

LEG Immobilien AG

Q1 Results - 2013

28-May-2013



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Agenda

- I. Highlights Q1-2013
- II. Portfolio and Operating Performance
- III. Financial Performance
- IV. Business Update and Outlook
- V. Appendix

I. Highlights Q1-2013

Highlights Q1-2013



Overall Company Development

- IPO - Completed successful listing on the Frankfurt stock exchange (1st February 2013)
 - Largest European real estate IPO to date
- Successful integration of Bocholt portfolio
- Buildup of acquisition pipeline

Strong Operational Performance

- In-place rent €4.91/sqm/month (+2.1% from €4.81 in Q1-2012)
- Occupancy up to 96.8% (+90bps from 95.9% in Q1-2012)
- Maintenance & capex at €3.20/sqm (annualized approx. 12.80 €/sqm)
 - Significantly lower rate of (capitalized) capex over (expensed) maintenance (36.4% in Q1-2013 vs. 56.8% in Q1-2012); no larger modernisation projects
 - FY-2013 capex/maintenance ratio expected to revert to historic average of approx. 50/50

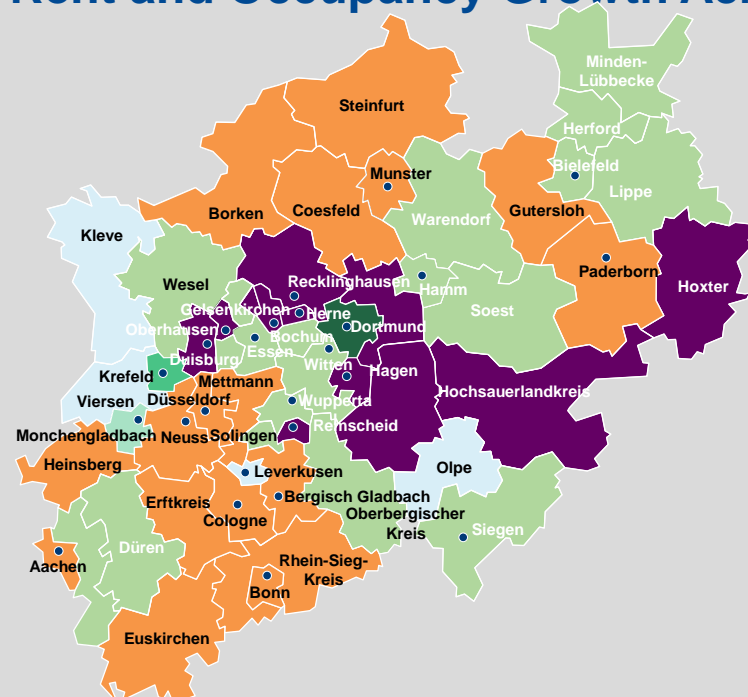
Financial Performance Firmly on Track – Temporary Effect from Higher Maintenance Expense

- Rental income €89.2m (+4.3% from €85.6m; +3.0% excl. Bocholt transaction)
- Adjusted EBITDA €54.2m (-3.1% from €56.0m); +€5.1m higher maintenance YOY
- FFOI €33.8m (-4.8% from €35.5m); higher maintenance YOY
- AFFO €26.8m (+2.3% from €26.2m); €2.8m higher capex & maintenance YOY
- EPRA NAV €2,423m / €45.74 per share (up from 2,368 in Q4-2012)

II. Portfolio and Operating Performance

Portfolio Overview

Rent and Occupancy Growth Across All Submarkets



Total Portfolio		
		Δ (YOY)
# of units	90,921	+1.2%
In place rent (sqm)	€4.91	+2.1%
Occupancy	96.8%	+90bps

Note: Light blue areas indicate areas where LEG does not own properties.

High Growth Markets		
		Δ (YOY)
# of units	31,488	+3.9%
In place rent (sqm)	€5.46	+3.1%
Occupancy	98.5%	+50bps

Stable Markets with Attractive Yields		
		Δ (YOY)
# of units	32,039	0%
In place rent (sqm)	€4.62	+0.9%
Occupancy	96.0%	+110bps

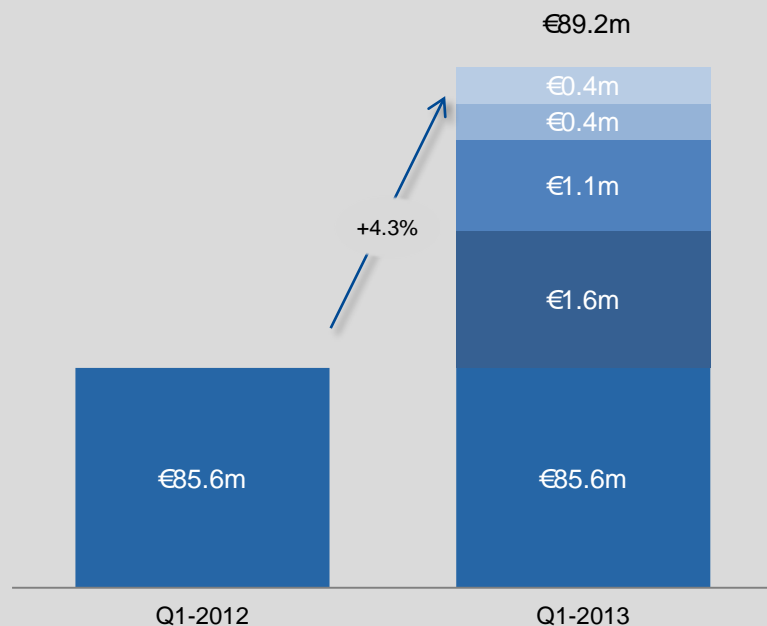
Higher Yielding Markets		
		Δ (YOY)
# of units	26,005	0%
In place rent (sqm)	€4.54	+1.2%
Occupancy	95.5%	+90bps

Rent Development

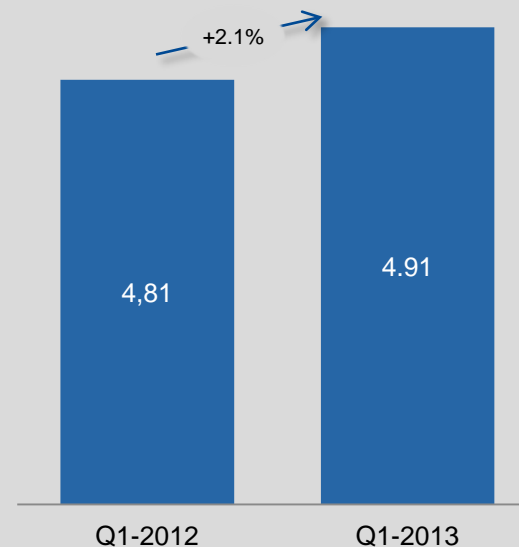
Stable Organic Growth – Accelerating Momentum Ahead

Total Rental Income (€m)

■ Q1-2013 ■ I-f-I ■ Bocholt ■ decreasing vacancy ■ parking & commercial



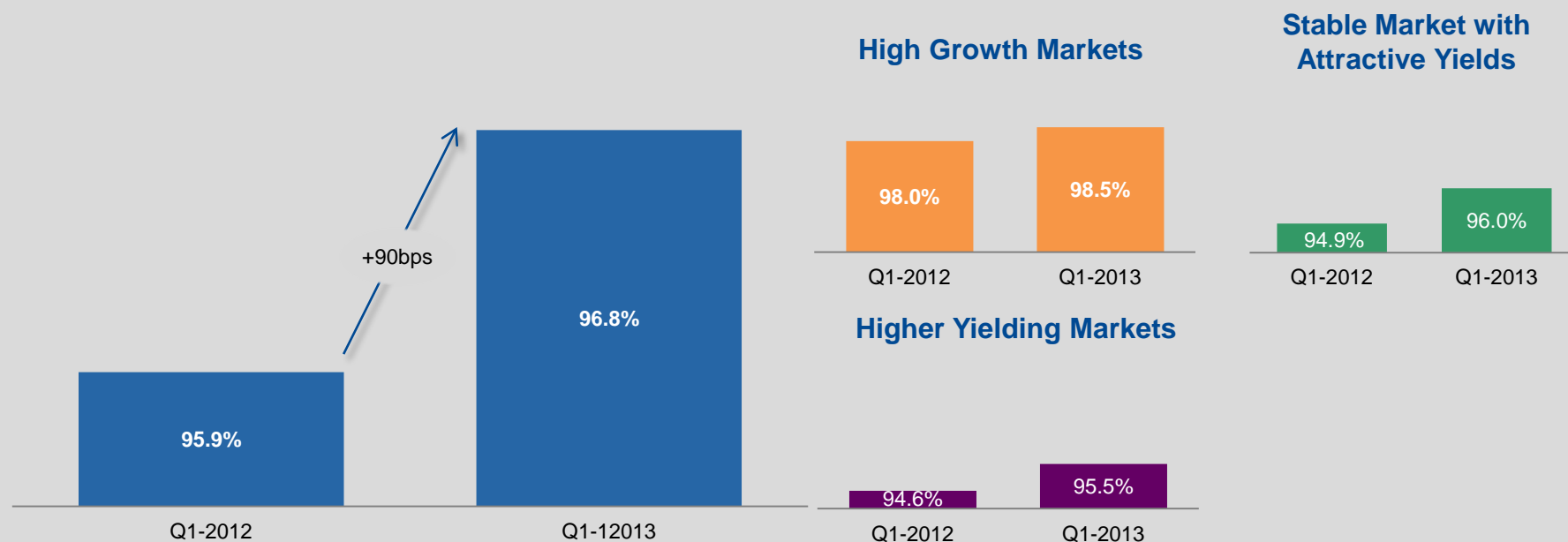
Residential Rent (€/sqm/month)



- Growth accelerating again in 2013
 - Q4-2012 rental growth impacted by one-off effect from refinancing of subsidized loans
 - New Mietspiegel in Munster in Q1-2013 (+6.5% avg. increases in the city; LEG rent adjustments as of 1st July)

Occupancy Development

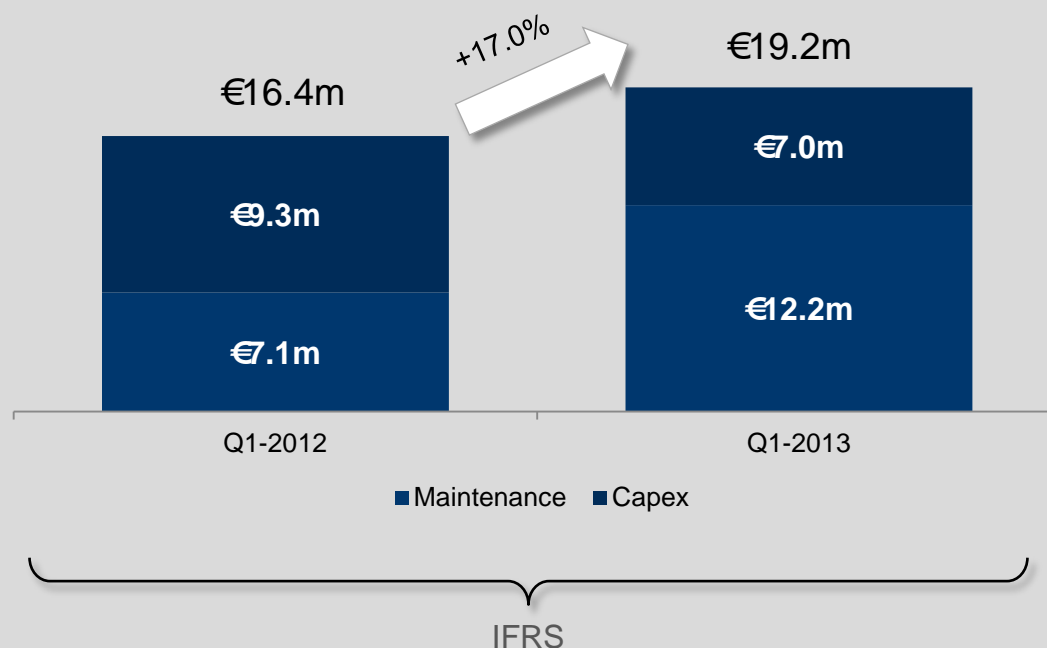
Rising Occupancy due to Strong Tenant Demand and Improving Efficiency



- LEG benefitting from favourable demand/supply environment
- Positive development across all sub-markets
- Reorganisation of the management platform also reflected in increasing productivity of letting activities

Capex & Maintenance

Capex & Maintenance Spend as Planned – Temporary Higher Maintenance Ratio

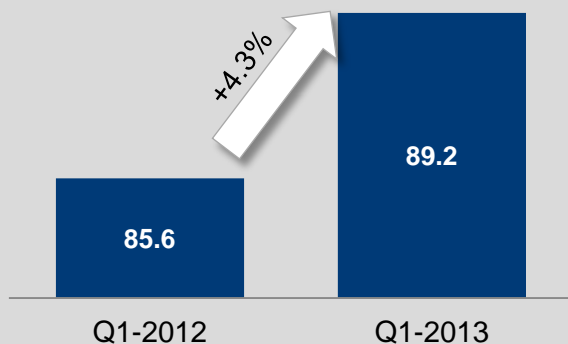


- Capex & maintenance at sustainable solid levels (approx. €12.80/sqm annualised)
- Q1-2013 total capex & maintenance in-line with expected annual spend of €77-80m
- Significantly lower capitalization rate vs. Q1-2012 (36.4% vs. 56.8%)
- Capex/Maintenance ratio expected to revert back to historic long-term average of approx. 50/50 in FY-2013

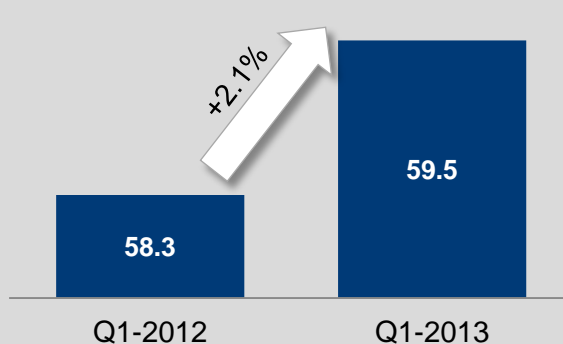
III. Financial Performance

Financial Highlights

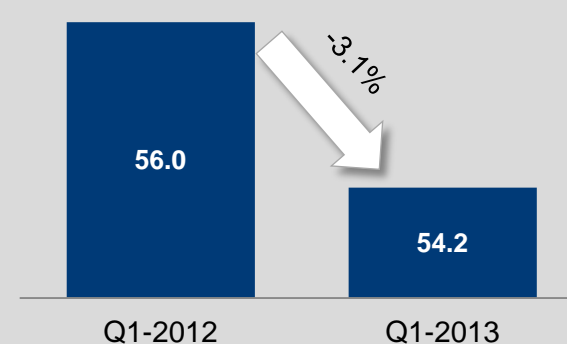
Rental Income (€m)



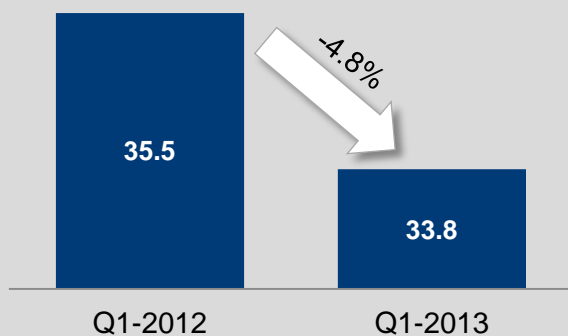
Net Rental Income (€m)



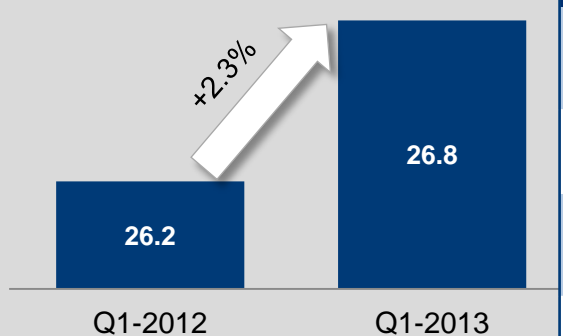
Adj. EBITDA (€m)



FFO I (€m)



Capex-Adj. FFO I / AFFO (€m)



Margin (%)

	Q1-2012	Q1-2013	Comment
NRI	68.1	66.6	Temporary higher maintenance
Adj. EBITDA	65.4	60.8	See above
FFO I	41.5	37.9	See above and pos. tax effect in Q1-12
AFFO	30.6	30.0	Higher capex /see above

Income Statement

Condensed Income Statement (€million)	Q1-2013	Q1-2012
Net rental and letting income	59.5	58.3
Net income from the disposal of investment property	-0.2	-0.6
Net income from the valuation of investment property	0.0	0.0
Net income from the disposal of real estate inventory	-0.9	-1.0
Net income from other services	0.8	0.7
Administrative and other expenses	-11.4	-7.7
Other income	0.6	0.7
Operating earnings	48.4	50.4
Net finance costs	-36.5	-34.5
Earnings before income taxes	11.9	15.9
Income tax expense	0.6	1.2
Consolidated net profit	11.3	17.1

- Rental income +€3.6m/+4.3%
- +3.0% excl. acquisition
- Occupancy +90bps
- Temporary higher maintenance ratio (€5.1m); FY budget remains unchanged)

- Release of €2.3m provisions in Q1-2012
- €1.0m Long Term Incentive Plan Q1-2013- non-cash pass-through item

- Lower cash interest (€20.6m vs. €22.0m)
- Non-cash loan amortization €10.2m

- Cash taxes: reimbursement of €0.2m

Adjusted EBITDA

€ million	Q1-2013	Q1-2012
EBITDA	50.5	52.6
Net income from the valuation of investment property	0.0	0.0
Long term incentive programm (LTIP)	1.0	0.0
Non-recurring project costs	1.8	2.0
Extraordinary and prior-period expenses and income	-0.2	-0.2
Net income from the disposal of investment property	0.2	0.6
Net income from the disposal of real estate inventory	0.9	1.0
Adjusted EBITDA	54.2	56.0

- Rising rental income offset by temporary effect from higher maintenance (€5.1m)

- Project costs:
 - Restructuring & refinancing (€1.4m)
 - Others (€0.4m)

- Minimal disposals of non-core assets
 - 37 units

FFO I

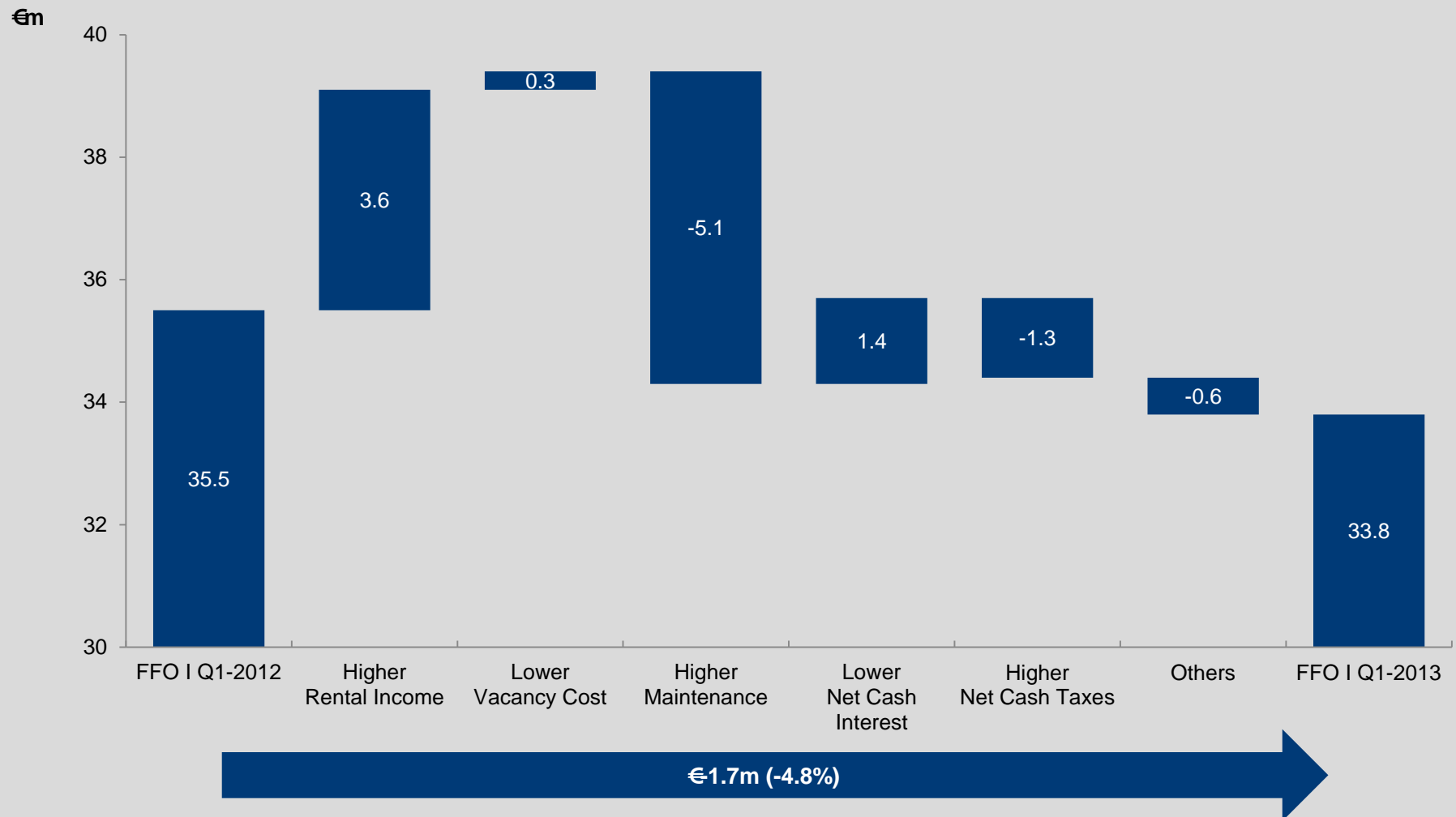
€million	Q1-2013	Q1-2012
Adjusted EBITDA	54.2	56.0
Cash interest expenses and income	-20.6	-22.0
Cash income taxes	0.2	1.5
FFO I (not including disposal of investment property)	33.8	35.5
Net income from the disposal of investment property	-0.2	-0.6
FFOII (including disposal of investment property)	33.6	34.9
Capex	-7.0	-9.3
Capex-Adjusted FFO I (AFFO)	26.8	26.2

- Lower cost of debt post refinancing
- Higher interest charges in Q2 + Q4 due to accruals

- Tax reimbursement in Q1-2012 (€1.5m)

- €2.8m higher capex & maintenance (YOY)

FFO Bridge



Focus: Cash Effective Interest Expense

€million	Q1-2013	Q1-2012
Reported Interest Expense	35.1	36.1
Interest Expense Related to Loan Amortization	-10.2	-10.8
Refinancing Fees	-1.9	0.0
Prepayment Penalties	0.0	-1.1
Interest on Shareholder Loans	-0.1	-0.3
Interest Charges Relating To Valuation of Assets/Liabilities	-0.6	-0.1
Leasing Related Interest Expense	-0.4	-0.4
Interest Expenses related to Changes in Pension Provisions	-1.0	-1.1
Interest Income	-0.3	-0.3
Cash Effective Interest Expense	20.6	22.0

EPRA-Net Asset Value

€million	Q1-2013	2012
Equity*	2,147.3	2,085.5
Note: Shareholder loans to be converted in to equity		40.5
Effect of exercising options, convertible loans and other rights	0.0	0.0
NAV	2,147.3	2,085.5
Fair value of financial derivatives	78.9	89.7
Deferred taxes	196.5	193.1
EPRA NAV	2,422.7	2,368.3
Number of shares outstanding	52,963,444	52,963,444
EPRA NAV per share in €	45.74	44.72

- €40.5m increase from shareholder debt-to-equity Swap in Q1-2013

* including minorities

Balance Sheet

Strong Balance Sheet Secures Defensive Profile and Paves Way for Growth

€ million	Q1-2013	2012
Investment Property	4,943.2	4,937.1
Other non-current assets	111.3	114.1
Non-current assets	5,054.5	5,051.2
Receivables and other assets	71.8	50.7
Cash and cash equivalents	120.7	133.7
Current assets	192.0	184.4
Assets hold for disposal	4.5	2.2
Total Assets	5,251.0	5,237.8
Equity	2,147.3	2,085.5
Non-current financial liabilities	2,302.4	2,102.9
Other non-current liabilities	473.2	520.6
Non-current liabilities	2,775.6	2,623.5
Current financial liabilities	185.7	396.8
Other current liabilities	142.4	132.0
Current liabilities	328.1	528.8
Total Equity and Liabilities	5,251.0	5,237.8

Capex and consolidation of remaining units of Bocholt-portfolio

- €17.8m IPO related costs to be reimbursed by selling shareholders in Q2-2013
- Neg. financing CF (e.g. pre-payment penalties)
- One-time costs from Q1+Q4

Closing of several refinancing in Q1-2013

LTV-Ratio

Ample Liquidity for Growth and Headroom to Increase LTV (max. 55%)

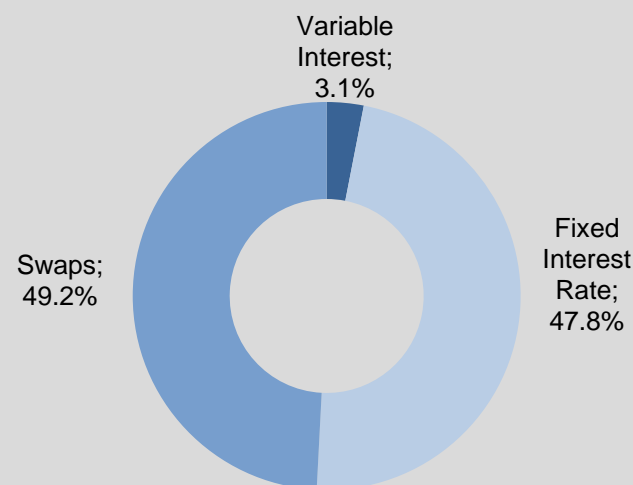
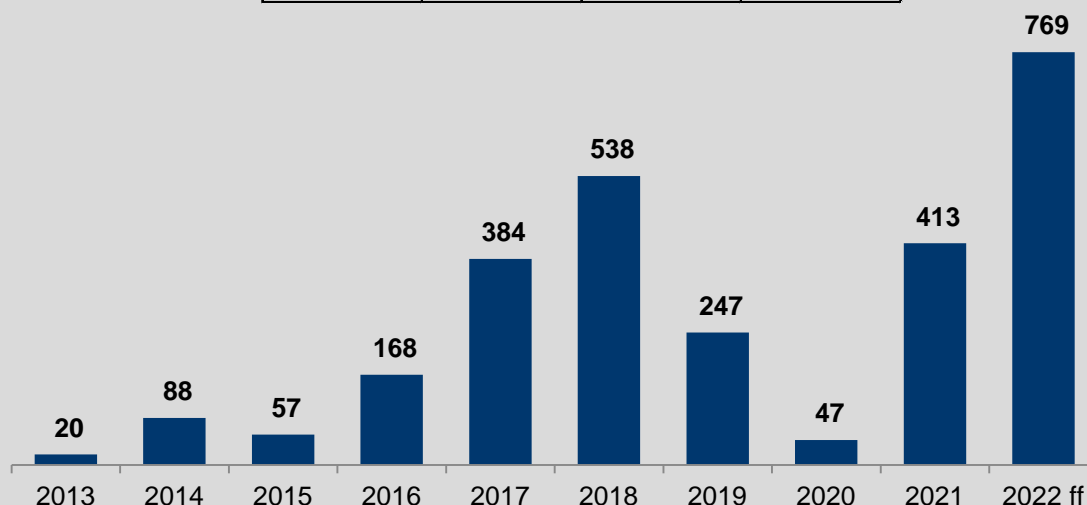
€ million	Q1-2013	2012
Financial Debt	2,488.1	2,499.7
Cash & Cash Equivalents	-120.2	-133.7
Net Debt	2,367.9	2,366.0
Investment Properties	4,943.2	4,937.1
Properties held for sale	4.5	2.2
	4,947.7	4,939.3
Loan to Value (LTV) in %	47.86	47.90

IPO-reimbursement (€17.8m) not yet included

Financing Structure (May 2013)

LT Secured Debt, Well-Balanced Maturity Profile, Low Cost of Debt

1-2 years	3-5 years	6-8 years	> 9 years
4%	22%	30%	43%



Average lease maturity:

▪ approx. 12 years

Interest costs:

▪ Ø 3.3%

Hedging ratio:

▪ 97%

No major refinancing before 2016

IV. Business Update and Outlook

Business Update

Strong Start to the Year - Delivering on Acquisitions

Acquisitions:

- Successful signing of approx. 2,200 units in core markets
- Acquisitions team recently strengthened with additional experienced hires
- Currently approx. 20,000 units under review with some deals in advanced stages of due diligence
- Financial flexibility is a competitive advantage
- On track to reach FY-2013 target of 5,000 units/ FY-2014 target of 10,000 units

Rental growth:

- 41% of portfolio with expected new Mietspiegels in 2013 (64% of Orange Markets)
 - E.g. new Mietspiegel in Munster in March 2013 (+6.5%)
 - Growth markets Dusseldorf and Mettmann (greater Dusseldorf) expected to release new rent tables
- Contract for refinancing of remaining €72.5m loan signed for a 10 yr term
- Currently negotiating a warehouse line of credit to increase firepower for acquisitions

Acquisition

Acquisition of approx. 2,200 Unit Portfolio in Mostly Stable Markets



Investment Highlights

- Acquired **2,200 units** in primarily “green markets” (Dortmund, Essen, Bochum)
- Assets in attractive micro-locations within the respective cities
- Annual rental income €6.1m, initial annual FFO contribution of at least €2.5m
- Consolidation as of 1st August

Operating Strategy

- Move rent and occupancy levels to market levels (approx. 5 percentage points upside)
- Ability to leverage LEG’s operating presence in the portfolio’s locations with low incremental costs
- LEG is currently sourcing acquisition financing at approx. 60-65% LTV

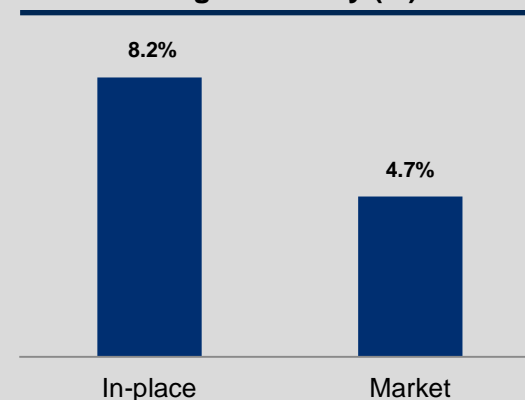
Economics

- **8%+initial FFO yield** with attractive upside from improving rents and vacancies to market levels
- The equity invested projected to be at a noticeable discount to NAV

Target Rent (€/sqm)



Target Vacancy (%)



Reaffirming our 2013 Outlook

Attractive Market Fundamentals Promise Continued Defensive Growth

Rental income:	Organic growth in 2013 > 2%
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Maintenance/Capex:	approx. €77-80m or €13 /sqm
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Acquisitions:	approx. 10,000 units by end 2014
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FFO I (excluding acquisitions):	€137m - €140m (upside from recent deal c. €1m)
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Dividend:	Suggested for 2012: €0.41/share	2013 onwards: 65% of FFO I
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V. Appendix

Mietspiegel Overview

Expected New Mietspiegel in 2013

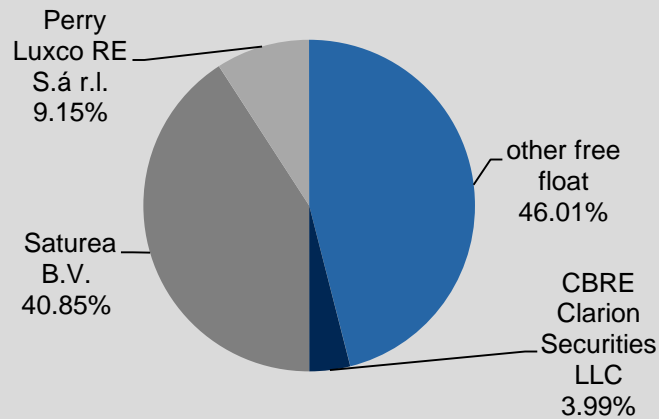
Expected Time	Growth Market ¹	Stable Market ¹	Higher Yielding ¹	Total Portfolio ¹
Q1 – 2013	4,881 units (mainly Cologne)	11,931 units (mainly Dortmund)	1,390 units	18,202 units
Q2 – 2013	6,113 units (mainly Munster)	682 units	692 units	7,487 units
Q3 – 2013	6,086 units (mainly Dusseldorf)		1,158 units	7,472 units
Q4 – 2013	3,073 units (mainly Bonn)	228 units	1,155 units	4,228 units
Total	20,153 units	12,841 units	4,395 units	37,389 units

<u>Thereof:</u>			
- Dusseldorf	6,062 units		
- Bonn	2,237 units		
- Cologne	3,514 units		
- Munster	6,113 units		
- Dortmund		11,563 units	
- Others	2,227 units	1,278 units	4,395 units

1) Sub-portfolios also include the restricted units

LEG Share

Shareholder Structure



EPRA Weighting

EPRA Europe	1.05%
EPRA Germany	11.45%

LEG Share Since IPO



Note: MDAX inclusion expected as fast entrant in June

Financial Calendar

Date	Event
19.07.2013	Annual General Meeting, Dusseldorf
30.08.2013	Release of the Quarterly Report Q2 as of 30 June 2013
29.11.2013	Release of the Quarterly Report Q3 as of 30 September 2013

Portfolio (as of 31 March 2013)

Stable Asset Values Driven by Property Fundamentals: Rental Growth and Occupancy

Market	GAV Residential Assets (€m)	% of Total Residential GAV	GAV/ sqm (€)	In-Place Rent Multiple	GAV Commercial/ Other Assets (€m)	Total GAV
High Growth Markets	2,136	46%	1,029	16.0	180	2,316
Stable Markets with Attractive Yields	1,415	31%	684	12.9	82	1,498
Higher Yielding Markets	999	22%	622	12.1	43	1,042
Subtotal NRW	4,551	98%	791	14.0	305	4,856
Non-NRW	79	2%	850	14.5	12	91
Total Portfolio	4,629	100%	792	14.0	317	4,946
Leasehold – Land Values (IAS 16)						28
Inventories (IAS 2)						16
Total Balance Sheet						4,992

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