H1-2023

LEG Immobilien SE

H1-2023 Results

10 August 2023

LEG

H1-2023 Results – Agenda

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1 Highlights H1-2023

Financial Summary

H1-2023

Operating results

Operating results		H1-2023	H1-2022	+/- %
Net cold rent	€m	**414.3**	396.2	+4.6%
NOI (recurring)	€m	**339.4**	336.7	+0.8%
EBITDA (adjusted)	€m	**335.2**	322.3	+4.0%
FFO I	€m	**226.0**	241.4	–6.4%
FFO I per share	€	**3.05**	3.31	–7.9%
AFFO	€m	**118.6**	79.4	+49.4%
AFFO per share	€	**1.60**	1.09	+46.8%
NOI margin (recurring)	%	**81.9%**	85.0%	–310bps
EBITDA margin (adjusted)	%	**80.9%**	81.3%	–40bps
FFO I margin	%	**54.5%**	60.9%	–640bps
AFFO margin	%	**28.6%**	20.0%	+860bps

Portfolio

Portfolio		30.06.2023	30.06.2022	+/- %
Residential units	number	**166,890**	166,628	+0.2%
In-place rent (l-f-l)	€/m²	**6.52**	6.25	+4.3%
Capex (adj.)[1]	€/m²	**8.13**	13.34	–39.1%
Maintenance (adj.)[1]	€/m²	**5.95**	4.98	+19.5%
EPRA vacancy rate (l-f-l)	%	**2.6**	2.7	–10bps

Balance sheet

Balance sheet		30.06.2023	31.12.2022	+/- %
Investment properties	€m	**18,919.7**	20,204.4	–6.4%
Cash and cash equivalents[2]	€m	**331.4**	362.2	–8.5%
Equity	€m	**8,052.8**	9,083.9	–11.4%
Total financing liabilities	€m	**9,397.2**	9,460.8	–0.7%
Net debt[3]	€m	**8,967.7**	9,036.6	–0.8%
LTV	%	**46.6**	43.9	+270bps
Average debt maturity	years	**6.1**	6.5	–0.4
Average debt interest cost	%	**1.40**	1.26	+14bps
Equity ratio	%	**40.2**	42.5	–230bps
EPRA NTA, diluted	€m	**10,100.7**	11,377.2	–11.2%
EPRA NTA per share, diluted	€	**136.29**	153.52	–11.2%

1 Excl. new construction activities on own land, own work capitalised and consolidation effects. 2 Excluding short term deposits of €79.8m as of H1-2023 (FY-2022: €40.0m). 3 Excl. lease liabilities according to IFRS 16 and incl. short term deposits.

Ongoing strong performance of operations

AFFO-guidance increased to €165m - €185m

Financials

- AFFO **+49.4%** to **€118.6m**
- AFFO p.s. **+46.8%** to **€1.60**
- FFO I **–6.4%** to **€226.0m**
- Adj. EBITDA-Margin **80.9%**
- LTV **46.6%**
  - Debt @ **6.1y** for **1.40%**
- NTA p.s. **€136.29**

Operations

- Net cold rent **+4.6%**
- l-f-l rental growth **+4.3%**
- l-f-l vacancy **2.6%** (–10bps)

ESG

- Site visit from **Vice-Chancellor**/Federal Minister for Economic Affairs and Climate Action **Robert Habeck** (Green Party) at serial refurbishment site of **RENOWATE**
- **AI-based thermostat** from LEG's joint venture seero.io for hydraulic balancing about to start **pre-series production**
- **SBTi** to be validated by end of August 2023

H1-2023

AFFO-guidance increased to €165m – €180m

Less capex for new construction and lower energy tax effect

Strong rent growth continues

Increased guidance to +3.8% – +4.0% rental growth

Transaction markets remain calm

H1-2023 devaluation of 7.4%

Successful refinancings and strong liquidity position

2023 and 2024 bond maturity covered

AFFO guidance increased to €165m – €180m (vs. €125m – €140m)

Drivers mainly of one-off nature

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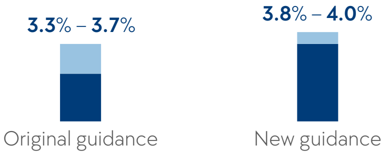
Stronger market momentum

Stronger market development experienced already in Q1 expected to continue

Lfl-rent growth 2023e



Favourable market dynamics expected to persist

» c. €3m AFFO effect

Forward sale of electricity production at 2022 peak prices

- Pro-actively sold forward 2023 green electricity production
- Uncertainty remained on the extent and application period of the excess profit margin tax
- For the original guidance LEG opted for a conservative approach with regards to taxation

Lower tax on profit from electricity production expected for 2023

» c. €19 – 22m AFFO effect

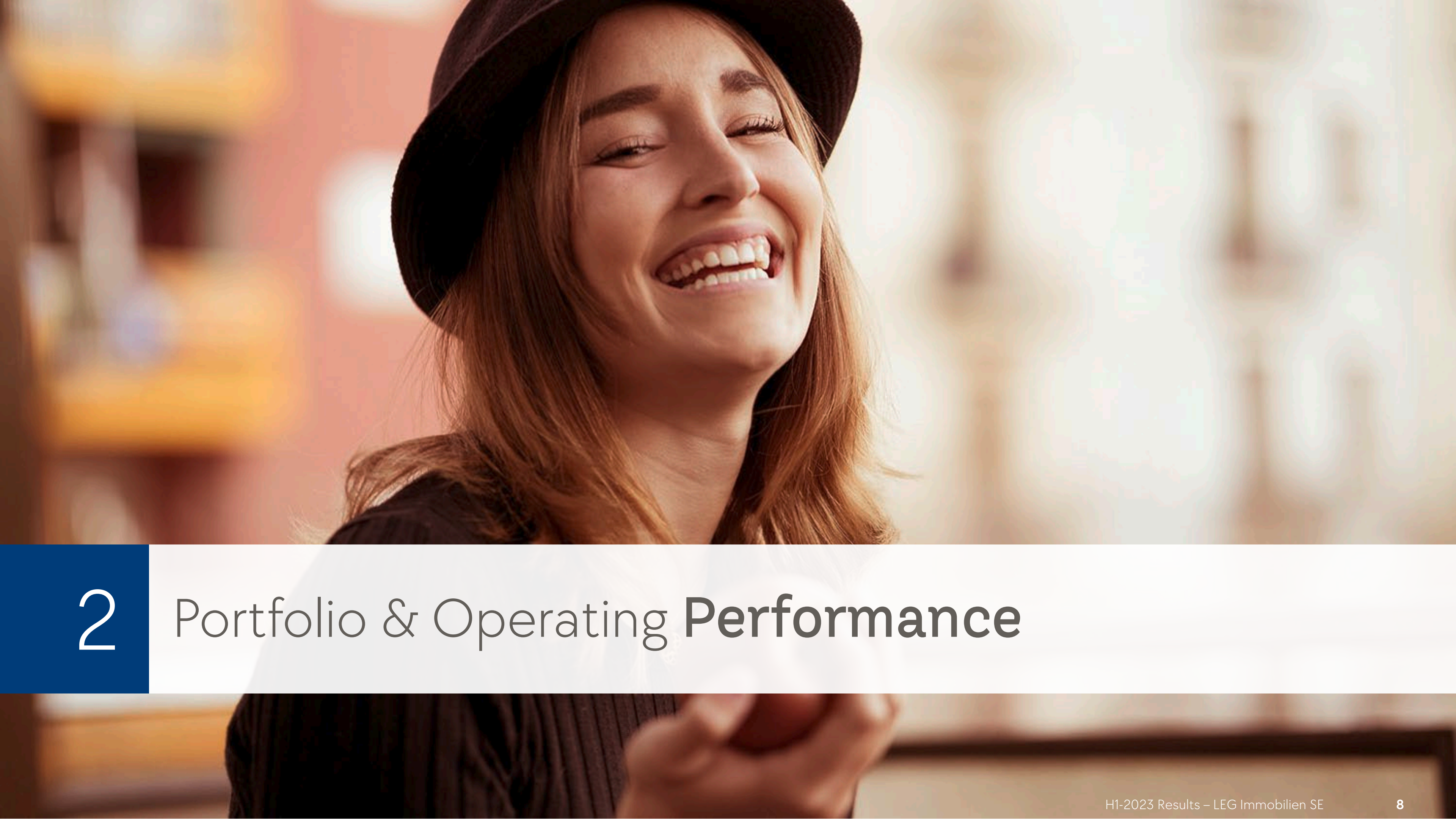
Reduction of new development capex

Cancellation of several smaller projects

New development capex 2023e

Lower capex for new development; capex in standing assets confirmed at €35/sqm

» c. €17 – 20m AFFO effect

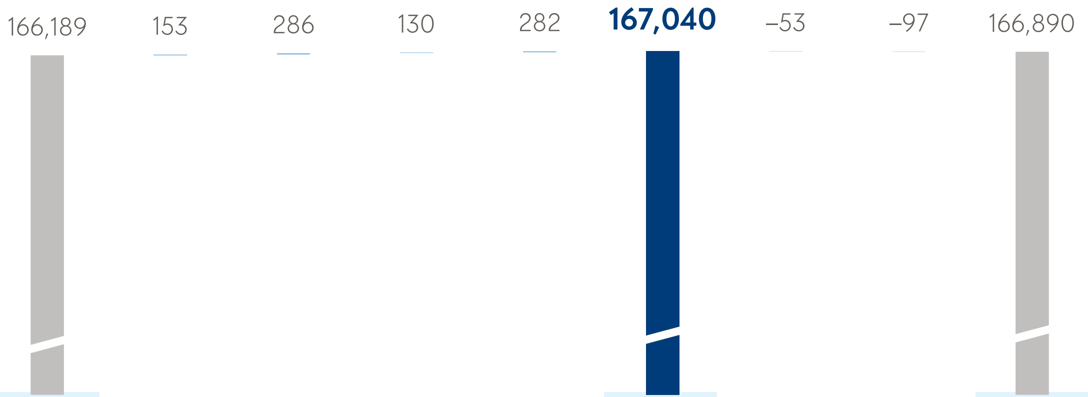


2 Portfolio & Operating **Performance**

Portfolio transactions

Almost 700 units sold in H1 – some additions from completion of new construction

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



	31.12.2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	31.12.2022	Q1-2023	Q2-2023	30.06.2023
Additions	21,966	407	390	177	438	1,412	381	135	516
Divestments	–307	–254	–104	–47	–156	–561	–434	–232	–666
Change	**21,659**	**153**	**286**	**130**	**282**	**851**	**–53**	**–97**	**–150**

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

Additions

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

Disposals

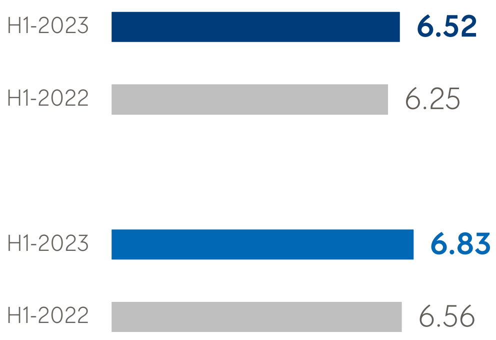
- Disposal volume of c.€**39**m – at around book value in H1
- In Q1 one bigger portfolio with **219** units (high rise buildings in weak technical condition) as well as a portfolio of **120** units in Siegen. Additionally small ticket sales of non-core units in Eastern Germany
- In Q2 one bigger portfolio (**100** units) and continuation of small ticket sales of non-core units in Eastern Germany

Rent growth gains momentum

Strong rent table growth with 2.1% – cost rent adjustment adds another 0.8%-pts

l-f-l rent development

€/m²/month



Residential rent

+4.3%

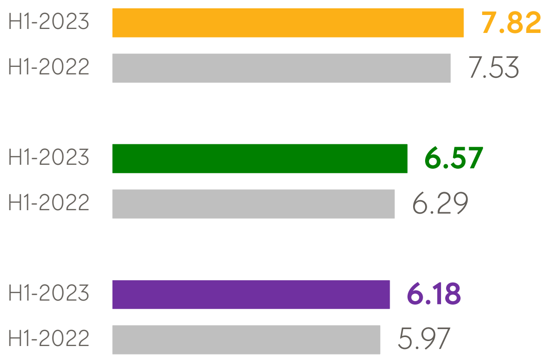
Rent table	+2.1%
Modernisation/ Re-letting	+1.4%
Cost rent	+0.8%

Free financed rent

+4.0%

l-f-l free financed rent development

€/m²/month



High-growth

+3.9%

Stable

+4.5%

Higher-yielding

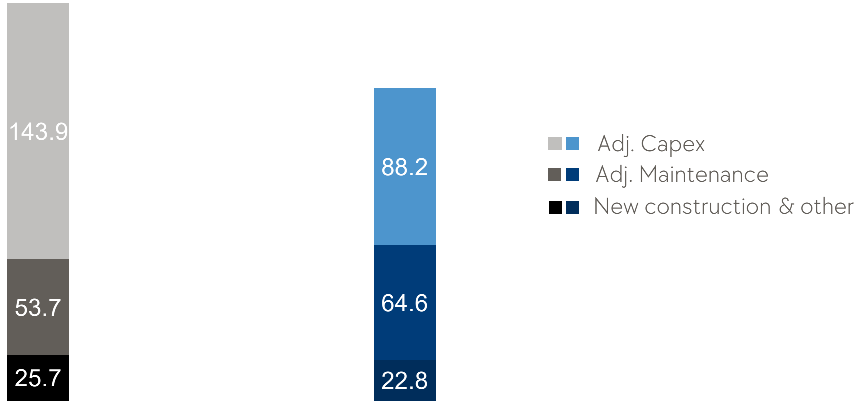
+3.5%

- Residential rent increase of **4.3%** with strong contribution from rent table adjustments
- Cost rent increase of **5.4%** for the subsidised units contributed **0.8%**-pts to the H1-2023 rent growth
- Free financed rent increase of **4.0%**

Capex and Maintenance

Significant reduction as of H1 – on track for 35€/sqm investment into standing portfolio for 2023

	H1-2022		H1-2023
Adj. Invest per m^2 [1]:	**€18.31**/m^2	**–23.1%**	**€14.08**/m^2
Adj. Invest €m[1]:	**€197.6**m		**€152.8**m
Total Invest €m:	**€223.3**m		**€175.6**m



per m^2	H1-2022	H1-2023	%
Adj. Capex	€13.34	€8.13	–39.1%
Adj. Maintenance	€4.98	€5.95	+19.5%
Adj. Investment[1]	**€18.31**	**€14.08**	**–23.1%**

- Investments per sqm declined by **23.1%** yoy to **€14.08**/sqm
- Shift towards AFFO steering leads to lower capitalisation rate (**58%** vs **73%** H1-2022) and increases expensed maintenance
- Investments in H1 remained below pro-rata level to achieve guidance of €**35**/sqm. Capex levels to increase in following quarters with higher share of finished work
- Hence €**35**/sqm investment guidance still valid
- New construction spending remained on low level of c. €**10**m

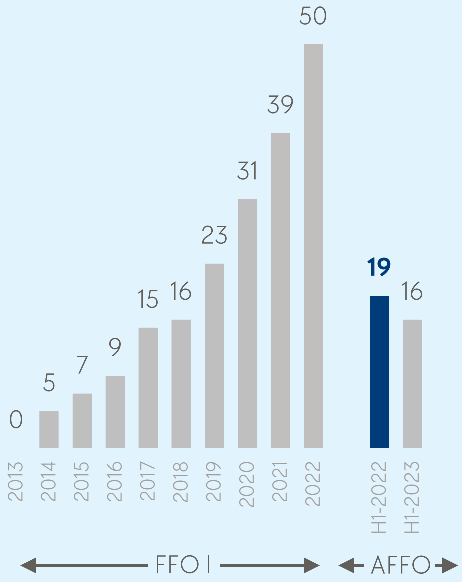
1 Excl. new construction activities on own land, own work capitalised and consolidation effects.

Value-added services

Normalisation of earnings contribution after tailwinds from energy prices in 2022

Earnings 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 H1-2023

- **ESP** results suffer from volatility in energy markets and from higher investments

Further service entities of LEG

RENOWATE

Joint Venture: provides serial energetic refurbishment of properties

seero

Joint Venture: developed the first smart thermostat for hydraulic balancing

youtilly

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

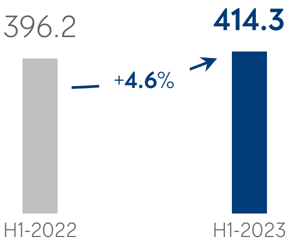
3 Financial **Performance**

Financial highlights H1-2023

Net cold rent growth offsets higher energy costs

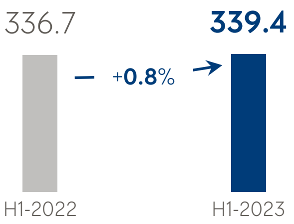
Net cold rent

€m



Net operating income (recurring)[1]

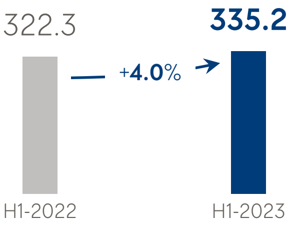
€m



Margin
81.9%
(85.0%)

EBITDA (adjusted)[1]

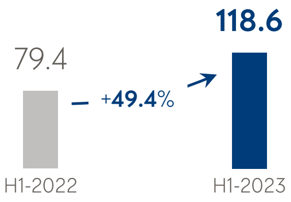
€m



Margin
80.9%
(81.3%)

AFFO

€m



Margin
28.6%
(20.0%)

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

Net cold rent

- Growth driven by **4.3%** l-f-l rent growth and some positive effects from additions to the portfolio

Net operating income (recurring)

- Normalisation in H1 after **-3.9%** in Q1
- Margin decline from **85.0%** to **81.9%** driven by
  - Higher operating expenses (–€**6.7**m) e.g. due to higher non-transferable operating and heating costs
  - Decline in other income (–€**4.4**m) driven by volatile energy markets affecting service entity ESP

EBITDA (adjusted)

- Positive effects from other services (recurring), esp. from forward sale of electricity (+€**12.2**m),

FFO I –6.4% to €226.0m

- Negatively affected by higher interest expenses (–€**8.9**m), higher maintenance costs (ext. procured) (–€**11.7**m) and decline in own work capitalised (–€**4.2**m)

AFFO

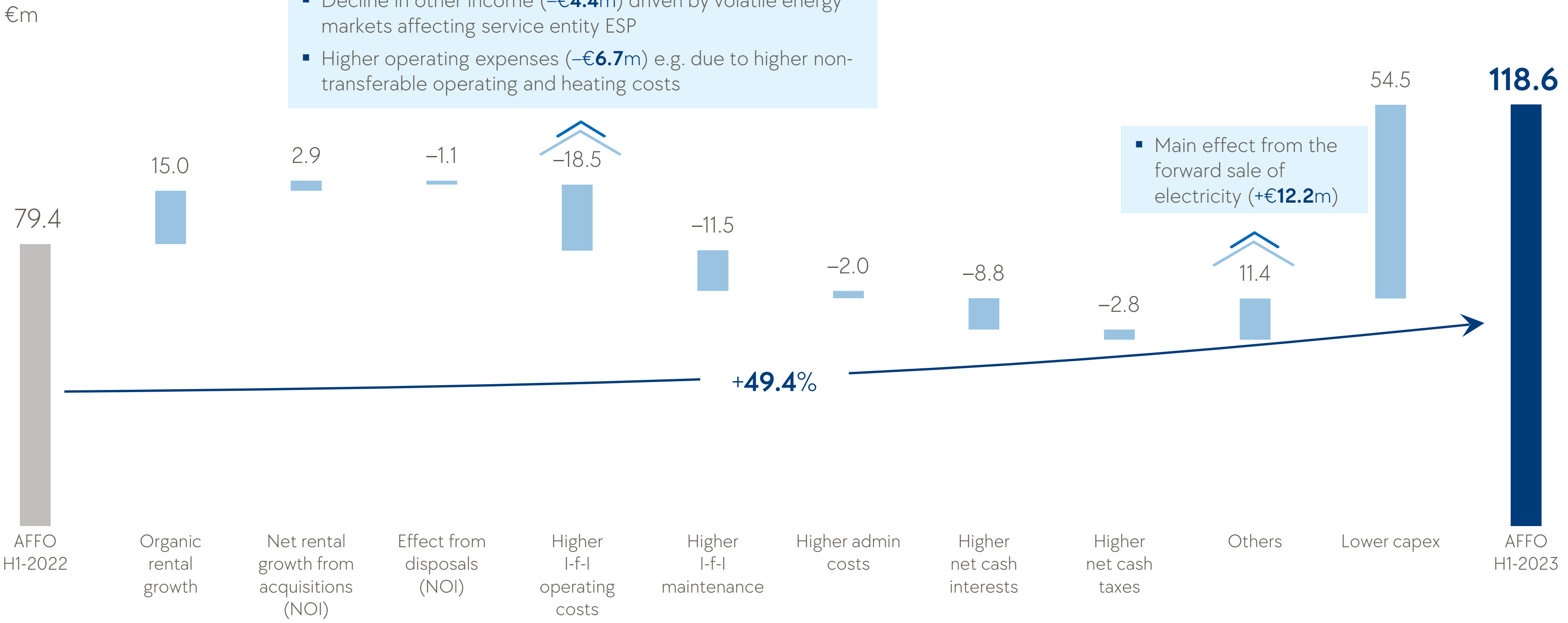
- Reduction of investments (capex) by **33%** to €**107.5**m from €**162.0**m supports AFFO generation

AFFO Bridge H1-2023

Decline in capex drives strong AFFO improvement

- Higher allowances on rent receivables (–€**1.2**m)
- Decline in other income (–€**4.4**m) driven by volatile energy markets affecting service entity ESP
- Higher operating expenses (–€**6.7**m) e.g. due to higher non-transferable operating and heating costs

- Main effect from the forward sale of electricity (+€**12.2**m)

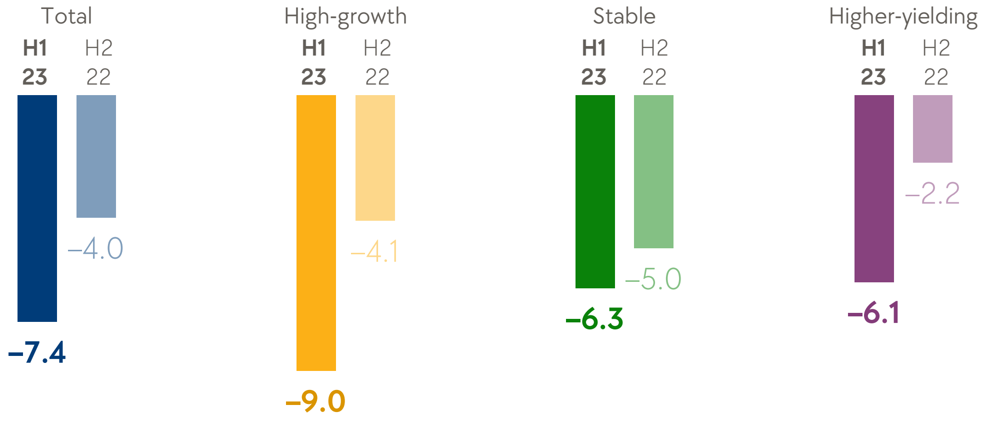


Portfolio valuation H1-2023 – Breakdown of revaluation losses

7.4% valuation decline in H1-2023

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

%



Highlights

- Valuation adjustment of **–7.4%** in H1-2023 after **–4.0%** in H2-2022
- Average object-specific discount rate of **3.7%** at year end 2022 increased to **4.3%** (cap rate up from **5.2%** to **5.5%**)
- Low volume on market transactions

1 Property valuation with cut-off date as of 31 March 2023 and revaluation date as of 30 June 2023.

Portfolio valuation H1-2023

Market segment	Residential Units	GAV Residential Assets (€m)	GAV/ m² (€)	Gross yield	In-Place Rent Multiple	GAV Commercial/ Other (€m)	Total GAV (€m)
High-Growth Markets	49,942	7,554	2,293	3.8%	26.1x	382	7,936
Stable Markets	66,754	6,594	1,545	4.8%	20.7x	208	6,802
Higher-Yielding Markets	50,194	3,523	1,158	6.0%	16.7x	95	3,619
Total Portfolio	**166,890**	**17,671**	**1,666**	**4.6%**	**21.6x**	**685**	**18,356**[1]

1 GAV of IAS 40 portfolio (including leasehold, land value and assets under construction) was €18,920m.

Well balanced financial profile as at 06/2023

2023 and 2024 bond maturity covered

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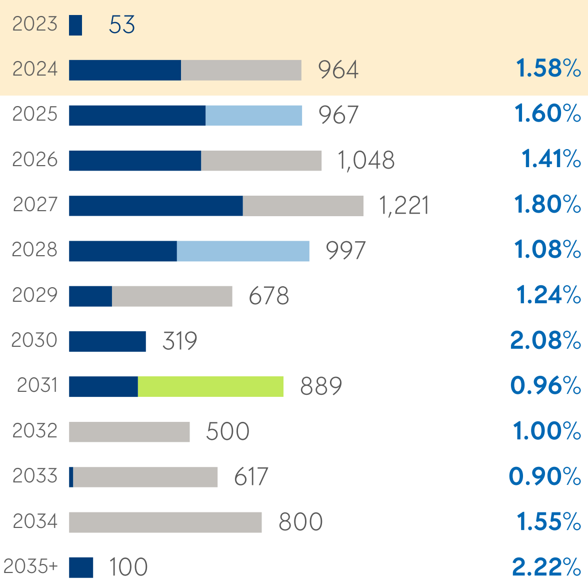
Maturity profile[1]

€m ■ Loans ■ Bonds ■ Convertibles ■ Sustainable bonds

Weighted avg. interest (excl. subsidised loans)



Average debt maturity

years

Average interest cost

%

Loan-to-value

%

Highlights

- Repayment of €**52**m loan in Q1
- All remaining financing needs for **2023 and 2024 maturing bond covered**
- Undrawn RCF of €**600**m /CP-programme of €**600**m
- Average debt maturity of **6.1** years
- Average interest cost **increase by 25 bps** (y/y)
- Interest **hedging rate** of **c.94**%
- **LTV** above medium-term target level of **43**%, no effect on ability to refinance
- **Net debt/adj. EBITDA[2]** of **14.0x** as at end of June

1 As of June 30 2 Average net debt last four quarters / adjusted EBITDA LTM

2024 maturing bond already covered

More than half-way through the entire 2024 refinancing and well on track

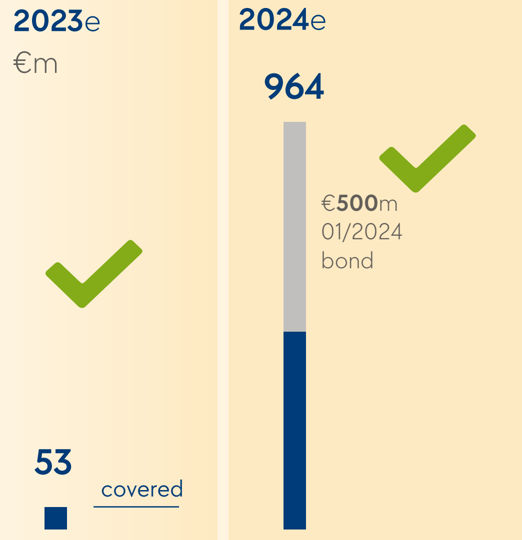
Total refinancing volume until 12/2024

51% of financing volumes are loans

Loans 51%
Bonds 49%

Upcoming maturities by instrument and refinancing strategy

11% of total debt to mature until end of 2024



Covered by/ Status quo[1]

- **€100m** 2031 bond tap @0.75% coupon
- **>€400m** secured financings @ avg. **4.19%** and avg. **7.8** years
- **€411m** Liquidity H1 23
- **€600m** undrawn RCF

- LEG's diversified financing structure pays off and offers optionality going forward
- All **2023** and **2024 bond** maturities as well as first secured financings due in 2024 **already covered** by mix of unsecured and mainly secured financing at attractive terms as well as cash
- Remaining **2024** secured debt maturities not before **06/2024**
- Well on track to roll over entire **2024** maturing secured debt
- Strong liquidity position
- No reliance on disposal proceeds to refinance – disposals offer potential to deleverage

1 Status quo as at early August, otherwise H1-2023 figures

4 Outlook

Guidance 2023: Focus on AFFO

Well on track – guidance increased already ahead of H1-reporting

	Guidance 2023[1]
AFFO[2]	€**165**m – **180**m ↑
Adj. EBITDA margin[3]	**c.80**% ↑
l-f-l rent growth	**3.8**% – **4.0**% ↑
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
Disposals	Not reflected[1]

Environment	2023–2026	Reduction of persistent relative CO_2 emission saving costs in €/ton by **10**% achieved by permanent structural adjustments to LEG residential buildings
	2023	**4,000** tons CO_2 reduction from modernisation projects and customer behavior change
Social	2023–2026	Improve high employee satisfaction level to **70**% Trust Index
	2023	Timely resolution of tenant inquiries regarding outstanding receivables
Governance	2023	**85**% of Nord FM, TSP, biomass plant, **99**% of all other staff holding LEG group companies have completed digital compliance training

1 Guidance based on 167 k units. 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 Based on the adjusted EBITDA definition effective since business year 2023, i.e. excluding maintenance (externally-procured services) and own work capitalized.

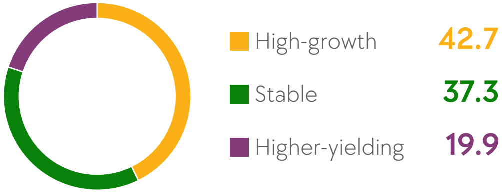
5 Appendix

Positive operational trends – valuation declined

Strong rent growth and continued vacancy reduction

Market split (GAV)

%

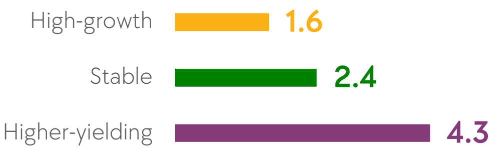


In-place rent, l-f-l

€/m²

Vacancy, l-f-l

%



Markets

	Total portfolio		High-growth		Stable		Higher-yielding	
	H1-2023	▲ (YOY)	H1-2023	▲ (YOY)	H1-2023	▲ (YOY)	H1-2023	▲ (YOY)
# of units	166,890	+0.2%	49,942	+0.9%	66,754	+0.2%	50,194	–0.6%
GAV residential assets (€m)	17,671	–8.7%	7,554	–10.1%	6,594	–8.2%	3,523	–6.5%
In-place rent (m^2), l-f-l	€6.52	+4.3%	€7.31	+4.1%	€6.28	+4.7%	€5.98	+3.8%
EPRA vacancy, l-f-l	2.6%	–10bps	1.6%	–40bps	2.4%	–10bps	4.3%	+10bps

AFFO calculation

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€m	H1-2023	H1-2022
Net cold rent	414.3	396.2
Profit from operating expenses	–9.8	–3.1
Personnel expenses (rental and lease)	–52.6	–51.4
Allowances on rent receivables	–9.7	–8.5
Other income (rental and lease)	–5.0	–0.7
Non-recurring special effects (rental and lease)	2.2	4.2
Net operating income (recurring)	**339.4**	**336.7**
Net income from other services (recurring)	**17.5**	**5.2**
Personnel expenses (admin.)	–15.0	–15.3
Non-personnel operating costs	–12.1	–14.4
Non-recurring special effects (admin.)	5.4	10.1
Administrative expenses (recurring)	**–21.7**	**–19.6**
Other income (admin.)	0.0	0.0
EBITDA (adjusted)	**335.2**	**322.3**
Net cash interest expenses and income FFO I	–63.0	–54.1
Net cash income taxes FFO I	–2.7	0.0
Maintenance (externally-procured services)	–47.6	–35.9
Own work capitalised	5.9	10.1
FFO I (including non-controlling interests)	**227.8**	**242.4**
Non-controlling interests	–1.8	–1.0
FFO I (excluding non-controlling interests)	**226.0**	**241.4**
FFO II (including disposal of investment property)	**222.7**	**240.7**
Capex (recurring)	**–107.5**	**–162.0**
AFFO (capex-adjusted FFO I)	**118.6**	**79.4**

Net cold rent
- +€**18.1**m or +**4.6**%
- Organic growth: +€**15.0**m
- Acquisitions (net): +€**3.1**m

Profit from operating expenses
- Higher operating expenses (–€**6.7**m) e.g. due to higher non-transferable operating and heating costs

Allowances on rent receivables
- Lower increase than in previous quarters due to periodic decline in total amount of rent receivables (–€**1.2**m)

Other income (rental and lease)
- Decline in other income (–€**4.4**m) driven by volatile energy markets affecting service entity ESP

Net income from other services (rec.)
- Positive effects from forward sale of electricity (+€**12.2**m)

Maintenance
- Increase due to change to AFFO-steering and hence lower capitalisation ratio

Balance sheet

LEG

€m	30.06.2023	31.12.2022
Investment property	18,919.7	20,204.4
Other non-current assets	512.7	579.0
Non-current assets	**19,432.4**	**20,783.4**
Receivables and other assets	277.6	179.5
Cash and cash equivalents	331.4	362.2
Current assets	**609.0**	**541.7**
Assets held for sale	14.9	35.6
Total Assets	**20,056.3**	**21,360.7**
Equity	**8,052.8**	**9,083.9**
Non-current financing liabilities	8,298,3	9,208.4
Other non-current liabilities	2,218.2	2,491.1
Non-current liabilities	**10,516.5**	**11,699.5**
Current financing liabilities	1,098.9	252.4
Other current liabilities	388.1	324.9
Current liabilities	**1,487.0**	**577.3**
Total Equity and Liabilities	**20,056.3**	**21,360.7**

Investment property
- Revaluation: –€**1,496.1**m
- Acquisitions (net): +€**106.5**m
- Capex: +€**105.9**m

Other non-current assets
- BCP stake (**35.7**%) included with market value of €**260.8**m

Receivables and other assets
- Increase mainly driven by an increase in short-term deposits of €**39.9**m and not yet invoiced operating costs of €**42.9**m

Cash and cash equivalents
- Operating activities: +€**264.2**m
- Investing activities: –€**226.0**m (incl. –€**39.6**m increase in short term deposits)
- Financing activities: –€**69.0**m (mainly repayment of loans)

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

Loan to Value

€m	30.06.2023	31.12.2022
Financial liabilities	9,397.2	9,460.8
Excluding lease liabilities (IFRS 16)	18.3	22.0
Cash & cash equivalents[1]	411.2	402.2
Net Debt	**8,967.7**	**9,036.6**
Investment properties	18,919.7	20,204.4
Properties held for sale	14.9	35.6
Prepayments for investment properties and acquisitions	0.4	60.8
Participation in other residential companies[1]	299.5	306.7
Prepayments for business combinations	–	–
Property values	19,234.5	20,607.5
Loan to Value (LTV) in %	**46.6**	**43.9**

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

Loan to Value

- Increase to **46.6%** as at June 30, 2023 from **43.9%** as at December 31, 2022 driven by devaluation effects

Participation in other residential companies

- BCP is included with a value of €**260.8**m based on a share price of €**94.60** at Tel Aviv Stock Exchange as at June 30, 2023 (€**97.19** as at December 31, 2022)

EPRA NRV – NTA – NDV

€m	30.06.2023 EPRA NRV – diluted	30.06.2023 EPRA NTA[1] – diluted	30.06.2023 EPRA NDV – diluted	31.12.2022 EPRA NRV – diluted	31.12.2022 EPRA NTA – diluted	31.12.2022 EPRA NDV – diluted
IFRS equity attributable to shareholders (before minorities)	**8,027.7**	**8,027.7**	**8,027.7**	9,058.6	9,058.6	9,058.6
Hybrid instruments	**31.0**	**31.0**	**31.0**	31.0	31.0	31.0
Diluted NAV (at Fair Value)	**8,058.7**	**8,058.7**	**8,058.7**	**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	**2,086.4**	**2,086.4**	**–**	2,371.9	2,371.9	–
Fair value of financial instruments	**–38.9**	**–38.9**	**–**	–78.5	–78.5	–
Goodwill as a result of deferred tax	**–**	**–**	**–**	–	–	–
Goodwill as per the IFRS balance sheet	**–**	**–**	**–**	–	–	–
Intangibles as per the IFRS balance sheet	**–**	**-5.5**	**–**	–	–5.8	–
Fair value of fixed interest rate debt	**–**	**–**	**1,089.5**	–	–	1,208.3
Deferred taxes of fixed interest rate debt	**–**	**–**	**-229.5**	–	–	–643.6
Revaluation of intangibles to fair value	**–**	**–**	**–**	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)	**1,832.5**	**–**	**–**	1,955.3	–	–
NAV	**11,938.7**	**10,100.7**	**8,918.7**	**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 (€)	**161.10**	**136.29**	**120.35**	**179.98**	**153.52**	**130.27**

1 Including RETT (Real Estate Transfer Tax) would result into an NTA of €11,933.2m or €161.02 per share (31.12.2022: €13,332.4m or €179.90 per share).

Income statement

LEG

€m	H1-2023	H1-2022
Net operating income	286.9	242.3
Net income from the disposal of investment property	–0.9	–0.8
Net income from the valuation of investment property	–1,496.1	1,169.3
Net income from the disposal of real estate inventory	–0.1	0.0
Net income from other services	17.2	4.8
Administrative and other expenses	–28.7	–72.6
Other income	0.1	0.0
Operating earnings	**–1,221.6**	**1,343.0**
Net finance costs	**–73.4**	**–21.9**
Earnings before income taxes	**–1,295.0**	**1,321.1**
Income tax expenses	**266.9**	**–260.9**
Consolidated net profit	**–1,028.1**	**1,060.2**

Net operating income (see also p.24)

- Increase net cold rent (+€**18.1**m)
- Higher operating expenses (–€**6.7**m) due to higher non-transferable operating and heating costs
- Higher maintenance costs (externally procured) (-€**11.7**m)
- Lower result from value-add services due to volatility in energy markets
- Positive impact from significantly lower depreciation/amortization (+€**55.9**m); H1-2022 included amortisation of goodwill (-€**58.9**m)

Net income from valuation

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

Net finance costs

- H1-2022 strongly positively affected by embedded derivatives from the convertible bonds while almost no effect in H1-2023 (effect: -€**151.9**m)
- H1-2022 strongly negatively affected by valuation effects of BCP while almost no effect in H1-2023 (effect: +€**109.3**m)

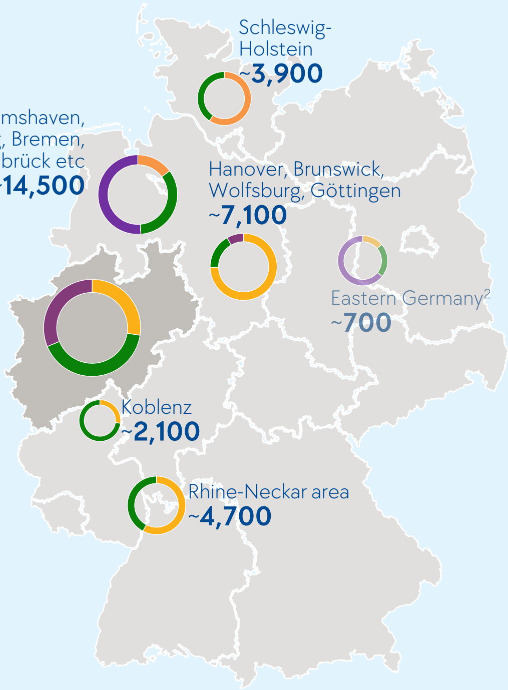
Income tax expenses

- Devaluation of properties lead to lower potential capital gains in case of disposals and hence to lower deferred taxes

LEG's portfolio comprised c. 167,000 units end of H1

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

As at 30 June 2023



North Rhine-Westphalia

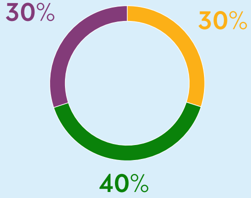
(c. **134,000** units / c. **80%**)

- High-Growth
- Stable
- Higher-Yielding

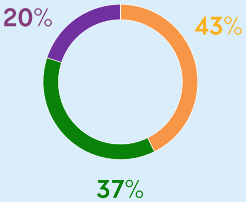
Total portfolio[1]

(c. **167,000** units)

by units

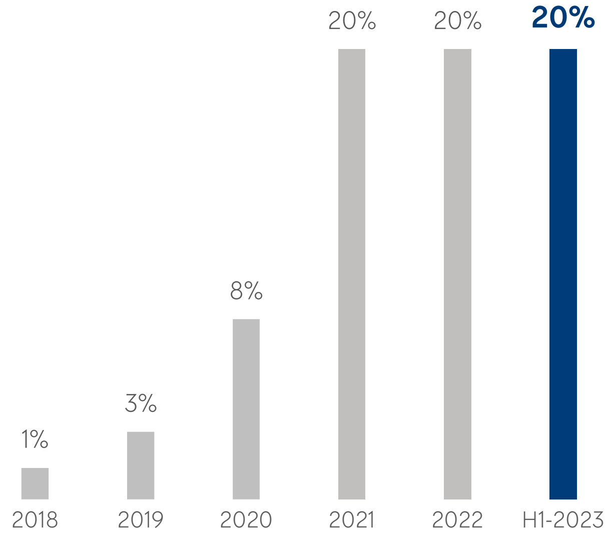


by GAV
€m



Outside North Rhine-Westphalia

(c. **33,100** units / c. **20%**)



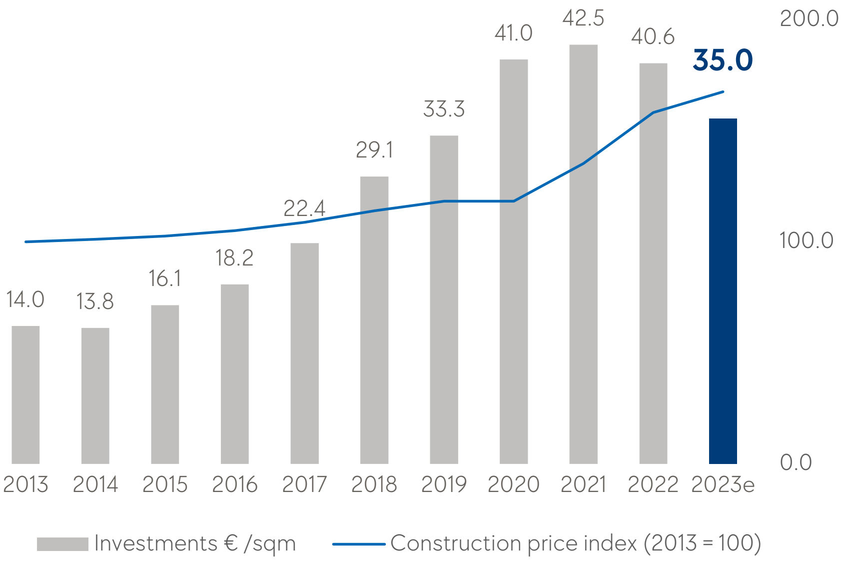
1 Residential units. 2 700 non-core units mainly located in Eastern Germany.

LEG‘s investment track record in nominal and real terms

Investments into the standing portfolio

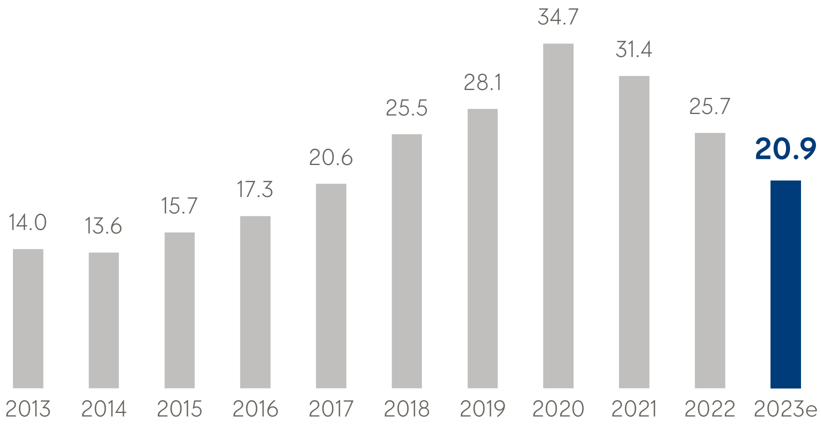
Nominal (adjusted) investments

€/m²



Inflation adjusted (2013 based) investments

€/m²



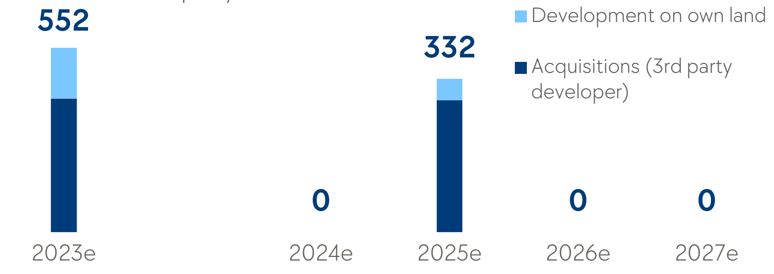
Source: company data / Destatis for construction price index

New construction pipeline further reduced to a total of c.€130m

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

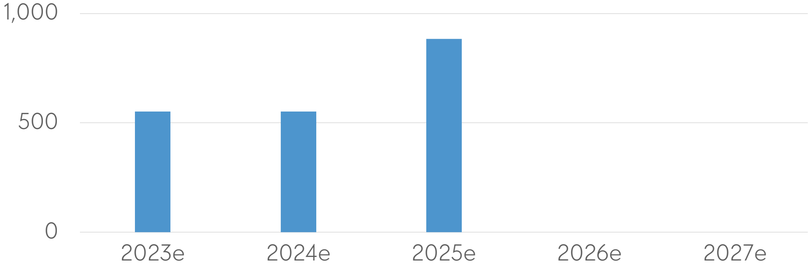
Completions

number of units per year



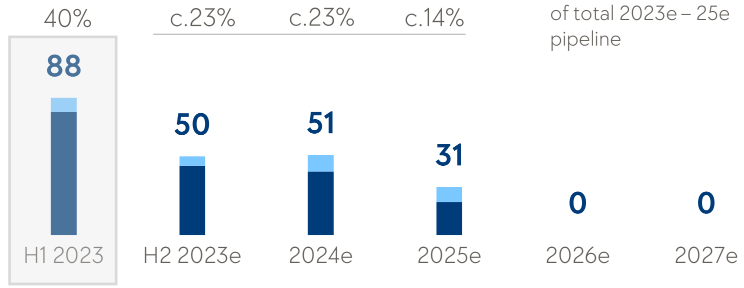
Aggregated completions

units



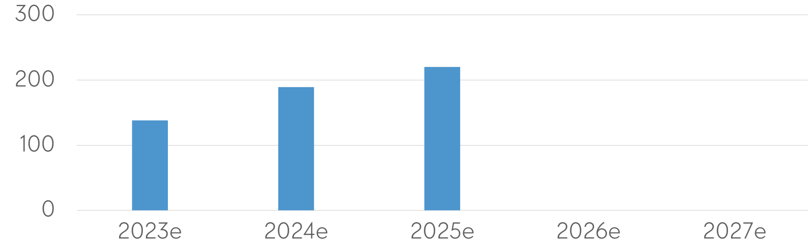
Investment volume per year

€m



Aggregated investment volume

€m



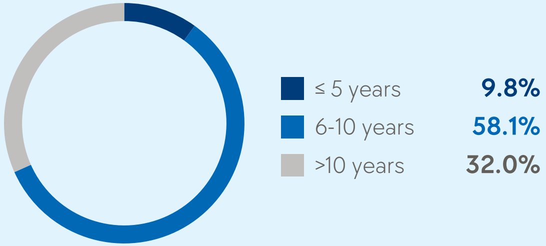
Around 19% of portfolio comprises subsidised units

Reversionary potential amounts to 45% on average

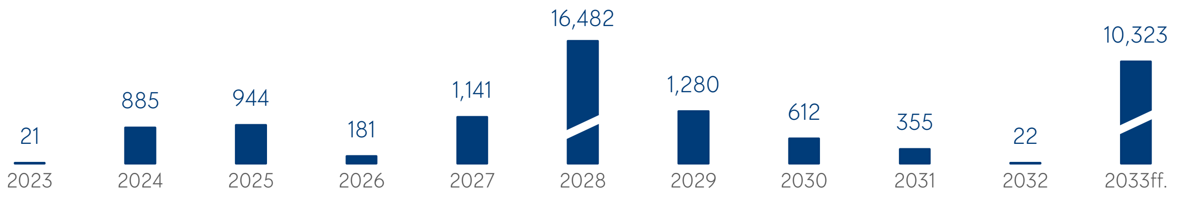
Rent potential subsidised units

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

Around 60% of units to come off restriction until 2028

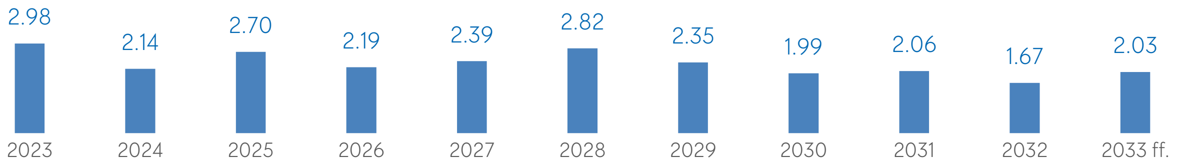


Number of units coming off restriction and rent upside (ytd 2023: c.1,500)



Spread to market rent

€/m^2/month



	≤ 5 years[2]	6 – 10 years[2]	> 10 years[2]
In-place rent	€5.26	€5.43	€5.25
Market rent[1]	€7.66	€8.18	€7.27
Upside potential[3]	46%	51%	39%
Upside potential p.a.[3]	€6.3m	€41.6m	€16.9m

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 = 2023–2027; 6-10 years = 2028–2032; >10 years = 2033ff. 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.

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*

CPI - linked

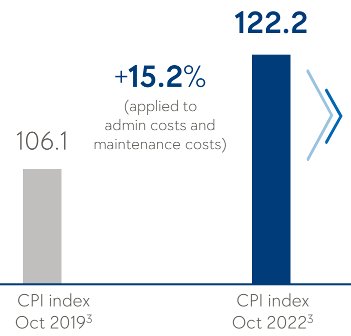
Capital costs
- Financing costs

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%	**+5.4%**[5]

Calculation for LEG's subsidised portfolio



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

LEG portfolio

Subsidised units (H1-2023)

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

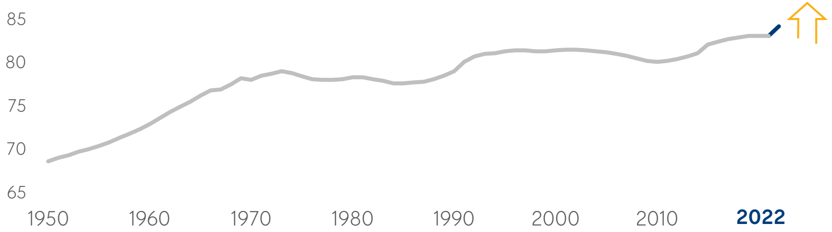
1 CPI development from October 2019 (index = 106.1) to October 2022 (index = 122.2 acc. to Federal Statistical Office). 2 Legal basis for calculation: II. Berechnungsverordnung.
3 Basis 2015 = 100. 4 Administration and maintenance costs are lump sums. 5. as of H1 2023

Demand – supply imbalance will persist for the coming years

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

German population at highest level ever in 2022

in million

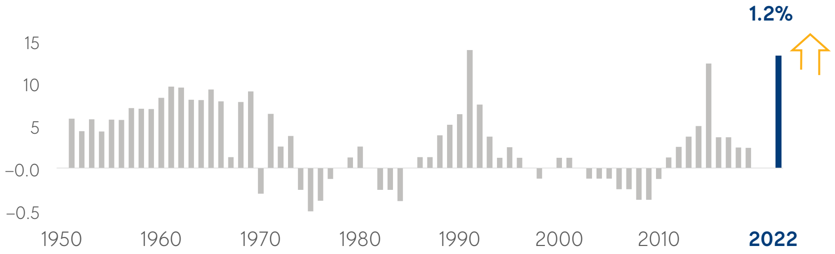


New apartments completed

no. of units

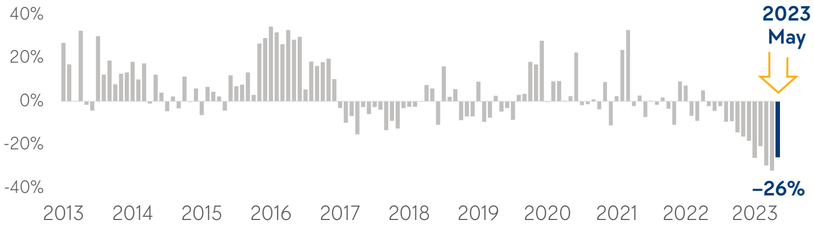
2nd strongest population growth in 2022

in %



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

in % vs previous year month



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

Heat Planning Act (WPG) as basis for the individual building plan (GEG)

DRAFT

Status as of
10 August 2023

Heat Planning Act

(Wärmeplanungsgesetz WPG)

- Municipalities and cities have to provide their individual plans on how to transition their heat infrastructure into a climate neutral grid
- Major cities need to provide their plans until June **2026**, smaller communities until June **2028**
- Local utility companies, grid operator and manufacturing companies to provide data in respect to energy source and consumption
- **Basis for individual heat energy transition planning on private owner level, landlord level and public buildings**

Energy Act for Buildings

(Gebäudeenergiegesetz GEG)

- **Renewable energy obligation (REO):** New heating systems must cover at least **65%** of heat energy demand of the building with renewable energies
- Target is to achieve a national climate neutral heat supply by **2045**
- **New buildings:** REO as of **1 January 2024,** transition periods for new buildings outside new construction areas
- **Existing buildings:** transition periods for defect heating systems: **3** years (general), **10** years (connecting to a heating grid), **13** years (centralisation of decentralised heating systems)
- **Permitted technologies:** Connection to the heating network, electric heat pumps, direct electricity heating such as air-to-air heat pumps, hybrid heating, heating based on solar thermal energy, "H2-Ready" gas heating or when using green gases, biomass heating (mandatory from **2029**)
- Duty for external consultation on heating system replacement from **2024**

Timeline (planned)

1st week of September 2023
Adoption of the GEG amendment in the German parliament

By the end of 2023
Adoption of the Heat Planning Act (WPG)

1 of January 2045
Complete ban on fossil-fuelled heating systems

Funding concept for new heating systems

Implemented via the BEG (federal funding for energy-efficient buildings act)

DRAFT

Status as of **10 August 2023**

Basic subsidy for all 30% of the modernisation costs

Sprinter bonus additional up to 20%, declining over time (only for owner-occupied properties)

Hardship supplement 30% for owner-occupied properties with a house-hold income <40k € (total subsidy max. 70%)

- **Additional modernisation levy** (new § 559e BGB included in the GEG draft)

Option 1

8% of the investment costs for heating replacement and related work minus maintenance; cap at **€0.50** sqm per month

Option 2

10% of the investment costs for heating replacement and related work minus maintenance, if landlord takes advantage of subsidies; cap at **€0.50** sqm per month

- Previous modernisation levy of **8%** remains in place for remaining modernisation measures
- Offset against the existing modernisation levy cap of **€2**/sqm/month (cold rent <7.00€/sqm) or **€3**/sqm/month (cold rent ≥7.00€/sqm)

Timeline (planned)

Until 30th of September 2023

Presentation of new funding concept (BEG) by Ministry of Economics / Ministry of Finance; budget and duration not yet specified

Applicable for LEG

Only applicable for private persons

Rent table basics

LEG

Coverage

- Free financed units
- To be established for cities above **50,000** inhabitants[1]
- Not valid for all units sizes – e.g. rent table Dortmund only for units between **20** – **145** sqm
- Validity period of **2** years with adjustments via CPI-development or via control sample for another **2** years
- New compilation after **4** years
- City specific, i.e. not standardised amongst cities in respect to number of criteria

Process

- Commissioned by the cities
- Compilation by representatives from tenant associations, landlords and the real estate valuation board based on rental value surveys
- Look-back period of **6** years reflecting new letting rents and rent adjustments of sitting tenants within that period

Differentiation

Qualified rent table

- Based on scientific principles
- Regulated by the rent table directive
- Implication: Higher level of legal security

VS.

Simple rent table

- More simplistic approach
- Implication: Lower level of legal security, application of "three comparable apartment rule"

1 Further obligations to compile qualified rent tables for municipalities with more than 100,000 inhabitants have already been agreed in the coalition agreement (implementation date unclear).

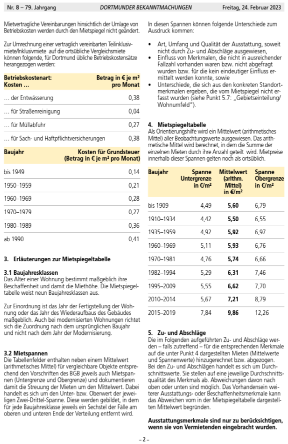
Rent table example Dortmund 2023 vs. 2021

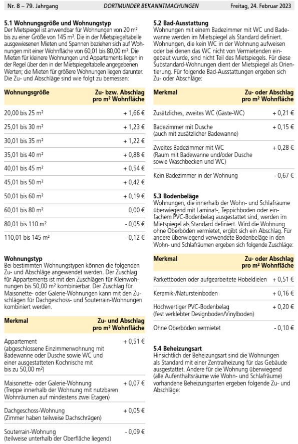
Number of potential variations and building block principle

Building block principle

- Based on year of construction
- Size of the apartment
- Type of facilities, floor , heating system etc.
- Area
- Local infrastructure like public transportation, health centre, shops
- Etc.

Calculation on an individual apartment basis[1]





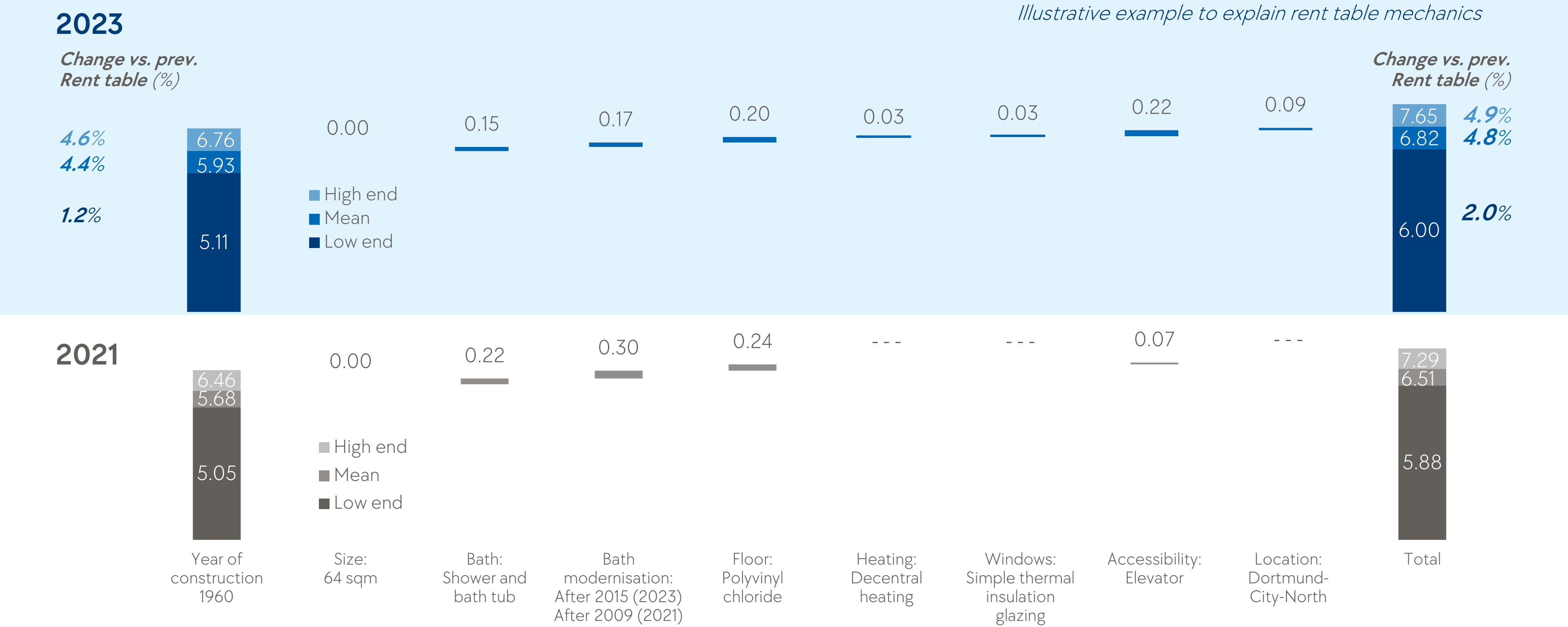
Number of potential variations – Example Dortmund

	2023	2021
Year of construction	9	8
Size of apartment	10	13
Type of apartment	4	2
Bathroom	5	4
Floor	4	3
Heating	3	2
Windows	3	2
Exterior	2	3
Accessibility	2	4
Other characteristics	6	3
Modernisation measures and date	8	7
City location	7	7
Number of variations	~87 million	~18 million

1 https://www.dortmund.de/media/p/wohnungsamt/downloads_afw/Mietspiegel_2023_2024.pdf

Rent table example Dortmund City-North 2023 vs. 2021

Base rent based on year of construction plus additions/ deductions/ sqm as per characteristics



Among the best in class

Upgrade to AAA rating by MSCI

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

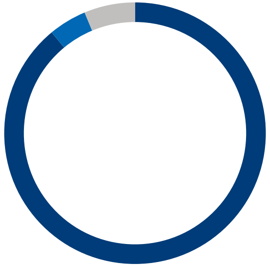
1 As at 05/2023

LEG additional creditor information

Unsecured financing covenants

Covenant	Threshold	H1-2023
Consolidated Adjusted EBITDA / Net Cash Interest	≥1.8x	4.9x[1]
Unencumbered Assets / Unsecured Financial Indebtedness	≥125%	157.4%
Net Financial Indebtedness / Total Assets	≤60%	45.2%
Secured Financial Indebtedness / Total Assets	≤45%	16.8%

Financing mix



Fixed interest	89.0%
Derivatives	4.7%
Variable interest	6.3%

Ratings (Moody's)

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

Key financial ratios

	H1-2023	H1-2022
Net debt / adj. EBITDA[2]	14.0x	13.2x
LTV	46.6%	42.1%
Secured Debt / Total Debt	37.2%	36.1%
Unencumbered Assets / Total Assets	39.8%	39.5%
Equity ratio	40.2%	45.1%

1 Based on the adjusted EBITDA definition effective until business year 2022. Based on the adjusted EBITDA definition effective since business year 2023, i.e. excluding maintenance (externally-procured services) and own work capitalized, KPI is 5.3x.
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
2017/2024	**€500**m	23 Jan 2024	1.250% p.a.	99.409%	XS1554456613	A2E4W8
2019/2027	**€500**m	28 Nov 2027	0.875% p.a.	99.356%	DE000A254P51	A254P5
2019/2034	**€300**m	28 Nov 2034	1.625% p.a.	98.649%	DE000A254P69	A254P6
2021/2033	**€600**m	30 Mar 2033	0.875% p.a.	99.232%	DE000A3H3JU7	A3H3JU
2021/2031	**€700**m	30 Jun 2031	0.750% p.a.	99.502%	DE000A3E5VK1	A3E5VK
2021/2032	**€500**m	19 Nov 2032	1.000% p.a.	98.642%	DE000A3MQMD2	A3MQMD
2022/2026	**€500**m	17 Jan 2026	0.375% p.a.	99.435%	DE000A3MQNN9	A3MQNN
2022/2029	**€500**m	17 Jan 2029	0.875% p.a.	99.045%	DE000A3MQNP4	A3MQNP
2022/2034	**€500**m	17 Jan 2034	1.500% p.a.	99.175%	DE000A3MQNQ2	A3MQNQ

Financial Covenants

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

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

Capital market financing

Convertible bonds

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

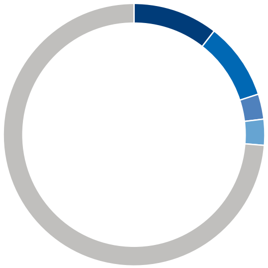
1 Dividend-protection: The conversion price will not be adjusted until the dividend exceeds €2.76 (2017/2025 convertible) and €3.60 (2020/2028 convertible).

LEG share information

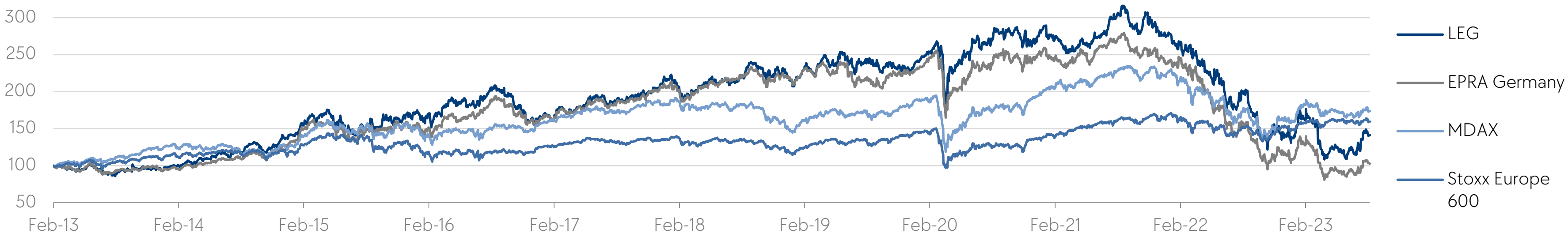
Basic data

Market segment	Prime Standard
Stock Exchange	Frankfurt
Total no. of shares	74,109,276
Ticker symbol	LEG
ISIN	DE000LEG1110
Indices	MDAX, FTSE EPRA/NAREIT, GPR 250, Stoxx Europe 600, DAX 50 ESG, i.a. MSCI Europe ex UK, MSCI World ex USA, MSCI World Custom ESG Climate Series
Weighting	MDAX 2.6% (30.6.2023) EPRA Developed Europe 2.5% (30.6.2023)

Shareholder structure[1]

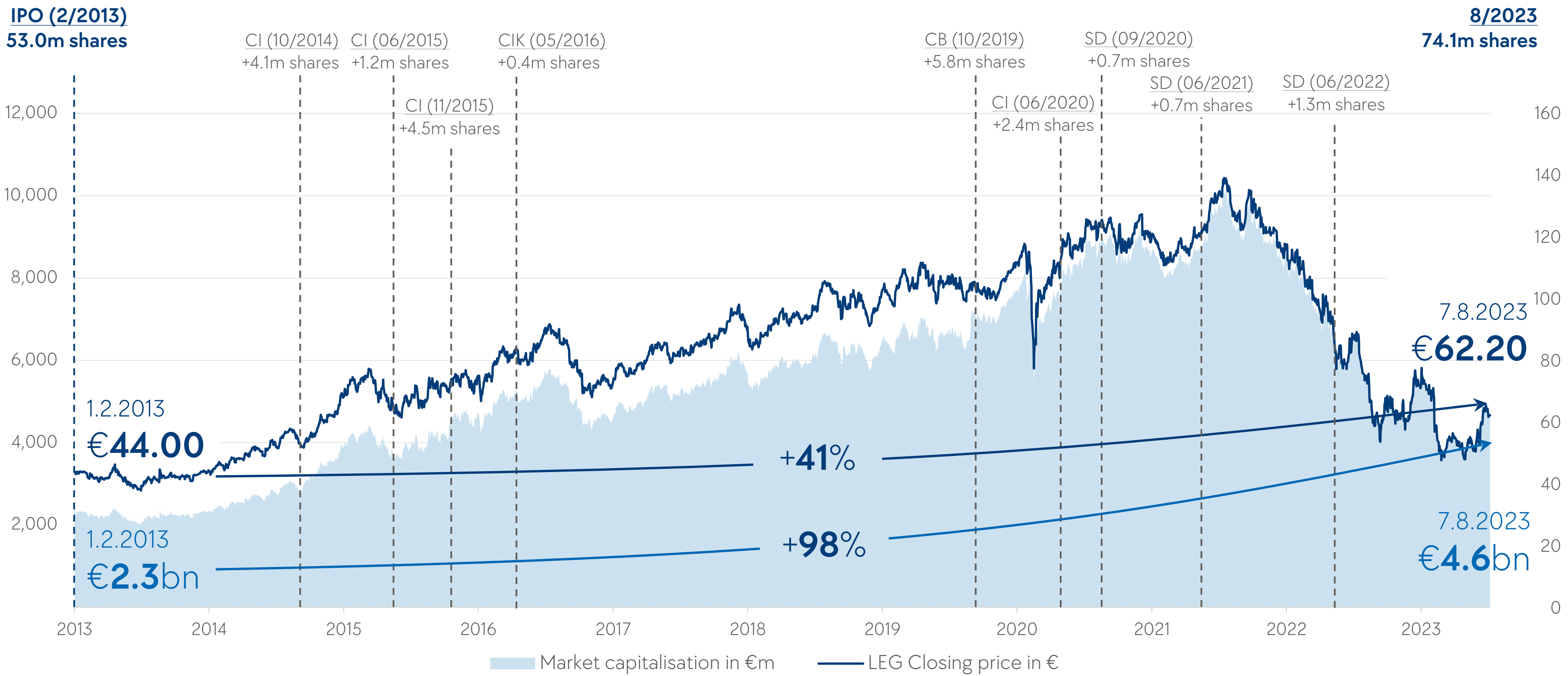


Share (7.8.2023; indexed; in %; 1.2.2013 = 100)



1 Shareholdings according to latest voting rights notifications.

Share price and market capitalisation since IPO



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

Financial calendar

2023

9 March
Annual Report 2022

10 May
Quarterly Statement Q1
as of 31 March 2023

17 May
Annual General Meeting
Düsseldorf, 10.00 am CEST

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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