



LEG

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QUARTERLY REPORT AS OF 30 JUNE 2020



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## About this Report

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## Key Figures Q2 2020

T1

		Q2 2020	Q2 2019	+/- %	01.01. – 30.06.2020	01.01. – 30.06.2019	+/- %
<b>Results of operations</b>							
Rental income	€ million	154.5	146.2	5.7	308.0	292.5	5.3
Net rental and lease income	€ million	122.9	116.3	5.7	239.5	225.9	6.0
EBITDA	€ million	707.1	653.4	8.2	816.9	757.5	7.8
EBITDA adjusted	€ million	121.5	111.2	9.3	235.2	217.8	8.0
EBT	€ million	669.0	670.9	-0.3	754.6	632.5	19.3
Net profit or loss for the period	€ million	546.8	525.9	4.0	613.4	469.1	30.8
FFO I	€ million	100.6	86.3	16.6	194.6	171.0	13.8
FFO I per share	€	1.45	1.36	6.6	2.82	2.71	4.1
FFO II	€ million	99.9	86.4	15.6	193.4	169.4	14.2
FFO II per share	€	1.44	1.36	5.9	2.80	2.68	4.5
AFFO	€ million	32.9	37.9	-13.2	72.2	92.7	-22.1
AFFO per share	€	0.48	0.60	-20.0	1.05	1.47	-28.6
<b>Portfolio</b>		<b>30.06.2020</b>	30.06.2019	+/- %/bp			
Number residential units		137,525	133,694	2.9			
In-place rent	€/sqm	5.88	5.73	2.7			
In-place rent (I-f-I)	€/sqm	5.90	5.75	2.6			
EPRA vacancy rate	%	3.4	3.9	-50 bp			
EPRA vacancy rate (I-f-I)	%	3.3	3.6	-30 bp			
<b>Statement of financial position</b>		<b>30.06.2020</b>	31.12.2019	+/- %/bp			
Investment property	€ million	13,042.9	12,031.1	8.4			
Cash and cash equivalents	€ million	1,177.6	451.2	161.0			
Equity	€ million	6,812.6	5,933.9	14.8			
Total financing liabilities	€ million	5,724.3	5,053.8	13.3			
Current financing liabilities	€ million	420.5	474.9	-11.5			
LTV	%	34.4	37.7	-330 bp			
Equity ratio	%	46.4	45.9	+50 bp			
Adj. EPRA NAV, diluted	€ million	8,367.9	7,273.0	15.1			
Adj. EPRA NAV per share, diluted	€	117.23	105.39	11.2			
Pro forma NAV per share, diluted (adjusted for Q3 dividend of €3.60)	€	113.63	105.39	7.8			

bp = basis points

## Portfolio

### Portfolio segmentation and housing stock

The LEG portfolio can be divided into three market clusters using a scoring system: high-growth markets, stable markets and higher-yielding markets. The indicators for the scoring system are described in the [> annual report 2019](#).

LEG's portfolio is spread across around 180 locations with a geographical focus on North Rhine-Westphalia and further activities in Lower Saxony, Bremen and Rhineland-Palatinate. The average apartment size is 64 square metres with an average monthly rent of EUR 5.88 per square metre.

As at 30 June 2020, the portfolio consisted of 137,525 residential units; 1,288 commercial units and 35,460 garages and parking spaces. All of the acquisitions made in FY 2019 were transferred to the LEG portfolio by 1 January 2020 at the latest.

### Performance of the LEG portfolio

#### Operational development

In-place rent on a like-for-like basis was EUR 5.90 per square metre as of 30 June 2020, 2.6% up on the previous year.

In the free-financed segment which accounts for around 75% of LEG's portfolio, rents rose by 2.9% to EUR 6.27 per square metre/month (on a like-for-like basis). In the high-growth markets, in-place rent increased by 3.3% to EUR 7.30 per square metre (on a like-for-like basis). The stable markets recorded a plus of 3.4% to an average rent of EUR 5.91 per square metre (on a like-for-like basis). In the higher-yielding markets an average increase of 1.9% to 5.67 Euro per square metre (on a like-for-like basis) was achieved.

On 21 March 2020, LEG announced that it will temporarily not increase rents to the local reference rents as provided for in section 558 of the German Civil Code (BGB). In this way LEG wanted to send a signal of solidarity and social responsibility in times of the Corona pandemic and lessen the burden on its customers.

The regular cost rent adjustment for rent-restricted apartments that is conducted every three years took place in January 2020. The average rent in this segment increased by 1.6% year-on-year or EUR 0.07 to EUR 4.87 per square metre (on a like-for-like basis) at the end of the reporting period.

The EPRA vacancy rate on a like-for-like basis was 3.3% as at 30 June 2020, down 30 basis points on the previous year. With an occupancy rate of 98.2% (on a like-for-like basis) the LEG portfolio in the high-growth markets was nearly fully let at the end of the reporting period. In the stable markets the occupancy rate was 96.7% (on a like-for-like basis). In the higher-yielding markets, it stood at 94.8% (on a like-for-like basis).

T2

## Portfolio segments – top 3 locations

	Total portfolio					Change like-for-like basis						
	30.06.2020					30.06.2019						
	Number of LEG apartments	Share of LEG-portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %	Number of LEG apartments	Share of LEG-portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %	In-place rent in % like-for-like	Vacancy rate basis points like-for-like
<b>High Growth Markets</b>	<b>41,936</b>	<b>30.5</b>	<b>2,784,366</b>	<b>6.64</b>	<b>2.0</b>	<b>39,655</b>	<b>29.7</b>	<b>2,638,579</b>	<b>6.52</b>	<b>1.9</b>	<b>2.8</b>	<b>0</b>
District of Mettmann	8,515	6.2	592,116	6.81	1.8	8,487	6.3	590,084	6.58	2.1	3.3	-40
Muenster	6,198	4.5	412,083	6.72	1.1	6,126	4.6	406,760	6.64	0.6	1.1	50
Dusseldorf	5,422	3.9	352,442	7.96	2.6	5,311	4.0	344,720	7.78	3.4	3.4	-80
Other locations	21,801	15.9	1,427,725	6.23	2.1	19,731	14.8	1,297,015	6.12	1.7	2.9	20
<b>Stable Markets</b>	<b>53,278</b>	<b>38.7</b>	<b>3,395,913</b>	<b>5.59</b>	<b>3.5</b>	<b>51,012</b>	<b>38.2</b>	<b>3,268,859</b>	<b>5.43</b>	<b>3.8</b>	<b>3.0</b>	<b>-20</b>
Dortmund	13,727	10.0	896,734	5.44	3.1	13,581	10.2	889,245	5.25	3.2	3.4	-20
Moechengladbach	6,442	4.7	408,183	5.98	2.3	6,444	4.8	408,367	5.76	1.9	3.5	30
Essen	3,372	2.5	217,538	5.61	2.9	3,373	2.5	217,595	5.42	3.6	4.1	-80
Other locations	29,737	21.6	1,873,458	5.57	4.1	27,614	20.7	1,753,652	5.43	4.5	2.5	-20
<b>Higher-Yielding Markets</b>	<b>42,191</b>	<b>30.7</b>	<b>2,561,249</b>	<b>5.42</b>	<b>5.4</b>	<b>43,027</b>	<b>32.2</b>	<b>2,644,932</b>	<b>5.28</b>	<b>6.5</b>	<b>1.9</b>	<b>-70</b>
District of Recklinghausen	9,027	6.6	549,108	5.32	3.9	9,866	7.4	618,328	5.12	5.5	1.6	0
Duisburg	6,341	4.6	383,679	5.82	4.2	6,802	5.1	421,517	5.63	6.4	3.1	-210
Maerkisch District	4,608	3.4	284,459	5.32	4.6	4,567	3.4	281,419	5.19	3.8	1.3	80
Other locations	22,215	16.2	1,344,003	5.36	6.5	21,792	16.3	1,323,667	5.26	7.5	1.7	-80
<b>Total<sup>1</sup></b>	<b>137,525</b>	<b>100.0</b>	<b>8,749,367</b>	<b>5.88</b>	<b>3.4</b>	<b>133,694</b>	<b>100.0</b>	<b>8,552,369</b>	<b>5.73</b>	<b>3.9</b>	<b>2.6</b>	<b>-30</b>

<sup>1</sup> 30.06.2020: Incl. 120 units intended for disposal.

## T3

## Performance LEG Portfolio

		High-growth market			Stable markets			Higher yielding markets			Total		
		30.06.2020	31.12.2019	30.06.2019	30.06.2020	31.12.2019	30.06.2019	30.06.2020	31.12.2019	30.06.2019	30.06.2020	31.12.2019	30.06.2019
<b>Subsidised residential units</b>													
Units		11,922	11,412	11,138	14,169	14,076	14,362	8,142	8,091	8,945	34,233	33,579	34,562
Area	qm	820,872	788,485	771,729	958,770	954,389	979,005	534,770	530,850	594,500	2,314,411	2,273,724	2,351,814
In-place rent	€/sqm	5.19	5.12	5.11	4.81	4.73	4.73	4.53	4.45	4.47	4.88	4.80	4.79
EPRA vacancy rate	%	1.0	0.8	1.0	2.6	1.9	2.7	2.7	2.1	4.5	2.0	1.5	2.6
<b>Free-financed residential units</b>													
Units		30,014	29,431	28,541	39,109	37,958	36,626	34,049	33,063	34,082	103,292	100,452	99,132
Area	sqm	1,963,494	1,921,058	1,868,293	2,437,142	2,370,630	2,288,411	2,026,479	1,967,967	2,050,432	6,434,956	6,259,655	6,200,556
In-place rent	€/sqm	7.26	7.23	7.11	5.90	5.82	5.73	5.66	5.62	5.53	6.25	6.20	6.09
EPRA vacancy rate	%	2.2	2.0	2.2	3.8	3.2	4.1	5.9	5.9	6.9	3.8	3.5	4.2
<b>Total residential units<sup>1</sup></b>													
Units		41,936	40,843	39,679	53,278	52,034	50,988	42,191	41,154	43,027	137,525	134,031	133,694
Area	sqm	2,784,366	2,709,543	2,640,022	3,395,913	3,325,019	3,267,416	2,561,249	2,498,817	2,644,932	8,749,367	8,533,379	8,552,369
In-place rent	€/sqm	6.64	6.61	6.52	5.59	5.50	5.43	5.42	5.36	5.29	5.88	5.82	5.73
EPRA vacancy rate	%	2.0	1.7	1.9	3.5	2.9	3.8	5.4	5.2	6.5	3.4	3.1	3.9
<b>Total commercial</b>													
Units											1,288	1,267	1,260
Area	sqm										214,464	208,941	208,094
<b>Total parking</b>													
Units											35,460	34,268	33,827
<b>Total other</b>													
Units											2,736	2,634	2,598

<sup>1</sup> 30.06.2020: Incl. 120 units intended for disposal.

### Value development

The following table shows the distribution of assets by market segment. Following the regular revaluation of the portfolio at the end of the first half, the rental yield of the LEG portfolio was 4.8 % as at 30 June 2020 (rent multiplier 20.7 %). The valuation of the residential portfolio corresponds to a net initial yield of 3.6 % as defined by EPRA.

T4

#### Market segments

	Residential units	Residential assets € million <sup>1</sup>	Share residential assets in %	Gross asset value €/sqm	In-place rent multiplier	Commercial/ other assets € million <sup>2</sup>	Total assets € million
30.06.2020							
<b>High Growth Markets</b>	<b>41,936</b>	<b>5,579</b>	<b>45</b>	<b>1,992</b>	<b>25.2x</b>	<b>268</b>	<b>5,846</b>
District of Mettmann	8,515	1,154	9	1,953	24.0x	75	1,228
Muenster	6,198	944	8	2,288	28.3x	50	994
Dusseldorf	5,422	883	7	2,515	26.5x	62	945
Other locations	21,801	2,598	21	1,797	24.3x	81	2,679
<b>Stable Markets</b>	<b>53,278</b>	<b>4,262</b>	<b>34</b>	<b>1,264</b>	<b>19.2x</b>	<b>139</b>	<b>4,401</b>
Dortmund	13,727	1,282	10	1,423	22.2x	53	1,335
Moenchengladbach	6,442	535	4	1,306	18.0x	14	548
Essen	3,372	280	2	1,285	19.4x	11	291
Other locations	29,737	2,165	17	1,174	18.0x	62	2,227
<b>Higher-Yielding Markets</b>	<b>42,191</b>	<b>2,661</b>	<b>21</b>	<b>1,028</b>	<b>16.5x</b>	<b>86</b>	<b>2,746</b>
District of Recklinghausen	9,027	580	5	1,049	16.9x	20	600
Duisburg	6,341	445	4	1,163	17.2x	29	474
Maerkisch District	4,608	278	2	973	15.8x	3	281
Other locations	22,215	1,358	11	993	16.3x	34	1,392
<b>Total portfolio<sup>3</sup></b>	<b>137,525</b>	<b>12,513</b>	<b>100</b>	<b>1,427</b>	<b>20.7x</b>	<b>493</b>	<b>13,006</b>
Leasehold and land values							37
<b>Balance sheet property valuation assets (IAS 40)</b>							<b>13,043</b>
Inventories (IAS 2)							1
Owner-occupied property (IAS 16)							24
Assets held for sale (IFRS 5)							3
<b>Total balance sheet</b>							<b>13,072</b>

<sup>1</sup> Excluding 341 residential units in commercial buildings; including 519 commercial units as well as several other units in mixed residential assets.

<sup>2</sup> Excluding 519 commercial units in mixed residential assets; including 341 residential units in commercial buildings, commercial, parking, other assets.

<sup>3</sup> 30.06.2020: Incl. 120 units intended for disposal.

## Analysis of Net Assets, Financial Position and Results of Operations

Please see the > [glossary in the 2019 annual report](#) for a definition of individual key figures and terms.

### Results of operations

T5

#### Condensed income statement

€ million	Q2 2020	Q2 2019	01.01.– 30.06.2020	01.01.– 30.06.2019
Net rental and lease income	122.9	116.3	239.5	225.9
Net income from the disposal of investment properties	-0.4	-0.2	-0.6	-0.4
Net income from the remeasurement of investment properties	593.5	550.3	592.7	550.2
Net income from the disposal of real estate inventory	-0.5	-0.5	-1.8	-1.2
Net income from other services	1.4	-0.8	3.0	0.6
Administrative and other expenses	-14.1	-15.8	-24.4	-25.3
Other income	0.0	0.1	0.0	0.2
<b>Operating earnings</b>	<b>702.8</b>	<b>649.4</b>	<b>808.4</b>	<b>750.0</b>
Interest income	0.0	0.0	0.0	0.0
Interest expenses	-23.1	-26.5	-45.7	-52.1
Net income from investment securities and other equity investments	-1.0	0.1	1.8	2.7
Net income from the fair value measurement of derivatives	-9.7	47.9	-9.9	-68.1
<b>Net finance earnings</b>	<b>-33.8</b>	<b>21.5</b>	<b>-53.8</b>	<b>-117.5</b>
<b>Earnings before income taxes</b>	<b>669.0</b>	<b>670.9</b>	<b>754.6</b>	<b>632.5</b>
Income taxes	-122.2	-145.0	-141.2	-163.4
<b>Net profit or loss for the period</b>	<b>546.8</b>	<b>525.9</b>	<b>613.4</b>	<b>469.1</b>

In the reporting period, net rental and lease income increased primarily due to higher net cold rents by 6.0% to EUR 239.5 million.

Adjusted EBITDA increased by 8.0% to EUR 235.2 million. Adjusted EBITDA margin increased slightly from 74.5% (comparative period) to 76.4% in the reporting period.

The increase of operating earnings by EUR 58.4 million in the reporting period was mainly due to EUR 42.5 million higher net income from the remeasurement of investment properties.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of embedded derivatives from the convertible bonds in the amount of EUR -9.9 million (comparative period: EUR -67.6 million).

In the first half of 2020, current income tax expenses of EUR -2.0 million were recorded affecting net income (comparative period: EUR -7.5 million).



## Net rental and lease income

T6

### Net rental and lease income

€ million	Q2 2020	Q2 2019	01.01.– 30.06.2020	01.01.– 30.06.2019
Net cold rent	154.5	146.2	308.0	292.5
Profit from operating expenses	-0.8	-0.1	-1.6	-1.8
Maintenance for externally procured services	-11.1	-11.6	-24.0	-25.4
Staff costs	-18.6	-16.0	-36.3	-32.1
Allowances on rent receivables	-2.0	-1.9	-4.3	-4.3
Depreciation and amortisation expenses	-2.6	-2.2	-5.0	-4.3
Other	3.5	1.9	2.7	1.3
<b>Net rental and lease income</b>	<b>122.9</b>	<b>116.3</b>	<b>239.5</b>	<b>225.9</b>
<b>Net Operating Income-Margin (in %)</b>	<b>79.5</b>	<b>79.5</b>	<b>77.8</b>	<b>77.2</b>
Non-recurring project costs – rental and lease	1.4	0.9	2.1	1.6
Depreciation	2.6	2.2	5.0	4.3
<b>Adjusted net rental and lease income</b>	<b>126.9</b>	<b>119.4</b>	<b>246.6</b>	<b>231.8</b>
<b>Adjusted net operating income-Margin (in %)</b>	<b>82.1</b>	<b>81.7</b>	<b>80.1</b>	<b>79.2</b>

In the reporting period, the LEG Group increased its net rental and lease income by EUR 13.6 million compared to the same period of the previous year. The main driver of this development was the EUR 15.5 million rise in net cold rents. In-place rent per square metre on a like-for-like basis rose by 2.6% in the reporting period. This was countered by the increase in staff costs by EUR 4.2 million, which was mainly due to an increase in the number of employees as well as to tariff increases.

Due to disproportionate development of net rental and lease income compared with the development of in-place rent the NOI margin increased from 77.2% to 77.8% in the reporting period.

The EPRA vacancy rate like-for-like has improved compared to the comparative period and stands at 3.3% as at 30 June 2020 (3.6% as at 30 June 2019).

T7

### EPRA vacancy rate

€ million	30.06.2020	30.06.2019
Rental value of vacant space – like-for-like	20.3	21.3
Rental value of vacant space – total	22.6	24.2
Rental value of the whole portfolio – like-for-like	621.6	596.6
Rental value of the whole portfolio – total	656.4	626.0
<b>EPRA-Vacancy Rate – like-for-like (in %)</b>	<b>3.3</b>	<b>3.6</b>
<b>EPRA-Vacancy Rate – Total (in %)</b>	<b>3.4</b>	<b>3.9</b>

The EPRA capex splits the capitalised expenditure of the reporting period in comparison to the comparative period in three components. On a like-for-like portfolio basis, the value-adding modernisation work as a result of the strategic investment programme surged by EUR 44.1 million to EUR 122.4 million in the reporting period. In the area of acquisitions, the upturn is due primarily to investments in portfolios already acquired before 2020. In the Development area most of the investment is due to the construction project in Hilden.

## T8

## EPRA-Capex

€ million	01.01. – 30.06.2020	01.01. – 30.06.2019
Acquisitions	5.3	2.7
Development	2.2	2.1
Like-for-like Portfolio	114.9	73.5
<b>Capex</b>	<b>122.4</b>	<b>78.3</b>

Due to the increase in value-adding modernisation and simultaneous decline in maintenance recognised as an expense, the capitalisation rate rose to 76.7% in the reporting period (comparative period: 66.9%). Despite increase in area of investment property compared to comparative period, in the reporting period total investments rose to EUR 17.90 per square metre (comparative period: EUR 13.36 per square metre) and without new construction activities to EUR 17.65 per square metre (comparative period: EUR 13.12 persquare metre).

## T9

## Maintenance and modernisation

€ million	Q2 2020	Q2 2019	01.01. – 30.06.2020	01.01. – 30.06.2019
Maintenance expenses	18.5	18.3	37.1	38.7
thereof investment properties	17.8	17.8	36.3	37.9
Capital expenditure	67.7	48.4	122.4	78.3
thereof investment properties	67.0	45.2	121.2	74.1
<b>Total investment</b>	<b>86.2</b>	<b>66.7</b>	<b>159.5</b>	<b>117.0</b>
thereof investment properties	84.8	63.0	157.5	112.0
Area of investment properties in million sqm	8.94	8.76	8.91	8.76
Average investment per sqm (€)	9.64	7.61	17.90	13.36
<b>Average investment per sqm without new construction activities (€)</b>	<b>9.53</b>	<b>7.42</b>	<b>17.65</b>	<b>13.12</b>

## Net income from the disposal of investment properties

## T10

## Net income from the disposal of investment properties

€ million	Q2 2020	Q2 2019	01.01. – 30.06.2020	01.01. – 30.06.2019
Income from the disposal of investment properties	16.1	5.4	26.7	22.9
Carrying amount of the disposal of investment properties	-16.3	-5.4	-26.8	-22.9
Costs of sales of investment properties	-0.2	-0.2	-0.5	-0.4
<b>Net income from the disposal of investment properties</b>	<b>-0.4</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.4</b>

Disposals of investment property increased in the reporting period. Income from the disposal of investment property amounted to EUR 26.7 million and relate mainly to objects, which were reported as

assets held for sale and were remeasured up to the agreed property value as of 31 December 2019.

### Net income from remeasurement of investment property

Net income from remeasurement of investment property amounted to EUR 592.7 million in the reporting period which corresponds to a 5.0 % rise compared to the start of the financial year.

The average value of investment property (incl. IFRS 5 objects) is EUR 1,427 per square metre including acquisitions (31 December 2019: 1,353 per square metre).

The increase in the value of the portfolio is the result of the further increase in rents as well as further reduction in the discount and capitalisation rate.

### Net income from the disposal of real estate inventory

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

The remaining real estate inventory held as at 30 June 2020 amounted to EUR 0.4 million, of which EUR 0.4 million related to land under development.

### Administrative and other expenses

T11

#### Administrative and other expenses

€ million	Q2 2020	Q2 2019	01.01. – 30.06.2020	01.01. – 30.06.2019
Other operating expenses	-7.3	-4.7	-10.4	-7.4
Staff costs	-5.4	-9.8	-11.1	-15.4
Purchased services	-0.3	-0.3	-0.8	-0.6
Depreciation and amortisation	-1.1	-1.0	-2.1	-1.9
<b>Administrative and other expenses</b>	<b>-14.1</b>	<b>-15.8</b>	<b>-24.4</b>	<b>-25.3</b>
Depreciation and amortisation	1.1	1.0	2.1	1.9
Non-recurring project costs and extraordinary and prior-period expenses	5.5	6.4	6.4	7.2
<b>Adjusted administrative and other expenses</b>	<b>-7.5</b>	<b>-8.4</b>	<b>-15.9</b>	<b>-16.2</b>

The increase in other operating expenses is mainly attributable to increased costs for advice and insurance. In contrast, staff costs in the comparative period were characterised by one-time payments. Adjusted administrative expenses are therefore slightly lower than in the comparative period.

## Net finance earnings

T12

### Net finance earnings

€ million	Q2 2020	Q2 2019	01.01. – 30.06.2020	01.01. – 30.06.2019
Interest income	0.0	0.0	0.0	0.0
Interest expenses	-23.1	-26.5	-45.7	-52.1
<b>Net interest income</b>	<b>-23.1</b>	<b>-26.5</b>	<b>-45.7</b>	<b>-52.1</b>
Net income from other financial assets and other investments	-1.0	0.1	1.8	2.7
Net income from the fair value measurement of derivatives	-9.7	47.9	-9.9	-68.1
<b>Net finance earnings</b>	<b>-33.8</b>	<b>21.5</b>	<b>-53.8</b>	<b>-117.5</b>

Interest expenses decreased by EUR 6.4 million year-on-year to EUR 45.7 million. This includes the interest expense from loan amortisation, which decreased by EUR 5.1 million year-on-year to EUR 6.1 million. This also includes the measurement of the convertible and corporate bonds at amortised cost in the amount of EUR 2.2 million (comparative period: EUR 5.2 million). The main driver for the decrease are the refinancings carried out in the financial year 2019 and the early conversion of the convertible bond in the financial year 2019.

Year-on-year a further reduction in the average interest rate to 1.35% was achieved as at 30 June 2020 (1.60% as at 30 June 2019) based on an average term of around 7.96 years (7.30 years as at 30 June 2019).

Dividends received from equity investments in non-consolidated and non-associated companies increased by EUR 0.3 million year-on-year to EUR 3.2 million in the reporting period. An opposite effect had the distribution to a former minority shareholder for the 2019 financial year.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of embedded derivatives from the convertible bond in the amount of EUR -9.9 million (comparative period: EUR 67.6 million), justified by the change in the share price of LEG Immobilien AG.

## Income tax expenses

T13

### Income tax expenses

€ million	Q2 2020	Q2 2019	01.01. – 30.06.2020	01.01. – 30.06.2019
Current tax expenses	-0.9	-4.3	-2.0	-7.5
Deferred tax expenses	-121.3	-140.7	-139.2	-155.9
<b>Income tax expenses</b>	<b>-122.2</b>	<b>-145.0</b>	<b>-141.2</b>	<b>-163.4</b>

An effective Group tax rate of 18.3% was assumed in the reporting period in accordance with Group tax planning (comparative period: 23.0%).

The effective group tax rate used is significantly lower than in the comparative period, because since the financial year 2020 another large asset holding company is subject to the expanded trade tax reduction.

### Reconciliation to FFO

FFO I is a key 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 figures can be found in the > [glossary in the annual report 2019](#).

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

## T14

## Calculation of FFO I, FFO II and AFFO

€ million	Q2 2020	Q2 2019	01.01. – 30.06.2020	01.01. – 30.06.2019
Net cold rent	154.5	146.2	308.0	292.5
Profit from operating expenses	-0.8	-0.1	-1.6	-1.8
Maintenance for externally procured services	-11.1	-11.6	-24.0	-25.4
Staff costs	-18.6	-16.0	-36.3	-32.1
Allowances on rent receivables	-2.0	-1.9	-4.3	-4.3
Other	3.5	1.9	2.7	1.3
Non-recurring project costs (rental and lease)	1.4	0.9	2.1	1.6
<b>Current net rental and lease income</b>	<b>126.9</b>	<b>119.4</b>	<b>246.6</b>	<b>231.8</b>
<b>Current net income from other services</b>	<b>2.1</b>	<b>-0.1</b>	<b>4.5</b>	<b>1.9</b>
Staff costs	-5.4	-9.8	-11.1	-15.4
Non-staff operating costs	-7.6	-5.0	-11.2	-8.0
Non-recurring project costs (admin.)	5.5	6.4	6.4	7.2
Extraordinary and prior-period expenses	0.0	0.0	0.0	0.0
<b>Current administrative expenses</b>	<b>-7.5</b>	<b>-8.4</b>	<b>-15.9</b>	<b>-16.2</b>
<b>Other income and expenses</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>
<b>Adjusted EBITDA</b>	<b>121.5</b>	<b>111.2</b>	<b>235.2</b>	<b>217.8</b>
Cash interest expenses and income	-19.6	-19.8	-38.6	-39.0
Cash income taxes from rental and lease	-0.4	-4.1	-1.2	-6.1
<b>FFO I (before adjustment of non-controlling interests)</b>	<b>101.5</b>	<b>87.3</b>	<b>195.4</b>	<b>172.7</b>
Adjustment of non-controlling interests	-0.9	-1.0	-0.8	-1.7
<b>FFO I (after adjustment of non-controlling interests)</b>	<b>100.6</b>	<b>86.3</b>	<b>194.6</b>	<b>171.0</b>
Net income from the disposal of investment properties	-0.1	0.2	-0.3	-0.2
Cash income taxes from disposal of investment properties	-0.6	-0.1	-0.9	-1.4
<b>FFO II (incl. disposal of investment properties)</b>	<b>99.9</b>	<b>86.4</b>	<b>193.4</b>	<b>169.4</b>
Capex	-67.7	-48.4	-122.4	-78.3
<b>Capex-adjusted FFO I (AFFO)</b>	<b>32.9</b>	<b>37.9</b>	<b>72.2</b>	<b>92.7</b>

At EUR 194.6 million, FFO I was 13.8% higher in the reporting period than in the same period of the previous year (EUR 171.0 million). In particular, this increase is attributable to the positive impact from the rise in net cold rent including the effects of the concluded acquisitions.

With interest expenses stable on absolute basis, there is an increase of the interest coverage ratio (ratio of adjusted EBITDA to cash interest expense) at 609% in the reporting period (comparative period: 558%) with a slightly lower Loan-to-value (LTV) ratio.

## 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):

T15

### EPRA earnings per share (EPS)

€ million	Q2 2020	Q2 2019	01.01. – 30.06.2020	01.01. – 30.06.2019
Net profit or loss for the period attributable to parent shareholders	545.9	525.3	611.6	467.1
Changes in value of investment properties	-590.3	-550.4	-589.6	-550.2
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	0.8	0.7	2.5	1.7
Tax on profits or losses on disposals of trading properties	0.5	-	0.8	1.4
Changes in fair value of financial instruments and associated close-out costs	9.7	-47.9	9.9	68.1
Acquisition costs on share deals and non-controlling joint venture interests	1.0	-	1.1	0.1
Deferred tax in respect of EPRA adjustments	108.3	126.2	108.4	126.2
Refinancing expenses	0.3	0.4	0.4	0.4
Other interest expenses	0.0	0.1	0.0	0.2
Non-controlling interests in respect of the above	0.2	0.3	0.2	0.3
<b>EPRA earnings</b>	<b>76.4</b>	<b>54.8</b>	<b>145.3</b>	<b>115.3</b>
Weighted average number of shares outstanding	69,166,100	63,188,185	69,087,968	63,188,185
EPRA earnings per share (undiluted) in €	1.10	0.87	2.10	1.82
Potentially diluted shares	-	5,821,682	-	5,821,682
Interest coupon on convertible bond	-	0.3	-	0.6
Amortisation expenses convertible bond after taxes	-	1.0	-	2.7
<b>EPRA earnings (diluted)</b>	<b>76.4</b>	<b>56.1</b>	<b>145.3</b>	<b>118.6</b>
Number of diluted shares	69,166,100	69,009,867	69,087,968	69,009,867
<b>EPRA earnings per share (diluted) in €</b>	<b>1.10</b>	<b>0.81</b>	<b>2.10</b>	<b>1.72</b>

## Net assets (Condensed statement of financial position)

T16

### Condensed statement of financial position

€ million	30.06.2020	31.12.2019
Investment properties	13,042.9	12,031.1
Prepayments for investment properties	77.2	53.5
Other non-current assets	258.0	269.2
Non-current assets	13,378.1	12,353.8
Receivables and other assets	122.6	89.6
Cash and cash equivalents	1,177.6	451.2
Current assets	1,300.2	540.8
Assets held for sale	3.1	25.2
<b>Total assets</b>	<b>14,681.4</b>	<b>12,919.8</b>
Equity	6,812.6	5,933.9
Non-current financial liabilities	5,623.3	4,856.8
Other non-current liabilities	1,825.0	1,654.2
Non-current liabilities	7,448.3	6,511.0
Current financial liabilities	101.0	197.1
Other current liabilities	319.5	277.8
Current liabilities	420.5	474.9
<b>Total equity and liabilities</b>	<b>14,681.4</b>	<b>12,919.8</b>

A fair value measurement of investment property was conducted in the reporting period. The resulting profit from remeasurement of investment property of EUR 592.7 million (comparative period: EUR 550.2 million) was the main driver for the increase compared to 31 December 2019. Furthermore, additions from acquisitions with EUR 302.0 million and capitalisation of property modernisation measures with EUR 121.2 million contributed to the increase of investment properties.

The intra-year recognition of real estate tax expense as other inventories (EUR 11.7 million) for the remainder of the financial year and the deferral of prepaid operating costs (EUR 26.9 million) contribute significantly to the development of the current assets.

Cash and cash equivalents increase by EUR 726.4 million to EUR 1,177.6 million. This development was mainly due to the cash flow from operating activities (EUR 150.1 million), payments for acquisitions (EUR 417.5 million) and the capital measures implemented to finance investments. A capital increase (EUR 269.6 million), the issuance of a convertible bond (EUR 544.0 million), a registered bond (EUR 50.0 million) as well as cash payments of loans in the amount of EUR 258.4 million lead to an increase in cash and cash equivalents. Scheduled and unscheduled repayments of EUR 166.6 million had an opposite effect. In the first half year, no dividend has yet been distributed for the 2019 financial year because of the postponement of the Annual General Meeting due to the Corona crisis.

The development of equity since 31 December 2019 was primarily due to the net profit for the period (EUR 609.7 million) and the capital increase.

Within the long-term financial debt, the obligations increased by the issued convertible bonds by EUR 520.9 million. Driven by the property valuation, deferred tax liabilities shown in other non-current liabilities increased by EUR 139.2 million as at 30 June 2020.

## Net asset value (NAV)

A further key metric relevant in the property industry is NAV. The calculation method for the respective key figure can be found in the [> glossary in the 2019 annual report](#).

The LEG Group reports an undiluted EPRA NAV of EUR 8,425.2 million as at 30 June 2020. 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, the adjusted diluted EPRA NAV amounts to EUR 8,367.9 million at the reporting date. The dividend was not paid in the reporting period.



T17

## EPRA-NAV

	30.06.2020			31.12.2019		
	undiluted	Effect of exercise of convertibles and options	diluted	undiluted	Effect of exercise of convertibles and options	diluted
€ million						
<b>Equity attributable to shareholders of the parent company</b>	<b>6,788.2</b>	–	<b>6,788.2</b>	<b>5,909.9</b>	–	<b>5,909.9</b>
Non-controlling interests	24.4	–	24.4	24.0	–	24.0
<b>Equity</b>	<b>6,812.6</b>	–	<b>6,812.6</b>	<b>5,933.9</b>	–	<b>5,933.9</b>
Effect of exercise of options, convertibles and other equity interests	–	26.1	26.1	–	26.1	26.1
<b>NAV</b>	<b>6,788.2</b>	<b>26.1</b>	<b>6,814.3</b>	<b>5,909.9</b>	<b>26.1</b>	<b>5,936.0</b>
Fair value measurement of derivative financial instruments	101.9	–	101.9	84.0	–	84.0
Deferred taxes on WFA loans and derivatives	2.1	–	2.1	6.2	–	6.2
Deferred taxes on investment property	1,588.8	–	1,588.8	1,386.0	–	1,386.0
Goodwill resulting from deferred taxes on EPRA adjustments	–55.8	–	–55.8	–55.8	–	–55.8
<b>EPRA-NAV</b>	<b>8,425.2</b>	<b>26.1</b>	<b>8,451.3</b>	<b>7,330.3</b>	<b>26.1</b>	<b>7,356.4</b>
<b>Number of shares</b>	<b>71,379,836</b>	<b>0</b>	<b>71,379,836</b>	<b>69,009,836</b>	<b>0</b>	<b>69,009,836</b>
<b>EPRA NAV per share (€)</b>	<b>118.03</b>	–	<b>118.40</b>	<b>106.22</b>	–	<b>106.60</b>
Goodwill resulting from synergies	83.4	–	83.4	83.4	–	83.4
<b>Adjusted EPRA NAV (w/o effects from goodwill)</b>	<b>8,341.8</b>	<b>26.1</b>	<b>8,367.9</b>	<b>7,246.9</b>	<b>26.1</b>	<b>7,273.0</b>
<b>Number of shares</b>	<b>71,379,836</b>	<b>0</b>	<b>71,379,836</b>	<b>69,009,836</b>	<b>0</b>	<b>69,009,836</b>
<b>Adjusted EPRA NAV per share (€)</b>	<b>116.86</b>	–	<b>117.23</b>	<b>105.01</b>	–	<b>105.39</b>
<b>EPRA-NAV</b>	<b>8,425.2</b>	<b>26.1</b>	<b>8,451.3</b>	<b>7,330.3</b>	<b>26.1</b>	<b>7,356.4</b>
Fair value measurement of derivative financial instruments	–101.9	–	–101.9	–84.0	–	–84.0
Deferred taxes on WFA loans and derivatives	–2.1	–	–2.1	–6.2	–	–6.2
Deferred taxes on investment property	–1,588.8	–	–1,588.8	–1,386.0	–	–1,386.0
Goodwill resulting from deferred taxes on EPRA adjustments	55.8	–	55.8	55.8	–	55.8
Fair value measurement of financing liabilities	–313.0	–	–313.0	–333.5	–	–333.5
Valuation uplift resulting from FV measurement financing liabilities	184.5	–	184.5	130.1	–	130.1
<b>EPRA-NNNAV</b>	<b>6,659.7</b>	<b>26.1</b>	<b>6,685.8</b>	<b>5,706.5</b>	<b>26.1</b>	<b>5,732.6</b>
<b>Number of shares</b>	<b>71,379,836</b>	<b>0</b>	<b>71,379,836</b>	<b>69,009,836</b>	<b>0</b>	<b>69,009,836</b>
<b>EPRA NNNAV per share (€)</b>	<b>93.30</b>	–	<b>93.67</b>	<b>82.69</b>	–	<b>83.07</b>

## Loan-to-value ratio (LTV)

Net debt at the end of the reporting period is slightly lower compared with 31 December 2019, mainly as a result of the dividend not yet paid by 30 June 2020 and pending payments for acquisitions signed in June 2020. The fair value measurement of investment properties increased real estate assets leading to a continued declining loan-to-value ratio (LTV) as at 30 June 2020 of 34.4% (31 December 2019: 37.7%).

T18

### LTV

€ million	30.06.2020	31.12.2019
Financing liabilities	5,724.3	5,053.8
Deferred purchase price liabilities	28.6	31.8
Less cash and cash equivalents	1,177.6	451.2
<b>Net financing liabilities</b>	<b>4,518.1</b>	<b>4,570.8</b>
Investment properties	13,042.9	12,031.1
Assets held for sale	3.1	25.2
Prepayments for investment properties	77.2	53.5
<b>Real estate assets</b>	<b>13,123.2</b>	<b>12,109.8</b>
<b>Loan to value ratio (LTV) in %</b>	<b>34.4</b>	<b>37.7</b>

## Financial position

A net profit for the period of EUR 613.4 million was realised in the reporting period (comparative period: EUR 469.1 million). Equity amounted to EUR 6,812.6 million at the reporting date (31 December 2019: EUR 5,933.9 million). This corresponds to an equity ratio of 46.4% (31 December 2019: 45.9%).

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

T19

### Statement of cash flows

€ million	01.01. – 30.06.2020	01.01. – 30.06.2019
Cash flow from operating activities	150.1	156.4
Cash flow from investing activities	-370.7	-72.4
Cash flow from financing activities	947.0	-130.0
<b>Change in cash and cash equivalents</b>	<b>726.4</b>	<b>-46.0</b>

In the reporting period, extraordinary payments for property transfer tax of EUR 10.0 million for a real estate company acquired in 2016 and accounted in accordance with IFRS 3 contributed to the decrease in cash flow from operating activities.

Essentially, acquisitions and modernisation work on the existing portfolio contributed to the net cash flow from investing activities with cash payments of EUR -417.5 million. Furthermore, cash proceeds mainly from property disposals (EUR 26.5 million) and repayments of long term invested financial resources of EUR 30.1 million resulted in a net cash flow from investing activities of EUR -370.7 million.

In the first half of 2020, the main drivers of the cashflow from financing activities amounting to EUR 947.0 million were the issuance of convertible bonds (EUR 544.0 million) and a registered bond (EUR 50.0 million), the capital increase (EUR 269.6 million) and the cash payments of loans (EUR 258.4 million). An opposite effect had the redemption of the commercial papers as well as scheduled repayments (EUR -166.6 million) of bank and subsidised loans.

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

## Risk and opportunity report

The risks and opportunities faced by LEG in its operating activities were described in detail in the > [annual report 2019](#). This did not include the new risks caused by the coronavirus pandemic. Due to the dynamic crisis situation and a potential second lockdown, it is difficult to assess short and medium-term development. However, the anticipated negative effects can generally be considered low, particularly in comparison to other sectors.

In view of the global effects of the coronavirus pandemic on the economy and society, all current forecasts can be made only with a considerably higher degree of uncertainty. This applies particularly in the context of international links and interrelations between the financial markets, the real economy and political decisions, which each individually have an influence on the economic effects of the pandemic already, but when combined are impossible to assess with any certainty ex ante. The following sections are therefore based on the fundamental premise that the coronavirus pandemic represents a temporary phenomenon.

### Development of property prices and demand

Supply and demand for housing will still be the decisive factors for future price development. It can be assumed that the general conditions in terms of supply (only a slightly increasing number of completions) and demand (continued high level of migration to Germany, particularly in cities and densely populated areas) will continue.

## Development of rent defaults and rent deferrals

Only a slight increase in rent defaults can be observed at present. This is partly due to the extensive state transfer payments and continued payment of wages by way of short-time work regulations. Due to the LEG-specific low level of commercial letting, potential rent defaults from commercial properties can be classified as insignificant.

## Housing vacancies

No developments can be seen at present that would indicate higher vacancies. Although new lettings are faltering somewhat, on the other hand tenant terminations are also decreasing. It is also conceivable that immigration from EU countries that are hard hit by the economic consequences of the Sars-CoV-2 pandemic could increase, as in the financial crisis in 2008/2009, creating additional demand for housing in the medium term. In the event of a recession, it could prove to be an opportunity specifically for LEG Immobilien AG that the company has a large number of affordable apartments and can thus benefit from increased demand for inexpensive housing in times of recession.

After carefully weighing up the information currently available at LEG Group, we have come to the conclusion that the effects of the pandemic on the housing sector in Germany will be only temporary. With regard to our company in particular, the effects on the business performance and the intrinsic value of the real estate assets should be manageable, and there could even be opportunities for the LEG Group in some cases.

## Forecast report

Based on the business performance in the first six months of 2020, LEG believes it is well positioned overall to confirm its FFO I outlook in the range of EUR 370 million to EUR 380 million. Considering the current developments and the acquisitions made the outlook is specified as follows:

Regarding FFO I LEG now expects to reach the upper end in the range of EUR 370 million to EUR 380 million. Due to the voluntary and temporary deferral of rent increases according to section 558 German Civil Code (rent increase up to local reference rent level), the legally possible two-year deferral of payments as well as to some postponements of modernisation measures that were planned in H1-2020, LEG now expects a like-for-like rental growth of around 2.3 % (before: less than 2.8 %). Regarding the development of the vacancy rate, a slight decrease compared to financial year-end 2019 is still expected but is subject to effects of the Corona crisis that cannot yet be assessed. LEG wants to seize the opportunities resulting from the temporary VAT reduction and the currently available capacities of craftsmen. Hence, the investments planned for the current fiscal year now amount to around EUR 38 – 40 per square metre (previously around EUR 31 – 33 per square metre).

In order to ensure a defensive long-term risk profile, LEG sticks to a maximum LTV of 43 %. LEG plans to distribute 70 % of its FFO I to shareholders as a dividend on a long-term basis.

For more details, please refer to the forecast report in the [> annual report 2019 \(page 71 f.\)](#).

### T20

#### Outlook 2020

FFO I	EUR 370 million to EUR 380 million (upper end)
Like-for-like rental growth	c. 2.3 % (before: < 2.8 %) <sup>1</sup>
Like-for-like vacancy	Slightly decreasing compared to financial year-end 2019 <sup>1</sup>
Investments	c. EUR 38 – 40 per sqm (before: c. EUR 31 – 33 per sqm) <sup>1</sup>
LTV	43 % max.
Dividend	70 % of FFO I

<sup>1</sup> Subject to effects of the Corona crisis that cannot yet be assessed

## Consolidated statement of financial position

T21

### Consolidated statement of financial position Assets

€ million	30.06.2020	31.12.2019
<b>Non-current assets</b>	<b>13,378.1</b>	<b>12,353.8</b>
Investment properties	13,042.9	12,031.1
Prepayments for investment properties	77.2	53.5
Property, plant and equipment	83.9	83.7
Intangible assets and goodwill	140.6	140.6
Investments in associates	9.9	9.9
Other financial assets	13.1	23.2
Receivables and other assets	0.3	0.3
Deferred tax assets	10.2	11.5
<b>Current assets</b>	<b>1,300.2</b>	<b>540.8</b>
Real estate inventory and other inventory	15.4	4.6
Receivables and other assets	99.0	81.8
Income tax receivables	8.2	3.2
Cash and cash equivalents	1,177.6	451.2
<b>Assets held for sale</b>	<b>3.1</b>	<b>25.2</b>
<b>Total Assets</b>	<b>14,681.4</b>	<b>12,919.8</b>

### Equity and liabilities

€ million	30.06.2020	31.12.2019
<b>Equity</b>	<b>6,812.6</b>	<b>5,933.9</b>
Share capital	71.4	69.0
Capital reserves	1,469.4	1,202.2
Cumulative other reserves	5,247.4	4,638.7
Equity attributable to shareholders of the parent company	6,788.2	5,909.9
Non-controlling interests	24.4	24.0
<b>Non-current liabilities</b>	<b>7,448.3</b>	<b>6,511.0</b>
Pension provisions	158.2	164.9
Other provisions	4.8	5.2
Financing liabilities	5,623.3	4,856.8
Other liabilities	191.5	152.8
Deferred tax liabilities	1,470.5	1,331.3
<b>Current liabilities</b>	<b>420.5</b>	<b>474.9</b>
Pension provisions	5.9	7.0
Other provisions	19.2	20.2
Provisions for taxes	0.1	0.2
Financing liabilities	101.0	197.1
Other liabilities	281.9	239.2
Tax liabilities	12.4	11.2
<b>Total Equity and Liabilities</b>	<b>14,681.4</b>	<b>12,919.8</b>

## Consolidated statement of comprehensive income

T22

### Consolidated statement of comprehensive income

€ million	Q2 2020	Q2 2019	01.01.– 30.06.2020	01.01.– 30.06.2019
<b>Net rental and lease income</b>	<b>122.9</b>	<b>116.3</b>	<b>239.5</b>	<b>225.9</b>
Rental and lease income	204.6	197.8	417.1	400.4
Cost of sales in connection with rental and lease income	-81.7	-81.5	-177.6	-174.5
<b>Net income from the disposal of investment properties</b>	<b>-0.4</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.4</b>
Income from the disposal of investment properties	16.1	5.4	26.7	22.9
Carrying amount of the disposal of investment properties	-16.3	-5.4	-26.8	-22.9
Cost of sales in connection with disposed investment properties	-0.2	-0.2	-0.5	-0.4
<b>Net income from the remeasurement of investment properties</b>	<b>593.5</b>	<b>550.3</b>	<b>592.7</b>	<b>550.2</b>
<b>Net income from the disposal of real estate inventory</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-1.8</b>	<b>-1.2</b>
Income from the real estate inventory disposed of	-	-	-	-
Carrying amount of the real estate inventory disposed of	-	-	-	-
Costs of sales of the real estate inventory disposed of	-0.5	-0.5	-1.8	-1.2
<b>Net income from other services</b>	<b>1.4</b>	<b>-0.8</b>	<b>3.0</b>	<b>0.6</b>
Income from other services	3.2	0.6	6.5	3.2
Expenses in connection with other services	-1.8	-1.4	-3.5	-2.6
<b>Administrative and other expenses</b>	<b>-14.1</b>	<b>-15.8</b>	<b>-24.4</b>	<b>-25.3</b>
<b>Other income</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.2</b>
<b>Operating Earnings</b>	<b>702.8</b>	<b>649.4</b>	<b>808.4</b>	<b>750.0</b>
Interest income	0.0	0.0	0.0	0.0
Interest expenses	-23.1	-26.5	-45.7	-52.1
Net income from investment securities and other equity investments	-1.0	0.1	1.8	2.7
Net income from the fair value measurement of derivatives	-9.7	47.9	-9.9	-68.1
<b>Earnings before income taxes</b>	<b>669.0</b>	<b>670.9</b>	<b>754.6</b>	<b>632.5</b>
Income taxes	-122.2	-145.0	-141.2	-163.4
<b>Net Profit or loss for the period</b>	<b>546.8</b>	<b>525.9</b>	<b>613.4</b>	<b>469.1</b>

€ million	Q2 2020	Q2 2019	01.01.– 30.06.2020	01.01.– 30.06.2019
<b>Change in amounts recognised directly in equity</b>	<b>-13.7</b>	<b>-12.7</b>	<b>-3.7</b>	<b>-30.6</b>
<b>Thereof recycling</b>				
<b>Fair value adjustment of interest rate derivatives in hedges</b>	<b>-5.2</b>	<b>-8.3</b>	<b>-7.8</b>	<b>-18.4</b>
Change in unrealised gains/(losses)	-5.2	-10.3	-8.3	-22.8
Income taxes on amounts recognised directly in equity	-	2.0	0.5	4.4
<b>Thereof non-recycling</b>				
<b>Actuarial gains and losses from the measurement of pension obligations</b>	<b>-8.5</b>	<b>-4.4</b>	<b>4.1</b>	<b>-12.2</b>
Change in unrealised gains/(losses)	-12.1	-6.4	6.0	-17.6
Income taxes on amounts recognised directly in equity	3.6	2.0	-1.9	5.4
<b>Total comprehensive income</b>	<b>533.1</b>	<b>513.2</b>	<b>609.7</b>	<b>438.5</b>
<b>Net profit or loss for the period attributable to:</b>				
Non-controlling interests	1.1	0.7	1.9	2.0
Parent shareholders	545.8	525.2	611.5	467.1
<b>Total comprehensive income attributable to:</b>				
Non-controlling interests	1.1	0.7	1.9	2.0
Parent shareholders	532.1	512.5	607.8	436.5
<b>Basic Earnings per share in € million</b>	<b>7.90</b>	<b>8.31</b>	<b>8.85</b>	<b>7.39</b>
<b>Diluted Earnings per share in € million</b>	<b>7.68</b>	<b>8.31</b>	<b>8.60</b>	<b>7.39</b>

## Statement of changes in consolidated equity

T23

### Statement of changes in consolidated equity

€ million	Share capital	Capital reserves	Cumulative other reserves			Equity attributable to shareholders of the Group	Non-controlling interests	Consolidated equity
			Revenue reserves	Actuarial gains and losses from the measurement of pension obligations	Fair value adjustment of interest derivatives in hedges			
<b>As of 01.01.2019</b>	<b>63.2</b>	<b>611.2</b>	<b>4,131.4</b>	<b>-35.1</b>	<b>-13.1</b>	<b>4,757.6</b>	<b>26.3</b>	<b>4,783.9</b>
Initial application of IFRS 16	-	-	-4.6	-	-	-4.6	-	-4.6
<b>As of 01.01.2019, adjusted</b>	<b>63.2</b>	<b>611.2</b>	<b>4,126.8</b>	<b>-35.1</b>	<b>-13.1</b>	<b>4,753.0</b>	<b>26.3</b>	<b>4,779.3</b>
Net profit or loss for the period	-	-	467.1	-	-	467.1	2.0	469.1
Other comprehensive income	-	-	-	-12.2	-18.4	-30.6	0.0	-30.6
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>467.1</b>	<b>-12.2</b>	<b>-18.4</b>	<b>436.5</b>	<b>2.0</b>	<b>438.5</b>
Other	-	-	0.9	-	-	0.9	0.7	1.6
Change in consolidated companies	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-
Withdrawals from reserves	-	-	-	-	-	-	-2.5	-2.5
Changes from Put-Options	-	-	-	-	-	-	-	-
Distributions	-	-	-223.1	-	-	-223.1	-4.5	-227.6
<b>As of 30.06.2019</b>	<b>63.2</b>	<b>611.2</b>	<b>4,371.7</b>	<b>-47.3</b>	<b>-31.5</b>	<b>4,967.3</b>	<b>22.0</b>	<b>4,989.3</b>
<b>As of 01.01.2020</b>	<b>69.0</b>	<b>1,202.2</b>	<b>4,718.9</b>	<b>-53.0</b>	<b>-27.2</b>	<b>5,909.9</b>	<b>24.0</b>	<b>5,933.9</b>
Initial application of IFRS 16	-	-	-	-	-	-	-	-
<b>As of 01.01.2020, adjusted</b>	<b>69.0</b>	<b>1,202.2</b>	<b>4,718.9</b>	<b>-53.0</b>	<b>-27.2</b>	<b>5,909.9</b>	<b>24.0</b>	<b>5,933.9</b>
Net profit/loss for the period	-	-	611.5	-	-	611.5	1.9	613.4
Other comprehensive income	-	-	-	4.1	-7.8	-3.7	0.0	-3.7
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>611.5</b>	<b>4.1</b>	<b>-7.8</b>	<b>607.8</b>	<b>1.9</b>	<b>609.7</b>
Other	-	-	0.9	-	-	0.9	0.0	0.9
Change in consolidated companies	-	-	-	-	-	-	-	-
Capital increase	2.4	267.2	-	-	-	269.6	-	269.6
Withdrawals from reserves	-	-	-	-	-	-	-1.5	-1.5
Changes from Put-Options	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
<b>As of 30.06.2020</b>	<b>71.4</b>	<b>1,469.4</b>	<b>5,331.3</b>	<b>-48.9</b>	<b>-35.0</b>	<b>6,788.2</b>	<b>24.4</b>	<b>6,812.6</b>

## Consolidated statement of cash flows

T24

### Consolidated statement of cash flows

€ million	01.01. – 30.06.2020	01.01. – 30.06.2019
<b>Operating earnings</b>	<b>808.4</b>	<b>750.0</b>
Depreciation on property, plant and equipment and amortisation on intangible assets	8.6	7.4
(Gains)/Losses from the measurement of investment properties	-592.7	-550.2
(Gains)/Losses from the disposal of assets held for sale and investment properties	0.2	0.0
(Decrease)/Increase in pension provisions and other non-current provisions	-2.1	-1.0
Other non-cash income and expenses	3.8	3.0
(Decrease)/Increase in receivables, inventories and other assets	-57.2	-40.1
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	22.1	27.8
Interest paid	-38.7	-39.0
Interest received	0.1	0.1
Received income from investments	3.1	2.7
Taxes received	0.2	0.1
Taxes paid	-5.7	-4.4
<b>Net cash from/(used in) operating activities</b>	<b>150.1</b>	<b>156.4</b>
<b>Cashflow from investing activities</b>		
Investments in investment properties	-417.5	-87.6
Proceeds from disposals of non-current assets held for sale and investment properties	26.5	23.2
Investments in intangible assets and property, plant and equipment	-9.8	-8.0
Change of cash investment in securities	30.1	-
<b>Net cash from/(used in) investing activities</b>	<b>-370.7</b>	<b>-72.4</b>

€ million

€ million	01.01. – 30.06.2020	01.01. – 30.06.2019
<b>Cash flow from financing activities</b>		
Borrowing of bank loans	258.4	271.5
Repayment of bank loans	-166.6	-167.7
Issue of convertible corporate bonds	544.0	-
Repayment of lease liabilities	-5.3	-5.1
Other proceeds	-	0.7
Other payments	-1.3	-
Capital increase	269.6	-
Issue of registered bonds	50.0	-
Distribution to shareholders	-	-223.1
Distribution and withdrawal from reserves of non-controlling interest	-1.8	-6.3
<b>Net cash from/(used in) financing activities</b>	<b>947.0</b>	<b>-130.0</b>
<b>Change in cash and cash equivalents</b>	<b>726.4</b>	<b>-46.0</b>
Cash and cash equivalents at beginning of period	451.2	233.6
<b>Cash and cash equivalents at end of period</b>	<b>1,177.6</b>	<b>187.6</b>
<b>Composition of cash and cash equivalents</b>		
Cash in hand, bank balances	1,177.6	187.6
<b>Cash and cash equivalents at end of period</b>	<b>1,177.6</b>	<b>187.6</b>

## Selected notes

### on the IFRS interim consolidated financial statements as at 30 June 2020

#### 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 138,813 (30 June 2019: 134,954) residential and commercial units on 30 June 2020 (138,785 (30 June 2019: 132,200) units excluding IFRS 5 objects).

LEG Immo and its subsidiaries engage in three core activities as an integrated property company: the optimisation of the core business, the expansion of the value chain as well as the portfolio strengthening.

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, in essence, is unaffected by seasonal and cyclical influences.

#### 3. Accounting policies

The accounting policies applied in the interim consolidated 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 2019. These interim consolidated financial statements as at 30 June 2020 should therefore be read in conjunction with the consolidated financial statements as at 31 December 2019.

The LEG Immo has fully applied the new standards and interpretations that are mandatory from 1 January 2020. The amendments to IFRS 3 will be considered in future business combinations. The amendments to the Interest Rate Benchmark Reform of IFRS 9, IAS 39 and IFRS 7 have no significant impact on the measurement of derivatives used in hedge accounting. Within the prospective effectiveness of the hedging relationship it is assumed that the underlying reference rate is not affected from the replacement of the IBOR reform.

#### 4. Changes in the Group

On 12 May 2020 the conversion of LEG Immobilien AG into the legal form of an SE Societas Europaea (European Company) was initiated.

On 1 April 2020, LEG Wohngelegenheit Süd GmbH was consolidated for the first time.

On 16 June 2020, the companies LEG Rhein Neckar GmbH and LEG Niedersachsen GmbH were founded and consolidated for the first time.



## 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. The Covid-19 situation has been considered by judgements. There were no significant impacts. Moreover, there were no triggering events for the conduct of an impairment test on goodwill during the year.

In view of the global effects of the coronavirus pandemic on the economy and society, all current forecasts can be made only with a considerably higher degree of uncertainty. This applies particularly in the context of international links and interrelations between the financial markets, the real economy and political decisions, which each individually have an influence on the economic effects of the pandemic already, but when combined are impossible to assess with any certainty ex ante. The following sections are therefore based on the fundamental premise that the coronavirus pandemic represents a temporary phenomenon.

### Development of property prices and demand

Supply and demand for housing will still be the decisive factors for future price development. It can be assumed that the general conditions in terms of supply (only a slightly increasing number of completions) and demand (continued high level of migration to Germany, particularly in cities and densely populated areas) will continue.

### Development of rent defaults and rent deferrals

Only a slight increase in rent defaults can be observed at present. This is partly due to the extensive state transfer payments and continued payment of wages by way of short-time work regulations. Due to the LEG-specific low level of commercial letting, potential rent defaults from commercial properties can be classified as insignificant.

### Housing vacancies

No developments can be seen at present that would indicate higher vacancies. Although new lettings are faltering somewhat, on the other hand tenant terminations are also decreasing. It is also conceivable that immigration from EU countries that are hard hit by the economic consequences of the Sars-CoV-2 pandemic could increase, as in the financial crisis in 2008/2009, creating additional demand for housing in the medium term. In the event of a recession, it could prove to be an opportunity specifically for LEG Immobilien AG that the company has a large number of affordable apartments and can thus benefit from increased demand for inexpensive housing in times of recession.

After carefully weighing up the information currently available at LEG Group, we have come to the conclusion that the effects of the pandemic on the housing sector in Germany will be only temporary. With regard to our company in particular, the effects on the business performance and the intrinsic value of the real estate assets should be manageable, and there could even be opportunities for the LEG Group in some cases.

For further information, please refer to the [> consolidated financial statements as at 31 December 2019](#).

## 6. Selected notes to the consolidated statement of financial position

On 30 June 2020, the LEG Group held 137,525 apartments and 1,288 commercial units in its portfolio.

Investment property developed as follows in the financial year 2019 and in 2020 up to the reporting date of the interim consolidated financial statements:

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### Investment properties

€ million	Total	Residential assets				Commercial assets	Parking and other assets	Lease-hold	Land values
		High-growth markets	Stable markets	Higher-yielding markets	Residential units without market allocation				
<b>Carrying amount as of 01.01.2020<sup>1</sup></b>	<b>12,031.1</b>	<b>5,126.8</b>	<b>3,923.0</b>	<b>2,390.2</b>	<b>0.0</b>	<b>225.9</b>	<b>219.4</b>	<b>113.3</b>	<b>32.5</b>
Acquisitions	302.0	113.5	66.2	86.6	12.3	10.3	5.9	3.9	3.3
Other additions	122.2	47.4	37.7	34.0	0.0	1.1	0.2	1.0	0.9
Reclassified to assets held for sale	-4.7	-2.1	-0.5	-1.3	0.0	-0.4	-0.1	0.0	-0.2
Reclassified from assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified to property, plant and equipment	-0.3	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified from property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value adjustment	592.5	237.2	215.1	115.0	0.0	-2.6	16.8	9.9	1.2
Reclassification	0.0	10.4	-4.4	-5.4	0.0	-5.6	7.1	-0.7	-1.3
<b>Carrying amount as of 30.06.2020</b>	<b>13,042.9</b>	<b>5,532.9</b>	<b>4,237.0</b>	<b>2,619.0</b>	<b>12.3</b>	<b>228.7</b>	<b>249.2</b>	<b>127.4</b>	<b>36.4</b>

<sup>1</sup> Expansion in market classification within Germany.

€ million

<b>Fair value adjustment as of 30.06.2020:</b>	<b>592.5</b>
– hereupon as of 30.06.2020 in the portfolio:	592.2
– hereupon as of 30.06.2020 disposed investment properties:	0.3

## T26

## Investment properties

€ million	Total	Residential assets				Commercial assets	Parking and other assets	Lease-hold	Land values
		High-growth markets	Stable markets	Higher-yielding markets	Non NRW				
<b>Carrying amount as of 01.01.2019</b>	<b>10,709.0</b>	<b>4,607.3</b>	<b>3,296.8</b>	<b>2,212.1</b>	<b>164.5</b>	<b>209.4</b>	<b>184.9</b>	<b>3.4</b>	<b>30.6</b>
Initial application of IFRS 16	35.8	-26.4	-9.3	-17.9	-2.7	0.1	-0.1	92.2	0.0
Acquisitions	360.7	134.3	156.2	31.8	26.6	7.7	4.1	-0.3	0.2
Other additions	201.5	73.8	66.3	49.3	3.8	3.7	0.1	3.6	0.8
Reclassified to assets held for sale	-200.2	-9.3	-55.4	-125.9	-1.8	-1.1	-4.0	0.0	-2.8
Reclassified from assets held for sale	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Reclassified to property, plant and equipment	-0.5	1.4	-0.1	0.1	0.0	-1.6	0.0	-0.2	0.0
Reclassified from property, plant and equipment	1.3	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
Fair value adjustment	923.4	427.0	283.8	132.6	7.2	7.0	34.7	28.0	3.0
<b>Carrying amount as of 31.12.2019</b>	<b>12,031.1</b>	<b>5,208.1</b>	<b>3,738.3</b>	<b>2,282.2</b>	<b>197.6</b>	<b>225.2</b>	<b>219.7</b>	<b>128.0</b>	<b>31.8</b>

€ million

<b>Fair value adjustment 31.12.2019:</b>	<b>923.4</b>
– hereupon as of 31.12.2019 in the portfolio:	923.2
– hereupon as of 31.12.2019 disposed investment properties:	0.2

The acquisition of a property portfolio of around 2,010 residential and commercial units was notarised on 27 September 2019. The portfolio generates annual net cold rent of around EUR 7.1 million. The average in-place rent is around EUR 4.97 per square metre and the initial vacancy rate is around 4.5 %. The transaction was closed on 1 January 2020. The portfolio acquisition does not constitute a business combination as defined by IFRS 3.

On 27 December 2019, LEG NRW GmbH acquired the F 99 and F 101 projects (land plus defined construction project specifications) from F 101 Projekt GmbH & Co. KG (notary document number 2377/2019). The purchase prices are due to the acceptance of the completed buildings (F 99 anticipated for 1 March 2022/F 101 1 September 2022).

The acquisition of a property portfolio of 1,406 residential and commercial units was notarised on 30 January 2020. The portfolio generates annual net cold rent of around EUR 6.0 million. The average in-place rent is around EUR 5.71 per square metre and the initial vacancy rate is around 4.4 %. The transaction was closed on 1 May 2020. The portfolio acquisition does not constitute a business combination as defined by IFRS 3.

Investment property was remeasured by the LEG Group as of the interim reporting date of 30 June 2020.

The fair values of investment property are calculated on the basis of the forecast net cash flows from property management using the discounted cash flow (DCF) method.

The tables below show the measurement method used to determine the fair value of investment property and the significant unobservable inputs used as at 30 June 2020 and 31 December 2019:

T27

## Valuation parameters as at 30 June 2020

	GAV investment properties  € million	Valuation technique	Market rent residential/commercial €/sqm			Maintenance cost residential/commercial €/sqm			Administrative cost rate residential/commercial €/unit			Stabilised vacancy ratio %		
			min	Ø	max	min	Ø	max	min	Ø	max	min	Ø	max
			Residential assets (incl. leasehold buildings)											
High-growth markets	5,533	DCF	3.56	8.10	13.33	5.56	11.77	15.58	129	302	462	1.0	1.9	7.0
Stable markets	4,237	DCF	2.31	6.55	9.98	6.58	11.82	15.08	159	300	462	1.5	3.0	9.0
Higher-yielding markets	2,619	DCF	0.33	5.95	9.31	5.80	11.90	15.45	165	300	462	1.5	4.2	9.0
Residential units without market allocation	12	DCF	6.61	6.75	7.76	11.96	12.54	12.90	305	305	305	2.0	2.9	3.0
Commercial assets	229	DCF	1.00	7.50	27.00	0.87	6.53	15.37	1	259	5,481	1.0	2.6	9.0
Leasehold (land)	127	DCF												
Parking and other assets	249	DCF							1	37	887			
Land values	36	Earnings/ reference value method							1	6	14			
<b>Total portfolio (IAS 40) <sup>1</sup></b>	<b>13,043</b>	<b>DCF</b>	<b>0.33</b>	<b>6.76</b>	<b>27.00</b>	<b>0.87</b>	<b>11.77</b>	<b>15.58</b>	<b>1</b>	<b>275</b>	<b>5,481</b>	<b>1.0</b>	<b>3.1</b>	<b>9.0</b>

	Discount rate %			Capitalisation rate %			Estimated rental development %		
	min	Ø	max	min	Ø	max	min	Ø	max
Residential assets (incl. leasehold buildings)									
High-growth markets	3.5	4.6	5.4	2.1	5.2	9.5	1.2	1.7	2.0
Stable markets	3.4	4.6	5.5	2.0	5.8	11.2	0.8	1.3	1.8
Higher-yielding markets	3.5	4.7	5.3	3.0	6.3	10.6	0.7	1.0	1.5
Residential units without market allocation	4.8	4.8	4.9	4.0	4.3	5.6	1.3	1.6	1.7
Commercial assets	2.5	6.5	9.0	2.8	7.2	9.5	0.7	1.5	1.9
Leasehold (land)									
Parking and other assets	3.3	4.7	5.6	2.8	6.9	12.7	0.7	1.3	1.9
Land values	4.5	4.7	5.3	2.9	11.2	12.7	0.2	1.3	1.9
<b>Total portfolio (IAS 40) <sup>1</sup></b>	<b>2.5</b>	<b>4.7</b>	<b>9.0</b>	<b>2.0</b>	<b>5.9</b>	<b>12.7</b>	<b>0.2</b>	<b>1.3</b>	<b>2.0</b>

<sup>1</sup> In addition, there are assets held for sale (IFRS 5) as at 30 June 2020 in the amount of EUR 3.1 million that are assigned to level 2 of the fair value hierarchy.

## T28

## Valuation parameters as at 31 December 2019

	GAV investment properties € million	Valuation technique	Market rent residential/commercial €/sqm			Maintenance cost residential/commercial €/sqm			Administrative cost rate residential/commercial €/unit			Stabilised vacancy ratio %		
			min	Ø	max	min	Ø	max	min	Ø	max	min	Ø	max
			Residential assets											
High-growth markets	4,824	DCF	3.84	8.16	13.33	5.56	11.77	15.58	215	303	462	1.0	1.8	6.0
Stable markets	3,665	DCF	2.40	6.36	9.84	4.53	11.82	15.08	198	300	462	1.5	3.1	9.0
Higher-yielding markets	2,200	DCF	0.36	5.85	8.78	1.92	11.91	15.45	164	300	462	1.5	4.3	9.0
Acquisitions	363	DCF	4.15	7.61	14.00	7.16	13.07	14.00	39	239	299	0.0	2.6	7.7
Commercial assets	211	DCF	1.00	7.41	27.00	0.87	5.99	13.03	1	279	5,482	1.0	2.6	9.0
Leasehold	520	DCF	1.50	6.46	11.25	7.42	11.63	14.88	11	279	2,662	1.0	2.9	7.0
Parking and other assets	215	DCF							0	37	54			
Land values	33	Earnings/ reference value method							0	6	14			
<b>Total portfolio (IAS 40)<sup>1</sup></b>	<b>12,031</b>	<b>DCF</b>	<b>0.36</b>	<b>6.66</b>	<b>27.00</b>	<b>0.87</b>	<b>11.84</b>	<b>15.58</b>	<b>0</b>	<b>276</b>	<b>5,482</b>	<b>0.0</b>	<b>3.1</b>	<b>9.0</b>

	Discount rate %			Capitalisation rate %			Estimated rental development %		
	min	Ø	max	min	Ø	max	min	Ø	max
Residential assets									
High-growth markets	3.6	4.7	5.6	2.2	5.2	9.6	1.3	1.7	2.0
Stable markets	3.6	4.7	5.6	2.5	6.0	10.0	0.8	1.2	1.8
Higher-yielding markets	3.9	4.9	6.3	3.5	6.4	10.6	0.7	1.0	1.5
Acquisitions	4.6	4.8	6.6	3.4	5.1	8.2	1.0	1.4	1.9
Commercial assets	2.5	6.5	9.0	2.8	7.1	11.4	0.7	1.5	1.9
Leasehold	3.6	4.9	6.9	3.1	6.3	12.4	0.8	1.2	1.9
Parking and other assets	4.1	4.8	5.7	2.9	7.1	12.8	0.7	1.3	2.0
Land values	3.6	4.8	5.4	2.2	11.1	12.3	0.9	1.3	1.9
<b>Total portfolio (IAS 40)<sup>1</sup></b>	<b>2.5</b>	<b>4.8</b>	<b>9.0</b>	<b>2.2</b>	<b>6.05</b>	<b>12.8</b>	<b>0.7</b>	<b>1.3</b>	<b>2.0</b>

<sup>1</sup> In addition, there are assets held for sale (IFRS 5) as at 31 December 2019 in the amount of EUR 25.2 million that are assigned to level 2 of the fair value hierarchy.

Sensitivities were as follows as at 30 June 2020:

T29

**Sensitivities as at 30 June 2020**

	GAV investment properties (€ million)	Valuation technique	Sensitivities (in %)													
			Administrative costs		Stabilised vacancy ratio		Maintenance costs		Capitalisation rate		Discount rate		Market rent		Estimated rent development residential	
			+10%	-10%	+1%-point	-1%-point	+10%	-10%	+0.25%	-0.25%	+0.25%	-0.25%	+2%	-2%	+0.2%	-0.2%
Residential assets (incl. leasehold buildings)																
High-growth markets	5,533	DCF	-0.7	0.7	-1.6	1.6	-1.7	1.7	-3.1	3.5	-5.1	5.5	0.5	-0.6	4.0	-3.6
Stable markets	4,237	DCF	-1.0	1.0	-1.7	1.7	-2.4	2.4	-2.7	3.0	-4.4	4.8	1.6	-1.5	3.3	-3.0
Higher-yielding markets	2,619	DCF	-1.1	1.1	-1.8	1.8	-2.7	2.7	-2.2	2.4	-4.1	4.4	1.3	-1.2	2.9	-2.7
Residential units without market allocation	12	DCF	-0.9	0.9	-1.8	1.8	-2.4	2.4	-3.4	3.8	-4.8	5.2	2.4	-2.4	4.7	-4.3
Commercial assets	229	DCF	-0.2	0.2	-1.7	1.7	-1.1	1.0	-1.9	2.1	-2.2	2.3	1.6	-1.6	1.6	-1.6
Leasehold (land)	127	DCF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.3	4.6	0.0	0.0	0.0	0.0
Parking and other assets	249	DCF	-1.2	1.2	-1.1	1.1	-2.4	2.4	-1.7	1.9	-4.9	5.3	2.0	-2.1	2.8	-2.7
Land values	36	Earnings/reference value method	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total portfolio (IAS 40)<sup>1</sup></b>	<b>13,043</b>	<b>DCF</b>	<b>-0.9</b>	<b>0.9</b>	<b>-1.6</b>	<b>1.6</b>	<b>-2.1</b>	<b>2.1</b>	<b>-2.7</b>	<b>3.0</b>	<b>-4.6</b>	<b>5.0</b>	<b>1.1</b>	<b>-1.1</b>	<b>3.4</b>	<b>-3.2</b>

<sup>1</sup> In addition, there are assets held for sale (IFRS 5) as at 30 June 2020 in the amount of EUR 3.1 million that are assigned to level 2 of the fair value hierarchy.

Sensitivities were as follows as at 31 December 2019:

**T30**

**Sensitivities as at 31 December 2019**

	GAV investment properties (€ million)	Valuation technique	Sensitivities (in %)													
			Administrative costs		Stabilised vacancy ratio		Maintenance costs		Capitalisation rate		Discount rate		Market rent		Estimated rent development residential	
			+10%	-10%	+1%-point	-1%-point	+10%	-10%	+0.25%	-0.25%	+0.25%	-0.25%	+2%	-2%	+0.2%	-0.2%
Residential assets																
High growth markets	4,824	DCF	-0.7	0.7	-1.5	1.5	-1.7	1.7	-3.1	3.4	-5.0	5.4	0.5	-0.5	3.9	-3.6
Stable markets	3,665	DCF	-1.0	1.0	-1.7	1.7	-2.4	2.4	-2.6	2.8	-4.3	4.6	1.5	-1.4	3.2	-3.0
Higher-yielding markets	2,200	DCF	-1.1	1.1	-1.7	1.8	-2.7	2.7	-2.1	2.3	-4.0	4.3	1.3	-1.1	2.8	-2.6
Acquisitions	363	DCF	-0.6	1.1	-1.4	1.8	-1.8	2.3	-2.9	3.7	-4.6	5.5	2.2	-1.8	3.9	-3.1
Commercial assets	211	DCF	-0.1	0.4	-1.6	1.9	-1.0	1.3	-2.0	2.5	-2.4	2.9	1.7	-1.5	2.2	-1.7
Leasehold	520	DCF	-1.0	1.0	-1.7	1.7	-2.4	2.4	-2.1	2.3	-3.9	4.2	1.5	-1.5	2.8	-2.6
Parking and other assets	215	DCF	-0.9	1.5	-0.9	1.3	-2.2	2.7	-1.6	2.2	-4.7	5.5	2.4	-2.0	3.2	-2.6
Land values	33	Earnings/ reference value method	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total portfolio (IAS 40)<sup>1</sup></b>	<b>12,031</b>	<b>DCF</b>	<b>-0.8</b>	<b>0.9</b>	<b>-1.6</b>	<b>1.7</b>	<b>-2.1</b>	<b>2.2</b>	<b>-2.6</b>	<b>3.0</b>	<b>-4.5</b>	<b>4.9</b>	<b>1.1</b>	<b>-1.0</b>	<b>3.4</b>	<b>-3.1</b>

<sup>1</sup> In addition, there are assets held for sale (IFRS 5) as at 31 December 2019 in the amount of EUR 25.2 million that are assigned to level 2 of the fair value hierarchy.

With regard to the calculation methods, please refer to the > [consolidated financial statements as of 31 December 2019](#).

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

Property, plant and equipment as well as intangible assets included right of use leases in the amount of EUR 28.6 million as of 30 June 2020. The right of uses result from rented land and buildings, car leasing, heat contracting, measurement and reporting technology, IT peripheral devices as well as software. In the reporting period right of uses in the amount of EUR 2.1 million have been added.

### T31

#### Right of use Leases

€ million	30.06.2020	31.12.2019
Right of use buildings	5.0	5.8
Right of use technical equipment and machinery	17.9	19.2
Right of use operating and office equipment	4.9	5.2
<b>Property, plant and equipment</b>	<b>27.8</b>	<b>30.2</b>
Right of use Software	0.8	0.9
<b>Intangible assets</b>	<b>0.8</b>	<b>0.9</b>

Cash and cash equivalents mainly consist of bank balances.

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

Financing liabilities are composed as follows:

### T32

#### Financing liabilities

€ million	30.06.2020	31.12.2019
Financing liabilities from real estate financing	5,645.3	4,973.4
Financing liabilities from lease financing	79.0	80.5
<b>Financing liabilities</b>	<b>5,724.3</b>	<b>5,053.9</b>

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

In the first half of 2020, the issuance of a convertible bond with a carrying amount of EUR 520.9 million, the issuance of a registered bond in the amount of EUR 50.0 million, an acquisition in the amount of EUR 14.5 million and the cashpayments of loans in the amount of EUR 245.0 million increased the financing liabilities. Scheduled and unscheduled repayments of EUR 166.2 million had an opposite effect.

Financing liabilities from real estate financing include among others two convertible bonds with a nominal value of EUR 550.0 million (IFRS carrying amount of EUR 520.9 million) and a nominal value of EUR 400.0 million (IFRS carrying amount of EUR 388.5 million) as well as three corporate bonds with nominal values of EUR 500.0 million (IFRS carrying amount of EUR 497.1 million), EUR 300.0 million (IFRS carrying amount of EUR 297.6 million) and EUR 500.0 million (IFRS carrying amount of EUR 499.3 million) respectively.

The decrease in financing liabilities from lease financing results from repayments and offsetting from extensions and new leases. Already concluded leases starting after the reporting date will arise possible cash outflows in the amount of EUR 18.6 million.

The main drivers for the changes in maturity of financing liabilities as against 31 December 2019 are the issuance of a convertible bond, cash payments of loans as well as repayment of the commercial papers.

### T33

#### Maturity of financing liabilities from real estate financing

€ million	Remaining term			Total
	< 1 year	> 1 to 5 years	> 5 years	
<b>30.06.2020</b>	<b>91.5</b>	<b>1,822.4</b>	<b>3,731.4</b>	<b>5,645.3</b>
31.12.2019	187.5	1,456.3	3,329.6	4,973.4



## 7. Selected notes to the consolidated statement of comprehensive income

Net rental and lease income is broken down as follows:

### T34

#### Net rental and lease income

€ million	01.01.– 30.06.2020	01.01.– 30.06.2019
Net cold rent	308.0	292.5
Profit from operating expenses	-1.6	-1.8
Maintenance for externally procured services	-24.0	-25.4
Staff costs	-36.3	-32.1
Allowances on rent receivables	-4.3	-4.3
Depreciation and amortisation expenses	-5.0	-4.3
Other	2.7	1.3
<b>Net rental and lease income</b>	<b>239.5</b>	<b>225.9</b>
<b>Net Operating Income-margin (in %)</b>	<b>77.8</b>	<b>77.2</b>
Non-recurring project costs – rental and lease	2.1	1.6
Depreciation	5.0	4.3
<b>Adjusted net rental and lease income</b>	<b>246.6</b>	<b>231.8</b>
<b>Adjusted net operating income-margin (in %)</b>	<b>80.1</b>	<b>79.2</b>

In the reporting period, the LEG Group increased its net rental and lease income by EUR 13.6 million compared to the same period of the previous year. The main driver of this development was the EUR 15.5 million rise in net cold rents. In-place rent per square metre on a like-for-like basis rose by 2.6 % in the reporting period. This was countered by the increase in staff costs by EUR 4.2 million, which was mainly due to an increase in the number of employees as well as to tariff increases.

Due to disproportionate development of net rental and lease income compared with the development of in-place rent the NOI margin increased from 77.2 % to 77.8 % in the reporting period.

In the reporting period following depreciation expenses for right of use from leases are included.

### T35

#### Depreciation expense of leases

€ million	01.01.– 30.06.2020	01.01.– 30.06.2019
Right of use buildings	0.1	0.1
Right of use technical equipment and machinery	2.3	2.1
Right of use operating and office equipment	1.1	1.0
<b>Depreciation expense of leases</b>	<b>3.5</b>	<b>3.2</b>

In the reporting period expenses of leases of a low-value asset in the amount of EUR 0.2 million were included in the net rental and lease income (comparable period: EUR 0.1 million).

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

### T36

#### Net income from the disposal of investment properties

€ million	01.01.– 30.06.2020	01.01.– 30.06.2019
Income from the disposal of investment	26.7	22.9
Carrying amount of the disposal of investment properties	-26.8	-22.9
Costs of sales of investment properties	-0.5	-0.4
<b>Net income from the disposal of investment properties</b>	<b>-0.6</b>	<b>-0.4</b>

#### Net income from the remeasurement of investment properties

Net income from remeasurement of investment property amounted to EUR 592.7 million in the reporting period which corresponds to a 5.0 % rise compared to the start of the financial year.

As at 30 June 2020 the average value of investment property (incl. IFRS 5 objects) is EUR 1,427 per square metre including acquisitions (31 December 2019: 1,353 per square metre).

The increase in the value of the portfolio is the result of the further increase in rents as well as further reduction in the discount and capitalisation rate.

## Administrative and other expenses

### T37

#### Administrative and other expenses

€ million	01.01. – 30.06.2020	01.01. – 30.06.2019
Other operating expenses	-10.4	-7.4
Staff costs	-11.1	-15.4
Purchased services	-0.8	-0.6
Depreciation and amortisation	-2.1	-1.9
<b>Administrative and other expenses</b>	<b>-24.4</b>	<b>-25.3</b>
Depreciation and amortisation	2.1	1.9
Non-recurring project costs and extraordinary and prior-period expenses	6.4	7.2
<b>Adjusted administrative and other expenses</b>	<b>-15.9</b>	<b>-16.2</b>

The increase in other operating expenses is mainly attributable to increased costs for advice and insurance. In contrast, staff costs in the comparative period were characterised by one-time payments. Adjusted administrative expenses are therefore slightly lower in the first six months than in the comparative period.

In the reporting period following depreciation expenses for right of use from leases are included.

### T38

#### Depreciation expense of leases

€ million	01.01. – 30.06.2020	01.01. – 30.06.2019
Right of use buildings	1.0	1.0
Right of use operating and office equipment	0.2	0.1
Right of use Software	0.3	0.2
<b>Depreciation expense of leases</b>	<b>1.5</b>	<b>1.3</b>

## Interest income

**Net interest income** is composed as follows:

### T39

#### Interest expenses

€ million	01.01. – 30.06.2020	01.01. – 30.06.2019
Interest expenses from real estate financing	-33.4	-34.1
Interest expense from loan amortisation	-6.1	-11.2
Prepayment penalty	-0.4	-0.4
Interest expense from interest derivatives for real estate financing	-4.1	-3.8
Interest expense from change in pension provisions	-0.6	-1.2
Interest expense from interest on other assets and liabilities	-0.1	-0.4
Interest expenses from lease financing	-1.1	-1.1
Other interest expenses	0.1	0.1
<b>Interest expenses</b>	<b>-45.7</b>	<b>-52.1</b>

Interest expense from loan amortisation decreased by EUR 5.1 million year-on-year to EUR 6.1 million. This includes the measurement of the convertible bonds and the corporate bond at amortised cost in the amount of EUR 2.2 million (comparative period: EUR 5.2 million). The main driver for the decrease are the refinancings carried out in the financial year 2019 and the early conversion of the convertible bond in the financial year 2014.

The conclusion of a derivative in the financial year 2019 results in an increase of interest expenses from interest derivatives by EUR 0.3 million in the reporting period.

## Income taxes

### T40

#### Income tax expenses

€ million	01.01. – 30.06.2020	01.01. – 30.06.2019
Current tax expenses	-2.0	-7.5
Deferred tax expenses	-139.2	-155.9
<b>Income tax expenses</b>	<b>-141.2</b>	<b>-163.4</b>

As at June 2020 an effective Group tax rate of 18.3 % was assumed in the reporting period in accordance with Group tax planning (comparative period: 23.0 %).

### Earnings per share

Undiluted 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 reporting period.

On 25 June 2020, LEG Immo implemented a capital increase with shareholders' pre-emptive rights disappplied by way of accelerated bookbuilding. A total of 2,370,000 new shares were placed.

T41

#### Earnings per share (basic)

	01.01. – 30.06.2020	01.01. – 30.06.2019
Net profit or loss attributable to shareholders in € million	611.5	467.1
Average numbers of shares outstanding	69,087,968	63,188,185
<b>Earnings per share (basic) in €</b>	<b>8.85</b>	<b>7.39</b>

T42

#### Earnings per share (diluted)

	01.01. – 30.06.2020	01.01. – 30.06.2019
Net profit or loss attributable to shareholders in € million	611.5	467.1
Convertible bonds coupon after taxes	1.4	1.9
Measurement of derivatives after taxes	9.9	67.6
Amortisation of the convertible bonds after taxes	1.0	4.0
Net profit or loss for the period for diluted earnings per share	623.8	540.6
Average weighted number of shares outstanding	69,087,968	63,188,185
Number of potentially new shares in the event of exercise of conversion rights	3,431,059	9,233,059
Number of shares for diluted earnings per share	72,519,027	72,421,244
<b>Intermedia result</b>	<b>8.60</b>	<b>7.46</b>
<b>Diluted earnings per share in €</b>	<b>8.60</b>	<b>7.39</b>

As at 30 June 2020, LEG Immo had outstanding convertible bonds, which authorise the bearer to convert into up to 3.4 million potential ordinary shares. In the event of a conversion of the two bonds, 7.7 million new shares would be issued at present.

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.

## 8. Notes on Group segment reporting

As a result of the revision of internal management reporting, LEG Group has no longer been managed as two segments since the 2016 financial year. The Group is now managed as one segment.

The LEG Group is managed by the following key performance indicators:

### 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 figures can be found in the [> glossary in the annual report 2019](#).

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

T43

**Calculation of FFO I, FFO II and AFFO**

€ million	Q2 2020	Q2 2019	01.01. – 30.06.2020	01.01. – 30.06.2019
Net cold rent	154.5	146.2	308.0	292.5
Profit from operating expenses	-0.8	-0.1	-1.6	-1.8
Maintenance for externally procured services	-11.1	-11.6	-24.0	-25.4
Staff costs	-18.6	-16.0	-36.3	-32.1
Allowances on rent receivables	-2.0	-1.9	-4.3	-4.3
Other	3.5	1.9	2.7	1.3
Non-recurring project costs (rental and lease)	1.4	0.9	2.1	1.6
<b>Current net rental and lease income</b>	<b>126.9</b>	<b>119.4</b>	<b>246.6</b>	<b>231.8</b>
<b>Current net income from other services</b>	<b>2.1</b>	<b>-0.1</b>	<b>4.5</b>	<b>1.9</b>
Staff costs	-5.4	-9.8	-11.1	-15.4
Non-staff operating costs	-7.6	-5.0	-11.2	-8.0
Non-recurring project costs (admin.)	5.5	6.4	6.4	7.2
Extraordinary and prior-period expenses	0.0	0.0	0.0	0.0
<b>Current administrative expenses</b>	<b>-7.5</b>	<b>-8.4</b>	<b>-15.9</b>	<b>-16.2</b>
<b>Other income and expenses</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>
<b>Adjusted EBITDA</b>	<b>121.5</b>	<b>111.2</b>	<b>235.2</b>	<b>217.8</b>
Cash interest expenses and income	-19.6	-19.8	-38.6	-39.0
Cash income taxes from rental and lease	-0.4	-4.1	-1.2	-6.1
<b>FFO I (before adjustment of non-controlling interests)</b>	<b>101.5</b>	<b>87.3</b>	<b>195.4</b>	<b>172.7</b>
Adjustment of non-controlling interests	-0.9	-1.0	-0.8	-1.7
<b>FFO I (after adjustment of non-controlling interests)</b>	<b>100.6</b>	<b>86.3</b>	<b>194.6</b>	<b>171.0</b>
Net income from the disposal of investment properties	-0.1	0.2	-0.3	-0.2
Cash income taxes from disposal of investment properties	-0.6	-0.1	-0.9	-1.4
<b>FFO II (incl. disposal of investment properties)</b>	<b>99.9</b>	<b>86.4</b>	<b>193.4</b>	<b>169.4</b>
CAPEX	-67.7	-48.4	-122.4	-78.3
<b>CAPEX-adjusted FFO I (AFFO)</b>	<b>32.9</b>	<b>37.9</b>	<b>72.2</b>	<b>92.7</b>

**Net asset value (NAV)**

A further key metric relevant in the property industry is NAV. The calculation method for the respective key figure can be found in the > [glossary in the 2019 annual report](#).

The LEG Group reports an undiluted EPRA NAV of EUR 8,425.2 million as at 30 June 2020. 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, the adjusted diluted EPRA NAV amounts to EUR 8,367.9 million at the reporting date. The dividend was not paid in the reporting period.

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**EPRA-NAV**

	30.06.2020			31.12.2019		
	undiluted	Effect of exercise of convertibles and options	diluted	undiluted	Effect of exercise of convertibles and options	diluted
€ million						
<b>Equity attributable to shareholders of the parent company</b>	<b>6,788.2</b>	–	<b>6,788.2</b>	<b>5,909.9</b>	–	<b>5,909.9</b>
Non-controlling interests	24.4	–	24.4	24.0	–	24.0
<b>Equity</b>	<b>6,812.6</b>	–	<b>6,812.6</b>	<b>5,933.9</b>	–	<b>5,933.9</b>
Effect of exercise of options, convertibles and other equity interests	–	26.1	26.1	–	26.1	26.1
<b>NAV</b>	<b>6,788.2</b>	<b>26.1</b>	<b>6,814.3</b>	<b>5,909.9</b>	<b>26.1</b>	<b>5,936.0</b>
Fair value measurement of derivative financial instruments	101.9	–	101.9	84.0	–	84.0
Deferred taxes on WFA loans and derivatives	2.1	–	2.1	6.2	–	6.2
Deferred taxes on investment property	1,588.8	–	1,588.8	1,386.0	–	1,386.0
Goodwill resulting from deferred taxes on EPRA adjustments	– 55.8	–	– 55.8	– 55.8	–	– 55.8
<b>EPRA-NAV</b>	<b>8,425.2</b>	<b>26.1</b>	<b>8,451.3</b>	<b>7,330.3</b>	<b>26.1</b>	<b>7,356.4</b>
<b>Number of shares</b>	<b>71,379,836</b>	<b>0</b>	<b>71,379,836</b>	<b>69,009,836</b>	<b>0</b>	<b>69,009,836</b>
<b>EPRA NAV per share (€)</b>	<b>118.03</b>	–	<b>118.40</b>	<b>106.22</b>	–	<b>106.60</b>
Goodwill resulting from synergies	83.4	–	83.4	83.4	–	83.4
<b>Adjusted EPRA NAV (w/o effects from goodwill)</b>	<b>8,341.8</b>	<b>26.1</b>	<b>8,367.9</b>	<b>7,246.9</b>	<b>26.1</b>	<b>7,273.0</b>
<b>Number of shares</b>	<b>71,379,836</b>	<b>0</b>	<b>71,379,836</b>	<b>69,009,836</b>	<b>0</b>	<b>69,009,836</b>
<b>Adjusted EPRA NAV per share (€)</b>	<b>116.86</b>	–	<b>117.23</b>	<b>105.01</b>	–	<b>105.39</b>

### Loan-to-value ratio (LTV)

Net debt at the end of the reporting period is slightly lower compared with 31 December 2019, mainly as a result of the dividend not yet paid by 30 June 2020 and pending payments for acquisitions signed in June 2020. Concurrently the fair value measurement of investment properties increased real estate assets leading to a continued declining loan-to-value ratio (LTV) as at 30 June 2020 of 34.4 % (31 December 2019: 37.7 %).

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#### LTV

€ million	30.06.2020	31.12.2019
Financing liabilities	5,724.3	5,053.8
Less lease liabilities (not leasehold)	28.6	31.8
Less cash and cash equivalents	1,177.6	451.2
<b>Net financing liabilities</b>	<b>4,518.1</b>	<b>4,570.8</b>
Investment properties	13,042.9	12,031.1
Assets held for sale	3.1	25.2
Prepayments for investment properties	77.2	53.5
<b>Real estate assets</b>	<b>13,123.2</b>	<b>12,109.8</b>
<b>Loan to value ratio (LTV) in %</b>	<b>34.4</b>	<b>37.7</b>

### 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 IFRS 9 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 are taken into account in the calculation of the fair value of derivatives in accordance with IFRS 13.

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## Classes of financial instruments for financial assets and liabilities 2020

€ million	Carrying amounts as per statement of financial positions 30.06.2020	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 30.06.2020
		Amortised cost	Fair value through profit or loss		
<b>Assets</b>					
<b>Other financial assets</b> <b>23.2</b>					
Hedge accounting derivatives	–				–
AC	11.2	11.2			11.2
FVtPL	12.0		12.0		12.0
<b>Receivables and other assets</b> <b>99.3</b>					
AC	66.5	66.5			66.5
Other non-financial assets	32.8				32.8
<b>Cash and cash equivalents</b> <b>1,177.6</b>					
AC	1,177.6	1,177.6			1,177.6
<b>Total</b>	<b>1,300.1</b>	<b>1,255.3</b>	<b>12.0</b>		<b>1,300.1</b>
<b>Of which IFRS 9 measurement categories</b>					
AC	1,255.3	1,255.3			1,255.3
FVtPL	12.0		12.0		12.0

AC = Amortized Cost

FVtPL = Fair Value through profit and loss

FLAC = Financial Liabilities at Amortized Cost

HFT = Held for Trading

€ million	Carrying amounts as per statement of financial positions 30.06.2020	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 30.06.2020
		Amortised cost	Fair value through profit or loss		
<b>Liabilities</b>					
<b>Financial liabilities</b> <b>– 5,724.3</b>					
FLAC	– 5,645.3	– 5,645.3			– 5,958.5
Liabilities from lease financing	– 79.0			– 79.0	
<b>Other liabilities</b> <b>– 473.4</b>					
FLAC	– 186.6	– 186.6			– 186.6
Derivatives HFT	– 93.3		– 93.3		– 93.3
Hedge accounting derivatives	– 46.9				– 46.9
Other non-financial liabilities	– 146.6				– 146.6
<b>Total</b>	<b>– 6,197.7</b>	<b>– 5,831.9</b>	<b>– 93.3</b>	<b>– 79.0</b>	<b>– 6,431.9</b>
<b>Of which IFRS 9 measurement categories</b>					
FLAC	– 5,831.9	– 5,831.9			– 6,145.1
Derivatives HFT	– 93.3		– 93.3		– 93.3

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**Classes of financial instruments for financial assets and liabilities 2019**

€ million	Carrying amounts as per statement of financial positions 31.12.2019	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.12.2019
		Amortised cost	Fair value through profit or loss		
<b>Assets</b>					
<b>Other financial assets</b>					
	<b>23.2</b>				<b>23.2</b>
Hedge accounting derivatives	–				–
AC	11.2	11.2			11.2
FVtPL	12.0		12.0		12.0
<b>Receivables and other assets</b>					
	<b>82.0</b>				<b>82.0</b>
AC	76.7	76.7			76.7
Other non-financial assets	5.3				5.3
<b>Cash and cash equivalents</b>					
	<b>451.2</b>				<b>451.2</b>
AC	451.2	451.2			451.2
<b>Total</b>	<b>556.4</b>	<b>539.1</b>	<b>12.0</b>		<b>556.4</b>
<b>Of which IFRS 9 measurement categories</b>					
AC	539.1	539.1			539.1
FVtPL	12.0		12.0		12.0

AC = Amortized Cost

FVtPL = Fair Value through profit and loss

FLAC = Financial Liabilities at Amortized Cost

HFT = Held for Trading

€ million	Carrying amounts as per statement of financial positions 31.12.2019	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.12.2019
		Amortised cost	Fair value through profit or loss		
<b>Liabilities</b>					
<b>Financial liabilities</b>					
	<b>– 5,053.9</b>				<b>– 5,306.8</b>
FLAC	– 4,973.4	– 4,973.4			– 5,306.8
Liabilities from lease financing	– 80.5			– 80.5	
<b>Other liabilities</b>					
	<b>– 392.0</b>				<b>– 392.0</b>
FLAC	– 126.8	– 169.8			– 126.8
Derivatives HFT	– 60.3		– 60.3		– 60.3
Hedge accounting derivatives	– 39.0				– 39.0
Other non-financial liabilities	– 165.9				– 165.9
<b>Total</b>	<b>– 5,445.9</b>	<b>– 5,143.2</b>	<b>– 60.3</b>	<b>– 80.5</b>	<b>– 5,698.8</b>
<b>Of which IFRS 9 measurement categories</b>					
FLAC	– 5,100.2	– 5,143.2			– 5,433.6
Derivatives HFT	– 60.3		– 60.3		– 60.3



As at 30 June 2020, the fair value of the very small equity investments was EUR 12.0 million, unchanged to the valuation as at 31 December 2019. The fair value of the very small equity investments is calculated using DCF procedures as there are no quoted prices in an active market for the relevant equity investments. The fair value calculated using valuation models is allocated to Level 3 of the IFRS 13 measurement hierarchy. Allocation to Level 3 takes place based on valuation models with inputs not observed on a market. This relates primarily to the capitalisation rate of 4.8 %. As at 30 June 2020, the fair value of the very small equity investments was EUR 12.0 million. At plus 50 basis points, the stress test results in a decrease in fair value to EUR 11.0 million and at minus 50 basis points in an increase in fair value to EUR 13.2 million.

## 10. Related-party disclosures

Please see the IFRS consolidated financial statements as at 31 December 2019 for the presentation of the IFRS 2 programmes for long-term incentive Management Board agreements.

## 11. Other

As at 30 June 2020 there were no changes with regard to contingent liabilities in comparison to 31 December 2019.

## 12. The Management Board and the Supervisory Board

There were no changes to the composition of the Supervisory Board as at 30 June 2020 compared with the disclosures as at 31 December 2019.

Effective 1 July 2020, Susanne Schröter-Crossan has been appointed CFO of LEG Immo.

## 13. Supplementary Report

The acquisition of a property portfolio of around 1.082 residential and commercial units was notarised on 16 June 2020. The portfolio generates annual net cold rent of around EUR 4.9 million. The average in-place rent is around EUR 5.79 per square metre and the initial vacancy rate is around 3.0 %. The transaction was closed on 1 August 2020. The portfolio acquisition does not constitute a business combination as defined by IFRS 3.

The acquisition of a property portfolio of around 6.418 residential and commercial units was notarised on 22 June 2020. The portfolio generates annual net cold rent of around EUR 30.2 million. The average in-place rent is around EUR 5.95 per square metre and the initial vacancy rate is around 2.5 %. It is expected the transaction will be closed on 1 November 2020. The portfolio acquisition does not constitute a business combination as defined by IFRS 3.

There were no other significant events after the end of the interim reporting date on 30 June 2020.

Dusseldorf, 7 August 2020

LEG Immobilien AG  
The Management Board

**Lars von Lackum**  
(CEO)

**Susanne Schröter-Crossan**  
(CFO)

**Dr Volker Wiegel**  
(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 management report of the Group 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, 7 August 2020

LEG Immobilien AG  
The Management Board

**Lars von Lackum**  
(CEO)

**Susanne Schröter-Crossan**  
(CFO)

**Dr Volker Wiegel**  
(COO)

## Financial calendar 2020

### LEG Financial Calendar 2020

Virtual Annual General Meeting	<b>19 August</b>
Release of Quarterly Statement Q3 as of 30 September 2020	<b>12 November</b>

For additional dates see our  [> website](#).

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### CONCEPT, EDITING DESIGN

HGB Hamburger Geschäftsberichte GmbH & Co. KG, Hamburg

The quarterly report as of 30 June 2020

is also available in German.

In case of doubt, the German version takes precedence.

**LEG**  
*gewohnt gut.*

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