

WCM

Interim Financial Report Mid-year 2015

WCM Beteiligungs- und Grundbesitz-AG
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Disclaimer: This report was originally prepared in German. In case of ambiguities the German version takes precedence.

KEY FIGURES according to IFRS	01 January - 30 June 2015	01 January - 30 June 2014	Absolute Variance	Variance %
Revenues	2.193	0	2.193	>100%
Revenues from leasing	2.125	0	2.125	>100%
Results of group	785	-471	1.256	>100%
FFO	221	-520	741	>100%
Earnings per share, undiluted	0,02	-0,03	0,05	>100%
Earnings per share, diluted	0,02	-0,03	0,05	>100%
FFO per share (in EUR)	0,01	-0,03	0,04	>100%

in KEUR Balance sheet figures	30 June 2015	31 December 2014	Absolute Variance	Variance %
Financial investment properties	85,994	17,337	68,657	>100%
Balance total	92,123	43,889	48,234	>100%
Equity ¹⁾	35,305	31,809	3,496	11,0%
Obligations	56,817	12,080	44,738	>100%
Net operating assets (NAV) per share	0.98	0.91	0.07	7.7%
Diluted NAV per share (in EUR)	0.96	0.91	0.06	7.0%
Equity ratio in %	38.3%	72.5%	-34,2 pp.	-47.1%

¹⁾ Incl. minority shares.

Consolidated Interim Management Report

OVERALL ECONOMIC SITUATION AND THE GERMAN REAL-ESTATE INDUSTRY

We commented on this subject in the end-of-year report on 31 December 2014, which was published in April 2015. Those comments are still accurate.

BUSINESS TRENDS

The first half of 2015 was characterised by the fact that WCM AG was able to successfully close on a transaction for the acquisition of three office buildings in Bonn, Düsseldorf and Frankfurt am Main from the GE Real Estate Capital Property GmbH or its affiliated companies as part of a share deal for the purchase price of EUR 64 million on 16 March 2015. The purchase was financed by a bank loan and by the capital from the successful cash capital increases from the end of December 2014.

Along with an industrial property in Bremerhaven that the WCM AG had acquired as part of an increase in non-cash capital at the end of December 2014, the four properties that the company has on its books generate approximately EUR 6.1 million in revenues from rental activities on an annualised basis.

On 20 April 2015 the company concluded a sales contract in the form of a share deal for an office building in Berlin-Mitte. The property was completed in 1997 and is centrally located between Hackeschem Markt and Alexanderplatz. The entire rented building has approximately 9.600 m² of rental space and about 50 parking spaces. The purchase price is EUR 22 million. The transaction is expected to be completed in September 2015.

On 24 April 2015 the WCM AG concluded a preliminary agreement for the acquisition of a commercial real estate portfolio of 16 properties. The commercial properties together have approximately 88,500 m² of rental space. Half of the properties

are located in the Rhein Main area while the other half are in Dresden. The initial rate of return on the purchase price of approximately EUR 116 million from rent is about 8 percent. The occupancy rate is currently about 91 percent and the remaining term is five years. We anticipate being able to complete this transaction in October 2015.

Lastly, on 28 April 2015 the WCM AG acquired a commercial portfolio consisting of retail properties for 29 EDEKA market places on a conditional purchase contract. The total purchase price is approximately EUR 95 million. The available rental space is approximately 77,500 m²; the initial rate of return of rent is about 7 percent. Most of the properties are located in Sachsen-Anhalt and Niedersachsen as well as in Berlin. EDEKA has concluded new rental agreements with a term of 15 years for all the properties. We expect to be able to complete the transaction in September 2015.

Furthermore, the following companies have been established for the purpose of expanding operations.

The articles of association of 10 June 2015 marked the establishment of the WCM Beteiligungsgesellschaft mbH, Frankfurt am Main. The share capital is kEUR 25 and 100% of the shares are held by the WCM AG.

The articles of association from 10 June 2015 marked the establishment of the WCM Besitzgesellschaft mbH, Frankfurt am Main. The share capital is kEUR 25 and 100% of the shares are held by the WCM Beteiligungsgesellschaft mbH, Frankfurt am Main.

The articles of association from 25 June 2015 marked the establishment of the WCM Beteiligungsgesellschaft mbH & Co. Objekte North KG, Frankfurt am Main.

With the favourable conditions that were in effect at that time the WCM AG intends to finance the above transactions with bank loans and the company's capital resources.

As of mid-August 2015, the company will have eleven permanent employees alongside its CEO Stavros Efremidis.

INCOME, ASSETS AND FINANCIAL POSITION

Portfolio Key Figures

Office Segment

		30.06.2015*
Total floor space	m ²	21,774
Total office space	m ²	19,243
Parking spaces	quantity	267
Total vacant floor space	m ²	1,505
Vacant office space	m ²	657
Total average rent	€/m ²	16,30
Average office space rent	€/m ²	15,09
Income	kEUR	1,103
Assets	kEUR	69,667

Other Segment

		30.06.2015*
Total floor space	m ²	68,342
Total office space	m ²	10,181
Parking spaces	quantity	380
Total vacant floor space	m ²	6,305
Vacant office space	m ²	2,810
Total average rent	€/m ²	2.80
Average office space rent	€/m ²	1.12
Income	kEUR	1,090
Assets	kEUR	22,456

*The company began operations at the beginning of 2015. Therefore, there are no year-over-year comparison figures.

The rental income for the first half of 2015 is kEUR 2,193 and it is from the properties that were in the portfolio on 30 June 2015. There were no properties in the portfolio from the previous year; therefore there is no rental income to report.

The company first splits its revenues into segments according to the IFRS 8 as defined in IAS 34. The segmentation of the portfolio is based on the following three criteria: "Office, Retail and Other".

There were two segments on 30 June 2015. The Retail segment did not exist yet on 30 June 2015.

The largest tenant on the industrial property in Bremerhaven filed for insolvency at the end of January 2015. The proceedings began on 1 April 2015. This tenant's share of the total rent is approximately 66%. The term of the rental agreement runs until 31 December 2020. Due to termination granted by the Insolvency Administrator pursuant to the German Insolvency Code, the rental agreement was terminated prematurely on 31 July 2015. A supervisory board member of the WCM AG issued a rent guarantee for the cancelled rental agreement that will cover the full rental amount until 31 December 2020. The board of directors assumes that a new rental agreement with better terms will follow by that time.

The unrealised gains from the valuation of the investment properties as measured against fair value have resulted in a gain of kEUR 3,938 (30 June 2014: kEUR 0). The start of business operations and employee recruitment have resulted in an expected increase in personnel costs from kEUR 25 (30 June 2014) to kEUR 436. Essentially, the accrued transaction costs (kEUR 2,898) have led to an increase in other business costs from kEUR 515 on 30 June 2014 to kEUR 3,899 as of 30. June 2015. The earnings for the period amounted to kEUR 785, which was a gain of kEUR 1,256 when compared to same period of the previous year (-kEUR 471).

The balance sheet totals increased by kEUR 48,234 to kEUR 92,123 on 30 June 2015 in comparison to the balance sheet date of 31 December 2014. This can be attributed to the financial investments in the office buildings in Bonn, Düsseldorf and Frankfurt am Main. As a counter effect, liquid assets decreased due to the payment of the purchase. Due to borrowing outside capital to finance the new office buildings, our other short-term and long-term financial obligations increased from kEUR 8,167 (31 December 2014) to kEUR 54,125 (30 June 2015). The company's assets increased on 30 June 2015 by kEUR 3,496 to kEUR 35,305. The minority shareholders share increased kEUR 2,192 (31 December 2014: kEUR 1,050).

Day-to-day operations resulted in a cash outflow of kEUR 18,683 (30 June 2014: Cash inflow of kEUR 42). Payments of

kEUR 58,702 (30 June 2014: kEUR 0) were disbursed for real estate acquired as financial investments that began operations in March 2015. During the second quarter, the proceeds in the amount of kEUR 500 (30 June 2014: kEUR 0) from the bank loans were received. Payments were disbursed for loan payments that were due (kEUR 546, 30 June 2014: kEUR 0). The cash and cash equivalents added up to kEUR 693 (31 December 2014: kEUR 19,376) on 30 June 2015.

BUSINESS TRANSACTIONS WITH RELATED INDIVIDUALS OR COMPANIES

These transactions are listed in the appendix.

FORECAST, OPPORTUNITIES AND RISK REPORT

The company is planning to close on and complete any contracts during the second half of 2015 that have been secured or concluded during the first half of 2015, if they are still necessary. The acquired properties will be assimilated under their management and optimised. The key area for portfolio expansion is the office and retail property sector. The target portfolio amount is approximately EUR 1 billion. Individual and portfolio transactions will be converted into asset or share deals.

The number of employees shall continue to increase. We will provide more details in our third quarter 2015 interim report.

Forecasts that were reported for the 2014 fiscal year essentially have not changed.

The business operations of WCM AG are dependent upon large sums of outside capital. The company is exposed to the risk of negative obligations from loans (“Covenants”). Standard market Covenants clauses have been concluded for existing financing through loans. The Financial Covenants have been fulfilled for all reporting dates during the reporting period.

We have clarified the business opportunities and risks of WCM AG in the corresponding sections of the group management report for the 2014 fiscal year. There have been no major developments since 1 January 2015 that would lead us to draw a different conclusion.

Frankfurt am Main, 25 August 2015

A handwritten signature in black ink, appearing to be 'SE', is centered within a light gray rectangular box. The signature is fluid and cursive.

Stavros Efremidis

CEO

Abridged Interim Financial Report

CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2015

in kEUR	30.06.2015	31.12.2014
Financial assets		
<i>Short-term assets</i>		
Cash and cash equivalents	693	19,376
Receivables from deliveries and services	71	1
Other financial assets	240	260
Advance payments	0	3,086
Other short-term financial assets	1,523	588
Total short-term assets	2,527	23,311
<i>Long-term financial assets</i>		
Financial investment properties	85,994	17,337
Intangible assets	37	0
Technical equipment and machinery	321	445
Other equipment, factory and office equipment	254	38
Advance payments disbursed for property and equipment	257	
Deferred tax claims	1,923	2,380
Other financial assets	810	378
Total long-term assets	89,596	20,578
Balance sheet total	92,123	43,889
Equity and debt		
<i>Short-term debt</i>		
Obligations from deliveries and services	1,525	3,505
Other obligations	892	123
Other financial obligations	8,700	1,966
Other accrued liabilities	275	285
Total short-term debt	11,392	5,879
<i>Long-term debt</i>		
Other financial obligations	45,425	6,201
Total long-term debt	45,425	6,201
<i>Equity</i>		
Capital stock	33,783	33,783
Capital reserves	13,775	13,775
Other reserves	1,800	0
Accumulated loss	-16,245	-16,799
Equity of parent company owners	33,113	30,759
Non-controlling interests	2,192	1,050
Total equity	35,305	31,809
Balance sheet total	92,123	43,889

CONSOLIDATED INCOME STATEMENT ON 30 JUNE 2015

in kEUR	01.01. - 30.06. 2015	01.01. - 30.06. 2014	01.04. - 30.06. 2015	01.04. - 30.06. 2014
Rental income	2,193	0	1,494	0
Operating expenses and ancillary costs	-68	0	9	0
Profit from rent	2,125	0	1,503	0
Unrealised profits resulting from the valuation of financial investment properties	3,938			
Profit from adjustment to fair value	3,938	0	0	0
Other operating income	149	140	114	128
Operating income	149	140	114	128
Personnel costs	-436	-25	-264	20
Planned depreciation and amortisations	-151	0	-72	0
Other operating costs	-3,899	-515	-576	-301
Operating costs	-4,486	-540	-912	-281
Operating profit	1,726	-400	705	-153
Financial earnings	15	1	13	0
Financial expenses	-483	-81	-340	-40
Financial profit	-468	-80	-327	-40
Profit before taxes	1,258	-480	378	-193
Income taxes	-473	0	-8	0
Other taxes	0	9	43	0
Profits for the period/Overall profit	785	-471	413	-193
Allocation of overall profit	785	-471	413	-193
Owners of parent company	554	-471	381	-193
Non-controlling interests	231	0	32	0
Overall profit	785	-471	413	-193
Earnings per share				
Undiluted earnings per share	0.02	-0.03	0.01	-0.01
Diluted earnings per share	0.02	-0.03	0.01	-0.01

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ON 30 JUNE 2015

in kEUR	Share capital	Capital reserve	Other reserves	Accumulated loss	Percentage of shares belonging to shareholders of parent company	Percentage of non-controlling shareholders	Total equity
Status on 1 January 2013	288,825	221,683	0	-512,114	-1,606	0	-1,606
Overall profit	0	0	0	-514	-514	0	-514
Transactions with owners							
Reduction in capital	-274,384	0	0	274,384	0	0	0
Withdrawal from capital reserves	0	-220,239	0	220,239	0	0	0
Status on 31 December 2013	14,441	1,444	0	-18,005	-2,120	0	-2,120
Status on 1 January 2014	14,441	1,444	0	-18,005	-2,120	0	-2,120
Overall results	0	0	0	1,206	1,206	0	1,206
Withdrawals for transaction costs	0	-803	0	0	-803	0	-803
Cash capital increase	14,442	4,332	0	0	18,774	0	18,774
Capital increase through contribution in kind	4,900	8,802	0	0	13,702	0	13,702
Company acquisitions SOI KG, Bremerhaven	0	0	0	0	0	1,050	1,050
Status on 31 December 2014	33,783	13,775	0	-16,799	30,759	1,050	31,809
Status on 1 January 2015	33,783	13,775	0	-16,799	30,759	1,050	31,809
Overall results	0	0	0	554	554	231	785
Mandatory conversion of loans	0	0	1,800	0	1,800	0	1,800
River company acquisitions	0	0	0	0	0	2,902	2,902
Acquisition of external shares	0	0	0	0	1,992	-1,992	0
Disbursement	0	0	0	0	-1,992	0	-1,992
Status on 30 June 2015	33,783	13,775	1,800	-16,245	33,113	2,191	35,305

CONSOLIDATED CASH FLOW STATEMENT FOR THE 1 JANUARY TO 30 JUNE 2015 PERIOD

in kEUR	01.01. - 30.06.2015	01.01. - 30.06.2014
Period results	785	-471
Financial results	468	80
Net profit from adjustment to fair value	-3,938	0
Depreciation and amortisation	151	0
Increase (+)/decrease (-) of reserves	-10	1,776
Increase (-)/decrease (+) inventory, receivables from deliveries and services as well as other assets that cannot be allocated to investments or financial activities		
	-2,234	2,059
Increase (+)/decrease (-) in obligations resulting from deliveries and services as well as other expenses that cannot be allocated to investments or financing activities		
	-1,495	-3,362
Taxes paid		0
Other non-operating expenses (+) / assets (-):	988	-40
Deferred taxes	457	0
Net cash flow from operating activities	-4,829	42
Payments for financial investment properties	-58,702	0
Payments for investments in intangible assets and fixed assets	-280	0
Cash flow from investment activities	-58,982	0
Payments from granting loans	-817	0
Receivables from acquiring loans	47,000	0
Payments from the repayment of loans	-758	0
Interest paid	-296	0
Cash flow from financial activities	45,129	0
Increase/decrease in cash and cash equivalents	-18,683	42
Payment instruments at the beginning of the reporting period	19,376	4
Cash and cash equivalents on 30 June 2015	693	46

Notes on consolidated accounts for the abridged Interim consolidated financial statement

[1] Company information

The WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft (hereinafter referred to as the “company” or “WCM AG”) has its registered office in Frankfurt am Main and is the parent company of the WCM Group. It is registered under HR B 55695 in the local Register of Companies.

The company’s business activity is the acquisition and management of national and international holdings in real estate and real estate companies, including the development, letting and leasing of real estate properties in the company’s name and for the company’s account.

The Group holds four real estate properties as financial investments on 30 June 2015 Bremerhaven, Bonn, Düsseldorf and Frankfurt am Main. The portfolio consists of one industrial property and three office buildings.

As a result, the Group shows rental income of kEUR 2,193 and an unrealised gain from the valuation of the financial investment properties with a fair value of kEUR 3,938 for the 1 January until 30 June 2015 period.

[2] Accounting and valuation principles

PRINCIPLES GOVERNING THE PREPARATION OF THE FINANCIAL REPORTS

The abridged interim consolidated financial report (in the following “Interim Report”) for the period from 1 January to 30 June 2015 was prepared in accordance with IAS 34 as it applies in the EU. The interim financial report has not been audited or verified.

This interim financial report does not contain all the information and data that are required when preparing a consolidated, end of year financial report. Therefore, it must be read in conjunction with the consolidated financial report on 31 December 2014.

The interim financial report has been prepared using the cost accounting principle. It excludes the real estate held as financial investments that are valued at their fair market value.

The interim financial report has been prepared in Euros. Unless specified otherwise, all amounts are rounded to the nearest thousand Euros (kEUR). This may lead to an occasional rounding difference in the tables of this interim financial report as well as in the corresponding clarifications.

The group’s business operations are largely unaffected by seasonal or general economic conditions.

This is the first time that the interim financial report contains group segments. The WCM Group has divided its business operations into three segments. The three segments are comprised of “Office, Retail and Other”. The group board of directors regularly uses these segments to evaluate its business operations.

The results of the first six months until 30 June 2015 are not necessarily indicative of future results.

ESSENTIAL ACCOUNTING STANDARDS

The interim financial report has been prepared with the identical accounting principles that were used for preparing the consolidated end of year financial report on 31 December 2014. The only exception to this principle are the standards that have been used for the first time on 1 January 2015.

The following new interpretations and amended standards are required for the first time for reporting periods beginning on 1 January 2015:

The initial use of the new IFRS has no significant effect on the presentation of the interim consolidated financial statements.

EU-En-dorsement until 30 June 2015	Standards/ Interpretations	Content	To apply to fiscal year starting on/after	Likely impact
13.06.2014	IFRC 21	New interpretations "Contributions"	17.06.2014	None
18.12.2014	Annual improvement project	"Improvements to IFRSs 2011-2013 Cycle"	01.01.2015	None

The following new standards, interpretations and amendments to the standards to be released that were not yet mandatory in 2015 were not applied by the Group:

EU Endorsement	Standards/ Interpretations	Content	To apply to fiscal year starting on/after	Likely impact
Not yet adopted	IFRS 9	New standard “financial instruments: Categorisation and valuation of financial instruments”	01.01.2018	No significant impact
Not yet adopted	IFRS 14	New standard “regulatory accruals and deferrals”	01.01.2016	None
Not yet adopted	IFRS 15	New standard “revenues generated from customer contracts”	01.01.2017	Explanatory notes
Not yet adopted	IFRS 11 amendments	Accounting for newly acquired shares in a common business activity	01.01.2016	None
Not yet adopted	IFRS 10 and IAS 28 amendments	Disposal or contribution of assets between an investor and an affiliated company or joint venture	01.01.2016	None
Not yet adopted	IFRS 10, IFRS 12 and IAS 28 amendments	Investment companies: Use of consolidation exemptions	01.01.2016	None
Not yet adopted	IAS 1 amendments	Disclosure initiative	01.01.2016	Notes
Not yet adopted	IAS 16 and IAS 38 amendments	Guidelines for the depreciation methods to be implemented	01.01.2016	None
Not yet adopted	IAS 16 and IAS 41 amendments	Landscape: fruit-bearing trees	01.01.2016	None
17.12.2014	IAS 19 amendments	Performance related plans: Employee contributions	01.02.2015	None
Not yet adopted	IAS 27 amendments	Using the equity method in separate reports	01.01.2016	None

17.12.2014	Annual improvement project	“Improvements to IFRSs 2010-2012 Cycle“	01.02.2015	None
Not yet adopted	Annual improvement project	“Improvements to IFRSs 2012-2014 Cycle“	01.01.2016	Currently under consideration

After 31 December 2014 until the preparation date of this interim consolidated financial report, the IASB had not passed any new standards and interpretations or any amendments to published standards and interpretations.

CONSOLIDATED COMPANIES

The interim financial report includes the financial reports of the company and its subsidiaries on 30 June 2015. The financial reports for the subsidiary companies have been prepared according to the same standard accounting principles as used for the financial report for the parent company.

The consolidated companies are, besides the parent company WCM AG, the companies in which WCM AG has the majority of direct voting rights. The consolidated companies on 30 June 2015 consists of WCM AG and 8 domestic subsidiaries (on 31 December 2014: 1 domestic subsidiary)

KEY JUDGMENTS AND ESTIMATES

The interim financial report requires the board of directors to provide key judgments, estimates and assumptions that relate to the use of accounting principles and the reported assets, debts, income and expenses. Actual results may deviate from these estimates. Estimates and the underlying assumptions are reviewed on an ongoing basis. Estimate revisions are captured on a prospective basis.

The largest tenant on the industrial property in Bremerhaven filed for insolvency at the end of January 2015. The proceedings began on 1 April 2015. This tenant's share of the total rent for that property is approximately 66%. The term of the rental contract runs until 31 December 2020. Due to termination granted by the Insolvency Administrator pursuant to the German Insolvency Code, the rental agreement was terminated prematurely on 31 July 2015. A supervisory board member of the WCM AG issued a rent guarantee for the cancelled rental agreement that will cover the full rental amount until 31 December 2020. The company assumes that a new rental agreement with better terms will follow by that time.

SEGMENT REPORTING

The company only operates as a landlord in the German market. At this time, the company only has four “financial investment properties”, three of which were added on 16 March 2015. The properties are owned by the Company but not used. The portfolio segmentation is based on three criteria: “Office, Retail and Other”. There were two segments on 30 June 2015. The Retail segment does not yet exist on 30 June 2015. Below are the key figures for the Office and Other segments:

in kEUR	June 15			June 14
	Office	Other	Total	
Revenues	1,103	1,090	2,193	0
Revenues between the segments	32	69	101	0
Total revenues	1,135	1,159	2,294	0
Gross profit or loss	4,472	-3,213	1,259	-480
Interest income	0	15	15	1
Interest expenses	-241	-242	-483	-81
Planned depreciation and amortisations	0	-151	-151	0
Depreciation expenses for fixed assets and intangible assets	-572	0	-572	0
Value recovery for fixed assets und intangible assets	4,462	47	4,509	0
Assets	69,667	22,456	92,123	43,889
Access to long-term assets	64,690	309	64,999	5,847
Debt	46,486	11,181	56,818	12,080

ACQUISITION OF PROPERTY

On 8 December 2014 the Company concluded the purchase agreement for majority shares of 94.9% each in three corporations that hold office buildings in Bonn, Düsseldorf and Frankfurt am Main. Entitlements and obligations were transferred on 16 March 2015.

The following represents the total assets and liabilities of River Bonn B.V., Frankfurt am Main on the acquisition date:

	in kEUR
<i>Long-term assets</i>	
Property held as financial investment	17,360
Acquired assets	17,360
<i>Short-term debt</i>	
Obligations resulting from delivery and services	1,060
Acquired debt	1,060
Acquired net assets	16,300
Purchase price	16,300

The following represents the total assets and liabilities of River Düsseldorf Immobilien GmbH, Frankfurt am Main on the acquisition date:

	in kEUR
<i>Long-term assets</i>	
Financial investment property	5,500
Acquired assets	5,500
Acquired net assets	5,500
Purchase price	5,500

The following represents the total assets and debt of the River Frankfurt Immobilien GmbH, Frankfurt am Main on the acquisition date:

	in kEUR
<i>Long-term assets</i>	
Financial investment property	42,580
Acquired assets	42,580
<i>Short-term debt</i>	
Obligations from deliveries and services	380
Acquired debt	380
Acquired net assets	42,200
Purchase price	42,200

NEWLY ESTABLISHED SUBSIDIARIES AND OTHER KEY EVENTS WITHIN THE REPORTING PERIOD

On 20 April 2015, the company concluded a purchase agreement for the acquisition of a majority share in a company that will hold an office building in Berlin-Mitte. The property was built in 1997 and is in a central location between Hackeschem Markt and Alexanderplatz. The fully rented property has a rentable space of approximately 9,600 m² and about 50 parking spaces. The net purchase price is EUR 22 million, or EUR 2,290 per m². The transaction is expected to be completed in September 2015.

On 28 April 2015, the company secured a portfolio of retail properties consisting of 29 EDEKA supermarkets through a conditional purchase agreement. The net purchase price for the retail properties is approximately EUR 95 million for a rentable space of about 77,500 m² and an initial yield of around 7 percent from rent. Most of the properties are in the federal states Sachsen-Anhalt and Niedersachsen as well as in Berlin. The agreed rental agreement term with EDEKA is 15 years. The transaction is expected to be completed in September 2015.

Supervisory board member Christoph Kroschke resigned from his post effective 6 May 2015. A successor for Mr Kroschke has not yet been appointed.

The articles of association of 10 June 2015 marked the establishment of WCM Beteiligungsgesellschaft mbH, Frankfurt. The share capital is kEUR 25 and 100% of the shares are held by WCM AG. The share capital of kEUR 25 was paid on 16 June 2015. The purpose of the company is to hold and manage shares on its own behalf and for its own account.

The articles of association of 10 June 2015 marked the establishment of WCM Besitzgesellschaft mbH, Frankfurt am Main. The share capital is kEUR 25 and 100% of the shares are held by WCM Beteiligungsgesellschaft mbH. The share capital of kEUR 25 was paid on 16 June 2015. The purpose of the company is to acquire, hold and manage all types of technical equipment.

The company notarised a purchase agreement via a commercial property in Frankfurt on 22 June 2015. The purchased commercial property was built in 2006 and has a total rental space of approximately 28,400 square metres. With an occupancy rate of 86.7 percent at that time, the annualised rental income is approximately EUR 4.8 million. 72 percent of the rental income will be generated from an existing rental agreement with a term of another 24 years with the State of Hesse. The average remaining term on existing rental agreements (WALT) for all properties is approximately 20 years. The purchase price on a 100% basis is about EUR 92 million. The profits, expenses transaction exchange is expected to be completed in September 2015.

The articles of association of 25 June 2015 marked the establishment of the WCM Beteiligungsgesellschaft mbH & Co. Objekte North KG, Frankfurt am Main. The share capital is KEUR 1,000 and 100% of the shares are held by the WCM AG. The payment of the limited liability capital has not yet taken place. The purpose of the company is to hold and manage its own properties from the “North” project.

[3] Selected notes to the consolidated profit account

RENTAL INCOME

in KEUR

	30.06.2015	30.06.2014
Rental income	2,193	0
Total	2,193	0

With the acquisition of the industrial properties as of 31 December 2014 as well as the three office buildings as of 16 March 2015, the company will initially earn rental income of kEUR 2,193.

UNREALISED RESULTS FROM THE VALUATION OF FINANCIAL INVESTMENT PROPERTIES AT FAIR MARKET VALUE

in kEUR

	30.06.2015	30.06.2014
Gains from valuation at fair market value	4,510	0
Losses from valuation at fair market value	-572	0
Total	3,938	0

The appreciation in value of 31 March 2015 was mainly in reference to the office and industrial properties in Frankfurt am Main (kEUR 3,512) and Düsseldorf (kEUR 950). The depreciation in value of kEUR 572 was for the office property in Bonn.

PERSONNEL COSTS

in kEUR

	30.06.2015	30.06.2014
Salaries and wages	405	25
Social security costs and benefits	31	0
Total	436	25

As expected, there was a substantial increase in personnel costs when compared to the previous year in connection with the start of the company's business operations.

OTHER OPERATING COSTS

in kEUR

	30.06.2015	30.06.2014
Transaction costs	2,898	0
Legal and consultancy fees	331	236
Financing fees	144	0
Insurance	71	0
Other	455	279
Total	3,899	515

The transaction costs are associated with the acquisition of three office buildings Bonn, Düsseldorf and Frankfurt am Main.

FINANCIAL COSTS

in kEUR

	30.06.2015	30.06.2014
Interest from loans supervisory board members and others	169	81
Interest from loans Weser-Elbe Sparkasse and shareholder loans	73	0
Interest from loans Deutsche Pfandbriefbank AG	241	0
Total	483	81

INCOME TAXES

in KEUR

	30.06.2015	30.06.2014
Deferred tax expenses	457	0
Other	16	0
Income tax expenses	473	0

There were deferred tax liabilities in the amount of kEUR 1,257 for the temporary differences arising from unrealised earnings from the valuation of the financial investment properties at the fair market value at that time. The board of directors is currently not planning to dispose of this property for another five years. Consequently, the assumption can be made that this gain will be used for tax losses carried forward at WCM AG. While taking the minimum tax rate into consideration, the additional deferred tax assets will be applied to the tax loss carryforwards of kEUR 754.

Furthermore, the deferred tax losses that relate to WCM AG, will be balanced with the deferred tax assets and presented in the balance sheet as a net amount under deferred tax claims. The combined rate of taxation remains unchanged in comparison to the previous year at 31.925%.

ALLOCATION OF PERIOD RESULTS

in kEUR

	30.06.2015	30.06.2014
Period results / Overall profit	785	-471
Owners of parent company	554	0
Non-controlling shares	231	0
Total	785	-471

EARNINGS PER SHARE

Undiluted earnings per share

The undiluted earnings per share as of 30 June 2015 are calculated based on the gains that can be attributed to the ordinary shareholders in the amount of kEUR 554 and the ordinary shares of 33,782,538 in circulation.

Diluted earnings per share

The diluted earnings per share on 30 June 2015 are calculated based on the gains that can be attributed to the ordinary shareholders in the amount of kEUR 565 and a weighted average of 34,474,060 ordinary shares in circulation after adjustment for the dilution effects of potential ordinary shares. This takes the convertible bond for the period beginning on 16 March 2015 into account.

[4] Selected notes to the consolidated balance sheet

CASH AND CASH EQUIVALENTS

in KEUR

	30.06.2015	31.12.2014
Cash and cash equivalents	693	19,376
Total	693	19,376

The board of directors has unrestricted access to payments.

OTHER SHORT-TERM FINANCIAL ASSETS

in kEUR

	30.06.2015	31.12.2014
Deposited Securities	233	184
Miscellaneous	7	76
Total	240	260

OTHER SHORT-TERM ASSETS

in kEUR

	30.06.2015	31.12.2014
Notary Public's escrow account for River companies	659	0
Operating costs not yet billed	453	506
Advance payments of capital increases	335	
Miscellaneous	76	82
Total	1,523	588

The other short-term assets of kEUR 659 (previous year kEUR 0) are for the notary public's escrow account for completing the purchase of the three office buildings in Berlin, Düsseldorf, Bonn and Frankfurt am Main.

FINANCIAL INVESTMENT PROPERTIES

in kEUR

	30.06.2015	31.12.2014
Status on 1 January	17,337	0
Additions	64,719	17,337
Gains from fair market valuations	4,510	0
Losses from fair market valuations	-572	0
Status on 30 June 2015 / 31 December 2014	85,994	17,337

The items on 30 June 2015 are for an industrial property in Bremerhaven as well as three office buildings in Bonn, Düsseldorf and Frankfurt am Main.

On 31 March 2015, the fair market values used for assessing the value of financial investment properties were determined through a thorough valuation by an external, independent property valuation expert, who possesses the necessary professional qualifications and has recent experience with the location and type of property being valued. The market value was calculated according to the policies and procedures of the International Valuation Standards und the Royal Institution of Chartered Surveyors. The Discounted Cash Flow (DCF) method was used for the valuation. The yield approach takes the following parameters into consideration: rent indexation, future increases in market rent and cost inflation. The capitalisation rate between 5.5% and 8.75% and the discount rate between 5.0% and 8.0% were used. This led to gross multipliers between 9.8 % and 17.1 %. The existing rental agreements that take into account additional rental agreements or a rent guarantee were recorded as they existed on the valuation date.

We did not have a new valuation carried out by an external, independent property valuation expert as of 30 June 2015 because we assumed that no significant changes in value occurred during the 1 April until 30 June 2015 period.

OTHER SHORT-TERM AND LONG-TERM FINANCIAL OBLIGATIONS

in kEUR

	30.06.2015	31.12.2014
Deutsche Pfandbriefbank AG loan	45,036	0
Supervisory board member loans	5,336	3,845
Weser-Elbe Sparkasse loan	1,565	1,690
Elbstein AG loan	1,035	1,005
Miscellaneous	1,153	1,627
Total	54,125	8,167

EQUITY

in kEUR

	30.06.2015	31.12.2014
Share capital	33,783	33,783
Capital reserves	13,775	13,775
Other reserves	1,800	0
Accumulated loss	-16,245	-16,799
Equity of the owners of parent company	33,113	30,759
Non-controlling shares	2,192	1,050
Total equity	35,305	31,809

The acquisition of the three holdings in River Immobiliengesellschaften was mediated by Kalamata Grundbesitz GmbH in Berlin. A provision of kEUR 1,800 was contractually agreed with them on 8. August 2014, which became due on the transaction closing date of 16 March 2015. This amount was recorded under other business expenses for that reporting period.

The provision was not paid in cash, instead – as decided by the supervisory board on 18 December 2014 – it was converted into a mandatory convertible bond. The calculated interest up until the conversion is 2.0% annually. The conversion into new shares for the company can take place no earlier than 1 January 2016 and no later than 30 December 2018. The conversion price was calculated based on the weighted average WCM share price within the reference period from 1 December 2014 until 30 January 2015 and is set at EUR 1.51 per share.

Since this is a mandatory convertible bond, this debt was reclassified under Other Reserves with no effect on profit/loss. The date the conversion takes place and the new shares are issued will be followed by a reclassification of share capital and capital reserves.

FINANCIAL INSTRUMENTS – FAIR MARKET VALUE AND RISK MANAGEMENT

in kEUR	Book value on	Credits and receivables	Other financial debt	Total
Financial assets valued at fair market value				
	30.06.2015	0	0	0
	31.12.2014	0	0	0
Assets not valued at fair market value				
Cash and cash equivalents	30.06.2015	693	0	693
	31.12.2014	19,376	0	19,376
Other financial assets	30.06.2015	240	0	240
	31.12.2014	260	0	260
Miscellaneous Assets	30.06.2015	2,333	0	2,333
	31.12.2014	3,748	0	3,748
Total	30.06.2015	3,266		3,266
	31.12.2014	23,384		23,384
Financial debt valued at fair market value				
	30.06.2015	0	0	0
	31.12.2014	0	0	0
Financial debt not valued at fair market value				
Obligations from deliveries and services	30.06.2015	0	1,525	1,525
	31.12.2014	0	3,505	3,505
Other financial obligations	30.06.2015	0	54,125	54,125
	31.12.2014	0	8,167	8,167
Miscellaneous short-term obligations	30.06.2015	0	892	892
	31.12.2014	0	123	123
Total	30.06.2015	0	56,542	56,542
	31.12.2014	0	11,795	11,795

MISCELLANEOUS FINANCIAL OBLIGATIONS

The company has a rental agreement for an office in the Friedrich-Ebert-Anlage at 36 in Frankfurt am Main, which is an open-ended contract with a cancellation notice period of three months. The monthly rent is net kEUR 1.

The company concluded a rental agreement for office space at Joachimsthaler Strasse 34 in Berlin on 23 January 2015. The contract has a fixed term of five years, beginning on 1 February 2015 and ending on 31 January 2020. The total rent for this office space is net KEUR 634, including an advance payment for operating costs.

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The company does not have any contingent liabilities due to guarantees, other warranties or the provision of collateral for third party obligations.

EMPLOYEES

During the time period from 1 January to 30 June 2015, the company has an average of 5 employees (1 January to 30 June 2014: an average of 0 employees). These average figures were calculated based on the number of employees at the end of each month excluding the board of directors. As of 30 June 2015 there were 10 employees at WCM AG including the board of directors.

STOCK OPTION PROGRAMME

As part of the decision made during the company's general meeting on 10 June 2015 to establish a stock option programme ("Aktienoptionsprogramm 2015") there were no share-based payment agreements at mid-year.

BOARD OF DIRECTORS

Effective 12 February 2015, Dr. Manfred Schumann resigned from the company's board of directors.

As of 30 June 2015, the composition of the board is as follows:

Mr Stavros Efremidis (CEO)

SUPERVISORY BOARD

As of 30 June 2015 the composition of the supervisory board is as follows:

Rainer Laufs (Chairman)

Bernd Günther (Vice Chairman)

Thomas Hechtfischer

Karl Ehlerding

Christoph Kroschke (until 6 May 2015)

Arthur Ronny Wiener (since 1 January 2015)

[5] Related parties

There have been no significant changes made to the related parties since the disclosures made on 31 December 2014.

Another loan agreement was concluded with supervisory board member Karl Ehlerding for kEUR 500. The interest rate is 6.0% p.a. The loan and accrued interest will be repaid as of 30 July 2015.

[6] Events after 30 June 2015

The company concluded a purchase agreement on 6 July 2015 for the acquisition of a commercial portfolio of 16 properties in Rhein-Main-Gebiet and in Dresden. The initial rate of return on the net purchase price of approximately EUR 113 million is about 9 percent. The occupancy rate is currently about 90 percent and the average time remaining on the rental contracts is 5 years. This transaction is expected to be completed in the 4th quarter of 2015.

The company completed a cash capital increase on 8 July from authorised capital. 76,010,706 ordinary shares were placed. The cash capital increase was decided by the board on 22 June 2015 and authorised by the supervisory board on the same day. This results in an increase in the share capital of WCM AG by EUR 76,010,706 to EUR 109,793,244. The gross cash inflow from the increase in capital amounts to EUR 155.8 million. The cash inflow from the cash capital increase will be used for financing the contracts secured for the expansion of the real estate portfolio over the past few months, the repayment of loans as well as for the further development of WCM AG.

Further, the company has also been admitted to the regulated market with additional admission obligations (Prime Standard). The approval then followed on the Frankfurt Stock Exchange, as well as on the stock exchanges in Berlin, Düsseldorf, Hamburg and Stuttgart.

The articles of association of 22 July marked the establishment of WCM Technical Services GmbH, Frankfurt am Main. The share capital is kEUR 25 and 100% of the shares are held by WCM Beteiligungsgesellschaft mbH. The purpose of the company is to acquire, hold, manage and rent all types of technical equipment, in particular equipment and machinery used for real estate management purposes.

The company concluded a purchase agreement on 29 July 2015 for an OBI construction and do-it-yourself market in the Westphalia town of Olpe. The purchase price of the property is approximately EUR 10.0 million. The initial rate of return based on the net purchase price is approximately 7.4% per year. The transfer of rights and obligations is expected to take place in the third quarter of 2015.

Once the above transactions have been completed, the WCM AG portfolio will increase by a market value of approximately EUR 447 million to approximately 52 properties with an additional market value of EUR 447 million on a 100% basis. The annualised income from rent will be approximately EUR 30 million, with an weighted average lease term (WALT) of 10,1 and an average occupancy rate of approximately 93%. The company is pursuing its medium-term objective to build a real estate portfolio of office and retail properties totalling more than EUR 1 billion.

As of the end of July 2015 a loan with Elbstein AG as well as loans granted by a number of the members of the supervisory board totalling kEUR 6,696 will be settled.

Mr Frank Roseen will join the WCM AG board of directors on 1 September 2015.

The supervisory board has held meetings during the current fiscal year on 12 February, 16 April and 10 June 2015. The next meeting will be held on 25 August 2015.

Frankfurt am Main, 25 August 2015

A handwritten signature in black ink, appearing to be 'SE', is centered on a light gray rectangular background. Below the signature is a solid black horizontal line.

Stavros Efremidis
CEO

Affirmation by the legal representative

“I hereby declare to the best of my knowledge and in accordance with the applicable accounting reporting principles for reporting the interim results, that the abridged interim consolidated financial report for the 1 January to 30 June 2015 reporting period presents a true and fair account of the Group’s assets, liabilities, financial position and profit or loss, including a fair review of the development and performance of the business and the position of the Group, together with a description of the main opportunities and risks associated with the expected development of the Group.”

Frankfurt am Main, 25. August 2015

A handwritten signature in black ink, appearing to read 'SE', is written on a light gray rectangular background. The signature is fluid and cursive.

Stavros Efremidis

Sole Director

WCM stock

ISIN	DE000A1X3X33
Securities identification number (WKN)	A1X3X3
Number of shares 14 August 2015:	109,793,244 shares
Market segment:	Prime Standard
Stock exchanges	Xetra, Munich, Frankfurt, Berlin, Düsseldorf, Hamburg and Stuttgart
Share price 14 August 2015	€ 2.08
Share price 30 June 2015	€ 2.19
Market capitalisation 30 June 2015	€ 73.99 million

Financial calendar, legal notice and contact information

25 August 2015	Supervisory board meeting
28 August 2015	Publication of mid-year report
19 November 2015	Publication of Interim financial report for 3 rd quarter 2015

Legal notice

Publisher:

The Board of Directors of
WCM Beteiligungs- und Grundbesitz-AG

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