



LEG

gewohnt gut.

Liveable housing.
Simply good.




QUARTERLY REPORT AS OF 31 MARCH 2020



3	About this Report
3	Key Figures Q1 2020
4	Portfolio
8	Analysis of Net Assets, Financial Position and Results of Operations
16	Risk and Opportunity Report
16	Forecast Report
17	Consolidated financial statements
17	Consolidated statement of financial position
18	Consolidated statement of comprehensive income
19	Statement of changes in consolidated equity
20	Consolidated statement of cash flows
21	Selected notes
21	1. Basic information on the Group
21	2. Interim consolidated financial statements
21	3. Accounting policies
21	4. Changes in the Group
21	5. Judgements and estimates
23	6. Selected notes to the consolidated statement of financial position
27	7. Selected notes to the consolidated statement of comprehensive income
30	8. Notes on Group segment reporting
32	9. Financial instruments
35	10. Related-party disclosures
35	11. Other
35	12. The Management Board and the Supervisory Board
35	13. Supplementary Report
36	Responsibility statement
36	Financial calendar 2020
36	Contact Details and Imprint

About this Report

The pdf version of our Quarterly Report was optimised for use on a PC or tablet. The linked tables of contents and the function buttons on each page ensure easy navigation:

-  [To the main table of contents](#)
-  [Search in document](#)
-  [Back to last page](#)

Key Figures Q1 2020

T1

		Q1 2020	Q1 2019	+ / - %
Results of operations				
Rental income	€ million	153.5	146.3	4.9
Net rental and lease income	€ million	116.5	109.7	6.2
EBITDA	€ million	109.8	104.1	5.5
EBITDA adjusted	€ million	113.7	106.8	6.5
EBT	€ million	85.5	-38.5	-
Net profit or loss for the period	€ million	66.5	-57.0	-
FFO I	€ million	94.0	84.9	10.7
FFO I per share	€	1.36	1.34	1.5
FFO II	€ million	93.5	83.2	12.4
FFO II per share	€	1.35	1.32	2.3
AFFO	€ million	39.3	55.0	-28.5
AFFO per share	€	0.57	0.87	-34.5
Portfolio				
		31.03.2020	31.03.2019	+ / - % / bp
Number residential units		136,217	133,637	1.9
In-place rent	€/sqm	5.86	5.69	3.1
In-place rent (I-f-I)	€/sqm	5.88	5.72	2.8
EPRA vacancy rate	%	3.6	3.9	-30 bp
EPRA vacancy rate (I-f-I)	%	3.4	3.6	-20 bp
Statement of financial position				
		31.03.2020	31.12.2019	+ / - % / bp
Investment property	€ million	12,269.0	12,031.1	2.0
Cash and cash equivalents	€ million	300.1	451.2	-33.5
Equity	€ million	6,010.1	5,933.9	1.3
Total financing liabilities	€ million	5,004.7	5,053.9	-1.0
Current financing liabilities	€ million	142.7	197.1	-27.6
LTV	%	38.0	37.7	+30 bp
Equity ratio	%	46.4	45.9	+50 bp
Adj. EPRA NAV, diluted	€ million	7,352.9	7,273.0	1.1
Adj. EPRA NAV per share, diluted	€	106.55	105.39	1.1

bp = basis points

Portfolio

Portfolio segmentation and housing stock

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

LEG's portfolio is spread across around 180 locations with a geographical focus on North Rhine-Westphalia and further activities in Lower Saxony, Bremen and Rhineland-Palatinate. The average apartment size is 64 square metres with an average monthly rent of EUR 5.86 per square metre.

As at 31 March 2020, the portfolio consisted of 136,217 residential units, 1,290 commercial units and 34,868 garages and parking spaces. All of the acquisitions made in FY 2019 were transferred to the LEG portfolio by 1 January 2020 at the latest.

Performance of the LEG portfolio

Operational development

In-place rent on a like-for-like basis was EUR 5.88 per square metre as of 31 March 2020, 2.8% up on the previous year.

In the free-financed segment which accounts for around 75% of LEG's portfolio, rents rose by 3.1% to EUR 6.25 per square metre/month (on a like-for-like basis). The high-growth markets recorded a plus of 3.6% to EUR 7.27 per square metre (on a like-for-like basis). In the stable markets, in-place rent increased slightly stronger by 3.7% to an average of EUR 5.88 per square metre (on a like-for-like basis). In the higher-yielding markets an average increase of 1.8% to 5.65 Euro per square metre (on a like-for-like basis) was achieved.

In January 2020, following the regular cost rent adjustment for rent-restricted apartments that is conducted every three years, the average rent in this segment increased by 1.7% year on year or EUR 0.08 to EUR 4.87 per square metre (on a like-for-like basis).

The EPRA vacancy rate on a like-for-like basis was 3.4% as at 31 March 2020, down 20 basis points on the previous year. With an occupancy rate of 98.1% (on a like-for-like basis) the LEG portfolio in the high-growth markets was nearly fully let at the end of the reporting period. In the stable markets the occupancy rate was 96.6% (on a like-for-like basis). In the higher-yielding markets, it stood at 94.4% (on a like-for-like basis).

T2

Portfolio segments – top 3 locations

	Total portfolio										Change like-for-like basis	
	31.03.2020					31.03.2019					In-place rent in % like-for-like	Vacancy rate basis points like-for-like
	Number of LEG apartments	Share of LEG-portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %	Number of LEG apartments	Share of LEG-portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %		
High-growth markets	41,886	30.7	2,780,644	6.62	2.0	39,593	29.6	2,634,401	6.47	2.1	3.1	-20
District of Mettmann	8,479	6.2	589,480	6.81	2.1	8,480	6.3	589,587	6.51	1.8	4.6	30
Münster	6,199	4.6	412,118	6.71	1.0	6,125	4.6	406,737	6.63	0.8	1.4	20
Düsseldorf	5,425	4.0	352,530	7.93	2.8	5,300	4.0	343,996	7.72	4.3	3.4	-150
Other locations	21,783	16.0	1,426,515	6.20	2.0	19,688	14.7	1,294,081	6.08	1.9	2.9	-10
Stable markets	52,682	38.7	3,361,115	5.57	3.6	50,993	38.2	3,267,368	5.38	3.7	3.2	-10
Dortmund	13,731	10.1	896,793	5.42	3.1	13,593	10.2	889,733	5.19	2.9	4.1	-10
Moenchengladbach	6,442	4.7	408,268	5.94	2.2	6,444	4.8	408,347	5.72	2.4	3.7	-10
Essen	3,372	2.5	217,538	5.59	3.5	3,372	2.5	217,532	5.41	3.7	3.3	-30
Other locations	29,137	21.4	1,838,517	5.55	4.2	27,584	20.6	1,751,756	5.40	4.5	2.6	0
Higher yielding markets	41,649	30.6	2,525,841	5.40	5.7	43,051	32.2	2,646,294	5.26	6.4	1.8	-20
District of Recklinghausen	8,965	6.6	543,898	5.31	4.2	9,860	7.4	618,032	5.10	5.9	2.0	0
Duisburg	6,350	4.7	384,297	5.80	4.7	6,800	5.1	421,472	5.60	5.7	2.3	-90
Maerkisch District	4,608	3.4	284,459	5.31	4.6	4,566	3.4	281,362	5.18	4.2	1.5	40
Other locations	21,726	15.9	1,313,186	5.34	6.8	21,825	16.3	1,325,428	5.25	7.3	1.5	-20
Total	136,217	100.0	8,667,599	5.86	3.6	133,637	100.0	8,548,062	5.69	3.9	2.8	-20

T3

Performance LEG Portfolio

		High-growth market			Stable markets			Higher yielding markets			Total		
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.12.2019	31.03.2019
Subsidised residential units													
Units		11,954	11,412	11,134	14,278	14,076	14,361	8,154	8,091	8,945	34,386	33,579	34,558
Area	qm	823,304	788,485	771,422	967,005	954,389	978,954	535,640	530,850	594,500	2,325,949	2,273,724	2,351,524
In-place rent	€/qm	5.19	5.12	5.11	4.81	4.73	4.72	4.53	4.45	4.45	4.88	4.80	4.78
EPRA vacancy rate	%	1.1	0.8	0.9	2.8	1.9	2.7	2.6	2.1	4.4	2.1	1.5	2.5
Free-financed residential units													
Units		29,932	29,431	28,459	38,404	37,958	36,632	33,495	33,063	34,106	101,831	100,452	99,079
Area	qm	1,957,340	1,921,058	1,862,979	2,394,110	2,370,630	2,288,414	1,990,201	1,967,967	2,051,794	6,341,650	6,259,655	6,196,538
In-place rent	€/qm	7.23	7.23	7.04	5.88	5.82	5.67	5.64	5.62	5.50	6.23	6.20	6.04
EPRA vacancy rate	%	2.2	2.0	2.4	3.9	3.2	4.1	6.3	5.9	6.8	3.9	3.5	4.3
Total residential units													
Units		41,886	40,843	39,593	52,682	52,034	50,993	41,649	41,154	43,051	136,217	134,031	133,637
Area	qm	2,780,644	2,709,543	2,634,401	3,361,115	3,325,019	3,267,368	2,525,841	2,498,817	2,646,294	8,667,599	8,533,379	8,548,062
In-place rent	€/qm	6.62	6.61	6.47	5.57	5.50	5.38	5.40	5.36	5.26	5.86	5.82	5.69
EPRA vacancy rate	%	2.0	1.7	2.1	3.6	2.9	3.7	5.7	5.2	6.4	3.6	3.1	3.9
Total commercial													
Units											1,290	1,267	1,260
Area	qm										214,484	208,941	211,248
Total parking													
Units											34,868	34,268	33,639
Total other													
Units											2,700	2,634	2,536

Value development

The following table shows the distribution of assets by market segment. LEG did not execute a portfolio valuation in the first quarter. As at 31 March, the rental yield of the portfolio was 5.1 % (rent multiplier 19.7). The valuation of the residential portfolio corresponds to a net initial yield of 3.8 % as defined by EPRA.

T4

Market segments

	Residential units	Residential assets € million ¹	Share residential assets in %	Gross asset value €/sqm	In-place rent multiplier	Commercial/ other assets € million ²	Total assets € million
31.03.2020							
High Growth Markets	41,886	5,300	45	1,899	24.1x	249	5,548
District of Mettmann	8,479	1,097	9	1,864	23.0x	74	1,171
Muenster	6,199	908	8	2,200	27.4x	48	956
Dusseldorf	5,425	823	7	2,344	24.8x	50	873
Other locations	21,783	2,471	21	1,718	23.3x	77	2,548
Stable Markets	52,682	3,997	34	1,194	18.2x	134	4,131
Dortmund	13,731	1,208	10	1,340	21.0x	51	1,258
Moenchengladbach	6,442	503	4	1,228	17.0x	13	516
Essen	3,372	266	2	1,221	18.6x	10	277
Other locations	29,137	2,020	17	1,110	17.1x	60	2,080
Higher-Yielding Markets	41,649	2,466	21	973	15.7x	81	2,547
District of Recklinghausen	8,965	550	5	1,003	16.3x	18	568
Duisburg	6,350	420	4	1,097	16.4x	28	448
Maerkisch District	4,608	261	2	917	15.0x	3	265
Other locations	21,726	1,234	10	936	15.5x	31	1,266
Total portfolio	136,217	11,763	100	1,356	19.7x	464	12,226
Leasehold and land values							36
Prepayments for property held as an investment property							7
Balance sheet property valuation assets (IAS 40)							12,269
Inventories (IAS 2)							1
Owner-occupied property (IAS 16)							24
Assets held for sale (IFRS 5)							16
Total balance sheet							12,310

¹ Excluding 339 residential units in commercial buildings; including 448 commercial units as well as several other units in mixed residential assets.

² Excluding 448 commercial units in mixed residential assets; including 339 residential units in commercial buildings, commercial, parking, other assets.

Analysis of Net Assets, Financial Position and Results of Operations

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

Results of operations

T5

Condensed income statement

€ million	01.01.– 31.03.2020	01.01.– 31.03.2019
Net rental and lease income	116.5	109.7
Net income from the disposal of investment properties	-0.3	-0.3
Net income from the remeasurement of investment properties	-0.7	-0.2
Net income from the disposal of real estate inventory	-1.4	-0.7
Net income from other services	1.7	1.4
Administrative and other expenses	-10.3	-9.5
Other income	0.0	0.1
Operating earnings	105.5	100.5
Interest income	0.0	0.0
Interest expenses	-22.6	-25.6
Net income from investment securities and other equity investments	2.8	2.6
Net income from the fair value measurement of derivatives	-0.2	-116.0
Net finance earnings	-20.0	-139.0
Earnings before income taxes	85.5	-38.5
Income taxes	-19.0	-18.5
Net profit or loss for the period	66.5	-57.0

Net rental and lease income increased primarily due to higher net cold rents by 6.2% to EUR 116.5 million.

Adjusted EBITDA increased by 6.5% to EUR 113.7 million. Adjusted EBITDA margin increased slightly from 73.0% (comparative period) to 74.1% in the reporting period.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of embedded derivatives from the convertible bond in the amount of EUR -0.3 million (comparative period: EUR -116.0 million).

Current income tax expenses of EUR -1.1 million were recorded affecting net income in the reporting period.

Net rental and lease income

T6

Net rental and lease income

€ million	01.01.– 31.03.2020	01.01.– 31.03.2019
Net cold rent	153.5	146.3
Profit from operating expenses	-0.8	-1.7
Maintenance for externally procured services	-12.9	-13.8
Staff costs	-17.7	-16.1
Allowances on rent receivables	-2.3	-2.4
Depreciation and amortisation expenses	-2.5	-2.0
Other	-0.8	-0.6
Net rental and lease income	116.5	109.7
Net operating income margin in %	75.9	75.0
Non-recurring project costs – rental and lease	0.7	0.7
Depreciation	2.5	2.0
Adjusted net rental and lease income	119.7	112.4
Adjusted net operating income margin (in %)	78.0	76.8

In the reporting period, the LEG Group increased its net rental and lease income by EUR 6.8 million compared to the same period of the previous year. Main drivers of this development were the EUR 0.9 million lower maintenance for externally procured services and the EUR 7.2 million rise in net cold rents. In-place rent per square metre on a like-for-like basis rose by 2.8% in the reporting period. This was countered by the increase in staff costs by EUR 1.6 million, which was mainly due to an increase in the number of hired workers and to tariff increase.

Due to disproportionate development of net rental and lease income compared with the development of in-place rent the NOI margin increased from 75.0% to 75.9% in the reporting period.

The EPRA vacancy rate like-for-like as at 31 March 2020 stand slightly below the comparative period at 3.4% (3.6% as at 31. March 2019).

T7

EPRA vacancy rate

€ million	31.03.2020	31.03.2019
Rental value of vacant space – like-for-like	21.4	22.0
Rental value of vacant space – total	23.1	24.4
Rental value of the whole portfolio – like-for-like	619.8	605.7
Rental value of the whole portfolio – total	648.2	621.9
EPRA vacancy rate – like-for-like (in %)	3.4	3.6
EPRA vacancy rate – Total (in %)	3.6	3.9

The EPRA capex splits the capitalised expenditure of the reporting period in comparison to the comparative period in three components. On a like-for-like portfolio basis, the value-adding modernisation work as a result of the strategic investment programme surged by EUR 24.8 million to EUR 54.7 million in the reporting period. In the area of acquisitions, the upturn is due primarily to investments in portfolios already acquired before 2020. The increase in the Development area is attributable to the new construction project in Hilden.

T8

Epura capex

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Acquisitions	1.6	1.0
Development	1.2	0.4
Like-for-like portfolio	51.9	28.5
Capex	54.7	29.9

Due to the increase in value-adding modernisation and simultaneous decline in maintenance recognised as an expense, the capitalisation rate rose to 74.6% in the reporting period (comparative period: 59,4%). Despite increase in area of investment property compared to the same quarter of the previous year, in the reporting period total investments rose to EUR 8.25 per square metre (comparative period: EUR 5.74 per square metre) and without new construction activities to EUR 8.12 per square metre (comparative period: EUR 5.69 per square metre).

T9

Maintenance and modernisation

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Maintenance expenses	18.6	20.4
thereof investment properties	18.5	20.1
Capital expenditure	54.7	29.9
thereof investment properties	54.2	28.9
Total investment	73.3	50.3
thereof investment properties	72.7	49.0
Area of investment properties in million sqm	8.88	8.77
Average investment per sqm (€/sqm)	8.25	5.74
Average investment per sqm without new construction activities (€/sqm)	8.12	5.69

Net income from the disposal of investment properties

T10

Net income from the disposal of investment properties

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Income from the disposal of investment	10.5	17.5
Carrying amount of the disposal of investment properties	-10.6	-17.5
Costs of sales of investment properties	-0.2	-0.3
Net income from the disposal of investment properties	-0.3	-0.3

Disposals of investment properties decreased in the reporting period. Sales of investment property amounted to EUR 10.5 million and relate mainly to objects, which were reported as assets held for sale and were remeasured up to the agreed property value as of 31 December 2019.

Net income from the disposal of real estate inventory

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

The remaining real estate inventory held as at 31 March 2020 amounted to EUR 0.4 million, of which EUR 0.4 million related to land under development.

Administrative and other expenses

T11

Administrative and other expenses

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Other operating expenses	-3.1	-2.6
Staff costs	-5.6	-5.6
Purchased services	-0.5	-0.3
Depreciation and amortisation	-1.1	-1.0
Administrative and other expenses	-10.3	-9.5
Depreciation and amortisation	1.1	1.0
Non-recurring project costs and extraordinary and prior-period expenses	0.8	0.8
Adjusted administrative and other expenses	-8.4	-7.7

The increase in other operating expenses is mainly attributable to increased costs for advice and insurance. The adjusted administrative expenses therefore increased in the first three months compared to the same period in the previous year.

Net finance earnings

T12

Net finance earnings

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Interest income	0.0	0.0
Interest expenses	-22.6	-25.6
Net interest income	-22.6	-25.6
Net income from other financial assets and other investments	2.8	2.6
Net income from the fair value measurement of derivatives	-0.2	-116.0
Net finance earnings	-20.0	-139.0

The interest expense decreased by EUR 3.0 million year on year to EUR 22.6 million. The decrease in interest expenses results mainly from the refinancing carried out in the 2019 financial year and the early conversion of the convertible bond in the 2019 financial year.

Year-on-year the average interest rate decreased to 1.46% as at 31 March 2020 (1.62% as at 31 March 2019) on an average term of 8.1 years (7.5 years as at 31 March 2019).

Dividends received from equity investments in non-consolidated and non-associated companies increased by EUR 0.2 million year-on-year to EUR 2.8 million in the reporting period.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of embedded derivatives from the convertible bond in the amount of EUR -0.3 million (comparative period: EUR -116.0 million).

Income tax expenses

T13

Income tax expenses

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Current tax expenses	-1.1	-3.3
Deferred tax expenses	-17.9	-15.2
Income tax expenses	-19.0	-18.5

An effective Group tax rate of 21.7% was assumed in the reporting period in accordance with Group tax planning (comparative period: 22.9%).

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 2019 Annual Report](#).

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

T14

Calculation of FFO I, FFO II and AFFO

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Net cold rent	153.5	146.3
Profit from operating expenses	-0.8	-1.7
Maintenance for externally procured services	-12.9	-13.8
Staff costs	-17.7	-16.1
Allowances on rent receivables	-2.3	-2.4
Other	-0.8	-0.6
Non-recurring project costs (rental and lease)	0.7	0.7
Current net rental and lease income	119.7	112.4
Current net income from other services	2.4	2.0
Staff costs	-5.6	-5.6
Non-staff operating costs	-3.6	-2.9
Non-recurring project costs (admin.)	0.8	0.8
Extraordinary and prior-period expenses	0.0	0.0
Current administrative expenses	-8.4	-7.7
Other income and expenses	0.0	0.1
Adjusted EBITDA	113.7	106.8
Cash interest expenses and income	-19.0	-19.2
Cash income taxes from rental and lease	-0.8	-2.0
FFO I (before adjustment of non-controlling interests)	93.9	85.6
Adjustment of non-controlling interests	0.1	-0.7
FFO I (after adjustment of non-controlling interests)	94.0	84.9
Weighted average number of shares outstanding	69,009,836	63,188,185
FFO I per share	1.36	1.34
Net income from the disposal of investment properties	-0.2	-0.4
Cash income taxes from disposal of investment properties	-0.3	-1.3
FFO II (incl. disposal of investment properties)	93.5	83.2
Capex	-54.7	-29.9
Capex-adjusted FFO I (AFFO)	39.3	55.0

At EUR 94.0 million, FFO I was 10.7% higher in the reporting period than in the same period of the previous year (EUR 84.9 million). In particular, this increase is attributable to the positive impact from the rise in net cold rent including the effects of the concluded acquisitions.

With interest expenses nearly unchanged, there is an increase of the interest coverage ratio (ratio of adjusted EBITDA to cash interest expense) from 556% in the same period of the previous year to 598% in the reporting period.

EPRA earnings per share (EPS)

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

T15

EPRA earnings per share (EPS)

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Net profit or loss for the period attributable to parent shareholders	65.7	- 58.2
Changes in value of investment properties	0.7	0.2
Profits or losses on disposal of investment properties, development properties held for investment, other interests and sales of trading properties including impairment charges in respect of trading properties	1.7	1.0
Tax on profits or losses on disposals	0.3	1.3
Changes in fair value of financial instruments and associated close-out costs	0.2	116.0
Acquisition costs on share deals and non-controlling joint venture interests	0.1	0.1
Deferred tax in respect of EPRA adjustments	0.1	0.0
Refinancing expenses	0.1	0.0
Other interest expenses	0.0	- 0.1
Non-controlling interests in respect of the above	0.0	0.0
EPRA earnings	68.9	60.3
Weighted average number of shares outstanding	69,009,836	63,188,185
= EPRA earnings per share (undiluted) in €	1.00	0.95
Potentially diluted shares	-	5,635,729
Interest coupon on convertible bond after taxes	-	0.3
Amortisation expenses convertible bond after taxes	-	1.7
EPRA earnings (diluted)	68.9	62.3
Number of diluted shares	69,009,836	68,823,914
= EPRA earnings per share (diluted) in €	1.00	0.91

Net assets (Consolidated statement of financial position)

T16

Consolidated statement of financial position

€ million	31.03.2020	31.12.2019
Investment properties	12,269.0	12,031.1
Prepayments for investment properties	13.0	53.5
Other non-current assets	256.5	269.2
Non-current assets	12,538.5	12,353.8
Receivables and other assets	106.3	89.6
Cash and cash equivalents	300.1	451.2
Current assets	406.4	540.8
Assets held for sale	15.9	25.2
Total assets	12,960.8	12,919.8
Equity	6,010.1	5,933.9
Non-current financial liabilities	4,862.0	4,856.8
Other non-current liabilities	1,656.6	1,654.2
Non-current liabilities	6,518.6	6,511.0
Current financial liabilities	142.7	197.1
Other current liabilities	289.4	277.8
Current liabilities	432.1	474.9
Total equity and liabilities	12,960.8	12,919.8

Investment property increased primarily as a result of additions from acquisitions of EUR 135.2 million, capitalisation of property modernisation measures of EUR 54.2 million and reclassifications from prepayments for investment properties of EUR 49.8 million.

The recognition of real estate tax expense as other inventories (EUR 17.6 million) for the remainder of the financial year and the deferral of prepaid operating costs (EUR 7.5 million) contributed significantly to the development of the current assets.

Cash and cash equivalents decreased by EUR 151.1 million to EUR 300.1 million. This development is mainly due to the still high acquisition and investment activity. The financing of the acquisitions and investments led to recordings of financial transaction of EUR 58.5 million. Scheduled and unscheduled repayments amounted to a cash outflow of EUR 108.4 million.

While other long-term debt nearly unchanged compared to 31 December 2019, short-term financial debt reduced due to the repayment of commercial papers in the first quarter of 2020.

Net asset value (NAV)

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

The LEG Group reports a basic EPRA NAV of EUR 7,410.2 million as at 31 March 2020. The effects of the possible conversion of the convertible bond are shown by the additional calculation of diluted EPRA NAV. After further adjustment for goodwill effects, the adjusted diluted EPRA NAV amounts to EUR 7,352.9 million at the reporting date.

T17

EPRA NAV

	31.03.2020			31.12.2019		
	undiluted	Effect of exercise of convertibles and options	diluted	undiluted	Effect of exercise of convertibles and options	diluted
€ million						
Equity attributable to shareholders of the parent company	5,986.0	–	5,986.0	5,909.9	–	5,909.9
Non-controlling interests	24.1	–	24.1	24.0	–	24.0
Equity	6,010.1	–	6,010.1	5,933.9	–	5,933.9
Effect of exercise of options, convertibles and other equity interests	–	26.1	26.1	–	26.1	26.1
NAV	5,986.0	26.1	6,012.1	5,909.9	26.1	5,936.0
Fair value measurement of derivative financial instruments	87.2	–	87.2	84.0	–	84.0
Deferred taxes on WFA loans and derivatives	4.8	–	4.8	6.2	–	6.2
Deferred taxes on investment property	1,388.0	–	1,388.0	1,386.0	–	1,386.0
Goodwill resulting from deferred taxes on EPRA adjustments	–55.8	–	–55.8	–55.8	–	–55.8
EPRA NAV	7,410.2	26.1	7,436.3	7,330.3	26.1	7,356.4
Number of shares	69,009,836	0	69,009,836	69,009,836	0	69,009,836
EPRA NAV per share (€)	107.38	–	107.76	106.22	–	106.60
Goodwill resulting from synergies	83.4	–	83.4	83.4	–	83.4
Adjusted EPRA NAV (w/o effects from goodwill)	7,326.8	26.1	7,352.9	7,246.9	26.1	7,273.0
Number of shares	69,009,836	0	69,009,836	69,009,836	0	69,009,836
Adjusted EPRA NAV per share (€)	106.17	–	106.55	105.01	–	105.39
EPRA NAV	7,410.2	26.1	7,436.3	7,330.3	26.1	7,356.4
Fair value measurement of derivative financial instruments	–87.2	–	–87.2	–84.0	–	–84.0
Deferred taxes on WFA loans and derivatives	–4.8	–	–4.8	–6.2	–	–6.2
Deferred taxes on investment property	–1,388.0	–	–1,388.0	–1,386.0	–	–1,386.0
Goodwill resulting from deferred taxes on EPRA adjustments	55.8	–	55.8	55.8	–	55.8
Fair value measurement of financing liabilities	–100.4	–	–100.4	–333.5	–	–333.5
Valuation uplift resulting from fair value measurement financing liabilities	130.1	–	130.1	130.1	–	130.1
EPRA NNNAV	6,015.7	26.1	6,041.8	5,706.5	26.1	5,732.6
Number of shares	69,009,836	0	69,009,836	69,009,836	0	69,009,836
EPRA NNNAV per share (€)	87.17	–	87.55	82.69	–	83.07

Loan-to-value ratio (LTV)

Net debt at the end of the reporting period increased slightly compared with 31 December 2019, due to payments for investments, leading to a slightly increased loan-to-value ratio (LTV) of 38.0 % at the interim reporting date (31 December 2019: 37,7 %).

T18

LTV

€ million	31.03.2020	31.12.2019
Financing liabilities	5,004.7	5,053.9
Less lease liabilities IFRS 16	29.9	31.8
Less cash and cash equivalents	300.1	451.2
Net financing liabilities	4,674.7	4,570.9
Investment properties	12,269.0	12,031.1
Assets held for sale	15.9	25.2
Prepayments for investment properties	13.0	53.5
Real estate assets	12,297.9	12,109.8
Loan-to-value ratio (LTV) in %	38.0	37.7

Financial position

A net profit for the period of EUR 66.5 million was realised in the reporting period (comparative period: EUR – 57.0 million). Equity amounted to EUR 6,010.1 million at the reporting date (31 December 2018: EUR 5,933.9 million). This corresponds to an equity ratio of 46.4 % (31 December 2018: 45.9 %).

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

T19

Statement of cash flows

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Cash flow from operating activities	80.2	96.9
Cash flow from investing activities	– 178.2	– 27.4
Cash flow from financing activities	– 53.1	– 36.1
Change in cash and cash equivalents	– 151.1	33.4

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

Essentially, acquisitions and modernisation work on the existing portfolio contributed to the net cash flow from investing activities with cash payments of EUR – 212.6 million. Furthermore, cash proceeds mainly from property disposals (EUR 12.8 million) and repayments of long term invested financial resources of EUR 30.0 million resulted in a net cash flow from investing activities of EUR – 178.2 million.

In the reporting period, the scheduled repayments of subsidised and bank loans (EUR – 108.4 million) and in the opposite direction The cashpayments of loans of EUR 58,5 million were the main drivers of the cashflow from financing activities amounting to EUR – 53.1 million.

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

Risk and opportunity report

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

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

Development of property prices and demand

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

Development of rent defaults and rent deferrals

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

Housing vacancies

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

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

Forecast Report

Based on the business performance in the first three months of 2020, LEG believes it is well positioned overall to confirm its FFO I outlook in the range of EUR 370 million to EUR 380 million. Due to both the voluntary and temporary deferral of rent increases according to section 558 German Civil Code (rent increase up to local reference rent level) and the legally possible two-year deferral of payments, LEG now expects a like-for-like rental growth of less than 2.8% (before: c. 2.8%). Regarding the development of the vacancy rate and the amount of investments, the outlook released in the > [Annual Report 2019](#) is confirmed for the time being, however, subject to effects of the Corona crisis that cannot yet be assessed.

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

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

T20

Outlook 2020

FFO I	EUR 370 million to EUR 380 million
Like-for-like rental growth	< 2.8% (before: c. 2,8%)
Like-for-like vacancy	Slightly decreasing compared to financial year-end 2019 ¹
Investments	c. EUR 31 – 33 per sqm ¹
LTV	43% max.
Dividend	70% of FFO I

¹ Subject to effects of the Corona crisis that cannot yet be assessed

Consolidated statement of financial position

T21

Consolidated statement of financial position Assets

€ million	31.03.2020	31.12.2019
Non-current assets	12,538.5	12,353.8
Investment properties	12,269.0	12,031.1
Prepayments for investment properties	13.0	53.5
Property, plant and equipment	85.9	83.7
Intangible assets and goodwill	140.7	140.6
Investments in associates	9.9	9.9
Other financial assets	13.2	23.2
Receivables and other assets	0.3	0.3
Deferred tax assets	6.5	11.5
Current assets	406.4	540.8
Real estate inventory and other inventory	20.9	4.6
Receivables and other assets	80.0	81.8
Income tax receivables	5.4	3.2
Cash and cash equivalents	300.1	451.2
Assets held for sale	15.9	25.2
Total assets	12,960.8	12,919.8

Equity and liabilities

€ million	31.03.2020	31.12.2019
Equity	6,010.1	5,933.9
Share capital	69.0	69.0
Capital reserves	1,202.2	1,202.2
Cumulative other reserves	4,714.8	4,638.7
Equity attributable to shareholders of the parent company	5,986.0	5,909.9
Non-controlling interests	24.1	24.0
Non-current liabilities	6,518.6	6,511.0
Pension provisions	146.5	164.9
Other provisions	4.8	5.2
Financing liabilities	4,862.0	4,856.8
Other liabilities	156.1	152.8
Deferred tax liabilities	1,349.2	1,331.3
Current liabilities	432.1	474.9
Pension provisions	6.4	7.0
Other provisions	19.8	20.2
Provisions for taxes	0.2	0.2
Financing liabilities	142.7	197.1
Other liabilities	251.1	239.2
Tax liabilities	11.9	11.2
Total equity and liabilities	12,960.8	12,919.8

Consolidated statement of comprehensive income

T22

Consolidated statement of comprehensive income

€ million	01.01.– 31.03.2020	01.01.– 31.03.2019
Net rental and lease income	116.5	109.7
Rental and lease income	212.4	202.7
Cost of sales in connection with rental and lease income	-95.9	-93.0
Net income from the disposal of investment properties	-0.3	-0.3
Income from the disposal of investment properties	10.5	17.5
Carrying amount of the disposal of investment properties	-10.6	-17.5
Cost of sales in connection with disposed investment properties	-0.2	-0.3
Net income from the remeasurement of investment properties	-0.7	-0.2
Net income from the disposal of real estate inventory	-1.4	-0.7
Income from the real estate inventory disposed of	-	-
Carrying amount of the real estate inventory disposed of	-	-
Costs of sales of the real estate inventory disposed of	-1.4	-0.7
Net income from other services	1.7	1.4
Income from other services	3.3	2.7
Expenses in connection with other services	-1.6	-1.3
Administrative and other expenses	-10.3	-9.5
Other income	0.0	0.1
Operating Earnings	105.5	100.5
Interest income	-	-
Interest expenses	-22.6	-25.6
Net income from investment securities and other equity investments	2.8	2.6
Net income from the fair value measurement of derivatives	-0.2	-116.0
Earnings before income taxes	85.5	-38.5
Income taxes	-19.0	-18.5
Net profit or loss for the period	66.5	-57.0

€ million	01.01.– 31.03.2020	01.01.– 31.03.2019
Change in amounts recognised directly in equity	10.0	-17.9
Thereof recycling		
Fair value adjustment of interest rate derivatives in hedges	-2.6	-10.1
Change in unrealised gains/(losses)	-3.1	-12.5
Income taxes on amounts recognised directly in equity	0.5	2.4
Thereof non-recycling		
Actuarial gains and losses from the measurement of pension obligations	12.6	-7.8
Change in unrealised gains/(losses)	18.1	-11.2
Income taxes on amounts recognised directly in equity	-5.5	3.4
Total comprehensive income	76.5	-74.9
Net profit or loss for the period attributable to:		
Non-controlling interests	0.8	1.2
Parent shareholders	65.7	-58.2
Total comprehensive income attributable to:		
Non-controlling interests	0.8	1.2
Parent shareholders	75.7	-76.1
Basic earnings per share in €	0.95	-0.92
Diluted earnings per share in €	0.92	-0.92

Statement of changes in consolidated equity

T23

Statement of changes in consolidated equity

€ million	Share capital	Capital reserves	Cumulative other reserves			Equity attributable to shareholders of the Group	Non-controlling interests	Consolidated equity
			Revenue reserves	Actuarial gains and losses from the measurement of pension obligations	Fair value adjustment of interest derivatives in hedges			
As of 01.01.2019	63.2	611.2	4,131.5	-35.1	-13.1	4,757.7	26.3	4,784.0
Initial application of IFRS 16	-	-	-4.7	-	-	-4.7	-	-4.7
As of 01.01.2019, adjusted	63.2	611.2	4,126.8	-35.1	-13.1	4,753.0	26.3	4,779.3
Net profit or loss for the period	-	-	-58.2	-	-	-58.2	1.2	-57.0
Other comprehensive income	-	-	-	-7.8	-10.1	-17.9	0.0	-17.9
Total comprehensive income	-	-	-58.2	-7.8	-10.1	-76.1	1.2	-74.9
Other	-	-	0.4	-	-	0.4	0.7	1.1
Withdrawals from reserves	-	-	-	-	-	-	-0.7	-0.7
Distributions	-	-	-	-	-	-	-4.5	-4.5
As of 31.03.2019	63.2	611.2	4,069.0	-42.9	-23.2	4,677.3	23.0	4,700.3
As of 01.01.2020	69.0	1,202.2	4,718.9	-53.0	-27.2	5,909.9	24.0	5,933.9
Net profit/loss for the period	-	-	65.7	-	-	65.7	0.8	66.5
Other comprehensive income	-	-	-	12.6	-2.6	10.0	0.0	10.0
Total comprehensive income	-	-	65.7	12.6	-2.6	75.7	0.8	76.5
Other	-	-	0.4	-	-	0.4	-	0.4
Withdrawals from reserves	-	-	-	-	-	-	-0.7	-0.7
Distributions	-	-	-	-	-	-	-	-
As of 31.03.2020	69.0	1,202.2	4,785.0	-40.4	-29.8	5,986.0	24.1	6,010.1

Consolidated statement of cash flows

T24

Consolidated statement of cash flows

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Operating earnings	105.5	100.5
Depreciation on property, plant and equipment and amortisation on intangible assets	4.3	3.5
(Gains)/Losses from the measurement of investment properties	0.7	0.0
(Gains)/Losses from the disposal of assets held for sale and investment properties	0.0	0.2
(Gains)/Losses from the disposal of intangible assets and property, plant and equipment	0.0	0.0
(Decrease)/Increase in pension provisions and other non-current provisions	-1.3	-1.1
Other non-cash income and expenses	2.0	2.0
(Decrease)/Increase in receivables, inventories and other assets	-36.0	-25.3
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	26.6	37.7
Interest paid	-19.0	-19.2
Interest received	0.0	0.0
Received income from investments	0.0	0.0
Taxes received	0.1	0.0
Taxes paid	-2.7	-1.4
Net cash from/(used in) operating activities	80.2	96.9
Cash flow from investing activities		
Investments in investment properties	-212.6	-43.8
Proceeds from disposals of non-current assets held for sale and investment properties	12.8	17.6
Investments in intangible assets and property, plant and equipment	-8.4	-1.2
Change of cash investment in securities	30.0	0.0
Net cash from/(used in) investing activities	-178.2	-27.4

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Cash flow from financing activities		
Borrowing of bank loans	58.5	127.5
Repayment of bank loans	-108.4	-156.9
Repayment of lease liabilities	-3.2	-2.9
Other proceeds	0.0	0.7
Distribution and withdrawal from reserves of non-controlling interest	0.0	-4.5
Net cash from/(used in) financing activities	-53.1	-36.1
Change in cash and cash equivalents	-151.1	33.4
Cash and cash equivalents at beginning of period	451.2	233.6
Cash and cash equivalents at end of period	300.1	267.0
Composition of cash and cash equivalents		
Cash in hand, bank balances	300.1	267.0
Cash and cash equivalents at end of period	300.1	267.0

Selected notes

on the IFRS interim consolidated financial statements as at 31 March 2020

1. Basic information on the Group

LEG Immobilien AG, Dusseldorf (hereinafter: "LEG Immo"), its subsidiary LEG NRW GmbH, Dusseldorf (hereinafter: "LEG") and the subsidiaries of the latter company (hereinafter referred to collectively as the "LEG Group") are among the largest residential companies in Germany. The LEG Group held a portfolio of 137,507 (31 March 2019: 134,897) residential and commercial units on 31 March 2020 (137,318 (31 March 2019: 134,787) units excluding IFRS 5 objects).

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

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

2. Interim consolidated financial statements

LEG Immo prepared the interim consolidated financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) for interim reporting, as endorsed in the EU, and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). Based on the option under IAS 34.10, the notes to the financial statements were presented in a condensed form.

The condensed interim consolidated financial statements have not been subjected to an audit or an audit review. The LEG Group primarily generates income from the rental and letting of investment properties. Rental and lease business, in essence, is unaffected by seasonal and cyclical influences.

3. Accounting policies

The accounting policies applied in the interim consolidated financial statements of the LEG Immo are the same as those presented in the IFRS consolidated financial statements of LEG Immo as of 31 December 2019. These interim consolidated financial statements as at 31 March 2020 should therefore be read in conjunction with the consolidated financial statements as at 31 December 2019.

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

4. Changes in the Group

There were no changes in the consolidation group as of 31 March 2020.

5. Judgements and estimates

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

Although the management believes that the assumption and estimates used are appropriate, any unforeseeable changes in these assumptions could impact the net assets, financial position and results of operations. The Covid-19 situation has been considered by judgements. There were no significant impact. Moreover, there were no triggering events for the conduct of an impairment test on goodwill during the year.

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

Development of property prices and demand

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

Development of rent defaults and rent deferrals

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

Housing vacancies

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

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

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

6. Selected notes to the consolidated statement of financial position

On 31 March 2020, the LEG Group held 136,217 apartments and 1,290 commercial units in its portfolio (137,318 units excluding IFRS 5 objects).

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

T25

Investment properties

€ million	Total	Residential assets				Commercial assets	Parking and other assets	Lease-hold	Land values
		High-growth markets	Stable markets	Higher-yielding markets	Non NRW				
Carrying amount as of 01.01.2020¹	12,031.1	5,126.8	3,923.0	2,390.2	0.0	225.9	219.4	113.3	32.5
Acquisitions	184.9	100.8	37.2	29.6	0.0	11.5	4.5	1.1	0.1
Other additions	55.1	21.8	16.6	14.7	0.0	0.6	0.0	0.9	0.4
Reclassified to assets held for sale	-1.2	0.0	0.0	-0.7	0.0	-0.4	0.0	0.0	-0.2
Reclassified from assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified to property, plant and equipment	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified from property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value adjustment	-0.7	0.0	0.0	0.1	0.0	0.1	0.0	-0.9	0.0
Reclassification	0.0	10.4	-4.4	-4.7	0.0	-5.6	6.4	-0.7	-1.3
Carrying amount as of 31.03.2020	12,269.0	5,259.7	3,972.3	2,429.2	0.0	232.1	230.3	113.7	31.5

¹ expansion in market classification within the BRD

€ million	
Fair value adjustment as of 31.03.2020:	-0.7
– hereupon as of 31.03.2020 in the portfolio:	-0.7
– hereupon as of 31.03.2020 disposed investment properties:	0.0

T26

Investment properties

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

€ million

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

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

On 27 December 2019, LEG NRW GmbH acquired the F 99 and F 101 projects (land plus defined construction project specifications) from F 101 Projekt GmbH & Co. KG (notary document number 2377/2019). The purchase prices are due to the acceptance of the completed buildings (F99 anticipated for 1 March 2022/F 101 1 September 2022).

Investment property was remeasured most recently by the LEG Group as of 31 December 2019. No further fair value adjustment was made as at 31 March 2020. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as at 31 December 2019.

Significant market developments and measurement parameters affecting the market values of LEG Immo are reviewed each quarter. If necessary, the property portfolio is revalued. As at 31 March 2020, the results of this review did not require any value adjustment. Despite the proceeded Covid-19 pandemic there are no observable effects on the market, which could affected the long-term value of the property portfolio.

The table below shows the measurement method used to determine the fair value of investment property and the material unobservable inputs used as of 31 December 2019:

T27

Valuation parameters as at 31 December 2019

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

	Discount rate %			Capitalisation rate %			Estimated rental development %		
	min	Ø	max	min	Ø	max	min	Ø	max
Residential assets									
High-growth markets	3.6	4.7	5.6	2.2	5.2	9.6	1.3	1.7	2.0
Stable markets	3.6	4.7	5.6	2.5	6.0	10.0	0.8	1.2	1.8
Higher-yielding markets	3.9	4.9	6.3	3.5	6.4	10.6	0.7	1.0	1.5
Acquisitions	4.6	4.8	6.6	3.4	5.1	8.2	1.0	1.4	1.9
Commercial assets	2.5	6.5	9.0	2.8	7.1	11.4	0.7	1.5	1.9
Leasehold	3.6	4.9	6.9	3.1	6.3	12.4	0.8	1.2	1.9
Parking + other assets	4.1	4.8	5.7	2.9	7.1	12.8	0.7	1.3	2.0
land values	3.6	4.8	5.4	2.2	11.1	12.3	0.9	1.3	1.9
Total portfolio (IAS 40)¹	2.5	4.82	9.0	2.2	6.05	12.8	0.7	1.3	2.0

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

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

Property, plant and equipment as well as intangible assets included right of use leases in the amount of EUR 30.1 million as of 31 March 2020. The right of uses result from rented land and buildings, cars, heat contracting, measurement and reporting technology, IT peripheral devices as well as software. In the reporting period right of uses in the amount of EUR 1.3 million have been added.

T28

Right of use leases

€ million	31.03.2020	31.12.2019
Right of use buildings	5.3	5.8
Right of use technical equipment and machinery	18.8	19.2
Right of use operating and office equipment	5.2	5.2
Property, plant and equipment	29.3	30.2
Right of use software	0.8	0.9
Intangible assets	0.8	0.9

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	31.03.2020	31.12.2019
Financing liabilities from real estate financing	4,925.1	4,973.4
Financing liabilities from lease financing	79.6	80.5
Financing liabilities	5,004.7	5,053.9

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

As of 31 March 2020 the repayment of the commercial papers in the amount of EUR 100.0 million as well as the scheduled and unscheduled repayment in the amount of EUR 8.4 million led to a reduction of the financing liabilities. The new admission of current financing funds in the amount of EUR 45.0 million and a loan for an acquisition in the amount of EUR 14.6 million (IFRS carrying amount) raised the financing liabilities.

Financing liabilities from real estate financing include a convertible bond with a nominal value of EUR 400 million and an IFRS carrying amount of EUR 387.0 million as well as three corporate bonds one with a nominal value of EUR 500 million (IFRS carrying amount of EUR 497.6 million), one with a nominal amount of EUR 300 million (IFRS carrying amount of EUR 296.3 million) and one with a nominal amount of EUR 500 million (IFRS carrying amount of EUR 495.8 million).

The decrease in financing liabilities from lease financing results from repayments and offsetting from extensions and new leases. Already concluded leases starting after the reporting date will arise cash outflows in the amount of EUR 1.1 million.

The main driver for the changes in maturity of financing liabilities as against 31 December 2019 is the repayment of the commercial papers and the admission of current financing funds.

T30

Maturity of financing liabilities from real estate financing

€ million	Remaining term			Total
	< 1 year	> 1 to 5 years	> 5 years	
31.03.2020	133.2	1,451.0	3,340.9	4,925.1
31.12.2019	187.5	1,456.3	3,329.6	4,973.4

7. Selected notes to the consolidated statement of comprehensive income

The LEG Group generates revenue from the transfer of goods and services both over a period in time and a point in time from the following areas:

T31

Revenues

€ million	01.01.–31.03.2020		
	Rental and lease income	Income from the disposal of investment properties	Revenues from other services
Timing of revenue recognition			
At a certain point of time	–	10.5	3.3
Over a period of time	212.4	–	–
Total	212.4	10.5	3.3

T32

Revenues

€ million	01.01.–31.03.2019		
	Rental and lease income	Income from the disposal of investment properties	Revenues from other services
Timing of revenue recognition			
At a certain point of time	–	17.5	2.7
Over a period of time	202.7	–	–
Total	202.7	17.5	2.7

Net rental and lease income is broken down as follows:

T33

Net rental and lease income

€ million	01.01.–31.03.2020	01.01.–31.03.2019
Net cold rent	153.5	146.3
Profit from operating expenses	–0.8	–1.7
Maintenance for externally procured services	–12.9	–13.8
Staff costs	–17.7	–16.1
Allowances on rent receivables	–2.3	–2.4
Depreciation and amortisation expenses	–2.5	–2.0
Other	–0.8	–0.6
Net rental and lease income	116.5	109.7
Net operating income margin (in %)	75.9	75.0
Non-recurring project costs – rental and lease	0.7	0.7
Depreciation	2.5	2.0
Adjusted net rental and lease income	119.7	112.4
Adjusted net operating income margin (in %)	78.0	76.8

In the reporting period, the LEG Group increased its net rental and lease income by EUR 6.8 million compared to the same period of the previous year. Main drivers of this development were the EUR 0.9 million lower maintenance for externally procured services and the EUR 7.2 million rise in net cold rents. In-place rent per square metre on a like-for-like basis rose by 2.8% in the reporting period. This was countered by the increase in staff costs by EUR 1.6 million, which was mainly due to an increase in the number of hired workers and to tariff increase.

Due to disproportionate development of net rental and lease income compared with the development of in-place rent the NOI margin increased from 75.0% to 75.9% in the reporting period.

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

T34

Depreciation expense of leases

€ million	01.01.– 31.03.2020	01.01.– 31.03.2019
Right of use buildings	0.0	0.0
Right of use technical equipment and machinery	1.2	0.9
Right of use operating and office equipment	0.5	0.5
Depreciation expense of leases	1.7	1.4

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

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

T35

Net income from the disposal of investment properties

€ million	01.01.– 31.03.2020	01.01.– 31.03.2019
Income from the disposal of investment	10.5	17.5
Carrying amount of the disposal of investment properties	-10.6	-17.5
Costs of sales of investment properties	-0.2	-0.3
Net income from the disposal of investment properties	-0.3	-0.3

Administrative and other expenses

T36

Administrative and other expenses

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Other operating expenses	-3.1	-2.6
Staff costs	-5.6	-5.6
Purchased services	-0.5	-0.3
Depreciation and amortisation	-1.1	-1.0
Administrative and other expenses	-10.3	-9.5
Depreciation and amortisation	1.1	1.0
Non-recurring project costs and extraordinary and prior-period expenses	0.8	0.8
Adjusted administrative and other expenses	-8.4	-7.7

The increase in other operating expenses is mainly attributable to increased costs for advice and insurance. The adjusted administrative expenses therefore increased in the first three months compared to the same period in the previous year.

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

T37

Depreciation expense of leases

€ million	01.01.– 31.03.2020	01.01.– 31.03.2019
Right of use buildings	0.5	0.5
Right of use operating and office equipment	0.1	0.1
Right of use software	0.1	0.0
Depreciation expense of leases	0.7	0.6

Interest income

Interest income is composed as follows:

T38

Interest income

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Other interest income	0.0	0.0
Interest income	0.0	0.0

T39

Interest expenses

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Interest expenses from real estate financing	-16.4	-16.8
Interest expense from loan amortisation	-3.3	-5.6
Prepayment penalty	-0.1	0.0
Interest expense from interest derivatives for real estate financing	-2.1	-1.9
Interest expense from change in pension provisions	-0.3	-0.6
Interest expense from interest on other assets and liabilities	-	-0.2
Interest expenses from lease financing	-0.5	-0.6
Other interest expenses	0.1	0.1
Interest expenses	-22.6	-25.6

Interest expense from loan amortisation decreased by EUR 2.3 million year on year to EUR 3.3 million. The main driver for the decrease are the refinancings carried out in the financial year 2019 and the early conversion of the convertible bond in the financial year 2019.

The conclusion of a derivative in the financial year 2019 results in an increase of interest expenses from interest derivatives by EUR 0.2 million in the reporting period.

Income taxes

T40

Income tax expenses

€ million	01.01.– 31.03.2020	01.01.– 31.03.2019
Current tax expenses	-1.1	-3.3
Deferred tax expenses	-17.9	-15.2
Income tax expenses	-19.0	-18.5

An effective Group tax rate of 21.7% was assumed in the reporting period in accordance with Group tax planning (previous year: 22.9%).

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.

Earnings per share according to IAS 33

T41

Earnings per share (basic)

	01.01. – 31.03.2020	01.01. – 31.03.2019
Net profit or loss attributable to shareholders in € million	65.7	-58.2
Average numbers of shares outstanding	69,009,836	63,188,185
Earnings per share (basic) in €	0.95	-0.92

T42

Earnings per share (diluted)

	01.01. – 31.03.2020	01.01. – 31.03.2019
Net profit or loss attributable to shareholders in € million	65.7	-58.2
Convertible bond coupon after taxes	0.7	1.0
Measurement of derivatives after taxes	0.3	116.0
Amortisation of the convertible bond after taxes	-0.2	2.0
Net profit or loss for the period for diluted earnings per share	66.5	60.8
Average weighted number of shares outstanding	69,009,836	63,188,185
Number of potentially new shares in the event of exercise of conversion rights	3,411,377	9,022,414
Number of shares for diluted earnings per share	72,421,213	72,210,599
Intermedia result	0.92	0.84
Diluted earnings per share in €	0.92	-0.92

As at 31 March 2020, LEG Immo had potential ordinary shares from convertible bonds, which authorise the bearer to convert it into up to 3.4 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 as at 31 March 2019.

The diluted earnings per share are therefore equal to basic earnings per share as at 31 March 2019.

8. Notes on Group segment reporting

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

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

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 2019 Annual Report](#).

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

T43

Calculation of FFO I, FFO II and AFFO

€ million	01.01. – 31.03.2020	01.01. – 31.03.2019
Net cold rent	153.5	146.3
Profit from operating expenses	-0.8	-1.7
Maintenance for externally procured services	-12.9	-13.8
Staff costs	-17.7	-16.1
Allowances on rent receivables	-2.3	-2.4
Other	-0.8	-0.6
Non-recurring project costs (rental and lease)	0.7	0.7
Current net rental and lease income	119.7	112.4
Current net income from other services	2.4	2.0
Staff costs	-5.6	-5.6
Non-staff operating costs	-3.6	-2.9
Non-recurring project costs (admin.)	0.8	0.8
Extraordinary and prior-period expenses	0.0	0.0
Current administrative expenses	-8.4	-7.7
Other income and expenses	0.0	0.1
Adjusted EBITDA	113.7	106.8
Cash interest expenses and income	-19.0	-19.2
Cash income taxes from rental and lease	-0.8	-2.0
FFO I (before adjustment of non-controlling interests)	93.9	85.6
Adjustment of non-controlling interests	0.1	-0.7
FFO I (after adjustment of non-controlling interests)	94.0	84.9
Weighted average number of shares outstanding	69,009,836	63,188,185
FFO I per share	1.36	1.34
Net income from the disposal of investment properties	-0.2	-0.4
Cash income taxes from disposal of investment properties	-0.3	-1.3
FFO II (incl. disposal of investment properties)	93.5	83.2
Capex	-54.7	-29.9
Capex-adjusted FFO I (AFFO)	39.3	55.0

Net asset value (NAV)

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

The LEG Group reports a basic EPRA NAV of EUR 7,410.2 million as at 31 March 2020. The effects of the possible conversion of the convertible bond are shown by the additional calculation of diluted EPRA NAV. After further adjustment for goodwill effects, the adjusted diluted EPRA NAV amounts to EUR 7,352.9 million at the reporting date.

T44

EPRA NAV

	31.03.2020			31.12.2019		
	undiluted	Effect of exercise of convertibles and options	diluted	undiluted	Effect of exercise of convertibles and options	diluted
€ million						
Equity attributable to shareholders of the parent company	5,986.0	–	5,986.0	5,909.9	–	5,909.9
Non-controlling interests	24.1	–	24.1	24.0	–	24.0
Equity	6,010.1	–	6,010.1	5,933.9	–	5,933.9
Effect of exercise of options, convertibles and other equity interests	–	26.1	26.1	–	26.1	26.1
NAV	5,986.0	26.1	6,012.1	5,909.9	26.1	5,936.0
Fair value measurement of derivative financial instruments	87.2	–	87.2	84.0	–	84.0
Deferred taxes on WFA loans and derivatives	4.8	–	4.8	6.2	–	6.2
Deferred taxes on investment property	1,388.0	–	1,388.0	1,386.0	–	1,386.0
Goodwill resulting from deferred taxes on EPRA adjustments	–55.8	–	–55.8	–55.8	–	–55.8
EPRA NAV	7,410.2	26.1	7,436.3	7,330.3	26.1	7,356.4
Number of shares	69,009,836	0	69,009,836	69,009,836	0	69,009,836
EPRA NAV per share (€)	107.38	–	107.76	106.22	–	106.60
Goodwill resulting from synergies	83.4	–	83.4	83.4	–	83.4
Adjusted EPRA NAV (w/o effects from goodwill)	7,326.8	26.1	7,352.9	7,246.9	26.1	7,273.0
Number of shares	69,009,836	0	69,009,836	69,009,836	0	69,009,836
Adjusted EPRA NAV per share (€)	106.17	–	106.55	105.01	–	105.39

Loan-to-value ratio (LTV)

Net debt at the end of the reporting period increased slightly compared with 31 December 2019, due to payments for investments, leading to a slightly increased loan-to-value ratio (LTV) of 38.0 % at the interim reporting date (31 December 2019: 37,7 %).

T45

LTV

€ million	31.03.2020	31.12.2019
Financing liabilities	5,004.7	5,053.9
Deferred purchase price liabilities	29.9	31.8
Less cash and cash equivalents	300.1	451.2
Net financing liabilities	4,674.7	4,570.9
Investment properties	12,269.0	12,031.1
Assets held for sale	15.9	25.2
Prepayments for investment properties	13.0	53.5
Real estate assets	12,297.9	12,109.8
Loan-to-value ratio (LTV) in %	38.0	37.7

9. Financial instruments

The table below shows the financial assets and liabilities broken down by measurement category and class. Receivables and liabilities from finance leases and derivatives used as hedging instruments are included even though they are not assigned to an IFRS 9 measurement category. With respect to reconciliation, non-financial assets and non-financing liabilities are also included although they are not covered by IFRS 7.

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

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

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

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

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

T46

Classes of financial instruments for financial assets and liabilities 2020

€ million	Carrying amounts as per statement of financial positions 31.03.2020	Measurement (IFRS 9)		Measurement (IAS 16)	Fair value 31.03.2020
		Amortised cost	Fair value through profit or loss		
Assets					
Other financial assets 13.2					
Hedge accounting derivatives	–				–
AC	1.2	1.2			1.2
FVtPL	12.0		12.0		12.0
Receivables and other assets 80.3					
AC	68.5	68.5			68.5
Other non-financial assets	11.8				11.8
Cash and cash equivalents 300.1					
AC	300.1	300.1			300.1
Total	393.6	369.8	12.0		393.6
Of which IFRS 9 measurement categories					
AC	369.8	369.8			369.8
FVtPL	12.0		12.0		12.0

AC = Amortized Cost

FVtPL = Fair Value through profit and loss

FLAC = Financial Liabilities at Amortized Cost

HFT = Held for Trading

€ million	Carrying amounts as per statement of financial positions 31.03.2020	Measurement (IFRS 9)		Measurement (IAS 16)	Fair value 31.03.2020
		Amortised cost	Fair value through profit or loss		
Liabilities					
Financial liabilities – 5,004.7					
FLAC	– 4,925.1	– 4,925.1			– 5,026.2
Liabilities from lease financing	– 79.6			– 79.6	
Other liabilities – 407.2					
FLAC	– 128.2	– 128.2			– 128.2
Derivatives HFT	– 60.6		– 60.6		– 60.6
Hedge accounting derivatives	– 41.8				– 41.8
Other non-financial liabilities	– 176.6				– 176.6
Total	– 5,411.9	– 5,053.3	– 60.6	– 79.6	– 5,433.4
Of which IFRS 9 measurement categories					
FLAC	– 5,053.3	– 5,053.3			– 5,154.4
Derivatives HFT	– 60.6		– 60.6		– 60.6

T47

Classes of financial instruments for financial assets and liabilities 2019

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

AC = Amortized Cost

FVtPL = Fair Value through profit and loss

FLAC = Financial Liabilities at Amortized Cost

HFT = Held for Trading

€ million	Carrying amounts as per statement of financial positions 31.12.2019	Measurement (IFRS 9)		Measurement (IAS 16)	Fair value 31.12.2019
		Amortised cost	Fair value through profit or loss		
Liabilities					
Financial liabilities					
	– 5,054.0				– 5,306.8
FLAC	– 4,973.4	– 4,973.4			– 5,306.8
Liabilities from lease financing	– 80.6			– 80.6	
Other liabilities					
	– 392.0				– 392.0
FLAC	– 126.8	– 169.8			– 126.8
Derivatives HFT	– 60.3		– 60.3		– 60.3
Hedge accounting derivatives	– 39.0				– 39.0
Other non-financial liabilities	– 165.9				– 165.9
Total					
	– 5,446.0	– 5,143.2	– 60.3	– 80.6	– 5,698.8
Of which IFRS 9 measurement categories					
FLAC	– 5,100.2	– 5,143.2			– 5,433.6
Derivatives HFT	– 60.3		– 60.3		– 60.3

As at 31 March 2020, the fair value of the very small equity investments was EUR 12.0 million, unchanged to the valuation as at 31 December 2019.

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

10. Related-party disclosures

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

11. Other

There were no changes with regard to contingent liabilities in comparison to 31 December 2019.

12. The Management Board and the Supervisory Board

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

Effective 1 July 2020, Susanne Schröter-Crossan will be CFO of LEG Immo. Since September 2019, Lars von Lackum, CEO of LEG Immo, has also managed the Finance division on a provisional basis.

13. Supplementary Report

The acquisition of a property portfolio of around 1.406 residential and commercial units was notarised on 30 January 2020. The portfolio generates annual net cold rent of around EUR 6.0 million. The average in-place rent is around EUR 5.71 per square metre and the initial vacancy rate is around 4.4%. The transaction was closed on 1 May 2020. The portfolio acquisition does not constitute a business combination as defined by IFRS 3.

Corporate financing was closed in the amount of EUR 250 million in secured and unsecured form.

There were no other significant events after the end of the interim reporting period on 31 March 2020.

Dusseldorf, 11 May 2020

LEG Immobilien AG
The Management Board

Lars von Lackum
(CEO)

Dr Volker Wiegel
(COO)

Responsibility statement

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

Dusseldorf, 11 May 2020

LEG Immobilien AG
The Management Board

Lars von Lackum
(CEO)

Dr Volker Wiegel
(COO)

Financial calendar 2020

LEG Financial Calendar 2020

Release of Quarterly Report Q1 as of 31 March 2020	11 May
Annual General Meeting, Dusseldorf	postponed
Release of Quarterly Report Q2 as of 30 June 2020	7 August
Release of Quarterly Statement Q3 as of 30 September 2020	12 November

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

Contact Details and Imprint

PUBLISHER

LEG Immobilien AG
Hans-Böckler-Straße 38
D- 40476 Dusseldorf
Tel. +49 (0) 2 11 45 68-0
info@leg-wohnen.de
www.leg.ag

CONTACT DETAILS

Investor Relations
Frank Kopfinger /Karin Widenmann
Tel. +49 (0) 2 11 45 68-400
ir@leg.ag

CONCEPT, EDITING DESIGN

HGB Hamburger Geschäftsberichte GmbH & Co. KG, Hamburg

The quarterly report as of 31 March 2020
is also available in German.

In case of doubt, the German version takes precedence.

LEG
gewohnt gut.

LEG Immobilien AG
Hans-Böckler-Straße 38
D-40476 Düsseldorf
Tel. +49 (0) 2 11 45 68-0
info@leg-wohnen.de
www.leg.ag