



# Redefine Living

QUARTERLY STATEMENT AS OF 31 MARCH 2019

## About this Statement

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## Key Figures Q1 2019

T1

		Q1 2019	Q1 2018	+ / - %
<b>Results of operations</b>				
Rental income	€ million	146.3	138.5	5.6
Net rental and lease income	€ million	109.6	98.4	11.4
EBITDA	€ million	104.1	92.1	13.0
EBITDA adjusted	€ million	106.8	94.8	12.7
EBT	€ million	-38.5	94.4	-140.8
Net profit or loss for the period	€ million	-57.0	78.2	-172.9
FFO I	€ million	84.9	74.2	14.4
FFO I per share	€	1.34	1.17	14.4
FFO II	€ million	83.2	73.5	13.2
FFO II per share	€	1.32	1.16	13.2
AFFO	€ million	55.0	52.2	5.4
AFFO per share	€	0.87	0.83	5.4
<b>Portfolio</b>				
		<b>31.03.2019</b>	31.03.2018	+ / - % / bp
Number residential units		133,637	130,208	2.6
In-place rent	€/qm	5.69	5.54	2.7
In-place rent (I-f-I)	€/qm	5.71	5.54	3.1
EPRA vacancy rate	%	3.9	3.9	0 bp
EPRA vacancy rate (I-f-I)	%	3.8	3.7	+10 bp
<b>Statement of financial position</b>				
		<b>31.03.2019</b>	31.12.2018	+ / - % / bp
Investment property	€ million	10,770.0	10,709.0	0.6
Cash and cash equivalents	€ million	267.0	233.6	14.3
Equity	€ million	4,700.4	4,783.9	-1.7
Total financing liabilities	€ million	4,627.5	4,598.1	0.6
Current financing liabilities	€ million	412.9	484.8	-14.8
LTV	%	40.1	40.7	-60 bp
Equity ratio	%	41.5	42.7	-120 bp
Adj. EPRA NAV, diluted	€ million	6,781.7	6,613.7	2.5
Adj. EPRA NAV per share, diluted	€	98.54	96.10	2.5
Pro forma NAV after simulated conversion	€ million	6,494.9	6,428.0	1.0
Pro forma NAV after simulated conversion per share	€	94.37	93.40	1.0

bp = basis points

## Portfolio

LEG's portfolio is spread across around 170 locations in North Rhine-Westphalia. As of 31 March 2019 it included 133,637 residential units with 64 square metres on average as well as 1,260 commercial units and 33,639 garages or parking spaces.

### Portfolio segmentation and housing stock

The LEG portfolio is divided into three market clusters using a scoring system: high-growth markets, stable markets und higher-yielding markets. The indicators for the scoring system are described in the [> Annual Report 2018](#).

### Performance of the LEG portfolio

#### Operational development

In-place rent on a like-for-like basis was EUR 5.71 per square metre as of 31 March 2019, 3.1 % up on the previous year (31 March 2018: EUR 5.54 per square metre/month).

In the free-financed segment which accounts for around 74 % of LEG's portfolio rents rose significantly by 3.9 % to EUR 6.07 per square metre on average (on a like-for-like basis). The strongest impact came from the high-growth markets where in-place rent increased by 4.4 % to EUR 6.99 per square metre (on a like-for-like basis). Positive effects from LEG's modernisation programme have contributed to this development. In the stable markets, an increase of 3.7 % to an average in-place rent of EUR 5.68 per square metre (on a like-for-like basis) was achieved. The higher-yielding markets recorded a plus of 3.4 % to 5.52 Euro per square metre against previous year's reporting date.

In the year 2019, there is no regular cost rent adjustment. Thus, the average rent in the restricted segment increased only marginally to EUR 4.78 per square metre (on a like-for-like basis; previous year: EUR 4.76 per square metre).

With 3.8 % the EPRA vacancy rate on a like-for-like basis was almost on the previous year's level. The marginal increase of 10 basis points relates to the strategic investment programme. The LEG portfolio in the high-growth markets kept being let to a high degree with an occupancy rate of 97.9 % (on a like-for-like basis). In Dusseldorf vacancy decreased by 260 basis points reflecting the successful integration of acquisitions. In the stable markets the occupancy rate was 96.4 % (on a like-for-like basis), in the higher-yielding markets the occupancy rate was 93.5 % (on a like-for-like basis).

## T2

## Portfolio segments – top 3 locations

	31.03.2019					31.03.2018					Change in-place rent % like-for-like	Change (basis points) vacancy rate 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>41,362</b>	<b>31.0</b>	<b>2,740,458</b>	<b>6.41</b>	<b>2.1</b>	<b>41,298</b>	<b>31.7</b>	<b>2,735,144</b>	<b>6.19</b>		
District of Mettmann	8,480	6.3	589,587	6.51	1.8	8,496	6.5	590,681	6.24	1.7	4.3	0
Münster	6,125	4.6	406,737	6.63	0.8	6,074	4.7	403,337	6.46	0.4	1.9	40
Dusseldorf	5,300	4.0	343,996	7.72	4.3	5,258	4.0	341,609	7.52	7.0	2.6	-260
Other locations	21,457	16.1	1,400,138	5.98	1.9	21,470	16.5	1,399,518	5.78	1.9	3.6	10
<b>Stable markets</b>	<b>48,913</b>	<b>36.6</b>	<b>3,139,992</b>	<b>5.37</b>	<b>3.8</b>	<b>47,569</b>	<b>36.5</b>	<b>3,057,680</b>	<b>5.23</b>	<b>3.6</b>	<b>2.9</b>	<b>20</b>
Dortmund	13,593	10.2	889,733	5.19	2.9	13,400	10.3	875,721	5.06	3.0	2.8	-20
Moenchengladbach	6,444	4.8	408,347	5.72	2.4	6,445	4.9	408,421	5.50	2.1	4.0	30
Hamm	4,341	3.2	260,808	5.20	2.9	4,163	3.2	250,309	5.07	3.2	2.4	-20
Other locations	24,535	18.4	1,581,104	5.41	4.7	23,561	18.1	1,523,230	5.29	4.4	2.7	40
<b>Higher yielding markets</b>	<b>41,515</b>	<b>31.1</b>	<b>2,543,746</b>	<b>5.26</b>	<b>6.6</b>	<b>39,491</b>	<b>30.3</b>	<b>2,409,889</b>	<b>5.15</b>	<b>6.3</b>	<b>2.8</b>	<b>50</b>
District of Recklinghausen	9,860	7.4	618,032	5.10	5.9	9,204	7.1	572,285	5.04	6.4	1.9	0
Duisburg	6,800	5.1	421,472	5.60	5.7	6,568	5.0	408,131	5.39	3.7	4.1	170
Maerkisch District	4,566	3.4	281,362	5.18	4.2	4,567	3.5	281,419	5.05	3.3	2.7	90
Other locations	20,289	15.2	1,222,880	5.25	7.8	19,152	14.7	1,148,054	5.14	8.0	2.8	10
<b>Outside NRW</b>	<b>1,847</b>	<b>1.4</b>	<b>123,867</b>	<b>6.14</b>	<b>2.6</b>	<b>1,850</b>	<b>1.4</b>	<b>124,044</b>	<b>5.93</b>	<b>1.6</b>	<b>3.5</b>	<b>100</b>
<b>Total</b>	<b>133,637</b>	<b>100.0</b>	<b>8,548,062</b>	<b>5.69</b>	<b>3.9</b>	<b>130,208</b>	<b>100.0</b>	<b>8,326,757</b>	<b>5.54</b>	<b>3.9</b>	<b>3.1</b>	<b>10</b>



## T3

## LEG Portfolio

		Outside NRW			Total		
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.12.2018	31.03.2018
<b>Subsidised residential units</b>							
Units		98	98	98	34,558	34,964	34,103
Area	qm	7,733	7,733	7,733	2,351,524	2,379,335	2,318,159
In-place rent	€/qm	4.56	4.56	4.56	4.78	4.77	4.75
EPRA vacancy rate	%	0.0	0.0	0.0	2.5	2.1	2.5
<b>Free-financed residential units</b>							
Units		1,749	1,752	1,752	99,079	99,005	96,105
Area	qm	116,134	116,311	116,311	6,196,538	6,190,688	6,008,598
In-place rent	€/qm	6.24	6.19	6.02	6.04	6.00	5.85
EPRA vacancy rate	%	2.8	2.9	1.7	4.3	3.8	4.3
<b>Total residential units</b>							
Units		1,847	1,850	1,850	133,637	133,969	130,208
Area	qm	123,867	124,044	124,044	8,548,062	8,570,023	8,326,757
In-place rent	€/qm	6.14	6.09	5.93	5.69	5.65	5.54
EPRA vacancy rate	%	2.6	2.7	1.6	3.9	3.5	3.9
<b>Total commercial</b>							
Units					1,260	1,267	1,245
Area	qm				211,248	214,927	205,356
<b>Total parking</b>							
Units					33,639	33,855	32,735
<b>Total other</b>							
Units					2,536	2,510	2,334

### Value development

The following table shows the distribution of assets by market segment. LEG did not execute a portfolio valuation in the first quarter. The rental yield of the portfolio based on in-place rents was 5.5 % (rent multiplier: 18.1). The valuation of the residential portfolio corresponds to an EPRA net initial yield of 4.3 %.

### T4

#### Market segments

	Residential units	Residential assets	Share residential assets	Value/sqm	In-place rent multiplier	Commercial/ other assets	Total assets
31.03.2019		in € million <sup>1</sup>	in %	in €		in € million <sup>2</sup>	in € million
<b>High-growth markets</b>	<b>41,362</b>	<b>4,628</b>	<b>45</b>	<b>1,685</b>	<b>22.0x</b>	<b>213</b>	<b>4,841</b>
District of Mettmann	8,480	948	9	1,608	20.7x	68	1,016
Münster	6,125	813	8	2,000	25.1x	45	858
Dusseldorf	5,300	731	7	2,125	23.4x	40	771
Other locations	21,457	2,136	21	1,519	21.2x	60	2,196
<b>Stable markets</b>	<b>48,913</b>	<b>3,311</b>	<b>32</b>	<b>1,053</b>	<b>16.6x</b>	<b>120</b>	<b>3,432</b>
Dortmund	13,593	1,046	10	1,171	19.1x	45	1,091
Moenchengladbach	6,444	449	4	1,097	15.6x	12	461
Hamm	4,341	246	2	939	15.0x	4	250
Other locations	24,535	1,571	15	994	15.7x	59	1,630
<b>Higher yielding markets</b>	<b>41,515</b>	<b>2,232</b>	<b>22</b>	<b>872</b>	<b>14.6x</b>	<b>65</b>	<b>2,297</b>
District of Recklinghausen	9,860	530	5	851	14.6x	18	548
Duisburg	6,800	423	4	999	15.5x	23	446
Maerkisch District	4,566	222	2	787	13.1x	2	224
Other locations	20,289	1,058	10	859	14.5x	21	1,079
<b>Subtotal NRW</b>	<b>131,790</b>	<b>10,172</b>	<b>98</b>	<b>1,204</b>	<b>18.1x</b>	<b>398</b>	<b>10,570</b>
Portfolio outside NRW	1,847	165	2	1,329	18.4x	2	167
<b>Total portfolio</b>	<b>133,637</b>	<b>10,337</b>	<b>100</b>	<b>1,206</b>	<b>18.1x</b>	<b>400</b>	<b>10,737</b>
Leasehold + land values							36
Balance sheet property valuation assets (IAS 40/ IFRS 5) <sup>3</sup>							10,774
Prepayments for property held as an investment property							9
Inventories (IAS 2)							3
Owner-occupied property (IAS 16)							31
Construction costs (IAS 40 AIB)							2
<b>Total balance sheet<sup>3</sup></b>							<b>10,819</b>

<sup>1</sup> Excluding 373 residential units in commercial buildings; including 461 commercial and other units in mixed residential assets.

<sup>2</sup> Excluding 461 commercial units in mixed residential assets; including 373 residential units in commercial buildings, commercial, parking, other assets.

<sup>3</sup> Thereof assets held for sale EUR 6.2 million.

## Analysis of Net Assets, Financial Position and Results of Operations

Please see the > [glossary in the Annual Report 2018](#) for a definition of individual key figures and terms.

T5

### Consolidated statement of comprehensive income

€ million	01.01.– 31.03.2019	01.01.– 31.03.2018
<b>Net rental and lease income</b>	<b>109.7</b>	<b>98.4</b>
Rental and lease income	202.7	190.2
Cost of sales in connection with rental and lease income	-93.0	-91.8
<b>Net income from the disposal of investment properties</b>	<b>-0.3</b>	<b>-0.3</b>
Income from the disposal of investment properties	17.5	10.1
Carrying amount of the disposal of investment properties	-17.5	-10.2
Cost of sales in connection with disposed investment properties	-0.3	-0.2
<b>Net income from the remeasurement of investment properties</b>	<b>-0.2</b>	<b>0.0</b>
<b>Net income from the disposal of real estate inventory</b>	<b>-0.7</b>	<b>-0.7</b>
Income from the real estate inventory disposed of	-	0.1
Carrying amount of the real estate inventory disposed of	-	-0.1
Costs of sales of the real estate inventory disposed of	-0.7	-0.7
<b>Net income from other services</b>	<b>1.4</b>	<b>1.5</b>
Income from other services	2.7	2.9
Expenses in connection with other services	-1.3	-1.4
<b>Administrative and other expenses</b>	<b>-9.5</b>	<b>-9.4</b>
<b>Other income</b>	<b>0.1</b>	<b>0.2</b>
<b>Operating earnings</b>	<b>100.5</b>	<b>89.7</b>
Interest income	0.0	0.1
Interest expenses	-25.6	-24.3
Net income from investment securities and other equity investments	2.6	2.4
Net income from the fair value measurement of derivatives	-116.0	26.5
<b>Earnings before income taxes</b>	<b>-38.5</b>	<b>94.4</b>
Income taxes	-18.5	-16.2
<b>Net profit or loss for the period</b>	<b>-57.0</b>	<b>78.2</b>

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€ million	01.01.– 31.03.2019	01.01.– 31.03.2018
<b>Change in amounts recognised directly in equity</b>	<b>-17.9</b>	<b>2.4</b>
<b>Thereof recycling</b>		
<b>Fair value adjustment of interest rate derivatives in hedges</b>	<b>-10.1</b>	<b>2.4</b>
Change in unrealised gains/(losses)	-12.5	3.0
Income taxes on amounts recognised directly in equity	2.4	-0.6
<b>Thereof non-recycling</b>		
<b>Actuarial gains and losses from the measurement of pension obligations</b>	<b>-7.8</b>	<b>0.0</b>
Change in unrealised gains/(losses)	-11.2	0.0
Income taxes on amounts recognised directly in equity	3.4	0.0
<b>Total comprehensive income</b>	<b>-74.9</b>	<b>80.6</b>
<b>Net profit or loss for the period attributable to:</b>		
Non-controlling interests	1.2	0.8
Parent shareholders	-58.2	77.4
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	1.2	0.8
Parent shareholders	-76.1	79.8
<b>Earnings per share (basic) in €</b>	<b>-0.92</b>	<b>1.23</b>
<b>Earnings per share (diluted) in €</b>	<b>-0.92</b>	<b>0.75</b>



## Results of operations

In the reporting period (1 January 2019 to 31 March 2019) net cold rents climbed by 5.6% up to EUR 146.3 million against the comparative period (1 January 2018 to 31 March 2018). Due to a less than proportionate development of expenses, net rental and lease income raised by 11.5%. This includes a moderate development of maintenance expenses against the comparative period.

The adjusted EBITDA increased by EUR 12.7% to EUR 106.8 million. The adjusted EBITDA margin increased to 73.0% in the reporting period (comparative period 68.4%).

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of derivatives from the convertible bonds in the amount of EUR – 116.0 million (comparative period: EUR 26.3 million).

Current taxes in the amount of EUR – 3.3 million were directly recorded affecting net income.

## Net rental and lease income

T6

### Net rental and lease income

€ million	01.01.– 31.03.2019	01.01.– 31.03.2018
Net cold rent	146.3	138.5
Profit from operating expenses	–1.7	–2.8
Maintenance for externally procured services	–13.8	–15.5
Staff costs	–16.1	–15.0
Allowances on rent receivables	–2.4	–2.4
Depreciation and amortisation expenses	–2.0	–1.5
Other	–0.6	–2.8
<b>Net rental and lease income</b>	<b>109.7</b>	<b>98.4</b>
<b>Net operating income – margin (in %)</b>	<b>75.0</b>	<b>71.0</b>
Non-recurring project costs – rental and lease	0.7	1.3
Depreciation and amortisation expenses	2.0	1.5
<b>Adjusted net rental and lease income</b>	<b>112.4</b>	<b>101.2</b>
<b>Adjusted net operating income – margin (in %)</b>	<b>76.8</b>	<b>73.1</b>

The LEG Group increased its net rental and lease income by EUR 7.8 million (5.6%) against the comparative period. In-place rent per square metre on a like-for-like basis rose by 3.1% in the reporting period.

Due to disproportionate development of net rental and lease income compared with the development of in-place rent the NOI margin amounts to 75.0% and increased by 4.0 percentage points against the comparative period.

T7

### EPRA vacancy rate

€ million	31.03.2019	31.03.2018
Rental value of vacant space – like-for-like	22.8	22.0
Rental value of vacant space – total	24.4	23.3
Rental value of the whole portfolio – like-for-like	604.1	595.5
Rental value of the whole portfolio – total	621.9	599.0
<b>EPRA vacancy rate – like-for-like (in %)</b>	<b>3.8</b>	<b>3.7</b>
<b>EPRA vacancy rate – Total (in %)</b>	<b>3.9</b>	<b>3.9</b>

The EPRA vacancy rate stands at 3.8% like-for-like as at 31 March 2019 and is almost stable against the comparative period.

The EPRA capex splits the capitalised expenditure of the reporting period in comparison to the comparative period in four components. On a like-for-like portfolio basis, the value-adding modernisation work as a result of the strategic investment program surged by EUR 7.3 million to EUR 28.5 million in the reporting period. In the area of acquisitions, the upturn is due primarily to investments in portfolios already acquired in 2017.

## T8

## EPRA capex

€ million	01.01. – 31.03.2019	01.01. – 31.03.2018
Acquisitions	1.0	0.3
Development	0.4	0.5
Like-for-like Portfolio	28.5	21.2
Other	0.0	0.0
<b>Capex</b>	<b>29.9</b>	<b>22.0</b>

In addition to the value-adding modernisation, maintenance recognised as an expense contributed to the EUR 8.5 million increase in total investment in the reporting period to EUR 50.3 million. Total investment in investment properties therefore increased to EUR 5.74 per square metre with a capitalisation rate of 59.4%.

For the financial year 2019 total investments are forecasted between EUR 30 and EUR 32 per square metre with a capitalisation rate of minimum 70%.

## T9

## Maintenance and modernisation

€ million	01.01. – 31.03.2019	01.01. – 31.03.2018
Maintenance expenses	20.4	19.8
thereof investment properties	20.1	19.4
Capital expenditure	29.9	22.0
thereof investment properties	28.9	21.3
<b>Total investment</b>	<b>50.3</b>	<b>41.8</b>
thereof investment properties	49.0	40.7
Area of investment properties in million sqm	8.77	8.53
<b>Average investment per sqm (€)</b>	<b>5.74</b>	<b>4.90</b>

### Net income from the disposal of investment properties

There were slightly more disposals of investment property in the reporting period. Sales of investment property amounted to EUR 17.5 million and relate mainly to objects, which were reported as assets held for sale and were remeasured up to the agreed property value as of 31 December 2018.

### Net income from the disposal of real estate inventory

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

The remaining real estate inventory held as at 31 March 2019 amounted to EUR 1.8 million, of which EUR 0.4 million related to land under development.

### Administrative and other expenses

## T10

## Administrative and other expenses

€ million	01.01. – 31.03.2019	01.01. – 31.03.2018
Other operating expenses	-2.6	-3.3
Staff costs	-5.6	-5.7
Purchased services	-0.3	-0.2
Depreciation and amortisation	-1.0	-0.2
<b>Administrative and other expenses</b>	<b>-9.5</b>	<b>-9.4</b>
Depreciation and amortisation	1.0	0.2
Non-recurring project costs and extraordinary and prior-period expenses	0.8	0.4
<b>Adjusted administrative and other expenses</b>	<b>-7.7</b>	<b>-8.7</b>

Adjusted administrative and other expenses in the amount of –EUR 7.7 million were below the prior-year level.

## Net finance earnings

T11

### Net finance earnings

€ million	01.01. – 31.03.2019	01.01. – 31.03.2018
Interest income	0.0	0.1
Interest expenses	-25.6	-24.3
<b>Net interest income</b>	<b>-25.6</b>	<b>-24.2</b>
Net income from other financial assets and other investments	2.6	2.4
Net income from the fair value measurement of derivatives	-116.0	26.5
<b>Net finance earnings</b>	<b>-139.0</b>	<b>4.7</b>

Interest expense from loan amortisation, as the main driver for higher interest expenses, increased by EUR 2.0 million year on year to EUR 5.6 million. This includes the measurement of the convertible bonds and the corporate bond at amortised cost in the amount of EUR 2.6 million (comparative period: EUR 2.5 million). The FFO-related cash interests were slightly decreased by EUR 0.2 million to EUR 19.2 million.

Year on year the average interest rate of financing liabilities was slightly further reduced to 1.62% as at 31 March 2019 (1.76% as at 31 March 2018). The remaining average term of these liabilities is 7.5 years (8.1 years as at 31 March 2018).

Dividends received from equity investments in non-consolidated and non-associated companies increased by EUR 0.2 million year-on-year to EUR 2.6 million in the reporting period.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of derivatives from the convertible bonds in the amount of EUR -116.0 million (comparative period: EUR 26.3 million).

## Income tax expenses

T12

### Income tax expenses

€ million	01.01. – 31.03.2019	01.01. – 31.03.2018
Current tax expenses	-3.3	-1.4
Deferred tax expenses	-15.2	-14.8
<b>Income tax expenses</b>	<b>-18.5</b>	<b>-16.2</b>

An effective Group tax rate of 22.85% was assumed in the reporting period in accordance with Group tax planning (comparative period: 22.61%).

## 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 2018](#).

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

T13

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

€ million	01.01. – 31.03.2019	01.01. – 31.03.2018
Net cold rent	146.3	138.5
Profit from operating expenses	-1.7	-2.8
Maintenance for externally procured services	-13.8	-15.5
Staff costs	-16.1	-15.0
Allowances on rent receivables	-2.4	-2.4
Other	-0.6	-2.8
Non-recurring project costs (rental and lease)	0.7	1.3
<b>Current net rental and lease income</b>	<b>112.4</b>	<b>101.3</b>
<b>Current net income from other services</b>	<b>2.0</b>	<b>2.0</b>
Staff costs	-5.6	-5.7
Non-staff operating costs	-2.9	-3.4
Non-recurring project costs (admin.)	0.8	0.4
Extraordinary and prior-period expenses	0.0	0.0
<b>Current administrative expenses</b>	<b>-7.7</b>	<b>-8.7</b>
Other income	0.1	0.2
<b>Adjusted EBITDA</b>	<b>106.8</b>	<b>94.8</b>
Cash interest expenses and income	-19.2	-19.4
Cash income taxes from rental and lease	-2.0	-1.0
<b>FFO I (before adjustment of non-controlling interests)</b>	<b>85.6</b>	<b>74.4</b>
Adjustment of non-controlling interests	-0.7	-0.2
<b>FFO I (after adjustment of non-controlling interests)</b>	<b>84.9</b>	<b>74.2</b>
Adjusted net income from disposal of investment properties	-0.4	-0.2
Cash income taxes from disposal of investment properties	-1.3	-0.5
<b>FFO II (incl. disposal of investment properties)</b>	<b>83.2</b>	<b>73.5</b>
CAPEX	-29.9	-22.0
<b>Capex-adjusted FFO I (AFFO)</b>	<b>55.0</b>	<b>52.2</b>

At EUR 84.9 million, FFO I developed positively as scheduled in the reporting period (previous year: EUR 74.2 million). In particular, this increase is attributable to the positive impact from the rise in net cold rent and the lower development of expenses including maintenance expenses.

The reduced average interest rate due to the refinancing is also reflected in the increase of the interest coverage ratio (ratio of adjusted EBITDA to cash interest expense) at 560% in the reporting period (comparative period: 490%).

### 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):

#### T14

#### EPRA EPS

€ million	01.01. – 31.03.2019	01.01. – 31.03.2018
Net profit or loss for the period attributable to parent shareholders	-58.2	77.4
Changes in value of investment properties	0.2	-
Profits or losses on disposal of investment properties, development properties held for investment, other interests and sales of trading properties including impairment charges in respect of trading properties	1.0	0.9
Tax on profits or losses on disposals	1.3	0.5
Changes in fair value of financial instruments and associated close-out costs	116.0	-26.5
Acquisition costs on share deals and non-controlling joint venture interests	0.1	0.1
Deferred tax in respect of EPRA adjustments	0.0	0.0*
Refinancing expenses	0.0	0.0
Other interest expenses	-0.1	0.0
Non-controlling interests in respect of the above	0.0	0.0
<b>EPRA Earnings</b>	<b>60.3</b>	<b>52.4</b>
Weighted average number of shares outstanding	63,188,185	63,188,185
EPRA earnings per share (undiluted) in €	0.95	0.83
Potentially diluted shares	5,635,729	5,455,398
Interest coupon on convertible bond	0.3	0.3
Amortisation expenses convertible bond after taxes	1.7	1.6
<b>EPRA Earnings (diluted)</b>	<b>62.3</b>	<b>54.3</b>
Number of diluted shares	68,823,914	68,643,583
<b>EPRA Earnings per share (diluted) in €</b>	<b>0.91</b>	<b>0.79</b>

\* amendment of previous year's figure due to changes in calculation

## T15

**Consolidated Statement of financial position  
Assets**

€ million	31.03.2019	31.12.2018
<b>Non-current assets</b>	<b>10,977.2</b>	<b>10,884.9</b>
Investment properties	10,770.0	10,709.0
Prepayments for investment properties	9.0	–
Property, plant and equipment	77.4	62.5
Intangible assets and goodwill	85.9	85.3
Investments in associates	9.7	9.7
Other financial assets	10.8	10.8
Receivables and other assets	0.2	0.2
Deferred tax assets	14.2	7.4
<b>Current assets</b>	<b>348.2</b>	<b>289.0</b>
Real estate inventory and other inventory	22.2	6.1
Receivables and other assets	55.9	47.5
Income tax receivables	3.1	1.8
Cash and cash equivalents	267.0	233.6
<b>Assets held for sale</b>	<b>6.2</b>	<b>20.3</b>
<b>Total Assets</b>	<b>11,331.6</b>	<b>11,194.2</b>

**Equity and liabilities**

€ million	31.03.2019	31.12.2018
<b>Equity</b>	<b>4,700.3</b>	<b>4,783.8</b>
Share capital	63.2	63.2
Capital reserves	611.2	611.2
Cumulative other reserves	4,002.9	4,083.1
Equity attributable to shareholders of the parent company	4,677.3	4,757.5
Non-controlling interests	23.0	26.3
<b>Non-current liabilities</b>	<b>5,653.7</b>	<b>5,495.6</b>
Pension provisions	153.5	142.4
Other provisions	4.1	4.5
Financing liabilities	4,214.6	4,113.3
Other liabilities	166.4	134.8
Deferred tax liabilities	1,115.1	1,100.6
<b>Current liabilities</b>	<b>977.6</b>	<b>914.8</b>
Pension provisions	6.3	6.9
Other provisions	15.0	17.8
Provisions for taxes	0.2	0.2
Financing liabilities	412.9	484.8
Other liabilities	531.0	396.1
Tax liabilities	12.2	9.0
<b>Total Equity and Liabilities</b>	<b>11,331.6</b>	<b>11,194.2</b>

## Net assets

The increase in investment properties results mainly from attribution to leasehold due to the initial application of IFRS 16 amounting to EUR 35.8 million as well as capitalization of modernisation expenses with EUR 28.9 million.

The position prepayments for investment properties includes prepayments for acquisitions in the amount of EUR 9.0 million.

The recognition of property tax expense as other inventories (EUR 17.6 million) for the financial year and the deferral of prepaid operating costs in the amount of EUR 8.3 million significantly contribute to the development of the current assets.

Cash and cash equivalents increased by EUR 33.4 million up to EUR 267.0 million. This development is attributable mainly to the cashflow from operating activities (EUR 96.9 million), sales of investment properties (EUR 17.6 million), offset by cash payments for acquisitions and modernisation (EUR – 43.8 million) for investment properties as well as negative cash balance from refinancing of bank loans (EUR – 29.4 million).

Compared to 31 December 2018 equity decreased in particular because of the total comprehensive income (EUR – 74.9 million).

Changes in the fair value of the derivatives from the convertible bonds lead to an increase of other liabilities by EUR 116.0 million, thereof EUR 20.2 million from the convertible bond issued in 2017 (non-current) and EUR 95.8 million from the convertible bond issued in 2014 (current).

## T16

## Statement of changes in consolidated equity

€ million	Share capital	Capital reserves	Cumulative other reserves			Equity attributable to shareholders of the Group	Non controlling interests	Consolidated equity
			Revenue reserves	Actuarial gains and losses from the measurement of pension obligations	Fair value adjustment of interest derivatives in hedges			
<b>As of 01.01.2018</b>	<b>63.2</b>	<b>611.2</b>	<b>3,472.3</b>	<b>- 37.6</b>	<b>- 21.7</b>	<b>4,087.4</b>	<b>25.0</b>	<b>4,112.4</b>
Net profit or loss for the period	-	-	77.4	-	-	77.4	0.8	78.2
Other comprehensive income	-	-	-	-	2.4	2.4	0.0	2.4
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>77.4</b>	<b>-</b>	<b>2.4</b>	<b>79.8</b>	<b>0.8</b>	<b>80.6</b>
Change in consolidated companies/other	-	-	-	-	-	-	1.0	1.0
Capital increase/addition to reserves	-	-	0.4	-	-	0.4	0.8	1.2
Withdrawals from reserves	-	-	- 1.8	-	-	- 1.8	- 1.4	- 3.2
Distributions	-	-	-	-	-	-	-	-
<b>As of 31.03.2018</b>	<b>63.2</b>	<b>611.2</b>	<b>3,548.3</b>	<b>- 37.6</b>	<b>- 19.3</b>	<b>4,165.8</b>	<b>26.2</b>	<b>4,192.0</b>
<b>As of 01.01.2019</b>	<b>63.2</b>	<b>611.2</b>	<b>4,131.5</b>	<b>- 35.1</b>	<b>- 13.1</b>	<b>4,757.7</b>	<b>26.3</b>	<b>4,784.0</b>
Net profit or loss for the period	-	-	- 58.2	-	-	- 58.2	1.2	- 57.0
Other comprehensive income	-	-	-	- 7.8	- 10.1	- 17.9	0.0	- 17.9
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>- 58.2</b>	<b>- 7.8</b>	<b>- 10.1</b>	<b>- 76.1</b>	<b>1.2</b>	<b>- 74.9</b>
IFRS 16	-	-	- 4.7	-	-	- 4.7	-	- 4.7
Change in consolidated companies/other	-	-	-	-	-	-	-	-
Capital increase/addition to reserves	-	-	0.4	-	-	0.4	0.7	1.1
Withdrawals from reserves	-	-	-	-	-	-	- 0.7	- 0.7
Distributions	-	-	-	-	-	-	- 4.5	- 4.5
<b>As of 31.03.2019</b>	<b>63.2</b>	<b>611.2</b>	<b>4,069.0</b>	<b>- 42.9</b>	<b>- 23.2</b>	<b>4,677.3</b>	<b>23.0</b>	<b>4,700.3</b>



On 31 March 2019, the LEG Group held 133,637 apartments and 1,260 commercial units in its portfolio.

Investment property developed as follows in the financial year 2018 and in 2019 up to the reporting date of the interim consolidated financial statements:

## T17

## Investment properties

€ million	2019	2018
<b>Carrying amount as of 01.01.</b>	<b>10,709.0</b>	<b>9,460.7</b>
Acquisitions	0.0	292.3
Other additions	28.9	174.0
Reclassified to assets held for sale	-3.4	-34.8
Reclassified from assets held for sale	-	15.8
Reclassified to property, plant and equipment	-0.1	-1.3
Reclassified from property, plant and equipment	-	1.4
Fair value adjustment	-0.2	800.9
Initial application IFRS 16	35.8	-
<b>Carrying amount as of 31.03./31.12.</b>	<b>10,770.0</b>	<b>10,709.0</b>

Investment property was measured as of 31 December 2018. No further fair value adjustments were made as at 31 March 2019. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as of 31 December 2018.

Financing liabilities are composed as follows:

## T18

## Financing liabilities

€ million	31.03.2019	31.12.2018
Financing liabilities from real estate financing	4,547.6	4,575.0
Financing liabilities from lease financing	79.9	23.1
<b>Financing liabilities</b>	<b>4,627.5</b>	<b>4,598.1</b>

Financing liabilities from real estate financing serve the financing of investment properties.

In the first quarter of 2019 the redemption of commercial papers in the amount of EUR 100 million and the scheduled debt repayment reduced the current financing liabilities. Valuation in the amount of EUR 87.5 million raised the financing liabilities.

Financing liabilities from real estate financing include two convertible bonds and one corporate bond as of 31 March 2019.

The main driver for the changes in maturities of financing liabilities against the reporting date as of 31 December 2018 is the reclassification from the long-term to mid-term area due to the remaining term of the corporate bond.

## T19

## Maturity of financing liabilities from real estate financing

€ million	Remaining term			Total
	< 1 year	> 1 and 5 years	> 5 years	
<b>31.03.2019</b>	<b>403.6</b>	<b>1,366.3</b>	<b>2,777.7</b>	<b>4,547.6</b>
31.12.2018	479.1	920.8	3,175.1	4,575.0

## Net asset value (NAV)

A further key figure relevant in the property industry is NAV. The calculation method for the respective key figure can be found in the [glossary in the Annual Report 2018](#).

The LEG Group reported basic EPRA NAV of EUR 6,177.0 million as at 31 March 2019. The effects of the possible conversion of the convertible bond are shown by the additional calculation of diluted EPRA NAV. After further adjustment for goodwill effects, adjusted diluted EPRA NAV amounted to EUR 6,781.7 million at the reporting date.

As a result of the call and put option of the convertible bond issued in 2014, from 2019 LEG expects an increasing probability of early conversion. For reasons of improved transparency, LEG would like to clarify the economic impact of an assumed conversion as of the relevant reporting date by publishing an additional pro forma NAV. As of the reporting date, there is thus a pro forma NAV per share of EUR 94.37. In comparison to the 31 December 2018, this is an increase of 1.0%.

T20

## EPRA NAV

	31.03.2019			31.12.2018		
	basic	Effect of exercise of convertibles / options	diluted	basic	Effect of exercise of convertibles / options	diluted
€ million						
<b>Equity attributable to shareholders of the parent company</b>	<b>4,677.3</b>	–	<b>4,677.3</b>	<b>4,757.6</b>	–	<b>4,757.6</b>
Non-controlling interests	23.0	–	23.0	26.3	–	26.3
<b>Equity</b>	<b>4,700.3</b>	–	<b>4,700.3</b>	<b>4,783.9</b>	–	<b>4,783.9</b>
Effect of exercise of options, convertibles and other equity interests	–	657.4	657.4	–	553.9	553.9
<b>NAV</b>	<b>4,677.3</b>	<b>657.4</b>	<b>5,334.7</b>	<b>4,757.6</b>	<b>553.9</b>	<b>5,311.5</b>
Fair value measurement of derivative financial instruments	350.7	–	350.7	222.2	–	222.2
Deferred taxes on WFA loans and derivatives	9.9	–	9.9	13.1	–	13.1
Deferred taxes on investment property	1,171.2	–	1,171.2	1,151.7	–	1,151.7
Goodwill resulting from deferred taxes on EPRA adjustments	– 32.1	–	– 32.1	– 32.1	–	– 32.1
<b>EPRA NAV</b>	<b>6,177.0</b>	<b>657.4</b>	<b>6,834.4</b>	<b>6,112.5</b>	<b>553.9</b>	<b>6,666.4</b>
<b>Number of shares</b>	<b>63,188,185</b>	<b>5,635,729</b>	<b>68,823,914</b>	<b>63,188,185</b>	<b>5,635,729</b>	<b>68,823,914</b>
<b>EPRA NAV per share (€)</b>	<b>97.76</b>	–	<b>99.30</b>	<b>96.73</b>	–	<b>96.86</b>
Goodwill resulting from synergies	52.7	–	52.7	52.7	–	52.7
<b>Adjusted EPRA NAV (w/o effects from goodwill)</b>	<b>6,124.3</b>	<b>657.4</b>	<b>6,781.7</b>	<b>6,059.8</b>	<b>553.9</b>	<b>6,613.7</b>
<b>Adjusted EPRA NAV per share (€)</b>	<b>96.92</b>	–	<b>98.54</b>	<b>95.90</b>	–	<b>96.10</b>
Effects from a simulated effective conversion at the reporting date	– 286.8	–	– 286.8	– 185.7	–	– 185.7
<b>PRO FORMA NAV after simulated effective conversion</b>	<b>5,837.5</b>	<b>657.4</b>	<b>6,494.9</b>	<b>5,874.1</b>	<b>553.9</b>	<b>6,428.0</b>
<b>PRO FORMA NAV per share (€)</b>	<b>92.38</b>	–	<b>94.37</b>	<b>92.96</b>	–	<b>93.40</b>
<b>EPRA NAV</b>	<b>6,177.0</b>	<b>657.4</b>	<b>6,834.4</b>	<b>6,112.5</b>	<b>553.9</b>	<b>6,666.4</b>
Fair value measurement of derivative financial instruments	– 350.7	–	– 350.7	– 222.2	–	– 222.2
Deferred taxes on WFA loans and derivatives	– 9.9	–	– 9.9	– 13.1	–	– 13.1
Deferred taxes on investment property	– 1,171.2	–	– 1,171.2	– 1,151.7	–	– 1,151.7
Goodwill resulting from deferred taxes on EPRA adjustments	32.1	–	32.1	32.1	–	32.1
Fair value measurement of financing liabilities	– 257.8	–	– 257.8	– 149.1	–	– 149.1
Valuation uplift resulting from FV measurement financing liabilities	104.0	–	104.0	104.0	–	104.0
<b>EPRA NNAV</b>	<b>4,523.5</b>	<b>657.4</b>	<b>5,180.9</b>	<b>4,712.5</b>	<b>553.9</b>	<b>5,266.4</b>
<b>EPRA NNAV per share (€)</b>	<b>71.59</b>	–	<b>75.28</b>	<b>74.58</b>	–	<b>76.52</b>

## Loan-to-value ratio (LTV)

Net debt in relation to property assets slightly decreased as compared with 31 December 2018. The loan-to-value ratio (LTV) is therefore EUR 40.1% (31 December 2018: 40.7%).

T21

### LTV

€ million	31.03.2019	31.12.2018
Financing liabilities	4,627.5	4,598.1
Less leasing liabilities IFRS 16	32.2	0.0
Less cash and cash equivalents	267.0	233.6
<b>Net financing liabilities</b>	<b>4,328.3</b>	<b>4,364.5</b>

€ million	31.03.2019	31.12.2018
Investment properties	10,770.0	10,709.0
Assets held for sale	6.2	20.3
Prepayments for investment properties	9.0	–
<b>Real estate assets</b>	<b>10,785.2</b>	<b>10,729.3</b>
<b>Loan-to-value ratio (LTV) in %</b>	<b>40.1</b>	<b>40.7</b>

T22

## Consolidated statement of cash flows

€ million	01.01.– 31.03.2019	01.01.– 31.03.2018
<b>Operating earnings</b>	<b>100.5</b>	<b>89.7</b>
Depreciation on property, plant and equipment and amortisation on intangible assets	3.5	2.4
(Gains)/Losses from the measurement of investment properties	0.2	–
(Decrease)/Increase in pension provisions and other non-current provisions	–1.1	–1.0
Other non-cash income and expenses	2.0	2.4
(Decrease)/Increase in receivables, inventories and other assets	–25.3	–32.6
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	37.7	38.1
Interest paid	–19.2	–19.5
Interest received	0.0	0.1
Income taxes paid	–1.4	–1.5
<b>Net cash from/(used in) operating activities</b>	<b>96.9</b>	<b>78.1</b>
<b>Cashflow from investing activities</b>		
Investments in investment properties	–43.8	–71.1
Proceeds from disposals of non-current assets held for sale and investment properties	17.6	8.2
Investments in intangible assets and property, plant and equipment	–1.2	–1.0
Acquisition of shares in consolidated companies	–	–0.7
<b>Net cash from/(used in) investing activities</b>	<b>–27.4</b>	<b>–64.6</b>

€ million

### Cash flow from financing activities

€ million	01.01.– 31.03.2019	01.01.– 31.03.2018
Borrowing of bank loans	127.5	150.1
Repayment of bank loans	–156.9	–163.9
Repayment of lease liabilities	–2.9	–1.0
Other proceeds	0.7	0.7
Distributions to non-controlling interests	–4.5	–1.8
<b>Net cash from/(used in) financing activities</b>	<b>–36.1</b>	<b>–15.9</b>
<b>Change in cash and cash equivalents</b>	<b>33.4</b>	<b>–2.4</b>
Cash and cash equivalents at beginning of period	233.6	285.4
<b>Cash and cash equivalents at end of period</b>	<b>267.0</b>	<b>283.0</b>
<b>Composition of cash and cash equivalents</b>		
Cash in hand, bank balances	267.0	283.0
<b>Cash and cash equivalents at end of period</b>	<b>267.0</b>	<b>283.0</b>

## Financial position

A net loss of EUR –57.0 million was realised in the reporting period (comparative period: net profit for the period of EUR 78.2 million). Equity amounted to EUR 4,700.3 million at the reporting date (31 December 2018: EUR 4,783.8 million). This corresponds to an equity ratio of 41.5% (31 December 2018: 42.7%).

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

Acquisitions and modernisation work on the existing portfolio contributed to the net cash flow from investing activities with cash payments in the amount of EUR –43.8 million. Furthermore, cash proceeds from property disposals in the amount of EUR 17.6 million resulted in a net cash flow from investing activities of EUR –27.4 million.

The repayments (EUR –156.9 million) and the borrowing of new loans (EUR 127.5 million) were the main drivers of the cash flow from financing activities of EUR –36.1 million.

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

## Supplementary Report

There were no significant events after the end of the interim reporting period on 31 March 2019.

## Risk and Opportunity Report

The risks and opportunities faced by LEG in its operating activities were described in detail in the [> Annual Report 2018](#). To date, no further risks that would lead to a different assessment have arisen or become discernible in the fiscal year 2019.

## Forecast

Based on the business performance in the first three months of 2019, LEG believes it is well positioned overall to confirm its earnings targets for the financial years 2019 and 2020. For more details, please refer to the forecast report in the [> Annual Report 2018 \(page 70 f.\)](#).

### T23

#### Outlook 2019

FFO I	in the range of EUR 338 million to EUR 344 million
Like-for-like rental growth	3.0% – 3.2%
Like-for-like vacancy	slight decrease compared to financial year-end 2018
Investments	c. EUR 30 – 32 per sqm
LTV	45% max.
Dividend	70% of FFO I

#### Outlook 2020

FFO I	in the range of EUR 356 million to EUR 364 million
Like-for-like rental growth	3.2% – 3.4%

## 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 statement 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, 9 May 2019

**Thomas Hegel**  
**Eckhard Schultz**  
**Lars von Lackum**

## LEG Financial Calendar 2019

### LEG Financial Calendar 2019

Release of Quarterly Statement Q1 as of 31 March 2019	<b>9 May</b>
Annual General Meeting, Dusseldorf	<b>29 May</b>
Release of Quarterly Report Q2 as of 30 June 2019	<b>9 August</b>
Release of Quarterly Statement Q3 as of 30 September 2019	<b>15 November</b>

For additional dates see the Investor Relations Calendar on our [> website](#).

The quarterly statement as of 9 May 2019 is also available in German. In case of doubt, the German version takes precedence.

**LEG**  
*gewohnt gut.*

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