



Q1-2023

LEG Immobilien SE

# Q1-2023 Results

10 May 2023

**LEG**



## Q1-2023 Results – Agenda

**1** Highlights Q1-2023

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**3** Financial Performance

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## Highlights Q1-2023

# Financial Summary

Q1-2023



## Operating results

		Q1-2023	Q1-2022	+/- %
Net cold rent	€m	<b>206.3</b>	197.5	+4.5%
NOI (recurring)	€m	<b>161.4</b>	168.0	-3.9%
EBITDA (adjusted)	€m	<b>157.0</b>	160.5	-2.2%
FFO I	€m	<b>103.2</b>	121.4	-15.0%
FFO I per share	€	<b>1.39</b>	1.67	-16.8%
AFFO	€m	<b>54.9</b>	51.0	+7.6%
AFFO per share	€	<b>0.74</b>	0.70	+5.7%
NOI margin (recurring)	%	<b>78.2</b>	85.1	-6.9PP
EBITDA margin (adjusted)	%	<b>76.1</b>	81.3	-5.2PP
FFO I margin	%	<b>50.0</b>	61.5	-11.5PP
AFFO margin	%	<b>26.6</b>	25.8	+0.8PP

## Portfolio

		31.03.2023	31.03.2022	+/- %
Residential units	number	<b>166,987</b>	166,342	+0.4%
In-place rent (l-f-l)	€/m <sup>2</sup>	<b>6.43</b>	6.19	+3.8%
Capex (adj.) <sup>1</sup>	€/m <sup>2</sup>	<b>3.69</b>	5.58	-33.9%
Maintenance (adj.) <sup>1</sup>	€/m <sup>2</sup>	<b>2.90</b>	2.31	+25.5%
EPRA vacancy rate (l-f-l)	%	<b>2.6</b>	2.8	-20bps

## Balance sheet

		31.03.2023	31.12.2022	+/- %
Investment properties	€m	<b>20,355.8</b>	20,204.4	+0.7%
Cash and cash equivalents <sup>2</sup>	€m	<b>295.8</b>	362.2	-18.3%
Equity	€m	<b>9,175.4</b>	9,083.9	+1.0%
Total financing liabilities	€m	<b>9,398.9</b>	9,460.8	-0.7%
Net debt <sup>3</sup>	€m	<b>9,013.8</b>	9,036.6	-0.2%
LTV	%	<b>43.5</b>	43.9	-40bps
Average debt maturity	years	<b>6.4</b>	6.5	-0.1
Average debt interest cost	%	<b>1.35</b>	1.26	+9bps
Equity ratio	%	<b>42.7</b>	42.5	+20bps
EPRA NTA, diluted	€m	<b>11,524.1</b>	11,377.2	1.3%
EPRA NTA per share, diluted	€	<b>155.50</b>	153.52	+1.3%

1 Excl. new construction activities on own land, own work capitalised and consolidation effects. 2 Excluding short term deposits. 3 Excl. lease liabilities according to IFRS 16 and incl. short term deposits.

# Ongoing strong performance of operations

Guidance confirmed

## Financials

- AFFO +**7.6%** to **€54.9m**
- AFFO p.s. +**5.7%** to **€0.74**
- FFO I -**15.0%** to **€103.2m**
- Adj. EBITDA-Margin **76.1%**
- LTV **43.5%**
  - Debt @ **6.4y** for **1.35%**
- NTA p.s. **€155.50**

## Operations

- Net cold rent +**4.5%**
- L-f-L rental growth +**3.8%**
- L-f-L vacancy **2.6%** (-20bps)

## ESG

- **Air2Air heat pumps included in building energy act (GEG)** and roll-out as well as JV discussions progressing
- **2,000** apartments rented out to Ukrainian immigrants
- **Great place to work: Top3** among companies with more than 1,000 employees in NRW

Q1-2023

## Clean balance sheet: 43.5% LTV/42.7% equity ratio

Simple corporate and capital structure – no selling pressure

Transaction markets remain calm – uncertainties remain

**H1/23 valuation decline by mid single digit % rate**

## 2024 maturing bond (€500m) already addressed

€150m of secured financing terms agreed

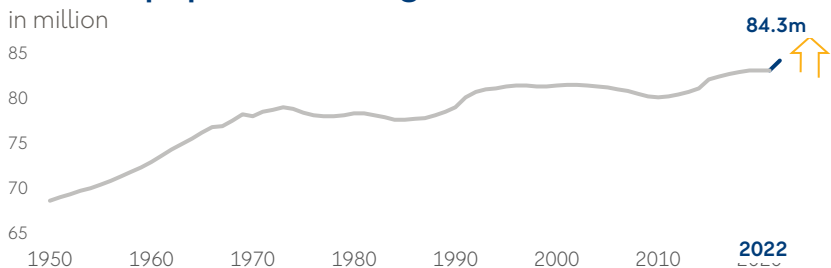
New steering set-up increases resilience

**AFFO guidance of €125m – €140m confirmed**

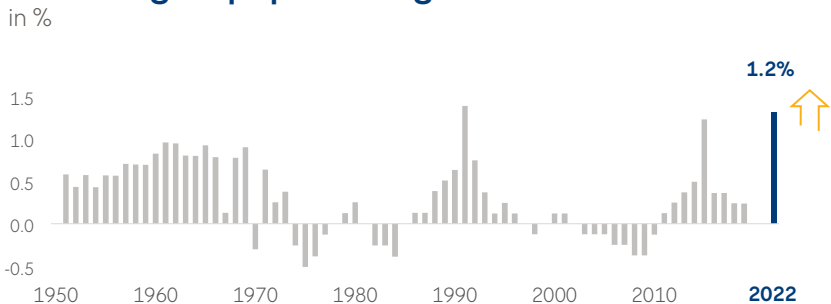
# Demand – supply imbalance will persist for the coming years

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

## German population at highest level ever in 2022



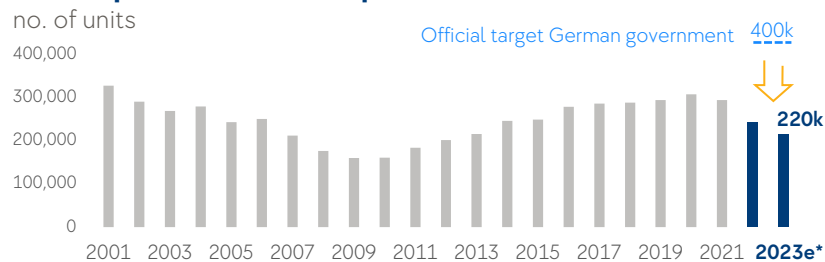
## 2<sup>nd</sup> strongest population growth in 2022



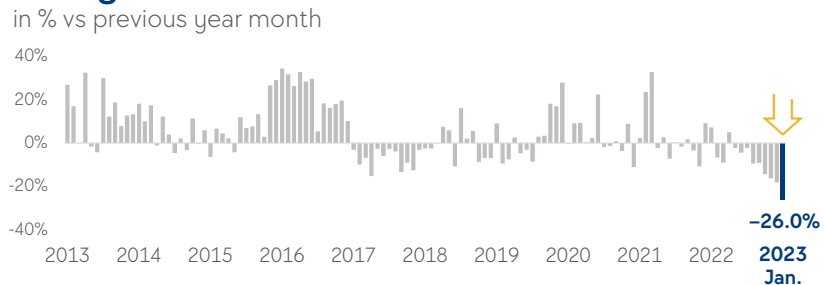
## New apartments completed

Need acc. to ZIA, Empirica, Pestel Institute 600k

Official target German government 400k



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



Source: destatis/ \*GDW

# Momentum in re-letting rents increases noticeably

Strong increase across all markets

## Re-letting rents LEG<sup>1</sup>

Increase in % as at end Q1 23 vs. as at end Q1 22

### High growth



### Stable



### Higher Yielding



## Examples

Increase in % as at end Q1 23 vs. as at end Q1 22

Düsseldorf **5.3%**

Monheim **6.1%**

Münster **7.2%**

Dortmund **4.8%**

Wuppertal **5.3%**

Mönchengladbach **6.7%**

Gelsenkirchen **4.9%**

Duisburg **5.8%**

Wilhelmshaven **7.9%**

<sup>1</sup> Based on top 10 LEG locations per market.





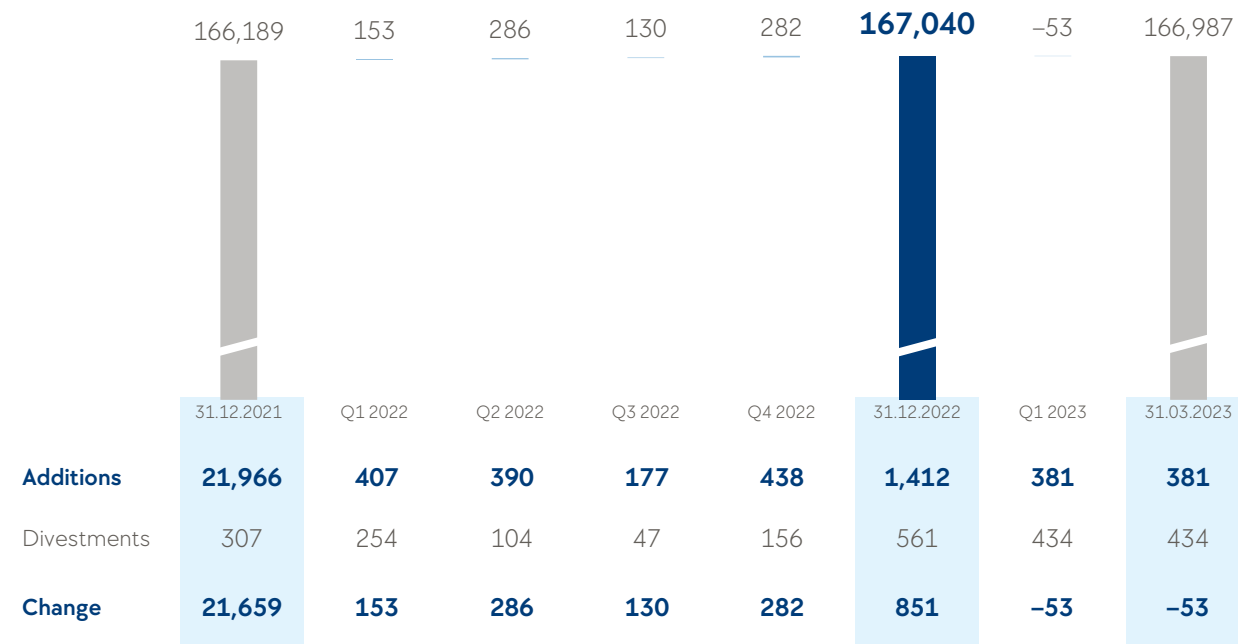
## 2

# Portfolio & Operating **Performance**

# Portfolio transactions

Broadly stable as a quiet transaction market only allows for small ticket disposals

## Number of units based on date of transfer of ownership<sup>1,2</sup>



### Additions

- Transfer of ownership of one larger portfolio (Düsseldorf and Cologne) signed in 2022

### Disposals

- No dependence on disposals
- Disposal volume of c.€25m – at around book value
- One bigger portfolio with **219** units (high rise buildings in weak technical condition) as well as a portfolio of **120** units in Siegen
- Additional small ticket sales of non-core units in Eastern Germany

<sup>1</sup> Residential units. <sup>2</sup> 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.

# Strong organic growth while rents remain affordable

Rent tables continue to fuel rent increases

## l-f-l rent development

€/m<sup>2</sup>/month

Q1-2023 **6.43**

Q1-2022 6.19

Q1-2023 **6.73**

Q1-2022 6.49

### Residential rent

↑↑ **+3.8%**

Rent table +1.7%  
 Modernisation/  
 Re-letting +1.3%  
 Cost rent +0.8%

### Free financed rent

↑↑ **+3.6%**

## l-f-l free financed rent development

€/m<sup>2</sup>/month

Q1-2023 **7.71**

Q1-2022 7.43

Q1-2023 **6.47**

Q1-2022 6.23

Q1-2023 **6.09**

Q1-2022 5.91

High-growth

↑↑ **+3.7%**

Stable

↑↑ **+3.8%**

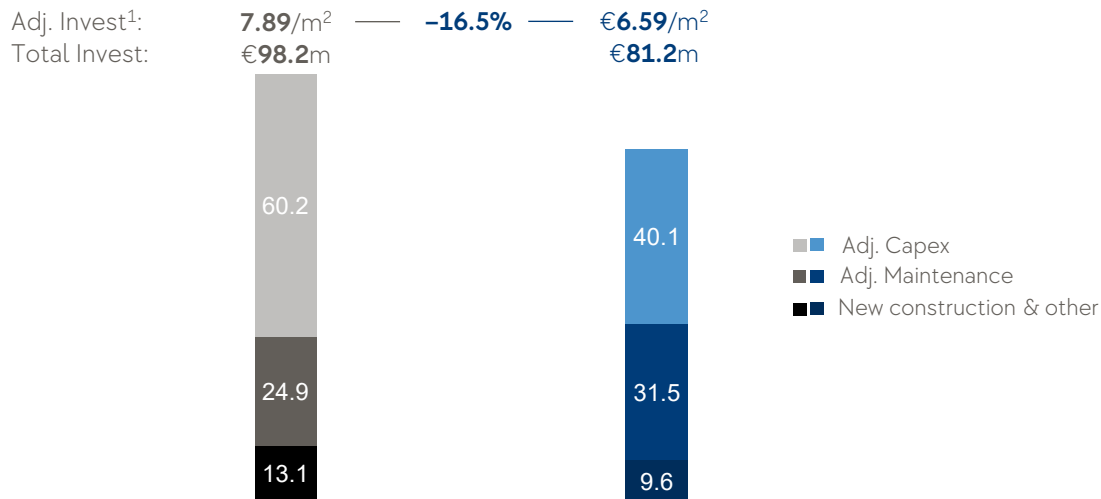
Higher-yielding

↑↑ **+3.0%**

- Free financed rent increase of **3.6%**
- Cost rent increase of **5.2%** for the subsidised units contributed **0.8%**-pts to the Q1-2023 rent growth
- Latest rent table releases and outcome for LEG: Dortmund **+5.4%**, Kiel **+8.5%**, Münster **+9.5%**

# Capex and Maintenance

Significant reduction in investments



per m <sup>2</sup>	Q1-2022	Q1-2023	%
Adj. Capex	€5.58	€3.69	-33.9%
Adj. Maintenance	€2.31	€2.90	+25.5%
<b>Total</b>	<b>€7.89</b>	<b>€6.59</b>	<b>-16.5%</b>

- Investments per sqm declined by **16.5%** yoy to **€6.59/sqm**
- Shift towards AFFO steering leads to lower capitalisation rate (**56%** vs **71%** Q1 22) and increases expensed maintenance
- Investments in Q1 remained significantly below implied level to achieve guidance of **€35/sqm**. Capex levels to increase in following quarters
- **€35/sqm** investment ambition still targeted
- New construction spending declined to only c. **€5** m in Q1

<sup>1</sup> Excl. new construction activities on own land, own work capitalised and consolidation effects.



# 3

## Financial Performance

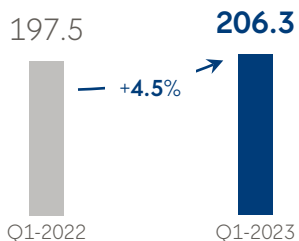
# Financial highlights Q1-2023

On track for our guidance



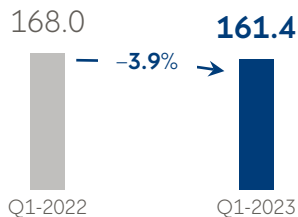
## Net cold rent

€m



## Net operating income (recurring)<sup>1</sup>

€m

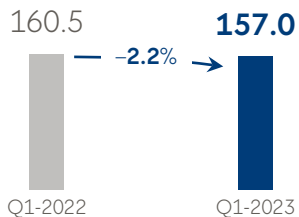


## Margin

**78.2%**  
(85.1%)

## EBITDA (adjusted)<sup>1</sup>

€m

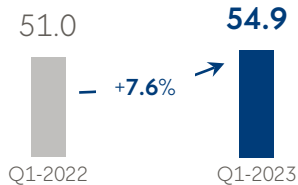


## Margin

**76.1%**  
(81.3%)

## AFFO

€m



## Margin

**26.6%**  
(25.8%)

### Net cold rent

- Growth driven by **3.8%** l-f-l growth and positive effects from additions to the portfolio

### Net operating income (recurring)

- Negative effects from
  - Higher allowances on rent receivables (–€2.3m)
  - Seasonal effects from value-add business (–€4m) due to significantly higher energy costs
  - Higher operating expenses (non-allocable costs), (–€4.6m), e.g. CO<sub>2</sub> costs

### EBITDA (adjusted)

- Positive effects from other services (recurring) esp. bio mass plant, partially offset via higher input costs

### FFO I

- FFO I –**15.0%**
- Negatively affected by higher maintenance costs (ext. procured) (–€5.8m) and higher interest expenses (–€4.6m)

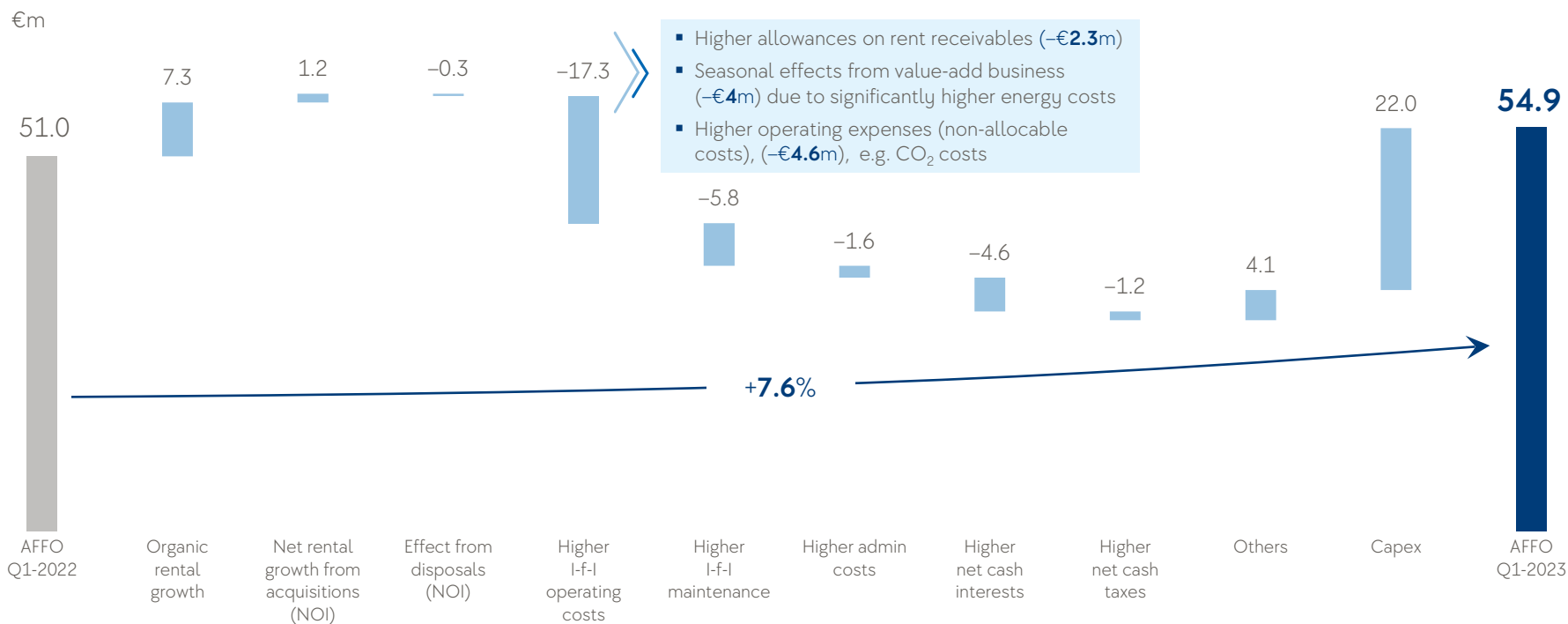
### AFFO

- Reduction of investments (capex) by **31%** to €48.3m from €70.4m supports AFFO generation

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

# AFFO Bridge Q1-2023

Strong top-line growth and reduced capex spending improve AFFO



# Portfolio valuation Q1-2023



Market segment	Residential Units	GAV Residential Assets (€m)	GAV/ m <sup>2</sup> (€)	Gross yield	In-Place Rent Multiple	GAV Commercial/ Other (€m)	Total GAV (€m)
<b>High-Growth Markets</b>	<b>49,883</b>	<b>8,277</b>	<b>2,516</b>	<b>3.4%</b>	<b>29.1x</b>	<b>339</b>	<b>8,616</b>
<b>Stable Markets</b>	<b>66,690</b>	<b>7,017</b>	<b>1,643</b>	<b>4.5%</b>	<b>22.3x</b>	<b>212</b>	<b>7,230</b>
<b>Higher-Yielding Markets</b>	<b>50,414</b>	<b>3,745</b>	<b>1,230</b>	<b>5.6%</b>	<b>17.9x</b>	<b>97</b>	<b>3,842</b>
<b>Total Portfolio</b>	<b>166,987</b>	<b>19,039</b>	<b>1,796</b>	<b>4.2%</b>	<b>23.6x</b>	<b>649</b>	<b>19,688<sup>1</sup></b>

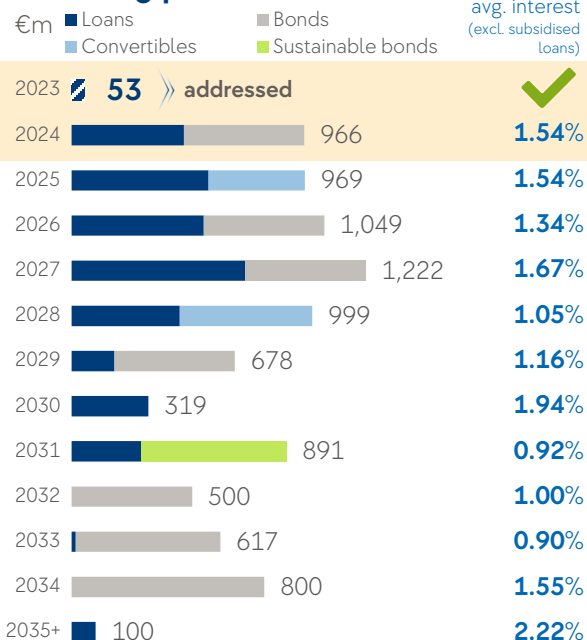
<sup>1</sup> GAV of IAS 40 portfolio (including leasehold, land value and assets under construction) was €20,459m.



# Well balanced financial profile

No material maturities in 2023

## Maturity profile



## Average debt maturity



## Average interest cost



## Loan-to-value



## Highlights

- Repayment of **€52m** loan with cash in Q1
- All remaining financing needs for **2023 covered**
- Undrawn RCF of **€600m** /CP-programme of **€600m**
- Average debt maturity of **6.4** years
- Average interest cost **increase by 19 bps** (y/y)
- Interest **hedging rate** of **c. 94%**
- **LTV** slightly above medium-term target level of **43%**, no effect on ability to refinance
- **Net debt/adj. EBITDA<sup>1</sup>** of **14.3x** as at end of March

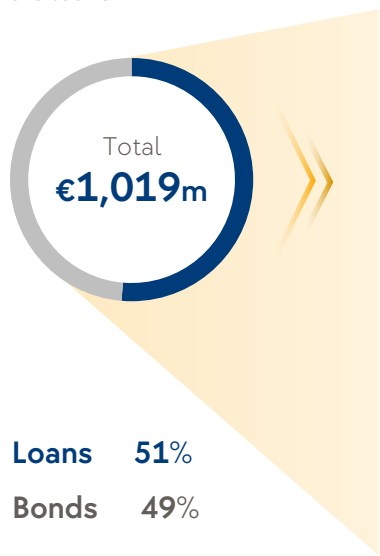
<sup>1</sup> Average net debt last four quarters / adjusted EBITDA LTM

# Substantial part of 2024 maturing bond already addressed

Negotiations for roll-over of secured debt already started

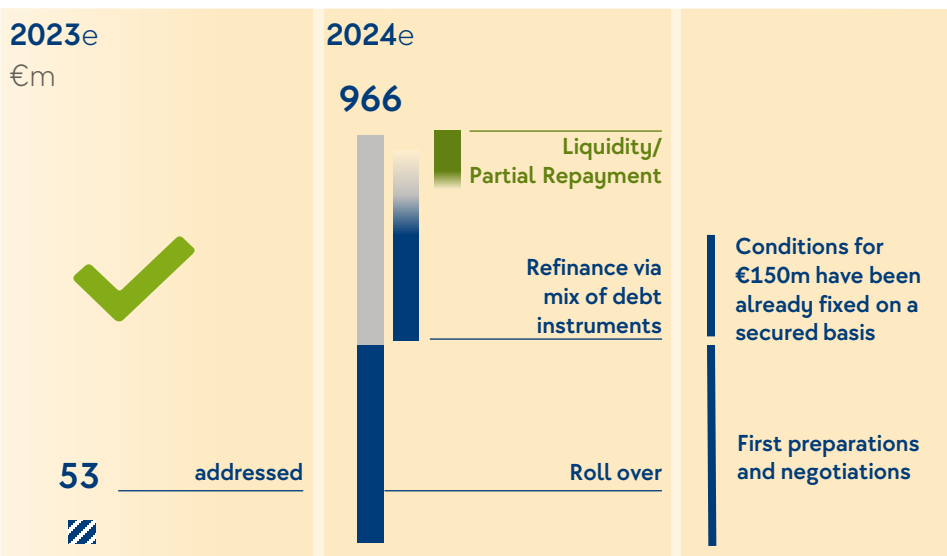
## Total refinancing volume until 2024

51% of financing volumes are loans



## Upcoming maturities by instrument and refinancing strategy

11% of total debt to mature until end of 2024



## Status quo

Conditions for €150m have been already fixed on a secured basis

First preparations and negotiations

- LEG's diversified financing structure pays off and offers optionality going forward
- Remaining **2023** maturities addressed
- Maturing loans **2024** to be rolled forward
- **2024** maturing €500m bond addressed – terms for €150m of secured financing agreed. Additionally, **partial repayment with cash** planned – further negotiations on refinancing progressing
- No reliance on disposal proceeds – further potential to deleverage



# 4

## Outlook

# Guidance 2023: Focus on AFFO

Guidance unchanged



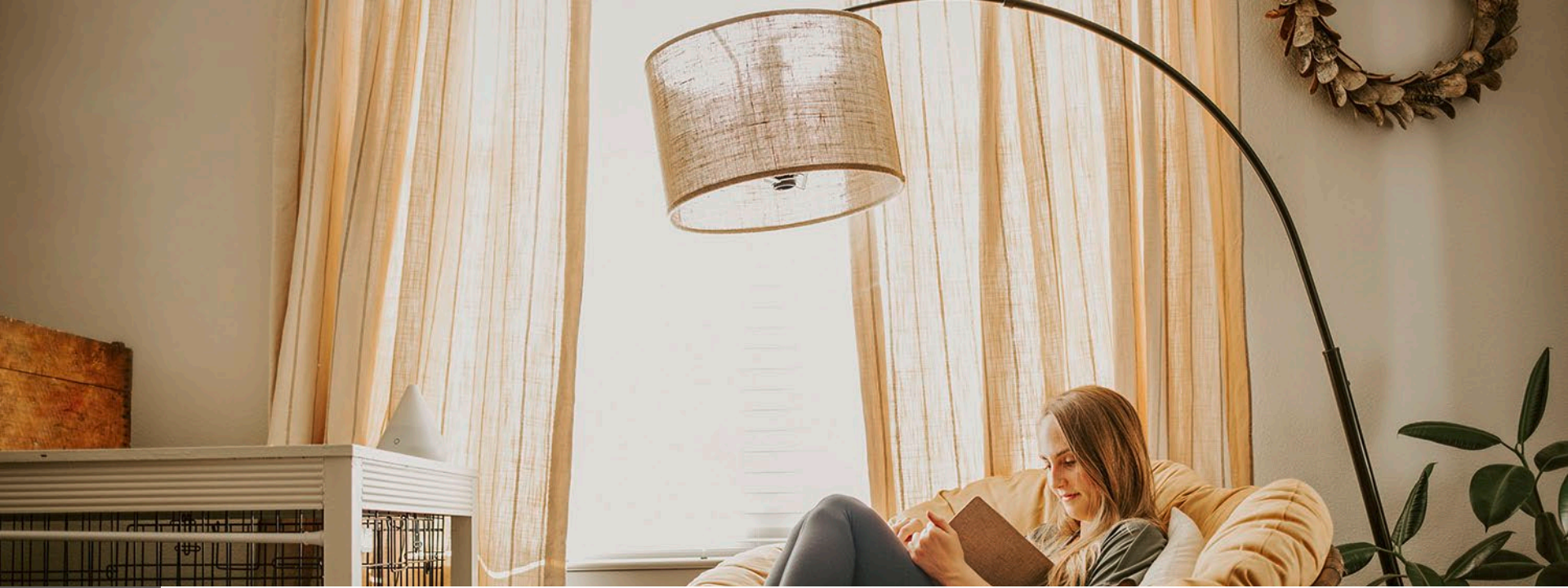
	<b>Guidance 2023<sup>1</sup></b>
AFFO <sup>2</sup>	€ <b>125m – 140m</b>
Adj. EBITDA margin <sup>3</sup>	<b>c.78%</b>
l-f-l rent growth	<b>3.3% – 3.7%</b>
Investments	c. <b>35€/sqm</b>
LTV	Medium-term target level max. <b>43%</b>
Dividend	100% AFFO as well as a part of the net proceeds from disposals

Disposals Not reflected<sup>1</sup>

<b>Environment</b>	2023–2026	Reduction of persistent relative CO <sub>2</sub> emission saving costs in €/ton by <b>10%</b> achieved by permanent structural adjustments to LEG residential buildings <b>4,000 tons CO<sub>2</sub></b> reduction from modernisation projects and customer behavior change
	2023	
<b>Social</b>	2023–2026	Improve high employee satisfaction level to <b>70%</b> Trust Index Timely resolution of tenant inquiries regarding outstanding receivables
	2023	
<b>Governance</b>	2023	<b>85%</b> of Nord FM, TSP, biomass plant, <b>99%</b> of all other staff holding LEG group companies have completed digital compliance training

<sup>1</sup> Guidance based on 167 k units. <sup>2</sup> 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.

<sup>3</sup> Based on the adjusted EBITDA definition effective since business year 2023, i.e. excluding maintenance (externally-procured services) and own work capitalized.



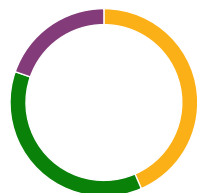
# 5 Appendix

# Ongoing positive trends across all KPIs and market clusters

Strong rent growth and further vacancy reduction

## Market split (GAV)

%



High-growth	43.5
Stable	36.9
Higher-yielding	19.7

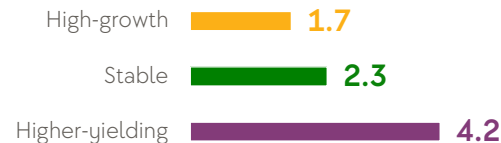
## In-place rent, l-f-l

€/m<sup>2</sup>



## Vacancy, l-f-l

%



## Markets

	Total portfolio		High-growth		Stable		Higher-yielding	
	Q1-2023	▲ (YOY)	Q1-2023	▲ (YOY)	Q1-2023	▲ (YOY)	Q1-2023	▲ (YOY)
# of units	166,987	+0.4%	49,883	+1.0%	66,690	+0.4%	50,414	-0.2%
GAV residential assets (€m)	19,039	+5.3%	8,277	+5.3%	7,017	+5.2%	3,745	+5.5%
In-place rent (m <sup>2</sup> ), l-f-l	€6.43	+3.8%	€7.23	+4.0%	€6.19	+4.0%	€5.89	+3.3%
EPRA vacancy, l-f-l	2.6%	-20bps	1.7%	-40bps	2.3%	-20bps	4.2%	±0bps

# AFFO calculation

€m	Q1-2023	Q1-2022
Net cold rent	206.3	197.5
Profit from operating expenses	-6.6	-2.0
Personnel expenses (rental and lease)	-26.6	-25.7
Allowances on rent receivables	-6.5	-4.2
Other income (rental and lease)	-6.2	1.3
Non-recurring special effects (rental and lease)	1.0	1.1
<b>Net operating income (recurring)</b>	<b>161.4</b>	<b>168.0</b>
<b>Net income from other services (recurring)</b>	<b>7.9</b>	<b>3.2</b>
Personnel expenses (admin.)	-7.7	-7.6
Non-personnel operating costs	-6.7	-7.7
Non-recurring special effects (admin.)	2.1	4.6
<b>Administrative expenses (recurring)</b>	<b>-12.3</b>	<b>-10.7</b>
Other income (admin.)	0.0	0.0
<b>EBITDA (adjusted)</b>	<b>157.0</b>	<b>160.5</b>
Net cash interest expenses and income FFO I	-31.3	-26.8
Net cash income taxes FFO I	-0.2	1.0
Maintenance (externally-procured services)	-25.2	-19.4
Own work capitalised	3.5	6.1
<b>FFO I (including non-controlling interests)</b>	<b>103.8</b>	<b>121.4</b>
Non-controlling interests	-0.6	0.0
<b>FFO I (excluding non-controlling interests)</b>	<b>103.2</b>	<b>121.4</b>
<b>FFO II (including disposal of investment property)</b>	<b>101.0</b>	<b>119.6</b>
<b>Capex (recurring)</b>	<b>-48.3</b>	<b>-70.4</b>
Capex (non-recurring)	-	-
<b>AFFO (capex-adjusted FFO I)</b>	<b>54.9</b>	<b>51.0</b>

## Net cold rent

- +€8.8m or +4.5%

## Profit from operating expenses

- Higher operating expenses (non-allocable costs), (€4.6m), e.g. CO<sub>2</sub> costs

## Allowances on rent receivables

- Ongoing conservative level of general allowances

## Other income (rental and lease)

- Seasonal effects from value-add business (-€4m) due to significantly higher energy costs

## Net income from other services (recurring)

- Positive effects from bio mass plant, partially offset via higher input costs

# Balance sheet



€m	31.03.2023	31.12.2022
Investment property	20,355.8	20,204.4
Other non-current assets	553.0	579.0
<b>Non-current assets</b>	<b>20,908.8</b>	<b>20,783.4</b>
Receivables and other assets	249.6	179.5
Cash and cash equivalents	295.8	362.2
<b>Current assets</b>	<b>545.4</b>	<b>541.7</b>
Assets held for sale	15.3	35.6
<b>Total Assets</b>	<b>21,469.5</b>	<b>21,360.7</b>
<b>Equity</b>	<b>9,175.4</b>	<b>9,083.9</b>
Non-current financing liabilities	8,713.8	9,208.4
Other non-current liabilities	2,521.0	2,491.1
<b>Non-current liabilities</b>	<b>11,234.8</b>	<b>11,699.5</b>
Current financing liabilities	685.1	252.4
Other current liabilities	374.2	324.9
<b>Current liabilities</b>	<b>1,059.3</b>	<b>577.3</b>
<b>Total Equity and Liabilities</b>	<b>21,469.5</b>	<b>21,360.7</b>

## Equity ratio

- **42.7%** (Q4-2022 **42.5%**)

## Investment property (among others)

- Acquisitions: +€**109.1m** (signed Q3 22)
- Capex: +€**47.9m**

## Other non-current assets

- BCP stake (**35.7%**) included with market value of €**303.6m**

## Receivables and other assets

- Increase mainly driven by an increase in short-term deposits of €**60m**

## Cash and cash equivalents

- Operating activities: +€**125.1m**
- Investing activities: –€**137.8m** incl. €**60m** increase in short term deposits
- Financing activities: –€**53.7m** (mainly repayment of loans –€**52.1m**)



# Loan to Value

€m	31.03.2023	31.12.2022
Financial liabilities	9,398.9	9,460.8
Excluding lease liabilities (IFRS 16)	19.3	22.0
Cash & cash equivalents <sup>1</sup>	365.8	402.2
<b>Net Debt</b>	<b>9,013.8</b>	<b>9,036.6</b>
Investment properties	20,355.8	20,204.4
Properties held for sale	15.3	35.6
Prepayments for investment properties and acquisitions	0.4	60.8
Participation in other residential companies <sup>1</sup>	342.4	306.7
Prepayments for business combinations	–	–
<b>Property values</b>	<b>20,713.8</b>	<b>20,607.5</b>
<b>Loan to Value (LTV) in %</b>	<b>43.5</b>	<b>43.9</b>

## Loan to Value

- Decline to **43.5%** as at March 31, 2023 from **43.9%** as at December 31, 2022

## Participation in other residential companies

- BCP is included with a value of **€303.6m** based on a share price of **€110.12** at Tel Aviv Stock Exchange as at March 31, 2023 (**€97.19** as at December 31, 2022)

<sup>1</sup> 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.

# EPRA NRV – NTA – NDV



€m

	31.03.2023			31.12.2022		
	EPRA NRV – diluted	EPRA NTA <sup>1</sup> – diluted	EPRA NDV – diluted	EPRA NRV – diluted	EPRA NTA – diluted	EPRA NDV – diluted
IFRS equity attributable to shareholders (before minorities)	9,150.1	9,150.1	9,150.1	9,058.6	9,058.6	9,058.6
Hybrid instruments	31.0	31.0	31.0	31.0	31.0	31.0
<b>Diluted NAV (at Fair Value)</b>	<b>9,181.1</b>	<b>9,181.1</b>	<b>9,181.1</b>	<b>9,089.6</b>	<b>9,089.6</b>	<b>9,089.6</b>
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	2,385.7	2,385.7	–	2,371.9	2,371.9	–
Fair value of financial instruments	–37.1	–37.1	–	–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	–	–5.6	–	–	–5.8	–
Fair value of fixed interest rate debt	–	–	1,140.8	–	–	1,208.3
Deferred taxes of fixed interest rate debt	–	–	–236.5	–	–	–643.6
Revaluation of intangibles to fair value	–	–	–	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)	1,968.1	–	–	1,955.3	–	–
<b>NAV</b>	<b>13,479.8</b>	<b>11,524.1</b>	<b>10,085.4</b>	<b>13,338.3</b>	<b>11,377.2</b>	<b>9,654.3</b>
Fully diluted number of shares	74,109,276	74,109,276	74,109,276	74,109,276	74,109,276	74,109,276
<b>NAV per share (€)</b>	<b>182.13</b>	<b>155.50</b>	<b>136.09</b>	<b>179.98</b>	<b>153.52</b>	<b>130.27</b>

<sup>1</sup> Including RETT (Real Estate Transfer Tax) would result into an NTA of €13,492.2m or €182.06 per share (previous year: €13,332.4m or 179.90 per share).

# Income statement



€m	Q1-2023	Q1-2022
Net rental and lease income	135.4	151.0
Net income from the disposal of investment property	-0.5	-0.6
Net income from the valuation of investment property	-0.5	0.3
Net income from the disposal of real estate inventory	-0.1	0.0
Net income from other services	7.8	3.0
Administrative and other expenses	-15.2	-16.6
Other income	0.0	0.0
<b>Operating earnings</b>	<b>126.9</b>	<b>137.1</b>
<b>Net finance costs</b>	<b>-0.6</b>	<b>46.2</b>
<b>Earnings before income taxes</b>	<b>126.3</b>	<b>183.3</b>
<b>Income tax expenses</b>	<b>-30.0</b>	<b>-28.8</b>
<b>Consolidated net profit</b>	<b>96.3</b>	<b>154.5</b>

## Net rental and lease income

- Increase net cold rent (+€8.8m)
- Lower result from value-add services (-€4m) due to significantly higher energy costs and seasonal accrual
- Negative effects from higher allowances on rent receivables (+€2.3m)
- Higher maintenance costs (externally procured) (+€5.8m)
- Higher operating expenses (non-allocable costs), (€4.6m), e.g. CO<sub>2</sub> costs

## Net income from valuation

- No portfolio valuation in Q1-23

## Net finance costs

- Q1 22 negatively affected by embedded derivatives from the convertible bonds and almost fully reversed in Q1 23
- Higher interest costs partially offset by higher interest income

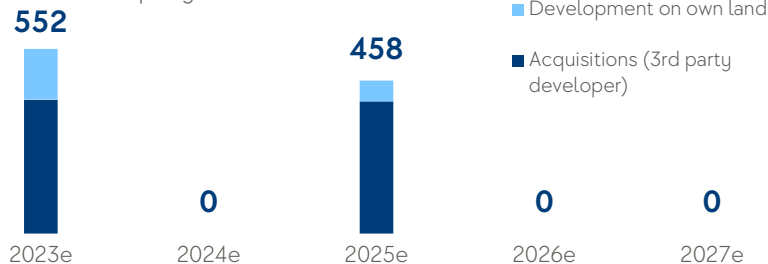
# New construction pipeline further reduced to a total of c.€260m



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

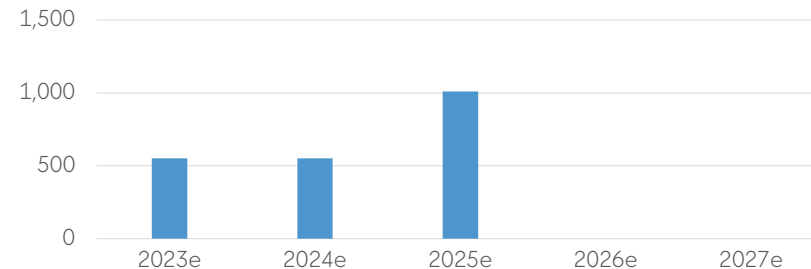
## Completions

number of units per year



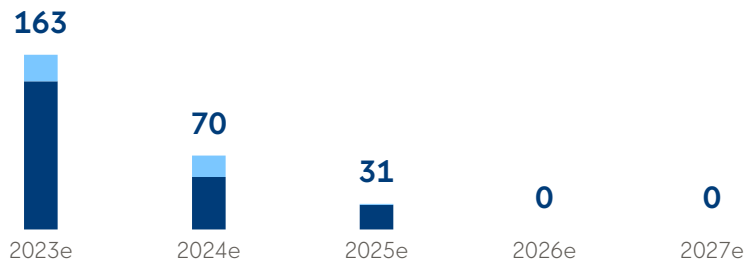
## Aggregated

units



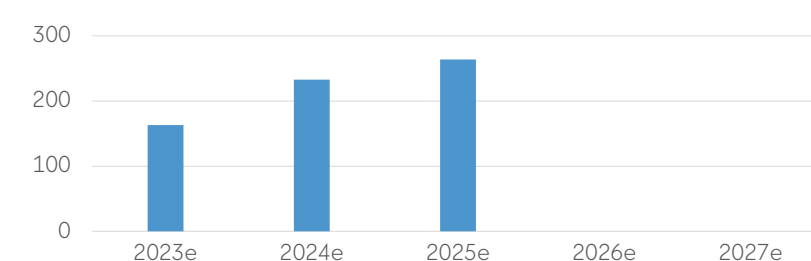
## Investment volume per year

€m



## Aggregated investment volume

€m



# Among the best in class

## Upgrade to AAA rating by MSCI

ESG	2018	2019	2020	2021	2022	
MSCI ESG Rating						Upgrade to top rating in 12/2022
SUSTAINALYTICS a Morningstar company ESG Rating		20.1	10.4	7.8	6.7	No. 1 out of 159 in real estate management <sup>1</sup> No. 6 out of 1,075 in global real estate <sup>1</sup> No. 30 out of 15,638 in global total coverage <sup>1</sup>
CDP DISCLOSURE INSIGHT ACTION CDP Score						Initial score above sector score (C)
SCIENCE BASED TARGETS SBTi target					Targets submitted	Verification expected by mid 2023
ISS ESG ISS ESG	D+	D+	C-	C-	C Corporate ESG Performance RATED BY ISS ESG Prime	Upgrade to Prime Status
EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION sBPR Award						Gold rating confirmed
DAX ESG Index			DAX <sup>®</sup> 50 ESG	DAX <sup>®</sup> 50 ESG	DAX <sup>®</sup> 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

# Carbon Balance Sheet 2022

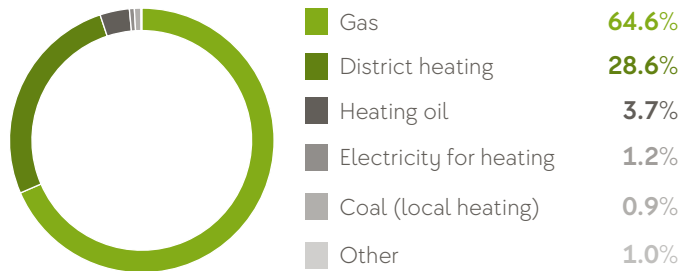
28.3 kg CO<sub>2</sub>e/m<sup>2</sup> on a market based and climate adjusted basis



## Carbon balance sheet

- Bottom-up approach
- BAFA-factors in line with GHG-protocol
- Scope 1 and scope 2
- **28.3 kg CO<sub>2</sub>e/m<sup>2</sup>** based on heating energy
- **301k t CO<sub>2</sub>** in total (2021: **283k t**)

## Heat energy by source (100% of portfolio)



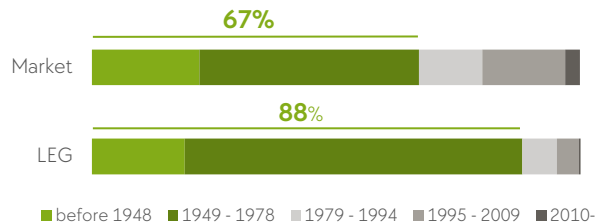
- Based on actual consumption 2021 (84% actuals, 14% energy performance certificates (EPC), 2% estimates)
- Extrapolated for 2022
- Limited assurance by Deloitte

## Reflecting our roots

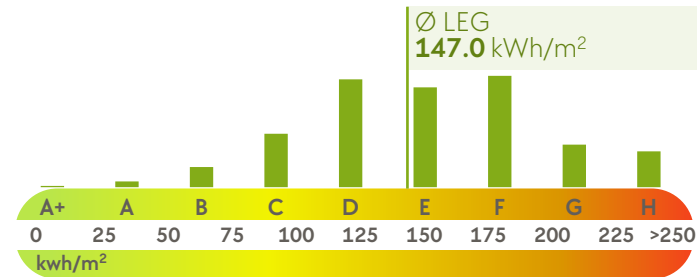
Energy efficiency of our portfolio of **147 kWh/m<sup>2</sup>** (2021: **144.5 kWh/m<sup>2</sup>**) is a function of corporate DNA & history:

- Providing affordable housing in post-war Germany

## LEG portfolio by construction years vs. LEG market



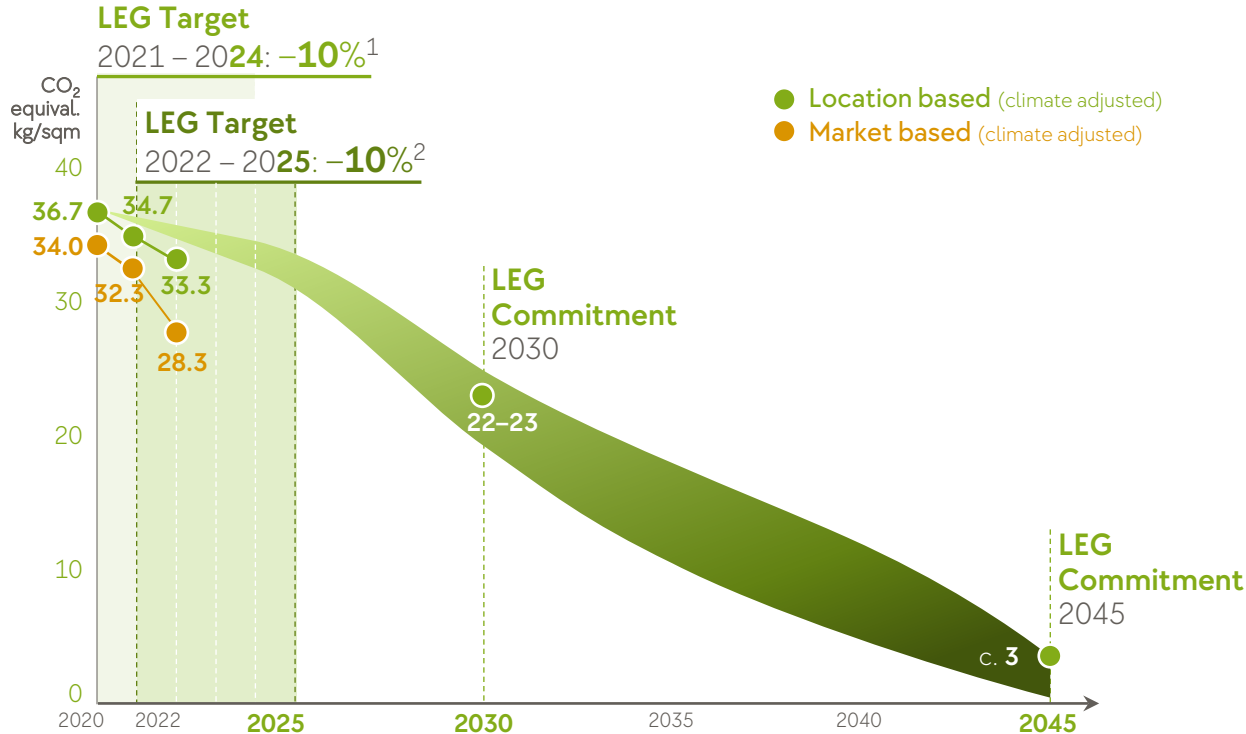
## Distribution by energy efficiency classes LEG



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

# Strong CO<sub>2</sub> reduction of 15% in 2022

Well on track for our target towards climate neutrality

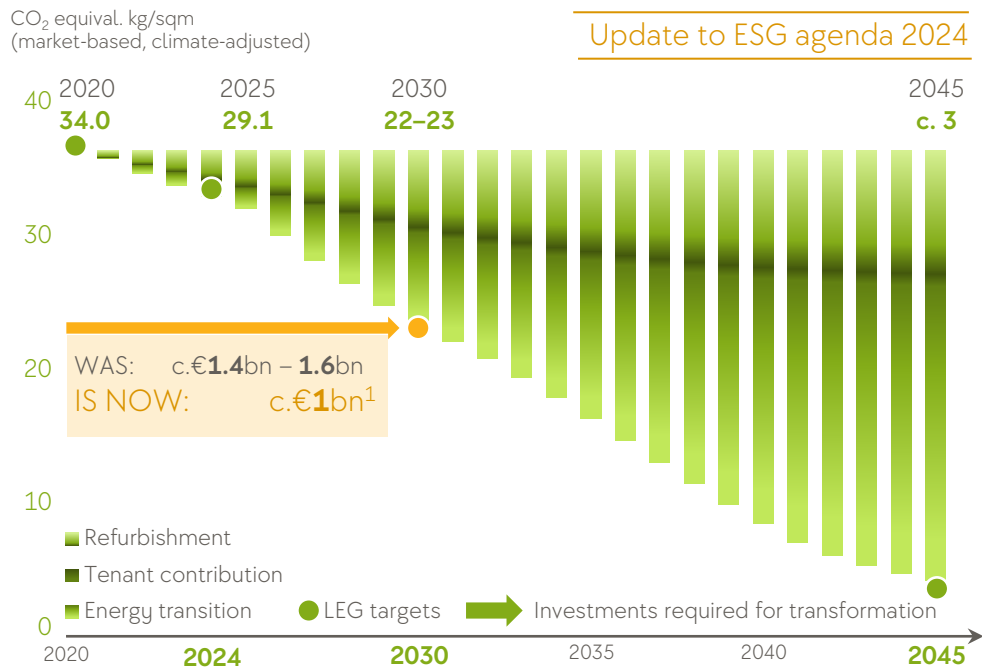


- LEG fully committed to new German Climate Change Act to achieve climate neutrality by 2045
- Aligned with strategy via LTI-component of compensation scheme
- 2023-26 LTI component envisages a **10%** efficiency improvement for investments undertaken
- Strong reduction in 2022 by **4%** to **33.3kg** (location based) and by **12%** to **28.3kg** (market based)
- Key driver:
  - **4,028t** CO<sub>2</sub> savings from energetic refurbishments
  - better footprint of our district heating grid based on actual certificates of our utility provider vs. original assumption of market average

1 Based on FY20 CO<sub>2</sub> level. 2 Based on FY21 CO<sub>2</sub> level. 3 Based on German buildings energy act (GEG).

# Transition roadmap towards climate neutrality

Energy transition and energetic refurbishment are the main drivers to reach the targets



## Refurbishment

- At least **30%** efficiency improvement
- Insulation of the building shell, incl. windows and doors
- Contribution of **25% – 30%**

## Smart meter/ Tenant engagement

- Digitisation of heating system via smart metering
- Education and incentivisation of tenants
- Contribution of up to **5%**

## Energy transition

- Shift from fossil energy mix to green district heating
- Shift towards green electricity along Germany's path
- Contribution of **65% – 70%**

<sup>1</sup> Estimate based on current price levels for materials and services and taking no innovation and efficiency improvements into account. Based on wide role-out of air-2-air heat pumps and introduction of smart thermostats.

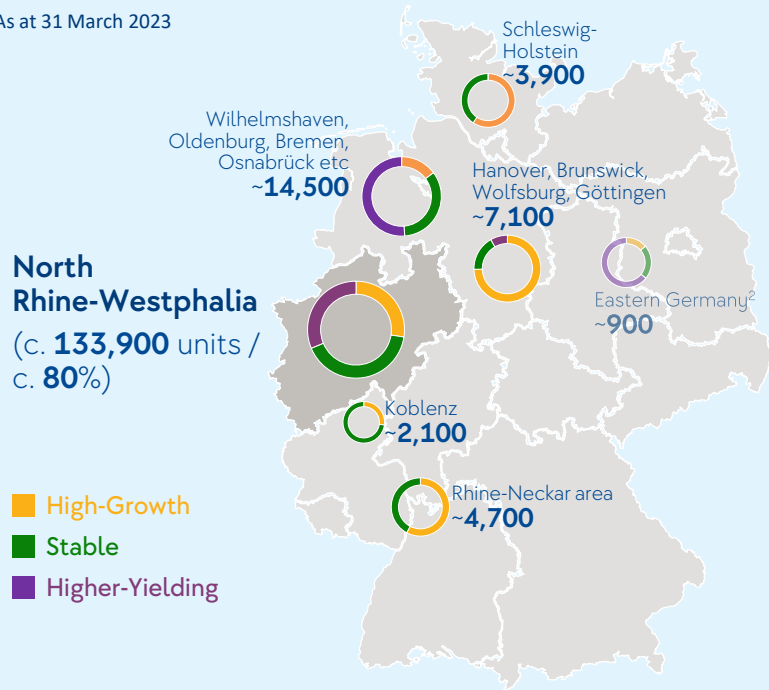


# LEG's portfolio comprised c. 167,000 units end of Q1

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



As at 31 March 2023



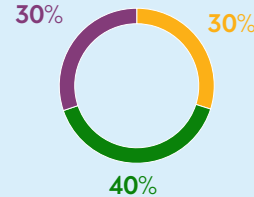
**North Rhine-Westphalia**  
(c. 133,900 units / c. 80%)

- High-Growth
- Stable
- Higher-Yielding

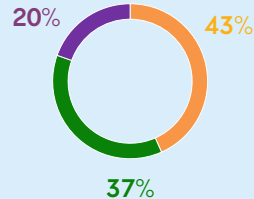
<sup>1</sup> Residential units. <sup>2</sup> 900 non-core units mainly located in Eastern Germany.

## Total portfolio<sup>1</sup> (c. 167,000 units)

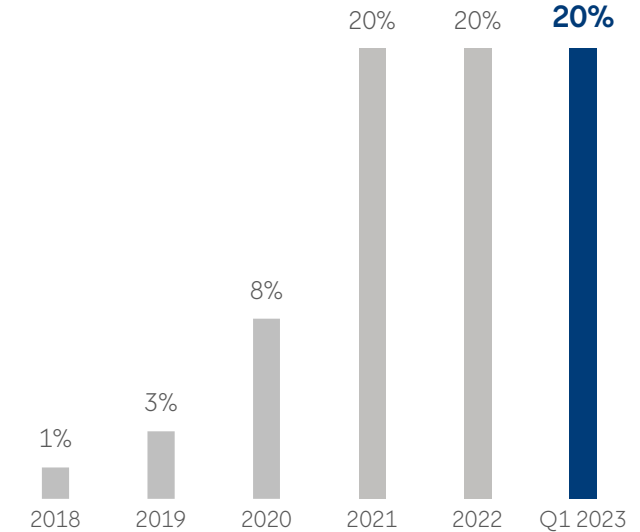
by units



by GAV  
€m



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



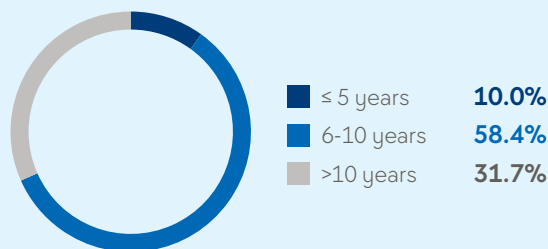
# Around 19% of portfolio comprises subsidised units

Reversionary potential amounts to 40% on average

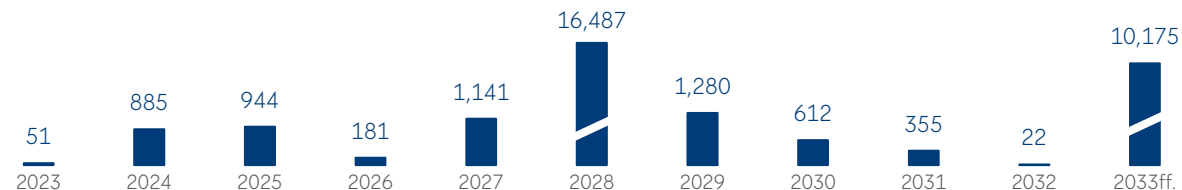
## Rent potential subsidised units

- 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<sup>4</sup>

## Around 60% of units to come off restriction until 2028

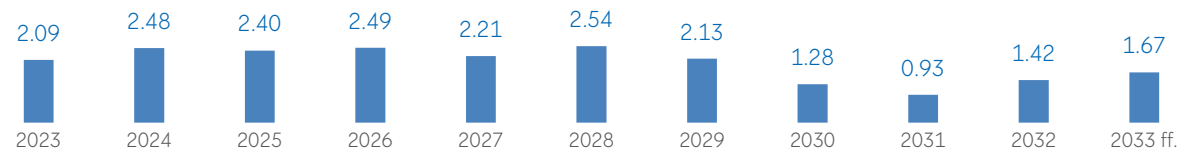


## Number of units coming off restriction and rent upside (ytd 2023: c.1,500)



## Spread to market rent

€/m<sup>2</sup>/month



	≤ 5 years <sup>2</sup>	6 – 10 years <sup>2</sup>	> 10 years <sup>2</sup>
In-place rent	<b>€5.18</b>	<b>€5.43</b>	<b>€5.23</b>
Market rent <sup>1</sup>	<b>€7.54</b>	<b>€7.87</b>	<b>€6.90</b>
Upside potential <sup>3</sup>	<b>45%</b>	<b>45%</b>	<b>32%</b>
Upside potential p.a. <sup>3</sup>	<b>€6.2m</b>	<b>€36.9m</b>	<b>€13.8m</b>

<sup>1</sup> 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.  
<sup>2</sup> ≤ 5 years = 2023-2027; 6-10 years = 2028-2032; >10 years = 2033ff. <sup>3</sup> Rent upside is defined as the difference between LEG in-place rent and market. <sup>4</sup> 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<sup>1</sup>

## Cost rent components<sup>2</sup>

### Management costs

- Depreciation
- Operating costs
- Loss of rental income risk

### ▪ Administration costs

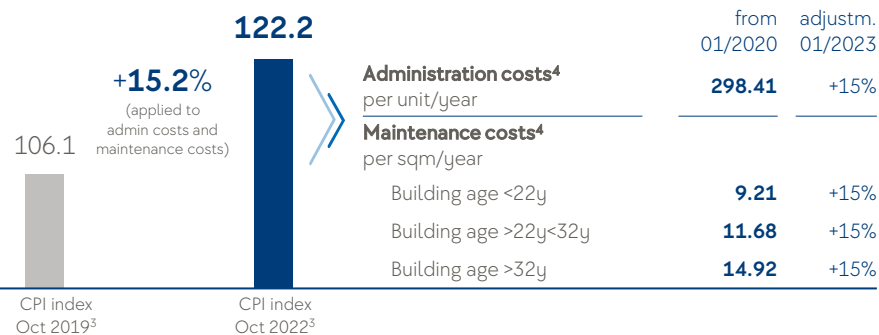
### ▪ Maintenance costs

### Capital costs

- Financing costs

CPI - linked

## Calculation for LEG's subsidised portfolio



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

## Historic view

Impact on cost rent adjustment at LEG

	2014	2017	2020	2023
3 year period CPI development	+5.7%	+1.9%	+4.8%	<b>+15.2%</b>
<b>Total rent increase for LEG's subsidised portfolio (L-f-L)</b>	<b>+2.4%</b>	<b>+1.2%</b>	<b>+2.0%</b>	<b>+5.2%</b>

## LEG portfolio

Subsidised units (Q1-2023)

Location	Number of subsidised units	Average net cold rent month/sqm (€)
High growth markets	11,368	5.72
Stable markets	13,700	5.22
Higher-yielding markets	7,065	4.86
<b>Total subsidised portfolio</b>	<b>32,133</b>	<b>5.33</b>

# LEG additional creditor information

## Unsecured financing covenants

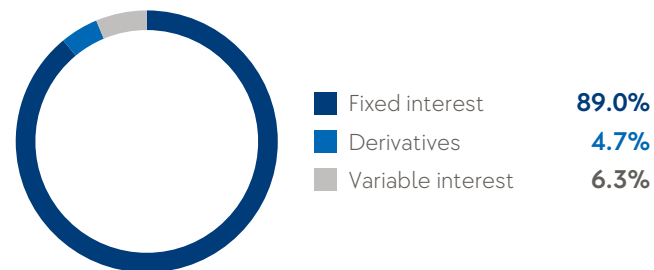
Covenant	Threshold	Q1-2023
Consolidated Adjusted EBITDA / Net Cash Interest	≥1.8x	5.0x <sup>1</sup>
Unencumbered Assets / Unsecured Financial Indebtedness	≥125%	170%
Net Financial Indebtedness / Total Assets	≤60%	42.4%
Secured Financial Indebtedness / Total Assets	≤45%	15.7%

## Ratings (Moody's)

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

<sup>1</sup> 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 5.4x.  
<sup>2</sup> Average net debt last four quarters / adjusted EBITDA LTM.

## Financing mix



## Key financial ratios

	Q1-2023	Q1-2022
Net debt / adj. EBITDA <sup>2</sup>	14.3x	12.3x
LTV	43.5%	43.1%
Secured Debt / Total Debt	37.0%	36.2%
Unencumbered Assets / Total Assets	40.3%	41.0%

# Capital market financing

## Corporate bonds



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

### Financial Covenants

Adj. EBITDA/ net cash interest  $\geq 1.8x$   
 Unencumbered assets/ unsecured financial debt  $\geq 125\%$   
 Net financial debt/ total assets  $\leq 60\%$   
 Secured financial debt/ total assets  $\leq 45\%$

# Capital market financing

## Convertible bonds



	2017/2025	2020/2028
Issue Size	€400m	€550m
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	3,470,683	3,556,142
Initial Conversion Price	€118.4692	€155.2500
Adjusted Conversion Price <sup>1</sup>	€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

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

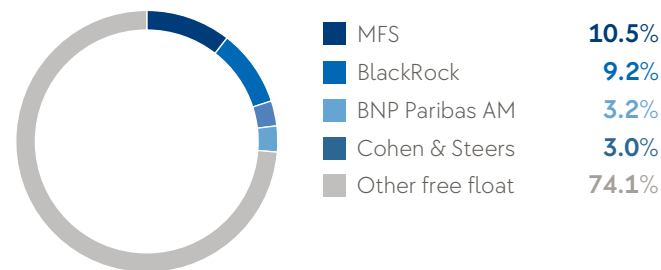
# LEG share information



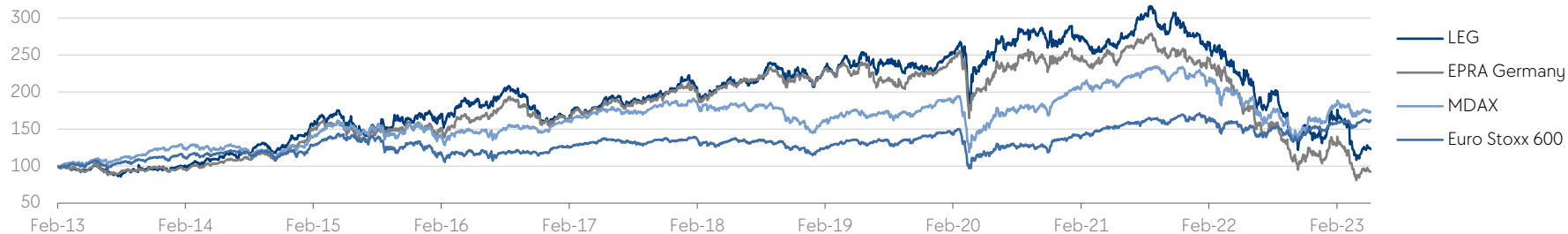
## Basic data

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 2.5% (31.3.2023) EPRA Developed Europe 2.3% (31.3.2023)

## Shareholder structure<sup>1</sup>



## Share (8.5.2023; indexed; in %; 1.2.2013 = 100)

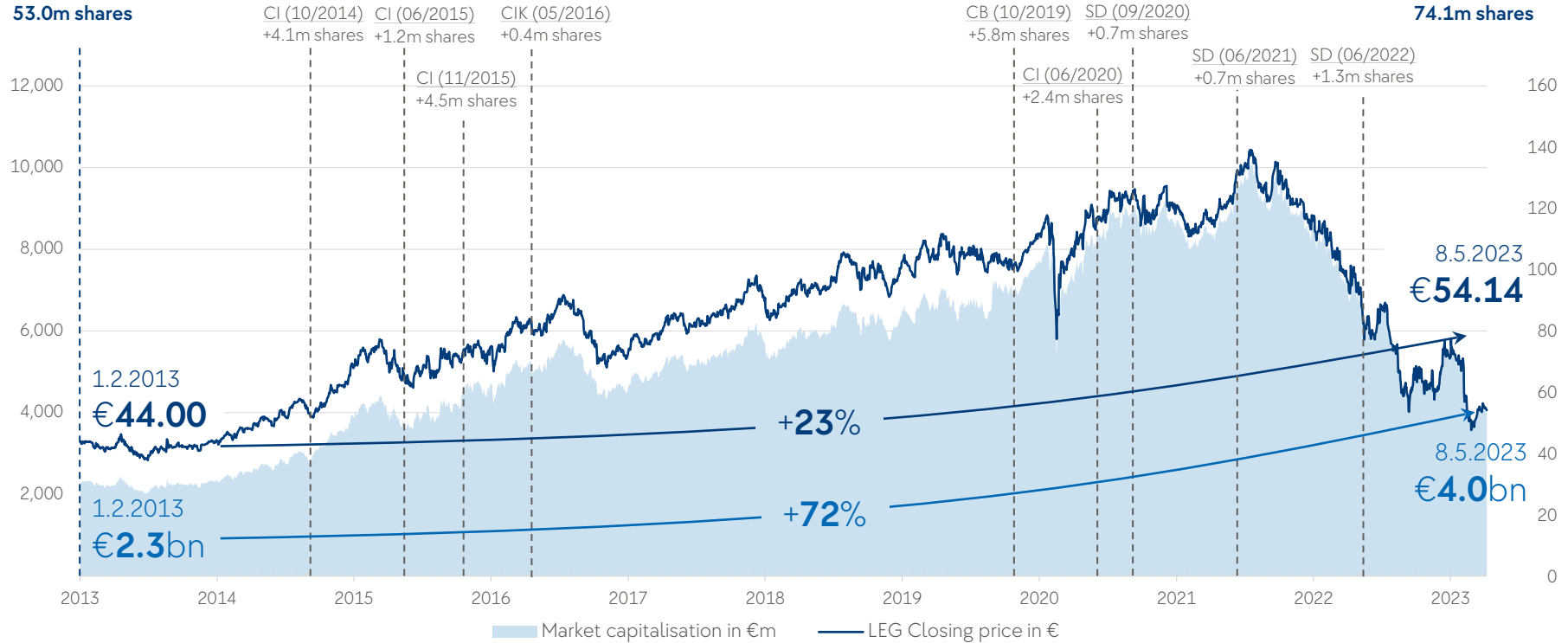


<sup>1</sup> Shareholdings according to latest voting rights notifications.

# Share price and market capitalisation since IPO



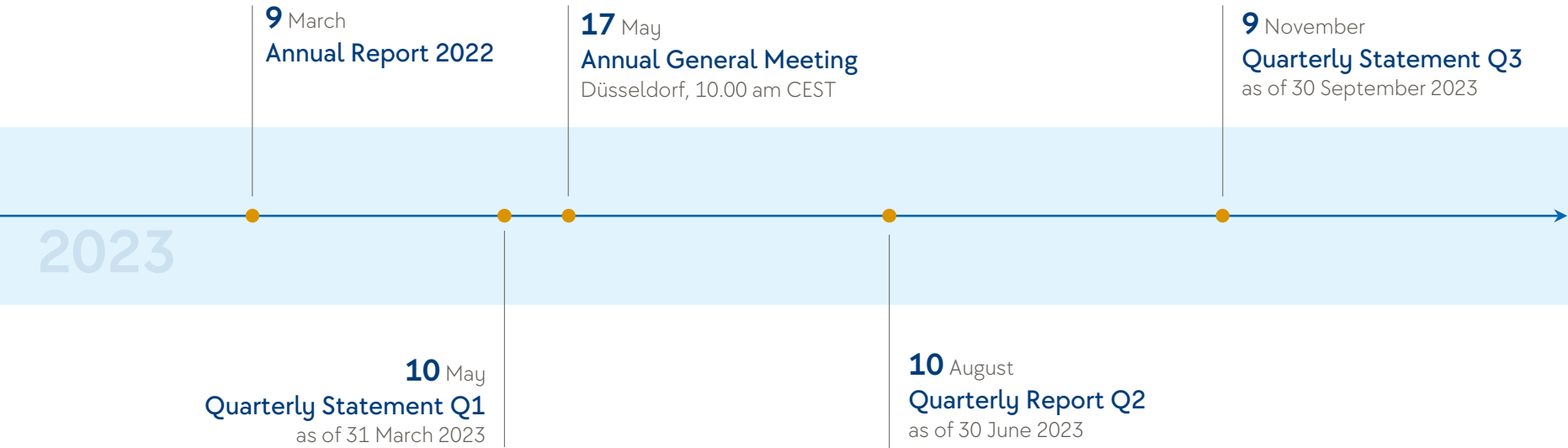
**IPO (2/2013)**  
53.0m shares



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



# Financial calendar



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

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