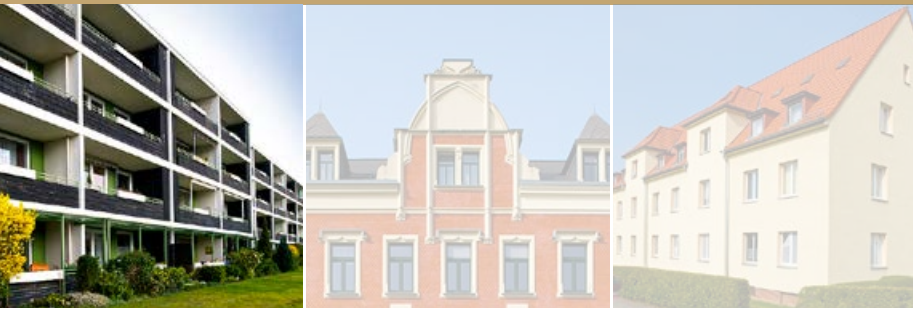


Q1/2015



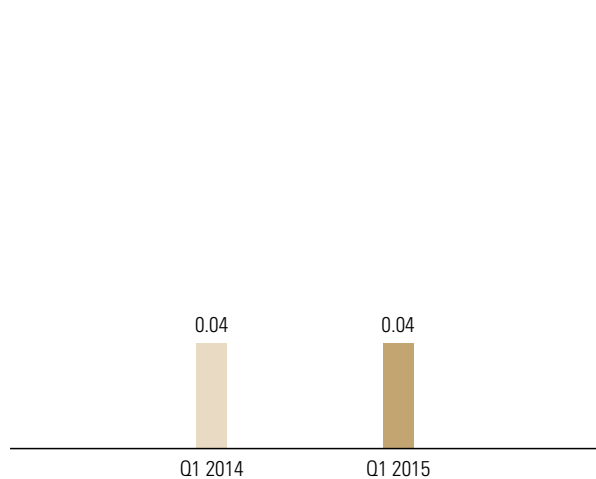
INTERIM REPORT

KEY DATA

	Q1 2015	Q1 2014	Change (%)
INCOME STATEMENT			
Overall performance (€ m)	23.2	6.7	247
of which revenues (€ m)	14.4	4.4	224
of which valuation of investment properties (€ m)	1.9	0.0	–
Operating result (€ m)	7.9	2.3	249
EBT (€ m)	4.9	0.7	594
Consolidated net result for the period (€ m)	4.1	0.5	705
Funds from operations I (€ m)	3.1	1.0	198
Funds from operations II (€ m)	3.5	1.4	143
FFO I/share (undiluted) (€)	0.04	0.04	
BALANCE SHEET			
	31.3.2015	31.12.2014	
ASSETS			
Investment properties (€ m)	720.1	712.0	1
EQUITY AND LIABILITIES			
Equity (€ m)	291.1	287.6	1
Equity ratio (%)	35.8	35.5	0.3 PP
Non-current liabilities (€ m)	459.6	456.4	1
Balance sheet total (€ m)	813.6	809.4	1
Net asset value (NAV) (€ m)	318.5	313.5	2
NAV/share (undiluted) (€)	4.31	4.24	2
PORTFOLIO (investment properties)			
	31.3.2015	31.12.2014	
Number of units	16,244	16,104	1
of which residential	16,005	15,874	1
of which commercial	239	230	4

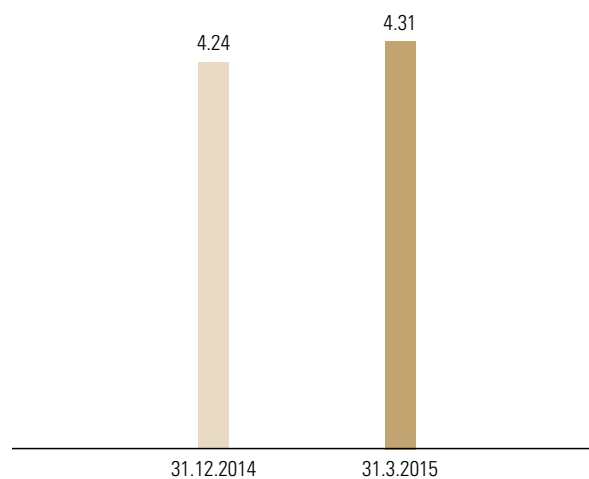
FUNDS FROM OPERATIONS I/SHARE

in €



NET ASSET VALUE/SHARE

in €



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Arndt Krienen, Co-CEO and COO,

born in 1966, has been on the Westgrund Management Board since 2000. Prior to this, he managed the legal department of an internationally active company with a turnover exceeding EUR 300 million per year. Krienen spent many years in the USA and calls on extensive experience of the real estate industry.

Sascha Giest, Co-CEO and CFO,

born in 1971, has been CFO at WESTGRUND AG since October 2013. Previously, he led the portfolio acquisition of a large Berlin residential real estate company. Giest spent many years with JPMorgan and Barclays Capital in London where he was responsible for structuring the financing and securitisation of residential real estate.

Dear shareholders,

In a sense, this interim report on the first quarter is a first edition. Until autumn 2014, WESTGRUND AG was not required to produce financial reports every three months. This requirement arose only after the move to the Deutsche Börse Prime Standard. Therefore, it is not only the figures for the first quarter of 2015 that are new, but also the figures for the comparable quarter of the previous year, which have not been published until now.

WESTGRUND AG defines itself as a provider of residential properties for tenants on medium to low incomes. This provision is intended for the long term, as are the rental agreements, which are usually concluded for an indefinite period. It is therefore not surprising that a three-month period in a business focused on the long term is primarily characterised by continuity.

On the other hand, the growth surge of the previous year, which also influenced key economic key data in the 2014 financial year, is evident once again in a comparison of the quarterly figures. That, too, should be no surprise as the major part of the increase in the real estate portfolio did not take place until the fourth quarter of 2014.

In the first quarter of 2015, our company has continued to grow, albeit at a significantly slower pace. We have integrated a further sub-portfolio from the “Berlinovo” portfolio. As a result, the real estate inventory we intend to hold over the long term has increased by 139 units as compared with the end of the previous financial year. At the same time we sold one of the sub-portfolios that was due for sale as it did not fit with our business model. In light of this, the real estate portfolio intended for sale decreased by 538 units.

The fact that we generated positive income and positive funds from operations again in the first quarter shows that WESTGRUND AG ~~stands on solid foundations~~. The company's value, expressed in terms of its net asset value, has also risen. ~~Perhaps one might also say, therefore,~~ that our business ~~continued to develop unspectacularly yet positively~~ in the first quarter.

At the time of reporting, ADLER Real Estate AG has substantiated, formalised and made official ~~the takeover bid it announced back~~ in February. To enable us to make an informed statement on the matter we obtained an external opinion on the purchase price. This "fairness opinion" supports our assessment that the bid represents an appropriate quid pro quo for the shares of the company. We will also tender the Westgrund shares ~~held by us personally~~ to ADLER Real Estate AG. We recommend that you do the same.

This is because we support the bid and consider it prudent and appropriate ~~having regard~~ to your interests. If you accept it, you will become a shareholder in a larger entity

- that ~~ranks with~~ the top ten in the private German real estate league
- that ~~with an initial combined number of around 50,000 residential units~~ is on a significantly broader footing than either of the two companies were previously ~~and~~
- that will have even better access to the capital markets in future thanks to its size.

Kind regards,



Arndt Krienen



Sascha Giest



Basic information about the Group

WESTGRUND AG's business activities are focused on the acquisition, management and development of residential properties. The company operates exclusively in Germany, with a focus on Northern and Eastern Germany. It offers its target group – tenants on medium to low incomes – affordable living space of standard market quality.

In the first three months of the 2015 financial year, the number of subsidiaries included in the consolidated financial statements ~~only~~ changed marginally. One subsidiary was sold as planned, with the result that the group of consolidated companies now includes a further 30 companies in addition to WESTGRUND AG.

Year-on-year comparison affected by the largest growth surge in the company's history

In the 2014 financial year, WESTGRUND AG successfully accomplished the largest acquisition and therefore the largest growth surge in its company history. This significant increase in the real estate portfolio along with ~~the~~ associated financing by way of equity and debt occurred in the final quarter of the year. As a consequence, the key economic data had already doubled or tripled in the 2014 financial year. This growth effect has also ~~had an effect on~~ the consolidated interim financial statements of the first quarter of 2015 and the associated comparison with the previous year.

Real estate portfolio on a new level

At the end of the first quarter of 2015, the real estate portfolio of the Westgrund Group comprised 16,980 residential and business units, of which 16,244 are to be held in the portfolio over the long term and are thus reported under non-current assets. 736 units are held for sale and are reported separately under current assets. ~~Of the total number of~~ 16,244 investment properties, 16,005 are residential units and 239 are commercial units. All ~~the~~ disclosures on average rents and vacancy rates in the following report relate exclusively to the portfolio of residential units.

Real estate portfolio (in units)

	31.3.2015	31.12.2014	Change
Total portfolio	16,980	17,378	-398
of which held for sale	736	1,274	-538
of which investment properties	16,244	16,104	140
of which residential	16,005	15,874	131
of which commercial	239	230	9

Income position

	Q1 2015	Q1 2014	Change	
	kEUR	kEUR	kEUR	%
Revenues	14,411	4,444	9,967	224
Change in the inventory of services not yet invoiced or unfinished	6,929	2,230	4,699	211
Market valuation of investment properties	1,853	4	1,849	46,225
Overall performance	23,193	6,678	16,515	247
Material expenses	-13,496	-3,630	-9,866	272
Gross profit	9,697	3,048	6,649	218
Personnel expenses	-838	-368	-470	128
Depreciation/amortisation	-20	-13	-7	54
Administrative and operating expenses	-1,133	-431	-702	163
Other operating income	198	32	166	519
Operating result	7,904	2,268	5,636	249
Net interest result	-3,395	-1,949	-1,446	74
Net result from equity interests	346	381	-35	-9
Earnings before income taxes (EBT)	4,855	700	4,155	594
Income taxes	-741	-189	-552	292
Consolidated net result for the period	4,114	511	3,603	705

Overall performance improved compared with the previous year

At 23.2 million euro, WESTGRUND AG's overall performance in the first quarter of the 2015 financial year was 247 percent higher than in the first quarter of the previous year (6.7 million euro). The main reason for this sharp rise was the extensive expansion of the real estate portfolio which largely took place in the final quarter of the previous financial year.

Revenues grow in line with real estate portfolio

All three components that make up overall performance contributed to this increase. Revenues, which are identical to rental revenues except for a low percentage, increased by 10.0 million euro, or 224 percent, to 14.4 million euro. This increase is primarily attributable to the acquisitions as well as to a 2.9 percent rise in rental revenues from the residential property portfolio that was administered in both 2015 and

2014. In this portfolio, net basic rent per square metre was 5.33 euro in the first quarter of 2015, corresponding to an increase of 4.2 percent against the comparable period of the previous year. To this extent it was therefore possible to raise rents – a result of successful asset management.

	Q1 2015	Q1 2014	Change
Average net basic rent (EUR/m ²)			
Total	4.89	5.09	-4.0 %
Existing portfolio (I-f-I)	5.33	5.12	4.2 %
New portfolio	4.69	–	
Vacancy rate (%)			
Total	9.9	6.0	3.9 PP

Across the residential property portfolio as a whole, net basic rent per square metre declined year-on-year from 5.09 euro in the first quarter of 2014 to 4.89 euro in the first quarter of 2015. However, this development does not reflect a market trend, but rather the fact that average rents in the new portfolios acquired in 2014 were almost 10 percent lower than those in the existing portfolios.

The vacancy rate was 9.9 percent in the first quarter and thus higher than in the comparable period of the previous year (6.0 percent). This increase is largely due to the comparatively high vacancy rate in the newly acquired portfolios. This was purposefully taken into account at the time of the purchase as it ~~simultaneously~~ offers the potential ~~for improving~~ residential performance in the future.

Change in ~~the~~ inventory of services not yet invoiced or unfinished also increases in line with ~~the~~ real estate portfolio

The item “Change in the inventory of services not yet invoiced or unfinished”, which accounted for around a third of overall performance in the first quarter of 2015, contains prepayments for operating costs apportionable to the tenants, which are ~~finally~~ settled ~~only~~ in the following year. In the first quarter of the current financial year, the change in the inventory of services not yet invoiced or unfinished amounted to 6.9 million euro, corresponding to a rise of 211 percent against the comparable quarter of the previous year. This increase is closely related to the expansion of the portfolios.

Market valuation with minor change only

In the first quarter of 2015 a comparatively low level of income amounting to 1.9 million euro was generated from the market valuation of investment properties, the third significant item in overall performance. This equated ~~to~~ 1.8 million euro more than in the comparable quarter of the previous year, in which no material effects from real estate appraisals were recorded. The income from market valuations ~~primarily results from~~

a further sub-portfolio from the Berlinovo portfolio ~~having been~~ taken over and thus measured at market value for the first time. The market value of the real estate portfolio already owned by WESTGRUND AG at the end of the last financial year has not changed materially in the first three months. Full measurement of all individual properties by ~~external experts~~ ~~commissioned for this task~~ only takes place twice a year, at year-end and at the mid-year stage. At the end of the first and third quarter the measurement results are examined in relation to the previous measurement date ~~and~~ the balance sheet values are only adjusted in the event of significant changes in value.

Gross profit rises in line with overall performance

After ~~deduction~~ of material expenses, gross profit in the first quarter of 2015 amounted to 9.7 million euro. This corresponds to an improvement of 6.6 million euro, or 218 percent, on the figure for the same period of the previous year (3.0 million euro).

Increased volume of business – higher personnel expenses

As the volume of business rose sharply due to the acquisitions of the previous financial year, it was necessary to increase the number of staff in the head office, particularly in the areas of asset management and controlling. This is inevitably reflected in personnel expenses, which amounted to 0.8 million euro in the first quarter of 2015 and ~~were thus~~ 128 percent higher than in the same period of the previous year. However, with 21 full-time staff employed throughout the Group ~~the~~ Westgrund Group remains lean.

Results at a good level

After taking into account all ~~items of~~ operating expense ~~and~~ the operating result amounted to 7.9 million euro in the first quarter of 2015. This equated ~~to~~ 5.6 million euro, or 249 percent, more than ~~in~~ the previous year (2.3 million euro).

At minus 3.4 million euro, net interest result was considerably lower in the first quarter of 2015 than in the first three months of the previous year (minus 1.9 million euro), the reason lying again in the growth surge of the previous year. Towards the end of the last financial year, 285 million euro was taken up in bank loans to finance the portfolio expansion, which had a corresponding impact on the interest expenses and is reflected in the year-on-year comparison.

Earnings before taxes (EBT) in the first three months of the current financial year amounted to 4.9 million euro, which equated to 4.2 million euro more than in the comparable quarter of the previous year (0.7 million euro).

After deduction of tax expenses, which amounted to 0.7 million euro in the first quarter of the current financial year, the consolidated net result for the quarter was 4.1 million euro. This represents an improvement of 3.6 million euro, or 705 percent compared with the same quarter of the previous year.

Sustained positive development in funds from operations (FFO)

In the first quarter of 2015 WESTGRUND AG generated funds from operations I amounting to 3.1 million euro. This equated to 2.1 million euro more than in the first quarter of the previous year (1.0 million euro). As the number of shares issued also increased significantly over the course of the last financial year due to various capital increases, FFO I / share remained unchanged in the first quarter at 0.04 euro both diluted and undiluted. FFO II / share decreased slightly to 0.05 euro on an undiluted and to 0.04 euro on a diluted basis.

FUNDS FROM OPERATIONS (FFO) IN ACCORDANCE WITH EPRA

	Q1 2015	Q1 2014
	KEUR	KEUR
Consolidated net result for the period (after minority interests)	4,119	368
(+) Financial result	3,395	1,949
(+) Income tax expenses	741	189
EBIT	8,255	2,506
(+) Depreciation/amortisation	20	13
EBITDA	8,275	2,519
(-) Valuation result from investment properties	-1,853	-4
(-) Profit from real estate sales	-346	-381
(+) Share option expenses	171	59
Adjusted EBITDA	6,247	2,193
Net cash financial result without non-recurring effects	-3,130	-1,163
Net cash income tax expenses	3	14
Funds from operations I (FFO I)	3,120	1,044
(+) Profit from real estate sales	346	381
Funds from operations II (FFO II)	3,466	1,425
FFO I / share (undiluted)	0.04	0.04
FFO I / share (diluted)	0.04	0.04
FFO II / share (undiluted)	0.05	0.06
FFO II / share (diluted)	0.04	0.06
Number of shares (undiluted)	73,975,244	41,027,852
Number of shares (diluted)	80,319,501	45,180,166

Net assets and financial position

	31.3.2015		31.12.2014		Change	
	kEUR	% of total assets	kEUR	% of total assets	kEUR	%
ASSETS						
Investment properties	720,118	88.5	712,021	88.0	8,097	1.1
Property, plant and equipment	236	0.0	235	0.0	2	0.9
Financial assets	28	0.0	28	0.0	0	0.0
Other non-current assets	5,858	0.7	2,034	0.3	3,824	188.0
Non-current assets	726,240	89.3	714,318	88.3	11,923	1.7
Properties held for sale	236	0.0	236	0.0	0	0.0
Unfinished services	737	0.1	737	0.1	0	0.0
Services not yet invoiced	18,639	2.3	11,878	1.5	6,761	56.9
Other current assets	4,828	0.6	3,578	0.4	1,250	34.9
Assets held for sale	19,000	2.3	30,969	3.8	-11,969	-38.6
Liquid funds	43,900	5.4	47,672	5.9	-3,772	-7.9
Current assets	87,340	10.7	95,070	11.7	-7,730	-8.1
	813,580	100.0	809,388	100.0	4,193	0.5
LIABILITIES						
Subscribed capital	73,975	9.1	73,975	9.1	0	0.0
Reserves	112,599	13.8	113,130	14.0	-531	-0.5
Group unappropriated surplus	103,602	12.7	99,483	12.3	4,119	4.1
Minority interests	971	0.1	977	0.1	-6	-0.6
Equity	291,147	35.8	287,565	35.5	3,582	1.2
Deferred tax liabilities	20,296	2.5	19,675	2.4	621	3.2
Provisions for pensions	92	0.0	95	0.0	-3	-3.2
Derivatives	7,949	1.0	7,128	0.9	821	11.5
Convertible bonds	17,181	2.1	17,098	2.1	83	0.5
Non-current liabilities to banks	408,763	50.2	407,087	50.3	1,676	0.4
Non-current leasing liabilities	4,712	0.6	4,716	0.6	-4	-0.1
Other non-current debt	608	0.1	624	0.1	-16	-2.6
Non-current debt	459,601	56.5	456,423	56.4	3,178	0.7
Current liabilities to banks	13,084	1.6	12,591	1.6	493	3.9
Liabilities in connection with assets held for sale	15,908	2.0	25,241	3.1	-9,333	-37.0
Other current debt	33,840	4.2	27,568	3.4	6,272	22.8
Current debt	62,832	7.7	65,400	8.1	-2,568	-3.9
	813,580	100.0	809,388	100.0	4,193	0.5

Further increase in the portfolio of real estate held for the long term

The consolidated balance sheet of WESTGRUND AG at 31 March 2015 shows only minor changes as compared to the consolidated balance sheet at 31 December 2014. In particular, they relate to the integration of further sub-portfolios from the “Berlinovo” portfolio in Hanover and Brunswick which have had the effect of increasing the “Investment properties” item and to the sale of a sub-portfolio from the Berlinovo portfolio in Görlitz which was included in the “Assets held for sale” item.

There were also only minor changes to current assets compared to 31 December 2014. For example, liquid funds decreased as a result of further purchase price payments for the Berlinovo portfolio.

At the end of the first three-month period total assets amounted to 813.6 million euro, equating to a rise of 4.2 million euro compared to the end of the last financial year.

Financing structure remains solid

On the liabilities side of WESTGRUND’s consolidated balance sheet at 31 March 2015, equity (35.8 percent) and non-current debt (56.5 percent) accounted for over 90 percent of total liabilities. This structure, which is aligned with the target structure management ~~has in mind~~, has arisen from the financing of the previous year’s acquisition activity and continued into the first quarter. As compared to the end of the previous financial year, most positions have shown insignificant ~~changes only~~.

Net asset value at a high level following the acquisitions of the previous year

	31.3.2015	31.12.2014
	kEUR	kEUR
Consolidated equity without minority interests	290,176	286,589
(+) Deferred taxes	20,296	19,675
(+) Derivatives	8,075	7,240
EPRA NAV	318,547	313,504
EPRA NAV in EUR/share (undiluted)	4.31	4.24

At 31 March 2015, undiluted EPRA NAV amounted to 318.5 million euro, corresponding to an undiluted NAV of 4.31 euro per share. Owing to the takeover of a further sub-portfolio from the “Berlinovo” portfolio in the first quarter of 2015, NAV increased further compared to the end of the 2014 financial year (313.5 million euro or 4.24 euro per share, undiluted).

Taking into account the remaining portfolios from the “Berlinovo” portfolio which will be transferred over the course of the 2015 financial year, EPRA NAV would have reached 322.5 million euro at 31 March 2015. With reference to outstanding shares as at the balance sheet date, this would equate to undiluted EPRA NAV of 4.36 euro per share and diluted EPRA NAV of 4.24 euro per share.

	Q1 2015	Q1 2014
	kEUR	kEUR
Cash flow from operating activities	5,404	1,957
Cash flow from investing activities	-7,043	-3,943
Cash flow from financing activities	-2,370	6,877
Changes in cash and cash equivalents	-4,009	4,891
of which changes in cash and cash equivalents held for sale	237	501
Cash and cash equivalents at beginning of period	47,672	4,024
Cash and cash equivalents at end of period	43,900	9,416

No significant financing activities in the first quarter

Cash flow from operating activities amounted to 5.4 million euro in the first quarter of 2015. It was thus considerably higher than in the comparable period of the previous year as the level of business operations increased in line with the growth surge of last year. It is also positively affected by a consolidated net result which was higher than in the previous year.

Cash flow from investing activities was impacted by payments relating to the acquisition of further sub-portfolios from the “Berlinovo” portfolio in Hanover and Brunswick. In addition, incidental costs of acquisition were incurred for the “Ajax” portfolio for which the purchasing procedures are still ongoing.

Further bank loans of 5.3 million euro were taken up for the real estate portfolios from the “Berlinovo” portfolio transferred in the first quarter of 2015. The existing bank loans were repaid as planned (3.9 million euro). In addition, transaction costs relating to the cash capital increase carried out at the end of 2014 were paid in the first quarter of 2015 (2.7 million euro).

At the end of the first quarter, liquid funds amounted to 43.9 million euro, which represented a decline of 4.0 million euro compared with the end of the previous financial year.

Overall statement on business performance and the situation of the Group

The Westgrund Group successfully continued its growth in the first quarter of 2015. All the key performance indicators, e.g. consolidated net result, FFO and NAV, continued to improve as compared to the first quarter of the previous year or to 31 December 2014. Furthermore, the Westgrund Group financed the growth of its real estate portfolio with a solid mix of equity and debt. Overall, this created a healthy foundation for the company’s continuing successful development in the future.

Opportunities and risk report, outlook

In the first three months of the current financial year there were no developments or insights that would change, limit or extend the statements made upon submission of the 2014 Annual Report with regard to opportunities and risks. At this point we therefore refer to the remarks made in the Group management report for 2014.

The same applies to the statements made in the outlook in the Group management report for 2014, in particular to the statements made that the key figure for the assessment of the operating business, the Funds from Operations will roughly double in 2015 or at least reach a double-digit million euro figure.

Supplementary report

In the first quarter of 2015 ADLER Real Estate AG presented a takeover bid to the shareholders of WESTGRUND AG. ADLER Real Estate AG has since met the requisite conditions, i.e. issue a corporate bond to settle the cash component and an authorisation for a capital increase to secure the equity component of the bid. Accordingly, the bid was formalised and made more specific on 30 April 2015. For each three Westgrund shares ADLER Real Estate AG is offering a cash component of 9 euro and 0.565 new Adler shares. The term for acceptance began on 30 April 2015 and runs until 28 May 2015. A further term for acceptance is expected to cover the period from 3 to 17 June 2015. Details of the bid can be found on the ADLER Real Estate AG website at www.adler-ag.de.

It can be expected that the shareholders of WESTGRUND AG will accept the bid by a majority and that ADLER Real Estate will become the new majority shareholder of WESTGRUND AG during the course of 2015.

The Management Board and Supervisory Board of WESTGRUND AG have made a statement regarding the bid of ADLER Real Estate AG. The full statement can be viewed on the company's website at www.westgrund.de. Management Board and Supervisory Board recommend that shareholders accept the bid. External assessments (fairness opinion) support them in their view that the bid represents an appropriate quid pro quo for the shares of the company.

No further events that might be expected to have a material influence on the results of operations, financial position and net assets of WESTGRUND AG occurred between the end of the reporting period and the date on which the report was concluded.

Berlin, 10 May 2015

The Management Board

Arndt Krienen
Member of the Management Board

Sascha Giest
Member of the Management Board



Consolidated balance sheet

AS AT 31 MARCH 2015

ASSETS	Notes	31.3.2015 kEUR	31.12.2014 kEUR
Non-current assets			
Intangible assets			
Trademarks and similar rights		2	3
Investment properties	D.1	720,118	712,021
Property, plant and equipment			
Technical equipment, plant and machinery		187	199
Other equipment, fixtures and fittings		47	34
		234	233
Financial assets			
Security investments		28	28
Other non-current assets		5,858	2,033
		726,240	714,318
Current assets			
Properties intended for sale and other inventories			
Services not yet invoiced		18,639	11,878
Properties intended for sale		236	236
Unfinished services		737	737
		19,612	12,851
Receivables and other assets			
Trade receivables		2,979	1,695
Tax receivables		20	20
Other assets		1,829	1,863
		4,828	3,578
Cash on hand, cash at banks and insurers providing capital	D.3	43,900	47,672
		68,340	64,101
Assets held for sale	D.4	19,000	30,969
		813,580	809,388

EQUITY AND LIABILITIES	Notes	31.3.2015 KEUR	31.12.2014 KEUR
Equity	D.5		
Subscribed capital		73,975	73,975
Reserves		112,599	113,130
Minority interests		971	977
Retained earnings		103,602	99,483
		291,147	287,565
Non-current liabilities			
Deferred tax liabilities	D.2	20,296	19,675
Provisions for pensions		92	95
Liabilities due to banks and capital providing insurers	D.6	408,763	407,087
Derivatives	D.7	7,949	7,128
Convertible bonds	D.8	17,181	17,098
Leasing liabilities		4,712	4,716
Other liabilities		608	624
		459,601	456,423
Current liabilities			
Liabilities to banks and capital providing insurers	D.6	13,084	12,591
Advanced payments received		20,771	12,925
Trade liabilities	D.7	3,742	2,623
Derivatives		126	112
Tax liabilities		21	47
Leasing liabilities		12	12
Other liabilities		9,168	11,849
		46,924	40,159
Liabilities related to assets held for sale	D.4	15,908	25,241
		813,580	809,388

Consolidated income statement

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

	Q1 2015	Q1 2014
	kEUR	kEUR
Revenues	14,411	4,444
Change in the inventory of services not yet invoiced or unfinished	6,929	2,230
Valuation of investment properties	1,853	4
Other operating income	198	32
Material expenses		
Property management	-13,496	-3,630
Personnel expenses	-838	-368
Depreciation / amortisation	-20	-13
Other operating expenses	-1,133	-431
Other interest and similar income	1	13
Interest and similar expenses	-3,396	-1,962
Gain from the sale of subsidiaries	346	381
Result of ordinary business operations	4,855	700
Taxes on income	-741	-189
Consolidated net result	4,114	511
Result attributable to minority interests	5	-143
Result attributable to shareholders of the parent company	4,119	368
Consolidated result carried forward	99,483	39,387
Retained earnings	103,602	39,755
Earnings per share		
Undiluted	0.06	0.02
Diluted	0.05	0.02

Consolidated cash flow statement

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

	Q1 2015	Q1 2014
	kEUR	kEUR
Result of ordinary business operations	4,855	700
Financial expenses	3,396	1,962
Financial income	-1	-14
Depreciation (+)/write-ups (-) on non-current assets	20	13
Increase (-)/decrease (+) of valuation of investment properties	-1,853	-4
Gain (-)/loss (+) from sale of companies	-346	-381
Personnel expenses from share option program (+)	171	59
Increase (+)/decrease (-) in provisions	-2	-8
Increase (-)/decrease (+) in other assets	-7,458	-2,206
Increase (+)/decrease (-) in other liabilities	9,530	2,984
Interest paid	-2,912	-1,176
Interest received	1	14
Taxes received (+)/paid (-)	3	14
Cash flow from operating activities	5,404	1,957
Cash inflows from sale of investment properties	55	0
Cash outflows for investments in investment property, plant and equipment and intangible assets (-)	-10,089	-4,192
Cash inflows from the sale of company shares minus sale of liquid funds	2,991	249
Cash outflows for the acquisition of company shares minus acquired liquid funds	0	0
Cash flow from investing activity	-7,043	-3,943
Increase in liabilities to banks	5,339	32,655
Decrease in liabilities to banks	-3,869	-31,888
Decrease in liabilities from financing	-751	-1,758
Cash outflows for cost of debt procurement	-437	-215
Cash inflows from capital increases, less transaction costs	-2,652	8,083
Cash flow from financing activity	-2,370	6,877
Changes in cash and cash equivalents	-4,009	4,891
Of which changes in cash and cash equivalents held for sale	237	501
Cash and cash equivalent at the beginning of the period	47,672	4,024
Cash and cash equivalents at the end of the period	43,900	9,416
Thereof restricted	6,547	332
Cash and cash equivalents at the end of the period (available)	37,353	9,084

Consolidated statement of comprehensive income

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

	Q1 2015	Q1 2014
	kEUR	kEUR
Consolidated net result	4,114	511
Other comprehensive result of the period		
Revaluation of incentive programs	0	0
Revaluation of interest swaps	-835	0
Taxes on incentive programs	0	0
Taxes on interest swaps	132	0
	-703	0
Comprehensive income of the period	3,411	511
Thereof attributable to		
Shareholders of the parent company	3,416	368
Minorities	-5	143

Consolidated statement of changes in equity

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

	Subscribed capital	Capital reserves	Other result	Profit carried forward	Minority interests	Result for the period	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Balance as at 1.1.2014	24,090	12,310	-22	21,586	333	17,801	76,098
Appropriation of profits				17,801		-17,801	0
Change in stock option program		59					59
Cash capital increase	2,392	5,742					8,134
Costs of cash capital increase		-74					-74
Consolidated net result 1.1. – 31.3.2014					143	368	511
Balance as at 31.3.2014/1.4.2014	26,482	18,037	-22	39,387	476	368	84,728
Change in stock option program		302					302
Capital increase in kind	3,628	8,708					12,336
Cash capital increase	40,000	100,000					140,000
Costs of cash capital increase		-8,602					-8,602
Addition minorities		3			510		513
Collection of own shares	0						0
Capital increase from company shares	3,011	-3,011					0
Capital increase from conversion of convertible bonds	704	1,613					2,317
Exercise of share options	150	6					156
Other result from the period			-3,904		0		-3,904
Net consolidated result 1.4. – 31.12.2014					-9	59,728	59,719
Balance as at 31.12.2014	73,975	117,056	-3,926	39,387	977	60,096	287,565
Appropriation of profits				60,096		-60,096	0
Change in stock option program		171					171
Other result			-703				-703
Net consolidated result 1.1. – 31.3.2015					-5	4,119	4,114
Balance as at 31.3.2015	73,975	117,227	-4,629	99,483	972	4,119	291,147

Selected disclosures in the notes to the consolidated interim financial statements to 31 March 2015

A. GENERAL DISCLOSURES

The WESTGRUND AG financial report on the first three months of the 2015 financial year contains consolidated interim financial statements and an interim Group management report in accordance with the provisions of Sections 37x (3) and 37w (2 – 4) of the German Securities Trading Act (WpHG) in conjunction with Section 37y WpHG. The consolidated interim financial statements ~~were~~ prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial reporting. The interim Group management report was prepared in accordance with the applicable provisions of the WpHG.

The “real estate management” segment is the only substantial reporting segment. There is therefore no segment reporting.

B. ACCOUNTING PRINCIPLES, GROUP OF CONSOLIDATED COMPANIES AND CONSOLIDATION METHODS

The consolidated interim financial statements ~~were~~ prepared pursuant to Section 315a of the German Commercial Code (HGB) in accordance with IFRS as adopted in the European Union (EU) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The consolidation principles and accounting policies used in the preparation of the consolidated financial statements to 31 December 2014 were adopted without modification ~~in the preparation of the consolidated interim financial statements.~~

The quarterly financial statements of the previous year ~~had~~ not been published to date. WESTGRUND AG was not yet required to publish them in the previous year. This requirement only arose upon its listing on the Deutsche Börse Prime Standard in autumn 2014. The consolidation principles and accounting policies used in the preparation of the consolidated financial statements to 31 December 2013 were adopted without modification in the preparation of the quarterly financial statements to 31 March 2014.

The provisions of IAS 34 “Interim Financial Reporting” were applied. The consolidated interim financial statements to 31 March 2015 should be read in conjunction with the consolidated financial statements to 31 December 2014.

In order to prepare the consolidated interim financial statements in accordance with IFRS it is necessary to make estimates and assumptions that affect the amount and reporting of the recognised assets and liabilities, income and expenses and contingent liabilities. The actual amounts may deviate from these estimates.

C. ACCOUNTING AND VALUATION POLICIES

Besides WESTGRUND AG, all companies for which it is possible for WESTGRUND AG indirectly or directly to determine financial and business policy in such a way that the companies within the Group derive benefit from the activities of such companies (subsidiaries) are included within the group of consolidated companies. The WESTGRUND AG group of consolidated companies, along with the proportion of shares held, was as follows as at 31 March 2015:

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

Except for the disposal of WAG Görlitz GmbH, the group of consolidated companies has remained the same ~~as at~~ 31 December 2014. WAG Görlitz GmbH was sold as planned in the first quarter of 2015, generating a gain on deconsolidation of kEUR 346.

D. NOTES ON THE BALANCE SHEET

1. Investment properties

Apart from a few exceptions, all real estate portfolios held by the Group are held with the long-term intention of generating rental revenues and corresponding increases in value. The market value of the investment properties was most recently measured in full on 31 December 2014 pursuant to IAS 40. At 31 March 2015 there was no indication of any material changes in value compared to 31 December 2014 with regard to the properties valued on 31 December 2014. For this reason there were no revaluations in the first quarter of 2015.

The valuation of the remaining properties from the “Berlinovo” portfolio that were transferred in the first quarter of 2015 was based on the market values calculated on 31 December 2014 ~~as~~ no material changes in value were recorded in the first quarter of 2015.

The valuation of 31 March 2015 was based on the following key property-specific assumptions:

Regular maintenance (EUR/m ²)	EUR 5.00 – 11.50 p.a.
Aministrative costs	EUR 250 – 300 / unit p.a.
Tenant fluctuation	5% – 12% p.a.
Discount rate	5,25% – 7,25% (commercial properties up to 10.5%)
Capitalisation rate	4,4% – 7,5% (commercial properties up to 9.5%)
Discount for transaction costs	6.0% – 9.5%

The market values of the investment properties have changed as follow:

	2015	2014
	kEUR	kEUR
Carried forward 1 January	712,021	230,655
Additions/disposals	6,244	402,425
Changes in fair value		
Gains from changes in fair value	1,853	79,980
Losses from changes in fair value	0	-1,039
As at 31 March 2015/31 December 2014	720,118	712,021

2. Deferred tax receivables and liabilities

In accordance with IAS 12, deferred taxes are recognised for temporary differences between the carrying amount for tax purposes and the IFRS amounts as well as for consolidation effects reported in net profit or loss. Deferred tax assets on benefits from unused tax losses carried forward are only capitalised to the extent that it can be expected with sufficient probability that the company can generate sufficient future taxable income.

As in the previous year, the deferred tax rate was 30.2% (15% corporation tax plus solidarity surcharge of 5.5% calculated on the basis of measurement used for corporation tax plus 14.35% trade tax).

As was the case at 31 December 2014, no deferred taxes from tax losses carried forward were capitalised as at 31 March 2015.

3. Cash at hand, cash at banks and insurers providing capital

At 31 March 2015 liquid funds amounted to EUR 43.9 million, of which EUR 6.5 million is not freely available. Changes in liquid funds compared to 31 December 2014 are shown in the cash flow statement for the first three months of the 2015 financial year as a separate section in these interim financial statements.

4. Assets held for sale and associated liabilities

Of the assets held for sale and associated liabilities reported as at 31 December 2014, the properties located in Görlitz were sold as planned in January 2015 through the sale of shares, which led to a gain on deconsolidation of kEUR 346. The remaining assets and associated liabilities reported in this item as at 31 March 2015 relate to properties located in Neubrandenburg which are also intended for sale in the short term.

5. Changes in equity

The subscribed capital of WESTGRUNDAG as at the balance sheet date was EUR 73,975,244.00 (31 December 2014: EUR 73,975,244.00). It is divided into 73,975,244 no-par value shares with a nominal value of EUR 1.00 each.

A total of 73,975,244 shares were taken into account in calculating basic earnings per share for the first three months of the 2015 financial year. For the diluted earnings per share, 80,319,501 shares were taken into account. Undiluted earnings per share amounted to EUR 0.06 and diluted earnings per share to EUR 0.05.

Changes in equity in the first three months of the 2015 financial year along with the corresponding figures from the previous year are shown in the statement of changes in equity as a separate section in these interim financial statements. The Group's equity ratio as at the balance sheet date was 35.8 percent.

6. Liabilities to banks and ~~insurers providing capital~~

Liabilities to banks are very closely connected with acquired real estate portfolios and are almost exclusively of a long-term nature ~~as at 31 March 2015~~. EUR 69.0 million of non-current liabilities to banks has a remaining term of between two and five years, while EUR 339.8 million has a remaining term of more than five years.

7. Derivatives

In the course of the long-term refinancing of real estate portfolios in 2014, interest rate swaps were concluded with the result that the non-current financial liabilities hedged by interest rate swaps relate to synthetic fixed-rate loans. The hedging relationships between the interest rate swaps ~~concluded~~ and the hedged interest payments relating to liabilities to banks are effective ~~within the meaning of IAS 39~~ so the changes in value of interest rate swaps in the first quarter of 2015 amounting to EUR -0.8 million are included ~~in~~ other comprehensive result.

8. Convertible bond

In April 2014, a mandatory convertible bond worth EUR 19,860,000 (convertible bond 2014/2016; ISIN DE000A11QPV2; WKN A11QPV) was offered to institutional investors for subscription in a private placement with no conversion premium. The convertible bond was issued on 23 April 2014 and will mature on 22 April 2016. Owing to high demand in the private placement, the convertible bond was fully placed and bears interest of 5 percent p.a. on the face amount. The historic conversion price is EUR 3.70 (EUR 3.36 after the issue of bonus shares in July and EUR 3.14 after the cash capital increase in September 2014) for one share. The cost of issuing the bond has been deducted from the nominal amount and will be reversed in profit or loss over the term of the bond.

No conversions were carried out by the convertible bond holders in the first quarter of 2015.

9. Disclosures on fair value and financial instruments

In accordance with IFRS 13, the Westgrund Group uses the following hierarchy to measure and report the fair values of financial instruments for each valuation method:

Level 1: Listed (unadjusted) prices on active markets for similar assets or liabilities.

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

Level 3: Methods using input parameters that have a significant impact on the fair value reported, but are not based on observable market data.

The assets and liabilities recognised at fair value in the consolidated balance sheet are as follows:

		31.3.2015	31.12.2014
		kEUR	kEUR
Assets			
Investment properties	Level 3	720,118	712,021
Liabilities			
Derivatives	Level 2	8,075	7,240
Provisions for pensions	Level 3	92	95

In addition, the following financial assets and liabilities are reported at amortised costs in the consolidated balance sheet:

		Carrying amount		Fair value	
		31.3.2015	31.12.2014	31.3.2015	31.12.2014
		kEUR	kEUR	kEUR	kEUR
Financial assets					
Investment securities	(3)	28	28	28	28
Reinsurance	(4)	184	184	184	184
Cash and cash equivalents	(3)	43,900	47,672	43,900	47,672
Receivables and other assets	(1)	4,750	3,371	4,750	3,371
Non-current receivables	(4)	94	94	94	94
Financial liabilities					
Liabilities to banks	(2)	421,847	419,678	421,847	419,471
Trade payables	(2)	3,742	2,623	3,742	2,623
Other liabilities	(2)	25,684	37,894	25,684	37,894
Leasing liabilities	(5)	4,724	4,728	4,724	4,728

Category in accordance with IAS 39:

- (1) Loans and receivables
- (2) Liabilities reported at amortised cost
- (3) Financial assets available for sale
- (4) Assets held to maturity
- (5) Liabilities from finance leasing

E. OTHER DISCLOSURES

1. Acquisition and sale of treasury shares

At the Annual General Meeting on 24 August 2012, the company was authorised, in accordance with Section 71 (1) No. 8 AktG, to acquire treasury shares representing up to 10 percent of the subscribed capital up to 23 August 2017. The company did not acquire any treasury shares in the first quarter of 2015.

2. Transactions with related parties

Related parties of the company include the Management Board ~~and~~ members of the Supervisory Board ~~as well as~~ shareholders and members of executive bodies of subsidiaries, including their close family members, as well as those companies over which the Management Board or members of the Supervisory Board of the company, or their close family members, ~~can~~ exert a controlling influence or in which they have a substantial share of the voting rights. Related parties also include those companies in which the company holds a stake that allows it to exert a controlling influence over the business policy of the investee, as well as the company's main shareholders.

In two transactions, real estate property was acquired by a shareholder at adequate prices of EUR 0.6 million in total. In the first quarter 2015, one of these properties has been transferred at ~~acquisition costs~~ of EUR 0.3 million.

Employment contracts are in place with members of the Management Board and offer appropriate total remuneration.

~~Further~~ significant transactions were ~~not~~ concluded with related parties in the first quarter of 2015.

3. Contingent liabilities and transactions not included in the balance sheet

As at 31 March 2015, as in the previous year, there are no contingent liabilities that are of significance with regard to the assessment of the net assets, financial ~~and~~ income positions.

Berlin, 10 May 2015

The Management Board



Arndt Krienen
Member of the Management Board



Sascha Giest
Member of the Management Board

Review report

We have reviewed the condensed consolidated interim financial statements – comprising the condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of changes in equity, and selected explanatory notes – and the interim Group management report of WESTGRUND Aktiengesellschaft, Berlin, for the period from 1 January to 31 March 2015, which are part of the quarterly financial report pursuant to Section 37x in conjunction with Section 37w of the German Securities Trading Act (WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the legal representatives of the company. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report 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 moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in

all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to enquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports.

Cologne, 13 May 2015

DHPG AUDIT GMBH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

(Schaidinger)
Wirtschaftsprüfer
(German public auditor)

(Güntgen)
Wirtschaftsprüfer
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The english version of the “Interim Group management report for the first three months of the 2015 financial year” is a translation of the German “Konzern-Zwischenfinanzbericht für die ersten drei Monate des Geschäftsjahres 2015”. Only the German version is valid.

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A K T I E N G E S E L L S C H A F T