GROW FOR IT!

GROWTH FOR VALUE

QUARTERLY REPORT AS OF 30.09.2015

LEG gewohnt gut.

KEY FACTS

T1 – Key facts

		Q3 2015	Q3 2014	+/– %/bp	01.01.–30.09.2015	01.01.–30.09.2014	+/– %/bp
RESULTS OF OPERATIONS							
Rental income	€ million	**110.5**	97.6	13.2	**325.3**	286.6	13.5
Net rental and lease income	€ million	**83.3**	73.6	13.2	**242.4**	213.1	13.7
EBITDA	€ million	**71.8**	63.0	14.0	**217.1**	188.8	15.0
EBITDA adjusted	€ million	**78.0**	66.3	17.6	**225.4**	195.5	15.3
EBT	€ million	**–4.6**	17.5	–	**–9.8**	94.7	–
Net profit or loss for the period	€ million	**–11.6**	13.3	–	**–21.9**	68.2	–
FFO I	€ million	**57.1**	42.4	34.7	**158.5**	124.0	27.8
FFO I per share	€	**0.98**	0.80	22.5	**2.76**	2.34	17.9
FFO II	€ million	**56.6**	42.4	33.5	**159.2**	123.7	28.7
FFO II per share	€	**0.97**	0.80	21.3	**2.77**	2.30	20.4
AFFO	€ million	**39.6**	31.9	24.1	**125.0**	97.3	28.5
AFFO per share	€	**0.68**	0.60	13.3	**2.17**	1.84	17.9

		30.09.2015	30.09.2014	+/– %/bp
PORTFOLIO				
Number residential units		**109,602**	97,487	12.4
In-place rent	€/sqm	**5.19**	5.10	1.8
In-place rent (l-f-l)	€/sqm	**5.22**	5.09	2.5
EPRA vacancy rate	%	**3.2**	3.2	–2 bp
EPRA vacancy rate (l-f-l)	%	**3.2**	3.1	2 bp

		30.09.2015	31.12.2014	+/– %/bp
STATEMENT OF FINANCIAL POSITION				
Investment property	€ million	**6,093.5**	5,914.3	3.0
Cash and cash equivalents	€ million	**378.2**	129.9	191.1
Equity	€ million	**2,426.8**	2,490.4[1]	–2.6
Total financing liabilities	€ million	**3,344.3**	2,960.3	13.0
Current financing liabilities	€ million	**492.9**	413.8	19.1
LTV	%	**48.3**	47.3	100 bp
Equity ratio	%	**36.1**	39.5	–340 bp
EPRA NAV, diluted	€ million	**3,378.2**	3,294.7	2.5
EPRA NAV per share, diluted	€	**53.29**	53.10	0.4

bp = basis points
[1] Adjustment arising from final purchase price allocation of Vitus transaction

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LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,
dear Ladies and Gentlemen,

LEG can again point to gratifying business performance in the third quarter of 2015. But surely the most notable event for a certain time was the announcement of a takeover bid. However, the agreement in principle on a planned business combination with Deutsche Wohnen AG was mutually terminated on 21 October 2015. LEG will continue its successful growth strategy on an independent basis. Above all, this includes the continuous expansion of our regionally focused portfolio. In recent weeks, we have received much positive feedback from our investors regarding our strategy and our business performance. This is proof that we are on the right track. We count on the excellent performance of our management platform in an attractive market, a leading operating profitability, high capital discipline and value-enhancing acquisitions with high synergy potential. We will abide by this successful model and continue resolutely implementing our growth strategy. The latest agreement to acquire around 13,800 residential units is evidence of the strength of our growth strategy.

The effectiveness of our strategy is also demonstrated by the positive development of our current key figures: Net cold rent has increased by 13.5% to EUR 325.3 million year-on-year in the first nine months. Organic rental growth on a like-for-like basis was 2.5%. Growth as high as 3.5% was achieved in the free-financed segment, which constitutes approximately two thirds of the portfolio, underscoring LEG's outstanding management expertise once again. For the portfolio as a whole, we are targeting like-for-like rental growth of 2.4% – 2.6% at the end of the 2015 financial year. The EPRA vacancy rate, which remained stable at 3.2% (like-for-like) compared to the previous year, is expected to fall to 2.8% by the end of December 2015.

In order to maintain and increase the quality of our portfolio, EUR 70.0 million or EUR 9.9 per square metre was invested in the property portfolio in the first nine months. Value-adding modernisation accounted for 48% of this figure. A more than proportionate rise in investments can be expected in the fourth quarter, so we continue to expect investments of EUR 15 per square metre for the 2015 financial year. The capex capitalisation rate is expected to reach approximately 50%.

Organic growth, the effects of acquisitions, falling interest expenses and LEG's sustainable cost discipline have resulted in a considerable increase in profit. FFO I, as a major financial key indicator, climbed by 27.8% to EUR 158.5 million. LEG's high operating profitability is also reflected in the adjusted EBITDA margin of 69.3%.

EPRA NAV (adjusted for goodwill) rose to EUR 52.87 per share as of 30 September 2015. Including the dividend distribution of EUR 1.96 per share, this equates to an increase of 4.1% compared with the end of the year. The revaluation of the portfolio, which is the main driver for NAV growth, will regularly take place at the end of the financial year.

With a low loan-to-value (LTV) ratio of 48.3%, LEG underlines its unchanged commitment to a strong balance sheet. LEG is counting on an accelerated continuation of its focused growth strategy. Over the course of the year, we have so far agreed the acquisition of around 20,000 residential units. Our efficiency programme exceeded the initial targets, and the annual savings volume from 2017 is now approximately EUR 10 million. In connection with scale effects resulting from the acquisitions, the target for the EBITDA margin can be raised from 71% to 72% and we can continue to extent our leading profitability.

Current business performance shows that LEG is well positioned to achieve its targets for the current year and 2016. We therefore confirm our forecast of achieving FFO I of between EUR 200 million and EUR 204 million in the 2015 financial year. For 2016, we now anticipate an increase in FFO I to the range of EUR 254 million to EUR 259 million (previously EUR 233 million to EUR 238 million). LEG also expects the dynamic growth to continue in 2017 with an increase to the range of EUR 279 million to EUR 284 million. This forecast does not yet include the additional effects from planned future acquisitions.

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

Dusseldorf, November 2015

Thomas Hegel Eckhard Schultz Holger Hentschel

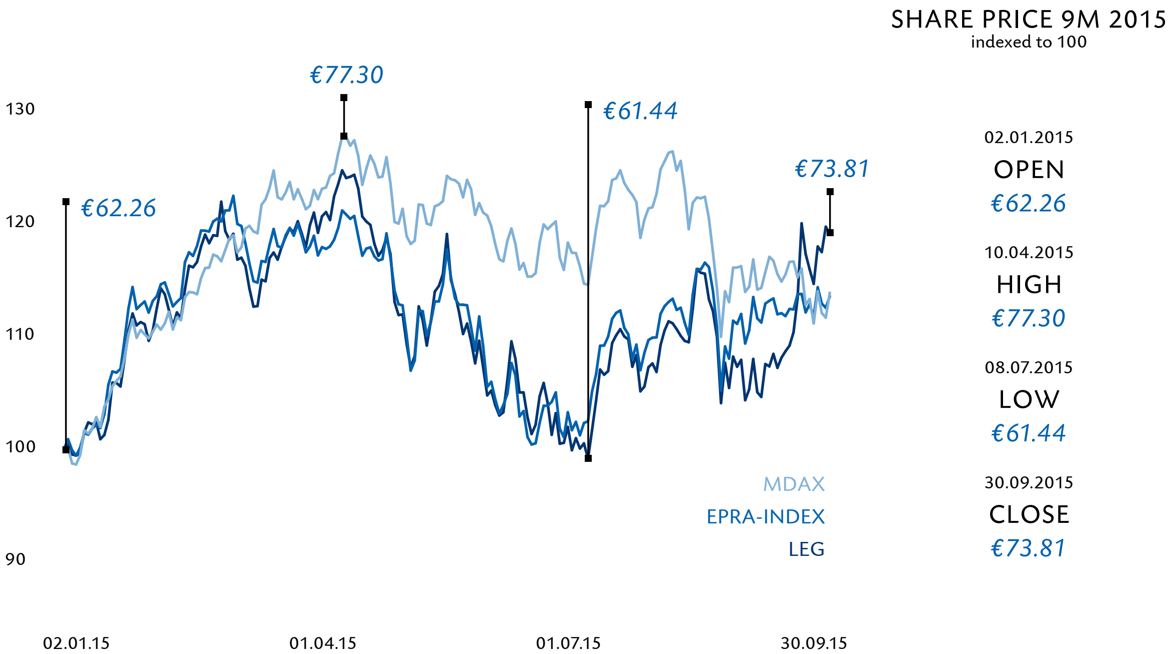
THOMAS HEGEL
Chief Executive Officer

ECKHARD SCHULTZ
Chief Financial Officer

HOLGER HENTSCHEL
Chief Operating Officer

THE SHARE

F1 – Share price development



The German stock market was hit hard by the economic weakness in China and the negative performance of some DAX stocks in the third quarter of 2015. Accordingly, the leading index fell by 11.7% in the three-month period. Property stocks, in contrast, boasted significantly positive development. LEG's shares posted a price gain of 18.4%.

A significant trigger for the downward movement in the stock markets in summer 2015 was the concern over the persistent downturn of the economy in China and its negative consequences for the world's economy. The DAX was also negatively affected by the company- and sector-specific price slumps for Volkswagen and energy suppliers. In total, the German leading index had to cope with a decline of 11.7% over the quarter to 9,660 points as of the end of the quarter, dipping below the 9,500 mark for a time.

Property stocks performed considerably better than the market as a whole. They continued to benefit from the persistently low interest rates. The yields for 10-year German government bonds declined from 0.76% to 0.59%. LEG's shares posted growth of 18.4% and thus exceeded the benchmark index FTSE EPRA/NAREIT Germany, which climbed by 12.5%. A major factor influencing the price of LEG's shares was also the announcement of a takeover bid on 20 September 2015.

Continuation of the independent growth strategy

LEG is continuing its successful growth strategy on an independent basis. The agreement in principle regarding a merger that LEG Immobilien AG and Deutsche Wohnen AG made on 20 September 2015 was mutually terminated on 21 October 2015. LEG will continue to pursue its proven strategy independently on the basis of its strong financial foundation and will in particular keep pushing forward with the continuous expansion of its regionally focused portfolio.

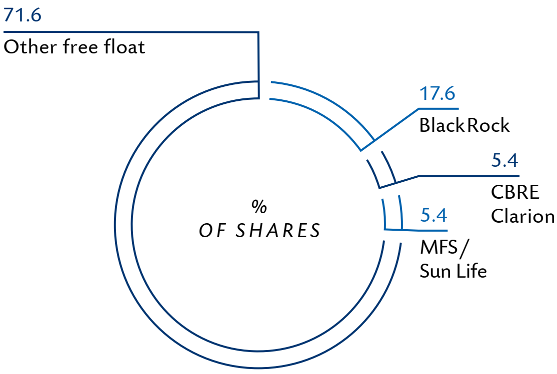
Analyst coverage

LEG's shares are currently being actively observed by analysts from 20 international investment firms. The coverage has thus increased further and also reflects the high level of interest among investors. The analysts' opinions on the future performance of LEG shares are mostly positive. The average figure for price targets as at 30 September 2015 was EUR 76. A current overview of analysts' recommendations and price targets can be found on LEG's website at http://www.leg-wohnen.de/en/corporation/investor-relations/share/analysts-recommendation/.

T2 – Share performance indicators

Ticker symbol	**LEG**
German Securities Code Number (WKN)	**LEG111**
ISIN	**DE000LEG1110**
Number of shares	**58,259,788**
Initial listing	**1 February 2013**
Market segment	**Prime Standard**
Indices	**MDAX, FTSE EPRA/NAREIT, GPR Indizes, Stoxx Europe 600**
Closing price (30 September 2015)	**€73.81**
Market capitalisation (30 September 2015)	**€4,300.15 million**
Free float (30 September 2015)	**100 %**
Weighting in the MDAX (30 September 2015)	**2.95 %**
Weighting in the EPRA Europe (30 September 2015)	**2.18 %**
Average single-day trading volume (9M 2015)	**194,117 shares**
Highest price (9M 2015)	**€77.30**
Lowest price (9M 2015)	**€61.44**

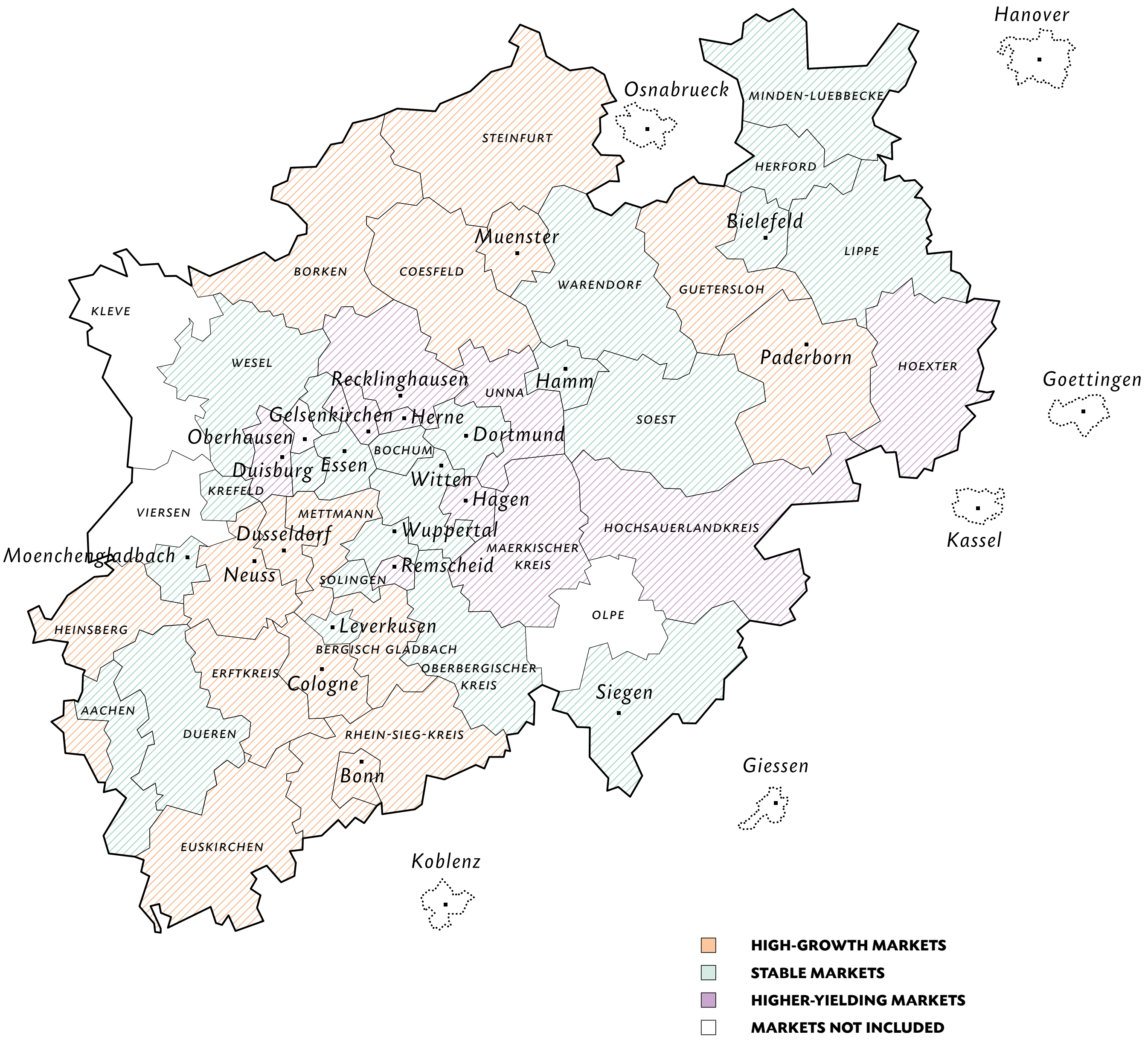
F2 – Shareholder structure



PORTFOLIO

As at 30 September 2015, LEG Immobilien AG's portfolio comprised 109,602 residential units, 1,055 commercial units and 27,057 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 developed by CBRE: growth markets, stable markets and higher-yielding markets. All 54 municipalities and districts of North Rhine-Westphalia were analysed. The portfolio is spread across the entire state with the exception of the Olpe, Kleve and Viersen districts.

Growth markets are characterised by a positive population trend, favourable forecasts for household numbers and sustained high demand for housing. Stable markets are more heterogeneous than growth markets in terms of their demographic and socioeconomic development; their housing industry appeal is on average solid to high. Higher-yielding markets are subject to a considerable risk of population decline. However, a strong local presence, attractive micro-locations and good market access mean there are still opportunities for attractive returns in these sub-markets.

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

- Population trend 2000 to 2010
- Forecast for household numbers from 2010 to 2020
- Purchasing power index
- Number of people in employment and paying social security contributions 2000 to 2010
- Rent level in EUR per sqm
- Rent multiples for apartment buildings

The scoring model is updated on a three-yearly basis and was unchanged compared to the previous year.

Performance of the LEG portfolio

Operating performance (rents, vacancy rate)

In the third quarter of 2015, LEG's portfolio was expanded by a total of 2,374 residential units as a result of acquisitions. The focus was on the segment of stable markets. This was offset by the sale of 473 residential units at individual locations in line with the portfolio strategy. Other changes resulted in a total portfolio of 109,602 residential units, 1,055 commercial units and 27,057 garages and parking spaces in the third quarter of 2015.

Organic rental growth continued to show a pleasant development. In-place rent per square metre on a like-for-like basis (excluding new lettings) increased by 2.5% year-on-year to EUR 5.22. Monthly in-place rent for the entire portfolio amounted to EUR 5.19 per square metre.

In the free-financed segment, rents increased by 3.5% to EUR 5.55 per square metre (on a like-for-like basis) after the first nine months. Rent in the high-growth markets rose by 3.9% compared with 30 September 2014 to EUR 6.34 per square metre (on a like-for-like basis). Rental growth of 3.0% to EUR 5.19 per square metre (on a like-for-like basis) was realised in the stable markets. In the higher-yielding markets, there was also a significant increase of 3.3% to EUR 5.04 per square metre (on a like-for-like basis).

In the rent-restricted portfolio, the average rent generated rose by 0.6% to EUR 4.66 per square metre (on a like-for-like basis).

The occupancy rate remained stable as against the previous year at 96.8% (on a like-for-like basis). In total, the number of vacant apartments as of 30 September 2015 amounted to 3,089 units (on a like-for-like basis), or 3,529 units (in absolute terms) taking acquisitions into account.

The sustained level of demand in the high-growth markets was reflected in a high occupancy rate of 98.7% (on a like-for-like basis). In the stable markets, the EPRA vacancy rate was 3.7% (on a like-for-like basis), while it was still 5.3% (on a like-for-like basis) in the higher-yielding markets. All in all, 2015 is still expected to see an extremely low EPRA vacancy rate that is stable compared with the previous year (2014: 2.8%).

T3 – Portfolio segments – Top 3 locations

	30.09.2015				
	Number of LEG apartments	*Share of LEG portfolio %*	*Living space sqm*	*In-place rent €/sqm*	*Vacancy rate %*
HIGH-GROWTH MARKETS	**33,561**	**30.6**	**2,223,385**	**5.83**	**1.4**
District of Mettmann	8,238	7.5	570,710	5.82	1.6
Muenster	6,078	5.5	403,626	6.18	0.3
Dusseldorf	3,509	3.2	227,482	6.28	1.0
Other locations	15,736	14.4	1,021,567	5.58	2.0
STABLE MARKETS	**44,148**	**40.3**	**2,827,182**	**4.91**	**3.5**
Dortmund	12,543	11.4	820,529	4.79	2.4
Moenchengladbach	6,049	5.5	383,259	4.92	2.3
Hamm	3,974	3.6	239,782	4.75	1.7
Other locations	21,582	19.7	1,383,612	5.02	4.8
HIGHER-YIELDING MARKETS	**30,436**	**27.8**	**1,879,762**	**4.80**	**5.3**
District of Recklinghausen	6,554	6.0	408,611	4.83	7.4
Duisburg	6,656	6.1	412,439	5.00	4.8
Maerkisch District	4,679	4.3	287,067	4.61	2.9
Other locations	12,547	11.4	771,645	4.74	5.4
OUTSIDE NRW	**1,457**	**1.3**	**96,230**	**5.46**	**1.3**
TOTAL	**109,602**	**100.0**	**7,026,559**	**5.19**	**3.2**

T4 – Performance LEG portfolio

		High-growth markets			*Stable markets*		
		30.09.2015	*30.06.2015*	*30.09.2014*	**30.09.2015**	*30.06.2015*	*30.09.2014*
Subsidised residential units							
Units		11,574	11,574	11,210	14,988	15,273	14,566
Area	sqm	806,186	806,186	777,405	1,026,247	1,044,455	995,582
In-place rent	€/sqm	5.03	5.03	5.01	4.54	4.53	4.49
Vacancy rate	%	0.8	1.1	1.1	3.1	3.3	3.8
Free-financed residential units							
Units		21,987	22,000	20,492	29,160	27,365	21,462
Area	sqm	1,417,198	1,418,086	1,313,420	1,800,935	1,685,952	1,310,388
In-place rent	€/sqm	6.28	6.22	6.12	5.13	5.10	5.06
Vacancy rate	%	1.8	1.7	1.4	3.7	4.0	4.1
Total residential units							
Units		33,561	33,574	31,702	44,148	42,638	36,028
Area	sqm	2,223,385	2,224,272	2,090,825	2,827,182	2,730,407	2,305,969
In-place rent	€/sqm	5.83	5.79	5.71	4.91	4.89	4.81
Vacancy rate	%	1.5	1.5	1.3	3.5	3.7	4.0
Total commercial							
Units							
Area	sqm						
Total parking							
Units							
Total other							
Units							

	30.09.2014						*Change (basis points) vacancy rate like-for-like (30.09.2015)*
	Number of LEG apartments	*Share of LEG portfolio %*	*Living space sqm*	*In-place rent €/sqm*	*Vacancy rate %*	*Change in-place rent % like-for-like*	
	31,702	**32.5**	**2,090,825**	**5.71**	**1.3**	**2.8**	**0**
	8,088	8.3	560,681	5.70	1.5	2.7	10
	6,100	6.3	404,755	6.04	0.5	2.5	–20
	3,286	3.4	213,008	6.07	1.0	4.5	10
	14,228	14.6	912,381	5.48	1.7	2.4	0
	36,028	**37.0**	**2,305,969**	**4.81**	**4.0**	**2.0**	**–10**
	12,559	12.9	821,095	4.71	3.2	1.5	–80
	310	0.3	21,408	5.33	1.7	2.2	220
	3,975	4.1	239,894	4.59	1.7	3.4	0
	19,184	19.7	1,223,572	4.92	4.9	2.2	20
	28,288	**29.0**	**1,745,547**	**4.71**	**5.0**	**2.4**	**30**
	6,567	6.7	410,197	4.73	7.5	2.0	0
	5,676	5.8	351,792	4.91	3.5	2.9	130
	4,412	4.5	269,730	4.55	2.6	2.5	0
	11,633	11.9	713,828	4.66	5.3	2.4	0
	1,469	**1.5**	**96,989**	**5.29**	**2.2**	**2.9**	**–90**
	97,487	**100.0**	**6,239,331**	**5.10**	**3.2**	**2.5**	**2**

		Higher-yielding markets			*Outside NRW*			*Total*		
		30.09.2015	*30.06.2015*	*30.09.2014*	**30.09.2015**	*30.06.2015*	*30.09.2014*	**30.09.2015**	*30.06.2015*	*30.09.2014*
		8,037	8,065	8,621	108	108	120	34,707	35,020	34,517
	sqm	534,310	536,442	573,446	8,824	8,824	9,809	2,375,568	2,395,908	2,356,241
	€/sqm	4.33	4.33	4.29	4.37	4.37	4.33	4.67	4.66	4.62
	%	5.8	5.4	5.2	0.7	0.8	0.9	2.8	2.9	3.1
		22,399	21,613	19,667	1,349	1,349	1,349	74,895	72,327	62,970
	sqm	1,345,452	1,296,999	1,172,101	87,405	87,405	87,181	4,650,991	4,488,442	3,883,090
	€/sqm	4.98	4.96	4.91	5.57	5.54	5.40	5.45	5.43	5.39
	%	5.2	5.3	5.0	1.3	1.6	2.3	3.4	3.4	3.3
		30,436	29,678	28,288	1,457	1,457	1,469	109,602	107,347	97,487
	sqm	1,879,762	1,833,441	1,745,547	96,230	96,230	96,989	7,026,559	6,884,350	6,239,331
	€/sqm	4.80	4.78	4.71	5.46	5.43	5.29	5.19	5.16	5.10
	%	5.3	5.3	5.0	1.3	1.5	2.2	3.2	3.3	3.2
								1,055	1,059	**1,018**
	sqm							**183,782**	185,248	**191,429**
								27,057	26,648	**23,746**
								1,514	1,307	**913**

Value development

Table T5 shows the distribution of assets by market segment. The rental yield on the portfolio based on in-place rents is 7.3% (rent multiplier: 13.7x).

Investment activity

In the first nine months, LEG spent a total of EUR 70.0 million (previous year: EUR 55.0 million) on maintenance and value-adding investments eligible for capitalisation. This corresponds to an average investment volume of around EUR 9.9 per square metre (previous year: EUR 8.7 per square metre). EUR 33.5 million (previous year: EUR 26.7 million) of total investment in the first nine months are related to capital expenditure, while maintenance recognised as an expense amounted to EUR 36.5 million (previous year: EUR 28.3 million).

The capitalisation rate is 47.9%. Investment totalling around EUR 15 per square metre is planned for the 2015 financial year. The capitalisation rate is expected to reach approximately 50%.

T5 – Market segments

	Residential units	Residential assets € million[1]	Share residential assets/%	Value €/sqm	In-place rent multiplier	Commercial/other assets € million[2]	Total assets € million
HIGH GROWTH MARKETS	**33,561**	**2,372**	**41%**	**1,113**	**16.0x**	**158**	**2,530**
District of Mettmann	8,238	576	10%	1,011	14.7x	66	643
Muenster	6,078	534	9%	1,323	17.9x	35	569
Dusseldorf	3,509	277	5%	1,241	16.5x	19	296
Other locations	15,736	985	17%	1,053	15.9x	37	1,022
STABLE MARKETS	**44,148**	**2,141**	**37%**	**732**	**12.8x**	**113**	**2,254**
Dortmund	12,543	619	11%	751	13.4x	35	654
Moenchengladbach	6,049	270	5%	703	12.1x	22	292
Hamm	3,974	147	3%	612	10.8x	3	150
Other locations	21,582	1,105	19%	749	13.0x	53	1,158
HIGHER-YIELDING MARKETS	**30,436**	**1,206**	**21%**	**641**	**11.8x**	**47**	**1,252**
District of Recklinghausen	6,554	278	5%	647	12.2x	14	292
Duisburg	6,656	287	5%	691	12.1x	11	298
Maerkisch District	4,679	166	3%	579	10.8x	2	169
Other locations	12,547	474	8%	634	11.7x	19	493
SUBTOTAL NRW	**108,145**	**5,718**	**98%**	**825**	**13.7x**	**318**	**6,036**
Portfolio outside NRW	1,457	90	2%	930	14.3x	1	91
TOTAL PORTFOLIO[3]	**109,602**	**5,808**	**100%**	**826**	**13.7x**	**319**	**6,127**
Prepayments for property held as an investment property							1
Leasehold + land values							27
Inventories (IAS 2)							4
Finance lease (outside property valuation)							3
TOTAL BALANCE SHEET[4]							**6,161**

[1] Excluding 321 residential units in commercial buildings; including 268 commercial and other units in mixed residential assets.
[2] Excluding 268 commercial units in mixed residential assets; including 321 residential units in commercial buildings, commercial, parking, other assets as well as IAS 16 assets.
[3] For 9,574 acquisition residential units information included from the fair value measurement by CBRE as of 30 September 2014
[4] Thereof assets held for sale: EUR 41.2 million.

INTERIM MANAGEMENT REPORT

ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Please see the glossary in the 2014 annual report for a definition of individual ratios and terms.

Results of operations

A condensed form of the income statement for the reporting period (1 January to 30 September 2015) and for the same period of the previous year (1 January to 30 September 2014) is provided below:

T6 – Condensed income statement

€million	**Q3 2015**	*Q3 2014*	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Net rental and lease income	83.3	73.6	242.4	213.1
Net income from the disposal of investment properties	–0.5	–	0.7	–0.3
Net income from the disposal of real estate inventory	–0.5	–1.0	–0.5	–2.6
Net income from other services	–	–0.6	0.1	0.0
Administrative and other expenses	–12.9	–11.6	–32.7	–28.4
Other income	0.2	0.4	0.6	0.6
OPERATING EARNINGS	**69.6**	**60.8**	**210.6**	**182.4**
Interest income	0.1	0.3	0.6	0.8
Interest expenses	–32.7	–32.8	–145.9	–93.8
Net income from investment securities and other equity investments	0.0	0.0	2.7	7.2
Net income from the fair value measurement of derivatives	–41.6	–10.8	–77.9	–1.9
NET FINANCE EARNINGS	**–74.2**	**–43.3**	**–220.5**	**–87.7**
EARNINGS BEFORE INCOME TAXES	**–4.6**	**17.5**	**–9.8**	**94.7**
Income taxes	–7.0	–4.2	–12.1	–26.5
NET PROFIT OR LOSS FOR THE PERIOD	**–11.6**	**13.3**	**–21.9**	**68.2**

Operating earnings amounted to EUR 210.6 million in the reporting period (previous year: EUR 182.4 million). The main reason for the EUR 28.2 million improvement in operating earnings was the increase in net cold rent (up EUR 38.7 million) in net rental and lease income. Disposals of investment properties for the purposes of selective portfolio streamlining contributed to the improvement in operating earnings with a net gain of EUR 0.7 million. Administrative and other expenses increased by EUR 4.3 million year-on-year due to higher project costs.

The EUR 132.8 million deterioration in net finance earnings was primarily attributable to the refinancing (around EUR 50 million) and the change in the fair value of derivatives for the convertible bond (EUR 76.7 million).

The decrease in income taxes reflects in particular the lower level of expenses for deferred taxes (down EUR 8.7 million) and a non-recurring effect of EUR –6.1 million in the previous year.

The non-recurring effects of the refinancing and the change in the fair value of derivatives for the convertible bond resulted in a net loss of EUR –21.9 million for the reporting period (previous year: EUR 68.2 million).

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

T7 – Segment reporting 01.01. – 30.09.2015

€million	*Residential*	*Other*	*Reconciliation*	*Group*
P&L position				
Rental and lease income	480.9	3.1	–1.9	482.1
Costs of sales in connection with rental lease income	–239.4	–1.0	0.7	–239.7
NET RENTAL AND LEASE INCOME	**241.5**	**2.1**	**–1.2**	**242.4**
Net income from the disposal of IAS 40 property	0.9	–0.2	–	0.7
Net income from remeasurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	1.3	–1.8	–	–0.5
Net income from other services	0.3	24.9	–25.1	0.1
Administrative and other expenses	–27.3	–31.7	26.3	–32.7
Other income	0.4	0.2	–	0.6
SEGMENT EARNINGS	**217.1**	**–6.5**	**–**	**210.6**

The Residential segment generated operating segment earnings of EUR 217.1 million in the reporting period. The Other segment recorded operating segment earnings of EUR –6.5 million.

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

T8 – Segment reporting 01.01. – 30.09.2014

€million	*Residential*	*Other*	*Reconciliation*	*Group*
P&L position				
Rental and lease income	425.3	4.3	–1.6	428.0
Costs of sales in connection with rental lease income	–214.6	–1.9	1.6	–214.9
NET RENTAL AND LEASE INCOME	**210.7**	**2.4**	**–**	**213.1**
Net income from the disposal of IAS 40 property	–0.1	–0.2	–	–0.3
Net income from remeasurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	–0.3	–2.3	–	–2.6
Net income from other services	0.3	19.9	–20.2	–
Administrative and other expenses	–23.5	–25.1	20.2	–28.4
Other income	0.4	0.2	–	0.6
SEGMENT EARNINGS	**187.5**	**–5.1**	**–**	**182.4**

The Residential segment generated operating segment earnings of EUR 187.5 million in the comparative prior-year period, while the Other segment recorded operating segment earnings of EUR –5.1 million.

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

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

Net rental and lease income

T9 – Net rental and lease income

€million	**Q3 2015**	*Q3 2014*	**01.01.– 30.09.2015**	*01.01.– 30.09.2014*
Net cold rent	110.5	97.6	325.3	286.6
Profit from operating expenses	1.2	0.7	–0.6	1.0
Maintenance	–13.7	–9.7	–36.5	–28.3
Staff costs	–8.6	–7.7	–27.4	–24.4
Allowances on rent receivables	–1.4	–1.2	–4.7	–3.6
Depreciation and amortisation expenses	–1.1	–1.0	–3.3	–3.1
Other	–3.6	–5.1	–10.4	–15.1
NET RENTAL AND LEASE INCOME	**83.3**	**73.6**	**242.4**	**213.1**
NET OPERATING INCOME – MARGIN (IN %)	**75.4**	**75.4**	**74.5**	**74.4**
Non-recurring project costs – rental and lease	0.6	0.4	1.8	0.9
Depreciation	1.1	1.0	3.3	3.1
ADJUSTED NET RENTAL AND LEASE INCOME	**85.0**	**75.0**	**247.5**	**217.1**
ADJUSTED NET OPERATING INCOME – MARGIN (IN %)	**76.9**	**76.8**	**76.1**	**75.8**

In the reporting period, the LEG Group increased its net rental and lease income by EUR 29.3 million compared with the same period of the previous year. The main driver of this development was the EUR 38.7 million or 13.5% rise in net cold rent. In-place rent per square metre on a like-for-like basis rose by +2.5% as against the previous year. The growing earnings contribution from multimedia business also had a positive impact on earnings. This was partially offset by a EUR 8.2 million increase in maintenance expenses.

Volume-dependent management costs rose as a result of the acquisitions. The rental-related staff costs rose disproportionately to net cold rent by 12.3% to EUR 27.4 million. Adjusted for one-time project costs, the NOI margin was increased year-on-year from 75.8% to 76.1% despite higher maintenance expenses.

The LEG Group makes selective investments in its assets. However, investments as a whole may be subject to significant fluctuations during the course of the year. At EUR 70 million, total investment to date was EUR 15.0 million higher than in the comparative prior-year period due to the portfolio growth. In particular additional turn cost measures led to an increase of average investment per square metre compared with the same period of the previous year. Newly acquired portfolios accounted for EUR 8.6 million of total investment.

T10 – Maintenance and modernisation of investment properties

€million	**Q3 2015**	*Q3 2014*	**01.01.– 30.09.2015**	*01.01.– 30.09.2014*
Maintenance expenses for investment properties	13.7	9.7	36.5	28.3
Capital expenditure	17.5	10.5	33.5	26.7
TOTAL INVESTMENT	**31.2**	**20.2**	**70.0**	**55.0**
Area of investment properties in million sqm	7.21	6.30	7.09	6.30
AVERAGE INVESTMENT PER SQM (€/SQM)	**4.3**	**3.2**	**9.9**	**8.7**

The average total investment and, in particular, the planned modernisation and major maintenance measures increased in the third quarter compared to the first two quarters of the reporting period. This trend will continue in the final quarter, so the planned investment volume for 2015 as a whole will be around EUR 15 per square metre. It can be expected that the capitalisation rate for the 2015 financial year as a whole will be approximately 50% as planned.

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

Net income from the disposal of investment properties

T11 – Net income from the disposal of investment properties

€million	**Q3 2015**	*Q3 2014*	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Income from the disposal of investment properties	8.9	11.3	66.9	31.4
Carrying amount of the disposal of investment properties	–8.3	–11.1	–64.7	–31.0
Costs of sales of investment properties sold	–1.1	–0.2	–1.5	–0.7
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**–0.5**	**0.0**	**0.7**	**–0.3**

In connection with the acquisition of the Vitus Group with effect from 1 November 2014, the exchange of properties at the respective peripheral locations was agreed with the seller, Vonovia SE (formerly: Deutsche Annington). As a result, the LEG Group sold properties with a carrying amount of EUR 24.5 million with effect from 1 January 2015. At the same time, it acquired properties in the amount of EUR 16.1 million at the same date.

Additional investment properties were sold in the reporting period for the purposes of selective portfolio streamlining. Block sales resulted in a book loss of EUR 0.4 million (sales receipts EUR 16.6 million, carrying amount disposals EUR 17.0 million), while individual sales contributed a book gain of EUR 1.0 million (sales receipts EUR 7.8 million, carrying amount disposals EUR 6.8 million) to net income from the disposal of investment properties.

In addition, a commercial property with a carrying amount of EUR 8.0 million was sold in the reporting period. The sale of further commercial properties resulted in a book gain of EUR 1.7 million (sales receipts EUR 10.1 million, carrying amount disposals EUR 8.4 million).

As part of a major portfolio streamlining programme, sale agreements were concluded for properties at a carrying amount of EUR 35.8 million up to 30 September 2015 (recognised in the statement of financial position as assets held for sale). The transactions will be closed in the final quarter of 2015. The sales commissions of approximately EUR 0.7 million have already been incurred with payment of purchase price as of 30 September and made a significant contribution to the increase in the cost of sales compared to the previous year.

Net income from the disposal of real estate inventory

T12 – Net income from the disposal of real estate inventory

€million	**Q3 2015**	*Q3 2014*	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Income from the real estate inventory disposed of	0.5	1.6	0.9	5.5
Carrying amount of the real estate inventory disposed of	–0.4	–1.2	–0.6	–4.9
Cost of sales of the real estate inventory disposed of	–0.6	–1.4	–0.8	–3.2
NET INCOME FROM THE DISPOSAL OF REAL ESTATE INVENTORY	**–0.5**	**–1.0**	**–0.5**	**–2.6**

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 of 30 September 2015 amounted to EUR 3.6 million, of which EUR 2.2 million related to land under development.

As a result of further staff savings, the costs of sales in connection with the disposal of inventory properties was EUR 0.2 million lower than in the same period of the previous year. In addition, the release of a provision for a development project that has now been completed had a positive impact of EUR 1.2 million on the costs of sales.

Net income from other services

T13 – Other services

€million	**Q3 2015**	*Q3 2014*	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Income from other services	2.1	2.0	6.1	6.6
Expenses in connection with other services	–2.1	–2.6	–6.0	–6.6
NET INCOME FROM OTHER SERVICES	**0.0**	**–0.6**	**0.1**	**0.0**

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 reduction in income is due to the temporarily lower level of electricity generation in connection with a maintenance measure.

Administrative and other expenses

T 14 – Administrative and other expenses

€million	**Q3 2015**	*Q3 2014*	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Other operating expenses	–6.9	–5.4	–14.0	–9.8
Staff costs	–5.2	–5.3	–16.4	–16.3
Purchased services	–0.3	–0.3	–0.8	–0.7
Depreciation and amortisation	–0.5	–0.6	–1.5	–1.6
ADMINISTRATIVE AND OTHER EXPENSES	**–12.9**	**–11.6**	**–32.7**	**–28.4**

Administrative and other expenses increased by EUR 4.3 million year-on-year.

Increased project costs (+EUR 4.6 million) led to a higher level of other operating expenses compared with the previous year. Expenses for the long-term incentive programme (LTIP) with the former shareholders were EUR 0.8 million lower in the reporting period.

Due to volume effects resulting from the consolidation of new companies, current administrative expenses temporarily increased as expected to EUR 24.5 million (previous year: EUR 23.9 million).

Net finance earnings

T 15 – Net finance earnings

€million	**Q3 2015**	*Q3 2014*	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Interest income	0.1	0.3	0.6	0.8
Interest expenses	–32.7	–32.8	–145.9	–93.8
NET INTEREST INCOME	**–32.6**	**–32.5**	**–145.3**	**–93.0**
Net income from other financial assets and other investments	– 0.1	–	2.7	7.2
Net income from associates	0.1	–	0.1	–
Net income from the fair value measurement of derivatives	–41.6	–10.8	–77.9	–1.9
NET FINANCE EARNINGS	**–74.2**	**–43.3**	**–220.4**	**–87.7**

The increase in interest expenses from EUR 93.8 million in the previous year to EUR 145.9 million in the reporting period is attributable primarily to the refinancing.

Total refinancing spending amounted to around EUR 51 million in the reporting period, of which EUR 6.1 million related to prepayment penalties for the replacement of the fixed-rate loans. Around EUR 43.7 million was attributable to the release of the interest rate swaps concluded to hedge the variable-interest loans.

Interest expense from loan amortisation rose by EUR 10.5 million year-on-year. This includes the measurement of the convertible bond at amortised cost in the amount of EUR 4.8 million (previous year: EUR 2.9 million). The early repayment of refinanced loans led to additional amortisation costs of EUR 6 million.

After adjustment for prepayment penalties and other non-cash items, cash interest expenses fell to EUR 66.7 million (previous year: EUR 70.4 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 income tax arrears for external tax audits for the years 2005 to 2008 in the amount of EUR 5.7 million in the same period of the previous year. In the reporting period, payments of VAT arrears for external tax audits for the years 2005 to 2007 were reimbursed by the former shareholder in the amount of EUR 1.0 million. 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 76.7 million.

As a result of the refinancing process, the average interest rate for the entire loan portfolio declined to just under 2.3% (previous year: 2.9%) based on an average term of around 11 years.

Income tax expenses

T16 – Income tax expenses

€million	**Q3 2015**	*Q3 2014*	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Current tax expenses	0.0	–0.2	–1.1	–6.8
Deferred tax expenses	–7.0	–4.0	–11.0	–19.7
Income tax expenses	**–7.0**	**–4.2**	**–12.1**	**–26.5**

An effective Group tax rate of 22.7% was assumed in the reporting period in accordance with Group tax planning (previous year: 21.3%).

The refinancing is expected to lead to an increase in tax loss carryforwards. Deferred tax income of EUR 4.2 million was recognised for the change in deferred tax assets on tax loss carry forwards in the reporting period (previous year: deferred tax expense of EUR 1.3 million).

The lower level of earnings before taxes also contributed to the decline in deferred income tax expense by EUR 8.7 million to EUR 11.0 million in the reporting period.

Current income taxes at the interim reporting date included prior-period tax expenses of EUR 1.0 million. In the same period of the previous year, a non-recurring expense of EUR 6.1 million was recognised for payments of income tax arrears from external audits for the years 2005 to 2008.

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 performance indicators 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:

T17 – Calculation of FFO I, FFO II and AFFO

€million	**Q3 2015**	*Q3 2014*	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Net cold rent	110.5	97.6	325.3	286.6
Profit from operating expenses	1.2	0.7	–0.6	1.0
Maintenance	–13.7	–9.7	–36.5	–28.3
Staff costs	–8.6	–7.7	–27.4	–24.4
Allowances on rent receivables	–1.4	–1.2	–4.7	–3.6
Other	–3.6	–5.1	–10.4	–15.1
Non-recurring project costs (rental and lease)	0.6	0.4	1.8	0.9
CURRENT NET RENTAL AND LEASE INCOME	**85.0**	**75.0**	**247.5**	**217.1**
CURRENT NET INCOME FROM OTHER SERVICES	**0.6**	**0.0**	**1.8**	**1.7**
Staff costs	–5.2	–5.3	–16.4	–16.3
Non-staff operating costs	–7.2	–5.7	–14.8	–10.5
LTIP (long-term incentive programme)	0.1	0.4	0.2	1.0
Non-recurring project costs (admin.)	4.8	1.5	6.4	1.8
Extraordinary and prior-period expenses	–0.3	0.0	0.1	0.1
CURRENT ADMINISTRATIVE EXPENSES	**–7.8**	**–9.1**	**–24.5**	**–23.9**
Other income and expenses	0.2	0.4	0.6	0.6
ADJUSTED EBITDA	**78.0**	**66.3**	**225.4**	**195.5**
Cash interest expenses and income	–20.8	–23.7	–66.7	–70.4
Cash income taxes	–0.1	–0.2	–0.2	–1.1
FFO I (NOT INCLUDING DISPOSAL OF INVESTMENT PROPERTY)	**57.1**	**42.4**	**158.5**	**124.0**
Net income from the disposal of investment properties	–0.5	–	0.7	–0.3
FFO II (INCL. DISPOSAL OF INVESTMENT PROPERTIES)	**56.6**	**42.4**	**159.2**	**123.7**
Capex	–17.5	–10.5	–33.5	–26.7
CAPEX-ADJUSTED FFO I (AFFO)	**39.6**	**31.9**	**125.0**	**97.3**

At EUR 158.5 million, FFO I was 27.8% higher in the reporting period than in the same period of the previous year (EUR 124.0 million). In particular, this development reflects the rise in net cold rent including the effects of the acquisitions concluded, the lower interest expenses and the higher earnings contribution from the multimedia business, which is partially offset by the EUR 8.2 million rise in maintenance expenses. A further increase in maintenance expenses is expected in the remainder of the 2015 financial year.

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):

T18 – EPRA earnings per share (EPS)

€million	**Q3 2015**	*Q3 2014*	**01.01. – 30.09.2015**	*01.01. – 30.09.2014*
NET PROFIT OR LOSS FOR THE PERIOD ATTRIBUTABLE TO PARENT SHAREHOLDERS	**–11.5**	**13.3**	**–21.9**	**67.9**
Changes in value of investment properties	–	–	–	–
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	0.3	1.0	–0.9	2.9
Tax on profits or losses on disposals	–0.4	1.0	–1.1	–0.9
Changes in fair value of financial instruments and associated close-out costs	41.6	10.8	77.9	1.9
Acquisition costs on share deals and non-controlling joint venture interests	0.3	–	0.6	–
Deferred tax in respect of EPRA adjustments	–30.1	9.9	4.9	23.2
Refinancing expenses	–	–	12.6	–
Other interest expenses	2.8	0.2	39.6	0.2
Non-controlling interests in respect of the above	0.1	–	0.1	–
EPRA EARNINGS	**3.1**	**36.2**	**111.8**	**95.2**
EPRA earnings per share (EPS)				
Weighted average number of shares outstanding	58,259,788	52,963,444	57,493,242	52,963,444
EPRA earnings per share (undiluted) in €	0.05	0.68	1.94	1.80
Potentially diluted shares	5,134,199	4,979,237	5,134,199	2,415,852
Interest coupon on convertible bond	–	–	0.9	0.6
Amortisation expenses convertible bond after taxes	1.3	1.0	3.7	2.3
EPRA EARNINGS (DILUTED)	4.4	37.2	116.4	98.1
Number of diluted shares	**63,393,987**	**57,942,681**	**62,627,441**	**55,379,296**
EPRA EARNINGS PER SHARE (DILUTED) IN €	**0.07**	**0.64**	**1.86**	**1.77**

Net asset situation (condensed balance sheet)

The condensed statement of financial position is as follows:

T 19 – Condensed statement of financial position

€million	**30.09.2015**	*31.12.2014*
Investment properties	6,093.5	5,914.3
Prepayments for investment properties	0.6	16.8
Other non-current assets	140.9	155.1[1]
Non-current assets	6,235.0	6,086.2
Receivables and other assets	60.0	35.9
Cash and cash equivalents	378.2	129.9
Current assets	438.2	165.8
Assets held for sale	41.2	58.4
TOTAL ASSETS	**6,714.4**	**6,310.4**
Equity	2,426.8	2,490.4[1]
Non-current financing liabilities	2,851.4	2,546.5
Other non-current liabilities	609.4	612.3
Non-current liabilities	3,460.8	3,158.8
Current financing liabilities	492.9	413.8
Other current liabilities	333.9	247.4[1]
Current liabilities	826.8	661.2
TOTAL EQUITY AND LIABILITIES	**6,714.4**	**6,310.4**

[1] Adjustment arising from final purchase price allocation of Vitus transaction

Non-current assets are the largest item of total assets of the statement of financial position at EUR 6,235.0 million. The main assets of the LEG Group are its investment properties, which amounted to EUR 6,093.5 million as of 30 September 2015 (31 December 2014: EUR 5,914.3 million). This corresponds to 90.8% of total assets at the reporting date (31 December 2014: 93.7%).

The purchase prices for the swap transaction concluded with Vonovia SE in connection with the Vitus acquisition were already paid as of 31 December 2014. Accordingly, EUR 24.5 million of assets held for sale and advanced payments received (other current liabilities) and EUR 16.8 million of advanced payments for investment properties were recognised as of 31 December 2014. On completion of the swap transaction on 1 January 2015, these items were eliminated not affecting profit or loss.

As part of a major portfolio streamlining programme, sale agreements were concluded for residential properties at a carrying amount of EUR 35.8 million up to 30 September 2015 (recognised as assets held for sale). The transactions will be closed in the final quarter of 2015.

The purchase price allocation for the Vitus acquisition was finalised as of 30 September 2015. A subsequent purchase price adjustment of EUR 0.5 million (due to the preliminary nature of the interim financial statements relevant to the purchase price) and a EUR 1.2 million net decline in deferred tax liabilities as of the acquisition date resulted in a EUR 0.7 million decline in goodwill.

The increase in receivables and other assets was attributable to prepaid operating cost discounts for the final quarter of 2015 (EUR 21.4 million) and the first-time recognition in 2015 of the property tax expense for the remainder of the financial year as work in progress (EUR 4.1 million).

Cash and cash equivalents increased by EUR 248.3 million as against the reporting date to EUR 378.2 million. This development was mainly due to the refinancing (net amount EUR 304.5 million), the capital increase (EUR 72.9 million), receipts from property sales (EUR 75.6 million) and cash flow from operating activities in the amount of EUR 120.0 million. This was offset by the dividend distribution (EUR –111.8 million) and payments for acquisitions and capex measures (EUR –202.1 million).

The main items on the equity and liabilities side are the reported equity of EUR 2,426.8 million (31 December 2014: EUR 2,490.4 million) and financing liabilities in the amount of EUR 3,344.3 million (31 December 2014: EUR 2,960.3 million). Loans of around EUR 0.9 billion were repaid as part of the refinancing. Disbursements of refinanced loans and acquisition financing served to increase financing liabilities by around EUR 1.3 billion, on balance leading to an increase of financing liabilities of about EUR 0.4 billion.

In addition, the refinancing also involved the reclassification to profit or loss and subsequent derecognition of the negative fair value of derivatives (primarily in other non-current liabilities) in the amount of around EUR 39.5 million. EUR 39.8 million is recognised in other non-current liabilities for potential obligations as the writer of put options.

The change in the fair value of the derivative for the convertible bond contributed EUR +76.7 million of the increase in other current liabilities. In addition, the collection of the purchase price received in advance for the swap concluded with Vonovia SE (EUR –24.5 million) and purchase prices received in advance for sales closing after 30 September 2015 (EUR 41.1 million) affected the change in other current liabilities.

The main drivers for the slight temporary reduction in equity were the negative non-recurring effects impacting the net profit for the period (EUR –21.9 million), the dividend distribution (EUR –111.8 million) and liabilities for put options (EUR –39.8 million). The capital increase (EUR 72.9 million) and gains from the fair value measurement of effective interest rate derivatives reported in other comprehensive income (EUR 31.4 million) had a positive effect.

Net asset value (NAV)

A further performance indicator relevant to property management is NAV. The calculation method for the respective indicator can be found in the glossary in the 2014 annual report.

The LEG Group reported basic EPRA NAV of EUR 2,959.3 million as of 30 September 2015. The effects of the possible conversion of the convertible bond are shown by the additional calculation of diluted EPRA NAV. After further adjustment for goodwill effects adjusted diluted EPRA NAV amounted to EUR 3,351.8 million at the reporting date.

T20 – EPRA NAV

€million	**30.09.2015 undiluted**	**30.09.2015 Effect of exercise of convertibles/ options**	**30.09.2015 diluted**	*31.12.2014 undiluted*	*31.12.2014 Effect of exercise of convertibles/ options*	*31.12.2014 diluted*
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	2,410.6	–	2,410.6	2,476.2	–	2,476.2[1]
NON-CONTROLLING INTERESTS	16.2	–	16.2	14.2	–	14.2
EQUITY	**2,426.8**	**–**	**2,426.8**	**2,490.4**	**–**	**2,490.4**
Effect of exercise of options, convertibles and other equity interests	–	418.9	418.9	–	308.7	308.7
NAV	**2,410.6**	**418.9**	**2,829.5**	**2,476.2**	**308.7**	**2,784.9**
Fair value measurement of derivative financial instruments	167.4	–	167.4	136.1	–	136.1
Deferred taxes on WFA loans and derivatives	34.7	–	34.7	32.2	–	32.2
Deferred taxes on investment property	381.1	–	381.1	376.0	–	376.0
Goodwill resulting from deferred taxes on investment property	–34.5	–	–34.5	–34.5	–	–34.5[1]
EPRA NAV	**2,959.3**	**418.9**	**3,378.2**	**2,986.0**	**308.7**	**3,294.7**
NUMBER OF SHARES	**58,259,788**	**5,134,199**	**63,393,987**	**57,063,444**	**4,979,236**	**62,042,680**
EPRA NAV PER SHARE	**50.79**	**–**	**53.29**	**52.33**	**–**	**53.10**
EPRA NAV	2,959.3	418.9	3,378.2	2,986.0	308.7	3,294.7
Goodwill resulting from synergies	26.4	–	26.4	26.4	–	26.4[1]
ADJUSTED EPRA NAV (W/O EFFECTS FROM GOODWILL)	**2,932.9**	**418.9**	**3,351.8**	**2,959.6**	**308.7**	**3,268.3**
NUMBER OF SHARES	**58,259,788**	**5,134,199**	**63,393,987**	**57,063,444**	**4,979,236**	**62,042,680**
ADJUSTED EPRA NAV PER SHARE	**50.34**	**–**	**52.87**	**51.87**	**–**	**52.69**
EPRA NAV	2,959.3	418.9	3,378.2	2,986.0	308.7	3,294.7
Fair value measurement of derivative financial instruments	–167.4	–	–167.4	–136.1	–	–136.1
Deferred taxes on WFA loans and derivatives	–34.7	–	–34.7	–32.2	–	–32.2
Deferred taxes on investment property	–381.1	–	–381.1	–376.0	–	–376.0
Goodwill resulting from deferred taxes on investment property	34.5	–	34.5	34.5	–	34.5[1]
Fair value measurement of financing liabilities	–307.2	–	–307.2	–374.5	–	–374.5
Valuation uplift resulting from FV measurement financing liabilities	124.8	–	124.8	124.8	–	124.8
EPRA NNNAV	**2,228.2**	**418.9**	**2,647.1**	**2,226.5**	**308.7**	**2,535.2**
NUMBER OF SHARES	**58,259,788**	**5,134,199**	**63,393,987**	**57,063,444**	**4,979,236**	**62,042,680**
EPRA NNNAV per share	**38.25**	**–**	**41.76**	**39.02**	**–**	**40.87**

[1] Adjustment arising from final purchase price allocation of Vitus transaction

Loan-to-value ratio (LTV)

Net debt in relation to property assets rose slightly in the reporting period compared with 31 December 2014 as a result of acquisitions, dividend payment, and the concluded refinancing. The loan-to-value ratio (LTV) therefore amounted to 48.3% (31 December 2014: 47.3%).

T21 – Loan-to-value ratio

€million	**30.09.2015**	*31.12.2014*
Financing liabilities	3,344.3	2,960.3
Less cash and cash equivalents	378.2	129.9
NET FINANCING LIABILITIES	**2,966.1**	**2,830.4**
Investment properties	6,093.5	5,914.3
Assets held for sale	41.2	58.4
Prepayments for investment properties	0.6	16.8
REAL ESTATE ASSETS	**6,135.3**	**5,989.5**
LOAN TO VALUE RATIO (LTV) IN %	**48.3**	**47.3**

Financial position

A net profit or loss for the period of EUR –21.9 million was recorded in the reporting period (previous year net profit or loss for the period of: EUR 68.2 million). Equity amounted to EUR 2,426.8 million at the reporting date (31 December 2014: EUR 2,490.4 million). This corresponds to an equity ratio of 36.1% (31 December 2014: 39.5%).

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

T22 – Statement of cash flows

€million	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Cash flow from operating activities	120.0	96.6
Cash flow from investing activities	–135.8	–167.6
Cash flow from financing activities	264.1	263.9
CHANGE IN CASH AND CASH EQUIVALENTS	**248.3**	**192.9**

Higher receipts from net cold 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 –202.1 million. Furthermore, receipts from property disposals in the amount of EUR 75.6 million resulted in a net cash flow from investing activities of EUR –135.8 million.

Repayments of bank loans (EUR –1,016.4 million) and new loan disbursements (EUR 1,320.9 million), mostly due to the refinancing, contributed to the cash flow from financing activities. The dividend distribution in the reporting period was EUR 20.2 million higher than in the same period of the previous year (EUR 91.6 million).

In the reporting period, the capital increase contributed EUR 72.9 million to the positive net cash flow from financing activities.

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

SUPPLEMENTARY REPORT

A. Mutual termination of the agreement in principle on the merger with Deutsche Wohnen AG

On 21 October 2015, the agreement in principle with Deutsche Wohnen AG regarding the planned business combination with LEG Immo was mutually terminated.

B. Acquisitions

On 2 November 2015, LEG Immo concluded an agreement in principle with Vonovia SE regarding the acquisition of 13,777 residential units. The purchase price is around EUR 600 million equating to an initial rental yield of 7.8%. The portfolio is spread over various locations in and on the border of North Rhine-Westphalia. The initial annual net cold rent is EUR 48 million, rent per square metre EUR 4.84, and the vacancy rate is 6.3%. 43 employees will be taken on in the wake of the transaction. Following antitrust approval, the transaction is expected to be concluded in spring 2016.

There were no other significant events after the end of the interim reporting period on 30 September 2015.

RISK AND OPPORTUNITY REPORT

The risks and opportunities faced by LEG in its operating activities were described in detail in the 2014 annual report. To date, no further risks that would lead to a different assessment have arisen or become discernible in the fiscal year 2015.

FORECAST REPORT

Based on its business performance in the first nine months of 2015, LEG believes that it is well positioned to achieve its goals for 2015 and therefore confirms its forecast of generating FFO I ranging from EUR 200 million to EUR 204 million in the 2015 financial year. The target values for FFO I in the 2016 financial year have been raised in particular because of acquisitions. For 2016, LEG now expects FFO I to increase to a range of EUR 254 million to EUR 259 million (previously: EUR 233 million to EUR 238 million). LEG is also assuming that the dynamic growth will continue in 2017 with an increase to a range of EUR 279 million to EUR 284 million. These figures do not yet include any effects from planned future acquisitions.

In addition, LEG is planning for rental growth per square metre of 2.4% to 2.6% on a like-for-like basis in the 2015 and 2016 financial years. Also with regard to adjustments in cost-based rent for rent-restricted residential units, a like-for-like increase of 3.0% to 3.3% is expected in rent per square metre in 2017.

The occupancy rate is expected to reach at least the previous year's level by the end of 2015 as a result of the anticipated vacancy reduction.

Investments in the portfolio are set to increase in the fourth quarter of this year, meaning that the investment target for 2015 of around EUR 15 per square metre remains unchanged.

Value-enhancing acquisitions will remain a key element of the business model. A total of around 20,000 residential units have been acquired in the year so far, so the target for the year as a whole of at least 5,000 residential units has already been substantially exceeded.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T23 – Consolidated statement of financial position
Assets

€million	**30.09.2015**	*31.12.2014*
Non-current assets	**6,235.0**	**6,086.2**
Investment properties	6,093.5	5,914.3
Prepayments for investment properties	0.6	16.8
Property, plant and equipment	57.5	64.6
Intangible assets	63.2	64.0[1]
Investments in associates	8.9	8.9
Other financial assets	2.8	2.4
Receivables and other assets	2.0	2.5
Deferred tax assets	6.5	12.7
Current assets	**438.2**	**165.8**
Real estate inventory and other inventory	7.9	6.2
Receivables and other assets	51.8	27.1
Income tax receivables	0.3	2.6
Cash and cash equivalents	378.2	129.9
Assets held for sale	**41.2**	**58.4**
TOTAL ASSETS	**6,714.4**	**6,310.4**

Equity and liabilities

€million	**30.09.2015**	*31.12.2014*
Equity	**2,426.8**	**2,490.4**
Share capital	58.3	57.1
Capital reserves	650.7	578.9
Cumulative other reserves	1,701.6	1,840.2[1]
Equity attributable to shareholders of the parent company	2,410.6	2,476.2
Non-controlling interests	16.2	14.2
Non-current liabilities	**3,460.8**	**3,158.8**
Pension provisions	157.2	158.3
Other provisions	13.2	14.6
Financing liabilities	2,851.4	2,546.5
Other liabilities	107.0	114.6
Tax liabilities	8.4	16.5
Deferred tax liabilities	323.6	308.3
Current liabilities	**826.8**	**661.2**
Pension provisions	6.1	6.3
Other provisions	14.3	17.5
Provisions for taxes	0.4	0.4
Financing liabilities	492.9	413.8
Other liabilities	297.1	206.6[1]
Tax liabilities	16.0	16.6
TOTAL EQUITY AND LIABILITIES	**6,714.4**	**6,310.4**

[1] Adjustment arising from final purchase price allocation of Vitus transaction

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

T24 – Consolidated statement of comprehensive income

€million	**Q3 2015**	*Q3 2014*	**01.01.– 30.09.2015**	*01.01.– 30.09.2014*
Net rental and lease income	**83.3**	**73.6**	**242.4**	**213.1**
Rental and lease income	161.8	142.2	482.1	428.0
Cost of sales in connection with rental lease income	–78.5	–68.6	–239.7	–214.9
Net income from the disposal of investment properties	**–0.5**	**0.0**	**0.7**	**–0.3**
Income from the disposal of investment properties	8.9	11.3	66.9	31.4
Carrying amount of the disposal of investment properties	–8.3	–11.1	–64.7	–31.0
Cost of sales in connection with disposed investment properties	–1.1	–0.2	–1.5	–0.7
Net income from the disposal of real estate inventory	**–0.5**	**–1.0**	**–0.5**	**–2.6**
Income from the real estate inventory disposed of	0.5	1.6	0.9	5.5
Carrying amount of the real estate inventory disposed of	–0.4	–1.2	–0.6	–4.9
Costs of sales of the real estate inventory disposed of	–0.6	–1.4	–0.8	–3.2
Net income from other services	**0.0**	**–0.6**	**0.1**	**0.0**
Income from other services	2.1	2.0	6.1	6.6
Expenses in connection with other services	–2.1	–2.6	–6.0	–6.6
Administrative and other expenses	**–12.9**	**–11.6**	**–32.7**	**–28.4**
Other income and expenses	**0.2**	**0.4**	**0.6**	**0.6**
OPERATING EARNINGS	**69.6**	**60.8**	**210.6**	**182.4**
Interest income	0.1	0.3	0.6	0.8
Interest expenses	–32.7	–32.8	–145.9	–93.8
Net income from investment securities and other equity investments	-0.1	0.0	2.7	7.2
Net income from associates	0.1	–	0.1	–
Net income from the fair value measurement of derivatives	–41.6	–10.8	–77.9	–1.9
EARNINGS BEFORE INCOME TAXES	**–4.6**	**17.5**	**–9.8**	**94.7**
Income taxes	–7.0	–4.2	–12.1	–26.5
NET PROFIT OR LOSS FOR THE PERIOD	**–11.6**	**13.3**	**–21.9**	**68.2**
Change in amounts recognised directly in equity (OCI)				
Thereof recycling				
Fair value adjustment of interest rate derivatives in hedges	**–5.1**	**–6.0**	**31.4**	**–28.8**
Change in unrealised gains/(losses)	–6.5	–8.2	41.8	–39.1
Change in income taxes on amounts recognised directly in equity	1.4	2.2	–10.4	10.3
TOTAL COMPREHENSIVE INCOME	**–16.7**	**7.3**	**9.5**	**39.4**
Net profit or loss for the period attributable to:				
Non-controlling interests	–0.1	0.0	0.0	0.3
Parent shareholders	–11.5	13.3	–21.9	67.9
Total comprehensive income attributable to:				
Non-controlling interests	–0.1	0.0	0.0	0.1
Parent shareholders	–16.6	7.3	9.5	39.3
EARNINGS PER SHARE (BASIC/DILUTED) IN €	**–0.20**	**0.25**	**–0.38**	**1.28**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

T25 – 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 01.01.2014	**53.0**	**440.9**	**1,805.9**	**–16.6**	**–34.4**	**2,248.8**	**27.3**	**2,276.1**
Net profit or loss for the period	–	–	67.9	–	–	67.9	0.3	68.2
Other comprehensive income	–	–	–	–	–28.6	–28.6	–0.2	–28.8
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**67.9**	**–**	**–28.6**	**39.3**	**0.1**	**39.4**
Change in consolidated companies	–	–	–	–	–	–	5.1	5.1
Capital increase	–	–	–	–	–	–	0.6	0.6
Withdrawals from reserves	–	–	–	–	–	–	–	–
Distributions	–	–	–91.6	–	–	–91.6	–	–91.6
Contribution in connection with Management and Supervisory Board	–	0.9	–	–	–	0.9	–	0.9
AS OF 30.09.2014	**53.0**	**441.8**	**1,782.2**	**–16.6**	**–63.0**	**2,197.4**	**33.1**	**2,230.5**
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 purchase price allocation of Vitus transaction	–	–	–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	–	–	–21.9	–	–	–21.9	0.0	–21.9
Other comprehensive income	–	–	–	–	31.4	31.4	0.0	31.4
TOTAL COMPREHENSIVE INCOME	**–**	**–**	**–21.9**	**–**	**31.4**	**9.5**	**0.0**	**9.5**
Change in consolidated companies	–	–	–4.3	–	–	–4.3	5.6	1.3
Capital increase	1.2	71.7	8.1	–	–	81.0	0.5	81.5
Withdrawals from reserves	–	–	–39.9	–	–	–39.9	–	–39.9
Distributions	–	–	–111.9	–	–	–111.9	–4.2	–116.1
Contribution in connection with Management and Supervisory Board	–	0.1	–	–	–	0.1	–	0.1
AS OF 30.09.2015	**58.3**	**650.7**	**1,773.8**	**–38.5**	**–33.7**	**2,410.6**	**16.2**	**2,426.8**

CONSOLIDATED STATEMENT OF CASH FLOWS

T26 – Consolidated statement of cash flows

€million	**01.01. – 30.09.2015**	*01.01. – 30.09.2014*
Operating earnings	**210.6**	**182.4**
Depreciation on property, plant and equipment and amortisation on intangible assets	6.5	6.4
(Gains) / Losses from the disposal of assets held for sale and investment properties	–2.2	–0.4
(Decrease) / Increase in pension provisions and other non-current provisions	–2.8	1.8
Other non-cash income and expenses	4.8	4.5
(Decrease) / Increase in receivables, inventories and other assets	–28.2	–28.2
Decrease / (Increase) in liabilities (not including financing liabilities) and provisions	3.7	8.0
Interest paid	–67.3	–71.2
Interest received	0.6	0.8
Received income from investments	2.9	7.9
Taxes received	1.4	1.4
Taxes paid	–10.0	–16.8
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	**120.0**	**96.6**
Cash Flow from investing activities		
Cash payments to investment properties	–202.1	–197.4
Cash receipts from disposal of assets held for sale and investment properties	75.6	31.4
Investments in intangible assets and property, plant and equipment	–1.2	–1.9
Cash receipts from disposal of intangible assets and property, plant and equipment	0.1	0.0
Proceeds from disposal of financial assets and other assets	0.0	0.3
Acquisition of shares in consolidated companies	–8.2	–
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**–135.8**	**–167.6**
Cash flow from financing activities		
Borrowing of bank loans	1,320.9	134.8
Repayment of bank loans	–1,016.4	–73.7
Issue of convertible bond	–	296.1
Repayment of lease liabilities	–2.5	–2.1
Other proceeds	5.2	–
Other payments	–4.2	–
Capital increase / capital contribution	72.9	0.4
Distribution to shareholders	–111.8	–91.6
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**264.1**	**263.9**
Change in cash and cash equivalents	**248.3**	**192.9**
Cash and cash equivalents at beginning of period	129.9	110.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**378.2**	**303.6**
Composition of cash and cash equivalents		
Cash in hand, bank balances	378.2	303.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**378.2**	**303.6**

SELECTED NOTES ON THE IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2015

1. Basic information on the Group

LEG Immobilien AG, Dusseldorf (hereinafter: "LEG Immo"), its subsidiary LEG NRW GmbH, Dusseldorf (hereinafter: "LEG") and the subsidiaries of the latter company (hereinafter referred to collectively as the "LEG Group") are among the largest residential companies in Germany. The LEG Group held a portfolio of 110,657 units (residential and commercial) on 30 September 2015.

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

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

2. Interim consolidated financial statements

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

The LEG Group 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 2014. These interim consolidated financial statements as of 30 September 2015 should therefore be read in conjunction with the consolidated financial statements as of 31 December 2014.

The LEG Group has fully applied the new standards and interpretations that are mandatory from 1 January 2015. In accordance with IFRIC 21, real estate tax liabilities for the entire 2015 fiscal year were recognised as of 1 January 2015. There were no effects on the Group's net assets, financial position and results of operations at the end of the fiscal year.

4. Changes in the Group

LEG Grundbesitz Erwerb 1 GmbH & Co. KG was consolidated for the first time with effect from 1 January 2015.

EnergieServicePlus GmbH was founded by way of notarised agreement on 17 February 2015. The object of the company is to provide energy supply services and energy-related services. First-time consolidation took place on 1 March 2015.

Noah Asset 4 GmbH was consolidated for the first time with effect from 1 June 2015.

Solis GmbH, Dusseldorf, Rheinweg Grundstücksgesellschaft mbH, Dusseldorf, and Jupp Grundstücksgesellschaft mbH, Dusseldorf, were acquired and included in consolidation for the first time as at 1 July 2015 in the context of a portfolio acquisition.

LEG Grundbesitz Erwerb 2 GmbH & Co. KG and LEG Grundbesitz Erwerb 3 GmbH & Co. KG were consolidated for the first time with effect from 1 July 2015. LEG Wohnviertel Dyk GmbH was consolidated for the first time with effect from 31 July 2015.

The disposals relate to former subsidiaries of the LEG Group merging within the LEG Group. LEG Bauträger GmbH, LEG Standort- und Projektentwicklung Bielefeld GmbH and LEG Standort- und Projektentwicklung Essen GmbH were merged with LEG Solution GmbH with retrospective effect from 1 January 2015.

GEWG Beteiligungs GmbH was merged with GEWG GmbH as at 1 July 2015 and GEWG KG was merged with its general partner as at 31 March 2015. These changes in the basis of consolidation have no effect on the net assets, financial position and results of operations of the Group.

5. Business combination

The purchase price allocation of the acquisition of the Vitus Group with effect from 1 November 2014 was still provisional with respect to the following items as at 31 December 2014

- Investment properties
- Deferred taxes
- Operating costs
- Total consideration

in the LEG Group's consolidated financial statements as of 31 December 2014.

With the conclusion of the purchase price allocation, the adjustments were made retrospectively as of the acquisition date (IFRS 3.45).

The finalisation involved the following changes:

Total consideration: The purchase price was determined on the basis of the statements of financial position as of 30 September 2014 (purchase price statement of financial position). These were provisional as of the date of preparation of the consolidated financial statements 2014. The finalisation of the purchase price statement of financial position resulted in a subsequent purchase price adjustment of EUR 0.5 million.

Deferred taxes: The finalisation of the tax carrying amounts for the property assets resulted in a net reduction of deferred taxes by EUR 1.2 million. An adjustment of the netting in the final purchase price allocation resulted in a decline of deferred tax assets and liabilities by EUR 1.6 million each.

Total consideration and net assets acquired are as follows:

T27 – Consideration

€million	**01.11.2014 final**	*01.11.2014 preliminary*	*Change*
Net purchase price	463.4	462.9	–0.5
Contingent reimbursement of the purchase price	–0.9	–0.9	–
TOTAL CONSIDERATION	**462.5**	**462.0**	**–0.5**

T28 – Purchase price allocation

€million	**01.11.2014 final**	*01.11.2014 preliminary*	*Change*
Investment properties	436.3	436.3	–
Cash and cash equivalents	6.9	6.9	–
Other assets	7.3	8.9	1.6
Assets held for sale	24.5	24.5	–
TOTAL ASSETS	**475.0**	**476.6**	**1.6**
Other financing liabilities	–18.8	–18.8	–
Pension provisions	–15.5	–15.5	–
Deferred tax liabilities	–33.3	–36.1	–2.8
Other liabilities	–6.1	–6.1	–
TOTAL LIABILITIES	**–73.7**	**–76.5**	**–2.8**
Net assets at fair value	401.3	400.1	–1.2
Non-controlling interests	–0.3	–0.3	–
Net assets at fair value without non-controlling interests	401.6	400.4	–1.2
CONSIDERATION	**462.5**	**462.0**	**–0.5**
GOODWILL	**60.9**	**61.6**	**0.7**

The final goodwill for the acquisition of the Vitus Group therefore fell by EUR 0.7 million to EUR 60.9 million.

The finalisation of the purchase price allocation affected the consolidated financial statements as of 31 December 2014 as follows:

– Other liabilities: The subsequent purchase price adjustment resulted in a EUR 0.5 million increase in other liabilities.

– Income taxes: The adjustment of deferred taxes described above was required only as of the acquisition date. The deferred taxes as of 31 December 2014 were unaffected. As a result, the expense from deferred income taxes for the period from 1 November to 31 December 2014 increased by EUR 1.2 million. The statement of comprehensive income for the comparative period from 1 January to 30 September 2014 is unaffected.

– Cumulative other reserves: The increase in income taxes resulted in a decline in equity by EUR 1.2 million (cumulative other reserves).

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 2014.

7. Selected notes to the consolidated statement of financial position

On 30 September 2015, the LEG Group held 109,602 apartments and 1,055 commercial units in its portfolio.

Investment property developed as follows in the financial year 2014 and in 2015 up to the reporting date of the interim consolidated financial statements:

T29 – Investment properties

€million	**30.09.2015**	*31.12.2014*
CARRYING AMOUNT AS OF 01.01.	**5,914.3**	**5,163.4**
Acquisitions	189.9	615.9
Other additions	36.9	43.4
Reclassified to assets held for sale	–47.5	–52.6
Reclassified to property, plant and equipment	–0.2	–1.3
Reclassified from property, plant and equipment	0.1	2.5
Fair value adjustment	–	143.0
CARRYING AMOUNT AS OF 30.09./31.12.	**6,093.5**	**5,914.3**

Acquisitions relate to the capitalisation of two property portfolios that were purchased as part of the acquisition of the Vitus companies. At the same time, LEG Immo sold individual portfolios taken over from the Vitus Group as agreed. The transactions were closed on 1 January 2015 in each case.

The additions also include the acquisition of a property portfolio of around 713 residential units that was notarised on 27 April 2015. The portfolio is distributed across the attractive North Rhine-Westphalian locations of Cologne, Leverkusen and Sankt Augustin and generates annual net cold rent of EUR 3.5 million. The average in-place rent is EUR 5.33 per square metre; the initial vacancy rate is 2.9%. The transaction was closed on 1 June 2015.

The acquisition of a property portfolio of around 2,037 residential units was notarised on 11 August 2015. The portfolio generates annual net cold 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 is expected to be closed as at 1 January 2016.

The reclassification to assets held for sale essentially relates to residential property sales amounting to EUR 35.8 million as part of a portfolio streamlining programme and two block sales.

As the measurement of investment properties takes place regularly at the reporting date, the fair values were not adjusted as of 30 September 2015. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as of 31 December 2014.

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

Cash and cash equivalents consist mainly of bank balances.

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

Financing liabilities are composed as follows:

T30 – Financing liabilities

€million	**30.09.2015**	*31.12.2014*
Financing liabilities from real estate financing	3,318.2	2,932.4
Financing liabilities from lease financing	26.1	27.9
FINANCING LIABILITIES	**3,344.3**	**2,960.3**

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

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

Extensive refinancing was performed up to the third quarter. The disbursement in connection with the refinancing and acquisition financing served to increase financing liabilities by EUR 1.3 billion. This was offset by the derecognition of the previous loans, which reduced total financing liabilities by EUR 0.9 billion.

T31 – Maturity of financing liabilities from real estate financing

€million	*Remaining term < 1 year*	*Remaining term > 1 to 5 years*	*Remaining term > 5 years*	**Total**
30.09.2015	488.5	715.1	2,114.6	3,318.2
31.12.2014	409.6	1,528.7	994.1	2,932.4

The change in maturities compared with 31 December 2014 is due in particular to the refinancing in the second quarter, which led to a significant increase in 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:

T32 – Net rental and lease income

€million	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Net cold rent	325.3	286.6
Net income from operating costs	–0.6	1.0
Maintenance expenses	–36.5	–28.3
Staff costs	–27.4	–24.4
Impairment losses on rent receivables	–4.7	–3.6
Depreciation	–3.3	–3.1
Others	–10.4	–15.1
NET RENTAL AND LEASE INCOME	**242.4**	**213.1**
NET OPERATING INCOME MARGIN (IN %)	**74.5**	**74.4**
Non-recurring project costs – rental and lease	1.8	0.9
Depreciation	3.3	3.1
ADJUSTED NET RENTAL AND LEASE INCOME	**247.5**	**217.1**
ADJUSTED NET OPERATING INCOME – MARGIN (IN %)	**76.1**	**75.8**

In the reporting period, the LEG Group increased its net rental and lease income by EUR 29.3 million compared with the same period of the previous year. The main driver of this development was the EUR 38.7 million or 13.5% rise in net cold rent. In-place rent per square metre on a like-for-like basis rose by 2.5% as against the previous year. The growing earnings contribution from multimedia business also had a positive impact on earnings. This was partially offset by a EUR 8.2 million increase in maintenance expenses.

Volume-dependent management costs rose as a result of the acquisitions. The rental-related staff costs rose disproportionately to sales by 12.3% to EUR 27.4 million. Adjusted for one-time project costs for starting up the energy supply business, the NOI margin was increased year-on-year from 75.8% to 76.1% despite higher maintenance expenses.

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

T33 – Net income from the disposal of investment properties

€million	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Income from the disposal of investment properties	66.9	31.4
Carrying amount of investment properties disposed of	–64.7	–31.0
INCOME/LOSS FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**2.2**	**0.4**
Staff costs	–0.5	–0.4
Other operating expenses	–0.3	–0.3
Purchased services	–0.7	–
COST OF SALE IN CONNECTION WITH INVESTMENT PROPERTIES SOLD	**–1.5**	**–0.7**
NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTIES	**0.7**	**–0.3**

Administrative and other expenses are composed as follows:

T34 – Administrative and other expenses

€million	**01.01.– 30.09.2015**	*01.01.– 30.09.2014*
Other operating expenses	–14.0	–9.8
Staff costs	–16.4	–16.3
Purchased services	–0.8	–0.7
Depreciation, amortisation and write-downs	–1.5	–1.6
ADMINISTRATIVE AND OTHER EXPENSES	**–32.7**	**–28.4**

Administrative and other expenses increased by EUR 4.3 million year-on-year.

Increased project costs (+ EUR 4.6 million) led to a higher level of other operating expenses compared with the previous year. Expenses for the long-term incentive programme (LTIP) with the former shareholders were EUR 0.8 million lower in the reporting period.

Due to volume effects resulting from the consolidation of new companies, current administrative expenses temporarily increased as expected to EUR 24.5 million (previous year: EUR 23.9 million).

Net interest income is composed as follows:

T35 – Interest income

€million	**01.01.– 30.09.2015**	*01.01.– 30.09.2014*
Interest income from bank balances	0.2	0.6
Interest income from finance leases	0.3	0.0
Other interest income	0.1	0.2
INTEREST INCOME	**0.6**	**0.8**

T36 – Interest expenses

€million	**01.01.– 30.09.2015**	*01.01.– 30.09.2014*
Interest expenses from real estate financing	–49.7	–51.5
Interest expense from loan amortisation	–27.4	–16.9
Prepayment penalty	–7.2	0.0
Interest expense from interest derivatives for real estate financing	–17.5	–19.6
Interest expense from change in pension provisions	–2.2	–2.9
Interest expense from interest on other assets and liabilities	–1.3	–1.7
Interest expenses from lease financing	–1.0	–1.0
Other interest expenses	–39.6	–0.2
INTEREST EXPENSES	**–145.9**	**–93.8**

The increase in interest expenses from loan amortisation and prepayment penalties were 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 39.5 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 4.8 million.

In addition, the refinancing at more favourable interest terms and lower general interest rates compared to 2014 also led to a reduction in interest expenses from real estate financing. The 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

T37 – Income taxes

€ million	**01.01.–30.09.2015**	*01.01.–30.09.2014*
Current income taxes	–1.1	–6.8
Deferred taxes	–11.0	–19.7
INCOME TAXES	**–12.1**	**–26.5**

An effective Group tax rate of 22.7% was assumed as of 30 September 2015 in accordance with Group tax planning (previous year: 21.3%).

Current income taxes include prior-period tax expenses of EUR 1.1 million (previous year: EUR 6.1 million).

Deferred tax income of EUR 4.2 million was recognised for the change in deferred taxes on tax loss carryforwards as against 31 December 2014 (previous year: deferred tax expense of EUR 1.3 million).

Earnings per share

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

On 24 June 2015, LEG Immo implemented a capital increase with shareholders' pre-emptive rights disapplied by way of accelerated bookbuilding. A total of 1,196,344 new shares were placed.

T38 – Earnings per share (basic)

	01.01.–30.09.2015	*01.01.–30.09.2014*
Net profit or loss attributable to shareholders in € million	–21.9	67.9
Average numbers of shares outstanding	57,493,242	52,963,444
EARNINGS PER SHARE (BASIC) IN €	**–0.38**	**1.28**

As of 30 September 2015, 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 for the period from 1 January to 30 September 2015

T39 – Segment reporting 01.01. – 30.09.2015

€million	*Residential*	*Other*	*Reconciliation*	*Group*
P&L position				
Rental and lease income	480.9	3.1	–1.9	482.1
Cost of sales of rental and letting	–239.4	–1.0	0.7	–239.7
NET RENTAL AND LEASE INCOME	**241.5**	**2.1**	**–1.2**	**242.4**
Net income from the disposal of IAS 40 property	0.9	–0.2	–	0.7
Net income from the measurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	1.3	–1.8	–	–0.5
Net income from other services	0.3	24.9	–25.1	0.1
Administrative and other expenses	–27.3	–31.7	26.3	–32.7
Other income	0.4	0.2	–	0.6
SEGMENT EARNINGS	**217.1**	**–6.5**	**–**	**210.6**
Statement of financial position item				
Segment assets (IAS 40)	**6,043.9**	**49.5**	**0.1**	**6,093.5**
Key figures				
Rentable area in sqm[1]	7,022,932	3,627		7,026,559
Monthly target rents as of end of reporting period	36.4	0.0		36.4
EPRA vacancy rate in %	3.2	–		3.2

[1] excl. commercial areas

Group segment reporting for the period from 1 January to 30 September 2014

T40 – Segment reporting 01.01. – 30.09.2014

€million	*Residential*	*Other*	*Reconciliation*	*Group*
P&L position				
Rental and lease income	425.3	4.3	–1.6	428.0
Cost of sales of rental and letting	–214.6	–1.9	1.6	–214.9
NET RENTAL AND LEASE INCOME	**210.7**	**2.4**	**–**	**213.1**
Net income from the disposal of IAS 40 property	–0.1	–0.2	–	–0.3
Net income from the measurement of IAS 40 property	–	–	–	–
Net income from the disposal of real estate inventory	–0.3	–2.3	–	–2.6
Net income from other services	0.3	19.9	–20.2	–
Administrative and other expenses	–23.5	–25.1	20.2	–28.4
Other income	0.4	0.2	–	0.6
SEGMENT EARNINGS	**187.5**	**–5.1**	**–**	**182.4**
Statement of financial position item				
Segment assets (IAS 40)	**5,289.3**	**58.7**	**–**	**5,348.0**
Key figures				
Rentable area in sqm[1]	6,235,703	3,627		6,239,330
Monthly target rents as of end of reporting period	31.8	0.0		31.8
EPRA vacancy rate in %	3.2	3.3		3.2

[1] excl. commercial areas

10. Financial instruments

The following table 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.

T41 – Classes of financial instruments for financial assets and liabilities 2015

		Measurement (IAS 39)		Measurement	
€million	Carrying amounts as per statement of financial positions 30.09.2015	Amortised cost	Fair value through profit or loss	IAS 17	Fair value 30.09.2015
Assets					
Other financial assets	**2.8**				**2.8**
LaR	0.1	0.1			0.1
AfS	2.7	2.7			2.7
Receivables and other assets	**53.8**				**53.8**
LaR	28.9	28.9			28.9
Other non-financial assets	24.9				24.9
Cash and cash equivalents	**378.2**				**378.2**
LaR	378.2	378.2			378.2
TOTAL	**434.8**	**409.9**			**434.8**
Of which IAS 39 measurement categories					
LaR	407.2	407.2			407.2
AfS	2.7	2.7			2.7
Equity and liabilities					
Financial liabilities	**–3,344.3**				**–3,652.2**
FLAC	–3,318.2	–3,318.2			–3,625.4
Liabilities from lease financing	–26.1			–26.1	–26.8
Other liabilities	**–404.1**				**–404.1**
FLAC	–43.1	–43.1			–43.1
Derivatives HFT	–167.6		–167.6		–167.6
Hedge accounting derivatives	–45.4				–45.4
Other non-financial liabilities	–148.0				–148.0
TOTAL	**–3,748.4**	**–3,361.3**	**–167.6**	**–26.1**	**–4,056.3**
Of which IAS 39 measurement categories					
FLAC	–3,361.3	–3,361.3			–3,668.5
Derivatives HFT	–167.6		–167.6		–167.6

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

T 42 – Classes of financial instruments for financial assets and liabilities 2014

		Measurement (IAS 39)		Measurement	
€million	Carrying amounts as per statement of financial positions 31.12.2014	Amortised cost	Fair value through profit or loss	IAS 17	Fair value 31.12.2014
Assets					
Other financial assets	**2.4**				**2.4**
LaR	0.1	0.1	0.0		0.1
AfS	2.3	2.3			2.3
Receivables and other assets	**29.6**				**29.6**
LaR	25.2	25.2			25.2
Other non-financial assets	4.4				4.4
Cash and cash equivalents	**129.9**				**129.9**
LaR	129.9	129.9			129.9
TOTAL	**161.9**	**157.5**	**0.0**		**161.9**
Of which IAS 39 measurement categories					
LaR	155.2	155.2			155.2
AfS	2.3	2.3			2.3
Equity and liabilities					
Financial liabilities	**–2,960.3**				**–3,335.3**
FLAC	–2,932.4	–2,932.4			–3,306.9
Liabilities from lease financing	–27.9			–27.9	–28.4
Other liabilities	**–321.2**				**–320.7**
FLAC	–37.8	–37.8			–37.8
Derivatives HFT	–93.3		–93.3		–93.3
Hedge accounting derivatives	–88.4				–88.4
Other non-financial liabilities	–101.2				–101.2
TOTAL	**–3,281.5**	**–2,970.2**	**–93.3**	**–27.9**	**–3,656.0**
Of which IAS 39 measurement categories					
FLAC	–2,970.2	–2,970.2			–3,344.7
Derivatives HFT	–93.3		–93.3		–93.3

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

11. Related-party disclosures

Please see the IFRS consolidated financial statements as of 31 December 2014 for the presentation of the IFRS 2 programmes long-term incentive plan with former shareholders, LTI Management Board agreements and the settlement agreements for Supervisory Board members.

For the 2015 fiscal year, the Management Board employment agreements provide for a long-term incentive programme that is subject to the same contractual premises as the LTI remuneration in 2014.

12. Other

There were no changes with regard to contingent liabilities in comparison to 31 December 2014.

13. The Management Board and the Supervisory Board

Mr Nathan James Brown resigned his position as a member of the Supervisory Board of LEG Immobilien AG and stepped down from the Supervisory Board with effect from the end of the Annual General Meeting on 24 June 2015 and is no longer a member of the Supervisory Board. The Annual General Meeting elected Ms Natalie C. Hayday, freelance capital market and investor relations consultant, as his successor on the Supervisory Board.

There were no other changes to the composition of the Management Board and the Supervisory Board as of 30 September 2015 compared with the disclosures as of 31 December 2014.

14. Events after the end of the reporting period

On 21 October 2015, the agreement in principle with Deutsche Wohnen AG regarding the planned business combination with LEG Immo was mutually terminated.

On 2 November 2015, LEG Immo concluded an agreement in principle with Vonovia SE regarding the acquisition of 13,777 residential units. The purchase price is around EUR 600 million equating to an initial rental yield of 7.8%. The portfolio is spread over various locations in and on the border of North Rhine-Westphalia. The initial annual net cold rent is EUR 48 million, rent per square metre EUR 4.84, and the vacancy rate is 6.3%. 43 employees will be taken on in the wake of the transaction. Following antitrust approval, the transaction is expected to be concluded in spring 2016.

There were no other significant events after the end of the interim reporting period on 30 September 2015.

Dusseldorf, 12 November 2015

LEG Immobilien AG

The Management Board

THOMAS HEGEL, Erftstadt
(CEO)

ECKHARD SCHULTZ, Neuss
(CFO)

HOLGER HENTSCHEL, Erkrath
(COO)

RESPONSIBILITY STATEMENT

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

Dusseldorf, 12 November 2015

LEG Immobilien AG, Dusseldorf

The Management Board

THOMAS HEGEL

ECKHARD SCHULTZ

HOLGER HENTSCHEL

FURTHER INFORMATION

TABLES AND FIGURES

Table overview

FINANCIAL CALENDAR 2015/2016

LEG FINANCIAL CALENDAR 2015/2016

Publication of the Interim Report as at 30 September 2015	**12 November**
Publication of the Annual Report as at 31 December 2015	**March 2016**

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The interim report as at 30 September 2015 is also available in German. In case of doubt, the German version takes precedence.

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