LEG Immobilien SE

9M-2022 Results

10 November 2022

9M-2022

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Agenda

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1 Highlights **9M-2022**

Financial Summary

9M-2022

Operating results

Operating results		9M-2022	9M-2021	+/– %/bps
Net cold rent	€m	**596.6**	509.7	+17.0%
Adjusted net rental income	€m	**476.9**	420.0	+13.5%
EBITDA adjusted	€m	**458.7**	400.6	+14.5%
FFO I	€m	**374.3**	334.2	+12.0%
FFO I per share	€	**5.11**	4.62	+10.6%
FFO II	€m	**373.2**	332.0	+12.4%
AFFO	€m	**114.6**	104.2	+10.0%
EBITDA margin (adj.)	%	**76.9**	78.6	–170bps
FFO I margin	%	**62.7**	65.6	–290bps

Portfolio

Portfolio		30.09.2022	30.09.2021	+/– %/bps
Residential units	number	**166,758**	145,656	+14.5%
In-place rent (l-f-l)	€/m²	**6.32**	6.12	+3.2%
Capex (adj.)[1]	€/m²	**21.25**	22.13	–4.0%
Maintenance (adj.)[1]	€/m²	**7.57**	7.50	+1.0%
EPRA vacancy rate (l-f-l)	%	**2.1**	2.5	–40bps

Balance sheet

Balance sheet		30.09.2022	31.12.2021	+/– %/bps
Investment properties	€m	**20,829.8**	19,067.7	+9.2%
Cash and cash equivalents[2]	€m	**310.2**	675.6	–54.1%
Equity	€m	**10,038.9**	8,953.0	+12.1%
Total financing liabilities	€m	**9,460.6**	8,885.1	+6.5%
Current financing liabilities	€m	**198.6**	1,518.1	–86.9%
Net debt[3]	€m	**8,987.8**	8,112.1	+10.8%
LTV[4]	%	**42.3**	42.1	+20bps
Equity ratio	%	**45.0**	43.6	+140bps
EPRA NTA, diluted	€m	**12,095.5**	11,149.1	+8.5%
EPRA NTA per share, diluted	€	**163.21**	146.10	+11.7%

1 Excl. new construction activities on own land, backlog measures, own work capitalised and margin of LWSPlus; pls see Appendix. 2 Excluding short term deposits.
3 Excl. lease liabilities according to IFRS 16 and incl. short term deposits. 4 Since Q1-2022 calculation adapted to market standard: inclusion of short-term deposits and participation in other residential companies.

Financials and operations well on track despite strong headwinds

Transaction markets start to reflect new interest rate environment

Financials

- FFO I **+12.0%** to **€374.3m**
- FFO I p.s **+10.6%** to **€5.11**
- AFFO **+10.0%** to **€114.6m**
- Adj. EBITDA-Margin **76.9%**
- LTV **42.3%**[1]
  - Debt @ **6.8y** for **1.26%**
- NTA ps **€163.21**

Operations

- Net cold rent **+17.0%**
- l-f-l rental growth **+3.2%**
- l-f-l vacancy **2.1%** (–40bps)

ESG

- **RENOWATE with first serial refurbishment project and first external order: 47** LEG flats in Mönchengladbach to benefit from lower warm rent
- **Top employer in Germany:** Great Place to work survey 2022 increases Trust index further to **73%** from 66% (German average 62%)
- **Strong Customer Satisfaction Index** Significant improvement to **60.1%** (Q3 22) from 53.8% (initial survey 2020)

9M-2022

Investors sit on their hands due to high uncertainty

Transaction market volumes contracted strongly

Valuations being negatively impacted by strong interest rate increase

Valuation decline for H2/2022 expected to be 3% – 5%

Focus on liquidity and capital structure

Dividend 2022 subject to market environment

Headwinds being reflected in adjusted guidance

FFO I range narrowed to €475m – €485m for 2022

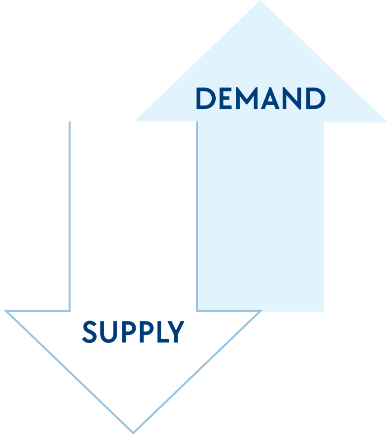
1 Since Q1-2022 calculation adapted to market standard: inclusion of short-term deposits and participation in other residential companies.

German real estate residential market

Structural drivers remain intact and will further increase higher demand for affordable housing

Supply

- New development pipeline to dry out
  - Order intake new construction Aug 22 y/y **–15.6%**
  - New building permissions Aug 22 y/y **–9.4%**
  - Construction costs Aug 22 y/y **+16.5%**
  - Environmental requirements erase affordable development. Construction costs for efficiency house standard **40** (mandatory from 2025 onwards) to start at **>5,000€/sqm**)
- **400k** government target for new units p.a. completely unrealistic



Demand

- Population growth outgrew new built apartments in the last **10 years**
- Especially demand for the affordable segment to grow further, driven by:
  - Immigration
  - Refugees from Ukraine (until end of August net immigration of 874,000 people)
  - Consumer price inflation (**+10.4%** Oct y/y)[1]
  - Potential recession
  - Unaffordability of condos

STATUS QUO

Fully rented out market in the affordable segment

Vacancy LEG: **2.1%** (lfl)

Structural deficit of number of apartments **c. 1.5m – 2.0m** [2]

1 Latest data based on Federal Statistical Office. 2 German tenant association estimated 1.5m deficit in 2021, own estimate based on population development in 9M 2022.

A challenging environment

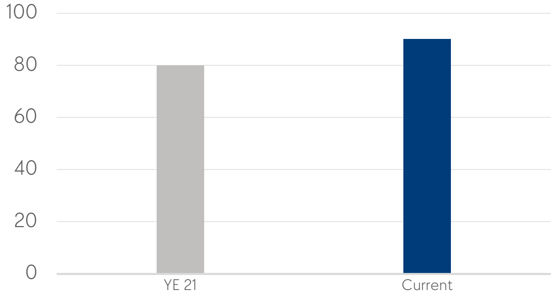
Leading to a re-positioning of business model

Surge in interest rates – 10Y BUND yield

LEG bond yield 2021/32, 1.0% coupon

Broadly stable spreads for LEG secured debt

basis points over 10Y mid-swap



- Cost of capital significantly increased
- Preferred debt financing tool at current market situation: secured loans – current capacity of **€1bn – 1.5bn**
- Dislocation of financing markets also affects transaction markets with little volume overall, small number of transactions only and only small portfolios being traded
- Unclear when and where interest rates find new equilibrium level and following that, transaction markets open up again

Cash is King (1/2)

Focusing on improvement of resilience and cash position for the current environment

01 Strengthen operations

Rent increase

3.3% – 3.7% for 2023

Highest rent increase in LEG's history

Investment spending

2022: Reduction to **€42**/sqm
(–11% nominal/ **–26%** real terms vs. original 2022 level)

2023: Reduction to **€35**/sqm
(–26% nominal/ **–41%** real terms vs. original 2022 level)

Cost reductions

Initiated for non-staff and admin costs of **>€10m**

02 Run-off new development

Limited cash outflows

c. **€263m 2023–2025 in total**

Development pipeline simply runs off by finishing existing projects

Attractive portfolio for third party investors, i.e. potentially built-to-sell

03 Net seller

No more acquisitions

from October onwards

c. 400 units sold YTD – at book value

Total disposal volume of **€100 – 200m** with expected signing in 2022

In the active marketing process with **more than 5,000** units

04 Keep focus on innovations

Positioning as solution provider

- **Renowate**: Serial refurbishment
- **Youtilly**: B2B2C platform

- Short- and mid-term CO_2 targets remain unchanged:
  - Offsetting investment spent via customer nudging approaches, ensuring our short- to mid-term climate goals
  - Keeping speed up to identify new, more efficient ways to reduce carbon footprint

Cash & Resilience

AFFO 2023e: €110 – 125m

FFO I 2023e (based on new cash focus): **€425 – 440m**

Cash is King (2/2)

Shift of internal steering to cash and a more defensive set-up

- 01 Strengthen operations
- 02 Run-off new development
- 03 Net seller
- 04 Keep focus on innovations

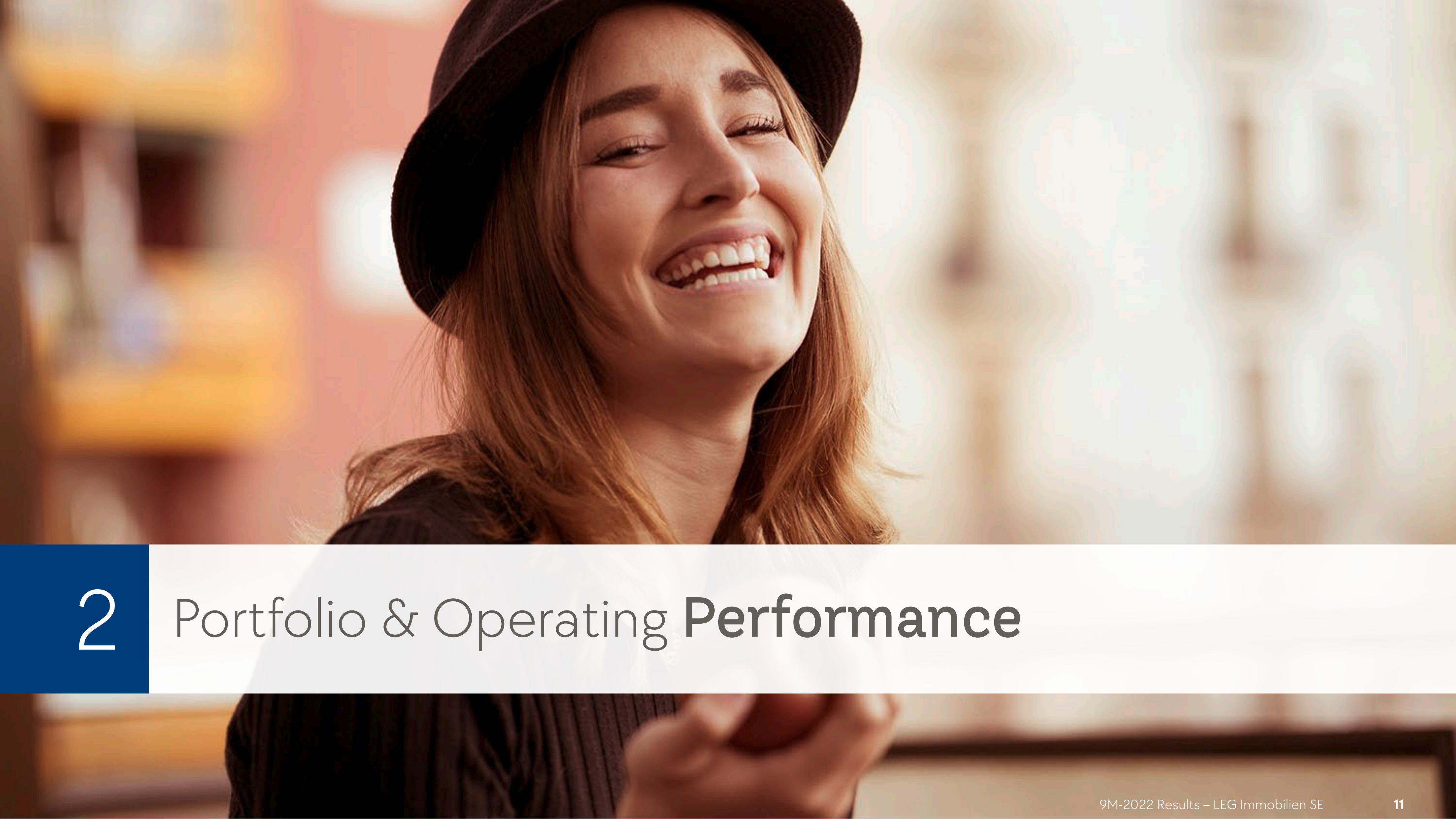
Cash & Resilience

External guidance to reflect internal cash focus	AFFO as cash proxy instead of FFO I	Dividend based on 100% AFFO as well as a part of the net proceeds from asset sales – subject to environment	Remuneration system to be adapted to AFFO p.s.

AFFO

Advantage
- Already introduced as industry KPI
- Focus on cash generation and distributable cash in a more defensive set-up

Disadvantage
- Requires internal and external shift from a pure investment view to a cash view
- Negative accounting effects on FFO I due to lower capitalization rates

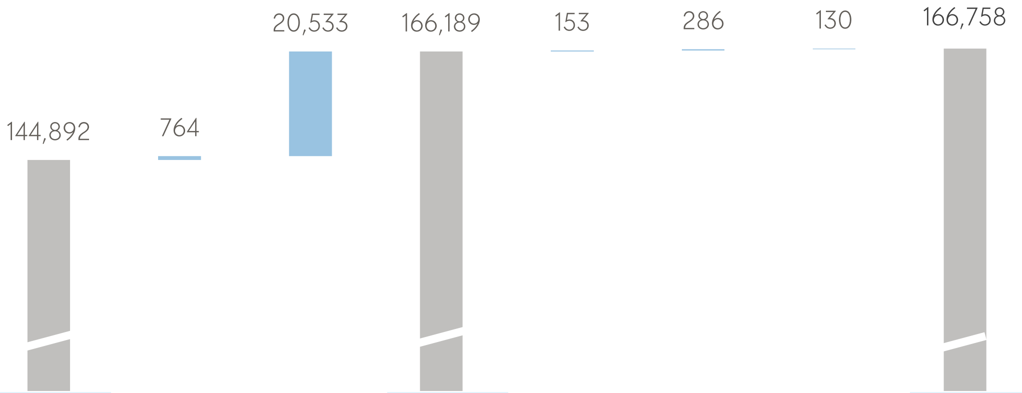


2 Portfolio & Operating **Performance**

Portfolio transactions

More than 5,000 units in the marketing process for sale

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



	30.06.2021	Q3 2021	Q4 2021	31.12.2021	Q1 2022	Q2 2022	Q3 2022	30.09.2022
Additions	617	782	20,567	21,966	407	390	177	974
Divestments	-255	18	34	307	254	104	47	405
Change	362	764	20,533	21,659	153	286	130	569

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.

Disposals

- **405** units disposed as of Q3 – at book value
- More than **5,000** units in the marketing process
- Marketing still focussed on higher-yielding assets
- **€100–200m** of targeted sales volume with expected signing in 2022, i.e. majority not included in guidance

Acquisitions

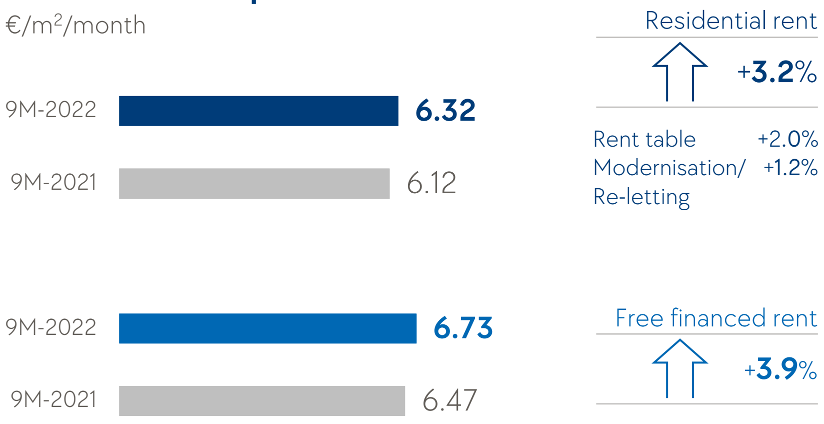
- No more acquisitions at present

Strong catch-up in rent growth in Q3

On track for target level of ~3.0%

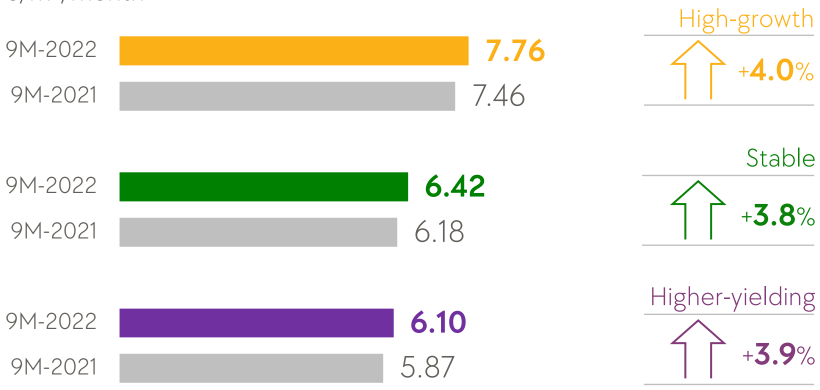
l-f-l rent development

€/m²/month



l-f-l free financed rent development

€/m²/month



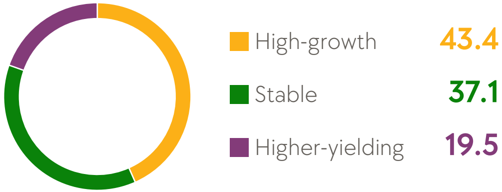
- Strong impact from rent table adjustments in Q3 drives in-place rent growth to 3.2% after 2.6% as of H1
- L-f-l rental growth for FY 2022 confirmed at c.3.0% due to y/y effects in Q4
- Strong increase of free financed rent with 3.9% equally driven by all market segments

Ongoing positive trends across all KPIs and market clusters

Further vacancy reduction to 2.1% confirms LEG's strong positioning in a demand-driven market

Market split (GAV)

%

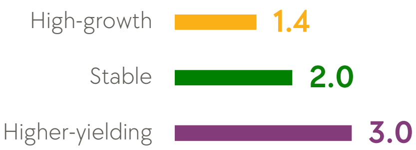


In-place rent, l-f-l

€/m²

Vacancy, l-f-l

%



Markets

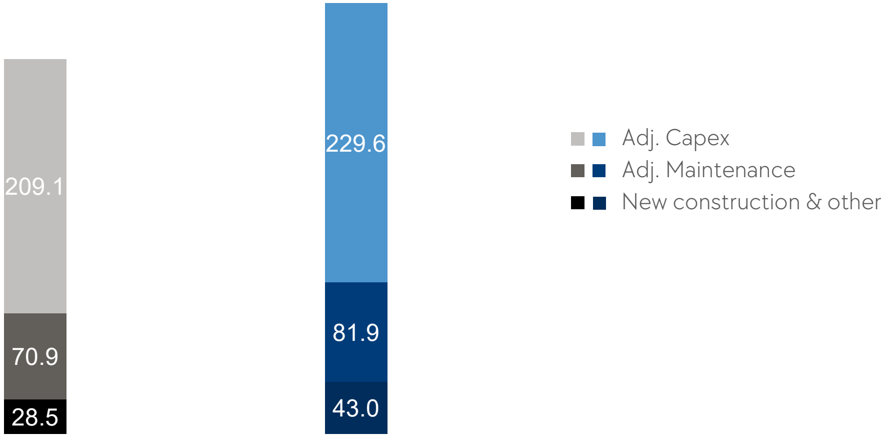
	Total portfolio		High-growth		Stable		Higher-yielding	
	9M-2022	▲ (YOY)	9M-2022	▲ (YOY)	9M-2022	▲ (YOY)	9M-2022	▲ (YOY)
# of units	166,758	+14.5%	49,519	+16.5%	66,629	+9.6%	50,610	+19.5%
GAV residential assets (€m)	19,447	+26.5%	8,432	+28.4%	7,211	+25.0%	3,804	+25.3%
In-place rent (m^2), l-f-l	€6.32	+3.2%	€7.13	+3.2%	€6.05	+3.1%	€5.82	+3.4%
EPRA vacancy, l-f-l[1]	2.1%	–40bps	1.4%	–30bps	2.0%	–60bps	3.0%	–70bps

1 Current EPRA vacancy rate, i.e. including recent acquisitions was 2.9% for the total portfolio.

Capex and Maintenance

Slow down of spending in a rising cost and interest rate environment – €42/sqm for FY2022 exp.

Adj. Invest[1]: 29.63/m² —— –2.7% —— €28.82/m²
Total Invest: €308.5m €354.4m



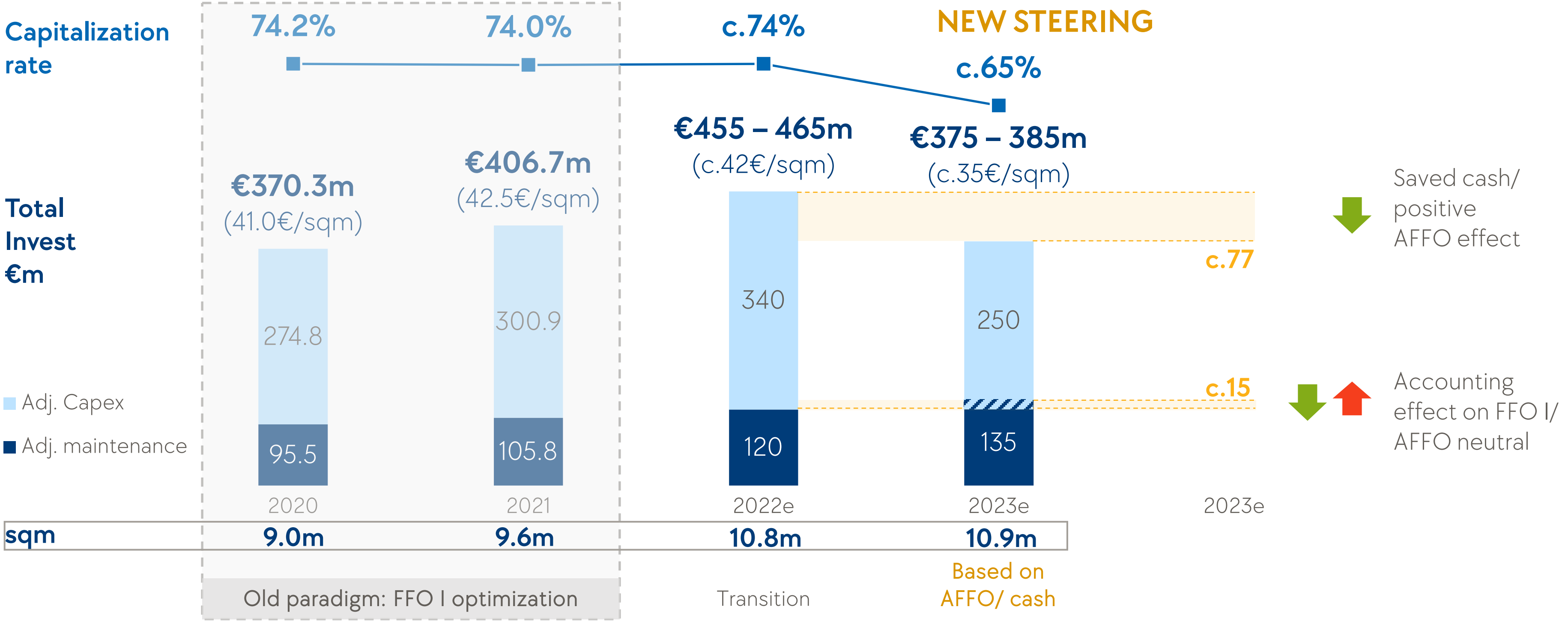
per m²	9M-2021	9M-2022	%
Adj. Capex	€22.13	€21.25	–4.0%
Adj. Maintenance	€7.50	€7.57	+1.0%
Total	**€29.63**	**€28.82**	**–2.7%**

1 Excl. new construction activities on own land, backlog measures, own work capitalised and LWS Plus margin. For further details see appendix.

- Increase of total **investments** by **14.9%** y-o-y driven by portfolio growth (**+14.5%** in units)
- **Investments per sqm declined by c.15%** vs. original planning of **€46-48**/sqm, aiming now for **€42**/sqm
- Quick adjustment of entire organisation to lower spending budgets possible due to
  - Low insourcing ratio
  - Swift renegotiation of prices with suppliers
- On track to reach full year target of **4,000 tons CO_2 reduction**
- **Investment into energy efficiency measures of €97m**
- Increase in **new construction and others** (not part of LEG's investment/sqm guidance) driven by milestone payments of new construction activities – small in group context and limited exposure going forward (see slide 28)

Effects of lowered investment levels on capitalization rate/p&l

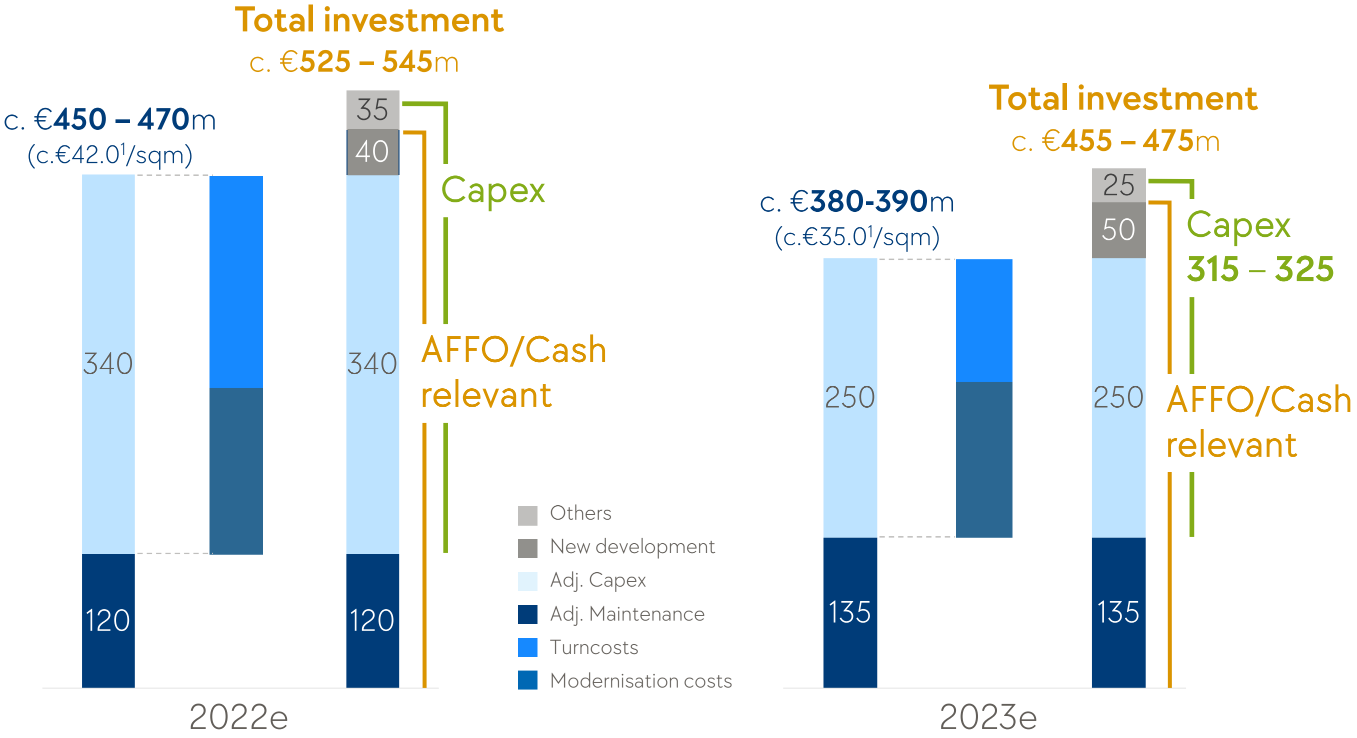
Focus on cash instead of accounting effects



1 Rounded numbers for 2022e and 2023e.

Significant reduction of investments in 2023

New steering methodology requires view on total investment



- Reduction of adjusted investments from **€450–470m** (€42/sqm) to **€380–390m** (€35/sqm)
- New steering requires view on total investment spent
  - Capex & Maintenance remain core
  - New development will run down until 2025
- Maintenance increase driven by lower capitalization rate
- CO_2 reduction target for 2023 remains stable as lower modernisation capex will be offset via nudging initiatives towards tenants and smart metering initiatives
- Continue to enable innovation, subsidised loans not reflected in capex

1 Excl. new construction activities on own land, backlog measures, own work capitalised and LWS Plus margin. Others includes work capitalised (capex relevant) as well as the LWS Plus margin (not capex relevant). Rounded numbers

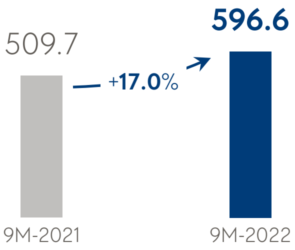
3 Financial **Performance**

Financial highlights 9M-2022

On track for guidance

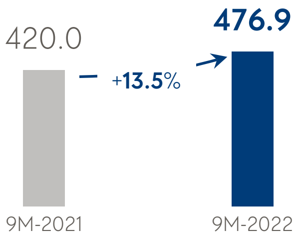
Net cold rent

€m



Adjusted net rental and lease income

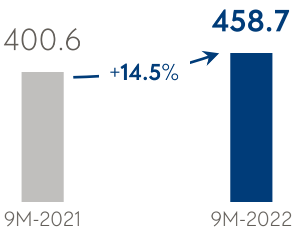
€m



Margin
79.9%
(82.4%)

Adjusted EBITDA

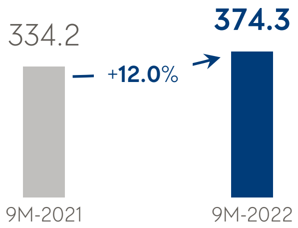
€m



Margin
76.9%
(78.6%)

FFO I

€m



Margin
62.7%
(65.6%)

Well on track for margin target

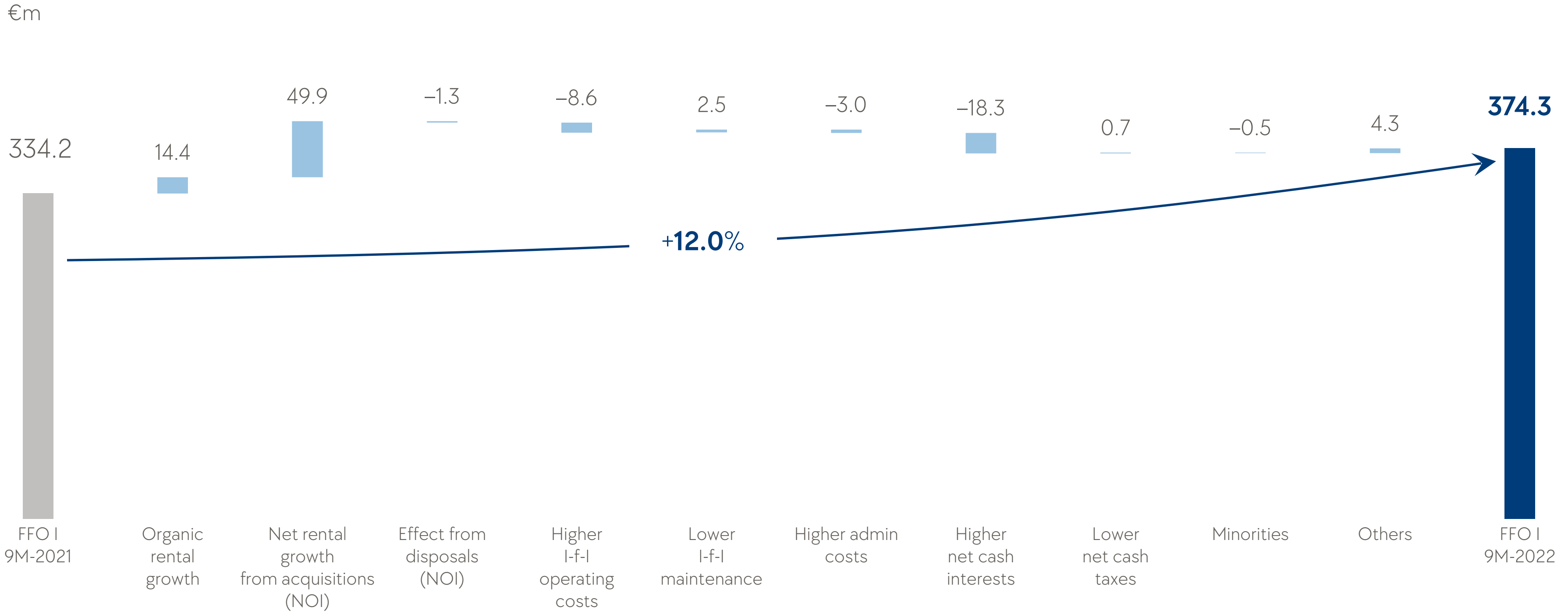
- Strong increase in net cold rent through acquisitions but also organic growth
- Services continue their positive contribution
- Adjusted EBITDA margin of 76.9% down 170 bps yoy, mainly due to lower margin of portfolios acquired in 2021. Improvement in comparison to 74.8% in H1-2022
- Positive impact in Q3 from lower maintenance ratio, strong contribution of Services business and lower personnel cost ratio in admin
- Higher provisioning for not yet invoiced operating costs to cover potential shortfall in payments
- On track for FY 2022 EBITDA margin target of ~75%

FFO I ps

- **9M-2022: €5.11 (+10.6%)**

FFO Bridge 9M-2022

Strong contribution from acquisitions and rent growth



Portfolio valuation 9M-2022

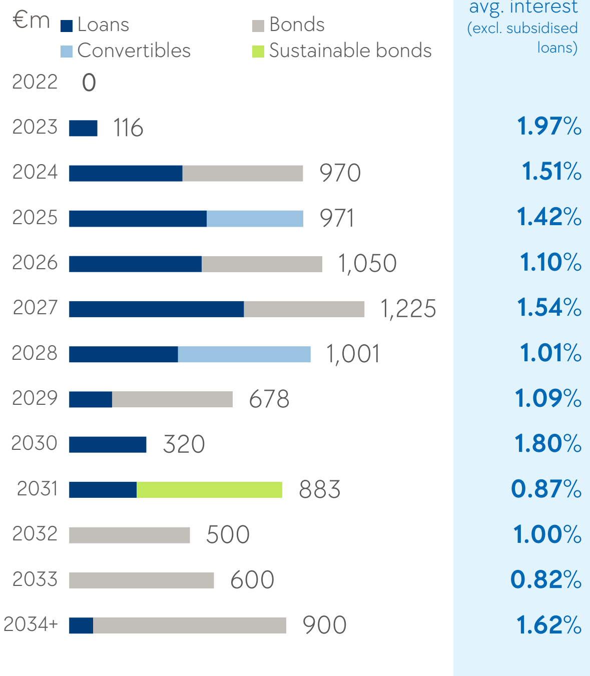
Market segment	Residential Units	GAV Residential Assets (€m)	GAV/ m^2 (€)	Gross yield	In-Place Rent Multiple	GAV Commercial/ Other (€m)	Total GAV (€m)
High-Growth Markets	49,519	8,432	2,591	3.3%	30.7x	350	8,781
Stable Markets	66,629	7,211	1,695	4.3%	23.5x	231	7,442
Higher-Yielding Markets	50,610	3,804	1,241	5.4%	18.4x	107	3,911
Total Portfolio	**166,758**	**19,447**	**1,839**	**4.1%**	**24.7x**	**688**	**20,135**[1]

1 GAV of IAS 40 portfolio (including leasehold, land value and assets under construction) was €20,830m.

Well balanced financial profile

No significant maturities until 2024

Maturity profile



Average debt maturity

years

Average interest costs

%

Loan-to-value

%

Highlights

- **€200m secured loan financings** agreed in in July (2.3%, 5-year term). Remaining secured headroom of c.**€1bn – 1.5bn**
- Increased RCF to **€600m** in mid October (previously: €400m)/ CP-programme of **€600m**
- Average debt maturity at **6.8 years**
- Average interest costs **increase by 3 bps** vs. 9M-2021
- Interest **hedging rate** of **93.7%**
- No significant maturities until **2024.** Monitoring the market closely and act opportunistically
- Medium term commitment to deleveraging depending on valuation and progress of sales programme
- **LTV** below max. medium-term target level of **43%**
- **Net debt/EBITDA** of **15.2x** as at end of September[2]

1 Since Q1-2022 calculation adapted to market standard: inclusion of short-term deposits and participation in other residential companies.
2 Average net debt last four quarters / EBITDA LTM.

4 Outlook

Guidance 2022: FFO I confirmed at a more narrow range

		Old guidance 2022		Updated guidance for 2022
FFO I		€475m – 490m		€ 475m – 485m
l-f-l rent growth		c. 3.0%		c. 3.0%
EBITDA margin		c. 75%		c. 75%
Investments		Less than 46€/sqm c. (prev. 46 – 48€/sqm)		c. 42€/sqm
LTV		max. 43%		Medium-term target level max. 43%
Dividend		70% of FFO I		70% of FFO I – *subject to further market development*
Acquisitions		Highly selective due to capital market environment		*Stopped as of October 1, 2022*
Disposals		Not reflected in guidance: up to **5,000** units		Not reflected in guidance: up to **5,000** units
Environment	2022–2025 2022	Reduction of CO_2 emissions by **10%** based on CO_2e kg/sqm **4,000** tons CO_2 reduction from modernisation projects	2022–2025 2022	Reduction of CO_2 emissions by **10%** based on CO_2e kg/sqm **4,000** tons CO_2 reduction from modernisation projects
Social	2022–2025 2022	Improve Customer Satisfaction Index (CSI) to **70%** Maintain high employee satisfaction level (**66%** Trust Index)	2022–2025 2022	Improve Customer Satisfaction Index (CSI) to **70%** Maintain high employee satisfaction level (**66%** Trust Index)
Governance	2022	Maintain Sustainalytics rating within the negligible risk range (**<10**)	2022	Maintain Sustainalytics rating within the negligible risk range (**<10**)

Guidance 2023: Focus on AFFO

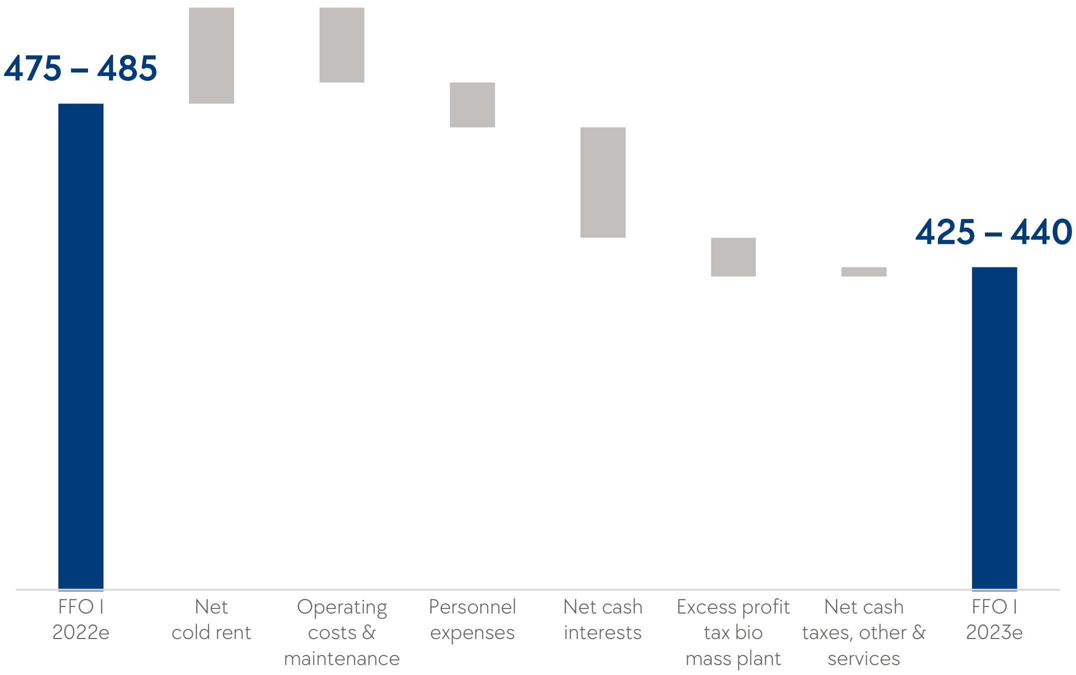
		Guidance 2023[1]
AFFO[2]		€ **110**m – **125**m
Adj. EBITDA margin[3]		**c.78%**
l-f-l rent growth		**3.3% – 3.7%**
Investments		c. **35**€/sqm
LTV		Medium-term target level max. **43**%
Dividend		100% AFFO as well as a part of the net proceeds from disposals – subject to further market development
Disposals		Not reflected[1]
Environment	2023–2026	Reduction of persistent relative CO_2e emission saving costs in €/ton by **10%** achieved by permanent structural adjustments to LEG residential buildings
	2023	**4,000** tons CO_2 reduction from modernisation projects and customer behavior change
Social	2023–2026	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. 2. Adjusted for capex financed in full by subsidised, long-term loans accounted for at fair value or at cost; currently no such projects are planned; if those projects are contracted, these will be reported separately. 3. Adjusted for maintenance (externally-procured services), internally procured and capitalized services and non-recurring special effects.

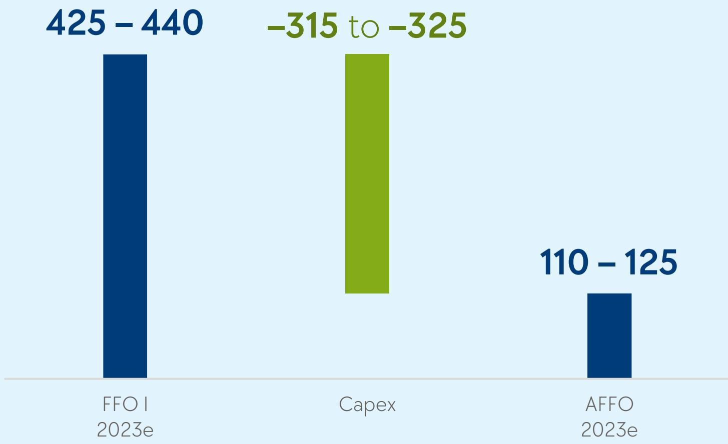
5 Appendix

Bridge FFOI 2022e to AFFO 2023e

FFOI 2022e to FFOI 2023e



FFOI 2023e to AFFO 2023e

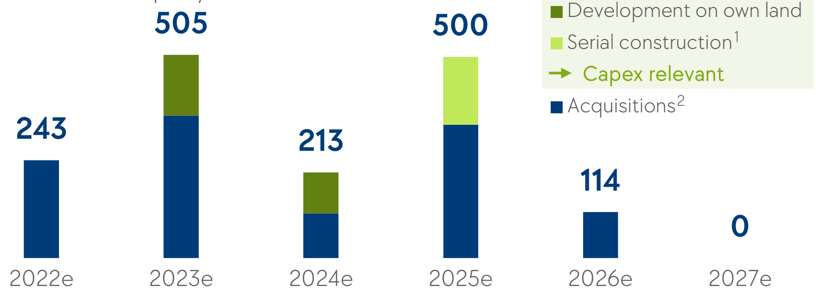


New construction pipeline

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

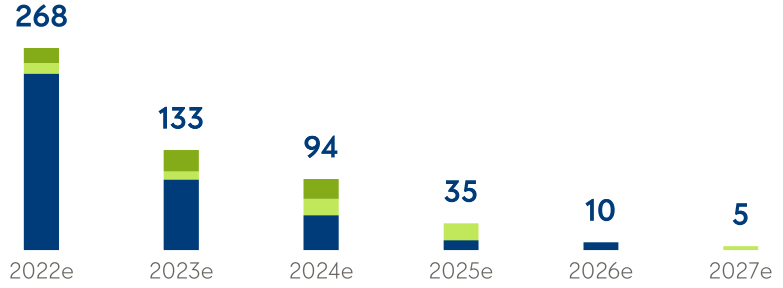
Completions

number of units per year



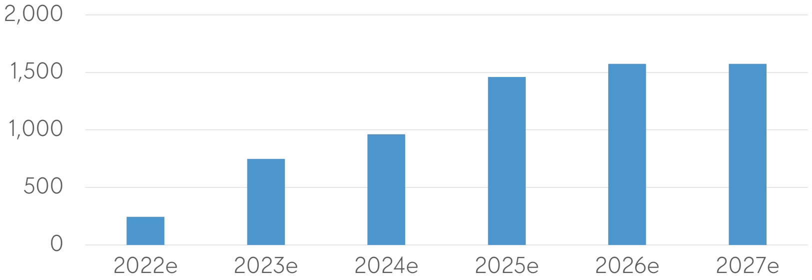
Investment volume per year

€m



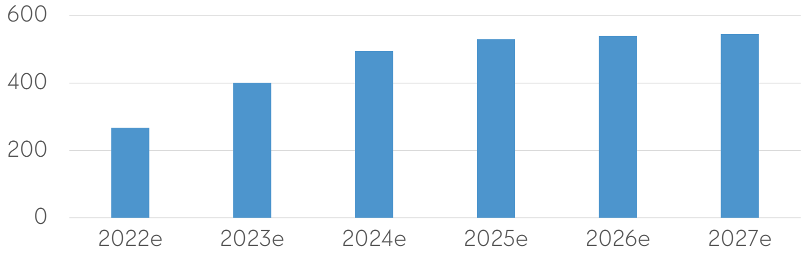
Aggregated

units



Aggregated investment volume

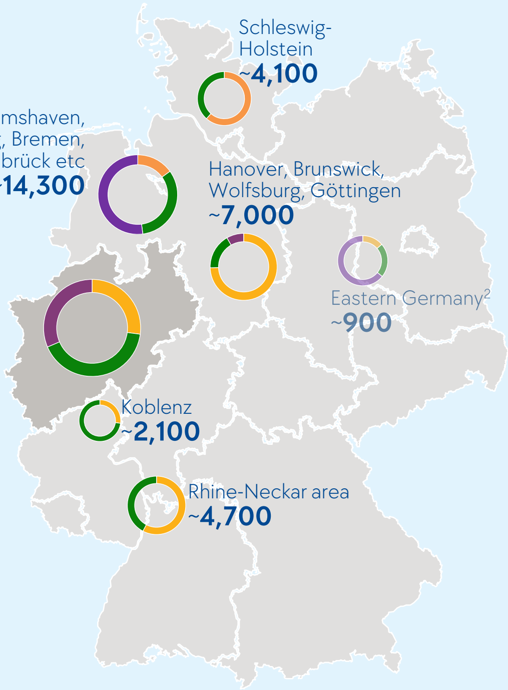
€m



1 Incl. acquisition of land 2 Incl. development Cologne-Ehrenfeld on acquired land

LEG's portfolio comprised c. 166,800 units end of Q3

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



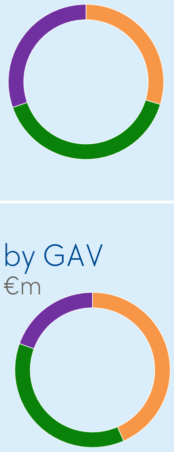
North Rhine-Westphalia
(c. **133,600** units / c. **80**%)

- High-Growth
- Stable
- Higher-Yielding

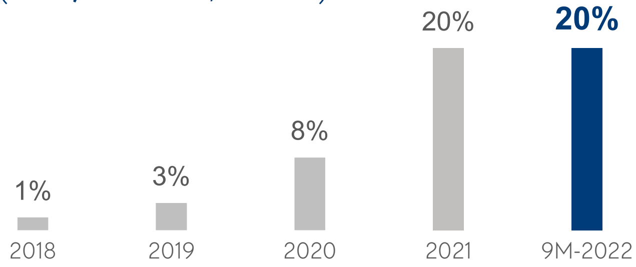
Total portfolio[1]
(c. **166,800** units)

by units

by GAV
€m



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



Growth along our investment criteria

- Asset class **affordable living** ✓
- Entry in new markets outside NRW via **orange** and **green** markets ✓
- **>1,000** units per location ✓

Critical size in locations outside NRW reached, allowing for growth into **higher-yielding** markets

1 Residential units. 2 1,300 non-core units mainly located in Eastern Germany.

Expanding the value chain and positioning as solution provider
Renovate NOW – ReNOWate

Company

RENOWATE

- Renowate to provide comprehensive, serial, energetic refurbishment solutions
- 'One stop shop': measuring, planning, production and installation provided internally
- Key goals: reduction of modernization time and cost
- Refurbishment of 47 units (KfW 55) in Mönchengladbach started in July. Approach to be tested on more than 10 LEG pilot projects in 2022/2023 (more than 200 units)

Product

Innovative five steps process of serial energetic renovation clearly differentiates from competitors

STEP 2
Transfer to a digital twin (BIM principle) and integral planning of all services

STEP 1
Measuring by drones and laser measuring devices of the existing building

STEP 3
Serial production of modular building envelope components

STEP 5
Simple installation of the modules on the existing building envelope and renewal of the building energy services[1]

STEP 4
Just-in-time delivery of the modules to the construction site

Status Quo

LEG RHOMBERG

- 50:50 joint venture with the Rhomberg Group, an internationally operating and innovative family-owned construction company
- Offices in Düsseldorf und Bregenz
- Product to be offered to third parties after trial phase providing investment-light growth opportunity; first project sold to third party
- As of 05/22: 10 employees (incl. management)

1 Photovoltaics, heat pump etc.

Subsidised units

Inflation-dependent components of the cost rent (i.e. admin and maintenance) to be 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

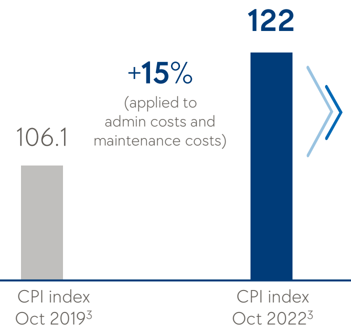
Historic view

Impact on cost rent adjustment at LEG

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

Calculation for LEG's subsidised portfolio

+4.8 cost rent adjustment in January 2023



	since 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 (Q3-2022)

Location	Number of subsidised units	Average net cold rent month/sqm (€)
High growth markets	11,459	5.41
Stable markets	14,612	4.97
Higher-yielding markets	7,221	4.59
Total subsidised portfolio	**33,292**	**5.05**

1 CPI development from October 2019 (index = 106.1) to October 2022 (index = 122, provisional figure acc. to Federal Statistical Office). 2 Legal basis for calculation: II. Berechnungsverordnung.
3 Basis 2015 = 100. 4 Administration and maintenance costs are lump sums.

Valuation framework

LEG

	LEG	CBRE (Appraiser since IPO in 2013)
Frequency Valuation Date	Semi-annually **30 June** - (cut off for data 31 March) **31 December** - (cut off for data 30 September)	*Same as LEG*
Scope	Complete portfolio incl. commercial units, parking spaces, **including** land	Complete portfolio incl. commercial units, parking spaces, **excluding** land
Valuation Level	Address-specific (building entrance level)	Economic units (homogeneous cluster of adjacent buildings with similar construction date and condition) provided by LEG
Technical Assessment	Physical review of **20**% of the portfolio as part of technical reviews, data updates in EPIQR (data base for technical condition of buildings)	Every economic unit has been inspected at least once Rolling annual inspections, especially of new acquisitions and modernised properties Additional information on change of condition provided by LEG
Model	10 year DCF model, terminal value in year 11, **finite** Assumption that buildings have a finite life (max. 80 years), decrease in value over a building's life Residual value of land at the end of building's life Cap rate[1] increased to reflect the decrease of a building's value over its lifetime	10 year DCF model, terminal value in year 11, **infinite** No separate valuation of plot size/ value of land Exit cap rate based on market evidence
Calculation of Discount-/Cap-Rate	Determination based on data from expert committees (publicly appointed surveyor boards) plus property specific premiums and discounts	Consistent DCF model for all 402 cities/districts and all clients plus property specific premiums and discounts. Results cross-checked with market data (local land valuation boards, asking prices, own transaction data base)
Inclusion of legislation (e.g. rental brake)	**Yes**, via cash-flow	**Yes**, via cash-flow
Relevance for Audit of Financial Statements	**Yes**, model and results audited by the Auditor	**No**, second opinion for validation only

1 Valuation parameters as at 30 June 2022 are shown in the H1-report 2022, p. 29

EPRA NRV – NTA – NDV

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

1 Including RETT (Real Estate Transfer Tax) would result into an NTA of €14,100.4m or €190.26 per share.

FFO calculation

€m	9M-2022	9M-2021
Net cold rent	**596.6**	**509.7**
Profit from operating expenses	–5.2	–0.5
Maintenance (externally-procured services)	–50.9	–43.6
Staff costs	–79.8	–61.5
Allowances on rent receivables	–12.4	–5.8
Other	19.6	17.2
Non-recurring special effects (rental and lease)	9.0	4.5
Recurring net rental and lease income	**476.9**	**420.0**
Recurring net income from other services	**11.4**	**7.1**
Staff costs	–20.8	–20.1
Non-staff operating costs	–20.4	–13.8
Non-recurring special effects (admin.)	11.6	7.4
Recurring administrative expenses	**–29.6**	**–26.5**
Other income and expenses	**0.0**	**0.0**
Adjusted EBITDA	**458.7**	**400.6**
Cash interest expenses and income	–82.4	–64.1
Cash income taxes from rental and lease	–	–0.7
FFO I (including non-controlling interests)	**376.3**	**335.8**
Non-controlling interests	–2.0	–1.6
FFO I (**excluding** non-controlling interests)	**374.3**	**334.2**
FFO II (including disposal of investment property)	**373.2**	**332.0**
Capex	–259.7	–230.0
Capex-adjusted FFO I (AFFO)	**114.6**	**104.2**

Net cold rent
- +€86.9m or +17.0% driven by portfolio growth (+€72.5m) and organic growth (+€14.4m)

Maintenance
- Increase through portfolio growth

Staff costs
- Growth in staff costs due to additional 269 FTE's in operations, esp. from Adler portfolio and related facility management company (LEG Nord FM)

Allowances on rent receivables
- Increase driven by higher provisions for not yet invoiced operating costs

Recurring administrative expenses
- Slightly higher headcount (+13 FTEs), general cost increases

Cash interest expenses
- Increase in average interest costs by 3 bps and higher volume of financial debt

Balance sheet

LEG

€m	30.09.2022	31.12.2021
Investment property	20,829.8	19,067.7
Other non-current assets	797.0	617.8
Non-current assets	**21,626.8**	**19,685.5**
Receivables and other assets	339.8	155.6
Cash and cash equivalents	310.2	675.6
Current assets	**650.0**	**831.2**
Assets held for sale	31.2	37.0
Total Assets	**22,308.0**	**20,553.7**
Equity	**10,038.9**	**8,953.0**
Non-current financing liabilities	9,262.0	7,367.0
Other non-current liabilities	2,458.8	2,335.0
Non-current liabilities	**11,720.8**	**9,702.0**
Current financing liabilities	198.6	1,518.1
Other current liabilities	349.7	380.6
Current liabilities	**548.3**	**1,898.7**
Total Equity and Liabilities	**22,308.0**	**20,553.7**

Investment property (among others)
- Valuation: +€1,168.4m
- Acquisitions: +€364.3m
- Capex: +€257.7m

Other non-current assets
- BCP stake at market value of €317.0m
- Goodwill adjustment Adler portfolio (–€67.6m)
- Complete goodwill amortisation of all CGU excl. Adler portfolio (–€99.6m)
- New HQ +€59.8m

Receivables and other assets
- Short term deposits (+€70.0m)
- Receivables due from tenants (€86.4m; +€38.1 vs. FY 2021)

Cash and cash equivalents
- Operating activities: +€259.1m
- Investing activities: –€984.7m
- Financing activities: +€360.2m (+€1,482.4m bond issuance; +€501.1m loans; –€1,428.7m repayment of bridge loan acquisition; –€183.3m cash dividend)

Loan to Value

LEG

€m	30.09.2022	31.12.2021
Financial liabilities	9,460.6	8,885.1
Excluding lease liabilities (IFRS 16)	22.6	27.4
Cash & cash equivalents[1]	450.2	745.6
Net Debt	**8,987.8**	**8,112.1**
Investment properties	20,829.8	19,067.7
Properties held for sale	31.2	37.0
Prepayments for investment properties and acquisitions	21.9	23.4
Participation in other residential companies[1]	350.7	119.2
Prepayments for business combinations	–	1.8
Property values	21,233.6	19,249.1
Loan to Value (LTV) in %	**42.3**	**42.1**

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 into property values. The figures as at 31.12.2021 have been adjusted accordingly.

Loan to Value

- With 42.3% similar level as of FY-2021
- Maximum target of 43% met

Investments in other residential companies

- Increase vs. year end 2021 due to higher stake in BCP. BCP is included with a value of €317.0m based on a share price of €114.97 at Tel Aviv Stock Exchange as at September 30

Income statement

LEG

€m	9M-2022	9M-2021
Net rental and lease income	400.3	407.3
Net income from the disposal of investment property	–1.2	–0.7
Net income from the valuation of investment property	1,168.4	1,119.8
Net income from the disposal of real estate inventory	0.0	–0.1
Net income from other services	10.8	4.8
Administrative and other expenses	–84.8	–36.8
Other income	0.0	0.0
Operating earnings	**1,493.5**	**1,494.3**
Net finance costs	**–10.7**	**–75.7**
Earnings before income taxes	**1,482.8**	**1,418.6**
Income tax expenses	**–295.2**	**–278.1**
Consolidated net profit	**1,187.6**	**1,140.5**

Net rental and lease income

- Decline driven by goodwill amortisation (€58.9m). Adjusted NRI +13.6%

Net income from other services

- Relates to biomass plant, increase due to higher energy sales revenues

Administrative and other expenses

- Impact from goodwill amortisation (€40.7m)

Net finance costs

- €18.9m increase in interest expenses mainly due to issue of corporate bonds
- –€53.3m impact from valuation of BCP at fair value
- +€150.0m impact from measurement of derivatives linked to the convertible bonds (yoy: +€143.5m)

Income tax expenses

- Slight increase in the effective tax rate from 19.4% to 20.4%

Cash effective interest expense

€m	9M-2022	9M-2021
Reported interest expense	103.4	84.5
Interest expense related to loan amortisation	–18.1	–12.5
Interest costs related to valuation of assets/liabilities	–0.1	–0.1
Interest expenses related to changes in pension provisions	–0.9	–0.5
Other interest expenses	–1.9	–7.2
Cash effective interest expense (gross)	**82.4**	**64.1**
Cash effective interest income	0.0	0.0
Cash effective interest expense (net)	**82.4**	**64.1**

Reported interest expense

- Increase driven by growth in financing liabilities in connection with the portfolio growth

Interest expenses from loan amortisation

- Expenses in connection with the issue of bonds in 2021

Other interest expenses

- One-time-effects in the previous year, e.g. prepayment costs

Cash effective interest expense

- Interest coverage of 5.57x (9M-2021: 6.25x)

Investments

Reconciliation from investments to adjusted investments

€m	9M-2022	9M-2021
Maintenance	84.8	70.9
Adjusted maintenance	**81.9**	**70.9**
Capex	269.6	237.6
Thereof LWS Plus effect	9.9	7.6
Thereof public safety measures in connection with acquisitions	2.4	1.6
Thereof new construction	17.0	7.7
Thereof capitalisation of own services	10.8	11.6
Adjusted capex	**229.6**	**209.1**
Total investments	354.4	308.5
Adjusted total investments	**311.4**	**280.0**
Area of investment properties (million sqm)	10.81	9.45
Adjusted investment per sqm (€)	**28.82**	**29.63**

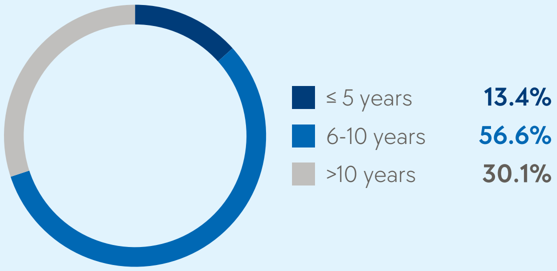
- Capex in FFO-table to calculate the AFFO corresponds to total capex minus LWSPlus effect
- The line item maintenance for net rental and lease income calculation includes only maintenance work done by external companies (€**50.9**m). The delta to the €**84.8**m is shown under staff costs

Refinancing of subsidised loans lifting value

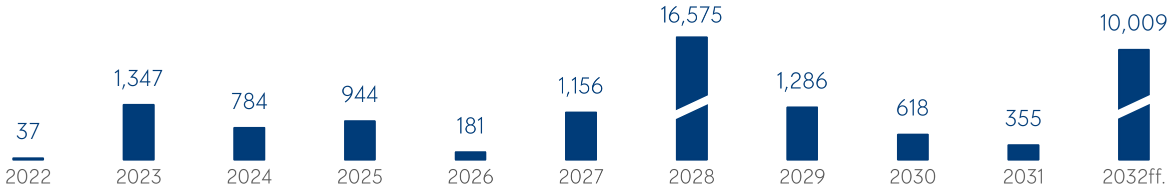
Rent potential subsidised units

- Until 2028, around **21,000 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 65% of units to come off restriction until 2028

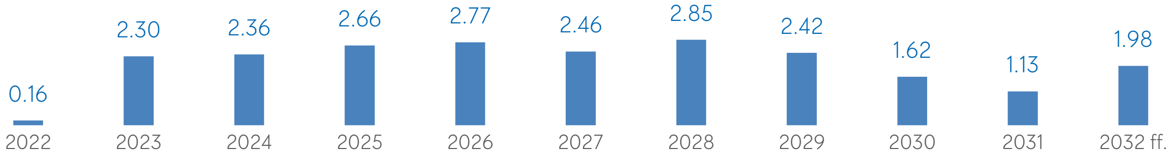


Number of units coming off restriction and rent upside



Spread to market rent

€/m²/month



	≤ 5 years[2]	6 – 10 years[2]	> 10 years[2]
In-place rent	€4.85	€5.16	€4.91
Market rent[1]	€7.27	€7.89	€6.90
Upside potential[3]	50%	53%	40%
Upside potential p.a.[3]	€6.6m	€44.0m	€16.1m

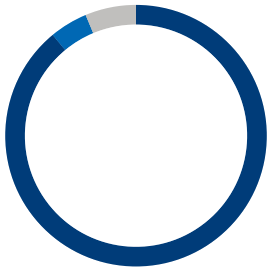
1 Employed by CBRE as indicator of an average rent value that could theoretically be achieved, not implying that an adjustment of the in-place rent to the market rent is feasible, as stringent legal and contractual restrictions regarding rent increases exist. 2 ≤5 years = 2022-2026; 6-10 years = 2027-2031; >10 years = 2032ff. 3 Rent upside is defined as the difference between LEG in-place rent and market. 4 For example rent increase cap of 11% (tense markets) or 20% for three years.

LEG additional creditor information

Unsecured financing covenants

Covenant	Threshold	9M-2022
Consolidated Adjusted EBITDA / Net Cash Interest	≥1.8x	5.4x
Unencumbered Assets / Unsecured Financial Indebtedness	≥125%	181%
Net Financial Indebtedness / Total Assets	≤60%	41%
Secured Financial Indebtedness / Total Assets	≤45%	15%

Financing mix



Fixed interest	89.0%
Derivatives	4.7%
Variable interest	6.3%

Ratings (Moody's)

Type	Rating	Outlook
Long Term Rating	Baa1	Stable
Short Term Rating	P-2	Stable

Key financial ratios

	9M-2022	9M-2021
Net debt / EBITDA[1]	15.2x	11.4x
LTV	42.3%[2]	38.0%
Secured Debt / Total Debt	38%	45%
Unencumbered Assets / Total Assets	41%	36%

1 Average net debt last four quarters / EBITDA LTM 2 Since Q1-2022 calculation adapted to the current standard practices, i.e. reduction of net debt by short-term deposits and inclusion of participation in other residential companies into property values.

Capital market financing

Corporate bonds

Maturity	Issue Size	Maturity Date	Coupon	Issue Price	ISIN	WKN
2017/2024	€**500**m	23 Jan 2024 (7 yrs)	1.250% p.a.	99.409%	XS1554456613	A2E4W8
2019/2027	€**500**m	28 Nov 2027 (8 yrs)	0.875% p.a.	99.356%	DE000A254P51	A254P5
2019/2034	€**300**m	28 Nov 2034 (15 yrs)	1.625% p.a.	98.649%	DE000A254P69	A254P6
2021/2033	€**600**m	30 Mar 2033 (12 yrs)	0.875% p.a.	99.232%	DE000A3H3JU7	A3H3JU
2021/2031	€**600**m	30 Jun 2031 (10 yrs)	0.750% p.a.	99.502%	DE000A3E5VK1	A3E5VK
2021/2032	€**500**m	19 Nov 2032 (11 yrs)	1.000% p.a.	98.642%	DE000A3MQMD2	A3MQMD
2022/2026	€**500**m	17 Jan 2026 (4 yrs)	0.375% p.a.	99.435%	DE000A3MQNN9	A3MQNN
2022/2029	€**500**m	17 Jan 2029 (7 yrs)	0.875% p.a.	99.045%	DE000A3MQNP4	A3MQNP
2022/2034	€**500**m	17 Jan 2034 (12 yrs)	1.500% p.a.	99.175%	DE000A3MQNQ2	A3MQNQ

Financial Covenants

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

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)	0.4% p.a. (semi-annual payment: 15 January, 15 July)
# of shares	3,470,683	3,556,142
Initial Conversion Price	€118.4692	€155.2500
Adjusted Conversion Price[1]	€113.2516 (as of 2 June 2022)	€153.6154 (as of 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).

Remuneration system 2022/25 – Update for 2023/26 based on new KPIs

LEG

Effective 1 January 2022 | year 1 | year 2 | year 3 | year 4

Share of target remuneration

Fixed components (c.35%)
- Basic remuneration
- Fringe benefits
- Pension entitlement (defined contribution)

STI (22% – 23%)
- 40% net rental and lease income
- 40% funds from operations I (FFO I) per share
- 20% ESG targets (100% target fulfilment below)
  - E: 4,000 tons CO_2 reduction from modernisation projects
  - S: Maintain high employee satisfaction level (66% Trust Index)
  - G: Maintain Sustainalytics rating within the negligible risk range (<10)

LTI (38% – 40%)
- **80%** share price development vs. EPRA Germany
- 20% ESG targets (100% target fulfilment below)
  - E: Reduction of CO_2 emissions by 10% based on CO2e kg/sqm
  - S: Improve Customer Satisfaction Index (CSI) to 70%
- Reinvestment obligation of 25% of the LTI into LEG shares

Max. remuneration

CEO
€**4.8**m

Board member
€**3.1**m

Malus/ Clawback

Partial or complete reduction or reclaim of variable remuneration possible

Share ownership guideline
Purchase of LEG shares equivalent to a gross basic salary within 4 years

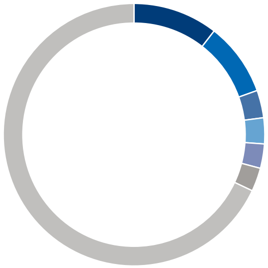
Update of targets in-line with new steering methodology for 2023 planned
Decision in AGM May 2023

LEG share information

Basic data

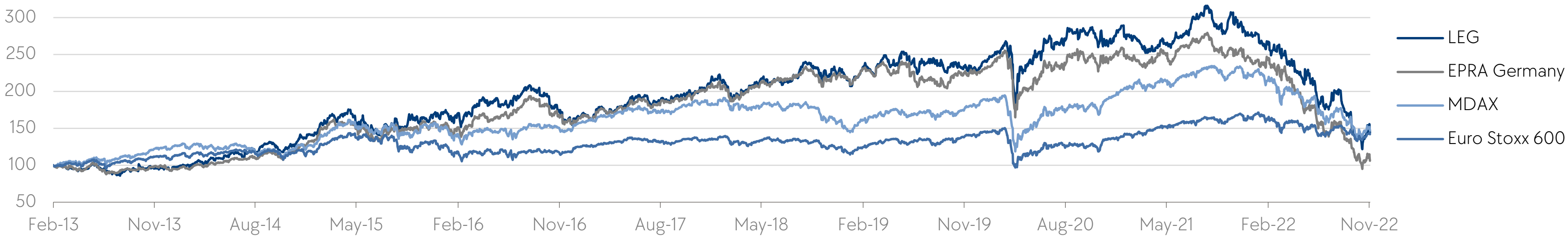
Market segment	Prime Standard
Stock Exchange	Frankfurt
Total no. of shares	74,109,276
Ticker symbol	LEG
ISIN	DE000LEG1110
Indices	MDAX, FTSE EPRA/NAREIT, GPR 250, Stoxx Europe 600, DAX 50 ESG, i.a. MSCI Europe ex UK, MSCI World ex USA, MSCI World Custom ESG Climate Series
Weighting	MDAX 3.7% (30.09.2022) EPRA Developed Europe 2.7% (30.09.2022)

Shareholder structure[1]



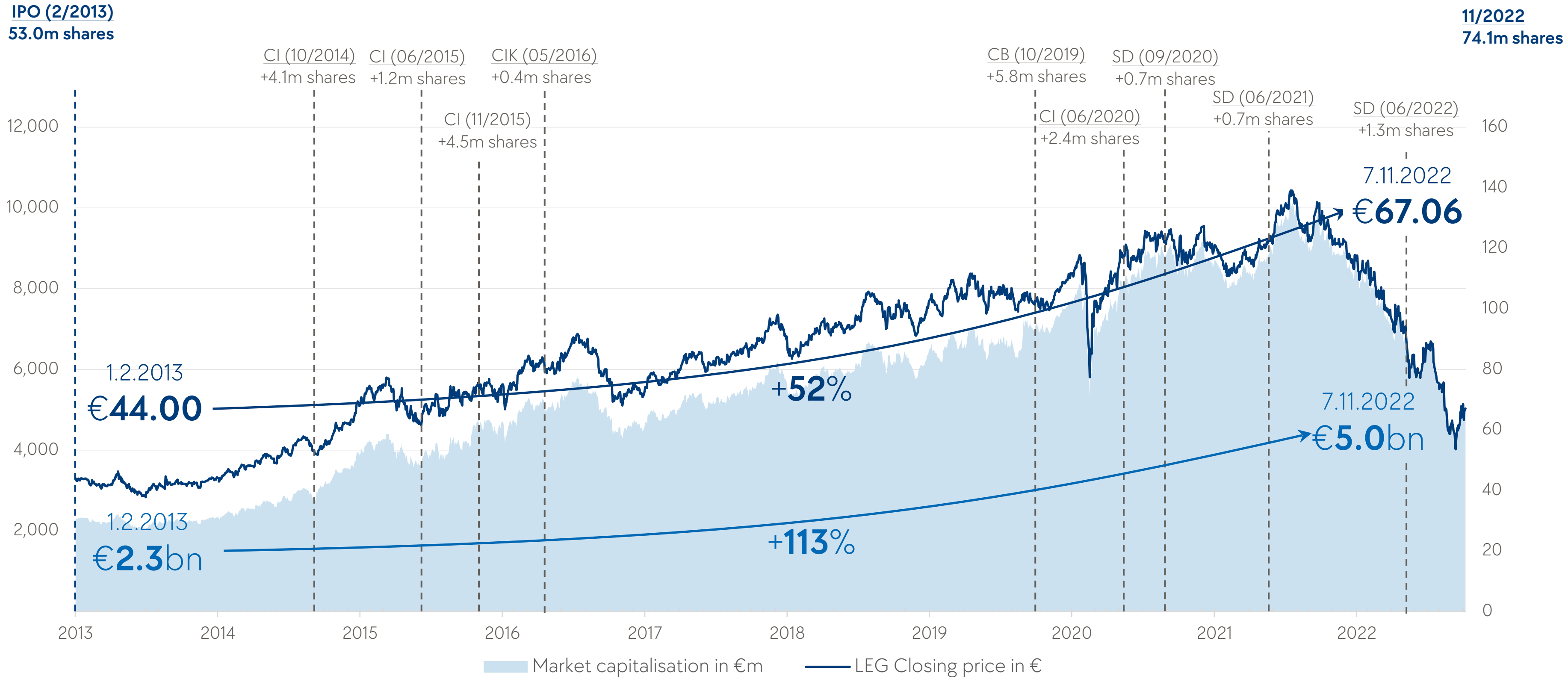
MFS	10.5%
BlackRock	9.0%
Cohen & Steers	3.4%
BNP Paribas AM	3.2%
UBS Group AG	3.0%
Flossbach von Storch	2.9%
Other free float	68.0%

Share (07.08.2022; 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

2023

9 March
Annual Report 2022

10 May
Quarterly Statement Q1
as of 31 March 2023

10 August
Quarterly Report Q2
as of 30 June 2023

9 November
Quarterly Statement Q3
as of 30 September 2023

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

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