HALF-YEARLY FINANCIAL REPORT 2017

WCM

Beteiligungs- und Grundbesitz-AG

CONSOLIDATED KEY FIGURES, IFRS

KEY INCOME FIGURES in k€ According to IFRSs	1 JANUARY - 30 JUNE 2017	1 JANUARY - 30 JUNE 2016	CHANGE ABSOLUTE	CHANGE PERCENT
Rental income	22,687	15,442	7,245	46.9
Net rental income	20,829	14,321	6,509	45.4
Net income	16,975	13,372	3,603	26.9
FFO I	11,505	8,301	3,204	38.6
FFO I per share (in €)	0.08	0.07	0.01	24.3
FFO II	11,505	9,100	2,405	26.4
FFO II per share (in €)	0.08	0.08	0.00	0.0
EPRA earnings	5,249	1,509	3,740	>100
Earnings per share, undiluted	0.10	0.11	0.01	-9.1
Earnings per share, diluted	0.10	0.11	0.01	-9.1

KEY BALANCE SHEET RATIOS in k€	30 JUNE 2017	31 DECEMBER 2016	CHANGE ABSOLUTE	CHANGE PERCENT
Total property portfolio	800,999	662,073	138,926	21.0
Total assets	869,548	710,273	159,275	22.4
Equity[1)]	342,154	315,933	26,221	8.3
Financial liabilities	479,505	361,864	117,641	32.5
Net Loan-to-Value (LTV), percent	56.2	53.1	3.1	5.8
EPRA NAV	376,907	345,366	31,541	9.1
EPRA NAV per share (in €)	2.81	2.62	0.19	7.3
EPRA NNNAV per share (in €)	2.55	2.39	0.16	6.7

[1] *Including non-controlling interests*

KEY PORTFOLIO FIGURES	30 JUNE 2017	31 DECEMBER 2016
Number of assets	57	53
Lettable area	426,198 m²	324,031 m²
Annualised rental income in €m	47.5	38.3
EPRA net initial yield (NIY) in percent	5.1	5.1
EPRA vacancy rate in percent	4.5	3.8
Weighted average lease term in years	7.8	8.9
Average cost of debt in percent	1.9	2.0

By segment as at 30 June 2017	OFFICE	RETAIL
Number of properties	12	45
Lettable area	113,985 m²	312,213 m²
Annualised rental income in k€	18,247	29,261
EPRA vacancy rate in percent	6.3	3.5
Weighted average lease term in years	7.6	7.9

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LETTER FROM THE MANAGEMENT BOARD

Stavros Efremidis / CEO

Ralf Struckmeyer / CFO

Ladies and Gentlemen,
Dear Shareholders,

The first half of 2017 marked another milestone in the eventful history of WCM AG ("WCM"), as TLG IMMOBILIEN AG ("TLG") submitted a voluntary public takeover offer to WCM shareholders. Combined with comprehensive cost synergies, this offer provides an opportunity to work together to create a leading German commercial property platform.

In a joint statement, the WCM Management Board and Supervisory Board consider the objectives of the offer to be positive for our Company, rate the conditions as fair and appropriate and recommend that our shareholders accept the offer.

The TLG offer is an expression of progressive consolidation in the German commercial property market and emphasises the successful performance of our Company, as it means that WCM has become attractive to a buyer. So attractive in fact that, at the time of publication, the offered exchange ratio of 4 TLG shares for 23 WCM shares represents a premium on both the market price and net asset value of WCM.

Just over 30 months after restarting operations as a pure commercial property portfolio holder, WCM's development can be summarized up like this: With its Prime Standard listing, SDAX inclusion, successful establishment of a highly profitable property portfolio worth over €800m, and a takeover offer from TLG, our company is ideally positioned and well equipped for the future also as part of TLG.

We continued our successful operating performance in the first half of 2017. Our property portfolio increased in value by 21 percent, with both the acquisition of four retail centres in Baden-Württemberg, Saxony-Anhalt and Thuringia and our asset management activities contributing to this performance. Our rental income also rose by 46.9 percent to €22.7m. Funds from operations (FFO I) improved by 38.6 percent to €11.5m in the first half of 2017. Despite non-recurring expenses connected with the TLG takeover offer, our consolidated profit rose by 26.9 percent to €17.0m. As at 30 June 2017, our EPRA net asset value (NAV) was €377m.

Based on the positive performance in the first half of the year, we are confident of being able to continue this trend as planned for the full year. In 2017, we expect our company to generate total rental income of €42-44m and FFO I of €23-24m.

We are confident that the outlook for the German commercial property market is currently very positive and will remain so in the long term. We would like to take this opportunity to thank our employees and partners for efficiently and passionately enabling us to leverage this potential in recent years and writing another chapter on WCM's success story, 252 years after its establishment and three years after its operational relaunch. Our company will face further challenges in the months ahead, and we are confident of mastering them.

Frankfurt am Main, 14 August 2017

Sincerely,

Stavros Efremidis
CEO

Ralf Struckmeyer
CFO

THE WCM PORTFOLIO

Bonn

Graurheindorferstrasse 179a

The WCM portfolio has continued its positive performance in the first six months of the year. While there were no new acquisitions in the second quarter of 2017 in light of the takeover offer from TLG, we were nevertheless able to further optimise our portfolio in the first quarter with one completed transaction and one acquisition after strong expansion last year. The completed transaction involved the addition of a retail portfolio consisting of three sites in Saxony-Anhalt and Baden-Württemberg, while the acquisition concerned the local shopping centre in Jena. These strategic acquisitions shifted the portfolio weighting slightly in favour of retail properties. The aforementioned retail park also offers potential to extend rental contracts through active asset management, enabling the Company to unlock additional value.

„MIA" PORFOLIO, COMPRISING THE PROPERTIES IN ELLWANGEN, HALLE AND SCHÖNEBECK

PROPERTY TYPE:	Retail parks
MARKET VALUE:	€113.1m
RENTAL INCOME:	€7.9m
GROSS INITIAL YIELD:	6.9 %
RENTAL AREA:	89,865 m²
WALT 06/2017:	5.2 years
STRATEGY:	Value-add (renewals/ new leases)

KARL-MARX-ALLEE 20, 07747 JENA

PROPERTY TYPE:	Retail park
MARKET VALUE:	€20.8m
RENTAL INCOME:	€1.4m
GROSS INITIAL YIELD:	7.1 %
RENTAL AREA:	12,303 m²
WALT 06/2017:	4.6 years
STRATEGY:	Value-add (renewals/ new leases)

These transactions once again demonstrate that WCM is capable of operating successfully in the property market and expanding its portfolio on attractive terms.

Asset management activities saw additional rental contracts being extended or concluded for the first time in the first six months of the year. The EPRA vacancy rate was at a low level of 4.5 percent. Annualised rental income remained stable on a like-for-like basis compared to the first quarter (+0.1 percent). Compared to the previous year, annualised rent improved by 0.4 percent, reflecting the quality of the portfolio.

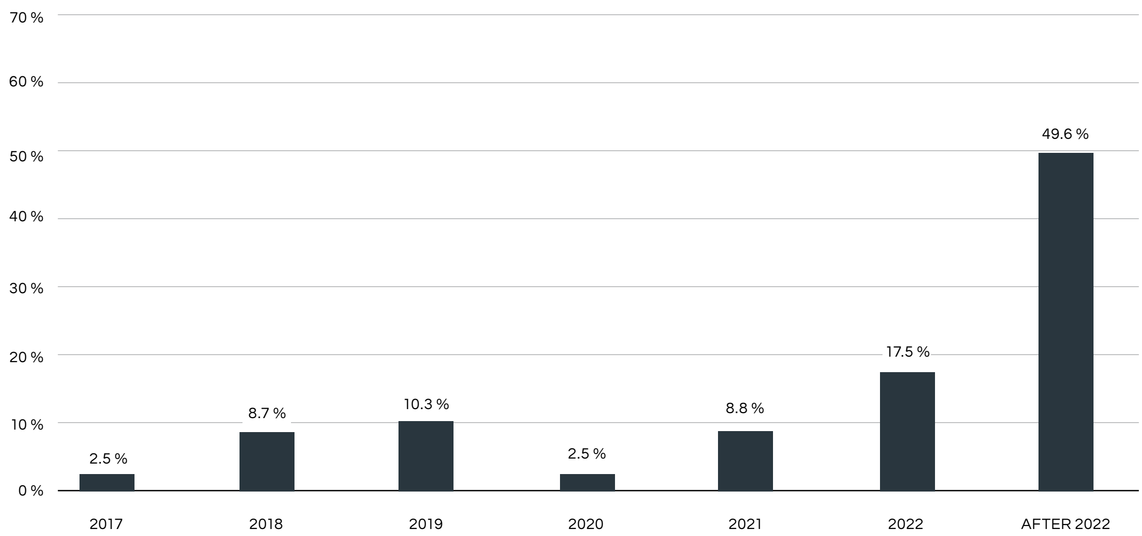
In addition to the portfolio changes, the Company's other key figures also showed a positive development:

KEY PORTFOLIO FIGURES	30 JUNE 2017	31 DECEMBER 2016
Number of assets	57	53
Lettable area	426,198 m²	324,031 m²
Annualised rental income in €k€	47,5	38,3
EPRA net initial yield (NIY) in percent	5.1	5.1
EPRA vacancy rate in percent	4.5	3.8
Weighted average lease term in years	7.8	8.9
Average cost of debt in percent	1.9	2.0

By segment as at 30 June 2017	OFFICE	RETAIL
Number of properties	12	45
Lettable area	113,985 m²	312,213 m²
Annualised rental income in €k€	18,247	29,261
Market value in €k€	357,350	443,649
Gross initial yield in percent	5.1	6.6
Average rent in €/m²	13.46	8.13
EPRA vacancy rate in percent	6.3	3.5
Weighted average lease term in years	7.6	7.9

The current portfolio and long WALT gives WCM a unique selling point compared to the competition, which offers an ideal foundation for further growth.

BREAKDOWN OF LEASE TERMS IN PERCENT OF TOTAL RENTAL INCOME

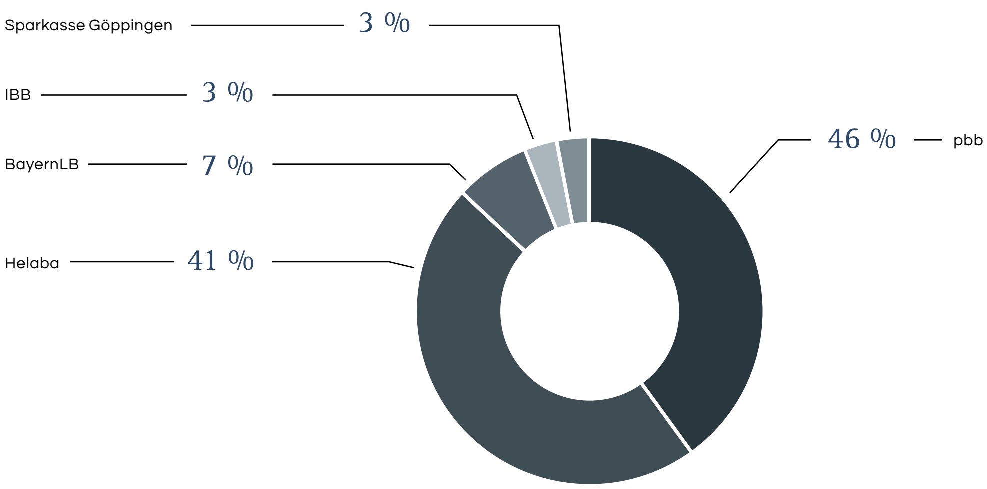


The current tenant structure reflects the consistent implementation of WCM's strategy, which is aimed at successfully realising opportunities in both the office and retail segments.

TENANT	RENTAL INCOME in €m	BASIC RENT in percent	WALT in years
EDEKA	8.1	17.0	12.5
Kaufland	6.7	14.0	6.4
State of Hesse	3.6	7.5	22.3
OBI DIY stores	2.3	4.9	13.1
Randstadt Germany	1.8	3.7	3.4
PSI AG	1.6	3.4	4.8
General Electric Germany	1.6	3.3	4.2
Toom DIY store	1.2	2.4	2.0
DuPont de Nemours	1.1	2.3	4.7
Kombiverkehr	0.8	1.7	1.5
Top 10 tenants	**28.6**	**60.2**	**9.8**
Other	18.9	39.8	4.8
Total	**47.5**	**100.0**	**7.8**

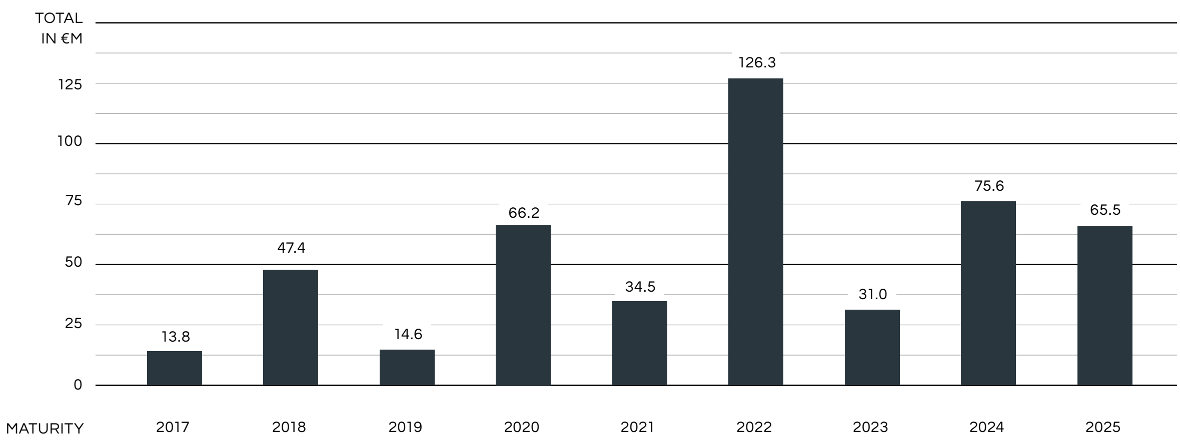
The financing of the portfolio is oriented towards the long term. As at the reporting date, the average term of the fixed interest rate of the loan portfolio is 5.1 years, thus exploiting favourable current market interest rate levels by achieving an average Group interest rate of 1.9 percent. The average repayment rate for the overall portfolio is 1.9 percent. WCM works together with leading property finance banks in Germany. 68 percent of the loans have a residual debt of more than five years. The proportion of loans with variable interest rates is 31 percent. The Company's bank loans break down as follows.

BREAKDOWN OF LOANS BY BANK



The Company's financing requirements as at 30 June 2017 were as follows:

REFINANCING REQUIREMENTS (RESIDUAL DEBT AS AT FINAL MATURITY/END OF FIXED-INTEREST TERM)



In terms of refinancing requirements, maturities also reflect the portfolio's balanced financing structure. Significant maturities are spread over a longer period to reduce the risk for the Company.

EPRA'S KEY PERFORMANCE INDICATORS

The European Public Real Estate Association (EPRA) is a non-profit organisation representing the interests of European real estate companies. The association, founded in 1999 and headquartered in Brussels, has issued recommendations for how real estate companies should calculate their results. To improve the comparability of real estate companies and to present aspects that are specific to real estate, EPRA has created a framework for standardised reporting that goes beyond IFRS.

WCM joined EPRA at the beginning of 2016 as a member and aims to comply with all conditions for the regulatory and reporting key performance indicators. In calculating its key performance indicators, it uses the current version of EPRA's Best Practice Recommendations.

The key performance indicators for first half of fiscal year 2017 were as follows:

OVERVIEW EPRA FIGURES in k€	30 JUNE 2017	30 JUNE 2016
EPRA NAV	376,907	334,937
EPRA NAV per share (in €)	2,81	2,54
EPRA earnings	5,249	1,509
EPRA earnings per share (in €)	0,04	0,01
EPRA NNNAV	342,154	288,342
EPRA net initial yield (NIY) in percent	5.1	5.3
EPRA vacancy rate in percent	4.5	4.1

Eschborn
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Frankfurt am Main
Bleichstrasse 64-66

EPRA EARNINGS

The EPRA earnings calculation is a methodology for determining the operating income of a real estate company that earns most of its income through the leasing and management of real estate. The basis for the calculation is IFRS earnings before minority interests, adjusted for some EPRA-defined positions.

In particular, fair value gains, real estate disposals and inputs and outputs that are not specific to real estate are eliminated and adjusted for minority interests in order to ensure comparability. Furthermore, oneoff effects and non-cash expenses and income are not included in the EPRA earnings.

EPRA EARNINGS in k€	30 JUNE 2017	30 JUNE 2016
Comprehensive income	16,975	13,372
Changes in value of investment properties	-16,209	-14,158
Result from the disposal of assets held for sale	0	-799
Deferred tax in respect of EPRA adjustments	4,829	3,771
Non-controlling interests in respect of the above	-346	-677
EPRA Earnings	**5,249**	**1,509**
Average number of shares in period (in k)	135,509	121,328
EPRA Earnings per share (€)	**0.04**	**0.01**

EPRA NET ASSET VALUE (NAV)

EPRA NAV is a key indicator for determining the actual net asset value of a real estate company. It corresponds to a net inventory value after recognising the property at fair value. Certain items that are not expected to materialise in the long term are adjusted in the EPRA NAV. This KPI is therefore based on the assumption that the properties are held by the company on a long-term basis and will not be sold in the near future. Deferred tax liabilities on revaluations of the properties held are therefore eliminated. In addition, financial instruments that are held until maturity are not taken into account.

EPRA NET ASSET VALUE (NAV) in k€	30 JUNE 2017	30 JUNE 2016
Diluted NAV basis (after the exercise of options and convertibles)	342,154	309,605
Fair Value adjustments of assets held for sale according to IAS 2	0	810
Deferred tax liabilities on asset valuation	34,753	24,522
EPRA Net Asset Value (NAV)	**376,907**	**334,937**
Number of shares incl. mandatory convertible bond	134,028	131,965
EPRA Net Asset Value (NAV) per share (in €)	**2.81**	**2.54**

EPRA TRIPLE NET ASSET VALUE (NNNAV)

EPRA triple NAV is based on the same calculation method as EPRA NAV, but this KPI includes the fair value of deferred taxes, liabilities and financing instruments. EPRA triple NAV can be considered as current snapshot in terms of net asset value of a real estate company. The market value of the loan liabilities was not recalculated as at the end of the half-year.

EPRA TRIPLE NET ASSET VALUE (NNNAV) in k€	30 JUNE 2017	30 JUNE 2016
EPRA Net Asset Value (NAV)	376,907	334,937
Fair value of debt	0	-22,073
Deferred tax	-34,753	-24,522
EPRA Triple Net Asset Value (NNNAV)	**342,154**	**288,342**
Number of shares incl. mandatory convertible bond	134,028	131,965
EPRA Triple Net Asset Value (NNNAV) per share (in €)	**2.55**	**2.18**

EPRA NET INITIAL YIELD

The EPRA net initial yield is a key indicator of the yield based on annual rental income. This is reduced by deducting non-recoverable operating costs (such as ground rents, service fees, etc.) divided by the gross market value of the portfolio including all transaction costs, which correspond to four percent of the market value.

EPRA NET INITIAL YIELD (NIY) in k€	30 JUNE 2017	30 JUNE 2016
Fair value of the properties held as investment property	798,929	574,989
Fair value of real estate held for sale (incl. shares of joint venture companies)	2,070	1,390
Net up completed property portfolio valuation	**800,999**	**576,379**
Transaction costs	32,040	25,456
Gross up completed property portfolio valuation	**833,039**	**601,835**
Annualised rental income	47,507	33,725
Non-recoverable expenses	-5,076	-2,037
Annualised net rental income	**42,431**	**31,688**
EPRA NIY in percent	5.1	5.3

Olpe
In der Trift 17

Straubing
Hebbelstrasse 148

EPRA VACANCY RATE

The EPRA vacancy rate is calculated based on the ratio of the market rent of the vacant residential properties to the market rent of the portfolio. This KPI allows for an analysis of the economic vacancy rate of a portfolio.

EPRA VACANCY RATE in k€	30 JUNE 2017	30 JUNE 2016
Estimated rental value (ERV) of vacancy	2.178	1.456
Estimated rental value (ERV)	48.360	35.182
EPRA Vacancy Rate in percent	4,5	4,1

WCM ON THE CAPITAL MARKET

In the first half of 2017, the successful development of the business and strong sentiment on the German property market had a positive effect on the WCM share price. The share posted a gain of around 22 percent in the first six months of 2017, significantly outperforming indices such as the DAX and SDAX. The positive operating performance, further portfolio optimisation and takeover bid from TLG IMMOBILIEN AG (TLG) for the shares of WCM AG meant that both private and institutional shareholders took even greater notice of the WCM share, as reflected by the significant increase in trading volumes.

The DAX was able to add to its price gains from the end of 2016 in the first half of the year in light of strong economic development in the euro zone and the European Central Bank's (ECB) sustained low interest rate policy. In addition to positive momentum on the equity markets after the inauguration of US President Donald Trump and associated hopes of sweeping infrastructure projects and economic programmes, the election of Emmanuel Macron was also received positively by the markets. The DAX reached a new high based on closing prices of 12,888.95 points on 19 June 2017. On the last trading day of the half-year, the index closed at 12,325.12 points – a gain of around 7.4 percent compared to the end of 2016. Concerns that the ECB would abandon its extremely expansive monetary policy had negatively impacted the index towards the end of the first half-year. On 30 June 2017, the SDAX index closed the month at 10,846.67 points – a gain of around 14 percent.

After ending 2016 at €2.61, the WCM share price climbed steadily during the first six months to close at €3.18 on 30 June 2017. It reached its highest price on Xetra of €3.50 on 10 May 2017 as a reaction to the joint merger announcement from WCM AG and TLG to form a commercial property company with a combined portfolio worth around €3 billion. In the first half of the year, the share price reached its low of €2.70 (based on closing prices) on 4 January 2017. WCM's market capitalisation rose from €344.4m on 30 December 2016 to €426.2m as at 30 June 2017.

Frankfurt am Main
Bleichstrasse 64-66

In the first half of the year, an average of 352,013 WCM AG shares were traded on all German stock exchanges each day. Around 90 percent of this volume was traded on the electronic Xetra trading system, with an average of 316,811 shares traded per day.

In February, WCM AG further expanded its property portfolio by acquiring a retail centre in Jena. The acquisition was financed by a mandatory convertible bond that entitles the bearer to purchase 2,063,000 WCM shares at a price of €2.90 per share. On 31 May the bond was converted and the shares were purchased, increasing capital to €134,027,552.

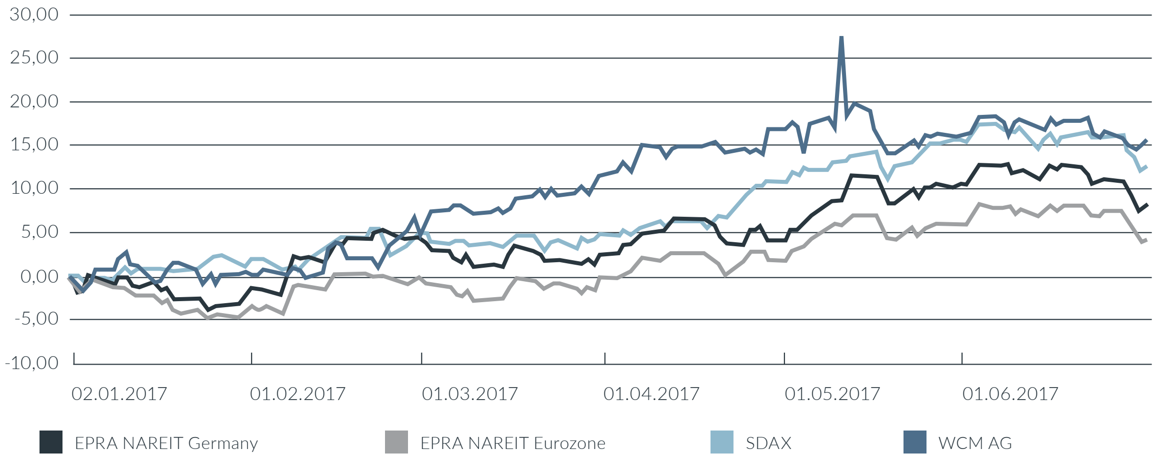
The Annual Shareholders' Meeting of WCM AG for the 2016 fiscal year was held on 4 July 2017. All agenda items were adopted by a large majority of at least 98.80 percent, with a total of 57.52 percent of share capital represented at the meeting. The resolutions passed included the distribution of a dividend of €0.10 per share for the 2016 fiscal year. The merger with TLG IMMOBILIEN AG also received a positive reaction among shareholders.

As at 30 June 2017, the shareholder structure of WCM AG was as follows: DIC Asset AG most recently held a 24.8 percent share, with free float of 75.2 percent. In addition to CEO Stavros Efremidis, who holds 2.5 percent of WCM shares, WCM AG Supervisory Board member Karl Ehlerding holds 4 percent of shares. Shareholders John F. Ehlerding and Karl P. Ehlerding hold 4.7 percent and 4.5 percent respectively.

HSBC Trinkaus & Burkhardt AG, Oddo Seydler Bank AG and equinet Bank AG are the designated sponsors of the WCM share. In the first half of 2017 the Company was engaged in regular and close communication with institutional and private investors, analysts and the financial and business press. Recent research reports are available from Bankhaus Berenberg, equinet Bank AG, First Berlin, M.M. Warburg, Oddo Seydler and SRC Research. Ranging from €3.25 to €3.45, the target prices of the reports published in the first half of 2017 were significantly higher than the share price on the stock exchange. These recommendations and recent reports are available on the WCM investor relations website. The financial press also reported extensively on WCM in the past year, emphasising its continued positive performance in numerous articles.

Furthermore, the WCM share was recommended as an investment by several renowned stock market media outlets.

The WCM share is listed in the Regulated Market, and since August it has been included in Deutsche Börse's highest transparency level, the Prime Standard. Since 21 December 2015, WCM has also been represented in the SDAX index.



DATA ON THE WCM SHARE

Industry:	Real Estate
WKN / ISIN:	A1X3X3 / DE000A1X3X33
Stock exchange symbol:	WCMK
Share capital:	134,027,552 EUR
Number of shares:	134,027,552 EUR
Low / high H1 2017	3.50 / 2.70 EUR
Closing price on 30 June 2017	3.18 EUR
Closing price on 30 December 2016	2.61 EUR
Market capitalisation on 30 June 2017	426.2m EUR
Market capitalisation on 30 December 2016	344.4m EUR
Market segment:	Prime Standard
Indexes:	SDAX, CDAX, DIMAX, FTSE EPRA / NAREIT Developed Europe
Designated Sponsors:	Oddo Seydler Bank AG, equinet Bank AG und HSBC Trinkaus & Burkhardt AG
Stock exchanges:	Xetra, Frankfurt, Hamburg, Stuttgart

INTERIM GROUP MANAGEMENT REPORT AS AT 30 JUNE 2017

MACROECONOMIC ENVIRONMENT AND STATE OF GERMAN PROPERTY MARKET

The German economy maintained its strong growth trajectory in the second quarter of 2017. In June 2017, the German Institute of Economic Research (DIW Berlin) index stood at 104 points – well above the 100-point mark indicating the average growth of German economic output. Gross domestic product rose by 0.5 percentage points compared to the previous quarter, with similar growth prospects expected in the third quarter. The German economy will not be able to maintain these high levels of growth in the long run. The momentum provided by manufacturing and the services sector in particular is likely to be somewhat weaker in future than it has recently. While demand for German products from abroad continues to develop positively, private consumption is expected to weaken slightly as a result of a sharper rise in prices. In the labour market, the unemployment rate fell once again. The rate across Germany was 6.0 percent in March 2017, a decline of 0.5 percentage points compared to the previous year. While the economic outlook improved slightly, income expectations deteriorated somewhat in both the short term and on a year-on-year basis.

In the property sector, the effects of Brexit could lead to a rise in demand for German property and thus have a positive effect in the medium to long term.

The deterioration in financing conditions expected for about the past year has not yet occurred to a significant extent. Although the ECB council meeting in June 2017 provided the lending and capital markets with minor indications of a gradual withdrawal from its still extremely expansive monetary policy, bond purchases will continue unabated until the end of 2017, while key interest rates remain at zero. The yield curve for long-term interest rates moved up by around 50 basis points from its previous low at the end of 2016.

According to JLL, the German commercial property investment market continued its dynamic growth in the first quarter of 2017, with transaction volumes totalling €12.6bn in the first three months of the year. This is the best opening quarter on record in terms of volume and is equivalent to an increase of almost 60 percent compared to the first quarter of 2016.

Net rental income for offices in Germany's biggest property markets has seen a positive trend in 2017. Between January and March, almost a million square metres of space was leased or sold to owner-occupiers in Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich and Stuttgart. The quantity of vacant office space continued to fall in all the Big 7 markets, with vacant space equivalent to a vacancy rate of 5.3 percent. Prime rents and average rents continue to rise. The 4.8 percent increase in prime rents compared to the first quarter of 2016 is the second-biggest surge since 2007, while growth in average rates is expected to be slightly higher than the percentage increase in prime rates.

With rented space of 126,500m² and 244 leases signed, the retail sector also made a positive start to 2017, As rented space grew by around 4 percent compared to the first quarter of 2016. Prime rents in top locations within German cities reached a temporary high in many places at the end of 2016. During the first half of 2017, JLL expects prime rents to fall slightly by 1.7 percent on average compared to the previous half-year in the 185 German retail markets it analyses. Average prime rents for the Big 10 are also expected to decline slightly by 1.0 percent for the first time since 2004.

COURSE OF BUSINESS

SIGNIFICANT EVENTS AND TRANSACTIONS

On 10 May 2017, TLG informed the Management Board of WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft of its decision to submit a voluntary public takeover offer to all remaining WCM shareholders to acquire their shares.

On 27 June 2017, TLG published an offer document pursuant to sections 34, 14 (2) and 3 of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act). According to this document, TLG intends to offer 4 TLG shares as consideration in exchange for each 23 tendered shares of WCM. The new shares of TLG carry dividend rights from 1 January 2017.

Based on the weighted average price of the TLG share during the three months prior to the announcement of the takeover offer, the exchange ratio values each share of WCM at €3.15, representing a premium of 4.1 percent to the weighted average price of the shares of WCM during the three months prior to the day of the announcement of the takeover offer. Based on the closing price of the TLG shares prior to the day of the announcement of the takeover offer, the resulting offer price amounts to €3.36 per WCM share and represents a premium of 17.8 percent on WCM's pro forma EPRA NAV of €2.85 per share as communicated by WCM.

WCM and TLG signed a business combination agreement in connection with this takeover offer on 10 May 2017. The business combination agreement sets out WCM and TLG's common understanding of issues including the strategy and structure of the combined company, the merger process, the future composition of the governing bodies of WCM and TLG and the integration process.

The Management Board and Supervisory Board of WCM have adopted a position on the takeover offer in accordance with its statutory obligations. WCM is supporting the public takeover offer on the basis of the business combination agreement and carefully inspected the offer documentation and thus recommends that its shareholders accept the offer.

According to the TLG Management Board and in accordance with the business combination agreement, WCM's major shareholders – including DIC OF RE 2 GmbH, Supervisory Board member Karl Ehlerding and WCM CEO Stavros Efremidis, together with additional key shareholders – made an irrevocable undertaking on 10 May 2017 to accept the takeover offer in relation to the shares they hold in WCM. In this irrevocable undertaking, shareholders who jointly hold around 50 percent of shares in WCM (including stock options that can be exercised and converted into shares during the takeover offer) have committed to submit their WCM shares as part of the takeover offer.

As a result of various costs such as, for example, consultancy costs and costs for the abbreviated terms of stock option programmes, the takeover offer has a direct effect on the consolidated interim financial statements as at 30 June 2017. As the takeover progresses, it may have an effect on the Company's tax loss carryforwards and thus its deferred tax assets. We expect that a corporation tax loss carryforward of €180m to €230m will be retained.

Please also refer to the consolidated financial statements as at 31 December 2016 for further details concerning takeover-related issues.

PORTFOLIO TRANSACTIONS

On 10 November 2016 WCM signed a contract that further expanded its real estate portfolio in the retail segment. In the federal states of Saxony-Anhalt and Baden-Württemberg, WCM acquired three retail centres by way of share deals with a total rental area of around 88,000 m² at a net purchase price of around €98,200k. The portfolio („MIA I") has an annualised net rental income of around €7,900k, an occupancy rate of 92 percent and a weighted average lease term (WALT) of 5.2 years. The acquisition was financed with bank loans and own funds. The transaction was closed on 30 March 2017.

On 16 February 2017 WCM signed another contract to further expand its real estate portfolio in the retail segment. A retail centre in Jena with a total rental area of around 12,300 m² was acquired by way of a share deal for a net purchase price of €21,000k. The portfolio („MIA II") has an annualised net rent of around €1,400k with an occupancy rate of 97 percent and a weighted average lease term (WALT) of 4.6 years. The acquisition was financed mainly by issuing a mandatory convertible bond that was subscribed by the seller and by taking out a bank loan of €13m. The transfer of benefits and obligations took place on 1 February 2017.

The initial consolidation of the acquired companies of the MIA I and II portfolios as at the respective consolidation dates is preliminary. The final values of the closing balance sheets may be different. At the time of preparing the half-year financial statements, the final versions of the closing balance sheets were not yet available.

No properties were sold in the reporting period.

COMPANIES

On 29 December 2016, the relocation of four Luxembourg subsidiaries to Germany was notarised. These subsidiaries were entered in the German Commercial Register between 27 February and 6 March 2017. An application was also filed at the end of July 2017 to relocate four Dutch subsidiaries to Germany.

MANDATORY CONVERTIBLE BOND

The acquisition of the MIA II portfolio was financed by issuing a mandatory convertible bond with a nominal amount of €5,983k on 16 February 2017, which was subscribed by the seller, DIO Deutsche Immobilien Opportunitäten AG. The mandatory convertible bond has a coupon of 1.5 percent and matures on 31 May 2017. It also provides for the issuance of 2.1 million WCM shares at an issue price of €2.90 per share. The conversion took place on 31 May 2017.

FINANCING

Refinancing by Landesbank Hessen-Thüringen (Project MIA I)

A loan agreement of €80m was signed with Landesbank Hessen-Thüringen Girozentrale, and a first tranche of €73.6m less processing fees was disbursed according to schedule on 30 March 2017. The provisional repayment date of the loan is 31 March 2019. WCM can extend the term of the loan once until 31 March 2024 if the rental agreements with anchor tenants in Ellwangen and Halle are renewed long-term. The interest rate of the loan is 1.55 percent p.a. (based on 3-month Euribor). A cash trap exists until the anchor tenant agreements are renewed, i.e. the income generated after deducting administrative costs and debt servicing has to remain in the property companies but is available for the purposes of investing in the properties.

Bayrische Landesbank (Straubing portfolio financing)

A €10.5m increase in the existing loan agreement from €25.5m to €36.0m was agreed with Bayrische Landesbank. The increase was disbursed on 29 March 2017. The term of the loan was left unchanged (maturity date of 30 June 2021). The fixed interest rate of the increase is 1.91 percent p.a. An amount of €3m must remain in the property company for investment purposes.

Deutsche Pfandbriefbank (River portfolio financing and Triangel Frankfurt)

Based on the River portfolio and Triangel Frankfurt financing, bridge financing totalling €25.0m was agreed with Deutsche Pfandbriefbank and disbursed according to schedule on 29 March 2017. The loan is due for repayment in full on 30 April 2018. The interest rate is 2.75 percent p.a. (based on 3-month Euribor).

OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

The Company signed rental agreements for office space at Joachimsthaler Strasse 34, Berlin, in 2015 and 2016. The agreements have a fixed term of five years and run until 31 January 2020. The total remaining rent, including prepayments of operating costs, amounts to €583k.

There is still a lease commitment of approximately €69k for a remaining term of between one and just under three years for vehicles used internally by the Company. The associated vehicle tax totals €2k.

Under an agreement dated 9 May 2016 and a supplement dated 18 November 2016, WCM sold the industrial property in Bremerhaven (Seebeck Offshore Industriepark GmbH & Co. KG, Bremerhaven) by way of a share deal. Obligations for WCM as the seller to make equalisation payments were agreed as part of the purchase agreement. The aim is to generate contractually secured rental income of at least €1,800k (target rent) with the sold property by 1 July 2018. If the property does not generate at least 95 percent of this target rent, WCM shall owe the buyer an equalisation payment of €1,200k. In this case, the buyer shall be entitled to offset this claim against the deferred remaining purchase price, which also totals €1,200k. The Company currently expects that it will not be called upon to implement this contractual commitment.

RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

RESULTS OF OPERATIONS

The Group's results of operations in the first six months of 2017 were as follows:

in k€	30 JUNE 2017	30 JUNE 2016
Net rental income	20,829	14,321
Net gain/loss from sale of property	0	799
Other operating expenses and income	-10,727	-9,010
Operating profit (EBITDA)	**10,102**	**6,110**
Depreciation and amortisation	-121	-666
Operating profit (EBIT)	**9,981**	**5,443**
Result from property valuation	16,209	14,158
Net finance costs	-4,617	-3,716
Earnings before taxes (EBT)	**21,573**	**15,885**
Income taxes	-4,598	-2,513
Profit for the period	**16,975**	**13,372**

Consolidated profit for the period rose, primarily as a result of the expansion of the property portfolio compared to the same period last year. Measurements gains also contributed to the significant increase in profit, while non-recurring and extraordinary items had a negative impact on consolidated net income.

Deducting non-recurring and extraordinary items as well as net revaluation gains/losses yields the following adjusted consolidated net income:

in k€	30 JUNE 2017	30 JUNE 2016
Earnings before taxes (EBT)	**21,573**	**15,885**
Non-recurring expenses	4,284	3,183
Result from property valuation	-16,209	-14,158
Other non-cash extraordinary items	1,735	3,651
Adjusted earnings before taxes (EBT)	**11,384**	**8,562**

The non-recurring expenses primarily consist of transaction and market research costs connected with the acquisition and financing of properties and/or companies as well as costs associated with the TLG transaction. This figure also includes non-cash expenses for the stock option programme and loan amortisation.

FUNDS FROM OPERATIONS (FFO)

FFO, a key figure for the Company, is as follows for the first six months of 2017:

in k€	30 JUNE 2017	30 JUNE 2016
Profit for the period	**16,975**	**13,372**
Profits on property disposals	0	-799
Depreciation and amortisation	121	666
Result from property valuation	-16,209	-14,158
Non-cash expenses/income	1,735	3,651
Deferred taxes	4,598	2,385
Non-recurring expenses	4,284	3,183
FFO I excluding profits on property disposals (before non-controlling interests)	**11,505**	**8,301**
FFO II including profits on property disposals (before non-controlling interests)	**11,505**	**9,100**
Average number of shares issued during the period (thousands)	135,509	121,328
FFO I per share (EUR)	0.08	0.07
FFO II per share (EUR)	0.08	0.08

NET ASSETS AND FINANCIAL POSITION

The net assets and financial position is as follows:

in k€	30 JUNE 2017	PERCENT	31 DECEMBER 2016	PERCENT
Property held for sale	2,070	0.2	0	0.0
Other current assets	21,676	2.5	21,721	3.1
Cash	29,702	3.4	10,013	1.4
Total current assets	**53,447**	**6.1**	**31,734**	**4.5**
Investment property	798,929	91.9	662,073	93.2
Deferred tax assets	6,018	0.7	5,523	0.8
Other non-current assets	11,154	1.3	10,943	1.5
Total non-current assets	**816,101**	**93.9**	**678,539**	**95.5**
Total assets	**869,548**	**100.0**	**710,273**	**100.0**
Financial liabilities	61,934	7.1	22,169	3.1
Other current liabilities	27,936	3.2	17,830	2.5
Total current liabilities	**89,870**	**10.3**	**39,999**	**5.6**
Financial liabilities	417,571	48.0	339,695	47.8
Deferred tax liabilities	19,953	2.3	14,646	2.1
Total non-current liabilities	**437,524**	**50.3**	**354,341**	**49.9**
Equity	**342,154**	**39.3**	**315,933**	**44.5**
Total equity and liabilities	**869,548**	**100.0**	**710,273**	**100.0**

The main item on the statement of financial position is investment property, which increased as a result of acquisitions (€122,717k) and appreciation (€16,209k). This was partially offset by the reclassification of a property held for sale (€2,070k).

Equity primarily increased as a result of the mandatory convertible bond issued on 16 February 2017 and converted on 31 May 2017 as well as the profit for the first half of the year. The equity ratio is 39 percent.

LTV (net) remained stable as at 30 June 2017:

in k€	30 JUNE 2017	31 DECEMBER 2016
Financial liabilities	479,505	361,864
Less cash	-29,702	-10,013
Net debt	**449,803**	**351,851**
Investment property	798,929	662,073
Property held for sale	2,070	0
Total property assets	**800,999**	**662,073**
LTV (net), percent	**56.2**	**53.1**

As at 30 June 2017, the Group's average interest rate for the bank loans is 1.9 percent. Around 30.8 percent of these loans are subject to variable interest rates.

The cash flow statement is as follows for the first six months of 2017:

in k€	30 JUNE 2017	30 JUNE 2016
Cash flows from operating activities	15,810	6,742
Cash flow from investing activities	-56,541	-42,009
Cash flows from financing activities	60,420	61,503
Net change in cash since beginning of period	**19,689**	**26,235**
Cash funds as at 1 January	10,013	11,136
Cash funds as at 30 June	**29,702**	**37,371**

The increase in operating cash flow primarily reflects the expansion of the existing portfolio compared to the previous year, which is now generating ongoing operating cash flow.

Cash flows from investing activities include purchase price payments for the acquisition of a retail centre in Jena as well as the purchase price payment for the acquisition of the MIA I portfolio (€56,770k).

Cash flows from financing activities primarily comprise inflows from taking out loans (€110,259k) and loan repayments (€43,558k), as well as ongoing interest payments.

The Company was able to meet its financial obligations at all times.

SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

These transactions are presented in the notes.

REPORT ON POST-BALANCE SHEET DATE EVENTS

On 13 July 2017 the sale of the property at Hans-Böckler-Str. 16 in Neu-Isenburg was notarised. The sale price was €2,300k. The transfer of benefits and obligations is scheduled for 31 August 2017.

The implementation of the measures agreed in the business combination agreement with TLG AG began in July 2017. This mainly concerns subsidiaries' change of legal form.

REPORT ON EXPECTED DEVELOPMENTS AND ON OPPORTUNITIES AND RISKS

The first six months of 2017 were positive and were characterised by further expansion of the property portfolio. Other key events included completing integration of acquired portfolios and the expansion and creation of additional internal structures and business processes.

The Management Board confirms the 2017 forecast made in the 2016 Annual Report (p. 133) regarding funds from operations of between €23m and €24m, subject to the effects of the potential takeover.

Rental income for the 2017 fiscal year will probably come in at the upper end or slightly above the communicated range of €42m to €44m.

WCM AG's business activities are also based on the use of borrowed funds. The Company is subject to the risk of negative covenants from loans. Typical market covenants have been agreed for the existing financing with loans. These financial covenants were complied with at all reporting dates during the reporting period.

We described the risks and opportunities of WCM AG's business in detail in the relevant section of the Group management report for the 2016 fiscal year. Since then, the risk assessment has not changed significantly.

Frankfurt am Main, 14 August 2017

Stavros Efremidis
CEO

Ralf Struckmeyer
CFO

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) AS OF 30 JUNE 2017

in k€	NOTE	30 JUNE 2017	31 DECEMBER 2016
ASSETS			
Current assets			
Cash and cash equivalents	4.1	29,702	10,013
Trade receivables		1,266	131
Property held for sale		2,070	0
Other financial assets		182	186
Other current assets		20,229	21,404
Total current assets		**53,447**	**31,734**
Non-current assets			
Investment property	4.2	798,929	662,073
Intangible assets		193	196
Technical equipment and machinery		94	115
Other equipment, operating and office equipment		711	2,989
Advance payments for property, plant and equipment		364	392
Deferred tax assets		6,018	5,523
Other financial assets		8,300	6,848
Other non-current assests		1,492	403
Total non-current assets		**816,101**	**678,539**
Total assets		**869,548**	**710,273**
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables		3,974	5,925
Other liabilities		20,314	9,152
Other financial liabilities	4.3	61,934	22,169
Other provisions		3,648	2,753
Total current liabilities		**89,870**	**39,999**
Non-current liabilities			
Other financial liabilities	4.3	417,571	339,695
Deferred tax liabilities		19,953	14,646
Total non-current liabilities		**437,524**	**354,341**
Equity			
Share capital	4.4	134,028	131,965
Capital reserves	4.4	97,478	93,595
Retained earnings (previous year: accumulated loss)	4.4	93,178	78,396
Equity attributable to owners of the parent		**324,683**	**303,956**
Non-controlling interests		17,471	11,977
Total equity		**342,154**	**315,933**
Total equity and liabilities		**869,548**	**710,273**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

in k€	NOTE	1 JANUARY - 30 JUNE 2017	1 JANUARY - 30 JUNE 2016	1 APRIL - 30 JUNE 2017	1 APRIL - 30 JUNE 2016
Rental income		22,687	15,442	11,838	7,768
Operating and ancillary costs		-1,857	-1,121	-974	-603
Net rental income	**3.1**	**20,829**	**14,321**	**10,864**	**7,165**
Proceeds from disposal of properties held for sale		0	7,875	0	5,325
Expenses of the sale from property held for sale		0	-7,076	0	-5,009
Net gain/loss from sale of property held for sale		**0**	**799**	**0**	**316**
Unrealised net gain/loss from fair value measurement of investment property		16,209	14,158	1,655	13,555
Net gain/loss from fair value adjustments	**3.2**	**16,209**	**14,158**	**1,655**	**13,555**
Other operating income		344	799	-42	364
Operating income		**344**	**799**	**-42**	**364**
Staff costs		-3,487	-2,511	-2,444	-1,650
Depreciation and amortisation		-121	-666	133	-366
Other operating expenses		-7,584	-7,299	-4,197	-4,851
Operating expenses		**-11,192**	**-10,476**	**-6,507**	**-6,866**
Operating profit/loss		**26,190**	**19,601**	**5,969**	**14,533**
Financial income		229	58	190	37
Finance expenses	3.3	-4,846	-3,774	-2,887	-2,009
Net finance costs		**-4,617**	**-3,716**	**-2,696**	**-1,973**
Total comprehensive income or loss before taxes		**21,573**	**15,885**	**3,273**	**12,560**
Income taxes	3.4	-4,598	-2,513	-1,268	-918
Other taxes		0	0	0	0
Consolidated net profit for the period/total comprehensive income		**16,975**	**13,372**	**2,005**	**11,642**
Consolidated net profit/total comprehensive income attributable to:		**16,975**	**13,372**	**2,005**	**11,642**
Owners of the parent		13,147	14,049	1,661	12,472
Non-controlling interests		3,828	-677	344	-829
		16,975	**13,372**	**2,005**	**11,642**
Earnings per share	**3.5**				
Undiluted earnings per share in €	3.5	0.10	0.11	0.11	0.10
Diluted earnings per share in €	3.5	0.10	0.11	0.11	0.10

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

k€	NOTE	SHARE CAPITAL	CAPITAL RESERVES	CONVERTIBLE BOND	RETAINED EARNINGS/ ACCUMULATED LOSS	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS IN EQUITY	TOTAL CONSOLIDATED EQUITY
As at 1 January 2016		**120,773**	**76,366**	**1,800**	**62,420**	**261,359**	**8,223**	**269,582**
Total comprehensive income					14,049	14,049	-677	13,372
Mandatory convertible bond						0		0
Contribution in kind		10,000	18,000			28,000		28,000
Withdrawals for transaction costs			-1,594			-1,594		-1,594
Change in scope of consolidation							-257	-257
Capital repayments						0		0
Equalisation payments					33	33	-152	-119
Share-based remuneration					621	621		621
Withdrawal from capital reserves						0		0
As at 30 June 2016		**130,773**	**92,772**	**1,800**	**77,123**	**302,468**	**7,137**	**309,605**
As at 1 January 2017	**4.4**	**131,965**	**93,595**	**0**	**78,396**	**303,956**	**11,977**	**315,933**
Total comprehensive income					13,147	13,147	3,828	16,975
Mandatory convertible bond		2,063	3,920			5,983		5,983
Contribution in kind						0		0
Withdrawals for transaction costs			-36			-36	0	-36
Change in scope of consolidation						0	2,011	2,011
Capital repayments						0		0
Equalisation payments						0	-346	-346
Share-based remuneration					1,635	1,635		1,635
Withdrawal from capital reserves						0		0
As at 30 June 2017	**4.4**	**134,028**	**97,479**	**0**	**93,178**	**324,684**	**17,470**	**342,155**

CONSOLIDATED CASH FLOW STATEMENT (IFRS) FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

in k€	1 JANUARY - 30 JUNE 2017	1 JANUARY - 30 JUNE 2016
Profit or loss for the period	16,975	13,372
Net finance costs	-4,617	3,716
Net gain/loss from fair value adjustments	-16,209	-14,158
Amortisation and depreciation expense	121	666
Loss (+)/gain (-) on the disposal of assets	0	-799
Tax expense	-230	128
Increase (+)/decrease (-) in provisions	895	1,160
Increase (-)/decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	45	-1,885
Increase (+)/decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	14,518	-1,173
Other non-cash expenses (+)/income (-)	-518	5,714
Taxes paid	0	0
Deferred taxes	4,829	
Net cash flow from operating activities	**15,810**	**6,742**
Outflows for investment property	-56,770	-55,598
Outflows for investments in intangible assets and property, plant and equipment		-110
Inflows from the disposal of property, plant and equipment	0	13,641
Interest received	229	58
Cash flow from investing activities	**-56,541**	**-42,009**
Inflows from the capital increase		
Outflows for the costs of the capital increase	0	-2,340
Outflows for granting loans	0	
Inflows from borrowing loans	110,259	120,370
Outflows from repaying loans	-43,558	-51,365
Outflows for granting loans to non-controlling interests	-1,806	-1,710
Capital repayments to non-controlling interests		
Interest paid	-4,475	-3,452
Cash flow from financing activities	**60,420**	**61,503**
Increase/decrease in cash and cash equivalents	19,689	26,235
Cash and cash equivalents at beginning of period	10,013	11,136
Cash and cash equivalents as at 30 June	**29,702**	**37,371**

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

1. INFORMATION ON THE COMPANY

WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft (referred to hereinafter as "the Company" or "WCM AG") is headquartered in Frankfurt am Main. It has been entered in the commercial register of the Local Court there under number HRB 55695.

The purpose of the Company is to acquire and manage domestic and foreign investments in properties and property companies, including developing, renting and leasing properties, in its own name and for its own account.

As at 30 June 2017, the Group holds 57 investment or held-for-sale properties.

The Group shows rental income of €22,687k (previous year: €15,442k) and an unrealised net gain from fair value from measurement of investment property in the amount of €16,209k (previous year: €14,158k) for the period from 1 January to 30 June 2017.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The condensed interim consolidated financial statements (referred to hereinafter as the "interim financial statements") for the period from 1 January to 30 June 2017 were prepared in accordance with IAS 34 as adopted by the EU. The interim financial statements have not been audited nor have they undergone an audit review.

These interim financial statements do not contain all of the information and disclosures required for consolidated financial statements as at the end of a fiscal year. They should therefore be read in conjunction with the consolidated financial statements as at 31 December 2016.

The interim financial statements are prepared using the cost principle except in the case of investment property, which is measured at fair value.

The interim financial statements were prepared in euros. Unless stated otherwise, all figures are rounded to the nearest thousand euros (€k). This may result in rounding differences in some individual cases in the tables included in these interim financial statements and in the amounts referred to in the notes.

The Group's operations are largely free of seasonal and cyclical influences.

The segmentation of the portfolio is based on the three criteria "Office", "Retail" and "Other".

The Group's Management Board regularly assesses operations on the basis of these segments.

The results of the first six months ended 30 June 2017 do not necessarily allow conclusions to be drawn with regard to future performance.

KEY FINANCIAL REPORTING REQUIREMENTS

This interim report and the attached interim consolidated financial statements – comprising the interim consolidated statement of financial position, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated cash flow statement – were prepared in accordance with accounting methods applicable as at 31 December 2016, taking into account newly applicable standards. The following IFRS standards were applied for the first time as at 1 January 2017:

Standard/Interpretation First-time adoption	Title of the standard/interpretation or of the amendment
Amendments to IAS 7 1 January 2017	Disclosure Initiative
Amendments to IAS 12 1 January 2017	Recognition of Deferred Tax Assets for Unrealised Gains
Improvements to IFRS 2014-2016 1 January 2017	Amendments to IFRS 12

The newly applicable standards had no effects on the interim financial statements. For additional information, please refer to the consolidated financial statements as at 31 December 2016.

The definitions of the key performance indicators used in the interim financial statements have not changed since the previous year. For these definitions, please refer to the Group management report as at 31 December 2016.

BASIS OF CONSOLIDATION

The interim report includes the financial statements of the Company and its subsidiaries as at 30 June 2017. The financial statements for the subsidiaries are prepared using standardised accounting policies as of the same reporting date as the financial statements of the parent company.

In addition to parent company WCM AG, the companies for which WCM AG holds a direct majority in the voting rights are included in the basis of consolidation. As at 30 June 2017, the basis of consolidation includes WCM AG as well as 39 German and 4 foreign subsidiaries (as at 31 December 2016: 30 German and 4 foreign subsidiaries).

The basis of consolidation changed as follows in the first half of 2017:

- Consolidation of WCM Handelsmärkte XIII B.V., Baarn, The Netherlands, as at 1 February 2017,
- Consolidation of WCM Handelsmärkte XIV B.V., Baarn, The Netherlands, as at 30 March 2017,
- Consolidation of WCM Handelsmärkte XV B.V., Baarn, The Netherlands, as at 30 March 2017,
- Consolidation of WCM Handelsmärkte XVI B.V., Baarn, The Netherlands, as at 30 March 2017,
- Consolidation of Verwaltungs IV GmbH, Berlin, as at 1 February 2017,
- Consolidation of Verwaltungs V GmbH, Berlin, as at 30 June 2017,
- Consolidation of Verwaltungs VI GmbH, Berlin, as at 30 June 2017
- Consolidation of Verwaltungs VII GmbH, Berlin, as at 30 June 2017.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the interim financial statements requires the Management Board to make judgements, estimates and assumptions relating to the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are continuously reviewed. Revisions of estimates are recognised prospectively.

3. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.1 RENTAL INCOME

in k€	30 JUNE 2017	30 JUNE 2016
Rental income	22,687	15,442
Management expenses		
Maintenance	-364	-245
Non-recoverable operating costs	-121	-328
Other	-1,372	-547
Net rental income	**20,829**	**14,321**

Together with the expanded property portfolio, rental income and management costs increased compared to the same period last year.

3.2 UNREALISED NET GAIN/LOSS FROM FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTY

in k€	30 JUNE 2017	30 JUNE 2016
Gains from fair value measurement	21,150	14,202
Losses from fair value measurement	-4,941	-44
Total	**16,209**	**14,158**

A property valuation was carried out on 30 June 2017 by an external appraiser, resulting in a net revaluation gain of €16,209k. The main revaluation gains related to the properties in Ellwangen, Halle and Schönebeck (MIA I) acquired in 2017.

3.3 FINANCE EXPENSES

in k€	30 JUNE 2017	30 JUNE 2016
Interest on bank loans	4,175	3,452
Share premium	300	0
Loan amortisation	371	322
Total	**4,846**	**3,774**

The increase in interest expenses is attributable to the larger loan portfolio combined with the acquisition of the property portfolio.

The expense arising from the share premium results from the subscription to the mandatory convertible bond with a nominal value of €5,983k by DIO Deutsche Immobilien Opportunitäten AG, Bad Vilbel.

3.4 INCOME TAXES

in k€	30 JUNE 2017	30 JUNE 2016
Deferred tax expense	-4,829	-2,385
Current tax expense	230	-128
Income tax expense	**-4,598**	**-2,512**

The deferred tax expense balance of -€4,829k is primarily attributable to the restructuring of the WCM subsidiaries (e.g. change of legal form, corporation/partnership) due to the planned TLG takeover, and to the recognition of deferred tax liabilities due to increases in the value of properties and the first-time recognition due to the acquisitions.

The deferred tax liabilities, which relate to the tax group of WCM AG, were offset against the deferred tax assets and shown as a net figure in the statement of financial position under “Deferred tax assets”. As in the previous year, the combined tax rate applied is 31.925 percent.

Current taxes primarily relate to corporation and trade tax expenses netted against income from the reversal of trade tax provisions.

3.5 EARNINGS PER SHARE

Diluted and undiluted earnings per share are as follows:

	30 JUNE 2017	30 JUNE 2016
Consolidated profit (k€)	13,147	13,372
/ average number of shares issued during the period (thousands), undiluted	135,509	121,328
Earnings per share (undiluted), €	**0.10**	**0.11**
/ average number of shares issued during the period (thousands), diluted	137,424	122,520
Earnings per share (diluted), €	**0.10**	**0.11**

The average number of shares issued in the period is:

no. of shares	30 JUNE 2017	30 JUNE 2016
Shares issued as at 1 January	131,964,552	120,772,500
2015 mandatory convertible bond		1,192,053
2017 mandatory convertible bond	1,544,369	
Issuance of shares by way of a non-cash capital increase on 20 June 2016 (pro rata) and conversion of the mandatory convertible bond on 12 July 2016 (pro rata)		555,556
Stock options issued to the Management Board in 2015	2,000,000	2,244,444
Average number of shares issued (undiluted)	**135,508,921**	**124,764,553**
Stock options issued to employees in 2015	500,000	500,000
Stock options issued to the Management Board in 2016	800,000	
Stock options issued to employees in 2016	180,000	
Stock options issued to employees in 2017	147,778	
Stock options issued to the Management Board in 2017	287,500	
Average number of shares issued (diluted)	**137,424,199**	**125,264,553**

4. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 CASH AND CASH EQUIVALENTS

in k€	30 JUNE 2017	31 DECEMBER 2016
Cash and cash equivalents	29,702	10,013
Total	**29,702**	**10,013**

As at the 30 June 2017 reporting, there were restrictions on the use of cash in the amount of €4,539k (previous year: €434k).

4.2 INVESTMENT PROPERTY

Investment property changed as follows in the first six months of 2017:

in k€	30 JUNE 2017	31 DECEMBER 2016
As at 1 January	662,073	501,546
Additions	122,717	148,051
Disposals	0	16,737
Gains from fair value measurement	21,150	29,469
Losses from fair value measurement	-4,941	-256
Reclassification	-2,070	0
As at 30 June / 31 December	**798,929**	**662,073**

Additions in the first half of 2017 resulted from the acquisition of the MIA I (Ellwangen, Schönebeck and Halle) and MIA II (Jena) portfolios.

As at 30 June 2017, the fair value of the investment property was determined by a detailed valuation carried out by independent external property valuers Cushman & Wakefield.

The market value was determined in line with the guidelines and implementation regulations of the International Valuation Standards and the Royal Institution of Chartered Surveyors. The discounted cash flow (DCF) method was applied for the valuation.

The yield recognised takes account of the following parameters: rent indexing, future market rental price increases and cost inflation. A capitalisation rate of between 4.75 percent (previous year: 5.0 percent) and 7.5 percent (previous year: 7.0 percent) and a discount rate of between 3.63 percent (3.63 percent) and 6.38 percent (6.25 percent) was recognised. This resulted in gross multipliers of between 10.6 (10.7) and 24.8 (22.9); the weighted gross multiplier for the total portfolio is 16.6. The existing leases, taking into account additional leases, were largely recognised as they were signed as at the measurement date.

4.3 OTHER FINANCIAL LIABILITIES

in k€	30 JUNE 2017		31 DECEMBER 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Secured bank loans	416,234	61,927	338,358	22,162
Fair value share of guaranteed dividends for non-controlling interests in subsidiaries	1,337	0	1,337	0
Deposits received	0	7	0	7
Total	**417,571**	**61,934**	**339,695**	**22,169**

Financial liabilities increased primarily as a result of the acquisitions of the MIA I and MIA II portfolios. Current repayments had an offsetting effect. As at 30 June 2017, the Group's average interest rate is around 1.9 percent.

4.4 EQUITY

Consolidated equity as at 30 June 2017 was as follows:

in k€	30 JUNE 2017	31 DECEMBER 2016
Share capital	134,028	131,965
Capital reserves	97,478	93,595
Retained earnings	93,178	78,396
Equity attributable to owners of the parent	**324,683**	**303,956**
Non-controlling interests	**17,471**	**11,977**
Total equity	**342,154**	**315,933**

As a result of the conversion of the mandatory convertible bond issued on 16 February 2017, which took place on 31 May 2017, share capital increased by €2,063k. Capital reserves grew accordingly by €3,884k.

For further information, please refer to the statement of changes in equity.

5. SEGMENT REPORTING INFORMATION

SEGMENT REPORTING

The Company operates solely as a lessor on the German market. As at 30 June 2017, the Group held 57 investment properties and available-for-sale properties. These properties are owned but not occupied by the Company itself.

The segmentation of the portfolio is based on the three criteria “Office”, “Retail” and “Other”.

The key figures for the segments as at 30 June 2017 were as follows:

in k€	OFFICE	RETAIL	OTHER	MANAGEMENT/ CONSOLIDATION	TOTAL
Revenue	10,118	12,569	0	0	**22,687**
Revenue generated between segments	171	33	82	-286	**0**
Segment revenue	10,289	12,602	82	-286	**22,687**
Net gain/loss from sale of property	0	0	0	0	**0**
Other operating income	6	179	0	159	**344**
Reversal of impairment losses on property, plant and equipment and intangible assets	4,492	16,658	0	0	**21,150**
Impairment losses on property, plant and equipment and intangible assets	-3,541	-1,399	0	0	**-4,940**
depreciation	-1	0	-22	-98	**-121**
Staff costs/other operating expenses	-131	-1,068	-83	-9,789	**-11,071**
Property expenses	-461	-1,395	-1	0	**-1,857**
Interest income	149	0	0	81	**230**
Interest expenses	-2,486	-1,901	0	-459	**-4,846**
Profit or loss before tax	8,145	23,643	-106	-10,106	**21,576**
Income taxes	-430	-4,655	0	487	**-4,598**
Net income attributable to the owners of the parent	7,395	15,479	-106	-9,619	**13,149**
Assets	376,648	443,645	178	49,077	**869,548**
Additions to non-current assets	2,899	119,818	0	182	**122,899**
Liabilities	237,750	250,800	111	38,733	**527,394**

The key figures for the segments as at 30 June 2016 were as follows:

in k€	OFFICE	RETAIL	OTHER	MANAGEMENT/ CONSOLIDATION	GROUP
Revenue	9,381	5,718	343	0	15,442
Sales proceeds	7,875	0	0	0	7,875
Revenue generated between segments	164	23	82	-269	0
Segment revenue	**17,420**	**5,741**	**425**	**-269**	**23,317**
Net gain from fair value measurement of investment property	8,331	5,871	0	0	14,202
Net loss from fair value measurement of investment property	0	-44	0	0	-44
Depreciation	-419	-64	-117	-66	-666
Interest income	0	0	0	58	58
Interest expenses	-2,329	-1,381	-39	-25	-3,774
Earnings before taxes	**12,741**	**19,535**	**-33**	**-16,358**	**15,885**
Income taxes	-3,366	-1,908	0	2,761	-2,513
Net income attributable to the owners of the parent	**10,175**	**17,510**	**-39**	**-13,597**	**14,049**
Assets	364,123	240,300	215	54,485	659,123
Additions to non-current assets	346	78,550	0	185	79,081
Liabilities	208,100	136,681	64	4,672	349,517

6. EVENTS AFTER 30 JUNE 2017

On 13 July 2017 the sale of the property at Hans-Böckler-Str. 16 in Neu-Isenburg was notarised. The sale price was €2,300k. The transfer of benefits and obligations is scheduled for 31 August 2017.

The implementation of the measures agreed in the business combination agreement with TLG AG began in July 2017. This mainly concerns subsidiaries' change of legal form.

7. OTHER DISCLOSURES

OTHER FINANCIAL OBLIGATIONS

The Company signed rental agreements for office space at Joachimsthaler Strasse 34, Berlin, in 2015 and 2016. The agreements have a fixed term of five years and run until 31 January 2020. The total remaining rent, including prepayments of operating costs, amounts to €583k.

There is still a lease commitment of approximately €69k for a remaining term of between one and just under three years for vehicles used internally by the Company. The associated vehicle tax totals €2k.

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Under an agreement dated 9 May 2016 and a supplement dated 18 November 2016, WCM sold the industrial property in Bremerhaven (Seebeck Offshore Industriepark GmbH & Co. KG, Bremerhaven) by way of a share deal. Obligations for WCM as the seller to make equalisation payments were agreed as part of the purchase agreement. The aim is to generate contractually secured rental income of at least €1,800k (target rent) with the sold property by 1 July 2018. If the property does not generate at least 95 percent of this target rent, WCM shall owe the buyer an equalisation payment of €1,200k. In this case, the buyer shall be entitled to offset this claim against the deferred remaining purchase price, which also totals €1,200k. The Company currently expects that it will not be called upon to implement this contractual commitment.

EMPLOYEES

As at 30 June 2017, the Company had two Management Board members (previous year: two Management Board members) and 28 (previous year: 27) permanent employees.

MANAGEMENT BOARD AND SUPERVISORY BOARD

There have been no changes to the Management Board compared to the disclosures made in the 2016 Annual Report.

Dr. Christian Schede, LL.M., Berlin, who is a solicitor, was elected to the Company's Supervisory Board as a new member at the Annual Shareholders' Meeting held in Berlin on 4 July 2017.

RELATED PARTY DISCLOSURES

During the reporting period, there have been no material changes to the information about related parties provided as at 31 December 2016.

Frankfurt am Main, 14 August 2017

Stavros Efremidis
CEO

Ralf Struckmeyer
CFO

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the condensed interim consolidated financial statements for the period from 1 January to 30 June 2017 present a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report presents a fair review of the development and performance of the business and the position of the Group, together with a description of the material risks and opportunities of the expected development of the Group."

Frankfurt am Main, 14 August 2017

Stavros Efremidis
CEO

Ralf Struckmeyer
CFO

FINANCIAL CALENDER

The financial calendar of WCM can be found on the WCM website in the Investor Relations section:

www.wcm.de/en/investor-relations/financial-calendar-events/

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