

The background of the slide is a photograph of a modern, multi-story building with a glass and concrete facade. Several blue flags are flying in front of the building. Each flag features the 'LEG' logo in white, bold, sans-serif capital letters, with the tagline 'gewohnt gut.' written in a white, cursive script below it. The sky is blue with some light clouds. Green trees are visible in the foreground and to the right.

LEG
gewohnt gut.

LEG Immobilien AG

H1 Results 2014

12th August 2014

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Agenda

- I. Highlights H1-2014
- II. Portfolio and Operating Performance
- III. Financial Performance
- IV. Business Update and Outlook
- V. Appendix

I. Highlights H1-2014

Highlights H1-2014

Overall company development in Q2

- Issue of €300m convertible bond
- Progress on external growth; upside to FY targets
 - Acquisition of approx. 2,400 units close to signing
 - Additional deals in due diligence
- Successful initiatives for organic rental growth

Strong operating performance with further accelerating rent growth

- In-place rent €5.07 /sqm (+3.3% like-for-like, +3.8% for free-financed units)
- Occupancy at 97.1% on I-f-I basis (+10bps YOY; 96.8% including acquisitions)
 - Further vacancy reduction in FY-2014 expected
- Maintenance/capex below FY run rate; catch-up effects in coming quarters
 - Total expenses for maintenance and capex of c. €5.50 /sqm in H1
 - FY-2014 target of approx. €13/sqm

Financial performance reflects dynamic rent development

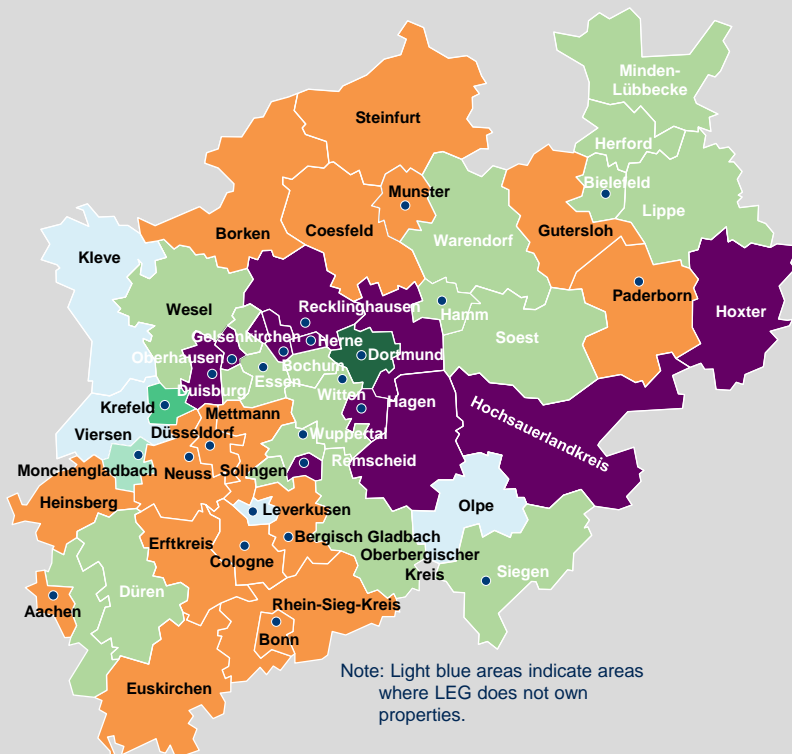
- Rental income €189.0m (+6.1% YOY from €178.1m)
- Adjusted EBITDA €129.2m (+13.9% YOY from €113.4m)
- FFO I €81.6m, €1.54 per share (+19.3% YOY from €68.4m)
- AFFO €65.4m (+15.3% YOY from €56.7m)
- NAV €48.14 per share (DPS distribution of €1.73 in Q2)



II. Portfolio and Operating Performance

Portfolio Overview

Accelerating Positive Rent Dynamics across all Submarkets



Total Portfolio

	30 June 2014	Δ (YOY)
# of units	95,783	+5.4%
In-place rent (sqm)	€5.07 (€5.07)**	+3.1% (+3.3%)**
Occupancy	96.8% (97.1%)**	-20bps (+10bps)**

High-Growth Markets

	30 June 2014	Δ (YOY)
# of units	31,679	+0.6%
In-place rent (sqm)	€5.67 (€5.67)**	+3.6% (+3.7%)**
Occupancy	98.7% (98.7%)**	+10bps (+10bps)**

Stable Markets with Attractive Yields

	30 June 2014	Δ (YOY)
# of units	35,226	+10.0%
In-place rent (sqm)	€4.78 (€4.75)**	+3.3% (+2.7%)**
Occupancy	96.4% (96.7%)**	+10bps (+30 bps)**

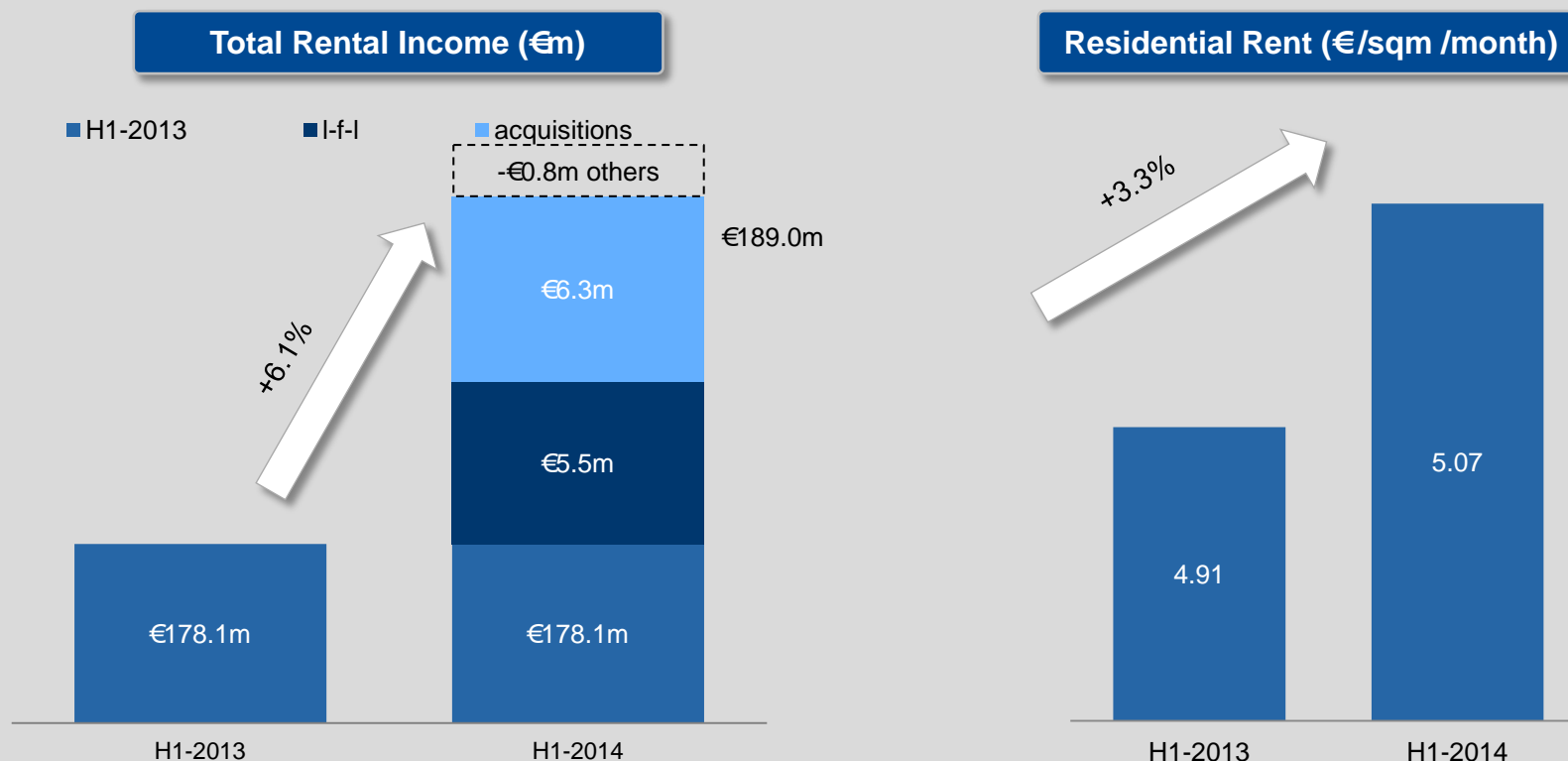
Higher-Yielding Markets

	30 June 2014	Δ (YOY)
# of units	27,405	+5.4%
In-place rent (sqm)	€4.67 (€4.67)**	+2.8% (+2.8%)**
Occupancy	95.2% (95.6%)**	-60bps (-20bps)**

** like for like

Rent Development

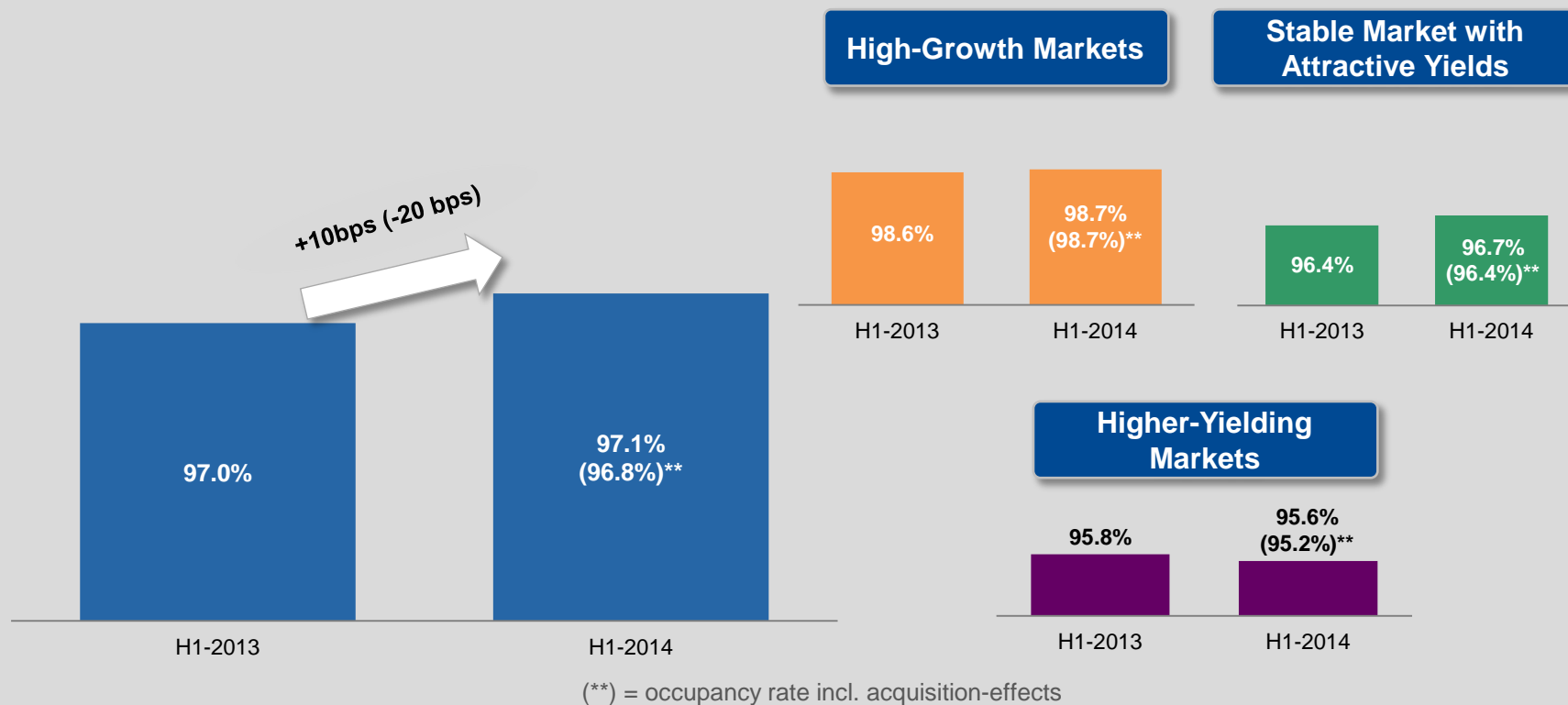
Sound Organic Growth – Further Accelerating Momentum in Q2



- L-f-I rent growth (per sqm) of +3.3%
- Further accelerating rent growth of +3.8% for free-financed units emphasizes strong underlying dynamics
 - Successful growth initiatives to diminish gap to market rents, new rent tables

Occupancy Development

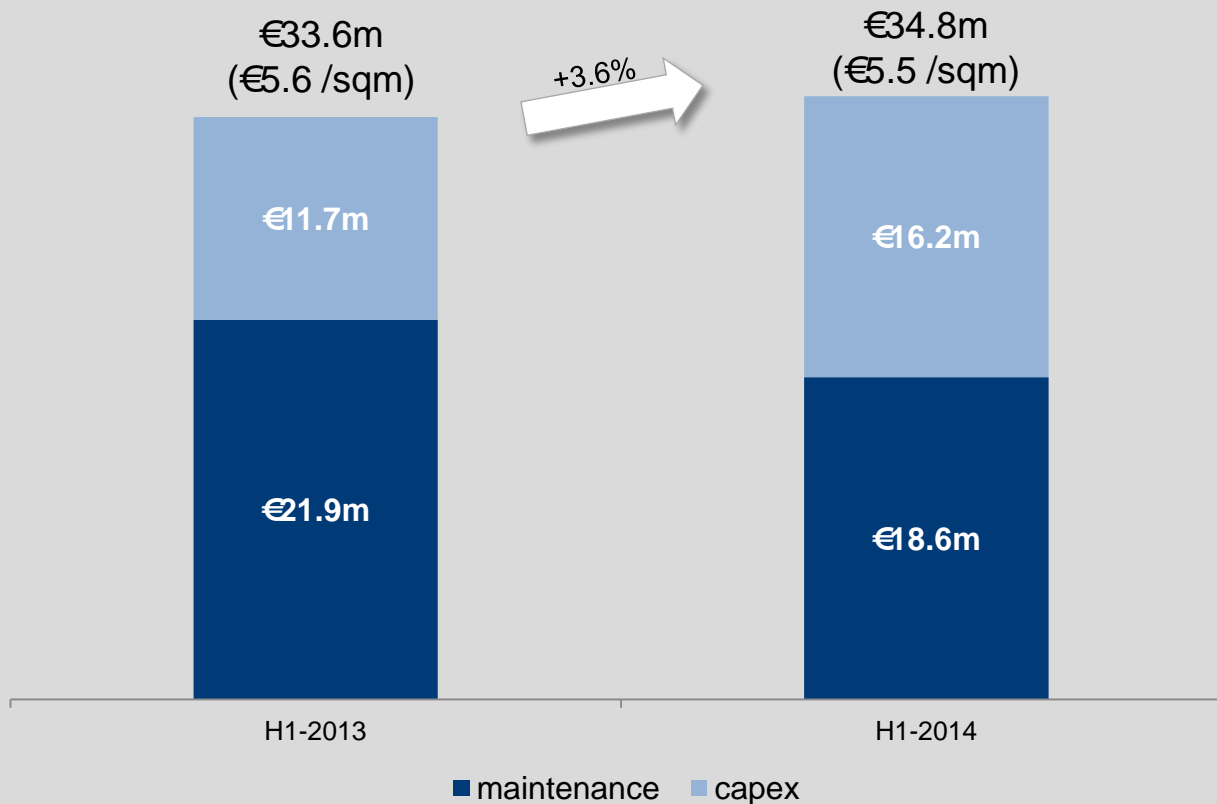
Further Vacancy Reduction Ahead



- L-f-I vacancy rate of 2.9% /-10bps YOY confirms sound underlying development
- On track to reach further vacancy decrease in course of FY-2014
- Positive underlying demand situation across all sub-markets:
 - Temporary vacancy increase in Purple segment expected to revert in H2

Capex & Maintenance

Well Maintained Asset Base; Rising Investments in H2

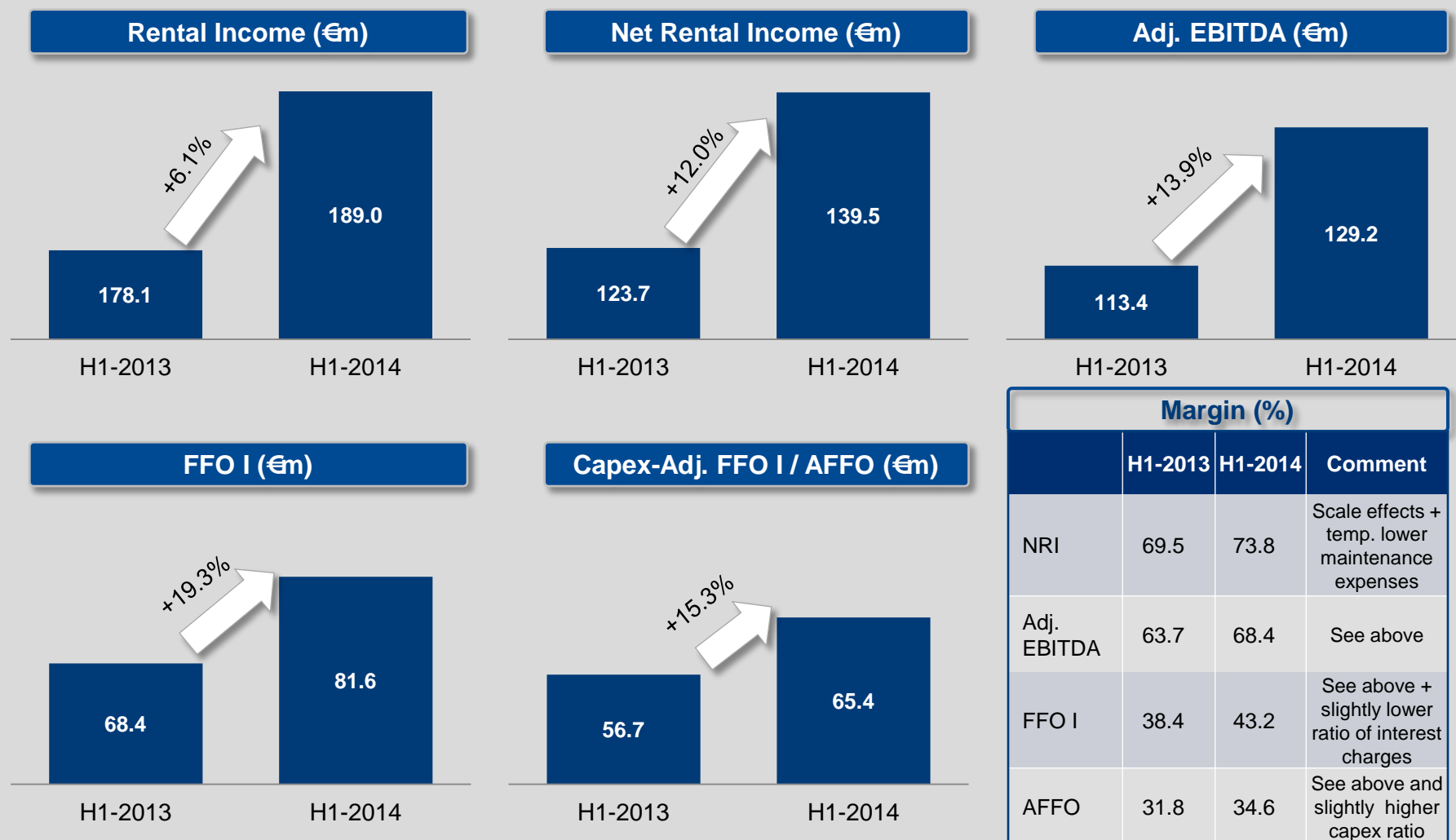


- Seasonally low maintenance/capex in H1
- FY-2014 target of \geq €13/sqm
- Rising spending for turn costs and modernisation projects planned
 - Rising capex ratio expected (approx. 50/50 for FY-2014)
- Investments yielding attractive returns
 - Further vacancy decrease
 - Rent adjustments

III. Financial Performance

Financial Highlights H1-2014

Margin Expansion Reflects Improving Efficiency on back of Acquisitions



Income Statement H1-2014

Condensed Income Statement (€million)	2013	H1-2014	H1-2013	
Net rental and letting income	257.7	139.5	123.7	<ul style="list-style-type: none"> Higher rental income (+€10.9m/+6.1%) Lower maintenance expenses (-€3.3m)
Net income from the disposal of investment property	-1.8	-0.3	-0.7	
Net income from the valuation of investment property	81.6	0.0	0.0	
Net income from the disposal of real estate inventory	-3.1	-1.6	-1.7	
Net income from Other services	2.3	0.6	1.5	<ul style="list-style-type: none"> €0.6m Long Term Incentive Plan – non-cash pass-through item Slightly lower recurring admin. costs of €14.8m (H1-2013: €15.4m)
Administrative and Other expenses	-51.5	-16.8	-22.5	
Other income	0.2	0.2	0.3	
Operating earnings	285.5	121.6	100.6	
Net finance costs	-126.9	-44.4	-60.9	<ul style="list-style-type: none"> Lower non-cash loan amortisation of -€3.4m (one-off effect due to refinancing in Q1-2013) €5.7m tax reimbursement €8.9m revaluation gain derivatives Slightly higher cash interest expenses (€46.7m vs. €45.2m)
Earnings before income taxes	158.6	77.2	39.7	
Income tax expense	-21.7	-22.3	-5.0	
Consolidated net profit	136.9	54.9	34.7	<ul style="list-style-type: none"> Deferred taxes (thereof cash taxes: -€0.8m)

Adjusted EBITDA H1-2014

€million	2013	H1-2014	H1-2013
EBITDA	294.1	125.8	104.8
Net income from the valuation of investment property	-81.6	0.0	0.0
Long-term incentive program (LTIP)	3.3	0.6	1.8
Non-recurring project costs	7.9	0.8	4.7
Extraordinary and prior-period expenses and income	3.2	0.1	-0.3
Net income from the disposal of investment property	1.7	0.3	0.7
Net income from the disposal of real estate inventory	3.1	1.6	1.7
Adjusted EBITDA	231.7	129.2	113.4

- +€10.9m higher rental income
- + €3.3m lower maintenance cost
- + €5.7m lower admin. costs (project costs)

- Winding down of former development business
- Smaller disposals at premium to book values
- Total inventories: €5.8m

FFO Calculation H1-2014

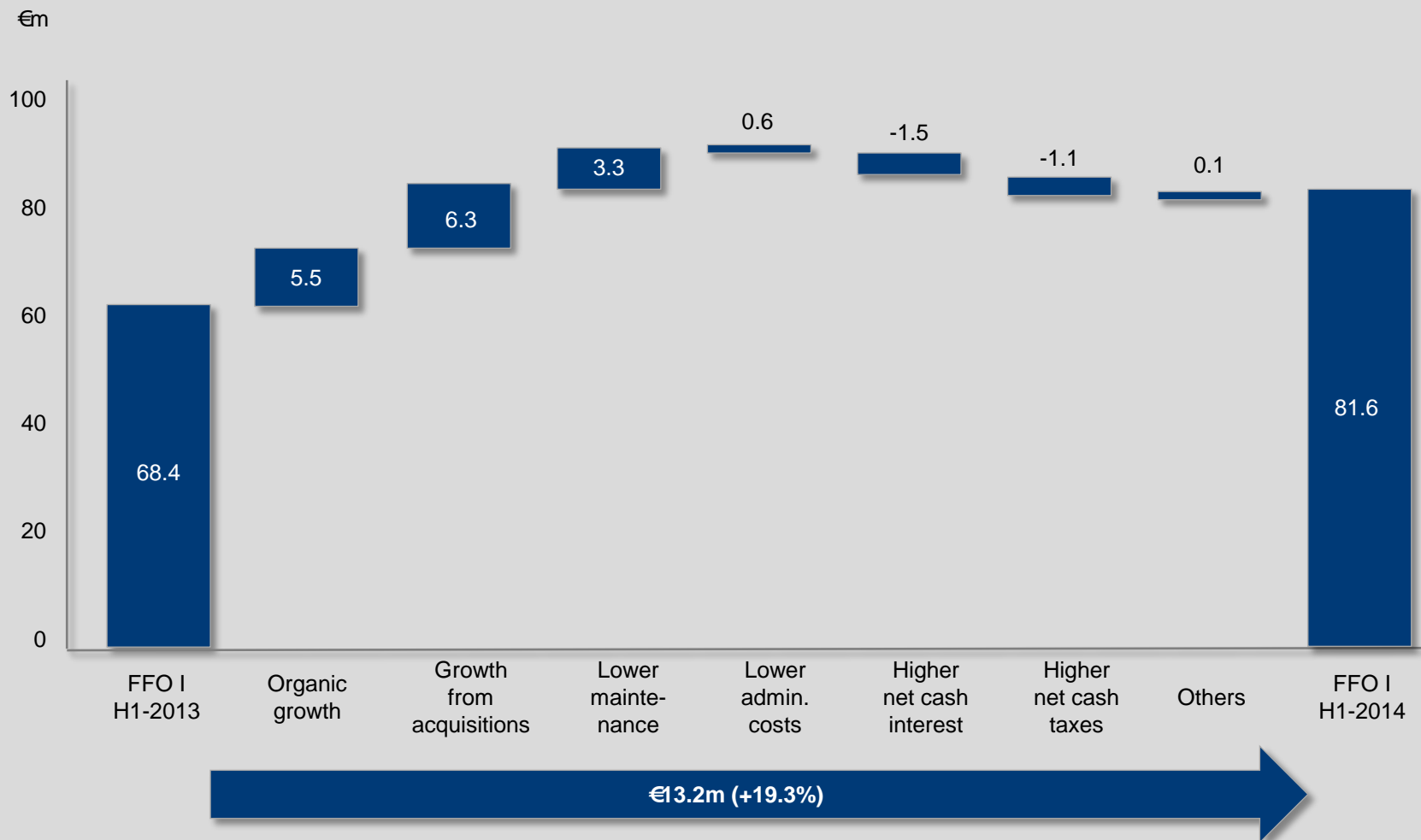
€million	2013	H1-2014	H1-2013
Adjusted EBITDA	231.7	129.2	113.4
Cash interest expenses and income	-91.0	-46.7	-45.2
Cash income taxes	0.5	-0.9	0.2
FFO I (not including disposal of investment property)	141.2	81.6	68.4
Net income from the disposal of investment property	-1.7	-0.3	-0.7
FFO II (including disposal of investment property)	139.5	81.3	67.7
Capex	-43.7	-16.2	-11.7
Capex-Adjusted FFO I (AFFO)	97.5	65.4	56.7

- Slightly higher financial charges due to acquisitions (net debt +€186.5m YOY)
- Slight decrease of average interest costs

- Disposals of non-core assets at premium to book values

- €1.2m higher capex & maintenance (YOY)
- Rising investments in H2-2014 expected

FFO Bridge H1-2014



Focus: Cash Effective Interest Expense H1-2014

€million	2013	H1-2014	H1-2013
Reported interest expense	131.4	60.9	65.4
Interest expense related to loan amortisation	-30.2	-8.7	-13.8
Interest expenses related to convertible bond (non cash)	-	-1.7	-
Refinancing fees	-2.9	0.0	-2.0
Prepayment penalties	0.0	0.0	0.0
Interest on shareholder loans	-0.2	0.0	-0.2
Interest charges relating to valuation of assets/liabilities	-2.3	-0.9	-1.0
Leasing related interest expense	-1.6	-0.7	-0.8
Interest expenses related to changes in pension provisions	-3.6	-2.0	-1.9
Other interest expenses	-0.2	0.1	0.0
Bank charges	1.5	0.2	-
Interest income	-0.9	-0.5	-0.6
Cash effective interest expense	91.0	46.7	45.2

- Extraordinary effects in 2013 due to refinancing

EPRA-Net Asset Value H1-2014

Value of Attractive Multimedia Business is not Capitalised

€million	30.06.2014	31.12.2013
Equity (excl. minority interests)	2,189.8	2,248.8
Effect of exercising options, convertible loans and other rights	-	-
NAV	2,189.8	2,248.8
Fair value of financial derivatives	74.0	52.0
Deferred taxes	285.9	271.1
EPRA-NAV	2,549.7	2,571.9
Number of shares outstanding (m)	52,963	52,963
EPRA-NAV per share in €	48.14	48.56

- +€54.6m net profit
- -€22.6m O-C-I
- -€91.6m dividend payment

- Adjusted for DPS of €1.73 NAV increased by +2.7% y-t-d

Value multimedia

- Discount rate 6%
- Value approx. €100m / c.€1.89 per share

Balance Sheet H1-2014

Strong Balance Sheet Secures Defensive Profile and Paves Way for Growth

€million	30.06.2014	31.12.2013
Investment property	5,236.7	5,163.4
Prepayment for investment property	2.0	6.9
Other non-current assets	93.6	91.9
Non-current assets	5,332.3	5,262.2
Receivables and other assets	65.7	33.8
Cash and cash equivalents	300.3	110.7
Current assets	366.0	144.5
Assets held for disposal	10.7	16.4
Total Assets	5,709.0	5,423.1
Equity	2,217.4	2,276.1
Non-current financial liabilities	2,641.8	2,396.7
Other non-current liabilities	529.9	443.9
Non-current liabilities	3,171.7	2,840.6
Current financial liabilities	201.4	187.0
Other current liabilities	118.5	119.4
Current liabilities	319.9	306.4
Total Equity and Liabilities	5,709.0	5,423.1

- Purchases €71.5m
- Capex €16.2m
- Reclassification -€14.2m

- For acquisitions consolidated as of mid-2014

- Equity ratio of 38.8%

LTV H1-2014

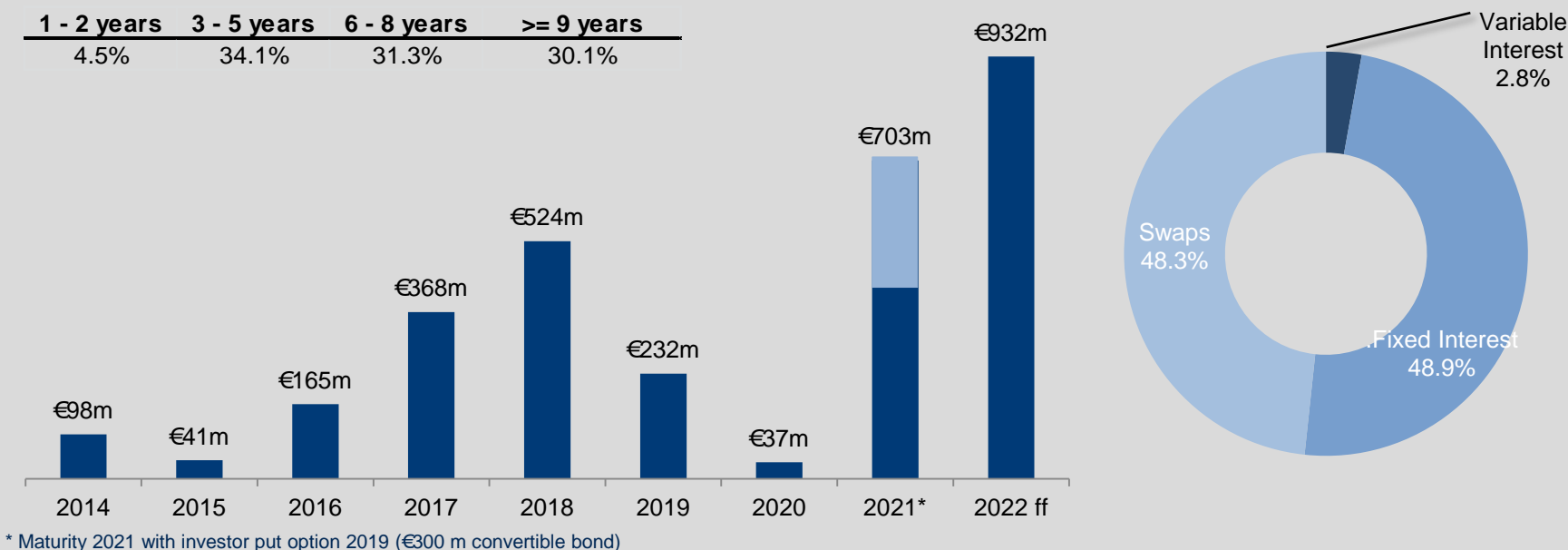
Liquidity for Acquisitions and Headroom to Enhance LTV (max. 55%)

€million	30.06.2014	31.12.2013
Financial debt	2,843.2	2,583.7
Cash & cash equivalents	300.3	110.7
Net Debt	2,542.9	2,473.0
Investment properties	5,236.7	5,163.4
Properties held for sale	10.7	16.4
Prepayment for investment properties	2.0	6.9
	5,249.4	5,186.7
Loan to Value (LTV) in %	48.4	47.7

- Liquidity of c.€300m and low LTV offer significant headroom for external growth
- Financial firepower c.€750m

Financing Structure H1-2014

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



Average debt maturity:

▪ approx. 10 years

Interest costs:

▪ Ø 2.94% (incl. convertible bond)

Hedging ratio:

▪ 97.2%

No major refinancing before 2017

IV. Business Update and Outlook

Business Update

Strong Organic Growth and Positive Outlook for Acquisitions

Successful initiatives for accelerated organic growth

- Strong LFL growth in Q2
 - Rent adjustments on existing rents without new Mietspiegels (across all market segments)
 - New Mietspiegel in Dusseldorf (+4.3%), Ratingen (Greater Dusseldorf area) and Hamm
 - Low tenant turnover/high tenant satisfaction remain key objectives
- Planned investment programme for H2-2014 promises further vacancy reduction
 - Focus on newly acquired portfolios (release of capex backlog source of above average returns)
 - Investments in vacant apartments/turn costs

Promising outlook for accelerating external growth

- Acquisition of approx. 2,400 units close to signing (total volume c. 9,400 units since IPO)
- Further smaller and midsized deals in due diligence
- Accelerated deal flow in H2 expected; LEG well positioned

Acquisitions: Creating Tangible Value

30.06.2014			Closing		Change	
Units	In-place rent €/ sqm	Occupancy	In-place rent €/ sqm	Occupancy	In-place rent €/ sqm	Occupancy
6,305	5.18	93.4%	4.96	94.0%	0.22 (+4.4%)	-60 bp

New-letting [Closing – 30.06.2014]		Previous rent [Closing – 30.06.2014]		
sqm	In-place rent €/ sqm	sqm	In-place rent €/ sqm	Change In-place rent
37,657	5.73	39,410	5.26	+8.9%

- Dynamic rent growth confirms attractive reversionary potential
 - Average in-place rents +4.4% (within avg. 10 months), re-lettings +8.9%
- Initiated capex-programme offers further significant upside
 - Rising occupancy in course of FY-2014 expected
 - Adjusted for two newly acquired portfolios vacancies dropped sequentially

Outlook 2014 & 2015

Full Earnings Effect from Signed Acquisitions and Multimedia in FY-2015

2014	Guidance
L-F-L rent growth	approx. 3.0%
Maintenance/Capex:	approx. €13 /sqm (capex ratio c. 50%)
Acquisitions:	>10,000 units by end 2014
FFO I :	€158m - €161m/ €2.96 - €3.04 per share
Dividend	65% of FFO I

2015	
FFO I	€172m - €177m/ €3.25 - €3.34*; excl. future acquisitions

* incl. acquisition of approx. 2,400 units close to signing

V. Appendix

Mietspiegel Overview

Expected New Mietspiegel in 2014

Release Date (expected)	High-Growth Market ¹	Stable Market ¹	Higher-Yielding Market ¹	Total Portfolio ^{1,2}
2014 (Q1)	8,650 units (mainly Dusseldorf, Ratingen)	8,630 units (mainly Siegen, Solingen)	1,334 units (mainly Hagen)	18,614 units
2014 (Q2)	110 units	2,928 units (mainly Hamm, Bochum)		3,038 units
2014 (Q3)	209 units	1,748 units (mainly Ahlen)	5,378 units (mainly Gelsenkirchen, Unna)	7,434 units
2014 (Q4)	395 units	1,113 units	2,569 units (mainly Recklinghausen)	4,077 units
Total^{1,2}	9,364 units	14,419 units	9,281 units	33,163 units

Thereof:			
- Ahlen		1,049 units	
- Bochum		1,477 units	
- Dusseldorf	3,288 units		2,922 units
- Gelsenkirchen		3,975 units	
- Hamm			
- Ratingen	2,793 units		
- Recklinghausen			1,765 units
- Siegen		1,027 units	
- Solingen		1,451 units	
- Unna			1,211 units

1) Sub-portfolios also include restricted units

2) Total Portfolio also include 99 units Non NRW

LEG – Adj. EBITDA Margin

Leading Profitability in the Sector



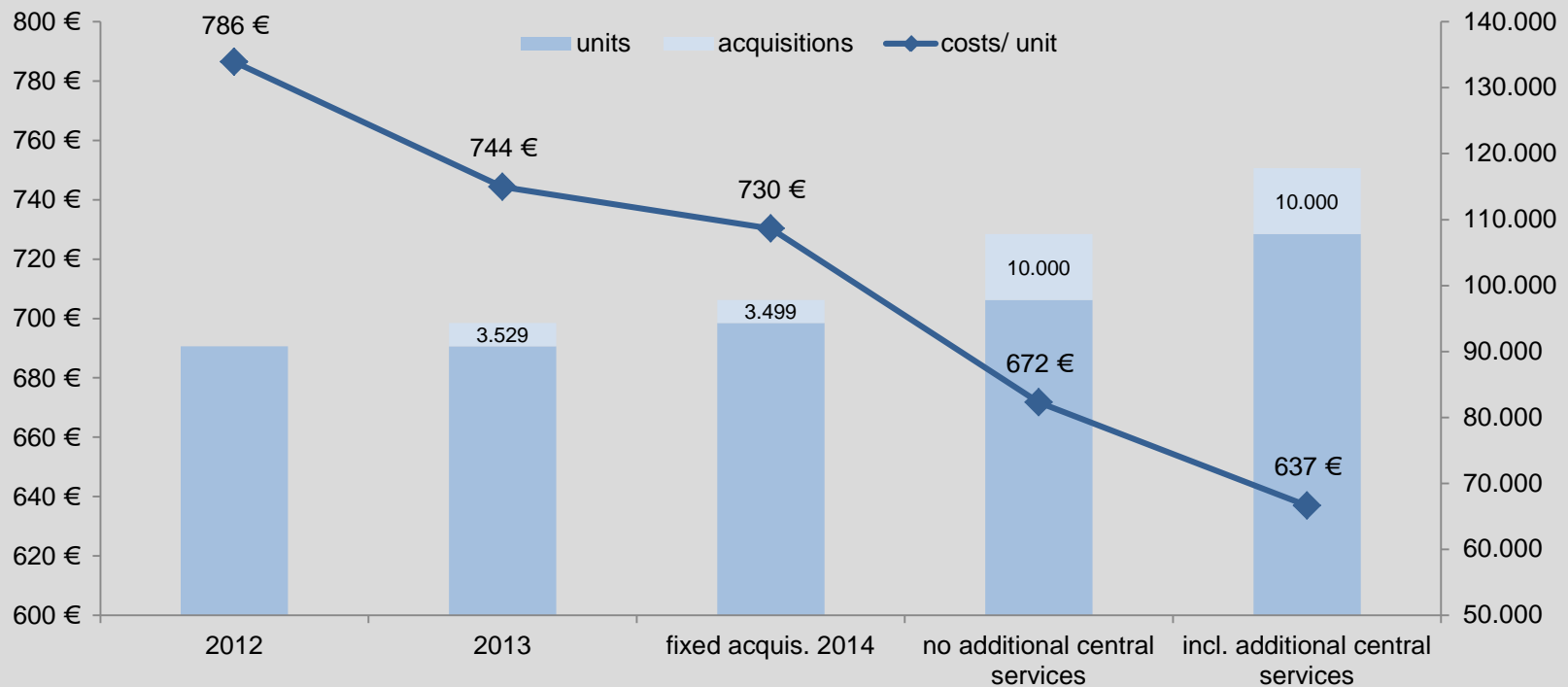
Adj. EBITDA margin	2012		2013	
	€m	Margin %	€m	Margin %
Reported	223.1	64.8	231.7	64.3
Gap restricted vs. unrestricted rents*	19.4	66.7	22.5	66.4
Positive effect from subsidised loans on interest result**	17.6	66.5	17.4	65.9

- *€4.48 per sqm vs. €5.13 in 2013, €4.49 vs. €5.27 in 2013
- **€ Financing costs 1.4% (maturity 30 years) vs. Swap 2.6% +175 bps margin

- Reported EBITDA distorted by restricted units (compensation for lower rents included in interest results)
- Scenario analysis: closing gap between restricted vs. unrestricted rents; quantifying the impact from subsidised loans
- **Adjusted EBITDA margin approx. 160-210 bps higher**
- Lower Margin in 2013 YOY due to higher maintenance

Significant Efficiency Gains from External Growth

Scalability of Platform allows for Above Average Productivity Gains



Portfolio (as of 30 June 2014)

Sound property fundamentals Basis for Value Growth

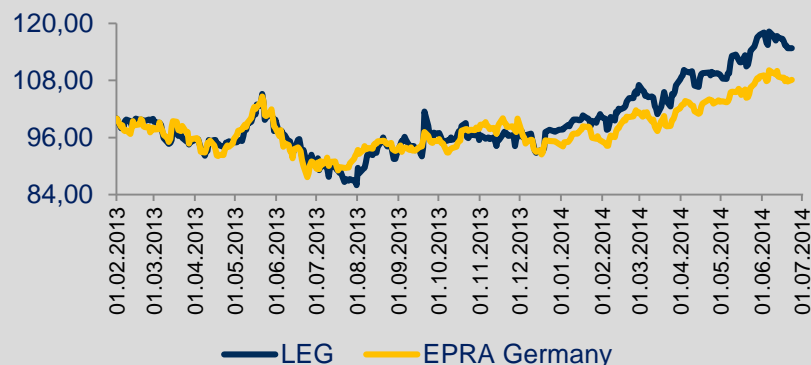
Market	Residential Units	GAV Residential Assets (€m)	% of Total Residential GAV	GAV/sqm (€)	In-Place Rent Multiple	GAV Commercial/ Other Assets (€m)	Total GAV
High-Growth Markets	31,679	2,218	45%	1,062	15.8x	168	2,385
Stable Markets with Attractive Yields	35,226	1,583	32%	703	12.7x	84	1,666
Higher-Yielding Markets	27,405	1,059	21%	628	11.7x	43	1,102
Subtotal NRW	94,310	4,860	98%	806	13.7x	294	5,154
Portfolio outside NRW	1,473	86	2%	877	14.1x	10	95
Total Portfolio	95,783	4,945	100%	808	13.7x	303	5,249
Other Assets							32
Total (Incl. Landbank and DevCo)							5,281

LEG Share Information

Basic Data

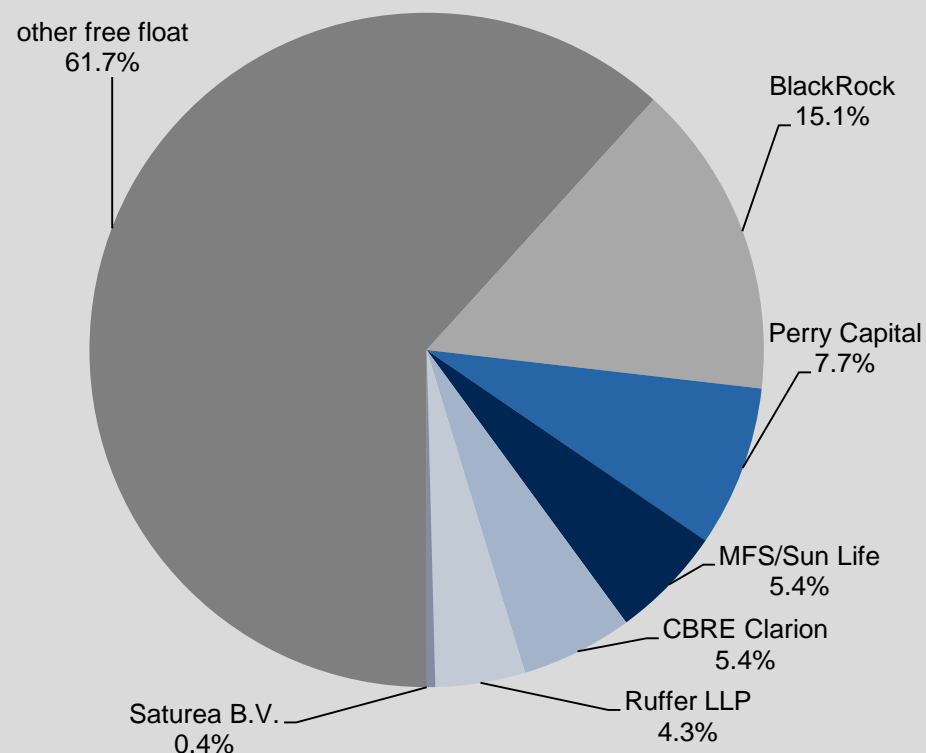
- Prime Standard, Frankfurt Stock Exchange
- Total no. of shares: 52,963,444
- Ticker symbol: LEG
- WKN: LEG111/ ISIN: DE000LEG1110
- Indices: MDAX, FTSE EPRA/NAREIT, GPR 250, Stoxx Europe 600
- Weighting: MDAX 1.97%; EPRA 1.8%

Share price (indexed; 31.01.2013 = 100)



Source: LEG

Shareholder Structure



Well-balanced shareholder structure

Financial Calendar

Date	Report
12.08.2014	Quarterly Report Q2 as of 30 th June 2014
02./03.09.2014	Roadshow London (Deutsche Bank)
09.09.2014	UBS Best of Germany Conference, New York
10./11.09.2014	Global Real Estate Conference, New York (BoA Merrill Lynch)
12.09.2014	Roadshow Chicago (Berenberg)
22.09.2014	Berenberg and Goldman Sachs German Corporate Conference, Munich
23.09.2014	Baader Investment Conference, Munich
14.11.2014	Quarterly Report Q3 as of 30 th September 2014

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Thank you for your interest.