

GROW FOR IT!
GROWTH
FOR VALUE
QUARTERLY REPORT
AS OF 31.03.2015

KEY FACTS

T1 – Key facts

		01.01. – 31.03.2015	01.01. – 31.03.2014	+/ - %/bp
RESULTS OF OPERATIONS				
Rental income	€ million	107.3	94.3	13.8
Net rental and lease income	€ million	80.8	70.5	14.6
EBITDA	€ million	74.9	63.1	18.7
EBITDA adjusted	€ million	74.9	64.7	15.8
EBT	€ million	-21.4	28.9	-
Net profit or loss for the period	€ million	-30.4	22.4	-
FFO I	€ million	51.4	41.0	25.4
FFO I per share	€	0.90	0.77	16.9
FFO II	€ million	52.7	41.0	28.5
FFO II per share	€	0.92	0.77	19.5
AFFO	€ million	45.6	32.7	39.4
AFFO per share	€	0.80	0.62	29.0
		31.03.2015	31.03.2014	+/ - %/bp
PORTFOLIO				
Number residential units		106,778	94,998	12.4
In-place rent	€/sqm	5.13	5.04	1.8
In-place rent (I-f-I)	€/sqm	5.16	5.03	2.5
EPRA vacancy rate	%	3.3	3.3	+/-0 bp
EPRA vacancy rate (I-f-I)	%	3.2	3.2	+/-0 bp
		31.03.2015	31.12.2014	+/ - %/bp
STATEMENT OF FINANCIAL POSITION				
Investment property	€ million	5,935.6	5,914.3	0.4
Cash and cash equivalents	€ million	176.7	129.9	36.0
Equity	€ million	2,462.4	2,491.6	-1.2
Total financing liabilities	€ million	2,964.3	2,960.3	0.1
Current financing liabilities	€ million	1,362.0	413.8	-
LTV	%	46.9	47.3	-40 bp
Equity ratio	%	38.9	39.5	-60 bp
EPRA NAV, diluted	€ million	3,383.2	3,294.6	2.7
EPRA NAV per share, diluted	€	54.53	53.10	2.7

bp = basis points

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LETTER FROM THE MANAGEMENT BOARD

*Dear Shareholders,
Dear Ladies and Gentlemen,*

LEG has enjoyed an extremely successful start to 2015. In our operating business, all of the growth drivers in our focused business model have seen clearly positive development. Our dynamic organic rental growth is continuing, we are making further progress in the value-generating expansion of our portfolio, and our new energy services business area will open up additional promising growth potential when it comes to tenant-oriented services. The expansion of tenant-oriented services also serves to underline our ambition to be the innovation leader in the residential sector.

In addition to our encouraging operating performance, we have been focusing on financing in recent months. Thanks to the planned early refinancing of loans, we are making extremely good progress towards achieving a best-in-class financing structure with the lowest average financing costs and an average term of more than eleven years. LEG is benefiting from its strong balance sheet, its high profitability and the reputation it enjoys with its financing partners. The strength of LEG's credit risk profile has now also been confirmed by the renowned independent rating agency Moody's with an investment-grade rating of Baa1.

In terms of operating development, net cold rent increased by 13.8% to EUR 107.3 million in the first quarter. Rent per square metre rose by 2.5% on a like-for-like basis, placing it at the upper end of the range forecast for 2015 as a whole. Rents in the free-financed portfolio increased by as much as 3.5%, thereby demonstrating LEG's leading operating performance once again. The vacancy rate of 3.2% for the entire portfolio remained stable year-on-year. Following the expected seasonal increase in the winter quarter, we still expect to achieve an extremely high occupancy rate of at least 97.2% for the year as a whole.

A total of around EUR 2.20 per square metre was invested in the portfolio in the period under review. As this figure is below the annual average due to seasonal factors, investment is expected to see above-average growth throughout the rest of the year. For the 2015 financial year as a whole, we are still planning to invest around EUR 15 per square metre, thereby leveraging the opportunities for value-enhancing measures while ensuring a high degree of capital efficiency.

The key financial performance indicator of FFO I increased significantly by 25.4% year-on-year to EUR 51.4 million. This development was attributable to organic growth, strict cost discipline and the economies of scale resulting from acquisitions. FFO also benefited from the still low level of maintenance expenses in the first quarter. Even after adjustment for maintenance effects, this serves to confirm that the strategy of further expanding LEG's leading operating profitability is continuing to be successful. The planned acceleration of efficiency improvement measures, which is now entering the implementation phase, will provide additional impetus for this development. All in all, the high adjusted EBITDA margin of 66.5% in 2014 is expected to improve further to 71% in 2015.

EPRA net asset value (adjusted for goodwill) amounted to EUR 54.11 per share, an increase of 2.7% compared with the end of the year. The loan-to-value ratio declined by a further 40 basis points to 46.9%, thereby underlining LEG's extremely solid balance sheet structure.

One of the main strengths of LEG's focused business model is its pronounced regional presence with a clear understanding of our markets and our customers. We also harness this strength when expanding our tenant-oriented services and pressing ahead with our acquisition strategy. Services are already developing into an important pillar of our earnings thanks to the new energy services, and we are currently working on additional intelligent concepts for the future. In light of this and the continuation of our value-generating acquisition strategy, we are well on the way to achieving our annual acquisition target of at least 5,000 units. Purchase agreements for around 800 residential units have already been signed, and further transactions involving around 2,500 units are nearing completion.

Based on its development to date, this means that LEG is well positioned to achieve its targets for the current financial year and 2016 as a minimum. We are therefore confirming our forecast of FFO I of EUR 195–200 million in 2015, followed by a further increase to EUR 223–227 million in 2016. This does not yet include the additional positive effects from planned future acquisitions.

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

Dusseldorf, May 2015



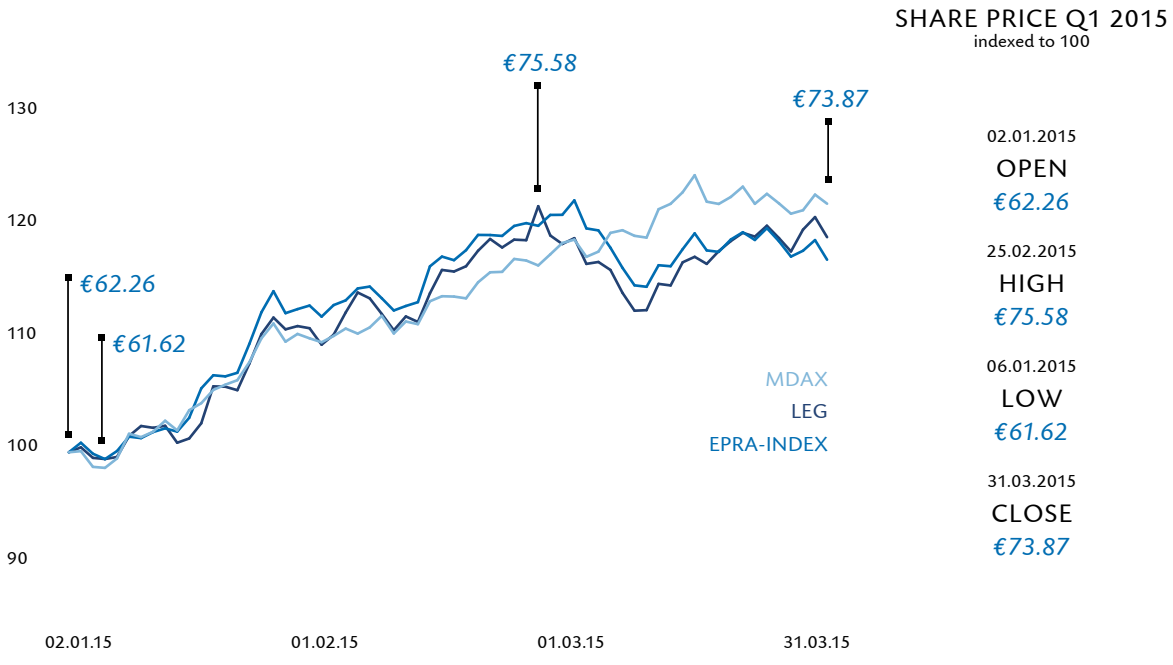
THOMAS HEGEL
Chief Executive Officer

ECKHARD SCHULTZ
Chief Financial Officer

HOLGER HENTSCHEL
Chief Operating Officer

THE SHARE

F1 – Share price development



The German stock market saw a significant upturn in the first quarter of 2015. The DAX® rose by 22.0 %, temporarily breaking through the 12,000-point barrier and reaching new highs in the period. LEG's shares also enjoyed substantial price gains of 19.2 % in the first three months of the year.

The ECB's expansive monetary policy in particular provided a boost for the stock markets in the first quarter of 2015. The ECB announced a sovereign bond purchase programme with a total volume of EUR 1.14 trillion in January and began implementing this programme in March. The ECB's decision put considerable pressure on bond yields, which in turn had a positive effect on demand for shares. Another consequence of the ECB's policy was the substantial depreciation of the euro, which was beneficial to the business prospects of export-oriented companies. Economic indicators in the euro zone improved. Against this background, the DAX® ultimately closed the quarter up 22.0 % at 11,966 points.

Real estate shares remained an extremely popular asset class, also due to the further reduction in interest rates. The index for German property shares, the EPRA/NAREIT Germany, rose by 17.1% in the first quarter of 2015. With price growth of 19.2%, LEG's shares again outperformed their peer group. The share price reached a high of EUR 75.58 on 25 February 2015.

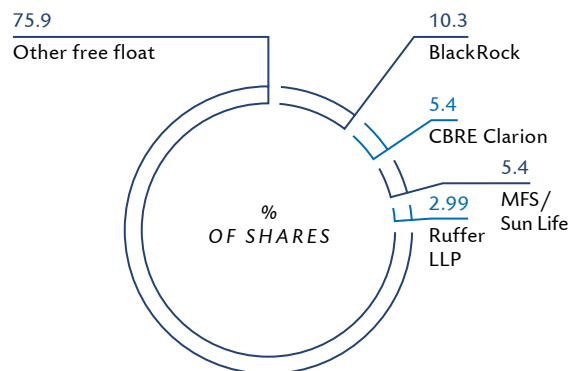
Analyst coverage

LEG's shares are currently being covered by 18 analysts from international investment firms, which underscores the high level of investor interest. Overall, there is a majority of positive opinions on the future prospects of the shares. The median value of the price targets at 31 March 2015 was EUR 75. A current overview of the 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	57,063,444
Initial listing	1 February 2013
Market segment	Prime Standard
Indices	MDAX, FTSE EPRA/NAREIT, GPR Indices, Stoxx Europe 600
Closing price (31 March 2015)	€73.87
Market capitalisation (31 March 2015)	€4,215.3 million
Free float (31 March 2015)	100%
Weighting in the MDAX (31 March 2015)	2.56%
Weighting in the EPRA Europe (31 March 2015)	2.18%
Average single-day trading volume (Q1 2015)	163,538 shares
Highest price (Q1 2015)	€75.58
Lowest price (Q1 2015)	€61.62

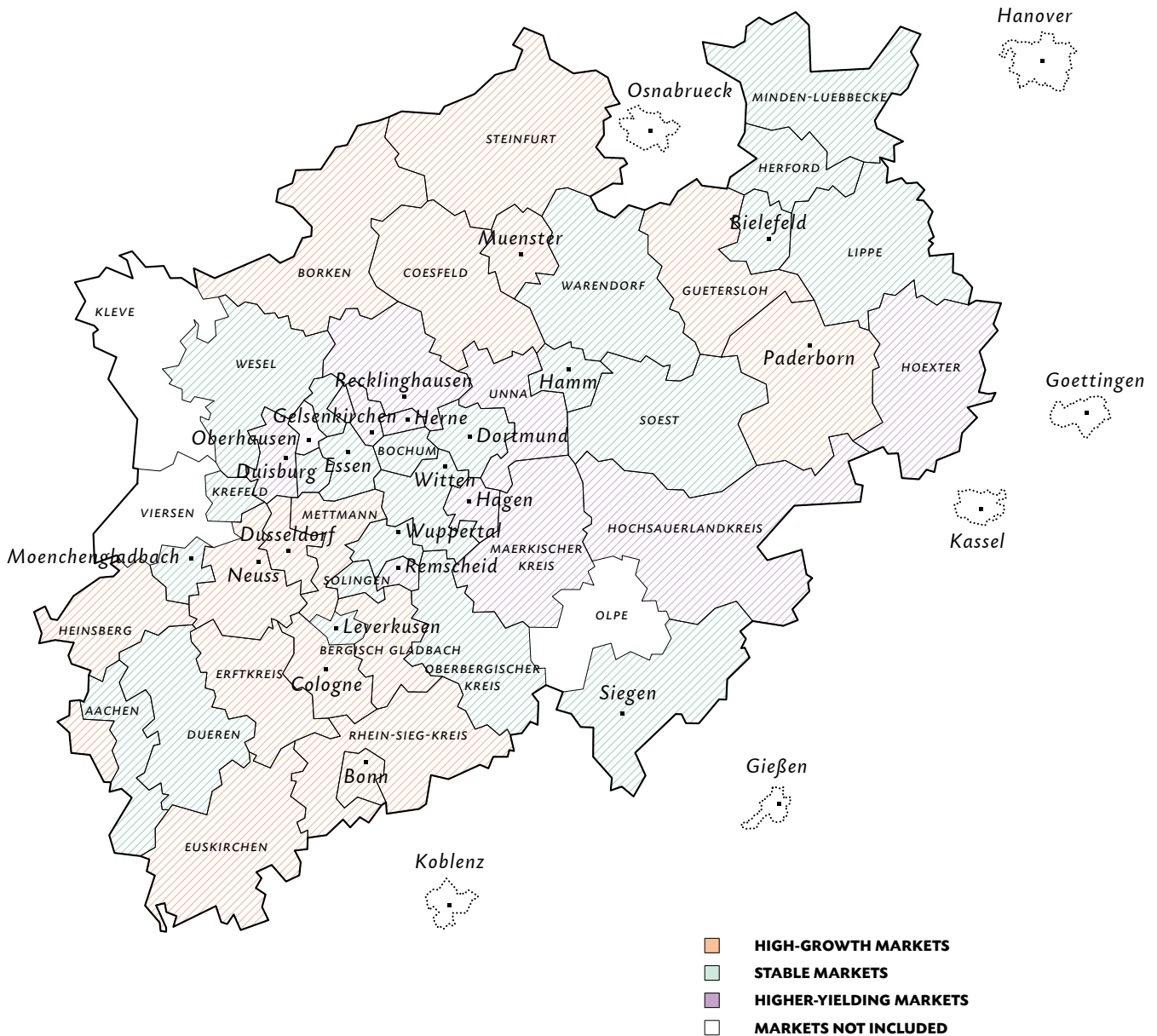
F2 – Shareholder structure



PORTFOLIO

As at 31 March 2015, LEG Immobilien AG's portfolio comprised 106,778 residential units, 1,060 commercial units and 26,281 garages and parking spaces. The assets are distributed across around 170 locations in North Rhine-Westphalia. The average apartment size is 64 sqms 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**. 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)

For reasons relating to the portfolio strategy, 148 residential units in different locations were sold in the first quarter of 2015. Other changes resulted in a portfolio of 106,778 residential units, 1,060 commercial units and 26,281 garages and parking spaces as at 31 March 2015.

Rents in the property portfolio continued to enjoy substantially positive development in the first quarter. In-place rent per square metre on a like-for-like basis rose by 2.5% to EUR 5.16. Monthly in-place rent for the entire portfolio amounted to EUR 5.13 per square metre.

In the same period, rents in the free-financed segment, which is a strong indicator of underlying growth, increased by 3.5% to EUR 5.46 square metre (on a like-for-like basis). Rent in the growth markets rose by 3.7% to EUR 6.22 per square metre (on a like-for-like basis). Rental growth of 3.0% to EUR 5.10 per square metre (on a like-for-like basis) was realised in the stable markets. In the higher-yielding markets, rents increased by 3.1% to EUR 4.96 per square metre (on a like-for-like basis).

In the rent-restricted portfolio, the average rent generated rose by 0.8% year-on-year to EUR 4.65 per square metre (on a like-for-like basis).

The occupancy rate of 96.8% remained stable year-on-year at 31 March 2015 (on a like-for-like basis). The number of vacant apartments at the reporting date was 2,988 (on a like-for-like basis) or 3,455 (in absolute terms) if acquisitions are taken into account.

The sustained level of demand in the growth markets is reflected in an occupancy rate of 98.7% (on a like-for-like basis). The like-for-like vacancy rate in the stable markets (3.8%) improved by an average of 20 basis points compared with the previous year. In the higher-yielding markets, the vacancy rate reached 5.1% and is expected to improve further over the course of the year. For 2015 as a whole, an extremely high occupancy rate of at least 97.2% is still forecast for the LEG portfolio (on a like-for-like basis).

T3 – Portfolio segments – Top 3 locations

	31.03.2015				
	Number of LEG apartments	Share of LEG portfolio %	Living space sqm	In-place rent €/sqm	Vacancy rate %
HIGH-GROWTH MARKETS	32,811	30.7	2,163,302	5.77	1.5
District of Mettmann	8,243	7.7	571,155	5.76	1.6
Muenster	6,093	5.7	404,147	6.09	0.3
Dusseldorf	3,526	3.3	228,139	6.17	1.2
Other locations	14,949	14.0	959,861	5.53	1.9
STABLE MARKETS	42,808	40.1	2,740,566	4.86	3.8
Dortmund	12,550	11.8	820,916	4.74	3.0
Moenchengladbach	6,049	5.7	383,259	4.89	3.2
Hamm	3,974	3.7	239,782	4.66	1.8
Other locations	20,235	19.0	1,296,608	4.95	4.9
HIGHER-YIELDING MARKETS	29,698	27.8	1,835,459	4.75	5.1
District of Recklinghausen	6,567	6.2	410,197	4.79	7.1
Duisburg	5,900	5.5	366,334	4.97	4.3
Maerkisch District	4,679	4.4	287,067	4.56	3.1
Other locations	12,552	11.8	771,861	4.69	5.2
OUTSIDE NRW	1,461	1.4	96,480	5.38	1.3
TOTAL	106,778	100.0	6,835,807	5.13	3.3

T4 – Performance LEG portfolio

		High-growth markets			Stable markets		
		31.03.2015	31.12.2014	31.03.2014	31.03.2015	31.12.2014	31.03.2014
Subsidised residential units							
Units		11,171	11,178	11,268	15,440	15,885	14,142
Area	sqm	774,976	775,468	781,098	1,054,250	1,083,487	963,153
In-place rent	€/sqm	5.04	5.01	5.00	4.52	4.49	4.47
Vacancy rate	%	0.3	0.3	0.4	1.3	1.1	1.5
Free-financed residential units							
Units		21,640	21,669	20,209	27,368	27,031	20,474
Area	sqm	1,388,327	1,390,321	1,297,720	1,686,315	1,663,537	1,243,549
In-place rent	€/sqm	6.17	6.10	6.01	5.07	5.02	4.97
Vacancy rate	%	1.1	0.9	1.0	2.6	2.1	2.6
Total residential units							
Units		32,811	32,847	31,477	42,808	42,916	34,616
Area	sqm	2,163,302	2,165,788	2,078,818	2,740,566	2,747,024	2,206,702
In-place rent	€/sqm	5.77	5.71	5.63	4.86	4.81	4.75
Vacancy rate	%	1.4	1.2	1.4	3.8	3.2	4.1
Total commercial							
Units							
Area	sqm						
Total parking							
Units							
Total other							
Units							

To the shareholders
PORTFOLIO

31.03.2014						Change (basis points) vacancy rate like-for-like (31.03.2015)	
Number of LEG apartments	Share of LEG portfolio %	Living space sqm	In-place rent €/sqm	Vacancy rate %	Change in-place rent % like-for-like		
31,477	33.1	2,078,818	5.63	1.4	2.8		-10
8,092	8.5	560,966	5.60	1.6	3.3		0
6,102	6.4	404,954	5.99	0.5	1.8		-20
3,293	3.5	213,346	5.98	0.6	4.1		50
13,990	14.7	899,552	5.40	2.0	2.5		-10
34,616	36.4	2,206,702	4.75	4.1	2.1		-20
12,561	13.2	821,203	4.68	3.2	1.4		-20
3,976	4.2	239,995	4.53	2.2	3.3		40
2,328	2.5	142,238	5.34	2.7	2.9		-90
15,751	16.6	1,003,267	4.78	5.1	2.5		0
27,428	28.9	1,688,590	4.65	4.9	2.3		20
6,588	6.9	411,325	4.68	6.9	2.5		20
4,743	5.0	291,207	4.83	3.5	3.0		70
4,412	4.6	269,730	4.52	2.9	2.0		10
11,685	12.3	716,328	4.62	5.1	2.0		20
1,477	1.6	97,476	5.19	2.2	3.6		-100
94,998	100.0	6,071,586	5.04	3.3	2.5		0

	Higher-yielding markets			Outside NRW			Total		
	31.03.2015	31.12.2014	31.03.2014	31.03.2015	31.12.2014	31.03.2014	31.03.2015	31.12.2014	31.03.2014
	8,065	8,642	8,477	108	120	135	34,784	35,825	34,022
sqm	536,442	575,172	561,622	8,824	9,809	10,997	2,374,493	2,443,935	2,316,870
€/sqm	4.32	4.28	4.29	4.33	4.31	4.29	4.64	4.61	4.61
%	1.4	1.3	1.4	0.0	0.1	0.2	0.9	0.8	1.0
	21,633	20,642	18,951	1,353	1,794	1,342	71,994	71,136	60,976
sqm	1,299,016	1,235,637	1,126,968	87,656	121,247	86,479	4,461,314	4,410,742	3,754,717
€/sqm	4.94	4.88	4.83	5.50	5.11	5.31	5.40	5.33	5.30
%	3.7	3.3	3.5	1.3	1.3	2.0	2.3	2.0	2.2
	29,698	29,284	27,428	1,461	1,914	1,477	106,778	106,961	94,998
sqm	1,835,459	1,810,809	1,688,590	96,480	131,056	97,476	6,835,807	6,854,678	6,071,586
€/sqm	4.75	4.69	4.65	5.38	5.05	5.19	5.13	5.07	5.04
%	5.1	4.5	4.9	1.3	1.4	2.2	3.3	2.8	3.3
							1,060	1,059	1,030
sqm							185,599	195,572	195,910
							26,281	26,695	22,926
							1,254	1,240	858

Value development

Table T5 shows the distribution of assets by market segment. The rental yield of the portfolio based on in-place rent was unchanged at 7.2% at year-end 2014 (rent multiple: 13.8x).

Investment activity

A total of EUR 15.7 million was spent on maintenance and on value-adding investments eligible for capitalisation (capex) in the first quarter of 2015 (previous year: EUR 16.6 million). The corresponding investments per square metre remained at a low level of around EUR 2.20 per square metre due to seasonal factors. Of the total expenses in

the first three months of 2015, EUR 9.9 million related to maintenance measures (previous year: EUR 8.3 million) and EUR 5.8 million to measures eligible for capitalisation (previous year: EUR 8.3 million). The capitalisation rate in the first quarter of 2015 was 36.9% (previous year: 50.1%). The implementation of value-adding capex investments typically intensifies in the second half of the year.

Total investment is expected to increase sharply throughout the rest of the year, resulting in a figure of around EUR 15 per square metre for 2015. The proportion of value-adding capex investments is forecast at around 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	32,811	2,333	41	1,112	16.2 x	161	2,494
District of Mettmann	8,243	574	10	1,007	14.8 x	66	641
Muenster	6,093	533	9	1,319	18.1 x	35	568
Dusseldorf	3,526	278	5	1,241	16.8 x	19	298
Other locations	14,949	947	17	1,053	16.0 x	40	988
STABLE MARKETS	42,808	2,032	36	724	12.9 x	111	2,143
Dortmund	12,550	615	11	746	13.5 x	35	650
Moenchengladbach	6,049	268	5	699	12.3 x	22	290
Hamm	3,974	146	3	607	11.0 x	3	149
Other locations	20,235	1,003	18	737	13.0 x	51	1,054
HIGHER-YIELDING MARKETS	29,698	1,170	21	638	11.8 x	45	1,216
District of Recklinghausen	6,567	278	5	643	12.1 x	14	292
Duisburg	5,900	256	5	694	12.0 x	10	266
Maerkisch District	4,679	165	3	574	10.8 x	2	167
Other locations	12,552	472	8	631	11.8 x	19	491
SUBTOTAL NRW	105,317	5,535	98	821	13.8 x	318	5,853
Portfolio outside NRW	1,461	89	2	923	14.4 x	1	90
TOTAL PORTFOLIO³	106,778	5,625	100	822	13.8 x	319	5,944
Prepayments for property held as an investment property							1
Leasehold + land values							27
Inventories (IAS 2)							4
Finance lease (outside property valuation)							0
TOTAL BALANCE SHEET⁴							5,975

¹ Excluding 321 residential units in commercial buildings; including 267 commercial and other units in mixed residential assets.

² Excluding 267 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 September-30 2014.

⁴ Thereof assets held for sale: EUR 12.1 million.

Analysis of net assets, financial position
and results of operations

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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 31 March 2015) and for the same period of the previous year (1 January to 31 March 2014) is provided below:

T6 – Condensed income statement

<i>€million</i>	01.01. – 31.03.2015	<i>01.01. – 31.03.2014</i>
Net rental and lease income	80.8	70.5
Net income from the disposal of investment properties	1.3	0.0
Net income from the disposal of real estate inventory	-0.7	-0.9
Net income from other services	-0.1	0.1
Administrative and other expenses	-8.9	-8.8
Other income	0.2	0.1
OPERATING EARNINGS	72.6	61.0
Interest income	0.4	0.1
Interest expenses	-44.2	-30.0
Net income from investment securities and other equity investments	2.5	1.4
Net income from the fair value measurement of derivatives	-52.7	-3.6
NET FINANCE EARNINGS	-94.0	-32.1
EARNINGS BEFORE INCOME TAXES	-21.4	28.9
Income taxes	-9.0	-6.5
NET PROFIT OR LOSS FOR THE PERIOD	-30.4	22.4

Operating earnings amounted to EUR 72.6 million in the reporting period (previous year: EUR 61.0 million). The main reason for the EUR 11.6 million improvement in operating earnings was the increase in net cold rent (up EUR 13.0 million) in net rental and lease income. Disposals of investment property for the purposes of selective portfolio streamlining contributed to the improvement in operating earnings with a net gain of EUR 1.3 million. Thanks to economies of scale and rigorous cost discipline, administrative expenses remained stable as against the same period of the previous year despite the addition of around 13,000 residential units.

The EUR 64.0 million deterioration in net finance earnings was due primarily to the change in the fair value of derivatives for the convertible bond (EUR 52.4 million) and the planned refinancing, which led to additional prepayment penalties and amortisation costs (interest expenses up EUR 14.2 million).

The increase in income taxes reflects the higher level of expenses for deferred taxes in particular (up EUR 1.5 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 -30.4 million for the reporting period (previous year: EUR 22.4 million).

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

T7 – Segment reporting 01.01. – 31.03.2015

<i>€million</i>	<i>Residential</i>	<i>Other</i>	<i>Reconciliation</i>	<i>Group</i>
P&L position				
Rental and lease income	159.4	1.0	-0.5	159.9
Costs of sales in connection with rental lease income	-78.8	-0.8	0.5	-79.1
NET RENTAL AND LEASE INCOME	80.6	0.2	-	80.8
Net income from the disposal of IAS 40 property	1.3	0.0	0.0	1.3
Net income from remeasurement of IAS 40 property	-	-	-	-
Net income from the disposal of real estate inventory	-0.2	-0.5	-	-0.7
Net income from other services	0.1	9.3	-9.5	-0.1
Administrative and other expenses	-9.9	-8.5	9.5	-8.9
Other income	0.1	0.1	-	0.2
SEGMENT EARNINGS	72.0	0.6	0.0	72.6

The Residential segment generated operating segment earnings of EUR 72.0 million in the reporting period, while the Other segment generated operating segment earnings of EUR 0.6 million.

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

T8 – Segment reporting 01.01. – 31.03.2014

<i>€million</i>	<i>Residential</i>	<i>Other</i>	<i>Reconciliation</i>	<i>Group</i>
P&L position				
Rental and lease income	140.9	1.7	-0.5	142.1
Costs of sales in connection with rental lease income	-71.1	-1.0	0.5	-71.6
NET RENTAL AND LEASE INCOME	69.8	0.7	-	70.5
Net income from the disposal of IAS 40 property	-	-	-	-
Net income from remeasurement of IAS 40 property	-	-	-	-
Net income from the disposal of real estate inventory	-	-0.9	-	-0.9
Net income from other services	0.1	7.5	-7.5	0.1
Administrative and other expenses	-9.6	-6.7	7.5	-8.8
Other income	0.1	-	-	0.1
SEGMENT EARNINGS	60.4	0.6	-	61.0

The Residential segment generated operating segment earnings of EUR 60.4 million in the comparative prior-year period, while the Other segment generated operating segment earnings of EUR 0.6 million.

ment are intragroup items and are eliminated in the "Reconciliation" column.

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

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 seg-

Net rental and lease income

T9 – Net rental and lease income

€million	01.01. – 31.03.2015	01.01. – 31.03.2014
Net cold rent	107.3	94.3
Profit from operating expenses	-1.5	0.3
Maintenance	-9.9	-8.3
Staff costs	-9.4	-8.4
Allowances on rent receivables	-1.8	-1.1
Depreciation and amortisation expenses	-1.2	-1.0
Other	-2.7	-5.3
NET RENTAL AND LEASE INCOME	80.8	70.5
NET OPERATING INCOME – MARGIN (IN %)	75.3	74.8

In the first quarter of 2015, the LEG Group increased its net rental and lease income by EUR 10.3 million compared with the same period of the previous year. This development was driven primarily by the EUR 13.0 million increase in net cold rent, which was partially offset by the slight increase in maintenance expenses (EUR -1.6 million).

Organic rental growth and the acquisition of property portfolios contributed to a rise in net cold rent of 13.8% to EUR 107.3 million in the reporting period. Rent on a like-for-like basis in square metres increased by +2.5% as against the previous year.

The multimedia business that was launched on 1 January 2014 (reported in "Other") showed an increase in earnings and made a positive contribution to the earnings development.

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 15.7 EUR million, total investment to date was EUR 0.9 million lower than in the comparative prior-year period despite the portfolio growth. The newly acquired portfolios accounted for EUR 1.2 million of total investment.

T10 – Maintenance and modernisation of investment properties

€million	01.01. – 31.03.2015	01.01. – 31.03.2014
Maintenance expenses for investment properties	9.9	8.3
Capital expenditure	5.8	8.3
TOTAL INVESTMENT	15.7	16.6
Area of investment properties in million sqm	7.04	6.25
AVERAGE INVESTMENT PER SQM (€/SQM)	2.2	2.7

In line with planning, the average total investment and, in particular, the planned modernisation 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. 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	01.01. – 31.03.2015	01.01. – 31.03.2014
Income from the disposal of investment properties	48.5	2.5
Carrying amount of the disposal of investment properties	-47.0	-2.3
Costs of sales of investment properties sold	-0.2	-0.2
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	1.3	0.0

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 investment property in the amount of EUR 16.1 million at the same date.

Additional investment property was sold in the reporting period for the purposes of selective portfolio streamlining with the aim of increasing the FFO yield. Block sales resulted in a book gain of EUR 0.8 million (sales proceeds EUR 9.5 million, carrying amount disposals EUR 8.7 million), while individual sales contributed a book gain of EUR 0.8 million (sales proceeds EUR 6.6 million, carrying amount disposals EUR 5.8 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 cost 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	01.01. – 31.03.2015	01.01. – 31.03.2014
Income from the real estate inventory disposed of	0.2	0.3
Carrying amount of the real estate inventory disposed of	-0.1	-0.2
Cost of sales of the real estate inventory disposed of	-0.8	-1.0
NET INCOME FROM THE DISPOSAL OF REAL ESTATE INVENTORY	-0.7	-0.9

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 at 31 March 2015 amounted to EUR 4.1 million, of which EUR 2.7 million related to properties under development.

As a result of further staff savings, the cost of sales of real estate inventory sold was EUR 0.2 million lower than in the same period of the previous year.

Net income from other services

T13 – Other services

€million	01.01. – 31.03.2015	01.01. – 31.03.2014
Income from other services	1.5	2.3
Expenses in connection with other services	-1.6	-2.2
NET INCOME FROM OTHER SERVICES	-0.1	0.1

Net income from other services includes primarily 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	01.01. – 31.03.2015	01.01. – 31.03.2014
Other operating expenses	-2.8	-2.4
Staff costs	-5.3	-5.7
Purchased services	-0.3	-0.2
Depreciation and amortisation	-0.5	-0.5
ADMINISTRATIVE AND OTHER EXPENSES	-8.9	-8.8

Administrative and other expenses remained largely unchanged year-on-year despite the acquisition of around 13,000 residential units.

Slightly increased project costs (EUR +0.3 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 0.2 million lower in the reporting period.

Current administrative expenses in the reporting period were essentially unchanged year-on-year at EUR 7.9 million despite the portfolio growth (previous year: EUR 7.8 million). In particular, this reflects the fact that LEG’s fully integrated platform enables its business model to integrate acquisitions in key markets into its ongoing processes at only minor additional cost.

Net finance earnings

T 15 – Net finance earnings

€million	01.01. – 31.03.2015	01.01. – 31.03.2014
Interest income	0.4	0.1
Interest expenses	-44.2	-30.0
NET INTEREST INCOME	-43.8	-29.9
Net income from other financial assets and other investments	2.5	1.4
Net income from the fair value measurement of derivatives	-52.7	-3.6
NET FINANCE EARNINGS	-94.0	-32.1

The increase in interest expenses from EUR 30.0 million in the previous year to EUR 44.2 million in the reporting period is attributable primarily to the planned refinancing. Refinancing costs amounted to around EUR 60 million, of which EUR 7.5 million related to prepayment penalties for the replacement of the fixed-rate loans. Around EUR 52.5 million related to the replacement of the interest rate swaps concluded to hedge the variable-interest loans, which are already reported at fair value in other liabilities.

Interest expenses from loan amortisation rose by EUR 7.0 million year-on-year. This includes the measurement of the convertible bond at amortised cost in the amount of EUR 1.6 million.

After adjustment for prepayment penalties and other items, cash interest expenses fell to EUR 23.3 million (previous year: EUR million 23.6) as a result of the lower interest rates.

The rise in net income from investment securities results primarily from the former shareholder's reimbursement of payments of VAT arrears for external tax audits for the years 2005 to 2007 in the amount of EUR 1.0 million. Provisions had already been recognised for the expected back taxes 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 52.4 million.

The average interest rate for the entire loan portfolio declined to 2.8% (previous year: 3.2%) based on an average term of around 9.6 years.

Income taxes

T 16 – Income tax expenses

€million	01.01. – 31.03.2015	01.01. – 31.03.2014
Current tax expenses	-1.1	-0.1
Deferred tax expenses	-7.9	-6.4
Income tax expenses	-9.0	-6.5

An effective Group tax rate of 23.94% was assumed in the reporting period in accordance with Group tax planning (previous year: 21.28%).

Since the partial utilisation of tax loss carryforwards is expected for the 2014 fiscal year, deferred tax expenses in the amount of EUR 0.4 million were recognised for the first quarter of 2015, as in the same period of the previous year.

As such, the increase in deferred taxes from EUR 6.4 million in the previous year to EUR 7.9 million in the reporting period is attributable primarily to the rise in the Group tax rate.

Current income taxes at the interim reporting date included prior-period tax expenses of EUR 1.0 million.

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 property), FFO II (including net income from the disposal of investment property) and AFFO (FFO I adjusted for capex capitalisation).

The calculation methods for these key performance indicators can be found in the glossary in the annual report.

The calculation of FFO I, FFO II and AFFO for the reporting period and the same period of the previous year is as follows:

T17 – Calculation of FFO I, FFO II and AFFO

€ million	01.01. – 31.03.2015	01.01. – 31.03.2014
Net cold rent	107.3	94.3
Profit from operating expenses	-1.5	0.3
Maintenance	-9.9	-8.3
Staff costs	-9.4	-8.4
Allowances on rent receivables	-1.8	-1.1
Other	-2.7	-5.3
Non-recurring project costs (rental and lease)	0.2	0.2
CURRENT NET RENTAL AND LEASE INCOME	82.2	71.7
CURRENT NET INCOME FROM OTHER SERVICES	0.4	0.7
Staff costs	-5.3	-5.7
Non-staff operating costs	-3.1	-2.6
LTIP (long-term incentive programme)	0.1	0.3
Non-recurring project costs (admin.)	0.4	0.1
Extraordinary and prior-period expenses	-	0.1
CURRENT ADMINISTRATIVE EXPENSES	-7.9	-7.8
Other income and expenses	0.2	0.1
ADJUSTED EBITDA	74.9	64.7
Cash interest expenses and income	-23.3	-23.6
Cash income taxes	-0.2	-0.1
FFO I (NOT INCLUDING DISPOSAL OF INVESTMENT PROPERTY)	51.4	41.0
Net income from the disposal of investment properties	1.3	-0.0
FFO II (INCL. DISPOSAL OF INVESTMENT PROPERTIES)	52.7	41.0
Capex	-5.8	-8.3
CAPEX-ADJUSTED FFO I (AFFO)	45.6	32.7

At EUR 51.4 million, FFO I was 25.4% higher in the reporting period than in the same period of the previous year (EUR 41.0 million). In particular, this development reflects the rise in net cold rent including the effects of the acquisitions conducted, which is offset by the slight rise in maintenance expenses of EUR 1.6 million. A further increase in maintenance expenses is expected in the remainder of the 2015 fiscal year.

EPRA earnings per share

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

T 18 – EPRA earnings per share (EPS)

<i>€million</i>	01.01. – 31.03.2015	<i>01.01. – 31.03.2014</i>
NET PROFIT OR LOSS FOR THE PERIOD	-30.4	22.4
Changes in value of investment properties	0.0	0.0
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	-0.7	0.9
Tax on profits or losses on disposals	0.9	0.0
Changes in fair value of financial instruments and associated close-out costs	52.7	3.7
Acquisition costs on share deals and non-controlling joint venture interests	0.1	0.0
Deferred tax in respect of EPRA adjustments	9.0	9.9
Non-controlling interests in respect of the above	0.0	-0.1
Refinancing expenses	13.0	0.0
EPRA EARNINGS	44.6	36.8
EPRA earnings per share (EPS)		
Weighted average number of shares outstanding	57,063,444	52,963,444
EPRA earnings per share (undiluted) in €	0.78	0.69
Potentially diluted shares	4,979,237	0
Interest coupon on convertible bond	0.30	0.00
EPRA EARNINGS (DILUTED)	44.94	-
Number of diluted shares	62,042,681	52,963,444
EPRA EARNINGS PER SHARE (DILUTED) IN €	0.72	0.69

Net asset situation (condensed statement of financial position)

The condensed statement of financial position is as follows:

T 19 – Condensed statement of financial position

<i>€ million</i>	31.03.2015	31.12.2014
Investment properties	5,935.6	5,914.3
Prepayments for investment properties	0.6	16.8
Other non-current assets	153.4	155.8
Non-current assets	6,089.6	6,086.9
Receivables and other assets	53.7	35.9
Cash and cash equivalents	176.7	129.9
Current assets	230.4	165.8
Assets held for sale	12.1	58.4
TOTAL ASSETS	6,332.1	6,311.1
Equity	2,462.4	2,491.6
Non-current financing liabilities	1,602.3	2,546.5
Other non-current liabilities	570.8	612.3
Non-current liabilities	2,173.1	3,158.8
Current financing liabilities	1,362.0	413.8
Other current liabilities	334.6	246.9
Current liabilities	1,696.6	660.7
TOTAL EQUITY AND LIABILITIES	6,332.1	6,311.1

Total assets amounted to EUR 6,332.1 million at the reporting date (31 December 2014: EUR 6,311.1 million).

At EUR 6,089.6 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 property, which amounted to EUR 5,935.6 million at 31 March 2015 (31 December 2014: EUR 5,914.3 million). This corresponds to 93.7% of total assets at 31 March 2015 (31 December 2014: 93.7%).

Receipts from property sales (EUR 19.9 million), loan repayments (EUR –23.0 million) and net cash from operating activities of EUR 51.7 million were the main factors in the development of cash and cash equivalents, which increased to EUR 176.7 million as against the previous year-end.

The main items on the equity and liabilities side are the reported equity of EUR 2,462.4 million (31 December 2014: EUR 2,491.6 million) and financing liabilities in the amount of EUR 2,964.3 million (31 December 2014: EUR 2,960.3 million). Due to the planned refinancing, the affected loan agreements were classified as current. This resulted in reclassifications from non-current to current financial liabilities.

The net loss for the period (EUR –30.4 million), which was dominated by the negative non-recurring effects, and gains from the fair value measurement of effective interest rate derivatives reported in other comprehensive income (EUR 0.9 million) were the main reasons for the slight temporary reduction in equity.

Net asset value (NAV)

NAV is another relevant key performance indicator for the real estate industry. The calculation method for the respective indicator can be found in the glossary in the 2014 annual report. Unlike NNNNAV, EPRA NAV represents the net asset value on the basis of a going concern assumption, which corresponds to the business strategy of LEG.

The LEG Group reported basic EPRA NAV of EUR 3,015.4 million as at 31 March 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 the effects of the acquisition of the Vitus Group from Deutsche Annington, adjusted diluted EPRA NAV amounted to EUR 3,357.3 million at the reporting date.

T20 – EPRA-NAV

€million	31.03.2015 undiluted	31.03.2015 Effect of exercise of convertible	31.03.2015 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	2,447.9	–	2,447.9	2,477.3	–	2,477.3
NON-CONTROLLING INTERESTS	14.5	–	14.5	14.3	–	14.3
EQUITY	2,462.4	–	2,462.4	2,491.6	–	2,491.6
Effect of exercise of options, convertibles and other equity interests	–	367.8	367.8	–	308.7	308.7
NAV	2,447.9	367.8	2,815.7	2,477.3	308.7	2,786.0
Fair value measurement of derivative financial instruments	188.5	–	188.5	136.1	–	136.1
Deferred taxes on WFA loans and derivatives	29.6	–	29.6	32.2	–	32.2
Deferred taxes on investment property	385.1	–	385.1	376.0	–	376.0
Goodwill resulting from deferred taxes on investment property	–35.7	–	–35.7	–35.7	–	–35.7
EPRA NAV	3,015.4	367.8	3,383.2	2,985.9	308.7	3,294.6
NUMBER OF SHARES	57,063,444	4,979,236	62,042,680	57,063,444	4,979,236	62,042,680
EPRA NAV PER SHARE	52.84		54.53	52.33		53.10
EPRA NAV	3,015.4	367.8	3,383.2	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)	2,989.5	367.8	3,357.3	2,960.0	308.7	3,268.7
NUMBER OF SHARES	57,063,444	4,979,236	62,042,680	57,063,444	4,979,236	62,042,680
ADJUSTED EPRA-NAV PER SHARE	52.39		54.11	51.87		52.69
EPRA NAV	3,015.4	367.8	3,383.2	2,985.9	308.7	3,294.6
Fair value measurement of derivative financial instruments	–188.5	–	–188.5	–136.1	–	–136.1
Deferred taxes on WFA loans and derivatives	–29.6	–	–29.6	–32.2	–	–32.2
Deferred taxes on investment property	–385.1	–	–385.1	–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	–401.4	–	–401.4	–374.5	–	–374.5
Valuation uplift resulting from FV measurement financing liabilities	124.8	–	124.8	124.8	–	124.8
EPRA NNNAV	2,171.3	367.8	2,539.1	2,227.6	308.7	2,536.3
NUMBER OF SHARES	57,063,444	4,979,236	62,042,680	57,063,444	4,979,236	62,042,680
EPRA NNNAV per share	38.05	–	40.93	39.04	–	40.89

Loan-to-value ratio (LTV)

Net debt in relation to property assets declined slightly once again compared with 31 December 2014. The loan-to-value ratio (LTV) therefore amounted to 46.9% (31 December 2014: 47.3%).

T21 – Loan-to-value ratio

€million	31.03.2015	31.12.2014
Financing liabilities	2,964.3	2,960.3
less cash and cash equivalents	176.7	129.9
NET FINANCING LIABILITIES	2,787.6	2,830.4
Investment properties	5,935.6	5,914.3
Assets held for disposal	12.1	58.4
Prepayments for investment properties	0.6	16.8
REAL ESTATE ASSETS	5,948.3	5,989.5
LOAN TO VALUE RATIO (LTV) IN %	46.9	47.3

Financial position

A net loss of EUR –30.4 million was recorded in the reporting period (previous year: net income of EUR 22.4 million). Equity amounted to EUR 2,462.4 million at the reporting date (31 December 2014: EUR 2,491.6 million). This corresponds to an equity ratio of 38.9% (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. – 31.03.2015	01.01. – 31.03.2014
Cash flow from operating activities	51.7	44.7
Cash flow from investing activities	12.5	–32.0
Cash flow from financing activities	–17.4	17.1
CHANGE IN CASH AND CASH EQUIVALENTS	46.8	29.8

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

Acquisitions and modernisation work on the existing portfolio contributed to net cash flow from investing activities with payments in the amount of EUR –7.2 million. Furthermore, receipts from property disposals in the amount of EUR 19.9 million resulted in net cash flow from investing activities of EUR 12.5 million.

The reduction in net cash flow in financing activities to EUR –17.4 million is mainly due to the repayment of bank loans (EUR –22.0 million), which was partially offset by new loans extended in the amount of EUR 5.6 million.

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

SUPPLEMENTARY REPORT

A. Changes in the Supervisory Board of LEG Immobilien AG

On 22 April 2015, Nathan James Brown, CFO of Perry Capital UK LLP, informed the company of his intention to resign his position as member of the Supervisory Board of LEG Immobilien AG and step down from the Supervisory Board with effect from the end of the Annual General Meeting on 24 June 2015. The Management Board and the Supervisory Board of LEG Immobilien AG will propose to the next Annual General Meeting the election of Natalie C. Hayday as a new Supervisory Board member.

B. Refinancing

LEG intends to secure the currently attractive interest rates and credit margins for the long term. To this end, loans of around EUR 900 million maturing in 2018 are to be refinanced early and replaced by new loan agreements with average terms of ten years. Based on the current indications from the financing partners, this will allow the average financing costs to be reduced from 2.8% as at 31 March 2015 to provisionally less than 2.3%. At the same time, the average term is to be increased from 9.6 years to more than 11 years. The planned effects on earnings will be fully visible in 2016. The refinancing entails estimated non-recurring costs of around EUR 60.0 million.

C. Acquisitions

The acquisition of a property portfolio of around 713 residential units 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 and the initial vacancy rate is 2.9%. Subject to approval by the German Federal Cartel Office, the transaction will be closed with retrospective effect from 1 January 2015.

D. Rating

On 13 May 2015, the rating agency Moody's for the first time assigned a long-term issuer rating to LEG Immobilien AG. The Moody's Baa1 rating particularly reflects the strong market position, the active portfolio management and the long-term oriented financing strategy of LEG Immobilien AG.

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 three months of the current fiscal year, LEG is well on track to at least achieve the goals it has set itself for 2015 and 2016. LEG expects FFO I to increase to EUR 195–200 million in 2015, rising further to EUR 223–227 million in 2016. This forecast does not yet include the effects of acquisitions concluded after the end of the 2014 fiscal year.

Development in the first quarter of 2015 also serves to confirm the forecast rental growth of between 2.3% and 2.5% on a like-for-like basis.

The occupancy rate is expected to reach at least 97.2% by the end of the year. Investments in the portfolio are 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. LEG believes it is well positioned to achieve its acquisition target of at least 5,000 residential units by the end of the year.

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T23 – Consolidated statement of financial position

Assets

<i>€ million</i>	31.03.2015	31.12.2014
Non-current assets	6,089.6	6,086.9
Investment properties	5,935.6	5,914.3
Prepayments for investment properties	0.6	16.8
Property, plant and equipment	63.4	64.6
Intangible assets	64.3	64.7
Investments in associates	8.9	8.9
Other financial assets	2.3	2.4
Receivables and other assets	2.4	2.5
Deferred tax assets	12.1	12.7
Current assets	230.4	165.8
Real estate inventory and other inventory	18.6	6.2
Receivables and other assets	33.5	27.1
Income tax receivables	1.6	2.6
Cash and cash equivalents	176.7	129.9
Assets held for sale	12.1	58.4
TOTAL ASSETS	6,332.1	6,311.1

Equity and liabilities

<i>€ million</i>	31.03.2015	31.12.2014
Equity	2,462.4	2,491.6
Share capital	57.1	57.1
Capital reserves	579.0	578.9
Cumulative other reserves	1,811.8	1,841.3
Equity attributable to shareholders of the parent company	2,447.9	2,477.3
Non-controlling interests	14.5	14.3
Non-current liabilities	2,173.1	3,158.8
Pension provisions	158.0	158.3
Other provisions	14.2	14.6
Financing liabilities	1,602.3	2,546.5
Other liabilities	66.0	114.6
Tax liabilities	16.8	16.5
Deferred tax liabilities	315.8	308.3
Current liabilities	1,696.6	660.7
Pension provisions	6.2	6.3
Other provisions	15.7	17.5
Provisions for taxes	0.4	0.4
Financing liabilities	1,362.0	413.8
Other liabilities	295.7	206.1
Tax liabilities	16.6	16.6
TOTAL EQUITY AND LIABILITIES	6,332.1	6,311.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

T24 – Consolidated statement of comprehensive income

<i>€ million</i>	01.01. – 31.03.2015	<i>01.01. – 31.03.2014</i>
Net rental and lease income	80.8	70.5
Rental and lease income	159.9	142.1
Cost of sales in connection with rental lease income	-79.1	-71.6
Net income from the disposal of investment properties	1.3	-
Income from the disposal of investment properties	48.5	2.5
Carrying amount of the disposal of investment properties	-47.0	-2.3
Cost of sales in connection with disposed investment properties	-0.2	-0.2
Net income from the disposal of real estate inventory	-0.7	-0.9
Income from the real estate inventory disposed of	0.2	0.3
Carrying amount of the real estate inventory disposed of	-0.1	-0.2
Costs of sales of the real estate inventory disposed of	-0.8	-1.0
Net income from other services	-0.1	0.1
Income from other services	1.5	2.3
Expenses in connection with other services	-1.6	-2.2
Administrative and other expenses	-8.9	-8.8
Other income and expenses	0.2	0.1
OPERATING EARNINGS	72.6	61.0
Interest income	0.4	0.1
Interest expenses	-44.2	-30.0
Net income from investment securities and other equity investments	2.5	1.4
Net income from the fair value measurement of derivatives	-52.7	-3.6
EARNINGS BEFORE INCOME TAXES	-21.4	28.9
Income taxes	-9.0	-6.5
NET PROFIT OR LOSS FOR THE PERIOD	-30.4	22.4
Change in amounts recognised directly in equity		
Thereof recycling		
Fair value adjustment of interest rate derivatives in hedges	0.9	-11.0
Change in unrealised gains/(losses)	1.1	-14.9
Income taxes on amounts recognised directly in equity	-0.2	3.9
TOTAL COMPREHENSIVE INCOME	-29.5	11.4
Net profit or loss for the period attributable to:		
Non-controlling interests	-	0.1
Parent shareholders	-30.4	22.3
Total comprehensive income attributable to:		
Non-controlling interests	-	-
Parent shareholders	-29.5	11.4
EARNINGS PER SHARE (BASIC/DILUTED) IN €	-0.53	0.42

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

T25 – Statement of changes in consolidated equity

€ million	Share capital	Capital reserves	Cumulative other reserves			Equity attributable to shareholders of the Group	Noncontrolling interests	Consolidated equity
			Revenue reserves	Actuarial gains and losses from the measurement of pension obligations	Fair value adjustment of interest derivatives in hedges			
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	-	-	22.3	-	-	22.3	0.1	22.4
Other comprehensive income	-	-	-	-	-10.9	-10.9	-0.1	-11.0
TOTAL COMPREHENSIVE INCOME	-	-	22.3	-	-10.9	11.4	-	11.4
Change in consolidated companies	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	0.2	0.2
Withdrawals from reserves	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
Contribution in connection with Management and Supervisory Board	-	0.4	-	-	-	0.4	-	0.4
AS OF 31.03.2014	53.0	441.3	1,828.2	-16.6	-45.3	2,260.6	27.5	2,288.1
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	-	-	-30.4	-	-	-30.4	-	-30.4
Other comprehensive income	-	-	-	-	0.9	0.9	-	0.9
TOTAL COMPREHENSIVE INCOME	-	-	-30.4	-	0.9	-29.5	-	-29.5
Change in consolidated companies	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	0.2	0.2
Withdrawals from reserves	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
Contribution in connection with Management and Supervisory Board	-	0.1	-	-	-	0.1	-	0.1
AS OF 31.03.2015	57.1	579.0	1,914.5	-38.5	-64.2	2,447.9	14.5	2,462.4

CONSOLIDATED STATEMENT OF CASH FLOWS

T26 – Consolidated statement of cash flows

€ million	01.01. – 31.03.2015	01.01. – 31.03.2014
Operating earnings	72.6	61.0
Depreciation on property, plant and equipment and amortisation on intangible assets	2.3	2.1
(Gains)/Losses from the disposal of assets held for sale and investment properties	-1.5	-0.2
(Decrease)/Increase in pension provisions and other non-current provisions	-0.9	0.4
Other non-cash income and expenses	1.9	1.6
(Decrease)/Increase in receivables, inventories and other assets	-17.8	-7.3
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	17.5	10.9
Interest paid	-23.7	-23.7
Interest received	0.4	0.1
Received income from investments	1.0	-
Taxes received	-	0.2
Taxes paid	-0.1	-0.4
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	51.7	44.7
Cash flow from investing activities		
Cash payments to investment properties	-7.2	-32.9
Cash receipts from disposal of assets held for sale and investment properties	19.9	2.5
Cash payments for investments in intangible assets and property, plant and equipment	-0.2	-1.6
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	12.5	-32.0
Cash flow from financing activities		
Borrowing of bank loans	5.6	35.5
Repayment of bank loans	-22.0	-17.9
Repayment of lease liabilities	-1.0	-0.9
Capital contribution	-	0.4
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	-17.4	17.1
Change in cash and cash equivalents	46.8	29.8
Cash and cash equivalents at beginning of period	129.9	110.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	176.7	140.5
Composition of cash and cash equivalents		
Cash in hand, bank balances	176.7	140.5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	176.7	140.5

SELECTED NOTES ON THE IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 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 107,838 units (residential and commercial) on 31 March 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 mainly generates net rental and lease income from investment property. Rental and lease business is largely 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 at 31 December 2014. These interim consolidated financial statements as of 31 March 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, land tax liabilities for the entire 2015 fiscal year were recognised as at 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.

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 property, the recognition and measurement of pension provisions, the recognition and measurement of other provisions, the measurement of financial 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 31 March 2015, the LEG Group held 106,778 apartments and 1,060 commercial units in its portfolio.

Investment property 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	31.03.2015	31.12.2014
CARRYING AMOUNT AS OF 01.01.	5,914.3	5,163.4
Acquisitions	16.2	615.9
Other additions	5.8	43.4
Reclassified to assets held for sale	-0.7	-52.6
Reclassified to property, plant and equipment	0.0	-1.3
Reclassified from property, plant and equipment	0.0	2.5
Fair value adjustment	-	143.0
CARRYING AMOUNT AS OF 31.03./31.12.	5,935.6	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.

Because no remeasurement of investment property was performed as at the interim reporting date, the fair values were not adjusted. 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	31.03.2015	31.12.2014
Financing liabilities from real estate financing	2,937.1	2,932.4
Financing liabilities from lease financing	27.2	27.9
FINANCING LIABILITIES	2,964.3	2,960.3

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

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.

A total volume of EUR 3.5 million was refinanced in the first three months of 2015. Other loans extended in the amount of EUR 2.1 million resulted in increased loan liabilities. This was offset by scheduled and unscheduled repayments.

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
31.03.2015	1,357.7	586.1	993.3	2,937.1
31.12.2014	409.6	1,528.7	994.1	2,932.4

The change in maturities compared with the previous year is due in particular to the planned refinancing in the amount of EUR 900 million. The loans to be refinanced were reclassified to "Remaining term < 1 year".

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. – 31.03.2015	01.01. – 31.03.2014
Net cold rent	107.3	94.3
Net income from operating costs	-1.5	0.3
Maintenance expenses	-9.9	-8.3
Staff costs	-9.4	-8.4
Impairment losses on rent receivables	-1.8	-1.1
Depreciation	-1.2	-1.0
Others	-2.7	-5.3
NET RENTAL AND LEASE INCOME	80.8	70.5
NET OPERATING INCOME MARGIN (IN %)	75.3	74.8

In the first quarter of 2015, the LEG Group increased its net rental and lease income by EUR 11.0 million compared with the same period of the previous year. This development was driven primarily by the EUR 13.0 million increase in net cold rent, which was offset by the slight increase in maintenance expenses (EUR -1.6 million).

Organic rental growth and the acquisitions of property portfolios contributed to a rise in net cold rent of 13,8% to EUR 107.3 million in the reporting period. Rental growth on a like-for-like basis in square metres increased by +2.5% as against the previous year.

The multimedia business that was launched on 1 January 2014 (reported in "Other") showed an increase in earnings and made a positive contribution to the earnings development.

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

T31 – Net income from the disposal of investment properties

€ million	01.01.– 31.03.2015	01.01.– 31.03.2014
Income from the disposal of investment properties	48.5	2.5
Carrying amount of investment properties disposed of	-47.0	-2.3
INCOME/LOSS FROM THE DISPOSAL OF INVESTMENT PROPERTIES	1.5	0.2
Staff costs	-0.1	-0.1
Other operating expenses	-0.1	-0.1
Purchase services	-	-
COST OF SALE IN CONNECTION WITH INVESTMENT PROPERTIES SOLD	-0.2	-0.2
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	1.3	-

Administrative and other expenses were composed as follows:

T32 – Administrative and other expenses

€ million	01.01.– 31.03.2015	01.01.– 31.03.2014
Other operating expenses	-2.8	-2.4
Staff costs	-5.3	-5.7
Purchased services	-0.3	-0.2
Depreciation, amortisation and write-downs	-0.5	-0.5
ADMINISTRATIVE AND OTHER EXPENSES	-8.9	-8.8

Administrative and other expenses remained largely unchanged year-on-year despite the acquisition of around 13,000 residential units.

Slightly increased project costs (EUR +0.3 million) led to a higher level of other operating expenses.

Expenses for the long-term incentive (LTI) programme with the former shareholders were EUR 0.2 million lower in the reporting period.

This meant that current administrative expenses in the reporting period were essentially unchanged year-on-year at EUR 7.9 million (previous year: EUR 7.8 million). In particular, this reflects the fact that LEG's fully integrated platform enables its business model to integrate acquisitions in key markets into its ongoing processes at only minor additional cost.

Net interest income is broken down as follows:

T33 – Interest income

€ million	01.01.– 31.03.2015	01.01.– 31.03.2014
Interest income from bank balances	0.1	0.1
Other interest income	0.3	-
INTEREST INCOME	0.4	0.1

T34 – Interest expenses

€ million	01.01.– 31.03.2015	01.01.– 31.03.2014
Interest expenses from real estate financing	-15.8	-17.5
Interest expense from loan amortisation	-11.6	-4.6
Prepayment penalty	-7.5	0.0
Interest expense from interest derivatives for real estate financing	-8.0	-6.0
Interest expense from change in pension provisions	-0.7	-1.0
Interest expense from interest on other assets and liabilities	-0.2	-0.5
Interest expenses from lease financing	-0.4	-0.4
Other interest expenses	0.0	0.0
INTEREST EXPENSES	-44.2	-30.0

The increase in interest expenses from loan amortisation and prepayment penalties were due in particular to the effects of the loans that will be replaced as part of the planned refinancing in the 2015 fiscal year. Refinancing costs amounted to around EUR 60 million, of which EUR 7.5 million related to prepayment penalties for the replacement of the fixed-rate loans. Around EUR 52.5 million related to the replacement of the interest rate swaps concluded to hedge the variable-interest loans, which are already reported at fair value in other liabilities.

Interest expenses from loan amortisation include the measurement of the convertible bond at amortised cost in the amount of EUR 1.6 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.– 31.03.2015	01.01.– 31.03.2014
Current income taxes	-1.1	-0.1
Deferred taxes	-7.9	-6.4
INCOME TAXES	-9.0	-6.5

An effective Group tax rate of 23.9% was assumed as at 31 March 2015 in accordance with Group tax planning (previous year: 21.3%).

Current income taxes include prior-period tax expenses of EUR 1.0 million.

A deferred tax expense of EUR 0.4 million was recognised for the change in deferred tax assets for tax loss carryforwards as against 31 December 2014 (previous year: deferred tax expense of EUR 0.4 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.

T36 – Earnings per share (basic)

	01.01.– 31.03.2015	01.01.– 31.03.2014
Net profit or loss attributable to shareholders in € million	-30.4	22.3
Average numbers of shares outstanding	57,063,444	52,963,444
EARNINGS PER SHARE (BASIC) IN €	-0.53	0.42

As at 31 March, 2015 LEG Immo had potential ordinary shares from a convertible bond, which authorise the bearer to convert it into up to 5.0 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 incurred 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 incurred 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 equal to the basic earnings per share.

8. Notes on Group segment reporting

Group segment reporting for the period from
1 January to 31 March 2015

T37 – Segment reporting 01.01. – 31.03.2015

€ million	Residential	Other	Reconciliation	Group
P&L position				
Rental and lease income	159.4	1.0	-0.5	159.9
Cost of sales of rental and letting	-78.8	-0.8	0.5	-79.1
NET RENTAL AND LEASE INCOME	80.6	0.2	-	80.8
Net income from the disposal of IAS 40 property	1.3	0.0	0.0	1.3
Net income from the measurement of IAS 40 property	-	-	-	-
Net income from the disposal of real estate inventory	-0.2	-0.5	-	-0.7
Net income from other services	0.1	9.3	-9.5	-0.1
Administrative and other expenses	-9.9	-8.5	9.5	-8.9
Other income	0.1	0.1	-	0.2
SEGMENT EARNINGS	72.0	0.6	0.0	72.6
Statement of financial position item				
Segment assets (IAS 40)	5,886.1	49.5	-	5,935.6
Key figures				
Rentable area in sqm ¹	6,832,180	3,627		6,835,807
Monthly target rents as of end of reporting period	35.0	0.0		35.0
EPRA vacancy rate in %	3.2	3.3		3.2

¹ excl. commercial areas

Group segment reporting for the period from
1 January to 31 March 2014

T38 – Segment reporting 01.01. – 31.03.2014

€ million	Residential	Other	Reconciliation	Group
P&L position				
Rental and lease income	140.9	1.7	-0.5	142.1
Cost of sales of rental and letting	-71.1	-1.0	0.5	-71.6
NET RENTAL AND LEASE INCOME	69.8	0.7	-	70.5
Net income from the disposal of IAS 40 property	-	-	-	-
Net income from the measurement of IAS 40 property	-	-	-	-
Net income from the disposal of real estate inventory	-	-0.9	-	-0.9
Net income from other services	0.1	7.5	-7.5	0.1
Administrative and other expenses	-9.6	-6.7	7.5	-8.8
Other income	0.1	-	-	0.1
SEGMENT EARNINGS	60.4	0.6	-	61.0
Statement of financial position item				
Segment assets (IAS 40)	5,136.7	58.7	-	5,195.4
Key figures				
Rentable area in sqm ¹	6,067,959	3,627		6,071,586
Monthly target rents as of end of reporting period	30.5	0.0		30.6
EPRA vacancy rate in %	3.3	0.0		3.3

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-financial 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 at 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 at 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

€ million	Carrying amounts as per statement of financial positions 31.03.2015	Measurement (IAS 39)		Measurement	Fair value 31.03.2015
		Amortised cost	Fair value through profit or loss	IAS 17	
Assets					
Other financial assets	2.3				2.3
LaR	0.1	0.1	0.0		0.1
AfS	2.2	2.2			2.2
Receivables and other assets	49.3				49.3
LaR	27.6	27.6			27.6
Other non-financial assets	21.7				21.7
Cash and cash equivalents	176.7				176.7
LaR	176.7	176.7			176.7
TOTAL	228.3	206.6	0.0		228.3
Of which IAS 39 measurement categories					
LaR	204.4	204.4			204.4
AfS	2.2	2.2			2.2
Equity and liabilities					
Financial liabilities	-2,964.3				-3,366.5
FLAC	-2,937.1	-2,937.1			-3,338.5
Liabilities from lease financing	-27.2			-27.2	-28.0
Other liabilities	-361.7				-361.7
FLAC	-60.9	-60.9			-60.9
Derivatives HFT	-146.0		-146.0		-146.0
Hedge accounting derivatives	-88.1				-88.1
Other non-financial liabilities	-66.7				-66.7
TOTAL	-3,326.0	-2,998.0	-146.0	-27.2	-3,728.2
Of which IAS 39 measurement categories					
FLAC	-2,998.0	-2,998.0			-3,399.4
Derivatives HFT	-146.0		-146.0		-146.0

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)		Measurement	
		Amortised cost	Fair value through profit or loss	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	0.0	0.0		-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 at 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

As at 31 March 2015, no changes had occurred in the composition of the Management Board and the Supervisory Board compared to the disclosures as of 31 December 2014.

13. Events after the end of the reporting period

On 22 April 2015, Nathan James Brown, CFO of Perry Capital UK LLP, informed the company of his intention to resign his position as member of the Supervisory Board of LEG Immobilien AG and step down from the Supervisory Board with effect from the end of the Annual General Meeting on 24 June 2015. The Management Board and the Supervisory Board of LEG Immobilien AG will propose to the next Annual General Meeting the election of Natalie c. Hayday as a new Supervisory Board member.

LEG intends to secure the currently attractive interest rates and credit margins for the long term. To this end, loans of around EUR 900 million maturing in 2018 are to be refinanced early and replaced by new loan agreements with average terms of ten years. Based on the current indications from the financing partners, this will allow the average financing costs to be reduced from 2.84% as at 31 March 2015 to provisionally less than 2.3%. At the same time, the average term is to be increased from 9.6 years to more than 11 years. The planned effects on earnings will be fully visible in 2016. The refinancing entails estimated non-recurring costs of around EUR 60.0 million.

The acquisition of a property portfolio of around 713 residential units 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 and the initial vacancy rate is 2.9%. Subject to approval by the German Federal Cartel Office, the transaction will be closed with retrospective effect from 1 January 2015.

On 13 May 2015, the rating agency Moody's for the first time assigned a long-term issuer rating to LEG Immobilien AG. The Moody's Baa1 rating particularly reflects the strong market position, the active portfolio management and the long-term oriented financing strategy of LEG Immobilien AG.

There were no other significant events after the end of the interim reporting period on 31 March 2015.

Dusseldorf, 13 May 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, 13 May 2015

LEG Immobilien AG, Dusseldorf

The Management Board

THOMAS HEGEL

ECKHARD SCHULTZ

HOLGER HENTSCHEL

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FINANCIAL CALENDAR 2015

LEG FINANCIAL CALENDAR 2015

Publication of the Interim Report as at 31 March 2015	13 May
Annual General Meeting, Dusseldorf	24 June
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

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The interim report as at 31 March 2015 is also available in German. In case of doubt, the German version takes precedence.

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