ANNUAL REPORT 2015

WCM

Beteiligungs- und Grundbesitz-AG

WCM KEY IFRS FIGURES	1 JANUARY - 31 DECEMBER 2015	1 JANUARY - 31 DECEMBER 2014	ABSOLUT CHANGE	PERCENTAGE CHANGE
Rental income (in kEUR)	10,445	0	10,445	> 100
Net operating income (in kEUR)	9,560	0	9,560	> 100
Net income (in kEUR)	57,675	1,206	56,469	> 100
FFO I (in kEUR)	7,930	-1,393	9,323	> 100
Earnings per share (in EUR)	0.72	0.08	0.64	> 100
Earnings per share diluted (in EUR)	0.72	0.08	0.64	> 100
FFO I per share (in EUR)	0.10	-0.10	0.20	> 100

KEY BALANCE SHEET RATIOS In kEUR	1 JANUARY - 31 DECEMBER 2015	1 JANUARY - 31 DECEMBER 2014	ABSOLUT CHANGE	PERCENTAGE CHANGE
Investment properties	501,546	17,337	484,209	> 100
Assets held for divestment	4,185	0	4,185	> 100
Total equity & liabilities	550,924	43,889	507,035	> 100
Shareholder's equity	269,582	31,809	237,773	> 100
Debt	281,342	12,080	269,262	> 100
EPRA NAV per share (in EUR)	2.38	n.a.		

KEY PORTFOLIO FIGURES	as of 31.12.2015
Number of assets	49
Lettable area	293,986 square metres
Annualised rental income	31.5 million EUR
EPRA net initial yield (NIY)	5.6 percent
EPRA vacancy rate	4.8 percent
Loan-to-Value (LTV) of portfolio	52.2 percent
Weighted average lease time (WALT)	9.4 years
Average cost of debt	2.1 percent

DATA ON THE WCM SHARE	
Industry:	Real Estate
WKN / ISIN:	A1X3X3 / DE000A1X3X33
Share capital:	120,772,500 Euro
Number of shares:	120,772,500
High / Low 2015:	3.72 Euro / 1.42 Euro
Year-end 2014:	1.442 Euro
Year-end 2015:	2.659 Euro
Market capitalisation 2014:	48.7 million Euro
Market capitalisation 2015:	321.1 million Euro
Market segment:	SDAX, Prime Standard
Designated Sponsor:	Equinet Bank AG and Oddo Seydler Bank AG
Stock exchanges:	Xetra, Frankfurt, Munich, Berlin, Dusseldorf, Hamburg, Stuttgart

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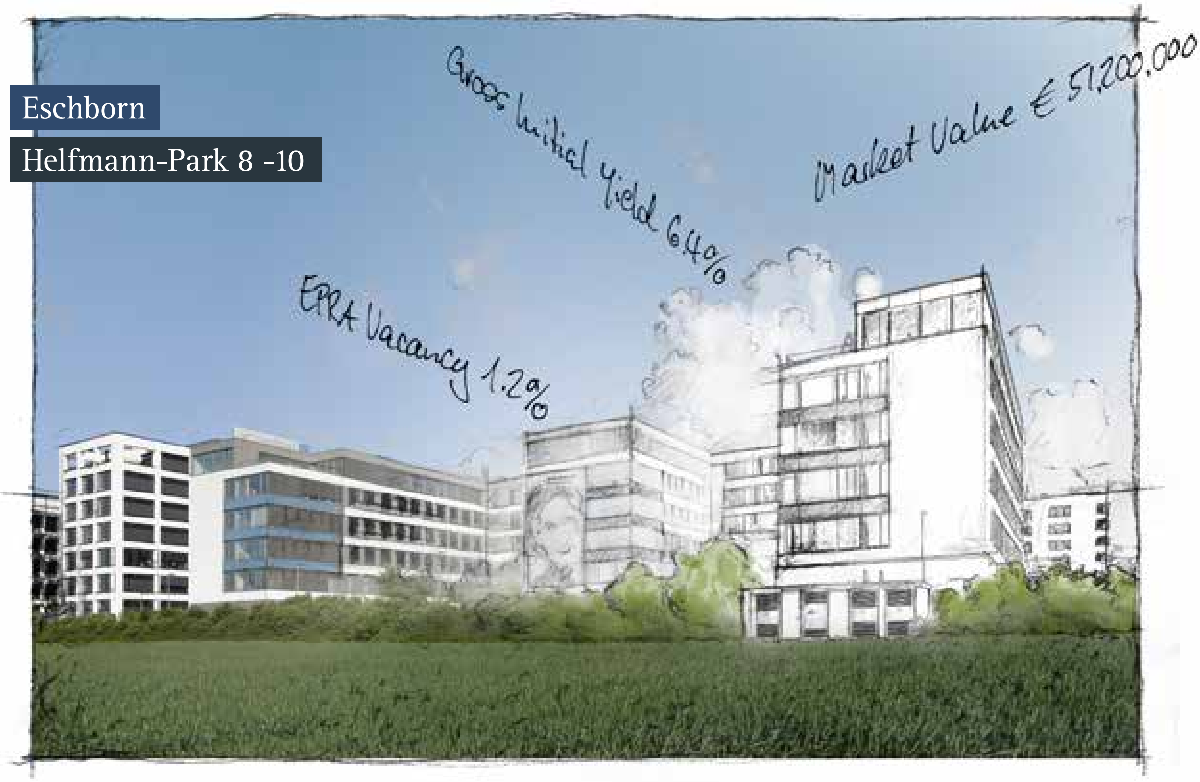
THE STRATEGY AND VISION OF WCM



WCM AG specialises in long-term leasing of high-quality office and retail properties at top locations in Germany. In doing so, it focuses on the acquisition and efficient management of properties with low vacancy rates in core and core-plus segments. WCM also purchases properties in value-added segments and takes advantage of opportunities that arise here. These properties are sold again after the value-adding activities – such as the reduction of vacancies – have been completed. The goal of the dynamically growing company is to develop a property portfolio worth approximately one billion euros. Within a year of its operational relaunch at the end of 2014, WCM already succeeded in acquiring a portfolio in line with its strategy that is worth over €500m and has an initial yield of 6.2 per cent, a weighted average remaining lease term (WALT) of 9.4 years and a low vacancy rate of around 6 per cent.

WCM aims for a high and steady cash flow. It achieves this by concluding long-term rental agreements with solvent tenants and thus generating stable long-term rental income as an owner of high-quality properties. WCM and in particular its shareholders also benefit from tax-deductible loss carryforwards for corporation tax, trade tax and the contribution account for tax purposes. This gives investors the opportunity to receive dividends without any deduction of capital gains tax in certain circumstances. WCM plans to pay out a dividend for the first time for the 2016 fiscal year. This dividend is intended to correspond to around 50 per cent of the funds from operations (FFO) generated in a fiscal year.

One key to WCM's success is the experienced management team led by CEO Stavros Efremidis and CIO Frank Roseen. Thanks to this team's extensive property and management expertise, WCM has excellent access to attractive transactions – including taking advantage of opportunities – in the property sector. This considerably helped with the development of a portfolio in line with the strategy in the 2015 fiscal year and will also benefit the company in further acquisitions. In addition, WCM employs experienced staff for asset and property management, i.e. for the successful management and optimisation of the properties acquired. This also represents a significant part of the company's long-term value creation.

The business activities in relation to office properties focus on the seven top locations in Germany: Munich, Hamburg/Bremen, Berlin, Frankfurt/Rhine-Main, Cologne/Düsseldorf, Stuttgart and Dresden/Leipzig. In doing so, the company acquires high-quality properties with solvent tenants and long-term rental agreements. WCM's target yield in this segment is 5 to 7 per cent p.a., while a vacancy rate on acquisition of no more than 10 to 20 per cent is targeted, which is then reduced further by means of active asset management.

With regard to retail properties, WCM focuses on metropolitan regions in Germany that have a high population density and good infrastructure. It aims to conclude rental agreements with a term of more than 10 years with renowned retail companies. WCM's target yield here is 6.5 to 8 per cent p.a. In the retail sector, as in the office sector, the company invests in high-quality properties. Here, too, the reduction of vacancy rates – which are usually already low – represents an additional value driver.

With regard to financing, WCM is benefiting from the low interest rate level. For the total portfolio already acquired with a value of €506m, the company has an interest rate for property loans of a low 2.1 per cent with an average remaining term of 6.1 years (as at 31 December 2015). Accordingly, this gives rise to an above-average spread of more than 4 per cent between the net yield of the portfolio and the financing. In future transactions, the company will likewise aim to optimise its financing and achieve a high gross margin. The loan-to-value (LTV) ratio of the overall portfolio, which is currently at a sound 52.2 per cent. In the medium term the LTV should lie about 50 per cent.

WCM AG's goal is to continue to grow dynamically and in line with its strategy as a highly profitable commercial property company and thus create value for the shareholders on a long-term basis.

LETTER FROM THE EXECUTIVE BOARD

Dear Sir or Madam

Dear Shareholders,

Since 21 December 2015, WCM has been included in Deutsche Börse's selected SDAX index. This means that we not only have a much higher profile on the capital market than before but are also, with regard to international investors, now more attractive. Our inclusion in the SDAX also shows that we delivered results in the 2015 fiscal year and were extremely successful as a company. WCM's operational relaunch did not take place until December 2014, when the first commercial property portfolios were purchased. As such, we have risen from nothing to the SDAX practically within one year.

We have built up a strong team with a great deal of property expertise and the corresponding network. Since 1 September 2015, the areas of acquisitions and finance have been strengthened by new Executive Board member Frank Roseen, an experienced property specialist with many years of experience in the top management of international corporations. And we have a clear corporate strategy that we implemented consistently in 2015. As announced, we have acquired commercial properties in the major urban centres in Germany. In doing so, we not only rapidly developed a high and steady cash flow, but also took advantage of a comparatively favourable situation on the German commercial property market – a window of opportunity, so to speak.

Our great success in 2015 is also reflected in our figures. For example, we achieved a marked increase in our consolidated net profit from €1.2m in the previous year to €57,7m. At the same time, earnings per WCM share rose from €0.08 to €0.72.

Above all, in 2015 we came considerably closer to achieving our goal of developing an overall portfolio of a billion euros in consonance with our strategy. We have built up a property portfolio of 49 buildings with a market value of €505,7m, and on top of this we have contractually secured the acquisition of properties worth approximately €50m. With our portfolio, we already generate annual rental income of €31.5 m, resulting in a net yield on the overall portfolio of 6.2 per cent. And this is achieved with a weighted average remaining lease term (WALT) of 9.4 years and a low vacancy rate of around 6 per cent, which already reflects our active asset management.

Alongside the high rental income of the portfolio we have acquired over the past quarters, we also have very favourable financing. For example, the average interest rate on the property loans is 2.1 per cent with an average remaining term of 7 years.

Our clear strategy and its successful implementation also impressed the capital market. The WCM share price thus improved by 84.4 per cent to €2.659 per share as at the end of 2015. Above all, we fully placed a cash capital increase with subscription rights at a price of €2.05 per share in July and a cash capital increase with existing shareholders' subscription rights disapplied at a price of €2.20 per share (the market price at the time) in November for financing purposes. In total, .this resulted in gross proceeds of approximately €180m-capital for us to use in order to expand the property portfolio

In the new fiscal year 2016, we will continue on our successful path. In doing so, we will further expand our portfolio of commercial properties in accordance to our strategy. We will also increasingly benefit from our active asset management, even just based on the size our portfolio has already reached.

We would like to take this opportunity to thank our employees for their exemplary commitment in the past year. We also wish to thank our customers and business partners for the trust they have placed in us. And last but not least, we would like to thank you, dear shareholders, for accompanying your WCM on its growth path. We would be delighted if you choose to stay with us in the future, too.

Sincerely,

Stavros Efremidis
CEO of WCM AG

Frank Roseen
CIO of WCM AG

SUPERVISORY COMMITTEE REPORT

ON THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2015

The 2015 fiscal year was characterised by exceptional growth of the company. At the start of the fiscal year, the company had only one employee besides the two Executive Board members. On 31 December 2015, the number of employees (including the Executive Board) climbed to 22. At the start of the fiscal year, the company held one property. By the end of the fiscal year, it had a portfolio of 49 properties with a market value of €505.7m. The share capital increased from €33.8k to €120.7k over the course of the fiscal year as a result of two capital increases for cash.

After Dr Manfred Schumann left the Executive Board on a mutual agrrement on 12 February 2015, Mr Stavros Efremidis initially managed the company as the sole Executive Board member. Mr Frank Roseen was appointed as an additional member of the Executive Board as of 1 September 2015. He performs the role of Chief Investment Officer (CIO). Mr Roseen has many years of international experience in the property sector. At the same time, the Supervisory Committee appointed Mr Efremidis as Chief Executive Officer.

The Shareholders' Meeting of the company was held in Frankfurt am Main on 10 June 2015. In addition to the usual formalities, a share option scheme for the Executive Board and employees was adopted and contingent capital of €3.3m was created for this purpose. KPMG AG Wirtschaftsprüfungsgesellschaft in Frankfurt am Main was elected as the auditor for the 2015 fiscal year.

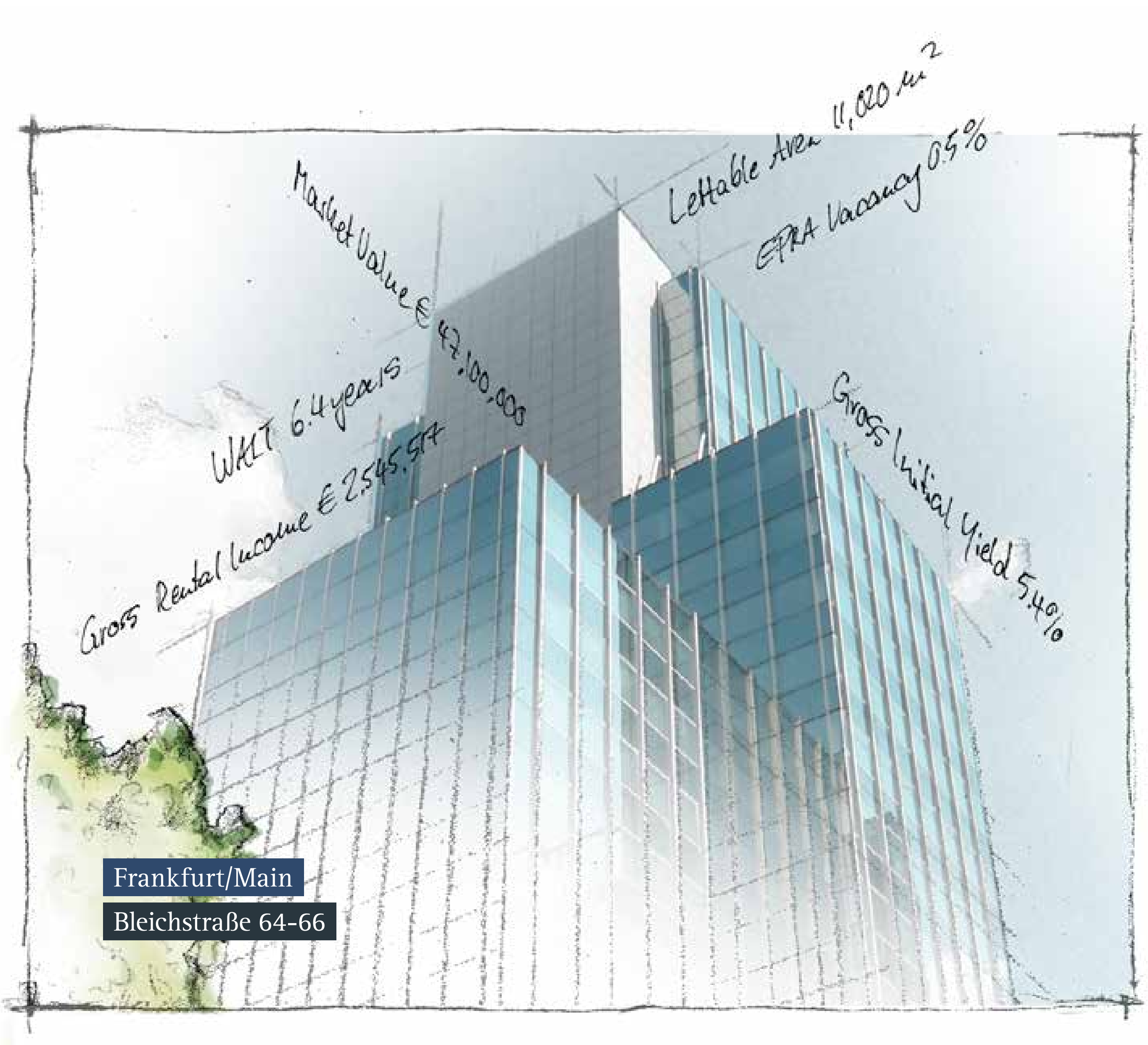
An extraordinary Shareholders' Meeting of the company was held in Hamburg on 12 October 2015. Three control and profit transfer agreements with subsidiaries were approved. In addition, authorised capital of €6.2m was created. The Executive Board was authorised to issue convertible bonds and similar financial instruments up to €150m. In order to issue the shares required to service these instruments, contingent capital of €40m was created.

The Supervisory Committee gave the Executive Board intensive support and advice with the measures described above. The properties to be acquired and the related documents submitted by the Executive Board were examined carefully by the Supervisory Committee.

Supervisory Committee member Christoph Kroschke resigned from his position with effect from 6 May 2015 on. The extraordinary Shareholders' Meeting on 12 October 2015 elected Ms Nicola Sievers, Hamburg, as his successor for the remainder of his term in office. Ms Sievers is an independent business consultant. By way of a resolution dated 30 September 2015, the Supervisory Committee set a target of one female member for the proportion of women on the Supervisory Committee to be achieved by 30 June 2017. For the Executive Board, the target set for the same period was no female members are expected to belong to the Executive Board.

The Supervisory Committee held four meetings during the reporting period. Each member missed one meeting apiece.

WCM AG's annual financial statements as of 31 December 2015 and the consolidated financial statements as of 31 December 2015 have been prepared together with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code), and in particular in line with Section 315a of the HGB based on IFRS as are to be applied in the EU. These financial statements have each been audited by KPMG AG, Wirtschaftsprüfungsgesellschaft AG, Frankfurt am Main, and have both been issued with an unqualified auditor's opinion dated 25 April 2016. In its meeting with the auditor on 25 April 2016, the Audit Committee was informed in detail about WCM AG's single-entity and consolidated financial statements, and also received in-depth information on the major issues. The auditor was



also present at this committee meeting to adopt the financial statements. The Supervisory Committee reviewed the annual financial statements of WCM AG, the proposal for the utilisation of net retained profits and the Executive Board's consolidated financial statements. The results of this review did not lead to any objections. The Supervisory Committee concurs with the results of the audit and has approved the financial statements prepared by the Executive Board. WCM AG's financial statements have thus been adopted according to Section 172 of the Aktiengesetz (AktG – German Public Limited Companies Act).

Frankfurt/Main, 26 April 2016

Rainer Laufs
Chairman of the Supervisory Committee

ACHIEVEMENTS AND MILESTONES

WCM delivered results in the 2015 fiscal year. When the company was relaunched at the end of 2014, it secured a portfolio with four properties worth €89.3m. By the end of 2015, WCM had succeeded in expanding its commercial property portfolio to 49 properties with a market value of €505.7m in line with the strategy by means of several transactions. WCM also secured the acquisition of additional properties. The acquisition price of these properties, which are not yet recognised in the accounts, totals approximately €50m.

The expansion of the portfolio of office and retail properties at attractive locations in Germany took place in several steps (see also milestones diagram).

Thanks to WCM's property network and its extensive real estate expertise, the corporate strategy was implemented very successfully. Following the acquisition of commercial properties in the Frankfurt/Rhine-Main and Bonn/Cologne/Düsseldorf target regions at the end of 2014, there were then several purchases in the Berlin, Frankfurt/Rhine-Main and Dresden target regions in 2015. The exact details of the purchased portfolio are presented in depth in the section on WCM's portfolio (page 12). All acquisitions meet the company's clear criteria of purchasing high-quality commercial properties in good locations with attractive yields and low vacancy rates.

29. DEC. 2014	WCM places cash capital increase with gross issuing proceeds of EUR 18.8 million. The first step to reactivation is successful
26. JAN. 2015	In preparation for further growth, WCM reinforces its second management tier
16. MAR. 2015	WCM completes acquisitions of three commercial real estate properties acquired from GE Real Estate and announced in December 2014. The assets have a market value of c. EUR 72.0 million and achieve an annual rental income of c. EUR 4.1 million
20. APR. 2015	WCM acquires an additional office property in central Berlin (Mitte), between Hackischem Markt and Alexanderplatz. With a market value of EUR 33.4 million the asset generates EUR 1.5 Mio rental income p.a.
20. APR. 2015	The company contractually secures the acquisition of a commercial portfolio consisting of 14 properties with a market value of around EUR 114.5 million 12 of the 14 properties were transferred into ownership in December 2015, the remaining 2 were transferred in January 2016. The portfolio that predominately consist of office and retail assets in the Rhine / Main and Dresden area, achieves an annual rental income of c. 8.4 million with a gross initial yield of 7.3%
28. APR. 2015	With another contractually secured portfolio, worth EUR 102 million, WCM accelerates its growth. The portfolio, with a lease term of 15 years consists of 29 EDEKA- grocery stores.
02. JUN. 2015	WCM secures the office property "Main Triangel" in Frankfurt am Main. The property's market value is EUR 107 million and generates an annual rental income of c. EUR 4.8 million The asset is a perfect complement to WCM' s portfolio not only because of its WALT of 18.8 years
19. JUN. 2015	First successes in the effort of extending lease contracts proof that WCM's asset management is capable of quickly transforming and dealing with the portfolio
22. JUN. 2015	In the effort for further growth, WCM announces a capital increase with subscription rights of EUR 155.8 million The capital increase was placed on June 7th 2015 and WCM became part of the Prime Standard of the German Stock Exchange Market (Deutsche Borse)
29. JUL. 2015	WCM purchases an additional retail property asset, worth EUR 11.1 million in Olpe. The lease term is 13.7 years with a popular German DIY chain.
23. SEP. 2015	WCM acquires a top office property in Frankfurt. The building has a market value of EUR 51.2 million and generates an annual rental income of EUR 3.3 million
04. DEC. 2015	WCM becomes a member of the SDAX and part of the 50 German small caps, below DAX and MDAX, just one year after the operational restart of the company
18. DEC. 2015	WCM secures the acquisition of two retail parks and the exclusivity period of a DIY store worth c. EUR 48.0 Mio, by the end of the year. Through those acquisitions, WCM has built up a portfolio of c. 500.0 million within a short period of time.

Gommern
Im Gewerbepark 2

This is also clearly reflected in the figures. For example, the property portfolio of €505.7m generates an annual rental income of €31.5m. And it does so with a high weighted average remaining lease term (WALT) of 9.4 years (as at the end of 2015). The net yield on the overall portfolio stands at 6.2 per cent. Alongside the high and steady cash flow from the rental income of the portfolio, we also have favourable financing. WCM was able to take advantage of the low interest rate level. For example, the average interest rate on the property loans is low at 2.1 per cent. The average remaining term of the loans comes to 7 years. The loan-to-value (LTV) ratio of the portfolio is at a conservative level of 52.2 per cent.

But WCM did more than just make successful purchases. As a result of its active asset management, it also let around 7,100 square metres of rental space under new contracts in the 2015 fiscal year. In addition, rental contracts for space of approximately 15,000 square metres were extended within the overall portfolio. Net rental income was improved, particularly in the office properties in Berlin, Düsseldorf and Bonn. The attractiveness of the property portfolio is also shown by the low EPRA vacancy rate of 4.8 per cent.

In the 2015 fiscal year, WCM established itself as a well-known property company. WCM not only presented itself at the annual conference of the European Public Real Estate Association (EPRA) in Berlin in September 2015, it also became part of this renowned industry association and now prepares its key indicators in line with the recognised EPRA criteria, which are highly valued by property investors (see also key indicators in accordance with EPRA, page 21).

Thanks to its clear and highly promising strategy and its success in expanding its portfolio over the course of the year, WCM also succeeded in convincing the capital market. For example, it managed to generate a gross cash inflow of €180m from two capital increases. As described in the section on WCM on the capital market, WCM was so successful on the stock exchange market that the company was incorporated in Deutsche Börse's SDAX index as at 21 December 2015.

THE PORTFOLIO OF WCM

Dresden

Jacob-Winter Platz 13


Gross Rental Income €1,240,139
EPRA Vacancy 0.5%
Gross Initial Yield 6.8%
ZENTRUM
ROSSMANN
PENNY
NAI SHOP

Bonn
Graurheindorferstraße 179a

WCM AG has built up a German commercial real estate portfolio pursuant to its strategy and a market value of more than 500 million.

In the following chapter, the portfolio will be illustrated in a detailed and transparent way. A map of Germany shows the exact location of the acquired assets.
The purchased office properties in the top economic areas in and near Frankfurt, Bonn/Cologne/Dusseldorf, Berlin as well as Dresden/Leipzig are located in CBDs and highly frequented areas. In addition to the office assets, the location of the retail properties is also illustrated on the map. For each individual property, WCM reports the IFRS-market value, rental area, annual rental income, the EPRA approved method of determining the vacancy and the weighted average lease time (WALT). This information gives investors the opportunity to analyse the quality of the purchased properties.

Furthermore, WCM compiled all details regarding its retail properties. For reasons of sensitivity, WCM does not disclose all information on rental income. In addition, a comprehensive table summarizes the main tenants of the WCM portfolio.

Anchor tenant as e.g. the Federal State of Hesse, General Electric, or PSI AG emphasize WCM's strategy of placing its trust into financially sound tenants.

Wolfen-Bobbau
Siebenhauser Str. 184

Total rental income of the portfolio amounts to EUR 31.5 Mio. composed of 61.5 percent by office space, 32.3 percent retail space, and 6.2 percent rental income by other types of use (as of ultimo 2015). Thus, office properties represent the focus of the rental income. The weighted average lease time (WALT) of the WCM portfolio amounts to 9.4 years (as of ultimo 2015). Additionally, detailed information of the lease expiries of the WCM portfolio can be found in a comprehensive table. Most of WCM's assets are leased on a long- term basis, with maturities up until 2041.

WCM AG has built up a valuable portfolio of high quality assets that generate a significant and high cash flow for the fiscal year of 2015 and the years ahead.


RETAIL
OFFICE
LOGISTICS
BREMERHAVEN
HANNOVER
BERLIN
LEIPZIG
DRESDEN
DÜSSELDORF
BONN
FRANKFURT
MAINZ

OFFICE

MAIN TRIANGEL
FRANKFURT AM MAIN, ZUM LAURENBURGER HOF 76

IFRS MARKET VALUE:	107,000,000 €
LETTABLE AREA:	28,405 M^2
ANNUALISED RENTAL INCOME:	4.769.881 €
EPRA VACANCY:	13.4 %
WALT:	18.8 YEARS

OFFICE
DÜSSELDORF, KAVALLERIESTRASSE 2+4

IFRS MARKET VALUE:	7,060,000 €
LETTABLE AREA:	2,953 M^2
ANNUALISED RENTAL INCOME:	388,873 €
EPRA VACANCY:	0.0 %
WALT:	12.6 YEARS

OFFICE
FRANKFURT AM MAIN, BLEICHSTRASSE 64-66

IFRS MARKET VALUE:	47,100,000 €
LETTABLE AREA:	11,020 M^2
ANNUALISED RENTAL INCOME:	2,545,517 €
EPRA VACANCY:	0.5 %
WALT:	6.4 YEARS

OFFICE
BERLIN, DIRCKSENSTRASSE 42

IFRS MARKET VALUE:	33,400,000 €
LETTABLE AREA:	9,643 M^2
ANNUALISED RENTAL INCOME:	1,547,048 €
EPRA VACANCY:	0.0 %
WALT:	6.2 YEARS

OFFICE
ESCHBORN, HELFMANN-PARK 8-10

IFRS MARKET VALUE:	51,200,000 €
LETTABLE AREA:	18,281 M^2
ANNUALISED RENTAL INCOME:	3,270,783 €
EPRA VACANCY:	1.2 %
WALT:	4.9 YEARS

OFFICE
NEU-ISENBURG, HUGENOTTENALLEE 167

IFRS MARKET VALUE:	13,400,000 €
LETTABLE AREA:	5,512 M^2
ANNUALISED RENTAL INCOME:	805,761 €
EPRA VACANCY:	10.4 %
WALT:	3.6 YEARS

OFFICE
NEU-ISENBURG, FRANKFURTER STRASSE 227-229

IFRS MARKET VALUE:	39,000,000 €
LETTABLE AREA:	18,351 M^2
ANNUALISED RENTAL INCOME:	2,620,196 €
EPRA VACANCY:	14.4 %
WALT:	4.3 YEARS

OFFICE
BONN, GRAURHEINDORFER STRASSE 149A

IFRS MARKET VALUE:	17,800,000 €
LETTABLE AREA:	7,800 M^2
ANNUALISED RENTAL INCOME:	1,127,864 €
EPRA VACANCY:	0.9 %
WALT:	4.9 YEARS

RETAIL
WOLFEN, SIEBENHAUSER STRASSE 184

IFRS MARKET VALUE:	18,900,000 €
LETTABLE AREA:	16,886 M^2
ANNUALISED RENTAL INCOME:	N/A
EPRA VACANCY:	0.0 %
WALT:	14.3 YEARS

RETAIL
GOMMERN, IM GEWERBEPARK 2

IFRS MARKET VALUE:	8,640,000 €
LETTABLE AREA:	9,723 M^2
ANNUALISED RENTAL INCOME:	N/A
EPRA VACANCY:	0.0 %
WALT:	14.3 YEARS

RETAIL
DRESDEN, PROHLISER ALLEE 10

IFRS MARKET VALUE:	6,110,000 €
LETTABLE AREA:	3,858 M^2
ANNUALISED RENTAL INCOME:	441,692 €
EPRA VACANCY:	1.2 %
WALT:	2.2 YEARS

RETAIL
DRESDEN, JOHANNES-PAUL-THILMANN-STRASSE 1-3

IFRS MARKET VALUE:	4,120,000 €
LETTABLE AREA:	3,566 M^2
ANNUALISED RENTAL INCOME:	335,415 €
EPRA VACANCY:	0.0 %
WALT:	2.5 YEARS

RETAIL
OLPE, IN DER TRIFT 17

IFRS MARKET VALUE:	11,100,000 €
LETTABLE AREA:	8,922 M^2
ANNUALISED RENTAL INCOME:	N/A
EPRA VACANCY:	0.0 %
WALT:	13.7 YEARS

RETAIL
DRESDEN, JACOB-WINTER-PLATZ 13

IFRS MARKET VALUE:	18,300,000 €
LETTABLE AREA:	8,591 M^2
ANNUALISED RENTAL INCOME:	1,240,139 €
EPRA VACANCY:	0.5 %
WALT:	6.4 YEARS

RETAIL
DRESDEN, PROVIANTHOFSTRASSE 3

IFRS MARKET VALUE:	9.030.000 €
LETTABLE AREA:	5.300 M^2
ANNUALISED RENTAL INCOME:	N/A
EPRA VACANCY:	0.0 %
WALT:	9.5 YEARS

RETAIL

	CITY	ADDRESS	SEGMENT	LETTABLE AREA IN M²	EPRA VACANCY
1	BERLIN	DIRCKSENSTRASSE 42	OFFICE	9,643	0.0 %
2	FRANKFURT AM MAIN	BLEICHSTRASSE 64-66	OFFICE	11,020	0.5 %
3	BREMERHAVEN	RIEDEMANNSTRASSE 1	LOGISTICS	68,342	6.5 %
4	DÜSSELDORF	KAVALLERIESTRASSE 2+4	OFFICE	2,953	0.0 %
5	FRANKFURT AM MAIN	ZUM LAURENBURGER HOF 76	OFFICE	28,405	13.4 %
6	BONN	GRAURHEINDORFER STRASSE 149A	OFFICE	7,800	0.9 %
7	OLPE	IN DER TRIFT 17	RETAIL	8,922	0.0 %
8	WOLFEN	SIEBENHAUSER STRASSE 184	RETAIL	16,886	0.0 %
9	ASCHERSLEBEN	SEEGRABEN 5	RETAIL	9,071	0.0 %
10	GOMMERN	IM GEWERBEPARK 2	RETAIL	9,723	0.0 %
11	CUXHAVEN	REPSOLDSTRASSE 2	RETAIL	4,438	0.0 %
12	BARSINGHAUSEN	STOPPSTRASSE 25	RETAIL	3,411	0.0 %
13	HOYM	NACHTERSTEDTER STRASSE 3	RETAIL	3,074	0.0 %
14	SICKTE	BAHNHOFSTRASSE 3	RETAIL	2,250	0.0 %
15	KALLETAL	LEMGOER STRASSE 28	RETAIL	2,138	0.0 %
16	HOLLE	MARKTSTRASSE 25	RETAIL	1,548	0.0 %
17	LEHRTE	MERGELFELD 1	RETAIL	1,886	0.0 %
18	BADDECKENSTEDT	HEINRICH-NORDHOFF-STRASSE 1	RETAIL	1,300	0.0 %
19	KLÖTZE	POPPAUERSTRASSE 2	RETAIL	1,731	0.0 %
20	LEMFÖRDE	BURGSTRASSE 18	RETAIL	1,726	0.0 %
21	ISENBÜTTEL	ALTES MÜHLENFELD 2	RETAIL	1,669	0.0 %
22	SCHÖNWALDE	BERLINER ALLEE 10	RETAIL	1,596	0.0 %
23	BERLIN	BEKASSINENWEG 24	RETAIL	1,361	0.0 %
24	MERSEBURG	STRASSE DES FRIEDENS 64A	RETAIL	1,220	0.0 %
25	STENDAL	SCHADEWACHTEN 26	RETAIL	1,175	0.0 %
26	STENDAL	MOLTKESTRASSE 10	RETAIL	987	0.0 %
27	SEELZE	CALENBERGER STRASSE 47	RETAIL	1,035	0.0 %
28	GROSS KREUTZ (HAVEL)	POTSDAMER STRASSE 79	RETAIL	1,159	0.0 %
29	DROYSSIG	ZEITZER STRASSE 11	RETAIL	1,051	0.0 %
30	MULDESTAUSEE	ALT POUCH 3	RETAIL	1,050	0.0 %
31	GOLZOW	BRANDENBURGER STRASSE 82C	RETAIL	1,014	0.0 %
32	DESSAU-ROSSLAU	HEIDESTRASSE 195	RETAIL	908	0.0 %
33	SENNEWITZ	AM KLOSSBERG 26	RETAIL	937	0.0 %
34	STASSFURT-FÖRDERSTEDT	MAGDEBURG-LEIPZIGER STRASSE 102	RETAIL	1,010	0.0 %
35	HOHENTHURM	BAHNHOFSTRASSE 18A	RETAIL	945	0.0 %
36	VÖLPKE	MITTELSTRASSE 14	RETAIL	850	0.0 %
37	WIESBADEN	KREUZBERGER RING 68	OFFICE	3,092	1.5 %
38	MAINZ	ISAAC-FULDA-ALLEE 9	OFFICE	2,764	18.0 %
39	MAINZ-KASTEL	PETER-SANDER-STRASSE 10	OFFICE	2,767	0.0 %
40	FRANKFURT AM MAIN	NIDDAGAUSTRASSE 32-38	OFFICE	2,860	0.0 %
41	NEU-ISENBURG	HANS-BÖCKLER-STRASSE 16	OFFICE	3,474	3.3 %
42	DRESDEN	MARSDORFER STRASSE 5	OFFICE	1,337	10.6 %
43	DRESDEN	PROVIANTHOFSTRASSE 3	RETAIL	5,300	0.0 %
44	DRESDEN	JACOB-WINTER-PLATZ 13	RETAIL	8,591	0.5 %
45	DRESDEN	PROHLISER ALLEE 10	RETAIL	3,858	1.2 %
46	DRESDEN	JOHANNES-PAUL-THILMANN-STRASSE 1-3	RETAIL	3,566	0.0 %
47	NEU-ISENBURG	FRANKFURTER STRASSE 227-229	OFFICE	18,351	14.4 %
48	NEU-ISENBURG	HUGENOTTENALLEE 167	OFFICE	5,512	10.4 %
49	ESCHBORN	HELFMANN-PARK 8-10	OFFICE	18,281	1.2 %
	NUMBER OF ASSETS AS OF 31 DECEMBER 2015		49	293,986	4.8 %
	RADEBEUL	HAUPTSTRASSE 24	OFFICE / RETAIL	5,383	21.9 %
	RADEBEUL	HAUPTSTRASSE 29	RETAIL	1,025	44.9 %
	NUMBER OF CLOSED ASSETS 31 DECEMBER 2015		2	6,408	29.9 %
	GÖPPINGEN	HEININGER STRASSE 26	RETAIL	13,481	0.0 %
	SANGERHAUSEN		RETAIL	3,431	0.0 %
	HOHEN NEUENDORF		RETAIL	10,229	0.0 %
	NUMBER OF SIGNED ASSETS AS OF 31 MARCH 2016		3	27,141	0.0 %

WALT AS AT 31 DECEMBER 2015 IN YEARS	GROSS RENTAL INCOME P.A.	RENT PER M² PER MONTH	MARKET VALUE	MARKET VALUE PER M²	SHARE OF PORTFOLIO VALUE	GROSS INITIAL YIELD	MULTIPLIER
6.2	1,547,048 €	12.5 €	33,400,000 €	3,464 €	6.6 %	4.6 %	21.6
6.4	2,545,517 €	21.0 €	47,100,000 €	4,274 €	9.3 %	5.4 %	18.5
4.2	2,103,930 €	2.9 €	17,300,000 €	253 €	3.4 %	12.2 %	8.2
12.6	388,873 €	12.2 €	7,060,000 €	2,391 €	1.4 %	5.5 %	18.2
18.8	4,769,881 €	14.2 €	107,000,000 €	3,767 €	21.2 %	4.5 %	22.4
4.9	1,127,864 €	11.5 €	17,800,000 €	2,282 €	3.5 %	6.3 %	15.8
13.7			11,100,000 €	1,244 €	2.2 %		
14.3			18,900,000 €	1,119 €	3.7 %		
14.3			15,000,000 €	1,654 €	3.0 %		
14.3			8,640,000 €	889 €	1.7 %		
14.3			3,860,000 €	870 €	0.8 %		
14.3			5,080,000 €	1,489 €	1.0 %		
14.3			2,470,000 €	804 €	0.5 %		
14.3			5,190,000 €	2,307 €	1.0 %		
14.3			3,490,000 €	1,632 €	0.7 %		
14.3			1,770,000 €	1,143 €	0.3 %		
14.3			4,170,000 €	2,211 €	0.8 %		
14.3			1,640,000 €	1,262 €	0.3 %		
14.3			2,690,000 €	1,554 €	0.5 %		
14.3			2,710,000 €	1,570 €	0.5 %		
14.3			3,230,000 €	1,935 €	0.6 %		
14.3			2,260,000 €	1,416 €	0.4 %		
14.3			2,300,000 €	1,690 €	0.5 %		
14.3			286,000 €	234 €	0.1 %		
14.3			2,100,000 €	1,787 €	0.4 %		
14.3			1,770,000 €	1,793 €	0.3 %		
14.3			1,850,000 €	1,787 €	0.4 %		
14.3			1,630,000 €	1,406 €	0.3 %		
14.3			1,520,000 €	1,446 €	0.3 %		
14.3			1,610,000 €	1,533 €	0.3 %		
14.3			1,380,000 €	1,361 €	0.3 %		
14.3			1,300,000 €	1,432 €	0.3 %		
14.3			1,350,000 €	1,441 €	0.3 %		
14.3			1,330,000 €	1,317 €	0.3 %		
14.3			1,250,000 €	1,323 €	0.2 %		
14.3			1,110,000 €	1,306 €	0.2 %		
2.0	394,870 €	10.2 €	5,560,000 €	1,798 €	1.1 %	7.1 %	14.1
1.8	328,035 €	11.0 €	5,510,000 €	1,994 €	1.1 %	6.0 %	16.8
7.8	320,439 €	9.1 €	4,630,000 €	1,674 €	0.9 %	6.9 %	14.4
2.0	642,092 €	18.7 €	3,442,135 €	1,204 €	0.7 %	18.7 %	5.4
2.0	194,558 €	4.5 €	2,040,000 €	587 €	0.4 %	9.5 %	10.5
0.7	82,620 €	5.5 €	743,277 €	556 €	0.1 %	11.1 %	9.0
9.5			9,030,000 €	1,704 €	1.8 %		
6.4	1,240,139 €	11.6 €	18,300,000 €	2,130 €	3.6 %	6.8 %	14.8
2.2	441,692 €	12.6 €	6,110,000 €	1,584 €	1.2 %	7.2 %	13.8
2.5	335,415 €	7.5 €	4,120,000 €	1,155 €	0.8 %	8.1 %	12.3
4.3	2,620,196 €	12.6 €	39,000,000 €	2,125 €	7.7 %	6.7 %	14.9
3.6	805,761 €	13.6 €	13,400,000 €	2,431 €	2.6 %	6.0 %	16.6
4.9	3,270,783 €	14.0 €	51,200,000 €	2,801 €	10.1 %	6.4 %	15.7
9.4	31,532,756 €		505,731,412 €	1,720 €	100.0 %	6.2 %	16.0
0.9	277,469 €	4.8 €	2,066,884 €	384 €	78.0 %	13.4 %	7.4
0.1	105,037 €	11.4 €	583,736 €	569 €	22.0 %	18.0 %	5.6
0.7	382,506 €		2,650,621 €	414 €	100.0 %	14.4 %	6.9
15.0			22,000,000 €	1,632 €	46.0 %		
14.6	407,178 €	9.9 €	6,006,000 €	1,751 €	12.6 %	6.8 %	14.8
11.7	1,275,478 €	10.4 €	19,800,000 €	1,936 €	41.4 %	6.4 %	15.5
13,7			47,806,000 €	1,761 €	100.0 %		

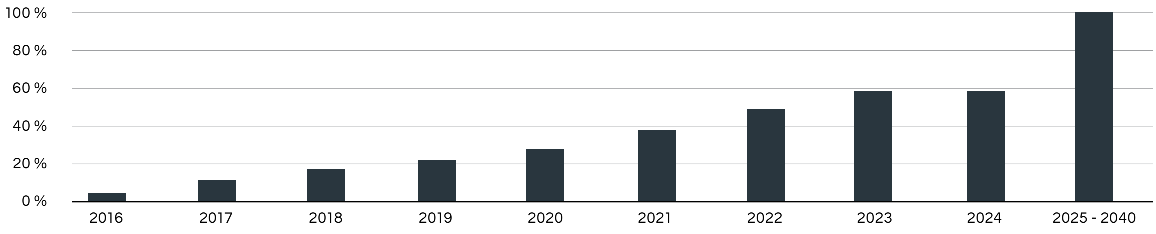
TENANT STRUCTURE AS OF 31 DECEMBER 2015

TENANT	GROSS RENTAL INCOME	LETTABLE AREA	WALT IN YEARS
EDEKA			13.9
Land Hessen	3,407,010 €	16,698	23.8
Randstadt Deutschland GmbH	1,744,810 €	9,855	4.9
General Electric Deutschland	1,712,729 €	6,465	7.0
PSI Aktiengesellschaft	1,512,588 €	9,559	6.3
DuPont de Nemours GmbH	1,140,019 €	6,768	6.8
Kombiverkehr GmbH & Co. KG	789,626 €	4,401	8.0
Accovion GmbH	756,462 €	4,064	5.2
OBI			13.7
HVSV Hessischer Verwaltungsschulverbund	642,092 €	2,860	2.0
Sum	**20,448,831 €**	**154,632**	**12.3**
Other	11,083,925 €	123,382	4.2
Sum	**31,532,756 €**	**278,014**	**9.4**

RENTAL INCOME PER SEGMENT

SEGMENT	GROSS RENTAL INCOME	SHARE OF INCOME
Office	19.391.208 €	61.5 %
Retail	10.186.024 €	32.3 %
Other	1.955.524 €	6.2 %
Sum	**31.532.756 €**	**100.0 %**

PORTFOLIO LEASE EXPIRY



YEAR			SUM OF LEASE EXPIRY
2016	4 %	2021	38 %
2017	11 %	2022	49 %
2018	17 %	2023	58 %
2019	22 %	2024	58 %
2020	27 %	2025 - 2040	100 %

EPRA'S KEY PERFORMANCE INDICATORS

The European Public Real Estate Association (EPRA) is a non-profit organization representing the interests of European listed real estate companies. WCM AG joined EPRA in the beginning of 2016 as a member with the aim to fully comply with all regulatory and reporting standards of the industry. In this Annual Report, WCM publishes for the first time, the EPRA key performance indicators as well as a detailed calculation methodology. WCM, therefore, implements the highest reporting standards of the industry within the timeframe of twelve months.

Due to the reactivation of the company at the end of 2014 with the first transactions announced in early 2015, there are no comparative figures for previous years available. Furthermore, at this stage it is not possible to publish the EPRA cost ratio, since the real estate portfolio was integrated in the 2015 with a large proportion closing at the end of 2015. Cost components such as utilities are finalized in the following year and communicated to the tenants by the middle of the following year.

OVERVIEW OF KEY EPRA FIGURES in kEUR	31 DECEMBER 2015
EPRA NAV	290,608
EPRA NAV per share (in EUR)	2.38
EPRA NNNAV	270,672
EPRA Earnings	7,577
EPRA Earnings per share (in EUR)	0.10
EPRA Net Initial Yield (EPRA NIY) in %	5.6 %
EPRA "topped-up" Net Initial Yield in %	5.6 %
EPRA Vacancy in %	4.8 %

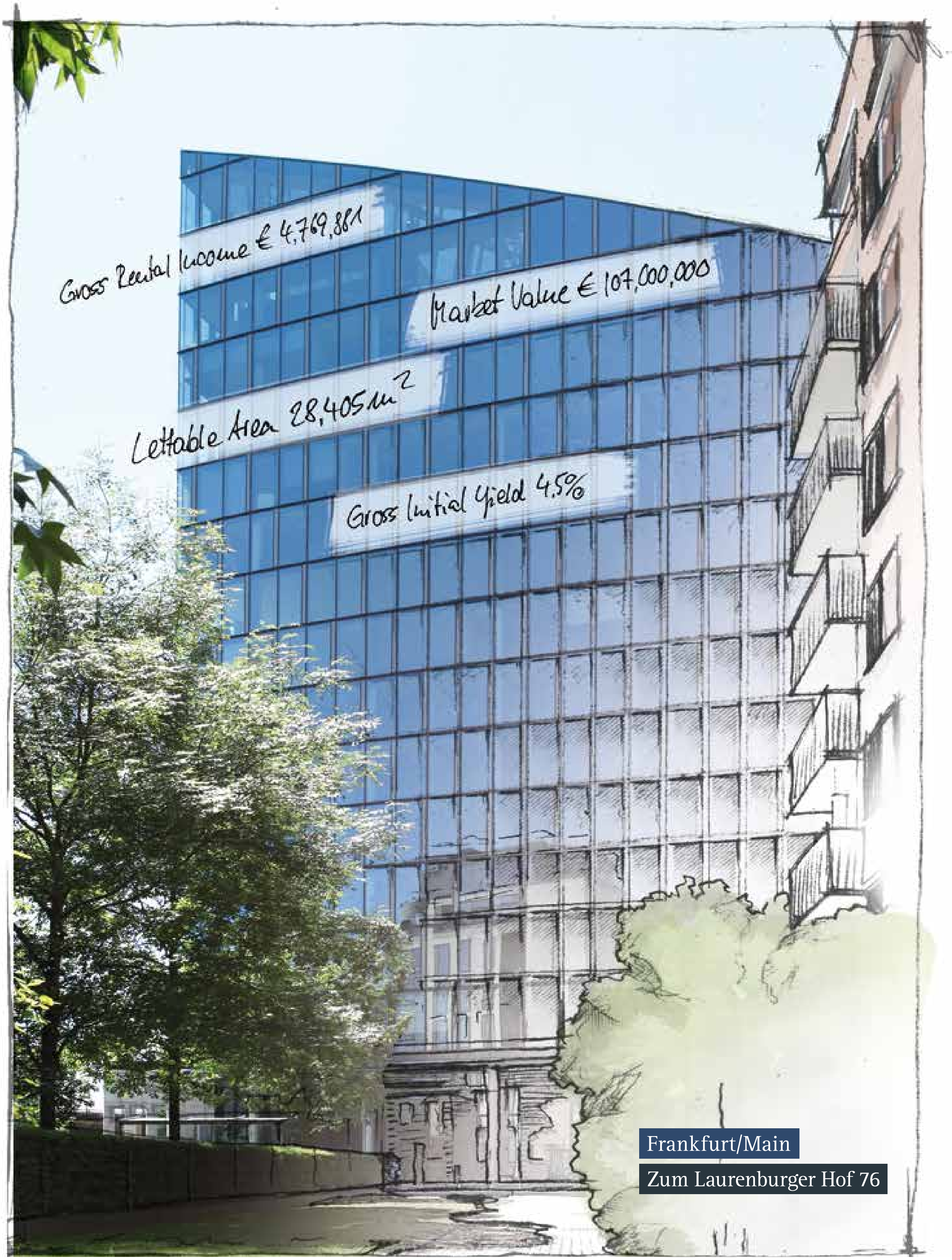
EPRA EARNINGS

The EPRA earnings calculation is a methodology for evaluating the underlying operating income of a real estate company that earns most of its income through the leasing and management of real estate. The earnings before minority interests form the basis and are adjusted for EPRA defined positions. In particular, fair value gains, real estate divestments and other non real estate specific inputs and outputs are eliminated and adjusted for the minority accordingly.

EPRA EARNINGS in kEUR	31 DECEMBER 2015
Net income	57,674
Result of revaluation of investment properties	-54,904
Result of investment property disposals	0
Result of 'held for sale' disposals	0
Taxes on profits or losses on disposals	0
One-off effect of tax loss carry forwards (no EPRA requirement)	-11,785
Negative goodwill / goodwill impairment	0
Changes in fair value of financial instruments and associated costs	0
Acquisition costs on share deals and non-controlling joint venture interests	0
Deferred and actual tax in respect of EPRA adjustments	19,974
Adjustments in respect of joint ventures	0
Non-controlling interests in respect of the above	-3,383
EPRA Earnings	**7,577**
Average number of shares 2015 (in K)	75,622
EPRA Earnings per share (in EUR)	0.10

EPRA NET ASSET VALUE (NAV)

The EPRA NAV is a key figure for determining the net asset value of a real estate company, assuming a traditional real estate business model. The general assumption for this KPI is the long-term ownership of the real estate investments. No divestments of the portfolio are assumed. For this reason, deferred taxes on revaluation of investment properties are eliminated and reduce the tax liability. In addition, financial instruments that are held until maturity are excluded. WCM had no financial instruments for 2015 in place. All other positions and assets, including properties that are held for sale, finance leases and other short-term investments are adjusted to their fair value.


Gross Rental Income € 4,769,881
Market Value € 107,000,000
Lettable Area 28,405 m²
Gross Initial Yield 4.5%
Frankfurt/Main
Zum Laurenburger Hof 76

EPRA NET ASSET VALUE (NAV) in kEUR	31 DECEMBER 2015
Equity	269,582
Result of revaluation of investment properties (IAS 40)	0
Result of revaluation of investment properties under construction (IPUC) (IAS 40)	0
Result of revaluation of other non-current investments (IAS 16)	0
Result of revaluation of tenant leases held as finance leases	0
Result of revaluation of trading properties (IAS 2)	1,052
Fair value of financial instruments	0
Deferred tax	19,974
Goodwill as a result of deferred tax	0
Adjustments to above in respect of joint venture interests	0
EPRA Net Asset Value (NAV)	**290,608**
Number of shares as of 31.12.2015 (incl. convertible bond)	121,965
EPRA Net Asset Value (NAV) per share	2,38

EPRA TRIPLE NET ASSET VALUE (NNNAV)

The EPRA triple NAV based on the same calculation method as EPRA NAV, but includes the fair value of deferred tax and other financial liabilities as well as financial instruments. The KPI can be considered as current snapshot in terms of net asset value of the company.

EPRA TRIPLE NET ASSET VALUE (NNNAV) in kEUR	31 DECEMBER 2015
Equity	290,608
Fair value of financial instruments	38
Fair value of debt	0
Deferred tax	-19,974
EPRA Triple Net Asset Value (NNNAV)	**270,672**
Number of shares as of 31.12.2015 (incl. convertible bond)	121,965
EPRA Triple Net Asset Value (NNNAV) per share	2.22

DIFFERENCE BETWEEN EPRA NAV AND EPRA NNNAV

The intention of the EPRA NAV calculation is to represent the actual net asset value of a real estate investment company with a long-term perspective. Therefore, deferred taxes on future divestments and the fair value of financial instruments are eliminated, since such components will not be applied. The NNNAV follows a similar methodology but re-adjusts for the current fair value and market value of deferred taxes and other financial instruments.

EPRA NET INITIAL YIELD

The EPRA net initial yield (EPRA Net Initial Yield) is a KPI that measures the percentage return based on the annualized rental income less the non recoverable operating costs (i.e. service fees, property taxes, ground rents, etc.) divided by the gross market value of the portfolio incl. all transaction costs that occured.

EPRA NET INITIAL YIELD in kEUR	31 DECEMBER 2015
Investment property	501,546
Investment property (share of joint ventures and funds)	0
Trading property 'held for sale'	5,237
Developments	0
Net Market Value of Portfolio	**506,783**
Transaction costs	23,932
Gross Market Value of Portfolio	**530,715**
Annualised rental income	31,533
Property Outgoings	-1,985
Annualised Net Rental Income	**29,548**
Rent free periods and other lease incentives	34
Annualised "topped-up" Net Rental Income	**29,581**
EPRA Net Initial Yield (EPRA NIY)	**5.6 %**
EPRA "Topped-up" Net Initial Yield (EPRA "Topped-up" NIY)	**5.6 %**

EPRA VACANCY

The EPRA vacancy rate is based on the average rent applied to vacant space of the total portfolio divided by the total rental income (incl. the potential rent) of the portfolio. The KPI allows a more detailed analysis on the vacancy of a portfolio and has an economic value compared to traditional square meters calculation.

EPRA VACANCY in kEUR	31 DECEMBER 2015
Rental income for vacant areas	1,597
Annualised rental income	33.130
EPRA Vacancy Rate	**4.8 %**

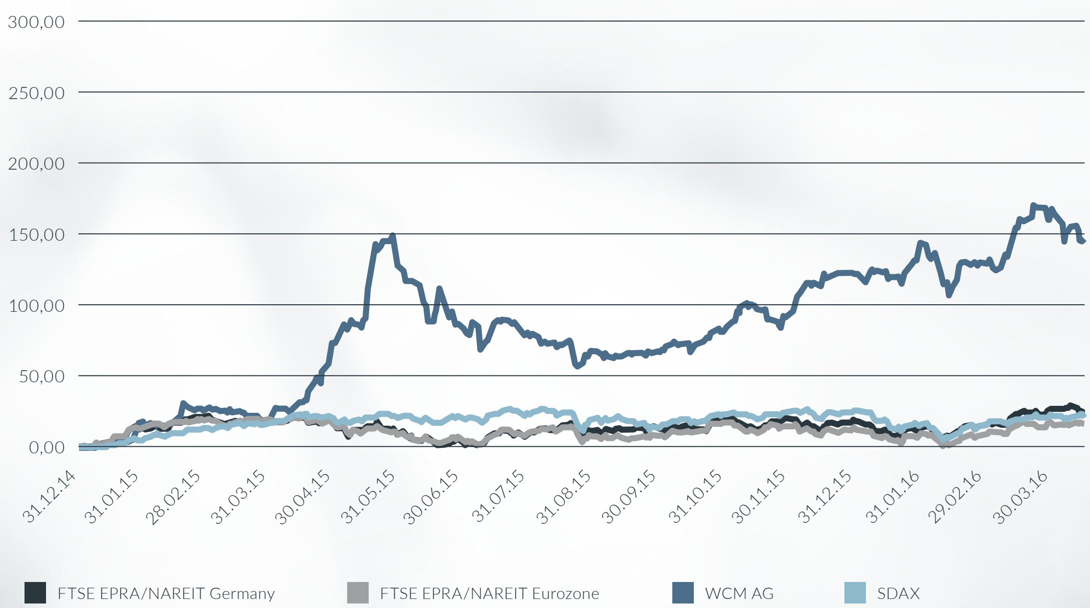
WCM ON THE CAPITAL MARKET

WCM AG was exceptionally successful on the capital market in the 2015 fiscal year. Firstly, the company's shareholders achieved a share price increase of 84.4 per cent in 2015. Secondly, after two successful capital increases during the year, the WCM share was incorporated in Deutsche Börse AG's SDAX index as at 21 December 2015. WCM thus succeeded in rising up into this selected index, which comprises 50 German small caps, only around a year after the company's operational relaunch. As an SDAX member, WCM now also enjoys a higher profile among institutional and foreign investors.

In the context of a further easing of monetary policy by the European Central Bank, the German equity market saw significant growth in the first few months of 2015. However, this was then followed by setbacks again over the course of the year as a result of the financial crisis in Greece and fears of a slowdown in the global economy's growth. The blue-chip index DAX posted a net gain of 9.6 per cent year-on-year to 10,743 points as at the end of 2015. The small-cap index SDAX performed better than the DAX, rising by 26.6 per cent year-on-year to 9,099 points.

In the 2015 fiscal year, the WCM share price recorded a marked increase of 84.4 per cent. After the share price ended 2014 at €1.442, it then rose sharply over the first few months of 2015, reaching its high for the year in May at €3.72 Euro in Frankfurt (on 18 May) and €3.693 in the electronic trading system Xetra (on 27 May) (on a closing price basis in both cases). Following the successful capital increase for cash with subscription rights at a price of €2.05 per share in July 2015, the WCM share temporarily came under some pressure. This was partly attributable to a general slump on the equity market as a whole. However, the share price improved again significantly towards the end of the year. In November 2015, a cash capital increase without subscription rights was placed at a price of €2.20 per share. At the end of 2015, the WCM share closed at a price of €2.659 on Xetra.

The operational relaunch of WCM starting from the end of 2014 and the positive share price performance in 2015 were accompanied by a significant increase in stock exchange revenue. Whereas in



2014 an average of 17,331 WCM shares per day were traded on all German stock exchanges, in 2015 this figure was more than 20 times as high at 375,335 WCM shares per day on all German stock exchanges. The level of stock exchange revenue increased over the course of the year, also boosted by the higher number of shares after the capital increases and the company's inclusion in the SDAX.

Since 8 January 2015, the WCM share has also been listed in Xetra, Deutsche Börse's electronic trading system. In 2015, as much as 80.3 per cent of revenue in WCM shares took place on Xetra. Two renowned banks, Equinet Bank AG and Oddo Seydler Bank AG, now act as the designated sponsors. They ensure the share's liquidity on Xetra and set binding bid and ask prices.

The WCM share is listed in the Regulated Market and since 8 July 2015 it has been included in Deutsche Börse's highest transparency level, the Prime Standard. This means publishing important company news as ad-hoc releases and publishing changes in key voting right shares, among other things. In addition, a financial calendar, analyst conferences and the publication of company reports in German and English ensure a high level of transparency.

The Annual Shareholders' Meeting for the 2014 fiscal year was held in Frankfurt on 10 June 2015. All items of the agenda were adopted by a large majority of more than 98 per cent of the voting rights represented at the Annual Shareholders' Meeting. An extraordinary Shareholders' Meeting of the company was held in Hamburg on 12 October 2015. By a large majority of the voting rights, it resolved to create new authorised capital and to authorise the issue of warrant bonds and convertible bonds as well as the corresponding contingent capital. This increased the company's flexibility with regard to financing.

On 22 June 2015, WCM AG announced a cash capital increase with subscription rights for the shareholders. The WCM shareholders were offered new shares in a ratio of 4:9 at a subscription price of €2.05 per share. Unsubscribed shares were then offered to qualified shareholders at the subscription price in a private placement. The capital increase was concluded very successfully on 7 July 2015. The 76,010,706 shares on offer were placed in full at a price of €2.05, resulting in gross proceeds of

Lemförde
Burgstraße 18

€155.8m for the company. This cash inflow was used primarily to finance the expansion of WCM AG's property portfolio that had been contractually secured over the past months. As a result of the capital measure, the number of WCM shares increased significantly from 33.8m to 109.8m.

On 25 November 2015, WCM announced and then immediately successfully implemented a cash capital increase with existing shareholders' subscription rights disapplied. A total of 10,979,256 new shares were placed at a price of €2.20 as part of a private placement using an accelerated bookbuilding process. The shares were so sought-after that they could be sold at the WCM share's Xetra closing price without a discount. The gross cash inflow of €24.15m is being used for the expansion of the company's property portfolio. As a result of the capital increase, the number of WCM shares rose to approximately 120.8m.

Stavros Efremidis, the CEO of the company, acquired more than one million WCM shares at a price of €2.05 per share in the capital increase in June/July 2015 and subsequently also purchased additional shares. He now holds around 2.3m WCM shares, corresponding to a 1.88 per cent interest in the company.

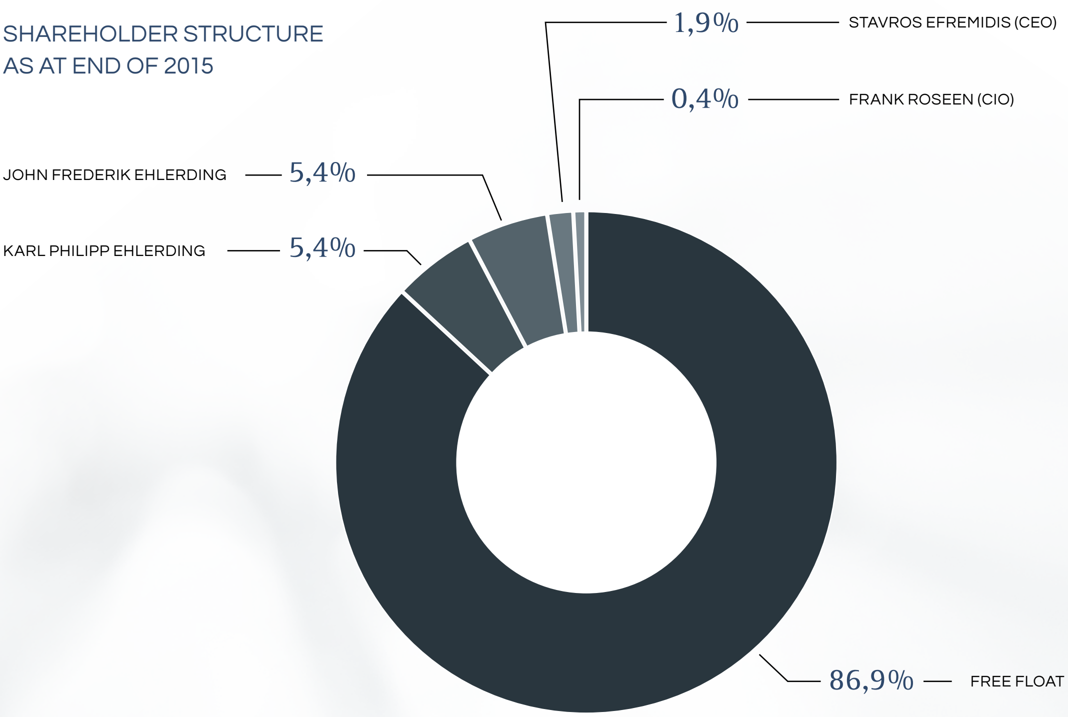
Investor relations is given very high priority at WCM. The company therefore communicated regularly and closely with institutional investors, private investors, analysts and the financial and business press. In this context, WCM took part in several major capital market conferences such as Deutsche Börse AG's German Equity Forum in November 2015. WCM's rise has resulted in increasing attention from analysts. The company is now covered in research by renowned companies such as Equinet, Oddo Seydler, First Berlin and the bank Berenberg. Recommendations and recent studies by these companies are largely available on the WCM investor relations website. WCM's relaunch and its strategy have also been presented in detail in several articles in the financial press. Last but not least, the WCM share has been recommended several times by renowned stock market media such as FOCUS-MONEY and Börse Online.

On 1 February 2016 and thus after the end of the reporting period, DIC Asset AG announced the acquisition of a 20.15 per cent interest in WCM AG.

DATA ON THE WCM SHARE

Sector:	Commercial real estate
German Securities Identification Number (WKN) / ISIN:	A1X3X3 / DE000A1X3X33
Stock exchange symbol:	WCMK
Share capital:	€120,772,500
Number of shares:	120,772,500
High/low in 2015:	€3.72 / €1.42
2014 closing price:	€1.442
2015 closing price:	€2.659
Market capitalisation at end of 2014:	€48.7m
Market capitalisation at end of 2015:	€321.1m
Share price on 1 April 2016:	€3.175
Market segment:	SDAX, Prime Standard
Designated sponsors:	Oddo Seydler Bank AG and Equinet Bank AG
Stock markets:	Xetra, Frankfurt, Munich, Berlin, Düsseldorf, Hamburg, Stuttgart

SHAREHOLDER STRUCTURE AS AT END OF 2015



CORPORATE GOVERNANCE CODE

WCM AG is managed by an efficient and compliant Supervisory and Executive Board. Its Code of Conduct is based on transparent rules and its strict enforcement. The recommendations of the German Corporate Governance Code are the basis for the corporation's code of conduct. Like other listed companies WCM AG may, in some cases, deviate from these recommendations if considered necessary. For details, please refer to the following declaration, which is also accessible on the WCM's website www.wcm.de.

DECLARATION OF CONFORMITY (ACCORDING TO § 161 AKTG)

STATEMENT OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF WCM AG CONCERNING THE GERMAN CORPORATE GOVERNANCE CODE

§ 161 AktG requires the Executive and the Supervisory Board of WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft („WCM AG") to submit an annual declaration for both bodies to confirm their compliance with the „Government Commission German Corporate Governance Code" ("Code"). The Code is published in the Federal Gazette by the Federal Ministry of Justice. The last declaration was issued in December 2014.

Executive and Supervisory Board declare that since 1 January 2015 WCM AG has complied with the recommendations of the Code (as amended on 24 June 2014 effective as of 5 May 2015). This exempts the following:

1. The Code recommends under section 3.8 a retention for the D & O insurance for members of the Supervisory Board. The company believes a retention is not required for the execution of the supervisory roles. The supervisory board acts fully responsible and motivated.

2. In section 4.2.3 paragraph 2, sentence 2 the Code recommends the Supervisory Board to receive a fixed and variable reimbursement. This recommendation has not been fully implemented in 2015. The Supervisory Board first observed wether the company's operations would successfully be resumed after the insolvency proceedings had been concluded in 2014. From 1 January 2016 on, a variable reimbursement component for the two members of the Executive Board have been introduced. The requirements of the Code are, therefore, met.

3. For 2014 and according to section 4.2.5 of the Code, WCM AG has published a reimbursement report which is compliant to the template reimbursement suggestions of the Code.
For fiscal year 2015, however, WCM AG will comply with number 4.2.4 of the Code only. Certain reimbursement components set by the guidelines of section 4.2.5. are not part of a detailed list for 2015, as most of the components have not been applied to the Executive Board. A more detailed reimbursement table is, therefore, not considered necessary.

4. The Supervisory Board has not set any specific targets regarding the member structure of the board. Given the company's specific situation regarding potential conflicts of interest or filling board seats with former management members, (Code section 5.4.1 para. 2) certain elements have not been included yet. However, ahead of regulation, the Supervisory Board has stated to include at least one woman to be part of the board as of 30 September 2015. As of 12 October 2015 the supervisory board appointed with immediate effect a woman to the Supervisory Board. As long as further targets are not set, they shall not be considered during supervisory board meetings and therefore will not be commented on, according to section 5.4.1 para. 3 of the Code. Whether the Supervisory Board refines more concrete targets regarding its composition depends solely on the company's development in 2016. It should, therefore, be noted that the current members of the Supervisory Board are all appointed until 2018. Since no further specific targets were set they shall not be considered during board meetings and publicly commented on according to the Code.

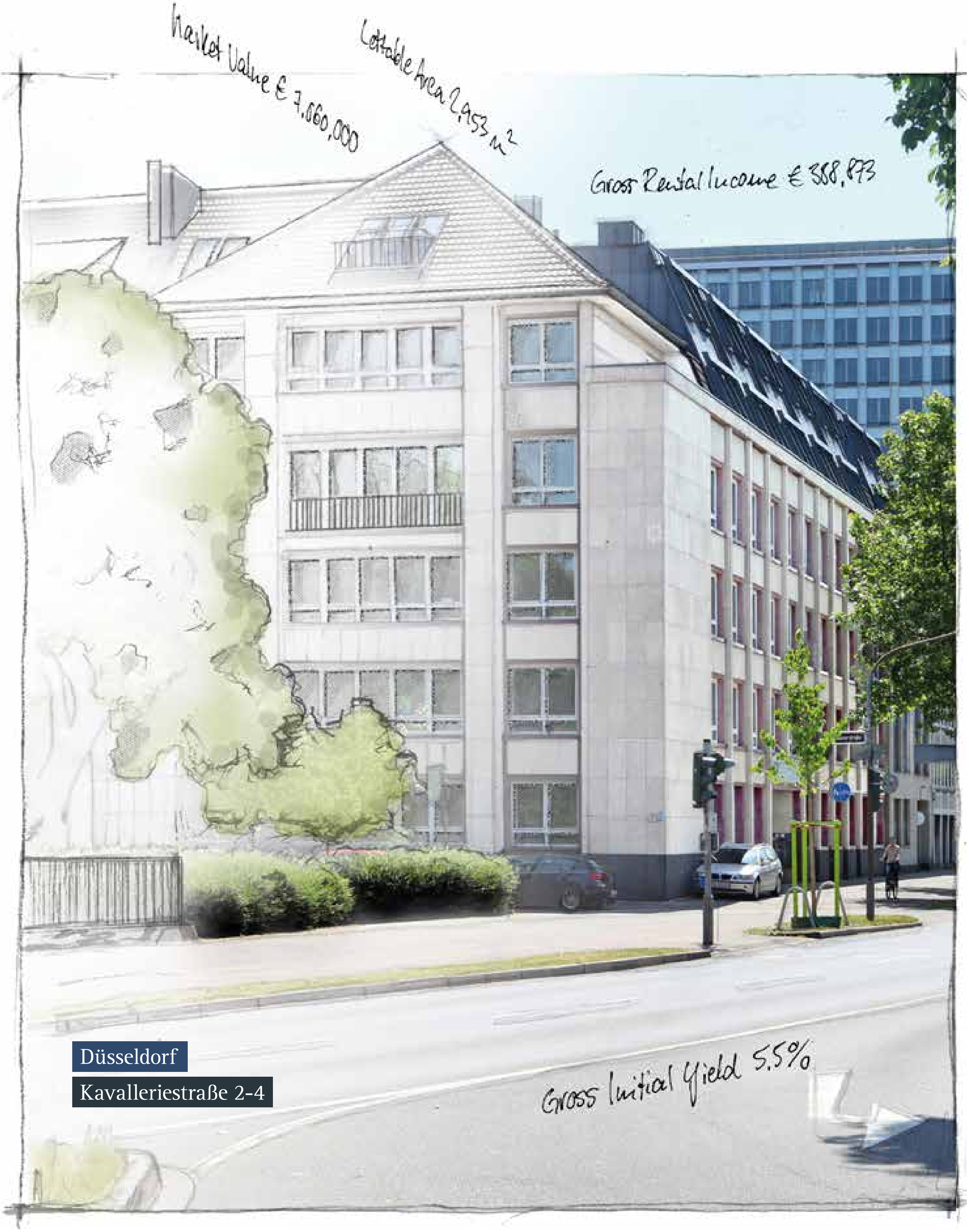
5. The Supervisory Board has not formed a nomination committee consisting solely of shareholders yet. The committee should submit proposals to the Supervisory Board (Code section 5.3.3) for new members of the board. Since the existing six members of Supervisory Board members are shareholders of the company there is no loss of efficiency regarding nominations for new board members. Hence, there is no need for forming a nomination committee.

6. According to Code section 5.4.6 para. 3, the reimbursement of the Supervisory Board members shall be reported individually in the notes of the company or the Executive report and be split according to components. The financial statements for 2014 did not contain a section which reported details of the reimbursement. Rather, the aggregated amount of the reimbursement was disclosed. Starting in fiscal year 2015, a personalized disclosure of the reimbursement of Supervisory Board members will be published in the Executive report or notes.

7. A careful preparation of financial statements needs a considerable amount of time. Due to the large number of transactions made, WCM AG has not published its financial statements within 90 days, as recommended in the Code under section 7.1.2 sentence 4. However, Executive and Supervisory Board strive to comply in the near future to comply to the recommendation.

Frankfurt/Main, 1 December 2015

Representing the Supervisory Board of WCM AG	Representing the Executive Board of WCM AG	
Rainer Laufs	**Stavros Efremidis**	**Frank Roseen**
Chairman of the Supervisory Board	CEO	CIO



Düsseldorf

Kavalleriestraße 2-4

GROUP MANAGEMENT REPORT FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2015

1. BASIC INFORMATION ON THE GROUP

1.1 BUSINESS MODEL OF THE GROUP

WCM Beteiligungs- und Grundbesitz-AG (WCM AG) is a property company undergoing dynamic development that is characterised by expansive growth and a high degree of selectivity with regard to acquiring properties.

Our corporate strategy focuses on acquiring and managing commercial properties, particularly office and retail properties in the major office and industrial locations in Germany. These properties serve primarily to generate stable long-term rental income. We also aim to exploit opportunities that arise in connection with property transactions.

In fiscal 2015, the Group pressed ahead with the expansion of its business activities in its Office, Retail and Other segments. Favourable financing conditions played a key role in the expansion. The core regions for investments are the Rhine-Main region and the greater Dresden area. With a weighted average lease term (WALT) of 9.4 years, an estimated flow of funds of €20.2m[1], a portfolio valued at €500m and 49 properties acquired, the WCM Group can boast an impressive growth history.

The Group has loss carryforwards relating to corporation and trade tax which initially represent its main asset base following the termination of insolvency proceedings in October 2010. This will result in future income benefits for the company and its investors. As at 31 December 2015, WCM AG had tax loss carryforwards of €285,056k relating to corporation tax and €263,750k relating to trade tax. There is no time limit on utilising the loss carryforwards.

Part of the loss carryforwards can expire if a shareholder acquires an interest of over 25 per cent, depending on the amount of shares purchased.

1.2 STRUCTURE OF THE GROUP

The Group parent company is based at Bleichstrasse 64-66 in Frankfurt/Main. The management is located in rented office premises at Joachimsthaler Strasse 34 in Berlin.

As Group parent company, WCM AG performs the role of a management holding company. The Group's property portfolios are held by subsidiaries that were acquired as property companies or founded in the course of property transactions. There are also two further subsidiaries that perform administrative or management functions. At the end of the reporting period, the Group comprised 29 companies.

The subsidiaries are divided between the "Office", "Retail" and "Other" segments according to the type of properties they hold and their strategic orientation, as this distinction gives rise to specific valuation parameters, investment criteria and management requirements.

[1] *For 12 months from 31 December 2015.*

LIST OF PROPERTIES

As at the reporting date, the following properties belonged to the Group:

SEGMENT	PORTFOLIO	LOCATION	ADDRESS
Office	River	Düsseldorf	Kavalleriestraße 2-4
Office	River	Bonn	Graurheindorferstraße 179a
Office	River	Frankfurt am Main	Bleichstraße 64-66
Office	River	Frankfurt am Main	Zum Laurenburger Hof 76
Office	River	Berlin	Dircksenstraße 42-44
Office	North	Neu-Isenburg	Hugenottenallee 167
Office	North	Neu-Isenburg	Frankfurter Straße 227/229
Office	North	Wiesbaden	Kreuzberger Ring 68
Office	North	Mainz	Isaac-Fulda-Allee 9
Office	North	Mainz-Kastel	Peter-Sander-Straße 10
Office	North	Frankfurt am Main	Niddagaustraße 32-38
Office	North	Neu-Isenburg	Hans-Böckler-Straße 16
Office	North	Dresden	Marsdorfer Straße 5
Office	Trevista	Eschborn	Helfmann-Park 8 -10
Retail	Green	Wolfen-Bobbau	Siebenhauser Straße 184
Retail	Green	Aschersleben	Seegraben 5
Retail	Green	Gommern	Im Gewerbepark 2
Retail	Green	Cuxhaven	Repsoldstraße 2
Retail	Green	Barsinghausen	Stoppstraße 25
Retail	Green	Sickte	Bahnhofstraße 3
Retail	Green	Kalletal	Lemgoer Straße 28
Retail	Green	Lehrte-Ahlten	Mergelfeld 1
Retail	Green	Klötze	Poppauerstraße 2

SEGMENT	PORTFOLIO	LOCATION	ADDRESS
Retail	Green	Lemförde	Burgstraße 18
Retail	Green	Isenbüttel	Moorstraße / Altes Mühlenfeld 2
Retail	Green	Schönwalde	Berliner Allee 10
Retail	Green	Berlin-Heiligensee	Bekassinenweg 24
Retail	Green	Stendal	Schadewachten 26
Retail	Green	Seelze-Lohnde	Calenberger Straße 47
Retail	Green	Groß Kreutz (Havel)	Potsdamer Straße 79
Retail	Green	Hoym	Nachterstedter Straße 3
Retail	Green	Holle	Marktstrasse 25
Retail	Green	Baddeckenstedt	Heinrich-Nordhoff-Straße 1
Retail	Green	Merseburg	Straße des Friedens 64A
Retail	Green	Dessau-Roßlau	Heidestraße 195
Retail	Green	Stendal	Moltkestraße 10
Retail	Green	Droyßig	Zeitzer Straße 11
Retail	Green	Muldestausee	Alt Pouch 3
Retail	Green	Golzow	Brandenburger Straße 82c
Retail	Green	Teicha-Sennewitz	Am Klossberg 26
Retail	Green	Staßfurt-Förderstedt	Magdeburg-Leipziger Straße 102
Retail	Green	Hohenthurm	Bahnhofstraße 18a
Retail	Green	Völpke	Mittelstraße 14
Retail	North	Dresden	Jacob-Winter Platz 13 (Prohlis Centrum I)
Retail	North	Dresden	Prohliser Allee 10 (Prohlis Centrum II)
Retail	North	Dresden	Johannes-Paul-Thilmann-Straße 3
Retail	North	Dresden	Provianthofstraße 3
Retail	OBI	Olpe	In der Trift 17
Other	SOI	Bremerhaven	Riedemannstraße 1

1.3 OBJECTIVES AND STRATEGIES

WCM AG pursues the objective of acquiring and managing commercial properties in Germany via a number of property companies, as well as selling them where opportunities arise. The purchase prices for the properties are paid using available funds, capital measures and borrowed funds. Management of the properties is rationalised by exploiting synergy effects.

The investment criteria for the main segments are as follows:

OFFICE

- Location: top 7 industrial locations in Germany with a focus on core/core+ office properties
- Required return: target yield of between 5.5-7.0 per cent
- Property characteristics: low or no requirement for renovation; properties with a high level of third-party usability and a high quality standard
- Tenant structure: tenants with strong credit ratings and a low number of tenants
- Vacancy: long-term rental contracts and low vacancy rates of between 5-15 per cent
- Volume and process: investment volume of at least €10m; clear and rapid decision-making processes

RETAIL

- Location: metropolitan areas in Germany with a focus on core+ retail properties
- Required return: target yield of between 6.5-8.0 per cent
- Property characteristics: low or no requirement for renovation; properties with a high level of third-party usability and a high quality standard
- Tenant structure: tenants with strong credit ratings and a core tenant structure for retail
- Vacancy: long-term rental contracts; no vacancy
- Volume and process: investment volume of at least €10m; rental contracts with long terms

In 2015, the WCM Group acquired 48 office and retail properties and expanded its portfolio to a total of 49 properties by way of the transaction concluded in 2014. By expanding this portfolio with a market value of around €500m, the WCM Group is exhibiting dynamic growth. The company implemented and achieved its targeted objectives through several transactions in the reporting period. In line with the above investment criteria, in this process the WCM Group pursued a strategy of identifying properties in good locations with tenants with strong credit ratings and acquiring them at a purchase price below the market price and in the form of share deals where possible from a liability and tax law perspective.

The WCM Group acquired or founded a total of 28 subsidiaries, between which the properties are divided. This includes a property that was acquired in the course of the purchase of Seebeck Offshore Industriepark GmbH & Co. KG ("SOI KG"). The purchase of three office properties that was notarised in December 2014 was concluded in March 2015. Two further property portfolios containing a total of 43 office and retail properties were acquired during the further course of the year. The WCM Group also purchased office properties in Frankfurt/Main, Eschborn and Berlin, as well as a DIY store in an economically strong region.

In the medium term, the WCM Group will develop a property portfolio worth around €1bn. Its long-term objective is to become one of the most successful German stock corporations focusing on commercial property. The WCM Group is a preferred partner for its customers as it offers them attractive and highly functional commercial properties at competitive rents.

1.4 CONTROL SYSTEM

The WCM Group's objective is to generate stable long-term income for its shareholders, employees and business partners and to ensure the positive performance of the portfolio. The control system comprises corporate planning and portfolio and company-specific reporting; controlling is based on regular reviews of key performance indicators.

Corporate planning serves as a basis for this and is prepared and regularly reviewed throughout the year with the involvement of the relevant specialist departments using key performance indicators and adjusted where necessary. Corporate planning is revised on a six-monthly basis and adapted in light of market or company-specific changes if necessary.

The key performance indicators used by the company for controlling are:

- funds from operations (FFO) – the operating result before depreciation and amortisation, taxes and gains on sales
- net asset value (NAV) – tangible and intangible assets less liabilities
- the loan-to-value (LTV) ratio – the ratio of financial liabilities to the market value of the properties
- and the WALT – the weighted average of the remaining lease term.

The main factors influencing the key performance indicators are the performance of the property portfolio and the financing structure. The performance of the property portfolio is monitored on a continuous basis as part of asset management. In particular, in this process the level and term of rental income is reviewed and optimised based on rental income, rental contract terms and the occupancy rate at individual property, sub-portfolio and overall portfolio level. The financing structuring and compliance with covenants is also reviewed on an ongoing basis. This enables us to recognise and initiate any steps necessary to minimise risk or optimise results at an early stage.

WCM AG is managed by the Executive Board, which is advised and monitored by the Supervisory Board. In performing their management roles, the Executive Board and the Supervisory Board always act in accordance with the provisions of stock corporation law and internal company regulations. As at the reporting date, the Supervisory Board comprised six members.

2. ECONOMIC REPORT

2.1 OVERALL ECONOMIC AND INDUSTRY-SPECIFIC TRENDS

In 2015, Germany's gross domestic product (GDP) grew by 1.7 per cent, adjusted for seasonal and calendar effects. The German economy is thus experiencing moderate growth again following growth of 1.6 per cent in 2014 and 0.4 per cent in 2013.

According to the German Institute for Economic Research **(DIW)**, the German economy will continue on its current upward trajectory. In particular, strong demand for consumer and capital goods is causing GDP to increase further following a rise of 1.7 per cent in 2015. GDP is also expected to grow at this rate in 2016. Current indicators, such as consumer demand, the continuing positive labour market situation and sharp pay increases, point to an underlying upward trend in the economy. The number of persons in active employment will reach new peaks in the next two years. Salaries are expected to rise by around 4 per cent per year.

FINANCING ENVIRONMENT

Since September 2014, the European Central Bank **(ECB)** reference rate has been at an historic low of 0.05 per cent. This presents an opportunity for the WCM Group to use borrowed funds for property transactions on attractive terms.

Furthermore, the ECB announced the purchase of government bonds in January 2015. The current volume, including expansion of the scheme to cover corporate bonds, amounts to over €1.4 trillion. This indicates the ECB's intention to counteract deflationary trends in the euro zone at an early stage and to give the euro zone's economy a helping hand.

TRENDS IN THE GERMAN COMMERCIAL PROPERTY MARKET

The German commercial property market generates some of the highest revenues in Europe and is both heterogeneous and regionally diverse. Moreover, the industry continues to grow steadily owing to the high number of market participants. In 2015, the volume of transactions increased for the sixth consecutive time to €55.1bn. Transaction volume is divided into Office, Retail, Logistics and Other according to the respective different types of use. The WCM Group's main segments, Office and Retail, once again constitute around three quarters of the total market at 42 per cent and 31 per cent respectively. Logistics (7 per cent) and property types such as hotels and business premises play a lesser role in the commercial property market (source: JLL, Investment Market Overview, 4th quarter 2015).

The growth drivers are the German A cities (the "Big 7"), which generated the highest transaction revenues and have long been considered the most attractive locations for the commercial property investments of national and international investors, and thus also for WCM AG. This is firstly attributable to the population growth in the major German cities (> 500,000 inhabitants) and the associated demand for working and living space.

Secondly, investments in major cities are considered lower risk compared to regional centres, as a higher density of larger companies settle there. However, these cities are often dependent on the overall national economy due to pronounced product development cycles and the dominance of tenants from the financial and services sector. The cities of Berlin, Düsseldorf, Frankfurt/Main, Munich, Stuttgart, Cologne and Hamburg are characterised by a large volume of office space, liquid trading and strong competition. Purchase prices and rents in Germany's major cities have risen sharply in the last few years owing to positive economic trends. However, purchase prices and rents for commercial properties are still low compared to other major European cities.

The German property market has performed well thanks to the low interest rate environment and the attractiveness of major German cities and medium-sized centres. In particular, a number of medium-sized cities, such as Dresden, Bonn and Wiesbaden, function as the centres of economically strong regions. In these centres, competition is weaker and transaction activity is less pronounced. The prices and rents for office and commercial properties in B and C locations are thus developing positively. Vacancy rates are generally lower than in office districts such as Frankfurt/Main, but are usually more heavily affected by changes in the national economy.

Recently, investors have preferred portfolio and large-volume individual transactions. Nevertheless, according to JLL around 65 per cent of transaction volume in the commercial market relates to individual transactions. Overall, however, portfolio transactions have become significantly more attractive in the past year, exhibiting above-average growth of around 60 per cent.

The rental markets for WCM AG's main areas of business, i.e. office and retail properties, are presented below.

Office properties

Take-up of space, an important indicator in the office segment, once again exceeded the previous year's figures in the seven large office districts of Berlin, Düsseldorf, Frankfurt/Main, Hamburg, Cologne, Munich and Stuttgart. According to JLL, take-up of office space in fiscal 2015 was around 3.65m m^2, representing an increase of 21 per cent on the previous year's figures. However, there were considerable differences between individual locations. In particular, Berlin (+43 per cent) significantly exceeded the previous year's figure (+36 per cent) once again and, alongside Düsseldorf, came top in terms of take-up of space in 2015. JLL expects a slight decline in space take-up for 2016 as a whole, as record years generally represent a hurdle initially. Furthermore, the cloudy economic outlook is dampening the rental market as a whole. Nevertheless, a positive trend is anticipated and take-up of office space in the region of 3-3.5m m^2 is forecast, which would be approximately the same as in the previous year (source: JLL, Office Market Overview, 4th quarter 2015).

Peak rents remain on a growth trajectory, a trend confirmed by last year's performance. On average, an aggregate increase of 3.2 per cent was recorded across the top locations, with Berlin outperforming the other cities at 9 per cent and catching up in terms of records for new lets in the top locations as well as in the peak rent price segment. The other cities recorded a slight rise or a stagnation. According to JLL, price increases in the B locations, in particular, offered good prospects. Overall, average rents rose more steeply than peak rents in 2015 at a rate of 4 per cent. Moreover, a further slight increase of around 1 per cent is expected for peak rents in 2016, with average rents expected to rise by around 2 per cent. (Source: JLL, Office Market Overview, 4th quarter 2015).

New construction activity was around 13 per cent below the previous year's level. It can thus be concluded that no significant new construction projects are substantially affecting the market despite increased demand.

In 2015, approximately 5.7m m^2 of office space stood vacant in the seven most important office districts, which is equivalent to 6.5 per cent. In the last year alone, the vacancy rate in the top German locations fell by 124 basis points compared to the previous year. This figure thus represents the highest occupancy rate in Germany since 2002.

JLL expects demand for suitable space to remain strong in 2016 and that the volume of speculative new constructions will not lead to excess supply. For this reason, the vacancy rate will most likely decrease again slightly in 2016. Likewise, unpredictable factors such as the accommodation of refugees in the current year could lead to an unexpected fall in the vacancy rate. Vacant offices are particularly relevant in this regard and are being thoroughly examined in terms of their suitability (source: JLL, Office Market Overview, 4th quarter 2015).

Retail properties

The importance of specialist stores as an investment product has increased considerably over the last few years. The reasons for this are the rising purchase prices and falling yields for city-centre business premises and shopping centres. Popular and sought-after investment properties, known as trophy properties (best locations, high standards), often meet the strict investment requirements of institutional and international investors. However, interest in robust types of property which have received little attention up to now, such as specialist retail centres and specialist stores, as well as local shopping centres and food stores, offers a reasonable yield-to-risk ratio.

€6.9bn was invested in shopping centres in 2015 as a whole, representing around 13 per cent of the transaction volume. The specialist store segment achieved revenue of around €4.8bn, corresponding to a market share of around 9 per cent. Germany continues to assert its strong position as an anchor of stability in Europe as regards retail revenue and is among the drivers of growth with slight increases forecast. Demand for specialist stores and specialist retail centres continues unabated. Portfolios and products with larger volumes and properties with several tenants and food retailers as core tenants are particularly in demand.

2.2 BUSINESS PERFORMANCE IN THE YEAR UNDER REVIEW

Expansion of the property portfolio progressed in fiscal 2015 following the end of plan monitoring in 2014. The goals set by the Executive Board at the start of 2015 were exceeded. This was supported by an increasingly positive market environment (financing conditions for borrowed capital and equity).

PORTFOLIO STRUCTURE

As at 31 December 2015, the WCM Group's portfolio comprised 49 properties. The two key segments are office and retail properties.

INVESTMENTS

We used the 2015 fiscal year to acquire a further 48 properties. In fiscal 2015, the WCM Group's rental income amounted to €10,445k.

As at the 31 December 2015 reporting date, the portfolio of investment properties recognised on the balance sheet amounted to €501,546k.

CAPITAL MARKET

WCM AG successfully placed shares on two occasions during the course of fiscal 2015. It issued a total of 76,010,706 common stock shares at an issue price of €2.05 per share and entered this in the commercial register on 8 July 2015. On 25 November 2015, WCM AG issued 10,979,256 new shares at an issue price of €2.20 per share.

RESULTS OF OPERATIONS

in TEUR	2015	2014	VERÄNDERUNG	in %
Rental income	10,445	0	10,445	>100 %
Operating and ancillary costs	-885	0	-885	n/a
Net rental income		**0**	**9,560**	**>100 %**
Unrealised net gains/loss from fair value measurement of investment property	54,904	0	54,904	>100 %
Other operating income	3,012	996	2,016	>100 %
Staff costs	-1,530	-180	-1,350	n/a
Other operating expenses	-6,715	-1,489	-5,226	n/a
Depreciation and amortisation	-359	0	-359	n/a
Operating profit/loss	**58,872**	**-673**	**59,545**	**n/a**
Financial income	136	1	135	>100 %
Finance expenses	-2,212	-209	-2,003	n/a
Total comprehensive income or loss before taxes	**56,796**	**-881**	**57,677**	**n/a**
Income taxes	879	2,003	-1,124	-56 %
Other taxes	0	84	-84	-100 %
Consolidated net profit for the period/total comprehensive income	**57,675**	**1,206**	**56,469**	**>100 %**

The objective for fiscal 2015 was to acquire further investments in property companies or individual properties. The required liquidity was procured by way of borrowing and cash capital increases.
At the beginning of the fiscal year, the Executive Board of the WCM Group expected total comprehensive income to be slightly positive. However, this expectation was significantly exceeded. The result was primarily attributable to adjustments to the fair value of properties (€54,904k).

The Group generated **net rental income** of €10,445k before operating and ancillary costs. Rental income amounted to €4,694k in the Office segment, €3,899k in the Retail segment and €1,852k in the Other segment.

The **net gain from fair value adjustments** amounted to €54,904k in the fiscal year. The net gains for the Office segment amounted to €46,980k. The Retail segment reported net gains of €7,991k. The value of property in the Other segment decreased by €67k.

Other operating income included a rent guarantee for loss of rent for the Bremerhaven property (€672k), claims for damages (€630k) and income from contractual safeguard clauses (€500k).

As expected, **staff costs** increased substantially year-on-year in connection with the start of operating business to €1,530k.

Other operating expenses essentially increased as against the previous year as a result of the transaction costs in connection with the acquisition of properties and companies and the launch of operating activities. Transaction costs mainly include financing, legal and consulting costs.

Tax income amounting to €879k comprised current trade taxes of €722k after the offsetting of deferred tax income of €1,601k. Gains on investment property led to tax expenses of €19,974k resulting from the recognition of deferred tax liabilities. With the expansion of the property portfolio and the first comprehensive assessment of the recoverability of WCM AG's tax loss carryforwards in 2015 based on ten-year tax results planning, deferred tax assets totalling €26,116k were recognised. This resulted in out-of-period tax income of €23,770k. In the previous year, deferred tax assets on loss carryforwards amounting to €2,346k were recognised.

As expected, **finance expenses** (€2,212k) climbed as a result of taking up bank loans.

Consolidated net income rose from €1.2m in the previous year to €57.7m in 2015 due in particular to income contributions from the fair value measurement of investment property. Basic earnings per share amounted to €0.72 (previous year: €0.08).

NET ASSETS

€k	31 DECEMBER 2015	31 DECEMBER 2014	CHANGE	in per cent
Cash and cash equivalents	11,136	19,376	-8,240	-43 %
Current assets	19,310	3,935	15,375	>100 %
Deferred tax assets	10,933	2,380	8,553	>100 %
Investment property	501,546	17,337	484,209	>100 %
Non-current assets	7,999	861	7,138	>100 %
Assets	**550,924**	**43,889**	**507,035**	**>100 %**
Current liabilities	88,877	5,879	82,998	>100 %
Non-current liabilities	192,465	6,201	186,264	>100 %
Liabilities	**281,342**	**12,080**	**269,262**	**>100 %**
Equity	**269,582**	**31,809**	**237,773**	**>100 %**

The Group's assets increased by €507,035k in the fiscal year. This increase was largely attributable to **investment property** (€501,546k as at the reporting date).

The purchase price for the "Green" portfolio, whose properties are largely located in the Dresden and Rhine-Main areas, was around €95m, that of the "River" portfolio was €86m, that of a DIY store in Olpe €10m, the "Trevista" property around €49m, the "Triangel" property around €92m and the "North" portfolio around €51m.

Current assets included property held for sale (€4,185k) and operating costs not yet invoiced to tenants (€2,611k).

Deferred tax assets (€10,933k) result, after offsetting, from the capitalisation of deferred taxes on loss carryforwards.

Current liabilities contain financial liabilities of €71,784k resulting from amounts due for the acquisition of the North portfolio. In addition, liabilities of €32,180k were assumed in the course of acquiring property companies. Non-current liabilities relate primarily to financial liabilities (€187,815k).

Equity, which amounted to €269,582k, increased chiefly due to two capital increases.

FINANCIAL POSITION

€k	
Cash flow from operating activities	-2,546
Cash flow from investing activities	-352,340
Cash flow from financing activities	346,686
Increase/decrease in cash and cash equivalents	-8,240
Cash and cash equivalents at beginning of period	19,376
Cash and cash equivalents as at 31 December 2015	**11,136**

At the beginning of period, cash and cash equivalents amounted to €19,376k. The main cash flow related to the acquisition of properties.

Cash outflows from operating activities were mainly affected by the cash inflow from rental and the use of cash for operating activities, including administration.

In 2015, the cash outflow from investing activities of €346,686k was chiefly attributable to the acquisition of properties or property companies, property, plant and equipment and intangible assets.

In particular, the cash outflow from investing activities was financed through equity and borrowed capital. WCM AG posted gross issue proceeds of €179,976k as a result of capital increases. Cash was also made available through taking up loans of €192,173k. Repayments, capital repayments to non-controlling interests and interest payments etc. resulted in cash outflows from financing activities totalling €25,463k.

SUMMARY

Liquidity within the Group was influenced mainly by two factors. These were the provision of cash firstly through two capital measures and secondly through taking up bank loans.

Cash outflows were primarily attributable to investments in investment properties. The Group was able to meet its financial obligations at all times. Liquidity was ensured in fiscal 2015.

3. REPORT ON RISKS, OPPORTUNITIES AND EXPECTED DEVELOPMENTS

3.1 RISK REPORT

3.1.1 RISK MANAGEMENT SYSTEM

WCM AG introduced a risk management system for the first time during the course of fiscal 2015.

The risk management system covers all WCM AG's areas of business and all its investments and subsidiaries (affiliated companies).

The aim of the risk management system is to record, assess and finally to control risks. Depending on the process, risks are monitored by the Executive Board, which is supported in this task by risk management.

The risk management system is defined by:

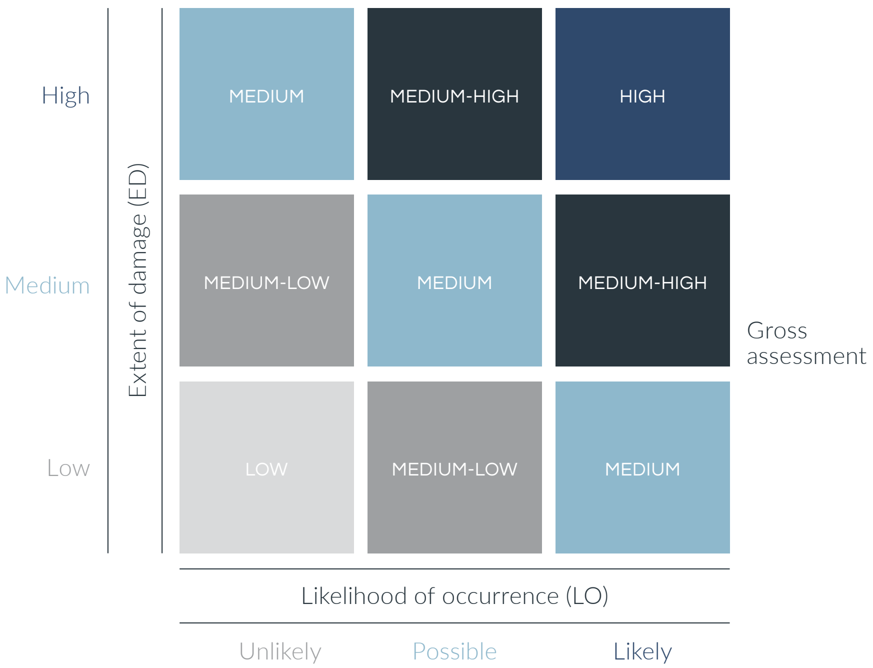
- assessing identified risks in terms of their impact on the continued existence of the company and quantifying them if possible
- processes aimed at identifying risks (risk early identification system)
- documentation in the form of reports to the Executive Board

The risks are quantified depending on the likelihood of the occurrence of damage and the extent of damage. This results in the following categories of likelihood of occurrence and damage:

RISK CATEGORIES		LIKELIHOOD OF OCCURRENCE	
low risk	<5 per cent AE	Unlikely	<10 per cent
medium risk	5 per cent ≤ and <25 per cent AE	Possible	10 per cent ≤ and <50 per cent
high risk	≥25 per cent of AE	Likely	≥50 per cent

AE = annual earnings

Risk according to extent of damage and likelihood of damage:



RISK IDENTIFICATION

All risks to the company are initially identified, analysed and assessed, irrespective of the significance of the risks to WCM AG.

The Executive Board and department heads at WCM AG regularly hold meetings to identify risks and discuss any possible (new) risks. This primarily serves the purpose of identifying project-specific risks relating to the imminent acquisition of new properties or companies. All risks are fully reviewed, recorded and inventoried four times a year at the end of each quarter.

Risks are also identified by way of a quarterly employee survey and controlling by the risk officer.

RISK ASSESSMENT

A gross risk assessment is carried out based on likelihood of occurrence and possible extent of damage. Risk control measures aimed at reducing the gross risk are taken in order to counter the risks identified. A risk assessment that takes such measures into account results in the net risk.

A certain time period is taken into consideration in order to assess the likelihood of occurrence. The risks are categorised according to whether and how frequently the event is likely to occur within the defined time period of one year.

Risks can be assessed on both a quantitative and qualitative basis. It is thus possible to categorise the extent of damage based on several risk dimensions, such as financial damage or reputational damage.

Financial damage refers to negative effects on income and liquidity, which are initially measured based on their effect on the WCM Group's profit or loss for the period in accordance with IFRSs.

In addition to analysis at Group level and thus of the aggregated result, quarterly reporting also points out individual risks that could arise at subsidiary level.

DETERMINING EARLY WARNING INDICATORS FOR RISKS THAT JEOPARDISE THE CONTINUED EXISTENCE OF THE COMPANY

Where possible, an early warning indicator is defined for each risk that could jeopardise the continued existence of the company. Early warning indicators may be certain factors, parameters or key figures and signal a change in the likelihood of the occurrence of or extent of damage caused by a risk and may therefore indicate a possible occurrence of damage.

The risk owner and if required the risk officer must define the threshold values and frequency of monitoring for each early warning indicator. Threshold values are directly linked to the early warning indicators and must be defined in advance by the risk owner and if required the risk officer.

REPORTING

The risk manager submits a written report to the Executive Board on a quarterly basis. The Executive Board briefs the Chairman of the Supervisory Board on a quarterly basis regarding the situation and risks faced by the company. A risk report also forms part of this regular reporting and presents at least the risks that could jeopardise the continued existence of the company.

Ad hoc risk reporting is ensured and is based on monitoring early warning indicators and their defined threshold values. If an indicator exceeds the defined threshold value, the risk manager must inform the Executive Board immediately.

Shareholders and lenders may be informed of risks jeopardising the continued existence of the company and their opposing opportunities through external reporting.

3.1.2 RISK REPORT AND INDIVIDUAL RISKS

GENERAL RISKS

The WCM Group is subject to the general legal conditions applying to property companies with an investment focus on commercial properties in Germany, which may considerably influence the profitability of WCM AG.

The property locations in Germany are affected by regional developments. The future property locations of the WCM Group could become less attractive. Property prices have risen in some regions in the last few years and we cannot exclude the possibility that property prices will fall again in these regions.

This risk is categorised as “medium-low”.

There is intense competition in the German property market. There is a risk that the WCM Group may not be able to hold its own against the competition or to break away from its competitors to a sufficient degree. The competitive pressure could lead purchase prices to rise considerably, making it difficult for the WCM Group to acquire properties at an acceptable price. When making decisions regarding property purchases, the WCM Group has to make judgement-based valuation assumptions, which may lead to a lower valuation of the commercial properties in the event of a future change.

This risk is categorised as “medium-low”.

The WCM Group is subject to the risk of deteriorating conditions for the financing of property acquisitions and for refinancing the property portfolio. The WCM Group's future business activities are based on extensive use of borrowed funds. A rise in the market rate of interest could increase the financing costs in the case of financing that is not interest rate hedged and refinancing.

This risk is categorised as "medium".

The day-to-day management of data in a digitalised work environment requires particularly high data protection standards. For this reason and in order to comply with statutory requirements, with respect to which breaches of duty can lead to financial penalties, the WCM Group decided to appoint a data protection officer. The data protection officer is responsible for preparing directives, regularly checking compliance with data protection requirements and providing information on data protection to other employees.

This risk is categorised as "low".

Adverse developments as regards the tax conditions in Germany could have a negative impact on WCM AG's performance. Under certain circumstances, it may not be possible for WCM AG to utilise its tax loss carryforwards in part or in full.

SPECIFIC RISKS

The fair value recognition of properties may result in negative value adjustments. In order to ensure up-to-date and independent accounting, the WCM Group has its property portfolio valued by an independent external expert at least every six months. Periodically recording changes in value ensures that negative changes in value are identified at any early stage.

Due to the low vacancy rates and active tenancy management, there are no indications of a significant change in the value of the property portfolio. As at the reporting date, the WCM Group has not determined any significant requirement for impairment.

This risk is categorised as "medium".

The possibility of tenants becoming insolvent cannot be fully excluded. Careful credit assessments are carried out and the total rental area is divided among a number of tents in order to reduce this risk. The vacancy rate is minimised through active and professional rental management. The risk of default for receivables was assessed as medium at the end of the year under review. A rent guarantee is in place for the Bremerhaven property, whose largest tenant has filed for insolvency, and will cover this credit risk in full. The creditworthiness of the guarantor is assessed as very good.

This risk is categorised as "medium".

As at 31 December 2015, WCM AG had tax loss carryforwards of €285,056k relating to corporation tax and €263,750k relating to trade tax. There is no time limit on utilising the loss carryforwards.

The transfer of more than 25 per cent of the voting shares within a five-year period may lead to the partial loss of existing corporation and trade tax loss carryforwards. All the tax loss carryforwards could be lost if more than 50 per cent of the voting shares were transferred.

As at 31 December 2015, there was no significant risk of the loss carryforwards being lost. This risk increased considerably after the end of the reporting period due to a new shareholder. We refer to the report on post-balance sheet date events.

This risk is categorised as "medium-low".

The company could face severe fines and/or considerable reputational damage from ongoing legal disputes. There were no actions against the company in fiscal 2015.

This risk is categorised as "low".

The WCM Group is subject to the legal conditions applying to property companies. Any tightening of the legal conditions, for example with respect to fire protection, environmental protection, legislation on pollutants and any resulting compulsory renovation work, will have a negative effect on the profitability of investments. There were no indications of such negative events in the reporting period.

This risk is categorised as “medium-low”.

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

This risk is categorised as “medium”.

RISKS SPECIFIC TO ACQUISITIONS

In 2015, WCM AG acquired properties by way of asset deals and share deals. The properties are located in different German federal states. Before properties are acquired, audit procedures are carried out to ensure that the company only acquires properties that are free of material technical, legal and economic risks. The following procedure is implemented for such acquisitions:

As part of legal due diligence, which was carried out by well-known law firms, WCM AG had the rental contracts, land register situation and building and planning law aspects thoroughly examined for risks. The technical details of the properties were also examined by well-known specialist firms with respect to fire protection, security problems and overdue renovations. Finally, WCM AG obtained valuation appraisals from external experts (Jones Lang LaSalle, Cushman & Wakefield) for all sites. The contracts were only concluded after a careful and satisfactory evaluation of the above documents.

WCM AG is focusing on the German office and retail market as part of its strategic realignment and is thus heavily dependent on the development of these markets and on overall economic developments. The Group must take risks that arise in the rental business into account: vacancy, insolvency of tenants and interest rate increases in respect of borrowing. Any reduction or loss of rental income would have a negative impact on WCM AG’s results of operations.

SUMMARY

The Executive Board of the company assesses the risks for the fiscal year as low. No threat to the continued existence of the company has been recorded for 2015 or with respect to fiscal 2016.

The primary objective in the context of recommencing operations was to record and reduce high and medium risks for the first time. Sufficient precautionary measures were taken as well as countermeasures where risks existed. The risks described have not met the criteria of a threat to the continued existence of the company at either Group or subsidiary level.

3.2 OPPORTUNITIES

Opportunities arise from minimising vacancy rates and increasing rents.

On the financing side, the Group can benefit from low interest rates when making acquisitions.

Further opportunities arise through utilising tax loss carryforwards.

The property expertise of the Executive Board is a key factor in making successful investments. In this regard, the Group may also benefit from advantageous investments in the future.

The WCM Group has a broadly based portfolio throughout Germany. Active asset and property management continuously optimise the portfolio and exploit benefits.

Due to the high WALT of approximately 9.4 years as at the reporting date, the Group's future rental income is also secure.

Owing to the positive economic forecasts for the German economy over the next few years, the WCM Group expects to continue to expand its portfolio with vacancy rates remaining the same or falling.

INTERNAL CONTROL SYSTEM

In compliance with the relevant legal requirements and industry standards, WCM AG has established an internal control system with reference to the financial reporting process. The objective and purpose of the internal control and risk management system for the financial reporting process is to ensure that transactions are properly and fully recorded and presented in accordance with statutory requirements, the principles of proper accounting and internal directives. The system implemented monitors risks within the financial reporting process and comprises principles, measures and procedures for ensuring proper financial reporting as well as the following main features:

The organisational, monitoring and control structures within WCM AG are regulated clearly and transparently. All the tasks within the financial reporting process are clearly defined. The principle of dual control with clear separation of the approval and execution functions is a key element of the financial reporting process. The financial reporting process is supported by standard IT software. An access and authorisation concept governs authorisations in accordance with internal directives. There is integrated central accounting at the Group. The Group-wide accounting, account assignment and measurement principles are subject to regular audits and updates.

The Group intends to establish a Group audit department to work in collaboration with the Executive Board and the Supervisory Board to ensure the correct functioning of the internal control system.

3.3 REPORT ON EXPECTED DEVELOPMENTS

For fiscal 2016, the Executive Board expects positive earnings before taxes and before the net gain/loss from fair value adjustments to be in the low double-digit million range. However, this result may be reduced if capital measures are implemented on account of the associated expenses. WCM plans to pay out a dividend to shareholders for the 2016 fiscal year.

It intends to steadily expand its property portfolio. The portfolio is expected to grow by at least 20 per cent as measured against the gross asset value of the existing portfolio. There may be a significant deviation from this figure depending on the attractiveness of potential investments. Expansion of the property portfolio is based on gauging the current property pipeline. The result could be substantially affected by any transaction costs that may potentially arise.

The plan is to achieve approximate parity between rental income in the Retail and Office segments.

Further employees were recruited at the beginning of 2016. No material changes are planned for 2016 as a whole with regard to employees (the number of employees as at the reporting date, including the Executive Board, was 22). If the portfolio was to increase significantly it would be necessary to recruit further employees.

The objective of the Asset Management department is to reduce vacancy rates across the portfolio. If necessary, the company also plans to extend existing rental contracts under improved terms. The Asset Management team minimises existing vacancy rates through active management. A possible risk is posed by the German economy performing worse than expected.

Investments in the property portfolio are planned selectively depending on tenants' requirements. Agreements in bank loan agreements also require the company to make regular investments in the portfolio.

As at 31 December 2015, the Group had tax loss carryforwards of €263,750k (trade tax) and €285,056k (corporation tax). The surpluses expected for 2016 may be offset against these loss carryforwards taking into account minimum taxation, thus reducing the company's tax burden.

As the Group parent company, WCM AG also has a contribution account for tax purposes amounting to €1,304m. This enables us to make future distributions to shareholders without the deduction of withholding taxes, depending on their personal tax situation.

The company intends to maintain the WALT of the property portfolio at its current level of approximately 9.4 years. The Group anticipates a loan-to-value ratio of approximately 55 per cent. The target is to achieve funds from operations (FFO) of over €18.7m, as well as to report a net asset value (NAV) of €246m or more by the end of the year.

SUMMARY

The Executive Board expects positive annual earnings in the low double-digit million range for fiscal 2016 before taxes and the net gain/loss from fair value adjustments. Based on the positive management of portfolio performance indicators, the Executive Board expects earnings to increase while at the same time optimising the existing portfolio.

4. CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH SECTION 289 A OF THE GERMAN COMMERCIAL CODE (HGB)

The corporate governance statement can be found on WCM AG's website at http://www.wcm.de/de/investoren/corporate-governance/. The following items are covered in detail.

PROPORTION OF WOMEN IN THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The Supervisory Board of WCM AG has set a target of one member with respect to the proportion of women in the Supervisory Board. The extraordinary Shareholders' Meeting on 12 October 2015 elected a woman to the Supervisory Board. In accordance with statutory requirements, the initial time limit for achieving the target has been set as two years.

The Supervisory Board has set a minimum quota of nil for the proportion of women in the Executive Board of WCM AG as the Executive Board only comprises two members and has only held office in its current composition since 2014/2015. It is not necessary to set a time limit for achieving this target. The target will be reviewed after expiry of the initial time limit set, i.e. on 30 April 2017.

In accordance with section 76 (4) of the German Stock Corporation Act (AktG), the Executive Board is required to set targets for the two levels of management below the Executive Board. WCM AG is a company that only employs a small number of staff and only has one level of management below the Executive Board. For this reason, the Executive Board has set a minimum quota of nil for the level of management below the Executive Board. The target will be reviewed after expiry of the initial time limit set, i.e. on 30 April 2017.

EXECUTIVE BOARD REMUNERATION SYSTEM

The total remuneration of the individual Executive Board members is determined by the Supervisory Board, which also resolves on the remuneration system and reviews it.
The remuneration is to bear a reasonable relationship to the work performed by the Executive Board members. This relates to personal performance and economic success as well as to future developments at the company.
In particular, the remuneration structure (options) is based on medium-term incentives and is aligned overall with the sustainable development of the company. It is also intended to allow for competitive remuneration.

The members of the Executive Board receive their basic remuneration in equal portions on a monthly basis. In addition to his basic remuneration, in 2015 the Chief Executive Officer received options (2,000,000 units) with a blocking period of four years. The commitment period of several years is intended to create a relationship between the performance and remuneration of the Executive Board for the medium term. There are no variable remuneration components other than this.

The Executive Board and the Supervisory Board hereby declare that WCM AG has complied with the recommendations of the version of the code dated 24 June 2014 since 1 January 2015 and with the version dated 5 May 2015 since its coming into force. This is without prejudice to the following exceptions regarding remuneration:

No. 4.2.3 (2) second sentence of the code requires that the monetary remuneration of Executive Board members should be fixed and contain variable components. This recommendation was not yet followed in full in fiscal 2015, as the Supervisory Board first wished to assess the performance of the company after it recommenced operations at the start of 2015. As of 1 January 2016, further variable remuneration components are being introduced for the two members of the Executive Board, thus complying with the requirements of the code.

EXECUTIVE BOARD REMUNERATION

	Stavros Efremidis 1 January 2015 -31 December 2015				Frank Roseen 1 September 2015 -31 December 2015				Dr. Manfred Schumann 1 January 2015 -12 February 2015			
ALLOWANCES GRANTED	2015		2014		2015		2014		2015		2014	
	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min
Fixed remuneration in €k	300	300	0	0	120	120	0	0	61	61	180	180
Additional benefits in €k	0	0	6	6	35	35	0	0	0	0	4	4
Total	300	**300**	**6**	**6**	**155**	**155**	**0**	**0**	**61**	**61**	**184**	**184**
One-year variable remuneration	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0
Total remuneration in €k	300	300	6	6	155	155	0	0	61	61	184	184
Number of options granted	2,000,000	2,000,000	0	0	0	0	0	0	0	0	0	0
Fair value of options in €k	1,532	1,532	0	0	0	0	0	0	0	0	0	0
Total remuneration in €k	**1,832**	**1,832**	**6**	**6**	**155**	**155**	**0**	**0**	**61**	**61**	**184**	**184**

	Stavros Efremidis 1 January 2015 -31 December 2015				Frank Roseen 1 September 2015 -31 December 2015				Dr. Manfred Schumann 1 January 2015 -12 February 2015			
INFLOW FOR THE REPORTING YEAR	2015		2014		2015		2014		2015		2014	
	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min
Fixed remuneration in €k	300	300	0	0	120	120	0	0	61	61	180	180
Additional benefits in €k	0	0	6	6	35	35	0	0	0	0	4	4
Total	**300**	**300**	**6**	**6**	**155**	**155**	**0**	**0**	**61**	**61**	**184**	**184**
One-year variable remuneration	0	0	0	0	0	0	0	0	0	0	50	50
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**50**	**50**
Total remuneration in €k	**300**	**300**	**6**	**6**	**155**	**155**	**0**	**0**	**61**	**61**	**234**	**234**

The Executive Board was granted allowances of €2,048k (previous year: €190k). The fair value of the options was determined with the assistance of an external evaluator using a binomial model whose general approach is based on the work of Cox, Ross and Rubinstein (1979). The inflows to the Executive Board amounted to €516k in the year under review (previous year: €190k).

FIXED ANNUAL REMUNERATION

The basic remuneration is paid monthly in the form of a salary.

SHARE PRICE-BASED REMUNERATION

The Executive Board participates in the option scheme for senior managers (with parameters that are structured differently to the general senior management scheme). The options granted may be exercised after four years at the earliest. A property portfolio of at least €250m must be achieved.

PAYMENTS IN THE EVENT OF EARLY TERMINATION OF EMPLOYMENT

The two Executive Board members each have a clause in their contracts entitling them to terminate the employment relationship without notice in the event of a change of control within the meaning of no. 4.2.3 of the German Corporate Governance Code.
In such event the Executive Board members will receive a settlement of three years' remuneration, the assessment basis for which is the total remuneration of the Executive Board in the previous year.

The employment contract of Mr Stavros Efremidis ends on 30 September 2017. The employment contract of Mr Frank Roseen ends on 31 August 2020.

SUPERVISORY BOARD REMUNERATION

As of 1 January 2015, the members of the Supervisory Board receive fixed annual remuneration of €15k, the Deputy Chairman receives double and the Chairman triple that amount.

If, during the current term of office of the Supervisory Board incumbent at the time of the Annual Shareholders' Meeting on 10 June 2015, the consolidated financial statements of the company report a result from ordinary activities of at least €10,000k, each member of the Supervisory Board also receives a bonus payment of 50 per cent of their fixed annual remuneration in addition to this.

If the result from ordinary activities reaches at least €20,000k, each member of the Supervisory Board also receives a bonus payment of 100 per cent of their fixed annual remuneration in addition to this fixed annual remuneration. If both of the above goals are achieved during the current term in office of the Supervisory Board, only the higher of the two bonus payments is granted. The bonus payment is paid only once for the entire current term of office and is granted after the Annual Shareholders' Meeting with which the term of office of the Supervisory Board incumbent at the time of the Annual Shareholders' Meeting on 10 June 2015 ends.

In 2015, expenses for the Supervisory Board amounted to €264k (€129k fixed annual payment, €135k bonus payment for achievement of company goals). Travel expenses of €3k were incurred.

The Chairman of the Supervisory Board (Mr Rainer Laufs) was granted €45k; the Deputy Chairman (Mr Bernd Günther) was granted €30k. Further members (Karl Ehlerding, Thomas Hechtfischer and Arthur Wiener) received €15k for their work in the Supervisory Board. Ms Nicola Sievers and Mr Christoph Kroschke received remuneration on a pro rata temporis basis amounting to €3.4k and €5.3k respectively.

SHAREHOLDINGS OF EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS

The Executive Board member Stavros Efremidis held 1.88 per cent of the shares of the company as at the end of the reporting period. Mr Frank Roseen held 0.39 per cent of all voting shares.

The members of the Supervisory Board held the following numbers of shares:

Mr Rainer Laufs	10,000 shares
Mr Bernd Günther	35,800 shares
Mr Karl Ehlerding	1,700,000 shares
Mr Thomas Hechtfischer	0 shares
Mr Arthur Wiener	47,700 shares
Ms Nicola Sievers	36,000 shares

DISCLOSURES IN ACCORDANCE WITH SECTION 289 (4) HGB

WCM AG makes the following additional disclosure required in accordance with section 289 (4) nos. 1-9 HGB:

The subscribed capital (share capital) of WCM AG amounts to €120,772,500 as at the reporting date and is divided into 120,772,500 no-par value bearer shares **(no. 1)**.

To the best of our knowledge, no restrictions apply as regards voting rights or the transfer of shares **(no. 2)**.

No direct or indirect investments in the share capital that confer more than 10 per cent of the voting rights to the respective shareholders existed as at the end of the reporting period; however, such investments have occurred after the end of the reporting period **(no. 3)**. In this context we refer to the notes to the financial statements of WCM AG.

There are no holders of shares vested with special rights conferring powers of control **(no. 4)**. WCM AG employees with an interest in the capital do not exercise indirect control over voting rights **(no. 5)**.

The appointment and dismissal of Executive Board members are governed by section 84 et seq. AktG as well as article 5 of WCM AG's articles of association, in accordance with which the Executive Board comprises one or more members; the Supervisory Board otherwise determines the number of Executive Board members. It can appoint a Chief Executive Officer. All provisions regarding amendment of the articles of association derive from sections 133 and 179 AktG **(no. 6)**.

The Executive Board is authorised, with the approval of the Supervisory Board, to acquire treasury shares of WCM AG up to 10 per cent of the share capital at the time of the Executive Board's resolution **(no. 7)**.

No material agreements of the company are contingent upon a change of control following a takeover bid **(no. 8)**. Contractual change of control agreements have been concluded with the Executive Board members and senior employees.

The same applies as regards compensation agreements **(no. 9)**.

5.5 REPORT ON POST-BALANCE SHEET DATE EVENTS

On **8 January 2016**, an outstanding disbursement of €70,200k was settled by the financing bank for the properties of the North project. In the process the company acquired shares in three further property companies of the North portfolio.

On **1 February 2016**, DIC Asset AG announced that the following subsidiaries:

- DIC OF RE 2 GmbH
- Deutsche Immobilien Chancen Beteiligungs AG & Co. Kommanditgesellschaft auf Aktien
- Deutsche Immobilien Chancen Beteiligungs AG
- DIC Grund- und Beteiligungs GmbH
- DIC Capital Partners (Europe) GmbH
- DICP Capital SE
- GCS Verwaltungs GmbH

and:
- Prof. Dr. Gerhard Schmidt

exceeded, among others, the thresholds of 10 per cent and 20 per cent in WCM AG on 26 January 2016 and 27 January 2016.

Contingent Capital 2015 (€3.3m) was entered in the commercial register on **22 January 2016**. Contingent Capital 2015 II (€40.0m) was entered in the commercial register on **15 February 2016**. Authorised Capital 2015 (€6.2m) was entered on **25 February 2016**.

Cash of €19,725k flowed to the company on **29 February 2016** due to the take-up of a loan to finance a property in Berlin.

As at **1 March 2016**, the company concluded a rental agreement for further office space at Joachimsthaler Strasse 34 in 10719 Berlin. The agreement has a fixed term of around four years, starting on 1 March 2016 and ending on 31 January 2020. The total rent for this period, including pre-payments of operating costs, amounts to €392k.

Frankfurt/Main, 22. April 2016

Stavros Efremidis
CEO
Chief Executive Officer

Frank Roseen
CIO

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) AS AT 31 DECEMBER 2015

€k	NOTE	31 DECEMBER 2015	31 DECEMBER 2014
ASSETS			
Current assets			
Cash and cash equivalents	6.1	11,136	19,376
Trade receivables	6.2	309	1
Property held for sale	6.3	4,185	0
Other financial assets	6.4	174	260
Prepayments		0	3,086
Other current assets	6.5	14,642	588
Total current assets		**30,446**	**23,311**
Non-current assets			
Investment property	6.6	501,546	17,337
Intangible assets	6.7	103	0
Technical equipment and machinery	6.8	961	445
Other equipment, operating and office equipment	6.8	3,690	38
Advance payments for property, plant and equipment		53	0
Deferred tax assets	5.7	10,933	2,380
Other financial assets	6.4	3,192	378
Total non-current assets		**520,478**	**20,578**
Total assets		**550,924**	**43,889**
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables	6.10	6,070	3,505
Other liabilities	6.10	4,663	123
Other financial liabilities	6.9	76,316	1,966
Other provisions	6.11	1,828	285
Total current liabilities		**88,877**	**5,879**
Non-current liabilities			
Other financial liabilities	6.9	187,815	6,201
Deferred tax liabilities	5.7	4,650	0
Total non-current liabilities		**192,465**	**6,201**
EQUITY			
Share capital	6.12	120,773	33,783
Capital reserves	6.12	76,366	13,775
Convertible bond	6.12	1,800	0
Retained earnings (previous year: accumulated loss)		62,420	-16,799
Equity attributable to owners of the parent		**261,359**	**30,759**
Non-controlling interests		8,223	1,050
Total equity		**269,582**	**31,809**
Total assets		**550,924**	**43,889**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015

€k	NOTE	1 JANUARY - 31 DECEMBER 2015	1 JANUARY - 31 DECEMBER 2014
Rental income	5.1	10,445	0
Operating and ancillary costs	5.1	-885	0
Net rental income		**9,560**	**0**
Unrealised net gain/loss from fair value measurement of investment property	5.2	54,904	0
Net gain/loss from fair value adjustments		**54,904**	**0**
Other operating income	5.3	3,012	996
Operating income		**3,012**	**996**
Staff costs	5.4	-1,530	-180
Depreciation and amortisation		-359	0
Other operating expenses	5.5	-6,715	-1,489
Operating expenses		**-8,604**	**-1,669**
Operating profit/loss		**58,872**	**-673**
Financial income	5.6	136	1
Finance expenses	5.6	-2,212	-209
Net finance costs		**-2,076**	**-208**
Total comprehensive income or loss before taxes		**56,796**	**-881**
Income taxes	5.7	879	2,003
Other taxes		0	84
Consolidated net profit for the period/total comprehensive income		**57,675**	**1,206**
Consolidated net profit/total comprehensive income attributable to:			
Owners of the parent	5.8	54,292	1,206
Non-controlling interests		3,383	0
		57,675	1,206
Earnings per share			
Basic earnings per share in €	5.8	0,72	0,08
Diluted earnings per share in €		0,72	0,08

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015

€k	NOTE	SHARE CAPITAL	CAPITAL RESERVES	CONVER-TIBLE BOND	RETAINED EARNINGS/ ACCUMULATED LOSS	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS IN EQUITY	TOTAL CONSOLIDATED EQUITY
As at 1 January 2014	**6.12**	**14,441**	1,444	0	-18,005	-2,120	0	-2,120
Total comprehensive income		0	0	0	1,206	1,206	0	1,206
Cash capital increase		14,442	4,332	0	0	18,774	0	18,774
Non-cash capital increase		4,900	8,802	0	0	13,702	0	13,702
Withdrawals for transaction costs		0	-803	0	0	-803	0	-803
Change in scope of consolidation		0	0	0	0	0	1,050	1,050
As at 31 December 2014	**6.12**	**33,783**	**13,775**	**0**	**-16,799**	**30,759**	**1,050**	**31,809**
As at 1 January 2015	**6.12**	**33,783**	**13,775**	**0**	**-16,799**	**30,759**	**1,050**	**31,809**
Total comprehensive income		0	0	0	54,292	54,292	3,383	57,675
Mandatory convertible bond	6.12	0	0	1,800	0	1,800	0	1,800
Cash capital increases	6.12	86,990	92,986	0	0	179,976	0	179,976
Withdrawals for transaction costs	5.7	0	-4,908	0	0	-4,908	0	-4,908
Change in scope of consolidation		0	0	0	0	0	9,041	9,041
Capital repayments		0	0	0	0	0	-5,251	-5,251
Equalisation payments	6.12	0	0	0	-598	-598	0	-598
Share-based remuneration	5.9	0	0	0	38	38	0	38
Withdrawal from capital reserves	6.12	0	-25,487	0	25,487	0	0	0
As at 31 December 2015	**6.12**	**120,773**	**76,366**	**1,800**	**62,420**	**261,359**	**8,223**	**269,582**

CONSOLIDATED CASH FLOW STATEMENT (IFRS) FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015

€k	NOTE	1 JANUARY - 31 DECEMBER 2015	1 JANUARY - 31 DECEMBER 2014
Profit or loss for the period		57,674	1,206
Net finance costs	5.6	2,076	0
Net gain/loss from fair value adjustments	5.2	-54,904	0
Amortisation and depreciation expense		359	0
Loss (+)/gain (-) on the disposal of assets		-1	0
Tax expense		722	0
Increase (+)/decrease (-) in provisions	6.11	807	135
Increase (-)/decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities		-13,888	2,808
Increase (+)/decrease (-) in trade payables and other liabilities not attributable to investing or financing activities		2,038	-460
other non-cash expenses (+)/income (-)	5.7	2,517	-2,003
taxes paid		14	0
Net cash flow from operating activities		**-2,586**	**1,686**
Outflows for investment property	6.9	-347,658	-3,086
Outflows for investments in intangible assets and property, plant and equipment		-4,748	0
Inflows from the disposal of property, plant and equipment		66	319
Cash flow from investing activities		-352,340	-2,767
Inflows from the capital increase	6.9	179,976	18,774
Outflows for the costs of the capital increase		-7,211	-1,181
Inflows from borrowing loans	6.9	192,173	2,860
Outflows from repaying loans		-7,587	0
Outflows for granting loans to non-controlling interests		-3,202	0
Capital repayments to non-controlling interests		-5,251	0
interest paid	5.6	-2,212	0
Cash flow from financing activities		346,686	20,453
Increase/decrease in cash and cash equivalents	6.9	-8,240	19,372
Cash and cash equivalents at beginning of period	6.1	19,376	4
Cash and cash equivalents as at 31 December	6.1	**11,136**	**19,376**

NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL 2015

1. REPORTING ENTITY

WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft (hereafter: the "Group" or "WCM AG") based in Frankfurt/Main (Germany) is a specialist commercial property company focusing on the acquisition and long-term rental of high quality office and retail properties at major industrial locations in Germany.

The business address entered in the commercial register of the Frankfurt/Main Local Court under HR B 55695 is Bleichstrasse 64-66, 60313 Frankfurt/Main; the head office is located at Joachimsthaler Strasse 34, 10719 Berlin.

The properties are held by the subsidiaries (property companies) of WCM AG. The consolidated financial statements comprise WCM AG and its subsidiaries.

WCM AG is classed as a large corporation as its shares are traded on the Prime Standard of the Frankfurt Stock Exchange and on the stock exchanges in Berlin, Düsseldorf, Hamburg and Stuttgart (section 267(3) sentence 2 of the Handelsgesetzbuch (HGB – German Commercial Code)). WCM AG was admitted to the SDAX by Deutsche Börse effective 21 December 2015.

2. BASIS OF CONSOLIDATION

2.1 INFORMATION ON SHAREHOLDINGS

In addition to WCM AG, Frankfurt/Main, the following 28 (previous year: one) companies were consolidated in the consolidated financial statements as at 31 December 2015:

COMPANIES IN GERMANY	SHARE
River Frankfurt Immobilien GmbH**, Frankfurt/Main	94.9 %
River Düsseldorf Immobilien GmbH**, Frankfurt/Main	94.9 %
WCM Handelsmärkte III GmbH & Co. KG, Berlin (formerly: MESOS Beteiligungs GmbH & Co. Objekt Wolfen-Bobbau KG) Pullach i. Isartal, district of Munich	88.0 %
Aschgo GmbH & Co. KG**, Berlin	94.0 %
Barisk GmbH & Co. KG**, Berlin	94.0 %
Berkles GmbH & Co. KG**, Berlin	94.0 %
WCM Planbau GmbH, Berlin (formerly: 14. Planbau GmbH)	94.0 %
WCM Beteiligungsgesellschaft mbH & Co. Objekte North KG, Frankfurt/Main	100.0 %
Seebeck Verwaltung GmbH, Bremerhaven	100.0 %
Seebeck Offshore Industriepark GmbH & Co. KG, Bremerhaven	92.9 %
Triangel Frankfurt Immobilien GmbH*, Frankfurt/Main	94.9 %
Main Triangel Gastronomie GmbH, Frankfurt/Main	100.0 %

WCM Handelsmärkte GmbH & Co. KG, Frankfurt/Main	100.0 %
WCM Handelsmärkte II GmbH & Co. KG, Frankfurt/Main	100.0 %
WCM Office I GmbH & Co. KG, Frankfurt/Main	100.0 %
WCM Beteiligungs GmbH, Frankfurt/Main	100.0 %
River Berlin Immobilien GmbH*, Frankfurt/Main	94.9 %
WCM Verwaltungs GmbH, Frankfurt/Main	100.0 %
Greenman 1D GmbH*, Berlin	94.0 %
WCM Technical Services GmbH, Frankfurt/Main	100.0 %
WCM Technical Services II GmbH, Frankfurt/Main	100.0 %
WCM Verwaltungs II GmbH, Berlin	100.0 %
WCM Besitzgesellschaft mbH, Frankfurt/Main	100.0 %

COMPANIES ABROAD	SHARE
PRE Real Estate Deutschland 1 ApS, Humlebæk, Denmark	94.9 %
PRE Real Estate Deutschland 10 ApS, Humlebæk, Denmark	94.9 %
PRE Real Estate Deutschland 14 ApS, Humlebæk, Denmark	94.9 %
PRE Real Estate Deutschland A ApS, Humlebæk, Denmark	94.9 %
River Bonn B.V.*, Amsterdam, Netherlands	94.9 %

* *Interim financial statements were prepared for these companies whose reporting periods end at different dates.*
** *A short fiscal year was formed for these companies to bring their reporting periods into line with the consolidated financial statements.*

As at 31 December 2014 there was only one equity investment, in Seebeck Offshore Industriepark GmbH & Co. KG, that was consolidated as a subsidiary.

The other companies were established or acquired in property transactions or in order to expand operating activities in the period under review. These acquisitions are explained in more detail below.

2.2 ACQUISITIONS IN THE REPORTING YEAR

"River I" portfolio: River Frankfurt Immobilien GmbH, River Düsseldorf Immobilien GmbH and River Bonn B.V.

On 16 March 2015 WCM AG closed a transaction to acquire three office properties in Bonn, Düsseldorf and Frankfurt/Main from GE Real Estate Capital Property GmbH and its affiliated companies as part of a share deal. A bank loan and funds from the cash capital increase performed at the end of December 2014 were used to finance the purchase price paid entirely in cash of €64.0m.

The portfolio comprises office and warehouse space of 21,774 m² in total and 275 parking spaces. The annual rental income amounts to around €4.0m. The weighted average lease term (WALT) of the properties as a whole is 6.5 years as at the end of the reporting period.

The amounts reported as at the acquisition date for the assets and liabilities of the companies acquired are as follows:

€k	
Non-current assets	
Investment property	65,440
Assets acquired	**65,440**
Current liabilities	
Trade payables	1,440
Liabilities assumed	**1,440**
Net assets acquired	**64,000**

"River II" portfolio: River Berlin Immobilien GmbH

On 20 April 2015 the company signed a purchase agreement in the form of a share deal with Folsom Real Estate Property GmbH (formerly: GE Real Estate Property GmbH) for an office property in Berlin-Mitte. The property was built in 1997 and is centrally located between Hackescher Markt and Alexanderplatz. The fully let property has a rental area of around 9,600 m² and 48 parking spaces. The purchase price of €22.0m was paid in full. The rights and liabilities were transferred on 18 March 2015.

The amounts reported as at the acquisition date for the assets and liabilities of the acquired company River Berlin Immobilien GmbH are as follows:

€k	
Non-current assets	
Investment property	22,000
Assets acquired	**22,000**
Net assets acquired	**22,000**

"Green" portfolio: WCM Handelsmärkte III GmbH & Co. KG, Aschgo GmbH & Co. KG, Barisk GmbH & Co. KG, Berkles GmbH & Co. KG, Greenman 1D GmbH and WCM Planbau GmbH

On 28 April 2015 WCM AG acquired a portfolio consisting of 29 retail properties by way of a share deal. The total purchase price paid entirely in cash was €95.1m. The rental area amounts to around 77,150 m² and the initial rental yield is around 7 per cent. The properties are mostly located in Saxony-Anhalt, Lower Saxony and Berlin. The company EDEKA has concluded new rental agreements with a term of 15 years for all the properties. Contracts for 25 of the 29 stores were closed on 1 September 2015, those for the other four stores were concluded on 11 December 2015.

The amounts reported as at the acquisition date for the assets and liabilities of the companies purchased in connection with the "Green" portfolio acquisition are as follows:

€k	
Non-current assets	
Investment property	95,143
Assets acquired	**95,143**
Liabilities	
Financial liabilities	481
Liabilities assumed	**481**
Net assets acquired	**94,662**

"Triangel" property: Triangel Frankfurt Immobilien GmbH and Main Triangel Gastronomie GmbH

On 22 June 2015 the company notarised a purchase agreement for an office property in Frankfurt/Main. The property was built in 2006 and has a total rental area of around 28,400 m². With an occupancy rate of currently 86.6 per cent, the annual rental income amounts to around €4.8m. 72 per cent of the rental income is generated from a lease with the state of Hessen with a remaining term of 24 years. The weighted average lease term (WALT) of the property is around 19 years in total as at the end of the reporting period. The purchase price paid in cash was €91.7m. The transaction was closed on 1 September 2015.

The amounts reported as at the acquisition date for the assets and liabilities of the acquired companies Triangel Frankfurt Immobilien GmbH and Main Triangel Gastronomie GmbH are as follows:

€k	
Non-current assets	
Investment property	91,700
Assets acquired	**91,700**
Net assets acquired	**91,700**

"North" portfolio: WCM Beteiligungsgesellschaft mbH & Co. Objekte North KG, WCM Besitzgesellschaft mbH, PRE Real Estate Deutschland 1 ApS, PRE Real Estate Deutschland 10 ApS, PRE Real Estate Deutschland 14 ApS, PRE Real Estate Deutschland A ApS

On 6 July 2015 the company concluded a purchase agreement for the acquisition of a commercial portfolio of 12 office and retail properties in the Rhine-Main area and the Dresden region. The acquisition was implemented partly as a share deal and partly as an asset deal by newly founded property companies. The initial rental yield on the net purchase price paid entirely in cash of €50.7m is around 9 per cent. The occupancy rate is currently around 90 per cent and the weighted average lease term (WALT) is five years as at the end of the reporting period. This transaction was concluded on 30 November and 31 December 2015.

The purchased portfolio also includes two retail properties that were acquired with the intention of reselling them.

The total amounts reported as at the acquisition date for the assets and liabilities of the properties and companies acquired are as follows:

€k	
Current assets	
Property held for sale	4,185
Cash and cash equivalents	2,394
Non-current assets	
Investment property	86,165
Assets acquired	**92,744**
Current liabilities	
Other financial liabilities	39,652
Liabilities assumed	**39,652**
Net assets acquired	**53,092**

"Olpe" property: WCM Handelsmärkte GmbH & Co. KG

On 28 July 2015 the company acquired a DIY store property in Olpe (North Rhine-Westphalia). The property has a total rental area of around 9,000 m² and is leased to the DIY chain OBI. The annual rental income amounts to around €750k. The weighted average lease term (WALT) as at the end of the reporting period is around 14 years. The rights and liabilities were transferred on 30 September 2015. The purchase price paid entirely in cash was €10.0m.

The amounts reported as at the acquisition date for the assets and liabilities are as follows:

€k	
Non-current assets	
Investment property	10,000
Assets acquired	**10,000**
Net assets acquired	**10,000**

"Trevista" property: WCM Office I GmbH & Co. KG

On 8 October 2015 the company acquired an office property at the Eschborn office location adjacent to the Frankfurt metropolitan area. The property has a total rental area of around 18,300 m². The property is almost fully let to companies with strong credit ratings. The annual rental income amounts to €3.3m and the weighted average lease term (WALT) is around five years. The rights and liabilities were transferred on 31 December 2015. The purchase price paid entirely in cash was €49.3m. The amounts reported as at the acquisition date for the assets and liabilities are as follows:

€k	
Non-current assets	
Investment property	49,300
Assets acquired	**49,300**
Net assets acquired	**49,300**

3. BUSINESS SEGMENTS

3.1 BASIC INFORMATION ON SEGMENTS

In the reporting year the Group established three segments defined by the type of properties they hold ("Office", "Retail" and "Other") as this distinction gives rise to different valuation parameters, investment criteria and management requirements. All properties of the Group are located in Germany.

The Administration/Consolidation segment contains charges allocated within the Group, transaction costs for the acquisition of properties, consolidation effects and the change in deferred tax assets on loss carry-forwards.

Based on these property segments, the Executive Board regularly assesses the business activities of the WCM Group and determines the allocation of resources.

The basis for transactions between segments is formed by Group allocations and intragroup remuneration for asset and property management services.

3.2 INFORMATION ON THE REPORTABLE SEGMENTS

Information on the results of each reportable segment can be found below. A segment's earnings before taxes are used to assess profitability as the Executive Board is of the opinion that this is the most relevant information in assessing the result of certain segments in relation to other property companies.

Please also see the information on the portfolio performance indicators in the Group management report.

€k	OFFICE	RETAIL	OTHER	ADMINISTRATION/ CONSOLIDATION	GROUP
Revenue	4,694	3,899	1,852	0	10,445
Revenue generated between segments	130	0	55	-185	0
Segment revenue	**4,824**	**3,899**	**1,907**	**-185**	**10,445**
Gain from fair value measurement of investment property	47,818	9,910	0	0	57,728
Loss from fair value measurement of investment property	-838	-1,919	-67	0	-2,824
Depreciation and amortisation	-2	-8	-290	-59	-359
Interest income	0	0	0	136	136
Interest expenses	-1,181	-132	-139	-760	-2,212
Total comprehensive income or loss before taxes	**49,877**	**10,551**	**1,236**	**-4,868**	**56,796**
Income taxes	-17,007	-3,711	21	21,576	879
Consolidated net profit for the period attributable to the owners of the parent	31,461	4,962	1,162	16,707	54,292
Assets	355,383	157,932	18,312	19,297	550,924
Additions to non-current assets	290,208	142,774	321	698	434,001
Liabilities	189,715	64,381	2,831	24,415	281,342

4. ACCOUNTING POLICIES

The basic accounting policies applied are described below. Further information on individual items can be found in notes 5. *Notes to the consolidated statement of comprehensive income* and 6. *Notes to the consolidated statement of financial position.*

4.1 ACCOUNTING PRINCIPLES

These consolidated financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of change in equity and the notes to the consolidated financial statements for the fiscal year ended 31 December 2015.

The consolidated financial statements of WCM AG were prepared in accordance with the IFRSs adopted and published by the International Accounting Standards Board (IASB) as endorsed in the European Union. The supplementary provisions of section 315a(1) HGB were also taken into account.

The consolidated financial statements are prepared in line with the historical cost convention, with the exception of investment property and obligations for guaranteed dividends, which are measured at fair value in accordance with IAS 40 or as non-current liabilities.

The consolidated financial statements are prepared assuming that company's ability to continue operating (going concern principle).

These consolidated financial statements are prepared in euro (€), the functional currency of the company. Unless stated otherwise, all financial information presented in euro has been rounded to the nearest thousand.

The reporting period of the company begins on 1 January and ends on 31 December of each year. The income statement is structured in accordance with the nature of expense method, taking property-specific points into account.

The consolidated financial statements were approved by the Executive Board of WCM AG to be forwarded to the Supervisory Board on 22 April 2016.

4.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies used to prepare the previous year's consolidated financial statements were used to prepare these consolidated financial statements without any changes. This does not apply to the standards effective for the first time as at 1 January 2015.

The following new or amended standards and interpretations were effective for WCM AG for the first time in the reporting year but did not any have any effect on these consolidated financial statements.

EU ENDORSEMENT	STANDARDS/ INTERPRETATIONS	CONTENT	APPLICABLE TO FISCAL YEARS FROM/AFTER	EFFECT
Endorsed	IFRIC 21	New interpretations: "Levies"	17 June 2014	none
Endorsed	Improvements to IFRSs 2011-2013 Cycle	Amendments to IFRS 1, IFRS 3, IFRS 13, IAS 40	1 January 2015	none

IFRIC 21 – Levies

IFRIC 21 is an interpretation of IAS 37. In particular, it clarifies when a present obligation arises for a levy imposed by a government when and a provision or liability must be recognised. In particular, the interpretation does not apply to fines, penalties or levies resulting from arrangements under public law covered by a different IFRS, such as IAS 12. Under IFRIC 21, a liability must be recognised for levies when the event triggering the obligation to pay the levy occurs. In turn, this obligating event is derived from the wording of the underlying standard. Its formulation is therefore relevant to accounting.

The new interpretation has no material impact on the consolidated financial statements of WCM AG.

Improvements to IFRSs 2011–2013

Amendments were made to four standards as part of the annual improvement project. Changes made to the wording of individual IFRSs clarified the existing regulations. These standards were IFRS 1, IFRS 3, IFRS 13 and IAS 40.

The changes have no material impact on the consolidated financial statements of WCM AG.

The WCM Group does not plan to apply early the following new or amended standards and interpretations that are only required to be applied in later fiscal years.

EU ENDORSEMENT	STANDARDS/ INTERPRETATIONS	CONTENT	APPLICABLE TO FISCAL YEARS FROM/AFTER	ANTICIPATED EFFECTS
still outstanding	IFRS 9	Financial Instruments	1 January 2018	no significant effects
still outstanding	IFRS 15	Revenue from Contracts with Customers	1 January 2018	Notes
still outstanding	IFRS 16	Leases	1 January 2019	still under review
Endorsed	Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	none
still outstanding	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	open	none
still outstanding	Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016	none
Endorsed	Amendments to IAS 1	Notes	1 January 2016	Notes
Endorsed	Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	none
Endorsed	Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1 January 2016	none
Endorsed	Amendment to IAS 19	Defined Benefit Plans: Employee Contributions	1 February 2015	none
Endorsed	Amendment to IAS 27	Equity Method in Separate Financial Statements	1 January 2016	none
Endorsed	Annual improvements project 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	1 February 2015	none
Endorsed	Annual improvements project 2012-2014	Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34	1 January 2016	still under review

Other than the new standards and interpretations listed below that may have a material effect on the consolidated financial statements, a number of other standards and interpretations have been issued that are not expected to have a material impact on the consolidated financial statements:

IFRS 9 – Financial Instruments

Published in July 2014, IFRS 9 replaces the existing guidelines of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new model of expected credit losses to calculate impairment on financial assets, and new general accounting rules for hedges. It also includes the guidelines for the recognition and derecognition of financial instruments from IAS 39.

Subject to EU endorsement, IFRS 9 is effective for reporting periods beginning on or after 1 January 2018. Early adoption is permitted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers, sets out a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces the existing guidance on the recognition of revenues, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

Subject to EU endorsement, IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. Early adoption is permitted.

First-time adoption of IFRS 15 will result in significantly extended disclosure requirements for the WCM Group so that readers of financial statements can understand the type, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers in accordance with IFRS 15. This is not expected to affect the amount of revenue.

IFRS 16 – Leases

IFRS 16 Leases is the result of a joint project by the IASB and FASB to improve the accounting for leases. Its aim was to develop recognition criteria that are compatible with the definitions of assets and liabilities in the framework and replace the existing regulations on the recognition of leases under IAS 17. The new standard was adopted by the IASB on 13 January 2016 and has not yet completed the European Commission endorsement procedure. An analysis of the effects on future consolidated financial statements resulting from the first-time adoption of the new regulations will be conducted during the course of 2016.

Amendments to IAS 1 – Disclosure Initiative

The amendments relate to various reporting issues. It has been clarified that disclosures are only required if their content is not immaterial. This is explicitly also the case if an IFRS calls for a list of minimum disclosures. Notes on the aggregation and disaggregation of items in the statement of financial position and the statement of comprehensive income have also been added. It also clarifies the presentation of items of other comprehensive income arising from equity accounted investments in the statement of comprehensive income. Finally, an illustrative structure for the notes was removed in order to give more relevance to aspects specific to entities. The amendments are effective for the first time for reporting periods beginning on or after 1 January 2016.

Improvements to IFRSs 2012–2014
Amendments were made to four standards as part of the annual improvement project. Changes made to the wording of individual IFRSs/IASs are intended to clarify the existing regulations. These standards were IFRS 5, IFRS 7, IAS 19 and IAS 34.

The amendments are effective for reporting periods beginning on or after 1 January 2016.

4.3 JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires that the Executive Board makes judgements, estimates and assumptions relating to the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results can differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised prospectively.

CALCULATION OF FAIR VALUE

Based on the inputs used in the measurement methods, the fair values are assigned to different levels of the fair value hierarchy:

- **Level 1:** Quoted (unadjusted) prices on active markets for identical assets or liabilities.
- **Level 2:** Measurement parameters other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** Measurement parameters for assets or liabilities not based on observable market data.

If the inputs used to determine the fair value of an asset or liability can be classified into different levels of the fair value hierarchy, the fair value measurement in its entirety is assigned to the level of the fair value hierarchy based on the lowest input factor that is material overall for measurement of fair value.

The Group recognises reclassifications between different levels of the fair value hierarchy as at the end of the reporting period in which the change occurred.

DEFERRED TAXES

Information on assumptions and estimation uncertainty that can give rise to a significant risk that a material restatement will be required within the fiscal year ending 31 December 2016 can be found in the notes on the recognition of deferred tax assets as regards the availability of future taxable results against which the tax loss carryforwards can be used.

Deferred tax assets are recognised and measured under the following assumptions:

- tax loss carryforwards have not expired in part or in full due to changes in the past shareholder structure or as a result of changes after the end of the reporting period
- a planning period of ten years is assumed for the measurement of tax loss carryforwards; the planning takes into account the projected tax liability that will be directly attributable to WCM AG for a period of ten years
- the underlying planning period of ten years was considered reliable in terms of the ability to plan over this period, taking into account the factors of remaining lease terms as at the reporting date (WALT of 9.4 years), prolongation options, creditworthiness of tenants and ability to plan financing (loan agreements with remaining terms of five to eight years). No corporate planning is in place for periods going beyond this.
- planning is carried out for each property company and takes into account the current tax and company law structure or that which is already planned and soon to be implemented
- any sale of property companies, should it have occurred, is only assumed after the end of the analysis period of ten years; a reversal of temporary differences from unrealised net gains/losses on revaluation results in a future use of tax loss carryforwards taking into account minimum taxation
- not engaging in extended trade tax property curtailment at the level of subsidiaries with which there is a profit transfer agreement

Further notes on deferred taxes can be found in notes 4.9 and 5.7 *Income taxes*.

INVESTMENT PROPERTY

The Group uses external, independent property appraisers with relevant professional qualifications and current experience of the location and type of properties being valued to determine the fair value of investment property. The independent appraisers determine the fair value of the investment property portfolio of the Group every six months, for the half-year and annual financial statements.

Key assumptions relate, for example, to rent price increases, vacancy rates and expected maintenance expenses. The discount rate and location and property-specific premiums selected by the appraiser also have a significant impact on the valuation. Changes to the assessment and increases in capital market interest rates could lead to substantial write-downs.

The measurement at fair value of all investment property was assigned to level 3 based on the inputs of the methods used.

Further information on the assumptions in determining fair values can be found in notes 4.13 and 6.6 *Investment property*.

LEGAL DISPUTES

The Group is involved in a dispute with the tax authorities regarding the tax base for the transfer tax from two property acquisitions. Subject to the transfer tax paid, the Executive Board is assuming a recoverable claim to a refund capitalised under other current assets at €5.0m. The prospects for success are also based on the judgement of the tax advisors engaged.

4.4 CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise all subsidiaries controlled by WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft. The WCM Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control begins until the date that control ends.

When it achieves control over the property companies, the Group recognises the acquisition of a group of assets that do not constitute an operation by reporting the identifiable assets and the liabilities assumed. The cost of the group is assigned to the individual assets and liabilities as at the acquisition date on the basis of the fair values. Recognition does not result in goodwill.

If groups of assets and liabilities are acquired against share-based payment (e.g. issue of new shares), the corresponding increase in equity is recognised directly in share capital up to the nominal amount of the shares issued and directly in capital reserves for the share of the fair value of the groups of assets and liabilities acquired in excess of this.

Non-controlling interests are measured at fair value as at the acquisition date.

Intercompany balances and transactions and all unrealised income and expenses from intragroup transactions are eliminated when preparing the consolidated financial statements.

4.5 FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency (euro) in the separate financial statements of the WCM Group at the relevant exchange rates on the day of the transaction.

Monetary items in a foreign currency are translated into the functional currency at the closing rate. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined. Non-monetary items measured at cost in a foreign currency are translated using the exchange rate at the transaction date. Foreign currency translation differences are recognised in profit or loss for the period.

4.6 REVENUE RECOGNITION

Revenue from letting investment property and available-for-sale property is recognised on a straight-line basis over the term of the lease, less allowances, if the resulting receivables are likely to be recovered. Granted rental incentives are recognised as a component of total rental income over the term of the lease. Income from rent guarantees from third parties is recognised in other operating income if the leases have already been terminated.

Revenue from property disposals is recognised when the material risks and rewards have passed to the buyer by way of transfer of the rights and liabilities.

4.7 OPERATING AND ANCILLARY COSTS

Operating and ancillary costs include the current costs for maintenance, property tax, brokerage commission, security and conversions. They relate to expenses incurred directly for the rental of properties. The costs not directly assigned to the individual properties are reported under other operating expenses.

4.8 FINANCE EXPENSES

Finance expenses essentially comprise interest expenses for loans. Interest expenses are recognised using the effective interest method if material, or otherwise in profit or loss in line with the contractual agreement.

4.9 INCOME TAXES

Tax expenses comprise current and deferred taxes. Current taxes and deferred taxes are recognised in profit or loss except for the extent to which they relate to a business combination or items recognised directly in equity or other comprehensive income.

CURRENT TAXES

Current taxes are the forecast tax liability or asset for the taxable income or loss for the fiscal year, on the basis of tax rates in effect or that will shortly be in effect at the end of the reporting period, and all adjustments of tax liabilities for earlier years. The amount of the forecast tax liability or asset is the best estimate, taking into account any tax uncertainty.

Current tax assets and liabilities are only netted if the company has the legal right to offset them and intends to settle on a net basis.

DEFERRED TAXES

Deferred tax assets and liabilities are reported applying the temporary concept in conjunction with the liability method. Deferred taxes are recognised for all temporary differences between the carrying amounts of assets and liabilities for consolidated accounting purposes and the amounts for tax purposes.

Deferred taxes are not recognised for:

- temporary differences from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit before taxes nor taxable profit or loss
- temporary differences in conjunction with investments in subsidiaries, associates or interests in joint ventures if the Group can control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future, and
- temporary differences from the initial recognition of goodwill.

Deferred tax assets are recognised for unutilised tax loss carryforwards, unused tax credits and deductible temporary differences to the extent that it is likely that future taxable income will be generated against which they can be used. Future taxable profits are determined on the basis of individual business plans of the subsidiaries.

Deferred tax assets are tested for impairment at the end of each reporting period and, if necessary, reduced to the extent that it is no longer probable that the associated tax benefit will be realised; impairment losses are reversed when the probability of future taxable income improves.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, applying tax rates which are in effect or that have been announced as at the end of the reporting period. A combined tax rate of 31.925 per cent consisting of corporation tax and trade tax of the parent company was used to calculate domestic deferred taxes for 2015.

The measurement of deferred taxes reflects the tax consequences resulting from the Group's forecasts with regard to the nature of the realisation of its assets and the settlement of its liabilities as at the end of the reporting period. For deferred tax assets and liabilities that exist on account of the measurement of investment property at fair value in accordance with IAS 40 "Investment Property", the presumption that the carrying amounts of investment property will be realised from their sale was not rebutted.

Deferred tax assets and liabilities are only netted if there is a legally enforceable right to offset current tax assets and liabilities, they relate to income taxes levied by the same taxation authority and their realisation period matches.

In accordance with the regulations of IAS 12 "Income Taxes", deferred tax assets and liabilities are not discounted.

The Group takes into account uncertain tax positions when determining the amount of current and deferred taxes. Its assessment is based on estimates and assumptions and can include a series of judgements about future events. New information may cause the Group to change its judgements concerning its tax liabilities. These changes in tax liabilities will affect tax expenses in the period in which such determination is made.

The Group must estimate its income tax obligations when preparing its annual financial statements. Estimates relate to both current tax expenses and the assessment of temporary differences that result from the different treatment of items of the statement of financial position for consolidated accounting and tax purposes. Determining the provision for income taxes requires estimates as there are transactions and calculations in normal business activities in which the ultimate tax expense is uncertain.

To determine the amount of deferred tax assets, estimates are required at the end of each reporting period to determine the future taxable income available.

4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and demand deposits at banks. They are reported at nominal amount. The company can dispose freely of the cash. Agreements are in place for some of the incoming rent accounts that provide for a drawing restriction in the event of a delay in the repayment of loans (see also note 6.9 *Financial risk management*).

4.11 PROPERTY HELD FOR SALE

These properties are measured at the lower of cost and realisable value. Net realisable value is equal to the recoverable amount less costs to sell.

4.12 TRADE RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS

Trade receivables, prepayments and other current assets are measured at nominal amount less impairment.

4.13 INVESTMENT PROPERTY

Investment property is property held to generate future rental income or profits from appreciation in value that is not used by the company itself or held for sale. It is initially measured at cost and subsequently at fair value, with any changes in this recognised in profit or loss. If corresponding properties are purchased for share-based consideration as part of the acquisition of a group of assets and liabilities, the cost is already the fair value (see also note 4.4 *Consolidation principles*).

Further notes on the calculation of the fair value of investment property can be found in note 6.6 *Investment property*.

Any gain or loss on the disposal of investment property (calculated as the difference between the net realisable value and the carrying amount of the item) is recognised in profit or loss.

4.14 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment are measured at cost less any cumulative amortisation, depreciation and impairment losses.

If parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items (main components) of property, plant and equipment.

Any gain or loss from the disposal of intangible assets or property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is only recognised if it is likely that it will result in the Group deriving a future economic benefit.

4.15 IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period the Group determines whether there are indications that an asset could have become impaired. Indications include a marked drop in fair value, significant negative changes in the business environment or the obsolescence of the asset.

If this is the case the Group estimates the recoverable amount of the asset in question. The recoverable amount of the asset in question is the higher of fair value less costs to sell and value in use. The value in use is the present value of the expected cash inflows. If a recoverable amount cannot be determined for an individual asset, the recoverable amount of the smallest identifiable cash-generating unit (CGU) to which the asset in question can be assigned is determined.

If the carrying amount of an asset or cash-generating unit exceeds the recoverable amount, the corresponding impairment losses are recognised in profit or loss in the expense categories for the function of the impaired asset.

At the end of each reporting period, assets are tested for indications that an impairment loss recognised previously no longer applies or has been reduced and the impairment loss is reversed where necessary. As for other intangible assets – impairment losses cannot be reversed to higher than the lower of amortised carrying amount or recoverable amount. Reversals of write-downs are recognised in other income.

4.16 FINANCIAL INSTRUMENTS

The Group classifies its non-derivative financial assets as loans and receivables and its non-derivative financial liabilities as other financial liabilities.

Loans and receivables and other financial liabilities are measured at amortised cost. Impairment losses are recognised for individual financial instruments if there are objective indications of impairment and the originally forecast cash flows are no longer expected. Objective indications of impairment include if the credit rating of an obligor deteriorates or fair values are consistently in decline. If the reasons for an impairment loss no longer apply, the losses are reversed accordingly. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire.

Financial instruments maturing in more than 12 months are shown as non-current.

For information on accounting for financial instruments please also see note 6.9 *Financial risk management*.

4.17 TRADE PAYABLES, OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

Trade payables, other financial liabilities and other liabilities are classified as current if payment is due within one year of the end of the reporting period. The amortised cost for these liabilities is usually their nominal amount.

4.18 PROVISIONS

Provisions are recognised when the company has a current legal or constructive obligation as a result of past events, an outflow of resources embodying economic benefits to settle the obligation is likely and the amount can be reliably estimated. The amount recognised as a provision represents the best estimate of the expenditure required to settle the obligation as at the end of the reporting period, taking into account significant risks and uncertainties.

The amount of provisions is calculated by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the liability and if the effect of discounting is material. The interest accrued is shown as a finance cost.

4.19 EQUITY

The share capital is stated at nominal value and includes all outstanding registered shares. The transaction costs directly attributable to the issue of new shares are deducted immediately from capital reserves, after taxes.

The fair value of obligations for guaranteed dividends was calculated on the basis of a present value method.

5. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

5.1 NET RENTAL INCOME

€k	2015	2014
Rental income	10,445	0
Operating and ancillary costs	-885	0
Total	9,560	0

Rental income includes rental income from investment property and properties held for sale. The are no comparative figures for the previous year as the investment property was held only at the end of 2014.

In the Office segment 28 per cent (€1,351k) and 25 per cent (€1,200k) of rental income for the segment was generated with two tenant parties, in the Retail segment 92 per cent (€3,574k) was generated with one tenant party.

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

€k	2015	2014
Gains from fair value measurement	57,728	0
Losses from fair value measurement	-2,824	0
Total	54,904	0

The unrealised net gain from the fair value measurement of investment property resulted in income of €54,904k (2014: €0k). The net gains from appreciation in the fiscal year relate to the Office (€46,980k) and Retail (€7,991k) segments.

For information on the measurement method please see the commentary on investment property in notes 4.13 and 6.6.

5.3 OTHER OPERATING INCOME

€k	2015	2014
Rent guarantee	672	0
Damages	630	0
Charges reallocated to third parties	612	0
Income from contractual protection clauses	500	0
Income from the derecognition of liabilities	128	82
Income from the reduction of impairment losses on receivables	83	0
Reversal of provisions	46	704
Miscellaneous	341	210
Total	**3,012**	**996**

For information on rent guarantees please see the commentary on related parties in note 6.15. Prior-period income amounted to €546k (2014: €704k).

5.4 STAFF COSTS

€k	2015	2014
Wages and salaries	1,382	180
Social security contributions	148	0
Total	**1,530**	**180**

As expected, staff costs increased substantially year-on-year in connection with the start of operating business. Staff costs include expenses for share-based remuneration of €38k (2014: €0k) (see note 5.9 *Share-based remuneration arrangements*).

WCM AG had an average of 11 employees in fiscal 2015 (2014: 0). All employees are commercial employees in the areas of acquisition, property and investment management, accounting and controlling and general administration.

5.5 OTHER OPERATING EXPENSES

€k	2015	2014
Transaction costs for the acquisition of properties	1,700	0
Legal and consulting costs	1,544	143
Costs of Annual Shareholders' Meeting	460	173
Maintenance of work premises	446	0
Rental and leasing expenses	405	20
Insurance	291	34
Supervisory Board remuneration	270	20
Financial statement and audit costs	268	53
Valuation costs	245	193
Advertising costs	183	18
Travel expenses	171	33
Miscellaneous	732	802
Total	6,715	1,489

Other operating expenses essentially increased as against the previous year as a result of the transaction costs in connection with the acquisition of properties and companies and the launch of operating activities. Transaction costs mainly include the costs for the preparation and execution of property acquisitions, including the related financing.

For information on Supervisory Board Committee remuneration please see the commentary on related parties (note 6.15).

The fees for the auditor, including expenses, developed as follows:

€k	2015
Audits of financial statements	220
Other assurance or valuation services	237
Tax advisory services	3
Other services	21
Total	481

Audits of financial statements also includes reviews. Other assurance or valuation services relate to audits of capital market transactions and audits in accordance with section 293b of the German Stock Corporation Act (AktG).

5.6 NET FINANCE COSTS

€k	2015	2014
Financial income		
Other interest and similar income	129	1
Interest income from taxes	7	0
Total	**136**	**1**
Finance expenses		
Interest for bank loans	1,945	0
Interest for loans from related parties	267	126
Other interest	0	83
Total	**2,212**	**209**
Net finance costs	**-2,076**	**-208**

As expected, finance expenses climbed as a result of taking up bank loans.

5.7 INCOME TAXES

TAXES RECOGNISED IN CONSOLIDATED NET PROFIT FOR THE PERIOD

€k	2015	2014
Current tax expense		
Current year	722	0
Adjustment for previous years	0	0
Total	**722**	**0**
Deferred tax expenses		
Additions to/reversals of temporary differences	22,169	343
Recognition of previously unrecognised tax losses (relating to other periods)	-23,770	-2,346
Total	**-1,601**	**-2,003**
Tax expense of continuing operations	**-879**	**-2,003**

The current tax expense is calculated on the basis of the taxable income for the fiscal year. The tax rate for the parent company for fiscal 2015 is 31.9 per cent (2014: 31.9 per cent). This tax rate consists of the tax rate for corporation tax and solidarity surcharge of 15.8 per cent in total (2014: 15.8 per cent) and for trade tax of 16.1 per cent (2014: 16.1 per cent).

TAXES RECOGNISED DIRECTLY IN EQUITY

€k			2015			2014
	BEFORE TAXES	TAXES	AFTER TAXES	BEFORE TAXES	TAXES	AFTER TAXES
Costs of raising equity capital	7,210	-2,302	4,908	1,180	-377	803

RECONCILIATION TO EFFECTIVE TAX RATE

€k		2015		2014
Earnings before income taxes		**56,796**		**-881**
Taxes on the basis of the domestic tax rate of the company	-32 %	-18,132	32 %	281
Non-deductible expenses	-1 %	-251	-5 %	-45
Tax-free income	1 %	152	0 %	0
Losses in the current year for which no deferred tax asset was recognised	0 %	0	-27 %	-236
Recognition of tax effects of previously unrecognised loss carryforwards	37 %	20,702	170 %	2,380
Other deferred tax effects	-3 %	-1,592	-43 %	-377
Tax expenses (-)/income (+) from income taxes as per statement of comprehensive income	2 %	**879**	127 %	**2,003**

CHANGE IN DEFERRED TAXES IN STATEMENT OF FINANCIAL POSITION IN THE YEAR

					AS AT 31 DECEMBER 2015	
2015 €k	AS AT 1 JANUARY 2015	RECOGNISED IN PROFIT OR LOSS	RECOGNISED DIRECTLY IN EQUITY	NET	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Investment property	0	-19,974	0	-19,974	0	-19,974
Capital reserves/transaction costs	34	-2,195	2,302	141	141	0
Tax loss carryforwards	2,346	23,770	0	26,116	26,116	0
Tax assets (liabilities) before netting	2,380	1,601	2,302	6,283	26,257	-19,974
Netting of taxes					-15,324	15,324
Tax assets (liabilities), net					10,933	-4,650

				AS AT 31 DECEMBER 2014	
2014 €k	AS AT 1 JANUARY 2014	RECOGNISED IN PROFIT OR LOSS	NET	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Investment property	0	0	0	0	0
Capital reserves/transaction costs	0	34	34	34	0
Tax loss carryforwards	0	2,346	2,346	2,346	0
Tax assets (liabilities) before netting	0	2,380	2,380	2,380	0
Netting of taxes				0	0
Tax assets (liabilities), net				2,380	0

UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised for the following items as it is not probable that future taxable profit will be available against which the Group can utilise the deferred tax assets.

€k	2015	2014
Unrecognised deferred tax assets on tax losses	61,504	81,628

TAX LOSS CARRYFORWARDS

€k	2015	2014
Tax loss carryforwards (corporation tax)	285,056	264,757
Tax loss carryforwards (trade tax)	263,750	242,825

The tax loss carryforwards can be carried forward indefinitely. Under certain circumstances they can expire proportionately (e.g. if one shareholder holds between 25 per cent and 50 per cent of shares) or completely (e.g. if one shareholder holds more than 50 per cent of shares).

5.8 EARNINGS PER SHARE

Basic earnings per share are calculated based on the profit attributable to ordinary shareholders and a weighted average number of shares outstanding. Diluted earnings are calculated taking into account the dilutive effects of potential ordinary shares. The calculation of both figures is shown below:

ATTRIBUTION OF PROFIT TO ORDINARY SHAREHOLDERS (BASIC AND DILUTED)

€k	2015	2014
Profit attributable to the owners of the parent company	54,292	1,206
Interest expenses on mandatory convertible bonds (after taxes)	-28	0
Gain attributable to ordinary shareholders	**54,264**	**1,206**

WEIGHTED AVERAGE ORDINARY SHARES (BASIC)

Thousands of shares	2015	2014
Ordinary shares outstanding as at 1 January	33,783	14,441
Effects of shares issued in December 2014	0	1,182
Effects of mandatory convertible bond issued in March 2015	911	0
Effects of shares issued in June 2015	39,694	0
Effects of shares issued in November 2015	1,067	0
Effects of stock options issued in December 2015 (Executive Board)	167	0
Weighted average ordinary shares as at 31 December (basic)	**75,622**	**15,623**
Basic earnings per share	**0,72**	**0,08**

WEIGHTED AVERAGE ORDINARY SHARES (DILUTED)

Thousands of shares	2015	2014
Weighted average ordinary shares as at 31 December (basic)	75,622	15,623
Effects of stock options issued in December 2015 (employees)	42	0
Weighted average ordinary shares as at 31 December (diluted)	**75,664**	**15,623**
Diluted earnings per share	**0,72**	**0,08**

5.9 SHARE-BASED REMUNERATION ARRANGEMENTS

ACCOUNTING POLICIES

The fair value at the grant date of share-based remuneration arrangements with employees is recognised as an expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the award. For share-based payment awards with non-vesting conditions, the fair value is calculated on the grant date, taking these conditions into account; an adjustment of the differences between expected and actual results is not required.

EQUITY-SETTLED STOCK OPTION PROGRAMME

At the 2015 Annual Shareholders' Meeting on 10 June 2015 it was resolved to launch the 2015 stock option programme to be able to grant members of the Executive Board and selected employees options to shares in the company.

The programme serves as a targeted incentive for participants and, at the same time, is expected to increase loyalty to the company.

The stock options entitle participants to purchase one share at the exercise price and have a term of six years with a vesting period of four years. The stock options can only be exercised if the value of the property portfolio held by the company and its subsidiaries is at least €250m (Executive Board tranche) or €500m (employee tranche) by the end of the vesting period.

For the first time, 2,500,000 equity-settled options were granted to the Executive Board and selected employees under the stock option programme on 1 December 2015.

The fair value of the stock options as at the grant date was determined as follows: exercise behaviour was modelled according to the Hull-White method and the share price according to the Cox-Ross-Rubinstein method using a binomial tree. The following parameters are used in the measurement of the pre-emption rights:

	EXECUTIVE BOARD	EMPLOYEES
Weighted average share price at grant date	€2.420	€2.420
exercise price	€1.750	€1.820
Expected volatility	39.85 %	39.85 %
Maturity	6 years	6 years
Expected yield	4.06 %	4.06 %
Risk-free interest rate	- 0.08 %	- 0.08 %
Fair value	**€0.766**	**€0.738**

The estimates of expected volatility are based on past volatility. Owing to the insolvency proceedings, the plan monitoring and the lack of operating activities, the development of the company's share price before 31 December 2014 has limited suitability as a basis for estimating future development, and is significantly more volatile than for other property companies. For this reason, a basket consisting of WCM shares and the shares of three peer companies (alstria office REIT AG, DIC Asset AG and Hamborner Reit AG) was formed to derive historical volatility as a share price history. In the model, the early exercise of stock options was assumed in all cases in which the closing price as at the exercise date is at least 200% the exercise price.

RECONCILIATION OF OUTSTANDING STOCK OPTIONS

The number and weighted average exercise prices of stock options developed as follows:

STOCK OPTIONS	2015		2014	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding as at 1 January options in reporting year	0	-	0	-
- granted	2,500,000	€1.764	0	-
- forefeited	0	-	0	-
- exercised	0	-	0	-
- expired	0	-	0	-
Outstanding as at 31 December	**2,500,000**	**€1.764**	0	-
Exercisable as at 31 December	0	-	0	-

The options outstanding as at 31 December 2015 have an average exercise price of €1.764 and a remaining term of 5.92 years. The staff costs recognised in fiscal 2015 for the granting of stock options amount to €38k.

6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 CASH AND CASH EQUIVALENTS

€k	31 DECEMBER 2015	31 DECEMBER 2014
Cash and cash equivalents	11,136	19,376

The cash consists of readily available bank balances. For some of the incoming rent accounts agreements are in place that provide for a drawing restriction in the event of a delay in repayment of a loan (see note 6.9 *Financial risk management*).

6.2 TRADE RECEIVABLES

COMPOSITION AND MATURITY STRUCTURE €k	31 DECEMBER 2015	31 DECEMBER 2014
Rent receivables	309	1
Due in stated time band as at reporting date		
Not yet due	*73*	*0*
Past due by up to one month	*219*	*1*
Past due by more than one month	*17*	*0*
Total	309	1

6.3 PROPERTY HELD FOR SALE

€k	31 DECEMBER 2015	31 DECEMBER 2014
Property held for sale	4,185	0

This item relates to office properties in Dresden and Frankfurt/Main classified as held for sale within purchased portfolios.

6.4 OTHER FINANCIAL ASSETS

€k	31 DECEMBER 2015	31 DECEMBER 2014
Loans to non-controlling interests	3,316	0
Other assets	50	638
Total	**3,366**	**638**

6.5 PREPAYMENTS AND OTHER CURRENT ASSETS

€k	31 DECEMBER 2015	31 DECEMBER 2014
Overpayment of transfer tax	4,950	0
Operating costs not yet invoiced	2,611	0
Receivable from the guarantee fund	1,710	0
Notary trust accounts	1,500	0
Tax receivables	1,200	0
Receivable from contractual safeguard clause	500	0
Prepayments	0	3,086
Other current assets	2,171	588
Total	**14,642**	**3,674**

For information on transfer tax overpayments please see the comments on *legal disputes* under note 4.3.

6.6 INVESTMENT PROPERTY

As at 31 December 2015 the item "Investment property" comprises 47 properties assigned to WCM AG's categories as follows:

SEGMENT	NUMBER	RENTAL AREA M²	FAIR VALUE €K
Office	13	120,830	333,700
Retail	33	102,701	150,546
Other	1	68,432	17,300
Summe	**47**	**291,963**	**501,546**

The fair value of the property held as at 31 December 2014 was €17,337k for a rental area of 68,432 m².

WCM AG leases its investment property in the form of operating leases. The rental income generated from this amounted to €10,445k in the reporting year.

When acquiring properties, the respective property company takes on the existing rental agreements. These generally have an uncancellable remaining term of between one and 24 years. The weighted average lease term (WALT) of the portfolio was 9.4 years at the end of the reporting period.

There are the following future minimum lease payments under uncancellable leases as at 31 December 2015:

€k	31 DECEMBER 2015
Less than one year	31,652
Later than one year and not later than five years	114,507
More than five years	147,375
Total	**293,534**

The direct operating expenses (operating and ancillary costs) directly attributable to the investment property with which rental income was generated in the reporting period amount to €885k. For vacant parts of properties these expenses amounted to €3k.

There are maintenance obligations to third parties from the loan agreements to finance properties of usually at least 1 per cent of annual rental income.

The fair value of investment property was determined by external, independent property appraisers with relevant professional qualifications and current experience of the location and type of properties being valued. As at 31 December 2015 all properties were consistently valued by independent property valuer Cushman & Wakefield. The market value was calculated in line with the International Valuation Standards (IVS) and the guidelines and implementing provisions of the Royal Institution of Chartered Surveyors (RICS), and is therefore an estimated amount at which an asset or liability could be sold or transferred between a willing seller and a willing buyer after an appropriate marketing period in a transaction in the ordinary course of business as at the valuation date, whereby each party acts knowledgeably, prudently and without compulsion. Is is also assumed that the type and extent of use as at the valuation date is the highest and best use.

The assessment of market values in this valuation is based on a dynamic present value analysis of cash flows applying the discounted cash flow (DCF) method. A detailed cash flow plan for a period of between 10 and 13 years was assumed with all incoming and outgoing payments becoming due annually in arrears and the final value becoming due annually in arrears at the end of the analysis period. An annual rate of inflation of 1.20 per cent was assumed for the first four years and of 2.00 per cent for the subsequent years. Growth in market rent of 2.00 per cent p.a. was assumed.

The gross profit of the contractually rented space was recognised and reported taking into account the agreed minimum remaining terms (not including potential renewal options exercised by lessees), possible graduated rent arrangements and value assurance arrangements. In total, the contractual rental income for the portfolio as a whole amounts to €31.7m p.a.

At the end of the minimum contractual term, using a selected probability percentage (usually 50.0 per cent) after an assumed vacancy period specific to the property and the market and conversion and marketing costs incurred, the rental unit was assigned an updated (i.e. assumed as at the date of new rental) prevalent nominal market rent. In cases in which the lease is renewed, it is usually assumed when applying the updated market rent (as for new rentals) that only minor vacancy, conversion and marketing costs will be incurred, if at all.

A standard gross income of around €32.7m p.a. was calculated from the (nominal) market rents applied in line with the varying quality of space.

To determine the final value, the annuity value of the estimated free cash flow of the last year of the analysis period is calculated and discounted to the measurement date. The net income applied for the 11th to 13th annual period was capitalised using a selected capitalisation rate as a reversionary perpetual annuity. The selected capitalisation rate is equal to the interest rate observed on a stable property capital market plus a risk premium specific to the property. Depending on the quality, location and structure of the properties, the capitalisation rates used vary between 3.00 per cent and 8.75 per cent.

The following individual components were applied to determine the management costs for the individual properties.

Operating costs that cannot be allocated to tenants comprise the ongoing costs arising from ownership of the property or the intended use of the property and its structures. In line with common practice on the local property market, these costs are usually paid by the tenant in addition to the rent. The pro rata operating costs not paid by the tenant are reflected in valuation at a rate of 0.50 per cent to 1.00 per cent of gross income.

Vacancy costs were estimated for all areas not rented as at the measurement date or that may be temporarily vacant during the analysis period as a result of tenant turnover. Annual vacancy costs of between €16.00 and €30.00 per m² were assumed in the valuation. The vacancy rate of the portfolio as a whole was 5.9 per cent at the end of the reporting period.

Administrative expenses comprise letting, lease management, property accounting, controlling, the billing of ancillary costs and the planning and performance of maintenance. These were assessed in accordance with the principles of proper management. These administrative expenses were taken into account in the valuation at a rate of 1.00 per cent to 3.00 per cent.

The maintenance expenses comprise the costs incurred as a result of wear and tear, ageing and weathering to preserve the intended use of structures during their useful life in order to maintain the economic viability and profitability of the asset being valued. These costs were taken into account in the valuation at €3.50 to €8.00 per m² of rental area, €25.00 per indoor parking space and €5.00 to €15.00 per outdoor parking space per year.

Flat costs of €25.00 and €250.00 per m² of rental area were used for tenant changeovers, varying according to the quality of the space, the type of use and the possible market rent, plus broker commission of three months' rent for office and retail rentals.

The discount rate applied to all free cash flows consists of a long-term risk-free rate and a risk premium in line with international valuation practice. Depending on the quality, location and structure of the properties, the discount rates used vary between 3.75 per cent and 8.25 per cent.

The effects of possible fluctuations in the key valuation parameters are shown in isolation in the table below. Potential interactions cannot be quantified owing to their complexity.

MEASUREMENT PARAMETER	CHANGE PARAMETER	EFFECT ON VALUE €M	EFFECT ON VALUE IN PER CENT
Market rent	+5 %	14.0	2.7 %
	-5 %	-14.0	-2.7 %
Administrative expenses	+10 %	-0.8	-0.2 %
	-10 %	0.8	0.2 %
Maintenance expenses	+10 %	-2.9	-0.6 %
	-10 %	2.9	0.6 %
Inflation rate	1 percentage point	22.5	4.4 %
	-1 percentage point	-9.6	-1.9 %
Market growth	1 percentage point	20.9	4.1 %
	-1 percentage point	-19.4	-3.8 %
Discount and capitalisation rate	25 basis points	22.9	-4.5 %
	-25 basis points	-25.1	4.9 %

As of **31 December 2014** the item "Investment property" comprises the commercial property in Bremerhaven. Upon entry in the commercial register on 30 December 2014, the property was recognised as a non-cash contribution in exchange for granting of shares in WCM AG. Initial measurement was at fair value. Due to the proximity of the contribution to the reporting date, there were no changes to the fair value in 2014.

The fair value of investment property was determined by external, independent property appraisers with relevant professional qualifications and current experience of the location and type of properties being valued. The market value was determined in line with the guidelines and implementation regulations of the Royal Institution of Chartered Surveyors. The discounted cash flow (DCF) method was applied for the valuation and the yield recognised explicitly takes account of the following parameters: rent indexing, future market rental price increases and cost inflation. If contamination of a site was suspected, neutral value was assumed. A capitalisation rate of 10.25 per cent and a discount rate of 9.5 per cent were recognised. This resulted in a gross multiplier of 8.58.

The value of investment property and prepayments developed as follows:

€k	INVESTMENT PROPERTY	PREPAYMENTS	TOTAL
Net carrying amount as at 1 January 2014	**0**	**0**	**0**
Additions	17,337	3,086	20,423
Changes in fair value	0	0	0
Net carrying amount as at 31 December 2014/1 January 2015	**17,337**	**3,086**	**20,423**
Additions	426,219	0	426,219
Reclassifications	3,086	-3,086	0
Changes in fair value	54,904	0	54,904
Net carrying amount as at 31 December 2015	**501,546**	**0**	**501,546**

All prepayments were shown under current assets in the consolidated financial statements as at 31 December 2014.

6.7 INTANGIBLE ASSETS

Intangible assets are measured at cost. Cost comprises the purchase price including directly attributable incidental costs of acquisition incurred to bring the asset to a working condition for its intended use.

Amortisation on intangible assets is recognised on a straight-line basis over their expected useful life. Useful lives and amortisation methods are reviewed periodically to ensure that amortisation methods and periods reflect the expected economic benefit of the assets. Amortisation essentially assumes useful lives of five to ten years.

Intangible assets developed as follows:

€k	SIMILAR RIGHTS AND ASSETS	TOTAL
Cost as at 1 January 2014	**0**	**0**
Cost as at 31 December 2014/1 January 2015	**0**	**0**
Additions	114	114
Disposals	0	0
Cost as at 31 December 2015	**114**	**114**
Cumulative depreciation as at 1 January 2014	**0**	**0**
Cumulative depreciation as at 31 December 2014/1 January 2015	**0**	**0**
Additions (depreciation)	11	11
Additions (impairment)	0	0
Disposals	0	0
Cumulative depreciation as at 31 December 2015	**11**	**11**
Net carrying amount as at 31 December 2014	**0**	**0**
Net carrying amount as at 31 December 2015	**103**	**103**

6.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost.

Cost comprises the purchase price including directly attributable incidental costs of acquisition incurred to bring the asset to a working condition for its intended use.

Depreciation on property, plant and equipment is recognised on a straight-line basis over the expected useful life. Useful lives and depreciation methods for property, plant and equipment are reviewed periodically to ensure that depreciation methods and periods reflect the expected economic benefit of the assets. Depreciation essentially assumes the following useful lives:

ASSET	USEFUL LIFE IN YEARS
Technical equipment and machinery	5 to 33
Other equipment, operating and office equipment	2 to 23

Property, plant and equipment developed as follows:

€k	TECHNICAL EQUIPMENT AND MACHINERY	OTHER EQUIPMENT, OPERATING AND OFFICE EQUIPMENT	PREPAYMENTS	TOTAL
Cost as at 1 January 2014	**0**	**0**	**0**	**0**
Additions	445	38	0	483
Disposals	0	0	0	0
Cost as at 31 December 2014/1 January 2015	**445**	**38**	**0**	**483**
Additions	833	3,748	53	4,634
Disposals	46	19	0	65
Cost as at 31 December 2015	**1,232**	**3,767**	**53**	**5,052**
Cumulative depreciation as at 1 January 2014	**0**	**0**	**0**	**0**
Cumulative depreciation as at 31 December 2014/1 January 2015	**0**	**0**	**0**	0
Additions (depreciation)	271	77	0	348
Additions (impairment)	0	0	0	0
Disposals	0	0	0	**0**
Cumulative depreciation as at 31 December 2015	**271**	**77**	**0**	**348**
Net carrying amount as at 31 December 2014	**445**	**38**	**0**	**483**
Net carrying amount as at 31 December 2015	**961**	**3,690**	**53**	**4,704**

6.9 FINANCIAL RISK MANAGEMENT

The Group is exposed to liquidity risks from its use of financial instruments. In particular, these risks include interest rate risk, liquidity risk, a risk of default in acquiring, holding and selling property and default of payment under rental agreements.

RISK MANAGEMENT CONCEPT

The Executive Board has overall responsibility for establishing and monitoring the Group's risk management. The Supervisory Board was regularly informed of the expenses associated with the reactivation of the Group in the fiscal year and the approvals of the Supervisory Board deemed necessary were obtained.

The internal control system in relation to accounting is characterised by the transactions related to the expansion of the property portfolio and property-specific administrative functions. It will be expanded in line with further growth. Owing to the low number of hierarchy levels, the organisation is characterised by a low degree of separation of functions and adapted to the transactions commonly encountered in this context.

The identification, analysis, communication and management of risks are regulated by a comprehensive risk management system. Please see the information on risk management in the management report.

CAPITAL MANAGEMENT

The Group endeavours to maintain a sufficient capital base to preserve the confidence of investors, creditors and the markets and to ensure the sustainable development of the company.

Gross proceeds of €179,976k were generated by two capital increases (see note 6.12 *Equity).*

Financial risks are managed on the basis of reported equity.

The Group monitors capital using a ratio of net debt to equity. The net debt comprises all liabilities (including interest-bearing bonds and loans and finance lease liabilities) less cash and cash equivalents.

The ratio of net debt to equity was as follows at the end of the reporting period:

€k	31 DECEMBER 2015	31 DECEMBER 2014
Total liabilities	281,342	12,080
Less cash and cash equivalents	11,136	19,376
Net debt	**270,206**	**-7,296**
Equity	**269,582**	**31,809**
Net debt in relation to equity	**1.00**	**-0.23**

RISK OF DEFAULT

The risk of default is the risk of financial loss if a tenant or a party to a financial instrument fails to meet its contractual obligations. The risk of default arises from “Trade receivables”, “Other financial assets” and “Other current assets”. The carrying amounts of the financial assets represent the maximum risk of default.

The company’s risk of default is mainly defined by the individual characteristics of customers and counterparties.

Objective evidence of impairment could, for example, include:

- signs of significant financial difficulties on the part of a customer or group of customers indicating a tangible reduction in estimated cash flows, or

- non-compliance with payment terms or non-payment of interest or principal amounts.

Where, in subsequent periods, the reasons for the impairment no longer apply, a reversal is recognised in profit or loss up to the amount of the original cost.

Carrying amounts for receivables are corrected via an allowance account. If receivables are irrecoverable, the receivables are derecognised in full together with the impairment recognised.

It is due to the customer structure and business model that outstanding receivables from leases are approximately zero.

Furthermore, WCM AG takes substantial collateral to mitigate the risk of default. Collateral includes, for example, deposits, guarantees or warranties.

The creditworthiness of tenants is monitored. Leases with new tenants with low credit scores are avoided.

MARKET RISK

Market risk is the risk that the market prices, such as exchange rates, interest rates or share prices change and thereby affect the Group's income.

When commencing operations, market risks lie particularly in the area of vacancies, housing market risks and tenant solvency. The Executive Board has taken the risk into account by obtaining third-party opinions, involving consultants when acquiring property investments and receiving rent guarantees in individual cases.

In future the Group may conduct extensive interest rate hedges to protect itself against interest rate risks.

LIQUIDITY RISK

Liquidity risk is the risk that the company may not be able to fulfil its commitments in connection with its financial liabilities by delivering cash or another financial assets. The company's approach as regards liquidity management is, as far as possible, to ensure that it always has sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Short-term credit facilities have so far not been arranged.

Business activities generated a net cash outflow of €8,240k in 2015 (2014: inflow of €19,372k). This is essentially due to payments for investment property of €347,658k (2014: €3,086k) and the commencement of operating activities. To finance these investments, liquidity was generated by two capital increases of €179,976k (2014: €17,593k) and taking up loans of €192,173k (2014: €2,860k).

The primary goal of financial management is to secure the liquidity necessary for the continuation of the company.

Rolling financial planning is produced and presented weekly for a period of 14 weeks and monthly thereafter.

Solvency was ensured at all times in the fiscal year.

FINANCIAL INSTRUMENTS – CARRYING AMOUNTS AND FAIR VALUES

The following table does not contain any information on the fair value of financial assets and financial liabilities not measured at fair value as carrying amount is an adequate approximation of their fair value.

CARRYING AMOUNT AS AT 31 DECEMBER 2015 €k	LOANS AND RECEIVABLES
Financial assets not measured at fair value	
Cash and cash equivalents	11,136
Trade receivables	309
Other financial assets	3,366
Other current assets	14,642
Total	**29,453**

	OTHER FINANCIAL LIABILITIES
Financial liabilities not measured at fair value	
Trade payables	6,070
Other financial liabilities	264,131
Other current liabilities	4,663
Total	**274,864**

CARRYING AMOUNT AS AT 31 DECEMBER 2014 €k	LOANS AND RECEIVABLES
Financial assets not measured at fair value	
Cash and cash equivalents	19,376
Trade receivables	1
Other financial assets	638
Other current assets	588
Prepayments	3,086
Total	**23,689**

	OTHER FINANCIAL LIABILITIES
Financial liabilities not measured at fair value	
Trade payables	3,505
Other financial liabilities	8,167
Other current liabilities	123
Total	**11,795**

FINANCIAL MANAGEMENT

The Group monitors its financing using its loan-to-value (LTV) ratio, which is measured as the ratio of financial liabilities less cash and cash equivalents to the value of investment property plus property held for sale.

The ratio of net financial liabilities (less cash and cash equivalents) to the value of properties equity was as follows at the end of the reporting period:

€k	31 DECEMBER 2015	31 DECEMBER 2014
Financial liabilities	264,131	8,167
Less cash and cash equivalents	11,136	19,376
Net financial liabilities	**252,995**	**-11,209**
Investment property	501,546	17,337
Property held for sale	4,185	0
Value of property	**505,731**	**17,337**
Loan-to-value (LTV) in %	**50.0**	**-64.7**

OTHER FINANCIAL LIABILITIES

€k	31 DECEMBER 2015		31 DECEMBER 2014	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Secured bank loans	186,756	44,176	1,511	179
Loans from related parties	462	0	4,101	503
Loans from non-controlling interests	0	0	589	70
Other loans	0	0	0	1,033
Fair value share of guaranteed dividends for non-controlling interests in subsidiaries	597	0	0	0
Deposits received	0	8	0	181
Purchase price liability for "North" portfolio	0	32,132	0	0
Total	**187,815**	**76,316**	**6,201**	**1,966**

Premiums paid are recognised as a reduction of the financial liability and amortised.

TERMS AND LIABILITIES

€k	CURRENCY	NOMINAL INTEREST RATE	MATURITY	CARRYING AMOUNT 31 DECEMBER 2015	CARRYING AMOUNT 31 DECEMBER 2014
Secured bank loan	€	2.33	2025	63,581	0
Secured bank loan	€	1.99	2019	44,239	0
Secured bank loan	€	2.14	2023	36,000	0
Secured bank loan	€	1.89	2022	35,255	0
Secured bank loan	€	1.31	2017	7,518	0
Secured bank loan	€	1.38	2019	4,059	0
Secured bank loan	€	4.50	2020	1,437	1,690
Secured bank loan	€	6.08	2018	462	0
Secured bank loans	€	see below	see below	39,652	0
Loans from related parties	€	6.16	2018	231	379
Loans from related parties	€	6.16	2018	231	379
Loans from related parties	€	6.00	2016	0	134
Loans from related parties	€	6.00	2016	0	3,711
Loans from non-controlling interests	€	6.08	2018	0	688
Other loan	€	6.00	2015	0	1,005
Premiums	€	-	-	-1,271	0
Interest-bearing loans				**231,394**	**7,986**

The bank loans are secured by land charges and other collateral (contingent account pledges, assignment and pledging of company shares and guarantees) provided to creditors. The registered land charges amount to €304,610k. If covenants are breached, or in the event of default on repayment or insolvency, the collateral will be used to satisfy creditors' claims.

Financial liabilities to banks and other lenders bear interest at fixed nominal interest rates of between 1.31 per cent and 6.16 per cent (weighted average around 2.1 per cent). The financial liabilities as a whole do not entail significant short-term interest rate risks as the financing has fixed long-term interest rates.

The bank loans of €39,652k were utilised for the acquisition of the "North" portfolio and refunded on 8 January 2016.

6.10 TRADE PAYABLES AND OTHER LIABILITIES

€k	31 DECEMBER 2015		31 DECEMBER 2014	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Trade payables				
from rentals	0	71	0	82
other trade payables	0	4,728	0	2,353
Deferral	0	1,271	0	1,070
	0	**6,070**	**0**	**3,505**
Other liabilities				
Prepayments of operating costs	0	2,804	0	0
Liabilities to non-controlling interests	0	1,564	0	0
Prepayments received	0	90	0	54
Miscellaneous	0	205	0	69
	0	**4,663**	**0**	**123**
Total	**0**	**10,733**	**0**	**3,628**

6.11 OTHER PROVISIONS

Other provisions are shown in the table below.

€k	OPENING BALANCE 1 JANUARY 2015	UTILISED	UNUSED AMOUNTS REVERSED	CHARGE FOR THE YEAR	CLOSING BALANCE 31 DECEMBER 2015
Type of provision					
Provisions for taxes	0	0	0	736	736
Financial statement and audit costs	100	95	5	337	337
Supervisory Board remuneration	20	10	10	270	270
Provisions for staff costs	0	0	0	224	224
Annual Shareholders' Meeting	150	119	31	130	130
Miscellaneous	15	0	0	116	131
Total	**285**	**224**	**46**	**1,813**	**1,828**

Tax provisions comprise provisions for corporation tax (€28k) and trade tax (€708k).

The provisions for staff costs predominantly relate to variable remuneration components (€169k) and holiday not yet taken (€53k).

The miscellaneous provisions were predominantly recognised for administrative expenses.

The Group expects to settle all obligations within the next fiscal year. There is no significant uncertainty regarding the amount or timing of these obligations.

6.12 EQUITY

SHARE CAPITAL

€k	
1 January 2014	**14,441**
Cash capital increase	+14,441
Capital increase against non-cash contributions	+4,900
31 December 2014	**33,783**
1 January 2015	**33,783**
Cash capital increases	+86,990
31 December 2015	**120,773**

The subscribed and fully paid up share capital of WCM AG amounts to €120,773k (previous year: €33,783k) and is divided into 120,772,500 no-par value bearer shares, which are predominantly held in free float.

On 22 June 2015 the Executive Board of the company resolved, with the approval of the Supervisory Board, to increase the share capital of the company by €76,011k from authorised capital against cash contributions. The shareholders received full pre-emption rights. The issue price was €2.05 per share. The issue was fully placed. This was entered in the commercial register on 8 July 2015.

On 25 November 2015, the Executive Board resolved, with the approval of the Supervisory Board, to further increase the share capital by €10,979k from authorised capital. Shareholders' pre-emption rights were disapplied. The shares bear dividend rights from 1 January 2015. The placement price was €2.20 per share. The capital increase was entered in the commercial register on 27 November 2015.

AUTHORISED CAPITAL

The Annual Shareholders' Meeting of the company on 29 January 2013 resolved authorised capital of €144,000k (Authorised Capital 2013). This was entered in the commercial register on 1 August 2013. As a result of the capital increases in 2014 and 2015, the amount remaining from this as at 31 December 2015 is €37,669k. The Annual Shareholders' Meeting of the company on 12 October 2015 resolved further authorised capital of €6,200k (Authorised Capital 2015), which had not yet been entered in the commercial register as at 31 December 2015.

CONTINGENT CAPITAL

The Annual Shareholders' Meeting of the company on 18 December 2014 resolved contingent capital of €7,000k (Contingent Capital 2014). The Annual Shareholders' Meeting of the company on 10 June 2015 resolved further contingent capital of €3,300k (Contingent Capital 2015). The Annual Shareholders' Meeting of the company on 12 October 2015 resolved further contingent capital of €40,000k (Contingent Capital 2015 II), which had not yet been entered in the commercial register as at 31 December 2015.

CAPITAL RESERVES

Capital reserves developed as follows in the reporting period:

€k	
1 January 2014	**1,444**
Contributions to capital reserves	+13,134
Withdrawal from capital reserves	-803
of which for transaction costs for cash capital increases	*-803*
31 December 2014	**13,775**
1 January 2015	**13,775**
Contributions to capital reserves	+92,986
Withdrawals from capital reserves	-30,395
of which for transaction costs for cash capital increases	*-4,908*
31 December 2015	**76,366**

The Group utilised €25,487k of capital reserves to offset the net loss for the year and the loss carry-forward of WCM AG. The contributions and other withdrawal result from the cash capital increases in the fiscal year.

RESERVE FOR CONVERTIBLE BONDS

The acquisition of the three equity investments in the River property companies was brokered by Invivo Capital GmbH, Berlin (formerly: Kalamata Grundbesitz GmbH, Berlin). Commission of €1,800k was contractually agreed with this company on 8 August 2014 and fell due when the transaction was closed on 16 March 2015.

The commission was not paid in cash, but instead – as resolved by the Supervisory Board on 18 December 2014 – was converted into a mandatory convertible bond. The interest rate until conversion is 2.0 per cent p.a. The bond can be converted into new shares of the company between 1 January 2016 at the earliest and 30 December 2018 at the latest. The conversion price of €1.51 per share was determined based on the weighted average price of WCM shares during the reference period from 1 December 2014 to 30 January 2015.

As they relate to a mandatory convertible bond, these liabilities were recognised in the reserve for convertible bonds. They will be reclassified to share capital and the capital reserves at the time of conversion (see note 6.15 *Related parties*).

RETAINED EARNINGS

Reserves are recognised pro rata for the stock options yet to be earned by the Executive Board and selected employees. An amount of €38k was transferred to retained earnings in the fiscal year (see note 5.9 *Share-based remuneration arrangements*).

€597k was withdrawn from retained earnings for the fair value share of the guaranteed dividends for non-controlling interests in the subsidiaries Greenman 1D GmbH, River Düsseldorf Immobilien GmbH and River Frankfurt Immobilien GmbH. A financial liability was recognised in the same amount (see note 6.9 *Financial risk management*).

6.13 OTHER FINANCIAL OBLIGATIONS

On 18 December 2015 the Group agreed a term sheet for the acquisition of majority investments in two property companies. The projects in the area around Berlin and in Saxony-Anhalt are to be handed over turnkey after completion in the third and fourth quarters of 2016. The core tenants of the properties are the food retailers REWE and ALDI. The purchase price for the two stores is around €25,800k.

WCM AG also has exclusive rights to acquire a further DIY store. The purchase price is €22,000k. The purchase agreement was notarised on 24 February 2016. The rights and liabilities were transferred on 31 March 2016.

The Group concluded a rental agreement for office space at Joachimsthaler Strasse 34, 10719 Berlin, on 23 January 2015. The agreement has a fixed term of five years, starting on 1 February 2015 and ending on 31 January 2020. The total rent for this period, including prepayments of operating costs, amounts to €565k.

There is a lease commitment of approximately €100k for a remaining term of around three years for vehicles used internally by the company.

6.14 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Group had no contingent assets or liabilities arising from guarantees, warranties or the provision of collateral for third-party liabilities.

6.15 RELATED PARTY DISCLOSURES

PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

WCM AG holds the majority of votes in all equity investments and is the ultimate parent company. Please see note 2.1 for information on shareholdings.

TRANSACTIONS WITH MEMBERS OF KEY MANAGEMENT PERSONNEL

a) Remuneration of key management personnel

The remuneration of key management personnel comprises:

€k	2015	2014
Short-term benefits	478	240
Severance	38	0
Share-based remuneration	38	0
	554	**240**

Key management personnel exclusively comprises the Executive Board. The remuneration of key management personnel includes salaries, benefits in kind and the reimbursement of costs. Key management personnel also participate in the Group's stock option programme (see note 5.9 *Share-based remuneration arrangements*).

b) Total remuneration of active and former Executive Board members

(section 314(1) no. 6a sentences 1 to 4 HGB)

The total remuneration for Executive Board members granted for fiscal 2015 amounts to €2,048k (2014: €190k) and breaks down as follows:

	Active Executive Board members				Former Executive Board members	
	Stavros Efremidis CEO		Frank Roseen CIO		Dr. Manfred Schumann	
Start date	25 September 2014		1 September 2015			
Exit date					12 February 2015	
€k	2015	2014	2015	2014	2015	2014
Non-performance-related components						
Fixed remuneration	300	0	120	0	23	180
Additional benefits	0	6	35	0	0	4
Severance	0	0	0	0	38	0
	300	6	155	0	61	184
Performance-related components						
One-year variable remuneration	0	0	0	0	0	50
	0	0	0	0	0	50
Long-term incentives						
Stock options granted (thousands)	2.000	0	0	0	0	0
Fair value	1,532	-	0	-	0	-
Total remuneration	1,832	6	155	0	61	234

The stock options granted have a remaining term of 5.92 years. For information on share-based remuneration please see note 5.9 S*hare-based remuneration* arrangements.

c) Total remuneration of active and former members of the Supervisory Board

(section 314(1) no. 6a sentences 1 to 4 HGB)

The active members of the Supervisory Board received total non-performance-related remuneration of €129k (2014: €84k) in fiscal 2015 and in subsequent years are to receive remuneration for the achievement of company goals of €135k (2014: €0k). Travel expenses of €3k (2014: €3k) were reimbursed.

The former members of the Supervisory Board received total non-performance-related remuneration of €5k (2014: €0k) in fiscal 2015.

d) Transactions with the Supervisory Board

As of 1 January 2015, the members of the Supervisory Board receive fixed annual remuneration of €15k, the Deputy Chairman receives double and the Chairman triple that amount.

If, during the current term of office of the Supervisory Board incumbent at the time of the Annual Shareholders' Meeting on 10 June 2015, the consolidated financial statements of the company report a result from ordinary activities of at least €10,000k, each member of the Supervisory Board also receives a bonus payment of 50 per cent of their fixed annual remuneration in addition to this. If the result from ordinary activities reaches at least €20,000k, each member of the Supervisory Board also receives a bonus payment of 100 per cent of their fixed annual remuneration in addition to this fixed annual remuneration. If both of the above goals are achieved during the current term in office of the Supervisory Board, only the higher of the two bonus payments is granted. The bonus payment is paid only once for the entire current term of office and is granted after the Annual Shareholders' Meeting with which the term of office of the Supervisory Board incumbent at the time of the Annual Shareholders' Meeting on 10 June 2015 ends.

e) Shareholdings of Executive Board and Supervisory Board members

The Executive Board member Stavros Efremidis held 1.88 per cent of the shares of the company as at the end of the reporting period. Mr Frank Roseen held 0.39 per cent of all voting shares.

The members of the Supervisory Board held the following numbers of shares:

Mr Rainer Laufs	10,000 shares
Mr Bernd Günther	35,800 shares
Mr Karl Ehlerding	1,700,000 shares
Mr Thomas Hechtfischer	0 shares
Mr Arthur Wiener	47,700 shares
Ms Nicola Sievers	36,000 shares

The total value of transactions and the net outstanding amounts in connection with members of key management personnel were as follows:

	Value of transactions		Net amount outstanding as at 31 December	
€k	2015	2014	2015	2014
Transaction				
Loan*	6,560	5,060	462	4,587
Loan interest*	267	121	0	16
Income from rent guarantee **	672	0	0	0

* In previous years, six loan agreements were concluded with the Supervisory Board member Karl Ehlerding for a total of €3,440k. A further loan of €1,000k was borrowed on 19 March 2015. These loans were pooled under one loan agreement on 31 March 2015. There was also a further loan of €500k dated 23 April 2015. The loans were refunded as at 31 July 2015. Loan agreements, each originally for €750k, with Karl Philipp Ehlerding and John Frederik Ehlerding (sons of the Supervisory Board member Karl Ehlerding) at an interest rate of 6.16 per cent were transferred at the end of 2014 as part of the non-cash contribution of SOI KG. The net amount of each loan as at 31 December 2015 is €231k.

Two loan agreements were concluded with the former member of the Supervisory Board Christoph Kroschke for a total nominal amount of €120k. Repayment was agreed for 31 March 2016. The interest rate was 6.0 per cent as of 1 December 2014. The loans were refunded as at 31 July 2015.

** A member of the Supervisory Board issued the subsidiary Seebeck Industriepark GmbH & Co. KG, Bremerhaven, a rent guarantee that fully covers any rent defaulted on until 31 December 2020.

f) Other related party transactions

The total value of transactions and the net outstanding amounts in connection with related parties were as follows:

€k	VALUE OF TRANSACTIONS 2015	2014	NET AMOUNT OUTSTANDING AS AT 31 DECEMBER 2015	2014
Transaction				
Brokerage commission*	0	1,800	0	1,800
Mandatory convertible bond*	1,800	0	1,800	0
Interest on mandatory convertible bond	28	0	0	0
Loans to non-controlling interests **	55,359	0	3,202	0
Interest on loans to non-controlling interests **	129	0	113	0
Loans from non-controlling interests ***	0	1,500	0	688

* The CEO Stavros Efremidis is the Managing Director of Invivo Capital GmbH, Berlin (formerly: Kalamata Grundbesitz GmbH, Berlin), which brokered the acquisition of the three equity investments in the River property companies. Commission of €1,800k was contractually agreed on 8 August 2014. The liability was converted into a mandatory convertible bond on 23 March 2015 (see note 6.12 *Equity*).

** The loans to non-controlling interests relate to loans to Kraus Beteiligungs GmbH, Eltville, Rhein-Rauenthal (loan: €4,107k/as at 31 December 2015: €1,357k; interest rate 2.2 per cent p.a.; remaining term four years), River Beteiligungs GmbH, Frankfurt/Main (loan: €2,802k/as at 31 December 2015: €828k; interest rate 2.5 per cent p.a., indefinite term, but can be called with immediate effect by the lender), Greenman 1A GmbH (loan: €46,905k/as at 31 December 2015: €82k; interest rate 2.5 per cent p.a., term one month) and to Platin Real Estate Invest GmbH in the amount of €1,049k. As at the reporting date, the loans totalled €3,316k, including interest.

*** The loan from non-controlling interests relates to a loan from Mr Dieter Petram as a limited partner of Seebeck Offshore Industriepark Gmbh & Co. KG, Bremerhaven (loan: €1,500k; interest rate 6.08 per cent p.a.), which was transferred to WCM AG as a secured bank loan with the acquisition of Mr Petram's shares in fiscal 2015.

All outstanding net amounts with these related parties are at arm's length conditions. With the exception of one loan, none of the net amounts are secured. No costs were recognised for uncollectible or doubtful receivables in connection with the amounts owed by related parties in either the current or the previous year.

g) Disclosures in accordance with section 160(1) no. 8 AktG: Publication in accordance with section 26(1) WpHG

On 12 February 2016, DIC OF RE 2 GmbH, Frankfurt/Main, Germany, DIC Asset AG, Frankfurt/Main, Germany, Deutsche Immobilien Chancen AG & Co. Kommanditgesellschaft auf Aktien, Frankfurt/Main, Germany, Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt/Main, Germany, DIC Grund- und Beteiligungs GmbH, Erlangen, Germany, DIC Capital Partners (Europe) GmbH, Munich, Germany, DICP Capital SE, Munich, Germany, GCS Verwaltungs GmbH, Glattbach, Deutschland and Professor Gerhard Schmidt, Germany, informed us in accordance with section 27a(1) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) of the following in connection with the 10 per cent threshold or a higher threshold being exceeded or reached on 26 January 2016 and 27 January 2016:

- The investment serves the implementation of strategic objectives.
- Within the next twelve months the reporting party intends to acquire further voting rights through acquisition or other means.
- The reporting party intends to achieve influence over the appointment of administrative, management or supervisory bodies of the issuer.
- The reporting party does not intend to effect a significant change in the capital structure of the company, in particular with regard to the ratio of equity and debt financing or its dividend policy.
- Regarding the origin of the funds, they are 100 per cent the own funds of DIC Asset AG, which has provided them to DIC OF RE 2 GmbH, which used them to finance the acquisition of voting rights.

6.16 DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Executive Board and Supervisory Board of WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft have issued a declaration in accordance with section 161 AktG and made it permanently available to the shareholders on the website of WCM AG at www.wcm.de/de/investoren/corporate-governance/.

6.17 EVENTS AFTER THE END OF THE REPORTING PERIOD

A property in the Dresden area was sold on 1 January 2016. The proceeds generated amounted to €2,550k.

On 8 January 2016, an outstanding disbursement of €70,200k was paid by the financing bank for the properties of the North project, in order, among other things, to discharge assumed liabilities.

Contingent Capital 2015 (€3.3m) was entered in the commercial register on 22 January 2016. Contingent Capital 2015 II (€40.0m) was entered in the commercial register on 15 February 2016. Authorised Capital 2015 (€6.2m) was entered on 25 February 2016.

7. INFORMATION ON THE EXECUTIVE BODIES OF WCM BETEILIGUNGS- UND GRUNDBESITZ AKTIENGESELL-SCHAFT, FRANKFURT/MAIN

EXECUTIVE BOARD

NAME, FUNCTION, PLACE OF RESIDENCE	PROFESSION	OTHER MANDATES
Stavros Efremidis Chief Executive Officer, Berlin	CEO, Chairman of the Executive Board, real estate expert	• Member of the Supervisory Board of BUWOG AG, Vienna, Austria (since 8 June 2015) • Managing Director of Invivo Capital GmbH, Berlin (formerly: Kalamata Grundbesitz GmbH, Berlin) • Managing Director of Invivo Management UG, Berlin • Managing Director of Rauch Immobilien GmbH, Berlin (merged with Kalamata Grundbesitz GmbH, Berlin, on 6 August 2015)
Frank Roseen Member of the Executive Board since 1 September 2015, Berlin	CIO, real estate expert	
Dr. Manfred Schumann Member of the Executive Board until 12 February 2015, Frankfurt/Main	Lawyer	• Managing Director of FEB Verwaltungsgesellschaft mbH, Frankfurt/Main

SUPERVISORY BOARD

NAME, FUNCTION, PLACE OF RESIDENCE	PROFESSION	OTHER MANDATES
Rainer Laufs, Kronberg (Chairman)	Independent management consultant	Supervisory board mandates: • Petrotec AG, Düsseldorf (Chairman) • Lanxess AG, Leverkusen (until 31 May 2015) • Lanxess Deutschland GmbH, Leverkusen (until 31 May 2015) • Mediclin AG, Offenburg • Asklepios Kliniken GmbH, Hamburg • Asklepios Kliniken Verwaltungsgesellschaft mbH, Königstein/Taunus Other mandates: • Member of the Administrative Board for the “Industrial” segment of Bilfinger SE, Mannheim
Thomas Hechtfischer, Bochum	Lawyer	Managing Director of: • Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf Other mandates: • Member of the Advisory Board of the German Financial Markets Watchdog
Karl Ehlerding, Hamburg	Managing Director of Kommanditgesellschaft Erste “Hohe Brücke 1” Verwaltungs GmbH & Co., Hamburg	Supervisory board mandates: • Salzgitter Aktiengesellschaft, Salzgitter • KHS GmbH, Dortmund • MATERNUS-Kliniken-Aktiengesellschaft, Berlin • Elbstein AG, Hamburg • Lloyd Werft Bremerhaven AG, Bremerhaven (until 19 October 2015) Other mandates: • North Advisory Board, Deutsche Bank AG, Frankfurt/Main • Board of Directors, German Dry Docks GmbH & Co. KG, Bremerhaven

NAME, FUNCTION, PLACE OF RESIDENCE	PROFESSION	OTHER MANDATES
Arthur Wiener, Frankfurt/Main	Independent real estate expert and project developer	Managing Director of: • Arthur Wiener GmbH • Gebrüder Wiener Gesellschaft mit beschränkter Haftung • Passavantstraße 31 Verwaltungs GmbH • Projektgesellschaft Myliusstraße 15 GmbH • Kaiserstr. 48 Verwaltungs GmbH
Christoph Kroschke, (until 6 May 2015), Ahrensburg	Businessman, Managing Director of Christoph Kroschke Holding GmbH & Co. KG, Ahrensburg	Supervisory board mandates: • Engels & Völkers Capital AG, Hamburg Other mandates: • Kroschke Kinderstiftung, CEO, Ahrensburg • Christoph Kroschke Stiftung, CEO, Ahrensburg • Nürtingen-Geislingen University Foundation, Member of the Board of Trustees
Bernd Günther, Hamburg (Deputy Chairman)	Businessman, Managing Director of Iduna Hall Verwaltungs GmbH, Hamburg	Chairman of the Supervisory Board: • H&R Aktiengesellschaft, Salzbergen (Honorary Chairman) • Maschinenfabrik Heid AG, Stockerau, Austria • New-York Hamburger Gummi-Waaren Compagnie Aktiengesellschaft, Hamburg • MATERNUS-Kliniken-Aktiengesellschaft, Berlin
Nicola Sievers, (since 12 October 2015), Hamburg	Managing Director of ICC Inner Circle Consultants - Sievers GmbH; Hamburg	Other mandates: • Advisory Board of Deposit Solutions GmbH, Hamburg

Frankfurt/Main, 22 April 2016

Stavros Efremidis
CEO
Chairman of the Executive Board

Frank Roseen
CIO
Member of the Executive Board

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft, Frankfurt/Main, comprising the statement of financial position, statement of comprehensive income, statement of cash flows, statement of change in equity and the notes to the consolidated financial statements, together with the Group management report, for the fiscal year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code (HGB) are the responsibility of the company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the company's Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group man-agement report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 25 April 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pürsün
Wirtschaftsprüfer

Kunisch
Wirtschaftsprüfer

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles the consolidated financial statements for 31 December 2015 for the financial year from 1 January until 31 December 2015 give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Frankfurt/Main, 22 April 2016

Stavros Efremidis
Chief Executive Officer

Frank Roseen
CIO

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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