



2023

Quarterly report as of 31 March

**LEG**

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## About this report

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## Key figures Q1 2023

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		Q1 2023	Q1 2022	+/- %/bp
<b>Financial Key Figures</b>				
Rental income	€ million	206.3	197.5	4.5
Net operating income (recurring)	€ million	161.4	168.0 <sup>1</sup>	-3.9
EBITDA	€ million	131.2	141.1	-7.0
EBITDA adjusted	€ million	157.0	160.5 <sup>1</sup>	-2.2
EBT	€ million	126.2	183.3	-31.2
Net profit or loss for the period	€ million	96.3	154.5	-37.7
FFO I	€ million	103.2	121.4	-15.0
FFO I per share	€	1.39	1.67	-16.8
FFO II	€ million	101.0	119.6	-15.6
FFO II per share	€	1.36	1.64	-17.2
AFFO	€ million	54.9	51.0	7.6
AFFO per share	€	0.74	0.70	5.7
<b>Balance Sheet Key Figures</b>				
		31.03.2023	31.12.2022	+/- %/bp
Investment property	€ million	20,355.8	20,204.4	0.7
Cash and cash equivalents	€ million	295.8	362.2	-18.3
Equity	€ million	9,175.4	9,083.9	1.0
Total financing liabilities	€ million	9,398.9	9,460.8	-0.7
Current financing liabilities	€ million	685.1	252.4	171.4
LTV	%	43.5	43.9	-40
Equity ratio	%	42.7	42.5	20
EPRA NTA, diluted	€ million	11,524.1	11,377.2	1.3
EPRA NTA per share, diluted	€	155.50	153.52	1.3
<b>Other Key Figures</b>				
		31.03.2023	31.03.2022	+/- %/bp
Number residential units		166,987	166,342	0.4
In-place rent	€/sqm	6.44	6.19	4.0
In-place rent (l-f-l)	€/sqm	6.43	6.19	3.8
EPRA vacancy rate	%	3.0	3.0	-
EPRA vacancy rate (l-f-l)	%	2.6	2.8	-20

bp = basis points

<sup>1</sup> Previous year adapted

# Portfolio

## Portfolio segmentation and housing stock

The LEG portfolio is divided into three market clusters based on a scoring system: high-growth markets, stable markets and higher-yielding markets. The indicators for the scoring system are described in the [annual report 2022](#).

The portfolio is spread over around 260 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 2023 comprised 166,987 residential units, 1,604 commercial units and 46,637 garages and parking spaces. The average flat size was 63 square metres, and the average monthly in-place rent was EUR 6.44 per square metre. Compared to 31 December 2022, the number of residential units has fallen slightly by 53. In the first quarter, 381 new flats were added compared to 424 disposals. The additions include completed new construction projects as well as portfolio transactions already agreed in 2022 and with transfer of ownership in the first quarter of 2023.

## Operational development

As of 31 March 2023, the actual in-place rent on a like-for-like basis was EUR 6.43 per square metre and month. This corresponds to an increase of 3.8% compared to the in-place rent twelve months ago. Rent table adjustments contributed 1.7%, modernisations and/or new lettings 1.3% and the adjustment of the cost rent, which is possible every three years, 0.8% to this rent growth.

In the free financed portfolio, which accounts for 81% of the total portfolio, the actual in-place rent rose by 3.6% year-on-year to EUR 6.73 per square metre (like-for-like). Within this segment, rents in the high-growth markets rose by 3.7% to EUR 7.71 per square metre (like-for-like), in the stable markets by 3.8% to EUR 6.47 per square metre (like-for-like) and in the higher-yielding by 3.0% to EUR 6.09 per square metre (like-for-like).

As a result of the adjustment of cost rents, the average monthly in-place rent for the rent restricted portfolio increased by 5.2% to EUR 5.31 per square metre (like-for-like) at the end of the reporting period.

The EPRA vacancy rate improved by 20 basis points year-on-year to 2.6% on a like-for-like basis as at 31 March 2023. Overall, the EPRA vacancy rate was unchanged at 3.0% at the end of the quarter. This higher rate is due to new flats through new construction or acquisitions. In the like-for-like view, the vacancy rate fell most significantly in the high-growth markets. It fell by 40 basis points to 1.7%. The vacancy rate also declined in the stable markets, where it fell by 30 basis points to 2.3%. In the higher-yielding markets, the vacancy rate remained unchanged at 4.2%. In the free financed portfolio, the vacancy rate fell by 20 basis points to 2.8% and in the rent restricted portfolio by 30 basis points to 1.4%.

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## Portfolio segments – top 5 locations

	Total portfolio										Change like-for-like basis	
	31.03.2023					31.03.2022					In-place rent in% Like-for-like	Vacancy rate (basis points) Like-for-like
	Number of LEG apartments	Share of LEG portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %	Number of LEG apartments	Share of LEG portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %		
<b>High Growth Markets</b>	<b>49,883</b>	<b>29.9</b>	<b>3,281,333</b>	<b>7.25</b>	<b>2.3</b>	<b>49,401</b>	<b>29.7</b>	<b>3,248,692</b>	<b>6.95</b>	<b>2.3</b>	<b>4.0</b>	<b>-40</b>
District of Mettmann	8,505	5.1	590,775	7.62	1.0	8,519	5.1	591,713	7.33	1.8	3.9	-70
Muenster	6,157	3.7	410,528	7.13	0.9	6,170	3.7	411,274	6.94	0.6	2.9	30
Dusseldorf	6,137	3.7	397,649	8.61	2.2	5,704	3.4	371,752	8.25	1.2	3.5	10
Cologne	4,388	2.6	296,367	7.89	3.7	4,235	2.5	286,809	7.57	2.5	3.7	20
Aachen	2,430	1.5	164,255	5.70	1.9	2,430	1.5	164,255	5.42	2.2	5.3	-20
Other locations	22,266	13.3	1,421,759	6.79	3.0	22,343	13.4	1,422,889	6.49	3.5	4.5	-70
<b>Stable Markets</b>	<b>66,690</b>	<b>39.9</b>	<b>4,252,479</b>	<b>6.20</b>	<b>2.8</b>	<b>66,417</b>	<b>39.9</b>	<b>4,234,382</b>	<b>5.95</b>	<b>2.8</b>	<b>4.0</b>	<b>-30</b>
Dortmund	13,840	8.3	904,474	5.89	2.3	13,752	8.3	898,960	5.73	2.4	2.7	0
District of Unna	6,916	4.1	430,400	5.61	1.8	6,809	4.1	424,219	5.38	2.5	4.1	-60
Moechengladbach	6,433	3.9	407,608	6.58	1.2	6,440	3.9	408,126	6.32	1.5	4.1	-30
Essen	3,557	2.1	228,673	6.29	2.6	3,560	2.1	228,768	5.93	3.4	6.1	-80
Bielefeld	3,234	1.9	201,155	7.03	1.2	3,234	1.9	201,168	6.68	1.4	5.3	-20
Other locations	32,710	19.6	2,080,169	6.28	3.6	32,622	19.6	2,073,139	6.03	3.3	4.2	-40
<b>Higher-Yielding Markets</b>	<b>50,414</b>	<b>30.2</b>	<b>3,044,610</b>	<b>5.89</b>	<b>4.4</b>	<b>50,524</b>	<b>30.4</b>	<b>3,053,537</b>	<b>5.70</b>	<b>4.4</b>	<b>3.3</b>	<b>0</b>
District of Recklinghausen	9,025	5.4	549,049	5.73	2.6	9,029	5.4	549,285	5.53	2.8	3.5	-30
Gelsenkirchen	7,249	4.3	414,682	6.01	7.1	7,251	4.4	414,399	5.79	7.0	3.9	-10
Wilhelmshaven	6,842	4.1	396,159	5.75	9.9	6,857	4.1	397,353	5.70	7.9	1.1	180
Duisburg	6,420	3.8	387,923	6.42	2.4	6,324	3.8	382,639	6.17	2.5	4.2	-10
Hamm	4,836	2.9	289,612	5.87	1.6	4,817	2.9	288,300	5.66	2.5	3.7	-90
Other locations	16,042	9.6	1,007,186	5.79	3.8	16,246	9.8	1,021,561	5.60	4.1	3.4	-30
<b>Total portfolio</b>	<b>166,987</b>	<b>100.0</b>	<b>10,578,422</b>	<b>6.44</b>	<b>3.0</b>	<b>166,342</b>	<b>100.0</b>	<b>10,536,611</b>	<b>6.19</b>	<b>3.0</b>	<b>3.8</b>	<b>-20</b>

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## Performance LEG portfolio

		High-growth markets			Stable markets			Higher yielding markets			Total		
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.12.2022	31.03.2022
<b>Subsidised residential units</b>													
Units		11,368	11,459	11,458	13,700	14,609	14,592	7,065	7,221	7,178	32,133	33,289	33,228
Area	sqm	777,421	784,010	783,946	926,775	987,556	986,562	463,003	475,788	472,292	2,167,200	2,247,355	2,242,800
In-place rent	€/sqm	5.72	5.42	5.41	5.22	4.97	4.96	4.86	4.60	4.59	5.33	5.05	5.04
EPRA vacancy rate	%	1.7	0.9	1.2	1.6	1.4	2.0	1.7	1.6	2.0	1.7	1.2	1.7
<b>Free-financed residential units</b>													
Units		38,515	38,274	37,943	52,990	52,231	51,852	43,349	43,246	43,346	134,854	133,751	133,114
Area	sqm	2,503,912	2,489,132	2,464,747	3,325,704	3,272,940	3,247,819	2,581,607	2,572,138	2,581,245	8,411,223	8,334,210	8,293,811
In-place rent	€/sqm	7.73	7.64	7.44	6.47	6.42	6.26	6.08	6.06	5.91	6.73	6.68	6.51
EPRA vacancy rate	%	2.4	2.5	2.5	3.0	3.0	2.9	4.8	4.5	4.7	3.3	3.2	3.3
<b>Total residential units</b>													
Units		49,883	49,733	49,401	66,690	66,840	66,417	50,414	50,467	50,524	166,987	167,040	166,342
Area	sqm	3,281,333	3,273,142	3,248,692	4,252,479	4,260,496	4,234,382	3,044,610	3,047,926	3,053,537	10,578,422	10,581,565	10,536,611
In-place rent	€/sqm	7.25	7.10	6.95	6.20	6.08	5.95	5.89	5.82	5.70	6.44	6.33	6.19
EPRA vacancy rate	%	2.3	2.2	2.3	2.8	2.7	2.8	4.4	4.1	4.4	3.0	2.9	3.0
<b>Total commercial</b>													
Units											1,604	1,611	1,563
Area	sqm										275,930	276,127	252,907
<b>Total parking</b>													
Units											46,637	46,636	45,526
<b>Total other</b>													
Units											3,126	2,920	3,161

## 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 2023 the rental yield was 4.2% which corresponds to a rental multiple of 23.6. According to the EPRA

definition, the valuation of the residential portfolio corresponds to a net initial yield of 3.2%.

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### Market segments

31.03.2023	Residential units	Residential assets in € million <sup>1</sup>	Share residential assets in %	Gross asset value €/sqm	In-place rent multiplier	Commercial/ other assets in € million <sup>2</sup>	Total assets in € million
<b>High Growth Markets</b>	<b>49,883</b>	<b>8,277</b>	<b>43</b>	<b>2,516</b>	<b>29.1x</b>	<b>339</b>	<b>8,616</b>
District of Mettmann	8,505	1,597	8	2,705	29.5x	73	1,670
Muenster	6,157	1,138	6	2,762	32.2x	62	1,200
Dusseldorf	6,137	1,342	7	3,344	32.3x	72	1,414
Cologne	4,388	904	5	3,032	33.1x	31	935
Aachen	2,430	303	2	1,830	27.0x	6	309
Other locations	22,266	2,993	16	2,104	26.0x	95	3,088
<b>Stable Markets</b>	<b>66,690</b>	<b>7,017</b>	<b>37</b>	<b>1,643</b>	<b>22.3x</b>	<b>212</b>	<b>7,230</b>
Dortmund	13,840	1,568	8	1,726	24.7x	57	1,625
District of Unna	6,916	554	3	1,294	19.3x	23	576
Moechengladbach	6,433	730	4	1,785	21.8x	16	746
Essen	3,557	376	2	1,632	21.8x	8	384
Bielefeld	3,234	405	2	2,003	23.5x	12	417
Other locations	32,710	3,385	18	1,618	21.9x	97	3,481
<b>Higher-Yielding Markets</b>	<b>50,414</b>	<b>3,745</b>	<b>20</b>	<b>1,230</b>	<b>17.9x</b>	<b>97</b>	<b>3,842</b>
District of Recklinghausen	9,025	689	4	1,244	18.5x	20	709
Gelsenkirchen	7,249	477	3	1,142	16.9x	9	486
Wilhelmshaven	6,842	472	2	1,190	18.7x	9	481
Duisburg	6,420	575	3	1,485	19.6x	30	604
Hamm	4,836	360	2	1,241	17.3x	5	365
Other locations	16,042	1,173	6	1,174	17.3x	24	1,196
<b>Total portfolio</b>	<b>166,987</b>	<b>19,039</b>	<b>100</b>	<b>1,796</b>	<b>23.6x</b>	<b>649</b>	<b>19,688</b>
Leasehold and land values							292
<b>Balance sheet property valuation assets (IAS 40)</b>							<b>19,980</b>
Prepayments for property held as an investment property and Construction Costs							0
Assets under construction (IAS 40)							376
Inventories (IAS 2)							0
Owner-occupied property (IAS 16)							87
Assets held for sale (IFRS 5)							15
<b>Total balance sheet</b>							<b>20,459</b>

<sup>1</sup> Excluding 480 residential units in commercial buildings; including 775 commercial units as well as several other units in mixed residential assets.

<sup>2</sup> Excluding 775 commercial units in mixed residential assets; including 480 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 2022 annual report](#) for a definition of individual key figures and terms.

### Results of operations

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#### Condensed income statement

€ million	01.01.– 31.03.2023	01.01.– 31.03.2022
Net operating income	135.4	151.0
Net income from the disposal of investment properties	-0.5	-0.6
Net income from the remeasurement of investment properties	-0.5	0.3
Net income from the disposal of real estate inventory	-0.1	0.0
Net income from other services	7.8	3.0
Administrative and other expenses	-15.2	-16.6
Other income	0.0	0.0
<b>Operating earnings</b>	<b>126.9</b>	<b>137.1</b>
Interest income	1.1	0.0
Interest expenses	-38.0	-32.3
Net income from investment securities and other equity investments	35.6	33.4
Net income from the fair value measurement of derivatives	0.7	45.1
<b>Net finance earnings</b>	<b>-0.6</b>	<b>46.2</b>
<b>Earnings before income taxes</b>	<b>126.3</b>	<b>183.3</b>
Income taxes	-30.0	-28.8
<b>Net profit or loss for the period</b>	<b>96.3</b>	<b>154.5</b>

Net operating income decreased by -10.3% in the reporting period. The main drivers of the development are the decline in value-added services, the increase in maintenance expenses for externally procured services, the increase in the net income from operating costs as well as the increase in the allowances on rent receivables.

Adjusted EBITDA fell by 2.2% from EUR 160.5 million to EUR 157.0 million. The adjusted EBITDA margin in the reporting period was 76.1% (comparable period: 81.3%).

The increase in net income from investment securities and other equity investments to EUR 35.6 million results 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 convertible bonds in the amount of EUR 0.5 million (comparative period: EUR 45.6 million).

The tax expense is almost entirely attributable to deferred taxes.

### Net operating income

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#### Net operating income

€ million	01.01.– 31.03.2023	01.01.– 31.03.2022
Net cold rent	206.3	197.5
Net income from operating costs	-6.6	-2.0
Maintenance expenses for externally procured services	-25.2	-19.4
Personnel expenses (rental and lease)	-26.6	-25.7
Allowances on rent receivables	-6.5	-4.2
Depreciation	-3.3	-2.6
Others	-2.7	7.4
<b>Net operating income</b>	<b>135.4</b>	<b>151.0</b>
<b>Net operating income margin in %</b>	<b>65.6</b>	<b>76.5</b>
Non-recurring special effects – rental and lease	1.0	1.1
Depreciation	3.3	2.6
Maintenance for externally procured services	25.2	19.4 <sup>1</sup>
Own work capitalised	-3.5	-6.1 <sup>1</sup>
<b>Net operating income (recurring)</b>	<b>161.4</b>	<b>168.0<sup>1</sup></b>
<b>Net operating income margin (adjusted in %)</b>	<b>78.2</b>	<b>85.1<sup>1</sup></b>

<sup>1</sup> Previous year adapted

In the reporting period, net operating income decreased by EUR –15.6 million compared to the same period of the previous year. The main driver of the development is the decrease in the Others segment by EUR –10.1 million, mainly due to the reduction in value-added services, in particular due to a change in the accrual of energy service results in the amount of EUR –4.0 million. In addition, the increase in maintenance expenses for externally procured services by EUR –5.8 million, the increase in the net income from operating costs by EUR –4.6 million and the increase in the allowances on rent receivables by EUR –2.3 million also had an impact. This was offset by an increase of EUR 8.8 million in net cold rents. In-place rent per square metre on a like-for-like basis increased by 3.8 % in the reporting period.

The adjusted net operating income (NOI)-margin decreased from 85.1 % to 78.2 % compared to the same period of the previous year.

T7

**EPRA vacancy rate**

€ million	31.03.2023	31.03.2022
Rental value of vacant space – like-for-like	23.4	24.4
Rental value of vacant space – total	27.9	26.2
Rental value of the whole portfolio – like-for-like	907.5	856.3
Rental value of the whole portfolio – total	921.1	863.3
<b>EPRA vacancy rate – like-for-like (in %)</b>	<b>2.6</b>	<b>2.8</b>
<b>EPRA vacancy rate – total (in %)</b>	<b>3.0</b>	<b>3.0</b>

The EPRA vacancy rate like-for-like could be reduced from 2.8 % to 2.6 % compared to the same period of the previous year.

The presentation of EPRA capex breaks down 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 development activities on own land amounting to EUR 4.6 million) and investments in investment properties (EUR 44.5 million), decreased by 4.6 % to EUR 49.1 million in the reporting period. Acquisitions decreased by EUR 75.8 million.

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**EPRA capex**

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Acquisitions	109.1	184.9
Development	4.6	6.8
Investments in investment properties	44.5	63.8
thereof incremental lettable space	0.6	0.8
thereof no incremental lettable space	43.9	65.4
<b>EPRA capex</b>	<b>158.2</b>	<b>255.5</b>
Additions to/utilisation of provisions for capex	27.1	–5.4
Additions to/utilisation of provisions for incidental purchase price costs	–65.7	–89.0
<b>Payments for investments in investment properties</b>	<b>119.6</b>	<b>161.1</b>

In addition to the decrease in value-adding modernisation by EUR –23.3 million to EUR 49.5 million, the increase in maintenance expenses by EUR 6.2 million to EUR 31.6 million resulted in total investments of EUR 81.1 million in the reporting period (comparative period: EUR 98.2 million). Investments for new construction activities on company-owned land, own work capitalised as well as consolidation effects were eliminated when calculating total investment per square meter. Adjusted total investment was EUR 71.5 million and average total investment per square metre in the reporting year was EUR 6.58 per square metre (comparative period: EUR 7.89 per square metre). The capitalisation rate after adjustments was 56.0 % in the reporting period (comparative period: 70.7 %).

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**Maintenance and modernisation**

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Maintenance expenses for externally procured services	-25.2	-19.4
Maintenance expenses provided internally	-6.5	-6.0
<b>Maintenance expenses</b>	<b>-31.7</b>	<b>-25.4</b>
Adjustments consolidation effects	0.2	0.5
<b>Maintenance expenses (adjusted)</b>	<b>-31.5</b>	<b>-24.9</b>
Investment in investment properties	-49.1	-72.8
Investment in property, plant and equipment	-0.4	-
<b>Capital expenditure (Capex)</b>	<b>-49.5</b>	<b>-72.8</b>
Subsidised investments	-	-
Adjustments consolidation effects	1.2	2.4
<b>Capex (recurring)</b>	<b>-48.3</b>	<b>-70.4</b>
Subsidised investments (addition)	-	-
Adjustments (new construction, own work capitalised)	8.2	10.2
<b>Capital expenditure (adjusted)</b>	<b>-40.1</b>	<b>-60.2</b>
<b>Total investment</b>	<b>-81.2</b>	<b>-98.2</b>
Adjustments (consolidation effects, new construction, own work capitalised)	9.6	13.1
<b>Total investments (adjusted)</b>	<b>-71.6</b>	<b>-85.1</b>
Area of investment properties in million sqm	10.86	10.78
<b>Adjusted average investment per sqm (€)</b>	<b>6.59</b>	<b>7.89</b>
thereof maintenance expenses per sqm (€)	2.90	2.31
thereof capital expenditure per sqm (€)	3.69	5.58

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

T10

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

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Income from the disposal of investment properties	24.7	24.8
Carrying amount of the disposal of investment properties	-24.9	-25.0
Costs of sales of investment properties	-0.3	-0.4
<b>Net income from the disposal of investment properties</b>	<b>-0.5</b>	<b>-0.6</b>

Income from the disposal of investment properties amounted to EUR 24.7 million (comparative period: EUR 24.8 million) and mainly relate to two major block sales whose contracts were concluded in the 2022 financial year but whose transfer of ownership did not take place until the 2023 financial year.

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

The remaining real estate inventory held as at 31 March 2023 comprises EUR 0.1 million of land under development.

**Administrative and other expenses**

T11

**Administrative and other expenses**

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Other operating expenses	-6.1	-7.2
Personnel expenses (administration)	-7.7	-7.6
Purchased services	-0.6	-0.6
Depreciation and amortisation	-0.8	-1.2
<b>Administrative and other expenses</b>	<b>-15.2</b>	<b>-16.6</b>
Depreciation and amortisation	0.8	1.2
Non-recurring special effects in administration	2.1	4.6
<b>Administrative and other expenses (adjusted)</b>	<b>-12.3</b>	<b>-10.7</b>

In addition to slightly higher current personnel expenses, other operating expenses include higher costs for insurance. The adjusted administrative expenses increased by EUR 1.6 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. – 31.03.2023	01.01. – 31.03.2022
Interest income	1.1	0.0
Interest expenses	-38.0	-32.3
<b>Net interest income</b>	<b>-36.9</b>	<b>-32.3</b>
Net income from other financial assets and other investments	35.6	33.4
Net income from the fair value measurement of derivatives	0.7	45.1
<b>Net finance earnings</b>	<b>-0.6</b>	<b>46.2</b>

The interest expense increased in the first quarter 2023 compared to the same period in the previous year by EUR –5.7 million to EUR –38.0 million. The rise in interest expenses was mainly due to acquisition financing and higher interest rates.

Year-on-year the average interest rate increased to 1.35% as at 31 March 2023 (1.16% as at 31 March 2022) on an average term of 6.36 years (7.33 years as at 31 March 2022).

The increase in net income from investment securities and other equity investments to EUR 35.6 million results from the valuation of the investment in Brack Capital Properties N.V. at fair value. The share price on the reporting date was EUR 110.12.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of embedded derivatives from the convertible bonds in the amount of EUR 0.5 million (comparative period: EUR 45.6 million).

## Income tax expenses

T13

### Income tax expenses

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Current tax expenses	-0.7	-0.3
Deferred tax expenses	-29.3	-28.5
<b>Income tax expenses</b>	<b>-30.0</b>	<b>-28.8</b>

An effective Group tax rate of 20.7% was assumed in the reporting period in accordance with Group tax planning (previous year: 19.5%). The increase is mainly due to the discontinuation of the so-called extended trade tax reduction for two portfolio-holding Group companies and the adjustment of the trade tax assessment rate from 440% to 452%.

## Reconciliation to AFFO

In connection with the new steering of the Group, AFFO (capex-adjusted FFO I) replaces FFO I as most important financial performance indicator from financial year 2023.

AFFO is a key performance indicator for LEG. AFFO is calculated by deducting recurring capex measures (capex (recurring)) from FFO I (after non-controlling interests).

In terms of FFO, LEG distinguishes between FFO I (excluding the net income from the disposal of investment properties) and FFO II (including the net income from the disposal of investment properties).

FFO I is the cash inflow from operating activities. Based on EBITDA (adjusted), the calculation of FFO I takes into account cash interest expenses and income as well as cash taxes. From the 2023 financial year onwards, maintenance expenses for externally procured services and own work capitalised, which was previously included in the "Others" item, will no longer be reported in the recurring net operating income, but will be recognised as an adjustment to the adjusted EBITDA.

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

T14

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

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Net cold rent	206.3	197.5
Profit from operating expenses	-6.6	-2.0
Personnel expenses (rental and lease)	-26.6	-25.7
Allowances on rent receivables	-6.5	-4.2
Others	-6.2	1.3 <sup>1</sup>
Non-recurring special effects (rental and lease)	1.0	1.1
<b>Net operating income (recurring)</b>	<b>161.4</b>	<b>168.0<sup>1</sup></b>
<b>Net income from other services (recurring)</b>	<b>7.9</b>	<b>3.2</b>
Personnel expenses (administration)	-7.7	-7.6
Non-personnel operating costs	-6.7	-7.7
Non-recurring special effects (administration)	2.1	4.6
<b>Administrative expenses (recurring)</b>	<b>-12.3</b>	<b>-10.7</b>
Other income	0.0	0.0
<b>EBITDA (adjusted)</b>	<b>157.0</b>	<b>160.5<sup>1</sup></b>
Cash interest expenses and income FFO I	-31.3	-26.8
Cash income taxes FFO I	-0.2	1.0
Maintenance for externally procured services	-25.2	-19.4
Own work capitalised	3.5	6.1 <sup>1</sup>
<b>FFO I (before adjustment of non-controlling interests)</b>	<b>103.8</b>	<b>121.4</b>
Adjustment of non-controlling interests	-0.6	0.0
<b>FFO I (after adjustment of non-controlling interests)</b>	<b>103.2</b>	<b>121.4</b>
Net income from the disposal of investment properties (adjusted)	-0.4	-0.5
Cash income taxes FFO II	-1.8	-1.3
<b>FFO II (incl. disposal of investment properties)</b>	<b>101.0</b>	<b>119.6</b>
Capex (recurring)	-48.3	-70.4
<b>AFFO (Capex-adjusted FFO I)</b>	<b>54.9</b>	<b>51.0</b>

<sup>1</sup> Previous year adapted

Starting from FFO I (after non-controlling interests), the AFFO generally takes into account the capitalised costs from modernisation and maintenance. Only recurring capex measures are deducted (capex (recurring)). Capex that benefits from government funding is defined as non-recurring. In addition, consolidation effects resulting from the elimination of intercompany results due to self-produced services are eliminated. The reconciliation breaks down as follows:

T15

**Reconciliation Capex (recurring)**

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Investments in investment properties	-49.1	-72.8
Investments in property, plant and equipment	-0.4	0.0
<b>Capital expenditure</b>	<b>-49.5</b>	<b>-72.8</b>
Subsidised investments	0.0	0.0
Consolidation effects	1.2	2.4
<b>Capex (recurring)</b>	<b>-48.3</b>	<b>-70.4</b>

At EUR 54.9 million, AFFO in the reporting period is 7.6 % higher than in the same period of the previous year (EUR 51.0 million). The increase is due in particular to lower expenses for capex.

**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):

T16

**EPRA earnings per share (EPS)**

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Net profit or loss for the period attributable to parent shareholders	95.2	153.7
Changes in value of investment properties	0.5	-0.3
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	0.6	0.7
Tax on profits or losses on disposals	1.8	1.3
Changes in fair value of financial instruments and associated close-out costs	-0.7	-45.1
Acquisition costs on share deals and non-controlling joint venture interests	-	-
Deferred tax in respect of EPRA adjustments	0.2	0.1
Refinancing expenses	0.0	0.0
Other interest expenses	0.6	1.0
Non-controlling interests in respect of the above	0.7	0.7
<b>EPRA earnings</b>	<b>98.9</b>	<b>112.1</b>
Weighted average number of shares outstanding	74,109,276	72,839,625
= EPRA earnings per share (undiluted) in €	1.33	1.54
Potentially diluted shares	-	-
Interest coupon on convertible bond	-	-
Amortisation expenses convertible bond after taxes	-	-
<b>EPRA earnings (diluted)</b>	<b>98.9</b>	<b>112.1</b>
Number of diluted shares	74,109,276	72,839,625
<b>= EPRA earnings per share (diluted) in €</b>	<b>1.33</b>	<b>1.54</b>

## Condensed statement of financial position

T17

### Condensed statement of financial position

€ million	31.03.2023	31.12.2022
Investment properties	20,355.8	20,204.4
Prepayments for investment properties	0.4	60.8
Other non-current assets	552.6	518.2
Non-current assets	20,908.8	20,783.4
Receivables and other assets	249.6	179.5
Cash and cash equivalents	295.8	362.2
Current assets	545.4	541.7
Assets held for sale	15.3	35.6
<b>Total assets</b>	<b>21,469.5</b>	<b>21,360.7</b>
Equity	9,175.4	9,083.9
Non-current financial liabilities	8,713.8	9,208.4
Other non-current liabilities	2,521.0	2,491.1
Non-current liabilities	11,234.8	11,699.5
Current financial liabilities	685.1	252.4
Other current liabilities	374.2	324.9
Current liabilities	1,059.3	577.3
<b>Total equity and liabilities</b>	<b>21,469.5</b>	<b>21,360.7</b>

Investment property increased primarily as a result of additions from acquisitions of EUR 109.1 million and capitalisation of property modernisation measures of EUR 47.9 million.

The recognition of real estate tax expense as other inventories (EUR 21.4 million) for the remainder of the financial year and the deferral of prepaid operating costs of EUR 29.1 million as well as the investment in short-term financial resources in the amount of EUR 30.0 million contributed significantly to the development of the receivables and other assets.

Non-current and current financial liabilities fell by EUR 61.9 million compared to the previous year. This is mainly due to scheduled and unscheduled repayments of bank loans of EUR –52.1 million.

While the increase in other non-current liabilities resulted in particular from the increase in deferred tax liabilities (EUR +29.3 million), trade payables increased within other current liabilities (EUR +58.6 million) and purchase price obligations decreased in the opposite direction (EUR –9.8 million).

## EPRA Net Tangible Asset (EPRA NTA)

The EPRA NRV, NTA and NDV are relevant indicators for the real estate industry. LEG has defined the EPRA NTA as the key performance indicator. The calculation system of the respective key figure can be found in the [glossary of the annual report 2022](#).

LEG reports an EPRA NTA of EUR 11,524.1 million or EUR 155.50 per share as at 31 March 2023. In the calculation, deferred taxes on investment property are adjusted by the amount attributable to planned property disposals by LEG. Incidental acquisition costs are not taken into account. The key figures are presented on a diluted basis only. As at 31 March 2023, no dilution effects from the convertible bonds are taken into account, as the share price does not exceed the current conversion prices as at the reporting date.

T1.8

### EPRA NRV, EPRA NTA, EPRA NDV

€ million	31.03.2023			31.12.2022		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders of the parent company	9,150.1	9,150.1	9,150.1	9,058.6	9,058.6	9,058.6
Hybrid instruments	31.0	31.0	31.0	31.0	31.0	31.0
<b>Diluted NAV at fair value</b>	<b>9,181.1</b>	<b>9,181.1</b>	<b>9,181.1</b>	<b>9,089.6</b>	<b>9,089.6</b>	<b>9,089.6</b>
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	2,385.7	2,385.7	-	2,371.9	2,371.9	-
Fair value of financial instruments	-37.1	-37.1	-	-78.5	-78.5	-
Goodwill as a result of deferred tax	-	-	-	-	-	-
Goodwill as a result of synergies	-	-	-	-	-	-
Intangibles as per the IFRS balance sheet	-	-5.6	-	-	-5.8	-
Fair value of fixed interest rate debt	-	-	1,140.8	-	-	1,208.3
Deferred taxes of fixed interest rate debt	-	-	-236.5	-	-	-643.6
Revaluation of intangibles to fair value	-	-	-	-	-	-
Estimated ancillary acquisition costs (real estate transfer tax) <sup>1</sup>	1,968.1	-	-	1,955.3	-	-
<b>NAV</b>	<b>13,497.8</b>	<b>11,524.1</b>	<b>10,085.4</b>	<b>13,338.3</b>	<b>11,377.2</b>	<b>9,654.3</b>
Fully diluted number of shares	74,109,276	74,109,276	74,109,276	74,109,276	74,109,276	74,109,276
<b>NAV per share</b>	<b>182.13</b>	<b>155.50</b>	<b>136.09</b>	<b>179.98</b>	<b>153.52</b>	<b>130.27</b>

<sup>1</sup> Taking into account the incidental acquisition costs would result in an EPRA NTA of EUR 13,492.2 million or EUR 182.06 per share (31 December 2022: EUR 13,332.4 million or EUR 179.90 per share).

## Loan-to-value ratio (LTV)

Net debt at the end of the reporting period increased slightly compared with 31 December 2022, due to payments for investments. However, the increase in property assets more than compensates for this effect, resulting in a slightly lower loan-to-value ratio (LTV) of 43.5 % at the interim reporting date (31 December 2022: 43.9%).

T19

### LTV

€ million	31.03.2023	31.12.2022
Financing liabilities	9,398.9	9,460.8
Less lease liabilities IFRS 16 (not leasehold)	19.3	22.0
Less cash and cash equivalents	365.8	402.2
<b>Net financing liabilities</b>	<b>9,013.8</b>	<b>9,036.6</b>
Investment properties	20,355.8	20,204.4
Assets held for sale	15.3	35.6
Prepayments for investment properties	0.4	60.8
Participations in other housing companies	342.3	306.7
<b>Real estate assets</b>	<b>20,713.8</b>	<b>20,607.5</b>
<b>Loan to value ratio (LTV) in %</b>	<b>43.5</b>	<b>43.9</b>

## EPRA LTV

The European Public Real Estate Association (EPRA) has expanded the Best Practices Recommendations Guidelines to include the EPRA LTV ratio. Compared to LTV, hybrid debt instruments such as convertible bonds are treated as financial liabilities until the time of conversion. Furthermore, net debt and net assets of joint ventures and material associates are included and material non-controlling interests are excluded.

T20

### EPRA LTV as at 31 March 2023

€ million	Group LTV	Associated companies	Non-controlling interests	Total
Borrowings from Financial Institutions	3,726.1	127.7	-34.3	3,819.5
Hybrid financial instruments	950.0	-	-	950.0
Bonds	4,780.0	59.8	-	4,839.8
Net payables	-	84.2	-	84.2
Owner-occupied property (debt)	57.8	-	-	57.8
Excluding cash and cash equivalents	295.8	75.9	-7.4	364.3
<b>Net financing liabilities</b>	<b>9,218.1</b>	<b>195.8</b>	<b>-26.9</b>	<b>9,387.0</b>
Owner-occupied property	87.5	-	-0.4	87.1
Investments properties	19,979.9	354.4	-174.9	20,159.4
Properties held for sale	15.3	51.3	0.0	66.6
Properties under development	375.9	89.2	-0.1	465.0
Intangibles	5.6	0.0	0.0	5.6
Net receivables	22.5	-	7.0	29.5
<b>Real estate assets</b>	<b>20,486.7</b>	<b>494.9</b>	<b>-168.4</b>	<b>20,813.2</b>
<b>LTV</b>	<b>45.0</b>			<b>45.1</b>

LEG does not have any joint ventures as at 31 March 2023. Kommunale Haus und Wohnen GmbH and Beckumer Wohnungsgesellschaft mbH are included as significant associates. In addition, BCP is included for reasons of transparency, although it is not included as an associate in the consolidated financial statements of LEG Immobilien SE.

## T21

## EPRA LTV as at 31 December 2022

€ million	Group LTV	Associated companies	Non-controlling interests	Total
Borrowings from Financial Institutions	3,780.0	134.0	-36.8	3,877.2
Hybrid financial instruments	950.0	-	-	950.0
Bonds	4,780.0	87.4	-	4,867.4
Net payables	14.3	114.6	-6.4	122.5
Owner-occupied property (debt)	57.8	-	-	57.8
Excluding cash and cash equivalents	362.2	62.4	-6.1	418.5
<b>Net financing liabilities</b>	<b>9,219.9</b>	<b>273.7</b>	<b>-37.1</b>	<b>9,456.5</b>
Owner-occupied property	86.4	-	-0.4	86.0
Investments properties	19,880.8	367.5	-174.5	20,073.8
Properties held for sale	35.6	139.8	0.0	175.4
Properties under development	323.6	89.4	-0.1	412.9
Intangibles	5.8	0.0	0.0	5.8
<b>Real estate assets</b>	<b>20,332.2</b>	<b>596.8</b>	<b>-175.0</b>	<b>20,754.0</b>
<b>LTV</b>	<b>45.3</b>			<b>45.6</b>

## Financial position

A net profit for the period of EUR 96.3 million was realised in the reporting period (comparative period: EUR 154.5 million). Equity amounted to EUR 9,175.4 million at the reporting date (31 December 2022: EUR 9,083.9 million). This corresponds to an equity ratio of 42.7% (31 December 2022: 42.5%).

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

## T22

## Statement of cash flows

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Cash flow from operating activities	125.1	116.1
Cash flow from investing activities	-137.8	-465.4
Cash flow from financing activities	-53.7	163.8
<b>Change in cash and cash equivalents</b>	<b>-66.4</b>	<b>-185.5</b>

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

Essentially, acquisitions and modernisation work of the existing portfolio with payments of EUR -119.6 million and the investment of short-term funds in the amount of EUR -30.0 million contributed to the cash flow from investing activities in the amount of EUR -137.8 million. This was offset by cash inflows from the sale of properties amounting to EUR 16.4 million.

In the first quarter of 2023, current repayments of bank loans (EUR -52.1 million) and, on the other hand, the raising of new loans with EUR 2.3 million were the main drivers for the cash flow from financing activities in the amount of EUR -53.7 million.

The LEG'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 2022](#). In the course of the financial year 2023 to date, two relevant risks have become discernible.

As of 3 March 2023, the Federal Ministry of Labour and Social Affairs published an updated draft bill on the "Ordinance on amending the Ordinance on Hazardous Substances and other Occupational Health and Safety Ordinances". This draft bill formulates a general suspicion of asbestos for all buildings with start of construction prior to 31 October 1993. For the majority of LEG's properties, construction began before this date. This would mean that extensive investigation and subsequent remediation work would have to be carried in the future, including the corresponding direct costs, but also indirect costs due to longer vacancy periods for the units to be tested or renovated, among other things. The draft bill is expected to enter the parliamentary procedure in its current form, so that changes may still arise. Currently, the aim is to implement the bill on 1 January 2024.

In its decision of 26 January 2023 (file number V R 20/22), the BFH (Federal Fiscal Court) referred the question to the ECJ as to whether, contrary to the established BFH case law, turnover between members of a VAT group is subject to VAT. This is to be assessed above all against the background if the recipient of the service is not entitled to a full input tax deduction. This is precisely the case for a number of service relationships within LEG, as the portfolio-holding companies are only entitled to a minor deduction of input tax due to the largely VAT-exempt rental of residential space. Such a change would have a significant effect on LEG in view of the current VAT rate of 19%. The ECJ's assessment cannot be conclusively assessed at present, also in view of the different opinions of the Advocates General.

## Forecast

Based on the business performance in the first three months of 2023, LEG believes it is well positioned overall to confirm its earnings targets for the financial year 2023. For more details, please refer to the forecast report in the [annual report 2022 \(page 80\)](#).

T23

### Outlook 2023

AFFO	in the range of EUR 125 million to EUR 140 million
Adjusted EBITDA margin	c. 78 %
Like-for-like rental growth	c. 3.3% – 3.7 %
Investments	c. EUR 35 per sqm
LTV	medium-term target level 43 % max.
Dividend	100% AFFO as well as a part of the net proceeds from disposals

## Consolidated statement of financial position

T24

### Assets

€ million	31.03.2023	31.12.2022
<b>Non-current assets</b>	<b>20,908.8</b>	<b>20,783.4</b>
Investment properties	20,355.8	20,204.4
Prepayments for investment properties	0.4	60.8
Property, plant and equipment	146.9	147.6
Intangible assets and goodwill	5.6	5.8
Investments in associates	13.2	12.8
Other financial assets	370.0	337.9
Receivables and other assets	2.6	0.9
Deferred tax assets	14.3	13.2
<b>Current assets</b>	<b>545.4</b>	<b>541.7</b>
Real estate inventory and other inventory	25.8	5.0
Receivables and other assets	212.0	163.8
Income tax receivables	11.8	10.7
Cash and cash equivalents	295.8	362.2
<b>Assets held for sale</b>	<b>15.3</b>	<b>35.6</b>
<b>Total assets</b>	<b>21,469.5</b>	<b>21,360.7</b>

### Equity and liabilities

€ million	31.03.2023	31.12.2022
<b>Equity</b>	<b>9,175.4</b>	<b>9,083.9</b>
Share capital	74.1	74.1
Capital reserves	1,751.1	1,751.1
Cumulative other reserves	7,324.9	7,233.4
Equity attributable to shareholders of the parent company	9,150.1	9,058.6
Non-controlling interests	25.3	25.3
<b>Non-current liabilities</b>	<b>11,234.8</b>	<b>11,699.5</b>
Pension provisions	101.7	100.4
Other provisions	4.0	3.8
Financing liabilities	8,713.8	9,208.4
Other liabilities	66.4	67.2
Deferred tax liabilities	2,348.9	2,319.7
<b>Current liabilities</b>	<b>1,059.3</b>	<b>577.3</b>
Pension provisions	6.3	6.8
Other provisions	31.4	33.4
Provisions for taxes	0.2	0.2
Financing liabilities	685.1	252.4
Other liabilities	329.5	278.3
Tax liabilities	6.8	6.2
<b>Total equity and liabilities</b>	<b>21,469.5</b>	<b>21,360.7</b>

## Consolidated statement of comprehensive income

T25

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
<b>Net operating income</b>	<b>135.4</b>	<b>151.0</b>
Rental and lease income	312.4	283.1
Cost of sales in connection with rental and lease income	-177.0	-132.1
<b>Net income from the disposal of investment properties</b>	<b>-0.5</b>	<b>-0.6</b>
Income from the disposal of investment properties	24.7	24.8
Carrying amount of the disposal of investment properties	-24.9	-25.0
Cost of sales in connection with disposed investment properties	-0.3	-0.4
<b>Net income from the remeasurement of investment properties</b>	<b>-0.5</b>	<b>0.3</b>
<b>Net income from the disposal of real estate inventory</b>	<b>-0.1</b>	<b>0.0</b>
Income from the real estate inventory disposed of	-	-
Carrying amount of the real estate inventory disposed of	-	-
Costs of sales of the real estate inventory disposed of	-0.1	0.0
<b>Net income from other services</b>	<b>7.8</b>	<b>3.0</b>
Income from other services	11.2	5.2
Expenses in connection with other services	-3.4	-2.2
<b>Administrative and other expenses</b>	<b>-15.2</b>	<b>-16.6</b>
<b>Other income</b>	<b>0.0</b>	<b>0.0</b>
<b>Operating earnings</b>	<b>126.9</b>	<b>137.1</b>
Interest income	1.1	0.0
Interest expenses	-38.0	-32.3
Net income from investment securities and other equity investments	35.6	33.4
Net income from the fair value measurement of derivatives	0.7	45.1
<b>Earnings before income taxes</b>	<b>126.3</b>	<b>183.3</b>
Income taxes	-30.0	-28.8
<b>Net profit or loss for the period</b>	<b>96.3</b>	<b>154.5</b>

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
<b>Change in amounts recognised directly in equity</b>	<b>-4.1</b>	<b>32.1</b>
<b>Thereof recycling</b>		
<b>Fair value adjustment of interest rate derivatives in hedges</b>	<b>-3.2</b>	<b>18.9</b>
Change in unrealised gains/(losses)	-3.9	23.0
Income taxes on amounts recognised directly in equity	0.7	-4.1
<b>Thereof non-recycling obligations</b>	<b>-0.9</b>	<b>13.2</b>
Change in unrealised gains/(losses)	-1.3	18.9
Income taxes on amounts recognised directly in equity	0.4	-5.7
<b>Total comprehensive income</b>	<b>92.2</b>	<b>186.6</b>
<b>Net profit or loss for the period attributable to:</b>		
Non-controlling interests	1.1	0.8
Parent shareholders	95.2	153.7
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	1.1	0.8
Parent shareholders	91.1	185.8
<b>Earnings per share (basic) in €</b>	<b>1.28</b>	<b>2.11</b>
<b>Earnings per share (diluted) in €</b>	<b>1.18</b>	<b>1.37</b>

## Statement of changes in consolidated equity

T26

€ 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 01.01.2022</b>	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
<b>Total comprehensive income</b>	-	-	153.7	13.2	18.9	185.8	0.8	186.6
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	-	-	-	-	-	-	-0.2	-0.2
<b>As of 31.03.2022</b>	72.8	1,639.2	7,429.0	-29.9	3.0	9,114.1	25.1	9,139.2
<b>As of 01.01.2023</b>	74.1	1,751.1	7,214.2	-16.4	35.6	9,058.6	25.3	9,083.9
Net profit/loss for the period	-	-	95.2	-	-	95.2	1.1	96.3
Other comprehensive income	-	-	-	-0.9	-3.2	-4.1	0.0	-4.1
<b>Total comprehensive income</b>	-	-	95.2	-0.9	-3.2	91.1	1.1	92.2
Change in consolidated companies	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-
Other	-	-	0.4	-	-	0.4	-	0.4
Withdrawals from reserves	-	-	-	-	-	-	-1.1	-1.1
Changes from Put-Options	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
<b>As of 31.03.2023</b>	74.1	1,751.1	7,309.8	-17.3	32.4	9,150.1	25.3	9,175.4

## Consolidated statement of cash flows

T27

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
<b>Operating earnings</b>	<b>126.9</b>	<b>137.1</b>
Depreciation on property, plant and equipment and amortisation on intangible assets	4.3	4.0
(Gains)/Losses from the measurement of investment properties	0.5	-0.3
(Gains)/Losses from the disposal of assets held for sale and investment properties	0.3	0.3
(Decrease)/Increase in pension provisions and other non-current provisions	-0.4	-3.2
Other non-cash income and expenses	6.8	4.1
(Decrease)/Increase in receivables, inventories and other assets	-47.4	-48.7
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	66.7	51.2
Interest paid	-32.5	-26.8
Taxes received	1.2	0.0
Taxes paid	-1.3	-1.6
<b>Net cash from/(used in) operating activities</b>	<b>125.1</b>	<b>116.1</b>
<b>Cashflow from investing activities</b>		
Investments in investment properties	-119.6	-161.1
Proceeds from disposals of non-current assets held for sale and investment properties	16.4	5.2
Investments in intangible assets and property, plant and equipment	-1.1	-54.8
Investments in financial assets and other assets	-30.0	30.0
Proceeds from disposals of financial assets and other assets	-	-283.2
Acquisition of shares in consolidated companies	-3.5	-1.5
<b>Net cash from/(used in) investing activities</b>	<b>-137.8</b>	<b>-465.4</b>

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
<b>Cash flow from financing activities</b>		
Borrowing of bank loans	2.3	100.0
Repayment of bank loans	-52.1	-1,412.1
Issue of convertible and corporate bonds	-	1,482.4
Repayment of lease liabilities	-3.5	-3.5
Other payments	-0.4	-1.0
Distribution and withdrawal from reserves of non-controlling interest	0.0	-2.0
<b>Net cash from/(used in) financing activities</b>	<b>-53.7</b>	<b>163.8</b>
<b>Change in cash and cash equivalents</b>	<b>-66.4</b>	<b>-185.5</b>
Cash and cash equivalents at beginning of period	362.2	675.6
<b>Cash and cash equivalents at end of period</b>	<b>295.8</b>	<b>490.1</b>
<b>Composition of cash and cash equivalents</b>		
Cash in hand, bank balances	295.8	490.1
<b>Cash and cash equivalents at end of period</b>	<b>295.8</b>	<b>490.1</b>

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

### 1. Basic information on the Group

LEG Immobilien SE, Düsseldorf, and its subsidiaries and sub-subsidiaries, in particular LEG NRW GmbH, Düsseldorf, and its subsidiaries, collectively "LEG", are among the largest housing companies in Germany. The LEG Group held a portfolio of 168,591 (31 March 2022: 167,905) residential and commercial units on 31 March 2023 (168,347 (31 March 2022: 167,671) units excluding IFRS 5 objects).

As an integrated property company, LEG engages in three core activities: the optimisation of the core business, the expansion of the value chain as well as consolidating the management platform.

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

### 3. Accounting policies

The accounting policies applied in the interim consolidated financial statements of the LEG Immobilien SE are the same as those presented in the IFRS consolidated financial statements of LEG Immo as of 31 December 2022. These interim consolidated financial statements as at 31 March 2023 should therefore be read in conjunction with the consolidated financial statements as at 31 December 2022.

The LEG Immo has fully applied the new standards and interpretations that are mandatory from 1 January 2023. There were no effects on the net assets, financial position and results of operations.

### 4. Changes in the Group

There were no changes in the Group as at 31 March 2023.

### 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.

For further information, please refer to the [consolidated financial statements as at 31 December 2022](#).

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

On 31 March 2023, LEG held 166,987 apartments and 1,604 commercial units in its portfolio (168,347 units excluding IFRS 5 objects).

Investment properties developed as follows in the financial year 2022 and in 2023 up to the reporting date of the interim consolidated financial statements:

T28

### Investment properties

€ million	Total	Residential assets				Commercial assets	Parking + other assets	Leasehold	Land values
		High-growth markets	Stable markets	Higher-yielding markets	Other				
<b>Carrying amount as of 01.01.2023</b>	<b>20,204.4</b>	<b>8,254.1</b>	<b>7,135.6</b>	<b>3,739.8</b>	<b>0.0</b>	<b>385.4</b>	<b>403.7</b>	<b>252.3</b>	<b>33.5</b>
Acquisitions	109.1	73.0	26.1	0.0	0.0	8.4	1.6	0.0	0.0
Other additions	50.0	17.3	21.3	8.8	0.0	0.6	0.1	1.9	0.0
Reclassified to assets held for sale	-4.7	-0.2	0.0	-4.4	0.0	0.0	-0.1	0.0	0.0
Reclassified from assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassified to property, plant and equipment	-3.7	-2.1	-0.9	0.0	0.0	-0.7	0.0	0.0	0.0
Reclassified from property, plant and equipment	1.7	0.2	0.0	0.1	0.0	1.3	0.0	0.0	0.0
Fair value adjustment	-0.5	0.4	0.4	0.6	0.0	0.0	0.0	-1.9	0.0
Reclassification	-0.5	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
<b>Carrying amount as of 31.03.2023</b>	<b>20,355.8</b>	<b>8,342.7</b>	<b>7,182.0</b>	<b>3,744.9</b>	<b>0.0</b>	<b>395.0</b>	<b>405.3</b>	<b>252.3</b>	<b>33.5</b>
<b>Fair value adjustment as of 31.03.2023 (in € million):</b>		<b>-0.5</b>							
hereupon as of 31.03.2023 in the portfolio:		-0.6							
hereupon as of 31.03.2023 disposed investment properties:		0.1							

T29

## Investment properties

€ million	Total	Residential assets				Commercial assets	Parking + other assets	Leasehold	Land values
		High-growth markets	Stable markets	Higher-yielding markets	Other				
<b>Carrying amount as of 01.01.2022</b>	<b>19,178.4</b>	<b>7,886.7</b>	<b>6,813.0</b>	<b>3,553.2</b>	<b>0.0</b>	<b>311.0</b>	<b>374.9</b>	<b>210.4</b>	<b>29.2</b>
Acquisitions	324.4	89.2	108.8	10.7	0.0	90.0	20.5	5.2	0.0
Other additions	368.7	106.9	166.7	90.4	0.0	4.8	1.7	-1.8	0.0
Reclassified to assets held for sale	-49.5	-15.0	-14.3	-17.5	0.0	-0.2	-1.9	-0.2	-0.4
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	0.0	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	382.4	186.3	61.4	103.0	0.0	-20.2	8.5	38.7	4.7
Reclassification	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Carrying amount as of 31.12.2022</b>	<b>20,204.4</b>	<b>8,254.1</b>	<b>7,135.6</b>	<b>3,739.8</b>	<b>0.0</b>	<b>385.4</b>	<b>403.7</b>	<b>252.3</b>	<b>33.5</b>

<b>Fair value adjustment 31.12.2022 (in € million):</b>	<b>382,4</b>
hereupon as of 31.12.2022 in the portfolio:	380.1
hereupon as of 31.12.2022 disposed investment properties:	2.3

Investment properties were remeasured most recently by LEG as of 31 December 2022. No further fair value adjustment was made as at 31 March 2023. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as at 31 December 2022.

Significant market developments and measurement parameters affecting the market values of LEG are reviewed each quarter. If necessary, the property portfolio is revalued. As at 31 March 2023, the results of this review did not require any value adjustment. Currently, no significant transactions can be observed on the market that would call into question the long-term value of the real estate portfolio.

The table below shows the measurement method used to determine the fair value of investment properties and the material unobservable inputs used as of 31 December 2022:

T30

## Valuation parameters as at 31 December 2022

	GAV investment properties <sup>2</sup>  (€ million)	Valuation technique <sup>2</sup>	Market rent residential/commercial €/sqm			Maintenance cost residential/commercial €/sqm			Administrative cost residential/commercial €/unit			Stabilised vacancy rate %		
			min	Ø	max	min	Ø	max	min	Ø	max	min	Ø	max
			Residential assets											
High-growth markets	8.203	DCF	3.85	8.83	14.53	8.96	13.01	18.41	201	344	522	1.0	1.7	6.0
Stable markets	7.000	DCF	1.92	7.52	13.84	9.18	13.04	17.92	210	342	522	1.5	2.8	9.0
Higher-yielding markets	3.740	DCF	0.03	6.42	9.62	8.22	13.24	18.27	196	346	522	1.5	4.4	12.5
Commercial assets	250	DCF	0.09	7.47	27.00	4.01	7.09	13.21	1	294	5.481	1.0	2.5	8.5
Leasehold	252	DCF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-
Parking + other assets	403	DCF	0.00	0.00	0.00	38.72	82.24	100.88	44	44	45	-	-	-
Land values	33	Earnings/ reference value method	0.00	0.00	0.00	0.00	0.00	0.00	0	4	11	-	-	-
<b>Total portfolio (IAS 40)<sup>1</sup></b>	<b>19.881</b>	<b>DCF</b>	<b>0.03</b>	<b>7.45</b>	<b>27.00</b>	<b>4.01</b>	<b>19.93</b>	<b>100.88</b>	<b>0</b>	<b>314</b>	<b>5.481</b>	<b>1.0</b>	<b>3.1</b>	<b>12.5</b>

	Discount rate %			Capitalisation rate %			Estimated rental development %		
	min	Ø	max	min	Ø	max	min	Ø	max
Residential assets									
High-growth markets	2.3	3.7	7.0	1.8	4.4	11.2	1.1	1.6	1.9
Stable markets	2.3	3.7	7.5	1.3	5.0	11.6	0.9	1.3	1.9
Higher-yielding markets	2.20	3.50	7.00	2.50	5.40	11.90	0.8	1.1	1.8
Commercial assets	2.50	6.40	9.50	2.80	7.00	10.90	0.8	1.4	1.8
Leasehold	2.50	3.50	7.00	-	-	-	-	-	-
Parking + other assets	2.30	3.70	5.50	2.00	6.60	12.20	0.8	1.3	1.9
Land values	2.60	3.70	4.90	2.50	10.30	11.70	0.8	1.3	1.7
<b>Total portfolio (IAS 40)<sup>1</sup></b>	<b>2.20</b>	<b>3.70</b>	<b>9.50</b>	<b>1.30</b>	<b>5.20</b>	<b>12.20</b>	<b>0.8</b>	<b>1.3</b>	<b>1.9</b>

<sup>1</sup> In addition, as at 31 December 2022, there are assets held for sale (IFRS 5) in the amount of EUR 35.6 million, which correspond to Level 2 of the fair value hierarchy.

<sup>2</sup> Property valuation with cut-off date as of 30 September 2022 and revaluation date as of 31 December 2022.

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

### T31

#### Right of use leases

€ million	31.03.2023	31.12.2022
Right of use buildings	1.8	2.0
Right of use technical equipment and machinery	13.3	14.0
Right of use operating and office equipment	4.8	5.3
<b>Property, plant and equipment</b>	<b>19.9</b>	<b>21.3</b>
Right of use Software	0.7	0.7
<b>Intangible assets</b>	<b>0.7</b>	<b>0.7</b>
<b>Right of use leases</b>	<b>20.6</b>	<b>22.0</b>

Property, plant and equipment as well as intangible assets included right of use leases in the amount of EUR 20.6 million as of 31 March 2023. 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.

### T32

#### Financing liabilities

€ million	31.03.2023	31.12.2022
Financing liabilities from real estate financing	9,287.0	9,347.9
Financing liabilities from lease financing	111.9	112.9
<b>Financing liabilities</b>	<b>9,398.9</b>	<b>9,460.8</b>

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

The consolidated financial statements of LEG Immobilien SE reported financial liabilities from real estate financing of EUR 9,287.0 million as at 31 March 2023. In the first quarter of 2023, loans in the amount of EUR 2.3 million were valued. This was offset by scheduled and unscheduled repayments of EUR 52.6 million and the amortisation of transaction costs.

The financial liabilities from real estate financing include the following capital market instruments as at the reporting date:

### T33

#### Capital market instruments as of 31.03.2023

€ million	IFRS carrying amount	Nominal value
Convertible bond 2020/2028	531.1	550.0
Convertible bond 2017/2025	394.2	400.0
Bond 2022/2026	497.3	500.0
Bond 2022/2029	495.4	500.0
Bond 2022/2034	495.6	500.0
Bond 2021/2032	493.8	500.0
Bond 2021/2031	598.4	600.0
Bond 2021/2033	594.1	600.0
Bond 2019/2033	297.3	300.0
Bond 2019/2027	498.0	500.0
Bond 2017/2024	500.4	500.0

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 change in financial liabilities from lease financing in the reporting period essentially results from the decrease in lease liabilities for buildings and cars. For leases that have already been concluded and do not begin until after the balance sheet date, there will be possible future cash outflows of EUR 1.3 million.

The main driver for the change in the maturity distribution compared to 31 December 2022 is the remaining maturity of a corporate bond, which led to an increase in financial debt with a short-term maturity and a corresponding decrease in financial debt with a mid-term maturity.

T34

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

€ million	Remaining term			Total
	< 1 year	> 1 to 5 years	> 5 years	
31.03.2023	677.0	4,038.1	4,571.9	9,287.0
31.12.2022	244.0	4,380.0	4,723.9	9,347.9

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

Net operating is broken down as follows:

T35

#### Net operating income

€ million	01.01.– 31.03.2023	01.01.– 31.03.2022
Net cold rent	206.3	197.5
Net income from operating costs	-6.6	-2.0
Maintenance expenses for externally procured services	-25.2	-19.4
Personnel expenses (rental and lease)	-26.6	-25.7
Allowances on rent receivables	-6.5	-4.2
Depreciation	-3.3	-2.6
Others	-2.7	7.4
<b>Net operating income</b>	<b>135.4</b>	<b>151.0</b>
<b>Net operating income margin in %</b>	<b>65.6</b>	<b>76.5</b>
Non-recurring special effects – rental and lease	1.0	1.1
Depreciation	3.3	2.6
Maintenance for externally procured services	25.2	19.4 <sup>1</sup>
Own work capitalised	-3.5	-6.1 <sup>1</sup>
<b>Net operating income (recurring)</b>	<b>161.4</b>	<b>168.0<sup>1</sup></b>
<b>Net operating income margin (recurring) (in %)</b>	<b>78.2</b>	<b>85.1<sup>1</sup></b>

<sup>1</sup> Previous year adapted

In the reporting period, net operating income decreased by EUR –15.6 million compared to the same period of the previous year. The main driver of the development is the decrease in the Other segment by EUR –10.1 million, mainly due to the reduction in value-added services, in particular due to a change in the accrual of energy service results in the amount of EUR –4.0 million. In addition, the increase in maintenance expenses for externally procured services by EUR –5.8 million, the increase in the net income from operating costs by EUR –4.6 million and the increase in the allowances on rent receivables by EUR –2.3 million also had an impact. This was offset by an increase of EUR 8.8 million in net cold rents. Inplace rent per square metre on a like-for-like basis increased by 3.8% in the reporting period.

The adjusted net operating income (NOI)-margin decreased from 85.1% to 78.2% compared to the same period of the previous year.

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

### T36

#### Depreciation expense of leases

€ million	01.01.– 31.03.2023	01.01.– 31.03.2022
Right of use buildings	0.1	0.1
Right of use technical equipment and machinery	1.0	1.0
Right of use operating and office equipment	0.7	0.7
<b>Depreciation expense of leases</b>	<b>1.8</b>	<b>1.8</b>

In the reporting period expenses of leases of a low-value asset of EUR 0.1 million were included in the net operating income (previous year: EUR 0.0 million).

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

### T37

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

€ million	01.01.– 31.03.2023	01.01.– 31.03.2022
Income from the disposal of investment	24.7	24.8
Carrying amount of the disposal of investment properties	-24.9	-25.0
Costs of sales of investment properties	-0.3	-0.4
<b>Net income from the disposal of investment properties</b>	<b>-0.5</b>	<b>-0.6</b>

#### Administrative and other expenses

Administrative and other expenses are composed as follows:

### T38

#### Administrative and other expenses

in Mio. €	01.01.– 31.03.2023	01.01.– 31.03.2022
Other operating expenses	-6.1	-7.2
Personnel expenses (administration)	-7.7	-7.6
Purchased services	-0.6	-0.6
Depreciation and amortisation	-0.8	-1.2
<b>Administrative and other expenses</b>	<b>-15.2</b>	<b>-16.6</b>
Depreciation and amortisation	0.8	1.2
Non-recurring special effects in administration	2.1	4.6
<b>Administrative and other expenses (adjusted)</b>	<b>-12.3</b>	<b>-10.7</b>

In addition to slightly higher current personnel expenses, other operating expenses include higher costs for insurance. The adjusted administrative expenses increased by EUR 1.6 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.

### T39

#### Depreciation expense of leases

in Mio. €	01.01.– 31.03.2023	01.01.– 31.03.2022
Right of use buildings	0.1	0.5
Right of use operating and office equipment	0.1	0.1
Right of use Software	0.1	0.1
<b>Depreciation expense of leases</b>	<b>0.3</b>	<b>0.7</b>

## Net interest income

Net interest income is composed as follows:

T40

### Interest expenses

€ million	31.03.2023	31.03.2022
Interest expenses from real estate financing	-31.2	-24.1
Interest expense from loan amortisation	-4.7	-4.7
Prepayment penalty	0.0	0.0
Interest expense from interest derivatives for real estate financing	0.0	-1.7
Interest expense from change in pension provisions	-0.9	-0.3
Interest expense from interest on other assets and liabilities	0.0	0.0
Interest expenses from lease financing	-0.6	-0.5
Other interest expenses	-0.6	-1.0
<b>Interest expenses</b>	<b>-38.0</b>	<b>-32.3</b>

The increase in interest expenses in the reporting period is mainly due to the increased interest rate level.

## Income taxes

T41

### Income tax expenses

€ million	01.01.– 31.03.2023	01.01.– 31.03.2022
Current tax expenses	-0.7	-0.3
Deferred tax expenses	-29.3	-28.5
<b>Income tax expenses</b>	<b>-30.0</b>	<b>-28.8</b>

An effective Group tax rate of 20.7% was assumed in the reporting period in accordance with Group tax planning (previous year: 19.5%). The increase is mainly due to the discontinuation of the so-called extended trade tax reduction for two portfolio-holding Group companies and the adjustment of the trade tax assessment rate from 440% to 452%.

## 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

T42

#### Earnings per share (basic)

	31.03.2023	31.03.2022
Net profit or loss attributable to shareholders in € million	95.2	153.7
Average numbers of shares outstanding	74,109,276	72,839,625
<b>Earnings per share (basic) in €</b>	<b>1.28</b>	<b>2.11</b>

T43

#### Earnings per share (diluted)

€ million	31.03.2023	31.03.2022
Net profit or loss attributable to shareholders	95.2	153.7
Convertible bond coupon after taxes	1.1	1.1
Measurement of derivatives after taxes	-0.5	-45.6
Amortisation of the convertible bond after taxes	0.1	0.1
Net profit or loss for the period for diluted earnings per share	95.9	109.3
Average weighted number of shares outstanding	74,109,276	72,839,625
Number of potentially new shares in the event of exercise of conversion rights	7,112,329	7,026,824
Number of shares for diluted earnings per share	81,221,605	79,866,449
<b>Subtotal in €</b>	<b>1.18</b>	<b>1.37</b>
<b>Earnings per share (diluted) in €</b>	<b>1.18</b>	<b>1.37</b>

As at 31 March 2023, LEG Immobilien SE had convertible bonds outstanding, which authorise the bearer to convert it into up to 7.1 million new 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

LEG has operated in only one segment since the 2016 financial year. It generates its revenue and holds its assets exclusively in Germany. In the financial year 2023, LEG did not generate sales of more than 10 % of total reported sales with any customer.

In addition to the minimum disclosures required by IFRS 8, the company's key performance indicators are explained and presented below. These correspond to the management and reporting system used by LEG Immobilien SE for corporate management and provide a deeper insight into the economic performance of our company.

LEG's internal reporting differs from IFRS accounting figures. LEG has so far focused its internal reporting in particular on the key performance indicator AFFO and on the other financial key figures EPRA NTA per share and LTV as housing industry key figures. The alternative performance indicators presented below are not based on IFRS figures, with the exception of the comments on LTV.

### AFFO

In connection with the new steering of the Group, AFFO (capex-adjusted FFO I) replaces FFO I as most important financial performance indicator from financial year 2023.

AFFO is a key performance indicator for LEG. AFFO is calculated by deducting recurring capex measures (capex (recurring)) from FFO I (after non-controlling interests).

In terms of FFO, LEG distinguishes between FFO I (excluding the net income from the disposal of investment properties) and FFO II (including the net income from the disposal of investment properties).

FFO I is the cash inflow from operating activities. Based on EBITDA (adjusted), the calculation of FFO I takes into account cash interest expenses and income as well as cash taxes. From the 2023 financial year onwards, maintenance expenses for externally procured services and own work capitalised, which was previously included in the "Others" item, will no longer be reported in the recurring net operating income, but will be recognised as an adjustment to the adjusted EBITDA.

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

T44

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

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Net cold rent	206.3	197.5
Profit from operating expenses	-6.6	-2.0
Personnel expenses (rental and lease)	-26.6	-25.7
Allowances on rent receivables	-6.5	-4.2
Others	-6.2	1.3 <sup>1</sup>
Non-recurring special effects (rental and lease)	1.0	1.1
<b>Net operating income (recurring)</b>	<b>161.4</b>	<b>168.0<sup>1</sup></b>
<b>Net income from other services (recurring)</b>	<b>7.9</b>	<b>3.2</b>
Personnel expenses (administration)	-7.7	-7.6
Non-personnel operating costs	-6.7	-7.7
Non-recurring special effects (administration)	2.1	4.6
<b>Administrative expenses (recurring)</b>	<b>-12.3</b>	<b>-10.7</b>
<b>Other income</b>	<b>0.0</b>	<b>0.0</b>
<b>EBITDA (adjusted)</b>	<b>157.0</b>	<b>160.5<sup>1</sup></b>
Cash interest expenses and income FFO I	-31.3	-26.8
Cash income taxes FFO I	-0.2	1.0
Maintenance for externally procured services	-25.2	-19.4
Own work capitalised	3.5	6.1 <sup>1</sup>
<b>FFO I (before adjustment of non-controlling interests)</b>	<b>103.8</b>	<b>121.4</b>
Adjustment of non-controlling interests	-0.6	0.0
<b>FFO I (after adjustment of non-controlling interests)</b>	<b>103.2</b>	<b>121.4</b>
Net income from the disposal of investment properties (adjusted)	-0.4	-0.5
Cash income taxes FFO II	-1.8	-1.3
<b>FFO II (incl. disposal of investment properties)</b>	<b>101.0</b>	<b>119.6</b>
Capex (recurring)	-48.3	-70.4
<b>AFFO (Capex-adjusted FFO I)</b>	<b>54.9</b>	<b>51.0</b>

<sup>1</sup> Previous year adapted

Starting from FFO I (after non-controlling interests), the AFFO generally takes into account the capitalised costs from modernisation and maintenance. Only recurring capex measures are deducted (capex (recurring)). Capex that benefits from government funding is defined as non-recurring. In addition, consolidation effects resulting from the elimination of intercompany results due to self-produced services are eliminated. The reconciliation breaks down as follows:

## T45

## Reconciliation capex (recurring)

€ million	01.01.– 31.03.2023	01.01.– 31.03.2022
Investments in investment properties	-49.1	-72.8
Investments in property, plant and equipment	-0.4	0.0
<b>Capital expenditure</b>	<b>-49.5</b>	<b>-72.8</b>
Subsidised investments	0.0	0.0
Consolidation effects	1.2	2.4
<b>Capex (recurring)</b>	<b>-48.3</b>	<b>-70.4</b>

Capex in the context of the AFFO reconciliation includes additions to investment properties amounting to EUR 49.1 million as well as additions of property, plant and equipment amounting to EUR 0.4 million.

EBITDA and FFO are adjusted for non-recurring effects to ensure comparability with previous periods. Adjustments are made for all items that are not attributable to operations in the period and that have a not insignificant effect on EBITDA and FFO. These non-recurring special items comprise project costs for business model and process optimisation, personnel matters, acquisition and integration costs, capital market financing and M&A activities as well as other atypical matters. These are composed as follows:

## T46

## Special one-off effects

€ million	01.01.– 31.03.2023	01.01.– 31.03.2022
Project costs to optimise the business model and processes	1.0	1.7
Staff related costs	0.6	1.6
Acquisition and integration related costs	0.6	0.8
Capital market financing and M&A activities	0.2	1.6
Other atypical matters	0.7	0.1
<b>Special one-off effects</b>	<b>3.1</b>	<b>5.8</b>

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

Cash interest expenses are composed as follows:

## T47

## Cash interest expenses

€ million	01.01.– 31.03.2023	01.01.– 31.03.2022
Interest expense reported in income statement	38.1	32.3
Interest expense related to loan amortisation	-4.7	-4.7
Interest costs related to the accretion of other assets/liabilities	0.0	0.0
Interest expenses related to changes in pension provisions	-0.9	-0.3
Other interest expenses	0.1	-0.5
<b>Cash effective interest expense (gross)</b>	<b>32.5</b>	<b>26.8</b>
Cash effective interest income	1.1	0.0
<b>Cash effective interest expense (net)</b>	<b>31.4</b>	<b>26.8</b>

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

The EPRA NRV, NTA and NDV are relevant indicators for the real estate industry. LEG Immobilien SE has defined the EPRA NTA as the key performance indicator. Another financial indicator is the EPRA NTA per share.

LEG reports an EPRA NTA of EUR 11,524.1 million or EUR 155.50 per share as at 31 March 2023. In the calculation, deferred taxes on investment properties are adjusted by the amount attributable to planned property disposals by LEG. Incidental acquisition costs are not taken into account. The key figures are presented on a diluted basis only. As at 31 March 2023, no dilution effects from the convertible bonds are taken into account, as the share price does not exceed the current conversion prices as at the reporting date.

T48

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

€ million	31.03.2023			31.12.2022		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders of the parent company	9,150.1	9,150.1	9,150.1	9,058.6	9,058.6	9,058.6
Hybrid instruments	31.0	31.0	31.0	31.0	31.0	31.0
<b>Diluted NAV at fair value</b>	<b>9,181.1</b>	<b>9,181.1</b>	<b>9,181.1</b>	<b>9,089.6</b>	<b>9,089.6</b>	<b>9,089.6</b>
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	2,385.7	2,385.7	-	2,371.9	2,371.9	-
Fair value of financial instruments	-37.1	-37.1	-	-78.5	-78.5	-
Goodwill as a result of deferred tax	-	-	-	-	-	-
Goodwill as a result of synergies	-	-	-	-	-	-
Intangibles as per the IFRS balance sheet	-	-5.6	-	-	-5.8	-
Fair value of fixed interest rate debt	-	-	1,140.8	-	-	1,208.3
Deferred taxes of fixed interest rate debt	-	-	-236.5	-	-	-643.6
Revaluation of intangibles to fair value	-	-	-	-	-	-
Estimated ancillary acquisition costs (real estate transfer tax) <sup>1</sup>	1,968.1	-	-	1,955.3	-	-
<b>NAV</b>	<b>13,497.8</b>	<b>11,524.1</b>	<b>10,085.4</b>	<b>13,338.3</b>	<b>11,377.2</b>	<b>9,654.3</b>
<b>Fully diluted number of shares</b>	<b>74,109,276</b>	<b>74,109,276</b>	<b>74,109,276</b>	<b>74,109,276</b>	<b>74,109,276</b>	<b>74,109,276</b>
<b>NAV per share</b>	<b>182.13</b>	<b>155.50</b>	<b>136.09</b>	<b>179.98</b>	<b>153.52</b>	<b>130.27</b>

<sup>1</sup> Taking into account the incidental acquisition costs would result in an EPRA NTA of EUR 13,492.2 million or EUR 182.06 per share (31 December 2022: EUR 13,332.4 million or EUR 179.90 per share).

LEG's calculation of EPRA NTA is based on the Best Practice Recommendations of the European Public Real Estate Association (EPRA).

The purchase price obligations from share deals recognised as liabilities are shown as effects from the exercise of options, convertible bonds and other rights to equity amounting to EUR 31.0 million.

Deferred taxes resulting from the measurement of investment properties and from the measurement of publicly subsidised loans as well as the measurement of derivatives are adjusted in the amount of the equity impact. Deferred taxes relating to the planned sales programme are not taken into account in the determination of the EPRA NTA. These amount to a total of EUR 2,385.7 million as at 31 March 2023.

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 2023, these effects total EUR – 37.1 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.

In addition, all recognised intangible assets are eliminated. As at 31 March 2023 these totalled EUR 5.6 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 2022, due to payments for investments. However, the increase in property assets more than compensates for this effect, resulting in a slightly lower loan-to-value ratio (LTV) of 43.5% at the interim reporting date (31 December 2022: 43.9%).

T49

#### LTV

€ million	31.03.2023	31.12.2022
Financing liabilities	9,398.9	9,460.8
Less lease liabilities IFRS 16 (not leasehold)	19.3	22.0
Less cash and cash equivalents	365.8	402.2
<b>Net financing liabilities</b>	<b>9,013.8</b>	<b>9,036.6</b>
Investment properties	20,355.8	20,204.4
Assets held for sale	15.3	35.6
Prepayments for investment properties	0.4	60.8
Participations in other housing companies	342.3	306.7
<b>Real estate assets</b>	<b>20,713.8</b>	<b>20,607.5</b>
<b>Loan to value ratio (LTV) in %</b>	<b>43.5</b>	<b>43.9</b>

## 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. 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.

T50

### Maintenance and modernisation

€ million	01.01. – 31.03.2023	01.01. – 31.03.2022
Maintenance expenses for externally procured services	-25.2	-19.4
Maintenance expenses provided internally	-6.5	-6.0
<b>Maintenance expenses</b>	<b>-31.7</b>	<b>-25.4</b>
Adjustments consolidation effects	0.2	0.5
<b>Maintenance expenses (adjusted)</b>	<b>-31.5</b>	<b>-24.9</b>
Investment in investment properties	-49.1	-72.8
Investment in property, plant and equipment	-0.4	-
<b>Capital expenditure (Capex)</b>	<b>-49.5</b>	<b>-72.8</b>
Subsidised investments	-	-
Adjustments consolidation effects	1.2	2.4
<b>Capex (recurring)</b>	<b>-48.3</b>	<b>-70.4</b>
Subsidised investments (addition)	-	-
Adjustments (new construction, own work capitalised)	8.2	10.2
<b>Capital expenditure (adjusted)</b>	<b>-40.1</b>	<b>-60.2</b>
<b>Total investment</b>	<b>-81.2</b>	<b>-98.2</b>
Adjustments (consolidation effects, new construction, own work capitalised)	9.6	13.1
<b>Total investments (adjusted)</b>	<b>-71.6</b>	<b>-85.1</b>
Area of investment properties in million sqm	10.86	10.78
<b>Adjusted average investment per sqm (€)</b>	<b>6.59</b>	<b>7.89</b>
thereof maintenance expenses per sqm (€)	2.90	2.31
thereof capital expenditure per sqm (€)	3.69	5.58

## 9. Financial instruments

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

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

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

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

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

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

## T5.1

## Classes of financial instruments for financial assets and liabilities 2023

€ million	Carrying amounts as per statement of financial positions 31.03.2023	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.03.2023
		Amortised cost	Fair value through profit or loss		
<b>Assets</b>					
<b>Other financial assets</b>	<b>370.0</b>				<b>370.0</b>
Hedge accounting derivatives	36.9				36.9
AC	29.3	29.3			29.3
FVtPL	303.8		303.8		303.8
<b>Receivables and other assets</b>	<b>214.7</b>				<b>214.7</b>
AC	187.7	187.7			187.7
Other non-financial assets	27.0				27.0
<b>Cash and cash equivalents</b>	<b>295.8</b>				<b>295.8</b>
AC	295.8	295.8			295.8
<b>Total</b>	<b>880.5</b>	<b>512.8</b>	<b>303.8</b>		<b>880.5</b>
<b>Of which IFRS 9 measurement categories</b>					
AC	512.8	512.8			512.8
FVtPL	303.8		303.8		303.8

AC = Amortised Cost

FVtPL = Fair Value through Profit and Loss

FLAC = Financial Liabilities at Amortised Cost

HFT = Held for Trading

€ million	Carrying amounts as per statement of financial positions 31.03.2023	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.03.2023
		Amortised cost	Fair value through profit or loss		
<b>Liabilities</b>					
<b>Financial liabilities</b>	<b>-9,398.9</b>				<b>-8,146.1</b>
FLAC	-9,287.0	-9,287.0			-8,146.1
Liabilities from lease financing	-111.9			-111.9	
<b>Other liabilities</b>	<b>-395.9</b>				<b>-395.9</b>
FLAC	-226.9	-226.9			-226.9
Derivatives HFT	-			-	-
Hedge accounting derivatives	-				-
Other non-financial liabilities	-169.0				-169.0
<b>Total</b>	<b>-9,794.8</b>	<b>-9,513.9</b>		<b>-111.9</b>	<b>-8,542.0</b>
<b>Of which IFRS 9 measurement categories</b>					
FLAC	-9,513.9	-9,513.9			-8,373.0
Derivate HFT	-			-	-

T52

## Classes of financial instruments for financial assets and liabilities 2022

€ million	Carrying amounts as per statement of financial positions 31.12.2022	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.12.2022
		Amortised cost	Fair value through profit or loss		
<b>Assets</b>					
<b>Other financial assets</b>	<b>337.9</b>				<b>337.9</b>
Hedge accounting derivatives	40.6				40.6
AC	7.1	7.1			7.1
FVtPL	290.2		290.2		290.2
<b>Receivables and other assets</b>	<b>164.7</b>				<b>164.7</b>
AC	149.0	149.0			149.0
Other non-financial assets	15.7				15.7
<b>Cash and cash equivalents</b>	<b>362.2</b>				<b>362.2</b>
AC	362.2	362.2			362.2
<b>Total</b>	<b>864.8</b>	<b>518.3</b>	<b>290.2</b>		<b>864.8</b>
<b>Of which IFRS 9 measurement categories</b>					
AC	518.3	518.3			518.3
FVtPL	290.2		290.2		290.2

AC = Amortised Cost

FVtPL = Fair Value through Profit and Loss

FLAC = Financial Liabilities at Amortised Cost

HFT = Held for Trading

€ million	Carrying amounts as per statement of financial positions 31.12.2022	Measurement (IFRS 9)		Measurement (IFRS 16)	Fair value 31.12.2022
		Amortised cost	Fair value through profit or loss		
<b>Liabilities</b>					
<b>Financial liabilities</b>	<b>-9,460.8</b>				<b>-8,139.7</b>
FLAC	-9,347.9	-9,347.9			-8,139.7
Liabilities from lease financing	-112.9			-112.9	
<b>Other liabilities</b>	<b>-345.5</b>				<b>-345.5</b>
FLAC	-184.9	-184.9			-184.9
Derivatives HFT	-0.5		-0.5		-0.5
Hedge accounting derivatives	0.0				0.0
Other non-financial liabilities	-160.1				-160.1
<b>Total</b>	<b>-9,806.3</b>	<b>-9,532.8</b>	<b>-0.5</b>	<b>-112.9</b>	<b>-8,485.2</b>
<b>Of which IFRS 9 measurement categories</b>					
FLAC	-9,532.8	-9,532.8			-8,324.6
Derivate HFT	-0.5		-0.5		-0.5

As at 31 March 2023, the fair value of a shareholding amounts to EUR 303.6 million (previous year: EUR 402.1 million). The change compared to the previous year amounts to EUR 95.5 million. This participation is allocated to Level 1 of the measurement hierarchy, as there is an active market for the shares.

Furthermore, there are very small equity investments with a fair value of EUR 22.1 million (previous year: EUR 18.2 million). This results in a change of EUR 3.9 million compared to the previous year, which was recognised in profit or loss.

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 3.9% (previous year: 4.8%).

As at 31 March 2023, the fair value of the very small Level 3 equity investments was EUR 22.1 million. The stress test of this parameter on the basis of plus 50 bp results in a reduction of the fair value to EUR 19.7 million (previous year: EUR 16.6 million) and at minus 50 bp in an increase of the fair value to EUR 25.3 million (previous year: EUR 20.2 million).

## 10. Related-party disclosures

Please see the IFRS consolidated financial statements as at 31 December 2022 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 2022.

## 12. The Management Board and the Supervisory Board

There were no changes to the composition of the Supervisory Board as at 31 March 2023 compared with the disclosures as at 31 December 2022.

The following changes occurred in the composition of the Management Board:

Susanne Schröter-Crossan left the Management Board of LEG Immobilien SE on 31 March 2023.

Dr Kathrin Köhling has been appointed Chief Financial Officer of LEG Immobilien SE with effect from 1 April 2023.

## 13. Supplementary Report

There were no significant events after the end of the interim reporting period on 31 March 2023.

Düsseldorf, 10 May 2023

LEG Immobilien SE  
The Management Board

Lars von Lackum  
(CEO)

Dr Kathrin Köhling  
(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, 10 May 2023

LEG Immobilien SE, Düsseldorf  
The Management Board

Lars von Lackum  
(CEO)

Dr Kathrin Köhling  
(CFO)

Dr Volker Wiegel  
(COO)

## Financial calendar

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### LEG Financial calendar 2023

Annual General Meeting	17 May
Release of Quarterly Report Q2 as of 30 June 2023	10 August
Release of Quarterly Statement Q3 as of 30 September 2023	9 November

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

## Contact details and imprint

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### CONCEPT, EDITING DESIGN

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The quarterly statement as of 31 March 2023  
is also available in German.  
In case of doubt, the German version takes precedence.

# LEG

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