



2021

# The value of living

Quarterly report as of 31 March




**LEG**

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## About this report

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## Key figures Q1 2021

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		Q1 2021	Q1 2020	+/- %/bp
<b>Results of operations</b>				
Rental income	€ million	168.4	153.5	9.7
Net rental and lease income	€ million	129.0	116.5	10.7
EBITDA	€ million	125.0	109.8	13.8
EBITDA adjusted	€ million	126.0	113.7	10.8
EBT	€ million	143.7	85.5	68.1
Net profit or loss for the period	€ million	124.4	66.5	87.1
FFO I	€ million	104.1	94.0	10.7
FFO I per share	€	1.44	1.36	5.9
FFO II	€ million	103.8	93.5	11.0
FFO II per share	€	1.44	1.35	6.7
AFFO	€ million	34.3	39.3	-12.7
AFFO per share	€	0.48	0.57	-15.8
<b>Portfolio</b>		<b>31.03.2021</b>	<b>31.12.2020</b>	<b>+/- %/bp</b>
Number residential units		144,519	136,217	6.1
In-place rent	€/sqm	6.03	5.86	2.8
In-place rent (l-f-l)	€/sqm	6.03	5.87	2.8
EPRA vacancy rate	%	2.9	3.6	-70 bp
EPRA vacancy rate (l-f-l)	%	2.7	3.4	-70 bp
<b>Statement of financial position</b>		<b>31.03.2021</b>	<b>31.12.2020</b>	<b>+/- %/bp</b>
Investment property	€ million	14,702.7	14,582.7	0.8
Cash and cash equivalents	€ million	773.5	335.4	130.6
Equity	€ million	7,526.4	7,389.9	1.8
Total financing liabilities	€ million	6,355.3	5,869.0	8.3
Current financing liabilities	€ million	110.7	491.3	-77.5
LTV	%	37.7	37.6	+10 bp
Equity ratio	%	47.5	48.4	-90 bp
Adj. EPRA NAV, diluted	€ million	8,958.6	9,264.3	-3.3
Adj. EPRA NAV per share, diluted	€	124.26	122.65	1.3
EPRA NTA, diluted	€ million	8,942.4	9,247.6	-3.3
EPRA NTA per share, diluted	€	124.03	122.43	1.3

bp = basis points

## Portfolio

### Portfolio segmentation and housing stock

The LEG portfolio can be divided into three market clusters using a scoring system: high-growth markets, stable markets and higher-yielding markets. The indicators for the scoring system are described in the [annual report 2020](#).

LEG's portfolio is spread across around 210 locations. The geographical focus is the federal state of North Rhine-Westphalia. LEG is also present in Lower Saxony, Bremen, Schleswig-Holstein, Hesse, Rhineland-Palatinate and Baden-Württemberg. The average flat size is 64 square meters and the average monthly rent is EUR 6.03 per square meter.

As at 31 March 2021, the property portfolio comprised 144,519 residential units, 1,341 commercial units and 39,456 garages and parking spaces.

### Performance of the LEG portfolio

#### Operational development

The like-for-like in-place rent was EUR 6.03 per square meter and month as of 31 March 2021. This represents an increase of 2.8% compared to the same quarter of the previous year.

In the free financed portfolio, which represents around 76% of the portfolio, the like-for-like in-place rent increased by 3.3% year-on-year to EUR 6.43 per square meter. Within the free financed portfolio, the high-growth markets showed an increase of 3.6% to EUR 7.45 per square meter (like-for-like). In the stable markets, the average monthly rent rose by 3.3% to EUR 6.07 per square meter (like-for-like). Rents in the higher-yielding markets also increased by 3.3% and thus averaged EUR 5.83 per square meter (like-for-like) at the end of the quarter.

There will be no regular adjustment of cost rents in 2021. Accordingly, in the rent-restricted portfolio, the average monthly rent rose by only 0.5% or EUR 0.03 to EUR 4.91 per square meter (like-for-like) at the end of the reporting period.

As at 31 March 2021, the EPRA vacancy rate on a like-for-like basis decreased by 70 basis points to 2.7% compared to the previous year's reporting date. The high-growth markets achieved an occupancy rate of 98.4% (like-for-like), implying an almost fully let status as at the quarterly reporting date. In the stable markets, the occupancy rate reached 97.3% (like-for-like). The strongest increase was recorded in the higher-yielding markets with 130 basis points to 95.8% (like-for-like).

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## Portfolio segments – top 5 locations

	Total portfolio										Change like-for-like basis	
	31.03.2021					31.03.2020					In-place rent in % Like-for-Like	Vacancy rate basis points Like-for-Like
	Number of LEG apartments	Share of LEG-portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %	Number of LEG apartments	Share of LEG-portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %		
<b>High-growth markets</b>	<b>45,887</b>	<b>31.8</b>	<b>3,043,998</b>	<b>6.78</b>	<b>1.9</b>	<b>41,862</b>	<b>30.7</b>	<b>2,779,201</b>	<b>6.62</b>	<b>2.0</b>	<b>2.9</b>	<b>-30</b>
District of Mettmann	8,491	5.9	590,350	7.11	1.5	8,479	6.2	589,480	6.81	2.1	4.2	-50
Muenster	6,197	4.3	412,093	6.81	1.0	6,199	4.6	412,118	6.71	1.0	1.5	0
Dusseldorf	5,420	3.8	352,324	8.09	2.4	5,425	4.0	352,530	7.93	2.8	2.0	-40
Cologne	4,132	2.9	278,583	7.34	1.9	3,971	2.9	266,171	7.06	1.9	2.9	-70
Bielefeld	3,206	2.2	199,286	6.48	1.4	3,269	2.4	204,075	6.25	1.5	3.1	0
Other locations	18,441	12.8	1,211,362	6.14	2.2	14,519	10.7	954,826	5.95	2.0	3.2	-30
<b>Stable markets</b>	<b>56,404</b>	<b>39.0</b>	<b>3,595,611</b>	<b>5.73</b>	<b>3.0</b>	<b>52,706</b>	<b>38.7</b>	<b>3,362,558</b>	<b>5.57</b>	<b>3.6</b>	<b>2.6</b>	<b>-70</b>
Dortmund	13,705	9.5	895,884	5.54	2.7	13,731	10.1	896,793	5.42	3.1	2.2	-30
District of Unna	6,811	4.7	424,503	5.28	3.4	6,464	4.7	402,809	5.15	3.2	2.3	0
Moenchengladbach	6,440	4.5	408,088	6.16	2.0	6,442	4.7	408,268	5.94	2.2	3.8	-10
Essen	3,371	2.3	217,498	5.72	3.5	3,372	2.5	217,538	5.59	3.5	2.2	0
Ennepe-Ruhr-Kreis	2,725	1.9	178,270	5.71	2.7	2,725	2.0	178,384	5.62	4.3	1.7	-160
Other locations	23,352	16.2	1,471,368	5.85	3.3	19,972	14.7	1,258,767	5.68	4.1	2.9	-100
<b>Higher yielding markets</b>	<b>42,228</b>	<b>29.2</b>	<b>2,566,507</b>	<b>5.55</b>	<b>4.3</b>	<b>41,649</b>	<b>30.6</b>	<b>2,525,841</b>	<b>5.40</b>	<b>5.7</b>	<b>2.8</b>	<b>-130</b>
District of Recklinghausen	9,018	6.2	548,608	5.44	3.3	8,965	6.6	543,898	5.31	4.2	2.4	-90
Gelsenkirchen	7,261	5.0	414,951	5.64	8.5	7,151	5.2	406,330	5.49	10.6	2.8	-220
Duisburg	6,317	4.4	382,217	5.96	2.9	6,350	4.7	384,297	5.80	4.7	2.7	-150
Hamm	4,817	3.3	288,314	5.52	2.9	4,448	3.3	266,367	5.28	2.7	4.0	0
Maerkisch District	4,608	3.2	284,508	5.40	4.4	4,608	3.4	284,459	5.31	4.6	1.6	-20
Other locations	10,207	7.1	647,910	5.45	3.8	10,127	7.4	640,490	5.28	4.9	3.1	-100
<b>Total</b>	<b>144,519</b>	<b>100.0</b>	<b>9,206,116</b>	<b>6.03</b>	<b>2.9</b>	<b>136,217</b>	<b>100.0</b>	<b>8,667,599</b>	<b>5.86</b>	<b>3.6</b>	<b>2.8</b>	<b>-70</b>

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## Performance LEG Portfolio

		High-growth market			Stable markets			Higher yielding markets			Total		
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.12.2020	31.03.2020
<b>Subsidised residential units</b>													
Units		11,996	12,476	11,954	15,052	15,337	14,278	8,007	8,142	8,154	35,055	35,955	34,386
Area	qm	825,741	857,950	823,304	1,019,295	1,039,131	967,005	525,292	534,763	535,640	2,370,328	2,431,844	2,325,949
In-place rent	€/sqm	5.26	5.23	5.19	4.89	4.88	4.81	4.54	4.54	4.53	4.94	4.93	4.88
EPRA vacancy rate	%	1.0	0.9	1.1	2.3	2.2	2.8	2.3	2.1	2.6	1.8	1.7	2.1
<b>Free-financed residential units</b>													
Units		33,891	33,233	29,932	41,352	41,107	38,404	34,221	34,117	33,495	109,464	108,575	101,831
Area	qm	2,218,256	2,172,724	1,957,340	2,576,316	2,559,433	2,394,110	2,041,215	2,033,506	1,990,201	6,835,788	6,773,376	6,341,650
In-place rent	€/sqm	7.34	7.23	7.23	6.06	5.97	5.88	5.82	5.74	5.64	6.41	6.31	6.23
EPRA vacancy rate	%	2.1	2.0	2.2	3.2	3.1	3.9	4.7	4.5	6.3	3.2	3.1	3.9
<b>Total residential units</b>													
Units		45,887	45,709	41,886	56,404	56,444	52,682	42,228	42,259	41,649	144,519	144,530	136,217
Area	qm	3,043,998	3,030,674	2,780,644	3,595,611	3,598,565	3,361,115	2,566,507	2,568,269	2,525,841	9,206,116	9,205,221	8,667,599
In-place rent	€/sqm	6.78	6.66	6.62	5.73	5.65	5.57	5.55	5.48	5.40	6.03	5.94	5.86
EPRA vacancy rate	%	1.9	1.8	2.0	3.0	2.9	3.6	4.3	4.1	5.7	2.9	2.8	3.6
<b>Total commercial</b>													
Units											1,341	1,346	1,290
Area	qm										225,726	226,357	214,484
<b>Total parking</b>													
Units											39,456	39,205	34,868
<b>Total other</b>													
Units											2,853	2,814	2,700

### Value development

The following table shows the distribution of assets by market segment. The portfolio was not revalued in the first quarter.

A revaluation will be done with the half-year-results. As at 31 March 2021, the rental yield was 4.6%, which corresponds to a rental multiple of 21.5. According to the EPRA definition, the

valuation of the residential portfolio corresponds to a net initial yield of 3.6%.

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### Market segments

31.03.2021	Residential units	Residential assets in € million <sup>1</sup>	Share residential assets in %	Gross asset value €/sqm	In-place rent multiplier	Commercial/ other assets in € million <sup>2</sup>	Total assets in € million
<b>High Growth Markets</b>	<b>45,887</b>	<b>6,310</b>	<b>45</b>	<b>2,063</b>	<b>25.8x</b>	<b>274</b>	<b>6,584</b>
District of Mettmann	8,491	1,232	9	2,089	24.8x	72	1,304
Muenster	6,197	913	7	2,212	27.3x	50	963
Dusseldorf	5,420	958	7	2,688	28.4x	42	1,000
Cologne	4,132	754	5	2,696	31.1x	22	776
Bielefeld	3,206	342	2	1,709	22.3x	14	356
Other locations	18,441	2,111	15	1,730	24.1x	74	2,185
<b>Stable Markets</b>	<b>56,404</b>	<b>4,852</b>	<b>35</b>	<b>1,353</b>	<b>20.2x</b>	<b>152</b>	<b>5,004</b>
Dortmund	13,705	1,319	9	1,465	22.6x	50	1,369
District of Unna	6,811	486	3	1,151	18.7x	19	505
Moechengladbach	6,440	570	4	1,393	19.1x	14	584
Essen	3,371	288	2	1,318	20.0x	11	298
Ennepe-Ruhr district	2,725	219	2	1,227	18.3x	6	225
Other locations	23,352	1,970	14	1,352	19.8x	51	2,022
<b>Higher-Yielding Markets</b>	<b>42,228</b>	<b>2,801</b>	<b>20</b>	<b>1,085</b>	<b>17.0x</b>	<b>86</b>	<b>2,887</b>
District of Recklinghausen	9,018	609	4	1,101	17.4x	20	629
Gelsenkirchen	7,261	417	3	998	16.1x	11	428
Duisburg	6,317	474	3	1,243	17.9x	29	503
Hamm	4,817	323	2	1,116	17.3x	5	328
Maerkisch District	4,608	282	2	987	15.9x	3	285
Other locations	10,207	697	5	1,064	16.9x	18	715
<b>Total portfolio</b>	<b>144,519</b>	<b>13,964</b>	<b>100</b>	<b>1,514</b>	<b>21.5x</b>	<b>511</b>	<b>14,475</b>
Assets under construction (IAS 40)							36
Leasehold and land values							192
<b>Balance sheet property valuation assets (IAS 40)</b>							<b>14,703</b>
Prepayments for property held as an investment property and Construction Costs							39
Inventories (IAS 2)							0
Owner-occupied property (IAS 16)							27
Assets held for sale (IFRS 5)							1
<b>Total balance sheet</b>							<b>14,769</b>

<sup>1</sup> Excluding 443 residential units in commercial buildings; including 485 commercial units as well as several other units in mixed residential assets.

<sup>2</sup> Excluding 485 commercial units in mixed residential assets; including 443 residential units in commercial buildings, commercial, parking, other assets.

## Analysis of net assets, financial position and results of operations

Please see the [glossary in the 2020 annual report](#) for a definition of individual key figures and terms.

### Results of operations

T5

#### Condensed income statement

€ million	01.01.– 31.03.2021	01.01.– 31.03.2020
Net rental and lease income	129.0	116.5
Net income from the disposal of investment properties	-0.2	-0.3
Net income from the remeasurement of investment properties	1.9	-0.7
Net income from the disposal of real estate inventory	0.0	-1.4
Net income from other services	1.4	1.7
Administrative and other expenses	-11.5	-10.3
Other income	0.0	0.0
<b>Operating earnings</b>	<b>120.6</b>	<b>105.5</b>
Interest income	0.0	0.0
Interest expenses	-24.9	-22.6
Net income from investment securities and other equity investments	0.0	2.8
Net income from the fair value measurement of derivatives	48.0	-0.2
<b>Net finance earnings</b>	<b>23.1</b>	<b>-20.0</b>
<b>Earnings before income taxes</b>	<b>143.7</b>	<b>85.5</b>
Income taxes	-19.3	-19.0
<b>Net profit or loss for the period</b>	<b>124.4</b>	<b>66.5</b>

Net rental and lease income increased primarily due to higher net cold rents by 10.7% to EUR 129.0 million.

Adjusted EBITDA increased by 10.8% to EUR 126.0 million. Adjusted EBITDA margin increased slightly from 74.1% (comparative period) to 74.8% in the reporting period.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of embedded derivatives from the convertible bond in the amount of EUR 48.0 million (comparative period: EUR -0.3 million).

Current income tax expenses of EUR -1.7 million were recorded in the reporting period.

### Net rental and lease income

T6

#### Net rental and lease income

€ million	01.01.– 31.03.2021	01.01.– 31.03.2020
Net cold rent	168.4	153.5
Profit from operating expenses	-0.7	-0.8
Maintenance for externally procured services	-16.2	-12.9
Staff costs	-21.1	-17.7
Allowances on rent receivables	-2.3	-2.3
Depreciation and amortisation expenses	-2.6	-2.5
Other	3.5	-0.8
<b>Net rental and lease income</b>	<b>129.0</b>	<b>116.5</b>
<b>Net operating income-margin (in %)</b>	<b>76.6</b>	<b>75.9</b>
Non-recurring project costs – rental and lease	1.6	0.7
Depreciation	2.6	2.5
<b>Adjusted net rental and lease income</b>	<b>133.2</b>	<b>119.7</b>
<b>Adjusted net operating income-margin (in %)</b>	<b>79.1</b>	<b>78.0</b>

In the reporting period, the LEG Group increased its net rental and lease income by EUR 12.5 million compared to the same period of the previous year. Main drivers of this development were the EUR 14.9 million rise in net cold rents and the EUR 4.3 million expansion of value-added services under other. In-place rent per square metre on a like-for-like basis rose by 2.8% in the reporting period. This was countered by the increase in maintenance expenses for externally produced services by EUR 3.3 million as well as the increase in staff costs by EUR 3.4 million which was mainly due to an increase in the number of hired workers.



Due to disproportionate development of net rental and lease income compared with the development of in-place rent the NOI margin increased from 75.9% to 76.6% in the reporting period.

## T7

**EPRA vacancy rate**

€ million	31.03.2021	31.03.2020
Rental value of vacant space – like-for-like	18.0	21.4
Rental value of vacant space – total	21.2	23.1
Rental value of the whole portfolio – like-for-like	673.8	619.8
Rental value of the whole portfolio – total	723.0	648.2
<b>EPRA vacancy rate – like-for-like (in %)</b>	<b>2.7</b>	<b>3.4</b>
<b>EPRA vacancy rate total (in %)</b>	<b>2.9</b>	<b>3.6</b>

The EPRA vacancy rate like-for-like decreased from 3.4% to 2.7% compared to the same period of the previous year.

The EPRA capex splits the capitalised expenditure of the reporting period in comparison to the comparative period and reconciles to payment for investments in investment properties. The capital

expenditure, divided into Development (EUR 0.5 million) and Investments in investment properties (EUR 69.3 million), increased to EUR 69.8 million in the reporting period. The decrease in acquisitions to 49.4 million euros had an opposite effect.

## T8

**EPRA-Capex**

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Acquisitions	49.4	184.9
Development	0.5	1.2
Investments in investment properties	69.3	53.5
Incremental lettable space	0.9	1.4
No incremental lettable space	68.4	29.9
<b>EPRA Capex</b>	<b>119.2</b>	<b>239.6</b>
Additions to/utilisation of provisions for capex	-3.4	-0.2
Additions to/utilisation of provisions for incidental purchase price costs	24.5	-26.8
<b>Payments for investments in investment properties</b>	<b>140.3</b>	<b>212.6</b>

In addition to the value-adding modernisation, the increase in maintenance expenses by EUR 5.8 million to EUR 24.4 million resulted in total investments of EUR 94.2 million in the reporting period (comparative period: EUR 73.3 million). Investments for new construction activities (EUR 0.5 million), public safety measures in connection with acquisitions (EUR 0.1 million) and capitalised own services (EUR 4.6 million) were eliminated from total investment when calculating total investment per square meter. Adjusted total investment was EUR 89.0 million and average total investment per square metre in the reporting period was EUR 9.44 per square metre (comparative period: EUR 8.12 per square metre). In the comparative period, only investments for new construction activities were deducted. The capitalisation rate increased to 75.5% in the reporting period (comparative period: 74.2%).

## T9

**Maintenance and modernisation**

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Maintenance expenses	24.4	18.6
thereof investment properties	23.4	18.5
Capital expenditure	69.8	54.7
thereof investment properties	68.9	54.2
<b>Total investment</b>	<b>94.2</b>	<b>73.3</b>
thereof investment properties	92.3	72.7
Area of investment properties in million sqm	9.43	8.88
<b>Adjusted total investment</b>	<b>89.0</b>	<b>72.1</b>
<b>Adjusted average investment per sqm (€)</b>	<b>9.44</b>	<b>8.12</b>

## Net income from the disposal of investment properties

T10

### Net income from the disposal of investment properties

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Income from the disposal of investment	21.4	10.5
Carrying amount of the disposal of investment properties	-21.4	-10.6
Costs of sales of investment properties	-0.2	-0.2
<b>Net income from the disposal of investment properties</b>	<b>-0.2</b>	<b>-0.3</b>

Disposals of investment properties increased in the reporting period. Sales of investment property amounted to EUR 21.4 million and relate mainly to objects, which were reported as assets held for sale and were remeasured up to the agreed property value as of 31 December 2020.

## Net income from the disposal of real estate inventory

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

The remaining real estate inventory held as at 31 March 2021 amounted to EUR 0.4 million, of which EUR 0.4 million related to land under development.

## Administrative and other expenses

T11

### Administrative and other expenses

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Other operating expenses	-3.7	-3.1
Staff costs	-6.5	-5.6
Purchased services	-0.3	-0.5
Depreciation and amortisation	-1.0	-1.1
<b>Administrative and other expenses</b>	<b>-11.5</b>	<b>-10.3</b>
Depreciation and amortisation	1.0	1.1
Non-recurring project costs and extraordinary and prior-period expenses	1.3	0.8
<b>Adjusted administrative and other expenses</b>	<b>-9.3</b>	<b>-8.4</b>

The increase in other operating expenses is mainly attributable to increased consulting costs. The adjusted administrative expenses increased by EUR 0.9 million in the first three months compared to the same period in the previous year.

## Net finance earnings

T12

### Net finance earnings

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Interest income	0.0	0.0
Interest expenses	-24.9	-22.6
<b>Net interest income</b>	<b>-24.9</b>	<b>-22.6</b>
Net income from other financial assets and other investments	0.0	2.8
Net income from associates	-	-
Net income from the fair value measurement of derivatives	48.0	-0.2
<b>Net finance earnings</b>	<b>23.1</b>	<b>-20.0</b>

The interest expense increased by EUR 2.3 million year on year to EUR 24.9 million. The main driver for the increase in interest expenses is the issued convertible bond with a nominal value of EUR 550.0 million in the second quarter 2020.

Year-on-year the average interest rate decreased to 1.29% as at 31 March 2021 (1.46% as at 31 March 2020) with an average term of 7.5 years (8.1 years as at 31 March 2020).

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of embedded derivatives from the convertible bonds in the amount of EUR 48.0 million (comparative period: EUR -0.2 million).

## Income tax expenses

T13

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
<b>Income tax expenses</b>		
Current tax expenses	-1.7	-1.1
Deferred tax expenses	-17.6	-17.9
<b>Income tax expenses</b>	<b>-19.3</b>	<b>-19.0</b>

An effective Group tax rate of 18.5% was assumed in the reporting period in accordance with Group tax planning (comparative period: 21.7%).

### Reconciliation to FFO

FFO I is a key financial performance indicator of LEG Group. LEG Group distinguishes between FFO I (not including net income from the disposal of investment properties), FFO II (including net income from the disposal of investment properties) and AFFO (FFO I adjusted for capex). The calculation methods for these key figures can be found in the [glossary in the 2020 annual report](#).

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

T14

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

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Net cold rent	168.4	153.5
Profit from operating expenses	-0.7	-0.8
Maintenance for externally procured services	-16.2	-12.9
Staff costs	-21.1	-17.7
Allowances on rent receivables	-2.3	-2.3
Other	3.5	-0.8
Non-recurring project costs (rental and lease)	1.6	0.7
<b>Current net rental and lease income</b>	<b>133.2</b>	<b>119.7</b>
<b>Current net income from other services</b>	<b>2.1</b>	<b>2.4</b>
Staff costs	-6.5	-5.6
Non-staff operating costs	-4.1	-3.6
Non-recurring project costs (admin.)	1.3	0.8
Extraordinary and prior-period expenses	0.0	0.0
<b>Current administrative expenses</b>	<b>-9.3</b>	<b>-8.4</b>
Other income and expenses	0.0	-
<b>Adjusted EBITDA</b>	<b>126.0</b>	<b>113.7</b>
Cash interest expenses and income	-20.5	-19.0
Cash income taxes from rental and lease	-1.4	-0.8
<b>FFO I (before adjustment of non-controlling interests)</b>	<b>104.1</b>	<b>93.9</b>
Adjustment of non-controlling interests	0.0	0.1
<b>FFO I (after adjustment of non-controlling interests)</b>	<b>104.1</b>	<b>94.0</b>
<b>Weighted average number of shares outstanding</b>	<b>72,095,943</b>	<b>69,009,836</b>
<b>FFO I per share</b>	<b>1.44</b>	<b>1.36</b>
Net income from the disposal of investment properties	-0.2	-0.2
Cash income taxes from disposal of investment properties	-0.1	-0.3
<b>FFO II (incl. Disposal of investment properties)</b>	<b>103.8</b>	<b>93.5</b>
CAPEX	-69.8	-54.7
<b>Capex-adjusted FFO I (AFFO)</b>	<b>34.3</b>	<b>39.3</b>

At EUR 104.1 million, FFO I was 10.7% higher in the reporting period than in the same period of the previous year (EUR 94.0 million). In particular, this increase is attributable to the positive impact from the rise in net cold rent including the effects of the concluded acquisitions.

Despite a slight increase in interest expenses, there is an increase of the interest coverage ratio (ratio of adjusted EBITDA to cash interest expense) from 598% in the same period of the previous year to 615% in the reporting period.

### EPRA earnings per share (EPS)

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

T15

#### EPRA earnings per share (EPS)

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Net profit or loss for the period attributable to parent shareholders	123.7	65.7
Changes in value of investment properties	-1.9	0.7
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	0.2	1.7
Tax on profits or losses on disposals	0.2	0.3
Changes in fair value of financial instruments and associated close-out costs	-48.0	0.2
Acquisition costs on share deals and non-controlling joint venture interests	0.1	0.1
Deferred tax in respect of EPRA adjustments	0.4	0.1
Refinancing expenses	0.0	0.1
Other interest expenses	0.5	0.0
Non-controlling interests in respect of the above	0.0	0.0
<b>EPRA earnings</b>	<b>75.2</b>	<b>68.9</b>
Weighted average number of shares outstanding	72,095,943	69,009,836
EPRA earnings per share (undiluted) in €	1.04	1.00
Potentially diluted shares	-	-
Interest coupon on convertible bond	-	-
Amortisation expenses convertible bond after taxes	-	-
<b>EPRA earnings (diluted)</b>	<b>75.2</b>	<b>68.9</b>
Number of diluted shares	72,095,943	69,009,836
<b>EPRA earnings per share (diluted) in €</b>	<b>1.04</b>	<b>1.00</b>

## Consolidated Statement of financial position

T16

### Condensed statement of financial position

€ million	31.03.2021	31.12.2020
Investment properties	14,702.7	14,582.7
Prepayments for investment properties	39.0	43.3
Other non-current assets	222.7	221.6
Non-current assets	14,964.4	14,847.6
Receivables and other assets	110.7	77.7
Cash and cash equivalents	773.5	335.4
Current assets	884.2	413.1
Assets held for sale	0.5	21.6
<b>Total assets</b>	<b>15,849.1</b>	<b>15,282.3</b>
Equity	7,526.4	7,389.9
Non-current financial liabilities	6,244.6	5,377.7
Other non-current liabilities	1,695.2	1,650.5
Non-current liabilities	7,939.8	7,028.2
Current financial liabilities	110.7	491.3
Other current liabilities	272.2	372.9
Current liabilities	382.9	864.2
<b>Total equity and liabilities</b>	<b>15,849.1</b>	<b>15,282.3</b>

Investment property increased primarily as a result of additions from acquisitions of EUR 50.1 million and capitalisation of property modernisation measures of EUR 68.9 million.

The recognition of real estate tax expense as other inventories (EUR 18.5 million) for the remainder of the financial year and the deferral of prepaid operating costs (EUR 10.1 million) contributed significantly to the development of the receivables and other assets.

Cash and cash equivalents increased by EUR 438.1 million to EUR 773.5 million. This development is mainly due to the issuance of a corporate bond with net proceeds of EUR 494.2 million. This was offset by scheduled and unscheduled repayments of EUR 7.1 million and still high acquisition and investment activity of EUR 140.3 million.

While financial liabilities increased by EUR 486.3 million compared to 31 December 2020 mainly due to the corporate bond issued in March 2021, the other current liabilities declined by EUR 100.7 million due to the valuation and change of maturity of the derivatives for the convertible bond issued in 2017 (EUR –91.9 million). For the same reason the other non-current liabilities increased by EUR 43.9 million as of 31 March 2021.

## EPRA Net Tangible Asset (EPRA NTA)

Further key metrics relevant in the property industry are EPRA NRV, NTA and NDV. LEG Immo has defined the EPRA NTA as the significant key figure. The calculation method for the respective key figure can be found in the [glossary in the 2020 annual report](#).

LEG Immo reports an EPRA NTA of EUR 8,942.4 million or EUR 124.03 per share as at 31 March 2021. Deferred taxes on investment property are adjusted by the amount attributable to LEG Group's planned property sales. The acquisition costs are not considered. The key figures are presented exclusively on a diluted basis. As of 31 March 2021, no dilution effects from the convertible bonds are considered, because the share price does not exceed the current conversion prices at the reporting date.

T17

### EPRA NRV, EPRA NTA, EPRA NDV

€ million	31.03.2021			31.12.2020		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders of the parent company	7,502.1	7,502.1	7,502.1	7,365.6	7,365.6	7,365.6
Hybrid instruments	27.5	27.5	27.5	464.3	464.3	464.3
<b>Diluted NAV at fair value</b>	<b>7,529.6</b>	<b>7,529.6</b>	<b>7,529.6</b>	<b>7,829.9</b>	<b>7,829.9</b>	<b>7,829.9</b>
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	1,449.0	1,436.0	-	1,431.3	1,417.4	-
Fair value of financial instruments	79.7	79.7	-	102.7	102.7	-
Goodwill as a result of deferred tax	-55.9	-55.9	-55.9	-55.9	-55.9	-55.9
Goodwill as a result of synergies	-	-43.7	-43.7	-	-43.7	-43.7
Intangibles as per the IFRS balance sheet	-	-3.3	-	-	-2.8	-
Fair value of fixed interest rate debt	-	-	-378.0	-	-	-443.0
Deferred taxes of fixed interest rate debt	-	-	69.8	-	-	87.2
Revaluation of intangibles to fair value	-	-	-	-	-	-
Estimated ancillary acquisition costs (real estate transfer tax) <sup>1</sup>	1,432.5	-	-	1,421.7	-	-
<b>NAV</b>	<b>10,434.9</b>	<b>8,942.4</b>	<b>7,121.8</b>	<b>10,729.7</b>	<b>9,247.6</b>	<b>7,374.5</b>
Fully diluted number of shares	72,095,943	72,095,943	72,095,943	75,534,292	75,534,292	75,534,292
<b>NAV per share</b>	<b>144.74</b>	<b>124.03</b>	<b>98.78</b>	<b>142.05</b>	<b>122.43</b>	<b>97.63</b>

<sup>1</sup> Taking into account the ancillary acquisition costs leads to an NTA of EUR 10,360.4 million or EUR 143.70 per share.

## Loan-to-value ratio (LTV)

Net debt at the end of the reporting period increased slightly compared with 31 December 2020, due to payments for investments, leading to a slightly increased loan-to-value ratio (LTV) of 37.7% at the interim reporting date (31 December 2020: 37,6%).

T18

### LTV

€ million	31.03.2021	31.12.2020
Financing liabilities	6,355.3	5,869.0
Less lease liabilities IFRS16 (not leasehold)	28.5	30.8
Less cash and cash equivalents	773.5	335.4
<b>Net financing liabilities</b>	<b>5,553.3</b>	<b>5,502.8</b>
Investment properties	14,702.7	14,582.7
Assets held for sale	0.5	21.6
Prepayments for investment properties	39.0	43.3
<b>Real estate assets</b>	<b>14,742.2</b>	<b>14,647.6</b>
<b>Loan-to-value ratio (LTV) in %</b>	<b>37.7</b>	<b>37.6</b>

## Financial position

A net profit for the period of EUR 124.4 million was realised in the reporting period (comparative period: EUR 66.5 million). Equity amounted to EUR 7,526.4 million at the reporting date (31 December 2020: EUR 7,389.9 million). This corresponds to an equity ratio of 47.5% (31 December 2020: 48.4%).

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

T19

### Statement of cash flows

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Cash flow from operating activities	98.5	80.2
Cash flow from investing activities	-143.8	-178.2
Cash flow from financing activities	483.4	-53.1
<b>Change in cash and cash equivalents</b>	<b>438.1</b>	<b>-151.1</b>

Higher receipts from net cold rents had a positive impact on the net cash flow from operating activities in the reporting period.

Essentially, acquisitions and modernisation work on the existing portfolio contributed to the net cash flow from investing activities with cash payments of EUR -140.3 million. Furthermore, cash proceeds mainly from property disposals in the amount of EUR 5.0 million and acquisition of an equity investment of EUR 6.0 million resulted in a net cash flow from investing activities of EUR -143.8 million.

In the reporting period, the scheduled repayments of subsidised and bank loans (EUR -7.1 million) and in the opposite direction the issuance of a corporate bond of EUR 494.2 million were the main drivers of the cash flow from financing activities of EUR 483.4 million.

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

## Risk and opportunity report

The risks and opportunities faced by LEG in its operating activities were described in detail in the [annual report 2020](#). To date, no further risks that would lead to a different assessment have arisen or become discernible in the fiscal year 2021.

## Forecast

Based on the business performance in the first three months of 2021, LEG believes it is well positioned overall to confirm its earnings targets for the financial year 2021. For more details, please refer to the forecast report in the [annual report 2020 \(page 75\)](#).

### T20

#### Outlook 2021

FFO I	in the range of EUR 410 million to EUR 420 million
Like-for-like rental growth	c. 3.0%
Investments	c. EUR 40–42 per sqm
LTV	43 % max.
Dividend	70 % of FFO I



## Consolidated statement of financial position

T21

### Assets

€ million	31.03.2021	31.12.2020
<b>Non-current assets</b>	<b>14,964.4</b>	<b>14,847.6</b>
Investment properties	14,702.7	14,582.7
Prepayments for investment properties	39.0	43.3
Property, plant and equipment	85.0	86.3
Intangible assets and goodwill	102.9	102.4
Investments in associates	10.2	10.2
Other financial assets	21.1	15.1
Receivables and other assets	0.2	0.2
Deferred tax assets	3.3	7.4
<b>Current assets</b>	<b>884.2</b>	<b>413.1</b>
Real estate inventory and other inventory	26.4	7.2
Receivables and other assets	78.0	64.4
Income tax receivables	6.3	6.1
Cash and cash equivalents	773.5	335.4
<b>Assets held for sale</b>	<b>0.5</b>	<b>21.6</b>
<b>Total assets</b>	<b>15,849.1</b>	<b>15,282.3</b>

### Equity and liabilities

€ million	31.03.2021	31.12.2020
<b>Equity</b>	<b>7,526.4</b>	<b>7,389.9</b>
Share capital	72.1	72.1
Capital reserves	1,553.1	1,553.1
Cumulative other reserves	5,876.9	5,740.4
Equity attributable to shareholders of the parent company	7,502.1	7,365.6
Non-controlling interests	24.3	24.3
<b>Non-current liabilities</b>	<b>7,939.8</b>	<b>7,028.2</b>
Pension provisions	147.1	157.3
Other provisions	7.7	7.3
Financing liabilities	6,244.6	5,377.7
Other liabilities	166.8	129.9
Deferred tax liabilities	1,373.6	1,356.0
<b>Current liabilities</b>	<b>382.9</b>	<b>864.2</b>
Pension provisions	6.1	6.7
Other provisions	25.2	27.8
Provisions for taxes	0.9	0.1
Financing liabilities	110.7	491.3
Other liabilities	226.9	325.9
Tax liabilities	13.1	12.4
<b>Total equity and liabilities</b>	<b>15,849.1</b>	<b>15,282.3</b>

## Consolidated statement of comprehensive income

T22

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
<b>Net rental and lease income</b>	<b>129.0</b>	<b>116.5</b>
Rental and lease income	231.2	212.4
Cost of sales in connection with rental and lease income	-102.2	-95.9
<b>Net income from the disposal of investment properties</b>	<b>-0.2</b>	<b>-0.3</b>
Income from the disposal of investment properties	21.4	10.5
Carrying amount of the disposal of investment properties	-21.4	-10.6
Cost of sales in connection with disposed investment properties	-0.2	-0.2
<b>Net income from the remeasurement of investment properties</b>	<b>1.9</b>	<b>-0.7</b>
<b>Net income from the disposal of real estate inventory</b>	<b>0.0</b>	<b>-1.4</b>
Income from the real estate inventory disposed of	1.1	-
Carrying amount of the real estate inventory disposed of	-0.9	-
Costs of sales of the real estate inventory disposed of	-0.2	-1.4
<b>Net income from other services</b>	<b>1.4</b>	<b>1.7</b>
Income from other services	3.0	3.3
Expenses in connection with other services	-1.6	-1.6
<b>Administrative and other expenses</b>	<b>-11.5</b>	<b>-10.3</b>
<b>Other income</b>	<b>0.0</b>	<b>0.0</b>
<b>Operating earnings</b>	<b>120.6</b>	<b>105.5</b>
Interest income	0.0	0.0
Interest expenses	-24.9	-22.6
Net income from investment securities and other equity investments	0.0	2.8
Net income from the fair value measurement of derivatives	48.0	-0.2
<b>Earnings before income taxes</b>	<b>143.7</b>	<b>85.5</b>
Income taxes	-19.3	-19.0
<b>Net profit or loss for the period</b>	<b>124.4</b>	<b>66.5</b>

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
<b>Change in amounts recognised directly in equity</b>	<b>12.4</b>	<b>10.0</b>
<b>Thereof recycling</b>		
<b>Fair value adjustment of interest rate derivatives in hedges</b>	<b>5.6</b>	<b>-2.6</b>
Change in unrealised gains/(losses)	6.8	-3.1
Income taxes on amounts recognised directly in equity	-1.2	0.5
<b>Thereof non-recycling</b>		
<b>Actuarial gains and losses from the measurement of pension obligations</b>	<b>6.8</b>	<b>12.6</b>
Change in unrealised gains/(losses)	9.7	18.1
Income taxes on amounts recognised directly in equity	-2.9	-5.5
<b>Total comprehensive income</b>	<b>136.8</b>	<b>76.5</b>
<b>Net profit or loss for the period attributable to:</b>		
Non-controlling interests	0.7	0.8
Parent shareholders	123.7	65.7
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	0.7	0.8
Parent shareholders	136.1	75.7
<b>Earnings per share (basic) in €</b>	<b>1.72</b>	<b>0.95</b>
<b>Earnings per share (diluted) in €</b>	<b>0.97</b>	<b>0.92</b>

## Statement of changes in consolidated equity

T23

€ million	Share capital	Capital reserves	Cumulative other reserves			Equity attributable to shareholders of the Group	Non-controlling interests	Consolidated equity
			Revenue reserves	Actuarial gains and losses from the measurement of pension obligations	Fair value adjustment of interest derivatives in hedges			
<b>As of 01.01.2020</b>	69.0	1,202.2	4,718.9	-53.0	-27.2	5,909.9	24.0	5,933.9
Net profit or loss for the period	-	-	65.7	-	-	65.7	0.8	66.5
Other comprehensive income	-	-	-	12.6	-2.6	10.0	0.0	10.0
<b>Total comprehensive income</b>	-	-	65.7	12.6	-2.6	75.7	0.8	76.5
Change in consolidated companies	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-
Other	-	-	0.4	-	-	0.4	-	0.4
Withdrawals from reserves	-	-	-	-	-	-	-0.7	-0.7
Changes from put options	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
<b>As of 31.03.2020</b>	69.0	1,202.2	4,785.0	-40.4	-29.8	5,986.0	24.1	6,010.1
<b>As of 01.01.2021</b>	72.1	1,553.1	5,824.8	-50.1	-34.3	7,365.6	24.3	7,389.9
Net profit/loss for the period	-	-	123.7	-	-	123.7	0.7	124.4
Other comprehensive income	-	-	-	6.8	5.6	12.4	0.0	12.4
<b>Total comprehensive income</b>	-	-	123.7	6.8	5.6	136.1	0.7	136.8
Change in consolidated companies/other	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-
Other	-	-	0.4	-	-	0.4	-	0.4
Withdrawals from reserves	-	-	-	-	-	-	-0.6	-0.6
Changes from put options	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-0.1	-0.1
<b>As of 31.03.2021</b>	72.1	1,553.1	5,948.9	-43.3	-28.7	7,502.1	24.3	7,526.4

## Consolidated statement of cash flows

T24

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
<b>Operating earnings</b>	<b>120.6</b>	<b>105.5</b>
Depreciation on property, plant and equipment and amortisation on intangible assets	4.4	4.3
(Gains)/Losses from the measurement of investment properties	-1.9	0.7
(Decrease)/Increase in pension provisions and other non-current provisions	-0.7	-1.3
Other non-cash income and expenses	2.3	2.0
(Decrease)/Increase in receivables, inventories and other assets	-36.5	-36.0
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	31.1	26.6
Interest paid	-20.5	-19.0
Taxes received	1.2	0.1
Taxes paid	-1.5	-2.7
<b>Net cash from/(used in) operating activities</b>	<b>98.5</b>	<b>80.2</b>
<b>Cash flow from investing activities</b>		
Investments in investment properties	-140.3	-212.6
Proceeds from disposals of non-current assets held for sale and investment properties	5.0	12.8
Investments in intangible assets and property, plant and equipment	-2.5	-8.4
Investments in financial assets and other assets	-	30.0
Proceeds from disposals of financial assets and other assets	-6.0	-
<b>Net cash from/(used in) investing activities</b>	<b>-143.8</b>	<b>-178.2</b>

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
<b>Cash flow from financing activities</b>		
Borrowing of bank loans	-	58.5
Repayment of bank loans	-7.1	-108.4
Issue of corporate bonds	494.2	-
Repayment of lease liabilities	-3.6	-3.2
Distribution and withdrawal from reserves of non-controlling interest	-0.1	-
<b>Net cash from/(used in) financing activities</b>	<b>483.4</b>	<b>-53.1</b>
<b>Change in cash and cash equivalents</b>	<b>438.1</b>	<b>-151.1</b>
Cash and cash equivalents at beginning of period	335.4	451.2
<b>Cash and cash equivalents at end of period</b>	<b>773.5</b>	<b>300.1</b>
<b>Composition of cash and cash equivalents</b>		
Cash in hand, bank balances	773.5	300.1
<b>Cash and cash equivalents at end of period</b>	<b>773.5</b>	<b>300.1</b>

## Selected notes on the IFRS interim consolidated financial statements as at 31 March 2021

### 1. Basic information on the Group

LEG Immobilien SE, 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 145,860 (31 March 2020: 137,507) residential and commercial units on 31 March 2021 (145,855 (31 March 2020: 137,318) units excluding IFRS 5 objects).

LEG Group engages in three core activities as an integrated property company: the optimisation of the core business, the expansion of the value chain as well as the portfolio strengthening.

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

### 2. Interim consolidated financial statements

LEG Immo prepared the interim consolidated financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) for interim reporting, as endorsed in the EU, and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). Based on the option under IAS 34.10, the notes to the financial statements were presented in a condensed form. The condensed interim consolidated financial statements have not been audited or subjected to an audit review. LEG Group primarily generates income from the rental and letting of investment properties. Rental and lease business, in essence, is unaffected by seasonal and cyclical influences.

### 3. Accounting policies

The accounting policies applied in the interim consolidated financial statements of LEG Immo are the same as those presented in the IFRS consolidated financial statements of LEG Immo as of 31 December 2020. These interim consolidated financial statements as at 31 March 2021 should therefore be read in conjunction with the consolidated financial statements as at 31 December 2020.

LEG Immo has fully applied the new standards and interpretations that are mandatory from 1 January 2021. The amendments to IFRS 16 (Covid-19-related rent concessions) do not affect the LEG Group's lease accounting. The optional exemption from assessing whether a COVID-19-related rent concession is a lease modification was not applied at the LEG Group. There were no cases of rent being deferred or waived as a direct result of the coronavirus pandemic for leases where LEG Group is the lessee. Due to the amendments to the Interest Rate Benchmark Reform of IFRS 9, IAS 39 and IFRS 7 no significant impact on the measurement of derivatives used in hedge accounting is expected. Within the prospective effectiveness of the hedging relationship it is assumed that the underlying effect from the replacement of the reference rate due to the IBOR reform is not significant.

### 4. Changes in the Group

On 11 March 2021 the conversion of LEG Immobilien AG into the legal form of an SE Societas Europaea (European Company) was registered in the commercial register.

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

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

### Development of property prices and demand

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

### Development of rent defaults and rent deferrals

Only a slight increase in rent defaults can be observed at present. This is partly due to the extensive state transfer payments. Due to the LEG-specific low level of commercial letting, potential rent defaults from commercial properties can currently be classified as insignificant.

### Housing vacancies

No developments can be seen at present that would indicate higher vacancies. Despite a pandemic-driven difficult environment, new lettings develop positively and tenant terminations are rather decreasing. In addition, it could be in future, as in the financial crisis in 2008/2009, that immigration from EU countries that are hit hard by the economic consequences of the Sars-CoV-2 pandemic could increase creating additional demand for housing in the medium term. In the event of a severe recession, it could even prove to be an opportunity specifically for LEG Group that the company has a large number of affordable apartments and can thus benefit from increased demand for inexpensive housing in times of recession.

After carefully weighing up the information currently available at LEG Group, we have come to the conclusion that the effects of the Sars-CoV-2 pandemic on the housing sector in Germany and the effects on the business performance and the intrinsic value of the real estate assets of LEG Group should be manageable. There could even be opportunities for LEG Group in some cases.

For further information, please refer to the [consolidated financial statements as at 31 December 2020](#).

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

On 31 March 2021, the LEG Group held 144,519 apartments and 1,341 commercial units in its portfolio (145,855 units excluding IFRS 5 objects).

Investment property developed as follows in the financial year 2020 and in 2021 up to the reporting date of the interim consolidated financial statements:

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### Investment properties

€ million	Total	Residential assets			Commercial assets	Parking and other assets	Lease-hold	land values
		High-growth markets	Stable markets	Higher-yielding markets				
<b>Carrying amount as of 01.01.2021</b>	<b>14,582.7</b>	<b>6,262.9</b>	<b>4,808.4</b>	<b>2,802.2</b>	<b>231.9</b>	<b>280.1</b>	<b>165.2</b>	<b>32.1</b>
Acquisitions	49.4	43.2	4.8	0.0	-0.1	2.2	-0.7	0.0
Other additions	68.9	26.1	25.3	16.6	0.9	0.0	0.0	0.0
Reclassified to assets held for sale	-0.3	0.0	-0.1	-0.2	0.0	0.0	0.0	0.0
Reclassified from assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified to property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified from property, plant and equipment	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Fair value adjustment	1.9	0.1	1.5	0.7	0.0	0.0	-0.5	0.0
Reclassification	0.0	1.4	0.2	0.0	-1.4	0.0	0.0	-0.2
<b>Carrying amount as of 31.03.2021</b>	<b>14,702.7</b>	<b>6,333.7</b>	<b>4,840.2</b>	<b>2,819.3</b>	<b>231.3</b>	<b>282.3</b>	<b>164.0</b>	<b>31.9</b>
Fair value adjustment as of 31.03.2021 (in Euro million):	1.9							
hereupon as of 31.03.2021 in the portfolio:	1.9							
hereupon as of 31.03.2021 disposed investment properties:	0.0							

T26

## Investment properties

€ million	Total	Residential assets			Commercial assets	Parking and other assets	Lease-hold	land values
		High-growth markets	Stable markets	Higher-yielding markets				
<b>Carrying amount as of 01.01.2020</b>	<b>12,031.1</b>	<b>5,126.8</b>	<b>3,923.0</b>	<b>2,390.2</b>	<b>225.9</b>	<b>219.4</b>	<b>113.3</b>	<b>32.5</b>
Initial application of IFRS 16	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	1,139.6	517.6	407.8	106.3	38.0	26.5	39.2	4.3
Other additions	284.6	102.2	99.1	80.2	2.8	0.2	0.0	0.2
Reclassified to assets held for sale	-44.7	-18.0	-13.9	-9.1	-1.9	-1.4	0.0	-0.4
Reclassified from assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified to property, plant and equipment	-0.9	-0.6	-0.1	-0.2	0.0	0.0	0.0	0.0
Reclassified from property, plant and equipment	2.6	0.0	0.0	0.0	2.6	0.0	0.0	0.0
Fair value adjustment	1,170.4	516.4	389.8	239.3	-12.4	26.7	12.2	-1.6
Reclassification	0.0	18.6	2.7	-4.5	-23.1	8.7	0.5	-2.9
<b>Carrying amount as of 31.12.2020</b>	<b>14,582.7</b>	<b>6,262.9</b>	<b>4,808.4</b>	<b>2,802.2</b>	<b>231.9</b>	<b>280.1</b>	<b>165.2</b>	<b>32.1</b>
Fair value adjustment 31.12.2020 (in Euro million):	1,170.4							
hereupon as of 31.12.2020 in the portfolio:	1,168.5							
hereupon as of 31.12.2020 disposed investment properties:	1.9							

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

Investment property was remeasured most recently by the LEG Group as of 31 December 2020. No further fair value adjustment was made as at 31 March 2021. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as at 31 December 2020.

Significant market developments and measurement parameters affecting the market values of LEG Immo are reviewed each quarter. If necessary, the property portfolio is revalued. As at 31 March 2021, the results of this review did not require any value adjustment. Despite the proceeded Covid-19 pandemic there are no observable effects on the market, which could affected the long-term value of the property portfolio.



The table below shows the measurement method used to determine the fair value of investment property and the material unobservable inputs used as of 31 December 2020:

T27

## Valuation parameters as at 31 December 2020

	GAV investment properties  (€ million)	Valuation technique	Market rent residential/commercial €/sqm			Maintenance cost residential/commercial €/sqm			Administrative cost residential/commercial €/unit			Stabilised vacancy rate %		
			min	Ø	max	min	Ø	max	min	Ø	max	min	Ø	max
			Residential assets											
High-growth markets	6,242	DCF	3.63	8.14	14.01	5.62	11.70	15.73	181.85	304.85	466.74	1.0	1.8	6.0
Stable markets	4,806	DCF	2.33	6.69	10.31	6.64	11.78	15.23	163.73	302.89	466.38	1.5	3.0	9.0
Higher-yielding markets	2,802	DCF	0.32	6.05	9.29	5.86	11.85	15.61	161.96	302.97	466.38	1.5	4.4	8.5
Commercial assets	232	DCF	0.50	7.40	27.00	4.46	7.37	15.47	0.16	257.60	5,480.52	1.0	2.6	8.5
Leasehold	165	DCF	-	-	-	-	-	-	1.95	28.93	75.37	-	-	-
Parking and other assets	280	DCF	-	-	-	34.27	77.10	89.27	39.07	39.37	39.50	-	-	-
Land values	28	Earnings/ reference value method	-	-	-	-	-	-	0.06	5.64	14.40	-	-	-
<b>Total portfolio (IAS 40)<sup>1</sup></b>	<b>14,555</b>	<b>DCF</b>	<b>0.32</b>	<b>6.86</b>	<b>27.00</b>	<b>4.46</b>	<b>17.34</b>	<b>89.27</b>	<b>0.06</b>	<b>280.14</b>	<b>5,480.52</b>	<b>1.0</b>	<b>3.2</b>	<b>9.0</b>

	Discount rate %			Capitalisation rate %			Estimated rental development %		
	min	Ø	max	min	Ø	max	min	Ø	max
Residential assets									
High-growth markets	3.3	4.4	5.3	2.2	5.0	11.3	1.1	1.6	1.9
Stable markets	3.2	4.4	5.3	1.9	5.6	11.4	0.9	1.2	1.8
Higher-yielding markets	3.4	4.5	5.1	2.9	5.9	12.0	0.7	1.1	1.6
Commercial assets	2.5	6.5	9.0	2.8	7.1	9.5	0.8	1.4	1.9
Leasehold	3.3	4.5	6.0	10.4	11.1	11.8	0.9	1.4	1.8
Parking and other assets	3.0	4.5	5.4	2.6	6.9	12.0	0.7	1.3	1.9
Land values	4.2	4.4	5.0	2.8	11.0	11.9	0.9	1.3	1.8
<b>Total portfolio ((IAS 40)<sup>1</sup></b>	<b>2.5</b>	<b>4.5</b>	<b>9.0</b>	<b>1.9</b>	<b>5.7</b>	<b>12.0</b>	<b>0.7</b>	<b>1.3</b>	<b>1.9</b>

<sup>1</sup> In addition, as at 31 December 2020, there are assets held for sale (IFRS 5) in the amount of EUR 21.6 million, which correspond to Level 2 of the fair value hierarchy.

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

T28

#### Right of use Leases

€ million	31.03.2021	31.12.2020
Right of use buildings	4.6	5.2
Right of use technical equipment and machinery	16.8	17.8
Right of use operating and office equipment	6.3	5.9
<b>Property, plant and equipment</b>	<b>27.7</b>	<b>28.9</b>
Right of use Software	1.3	1.4
<b>Intangible assets</b>	<b>1.3</b>	<b>1.4</b>

Property, plant and equipment as well as intangible assets included right of use leases in the amount of EUR 29.0 million as of 31 March 2021. The right of uses result from rented land and buildings, cars, heat contracting, measurement and reporting technology, IT peripheral devices as well as software. In the reporting period right of uses in the amount of EUR 1.3 million have been added.

Cash and cash equivalents mainly consist of bank balances as well as money market funds.

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

Financing liabilities are composed as follows:

T29

#### Financing liabilities

€ million	31.03.2021	31.12.2020
Financing liabilities from real estate financing	6,265.4	5,776.1
Financing liabilities from lease financing	89.9	92.9
<b>Financing liabilities</b>	<b>6,355.3</b>	<b>5,869.0</b>

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

The consolidated financial statements of LEG Immo reported financial liabilities from real estate financing of EUR 6,265.4 million as at 31 March 2021.

As of 31 March 2021, the issuance of a corporate bond with an IFRS carrying amount of EUR 494.2 million increased the financing liabilities. Scheduled and unscheduled repayments of EUR 7.1 million and the amortisation of transaction costs had an opposite effect.

Financing liabilities from real estate financing include among other things two convertible bonds with a nominal value of EUR 550.0 million and an IFRS carrying amount of EUR 524.0 million and a nominal value of EUR 400.0 million (IFRS carrying amount of EUR 389.4 million). Furthermore, financing liabilities include four corporate bonds, one with a nominal value of EUR 500.0 million (IFRS carrying amount of EUR 494.2 million), one with a nominal amount of EUR 500.0 million (IFRS carrying amount of EUR 496.5 million), one with a nominal amount of EUR 300.0 million (IFRS carrying amount of EUR 296.6 million), and one with a nominal amount of EUR 500.0 million (IFRS carrying amount of EUR 498.5 million).

The convertible bonds were classified and recognised in full as debt due to the issuer's contractual cash settlement option. There are several embedded derivatives and derivatives that must be separated that are to be jointly regarded as a compound derivative and carried at fair value. The host debt instrument is recognised at amortised cost.

The decrease in financing liabilities from lease financing results from repayments and offsetting from new leases. Already concluded leases starting after the reporting date will arise cash outflows in the amount of EUR 3.4 million.

The main drivers for the changes in maturity of financing liabilities as against 31 December 2020 are the issuance of the corporate bond with a nominal value of EUR 500.0 million (IFRS carrying amount of EUR 494.2 million) as well as the reclassification of the convertible bond with a nominal value of EUR 400.0 million (IFRS carrying amount of EUR 389.4 million) from short-term to mid-term maturity because it is no longer in the money.

T30

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

€ million	Remaining term			Total
	< 1 year	> 1 to 5 years	> 5 years	
31.03.2021	100.1	2,700.2	3,465.1	6,265.4
31.12.2020	480.4	2,086.3	3,209.4	5,776.1

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

Net rental and lease income is broken down as follows:

T31

#### Net rental and lease income

€ million	01.01.– 31.03.2021	01.01.– 31.03.2020
Net cold rent	168.4	153.5
Profit from operating expenses	-0.7	-0.8
Maintenance for externally procured services	-16.2	-12.9
Staff costs	-21.1	-17.7
Allowances on rent receivables	-2.3	-2.3
Depreciation and amortisation expenses	-2.6	-2.5
Other	3.5	-0.8
<b>Net rental and lease income</b>	<b>129.0</b>	<b>116.5</b>
<b>Net Operating Income – Margin in %</b>	<b>76.6</b>	<b>75.9</b>
Non-recurring project costs - rental and lease	1.6	0.7
Depreciation	2.6	2.5
<b>Adjusted net rental and lease income</b>	<b>133.2</b>	<b>119.7</b>
<b>Adjusted net operating income – Margin (in %)</b>	<b>79.1</b>	<b>78.0</b>

In the reporting period, LEG Group increased its net rental and lease income by EUR 12.5 million compared to the same period of the previous year. Main drivers of this development were the EUR 14.9 million rise in net cold rents and the EUR 4.3 million expansion of value-added services under other. In-place rent per square metre on a like-for-like basis rose by 2.8% in the reporting period. This was countered by the increase in maintenance expenses for externally produced services by EUR 3.3 million as well as the increase in staff costs by EUR 3.4 million, which was mainly due to an increase in the number of hired workers.

Due to disproportionate development of net rental and lease income compared with the development of the net cold rent the NOI margin increased from 75.9% to 76.6% in the reporting period.

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

T32

#### Depreciation expense of leases

€ million	01.01.– 31.03.2021	01.01.– 31.03.2020
Right of use buildings	0.1	0.0
Right of use technical equipment and machinery	1.2	1.2
Right of use operating and office equipment	0.6	0.5
<b>Depreciation expense of leases</b>	<b>1.9</b>	<b>1.7</b>

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

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

T33

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

€ million	01.01.– 31.03.2021	01.01.– 31.03.2020
Income from the disposal of investment	21.4	10.5
Carrying amount of the disposal of investment properties	-21.4	-10.6
Costs of sales of investment properties	-0.2	-0.2
<b>Net income from the disposal of investment properties</b>	<b>-0.2</b>	<b>-0.3</b>

#### Administrative and other expenses

T34

#### Administrative and other expenses

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Other operating expenses	-3.7	-3.1
Staff costs	-6.5	-5.6
Purchased services	-0.3	-0.5
Depreciation and amortisation	-1.0	-1.1
<b>Administrative and other expenses</b>	<b>-11.5</b>	<b>-10.3</b>
Depreciation and amortisation	1.0	1.1
Non-recurring project costs and extraordinary and prior-period expenses	1.3	0.8
<b>Adjusted administrative and other expenses</b>	<b>-9.3</b>	<b>-8.4</b>

The increase in other operating expenses is mainly attributable to increased consultant costs. The adjusted administrative expenses increased by EUR 0.9 million in the first three months compared to the same period in the previous year.

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

T35

#### Depreciation expense of leases

€ million	01.01.– 31.03.2021	01.01.– 31.03.2020
Right of use buildings	0.5	0.5
Right of use operating and office equipment	0.1	0.1
Right of use Software	0.1	0.1
<b>Depreciation expense of leases</b>	<b>0.7</b>	<b>0.7</b>

## Net interest income

Net interest income is composed as follows:

T36

### Interest expenses

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Interest expenses from real estate financing	-17.4	-16.4
Interest expense from loan amortisation	-4.1	-3.3
Prepayment penalty	0.0	-0.1
Interest expense from interest derivatives for real estate financing	-2.2	-2.1
Interest expense from change in pension provisions	-0.2	-0.3
Interest expense from interest on other assets and liabilities	0.0	0.0
Interest expenses from lease financing	-0.5	-0.5
Other interest expenses	-0.5	0.1
<b>Interest expenses</b>	<b>-24.9</b>	<b>-22.6</b>

Interest expense from loan amortisation increased by EUR 0.8 million year on year to EUR 4.1 million. The main driver for the increased is the convertible bond with a nominal value of EUR 550.0 million issued in the second quarter 2020.

## Income taxes

T37

### Income tax expenses

€ million	01.01.– 31.03.2021	01.01.– 31.03.2020
Current tax expenses	-1.7	-1.1
Deferred tax expenses	-17.6	-17.9
<b>Income tax expenses</b>	<b>-19.3</b>	<b>-19.0</b>

An effective Group tax rate of 18.5% was assumed in the reporting period in accordance with Group tax planning (comparative period: 21.7%).

## Earnings per share

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

### Earnings per share according to IAS 33

T38

#### Earnings per share (basic)

	01.01. – 31.03.2021	01.01. – 31.03.2020
Net profit or loss attributable to shareholders in € million	123.7	65.7
Average numbers of shares outstanding	72,095,943	69,009,836
<b>Earnings per share (basic) in €</b>	<b>1.72</b>	<b>0.95</b>

T39

#### Earnings per share (diluted)

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Net profit or loss attributable to shareholders	123.7	65.7
Convertible bond coupon after taxes	1.2	0.7
Measurement of derivatives after taxes	-48.0	0.3
Amortisation of the convertible bond after taxes	0.0	-0.2
Net profit or loss for the period for diluted earnings per share	76.9	66.5
Average weighted number of shares outstanding	72,095,943	69,009,836
Number of potentially new shares in the event of exercise of conversion rights	6,985,219	3,411,377
Number of shares for diluted earnings per share	79,081,162	72,421,213
Intermedia result in €	0.97	0.92
<b>Diluted earnings per share in €</b>	<b>0.97</b>	<b>0.92</b>

As at 31 March 2021, LEG Immo had convertible bonds outstanding, which authorise the bearer to convert it into up to 7.0 million ordinary 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.

## 8. Notes on Group segment reporting

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

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

### FFO

FFO I is a key financial performance indicator of the LEG Group. The LEG Group distinguishes between FFO I (not including net income from the disposal of investment properties), FFO II (including net income from the disposal of investment properties) and AFFO (FFO I adjusted for capex). The calculation methods for these key figures can be found in the [glossary in the 2020 annual report](#).

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

T40

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

€ million	01.01. – 31.03.2021	01.01. – 31.03.2020
Net cold rent	168.4	153.5
Profit from operating expenses	-0.7	-0.8
Maintenance for externally procured services	-16.2	-12.9
Staff costs	-21.1	-17.7
Allowances on rent receivables	-2.3	-2.3
Other	3.5	-0.8
Non-recurring project costs (rental and lease)	1.6	0.7
<b>Current net rental and lease income</b>	<b>133.2</b>	<b>119.7</b>
<b>Current net income from other services</b>	<b>2.1</b>	<b>2.4</b>
Staff costs	-6.5	-5.6
Non-staff operating costs	-4.1	-3.6
Non-recurring project costs (admin.)	1.3	0.8
Extraordinary and prior-period expenses	0.0	0.0
<b>Current administrative expenses</b>	<b>-9.3</b>	<b>-8.4</b>
Other income and expenses	0.0	-
<b>Adjusted EBITDA</b>	<b>126.0</b>	<b>113.7</b>
Cash interest expenses and income	-20.5	-19.0
Cash income taxes from rental and lease	-1.4	-0.8
<b>FFO I (before adjustment of non-controlling interests)</b>	<b>104.1</b>	<b>93.9</b>
Adjustment of non-controlling interests	0.0	0.1
<b>FFO I (after adjustment of non-controlling interests)</b>	<b>104.1</b>	<b>94.0</b>
<b>Weighted average number of shares outstanding</b>	<b>72,095,943</b>	<b>69,009,836</b>
<b>FFO I per share</b>	<b>1.44</b>	<b>1.36</b>
Net income from the disposal of investment properties	-0.2	-0.2
Cash income taxes from disposal of investment properties	-0.1	-0.3
<b>FFO II (incl. Disposal of investment properties)</b>	<b>103.8</b>	<b>93.5</b>
CAPEX	-69.8	-54.7
<b>Capex-adjusted FFO I (AFFO)</b>	<b>34.3</b>	<b>39.3</b>

**EPRA Net Tangible Asset (EPRA NTA)**

Further key metrics relevant in the property industry are EPRA NRV, NTA and NDV. LEG Immo has defined the EPRA NTA as the significant key figure. The calculation method for the respective key figure can be found in the [glossary in the 2020 annual report](#).

LEG Immo reports an EPRA NTA of EUR 8,942.4 million or EUR 124.03 per share as at 31 March 2021. Deferred taxes on investment property are adjusted by the amount attributable to the LEG Group's planned property sales. The acquisition costs are not considered. The key figures are presented exclusively on a diluted basis. As of 31 March 2021, no dilution effects from the convertible bonds are considered, because the share price does not exceed the current conversion prices at the reporting date.

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**EPRA NRV, EPRA NTA, EPRA NDV**

€ million	31.03.2021			31.12.2020		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders of the parent company	7,502.1	7,502.1	7,502.1	7,365.6	7,365.6	7,365.6
Hybrid instruments	27.5	27.5	27.5	464.3	464.3	464.3
<b>Diluted NAV at fair value</b>	<b>7,529.6</b>	<b>7,529.6</b>	<b>7,529.6</b>	<b>7,829.9</b>	<b>7,829.9</b>	<b>7,829.9</b>
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	1,449.0	1,436.0	-	1,431.3	1,417.4	-
Fair value of financial instruments	79.7	79.7	-	102.7	102.7	-
Goodwill as a result of deferred tax	-55.9	-55.9	-55.9	-55.9	-55.9	-55.9
Goodwill as a result of synergies	-	-43.7	-43.7	-	-43.7	-43.7
Intangibles as per the IFRS balance sheet	-	-3.3	-	-	-2.8	-
Fair value of fixed interest rate debt	-	-	-378.0	-	-	-443.0
Deferred taxes of fixed interest rate debt	-	-	69.8	-	-	87.2
Revaluation of intangibles to fair value	-	-	-	-	-	-
Estimated ancillary acquisition costs (real estate transfer tax) <sup>1</sup>	1,432.5	-	-	1,421.7	-	-
<b>NAV</b>	<b>10,434.9</b>	<b>8,942.4</b>	<b>7,121.8</b>	<b>10,729.7</b>	<b>9,247.6</b>	<b>7,374.5</b>
<b>Fully diluted number of shares</b>	<b>72,095,943</b>	<b>72,095,943</b>	<b>72,095,943</b>	<b>75,534,292</b>	<b>75,534,292</b>	<b>75,534,292</b>
<b>NAV per share</b>	<b>144.74</b>	<b>124.03</b>	<b>98.78</b>	<b>142.05</b>	<b>122.43</b>	<b>97.63</b>

<sup>1</sup> Taking into account the ancillary acquisition costs leads to an NTA of EUR 10,360.4 million or EUR 143.70 per share.

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

Net debt at the end of the reporting period increased slightly compared with 31 December 2020, due to payments for investments, leading to a slightly increased loan-to-value ratio (LTV) of 37.7% at the interim reporting date (31 December 2020: 37.6%).

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#### LTV

€ million	31.03.2021	31.12.2020
Financing liabilities	6,355.3	5,869.0
Less lease liabilities IFRS16 (not leasehold)	28.5	30.8
Less cash and cash equivalents	773.5	335.4
<b>Net financing liabilities</b>	<b>5,553.3</b>	<b>5,502.8</b>
Investment properties	14,702.7	14,582.7
Assets held for sale	0.5	21.6
Prepayments for investment properties	39.0	43.3
<b>Real estate assets</b>	<b>14,742.2</b>	<b>14,647.6</b>
<b>Loan to value ratio (LTV) in %</b>	<b>37.7</b>	<b>37.6</b>

## 9. Financial instruments

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

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

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

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

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

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



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## Classes of financial instruments for financial assets and liabilities 2021

€ million	Carrying amounts as per statement of financial positions 31.03.2021	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.03.2021
		Amortised cost	Fair value through profit or loss		
<b>Assets</b>					
<b>Other financial assets</b>	<b>21.1</b>				<b>21.1</b>
Hedge accounting derivatives	-				-
AC	7.3	7.3			7.3
FVtPL	13.8		13.8		13.8
<b>Receivables and other assets</b>	<b>78.2</b>				<b>78.2</b>
AC	62.2	62.2			62.2
Other non-financial assets	16.0				16.0
<b>Cash and cash equivalents</b>	<b>773.5</b>				<b>773.5</b>
AC	773.5	773.5			773.5
<b>Total</b>	<b>872.8</b>	<b>843.0</b>	<b>13.8</b>		<b>872.8</b>
<b>Of which IFRS 9 measurement categories</b>					
AC	843.0	843.0			843.0
FVtPL	13.8		13.8		13.8

AC = Amortized Cost

FVtPL = Fair Value through profit and loss

FLAC = Financial Liabilities at Amortized Cost

HFT = Held for Trading

€ million	Carrying amounts as per statement of financial positions 31.03.2021	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.03.2021
		Amortised cost	Fair value through profit or loss		
<b>Liabilities</b>					
<b>Financial liabilities</b>	<b>-6,355.3</b>				<b>-6,643.5</b>
FLAC	-6,265.4	-6,265.4			-6,643.5
Liabilities from lease financing	-89.9			-89.9	
<b>Other liabilities</b>	<b>-393.7</b>				<b>-393.7</b>
FLAC	-144.9	-106.9			-144.9
Derivatives HFT	-79.0		-79.0		-79.0
Hedge accounting derivatives	-39.1				-39.1
Other non-financial liabilities	-130.7				-130.7
<b>TOTAL</b>	<b>-6,749.0</b>	<b>-6,372.3</b>	<b>-79.0</b>	<b>-89.9</b>	<b>-7,037.2</b>
<b>Of which IFRS 9 measurement categories</b>					
FLAC	-6,410.3	-6,372.3			-6,788.4
Derivatives HFT	-79.0		-79.0		-79.0

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

€ million	Carrying amounts as per statement of financial positions 31.12.2020	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.12.2020
		Amortised cost	Fair value through profit or loss		
<b>Assets</b>					
<b>Other financial assets</b>	<b>15.1</b>				<b>15.1</b>
Hedge accounting derivatives	–				–
AC	1.3	1.3			1.3
FVtPL	13.8		13.8		13.8
<b>Receivables and other assets</b>	<b>64.6</b>				<b>64.6</b>
AC	57.6	57.6			57.6
Other non-financial assets	7.0				7.0
<b>Cash and cash equivalents</b>	<b>335.4</b>				<b>335.4</b>
AC	335.4	335.4			335.4
<b>Total</b>	<b>415.1</b>	<b>394.3</b>	<b>13.8</b>		<b>415.1</b>
<b>Of which IFRS 9 measurement categories</b>					
AC	394.3	394.3			394.3
FVtPL	13.8		13.8		13.8

AC = Amortized Cost

FVtPL = Fair Value through profit and loss

FLAC = Financial Liabilities at Amortized Cost

HFT = Held for Trading

€ million	Carrying amounts as per statement of financial positions 31.12.2020	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.12.2020
		Amortised cost	Fair value through profit or loss		
<b>Liabilities</b>					
<b>Financial liabilities</b>	<b>-5,869.0</b>				<b>-6,241.8</b>
FLAC	-5,776.1	-5,776.1			-6,241.8
Liabilities from lease financing	-92.9			-92.9	
<b>Other liabilities</b>	<b>-455.8</b>				<b>-455.8</b>
FLAC	-166.1	-166.1			-166.1
Derivatives HFT	-127.0		-127.0		-127.0
Hedge accounting derivatives	-46.1				-46.1
Other non-financial liabilities	-116.6				-116.6
<b>TOTAL</b>	<b>-6,324.8</b>	<b>-5,942.2</b>	<b>-127.0</b>	<b>-92.9</b>	<b>-6,697.6</b>
<b>Of which IFRS 9 measurement categories</b>					
FLAC	-5,942.2	-5,942.2			-6,407.9
Derivatives HFT	-127.0		-127.0		-127.0

As at 31 March 2021, the fair value of the very small equity investments was EUR 13.8 million, unchanged to the valuation as at 31 December 2020.

The fair value of the very small equity investments is calculated using DCF procedures as there are no quoted prices in an active market for the relevant equity investments. The fair value calculated using valuation models is allocated to Level 3 of the IFRS 13 measurement hierarchy. Allocation to Level 3 takes place based on valuation models with inputs not observed on a market. This relates primarily to the capitalisation rate of 4.21%. As at 31 March 2021, the fair value of the very small equity investments was EUR 13.8 million. The stress test of this parameter on the basis of plus 50 basis points results in the fair value being EUR 12.51 million lower and at minus 50 basis points EUR 15.51 million higher.

### 10. Related-party disclosures

Please see the IFRS consolidated financial statements as at 31 December 2020 for the presentation of the IFRS 2 programmes for long-term incentive Management Board agreements.

### 11. Other

There were no changes with regard to contingent liabilities in comparison to 31 December 2020.

### 12. The Management Board and the Supervisory Board

There were no changes to the composition of the Management Board as at 31 March 2021 compared with the disclosures as at 31 December 2020.

Ms Natalie Hayday resigned from the LEG Immo Supervisory Board effective 6 January 2021.

### 13. Supplementary report

There were no significant events after the end of the interim reporting period on 31 March 2021.

Dusseldorf, 11 May 2021

LEG Immobilien SE  
The Management Board

Lars von Lackum  
(CEO)

Susanne Schröter-Crossan  
(CFO)

Dr Volker Wiegel  
(COO)

## Responsibility statement

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

Dusseldorf, 11 May 2021

LEG Immobilien SE, Dusseldorf  
The Management Board

Lars von Lackum  
(CEO)

Susanne Schröter-Crossan  
(CFO)

Dr Volker Wiegel  
(COO)

## Financial calendar

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### LEG Financial Calendar 2021

Annual General Meeting (virtual)	27 May
Release of Quarterly Report Q2 as of 30 June 2021	10 August
Release of Quarterly Statement Q3 as of 30 September 2021	10 November

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

## Contact details and imprint

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The quarterly statement as of 31 March 2021 is also available in German.  
In case of doubt, the German version takes precedence.

# LEG

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