9M-2023

LEG Immobilien SE

9M-2023 Results

9 November 2023

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9M-2023 Results – Agenda

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1 Highlights **9M-2023**

Financial Summary
9M-2023

Operating results		9M-2023	9M-2022	+/- %
Net cold rent	€m	**623.5**	596.6	4.5%
NOI (recurring)	€m	**516.9**	511.7	1.0%
EBITDA (adjusted)	€m	**507.3**	493.5	2.8%
FFO I	€m	**352.6**	374.3	–5.8%
FFO I per share	€	**4.76**	5.11	–6.8%
AFFO	€m	**176.9**	114.6	54.4%
AFFO per share	€	**2.39**	1.56	53.2%
Operating cashflow	€	**306.7**	259.1	18.4%
NOI margin (recurring)	%	**82.9**	85.8	–290bps
EBITDA margin (adjusted)	%	**81.4**	82.7	–130bps
FFO I margin	%	**56.6**	62.7	–610bps
AFFO margin	%	**28.4**	19.2	920bps

Portfolio		30.09.2023	30.09.2022	+/- %
Residential units	number	**166,827**	166,758	0.0%
In-place rent (l-f-l)	€/sqm	**6.55**	6.30	+4.0%
Investments (adj.)[1]	€/sqm	**22.32**	28.82	–22.6%
EPRA vacancy rate (l-f-l)	%	**2.4**	2.6	–20bps

Balance sheet		30.09.2023	31.12.2022	+/- %
Investment properties	€m	**18,983.3**	20,204.4	–6.0%
Cash and cash equivalents[2]	€m	**305.7**	362.2	–15.6%
Equity	€m	**8,114.4**	9,083.9	–10.7%
Total financing liabilities	€m	**9,364.9**	9,460.8	–1.0%
Net debt[3]	€m	**9,021.9**	9,036.6	–0.2%
LTV	%	**46.8**	43.9	290bps
Average debt maturity[4]	years	**6.6**	6.8	–0.2y
Average debt interest cost[4]	%	**1.65**	1.26	39bps
Equity ratio	%	**40.4**	42.5	–210bps
EPRA NTA, diluted	€m	**10,195.1**	11,377.2	–10.4%
EPRA NTA per share, diluted	€	**137.57**	153.52	–10.4%

1 Excl. new construction activities on own land, own work capitalised and consolidation effects. 2 Excluding short term deposits of €20.0m as of 9M-2023 (FY-2022: €40.0m). 3 Excl. lease liabilities according to IFRS 16 and incl. short term deposits.
4 Pro-forma as of 11/2023 after refinancing 97% of the 2024 maturities

Strong 9M performance points to upper end of guidance

Cash generation grows further in 2024 – AFFO 2024 to grow to €180 – 200m

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Financials

- AFFO +**54.4**% to €**176.9**m
- Operating Cashflow +**18.4**% to €**306.7**m
- FFO I –**5.8**% to €**352.6**m
- Adj. EBITDA-Margin **81.4**%
- LTV **46.8**%
  - Debt @ **1.65**%[1] for **6.6**y[1]
- NTA p.s. €**137.57**

Operations

- Net cold rent +**4.5**%
- l-f-l rental growth +**4.0**%
- l-f-l vacancy **2.4**% (–20bps)

ESG

- **SBTi approved** – well on track on decarbonisation path
- **ESG targets** for **2024–2027** defined
- All LEG initiatives part of the ZIA Innovations radar 2023, i.e **RENOWATE, dekarbo (A2A-heat pump initiative), termios (thermostats/ former seero), Youtilly**

9M-2023

New AFFO-guidance 2024 €180-200m

Rising rental growth momentum with 3.2-3.4% expected

Adaption of LTV target to 45% (medium-term)

C. €**130**m of disposals YTD

Transaction markets remain challenging

H2-2023 devaluation of c. 4–6% expected

Successful refinancings of 2024 maturities

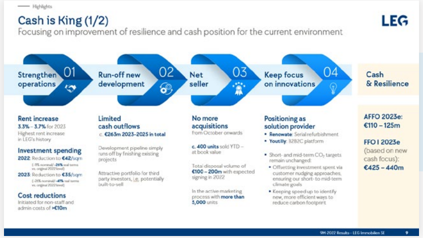
Fully refinanced until mid 2025

1 Pro-forma as of 11/2023 after refinancing 97% of the 2024 maturities.

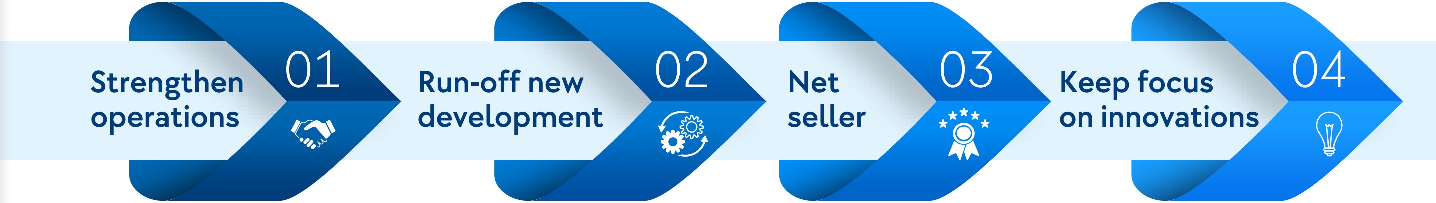
Introducing cash is king in 2022 – Promised and delivered

As presented 10 November 2022

Promised



… and delivered



01 Strengthen operations

Rent growth 23e
3.8 – 4.0%

Investments 23e
€35/sqm

Costs
on track

02 Run-off new development

- Put in run-off in Q4 22
- Reduced exposure further by cancellation of projects
- **€117**m of cash-outflows remaining until 2025

03 Net seller

- C. **1,600** residential units + non-core commercial units
- Total proceeds c. €**130**m

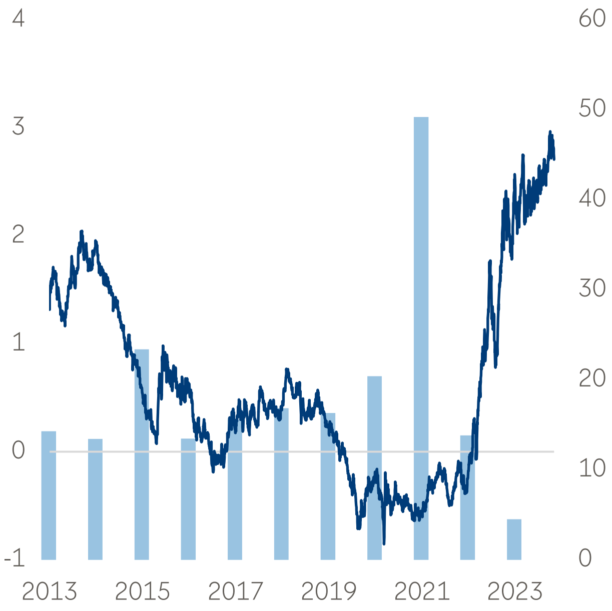
04 Keep focus on innovations

- **Renowate** (serial refurbishment)
- **Youtilly** (B2B2C)
- **Termios** (smart thermostats)
- **Dekarbo** (A2A heat pumps)

Cash remains king – macro picture remains unclear

We remain focussed on cash without jeopardising our growth

What we don't have in our hands



What we have in our hands

2023e		2024e
	Rent growth	
3.0% – **3.2%** (excl. cost rents)	⬆	**3.2%** – **3.4%**
	Cost control	
Non-maintenance, operating and personnel costs	➡	**Modest development**
	Investments	
c. **35**€/sqm	⬇	c. **32**€/sqm + smart use of subsidies
	Opportunistic refinancing	
2024 maturities refinanced	➡	> €**900**m refinanced @**3.89**% / **8.0**y

Generating cashflow

+10%[1]

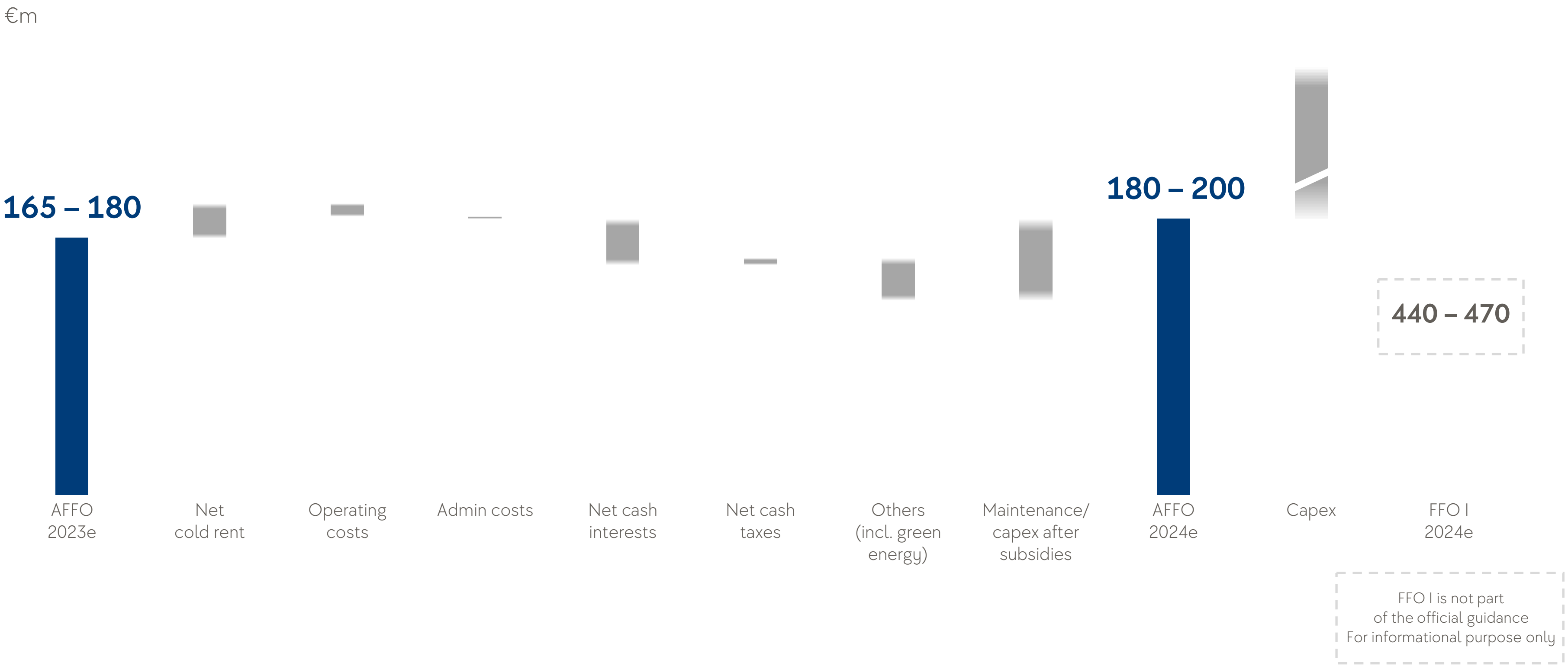
AFFO 2024e

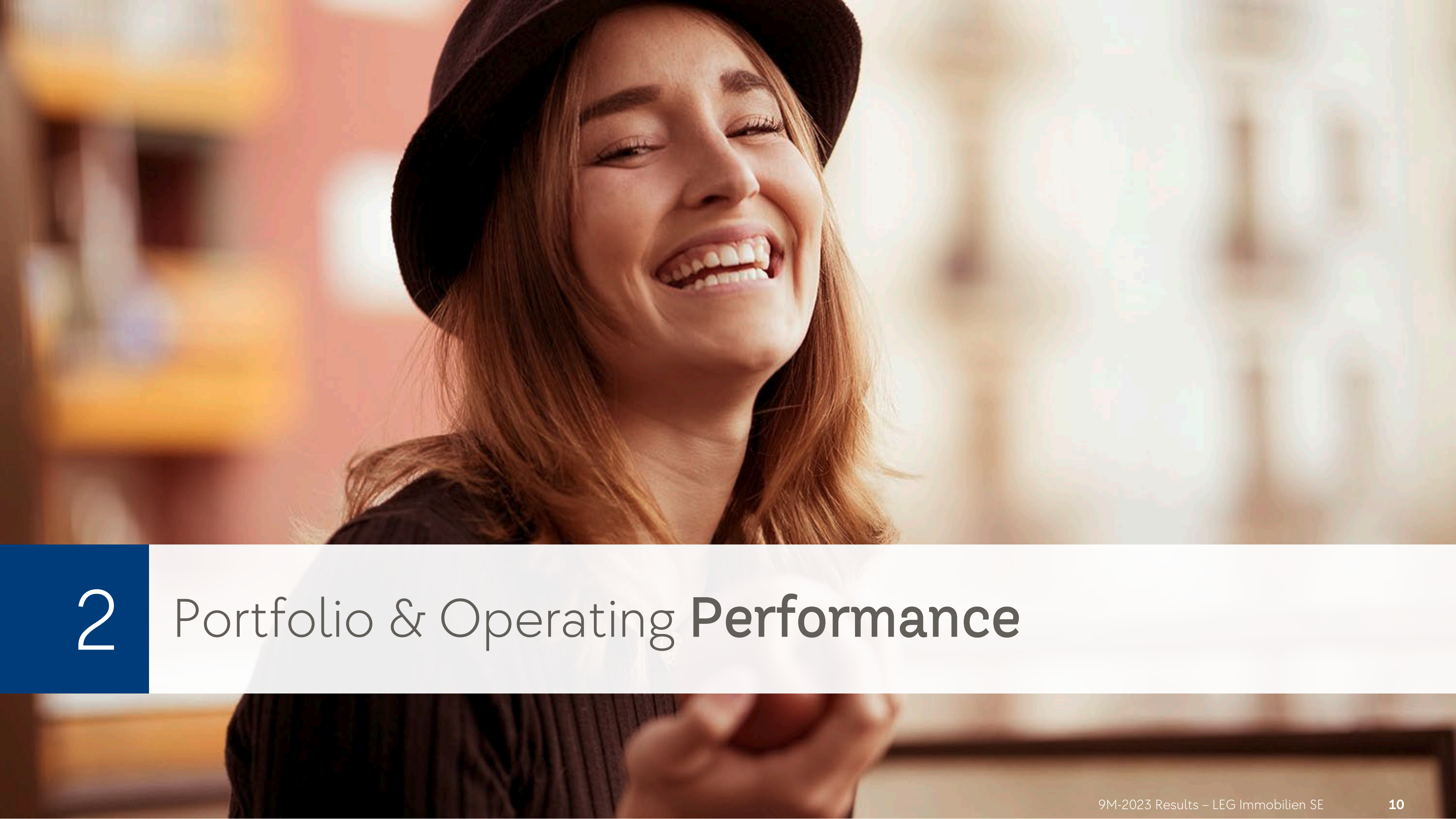
Source: Bloomberg, CBRE

1 Mid-point guidance 2023e to mid-point guidance 2024e.

Cash remains king: AFFO 2023e to AFFO 2024e

More than offsetting the normalization of the forward sale of green electricity contribution as well as higher interest rates



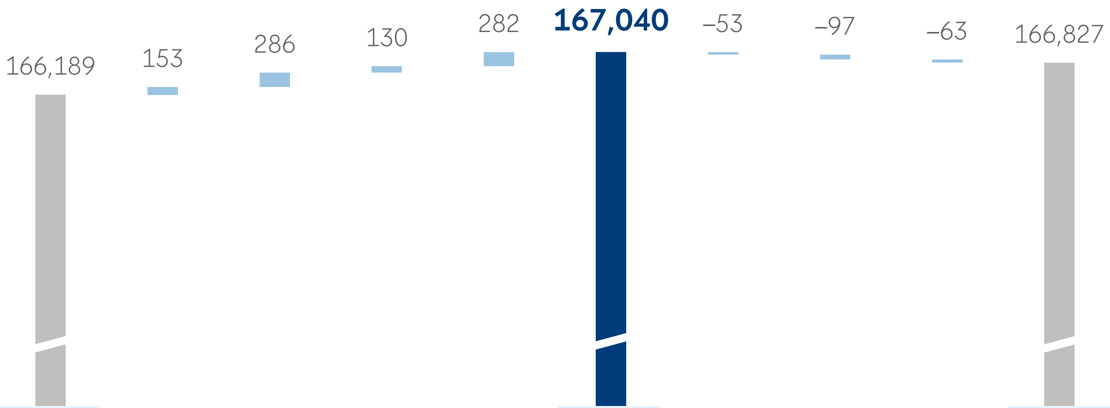


2 Portfolio & Operating **Performance**

Portfolio transactions

Around 1,600 units and commercial units sold YTD at book value for c. €130m

Number of units based on date of transfer of ownership[1,2]



	31.12.2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	31.12.2022	Q1-2023	Q2-2023	Q3-2023	30.09.2023
Additions	21,966	407	390	177	438	1,412	381	135	102	618
Divestments	–307	–254	–104	–47	–156	–561	–434	–232	–165	–831
Change	**21,659**	**153**	**286**	**130**	**282**	**851**	**–53**	**–97**	**–63**	**–213**

1 Residential units. 2 Note: The date of the transaction announcement and the transfer of ownership are usually several months apart. The number of units may therefore differ from other disclosures, depending on the data basis.

Additions

- In Q1 transfer of ownership of one larger portfolio (Düsseldorf and Cologne) signed in 2022
- In Q2 und Q3 nearly all additions from finished new construction projects

Disposals

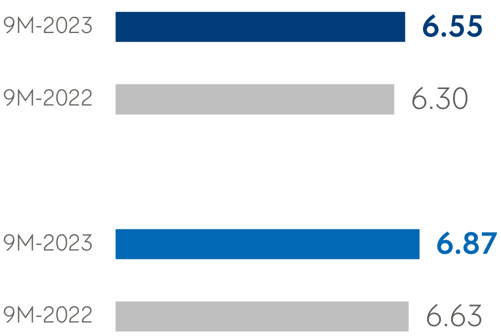
- Transfer of **831** units at a volume of c. €**49**m – at around book value in 9M-period
- Disposal contracts for around **800 units**, signed but not yet transferred, for a volume of (c. €**45**m)
- Total disposals include four larger portfolios (in total >**800** units) and several small ticket sales of non-core units particular in Eastern Germany
- Additional commercial non-core units sold at book value (c. €**36**m)

Immediate cash generation via dynamic rent growth

Additional contribution from cost rent adjustment

l-f-l rent development

€/sqm/month



Residential rent

+**4.0**%

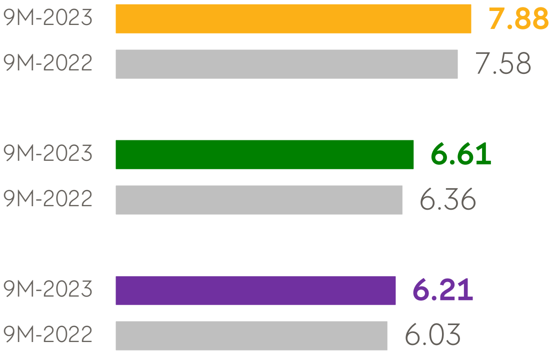
Rent table	+1.8%
Modernisation/ Re-letting	+1.4%
Cost rent	+0.8%

Free financed rent

+**3.7**%

l-f-l free financed rent development

€/sqm/month



High-growth +**3.9**%

Stable +**4.0**%

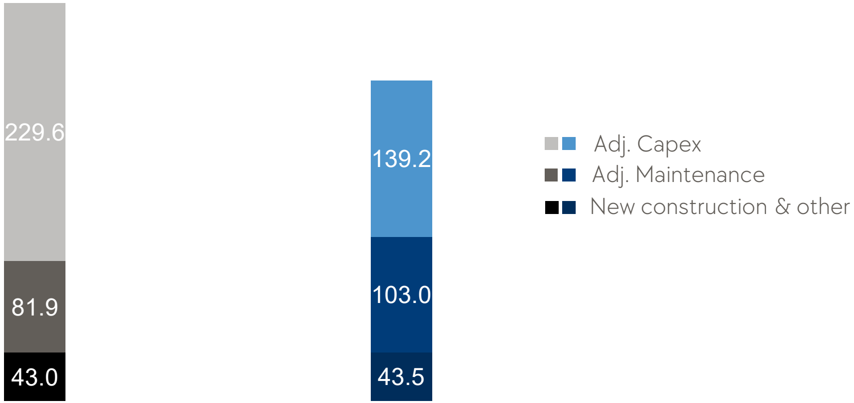
Higher-yielding +**3.1**%

- Residential rent increase of **4.0**% driven by rent table adjustments and re-letting
- Cost rent increase of **5.5**% for the subsidised units contributed **0.8**%-pts.
- Free financed rent increased by **3.7**% on average
- New rent table examples for LEG: Kiel +**15.6**%, Münster +**13.3**%, Dortmund +**5.8**% (based on local reference rent (OVM))

Capex and Maintenance

Significant reduction in 9M – confirming target of 35€/sqm of investments for 2023

	9M-2022		9M-2023
Adj. Invest per sqm[1]	€28.82/sqm	–22.6%	€22.32/sqm
Adj. Invest €m[1]:	€311.4m		€242.2m
Total Invest €m	€354.4m		€285.7m



per sqm	9M-2022	9M-2023	%
Adj. Capex	€21.24	€12.83	–39.6%
Adj. Maintenance	€7.57	€9.49	+25.4%
Adj. Investment[1]	**€28.82**	**€22.32**	**–22.6%**

- Investments per sqm declined by **22.6%** yoy to **€22.32** and lifts cash generation by c. €**70**m
- Shift towards AFFO steering leads to lower capitalisation rate[2] (**57**% vs **74**% 9M-2022) and increased maintenance expenses
- Investments in 9M remained below pro-rata level to achieve guidance of €**35**/sqm. Capex levels to increase significantly in Q4 with higher expected share of finished work
- Hence €**35**/sqm investment guidance for FY 2023 reaffirmed
- On track for our CO_2 targets despite lower investment volumes
- New construction costs on own land reduced to c. €**20**m, run-off progressing

1 Excl. new construction activities on own land, own work capitalised and consolidation effects. 2 Relates to adjusted investments.

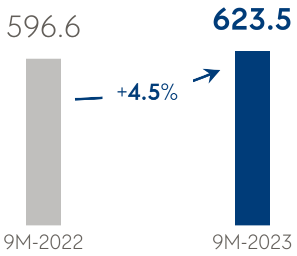
3 Financial **Performance**

Financial highlights 9M-2023

Well on track for our guidance

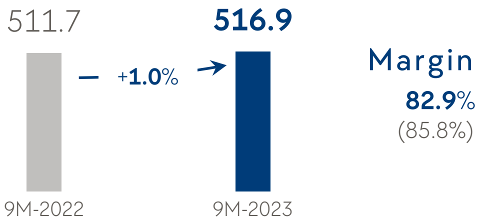
Net cold rent

€m



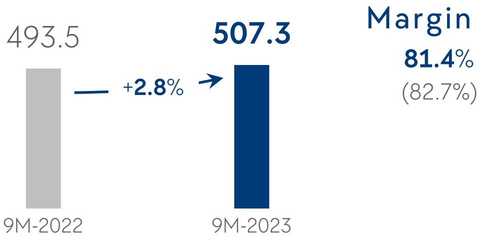
Net operating income (recurring)[1]

€m



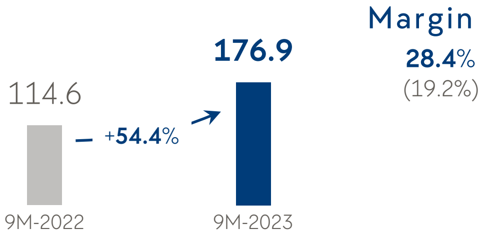
EBITDA (adjusted)[1]

€m



AFFO

€m



1 Previous year adapted to new definition, i.e. excluding maintenance (externally-procured services) and own work capitalized.

Net cold rent

- Growth driven by **4.0%** l-f-l rent growth and some positive effects from additions to the portfolio

Net operating income (recurring)

- Slight increase by **1.0%**
- Margin decline from **85.8%** to **82.9%** driven by higher operating expenses (–**€11.6**m) e.g. due to higher non-transferable operating and heating costs

EBITDA (adjusted)

- Positive effects from other services (+**€11.7**m), driven by forward sale of green electricity

AFFO

- Driven by reduction of investments by **22.2%** to **€242.2**m from **€311.4**m
- Partly offset by higher interest expenses (–**€12.5**m)

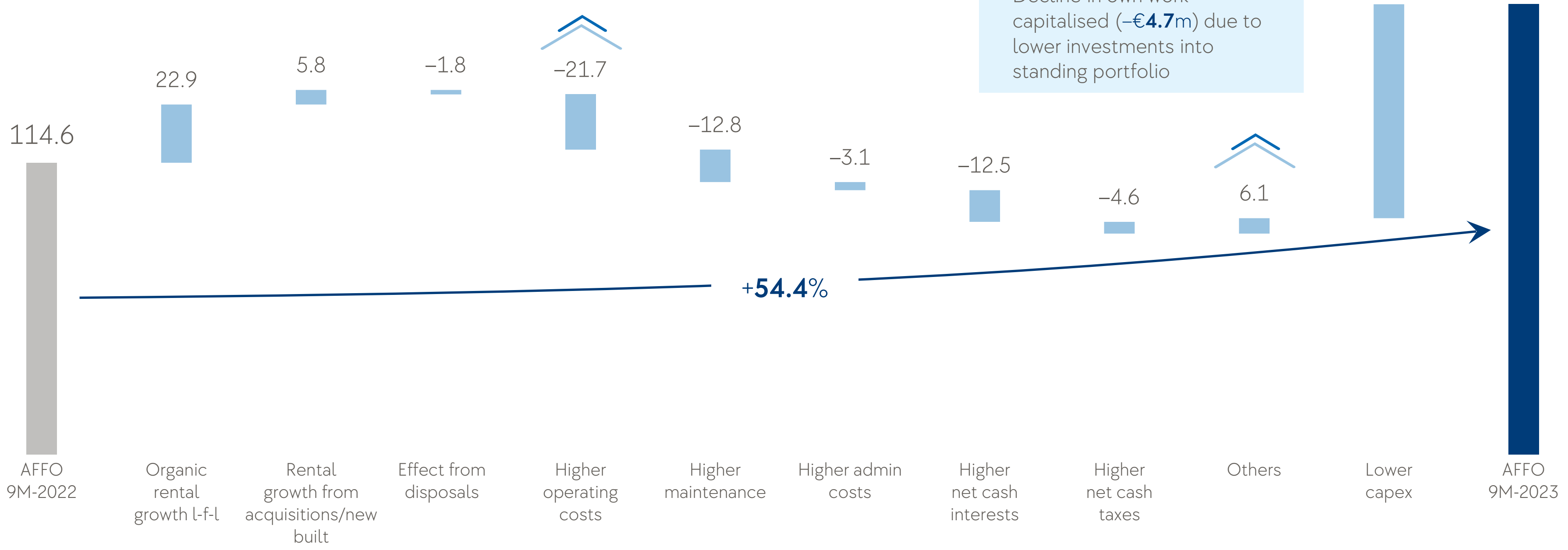
AFFO Bridge 9M-2023

Close grip on capex spendings drives AFFO up

€m

- Higher allowances on rent receivables (–**3.6**m)
- Higher operating expenses (–€**11.6**m) e.g. due to higher non-transferable operating and heating costs

- Income from other services (+€**11.7**m), driven by forward sale of green electricity
- Decline in own work capitalised (–€**4.7**m) due to lower investments into standing portfolio

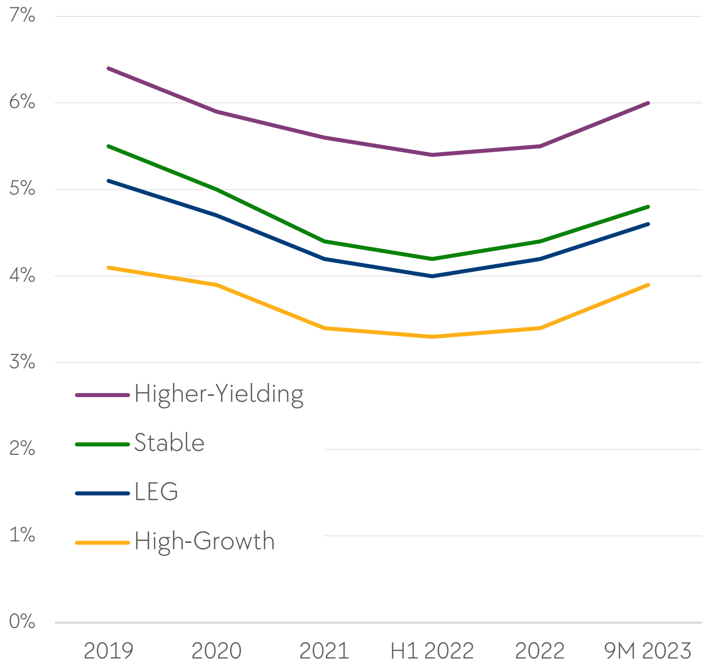


Portfolio valuation 9M-2023: Sound 4.6% gross yield

Devaluation of c. 4–6% for H2 23 expected – at decreasing momentum and differentiated across markets

Market segment	Residential Units	GAV Residential Assets (€m)	GAV/ sqm (€)	Gross yield	In-Place Rent Multiple	GAV Commercial/ Other (€m)	Total GAV (€m)
High-Growth Markets	49,932	7,573	2,299	3.9%	26.0x	383	7,956
Stable Markets	66,760	6,637	1,559	4.8%	20.7x	211	6,847
Higher-Yielding Markets	50,135	3,529	1,166	6.0%	16.7x	95	3,623
Total Portfolio	**166,827**	**17,739**	**1,677**	**4.6%**	**21.5x**	**688**	**18,427[1]**

Gross yields



1 GAV of IAS 40 portfolio (including leasehold, land value and assets under construction) was €18,983m.

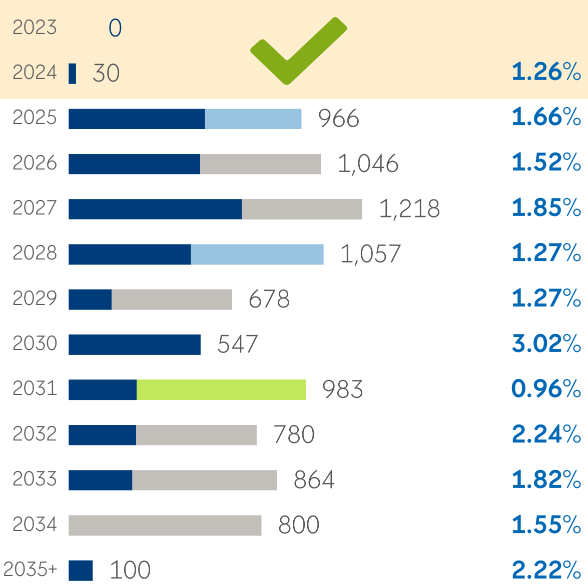
Pro forma financial profile (as of early November)

2024 maturities refinanced – next maturities mid 2025

Pro forma maturities[1]

€m ■ Loans ■ Bonds ■ Convertibles ■ Sustainable bonds

Weighted avg. interest (excl. subsidised loans)



Average debt maturity (pro forma)

years

Average interest cost (pro forma)

%

Loan-to-value (30 Sept)

%

Highlights

- **€500m** bond redemption, in total financings of **€>900m** signed at **8.0y** for **3.89%** cash interest costs with a mix of c.**90/10** of secured/ unsecured debt
- Headroom of c. >**25%** value decline regarding unencumbered asset test
- Secured maturities in 2025 of **€566m** to be rolled forward or refinanced (first maturities mid 2025)
- Convertible of **€400m** due as of Sept 1, 2025
- Undrawn RCF's increased to **€675m** (3y maturity) (prev. €600m)/ CP-programme of **€600m**
- Strong liquidity of **€326m** (as at 09/23)[2]
- Average debt maturity as at **11/23** was **6.6** years with average interest cost of **1.65%**
- Interest **hedging rate** of c.**94%**
- **LTV** of **46.8%** above new medium-term target level of max. **45%**, but comfortably within thresholds for rating of Baa2 (stable)

1 Pro-forma as of 11/2023 after refinancing 97% of the 2024 maturities. 2 Cash and short-term deposits.

4 Outlook

Guidance 2023: Strong performance points to upper end of range

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Well on track – Q4 with seasonality in capex spending

		Guidance 2023[1]
AFFO		Update: Upper end of €**165**m – **180**m
Adj. EBITDA margin		c. **80**%
l-f-l rent growth		**3.8**% – **4.0**%
Investments		c. **35**€/sqm
LTV		Update: Medium-term target level max. **45**%
Dividend		100% AFFO as well as a part of the net proceeds from disposals
Disposals		Not reflected[1]
Environment	2023–2026	Reduction of persistent relative CO_2 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	Improve high employee satisfaction level to **70**% Trust Index
	2023	Timely resolution of tenant inquiries regarding 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

1 Guidance based on 167 k units.

Guidance 2024: AFFO in the range of €180m – €200m

Stronger rent growth and smart spending allows for higher cash generation

		Guidance 2024[1]
AFFO[2]		**€180**m – **200**m
Adj. EBITDA margin[3]		c. **77**%
l-f-l rent growth		**3.2**% – **3.4**%
Investments		c. **32**€/sqm
LTV		Medium-term target level max. **45**%
Dividend		100% AFFO as well as a part of the net proceeds from disposals
Disposals		Not reflected[1]
Environment	2024–2027	Installation and commissioning of **2,000** air-to-air heat pumps in 2027 in LEG's portfolio and in third-party portfolios
	2024	**4,000** tons CO_2 reduction from modernisation projects and customer behaviour change
Social	2024–2027	Acceleration of the processing time of total LEG tenant complaints by **10%** by 31 December 2027 based on the averaged processing time of resolved complaint tickets from March 2024 and September 2024
	2024	Use of **100** LEG staff hours to design, organise or implement intercultural projects until 31 December 2024
Governance	2024	**85**% of TSP employees, **99**% of employees in staff holding LEG group companies have completed the "IT Security" training until 31 December 2024

1 Guidance based on 167 k units. 2 Adjusted for capex financed in full by subsidised, long-term loans accounted for at fair value or at cost, these will be reported separately.
3 Based on the adjusted EBITDA definition effective since business year 2023, i.e. excluding maintenance (externally-procured services) and own work capitalised.

5 Appendix

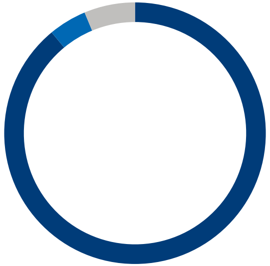
LEG additional creditor information

Headroom of >25% value decline for unencumbered asset test

Unsecured financing covenants

Covenant	Threshold	**9M-2023**
Consolidated Adjusted EBITDA / Net Cash Interest	≥1.8x	**4.7x[1]**
Unencumbered Assets / Unsecured Financial Indebtedness	≥125%	**163.8%**
Net Financial Indebtedness / Total Assets	≤60%	**45.2%**
Secured Financial Indebtedness / Total Assets	≤45%	**16.2%**

Financing mix



Fixed interest	**89.0%**
Derivatives	**4.7%**
Variable interest	**6.3%**

Ratings (Moody's)

Type	Rating	**Outlook**
Long Term Rating	Baa2	**Stable**
Short Term Rating	P-2	**Stable**

Key financial ratios

	9M-2023	9M-2022
Net debt / adj. EBITDA[2]	**13.9x**	14.0x
LTV	**46.8%**	42.3%
Secured Debt / Total Debt	**35.8%**	37.6%
Unencumbered Assets / Total Assets	**42.2%**	41.1%
Equity ratio	**40.4%**	45.0%

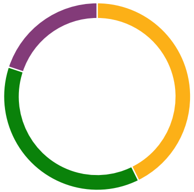
1 Based on the adjusted EBITDA definition effective until business year 2022. Based on the adjusted EBITDA definition effective since business year 2023, i.e. excluding maintenance (externally-procured services) and own work capitalized, KPI is 5.2x.
2 Average net debt last four quarters / adjusted EBITDA LTM.

Positive operational trends vs. valuation decline

Strong rent growth and continued vacancy reduction

Market split (GAV)

%



- High-growth 42.7
- Stable 37.4
- Higher-yielding 19.9

In-place rent, l-f-l

€/sqm

Vacancy, l-f-l

%

Markets

	Total portfolio		High-growth		Stable		Higher-yielding	
	9M-2023	▲ (YOY)	9M-2023	▲ (YOY)	9M-2023	▲ (YOY)	9M-2023	▲ (YOY)
# of units	166,827	0.0%	49,932	+0.8%	66,760	+0.2%	50,135	–0.9%
GAV residential assets (€m)	17,739	–8.8%	7,573	–10.2%	6,637	–8.0%	3,529	–7.2%
In-place rent (sqm), l-f-l	€6.55	+4.0%	€7.36	+4.1%	€6.31	+4.3%	€6.00	+3.4%
EPRA vacancy, l-f-l	2.4%	–20bps	1.5%	–50bps	2.2%	–10bps	4.1%	+10bps

FFO I/ AFFO calculation

€m	9M-2023	9M-2022
Net cold rent	623.5	596.6
Profit from operating expenses	–16.8	–5.2
Personnel expenses (rental and lease)	–79.4	–79.8
Allowances on rent receivables	–14.0	–12.4
Other income (rental and lease)	0.8	3.5
Non-recurring special effects (rental and lease)	2.8	9.0
Net operating income (recurring)	516.9	511.7
Net income from other services (recurring)	23.1	11.4
Personnel expenses (admin.)	–23.0	–20.8
Non-personnel operating costs	–19.1	–20.4
Non-recurring special effects (admin.)	9.4	11.6
Administrative expenses (recurring)	–32.7	–29.6
Other income (admin.)	0.0	0.0
EBITDA (adjusted)	507.3	493.5
Net cash interest expenses and income FFO I	–94.9	–82.4
Net cash income taxes FFO I	–4.6	0.0
Maintenance (externally-procured services)	–63.7	–50.9
Own work capitalised	11.4	16.1
FFO I (including non-controlling interests)	355.5	376.3
Non-controlling interests	–2.9	–2.0
FFO I (excluding non-controlling interests)	352.6	374.3
FFO II (including disposal of investment property)	349.4	373.2
Capex (recurring)	–175.7	–259.7
AFFO (capex-adjusted FFO I)	176.9	114.6

Net cold rent
- +€**26.9**m or +**4.5**%, mainly from internal growth

Profit from operating expenses
- Higher operating expenses (–€**11.6**m) e.g. due to higher non-transferable operating and heating costs

Other income (rental and lease)
- Decline in other income (–€**2.7**m) driven mainly by higher non-personnel costs

Net income from other services (rec.)
- Positive effects from other services (+€**11.7**m), driven by forward sale of green electricity

Net cash interest expenses
- Increase (–€**12.5**m) reflects general interest hike

Investments
- Increase in externally procured maintenance (–€**12.8**m) and considerable decline in capex (+€**84.0**m) driven by change to AFFO-steering and hence lower capitalisation ratio

Balance sheet

LEG

€m	30.09.2023	31.12.2022
Investment property	18,983.3	20,204.4
Other non-current assets	468.5	579.0
Non-current assets	**19,451.8**	**20,783.4**
Receivables and other assets	275.4	179.5
Cash and cash equivalents	305.7	362.2
Current assets	**581.1**	**541.7**
Assets held for sale	28.8	35.6
Total Assets	**20,061.7**	**21,360.7**
Equity	**8,114.4**	**9,083.9**
Non-current financing liabilities	8,335.3	9,208.4
Other non-current liabilities	2,225.7	2,491.1
Non-current liabilities	**10,561.0**	**11,699.5**
Current financing liabilities	1,029.6	252.4
Other current liabilities	356.7	324.9
Current liabilities	**1,386.3**	**577.3**
Total Equity and Liabilities	**20,061.7**	**21,360.7**

Investment property
- Revaluation: –€**1,495.0**m
- Acquisitions/Disposals (net): +€**97.8**m
- Capex: +€**173.3**m

Other non-current assets
- BCP stake (**35.7%**) included with market value of €**217.8**m

Receivables and other assets
- Increase mainly driven by a decrease in short-term deposits of €**20.0**m and not yet invoiced operating costs of €**87.3**m

Cash and cash equivalents
- Operating activities: +€**306.7**m (+18.4%)
- Investing activities: –€**235.5**m
- Financing activities: –€**127.7**m (mainly repayment of loans)

Financing liabilities
- Shift from non-current to current financing liabilities due to change in maturity profile

Loan to Value

LEG

€m	30.09.2023	31.12.2022
Financial liabilities	9,364.9	9,460.8
Excluding lease liabilities (IFRS 16)	17.3	22.0
Cash & cash equivalents[1]	325.7	402.2
Net Debt	**9,021.9**	**9,036.6**
Investment properties	18,983.3	20,204.4
Properties held for sale	28.8	35.6
Prepayments for investment properties and acquisitions	–	60.8
Participation in other residential companies[1]	256.5	306.7
Property values	**19,268.6**	**20,607.5**
Loan to Value (LTV) in %	**46.8**	**43.9**

1 Since Q1-2022 calculation adapted to the current standard practices, i.e. inclusion of short-term deposits and inclusion of participation in other residential companies (in particular BCP) into property values.

Loan to Value

- Increase to **46.8%** as at Sept 30, 2023 from **43.9%** as at Dec 31, 2022 driven by devaluation effects

Participation in other residential companies

- BCP is included with a value of €**217.8**m based on a share price of €**78.98** at Tel Aviv Stock Exchange as at Sept 30, 2023 (€**97.19** as at December 31, 2022)

EPRA NRV – NTA – NDV

€m	30.09.2023			31.12.2022		
	EPRA NRV – diluted	EPRA NTA[1] – diluted	EPRA NDV – diluted	EPRA NRV – diluted	EPRA NTA – diluted	EPRA NDV – diluted
IFRS equity attributable to shareholders (before minorities)	**8,089.3**	**8,089.3**	**8,089.3**	9,058.6	9,058.6	9,058.6
Hybrid instruments	**31.0**	**31.0**	**31.0**	31.0	31.0	31.0
Diluted NAV (at Fair Value)	**8,120.3**	**8,120.3**	**8,120.3**	**9,089.6**	**9,089.6**	**9,089.6**
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	**2,106.7**	**2,121.3**	**–**	2,371.9	2,371.9	–
Fair value of financial instruments	**–41.3**	**–41.3**	**–**	–78.5	–78.5	–
Goodwill as a result of deferred tax	**–**	**–**	**–**	–	–	–
Goodwill as per the IFRS balance sheet	**–**	**–**	**–**	–	–	–
Intangibles as per the IFRS balance sheet	**–**	**–5.2**	**–**	–	–5.8	–
Fair value of fixed interest rate debt	**–**	**–**	**1,121.2**	–	–	1,208.3
Deferred taxes of fixed interest rate debt	**–**	**–**	**–236.1**	–	–	–643.6
Revaluation of intangibles to fair value	**–**	**–**	**–**	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)	**1,840.0**	**–**	**–**	1,955.3	–	–
NAV	**12,025.7**	**10,195.1**	**9,005.4**	**13,338.3**	**11,377.2**	**9,654.3**
Fully diluted number of shares	**74,109,276**	**74,109,276**	**74,109,276**	74,109,276	74,109,276	74,109,276
NAV per share (€)	**162.27**	**137.57**	**121.52**	**179.98**	**153.52**	**130.27**

1 Including RETT (Real Estate Transfer Tax) would result in an NTA of €12,016.6m or €162.15 per share (31.12.2022: €13,332.4m or €179.90 per share).

Income statement

LEG

€m	9M-2023	9M-2022
Net operating income	450.3	400.3
Net income from the disposal of investment property	–1.2	–1.2
Net income from the valuation of investment property	–1,495.0	1,168.4
Net income from the disposal of real estate inventory	–0.2	0.0
Net income from other services	22.7	10.8
Administrative and other expenses	–44.5	–84.8
Other income	0.1	0.0
Operating earnings	**–1,067.8**	**1,493.5**
Net finance costs	**–152.7**	**–10.7**
Earnings before income taxes	**–1,220.5**	**1,482.8**
Income tax expenses	**–250.6**	**–295.2**
Consolidated net profit	**–969.9**	**1,187.6**

Net operating income

- Increased net cold rent (+€**26.9**m)
- Higher operating expenses (–€**11.6**m) due to higher non-transferable operating and heating costs
- Higher maintenance costs (externally procured) (–€**12.8**m)
- Positive impact from significantly lower depreciation/amortisation (+€**58.7**m); H1-2022 included amortisation of goodwill

Net income from valuation

- **–7.4**% devaluation effect as of June 30

Net finance costs

- 9M-2022 strongly driven by embedded derivatives from the convertible bonds while almost no effect in 9M-2023 (delta: –€**148.7**m)

Income tax expenses

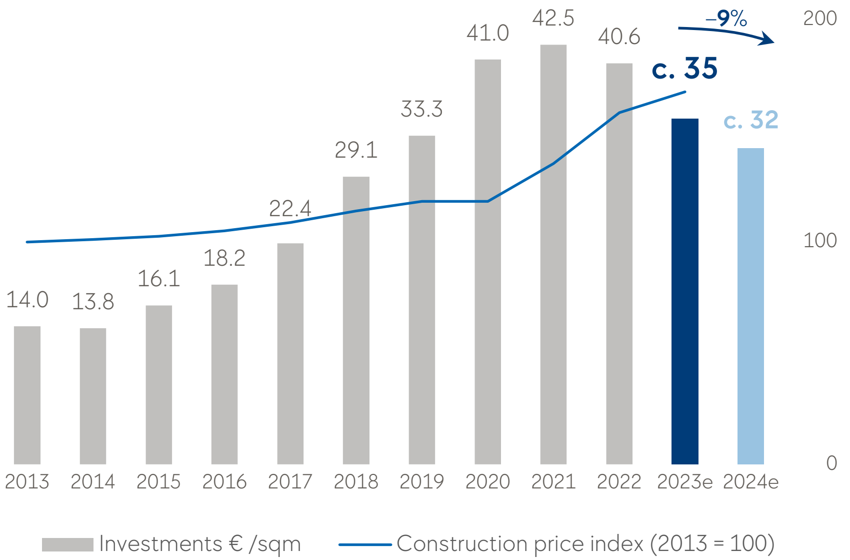
- Devaluation of properties lead to lower potential capital gains in case of disposals and hence to lower deferred taxes
- Effective Group tax rate of **21.1**% (9M-2022: 20.4%)

LEG‘s investment track record in nominal and real terms

Investments into the standing portfolio

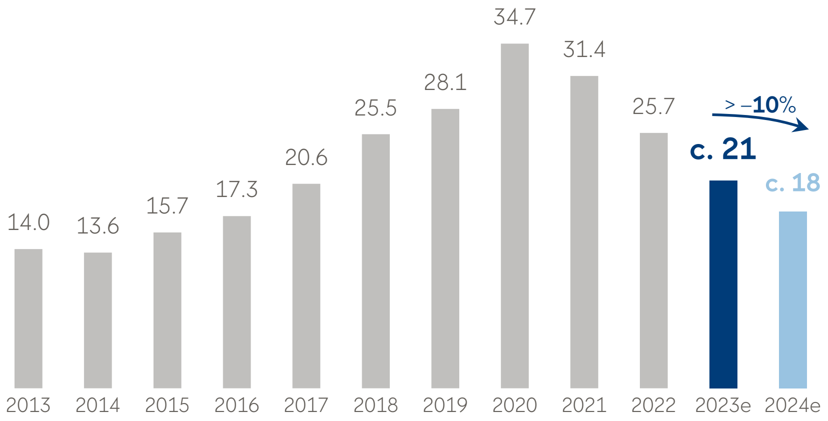
Nominal (adjusted) investments

€/sqm



Inflation adjusted (2013 based) investments

€/sqm



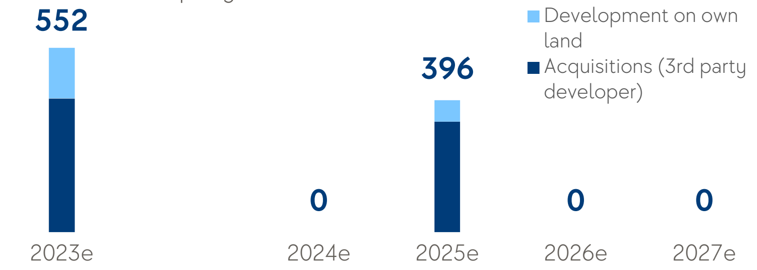
Source: company data / Destatis for construction price index

New construction pipeline further reduced to a total of c. €117m

Manageable size of projects and investment volume, cash potential from built to sell

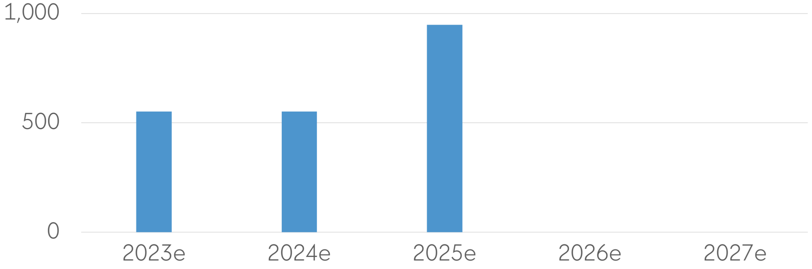
Completions

number of units per year



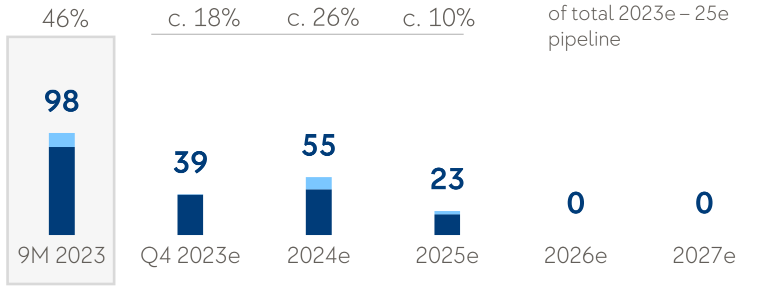
Aggregated completions

units



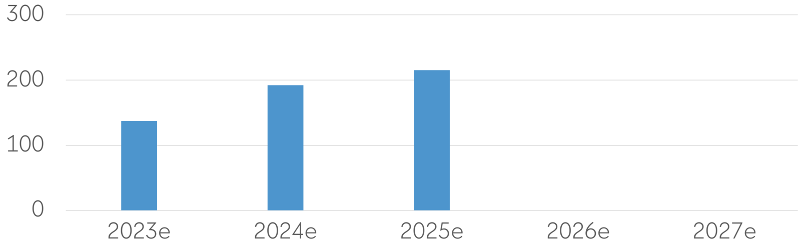
Investment volume per year

€m



Aggregated investment volume

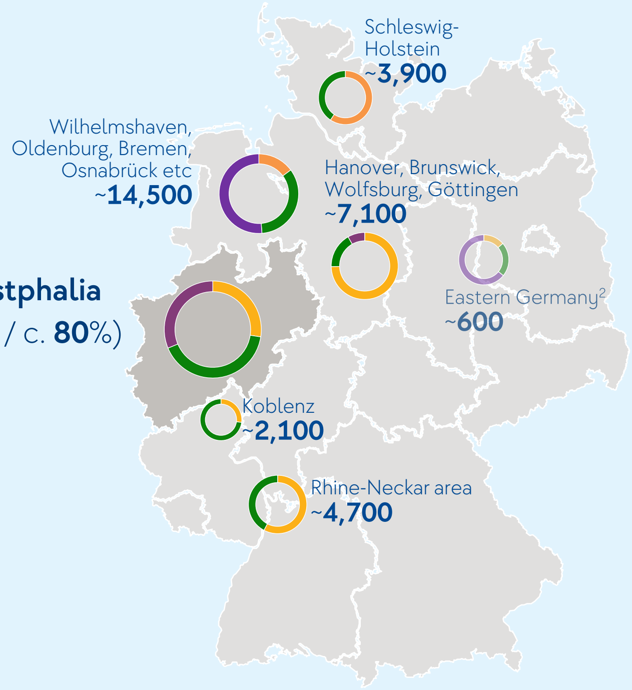
€m



LEG's portfolio comprises c. 167,000 units

Well balanced portfolio with significant exposure also in target markets outside NRW

As at 30 September 2023



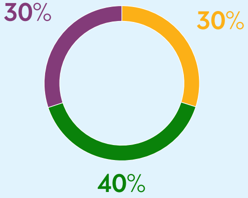
North Rhine-Westphalia
(c. **134,000** units / c. **80%**)

Outside North Rhine-Westphalia
(c. **33,100** units / c. **20%**)

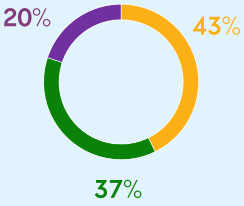
- High-Growth
- Stable
- Higher-Yielding

Total portfolio[1]
(c. **167,000** units)

by units



by GAV
€m



1 Residential units. 2 600 non-core units mainly located in Eastern Germany.

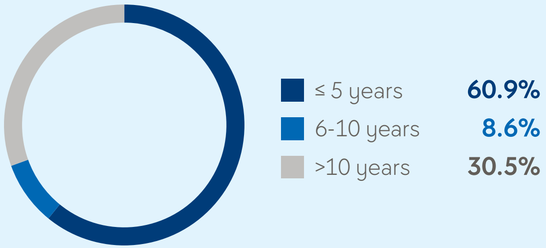
Subsidised units account for around 19% of the portfolio

Reversionary potential amounts to 43% on average

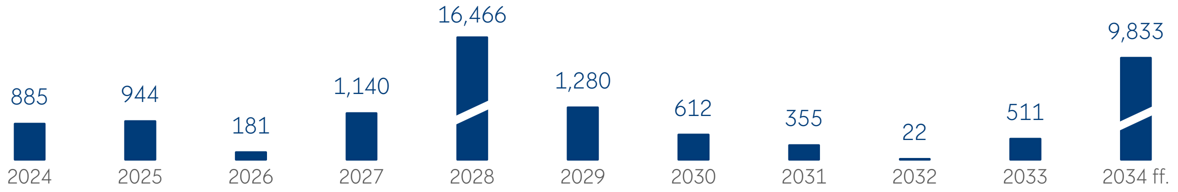
Rent potential subsidised units

- Until 2028, around **20,000 units will come off rent restriction**
- Units show **significant upside to market rents**
- The **economic upside can theoretically be realised the year after restrictions expire** subject to general legal and other restrictions[4]

Around 60% of units to come off restriction until 2028

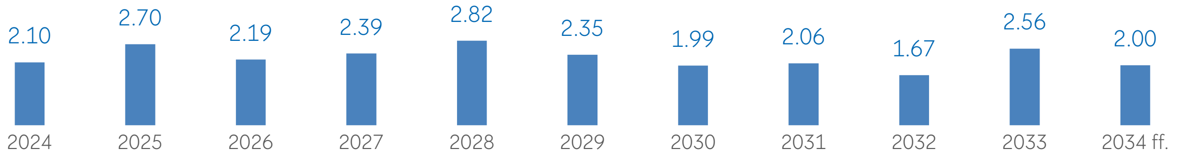


Number of units coming off restriction and rent upside (ytd 2023: c. 1,500)



Spread to market rent

€/sqm/month



	≤ 5 years[2]	6 – 10 years[2]	> 10 years[2]
In-place rent	€5.36	€5.61	€5.30
Market rent[1]	€8.11	€7.86	€7.29
Upside potential[3]	51%	40%	38%
Upside potential p.a.[3]	€43.6m	€5.0m	€16.0m

1 Employed by CBRE as indicator of an average rent value that could theoretically be achieved, not implying that an adjustment of the in-place rent to the market rent is feasible, as stringent legal and contractual restrictions regarding rent increases exist.
2 ≤5 years = 2024–2028; 6-10 years = 2029–2033; >10 years = 2034ff. 3 Rent upside is defined as the difference between LEG in-place rent and market. 4 For example rent increase cap of 15% (tense markets) or 20% for three years.

Subsidised units – Inflation-dependent components of the cost rent (i.e. admin and maintenance) were adjusted in January 2023 based on 3-year CPI development[1]

LEG

Cost rent components[2]

Management costs
- Depreciation
- Operating costs
- Loss of rental income risk
- *Administration costs*
- *Maintenance costs*

Capital costs
- Financing costs

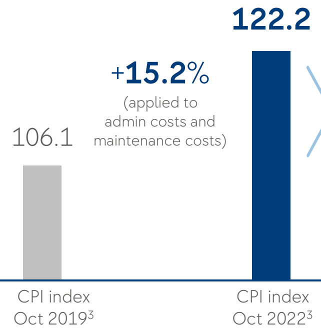
CPI - linked

Historic view

Impact on cost rent adjustment at LEG

	2014	2017	2020	2023
3 year period CPI development	+5.7%	+1.9%	+4.8%	**+15.2%**
Total rent increase for LEG's subsidised portfolio (l-f-l)	+2.4%	+1.2%	+2.0%	**+5.5%**[5]

Calculation for LEG's subsidised portfolio



	from 01/2020	adjustm. 01/2023
Administration costs[4] per unit/year	**298.41**	+15%
Maintenance costs[4] per sqm/year		
Building age <22y	**9.21**	+15%
Building age >22y<32y	**11.68**	+15%
Building age >32y	**14.92**	+15%

LEG portfolio

Subsidised units (H1-2023)

Location	Number of subsidised units	Average net cold rent month/sqm (€)
High growth markets	11,419	5.76
Stable markets	13,761	5.25
Higher-yielding markets	7,066	4.88
Total subsidised portfolio	**33,246**	**5.35**

1 CPI development from October 2019 (index = 106.1) to October 2022 (index = 122.2 acc. to Federal Statistical Office). 2 Legal basis for calculation: II. Berechnungsverordnung.
3 Basis 2015 = 100. 4 Administration and maintenance costs are lump sums. 5. as of 9M 2023

Top locations upcoming rent tables (MSP – Mietspiegel)

Q4-2023 and FY 2024: Offering the basis for further growth

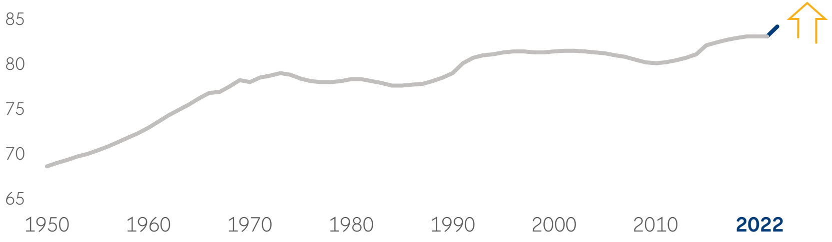
Location	# Residents	LEG market segment	# LEG free financed units	% of total free financed portfolio	Current MSP type	Current MSP valid since	New MSP expected type (method)	New MSP expected time of update
Duisburg	>100,000	Higher-yielding	5,760	4.3%	simple	11/2021	qualified (bottom-up)	Q4-2023
Dusseldorf	>100,000	High-growth	4,784	3.5%	simple	12/2021	simple (update)	Q4-2023
Gelsenkirchen	>100,000	Higher-yielding	7,001	5.2%	Simple	01/2022	simple (update)	Q1-2024
Wilhelmshaven	> 50,000	Higher-yielding	6,803	5.0%	none	–	qualified (bottom up)	Q1-2024
Bielefeld	>100,000	Stable	2,693	2.0%	qualified	03/2022	qualified (update)	Q1-2024
Bergkamen	< 50,000	Stable	2,285	1.7%	qualified	01/2022	qualified (update)	Q1-2024
Bremen	>100,000	Stable	1,867	1.4%	none	–	qualified (bottom up)	Q1-2024
Essen	>100,000	Stable	3,305	2.5%	qualified	08/2022	qualified (bottom up)	Q3-2024
Brunswick	>100,000	High-growth	1,987	1.5%	qualified	09/2022	qualified (update)	Q3-2024
Bonn	>100,000	High-growth	1,531	1.1%	qualified	06/2022	qualified (bottom up)	Q3-2024
Herne	>100,000	Higher-yielding	2,924	2.2%	simple	01/2023	qualified (bottom up)	Q4-2024
Remscheid	>100,000	Higher-yielding	1,521	1.1%	qualified	12/2022	qualified (bottom up)	Q4-2024

Demand – supply imbalance will persist for the coming years

Immigration remains a driver to further push demand for affordable units while new supply erodes

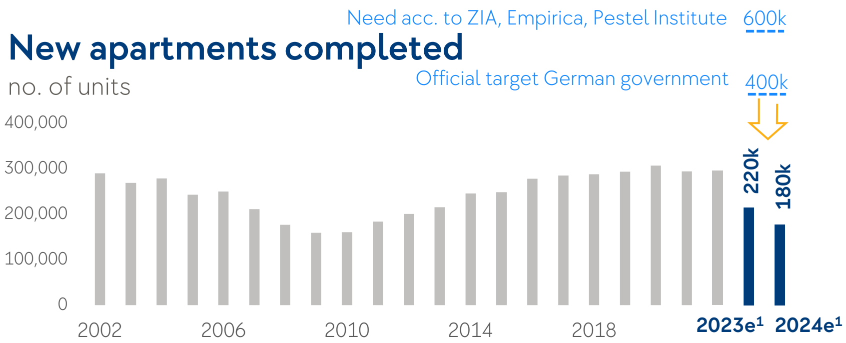
German population at highest level ever in 2022

in million



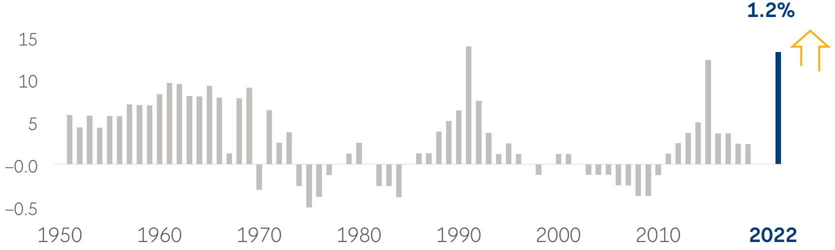
New apartments completed

no. of units



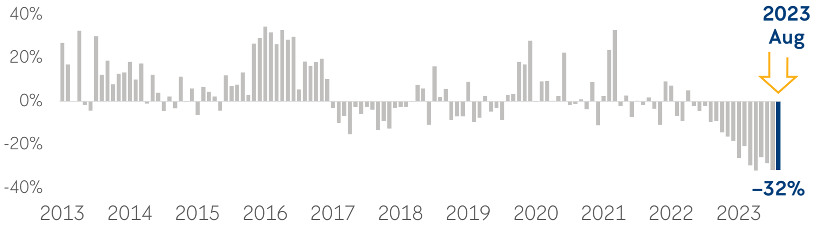
2nd strongest population growth in 2022

in %



No. of building permissions for apartments with strongest decline within last decade

in % vs previous year month



Source: destatis/ 1 GDW (2023) and Macroeconomic Policy Institute (IMK) (2024)

Stimulus measures for German construction
1/3

		LEG VIEW
Depreciation	▪ 6% p.a. on new build for buildings with construction start between 09/2023 and 10/2029, declining balance depreciation method	**Limited effect** as focus is on tax relief only but does not address structural headwinds from construction costs and financing costs
Energetic standard new built	▪ EH 40 as a binding legal standard for new built suspended, i.e **EH 55** is sufficient. Critical stance towards EPBD to force refurbishments	**No material impact**; avoids further raising of standards which would foster construction price inflation
Simplification of the construction of affordable living space	▪ Special provision planned on German Building Code, applicable in tense markets and limited until 12/2026 ▪ Federal ministry of construction to provide amendments until year end 2023	**No immediate impact**. In general lower requirements and simplification of process supportive but not clear who is going to build under high construction costs and high financing costs
Construction of social housing	▪ €**45**bn budget until 2027 (€**18**bn Federal Government, €**27**bn Federal States)	This is currently a proposal of the government and states need to agree as bulk of costs need to be financed by states. Unclear on terms and conditions and who is going to construct. **No quick support for the market**. At €**3,500** – €**4,000**/sqm this represents c. 175k – 200k units.
KfW programme "Home ownership for families"	▪ Max. loan amounts increased by €**30**k, taxable income threshold for low-interest loans raised to €**90**k/year	**No material impact**, as for affordability reasons it mainly addresses families in B, C locations where prices are generally lower and supply/ demand imbalance less severe than in A locations

Stimulus measures for German construction
2/3

		LEG VIEW
Home ownership programme „Young buys old“	▪ Launch in **2024** and **2025** to support the acquisition of existing buildings in need of refurbishment by young families, programme will be run by KfW	Terms & conditions as well as budget **unspecified**
Conversion of commercial real estate into residential	▪ KfW funding programme with a total volume of €**480**m to be launched in 2024 and 2025	**No material impact** given small budget and technical complexity to transfer office into residential buildings
Building type E	▪ **E** for experimental, leeway for innovative planning, also by deviating from cost-intensive standards; Federal Government will provide a guideline and process recommendation	**Details unclear as of today**. Guidelines for type E buildings to be released until year end 2023. More a sandbox exercise than ready to implement solution
Sale of BImA-owned land at discount	▪ Federal Agency for Real Estate Tasks (BImA) will extend its programme of selling own land at a discount until year-end 2029 to promote public purposes and social housing	Current programme with **no/ little impact** on construction activities. No material effect from extension of programme expected
Guidelines for noise protection	▪ In the Technical Instructions on Noise, the Federal Government will use an experimental clause to raise the noise values when residential buildings are close to commercial operations	Brings down requirements and supports new construction in general **– however no immediate effect**

Stimulus measures for German construction
3/3

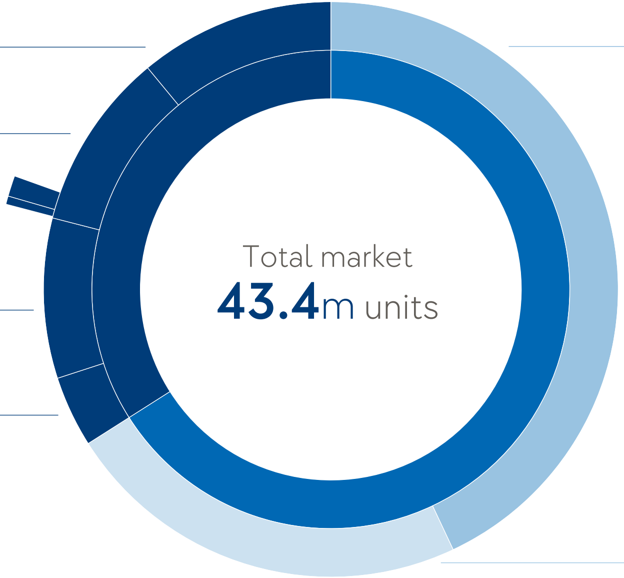
		LEG VIEW
Subsidies for new heating systems and speed bonus	▪ Subsidies in a range of **30%–75%**, depending on individual income ▪ Additional Speed Bonus of **25%** (2024–2025), **20%** (2026), **15%** (2027) – also available for professional landlords/ resi companies ▪ Energy efficient modernisation: subsidies and tax depreciation are to be raised to **30%** each (declining again from 2026 in line with speed bonus)	**Positive impac**t for LEG as it supports LEG's decarbonisation strategy and improves cash generation Subsidies scheme not yet finally passed by parliament
Promotion of owner-occupied housing	▪ Mainly through reduction of ancillary acquisition costs. The Federal Government wants to allow the Federal States more flexibility in structuring the real estate transfer tax (e.g. by means of an allowance). In return, an extended taxation of share deals is being examined	States would lose individual income, therefore ongoing discussions on state and federal level. Some support on ancillary acquisition costs but no material impact expected as construction and financing costs remain high
Speed-up planning, approval and implementation	▪ Building permits can be considered granted following three months fictitious approval time (until 2026) ▪ Once serial and modular construction types have been approved in one federal state, they are valid nationwide and are mutually recognized without restriction ▪ The use of attics for residential purposes will be exempt from approval	**No immediate impact,** however less bureaucracy and nation-wide serial construction ability in general supportive; support at the municipal level is crucial
Launch of new housing community benefit scheme	▪ New non-profit housing market segment for rent-restricted units in new built and existing properties promoted by investment subsidies and tax benefits	**No immediate impact**. No details on budget, funding and timeline provided

Breakdown German residential market

A highly fragmented market – dominated by private owners

Professional owners 34%

Public owner	11%
Private companies	10%
of which	
▪ No.1	1.1%
▪ **LEG** (No.2)	0.4%
Mutuals	9%
Other private companies (insurers, funds etc.)	4%



66% Private owners

43% Private Individuals

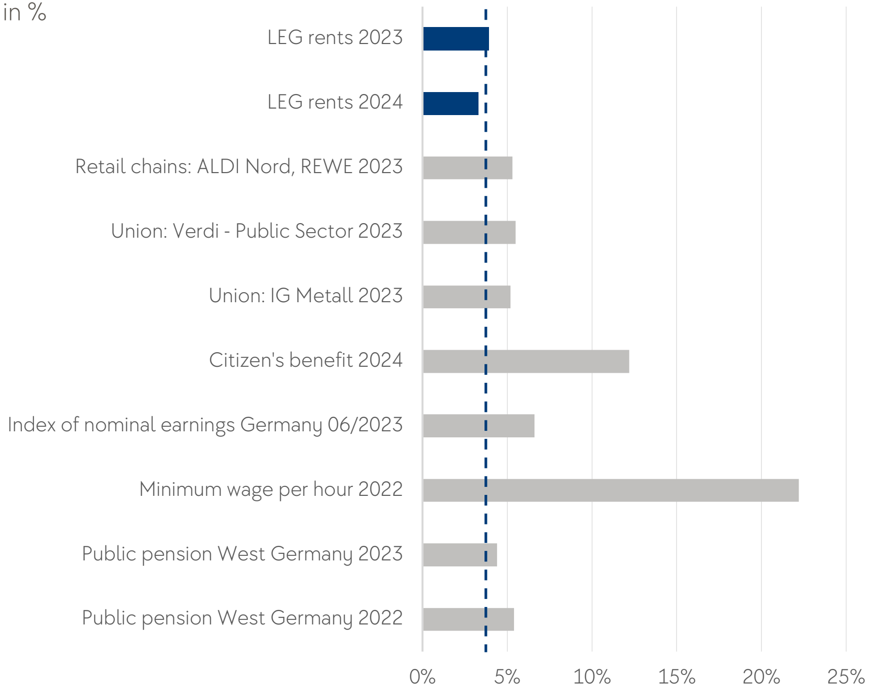
23% Associations of private home owners

Source: Savills/ destatis

Affordability of living

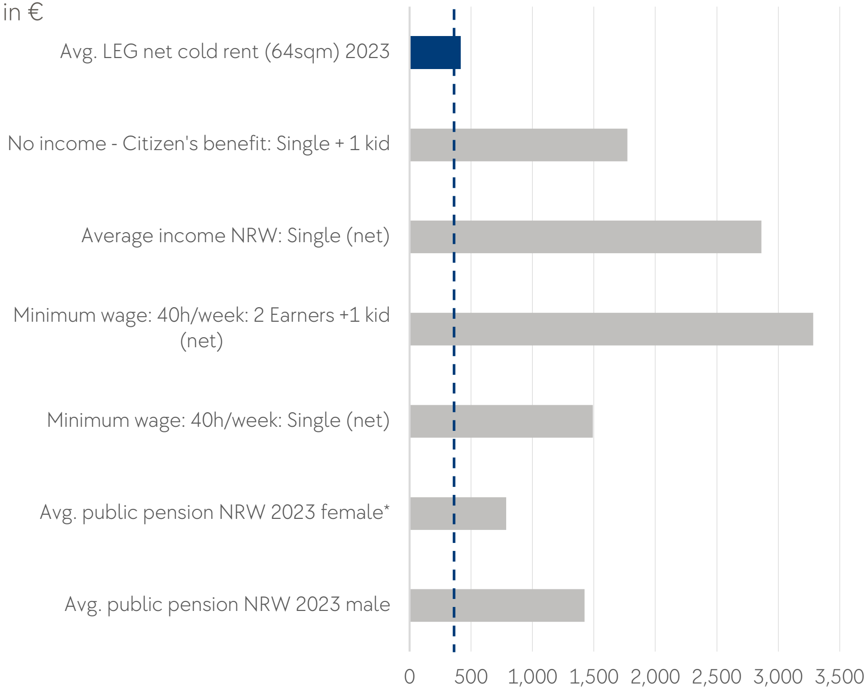
Increase of LEG rents vs. income growth

in %



LEG rents vs. income (illustrative examples)

in €



Source: LEG, ALDI Nord, Rewe; Verdi, IG Metall, destatis, Federal Ministry for Labor and Social Affairs, DGB regarding citizen benefit example (https://www.dgb.de/themen/++co++ef171378-cbfb-11ea-af64-001a4a160123),
* eligible for citizen's benefit

Among the best in class

Upgrade to AAA rating by MSCI

ESG		2018	2019	2020	2021	2022/23	
MSCI	ESG Rating	AA	AA	AA	AA	AAA	Upgrade to top rating in 12/2022
SUSTAINALYTICS a Morningstar company	ESG Rating		20.1	10.4	7.8	6.7 ESG REGIONAL TOP RATED; ESG INDUSTRY TOP RATED; ESG GLOBAL 50 TOP RATED	No. 1 out of 159 in real estate management[1] No. 6 out of 1,075 in global real estate[1] No. 30 out of 15,638 in global total coverage[1]
CDP DISCLOSURE INSIGHT ACTION	CDP Score					B	Initial score above sector score (C)
SCIENCE BASED TARGETS	SBTi target					Approved 10/2023	
ISS ESG	ISS ESG	D+	D+	C–	C–	C Corporate ESG Performance Prime RATED BY ISS ESG	Upgrade to Prime Status
EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	sBPR Award	EPRA sBPR BRONZE	EPRA sBPR SILVER	EPRA sBPR GOLD	EPRA sBPR GOLD	EPRA sBPR GOLD	Gold rating confirmed for 2023
DAX	ESG Index			DAX® 50 ESG	DAX® 50 ESG	DAX® 50 ESG	
MSCI	ESG Indices					MSCI EAFE Choice ESG Screened Index MSCI World Custom ESG Climate Series MSCI OFI Revenue Weighted Global ESG Index	

1 As at 10/2023

SBTi: Approved near-term science based targets

LEG

APPROVED

NEAR-TERM SCIENCE-BASED TARGETS

The Science Based Targets initiative has validated that the science-based greenhouse gas emissions reductions target(s) submitted by LEG Immobilien SE conform with the SBTi Criteria and Recommendations (Criteria version 5.0).

SBTi has classified your company's scope 1 and 2 target ambition as in line with a 1.5°C trajectory.

The official near-term science-based target language:

LEG Immobilien SE commits to reduce absolute scope 1 and 2 GHG emissions 46.2% by 2030 from a 2019 base year.* LEG Immobilien SE commits to reduce absolute scope 3 GHG emissions from fuel and energy related activities and downstream leased assets 27.5% within the same timeframe.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Partner Organizations

CDP — United Nations Global Compact — World Resources Institute — WWF

In collaboration with

We Mean Business Coalition

Capital market financing

Corporate bonds

Maturity	Issue Size	Maturity Date	Coupon	Issue Price	ISIN	WKN
2017/2024	€500m	Exercise of call option as at 23 October 2023				
2019/2027	€500m	28 Nov 2027	0.875% p.a.	99.356%	DE000A254P51	A254P5
2019/2034	€300m	28 Nov 2034	1.625% p.a.	98.649%	DE000A254P69	A254P6
2021/2033	€600m	30 Mar 2033	0.875% p.a.	99.232%	DE000A3H3JU7	A3H3JU
2021/2031	€700m[1]	30 Jun 2031	0.750% p.a.	99.502%	DE000A3E5VK1	A3E5VK
2021/2032	€500m	19 Nov 2032	1.000% p.a.	98.642%	DE000A3MQMD2	A3MQMD
2022/2026	€500m	17 Jan 2026	0.375% p.a.	99.435%	DE000A3MQNN9	A3MQNN
2022/2029	€500m	17 Jan 2029	0.875% p.a.	99.045%	DE000A3MQNP4	A3MQNP
2022/2034	€500m	17 Jan 2034	1.500% p.a.	99.175%	DE000A3MQNQ2	A3MQNQ

Financial Covenants

Adj. EBITDA/ net cash interest **≥ 1.8x**
Unencumbered assets/ unsecured financial debt **≥ 125%**
Net financial debt/ total assets **≤ 60%**
Secured financial debt/ total assets **≤ 45%**

1 Includes €100m bond tap as of 10 July 2023

Capital market financing
Convertible bonds

	2017/2025	2020/2028
Issue Size	€**400**m	€**550**m
Term / Maturity Date	8 years/ 1 September 2025	8 years/ 30 June 2028
Coupon	0.875% p.a. (semi-annual payment: 1 March, 1 September)	0.400% p.a. (semi-annual payment: 15 January, 15 July)
# of shares	3,531,959	3,580,370
Initial Conversion Price	€118.4692	€155.2500
Adjusted Conversion Price[1]	€113.2516 (since 2 June 2022)	€153.6154 (since 7 June 2022)
Issuer Call	From 22 September 2022, if LEG share price >130% of the then applicable conversion price	From 5 August 2025, if LEG share price >130% of the then applicable conversion price
ISIN	DE000A2GSDH2	DE000A289T23
WKN	A2GSDH	A289T2

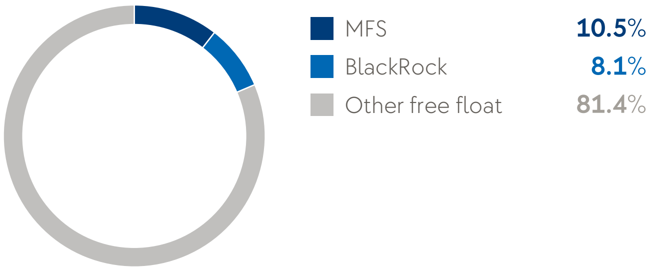
1 Dividend-protection: The conversion price will not be adjusted until the dividend exceeds €2.76 (2017/2025 convertible) and €3.60 (2020/2028 convertible).

LEG share information

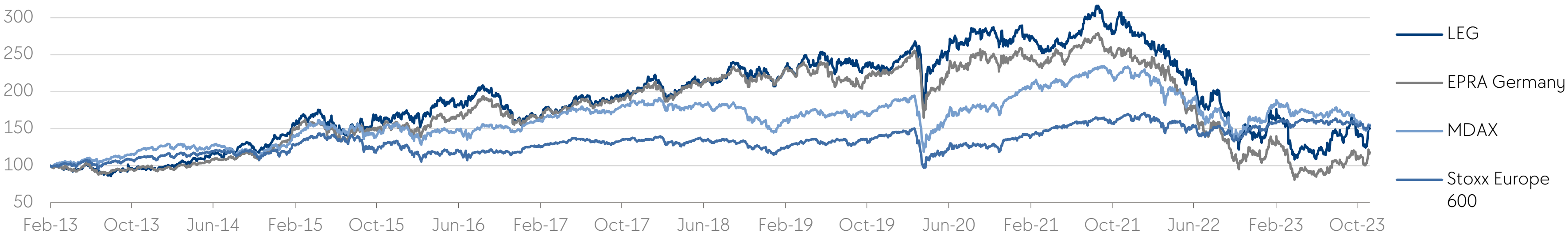
Basic data

Market segment	Prime Standard
Stock Exchange	Frankfurt
Total no. of shares	74,109,276
Ticker symbol	LEG
ISIN	DE000LEG1110
Indices	MDAX, FTSE EPRA/NAREIT, GPR 250, Stoxx Europe 600, DAX 50 ESG, i.a. MSCI Europe ex UK, MSCI World ex USA, MSCI World Custom ESG Climate Series
Weighting	MDAX 3.5% (30.9.2023) EPRA Developed Europe 2.9% (30.9.2023)

Shareholder structure[1]

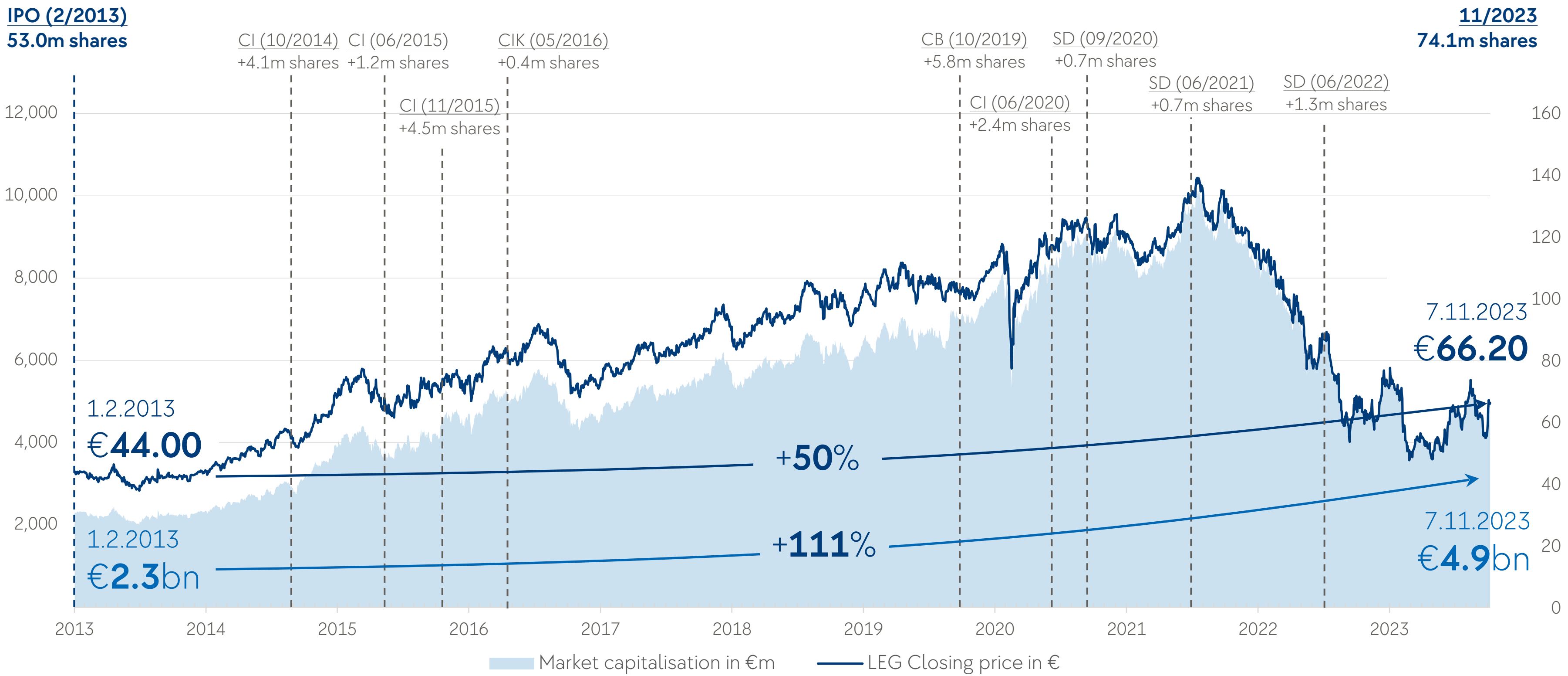


Share (7.11.2023; indexed; in %; 1.2.2013 = 100)



1 Shareholdings according to latest voting rights notifications.

Share price and market capitalisation since IPO



IPO = Initial Public Offering; CI = capital increase; CIK = capital increase in kind; CB = convertible bond; SD = stock dividend.

Financial calendar

2024

11 March
Annual Report 2023

15 May
Quarterly Statement Q1
as of 31 March 2024

9 August
Quarterly Report Q2
as of 30 June 2024

8 November
Quarterly Statement Q3
as of 30 September 2024

For our detailed financial calendar, please visit https://ir.leg-se.com/en/investor-relations/financial-calendar

IR Contact

LEG

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