Audited Unconsolidated Financial Statements of TLG Immobilien GmbH as of and for the Fiscal Year Ended December 31, 2013

(Prepared in Accordance with German GAAP)

Disclaimer

Note in accordance with § 328 Para. 2 German Commercial Code (HGB; Handelsgesetzbuch): The financial statements referenced here are presented in an abbreviated form without the accompanying management report and thereby do not comply with the regulation applying to full scope financial statement publication in accordance with § 328 Para. 1 German Commercial Code. The complete set of financial information including the accompanying management report have been subject to a compulsory financial statement audit and received an unqualified audit opinion in accordance with § 322 Para. 2 Sent. 1 Nr. 1 German Commercial Code. Also, the complete set of financial information including the accompanying group management report has been submitted for publication in the German Federal Gazette (Bundesanzeiger)

CONTENT

BALANCE SHEET

ASSETS		EUR	31/12/2013 EUR	31/12/2012 EUR ’000
A.	**FIXED ASSETS**			
I.	**Intangible fixed assets**			
	Purchased software	871,871.00		1,466
			871,871.00	1,466
II.	**Tangible fixed assets**			
1.	Land, land rights and buildings, including buildings on third-party land	1,074,414,096.52		1,178,840
2.	Technical equipment and machinery	473,936.55		559
3.	Other equipment, operating and office equipment	286,535.07		553
4.	Prepayments and assets under construction	48,767,415.43		78,988
			1,123,941,983.57	1,258,940
III.	**Long-term financial assets**			
1.	Shares in affiliated companies	45,124,995.59		46,449
2.	Long-term equity investments	0.00		32,315
			45,124,995.59	78,764
B.	**CURRENT ASSETS**			
I.	**Inventories**			
1.	Real estate	1,979,931.51		7,109
2.	Work in progress	16,885,474.20		15,937
			18,865,405.71	23,046
II.	**Receivables and other assets**			
1.	Trade receivables	7,161,412.21		6,004
2.	Receivables from affiliated companies	1,417,751.10		9
3.	Other assets	676,986.45		1,654
			9,256,149.76	7,667
III.	**Cash-in-hand, bank balances**		143,055,236.04	69,859
C.	**PREPAID EXPENSES**		7,507,183.68	7,319
			1,348,622,825.35	1,447,061

EQUITY AND LIABILITIES		EUR	31/12/2013 EUR	31/12/2012 EUR ’000
A.	**EQUITY**			
I.	**Subscribed capital**		52,000,000.00	52,000
II.	**Capital reserves**		458,563,654.28	199,776
III.	**Revenue reserves**			
1.	Special reserve in accordance with section 27 (2) of the D-Mark Accounting Act (*D-Mark-Bilanzgesetz*, “DMBilG”)	0.00		476,001
2.	Special reserve in accordance with section 17 (4) of the D-Mark Accounting Act (*D-Mark-Bilanzgesetz*, “DMBilG”)	0.00		58,515
3.	Other revenue reserves	843,266.41		843
			843,266.41	535,359
IV.	**Net retained profits**		73,610,016.30	19,689
			585,016,936.99	806,824
B.	**SPECIAL RESERVE FOR INVESTMENT GRANTS AND SUBSIDIES**		15,773,774.25	16,369
C.	**PROVISIONS**			
1.	Provisions for pensions and similar obligations	6,655,049.67		6,888
2.	Provisions for taxes	44,098,313.18		30,487
3.	Other provisions	28,490,979.03		51,092
			79,244,341.88	88,467
D.	**LIABILITIES**			
1.	Liabilities to banks	629,011,267.07		479,870
2.	Payments received	16,831,924.11		19,697
3.	Trade payables	5,825,119.26		18,633
4.	Liabilities to affiliated companies	5,175,767.63		3,456
5.	Other liabilities	11,484,033.57		13,662
	thereof taxes EUR 1,546,620.70 (PY: EUR 320 thousand)			
	thereof social security EUR 832.00 (PY: EUR 143 thousand)			
			668,328,111.64	535,318
E.	**DEFERRED INCOME**		259,660.59	83
			1,348,622,825.35	1,447,061

INCOME STATEMENT

		2013		2012
		EUR	EUR	EUR '000
1.	Sales		345,600,219.55	211,595
2.	Increase (PY: decrease) in work in progress		948,969.07	-519
3.	Other operating income		81,498,490.62	16,354
			428,047,679.24	227,430
4.	Cost of materials			
	a) Disposals of real estate portfolio at carrying amounts	133,282,803.84		48,622
	b) Cost of purchased services	36,374,014.26		42,029
			169,656,818.10	90,651
5.	Personnel expenses			
	a) Salaries	20,070,519.69		15,780
	Social security, post-employment and other employee benefit costs thereof for pensions EUR 280,347.32 (PY: EUR 246 thousand)	2,334,117.01		2,540
			22,404,636.70	18,320
6.	Amortisation, depreciation and write-downs			
	a) of intangible and tangible fixed assets	69,432,462.31		44,475
	b) of current assets in excess of the corporation's standard depreciation	680,117.39		397
			70,112,579.70	44,872
7.	Other operating expenses		11,054,649.57	11,985
			154,818,995.17	61,602
8.	Income from participations	4,781,265.52		1,455
	thereof from affiliated companies EUR 4,781,265.52 (PY: EUR 1,455 thousand)			
9.	Other interest and similar income	652,047.54		893
10.	Write-downs of long-term financial assets	1,324,007.79		4
11.	Interest and similar expenses	39,072,439.61		40,090
	thereof to affiliated companies EUR 26,009.28 (PY: EUR 177 thousand)			
			-34,963,134.34	-37,746
12.	Result from ordinary activities		119,855,860.83	23,856
13.	Taxes on income		36,920,096.40	4,158
14.	Other taxes		59,260.68	9
15.	Net income for the financial year		82,876,503.75	19,689
16.	Retained profits brought forward		19,688,820.52	18,394
17.	Withdrawals from capital reserves		199,776,431.93	11,606
18.	Withdrawals from revenue reserves		96,444,777.64	0
19.	Distributions		325,176,517.54	30,000
20.	Net retained profits		73,610,016.30	19,689

STATEMENT OF CHANGES IN FIXED ASSETS

	Cost					Cumulative depreciation, amortisation and write-downs					Carrying amounts	
	01/01/2013	Additions	Disposals	Reclassifications	31/12/2013	01/01/2013	Additions	Disposals	Reversals	31/12/2013	31/12/2013	31/12/2012
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
A. Fixed assets												
I. Intangible fixed assets												
Purchased software...........	6,899,403.52	192,629.10	16,905.59	0.00	7,075,127.03	5,433,310.67	786,850.95	16,905.59	0.00	6,203,256.03	871,871.00	1,466,092.85
	6,899,403.52	192,629.10	16,905.59	0.00	7,075,127.03	5,433,310.67	786,850.95	16,905.59	0.00	6,203,256.03	871,871.00	1,466,092.85
II. Tangible fixed assets												
1. Land, land rights and buildings, including buildings on third-party land	1,593,017,046.14	169,450.40	164,368,429.90	65,334,579.66	1,494,152,646.30	414,176,935.07	63,084,543.10	38,535,141.05	18,987,787.34	419,738,549.78	1,074,414,096.52	1,178,840,111.07
2. Technical equipment.........................	1,131,580.51	39,574.04	60,643.51	0.00	1,110,511.04	572,432.51	86,915.49	22,773.51	0.00	636,574.49	473,936.55	559,148.00
3. Other equipment, operating and office equipment	6,188,392.90	59,916.48	1,413,149.73	-3,092.58	4,832,067.07	5,635,329.56	181,885.17	1,271,682.73	0.00	4,545,532.00	286,535.07	553,063.34
4. Prepayments and assets under construction......................................	78,987,652.95	43,597,507.69	3,193,990.53	-65,331,487.08	54,059,683.03	0.00	5,292,267.60	0.00	0.00	5,292,267.60	48,767,415.43	78,987,652.95
	1,679,324,672.50	43,866,448.61	169,036,213.67	0.00	1,554,154,907.44	420,384,697.14	68,645,611.36	39,829,597.29	18,987,787.34	430,212,923.87	1,123,941,983.57	1,258,939,975.36
III. Long-term financial assets												
1. Shares in affiliated companies	72,224,342.63	0.00	0.00	0.00	72,224,342.63	25,775,339.25	1,324,007.79	0.00	0.00	27,099,347.04	45,124,995.59	46,449,003.38
2. Long-term equity investments	32,314,698.32	2,331,265.52	34,645,963.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32,314,698.32
	104,539,040.95	2,331,265.52	34,645,963.84	0.00	72,224,342.63	25,775,339.25	1,324,007.79	0.00	0.00	27,099,347.04	45,124,995.59	78,763,701.70
	1,790,763,116.97	46,390,343.23	203,699,083.10	0.00	1,633,454,377.10	451,593,347.06	70,756,470.10	39,846,502.88	18,987,787.34	463,515,526.94	1,169,938,850.16	1,339,169,769.91

NOTES

1. General

The annual financial statements for financial year 2013 were prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*, "HGB") for large corporations, the provisions of the German Act on Limited Liability Companies (*GmbH-Gesetz*, "GmbHG"), the provisions of the D-Mark Accounting Act (*D-Mark-Bilanzgesetz*, "DMBilG"), and the provisions of the German ordinance regulating the forms for the classification of accounts in the annual financial statements of residential real estate companies (*Verordnung über Formblätter für die Gliederung des Jahresabschlusses von Wohnungsunternehmen*). The income statement was prepared using the total cost method.

LSREF II East AcquiCo S.à.r.l., Luxembourg, (94.9%) and Delpheast Beteiligungs GmbH & Co. KG, Frankfurt/M, (5.1%) have been the shareholders of TLG IMMOBILIEN GmbH, Berlin (hereinafter "TLG IMMOBILIEN") since 31 December 2012.

As at 31 December 2013, TLG IMMOBILIEN GmbH holds 100% of the shares of the following companies:

Company name and domicile	Equity as at 31/12/2013	Result in financial year 2013
	EUR '000	EUR '000
TLG Gewerbepark Grimma GmbH, Grimma	11,248	-6,623
TLG Vermögensverwaltungs GmbH, Berlin	251	-10
Hotel de Saxe an der Frauenkirche GmbH, Dresden	26,428	1,370
Verwaltungsgesellschaft an der Frauenkirche mbH, Dresden	21	-8

In addition, it has long-term equity investments in the following companies:

Company name and domicile	Shareholding	Equity as at 31/12/2013	Result in financial year 2013
		EUR '000	EUR '000
Investitionsgesellschaft Hausvogteiplatz 11 Verwaltung mbH, Berlin*	50%	23	1
Investitionsgesellschaft Hausvogteiplatz 11 mbH & Co. KG, Berlin*	50%	267	43

* Figures based on preliminary unaudited annual financial statements as at 31 December 2013

2. Accounting policies

The balance sheet and income statement were prepared on the basis of the following accounting policies:

Purchased intangible fixed assets are recognised at cost and, if finite-lived, are amortised over their expected useful lives (3 to 5 years, straight-line method).

Tangible fixed assets are measured at cost or, if permanently impaired, the lower fair value, and depreciated on a straight-line basis over their standard useful lives. Borrowing costs are not capitalised.

Land, land rights and buildings which are intended for use in business operations on a permanent basis are measured at cost and, if finite-lived, are depreciated on a straight-line basis over their standard useful lives.

Low-value assets with a net value of less than EUR 150 (prior to 31 December 2007: EUR 410) are written off or expensed in full in the year in which they are acquired, with their immediate disposal being assumed. In the interest of simplification, the pooled item which is to be recognised for tax purposes each year for assets acquired after 31 December 2007 at a cost of more than EUR 150 and less than EUR 1,000 has been included in the financial statements and is subjected to lump-sum depreciation by 20 percent p.a. in the year of acquisition and over the next four years.

Long-term financial assets are recognised at the lower of cost or fair value.

The remainder of the real estate assets are recognised as current assets since these properties are intended to be utilised. They are also recognised at the lower of cost or fair value.

Work in progress result in particular from the recognition of operating costs not yet invoiced, less discounts for vacancies and default risks.

Receivables and other assets are generally carried at their nominal amounts. Specific valuation allowances have been recognised to account for identified risks.

The special reserve for investment grants and subsidies is reversed in accordance with the useful lives of the subsidised assets.

Provisions for pensions and similar obligations are recognised in accordance with the projected unit credit method using the Heubeck 2005 G mortality tables. The discount rate applied across the board represents the average market rate of interest for an expected residual term of 15 years at 4.9% (PY: 5.06%) in accordance with the German Regulation on the Discounting of Provisions (*Rückstellungsabzinsungsverordnung*) dated 18 November 2009.

As expected, salary increases and staff turnover were not factored into the calculation. Expected pension increases were factored in at 1% (PY: 1%) for executives and at 2% (PY: 2%) for management. The option to retain pension provisions which is set forth under Article 67 (1) sentence 2 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, "EGHGB") is exercised to the extent that the EUR 1.1 million to be reversed upon revaluation as at the balance sheet date must be added back during the transition period ending on 31 December 2024.

Provisions for taxes and other provisions are recognised in respect of all uncertain liabilities and expected losses from executory contracts. They are recognised at the settlement amount dictated by prudent business judgment (i.e., including future cost and price increases). Provisions are by definition short-term and are thus not amortised.

Liabilities are carried at their settlement amount.

In order to calculate deferred taxes on the basis of temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the financial accounts as compared to the tax accounts or on the basis of tax loss carryforwards, the amount of the arising tax burden or relief is calculated using the individual companies' tax rates upon the reversal of the differences and is not discounted. Deferred tax assets are eliminated against deferred tax liabilities, resulting in deferred tax assets. In accordance with the recognition option provided under section 274 (1) HGB, deferred taxes are not recognised.

To the extent that micro hedges in accordance with section 254 HGB are recognised, the following accounting policy is applied:

Economic hedges are accounted for through the recognition of micro hedges, whereby the net positive and negative changes in the value of the hedged risk are reported outside the income statement (net hedge presentation method).

3. Assets

The statement of changes in fixed assets is included as an appendix.

After depreciation and write-downs, land, land rights and buildings, including buildings on third-party land amounted to EUR 1,074.4 million.

Long-term financial assets (EUR 45.1 million) included shares in four subsidiaries and two associates. Due to an existing impairment, the share in TLG Gewerbepark Grimma GmbH, Grimma, was written down in the amount of EUR 1.3 million. The EUR 34.6 million disposal resulted from the sale of the long-term equity investment in Altmarkt-Galerie Dresden KG, Hamburg.

In addition to the usual utilisations throughout the financial year, the values of properties held as current assets were written down by EUR 0.7 million to their lower fair value and EUR 0.3 million in write-downs were reversed. Accordingly, the carrying amount in the balance sheet was EUR 2.0 million.

Work in progress include operating and heating costs not yet invoiced (EUR 16.9 million).

Trade receivables (EUR 7.2 million) comprise receivables from the sale of real property (EUR 3.2 million), lease receivables (EUR 3.2 million) and other receivables (EUR 0.8 million). Of the trade receivables, EUR 0.1 million have a remaining maturity of more than one year (PY: EUR 0.1 million more than one year).

Receivables from affiliated companies (EUR 1.4 million) relate primarily to a receivable from Hotel de Saxe an der Frauenkirche GmbH, Dresden, from the advance distribution for the 2013 financial year and fall due within one year.

Other assets (EUR 0.7 million) consist primarily of loan receivables from third parties (EUR 0.3 million) and tax assets (EUR 0.2 million). Of the other assets, EUR 0.3 million have a remaining maturity of more than one year (PY: EUR 0.0 million more than one year).

Cash-in-hand, bank balances (EUR 143.1 million) were held primarily in current accounts (EUR 139.5 million) and term deposit balances (EUR 3.6 million). Of that amount, EUR 3.1 million was pledged to DKB as collateral, EUR 0.7 million was pledged to LBBW and EUR 0.4 million was pledged to Volks- und Raiffeisenbank Muldental; thus, those amounts are not available to the company to dispose over.

Deferred tax assets resulted from the following items:

	31/12/2013
	EUR '000
Deferred tax assets relating to differences for	
Provisions	1,200
Liabilities	644
Trade receivables	561
Tangible fixed assets	5,032
Shares in affiliated companies	903
Net deferred tax assets	8,340

The calculation was based on a tax rate of 30.875%, which factors in the currently applicable statutory tax rates and bases, as well as an average multiplier for municipal taxes of 430%.

No tax loss carryforwards were disclosed because they were derecognised as a result of the change in shareholders as at 31 December 2012.

The option to refrain from recognising deferred tax assets was exercised.

4. Equity and liabilities

The company's subscribed capital remained unchanged at EUR 52.0 million.

Capital reserves amounted to EUR 458.6 million. The change (EUR 258.8 million) resulted from a distribution of EUR 199.8 million to shareholders, an increase of EUR 438.1 million from the reclassification of revenue reserves, and shareholder contributions of EUR 20.5 million to capital reserves.

Revenue reserves decreased by EUR 534.5 million to EUR 0.8 million due to withdrawals for the distribution (EUR 96.4 million) and withdrawals for the reclassification to capital reserves (EUR 438.1 million).

Factoring in net income for 2013 (EUR 82.9 million), retained profits brought forward (EUR 19.7 million), withdrawals from capital/revenue reserves used for the distribution (EUR 296.2 million) and the actual advance distribution (EUR 325.2 million), net retained profits amounted to EUR 73.6 million and equity totalled EUR 585.0 million.

The special reserve for investment grants amounted to EUR 10.5 million as a result of EUR 0.4 million in reversals reflecting the depreciation, amortisation and write-downs of assets. The special reserve for subsidies totalled EUR 5.3 million as a result of an additional EUR 0.2 million in reversals reflecting the depreciation, amortisation and write-downs of assets.

The EUR 6.7 million in provisions for pensions and similar obligations were calculated on the basis of expert appraisals. The EUR 0.2 million decrease resulted from utilisations in financial year 2013. The exercise of the option to retain pension provisions which is set forth under Article 67 (1) sentence 2 EGHGB resulted in an overfunding by EUR 1.1 million as at the balance sheet date.

Provisions for taxes amounted to EUR 44.1 million and related primarily to the provision for corporation tax (EUR 20.2 million), trade tax (EUR 23.6 million) and other taxes (EUR 0.3 million) for the years 2013 and prior.

Other provisions amounted to EUR 28.5 million and related primarily to the repayment of investment grants and subsidies (EUR 9.3 million), restructuring expenses (EUR 6.2 million), litigation risks (EUR 3.5 million), personnel expenses (EUR 1.7 million), property management (EUR 1.4 million) and outstanding invoices (EUR 1.0 million).

Liabilities have the following remaining maturities:

	31/12/2013				31/12/2012	
	Total	Remaining maturity			Total	
		up to 1 year	1-5 years	more than 5 years		up to 1 year
Liabilities	**EUR million**	**EUR million**	**EUR million**	**EUR million**	**EUR million**	**EUR million**
to banks	629.0	116.0	83.0	430.0	479.9	87.0
relating to payments received	16.8	16.8	—	—	19.7	19.7
relating to trade payables	5.8	4.7	1.1	—	18.6	18.0
to affiliated companies	5.2	5.2	—	—	3.4	3.4
to shareholders	0.0	0.0	—	—	0.0	0.0
other liabilities	11.5	9.4	1.2	0.9	13.7	9.2
Total	**668.3**	**152.1**	**85.3**	**430.9**	**535.3**	**137.3**

Liabilities to banks amounted to EUR 629.0 million and were primarily attributable to loans from Landesbank Hessen-Thüringen (EUR 100.4 million), Citibank International PLC (EUR 74.9 million), Unicredit Bank—HypoVereinsbank AG (EUR 71.7 million) and Deutsche Genossenschafts-Hypothekenbank AG (EUR 66.0 million). In total, EUR 622.8 million is collateralised through land charges.

Payments received amounted to EUR 16.8 million and related primarily to advance payments for operating costs paid by tenants (EUR 16.4 million). Other payments received related to purchase agreements which had been negotiated in the course of the property sale but which had not yet entered into force (EUR 0.4 million).

Trade payables amounted to EUR 5.8 million and related primarily to liabilities incurred in connection with site development (EUR 2.3 million), liabilities from the retention of guarantees (EUR 1.8 million), liabilities from property management (EUR 1.0 million), liabilities from general business operations (EUR 0.4 million) liabilities from the acquisition of properties (EUR 0.1 million).

Liabilities to affiliated companies (EUR 5.2 million) consist primarily to claims by subsidiaries pertaining to TLG IMMOBILIEN's cash management pool.

Other liabilities amounted to EUR 11.5 million and included EUR 5.2 million for obligations to transfer purchase price payments collected on behalf of third parties and EUR 2.4 million for subsidies for leased properties which must be passed on the lessees in the form of reduced lease rates over the term of the lease. This item also includes EUR 1.5 million for tax liabilities.

Liabilities other than liabilities to banks are not collateralised.

Deferred income amounted to EUR 260 thousand and related primarily to advance payments of rent.

5. Contingent liabilities

TLG IMMOBILIEN has pledged EUR 4.2 million as collateral. The amounts pledged serve as additional collateral for derivatives with Landesbank Baden-Württemberg (EUR 0.7 million), to which the bank has recourse if TLG IMMOBILIEN fails to satisfy its payment obligations under the interest rate hedges concluded. In addition, in a guarantee facility agreement with DKB (Deutsche Kreditbank), TLG IMMOBILIEN has undertaken to indemnify the bank for guarantees issued which do not expire until the end of the term of the guarantee facility. EUR 3.1 million in balances has been pledged to DKB as collateral. To date, TLG IMMOBILIEN has duly satisfied its obligations and no collateral has been realised. It is therefore considered unlikely that DKB will assert any claims. In addition, EUR 0.4 million has been pledged to Volks- und Raiffeisenbank Muldental as collateral for a development loan from the Sächsische Aufbaubank, which was granted to the subsidiary, TLG Gewerbepark Grimma GmbH. There is no risk that the pledged balances will be realised because the relevant loan was repaid in January 2014 and the collateral released.

6. Material off-balance sheet transactions and other financial obligations

Material off-balance sheet transactions

Aside from the agreements and outstanding measures reported under other financial obligations, there were no material off-balance sheet transactions which could materially influence the future financial position of the Group.

Other financial obligations

Rental, lease and service agreements

The company has various service agreements for IT services, cleaning, and reception and security as well as leases for vehicles in the company's vehicle fleet. The notice periods for terminating the leases and service agreements are in 2014.

The advantage of these operating leases is that they facilitate current operations without necessitating investment and the corresponding outflows of cash. No risks have been identified in this context.

Due to existing agreements that could not be terminated as at the balance sheet date, the amounts payable in the following years are as follows:

	EUR '000
2014	589
2015	65
2016	37
	691

Of the total amount, EUR 444 thousand related to service agreements and EUR 247 thousand to leases.

Purchase commitments amounting to EUR 21.1 million have been entered into for investments in the property portfolio which have already been approved but not yet implemented. Furthermore, there exists an additional purchase commitment of standard scope and size.

7. Derivative financial instruments (excluding interest-rate transactions)

Type (number)	Amount as at 31/12/2013	Term	Fair value	Book value (if available)	Balance sheet item (if recognised in balance sheet)
	EUR million		EUR million	EUR million	
Interest rate swap with cap	8.6	30/06/2006 – 30/06/2016	-0.4	0.0	n/a
Forward swap	8.6	30/11/2006 – 30/11/2016	-0.7	0.0	n/a
Forward swap (5)	28.1	30/11/2007 – 30/11/2017	-3.9	0.0	n/a
Forward swap (3)	12.8	29/02/2008 – 28/02/2018	-1.7	0.0	n/a
Forward swap (3)	11.6	30/06/2008 – 30/06/2018	-1.6	0.0	n/a
Forward swap (1)	0.9	30/06/2009 – 28/09/2018	-0.1	0.0	n/a
Collar (2)	10.2	30/06/2009 – 29/06/2019	-1.8	0.0	n/a
Forward swap (1)	2.7	30/09/2009 – 30/09/2019	-0.4	0.0	n/a
Forward swap (4)	23.1	31/03/2010 – 31/03/2020	-3.5	0.0	n/a
Forward swap (3)	18.2	30/06/2010 – 30/06/2020	-2.4	0.0	n/a
Forward swap (2)	7.5	31/03/2011 – 31/03/2021	-0.9	0.0	n/a
Forward swap (2)	5.4	30/06/2011 – 31/03/2021	-0.8	0.0	n/a
Forward swap (2)	9.4	28/09/2012 – 30/06/2021	-0.9	0.0	n/a
Forward swap (1)	42.3	23/12/2013 – 30/12/2020	-0.1	0.0	n/a
Forward swap (1)	20.0	30/12/2013 – 31/03/2021	-0.1	0.0	n/a
Forward swap (1)	400.0	15/01/2013 – 28/12/2015	0.0	0.0	n/a
Subtotal Σ	609.3		Σ	0.0	
Forward swap (1)	4.7	31/03/2011 – 31/03/2021	-0.1	-0.1	Provision for expected losses
Forward swap (1)	5.7	30/06/2014 – 30/12/2020	0.0	0.0	
Subtotal Σ	10.4		Σ	-0.1	
Total	619.7			-0.1	

Interest rate derivatives serve to hedge against changing interest rates for loans already taken out or loans to be taken out in the future. They are marked to market.

The following hedging relationships have been created:

Underlying/hedge	Risk/Type of hedge	Amount involved	Amount of hedged risk
Loan to banks/interest rate derivatives	Interest rate risk/portfolio hedge	EUR 209.3 million	EUR 209.3 million

The opposing cash flows from the underlying and the hedge are expected to offset each other almost in full over the term of the hedge because in accordance with the Group's risk policies, risk exposures (underlyings) must be hedged immediately using interest rate hedges upon inception in the amount, currency and term matching the underlying transaction. As at the balance sheet date, the opposing cash flows from the underlying and the hedge have offset each other almost in full. The critical terms match method is used to measure hedge effectiveness.

8. Related-party transactions

No related party transactions were engaged in under non-standard market terms.

9. Income

Sales amounted to EUR 345.6 million (PY: EUR 211.6 million) and included EUR 129.0 million (PY: EUR 128.1 million) from property management, EUR 213.0 million (PY: EUR 78.3 million) from the disposal of properties and EUR 3.6 million (PY: EUR 5.2 million) from other services. Of the sales from the disposal of properties, EUR 206.3 million was attributable to properties classified as fixed assets and EUR 6.7 million to properties classified as current assets.

The EUR 0.9 million change in inventories was due to the relatively higher amount of operating costs not yet invoiced as compared to in the previous year.

Other operating income (EUR 81.5 million) included EUR 36.6 million from the sale of the long-term equity investments in Altmarkt-Galerie Dresden KG, Hamburg, EUR 15.5 million from the reversal of provisions, EUR 1.2 million from the reversal of write-downs on receivables and EUR 0.6 million from the reversal of the special reserve for investment grants and subsidies. This item also included EUR 1.4 million in prior-period income, of which EUR 1.3 million was attributable to income from property management.

Income from long-term equity investments (EUR 4.8 million) resulted from profit distributions and/or withdrawals from subsidiaries.

Other interest and similar income (EUR 0.7 million) consisted primarily of interest income in connection with short-term investment of cash (EUR 0.5 million).

10. Expenses

Cost of materials amounted to EUR 169.7 million, consisting of EUR 133.3 million from disposals of real estate portfolio at carrying amounts, EUR 31.9 million in property management expenses and EUR 4.5 million in expenses for other purchased services. Of the disposals of real estate portfolio at carrying amounts, EUR 128.3 million related to properties classified as fixed assets and EUR 5.0 million for properties classified as current assets.

Personnel expenses amounted to EUR 22.4 million and related to an average of 196 permanent and an average of 13 temporary employees. In addition, the Group employed on average 17 trainees and 2 employees on maternity leave.

Depreciation and amortisation amounted to EUR 37.6 million. In addition, EUR 31.8 million in write-downs to the lower fair value were recognised due to permanent impairments.

Write-downs of current assets in excess of the corporation's standard depreciation relate to write-downs to the lower fair value resulting from falling prices on local real estate markets (EUR 0.7 million).

Other operating expenses amounted to EUR 11.1 million and included valuation allowances and write-downs on receivables and other assets (EUR 1.8 million), expenses in connection with the restructuring (EUR 1.7 million) and prior-period expenses resulting from subsequent corrections in income recognised in prior years (EUR 0.1 million).

Interest and similar expenses (EUR 39.1 million) resulted primarily from interest paid on loans (EUR 30.8 million) and for compensatory payments on interest rate hedges (EUR 7.4 million).

Taxes on income (EUR 36.9 million) related to the advance payment of corporation tax including the solidarity surcharge (EUR 2.2 million), provisions for corporation tax including the solidarity surcharge (EUR 16.1 million) and trade tax (EUR 18.3 million) for the current financial year. This item also includes EUR 0.3 million in additional expenses for corporation tax in 2012.

11. Assets in trust

TLG IMMOBILIEN holds EUR 4.6 million (PY: EUR 3.9 million) in rental deposits in trust.

12. Auditors' fees

Please refer to the summary disclosures provided in TLG IMMOBILIEN's consolidated financial statements—available in the electronic commercial register (*elektronischer Handelsregister*)—for information regarding the auditors' fees.

13. The Management

Managing directors:

Peter Finkbeiner	(since 2 January 2013)
Niclas Karoff	

The managing director positions are full-time positions.

The company also had the following temporary managing directors during financial year 2013:

Jochen-Konrad Fromme	(until 10 June 2013)
Dr Michael Damnitz	(from 2 January 2013 until 30 January 2013)

The total remuneration for the management amounted to EUR 1,298,104.31 in 2013. The pension provisions for former members of the management amounted to EUR 2,658,152.99 as at 31 December 2013.

14. Group membership

TLG IMMOBILIEN GmbH prepares its own consolidated financial statements, which are available in the electronic Federal Gazette.

Berlin, 18 March 2014

The Management

[*Signed*]