LEG Immobilien SE

Company Presentation

December 2022

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Company Presentation
Agenda

1.1 Highlights **9M-2022**

Financial Summary
9M-2022

Operating results

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

Portfolio

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

Balance sheet

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

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

Financials and operations well on track despite strong headwinds

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Transaction markets start to reflect new interest rate environment

Financials

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

Operations

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

ESG

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

9M-2022

Investors sit on their hands due to high uncertainty

Transaction market volumes contracted strongly

Valuations being negatively impacted by strong interest rate increase

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

Focus on liquidity and capital structure

Dividend 2022 subject to market environment

Headwinds being reflected in adjusted guidance

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

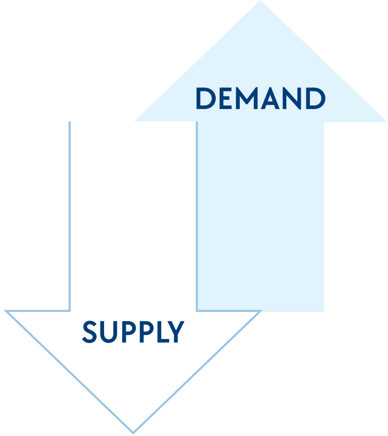
1 Since Q1-2022 calculation adapted to market standard: inclusion of short-term deposits and participation in other residential companies.

German real estate residential market

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

Supply

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



Demand

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

STATUS QUO

Fully rented out market in the affordable segment

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

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

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

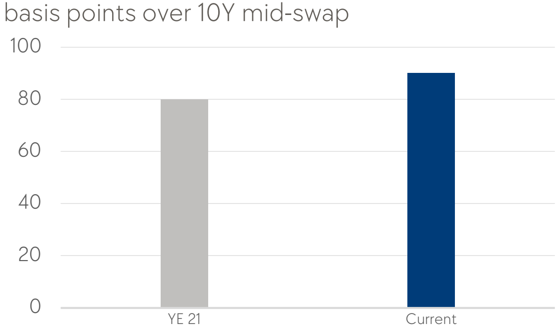
A challenging environment

Leading to a re-positioning of business model

Surge in interest rates – 10Y BUND yield

LEG bond yield 2021/32, 1.0% coupon

Broadly stable spreads for LEG secured debt



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

Cash is King (1/2)

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

Strengthen operations 01

Rent increase

3.3% – 3.7% for 2023

Highest rent increase in LEG's history

Investment spending

2022: Reduction to **€42**/sqm

(–11% nominal/ **–26%** real terms vs. original 2022 level)

2023: Reduction to **€35**/sqm

(–26% nominal/ **–41%** real terms vs. original 2022 level)

Cost reductions

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

Run-off new development 02

Limited cash outflows

c. **€263m 2023–2025 in total**

Development pipeline simply runs off by finishing existing projects

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

Net seller 03

No more acquisitions

from October onwards

c. 400 units sold YTD – at book value

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

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

Keep focus on innovations 04

Positioning as solution provider

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

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

Cash & Resilience

AFFO 2023e: €110 – 125m

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

Cash is King (2/2)

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

01 Strengthen operations

02 Run-off new development

03 Net seller

04 Keep focus on innovations

Cash & Resilience

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

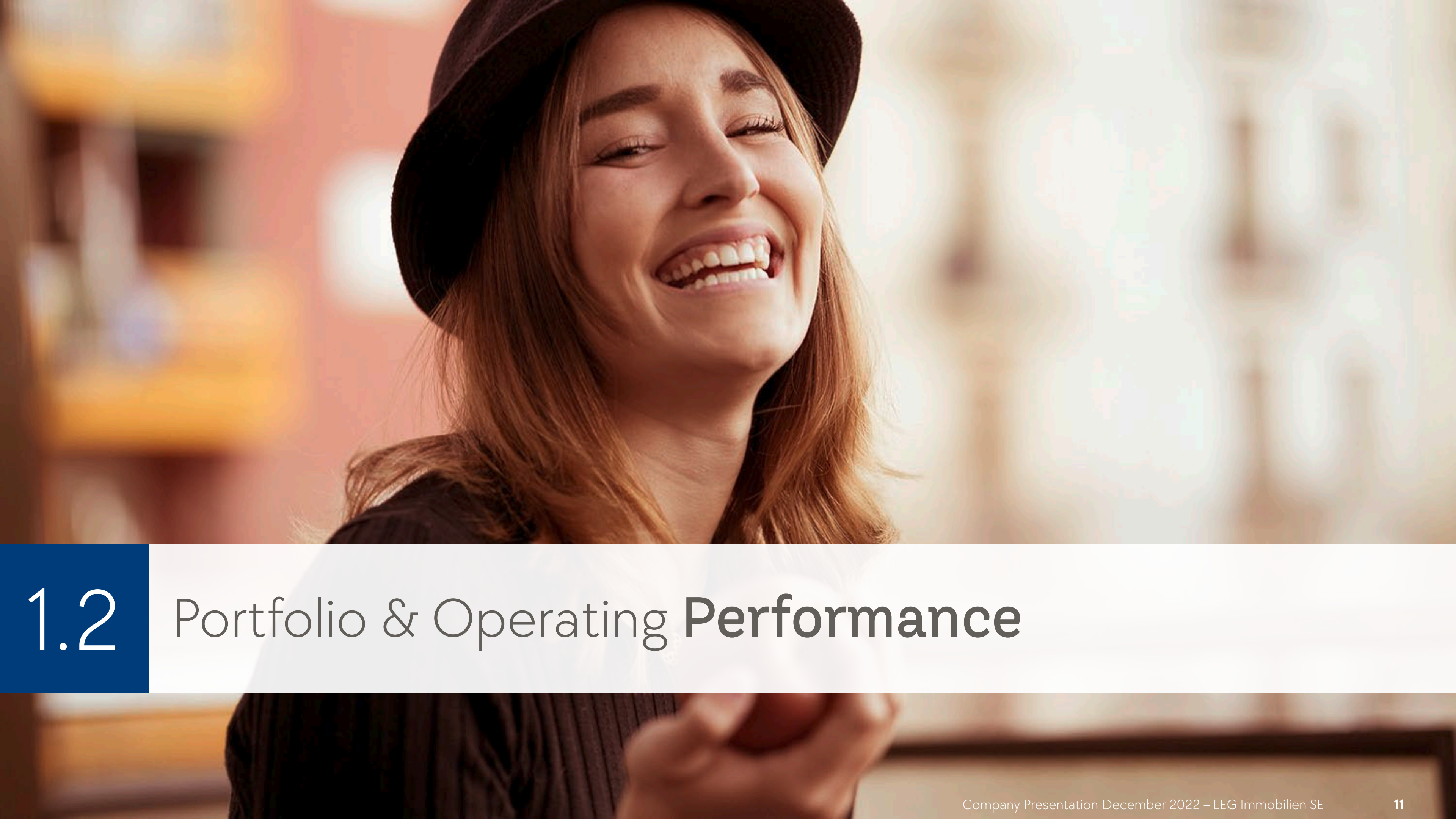
AFFO

Advantage

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

Disadvantage

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



1.2 Portfolio & Operating **Performance**

Portfolio transactions

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

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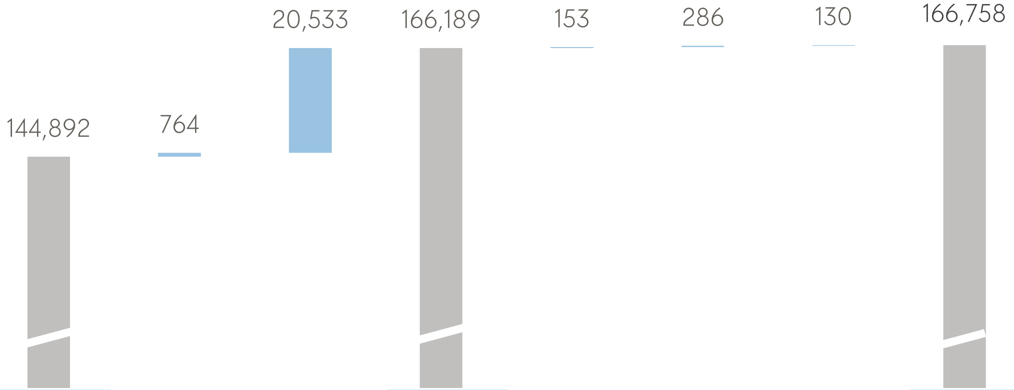
Number of units based on date of transfer of ownership[1,2]



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

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

Disposals

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

Acquisitions

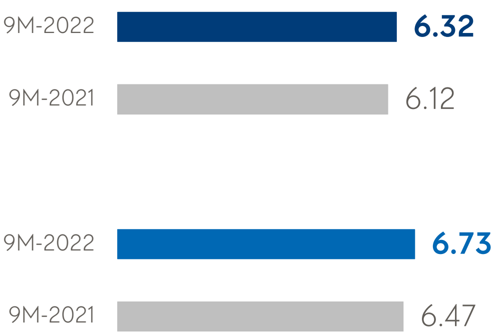
- No more acquisitions at present

Strong catch-up in rent growth in Q3

On track for target level of ~3.0%

l-f-l rent development

€/m²/month



Residential rent

+3.2%

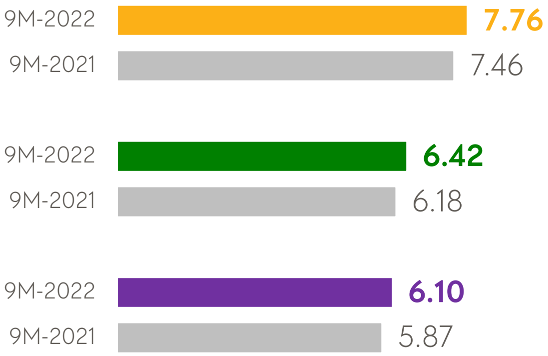
Rent table	+2.0%
Modernisation/ Re-letting	+1.2%

Free financed rent

+3.9%

l-f-l free financed rent development

€/m²/month



High-growth

+4.0%

Stable

+3.8%

Higher-yielding

+3.9%

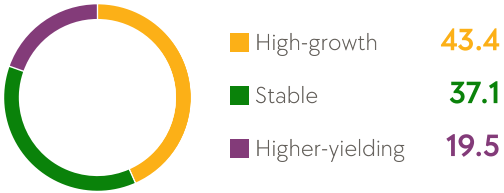
- Strong impact from rent table adjustments in Q3 drives in-place rent growth to 3.2% after 2.6% as of H1
- L-f-l rental growth for FY 2022 confirmed at c.3.0% due to y/y effects in Q4
- Strong increase of free financed rent with 3.9% equally driven by all market segments

Ongoing positive trends across all KPIs and market clusters

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

Market split (GAV)

%

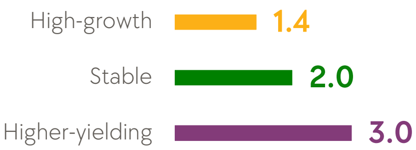


In-place rent, l-f-l

€/m²

Vacancy, l-f-l

%



Markets

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

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

Capex and Maintenance

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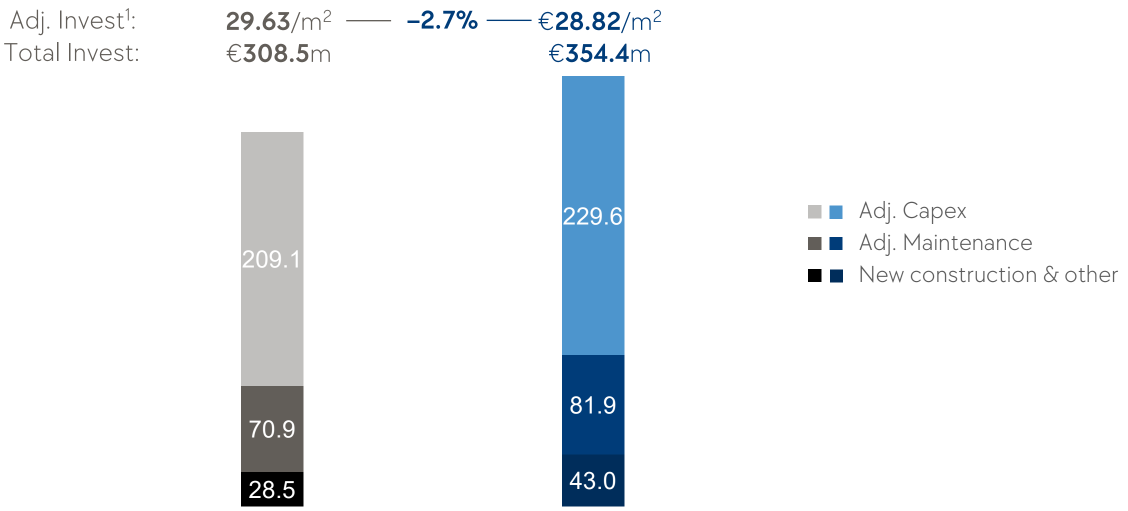
Slow down of spending in a rising cost and interest rate environment – €42/sqm for FY2022 exp.



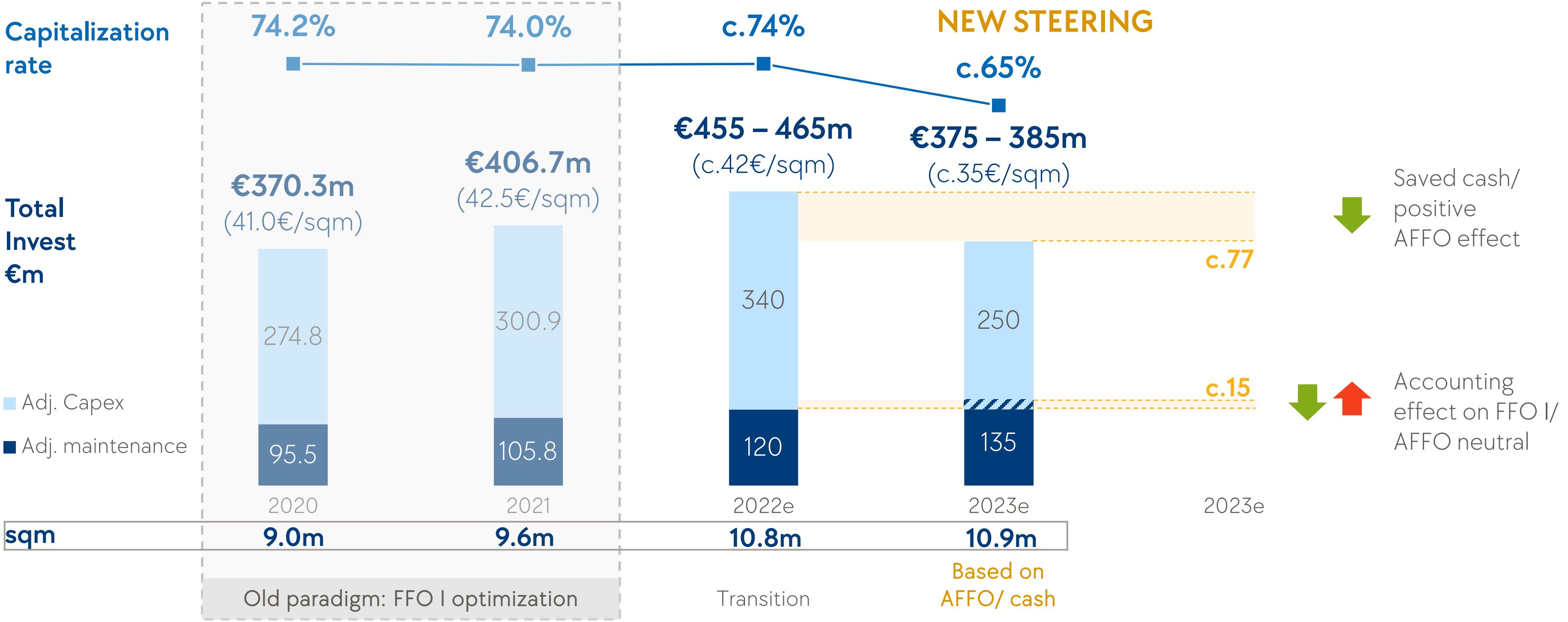
per m²	9M-2021	9M-2022	%
Adj. Capex	€22.13	€21.25	–4.0%
Adj. Maintenance	€7.50	€7.57	+1.0%
Total	**€29.63**	**€28.82**	**–2.7%**

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

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

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

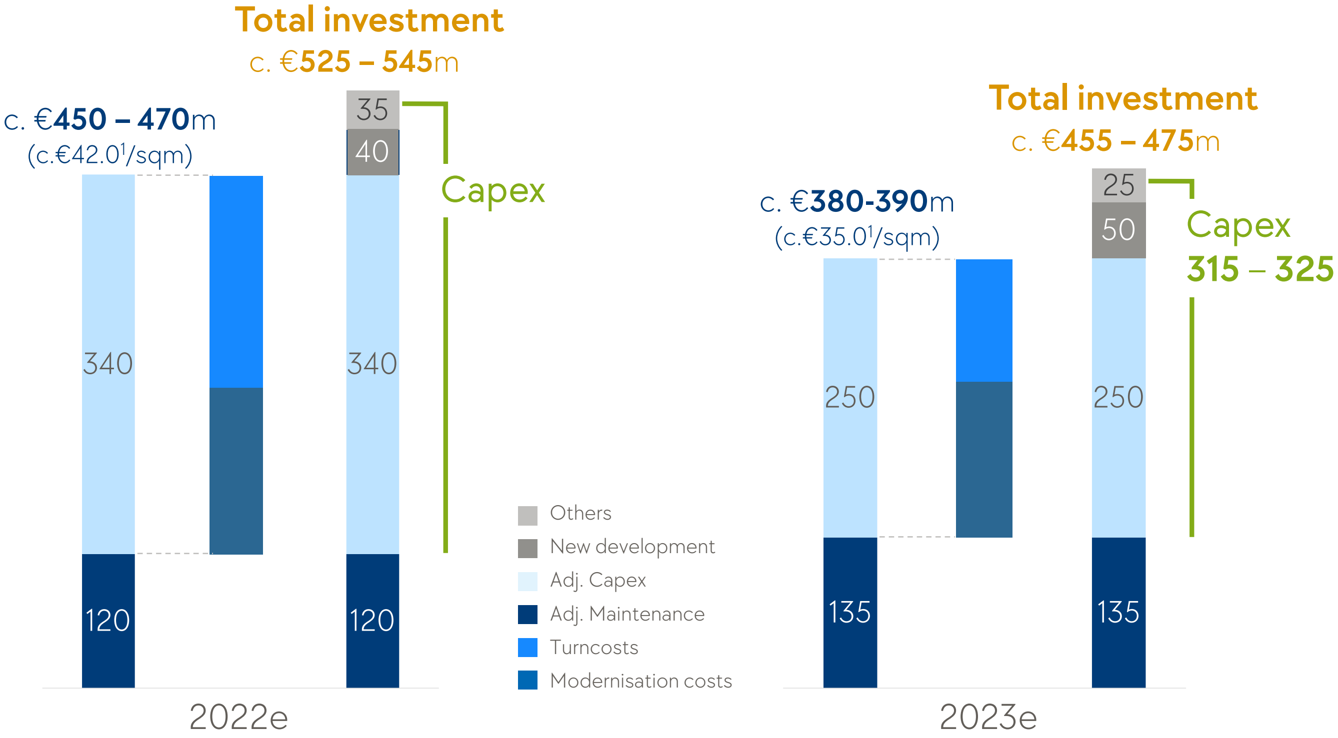
Focus on cash instead of accounting effects



1 Rounded numbers for 2022e and 2023e.

Significant reduction of investments in 2023

New steering methodology requires view on total investment



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

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

1.3 Financial **Performance**

Financial highlights 9M-2022

On track for guidance

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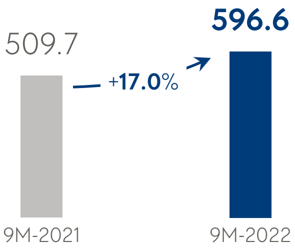
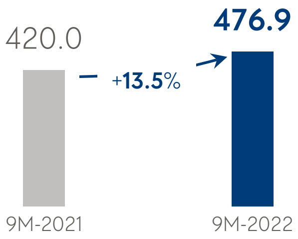
Net cold rent

€m



Adjusted net rental and lease income

€m



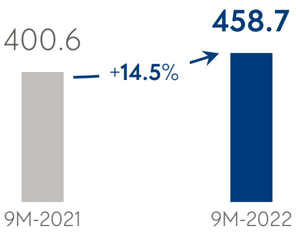
Margin

79.9%

(82.4%)

Adjusted EBITDA

€m



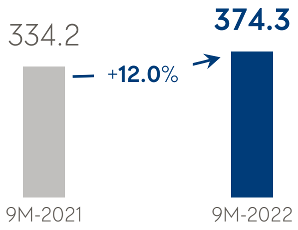
Margin

76.9%

(78.6%)

FFO I

€m



Margin

62.7%

(65.6%)

Well on track for margin target

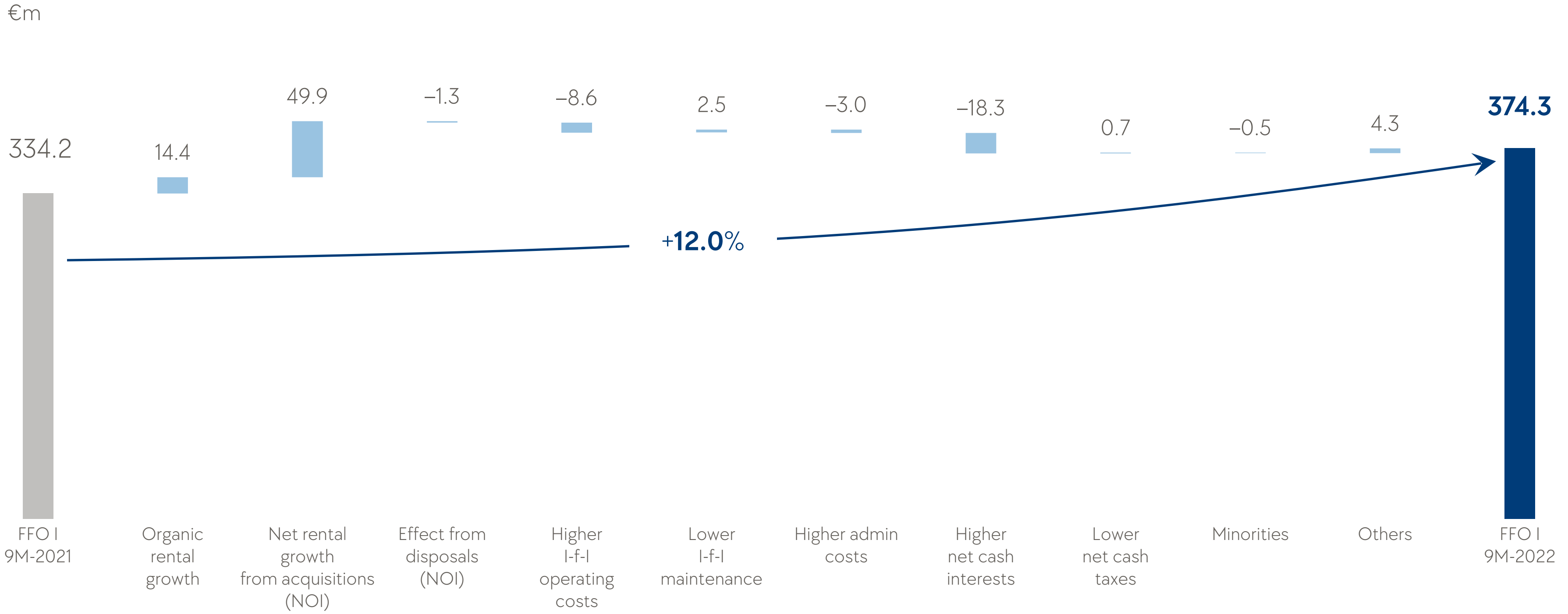
- Strong increase in net cold rent through acquisitions but also organic growth
- Services continue their positive contribution
- Adjusted EBITDA margin of 76.9% down 170 bps yoy, mainly due to lower margin of portfolios acquired in 2021. Improvement in comparison to 74.8% in H1-2022
- Positive impact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

FFO I ps

- **9M-2022: €5.11 (+10.6%)**

FFO Bridge 9M-2022

Strong contribution from acquisitions and rent growth



Portfolio valuation 9M-2022

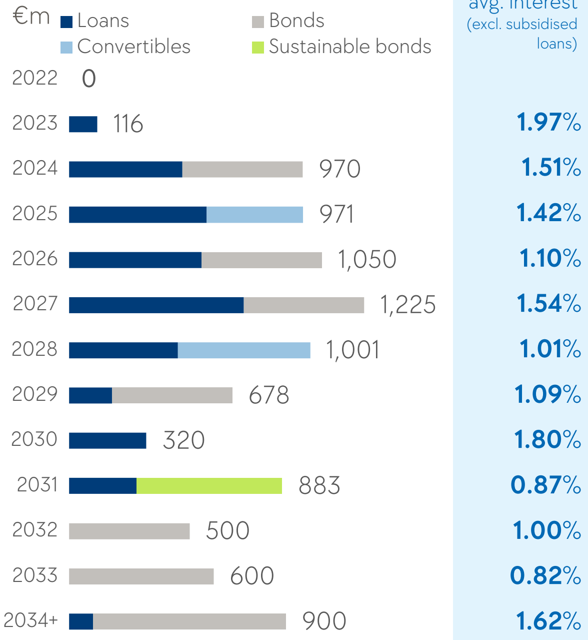
Market segment	Residential Units	GAV Residential Assets (€m)	GAV/ m² (€)	Gross yield	In-Place Rent Multiple	GAV Commercial/ Other (€m)	Total GAV (€m)
High-Growth Markets	49,519	8,432	2,591	3.3%	30.7x	350	8,781
Stable Markets	66,629	7,211	1,695	4.3%	23.5x	231	7,442
Higher-Yielding Markets	50,610	3,804	1,241	5.4%	18.4x	107	3,911
Total Portfolio	**166,758**	**19,447**	**1,839**	**4.1%**	**24.7x**	**688**	**20,135**[1]

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

Well balanced financial profile

No significant maturities until 2024

Maturity profile



Average debt maturity

years

Average interest costs

%

Loan-to-value

%

Highlights

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

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

1.4 Outlook

Guidance 2022: FFO I confirmed at a more narrow range

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

Guidance 2023: Focus on AFFO

		Guidance 2023[1]
AFFO[2]		€ **110**m – **125**m
Adj. EBITDA margin[3]		**c.78%**
l-f-l rent growth		**3.3% – 3.7%**
Investments		c. **35**€/sqm
LTV		Medium-term target level max. **43**%
Dividend		100% AFFO as well as a part of the net proceeds from disposals – subject to further market development
Disposals		Not reflected[1]
Environment	2023–2026	Reduction of persistent relative CO_2e emission saving costs in €/ton by **10%** achieved by permanent structural adjustments to LEG residential buildings
	2023	**4,000** tons CO_2 reduction from modernisation projects and customer behavior change
Social	2023–2026	Improve high employee satisfaction level to **70**% Trust Index
	2023	Timely resolution of tenant inquiries regarding outstanding receivables
Governance	2023	**85%** of Nord FM, TSP, biomass plant, **99%** of all other staff holding LEG group companies have completed digital compliance training

1. Guidance based on 167 k units. 2. Adjusted for capex financed in full by subsidised, long-term loans accounted for at fair value or at cost; currently no such projects are planned; if those projects are contracted, these will be reported separately. 3. Adjusted for maintenance (externally-procured services), internally procured and capitalized services and non-recurring special effects.

Shift to a more defensive set-up during an uncertain period

Background on new steering KPIs

[Link to full KPI presentation]

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Old and new definition of key KPIs
Adjusting steering whilst uncertainties remain

New definition

Current net rental and lease income / adj. NOI

- **NEW**

  NOI

  + Maintenance for externally procured services

  ./. Own work capitalised

- **RATIONALE**

  Focus on topline impact, disregarding of capitalisation rate and internal vs. external commissioning

Adjusted EBITDA

- **NEW**

  EBITDA

  + Maintenance for externally procured services

  ./. Own work capitalised

- **RATIONALE**

  Based on adjusted NOI

No change

FFO I

- **No change**

Capex

- **No change**

- Adj. Capex

  + Adj. Maintenance

  + New development[1]

  + Own work capitalised

AFFO

- **No change – adjustment in case of subsidised loans**

- FFO I

  ./. Capex

  ./. Subsidised investments, i.e. financed via subsidised loans or grant

- **RATIONALE**

  Enablement of investments in CO_2 reduction and/ or innovation

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- In order to increase focus on cashflow, LEG has switched from the FFO I to the AFFO as key performance indicator
  - AFFO as cashflow proxy and less volatile than operating cashflow
- The steering of the operations team has been amended accordingly
  - Adjustment of NOI also for maintenance part to avoid focus on capitalisation rate
  - Deduction of own work capitalised to avoid focus on internal vs external commissioning
- Adjusted EBITDA reflects the changes made to NOI, as it is based on the NEW adjusted NOI calculation
- FFO I remains unchanged
- AFFO unchanged in principle but adjusted by future subsidised investments

1 on own land, excl. acquired third party developer projects. Overall development will run down until 2025 as existing projects will be completed

NOI adjustment triggers new adjusted EBITDA definition

FFO I unchanged and AFFO adjusted for subsidised investments from FY2023 onwards

Effect on KPI's based on new steering

Calculation of FFO I, FFO II and AFFO €m	9M-2022 OLD 01.01.- 30.09.2022	9M-2022 NEW 01.01.- 30.09.2022	31.12.2021 OLD 01.01.- 31.12.2021	31.12.2021 NEW 01.01.- 31.12.2021	Effects
Net cold rent	596.6	596.6	683.9	683.9	
Profit from operating expenses	-5.2	-5.2	-2.4	-2.4	
Maintenance for externally procured services	-50.9		-65.7		
Staff costs	-79.8	-79.8	-87.9	-87.9	
Allowances on rent receivables	-12.4	-12.4	-10.3	-10.3	
Other	19.6	3.5	16.0	-0.2	
Non-recurring project costs (rental and lease)	9.0	9.0	6.4	6.4	
CURRENT NET RENTAL AND LEASE INCOME/ adj. NOI	**476.9**	**511.7**	**540.0**	**589.5**	change
CURRENT NET INCOME FROM OTHER SERVICES	**11.4**	**11.4**	**8.3**	**8.3**	
Staff costs	-20.8	-20.8	-26.7	-26.7	
Non-staff operating costs	-20.4	-20.4	-105.6	-105.6	
Non-recurring project costs (admin.)	11.6	11.6	96.2	96.2	
CURRENT ADMINISTRATIVE EXPENSES	**-29.6**	**-29.6**	**-36.1**	**-36.1**	
Other income and expenses	0.0	0.0	0.0	0.0	
ADJUSTED EBITDA	**458.7**	**493.5**	**512.2**	**561.7**	change
Cash interest expenses and income	-82.4	-82.4	-86.7	-86.7	
Cash income taxes from rental and lease	–	–	-0.6	-0.6	
Maintenance for externally procured services		-50.9		-65.7	
Own work capitalised (prev. within other)		16.1		16.2	
FFO I (BEFORE ADJUSTMENT OF NON-CONTROLLING INTERESTS)	**376.3**	**376.3**	**424.9**	**424.9**	
Adjustment of non-controlling interests	-2.0	-2.0	-1.8	-1.8	
FFO I (AFTER ADJUSTMENT OF NON-CONTROLLING INTERESTS)	**374.3**	**374.3**	**423.1**	**423.1**	no change
Weighted average number of shares outstanding	**73,309,866**	**73,309,866**	**72,482,244**	**72,482,244**	
FFO I per share	**5.11**	**5.11**	**5.84**	**5.84**	
Net income from the disposal of investment properties	0.9	0.9	0.7	0.7	
Cash income taxes from disposal of investment properties	-2.0	-2.0	-3.9	-3.9	
FFO II (INCL. DISPOSAL OF INVESTMENT PROPERTIES)	**373.2**	**373.2**	**419.9**	**419.9**	
CAPEX	-259.7	-259.7	-330.9	-330.9	no change
Subsidised investments	-	-	-	-	new for FY2023
AFFO	**114.6**	**114.6**	**92.2**	**92.2**	
adj. NOI margin	**79.9%**	**85.8%**	**79.0%**	**86.2%**	change
adj. EBITDA margin	**76.9%**	**82.7%**	**74.9%**	**82.1%**	change

Steering based on AFFO requires separation of operating cash generation from investment spending:

- Maintenance for externally procured services
- Own work capitalised (part of Other)

are adjusted within new EBITDA set-up

Effects:

- FFO I (no longer core KPI) remains unchanged and will be still reported
- Capex unchanged
- AFFO adjusted for future subsidised investments

Additional information regarding capitalisation ratio

- **IAS 40** which regulates the accounting of investment property does not specify requirements in respect to the treatment of maintenance costs and/or capitalisation of modernisation costs
- **IAS 16** is applied and allows the capitalisation of costs if the measures
  - Prolong the life time of the building
  - Improve the quality of the building/ unit
  - Reduce operating costs
  - Allow for rent increases
- Regular small repair jobs like painting walls, fixing leaking water taps etc. which are not seen as value enhancing are treated as maintenance and fully expensed

- IFRS does not provide specific € amounts to be used to distinguish between expensed vs capitalised investments as different real estate sub sectors (e.g. residential vs. office vs. logistic) require different levels of maintenance and modernisation in respect to scale and scope of investment, technical requirements and time frame of the measure
- Detailed catalogue of measures agreed with auditor based on IFRS criteria, catalogue has **NOT** been amended as a result of the new steering
- Differentiation between turn cost measures and modernisation measures on an individual basis

- Example: Turn cost investments above a specific investment level to be fully capitalised
  - In an **FFO I** world this sets the incentive for larger investments
  - In an **AFFO** world this sets the incentive to reduce cash outflows

LEG has NOT changed its accounting policy
– the reduced capitalisation rate is the consequence of the new cashflow focus

2 Who we are and **what we stand for**

Affordable housing in Germany

Made in NRW – Rolled out to Germany

Aachen

Bremen

Dusseldorf

Duisburg

Flensburg

Hamm

Hanover

Kaiserslautern

Mannheim

Münster

Remscheid

Solingen

Affordable housing in Germany

Made in NRW

01 German residential pure play

Pure Play:
Residential + Germany

Focus on affordable living segment

Focus NRW (c. **80%** of assets), **no. 1** in NRW

Market cap c. **€4.3bn**[1], 100% tradeable shares

02 Solid balance sheet

Loan to value **42.1%,**

∅ financing cost **1.26%,**
∅ maturity **6.8** years

Beta **0.78**
(5y vs. EuroStoxx 600)

GAV/m^2 **1,839€**

03 Social Responsibility

500,000 tenants/
166,800 apartments

Average rent per unit
c. **€400** per month/**€6.30** per sqm

c. **20%** social housing
(rent-restricted)

04 Consolidation of platform

Avoiding complexity

Acquisitions stopped - Shifting to net seller - but flexible to "switch back on"

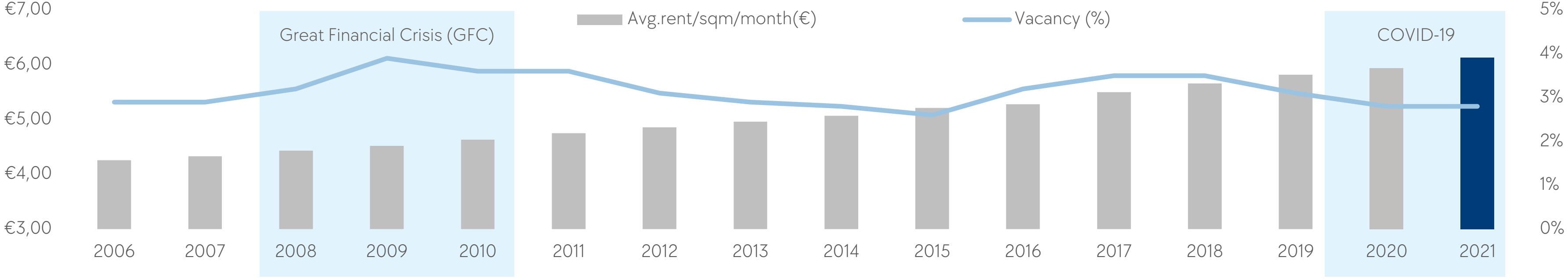
Run-off new construction

Cash neutrality focus

1 Closing price of €62.52 on 02.12.2022

Resilient business model

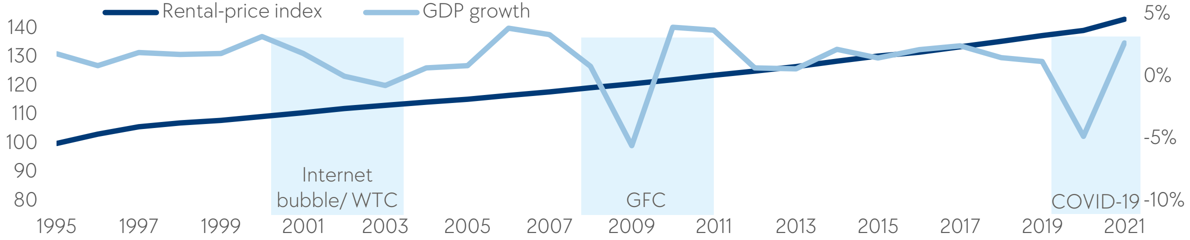
LEG not materially affected during the GFC and COVID-19



LEG well positioned

- Non-cyclical business model
- LEG's attractive rent level of **€6.30/sqm** is key to provide affordable living to our tenants
- C. 20% of units subsidised
- German social system provides several strong layers of social security

Resilience of German residential during the last economic crises



Source: Company information, Federal Statistical Office – Residential Rental Price Index.

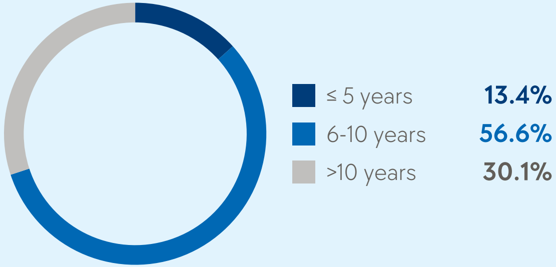
Refinancing of subsidised loans lifting value

LEG

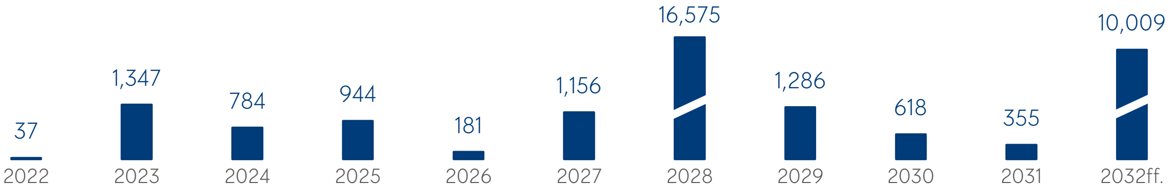
Rent potential subsidised units

- Until 2028, around **21,000 units will come off rent restriction**
- Units show **significant upside to market rents**
- The **economic upside can theoretically be realised the year after restrictions expire**, subject to general legal and other restrictions[4]

Around 65% of units to come off restriction until 2028

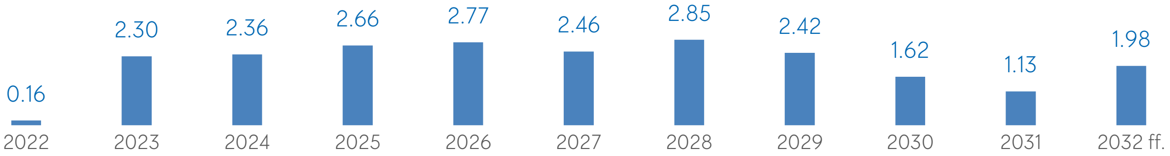


Number of units coming off restriction and rent upside



Spread to market rent

€/m²/month



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

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

Digitisation

A boost to the digitisation of our business

LEG

Digital contracts/ solutions

- Option of fully digitalised rental process incl. rent agreement
- Chat bots and direct service contact
- Self-admin functions for tenant
- Pilot with Amazon to offer free, keyless and contactless delivery service

LEG **Tenant App**

Robotics solutions

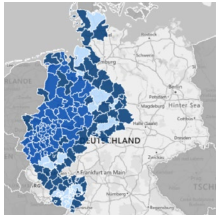
- **RPA Center of Excellence** implemented
- **>25** RPAs installed across the entire group, i.e. IT, customer service, accounting, modernisation projects, quality management etc.
- In customer service **>100,000** customer requests handled so far via RPAs

Internal **LEGWiki on Robotics**

Artificial Intelligence Big Data

- AI pilot running for termination process
- Pilot for damage detection via drones
- Group-wide data platform to combine public and proprietary data for analysis of locations and support for internal functions

LEG **Data model on markets**



3 ESG Agenda **2025** – A Joint Journey

ESG Agenda 2025 – A joint journey

Key indicators

E

- We are committed to climate targets
  - **10%** CO_2 reduction from **2022** until **2025** and **4,000 tons** CO_2 reduction from modernisation projects in **2022**
  - **Committed to Climate Act 2030** and to **climate neutrality by 2045**
- We intend to invest **up to €500m** into energetic modernisation from **2020** until **2024**
- **Key drivers** for our energetic transition **until 2045** are:
  - **Tenants engagement** needed to contribute up to **5%** to the overall improvement
  - **Energy transition** to shift towards green district heating and green electricity, driving **65% – 70%** of the overall improvement
  - **Refurbishments** to achieve **>30%** of energy reduction, contributing **25% – 30%** to the overall improvement

S

- **Affordable living** segment and responsibility for our client base remains core to our **DNA**
- Improvement of **customer satisfaction index (CSI)** from **56%** to **70%** in the period **2022 - 2025**
- Further building on the strong partnership with local communities, leading to a preferred partner status
- Our colleagues make the difference, and we want to remain a highly attractive employer with a **Trust Index** of at least **66%** in **2022**

G

- In **2022** we aim to maintain our current **Sustainalytics rating** of **7.8** within the negligible risk range **(<10)**
- **One-third** of our fully independent **supervisory board** is represented by women since the **AGM 2022**
- Compliance management system certified by the Institute for Corporate Governance in the German Real Estate Industry

Our ESG mission statement

LEG

1 Environment

- A promoter of the transformation of the residential sector towards climate neutrality
- Committed to the enforced German Climate Change Act 2045 and UN Paris Climate Agreement 2050

2 Customers, Colleagues, Communities

- A committed leader for affordable housing of good quality
- A top employer, promoting a corporate culture of diversity, open-minded-ness and respect
- A strong partner in develop-ing our local communities

3 Governance

A highly effective governance that ensures day-to-day compliance with our values, the law and the ethical standards that form the basis of our reputation

SUSTAINABLE DEVELOPMENT GOALS

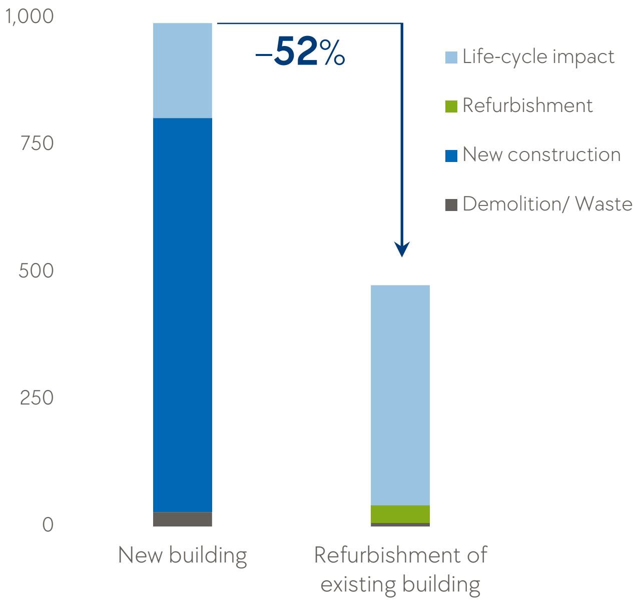
1 NO POVERTY
7 AFFORDABLE AND CLEAN ENERGY
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS

LEG Study: Energetic refurbishment superior over new construction approach under CO_2 lifecycle perspective

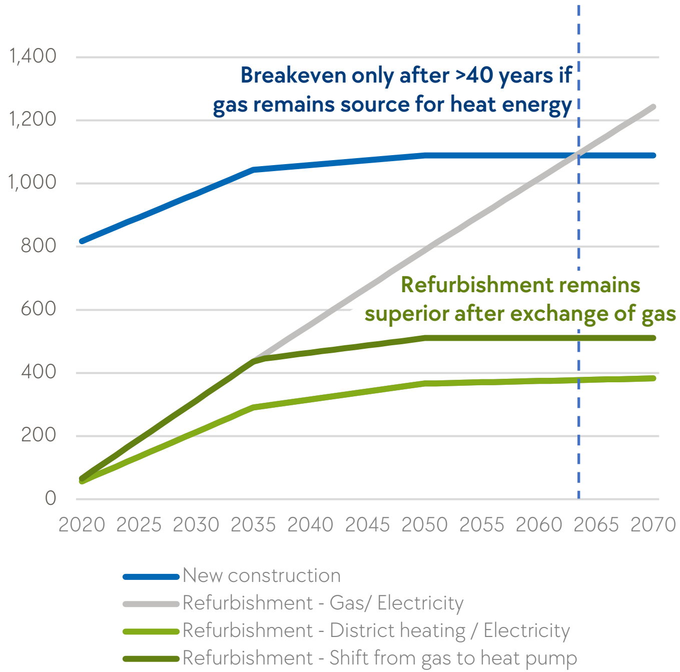
Wuppertal Institut LEG

CO_2 lifecycle footprint[1]

($t\ CO_2$ equivalent)



Total energy consumption in Giga Joule



Joint study between renown Wuppertal Institute and LEG Key findings:

- Lifecycle perspective favors refurbishment over new construction
- Total CO_2 footprint for a refurbished building >50% smaller than for a new building
- Break-even in total energy consumption perspective only after >40 years, if heat energy will remain on gas forever
- After shift to heat pump or district heating, refurbishment will remain the superior strategy
- Exit from gas likely to be accelerated (independence from Russia)

1 Based on buildings with construction year 1959 – 1968 and 3 floors. On average 14 units per building with a total of 852sqm., assuming change towards heat pump by 2035

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

Company

RENOWATE

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

Product

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

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

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

STEP 3
Serial production of modular building envelope components

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

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

Status Quo

LEG RHOMBERG

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

1 Photovoltaics, heat pump etc.

Carbon Balance Sheet 2021

LEG

32.3 kg CO_2e/m^2 on a market based and climate adjusted basis

Carbon balance sheet

- Bottom-up approach
- BAFA-factors in line with GHG-protocol
- Scope 1 and scope 2
- 32.3 kg CO_2e/m^2 based on heating energy
- 283k t CO_2 in total (2020: 311k t)
- C. 2/3 coming from gas

Heat energy by source (100% of portfolio)

Gas	64.6%
District heating	28.6%
Heating oil	3.7%
Electricity for heating	1.2%
Coal (local heating)	0.9%
Other	1.0%

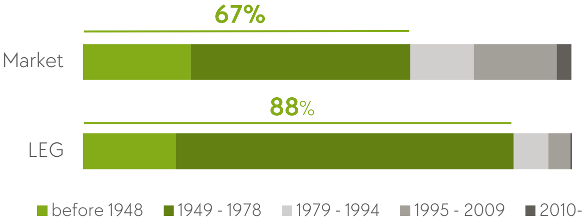
- Based on actual consumption 2020 (74% actuals, 6% actuals previous year, 20% certificates)
- Extrapolated for 2021
- Limited assurance by Deloitte

Reflecting our roots

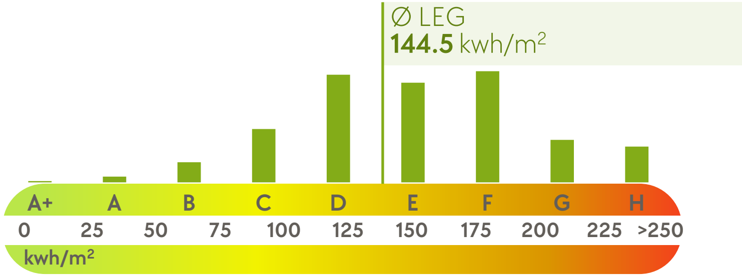
Energy efficiency of our portfolio of 144.5 kWh/m² (2020: 157.5kWh/m2) is a function of corporate DNA & history:

- Providing affordable housing in post-war Germany

LEG portfolio by construction years vs. LEG market



Distribution by energy efficiency classes LEG



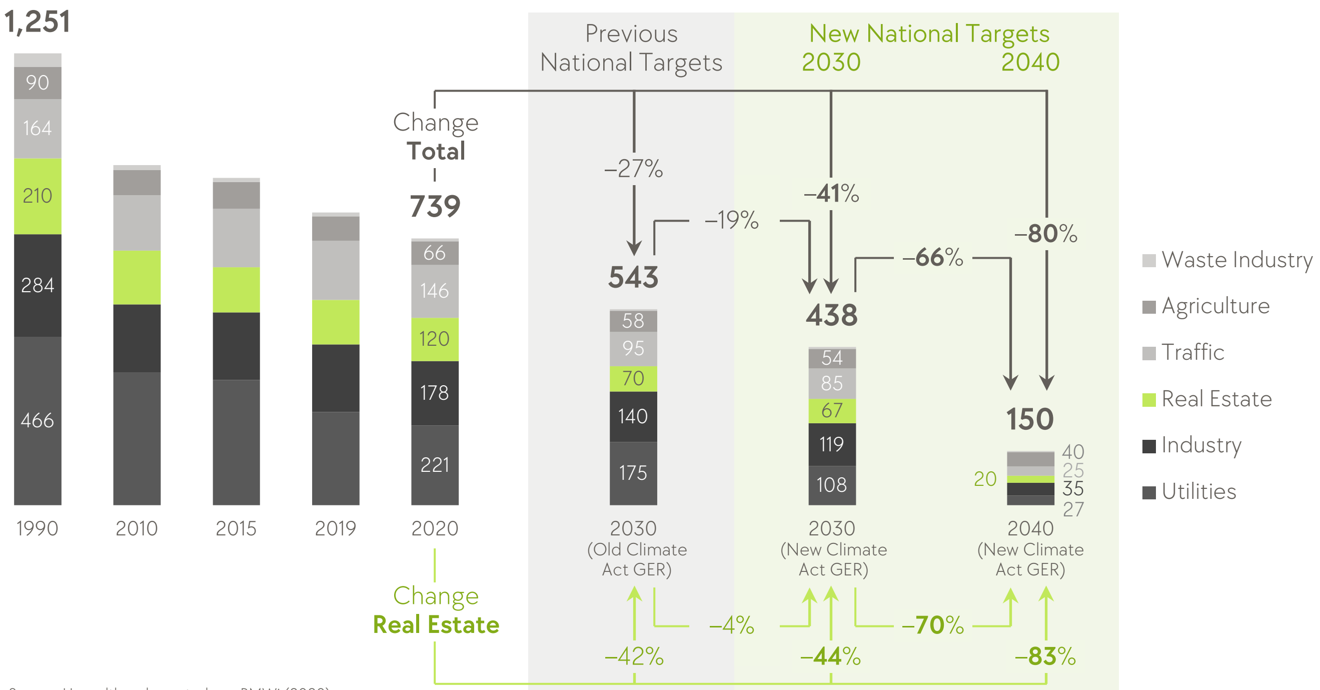
Source: Destatis, LEG. Market based on federal states in which LEG is active in

German reduction path by sectors

Further enforcement of Germany's targets and climate neutrality targeted by 2045

Germany CO_2 emission in sector context

Mio. t

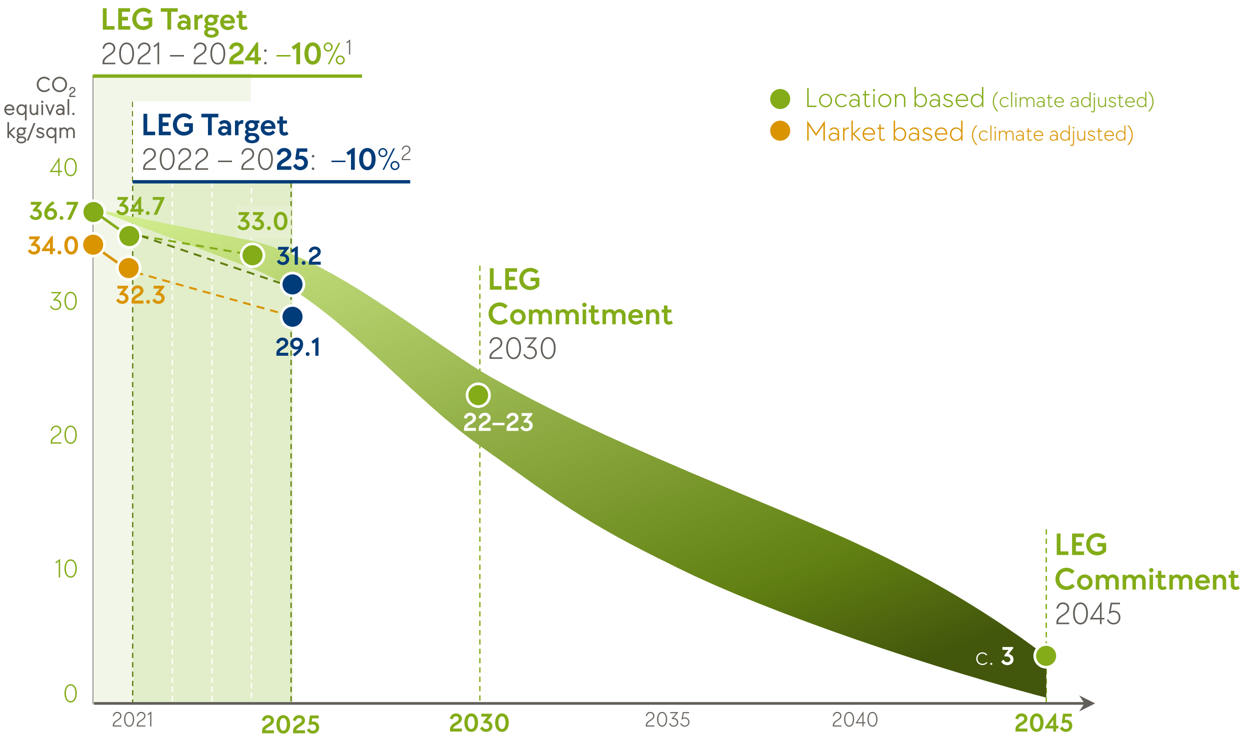


Source: Umweltbundesamt, dena, BMWi (2020)

- Real estate sector represents **16%** of Germany's emissions (2020)
- New climate change act enforces carbon reduction to 65% when compared to 1990 (vs. previously 55%) by 2030 and climate neutrality by 2045
- Significant reduction for real estate sector required:
  - **44%** by 2030 vs. 2020
  - **83%** by 2040 vs. 2020
- Uniform and consistent EU ETS (European Trading System) required to allow for uniform prices and standards across the EU and to allow for a holistic carbon reduction framework

Strong CO_2 reduction of 5% in 2021

Well on track for our target towards climate neutrality

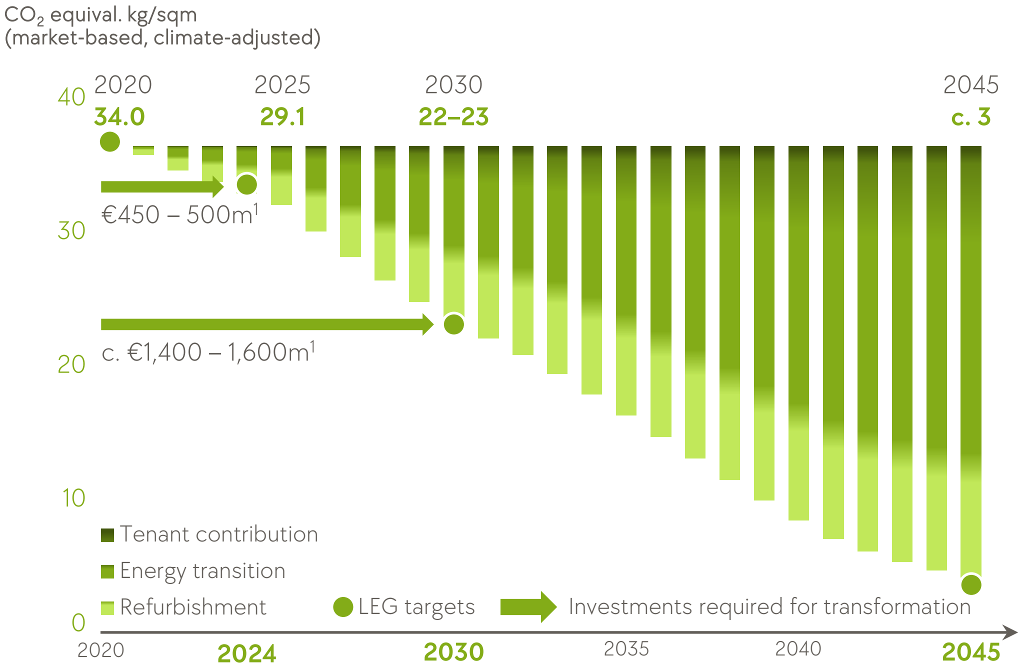


1 Based on FY20 CO2 level 2 Based on FY21 CO2 level

- LEG fully committed to new German Climate Change Act to achieve climate neutrality by 2045
- Aligned with strategy via LTI-component of compensation scheme
- Strong reduction in 2021 by **5.4%** to **34.7kg** (location based) and by **5.0%** to **32.3kg** (market based)
- Key driver:
  - refurbishment of **3.5%** of our units in 2021 and
  - better footprint of our district heating grid based on actual certificates of our utility provider vs. original assumption of market average
- First time disclosure of location based and market based figures (both climate adjusted)

Transition roadmap towards climate neutrality

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



Tenant engagement

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

Energy transition

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

Refurbishment

- Targeting **3**% of units to be refurbished in 2021
- **At least 30**% efficiency improvement
- Insulation of the building shell, incl. windows and doors
- Contribution of **25**% – **30**%

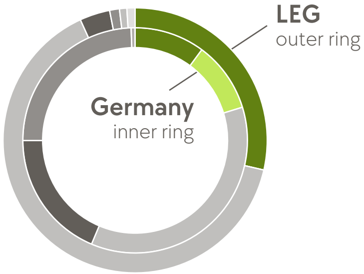
1 Estimate based on current price levels for materials and services and taking no innovation and efficiency improvements into account. Based on portfolio as of 12/2020.

Energy transition – LEG with a good starting point

Key driver will be the shift towards green electricity and green district heating

Heat energy by source LEG / Germany

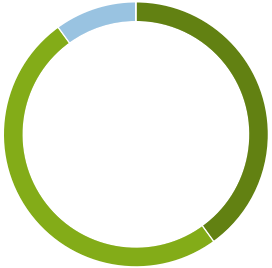
2021



	LEG outer ring	Germany[1] inner ring
District heating	28.6%	5.9%
Renewable	n.a.	10.6%
Gas	64.6%	37.8%
Heating oil	3.7%	19.5%
Electricity for heating	1.2%	25.6%
Coal (local heating)	0.9%	0.6%
Other	1.0%	n.a.

Target heat energy mix LEG

2045



Green district heating	40%
Green electricity	50%
Gas	10%

- Gradual shift from fossil energy towards green mix
- Increase in electricity along the planned transformation of the German energy mix towards green energy assumed
- Increase in green district heating from already high levels, benefitting from location of assets in bigger cities
- Assuming a remaining gas share of 10% as a conservative assumption. A complete shift towards green energy would reduce footprint to full climate neutrality
- CO_2 reduction from energy transition by 65% – 70%

1 Source: BMWi 2020

Energy-efficient refurbishment

Shift towards a more holistic approach

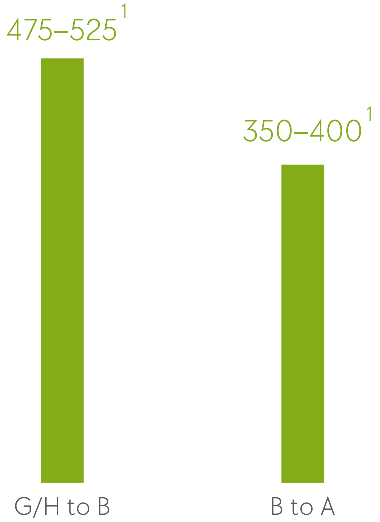
Insulation of the building shell, i.e. facade, roof

Exchange of old windows and doors with energetically efficient windows and doors

Modernisation of heating systems

Estimated refurbishment costs

€/sqm



- **10%** CO_2 reduction from 2022-2025
- **3.5%** of units refurbished in 2021
- Shift towards a more holistic approach with lower share of individual measures and higher share of full comprehensive refurbishment measures
- At least 30% of efficiency improvement
- CO_2 reduction from refurbishment of **25% – 30%**

1 Numbers as of June 2021

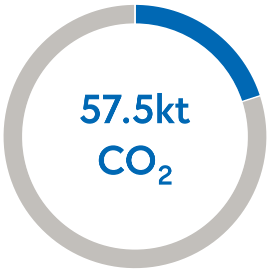
LEG's biomass plant

Providing us with an competitive advantage – not reflected due to current framework

2020 LEG starting point for its portfolio: 36.7kg CO_2e/sqm

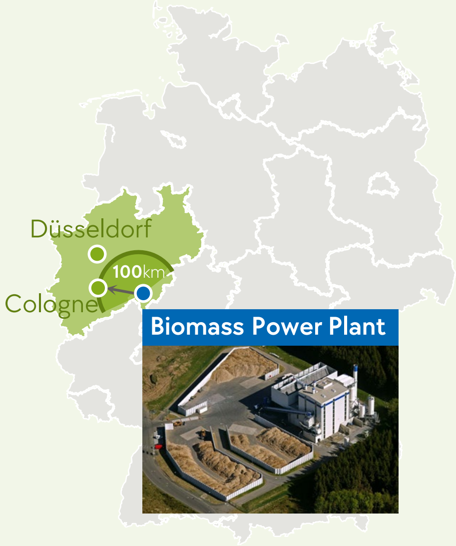
- LEG bottom-up approach based on actual consumption
- Not reflecting the bio mass plant
- Scope 1 and scope 2
- **311**kt CO_2 in total
- **157.5** kWh/sqm

Potential offset from biomass plant



Potential
18% off-set
from own
biomass plant

LEG Biomass Power Plant



- Started 2005
- Own carbon neutral power plant, c. 100km from LEG hubs
- Green energy from waste wood
- Recognised as carbon neutral energy
- Production of district heat and electricity for local commercial area
- Due to distance to LEG buildings, energy not provided to own buildings
- Annual production of 105,000 MWh of electricity (represents annual production of onshore wind farm with 20 large wind turbines)
- **Not reflected** in our **36.7**kgCO_2 e/sqm footprint

This represents savings of 57.5kt CO_2 and potentially carbon neutral electricity for 45,000 LEG units, i.e. around 1/3 of our portfolio

Affordable living and focus on customer satisfaction

LEG

Attractive rents overall - especially for tenants in our rent-restricted units

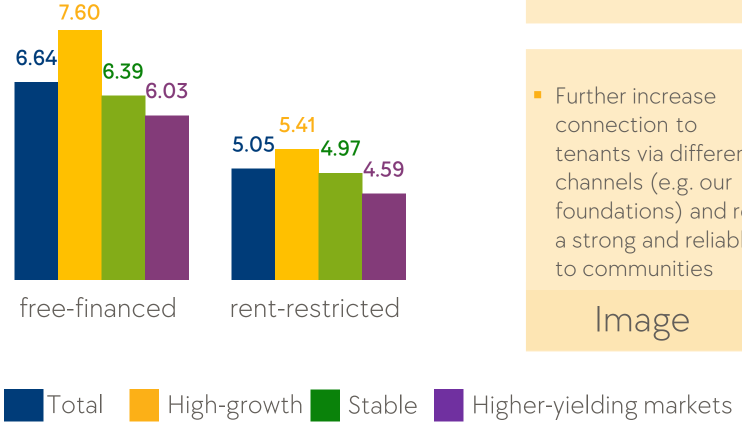
Providing an affordable home

- Social responsibility for our **500,000** customers
- Providing a home at affordable prices
- **166,800** units at **€6.30**/sqm/month on average (c. **€400** per month per unit)
- Rent increases for rent-restricted units only every 3 years by inflation factor

20% of units rent-restricted

Attractive rent levels

€/sqm/month (9M-2022)



Increase CSI to 70% by 2025

Customer Satisfaction Index (CSI)

Service — 30%

- Building a solution-driven organisation
- Improving the customer experience

Product — 30%

- Committed to affordable living
- Significant investments into elevator and heating system to increase reliability

Image — 20%

- Further increase connection to tenants via different channels (e.g. our foundations) and remain a strong and reliable partner to communities

Cost effectiveness — 20%

- Act faster and more efficiently with resolution rate
- Offer more self-service solutions and expand digitisation further

Trust Index 66% – Among the best employers in NRW

Target is to keep our strong employee recognition

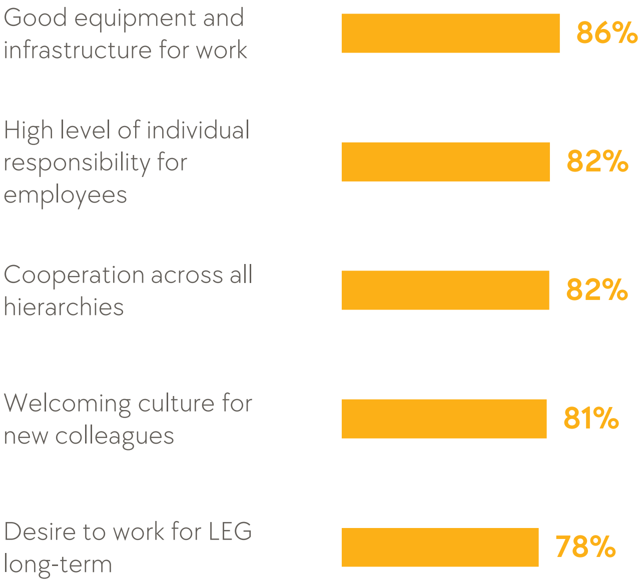
Trust Index©

Based on Median

Total result

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

Top results



LEG

Among the best in class

Sustainalytics´ ESG Rating recently improved to top category "negligible"

ESG		2017	2018	2019	2020	2021
MSCI	ESG Rating	AA	AA	AA	AA	AA
SUSTAINALYTICS a Morningstar company	ESG Rating			20.1	10.4	7.8
EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	sBPR Award		EPRA sBPR BRONZE	EPRA sBPR SILVER	EPRA sBPR GOLD	EPRA sBPR GOLD
GRESB REAL ESTATE	ESG Rating			52	52	No participation in 2021
DAX	ESG Index				DAX® 50 ESG	DAX® 50 ESG
MSCI	ESG Indices			MSCI EAFE Choice ESG Screened Index MSCI World Custom ESG Climate Series MSCI OFI Revenue Weighted Global ESG Index		

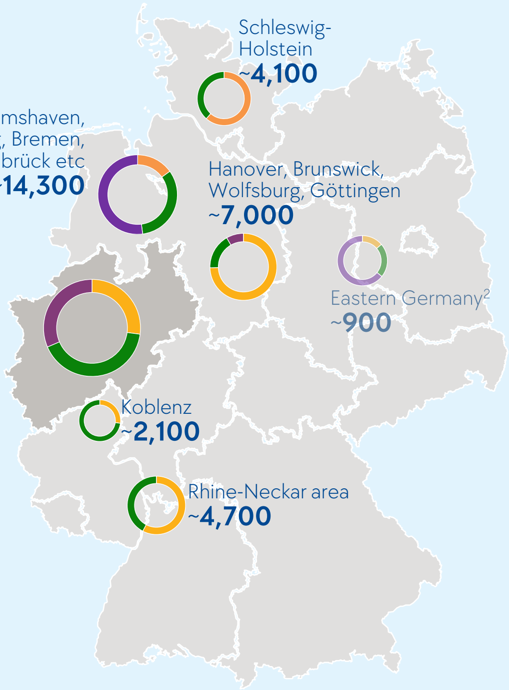
No. 41 out of 14,620 in global coverage
No. 8 out of 1,043 in global real estate sector

4 Portfolio **Overview**

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

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

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

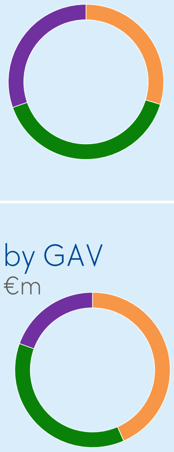


- High-Growth
- Stable
- Higher-Yielding

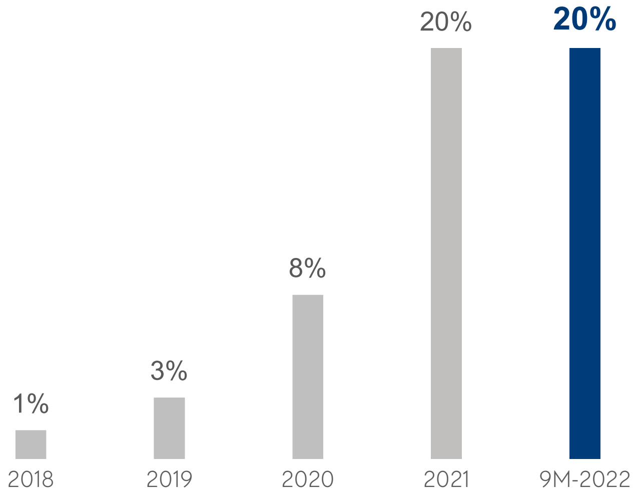
Total portfolio[1]
(c. **166,800** units)

by units

by GAV
€m



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



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

Well-balanced portfolio
9M-2022

LEG

By Market

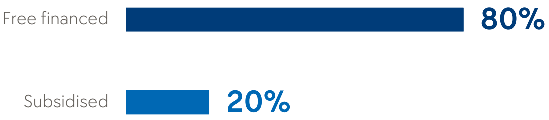
Units

Gross Asset Value

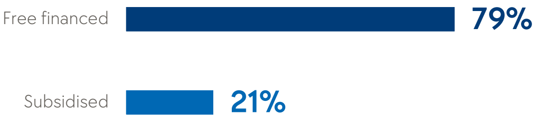
Rental Income

Restricted vs. unrestricted

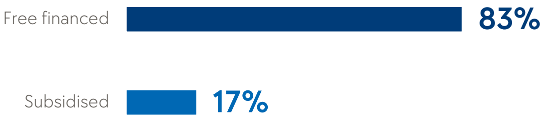
Units



Gross Asset Value

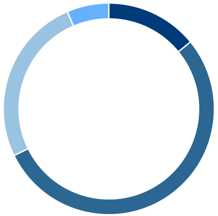


Rental Income



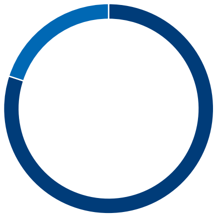
Portfolio structure 9M-2022

Construction Years



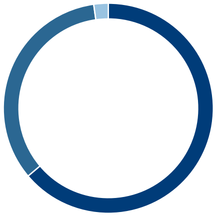
Until 1949	14%
1950-1969	54%
1970-1989	26%
After 1989	6%

Free Financed / Rent Restricted Units



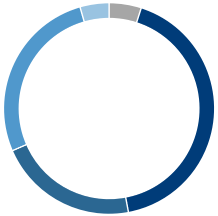
Free financed units	80%
Rent restricted units	20%

Building Types[1]



Medium sized	64%
Low Rise	34%
High Rise	2%

Apartment Size[2]



<40 sqm	5%
40-60 sqm	42%
61-70 sqm	21%
71-90 sqm	27%
>90 sqm	4%

1 Based on number of buildings. Buildings are measured by entrances. 2 Refers to housing only.

Valuation framework

LEG

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

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

Market clustering based on LEG's methodology

Key indicator	Scoring based on local districts[5]
1. Rental level[1]	Relative comparison of rental levels
2. Vacancy level[2]	Relative comparison of vacancy levels
3. Socio demographic ranking[3]	c. 30 indicators like demographics, labour market, wealth etc.
4. Future attractiveness[4]	>20 indicators from demographics, economy, education, family friendliness

Weighting

LEG Scoring

- High-growth markets
- Stable markets
- Higher-yielding markets

Source: Company information
Notes: 1 Empirica. 2 CBRE. 3 Prognos Institut. 4 Berlin Institut. 5 Based on 401 local districts in Germany.

North-Rhine Westphalia (NRW)

LEG

Demographics and social aspects

- Key metropolitan area in Germany, and one of the largest areas in Europe (17.9m inhabitants in 2020, which corresponds to 22% of Germany's population[1])
- Highest population density[2/3] – key advantage for efficient property management
- Low home ownership of approx. 44%[4] in NRW in 2018 (47%[4] in Germany) provides for consistent demand. Germany has the second lowest home ownership ratio of all OECD-member countries
- High demand for affordable living product Approx. 40% of households with income of less than €2,000[4] per month in 2019

Economics

- Germany's economic powerhouse generating approx. 21% of German GDP
- NRW's GDP is larger than the GDP of Sweden, Poland or Belgium
- About one third of the largest companies in Germany are based in NRW
- Most start-up foundations in Germany
- Centrally located in Europe, excellent infrastructure and a key transport hub (with multiple airports, dense railway system, motorway network and waterways)
- Robust labour market with decreasing rate of unemployment (–40% since 2006)

1 IT.NRW (2020). 2 Federal Statistical Office; June 2021. 3 Except the federal city states Berlin, Bremen, Hamburg. 4 Statista.com (2018).

5 Management

Management Team

Lars von Lackum
CEO

8,103 shares in LEG[1]

- Strategy, M&A, Organisation, Processes and Digitisation
- Legal and Human Resources
  - Management & Supervisory Board Office
  - Legal, Compliance and Internal Audit
  - Human Resources
- Corporate Communications & Corporate Responsibility
- Acquisition
- New Construction
- IT

With LEG since 2019

Susanne Schröter-Crossan
CFO

2,095 shares in LEG[1]

- Investor Relations
- Finance & Treasury
- Controlling & Risk Management
- Portfolio Management
- Accounting & Taxes

With LEG since 2020

Dr. Volker Wiegel
COO

2,906 shares in LEG[1]

- Asset and Property-Management
  - Commercial Management
  - Neighbourhood Management
  - Property Management
  - Modernisation
  - Central Procurement
  - Receivables Management
  - Rent Management
  - Operating Expenses Management
- TechnikServicePlus GmbH
- EnergieServicePlus GmbH

With LEG since 2013

1 As at November 2022

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

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

Share of target remuneration

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

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

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

Max. remuneration

CEO €**4.8**m

Board member €**3.1**m

Malus/ Clawback

Partial or complete reduction or reclaim of variable remuneration possible

Share ownership guideline

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

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

Decision in AGM May 2023

Supervisory board – 100% independent members

1/3 of female members since AGM 2022

Michael Zimmer

Chairman
since 2013

- - -

Entrepreneurial career in the real estate sector (e.g. founder of Corpus Sireo Immobilien, later sold to Swiss Life) since 1990

Dr. Sylvia Eichelberg

Member
since 2021

- - -

CEO of Gothaer Health Insurance and previously in different roles with AXA and ERGO insurance

Dr. Claus Nolting

Member
since 2016

- - -

Professional background as a lawyer. Different positions in the banking and private equity sector (e.g. CEO of Hypovereinsbank, Cerberus, Lone Star)

Dr. Jochen Scharpe

Member
since 2013

3,000 shares in LEG[1]

Professional experience in Corporate Finance (KPMG) and the real estate sector, e.g. precursor of CA Immo and Siemens Real Estate

Dr. Katrin Suder

Member
since 2022

500 shares in LEG[1]

Independent consultant with focus on diversity. Previously State Secretary in the German Ministry of Defence and various roles at McKinsey (Partner, Head of the Berlin office and Director & Head of "Public sector").

Martin Wiesmann

Member
since 2020

1,400 shares in LEG[1]

Professional background in investment banking with Deutsche Bank and J.P. Morgan, amongst various roles Vice-Chairman IB Europe with JPM

1 As at November 2022

6 Regulation & Social Security in Germany

Politics

Significant reduction of subsidies for modernisation

- In July 2022, the Federal Ministry of Economics has changed subsidies for energetic refurbishment without prior notice
- The grant funding introduced only last year was discontinued and switched to loans and repayment subsidies. The subsidy rates and repayment subsidies were significantly reduced
- New construction funding, for which the Federal Ministry of Construction will be responsible in future (instead of the Ministry of Economics), will be redesigned for 2023

Impact LEG

- Constantly changing regulations complicate the planning of projects
- Lower subsidies affected c.p. the IRR of the projects
- May result in lower number of projects and higher passing on of costs to tenants

Limitation of rent increase to 11% in tense markets planed

- Limitation in tense markets for rent increases in the free financed segment for existing contracts likely to be capped at 11% within 3 years (currently: 15%)
- For other markets 20% rent increase within 3 years still applicable
- LEG owns c. 25,000 free financed units in tense markets (c.15%)
- Less than 20% of units coming off restriction until 2027 are in tense markets

Impact LEG

- Impact should be limited as previous cap has hardly ever been reached

Rent table reform effective from July 2022

- Rent tables become mandatory for all cities with a population of >50,000
- Increase reference period to 7 years from 6 years
- Mandatory adjustments of rent table after two years. A qualified rent table (mandatory for cities > 100k inhabitants) to be completely revised after four years

Impact LEG

- A small effect from a slightly longer reference period
- 20% of LEG's units are rent-restricted and are not affected by the regulations, as cost rent adjustments apply every three years

Basics

LEG owns **25,000** free financed units in tense markets, which corresponds to 15% of the total portfolio.

Free financed units

Existing contracts

- Rent increase by max. **20% (15% cap in tense markets[2]) within 3 years;** benchmark: **local reference rent[1]**
- After **modernisation:** annual rent can be increased by **8% of modernisation costs;** limit: €3 per sqm (rent/sqm/month > €7) or €2 per sqm (rent/sqm/month < €7) over 6 years

New contracts

- Markets without rental cap: no regulation
- In tense markets[2] the rental break **(Mietpreisbremse)** applies: increase of **max. 10% on local reference rent[1]**

Rent restricted units

Cost rent adjustment

- Every third year (i.e., 2020, 2023, 2026)
- After full repayment of the underlying subsidised loan, the residential unit gets out of rent restriction and regular code applies
- In the case of early repayment, rent restriction continues for another 10 years (tenant protection); then regular code applies

Advantages of early repayment

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

1 Based on rent table (Mietspiegel). 2 In NRW, 18 cities were identified as tense markets, especially Düsseldorf, Cologne and Greater Cologne area, Bonn, Münster. Outside NRW and relevant for LEG are cities such as Brunswick, Hanover, Laatzen, Oldenburg, Osnabrück and Mannheim. The cap will be likely reduced to 11%.

Subsidised units

Inflation-dependent components of the cost rent (i.e. admin and maintenance) to be adjusted in January 2023 based on 3-year CPI development[1]

Cost rent components[2]

Management costs
- Depreciation
- Operating costs
- Loss of rental income risk
- *Administration costs*
- *Maintenance costs*

Capital costs
- Financing costs

CPI - linked

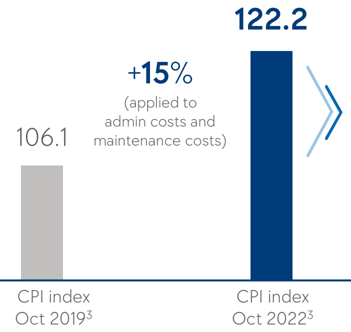
Historic view

Impact on cost rent adjustment at LEG

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

Calculation for LEG's subsidised portfolio

Around 4.8% cost rent adjustment in January 2023



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

LEG portfolio

Subsidised units (Q3-2022)

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

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

A well-developed social security system ensures a fair standard of living in Germany

Statutory five-pillar insurance system

Health
- Prevention
- Early detection
- Treatment
- Rehabilitation
- Sick pay
- Parental benefit

Care
- Support in case of (long-term) care

Pension
- Old-age pension
- Survivor's pension
- Disability pension
- Vocational rehabilitation

Unemployment
- Unemployment benefit
- Employment services
- Vocational training

Accident
- Prevention
- Rehabilitation
- Injury pension
- Death benefit

Principles of solidarity

Main relief measures for German households

Temporary relief measures and one-time payments and

Gas price cap

Step 1: The state takes over the gas and district heating advance payment for the month of December 2022.

Step 2: Cap on gas price from 1st of March 2023 (with retroactive effect from 1st of January 2023) until end of April 2024: for **80%** of the consumption the price will be **12 cents** per kWh for gas and **9.5 cents** per kWh for district heating. The **80%** quota relates to the assumed annual consumption for 2023 forecasted in September 2022.

Electricity price cap

Cap on electricity price from 1st of March 2023 (with retroactive effect from 1st of January 2023) until end of April 2024: for **80%** of the historical consumption the price will be **40 cents** per kWh.

Other financial relief measures

Reform of housing subsidies: From January 2023 the number of households that are entitled to housing subsidies will increase from **600,000** to **2 million**. The average monthly transfer payment will increase from **€180** to **€370** per household.

Several one-time payments: In 2022 the German government paid out an energy price allowance of **€300** to all employees liable to income tax and to pensioners as well as **€200 to students**. Recipients of housing subsidies received a payment of **€350 (2-p. household)** and will receive another **€ 540 € (2-p. household)** beginning of 2023. A child bonus of **€100 per child** was paid in 2022.

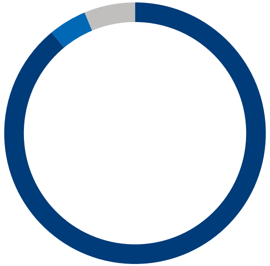
7 Investor & Credit **Relations**

LEG additional creditor information

Unsecured financing covenants

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

Financing mix



Fixed interest	**89.0%**
Derivatives	**4.7%**
Variable interest	**6.3%**

Ratings (Moody's)

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

Key financial ratios

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

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

Capital market financing
Corporate bonds

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

Financial Covenants

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

Capital market financing

Convertible bonds

	2017/2025	2020/2028
Issue Size	€400m	€550m
Term / Maturity Date	8 years/ 1 September 2025	8 years/ 30 June 2028
Coupon	0.875% p.a. (semi-annual payment: 1 March, 1 September)	0.4% p.a. (semi-annual payment: 15 January, 15 July)
# of shares	3,470,683	3,556,142
Initial Conversion Price	€118.4692	€155.2500
Adjusted Conversion Price[1]	€115.2516 (as of 2 June 2022)	€154.6154 (as of 7 June 2022)
Issuer Call	From 22 September 2022, if LEG share price >130% of the then applicable conversion price	From 5 August 2025, if LEG share price >130% of the then applicable conversion price
ISIN	DE000A2GSDH2	DE000A289T23
WKN	A2GSDH	A289T2

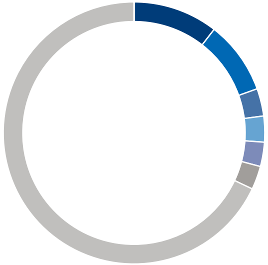
1 Dividend-protection: The conversion price will not be adjusted until the dividend exceeds €2.76 (2017/2025 convertible) and €3.60 (2020/2028 convertible).

LEG share information

Basic data

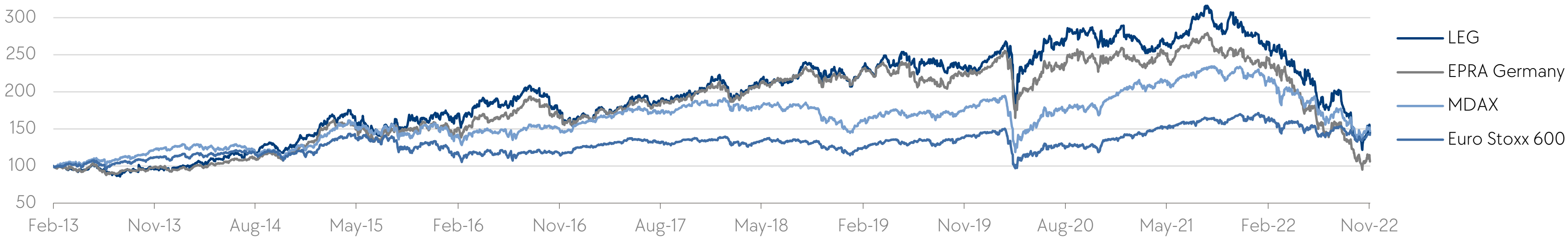
Market segment	Prime Standard
Stock Exchange	Frankfurt
Total no. of shares	74,109,276
Ticker symbol	LEG
ISIN	DE000LEG1110
Indices	MDAX, FTSE EPRA/NAREIT, GPR 250, Stoxx Europe 600, DAX 50 ESG, i.a. MSCI Europe ex UK, MSCI World ex USA, MSCI World Custom ESG Climate Series
Weighting	MDAX 3.7% (30.09.2022)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

Shareholder structure[1]



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

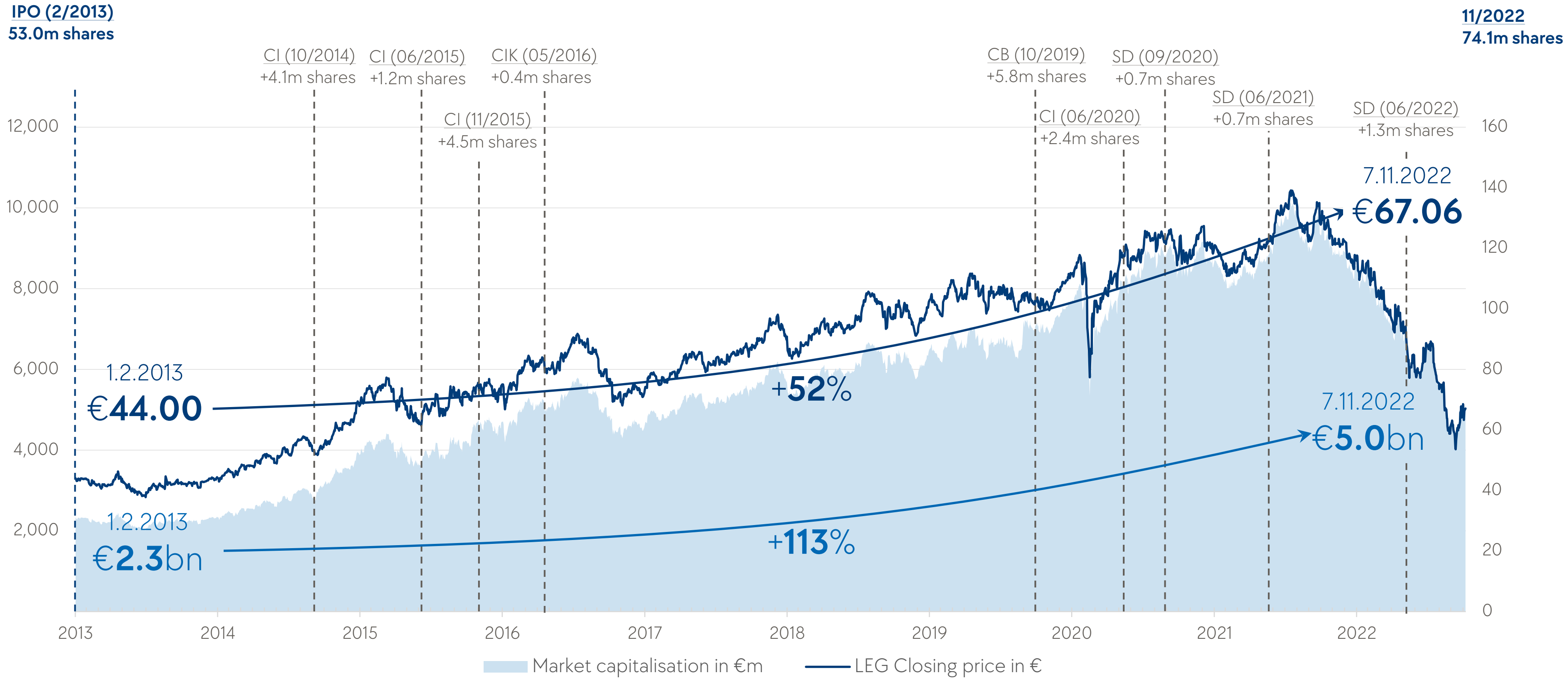
Share (07.08.2022; indexed; in %; 1.2.2013 = 100)



1 Shareholdings according to latest voting rights notifications.

Share price and market capitalisation since IPO

LEG



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

Financial calendar

LEG

2023

9 March
Annual Report 2022

10 May
Quarterly Statement Q1
as of 31 March 2023

10 August
Quarterly Report Q2
as of 30 June 2023

9 November
Quarterly Statement Q3
as of 30 September 2023

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

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