LEG
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WE FOCUS.

WE GROW.

QUARTERLY REPORT
AS OF 31.03.2016

KEY FACTS 2016

T1 – Key facts

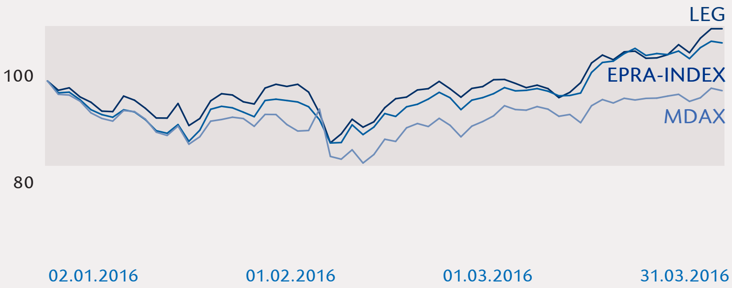
		01.01.–31.03.2016	01.01.–31.03.2015	+/– %/bp
RESULTS OF OPERATIONS				
Rental income	€ million	**118.6**	107.3	10.5
Net rental and lease income	€ million	**88.6**	80.8	9.7
EBITDA	€ million	**49.6**	74.9	–33.8
EBITDA adjusted	€ million	**84.1**	74.9	12.3
EBT	€ million	**0.2**	–21.4	–
Net profit or loss for the period	€ million	**–12.1**	–30.4	–
FFO I	€ million	**62.6**	51.4	21.8
FFO I per share	€	**1.00**	0.90	11.1
FFO II	€ million	**62.5**	52.7	18.6
FFO II per share	€	**1.00**	0.92	8.7
AFFO	€ million	**49.9**	45.6	9.4
AFFO per share	€	**0.79**	0.80	–1.3
PORTFOLIO		**31.03.2016**	31.03.2015	+/– %/bp
Number residential units		**115,419**	106,778	8.1
In-place rent	€/sqm	**5.24**	5.13	2.2
In-place rent (l-f-l)	€/sqm	**5.25**	5.13	2.4
EPRA vacancy rate	%	**3.0**	3.3	–30 bp
EPRA vacancy rate (l-f-l)	%	**2.8**	3.2	–40 bp
STATEMENT OF FINANCIAL POSITION		**31.03.2016**	31.12.2015	+/– %/bp
Investment property	€ million	**6,755.4**	6,398.5	5.6
Cash and cash equivalents	€ million	**310.1**	252.8	22.7
Equity	€ million	**2,973.2**	2,985.0	19.4
Total financial liabilities	€ million	**3,744.3**	3,241.6	15.5
Current financial liabilities	€ million	**381.0**	496.0	–23.2
LTV	%	**47.4**	44.2	+320 bp
Equity ratio	%	**38.1**	41.5	–340 bp
EPRA NAV, diluted	€ million	**4,082.0**	4,027.1	1.4
EPRA NAV per share, diluted	€	**60.11**	59.31	1.3

bp = basis points

CONTENTS

THE SHARE

G 1 – Share price development



Share price development

04.01.2016	31.03.2016
Open	**High**
€74.19	*€82.85*
08.02.2016	31.03.2016
Low	**Close**
€66.79	*€82.85*

Share price 2016 indexed to 100

LEG share makes significant gains in a weak overall market

The German stock market saw a substantial downturn in the first quarter of 2016. Significant pressure was exerted by fears of a global economic slowdown after the oil price plummeted to a twelve-year low and by increasing stress in the banking sector. Despite a considerable recovery from the lows, the leading German index declined by 7.2% overall to 9,966 points.

Sinking inflation expectations and the expansion of the ECB's monetary policy resulted in a significant decline of yields on German government bonds. This clearly benefited defensive property shares. After the first three months of 2016, LEG's shares posted growth of 9.7% and thus exceeded the benchmark index of German property shares (FTSE EPRA/NAREIT Germany), which climbed by 7.1%.

Latest information online

The Investor Relations/Share section of www.leg.ag contains the latest information on price performance, shareholder structure, and analysts' recommendations and price targets.

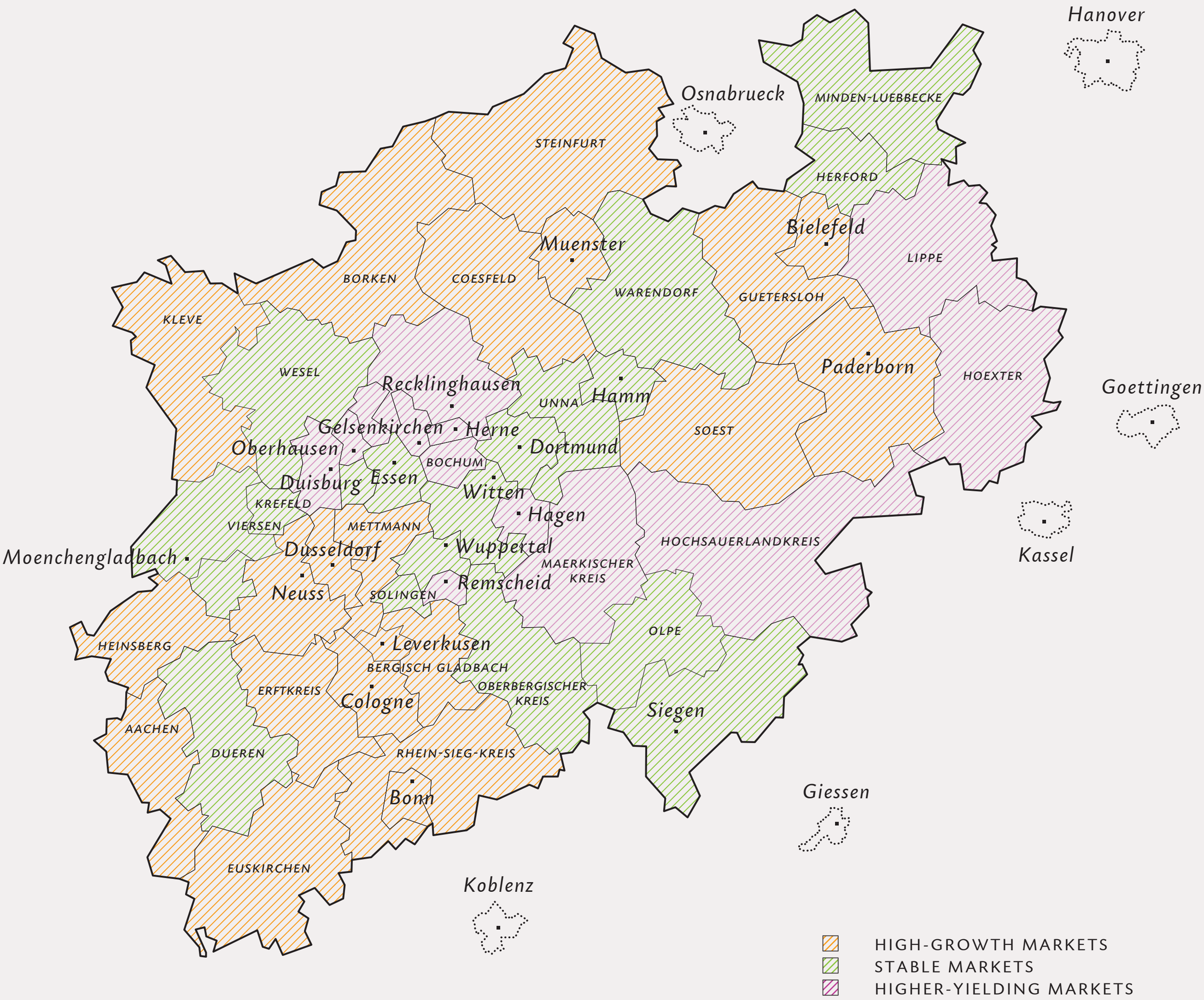
T 2 – Share performance indicators

Ticker symbol/ISIN	**LEG/DE000LEG1110**
Number of shares	**62,769,788**
Market segment	**Prime Standard**
Indices	**MDAX, FTSE EPRA/NAREIT, GPR Indizes, Stoxx Europe 600**
Market capitalisation (31 March 2016)	**€5,200.48 million**
Free float (31 March 2016)	**100%**
Weighting in the MDAX (31 March 2016)	**3.27%**
Weighting in the EPRA Europe (31 March 2016)	**2.58%**
Average single-day trading volume (Q1 2016)	**164,958 shares**

PORTFOLIO

As at 31 March 2016, LEG Immobilien AG's portfolio comprised 115,419 residential units, 1,090 commercial units and 28,462 garages and parking spaces. The assets are distributed across around 170 locations in North Rhine-Westphalia. The average apartment size is 64 square metres with three rooms. The average building has seven residential units across three storeys.

LEG in North Rhine-Westphalia by market segment



Portfolio segmentation

The LEG portfolio is divided into three market clusters using a scoring system: high-growth markets, stable markets and higher-yielding markets.

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

- Population trend 2011 to 2014 (INWIS/IT.NRW)
- Household forecast 2012 to 2030 (BBSR)
- Purchasing power index 2014 (INWIS/GFK)
- Trend in number of people in employment and paying social security contributions 2005 to 2014 (INWIS/IT.NRW)
- Asking rents Q3/2014 to Q2/2015 (Empirica)
- Market vacancy rate 2014 (CBRE/Empirica)

The scoring model is updated on a three-yearly basis, most recently at the end of the 2015 financial year.

Performance of the LEG portfolio

Operating performance (rents, vacancy rate)

In the first quarter of 2016, three acquisitions with a total of 6,575 residential units were added to the LEG portfolio. This was offset by the sale of 68 residential units at individual locations in order to streamline the portfolio. Other changes resulted in an overall portfolio of 115,419 residential units, 1,090 commercial units and 28,462 garages and parking spaces as at 31 March 2016.

Organic rental growth continued to develop positively. Rent per square metre on a like-for-like basis (excluding new lettings) increased by 2.4%. The monthly in-place rent per square metre reached an average of EUR 5.25 as at 31 March 2016.

In the free-financed segment, rental growth of 3.3% to EUR 5.55 per square metre (on a like-for-like basis) was achieved in the first three months. In the high-growth markets, rent increased by a considerable 3.6% year on year to EUR 6.33 per square metre (on a like-for-like basis). Rent also continued to develop dynamically in the stable markets with growth of 3.3% to EUR 5.17 per square metre (on a like-for-like basis). In the higher-yielding markets, rents rose by 2.5% year on year to EUR 5.05 per square metre (on a like-for-like basis).

In the rent-restricted apartments sector, the average rent generated was EUR 4.68 per square metre as at 31 March 2016 and was thus 0.4% higher than in the previous year (on a like-for-like basis).

In the first quarter, the occupancy rate was again improved on the same quarter of the previous year. The EPRA vacancy rate was 2.8% at 31 March 2016 (on a like-for-like basis), compared to 3.2% in the previous year. The number of vacant apartments amounted to 2,999 units (on a like-for-like basis) or, taking into account the acquisitions made during the year, 3,442 units (in absolute terms). In the high-growth markets, LEG's properties had an occupancy rate of 98.6% (on a like-for-like basis) as at 31 March 2016. The occupancy rate in the stable markets was increased by 80 basis points to 97.0% (on a like-for-like basis). The higher-yielding markets recorded an occupancy rate of 95.0% (on a like-for-like basis).

T3 – Portfolio segments – Top 3 locations

	31.03.2016				
	Number of LEG apartments	*Share of LEG portfolio %*	*Living space sqm*	*In-place rent €/sqm*	*EPRA vacancy rate %*
HIGH-GROWTH MARKETS	**38,232**	**33.1**	**2,526,585**	**5.80**	**1.4**
District of Mettmann	8,156	7.1	565,371	5.93	1.3
Muenster	6,076	5.3	403,461	6.22	0.3
Dusseldorf	3,497	3.0	226,727	6.38	1.0
Other locations	20,503	17.8	1,331,026	5.52	1.9
STABLE MARKETS	**44,065**	**38.2**	**2,831,703**	**4.98**	**3.3**
Dortmund	12,439	10.8	813,379	4.82	1.7
Moenchengladbach	6,036	5.2	382,429	5.12	1.9
Hamm	3,974	3.4	239,782	4.79	1.8
Other locations	21,616	18.7	1,396,113	5.08	4.8
HIGHER-YIELDING MARKETS	**31,665**	**27.4**	**1,946,293**	**4.85**	**5.0**
District of Recklinghausen	7,239	6.3	450,728	4.90	7.0
Duisburg	7,499	6.5	464,362	5.00	4.5
Maerkisch District	4,679	4.1	287,057	4.64	3.0
Other locations	12,248	10.6	744,146	4.81	4.8
OUTSIDE NRW	**1,457**	**1.3**	**96,230**	**5.55**	**2.1**
TOTAL	**115,419**	**100.0**	**7,400,811**	**5.24**	**3.0**

T4 – Performance LEG portfolio

		High-growth markets		*Stable markets*	
		31.03.2016	*31.03.2015*	**31.03.2016**	*31.03.2015*
Subsidised residential units					
Units		12,922	12,635	14,301	14,590
Area	sqm	909,396	885,707	968,012	989,566
In-place rent	€/sqm	4.95	4.94	4.61	4.55
EPRA vacancy rate	%	0.9	1.2	2.8	3.5
Free-financed residential units					
Units		25,310	24,156	29,764	24,901
Area	sqm	1,617,189	1,535,435	1,863,691	1,542,973
In-place rent	€/sqm	6.29	6.11	5.18	5.01
EPRA vacancy rate	%	1.6	1.8	3.6	4.0
Total residential units					
Units		38,232	36,791	44,065	39,491
Area	sqm	2,526,585	2,421,142	2,831,703	2,532,539
In-place rent	€/sqm	5.80	5.68	4.98	4.83
EPRA vacancy rate	%	1.4	1.6	3.3	3.8
Total commercial					
Units					
Area	sqm				
Total parking					
Units					
Total other					
Units					

	31.03.2015						
	Number of LEG apartments	*Share of LEG portfolio %*	*Living space sqm*	*In-place rent €/sqm*	*EPRA vacancy rate %*	*Change in-place rent % like-for-like*	*Change (basis points) vacancy rate like-for-like*
	36,983	**34.6**	**2,431,810**	**5.68**	**1.6**	**2.5**	**–10**
	8,243	7.7	571,155	5.76	1.6	2.9	–30
	6,093	5.7	404,147	6.09	0.3	2.2	–10
	3,526	3.3	228,139	6.17	1.2	3.3	0
	19,121	17.9	1,228,368	5.41	2.2	2.2	–20
	38,928	**36.5**	**2,500,834**	**4.83**	**3.9**	**2.3**	**–80**
	12,550	11.8	820,916	4.74	3.0	1.5	–130
	6,049	5.7	383,259	4.89	3.2	4.5	–120
	3,974	3.7	239,782	4.66	1.8	2.8	0
	16,355	15.3	1,056,877	4.92	5.2	2.0	–50
	29,406	**27.5**	**1,806,682**	**4.76**	**5.2**	**1.9**	**–20**
	6,824	6.4	426,096	4.80	7.3	1.1	–30
	5,900	5.5	366,334	4.97	4.3	2.4	30
	4,679	4.4	287,067	4.56	3.1	1.9	–10
	12,003	11.2	727,186	4.71	5.2	2.2	–30
	1,461	**1.4**	**96,480**	**5.38**	**1.3**	**2.9**	**80**
	106,778	**100.0**	**6,835,807**	**5.13**	**3.3**	**2.4**	**–40**

		Higher-yielding markets		*Outside NRW*		*Total*	
		31.03.2016	*31.03.2015*	**31.03.2016**	*31.03.2015*	**31.03.2016**	*31.03.2015*
		7,769	7,332	108	108	35,100	34,665
	sqm	513,418	484,230	8,824	8,824	2,399,651	2,368,327
	€/sqm	4.34	4.33	4.37	4.36	4.69	4.65
	%	5.1	5.6	1.8	0.0	2.5	3.0
		23,896	21,703	1,349	1,353	80,319	72,113
	sqm	1,432,875	1,301,416	87,405	87,656	5,001,160	4,467,480
	€/sqm	5.03	4.93	5.67	5.49	5.51	5.38
	%	5.0	5.2	2.2	1.4	3.2	3.4
		31,665	29,035	1,457	1,461	115,419	106,778
	sqm	1,946,293	1,785,646	96,230	96,480	7,400,811	6,835,807
	€/sqm	4.85	4.77	5.55	5.38	5.24	5.13
	%	5.0	5.3	2.1	1.3	3.0	3.3
						1,090	**1,060**
	sqm					**187,103**	**185,599**
						28,462	**26,281**
						1,657	**1,254**

Value development

The following table shows the distribution of assets by market segment. The rental yield of the portfolio based on in-place rents is 7.1% (rent multiplier: EUR 14.1x).

The valuation of the residential portfolio corresponds to an EPRA net initial rental yield of 5.6%.

Investment activity

In the first quarter, a total of EUR 25.6 million (previous year: EUR 15.7 million) was spent on maintenance and value-adding investments eligible for capitalisation. This equates to investment of EUR 3.4 per square metre compared to EUR 2.2 in the comparative period. EUR 12.7 million (previous year: EUR 5.8 million) of the total spending from January to March 2016 related to capital expenditure, while maintenance recognised as an expense amounted to EUR 12.9 million (previous year: EUR 9.9 million). Accordingly, the capitalisation rate in the first quarter of 2016 was 49.7% (previous year: 36.9%).

T5 – Market segments

	Residential units	*Residential assets € million*[1]	*Share residential assets / %*	*Value € / sqm*	*In-place rent multiplier*	*Commercial / other assets € million*[2]	*Total assets € million*
HIGH GROWTH MARKETS	**38,232**	**2,858**	**44**	**1,159**	**16.7x**	**171**	**3,029**
District of Mettmann	8,156	613	10	1,086	15.4x	64	678
Muenster	6,076	564	9	1,400	18.7x	37	601
Dusseldorf	3,497	311	5	1,395	18.1x	19	330
Other locations	20,503	1,369	21	1,074	16.3x	51	1,419
STABLE MARKETS	**44,065**	**2,213**	**34**	**759**	**12.9x**	**94**	**2,307**
Dortmund	12,439	640	10	784	13.7x	36	676
Moenchengladbach	6,036	287	4	750	11.9x	9	296
Hamm	3,974	159	2	662	11.4x	3	162
Other locations	21,616	1,126	17	764	12.9x	45	1,172
HIGHER-YIELDING MARKETS	**31,665**	**1,292**	**20**	**669**	**12.0x**	**40**	**1,331**
District of Recklinghausen	7,239	314	5	687	12.5x	16	330
Duisburg	7,499	321	5	688	11.8x	12	333
Maerkisch District	4,679	173	3	601	11.1x	2	175
Other locations	12,248	483	7	672	12.1x	10	493
SUBTOTAL NRW	**113,962**	**6,362**	**99**	**870**	**14.1x**	**304**	**6,666**
Portfolio outside NRW	1,457	91	1	946	14.4x	1	92
TOTAL PORTFOLIO	**115,419**	**6,454**	**100**	**871**	**14.1x**	**305**	**6,759**
Prepayments for property held as an investment property							447
Leasehold + land values							32
Inventories (IAS 2)							3
Finance lease (outside property valuation)							3
TOTAL BALANCE SHEET[3]							**7,244**

[1] Excluding 321 residential units in commercial buildings; including 294 commercial and other units in mixed residential assets.
[2] Excluding 294 commercial units in mixed residential assets; including 321 residential units in commercial buildings, commercial, parking, other assets as well as IAS 16 assets.
[3] Thereof assets held for sale: EUR 15.6 million.

INTERIM GROUP MANAGEMENT REPORT

ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Please see the glossary in the 2015 annual report for a definition of individual key figures and terms.

Results of operations

A condensed form of the statement of profit or loss for the reporting period (1 January to 31 March 2016) and for the same period of the previous year (1 January to 31 March 2015) is provided below:

T6 – Condensed income statement

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Net rental and lease income	88.6	80.8
Net income from the disposal of investment properties	–0.1	1.3
Net income from the remeasurement of investment properties	1.0	–
Net income from the disposal of real estate inventory	–0.6	–0.7
Net income from other services	1.3	–0.1
Administrative and other expenses	–43.0	–8.9
Other income	0.1	0.2
OPERATING EARNINGS	**47.3**	**72.6**
Interest income	0.0	0.4
Interest expenses	–30.1	–44.2
Net income from investment securities and other equity investments	1.6	2.5
Net income from associates	0.3	–
Net income from the fair value measurement of derivatives	–18.9	–52.7
NET FINANCE EARNINGS	**–47.1**	**–94.0**
EARNINGS BEFORE INCOME TAXES	**0.2**	**–21.4**
Income taxes	–12.3	–9.0
NET PROFIT OR LOSS FOR THE PERIOD	**–12.1**	**–30.4**

Operating earnings amounted to EUR 47.3 million in the reporting period (previous year: EUR 72.6 million). The EUR –25.3 million decline in operating earnings was primarily driven by higher one-time project costs, especially due to the acquisition of a property portfolio with 13,570 units, which contributed to the increase in administrative and other expenses by EUR 34.1 million.

In-place rent increased by EUR 11.3 million, which was the main driver of the increase in net rental and lease income. Disposals of investment properties for the purposes of portfolio streamlining had no material effect on the results of operations in the reporting period (result of disposal: EUR –0.1 million).

In connection with the contract negotiations regarding the sale of a residential portfolio, income from the remeasurement of investment properties of EUR 1.0 million was recognised.

The EUR 46.9 million improvement in net finance earnings was primarily attributable to the costs of refinancing incurred in the comparative period (around EUR 13.0 million) and positive earnings from the change in the fair value of derivatives for the convertible bond (EUR 37.8 million).

The decline in income taxes reflects the higher level of expenses for deferred taxes in particular (up EUR 3.3 million).

The non-recurring effects of the change in the fair value of derivatives for the convertible bond (EUR –14.6 million) and the transaction costs for the property acquisition (EUR 33.7 million) resulted in a net loss of EUR –12.1 million for the reporting period (previous year: EUR –30.4 million).

Net rental and lease income

T7 – Net rental and lease income

€ million	**01.01. – 31.03.2016**	*01.01. – 31.03.2015*
Net cold rent	118.6	107.3
Profit from operating expenses	–1.4	–1.5
Maintenance	–12.9	–9.9
Staff costs	–10.2	–9.4
Allowances on rent receivables	–1.7	–1.8
Depreciation and amortisation expenses	–1.4	–1.2
Other	–2.4	–2.7
NET RENTAL AND LEASE INCOME	**88.6**	**80.8**
NET OPERATING INCOME – MARGIN (IN %)	**74.7**	**75.3**
Non-recurring project costs – rental and lease	0.2	0.2
Depreciation	1.4	1.2
ADJUSTED NET RENTAL AND LEASE INCOME	**90.2**	**82.2**
ADJUSTED NET OPERATING INCOME – MARGIN (IN %)	**76.1**	**76.6**

In the reporting period, the LEG Group increased its net rental and lease income by EUR 7.8 million compared with the same period of the previous year. The main driver of this development was the EUR 11.3 million or 10.5% rise in in-place rent. In-place rent per square metre on a like-for-like basis rose by 2.4% in the reporting period as against the previous year. The new energy services business commenced on 1 January 2016 made a slightly positive contribution to earnings. This was offset by a EUR 3.0 million increase in maintenance expenses.

The rental-related staff costs rose by 8.5% to EUR 10.2 million and at a slower year-on-year rate than in-place rent. The NOI margin adjusted for one-time project costs of 76.1% was only slightly lower than in the previous year (76.6%) despite higher maintenance expenses. Adjusted for the effect of the higher maintenance expenses, the margin was increased again year on year, by more than 1%-point.

The EPRA vacancy rate, which is a ratio of rent lost due to vacancy to potential rent in the event of full occupancy, was reduced from 3.2% as at 31 March 2015 to 2.8% on a like-for-like basis as at 31 March 2016.

T8 – EPRA vacancy rate

€ thousand	**31.03.2016**	*31.03.2015*
Rental value of vacant space – like-for-like	12,049.1	13,296.8
Rental value of vacant space – total	13,894.7	13,708.7
Rental value of the whole portfolio – like-for-like	425,514.6	415,703.1
Rental value of the whole portfolio – total	465,302.4	420,247.7
EPRA VACANCY RATE – LIKE-FOR-LIKE (IN %)	**2.8**	**3.2**
EPRA VACANCY RATE – TOTAL (IN %)	**3.0**	**3.3**

In the first quarter of 2016, investing activities again focused on measures aimed at facilitating the new letting of vacant apartments and the scheduled implementation of major projects. These made a significant contribution to the year-on-year increase in total investment of EUR 9.9 million or around EUR 1.2 per square metre.

T9 – Maintenance and modernisation of investment properties

€ million	**01.01.–31.03.2016**	*01.01.–31.03.2015*
Maintenance expenses for investment properties	12.9	9.9
Capital expenditure	12.7	5.8
TOTAL INVESTMENT	**25.6**	**15.7**
Area of investment properties in million sqm	7.59	7.04
AVERAGE INVESTMENT PER SQM (€/SQM)	**3.4**	**2.2**

A further considerable increase in investments is expected in the further course of the financial year.

Newly acquired portfolios accounted for EUR 0.9 million of total investment.

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

Net income from the disposal of investment properties

T10 – Net income from the disposal of investment properties

€ million	**01.01.–31.03.2016**	*01.01.–31.03.2015*
Income from the disposal of investment properties	5.4	48.5
Carrying amount of the disposal of investment properties	–5.3	–47.0
Costs of sales of investment properties sold	–0.2	–0.2
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**–0.1**	**1.3**

Additional investment properties were sold in the reporting period for the purposes of selective portfolio streamlining. Block sales were disposed of at a carrying amount of EUR 2.6 million whereas individual sales contributed a book gain of EUR 0.1 million (sales receipts EUR 2.8 million, carrying amount disposals EUR 2.7 million) to net income from the disposal of investment properties.

Net income from the disposal of real estate inventory

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

The remaining real estate inventory held as at 31 March 2016 amounted to EUR 3.3 million, of which EUR 1.9 million related to land under development.

T11 – Net income from the disposal of real estate inventory

€ million	**01.01.–31.03.2016**	*01.01.–31.03.2015*
Income from the disposal of inventory properties	0.4	0.2
Carrying amount of the real estate inventory disposed of	–0.3	–0.1
Cost of sales of the real estate inventory disposed of	–0.7	–0.8
NET INCOME FROM THE DISPOSAL OF REAL ESTATE INVENTORY	**–0.6**	**–0.7**

Current non-staff operating costs were lowered slightly in the reporting period. This contrasts with the relief on earnings in the comparative period from the reversal of a provision for a completed development project. Costs of sales therefore fell by EUR 0.1 million.

Net income from other services

T12 – Other services

€ million	**01.01.–31.03.2016**	*01.01.–31.03.2015*
Income from other services	2.7	1.5
Expenses in connection with other services	–1.4	–1.6
NET INCOME FROM OTHER SERVICES	**1.3**	**–0.1**

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

The positive trend in electricity and heat generation indicated in the final quarter of 2015 continued in the reporting period and contributed to an increase in net income from other services of EUR 1.4 million year on year.

Administrative and other expenses

T 13 – Administrative and other expenses

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Other operating expenses	–36.6	–2.8
Staff costs	–5.5	–5.3
Purchased services	–0.3	–0.3
Depreciation and amortisation	–0.6	–0.5
ADMINISTRATIVE AND OTHER EXPENSES	**–43.0**	**–8.9**
Depreciation and amortisation	0.6	0.5
Non-recurring project costs and extraordinary and prior-period expenses	34.5	0.4
LTIP (long-term incentive programme)	0.0	0.1
Adjusted administrative and other expenses	**–7.9**	**–7.9**

Administrative and other expenses increased by EUR 34.1 million year on year.

Incidental acquisition and integration costs for the acquisition of a property portfolio with 13,570 units (addition as at 1 April 2016, see supplementary report) of EUR 33.7 million contributed to the year-on-year increase in project costs of EUR 34.1 million to EUR 34.5 million. Real estate transfer tax of EUR 32.3 million occuring in the reporting period with the signing of the contract had a particular impact here. Because the acquisition is accounted for as a business combination, it is recognised under expenses and not capitalised as cost.

Adjusted for these non-recurring effects, current administrative expenses remained stable at EUR 7.9 million in the first quarter, despite the acquisition of 6,500 units.

Net finance costs

T 14 – Net finance earnings

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Interest income	0.0	0.4
Interest expenses	–30.1	–44.2
NET INTEREST INCOME	**–30.1**	**–43.8**
Net income from other financial assets and other investments	1.6	2.5
Net income from associates	0.3	–
Net income from the fair value measurement of derivatives	–18.9	–52.7
NET FINANCE EARNINGS	**–47.1**	**–94.0**

The decline in interest expenses from EUR 44.2 million in the comparative period to EUR 30.1 million in the reporting period is attributable primarily to the refinancing launched in the comparative period. Expenses of EUR 13.0 million were incurred for this in the comparative period, which comprised additional loan amortisation (EUR 5.5 million) and prepayment penalties (EUR 7.5 million).

As a result, interest expense from loan amortisation fell by EUR 5.6 million year on year to EUR 6.0 million. This includes the measurement of the convertible bond at amortised cost in the amount of EUR 1.6 million (previous year: EUR 1.6 million).

The average interest rate for the entire loan portfolio was 2.2% on 31 March 2016 (31 March 2015: 2.8%) based on an average term of around 10.8 years.

After adjustment for one-time prepayment penalties and other non-cash items, cash interest expenses fell to EUR 20.2 million (previous year: EUR 23.3 million) as a result of the further reduction of average interest costs.

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

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of derivatives from the convertible bond in the amount of EUR 14.6 million.

Income tax expenses

T15 – Income tax expenses

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Current tax expenses	–1.1	–1.1
Deferred tax expenses	–11.2	–7.9
Income tax expenses	**–12.3**	**–9.0**

An effective Group tax rate of 22.25% was assumed in the reporting period in accordance with Group tax planning (previous year: 23.94%).

A very low corporation and trade tax liability is still expected to arise in the 2016 financial year. To this end, a provision for current income taxes of EUR 1.1 million was recognised in the reporting period. This provision already considers the utilisation of tax loss carryforwards. To this end, a deferred tax expense of EUR 1.8 million was recognised.

The higher level of earnings before taxes also contributed to the increase in income tax expense by EUR 3.3 million to EUR 11.2 million in the reporting period.

Prior-period tax expenses of EUR 1.1 million were included in current income taxes in the comparative period.

Reconciliation to FFO

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

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

T16 – Calculation of FFO I, FFO II and AFFO

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Net cold rent	118.6	107.3
Profit from operating expenses	–1.4	–1.5
Maintenance	–12.9	–9.9
Staff costs	–10.2	–9.4
Allowances on rent receivables	–1.7	–1.8
Other	–2.4	–2.7
Non-recurring project costs (rental and lease)	0.2	0.2
CURRENT NET RENTAL AND LEASE INCOME	**90.2**	**82.2**
CURRENT NET INCOME FROM OTHER SERVICES	**1.7**	**0.4**
Staff costs	–5.5	–5.3
Non-staff operating costs	–36.9	–3.1
LTIP (long-term incentive programme)	0.0	0.1
Non-recurring project costs (admin.)	34.5	0.4
Extraordinary and prior-period expenses	0.0	0.0
CURRENT ADMINISTRATIVE EXPENSES	**–7.9**	**–7.9**
Other income and expenses	0.1	0.2
ADJUSTED EBITDA	**84.1**	**74.9**
Cash interest expenses and income	–20.2	–23.3
Cash income taxes	–1.1	–0.2
FFO I (BEFORE ADJUSTMENT OF NON-CONTROLLING INTERESTS)	**62.8**	**51.4**
Adjustment of non-controlling interests	–0.2	0.0
FFO I (AFTER ADJUSTMENT OF NON-CONTROLLING INTERESTS)	**62.6**	**51.4**
Net income from the disposal of investment properties	–0.1	1.3
FFO II (INCL. DISPOSAL OF INVESTMENT PROPERTIES)	**62.5**	**52.7**
Capex	–12.7	–5.8
CAPEX-ADJUSTED FFO I (AFFO)	**49.9**	**45.6**

At EUR 62.8 million, FFO I was 22.2% higher in the reporting period than in the same period of the previous year (EUR 51.4 million). In particular, this development reflects the rise in in-place rent including the effects of the acquisitions concluded and the lower cash interest expenses, which is partially offset by the EUR 3.0 million rise in maintenance expenses.

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):

T 17 – EPRA earnings per share (EPS)

€ million	**01.01. – 31.03.2016**	*01.01. – 31.03.2015*
NET PROFIT OR LOSS FOR THE PERIOD ATTRIBUTABLE TO PARENT SHAREHOLDERS	**–12.3**	**–30.4**
Changes in value of investment properties	–1.0	–
Profits or losses on disposal of investment properties, development properties held for investment, other interests and sales of trading properties including impairment charges in respect of trading properties	0.7	–0.7
Tax on profits or losses on disposals	0.1	0.9
Changes in fair value of financial instruments and associated close-out costs	18.9	52.7
Acquisition costs on share deals and non-controlling joint venture interests	33.4	0.1
Deferred tax in respect of EPRA adjustments	7.2	9.0
Refinancing expenses	0.1	13.0
Other interest expenses	2.1	0.0
Non-controlling interests in respect of the above	–0.2	0.0
EPRA EARNINGS	**49.0**	**44.6**
Weighted average number of shares outstanding	62,769,788	57,063,444
EPRA earnings per share (undiluted) in €	0.78	0.78
Potentially diluted shares	5,134,199	4,979,237
Interest coupon on convertible bond	0.3	0.3
Amortisation expenses convertible bond after taxes	1.2	1.2
EPRA EARNINGS (DILUTED)	**50.5**	**46.1**
Number of diluted shares	67,903,987	62,042,681
EPRA EARNINGS PER SHARE (DILUTED) IN €	**0.74**	**0.74**

Condensed statement of financial position

The condensed statement of financial position is as follows:

T18 – Condensed statement of financial position

€ million	**31.03.2016**	*31.12.2015*
Investment properties	6,755.4	6,398.5
Prepayments for investment properties	446.9	203.1
Other non-current assets	214.5	296.8
Non-current assets	7,416.8	6,898.4
Receivables and other assets	66.1	37.2
Cash and cash equivalents	310.1	252.8
Current assets	376.2	290.0
Assets held for sale	16.1	6.7
TOTAL ASSETS	**7,809.1**	**7,195.1**
Equity	2,973.2	2,985.0
Non-current financial liabilities	3,363.3	2,745.6
Other non-current liabilities	725.0	673.7
Non-current liabilities	4,088.3	3,419.3
Current financial liabilities	381.0	496.0
Other current liabilities	366.6	294.8
Current liabilities	747.6	790.8
TOTAL EQUITY AND LIABILITIES	**7,809.1**	**7,195.1**

The main assets of the LEG Group are its investment property, which amounted to EUR 6,755.4 million at 31 March 2016 (31 December 2015: EUR 6,398.5 million). This corresponds to 86.5% of total assets at the reporting date (31 December 2015: 88.9%).

The increase in investment properties resulted primarily from additions by way of acquisitions of EUR 357.3 million, of which EUR 349.2 million comprised reclassifications of purchase prices paid as at 31 December 2015 for properties transferred as at 1 January 2016 (31 December 2015: EUR 203.1 million of which recognised as prepayments for investment properties and EUR 146.1 million under other non-current assets). As of the interim reporting date, prepayments are recognised for the transfer of a property portfolio with 13,570 units executed on 1 April 2016.

The acquisition of a property portfolio with 3,539 residential units resulted in provisional goodwill of EUR 43.5 million (of which EUR 22.1 million of deferred taxes on EPRA adjustments and EUR 21.4 million from synergies), reported as other non-current assets.

The increase in receivables and other assets was attributable to the recognition of the full property tax expense for the financial year as a whole as other inventories during the year (EUR 12.4 million), an increase in receivables from work in progress (EUR 6.1 million) and receivables from purchase price reductions of acquired property portfolios (EUR 6.5 million).

Cash and cash equivalents increased by EUR 57.3 million as against the reporting date to EUR 310.1 million. This development was mainly due to the utilisation of new loans (net amount EUR 483.4 million; primarily from acquisition financing), receipts from property sales (EUR 5.7 million) and cash flow from operating activities in the amount of EUR 63.5 million. This was offset by payments for acquisitions and capex measures (EUR –494.6 million).

The main items on the equity and liabilities side are the reported equity of EUR 2,973.2 million (31 December 2015: EUR 2,985.0 million) and financing liabilities, which increased to EUR 3,744.3 million (31 December 2015: EUR 3,241.6 million) primarily as a result of acquisition financing.

The main drivers for the slight temporary reduction in equity were the negative non-recurring effects impacting the net profit for the period (EUR –12.1 million).

Deferred tax liabilities rose by EUR 31.6 million (reported in other non-current liabilities), of which EUR 22.0 million was recognised in profit or loss in connection with the purchase price allocation of the portfolio acquisition with 3,539 residential units. The increase in the negative fair value of derivatives used for hedging contributed EUR 19.8 million of the increase in other non-current liabilities.

The change in the fair value of the derivative for the convertible bond contributed EUR 14.6 million of the increase in other current liabilities. Other current liabilities were also increased by the recognition of the full property tax expense as a liability (EUR 12.8 million), the deferral of operating cost discounts to be paid in arrears (EUR 19.6 million), an increase in liabilities for advanced payments received (EUR 5.9 million) and liabilities for put options on equity instruments recognised in profit or loss (EUR 8.2 million).

Net asset value (NAV)

A further key figure relevant in the property industry is NAV. The calculation method for the respective key figure can be found in the glossary in the 2015 annual report.

The LEG Group reported undiluted EPRA NAV of EUR 3,617.0 million as at 31 March 2016. The effects of the possible conversion of the convertible bond are shown by the additional calculation of diluted EPRA NAV. After further adjustment for goodwill effects, adjusted diluted EPRA NAV amounted to EUR 4,035.1 million at the reporting date.

T19 – EPRA-NAV

€ million	**31.03.2016 undiluted**	**31.03.2016 Effect of exercise of convertibles/ options**	**31.03.2016 diluted**	*31.12.2015 undiluted*	*31.12.2015 Effect of exercise of convertibles/ options*	*31.12.2015 diluted*
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	2,945.2	–	2,945.2	2,967.8	–	2,967.8
NON-CONTROLLING INTERESTS	28.0	–	28.0	17.2	–	17.2
EQUITY	**2,973.2**	**–**	**2,973.2**	**2,985.0**	**–**	**2,985.0**
Effect of exercise of options, convertibles and other equity interests	–	465.0	465.0	–	427.2	427.2
NAV	**2,945.2**	**465.0**	**3,410.2**	**2,967.8**	**427.2**	**3,395.0**
Fair value measurement of derivative financial instruments	198.0	–	198.0	165.5	–	165.5
Deferred taxes on WFA loans and derivatives	28.3	–	28.3	35.4	–	35.4
Deferred taxes on investment property	503.1	–	503.1	465.7	–	465.7
Goodwill resulting from deferred taxes on EPRA adjustments	–57.6	–	–57.6	–34.5	–	–34.5
EPRA NAV	**3,617.0**	**465.0**	**4,082.0**	**3,599.9**	**427.2**	**4,027.1**
NUMBER OF SHARES	**62,769,788**	**5,134,199**	**67,903,987**	**62,769,788**	**5,134,199**	**67,903,987**
EPRA NAV PER SHARE	**57.62**	**–**	**60.11**	**57.35**	**–**	**59.31**
EPRA NAV	3,617.0	465.0	4,082.0	3,599.9	427.2	4,027.1
Goodwill resulting from synergies	46.9	–	46.9	26.4	–	26.4
ADJUSTED EPRA NAV (W/O EFFECTS FROM GOODWILL)	**3,570.1**	**465.0**	**4,035.1**	**3,573.5**	**427.2**	**4,000.7**
NUMBER OF SHARES	**62,769,788**	**5,134,199**	**67,903,987**	**62,769,788**	**5,134,199**	**67,903,987**
ADJUSTED EPRA NAV PER SHARE	**56.88**	**–**	**59.42**	**56.93**	**–**	**58.92**
EPRA NAV	3,617.0	465.0	4,082.0	3,599.9	427.2	4,027.1
Fair value measurement of derivative financial instruments	–198.0	–	–198.0	–165.5	–	–165.5
Deferred taxes on WFA loans and derivatives	–28.3	–	–28.3	–35.4	–	–35.4
Deferred taxes on investment property	–503.1	–	–503.1	–465.7	–	–465.7
Goodwill resulting from deferred taxes on investment property	57.6	–	57.6	34.5	–	34.5
Fair value measurement of financing liabilities	–412.1	–	–412.1	–327.6	–	–327.6
Valuation uplift resulting from FV measurement financing liabilities	295.9	–	295.9	295.9	–	295.9
EPRA NNNAV	**2,829.0**	**465.0**	**3,294.0**	**2,936.1**	**427.2**	**3,363.3**
NUMBER OF SHARES	**62,769,788**	**5,134,199**	**67,903,987**	**62,769,788**	**5,134,199**	**67,903,987**
EPRA NNNAV per share	**45.07**	**–**	**48.51**	**46.78**	**–**	**49.53**

Loan-to-value ratio (LTV)

Net gearing in relation to property assets increased as planned compared with 31 December 2015 due to acquisition financing in the reporting period. The loan-to-value ratio (LTV) is therefore 47.4% (31 December 2015: 44.2%).

T20 – Loan-to-value ratio

€ million	**31.03.2016**	*31.12.2015*
Financial liabilities	3,744.3	3,241.6
Less cash and cash equivalents	310.1	252.8
NET FINANCING LIABILITIES	**3,434.2**	**2,988.8**
Investment properties	6,755.4	6,398.5
Assets held for disposal	16.1	6.7
Prepayments for investment properties	–	203.1
Prepayments for business combinations	467.3	146.1
REAL ESTATE ASSETS	**7,238.8**	**6,754.4**
LOAN TO VALUE RATIO (LTV) IN %	**47.4**	**44.2**

The transfer of the acquired property portfolio with 13,570 residential units as at 1 April 2016 and the payment of the remaining purchase price will increase the LTV by around 100 bp as planned, so it will remain clearly below a gearing level of 50%.

Financial position

A net profit or loss for the period of EUR –12.1 million was recorded in the reporting period (previous year: net profit or loss for the period of EUR –30.4 million). Equity amounted to EUR 2,973.2 million at the reporting date (31 December 2015: EUR 2,985.0 million). This corresponds to an equity ratio of 38.1% (31 December 2015: 41.5%).

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

T21 – Statement of cash flows

€ million	**01.01. – 31.03.2016**	*01.01. – 31.03.2015*
Cash flow from operating activities	63.5	51.7
Cash flow from investing activities	–489.1	12.5
Cash flow from financing activities	482.9	–17.4
CHANGE IN CASH AND CASH EQUIVALENTS	**57.3**	**46.8**

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

Acquisitions and modernisation work on the existing portfolio contributed to the net cash flow from investing activities with payments in the amount of EUR –494.6 million. Furthermore, receipts from property disposals in the amount of EUR 5.7 million resulted in a net cash flow from investing activities of EUR –489.1 million.

Acquisition financing was the main driver of cash flow from financing activities of EUR 482.9 million.

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

SUPPLEMENTARY REPORT

Acquisitions

On 22 December 2015, LEG Immo concluded a purchase agreement with Vonovia SE regarding the acquisition of 13,570 residential units. The purchase price is around EUR 600 million equating to an initial rental yield of 8.0%. The portfolio is spread over various locations in and on the border of North Rhine-Westphalia. The initial annual in-place rent is EUR 48 million, rent per square metre EUR 4.86 and the vacancy rate is 5.3%. 26 employees will be taken on in the wake of the transaction. Following antitrust approval, the transaction was closed on 1 April 2016.

On 12 April 2016, LEG Immo signed a contract for the acquisition of a portfolio of approximately 1,100 apartments, located in LEG's core market, by way of a share purchase. The agreed property value is EUR 53 million; liabilities of around EUR 20 million will be assumed. LEG's obligations under the contract can be settled by issuing new LEG shares or making a cash payment. The portfolio generated rental income of around EUR 4 million in the last financial year. The transaction is expected to be closed by the end of July 2016 at the latest and does not constitute a business combination.

Disposals

On 19 April 2016 a property portfolio was sold, recognised as assets held for sale in the reporting period. The transfer is expected to take place on 31 May 2016. See also section 7.

Refinancing

In 2012, Ruhr-Lippe Wohnungsgesellschaft mbH had signed a loan agreement in the amount of EUR 200 million for the refinancing of the subportfolio Bucket 1. On 26 April 2016, a loan agreement in the amount of EUR 200 million and with a maturity until 2027 could be negotiated with the bank in order to restructure the existing loan using the current favorable interest rate levels. Around EUR 167 million are on a fixed interest basis whereas around EUR 33 million are on a variable interest basis. The initial interest rate is 1.41 % on average.

Real estate transfer tax on combined asset deals/share deals

LEG has acquired certain portfolios in combined asset deal/share deal transaction structures. The real estate transfer tax assessments issued in this regard have so far followed LEG's evaluation under tax law.

For the most recent acquisition made according to this model, the tax authorities have now expressed a different legal opinion in a letter dated 26 April 2016, which results in EUR 9.5 million higher real estate transfer tax on this acquisition. LEG will appeal against the basic assessment notice issued in this context and apply for a suspension of execution. Because LEG estimates the appeal will prevail, as do various tax experts, the matter does not need to be recognised on the balance sheet. It will be presented as a contingent liability.

Should LEG's tax assessment regarding all portfolio acquisitions undertaken in this transaction structure be proven inaccurate, higher real estate transfer tax would be charged on the total market value of the land in these transactions. The additional charge would be approximately EUR 26.8 million (including the above-mentioned EUR 9.5 million).

Supervisory Board

Mr Jürgen Schulte-Laggenbeck resigned as a member of the Supervisory Board effective 31 December 2015. The Nomination Committee has selected Dr Claus Nolting as Mr Schulte-Laggenbeck's successor, and will be proposing this to the shareholders at the Annual General Meeting on 19 May 2016.

There were no other significant events after the end of the interim reporting period on 31 March 2016.

RISK AND OPPORTUNITY REPORT

The risks and opportunities faced by LEG in its operating activities were described in detail in the 2015 annual report. To date, no further risks that would lead to a different assessment have arisen or become discernible in the fiscal year 2016.

FORECAST REPORT

Based on its business performance in the first three months of 2016, LEG believes it is in a good position to achieve its targets for the current financial year. The early refinancing of loans totalling around EUR 300 million will result in an additional reduction of ongoing interest expenses, which will have a positive effect on FFO I. Against this backdrop, the target values for FFO I have been raised accordingly. For 2016, LEG now expects FFO I to increase to a range of EUR 257 million to EUR 262 million (previously: EUR 254 million to EUR 259 million). For 2017, the FFO I forecast has been increased to a range of EUR 284 million to EUR 289 million (previously: EUR 279 million to EUR 284 million). These figures do not yet include any effects from planned future acquisitions.

The forecast for the development of key operating figures is unchanged. In 2016, there will be no significant adjustments to the cost of rent in the rent-restricted portfolio. Accordingly, rental growth of between 2.4% and 2.6% is forecast on a like-for-like basis. With the next regular adjustment of the cost of rent scheduled for 2017, this is expected to lead to accelerated rental growth of between 3.0% and 3.3%.

The vacancy rate already reached a very low level at the end of 2015 and is expected to remain stable on a like-for-like basis in 2016.

In order to maintain and selectively increase the quality of our property portfolio, around EUR 17 per square metre is to be invested in the portfolio in 2016. Newly acquired properties will account for an above-average share of this investment.

Thanks to its leading market position in NRW, LEG believes that it is well positioned to acquire at least a further 5,000 residential units annually in the coming years.

LEG intends to distribute a dividend of 65% of FFO I on a sustainable basis.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T22 – Consolidated statement of financial position
Assets

€ million	**31.03.2016**	*31.12.2015*
Non-current assets	**7,416.8**	**6,898.4**
Investment properties	6,755.4	6,398.5
Prepayments for investment properties	446.9	203.1
Property, plant and equipment	57.9	59.1
Intangible assets	106.2	63.1
Investments in associates	9.1	8.8
Other financial assets	22.7	148.8
Receivables and other assets	2.6	2.7
Deferred tax assets	16.0	14.3
Current assets	**376.2**	**290.0**
Real estate inventory and other inventory	15.5	5.1
Receivables and other assets	49.0	30.5
Income tax receivables	1.6	1.6
Cash and cash equivalents	310.1	252.8
Assets held for sale	**16.1**	**6.7**
TOTAL ASSETS	**7,809.1**	**7,195.1**

Equity and liabilities

€ million	**31.03.2016**	*31.12.2015*
Equity	**2,973.2**	**2,985.0**
Share capital	62.8	62.8
Capital reserves	779.3	779.2
Cumulative other reserves	2,103.1	2,125.8
Equity attributable to shareholders of the parent company	2,945.2	2,967.8
Non-controlling interests	28.0	17.2
Non-current liabilities	**4,088.3**	**3,419.3**
Pension provisions	142.9	142.8
Other provisions	11.5	11.4
Financing liabilities	3,363.3	2,745.6
Other liabilities	126.1	106.7
Tax liabilities	8.6	8.5
Deferred tax liabilities	435.9	404.3
Current liabilities	**747.6**	**790.8**
Pension provisions	6.4	7.0
Other provisions	18.0	19.1
Provisions for taxes	0.4	0.4
Financing liabilities	381.0	496.0
Other liabilities	325.3	253.1
Tax liabilities	16.2	15.2
TOTAL EQUITY AND LIABILITIES	**7,809.1**	**7,195.1**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

T23 – Consolidated statement of comprehensive income

€ million	**01.01.–31.03.2016**	*01.01.–31.03.2015*
Net rental and lease income	**88.6**	**80.8**
Rental and lease income	178.6	159.9
Cost of sales in connection with rental lease income	–90.0	–79.1
Net income from the disposal of investment properties	**–0.1**	**1.3**
Income from the disposal of investment properties	5.4	48.5
Carrying amount of the disposal of investment properties	–5.3	–47.0
Cost of sales in connection with disposed investment properties	–0.2	–0.2
Net income from the remeasurement of investment properties	**1.0**	**–**
Net income from the disposal of real estate inventory	**–0.6**	**–0.7**
Income from the real estate inventory disposed of	0.4	0.2
Carrying amount of the real estate inventory disposed of	–0.3	–0.1
Costs of sales of the real estate inventory disposed of	–0.7	–0.8
Net income from other services	**1.3**	**–0.1**
Income from other services	2.7	1.5
Expenses in connection with other services	–1.4	–1.6
Administrative and other expenses	**–43.0**	**–8.9**
Other income	**0.1**	**0.2**
OPERATING EARNINGS	**47.3**	**72.6**
Interest income	0.0	0.4
Interest expenses	–30.1	–44.2
Net income from investment securities and other equity investments	1.6	2.5
Net income from associates	0.3	–
Net income from the fair value measurement of derivatives	–18.9	–52.7
EARNINGS BEFORE INCOME TAXES	**0.2**	**–21.4**
Income taxes	–12.3	–9.0
NET PROFIT OR LOSS FOR THE PERIOD	**–12.1**	**–30.4**
Change in amounts recognised directly in equity		
Thereof recycling		
Fair value adjustment of interest rate derivatives in hedges	**–10.3**	**0.9**
Change in unrealised gains/(losses)	–13.7	1.1
Income taxes on amounts recognised directly in equity	3.4	–0.2
TOTAL COMPREHENSIVE INCOME	**–22.4**	**–29.5**
Net profit or loss for the period attributable to:		
Non-controlling interests	0.2	–
Parent shareholders	–12.3	–30.4
Total comprehensive income attributable to:		
Non-controlling interests	0.2	–
Parent shareholders	–22.6	–29.5
EARNINGS PER SHARE (BASIC AND DILUTED) IN €	**–0.20**	**–0.53**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

T24 – Statement of changes in consolidated equity

			Cumulative other reserves					
€ million	Share capital	Capital reserves	Revenue reserves	Actuarial gains and losses from the measurement of pension obligations	Fair value adjustment of interest derivatives in hedges	Equity attributable to shareholders of the Group	Noncontrolling interests	Consolidated equity
AS OF 01.01.2015	**57.1**	**578.9**	**1,944.9**	**–38.5**	**–65.1**	**2,477.3**	**14.3**	**2,491.6**
Adjustment arising from final PPA Vitus	–	–	–1.2	–	–	–1.2	–	–1.2
AS OF 01.01.2015 ADJUSTED	**57.1**	**578.9**	**1,943.7**	**–38.5**	**–65.1**	**2,476.1**	**14.3**	**2,490.4**
Net profit or loss for the period	–	–	–30.4	–	–	–30.4	0.0	–30.4
Other comprehensive income	–	–	–	–	0.9	0.9	0.0	0.9
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–30.4**	**–**	**0.9**	**–29.5**	**0.0**	**–29.5**
Change in consolidated companies	–	–	–	–	–	–	–	–
Capital increase	–	–	–	–	–	–	0.2	0.2
Withdrawals from reserves	–	–	–	–	–	–	–	–
Distributions	–	–	–	–	–	–	–	–
Contribution in connection with Management and Supervisory Board	–	0.1	–	–	–	0.1	–	0.1
AS OF 31.03.2015	**57.1**	**579.0**	**1,913.3**	**–38.5**	**–64.2**	**2,446.7**	**14.5**	**2,461.2**
AS OF 01.01.2016	**62.8**	**779.3**	**2,189.7**	**–30.1**	**–33.9**	**2,967.8**	**17.2**	**2,985.0**
Net profit or loss for the period	–	–	–12.3	–	–	–12.3	0.2	–12.1
Other comprehensive income	–	–	–	–	–10.3	–10.3	0.0	–10.3
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–12.3**	**–**	**–10.3**	**–22.6**	**0.2**	**–22.4**
Change in consolidated companies/other	–	–	–	–	–	–	10.2	10.2
Capital increase	–	–	–	–	–	–	0.5	0.5
Withdrawals from reserves	–	–	–	–	–	–	–0.1	–0.1
Distributions	–	–	–	–	–	–	–	–
Contribution in connection with Management and Supervisory Board	–	–	–	–	–	–	–	–
AS OF 31.03.2016	**62.8**	**779.3**	**2,177.4**	**–30.1**	**–44.2**	**2,945.2**	**28.0**	**2,973.2**

CONSOLIDATED STATEMENT OF CASH FLOWS

T25 – Consolidated statement of cash flows

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Operating earnings	**47.3**	**72.6**
Depreciation on property, plant and equipment and amortisation on intangible assets	2.3	2.3
(Gains)/Losses from the remeasurement of investment properties	–1.0	–
(Gains)/Losses from the disposal of assets held for sale and investment properties	–0.1	–1.5
(Decrease)/Increase in pension provisions and other non-current provisions	–0.4	–0.9
Other non-cash income and expenses	1.5	1.9
(Decrease)/Increase in receivables, inventories and other assets	–24.1	–17.8
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	56.7	17.5
Interest paid	–20.3	–23.7
Interest received	0.0	0.4
Received income from investments	1.6	1.0
Taxes received	0.1	0.0
Taxes paid	–0.1	–0.1
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**63.5**	**51.7**
Cash flow from investing activities		
Investments in investment properties	–474.3	–7.2
Proceeds from disposals of non-current assets held for sale and investment properties	5.7	19.9
Investments in intangible assets and property, plant and equipment	–0.2	–0.2
Proceeds from disposals of intangible assets and property, plant and equipment	0.0	0.0
Acquisition of shares in consolidated companies	–20.3	–
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**–489.1**	**12.5**
Cash flow from financing activities		
Borrowing of bank loans	611.7	5.6
Repayment of bank loans	–128.3	–22.0
Repayment of lease liabilities	–1.0	–1.0
Other proceeds	0.5	–
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**482.9**	**–17.4**
Change in cash and cash equivalents	**57.3**	**46.8**
Cash and cash equivalents at beginning of period	252.8	129.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**310.1**	**176.7**
Composition of cash and cash equivalents		
Cash in hand, bank balances	310.1	176.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**310.1**	**176.7**

SELECTED NOTES ON THE IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2016

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 116,509 units (residential and commercial) on 31 March 2016.

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

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

2. Interim consolidated financial statements

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

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

3. Accounting policies

The accounting policies applied in the consolidated interim financial statements of the LEG Group are the same as those presented in the IFRS consolidated financial statements of LEG Immo as of 31 December 2015. These interim consolidated financial statements as of 31 March 2016 should therefore be read in conjunction with the consolidated financial statements as of 31 December 2015.

The LEG Group has fully applied the new standards and interpretations that are mandatory from 1 January 2016. There are no effects on the net assets, financial position and results of operations position. The amendment to IAS 1 will affect the representation of the notes to the consolidated financial statements as of the end of the year.

4. Changes in the Group

In the course of various portfolio acquisitions (see section 7) four companies were acquired and included in consolidation for the first time as at 1 January 2016. Part of the acquisitions are business combinations (see section 5).

LEG Wohnen Service GmbH was consolidated for the first time as at 31 March 2016. The company serves the LEG Group's reorganization.

5. Business combinations

On 30 November 2015 LEG Immo signed a purchase agreement with Sahle Wohnen GmbH & Co. KG to acquire 94.9% of shares in sw Westfalen Invest GmbH and three other asset purchase agreements, consisting of a property portfolio of 3,539 residential units. The portfolio is distributed over twelve different locations in NRW, while its most important local markets are Detmold (1,151 units), Bielefeld (950 units) and Lippstadt (315 units). The current in-place rent is around EUR 14.2 million per year, rent per square metre is EUR 5.19 and the vacancy rate is 3.6%. 23 employees (FTEs) were taken on in the context of the transaction. Following antitrust approval, the transaction was closed on 1 January 2016.

As at 1 January 2016, the acquisition of these companies is treated as a business combination as defined by IFRS 3 as significant business processes had been acquired.

The provisional consideration for the business combination breaks down as follows:

T26 – Provisional consideration

€ million	*01.01.2016*
Net purchase price	201.6
TOTAL CONSIDERATION	**201.6**

The provisional purchase price can be allocated to the assets and liabilities acquired, measured at fair value, as follows:

T27 – Provisional purchase price allocation

€ million	*01.01.2016*
Investment properties	205.0
TOTAL ASSETS	**205.0**
Financial liabilities	–11.0
Other financing liabilities	–8.2
Deferred tax liabilities	–22.0
TOTAL LIABILITIES	**–41.2**
Net assets at fair value	163.8
Non-controlling interests	5.7
Net assets at fair value without non-controlling interests	158.1
CONSIDERATION	**201.6**
GOODWILL	**43.5**

The transaction costs of the business combination amount to EUR 6.0 million and essentially include real estate transfer tax and brokerage commission. Non-controlling interests in sw Westfalen Invest GmbH amount to 5.1% and are measured at the proportionate share of the recognised net assets acquired.

Goodwill arises from synergies due to scale effects of the portfolio management and administration of the LEG Group. Furthermore, goodwill arises from the recognition of deferred tax liabilities.

Given that the set of data has still to be completed the purchase price allocation is provisional with regard to the following items:

- Measurement of investment properties
- Total consideration
- Contingent liabilities
- Operating costs
- Accounting for leases
- Deferred taxes

6. Judgements and estimates

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

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

For further information, please refer to the consolidated financial statements as of 31 December 2015.

7. Selected notes to the consolidated statement of financial position

On 31 March 2016, the LEG Group held 115,419 apartments and 1,090 commercial units in its portfolio.

Investment property developed as follows in the financial year 2015 and in 2016 up to the reporting date of the interim consolidated financial statements:

T28 – Investment properties

€ million	**31.03.2016**	*31.12.2015*
CARRYING AMOUNT AS OF 01.01.	**6,398.5**	**5,914.3**
Acquisitions	357.3	189.6
Other additions	12.8	64.7
Reclassified to assets held for sale	–14.2	–55.7
Reclassified from assets held for sale	0.0	0.4
Reclassified to property, plant and equipment	–	–0.3
Fair value adjustment	1.0	285.5
CARRYING AMOUNT AS OF 31.03./31.12.	**6,755.4**	**6,398.5**

The additions included the following acquisitions:

Portfolio acquisition 1

Portfolio acquisition 1 comprises the capitalisation of property portfolios that were purchased as part of the acquisition of Sahle Wohnen GmbH & Co. KG. See section 5 Business combinations.

Portfolio acquisition 2

The acquisition of a property portfolio of around 2,037 residential units was notarised on 11 August 2015. The portfolio generates annual in-place rent of around EUR 7.7 million. The average in-place rent is around EUR 5.04 per square metre and the initial vacancy rate is around 6.7%. The transaction was closed on 1 January 2016. The portfolio acquisition does not constitute a business combination.

Portfolio acquisition 3

The acquisition of a property portfolio of around 1,291 residential units was notarised on 16 December 2015. The portfolio generates annual in-place rent of initially around EUR 4.6 million. The average in-place rent is EUR 5.16 per square metre; the initial vacancy rate is 17.3%. The economic transfer of 999 residential units took place as at 1 January 2016. For the remaining 292 residential units, the transaction will close as at 1 July 2016. The portfolio acquisition does not constitute a business combination.

The reclassification to assets held for sale primarily relates to a block sale, which had a carrying amount of EUR 11.4 million as at 1 January 2016. In connection with the sale negotiations, the property portfolio was revalued resulting in income from the remeasurement of investment properties of EUR 960 thousand. Reclassification to assets held for sale totalled EUR 12.3 million as at 31 March 2016.

Apart from the above block sale, investment property is measured regularly at the reporting date. No further fair value adjustment was made as at 31 March 2016. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as of 31 December 2015.

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

Cash and cash equivalents mainly consist of bank balances.

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

Financing liabilities are composed as follows:

T29 – Financing liabilities

€ million	**31.03.2016**	*31.12.2015*
Financing liabilities from real estate financing	3,718.0	3,215.0
Financing liabilities from lease financing	26.3	26.6
FINANCING LIABILITIES	**3,744.3**	**3,241.6**

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

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

Extensive acquisition financing and refinancing was performed in the first quarter. The disbursement in connection with these transactions served to increase financing liabilities by EUR 613.1 million. This was offset by the derecognition of the previous loans and repayments, which reduced total financing liabilities by EUR 115.0 million.

T30 – Maturity of financing liabilities from real estate financing

€ million	*Remaining term < 1 year*	*Remaining term > 1 and 5 years*	*Remaining term > 5 years*	**Total**
31.03.2016	376.1	854.9	2,487.0	3,718.0
31.12.2015	491.3	638.7	2,085.0	3,215.0

The change in maturities compared with 31 December 2015 is due in particular to the acquisition financing in the first quarter, which led to an increase in medium-term and non-current financing liabilities.

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

8. Selected notes to the consolidated statement of comprehensive income

Net rental and lease income is broken down as follows:

T31 – Net rental and lease income

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Net cold rent	118.6	107.3
Net income from operating costs	–1.4	–1.5
Maintenance expenses	–12.9	–9.9
Staff costs	–10.2	–9.4
Impairment losses on rent receivables	–1.7	–1.8
Depreciation	–1.4	–1.2
Others	–2.4	–2.7
NET RENTAL AND LEASE INCOME	**88.6**	**80.8**
NET OPERATING INCOME MARGIN (IN %)	**74.7**	**75.3**
Non-recurring project costs – rental and lease	0.2	0.2
Depreciation	1.4	1.2
ADJUSTED NET RENTAL AND LEASE INCOME	**90.2**	**82.2**
ADJUSTED NET OPERATING INCOME – MARGIN (IN %)	**76.1**	**76.6**

In the reporting period, the LEG Group increased its net rental and lease income by EUR 7.8 million compared with the same period of the previous year. The main driver of this development was the EUR 11.3 million or 10.5% rise in in-place rent. In-place rent per square metre on a like-for-like basis rose by 2.4% in the reporting period as against the previous year. The new energy services business commenced on 1 January 2016 made a slightly positive contribution to earnings. This was offset by a EUR 3.0 million increase in maintenance expenses.

The rental-related staff costs rose by 8.5% to EUR 10.2 million and at a slower year-on-year rate than in-place rent. The NOI margin adjusted for one-time project costs of 76.1% was only slightly lower than in the previous year (76.6%) despite higher maintenance expenses. Adjusted for the effect of the higher maintenance expenses, the margin was increased again year on year by more than 1%-point.

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

T32 – Net income from the disposal of investment properties

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Income from the disposal of investment properties	5.4	48.5
Carrying amount of investment properties disposed of	–5.3	–47.0
INCOME/LOSS FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**0.1**	**1.5**
Staff costs	–0.2	–0.1
Other operating expenses	0.0	–0.1
Purchased services	–	–
COST OF SALE IN CONNECTION WITH INVESTMENT PROPERTIES SOLD	**–0.2**	**–0.2**
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**–0.1**	**1.3**

Administrative and other expenses are composed as follows:

T33 – Administrative and other expenses

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Other operating expenses	–36.6	–2.8
Staff costs	–5.5	–5.3
Purchased services	–0.3	–0.3
Depreciation, amortisation and write-downs	–0.6	–0.5
ADMINISTRATIVE AND OTHER EXPENSES	**–43.0**	**–8.9**
Depreciation and amortisation	0.6	0.5
Non-recurring project costs and extraordinary and prior-period expenses	34.5	0.4
LTIP (long-term incentive programme)	0.0	0.1
Adjusted administrative and other expenses	**–7.9**	**–7.9**

Administrative and other expenses increased by EUR 34.1 million year on year.

Incidental acquisition and integration costs for the acquisition of a property portfolio with 13,570 units of EUR 33.7 million (addition as at 1 April 2016, see events after the reporting period) contributed to the year-on-year increase in project costs of EUR 34.1 million to EUR 34.5 million. Real estate transfer tax of EUR 32.3 million occuring in the reporting period with the signing of the contract had a particular impact here. Because the acquisition is accounted for as a business combination, it is recognised under expenses and not capitalised as cost.

Adjusted for these non-recurring effects, adjusted administrative expenses remained stable at EUR 7.9 million in the first quarter, despite the transfer of around 6,500 residential units.

Net interest income is composed as follows:

T34 – Interest income

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Interest income from bank balances	0.0	0.1
Interest income from finance leases	–	0.3
INTEREST INCOME	**0.0**	**0.4**

T35 – Interest expenses

€ million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Interest expenses from real estate financing	–16.3	–15.8
Interest expense from loan amortisation	–6.0	–11.6
Prepayment penalty	–0.1	–7.5
Interest expense from interest derivatives for real estate financing	–4.0	–8.0
Interest expense from change in pension provisions	–0.8	–0.7
Interest expense from interest on other assets and liabilities	–0.4	–0.2
Interest expenses from lease financing	–0.4	–0.4
Other interest expenses	–2.1	0.0
INTEREST EXPENSES	**–30.1**	**–44.2**

The decline in interest expenses from loan amortisation and prepayment penalties was due in particular to the effects of the loans that were replaced as part of the planned refinancing in the 2015 financial year. The increase in other interest expense was due to the reversal of the amounts for interest rate derivatives reported in OCI for hedge accounting amounting to EUR 2.1 million, which were released in connection with the refinancing.

Interest expenses from loan amortisation include the measurement of the convertible bond at amortised cost in the amount of EUR 1.6 million.

In addition, the refinancing performed in 2015 at more favourable interest terms and lower general interest rates also led to a reduction in interest expenses from financing of real estate. This was offset by interest expenses for acquisition financing. The 2015 refinancing also reduced interest expenses from interest rate derivatives. This was offset by the effects of the lower interest rates on interest rate derivatives.

Income taxes

T36 – Income taxes

€million	**01.01.– 31.03.2016**	*01.01.– 31.03.2015*
Current income taxes	–1.1	–1.1
Deferred taxes	–11.2	–7.9
INCOME TAXES	**–12.3**	**–9.0**

An effective Group tax rate of 22.25% was assumed as at 31 March 2016 in accordance with Group tax planning (previous year: 23.94%).

Current income taxes as at the comparative reporting date of 31 March 2015 include prior-period tax expenses of EUR 1.1 million.

A deferred tax expense of EUR 1.8 million was recognised for the change in deferred tax assets for tax loss carryforwards as against 31 December 2015 (previous year: deferred tax expense of EUR 0.4 million).

Earnings per share

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

T37 – Earnings per share (basic)

	01.01.– 31.03.2016	*01.01.– 31.03.2015*
Net profit or loss attributable to shareholders in € million	–12.3	–30.4
Average numbers of shares outstanding	62,769,788	57,063,444
EARNINGS PER SHARE (BASIC) IN €	**–0.20**	**–0.53**

As at 31 March 2016, LEG Immo had potential ordinary shares from a convertible bond, which authorise the bearer to convert it into up to 5.1 million shares.

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

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

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

9. Notes on Group segment reporting

Group segment reporting is not presented as at 31 March 2016 as LEG Immo conducts its internal management reporting as a "one-segment entity".

10. Financial instruments

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

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

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

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

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

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

T38 – Classes of financial instruments for financial assets and liabilities 2016

		Measurement (IAS 39)		Measurement	
€ million	Carrying amounts as per statement of financial positions 31.03.2016	Amortised cost	Fair value through profit or loss	IAS 17	Fair value 31.03.2016
Assets					
Other financial assets	**22.7**				**22.7**
LaR	0.2	0.2			0.2
AfS	22.5	22.5			22.5
Receivables and other assets	**51.6**				**51.6**
LaR	42.9	42.9			42.9
Other non-financial assets	8.7				8.7
Cash and cash equivalents	**310.1**				**310.1**
LaR	310.1	310.1			310.1
TOTAL	**384.4**	**375.7**			**384.4**
Of which IAS 39 measurement categories					
LaR	353.2	353.2			353.2
AfS	22.5	22.5			22.5
Equity and liabilities					
Financial liabilities	**–3,744.3**				**–4,157.0**
FLAC	–3,718.0	–3,718.0			–4,130.1
Liabilities from lease financing	–26.3			–26.3	–26.9
Other liabilities	**–451.4**				**–451.4**
FLAC	–55.1	–55.1			–55.1
Derivatives HFT	–185.9		–185.9		–185.9
Hedge accounting derivatives	–57.6				–57.6
Other non-financial liabilities	–152.8				–152.8
TOTAL	**–4,195.7**	**–3,773.1**	**–185.9**	**–26.3**	**–4,608.4**
Of which IAS 39 measurement categories					
FLAC	–3,773.1	–3,773.1			–4,185.2
Derivatives HFT	–185.9		–185.9		–185.9

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

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

		Measurement (IAS 39)		Measurement	
€ million	*Carrying amounts as per statement of financial positions 31.12.2015*	*Amortised cost*	*Fair value through profit or loss*	*IAS 17*	*Fair value 31.12.2015*
Assets					
Other financial assets	**148.8**				**148.8**
LaR	0.1	0.1	0.0		0.1
AfS	148.7	148.7			148.7
Receivables and other assets	**33.2**				**29.6**
LaR	27.6	27.6			27.6
Other non-financial assets	5.6				5.6
Cash and cash equivalents	**252.8**				**252.8**
LaR	252.8	252.8			252.8
TOTAL	**434.8**	**429.2**	**0.0**		**431.2**
Of which IAS 39 measurement categories					
LaR	280.5	155.2			155.2
AfS	148.7	148.7			148.7
Equity and liabilities					
Financial liabilities	**–3,241.6**				**–3,570.0**
FLAC	–3,215.0	–3,215.0			–3,542.7
Liabilities from lease financing	–26.6			–26.6	–27.3
Other liabilities	**–359.8**				**–359.8**
FLAC	–31.3	–31.3			–31.3
Derivatives HFT	–168.8		–168.8		–168.8
Hedge accounting derivatives	–42.3				–42.3
Other non-financial liabilities	–117.4				–117.4
TOTAL	**–3,601.4**	**–3,246.3**	**–168.8**	**–26.6**	**–3,929.8**
Of which IAS 39 measurement categories					
FLAC	–3,246.3	–3,246.3			–3,574.0
Derivatives HFT	–168.8		–168.8		–168.8

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

11. Related-party disclosures

Please see the IFRS consolidated financial statements as of 31 December 2015 for the presentation of the IFRS 2 programmes long-term incentive plan with former shareholders, LTI Management Board agreements and the settlement agreements for Supervisory Board members.

For the 2016 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 2015.

12. Other

There were no changes with regard to contingent liabilities in comparison to 31 December 2015.

13. The Management Board and the Supervisory Board

There were no changes to the composition of the Management Board and the Supervisory Board as at 31 March 2016 compared with the disclosures as at 31 December 2015.

14. Events after the end of the reporting period

On 22 December 2015, LEG Immo concluded a purchase agreement with Vonovia SE regarding the acquisition of 13,570 residential units. The purchase price is around EUR 600 million, equating to an initial rental yield of 8.0%. The portfolio is spread over various locations in and on the border of North Rhine-Westphalia. The initial annual in-place rent is EUR 48 million, rent per square metre EUR 4.86, and the vacancy rate is 5.3%. 26 employees will be taken on in the wake of the transaction. Following antitrust approval, the transaction was closed on 1 April 2016.

As at 1 April 2016, the acquisition of the company is treated as a business combination as defined by IFRS 3 as significant business processes had been acquired. The acquisition was a combined asset and share deal.

The provisional consideration for the business combination breaks down as follows:

T40 – Provisional consideration

€ million	*01.04.2016*
Net purchase price	589,1
TOTAL CONSIDERATION	**589,1**

The provisional purchase price can be allocated to the assets and liabilities acquired, measured at fair value, as follows:

T41 – Provisional purchase price allocation

€ million	*01.04.2016*
Investment properties	604,6
Property, plant and equipment	0,1
Inventory	2,9
Receivables and other assets	0,2
Cash and cash equivalents	1,7
TOTAL ASSETS	**609,5**
Other financing liabilities	–5,1
Pension provisions	–0,1
Deferred tax liabilities	–7,4
Other liabilities	–3,3
TOTAL LIABILITIES	**–15,9**
Net assets at fair value	593,6
Non-controlling interests	4,7
Net assets at fair value without non-controlling interests	588,9
CONSIDERATION	**589,1**
GOODWILL	**0,2**

The transaction costs of the business combination amount to EUR 33.4 million and essentially include real estate transfer tax. Non-controlling interests in Deutsche Annington WG III mbH amount to 5.1% and are measured at the proportionate share of the recognised net assets acquired.

If the portfolio had already been acquired on 1 January 2016, income from property management would have increased by around EUR 12 million.

Given that the set of data has still to be completed the purchase price allocation is provisional with regard to the following items:

— Measurement of investment properties
— Total consideration
— Contingent liabilities
— Operating costs
— Accounting for leases
— Deferred taxes

On 12 April 2016, LEG Immo signed a contract for the acquisition of a portfolio of approximately 1,100 apartments, located in LEG's core market, by way of a share purchase. The agreed property value is EUR 53 million; liabilities of around EUR 20 million will be assumed. LEG's obligations under the contract can be settled by issuing new LEG shares or making a cash payment. The portfolio generated rental income of around EUR 4 million in the last financial year. The transaction is expected to be closed by the end of July 2016 at the latest and does not constitute a business combination.

On 19 April 2016 a property portfolio was sold recognised as assets held for sale in the reporting period. The transfer is expected to take place on 31 May 2016. See also section 7.

In 2012, Ruhr-Lippe Wohnungsgesellschaft mbH had signed a loan agreement in the amount of EUR 200 million for the refinancing of the subportfolio Bucket 1. On 26 April 2016, a loan agreement in the amount of EUR 200 million and with a maturity until 2027 could be negotiated with the bank in order to restructure the existing loan using the current favorable interest rate levels. Around EUR 167 million are on a fixed interest basis whereas around EUR 33 million are on a variable interest basis. The initial interest rate is 1.41 % on average.

LEG has acquired certain portfolios in combined asset deal/share deal transaction structures. The real estate transfer tax assessments issued in this regard have so far followed LEG's evaluation under tax law.

For the most recent acquisition made according to this model, the tax authorities have now expressed a different legal opinion in a letter dated 26 April 2016, which results in EUR 9.5 million higher real estate transfer tax on this acquisition. LEG will appeal against the basic assessment notice issued in this context and apply for a suspension of execution. Because LEG estimates the appeal will prevail, as do various tax experts, the matter does not need to be recognised on the balance sheet. It will be presented as a contingent liability.

Should LEG's tax assessment regarding all portfolio acquisitions undertaken in this transaction structure be proven inaccurate, higher real estate transfer tax would be charged on the total market value of the land in these transactions. The additional charge would be approximately EUR 26.8 million (including the above-mentioned EUR 9.5 million).

Mr Jürgen Schulte-Laggenbeck resigned as a member of the Supervisory Board effective 31 December 2015. The Nomination Committee has selected Dr Claus Nolting as Mr Schulte-Laggenbeck's successor, and will be proposing this to the shareholders at the Annual General Meeting on 19 May 2016.

There were no other significant events after the end of the interim reporting period on 31 March 2016.

Dusseldorf, 11 May 2016

LEG Immobilien AG

The Management Board

THOMAS HEGEL, Erftstadt
(CEO)

ECKHARD SCHULTZ, Neuss
(CFO)

HOLGER HENTSCHEL, Erkrath
(COO)

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the LEG Group, and the 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, 11 May 2016

LEG Immobilien AG, Dusseldorf

The Management Board
THOMAS HEGEL
ECKHARD SCHULTZ
HOLGER HENTSCHEL

FURTHER INFORMATION

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FINANCIAL CALENDAR 2016

LEG FINANCIAL CALENDAR 2016

Publication of the quarterly report as of 31 March 2016	**11 May**
Annual General Meeting, Dusseldorf	**19 May**
Publication of the interim report as of 30 June 2016	**10 August**
Publication of the interim report as of 30 September 2016	**9 November**

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The quarterly report as of 31 March 2016 is also available in German. In case of doubt, the German version takes precedence.

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