

Sustainability Factbook 2030

Update 2025



Sustainability Factbook

Agenda

1. Executive Summary
2. ESG at LEG & strategy update
3. General regulatory conditions
4. External challenges
5. ESG Strategy 2030

- **E**nvironment
- **S**ocial
- **G**overnance



Stock Rocket – stock.adobe.com

Key takeaways

Update

LEG's climate change mitigation strategy – Emission reduction and innovative solutions

- Ambitious climate targets up to 2030 – validated by the Science Based Targets initiative: 47 % reduction in Scope 1 and 2 emissions by 2030 compared to 2019; equivalent to 21 kg CO_2e/m^2
- In 2025, all environment targets were achieved
- Identification of emission-efficient and cost-efficient measures aimed at reducing CO_2
- Transformation of the LEG portfolio and LEG business model
- Decarbonization as business opportunity: Business models in climate change mitigation, founding of corporate ventures and positioning as solution provider - planned cumulative income from investments[1] in corporate ventures of € 20 million (LTI) up to 2028

Social targets – Social as core of our corporate DNA

- Tenants: focus on affordable housing and continual improvements in tenant satisfaction (77 % achieved)
- Employees: continual improvements in employee satisfaction as gauged by the "Great Place to Work" survey (73.5 achieved)
- Society: closer collaboration with neighbourhoods, districts, municipalities, municipal enterprises and local policy makers

Governance targets– Good governance as our foundation

- Good compliance as the basis of good corporate governance and greater focus on IT security, goals set for employee awareness training events
- Focus on emission efficiency also embedded in remuneration structure
- Risk management: physical climate risks and transitional risks are regularly evaluated and mitigation measures are regularly checked

1: Including potential sales proceeds



2 ESG at LEG & strategy update

Company strategy

Adapted to a volatile market environment, the company's strategy is a firm element of the ESG framework

Update

LEG

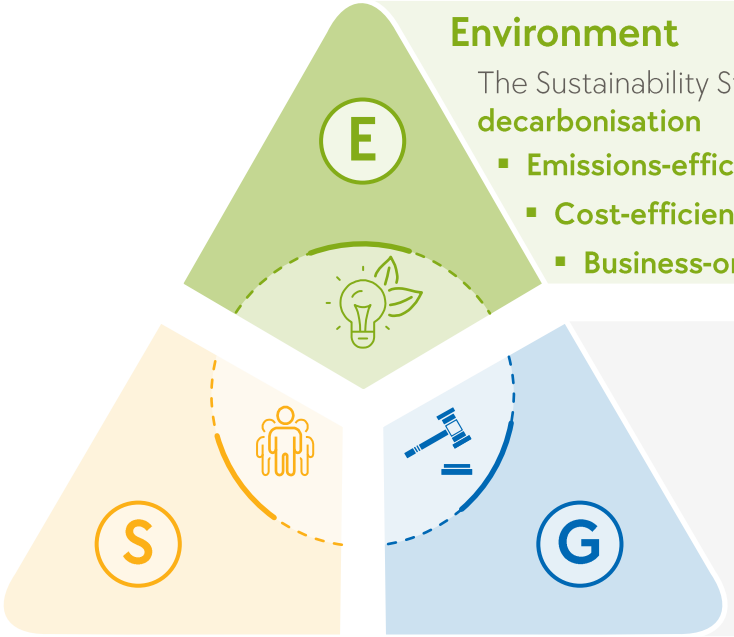


What has changed since 2021, and how has LEG responded to changes?

- The main control metric switched over to AFFO
- Refinancing has become more expensive
- Raw material prices have risen and construction costs are high
  - New builds suspended as a result (although existing projects are being completed)
- Founded corporate ventures having a positive impact on the value chain

The sustainability strategy focuses on the climate goals

Under the guiding principles of emissions efficiency, cost reduction and business-oriented implementation



Environment

The Sustainability Strategy 2030 primarily focuses on **climate change mitigation and decarbonisation**

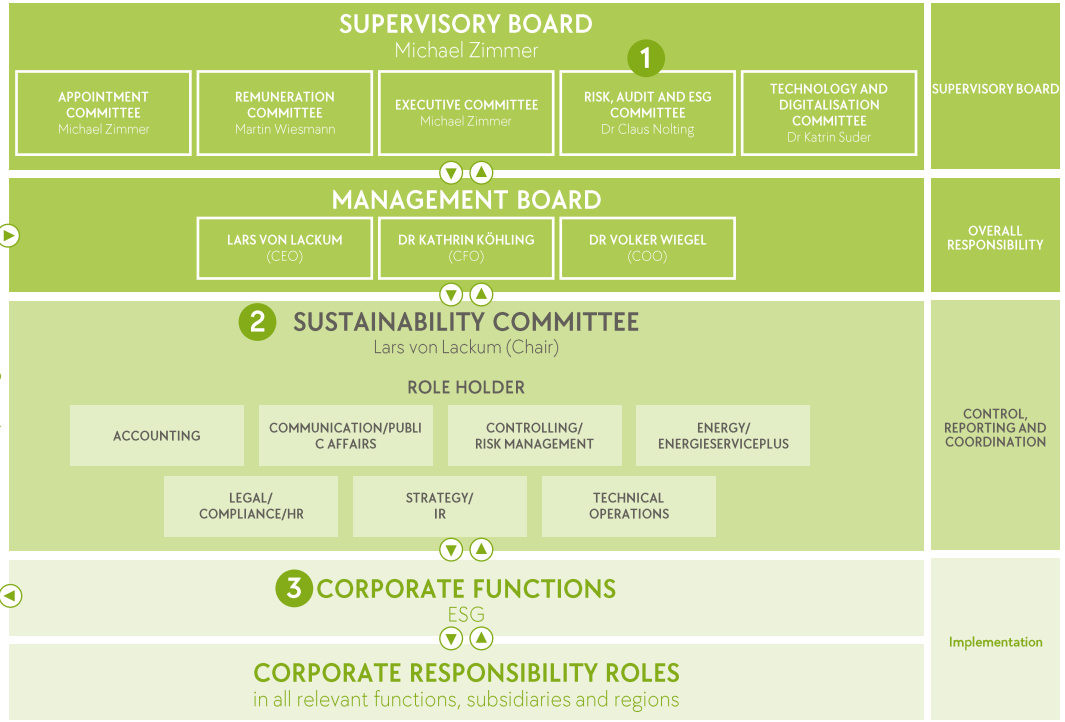
- **Emissions-efficient implementation:** CO_2 reduction instead of energy efficiency
- **Cost-efficient implementation:** lower costs per ton of CO_2 saved
- **Business-oriented implementation:** decarbonization solutions as a contribution to business success

Social and Governance

Established within LEG's strategy, providing a key cornerstone for the company

Governance strucutre

ESG has become even more deeply embedded in LEG's governance structure since 2021



1 Risk, Audit and ESG Committee

- Since 2025 Risk and Audit Committee merged with ESG Committee (since 2022)
- 3-person committee holding four meetings a year
- Discussions and presentation of ESG-relevant topics

2 Sustainability Committee

- Participants from key departments
- Discussions on ESG-relevant topics
- Convenes once per quarter

3 ESG Department

- Set up in mid-2022
- Central interface between departments and strategic decisions
- Consolidates and coordinates all ESG-related activities

Short-term targets

Since 2021, LEG has set itself annual targets, thus ensuring it is heading in the right direction with the ESG roadmap

Update

Environment

2022: reduction by **4,000** t CO_2e through modernisation projects

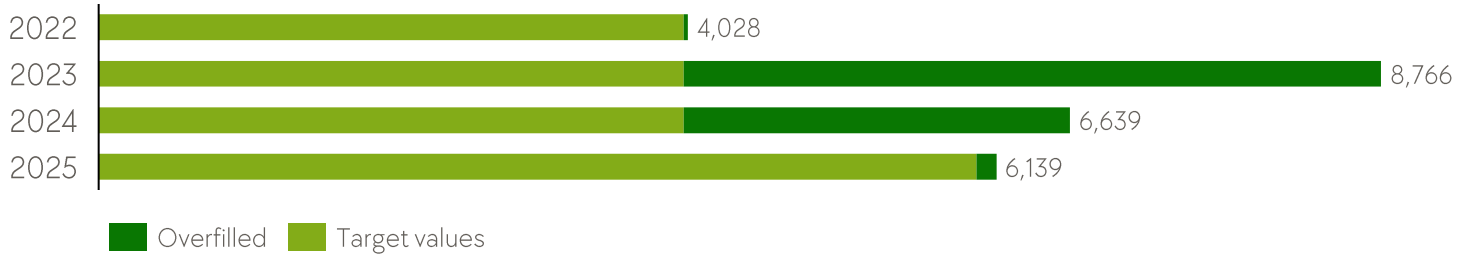
2023: reduction of **4,000** t of CO_2e through modernisation projects and changes in customer behaviour

2024: reduction of **4,000** t of CO_2e through modernisation projects and changes in customer behaviour

2025: saving of **6,000** t of CO_2e

2026: saving of **7,600** t of CO_2e

Over the past four years, CO2 reduction targets have been overfilled every year



1: TechnikServicePlus GmbH. 2: Biomasse Heizkraftwerk KG.

Long-term targets

The long-term targets also show that LEG is on track to meet its environmental and social goals

Update

Environment

		Long-term targets	
2021 – 2024:	Cut CO_2 emissions by **10** % within **4** years	**29** %	✓
2022 – 2025:	Cut CO_2 emissions by **10** % (CO_2e kg/m²)	**14.9** %	✓
2023 – 2026:	permanent reduction in relative CO_2 emission-saving costs in €/tonne by **10** % through permanent structural changes to LEG residential buildings	**On track**	
2024 – 2027:	installation and commissioning of **2,000** air-to-air heat pumps in **2027** in own portfolio and third-party portfolios	**On track**	
2025 – 2028:	income from investments and sales results from corporate ventures of over **€ 20** million	**On track**	
2026 – 2029:	Reduction in persistent relative CO_2 emission-saving costs in EUR/tonne of **20 %**	**On track**	

Social

2021 – 2024:	Maintaining high employee satisfaction level (**66** % Trust Index)	**73.5** %	✓
2022–2025:	Improvement of customer satisfaction index (CSI) to > **70** %	**77** %	✓
2023 – 2026:	Trust Index value for the LEG Group of **70** %; to be measured in 2026 using an employee survey by the Great Place to Work organisation.	**On track**	
2024 – 2027:	Acceleration of the processing time of total LEG tenant complaints by **10** % by 31 December 2027 based on the average processing time of resolved complaint tickets from March 2024 and September 2024	**On track**	

Sustainability targets

Member of the UN Global Compact focusing on the following Sustainable Development Goals (SDGs)



No poverty

End poverty in all its forms everywhere



Gender equality

Achieve gender equality and empower all women and girls



Affordable, clean energy

Ensure access to affordable, reliable, sustainable and modern energy



Decent work and economic growth

Promote lasting, widespread and sustainable economic growth, productive full employment and decent work for all



Industry, innovation and infrainfrastructure

Build resilient infrastructure, promote inclusive, sustainable industrialization and foster innovation



Sustainable cities and communities

Make cities inclusive, safe, resilient and sustainable



Sustainable consumption and production

Ensure sustainable consumption and production patterns



Climate action

Take urgent action to combat climate change and its impacts



Life on the land

Protect and restore terrestrial ecosystems and promote sustainable use of them, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss

Ratings

We have managed to achieve or maintain good positions in all of our ratings

Update

LEG

ESG		2019	2020	2021	2022	2023	2024	2025	
MSCI	ESG Rating	AA	AA	AA	AAA	AAA	AAA	AAA	**Improved to AAA** and maintained since 2022
SUSTAINALYTICS a Morningstar company	ESG Rating	20.1	10.4	7.8	6.7	6.7	6.3	10.1	Low scores in the ESG risk Rating
CDP DISCLOSURE INSIGHT ACTION	CDP Score				B	B	B	B	**B** since 2022
SCIENCE BASED TARGETS	SBTi Target				SBTs submitted	SBTs validated	Update validated		SBTs have been submitted, **validated and approved** in 2024
ISS ESG	ISS ESG	D+	C–	C–	Corporate ESG Performance Prime	Corporate ESG Performance Prime	Corporate ESG Performance Prime	Corporate ESG Performance Prime	**C Prime Status** was **achieved** for the first time in 2022 and has been maintained
EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	sBPR Award	sBPR SILVER	sBPR GOLD	sBPR GOLD	sBPR GOLD	sBPR GOLD	sBPR GOLD	sBPR GOLD	**Gold Award** consistently upheld since 2020
DAX	ESG Index		DAX® 50 ESG	DAX® 50 ESG	DAX® 50 ESG	DAX® 50 ESG	DAX® 50 ESG	DAX® 50 ESG	Member since the index was started

Decarbonization as business opportunity

Decarbonization continues to be established as a core business model, building upon its foundational framework

Phase 1
"Laying the foundation"

- Development and establishment of the CO_2 reduction pathway up to 2045
- Identification of ESG measures to support the energy transition
- Affordable housing at the core of the business model
- Improvement in our rating performance and integration of ESG goals into the remuneration system

Phase 2
"Decarbonization as business opportunity"

- Development of new measures to reduce CO_2 in order to achieve our own climate ambitions, thereby focusing on emissions efficiency
- Guarantee and focus on financially viable reduction measures
- Establishing financially advantageous upside potential for the corporate ventures companies in LEG's portfolio, and in third-party portfolios
- Greater focus on affordable housing
- Compliance with LEG's high governance standards

Phase 3
"Achieve climate milestone 2030"

- Established, efficient and rapid implementation of the developed measures catalogue while ensuring effectiveness
- International competitor in decarbonization solutions for the real estate sector
- Affordable housing as a core LEG element to address societal challenges
- Governance as a key pillar, adapted continually to regulatory requirements

2024 — 2028 — 2030



3 General regulatory conditions

Carknot Architect – stock.adobe.com

Regulatory challenges facing the real estate industry

Update

Die Bundesregierung

Bundesministerium für Wirtschaft und Klimaschutz | Bundesministerium für Wohnen, Stadtentwicklung und Bauwesen

KSG
Federal Climate Action Act



CO_2 cost sharing
Carbon Dioxide Cost Sharing Act

LkSG
Act on Corporate Due Diligence Obligations in Supply Chains

WPG
Heat Planning Act

GEG
Building Energy Act

BEG
Federal Funding for Efficient Buildings

2021 | 2022 | 2023 | 2024 | 2025 | 2026





EU Taxonomy

EU Emissions Trading System
Resolution on reform

ESR

CSRD
EU Directive on corporate sustainability reporting

EPBD
EU Energy Performance of Buildings Directive

Omnibus I
Postponement of the CSRD application requirement for certain companies
(< 1,000 employees)

R

Paris Climate Accords 2015
- Limit global warming to <2 °C, preferably 1.5 °C

Federal Climate Action Act 2020/2021; 2024
- Climate change mitigation plan for 2045 as "Roadmap for a climate-neutral property portfolio"
- Introduction of CO_2 levy in 2021
- Shift away from sector targets for GHG reductions to an overall cross-sector approach

Carbon Dioxide Allocation Act 2023
- Landlord's contribution to the costs of CO_2 pricing

EU Commission's Fit for 55 package
- Introduction of separate emissions trading system for buildings and road transport from 2027
- Reduction target of **43 %** by 2030 (against 2005 figures)

Heat Planning Act and Building Modernisation Act (GModG)
- The planned GModG is expected to come into force on 1 July 2026 and replace the GEG
- The interaction between the WPG and the GModG is therefore also to be adjusted

Federal Funding for Efficient Buildings (BEG)
- Subsidies for heating replacement and building refurbishment

German and EU climate targets determine the regulatory framework for climate change mitigation

LEG

01

Focus on the next slides

EU climate targets
(European Green Deal, Fit for 55)

CO_2 ↓

– **55 %**
By 2030
CO_2 reduction

NET ZERO

By 2050
Climate neutrality

EPBD, EU ETS, CSRD, EU taxonomy

02

German climate targets
(Climate Change Act)

CO_2 ↓

– **65 %**
By 2030
CO_2 reduction

NET ZERO

By 2045
Climate neutrality

KSG, WPG, GEG, BEG among others

EU Taxonomy I Climate Delegated Act

Classification system for ecologically sustainable economic activities

Update

LEG

Classifications

- With the EU Taxonomy regulation, the EU has created a general framework to support the gradual development of an EU-wide classification system for ecologically sustainable economic activities
- EU Taxonomy aims to steer investments in sustainable projects and activities to achieve the EU's climate objectives
- Until now, large, capital market-oriented companies which are subject to NFRD have been required to report accordingly

Requirements for residential sector

Environmental objectives to classify sustainable economic activities

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Prevention and reduction of environmental pollution
6. Protection and restoration of biodiversity and ecosystems

- Under the EU Taxonomy, ecologically sustainable revenue, Capex and Opex must be disclosed where they contribute to the six EU environmental goals.
- The following components are needed to implement these requirements:
  - Evaluation of the ecological sustainability of activities
  - Transfer of the sustainability evaluation to a key figure system

What this means for LEG

- LEG has been reporting on sustainable economic activities in line with the EU Taxonomy Regulation since 2022
- For 2025, the following taxonomy-aligned shares of our business activities can be reported:
  - Revenue 22.25 %
  - Capex 30.84 %
  - Opex 14.60 %

R 01

EU ETS II – EU Emission Trading System II

Separate European emissions trading system for buildings and road transport

Update

LEG

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01

Classifications

- EU ETS II for buildings and road transport is aimed at consumers and suppliers of fossil energies in this area and adds to the EU ETS I sectors

75 % of total emissions in the EU are thus covered

- Contributes to the EU's overarching goals in pursuit of the following target:

43% cut emissions by 2030 compared to 2005

- Gradual introduction from 2025, applicable from 2027; introduction will be delayed to 2028 if energy prices are higher than expected. On November 5, 2025, the EU environment ministers decided to postpone the deadline.

Requirements for residential sector

- EU ETS is an EU instrument designed to reduce GHG emissions. It obliges companies to acquire or trade emission rights (certificates) with a view to controlling and reducing their CO_2 emissions within the emissions trading system
- The upstream approach applies a price to the distribution of motor and combustion fuels. Prices are determined freely by the market.
- The structure has yet to be transferred into German law and merged with the existing emissions trading system

What this means for LEG

- LEG is expected to be covered by EU ETS II from 2028 onwards
- Since LEG operates a biomass power plant alongside its core business, EU ETS II will have a positive impact on emissions reductions thanks to the power plant

https://www.consilium.europa.eu/de/press/press-releases/2022/11/08/fit-for-55-eu-strengthens-emission-reduction-targets-for-member-states/ | https://www.consilium.europa.eu/de/policies/green-deal/fit-for-55/ / | pdf (europa.eu) | Übersicht über die Vorschläge zu den EU-Zielvorgaben (oeko.de | LU_BTR1_Report_2025-07-15.pdf Emissionshandel: Start des ETS 2 für den Verkehrs- und Gebäudesektor auf 2028 (wahrscheinlich) verschoben - IHK Karlsruhe

ESR I Effort Sharing Regulation

Revised version of the Effort Sharing Regulation

LEG

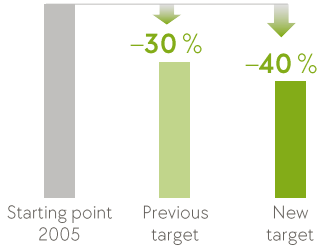
Classifications

- Contribution to the EU's overarching goal of reducing CO_2 emissions by 55 % by 2030 as part of Fit for 55
- ESR revised for this reason (approved 2023)
- Increase in the mandatory **targets** determined for member states in the **sectors not** subject to the existing **EU ETS**
- **Sectors concerned** (~60 % of the emissions in the EU)
  - Road transport and domestic maritime shipping
  - Buildings
  - Agriculture
  - Waste
  - Small industrial firms

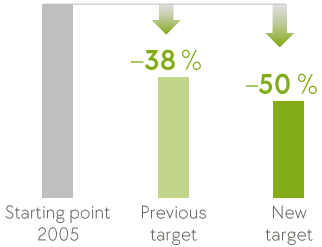
Requirements for residential sector

EU target 2030

CO_2 emissions



Target for Germany 2030



- Raising of the EU-wide overall target: from 30 % to 40 % reduction in CO_2 by 2030 compared to 2005
- Raising of target figures for Germany: **50** % compared to 38 % previously (based on initial level in 2005)
- The housing industry is among the sectors subject to the ESR

What this means for LEG

- ESR requirements apply to Germany as a member state of the EU
- LEG's climate change mitigation strategy outlines the relevant contribution to the ESR through the defined science-based climate targets
- Measures to achieve the climate objective also take account of ESR requirements

R 01

https://www.consilium.europa.eu/en/press/press-releases/2022/11/08/fit-for-55-eu-strengthens-emission-reduction-targets-for-member-states/ I https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55/ / I pdf (europa.eu) I Overview of proposals for the EU targets (oeko.de)

CSRD I Corporate Sustainability Reporting Directive

Uniform EU report standard for sustainability reporting

Update

LEG

Classifications

- Transparency: companies need to publish comparable, detailed and reliable sustainability information
- The obligation to report depends on various factors (previous obligation, number of employees, key financial figures and capital market orientation)
- Report as per European Sustainability Reporting Standards (ESRS): general standards

ESRS 1 | ESRS 2

- Topic-specific standards are reported according to the results of the materiality analysis

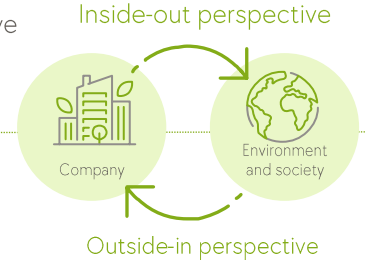
Requirements for residential sector

Materiality assessment according to the principle of double materiality forms the basis of reporting

Impact of materiality: company's actual/potential positive and negative impact on sustainability matters

Financial materiality: opportunities and risks of sustainability topics with regard to the company's financial standing

Cross-sectoral topic standards depending on result of the materiality analysis



Environment: ESRS E1 to E5

Social: ESRS S1 to S4

Governance: ESRS G1

What this means for LEG

- Companies which are currently required to produce reports as per the Non-financial Reporting Directive (NFRD) must have applied the standards for the first time in the reporting year 2024; the CSRD-UmsG was not approved on time
- LEG provides voluntarily a full report for the 2025 reporting year during 2026 in line with the CSRD
- The standards E1 (climate change), S1 (own workforce), S4 (end users) and G1 (business conduct) are relevant to LEG

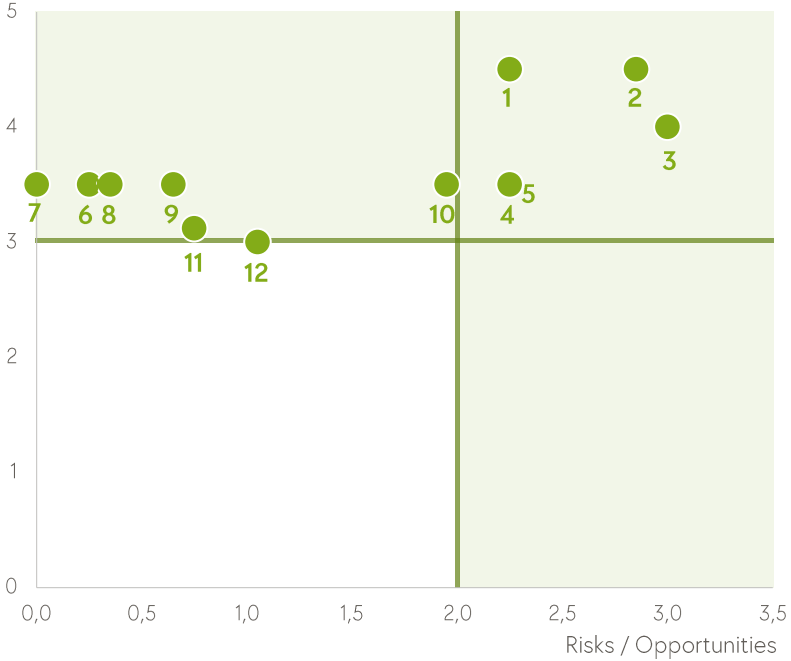
R 01

https://www.consilium.europa.eu/en/press/press-releases/2022/11/08/fit-for-55-eu-strengthens-emission-reduction-targets-for-member-states/ I https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55/ / I pdf (europa.eu) I Overview of proposals for the EU targets (oeko.de

CSRD I Results of the materiality analysis

12 ESRS topics are classified as significant for LEG

Materiality Assessment



No	ESRS topic	ESRS sub-topic
1	Climate change	Energy
2	Climate change	Climate change mitigation
3	Own workforce	Working conditions
4	Own workforce	Equal treatment and opportunities for all
5	Business conduct	Bribery and corruption
6	Responsible business practices	Responsible neighbourhood development
7	Own workforce	Other work-related rights
8	Business conduct	Corporate culture
9	Consumers and end-users	Social inclusion of consumers and/or end-users
10	Business conduct	Protection of whistleblowers
11	Climate change	Climate change adaptation
12	Consumers and end-users	Information-related effects on consumers and/or end users

EPBD I Energy Performance of Buildings Directive

Amendment of the Energy Performance of Buildings Directive

Update

LEG

R

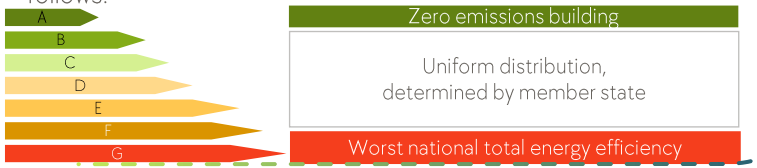
01

Classifications

- The revised European Directive directly contributes to the target of a fully decarbonised building stock by 2050 as part of the Green Deal by aiming to increase the EU's refurbishment rate
- Transposition into national law must be completed by 28.05.2026 (GEG and WPG already serve as the basis at national level)
- The new Building Modernization Act is expected to implement the requirements of the EPBD 1:1.
- National building energy efficiency classes should be harmonized by 2029.
- No draft version is known to date.

Requirements for residential sector

- National building refurbishment plan: Primary energy consumption (kWh/m²*a) in residential buildings must be reduced
  - by 16 % by 2030 and
  - by 20-22 % by 2035 in comparison with 2020 figures
- At least 55 % of the reduction in the average primary energy consumption of residential buildings must be achieved through the refurbishment of 43 % of residential buildings with the worst energy efficiency
- New energy performance certificates as per EPBD specifications from 29.05.2026; certificates valid for 10 years; classification as follows:



What this means for LEG

- The specific effect on LEG depends on how it is implemented into national law
- Besides CO_2 emissions, LEG's climate change mitigation strategy takes account of primary energy consumption
- Likewise, measures to achieve the climate objective also take EPBD requirements into consideration
- Primary energy consumption in residential buildings reduced by 16% compared to 2020 (from 152.5 kWh/m²*a to 128 kWh/m²*a).

https://www.roedl.de/themen/fokus-immobilien/2024/februar/gebaeudeenergieeffizienzrichtlinie

German and EU climate targets determine the regulatory framework for climate change mitigation

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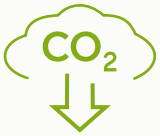
EU climate targets
(European Green Deal, Fit for 55)



– **55 %**
By 2030
CO_2 reduction



By 2050
Climate neutrality

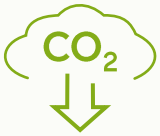
EPBD, EU ETS, CSRD, EU taxonomy

02

Focus on the next slides



German climate targets
(Climate Change Act)



–65 %
By 2030
CO_2 reduction



By 2045
Climate neutrality

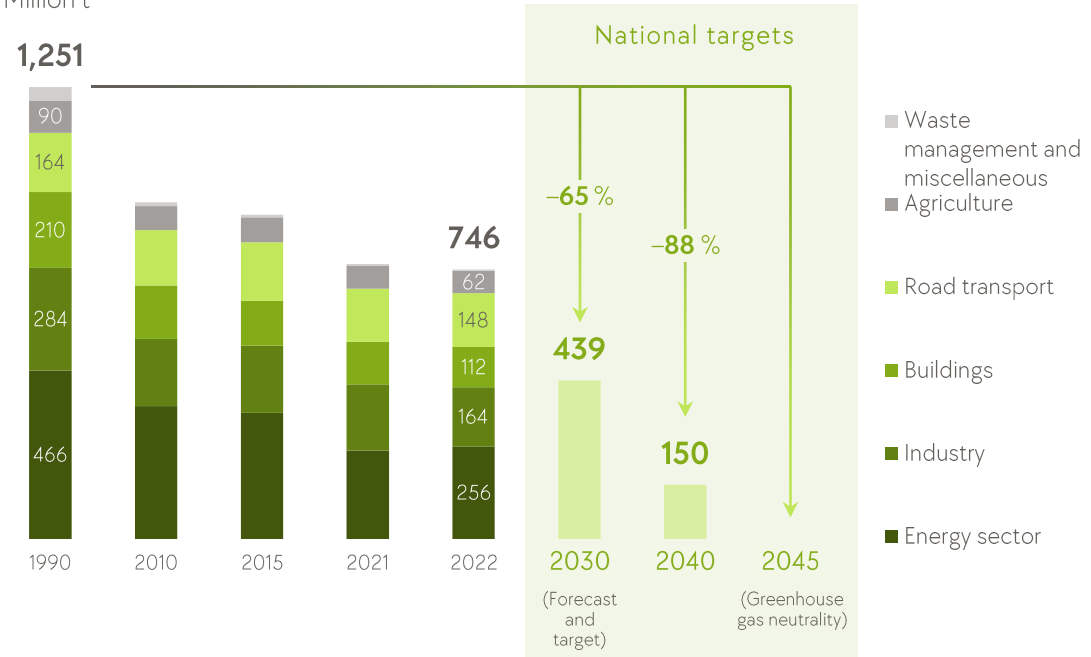
KSG, WPG, GEG, BEG among others

KSG I Federal Climate Change Act

Implementation of the German targets and climate neutrality by 2045 as key element of national climate policy

CO_2 emissions in Germany by share for each sector

Million t



- The real estate sector accounts for **30 %** of emissions in Germany (2023)
- The Climate Change Act requires a reduction in CO_2 emissions to **65 %** by 2030 and climate neutrality by 2045, compared to 1990 figures
- Germany is on track to reach its 2030 climate targets for the first time
  - The real estate sector will fall short of its 2030 target by **32** million tonnes
- 2024 reform of the German KSG: sector-specific emissions reduction targets replaced with a cross-sectoral approach
  - Focus on overall German emissions target
  - Additional climate change mitigation measures will be introduced if the target is not met

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Source: Umweltbundesamt, dena, BMWK (2024)

nEHS I National emissions trading system

CO_2 pricing in Germany

Update

LEG

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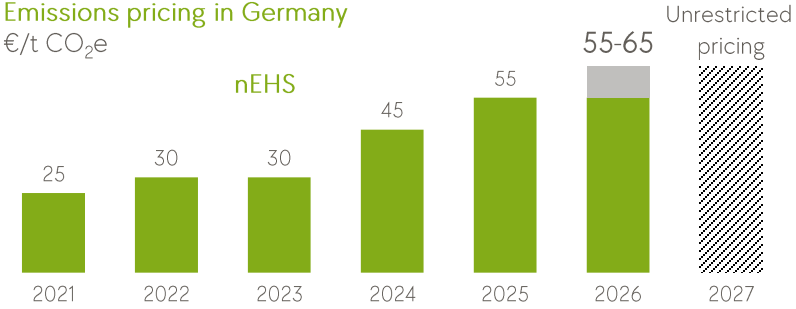
02

Classifications

- Instrument for Fit for 55 since 2021; covers more sectors than EU ETS I, including agriculture, forestry, buildings and road traffic
- Price for all uses of motor and combustion fuels
- Revenue use:
  - average annual revenue: € 10.99 billion
  - Co-financing for elimination of the EEG surcharge, serial refurbishment, heating infrastructure decarbonisation, energy efficiency consulting, etc.

Requirements for residential sector

Emissions pricing in Germany
€/t CO_2e



- Upstream approach: applies a CO_2 price to the distribution of motor and combustion fuels (final use stage)
- Since 2021: classification of tenant heating costs as the distribution of motor and combustion fuels
- Since 2023: CO_2KostAufG - Cost sharing between landlord and tenants based on CO_2 emissions
- Since 2024: "3-in-1 monitoring plan" with three sub-applications – EU ETS I and EU ETS II monitoring plans are based on the nEHS monitoring plan to avoid multiple data entry

What this means for LEG

- LEG is directly affected by implementation of CO_2KostAufG 2023
- From 2028 onwards, the transition will depend on the implementation of EU ETS II (cap and trade system)
- LEG takes account of the CO_2 price during planning: CO_2 reduction measures make a significant contribution to cost savings on the CO_2 price

DEHSt: https://www.dehst.de/DE/Nationaler-Emissionshandel/nEHS-verstehen/nehs-verstehen_node.html DEHSt - Homepage - Anpassung des nEHS-Überwachungsplans bei Inverkehrbringen von Biomethan, Bio-LNG oder synthetischem Methan
Leitfaden zum Anwendungsbereicht sowie zur Überwachung und Berichterstattung von CO2-Emissionen - Nationales Emissionshandelssystem 2023 bis 2030

CO_2KostAufG I CO_2 Cost Sharing Act

Cost sharing between landlord and tenants

Update

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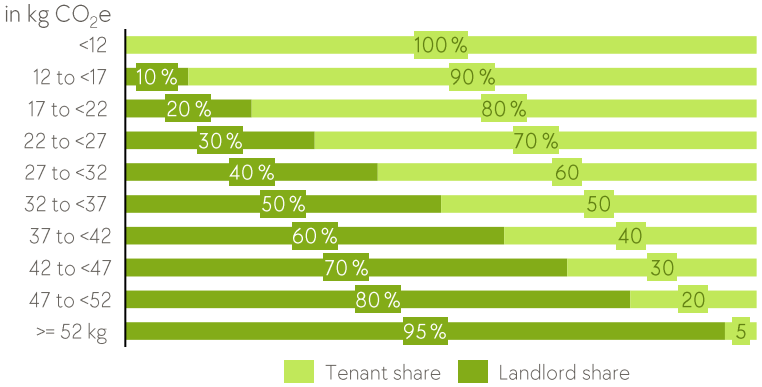
Classifications

- Purpose of the CO_2KostAufG: a building's users should be encouraged to adopt energy-efficient behaviour and building owners to invest in climate-friendly heating systems and energetic refurbishments
- 10-step system to calculate a building's CO_2 emissions per square metre and year, with cost sharing between the landlord and tenants
- Law in force since 2023

Requirements for residential sector

Share depends on the CO_2 emissions per square metre of habitable space and year



All landlords are subject to this

What this means for LEG

- Already applied and taken into account during settlements
- LEG's CO_2 costs amounted about €2,36m in 2023 and €2,37m in 2024
- LEG's climate change mitigation strategy takes account of the cost savings due to CO_2 reduction measures

R

02

WPG I Heat Planning Act

Part of the national decarbonisation strategy

Update

LEG

Classifications

- Objective: decarbonisation of pipeline-based heat supply through district heating networks as an important pillar in (cost-)efficient, GHG-neutral heat supply
- Identification and designation of district heating areas and areas for decentralised heat supply based on inventory and potential analyses
- Principle of technology neutrality: H_2 can also be classified as suitable for sub-areas
- The law came into force on 01.01.2024

Requirements for residential sector

- The housing industry is significantly influenced by the outcomes of municipal heating planning
- Mandatory requirements for heat planning for the federal states
  - Areas with 100,000 inhabitants or more: HPs by 30.06.2026
  - All other municipalities: HPs by 30.06.2028; simplified process for smaller municipalities[1]

Decarbonisation in district heating networks:

- 30 % Renewable energies or unavoidable waste heat by 2030
- 80 % By 2040
- 100 % By 2045

- District heating network operators must submit a transformation and district heating network plan by 31.12.2026
- An amendment to the Heat Planning Act is planned for 2026
  - Simplification of municipal heat planning for municipalities with fewer than 15,000 inhabitants
  - No link to GEG/GModG

What this means for LEG

- Impacts of municipal heating planning on LEG
- Greater collaboration with municipalities and energy suppliers is required for municipal heating planning
- Dependence on the energy supplier for decarbonization in heating networks (regarding Scope 2 emissions)

R

02

1: Fewer than 10,000 inhabitants I https://www.bmwsb.bund.de/SharedDocs/gesetzgebungsverfahren/Webs/BMWSB/DE/Waermeplanung.html; https://www.bmwsb.bund.de/SharedDocs/gesetzgebungsverfahren/Webs/BMWSB/DE/kommunale-waermeplanung.html;jsessionid=844E177A422B4CC9761A9D127A939219.1_cid350

GEG I Building Energy Act
Amendent 2024

LEG

Classifications

- Purpose of the amendment to the Buildings Energy Act: gradual switch from fossil fuels to renewable energy sources for heating and hot water generation as a contribution to the Climate Change Act
- **Climate neutral:** only renewable energies will be used to heat all buildings by 2045; GEG makes the switch mandatory
- **65 %**: from 2024, every new heating system must be operated with 65 % renewable energy

Requirements for residential sector

- The obligations specified in the GEG only apply to the installation of new heating systems; existing heating systems can still be operated and defective heating systems can be repaired
- In the event of a heating system failure, there are temporary solutions and multi-year transition periods
- The provision intended to achieve the 65 % target is technology-neutral:

Heating network connection	HPs, also AAHPs	Direct electric heating	Hybrid heating	Solar thermal heating	Wood & pellet stoves
				H_2-ready Gas heating	Biomass heating

Other obligations

- Section 60c: mandatory hydraulic balancing when installing water-based heating systems
- Section 71a: from 01.01.2025, an energy consumption and efficiency indicator that identifies inefficient operation

What this means for LEG

- LEG is directly affected by GEG; depends directly on heat planning
- LEG's climate change mitigation strategy reveals the relevant contribution of its measures to the ESR
- In particular, heating system replacements, district heating connections and the use of air-to-air heat pumps in connection with the dekarbo° corporate ventures (emission-efficient heat supply) contribute directly to satisfying GEG requirements

R
02

https://www.bundesregierung.de/breg-en/news/new-building-energy-act-2185010

GModG I Building Modernisation Act

Amendent 2026[1]

Update

LEG

Classifications

- The current GEG will be replaced by a new Building Modernization Act (scheduled to come into force on July 1, 2026)
- The goal remains climate neutrality by 2045, but with modified obligations and greater openness to technology
- Planned abolition of the previous 65% renewable energy rule for new heating systems (GEG §71-71p, §72)
- The requirements of the EPBD are to be implemented 1:1 with the GModG, and possible leeway is to be exploited

Requirements for residential sector

- The installation of gas and oil heating systems remains possible
- Technology-neutral heating catalog
- Instead of the 65% rule, introduction of a "bio staircase"/green gas quota for fossil fuel heating systems
  - From January 1, 2029, minimum share of climate-friendly fuels of at least 10%, gradual increase until 2040

Other changes:

- Elimination of the heat planning act for small municipalities (< 15,000 inhabitants)
- BEG funding for efficient heating systems remains secured until at least 2029

What this means for LEG

- LEG is directly affected by GModG; depends directly on heat planning
- LEG's climate protection strategy clearly shows the contribution these measures make to climate neutrality
- Cost-efficient heating solutions remain viable and funding for decarbonization innovations to be continued

1 In Planning
https://oekozentrum.nrw/aktuelles/detail/news/update-zum-gebaeudeenergiegesetz/ zum Gebäudeenergiegesetz : Öko-Zentrum NRW

BEG I Federal Funding for Efficient Buildings

Consolidation of previous funding programmes

Programmes	BEG energy efficient building (BEG WG)	Individual BEG measures (BEG EM)
Eligible measures	▪ Efficiency House 40, 40 EE/NH ▪ Efficiency House 55, 55 EE/NH ▪ Efficiency House 70, 70 EE/NH ▪ Efficiency House 85, 85 EE/NH ▪ Efficiency House heritage-protected, heritage-protected EE/NH ▪ Planning	▪ Building envelope (including heat insulation, windows, entrance doors) ▪ Systems engineering, except heating ▪ Digital systems (Efficiency Smart Home) ▪ Heating technology ▪ Heating optimisation ▪ Planning
Max. amount eligible for subsidy[1]	€ **120,000** – € **150,000** Planning: € **4,000** (max. € **40,000** for each building)	€ **30,000** (for 1st housing unit), € **15,000** (for the 2nd to 6th housing units), € **8,000** (from 7th housing unit onwards) Planning: € **2,000** **(max. € 20,000 per building)**
Funding rate[1 2]	**5** % – **20** %, **+5** % for EE or NH, **+10** % for WPB, **+15** % for serial energetic refurbishment (serial refurbishment in combination with WBP is limited to **20** %); planning: **50** %	**15** % – **30** %, **+5** % Efficiency bonus for heat pumps Planning: **50** %
Type of subsidy	Interest-subsidised loan with repayment grant	Direct grant
Usage at LEG	✓	✓

1 For each residential unit 2 In relation to the eligible amount

4 External challenges



Farmor Architect – stock.adobe.com

External challenges facing the housing industry have an impact on the sustainability strategy

1

Regulations and legislation

Increasing requirements due to legislation-specific changes at EU and national level

2

Macroeconomic changes

Higher interest rates and energy costs pose additional challenges to the property industry

3

Capital market and investor interest

ESG has become standard in the finance sector

Shifts in interests due to political developments

Affordable housing

Climate neutral portfolio



Sustainability Agenda 2030

1 Regulation requirements have risen at both European and national level over recent years



EU climate targets
(European Green Deal, Fit for 55)

EU Emissions Trading System II
Separate system for buildings and road transport

EU Taxonomy
Classification of sustainable economic activities

CSRD
EU Directive on corporate sustainability reporting

ESR
Effort Sharing Regulation

EPBD
EU Energy Performance of Buildings Directive

German climate targets
(Climate Change Act)

Die Bundesregierung

Bundesministerium für Wirtschaft und Klimaschutz | Bundesministerium für Wohnen, Stadtentwicklung und Bauwesen

KSG
Federal Climate Action Act

CO_2KostAufG
Carbon Dioxide Allocation Act

LkSG
Act on Corporate Due Diligence Obligations in Supply Chains

GEG
Building Energy Act (soon Building Modernization Act)

nEHS
National emissions trading system CO_2 pricing in Germany

BEG
Federal Funding for Efficient Buildings

WPG
Heat Planning Act

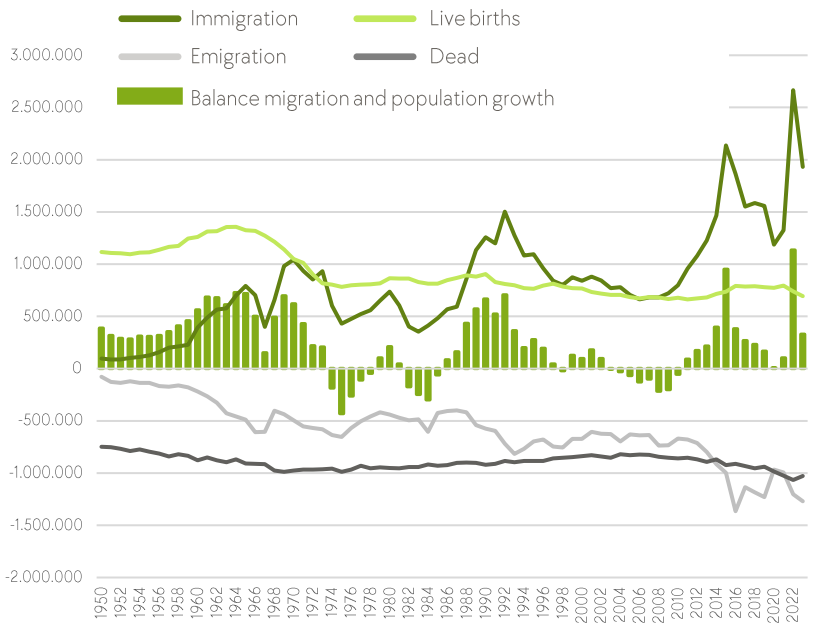
2 Affordable housing continues to be in high demand due to high immigration levels and rising prices

Update

LEG



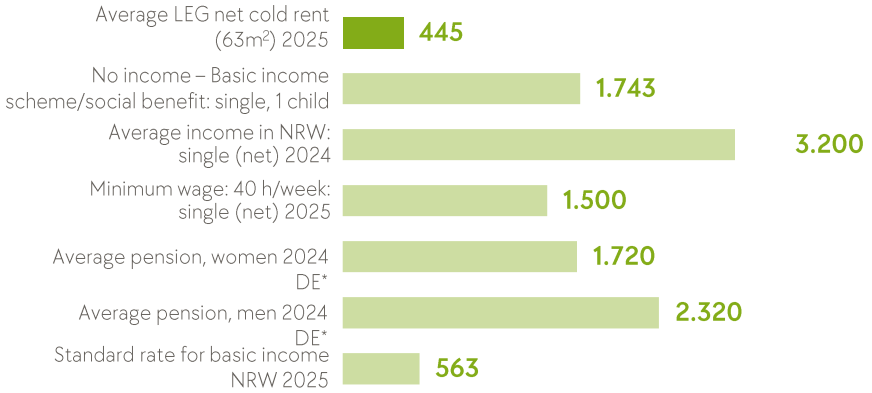
Demographic movements in Germany



GdW 2024, Hans-Böckler-Stiftung 2024
https://www.destatis.de/EN/Themes/Society-Environment/Population/Births/Tables/lrbev04.html#242410

LEG rents vs. revenue

(examples)
in €



There is a shortage of **1.9** million affordable housing units in Germany's major cities

Of these, there is a shortage of **1.4** million affordable apartments <45m² for 1-person households

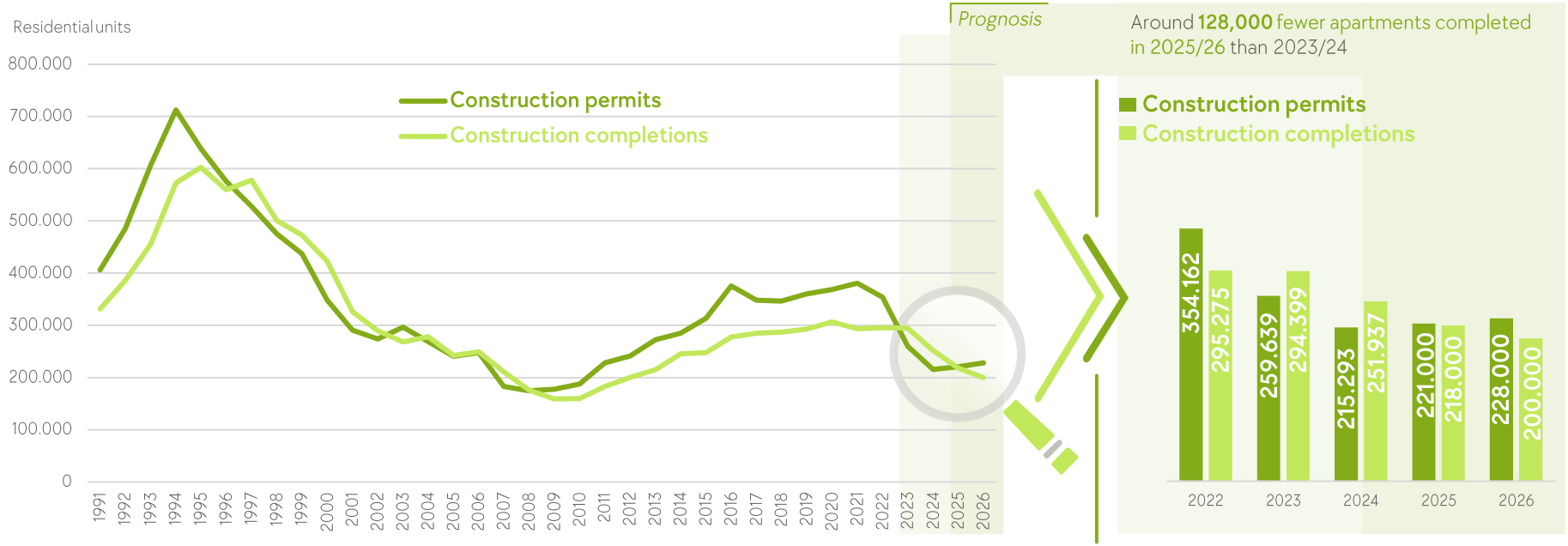
*average gross pension: Jede fünfte Person im Ruhestand hat maximal 1.400 Euro netto pro Monat zur Verfügung - Statistisches Bundesamt https://www.dgb.de/themen/++co++ef171378-cbfb-11ea-af64-001a4a160123),
Calculation of needs for single parent, 4-year-old child Leistungen und Bedarfe im Bürgergeld – BMAS
income NRW: NRW: 2024 verdienten Vollzeitbeschäftigte 62.119 Euro brutto | Landesbetrieb IT.NRW
Housing shortage: Wohnungsnot in Deutschland - Zahlen, Fakten, Studien - Hans-Böckler-Stiftung

Update

2 A challenging financing environment and high construction costs are resulting in cancellations and a marked drop in construction investments

Construction permits vs. construction completions





Source: Federal Statistical Office, construction statistics up to March 2025, in GDW (2025) "Fast Lane" für den Wohnungsbau
Estimations 2025 and 2026: GDW (2025): "Fast Lane" für den Wohnungsbau

3 Capital market requirements and investor interests

Update



EU's Green Deal and climate policy
Transformation on the capital and finance market

Greater demand for sustainable finance products coinciding with continued uncertainty regarding regulatory standards

- Distinction between instrument level and company level (sustainable financial instrument vs. company ESG rating)
- Uncertainty regarding the choice of regulatory standards on sustainable finance instruments (EU Green Bond standards vs. ICMA Principles)

ESG requirements for banks as borrowed capital lenders

- Significant increase in ESG requirements for portfolio financing in relation to the ESG pathway for buildings using metrics such as ESG-linked targets
- ESG criteria as go/no-go criterion in loan decision-making

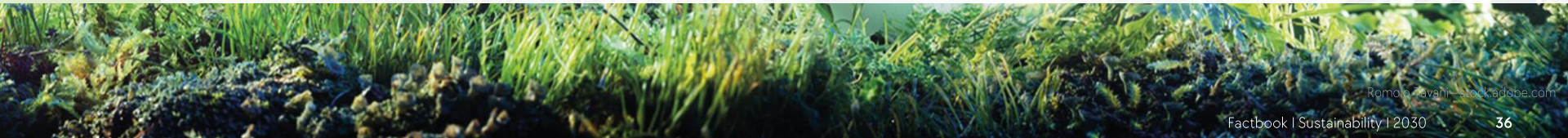
Inverstors' expectations

- ESG factors have an impact on long-term performance; shift in interest due to geopolitical situation
- Preparation for future topics
- Integration of ESG performance in investment decision-making

While ESG is increasingly becoming the standard, interest is changing due to the political situation



E Environment



Romolo Tavani – stock.adobe.com

Five key action areas of the sustainability strategy

Focus on proactive CO_2 reduction and positioning as a decarbonization solutions provider

LEG

E

01



Data management

Automation of the carbon balance to calculate actual consumption

Reporting on CO_2 savings for each measure

Use of tools to control measurement investment and ensure financing viability

02



Climate objectives

LEG's climate targets are scientifically based and validated by the Science Based Targets initiative

Statement of the LEG Decarbonisation Pathway up to 2045

Publication of annual Scope 1 and 2 emissions in the carbon balance and the pathway

03



Measures to reduce CO_2

Extension of measures to reduce CO_2 in the clusters focusing on emissions efficiency

- Emission-efficient heat supply
- Reduced energy requirements
- Energetic refurbishment

04



Innovations/corporate ventures

Pilot and implement climate change mitigation to reduce CO_2, reduce costs or increase profit

Identify business models in the field of transformation and exploit opportunities

Additional source of income based on decarbonization business models

05



Reporting and ratings

Sustainability report as per CSRD specifications

Report on physical and transitory sustainability risks

Participation in ESG ratings and improvement in ESG performance

Optimised data management

Data management as key basis for setting goals and planning measures

Tools to control investment in measures

Use of tools to ensure financing viability

REVIEW – STATUS QUO

Carbon balance

- Calculation of **Scope 1 and 2 emissions** for the entire company and consideration of the **successful reductions** in the decarbonisation pathway
- **Actual consumption levels** as the basis of the carbon balance
- **Automation** of the carbon balance to optimise data management

OUTLOOK – PLANNING

CO_2 reporting

- Planning of necessary **CO_2 savings** per **reduction measure** and year
- Consideration of the **investment costs** and the **effectiveness of measures**
- Quarterly internal reporting

The CO_2 reduction pathway reflects all of LEG's Scope 1 and 2 emissions according to the carbon balance framework

Update

LEG

As per GHG Protocol and form of the IW.2050

	Scope 1 Direct CO_2 emissions in the company (on site)	Scope 2 Indirect CO_2 emissions (elsewhere)
Housing portfolio	▪ Heating and hot water generation, e.g. gas boilers ▪ *Refrigerant*	▪ Heating and hot water generation, e.g. district heating, electric-powered heat pumps ▪ Electricity for communal spaces e.g. lighting
Commercial portfolio	▪ Heating and hot water generation (e.g. gas boilers) ▪ *Refrigerant*	▪ Heating and hot water generation, e.g. district heating, electric-powered heat pumps ▪ Electricity for communal spaces, e.g. lighting
Administration buildings	▪ Heating and hot water generation (e.g. gas boilers) ▪ *Refrigerant* ▪ Vehicle fleet (combustion engines)	▪ Heating and hot water generation, e.g. district heating, electric-powered heat pumps ▪ Any electricity consumption ▪ Vehicle fleet (electric vehicles)
LEG emissions in 2025[1]	Scope 1: **204,368** t CO_2e	Scope 2: **67,246** t CO_2e (market-based)

Scope 1 + 2 emissions: **271,614** t CO_2e

1 Projection for actual emissions based on 2024 figures without climate adjustment; the reduction pathway shows emissions with climate adjustments, relative to the living space.

Share of renewable energy and distribution in Germany 2024

Biomass with significant contribution

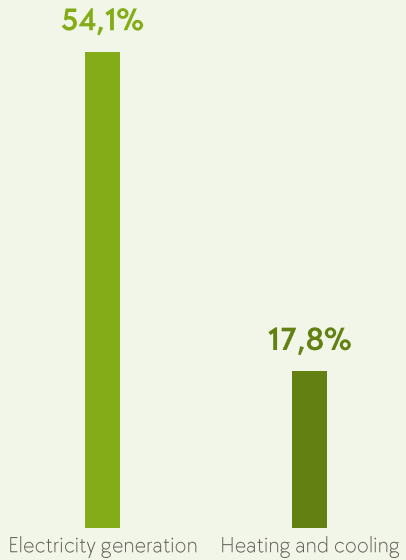
Update

LEG

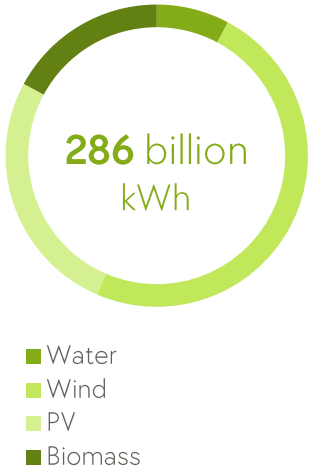
E

01

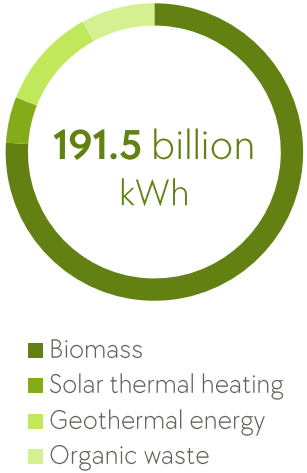
Share of renewable energy in Germany



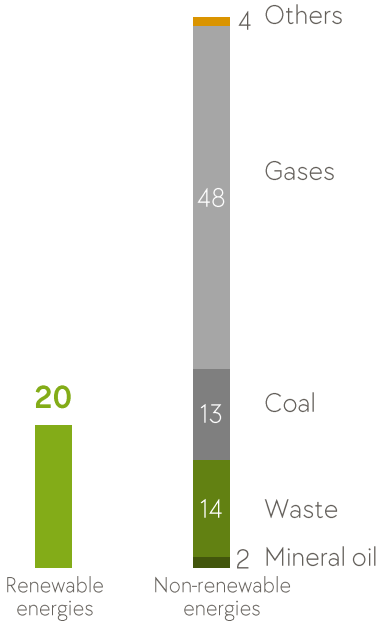
Share of renewable energy in electricity generation



Share of renewable energy in heating and cooling



Distribution of district heating in Germany



Source: Umweltbundesamt (2024)

Factsheet I Carbon balance 2025

28.1 CO_2e kg/m² market-based and climate-adjusted

Update

LEG

E

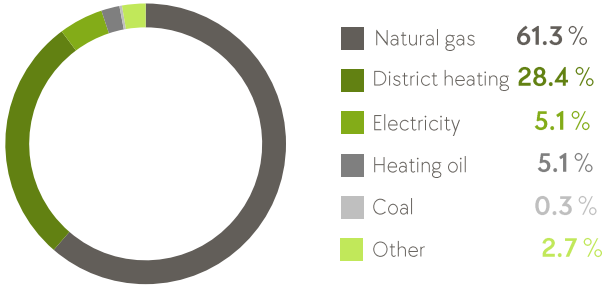
01

Carbon balance

- Bottom-up approach
- BAFA factors and GHG Protocol
- Scope 1 and Scope 2
- **28.1** CO_2e kg/m² company footprint

Scope 1 & 2 energy consumption by energy source

(100 % of portfolio & administrative buildings)



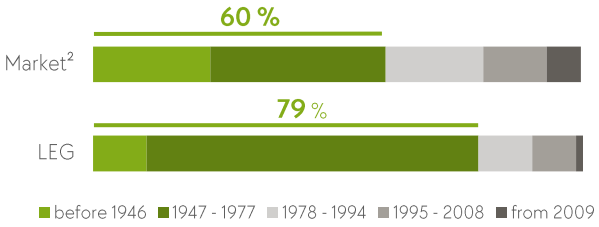
- Current consumption data 2024 (**58** % Actual data, **38** % Energy performance certificates, **4** % estimations)
- Projections 2025
- Limited assurance by Deloitte

Our origins

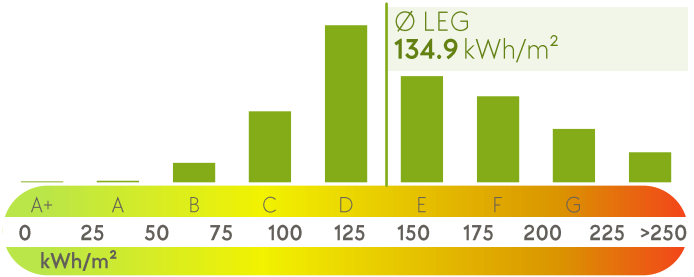
Energy intensity and carbon intensity in the company & portfolios are rooted in our DNA and the history of LEG:

- Affordable housing in post-war Germany

LEG portfolio by construction year vs. LEG market



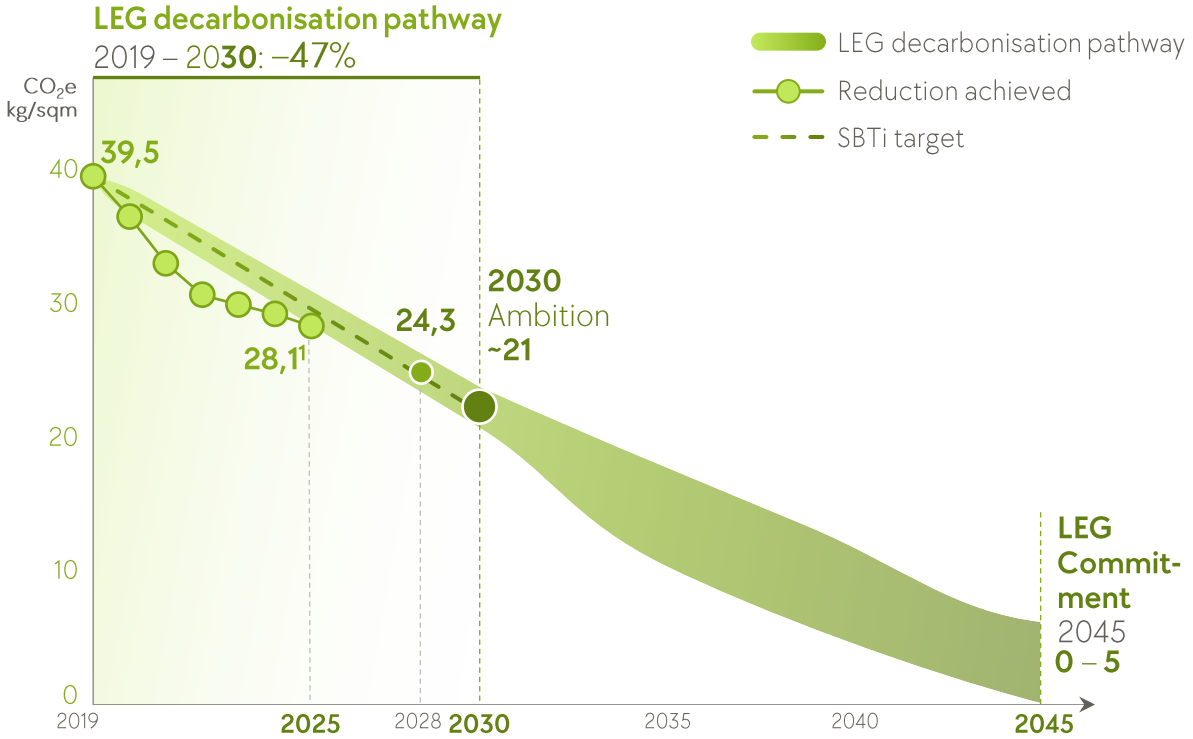
Distribution by energy efficiency classes at LEG



1 2: Source: Dena, 2024, LEG. Market based on federal states in which LEG operates.

LEG's climate objectives

~47 % of Scope 1 and 2 emissions to be reduced by 2030



1: Extrapolation 2025, market-based (climate-adjusted).

LEG decarbonisation pathway

- 47 % of Scope 1 and 2 emissions will be reduced by 2030 compared to the base year 2019 (Science Based Target)
- LEG will thus achieve ~21 CO_2e kg/sqm on its 2030 pathway
- We are striving to become almost greenhouse gas-neutral by 2045

Update 2025

- LEG has successfully reduced its carbon emissions through targeted measures over the last few years
- Update on emission factors according to the Carnot allocation method
- CO_2 reduction in 2025 by 3 % to 28.1 kg/sqm.

E

02

Identification of measures

When identifying measures, LEG places greater emphasis on emission and cost efficiency

Energy efficiency
as the driver to date

- Energy efficiency as the key driver in regulation changes and legislation
- Growing requirements regarding energy efficiency no longer financially feasible
- Existing CO_2 emissions are only given secondary consideration from an energy efficiency standpoint
- Energy-efficient modernisation regarded as an essential decarbonisation option in the property industry

Emissions efficiency
with higher future value

- Carbon reduction should take priority in climate protection as it concerns the actual CO_2 saving achieved, not the CO_2 saving projected through energy efficiency measures
- Significant carbon reduction is not achievable through energy efficiency measures
- Measures such as energy source transformation paired with renewable energy are more effective and more cost-efficient
- Energy-efficient modernisation is just one possible measure on the pathway to decarbonisation due to the challenging financing viability



From home to neighbourhood

LEG pursues an integral sustainability strategy with a focus on innovations

Update

LEG

1 Emission-efficient heat supply

50 – 55 %[1]

LEG biomass power plant
Wood waste combustion

dekarbo° heat pumps
heat pumps for CO_2-reduced heating

District heating network
Space heating and hot water heating

Heating replacement
Replacement of conventional heaters

Expansion of PV systems
Installation of PV Systems



2 Reduced energy requirements

30 – 35 %[1]

termios AI-based thermostats
Reduce energy consumption and perform hydraulic balancing

Nudging
Measures to change customer behaviour

3 Energetic refurbishment

10 – 15 %[1]

RENOWATE Serial refurbishment
All-inclusive energy efficiency solution comprising refurbishment of building envelope, heating and roof

Conventional refurbishment
Building envelope modernisation

Pilot projects

Innovations
e.g. sector coupling, heating technology, refurbishment approaches

1: Contribution to overall CO_2 reduction by 2030

CO_2 saving thanks to emission-efficient heat supply

LEG pursues an integral sustainability strategy with a focus on innovations

From home to neighbourhood



1
50 – 55 %

CO_2 saving thanks to
emission-efficient heat supply

2
30 – 35 %

CO_2 saving thanks to
reduced energy requirements

3
10 – 15 %

CO_2 saving thanks to
energetic refurbishment

Based on CO_2 reporting FC III 2025, WP 2026–20230

1 Emission-efficient heat supply I dekarbo° as carbon reduction measure and solutions provider for third parties

Update

LEG

E

03

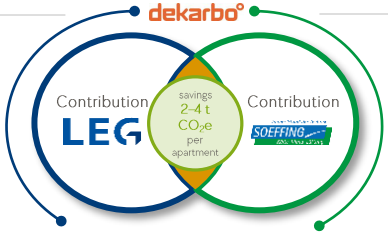
Use of heat pump solutions



Heating transition in existing buildings made simple, fast, and affordable. dekarbo° plans, installs, and operates efficient heat pump solutions— technology-neutral, and scalable, all conveniently from a single source.

This enables CO_2 reduction in occupied buildings in an economical manner and without affecting rent levels.

- Potential for retrofitting: large number of buildings with independent heating systems can be equipped with air-to-air- and air-to-water-heat pumps
- Some 500 housing units have been retrofitted to date[2]
- CO_2 saving of around 2 - 4 t CO_2 e per apartment



Joint Venture
since September 2023

dekarbo° as business opportunity

Launch of corporate ventures in September 2023 with Soeffing Kälte Klima GmbH; LEG holds 50 % stake

New business model
Solutions provider for the energy source changeover



- **23** million apartments within apartment buildings in Germany
- Of these, some **4.6** million have independent heating systems
- As a result, around **4.6** million heat pumps

- High potential: 4 million gas floor heating systems & 0.6 million night storage heaters in Germany
- Installation by dekarbo°: digital planning, installation & remote monitoring of systems

50 – 55 % CO_2 saving thanks to **emission-efficient heat supply**

1: Seasonal coefficient of performance, i.e. how much heat energy is generated by one kWh of electrical energy 2: Up to end of 2024

1 Emission-efficient heat supply I Expansion of district heating as CO_2 reduction measure hand in hand with municipal heating planning

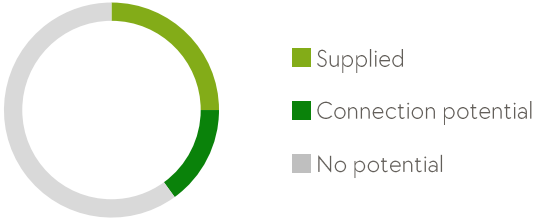
Update

LEG

E

03

Expansion of district heating



Overall, up to 40 % of LEG properties may be connected to district heating networks, thus ensuring they are decarbonised in the future.

- Around 25 % of LEG properties in total are connected to district heating networks
- Between 2021 and the end of 2025, a total of 61 new connections to a renewable district heating system were made
- Around 15 % of the properties continue to offer unrealized potential for district heating

Hand in hand with municipal heating planning

- Municipal heating planning aims to achieve decarbonisation in public heating networks (district and local heating networks); involvement of Bochum under the slogan 'Wärmewende Bochum' and Dortmund (for example)
- Expansion of district heating as step towards decarbonisation. However, high costs can be expected: Prognos AG anticipates an investment volume of EUR 43.5 billion until 2030 (EUR 10.6 billion increase compared to original study in 2020)
- How renewable district heating is depends on the energy provider: A proportion of the emissions is often merely transferred from Scope 1 to Scope 2 if the district heating is not renewable

50 – 55 % CO_2 saving thanks to **emission-efficient heat supply**

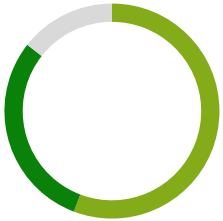
1 2024-2028. 2 Scope 2 emissions.

Update

1 Emission efficient heat supply I Replacement of conventional central systems as a CO_2 reduction measure

E
03

Heating replacement
Heat pumps as a key component

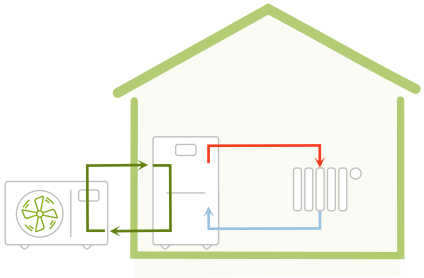


Year of construction for central heating systems:

2016 – 2024	**58** %
2000 – 2015	**31** %
≤ 1999	**11** %

- Proportion of modernised systems was about 60 % in early 2026 – the proportion of regenerative energy still needs to be expanded
- 153 central heating systems were modernised in 2025, between 2026 and 2030, almost 1,000 central heating systems are scheduled to be modernised
- Air-to-water heat pumps play an important role here and therefore meet the current GEG requirement to heat using at least 65 % renewable energy

Greater efficiency thanks to heat pumps



- Modern air-to-water heat pumps have a SCOP[1] of at least 3: they can convert 1 kWh of electrical energy into at least 3 kWh of thermal energy
- To do this, they extract thermal energy from the environment and use it to warm water for heating and hot water systems
- Electrical energy is used for this process. If renewable electricity is used the carbon footprint can be significantly reduced

50 – 55 % CO_2 saving thanks to **emission-efficient heat supply**

1: Seasonal coefficient of performance, i.e. how much heat energy is generated by one kWh of electrical energy

CO_2 saving thanks to reduced energy requirements

LEG pursues an integral sustainability strategy with a focus on innovations

From home to neighbourhood





CO_2 saving thanks to **emission-efficient heat supply**

CO_2 saving thanks to **reduced energy requirements**

CO_2 saving thanks to **energetic refurbishment**

2 Emission-efficient heat supply | termios as carbon reduction measure and solutions provider for third parties

Update

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03

AI-based thermostats



termios

- Use of intelligent AI-based thermostats to provide energy savings of up to 30 %
- Saving thanks to adaptive hydraulic balancing and additional saving opportunities
- Minimally invasive and low-investment measure
- Rapid installation and maximum possible independence from specialists/tradespeople

Termios as business opportunity

Official launch of the *termios* corporate ventures by Oventrop, mantro and LEG in March 2023. LEG holds a 79 % stake in termios

New business model
Solutions provider for energy requirement reduction

- **23** million apartments within apartment buildings in Germany
- Of these, some **18.5** million have independent heating systems
- As a result, around **92.4** million thermostats for hydraulic compensation in Germany

- Self-developed termios Pro thermostat to help housing industry decarbonisation: scalable solution to carry out statutory (certified) hydraulic balancing
- Durable, robust product
- Serial production since April 2025
- Around 30,000 thermostats installed in 2025

30 – 35 % CO_2 saving thanks to **reduced energy requirements**

2 Reduced energy requirements I Digitalisation of heating control as an additional carbon reduction measure

Update

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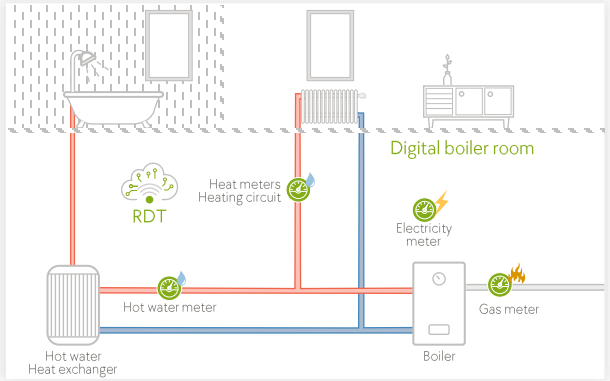
03

Digital boiler room



- Digitalisation of heating control aims to save around 8 % in primary energy and carbon
- In 2025, optimization proposals from 245 plants were evaluated and implemented, resulting in a CO_2 reduction of over 900 tons per year.

Other positive impacts of the measure

Various sensors[1] that allow energy meters and data collection to be integrated into a platform:

- Monitoring of systems and prompt response in the event of undesirable statuses (efficiency, fault alerts, consumption)
- Automated data analysis to improve energy efficiency
- Cost reduction through more targeted system management (maintenance and servicing) and fewer service provider interventions
- Further cost reduction for remote energy meter reading

30 – 35 % CO_2 saving thanks to **reduced energy requirements**

1 Pressure switch, temperature sensor (water, boiler), flow meter/volume flow

2 Reduced energy requirements I Green Nudging to involve tenants in CO_2 reduction at favourable cost

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Nudging – Change in behaviour

2023 + 2024



7,099 t CO_2e saved

17,000 posters displayed

- Nudging: tenants receive consumption information and tips on how to reduce their consumption
- Since 2022, posters have been displayed on 17,000 buildings showing the average amount of energy costs that tenants can save by changing their heating

Other positive impacts of the measure

- Particularly favourable measure to reduce CO_2 emissions (<€ 100/t CO_2e saving)
- Tenants benefit from energy savings and lower costs
- To date, LEG has only implemented nudging of residential energy use with regard to space heating as this accounts for the greatest consumption in residential living at 71 %[1]
- Nudging methods for hot water or electricity consumption are conceivable in the future - for example, in connection with real-time data collection and consumption data transmission along with specific tips for energy-saving measures and associated cost reductions

30 – 35 % CO_2 saving thanks to **reduced energy requirements**

1 Based on average household consumption according to destatis.

2 Reduced energy requirements I The shower savings project reduces CO_2 emissions and water consumption

Update

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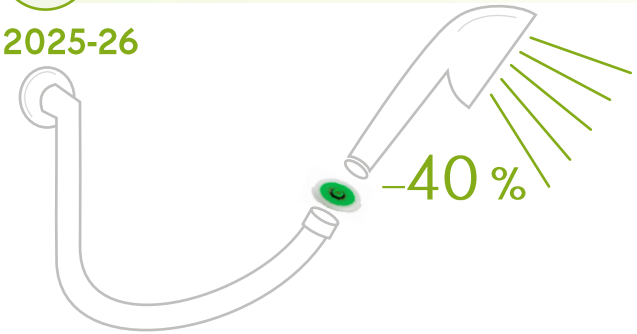
Shower savings

2025-26



- Flow restriction can reduce the (hot) water consumption of a shower by up to 40 %
- Pilot (Q1 2025):
  - R&D: Effectiveness study with a control group (approx. 1,400 tenants)
  - Postal distribution to 3,500 tenants with survey, installation and usage
- Depending on the success of the pilot: roll-out in portfolio

Other positive impacts of the measure

- Positive impact on water management: reduction in water consumption
- Particularly favourable measure to reduce CO_2 emissions (< € 100/t CO_2e saving)
- Minimum conversion time and effort, easy installation
- Tenants benefit from energy savings and lower costs
- Combination with nudging: pressure reducer is sent with nudging flyer

30 – 35 % CO_2 saving thanks to **reduced energy requirements**

CO_2 saving thanks to energetic refurbishment

LEG pursues an integral sustainability strategy with a focus on innovations

From home to neighbourhood



1
50 – 55 %

CO_2 saving thanks to
emission-efficient heat supply

2
30 – 35 %

CO_2 saving thanks to
reduced energy requirements

3
10 – 15 %

CO_2 saving thanks to
energetic refurbishment

3 Energetic refurbishment I New construction offers no affordable solutions – refurbishment is also more ecological

Update

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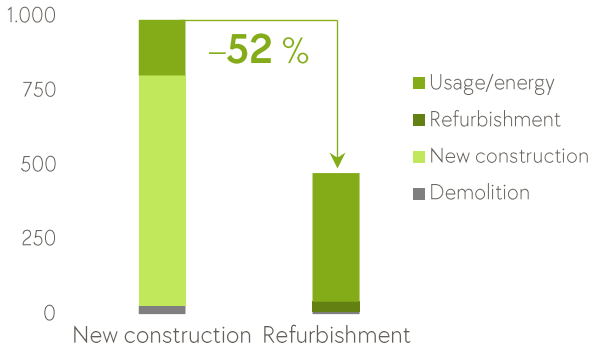
Wuppertal Institut

CO_2 emissions over service life[1]

($t\ CO_2e$)



Joint study[2] with the Wuppertal Institut

- Refurbishment reduces the carbon footprint by >50 % throughout its service life compared to new build
- Even when using the same energy source (gas), the total energy consumption of the refurbishment measure will only equal that of new build after 40 years
- If the heating system is switched to district heating or a heat pump, refurbishment remains the more energy-efficient strategy

Focus on existing buildings instead of new construction

E 03

No comparison possible



New construction is not feasible in affordable housing

With minimum replacement costs of around **€4,000** to **€5,000** (excluding land) for a comparable new build, the actual return rate of approximately 5% calculated by the company would result in a rent requirement of approximately **€20-22**/m² (3), which is not feasible in the affordable housing segment

1 Building construction years 1959 – 1968, 3 floors, Ø 14 residential units and 852 m² total living space/building, changeover to heat pumps until 2035.
2: https://wupperinst.org/a/wi/a/s/ad/7671. 3: Based on € 5,000/qm. 4 IFRS book value as of H2 2025.

3 Energetic refurbishment I Conventional energetic modernisation as carbon reduction measure

Update

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03

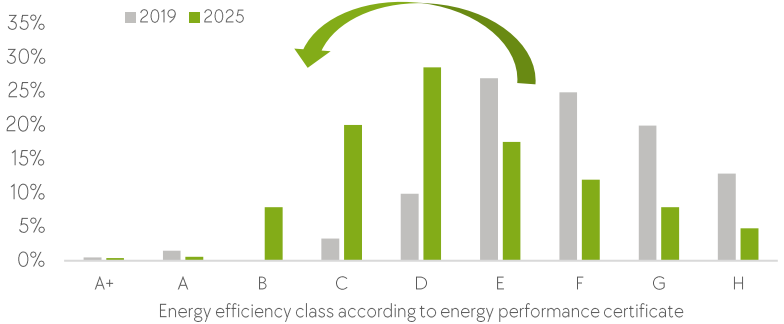
Conventional energetic refurbishment



- Conventional energetic refurbishment involves optimisation of the building envelope section
- However, modernisation covers different energy-related aspects

Other positive impacts of the measure

Distribution of units by energy efficiency class in each year



- Contributes to improving overall energy efficiency and thus to meeting EPBD requirements
- Positive impact on the building's value
- Positive impact on energy efficiency classes
- Construction optimisations and energy cost reductions for tenants



10 – 15 % CO_2 saving thanks to **energetic refurbishment**

The photo shows a modernised LEG building on Steglitzer Platz in Monheim am Rhein

3 Energetic refurbishment I RENOWATE as CO_2 reduction measure and solutions provider for third parties

Update

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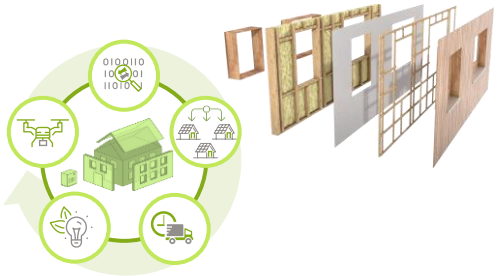
Serial energetic refurbishment





- Attaching façade elements, installing windows and refurbishing roof space and all technical building equipment without residents needing to move out
- In the case of a serial energetic refurbishment by RENOWATE, 100 % of the CO_2 emissions are reduced as all heat pumps installed by LEG during refurbishment are powered by renewable electricity
- In 2025, buildings with 108 residential units were refurbished

Renowate as business opportunity

Launch of the RENOWATE corporate ventures by Rhomberg Bau GmbH and LEG early in 2022. LEG holds a 50 % stake in Renowate GmbH

New business model
Solutions provider for
energy-efficient modernisation

- **2.1** million[2] building structures in Germany that can be targeted through serial refurbishment
- **>€ 5 –10** billion potential annual volume of refurbishment

- Serialisation through prefabricated refurbishment elements, digitalisation and end-to-end processes from a single provider
- 7 third-party customers with > 550 residential units (completed, under construction, or in planning), follow-up order rate is 100%
- Cost reduction through continuous product development and standardisation of refurbishment modules

10 – 15 % CO_2 saving thanks to **energetic refurbishment**

Pilot projects – Innovations

LEG pursues an integral sustainability strategy with a focus on innovations

1 Emission-efficient heat supply

LEG biomass power plant
Wood waste combustion

dekarbo® Air-to-air heat pumps
Split air conditioning systems instead of gas combination boilers for CO_2-reduced heating

District heating network
Space heating and hot water heating

Heating replacement
Replacement of conventional heaters

Expansion of PV systems
Installation of PV Systems



Pilot projects
Innovations
e.g. sector coupling, heating technology, refurbishment approaches

2 Reduced energy requirements

termios AI-based thermostats
Reduce energy consumption and perform hydraulic balancing

Nudging
Measures to change customer behaviour

3 Energy-efficient modernisation

RENOWATE Serial refurbishment
All-inclusive energy efficiency solution comprising refurbishment of building envelope, heating and roof

Conventional refurbishment
Building envelope modernisation

Innovation I Future-iQ research project

Integrated neighbourhood solutions

In progress with the cooperation of 2 Fraunhofer institutes since 2023; implementation 2024–2026

The two neighbourhoods were selected based on the maximum potential to apply the findings to other LEG neighbourhoods

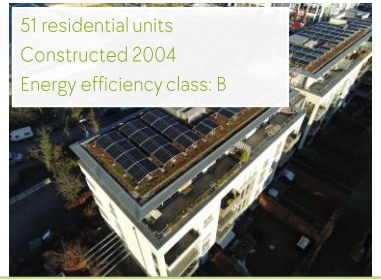
Cologne neighbourhood – Düsseldorfer Strasse

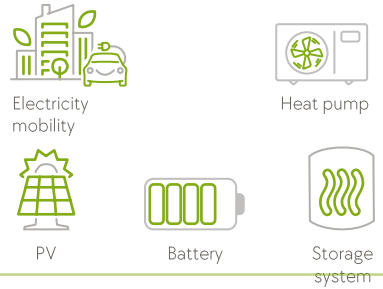
Objective: decarbonisation and sector decoupling

Approach

Gas central heating replaced with heat pump integrated into existing customer system (PV with battery storage); electricity and heat storage system as flex option

Use of an energy management system to optimise energy consumption across sectors (e.g. with an electric mobility concept in own underground garage; CO_2-adaptive control possible)





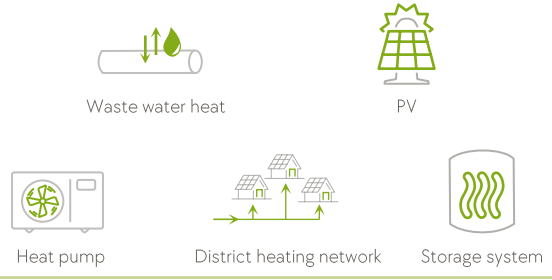
Gelsenkirchen-Eichkamp neighbourhood

Environmental heat coupled with a heat pump through a district heating network

Approach

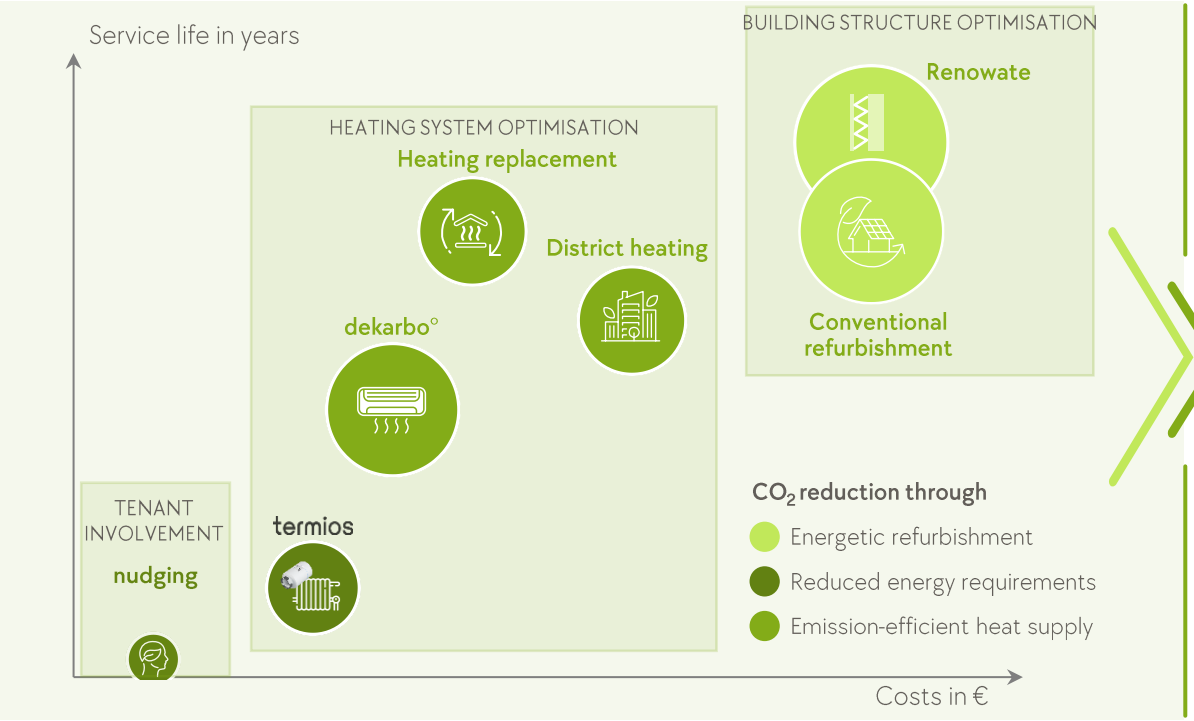
- Planning and construction of a local heating network with usage of environmental heat
- PV capacities integrated to ensure efficient operation





Measures – Identification of measures

LEG implements measures based on efficiency in terms of their emissions and cost



- Identification of measures depending on emission and cost efficiency
- Climate change mitigation and, consequently, CO_2 reduction can be much more effectively focused through emissions efficiency than through measures focused on energy efficiency
- Support and funding of emission-efficient measures to achieve an immediate CO_2 reduction effect while ensuring financing viability

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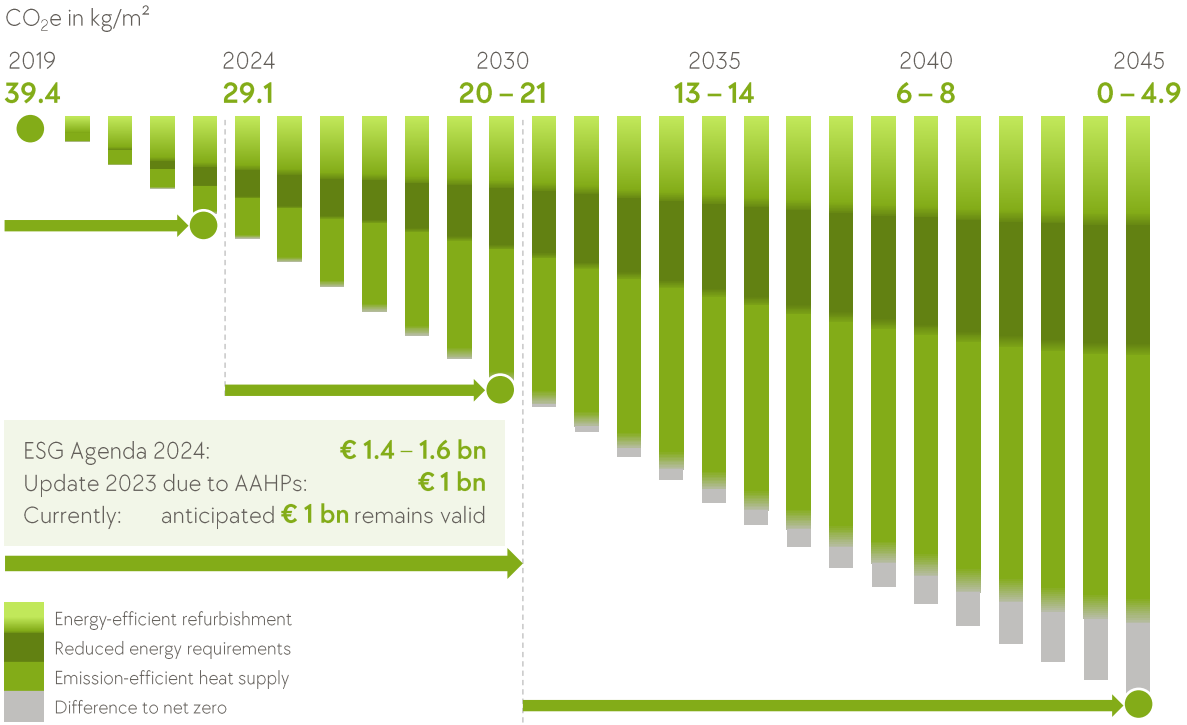
Measures – Financing

The costs of decarbonisation until 2030 will still amount to approximately € 1.0 billion



Financing decarbonisation

- Overall, the costs for decarbonisation by 2030 are expected to be € **1** billion (as of today)
- The aim is to minimise the costs per saved tonne of CO_2 while continuing to reduce them over the next few years.

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LEG is clarifying decarbonisation, yet uncertainties remain

Measures are planned until 2030, but not all steps to the target are clear

Uncertainties exist in the following fields in particular:



- Changes in political goals in respect of climate policy possible
- Changes in political circumstances
- Legislation and guidelines may be amended before 2030 or 2045



- Uncertainties remain in the formulation of regulations, such as whether the potentials arising from EU-ETS II can be fully realised
- European directives still need to be transposed into German law; implementation unclear
- Funding for decarbonisation measures is expected under the GModG until 2029, though there are uncertainties regarding future developments



- Interdependence on decarbonisation efforts of energy providers
- Complete decarbonisation of the portfolio is only possible if the German electricity mix and the connected district heating make use of renewable energy sources
- The trend in energy prices is still unclear and implementation costs can be high (e.g. due to district heating expansion and the sometimes complex combinations of trades involved)

Despite dedicated planning, considerable uncertainty remains in view of the numerous political and regulatory risks and dependencies on other sectors

2 Influence of regulations on CO_2 reduction measures

LEG biomass power plant with competitive advantage for the future[1]

Update

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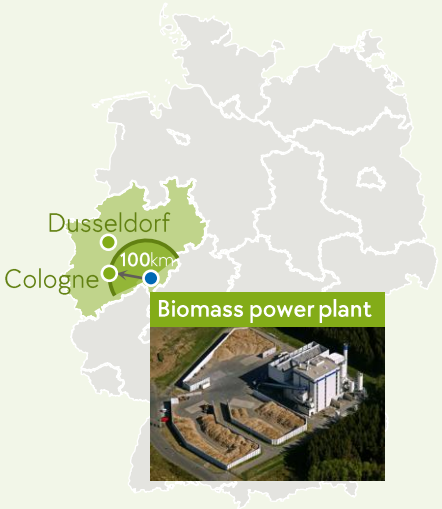
Potentials from biomass heating power

- Annual production of 101,000 MWh of electricity (equivalent to onshore wind park with 20 large wind turbines)
- Biomass power plant as a LEG business model
- Biomass plant uses wood waste as fuel
- Generation of district heating and electricity for the local business park
- Energy supply to LEG buildings not possible due to distance
- Depending on the design of EU ETS II (from 2028), LEG may consider the savings from the biomass power plant as a CO_2 reduction measure
- Cost-effectiveness is continuously monitored, especially after the German Renewable Energy Law remuneration ceases in mid-2026

LEG biomass power plant



Offset potential due to biomass power plant



Corresponds to a **4 %** of total emissions

Emissions contained in our carbon balance;
saving could be taken into account from 2028
Offset dependent on implementation of EU ETS II

1 Low number in comparison with earlier publications due to the anticipated emissions factor for 2027. Current regulatory provisions do not allow for the direct use of savings.

2 Investments in energetic refurbishment

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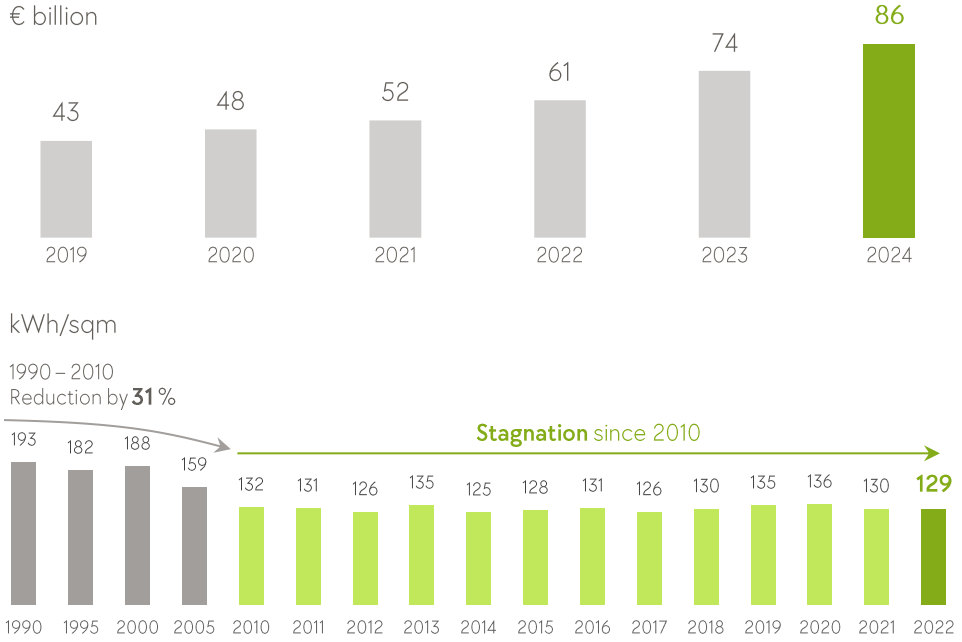
Despite extensive investment in the housing portfolio, only limited progress towards climate neutrality has been achieved

Around € 364 billion invested in energetic refurbishment has had almost no impact on reducing energy consumption



- The building sector accounts for around **30 %** of emissions in Germany
- Since 2019, approximately **€ 364** billion has been invested in energetic refurbishment, yet there has been little effect on energy consumption per square metre
- General regulatory conditions (including energetic refurbishment requirements, energy performance certificates, etc.) are becoming stricter in terms of energy efficiency; in the current market environment, financing viability is not guaranteed due to regulatory requirements on financing by banks
- At the same time, the requirements for the property industry to meet climate protection targets are becoming more stringent

E 03

https://www.bbsr.bund.de/BBSR/DE/forschung/programme/zb/Auftragsforschung/1Wertschoepfung/2008/StrukturdatenBaugewerbe/Downloads/dl-strukturdaten-endbericht-2024.pdf?_blob=publicationFile&v=2
https://www.umweltbundesamt.de/daten/private-haushalte-konsum/wohnen/energieverbrauch-privater-haushalte#mehr-haushalte-grossere-wohnflachen-energieverbrauch-pro-wohnflache-sinkt

3 Energy sector – Heating supply

Significant potentials, but dependent on the energy supplier

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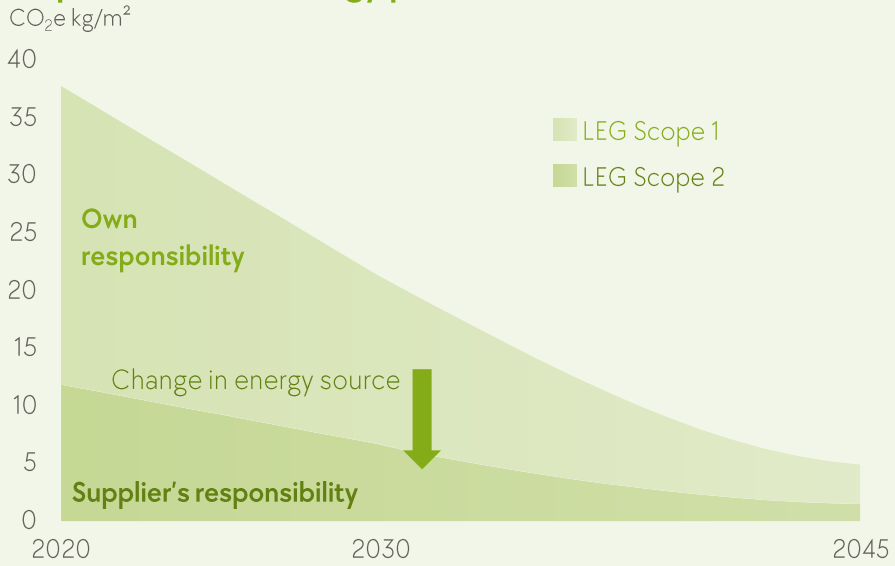
Dependence on energy provider



Emissions change from Scope 1 to 2 if connection is to non-renewabledistrict heating or electrification (without emissions free electricity)

Electrification – Replacement of fossil fuel heating systems

- Due to the switch to electricity, emissions are calculated based on the German electricity mix
- Complete decarbonisation can only be achieved with green electricity

District heating

- A district heating connection is not sufficient to decarbonise the connected building
- The extent of the remaining CO_2 emissions depends on the energy supplier and municipal heating planning; complete decarbonisation is only possible with renewable district heating
- To date, only ~ **20 %** of district heating in Germany is supplied from renewable energy sources
- Energy prices are also highly uncertain

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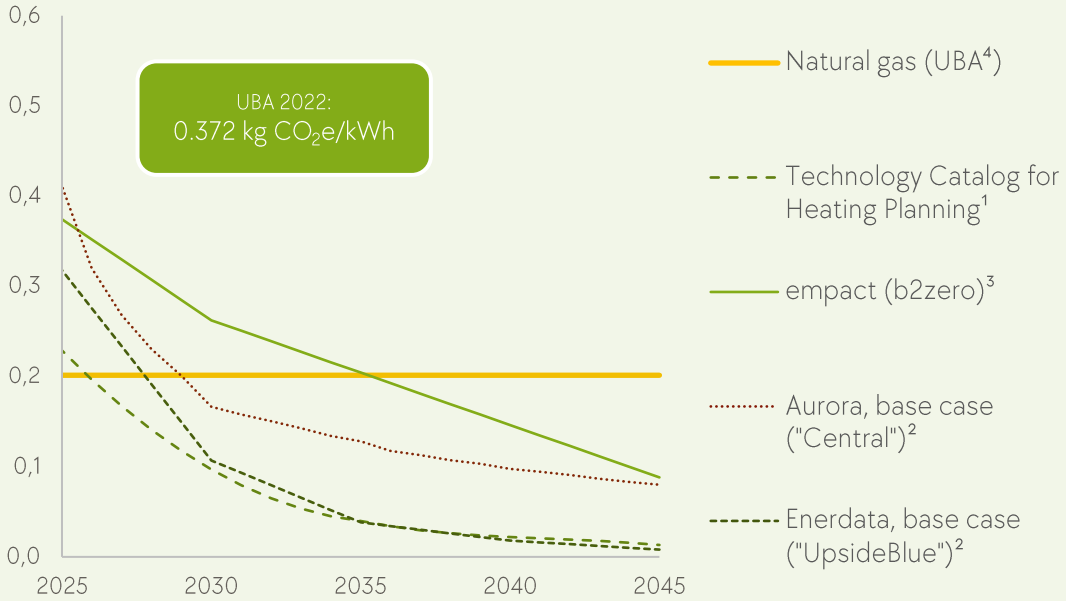
3 Energy sector

The wide variance in scenarios aimed at developing the German electricity mix highlights the uncertainty

All available scenarios show significant decarbonisation

Kg CO_2e/kWh – GHG emission factor for DE electricity mix



- The variance in the available scenarios reveals the uncertainty of impending developments
- In 3 of the 4 base case scenarios considered, the emissions factor for natural gas will fall below the threshold before 2029
- Electricity-based heating and hot water systems (Scope 2) will nevertheless soon transition to emission-efficient systems, irrespective of whether exclusively renewable electricity contracts are applied
- As a result, proofs of origin will steadily diminish in importance in the future

1 Without upstream emissions, based on data from the *Technikkatalog Wärmeplanung*, Prognos AG, ifeu, University of Stuttgart (commissioned by the BMWK and BMWSB): https://www.kww-halle.de/wissen/bundesgesetz-zur-waermeplanung
2 From Projekt Bell, dated 2023-07, without CO_2 equivalents, without upstream. 3 Publicly available forecast from the International Institute for Sustainability Analysis and Strategy (IINAS), data source: GEMIS (Öko-Institut Freiburg), converted to the German Environment Agency (UBA) starting value for 2022.
4 UBA 2022.

Decarbonization as business opportunity

corporate ventures as a strategic pillar and potential growth driver for LEG

Identification of decarbonization solutions through innovation and openness to technology

- Undertaking of pilot projects for suitable, technology-neutral, innovative solutions with a focus on cost and emissions efficiency
- Establishment and development of strategic partnerships to pool existing expertise
- Examination of new decarbonization business models (corporate ventures) for own and third-party portfolios ("from the housing industry, for the housing industry")

LEG has already managed to create three new business models thanks to strategic partnerships

LEG

RHOMBERG Construction firm	mantro oventrop Heating control technology	MITSUBISHI ELECTRIC SOEFFING Air conditioning and refrigeration
RENOWATE Serial energetic refurbishment with prefabricated refurbishment components	termios AI-based thermostats Automated hydraulic balancing	dekarbo° heat pumps – decarbonisation of apartments

Founding of corporate ventures

Cumulative income from investments[1] planned in corporate ventures up to 2028 of € 20 million (LTI)

Further expansion and scaling

RENOWATE (2021) · dekarbo° (2023) · termios (2024)

2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

1: Including potential sales proceeds.

decarbonization as business opportunity

corporate ventures target attractive and under-served markets for both own and third-party portfolios

Market potentials, Germany



23 million apartments in apartment buildings in Germany
Of these, around **18.5** million apartments with central heating systems
As a result, around **92.4** million thermostats for hydraulic balancing[1]

2.1 million[2] building structures that can be targeted through serial refurbishment
>€ 5 –10 billion potential annual volume of refurbishment

23 million apartments in apartment buildings in Germany
Of these, around **4.6** million apartments with independent heating systems
As a result, around **4.6** million air-to-air heat pumps as well as air-to-water heat pumps

SUSTAINABILITY AS BUSINESS OPPORTUNITY ESG

E 04

1 Without trades. 2 Share of total German building stock of some 20 million buildings; source: Census 2011.

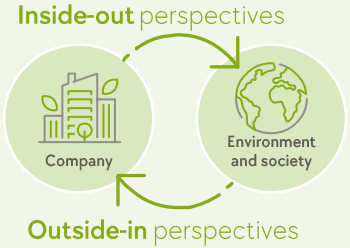
Reporting – Sustainability report according to CSRD

This year, LEG is voluntarily reporting in line with the European Sustainability Reporting Standards for the first time

High transparency thanks to double materiality

Materiality analysis using the principle of **double materiality** forms the basis of reporting

Opportunities and risks of sustainability topics for the company's financial standing



Company's **impact** on sustainability matters

Voluntary reporting according to CSRD

- Companies which currently already produce reports as per the Non-financial Reporting Directive (NFRD) should have applied the standards for the first time in the reporting year 2024
- Since the CSRD Implementation Act was not passed in time, the directive has not been adopted into national law
- LEG is voluntarily providing a full report for the 2025 reporting year in line with the CSRD and ESRS to ensure maximum transparency
- The standards E1 (climate change), S1 (own workforce), S4 (end users) and G1 (business conduct) are relevant to LEG

Reporting – Sustainability risks

A number of changes in reporting and control will need to be included in the future

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LEG

Management of sustainability risks

- Climate risk tool introduced
- Conformity with EU Taxonomy assured
- Classification into non-monetary sustainability risks and TCFD risks with monetary value
- Risk classification based on ecological or societal impacts
- Focus on reducing transition risks

- Preparation of risk reporting as per CSRD
- Classification into physical climate risks and transitory risks
- Monetary valuation of all sustainability risks

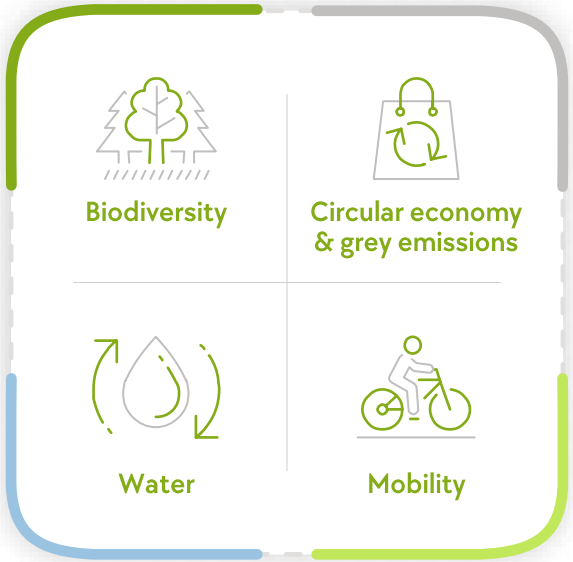
- Active risk management and process control
- Implementing risk minimisation measures: in addition to measure control of transitory risks, includes control of specific physical climate risks in the future on the basis of climate risk analysis (e.g. flooding risks), among other things
- Action catalogue for mitigation of identified risks



Other environmental topics

LEG makes contributions in other areas as part of its climate change mitigation strategy

- Intact biodiversity can mitigate climate change and its effects considerably
- LEG is introducing guidelines to conserve biodiversity, thereby raising awareness of the benefits of potentials
- Contribution to UN SDG 15 – Life on Land



- Grey emissions account for more than 50 % of the total carbon footprint in life cycles
- Stronger focus on refurbishment of existing properties or extending their service life, thus helping to lower demand for new builds in turn
- Participation in initiatives such as the CO_2-Bau project at Düsseldorf University of Applied Sciences

- While LEG may not have a direct influence on its tenants' water consumption, it is introducing various measures: such as water-saving tips in the tenant manual[1] and the fitting of water-saving shower heads
- Water as a life-sustaining resource: The company's commitment to this issue through the publication of its water guidelines[2]
- Reporting on water withdrawal (SASB, EPRA)

- Reducing emissions from mobility efficiently in a way that meets demand
- For employees: fleet of electric vehicles, use of e-bikes for some work-related travel, e-scooters with ePowerFun available in fleet, JobRad bike leasing scheme
- In urban districts: needs-based expansion of the charging structure, integral part of innovative pilot projects such as Future-iQ

1: https://www.leg-wohnen.de/fileadmin/dateien/01_Wohnen/Formulare_Medien/Allgemeine_Broschueren/LEG-0903_Mieterhandbuch_RZ_Ansicht.pdf
2: https://www.leg-wohnen.de/unternehmen/nachhaltigkeit/kodizes-und-richtlinien/richtlinien/richtlinie-wasser



Social as core of our Corporate DNA

Social as core of our corporate DNA

There will be a special focus on the following aspects over the years ahead

DETAILS ON FOLLOWING SLIDES

S

01 Tenant

- High level of customer satisfaction through actions such as
  - Increasing the CSI by 2025 (>70 %)
  - Accelerating the processing time of total LEG tenant complaints by 10 % by 2027
  - Achieving stable customer satisfaction with Central Customer Services at a high rating (>70 %) by 2028

02 Employees

- Employee satisfaction – Regular survey by Great Place to Work
  - Maintain a Trust Index of 66 % by 2024
  - 70 % by 2026
  - Maintain 70 % until 2028
- Equal treatment: promotion of intercultural projects and continuation of our measures for equal treatment of our employees

03 Company

- LEG is seeking to strengthen cooperation in the Social field:
  - in neighbourhoods
  - with municipalities
  - with local policy makers

Tenants – Affordable living

Affordable living is part of LEG's DNA

Update

LEG

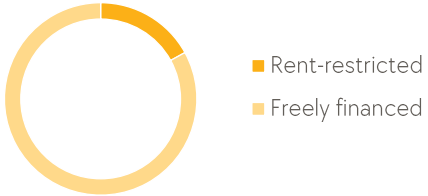
S

01

Provision of affordable living

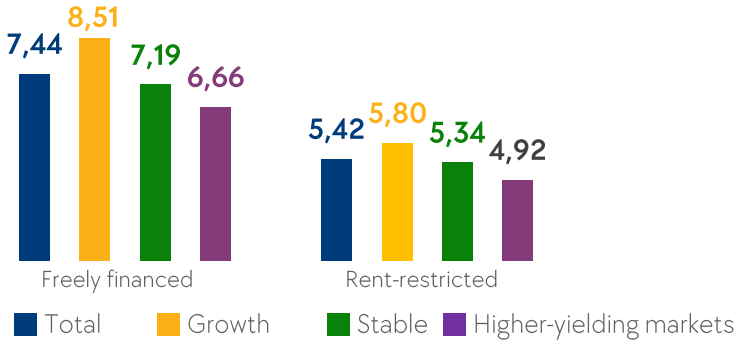
- Social responsibility for our **500,000** customers
- Provision of housing at affordable prices
- 171,360 units at an average of **€ 7.06**/sqm/month (~**€ 445** per month, with average apartment size of **63** sqm)
- Rent increases for rent-restricted apartments by the inflation factor every 3 years only
- Focus on **warm rent neutrality** to ensure affordable housing

17 % rent-restricted residential units



Attractive rent level

€/sqm/month (FY 2025)

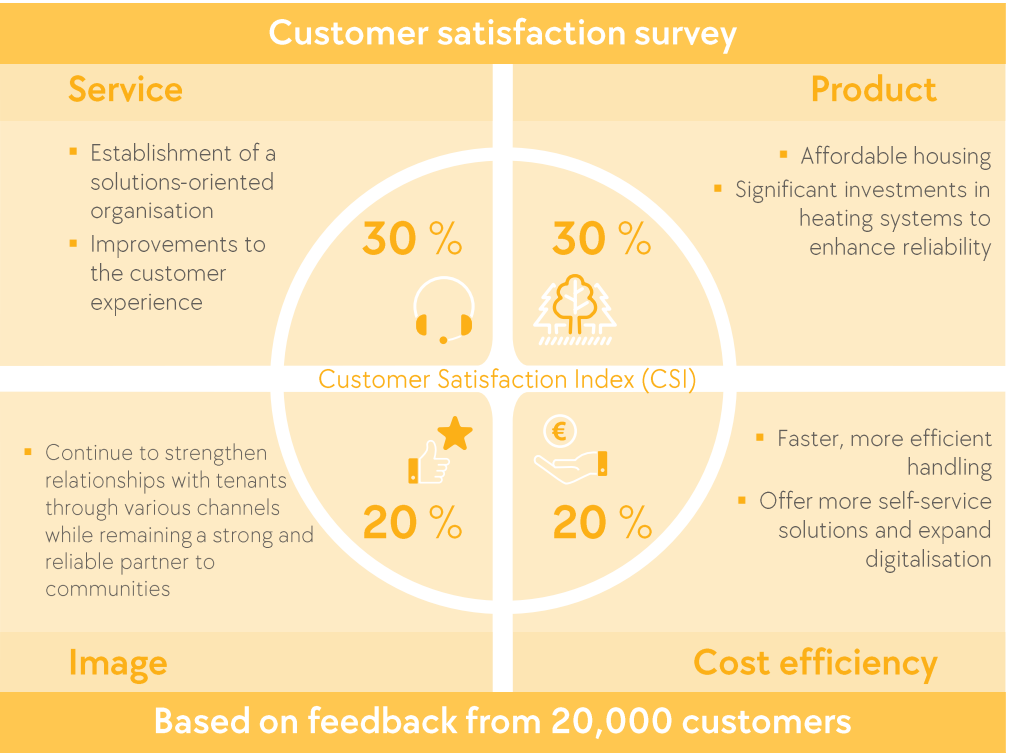


Tenants – Increase in customer satisfaction

Three objectives to enhance customer satisfaction and suitable measures

Update

LEG



Increasing the CSI by 2025 (>70 %)

- Workshop to identify suitable measures
- Proactive communication with tenants (e.g. implementation of LEG tenant news)
- Innovative pilot projects (e.g. building portal)

➢ Customer satisfaction target achieved at over **77%**

Acceleration of the processing time for all tenant complaints by 10 % by 2027

- Implementation of an optimised complaints process
- Employee enabling through innovative training concepts
- Controlling: improved reporting structures

Achieving stable customer satisfaction with Central Customer Services by 2028

- Monthly driver analyses to identify target-focused measures
- Strengthening the sense of security through targeted measures such as lighting systems, burglary protection, and information and education via tenant information and social media channels.
- Expansion of digitalisation and process optimisation
- Innovative on-boarding concept for new employees

S

01

Tenants – new business models and other LEG initiatives also provide numerous advantages for tenants

Update

LEG

LEG

youtilly	RENOWATE	termios	dekarbo	Green nudging
▪ Active involvement in shaping the residential environment	▪ Higher quality of life; less disruption thanks to shorter construction periods compared to conventional refurbishment	▪ Comfortable living through algorithms, including absence detection and adaptive ideal temperature	▪ Greater transparency and control with dekarbo tenant app – overview of your own heating behavior; greater influence on energy consumption and costs	▪ Tips on optimising heating behaviour
▪ Higher tenant satisfaction through easy access to information	▪ Simplified scheduling for serial refurbishment	▪ Simple, intuitive, barrier-free operation	▪ Reliable and transparent tenant support from the initial inspection to the operation of the facility.	▪ High transparency regarding personal heating and hot water consumption, with comparison to other tenants
▪ Transparency through proactive communication	▪ Lower energy costs due to reduced energy consumption	▪ Lower energy costs due to reduced energy consumption	▪ Energy-efficient heating technology; cost-neutral conversion	▪ Savings on energy costs through nudges via posters and letters

Youtilly – The platform for property management

Additional info

Update

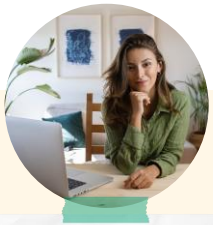
LEG

S

01

youtilly is the platform for property management that digitizes the core process from tendering to billing. Tenants receive a wealth of useful information and insight into contracted services via a building portal, including a rating function. This makes service management efficient and transparent for owners, service providers, and tenants.





Tenants

- Transparency concerning commissioned services and their performance
- Active involvement through reviews and feedback
- Easy access by scanning a QR code



Service providers

- Clear service specifications with price benchmarks
- 100% transparency of services
- Digitization of invoicing in the ZUGFeRD standard



Property managers/landlords

- Simplified communication with tenants
- Enjoy ultimate oversight through the digital logbook
- Reduced workload through standardisation
- Digitization of core processes

Employee satisfaction – Great place to work

Attractive employer

Employee survey every two years; next survey scheduled for 2026

Aim is to maintain high levels of employee satisfaction

Trust Index© 74 % – One of the best employers in NRW

Based on the median

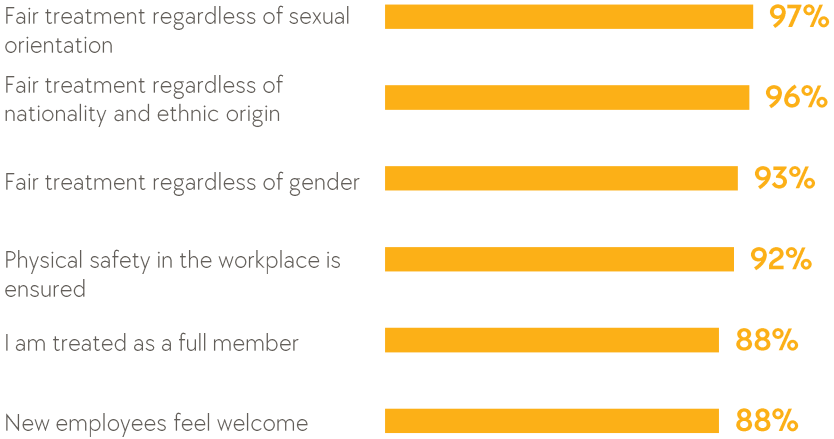


Conclusion

Based on statement: "All in all, I can say that this is a very good place to work"



Top results



The results were discussed with the management teams. Workshops were planned with employees on the basis of the results and specific steps were taken to improve working conditions.

S

02

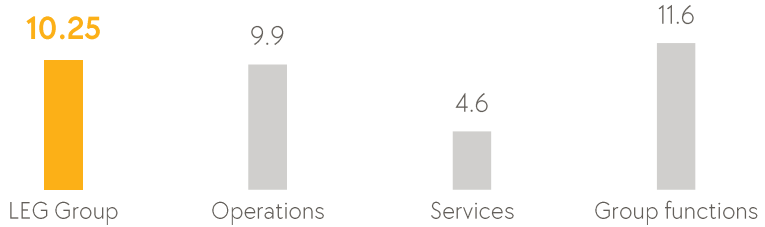
Employees

Employee retention and satisfaction

- Regular surveys by Germany's leading survey provider, the "Great Place to Work" institute
- Annual dialogue between employee and manager, plus annual target agreements
- Mentoring program for employees
- Empowerment programs for employees
- On-boarding program and coaching
- Team building activities
- Professional training at our "LEG Akademie"
- Apprenticeship/dual study programme (work and study)
- Open-door policy and feedback culture
- Intercultural training for employees with customer contact

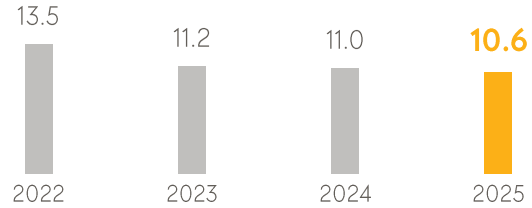
Average duration of employment[1]

Year



Fluctuation rate on 31 December 2024[2]

in %



Great Place To Work. Certified SEP 2024-SEP 2025 DE

charta der vielfalt UNTERZEICHNET

S 02

1 Excluding the companies Biomasse Heizkraftwerk Siegerland, TSP and LWS Plus. Date: 31.03.2025.
2 Including the companies LWS Plus and TSP. Date: 31.12.2025.

Employees
Equal opportunities

Update

LEG

Working hours

- Flexible work time account
- Full-time and part-time options

Remote work conditions

- Efficient office work: contemporary office design with adaptable workspaces and meeting rooms with varying equipment at our headquarters
- The option to work up to 100 % remotely through the use of portable IT equipment and devices

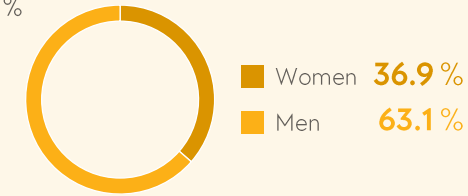
Specific offers for certain age groups

BESTE AUSBILDER Capital

- Age-based programme for those aged 55+ in individual cases
- Award-winning training program for securing future talents

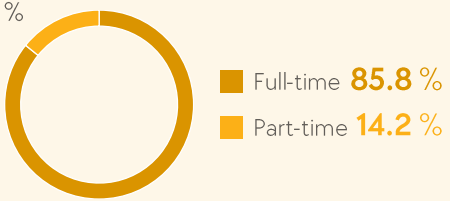
Employees by gender

%



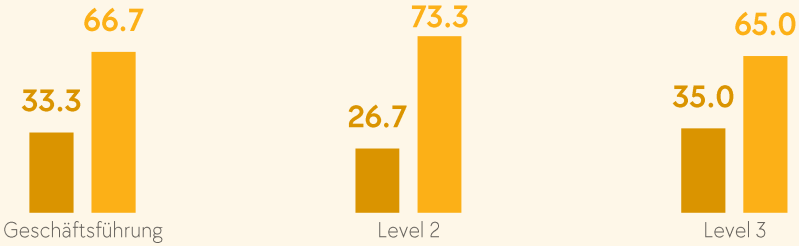
Employees by full-time and part-time[1]

%



Male-to-female ratio at management levels 1 –3[1]

%



S
02

Further development of our measures for the equal treatment of our employees in 2026

1 Excluding the companies Biomasse Heizkraftwerk Siegerland and LWS Plus. Date: 31.12.2025.

Health and safety at work as key components of employee wellbeing and safety at LEG

Update

Comprehensive, systematic work safety

- LEG implements comprehensive occupational safety measures to actively counteract workplace accidents and sickness-related absences. To achieve this, safety and health protection have been systematically integrated into LEG's organisation
- Since 2014: "Description of the organization of occupational safety," safety and health protection are integral parts of daily activities.
- Annual inspections of LEG locations by external safety specialists and/or building managers ensure safe working conditions

Examples of work safety measures implemented in recent years (2021–2025)

- New training: implementation of electronic instruction for annual WS[1] instruction sessions and further training events through the LEG-Akademie
- Optimisation and mapping of the key WS processes in process management
- Conducting of the third psychological stress risk assessment with very good, unremarkable overall results for LEG
- Procurement of defibrillators for larger LEG locations (10+ employees) or locations with special needs (e.g. employees with known pre-existing conditions)

Measures implemented in 2025

- Operating and procedural instructions for handling hazardous substances (asbestos)
- Development of visitor guidelines for the LEG headquarters and branch locations
- Measures to support employees in Central Customer Service and in Operating Costs departments through workshops
- Successful inspection of the North branch in Bremen in accordance with the Maternity Protection Act by representatives from the administrative occupational accident insurance association

S
02

1 WS = work safety

Society

Enhanced partnerships with neighbourhoods, local stakeholders and local policy makers



Cooperative partnerships with neighbourhoods & communities

- Sustained commitment by the company and its independent foundations
- Philanthropic and non-profit aid
- Centralised measures for tenants and wider society

Collaboration with municipalities and municipal enterprises

- Municipal heat planning: seamless coordination and close integration between municipalities, energy supply companies (ESPs) and major property owners
- Close coordination and integration with local ESPs, including innovative neighbourhood approaches, e.g. landlord-to-tenant electricity projects (Münster, Dortmund, Monheim), heat from mine gas, use of waste-water heat

Working relationship with local policy makers

- Local policy maker network
- Establishing and maintaining contact with relevant officials in large municipal locations

S
03

ESP = energy supply company

Society – Neighbourhoods & Communities

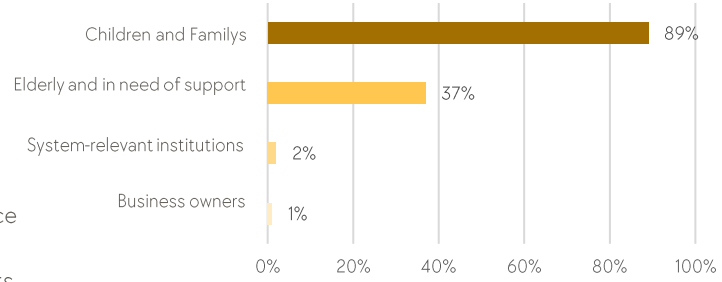
Comprehensive support through our foundations

DEIN ZUHAUSE HILFT Stiftung
Eine Initiative der LEG-Immobilien-Gruppe

Crucial milestones

- Initial capital € 21 million
- Established a network of over 100 funding partners
- Implementation of 117 aid and neighbourhood projects to date
- Focus areas:
  - Assistance for individuals seeking advice
  - Creation of liveable, stable neighbourhoods through social projects

Beneficiaries of our assistance



Funding & Network partners

Welfare organisations: AWO, Caritas, DRK, Diakonie, SkF, SKM, etc.
Associations: Dare2Care gUG, Du-Ich-Wir e. V., Acker e. V., etc.
Local authorities: City of Dortmund, City of Mönchengladbach, etc.

LEG NRW MIETER-STIFTUNG

- Individual emergency assistance for LEG tenants
- Financial and material support (upon application)
- Promotion of intercultural exchange, e.g. through tenant festivals and subsidised events
- € 5 million foundation capital (initial basis)

Society – Neighbourhoods & Communities
projects

Update

DEIN ZUHAUSE HILFT Stiftung
Eine Initiative der LEG-Immobilien-Gruppe

LEG

Focus: Combating loneliness & promoting democracy

- In cooperation with other partners for the Ruhr region
- Strengthening democratic participation, political education, and self-efficacy in the local area; countering radicalisation tendencies
- Focus in particular on disadvantaged teenagers and young adults who feel lonely and left behind
- Project partners krisenchat gGmbH and Young Politics gemeinnützig UG
- Patronage: Hendrik Wüst, Minister President of North-Rhine-Westphalia

Focus: Connecting people

GrünBau
Mehr als nur ein Arbeitsplatz...

Construction and gardening project connecting generations for young people and seniors

- City: Dortmund
- Project partner: Grünbau gGmbh Dortmund
- Funding period: 2026
- Project content: Construction of raised beds by young people from the Hörde district, followed by handover to a senior citizens' facility in the neighborhood. Joint maintenance of the raised beds by young people and seniors as part of communal planting and harvesting activities over a period of up to 4 years
- Project objective: The joint cultivation of the raised beds is intended to promote intergenerational exchange and strengthen cohesion in the district

Focus: Promote education

Lern-Fair

Multiplication of a digital tutoring service at the neighbourhood level

- Cities: Duisburg, Frechen, Münster, Wilhelmshaven
- Project partner: Lern Fair e.V.
- Funding period: 2024–2026
- Project content: Lern Fair e.V.'s digital tutoring services are being brought closer to schoolchildren by specifically targeting municipal and social actors in the selected municipalities.
- Project goal: Reducing educational poverty in the selected neighborhoods through individual, extracurricular support

Society – Neighbourhoods & Communities

Mixed use: from youth to senior social group

Update

LEG

"Sempers – Senioren mit Perspektive e.V." in Hagen-Eilpe



Sempers
Senioren mit Perspektive

- 2022: "Sempers Seniorentreff" neighbourhood commmunity centre, part of "Sempers e.V. – Senioren mit Perspektive" opens on LEG premises at a low rent level; funded by the "Stiftung – Dein Zuhause hilft" foundation, from 2026 by LEG
- Aim: initiative for seniors to promote community living with needs-based support, preventive services and network-building activities to combat loneliness
- Advisory, social, educational and leisure activities for seniors in the community and citizens from the surrounding area
- Neighbourhood with around 380 apartments

"Jumpers – Jugend mit Perspektive e.V." in Düsseldorf-Hassels



Jumpers
Jugend mit Perspektive

- 2019: "Jumpers – Jugend mit Perspektive e.V." opens future perspectives workshop on LEG premises
- 2021: LEG donates a "Jumpers-Mobil" vehicle to help the social aid scheme become more mobile
- Aim: expand range of activities for children and adolescents in the neighbourhood, e.g. through an educational program
- Neighbourhood with around 1,400 apartments
- 2020: LEG receives *polis Award* for urban and project development, "Social Neighbourhood Management" category, in recognition of partnership-based social engagement
- Continual funding by "Stiftung – Dein Zuhause hilft"
- Cooperation partner: city of Düsseldorf, social institutions

Society – Municipalities and municipal enterprises

Update

LEG

Closer collaboration with heating planning

Close cooperation with municipalities in implementing the Heat Planning Act

1.1.2024

Heat Planning Act and amendment to the Buildings Energy Act come into force

- Portfolio review
- Potential analysis
- Target scenarios/heating transition strategy

30.6.2026

Heating plan creation for municipalities with >100,000 inhabitants

30.6.2028

Heating plan creation for municipalities with < 100,000 inhabitants

Continuation until 2045

Implementation of measures
(plan is not legally binding)

Objectives

- Seamless coordination and close integration between municipalities, energy supply companies (ESPs) and major property owners
  - Enhanced plan quality, binding character, measurement efficiency and acceptance by companies, citizens & tenants
  - Avoidance of bad investments



Status

- Development processes are at different stages locally; intensive discussions in Bochum as well as with intermunicipal heat planning Emscher-Lippe (Bottrop, Gelsenkrichen, Gladbeck)
- There is a need for action in all 237 communities where LEG has properties

Society – Municipalities and municipal enterprises

Municipalities – Large-scale photovoltaics project in Monheim

Update

LEG

S 03

As a major landlord, LEG is a strong partner to local communities

- The largest interconnected landlord-to-tenant electricity project in NRW, in close cooperation with the city of Monheim and local energy provider MEGA
- Total output: about 1,900 kWp for 106 properties
- Installation: 4,774 photovoltaic modules
- Annual saving: about 750 t CO_2e thanks to regenerative power generation
- More than 1,100 residential units which benefit from landlord-to-tenant electricity supply
- Installation by SOLARWATT GmbH and QFS GmbH
- Start of construction November 2023; completion in 2024
- Additional projects in Münster and Dortmund





Aerial photo of the photovoltaics project in Monheim





Governance as our foundation

Good governance as our foundation

Guarantee of compliance with our values, legislation & ethical standards

FOCUS TOPICS
ON FOLLOWING PAGES

G

01



Compliance

- Good compliance as state of the art, as the basis for good corporate governance
- Implementing sharper focus on IT security
- Employee awareness training events

02



Auditing

- Check on compliance with established governance
- Regular audits as per the annual audit plan
- Comprehensive special audits and advisory activities

03



Internal control system

- Regular review of the internal control system
- Integration of key processes to establish and assure the CSRD report

04



Risk management

- Inclusion of transitory and physical risks within CSRD reporting
- Monetary and non-monetary valuation of identified sustainability risks
- Regular review of mitigation measures taken

LEG complies with the requirements of the Supply Chain Due Diligence Act (LksG)

Update

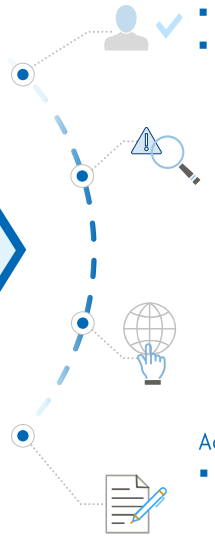
LksG

obliges companies in Germany to implement appropriate and effective human rights and environmental due diligence measures throughout their supply chain

LEG has been subject to LkSG since 01.01.2024

Review of implementation steps by the BAFA in 2024 and 2025 without objection

Implementation of the LksG at LEG



Establishment of clear internal responsibilities

- Appointment of the compliance officer as human rights officer
- Due diligence committee composed of ESG management, purchasing department, Human Resources and risk management; quarterly meetings chaired by the human rights officer

Regular risk analyses

- Recording of risks from our own business area via the due diligence committee
- Digital risk analysis of the supply chain using the Osapiens tool
- Comprehensive and satisfactory responses to BAFA inquiries regarding risk analysis

Establishment of a complaints procedure

- Digital whistleblower system also open to supply chains
- Review by the BAFA without objection

Adaptation of existing guidelines and internal regulations and introduction of new ones

- including the Group guideline on human rights and environmental protection, a declaration of principles on respect for human rights and the environment, a works agreement on protection against discrimination, rules of procedure for the compliance whistleblower system and the complaints procedure under the LksG, and adaptation of the business partner code of conduct.Quarterly meetings to implement legislation

LEG´s Compliance Management System

Update

LEG

G

01

Compliance documents

- Compliance manual defines responsibilities, processes, reporting channels
- Declaration of fundamental values, Group policy on human rights and environmental protection, and Code of Conduct as well as specific internal guidelines and regulations ensure valueoriented, compliant, and respectful corporate conduct
- Business partner code establishes binding standards for cooperation

Communication

- Compliance intranet page
- Information sheets

Digital Whistleblower system

- 24/7 availability
- anonymous if desired
- Complaint option in accordance with LKsG

Controls and audits

- Annual compliance inventory
- Regular certifications by the Institute for Corporate Governance in the German Real Estate Industry

Comprehensive training courses

- Face-to-face training courses for new employees
- Annual digital refresher courses
- Ad hoch awareness training courses
- Special training courses for high-risk areas

LEG´s **compliance management system** ensures responsible corporate governance and legal compliance

IT security is becoming increasingly important for real estate

As a result, LEG is implementing suitable measures

Update

LEG

IT security management

- Use of an information security management system (ISMS) based on ISO 27001
- Established IT security organisation within the Group
- Appointed certified IT Security Officer
- Quarterly report to the CEO

Audits and penetration

- Comprehensive security test; yearly pentest by external specialists (internal, external, social engineering)
- Permanent internal controls (ICS, as per FISG)
- Annual IT general controls (ITGC) by auditor

IT SECURITY

Operational IT security

- Internal IT security team
- State-of-the-art security products
- 24/7 monitoring of all IT assets by external security operation centre (SoC)

Awareness and training

- All employees are required to attend mandatory training courses on cybersecurity
- Cybersecurity awareness is regularly raised within the company.

Risk management

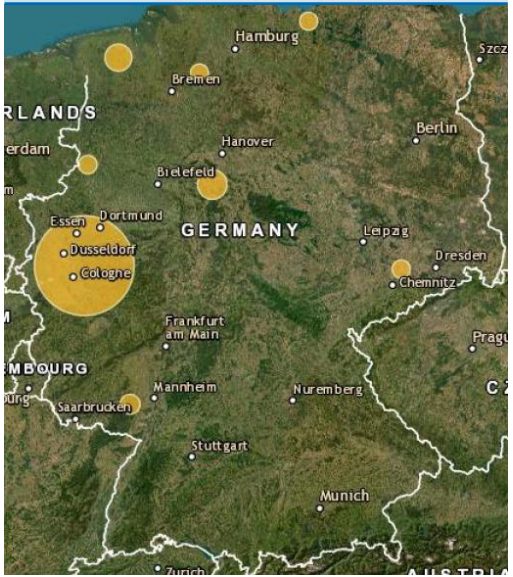
Both physical climate risks and transitory risks must be taken into account

Update

- Physical climate risks have already been analysed as part of the EU Taxonomy using Munich Re's NATHAN climate risk tool
- Munich Re's climate risk tool is used to determine the physical climate risks
  - Risk score for current year and each location in the portfolio
  - Individual hazards using the hazard score
  - Completion of climate scenario analyses (2030, 2050, 2100), to evaluate future effects of climate change on the LEG portfolio
- RCP 8.5 scenario: 95% of portfolio locations with very low risk, 2% with medium risk, and 3% with (very) high risk
  - River flooding and storm surges pose an acute climate risk, with 94% of portfolio locations at low risk and 6% at high risk
  - The chronic risk of sea level rise poses a predominantly low risk to the portfolio
- Regular reporting to the Executive Board
- Recognition of the importance of water management and water as a key resource established in LEG Water Guideline[1]

Munich Re's NATHAN climate risk tool

Use of **15,000** sets of location data



Nathan Risk Score

- Overall
- Erdbeben
- Sturm
- Hochwasser

Nathan Hazard Score

- Flusshochwasser
- Sturzfluten
- Sturmfluten
- Tropische Wirbelstürme
- Außertropische Stürme
- Tornados
- Hagel
- Blitze
- Erdbeben
- Vulkanausbrüche
- Tsunamis
- Wald- und Buschbrände

G
04

1 Water Guideline: https://www.leg-wohnen.de/en/corporation/sustainability/codes-and-guidelines/policies/water-guideline

Back-up

Additional GRI key figures

Tenants

Key figure(s)	Unit	2023	2024	2025	GRI Standards
Substantiated complaints concerning breaches of customer privacy and loss of customer data					
Complaints received from outside parties[1] and substantiated by the organization	Number	0	0	0	
Complaints from regulatory bodies	Number	1	1	1	418 – 01
Total number of detected incidents of data leaks, data thefts and data losses in connection with customer data[2]	Number	5	2	1	

1 "Third parties" are all external parties 2 The number of notifiable incidents of personal data protection breaches as per Article 33 EU GDPR is reported.

Additional GRI key figures

Employees

Key figure(s)	Unit	2023	2024	2025	GRI Standards
Collective agreements					
Percentage of employees covered by LEG collective agreements[1]	%	60.4	59.3	63.0	102 – 41
Work-related injuries					
Work-related injuries with serious consequences (excluding deaths)[2]	Number	1	0	0	403 – 09
	Rate in %	0.1	0	0	
Work-related illnesses					
Absence rate[3]	Number	6.9	6.7	6.4	403 – 10

1 Indicates LEG employees who fall under the scope of the LEG collective agreement. Executive employees and employees not covered by the collective agreement are excluded. Interns, students and former employees are not included. 2 No surveys are conducted for this purpose. 3 Calculated based on 200,000 hours (excluding TSP, biomass power plant Siegerland and RENOWATE).

Additional GRI key figures

Employees

Key figure(s)	Unit	2023	2024	2025	GRI Standards
Average hours of training per year and employee[1]					
Number of employees who participated in a seminar or other training measure during the reporting period	Number	1,538	1,554	1,660	404 – 01
Cumulative number of seminar days in the reporting period	Number	3,048	3,066	3,719	
Percentage of staff receiving regular performance and career development reviews					
Percentage of total employees who received regular performance and career development review ('FRED' since 2024) in the reporting period[2]	%	83.0	87.0	77.7	
Women	%	43.7	45.0	45.4	404 – 03
Men	%	56.3	55.0	54.6	

1 Employees at TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included.
2 Employees at TechnikServicePlus GmbH and Biomasse Heizkraftwerks Siegerland GmbH & Co. KG were not included; nor were trainees, temporary workers, students, interns, parental leave employees and employees in partial retirement (passive phase)

Additional GRI key figures
Business

Key figure(s)	Unit	2023	2024	2025	GRI Standards
Directly economic value generated and distributed					
Direct economic value generated: revenues[1]	€ million	834.3	859.4	919.9	201 – 01
Economic value distributed[2]	€ million	406.0	416.7	443.3	
CRE sector supplement: payments to government[3]	€ million	3.0	2.5	2.7	
Economic value retained[4]	€ million	428.3	442.7	476.6	
Non-compliance with environmental laws and regulations					
Total monetary value of significant fines[5]	Number	0	0	0	307 – 01
Total number of non-monetary sanctions[6]	Number	0	0	0	
Cases brought through dispute resolution mechanisms[7]	Number	0	0	0	

1 Corresponds to the net cold rents according to the result from net operating income. 2 Corresponds to the expenses from net operating income 3 Corresponds to the net income tax payments according to the cash flow statement.
4 Corresponds to the difference between net cold rents and expenses. 5 Fines of € 100,000 or more are considered significant 6 Only repressive measures, i.e. punitive actions for past misconduct that do not involve financial penalties, are disclosed. 7 Dispute resolution mechanisms are disclosed, i.e. judicial proceedings as well as out-of-court settlement through mediation or arbitration.