Unaudited Condensed Consolidated Interim Financial Statements of TLG Immobilien GmbH as of and for the Six-Month Period Ended June 30, 2014

(Prepared in Accordance with IFRS on Interim Financial Reporting)

CONTENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30/06/2014	31/12/2013
		EUR '000 unaudited	EUR '000
A)	**Non-current assets**	**1,456,592**	**1,448,127**
	Investment property	1,423,028	1,414,691
	Advance payments on investment property	2,482	2,707
	Property, plant and equipment	16,449	17,762
	Intangible assets	655	872
	Investment in joint ventures	0	0
	Other non-current financial assets	124	124
	Other assets	8,407	8,423
	Deferred tax assets	5,447	3,548
B)	**Current assets**	**99,344**	**187,568**
	Inventories	13,318	13,385
	Trade receivables	13,665	11,567
	Receivables from income taxes	252	194
	Financial instruments	0	15
	Other current financial assets	3,157	4,953
	Receivables and other assets	2,854	707
	Cash and cash equivalents	24,540	138,930
	Assets classified as held for sale	41,557	17,817
Total assets		**1,555,936**	**1,635,695**
A)	**Equity**	**621,512**	**801,036**
	Subscribed capital	52,000	52,000
	Capital reserves	252,497	410,249
	Retained earnings	322,894	339,939
	Other comprehensive income (OCI)	-5,879	-1,152
	Non-controlling interest	0	0
B)	**Liabilities**	**934,424**	**834,659**
	I.) Non-current liabilities	**787,152**	**630,245**
	Non-current liabilities due to financial institutions	672,375	513,002
	Pension provisions	6,815	6,931
	Non-current financial instruments	8,744	18,788
	Other non-current liabilities	2,942	3,384
	Deferred tax liabilities	96,276	88,140
	II.) Current liabilities	**147,272**	**204,414**
	Current liabilities due to financial institutions	55,574	113,225
	Trade payables	12,188	14,573
	Payables due to shareholders	0	0
	Other current provisions	12,329	16,193
	Tax liabilities	57,266	44,287
	Current financial instruments	0	0
	Other current liabilities	9,915	16,136
	Liabilities included in disposal groups classified as held for sale	0	0
Total equity and liabilities		**1,555,936**	**1,635,695**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01/01/2014 – 30/06/2014 EUR '000 unaudited	01/01/2013 – 30/06/2013 EUR '000 unaudited
Net operating income from letting activities	**50,021**	**52,700**
Income from letting activities	**66,903**	**69,636**
a) Rental income	*56,997*	*59,216*
b) Income from recharged utilities and other operating costs	*9,053*	*9,472*
c) Income from other goods and services	*853*	*948*
Expenses related to letting activities	**16,882**	**16,936**
d) Utilities and other operating costs	*12,690*	*13,463*
e) Maintenance expenses	*1,903*	*1,865*
f) Other expenses	*2,289*	*1,608*
Result from the remeasurement of investment property	**51,330**	**34,382**
Result from the disposal of investment property	**458**	**228**
Result from the disposal of real estate inventory	**2,289**	**5,483**
a) Proceeds from real estate inventory disposed	*5,901*	*14,262*
b) Book value of real estate inventory disposed	*3,612*	*8,779*
Other operating income	**3,633**	**3,878**
Personnel expenses	**7,658**	**15,380**
Depreciation	**701**	**742**
Other operating expenses	**2,423**	**2,289**
Earnings before interest and taxes (EBIT)	**96,949**	**78,260**
Income from joint ventures	**0**	**2,137**
Financial income	**379**	**359**
Financial expenses	**12,094**	**18,088**
Gain (-) / loss from the remeasurement of derivatives	**2,011**	**-5,422**
Earnings before taxes (EBT)	**83,222**	**68,089**
Income taxes	**25,817**	**21,991**
Net income	**57,405**	**46,098**
Other comprehensive income (OCI)		
thereof non-recycling		
Actuarial gains and losses	0	0
thereof recycling		
Hedge accounting reserve	-4,727	0
Total comprehensive income for the year	**52,678**	**46,098**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income (OCI)		Non-controlling interest	Total equity
				Hedge accounting reserve	Actuarial gains and losses		
	EUR ’000	EUR ’000	EUR ’000	EUR ’000	EUR ’000	EUR ’000	EUR ’000
01/01/2013	52,000	151,461	804,278	0	-1,005	0	1,006,734
Net income	0	0	46,099	0	0	0	46,099
Other comprehensive income	0	0	0	0	0	0	0
Total comprehensive income	0	0	46,099	0	0	0	46,099
Withdrawal from capital reserves	0	-199,776	199,776	0	0	0	0
Distribution to shareholders	0	0	-287,246	0	0	0	-287,246
Additional payment to capital reserves	0	15,200	0	0	0	0	15,200
Release of special reserve (Art. 27 (2) DMBilG)	0	0	0	0	0	0	0
Addition to capital reserves	0	0	0	0	0	0	0
	0	-184,576	-41,371	0	0	0	-225,947
30/06/2013	52,000	-33,115	762,908	0	-1,005	0	780,788
01/01/2014	52,000	410,249	339,939	-124	-1,028	0	801,036
Net income	0	0	57,408	0	0	0	57,408
Other comprehensive income	0	0	0	-4,727	0	0	-4,727
Total comprehensive income	0	0	57,408	-4,727	0	0	52,681
Withdrawal from capital reserves	0	-158,547	158,547	0	0	0	0
Distribution to shareholders	0	0	-233,000	0	0	0	-233,000
Additional payment to capital reserve	0	0	0	0	0	0	0
Capital contribution relating to executive remuneration	0	795	0	0	0	0	795
	0	-157,751	-17,045	-4,727	0	0	-179,523
30/06/2014	52,000	252,497	322,894	-4,851	-1,028	0	621,512

CONSOLIDATED CASH FLOW STATEMENT

		01/01/2014 – 30/06/2014	01/01/2013 – 30/06/2013
		EUR ’000 unaudited	EUR ’000 unaudited
1.	**Cash flow from operating activities**		
	Earnings before taxes	83,225	68,091
	Depreciation	700	742
	Result from the remeasurement of investment property	-51,330	-34,382
	Result from the remeasurement of derivatives	2,012	-5,422
	Increase/decrease (–) in provisions	-3,980	-171
	Other non-cash expenses/income	795	0
	Results of joint ventures	0	-2,137
	Gain (–)/loss on disposal of property, plant and equipment	0	38
	Increase (–)/decrease in inventories	67	6,781
	Financial income	-379	-359
	Financial expenses	12,094	18,088
	Increase (–)/decrease in trade receivables and other assets	-994	3,782
	Increase/decrease (–) in trade payables and other liabilities	-8,813	-28,507
	Cash flow from operating activities	33,397	26,544
	Interest received	361	361
	Interest paid	-35,557	-33,901
	Income taxes paid	-4,490	-555
	Net cash flow from operating activities	-6,289	-7,551
2.	**Cash flow from investing activities**		
	Cash received from disposals of investment property	48,107	1,868
	Cash received from disposals of property, plant and equipment	0	0
	Cash paid for acquisitions of investment property	-27,446	-17,839
	Cash paid for acquisitions of property, plant and equipment	-189	-16
	Cash paid for investments in intangible assets	-149	-82
	Cash received from disposals of joint ventures	0	71,214
	Net cash flow from investing activities	20,323	55,145
3.	**Cash flow from financing activities**		
	Cash received from equity contributions	0	15,200
	Cash distribution to shareholders	-233,000	0
	Cash received from bank loans	188,868	73,326
	Repayments of bank loans	-84,293	-125,617
	Net cash flow from financing activities	-128,424	-37,091
4.	**Cash and cash equivalents at end of period**		
	Change in cash and cash equivalents (subtotal of 1 to 3)	-114,390	10,503
	Cash and cash equivalents at beginning of period	138,930	60,527
	Cash and cash equivalents at end of period	24,540	71,030
5.	**Composition of cash and cash equivalents**		
	Cash	24,540	71,030
	Cash and cash equivalents at end of period	24,540	71,030

NOTES

A. SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF TLG IMMOBILIEN GMBH AS AT 30 JUNE 2014

1. Company information

TLG IMMOBILIEN GmbH, Berlin (TLG IMMOBILIEN), a German limited liability company (*Gesellschaft mit beschränkter Haftung*, "GmbH") domiciled in 10117 Berlin, Hausvogteiplatz 12, entered into the Berlin commercial register under no. HRB 38419 B, together with its subsidiaries (TLG Group), is among the largest commercial real estate companies in Berlin and eastern Germany.

The main activities of the Parent Company and its subsidiaries are the commercial exploitation, management, development and acquisition of land and buildings.

2. Group accounting principles

The interim consolidated financial statements of the TLG Group were prepared in accordance with IAS 34.10 (Interim Financial Reporting) in condensed form and in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), as adopted by the European Union. The interim consolidated financial statements were prepared in accordance with the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning the application of international accounting standards in conjunction with section 315a (3) of the German Commercial Code (*Handelsgesetzbuch*, "HGB"), taking into account the supplementary commercial regulations. The requirements of IAS 34 (Interim Financial Reporting) have been complied with.

These interim consolidated financial statements do not include a separate presentation of the quarter from 1 April 2014 to 30 June 2014 because this is not a quarterly report, but rather a set of interim financial statements to be prepared once annually on special grounds.

The interim consolidated financial statements comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements.

The interim consolidated financial statements have been prepared in euros.

Unless otherwise stated, all amounts are rounded to thousands of euros. Due to rounding, the figures reported in tables and cross-references may deviate from their exact values as calculated.

The principal activities of the TLG Group are essentially unaffected by seasonal influences. The letting, sale and purchase of commercial real estate is impacted by economic influences, however.

3. Accounting policies

The accounting policies applied in these interim consolidated financial statements are essentially identical to those applied in the consolidated financial statements prepared in accordance with IFRSs. These interim consolidated financial statements should therefore be read in conjunction with the consolidated financial statements of TLG as at 31 December 2013.

The TLG Group has applied all new mandatory standards and interpretations as at 1 January 2014. The following standards and interpretations which were mandatory as at 1 January 2014 did not have any or no significant impact on the TLG Group's interim consolidated financial statements:

- IFRS 11, published by the IASB in May 2011, replaces IAS 31 and SIC-13.
- IFRS 12 "Disclosure of Interests in Other Entities" stipulates the disclosures required in the notes for interests in other entities with respect to risk and significance on the net assets, financial position and results of operations.
- The amendments to transitional provisions of IFRS 10, IFRS 11 and IFRS 12 are mainly limited to the figures from the prior year in the event of changes due to the application of the new standards to a comparison year.
- The IASB issued the revised IAS 27 in May 2011. With the publication of IFRS 10 and IFRS 12, the scope of application for IAS 27 was limited to accounting for investments in subsidiaries, associates and joint ventures in the separate financial statements of an entity.
- The interpretation of IFRIC 21 published in May 2013 clarifies at which time an entity recognises a liability for a levy imposed by a government.
- IFRS 10 "Consolidated Financial Statements" focuses in particular on the possibility of de facto control in consolidation issues.

- The new IAS 28 “Investments in Associates and Joint Ventures” addresses the accounting for shares in associates and joint ventures.
- The amendment of IAS 32 clarifies the requirements for offsetting financial instruments. In particular, it highlights the significance of the current legal right to offset. This is currently not expected to impact TLG.
- The amendment of IAS 39 permits the continuation of hedge accounting after novation of an over-the-counter (OTC) derivative as a hedging instrument. This is currently not expected to impact TLG.

The TLG Group applied IFRS 2 “Share-based Payment” for the first time in financial year 2014 due to the launch of a management share option programme in the course of financial year 2014.

4. Fair value measurement

All assets, equity instruments and liabilities measured at fair value on the basis of other standards (excluding IAS 17 “Leases” and IFRS 2 “Share-based Payment”) are measured uniformly in accordance with IFRS 13. IFRS 13.9 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of the financial instruments is determined on the basis of corresponding market values or measurement methods. For cash and other current primary financial instruments, the fair values are approximately equal to the carrying amounts recognised on the respective reporting dates.

For non-current receivables, other assets and liabilities, fair value is calculated on the basis of expected payment flows using the reference interest rates applicable on the reporting date. The fair values of financial instruments are determined on the basis of the reference interest rates on the reporting date plus the own or counterparty risk.

For the financial instruments to be recognised at fair value, fair value is always calculated using the corresponding market or stock exchange prices.

If there are no market or stock exchange prices, measurement is based on market measurement methods customary for the market using market parameters specific to the instrument. Fair value is determined using the discounted cash flow method, while individual credit ratings and other market conditions are used to calculate present value in the form of credit ratings or liquidity spreads customary for the market.

For the fair value measurement of financial instruments, the measurement model uses relevant market prices and interest rates observable on the reporting date obtained from external sources as inputs.

Investment property is measured at fair value. Fair value measurement of the investment property is classified as Level 3 under the fair value hierarchy of IFRS 13.86 (measurement on the basis of unobservable inputs).

The market value of the property held for generating rental income or for capital appreciation over the long term is determined by means of the discounted cash flow method (DCF). Properties with negative cash inflows (including permanently vacant properties) are valued using the liquidation method (land value less demolition costs, plus residual net income, if applicable). Appraisal of undeveloped land is conducted using the comparative value method taking into account standard land values of the local committees for property values.

Given that the investment property was measured in the same manner as in the 2013 consolidated financial statements, the detailed explanations relating to fair value measurement provided in the consolidated financial statements shall continue to apply

In summary, the fair value hierarchy as of 30 June 2014 is as follows:

Fair value hierarchy	Level 1	Level 2	Level 3
Investment property			1,423,028
Derivatives with positive market value		0	
Financial liabilities*		727,949	
Derivatives with negative market value		8,744	

* Fair value is determined solely for informational purposes in the notes.

And the fair value hierarchy as of 31 December 2013 is as follows:

Fair value hierarchy	Level 1	Level 2	Level 3
Investment property			1,414,691
Derivatives with positive market value		15	
Financial liabilities*		626,227	
Derivatives with negative market value		18,788	

* Fair value is determined solely for informational purposes in the notes.

There were no transfers between levels of the fair value hierarchy during the first half of 2014.

5. Changes to the scope of consolidation

There have been no changes in the group of consolidated companies since 31 December 2013.

6. Significant judgements and estimates

The preparation of the interim consolidated financial statements in accordance with IFRSs requires the management to make assumptions and use estimates which have an impact on the carrying amounts reported for assets, liabilities, income and expenses, as well as on the disclosure of contingent liabilities. These assumptions and estimates relate in particular to the measurement of investment property, the recognition and measurement of assets and liabilities held for sale, the recognition and measurement of pension provisions, the recognition and measurement of other provisions, the measurement of financial liabilities and the recognition of deferred tax assets.

Although the management believes that the assumptions made and estimates used are appropriate, any unforeseen changes in these assumptions may influence the TLG Group's financial position and performance.

7. Segment reporting

There have been no changes to the segment reporting as compared to the information provided by the management in the consolidated financial statements as at 31 December 2013. Accordingly, there is still only one single reporting segment in accordance with IFRS 8; this segment encompasses the TLG Group's operating activities and the chief operating decision makers receive regular reports on this segment.

8. Selected notes to the consolidated statement of financial position

In financial year 2013 and through to the reporting date for the 2014 interim consolidated financial statements, **investment property** as defined in IAS 40, including reclassifications as assets held for sale as defined in IFRS 5, developed as follows:

	01/01/2014 – 30/06/2014	01/01/2013 – 31/12/2013
	EUR '000	
Carrying amount as at 01/01	**1,414,691**	**1,511,726**
Acquisitions	20,028	3,591
Capitalisation of construction activities	7,031	36,396
Reclassification as assets held for sale	(71,389)	(209,259)
Reclassification from property, plant and equipment	1,335	—
Fair value adjustment	51,330	72,237
Carrying amount as at 30/06 and 31/12	**1,423,028**	**1,414,691**

TLG's portfolio strategy intends for a concentration on the retail and office asset classes, as well as on hotels with long-term leases in certain prime inner-city locations, particularly in Berlin and Dresden. While the office portfolio is intended to be largely limited to Berlin, Dresden, Leipzig and Rostock, the retail portfolio—which is currently dominated by food retail properties in the retail foodstuffs sector—is more broadly distributed. Decisions pertaining to acquisitions and disposals of properties and to necessary investments are subject to the aforementioned principles of portfolio strategy.

In the first half of 2014, the Berlin office portfolio added an attractive office property. After all project development properties were reclassified during the previous year as under management as at 31 December 2013, further expansion work was performed during the first half of 2014. The decline in project development activities is reflected in the amount capitalised for construction activities: (EUR 7,031 thousand; full year 2013: EUR 36,396 thousand).

EUR 71,389 thousand was reclassified as assets held for sale to reflect disposals in keeping with the portfolio strategy.

As in 2013, consistently favourable market conditions made it possible in particular to sell a number of inner-city development plots at attractive prices in the first half of 2014 as well, with the result that the EUR 51,330 thousand fair value adjustment in H1 2014 related to 75% of the assets held for sale. Properties reclassified as assets held for sale also included all sales conducted during the year, which had first been reclassified as assets held for sale and then sold off.

In addition to the aforementioned favourable market conditions, the declined EPRA vacancy rate of 4.9% (2013: 5.6%) in the first half year 2014 led to an increased fair value of the investment property.

The fair values of investment property were as follows, broken down by measurement approach and by asset class as at 30 June 2014:

Table 1:

30/06/2014	Investment properties	Discount rate			Capitalisation rate		
	EUR ’000	Min.	Max.	Weighted average (rated according to gross present value)	Min.	Max.	Weighted average (rated according to net sales price)
Valuation method = Discounted-Cashflow (DCF)							
Retail properties	662,037	5.00%	15.00%	6.26%	5.50%	33.00%	8.13%
Office properties	466,463	4.00%	12.00%	5.53%	4.00%	15.00%	7.03%
Hotel properties	187,163	5.00%	6.25%	5.60%	6.25%	6.75%	6.48%
Other properties	79,146	3.75%	14.00%	7.23%	4.00%	25.00%	10.94%
Total (DCF)	**1,394,810**	**3.75%**	**15.00%**	**5.98%**	**4.00%**	**33.00%**	**7.67%**
Valuation method = Liquidation method							
Retail properties	8,620	3.00%	5.00%	4.14%	—	—	—
Office properties	230	7.50%	7.50%	7.50%	—	—	—
Other properties	19,368	5.00%	9.50%	5.49%	—	—	—
Total (liquidation method)	**28,218**	**3.00%**	**9.50%**	**5.07%**	**—**	**—**	**—**
Total	**1,423,028**						
Multiplier net rental	12.59						

The following values were reported as at 31 December 2013:

31/12/2013	Investment properties	Discount rate			Capitalisation rate		
	EUR ’000	Min.	Max.	Weighted average (rated according to gross present value)	Min.	Max.	Weighted average (rated according to net sales price)
Valuation method = Discounted-Cashflow (DCF)							
Retail properties	655,994	5.00%	15.00%	6.25%	5.50%	25.00%	8.16%
Office properties	447,308	4.00%	12.00%	5.54%	4.00%	20.00%	7.12%
Hotel properties	185,611	5.00%	6.25%	5.61%	6.25%	6.75%	6.48%
Other properties	73,698	5.00%	14.00%	7.86%	6.00%	30.00%	11.46%
Total (DCF)	**1,362,610**	**4.00%**	**15.00%**	**6.01%**	**4.00%**	**30.00%**	**7.76%**
Valuation method = Liquidation method							
Retail properties	24,500	5.00%	7.50%	5.78%	—	—	—
Office properties	450	7.50%	7.50%	7.50%	—	—	—
Other properties	27,131	3.00%	8.00%	5.07%	—	—	—
Total (liquidation method)	**52,081**	**3.00%**	**8.00%**	**5.43%**	**—**	**—**	**—**
Total	**1,414,691**						
Multiplier net rental	12.68						

Other financial assets included EUR 2,621 thousand in restricted funds as at 30 June 2014.

Cash and cash equivalents essentially consisted of bank balances. These included EUR 3,611 thousand in restricted funds as at 30 June 2014. The decrease resulted primarily from distributions to shareholders.

The change in the components of **Group equity** can be taken from the consolidated statement of changes in equity. In the first half of 2014, the distribution to the shareholders amounted to EUR 233,000 thousand. Of that amount, EUR 158,547 thousand was distributed from capital reserves, EUR 843 thousand from revenue reserves and EUR 73,610 thousand from retained earnings.

Liabilities due to financial institutions are broken down as follows:

	30/06/2014	31/12/2013
	EUR '000	
Liabilities to banks	727,949	626,227

	30/06/2014	31/12/2013
	EUR '000	
Remaining term up to 1 year	55,574	113,225
Remaining term longer than 1 year	672,375	513,002

The increase in liabilities to banks resulted from the regular payments of principal, as well as from the draw-down of tranches from existing and new loans amounting to EUR 188,868 thousand. In addition, EUR 75,409 thousand in old loans was repaid.

Net leverage was calculated as follows as at 30 June 2014 and in comparison with the same period of the previous year:

	30/06/2014	31/12/2013
	EUR '000	
Investment property	1,423,028	1,414,691
Prepayments for investment properties	2,482	2,707
Owner-occupied properties	15,139	16,464
Non-current assets held for sale	41,558	17,817
Inventories	13,318	13,385
Real estate	**1,495,524**	**1,465,064**
Liabilities due to financial institutions	727,949	626,227
Cash and cash equivalents	24,540	138,930
Net debt	**703,409**	**487,298**
Net Loan to Value (Net LTV)	**47.0%**	**33.3%**

The Group's Net LTV increased as at the end of the reporting period as a result of the increase in liabilities to banks through the draw-down of existing and new loan tranches and the decrease in cash.

Other provisions changed as follows:

	As at 01/01/2014	Additions	Utilisations	Reversals	As at 30/06/2014
			EUR '000		
Provisions for personnel expenses from restructuring plan	2,845	—	(2,614)	—	231
Provisions for litigation risks	12,871	842	(42)	(2,284)	11,387
Other miscellaneous provisions	477	386	(150)	(3)	711
Total	**16,193**	**1,228**	**(2,806)**	**(2,287)**	**12,329**

The provisions for litigation costs were reversed in part due to a litigation victory.

9. Selected notes to the consolidated statement of comprehensive income

Net operating income from letting activities declined as a result of the strategically driven portfolio optimisation.

Income from letting activities, which was lower in comparison to the same period of the previous year, resulted primarily from the sale of a portfolio of nursing home properties in November 2013.

Expenses related to letting activities experienced a relatively less sharp decrease because expenses were higher in relation to one property as a result of fire damage. This was offset by a corresponding insurance settlement payment, recognised under other operating income.

The **result from remeasurement of investment property** included EUR 38,439 thousand (half year 2013: EUR 2,466 thousand) for properties classified as long-term assets held for sale.

Personnel expenses developed as follows:

	01/01/2014 – 30/06/2014	01/01/2013 – 30/06/2013
	EUR '000	
Salaries	5,839	6,636
Social security contributions and cost of old age pensions	1,041	1,261
Bonuses	778	628
Severance packages	—	6,855
Total	**7,658**	**15,380**

The Company initiated significant restructuring measures in the beginning of 2013. Over the course of the year, the activities carried out by branch offices were integrated with the central office, thus concentrating operating activities there. Additionally, the workforce was streamlined. This streamlining goes hand-in-hand with the strategic objectives of the property portfolio.

TLG IMMOBILIEN is conscious of its social responsibility and on 7 March 2013 adopted measures for a reconciliation of interests on the basis of the social plan dated 1 November 2011. In this context, the Company has incurred expenses relating to severance packages.

The decrease in expenses for salaries and social security contributions was attributable primarily to the decline in the employee headcount in connection with the restructuring measures.

The **interest result** can be broken down as follows:

	01/01/2014 – 30/06/2014	01/01/2013 – 30/06/2013
	EUR '000	
Interest income from bank balances	(199)	(195)
Interest income from default interest and deferrals	(174)	(161)
Other interest income	(6)	(3)
Total interest and similar income	**(379)**	**(359)**
Interest expenses for interest rate derivatives	2,140	3,734
Interest on loans	8,816	14,177
Other interest expenses	1,138	177
Total interest and similar expenses	**12,094**	**18,088**
Interest result	**11,715**	**17,729**

Despite the overall increase in liabilities due to financial institutions, the decrease in interest on loans was due to the optimisation of the Group's financing structure. Moreover, in the previous year a loan liability taken over by the shareholders increased liabilities. That loan was repaid in March 2014.

The interest expense for interest rate hedges was lower, particularly due to the fact that in March 2014 existing interest rate hedges were unwound and then replaced by hedges at more favourable conditions.

The **tax expense/income** can be broken down as follows:

	01/01/2014 – 30/06/2014	01/01/2013 – 30/06/2013
	EUR '000	
Current income tax	17,469	16,450
Deferred taxes	8,348	5,541
Tax expense/income	**25,817**	**21,991**
Prior-period income taxes	—	2

10. Additional disclosures relating to financial instruments

The table below presents the carrying amounts and fair values of financial instruments by class and measurement category:

30/06/2014	Measurement category in accordance with IAS 39	Measured at amortised cost		Measured at fair value	No measurement category in accordance with IAS 39	No financial instruments in accordance with IAS 32	Total items in statement of financial position
		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount	Carrying amount
				EUR ’000			
Other non-current financial assets	AfS	124	n/a				124
Trade receivables	LaR	13,665	13,665				13,665
Other non-current financial assets	LaR	3,157	3,157				3,157
Financial derivatives[1]	FAHfT			0			0
Cash and cash equivalents	LaR	24,540	24,540				24,540
Total financial assets		**41,486**	**41,361**	**0**	**0**	**0**	**41,486**
Liabilities due to financial institutions[2]	FLaC	727,949	768,078				727,949
Trade payables	FLaC	12,188	12,188				12,188
Financial derivatives[1]	FLHfT			0	8,744		8,744
Other liabilities	FLaC	12,857	5,466			7,391	12,857
Total financial liabilities		**752,993**	**785,731**	**0**	**8,744**	**7,391**	**761,737**

Categorisation of underlying inputs for *fair value* measurement in accordance with IFRS 13.93(b) and IFRS 13.97:
1) Derivatives: Level 2 within the *fair value* hierarchy (measured on the basis of observable inputs/market data).
2) Liabilities to banks: Level 2 within the *fair value* hierarchy (measured on the basis of observable inputs/market data).

31/12/2013	Measurement category in accordance with IAS 39	Measured at amortised cost		Measured at fair value	No measurement category in accordance with IAS 39	No financial instruments in accordance with IAS 32	Total items in statement of financial position
		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount	Carrying amount
				EUR ’000			
Other financial assets	AfS	124	n/a				124
Trade receivables	LaR	11,567	11,567				11,567
Other financial assets	LaR	4,953	4,953				4,953
Financial derivatives[1]	FAHfT			15			15
Cash and cash equivalents	LaR	138,930	138,930				138,930
Total financial assets		**155,574**	**155,449**	**15**	**0**	**0**	**155,589**
Liabilities due to financial institutions[2]	FLaC	626,227	640,477				626,227
Trade payables	FLaC	14,573	14,573				14,573
Financial derivatives[1]	FLHfT			18,608	180		18,788
Other liabilities	FLaC	19,520	11,983			7,537	19,520
Total financial liabilities		**660,321**	**667,033**	**18,608**	**180**	**7,537**	**679,109**

Categorisation of underlying inputs for *fair value* measurement in accordance with IFRS 13.93(b) and IFRS 13.97:
1) Derivatives: Level 2 within the *fair value* hierarchy (measured on the basis of observable inputs/market data).
2) Liabilities to banks: Level 2 within the *fair value* hierarchy (measured on the basis of observable inputs/market data).

LaR = Loans and Receivables
HfT = Held for Trading
AfS = Available for Sale
FLaC = Financial Liabilities at Cost
FAHfT = Financial Assets Held for Trading
FLHfT = Financial Liabilities Held for Trading

The “Other financial assets” class includes AfS financial instruments amounting to EUR 124 thousand (31 December 2013: EUR 124 thousand). These are shares in entities which are not fully consolidated or measured in accordance with the equity method. The instruments are carried at amortised cost since there is no quoted price available for them on an active market and it is not possible to reliably determine their fair value.

The carrying amounts of cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables and other liabilities for the most part have short remaining terms and approximated the fair values as at the reporting date.

11. Related parties

Related parties are defined as companies or persons which have the ability to control or exercise a material influence over the TLG Group, or which the TLG Group controls or exercises a material influence over.

Accordingly, the members and immediate relatives of the management and Advisory Board of TLG IMMOBILIEN GmbH are considered related parties, as are members of management who exercise key executive functions, as well as the TLG Group’s subsidiaries and joint ventures.

In addition, LSREF II EAST ACQUICO S.à r.l. and Delpheast Beteiligungs GmbH & Co. KG and their related parties are considered related parties of TLG.

Related companies

In the first half of 2014, TLG distributed EUR 158,547 thousand from capital reserves, EUR 843 thousand from revenue reserves and EUR 73,610 thousand from retained earnings to shareholders.

Receivables from and liabilities to related companies in the first half of 2014 amounted to:

	30/06/2014	30/12/2013
	EUR ’000	
Statement of financial position and statement of comprehensive income		
Liabilities to other related companies	0	87

In the first half of 2014, income and expenses from related companies amounted to:

	01/01/2014 – 30/06/2014	01/01/2013 – 30/06/2013
	EUR ’000	
Statement of comprehensive income		
Expenses for other related companies (interest)	0	215
Expenses for other related companies (guarantee commissions)	158	0

Related persons

On 11 April 2014, the management of TLG IMMOBILIEN GmbH entered into a bilateral bonus agreement with the direct shareholders of the Company. Under the agreement, any future realised appreciation in the value of the Company will be passed on to the beneficiaries in the form of a cash bonus payment.

The amount of the bonus to be paid will be determined on the basis of a reference value which is designed to reflect the appreciation of shareholders’ invested equity over the term of their investment. The reference value is determined as the total of distributions to the shareholders less contributions made by the shareholders into the investment. The bonus payment is based on a percentage of the reference value, linked to a 0.4% cap.

The bonus payment by the shareholders falls due if several cumulative requirements have been meet.

- Occurrence of an exit or partial exit event: neither the direct shareholders nor their associates continue to hold a direct or indirect interest in TLG IMMOBILIEN GmbH or the amount of their interest falls below the total of their current interest.
- Distributions must exceed contributions paid by the shareholders by more than 50%.
- At the (partial) exit date, the managing directors of TLG IMMOBILIEN GmbH must continue to be regularly employed by the Company.

The incentive programme stipulates a direct payment from the shareholders to the managing directors. The TLG Group is not obligated to make these payments. The bonus programme described is therefore accounted for analogously to share-based payments granted to the management of TLG IMMOBILIEN GmbH in accordance with IFRS 2. This is offset by an additional contribution by the shareholders into capital reserves.

Based on the assessment of the management of TLG IMMOBILIEN GmbH as to the likelihood of the aforementioned conditions being satisfied, a bonus payment can be considered likely. The bonus will vest over a total of 18 months after the agreement of the bonus arrangement.

As at 30 June 2014, TLG IMMOBILIEN GmbH recognised EUR 795 thousand as an expense in accordance with the provisions of IFRS 2.

An expense of EUR 2,217 thousand is expected for the remaining vesting period.

12. Contingent liabilities

There has been no change in contingent liabilities as compared to 31 December 2013.

13. Executive Board and Advisory Board

As at 30 June 2014, the composition of the Executive and Advisory Board has not changed since 31 December 2013.

14. Events after the reporting date

In July 2014, TLG had a purchase agreement notarised relating to a property with a volume of EUR 21,500 thousand. The transfer of benefits and risks of ownership is planned for September 2014.

Berlin, 29 August 2014

The Management

[*Signed*]