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Making living sustainable

Quarterly report as of 31 March

2022

LEG


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About this report

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Key figures Q1 2022

T1

		Q1 2022	Q1 2021	+/– %/bp
Financial Key Figures				
Rental income	€ million	197.5	168.4	17.3
Net rental and lease income	€ million	151.0	129.0	17.1
EBITDA	€ million	141.1	125.0	12.9
EBITDA adjusted	€ million	147.2	126.0	16.8
EBT	€ million	183.3	143.7	27.6
Net profit or loss for the period	€ million	154.5	124.4	24.2
FFO I	€ million	121.4	104.1	16.6
FFO I per share	€	1.67	1.44	16.0
FFO II	€ million	119.6	103.8	15.2
FFO II per share	€	1.64	1.44	14.0
AFFO	€ million	51.0	34.3	48.7
AFFO per share	€	0.70	0.48	45.9
Balance Sheet Key Figures		31.03.2022	31.12.2021	+/– %/bp
Investment property	€ million	19,292.5	19,067.7	1.2
Cash and cash equivalents	€ million	490.1	675.6	–27.5
Equity	€ million	9,139.2	8,953.0	2.1
Total financing liabilities	€ million	9,069.0	8,885.1	2.1
Current financing liabilities	€ million	204.6	1,518.1	–86.5
LTV	%	43.1	42.1	+100
Equity ratio	%	43.7	43.6	+10
EPRA-NTA, diluted	€ million	10,961.8	11,149.1	–1.7
EPRA-NTA pro Aktie, diluted	€	150.49	146.10	3.0
Other Key Figures		31.03.2022	31.03.2021	+/– %/bp
Number residential units		166,342	144,519	15.1
In-place rent	€/sqm	6.19	6.04	2.5
In-place rent (l-f-l)	€/sqm	6.20	6.04	2.7
EPRA vacancy rate	%	3.0	2.9	+10
EPRA vacancy rate (l-f-l)	%	2.4	2.8	–40

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 2021

The portfolio is spread over around 270 locations, most of which are in LEG's home state of North Rhine-Westphalia. In addition, properties are held in the federal states of Lower Saxony, Bremen, Schleswig-Holstein, Hesse, Rhineland-Palatinate and Baden-Wuerttemberg.

The property portfolio as of 31 March 2022 comprised 166,342 residential units, 1,563 commercial units and 45,526 garages and parking spaces. The average flat size was 63 square metres, and the average monthly rent was EUR 6.19 per square metre.

Operational development

The actual in-place rent on a like-for-like basis was EUR 6.20 per square metre/ month on 31 March 2022, an increase of 2.7 % compared to the in-place rent twelve months ago. The like-for-like analysis does not take into account 22,672 residential units. This is essentially due to the acquisitions from 2021 and explains the small difference to the above-mentioned EUR 6.19 per square metre. For the 2022 financial year, LEG is sticking to its forecast of an increase in rent per square metre on a like-for-like basis of approx. 3 %.

The free financed portfolio accounts for 80 % of the portfolio. The actual in-place rent in this segment rose by 3.2 % year-on-year to EUR 6.58 per square metre (like-for-like). Within this segment, the high-growth markets showed an increase of 3.1 % to EUR 7.58 per square metre (like-for-like). In the stable markets, the average monthly rent increased by 3.5 %, reaching an average of EUR 6.28 per square metre (like-for-like) at the end of the quarter. In the higher-yielding markets, rents rose by 2.9 % to EUR 5.97 per square metre (like-for-like).

The next regular adjustment of cost rents will be in 2023. Therefore, the average monthly rent in the rent-restricted portfolio rose by only 0.4 % to EUR 4.99 per square metre (like-for-like) at the end of the reporting period.

As at 31 March 2022, the EPRA vacancy rate on a like-for-like basis improved by 40 basis points compared to the previous year's reporting date, from 2.8 % to now 2.4 %. Overall, the EPRA vacancy rate at the end of the quarter was 3.0 % (previous year: 2.9 %). This higher figure is again attributable to the acquisitions. On average, these still have a slightly higher vacancy rate than the portfolio that have been under management for longer. In the like-for-like view, the vacancy rate was reduced in all three market segments. In the high-growth markets, it fell by 20 basis points to 1.6 % (like-for-like). In the stable markets, the vacancy rate fell by 50 basis points to 2.4 % (like-for-like). The highest reduction was recorded in the higher-yielding markets. Here, the vacancy rate fell by 70 basis points to 3.4 % (like-for-like). In the free-financed portfolio, the vacancy rate was 2.5 % (previous year: 3.0 %) and in the rent-restricted portfolio 1.5 % (previous year: 1.8 %).

T2

Portfolio segments – top 5 locations

	Total portfolio										Change like-for-like basis	
	31.03.2022					31.03.2021						
	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 %	In-place rent in % like-for-like	Vacancy rate basis points like-for-like
High Growth Markets	**49,401**	**29.7**	**3,248,692**	**6.95**	**2.3**	**41,974**	**29.0**	**2,799,388**	**6.82**	**1.9**	**2.6**	**–20**
District of Mettmann	8,519	5.1	591,713	7.33	1.8	8,491	5.9	590,350	7.11	1.5	3.1	30
Muenster	6,170	3.7	411,274	6.94	0.6	6,197	4.3	412,093	6.81	1.0	1.9	–30
Dusseldorf	5,704	3.4	371,752	8.25	1.2	5,420	3.8	352,324	8.09	2.4	2.1	–110
Cologne	4,235	2.5	286,809	7.57	2.5	4,132	2.9	278,583	7.35	1.9	2.3	20
Aachen	2,430	1.5	164,255	5.42	2.2	2,300	1.6	153,886	5.29	3.2	1.3	–90
Other locations	22,343	13.4	1,422,889	6.49	3.2	15,434	10.7	1,012,152	6.30	2.3	3.0	0
Stable Markets	**66,417**	**39.9**	**4,234,382**	**5.95**	**2.8**	**60,504**	**41.9**	**3,853,069**	**5.77**	**2.9**	**2.9**	**–50**
Dortmund	13,752	8.3	898,960	5.73	2.4	13,705	9.5	895,884	5.54	2.7	3.3	–30
District of Unna	6,809	4.1	424,219	5.38	2.5	6,811	4.7	424,503	5.29	3.4	1.8	–70
Moenchengladbach	6,440	3.9	408,126	6.32	1.5	6,440	4.5	408,088	6.17	2.0	2.4	–60
Essen	3,560	2.1	228,768	5.93	3.4	3,371	2.3	217,498	5.73	3.5	2.6	–30
Bielefeld	3,234	1.9	201,168	6.68	1.4	3,206	2.2	199,286	6.49	1.4	2.5	–10
Other locations	32,622	19.6	2,073,139	6.03	3.1	26,971	18.7	1,707,810	5.84	3.1	3.1	–50
Higher-Yielding Markets	**50,524**	**30.4**	**3,053,537**	**5.70**	**4.4**	**42,041**	**29.1**	**2,553,659**	**5.56**	**4.4**	**2.5**	**–70**
District of Recklinghausen	9,029	5.4	549,285	5.53	2.8	9,018	6.2	548,608	5.45	3.3	1.4	–50
Gelsenkirchen	7,251	4.4	414,399	5.79	7.0	7,261	5.0	414,951	5.65	8.5	2.4	–160
Wilhelmshaven	6,857	4.1	397,353	5.70	7.9	0	0.0	0	0	0	0	0
Duisburg	6,324	3.8	382,639	6.17	2.5	6,317	4.4	382,217	5.97	2.9	3.4	–40
Hamm	4,817	2.9	288,300	5.66	2.5	4,817	3.3	288,314	5.52	2.9	2.6	–30
Other locations	16,246	9.8	1,021,561	5.60	3.5	14,628	10.1	919,569	5.44	3.6	2.9	–60
Total	**166,342**	**100.0**	**10,536,611**	**6.19**	**3.0**	**144,519**	**100.0**	**9,206,116**	**6.04**	**2.9**	**2.7**	**–40**

T3

LEG Portfolio

		High-growth market			Stable markets			Higher yielding markets			Total		
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.12.2021	31.03.2021
Subsidised residential units													
Units		11,458	11,916	11,002	14,592	15,888	15,534	7,178	8,082	8,007	33,228	35,886	34,543
Area	qm	783,946	814,490	750,561	986,562	1,077,493	1,053,390	472,292	530,412	525,292	2,242,800	2,422,395	2,329,242
In-place rent	€/sqm	5.41	5.38	5.29	4.96	4.93	4.89	4.59	4.57	4.54	5.04	5.00	4.94
EPRA vacancy rate	%	1.2	1.1	1.0	2.0	2.1	2.3	2.0	1.7	2.3	1.7	1.7	1.8
Free-financed residential units													
Units		37,943	37,311	30,972	51,825	50,532	44,970	43,346	42,460	34,034	133,114	130,303	109,976
Area	qm	2,464,747	2,422,828	2,048,827	3,247,819	3,157,123	2,799,679	2,581,245	2,524,352	2,028,367	8,293,811	8,104,303	6,876,873
In-place rent	€/sqm	7.44	7.40	7.39	6.26	6.23	6.11	5.91	5.87	5.84	6.51	6.47	6.42
EPRA vacancy rate	%	2.5	2.3	2.2	2.9	2.7	3.1	4.7	4.4	4.8	3.3	3.0	3.2
Total residential units													
Units		49,401	49,227	41,974	66,417	66,420	60,504	50,524	50,542	42,041	166,342	166,189	144,519
Area	qm	3,248,692	3,237,319	2,799,388	4,234,382	4,234,615	3,853,069	3,053,537	3,054,764	2,553,659	10,536,611	10,526,699	9,206,116
In-place rent	€/sqm	6.95	6.89	6.82	5.95	5.90	5.77	5.70	5.63	5.56	6.19	6.13	6.04
EPRA vacancy rate	%	2.3	2.1	1.9	2.8	2.6	2.9	4.4	4.0	4.4	3.0	2.8	2.9
Total commercial													
Units											1,563	1,576	1,346
Area	qm										252,907	254,164	226,357
Total parking													
Units											45,526	45,438	39,205
Total other													
Units											3,161	3,123	2,814

Value development

The following table shows the distribution of assets by market segment. A revaluation of the portfolio was not carried out in the first quarter. As at 31 March 2022 the rental yield was 4.3 % which corresponds to a rental multiple of 23.4. According to the EPRA definition, the valuation of the residential portfolio corresponds to a net initial yield of 3.2 %.

T4

Market segments 31.03.2022	Residential units	Residential assets in € million[1]	Share residential assets in %	Gross asset value €/sqm	In-place rent multiplier	Commercial/ other assets in € million[2]	Total assets in € million
High Growth Markets	**49,401**	**7,858**	**43**	**2,419**	**29.2x**	**334**	**8,191**
District of Mettmann	8,519	1,498	8	2,537	28.8x	73	1,572
Muenster	6,170	1,101	6	2,668	31.9x	55	1,156
Dusseldorf	5,704	1,182	7	3,141	31.7x	54	1,236
Cologne	4,235	901	5	3,122	34.9x	30	931
Aachen	2,430	293	2	1,771	27.8x	7	300
Other locations	22,343	2,883	16	2,037	26.5x	115	2,998
Stable Markets	**66,417**	**6,672**	**37**	**1,570**	**22.2x**	**230**	**6,902**
Dortmund	13,752	1,550	9	1,716	25.3x	58	1,608
District of Unna	6,809	512	3	1,219	19.1x	20	532
Moenchengladbach	6,440	684	4	1,671	21.4x	16	700
Essen	3,560	348	2	1,512	21.6x	12	361
Bielefeld	3,234	393	2	1,945	24.1x	11	404
Other locations	32,622	3,185	18	1,528	21.6x	112	3,297
Higher-Yielding Markets	**50,524**	**3,549**	**20**	**1,162**	**17.5x**	**116**	**3,665**
District of Recklinghausen	9,029	677	4	1,222	18.8x	21	698
Gelsenkirchen	7,251	453	3	1,086	16.7x	10	463
Wilhelmshaven	6,857	365	2	915	14.4x	21	386
Duisburg	6,324	547	3	1,435	19.7x	30	577
Hamm	4,817	354	2	1,225	17.9x	5	360
Other locations	16,246	1,154	6	1,136	17.4x	28	1,182
Total portfolio	**166,342**	**18,079**	**100**	**1,713**	**23.4x**	**680**	**18,759**
Leasehold and land values							242
Balance sheet property valuation assets (IAS 40)							**19,001**
Prepayments for property held as an investment property and Construction Costs							26
Assets under construction (IAS 40)							291
Inventories (IAS 2)							0
Owner-occupied property (IAS 16)							86
Assets held for sale (IFRS 5)							21
Total balance sheet							**19,426**

[1] Excluding 472 residential units in commercial buildings; including 761 commercial units as well as several other units in mixed residential assets.
[2] Excluding 761 commercial units in mixed residential assets; including 472 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 2021 annual report for a definition of individual key figures and terms.

Results of operations

T5

Condensed income statement

€ million	01.01.–31.03.2022	01.01.–31.03.2021
Net rental and lease income	151.0	129.0
Net income from the disposal of investment properties	–0.6	–0.2
Net income from the remeasurement of investment properties	0.3	1.9
Net income from the disposal of real estate inventory	0.0	0.0
Net income from other services	3.0	1.4
Administrative and other expenses	–16.6	–11.5
Other income	0.0	0.0
Operating earnings	**137.1**	**120.6**
Interest income	0.0	0.0
Interest expenses	–32.3	–24.9
Net income from investment securities and other equity investments	33.4	0.0
Net income from the fair value measurement of derivatives	45.1	48.0
Net finance earnings	**46.2**	**23.1**
Earnings before income taxes	**183.3**	**143.7**
Income taxes	–28.8	–19.3
Net profit or loss for the period	**154.5**	**124.4**

Net rental and lease income increased primarily due to higher net cold rents by 17.1 % to EUR 151.0 million.

Adjusted EBITDA increased by 16.8 % from EUR 126.0 million to EUR 147.2 million. The adjusted EBITDA margin in the reporting period was at 74.5 % almost at the previous year's level (comparative period: 74.8 %).

The increase in administrative and other expenses is mainly due to increased consulting costs.

The increase in net income from investment securities and other equity investments to EUR 33.4 million resulted from the valuation of the investment in Brack Capital Properties N.V. at fair value.

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 45.6 million (comparative period: EUR 48.0 million).

Current income tax expenses of EUR –0.3 million were recorded affecting net income in the reporting period.

Net rental and lease income

T6

Net rental and lease income

€ million	01.01.–31.03.2022	01.01.–31.03.2021
Net cold rent	197.5	168.4
Profit from operating expenses	–2.0	–0.7
Maintenance for externally procured services	–19.4	–16.2
Staff costs	–25.7	–21.1
Allowances on rent receivables	–4.2	–2.3
Depreciation and amortisation expenses	–2.6	–2.6
Other	7.4	3.5
Net rental and lease income	**151.0**	**129.0**
Net Operating Income – Margin in %	**76.5**	**76.6**
Non-recurring special effects – rental and lease	1.1	1.6
Depreciation	2.6	2.6
Adjusted net rental and lease income	**154.7**	**133.2**
Adjusted net operating income – Margin (in %)	**78.3**	**79.1**

In the reporting period, the LEG Group increased its net rental and lease income by EUR 22.0 million compared to the same period of the previous year. Main drivers of this development were the EUR 3.9 million expansion of value-added services and the EUR 29.1 million rise in net cold rents. In-place rent per square metre on a like-for-like basis rose by 2.7 % in the reporting period. This was countered by the increase in maintenance expenses for externally produced services by EUR 3.2 million as well as the increase in staff costs by EUR 4.6 million which was mainly due to an increase in the number of employees.

The adjusted net operating income (NOI)-margin decreased slightly to 78.3 % from 79.1 % in the same period of the previous year.

T7

EPRA vacancy rate

€ million	31.03.2022	31.03.2021
Rental value of vacant space – like-for-like	17.8	20.1
Rental value of vacant space – total	26.2	21.2
Rental value of the whole portfolio – like-for-like	749.5	719.1
Rental value of the whole portfolio – total	863.3	723.0
EPRA vacancy rate – like-for-like (in %)	**2.4**	**2.8**
EPRA vacancy rate total (in %)	**3.0**	**2.9**

The EPRA vacancy rate like-for-like decreased from 2.8 % to 2.4 % compared to the same period of the previous year.

The EPRA capex splits the capitalised expenditure and reconciles to cash outflows for investment properties. The value-adding modernisation work, divided into development (new development on own land in an amount of EUR 6.8 million) and investments in investment properties (EUR 63.8 million), increased by 4.6 % to EUR 70.6 million in the reporting period. The decline in acquisitions by EUR 98.5 million had an opposite effect.

T8

EPRA capex

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Acquisitions	86.4	184.9
Development	6.8	0.5
Investments in investment properties	63.8	69.3
Incremental lettable space	0.8	0.9
No incremental lettable space	65.4	68.4
EPRA capex	**157.0**	**254.7**
Additions to/utilisation of provisions for capex	–5.4	–3.4
Addtions to/utilisation of provisions for incidental purchase price costs	9.5	–111.0
Payments for investments in investment properties	**161.1**	**140.3**

In addition to the rise in value-adding modernisation by EUR 3.0 million to EUR 72.8 million, the increase in maintenance expenses by EUR 1.0 million to EUR 25.4 million resulted in total investments of EUR 98.2 million in the reporting period (comparative period: EUR 94.2 million). Investments for new construction activities on company-owned land, public safety measures in connection with acquisitions and own work capitalised were eliminated from total investment when calculating total investment per square meter. Adjusted total investment was EUR 85.1 million and average total investment per square metre in the reporting year was EUR 7.89 per square metre (comparative period: EUR 9.44 per square metre). The capitalisation rate after adjustments was 70.7 % in the reporting period (comparative period: 75.5 %).

T9

Maintenance and modernisation

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Maintenance expenses	25.4	24.4
thereof investment properties	24.4	23.4
Capital expenditure	72.8	69.8
thereof investment properties	73.0	68.9
Total investment	**98.2**	**94.2**
thereof investment properties	97.4	92.3
Area of investment properties in million sqm	10.78	9.43
Adjusted total investment	**85.1**	**89.0**
Adjusted average investment per sqm (€)	**7.89**	**9.44**

Net income from the disposal of investment properties

T10

Net income from the disposal of investment properties

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Income from the disposal of investment	24.8	21.4
Carrying amount of the disposal of investment properties	–25.0	–21.4
Costs of sales of investment properties	–0.4	–0.2
Net income from the disposal of investment properties	**–0.6**	**–0.2**

Disposals of investment properties increased in the reporting period. Sales of investment property amounted to EUR 24.8 million and relate mainly to properties, which were reported as assets held for sale and were remeasured up to the agreed property value as of 31 December 2021.

Net income from the disposal of real estate inventory

In the reporting period, no inventory properties were sold. The remaining real estate inventory held as at 31 March 2022 amounted to EUR 0.2 million is land under development.

Administrative and other expenses

T11

Administrative and other expenses

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Other operating expenses	–7.2	–3.7
Staff costs	–7.6	–6.5
Purchased services	–0.6	–0.3
Depreciation and amortisation	–1.2	–1.0
Administrative and other expenses	**–16.6**	**–11.5**
Depreciation and amortisation	1.2	1.0
Non-recurring special effects in administration	4.6	1.3
Adjusted administrative and other expenses	**–10.7**	**–9.3**

The increase in other operating expenses is mainly attributable to increased consulting costs. The adjusted administrative expenses increased by EUR 1.4 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. – 31.03.2022	01.01. – 31.03.2021
Interest income	0.0	0.0
Interest expenses	–32.3	–24.9
Net interest income	**–32.3**	**–24.9**
Net income from other financial assets and other investments	33.4	0.0
Net income from the fair value measurement of derivatives	45.1	48.0
Net finance earnings	**46.2**	**23.1**

The interest expense increased in the first quarter 2022 compared to the same period in the previous year by EUR 7.4 million to EUR 32.3 million. The rise in interest expenses is mainly due to issued corporate bonds after the comparative period.

Year-on-year the average interest rate decrease to 1.16 % as at 31 March 2022 (1.29 % as at 31 March 2021) on an average term of 7.3 years (7.5 years as at 31 March 2021).

The increase in net income from other financial assets and other investments to EUR 33.4 million resulted from the valuation of the investment in Brack Capital Properties N.V. at fair value.

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 45.6 million (comparative period: EUR 48.0 million).

Income tax expenses

T13

Income tax expenses

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Current tax expenses	–0.3	–1.7
Deferred tax expenses	–28.5	–17.6
Income tax expenses	**–28.8**	**–19.3**

An effective Group tax rate of 19.5 % was assumed in the reporting period in accordance with Group tax planning (comparative period: 18.5 %). The increase is mainly due to the acquired Adler companies.

Reconciliation to FFO

FFO I is a key financial performance indicator of the LEG Group. The LEG Group distinguishes between FFO I (not including net income from the disposal of investment properties), FFO II (including net income from the disposal of investment properties) and AFFO (FFO I adjusted for capex). The calculation methods for these key figures can be found in the glossary in the annual report 2021.

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. – 31.03.2022	01.01. – 31.03.2021
Net cold rent	197.5	168.4
Profit from operating expenses	–2.0	–0.7
Maintenance for externally procured services	–19.4	–16.2
Staff costs	–25.7	–21.1
Allowances on rent receivables	–4.2	–2.3
Other	7.4	3.5
Non-recurring special effects (rental and lease)	1.1	1.6
Adjusted net rental and lease income	**154.7**	**133.2**
Adjusted net income from other services	**3.2**	**2.1**
Staff costs	–7.6	–6.5
Non-staff operating costs	–7.7	–4.1
Non-recurring special effects (admin.)	4.6	1.3
Extraordinary and prior-period expenses	0.0	0.0
Current administrative expenses	**–10.7**	**–9.3**
Other income and expenses	–	–
Adjusted EBITDA	**147.2**	**126.0**
Cash interest expenses and income	–26.8	–20.5
Cash income taxes from rental and lease	1.0	–1.4
FFO I (before adjustment of non-controlling interests)	**121.4**	**104.1**
Adjustment of non-controlling interests	0.0	0.0
FFO I (after adjustment of non-controlling interests)	**121.4**	**104.1**
Weighted average number of shares outstanding	**72,839,625**	**72,095,943**
FFO I per share	**1.67**	**1.44**
Net income from the disposal of investment properties	–0.5	–0.2
Cash income taxes from disposal of investment properties	–1.3	–0.1
FFO II (incl. Disposal of investment properties)	**119.6**	103.8
Capex	–70.4	–69.8
Capex-adjusted FFO I (AFFO)	**51.0**	**34.3**

At EUR 121.4 million, FFO I was 16.6 % higher in the reporting period than in the same period of the previous year (EUR 104.1 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.

Due to rising interest expenses, the interest coverage ratio (ratio of adjusted EBITDA to cash interest expense) decreased from 615 % in the same period of the previous year to 549 % 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. – 31.03.2022	01.01. – 31.03.2021
Net profit or loss for the period attributable to parent shareholders	153.7	123.7
Changes in value of investment properties	–0.3	–1.9
Profits or losses on disposal of investment properties, development properties held for investment, other interests and sales of trading properties including impairment charges in respect of trading properties	0.7	0.2
Tax on profits or losses on disposals	1.3	0.2
Changes in fair value of financial instruments and associated close-out costs	–45.1	–48.0
Acquisition costs on share deals and non-controlling joint venture interests	0.0	0.1
Deferred tax in respect of EPRA adjustments	0.1	0.4
Refinancing expenses	–	–
Other interest expenses	1.0	0.5
Non-controlling interests in respect of the above	0.7	–
EPRA earnings	**112.1**	**75.2**
Weighted average number of shares outstanding	72,839,625	72,095,943
EPRA earnings per share (undiluted) in €	1.54	1.04
Potentially dilutive shares	–	–
Interest coupon on convertible bond	–	–
Amortisation expenses convertible bond after taxes	–	–
EPRA earnings (diluted)	**112.1**	**75.2**
Number of dilutive shares	72,839,625	72,095,943
EPRA earnings per share (diluted) in €	**1.54**	**1.04**

Consolidated Statement of financial position

T16

Condensed statement of financial position

€ million	31.03.2022	31.12.2021
Investment properties	19,292.5	19,067.7
Prepayments for investment properties	25.6	23.4
Other non-current assets	901.0	594.4
Non-current assets	20,219.1	19,685.5
Receivables and other assets	170.8	155.6
Cash and cash equivalents	490.1	675.6
Current assets	660.9	831.2
Assets held for sale	21.0	37.0
Total assets	**20,901.0**	**20,553.7**
Equity	9,139.2	8,953.0
Non-current financial liabilities	8,864.4	7,367.0
Other non-current liabilities	2,285.5	2,335.0
Non-current liabilities	11,149.9	9,702.0
Current financial liabilities	204.6	1,518.1
Other current liabilities	407.3	380.6
Current liabilities	611.9	1,898.7
Total equity and liabilities	**20,901.0**	**20,553.7**

Investment properties increased primarily as a result of additions from acquisitions of EUR 162.7 million and capitalisation of property modernisation measures of EUR 70.6 million.

Due to the acquisition (EUR 283.2 million) and revaluation (EUR 33.4 million) of further shares in Brack Capital Properties N.V. of EUR 316.6 million, other non-current assets increased significantly compared to December 31, 2021.

The recognition of real estate tax expenses as other inventories (EUR 19.5 million) for the remainder of the financial year and the deferral of prepaid operating costs of EUR 25.1 million as well as the repayment of short-term investment of financial resources in the amount of EUR 30.0 million contributed significantly to the development of the receivables and other assets.

Cash and cash equivalents decreased by EUR 185.5 million to EUR 490.1 million. This development is mainly due to the scheduled and unscheduled repayments of bank loans in the amount of EUR –1,412.1 million, the investment in the Brack Capital Properties N.V. described above and high acquisition and investment activity of EUR –161.1 million. This is offset by the issue of corporate bonds with a net value of EUR 1,482.4 million.

While financial liabilities increased mainly due to utilisation of new loans and the issue of corporate bonds, the other non-current liabilities came down by EUR –49.5 million due to the measurement of the derivatives for the convertible bond issued in 2017 (EUR –64.3 million). The other current liabilities increased as of 31 March 2022 among other things due to higher trade payables (EUR 40.1 million)

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 2021 annual report.

LEG Immo reports an EPRA NTA of EUR 10,961.8 million or EUR 150.49 per share as at 31 March 2022. 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 2022, no dilution effects from the convertible bonds are considered, because the share price did not exceed the current conversion prices at the reporting date.

T17

EPRA NRV, EPRA NTA, EPRA NDV

	31.03.2022			31.12.2021		
€ million	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders of the parent company	9,114.1	9,114.1	9,114.1	8,927.9	8,927.9	8,927.9
Hybrid instruments	29.9	29.9	29.9	455.7	455.7	455.7
Diluted NAV at fair value	9,144.0	9,144.0	9,144.0	9,383.6	9,383.6	9,383.6
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	2,090.7	2,079.0	–	2,056.5	2,044.8	–
Fair value of financial instruments	45.6	45.6	–	95.2	95.2	–
Goodwill as a result of deferred tax	–267.3	–267.3	–267.3	–267.3	–267.3	–267.3
Goodwill as a result of synergies	–	–35.9	–35.9	–	–103.4	–103.4
Intangibles as per the IFRS balance sheet	–	–3.6	–	–	–3.8	–
Fair value of fixed interest rate debt	–	–	–138.2	–	–	–307.4
Deferred taxes of fixed interest rate debt	–	–	26.9	–	–	59.5
Revaluation of intangibles to fair value	–	–	–	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)[1]	1,868.3	–	–	1,843.9	–	–
NAV	12,881.3	10,961.8	8,729.5	13,111.9	11,149.1	8,765.0
Fully diluted number of shares	72,839,625	72,839,625	72,839,625	76,310,308	76,310,308	76,310,308
NAV per share	176.84	150.49	119.85	171.82	146.10	114.86

[1] Taking the ancillary acquisition costs into account would result into an NTA of EUR 12.817,2 million or EUR 175,96 per share.

Loan-to-value ratio (LTV)

Net debt at the end of the reporting period increased slightly compared with 31 December 2021, due to payments for investments, leading to a slightly increased loan-to-value ratio (LTV) of 43.1% at the interim reporting date (31 December 2021: 42.1%).

T18

LTV

€ million	31.03.2022	31.12.2021
Financing liabilities	9,069.0	8,885.1
Deferred purchase price liabilities	24.9	27.4
Less cash and cash equivalents[1]	530.1	745.6
Net financing liabilities	**8,514.0**	**8,112.1**
Investment properties	19,292.5	19,067.7
Assets held for sale	21.0	37.0
Prepayments for investment properties	25.6	23.4
Participation in other real estate companies[1]	435.8	119.2
Prepayments for business combinations	0.4	1.8
Real estate assets	**19,775.3**	**19,249.1**
Loan-to-value ratio (LTV) in %	**43.1**	**42.1**

[1] The calculation was adjusted to the current market standard as of 31 March 2022. The net financial liabilities are reduced by the short-term deposits, the real estate assets are supplemented by the participations in other real estate companies. The figure as at 31 December 2021 was adjusted accordingly.

Financial position

A net profit for the period of EUR 154.5 million was realised in the reporting period (comparative period: EUR 124.4 million). Equity amounted to EUR 9,139.2 million at the reporting date (31 December 2021: EUR 8,953.0 million). This corresponds to an equity ratio of 43.7% (31 December 2021: 43.6%).

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. – 31.03.2022	01.01. – 31.03.2021
Cash flow from operating activities	116.1	98.5
Cash flow from investing activities	–465.4	–143.8
Cash flow from financing activities	163.8	483.4
Change in cash and cash equivalents	**–185.5**	**438.1**

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 of the existing portfolio with payments of EUR –161.1 million and EUR –54.8 million for owner-occupied property contributed to the cash flow from investing activities. Furthermore, cash proceeds mainly from property disposals in the amount of EUR 5.2 million and the acquisition of further shares in Brack Capital of EUR 283.2 million resulted in a net cash flow from investing activities of EUR –465.4 million. The repayment of short-term investments of financial resources in the amount of EUR 30.0 million had an opposite effect.

In the first quarter 2022, the main drivers of the cashflow from financing activities of EUR 163.8 million were the scheduled repayments of bank loans (EUR –1,412.1 million) and in the opposite direction the utilisation of new loans in the amount of EUR 100.0 million as well as the issue of a corporate bond of EUR 1,482.4 million.

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

Risk and opportunity report

The risks and opportunities faced by LEG in its operating activities were described in detail in the annual report 2021. To date, no further significant risks that would lead to a different assessment have arisen or become discernible in the fiscal year 2022.

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 2021 (page 80).

T20

Outlook 2022

FFO I	in the range of EUR 475 million to EUR 490 million
Like-for-like rental growth	c. 3.0%
Investments	c. EUR 46 – 48 per sqm
LTV	43% max.
Dividend	70% of FFO I

Consolidated statement of financial position

T21

Assets

€ million	31.03.2022	31.12.2021
Non-current assets	**20,219.1**	**19,685.5**
Investment properties	19,292.5	19,067.7
Prepayments for investment properties	25.6	23.4
Property, plant and equipment	140.5	88.8
Intangible assets and goodwill	306.8	374.6
Investments in associates	11.5	10.5
Other financial assets	432.9	111.2
Receivables and other assets	0.2	0.2
Deferred tax assets	9.1	9.1
Current assets	**660.9**	**831.2**
Real estate inventory and other inventory	22.0	2.9
Receivables and other assets	137.1	143.2
Income tax receivables	11.7	9.5
Cash and cash equivalents	490.1	675.6
Assets held for sale	**21.0**	**37.0**
Total Assets	**20,901.0**	**20,553.7**

Equity and liabilities

€ million	31.03.2022	31.12.2021
Equity	**9,139.2**	**8,953.0**
Share capital	72.8	72.8
Capital reserves	1,639.2	1,639.2
Cumulative other reserves	7,402.1	7,215.9
Equity attributable to shareholders of the parent company	9,114.1	8,927.9
Non-controlling interests	25.1	25.1
Non-current liabilities	**11,149.9**	**9,702.0**
Pension provisions	123.5	142.9
Other provisions	4.5	6.7
Financing liabilities	8,864.4	7,367.0
Other liabilities	133.7	200.0
Deferred tax liabilities	2,023.8	1,985.4
Current liabilities	**611.9**	**1,898.7**
Pension provisions	6.2	6.7
Other provisions	28.3	25.2
Provisions for taxes	0.2	0.2
Financing liabilities	204.6	1,518.1
Other liabilities	355.5	331.4
Tax liabilities	17.1	17.1
Total Equity and liabilities	**20,901.0**	**20,553.7**

Consolidated statement of comprehensive income

T22

€ million	01.01.–31.03.2022	01.01.–31.03.2021
Net rental and lease income	151.0	129.0
Rental and lease income	283.1	231.2
Cost of sales in connection with rental and lease income	–132.1	–102.2
Net income from the disposal of investment properties	–0.6	–0.2
Income from the disposal of investment properties	24.8	21.4
Carrying amount of the disposal of investment properties	–25.0	–21.4
Cost of sales in connection with disposed investment properties	–0.4	–0.2
Net income from the remeasurement of investment properties	0.3	1.9
Net income from the disposal of real estate inventory	0.0	0.0
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	0.0	–0.2
Net income from other services	3.0	1.4
Income from other services	5.2	3.0
Expenses in connection with other services	–2.2	–1.6
Administrative and other expenses	–16.6	–11.5
Other income	0.0	0.0
Operating Earnings	137.1	120.6
Interest income	0.0	0.0
Interest expenses	–32.3	–24.9
Net income from investment securities and other equity investments	33.4	0.0
Net income from the fair value measurement of derivatives	45.1	48.0
Earnings before income taxes	183.3	143.7
Income taxes	–28.8	–19.3
Net profit or loss for the period	154.5	124.4

€ million	01.01.–31.03.2022	01.01.–31.03.2021
Change in amounts recognised directly in equity	32.1	12.4
Thereof recycling		
Fair value adjustment of interest rate derivatives in hedges	18.9	5.6
Change in unrealised gains/(losses)	23.0	6.8
Income taxes on amounts recognised directly in equity	–4.1	–1.2
Thereof non-recycling		
Actuarial gains and losses from the measurement of pension obligations	13.2	6.8
Change in unrealised gains/(losses)	18.9	9.7
Income taxes on amounts recognised directly in equity	–5.7	–2.9
Total comprehensive income	186.6	136.8
Net profit or loss for the period attributable to:		
Non-controlling interests	0.8	0.7
Parent shareholders	153.7	123.7
Total comprehensive income attributable to:		
Non-controlling interests	0.8	0.7
Parent shareholders	185.8	136.1
Earnings per share (basic) in €	2.11	1.72
Earnings per share (diluted) in €	1.37	0.97

Statement of changes in consolidated equity

T23

€ million	Share capital	Capital reserves	Revenue reserves	Cumulative other reserves: Actuarial gains and losses from the measurement of pension obligations	Cumulative other reserves: Fair value adjustment of interest derivatives in hedges	Equity attributable to shareholders of the Group	Non-controlling interests	Consolidated equity
As of 01.01.2021	72.1	1,553.1	5,824.8	–50.1	–34.3	7,365.6	24.3	7,389.9
Net profit or 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
Total comprehensive income	–	–	123.7	6.8	5.6	136.1	0.7	136.8
Change in consolidated companies	–	–	–	–	–	–	–	–
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
As of 31.03.2021	72.1	1,553.1	5,948.9	–43.3	–28.7	7,502.1	24.3	7,526.4
As of 01.01.2022	72.8	1,639.2	7,274.9	–43.1	–15.9	8,927.9	25.1	8,953.0
Net profit/loss for the period	–	–	153.7	–	–	153.7	0.8	154.5
Other comprehensive income	–	–	–	13.2	18.9	32.1	0.0	32.1
Total comprehensive income	–	–	153.7	13.2	18.9	185.8	0.8	186.6
Change in consolidated companies/other	–	–	–	–	–	–	–	–
Capital increase	–	–	–	–	–	–	–	–
Other	–	–	0.4	–	–	0.4	–0.6	–0.2
Withdrawals from reserves	–	–	–	–	–	–	–	–
Changes from put options	–	–	–	–	–	–	–	–
Distributions	–	–	–	–	–	–	–0.2	–0.2
As of 31.03.2022	72.8	1,639.2	7,429.0	–29.9	3.0	9,114.1	25.1	9,139.2

Consolidated statement of cash flows

T24

€ million	01.01.– 31.03.2022	01.01.– 31.03.2021
Operating earnings	137.1	120.6
Depreciation on property, plant and equipment and amortisation on intangible assets	4.0	4.4
(Gains)/Losses from the measurement of investment properties	–0.3	–1.9
(Gains)/Losses from the disposal of assets held for sale and investment properties	0.3	–
(Decrease)/Increase in pension provisions and other non-current provisions	–3.2	–0.7
Other non-cash income and expenses	4.1	2.3
(Decrease)/Increase in receivables, inventories and other assets	–48.7	–36.5
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	51.2	31.1
Interest paid	–26.8	–20.5
Taxes received	0.0	1.2
Taxes paid	–1.6	–1.5
Net cash from/(used in) operating avtivities	**116.1**	**98.5**
Cashflow from investing activities		
Investments in investment properties	–161.1	–140.3
Proceeds from disposals of non-current assets held for sale and investment properties	5.2	5.0
Investments in intangible assets and property, plant and equipment	–54.8	–2.5
Change of cash investment in securities	30.0	0.0
Payments for other equity investments	–283.2	–6.0
Acquisition of shares in consolidated companies	–1.5	–
Net cash from/(used in) investing activities	**–465.4**	**–143.8**

€ million	01.01.– 31.03.2022	01.01.– 31.03.2021
Cash flow from financing activities		
Borrowing of bank loans	100.0	–
Repayment of bank loans	–1,412.1	–7.1
Issue of convertible corporate bonds	1,482.4	494.2
Repayment of lease liabilities	–3.5	–3.6
Other payments	–1.0	–
Distribution to shareholders	0.0	0.0
Distribution and withdrawal from reserves of non-controlling interest	–2.0	–0.1
Net cash from/(used in) financing activities	**163.8**	**483.4**
Change in cash and cash equivalents	**–185.5**	**438.1**
Cash and cash equivalents at beginning of period	675.6	335.4
Cash and cash equivalents at end of period	**490.1**	**773.5**
Composition of cash and cash equivalents		
Cash in hand, bank balances	490.1	773.5
Cash and cash equivalents at end of period	**490.1**	**773.5**

Selected notes on the IFRS interim consolidated financial statements as at 31 March 2022

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 167,905 (31 March 2021: 145,860) residential and commercial units on 31 March 2022 (167,671 (31 March 2021: 145,855) units excluding IFRS 5 objects).

The 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.

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

3. Accounting policies

The accounting policies applied in the interim consolidated financial statements of the LEG Immo are the same as those presented in the IFRS consolidated financial statements of LEG Immo as of 31 December 2021. These interim consolidated financial statements as at 31 March 2022 should therefore be read in conjunction with the consolidated financial statements as at 31 December 2021.

The LEG Immo has fully applied the new standards and interpretations that are mandatory from 1 January 2022. The extension of the exemption in 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 the LEG Group is the lessee.

4. Changes in the Group

On 1 February 2022 Renowate GmbH (formerly Ökoconstruct Gesellschaft für energetische Sanierung mbH) were included in the consolidated financial statement for using the equity method.

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 was taken into account in the discretionary decisions. There was 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 Covid-19 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 Covid-19 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 construction activity will remain at a high level, but continue to lag behind the trend in demand. Due to the supply deficit that is largely present the general conditions for rising prices remain in place.

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 on a stable low level. As in the financial crisis in 2008/2009, immigration from EU countries that are hit hard by the economic consequences of the Covid-19 pandemic could increase again, thus 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, LEG came to the conclusion that the effects of the Covid-19 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 2021.

War in the Ukraine

Following the invasion of Ukraine by the Russian Federation on 24 February 2022, oil prices have briefly risen to more than USD 100 per barrel and gas prices have risen to more than 220 Euro per MWh. At the same time, the German government, together with the European Union and NATO, decided on far-reaching sanctions against the Russian Federation, including the suspension of the commissioning of Nord Stream 2 and the exclusion of Russian banks from the international payment system SWIFT. Whether and to what extent further sanctions will be adopted or whether the conflict may intensify further cannot be assessed at present. As a consequence, the Federal Government has tried to reduce the import of fossil fuels from the Russian Federation with great emphasis. Considering the volume of the imported natural gas, the replacement of the Russian supply will take some time. Therefore, the Federal Government has reacted to the observable energy price increases with social policy measures, including the introduction of a one-off energy subsidy. In a first assessment, LEG does not expect any negative impact on its business model from today's perspective.

Inflation and interest rate development

In recent months, inflation expectations for Germany have increased significantly to 5.1% and for the Eurozone to 5.8% for 2022. This goes along with increased construction prices and higher energy costs. These developments have recently been further reinforced by the war in Ukraine. Higher construction prices may have a negative impact on the profitability of planned new construction projects and Capex investments in LEG's existing portfolio. Higher energy costs are passed on to LEG's customers in their utility bills. In order to ease the burden on consumers, the Federal government passed various laws on 27 April 2022, paving the way for government transfers such as the energy price flat rate or a temporary reduction in the energy tax on fuels to counteract payment difficulties. Since 10 March 2022, the ECB has been considering an increase in the key interest rate before the end of 2022 in response to the rising inflation rate. This expectation is already reflected on the capital market by rising interest rates and higher credit spreads. For example, the 5-year Euro swap rate has risen significantly since the end of December 2021 from 0.017% to 0.984%. Due to the currently limited financing requirements as well as the sustained high demand for German residential properties, LEG does not expect any significant negative impact on its business model in the short term. In the medium and long term, increased interest rates and credit spreads may result in higher financing costs for LEG, reduce the profitability of investments and, in perspective, also have a negative impact on property valuations. The exact effects cannot be predicted in concrete terms at present due to the highly dynamic nature of the situation.

6. Selected notes to the consolidated statement of financial position

On 31 March 2022, the LEG Group held 166,342 apartments and 1,563 commercial units in its portfolio (167,671 units excluding IFRS 5 objects).

Investment property developed as follows in the financial year 2021 and in 2022 up to the reporting date of the interim consolidated financial statements:

T25

Investment properties

		Residential assets							
€ million	Total	High-growth markets	Stable markets	Higher-yielding markets	Other	Commercial assets	Parking and other assets	Lease-hold	Land values
Carrying amount as of 01.01.2022[1]	19,067.7	7,843.8	6,714.3	3,535.5	0.0	312.2	423.1	210.5	28.4
Acquisitions	86.4	17.7	39.0	0.5	0.0	24.5	0.7	4.0	0.0
Other additions	70.6	23.2	30.6	15.5	0.0	0.8	0.4	0.0	0.0
PPA adjustment	76.3	44.9	31.4	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified to assets held for sale	−8.9	−3.4	−2.3	−2.8	0.0	0.0	−0.5	0.0	0.0
Reclassified from assets held for sale	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Reclassified to property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified from property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value adjustment	0.3	−0.3	0.7	0.5	0.0	0.0	0.0	0.0	−0.6
Reclassification	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Carrying amount as of 31.03.2022	19,292.5	7,925.9	6,813.7	3,549.3	0.0	337.5	423.7	214.5	27.8

[1] expansion in market classification within the BRD

Fair value adjustment as of 31.03.2022 (in Euro million):	0.3
hereupon as of 31.03.2022 in the portfolio:	0.2
hereupon as of 31.03.2022 disposed investment properties:	0.1

T26

Investment properties

€ million	Total	Residential assets: High-growth markets	Residential assets: Stable markets	Residential assets: Higher-yielding markets	Residential assets: Other	Commercial assets	Parking and other assets	Lease-hold	Land values
Carrying amount as of 01.01.2021	**14,582.7**	**6,262.9**	**4,808.4**	**2,802.2**	**0.0**	**231.9**	**280.1**	**165.2**	**32.1**
Acquisitions	2,343.8	1,022.1	662.2	484.7	–11.6	64.7	90.1	31.5	0.1
Other additions	325.4	99.6	134.2	86.2	0.0	3.9	1.5	0.0	0.0
Reclassified to assets held for sale	–47.2	–29.8	–19.5	5.1	–1.9	–2.6	0.0	1.3	0.2
Reclassified from assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified to property, plant and equipment	–0.7	–0.7	0.1	0.0	0.0	–0.1	0.0	0.0	0.0
Reclassified from property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value adjustment	1,863.7	910.4	667.9	218.9	–0.4	–4.6	54.0	14.8	2.8
Reclassification	0.0	–420.7	461.0	–61.6	13.9	18.9	–2.5	–2.3	–6.8
Carrying amount as of 31.12.2021	**19,067.7**	**7,843.8**	**6,714.3**	**3,535.5**	**0.0**	**312.1**	**423.2**	**210.5**	**28.4**

Fair value adjustment 31.12.2021 (in Euro million):	1,863.7
hereupon as of 31.12.2021 in the portfolio:	1,862.1
hereupon as of 31.12.2021 disposed investment properties:	1.6

Investment property was remeasured most recently by the LEG Group as of 31 December 2021. No further fair value adjustment was made as at 31 March 2022. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as at 31 December 2021.

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 2022, 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 2021:

T27

Valuation parameters as at 31 December 2021

	GAV investment properties[1]	Valuation technique	Market rent residential/commercial €/sqm			Maintenance cost residential/commercial €/sqm			Administrative cost residential/commercial €/unit			Stabilised vacancy rate %		
	(€ million)		min	Ø	max	min	Ø	max	min	Ø	max	min	Ø	max
Residential assets														
High-growth markets	6,970	DCF	3.63	8.51	14.31	5.72	11.79	16.04	185	311	476	1.0	1.8	6.0
Stable markets	6,059	DCF	1.90	7.02	13.53	6.68	11.85	15.84	179	309	476	1.5	2.9	9.0
Higher-yielding markets	3,061	DCF	0.33	6.09	9.21	6.05	12.00	15.91	178	309	476	1.5	4.3	8.0
Commercial assets	222	DCF	0.50	7.45	27.00	4.01	7.25	15.61	6	271	5,481	1.0	2.5	8.0
Leasehold	181	DCF	–	–	–	–	–	–	2	25	75	–	–	–
Parking + other assets	340	DCF	–	–	–	34.95	75.96	91.05	40	40	41	–	–	–
Land values	28	Earnings/ reference value method	–	–	–	–	–	–	0	4	11	–	–	–
Total portfolio (IAS 40)[2]	**16,861**	**DCF**	**0.33**	**7.07**	**27.00**	**4.01**	**18.08**	**91.05**	**0**	**282**	**5,481**	**1.0**	**3.1**	**9.0**

	Discount rate %			Capitalisation rate %			Estimated rental development %		
	min	Ø	max	min	Ø	max	min	Ø	max
Residential assets									
High-growth markets	2.60	3.85	7.00	1.78	4.50	10.73	1.1	1.6	1.9
Stable markets	2.60	3.84	7.50	1.93	5.13	11.34	0.9	1.3	1.9
Higher-yielding markets	2.70	3.97	4.55	2.48	5.60	11.50	0.7	1.1	1.5
Commercial assets	2.50	6.44	9.00	2.75	7.05	10.98	0.9	1.4	1.8
Leasehold	2.75	3.93	6.00	10.08	10.80	11.36	1.0	1.4	1.7
Parking + other assets	2.50	3.91	4.90	2.26	6.47	12.28	0.7	1.3	1.9
Land values	3.60	3.90	4.50	2.66	10.76	12.10	0.9	1.3	1.8
Total portfolio ((IAS 40)[2]	**2.50**	**3.92**	**9.00**	**1.78**	**5.32**	**12.28**	**0.7**	**1.3**	**1.9**

[1] Property valuation with cut-off date as of 30 September 2021 and revaluation date as of 31 December 2021.
[2] In addition, as at 31 December 2021, there are assets held for sale (IFRS 5) in the amount of EUR 37 million, which correspond to Level 2 of the fair value hierarchy.

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

T28

Right of use leases

€ million	31.03.2022	31.12.2021
Right of use buildings	2.7	3.3
Right of use technical equipment and machinery	15.6	16.1
Right of use operating and office equipment	6.5	6.9
Property, plant and equipment	**24.8**	**26.3**
Right of use software	1.0	1.1
Intangible assets	**1.0**	**1.1**
Right of use leases	**25.8**	**27.4**

Property, plant and equipment as well as intangible assets included right of use leases in the amount of EUR 25.8 million as of 31 March 2022. 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 0.9 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	31.03.2022	31.12.2021
Financing liabilities from real estate financing	8,952.6	8,767.8
Financing liabilities from lease financing	116.4	117.3
Financing liabilities	**9,069.0**	**8,885.1**

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 8,952.6 million as at 31 March 2022.

In the first quarter of 2022, the issuance of three corporate bonds with an IFRS carrying amount of EUR 496.2 million, EUR 494.4 million and EUR 495.1 million increased the financing liabilities. Moreover, loans in the amount of EUR 100.0 million were valued. Scheduled and unscheduled repayments of EUR 1,412.1 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 527.6 million and a nominal value of EUR 400.0 million and an IFRS carrying amount of EUR 391.8 million. Furthermore, financing liabilities include nine corporate bonds, one with a nominal value of EUR 500.0 million (IFRS carrying amount of EUR 496.2 million), one with a nominal amount of EUR 500.0 million (IFRS carrying amount of EUR 494.4 million), one with a nominal amount of EUR 500.0 million (IFRS carrying amount of EUR 495.1 million), one with a nominal amount of EUR 600.0 million (IFRS carrying amount of EUR 591.8 million), one with a nominal amount of EUR 600.0 million (IFRS carrying amount of EUR 597.8 million), one with a nominal amount of EUR 500.0 million (IFRS carrying amount of EUR 494.6 million), one with a nominal amount of EUR 500.0 million (IFRS carrying amount of EUR 497.2 million), one with a nominal amount of EUR 300.0 million (IFRS carrying amount of EUR 296.9 million), and one with a nominal amount of EUR 500.0 million (IFRS carrying amount of EUR 499.4 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 0.5 million.

The main drivers for the changes in maturity of financing liabilities as against 31 December 2021 are the issuance of three corporate bonds with a total nominal value of EUR 1,500.0 million (IFRS carrying amount of EUR 1,485.7 million) which increased in particular the mid-term and long-term maturities. Due to the repayments of EUR 1,400.0 million the short-term maturity decreased.

T30

Maturity of financing liabilities from real estate financing

	Remaining term			Total
€ million	< 1 year	> 1 to 5 years	> 5 years	
31.03.2022	195.3	3,531.7	5,225.6	8,952.6
31.12.2021	1,508.2	2,808.2	4,451.4	8,767.8

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.–31.03.2022	01.01.–31.03.2021
Net cold rent	197.5	168.4
Profit from operating expenses	– 2.0	– 0.7
Maintenance for externally procured services	– 19.4	– 16.2
Staff costs	– 25.7	– 21.1
Allowances on rent receivables	– 4.2	– 2.3
Depreciation and amortisation expenses	– 2.6	– 2.6
Other	7.4	3.5
Net rental and lease income	**151.0**	**129.0**
Net Operating Income – Margin in %	**76.5**	**76.6**
Non-recurring special effects – rental and lease	1.1	1.6
Depreciation	2.6	2.6
Adjusted net rental and lease income	**154.7**	**133.2**
Adjusted net operating income – Margin (in %)	**78.3**	**79.1**

In the reporting period, the LEG Group increased its net rental and lease income by EUR 22.0 million compared to the same period of the previous year. Main drivers of this development were the EUR 3.9 million expansion of value-added services under other and the EUR 29.1 million rise in net cold rents. In-place rent per square metre on a like-for-like basis rose by 2.7 % in the reporting period. This was countered by the increase in maintenance expenses for externally produced services by EUR 3.2 million as well as the increase in staff costs by EUR 4.6 million which was mainly due to an increase in the number of employees.

The adjusted net operating income (NOI)-margin decreased slightly to 78.3 % from 79.1 % in the same period of the previous year.

In the reporting period following depreciation expenses for right of use from leases are included in the net rental and lease income:

T32

Depreciation expense of leases

€ million	01.01.–31.03.2022	01.01.–31.03.2021
Right of use buildings	0.1	0.1
Right of use technical equipment and machinery	1.0	1.2
Right of use operating and office equipment	0.7	0.6
Depreciation expense of leases	**1.8**	**1.9**

In the reporting period expenses of leases of a low-value asset of EUR 0.0 million were included in the net rental and lease income (previous year: EUR 0.2 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.–31.03.2022	01.01.–31.03.2021
Income from the disposal of investment	24.8	21.4
Carrying amount of the disposal of investment properties	–25.0	–21.4
Costs of sales of investment properties	–0.4	–0.2
Net income from the disposal of investment properties	**–0.6**	**–0.2**

Administrative and other expenses

T34

Administrative and other expenses

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Other operating expenses	–7.2	–3.7
Staff costs	–7.6	–6.5
Purchased services	–0.6	–0.3
Depreciation and amortisation	–1.2	–1.0
Administrative and other expenses	**–16.6**	**–11.5**
Depreciation and amortisation	1.2	1.0
Non-recurring special effects in administration	4.6	1.3
Adjusted administrative and other expenses	**–10.7**	**–9.3**

The increase in other operating expenses is mainly attributable to increased consulting costs. The adjusted administrative expenses increased by EUR 1.4 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 in the administrative and other expenses:

T35

Depreciation expense of leases

€ million	01.01.–31.03.2022	01.01.–31.03.2021
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
Depreciation expense of leases	**0.7**	**0.7**

Net interest income

Net interest income is composed as follows:

T36

Interest expenses

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Interest expenses from real estate financing	–24.1	–17.4
Interest expense from loan amortisation	–4.7	–4.1
Prepayment penalty	0.0	0.0
Interest expense from interest derivatives for real estate financing	–1.7	–2.2
Interest expense from change in pension provisions	–0.3	–0.2
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	–1.0	–0.5
Interest expenses	**–32.3**	**–24.9**

The rise in interest expenses is mainly due to new issued corporate bonds in the reporting period.

Income taxes

T37

Income tax expenses

€ million	01.01.– 31.03.2022	01.01.– 31.03.2021
Current tax expenses	–0.3	–1.7
Deferred tax expenses	–28.5	–17.6
Income tax expenses	**–28.8**	**–19.3**

An effective Group tax rate of 19.5 % was assumed in the reporting period in accordance with Group tax planning (previous year: 18.5 %). The increase is mainly due to the acquired Adler companies.

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. – 31.03.2022	01.01. – 31.03.2021
Net profit or loss attributable to shareholders in € million	153.7	123.7
Average numbers of shares outstanding	72,839,625	72,095,943
Earnings per share (basic) in €	**2.11**	**1.72**

T39

Earnings per share (diluted)

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Net profit or loss attributable to shareholders	153.7	123.7
Convertible bond coupon after taxes	1.1	1.2
Measurement of derivatives after taxes	–45.6	–48.0
Amortisation of the convertible bond after taxes	0.1	0.0
Net profit or loss for the period for diluted earnings per share	109.3	76.9
Average weighted number of shares outstanding	72,839,625	72,095,943
Number of potentially new shares in the event of exercise of conversion rights	7,026,824	6,985,219
Number of shares for diluted earnings per share	79,866,449	79,081,162
Intermedia result in €	1.37	0.97
Diluted earnings per share in €	**1.37**	**0.97**

As at 31 March 2022, 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. Since then LEG Group has operated in only one segment. It generates its revenue and holds its assets solely in Germany. In the 2022 financial year, LEG Group did not generate more than 10 % of reported total revenue with any customer.

Over and beyond the minimum disclosures required in IFRS 8, the key performance indicators of the company are explained and presented below. These correspond to the management and reporting system which LEG Immo uses for corporate management and offer a deeper insight into the economic performance of our company.

Internal reporting at LEG Group deviates from the IFRS accounting figures. LEG focuses its internal reports particularly on the important FFO performance indicator and further financial key figures for the housing industry, i. e., EPRA NTA and LTV. The alternative performance measures presented below are not based on IFRS figures, with the exception of the comments on LTV.

FFO I direct

FFO I is the 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).

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. – 31.03.2022	01.01. – 31.03.2021
Net cold rent	197.5	168.4
Profit from operating expenses	–2.0	–0.7
Maintenance for externally procured services	–19.4	–16.2
Staff costs	–25.7	–21.1
Allowances on rent receivables	–4.2	–2.3
Other	7.4	3.5
Non-recurring special effects (rental and lease)	1.1	1.6
Adjusted net rental and lease income	**154.7**	**133.2**
Adjusted net income from other services	**3.2**	**2.1**
Staff costs	–7.6	–6.5
Non-staff operating costs	–7.7	–4.1
Non-recurring special effects (admin.)	4.6	1.3
Extraordinary and prior-period expenses	0.0	0.0
Adjusted administrative expenses	**–10.7**	**–9.3**
Adjusted other income and expenses	0.0	–
Adjusted EBITDA	**147.2**	**126.0**
Cash interest expenses and income	–26.8	–20.5
Cash income taxes from rental and lease	1.0	–1.4
FFO I (before adjustment of non-controlling interests)	**121.4**	**104.1**
Adjustment of non-controlling interests	0.0	0.0
FFO I (after adjustment of non-controlling interests)	**121.4**	**104.1**
Weighted average number of shares outstanding	**72,839,625**	**72,095,943**
FFO I per share	**1.67**	**1.44**
Net income from the disposal of investment properties	–0.5	–0.2
Cash income taxes from disposal of investment properties	–1.3	–0.1
FFO II (incl. disposal of investment properties)	**119.6**	**103.8**
Capex	–70.4	–69.8
Capex-adjusted FFO I (AFFO)	**51.0**	**34.3**

The direct calculation of FFO I is aligned to the cost of sales method.

To ensure comparability with previous periods, EBITDA and FFO are adjusted for non-recurring special effects. Adjustments are made for all matters which are not attributable to the period from an operations perspective and which have a not insignificant impact on EBITDA and FFO. These special one-off effects comprise project costs for business model and process optimisation, staff related matters, acquisition and integration costs, capital market financing measures and M&A activities as well as other atypical matters and are composed as follows:

T41

Special one-off effects

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Project costs to optimise the business model and processes	1.7	0.9
Staff related costs	1.6	1.2
Acquisition and integration related costs	0.8	0.4
Capital market financing and M&A activities	1.6	0.2
Other atypical matters	0.1	0.1
Special one-off effects	**5.8**	**2.8**

EBITDA adjusted for these special effects is further adjusted in FFO I for cash interest expenses and income, cash taxes and non-controlling interests.

Cash interest expenses are composed as follows:

T42

Cash interest expenses

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Interest expense reported in income statement	32.3	24.9
Interest expense related to loan amortisation	–4.7	–4.1
Interest costs related to the accretion of other assets/liabilities	0.0	0.0
Interest expenses related to changes in pension provisions	–0.3	–0.2
Other interest expenses	–0.5	–0.1
Cash effective interest expense (gross)	**26.8**	**20.5**
Cash effective interest income	0.0	0
Cash effecitve interest expense (net)	**26.8**	**20.5**

Capex in the context of the AFFO reconciliation includes additions to investment property amounting to EUR 70.6 million as well as disposals of property, plant and equipment amounting to EUR 0.2 million.

FFO indirect

The calculation of FFO I, FFO II and AFFO according to the indirect method for the reporting and comparison period is as follows:

T43

Calculation of FFO I, FFO II and AFFO – indirect method

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Net profit or loss for the period	154.5	124.4
Interest income	0.0	0.0
Interest expense	32.3	24.9
Interest expense (net)	32.3	24.9
Other financial expenses	–78.5	–48.0
Income taxes	28.8	19.3
EBIT	137.1	120.6
Amortisation and depreciation	4.0	4.4
EBITDA	141.1	125.0
Net income from the remeasurement of investment properties	–0.3	–1.9
Special one-off effects	5.8	2.8
Net income from disposal of investment properties	0.6	0.2
Net income from disposal of real estate inventory	0.0	–0.1
Adjusted EBITDA	147.2	126.0
Cash interest expenses and income	–26.8	–20.4
Cash income taxes FFO I	1.0	–1.5
FFO I (before adjustment for minorities)	121.4	104.1
Adjustment for minorities	0.0	0.0
FFO I (after adjustment for minorities)	121.4	104.1
Adjusted net income from the disposal of investment properties	–0.5	–0.2
Cash income taxes from the disposal of investment properties and income taxes relating to other periods	–1.3	–0.1
FFO II (incl. disposal of investment properties)	119.6	103.8
Capex	–70.4	–69.8
Capex-adjusted FFO I (AFFO)	51.0	34.3

EPRA capex

The EPRA Capex table shows the breakdown of the capitalisation of investments and reconciles them to the payments for investments in investment properties. The modernisations capitalised as value-enhancing measures, divided into development (new construction activities on own land amounting to EUR 6.8 million) and investments in investment properties (EUR 63.8 million), increased by 4.6 % to EUR 73.0 million in the reporting period. This was offset by the decrease in acquisitions of EUR 98.5 million.

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EPRA capex

€ million	01.01. – 31.03.2022	01.01. – 31.03.2021
Acquisitions	86.4	184.9
Development	6.8	0.5
Investments in investment properties	63.8	69.3
Incremental lettable space	0.8	0.9
No incremental lettable space	65.4	68.4
Capex	157.0	254.7
Additions to/utilisation of provisions for capex	–5.4	–3.4
Additions to/utilisation of provisions for incidental purchase price costs	9.5	–111.0
Payments for investments in investment properties	161.1	140.3

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 2021 annual report.

LEG Immo reports an EPRA NTA of EUR 10,961.8 million or EUR 150.49 per share as at 31 March 2022. 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 2022, no dilution effects from the convertible bonds are considered, because the share price did not exceed the current conversion prices at the reporting date.

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EPRA NRV, EPRA NTA, EPRA NDV

	31.03.2022			31.12.2021		
€ million	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders of the parent company	9,114.1	9,114.1	9,114.1	8,927.9	8,927.9	8,927.9
Hybrid instruments	29.9	29.9	29.9	455.7	455.7	455.7
Diluted NAV at fair value	9,144.0	9,144.0	9,144.0	9,383.6	9,383.6	9,383.6
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	2,090.7	2,079.0	–	2,056.5	2,044.8	–
Fair value of financial instruments	45.6	45.6	–	95.2	95.2	–
Goodwill as a result of deferred tax	–267.3	–267.3	–267.3	–267.3	–267.3	–267.3
Goodwill as a result of synergies	–	–35.9	–35.9	–	–103.4	–103.4
Intangibles as per the IFRS balance sheet	–	–3.6	–	–	–3.8	–
Fair value of fixed interest rate debt	–	–	–138.2	–	–	–307.4
Deferred taxes of fixed interest rate debt	–	–	26.9	–	–	59.5
Revaluation of intangibles to fair value	–	–	–	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)[1]	1,868.3	–	–	1,843.9	–	–
NAV	12,881.3	10,961.8	8,729.5	13,111.9	11,149.1	8,765.0
Fully diluted number of shares	72,839,625	72,839,625	72,839,625	76,310,308	76,310,308	76,310,308
NAV per share	176.84	150.49	119.85	171.82	146.10	114.86

[1] Taking the ancillary acquisition costs into account would result into an NTA of EUR 12,817.2 million or EUR 175.96 per share.

In calculating the EPRA NTA, LEG Immo aligns itself to the Best Practice Recommendations of the European Public Real Estate Association (EPRA).

The liabilities from purchase price obligations from share deals are reported as effects on equity from the exercise of options, convertible bonds and other rights (hybrid instruments) amounting to EUR 29.9 million.

Deferred taxes resulting from the measurement of investment properties and from the measurement of publicly subsidised loans and from the measurement of derivatives are corrected at the level of their impact on equity. Deferred taxes relating to the planned sales programme are not included in calculating EPRA NTA. As at 31 March 2022, these amounted to EUR 2,079.0 million.

Effects of the fair value measurement of derivative financial instruments are also eliminated in calculating the EPRA NTA. If these effects from the measurement of derivatives relate to the equity value calculated in the “Effects on equity from the exercise of options, convertible bonds and other rights” item, these are not included in the “Effects of the fair value measurement of derivative financial instruments”. As at 31 March 2022, these effects total EUR 45.6 million.

If the purchase price allocations for acquisitions to be accounted for in line with IFRS 3 result in goodwill (from deferred taxes and synergies), these reduce equity in the calculation of EPRA NTA. As at 31 March 2022, these effects total EUR 303.2 million. The decrease compared to 31 December 2021 is due to the adjustment of the preliminary purchase price allocation from the transaction with the Adler Group.

In addition, all recognised intangible assets are eliminated. As at 31 March 2022 these totalled EUR 3.6 million.

The estimated incidental acquisition costs are calculated on the basis of the net market values of the property portfolio. In accordance with the property portfolios in the various federal states, real estate transfer tax is taken into account. In addition, brokerage courtage and notary fees are applied in determining the estimated incidental acquisition costs.

Loan-to-value ratio (LTV)

Net debt at the end of the reporting period increased slightly compared with 31 December 2021, due to payments for investments, leading to a slightly increased loan-to-value ratio (LTV) of 43.1 % at the interim reporting date (31 December 2021: 42.1 %).

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LTV

€ million	31.03.2022	31.12.2021
Financing liabilities	9,069.0	8,885.1
Deferred purchase price liabilities	24.9	27.4
Less cash and cash equivalents[1]	530.1	745.6
Net financing liabilities	**8,514.0**	**8,112.1**
Investment properties	19,292.5	19,067.7
Assets held for sale	21.0	37.0
Prepayments for investment properties	25.6	23.4
Participation in other real estate companies[1]	435.8	119.2
Prepayments for business combinations	0.4	1.8
Real estate assets	**19,775.3**	**19,249.1**
Loan-to-value ratio (LTV) in %	**43.1**	**42.1**

[1] The calculation was adjusted to the current market standard as of 31 March 2022. The net financial liabilities are reduced by the short-term deposits, the real estate assets are supplemented by the participations in other real estate companies. The figure as at 31 December 2021 was adjusted accordingly.

Maintenance and modernisation

The non-capitalised maintenance expenses from the point of view of the asset holding companies consist of maintenance expenses for externally procured services and maintenance expenses procured internally by the service companies of LEG Immo. In the case of modernisations which are capitalised as value-enhancing measures, capex represents the initial value, which is adjusted for the effects of the elimination of intercompany profits.

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Maintenance and modernisation

€ million	31.03.2022	31.12.2021
Maintenance expenses for externally procured services	19.4	16.2
Maintenance expenses for internally procured services	6.0	8.2
Non-capitalised maintenance expenses	**25.4**	**24.4**
thereof investment properties	24.4	23.4
Capex	70.4	69.8
Effects of the elimination of intercompany profits	2.4	–
Modernisations capitalised as value-enhancing measures	**72.8**	**69.8**
thereof investment properties	73.0	68.9
Total investment	**98.2**	**94.2**
thereof investment properties	**97.4**	92.3

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 forecasted 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 the 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 2022

€ million	Carrying amounts as per statement of financial positions 31.03.2022	Measurement (IFRS 9) Amortised cost	Measurement (IFRS 9) Fair value through profit or loss	Measurement (IFRS 16)	Fair value 31.03.2022
Assets					
Other financial assets	**432.9**				**432.9**
Hedge accounting derivatives	4.8				4.8
AC	7.1	7.1			7.1
FVtPL	421.0		421.0		421.0
Receivables and other assets	**137.3**				**137.3**
AC	121.4	121.4			121.4
Other non-financial assets	15.9				15.9
Cash and cash equivalents	**490.1**				**490.1**
AC	490.1	490.1			490.1
Total	**1,060.3**	**618.6**	**421.0**		**1,060.3**
Of which IFRS 9 measurement categories					
AC	618.6	618.6			618.6
FVtPL	421.0		421.0		421.0

€ million	Carrying amounts as per statement of financial positions 31.03.2022	Measurement (IFRS 9) Amortised cost	Measurement (IFRS 9) Fair value through profit or loss	Measurement (IFRS 16)	Fair value 31.03.2022
Liabilities					
Financial liabilities	**–9,068.9**				**–9,090.7**
FLAC	–8,952.5	–8,952.5			–9,090.7
Liabilities from lease financing	–116.4			–116.4	
Other liabilities	**–489.2**				**–459.3**
FLAC	–238.2	–238.2			–208.3
Derivatives HFT	–45.6		–45.6		–45.6
Hedge accounting derivatives	–4.5				–4.5
Other non-financial liabilities	–200.9				–200.9
Total	**–9,558.1**	**–9,190.7**	**–45.6**	**–116.4**	**–9,550.0**
Of which IFRS 9 measurement categories					
FLAC	–9,190.7	–9,190.7			–9,299.0
Derivatives HFT	–45.6		–45.6		–45.6

AC = Amortized Cost
FVtPL = Fair Value through profit and loss
FLAC = Financial Liabilities at Amortized Cost
HFT = Held for Trading

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Classes of financial instruments for financial assets and liabilities 2021

€ million	Carrying amounts as per statement of financial positions 31.12.2021	Measurement (IFRS 9) Amortised cost	Measurement (IFRS 9) Fair value through profit or loss	Measurement (IFRS 16)	Fair value 31.12.2021
Assets					
Other financial assets	**111.2**				**111.2**
Hedge accounting derivatives	0.4				0.4
AC	7.2	7.2			7.2
FVtPL	103.6		103.6		103.6
Receivables and other assets	**143.5**				**143.5**
AC	135.2	135.2			135.2
Other non-financial assets	8.3				8.3
Cash and cash equivalents	**675.6**				**675.6**
AC	675.6	675.6			675.6
Total	**930.3**	**818.0**	**103.6**		**930.3**
Of which IFRS 9 measurement categories					
AC	818.0	818.0			818.0
FVtPL	103.6		103.6		103.6

€ million	Carrying amounts as per statement of financial positions 31.12.2021	Measurement (IFRS 9) Amortised cost	Measurement (IFRS 9) Fair value through profit or loss	Measurement (IFRS 16)	Fair value 31.12.2021
Liabilities					
Financial liabilities	**−8,885.2**				**−9,089.2**
FLAC	−8,767.9	−8,767.9			−9,089.2
Liabilities from lease financing	−117.3			−117.3	
Other liabilities	**−531.4**				**−531.4**
FLAC	−223.1	−223.1			−223.1
Derivatives HFT	−123.4		−123.4		−123.4
Hedge accounting derivatives	−23.3				−23.3
Other non-financial liabilities	−161.6				−161.6
Total	**−9,416.6**	**−8,991.0**	**−123.4**	**−117.3**	**−9,620.6**
Of which IFRS 9 measurement categories					
FLAC	−8,991.0	−8,991.0			−9,312.3
Derivatives HFT	−123.4		−123.4		−123.4

AC = Amortized Cost
FVtPL = Fair Value through profit and loss
FLAC = Financial Liabilities at Amortized Cost
HFT = Held for Trading

As at 31 March 2022, the fair value of the very small equity investments was EUR 420.3 million (previous year: EUR 13.8 million). The increase resulted mainly from an equity investment in the amount of EUR 402.1 million.

The fair value of the participation of the Brack Capital Properties in the amount of EUR 402.1 million is allocated to Level 1 of the measurement hierarchy, as there is an active market for the shares.

The fair value of the very small equity investments is calculated using DCF procedures as there are no quoted prices in an active market for the relevant equity investments. The fair value calculated using valuation models is allocated to Level 3 of the IFRS 13 measurement hierarchy. Allocation to Level 3 takes place based on valuation models with inputs not observed on a market. This relates primarily to the capitalisation rate of 4.8 % (previous year: 4.2 %).

As at 31 March 2022, the fair value of the very small Level 3 equity investments was EUR 18.2 million. The stress test of this parameter on the basis of plus 50 bp results in a reduction of the fair value to EUR 16.6 million (previous year: EUR 12.5 million) and at minus 50 bp in an increase of the fair value to EUR 20.2 million (previous year: EUR 15.5 million).

10. Related-party disclosures

Please see the IFRS consolidated financial statements as at 31 December 2021 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 2021.

12. The Management Board and the Supervisory Board

There were no changes to the composition of the Management Board and Supervisory Board as at 31 March 2022 compared with the disclosures as at 31 December 2021.

13. Supplementary report

There were no significant events after the end of the interim reporting period on 31 March 2022.

Dusseldorf, 11 May 2022

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 the LEG Group, and the quarterly 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, 11 May 2022

LEG Immobilien SE, Dusseldorf
The Management Board

Lars von Lackum
(CEO)

Susanne Schröter-Crossan
(CFO)

Dr Volker Wiegel
(COO)

Financial calendar 2022

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Financial calendar 2022

Annual General Meeting (virtual)	19 May 2022
Release of Quarterly Report Q2 as of 30 June 2022	10 August 2022
Release of Quarterly Statement Q3 as of 30 September 2022	10 November 2022

For additional dates see our website.

Contact details and imprint

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