LEG

gewohnt gut.

GROW STEADY READY

Quarterly Report

as of 31.03.2014

KEY FIGURES

LEG IMMOBILIEN AG

TABLE 1

Key Figures

		01.01.– 31.03.2014	01.01.– 31.03.2013	+/– %/bp
RESULTS OF OPERATIONS				
Rental income	€ million	**94.3**	89.2	5.7
Net rental and lease income	€ million	**70.5**	59.5	18.5
EBITDA	€ million	**63.1**	50.5	25.0
EBITDA ADJUSTED	€ million	**64.7**	54.2	19.4
EBT	€ million	**28.9**	11.9	142.9
Net profit or loss for the period	€ million	**22.4**	11.3	98.2
FFO I	€ million	**41**	33.8	21.3
FFO I PER SHARE	€	**0.77**	0.64	21.3
FFO II	€ million	**41**	33.6	22
FFO II PER SHARE	€	**0.77**	0.63	22
AFFO	€ million	**32.7**	26.8	22
AFFO PER SHARE	€	**0.62**	0.51	22
		31.03.2014	**31.03.2013**	**+/– %/bp**
PORTFOLIO				
Number residential units		**94,998**	90,921	4.5
In-place rent	€/sqm	**5.04**	4.91	2.6
In-place rent (l-f-l)	€/sqm	**5.05**	4.91	2.9
Vacancy rate	%	**3.3**	3.2	10 bp
Vacancy rate (l-f-l)	%	**3.1**	3.2	–10 bp
		31.03.2014	**31.12.2013**	**+/– %/bp**
STATEMENT OF FINANCIAL POSITION				
Investment property	€ million	**5,195.40**	5,163.40	0.6
Cash and cash equivalents	€ million	**140.5**	110.7	26.9
Equity	€ million	**2,288.10**	2,276.10	0.5
Total financial liabilities	€ million	**2,607.20**	2,583.70	0.9
Current financial liabilities	€ million	**221.2**	187	18.3
LTV	%	**47.3**	47.7	– 40 bp
Equity ratio	%	**41.7**	42	–30 bp
EPRA NAV	€ million	**2,607.60**	2,571.90	1.4
EPRA NAV PER SHARE	€	**49.23**	48.56	1.4

bp = basis points

CONTENT

TABLE | FIG Visualisations are abbreviated and numbered with TABLE and FIG (figure).

Dear Shareholders,
dear Ladies and Gentlemen,

LEG made a good start to the fiscal year 2014 in line with planning. As anticipated, there was considerably more dynamic organic rental growth. The prospects for external growth are promising and, with the successful establishment of the multimedia business, we have tapped an attractive new business area.

In the first three months, net cold rent climbed by 5.7% year-on-year. Organic growth in rental income, which rose by 3.0%, remains a key growth driver. Rent growth per square metre increased by 2.9% on a like-for-like basis. Adjusted for typical seasonal effects, the vacancy rate is still declining. The occupancy rate thus increased by around 10 basis points year-on-year to 96.9%. This positive development is a clear sign of the high quality of the property portfolio and LEG's property management expertise.

Portfolio investment decreased to EUR 2.70 per square metre in the reporting period. The goal of investing approx. EUR 13 per square metre in the portfolio in the fiscal year 2014 and thereby taking advantage of opportunities for targeted value-adding measures has been confirmed.

We successfully advanced the selective acquisition strategy based on strictly defined return criteria. In the current fiscal year to date, we signed an agreement to purchase a relatively small portfolio with 300 residential units. LEG is already at an advanced stage of negotiations for further possible portfolio transactions. Since the IPO in 2013, around 7,000 units with an attractive initial FFO of over 8% have already been purchased.

LEG is confident regarding the further development anticipated over the course of the year. The acquisition target of a total of 10,000 units by the end of the year is expected to be achieved or even exceeded. In this context, the issue of a convertible bond with a volume of EUR 300 million strengthened LEG's position for a further acceleration of external growth.

Bolstered by its efficient portfolio structure with a strong regional focus, LEG boasts leading profitability in the sector. For example, the key financial performance indicator of FFO I rose by 21.3% year-on-year to EUR 41.0 million.

The EPRA net asset value was EUR 49.23 per share at the end of the quarter, up 1.4% compared to the end of the past fiscal year.

A strong balance sheet and secure long-term financing remain the foundation for LEG's strategy geared towards sustainable growth. The low loan-to-value ratio of 47.3% demonstrates LEG's outstandingly strong financial position within its sector. An average debt maturity of 10.7 years with attractive conditions continues to ensure a high visibility for future profits and dividends.

Issuing a convertible bond resulted in diversification of the financing structure and further optimisation of the financing profile. The attractive conditions with an interest coupon of 0.5% for an unsecured bond and a conversion premium of 30% attest to the bond markets' confidence and LEG's low credit risk.

One important strategic step for LEG was the expansion of tenant-focussed services with the establishment of the multimedia business, which took effect at the start of the year. This business ideally combines the interests of our tenants and our shareholders with a substantial increase in our earnings power. LEG is currently reviewing further options for expanding the service business.

Based on this positive business performance, LEG is also reiterating its outlook for the fiscal year 2014 with anticipated FFO I of EUR 155 million to EUR 159 million (EUR 2.93 to EUR 3.00 per share). This earnings outlook does not yet factor in any anticipated positive effects from issuing the convertible bond and from further planned acquisitions.

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

Dusseldorf, May 2014

Thomas Hegel
Chief Executive Officer

Eckhard Schultz
Chief Financial Officer

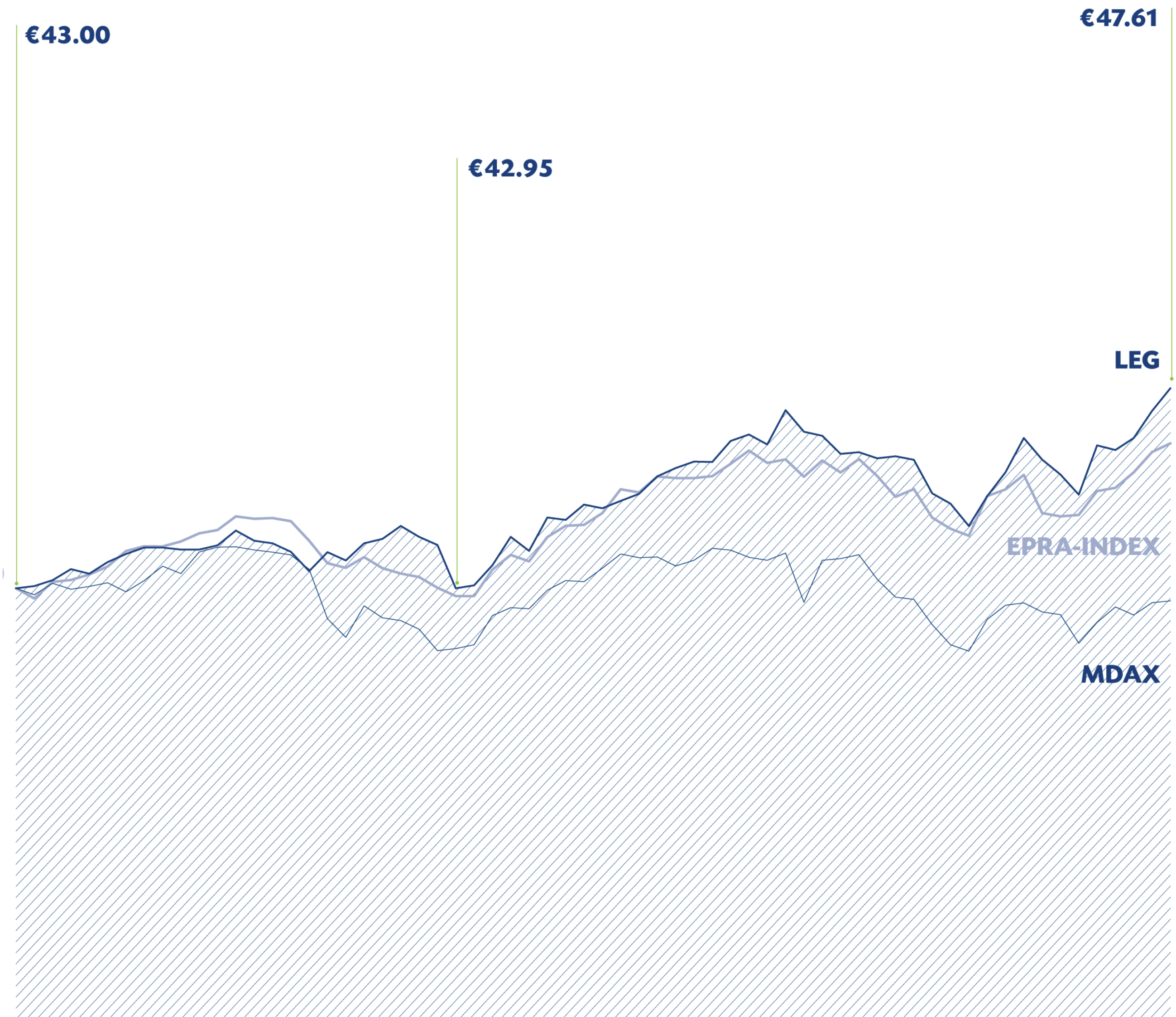
Holger Hentschel
Chief Operating Officer

LETTER TO THE SHAREHOLDERS

THE SHARE

FIG 1

Share price development



Share price Q1-2014
indexed to 100

www.leg-nrw.de/en/enterprise/investor-relations

01.02.2013 **Emission price**	**€43.00**	31.03.2014 **Highest price**	**€47.61**
04.02.2014 **Lowest price**	**€42.95**	31.03.2014 **Closing price**	**€47.61**

The German stock market was overall marked by volatile sideways movement in the first quarter. After posting an all-time high, the DAX® closed at 9,556 points, almost the same level as the previous quarter. In contrast to this, LEG shares significantly outperformed the market as a whole as well as the companies in its peer group in the period under review. LEG's share price increased considerably in the first quarter by 10.8% to EUR 47.61 per share.

A positive development in the economic indicators of the euro zone, including the further improvement of the bond markets in many European countries, provided the stock market with positive stimulus. Negative factors working against this included the crisis in Ukraine, slowdown of economic activity in China, severe currency turbulence in some emerging economies and the introduction of a less expansive monetary policy by the US Federal Reserve Bank.

In this environment, the index of German real estate stocks EPRA Index Germany outperformed the market as a whole with a share price increase of 7.8% in the first quarter of 2014. With a performance of 10.8%, LEG shares even outperformed the benchmark index.

An important event in the reporting period was the secondary placement of 15.176 million shares of the existing shareholder Saturea B.V. as part of an accelerated bookbuilding procedure. Its holding, therefore, decreased to 0.41% and free float according to the definition of Deutsche Börse increased to 92.3%. As a result, LEG shares gained in significance in key stock market indices such as the MDAX® of the German Stock Exchange and were even added to the STOXX® Europe 600.

ANALYST COVERAGE

LEG shares are currently being actively monitored by 16 investment companies. Their assessments are overall very positive with 12 buy recommendations and only one sell recommendation. Analysts' average upside target is currently EUR 50.00 per share.

FIG 2

Shareholder structure
(as of 31.03.2014)

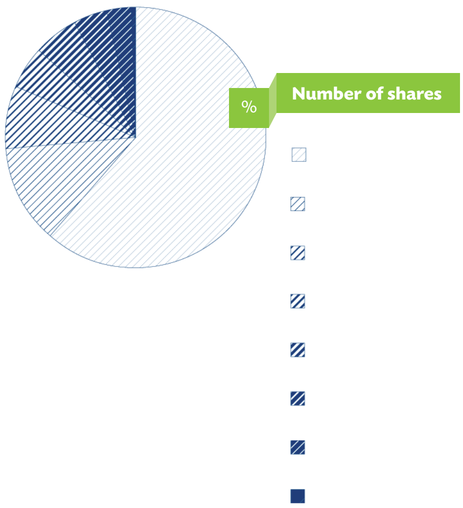


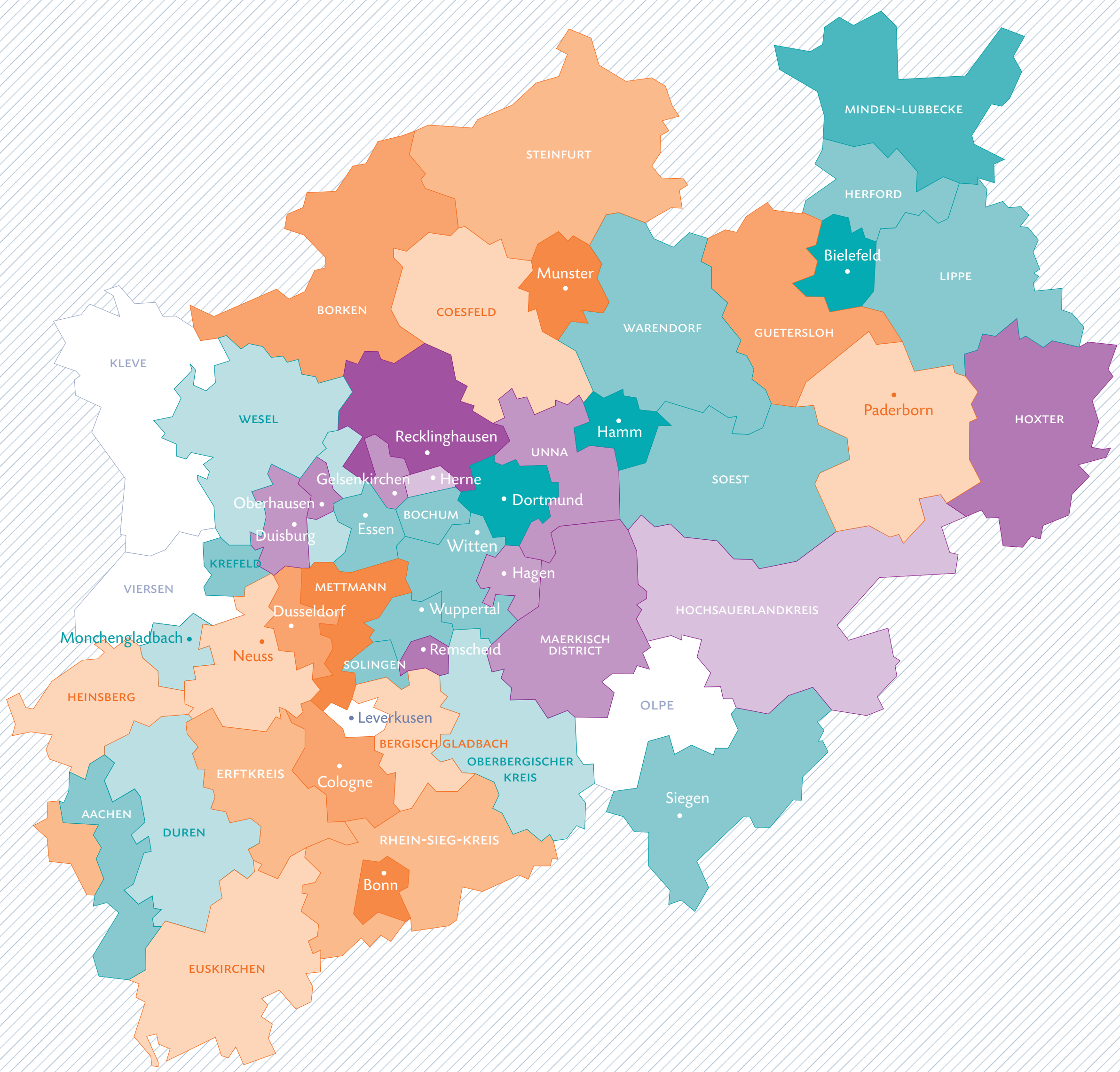
TABLE 2

Share performance indicators

Ticker symbol	**LEG**
German Securities Code Number (WKN)	**LEG111**
ISIN	**DE000LEG1110**
Number of shares	**52,963,444**
Initial listing	**1 February 2013**
Market segment	**Prime Standard**
Indices	**MDAX, FTSE EPRA/NAREIT, STOXX Europe 600, GPR Indices**
Closing price (31 March 2014)	**€47.61**
Market capitalisation (31 March 2014)	**€2,521.6 million**
Free float (31 March 2014)	**92.7%**
Weighting in the MDAX (31 March 2014)	**1.8%**
Weighting in the EPRA Europe (31 December 2013)	**1.8%**
Average single-day trading volume	**150,787**
Highest price (Q1-2014)	**€47.61**
Lowest price (Q1-2014)	**€42.95**

PORTFOLIO

LEG IN NORTH RHINE-WESTPHALIA BY MARKET SEGMENTS



High-growth markets **Stable markets with attractive yields** **Higher-yielding markets** **Markets not included**

As of 31 March 2014, the portfolio of LEG Immobilien AG comprised 94,998 residential units, 1,030 commercial units and 22,926 garages and parking spaces. Most of the properties are situated in approx. 160 locations in North Rhine-Westphalia. The average apartment size is 64 square metres and has three rooms. The buildings contain an average of 6.5 residential units and cover an average of three floors.

PORTFOLIO SEGMENTATION

Based on a scoring system developed by CBRE, the LEG portfolio can be divided into three market clusters: GROWTH MARKETS, STABLE MARKETS and HIGHER-YIELDING MARKETS. All 54 municipalities and rural districts of North Rhine-Westphalia were analysed. The portfolio covers the entire federal state apart from the city of Leverkusen and the Olpe, Kleve and Viersen districts.

GROWTH MARKETS are characterised by a positive population trend, favourable forecasts for household numbers and sustained high demand for housing. STABLE MARKETS are more varied than growth markets in terms of their demographic and socio-economic development and have, on average, a sound to high level of attractiveness for the real estate industry. HIGHER-YIELDING MARKETS are generally subject to a greater risk of population declines. However, given a strong local presence, attractive micro-locations and good market penetration, these geographical sub-markets will continue to offer opportunities for attractive returns.

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

- **Population development from 2000 to 2010**
- **Forecast for household numbers from 2010 to 2020**
- **Purchasing power index**
- **Number of employees subject to social security payments from 2000 to 2010**
- **Rent level in EUR per square metre**
- **Rental price multipliers for apartment buildings**

The scoring model is updated every three years and remained unchanged in comparison to the previous year. Based on this system, the market ranking is headed by Bonn followed by Muenster, the Rhein-Sieg-Kreis, Cologne and Dusseldorf.

Another 15 growth markets are located in Rhineland, parts of Muensterland and in the Paderborn district. At the top of the list of municipalities and districts in the stable markets category are the Aachen district, the Oberberg district and Bielefeld. They are followed by another 20 sub-markets spread throughout the state of North Rhine-Westphalia. The Unna district heads the segment of markets with higher returns, followed by another ten sub-markets – mainly in the Ruhr area and more rural regions of Sauerland.

PERFORMANCE OF THE LEG PORTFOLIO

Operating performance (rents, vacancy, fluctuation)

In the first quarter of 2014, a portfolio acquisition of 735 residential units was consolidated as of 1 February 2014.

For reasons relating to the portfolio strategy, 25 residential units in different locations were sold in the first quarter.

Taking account of further changes such as apartment mergers, the residential property portfolio increased to 94,998 units in the first quarter of 2014 compared to 94,311 units in the previous quarter.

Similar to the previous year, the positive trend in rents continued in all sub-markets:

In-place rent rose by 2.9% year-on-year from EUR 4.91 per square metre to EUR 5.05 per square metre on a like-for-like basis (to EUR 5.04 per square metre in absolute terms).

Broken down by type of financing, an increase of 3.2% to EUR 5.34 per square metre (on a like-for-like basis) was recorded for the free-financed segment.

In the growth markets, rent per square metre increased by 3.6% year-on-year to EUR 6.02 per square metre. In the stable markets, rent per square metre rose again significantly by 2.6% compared to its level twelve months ago to EUR 4.97 per square metre, whereas in our higher-yielding markets it was up 2.8% at EUR 4.85 per square metre (each case on a like-for-like basis).

In the segment of rent-controlled apartments, the average in-place rent generated climbed by 2.2% year-on-year from EUR 4.50 per square metre to EUR 4.60 per square metre (on a like-for-like basis) as a result of the periodic adjustment of the cost of rent in January 2014.

TABLE 3

Portfolio segments – Top 3 locations

	31.03.2014				
	Number of LEG apartments	Share of LEG portfolio %	Living space sqm	In-place rent €/sqm	Vacancy rate %
HIGH-GROWTH MARKETS	31,477	33.1	2,078,818	5.63	1.4
District of Mettmann	8,092	8.5	560,966	5.6	1.6
Muenster	6,102	6.4	404,954	5.99	0.5
Dusseldorf	3,293	3.5	213,346	5.98	0.5
Other locations	13,990	14.7	899,552	5.4	1.9
STABLE MARKETS WITH ATTRACTIVE YIELDS	34,616	36.4	2,206,702	4.75	4
Dortmund	12,561	13.2	821,203	4.68	3.2
Hamm	3,976	4.2	239,995	4.53	2.7
Bielefeld	2,328	2.5	142,238	5.34	3
Other locations	15,751	16.6	1,003,267	4.78	5
HIGHER-YIELDING MARKETS	27,428	28.9	1,688,590	4.65	4.8
District of Recklinghausen	6,588	6.9	411,325	4.68	6.5
Duisburg	4,743	5	291,207	4.83	3.9
Maerkisch District	4,412	4.6	269,730	4.52	3.1
Other locations	11,685	12.3	716,328	4.62	4.9
OUTSIDE NRW	1,477	1.6	97,476	5.19	2.1
TOTAL	94,998	100	6,071,586	5.04	3.3

TABLE 4

Performance LEG-Portfolio

		HIGH-GROWTH MARKETS			STABLE MARKETS WITH ATTRACTIVE YIELDS		
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.12.2013	31.03.2013
Subsidised residential units							
Units		11,268	11,408	11,501	14,142	14,924	14,546
Area	sqm	781,098	790,756	796,801	963,153	1,013,013	994,599
In-place rent	€/sqm	5.00	4.88	4.89	4.47	4.36	4.35
Vacancy rate	%	1.2	1.1	1.5	3.4	3.0	4.2
Free-financed residential units							
Units		20,209	20,098	19,987	20,474	19,707	17,493
Area	sqm	1,297,720	1,290,050	1,276,976	1,243,549	1,194,193	1,015,639
In-place rent	€/sqm	6.01	5.95	5.82	4.97	4.94	4.88
Vacancy rate	%	1.5	1.3	1.5	4.4	3.8	3.9
Total residential units							
Units		31,477	31,506	31,488	34,616	34,631	32,039
Area	sqm	2,078,818	2,080,806	2,079,511	2,206,702	2,207,206	2,065,588
In-place rent	€/sqm	5.63	5.54	5.46	4.75	4.67	4.62
Vacancy rate	%	1.4	1.2	1.5	4.0	3.5	4.0
Total commercial							
Units							
Area	sqm						
Total parking							
Units							
Total other							
Units							

	31.03.2013						
	Number of LEG apartments	Share of LEG portfolio %	Living space sqm	In-place rent €/sqm	Vacancy rate %	Change in-place rent % like-for-like (31.03.2013 – 31.03.2014)	Vacancy rate % like-for-like (31.03.2014)
	31,488	**34.6**	**2,079,511**	**5.46**	**1.5**	**3.1**	**1.4**
	8,097	8.9	561,324	5.48	2	2.2	1.6
	6,106	6.7	405,303	5.77	0.4	3.7	0.5
	3,222	3.5	207,485	5.78	0.5	3.5	0.5
	14,063	15.5	905,399	5.23	1.9	3.2	1.9
	32,039	**35.2**	**2,065,588**	**4.62**	**4**	**2.4**	**3.6**
	11,553	12.7	766,252	4.55	3	2.7	2.6
	3,976	4.4	239,995	4.41	3.2	2.8	2.7
	2,328	2.6	142,352	5.2	3.1	2.7	3
	14,182	15.6	916,989	4.65	5.3	2.7	4.7
	26,005	**28.6**	**1,608,064**	**4.54**	**4.5**	**2.6**	**4.5**
	6,407	7	401,183	4.55	6	2.8	6.4
	4,728	5.2	289,910	4.67	4.2	3.5	3.9
	4,412	4.9	269,730	4.46	3.2	1.4	3.1
	10,458	11.5	647,240	4.51	4.3	2.4	4.2
	1,389	**1.5**	**92,084**	**4.94**	**0.5**	**5.2**	**2.2**
	90,921	**100**	**5,845,246**	**4.91**	**3.2**	**2.9**	**3.1**

	HIGHER-YIELDING MARKETS			OUTSIDE NRW			TOTAL		
	31.03.2014	31.12.2013	31.03.2013	**31.03.2014**	31.12.2013	31.03.2013	**31.03.2014**	31.12.2013	31.03.2013
	8,477	8,932	9,125	**135**	154	220	**34,022**	35,418	35,392
	561,622	592,345	604,165	**10,997**	12,415	17,192	**2,316,870**	2,408,529	2,412,757
	4.29	4.19	4.22	**4.29**	4.19	4.19	**4.61**	4.49	4.50
	4.4	4.0	4.9	**3.0**	0.6	0.0	**2.9**	2.6	3.5
	18,951	17,765	16,880	**1,342**	1,323	1,169	**60,976**	58,893	55,529
	1,126,968	1,055,777	993,402	**86,479**	85,061	74,892	**3,754,717**	3,625,081	3,360,908
	4.83	4.79	4.73	**5.31**	5.23	5.11	**5.30**	5.27	5.20
	5.0	4.5	4.3	**2.0**	1.5	0.6	**3.6**	3.1	3.1
	27,428	26,697	26,005	**1,477**	1,477	1,389	**94,998**	94,311	90,921
	1,688,590	1,648,122	1,608,064	**97,476**	97,476	92,084	**6,071,586**	6,033,610	5,845,246
	4.65	4.58	4.54	**5.19**	5.10	4.94	**5.04**	4.96	4.91
	4.8	4.4	4.5	**2.1**	1.4	0.5	**3.3**	2.9	3.2
							1,030	**1,031**	**996**
							195,910	**197,613**	**194,113**
							22,926	**22,903**	**21,579**
							858	**853**	**775**

With an occupancy rate of 96.9% (on a like-for-like basis) as of the reporting date, the positive trend continued, adjusted for seasonal effects, with a year-on-year increase of ten basis points. In total, the number of vacant apartments as of 31 March 2014 was 2,782 (on a like-for-like basis) or 3,163 (in absolute terms) if acquisitions are taken into account.

The high level of demand for rental apartments in all market segments has led to occupancy rates of 98.6% in the growth markets (Q1 2013: 98.5%). Vacancy rates of 3.6% (Q1 2013: 4.0%) in the stable markets and 4.5% (Q1 2013: 4.5%) in the higher-yielding markets (on a like-for-like basis in each case) also attest to our attractive housing supply.

Turnover, which serves as an indicator of tenant satisfaction, amounted to 10.6% as of the reporting date 31 March 2014 (previous year's reporting date 31 March 2013: 10.4%) and thus remained at a low level.

Value development

The following table shows the distribution of assets by market segment. Based on in-place rents, the rental yield of the portfolio is 7.3% (rent multiplier of 13.8x).

Investment activity

The first quarter of 2014 was dominated by sustainable construction progress in modernisation projects, particularly in Gelsenkirchen and Ahlen. In addition, further major projects for energy modernisation of the building shell were commissioned in Ratingen, Monheim and Muenster.

A total of EUR 16.6 million was spent on maintenance and on value-adding investments eligible for capitalisation in the first quarter of 2014 (same period of previous year: EUR 19.2 million). This corresponds to an average investment volume of EUR 2.70 per square metre.

Of the total expenses, EUR 8.3 million (same period of previous year: EUR 7 million) was attributable to measures eligible for capitalisation (capex) and EUR 8.3 million to expenditure-related maintenance measures (same period of previous year: EUR 12.2 million).

The capitalisation rate rose to 50.1% in the first quarter of 2014 after 36.5% in the same period of the previous year. A scheduled increase in investments is expected over the remainder of the year and the target of around EUR 13.00 per square metre on average is being reiterated. The increasing investments should further positively impact rents and vacancy reduction.

TABLE 5

Market segments

	Residential units	Residential assets € million	Share residential assets %	Value/sqm (€)	In-place rent multiplier	Commercial/ other assets € million	Total assets € million
HIGH-GROWTH MARKETS	**31,477**	**2,206**	**45**	**1,061**	**15.9x**	**182**	**2,388**
District of Mettmann	8,092	543	11	969	14.6x	67	610
Muenster	6,102	504	10	1,246	17.4x	36	540
Dusseldorf	3,293	255	5	1,217	16.9x	20	276
Other locations	13,990	904	18	1,000	15.7x	58	962
STABLE MARKETS WITH ATTRACTIVE YIELDS	**34,616**	**1,548**	**32**	**699**	**12.8x**	**83**	**1,631**
Dortmund	12,561	594	12	719	13.2x	37	631
Hamm	3,976	139	3	576	10.8x	4	142
Bielefeld	2,328	131	3	919	14.8x	10	141
Other locations	15,751	684	14	681	12.5x	32	716
HIGHER-YIELDING MARKETS	**27,428**	**1,058**	**22**	**627**	**11.8x**	**42**	**1,100**
District of Recklinghausen	6,588	274	6	632	12.1x	14	287
Duisburg	4,743	198	4	675	12.1x	9	207
Maerkisch District	4,412	154	3	570	10.8x	2	156
Other locations	11,685	433	9	625	11.9x	17	450
NRW PORTFOLIO	**93,521**	**4,812**	**98**	**805**	**13.8x**	**306**	**5,118**
Portfolio outside NRW	1,477	85	2	873	14.2x	10	95
TOTAL PORTFOLIO	**94,998**	**4,897**	**100**	**806**	**13.8x**	**316**	**5,213**
Leasehold and other properties							24
Inventories (IAS 2)							9
Prepayments for investment property							3
TOTAL PORTFOLIO							**5,249**

DETAILED INDEX
INTERIM MANAGEMENT REPORT

INTERIM MANAGEMENT REPORT

ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

For definitions of individual key figures and terms, please refer to the glossary in the 2013 annual report.

RESULTS OF OPERATIONS

A condensed form of the income statement for the reporting period (1 January to 31 March 2014) and for the same period of the previous year (1 January to 31 March 2013) is provided below:

TABLE 6

Condensed income statement

€ million	01.01.–31.03.2014	01.01.–31.03.2013
Rental and lease income	**70.5**	59.5
Net income from the disposal of investment properties	**0**	–0.2
Net income from the remeasurement of investment properties	**–**	–
Net income from the disposal of inventory properties	**–0.9**	–0.9
Net income from other services	**0.1**	0.8
Administrative and other expenses	**–8.8**	–11.4
Other income	**0.1**	0.6
OPERATING EARNINGS	**61**	**48.4**
Interest income	**0.1**	0.2
Interest expense	**–30.0**	–35.1
Net income from other financial assets and associates	**1.4**	0.1
Net income from the fair value measurement of derivatives	**–3.6**	–1.7
NET FINANCE EARNINGS	**–32.1**	**–36.5**
EARNINGS BEFORE INCOME TAXES	**28.9**	**11.9**
INCOME TAXES	**–6.5**	**–0.6**
NET PROFIT OR LOSS FOR THE PERIOD	**22.4**	**11.3**

Operating earnings (before taxes) amounted to EUR 61.0 million in the reporting period (same period of previous year: EUR 48.4 million). The main driver behind the EUR 12.6 million improvement in operating earnings was the improved net rental and lease income as a result of higher net cold rent of EUR 5.1 million and lower maintenance expenses.

The decrease in interest expenses is mainly due to refinancing in the previous year, and the associated decline in loan amortisation. This made a significant contribution to the year-on-year improvement in net finance costs of EUR 4.4 million in the reporting period.

Despite an increase in income taxes due to higher expenses for deferred taxes, net income of EUR 22.4 million was generated in the reporting period.

For segment reporting, the condensed form of the income statement for the reporting period from 1 January to 31 March 2014 is as follows: TABLE 7

The Housing segment generated operating segment earnings of EUR 60.4 million in the reporting period, while the Other segment generated operating segment earnings of EUR 0.6 million.

The condensed form of the income statement for the prior-year period from 1 January to 31 March 2013, broken down by segment, is as follows: TABLE 8

The Housing segment generated operating segment earnings of EUR 52.7 million in the prior-year period, while the Other segment generated operating segment earnings of EUR –3.4 million.

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

Intragroup transactions between the segments are conducted at standard market conditions.

TABLE 7

Segment reporting 01.01. – 31.03.2014

€ million	Residential	Other	Reconciliation	Group
Rental and lease income	140.9	1.7	– 0.5	142.1
Costs of sales of rental and lease	–71.1	–1.0	0.5	–71.6
NET RENTAL AND LEASE INCOME	**69.8**	**0.7**	**–**	**70.5**
Net income from the disposal of IAS 40 property	–	–	–	–
Net income from remeasurement of IAS 40 property	0.0	–	–	0.0
Net income from the disposal of real estate inventory	–	– 0.9	–	– 0.9
Net income from other services	0.1	7.5	–7.5	0.1
Administrative and other expenses	–9.6	– 6.7	7.5	– 8.8
Other income	0.1	–	–	0.1
SEGMENT EARNINGS	**60.4**	**0.6**	**–**	**61**

TABLE 8

Segment reporting 01.01. – 31.03.2013

€ million	Residential	Other	Reconciliation	Group
Rental and lease income	129.8	1.7	–	131.5
Costs of sales of rental and lease	–71.7	–	– 0.3	–72.0
NET RENTAL AND LEASE INCOME	**58.1**	**1.7**	**– 0.3**	**59.5**
Net income from the disposal of IAS 40 property	– 0.1	– 0.1	–	– 0.2
Net income from remeasurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	–	-0.9	–	– 0.9
Net income from other services	0.1	9.8	–9.1	0.8
Administrative and other expenses	– 6.0	–13.9	8.5	–11.4
Other income	0.6	–	–	0.6
SEGMENT EARNINGS	**52.7**	**– 3.4**	**– 0.9**	**48.4**

NET RENTAL AND LEASE INCOME

TABLE 9

Net rental and lease income

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Gross rental income	**94.4**	89.4
of which: rental income	**94.3**	89.2
Other income	**47.7**	42.1
RENTAL AND LEASE INCOME (GROSS)	**142.1**	**131.5**
Purchased services	**– 57.8**	– 58.7
Staff costs	**– 8.4**	– 9.8
thereof IPO costs	**–**	– 2.1
Depreciation and amortisation expenses	**–1.0**	–1.1
Other operating income	**– 4.4**	– 4.5
Reimbursement of IPO costs by shareholders	**–**	2.1
COSTS OF SALES IN CONNECTION WITH RENTAL AND LEASE INCOME	**– 71.6**	**–72.0**
NET RENTAL AND LEASE INCOME	**70.5**	**59.5**
NET OPERATING INCOME – MARGIN %	**74.8**	**66.7**

In the first quarter of 2014, the LEG Group increased net rental and lease income by EUR 11.0 million in comparison to the same quarter of the previous year. This development was chiefly due to a EUR 5.1 million rise in net cold rent and lower maintenance costs (down by EUR 3.9 million).

Rent increases, a slight reduction in vacancy rates on a like-for-like basis and property portfolio acquisitions contributed to a year-on-year increase in net cold rent of 5.7% from EUR 89.2 million in the prior reporting period to EUR 94.3 million in the current reporting period. The positive trend from the past year continued in the first quarter. Based on rent increases and vacancy reduction, organic rent growth in the housing segment accelerated and amounted to 3.0%.

The LEG Group made targeted investments in its properties in the reporting period. At EUR 16.6 million, total investment was, as planned, EUR 2.6 million lower than in the same period of the previous year. The acquired property portfolios accounted for EUR 0.5 million of total investment.

TABLE 10

Maintenance and modernisation of investment properties

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Maintenance expenses for investment properties	**8.3**	12.2
Capital expenditure	**8.3**	7.0
TOTAL INVESTMENT	**16.6**	**19.2**
Area of investment properties in million sqm	**6.20**	6.04
AVERAGE INVESTMENT PER SQM (€/SQM)	**2.7**	**3.2**

After a higher than average share of maintenance measures were performed in the first quarter of 2013, the share of capitalisable measures increased in the first quarter of 2014. Total investment in the first quarter was also down compared to the previous year's level. Overall, maintenance expense therefore fell from EUR 12.2 million in the equivalent period of 2013 to EUR 8.3 million in the reporting period. One main focus of maintenance expenses related to renovation work on successful re-letting.

The planned modernisation measures will increase as the financial year progresses. A rise in investments is thus expected over the remainder of the year. Compliance with the social charter requirements regarding the minimum investment volume is ensured.

NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES

TABLE 11

Net income from the disposal of investment properties

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Income from the disposal of investment properties	**2.5**	1.8
Carrying amount of the disposal of investment properties	**– 2.3**	–1.7
Costs of sales of investment properties sold	**– 0.2**	– 0.3
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**0.0**	**– 0.2**

As a result of targeted portfolio streamlining, investment property was also sold to a limited extent in the reporting period. In the reporting period, the LEG Group sold these disposal properties overall at slightly above their carrying amounts.

The cost of sales of the investment property sold (staff costs and non-staff operating costs, excluding non-recurring effects) was roughly at the previous year's level.

TABLE 12

Net income from the disposal of inventory properties

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Income from the disposal of inventory properties	**0.3**	0.4
Carrying amount of inventory properties sold	**– 0.2**	– 0.3
Costs of sales in connection with inventory properties sold	**–1.0**	–1.0
NET INCOME FROM THE DISPOSAL OF INVENTORY PROPERTIES	**– 0.9**	**– 0.9**

NET INCOME FROM THE DISPOSAL OF INVENTORY PROPERTIES

TABLE 13

Other services

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Income from other services	**2.3**	2.5
Expenses in connection with other services	**– 2.2**	–1.7
NET INCOME FROM OTHER SERVICES	**0.1**	**0.8**

Net income from other services mainly relates to in electricity and heat fed to the grid and to activities from IT services for third parties.

The lower income is the result of a decline in income from electricity and heat. There was a negative impact here from rising material costs and non-recurring effects relating to electricity and heat supply, which mainly contributed to the increase in expenses in connection with other services.

ADMINISTRATIVE AND OTHER EXPENSES

TABLE 14

Administrative and other expenses

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Other operating expenses	**– 2.4**	–10.4
Staff costs	**– 5.7**	– 8.4
Purchased services	**– 0.2**	– 0.3
Depreciation and amortisation	**– 0.5**	– 0.5
IPO costs reimbursement	**–**	8.2
ADMINISTRATIVE AND OTHER EXPENSES	**– 8.8**	**–11.4**

The decrease in other operating expenses primarily results from consulting and non-staff operating costs of EUR 5.7 million caused by the IPO in 2013 and from non-recurring project-related expenses in the previous year in the amount of EUR 1.7 million.

The main reason for the reduction in staff costs is the discontinuation of bonuses that were paid in the context of the IPO in 2013. The share attributable to administrative and other expenses amounted to EUR 2.5 million.

Project costs and other non-recurring effects totalled EUR 0.5 million in the reporting period (same period of previous year: EUR 2.8 million). After adjustment for these effects and for depreciation on property, plant and equipment and amortisation on intangible assets, current administrative and other expenses amounted to EUR 7.8 million (same period of previous year: EUR 8.1 million). Savings in ongoing consulting costs offset the slight increase in staff costs.

NET FINANCE COSTS

TABLE 15

Net finance costs

€ million	**01.01.–31.03.2014**	01.01.–31.03.2013
Interest income	**0.1**	0.2
Interest expenses	**–30.0**	–35.1
NET INTEREST INCOME	**–29.9**	**–34.9**
Net income from other financial assets and other investments	**1.4**	0.1
Net income from the fair value measurement of derivatives	**–3.6**	–1.7
NET FINANCE COSTS	**–32.1**	**–36.5**

The decline in interest expenses from EUR 35.1 million in the same period of 2013 to EUR 30.0 million in the reporting period mainly results from the decline in interest expenses from loan amortisation.

The decline in interest expenses from loan amortisation is attributable in particular to non-recurring effects in the equivalent period of the previous year that resulted from refinancing.

Net income from the remeasurement at market value of derivatives resulted from changes in the market value of stand-alone interest rate derivatives over time.

Adjusted for prepayment penalties, among other items, net cash interest expense rose to EUR 23.6 million (same period of previous year: EUR 20.6 million). This development was mainly attributed to the elimination of quarterly fluctuation of the interest expenses for subsidized loans.

The average interest rate for the entire loan portfolio fell slightly to 3.2% (31 March 2013: 3.3%) with an average term of 10.7 years.

TAXES ON INCOME

TAB 16

Income taxes

Mio. €	**01.01.–31.03.2014**	01.01.–31.03.2013
Current income taxes	**–0.1**	0.3
Deferred taxes	**–6.4**	–0.9
INCOME TAXES	**–6.5**	**–0.6**

The rise in tax expense is almost entirely due to the increase in deferred taxes.

Furthermore, the first quarter in 2013 saw deferred taxes in the amount of EUR 1.7 million from the result of capitalisation of deferred tax assets. Since for the fiscal year 2014 a partial tax loss carryforward is expected, deferred tax expenses in the amount of EUR 0.5 million have been noted for the first quarter in 2014.

RECONCILIATION WITH FFO

FFO I is a key financial performance indicator of the LEG Group. The LEG Group distinguishes between FFO I (not including net income from the disposal of investment property), FFO II (including net income from the disposal of investment property) and AFFO (FFO I adjusted for capex capitalisation). The calculation methods for these key performance indicators can be found in the glossary in the annual report.The calculation of FFO I, FFO II and AFFO for the reporting period and the same period of the previous year is as follows:

TABLE 17

Calculation of FFO I, FFO II and AFFO

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
NET PROFIT OR LOSS FOR THE PERIOD (IFRS)	**22.4**	**11.3**
Interest income	**– 0.1**	– 0.2
Interest expenses	**30**	35.1
NET INTEREST INCOME	**29.9**	**34.9**
Other financial expenses	**2.2**	1.6
Income taxes	**6.5**	0.6
EBIT	**61**	**48.4**
Depreciation and amortisation expenses	**2.1**	2.1
EBITDA	**63.1**	**50.5**
Measurement at fair value of investment properties	**–**	–
LTIP (long-term incentive programme)	**0.3**	1
Non-recurring project costs	**0.3**	1.8
Extraordinary and prior-period expenses and income	**0.1**	– 0.2
Net income from the disposal of investment properties	**0**	0.2
Net income from the disposal of real estate inventory	**0.9**	0.9
ADJUSTED EBITDA	**64.7**	**54.2**
Cash interest expenses and income	**– 23.6**	– 20.6
Cash income taxes	**– 0.1**	0.2
FFO I (NOT INCLUDING DISPOSAL OF INVESTMENT PROPERTIES)	**41**	**33.8**
Net income from the disposal of investment properties	**0**	– 0.2
FFO II (INCL. DISPOSAL OF INVESTMENT PROPERTIES)	**41**	**33.6**
Capex	**– 8.3**	–7.0
CAPEX-ADJUSTED FFO I (AFFO)	**32.7**	**26.8**

FFO I (not including net income from the disposal of investment property) amounted to EUR 41.0 million in the reporting period, up 21.3% on the previous year's figure (EUR 33.8 million). This increase particularly reflects the effects of the rise in net cold rent including the effects from acquisitions as well as lower maintenance expenses in comparison to the same period of the previous year. Maintenance expenses are expected to increase in the following quarters of the fiscal year 2014.

NET ASSETS (CONDENSED STATEMENT OF FINANCIAL POSITION)

A condensed form of the statement of financial position is provided below:

TABLE 18

Net assets (condensed balance sheet)

€ million	31.03.2014	31.12.2013
Investment properties	**5,195.4**	5,163.4
Prepayments for investment properties	**3.1**	6.9
Other non-current assets	**92.7**	91.9
Non-current assets	**5,291.2**	**5,262.2**
Receivables and other assets	**42.9**	33.8
Cash and cash equivalents	**140.5**	110.7
Current assets	**183.4**	**144.5**
Assets held for disposal	**16.3**	**16.4**
TOTAL ASSETS	**5,490.9**	**5,423.1**
Equity	**2,288.1**	**2,276.1**
Non-current financial liabilities	**2,386.0**	2,396.7
Other non-current liabilities	**470.6**	443.9
Non-current borrowed capital	**2,856.6**	**2,840.6**
Current financial liabilities	**221.2**	187.0
Other current liabilities	**125.0**	119.4
Current borrowed capital	**346.2**	**306.4**
TOTAL EQUITY AND LIABILITIES	**5,490.9**	**5,423.1**

Total assets amounted to EUR 5,490.9 million as of the reporting date (31 December 2013: EUR 5,423.1 million).

On the assets side, non-current assets constitute the largest item, totalling EUR 5,291.2 million. The LEG Group's main assets consist of investment property of EUR 5,195.4 million as of 31 March 2014 (31 December 2013: EUR 5,163.4 million), which accounted for 94.6% of total assets as of that date (31 December 2013: 95.2%).

Prepayments for investment property for the acquisition of further property portfolios are reported in the amount of EUR 3.1 million as of the interim reporting date. The economic transfer of these approximately 2,500 units will take place over the course of 2014.

The main equity and liability items are the reported equity of EUR 2,288.1 million (31 December 2013: EUR 2,276.1 million) and the financial liabilities of EUR 2,607.2 million (31 December 2013: EUR 2,583.7 million).

Net income for the period (EUR 22.4 million) and losses from the remeasurement at market value of effective interest rate derivatives reported directly in equity in other comprehensive income (EUR 11.0 million) were the main drivers behind the increase in equity. The rise in financial liabilities as of 31 March 2014 compared to 31 December 2013 is attributable to refinancing, loan disbursements and purchase price financing of the acquired portfolios.

NET ASSET VALUE (NAV)

NAV is another key performance indicator of the LEG Group. The calculation method can be found in the glossary in the 2013 annual report.

TABLE 19

EPRA-NAV

Mio. €	31.03.2014	31.12.2013
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	**2,260.6**	**2,248.8**
NON-CONTROLLING INTERESTS	**27.5**	**27.3**
EQUITY	**2,288.1**	**2,276.1**
Effect of exercising options, convertible bonds and other rights	–	–
NAV	**2,260.6**	**2,248.8**
Fair value measurement of derivative financial instruments	**65.2**	52.0
Deferred taxes	**281.8**	271.1
EPRA NAV	**2,607.6**	**2,571.9**
Number of shares	**52,963,444**	52,963,444
EPRA NAV PER SHARE IN €	**49.23**	**48.56**

The LEG Group reported EPRA NAV of EUR 2,607.6 million as of 31 March 2014.

LOAN-TO-VALUE (LTV) RATIO

Net debt in relation to property assets declined slightly in the reporting period compared to 31 December 2013, resulting in a loan-to-value (LTV) ratio of 47.30% (31 December 2013: 47.68%).

TABLE 20

Loan-to-value ratio

€ million	31.03.2014	31.12.2013
Financial liabilities	**2,607.2**	2,583.7
less cash and cash equivalents	**140.5**	110.7
NET FINANCIAL LIABILITIES	**2,466.7**	**2,473.0**
Investment properties	**5,195.4**	5,163.4
Assets held for disposal	**16.3**	16.4
Prepayments for investment properties	**3.1**	6.9
REAL ESTATE ASSETS	**5,214.8**	**5,186.7**
LOAN TO VALUE RATIO (LTV) IN %	**47.30**	**47.68**

FINANCIAL POSITION

Net income of EUR 22.4 million was generated in the reporting period (same period of previous year: net income of EUR 11.3 million). Equity amounted to EUR 2,288.1 million as of the reporting date (31 December 2013: EUR 2,276.1 million). This corresponds to an equity ratio of 41.7% (31 December 2013: 42.0%).

In the first three months of 2014, LEG carried out refinancing with a total volume of EUR 8.3 million, which was mainly used to repay higher-interest WFA loans. Further loan disbursements of EUR 27.1 million increased loan liabilities, while scheduled and extraordinary repayments had the opposite effect.

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

TAB 21

Statement of cash flows

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Cash flow from operating activities	**44.7**	14.8
Cash flow from investing activities	**– 32.0**	– 8.0
Cash flow from financing activities	**17.1**	– 20.3
CHANGE IN CASH AND CASH EQUIVALENTS	**29.8**	**–13.5**

Compared to the same period of the previous year, cash flow from operating activities in the reporting period was affected in particular by higher payments received for rents including ancillary costs and by lower payments made for operating costs. In addition, the previous year's cash flow from operating activities was negatively impacted by payments made for IPO costs.

Property portfolio acquisitions resulted in outgoing payments of EUR 26.0 million in the cash flow from investing activities. In addition, outgoing payments for modernisation of the property portfolio led to cash flow from investing activities of EUR 32.0 million.

At the end of the fiscal year 2012, prepayment penalties of EUR 10.4 million were recognised as part of refinancing. These were paid in the same period of the previous year and were largely responsible for the fact that the previous year's cash flow from financing activities posted a high negative net payment. Loan disbursements of EUR 35.4 million resulted in positive cash flow from financing activities of EUR 17.1 million in the reporting period.

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

SUPPLEMENTARY REPORT

ISSUE OF A CONVERTIBLE BOND

On 7 April 2014, LEG Immobilien AG issued a non-subordinated, unsecured convertible bond maturing in 2021 with a total nominal amount of EUR 300 million. Subscription rights of the shareholders of LEG Immo were disapplied. The convertible bonds can be converted into approximately 4.8 million new or existing registered ordinary shares of LEG Immo. This corresponds to around 9.1% of the outstanding share capital of LEG Immo.

The proceeds from the issue of the convertible bonds are to be used to speed up the selective external growth strategy. Furthermore, the capital market financing represented a diversification of the Group's sources of financing.

As part of a bookbuilding procedure, the coupon was set at 0.50% p.a., payable semi-annually in arrears, and the initial conversion premium was set at 30% above the reference price of EUR 47.99. The initial conversion price is thus EUR 62.39. The convertible bonds have a term of 7.2 years with a put option for the investors after 5.2 years. They are issued and repaid at 100% of their nominal amount.

They were delivered in exchange for payment (value date) on 10 April 2014.

ACQUISITION

On 16 April 2014, the purchase of a property portfolio comprising around 300 residential units was notarised. The portfolio generates an annual net cold rent of EUR 1.4 million. The average in-place rent is EUR 5.43 per square metre and the initial vacancy rate is around 3.2%. The purchase price of the acquisition totals EUR 19.3 million. The forecast FFO return of the portfolio is over 8%. The transaction will be closed on 1 June 2014.

RISK AND OPPORTUNITY REPORT

The risks and opportunities faced by LEG in its operating activities were described in detail in the 2013 annual report. To date, further risks that would lead to a different assessment have arisen or become discernible in the fiscal year 2014.

FORECAST REPORT

Based on the business performance in line with planning in the first three months, LEG is well on track to achieve the goals it has set itself for 2014 as a whole.

LEG is reiterating its outlook of FFO I of between EUR 155.0 million and EUR 159.0 million (EUR 2.93 to EUR 3.00 per share) in 2014. This does not yet factor in the anticipated positive effects from issuing the convertible bonds and from planned future acquisitions.

The development in the first quarter confirms the outlook of an acceleration in rent growth on a like-for-like basis. For the 2014 financial growth, rent growth per square metre is still expected to be at the upper end of a range of 2% to 3% on a like-for-like basis. The positive year-on-year trend in the occupancy rate is also expected to continue.

In the next quarters of the current financial year, a rise in portfolio investment per square metre is planned. The target for investment of around EUR 13 per square metre, therefore, still applies for 2014.

Acquisitions remain a key pillar of the value-oriented growth strategy. Since the IPO in 2013, some 7,000 residential units have already been purchased on the basis of strict acquisition criteria. LEG is confident that the target of a total of 10,000 units by the end of 2014 can be achieved or exceeded.

DETAILED INDEX CONSOLIDATED INTERIM FINANCIAL STATEMENT

CONSOLIDATED INTERIM FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31.03.2014

TABLE 22

Assets

€ million	31.03.2014	31.12.2013
Non-current assets	**5,291.2**	5,262.2
Investment properties	**5,195.4**	5,163.4
Prepayments for investment properties	**3.1**	6.9
Property, plant and equipment	**65.8**	66.7
Intangible assets	**4.0**	4.3
Investments in associates	**9.2**	9.2
Other financial assets	**3.6**	3.6
Receivables and other assets	**1.4**	2.8
Deferred tax assets	**8.7**	5.3
Current assets	**183.4**	144.5
Real estate inventory and other inventory	**9.0**	10.1
Receivables and other assets	**31.2**	21
Income tax receivables	**2.7**	2.7
Cash and cash equivalents	**140.5**	110.7
Assets held for sale	**16.3**	16.4
TOTAL ASSETS	**5,490.9**	**5,423.1**

Equity and liabilities

€ million	31.03.2014	31.12.2013
Equity	**2,288.1**	2,276.1
Share capital	**53.0**	53.0
Capital reserves	**441.3**	440.9
Cumulative other reserves	**1,766.3**	1,754.9
Equity attributable to shareholders of the parent company	**2,260.6**	2,248.8
Non-controlling interests	**27.5**	27.3
Non-current liabilities	**2,856.6**	2,840.6
Pension provisions	**113.7**	112.3
Other provisions	**13.4**	12.7
Financing liabilities	**2,386.0**	2,396.7
Other liabilities	**81.9**	63.5
Tax liabilities	**24.5**	24.2
Deferred tax liabilities	**237.1**	231.2
Current liabilities	**346.2**	306.4
Pension provisions	**4.5**	6.1
Other provisions	**16.7**	17.9
Provisions for taxes	**0.1**	0
Financing liabilities	**221.2**	187.0
Other liabilities	**85.7**	77.6
Tax liabilities	**18.0**	17.8
TOTAL EQUITY AND LIABILITIES	**5,490.9**	**5,423.1**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS OF 31.03.2014

TABLE 23

Consolidated statement of comprehensive income

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Net rental and lease income	**70.5**	59.5
Rental and lease income	**142.1**	131.5
Cost of sales in connection with rental lease income	**– 71.6**	– 72.0
Net income from the disposal of investment properties	**0**	**– 0.2**
Income from the disposal of investment properties	**2.5**	1.8
Carrying amount of the disposal of investment properties	**– 2.3**	–1.7
Cost of sales in connection with disposed investment properties	**– 0.2**	– 0.3
Net income from the remeasurement of investment properties	**–**	**0**
Net income from the disposal of real estate inventory	**– 0.9**	**– 0.9**
Income from the real estate inventory disposed of	**0.3**	0.4
Carrying amount of the real estate inventory disposed of	**– 0.2**	– 0.3
Costs of sales of the real estate inventory disposed of	**–1.0**	–1.0
Net income from other services	**0.1**	**0.8**
Income from other services	**2.3**	2.5
Expenses in connection with other services	**– 2.2**	–1.7
Administrative and other expenses	**– 8.8**	**–11.4**
Other income and expenses	**0.1**	**0.6**
OPERATING EARNINGS	**61**	**48.4**
Interest income	**0.1**	0.2
Interest expenses	**– 30.0**	– 35.1
Net income from investment securities and other equity investments	**1.4**	0.1
Net income from the fair value measurement of derivatives	**– 3.6**	– 1.7
EARNINGS BEFORE INCOME TAXES	**28.9**	**11.9**
Income taxes	**– 6.5**	– 0.6
NET PROFIT OR LOSS FOR THE PERIOD	**22.4**	**11.3**
Change in amounts recognised directly in equity		
Fair value adjustment of interest rate derivatives in hedges	**–11.0**	**8.6**
Change in unrealised gains/losses	**–14.9**	11.1
Income taxes on amounts recognised directly in equity	**3.9**	– 2.5
Thereof non-recycling		
Actuarial gains and losses from the measurement of pension obligations	**–**	**–**
TOTAL COMPREHENSIVE INCOME	**11.4**	**19.9**
Net profit or loss for the period attributable to:		
Non-controlling interests	**0.1**	0.3
Parent shareholders	**22.3**	11
Total comprehensive income attributable to:		
Non-controlling interests	**–**	0.3
Parent shareholders	**11.4**	19.6
EARNINGS PER SHARE (BASIC AND DILUTED) IN €	**0.4**	**0.2**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

TABLE 24

Statement of changes in consolidated equity

€ million	Share capital	Capital reserves	Revenue reserves
AS OF 01.01.2013	**53.0**	**436.1**	**1,653.40**
Net profit or loss for the period	–	–	11.0
Other comprehensive income	–	–	–
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**11.0**
Change in consolidated companies	–	–	–
Capital increase	–	40.5	–
Withdrawals from reserves	–	–	–
Distributions	–	–	–
Contribution in connection with Management and Supervisory Board	–	1.0	–
AS OF 31.03.2013	**53.0**	**477.6**	**1,664.4**
AS OF 01.01.2014	**53.0**	**440.9**	**1,805.9**
Net profit or loss for the period	–	–	22.3
Other comprehensive income	–	–	–
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**22.3**
Change in consolidated companies	–	–	–
Capital increase	–	–	–
Withdrawals from reserves	–	–	–
Distributions	–	–	–
Contribution in connection with Management and Supervisory Board	–	0.4	–
AS OF 31.03.2014	**53.0**	**441.3**	**1,828.2**

Cumulative other reserves					
	Actuarial gains and losses from the measurement of pension obligations	Fair value adjustment of interest derivatives in hedges	Equity attributable to shareholders of the Group	Non-controlling interests	Consolidated equity
	–22.3	**–59.6**	**2,060.6**	**24.9**	**2,085.5**
	–	–	11.0	0.3	11.3
	–	8.6	8.6	0.0	8.6
	–	**8.6**	**19.6**	**0.3**	**19.9**
	–	–	–	–	–
	–	–	40.5	0.5	41.0
	–	–	–	–0.1	–0.1
	–	–	–	–	–
	–	–	1.0	–	1.0
	–22.3	**–51.0**	**2,121.7**	**25.6**	**2,147.3**
	–16.6	**–34.4**	**2,248.8**	**27.3**	**2,276.1**
	–	–	22.3	0.1	22.4
	–	–10.9	–10.9	–0.1	–11.0
	–	**–10.9**	**11.4**	**–**	**11.4**
	–	–	–	–	–
	–	–	–	0.2	0.2
	–	–	–	–	–
	–	–	–	–	–
	–	–	0.4	–	0.4
	–16.6	**–45.3**	**2,260.6**	**27.5**	**2,288.1**

CONSOLIDATED STATEMENT OF CASH FLOWS

TABLE 25

Consolidated statement of cash flows

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Operating earnings	**61**	46.8
Depreciation on property, plant and equipment and amortisation on intangible assets	**2.1**	2.1
(Gains)/Losses from the remeasurement of investment properties	**–**	–
(Gains)/Losses from associates	**–**	–
(Gains)/Losses from the disposal of assets held for sale and investment properties	**– 0.2**	– 0.1
(Gains)/Losses from the disposal of intangible assets and property, plant and equipment	**0.0**	0.0
(Gains)/Losses from the disposal of investments in associates	**–**	–
(Reduction)/Increase in pension provisions and other non-current provisions	**0.4**	– 0.2
(Gains)/Losses on the fair value measurement of derivatives	**–**	1.7
Other non-cash income and expenses	**1.6**	– 4.5
(Reduction)/Increase in receivables, inventories and other assets	**– 7.3**	– 23.8
Reduction/(Increase) in liabilities (not including financing liabilities) and provisions	**10.9**	14.5
Change in deferred taxes in profit or loss	**–**	– 0.9
Interest paid	**– 23.7**	– 20.9
Interest received	**0.1**	0.3
Received income from investments	**–**	–
Taxes received	**0.2**	0.3
Taxes paid	**– 0.4**	– 0.5
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**44.7**	**14.8**
Cash flow from investing activities		
Investments in investment properties	**– 32.9**	– 9.6
Proceeds from disposals of non-current assets held for sale and investment properties	**2.5**	1.8
Investments in intangible assets and property, plant and equipment	**–1.6**	– 0.2
Proceeds from disposals of intangible assets and property, plant and equipment	**–**	0.0
Investments in financial assets and other assets	**–**	–
Proceeds from financial assets and other assets	**–**	–
Investments in associates	**–**	–
Proceeds from disposals of financial assets and other assets	**–**	–
Acquisition of shares in consolidated companies	**–**	–
Proceeds from disposals of shares in consolidated companies	**–**	–
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**– 32.0**	**– 8.0**
Cash flow from financing activities		
Borrowing of bank loans	**35.5**	234.4
Repayment of bank loans	**–17.9**	– 253.9
Repayment of lease liabilities	**– 0.9**	– 0.8
Loan repayments via shareholders	**–**	–
Loan repayments to shareholders	**–**	–
Investments via shareholders	**0.4**	–
Withdrawals from reserves	**–**	–
Distribution to shareholders	**–**	–
Contributions and withdrawals from reserves from non-controlling interests	**–**	–
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**17.1**	**– 20.3**
Change in cash and cash equivalents	**29.8**	–13.5
Cash and cash equivalents at beginning of period	**110.7**	133.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**140.5**	**120.2**
Composition of cash and cash equivalents		
Cash in hand, bank balances	**140.5**	120.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**140.5**	**120.2**

SELECTED EXPLANATORY NOTES TO THE IFRS INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2014

1. BASIC INFORMATION ON THE GROUP

LEG Immobilien AG, Dusseldorf (referred to hereinafter as »LEG Immo«; formerly LEG Immobilien GmbH) and its subsidiary LEG NRW GmbH, Dusseldorf (formerly LEG Landesentwicklungsgesellschaft Nordrhein-Westfalen GmbH, Dusseldorf, referred to hereinafter as »LEG«) and the subsidiaries of the latter (together referred to hereinafter as the »LEG Group«) are among the largest housing companies in the state of North Rhine-Westphalia. On 31 March 2014, the LEG Group held 96,028 units (residential and commercial) in its portfolio.

LEG Immo, Hans-Boeckler-Strasse 38, 40476 Dusseldorf, was established on 9 May 2008 and is entered in the commercial register of the Dusseldorf District Court under HRB 69386. LEG NRW, the main subsidiary of LEG Immo, was established in 1970. The company is also based at Hans-Boeckler-Strasse 38, 40476 Dusseldorf, and is entered in the commercial register of the Dusseldorf District Court under HRB 12200.

As an integrated property company, LEG Immo, together with its subsidiaries, pursues two core activities: long-term, value-adding management of its residential property portfolio and strategic purchases of housing portfolios for long-term value growth.

With the entry in the commercial register on 11 January 2013, the legal form of LEG Immobilien GmbH was changed and it was renamed LEG Immobilien AG.

The IPO of LEG Immo took place on 1 February 2013 with the initial listing of its shares on the regulated market (Prime Standard) of the Frankfurt stock exchange.

The interim consolidated financial statements are prepared in euros. Unless otherwise indicated, all figures are rounded to millions of euros (EUR million). For computational reasons, rounding differences from the exact mathematical figures may occur in tables and notes.

2. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The LEG Group mainly generates net rental and lease income from investment property. Rental and lease business is largely unaffected by seasonal and cyclical influences.

3. ACCOUNTING POLICIES

The accounting policies applied in the interim consolidated financial statements of the LEG Group correspond to the accounting policies presented in the IFRS consolidated financial statements of LEG Immo as of 31 December 2013. These interim consolidated financial statements as of 31 March 2014 should therefore be read in conjunction with the consolidated financial statements as of 31 December 2013.

The LEG Group has fully applied the new standards and interpretations that are mandatory from 1 January 2014. Their application did not result in any significant effects on its net assets, financial position and results of operations.

4. CHANGES IN THE GROUP

There were three intragroup mergers in the first quarter of 2014, resulting in a corresponding reduction in the number of consolidated subsidiaries in the LEG Group. The changes in the scope of consolidation did not have any impact on the net assets, financial position and results of operations.

5. JUDGEMENTS AND ESTIMATES

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

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

For further information, please refer to the consolidated financial statements as of 31 December 2013.

6. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

On 31 March 2014, the LEG Group held 94,998 apartments and 1,030 commercial units in its portfolio.

Investment property developed as follows in the fiscal year 2013 and in 2014 up to the reporting date of the interim consolidated financial statements:

TABLE 26

Investment properties

€ million	31.03.2014	31.12.2013
CARRYING AMOUNT AS OF 01.01.	**5,163.40**	**4,937.10**
Acquisitions	**26**	128.5
Other additions	**8.3**	43.7
Reclassified to assets held for sale	**–2.3**	–28.4
Reclassified to property, plant and equipment	**–**	–0.3
Reclassified from property, plant and equipment	**–**	1.2
Fair value adjustment	**–**	81.6
CARRYING AMOUNT AS OF 31.12.	**5,195.4**	**5,163.4**

The reclassification to assets held for sale relates to individual sales from the residential property portfolio.

Purchases include the capitalisation of a purchase of a property portfolio consisting of around 735 residential units with a purchase agreement dated 7 November 2013. The annual rental income amounts to EUR 2.1 million. The average in-place rent is EUR 4.64 per square metre and the vacancy rate is 5.2%. The purchase price including incidental costs of acquisition totals EUR 26.0 million. The transaction was closed on 1 February 2014.

Because no remeasurement of investment property was performed as at the interim reporting date, the fair values were not adjusted. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as of 31 December 2013.

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

Cash and cash equivalents mainly consist of bank balances.

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

Financial liabilities break down as follows:

TABLE 27

Financing liabilities

€ million	31.03.2014	31.12.2013
Financing liabilities from real estate financing	**2,582.6**	2,558.9
Financing liabilities from lease financing	**24.6**	24.8
FINANCING LIABILITIES	**2,607.2**	**2,583.7**

Financial liabilities from real estate financing result from financing for investment property.

In the first three months of 2014, LEG carried out refinancing with a total volume of EUR 8.3 million, which was mainly used to repay higher-interest WFA loans. This also led to a decrease in the number of loans.

Further loan disbursements of EUR 27.1 million increased loan liabilities, while scheduled and extraordinary repayments had the opposite effect.

TABLE 28

Maturity of financing liabilities from real estate financing

€ million	31.03.2014	31.12.2013
Remaining term <1 year	**217.4**	183.2
Remaining term >1 and 5 years	**1,261.1**	1,279.1
Remaining term >5 years	**1,104.1**	1,096.6
TOTAL	**2,582.6**	**2,558.9**

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

7. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Rental and lease income is broken down as follows:

TABLE 29

Rental and lease income

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Rental income	**142.0**	131.3
Other income	**0.1**	0.2
RENTAL AND LEASE INCOME	**142.1**	**131.5**

TABLE 30

Cost of sale in connection with rental and lease income

€ million	31.03.2014	31.03.2013
Purchased services	**– 49.6**	– 46.5
Ongoing maintenance	**– 8.3**	–12.2
Staff costs	**– 8.4**	– 9.8
Depreciation and amortisation	**–1.0**	–1.1
Other operating expenses	**– 4.3**	– 4.5
Reimbursement of IPO costs by shareholders	**–**	2.1
COST OF SALE IN CONNECTION WITH RENTAL AND LEASE INCOME	**–71.6**	**–72.0**
NET RENTAL AND LEASE INCOME	**70.5**	**59.5**

The rise in rental income in the first quarter of 2014, compared to the first quarter of 2013, results from an increase in net cold rent, a slight decline in the vacancy rate and property portfolio acquisitions.

After an above average amount of maintenance costs were performed in the first quarter of the fiscal year 2013, the first quarter in 2014 saw an increase in capital expenses. Overall, investments in the current reporting period were lower than investments in the same period of the previous year. In total, investment expenses of EUR 12.2 million were spent in the first quarter of 2013, compared to EUR 8.3 million spent in the first quarter of 2014. A key reason for the maintenance expenses was related to re-lettings.

In the context of the company's successful IPO, bonuses totalling EUR 4.7 million were paid to employees in 2013. The share of these expenses attributable to the cost of rental and letting amounted to EUR 2.1 million and was passed on in full to the shareholders Saturea B.V. and Perry Luxco RE.

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

TABLE 31

Net income from the disposal of investment properties

€ million	31.03.2014	31.03.2013
Income from the disposal of investment properties	**2.5**	1.8
Carrying amount of investment properties disposed of	**– 2.3**	–1.7
INCOME (+)/LOSS (–) FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**0.2**	**– 0.1**
Staff costs	**– 0.1**	– 0.3
Other operating expenses	**– 0.1**	0.0
Purchased services	**–**	–
COST OF SALE IN CONNECTION WITH INVESTMENT PROPERTIES SOLD	**– 0.2**	**– 0.3**
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**0.0**	**– 0.2**

Administrative and other expenses are broken down as follows:

TABLE 32

Administrative and other expenses

€ million	01.01. – 31.03.2014	01.01. – 31.03.2013
Other operating expenses	**– 2.4**	–10.4
Staff costs	**– 5.7**	– 8.4
Purchased services	**– 0.2**	– 0.3
Depreciation, amortisation and write-downs	**– 0.5**	– 0.5
Reimbursement of IPO costs by shareholders	**–**	8.2
ADMINISTRATIVE AND OTHER EXPENSES	**– 8.8**	**–11.4**

The decrease in other operating expenses primarily results from the consulting and non-staff operating costs of EUR 5.7 million caused by the IPO in 2013 and from non-recurring project-related expenses in the previous year in the amount of EUR 1.7 million.

The main reason for the reduction in staff costs is the discontinuation of bonuses that were paid in the context of the IPO in 2013. The share attributable to administrative and other expenses amounted to EUR 2.5 million.

Project costs and other non-recurring effects totalled EUR 0.5 million in the reporting period (same period of previous year: EUR 2.8 million). After adjustment for these effects and for depreciation on property, plant and equipment and amortisation on intangible assets, current administrative and other expenses amounted to EUR 7.8 million (same period of previous year: EUR 8.1 million). Savings in ongoing consulting costs offset the slight increase in staff costs.

Net interest is broken down as follows:

TABLE 33

Interest income

€ million	31.03.2014	31.03.2013
Interest income from bank balances	**0.1**	0.2
Other interest income	**0.0**	0.0
INTEREST INCOME	**0.1**	**0.2**

TABLE 34

Interest expenses

€ million	31.03.2014	31.03.2013
Interest expenses from real estate financing	**–17.5**	–18.8
Interest expense from loan amortisation	**–4.6**	–10.2
Interest expense from interest derivatives for real estate financing	**–6.0**	–4.0
Interest expense from change in pension provisions	**–1.0**	–1.0
Interest expense from interest on other assets and liabilities	**–0.4**	–0.6
Interest expenses from lease financing	**–0.4**	–0.4
Other interest expenses	**–0.1**	–0.1
INTEREST EXPENSES	**–30.0**	**–35.1**

The decline in interest expenses from property financing is due to refinancing in the previous year. The decline in interest expenses from loan amortisation is attributable in particular to non-recurring effects in the equivalent period of the previous year that resulted from refinancing.

The increase in interest expense from interest rate derivatives results from the conclusion of new interest rate derivatives in the equivalent period of the previous year.

INCOME TAXES

TABLE 35

Income taxes

€ million	01.01.–31.03.2014	01.01.–31.03.2013
Current income taxes	**–0.1**	0.2
Deferred taxes	**–6.4**	–0.8
INCOME TAXES	**–6.5**	**–0.6**

The Group tax projection assumed an effective Group tax rate of 21.3% for the first quarter of 2014, as in the same period of the previous year.

As of 31 March 2014, deferred tax expense of EUR 0.4 million was recognised for the change in deferred tax assets on tax loss carryforwards as compared to 31 December 2013 (same period of previous year: deferred tax income of EUR 1.7 million).

8. NOTES TO THE CONSOLIDATED SEGMENT REPORT

Consolidated segment report for the period from 1 January to 31 March 2014 (TABLE 36)

Consolidated segment report for the period from 1 January to 31 March 2013 (TABLE 37)

TABLE 36

Segment reporting 01.01. – 31.03.2014

€ million	Housing	Other	Reconciliation	Group
Rental and lease income	140.9	1.7	– 0.5	142.1
Cost of sales of rental and letting	– 71.1	–1.0	0.5	– 71.6
NET RENTAL AND LEASE INCOME	**69.8**	**0.7**	**–**	**70.5**
Net income from the disposal of IAS 40 property	–	–	–	–
Net income from the measurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	–	– 0.9	–	– 0.9
Net income from other services	0.1	7.5	– 7.5	0.1
Administrative and other expenses	– 9.6	– 6.7	7.5	– 8.8
Other income	0.1	–	–	0.1
SEGMENT EARNINGS	**60.4**	**0.6**	**–**	**61.0**
Statement of financial position item				
Segment assets (IAS 40)	5,136.70	58.7	–	5,195.4
Key figures				
Rentable area in sqm[1)]	6,067,959	3,627		6,071,586
Monthly target rents as of end of reporting period	30.5	0.0		30.6
Vacancy rate by residential units in %	3.3	0.0		3.3

[1)] excl. commercial areas

TABLE 37

Segment reporting 01.01. – 31.03.2013

€ million	Housing	Other	Reconciliation	Group
Rental and lease income	129.8	1.7	–	131.5
Cost of sales of rental and letting	– 71.7	–	– 0.3	– 72.0
NET RENTAL AND LEASE INCOME	**58.1**	**1.7**	**– 0.3**	**59.5**
Net income from the disposal of IAS 40 property	– 0.1	– 0.1	–	– 0.2
Net income from the measurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	–	– 0.9	–	– 0.9
Net income from other services	0.1	9.8	– 9.1	0.8
Administrative and other expenses	– 6.0	–13.9	8.5	–11.4
Other income	0.6	–	–	0.6
SEGMENT EARNINGS	**52.7**	**– 3.4**	**– 0.9**	**48.4**
Statement of financial position item				
Segment assets (IAS 40)	4,867.30	75.9	–	4,943.20
Key figures				
Rentable area in sqm[1)]	5,841,478	3,768		5,845,246
Monthly target rents as of end of reporting period	28.6	0.0		28.6
Vacancy rate by residential units in %	3.2	3.2		3.2

[1)] excl. commercial areas

9. FINANCIAL INSTRUMENTS

The following table shows financial assets and liabilities by measurement category and class. It also includes receivables and liabilities from finance leases and derivatives in hedging relationships, although these do not belong to any of the measurement categories under IAS 39. In addition, non-financial assets and non-financial liabilities are also presented with regard to reconcilability with the statement of financial position, although they do not fall within the scope of IFRS 7.

The fair values of financial instruments are determined based on corresponding market values or measurement methods. For cash and cash equivalents and other short-term primary financial instruments, the fair values approximate the carrying amounts recognised at the respective reporting dates.

In the case of non-current receivables, other assets and liabilities, fair value is determined based on expected cash flows, applying the benchmark interest rates in place as of the reporting date. The fair values of derivative financial instruments are determined based on the benchmark interest rates in place as of the reporting date.

In the case of financial instruments recognised at fair value, fair value is determined based on corresponding market prices or stock exchange prices using the discounted cash flow method, with individual credit ratings and other market conditions taken into account in the form of standard creditworthiness and liquidity spreads when determining the present value. If there are no market prices or stock exchange prices available, fair value is measured by applying standard measurement methods, also taking account of instrument-specific market parameters.

To determine the fair values of derivative financial instruments, the relevant market prices and interest rates observed on the reporting date, which are obtained from recognised external sources, are used as inputs for the measurement model. 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).

In determining the fair value of derivatives, both the company's own risk and counterparty risk in accordance with IFRS 13 are taken into account.

TABLE 38

Classes of financial instruments for financial assets and liabilities 2014

€ million	Measurement (IAS 39)			Measurement (IAS 17)	
	Carrying amounts as per statement of financial positions 31.03.2014	Amortised cost	Fair value through profit or loss	Carrying amounts as per statement of financial positions 31.03.2014	Fair value 31.03.2014
Assets					
Other financial assets	**3.6**				**3.6**
LaR	0.1	0.1	0.0		0.1
AfS	3.5	3.5			3.5
Receivables and other assets	**32.6**				**32.6**
LaR	28.3	28.3			28.3
Other non-financial assets	4.3				4.3
Cash and cash equivalents	**140.5**				**140.5**
LaR	140.5	140.5			140.5
TOTAL	**176.7**	**172.4**	**0.0**		**176.7**
Of which IAS 39 measurement categories					
LaR	168.9	168.9			168.9
AfS	3.5	3.5			3.5
Equity and liabilities					
Financial liabilities	**– 2,607.2**				**– 2,800.8**
FLAC	– 2,582.6	– 2,582.6			– 2,776.0
Liabilities from lease financing	– 24.6			– 24.6	– 24.8
Other liabilities	**– 167.6**				**– 167.6**
FLAC	– 39.2	– 39.2			– 39.2
Derivatives HfT	– 6.0		– 6.0		– 6.0
Hedge accounting derivatives	– 65.2				– 65.2
Other non-financial liabilities	– 57.2				– 57.2
TOTAL	**– 2,774.8**	**– 2,621.8**	**– 6.0**	**– 24.6**	**– 2,968.4**
Of which IAS 39 measurement categories					
FLAC	– 2,621.8	– 2,621.8			– 2,815.2
Derivatives HfT	– 6.0		– 6.0		– 6.0

LaR = Loans and Receivables
HfT = Held for Trading
AfS = Available for Sale
FLAC = Financial Liabilities at Cost

TABLE 39

Classes of financial instruments for financial assets and liabilities 2013

€ million	Measurement (IAS 39)			Measurement (IAS 17)	
	Carrying amounts as per statement of financial positions 31.12.2013	Amortised cost	Fair value through profit or loss	Carrying amounts as per statement of financial positions 31.12.2013	Fair value 31.12.2013
Assets					
Other financial assets	**3.6**				**3.6**
LaR	0.1	0.1	0.0		0.1
AfS	3.5	3.5			3.5
Receivables and other assets	**23.8**				**23.8**
LaR	21.8	21.8			21.8
Other non-financial assets	2				2
Cash and cash equivalents	**110.7**				**110.7**
LaR	110.7	110.7			110.7
TOTAL	**138.1**	**136.1**	**0.0**		**138.1**
Of which IAS 39 measurement categories					
LaR	132.6	132.6			132.6
AfS	3.5	3.5			3.5
Equity and liabilities					
Financial liabilities	**–2,583.7**				**–2,738.0**
FLAC	–2,558.9	–2,558.9			–2,713.1
Liabilities from lease financing	–24.8			–24.8	–24.9
Other liabilities	**–141.1**				**–141.1**
FLAC	–29.7	–29.7			–29.7
Derivatives HfT	–2.3		–2.3		–2.3
Hedge accounting derivatives	–49.7	0.0	0.0		–49.7
Other non-financial liabilities	–59.4				–59.4
TOTAL	**–2,724.8**	**–2,588.6**	**–2.3**	**–24.8**	**–2,879.1**
Of which IAS 39 measurement categories					
FLAC	–2,588.6	–2,588.6			–2,742.8
Derivatives HfT	–2.3		–2.3		–2.3

LaR = Loans and Receivables
HfT = Held for Trading
AfS = Available for Sale
FLAC = Financial Liabilities at Cost

10. RELATED PARTY TRANSACTIONS

On 23 January 2014, the shareholder Saturea B.V. placed almost 15.2 million shares in an accelerated bookbuilding procedure, causing its holding to decrease from 28.65% to around 0.41%. As a result, Saturea B.V. and its legal representatives are no longer related parties as defined by IAS 24.

With regard to the presentation of the IFRS 2 programmes – long-term incentive plan agreements with former shareholders, LTI Management Board employment agreements and settlement agreements with Supervisory Board members – please refer to the IFRS consolidated financial statements as of 31 December 2013.

For the 2014 financial year, the Management Board employment agreements provide for a long-term incentive programme that is subject to the same contractual premises as the LTI remuneration in 2013. At the recommendation of the Executive Committee of the Supervisory Board, on 25 March 2014 the Supervisory Board resolved to extend the Management Board employment agreement for Holger Hentschel until 1 January 2017 and to increase the remuneration retroactively as of 1 January 2014. Other than this, there were no significant changes with regard to related parties as compared to the disclosures made as of 31 December 2013.

11. OTHER

There were no changes with regard to contingent liabilities in comparison to 31 December 2013.

12. MANAGEMENT BOARD AND SUPERVISORY BOARD

As of 31 March 2014, no changes had occurred in the composition of the Management Board compared to the disclosures as of 31 December 2013.

On 4 March 2014, the Supervisory Board members Heather Mulahasani, James Garman and Dr. Martin Hintze, who were attributable to the former major shareholder Saturea B.V., resigned from their positions with effect from 2 April 2014. At the next Annual General Meeting, which will be held on 25 June 2014, the Management Board and the Supervisory Board of LEG Immobilien AG will propose that the Supervisory Board be reduced to six members.

13. EVENTS AFTER THE REPORTING DATE

On 7 April 2014, LEG Immobilien AG issued a non-subordinated, unsecured convertible bond maturing in 2021 with a total nominal amount of EUR 300 million. Subscription rights of the shareholders of LEG Immo were disapplied. The convertible bonds can be converted into approximately 4.8 million new or existing registered ordinary shares of LEG Immo. This corresponds to around 9.1% of the outstanding share capital of LEG Immo.

By issuing the convertible bonds, LEG Immo is diversifying its sources of financing and thereby strengthening its financial profile. The net proceeds from issuing the convertible bonds increase LEG Immo's financial scope for action and contribute to speeding up the LEG Group's sustainable growth strategy.

As part of a bookbuilding procedure, the coupon was set at 0.50% p.a., payable semi-annually in arrears, and the initial conversion premium was set at 30% above the reference price of EUR 47.99. The initial conversion price is thus EUR 62.39. The convertible bonds have a term of 7.2 years and are issued and repaid at 100% of their nominal amount. They were delivered in exchange for payment (value date) on 10 April 2014.

On 16 April 2014, the purchase of a property portfolio comprising around 300 residential units was notarised. The portfolio generates an annual rental income rent of EUR 1.4 million. The average in-place rent is EUR 5.43 per square metre and the initial vacancy rate is 3.2%. The purchase price totals EUR 19.3 million. The transaction will be closed on 1 June 2014.

Refinancing in the amount of EUR 2.8 million was carried out by LEG Wohnen GmbH, new financing in the amount of EUR 9.4 million was carried out by LEG Consult GmbH, as well as repayment of loans by 4. LEG Grundstücksgesellschaft GmbH in the amount of EUR 16.5 million after the interim reporting date on 31 March 2014.

Dusseldorf, 15 May 2014

LEG Immobilien AG

Der Vorstand

Thomas Hegel, Erftstadt (CEO)

Holger Hentschel, Erkrath (COO)

Eckhard Schultz, Neuss (CFO)

RESPONSIBILITY STATEMENT

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

Dusseldorf, 15 May 2014

LEG Immobilien AG, Dusseldorf

The Management Board

Thomas Hegel, (CEO)

Holger Hentschel, (COO)

Eckhard Schultz, (CFO)

FURTHER INFORMATION

TABLES AND FIGURES

Table overview

Table overview

Figure overview

FINANCIAL CALENDAR

LEG Financial Calendar 2014

Publication of interim financial report as of 31 March 2014	**15 May**
Annual General Meeting, Dusseldorf	**25 June**
Publication of interim financial report as of 30 June 2014	**12 August**
Publication of interim financial report as of 30 September 2014	**14 November**

CONTACT / LEGAL INFORMATION

Publisher
LEG Immobilien AG
Hans-Boeckler-Strasse 38
40476 Dusseldorf, Germany
Tel. +49 (0) 2 11 45 68-416
Fax +49 (0) 2 11 45 68-500
info@leg-nrw.de
www.leg-nrw.de

Contact
Investor relations
Burkhard Sawazki / Frank Hilbertz
Tel. +49 (0) 2 11 45 68-400
Fax +49 (0) 2 11 45 68-290
LEG-Investor.Relations@leg-nrw.de

Concept and design
Kirchhoff Consult AG, Hamburg

LEG Immobilien AG
Hans-Boeckler-Strasse 38
40476 Dusseldorf, Germany

Tel. +49 (0) 2 11 45 68-416
Fax +49 (0) 2 11 45 68-500

info@leg-nrw.de
www.leg-nrw.de