GROW FOR IT!

GROWTH
FOR VALUE

QUARTERLY REPORT
AS OF 30.06.2015

LEG
gewohnt gut.

KEY FACTS

T1 – Key facts

RESULTS OF OPERATIONS		**Q2 2015**	*Q2 2014*	*+/– %/bp*	**01.01. – 30.06.2015**	*01.01.– 30.06.2014*	*+/– %/bp*
Rental income	€ million	**107.5**	94.7	13.5	**214.8**	189.0	13.7
Net rental and lease income	€ million	**78.3**	69.0	13.5	**159.1**	139.5	14.1
EBITDA	€ million	**70.4**	62.7	12.3	**145.3**	125.8	15.5
EBITDA adjusted	€ million	**72.5**	64.5	12.4	**147.4**	129.2	14.1
EBT	€ million	**16.2**	48.3	–66.5	**–5.2**	77.2	–
Net profit or loss for the period	€ million	**20.1**	32.5	–38.2	**–10.3**	54.9	–
FFO I	€ million	**50.0**	40.6	23.2	**101.4**	81.6	24.3
FFO I per share	€	**0.88**	0.77	14.3	**1.78**	1.54	15.6
FFO II	€ million	**49.9**	40.3	23.8	**102.6**	81.3	26.2
FFO II per share	€	**0.87**	0.76	14.5	**1.80**	1.54	16.9
AFFO	€ million	**39.8**	32.7	21.7	**85.4**	65.4	30.6
AFFO per share	€	**0.70**	0.62	12.9	**1.50**	1.24	21.0

PORTFOLIO		**30.06.2015**	*30.06.2014*	*+/– %/bp*
Number residential units		**107,347**	95,783	12.1
In-place rent	€/sqm	**5.16**	5.07	1.8
In-place rent (l-f-l)	€/sqm	**5.20**	5.06	2.6
EPRA vacancy rate	%	**3.3**	3.2	10 bp
EPRA vacancy rate (l-f-l)	%	**3.2**	3.1	7 bp

STATEMENT OF FINANCIAL POSITION		**30.06.2015**	*31.12.2014*	*+/– %/bp*
Investment property	€ million	**6,000.9**	5,914.3	1.5
Cash and cash equivalents	€ million	**247.5**	129.9	90.5
Equity	€ million	**2,447.5**	2,491.6	–1.8
Total financing liabilities	€ million	**3,270.2**	2,960.3	10.5
Current financing liabilities	€ million	**626.7**	413.8	51.4
LTV	%	**49.4**	47.3	210 bp
Equity ratio	%	**37.2**	39.5	–230 bp
EPRA NAV, diluted	€ million	**3,329.7**	3,294.6	1.1
EPRA NAV per share, diluted	€	**52.52**	53.10	–1.1

bp = basis points

CONTENTS

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,
dear ladies and gentlemen,

LEG successfully continued its growth strategy in the first half of 2015. This is reflected in the dynamic development of like-for-like organic rental growth, as well as the value-oriented expansion of the portfolio with more than 6,000 residential units. At the same time, the launch of integrated energy management meant we made significant progress in the innovative expansion of tenant-oriented services.

Net cold rent increased by 13.7% to EUR 214.8 million in the reporting period. Organic rental growth continued to show pleasing development, with rents per square metre rising by 2.6% on a like-for-like basis. Rents in the free-financed portfolio even increased by as much as 3.5% year-on-year, thereby demonstrating LEG's management expertise once again. The like-for-like EPRA vacancy rate saw stable development, amounting to 3.2%. As the vacancy rate is planned to be reduced by the end of the financial year, we are expecting an occupancy rate of around 97.2%. At the same time, we slightly raise our guidance for like-for-like rental growth per square metre in fiscal year 2015 to 2.4%–2.6%.

LEG is making sustainable, targeted investments in order to secure the high quality of its property portfolio. Investments in maintenance and modernisation amounted to around EUR 5.5 per square metre in the first two quarters. Value-adding modernisation accounted for 41% of this figure. In the second half of the year, we are planning to significantly increase investments to a total of around EUR 15 per square metre for the financial year as a whole. This should also have a positive impact on the occupancy rate.

In addition to organic growth, financial performance in the first six months was boosted by the economies of scale from the acquisitions and strict cost discipline. Accordingly, FFO I climbed substantially by 24.3% year-on-year to EUR 101.4 million. This corresponds to an increase of 15.6% to EUR 1.78 per share. The adjusted EBITDA margin rose to 68.6%. In terms of profitability, LEG intends to further expand its leading position in the sector. Our aim is to achieve an adjusted EBITDA margin of 71% in 2017.

EPRA NAV (adjusted for goodwill) amounted to EUR 52.12 per share as of 30 June. Including the divided distribution of EUR 1.96 per share, this figure was 2.6% higher than at the reporting date.

In light of the extremely favourable financing environment, we decided in the first quarter to refinance existing loans with a volume of EUR 900 million ahead of schedule. Despite the volatile interest rates we were able to complete this process successfully, with the result that LEG's average overall financing costs will be reduced to c.2.3%. At the same time, the average debt maturing has increased to around eleven years. The refinancing resulted in non-recurring expenses of around EUR 50 million that will be amortised over the next three years.

Long-term financing at favourable conditions and a solid statement of financial position, which is also reflected in the low loan-to-value (LTV) ratio of 49.4%, remain the key pillars of our business model. This serves to secure our financial flexibility and form the basis for continuous dividend growth for our shareholders. The interest in LEG among international investors in particular was also underlined by the capital increase in June 2015. LEG successfully placed around 1.2 million new shares and generated gross proceeds of EUR 73.6 million, which are being used to partially finance the acquisition of a portfolio of around 3,500 residential units. This means that we have acquired around 6,300 residential units year to date, thereby already exceeding our target for the year as a whole of at least 5,000 residential units.

Based on the positive business development and the acquisitions concluded, we are raising our two-year forecast. We now expect to record FFO I of EUR 200–204 million (EUR 3.47–3.54 per share) in the 2015 financial year. For 2016, we are anticipating a further increase in FFO I to EUR 233–238 million (EUR 4.00–4.09 per share). These figures do not yet include the additional positive effects from planned future acquisitions.

We would like to express our gratitude to our shareholders, tenants and business partners for the trust they have placed in us.

Dusseldorf, August 2015

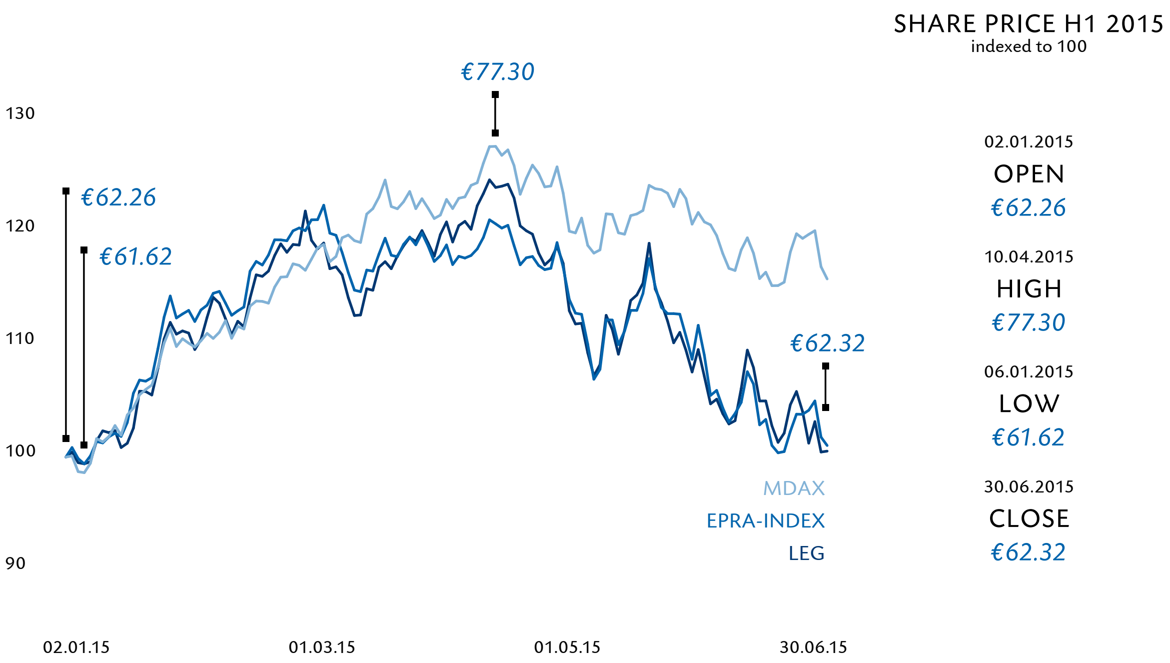
THOMAS HEGEL
Chief Executive Officer

ECKHARD SCHULTZ
Chief Financial Officer

HOLGER HENTSCHEL
Chief Operating Officer

THE SHARE

F1 – Share price development



The German stock market put on a very strong performance at the start of the year, though this was followed by significant corrections in the second quarter of 2015. Against a volatile backdrop, the DAX was down 8.5 % at the end of June after having reached a new all-time high just in April.

At the start of the quarter the stock markets were still clearly benefitting from the launch of the ECB's bond-buying programme and enjoyed strong price gains. As a result of the similarly dynamic development on the bond markets, bond yields fell to a record low, which provided additional stimulus for property stocks. As the quarter progressed, a sharp rise in bond yields from their lows had a negative impact on the stock market's performance. Furthermore, the debt crisis in Greece, the appreciation of the euro and economic concerns in China put pressure on the markets. Property stocks were also swept up by these general market trends and were influenced by interest rate developments especially. Taking the payment of the dividend into account, the price of LEG shares as at the end of the quarter was down 13.0 % in line with the peer group.

Capital increase

On 23 June 2015 LEG successfully implemented a capital increase in an accelerated book-building process, placing 1,196,344 new shares with international institutional investors at a price of EUR 61.54 per share. The transaction generated gross proceeds of EUR 73.6 million, which are being used to partially finance the acquisition of a property portfolio of around 3,500 residential units. The new shares will be entitled to dividends for the first time for the 2015 financial year.

Dividend payment

LEG's Annual General Meeting on 24 June 2015 accepted the proposal by the Management Board and the Supervisory Board to pay a dividend of EUR 1.96 per share for the 2014 financial year. This marks an increase of 13.3 % as against the previous year and a dividend yield of 3.2 % based on the closing price for 2014.

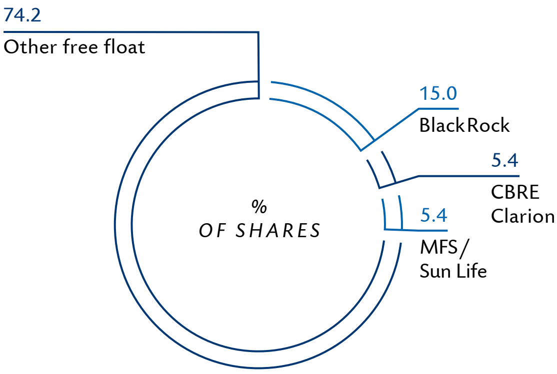
Analyst coverage

18 analysts at international investment companies are currently covering LEG's shares, thereby confirming the high level of interest among investors. Opinions on the future performance of LEG shares are mostly positive. The average figure for price targets as at 30 June 2015 was EUR 75. A current overview of analysts' recommendations and price targets can be found on LEG's website at www.leg-nrw.de/en/investor-relations/share/analysts-recommendation/.

T2 – Share performance indicators

Ticker symbol	**LEG**
German Securities Code Number (WKN)	**LEG111**
ISIN	**DE000LEG1110**
Number of shares	**58,259,788**
Initial listing	**1 February 2013**
Market segment	**Prime Standard**
Indices	**MDAX, FTSE EPRA/NAREIT, GPR Indizes, Stoxx Europe 600**
Closing price (30 June 2015)	**€62.32**
Market capitalisation (30 June 2015)	**€3,630.7 million**
Free float (30 June 2015)	**100 %**
Weighting in the MDAX (30 June 2015)	**2.43 %**
Weighting in the EPRA Europe (30 June 2015)	**1.91 %**
Average single-day trading volume (H1 2015)	**183,114 shares**
Highest price (H1 2015)	**€77.30**
Lowest price (H1 2015)	**€61.62**

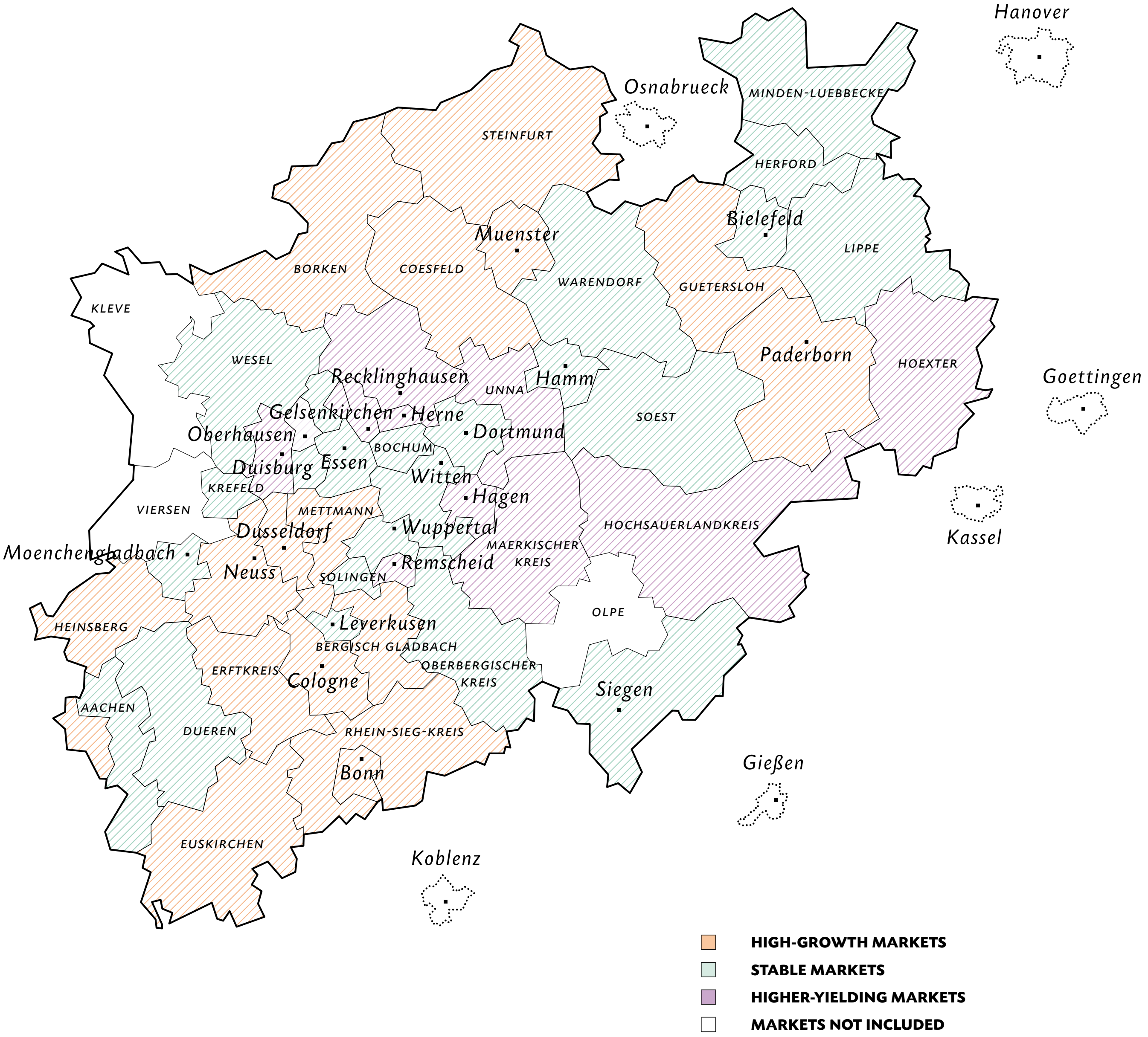
F2 – Shareholder structure



PORTFOLIO

As at 30 June 2015, LEG Immobilien AG's portfolio comprised 107,347 residential units, 1,059 commercial units and 26,648 garages and parking spaces. The assets are distributed across around 170 locations in North Rhine-Westphalia. The average apartment size is 64 square metres with three rooms. The average building has seven residential units across three storeys.

LEG in North Rhine-Westphalia by market segment



Portfolio segmentation

The LEG portfolio is divided into three market clusters using a scoring system developed by CBRE: growth markets, stable markets and higher-yielding markets. All 54 municipalities and districts of North Rhine-Westphalia were analysed. The portfolio is spread across the entire state with the exception of the Olpe, Kleve and Viersen districts.

Growth markets are characterised by a positive population trend, favourable forecasts for household numbers and sustained high demand for housing. Stable markets are more heterogeneous than growth markets in terms of their demographic and socioeconomic development; their housing industry appeal is on average solid to high. Higher-yielding markets are subject to a considerable risk of population decline. However, a strong local presence, attractive micro-locations and good market access mean there are still opportunities for attractive returns in these sub-markets.

The underlying indicators are based on the following demographic, socio-economic and real estate market data:

- Population trend 2000 to 2010
- Forecast for household numbers from 2010 to 2020
- Purchasing power index
- Number of people in employment and paying social security contributions 2000 to 2010
- Rent level in EUR per sqm
- Rent multiples for apartment buildings

The scoring model is updated on a three-yearly basis and was unchanged compared to the previous year.

Performance of the LEG portfolio

Operating performance (rents, vacancy rate)

In the second quarter of 2015, LEG's portfolio was expanded by a total of 801 residential units particularly in the high-growth and stable markets as a result of acquisitions. At the same time, 203 residential units were sold at individual locations for reasons of portfolio strategy. Other changes resulted in a portfolio of 107,347 residential units, 1,059 commercial units and 26,648 garages and parking spaces in the second quarter of 2015.

Organic rental growth continued to show a pleasing development. In-place rent per square metre on a like-for-like basis (excluding new lettings) increased by 2.6% year-on-year to EUR 5.20. Monthly in-place rent for the entire portfolio amounted to EUR 5.16 per square metre.

In the free-financed segment, rents increased by 3.5% year-on-year to EUR 5.51 per square metre (on a like-for-like basis) as of the end of the first six months. Rent in the high-growth markets rose by 3.6% compared with 30 June 2014 to EUR 6.28 per square metre (on a like-for-like basis). Rental growth of 3.2% to EUR 5.16 per square metre (on a like-for-like basis) was realised in the stable markets. In the higher-yielding markets, rents also saw extremely encouraging growth of 3.4% to EUR 5.00 per square metre (on a like-for-like basis).

In the rent-restricted portfolio, the average rent generated rose by 0.8% to EUR 4.66 per square metre (on a like-for-like basis).

The occupancy rate remained stable as against the previous year at 96.8% (on a like-for-like basis). In total, the number of vacant apartments as of 30 June 2015 amounted to 3,007 units (on a like-for-like basis), or 3,504 units (in absolute terms) taking acquisitions into account.

T3 – Portfolio segments – Top 3 locations

	30.06.2015				
	Number of LEG apartments	*Share of LEG portfolio %*	*Living space sqm*	*In-place rent €/sqm*	*Vacancy rate %*
HIGH-GROWTH MARKETS	**33,574**	**31.3**	**2,224,272**	**5.79**	**1.5**
District of Mettmann	8,242	7.7	571,051	5.78	1.7
Muenster	6,078	5.7	403,626	6.12	0.3
Dusseldorf	3,511	3.3	227,592	6.24	1.3
Other locations	15,743	14.7	1,022,004	5.55	2.0
STABLE MARKETS	**42,638**	**39.7**	**2,730,407**	**4.89**	**3.7**
Dortmund	12,547	11.7	820,747	4.78	2.2
Moenchengladbach	6,049	5.6	383,259	4.90	3.1
Hamm	3,974	3.7	239,782	4.70	1.9
Other locations	20,068	18.7	1,286,618	4.99	5.1
HIGHER-YIELDING MARKETS	**29,678**	**27.6**	**1,833,441**	**4.78**	**5.3**
District of Recklinghausen	6,555	6.1	408,695	4.82	7.2
Duisburg	5,894	5.5	365,828	5.01	5.0
Maerkisch District	4,679	4.4	287,067	4.58	2.9
Other locations	12,550	11.7	771,852	4.72	5.3
OUTSIDE NRW	**1,457**	**1.4**	**96,230**	**5.43**	**1.5**
TOTAL	**107,347**	**100.0**	**6,884,350**	**5.16**	**3.3**

T4 – Performance LEG portfolio

		High-growth markets			*Stable markets*		
		30.06.2015	*31.03.2015*	*30.06.2014*	**30.06.2015**	*31.03.2015*	*30.06.2014*
Subsidised residential units							
Units		11,574	11,171	11,266	15,273	15,440	14,141
Area	sqm	806,186	774,976	780,953	1,044,455	1,054,250	963,083
In-place rent	€/sqm	5.03	5.04	5.00	4.53	4.52	4.47
Vacancy rate	%	1.1	0.3	1.1	3.3	1.3	3.4
Free-financed residential units							
Units		22,000	21,640	20,413	27,365	27,368	21,085
Area	sqm	1,418,086	1,388,327	1,309,244	1,685,952	1,686,315	1,284,406
In-place rent	€/sqm	6.22	6.17	6.08	5.10	5.07	5.02
Vacancy rate	%	1.7	1.1	1.5	4.0	2.6	4.1
Total residential units							
Units		33,574	32,811	31,679	42,638	42,808	35,226
Area	sqm	2,224,272	2,163,302	2,090,198	2,730,407	2,740,556	2,247,490
In-place rent	€/sqm	5.79	5.77	5.67	4.89	4.86	4.78
Vacancy rate	%	1.5	1.4	1.3	3.7	3.8	3.8
Total commercial							
Units							
Area	sqm						
Total parking							
Units							
Total other							
Units							

	30.06.2014						
	Number of LEG apartments	*Share of LEG portfolio %*	*Living space sqm*	*In-place rent €/sqm*	*Vacancy rate %*	*Change in-place rent % like-for-like*	*Change (basis points) vacancy rate like-for-like (30.06.2015)*
	31,679	**33.1**	**2,090,198**	**5.67**	**1.3**	**2.6**	**0**
	8,092	8.4	560,966	5.67	1.7	2.5	0
	6,101	6.4	404,941	6.00	0.5	1.9	–20
	3,288	3.4	213,041	6.03	0.8	4.5	60
	14,198	14.8	911,249	5.44	1.7	2.6	10
	35,226	**36.8**	**2,247,490**	**4.78**	**3.8**	**2.3**	**–10**
	12,560	13.1	821,133	4.69	2.7	1.7	–50
	310	0.3	21,408	5.34	1.0	1.4	340
	3,975	4.2	239,894	4.57	2.8	3.0	–90
	18,381	19.2	1,165,054	4.88	4.9	2.6	40
	27,405	**28.6**	**1,687,288**	**4.67**	**5.0**	**2.6**	**30**
	6,569	6.9	410,314	4.69	7.0	2.7	30
	4,740	4.9	290,987	4.86	4.0	3.1	90
	4,412	4.6	269,730	4.54	2.7	2.0	0
	11,684	12.2	716,257	4.62	5.1	2.6	20
	1,473	**1.5**	**97,231**	**5.25**	**2.4**	**3.2**	**–90**
	95,783	**100.0**	**6,122,206**	**5.07**	**3.2**	**2.6**	**7**

		Higher-yielding markets			*Outside NRW*			*Total*		
		30.06.2015	*31.03.2015*	*30.06.2014*	**30.06.2015**	*31.03.2015*	*30.06.2014*	**30.06.2015**	*31.03.2015*	*30.06.2014*
		8,065	8,065	8,454	108	108	135	35,020	34,784	33,996
	sqm	536,442	536,442	560,222	8,824	8,824	10,997	2,395,908	2,374,493	2,315,256
	€/sqm	4.33	4.32	4.28	4.37	4.33	4.30	4.66	4.64	4.60
	%	5.4	1.4	4.9	0.8	0.0	0.0	2.9	0.9	2.9
		21,613	21,633	18,951	1,349	1,353	1,338	72,327	71,994	61,787
	sqm	1,296,999	1,299,016	1,127,065	87,405	87,656	86,234	4,488,442	4,461,314	3,806,950
	€/sqm	4.96	4.94	4.86	5.54	5.50	5.37	5.43	5.40	5.35
	%	5.3	3.7	5.0	1.6	1.3	2.6	3.4	2.3	3.3
		29,678	29,698	27,405	1,457	1,461	1,473	107,347	106,778	95,783
	sqm	1,833,441	1,835,459	1,687,288	96,230	96,480	97,231	6,884,350	6,835,807	6,122,206
	€/sqm	4.78	4.75	4.67	5.43	5.38	5.25	5.16	5.13	5.07
	%	5.3	5.1	5.0	1.5	1.3	2.4	3.3	3.3	3.2
								1,059	1,060	**1,001**
	sqm							**185,248**	185,599	**190,595**
								26,648	26,281	**23,148**
								1,307	1,254	**875**

The sustained level of demand in the high-growth markets was again reflected in a high occupancy rate of 98.7% (on a like-for-like basis). The EPRA vacancy rate in the stable markets amounted to 3.7% (on a like-for-like basis). The higher-yielding markets recorded an EPRA vacancy rate of 5.2% (on a like-for-like basis), but this figure is expected to decline throughout the rest of the year. All in all, 2015 is still expected to see an extremely low EPRA vacancy rate that is stable compared with the previous year (2014: 2.8%).

Value development

Table T5 shows the distribution of assets by market segment. The rental yield of the portfolio based on in-place rents is 7.3% (rent multiplier: EUR 13.8x).

Investment activity

In the first half of the year, LEG spent a total of EUR 38.8 million (previous year: EUR 34.8 million) on maintenance and value-adding investments eligible for capitalisation. This corresponds to an average investment volume of around EUR 5.5 per square metre (previous year: EUR 5.5 per square metre). EUR 16.0 million (previous year: EUR 16.2 million) of total investments in the first half of the year are related to capital expenditure, while maintenance recognised as an expense amounted to EUR 22.8 million (previous year: EUR 18.6 million).

The capitalisation rate in the first half of 2015 was 41.2% (previous year: 46.6%). A higher level of investment is forecast for the second half of the year. Investments of around EUR 15 per square metre are planned for the 2015 financial year. The capitalisation rate for the year as a whole is expected to be approximately 50%.

T5 – Market segments

	Residential units	*Residential assets € million*[1]	*Share residential assets / %*	*Value € / sqm*	*In-place rent multiplier*	*Commercial/ other assets € million*[2]	*Total assets € million*
HIGH GROWTH MARKETS	**33,574**	**2,368**	**42**	**1,110**	**16.1x**	**161**	**2,529**
District of Mettmann	8,242	575	10	1,008	14.8x	66	641
Muenster	6,078	532	9	1,320	18.0x	35	568
Dusseldorf	3,511	277	5	1,240	16.6x	19	296
Other locations	15,743	984	17	1,052	15.9x	41	1,024
STABLE MARKETS	**42,638**	**2,053**	**36**	**727**	**12.8x**	**111**	**2,164**
Dortmund	12,547	616	11	748	13.3x	35	651
Moenchengladbach	6,049	269	5	701	12.3x	22	291
Hamm	3,974	146	3	609	11.0x	3	150
Other locations	20,068	1,022	18	742	13.0x	51	1,073
HIGHER-YIELDING MARKETS	**29,678**	**1,172**	**21**	**639**	**11.8x**	**46**	**1,218**
District of Recklinghausen	6,555	277	5	645	12.1x	14	291
Duisburg	5,894	256	5	696	12.1x	10	266
Maerkisch District	4,679	166	3	577	10.8x	2	168
Other locations	12,550	473	8	632	11.7x	19	492
SUBTOTAL NRW	**105,890**	**5,593**	**98**	**824**	**13.8x**	**318**	**5,911**
Portfolio outside NRW	1,457	90	2	927	14.4x	1	91
TOTAL PORTFOLIO[3]	**107,347**	**5,683**	**100**	**825**	**13.8x**	**319**	**6,002**
Prepayments for property held as an investment property							111
Leasehold + land values							30
Inventories (IAS 2)							4
Finance lease (outside property valuation)							0
TOTAL BALANCE SHEET[4]							**6,147**

[1] Excluding 321 residential units in commercial buildings; including 263 commercial and other units in mixed residential assets.
[2] Excluding 263 commercial units in mixed residential assets; including 321 residential units in commercial buildings, commercial, parking, other assets as well as IAS 16 assets.
[3] For 9,574 acquisition residential units information included from the fair value measurement by CBRE as of 30 September 2014.
[4] Thereof assets held for sale: EUR 8.3 million.

INTERIM MANAGEMENT REPORT

ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Please see the glossary in the 2014 annual report for a definition of individual ratios and terms.

Results of operations

A condensed form of the income statement for the reporting period (1 January to 30 June 2015) and for the same period of the previous year (1 January to 30 June 2014) is provided below:

T6 – Condensed income statement

€million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Net rental and lease income	78.3	69.0	159.1	139.5
Net income from the disposal of investment properties	–0.1	–0.3	1.2	–0.3
Net income from the disposal of real estate inventory	0.7	–0.7	0.0	–1.6
Net income from other services	0.2	0.5	0.1	0.6
Administrative and other expenses	–10.9	–8.0	– 19.8	–16.8
Other income	0.2	0.1	0.4	0.2
OPERATING EARNINGS	**68.4**	**60.6**	**141.0**	**121.6**
Interest income	0.1	0.4	0.5	0.5
Interest expenses	–69.0	–31.0	–113.2	–61.0
Net income from investment securities and other equity investments	0.3	5.8	2.8	7.2
Net income from the fair value measurement of derivatives	16.4	12.5	–36.3	8.9
NET FINANCE EARNINGS	**–52.2**	**–12.3**	**–146.2**	**–44.4**
EARNINGS BEFORE INCOME TAXES	**16.2**	**48.3**	**–5.2**	**77.2**
Income taxes	3.9	–15.8	–5.1	–22.3
NET PROFIT OR LOSS FOR THE PERIOD	**20.1**	**32.5**	**–10.3**	**54.9**

Operating earnings amounted to EUR 141.0 million in the reporting period (previous year: EUR 121.6 million). The main reason for the EUR 19.4 million improvement in operating earnings was the increase in net cold rent (up EUR 25.8 million) in net rental and lease income. Disposals of investment properties for the purposes of selective portfolio streamlining contributed to the improvement in operating earnings with a net gain of EUR 1.2 million. Higher project costs and the expansion-related increase in current administrative expenses meant that administrative and other expenses were up EUR 3.0 million on the same period of the previous year.

The EUR 101.8 million deterioration in net finance earnings was primarily attributable to the refinancing (around EUR 44 million) and the change in the fair value of derivatives for the convertible bond (EUR 35.8 million).

The decrease in income taxes reflects in particular the lower level of expenses for deferred taxes (down EUR 11.7 million) and the fact that the prior-year figure included a non-recurring effect of EUR –6.1 million.

The non-recurring effects of the refinancing and the change in the fair value of derivatives for the convertible bond resulted in a net loss of EUR –10.3 million for the reporting period (previous year: EUR 54.9 million).

The condensed income statement for the reporting period for the purposes of segment reporting is as follows:

T7 – Segment reporting 01.01. – 30.06.2015

€million	*Residential*	*Other*	*Reconciliation*	*Group*
P&L position				
Rental and lease income	319.3	2.0	–1.0	320.3
Costs of sales in connection with rental lease income	–160.8	–1.8	1.4	–161.2
NET RENTAL AND LEASE INCOME	**158.5**	**0.2**	**0.4**	**159.1**
Net income from the disposal of IAS 40 property	1.3	–0.1	0.0	1.2
Net income from remeasurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	1.2	–1.2	–	–
Net income from other services	0.1	17.1	–17.1	0.1
Administrative and other expenses	–17.8	–18.7	16.7	–19.8
Other income	0.3	0.1	–	0.4
SEGMENT EARNINGS	**143.6**	**–2.6**	**–**	**141.0**

The Residential segment generated operating segment earnings of EUR 143.6 million in the reporting period. The Other segment recorded operating segment earnings of EUR –2.6 million.

The condensed income statement by segment for the comparative prior-year period is as follows:

T8 – Segment reporting 01.01. – 30.06.2014

€million	*Residential*	*Other*	*Reconciliation*	*Group*
P&L position				
Rental and lease income	283.6	3.2	–1.0	285.8
Costs of sales in connection with rental lease income	–146.0	–1.4	1.1	–146.3
NET RENTAL AND LEASE INCOME	**137.6**	**1.8**	**0.1**	**139.5**
Net income from the disposal of IAS 40 property	–0.2	–0.1	–	–0.3
Net income from remeasurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	–0.2	–1.4	–	–1.6
Net income from other services	0.2	14.0	–13.6	0.6
Administrative and other expenses	–15.6	–14.8	13.6	–16.8
Other income	0.2	–	–	0.2
SEGMENT EARNINGS	**122.0**	**–0.5**	**0.1**	**121.6**

The Residential segment generated operating segment earnings of EUR 122.0 million in the comparative prior-year period, while the Other segment recorded operating segment earnings of EUR –0.5 million.

Income from LEG Management GmbH's business management contracts with portfolio companies in the Residential segment accounts for the largest share of income in the Other segment. The resulting income in the Other segment and the corresponding expenses in the Residential segment are intragroup items and are eliminated in the "Reconciliation" column.

Intragroup transactions between the segments are conducted at arm's length conditions.

Net rental and lease income

T9 – Net rental and lease income

€million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Net cold rent	107.5	94.7	214.8	189.0
Profit from operating expenses	–0.3	0.0	–1.8	0.3
Maintenance	–12.9	–10.3	–22.8	–18.6
Staff costs	–9.4	–8.3	–18.8	–16.7
Allowances on rent receivables	–1.5	–1.3	–3.3	–2.4
Depreciation and amortisation expenses	–1.0	–1.1	–2.2	–2.1
Other	–4.1	–4.7	–6.8	–10.0
NET RENTAL AND LEASE INCOME	**78.3**	**69.0**	**159.1**	**139.5**
NET OPERATING INCOME – MARGIN (IN %)	**72.8**	**72.9**	**74.1**	**73.8**

In the reporting period, the LEG Group increased its net rental and lease income by EUR 19.6 million compared with the same period of the previous year. The main driver of this development was the EUR 25.8 million or 13.7% rise in net cold rent. In-place rent per square metre on a like-for-like basis rose by +2.6% as against the previous year. The growing earnings contribution from multimedia business also had a positive impact on earnings. This was offset by a EUR 4.2 million increase in maintenance expenses.

Volume-dependent management costs rose as a result of the acquisitions. The rental-related staff costs rose disproportionately to sales by 12.6% to EUR 18.8 million. The NOI margin further increased due to positive scale effects.

The LEG Group makes selective investments in its assets. However, investments as a whole may be subject to significant fluctuations during the course of the year. At EUR 38.8 million, total investment to date was EUR 4.0 million higher than in the comparative prior-year period due to the portfolio growth. The level of investments remained constant in relation to the average rental space in the portfolio. The newly acquired portfolios accounted for EUR 3.7 million of total investment.

T10 – Maintenance and modernisation of investment properties

€million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Maintenance expenses for investment properties	12.9	10.3	22.8	18.6
Capital expenditure	10.2	7.9	16.0	16.2
TOTAL INVESTMENT	**23.1**	**18.2**	**38.8**	**34.8**
Area of investment properties in million sqm	7.03	6.30	7.03	6.30
AVERAGE INVESTMENT PER SQM (€/SQM)	**3.3**	**2.9**	**5.5**	**5.5**

In line with planning, the average total investment and, in particular, the planned modernisation and major maintenance measures will increase significantly in the course of the fiscal year. The planned investment volume for 2015 as a whole is around EUR 15 per square metre and around EUR 114 million in total. The capitalisation rate for 2015 as a whole is expected to be approximately 50%.

Compliance with the social charter requirements regarding the minimum investment volume is ensured.

Net income from the disposal of investment properties

T11 – Net income from the disposal of investment properties

€million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Income from the disposal of investment properties	9.5	17.6	58.0	20.1
Carrying amount of the disposal of investment properties	–9.4	–17.6	–56.4	–19.9
Costs of sales of investment properties sold	–0.2	–0.3	–0.4	–0.5
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**–0.1**	**–0.3**	**1.2**	**–0.3**

In connection with the acquisition of the Vitus Group with effect from 1 November 2014, the exchange of properties at the respective peripheral locations was agreed with the seller, Deutsche Annington. As a result, the LEG Group sold properties with a carrying amount of EUR 24.5 million with effect from 1 January 2015. At the same time, it acquired properties in the amount of EUR 16.1 million at the same date.

Additional investment properties were sold in the reporting period for the purposes of selective portfolio streamlining. Block sales resulted in a book gain of EUR 0.6 million (sales receipts EUR 17.3 million, carrying amount disposals EUR 16.7 million), while individual sales contributed a book gain of EUR 1.0 million (sales receipts EUR 8.2 million, carrying amount disposals EUR 7.2 million) to net income from the disposal of investment properties.

In addition, a commercial property with a carrying amount of EUR 8.0 million was sold in the reporting period.

The costs of sales remained unchanged as against the previous year.

Net income from the disposal of real estate inventory

T12 – Net income from the disposal of real estate inventory

€million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Income from the real estate inventory disposed of	0.2	3.6	0.4	3.9
Carrying amount of the real estate inventory disposed of	–0.1	–3.5	–0.2	–3.7
Cost of sales of the real estate inventory disposed of	0.6	–0.8	–0.2	–1.8
NET INCOME FROM THE DISPOSAL OF REAL ESTATE INVENTORY	**0.7**	**–0.7**	**0.0**	**–1.6**

The sale of the remaining properties of the former "Development" division continued as planned in the reporting period.

The remaining real estate inventory held as of 30 June 2015 amounted to EUR 4.0 million, of which EUR 2.6 million related to land under development.

As a result of further staff savings, the costs of sales in connection with the disposal of inventory properties was EUR 0.2 million lower than in the same period of the previous year. In addition, the release of a provision for a development project that has now been completed had a positive impact of EUR 1.2 million on the costs of sales.

Net income from other service

T13 – Other services

€million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Income from other services	2.5	2.3	4.0	4.6
Expenses in connection with other services	–2.3	–1.8	–3.9	–4.0
NET INCOME FROM OTHER SERVICES	**0.2**	**0.5**	**0.1**	**0.6**

Net income from other services primarily includes income from electricity and heat fed into the grid, as well as IT services for third parties.

The reduction in income is due to the lower level of electricity generation as a result of the temporary closure of a plant for maintenance.

Administrative and other expenses

T14 – Administrative and other expenses

€million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Other operating expenses	–4.3	–2.0	–7.1	–4.4
Staff costs	–5.9	–5.3	–11.2	–11.0
Purchased services	–0.2	–0.2	–0.5	–0.4
Depreciation and amortisation	–0.5	–0.5	–1.0	–1.0
ADMINISTRATIVE AND OTHER EXPENSES	**–10.9**	**–8.0**	**–19.8**	**–16.8**

Administrative and other expenses increased by EUR 3.0 million year-on-year.

Increased project costs (EUR +1.3 million) led to a higher level of other operating expenses compared with the previous year. Expenses for the long-term incentive (LTI) programme with the former shareholders were EUR 0.5 million lower in the reporting period.

Driven by a number of non-recurring factors and the consolidation of new companies, current administrative expenses increased as planned to EUR 16.7 million (previous year: EUR 14.8 million) and were thus within the range assumed as a basis for the FFO forecast.

Net finance earnings

T15 – Net finance earnings

€million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Interest income	0.1	0.4	0.5	0.5
Interest expenses	–69.0	–31.0	–113.2	–61.0
NET INTEREST INCOME	**–68.9**	**–30.6**	**–112.7**	**–60.5**
Net income from other financial assets and other investments	0.3	5.8	2.8	7.2
Net income from the fair value measurement of derivatives	16.4	12.5	–36.3	8.9
NET FINANCE EARNINGS	**–52.2**	**–12.3**	**–146.2**	**–44.4**

The increase in interest expenses from EUR 61.0 million in the previous year to EUR 113.2 million in the reporting period is attributable primarily to the refinancing.

Refinancing expenses amounted to around EUR 44 million in the reporting period, of which EUR 6.6 million related to prepayment penalties for the replacement of the fixed-rate loans. Around EUR 37 million was attributable to the release of the interest rate swaps concluded to hedge the variable-interest loans, which were recognised as hedging instruments. These were already recognised at fair value in other liabilities and were reclassified from other comprehensive income (OCI) to the income statement, meaning that they did not have any effect on equity.

Interest expenses from loan amortisation rose by EUR 10.3 million year-on-year. This includes the measurement of the convertible bond at amortised cost in the amount of EUR 3.2 million (previous year: EUR 1.7 million). The early repayment of refinanced loans led to additional amortisation costs of EUR 6.0 million.

After adjustment for prepayment penalties and other items, cash interest expenses fell to EUR 45.9 million (previous year: EUR 46.7 million) as a result of the lower interest rates.

The decline in net income from other financial assets and other investments is primarily due to the former shareholder's reimbursement of payments of income tax arrears for external tax audits for the years 2005 to 2008 in the amount of EUR 5.7 million in the same period of the previous year. In the reporting period, payments of VAT arrears for external tax audits for the years 2005 to 2007 were reimbursed by the former shareholder in the amount of EUR 1.0 million. Provisions had already been recognised for the expected payments of VAT arrears in previous years.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of derivatives from the convertible bond in the amount of EUR 35.8 million.

As a result of the refinancing process, the average interest rate for the entire loan portfolio declined to 2.3% (previous year: 2.9%) based on an average term of around 11 years.

Income tax expenses

T 16 – Income tax expenses

€ million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Current tax expenses	0.0	–6.5	–1.1	–6.6
Deferred tax expenses	3.9	–9.3	–4.0	–15.7
Income tax expenses	**3.9**	**–15.8**	**–5.1**	**–22.3**

An effective Group tax rate of 24.9% was assumed in the reporting period in accordance with Group tax planning (previous year: 21.3%).

The refinancing is expected to lead to an increase in tax loss carryforwards. Accordingly, deferred tax income of EUR 3.6 million was recognised in the reporting period (previous year: deferred tax expense of EUR 0.9 million).

The lower level of earnings before taxes also contributed to the decline in deferred income tax expense from EUR 15.7 million in the same period of the previous year to EUR 4.0 million in the reporting period.

Current income taxes at the interim reporting date included prior-period tax expenses of EUR 1.0 million. In the same period of the previous year, a non-recurring expense of EUR 6.1 million was recognised for payments of income tax arrears from external audits for the years 2005 to 2008.

Reconciliation to FFO

FFO I is a key financial performance indicator of the LEG Group. The LEG Group distinguishes between FFO I (not including net income from the disposal of investment properties), FFO II (including net income from the disposal of investment properties) and AFFO (FFO I adjusted for capex). The calculation methods for these key performance indicators can be found in the glossary in the annual report.

FFO I, FFO II and AFFO were calculated as follows in the reporting period and the same period of the previous year:

T17 – Calculation of FFO I, FFO II and AFFO

€million	**Q2 2015**	*Q2 2014*	**01.01.– 30.06.2015**	*01.01.– 30.06.2014*
Net cold rent	107.5	94.7	214.8	189.0
Profit from operating expenses	–0.3	0.0	–1.8	0.3
Maintenance	–12.9	–10.3	–22.8	–18.6
Staff costs	–9.4	–8.3	–18.8	–16.7
Allowances on rent receivables	–1.5	–1.3	–3.3	–2.4
Other	–4.1	–4.7	–6.8	–10.0
Non-recurring project costs (rental and lease)	1.0	0.3	1.2	0.5
CURRENT NET RENTAL AND LEASE INCOME	**80.3**	**70.4**	**162.5**	**142.1**
CURRENT NET INCOME FROM OTHER SERVICES	**0.8**	**1.0**	**1.2**	**1.7**
Staff costs	–5.9	–5.3	–11.2	–11.0
Non-staff operating costs	–4.5	–2.2	–7.6	–4.8
LTIP (long-term incentive programme)	0.0	0.3	0.1	0.6
Non-recurring project costs (admin.)	1.2	0.2	1.6	0.3
Extraordinary and prior-period expenses	0.4	0.0	0.4	0.1
CURRENT ADMINISTRATIVE EXPENSES	**–8.8**	**–7.0**	**–16.7**	**–14.8**
Other income and expenses	0.2	0.1	0.4	0.2
ADJUSTED EBITDA	**72.5**	**64.5**	**147.4**	**129.2**
Cash interest expenses and income	–22.6	–23.1	–45.9	–46.7
Cash income taxes	0.1	–0.8	–0.1	–0.9
FFO I (NOT INCLUDING DISPOSAL OF INVESTMENT PROPERTY)	**50.0**	**40.6**	**101.4**	**81.6**
Net income from the disposal of investment properties	–0.1	–0.3	1.2	–0.3
FFO II (INCL. DISPOSAL OF INVESTMENT PROPERTIES)	**49.9**	**40.3**	**102.6**	**81.3**
Capex	–10.2	–7.9	–16.0	–16.2
CAPEX-ADJUSTED FFO I (AFFO)	**39.8**	**32.7**	**85.4**	**65.4**

At EUR 101.4 million, FFO I was 24.3% higher in the reporting period than in the same period of the previous year (EUR 81.6 million). In particular, this development reflects the rise in net cold rent including the effects of the acquisitions conducted and the higher FFO contribution from the multimedia business, which is partially offset by the EUR 4.2 million rise in maintenance expenses. A further increase in maintenance expenses is expected in the remainder of the 2015 fiscal year.

EPRA earnings per share (EPS)

The following table shows earnings per share according to the best practice recommendations by EPRA (European Public Real Estate Association):

T18 – EPRA earnings per share (EPS)

€million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
NET PROFIT OR LOSS FOR THE PERIOD	**20.1**	**32.5**	**–10.3**	**54.9**
Changes in value of investment properties	–	–	–	–
Profits or losses on disposal of investment properties, development properties held for investment, other interests and sales of trading properties including impairment charges in respect of trading properties	–0.5	1.0	–1.2	1.9
Tax on profits or losses on disposals	–1.6	–0.7	–0.7	–0.7
Changes in fair value of financial instruments and associated close-out costs	–16.4	–12.5	36.3	–8.9
Acquisition costs on share deals and non-controlling joint venture interests	0.2	–	0.3	–
Deferred tax in respect of EPRA adjustments	26.0	3.4	35.0	13.3
Refinancing expenses	–0.4	–	12.6	–
Non-controlling interests in respect of the above	0.8	0.1	0.8	0.0
EPRA EARNINGS	**28.2**	**23.8**	**72.8**	**60.5**
EPRA earnings per share (EPS)				
Weighted average number of shares outstanding	57,156,493	52,963,444	57,109,968	52,963,444
EPRA earnings per share (undiluted) in €	0.49	0.45	1.27	1.14
Potentially diluted shares	5,134,199	2,268,319	5,134,199	1,134,160
Interest coupon on convertible bond	0.3	0.3	0.6	0.3
Amortisation expenses convertible bond after taxes	1.2	1.3	2.4	1.3
EPRA EARNINGS (DILUTED)	29.7	25.4	75.7	62.1
Number of diluted shares	**62,290,692**	**55,231,763**	**62,244,167**	**54,097,604**
EPRA EARNINGS PER SHARE (DILUTED) IN €	**0.48**	**0.46**	**1.22**	**1.15**

Net assets (condensed statement of financial position)

The condensed statement of financial position is as follows:

T19 – Condensed statement of financial position

€million	**30.06.2015**	*31.12.2014*
Investment properties	6,000.9	5,914.3
Prepayments for investment properties	111.4	16.8
Other non-current assets	141.3	155.8
Non-current assets	6,253.6	6,086.9
Receivables and other assets	73.7	35.9
Cash and cash equivalents	247.5	129.9
Current assets	321.2	165.8
Assets held for sale	8.3	58.4
TOTAL ASSETS	**6,583.1**	**6,311.1**
Equity	2,447.5	2,491.6
Non-current financing liabilities	2,643.5	2,546.5
Other non-current liabilities	602.0	612.3
Non-current liabilities	3,245.5	3,158.8
Current financing liabilities	626.7	413.8
Other current liabilities	263.4	246.9
Current liabilities	890.1	660.7
TOTAL EQUITY AND LIABILITIES	**6,583.1**	**6,311.1**

At EUR 6,253.6 million, non-current assets are the largest item on the asset side of the statement of financial position. The main assets of the LEG Group are its investment properties, which amounted to EUR 6,000.9 million as of 30 June 2015 (31 December 2014: EUR 5,914.3 million). This corresponds to 91.2% of total assets at the reporting date (31 December 2014: 93.7%).

The purchase prices for the swap transaction concluded with Deutsche Annington in connection with the Vitus acquisition were already paid as of 31 December 2014. Accordingly, EUR 24.5 million of assets held for sale and advanced payments received (other liabilities) and EUR 16.8 million of advanced payments for investment properties were recognised as of 31 December 2014. On completion of the swap transaction on 1 January 2015, these items were eliminated not affecting profit or loss.

As of 30 June 2015, prepayments for investment properties primarily consisted of the purchase price paid for a portfolio of around 2,400 residential units that was closed on 1 July 2015.

The increase in receivables and other assets was attributable to prepaid operating cost discounts for the second half of 2015 (EUR 26.8 million) and the first-time recognition in 2015 of the real estate transfer tax expense for the remainder of the fiscal year as work in progress (EUR 7.4 million).

Cash and cash equivalents increased by EUR 117.6 million as against the reporting date to EUR 247.5 million. This development was due mainly to the refinancing (net amount EUR 245.0 million), the capital increase (EUR 72.9 million), receipts from property sales (EUR 31.0 million) and cash flow from operating activities in the amount of EUR 68.2 million. This was offset by the dividend distribution (EUR –111.8 million) and payments for acquisitions and capex measures (EUR –185.0 million).

The main items on the equity and liabilities side are the reported equity of EUR 2,447.5 million (31 December 2014: EUR 2,491.6 million) and financing liabilities in the amount of EUR 3,270.2 million (31 December 2014: EUR 2,960.3 million). Loans of around EUR 0.8 billion were repaid as part of the refinancing. Disbursements of refinanced loans and acquisition financing served to increase financing liabilities by around EUR 1.1 billion, on balance leading to an increase of financing liabilities of about EUR 0.3 billion.

In addition, the refinancing also involved the reclassification to profit or loss and subsequent derecognition of the negative fair value of derivatives (primarily in other non-current liabilities) in the amount of around EUR 37 million. 39.8 million is recognised in other liabilities for potential obligations as the writer of put options (of which EUR 38.7 million is non-current). Deferred tax liabilities also accounted for EUR 7.6 million of the increase in other non-current liabilities.

The main drivers for the slight temporary reduction in equity were the negative non-recurring effects impacting the net profit for the period (EUR –10.3 million), the dividend distribution (EUR –111.8 million) and liabilities for put options (EUR 39.8 million). The capital increase (EUR 72.9 million) and gains from the fair value measurement of effective interest rate derivatives reported in other comprehensive income (EUR 36.5 million) had a positive effect.

Net asset value (NAV)

A further performance indicator relevant to property management is NAV. The calculation method for the respective indicator can be found in the glossary in the 2014 annual report.

The LEG Group reported basic EPRA NAV of EUR 2,969.8 million as of 30 June 2015. The effects of the possible conversion of the convertible bond are shown by the additional calculation of diluted EPRA NAV. After further adjustment for goodwill effects adjusted diluted EPRA NAV amounted to EUR 3,303.8 million at the reporting date.

T20 – EPRA NAV

€million	**30.06.2015 undiluted**	**30.06.2015 Effect of exercise of convertible**	**30.06.2015 diluted**	*31.12.2014 undiluted*	*31.12.2014 Effect of exercise of convertible*	*31.12.2014 diluted*
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	2,432.6	–	2,432.6	2,477.3	–	2,477.3
NON-CONTROLLING INTERESTS	14.9	–	14.9	14.3	–	14.3
EQUITY	**2,447.5**	**–**	**2,447.5**	**2,491.6**	**–**	**2,491.6**
Effect of exercise of options, convertibles and other equity interests	–	359.9	359.9	–	308.7	308.7
NAV	**2,432.6**	**359.9**	**2,792.5**	**2,477.3**	**308.7**	**2,786.0**
Fair value measurement of derivative financial instruments	119.3	–	119.3	136.1	–	136.1
Deferred taxes on WFA loans and derivatives	42.5	–	42.5	32.2	–	32.2
Deferred taxes on investment property	411.1	–	411.1	376.0	–	376.0
Goodwill resulting from deferred taxes on investment property	–35.7	–	–35.7	–35.7	–	–35.7
EPRA NAV	**2,969.8**	**359.9**	**3,329.7**	**2,985.9**	**308.7**	**3,294.6**
NUMBER OF SHARES	**58,259,788**	**5,134,199**	**63,393,987**	**57,063,444**	**4,979,236**	**62,042,680**
EPRA NAV PER SHARE	**50.98**	**–**	**52.52**	**52.33**	**–**	**53.10**
EPRA NAV	2,969.8	359.9	3,329.7	2,985.9	308.7	3,294.6
Goodwill resulting from synergies	25.9	–	25.9	25.9	–	25.9
ADJUSTED EPRA NAV (W/O EFFECTS FROM GOODWILL)	**2,943.9**	**359.9**	**3,303.8**	**2,960.0**	**308.7**	**3,268.7**
NUMBER OF SHARES	**58,259,788**	**5,134,199**	**63,393,987**	**57,063,444**	**4,979,236**	**62,042,680**
ADJUSTED EPRA NAV PER SHARE	**50.53**	**–**	**52.12**	**51.87**	**–**	**52.69**
EPRA NAV	2,969.8	359.9	3,329.7	2,985.9	308.7	3,294.6
Fair value measurement of derivative financial instruments	–119.3	–	–119.3	–136.1	–	–136.1
Deferred taxes on WFA loans and derivatives	–42.5	–	–42.5	–32.2	–	–32.2
Deferred taxes on investment property	–411.1	–	–411.1	–376.0	–	–376.0
Goodwill resulting from deferred taxes on investment property	35.7	–	35.7	35.7	–	35.7
Fair value measurement of financing liabilities	–326.5	–	–326.5	–374.5	–	–374.5
Valuation uplift resulting from FV measurement financing liabilities	124.8	–	124.8	124.8	–	124.8
EPRA NNNAV	**2,230.9**	**359.9**	**2,590.8**	**2,227.6**	**308.7**	**2,536.3**
NUMBER OF SHARES	**58,259,788**	**5,134,199**	**63,393,987**	**57,063,444**	**4,979,236**	**62,042,680**
EPRA NNNAV per share	**38.29**	**–**	**40.87**	**39.04**	**–**	**40.89**

Loan-to-value ratio (LTV)

Net debt in relation to property assets rose slightly in the reporting period compared with 31 December 2014 as a result of acquisitions, dividend payment, and the concluded refinancing. The loan-to-value ratio (LTV) therefore amounted to 49.4% (31 December 2014: 47.3%).

T21 – Loan-to-value ratio

€million	**30.06.2015**	*31.12.2014*
Financing liabilities	3,270.2	2,960.3
less cash and cash equivalents	247.5	129.9
NET FINANCING LIABILITIES	**3,022.7**	**2,830.4**
Investment properties	6,000.9	5,914.3
Assets held for sale	8.3	58.4
Prepayments for investment properties	111.4	16.8
REAL ESTATE ASSETS	**6,120.6**	**5,989.5**
LOAN TO VALUE RATIO (LTV) IN %	**49.4**	**47.3**

Financial position

A net profit of EUR –10.3 million was generated in the reporting period (previous year: 54.9 million). Equity amounted to EUR 2,447.5 million at the reporting date (31 December 2014: EUR 2,491.6 million). This corresponds to an equity ratio of 37.2% (31 December 2014: 39.5%).

A condensed form of the LEG Group’s statement of cash flows for the reporting period is shown below:

T22 – Statement of cash flows

€million	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Cash flow from operating activities	68.2	53.5
Cash flow from investing activities	–160.1	–68.1
Cash flow from financing activities	209.5	204.2
CHANGE IN CASH AND CASH EQUIVALENTS	**117.6**	**189.6**

Higher receipts of net cold rent also had a positive impact on the net cash flow from operating activities in the reporting period.

Acquisitions and modernisation work on the existing portfolio contributed to the net cash flow from investing activities with payments in the amount of EUR –185.0 million. Furthermore, receipts from property disposals in the amount of EUR 31.0 million resulted in a net cash flow from investing activities of EUR –160.1 million.

The refinancing contributed to the net cash flow from financing activities in the reporting period in the form of repayments of bank loans (EUR –846.1 million) and, offsetting this amount, new loan disbursements of EUR 1,091.1 million. The dividend distribution in the reporting period was 20.2 million higher than in the same period of the previous year (EUR 91.6 million).

In the reporting period, the capital increase contributed EUR 72.9 million to the positive net cash flow from financing activities, whereas the issue of the convertible bond accounted for EUR 296.1 million in the same period of the previous year.

The LEG Group’s solvency was ensured at all times in the reporting period.

SUPPLEMENTARY REPORT

A. Refinancing

In the third quarter, additional loans with a volume of around EUR 145 million will be restructured as part of LEG's refinancing. This means that the total announced refinancing volume of around EUR 898 million will be finalised and new loans totalling around EUR 984 million will be concluded. The increases are to be used for settling prepayments and other transaction costs, for investment loans that are being discontinued as part of the refinancing, and for general corporate financing. As a result, average financing costs have fallen to just under 2.3%, while the average debt maturity of the total portfolio has increased to around 11 years. The planned effects on earnings will be fully visible in 2016. The refinancing entails non-recurring costs of around EUR 51 million.

B. Acquisitions

The acquisition of a property portfolio of around 2,037 residential units was notarised on 11 August 2015. The portfolio generates annual net in-place rent of around EUR 7.7 million. The average in-place rent is around EUR 5.04 per square metre and the initial vacancy rate is around 6.7%. The transaction is expected to be closed as at 1 January 2016.

There were no other significant events after the end of the interim reporting period on 30 June 2015.

RISK AND OPPORTUNITY REPORT

The risks and opportunities faced by LEG in its operating activities were described in detail in the 2014 annual report. To date, no further risks that would lead to a different assessment have arisen or become discernible in the fiscal year 2015.

FORECAST REPORT

Based on its business performance in the first half of 2015, LEG believes that it is well positioned to achieve – and in some cases surpass – its goals for 2015 and 2016.

In light of the positive business performance and the acquisitions concluded, the target figures for FFO I have been raised. LEG now expects to record FFO I of EUR 200–204 million in the 2015 fiscal year, corresponding to FFO I per share of EUR 3.47–3.54. For 2016, a further increase in FFO I to EUR 233–238 million in total, or EUR 4.00–4.09 per share, is anticipated. The original forecast for FFO I was in a range of EUR 195–200 million (EUR 3.42–3.50 per share) for the 2015 fiscal year and EUR 223–227 million (EUR 3.91–3.98 per share) for the 2016 fiscal year. These figures do not yet include any effects from planned future acquisitions.

In addition, LEG is planning for rental growth per square metre of 2.4%–2.6% on a like-for-like basis (previously 2.3%–2.5%). The occupancy rate is expected to reach at least the previous year's level by the end of the year as a result of the anticipated vacancy reduction. Investments in the portfolio are also set to increase over the course of the year, meaning that the investment target for 2015 of around EUR 15 per square metre remains unchanged.

Value-enhancing acquisitions will remain a key element of the business model. Around 6,300 residential units were acquired in total in the first half of 2015, thereby already exceeding the target for the year as a whole of at least 5,000 residential units.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T23 – Consolidated statement of financial position
Assets

€ million	**30.06.2015**	*31.12.2014*
Non-current assets	**6,253.6**	**6,086.9**
Investment properties	6,000.9	5,914.3
Prepayments for investment properties	111.4	16.8
Property, plant and equipment	59.1	64.6
Intangible assets	64.0	64.7
Investments in associates	8.9	8.9
Other financial assets	2.8	2.4
Receivables and other assets	2.0	2.5
Deferred tax assets	4.5	12.7
Current assets	**321.2**	**165.8**
Real estate inventory and other inventory	12.4	6.2
Receivables and other assets	60.0	27.1
Income tax receivables	1.3	2.6
Cash and cash equivalents	247.5	129.9
Assets held for sale	**8.3**	**58.4**
TOTAL ASSETS	**6,583.1**	**6,311.1**

Equity and liabilities

€ million	**30.06.2015**	*31.12.2014*
Equity	**2,447.5**	**2,491.6**
Share capital	58.3	57.1
Capital reserves	650.7	578.9
Cumulative other reserves	1,723.6	1,841.3
Equity attributable to shareholders of the parent company	2,432.6	2,477.3
Non-controlling interests	14.9	14.3
Non-current liabilities	**3,245.5**	**3,158.8**
Pension provisions	158.1	158.3
Other provisions	12.9	14.6
Financing liabilities	2,643.5	2,546.5
Other liabilities	98.0	114.6
Tax liabilities	17.0	16.5
Deferred tax liabilities	316.0	308.3
Current liabilities	**890.1**	**660.7**
Pension provisions	5.6	6.3
Other provisions	15.3	17.5
Provisions for taxes	0.4	0.4
Financing liabilities	626.7	413.8
Other liabilities	226.1	206.1
Tax liabilities	16.0	16.6
TOTAL EQUITY AND LIABILITIES	**6,583.1**	**6,311.1**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

T24 – Consolidated statement of comprehensive income

€ million	**Q2 2015**	*Q2 2014*	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Net rental and lease income	**78.3**	**69.0**	**159.1**	**139.5**
Rental and lease income	160.4	143.7	320.3	285.8
Cost of sales in connection with rental lease income	–82.1	–74.7	–161.2	–146.3
Net income from the disposal of investment properties	**–0.1**	**–0.3**	**1.2**	**–0.3**
Income from the disposal of investment properties	9.5	17.6	58.0	20.1
Carrying amount of the disposal of investment properties	–9.4	–17.6	–56.4	–19.9
Cost of sales in connection with disposed investment properties	–0.2	–0.3	–0.4	–0.5
Net income from the disposal of real estate inventory	**0.7**	**–0.7**	**0.0**	**–1.6**
Income from the real estate inventory disposed of	0.2	3.6	0.4	3.9
Carrying amount of the real estate inventory disposed of	–0.1	–3.5	–0.2	–3.7
Costs of sales of the real estate inventory disposed of	0.6	–0.8	–0.2	–1.8
Net income from other services	**0.2**	**0.5**	**0.1**	**0.6**
Income from other services	2.5	2.3	4.0	4.6
Expenses in connection with other services	–2.3	–1.8	–3.9	–4.0
Administrative and other expenses	**–10.9**	**–8.0**	**–19.8**	**–16.8**
Other income and expenses	**0.2**	**0.1**	**0.4**	**0.2**
OPERATING EARNINGS	**68.4**	**60.6**	**141.0**	**121.6**
Interest income	0.1	0.4	0.5	0.5
Interest expenses	–69.0	–31.0	–113.2	–61.0
Net income from investment securities and other equity investments	0.3	5.8	2.8	7.2
Net income from the fair value measurement of derivatives	16.4	12.5	–36.3	8.9
EARNINGS BEFORE INCOME TAXES	**16.2**	**48.3**	**–5.2**	**77.2**
Income taxes	3.9	–15.8	–5.1	–22.3
NET PROFIT OR LOSS FOR THE PERIOD	**20.1**	**32.5**	**–10.3**	**54.9**
Change in amounts recognised directly in equity				
Thereof recycling				
Fair value adjustment of interest rate derivatives in hedges	**35.6**	**–11.8**	**36.5**	**–22.8**
Change in unrealised gains/(losses)	47.2	–16.0	48.3	–30.9
Income taxes on amounts recognised directly in equity	–11.6	4.2	–11.8	8.1
TOTAL COMPREHENSIVE INCOME	**55.7**	**20.7**	**26.2**	**32.1**
Net profit or loss for the period attributable to:				
Non-controlling interests	0.1	0.2	0.1	0.3
Parent shareholders	20.0	32.3	–10.4	54.6
Total comprehensive income attributable to:				
Non-controlling interests	0.1	0.1	0.1	0.1
Parent shareholders	55.6	20.6	26.1	32.0
EARNINGS PER SHARE (BASIC/DILUTED) IN €	**0.35**	**0.61**	**–0.18**	**1.03**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

T25 – Statement of changes in consolidated equity

			Cumulative other reserves					
€ million	Share capital	Capital reserves	Revenue reserves	Actuarial gains and losses from the measurement of pension obligations	Fair value adjustment of interest derivatives in hedges	Equity attributable to shareholders of the Group	Noncontrolling interests	Consolidated equity
AS OF 01.01.2014	**53.0**	**440.9**	**1,805.9**	**–16.6**	**–34.4**	**2,248.8**	**27.3**	**2,276.1**
Net profit or loss for the period	–	–	54.6	–	–	54.6	0.3	54.9
Other comprehensive income	–	–	–	–	–22.6	–22.6	–0.2	–22.8
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**54.6**	**–**	**–22.6**	**32.0**	**0.1**	**32.1**
Change in consolidated companies	–	–	–	–	–	–	–	–
Capital increase	–	–	–	–	–	–	0.2	0.2
Withdrawals from reserves	–	–	–	–	–	–	–	–
Distributions	–	–	–91.6	–	–	–91.6	–	–91.6
Contribution in connection with Management and Supervisory Board	–	0.6	–	–	–	0.6	–	0.6
AS OF 30.06.2014	**53.0**	**441.5**	**1,768.9**	**–16.6**	**–57.0**	**2,189.8**	**27.6**	**2,217.4**
AS OF 01.01.2015	**57.1**	**578.9**	**1,944.9**	**–38.5**	**–65.1**	**2,477.3**	**14.3**	**2,491.6**
Net profit or loss for the period	–	–	–10.4	–	–	–10.4	0.1	–10.3
Other comprehensive income	–	–	–	–	36.5	36.5	–	36.5
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–10.4**	**–**	**36.5**	**26.1**	**0.1**	**26.2**
Change in consolidated companies	–	–	–	–	–	–	0.2	0.2
Capital increase	1.2	71.7	8.0	–	–	80.9	0.3	81.2
Withdrawals from reserves	–	–	–39.9	–	–	–39.9	–	–39.9
Distributions	–	–	–111.9	–	–	–111.9	–	–111.9
Contribution in connection with Management and Supervisory Board	–	0.1	–	–	–	0.1	–	0.1
AS OF 30.06.2015	**58.3**	**650.7**	**1,790.7**	**–38.5**	**–28.6**	**2,432.6**	**14.9**	**2,447.5**

CONSOLIDATED STATEMENT OF CASH FLOWS

T26 – Consolidated statement of cash flows

€ million	**01.01. – 30.06.2015**	*01.01. – 30.06.2014*
Operating earnings	**141.0**	**121.6**
Depreciation on property, plant and equipment and amortisation on intangible assets	4.4	4.2
(Gains)/Losses from the disposal of assets held for sale and investment properties	–1.6	–0.2
(Decrease)/Increase in pension provisions and other non-current provisions	–2.6	0.4
Other non-cash income and expenses	3.5	2.9
(Decrease)/Increase in receivables, inventories and other assets	–38.5	–28.9
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	5.4	–0.2
Interest paid	–46.4	–47.1
Interest received	0.5	0.5
Received income from investments	2.8	4.6
Taxes received	0.6	0.3
Taxes paid	–0.9	–4.6
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**68.2**	**53.5**
Cash Flow from investing activities		
Cash payments to investment properties	–185.0	–86.6
Cash receipts from disposal of assets held for sale and investment properties	31.0	20.1
Investments in intangible assets and property, plant and equipment	–0.6	–1.8
Cash receipts from disposal of intangible assets and property, plant and equipment	0.1	0.0
Proceeds from disposal of financial assets and other assets	0.0	0.2
Acquisition of shares in consolidated companies	–5.6	–
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**–160.1**	**–68.1**
Cash flow from financing activities		
Borrowing of bank loans	1,091.1	59.9
Repayment of bank loans	–846.1	–59.0
Issue of convertible bond	–	296.1
Repayment of lease liabilities	–1.7	–1.6
Other proceeds	5.1	–
Capital increase/capital contribution	72.9	0.4
Distribution to shareholders	–111.8	–91.6
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**209.5**	**204.2**
Change in cash and cash equivalents	**117.6**	**189.6**
Cash and cash equivalents at beginning of period	129.9	110.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**247.5**	**300.3**
Composition of cash and cash equivalents		
Cash in hand, bank balances	247.5	300.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**247.5**	**300.3**

SELECTED NOTES ON THE IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2015

1. Basic information on the Group

LEG Immobilien AG, Dusseldorf (hereinafter: "LEG Immo"), its subsidiary LEG NRW GmbH, Dusseldorf (hereinafter: "LEG") and the subsidiaries of the latter company (hereinafter referred to collectively as the "LEG Group") are among the largest residential companies in Germany. The LEG Group held a portfolio of 108,406 units (residential and commercial) on 30 June 2015.

LEG Immo and its subsidiaries engage in two core activities as an integrated property company: the value-adding long-term management of its residential property portfolio in connection with the strategic acquisition of residential portfolios in order to generate economies of scale for its management platform and the expansion of tenant-oriented services.

The interim consolidated financial statements are prepared in euros. Unless stated otherwise, all figures have been rounded to millions of euro (EUR million). For technical reasons, tables and references can include rounded figures that differ from the exact mathematical values.

2. Interim consolidated financial statements

LEG Immo prepared the interim consolidated financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) for interim reporting, as endorsed in the EU, and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). Based on the option under IAS 34.10, the notes to the financial statements were presented in a condensed form. The condensed interim consolidated financial statements have not been audited or subjected to an audit review.

The LEG Group primarily generates income from the rental and letting of investment properties. Rental and lease business is unaffected by seasonal and cyclical influences.

3. Accounting policies

The accounting policies applied in the consolidated interim financial statements of the LEG Group are the same as those presented in the IFRS consolidated financial statements of LEG Immo as of 31 December 2014. These interim consolidated financial statements as of 30 June 2015 should therefore be read in conjunction with the consolidated financial statements as of 31 December 2014.

The LEG Group has fully applied the new standards and interpretations that are mandatory from 1 January 2015. In accordance with IFRIC 21, real estate tax liabilities for the entire 2015 fiscal year were recognised as of 1 January 2015. There were no effects on the Group's net assets, financial position and results of operations at the end of the fiscal year.

4. Changes in the Group

LEG Grundbesitz Erwerb 1 GmbH & Co. KG was consolidated for the first time with effect from 1 January 2015.

EnergieServicePlus GmbH was founded by way of notarised agreement on 17 February 2015. The object of the company is to provide energy supply services and energy-related services. First-time consolidation took place on 1 March 2015.

Noah Asset 4 GmbH was consolidated for the first time with effect from 1 June 2015.

5. Judgements and estimates

The preparation of interim consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made that affect the recognition of assets and liabilities, income and expenses and the disclosure of contingent liabilities. These assumptions and estimates particularly relate to the measurement of investment properties, the recognition and measurement of pension provisions, the recognition and measurement of other provisions, the measurement of financing liabilities, and the eligibility for recognition of deferred tax assets.

Although the management believes that the assumption and estimates used are appropriate, any unforeseeable changes in these assumptions could impact the net assets, financial position and results of operations.

For further information, please refer to the consolidated financial statements as of 31 December 2014.

6. Selected notes to the consolidated statement of financial position

On 30 June 2015, the LEG Group held 107,347 apartments and 1,059 commercial units in its portfolio.

Investment properties developed as follows in the fiscal year 2014 and in 2015 up to the reporting date of the interim consolidated financial statements:

T27 – Investment properties

€ million	**30.06.2015**	*31.12.2014*
CARRYING AMOUNT AS OF 01.01.	**5,914.3**	**5,163.4**
Acquisitions	73.9	615.9
Other additions	19.2	43.4
Reclassified to assets held for sale	–6.3	–52.6
Reclassified to property, plant and equipment	–0.2	–1.3
Reclassified from property, plant and equipment	0.0	2.5
Fair value adjustment	–	143.0
CARRYING AMOUNT AS OF 30.06./31.12.	**6,000.9**	**5,914.3**

Acquisitions relate to the capitalisation of two property portfolios that were purchased as part of the acquisition of the Vitus companies. At the same time, LEG Immo sold individual portfolios taken over from the Vitus Group as agreed. The transactions were closed on 1 January 2015 in each case.

The additions also include the acquisition of a property portfolio of around 713 residential units that was notarised on 27 April 2015. The portfolio is distributed across the attractive North Rhine-Westphalian locations of Cologne, Leverkusen and Sankt Augustin and generates annual net cold rent of EUR 3.5 million. The average in-place rent is EUR 5.33 per square metre; the initial vacancy rate is 2.9 %. Subject to approval by the German Federal Cartel Office, the transaction was closed with retrospective effect from 1 January 2015.

As the measurement of investment properties takes place regularly at the reporting date, the fair values were not adjusted as of 30 June 2015. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as of 31 December 2014.

In addition, the LEG Group's portfolio still includes land and buildings accounted for in accordance with IAS 16.

Cash and cash equivalents mainly consist of bank balances.

Changes in the components of consolidated equity are shown in the consolidated statement of changes in equity.

Financing liabilities are composed as follows:

T28 – Financing liabilities

€ million	**30.06.2015**	*31.12.2014*
Financing liabilities from real estate financing	3,243.4	2,932.4
Financing liabilities from lease financing	26.8	27.9
FINANCING LIABILITIES	**3,270.2**	**2,960.3**

Financing liabilities from property financing serve the financing of investment properties.

Financing liabilities from real estate financing include the placement of the convertible bond with a nominal value of EUR 300.0 million. The convertible bond was classified as a financing liability on account of the issuer's contractual cash settlement option and recognised in accordance with IAS 39. There are several embedded and separable derivatives that are treated as a single compound derivative in accordance with IAS 39.AG29 and carried at fair value. The underlying debt instrument is recognised at amortised cost.

Extensive refinancing was performed in the second quarter. The disbursement in connection with the refinancing and acquisition financing served to increase financing liabilities by EUR 1.1 billion. This was offset by the derecognition of the previous loans, which reduced total financing liabilities by EUR 0.8 billion.

T29 – Maturity of financing liabilities from real estate financing

€ million	*Remaining term < 1 year*	*Remaining term > 1 to 5 years*	*Remaining term > 5 years*	**Total**
30.06.2015	622.2	672.7	1,948.5	3,243.4
31.12.2014	409.6	1,528.7	994.1	2,932.4

The change in maturities compared with 31 December 2014 is due in particular to the refinancing in the second quarter, which led to a significant increase in non-current financing liabilities.

The LEG Group concludes derivative financial instruments to hedge against interest rate risks from real estate financing. Stand-alone derivative financial instruments are accounted for at fair value through profit or loss. Derivatives included in hedge accounting are accounted for on a pro rata basis directly in equity in other comprehensive income for the designated component of the hedge, and through profit or loss for the non-designated component including accrued interest.

7. Selected notes to the consolidated statement of comprehensive income

Net rental and lease income is broken down as follows:

T30 – Net rental and lease income

€ million	**01.01.– 30.06.2015**	*01.01.– 30.06.2014*
Net cold rent	214.8	189.0
Net income from operating costs	–1.8	0.3
Maintenance expenses	–22.8	–18.6
Staff costs	–18.8	–16.7
Impairment losses on rent receivables	–3.3	–2.4
Depreciation	–2.2	–2.1
Others	–6.8	–10.0
NET RENTAL AND LEASE INCOME	**159.1**	**139.5**
NET OPERATING INCOME MARGIN (IN %)	**74.1**	**73.8**

In the reporting period, the LEG Group increased its net rental and lease income by EUR 19.6 million compared with the same period of the previous year. The main driver of this development was the EUR 25.8 million or 13.7 % rise in net cold rent. In-place rent per square metre on a like-for-like basis rose by +2.6 % as against the previous year. The growing earnings contribution from multimedia business also had a positive impact on earnings. This was offset by a EUR 4.2 million increase in maintenance expenses.

Volume-dependent management costs rose as a result of the acquisitions. The rental-related staff costs rose disproportionately to sales by 12.6 % to EUR 18.8 million. The NOI margin further increased due to positive scale effects.

Net income from the disposal of investment properties is composed as follows:

T31 – Net income from the disposal of investment properties

€ million	**01.01. – 30.06.2015**	*01.01. – 30.06.2014*
Income from the disposal of investment properties	58.0	20.1
Carrying amount of investment properties disposed of	–56.4	–19.9
INCOME/LOSS FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**1.6**	**0.2**
Staff costs	–0.3	–0.3
Other operating expenses	–0.1	–0.2
Purchased services	–	–
COST OF SALE IN CONNECTION WITH INVESTMENT PROPERTIES SOLD	**–0.4**	**–0.5**
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**1.2**	**–0.3**

Administrative and other expenses are composed as follows:

T32 – Administrative and other expenses

€ million	**01.01. – 30.06.2015**	*01.01. – 30.06.2014*
Other operating expenses	–7.1	–4.4
Staff costs	–11.2	–11.0
Purchased services	–0.5	–0.4
Depreciation, amortisation and write-downs	–1.0	–1.0
ADMINISTRATIVE AND OTHER EXPENSES	**–19.8**	**–16.8**

Administrative and other expenses increased by EUR 3.0 million year-on-year.

Increased project costs (EUR +1.3 million) led to a higher level of other operating expenses compared with the previous year. Expenses for the long-term incentive (LTI) programme with the former shareholders were EUR 0.5 million lower in the reporting period.

Driven by a number of non-recurring factors and the consolidation of new companies, current administrative expenses increased as planned to EUR 16.7 million (previous year: EUR 14.8 million) and were thus within the range assumed as a basis for the FFO forecast.

Net interest income is composed as follows:

T33 – Interest income

€ million	**01.01. – 30.06.2015**	*01.01. – 30.06.2014*
Interest income from bank balances	0.1	0.3
Interest income from finance leases	0.3	0.0
Other interest income	0.1	0.2
INTEREST INCOME	**0.5**	**0.5**

T34 – Interest expenses

€ million	**01.01. – 30.06.2015**	*01.01. – 30.06.2014*
Interest expenses from real estate financing	–32.8	–34.9
Interest expense from loan amortisation	–20.7	–10.4
Prepayment penalty	–6.6	0.0
Interest expense from interest derivatives for real estate financing	–13.6	–12.0
Interest expense from change in pension provisions	–1.4	–2.0
Interest expense from interest on other assets and liabilities	–0.5	–1.0
Interest expenses from lease financing	–0.8	–0.7
Other interest expenses	–36.8	0.0
INTEREST EXPENSES	**–113.2**	**–61.0**

The increase in interest expenses from loan amortisation and prepayment penalties were due in particular to the effects of the loans that were replaced as part of the planned refinancing in the 2015 fiscal year. The increase in other interest expenses was due to the reversal of the amounts for interest rate derivatives reported in OCI for hedge accounting, which were released in connection with the refinancing.

Interest expenses from loan amortisation include the measurement of the convertible bond at amortised cost in the amount of EUR 3.2 million.

In addition, lower general interest rates compared to 2014 also led to a further reduction in interest expenses from property financing and an increase in interest expenses from interest rate derivatives.

Income taxes

T35 – Income taxes

€ million	**01.01.–30.06.2015**	*01.01.–30.06.2014*
Current income taxes	–1.1	–6.6
Deferred taxes	–4.0	–15.7
INCOME TAXES	**–5.1**	**–22.3**

An effective Group tax rate of 24.9 % was assumed as of 30 June 2015 in accordance with Group tax planning (previous year: 21.3 %).

Current income taxes include prior-period tax expenses of EUR 1.0 million (previous year: EUR 6.1 million).

Deferred tax income of EUR 3.6 million was recognised for the change in deferred tax assets on tax loss carryforwards as against 31 December 2014 (previous year: deferred tax expense of EUR 0.9 million).

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to the shareholders by the average number of shares outstanding during the fiscal year.

On 24 June 2015, LEG Immo implemented a capital increase with shareholders' pre-emptive rights disapplied by way of accelerated bookbuilding. A total of 1,196,344 new shares were placed.

T36 – Earnings per share (basic)

	01.01.–30.06.2015	*01.01.–30.06.2014*
Net profit or loss attributable to shareholders in € million	–10.4	54.6
Average numbers of shares outstanding	57,109,968	52,963,444
EARNINGS PER SHARE (BASIC) IN €	**–0.18**	**1.03**

As of 30 June 2015, LEG Immo had potential ordinary shares from a convertible bond, which authorise the bearer to convert it into up to 5.1 million shares.

Diluted earnings per share are calculated by increasing the average number of shares outstanding by the number of all potentially dilutive shares. The net profit/loss for the period is adjusted for the expenses no longer incurring for the interest coupon, the measurement of the embedded derivatives and the amortisation of the convertible bond and the resulting tax effect in the event of the conversion rights being exercised in full.

Owing in particular to the expenses no longer incurring in the event of conversion for the measurement of the embedded derivative, the potential ordinary shares from the convertible bond are not dilutive within the meaning of IAS 33.41.

The diluted earnings per share are therefore equal to the basic earnings per share.

8. Notes on Group segment reporting

Group segment reporting for the period from 1 January to 30 June 2015

T37 – Segment reporting 01.01. – 30.06.2015

€ million	*Residential*	*Other*	*Reconciliation*	*Group*
P&L position				
Rental and lease income	319.3	2.0	–1.0	320.3
Cost of sales of rental and letting	–160.8	–1.8	1.4	–161.2
NET RENTAL AND LEASE INCOME	**158.5**	**0.2**	**0.4**	**159.1**
Net income from the disposal of IAS 40 property	1.3	–0.1	0.0	1.2
Net income from the measurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	1.2	–1.2	–	–
Net income from other services	0.1	17.1	–17.1	0.1
Administrative and other expenses	–17.8	–18.7	16.7	–19.8
Other income	0.3	0.1	–	0.4
SEGMENT EARNINGS	**143.6**	**–2.6**	**–**	**141.0**
Statement of financial position item				
Segment assets (IAS 40)	**5,951.3**	**49.6**	**–**	**6,000.9**
Key figures				
Rentable area in sqm[1]	6,880,723	3,627		6,884,350
Monthly target rents as of end of reporting period	35.5	0.0		35.5
EPRA vacancy rate in %	3.3	–		3.3

[1] excl. commercial areas

Group segment reporting for the period from 1 January to 30 June 2014

T38 – Segment reporting 01.01. – 30.06.2014

€ million	*Residential*	*Other*	*Reconciliation*	*Group*
P&L position				
Rental and lease income	283.6	3.2	–1.0	285.8
Cost of sales of rental and letting	–146.0	–1.4	1.1	–146.3
NET RENTAL AND LEASE INCOME	**137.6**	**1.8**	**0.1**	**139.5**
Net income from the disposal of IAS 40 property	–0.2	–0.1	–	–0.3
Net income from the measurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	–0.2	–1.4	–	–1.6
Net income from other services	0.2	14.0	–13.6	0.6
Administrative and other expenses	–15.6	–14.8	13.6	–16.8
Other income	0.2	–	–	0.2
SEGMENT EARNINGS	**122.0**	**–0.5**	**0.1**	**121.6**
Statement of financial position item				
Segment assets (IAS 40)	**5,177.9**	**58.8**	**–**	**5,236.7**
Key figures				
Rentable area in sqm[1]	6,118,579	3,627		6,122,206
Monthly target rents as of end of reporting period	31.0	0.1		31.1
EPRA vacancy rate in %	3.2	–		3.2

[1] excl. commercial areas

9. Financial instruments

The table below shows the financial assets and liabilities broken down by measurement category and class. Receivables and liabilities from finance leases and derivatives used as hedging instruments are included even though they are not assigned to an IAS 39 measurement category. With respect to reconciliation, non-financial assets and non-financing liabilities are also included although they are not covered by IFRS 7.

The fair values of financial instruments are determined on the basis of corresponding market values or measurement methods. For cash and cash equivalents and other short-term primary financial instruments, the fair value is approximately the same as the carrying amount at the end of the respective reporting period.

For non-current receivables, other assets and liabilities, the fair value is calculated on the basis of the forecast cash flows, applying the reference interest rates as of the end of the reporting period. The fair values of derivative financial instruments are determined based on the benchmark interest rates in place as of the reporting date.

For financial instruments at fair value, the discounted cash flow method is used to determine fair value using corresponding quoted market prices, with individual credit ratings and other market conditions being taken into account in the form of standard credit and liquidity spreads when calculating present value. If no quoted market prices are available, the fair value is calculated using standard measurement methods applying instrument-specific market parameters.

When calculating the fair value of derivative financial instruments, the input parameters for the valuation models are the relevant market prices and interest rates observed as of the end of the reporting period, which are obtained from recognised external sources. The derivatives are therefore attributable to Level 2 of the fair value hierarchy as defined in IFRS 13.72 ff (measurement on the basis of observable inputs).

Both the Group's own risk and the counterparty risk were taken into account in the calculation of the fair value of derivatives in accordance with IFRS 13.

T39 – Classes of financial instruments for financial assets and liabilities 2015

		Measurement (IAS 39)		Measurement	
€ million	*Carrying amounts as per statement of financial positions 30.06.2015*	*Amortised cost*	*Fair value through profit or loss*	*IAS 17*	*Fair value 30.06.2015*
Assets					
Other financial assets	**2.8**				**2.8**
LaR	0.1	0.1			0.1
AfS	2.7	2.7			2.7
Receivables and other assets	**62.0**				**62.1**
LaR	30.7	30.7			30.7
Other non-financial assets	31.3				31.4
Cash and cash equivalents	**247.5**				**247.5**
LaR	247.5	247.5			247.5
TOTAL	**312.3**	**281.0**			**312.4**
Of which IAS 39 measurement categories					
LaR	278.3	278.3			278.3
AfS	2.7	2.7			2.7
Equity and liabilities					
Financial liabilities	**–3,270.2**				**–3,597.2**
FLAC	–3,243.4	–3,243.4			–3,569.9
Liabilities from lease financing	–26.8			–26.8	–27.3
Other liabilities	**–324.1**				**–324.1**
FLAC	–41.0	–41.0			–41.0
Derivatives HFT	–126.0		–126.0		–126.0
Hedge accounting derivatives	–38.9				–38.9
Other non-financial liabilities	–118.2				–118.2
TOTAL	**–3,594.3**	**–3,284.4**	**–126.0**	**–26.8**	**–3,921.3**
Of which IAS 39 measurement categories					
FLAC	–3,284.4	–3,284.4			–3,610.9
Derivatives HFT	–126.0		–126.0		–126.0

LaR = Loans and Receivables
HFT = Held for Trading
AfS = Available for Sale
FLAC = Financial Liabilities at Cost
FAHFT = Financial Assets Held for Trading
FLHFT = Financial Liabilities Held for Trading

T40 – Classes of financial instruments for financial assets and liabilities 2014

€ million	Carrying amounts as per statement of financial positions 31.12.2014	Measurement (IAS 39) Amortised cost	Measurement (IAS 39) Fair value through profit or loss	Measurement IAS 17	Fair value 31.12.2014
Assets					
Other financial assets	**2.4**				**2.4**
LaR	0.1	0.1	0.0		0.1
AfS	2.3	2.3			2.3
Receivables and other assets	**29.6**				**29.6**
LaR	25.2	25.2			25.2
Other non-financial assets	4.4				4.4
Cash and cash equivalents	**129.9**				**129.9**
LaR	129.9	129.9			129.9
TOTAL	**161.9**	**157.5**	**0.0**		**161.9**
Of which IAS 39 measurement categories					
LaR	155.2	155.2			155.2
AfS	2.3	2.3			2.3
Equity and liabilities					
Financial liabilities	**–2,960.3**				**–3,335.3**
FLAC	–2,932.4	–2,932.4			–3,306.9
Liabilities from lease financing	–27.9			–27.9	–28.4
Other liabilities	**–320.7**				**–320.7**
FLAC	–37.8	–37.8			–37.8
Derivatives HFT	–93.3		–93.3		–93.3
Hedge accounting derivatives	–88.4				–88.4
Other non-financial liabilities	–101.2				–101.2
TOTAL	**–3,281.0**	**–2,970.2**	**–93.3**	**–27.9**	**–3,656.0**
Of which IAS 39 measurement categories					
FLAC	–2,970.2	–2,970.2			–3,344.7
Derivatives HFT	–93.3		–93.3		–93.3

LaR = Loans and Receivables
HFT = Held for Trading
AfS = Available for Sale
FLAC = Financial Liabilities at Cost
FAHFT = Financial Assets Held for Trading
FLHFT = Financial Liabilities Held for Trading

10. Related-party disclosures

Please see the IFRS consolidated financial statements as of 31 December 2014 for the presentation of the IFRS 2 programmes long-term incentive plan with former shareholders, LTI Management Board agreements and the settlement agreements for Supervisory Board members.

For the 2015 fiscal year, the Management Board employment agreements provide for a long-term incentive programme that is subject to the same contractual premises as the LTI remuneration in 2014.

11. Other

There were no changes with regard to contingent liabilities in comparison to 31 December 2014.

12. The Management Board and the Supervisory Board

Mr Nathan James Brown resigned his position as a member of the Supervisory Board of LEG Immobilien AG and stepped down from the Supervisory Board with effect from the end of the Annual General Meeting on 24 June 2015 and is no longer a member of the Supervisory Board. The Annual General Meeting elected Ms Natalie C. Hayday, freelance capital market and investor relations consultant, as his successor on the Supervisory Board.

There were no other changes to the composition of the Management Board and the Supervisory Board as of 30 June 2015 compared with the disclosures as of 31 December 2014.

13. Events after the end of the reporting period

In the third quarter, additional loans with a volume of around EUR 145 million will be restructured as part of LEG's refinancing. This means that the total announced refinancing volume of around EUR 898 million will be finalised and new loans totalling around EUR 984 million will be concluded. The increases are to be used for settling prepayments and other transaction costs, for investment loans that are being discontinued as part of the refinancing, and for general corporate financing. As a result, average financing costs have fallen to just under 2.3 %, while the average debt maturity of the total portfolio has increased to around eleven years. The planned effects on earnings will be fully visible in 2016. The refinancing entails non-recurring costs of around EUR 51 million.

The acquisition of a property portfolio of around 2,037 residential units was notarised on 11 August 2015. The portfolio generates annual net in-place rent of around EUR 7.7 million. The average in-place rent is around EUR 5.04 per square metre and the initial vacancy rate is around 6.7 %. The transaction is expected to be closed as at 1 January 2016.

There were no other significant events after the end of the interim reporting period on 30 June 2015.

Dusseldorf, 14 August 2015

LEG Immobilien AG

The Management Board

THOMAS HEGEL, Erftstadt
(CEO)

ECKHARD SCHULTZ, Neuss
(CFO)

HOLGER HENTSCHEL, Erkrath
(COO)

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the LEG Group, and the Group management report includes a fair review of the development and performance of the business and the position of the LEG Group, together with a description of the principal opportunities and risks associated with the expected development of the LEG Group."

Dusseldorf, 14 August 2015

LEG Immobilien AG, Dusseldorf

The Management Board

THOMAS HEGEL

ECKHARD SCHULTZ

HOLGER HENTSCHEL

FURTHER INFORMATION

TABLES AND FIGURES

Table overview

FINANCIAL CALENDAR 2015

LEG FINANCIAL CALENDAR 2015

Publication of the Interim Report as at 30 June 2015	**14 August**
Publication of the Interim Report as at 30 September 2015	**12 November**

CONTACT & LEGAL NOTICE

PUBLISHER
LEG Immobilien AG
Hans-Böckler-Straße 38
40476 Dusseldorf, Germany
Tel. +49 (0) 2 11 45 68 - 0
Fax +49 (0) 2 11 45 68 - 261
info@leg-nrw.de
www.leg-nrw.de

CONTACT
Investor Relations
Burkhard Sawazki / Karin Widenmann /
Katharina Golke
Tel. +49 (0) 2 11 45 68-400
LEG-Investor.Relations@leg-nrw.de

VISUAL CONCEPT AND DESIGN
hw.design, Munich

The interim report as at 30 June 2015 is also available in German. In case of doubt, the German version takes precedence.

LEG Immobilien AG
Hans-Böckler-Straße 38
40476 Dusseldorf, Germany
Tel. +49 (0) 2 11 45 68 - 0
Fax +49 (0) 2 11 45 68 - 261
info@leg-nrw.de
www.leg-nrw.de