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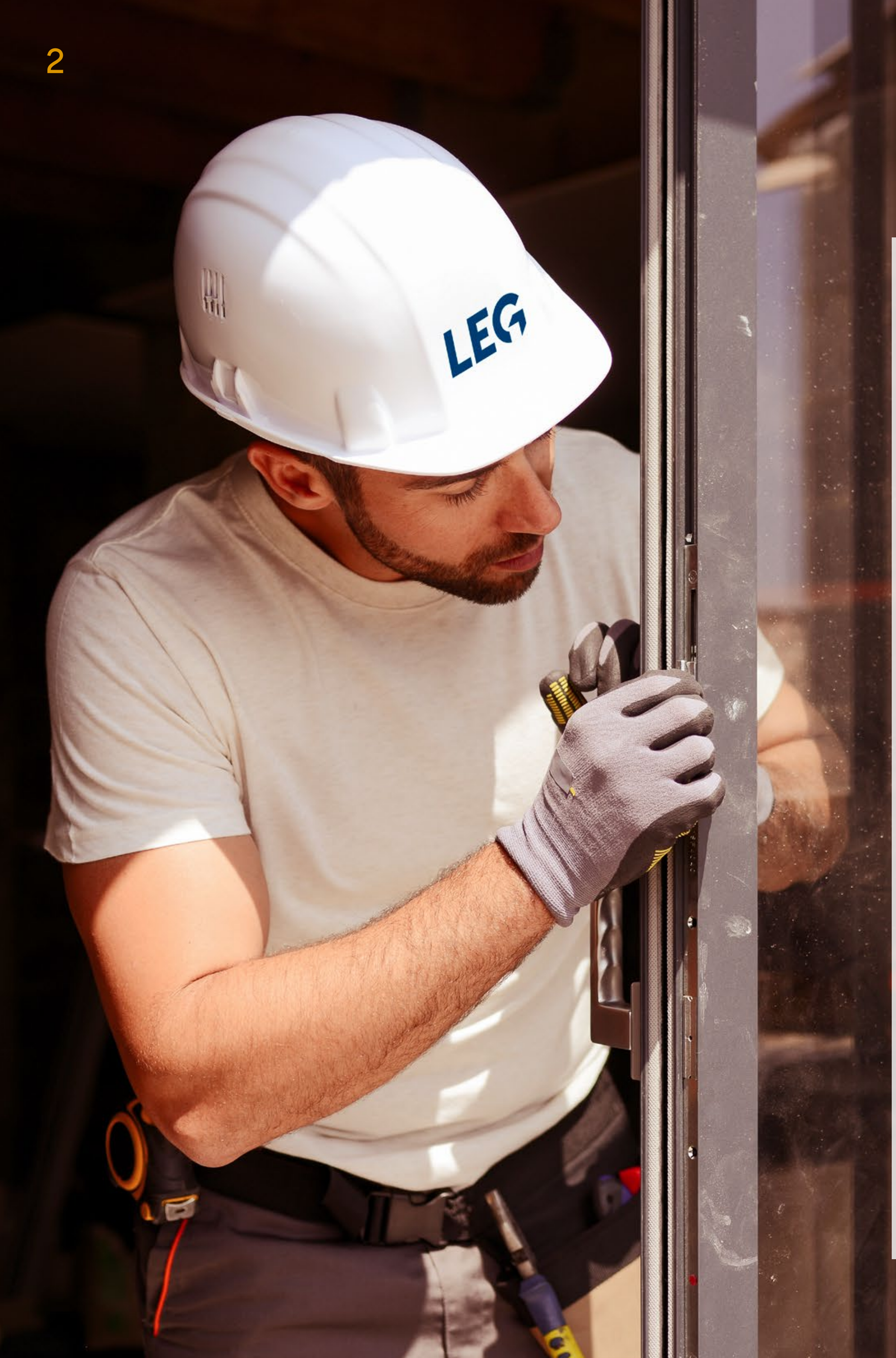
Making living sustainable

2022

Quarterly report as of 30 September

LEG


LEG

About this report

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Key figures Q3 2022

T1

		Q3 2022	Q3 2021	+/– %	01.01. – 30.09.2022	01.01. – 30.09.2021	+/– %
Results of operations							
Rental income	€ million	200.4	171.2	17.1	596.6	509.7	17.0
Adjusted net rental and lease income	€ million	166.0	144.9	14.6	476.9	420.0	13.5
EBITDA	€ million	154.8	143.9	7.6	1,605.3	1,507.7	6.5
EBITDA adjusted	€ million	162.2	139.3	16.4	458.7	400.6	14.5
EBT	€ million	161.7	102.9	57.1	1,482.8	1,418.6	4.5
Net profit or loss for the period	€ million	127.3	77.1	65.1	1,187.6	1,140.5	4.1
FFO I	€ million	132.9	116.0	14.6	374.3	334.2	12.0
FFO I per share	€	1.79	1.59	12.6	5.11	4.62	10.6
FFO II	€ million	132.5	115.8	14.4	373.2	332.0	12.4
FFO II per share	€	1.79	1.59	12.6	5.09	4.59	10.9
AFFO	€ million	35.2	33.0	6.7	114.6	104.2	10.0
AFFO per share	€	0.47	0.45	4.4	1.56	1.44	8.3
Balance Sheet Key Figures		**30.09.2022**	**31.12.2021**	**+/– %/bp**			
Investment property	€ million	20,829.8	19,067.7	9.2			
Cash and cash equivalents	€ million	310.2	675.6	–54.1			
Equity	€ million	10,038.9	8,953.0	12.1			
Total financing liabilities	€ million	9,460.6	8,885.1	6.5			
Current financing liabilities	€ million	198.6	1,518.1	–86.9			
LTV	%	42.3	42.1	+20			
Equity ratio	%	45.0	43.6	+140			
EPRA NTA, diluted	€ million	12,095.5	11,149.1	8.5			
EPRA NTA per share, diluted	€	163.21	146.10	11.7			
Other Key Figures		**30.09.2022**	**30.09.2021**	**+/– %/bp**			
Number residential units		166,758	145,656	14.5			
In-place rent	€/sqm	6.30	6.11	3.2			
In-place rent (l-f-l)	€/sqm	6.32	6.12	3.2			
EPRA vacancy rate	%	2.9	2.7	+20			
EPRA vacancy rate (l-f-l)	%	2.1	2.5	–40			

bp = basis points

Portfolio

Portfolio segmentation and housing stock

The LEG portfolio can be divided into three market clusters using a scoring system: high-growth markets, stable markets and higher-yielding markets. The indicators for the scoring system are described in the annual report 2021.

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

The property portfolio as of 30 September 2022 included 166,758 residential units, 1,570 commercial units and 45,858 garages and parking spaces. The average flat size was 63 square metres, and the average monthly rent was EUR 6.30 per square metre.

Operational development

On a like-for-like basis, the actual in-place rent on 30 September 2022 was EUR 6.32 per square metre and month. This corresponds to an increase of 3.2 % compared to the previous year's reporting date. The like-for-like analysis does not take into account 22,189 residential units that were not yet part of the LEG portfolio as at 30 September 2021.

The in-place rent in the free-financed units rose by 3.9 % year-on-year to EUR 6.73 per square metre (like-for-like). The free-financed units account for 80 % of the portfolio. Within this market segment, the high-growth markets recorded the highest in-place rent growth with an increase of 4.0 % to EUR 7.76 per square metre (like-for-like). They were followed by the higher-yielding markets with an increase of 3.9 % to EUR 6.10 per square metre (like-for-like). In the stable markets, the monthly in-place rent at the end of the third quarter averaged EUR 6.42 per square metre (like-for-like), 3.8 % higher than in the same quarter of the previous year.

The in-place rent in the rent-restricted portfolio, which accounts for 20 % of LEG's portfolio, increased by only 1 cent to EUR 5.00 per square metre (like-for-like). The next regular adjustment of cost rents will take place in January 2023.

The EPRA vacancy rate fell again as at 30 September 2022 in all three market segments on a-like-for-like basis, in some cases significantly. Overall, the vacancy rate declined by 40 basis points to 2.1 % (like-for-like). In the higher-yielding markets, it fell by 70 basis points to 3.0 %, in the stable markets by 60 basis points to 2.0 % and in the high-growth markets by 10 basis points to 1.4 % (like-for-like in each case).

T2

Portfolio segments – top 5 locations

	Total portfolio										Change like-for-like basis	
	30.09.2022					30.09.2021						
	Number of LEG apartments	Share of LEG-portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %	Number of LEG apartments	Share of LEG-portfolio in %	Living space in sqm	In-place rent €/sqm	EPRA vacancy rate in %	In-place rent in % like-for-like	Vacancy rate basis points like-for-like
High Growth Markets	**49,519**	**29.7**	**3,256,189**	**7.07**	**2.2**	**42,513**	**29.2**	**2,836,749**	**6.91**	**1.9**	**3.2**	**–30**
District of Mettmann	8,506	5.1	590,850	7.48	1.2	8,524	5.9	592,081	7.24	1.5	3.2	–30
Muenster	6,159	3.7	410,597	7.01	0.6	6,197	4.3	412,093	6.82	0.8	2.9	–10
Dusseldorf	5,748	3.4	373,931	8.42	0.9	5,552	3.8	360,535	8.21	1.6	3.0	–70
Cologne	4,234	2.5	286,752	7.72	3.1	4,153	2.9	280,340	7.46	2.2	3.1	30
Aachen	2,430	1.5	164,255	5.52	1.7	2,431	1.7	164,313	5.40	2.7	2.2	–100
Other locations	22,442	13.5	1,429,804	6.59	3.4	15,656	10.7	1,027,388	6.38	2.4	3.6	–10
Stable Markets	**66,629**	**40.0**	**4,246,439**	**6.06**	**2.5**	**60,790**	**41.7**	**3,871,870**	**5.86**	**2.7**	**3.1**	**–60**
Dortmund	13,860	8.3	905,367	5.78	2.1	13,704	9.4	895,884	5.67	2.5	1.9	–50
District of Unna	6,916	4.1	430,294	5.42	1.8	6,809	4.7	424,284	5.33	2.5	1.6	–50
Moenchengladbach	6,432	3.9	407,594	6.45	1.4	6,440	4.4	408,077	6.24	1.8	3.4	–50
Essen	3,558	2.1	228,768	6.14	3.1	3,370	2.3	217,433	5.82	3.5	4.7	–60
Bielefeld	3,234	1.9	201,168	6.92	1.9	3,234	2.2	201,168	6.56	2.7	5.5	–80
Other locations	32,629	19.6	2,073,248	6.14	3.0	27,233	18.7	1,725,024	5.93	3.0	3.4	–70
Higher-Yielding Markets	**50,610**	**30.3**	**3,058,246**	**5.80**	**4.3**	**42,353**	**29.1**	**2,573,898**	**5.63**	**4.0**	**3.4**	**–70**
District of Recklinghausen	9,028	5.4	549,145	5.60	2.7	9,018	6.2	548,608	5.48	2.3	2.0	40
Gelsenkirchen	7,248	4.3	414,521	5.91	6.5	7,260	5.0	414,951	5.73	7.5	3.3	–120
Wilhelmshaven	6,855	4.1	397,218	5.73	9.5	0	0.0	–	–	–	–	–
Duisburg	6,428	3.9	388,450	6.33	2.4	6,315	4.3	382,079	6.04	2.8	4.9	–40
Hamm	4,837	2.9	289,652	5.78	2.0	4,818	3.3	288,365	5.58	2.4	3.5	–50
Other locations	16,214	9.7	1,019,259	5.69	3.6	14,942	10.3	939,895	5.52	4.3	3.5	–130
Total	**166,758**	**100.0**	**10,560,875**	**6.30**	**2.9**	**145,656**	**100.0**	**9,282,517**	**6.12**	**2.7**	**3.2**	**–40**

T3

Performance LEG portfolio

		High-growth market			Stable markets			Higher yielding markets			Total		
		30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.06.2022	30.09.2021
Subsidised residential units													
Units		11,459	11,458	11,171	14,612	14,604	15,533	7,221	7,178	8,007	33,292	33,240	34,711
Area	sqm	784,010	783,946	764,001	987,741	987,322	1,053,390	475,788	472,292	525,292	2,247,539	2,243,559	2,342,682
In-place rent	€/sqm	5.41	5.41	5.32	4.97	4.97	4.90	4.59	4.59	4.56	5.05	5.05	4.96
EPRA vacancy rate	%	1.0	1.0	1.1	1.6	1.7	2.2	2.0	2.1	2.1	1.5	1.5	1.8
Free-financed residential units													
Units		38,060	38,016	31,342	52,017	52,047	45,257	43,389	43,325	34,346	133,466	133,388	110,945
Area	sqm	2,472,179	2,470,071	2,072,748	3,258,699	3,260,527	2,818,480	2,582,458	2,579,845	2,048,606	8,313,335	8,310,444	6,939,834
In-place rent	€/sqm	7.60	7.54	7.50	6.39	6.31	6.23	6.03	5.97	5.91	6.64	6.58	6.52
EPRA vacancy rate	%	2.4	2.4	2.0	2.7	2.8	2.9	4.6	4.8	4.3	3.1	3.2	2.9
Total residential units													
Units		49,519	49,474	42,513	66,629	66,651	60,790	50,610	50,503	42,353	166,758	166,628	145,656
Area	sqm	3,256,189	3,254,017	2,836,749	4,246,439	4,247,849	3,871,870	3,058,246	3,052,137	2,573,898	10,560,875	10,554,003	9,282,516
In-place rent	€/sqm	7.07	7.02	6.91	6.06	6.00	5.86	5.80	5.75	5.63	6.30	6.25	6.12
EPRA vacancy rate	%	2.2	2.2	1.9	2.5	2.6	2.7	4.3	4.4	4.0	2.9	2.9	2.7
Total commercial													
Units											1,570	1,566	1,320
Area	sqm										272,726	264,626	213,806
Total parking													
Units											45,858	45,965	40,437
Total other													
Units											2,725	2,703	2,920

Value development

The following table shows the distribution of assets by market segment. A revaluation of the portfolio was not carried out in the third quarter. As at 30 September 2022, the rental yield was 4.1 %. This corresponds to a rent multiple of 24.7x. According to the EPRA definition, the valuation of the residential portfolio represents a net initial yield of 3.0 %.

T4

Market segments 30.09.2022	Residential units	Residential assets in € million[1]	Share residential assets in %	Gross asset value €/sqm	In-place rent multiplier	Commercial/ other assets in € million[2]	Total assets in € million
High Growth Markets	49,519	8,432	43	2,591	30.7x	350	8,781
District of Mettmann	8,506	1,629	8	2,759	30.7x	79	1,707
Muenster	6,159	1,217	6	2,954	34.9x	66	1,284
Dusseldorf	5,748	1,315	7	3,465	34.0x	62	1,376
Cologne	4,234	929	5	3,220	35.7x	34	963
Aachen	2,430	312	2	1,885	29.1x	7	319
Other locations	22,442	3,030	16	2,136	27.2x	102	3,132
Stable Markets	66,629	7,211	37	1,695	23.5x	231	7,442
Dortmund	13,860	1,691	9	1,858	27.0x	62	1,753
District of Unna	6,916	574	3	1,342	20.7x	25	599
Moenchengladbach	6,432	746	4	1,825	22.8x	18	764
Essen	3,558	360	2	1,563	21.6x	15	375
Bielefeld	3,234	429	2	2,122	25.5x	13	442
Other locations	32,629	3,412	18	1,644	22.6x	97	3,509
Higher-Yielding Markets	50,610	3,804	20	1,241	18.4x	107	3,911
District of Recklinghausen	9,028	728	4	1,315	20.1x	22	750
Gelsenkirchen	7,248	478	2	1,145	17.2x	11	489
Wilhelmshaven	6,855	394	2	988	15.6x	10	403
Duisburg	6,428	592	3	1,530	20.5x	32	625
Hamm	4,837	380	2	1,308	18.6x	6	386
Other locations	16,214	1,231	6	1,211	18.1x	27	1,258
Total portfolio	166,758	19,447	100	1,839	24.7x	688	20,135
Leasehold and land values							283
Balance sheet property valuation assets (IAS 40)							20,418
Prepayments for property held as an investment property and construction costs							22
Assets under construction (IAS 40)							412
Inventories (IAS 2)							0
Owner-occupied property (IAS 16)							86
Assets held for sale (IFRS 5)							31
Total balance sheet							20,969

[1] Excluding 479 residential units in commercial buildings; including 813 commercial units as well as several other units in mixed residential assets.
[2] Excluding 813 commercial units in mixed residential assets; including 479 residential units in commercial buildings, commercial, parking, other assets.

Analysis of net assets, financial position and results of operations

Please see the glossary in the 2021 annual report for a definition of individual key figures and terms.

Results of operations

T5

Condensed income statement

€ million	Q3 2022	Q3 2021	01.01.–30.09.2022	01.01.–30.09.2021
Net rental and lease income	158.1	140.9	400.3	407.3
Net income from the disposal of investment properties	–0.4	–0.4	–1.2	–0.7
Net income from the remeasurement of investment properties	–0.9	9.5	1,168.4	1,119.8
Net income from the disposal of real estate inventory	0.0	–0.1	0.0	–0.1
Net income from other services	5.9	2.1	10.8	4.8
Administrative and other expenses	–12.2	–12.7	–84.8	–36.8
Other income	0.0	0.0	0.0	0.0
Operating earnings	**150.5**	**139.3**	**1,493.5**	**1,494.3**
Interest income	0.0	0.0	0.1	0.0
Interest expenses	–38.2	–27.4	–103.4	–84.5
Net income from investment securities and other equity investments	53.3	–0.3	–56.3	3.4
Net income from the fair value measurement of derivatives	–3.9	–8.7	148.9	5.4
Net finance earnings	**11.2**	**–36.4**	**–10.7**	**–75.7**
Earnings before income taxes	**161.7**	**102.9**	**1,482.8**	**1,418.6**
Income taxes	–34.4	–25.8	–295.2	–278.1
Net profit or loss for the period	**127.3**	**77.1**	**1,187.6**	**1,140.5**

Net rental and lease income decreased by EUR 7.0 million or 1.7 % to EUR 400.3 million compared to the same period of the previous year.

Adjusted EBITDA increased by 14.5 % to EUR 458.7 million. The adjusted EBITDA margin decreased slightly to 76.9 % (comparative period: 78.6 %), mainly due to the portfolios purchased in the previous year.

In the reporting period the decline in operating earnings by EUR 0.8 million is mainly due to the EUR 48.0 million increase in administrative and other expenses. The raise in administrative and other expenses is essentially related to the impairment of goodwill in the amount of EUR 40.7 million. This was offset by EUR 48.6 million higher net income from the remeasurement of investment properties.

The decrease in net income from other financial assets and other investments to EUR –56.3 million resulted mainly from the valuation of the investment in Brack Capital Properties N. V. at fair value.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of embedded derivatives from the convertible bond in the amount of EUR 150.0 million (comparative period: EUR 5.5 million).

Current income tax expenses of EUR –1.6 million were recorded affecting net income in the reporting period (comparative period: EUR –3.4 million).

Net rental and lease income

T6

Net rental and lease income

€ million	Q3 2022	Q3 2021	01.01.–30.09.2022	01.01.–30.09.2021
Net cold rent	200.4	171.2	596.6	509.7
Profit from operating expenses	–2.1	0.1	–5.2	–0.5
Maintenance for externally procured services	–15.0	–14.6	–50.9	–43.6
Staff costs	–28.4	–20.1	–79.8	–61.5
Allowances on rent receivables	–3.9	–2.0	–12.4	–5.8
Depreciation and amortisation expenses	–3.1	–2.8	–67.6	–8.2
Other	10.2	9.1	19.6	17.2
Net rental and lease income	**158.1**	**140.9**	**400.3**	**407.3**
Net operating income – margin (in %)	**78.9**	**82.3**	**67.1**	**79.9**
Non-recurring special effects – rental and lease	4.8	1.2	9.0	4.5
Depreciation and amortisation expenses	3.1	2.8	67.6	8.2
Adjusted net rental and lease income	**166.0**	**144.9**	**476.9**	**420.0**
Adjusted net operating income – margin (in %)	**82.8**	**84.6**	**79.9**	**82.4**

In the reporting period, the net rental and lease income decreased by EUR 7.0 million compared to the same period of the previous year. The main driver of this development is the amortisation of goodwill in the amount of EUR 58.9 million as part of the impairment test due to increased interest rates. In addition, an increase in the number of employees mainly in connection with acquisitions made in 2021 led to an increase in staff costs of EUR 18.3 million. The allowances on rent receivables increased by EUR 6.6 million, in particular due to the increased volume of operating expenses that have not yet been invoiced. This was countered by the rise in net cold rents by EUR 86.9 million. In-place rent per square metre on a like-for-like basis rose by 3.2 % in the reporting period.

The adjusted net operating income (NOI)-margin decreased slightly from 82.4 % to 79.9 % in the reporting period.

The EPRA vacancy rate like-for-like as of 30 September 2022 was reduced from 2.5 % to 2.1 % compared to the comparative period.

T7

EPRA vacancy rate

€ million	30.09.2022	30.09.2021
Rental value of vacant space – like-for-like	15.5	18.4
Rental value of vacant space – total	24.9	19.9
Rental value of the whole portfolio – like-for-like	755.4	726.7
Rental value of the whole portfolio – total	867.8	731.7
EPRA vacancy rate – like-for-like (in %)	**2.1**	**2.5**
EPRA vacancy rate total (in %)	**2.9**	**2.7**

The EPRA capex splits the capitalised expenditure and reconciles to cash outflows for investment properties. The value-adding modernisation work, divided into development (EUR 17.0 million) and investments in investment properties (EUR 250.7 million), increased to EUR 267.7 million in the reporting period. Taking into account the acquisitions of EUR 288.5 million, the EPRA Capex amounted to EUR 556.2 million in the reporting period.

T8

EPRA capex

€ million	01.01. – 30.09.2022	01.01. – 30.09.2021
Acquisitions	288.5	279.5
Development	17.0	7.7
Investments in investment properties	250.7	226.2
thereof incremental lettable space	3.5	3.1
thereof no incremental lettable space	247.2	223.1
EPRA capex	**556.2**	**513.4**
Additions to/utilisation of provisions for capex	–1.8	–4.8
Additions to/utilisation of provisions for incidental purchase price costs and change in prepayments for investment properties	13.6	51.6
Payments for investments in investment properties	**568.0**	**560.2**

The increase in value enhancing modernisations by EUR 32.0 million and in maintenance expenses by EUR 13.9 million led to total investments in the reporting period of EUR 354.4 million (comparative period: EUR 308.5 million). For the calculation of the total investments per square metre, the investments for new construction activities managed by LEG, public safety measures for portfolio acquisitions as well as capitalised own services were eliminated from the total investments. Adjusted, total investments amount to EUR 311.4 million and the average total investment per square metre is EUR 28.82 euros (comparative period: EUR 29.63). The adjusted capitalisation ratio decreased slightly to 73.7% in the reporting period (comparative period: 74.7%).

T9

Maintenance and modernisation

€ million	Q3 2022	Q3 2021	01.01. – 30.09.2022	01.01. – 30.09.2021
Maintenance expenses	29.3	19.7	84.8	70.9
thereof investment properties	28.5	17.2	82.7	66.4
Capital expenditure	101.8	90.6	269.6	237.6
thereof investment properties	100.9	88.3	267.7	233.9
Total investment	**131.1**	**110.3**	**354.4**	**308.5**
thereof investment properties	129.4	105.5	350.4	300.3
Area of investment properties in million sqm	10.83	9.47	10.81	9.45
Adjusted total investment	**113.8**	**99.5**	**311.4**	**280.0**
Adjusted average investment per sqm (€)	**10.51**	**10.51**	**28.82**	**29.63**

Net income from the disposal of investment properties

T10

Net income from the disposal of investment properties

€ million	Q3 2022	Q3 2021	01.01. – 30.09.2022	01.01. – 30.09.2021
Income from the disposal of investment properties	5.2	2.2	38.9	28.3
Carrying amount of the disposal of investment properties	–5.3	–2.3	–39.2	–28.3
Costs of sales of investment properties	–0.3	–0.3	–0.9	–0.7
Net income from the disposal of investment properties	**–0.4**	**–0.4**	**–1.2**	**–0.7**

Disposal of investment properties increased in the reporting period. Income from the disposal of investment properties amounted to EUR 38.9 million and relate mainly to properties, which were reported as assets held for sale and were remeasured up to the agreed property value as of 31 December 2021.

Net income from remeasurement of investment properties

The remeasurement of investment properties was conducted as of 30 June 2022. There were minor changes in the third quarter 2022 due to the remeasurement of the assets held for sale according to IFRS 5.

Net income from remeasurement of investment properties amounted to EUR 1,168.4 million in the reporting period which corresponds to a 6.1 % rise (including the remeasured acquisitions) compared to the start of the financial year.

The average value of investment properties (incl. IFRS 5 objects) is EUR 1,839 per square metre including acquisitions (31 December 2021: EUR 1,706 per square metre).

Net income from the disposal of real estate inventory

The remaining real estate inventory held as at 30 September 2022 amounted to 0.1 Mio. Euro is land under development.

Administrative and other expenses

T11

Administrative and other expenses

€ million	Q3 2022	Q3 2021	01.01. – 30.09.2022	01.01. – 30.09.2021
Other operating expenses	– 5.3	– 4.7	– 18.6	– 12.9
Staff costs	– 5.5	– 6.6	– 20.8	– 20.1
Purchased services	– 0.7	– 0.4	– 1.8	– 0.9
Depreciation and amortisation	– 0.7	– 1.0	– 43.6	– 2.9
Administrative and other expenses	**– 12.2**	**– 12.7**	**– 84.8**	**– 36.8**
Depreciation and amortisation	0.7	1.0	43.6	2.9
Non-recurring special effects in administration	1.5	3.2	11.6	7.4
Adjusted administrative and other expenses	**– 10.0**	**– 8.5**	**– 29.6**	**– 26.5**

The increase in other operating expenses is mainly attributable to higher consultancy fees. Higher depreciation and amortisation expenses are due to the impairment of goodwill in the amount of EUR 40.7 million. The adjusted administrative expenses increased by EUR 3.1 million or 11.7 % in the first nine months compared to the same period in the previous year.

Net finance earnings

T12

Net finance earnings € million	Q3 2022	Q3 2021	01.01. – 30.09.2022	01.01. – 30.09.2021
Interest income	0.0	0.0	0.1	0.0
Interest expenses	–38.2	–27.4	–103.4	–84.5
Net interest income	**–38.2**	**–27.4**	**–103.3**	**–84.5**
Net income from other financial assets and other investments	53.3	–0.3	–56.3	3.4
Net income from the fair value measurement of derivatives	–3.9	–8.7	148.9	5.4
Net finance earnings	**11.2**	**–36.4**	**–10.7**	**–75.7**

Interest expenses increased by EUR –18.9 million year on year to EUR –103.4 million. This includes interest expenses from loan amortisation, which increased by EUR –5.6 million to EUR –18.1 million. The rise in interest expenses relates mainly to corporate bonds issued after the comparative period.

Year-on-year there was a slight increase in the average interest rate to 1.26 % as at 30 September 2022 (1.23 % as at 30 September 2021) based on an average term of 6.8 years (7.4 years as at 30 September 2021).

The decrease in net income from other financial assets and other investments to EUR –56.3 million resulted mainly from the valuation of the investment in Brack Capital Properties N. V. at fair value.

In the reporting period, net income from the fair value measurement of derivatives resulted primarily from changes in the fair value of embedded derivatives from the convertible bond in the amount of EUR 150.0 million (comparative period: EUR 5.5 million).

Income tax expenses

T13

Income tax expenses

€ million	Q3 2022	Q3 2021	01.01. – 30.09.2022	01.01. – 30.09.2021
Current tax expenses	–1.2	–1.1	–1.6	–3.4
Deferred tax expenses	–33.2	–24.7	–293.6	–274.7
Income tax expenses	**–34.4**	**–25.8**	**–295.2**	**–278.1**

An effective Group tax rate of 20.4 % was assumed in the reporting period in accordance with Group tax planning (comparative period: 19.4 %).

Current tax expenses include EUR –0.1 million of income taxes relating to other periods. These relate to the release of a corporate tax provision for the years 2018 – 2020.

Reconciliation to FFO

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

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

T14

Calculation of FFO I, FFO II and AFFO

€ million	Q3 2022	Q3 2021	01.01. – 30.09.2022	01.01. – 30.09.2021
Net cold rent	200.4	171.2	596.6	509.7
Profit from operating expenses	–2.1	0.1	–5.2	–0.5
Maintenance for externally procured services	–15.0	–14.6	–50.9	–43.6
Staff costs	–28.4	–20.1	–79.8	–61.5
Allowances on rent receivables	–3.9	–2.0	–12.4	–5.8
Other	10.2	9.1	19.6	17.2
Special one-off effects (rental and lease)	4.8	1.2	9.0	4.5
Recurring net rental and lease income	**166.0**	**144.9**	**476.9**	**420.0**
Recurring net income from other services	**6.2**	**2.9**	**11.4**	**7.1**
Staff costs	–5.5	–6.6	–20.8	–20.1
Non-staff operating costs	–6.0	–5.1	–20.4	–13.8
Special one-off effects (admin.)	1.5	3.2	11.6	7.4
Recurring administrative expenses	**–10.0**	**–8.5**	**–29.6**	**–26.5**
Recurring other income and expenses	0.0	0.0	0.0	0.0
Adjusted EBITDA	**162.2**	**139.3**	**458.7**	**400.6**
Cash interest expenses and income	–28.3	–21.9	–82.4	–64.1
Cash income taxes from rental and lease	–	–0.2	–	–0.7
FFO I (before adjustment of non-controlling interests)	**133.9**	**117.2**	**376.3**	**335.8**
Adjustment of non-controlling interests	–1.0	–1.2	–2.0	–1.6
FFO I (after adjustment of non-controlling interests)	**132.9**	**116.0**	**374.3**	**334.2**
Weighted average number of shares outstanding	**74,109,276**	**72,839,625**	**73,309,866**	**72,363,118**
FFO I per share	**1.79**	**1.59**	**5.11**	**4.62**
Net income from the disposal of investment properties	0.1	0.7	0.9	0.5
Cash income taxes from disposal of investment properties	–0.5	–0.9	–2.0	–2.7
FFO II (incl. disposal of investment properties)	132.5	115.8	373.2	332.0
Capex	–97.7	–83.0	–259.7	–230.0
Capex-adjusted FFO I (AFFO)	**35.2**	**33.0**	**114.6**	**104.2**

At EUR 374.3 million, the FFO I was 12.0 % higher in the reporting period than in the same period of the previous year (comparative period: EUR 334.2 million). In particular, this increase is attributable to the positive impact from the rise in net cold rent including the effects of the acquisitions made.

Due to rising interest expenses, the interest coverage ratio (ratio of adjusted EBITDA to cash interest expense) decreased from 625 % in the same period of the previous year to 557 % in the reporting period.

EPRA earnings per share (EPS)

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

T15

EPRA earnings per share (EPS)

€ million	Q3 2022	Q3 2021	01.01. – 30.09.2022	01.01. – 30.09.2021
Net profit or loss for the period attributable to parent shareholders	126.4	76.4	1,184.8	1,138.0
Changes in value of investment properties	0.9	–9.5	–1,168.4	–1,119.8
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	0.4	0.4	1.2	0.8
Tax on profits or losses on disposals of trading properties	0.3	0.2	2.1	0.4
Changes in fair value of financial instruments and associated close-out costs	3.9	8.7	–148.9	–5.4
Acquisition costs on share deals and non-controlling joint venture interests	1.9	–0.1	2.5	0.0
Deferred tax in respect of EPRA adjustments	–0.8	1.3	202.9	199.5
Refinancing expenses	–	–	0.0	2.0
Other interest expenses	0.6	1.2	2.7	6.6
Non-controlling interests in respect of the above	0.5	–	1.9	1.6
EPRA earnings	**134.1**	**78.6**	**80.8**	**223.7**
Weighted average number of shares outstanding	74,109,276	72,839,625	73,309,866	72,363,118
EPRA earnings per share (undiluted) in €	1.81	1.08	1.10	3.09
Potentially dilutive shares	–	3,470,683	–	3,470,683
Interest coupon on convertible bond	–	0.7	–	2.1
Amortisation expenses convertible bond after taxes	–	–0.3	–	0.7
EPRA earnings (diluted)	**134.1**	**79.0**	**80.8**	**226.5**
Number of diluted shares	74,109,276	76,310,308	73,309,866	75,833,801
EPRA earnings per share (diluted) in €	**1.81**	**1.04**	**1.10**	**2.99**

Consolidated statement of financial position

T16

Condensed statement of financial position

€ million	30.09.2022	31.12.2021
Investment properties	20,829.8	19,067.7
Prepayments for investment properties	21.9	23.4
Other non-current assets	775.1	594.4
Non-current assets	21,626.8	19,685.5
Receivables and other assets	339.8	155.6
Cash and cash equivalents	310.2	675.6
Current assets	650.0	831.2
Assets held for sale	31.2	37.0
Total assets	**22,308.0**	**20,553.7**
Equity	10,038.9	8,953.0
Non-current financial liabilities	9,262.0	7,367.0
Other non-current liabilities	2,458.8	2,335.0
Non-current liabilities	11,720.8	9,702.0
Current financial liabilities	198.6	1,518.1
Other current liabilities	349.7	380.6
Current liabilities	548.3	1,898.7
Total equity and liabilities	**22,308.0**	**20,553.7**

A fair value measurement of investment properties was conducted as of 30 June 2022. The resulting profit from remeasurement of investment properties of EUR 1,168.4 million (comparative period: EUR 1,119.8 million) was the main driver for the increase compared to 31 December 2021. Furthermore, additions from acquisitions with EUR 364.3 million (including adjustment of the purchase price allocation of a large portfolio acquired from Adler Group S. A. in 2021 of EUR 75.8 million), capitalisation of property modernisation measures with EUR 257.7 million and reclassification to assets held for sale of EUR 33.1 million contributed to the increase of investment properties.

The recognition of real estate tax expense as other inventories (EUR 6.5 million) for the remainder of the financial year, short-term financial investments (EUR 70.0 million) and the deferral of operating costs not yet billed with the tenants in the amount of EUR 86.4 million contributed significantly to the development of the current assets.

Cash and cash equivalents decreased from EUR 365.4 million to EUR 310.2 million compared to the same date of the previous year. This development was mainly due to the cash flow from operating activities (EUR 259.1 million), the utilisation of new loans (EUR 501.1 million) and the issuance of a corporate bond in three tranches to finance investments with EUR 1,482.4 million. In contrast, there are cash outflows from investing activities (EUR 984.7 million), scheduled and unscheduled repayments with EUR 1,428.7 million including the repayment of bridge financing in the amount of EUR 1,400.0 million as well as the cash dividend for the financial year 2021 to shareholders in the amount of EUR 183.3 million.

The development of equity since 31 December 2021 is mainly characterised by the net profit for the period (EUR 1,270.5 million), the dividend payment to shareholders (EUR –296.7 million) as well as the capital increase in connection with the scrip dividend (EUR 113.2 million).

Within non-current financial liabilities the obligations increased through the issued bond in three tranches by EUR 1,500.0 million. Current financial liabilities declined among other things due to the repayment of bridge financing for the acquisition of the Adler portfolio by 1,400.0 million. Driven by the fair value measurement as at 30 June 2022, deferred tax liabilities shown in other non-current liabilities increased by EUR 309.7 million. The decrease of pension obligations as well as derivatives for the convertible bond issued in 2017 had an opposite effect.

EPRA Net Tangible Asset (EPRA NTA)

Further key metrics relevant to the property industry are EPRA NRV, NTA and NDV. LEG Immo has defined the EPRA NTA as the relevant key figure. The calculation method for the respective key figure can be found in the glossary in the 2021 annual report.

LEG Immo reports an EPRA NTA of EUR 12,095.5 million or EUR 163.21 per share as at 30 September 2022. Deferred taxes on investment properties are adjusted by the amount attributable to LEG Group's planned property sales. The acquisition costs are not considered. The key figures are presented exclusively on a diluted basis.

T17

EPRA NRV, EPRA NTA, EPRA NDV

	30.09.2022			31.12.2021		
€ million	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders of the parent company	10,013.6	10,013.6	10,013.6	8,927.9	8,927.9	8,927.9
Hybrid instruments	29.9	29.9	29.9	455.7	455.7	455.7
Diluted NAV at fair value	10,043.5	10,043.5	10,043.5	9,383.6	9,383.6	9,383.6
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	2,377.1	2,364.7	–	2,056.5	2,044.8	–
Fair value of financial instruments	–104.3	–104.3	–	95.2	95.2	–
Goodwill as a result of deferred tax	–203.7	–203.7	–203.7	–267.3	–267.3	–267.3
Goodwill as a result of synergies	–	–	–	–	–103.4	–103.4
Intangibles as per the IFRS balance sheet	–	–4.7	–	–	–3.8	–
Fair value of fixed interest rate debt	–	–	1,330.6	–	–	–307.4
Deferred taxes of fixed interest rate debt	–	–	–271.7	–	–	59.5
Revaluation of intangibles to fair value	–	–	–	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)[1]	2,017.7	–	–	1,843.9	–	–
NAV	14,130.3	12,095.5	10,898.7	13,111.9	11,149.1	8,765.0
Fully diluted number of shares	74,109,276	74,109,276	74,109,276	76,310,308	76,310,308	76,310,308
NAV per share	190.67	163.21	147.06	171.82	146.10	114.86

[1] Taking the ancillary acquisition costs into account would result into an NTA of EUR 14,100.4 million or EUR 190.26 per share.

Loan-to-value ratio (LTV)

Net debt at the end of the reporting period increased slightly compared with 31 December 2021 resulting in a loan-to-value ratio (LTV) of 42.3 % at the interim reporting date (31 December 2021: 42.1 %).

T18

LTV

€ million	30.09.2022	31.12.2021
Financing liabilities	9,460.6	8,885.1
Without lease liabilities IFRS 16 (not leasehold)	22.6	27.4
Less cash and cash equivalents[1]	450.2	745.6
Net financing liabilities	**8,987.8**	**8,112.1**
Investment properties	20,829.8	19,067.7
Assets held for sale	31.2	37.0
Prepayments for investment properties	21.9	23.4
Participation in other real estate companies[1]	350.7	119.2
Prepayments for business combinations	–	1.8
Real estate assets	**21,233.6**	**19,249.1**
Loan-to-value ratio (LTV) in %	**42.3**	**42.1**

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

Financial position

A net profit for the period of EUR 1,187.6 million was realised in the reporting period (comparative period: EUR 1,140.5 million). Equity amounted to EUR 10,038.9 million at the reporting date (31 December 2020: EUR 8,953.0 million). This corresponds to an equity ratio of 45.0 % (31 December 2021: 43.6 %).

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

T19

Statement of cash flows

€ million	01.01. – 30.09.2022	01.01. – 30.09.2021
Cash flow from operating activities	259.1	257.4
Cash flow from investing activities	–984.7	–745.6
Cash flow from financing activities	360.2	667.9
Change in cash and cash equivalents	**–365.4**	**179.7**

In the reporting period, the increase in cash flow from operating activities resulted from higher net cold rents. Due to increased interest and tax payments as well as rising electricity and heating costs the cashflow from operating activities improved only slightly.

Acquisitions and modernisation work on the existing portfolio with cash payments of EUR 568.0 million and EUR 68.9 million for owner-occupied property contributed to the cash flow from investing activities. In addition, payments from sold assets in the amount of EUR 18.6 million, repayments of short-term financial investments of EUR 70.0 million and the acquisition of further shares in Brack Capital of EUR 293.3 million resulted into a cashflow from investing activities of EUR –984.7 million.

In the first nine months of 2022, the main drivers of the cashflow from financing activities amounting to EUR 360.2 million were the issuance of a corporate bond in three tranches (EUR 1,482.4 million) and in the opposite direction the repayments of bank loans (EUR –1,428.7 million), in particular a bridge financing in the amount of EUR 1,400.0 million. In addition, new loans were utilised (EUR 501.1 million) and the dividend was paid to shareholders (EUR 183.3 million).

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

Risk and opportunity report

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

With regard to increased energy costs, especially for gas deliveries, there is a risk of higher payment defaults on the part of tenants. However, the extent of potential payment defaults is currently not considered to be significant. In view of the uncertain supply situation and possible further price increases, increasing payment defaults cannot be ruled out for the future.

Forecast

Financial year 2022

Based on the business performance in the first nine months of 2022, LEG confirms and specifies its earnings targets for the financial year 2022. LEG narrows its forecast for FFO I to EUR 475 million to 485 million, thus remaining within the initial range of EUR 475 million to 490 million.

Concerning the LTV, a medium-term target level of 43 % is fixed. The previous dividend forecast of 70 % of FFO I is confirmed subject to further market development.

For more details, please refer to the forecast report in the annual report 2021 (page 80).

T20

Outlook 2022

FFO I	in the range of EUR 475 million to EUR 485 million (previously: in the range of EUR 475 million to EUR 490 million)
Like-for-like rental growth	c. 3.0 % (previously: c. 3.0 %)
Investments	c. EUR 42 per sqm (previously: below EUR 46 per sqm)
LTV	medium-term target level max. 43 % (previously: 43 % max.)
Dividend	70 % of FFO I – subject to further market development (previously: 70 % of FFO I)

Financial year 2023

LEG published a first-time outlook for financial year 2023 with the release of the Q3-2022 results on 10 November 2022.

From financial year 2023, the AFFO will become the most important financial performance indicator. The AFFO was an integral part of the reporting in the past and is defined as FFO I minus capitalised capex. By using AFFO, LEG focusses on a more cash-oriented key figure in light of a changed market environment.

In addition, LEG forecasts the adjusted EBITDA margin. The adjustments relate to maintenance, internally procured and capitalised services and non-recurring special effects.

T21

Outlook 2023

AFFO	in the range of EUR 110 million to EUR 125 million
Adj. EBITDA margin	c. 78 %
Like-for-like rental growth	3.3 % – 3.7 %
Investments	c. EUR 35 per sqm
LTV	medium-term target level max. 43 %
Dividend	100 % AFFO as well as a part of net proceeds from disposals – subject to further market development

Furthermore, and together with the Q3-2022 earnings release, LEG defined the ESG targets for STI 2023 and LTI 2023 – 2026 which shall become part of the management remuneration system.

T22

ESG targets

Environment	2023 – 2026	Reduction of persistent relative CO_2e emission saving costs in €/ton by 10 % achieved by permanent structural adjustments to LEG residential buildings
	2023	4,000 tons CO_2 reduction from modernisation projects and customer behavior change
Social	2023 – 2026	Trust Index of LEG Group of 70 % determined by the employee satisfaction survey "great Place to Work" in 2026
	2023	Speed of resolution for tenant inquiries in dealing with outstanding receivables
Governance	2023	85 % of Nord FM, TSP, biomass plant, 99 % of all other staff holding LEG Group companies have completed digital compliance training

Consolidated statement of financial position

T23

Assets

€ million	30.09.2022	31.12.2021
Non-current assets	**21,626.8**	**19,685.5**
Investment properties	20,829.8	19,067.7
Prepayments for investment properties	21.9	23.4
Property, plant and equipment	143.3	88.8
Intangible assets and goodwill	208.4	374.6
Investments in associates	11.7	10.5
Other financial assets	408.3	111.2
Receivables and other assets	3.4	0.2
Deferred tax assets	–	9.1
Current assets	**650.0**	**831.2**
Real estate inventory and other inventory	9.1	2.9
Receivables and other assets	319.6	143.2
Income tax receivables	11.1	9.5
Cash and cash equivalents	310.2	675.6
Assets held for sale	**31.2**	**37.0**
Total assets	**22,308.0**	**20,553.7**

Equity and liabilities

€ million	30.09.2022	31.12.2021
Equity	**10,038.9**	**8,953.0**
Share capital	74.1	72.8
Capital reserves	1,751.1	1,639.2
Cumulative other reserves	8,188.4	7,215.9
Equity attributable to shareholders of the parent company	10,013.6	8,927.9
Non-controlling interests	25.3	25.1
Non-current liabilities	**11,720.8**	**9,702.0**
Pension provisions	94.8	142.9
Other provisions	5.2	6.7
Financing liabilities	9,262.0	7,367.0
Other liabilities	63.7	200.0
Deferred tax liabilities	2,295.1	1,985.4
Current liabilities	**548.3**	**1,898.7**
Pension provisions	5.0	6.7
Other provisions	30.5	25.2
Provisions for taxes	0.2	0.2
Financing liabilities	198.6	1,518.1
Other liabilities	303.3	331.4
Tax liabilities	10.7	17.1
Total equity and liabilities	**22,308.0**	**20,553.7**

Consolidated statement of comprehensive income

T24

€ million	Q3 2022	Q3 2021	01.01.–30.09.2022	01.01.–30.09.2021
Net rental and lease income	158.1	140.9	400.3	407.3
Rental and lease income	301.2	248.4	863.2	703.5
Cost of sales in connection with rental and lease income	–143.1	–107.5	–462.9	–296.2
Net income from the disposal of investment properties	–0.4	–0.4	–1.2	–0.7
Income from the disposal of investment properties	5.2	2.2	38.9	28.3
Carrying amount of the disposal of investment properties	–5.3	–2.3	–39.2	–28.3
Cost of sales in connection with disposed investment properties	–0.3	–0.3	–0.9	–0.7
Net income from the remeasurement of investment properties	–0.9	9.5	1,168.4	1,119.8
Net income from the disposal of real estate inventory	0.0	–0.1	0.0	–0.1
Income from the real estate inventory disposed of	–	–	0.1	1.3
Carrying amount of the real estate inventory disposed of	–	–	–0.1	–1.1
Costs of sales of the real estate inventory disposed of	0.0	–0.1	0.0	–0.3
Net income from other services	5.9	2.1	10.8	4.8
Income from other services	8.7	3.9	18.3	10.0
Expenses in connection with other services	–2.8	–1.8	–7.5	–5.2
Administrative and other expenses	–12.2	–12.7	–84.8	–36.8
Other income	0.0	0.0	0.0	0.0
Operating earnings	150.5	139.3	1,493.5	1,494.3
Interest income	0.0	0.0	0.1	0.0
Interest expenses	–38.2	–27.4	–103.4	–84.5
Net income from investment securities and other equity investments	53.3	–0.3	–56.3	3.4
Net income from the fair value measurement of derivatives	–3.9	–8.7	148.9	5.4
Earnings before income taxes	161.7	102.9	1,482.8	1,418.6
Income taxes	–34.4	–25.8	–295.2	–278.1
Net profit or loss for the period	127.3	77.1	1,187.6	1,140.5

€ million	Q3 2022	Q3 2021	01.01.–30.09.2022	01.01.–30.09.2021
Change in amounts recognised directly in equity	20.9	2.9	82.9	21.7
Thereof recycling				
Fair value adjustment of interest rate derivatives in hedges	16.9	2.2	50.4	13.9
Change in unrealised gains/(losses)	20.6	2.6	61.4	16.7
Income taxes on amounts recognised directly in equity	–3.7	–0.4	–11.0	–2.8
Thereof non-recycling				
Actuarial gains and losses from the measurement of pension obligations	4.0	0.7	32.5	7.8
Change in unrealised gains/(losses)	5.7	1.0	46.6	11.2
Income taxes on amounts recognised directly in equity	–1.7	–0.3	–14.1	–3.4
Total comprehensive income	148.2	80.0	1,270.5	1,162.2
Net profit or loss for the period attributable to:				
Non-controlling interests	1.0	0.8	2.8	2.5
Parent shareholders	126.3	76.3	1,184.8	1,138.0
Total comprehensive income attributable to:				
Non-controlling interests	1.0	0.8	2.8	2.5
Parent shareholders	147.2	79.2	1,267.7	1,159.7
Earnings per share (basic) in €	1.64	1.01	16.16	15.73
Earnings per share (diluted) in €	2.85	1.05	14.21	14.34

Statement of changes in consolidated equity

T25

€ million	Share capital	Capital reserves	Revenue reserves	Cumulative other reserves: Actuarial gains and losses from the measurement of pension obligations	Cumulative other reserves: Fair value adjustment of interest derivatives in hedges	Equity attributable to shareholders of the Group	Non-controlling interests	Consolidated equity
As of 01.01.2021	**72.1**	**1,553.1**	**5,824.8**	**–50.1**	**–34.3**	**7,365.6**	**24.3**	**7,389.9**
Net profit or loss for the period	–	–	1,138.0	–	–	1,138.0	2.5	1,140.5
Other comprehensive income	–	–	–	7.8	13.9	21.7	0.0	21.7
Total comprehensive income	**–**	**–**	**1,138.0**	**7.8**	**13.9**	**1,159.7**	**2.5**	**1,162.2**
Other	–	–	1.3	–	–	1.3	–	1.3
Change in consolidated companies	–	–	–	–	–	–	1.0	1.0
Capital increase	0.7	86.1	–	–	–	86.8	–	86.8
Withdrawals from reserves	–	–	–	–	–	–	–2.2	–2.2
Distributions	–	–	–272.5	–	–	–272.5	–0.1	–272.6
As of 30.09.2021	**72.8**	**1,639.2**	**6,691.6**	**–42.3**	**–20.4**	**8,340.9**	**25.5**	**8,366.4**
As of 01.01.2022	**72.8**	**1,639.2**	**7,274.9**	**–43.1**	**–15.9**	**8,927.9**	**25.1**	**8,953.0**
Net profit/loss for the period	–	–	1,184.8	–	–	1,184.8	2.8	1,187.6
Other comprehensive income	–	–	–	32.5	50.4	82.9	0.0	82.9
Total comprehensive income	**–**	**–**	**1,184.8**	**32.5**	**50.4**	**1,267.7**	**2.8**	**1,270.5**
Other	–	–	1.3	–	–	1.3	–	1.3
Change in consolidated companies/other	–	–	–	–	–	–	–	–
Capital increase	1.3	111.9	–	–	–	113.2	–	113.2
Withdrawals from reserves	–	–	–	–	–	–	–2.4	–2.4
Distributions	–	–	–296.5	–	–	–296.5	–0.2	–296.7
As of 30.09.2022	**74.1**	**1,751.1**	**8,164.5**	**–10.6**	**34.5**	**10,013.6**	**25.3**	**10,038.9**

Consolidated statement of cash flows

T26

€ million	01.01.–30.09.2022	01.01.–30.09.2021
Operating earnings	**1,493.5**	**1,494.3**
Depreciation on property, plant and equipment and amortisation on intangible assets	111.8	13.4
(Gains)/Losses from the measurement of investment properties	–1,168.4	–1,119.8
(Gains)/Losses from the disposal of assets held for sale and investment properties	0.3	–
(Decrease)/Increase in pension provisions and other non-current provisions	–4.6	–2.0
Other non-cash income and expenses	11.5	5.8
(Decrease)/Increase in receivables, inventories and other assets	–128.0	–75.2
Decrease/(Increase) in liabilities (not including financing liabilities) and provisions	28.9	4.3
Interest paid	–82.4	–64.2
Interest received	0.0	0.0
Received income from investments	5.5	3.7
Taxes received	3.0	2.0
Taxes paid	–12.0	–4.9
Net cash from/(used in) operating activities	**259.1**	**257.4**
Cashflow from investing activities		
Investments in investment properties	–568.0	–560.2
Proceeds from disposals of non-current assets held for sale and investment properties	18.6	11.9
Investments in intangible assets and property, plant and equipment	–68.9	–6.4
Changes in short-term and long-term financial instruments	–70.0	–174.9
Investments in financial assets and other assets	–293.3	–6.0
Acquisition of shares in consolidated companies	–3.1	–10.0
Net cash from/(used in) investing activities	**–984.7**	**–745.6**
Cash flow from financing activities		
Borrowing of bank loans	501.1	–
Repayment of bank loans	–1,428.7	–224.5
Issue of convertible and corporate bonds	1,482.4	1,088.6
Repayment of lease liabilities	–8.1	–8.8
Other proceeds	–	0.1
Other payments	–1.2	–
Capital contribution	–	–
Issuance of registered bonds	–	–
Distribution to shareholders	–183.3	–185.7
Distribution and withdrawal from reserves of non-controlling interest	–2.0	–1.8
Net cash from/(used in) financing activities	**360.2**	**667.9**
Change in cash and cash equivalents	**–365.4**	**179.7**
Cash and cash equivalents at beginning of period	675.6	335.4
Cash and cash equivalents at end of period	**310.2**	**515.1**
Composition of cash and cash equivalents		
Cash in hand, bank balances	310.2	515.1
Cash and cash equivalents at end of period	**310.2**	**515.1**

Selected notes on the IFRS interim consolidated financial statements as at 30 September 2022

1. Basic information on the Group

LEG Immobilien SE, Dusseldorf (hereinafter: "LEG Immo"), its subsidiaries, especially LEG NRW GmbH, Dusseldorf (hereinafter: "LEG") and the subsidiaries of the latter company (hereinafter referred to collectively as the "LEG Group") are among the largest residential companies in Germany. On 30 September 2022, LEG Group held a portfolio of 168,328 (30 September 2021: 146,976) residential and commercial units on 30 September 2022 (167,834 (30 September 2021: 146,735) units excluding IFRS 5 objects).

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

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

2. Interim consolidated financial statements

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

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

3. Accounting policies

The accounting policies applied in the interim consolidated financial statements of LEG Immo are the same as those presented in the IFRS consolidated financial statements of LEG Immo as of 31 December 2021. These interim consolidated financial statements as at 30 September 2022 should therefore be read in conjunction with the consolidated financial statements as at 31 December 2021.

The LEG Immo has fully applied the new standards and interpretations that are mandatory from 1 January 2022. The extension of the exemption in IFRS 16 (Covid-19-related rent concessions) do not affect the LEG Group's lease accounting. The optional exemption from assessing whether a COVID-19-related rent concession is a lease modification was not applied at the LEG Group. There were no cases of rent being deferred or waived as a direct result of the corona-virus pandemic for leases where the LEG Group is the lessee.

4. Changes in the Group

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

On 14 December 2022 Youtilly GmbH (former pertus 150. GmbH) was acquired and consolidated for the first time as at 1 May 2022.

5. Assumptions and estimates

The preparation of interim consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made that affect the recognition of assets and liabilities, income and expenses and the disclosure of contingent liabilities. These assumptions and estimates particularly relate to the measurement of investment properties, the recognition and measurement of pension provisions, the recognition and measurement of other provisions, the measurement of financing liabilities, and the eligibility for recognition of deferred tax assets.

Although the management believes that the assumptions and estimates used are appropriate, any unforeseeable changes in these assumptions could impact the net assets, financial position and results of operations. The current macroeconomic and social situation was taken into account in the discretionary decisions. There was no significant impact.

Development of property prices and demand

Supply and demand for housing will still be the decisive factors for future price development. In view of the rise in material and staff costs, the shortage of construction material and appropriately qualified staff, rising interest rates and increased requirements in terms of the energetic quality of new buildings combined with a reduction in state subsidies for new construction, it can be assumed that the construction activity will decline and that the existing demand overhang for affordable housing in Germany will widen. The supply deficit, which exists in many areas, is expected to widen and thus ensure that prices for affordable housing will continue to rise in the long term.

Development of rent defaults and rent deferrals

Increased energy costs and the CO_2 levy are currently making themselves felt in the form of higher, general allowance for operating and heating costs. To ensure that these higher allowances do not ultimately result in a correspondingly higher bad debt loss, LEG is informing its tenants about potential savings opportunities, pointing out possible government assistance and increasingly offering installment payment models in the event of payment bottlenecks. Nonetheless, due to the uncertain supply situation and strongly increased energy prices, higher payment defaults cannot be ruled out for the future.

Housing vacancies

No developments can be seen at present that would indicate higher vacancies. New lettings continue to develop positively and tenant terminations are at a stable low level. The ongoing influx from Ukraine and the expected demand from skilled workers migrating from abroad could generate additional demand for apartments in the short and medium term. In the event of a severe recession, it could even prove to be an opportunity specifically for LEG Group that the company has a large number of affordable apartments and can thus benefit from increased demand for inexpensive housing in times of recession.

After careful consideration of the information currently available to the LEG Group, we have come to the conclusion that the impact of the energy crisis, the war in Ukraine and the volatile market environment on the LEG Group's rental business should be manageable and may even result in opportunities for the LEG Group.

For further information, please refer to the consolidated financial statements as at 31 December 2021.

War in the Ukraine and energy crisis

Following the invasion of Ukraine by the Russian Federation on 24 February 2022, oil and gas prices have risen. As of 30 September 2022, the oil price was USD 79.49 per barrel and the gas price was 184.00 Euro per MwH. At the same time, the German government, together with the European Union and NATO, decided on far-reaching sanctions against the Russian Federation, including the suspension of the commissioning of Nord Stream 2 and the exclusion of Russian banks from the international payment system SWIFT. In addition, various Western states have decided on and implemented military and financial support for Ukraine. Whether and to what extent further sanctions will be adopted or whether the conflict may intensify further cannot be assessed at present. As a consequence, the Federal Government has tried to reduce the import of fossil fuels from the Russian Federation with great emphasis. However, given the high volume of gas imported from Russia, a full replacement of Russian supplies will take some time. Therefore, the Federal Government has reacted to the observable energy price increases with social policy measures, including the introduction of a one-off energy subsidy. In addition, the Federal Government plans to implement the proposals of the Gas Commission, which provide for a one-off payment for gas and district heating customers in December 2022 based on the consumption of the September 2022 down payment, as well as a gas and heating price brake from 1 January 2023 for industrial consumers and from 1 March 2023 for private consumers. In the short term, therefore, no impact is expected on the LEG Group's business model.

As higher energy costs are expected to lead to higher subsequent payments for utility consumption and higher ancillary costs in the future, this may result in higher rent and utility cost defaults in the medium term. LEG has already taken precautions against this risk by providing comprehensive information to tenants (encouragement to save energy, build up financial reserves, support in applying for housing subsidies, possibility of agreeing instalment payments). If energy prices remain high in the long term, this could have a negative impact on Germany as an industrial location, which in turn could have a negative impact on LEG's business model. However, no reliable estimates can be made in this regard from today's perspective.

Inflation and interest rate development

In recent months, inflation expectations for Germany and the Eurozone have increased significantly to 10.0 % for 2022. This goes along with increased construction prices and higher energy costs. These developments have recently been further reinforced by the war in Ukraine. Higher construction prices may have a negative impact on the profitability of planned new construction projects and capex investments in LEG's existing portfolio. Higher energy costs are passed on to LEG's customers in their utility bills. In order to ease the burden on consumers, the Federal government passed various laws on 27 April 2022, paving the way for government transfers such as the energy price flat rate or a temporary reduction in the energy tax on fuels to counteract payment difficulties. In response to the rising inflation rate, the ECB initially raised the key interest rate to 0.5 % on 21 July 2022. On 14 September 2022 and 27 October 2022, there were further increases in the key interest rate of 0.75 % each to a total of 2.0 %. This expectation was already reflected on the capital market by rising interest rates and higher credit spreads. For example, the 5-year Euro swap rate has risen significantly since the end of December 2021 from 0.017 % to 2.97 % on 30 September 2022. Due to the currently limited financing requirements as well as the sustained high demand for German residential properties, LEG does not expect any significant negative impact on its business model in the short term. In the medium and long term, increased interest rates and credit spreads may result in higher financing costs and a lower credit rating for LEG Immo, reduce the profitability of investments and impact the FFO. The exact effects cannot be predicted in concrete terms at present due to the highly dynamic nature of the situation. With regard to property valuations, the high volatility on the interest and capital markets does not currently allow any precise forecasts to be made, although declines in transaction prices have recently been observed and could be reflected in the valuation in the second half of the year.

6. Selected notes to the consolidated statement of financial position

On 30 September 2022, LEG Group held 166,758 apartments and 1,570 commercial units in its portfolio (167,834 units excluding IFRS 5 objects).

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

T27

Investment properties

€ million	Total	Residential assets: High-growth markets	Residential assets: Stable markets	Residential assets: Higher-yielding markets	Residential assets: Other	Commercial assets	Parking and other assets	Lease-hold	Land values
Carrying amount as of 01.01.2022 [1]	**19,067.7**	**7,843.8**	**6,714.3**	**3,535.5**	**0.0**	**312.2**	**423.1**	**210.5**	**28.4**
Acquisitions	288.5	51.7	85.7	12.2	0.0	129.1	4.8	5.0	0.0
Other additions	262.4	76.0	119.4	62.9	0.0	3.2	1.0	−0.1	0.0
PPA adjustment	75.8	44.9	31.4	0.0	0.0	0.0	0.0	−0.5	0.0
Reclassified to assets held for sale	−33.0	−14.5	−13.8	−3.9	0.0	0.0	−0.9	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	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	1,168.4	494.5	441.1	194.5	0.0	−5.7	4.0	35.7	4.3
Reclassification	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Carrying amount as of 30.09.2022	**20,829.8**	**8,496.4**	**7,378.1**	**3,801.2**	**0.0**	**438.8**	**432.0**	**250.6**	**32.7**

[1] expansion in market classification within the BRD

Fair value adjustment as of 30.09.2022 (in € million):	1,168.4
hereupon as of 30.09.2022 in the portfolio:	1,166.3
hereupon as of 30.09.2022 disposed investment properties:	2.1

T28

Investment properties

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

[1] expansion in market classification within the BRD

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

Investment properties were remeasured most recently by LEG Group as of the interim reporting date of 30 June 2022. No further fair value adjustment was made as at 30 September 2022. With regard to the calculation methods and parameters, please refer to the consolidated financial statements as at 31 December 2021.

Important market developments and measurement parameters affecting the market values of LEG Immo are reviewed each quarter. If necessary, the property portfolio is revalued. As at 30 September 2022, the results of this review did not require any value adjustment. Due to the macroeconomic and geopolitical uncertainty, the energy crisis and the rise in interest rates as of the reporting date, there are no observable effects on the market, which could affected the long-term value of the property portfolio. However, in view of the significant rise in interest rates and the high level of restraint on the transaction market, it can be assumed that property values will decline overall in the second half of the year.

The table below shows the measurement method used to determine the fair value of investment properties and the material unobservable inputs used as of 30 June 2022 and 31 December 2021:

T29

Valuation parameters as at 30 June 2022

	GAV investment properties[2]	Valuation technique	Market rent residential/commercial €/sqm			Maintenance cost residential/commercial €/sqm			Administrative cost residential/commercial €/unit			Stabilised vacancy rate %		
	€ million		min	Ø	max	min	Ø	max	min	Ø	max	min	Ø	max
Residential assets														
High-growth markets	8,402	DCF	2.63	8.54	14.55	6.38	12.84	17.40	198	336	516	0.6	1.8	8.8
Stable markets	7,182	DCF	1.90	7.34	13.95	6.97	12.88	17.17	194	335	516	1.3	2.9	9.0
Higher-yielding markets	3,767	DCF	0.32	6.30	10.28	6.57	13.06	17.26	192	339	516	1.5	4.6	12.9
Commercial assets	256	DCF	0.09	7.37	27.00	4.01	7.55	20.47	1	291	5,481	1.0	2.7	8.3
Leasehold	251	DCF	–	–	–	–	–	–	1	11	75	–	–	–
Parking + other assets	430	DCF	–	–	–	37.89	80.51	98.72	44	44	44	–	–	–
Land values	32	Earnings/ reference value method	–	–	–	–	–	–	0	4	11	–	–	–
Total portfolio (IAS 40)[1]	**20,319**	**DCF**	**0.09**	**7.26**	**27.00**	**4.01**	**19.56**	**98.72**	**0**	**307**	**5,481**	**0.6**	**3.2**	**12.9**

	Discount rate %			Capitalisation rate %			Estimated rental development %		
	min	Ø	max	min	Ø	max	min	Ø	max
Residential assets									
High-growth markets	2.40	3.67	9.90	1.64	4.39	10.68	1.1	1.6	1.9
Stable markets	2.40	3.65	7.50	1.30	5.03	11.15	0.9	1.3	1.9
Higher-yielding markets	2.50	3.79	4.75	2.35	5.61	11.38	0.8	1.1	1.6
Commercial assets	2.50	6.44	9.70	2.75	7.07	10.85	0.8	1.4	1.9
Leasehold	2.55	3.79	7.00	6.08	9.25	11.25	0.8	1.1	1.9
Parking + other assets	2.30	3.72	9.60	2.10	6.43	14.41	0.8	1.3	1.9
Land values	3.40	3.73	4.40	2.52	10.28	11.97	0.8	1.3	1.8
Total portfolio (IAS 40)[1]	**2.30**	**3.74**	**9.90**	**1.30**	**5.27**	**14.41**	**0.8**	**1.3**	**1.9**

[1] In addition, as at 30 June 2022, there are assets held for sale (IFRS 5) in the amount of EUR 17.1 million, which correspond to Level 2 of the fair value hierarchy.
[2] Property valuation with cut-off date as of 31 March 2022 and revaluation date as of 30 June 2022.

T30

Valuation parameters as at 31 December 2021

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

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

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

With regard to the calculation methods, please see the consolidated financial statements as of 31 December 2021.

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

Property, plant and equipment as well as intangible assets included right of use leases in the amount of EUR 22.9 million as of 30 September 2022 (31 December 2021: EUR 27.4 million). The right of uses results 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 2.6 million have been added.

T31

Right of use leases

€ million	30.09.2022	31.12.2021
Right of use buildings	2.2	3.3
Right of use technical equipment and machinery	14.5	16.1
Right of use operating and office equipment	5.4	6.9
Property, plant and equipment	**22.1**	**26.3**
Right of use software	0.8	1.1
Intangible assets	**0.8**	**1.1**
Right of use leases	**22.9**	**27.4**

As at 30 June 2022, an impairment test was carried out for the five CGU groups bearing goodwill. The significant increase in interest rates in the first half of 2022 and the associated increase in the average total cost of capital has been identified as a triggering event in accordance with IAS 36.

The impairment test carried out resulted in an impairment loss of EUR 99.6 million, which led to a full write-down of the goodwill allocated to all goodwill-bearing CGUs. The impairment loss was recognized in the consolidated statement of comprehensive income in the amount of EUR 58.9 million as depreciation and amortisation in cost of sales in connection with rental and lease income and in the amount of EUR 40.7 million as depreciation and amortisation in administrative and other expenses.

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

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

Financing liabilities are composed as follows:

T32

Financing liabilities

€ million	30.09.2022	31.12.2021
Financing liabilities from real estate financing	9,346.5	8,767.8
Financing liabilities from lease financing	114.1	117.3
Financing liabilities	**9,460.6**	**8,885.1**

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

The consolidated financial statements of LEG Immo reported financial liabilities from real estate financing of EUR 9,346.5 million as at 30 September 2022.

In the first three quarters of 2022, the issuance of a corporate bond in three tranches with IFRS carrying amounts of EUR 497.7 million, EUR 497.1 million and EUR 499.2 million increased financial liabilities from real estate financing. In addition, loans in the amount of EUR 496.1 million were valued. Scheduled and unscheduled repayments of EUR 1,428.4 million and the amortisation of transaction costs had an opposite effect.

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

T33

Capital market instruments as of 30 September 2022

€ million	IFRS carrying amount	Nominal value
Convertible bond 2020/2028	529.3	550.0
Convertible bond 2017/2025	393.0	400.0
Bond 2022/2026	497.7	500.0
Bond 2022/2029	497.1	500.0
Bond 2022/2034	499.2	500.0
Bond 2021/2032	495.9	500.0
Bond 2021/2031	595.8	600.0
Bond 2021/2033	596.4	600.0
Bond 2019/2033	299.6	300.0
Bond 2019/2027	499.8	500.0
Bond 2017/2024	503.0	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 financing liabilities from lease financing results mainly from a decrease in lease liabilities relating to buildings and cars. Already concluded leases starting after the reporting date will arise cash outflows in the amount of EUR 0.9 million.

The main drivers for the changes in maturity of financing liabilities as against 31 December 2021 are the issuance of the corporate bond in three tranches with a total nominal value of EUR 1,500.0 million (IFRS carrying amount of EUR 1,494.0 million), which increased the medium and long-term residual maturities in particular. Current short term financial liabilities decreased due to the repayment of the interim financing in the amount of EUR 1,400.0 million.

T34

Maturity of financing liabilities from real estate financing

	Remaining term			Total
€ million	< 1 year	> 1 to 5 years	> 5 years	
30.09.2022	189.8	3,954.1	5,202.6	9,346.5
31.12.2021	1,508.2	2,808.2	4,451.4	8,767.8

7. Selected notes to the consolidated statement of comprehensive income

Net rental and lease income is broken down as follows:

T35

Net rental and lease income

€ million	01.01.–30.09.2022	01.01.–30.09.2021
Net cold rent	596.6	509.7
Profit from operating expenses	–5.2	–0.5
Maintenance for externally procured services	–50.9	–43.6
Staff costs	–79.8	–61.5
Allowances on rent receivables	–12.4	–5.8
Depreciation and amortisation expenses	–67.6	–8.2
Other	19.6	17.2
Net rental and lease income	**400.3**	**407.3**
Net operating income – margin (in %)	**67.1**	**79.9**
Special one-off effects – rental and lease	9.0	4.5
Depreciation and amortisation expenses	67.6	8.2
Adjusted net rental and lease income	**476.9**	**420.0**
Adjusted net operating income – margin (in %)	**79.9**	**82.4**

In the reporting period, net rental and lease income decreased by EUR 7.0 million compared to the same period of the previous year. The main driver of this development is the amortisation of goodwill in the amount of EUR 58.9 million as part of the impairment test due to increased interest rates. In addition, an increase in the number of employees mainly in connection with acquisitions made in 2021 led to an increase in staff costs of EUR 18.3 million. The allowances on rent receivables increased by EUR 6.6 million, in particular due to the increased volume of operating expenses that have not yet been invoiced. This was countered by the rise in net cold rents by EUR 86.9 million. In-place rent per square metre on a like-for-like basis rose by 3.2 % in the reporting period.

The adjusted net operating income (NOI)-margin decreased slightly from 82.4 % to 79.9 % in the reporting period.

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

T36

Depreciation expense of leases

€ million	01.01.–30.09.2022	01.01.–30.09.2021
Right of use buildings	0.2	0.2
Right of use technical equipment and machinery	3.0	3.6
Right of use operating and office equipment	2.3	1.9
Depreciation expense of leases	**5.5**	**5.7**

In the reporting period expenses of leases of a low-value asset in the amount of EUR 0.3 million were included in the net rental and lease income (comparable period: EUR 0.4 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.–30.09.2022	01.01.–30.09.2021
Income from the disposal of investment	38.9	28.3
Carrying amount of the disposal of investment properties	–39.2	–28.3
Costs of sales of investment properties	–0.9	–0.7
Net income from the disposal of investment properties	**–1.2**	**–0.7**

Net income from the remeasurement of investment properties

The remeasurement of investment properties was conducted as of 30 June 2022. There were minor changes in the third quarter 2022 due to the remeasurement of the assets held for sale according to IFRS 5.

Net income from remeasurement of investment properties amounted to EUR 1,168.4 million in the reporting period which corresponds to a 6.1 % rise (including the remeasured acquisitions) compared to the start of the financial year.

The average value of investment properties (incl. IFRS 5 objects) is EUR 1,839 per square metre including acquisitions (31 December 2021: EUR 1,706 per square metre).

Administrative and other expenses are composed as follows:

T38

Administrative and other expenses

€ million	01.01. – 30.09.2022	01.01. – 30.09.2021
Other operating expenses	–18.6	–12.9
Staff costs	–20.8	–20.1
Purchased services	–1.8	–0.9
Depreciation and amortisation	–43.6	–2.9
Administratve and other expenses	**–84.8**	**–36.8**
Depreciation and amortisation	43.6	2.9
Special one-off effects	11.6	7.4
Adjusted administrative and other expenses	**–29.6**	**–26.5**

The increase in other operating expenses is mainly attributable to higher consultancy fees. Higher depreciation and amortisation expenses are due to the impairment of goodwill in the amount of EUR 40.7 million. The adjusted administrative expenses increased by EUR 3.1 million or 11.7 % in the first nine months compared to the same period in the previous year.

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

T39

Depreciation expense of leases

€ million	01.01.– 30.09.2022	01.01.– 30.09.2021
Right of use buildings	0.9	1.5
Right of use operating and office equipment	0.2	0.2
Right of use software	0.2	0.2
Depreciation of leases	**1.3**	**1.9**

Interest expenses

Interest expenses are composed as follows:

T40

Interest expenses

€ million	01.01. – 30.09.2022	01.01. – 30.09.2021
Interest expenses from real estate financing	–75.3	–55.1
Interest expense from loan amortisation	–18.1	–12.5
Prepayment penalty	0.0	–2.0
Interest expense from interest derivatives for real estate financing	–4.6	–6.2
Interest expense from change in pension provisions	–0.9	–0.5
Interest expense from interest on other assets and liabilities	–0.1	–0.1
Interest expenses from lease financing	–1.7	–1.5
Other interest expenses	–2.7	–6.6
Interest expenses	**–103.4**	**–84.5**

The increase in interest expenses and loan amortisation in the reporting period is mainly attributable to the newly issued corporate bonds.

The decrease in other interest expenses is mainly due to the redemption of an interest rate derivative, which resulted in a one-time effect of EUR 4.5 million in the comparative period. As a result of the redemption, interest expenses from interest derivatives for real estate financing decreased in the reporting period.

Income taxes

T41

Income tax expenses

€ million	01.01.–30.09.2022	01.01.–30.09.2021
Current tax expenses	–1.6	–3.4
Deferred tax expenses	–293.6	–274.7
Income tax expenses	**–295.2**	**–278.1**

An effective Group tax rate of 20.4 % was assumed in the reporting period in accordance with Group tax planning (previous year: 19.4 %). Current tax expenses include EUR –0.1 million income taxes relating to other periods. These relate to the release of corporate tax and trade tax provisions for the years 2018–2020.

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.

Due to the granting of stock dividends for the financial year 2021, a capital increase was carried out on 21 June 2022. A total of 1,269,651 new shares were issued.

T42

Earnings per share according to IAS 33 (basic)

	01.01.–30.09.2022	01.01.–30.09.2021
Net profit or loss attributable to shareholders in € million	1,184.8	1,138.0
Average numbers of shares outstanding	73,309,866	72,363,118
Earnings per share (basic) in €	**16.16**	**15.73**

T43

Earnings per share (diluted)

€ million	01.01.–30.09.2022	01.01.–30.09.2021
Net profit or loss attributable to shareholders	1,184.8	1,138.0
Convertible bonds coupon after taxes	3.4	3.4
Measurement of derivatives after taxes	–47.6	–5.5
Amortisation of the convertible bonds after taxes	2.4	2.2
Net profit or loss for the period for diluted earnings per share	1,143.0	1,138.1
Average weighted number of shares outstanding	73,309,866	72,363,118
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	80,422,195	79,389,942
Intermedia result in €	14.21	14.34
Diluted earnings per share in €	**14.21**	**14.34**

As at 30 September 2022, LEG Immo 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

As a result of the revision of internal management reporting, LEG Group has no longer been managed as two segments since the 2016 financial year. Since then LEG Group has operated in only one segment. It generates its revenue and holds its assets solely in Germany. In the 2022 financial year, LEG Group did not generate more than 10% of reported total revenue with any customer.

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

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

FFO I direct

FFO I is the key financial performance indicator of LEG Group. LEG Group distinguishes between FFO I (not including net income from the disposal of investment properties), FFO II (including net income from the disposal of investment properties) and AFFO (FFO I adjusted for capex).

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

T44

Calculation of FFO I, FFO II and AFFO

€ million	01.01. – 30.09.2022	01.01. – 30.09.2021
Net cold rent	596.6	509.7
Profit from operating expenses	–5.2	–0.5
Maintenance for externally procured services	–50.9	–43.6
Staff costs	–79.8	–61.5
Allowances on rent receivables	–12.4	–5.8
Other	19.6	17.2
Special one-off effects (rental and lease)	9.0	4.5
Recurring net rental and lease income	**476.9**	**420.0**
Recurring net income from other services	**11.4**	**7.1**
Staff costs	–20.8	–20.1
Non-staff operating costs	–20.4	–13.8
Special one-off effects (admin.)	11.6	7.4
Recurring administrative expenses	**–29.6**	**–26.5**
Recurring other income and expenses	**0.0**	**0.0**
Adjusted EBITDA	**458.7**	**400.6**
Cash interest expenses and income	–82.4	–64.1
Cash income taxes from rental and lease	–	–0.7
FFO I (before adjustment of non-controlling interests)	**376.3**	**335.8**
Adjustment of non-controlling interests	–2.0	–1.6
FFO I (after adjustment of non-controlling interests)	**374.3**	**334.2**
Weighted average number of shares outstanding	**73,309,866**	**72,363,118**
FFO I per share	**5.11**	**4.62**
Net income from the disposal of investment properties	0.9	0.5
Cash income taxes from disposal of investment properties	–2.0	–2.7
FFO II (incl. disposal of investment properties)	**373.2**	**332.0**
Capex	–259.7	–230.0
Capex-adjusted FFO I (AFFO)	**114.6**	**104.2**

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

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

T45

Special one-off effects

€ million	01.01. – 30.09.2022	01.01. – 30.09.2021
Project costs to optimise the business model and processes	3.1	5.0
Staff related costs	2.9	3.3
Acquisition and integration related costs	8.9	1.4
Capital market financing and M&A activities	2.1	1.7
Other atypical matters	3.6	0.5
Special one-off effects	**20.6**	**11.9**

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

Cash interest expenses are composed as follows:

T46

Cash interest expenses

€ million	01.01. – 30.09.2022	01.01. – 30.09.2021
Interest expense reported in income statement	103.0	84.5
Interest expense related to loan amortisation	–18.1	–12.5
Interest costs related to the accretion of other assets/liabilities	–0.1	–0.1
Interest expenses related to changes in pension provisions	–0.9	–0.5
Other interest expenses	–1.1	–7.2
Cash effective interest expense (gross)	**82.8**	**64.2**
Cash effective interest income	0.0	0.0
Cash effecitve interest expense (net)	**82.8**	**64.2**

Capex in the context of the AFFO reconciliation includes additions to investment properties amounting to EUR 267.7 million as well as additions to property, plant and equipment amounting to EUR 1.9 million.

FFO indirect

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

T47

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

€ million	01.01.–30.09.2022	01.01.–30.09.2021
Net profit or loss for the period	1,187.5	1,140.5
Interest income	–0.1	0.0
Interest expense	103.4	84.5
Interest expense (net)	103.3	84.5
Other financial expenses	–92.5	–8.8
Income taxes	295.2	278.1
EBIT	1,493.5	1,494.3
Amortisation and depreciation	111.8	13.4
EBITDA	1,605.3	1,507.7
Net income from the remeasurement of investment properties	–1,168.4	–1,119.8
Special one-off effects	20.6	11.9
Net income from disposal of investment properties	1.2	0.7
Net income from disposal of real estate inventory	0.0	0.1
Adjusted EBITDA	458.7	400.6
Cash interest expenses and income	–82.4	–64.1
Cash income taxes from rental and lease	–	–0.7
FFO I (before adjustment for minorities)	376.3	335.8
Adjustment for minorities	–2.0	–1.6
FFO I (after adjustment for minorities)	374.3	334.2
Adjusted net income from the disposal of investment properties	0.9	0.5
Cash income taxes from the disposal of investment properties and income taxes relating to other periods	–2.0	–2.7
FFO II (incl. disposal of investment properties)	373.2	332.0
Capex	–259.7	–230.0
Capex-adjusted FFO I (AFFO)	114.6	104.2

EPRA capex

The EPRA capex splits the capitalised expenditure of the reporting period in comparison to the comparative period and reconciles to investments for investment properties. The value-adding modernisation work, divided into development (new development on own land in an amount of EUR 17.0 million) and investments in investment properties (EUR 250.7 million), increased to EUR 267.7 million in the reporting period. Including acquisitions of EUR 288.5 million, the EPRA Capex amounted to EUR 556.2 million in the reporting period.

T48

EPRA capex

€ million	01.01.–30.09.2022	01.01.–30.09.2021
Acquisitions	288.5	279.5
Development	17.0	7.7
Investments in investment properties	250.7	226.2
thereof incremental lettable space	3.5	3.1
thereof no incremental lettable space	247.2	223.1
EPRA capex	556.2	513.4
Additions to/utilisation of provisions for capex	–1.8	–4.8
Addtions to/utilisation of provisions for incidental purchase price costs and change in prepayments for investment properties	13.6	51.6
Payments for investments in investment properties	568.0	560.2

EPRA Net Tangible Asset (EPRA NTA)
Further key metrics relevant in the property industry are EPRA NRV, NTA and NDV. LEG Immo has defined the EPRA NTA as the relevant key figure. The calculation method for the respective key figure can be found in the glossary in the 2021 annual report.

LEG Immo reports an EPRA NTA of EUR 12,095.5 million or EUR 163.21 per share as at 30 September 2022. Deferred taxes on investment properties are adjusted by the amount attributable to LEG Group's planned property sales. The acquisition costs are not considered. The key figures are presented exclusively on a diluted basis.

T49

EPRA NRV, EPRA NTA, EPRA NDV

	30.09.2022			31.12.2021		
€ million	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to shareholders of the parent company	**10,013.6**	**10,013.6**	**10,013.6**	**8,927.9**	**8,927.9**	**8,927.9**
Hybrid instruments	29.9	29.9	29.9	455.7	455.7	455.7
Diluted NAV at fair value	**10,043.5**	**10,043.5**	**10,043.5**	**9,383.6**	**9,383.6**	**9,383.6**
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	2,377.1	2,364.7	–	2,056.5	2,044.8	–
Fair value of financial instruments	–104.3	–104.3	–	95.2	95.2	–
Goodwill as a result of deferred tax	–203.7	–203.7	–203.7	–267.3	–267.3	–267.3
Goodwill as a result of synergies	–	–	–	–	–103.4	–103.4
Intangibles as per the IFRS balance sheet	–	–4.7	–	–	–3.8	–
Fair value of fixed interest rate debt	–	–	1,330.6	–	–	–307.4
Deferred taxes of fixed interest rate debt	–	–	–271.7	–	–	59.5
Revaluation of intangibles to fair value	–	–	–	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)[1]	2,017.7	–	–	1,843.9	–	–
NAV	**14,130.3**	**12,095.5**	**10,898.7**	**13,111.9**	**11,149.1**	**8,765.0**
Fully diluted number of shares	**74,109,276**	**74,109,276**	**74,109,276**	**76,310,308**	**76,310,308**	**76,310,308**
NAV per share	**190.67**	**163.21**	**147.06**	**171.82**	**146.10**	**114.86**

[1] Taking the ancillary acquisition costs into account would result into an NTA of EUR 14,100.4 million or EUR 190.26 per share.

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

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

Deferred taxes resulting from the measurement of investment properties and of publicly subsidised loans and of derivatives are corrected at the level of their impact on equity. Deferred taxes relating to the planned sales programme are not included in calculating EPRA NTA. As at 30 September 2022, these amounted to EUR 2,364.7 million.

Effects of the fair value measurement of derivative financial instruments are also eliminated in calculating the EPRA NTA. If these effects from the measurement of derivatives relate to the equity value calculated in the "Effects on equity from the exercise of options, convertible bonds and other rights" item, these are not included in the "Effects of the fair value measurement of derivative financial instruments". As at 30 September 2022, these effects total EUR –104.3 million.

If the purchase price allocations for acquisitions to be accounted for in line with IFRS 3 result in goodwill (from deferred taxes and synergies), these reduce equity in the calculation of EPRA NTA. As at 30 September 2022, these effects total EUR 203.7 million (31. December 2021: EUR 370.7 million). The decrease compared to 31 December 2021 is due to the adjustment of the preliminary purchase price allocation from the transaction with the Adler Group and the impairment as of 30 June 2022.

In addition, all recognised intangible assets are eliminated. As at 30 September 2022 these totalled EUR 4.7 million.

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

Loan-to-value ratio (LTV)

Net debt at the end of the reporting period increased slightly compared with 31 December 2021, which resulted in a loan-to-value ratio (LTV) of 42.3 % at the interim reporting date (31 December 2021: 42.1 %).

T50

LTV

€ million	30.09.2022	31.12.2021
Financing liabilities	9,460.6	8,885.1
Without lease liabilities IFRS 16 (not leasehold)	22.6	27.4
Less cash and cash equivalents[1]	450.2	745.6
Net financing liabilities	**8,987.8**	**8,112.1**
Investment properties	20,829.8	19,067.7
Assets held for sale	31.2	37.0
Prepayments for investment properties	21.9	23.4
Participation in other real estate companies[1]	350.7	119.2
Prepayments for business combinations	–	1.8
Real estate assets	**21,233.6**	**19,249.1**
Loan-to-value ratio (LTV) in %	**42.3**	**42.1**

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

Maintenance and modernisation

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

T51

Maintenance and modernisation

€ million	01.01.–30.09.2022	01.01.–30.09.2021
Maintenance expenses for externally procured services	50.9	43.6
Maintenance expenses for internally procured services	33.9	27.3
Non-capitalised maintenance expenses	**84.8**	**70.9**
thereof investment properties	82.7	66.4
Capex	259.7	230.0
Effects of the elimination of intercompany profits	9.9	7.6
Modernisations capitalised as value-enhancing measures	**269.6**	**237.6**
thereof investment properties	267.7	233.9
Total investment	**354.4**	**308.5**
thereof investment properties	350.4	300.3

9. Financial instruments

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

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

For non-current receivables, other assets and liabilities, the fair value is calculated on the basis of the 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.

T52

Classes of financial instruments for financial assets and liabilities as at 30 September 2022

€ million	Carrying amounts as per statement of financial positions 30.09.2022	Measurement (IFRS 9) Amortised cost	Measurement (IFRS 9) Fair value through profit or loss	Measurement (IFRS 16)	Fair value 30.09.2022
Assets					
Other financial assets	408.4				408.4
Derivatives HFT	27.0		27.0		27.0
Hedge accounting derivatives	39.1				39.1
AC	7.1	7.1			7.1
FVtPL	335.2		335.2		335.2
Receivables and other assets	322.9				322.9
AC	263.7	263.7			263.7
Other non-financial assets	59.2				59.2
Cash and cash equivalents	310.2				310.2
AC	310.2	310.2			310.2
Total	1,041.5	581.0	362.2		1,041.5
Of which IFRS 9 measurement categories					
AC	581.0	581.0			581.0
FVtPL	335.2		335.2		335.2

€ million	Carrying amounts as per statement of financial positions 30.09.2022	Measurement (IFRS 9) Amortised cost	Measurement (IFRS 9) Fair value through profit or loss	Measurement (IFRS 16)	Fair value 30.09.2022
Liabilities					
Financial liabilities	–9,460.6				–8,015.8
FLAC	–9,346.5	–9,346.5			–8,015.8
Liabilities from lease financing	–114.1			–114.1	
Other liabilities	–367.0				–367.0
FLAC	–186.1	–186.1			–186.1
Derivatives HFT	–		–		–
Hedge accounting derivatives	–				–
Other non-financial liabilities	–180.9				–180.9
Total	–9,827.6	–9,532.6	–	–114.1	–8,382.8
Of which IFRS 9 measurement categories					
FLAC	–9,532.6	–9,532.6			–8,201.9
Derivatives HFT	–		–		–

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

T53

Classes of financial instruments for financial assets and liabilities as at 31 December 2021

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

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

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

As at 30 September 2022, the fair value of the very small equity investments was EUR 335.2 million (previous year: EUR 13.8 million). The increase was mainly due to the purchase of an equity investment in Brack Capital Properties N. V. with a value of EUR 317.0 million.

The fair value of the investment in Brack Capital Properties of EUR 317.0 million and the fair value of the other very small equity investments in listed companies are allocated to Level 1 of the measurement hierarchy, as there is an active market for the shares.

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

As at 30 September 2022, the fair value of the very small Level 3 equity investments was EUR 18.2 million. The stress test of this parameter on the basis of plus 50 bp results in a reduction of the fair value to EUR 16.6 million (previous year: EUR 12.5 million) and at minus 50 bp in an increase of the fair value to EUR 20.2 million (previous year: EUR 15.5 million).

10. Related-party disclosures

Please see the IFRS consolidated financial statements as at 31 December 2021 for the presentation of the IFRS 2 programmes for long-term incentive Management Board agreements.

11. Other

As of 30 September 2022, contingent liabilities increased by EUR 407.5 million compared with 31 December 2021, in particular due to guarantee declarations to secure unsecured financing within the LEG Group.

12. The Management Board and the Supervisory Board

There were no changes to the composition of the Management Board as at 30 September 2022 compared with the disclosures as at 31 December 2021.

The term of office of all Supervisory Board members ended at the close of the Annual General Meeting on 19 May 2022, whereby Stefan Jütte and Dr Johannes Ludewig were not available for a further term of office due to their age.

By resolution of the Annual General Meeting on 19 May 2022, Dr Sylvia Eichelberg, Dr Claus Nolting, Dr Jochen Scharpe, Mr. Martin Wiesmann and Mr. Michael Zimmer were reappointed as members of the Supervisory Board. Dr Katrin Suder was appointed as a member of the LEG Immo Supervisory Board for the first time.

13. Supplementary report

The acquisition of a property portfolio of around 376 residential units was notarised on 14 September 2022. The portfolio generates annual net cold rent of around EUR 1.91 million. The average in-place rent is around EUR 8.33 per square metre and the initial vacancy rate is around 4.9 %. It is expected the transaction will be closed on 1 January 2023. The portfolio acquisition does not constitute a business combination as defined by IFRS 3.

As part of the portfolio streamlining, 339 residential units were sold in Bad Oldesloe and Siegen in September 2022 for EUR 18.3 million. It is expected the transaction will be closed on 1 December 2022.

On 14 October 2022, LEG entered into a syndicated revolving credit facility of EUR 600.0 million and at the same time cancelled previously existing working capital lines of EUR 385.0 million.

In view of persistently high electricity prices and the resulting profits for operators of power plants, the federal government is also planning to skim off so-called “windfall profits” by means of a revenue cap. The exact form this will take is still open, but it is expected that such a cap for electricity from plants that are not gas-fired will be EUR 180 / MWh. The revenues of the BMHKW Siegerland could also be affected by this levy. The revenues from this levy are to be used to finance a nationwide electricity price brake, which will ensure that end consumers can purchase electricity at a capped price of probably 40 ct / kWh for a basic consumption from 1 January 2023. The recent electricity price increases, which were also felt by LEG Immo customers, would thus be partially limited, but cannot be completely avoided.

There were no other significant events after the end of the interim reporting period on 30 September 2022.

Dusseldorf, 10 November 2022

LEG Immobilien SE
The Management Board

Lars von Lackum (CEO)	**Susanne Schröter-Crossan (CFO)**	**Dr Volker Wiegel (COO)**

Responsibility statement

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

Dusseldorf, 10 November 2022

LEG Immobilien SE, Dusseldorf
The Management Board

Lars von Lackum
(CEO)

Susanne Schröter-Crossan
(CFO)

Dr Volker Wiegel
(COO)

Financial calendar

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Financial calendar 2023

Publication annual financial report and Annual Press Conference	9 March 2023
Release of Quarterly Statement as of 31 March 2023	10 May 2023
Release of Quarterly Report as of 30 June 2023	10 August 2023
Release of Quarterly Statement as of 30 September 2023	9 November 2023

For additional dates see our website.

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is also available in German.
In case of doubt, the German version takes precedence.

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