LEG Immobilien SE

Company Presentation

March 2022

LEG

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Company Presentation

Agenda

1 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

Kaiserlautern

Mannheim

Münster

Remscheid

Solingen

Affordable housing in Germany

Made in NRW

LEG

PURE LEG PLAY

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. **€8.0bn**[1],
100% tradeable shares

02 Conservative balance sheet

Loan to value **42.8%,**

∅ financing cost **1.16%,**
∅ maturity **7.5** years[2]

Beta **0.62**
(5y vs. EuroStoxx 600)

GAV/m² **1,706€**

03 Social Responsibility

500,000 tenants/
166,200 apartments

Average rent per unit
c. **€390** per month/**€6.13** per sqm

c. **22%** social housing
(rent-restricted)

04 Attractive Return

Dividend proposal 2021
€4.07,

CAGR since IPO 2013:
NAV **+15%**, dividend **+11%** p.a.

Gross yield properties
4.2% (on **€18.0bn** residential assets)

1 Closing price of €110.20 on 11.03.2022. 2 after refinancing of bridge loan via €1.5bn bonds issue in January

All drivers show substantial improvement

KPI cockpit

A growing platform | **With strong operational performance** | **Leading to attractive returns**

Total units (k)

2021	166.2
2020	144.5
2019	134.0

+15% vs. 2020

Units outside NRW

2021	20%
2020	8%
2019	3%

+12%-pts

FFO I share of services[1]

2021	10.8%
2020	9.5%
2019	8.1%

+130bps

L-f-l rent increase (free financed)

2021	3.9%
2020	2.3%
2019	3.6%

+160bps vs. 2020

L-f-l vacancy

2021	2.3%
2020	2.7%
2019	2.9%

-40bps

EBITDA-Margin (adj.)

2021	74.9%
2020	74.4%
2019	72.8%

+50bps

FFO I per share (€)

2021	5.84
2020	5.44
2019	5.27

+7.3% vs. 2020

Dividend per share (€)[2]

2021	4.07
2020	3.78
2019	3.60

+7.7%

FFO I (€m)

2022e	475 – 490
2021	423.1
2020	383.2
2019	341.3

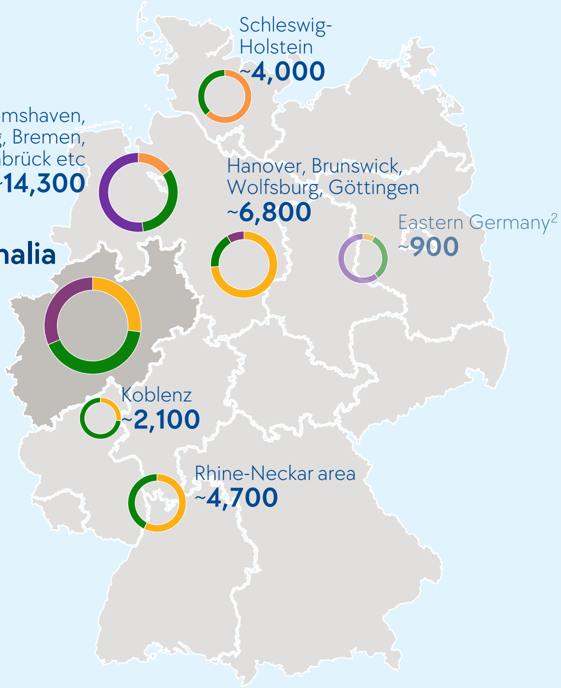
>+12% vs. 2021

+10.4%

1 Value-added services incl. biomass plant. 2 2021 proposal for AGM 2022.

LEG year-end 2021 portfolio with c. 166,200 units

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

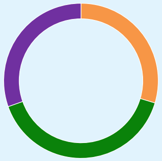


North Rhine-Westphalia
(c. **133,400** units / c. **80**%)

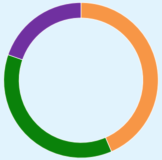
- High-Growth
- Stable
- Higher-Yielding

Total portfolio[1]
(c. **166,200** units)

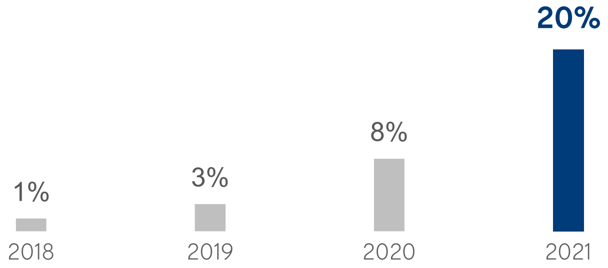
by units



by GAV
€m



Outside North Rhine-Westphalia
(c. **32,800** units / c. 20%)



Growth along our investment criteria

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

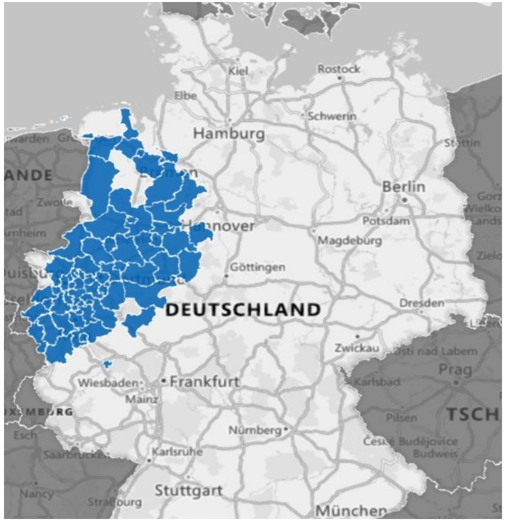
Critical size in locations outside NRW reached, allowing for growth into **higher-yielding** markets

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

Cautiously expanding regional footprint

Significantly increasing our addressable market

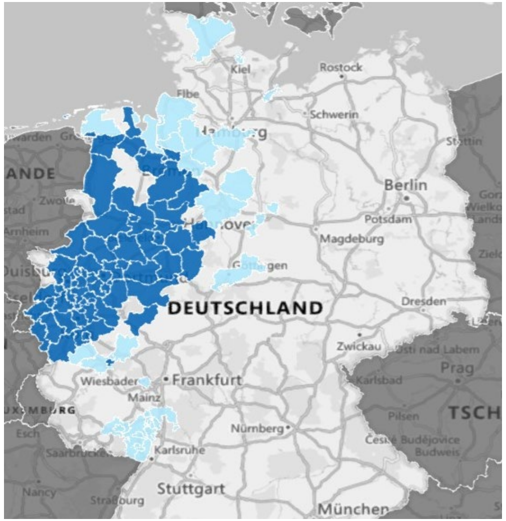
LEG 30 June 2019



Inhabitants: 19.5m
No. of households: 9.4m

LEG 30 June 2020

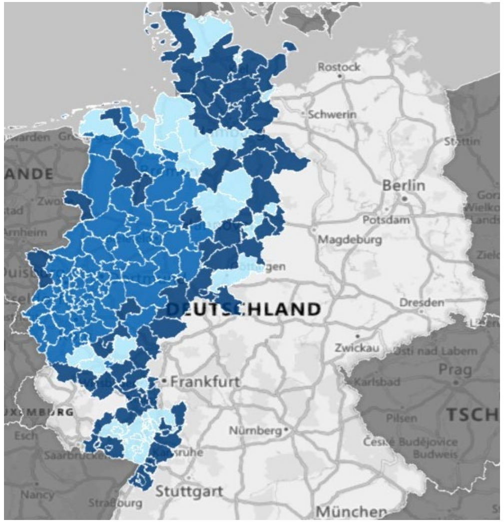
+ Acquisitions since June 2019



26.5m (+35%)
13.2m (+40%)

LEG 31 December 2021

+ Acquisitions since June 2019
+ neighbouring districts



35m (+78%)
17m (+82%)

Source: Bing maps, TomTom, here, company data.

Increase in new built units to 1,000 units p.a. from 2026

Cooperation with Goldbeck for serial and modular construction

Ongoing supply shortage and change of external parameters

- **Political ambition:**
  New government likely to increase new built target to **400**k p.a. of which **100**k rent restricted units to address market shortage and social imbalances
- **Higher immigration:**
  Demographics in Germany require an increase of immigration by 400,000 people p.a.[1]
- **ESG as a driving force:**
  Ongoing focus on energy efficiency of buildings via EU-Taxonomy, German Climate Change Act etc.

Closing the supply gap in the affordable housing segment

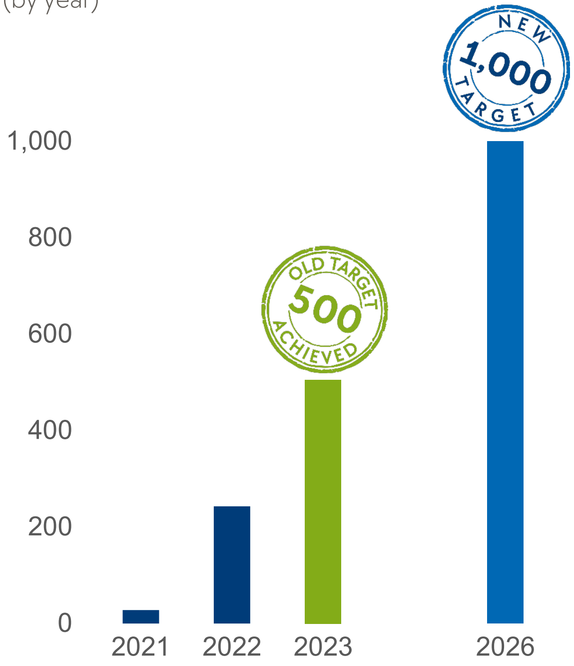
- **500** units p.a. from **2023** onwards already secured via:
  - Redensification on own land
  - Acquisition of turnkey projects from external developers

+

- **500** units of serial and modular built new units p.a. from **2026** onwards
- Co-operation with GOLDBECK
- Combining expertise: LEG as a leading residential company in Germany with a focus on affordable housing and Goldbeck as a leader in serial construction in Europe

LEG new built units pipeline

(by year)



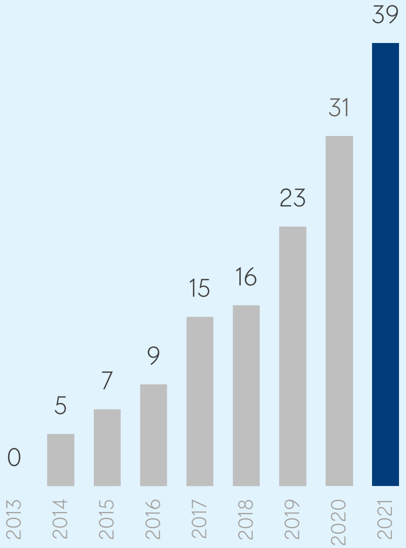
1 German media, e.g. https://www.dw.com/en/germanys-workforce-in-desperate-need-of-skilled-immigrants-warns-labor-agency/a-58974377

Value-added services

Expanding services by gardening and cleaning work

Strong FFO contribution – Services

€m



LEG WohnService	LEG EnergieService	LEG TechnikService	LEG LWS Plus
Partner	Partner	Partner	Partner
vodafone	~100 partners from energy and technical service providers	B&O	~130 partners from craft companies and technical service providers
100% entity	100% entity	Joint venture (51%)	100% entity
Multimedia: TV, internet and telephone	Electricity, heating, gas, metering	Small repair work, craftsmen services	General contractor services
Launch **January 2014**	Launch **March 2015**	Launch **January 2017**	Acquisition **October 2020**

Key driver FY-2021

- Benefitting from the roll-out of services to a growing portfolio
- Strong contribution from **LWS Plus** (consolidated in Q4 2020 for the first time)
- Continued growth of energy services via **ESP**

Roll-out of new services

- Established platform via own proptech youtilly to manage gardening and cleaning services
- Additional own gardening and cleaning services acquired via the Adler portfolio

We act in line with our strategy
2022

Optimising the core business
Tapping rental growth potential

Improving customer satisfaction

Enhancing efficiency

Expanding the value chain
Increasing and extension of value-add services

Reasonable development activities

Growing the platform
Focusing on affordable housing

Scaling position in NRW

Exploiting opportunities in Germany

Digitisation | **Strong balance sheet**

ESG framework

PURE LEG PLAY

Optimising the core business
- Fully **digitised rental process**
- **C.20** robotics solutions

Expanding the value chain
- Acquisition of **Fischbach Services** in 2020 to speed up empty apartment renovation
- Expansion of **energy** and **multi media offerings**
- **Gardening** and **cleaning** services acquired via the Adler portfolio

Growing the platform
- Focus on **affordable housing** asset class in Germany
- Acquisition target of at least **c.7,000** units in 2022
- Expansion of footprint – **20%** of units outside NRW

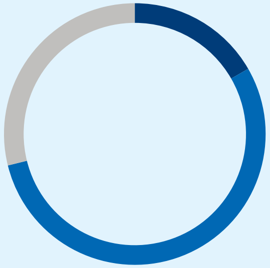
ESG framework
- ESG-KPIs included in management compensation
- **Sustainalytics** – among top 1% of global coverage / EPRA Gold
- Covid-19 **relief for tenants** & Corona **bonus for employees**
- Issuance of **sustainable bond**

Refinancing of subsidised loans lifting value

Rent potential subsidised units

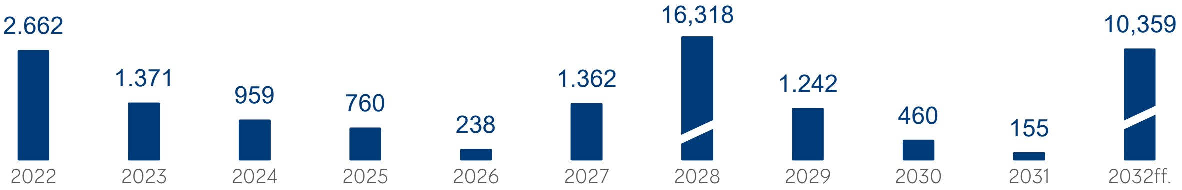
- Until 2028, around **24,000 units will come off rent restriction**
- Units show **significant upside to market rents**
- The **economic upside can theoretically be realised the year after restrictions expire**, subject to general legal and other restrictions[4]

Around 66% of units to come off restriction until 2028



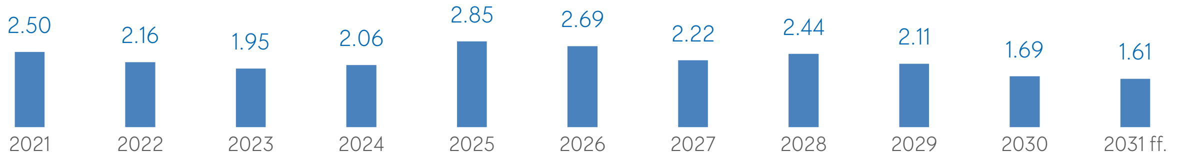
≤ 5 years	**16.7%**
6-10 years	**54.4%**
>10 years	**28.9%**

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	**€4.84**	**€5.11**	**€4.97**
Market rent[1]	**€7.11**	**€7.81**	**€6.90**
Upside potential[3]	**47%**	**53%**	**39%**
Upside potential p.a.[3]	**€11.2m**	**€42.5m**	**€16.1m**

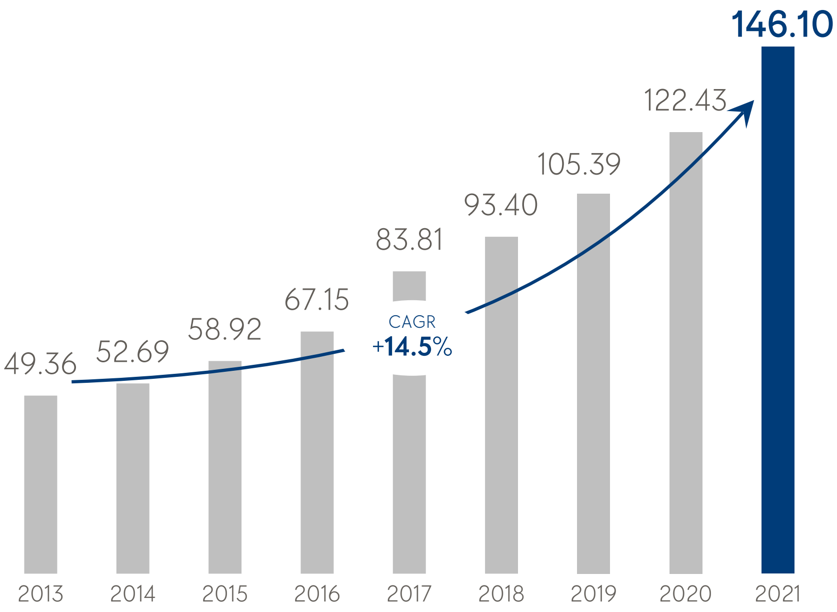
1 Employed by CBRE as indicator of an average rent value that could theoretically be achieved, not implying that an adjustment of the in-place rent to the market rent is feasible, as stringent legal and contractual restrictions regarding rent increases exist.
2 ≤5 years = 2022-2026; 6-10 years = 2027-2031; >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% or 20% for three years.

Attractive growth and returns for shareholders

LEG

NAV/NTA per share[1]

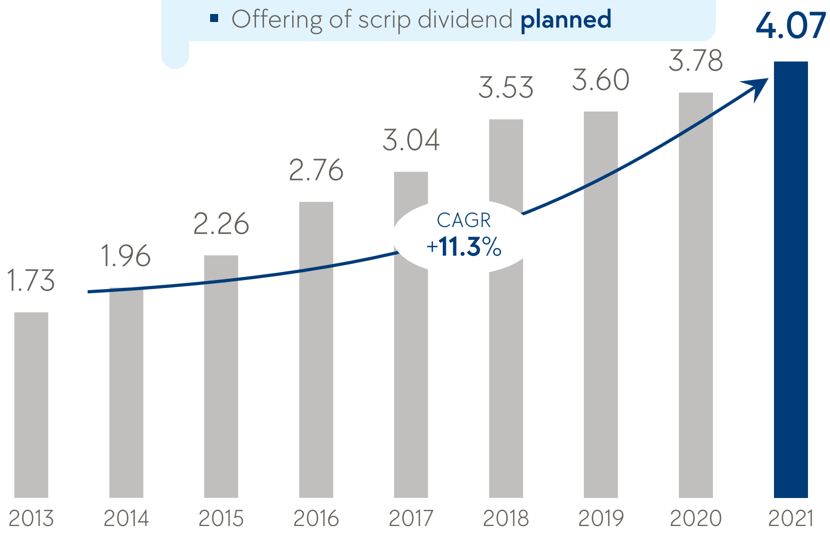
€, excl. goodwill



Dividend per share

€

- **8th dividend increase in a row**
- **70% of 2021 FFO** I in line with payout policy
- Offering of scrip dividend **planned**



1 Until 2019 EPRA NAV adjusted, from 2020 onwards EPRA NTA

Inflation – Portfolio & financing structure as well as a small development exposure limit risks

LEG

Impact on rents

- **Rent restricted** units are basically **hedged (22% of portfolio)**
  - Rents linked to **Consumer Price Index (CPI)**
  - However, there is a time lag as in-place-rents can only be adjusted every three years (next time 2023)
- **Free-financed units**
  - In-place-rent adjustments for **staying tenants** via rent table adjustments (take place every 2 years), with strong link to CPI. Cap at 20% (11% in tense markets) within 3 years offers some hedge
  - In general tenant fluctuation (LEG c. 10%) offers opportunity to adjust rents
  - In **tense markets** the new rent can be increased to a level of 10% above the local reference rent

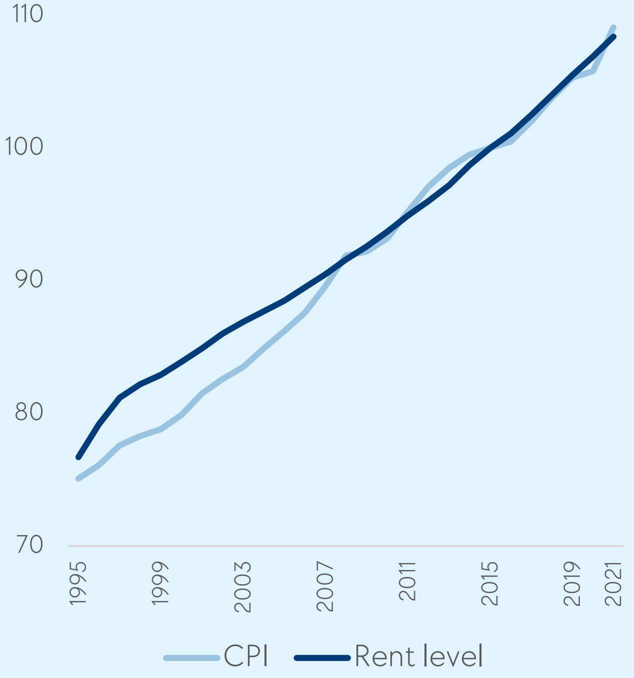
Impact on capex

- New construction cost index up **14%**[1] – **LEG with relatively small own development pipeline/ exposure**
- Minor impact on 2022 investment programme due to long-term contracts

Impact on financing

- Fixed interest rates on **95%** of financial debt,
- Average maturity of **7.5** years, no major maturity until **2024**
- A **25 bps** increase in interests would have a negative impact of **€1m** on LEG's cash interest payments

Rent level increase in line with inflation[1]



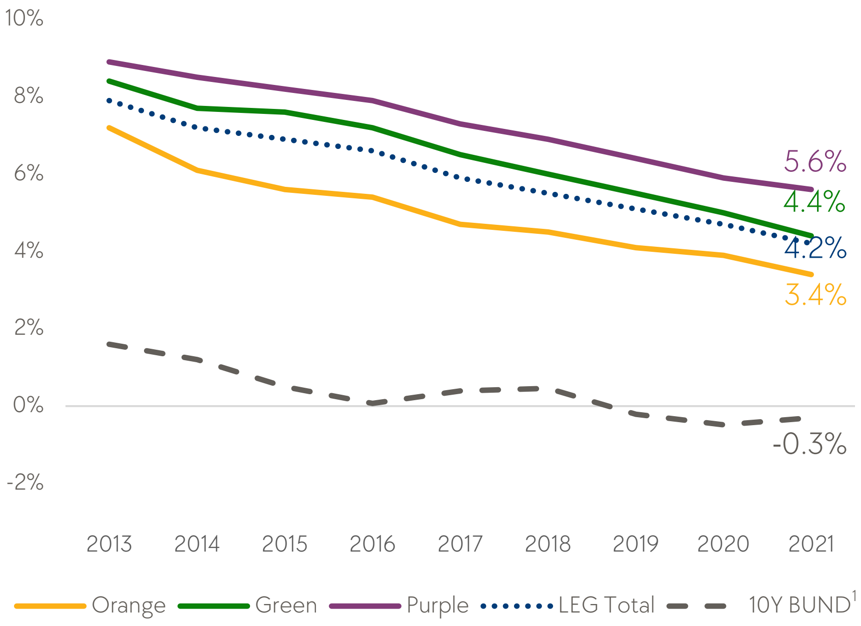
1 Statistisches Bundesamt / chart: 2015 = 100

LEG offers attractive yields in a low/no yield environment...

Stable spread over 10year BUND

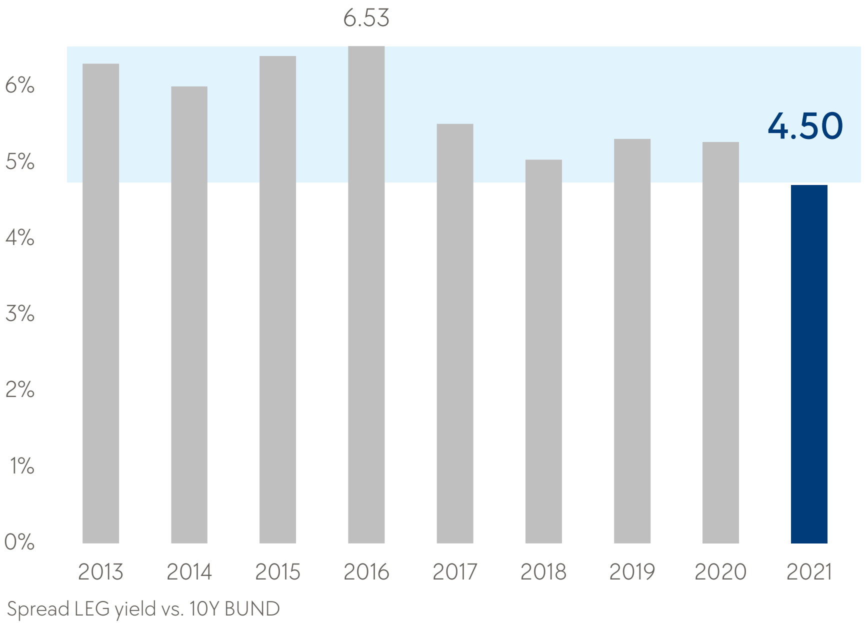
Gross yield LEG vs. BUND

%



Stable spread over 10y BUND

%

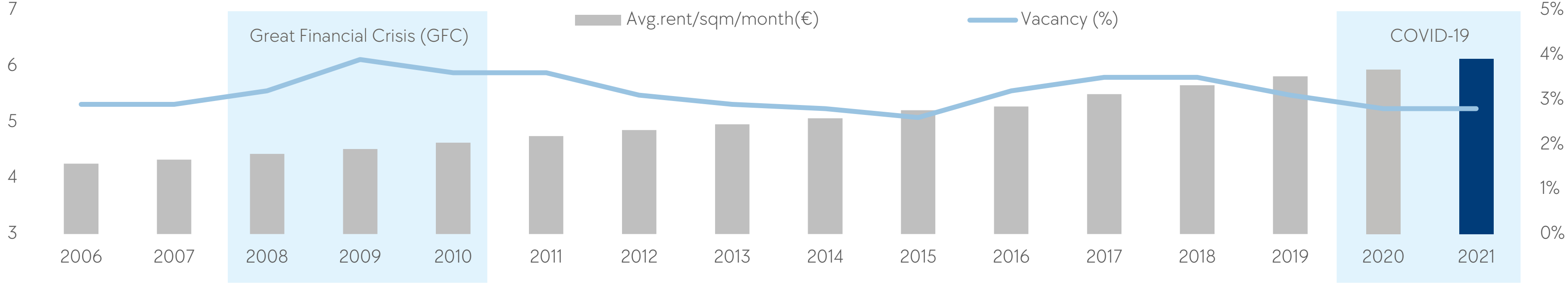


1 Last twelve months average

… and a resilient business model with a strong track record

LEG

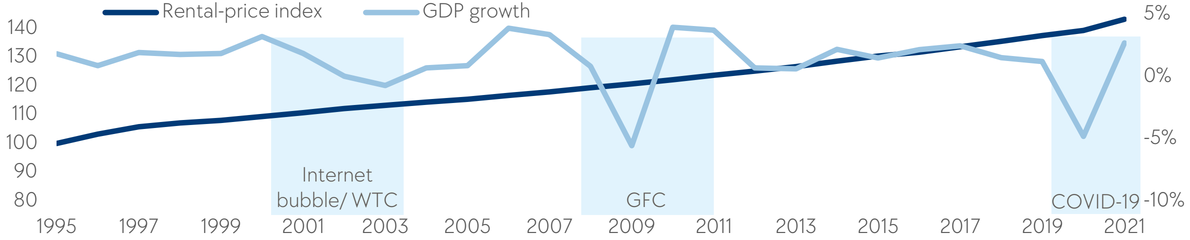
LEG not materially affected during the GFC and COVID-19



LEG well positioned

- Non-cyclical business model
- LEG's attractive rent level of **€6.13/sqm** is key to provide affordable living to our tenants
- C. 22% 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.

2022 guidance

Guidance unchanged – options for external growth

		2022
FFO I		€**475**m – **490**m
l-f-l rent growth		c. **3.0**%
EBITDA margin		c. **75**%
Investments		c. **46** – **48**€/sqm[1]
LTV		max. **43**%
Dividend		**70**% of FFO I
Acquisition ambition		Not reflected in guidance: c. **7,000** units
Disposals		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
Social	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**)

1 Includes €2.75/sqm for holistic refurbishment projects in Wolfsburg and Göttingen

2 ESG Agenda **2024** – A Joint Journey

Farknot Architect – stock.adobe.com

ESG Agenda 2025 – A joint journey

Key takeaways

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- We are committed to climate targets
  - **10%** CO_2 reduction by **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 until **2024**
- **Key driver** 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

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- **Affordable living** segment and responsibility for our client base remains core to our **DNA**
- We aim to reduce tenants' **iteration calls** by **15%** in **2021**, from 2022 onwards to be replaced by a **customer satisfaction index (CSI)** with a target level of **70%** by **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**

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- In **2022** we aim to maintain our current **Sustainalytics rating** of **7.8** within the negligible risk range **(<10)**
- Our target is to have **one-third** of our fully independent **supervisory board** to be represented by women after 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-mindedness and respect
- A strong partner in developing 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

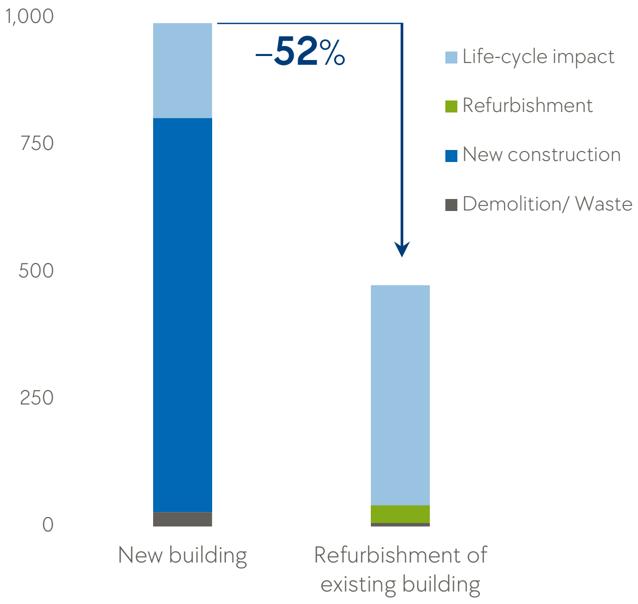
LEG Study: Energetic refurbishment superior over new construction approach under CO_2 lifecycle perspective

Wuppertal Institut LEG

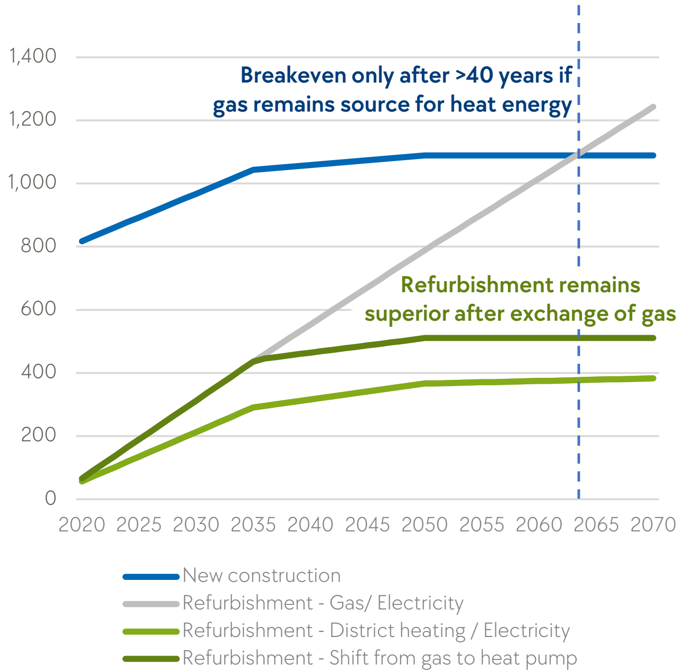
Sneak Preview

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 after Russian/ Ukrainian war

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

Carbon Balance Sheet 2020

36.7kg CO_2e/m^2 as the starting point for our transformational journey

Opening carbon balance sheet

- Bottom-up approach
- BAFA-factors in line with GHG-protocol
- Scope 1 and scope 2
- 36,7kg CO_2e/m^2 based on heating energy
- 311k t CO_2 in total
- C. 2/3 coming from gas

Heat energy by source

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

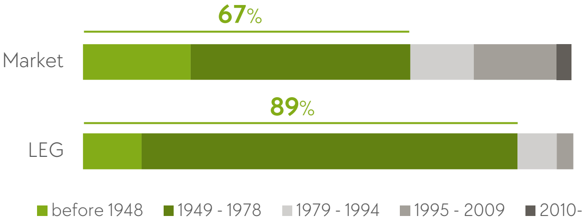
- Based on actual consumption 2019 (81% actuals, 19% certificates)
- Extrapolated for 2020
- Limited assurance by PWC
- 100% of portfolio covered

Reflecting our roots

Energy efficiency of our portfolio of 157.5 kWh/m^2 is a function of corporate DNA & history:

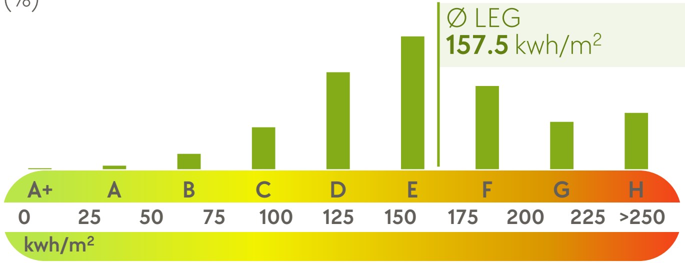
- Providing affordable housing in post-war Germany

LEG portfolio by construction years vs. LEG market



Distribution by energy efficiency classes LEG

(%)

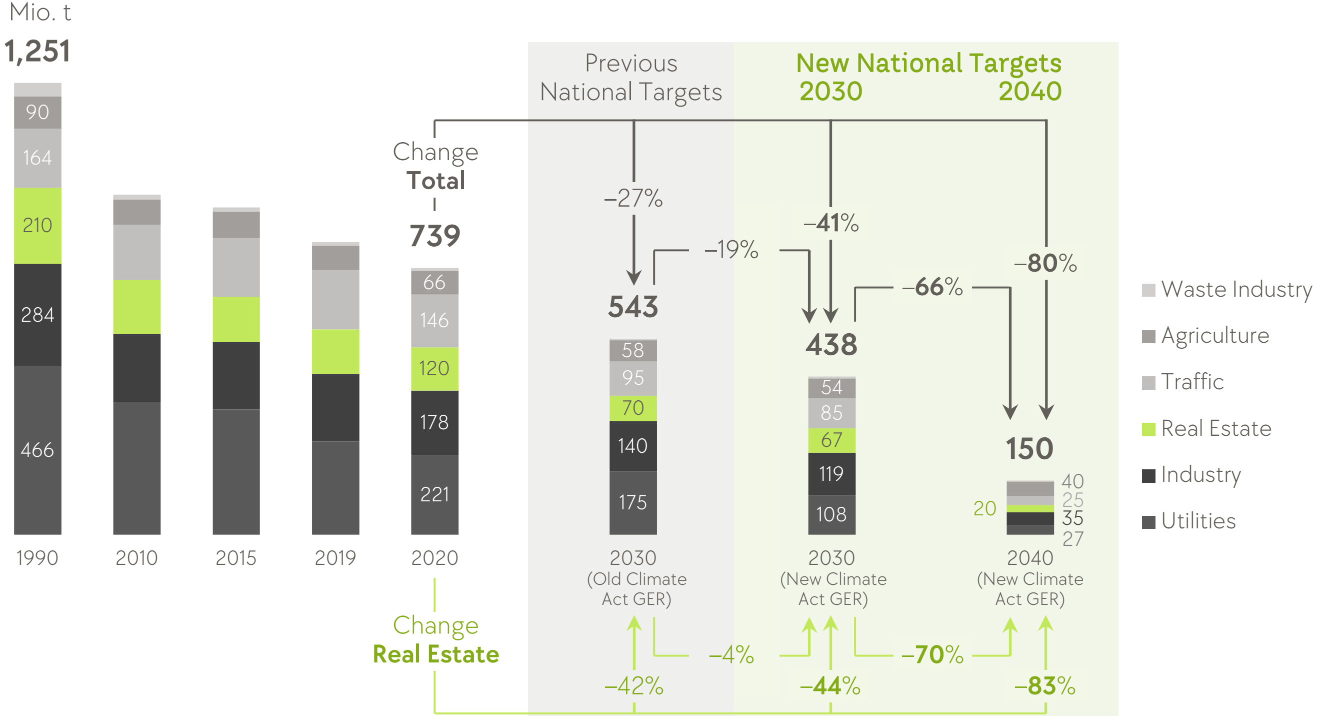


Source: Destatis, LEG. Market based on federal states in which LEG is active in

German reduction path by sectors

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

Germany CO_2 emission in sector context

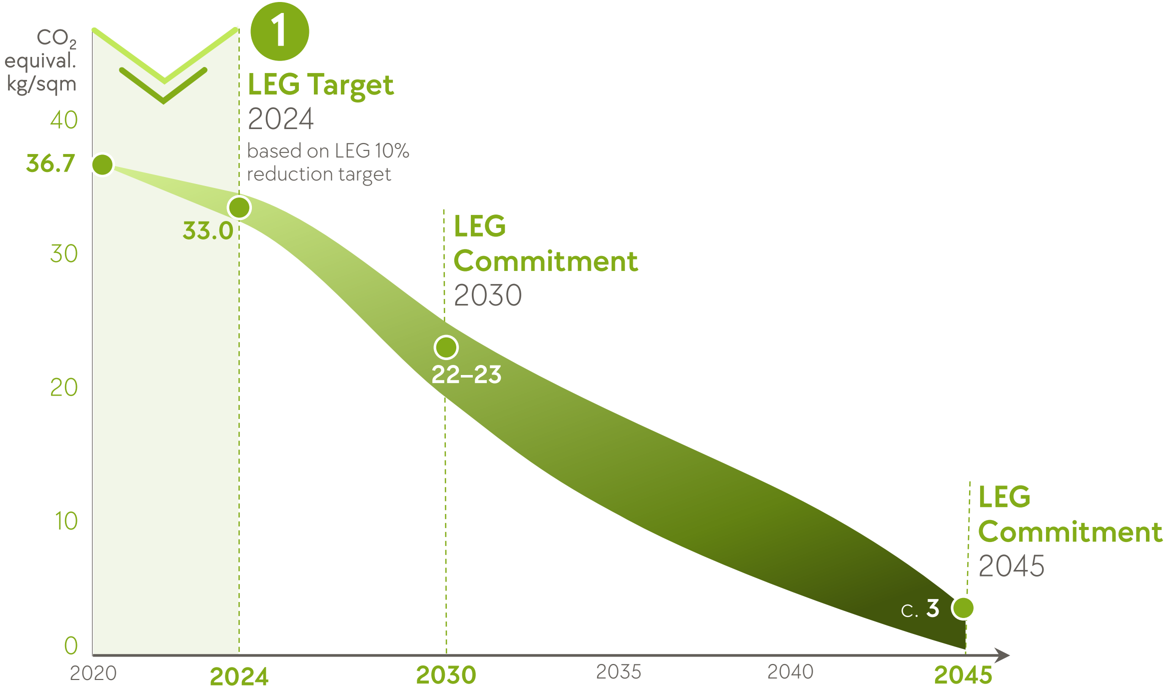


Source: Umweltbundesamt, dena, BMWi (2020)

- 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

Our transformational corridor until 2045

LEG is fully committed to the new German Climate Change Act



- LEG fully committed to new German Climate Change Act to achieve climate neutrality by 2045
- LEG targets a CO_2 reduction of **10%** by 2024[1]
- Regular internal and external GHG audits as well as verification of GHG target retention
- **3%** of units to be refurbished in 2021[1] **2**
- Key driver will be the general transition of Germany towards green energy
- Refurbishments will require a more standardised and industrialised process and innovation around materials
- Tenants will also need to contribute to the transformation on the back of technology and digitisation
- The journey will therefore be rather within a corridor than along a straight path

1 Units as at 12/19.

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 2
- 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**%

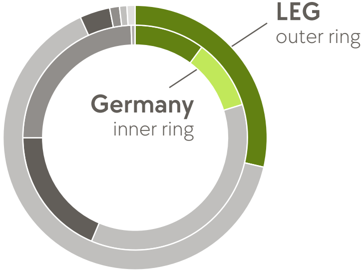
1 Estimate based on current price levels for materials and services and taking no innovation and efficiency improvements into account. Based on portfolio as of 12/2020. In 2021 LEG aims to spend c. €110m for energetic improvements.

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

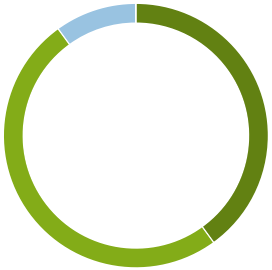
2020



	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

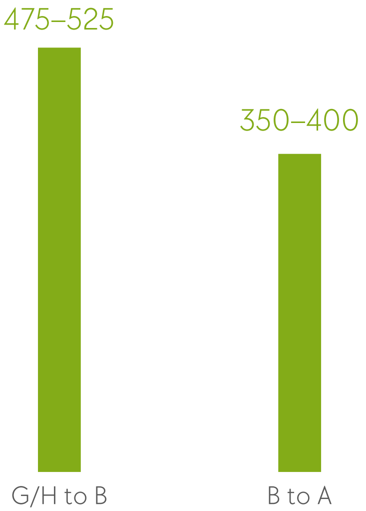
Insulation of the building shell, i.e. facade, roof

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

Modernisation of heating systems

Estimated refurbishment costs

€/sqm



- **10%** CO_2 reduction by 2024 (1)
- Targeting **3%** of units to be refurbished in 2021 (2)
- 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
- Latest Federal Court of Justice ruling constrains rent increase potential, whereas new BEG[1] is more generous with regards to KfW grants
- CO_2 reduction from refurbishment of **25%** – **30%**

1 Bundesförderung für effiziente Gebäude (BEG)/ Federal support for efficient buildings

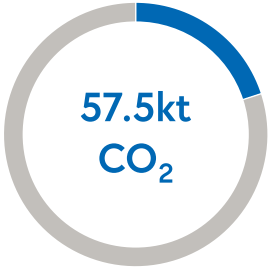
LEG's biomass plant

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

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

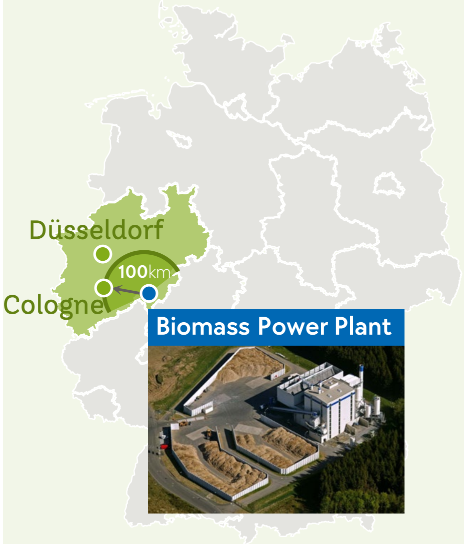
- LEG bottom-up approach based on actual consumption
- Not reflecting the bio mass plant
- Scope 1 and scope 2
- **311**kt CO_2 in total
- **157.5** kWh/sqm

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 is at the core of our corporate DNA

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

LEG

Providing an affordable home

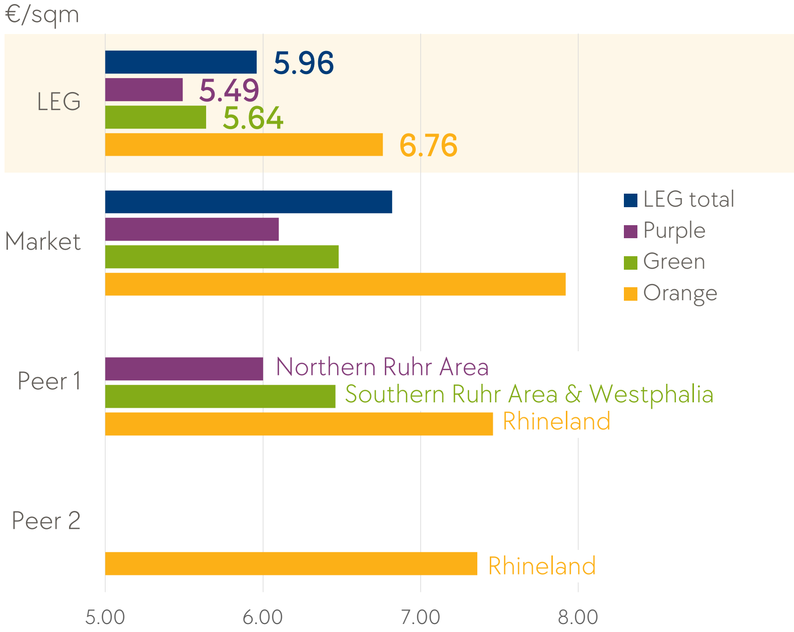
- Social responsibility for our **400,000** customers
- Providing a home at affordable prices
- **145,000** units at €**6.0**[2]/sqm
- On average rent of c. €**380** per month per unit
- Rent increases for rent-restricted units only every 3 years by inflation factor

24% of our units are rent-restricted

Preconditions for tenants of rent-restricted units

- Rent-restricted rents c. **20**% below free-financed rents
- Entitlement from local municipal office
- Personal income <**25**k€ p.a. for family with 2 children (North-Rhine Westphalia)

Attractive rent levels in market context (YE 2020)[1]



1. Peers Vonovia and Deutsche Wohnen with respective market clusters, Market numbers from CBRE for resective LEG market clusters. 2. As at 31 March 2021

Further improving our customer focus

A high customer satisfaction level will be a key differentiation factor

LEG

Introduction of an annual Customer Satisfaction Survey

Service

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

30%

Product

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

30%

Customer Satisfaction Index (CSI)

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

20%

Image

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

20%

Cost effectiveness

Based on feedback from 20,000 customer

For 2021 we aim to reduce the number of iteration calls by 15% 4

Measuring customer satisfaction and resolution rate after every customer interaction using **QoS** (overall quality of service) and **solution rate** as key KPIs

CSI 5
>70%
by 2025

2021

2025

Trust Index 66% – Among the best employers in NRW[1]

Target is to keep our strong employee recognition

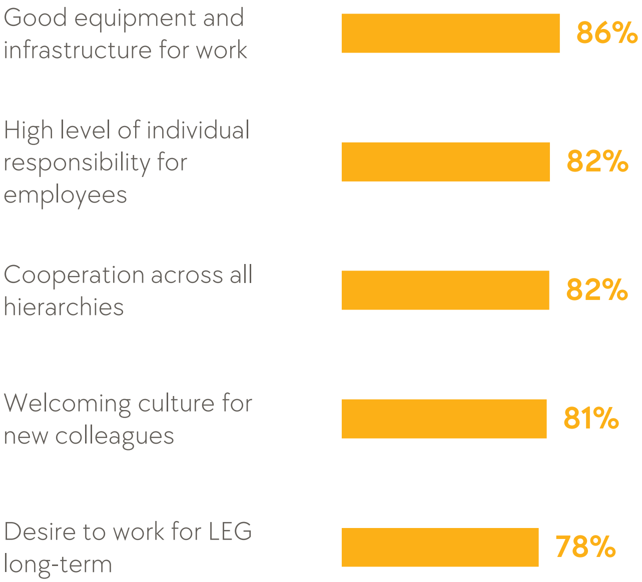
Trust Index©

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



1 North Rhine-Westphalia. NRW represents c.21% of the German GDP in 2020. Within Europe, NRW would rank as the 9th biggest economy if it were an independent state

Strong partner to local communities

Acquisition of a 6% stake in GEWAG municipal housing company in Remscheid

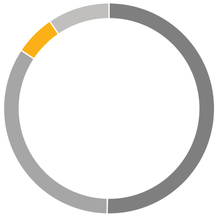
Profile

- Locations: Remscheid (86%)
- **1,036** buildings
- **6,208** units
- Total sqm **430k**
- Average rent/sqm **€5.29**

- Acquisition price **€6m**
- Implied acquisition price per sqm c. **€600**

- LEG with **1,088** units in Remscheid

Shareholder



City of Remscheid	50.3%
Public utility company Remscheid	34.0%
LEG	6.2%
Other	9.5%

Strong partner to the city of Remscheid

- In 2020, foundation of a district meeting location together with the city of Remscheid and local charities, including LEG's "Dein Zuhause hilft"-foundation
- Targeting offerings for entire age range, i.e. kids, families to elderly tenants
- Offerings range from language classes, cooking classes, parents' cafe, presentations on various topics, etc.

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

3 Financial **Performance**

Full steam ahead

FFO I with €423m at record level

Financials

- FFO I **+10.4%** to **€423.1m**
- Adj. EBITDA-Margin **74.9%** (+50bps)
- LTV **42.8%**
  - Debt @ **7.5y** for **1.16%**[1]
- NTA ps **€146.10** (+19.3% vs. FY 2020)

Operations

- Net cold rent **+9.0%**
- l-f-l rental growth **+3.2%**
- l-f-l vacancy **2.3%** (–40bps)
- Smooth integration of acquired units

ESG

- LEG offers flats to **Ukrainian refugees** and LEG-Foundation provides **€500,000** to equip flats
- Amendment of **management remuneration**:
  - 1) cancellation of transaction bonus, 2) shift to FFO I per share, 3) 25% of LTI to be reinvested in shares (add. to SOG[2] of one gross base salary)
- LEG Study with Wuppertal Institut to underline **superiority of energetic refurbishment** over new development approach from CO_2 perspective

FY-2021

~ 22,000 units added in 2021

Further growth via BCP or via 7,000 units ambition

Dividend per share of €4.07

Proposal to AGM 2022

Attractive portfolio in an attractive market

2021 revaluation gains of 12.8%[3], 15% incl. capex

More growth to come

Guidance 2022: FFO I €475m – €490m[4]

1 After refinancing of bridge loan in January 2 Share Ownership Guideline 3 Property valuation with cut-off date as of 30 September 2021 and revaluation date as of 31 December 2021 4 No further acquisitions or disposals included Image: He2/stock.adobe.com

FY-2021 – Financial Summary

LEG

Operating results		FY-2021	FY-2020	+/- %/bps
Net cold rent	€m	**683.9**	627.3	+9.0%
Recurring net rental income	€m	**540.0**	493.0	+9.5%
EBITDA adjusted	€m	**512.2**	466.9	+9.7%
FFO I	€m	**423.1**	383.2	+10.4%
FFO I per share	€	**5.84**	5.44	+7.4%
FFO II	€m	**419.9**	381.3	+10.1%
EBITDA margin (adj.)	%	**74.9**	74.4	+50bps
FFO I margin	%	**61.9**	61.1	+80bps
Dividend (proposal)	€	**4.07**	3.78	+7.7%

Portfolio		31.12.2021	31.12.2020	+/- %/bps
Residential units	number	**166,189**	144,530	+15.0%
In-place rent (l-f-l)	€/m²	**6.13**	5.94	+3.2%
Capex (adj.)[1]	€/m²	**31.21**	30.12	+3.6%
Maintenance (adj.)[1]	€/m²	**11.29**	10.88	+3.7%
EPRA vacancy rate (l-f-l)	%	**2.3**	2.7	–40bps

Balance sheet		31.12.2021	31.12.2020	+/- %/bps
Investment properties	€m	**19,067.7**	14,582.7	+30.8%
Cash and cash equivalents	€m	**675.6**	335.4	+101.4%
Equity	€m	**8,953.0**	7,389.9	+21.2%
Total financing liabilities	€m	**8,885.1**	5,869.0	+51.4%
Current financing liabilities[2]	€m	**1,518.1**	491.3	+209.0%
Net debt	€m	**8,182.1**	5,502.8	+48.7%
LTV	%	**42.8**	37.6	+520bps
Equity ratio	%	**43.6**	48.4	–480bps
EPRA NTA, diluted	€m	**11,149.1**	9,247.6	+20.6%
EPRA NTA per share, diluted	€	**146.10**	122.43	+19.3%

Employees		31.12.2021	31.12.2020	+/- %/bps
Employees	number	**1,770**	1,599	+10.7%

1 Excl. new construction activities on own land, backlog measures, own work capitalised and margin of LWSPlus; pls see Appendix

2 incl. €1.4bn bridge financing for Adler portfolio acquisition

Update on our major acquisitions

Integration well on track

Smooth integration of Adler portfolio (15,400 units)

- **New subsidiary North in Bremen** set up to better manage our Northern German portfolio
- **LEG processes and IT** rolled out
- **On-boarding of new colleagues** via intensive trainings, workshops, shadowing program with c. 200 LEG colleagues
- **Roadmap established to bring down vacancy:** LWSPlus and LEG craftsmen services TSP to support renovation process: as of today more than 400 units already under renovation
- **Foundation "Dein Zuhause hilft"** already active in the biggest location Wilhelmshaven (c. 6,800 units) with own staff

Growth optionality via BCP option – status quo

- **Perfect fit - securing attractive portfolio with 12,100 units** in existing LEG target markets and offering new entry opportunities (Leipzig)
- **34.4%** acquired so far from minority shareholders and Adler for c. €370m (-3% to NAV[1])
- Financial participation within LEG FY21 accounts (no FFO I effect)
- **Irrevocable tender agreement** with Adler on **63.0%** of BCP secured via a **call option**, expires 30 September 2022, strike price €**157** per share (total invest €765m)

- LEG's efficient operating platform allows for smooth integration
- Timing of execution of the call option depends on capital market environment and due diligence
- Exercise of BCP option would allow LEG to exceed 7,000 units growth ambition for 2022

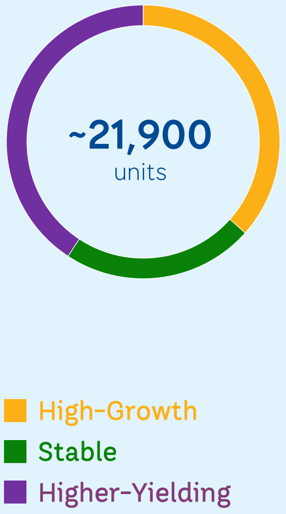
1 Q3 2021 reported

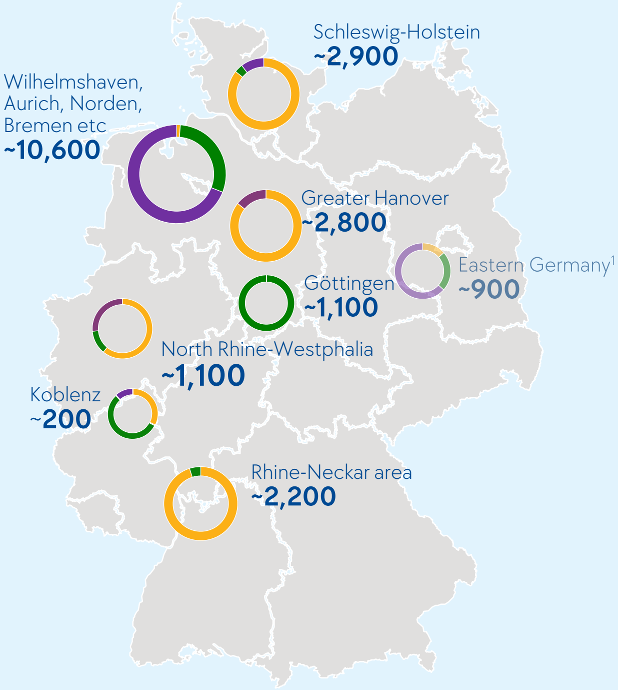
95% of acquisitions outside NRW make LEG a German player

Focus on affordable housing – in our target markets – at attractive terms

LEG

Transfers in 2021





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

Financial summary of acquisitions

- Portfolio increase by c. **21,900** units in **2021**, i.e. more than three year's of our annual growth ambition
- **95%** outside NRW, balanced split across markets
- Purchase price c. €**2.15 bn** (w/o BCP stake, BCP-option, taxes and other costs)
- Net cold rent multiple of c. **22.5x** based on in-place rent compares to LEG year-end portfolio multiple of **23.9x**
- Annualised contribution to FFO I of c. €**50m**

Background & Rationale

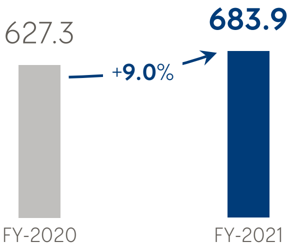
- Leveraging of platform along **established hubs**
- **3 bigger deals** (DeuWo 2,200; Kiel: 2,300; Adler: 15,400) represent **90%** of the acquisitions
- Focus exclusively on **affordable housing**
- **Financial upside** potential from optimised property management

Margins at strong levels in FY-2021

Benefiting from growth as well as value-added services

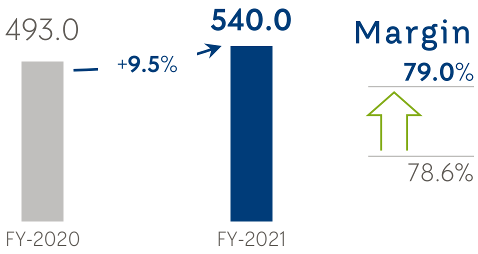
Net cold rent

€m



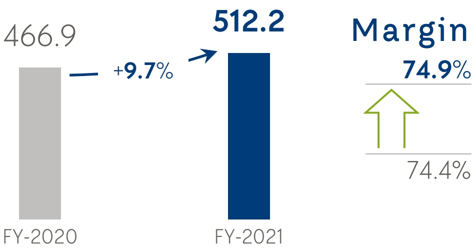
Recurring Net rental and lease income

€m



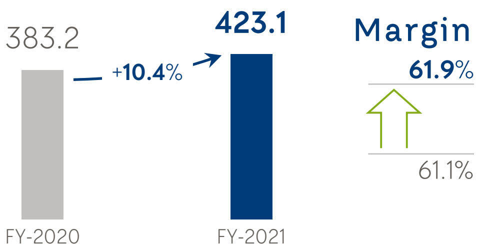
Adj. EBITDA

€m



FFO I

€m



Recurring net rental and lease income

- Margin improvement driven by scale effects. Difference to net rental and lease income relates to adjustment for D&A and special project costs

Adj. EBITDA

- 50 bps improvement in line with guidance for adj. EBITDA margin of ~75%

FFO I

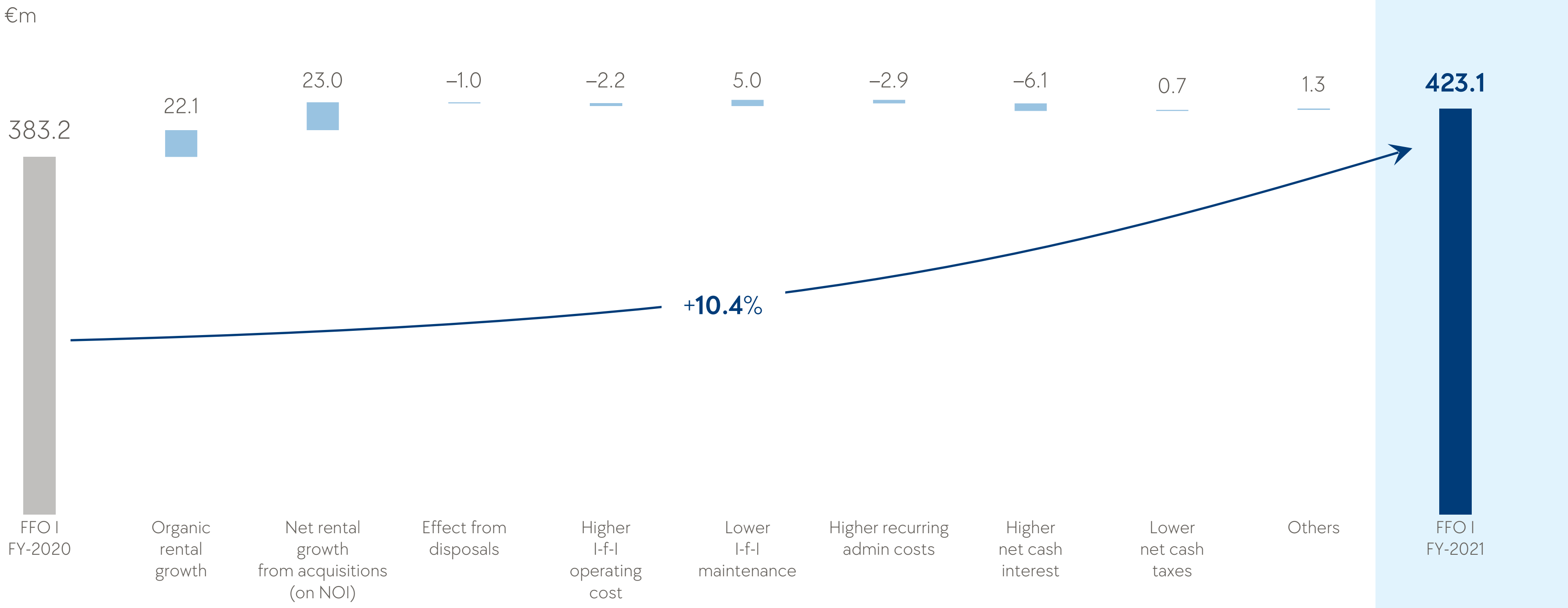
- Slightly higher increase vs. adj. EBITDA driven by disproportional increase in interest, taxes and minorities

FFO I ps

- FY-2020 €5.44
- **FY-2021 €5.84 (+7.4% yoy)**

FFO Bridge FY-2021

Strong contribution from acquisitions and rent growth



Portfolio valuation FY-2021 – Breakdown revaluation gains

Valuation uplift driven by letting performance and yield compression

Value drivers

€m

Discount rate	1,840
Rent performance & building	349

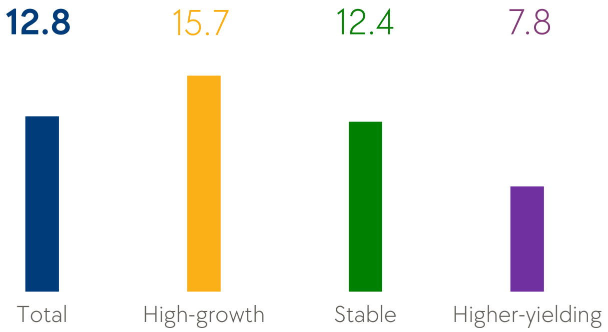
Allocation of capital growth

€m

Revaluation gains	1,864
Capex	325

Valuation uplift by markets[1]

%



- Portfolio valuation +12.8%, including capex +15.0%
- Significant valuation uplift in all our markets – further potential (in line with previous years) for H1-2022 expected
- Adjustment of discount rate from 4.5% end of FY-2020 to 3.9% (cap rate from 5.7% to 5.3%)

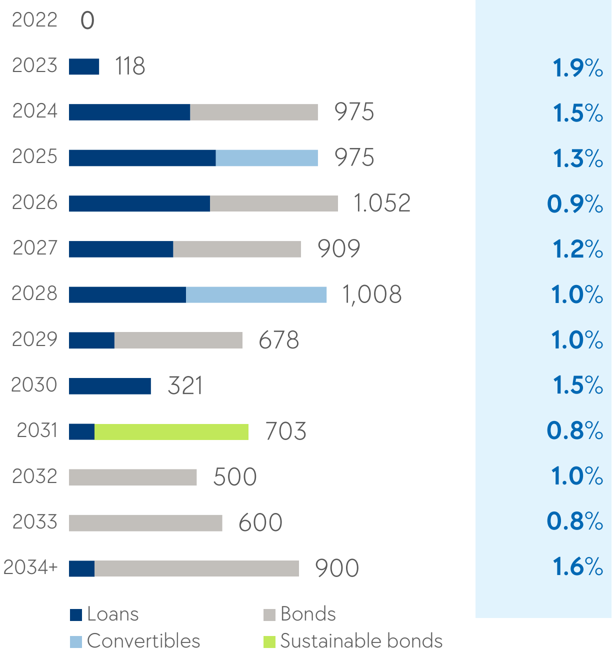
1 Property valuation with cut-off date as of 30 September 2021 and revaluation date as of 31 December 2021

Well balanced financial profile

Lower (interest) for longer (maturity)

Maturity profile as of January

€m



Average debt maturity

years

Average interest costs

%

Loan-to-value

%

(adj) = after refinancing of bridge loan via €1.5bn bonds issue

Highlights

- Refinancing of **€1.4bn bridge loan** in January with impact on financial profile. Maturity profile as well as **adjusted numbers reflect the refinancing of the bridge loan**
- Bridge refinancing via issuance of bond with three tranches with a total volume of **€1.5bn in January**
- Issuance of three bonds with volume of **€1.6bn in FY 2021** including one **sustainable bond**
- Average debt maturity at **7.5 years** (+0.1y)
- Average interest costs **down by 17 bps** vs. FY-2020
- No significant maturities until **2024**
- Despite significant opportunistic portfolio expansion **LTV remained below LEG's max. level of 43%**. Including short term deposits the LTV stood at **42.4%**
- **Net debt/EBITDA** increased from 10.3x to **12.6x**[1]. **No EBITDA contribution yet** from the **Adler transaction and most of the other acquisitions in 2021**

1 Average net debt last four quarters / EBITDA LTM

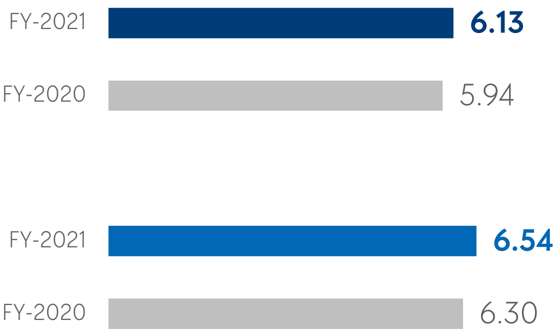
4 Operating **Performance**

Target of 3.0% l-f-l rental growth exceeded

Some catch-up effects from voluntary rent increase waiver due to Covid-19 in FY 2020

l-f-l rent development

€/m²/month



Residential rent

+3.2%

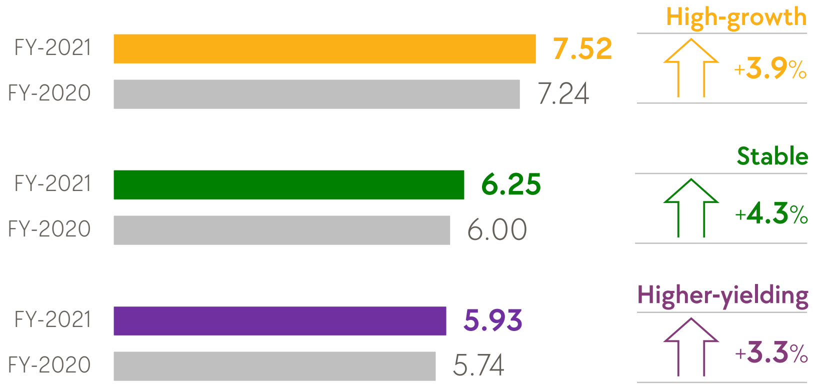
Rent table	+1.9%
Modernisation/ Re-letting	+1.3%

Free financed rent

+3.9%

l-f-l free financed rent development

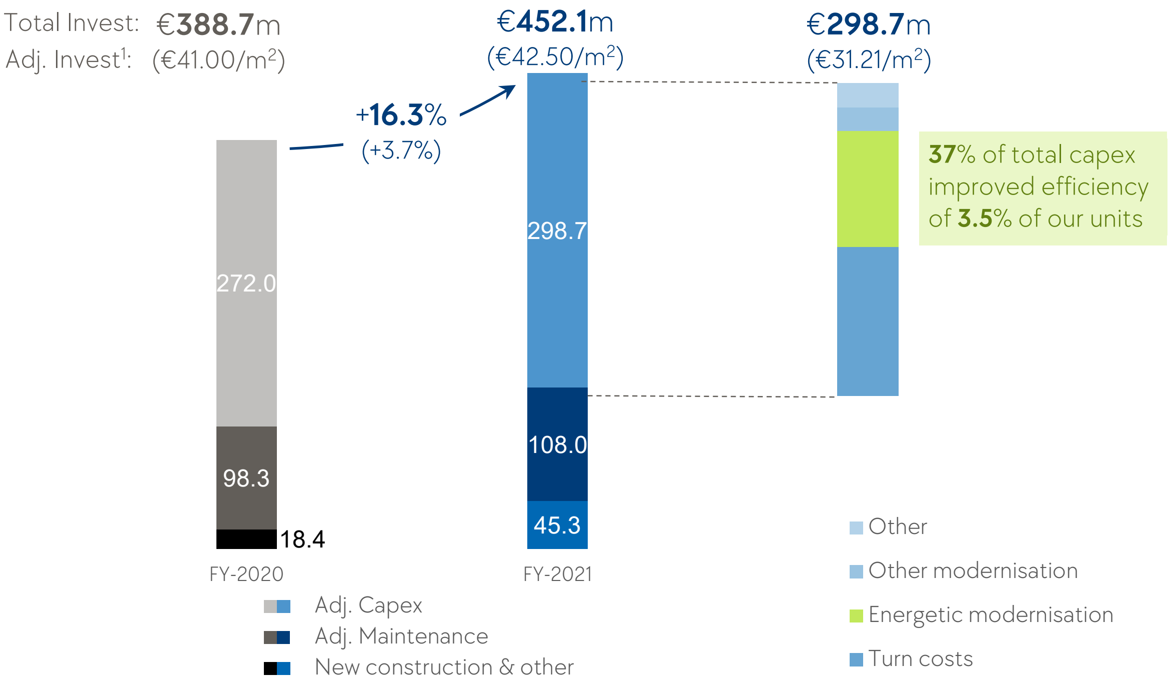
€/m²/month



- Strong l-f-l rental growth driven by all of our three market segments; +3.9% for free financed portfolio
- Rent restricted units +0.5%: no cost rent adjustments in 2021
- Some catch-up effects from temporary suspension of rent increases related to Covid-19 in 2020

Capex und Maintenance

Ongoing focus on growth and energy efficiency



- Increase of total **investments** with c. **16%** y-o-y within plan, driven by growing portfolio
- **Investments per sqm** based on adjusted capex and maintenance increased moderately by **3.7%**
- Value enhancing **capex** spending increased by c. **10%** mainly driven by modernisation measures and turn costs
- **Energetic refurbishment (€110m)** measures are the biggest driver for **modernisation** spending, **3.5%** of our units energetically improved – on track with LEG's **ESG** strategy
- Increase in **maintenance** costs by c. **10%** driven among others by portfolio growth, price increases and special refurbishment projects to also increase customer satisfaction
- Increase in **new construction and others** (not part of LEG's investment/sqm guidance) driven by new construction activities
- Acquisition of new development projects not treated as capex

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

Digitisation

A boost to the digitisation of our business

LEG

Digital contracts/ solutions

- **>9,000** digital contracts signed since offering end 2019
- 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

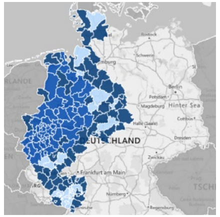
- **RPA Center of Excellence** implemented
- **>20** RPAs installed across the entire group, i.e. IT, customer service, accounting, modernisation projects, quality management etc.
- In customer service **>100,000** customer requests handled so far via RPAs

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

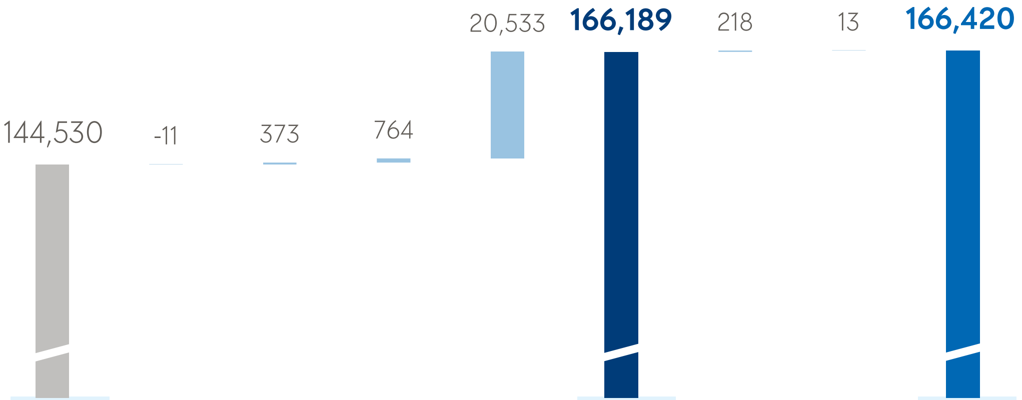


5 Portfolio **Overview**

Portfolio transactions

Net additions of 21.7k units lead to portfolio growth of 15% in 2021

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



	31.12.2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	31.12.2021	Q1 2022	Q2 2022	30.06.2022
Additions	11,262	188	429	782	20,567	21,966	460	13	473
Divestments	763	199	56	18	34	307	242	0	242
Change	10,499	-11	373	764	20,533	21,659	218	13	231

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. Additionally the numbers include effects such as conversion of commercial properties into residential properties.
3 BW = Baden-Wurttemberg, HB = Bremen, LS = Lower Saxony, NRW = North Rhine-Westphalia, RP = Rhineland-Palatinate, SH = Schleswig-Holstein.

Acquisitions (Locations/State[3])

Q1 2021
- NRW – Oldenburg (LS)

Q2 2021
- NRW – Oldenburg (LS) – Hanover (LS) – Brunswick (LS) – Kaiserslautern, Koblenz (RP)

Q3 2021
- NRW – Hanover (LS) – Osnabrück (LS) - Brunswick (LS) - Bremen

Q4 2021
- NRW – DeuWo-Portfolio (RP/BW) – Bremen – Hanover (LS) – Kiel (SH) – Adler-Portfolio (LS, SH)

Q1 2022
- NRW –Hanover (LS) – Brunswick (LS) – Kiel (SH) – Flensburg (SH) – Rhine-Neckar (RP/BW)

Q2 2022
- Brunswick (LS)

Portfolio valuation FY-2021

LEG

Market segment	Residential Units	GAV Residential Assets (€m)	GAV/ m^2 (€)	Gross yield	In-Place Rent Multiple	GAV Commercial/ Other (€m)	Total GAV (€m)
High-Growth Markets	49,227	7,825	2,410	3.4%	29.8x	333	8,158
Stable Markets	66,420	6,618	1,562	4.4%	22.6x	230	6,848
Higher-Yielding Markets	50,542	3,535	1,156	5.6%	18.0x	115	3,650
Total Portfolio	**166,189**	**17,978**	**1,706**	**4.2%**	**23.9x**	**677**	**18,656[1]**

1 GAV of IAS 40 portfolio (including leasehold, land value and assets under construction) was €19,068m

Valuation framework

	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 2021 are shown in the Q3-2021 report, p. 30

Well-balanced portfolio with significant growth potential

LEG

By Market

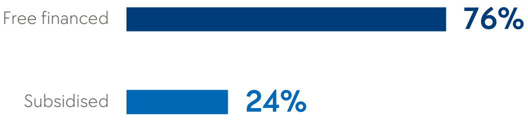
Units

Gross Asset Value

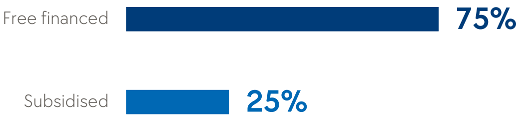
Rental Income

Restricted vs. unrestricted

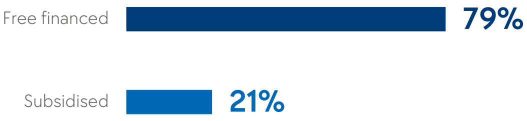
Units



Gross Asset Value



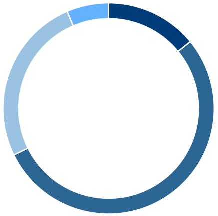
Rental Income



Portfolio structure

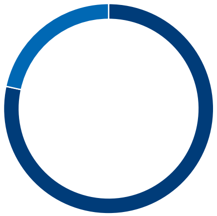
LEG

Construction Years



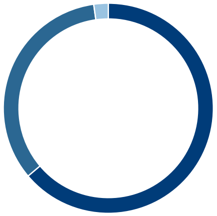
Until 1949	14%
1950-1969	54%
1970-1989	26%
After 1989	6%

Free Financed / Rent Restricted Units



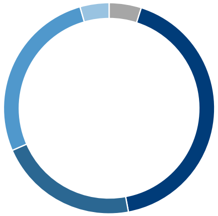
Free financed units	78%
Rent restricted units	22%

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.

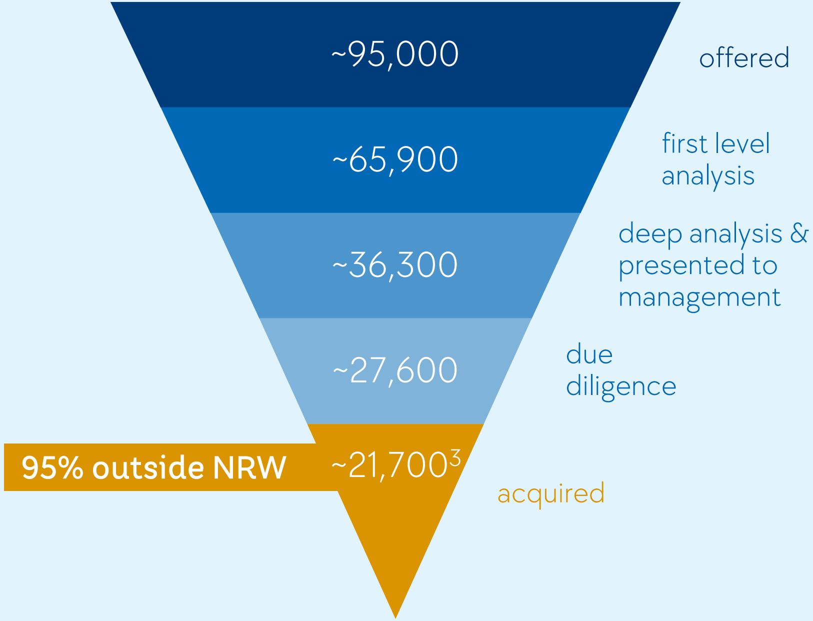
Transaction market 2021

German market on record high

- **Record volume** in German residential market of **€49bn (+140% yoy)**
- **Overall more than 260,000 residential units** were negotiated in 2021 (LEG: c. 95,000). **21,700** of these residential units were acquired by LEG
- **Net prime yields** in the average of the top 7 markets decreased by 0.1 percentage points from 2.3% at the end of 2020 to **2.2%** at the end of 2021
- Adjusted for the Deutsche Wohnen takeover the **share of foreign buyers exceeded 40%**[1]
- According to Savills **existing property accounted for 89%** of capital invested, while an **unprecedented amount** of capital (€5.6bn) was invested into **development projects**.
- **2022** likely to be substantially characterised by the effects of **ESG regulations** including rising demand for new build, increasing pressure to refurbish existing property, additional mergers to combine resources and an increasing number of disposals of non-refurbished properties[2]

1 CBRE 2 Savills

LEG's deal funnel 2021 (excl. BCP)
(units)



3 The 21,700 units refer to the number of units which have been signed in calendar year 2021. Transfer of ownership typically take place at a later point in time. The number of units may therefore differ from other disclosures, depending on the data basis.

Threefold approach to new builds

LEG

1,000 units from 2026 through

- **Redensification** on own land
- Acquisition of turnkey projects from **external developers**
- **Serial and modular built on purchased land** with Goldbeck

500 units p.a. from **2023** onwards

500 units p.a. from **2026** onwards

Turnkey project in Bremen[1]

- 139 residential and 5 commercial units + 153 parking spaces
- € 51 m investment

Turnkey project in Düsseldorf[2]

- 170 residential (o/w 68 subsidized) and 6 commercial units + kindergarten
- € 70 m investment

Redensification in Cologne[3]

- 51 residential units on free land within a LEG district
- € 16 m investment

1 ©Justus Grosse Immobilienunternehmen (external developer) 2 Instone (external developer) 3 Interboden/Vilis (external developer)

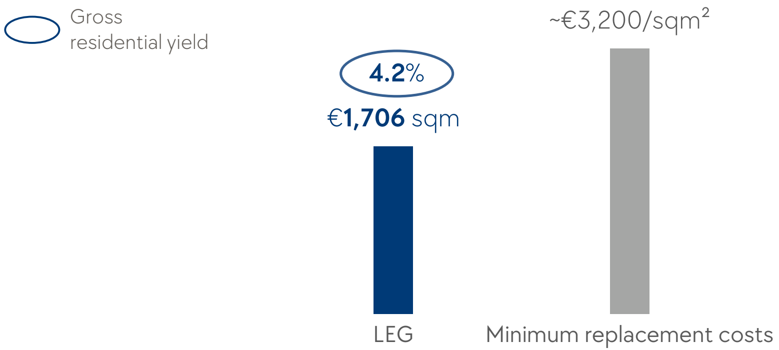
Continued shortage of affordable housing

Replacement costs significantly exceed LEG asset values

LEG

Residential replacement costs of the LEG portfolio

- Minimum replacement cost for **new-built product at c. €3,200 per sqm[2]**
- The portfolio of **affordable living product is de facto irreplaceable** at comparable cost base
- At **c. €3,200 minimum replacement cost for a comparable new product**, the **company's in-place yield** of **4.2%** would **imply a rent/sqm requirement of c. €11**/sqm[1], which is **not feasible to achieve in the affordable living segment**



1 based on €3,200/sqm.
2 excluding costs for land

- LEG's portfolio is conservatively valued at **€1,706/sqm**,
- LEG's valuation level is well below Germany-wide replacement cost for new stock, offering attractive yield

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)

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).

6.1 Appendix **Financials**

New EPRA NRV – NTA – NDV

€m		31.12.2021			31.12.2020	
	EPRA NRV – diluted	EPRA NTA – diluted	EPRA NDV – diluted	EPRA NRV – diluted	EPRA NTA – diluted	EPRA NDV – diluted
IFRS Equity attributable to shareholders (before minorities)	8,927.9	8,927.9	8,927.9	7,365.6	7,365.6	7,365.6
Hybrid instruments	455.7	455.7	455.7	464.3	464.3	464.3
Diluted NAV (at Fair Value)	**9,383.6**	**9,383.6**	**9,383.6**	**7,829.9**	**7,829.9**	**7,829.9**
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	2,056.5	2,044.8	–	1,431.3	1,417.4	–
Fair value of financial instruments	95.2	95.2	–	102.7	102.7	–
Goodwill as a result of deferred tax	–267.3	–267.3	–267.3	–55.9	–55.9	–55.9
Goodwill as per the IFRS balance sheet	–	–103.4	–103.4	–	–43.7	–43.7
Intangibles as per the IFRS balance sheet	–	–3.8	–	–	–2.8	–
Fair value of fixed interest rate debt	–	–	–307.4	–	–	–443.0
Deferred taxes of fixed interest rate debt	–	–	59.5	–	–	87.2
Revaluation of intangibles to fair value	–	–	–	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)	1,843.9	–	–	1,421.7	–	–
NAV	**13,111.9**	**11,149.1**	**8,765.0**	**10,729.7**	**9,247.6**	**7,374.5**
Fully diluted number of shares	76,310,308	76,310,308	76,310,308	75,534,292	75,534,292	75,534,292
NAV per share	**171.82**	**146.10**	**114.86**	**142.05**	**122.43**	**97.63**

1 Including RETT (Real Estate Transfer Taxes) the NTA would have been €170.10

FFO calculation

€m	FY-2021	FY-2020
Net cold rent	683.9	627.3
Profit from operating expenses	–2.4	–2.5
Maintenance (externally-procured services)	–65.7	–62.3
Staff costs	–87.9	–75.4
Allowances on rent receivables	–10.3	–10.6
Other	16.0	9.5
Non-recurring special costs (rental and lease)	6.4	7.0
Recurring net rental and lease income	**540.0**	493.0
Recurring net income from other services	**8.3**	7.1
Staff costs	–26.7	–23.6
Non-staff operating costs	–105.6	–17.6
Non-recurring special costs (admin.)	96.2	8.0
Recurring administrative expenses	**–36.1**	–33.2
Other income and expenses	**0.0**	0.0
Adjusted EBITDA	**512.2**	466.9
Cash interest expenses and income	–86.7	–80.5
Cash income taxes from rental and lease	–0.6	–1.4
FFO I (including non-controlling interests)	**424.9**	385.0
Non-controlling interests	–1.8	–1.8
FFO I (**excluding** non-controlling interests)	**423.1**	383.2
FFO II (including disposal of investment property)	**419.9**	381.3
Capex	–330.9	–290.4
Capex-adjusted FFO I (AFFO)	**92.2**	92.8

Net cold rent

- **+€56.6m** or **+9.0%** driven by portfolio growth (c. 2/3) and organic growth (c. 1/3)

Staff costs

- Higher staff costs mainly due to additional FTE's (+140), e.g. in newly acquired LWS Plus and TSP

Other

- Increase driven by income from value-added services and capitalisation of own work

Non-staff operating costs & Non-recurring project costs

- Non-staff operating costs include among other the RETT from the Adler-transaction (**€65.3m**) while non-recurring project costs adjust for these costs

Recurring administrative expenses

- Partially driven by higher headcount for IT and internal reallocation of resources

Cash interest expenses

- Decline in average interest costs, but increase in financial debt

Balance sheet

LEG

€m	31.12.2021	31.12.2020
Investment property	19,067.7	14,582.7
Other non-current assets	617.8	264.9
Non-current assets	19,685.5	14,847.6
Receivables and other assets	155.6	77.7
Cash and cash equivalents	675.6	335.4
Current assets	831.2	413.1
Assets held for sale	37.0	21.6
Total Assets	**20,553.7**	**15,282.3**
Equity	8,953,0	7,389.9
Non-current financing liabilities	7,367.0	5,377.7
Other non-current liabilities	2,335.0	1,650.5
Non-current liabilities	9,702.0	7,028.2
Current financing liabilities	1,518.1	491.3
Other current liabilities	380.6	372.9
Current liabilities	1,898,7	864.2
Total Equity and Liabilities	**20,553.7**	**15,282.3**

Investment property
- Acquisitions: €**2,310.2m**
- Revaluation: €**1,863.7m**
- Capex: €**325.4m**

Other non-current assets
- Increase in goodwill related to the Adler transaction (€**271.1m**)
- Stake in BCP (€**85.4m**)

Receivables and other assets
- Mainly increase in longer term deposits

Cash and cash equivalents
- Cash flow from operating activities: €**353.7**m (€**326.1m**)
- Investing activities: €**–2,751.9m** (€**–1,332.2m**)
- Financing activities: €**2,738.4m** (€**890.3m**)
  - Loans: €**1,498.2m**
  - Bond issuance: €**1,678.0m**
  - Repayment of loans: €**–238.9m**
  - Cash Dividend payment: €**–185.6m** (scrip dividend offered)

Loan to Value

€m	31.12.2021	31.12.2020
Financial liabilities	8,885.1	5,869.0
Excluding lease liabilities (IFRS 16)	27.4	30.8
Cash & cash equivalents	675,6	335.4
Net Debt	**8,182.1**	**5,502.8**
Investment properties	19,067.7	14,582.7
Properties held for sale	37.0	21.6
Prepayments for investment properties and acquisitions	25.2	43.3
Property values	19,129.9	14,647.6
Loan to Value (LTV) in %	**42.8**	**37.6**

- Rise in LTV by **5.2 PP** due to strong anorganic growth
- LTV remained below our maximum target of **43%**

Income statement

LEG

€m	FY-2021	FY-2020
Net rental and lease income	522.1	429.8
Net income from the disposal of investment property	–1.0	–1.3
Net income from the valuation of investment property	1,863.7	1,170.4
Net income from the disposal of real estate inventory	0.5	–1.5
Net income from other services	5.7	4.2
Administrative and other expenses	–136.4	–66.4
Other income	0.1	0.1
Operating earnings	**2,254.7**	**1,535.3**
Net finance costs	–116.0	–140.3
Earnings before income taxes	**2,138.7**	**1,395.0**
Income tax expenses	–414.0	–30.5
Consolidated net profit	**1,724.7**	**1,364.5**

Net rental and lease income
- Strong increase driven by operational improvement (€**47.0**) and a goodwill write down (€**45.6m**) in 2020

Valuation of investment property
- Strong increase due to favourable environment for the asset class affordable living

Administrative and other expenses
- Increase in employees, corona bonus payments, reallocation of resources and mainly non-recurring special costs (e.g. RETT for the Adler transaction)

Net finance costs
- €**19.5m** increase in interest expenses mainly due to higher debt, early redemption charges and effects from the valuation of bonds at amortised costs
- Strong positive impact from the fair value measurement of derivatives mainly linked to the convertible bonds (yoy: +€**41.5m**)

Income tax expenses
- Tax rate of **19.4%** (higher deferred taxes due to revaluation result) vs. **2.2%** in 2020 (impact from first time application of the extended trade tax reduction)

Cash effective interest expense

LEG

€m	FY-2021	FY-2020
Reported interest expense	121.6	102.2
Interest expense related to loan amortisation	–20.4	–15.6
Interest costs related to valuation of assets/liabilities	–3.0	–3.4
Interest expenses related to changes in pension provisions	–0.6	–1.3
Other interest expenses	–10.9	–1.4
Cash effective interest expense (gross)	86.7	80.5
Cash effective interest income	0.0	0.1
Cash effective interest expense (net)	**86.7**	**80.6**

Other interest expenses
- Mainly expenses in connection with the early redemption of financial instruments

Cash effective interest expense
- Increase relates to the portfolio growth
- Interest coverage improved further y-o-y to **5.9 (5.8)**

Investments

Reconciliation from investments to adjusted investments

€m	FY-2021	FY-2020
Maintenance	110.9	98.3
Adjusted maintenance	**108.0**	**98.3**
Capex	341.2	290.4
Thereof LWS Plus effect	10.2	2.6
Thereof public safety measures in connection with acquisitions	2.2	0.2
Thereof new construction	14.2	4.8
Thereof capitalisation of own services	15.8	10.8
Adjusted capex	**298.7**	**272.0**
Total investments	452.1	388.7
Adjusted total investments	**406.8**	**370.3**
Area of investment properties (million sqm)	9.57	9.03
Adjusted investment per sqm (€)	**42.50**	**41.00**

- Capex in FFO-table to calculate the AFFO corresponds to total capex minus LWSPlus effect
- The line item maintenance for EPRA cost ratio and net rental and lease income calculation includes only maintenance work done by external companies (**€65.7m**). The delta to the **€110.9m** is booked in personnel expenses

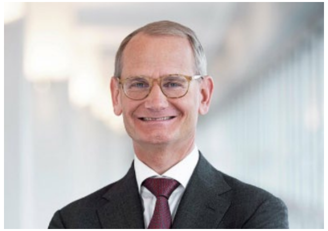
Group P&L effect of Value-add Services

LEG WohnService | LEG EnergieService | LEG TechnikService | LEG LWS Plus

€m	2021	Main effects 2021	Only key line items displayed
Net cold rent	683.9		
Profit from operating expenses	–2.4		
Maintenance (externally-procured services)	–65.7	+ €50m	Craftsmen services via **LEG TechnikService/ LEG LWS PLus**
Staff costs	–87.9	– €26m	Staff costs mainly via **LEG TechnikService**
Allowances on rent receivables	–10.3		
Other	16.0	+ €23m	Mainly income from **LEG EnergyService** and multimedia offerings via **LEG WohnService**
Non-recurring project costs (rental and lease)	6.4		
Recurring net rental and lease income	**540.0**	**+ € 48m**	
Recurring net income from other services	**8.3**		
Staff costs	–26.7		
Non-staff operating costs	–105.6		
Non-recurring project costs (admin.)	96.2		
Recurring administrative expenses	**–36.1**		
Other income and expenses	**0.0**		
Adjusted EBITDA	**512.2**	**+ € 47m**	
Cash interest expenses and income	–86.7		
Cash income taxes from rental and lease	–0.6		
FFO I (including non-controlling interests)	**424.9**	**+ €41m**	
Non-controlling interests	–1.8	– €2m	Minorities **LEG TechnikService**
FFO I (excluding non-controlling interests)	**423.1**	**+ €39m**	

7.2 Appendix **Management**

Management Team



Lars von Lackum
CEO

4,900 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

1,265 shares in LEG[1]

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

With LEG since 2020

Dr. Volker Wiegel
COO

1,419 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 January 2022

Changes to remuneration system and new 2022/25 ESG targets integrated – Proposed to AGM 2022

LEG

Share of target remuneration

Effective 1 January 2022		year 1 – year 4	Changes vs. previous remuneration system. To be proposed to AGM 2022
c.35%	**Fixed components**	▪ Basic remuneration ▪ Fringe benefits ▪ Pension entitlement (defined contribution)	STI: Introduction of FFO I per share as metric
22% – 23%	**STI**	▪ 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)	
38% – 40%	**LTI**	▪ **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	LTI: Stronger focus on share price development vs. peers (80% of LTI) LTI: New - Reinvestment of 25% of the LTI into LEG shares
	Transaction bonus	▪ Acquisition of min. 7,500 units to max. 30,000 units ▪ Bonus from €68,950/100,000 (CEO) to €866,000/1,256,000 ▪ Payout: ⅓ after end of FY and ⅔ after 3 years depending on achievement of business plan (50% FFO I + 50% result from renting and leasing)	to be cancelled

Max. remuneration

CEO
€**4.8**m

Board member
€**3.1**m

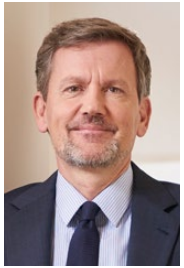
Malus/ Clawback

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

Supervisory board – 100% independent members

Aiming for 1/3 of female members by 2022



Michael Zimmer

Chairman since 2013

97,257 shares in LEG[1]

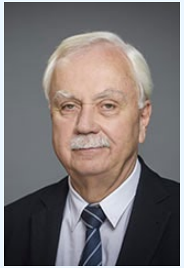
Entrepreneurial career in the real estate sector (e.g. founder of Corpus Sireo Immobilien, later sold to Swiss Life) since 1990

Stefan Jütte

Deputy Chairman since 2013

250 shares in LEG[1]

From 1980 – 2012, different roles in the banking sector (e.g. CEO of Deutsche Postbank, DSL Bank)



Dr. Johannes Ludewig

Member since 2013

1,051 shares in LEG[1]

From 1997 – 2011 various roles in the real estate and railway sector (e.g. CEO of Deutsche Bahn) as well as in different political roles in Germany from 1975 - 1997

Age-related terms end with AGM 2022
To be replaced by one **female member**
→ Back to 6 seats with 1/3 female members

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. 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)

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

Dr. Sylvia Eichelberg

Member since 2021

\- - -

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

1 As at January 2022

7.3 Appendix **Regulation & Social Security in Germany**

Politics
Very limited impact expected – not yet fully rolled out

Temporay suspension of KfW funding programs

- Programs (KfW 40 and 55) were initiated by the former German government to support energy efficient new construction and holistic modernization projects.
- The new minister for economic affairs and climate protection (green party) stopped all programs on January 24. The KfW 55 program for new construction would have expired anyway end of January.
- Due to strong opposition of the real estate industry and tenant associations stop was partly revised.
  - Modernisation program has been reopened and is budgeted with €9.5bn for 2022.
  - New building program is limited to new construction for buildings with KfW40 standard and a budget of €1bn for 2022.

Impact LEG: No effect

- For all new development projects in the pipeline for which a KFW 55 standard is planned, an application for funding has already been submitted before the suspension. All of the permits have already been granted.
- All applications under the old regime for energetic modernisation have been approved.

Limitation of rent increase to 11% in tense markets

- Limitation in tense markets for rent increases in the free financed segment for existing contracts capped now at 11% within 3 years (previously: 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: Minimal effect

- Impact should be very small as previous limit has hardly ever been applied

Expected rent table reform of new government

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

Impact LEG: Small effect

- A small effect from a slightly longer reference period
- 22% of LEG's units are rent-restricted and are not affected by the regulations, as cost rent adjustments apply every three years

Basics

Free financed units

Existing contracts

- **Rent increase by max. 20% (11% 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., 2017, 2020, 2023)
- 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)

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

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.

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

Statutory five-pillar insurance system

Health	Care	Pension	Unemployment	Accident
Prevention	Support in case of (long-term) care	Old-age pension	Unemployment benefit	Prevention
Early detection		Survivor's pension	Employment services	Rehabilitation
Treatment		Disability pension	Vocational training	Injury pension
Rehabilitation		Vocational rehabilitation		Death benefit
Sick pay				
Parental benefit				

Principles of solidarity

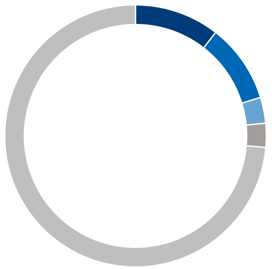
7.4 Appendix **Investor & Creditor Relations**

LEG share information

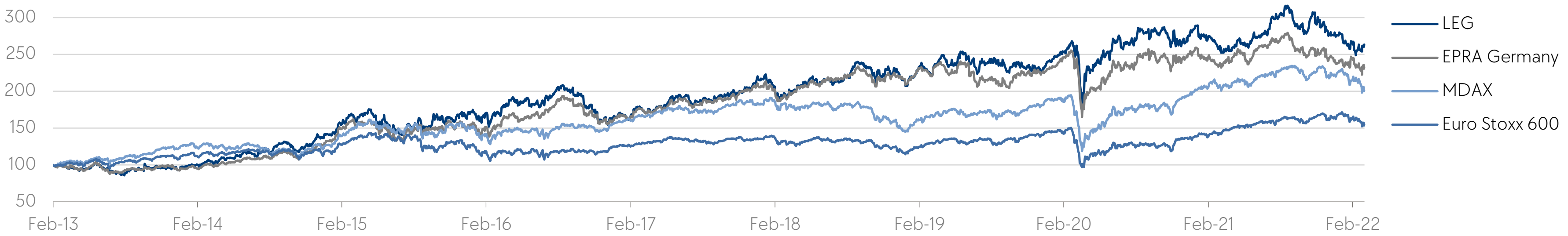
Basic data

Market segment	Prime Standard
Stock Exchange	Frankfurt
Total no. of shares	72,839,625
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 4.79% (31.12.2021) EPRA Europe 3.19% (31.12.2021)

Shareholder structure[1]

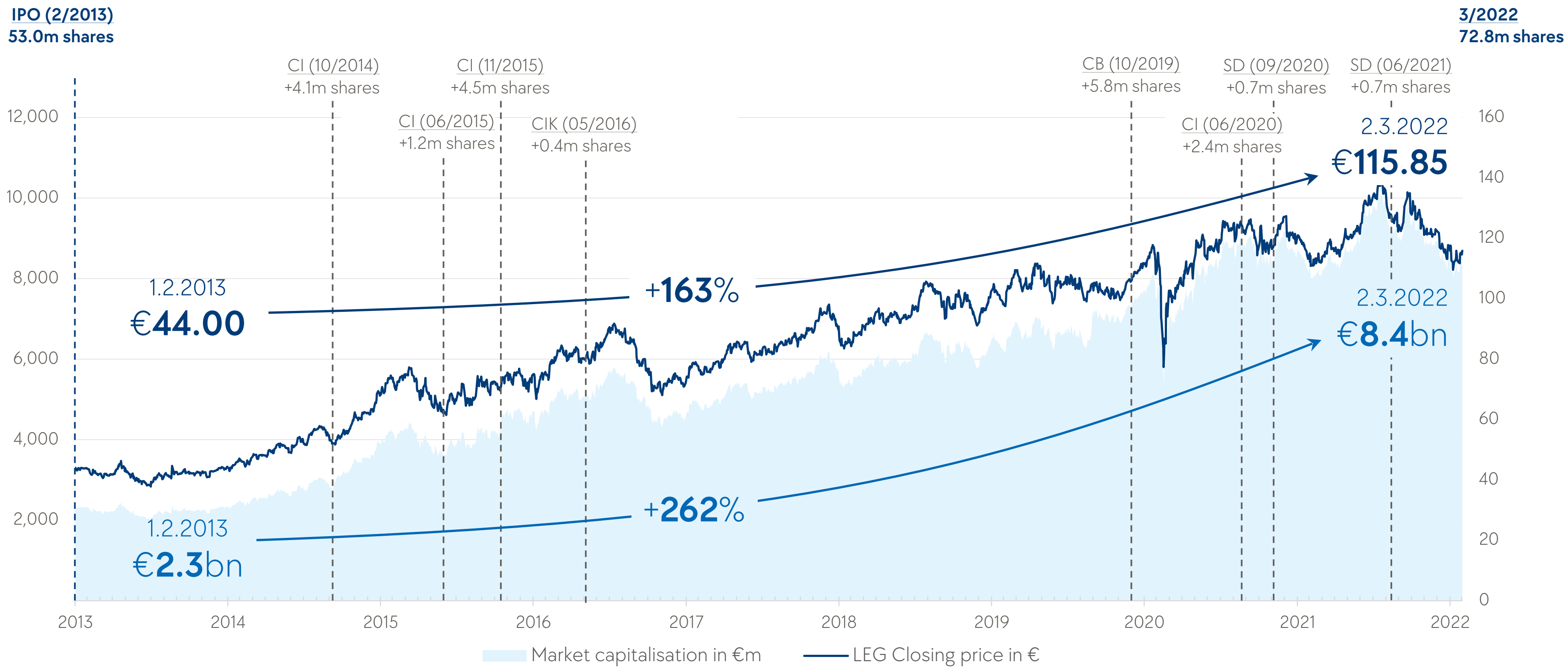


Share (02.03.2022; indexed; in %; 1.2.2013 = 100)



1 Shareholdings according to latest voting rights notifications.

Sustainable increase in share price and market capitalisation since IPO



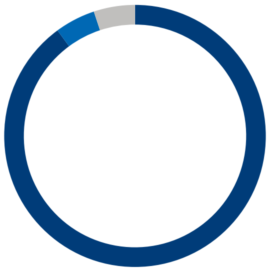
IPO = Initial Public Offering; CI = capital increase; CIK = capital increase in kind; CB = convertible bond; SD = stock dividend

LEG additional creditor information

Unsecured financing covenants

Covenant	Threshold	FY-2021
Consolidated Adjusted EBITDA / Net Cash Interest	≥1.8x	6.0x
Unencumbered Assets / Unsecured Financial Indebtedness	≥125%	180%
Net Financial Indebtedness / Total Assets	≤60%	40%
Secured Financial Indebtedness / Total Assets	≤45%	15%

Pro-forma financing mix after refinancing in January[1]



Fixed interest	89.9%
Derivatives	5.0%
Variable interest	5.1%

Ratings (Moody's)

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

Key financial ratios

	FY-2021	FY-2020
Net debt / EBITDA[2]	12.6x	10.5x
LTV	42.8%	37.6%

1 End of FY-2021: Fixed interest 74.1%, Derivatives 5.1%, Variable interest 20.9% 2 Average net debt last four quarters / EBITDA LTM

Our Sustainable Financing Framework

Part of our sustainable business strategy

- LEG has established its Sustainable Financing Framework to finance or refinance social and green assets that contribute to its ESG agenda
- The Framework is developed to be in line with the ICMA, LMA and APLMA principles for sustainable financing and contributes towards the United Nations Sustainable Development Goals
- Sustainable asset pool: around €3.3bn

The Green Bond Principles

The Social Bond Principles

The Sustainability Bond Guidelines

Green Loan Principles

SUSTAINABLE DEVELOPMENT GOALS

Social Loan Principles

Sustainable Financing Framework

Use of Proceeds

- Affordable and Social Housing
- Community Engagement
- Green Buildings & Energy Efficiency
- Renewable Energy
- Clean Transportation

Process for Asset Evaluation and Selection

- Dedicated Sustainable Financing Committee responsible for evaluation and selection of eligible assets

Management of Proceeds

- Proceeds managed using a portfolio approach
- Unallocated proceeds may be used in line with company's investment strategy

Reporting

- Allocation and impact reporting provided annually until full allocation of net outstanding Sustainable Bond proceeds

Framework reviewed by Second-Party Opinion ("SPO") provider Sustainalytics stating that it is credible and impactful

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	€500m	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

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

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]	€115.2511 (as of 10 June 2021)	€154.6620 (as of 14 June 2021)
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).

Financial calendar

LEG

2022

10 March
Annual Report 2021

11 May
Quarterly Statement Q1
as of 31 March 2022

19 May
AGM 2022 (virtual)

10 August
Quarterly Report Q2
as of 30 June 2022

10 November
Quarterly Statement Q3
as of 30 September 2022

For our detailed financial calendar, please visit our IR web page

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LEG

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