LEG Immobilien AG

Quarterly Report as of 31st March 2013

KEY FIGURES

HIGHLIGHTS

	01.01.-31.03.2013	01.01.-31.03.2012	Change
Result of operations			
Rental income	89.2 Mio. €	85.6 Mio. €	4.3 %
Net rental and lease income	59.5 Mio. €	58.3 Mio. €	2.1 %
EBITDA	50.5 Mio. €	52.6 Mio. €	-4.0 %
EBITDA adjusted	54.2 Mio. €	56.0 Mio. €	-3.1 %
EBT	11.9 Mio. €	15.9 Mio. €	-25.0 %
Consolidated net profit	11.3 Mio. €	17.1 Mio. €	-34.1 %
FFO I	33.8 Mio. €	35.5 Mio. €	-4.8 %
FFO II	33.6 Mio. €	34.9 Mio. €	-3.7 %
AFFO	26.8 Mio. €	26.2 Mio. €	2.3 %
Portfolio			
Residential units	90,921	89,800	1.2 %
In-place-rent	4.91 €/qm	4.81 €/qm	2.1 %
Vacancy rate	3.2 %	4.1 %	-

	31.03.2013	31.12.2012	Change
Statement of financial position			
Investment property	4,943.2 Mio. €	4,937.1 Mio. €	0.1 %
Cash and cash equivalents	120.2 Mio. €	133.7 Mio. €	-10.1 %
Equity	2,147.3 Mio. €	2,085.5 Mio. €	3.0 %
Total financial liabilities	2,488.1 Mio. €	2,499.7 Mio. €	-0.5 %
Current financial liabilities	185.7 Mio. €	396.8 Mio. €	-53.2 %
LTV	47.86 %	47.90 %	-
Equity ratio	40.9 %	39.8 %	-
EPRA NAV	2,422.7 Mio. €	2,368.3 Mio. €	2.3 %
EPRA NAV per share	45.74 €	44.72 €	2.3 %

CONTENT

Dear Shareholders and Readers,

The first three months of this year were very exciting for us. Since 1st February 2013, LEG Immobilien AG has been listed on the Frankfurt Stock Exchange. LEG's IPO was the first German IPO in 2013 and the largest western European real estate IPO to date. Thus, LEG has taken another step towards the future, and its shift towards a focused growth strategy. In regards to operations, we have had a good first quarter.

Organic rental growth from the successful management of our holdings, a key value driver, is showing an accelerating positive trend. In comparison to Q1 2012, rental income has increased by 4.3 per cent overall. Growth not including the effect of the acquisition of the Bocholt portfolio stands at 3.0 per cent. Our letting successes can also be seen in a significant reduction in vacancies from 4.1 per cent in the previous year to 3.2 per cent. In-place rents per square metre have ultimately risen by 2.1 per cent to €4.91 in comparison to Q1 2012. In connection with the announced new rent indexes, we are also forecasting further acceleration in rent growth over the course of the year.

FFO I (funds from operations not including sales or sales income) declined by 4.8 per cent to €33.8million in the first quarter (Q1 2012: €35.5 million). This decline is solely due to the temporary effect of higher maintenance expenses, which rose by €5.1 million compared to the same period in the previous year. This expense-ratio is expected to fall again as the year progresses, thereby supporting the expected positive earnings performance.

EPRA net asset value amounted to €2,422.7 million or €45.74 per share as of 31st March 2013, an increase of 2.3 per cent in comparison to 31st December 2012 (€2,368.3 million). At the same time, the equity ratio of 40.9 per cent and the low loan-to-value (LTV) ratio of 47.86 per cent allow us to ensure our defensive and simultaneously growth-oriented business model.

After the 1,244 rental units acquired in Bocholt in Q4 2012 were successfully integrated in the first quarter, operating performance indicators here are already exceeding our expectations. The purchase has therefore successfully boosted both NAV as well as FFO and substantiated our value-add growth strategy.

We have also come closer to our goal of acquiring around 10,000 rental units by the end of 2014. The acquisition of a portfolio of approx. 2,200 units concentrated in the Ruhr area was notarised on 15th May 2013. This portfolio has strong synergies with our existing platform and meets LEG's demanding acquisition requirements. The initial FFO yield for the acquired portfolio is above our target yield for acquisitions and we believe there is further upside potential by leveraging our local expertise to significantly reduce vacancy from the current rate of approx. 8 per cent. Closing for the transaction is expected for 1st August 2013. Our financial strength and flexibility helped us to become the seller's exclusive negotiating partner at an early stage.

In order to keep pushing ahead with acquisitions, LEG's internal acquisition team was recently strengthened with additional experienced new hires.

On this basis, LEG can confirm its outlook for the fiscal year 2013 with a forecast of operating earnings (FFO I) of €137 to €140 million. This forecast does not include the effects of the acquisitions signed year to date or still to be implemented in 2013.

We would like to expressly thank our shareholders, tenants and business partners for having faith in us and our recently listed company. We will remain on our strategic course.

Dusseldorf, May 2013

Thomas Hegel
(CEO)

Eckhard Schultz
(CFO)

Holger Hentschel
(COO)

LETTER TO THE SHAREHOLDERS

LEG-SHARES

Share price performance

In the first quarter 2013, the German stock market saw a good overall beginning. The German blue chip index, the DAX, climbed from 7,612.39 to 7,795.31 at the end of the quarter, an increase of 2.4 per cent. The DAX reached its highest standing in Q1 14th March at 8,058.37 points.

A positive performance from US indicators incited hopes for the recovery of the global economy. However, bad news from the Euro zone, such as the political instability in Italy and the threat of bankruptcy in Cyprus, repeatedly slowed developments on the stock markets.

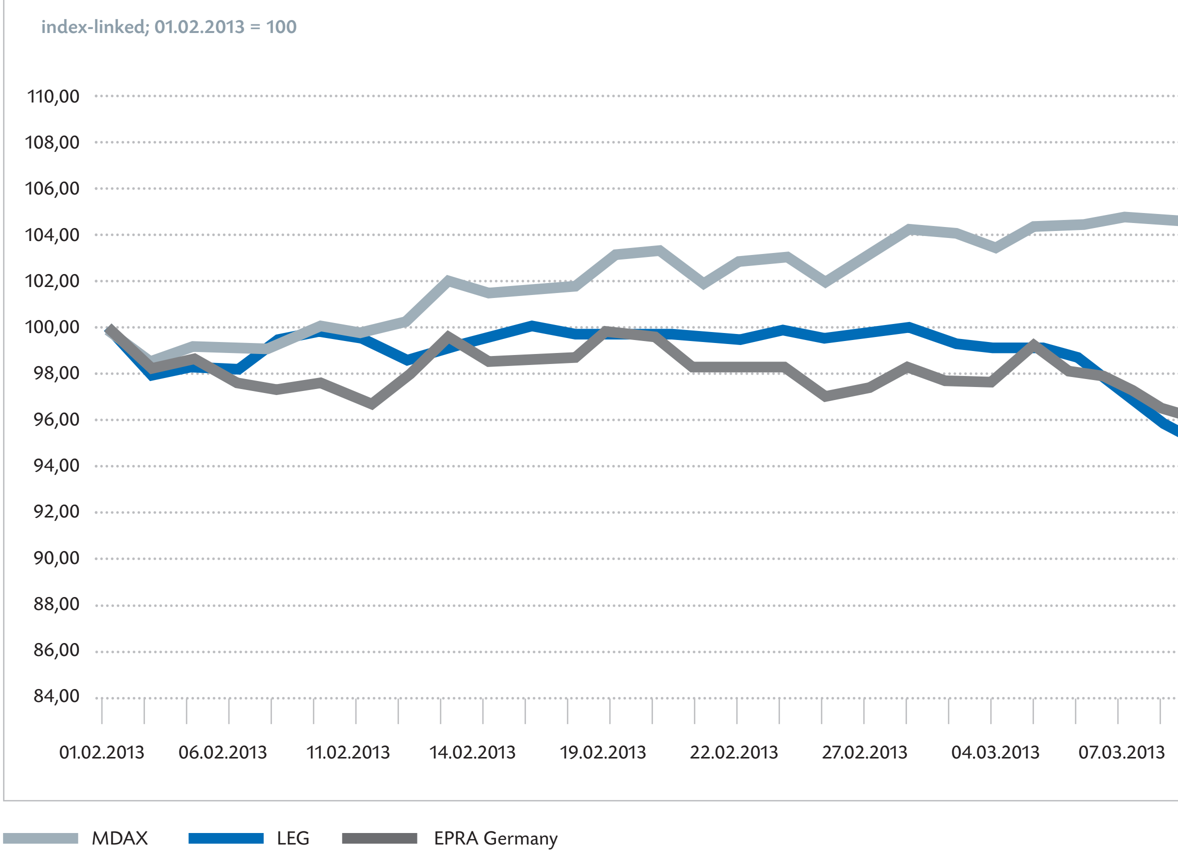
In a positive overall market environment, LEG's IPO met with a very high level of interest from renowned national and international investors.

LEG's shares debuted on the stock market 1st February 2013 and the offering was multiple times oversubscribed. The issue price was €44 per share.

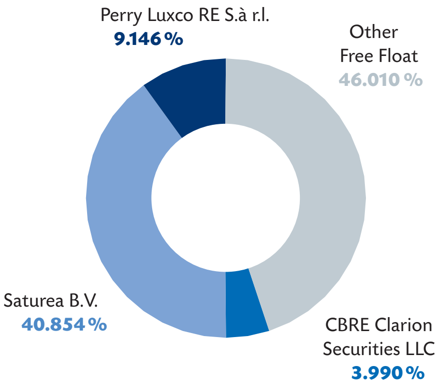
Shortly after going public, LEG's shares were added to the key FTSE EPRA/NAREIT and GPR indexes.

On 31st March, LEG shares closed the quarter at €41.80. In the period from 1st February to 31st March, LEG's shares underperformed the DAX, which tended somewhat weaker at -0.5 per cent, though LEG's share price performance was very consistent with that of the sector in general. Over this brief period, the EPRA Germany Index, the benchmark index for German real estate shares, was below the overall market performance at -4.4 per cent.

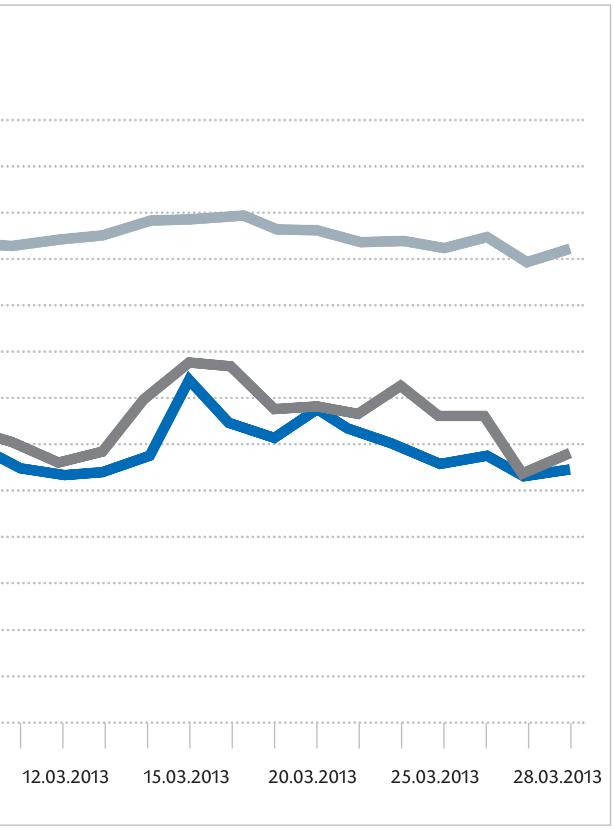
SHARE PRICE ON 31.03.2013



SHAREHOLDER STRUCTURE



The free float as defined by Deutsche Börse is 50 per cent plus one share.

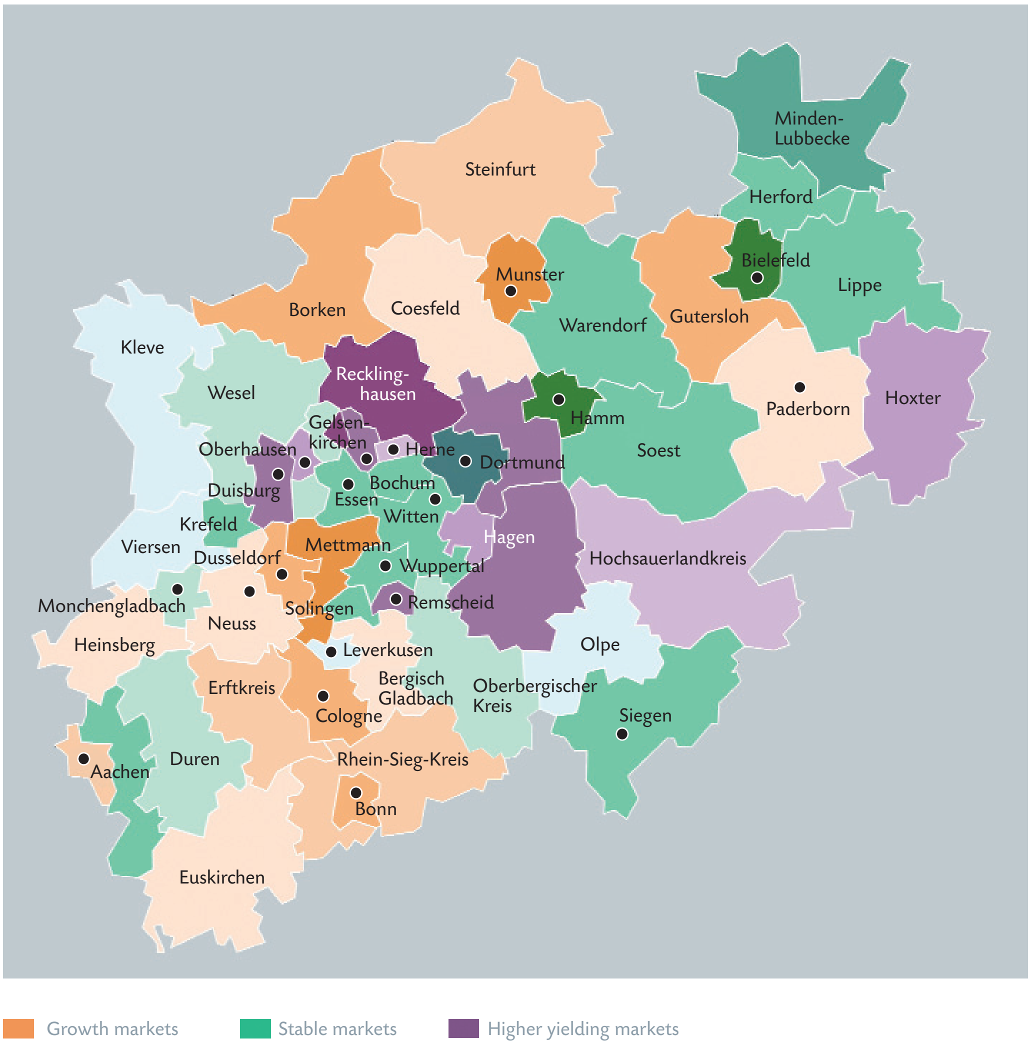


SHARE PERFORMANCE INDICATORS

Ticker symbol	LEG
Number of shares	52,963,444
Initial listing	1st February 2013
Market segment	Prime Standard
Indexes	FTSE EPRA/NAREIT, GPR Indexes
Reference date (31.03.2013)	41.80 €
Market capitalisation (31.03.2013)	2,213.9 Mio. €
Free Float	50% plus one share
Average single-day trading volume	415,944 shares
High	44.50 €
Low	40.82 €

Analyst coverage

Currently, the share is being actively covered by nine analysts. Positive investment recommendations are clearly in the majority. There are seven recommendations with a positive vote, two with a neutral opinion and none with a sale recommendation. Analysts' upside targets are between €44.10 and €51.50, all considerably above the closing price as of the end of the quarter.



PORTFOLIO SEGMENTATION TOP-THREE-LOCATIONS

by number of apartment per cluster

	31.03.13				
	Number of LEG apartments	Share of LEG portfolio in %	Living space in sqm	In-place-rent €/sqm	Vacancy rate in %
High growth markets	**31,488**	**34.6**	**2,079,511**	**5.46**	**1.5**
District of Mettmann	8,097	8.9	561,324	5.48	2.0
Munster	6,106	6.7	405,303	5.77	0.4
Cologne	3,511	3.9	237,472	5.69	0.7
Other locations	13,774	15.1	875,412	5.23	1.9
Stable markets with attrative yields	**32,039**	**35.2**	**2,065,588**	**4.62**	**4.0**
Dortmund	11,553	12.7	766,252	4.55	3.0
Hamm	3,976	4.4	239,995	4.41	3.2
Bielefeld	2,328	2.6	142,352	5.20	3.1
Other locations	14,182	15.6	916,989	4.65	5.3
Higher yielding markets	**26,005**	**28.6**	**1,608,064**	**4.54**	**4.5**
District of Recklinghausen	6,407	7.0	401,183	4.55	6.0
Duisburg	4,728	5.2	289,910	4.67	4.2
Maerkisch District	4,412	4.9	269,730	4.46	3.2
Other locations	10,458	11.5	647,240	4.51	4.3
Outside NRW	**1,389**	**1.5**	**92,084**	**4.94**	**0.5**
Total	**90,921**	**100.0**	**5.845,246**	**4.91**	**3.2**

PORTFOLIO

Overview

As of 31st December 2012, LEG Immobilien AG's portfolio comprised 90,921 residential units, 996 commercial units and 21,579 garages and parking spaces. The assets are distributed across approx. 160 locations in North Rhine-Westphalia. On average, the residential units measure 64 square metres and have three rooms. Buildings comprise an average of 6.5 residential units and three stories.

Portfolio segmentation

LEG's portfolio has been classified into three market clusters based on a scoring system derived from CBRE market data: orange (growth markets), green (stable markets) and purple (higher yielding markets). All 54 municipalities and districts in North Rhine-Westphalia were analysed. Except for the city of Leverkusen and Olpe, Kleve and Viersen districts, LEG maintains a presence in all regions with a focus on the urban markets.

Growth markets (orange) are characterised by a positive population trend, positive household projections and consistently high demand for residential units. **Stable markets (green)** are more heterogeneous than growth markets in terms of their demographic and socio-economic development; their housing industry appeal is, on average, solid to high. **Higher yielding markets (purple)** are subject to a higher risk of population decline due to ageing and migration. However, with a strong local presence and good market access, there is still potential for these submarkets and opportunities for attractive risk-adjusted returns.

The underlying indicators in the scoring system are regularly reviewed and are based on demographic, socio-economic and property market data, such as population trends, household forecasts, purchasing power, rent levels and rent multipliers.

Our analysis of the various local markets in NRW was unchanged in comparison to Q4 2012. Out of a maximum of 48 possible points (8 points per indicator), the Bonn submarket performed

31.03.12					Change	
Number of LEG apartments	Share of LEG portfolio in %	Living space in sqm	In-place-rent €/sqm	Vacancy rate in %	In-place-rent in %	Vacancy rate in basis points
30,309	**33.8**	**2,013,511**	**5.29**	**2.0**	**3.1**	**-50**
8,102	9.0	561,759	5.24	2.8	4.7	-80
6,116	6.8	406,359	5.64	0.6	2.3	-20
3,520	3.9	237,973	5.42	2.0	4.9	-130
12,571	14.0	807,421	5.12	2.1	2.2	-20
32,057	**35.7**	**2,066,825**	**4.58**	**5.1**	**0.9**	**-110**
11,560	12.9	766,655	4.55	4.1	0.0	-110
3,976	4.4	239,995	4.33	3.3	1.9	-10
2,329	2.6	142,355	5.15	3.0	0.9	10
14,192	15.8	917,819	4.59	6.8	1.5	-150
26,045	**29.0**	**1,609,924**	**4.48**	**5.4**	**1.2**	**-90**
6,425	7.2	402,270	4.50	7.2	1.1	-120
4,740	5.3	290,652	4.54	5.0	2.8	-80
4,412	4.9	269,728	4.43	3.4	0.6	-20
10,468	11.7	647,273	4.47	5.4	0.8	-100
1,389	**1.5**	**92,084**	**4.82**	**0.5**	**2.5**	**0**
89,800	**100.0**	**5,782,344**	**4.81**	**4.1**	**2.0**	**-90**

best at 40 points. Rankings 2 and 3 went to Munster and Rhein-Sieg District, respectively, followed by Cologne and Dusseldorf. A further 15 growth markets are distributed across the Rhineland area, parts of Munsterland and the District of Paderborn. The list of the municipalities and districts classified as stable markets is headed by the District of Aachen, Oberbergisch District and Bielefeld; there are 20 further submarkets spread across the entire territory of NRW. Having 18 points, the District of Unna heads the higher yielding market segment, followed by ten further submarkets predominantly in the Ruhr area and Sauerland.

Performance of the LEG portfolio

Operational development (rents, vacancies, fluctuation)

The residential portfolio was virtually unchanged compared to 31st December 2012 (90,926 residential units) in the first quarter of 2013.

Rent development was highly positive across all submarkets compared to the first quarter of 2012. The average in-place rent climbed from €4.81 per square metre to €4.90 per square metre on a same-store basis and from €4.81 per square metre to €4.91 per square metre absolute. In the free financed portfolio, rents increased 3.2 per cent to €5.19 per square metre on a same-store basis and 3.4 per cent to €5.20 per square metre absolute.

DEVELOPMENT OF THE LEG-PORTFOLIO

Residential units	31.03.13	31.12.12	31.03.12	31.03.13	31.12.12.	31.03.12
	High growth markets			Stable markets with attractive yields		
Rent-controlled apartments						
Number	11,501	11,558	11,484	14,546	15,488	15,493
Area (in sqm)	796,801	800,355	794,939	994,599	1,050,229	1,050,530
In-place-rent (in €/sqm)	4.89	4.87	4.84	4.35	4.34	4.39
Vacancy rate (in %)	1.5	1.5	1.9	4.2	3.8	5.1
Privately financed apartments						
Number	19,987	19,907	18,825	17,493	16,560	16,564
Area (in sqm)	1,276,976	1,276,976	1,217,858	1,015,639	1,015,639	1,015,973
In-place-rent (in €/sqm)	5.82	5.69	5.59	4.88	4.83	4.76
Vacancy rate (in %)	1.5	1.4	2.0	3.9	3.8	5.1
Total apartments						
Number	31,488	31,465	30,309	32,039	32,048	32,057
Area (in sqm)	2,079,511	2,077,330	2,012,797	2,065,588	2,065,868	2,066,503
In-place-rent (in €/sqm)	5.46	5.38	5.29	4.62	4.59	4.58
Vacancy rate (in %)	1.5	1.4	2.0	4.0	3.8	5.1
Total commercial						
Number						
Area (in sqm)						
Total parking						

In our growth markets, rents per square metre rose significantly by 3.1 per cent. Growth in our stable markets was 0.9 per cent, though this is mainly due to a negative non-recurring effect in the fourth quarter of 2012. Due to the favourable refinancing of loans in connection with subsidised properties, benefits also had to be passed on to tenants in the form of rent reductions. These rent reductions did not affect FFO on account of the reduction in interest expenses by the same amount. However, rents rose by around 0.6 per cent quarter-on-quarter, indicating a significant acceleration in annualised rent development. Rents also increased in higher yielding markets by 1.2 per cent, suggesting here as well faster growth than in the previous year.

Occupancy improved substantially year over year from 95.9 per cent in Q1 2012 to 96.8 per cent in Q1 2013. All portfolio segments benefited from this positive development. The development on the stable markets and the higher yielding markets was especially gratifying, where vacancies were down by 110 and 90 basis points, respectively. In addition to the positive fundamental trend in supply and demand conditions in our markets, this encouraging development is due to the further optimisation of letting processes in the context of central letting management. A further improvement in operating efficiency is also reflected by the fact that the number of new leases (2,275) is 12.4 per cent higher than the average for the last three years. The number of vacant rental units as of 31st March 2013 was 2,905.

An important indicator for tenant satisfaction is the fluctuation rate. In comparison to the same period of the previous year, the fluctuation rate in the first three months declined to 10.4 per cent (Q1 2012: 10.9 per cent).

31.03.13	31.12.12	31.03.12	31.03.13	31.12.12*	31.03.12	31.03.13	31.12.12	31.03.12
Higher yielding markets			Non-NRW			Total		
9,125	9,317	9,338	220	220	220	**35,392**	**36,583**	**36,535**
604,165	615,683	617,258	17,192	17,192	17,192	**2,412,757**	**2,483,459**	**2,479,920**
4.22	4.20	4.21	4.19	4.20	4.17	**4.50**	**4.48**	**4.50**
4.9	5.2	6.0	0.0	1.4	0.5	**3.5**	**3.4**	**4.3**
16,880	16,707	16,707	1,169	1,169	1,169	**55,529**	**54,343**	**53,265**
993,402	993,402	992,665	74,892	74,892	74,892	**3,360,908**	**3,360,908**	**3,301,387**
4.73	4.70	4.65	5.11	5.07	4.97	**5.20**	**5.13**	**5.07**
4.3	4.1	5.0	0.6	0.7	0.5	**3.1**	**3.0**	**3.9**
26,005	26,024	26,045	1,389	1,389	1,389	**90,921**	**90,926**	**89,800**
1,608,064	1,609,085	1,609,924	92,084	92,084	92,084	**5,845,246**	**5,844,367**	**5,781,307**
4.54	4.51	4.48	4.94	4.90	4.82	**4.91**	**4.86**	**4.81**
4.5	4.5	5.4	0.5	0.8	0.5	**3.2**	**3.1**	**4.1**
						996	**986**	**981**
						194,113	**193,420**	**192,862**
						21,579	**21,596**	**21,245**

The following table shows the distribution of assets by market segment. An updated market valuation was not performed in the first quarter. The rental yield on the portfolio based on in-place rents is still unchanged at 7.1 percent (rent multiplier: 14.0x).

VALUE DEVELOPMENT

Market segments	Residential units	Residential assets (€m)	Share residential assets in %	Value €/sqm	In-place rent multiplier	Commercial/other assets (€ m)	Total assets (€ m)
High growth markets	31,488	2,136	46	1,029	16.0x	180	2,316
Stable markets with attractive yields	32,039	1,415	31	684	12.9x	82	1,497
Higher yielding markets	26,005	999	22	622	12.1x	43	1,042
Subtotal NRW	**89,532**	**4,551**	**98**	**791**	**14.0x**	**305**	**4,855**
Non-NRW	1,389	79	2	850	14.5x	12	91
Total Portfolio	**90,921**	**4,629**	**100**	**792**	**14.0x**	**317**	**4,946**
Leasehold and land values (IAS 16)							28
Inventories (IAS 2)							16
Total balance sheet							**4,992**

INTERIM MANAGEMENT REPORT

ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Please see the glossary in the Annual Report 2012 for a definition of individual figures and terms.

Results of operations

The condensed income statement is as follows:

CONDENSED INCOME STATEMENT € million	01.01-31.03.2013	01.01.-31.03.2012
Net rent and lease income	59.5	58.3
Net income from the disposal of investment property	-0.2	-0.6
Net income from the remeasurement of investment property	0.0	0.0
Net income from the disposal of real estate inventory	-0.9	-1.0
Net income from other services	0.8	0.7
Administrative and other expenses	-11.4	-7.7
Other income	0.6	0.7
Operating earnings	**48.4**	**50.4**
Net finance costs	**-36.5**	**-34.5**
Earnings before income taxes	**11.9**	**15.9**
Income taxes	**-0.6**	**1.2**
Net profit or loss for the period	**11.3**	**17.1**

Operating earnings (before taxes) amounted to €48.4 million in the reporting period (1st January to 31st March 2013) and total €2.0 million less than the same period of the previous year (1st January to 31st March 2012). For this period, a net profit of €11.3 million (previous year: €17.1 million) was generated.

The condensed income statement for segment reporting in the Q1 2013 reporting period is as follows:

CONDENSED INCOME STATEMENT FOR SEGMENT REPORTING 01.01.-31.03.2013				
€ million	Residential	Other	Reconciliation	Group
Rental and lease income	129.8	1.7	0.0	131.5
Cost of sales of rental and lease	-71.7	0.0	-0.3	-72.0
Net retal and lease income	**58.1**	**1.7**	**-0.3**	**59.5**
Net income from the disposals of investment property	-0.1	-0.1	0.0	-0.2
Net income from the remeasurement of investment property	0.0	0.0	0.0	0.0
Net income from the disposal of real estate inventory	0.0	-0.9	0.0	-0.9
Net income from other services	0.1	9.8	-9.1	0.8
Administrative and other expenses	-6.0	-13.9	8.5	-11.4
Other income	0.6	0.0	0.0	0.6
Segment earnings	**52.7**	**-3.4**	**-0.9**	**48.4**

The Housing segment generated operating segment earnings of €52.7 million in the reporting period. The Other segment generated operating segment earnings of €-3.4 million.

The condensed income statement for the Q1 2012 comparison period by segment was as follows:

CONDENSED INCOME STATEMENT FOR SEGMENT REPORTING 01.01.-31.03.2012				
€ million	Residential	Other	Reconciliation	Group
Rental and lease income	124.1	1.5	-0.3	125.3
Cost of sales of rental and lease	-67.2	0.3	-0.1	-67.0
Net retal and lease income	**56.9**	**1.8**	**-0.4**	**58.3**
Net income from the disposals of investment property	-0.5	-0.1	0.0	-0.6
Net income from the remeasurement of investment property	0.0	0.0	0.0	0.0
Net income from the disposal of real estate inventory	-0.2	-0.8	0.0	-1.0
Net income from other services	1.7	8.4	-9.4	0.7
Administrative and other expenses	-9.0	-5.2	6.5	-7.7
Other income	0.6	0.1	0.0	0.7
Segment earnings	**49.5**	**4.2**	**-3.3**	**50.4**

The Housing segment generated operating segment earnings of €49.5 million in the comparison period. The Other segment generated operating segment earnings of €4.2 million.

The largest share of income in the Other segment is accounted for by income from service agreements between LEG Management GmbH and property companies in the Housing segment. The resulting income in the Other segment and the corresponding expenses in the Housing segment are internal to the Group and are eliminated in the "Reconciliation" column.

Intragroup transactions between the segments are conducted at arm's length conditions.

Net rental and letting income

NET RENTAL AND LEASE INCOME

€ million	01.01.-31.03.2013	01.01.-31.03.2012
Gross rental income	89.4	85.8
of which: net cold rent	89.2	85.6
Other income	42.1	39.5
Rental and lease income (gross)	**131.5**	**125.3**
Purchased services	-58.7	-51.8
Staff costs	-9.8	-7.7
of which IPO costs	-2.1	0.0
Depreciation and amortisation expenses	-1.1	-1.1
Other operating expenses	-4.5	-6.4
IPO cost reimbursement	2.1	0.0
Cost of sales of in connection with rental and lease income	**-72.0**	**-67.0**
Net rental and lease income	**59.5**	**58.3**

Rental and lease income increased by €6.2 million year-on-year in the reporting period. The main driver in this development was an increase in net rent of 4.2 per cent to €89.2 million (previous year: €85.6 million).

In the reporting period, recoverable operating costs were €2.2 million higher than in the same period of the previous year. This contributed to the rise in cost of purchased services. At the same time, this led to a rise in the capitalisation of work in progress from operating costs, which is reported in other income. Compared to prior year, maintenance costs in the reporting period rose by €5.1 million to €12.2 million. This temporary effect is the main reason that the overall net rental and lease income did not show a higher growth rate in the first quarter.

Following the successful conclusion of the IPO in February 2013, performance bonuses of €4.7 million were granted to employees. The share of this cost that was allocated to the cost of sales in connection with rental and lease income was €2.1 million. The performance bonuses were charged in full to the shareholders Restio B.V. and Perry Luxco RE and do not impact the net rental and lease income.

The LEG Group invested selectively in its portfolios in the reporting period, in line with and taking into account its social charter specifications. At €19.2 million, total capital expenditures were €2.8 million higher than in the same period of the previous year.

MAINTENANCE AND MODERNISATION OF INVESTMENT PROPERTY

€ million	01.01.-31.03.2013	01.01.-31.03.2012
Maintanance expenses of investment property	12.2	7.1
Capital expenditure	7.0	9.3
Total investment	**19.2**	**16.4**
Area of investment property in million sqm	6.04	5.97
Average investment (€ per sqm)	**3.2**	**2.7**

Value-add measures were performed in the amount of €7.0 million in the reporting period (previous year: €9.3 million). Compared to the same period of the previous year, maintenance expense increased by €5.1 million. There were no modernisation projects in Q1 2012.

Net income from the disposal of investment property

NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTY		
€ million	01.01.-31.03.2013	01.01.-31.03.2012
Income from the disposal of investment property	1.8	2.6
Carrying amount of investment property disposed of	-1.7	-3.0
Cost of sales of investment property disposed of	-0.3	-0.2
Net income from the disposal of investment property	**-0.2**	**-0.6**

As a result of selective portfolio streamlining, less investment property (37 residential units) was sold in the reporting period. The LEG Group sold these properties at slightly more than their book value.

Staff and non-staff operating costs for investment property were virtually unchanged compared to the same period of the previous year.

Net income from the disposal of inventory properties

NET INCOME FROM THE DISPOSAL OF REAL ESTATE INVENTORY		
€ million	01.01.-31.03.2013	01.01.-31.03.2012
Income from the disposal of real estate inventory	0.4	1.5
Carrying amount from the disposal of real estate inventory	-0.3	-1.2
Cost of sales in connection with the disposal of real estate inventory	-1.0	-1.3
Net income from the diasposal of real estate inventory	**-0.9**	**-1.0**

The sale of the remaining properties of the former Development Division continued in the reporting period. The remaining inventory properties as of 31st March 2012 amounted to €16.1 million, €11.7 million of which relate to properties under development.

Savings in staff costs contributed towards a slight decline in the cost of sales of sold inventory properties.

Net income from other services

OTHER SERVICES		
€ million	01.01.-31.03.2013	01.01.-31.03.2012
Income from other services	2.5	2.9
Expenses in connection with other services	-1.7	-2.2
Net income from other services	**0.8**	**0.7**

Net income from other services essentially includes income from electricity and heat fed to the grid.

The business volume for management services for third-party properties declined further in 2012; some existing agreements were terminated as of 31st December 2012. The level of third-party properties still managed in 2013 is negligible.

Administrative and other expenses

ADMINISTRATIVE AND OTHER EXPENSES € million	01.01.-31.03.2013	01.01.-31.03.2012
IPO cost reimbursement	8.2	0.0
Staff costs	-8.4	-4.5
Purchased services	-0.3	-0.3
Depreciation and amortisation	-0.5	-0.5
Other operating expenses	-10.4	-2.3
Other taxes	0.0	-0.1
Admiistrative and other expenses	**-11.4**	**-7.7**

The company-wide activities to prepare for and perform the IPO caused higher consulting costs in the first quarter of 2013 in comparison to the same quarter of the previous year. Administrative and other expenses for the comparison period benefited from a non-recurring positive effect from the release of provisions.

The share of consulting and non-staff operating costs caused directly by the IPO (€5.7 million) and the employee performance bonuses for the successful IPO (€4.7 million), as well as insurance liabilities were also charged to the shareholders Saturea B.V. and Perry Luxco RE and, therefore, do not impact the net profit.

The performance bonuses for employees of €4.7 million are broken down as follows:

- €2.5 million for administrative employees
- €2.1 million for rental and letting employees
- €0.1 million for inventory property sales employees

The IPO cost reimbursement therefore amounted to €10.4 million in the reporting period; of which

- €8.2 million relates to administrative costs
- €2.1 million relates to costs of sales for rental and letting and
- €0.1 million relates to costs of sales for the disposal of inventory properties

In addition to the reimbursed performance bonuses of €2.5 million, €1.0 million from the initial recognition of the long-term incentive contracts also contributed to a rise in staff costs.

Including the IPO cost reimbursement of €5.7 million and a positive non-recurring effect in the previous year, other operating expenses remained virtually unchanged.

Net finance costs

NET FINANCE COSTS € million	01.01.-31.03.2013	01.01.-31.03.2012
Interest income	0.2	0.4
Interest expense	-35.1	-36.1
Net interest income	**-34.9**	**-35.7**
Net income from other financial assets	0.1	1.4
Net income from the fair value measurement of derivate	-1.7	-0.2
Net finance costs	**-36.5**	**-34.5**

The refinancing amounts drawn in the reporting period resulted from agreements concluded in 2012. Prepayment penalties on refinancing activity in 2013 were therefore already reflected in balance sheet provisions as of 31st December 2012. In contrast to the same period of the previous year (prepayment penalties: €1.1 million), there were, therefore, no expenses for prepayment penalties in the reporting period.

LEG has been able to reduce the overall cost of debt through the refinancing program. After adjustment for prepayment penalties and other items, cash interest expenses reduced to €20.6 million (previous year: €22.0 million). The amount of cash interest payable each quarter varies across the year.

Reconciliation to FFO

A key performance indicator in the LEG Group is FFO. The LEG Group distinguishes between FFO I (not including net income from the disposal of investment property) and FFO II (including net income from the disposal of investment property) and AFFO (FFO I adjusted for capex). Details of the calculation for each indicator can be found in the glossary of the Annual Report 2012.

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

CALCULATION OF FFO I, FFO II UND AFFO

€ million	01.01.-31.03.2013	01.01.-31.03.2012
Net profit or loss for the period (IFRS)	11.3	17.1
Interest income	-0.2	-0.4
Interest expenses	35.1	36.1
Net interest income	**34.9**	**35.7**
Other financial expenses	1.6	-1.2
Income taxes	0.6	-1.2
EBIT	**48.4**	**50.4**
Depreciation, amortisation and write-downs	2.1	2.2
EBITDA	**50.5**	**52.6**
Measurement at fair value of investment property	0.0	0.0
LTIP (long-termincentive programme)	1.0	0.0
Non-recurring project costs	1.8	2.0
Extraordinary and prior-period expenses and income	-0.2	-0.2
Net income from the disposal of investment property	0.2	0.6
Net income from the disposal of real estate inventory	0.9	1.0
Adjusted EBITDA	**54.2**	**56.0**
Cash interst expenses and income	-20.6	-22.0
Cash income taxes	0.2	1.5
FFO I (not including disposal of investment property)	**33.8**	**35.5**
Net income from the disposal of investment property	-0.2	-0.6
FFO II (including disposal of investment property)	**33.6**	**34.9**
Capex expenditure	-7.0	-9.3
Adjusted FFO I (AFFO)	**26.8**	**26.2**

At €33.8 million in the reporting period, FFO I (not including net income from the disposal of investment property) was 4.8 per cent lower than in the same period of the previous year (€ 35.5 million), which was primarily due to the €5.1 million rise in maintenance expenses. Further, in the reporting period, reimbursements of corporate and trade taxes for past financial years were €1.3 million lower than in the same period of the previous year. This was offset by the €3.6 million increase in basic rents and a reduction in cash interest expenses of €1.4 million.

As a result, FFO I was €1.7 million lower in the reporting period than in the same period of the previous year.

Net asset situation (Condensed statement of financial position)

CONDENSED BALANCE SHEET

€ million	31.03.2013	31.12.2012
Investment property	4,943.2	4,937.1
Other non-current assets	111.3	114.1
Non-current assets	**5,054.5**	**5,051.2**
Receivables and other assets	71.8	50.7
Cash and cash equivalents	120.2	133.7
Current assets	**192.0**	**184.4**
Assets held for disposal	**4.5**	**2.2**
Total assets	**5,251.0**	**5,237.8**
Equity	**2,147.3**	**2,085.5**
Non-current financial liabilities	2,302.4	2,102.9
Other current liabilities	473.2	480.2
Non-current borrowed capital	**2,775.6**	**2,583.1**
Current financial liabilities	185.7	396.8
Other current liabilities	142.4	172.4
Current borrowed capital	**328.1**	**569.2**
Total equity and liabilities	**5,251.0**	**5,237.8**

Total assets amounted to €5,251.0 million as of the end of the reporting period (31st December 2012: €5,237.8 million).

The largest item on the assets side is non-current assets at €5,054.5 million. The main asset of the LEG Group is investment property of €4,943.2 million as of 31st March 2013 (31st December 2012: €4,937.1 million), which accounts for 94.1 per cent of total assets (31st December 2012: 94.2 per cent).

The main equity and liability items are the reported equity of €2,147.3 million (31st December 2012: €2,085.5 million) and the financial liabilities of €2,488.1 million (31st December 2012: €2,499.7 million).

Receivables of €17.8 million accrued as of 31st March 2013 from the IPO cost reimbursement of €10.4 million for the reporting period and €7.4 million for the financial year 2012. These are reported in receivables and other assets.

In the reporting period, €40.5 million were paid in to the capital reserves by the shareholders Perry Luxco S.à. r.l. and Restio B.V. by way of transfer of a shareholder loan to LEG Immobilien AG. The transaction resulted in the conversion of debt under other current liabilities into equity.

Net asset value (NAV)

Another key performance indicator in the LEG Group is NAV. Details of the calculation system for each indicator can be found in the glossary in the Annual Report.

As of 31st March 2013, the LEG Group reported an EPRA NAV of €2,422.7 million, which corresponds to an EPRA NAV of €45.74 per share.

EPRA-NAV

€ million	31.03.2013	31.12.2012
Equity	**2,147.3**	**2,085.5**
Note: Shareholder loans to be converted to equity		**40.5**
Effect of exercising options, convertible rights and other rights	0.0	0.0
NAV	**2,147.3**	**2,085.5**
Fair value measurement of derivate financial instruments	78.9	89.7
Deferred taxes	196.5	193.1
EPRA NAV	**2,422.7**	**2,368.3**
Number of share	52,963,444	
EPRA-NAV per share in €	**45.74**	

Loan to value (LTV) ratio

Compared to 31st December 2012, net debt in relation to property assets declined slightly. The loan-to-value ratio (LTV) therefore amounts to 47.86 per cent (31st December 2012: 47.90 per cent). This figure as of the end of this reporting period does not include the cash reimbursement of IPO cost of €17.8 million.

LOAN TO VALUE RATIO

€ million	31.03.2013	31.12.2012
Financial liabilities	2,488.1	2,499.7
Less cash and cash equivalents	120.2	133.7
Net financial liabilities	2,367.9	2,366.0
Investment property	4,943.2	4,937.1
Assets held for sale	4.5	2.2
	4,947.7	4,939.3
Loan to value (LTV) ratio in %	**47.86**	**47.90**

Financial position

A net profit of €11.3 million was generated (previous year: €17.1 million) in the reporting period. Equity amounted to €2,147.3 million as of the end of the reporting period (31st December 2012: €2,085.5 million). This corresponds to an equity ratio of 40.9 per cent (31st December 2012: 39.8 per cent).

As part of the refinancing, new loans in the amount of €200.6 million were closed in Q1 2013. The newly concluded loans were primarily used for the repayment of existing loans.

Equity was boosted by an additional €40.5 million by the transfer of a shareholder loan by Restio B.V. and Perry Luxco S.à. r.l. to LEG Immobilien AG (as a contribution to capital reserves).

The condensed statement of cash flows of the LEG Group for the reporting period is as follows:

STATEMENT OF CASH FLOWS

€ million	01.01.-31.03.2013	01.01.-31.03.2012
Cash flows from/used operating activities	14.8	44.6
Cash flows from/used investing activities	-8.0	-7.5
Cash flows from/used financing activities	-20.3	-6.5
Changes in cash and cash equivalents	**-13.5**	**30.6**

Cash flow from operating activities of €14.8 million was generated in the reporting period (previous year: €44.6 million). Higher costs for the IPO, other non-recurring project costs and higher

SUPPLEMENTARY REPORT

maintenance expenses were payable in the reporting period. This was offset by postponed payments as part of the SAP introduction in the same period of the previous year, which meant that a larger share of invoices was settled after 31st March 2012. These effects resulted in a decline in cash flow from operating activities, despite increasing revenues and lower cash interest expenses.

The cash flow from investing activities amounted to €-8.0 million (previous year: €-7.5 million) and primarily includes payments for the modernisation of investment property in both the reporting period and the same period of the previous year. As of the end of the financial year 2012, prepayment penalties of €10.4 million were accrued for new loans which closed in Q1 2013. These were paid in the reporting period and were a key factor why the cash flow resulting from financing activities had a higher negative balance compared to the same period of the previous year.

The LEG Group was solvent at all times in the reporting period.

Acquisition

The acquisition of a property portfolio of around 2,200 residential units was notarised 15th May 2013. The portfolio generates annual net rent of approx. €6.1 million. The portfolio is primarily concentrated in stable markets and has good synergies with LEG's existing portfolio. Average in-place rents amount to €4.74 per square metre, the initial vacancy rate is 8 per cent and the initial FFO return is in line with LEG's return expectations for acquisitions. Closing for the transaction is expected for 1st August 2013. The acquisition price is subject to a non-disclosure agreement.

Financing

Further refinancing loan tranches were utilised in the amount of €21.6 million at individual Group companies after 31st March 2013.

May 2013 saw the signing of the remaining loan in the refinancing program in the amount of €72.5 million. The loan agreement was concluded with a German Pfandbriefbank and has a ten year term.

REPORT ON RISKS AND OPPORTUNITIES

The risks and opportunities to which LEG is exposed in its operating activities were described in detail in the Annual Report 2012. In the 2013 financial year to date, no further risks have arisen or become identifiable that would lead to a different assessment.

FORECAST

We believe that the operational performance in the first quarter of 2013 confirms our forecast for 2013 as a whole. In the base scenario – i.e. not including further acquisitions - LEG is forecasting an FFO I (not including income from disposals) ranging from €137 million to €140 million. This forecast is based on rental income growth above two percent on a like-for-like basis, a further reduction in vacancies (to below three percent in the medium term) and capex and maintenance of around €13 per square metre p. a. in order to further develop the portfolio at a sustainable level and exceed the social charter requirement of €12.50. The planned annual capex and maintenance expense is therefore still in the range of €77-80 million.

LEG intends to generate additional growth through value-add acquisitions. Overall, around 5,000 units are planned to be bought in 2013, of which around 2,200 are expected to close on 1st August 2013. This recent acquisition is expected to increase FFO I by a further approx. €1 million in 2013. Further portfolios are currently in the due diligence phase.

The company is planning to distribute 65 per cent of the FFO I generated in fiscal 2013 as a dividend.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

LEG IMMOBILIEN AG CONSOLIDATED STATEMENT OF FINANCIAL POSITION – 31ST MARCH 2013

ASSETS

€ million	31.03.2013	31.12.2012
Non-current assets	**5,054.5**	**5,051.2**
Investment property	4,943.2	4,937.1
Property, plant and equipment	70.7	72.3
Intangible assets	5.5	5.9
Investments in associates	8.3	8.3
Other financial assets	5.0	4.9
Receivables and other assets	1.9	1.9
Deferred tax assets	19.9	20.8
Current assets	**196.5**	**186.6**
Inventory properties and other inventories	16.3	17.4
Receivables and other assets	53.3	31.3
Income tax receivables	2.2	2.0
Cash and cash equivalents	120.2	133.7
Assets held for sale	4.5	2.2
Total assets	**5,251.0**	**5,237.8**

EQUITY AND LIABILITIES

€ million	31.03.2013	31.12.2012
Equity	**2,147.3**	**2,085.5**
Issued capital	53.0	53.0
Capital reserves	477.6	436.1
Cumulative other reserves	1,591.1	1,571.5
Equity attributable to shareholders of the parent company	2,121.7	2,060.6
Non-controlling interests	25.6	24.9
Non-current liabilities	**2,775.6**	**2,583.1**
Provisions for pensions	122.8	121.5
Other provisions	12.1	12.2
Financial liabilities	2,302.4	2,102.9
Other liabilities	90.0	101.2
Tax liabilities	31.8	31.4
Deferred tax liabilities	216.5	213.9
Current liabilities	**328.1**	**569.2**
Provisions for pensions	4.4	5.8
Other provisions	18.3	20.1
Provisions for taxes	0.0	0.1
Financial liabilities	185.7	396.8
Other liabilities	99.8	125.5
Tax liabilities	19.9	20.9
Liabilities in connection with assets held for disposal	-	-
Total equity and liabilities	**5,251.0**	**5,237.8**

LEG IMMOBILIEN AG CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – 31ST MARCH 2013

€ million	01.01.-31.03.2013	01.01.-31.03.2012
Net rental and lease income	**59.5**	**58.3**
Rental and lease income	131.5	125.3
Cost of sales in connection with rental and lease	-72.0	-67.0
Net income from the disposal of investment property	**-0.2**	**-0.6**
Income from the disposal of investment property	1.8	2.6
Carrying amount of investment property disposed of	-1.7	-3.0
Cost of sales in connection with investment property disposed of	-0.3	-0.2
Net income from the remeasurement of investment property	**0.0**	**0.0**
Net income from the disposal of real estate inventory	**-0.9**	**-1.0**
Income from of the real estate inventory disposed of	0.4	1.5
Carrying amount of real estate inventory disposed of	-0.3	-1.2
Cost of sales in connection with real estate inventory disposed of	-1.0	-1.3
Net income from other services	**0.8**	**0.7**
Income from other services	2.5	2.9
Expenses in connection with other services	-1.7	-2.2
Administrative and other expenses	**-11.4**	**-7.7**
Other income	**0.6**	**0.7**
Operating earnings	**48.4**	**50.4**
Interest income	0.2	0.4
Interest expenses	-35.1	-36.1
Net income from investment securities and other equity investments	0.1	1.4
Net income from the fair value measurement of derivates	-1.7	-0.2
Earings before income taxes	**11.9**	**15.9**
Income taxes	-0.6	1.2
Net profit or loss for the period	**11.3**	**17.1**
Change in amounts recognised directly in equity		
Fair value adjustment of interest rate derivates in hedges	**8.6**	**-7.3**
Change in unrealised gains/losses	11.1	-9.8
Income taxes on amounts recognised directly in equity	-2.5	2.5
On which non-reycling		
Actuarial gains and losses from the measurement of pension obligations	**0.0**	**0.0**
Change in unrealised gains/losses	0.0	0.0
Income taxes on amounts recognised directly in equity	0.0	0.0
Total comprehensive income	**19.9**	**9.8**
Net profit loss for the period attributable to:		
Non-controlling interests	0.3	2.3
Parent shareholders	11.0	14.8
Total comprehensive income attributable to:		
Non-controlling interests	0.3	1.1
Parent shareholders	19.6	8.7
Earnings per share (basic and undiluted) in €	**0.2**	**1.1**

LEG IMMOBILIEN AG
CONSOLIDATED STATEMENT OF CASH FLOWS – 31ST MARCH 2013

€ million	01.01.-31.03.2013	01.01.-31.03.2012
Earnings before interest and taxes	**46.8**	**51.7**
Depreciation on property, plant and equipment and amortisation on intangible assets	2.1	2.2
(Gains)/Losses on the remeasurement of investment property	-	-
(Gains)/Losses from associates	-	-
(Gains)/Losses on the disposal of assets held for sale and investment property	-0.1	0.4
(Gains)/Losses on the disposal of intangible assets and property, plant and equipment	0.0	0.0
(Gains)/Losses on the disposal of investments in associates	-	-
(Reduction)/increase in pension provisions and other non-current provisions	-0.2	-0.3
(Gains)/Losses on the fair value measurement of derivatives	1.7	0.2
Other non-cash income and expenses	-4.5	0.9
(Reduction)/increase in receivables, inventories and other assets	-23.8	-10.7
Reduction/(increase) in liabilities (not including financial liabilities) and provisions	14.5	22.4
Change in deferred taxes in profit or loss	-0.9	-0.3
Interest paid	-20.9	-22.3
Interest received	0.3	0.3
Taxes received	0.3	0.1
Taxes paid	-0.5	0.0
Net cash from/(used in) operating activities	**14.8**	**44.6**
Cash flow from investing activities		
Investments in investment property	-9.6	-8.6
Proceeds from disposals of non-current assets held for sale and investment property	1.8	2.6
Investments in intangible assets and property, plant and equipment	-0.2	-1.4
Proceeds from disposals of intangible assets and property, plant and equipment	0.0	0.0
Investments in financial assets and other assets	-	-
Proceeds from disposals of financial assets and other assets	-	-
Investments in associates	-	-
Proceeds from disposals of associates	-	-
Acquisition of shares in consolidated companies	-	-0.2
Proceeds from disposals of shares in consolidated companies	-	0.1
Net cash from/(used in) investing activities	**-8.0**	**-7.5**
Cash flow from financing activities		
Borrowing of bank loans	234.4	140.4
Repayment of bank loans	-253.9	-146.1
Repayment of lease liabilities	-0.8	-0.8
Loans from shareholders	-	-
Loan repayments to shareholders	-	-
Capital contributions	-	-
Withdrawals from reserves	-	-
Distributions and withdrawals from reserves from non non-controlling interests	-	-
Net cash from/(used in) financing activities	**-20.3**	**-6.5**
Change in cash and cash equivalents	**-13.5**	**30.6**
Cash and cash equivalents at beginning of period	133.7	81.8
Cash and cash equivalents at end of period	**120.2**	**112.4**
Composition of cash and cash equivalents		
Cash in hand, bank balances	120.2	112.4
Cash and cash equivalents at end of period	**120.2**	**112.4**

SELECTED NOTES ON THE IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 31ST MARCH 2013

1. Basic information on the Group

LEG Immobilien AG, Dusseldorf (hereinafter: "LEG Immo"; formerly LEG Immobilien GmbH, formerly Lancaster GmbH & Co. KG), its subsidiary LEG NRW GmbH, Dusseldorf (formerly: LEG Landesentwicklungsgesellschaft Nordrhein-Westfalen GmbH, Dusseldorf, hereinafter: "LEG") and the latter's subsidiaries (hereinafter collectively referred to as the "LEG Group") are among the leading residential property companies in the state of North Rhine-Westphalia. As of 31st March 2013, the LEG Group had a portfolio of 91,917 units (residential and commercial).

LEG Immo, Hans-Böckler-Strasse 38, 40476 Dusseldorf, Germany, was formed on 9th May 2008 and is entered in the commercial register of the Dusseldorf Local Court under HRB 69386. LEG NRW, the main subsidiary of LEG Immo, was formed in 1970. The company is also domiciled at Hans-Böckler-Strasse 38, 40476 Dusseldorf, Germany, and is entered in the commercial register of the Dusseldorf Local Court under HRB 12200.

LEG Immo and its subsidiaries engage in two core activities as an integrated property company: the value-add long-term management of its residential property portfolio and the strategic acquisition of residential portfolios in order to generate long-term value enhancement.

By way of entry in the commercial register on 11th January 2013, LEG Immobilien GmbH underwent a change in legal form and was renamed LEG Immobilien AG.

LEG Immo went public on 1st February 2013 with the initial listing of its shares in the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange.

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

2. The consolidated interim financial statements

LEG Immo has prepared its consolidated interim financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) for interim reporting, as endorsed in the EU, and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). The notes have been presented in condensed form in accordance with the option under IAS 34.10. The condensed consolidated interim financial statements have neither been audited nor reviewed by an auditor.

The LEG Group primarily generates income from the rental and letting of investment property. Rental and letting is largely unaffected by seasonal and economic influences.

3. Accounting policies

The accounting policies applied in the consolidated interim financial statements of the LEG Group are the same as those presented in the IFRS consolidated financial statements of LEG Immo as of 31st December 2012. These consolidated interim financial statements as of 31st March 2013 should therefore be read in conjunction with the consolidated financial statements as of 31st December 2012.

The LEG Group applied the new standards and interpretations effective from 1st January 2013 in full.

The fair values of investment property and derivative financial instruments were calculated in line with the definition of IFRS 13. IFRS 13.9 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement of investment property is assigned to level 3 of the measurement hierarchy of IFRS 13.86 (measurement based on unobservable input factors). Please see the comments in the consolidated financial statements for information on the measurement of investment property. Please see note 9 for details of the effects of the first-time adoption of IFRS 13 for derivative financial instruments.

The fair value hierarchy can be summarised as follows:

FAIR-VALUE-HIERARCHY

	Level 1	Level 2	Level 3
Investment property			X
Financial liabilities		X	
Other liabilities (particulary derivates)		X	

4. Changes in the Group

There were no changes in the Group in the interim reporting period.

5. Judgements and estimates

The preparation of IFRS interim consolidated financial statements requires assumptions and estimates affecting the carrying amounts of the assets and liabilities recognised, income and expenses and the disclosure of contingent liabilities. In particular, these assumptions and estimates relate to the measurement of investment property, the recognition and measurement of provisions for pensions, the recognition and measurement of other provisions, the measurement of financial liabilities and the recognition of deferred tax assets.

Although the management believes the assumptions and estimates to be appropriate, unforeseeable changes to these assumptions can influence the Group's net assets, financial position and results of operations.

For further information please see the consolidated financial statements as of 31st December 2012.

6. Selected notes on the consolidated statement of financial position

As of 31st March 2013, the LEG Group had a portfolio of 90,921 residential units and 996 commercial units.

Investment property developed as follows in the 2012 financial year and in 2013 up to the date of the consolidated interim financial statements:

INVESTMENT PROPERTY		
€ million	31.03.2013	31.12.2012
Carrying amount as of 1st January	**4,937.1**	**4,736.1**
Acquisitions	3.1	52.5
Other additions	7.0	41.4
Reclassified to assets held for sale	-4.0	-13.1
Reclassified to property, plant and equipment	0.0	-0.3
Reclassified from property, plant and equipment	-	0.1
Fair value adjustment	0.0	120.3
Carrying amount as of 31st March/31st December	**4,943.2**	**4,937.1**

The reclassification of assets held for sale essentially relates to a block sale in Bergheim and individual sales from the residential portfolio.

The investment property valuation was not updated in the interim reporting period. Please see the consolidated financial statements as of 31st December 2012 for details of the measurement methods and parameters.

The LEG Group's portfolio also includes land and buildings accounted for in accordance with IAS 16.

The **cash and cash equivalents** essentially include bank balances.

The changes in the components of **consolidated equity** can be seen in the statement of changes in consolidated equity.

Financial liabilities are composed as follows:

FINANCIAL LIABILITIES		
€ million	31.03.2013	31.12.2012
Financial liabilities from real estate financing	2,462.8	2,473.7
Financial liabilities from lease financing	25.3	26.0
Financial liabilities	**2,488.1**	**2,499.7**

Financial liabilities from property financing result from the financing of investment property.

In the first three months in 2013, there was refinancing with a total volume of €200.6 million at LEG NRW GmbH, LEG Wohnen GmbH and GeWo Gesellschaft für Wohnungs- und Städtebau mbH. This led to a reduction in the number of loans.

Other loans extended in the amount of €33.8 million and non-cash valuation effects resulted in increased financial liabilities. As an opposing effect, the reduction in total financial liabilities was due to scheduled and extraordinary repayments on existing debt.

MATURITY OF FINANCIAL LIABILITIES FROM REAL ESTATE FINANCING				
€ million	Remaining term of less than 1 Jahr	Remaining term between 1 and 5 year	Remaining term more than 5 Jahre	Total
31.03.2013	182.1	979.9	1,300.8	**2,462.8**
31.12.2012	393.2	784.6	1,295.9	**2,473.7**

The main changes in financial liabilities with a remaining term of less than one year in comparison to the financial statements as of 31st December 2012 result from the repayment of loan liabilities through the refinancing program. These were already classified as current liabilities as of 31st December 2012. The change in the capital structure as a result of refinancing led to an increase in the long-term financial liabilities.

The LEG Group uses derivative financial instruments to hedge interest rate risks from property financing. Freestanding derivative financial instruments are recognised at fair value through profit or loss. Derivatives used in hedge accounting are recognised pro rata for the designated portion of the hedge in other comprehensive income and in profit or loss for the undesignated portion including accrued interest.

7. Selected notes on the consolidated statement of comprehensive income

Rental and lease income are broken down as follows:

RENTAL AND LEASE INCOME		
€ million	01.01.-31.03.2013	01.01.-31.03.2012
Rental income	131.3	125.2
Other income	0.2	0.1
Rental and lease income	**131.5**	**125.3**

COST OF SALES IN CONNECTION WITH RENTAL AND LEASE INCOME		
€ million	01.01.-31.03.2013	01.01.-31.03.2012
Purchased services	-46.5	-44.7
Ongoing maintenance	-12.2	-7.1
Staff costs	-9.8	-7.7
Depreciation and amortisation	-1.1	-1.1
Other operating expenses	-4.5	-6.4
Reimbursement of IPO costs by shareholders	2.1	0.0
Cost of sales in connection with rental and lease income	**-72.0**	**-67.0**
Net rental and lease income	**59.5**	**58.3**

The rise in rental income in the first quarter of 2013 in comparison to the first quarter of 2012 results in part from an increase in net cold rent and a decline in the vacancy rate.

Following the company's successful IPO, performance bonuses of €4.7 million were granted to employees. The share of these staff costs allocated to the cost of sales of rental and letting was €2.1 million and was charged in full to the shareholders Saturea B.V. and Perry Luxco RE.

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

NET INCOME FROM THE DISPOSAL OF INVESTMENT PROPERTY		
€ million	01.01.-31.03.2013	01.01.-31.03.2012
Income from the disposal of investment property	1.8	2.6
Carrying amount of investment property sold	-1.7	-3.0
Gain (+)/loss (-) on the disposal of investement property	**0.1**	**-0.4**
€ million	01.01.-31.03.2013	01.01.-31.03.2012
Staff costs	-0.3	-0.1
Other operating expenses	0.0	-0.1
Purchased services	-	0.0
Cost of sales in connection with investment property sold	**-0.3**	**-0.2**
Net income from the disposal of investment property	**-0.2**	**-0.6**

Administrative and other expenses are composed as follows:

ADMINISTRATIVE AND OTHER EXPENSES		
€ million	0.01.-31.03.2013	01.01.-31.03.2012
Other operating expenses	-10.4	-2.4
Staff costs	-8.4	-4.5
Purchased services	-0.3	-0.3
Depreciation and amortisation	-0.5	-0.5
Reimbursement of IPO costs by shareholders	8.2	0.0
Administrative and other expenses	**-11.4**	**-7.7**

The increase in other operating expenses primarily results from the preparations for the company's IPO. In particular, higher consulting costs were incurred compared to the same quarter of the previous year. Following the successful IPO, performance bonuses of €4.7 million were granted to employees, €2.5 million of which to administrative employees. The share of consulting and non-staff operating costs caused directly by the IPO amounting to €5.7 million and the employee performance bonuses of €4.7 million were fully passed on to the shareholders Saturea B.V. and Perry Luxco RE.

Net interest income breaks down as follows:

NET INTEREST INCOME € million	01.01.-31.03.2013	01.01.-31.03.2012
Interest income from bank balances	0.2	0.3
Other interest income	0.0	0.1
Interest income	**0.2**	**0.4**

INTEREST EXPENSES € million	01.01.-31.03.2013	01.01.-31.03.2012
Interest expenses from financing of real estate	-18.8	-20.0
Interest expenses from loan amortisation	-10.2	-10.8
Prepayment penalties	0.0	-1.1
Interest expense from interest rate derivates for real estate financing	-4.0	-2.2
Interest expenses from changes in pension provisions	-1.0	-1.1
Interest expenses from compounding of other assets and liabilities	-0.6	-0.1
Interest expenses from lease financing	-0.4	-0.4
Other interest expenses	-0.1	-0.4
Interest expense	**-35.1**	**-36.1**

The decline in interest expenses from property financing is due to the refinancing transactions in the interim reporting period. The prepayment penalties for refinancing in the first quarter of 2013 were already taken into account in the 2012 annual financial statement. The increase in interest expenses from interest rate derivatives results from the conclusion of new interest derivatives in 2013.

Income taxes

INCOME TAXES € million	01.01.-31.03.2013	01.01.-31.03.2012
current income taxes	0.2	1.6
Deferred taxes	-0.8	-0.4
Income taxes	**-0.6**	**1.2**

The change in deferred taxes in the first quarter of 2013 compared to the first quarter of 2012 essentially results from the application of different effective Group tax rates. As of 31st March2013, an effective Group tax rate of 21.3 per cent (previous year: 2.1 per cent) was assumed for 2013 Group tax planning.

The actual effective Group tax rate of 31st December 2012 of 2.1 per cent was used to calculate income taxes for the first quarter of 2012. The deferred taxes for the first quarter of 2013 of €1.7 million also include changes in profit or loss on deferred tax assets on tax loss carryforwards in comparison to 31st December 2012. As of 31st March 2013, deferred tax assets of €25.7 million were recognised in other comprehensive income due to the measurement outside profit and loss of derivative financial instruments and pension provisions (31st December 2012: €28.2 million).

8. Notes on Group segment reporting

Group segment reporting for the period from 1st January to 31st March 2013

SEGMENT REPORTING 01.01.-31.03.2013

€ million	Housing	Other	Reconcilation	Group
Rental and lease income	129.8	1.7	0.0	131.5
Cost of sales of rental and lease	-71.7	0.0	-0.3	-72.0
Net rental and lease income	**58.1**	**1.7**	**-0.3**	**59.5**
Net income from the disposals of investment property	-0.1	-0.1	0.0	-0.2
Net income from the remeasurement of investment property	0.0	0.0	0.0	0.0
Net income from the disposal of real estate inventory	0.0	-0.9	0.0	-0.9
Net income from other services	0.1	9.8	-9.1	0.8
Administrative and other expenses	-6.0	-13.9	8.5	-11.4
Other income	0.6	0.0	0.0	0.6
Segment earnings	**52.7**	**-3.4**	**-0.9**	**48.4**
Statement of financial position item				
Segment assets (IAS 40)	**4,867.3**	**75.9**	**0.0**	**4,943.2**
Key figures				
Rentable area in sqm	5,841,478	3,768		5,845,246
as of end of reporting period	28.6	0.0		28.6
Vacancy rate by residential units in %	3.2	3.2		3.2

Group segment reporting for the period from 1st January to 31st March 2012

SEGMENT REPORTING 01.01.-31.03.2012 € million	Housing	Other	Reconcilation	Group
Rental and lease income	124.1	1.5	-0.3	125.3
Cost of sales of rental and lease	-67.2	0.3	-0.1	-67.0
Net rental and lease income	**56.9**	**1.8**	**-0.4**	**58.3**
Net income from the disposals of investment property	-0.5	-0.1	0.0	-0.6
Net income from the remeasurement of investment property	0.0	0.0	0.0	0.0
Net income from the disposal of real estate inventory	-0.2	0.8	0.0	-1.0
Net income from other services	1.7	8.4	-9.4	0.7
Administrative and other expenses	-9.0	-5.2	6.5	-7.7
Other income	0.6	0.1	0.0	0.7
Segment earnings	**49.5**	**4.2**	**-3.3**	**50.4**
Statement of financial position item				
Segment assets (IAS 40)	**4,663.2**	**76.5**	**-0.6**	**4,739.1**
Key figures				
Rentable area in sqm	5,779,688	3,898		5,783,586
as of end of reporting period	27.8	0.0		27.8
Vacancy rate by residential units in %	4.1	4.1		4.1

9. Financial instruments

The following table shows the financial assets and liabilities broken down by measurement category and classes. Receivables and liabilities from finance leases and derivatives used as hedging instruments are included even though they are not assigned to an IAS 39 measurement category. With respect to reconciliation, non-financial assets and non-financial assets 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 at the end of the reporting period. The fair values of derivative financial instruments are calculated using the reference interest rates at the end of the reporting period. For financial instruments at fair value, the discounted cash flow method is generally 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 at the end of the reporting period, which are obtained from recognised external sources. Accordingly, derivatives are assigned to level 2 of the fair value hierarchy set out in IFRS 7.27A (measurement on the basis of observable input data).

For the first time as of 31st March 2013, both the Group's own risk and the counterparty risk were taken into account in the calculation of the fair value of derivatives as of 31st March 2013 according to IFRS 13.

CLASSES OF FINANCIAL INSTRUMENTS FOR FINANCIAL ASSETS AND LIABILITIES 31.03.2013

Mio. €		Measurement (IAS 39)		Measurement (IAS 17)	
	Carrying amount as per statement 31.03.2013	Amortised cost	Fair value through profit or loss		Fair value 31.03.2013
Assets					
Other financial instruments	**5.0**				**5.0**
LaR	0.1	0.1	0.0		0.1
AfS	4.9	4.9			4.9
Receivables and other assets	**55.2**				**55.2**
LaR	52.7	52.7			52.7
Other non-financial assets	2.5				2.5
Cash and cash equivalents	**120.2**				**120.2**
LaR	120.2	120.2			120.2
Total	**180.4**	**177.9**	**0.0**		**180.4**
Of which IAS 39 measurement categories					
LaR	173.0	173.0			173.0
AfS	4.9	4.9			4.9
Equity and liabilities					
Financial liabilities	**-2,488.1**				**-2,656.5**
FLAC	-2,462.8	-2,462.8			-2,631.0
Liabilities from lease financing	-25.3			-25.3	-25.5
Other liabilities	**-189.8**				**-189.8**
FLAC	-26.7	-26.7			-26.7
Derivates HFT	-3.0		-3.0		-3.0
Hedge accounting derivates	-74.2	0.0	0.0		-74.2
Other non-financial liabilities	-85.9				-85.9
Total	**-2,677.9**	**-2,489.5**	**-3.0**	**-25.3**	**-2,846.3**
Of which IAS 39 measurement categories					
FLAC	-2,489.5	-2,489.5			-2,657.7
Derivate HFT	-3.0		-3.0		-3.0

LaR = Loans and receivables
HFT = Held for trading
AfS = Available for sale
FLAC = Financial liabilities at cost
FAHT = Financial assets held for trading
FLHFT = Financial liabilities held for trading

CLASSES OF FINANCIAL INSTRUMENTS FOR FINANCIAL ASSETS AND LIABILITIES 31.03.2012

Mio. €		Measurement (IAS 39)		Measurement (IAS 17)	
	Carrying amount as per statement 31.12.2012	Amortised cost	Fair Value through profit or loss		Fair value 31.12.2012
Assets					
Other financial instruments	**4.9**				**4.9**
LaR	0.1	0.1	0.0		0.1
AfS	4.8	4.8			4.8
Receivables and other assets	**33.2**				**33.2**
LaR	31.7	31.7			31.7
Other non-financial assets	1.5				1.5
Cash and cash equivalents	**133.7**				**133.7**
LaR	133.7	133.7			133.7
Total	**171.8**	**170.3**	**0.0**		**171.8**
Of which IAS 39 measurement categories					
LaR	165.5	165.5			165.5
AfS	4.8	4.8			4.8
Equity and liabilities					
Financial liabilities	**-2,499.7**				**-2,678.8**
FLAC	-2,473.7	-2,473.7			-2,653.5
Liabilities from lease financing	-26.0			-26.0	-25.3
Other liabilities	**-226.7**				**-226,7**
FLAC	-76.8	-76.8			-76.8
Derivates HFT	-5.6		-5.6		-5.6
Hedge accounting derivates	-84.1	0.0	0.0		-84.1
Other non-financial liabilities	-60.2				-60.2
Total	**-2,726.4**	**-2,550.5**	**-5.6**	**-26.0**	**-2,905.5**
Of which IAS 39 measurement categories					
FLAC	-2,550.5	-2,550.5			-2,730.3
Derivate HFT	-5.6		-5.6		-5.6

LaR = Loans and receivables
HFT = Held for trading
AfS = Available for sale
FLAC = Financial liabilities at cost
FAHT = Financial assets held for trading
FLHFT = Financial liabilities held for trading

10. Related party disclosures

Since singing an agreement on 17th January 2013, the shareholders Restio B.V. and Perry Luxco S.à r.l. contributed loan receivables totalling €40.5 million to the capital reserves of LEG Immobilien AG.

Some members of the Management Board of LEG Immo have concluded bilateral agreements with the former shareholders of Saturea B.V. and Perry Luxco RE (see note I.7 in the IFRS consolidated financial statements as of 31st December 2012 for details of these agreements).

As part of LEG Immo's IPO, the previous long-term incentive agreements for members of management were dissolved and replaced by new agreements for the Management Board. Such an agreement was also concluded with a new member of the Management Board who was not a beneficiary of the old agreements. The new agreements provide for shares in the holding company to be granted by the former shareholders to the members of the Management Board if the IPO results in a certain level of proceeds (less certain costs). The number of shares granted is determined with the aid of an established formula (partly dependent on the IPO price, IPO costs and an individual factor). Under this arrangement, the members of the Management Board are granted a third of their shares 12, 24 and 36 months after a successful IPO. In the event of the early departure of the beneficiary, the outstanding shares lapse by between 20 to 100 per cent depending on the reason for departure. The replacement of the old agreements by the new agreements is accounted for as a modification of existing agreements in accordance with IFRS 2.28 f. This requires that the old commitment is accounted for as before, and any incremental fair value arising from the new commitment is also recognised as an expense from the modification date.

The incremental fair value is defined as the difference between the fair value of the original programme and the fair value of the new programme, each calculated as of the date of modification. Owing to the design of the old and new programmes, there was a positive difference as of the date of modification, with the result that the modification of the old agreements resulted in the recognition of an additional expense of €1.1 million in total. The benefit granted for the new member of the Management Board was determined as of the grant date in line with the regulations of IFRS 2.10 et seq., and amounted to €0.2 million.

As a result of the successful IPO of LEG Immo, overall claims arose from the new agreements between the former shareholders and the Management Board as per 31st March 2013. The cost of these agreements is and does not impact liquidity at LEG Immo. Similarly, the regulations of IFRS 2 result in the different recognition of expenses at LEG Immo, in terms of both timing and amount.

According to the regulations of IFRS 2, €124 thousand of this was recognised as an expense at LEG as of 31st March 2013.

In January 2013, the former shareholders also entered into settlement agreements for consultancy agreements, or, as the case may be, incentive agreements with selected members of the Supervisory Board, or, as the case may be, with the company whose majority shareholder is a member of the Supervisory Board. These consultant agreements, or, as the case may be, incentive agreements provided for payments or the granting of shares by the former shareholders in case of a successful IPO. The agreements were recognised in accordance with the regulations on equity-settled share-based payment (see IFRS 2.43A et seq.). The benefit granted amounted to €3.4 million as of the grant date. In one case the agreements provide for immediate vesting in the event of an IPO, in another case for graded vesting of claims by 1st December 2013 or 1st December 2014. As of 31st March 2013, the agreements amount to total costs of €0.8 million in the LEG Immo financials.

The new employment agreements for members of the Management Board also provide for a long-term incentive programme to be offered for each financial year. The programme is designed for a four-year period and divided into three performance period (until the end of the first, second and third financial year following the relevant financial year). The amount of LTI remuneration is dependent on the achievement of certain performance targets. The performance targets in question are total shareholder return and the development of LEG's share price compared to the relevant EPRA Germany Index. If a Management Board member's appointment ends under certain conditions, tranches pending as of the date of the legal end of the appointment (tranches for which the performance period has not yet ended) expire without substitution. The programme is treated as cash-settled share-based remuneration in accordance with IFRS 2. On the basis of an assessment of the Management Board on the attainment of performance hurdles, staff costs of €66 thousand were recognised as of 31st March 2013.

Furthermore, a performance bonus was agreed between individual LEG companies and their managing directors for the successful IPO. Staff costs of €0.9 million were recognised for this as of 31st March 2013. The additional staff costs were passed on as part of the cost reimbursement by the former shareholders. There will be no reductions in liquidity or earnings at the level of LEG Immo.
Beyond this, there were no significant changes in related parties in comparison to 31st December 2012.

11. Management Board and Supervisory Board

The composition of the Management Board and the Supervisory Board as of 31st March 2013 did not change as of the information provided by the Annual Report 2012.

12. Events after the end of the reporting period

After the interim balance sheet date 31st March 2013, further refinancing loan tranches were utilised in the amount of €21.6million at individual Group companies.

May 2013 saw the signing of the remaining loan in the refinancing program in the amount of €72.5 million. The loan agreement was concluded with a German Pfandbriefbank and has a ten year term.

LEG Erste Grundstücksverwaltungs GmbH, Dusseldorf, was formed by way of entry in the commercial register on 12th May 2013.

The acquisition of a property portfolio of around 2,200 residential units was notarised on 15th May 2013. The portfolio generates annual net rent of approx. €6.1 million. The portfolio is primarily concentrated in stable markets and has good synergies with LEG's existing portfolio. Average in-place rents amount to €4.74 per square metre, the initial vacancy rate is 8 per cent and the initial FFO return is in line with LEG's return expectations for acquisitions. Closing for the transaction is expected for 1st August 2013. The acquisition price is subject to a non-disclosure agreement.

Dusseldorf, 28th May 2013

LEG Immobilien AG
Legal representatives of the company

Thomas Hegel, Erftstadt
(CEO)

Holger Hentschel, Erkrath
(COO)

Eckhard Schultz, Neuss
(CFO)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS OF 31ST MARCH 2013

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€ million

	Share Capital	Capital reserves	Revenue reserves
As of 1st January, 2012	**0.0**	**544.3**	**1,246.1**
Net profit for the period	-	-	14.8
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**-**	**14.8**
Change in consolidated companies	-	-	-
Capital increase	-	-	-
Withdrawals from reserves	-	-	-
Distributions	-	-	-
As of 31st March 2012	**0.0**	**544.3**	**1,260.9**
As of 1st January 2013	**53.0**	**436.1**	**1,653.4**
Net profit for the period	-	-	11.0
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**-**	**11.0**
Change in consolidated companies/contribution of non-controlling interests	-	-	-
Capital increase		41.5	-
Withdrawals from reserves	-	-	-
Distributions	-	-	-
As of 31st March 2013	**53.0**	**477.6**	**1,664.4**

Cumulative other reserves				
Actuarial gains and losses from the measurement of pension obligations	Fair value adjustment of interest derivates in hedges	Equity attributable to shareholders of the group	Non-controlling interests	Consolidated equity
-4.2	**-15.3**	**1,770.9**	**375.0**	**2,145.9**
-	-	14.8	2.3	17.1
-0.1	-6.0	-6.1	-1.2	-7.3
-0.1	**-6.0**	**8.7**	**1.1**	**9.8**
-	-	-	0.0	0.0
-	-	-	0.1	0.1
-	-	-	0.0	0.0
-	-	-	-	-
-4.3	**-21.3**	**1,779.6**	**376.2**	**2,155.8**
-22.3	**-59.6**	**2,060.6**	**24.9**	**2,085.5**
-	-	11.0	0.3	11.3
-	8.6	8.6	0.0	8.6
-	**8.6**	**19.6**	**0.3**	**19.9**
-	-	-	-	-
-	-	41.5	0.5	42.0
-	-	-	-0.1	-0.1
-	-	-	-	-
-22.3	**-51.0**	**2,121.7**	**25.6**	**2,147.3**

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements as of 31st March 2013 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Dusseldorf, 28th May 2013

LEG Immobilien AG
The Management Board

Thomas Hegel
(CEO)

Eckhard Schultz
(CFO)

Holger Hentschel
(COO)

FINANCIAL CALENDAR

FISCAL YEAR 2013	
Publication of the interim report as of 31st March 2013	**28th May 2013**
Annual General Meeting, Dusseldorf	**19th July 2013**
Publication of the interim report as of 30th June 2013	**30th August 2013**
Publication of the interim report as of 30th September 2013	**29th November 2013**

CONTACT / IMPRINT

Publisher
LEG Immobilien AG
Hans-Böckler-Straße 38
40476 Dusseldorf, Germany
Tel. 0049 (0) 211 4568-416
Fax 0049 (0) 211 4568-500
info@leg-nrw.de
www.leg-nrw.de

Contact
Investor Relations
Burkhard Sawazki / Frank Hilbertz
Tel. 0049 (0) 211 4568-400
Fax 0049 (0) 211 4568-290
LEG-Investor.Relations@leg-nrw.de

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The quarterly report as of 31st March 2013 is also available in German.

In case of doubt, the German version takes precedence.

LEG Immobilien AG
Hans-Böckler-Straße 38
40476 Düsseldorf, Germany
Tel. 0049 (0) 211 45 68-0
Fax 0049 (0) 211 45 68-261
info@leg-nrw.de
www.leg-nrw.de