Unaudited Condensed Consolidated Interim Financial Statements of

WESTGRUND AG

for the six month period ended June 30, 2014 (IFRS)

Consolidated Balance Sheet as of 30 June 2014

ASSETS	30 June 2014	30 June 2014	31 Dec. 2013
	EUR	EUR	KEUR
A. Non-current assets			
I. Intangible assets			
1. Trademarks and similar rights	15.00		0
2. Goodwill	0.00	**15.00**	0
II. Investment properties		**325,559,808.49**	230,655
III. Plant and equipment			
1. Technical equipment, plant and machinery	223,354.03		247
2. Other equipment, fixtures and fittings	25,887,42	**249,241.45**	23
IV. Financial assets			
1. Security investments		**27,512.00**	28
V. Other non-current assets		**695,189.65**	809
VI. Deferred tax assets		**42,854.95**	135
B. Current assets			
I. Properties intended for sale and other inventories			
1. Properties intended for sale	240,682.80		236
2. Services not yet settled	11,997,829.73		7,707
3. Work in progress	737,025.00	**12,975,537.53**	737
II. Receivables and other assets			
1. Trade receivables	802,832.88		742
2. Tax receivables	47,879.14		46
3. Other assets	928,603.61	**1,779,315.63**	740
III. Cash on hand, cash at banks and insurers providing capital		**12,409,770.09**	4,024
C. Assets held for sale		**0.00**	1,252
		353,739,244.79	**247,381**

EQUITY AND L I A B I L I T Y	30 June 2014	30 June 2014	31 Dec. 2013
	EUR	EUR	KEUR
A. Equity			
I. Subscribed capital	30,110,360.00		24,090
II. Reserves	26,621,434.55		12,288
III. Shares of minority shareholders	1,006,475.24		332
IV. Retained earnings	45,971,069.07	**103,709,338.86**	39,387
B. Non-current liabilities			
1. Deferred tax liabilities	12,332,443.81		9,926
2. Provisions for pensions	80,913.00		97
3. Liabilities due to banks and capital providing insurers	154,263,453.78		97,385
4. Derivatives	2,630,723.62		951
5. Convertible bond	19,239,559.60		0
6. Leasing liabilities	4,721,970.58	**193,269,058.39**	4,729
C. Current liabilities			
1. Liabilities due to banks and capital providing insurers	41,091,953.58		38,656
2. Advanced payments received	11,787,280.13		7,414
3. Leasing liabilities	12,090.73		11
4. Trade liabilities	1,294,538.39		1,002
5. Tax liabilities	37,974.06		33
6. Other liabilities	2,537,010.65	**56,760,847.54**	10,197
D. Liabilities related to assets held for sale		**0.00**	883
		353,739,244.79	247,381

Consolidated Income Statement for the period from 1 January to 30 June 2014

	01 Jan. 2014 - 30 June 2014	01 Jan. 2014 - 30 June 2014	01. Jan. 2013 - 30. June 2013
	EUR	EUR	KEUR
1. Revenues		**9,357,920.58**	5,985
2. Change in stocks of not settled services and work in progress		**4,197,472.82**	2,274
3. Results from the valuation of investment properties		**8,660,005.42**	7,940
4. Other operating income		**159,109.41**	72
5. Cost of materials			
a) Property management	-7,146,428.21		-4,175
b) Sale of properties	0.00	**-7,146,428.21**	-96
6. Personnel expenses			
a) Wages and salaries	-874,241.40		-543
b) Social security contributions	-83,012.43	**-957,253.83**	-65
7. Depreciation		**-48,395.84**	-32
8. Other operating expenses		**-1,626,750.05**	-1,245
9. Income from investments		**0.00**	0
10. Profit from the sale of subsidiaries		**380,873.28**	0
11. Other interest and similar income		**40,662.64**	19
12. Interest and similar expenses		**-4,785,542.68**	-1,537
13. Profit from the first-time consolidation		**101,030.05**	0
14. Share of losses in associated companies		**0.00**	-125
15. Results of ordinary business operations		**8,332,703.59**	8,472
16. Taxes on income		**-1,587,945.69**	-1,380
17. Other taxes		**-100.30**	0
18. Consolidated net result		**6,744,657.60**	7,092
19. Losses attributable to minority interest (previous year: profit)		**-161,055.47**	33
20. Profits attributable to shareholders of the parent company		**6,583,602.13**	7,125
21. Consolidated profit carried forward		**39,387,466.94**	21,586
22. Retained earnings		**45,971,069.07**	**28,711**

Consolidated Statement of Comprehensive Income for the period from 1 January to 30 June 2014

	01 Jan. 2014 - 30 June 2014	01. Jan. 2013 - 30. June 2013
	EUR	**KEUR**
Consolidated net result	6,744,657.60	7,092
Other comprehensive result of the year	0.00	0
Comprehensive income of the year	6,744,657.60	7,092
thereof the following relate to		
Shareholders of the parent company	6,583,602.13	7,125
Shares without a controlling influence	161,055.47	-33
Earnings per share		
Non-diluted earnings per share (in EURO)	0.26	0.35
Diluted earnings per share (in EURO)	0.25	0.34

Consolidated Cash Flow Statement for the period 1 January to 30 June 2014

	01 Jan. 2014 - 30 June 2014	01. Jan. 2013 - 30. June 2013
	KEUR	KEUR
Group operating results before taxes on income	**8,333**	**8,472**
Adjustments for		
Financial expenses	4,786	1,537
Financial income	-41	-19
Depreciations (+) / write-ups (-) on fixed assets	48	32
Profit (-) / loss (+) from the valuation of investment properties	-8,660	-7,940
Profit (-) from acquisition of subsidiaries	-101	0
Profit (-) from sales of subsidiaries	-381	0
Loss (+) / profit (-) from associated companies	0	125
Personnel expenses from share option programme (+)	122	77
Increase (+) / reduction (-) in provisions	-16	-16
Increase (+) / reduction (+) in other assets	-4,223	-2,370
Increase (+) / reduction (-) in other liabilities	4,753	3,745
Interest paid (-)	-3,353	-1,784
Interest received (+)	41	19
Received (+) / paid (-) taxes	-8	-20
Cash-flow from operating activities	**1,300**	**1,858**
Cash inflows from sales of investment properties (+)	0	73
Cash outflows for investments in the property, plant and equipment (-)	-59,903	-47,161
Cash inflows from the sale of company shares minus liquid funds (+)	249	0
Cash outflows for the acquisition of company shares minus acquired liquid funds (-)	-5	-3
Cash-flow from the investing activity	**-59,659**	**-47,091**
Increase (+) / reduction (-) in bank liabilities	41,089	35,699
Increase (+) / reduction (-) in financing liabilities	18,135	3,665
Cash outflows for the funding of debts (-)	-875	0
Cash inflows from capital increases, less transaction costs (+)	7,895	5,533
Cash-flow from financing activity	**66,244**	**44,897**
Changes in cash and cash equivalents	7,885	-336
Cash and cash equivalent at the beginning of the period	4,024	5,445
Reclassification of assets held for sale	501	0
Cash and cash equivalents at the end of the period	**12,410**	**5,109**
Thereof not freely disposable	556	2,821
Cash and cash equivalents at the end of the period (disposable)	**11,854**	**2,288**

Consolidated Statement of Changes in Equity for the period 1 January to 30 June 2014

	Subscribed capital	Capital reserves	Profit carried-forward	Shares of minority shareholders	Period results	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance on 01. Jan. 2013	**18,681,517.00**	**8,210,360.17**	**17,270,812.01**	**225,127.73**	**4,315,373.94**	**48,703,190.85**
Appropriation of profits 2012	0.00	0.00	4,315,373.94	0.00	-4,315,373.94	0.00
Change in stock option programme	0.00	116,532.90	0.00	0.00	0.00	116,532.90
Cash capital increase	1,868,150.00	3,754,981.50	0.00	0.00	0.00	5,623,131.50
Costs of cash capital increase	0.00	-89,162.98	0.00	0.00	0.00	-89,162.98
Capital increase in kind	1,200,000.00	2,400,000.00	0.00	0.00	0.00	3,600,000.00
Capital increase from corporate funds	2,174,966.00	-2,174,966.00	0.00	0.00	0.00	0.00
Exercising of stock options	165,000.00	92,400.00	0.00	0.00	0.00	257,400.00
Increase in minority shares	0.00	0.00	0.00	39,589.82	0.00	39,589.82
Collection of own shares	-7.00	-32.73	0.00	0.00	0.00	-39.73
Other results of the fiscal year	0.00	-21,826.43	0.00	-67.87	0.00	-21,894.30
Consolidated net income for the year	0.00	0.00	0.00	67,783.76	17,801,280.99	17,869,064.75
Balance on 31. Dec. 2013	**24,089,626.00**	**12,288,286.43**	**21,586,185.95**	**332,433.44**	**17,801,280.99**	**76,097,812.81**
Balance on 01 Jan. 2014	**24,089,626.00**	**12,288,286.43**	**21,586,185.95**	**332,433.44**	**17,801,280.99**	**76,097,812.81**
Appropriation of profits 2013	0.00	0.00	17,801,280.99	0.00	-17,801,280.99	0.00
Change in stock option programme	0.00	122,360.82	0.00	0.00	0.00	122,360.82
Cash capital increase	2,392.374.00	5,741,697.60	0.00	0.00	0.00	8,134,071.60
Capital increase in kind I	2,774,429.00	6,658,631.00	0.00	0.00	0.00	9,433,060.00
Capital increase in kind II	853,939.00	2,049,453.60	0.00	0.00	0.00	2,903,392.60
Costs of cash capital increase	0.00	-238,994.90	0.00	0.00	0.00	-238,994.90
Increase in minority shares	0.00	0.00	0.00	512,986.33	0.00	512,986.33
Acquisition of treasury shares	-8.00	0.00	0.00	0.00	0.00	-8.00
Consolidated net income for the first half year 2014	0.00	0.00	0.00	161,055.47	6,583,602.13	6,744,657.60
Balance on 30. June 2014	**30,110,360.00**	**26,621,434.55**	**39,387,428.97**	**1,006,475.24**	**6,583,602.13**	**103,709,338.86**

Selected Explanatory Notes on the Consolidated Interim Financial Statements as of 30 June 2014

A. General

The half-year financial report of WESTGRUND AG includes interim consolidated financial statements and an interim group management report in accordance with the provisions of section 37w (2) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] in conjunction with section 37y WpHG as well as a statement of the management board according to sections 264 (2) sentence 3 and 289 (1) sentence 5 HGB ["Handelsgesetzbuch": German Commercial Code]. The consolidated financial statements were prepared in accordance with the provisions of the International Financial Reporting Standards (IFRSs) for interim financial reporting. The interim group management report was prepared in accordance with the relevant provisions of the German Securities Trading Act.

The only substantial reporting segment is that of "real estate management". Therefore, segment reporting has been dispensed with.

B. Basis of Accounting

The interim consolidated financial statements have been prepared in accordance with section 315a HGB ["Handelsgesetzbuch": German Commercial Code] and IFRSs, as adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The consolidation principles and accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of the following new or revised standards effective as of 1 January 2014:

- IAS 28: The new version of IAS 28 "Investments in Associates and Joint Ventures" regulates the inclusion of shares in associates and joint ventures using the equity method.
- IAS 32: In December 2011, the IASB published amendments to IAS 32 "Financial Instruments: Presentation". The amendments shall clarify the requirements for the offsetting of financial instruments and correct inconsistencies in current practice of offsetting financial assets and financial liabilities.
- IAS 36: In May 2013, the IASB published amendments to IAS 36 "Impairment of Assets". When developing IFRS 13 "Fair Value Measurement", the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. The amendments published clarify the IASB's original intention: that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.
- IAS 39: In June 2013, the IASB issued "Novation of Derivatives and Continuation of Hedge Accounting," an amendment to IAS 39 (Financial Instruments: Recognition and Measurement). The amendment introduces new rules for continuing an existing hedge accounting relationship using a novated derivative. A novation occurs when the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. The new rules enable a derivative to remain a hedging instrument in a continuing hedge accounting relationship despite its novation if certain criteria are met.
- IFRS 10: In May 2011, the IASB published IFRS 10 "Consolidated Financial Statements". IFRS 10 provides a consistent definition of control and therefore a consistent basis for the existence of control and the determination of the entities that should be included in the consolidated financial statements of the parent company. The new standard replaces the guidance in IAS 27 and SIC-12 that was previously applicable in this respect.
- IFRS 11: In May 2011, the IASB published IFRS 11 "Joint Arrangements". IFRS 11 regulates the accounting of Joint Ventures and Joint Operations. The new standard replaces the regulations IAS 31 and SIC-13, which previously regulated the accounting of Joint Ventures.
- IFRS 12: In May 2011, the IASB published IFRS 12 "Disclosure of Interests in Other Entities". IFRS 12 provides guidance on disclosure requirements for all forms of interests in other entities in consolidated financial statements.
- In October 2012, under the title "Investment Entities," the IASB issued amendments to IFRS 10, IFRS 12 and IAS 27 for investment entities. Such entities are to be exempted from the requirement to consolidate

certain subsidiaries according to IFRS 10. Instead, they must recognize them at fair value through profit or loss. IFRS 12 introduces additional disclosure requirements for investment entities.

The amendments did not have any effects on the Group´s net assets, financial position and results of operations.

The provisions of IAS 34, “Interim Financial Reporting”, have been applied. The interim financial statements as of 30 June 2014 should be read in conjunction with the consolidated financial statements as of 31 December 2013.

The preparation of interim consolidated financial statements in accordance with IFRSs requires management to make estimates and assumptions which have an effect on the amount of recognised assets and liabilities, income and expenses and contingent liabilities. Actual amounts may differ from these estimates.

C. Group of consolidated companies

In addition to WESTGRUND AG, all companies are included in the group of consolidated companies, by which WESTGRUND has directly or indirectly the possibility to determine the business and financial policies in order to draw benefits from the business activities of these companies (subsidiaries).

The group of consolidated companies, along with the proportion of shares held, as of 30 June 2014 is as follows:

1	WESTGRUND AG, Berlin		
2	Westconcept GmbH, Berlin	100%	
3	IMMOLETO Gesellschaft mit beschränkter Haftung GmbH, Berlin	100%	
4	ICR Idee Concept und Realisation von Immobilienvorhaben GmbH, Berlin	94.9%	Indirect participation
5	HKA Grundstücksverwaltungsgesellschaft mbH & Co. Kommanditgesellschaft, Berlin	94.9%	Indirect participation
6	HKA Verwaltungsgesellschaft mbH, Berlin	94.9%	Indirect participation
7	Westgrund Immobilien GmbH & Co. KG, Berlin	100%	
8	Westgrund Immobilien Beteiligung GmbH, Berlin	100%	
9	Westgrund Immobilien II. GmbH & Co. KG, Berlin	100%	
10	Westgrund Immobilien Beteiligung II. GmbH, Berlin	100%	
11	Westgrund Immobilien Beteiligung III. GmbH, Berlin	100%	
12	Westgrund Westfalen Verwaltungsgesellschaft mbH, Wesseling	89.2%	Indirect participation
13	Westgrund Westfalen GmbH & Co. KG, Berlin	94.6%	Indirect participation
14	WESTGRUND Immobilien Beteiligung IV. GmbH, Berlin	100%	
15	WESTGRUND Immobilien Beteiligung V. GmbH, Berlin	94.0%	
16	WESTGRUND Immobilien Beteiligung VI. GmbH, Berlin	100%	
17	Wiederaufbau-Gesellschaft mit beschränkter Haftung, Ludwigshafen am Rhein	99.7%	4.9% as indirect participation
18	TREUHAUS Hausbetreuungs-GmbH, Ludwigshafen am Rhein	99.7%	Indirect participation
19	WAB Hausverwaltungsgesellschaft mbH, Ludwigshafen am Rhein	99.7%	Indirect participation
20	Liaen Lorentzen Partners AG, Zug/Switzerland	94.0%	
21	Westgrund Wolfsburg GmbH, Berlin	100%	
22	Westgrund Niedersachsen Süd GmbH, Berlin	100%	
23	Westgrund Niedersachsen Nord GmbH, Berlin	100%	
24	Westgrund Brandenburg GmbH, Berlin	100%	
25	Westgrund VII. GmbH, Berlin	100%	
26	Brilliant 2000 GmbH, Wesseling	94.9%	
27	Brillant 1816. GmbH, Wesseling	94.9%	Indirect participation
28	Brillant 1816. GmbH & Co. Immobilienverwaltung KG, Wesseling	94.9%	Indirect participation

The companies listed from no. 21 were founded or acquired in the first half-year 2014 and included in the consolidated financial statements for the first time.

The subsidiaries 21 to 25 were each acquired at a purchase price of KEUR 29 in the first half-year 2014 and hold liquid funds of KEUR 25 each. As a result of initial consolidation, negative effects of KEUR 4 each have been effectively recorded in the profit and loss statement.

In June 2014, the subsidiaries 26 to 28 were acquired by way of a capital increase in kind of the WESTGRUND AG. The purchase price of the 94.9% of the shares in Brilliant 2000 GmbH, which holds 100% of the shares in Brilliant 1816 GmbH and in Brilliant 1816 GmbH & Co. Immobilienverwaltung KG, was EUR 9,433,060 and was completely settled by the issuing of 2,774,429 new shares of WESTGRUND AG at a share price of EUR 3.40. Brilliant 2000 GmbH together with its subsidiaries dispose of the following assets and liabilities at the time of registration of the capital increase in kind in the commercial register on 12 June 2014 (transfer date):

	Fair value KEUR	Book value KEUR
Investment properties	29,420	25,840
Services not yet settled	262	262
Cash and cash equivalents	7	7
Other assets	209	209
Deferred tax liabilities	923	923
Liabilities due to banks	18,486	18.486
Advanced payments received	403	403
Other liabilities (current)	28	28
Minority interest	512	
Net assets	9,546	

The purchase price allocation for the first-time consolidation was carried out based on available evidence and information available as of the balance sheet date. The fair value of the investment properties was determined on the basis of an appraisal of an independent expert. The first-time consolidation led to a positive difference in the amount of KEUR 101 which was directly recorded in the profit and loss statement and disclosed in a separate line. The pro forma result for the period from 1 January 2014 until 12 June 2014 amounted to KEUR -396.

There were no further share purchases or newly formed companies in the first half-year 2014.

D. Explanations on the balance sheet

a) Fair values of the investment properties

With a few exceptions, all investment properties of the group are intended to be held on a long-term basis to generate rental income and for the purpose of increasing values. The investment properties as of 30 June 2014 are measured at fair value according to IAS 40. The determination of the fair values as of 30 June 2014 was carried out by an external expert.

The DCF valuations are based on the following significant, property-specific, individualized assumptions which are mainly unchanged compared to 31 December 2013:

Regular maintenance: (EUR / sqm):	EUR 5.00 - EUR 11.50 p.a.
Administration costs:	EUR 240 - 300/ unit p.a.
Tenant fluctuation:	5% - 10% p.a.
Discount rate:	5.5% - 7.25% (commercial real estate up to 10 %)
Capitalisation rate:	4.50% - 9.5% (commercial real estate up to 9.5%)
Transaction costs discount:	6.0% - 9.5%

Since 31 December 2013, the investment properties developed as follows:

	30. June 2014 KEUR	31. Dec. 2013 KEUR
Carry-forward 1. Jan.	**230,655**	**135,453**
Additions/Disposals	86,245	74,989
Changes in fair value		
Profits from changes in fair value	9,152	21,125
Losses from changes in fair value	-492	-912
Balance as of 30. June/ 31. Dec.	**325,560**	**230,655**

b) Deferred tax assets and liabilities

Deferred taxes are recorded in accordance with IAS 12 for all temporary difference in the tax book values and the IFRS values and on consolidation effects which have an impact on profit and loss. Deferred tax assets on benefits from unused tax losses carried forward are to be capitalised to the extent that it can be expected with sufficient probability that the company can generate sufficient future taxable income.

The deferred tax rate is 30.2% as in prior years‘ period (15% corporate tax and solidarity surcharge levied at 5.5% of corporate tax assessment levels, plus 14.35% trade tax).

c) Services not yet settled

At the balance sheet date, prepayments on apportionable operating expenses amounted to EUR 12.0 million. Impairments were not recorded. The prepayments relate to the year 2014 and to operating expenses of the year 2013 which have not yet settled with the tenants.

d) Properties intended for sale

The sale of the properties intended for sale is expected on a short-term basis. In contrast to the real estate portfolios classified as investment properties, the properties intended for sale mainly consist of individual apartments at the locations Hagen and Remscheid, which should not be kept in long-term.

e) Work in progress

Reported under work in progress is the last project that is currently still being developed. Owing to the length of the project development phase, the value of the undeveloped real estate as of the balance sheet date is calculated as the value of the land, excluding future contributions to operating results.

f) Cash on hand and at banks

As of 30 June 2014, cash and cash equivalents amount to EUR 12.4 million of which EUR 0.6 million are not freely available. The change in cash and cash equivalents compared to 31 December 2013 is shown in the cash flow statement of the first half-year 2014 which is a separate part of these interim financial statements.

The cash capital increase carried out in March 2014 led to a cash inflow of approx. EUR 7.9 million after deduction of cost relating to the cash capital increase.

Furthermore, the convertible bond (2014/2016) issued in April 2014 led to a cash inflow of EUR 19.2 million after deduction of cost.

g) Development of equity

The subscribed capital of WESTGRUND AG as of the balance sheet date is EUR 30,110,368.00 (31. December 2013: EUR 24,089,626.00). It is divided into 30,110,368 in no-par value shares with a nominal amount of EUR 1.00 each. Therefrom Westgrund AG is holding eight shares as of June 30, 2014, which have been set off against the subscribed capital.

In March 2014 a capital increase was carried out, partially utilising the authorised capital while excluding the subscription rights of existing shareholders. The nominal capital of the company was increased by EUR 2,392,374.00 to EUR 26,482,000.00 by way of a cash capital increase. The issue price for the new shares was EUR 3.40.

In June 2014 a capital increase was carried out in connection with the acquisition of the portfolio Halle/Saale and a receivable of a shareholder was acquired through the issue of shares. In total, 3,628,368 bearer shares at an issue price of EUR 3.40 were issued. After that, the nominal capital of WESTGRUND AG amounts to EUR 30,110,368.00.

On 12 June 2014, WESTGRUND AG acquired eight treasury shares at a share price of EUR 3.75. The acquisition costs amounted to EUR 45.97.

At the Annual General Meeting on 13 June 2014 it was decided to increase the share capital of the Company, which is after registration of the capital reduction of EUR 8.00 in the commercial register of EUR 30,110,360.00, by EUR 3,011,036.00 to EUR 33,121,396.00 by a capital increase from company funds (withdrawal from the capital reserve). The capital increase is carried out by the issue of 3,011,036 new, no-par value bearer shares each with a notional value of the Company's share capital of EUR 1.00 per share. The new shares are available to shareholders in proportion to their shares in the former capital. The new shares carry dividend rights from the beginning of fiscal year 2014. The issuance of the new shares took place in July 2014.

The calculation of the undiluted earnings per share in the first half-year 2014 was based on 25,754,871 shares and the diluted earnings per share on 26,296,800. The undiluted earnings per share was EUR 0.26 and the diluted earnings per share EUR 0.25.

The development of equity in the first half-year 2014 and the corresponding prior years' figure are presented in the statement of changes in equity which is a separate part of these interim financial statements. At the balance sheet date the equity ratio of the group amounted to 29.3%.

Without taking into account the capital increase from company funds in June 2014, the Net Asset Value (EPRA) has developed as follows in the first half-year 2014:

	30. June 2014 **KEUR**	**31. Dec 2013** **KEUR**
Total equity without minorities (IFRS)	102,703	75,766
(+) deferred taxes	12,290	9,791
(+) derivatives	2,631	951
NAV	**117,624**	**86,508**
NAV in EUR / share	**3.91**	**3.59**

h) Liabilities due to banks

Liabilities due to banks are predominantly associated with real estate holdings and as of 30 June 2014 to 79% long-term nature. From the current liabilities in the amount of EUR 41.1 million with a remaining time to maturity with less than one year EUR 36.9 million have already been refinanced long term in July 2014 with a maturity of 30 September 2024 at a synthetic fixed interest rate of 2.99%.

From the non-current liabilities due to banks EUR 13.8 million have a remaining time to maturity of more than one and less than five years and EUR 140.5 million have a remaining time to maturity of more than five years.

i) Derivatives

In the course of the long-term refinancing of short-term liabilities in March 2014 two interest rate swaps with remaining terms till 2015/2018 were settled. Simultaneously with the signing of the new financing contracts new interest rate swaps were closed leading to the result that the long-term liabilities to banks are synthetic fixed interest rate liabilities.

Due to the linking of the terms of the newly closed interest rate swaps with the repayment of the former interest rate swaps the hedge accounting between the interest rate swaps and the underlying liabilities to banks has been assessed as non-effective in the sense of IAS 39 until balance sheet date. For the future it is assumed that the hedge accounting between the new interest rate swaps and the hedged interest payments resulting from the refinanced liabilities to banks are effective in the sense of IAS 39. The changes in value of the interest rate swaps for the first half-year 2014 amounting to EUR 1.7 million are therefore recorded with impact to the profit and loss statement and disclosed within the interest and similar expenses. In the future the changes in value of the interest rate swaps will be recorded directly within the equity provided that the hedge accounting is effective.

j) Convertible Bond

In beginning of April 2014, a mandatory convertible bond amounting to EUR 19,860,000 (convertible bond 2014/2016; ISIN DE000A11QPV2; WKN A11QPV) was offered to subscribe to institutional investors in a private placement without premium. The convertible bond was issued on 23 April 2014 and has a term until 22 April 2016. Due to high demand in the private placement, the convertible bond was fully placed and bears interest of 5% p.a. on their principal amount. The historical conversion price is EUR 3.70 for a share (after the issue of bonus shares in July EUR 3.36). The cost of the bond issue will be deducted from the nominal amount of the bond and amortized over the term of the bond with effect on the profit and loss.

k) Non-current assets held for sale and their associated liabilities

Non-current assets held for sale and their associated liabilities recorded as of 31 December 2013 have been sold in January 2014 by the way of a share deal resulting in a deconsolidation profit of KEUR 381.

l) Disclosures on fair values and financial instruments

For WESTGRUND Group following hierarchy is used for the determination and reporting of the fair values of financial instruments for each valuation method:

Level 1: Quoted (non-adjusted) prices on active markets for equivalent assets or liabilities.

Level 2: Market price quotations that are to be observed either directly or indirectly
for the asset or the debt not stated at Level 1.

Level 3: Methods using input parameters that have a substantial effect on the reported fair Value and where these input parameters are not based on observable market data.

The fair values of the assets and liabilities in the consolidated balance sheet break down as follows:

	Fair Value hierarchy	30. June 2014 KEUR	31. Dec. 2013 KEUR
Assets			
Investment properties	Level 3	325,560	230,655
Liabilities			
Derivatives	Level 2	2,631	951
Provisions for pensions	Level 3	81	97

In addition, the following financial instruments are measured at amortised cost in the consolidated financial statements:

		Book value		Fair Value	
		30. June 2014	31. Dec. 2013	30. June 2014	31. Dec. 2013
		KEUR	KEUR	KEUR	KEUR
Financial assets					
Security investments	(3)	28	28	28	28
Reinsurance	(4)	167	167	167	167
Cash and cash equivalents	(3)	12,410	4,024	12,410	4,024
Receivables and other assets	(1)	1,363	1,256	1,363	1,256
Non-current receivables	(4)	149	94	149	94
Financial liabilities					
Bank liabilities	(2)	195,355	136,041	194.549	135,153
Trade liabilities	(2)	1,295	1,002	1,295	1,002
Other liabilities	(2)	2,537	11,080	2,537	11,080
Leasing liabilities	(5)	4,734	4,740	4,734	4,740

Category according to IAS 39:
(1) Loans and receivables
(2) Liabilities accounted at amortised acquisition costs
(3) Financial Assets Available for Sale
(4) Assets Held to Maturity
(5) Liabilities from finance leasing

E. Other disclosures

a) Acquisition and sale of treasury shares

In the Annual General Meeting on 24 August 2012 the Company was authorised, in accordance with section 71 para. 1 No. 8 AktG (German Stock Corporation Act), to acquire its own shares up to an amount representing 10% of the equity capital by 23 August 2017. In the first half-year 2014, the Company acquired eight own shares (0.0% of the equity capital) at a total purchase price plus fees of EUR 45.97. The treasury shares were redeemed in July 2014.

b) Related party transactions

The related parties of the Company include the Management Board and the members of the Supervisory Board as well as the shareholders and executive body members of subsidiaries, including their close family members, as well as those companies upon which the Management Board or the Supervisory Board members of the Company, or their close family members, can exert a controlling influence, or in which they have a substantial voting right share. In addition, the relating parties include those companies, in which the Company holds a participation that enables it to exert a controlling influence on the business policies of the holding company and the principal shareholders of the Company.

As of 31 December 2014, current liabilities amounting to KEUR 379 existed towards the minority shareholders of Cologne Real Estate GmbH, on which interest was paid at customary market rates. Cologne Real Estate GmbH was sold in January 2014 so that the liabilities due to the minority shareholder no longer exist as of 30 June 2014.

In 2013 and as of 31 December 2013, WESTGRUND AG received working capital loans totalling EUR 4.1 million from significant shareholders and directly or indirectly related parties via a foreign corporation, which incur interest at customary market rates. The disclosure as of the year-end was made under other liabilities. The liability was completely repaid in the first half-year 2014. Thereby a receivable of a shareholder against Westgrund AG amounting to EUR 2.9 million was put into Westgrund AG by capital increase by way of contribution in kind. 853,939 shares with a price of EUR 3,40 have been issued.

As of 31 December 2013, a current loan receivable of KEUR 123 existed against the Management Board (loan to executive bodies in accordance with to section 89 AktG) as a result of income tax to be settled by WESTGRUND AG, resulting from the exercising of stock options in December 2013. This was a short-term loan that was fully settled in the first quarter of 2014.

In January 2014, WESTGRUND AG closed the acquisition of a residential real estate portfolio with a total of 803 housing units in Halle / Saale executed as a share deal from a shareholder and a third party at a purchase price of EUR 9.4 million in accordance with normal market practice. The execution of the transaction by way of a capital increase in kind with the issue of 2,774,429 shares at a share-issuing price of EUR 3.40 was carried out in June 2014.

In May 2014, real estate in Leipzig was acquired at reasonable conditions with a value of EUR 2.7 million from a shareholder and a company related to this shareholder.

In July 2014, WESTGRUND AG received a working capital loan totaling EUR 8.2 million from a foreign company which is related to a significant shareholder. The loan incurs interest at customary market rates and will be disclosed under other liabilities as of the next balance sheet date.

The intended secondary purchase of 1,300 units out of the Berlinovo-Portfolio notarized in July 2014 is made to FFIRE Immobilienverwaltung AG, Berlin, at customary market conditions. The chief executive officer of FFIRE Immobilien-verwaltung AG is member of the supervisory board of Westgrund AG.

Members of the Management Board are employed on contracts with reasonable terms of compensation.

No further business transactions with related parties in accordance with IAS 24 were conducted in the first half-year 2014.

c) Contingent liabilities, other financial liabilities and transactions not included in the balance sheet

As of 30 June 2014 other financial liabilities largely consist of building lease agreements. As of 30 June 2014, the other financial liabilities resulting from rental expenses for offices and office equipment amount to approximately KEUR 360 (prior year: KEUR 512) and a term until 31 January 2016. As of 30 June 2014, the other financial liabilities resulting from leasing agreements amount to KEUR 111 (prior year: KEUR 3) until the end of the leasing agreements. As of 30 June 2014, the total amount of other financial liabilities amounts to KEUR 471 (prior year: KEUR 515).

Other than these, no further contingent liabilities and other financial liabilities of significance in assessing the company‘s financial position are to be noted as of the balance sheet date.

d) Number of employees

An average of 25 employees, including 9 temporary assistants (previous year period: 21 employees, thereof 9 temporary assistants) were employed during the first half-year 2014.

e) German Corporate Governance Code

The current declarations in accordance with section 161 AktG of the Management Board and Supervisory Board of WESTGRUND AG concerning the German Corporate Governance Code are permanently available on the website www.westgrund.de.

f) Declaration of the Management Board

To the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Berlin, 12 August 2014

Management Board

signed Arndt Krienen signed Sascha Giest

The following review report (Bescheinigung nach prüferischer Durchsicht) refers to the unaudited condensed consolidated interim financial statements prepared on the basis of International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") as well as the interim group management report prepared in accordance with the German Securities Trading Act (WpHG) of WESTGRUND AG for the six month period ended June 30, 2014 as a whole and not solely to the unaudited condensed interim consolidated financial statements presented in this Prospectus on the preceding pages. The above-mentioned review report (Bescheinigung nach prüferischer Durchsicht) and the unaudited condensed consolidated interim financial statements are both translations of the respective German-language documents.

Review Report

To WESTGRUND Aktiengesellschaft, Berlin

We have reviewed the condensed interim consolidated financial statement comprising the consolidated statement of income, comprehensive income, financial position, cash flow and changes in equity, and notes to the condensed interim consolidated financial statements, and the interim group management report, of WESTGRUND Aktiengesellschaft, Berlin for the period from January 1, 2014 to June 30, 2014 which are part of the semi-annual financial report pursuant to Sec. 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with IFRS applicable to the interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statement and the interim group management in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed a financial statement audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the condensed interim financial statement is not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Cologne, August 12, 2014

DHPG AUDIT GMBH
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

(Schaidinger)	(Güntgen)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)