FY-2023

LEG Immobilien SE

FY-2023 Results

11 March 2024

LEG

FY-2023 Results – Agenda

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1 Highlights **FY-2023**

Financial Summary
FY-2023

Operating results		FY-2023	FY-2022	+/– %
Net cold rent	€m	**834.3**	799.1	+4.4%
NOI (recurring)	€m	**683.8**	660.4	+3.5%
EBITDA (adjusted)	€m	**672.8**	638.1	+5.4%
FFO I[1]	€m	**453.9**	482.0	–5.8%
AFFO	€m	**181.2**	108.8	+66.5%
AFFO per share	€	**2.44**	1.48	+64.9%
Operating cashflow	€	**447.9**	389.0	+15.1%
NOI margin (recurring)	%	**82.0**	82.6	–60bps
EBITDA margin (adjusted)	%	**80.6**	79.9	+70bps
FFO I margin	%	**54.4**	60.3	–590bps
AFFO margin	%	**21.7**	13.6	+810bps
Dividend per share	€	**2.45**	0.00	–

Portfolio		31.12.2023	31.12.2022	+/– %
Residential units	number	**166,546**	167,040	–0.3%
In-place rent (l-f-l)	€/sqm	**6.58**	6.33	+4.0%
Investments (adj.)[2]	€/sqm	**35.01**	40.61	–13.8%
EPRA vacancy rate (l-f-l)	%	**2.4**	2.7	–30bps

Balance sheet		31.12.2023	31.12.2022	+/– %
Investment properties	€m	**18,101.8**	20,204.4	–10.4%
Cash and cash equivalents[3]	€m	**405.5**	402.2	+0.8%
Equity	€m	**7,488.2**	9,083.9	–17.6%
Total financing liabilities	€m	**9,375.8**	9,460.8	–0.9%
Net debt[4]	€m	**8,954.4**	9,036.6	–0.9%
LTV	%	**48.4**	43.9	+450bps
Average debt maturity	years	**6.2**	6.5	–0.3y
Average debt interest cost	%	**1.58**	1.26	+32bps
Equity ratio	%	**38.8**	42.5	–370bps
EPRA NTA, diluted	€m	**9,379.9**	11,377.2	–17.6%
EPRA NTA per share, diluted	€	**126.57**	153.52	–17.6%

Employees	31.12.2023	31.12.2022	+/– %/bps
No. of employees	**2,003**	2,040	-1.8%

1 No steering KPI – for information purpose only. 2 Excl. new construction activities on own land, own work capitalised, consolidation effects and after subsidies.
3 Including short term deposits of €128.0m as of FY-2023 (FY-2022: €40.0m). 4 Excl. lease liabilities according to IFRS 16 and incl. short term deposits.

Cash is King – Strategy pays out

AFFO of €181.2m above upper guidance level – strong operations – DPS24 of €2.45

Financials

- AFFO **+66.5%** to **€181.2m**
- Operating Cashflow **+15.1%** to **€447.9m**
- FFO I **–5.8%** to **€453.9m**
- Adj. EBITDA-Margin **80.6%**
- LTV **48.4%**
  - Debt @ **1.58%** for **6.2y**
- NTA p.s. **€126.57**

Operations

- Net cold rent **+4.4%**
- l-f-l rental growth **+4.0%**
- l-f-l vacancy **2.4%** (–30bps)

ESG

- **SBTi approved** in 2024
- Despite much lower investments CO_2 reduction of **~8,700t** realised vs. target of **4,000t**, as modernisations contributed **~2,700t** and nudging effects **~ 6,000t**
- CO_2-footprint expected to come down by **4%** to **27.3** CO_2ekg/sqm

FY-2023

4.9% property devaluation in H2-2023

Total devaluation of 11.9% in FY2023 – bottoming out expected

Resumption of dividend with DPS24 of €2.45

100% of AFFO – net disposal proceeds (€55m) to be retained

Resilient balance sheet – fully refinanced until mid 2025

LTV of 48.4% backed by strong financing structure

Guidance 2024 confirmed – midpoint +5% vs. 2023

€180 – 200m AFFO driven by strong fundamentals

A very resilient business set-up: Offering sufficient optionality to also shift gears – Very reliable and growing cashflows provide a sustainable base for the dividend

ILLUSTRATIVE

Driver	Growing, reliable cash inflows	Cash outflows/ AFFO	

Structural supply/ demand imbalance support market rent growth
▪ New development project starts in GER **–75%**[1]
▪ Rent table dynamics continue
 	
LEG specific growth driver in **2026** and **2028** from rent restricted units
 	
High rent collection of **>99%**
	▪ Net cold rent via core business	▪ Investments
		  ▪ Maintenance
		  ▪ Capex
		  ▪ New development[2]
		▪ Operating & admin costs
		▪ Interest expenses
		▪ Taxes
			Improve efficiency from decarbonisation capex (fully self-funded) via own tools and initiatives
			
			Strict cost discipline
			
			Fully refinanced until mid **2025**
			
			Attractive financing conditions with avg. **1.58%** for avg. **6.2 years**

Growing importance from value add business and Green JV's like **termios**	▪ Value add & third party decarbonisation business	**AFFO**	Potential dividend base, fully self-funded Scrip offering limiting cash outflows
Optionality from disposals on dividend base and/ or capital strengthening	**Net disposal proceeds**		

1 Bulwiengesa New Development Monitor for all German project starts Q4 23 vs Q4 22, see also appendix. 2 In run-off: Total remaining outflows until YE 2025 €82m.

2 Portfolio & Operating **Performance**

Portfolio transactions: c.2,000 units sold for total proceeds of c.€155m

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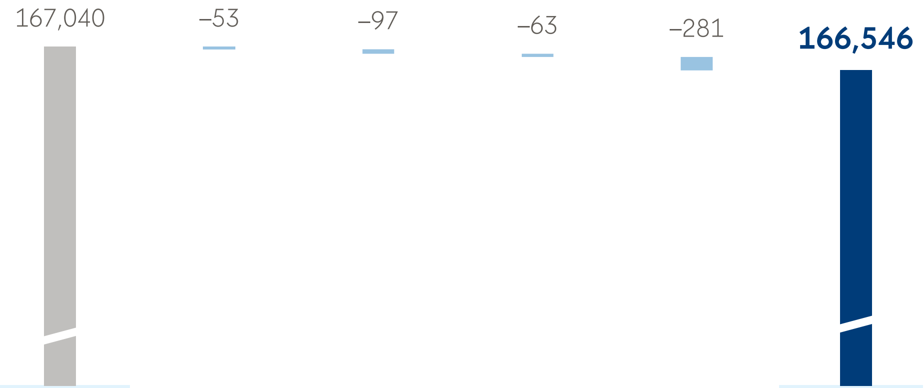
€80m of proceeds reflected within 2023 figures – remainder of €75m to provide a good start to 2024

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



	31.12.2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	31.12.2023
Additions	1,412	381	135	102	297	915
Divestments	–561	–434	–232	–165	–578	–1,409
Change	**851**	**–53**	**–97**	**–63**	**–281**	**–494**

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
- Since Q2 nearly all additions from finished new construction projects

Disposals

- Disposal incl. transfer of ownership of ~**1,300** units at a volume of c. €**80**m – at around book value in FY-2023, net proceeds of €**55**m
- Disposal contracts for around **700** residential units signed but not yet transferred for a volume of c.€**40**m
- Additionally commercial non-core units sold at book value (c.€**35**m) with cash-inflow expected in Q1 2024
- Total disposals in 2023 include three larger portfolios (in total >**800** units) and several small ticket sales of non-core units particular in Eastern Germany

Immediate cash generation via dynamic rent growth

Additional contribution from cost rent adjustment

l-f-l rent development

€/sqm/month

Residential rent

+**4.0%**

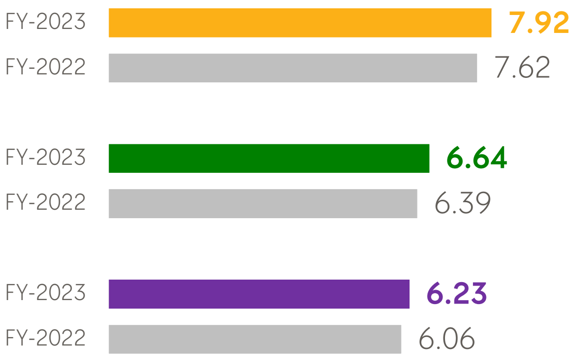
Rent table	+**1.7%**
Modernisation/ Re-letting	+**1.5%**
Cost rent	+**0.8%**

Free financed rent

+**3.6%**

l-f-l free financed rent development

€/sqm/month



High-growth +**3.9%**

Stable +**3.9%**

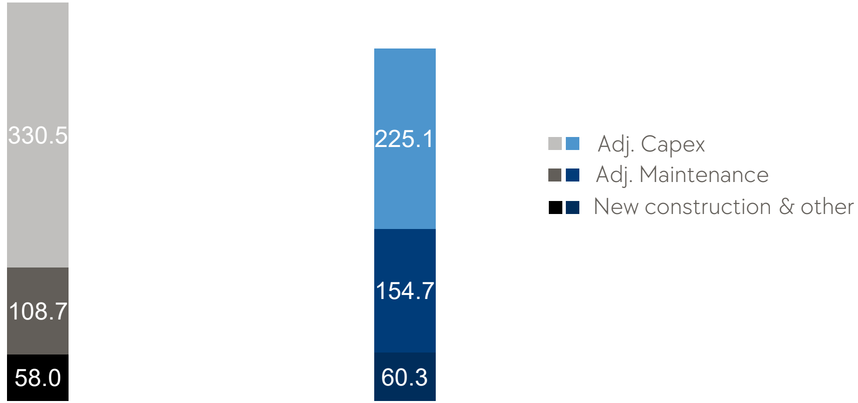
Higher-yielding +**2.8%**

- Residential rent increase of **4.0%** driven by rent table adjustments and re-letting
- Cost rent increase of **5.7%** for the subsidised units contributed **0.8%**-pts.
- Free financed rent increased by **3.6%** on average
- New rent table examples for LEG: Bergkamen +**14.8%**, Castrop-Rauxel +**18.1%**, Krefeld +**10.2%** (based on local reference rent (OVM))

Capex and Maintenance

Spot landing with €35.01/sqm reflects efficient and disciplined spending

	FY-2022		FY-2023
Adj. Invest per sqm[1]	**€40.61**/sqm	**–13.8%**	**€35.01**/sqm
Adj. Invest €m[1]:	**€439.2**m		**€379.8**m
Total Invest €m	**€497.2**m		**€440.1**m



per sqm	FY-2022	FY-2023	%
Adj. Capex	€30.56	€20.75	–32.1%
Adj. Maintenance	€10.05	€14.26	+41.9%
Adj. Investment[1]	**€40.61**	**€35.01**	**–13.8%**

- Adjusted investments per sqm declined by **13.8%** yoy to **€35.01**. Investments were fully in line with guidance
- Shift towards AFFO steering leads to lower capitalisation rate[2] (**59%** vs **75%** FY-2022) and increased maintenance expenses accordingly
- Despite much lower investments CO_2-reduction of ~**8,700** t realised vs. target of **4,000** t, as modernisations contributed ~**2,700** t and nudging effects ~ **6,000** t
- New construction costs on own land amounted to c. **€17**m, run-off on track, also due to cancellation of projects. See remaining pipeline in appendix

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

Value-added services

Normalisation of earnings contribution after tailwinds from energy prices in 2022

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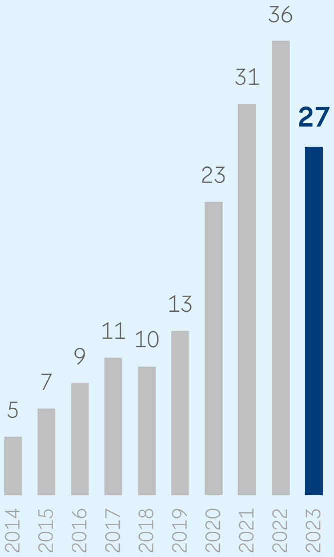
AFFO contribution – Services

€m



Main service entities

LEG WohnService	LEG EnergieService	LEG TechnikService	LEG LWS Plus
Partner	Partner	Partner	Partner
vodafone	~100 partners from energy and technical service providers	B&O	~130 partners from craft companies and technical service providers
100% entity	**100% entity**	**Joint venture (51%)**	**100% entity**
Multimedia: TV, internet and telephone	Electricity, heating, gas, metering	Small repair work, craftsmen services	General contractor services
Launch January 2014	Launch March 2015	Launch January 2017	Acquisition October 2020

Key driver 2023

ESP results impacted by volatility in energy markets and from higher investments

Further service entities of LEG

RENOWATE

Joint Venture: provides serial energetic refurbishment of properties

termios

Joint Venture: developed the first smart thermostat for hydraulic balancing

dekarbo

Joint Venture: offers comprehensive service around air-to-air heatpump installation

youtilly

Fully digital platform: facilitates services like green keeping and cleaning between property owners and providers

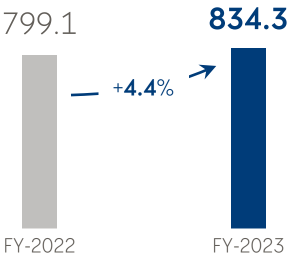
3 Financial **Performance**

Financial highlights FY-2023

Cash focus pays off

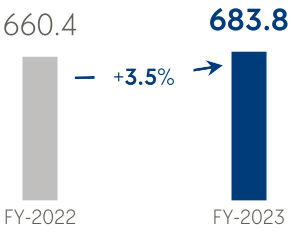
Net cold rent

€m



Net operating income (recurring)[1]

€m



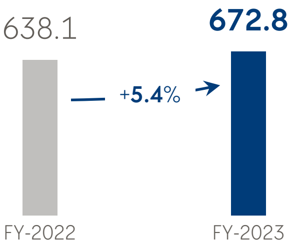
Margin

82.0%

(82.6%)

EBITDA (adjusted)[1]

€m



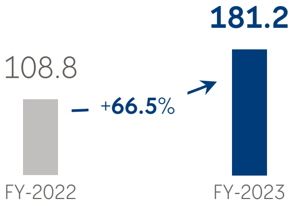
Margin

80.6%

(79.9%)

AFFO

€m



Margin

21.7%

(13.6%)

Net cold rent

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

Net operating income (recurring)

- Margin decline from **82.6%** to **82.0%** largely due to higher non-allocable operating expenses

EBITDA (adjusted)

- Positive effects from other services driven by forward sale of green electricity (+€**20.7**m)

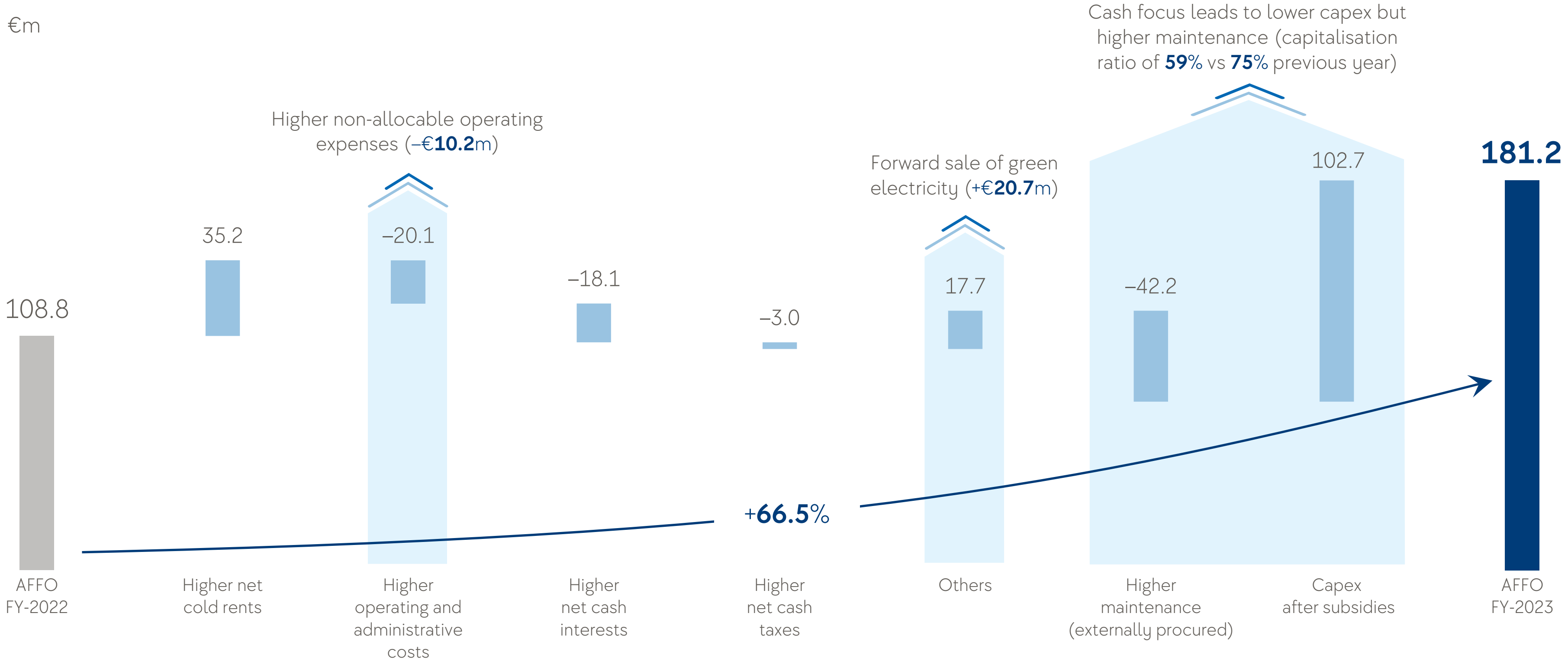
AFFO

- Increase by **66.5%** to €181.2m driven by
  - Reduction of investments by **–13.5%** from €**439.2**m to €**379.8**m
  - Adverse effect from higher cash interest expenses (**–€18.1**m)

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

AFFO Bridge FY-2023

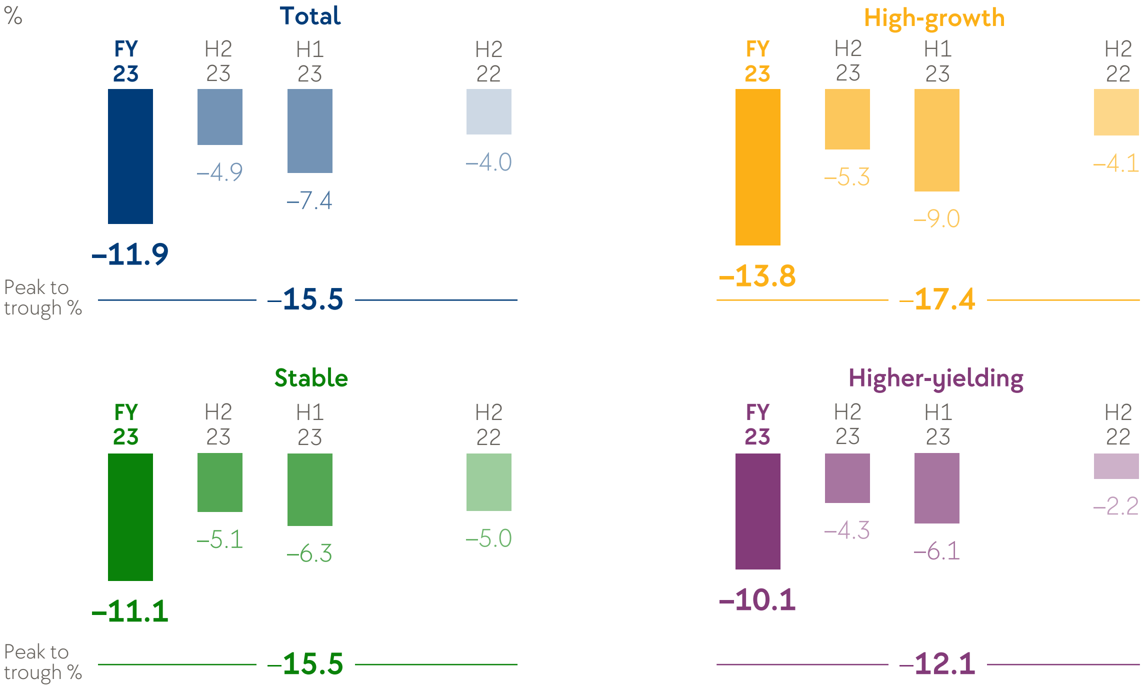
In particular decline in investments leads to strong AFFO improvement



Portfolio valuation FY-2023 – Breakdown of revaluation losses

Devaluation losing momentum

Valuation decline by markets l-f-l[1]



Highlights

- Valuation adjustment of –**7.4**% in H1-2023 and –**4.9**% in H2-2023; total of –**11.9**% in FY-2023
- Transaction market in German residential real estate at lowest volume since 2010 (2023: €**5.2**bn)[2]
- Since peak in H1-2022 combined devaluation effect of c.**15.5**%
- Stronger devaluation effect in high-growth markets compared to higher-yielding markets
- Average object-specific discount rate increased to **4.7**% (FY-2022 **3.7**%), cap rate increased to **5.7**% (FY-2022 **5.2**%)

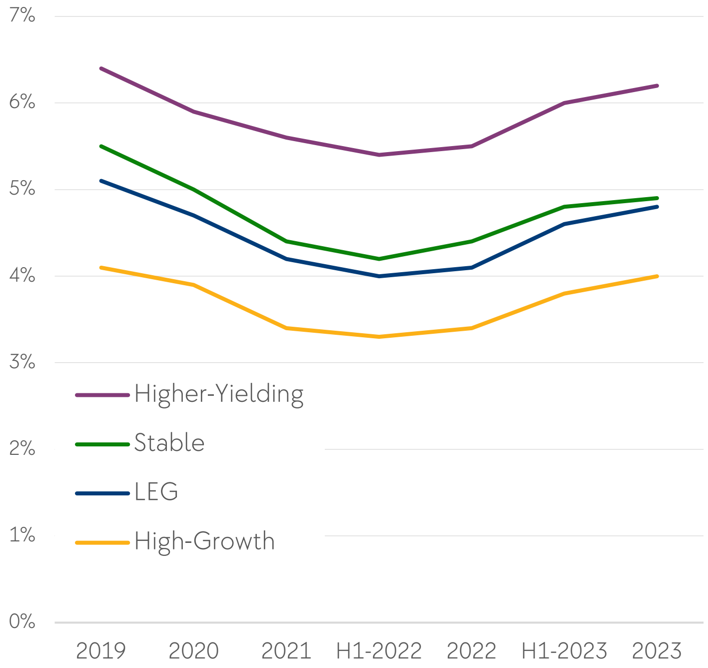
1 Property valuation with cut-off date as of 30 September 2023 and revaluation date as of 31 December 2023. 2 Source: BNP Real Estate for transactions >30 units.

Portfolio valuation FY-2023: Back at attractive yields

4.8% gross yield and 3.8% NIY – c.5% and c.4% resp. expected, towards year end due to rent growth

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	49,928	7,265	2,207	4.0%	25.2x	327	7,592
Stable Markets	66,713	6,457	1,509	4.9%	20.3x	257	6,714
Higher-Yielding Markets	49,905	3,377	1,129	6.2%	16.3x	91	3,467
Total Portfolio	**166,546**	**17,098**	**1,619**	**4.8%**	**21.0x**	**674**	**17,773[1]**

Gross yields

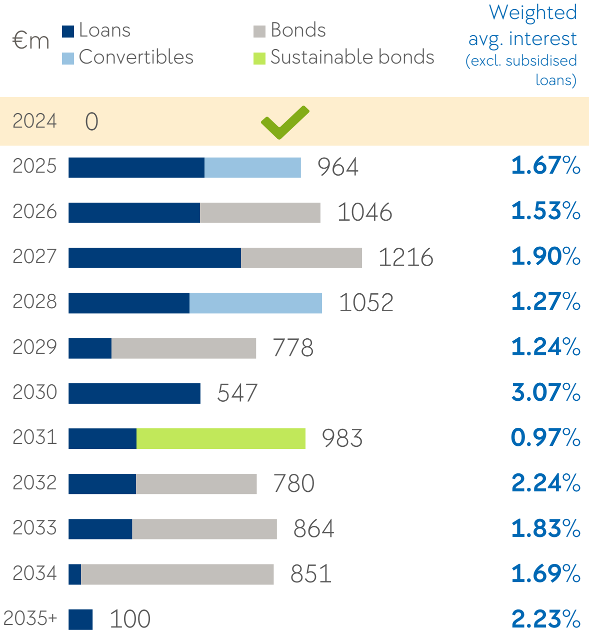


1 GAV of IAS 40 portfolio (including leasehold, land value and assets under construction) was €18,102m.

Financial profile

2024 maturities refinanced at attractive terms – next maturities mid 2025

Pro forma maturities[1]



Average debt maturity

years

Average interest cost

%

Loan-to-value

%

Highlights

- No refinancings until mid of 2025 – cash at hand as well as RCF would cover all maturities until 01/2026
- Undrawn RCF's increased to €**750**m (3y maturity) (prev. €675m)/ CP-programme of €**600**m
- Strong liquidity of >€**400**m (as at 12/23)[2]
- Headroom of c. **23–24%** value decline regarding LTV and unencumbered asset test respectively
- Secured maturities in 2025 of €**564**m to be rolled forward or refinanced (first maturities mid 2025)
- Convertible of €**400**m due as of Sept 1, 2025
- Average debt maturity as at **12/23** was **6.2** years with average interest cost of **1.58%**
- Interest **hedging rate** of c.**94%**
- **LTV** of **48.4%** above medium-term target level of max. **45%**, but comfortably within thresholds for rating of Baa2 (stable)

1 Pro-forma as of 01/2024 after refinancing 100% of the 2024 maturities. 2 Cash and short-term deposits.

4 Outlook

Guidance 2023: Operating results reached upper end

Significant higher CO_2-savings

			Guidance 2023[1]	2023 achievement	
AFFO			Upper end of €**165**m – **180**m	€**181.2**m	✓
Adj. EBITDA margin			c. **80**%	**80.6**%	✓
l-f-l rent growth			**3.8**% – **4.0**%	**4.0**%	✓
Investments			c. **35**€/sqm	**35.01**€/sqm	✓
LTV			Medium-term target level max. **45**%	**48.4**%	**work in progress**
Dividend			100% AFFO as well as a part of the net proceeds from disposals	€**2.45** ps	✓
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		On track
	2023		**4,000** tonnes CO_2 reduction from modernisation projects and customer behavior change	**8,700** t	✓
Social	2023–2026		Improve high employee satisfaction level to **70**% Trust Index		Interim Update 2024
	2023		Timely resolution of tenant inquiries regarding outstanding receivables (<**13** working days)	**11.5** days	✓
Governance	2023		**85**% of Nord FM, TSP, biomass plant, **99**% of all other staff holding LEG group companies have completed digital compliance training	**98.6**% **99.9**%	✓

1 Guidance based on 167 k units.

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

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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** tonnes 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 FY-2023 Results
Appendix

FFO I/ AFFO calculation

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€m	FY-2023	FY-2022
Net cold rent	834.3	799.1
Profit from operating expenses	–21.8	–12.4
Personnel expenses (rental and lease)	–109.0	–107.5
Allowances on rent receivables	–16.4	–25.2
Other income (rental and lease)	–10.9	–4.2
Non-recurring special effects (rental and lease)	7.6	10.6
Net operating income (recurring)	**683.8**	**660.4**
Net income from other services (recurring)	**36.8**	**17.3**
Personnel expenses (admin.)	–35.1	–28.4
Non-personnel operating costs	–19.3	–37.6
Non-recurring special effects (admin.)	6.5	26.4
Administrative expenses (recurring)	**–47.9**	**–39.6**
Other income (admin.)	0.1	0.0
EBITDA (adjusted)	**672.8**	**638.1**
Net cash interest expenses and income FFO I	–131.3	–113.2
Net cash income taxes FFO I	–4.7	–1.7
Maintenance (externally-procured services)	–99.3	–57.1
Subsidies recognised in profit or loss	2.2	–
Own work capitalised	16.0	17.7
FFO I (including non-controlling interests)	**455.7**	**483.8**
Non-controlling interests	–1.8	–1.8
FFO I (excluding non-controlling interests)	**453.9**	**482.0**
FFO II (including disposal of investment property)	**453.7**	**483.7**
Capex (recurring)	–272.7	–373.2
AFFO (capex-adjusted FFO I)	**181.2**	**108.8**

Net cold rent

- +€**35.2**m or +**4.4**%, mainly from organic growth

Profit from operating expenses

- Higher operating expenses due to higher non-allocable operating expenses (–€**10.2**m)

Allowances on rent receivables

- Normalisation due to 2022 one-time effects

Net income from other services (rec.)

- Positive effects driven by forward sale of green electricity (+€**20.7**m)

Personnel expenses (admin)

- Driven by tarif increases (-€**2.2**m) and LTI contribution effects (-€**1.8**m)

Net cash interest expenses

- Increase (–€**18.1**m) reflects general interest hike

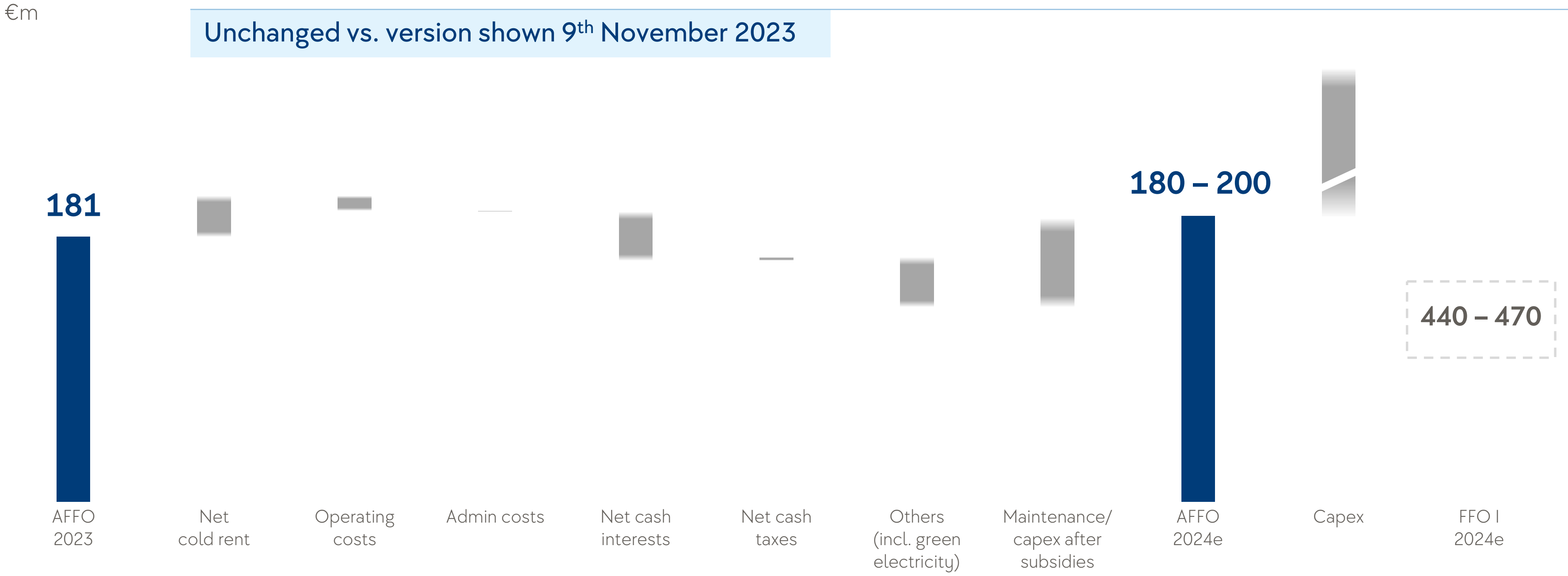
Investments

- Increase in externally procured maintenance (–€**42.2**m) and considerable decline in capex (+€**100.5**m) driven by change to AFFO-steering and hence lower capitalisation ratio

Cash remains king: AFFO 2023 to AFFO 2024e

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

Unchanged vs. version shown 9th November 2023



FFO I is not part of the official guidance
For informational purpose only

EPRA NRV – NTA – NDV

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€m	31.12.2023			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)	7,463.2	7,463.2	7,463.2	9,058.6	9,058.6	9,058.6
Hybrid instruments	28.5	28.5	28.5	31.0	31.0	31.0
Diluted NAV (at Fair Value)	**7,491.7**	**7,491.7**	**7,491.7**	**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	1,943.4	1,935.2	–	2,371.9	2,371.9	–
Fair value of financial instruments	–42.0	–42.0	–	–78.5	–78.5	–
Intangibles as per the IFRS balance sheet	–	-5.0	–	–	–5.8	–
Fair value of fixed interest rate debt	–	–	744.0	–	–	1,208.3
Deferred taxes of fixed interest rate debt	–	–	–156.7	–	–	–643.6
Estimated ancillary acquisition costs (real estate transfer tax)	1,759.4	–	–	1,955.3	–	–
NAV	**11,152.5**	**9,379.9**	**8.079.0**	**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 (€)	**150.49**	**126.57**	**109.01**	**179.98**	**153.52**	**130.27**

1 Including RETT (Real Estate Transfer Tax) would result in an NTA of €11,127.5m or €150.15 per share (31.12.2022: €13,332.4m or €179.90 per share).

Balance sheet

LEG

€m	31.12.2023	31.12.2022
Investment property	18,101.8	20,204.4
Other non-current assets	559.0	579.0
Non-current assets	**18,660.8**	**20,783.4**
Receivables and other assets	287.4	179.5
Cash and cash equivalents	277.5	362.2
Current assets	**564.9**	**541.7**
Assets held for sale	77.9	35.6
Total Assets	**19,303.6**	**21,360.7**
Equity	**7,488.2**	**9,083.9**
Non-current financing liabilities	8,930.1	9,208.4
Other non-current liabilities	2,110.2	2,491.1
Non-current liabilities	**11,040.3**	**11,699.5**
Current financing liabilities	445.7	252.4
Other current liabilities	329.4	324.9
Current liabilities	**775.1**	**577.3**
Total Equity and Liabilities	**19,303.6**	**21,360.7**

Equity ratio: 38.8% (FY-2022: 42.5%)

Investment property
- Revaluation: –€**2,422.8**m
- Acquisitions: +€**169.5**m
- Capex: +€**264.5**m
- Disposals and held for sale: –€**121.5**m

Other non-current assets
- BCP stake (**35.7%**) included with market value of €**168.3**m (€**61.04** per share)

Receivables and other assets
- Increase mainly driven by higher short-term deposits (+ €**88.0**m to €**128.0**m)

Cash and cash equivalents
- Operating activities: +€**447.9**m (+15.1%)
- Investing activities: –€**421.5**m
- Financing activities: –€**111.1**m

Other non-current liabilities
- Decline in deferred tax liabilities (–€**404.4**m) mainly driven by decline in property values

Current financing liabilities
- As of today, all financial maturities for 2024 (c. €**310**m) prolonged

Loan to Value

LEG

€m	31.12.2023	31.12.2022
Financial liabilities	9,375.8	9,460.8
Excluding lease liabilities (IFRS 16)	15.9	22.0
Cash & cash equivalents[1]	405.5	402.2
Net Debt	**8,954.4**	**9,036.6**
Investment properties	18,101.8	20,204.4
Properties held for sale	77.9	35.6
Prepayments for investment properties and acquisitions	–	60.8
Participation in other residential companies[1]	340.1	306.7
Property values	**18,519.8**	**20,607.5**
Loan to Value (LTV) in %	**48.4**	**43.9**

Loan to Value

- Increase to **48.4%** as at Dec 31, 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 €**168.3**m based on a share price of €**61.04** at Tel Aviv Stock Exchange as at Dec 31, 2023 (€**268**m, €**97.19** as at Dec 31, 2022)

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.

Income statement

€m	FY-2023	FY-2022
Net operating income	581.6	413.5
Net income from the disposal of investment property	–1.7	–1.5
Net income from the valuation of investment property	–2,422.8	382.4
Net income from the disposal of real estate inventory	–0.5	–0.2
Net income from other services	36.3	16.4
Administrative and other expenses	–57.7	–182.6
Other income	0.3	0.1
Operating earnings	**–1,864.5**	**628.1**
Net finance costs	**–117.8**	**–120.1**
Earnings before income taxes	**–1,982.3**	**508.0**
Income tax expenses	**417.5**	**–270.6**
Consolidated net profit	**–1,564.8**	**237.4**

Net operating income
- Increased net cold rent (+€**35.2**m)
- Higher operating expenses (–€**10.2**m) due to higher non-allocable operating costs
- Higher maintenance costs (externally procured) (–€**42.2**m)
- Positive impact from significantly lower depreciation/amortisation (+€**183.4**m)

Net income from valuation
- –**11.9**% devaluation effect as of Dec 31 or –€**2.4**bn vs. +€**0.4**bn in FY-22

Administrative and other expenses
- FY 2022 impacted by amortisation effects (–€**112.4**m)

Net finance costs
- Net interests increased slightly
- Positive effects from the valuation of participations nearly offset by negative effects from embedded derivatives of the convertible bonds

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**% (FY-2022: 53.3%)

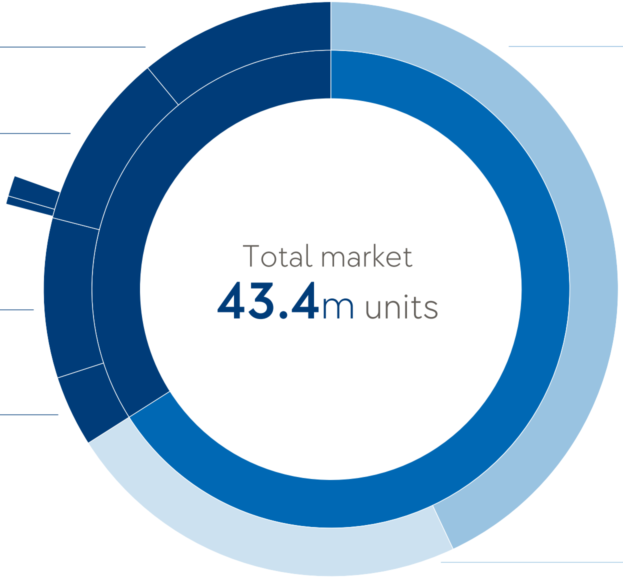
German residential market

A highly fragmented market – dominated by private owners

Professional owners 34%

66% Private owners

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%



43% Private Individuals

23% Associations of private home owners

Source: Savills/ destatis

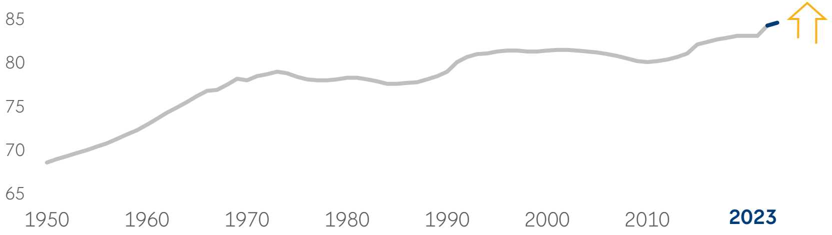
Demand – supply imbalance will persist for the coming years

LEG

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

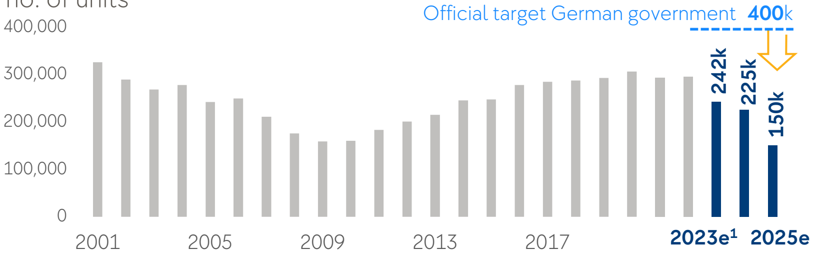
German population at highest level ever in 2023

in million



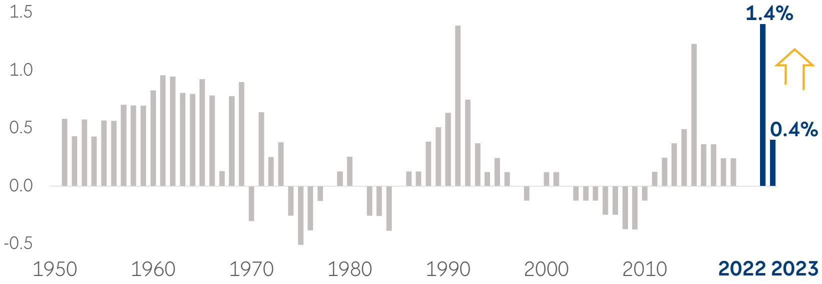
New apartments completed

no. of units



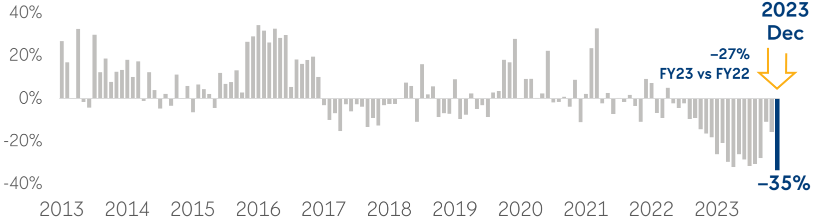
Strong population growth in 2022 and 2023

in %



No. of building permissions for apartments with strongest decline within last decade – on a yearly basis with 260k units at lowest level since 2012

in % vs previous year month



Source: destatis. 1 GDW (2023), ifo institute (2024), ZIA (2025).

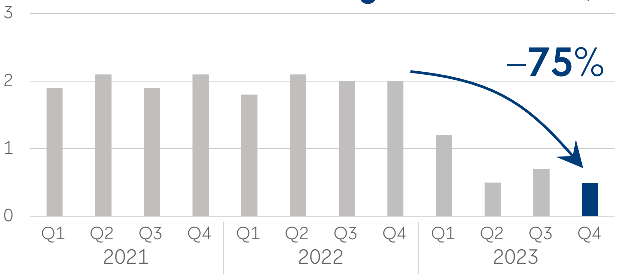
German new development: Studies point to significant reduction

LEG

Direction seems to be clear – momentum not yet, but risks that supply drastically breaks down

bulwiengesa

New residential projects started by volume[1] m sqm



ZIA
Die Immobilienwirtschaft

„The crisis is deeper than building permission figures and completion figures show so far. Residential construction activities still benefits from projects which have been started before the interest rate reversal. Based on building permissions which have been dropped by roughly a quarter and considering completion times, the number of new built homes will decline to ***150.000*** *units per year [by 2025]"*[2]

ifo

Residential completions[3] by European countries 2022 to 2026

in 1,000 units

	2022	2023	2024	2025	2026	Change in % 2022/26
Belgium	57.0	51.8	47.4	46.7	46.7	–18.1
Denmark	39.9	32.9	25.5	24.6	26.6	–33.3
Germany	**295.3**	**270.0**	**225.0**	**195.0**	**175.0**	**–40.7**
Finland	41.4	33.5	19.2	22.0	28.3	–31.6
France	375.7	381.3	328.8	296.3	296.6	–21.1
Great Britain	207.5	173.5	176.9	185.4	194.8	–6.2
Ireland	29.8	31.0	33.5	35.0	36.1	21.3
Italy	96.0	101.0	99.8	95.4	90.5	–5.7
Netherlands	74.4	75.0	72.0	71.0	72.0	–3.2
Norway	28.0	28.9	23.7	26.0	30.2	7.6
Austria	62.3	55.8	49.3	46.6	46.4	–25.4
Portugal	20.2	20.8	21.4	22.0	22.7	12.6
Sweden	72.1	69.0	35.6	33.1	36.5	–49.5
Switzerland	43.3	42.1	42.4	43.0	43.7	1.1
Spain	89.1	90.0	95.0	100.0	100.0	12.2
Western Europe (EC-15)	1,531.9	1,456.5	1,295.5	1,242.1	1,246.0	–18.7
Poland	238.6	230.5	185.0	203.0	214.0	–10.3
Slovakia	20.2	19.4	19.7	21.3	22.1	9.3
Czech Republic	39.4	37.7	31.2	30.6	33.0	–16.2
Hungary	20.5	19.0	17.0	14.5	15.5	–24.5
Eastern Europe (EC-4)	318.8	306.6	252.9	269.4	284.6	–10.7
Total	**1,850.7**	**1,763.1**	**1,548.4**	**1,511.5**	**1,530.6**	**–17.3**

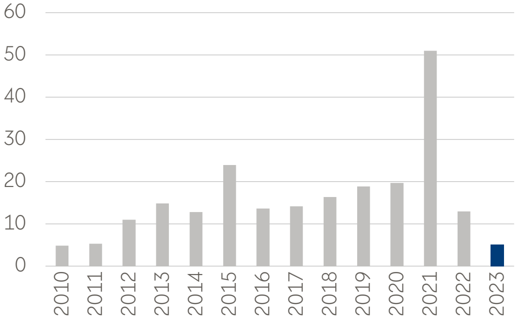
1 Source Bulwiengesa New Development Monitor. 2 Source: ZIA – https://zia-deutschland.de/fruehjahrsgutachten/ 3 Completed residential units in new buildings as wells in existing residential and non-residential buildings. Source: ifo/ EUROCONSTRUCT https://www.ifo.de/publikationen/2024/aufsatz-zeitschrift/europaeische-baukonjunktur-verliert-2024-weiter-dynamik

German residential: Lowest transaction volume since 2010

Family offices and US capital already back in the market with above long-term participation rate

Investment volume German residential

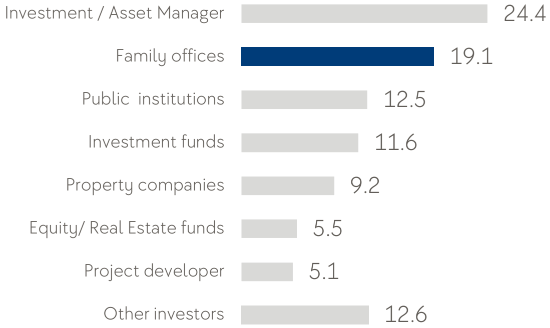
€bn



- Transaction volume **€5.2**bn
- Lowest volume since 2010
- **–72**% vs. long-term average

Investors by group

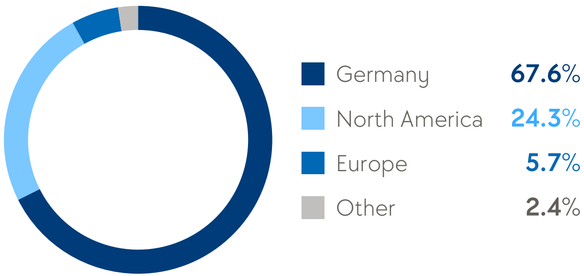
%



- High interest from family offices with **19**% (vs. 4% for 10-year average)
- Investment funds and property companies constraint by higher financing costs

Investors by geography

%



- High share of local capital with **68**%
- Return of US investors with **24**% (vs. 6% for 10-year average)

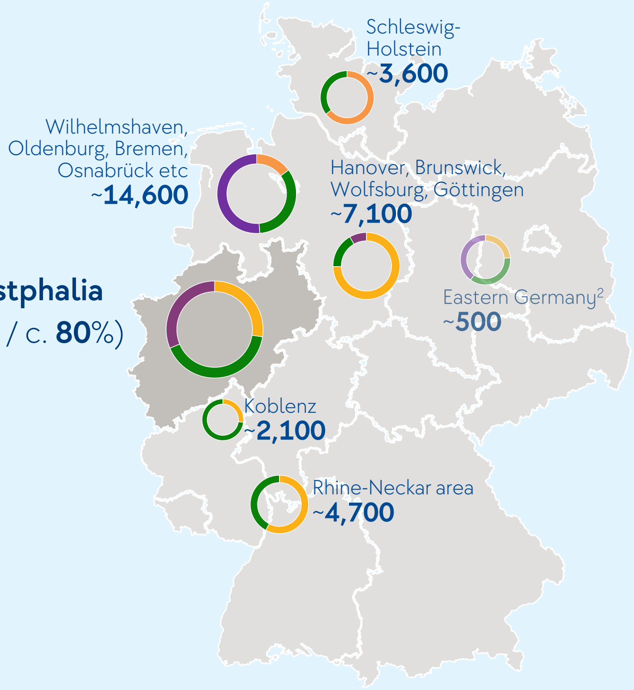
Source: BNP Real Estate, reflecting transactions >30 units.

LEG's portfolio comprises c. 166,500 units

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

As at 31 December 2023

North Rhine-Westphalia
(c. **133,900** units / c. **80%**)



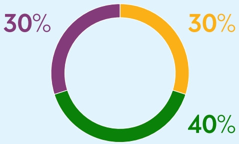
Outside North Rhine-Westphalia
(c. **32,600** units / c. **20%**)

- High-Growth
- Stable
- Higher-Yielding

Total portfolio[1]

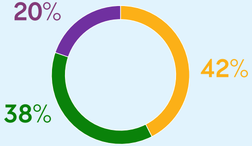
(c. **166,500** units)

by units



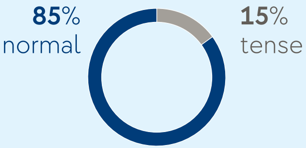
by GAV

€m



by rent regulation

Normal vs. tense markets[3]



1 Residential units. 2 Non-core units. 3 Tense markets only allow for 15% rent increase within three year while normal markets allow for 20%.

Rent regulation in Germany

Only 15% of units located in tense markets

LEG

Free-financed units

81% of LEG's units (~134,500 units)

	Non-tense markets ~109,500 units	Tense markets[2] ~25,000 units
Existing Contracts	**Rent increase** ▪ Max. **20%** within **3** years ▪ Max. increase to local reference rent[1]	**Rent increase** ▪ Max. **15%** within **3** years (*Kappungsgrenze*) ▪ Max. increase to local reference rent[1]
	+	+
	Modernisation levy ▪ Annual rent can be increased by **8%** of modernisation costs ▪ Limit: €**3** per sqm (rent/sqm/month > €**7**) or €**2** per sqm (rent/sqm/month < €**7**) over **6** years	
New contracts	**No regulations**	**Rental brake** (*Mietpreisbremse*) ▪ Increase of max. 10% on local reference rent[1]

Rent restricted units

19% of LEG's units (~32,000 units)

Cost rent adjustment

- Every third year (i.e. last was in 2023, next will be in 2026)
- After full repayment of the underlying subsidised loan, the residential unit gets out of rent restriction and regular code applies
- In the case of early repayment, rent restriction continues for another 10 years (tenant protection); then regular code applies

Advantages of early repayment

- Earlier transition of subsidised unit into free financed segment
- Immediate positive valuation effect (DCF model)

1 Based on rent table (Mietspiegel). 2 In NRW, 18 cities were identified as tense markets, especially Düsseldorf, Cologne and Greater Cologne area, Bonn, Münster. Outside NRW and relevant for LEG are cities such as Brunswick, Hanover, Laatzen, Oldenburg, Osnabrück and Mannheim.

Top locations upcoming rent tables (MSP – Mietspiegel)

FY 2024: Offering the basis for further growth

LEG

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
Wilhelmshaven	> 50,000	Higher-yielding	6,761	5.0%	No MSP	No MSP	Qualified (Bottom-Up)	03/2024
Bielefeld	>100,000	Stable	2,693	2.0%	Qualified	03/2022	Qualified (Update)	03/2024
Düsseldorf	>100,000	High-growth	4,770	3.5%	Simple	12/2021	Simple (Bottom-Up)	04/2024
Detmold	> 50,000	Stable	1,117	0.8%	Qualified	12/2021	Qualified (Update)	06/2024
Bonn	>100,000	High-growth	1,532	1.1%	Qualified	06/2022	Qualified (Bottom-Up)	07/2024
Gütersloh	>100,000	High-growth	1,390	1.0%	Qualified	07/2022	Qualified (Bottom-Up)	07/2024
Essen	>100,000	Stable	3,305	2.4%	Qualified	08/2022	Qualified (Bottom-Up)	08/2024
Braunschweig	>100,000	High-growth	1,987	1.5%	Qualified	09/2022	Qualified (Update)	09/2024
Remscheid	>100,000	Higher-yielding	1,521	1.1%	Qualified	12/2022	Qualified (Bottom-Up)	12/2024
Wuppertal	>100,000	Stable	1,346	1.0%	Qualified	12/2022	Qualified (Bottom-Up)	12/2024

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

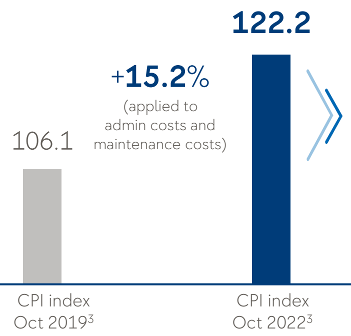
CPI - linked

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%	**+5.7%**[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 (12/2023)

Location	Number of subsidised units	Average net cold rent month/sqm (€)
High growth markets	11,419	5.77
Stable markets	13,636	5.26
Higher-yielding markets	7,065	4.87
Total subsidised portfolio	**32,120**	**5.36**

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 Q4 2023.

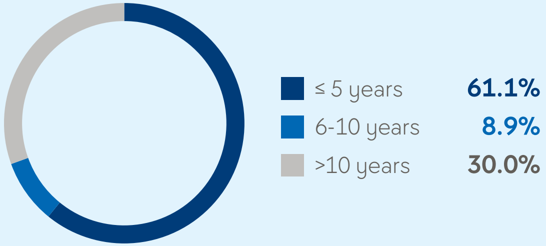
Subsidised units account for around 19% of the portfolio

Reversionary potential amounts to 46% on average

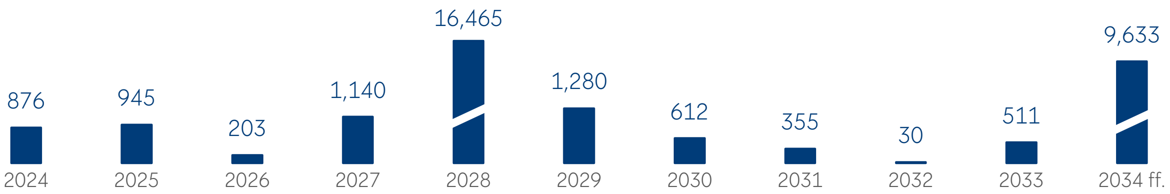
Rent potential subsidised units

- 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

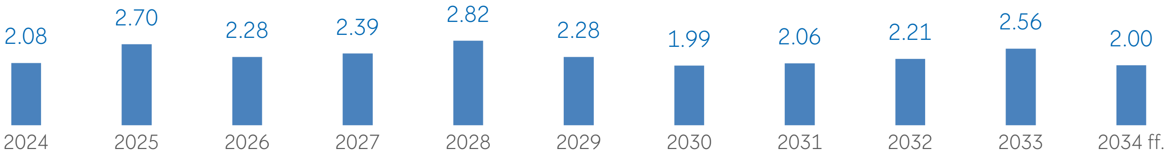


Number of units coming off restriction and rent upside



Spread to market rent

€/sqm/month



	≤ 5 years[2]	6 – 10 years[2]	> 10 years[2]
In-place rent	€5.36	€5.60	€5.30
Market rent[1]	€8.11	€7.82	€7.31
Upside potential[3]	51%	40%	38%
Upside potential p.a.[3]	€43.6m	€5.1m	€15.7m

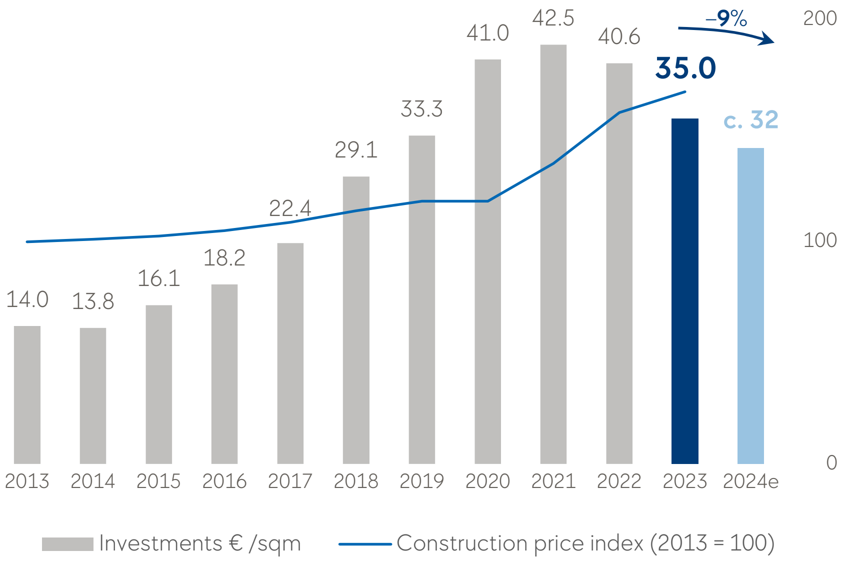
1 Employed by CBRE as indicator of an average rent value that could theoretically be achieved, not implying that an adjustment of the in-place rent to the market rent is feasible, as stringent legal and contractual restrictions regarding rent increases exist.
2 ≤5 years = 2024–2028; 6-10 years = 2029–2033; >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.

LEG's investment track record in nominal and real terms

Investments into the standing portfolio

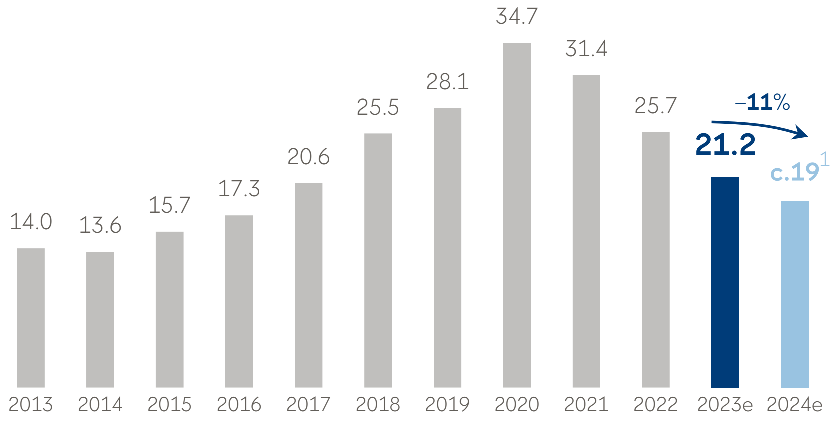
Nominal (adjusted) investments

€/sqm



Inflation adjusted (2013 based) investments

€/sqm



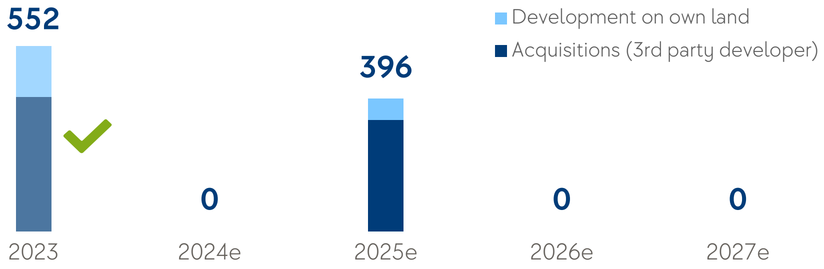
Source: company data / Destatis for construction price index. 1 Assuming 3% construction price development.

New construction – finishing the last projects – small in volume

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

Completions

number of units per year

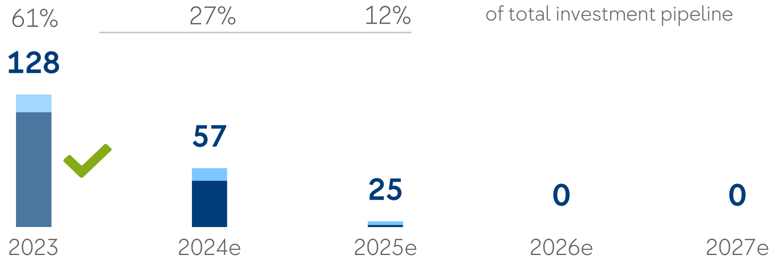


Remaining completions until 2025

396 units

Investment volume per year

€m



Remaining investment volume until 2025

€**82**m

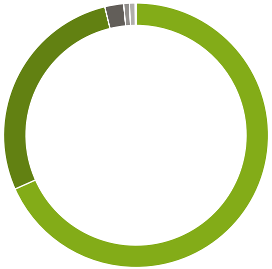
Carbon Balance Sheet 2023

27.3 CO_2ekg/sqm on a market based and climate adjusted basis

Carbon balance sheet

- Bottom-up approach
- BAFA-factors in line with GHG-protocol
- Scope 1 and scope 2
- **27.3** CO_2ekg/sqm based on heating energy

Heat energy by source (100% of portfolio)



Gas	68.4%
District heating	27.9%
Heating oil	2.3%
Electricity for heating	0.7%
Coal (local heating)	0.7%
Other	0.1%

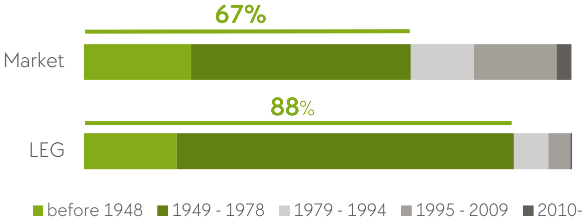
- Based on actual consumption 2022 (**61**% actuals, **37**% energy performance certificates (EPC), **2**% estimates)
- Extrapolated for 2023
- Limited assurance by Deloitte

Reflecting our roots

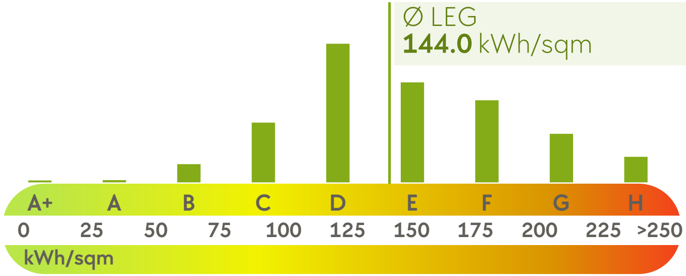
Energy efficiency of our portfolio of **144** kWh/sqm is a function of corporate DNA & history:

- Providing affordable housing in post-war Germany

LEG portfolio by construction years vs. LEG market



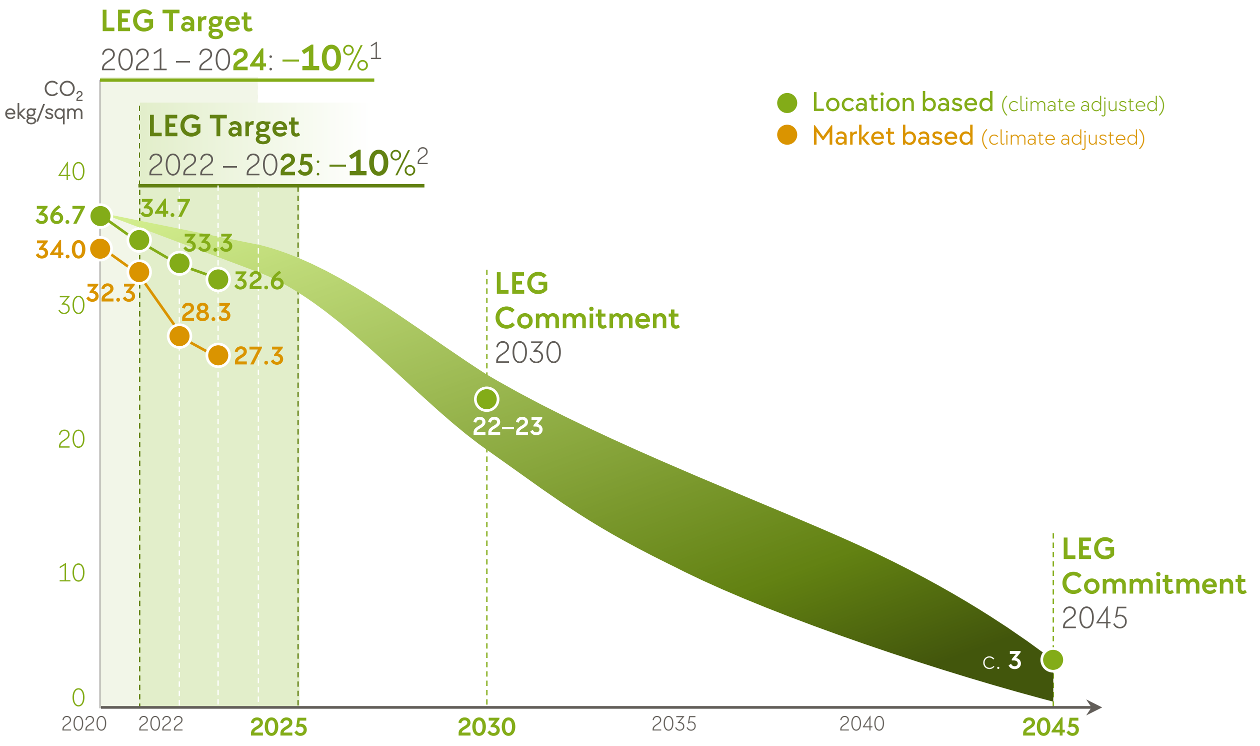
Distribution by energy efficiency classes LEG



Source: Destatis, LEG. Market based on federal states in which LEG is active in.

On track for our target towards climate neutrality

Nudging initiative pays-off and leads to strong and cost-effective contribution



- LEG fully committed to German Climate Change Act to achieve climate neutrality by 2045
- Aligned with strategy via STI/ LTI-component of compensation scheme
- CO_2 reduction in 2023 by **2%** to **32.6**kg (location based) and by **4%** to **27.3**kg (market based)
- Key driver:
  - **8,728**t CO_2 savings of which
    - **6,011**t from nudging-effects
    - **2,717**t from energetic refurbishments
- 2023 and 2024 STI component: **4,000** tons CO2 reduction from modernisation projects and customer behavior change
- 2023–26 LTI component envisages a **10%** efficiency improvement for investments undertaken

1 Based on FY20 CO_2 level. 2 Based on FY21 CO_2 level. 3 Based on German buildings energy act (GEG).

Among the best in class

Reflecting LEG's strong sustainability commitment

ESG		2019	2020	2021	2022	2023	
MSCI	ESG Rating	AA	AA	AA	AAA	AAA	**Top rating since 2022**
SUSTAINALYTICS a Morningstar company	ESG Rating	20.1	10.4	7.8	6.7	6.7[1]	**No. 14 out of 1,035** in global real estate[1] **No. 42 out of 15,672** in global total coverage[1]
CDP DISCLOSURE INSIGHT ACTION	CDP Score				B	B	**Since 2022 B-rated, score above sector (B–)**
SCIENCE BASED TARGETS	SBTi target				SBTs submitted	SBTs approved	**Approved 10/2023, amongst first German residential companies**
ISS ESG	ISS ESG	D+	C–	C–	C Corporate ESG Performance Prime	C Corporate ESG Performance Prime	**Prime Status since 2022**
EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	sBPR Award	EPRA sBPR SILVER	EPRA sBPR GOLD	EPRA sBPR GOLD	EPRA sBPR GOLD	EPRA sBPR GOLD	**Gold rating confirmed since 2020**
DAX	ESG Index		DAX® 50 ESG	DAX® 50 ESG	DAX® 50 ESG	DAX® 50 ESG	**Member since the beginning of the index**
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 February 2024

SBTi: Approved near-term science based targets

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

LEG additional creditor information

Headroom of approx. 24% value decline for unencumbered asset test

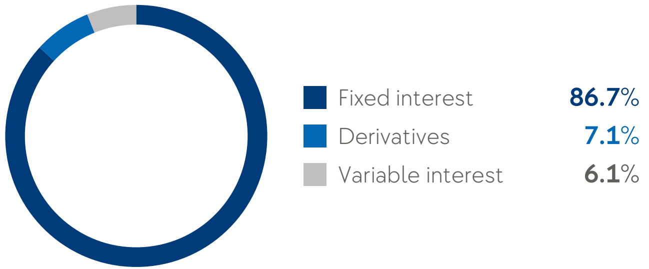
Unsecured financing covenants

Covenant	Threshold	**FY-2023**
Consolidated Adjusted EBITDA / Net Cash Interest	≥1.8x	**4.5x[1]**
Unencumbered Assets / Unsecured Financial Indebtedness	≥125%	**160.8%**
Net Financial Indebtedness / Total Assets	≤60%	**47.1%**
Secured Financial Indebtedness / Total Assets	≤45%	**18.9%**

Ratings (Moody's)

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

Financing mix



Key financial ratios

	FY-2023	FY-2022
Net debt / adj. EBITDA[2]	**13.5x**	14.9x
LTV	**48.4%**	43.9%
Secured Debt / Total Debt	**40.2%**	37.7%
Unencumbered Assets / Total Assets	**39.7%**	39.3%
Equity ratio	**38.8%**	42.5%

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 capitalised, KPI is 5.2x.
2 Average net debt last four quarters / adjusted EBITDA LTM.

Capital market financing

Corporate bonds

Maturity	Issue Size	Maturity Date	Coupon	Issue Price	ISIN	WKN
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	€600m[2]	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. 2 Includes €100m bond tap as of 22 November 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 €2.63 (2017/2025 convertible) and €3.562 (2020/2028 convertible).

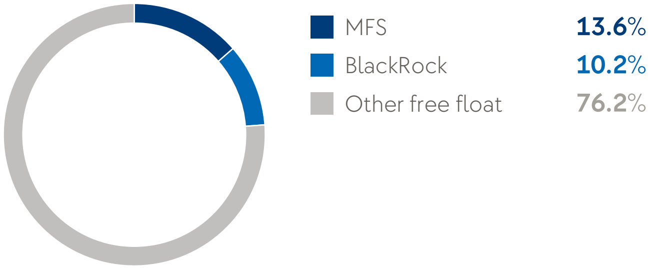
LEG share information

LEG

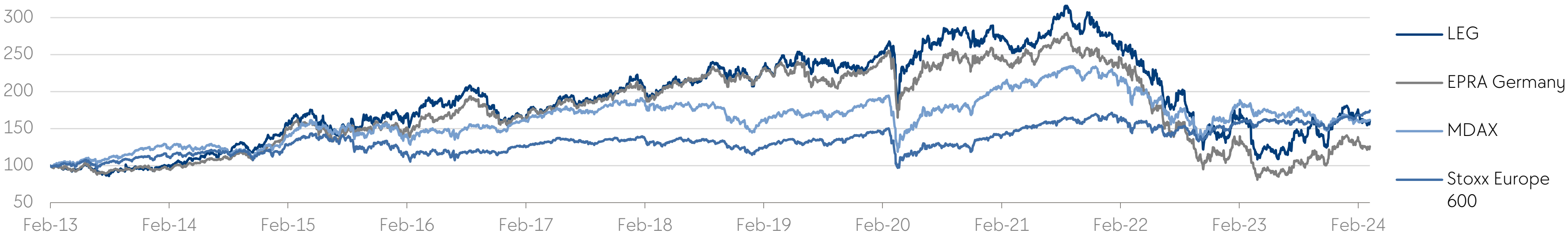
Basic data

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 4.1% (31.01.2024) EPRA Developed Europe 2.9% (31.01.2024)

Shareholder structure[1]

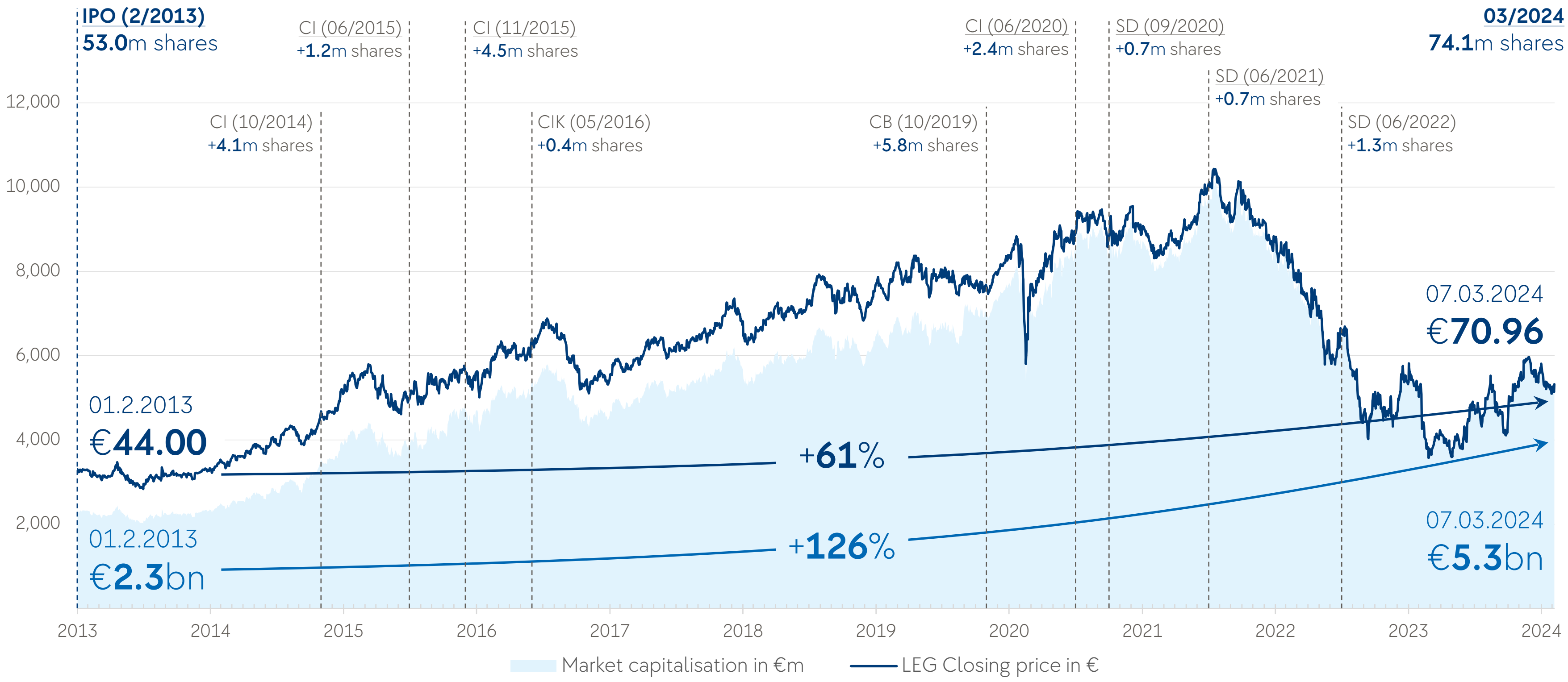


Share (07.03.2024; indexed; in %; 01.02.2013 = 100)



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

LEG

2024

11 March
Annual Report 2023

15 May
Quarterly Statement Q1
as of 31 March 2024

23 May
Annual General Meeting 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

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