2	-9
<b>Earnings per share in €</b>				
Basic	0.00	-0.08	0.00	-0.12
Diluted	0.00	-0.08	0.00	-0.12

\* adjusted prior-year figures due to the final purchase price allocation of One Group GmbH

# Consolidated Balance Sheet

as of 30 September 2015

Assets	09/30/2015 k€	12/31/2014 k€
<b>I. Non-current assets</b>	<b>47,922</b>	<b>38,089</b>
1. Intangible assets	7,641	8,555
2. Investment properties	24,055	13,192
3. Property, plant and equipment	659	328
4. Financial assets		
a) Investments in associates accounted for using the equity method	765	1,040
b) Other investments	0	75
5. Deferred tax assets	14,727	14,758
6. Other accounts receivable	75	140
<b>II. Current assets</b>	<b>224,255</b>	<b>262,328</b>
1. Properties held for sale and other inventories		
a) Properties and equivalent rights with unfinished buildings	166,541	135,799
b) Properties and equivalent rights with finished buildings	190	640
2. Accounts receivable from the sale of property	6,927	59,948
3. Income tax receivables	2,787	1,707
4. Other accounts receivable and financial assets	23,212	22,143
5. Cash and cash equivalents	24,597	42,090
<b>Total assets</b>	<b>272,177</b>	<b>300,417</b>

Equity and liabilities	09/30/2015 k€	12/31/2014 k€
<b>I. Equity</b>	<b>23,012</b>	<b>22,905</b>
1. Subscribed capital	23,764	23,764
2. Equity and Reserves	137,120	137,120
3. Balance sheet loss	-137,865	-137,976
Consolidated equity of the majority shareholders	23,019	22,908
4. Non controlling interests	-7	-3
<b>II. Non-current liabilities</b>	<b>165,068</b>	<b>115,571</b>
1. Compensation liabilities to shareholders in general partnership	97,572	84,855
2. Financial liabilities to banks	62,773	26,562
3. Deferred tax liabilities	1,332	1,335
4. Other provisions	3,391	2,819
<b>III. Current liabilities</b>	<b>84,097</b>	<b>161,941</b>
1. Compensation liabilities to shareholders in general partnership	8,224	9,699
2. Financial liabilities from silent participations, shareholder loans and other forms of capital provision	12,018	35,318
3. Financial liabilities to banks	17,368	33,173
4. Trade accounts payable	11,153	28,445
5. Liabilities from payments made on account	25,896	39,171
6. Income tax liabilities	3,804	4,237
7. Other provisions	2,966	3,892
8. Other liabilities	2,668	8,006
<b>Total equity and liabilities</b>	<b>272,177</b>	<b>300,417</b>



# Statement of Changes in Consolidated Equity

from 1 January to 30 September 2015

	Subscribed capital	Deposits made to execute the resolved capital increase	Equity and Reserves		Balance sheet loss	Consolidated equity of the majority shareholders	Non controlling interests	Total consolidated equity
	k€	k€	k€		k€	k€	k€	k€
As of 1st January 2014	20,764	8,700	131,472		-147,270	13,665	-59	13,605
Comprehensive Income *	0	0	0		-1,934	-1,934	-23	-1,957
Capital increase	3,000	-8,700	5,700		0	0	0	0
Business combination without change of status	0	0	-52		0	-52	52	0
As of 30th September 2014*	23,764	0	137,120		-149,204	11,679	-30	11,649
As of 1st January 2015	23,764	0	137,120		-137,976	22,908	-3	22,905
Comprehensive Income	0	0	0		111	111	-10	102
First time consolidation	0	0	0		0	0	5	5
As of 30th September 2015	23,764	0	137,120		-137,865	23,019	-7	23,012

\* adjusted prior-year figures due to the final purchase price allocation of One Group GmbH

# Consolidated Cash Flow Statement

from 1 January to 30 September 2015

	01/01/ - 09/30/2015 k€	01/01/ - 09/30/2014* k€
<b>Consolidated result before income taxes</b>	<b>209</b>	<b>-2,572</b>
Adjustments for the reconciliation from Consolidated result before income taxes to Cash flows from operating activities		
Depreciations / amortisation / impairment charges	1,174	1,343
Valuation allowances (+) / write-ups (-)	6	-598
Financial results	11,419	7,814
Other non-cash expenses / income	-479	0
Decrease (+) and increase (-) in properties held for sale and other inventories	6,183	-14,587
Decrease (+) and increase (-) in accounts receivable from the sale of property and of other accounts receivable and financial assets	68,687	5,788
Increase (+) and decrease (-) in trade accounts payable and other current liabilities	-58,785	-8,743
Increase (+) and decrease (-) in other provisions	-354	55
Income taxes paid (-) / refunded (+)	-439	-1,467
<b>Cash flows from operating activities</b>	<b>27,620</b>	<b>-12,969</b>
Acquisition of intangible assets	-1	-10
Acquisition of property, plant and equipment	-445	-83
Corporate acquisitions according to IFRS 3 less cash acquired	1,511	-28
Cash disposed off due to deconsolidation of subsidiaries	-3	0
Interest received	44	86
<b>Cash flows from investing activities</b>	<b>1,104</b>	<b>-14</b>
Net payments from taking out of financial liabilities	22,394	75,967
Repayments of financial liabilities	-52,975	-33,564
Interest paid	-4,149	-12,098
<b>Cash flows from financing activities</b>	<b>-34,729</b>	<b>30,305</b>
<b>Change in cash</b>	<b>-6,005</b>	<b>17,323</b>
<b>Cash at the beginning of the accounting period</b>	<b>17,003</b>	<b>12,393</b>
<b>Cash at the end of the accounting period</b>	<b>10,998</b>	<b>29,716</b>

\* adjusted prior-year figures due to the final purchase price allocation of One Group GmbH

# Selected Explanatory Notes

to the Condensed Consolidated Interim Financial Statements  
as of 30 September 2015

ISARIA Wohnbau AG (hereinafter also referred to as the 'Company', 'ISARIA', or, in connection with its subsidiaries and joint venture companies as 'ISARIA Wohnbau 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.

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. 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. In order to realise the highest earnings potential the property might

already be sold in an earlier phase of the project development. The business activities of the ISARIA Wohnbau group include the divisions New Construction of Residential Property and Revitalisation of Existing Properties. The latter includes changing former commercial properties into residential properties under the brand *APP.ARTMENTS*.

The company's business model is to sell all apartments and houses that it has constructed. As of this year, however, it is being continually evaluated as to whether certain properties can also be held as investment properties in our portfolio, such as subsidised residential building properties or commercial properties as part of our residential construction projects whose construction is obligatory with respect to planning law. The same applies for residential properties on offer that have already been built by third parties. The prerequisite for recognition as an investment property is that the presently favourable first-rate interest situation allows for sufficient surpluses from the management of the property to provide a proper return on equity and that this equity is not needed for project developments. This can be ensured e.g. with new financial products from the group's own financing platform. Overall, investment properties serve to generate rental income to offset the comparatively volatile project development business.

To date, the company, together with its SPEs, has exclusively operated on the high-growth greater Munich region where it has ranked among the market leaders for several years. However this position can only be upheld by making ongoing acquisitions and it cannot be expanded in a reasonable manner. Given this background, in November 2014 ISARIA Wohnbau took the strategic decision to expand its activities geographically and to include Hamburg as a second location. This is also in view of the fact that price levels in this city, which is next largest in

terms of its size, are much lower than in Munich – while population growth is also strong and private households have comparable spending power. The company has had an office in Hamburg since December 2014. The company's headquarters, with all of the central departments, will continue to be in Munich.

ISARIA Wohnbau has its own financing platform within the group with One Group GmbH, Hamburg and its subsidiaries (hereinafter also referred to as 'One Group'). The business activities of One Group mostly comprise the development, structuring and issuing of project development funds for residential construction projects in Germany. In ISARIA Wohnbau's locations these funds invest exclusively in the company's projects. Investments can also be made in external projects in other locations.

One Group is run as a sub-group within the ISARIA Wohnbau group. This segment will map this sub-group's results.

## 2. Principles for preparing the interim financial statements

The consolidated interim financial statements for the period from 1 January to 30 September 2015 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 2014.

The accounting method used for investment properties was changed in the fiscal year. The fair value method now used provides reliable, more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows to the amortised cost

method previously used. As a result, earnings from fair value measurement of the investment properties in the amount of €k 791 resulted from the revaluation of the property at the market value in connection with the reclassification of a property previously intended for sale from the reserves as an investment property. The new application of the fair value method to the properties already kept as investment properties merely led to a writeup to values written down in previous periods, which do not however exceed the underlying amortised costs. Overall, no adjustment of the values from the previous year resulted in connection with this change.

Apart from that the accounting and valuation methods used to prepare the consolidated interim financial statements correspond to the methods used in the last consolidated financial statements as of 31 December 2014.

The consolidated interim financial statements as of 30 September 2015 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

As of 30 September 2015, the consolidated interim financial statements comprise, in addition to ISARIA Wohnbau AG, 38 subsidiaries (31 December 2014: 37) and three joint ventures carried at equity.

The company notarised the purchase of 84% of the shares of each of the project companies Wohnbau Ob-

jekt Hansastrasse GmbH and Wohnbau Objekt Tübinger Straße GmbH by way of notarised purchase agreements in December 2013. The condition precedent for the execution of these agreements was consent from the financing partners. In April 2015, these prerequisites were fulfilled in both cases. As ISARIA Wohnbau AG already held 6% of the shares in each of the aforementioned companies, 90% of the shares of said companies have now been held since this point in time.

The company ProReal Deutschland Fonds 4 GmbH & Co. geschlossene InvKG (hereinafter referred to as 'ProReal Deutschland Fonds 4') was already founded in the fiscal year 2014 in order to raise financing resources. This company first began operations in the reporting period and has been therefore fully consolidated upon approval to start sales activities by the Federal Financial Supervisory Authority (BaFin) on 23 April 2015.

During the reporting period, ProReal Deutschland Fonds GmbH & Co. KG and ProReal Deutschland Projektfonds GmbH & Co. KG, which are in liquidation, have been deconsolidated as of 1 July. This did not affect profit and loss.

## 4. Significant business transactions

### On-schedule repayment of bonds

On 16 February 2015 the corporate bond 2014/2015 was repaid on schedule in the amount of € 10.0 million.

In the third quarter of 2015, the company repaid a subordinated bond of € 10.0 million to the STRATOS Mezzanine Fund. The repayment of this facility has helped to reduce the financing costs of the group even further. As a result, we no longer have mezzanine financing in the group, where the interest would exceed 10%.

### Start of sales activities of ProReal Deutschland Fonds 4

On 23 April 2015 One Group received its approval and license to start sales of ProReal Deutschland Fond 4, its first regulated investment fund according to the Kapitalanlagegesetzbuch (KAGB – German Capital Investment Code). The planned issuing volume totals € 75 million. By 30 September 2015 over € 15 million were already raised.

### Acquisition of majority interests in two project developments

Already in December 2013 the company notarised the acquisition of a majority interest in the special purpose entities 'Wohnbau Objekt Hansastrasse GmbH' and 'Wohnbau Objekt Tübinger Straße GmbH' by way of notarised purchase agreements. Various conditions precedent had to occur in order to execute these contracts. These conditions were fully met on 21 April 2015. Since this date, ISARIA Wohnbau AG has held an interest of 90% in each case in these companies, and will include these companies in its consolidated financial statements from this date. Jointly, both of the special purpose entities have a planned sales volume of around € 160 million.

## 5. Consolidated cash flow statement

The cash flow statement shows how the group's cash has changed in the course of the period under review through inflows and outflows of funds. A distinction is made between cash flows from current business activities, investment activities, and financing activities. The cash in the cash flow statement exclusively comprises the freely available cash. If this is added to the cash with restricted availability in the amount of k€ 13.599 (previous year: k€ 21,699), this results in the cash disclosed on the balance sheet.

## 6. Segment reporting

in k€	New Const- ruction	Revitalisation	One Group	Other	Consolidation/ Reconciliation	Group
<b>Sales revenue - external</b>						
01/01/ - 09/30/2015	51,467	8,955	539	2,260	0	63,221
01/01/ - 09/30/2014	21,266	41,773	141	2,269	0	65,449
<b>Sales revenue - internal</b>						
01/01/ - 09/30/2015	0	0	262	0	-262	0
01/01/ - 09/30/2014	0	0	156	0	-156	0
<b>Change in inventories</b>						
01/01/ - 09/30/2015	40,192	-590	774	0	0	40,376
01/01/ - 09/30/2014*	15,211	18	0	0	0	15,230
<b>Gross profit</b>						
01/01/ - 09/30/2015	91,659	8,365	1,574	2,260	-262	103,596
01/01/ - 09/30/2014*	36,478	41,792	297	2,269	-156	80,679
<b>Depreciations</b>						
01/01/ - 09/30/2015	-105	0	-918	-151	0	-1,174
01/01/ - 09/30/2014*	-96	0	-978	-222	0	-1,295
<b>EBIT</b>						
01/01/ - 09/30/2015	8,648	4,592	-1,336	27	-304	11,627
01/01/ - 09/30/2014*	3,003	5,205	-2,892	-74	0	5,242
<b>Financial income</b>						
01/01/ - 09/30/2015	51	0	7,960	0	-7,895	115
01/01/ - 09/30/2014*	1,483	19	10,605	0	-10,399	1,708
<b>Financial expenses</b>						
01/01/ - 09/30/2015	-7,968	-4,043	-7,705	-37	7,895	-11,859
01/01/ - 09/30/2014*	-10,878	-3,151	-6,108	-371	10,303	-10,205
<b>Result of associates accounted for using the equity method</b>						
01/01/ - 09/30/2015	325	0	0	0	0	325
01/01/ - 09/30/2014	682	0	0	0	0	682
<b>Income tax expenses (-) / income (+)</b>						
01/01/ - 09/30/2015	-61	-26	-19	0	0	-107
01/01/ - 09/30/2014*	-172	707	81	0	0	616
<b>Result after taxes on income</b>						
01/01/ - 09/30/2015	994	522	-1,101	-10	-304	102
01/01/ - 09/30/2014*	-5,883	2,780	1,686	-444	-95	-1,956
<b>Valuation allowances (-) / write-ups (+) on inventories and receivables</b>						
01/01/ - 09/30/2015	-6	0	0	0	0	-6
01/01/ - 09/30/2014	-23	621	0	0	0	598

\* adjusted prior-year figures due to the final purchase price allocation of One Group GmbH or due to changes in segment allocations

## 7. Contingencies, contingent liabilities and other financial obligations

With regard to contingencies, contingent liabilities and other financial obligations please refer to the presentation in the notes to the consolidated financial statements for fiscal year 2014, as these substantially remain unchanged as of 30 September 2015.

## 8. Additional notes concerning financial instruments

The following table shows by measurement category according to IAS 39 the carrying amounts and fair values for the financial assets and liabilities recognised in the consolidated financial statements.

Depending on how financial instruments are categorised, they are subsequently measured either at fair value or at

amortised cost using the effective interest rate method. Fair value is determined according to the following measurement steps:

- Step 1: prices quoted on active markets (and adopted without change) for identical assets or liabilities
- Step 2: input factors that are not the quoted prices considered in Step 1 but which can be observed either directly or indirectly (i.e., as derived from prices) for the asset or liability
- Step 3: factors for measuring the asset or liability not based on observable market data (non-observable input factors)

At present, all fair values measured for financial instruments are based on information factors and input factors as described for Step 2 above.

### Carrying amounts and fair values

	Assessment category as per IAS 39	09/30/2015 Carrying amount	09/30/2015 Fair Value	12/31/2014 Carrying amount	12/31/2014 Fair Value
<b>Assets in k€</b>					
Financial assets – Other investments	AFS	0	n/a	75	n/a
Accounts receivable from the sale of property	LaR	6,927	6,927	59,948	59,948
Other accounts receivable and financial assets	LaR	5,205	5,205	5,232	5,170
Cash and cash equivalents	LaR	24,597	24,597	42,090	42,090
<b>Liabilities in k€</b>					
Compensation liabilities to shareholders in general partnership	FLAC	105,795	109,460	94,554	100,266
Financial liabilities from silent participations, shareholder loans and other forms of capital provision	FLAC	12,018	12,018	35,318	35,318
Financial liabilities to banks	FLAC	80,141	80,189	59,735	59,873
Trade accounts payable	FLAC	11,153	11,153	28,445	28,445
Other financial liabilities	FLAC	300	300	5,037	5,037

## 9. Material transactions with related parties

ISARIA Wohnbau group's related parties are unchanged compared to the consolidated financial statements as of 31 December 2014, therefore please also refer to the presentation in the notes to the consolidated financial statements for fiscal year 2014.

The transactions shown in the following table were performed between the ISARIA Wohnbau group and related parties during the period under review:

## 10. Employees

On average there were 58 employees in the first nine months of fiscal year 2015.

	09/30/2015	12/31/2014
Number of employees	60	60

## 11. Events after the balance sheet date

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

### Transactions with related parties

	Revenue	Expenses	Accounts receivable	Liabilities
in k€	01/01/ - 09/30/2015	01/01/ - 09/30/2015	09/30/2015	09/30/2015
JK-COR companies	326	1	0	81
Executive Board and Supervisory Board	0	1,004	0	29
<b>Total</b>	<b>326</b>	<b>1,005</b>	<b>0</b>	<b>110</b>
in k€	01/01/ - 09/30/2014	01/01/ - 09/30/2014	12/31/2014	12/31/2014
JK-COR companies	682	0	0	81
Executive Board and Supervisory Board	2	972	0	7
<b>Total</b>	<b>684</b>	<b>972</b>	<b>0</b>	<b>88</b>

Munich, 9 November 2015



**Michael Haupt**  
Spokesman of the  
Executive Board | CEO



**Christian Dunkelberg**  
Member of the  
Executive Board | CIO



**Jan von Lewinski**  
Member of the  
Executive Board | COO

# Imprint

## Published by and Layout

ISARIA Wohnbau AG  
Leopoldstrasse 8  
80802 München  
Germany

Telephone: +49 89 – 38 99 84 - 0  
Telefax: +49 89 – 38 99 84 - 780  
E-Mail: [info@isaria.ag](mailto:info@isaria.ag)  
[www.isaria.ag](http://www.isaria.ag)

## The Executive Board

Christian Dunkelberg, Michael Haupt (Spokesman), Jan von Lewinski

## Responsible Supervisory Authority

Gewerbeamt München, KVR München, Ruppertstr. 19, 80466 Munich, Germany

HRB Munich 187909  
USt-IdNr.: DE 16 92 57 375

## Typesetting

TPA Agentur für Kommunikationsdesign GmbH

## Photography

Illustration Fuchshuber Architekten GmbH

The interim report for the third quarter 2015 is a translation of the German version. The German version of this interim report is legally binding.

# Financial Calendar

## 18 March 2016

Publication of Annual Report 2015

## 21 April 2016

General Meeting

## 13 May 2016

Publication of Q1 Interim Report 2016

## 12 August 2016

Publication of Q2 Interim Report 2016

## 14 November 2016

Publication of Q3 Interim Report 2016

## Forward-looking Statements and Forecastst

This 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 Executive Board and the Company do not accept any liability with regard to the actual materialisation of the forward-looking statements. The Executive 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 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.

