

LEG Immobilien AG

Q2 Results – 2013

30th August 2013



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Agenda

- I. Highlights H1-2013
- II. Portfolio and Operating Performance
- III. Financial Performance
- IV. Business Update and Outlook
- V. Appendix

I. Highlights H1-2013

Highlights H1-2013

Overall Company Development

- Acquisition of 3,500 units in the past months in three off-market deals
- Well on track to reach acquisition targets
- On track integration of two portfolios as of 1st August
- Strong performance of the Bocholtz-portfolio (vacancy -100 bps, in-place rent +16% in re-letting within six months) serves as blue-print
- Dividend of €0.41 for 2012 (pro-rata) paid in Q3-2013

Strong Operational Performance

- In-place rent €4.92 /sqm /month (+1.9% from €4.83 in H1-2012)
 - Positive momentum for H2 expected
- Occupancy at 97% (+90bps from 96.1% in H1-2012); Positive development across all segments
- Slightly higher maintenance/turn costs due to strong letting momentum
 - FY-2013 capex /maintenance ratio expected to revert to historic average of approx. 50/50
 - Due to good letting momentum total capex /maintenance for FY-2013 of €14 /sqm expected

Financial Performance Firmly on Track – Accelerating Rent Growth Ahead

- Rental income €178.1m (+4.0% from €171.2m)
- Adjusted EBITDA €113.4m (+4.9% from €108.1m)
- FFO I €68.4m (+10.9% from €61.7m)
- AFFO €56.7m (+32.5% from €42.8m)
- NAV €2,446.4m / €46.19 per share (+ 3.3% from €2,368.3 in Q4-2012)



II. Portfolio and Operating Performance

LEG
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* due to negative one-off effect from refinancing of subsidised loans in Q4-2012

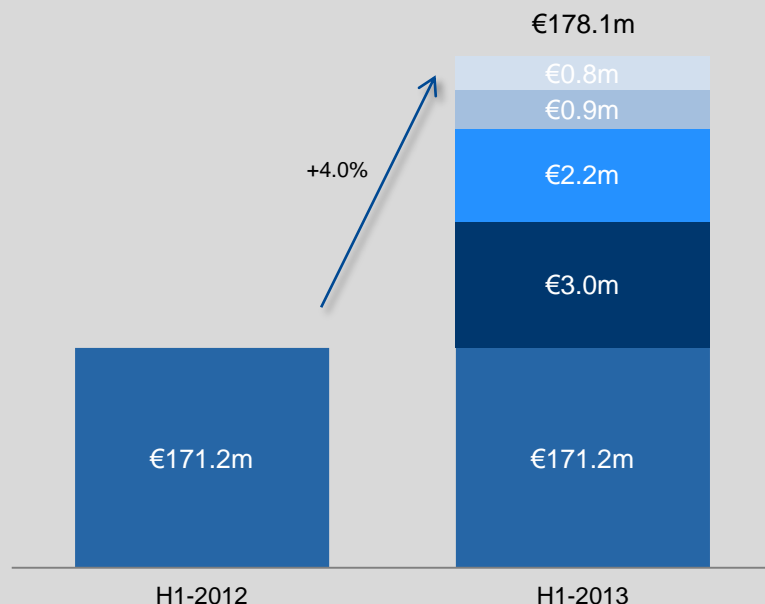
Chart 7

Rent Development

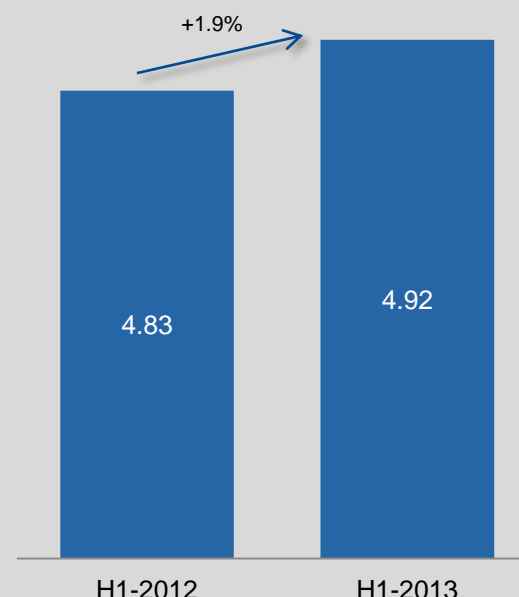
Stable Organic Growth – Accelerating Momentum Ahead

Total Rental Income (€m)

■ H1-2012 ■ I-f-I ■ Bocholt ■ decreasing vacancy resi ■ parking & commercial



Residential Rent (€ /sqm /month)

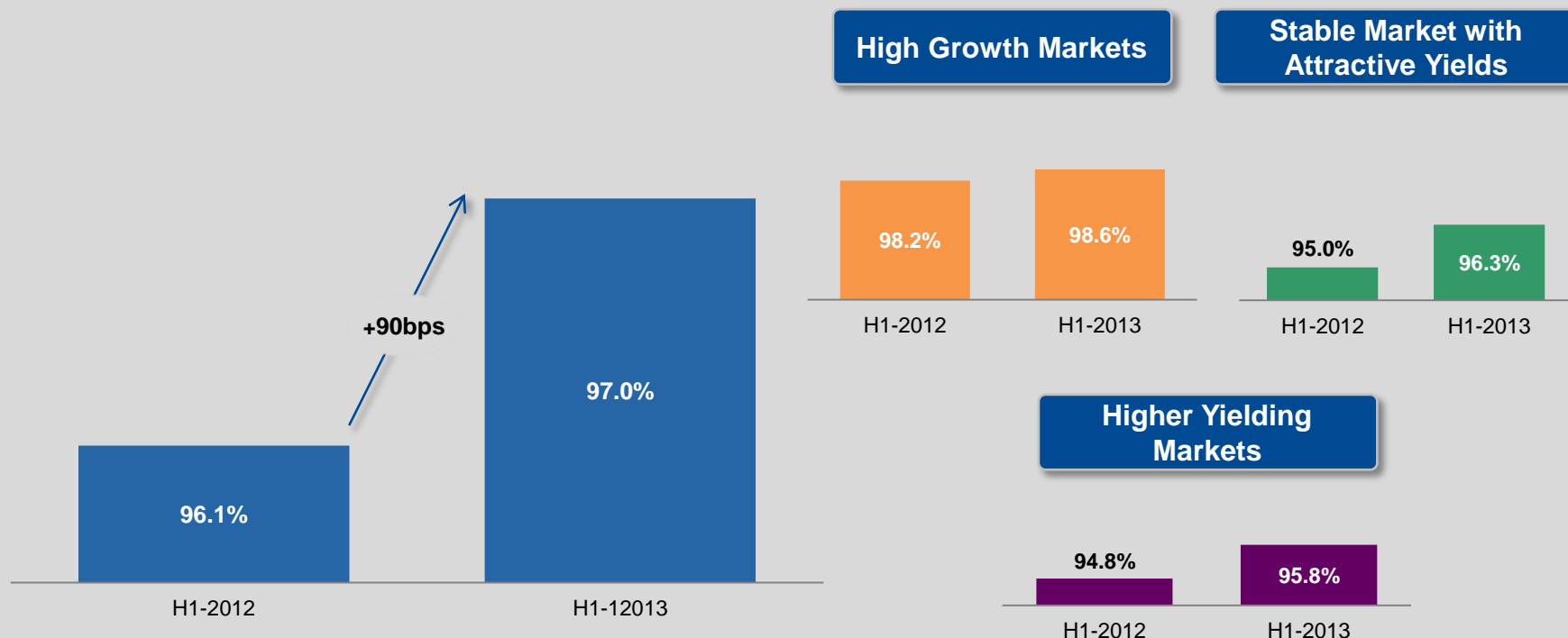


- New Mietspiegel (e.g. Munster, 1st July) should trigger accelerated rent growth in H2-2013
- Positive effects from consolidation of acquired portfolios in H2-2013
- Negative one-off effect from refinancing of subsidised loans in Q4-2012 (€1.2m p.a.)

Source: LEG as of 30-Jun-2013

Occupancy Development

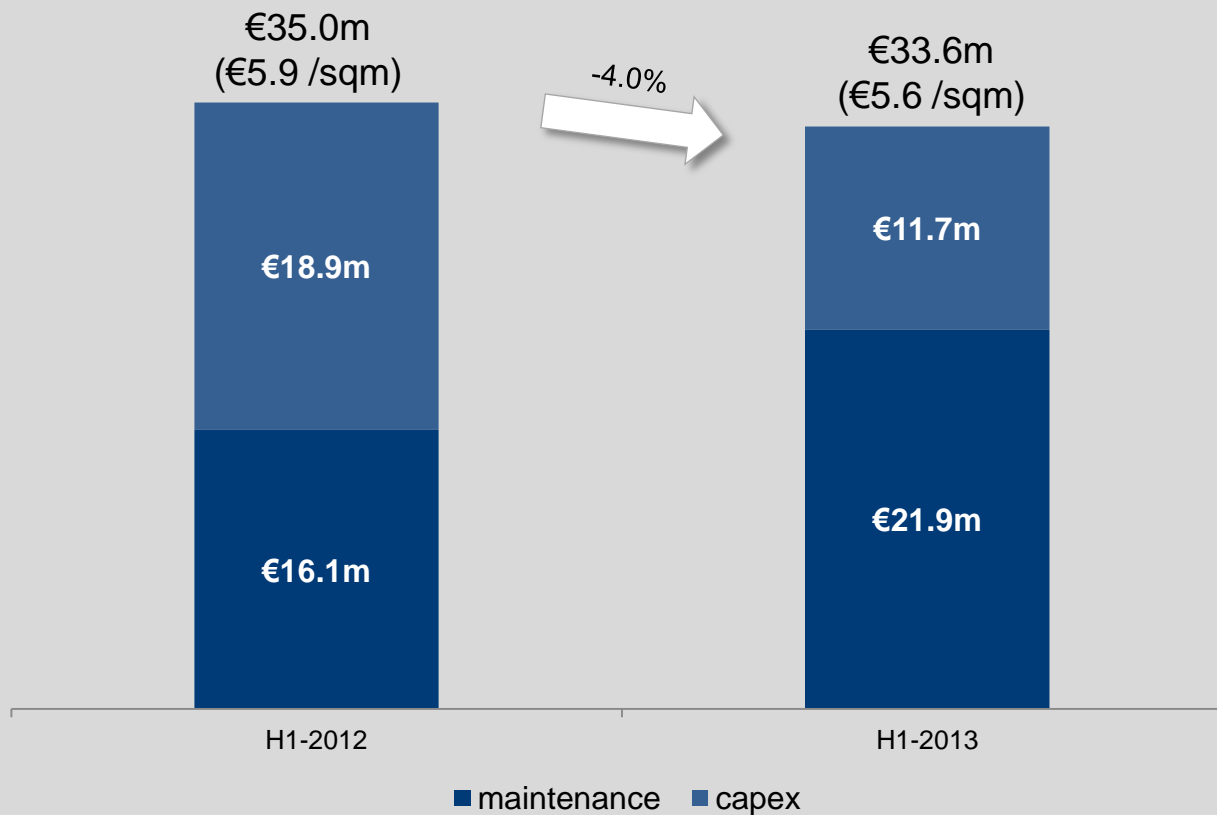
Rising Occupancy due to Strong Tenant Demand and Improving Efficiency



- LEG benefitting from favourable demand/supply environment
- Positive development across all sub-markets with strong letting performance in Green and Purple markets:
 - Well-maintained asset base, good quality micro locations
- Re-organisation of the management platform also reflected in increasing productivity of letting activities
 - Stable markets: 1,885 new lettings (+5.5% vs. H1-2012)
 - Higher yielding markets: 1,529 new lettings (+17% vs. H1-2012)

Capex & Maintenance

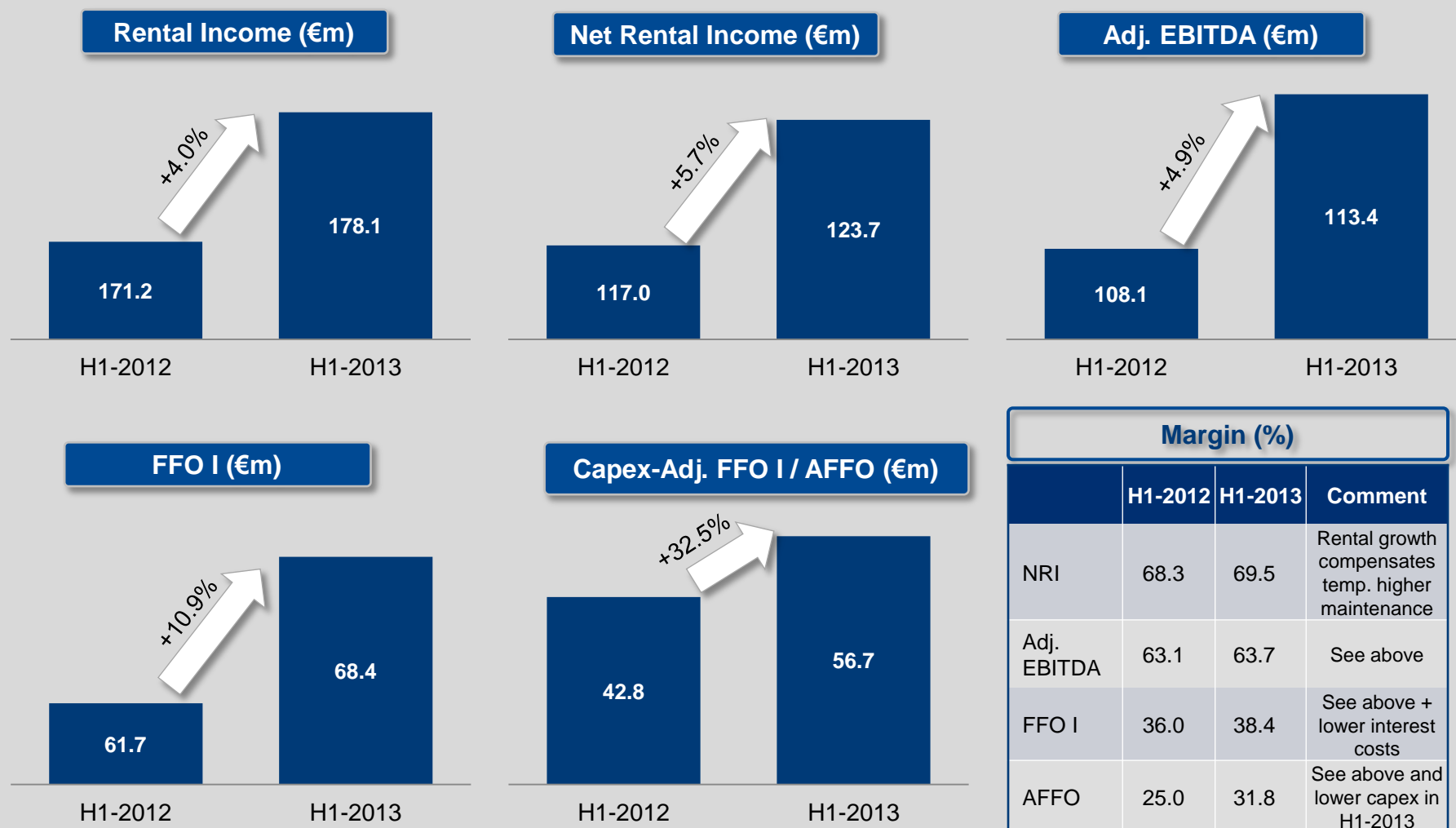
Temporary Higher Maintenance Ratio due to Strong Letting Performance



- Higher maintenance/turn costs due to strong letting momentum
- Pro-active approach paves way for further rising occupancy in H2-2013
- Capex /maintenance ratio expected to revert to approx. 50/50 for FY 2013 (H1: 34.8%)
 - Bulk of modernisation measures in H2
- Slight upward revision of capex /maintenance budget for FY 2013 (approx. €14 /sqm for existing portfolio)

III. Financial Performance

Financial Highlights H1-2013



Income Statement H1-2013

Condensed Income Statement (€ million)	2012	H1-2013	H1-2012
Net rental and letting income	247.7	123.7	117.0
Net income from the disposal of investment property	-1.4	-0.7	-0.5
Net income from the valuation of investment property	120.3	0.0	0.0
Net income from the disposal of real estate inventory	-1.8	-1.7	-1.0
Net income from Other services	3.0	1.5	1.2
Administrative and Other expenses	-59.4	-22.5	-19.7
Other income	1.7	0.3	1.2
Operating earnings	310.1	100.6	98.2
Net finance costs	-195.6	-60.9	-110.5
Earnings before income taxes	114.5	39.7	-12.3
Income tax expense	-2.4	-5.0	2.0
Consolidated net profit	112.1	34.7	-10.3

- Higher Rental income (+€6.9m/+4%)
- Higher maintenance expenses (-€5.8m)
- Lower vacancy costs (+€0.7m)
- Lower write-downs on receivables (€0.7m)
- Others: e.g. aperiodic expenses in 2012 (€2m)

- €1.8m Long Term Incentive Plan – non-cash pass-through item
- One-time costs €4.2m
- Release of €2.3m provision in 2012

- Lower cash interest (€45m vs. €48m)
- Lower non-cash loan amortisation due to rising interest rates

- Deferred taxes (cash taxes: +€0.2m)

Adjusted EBITDA H1-2013

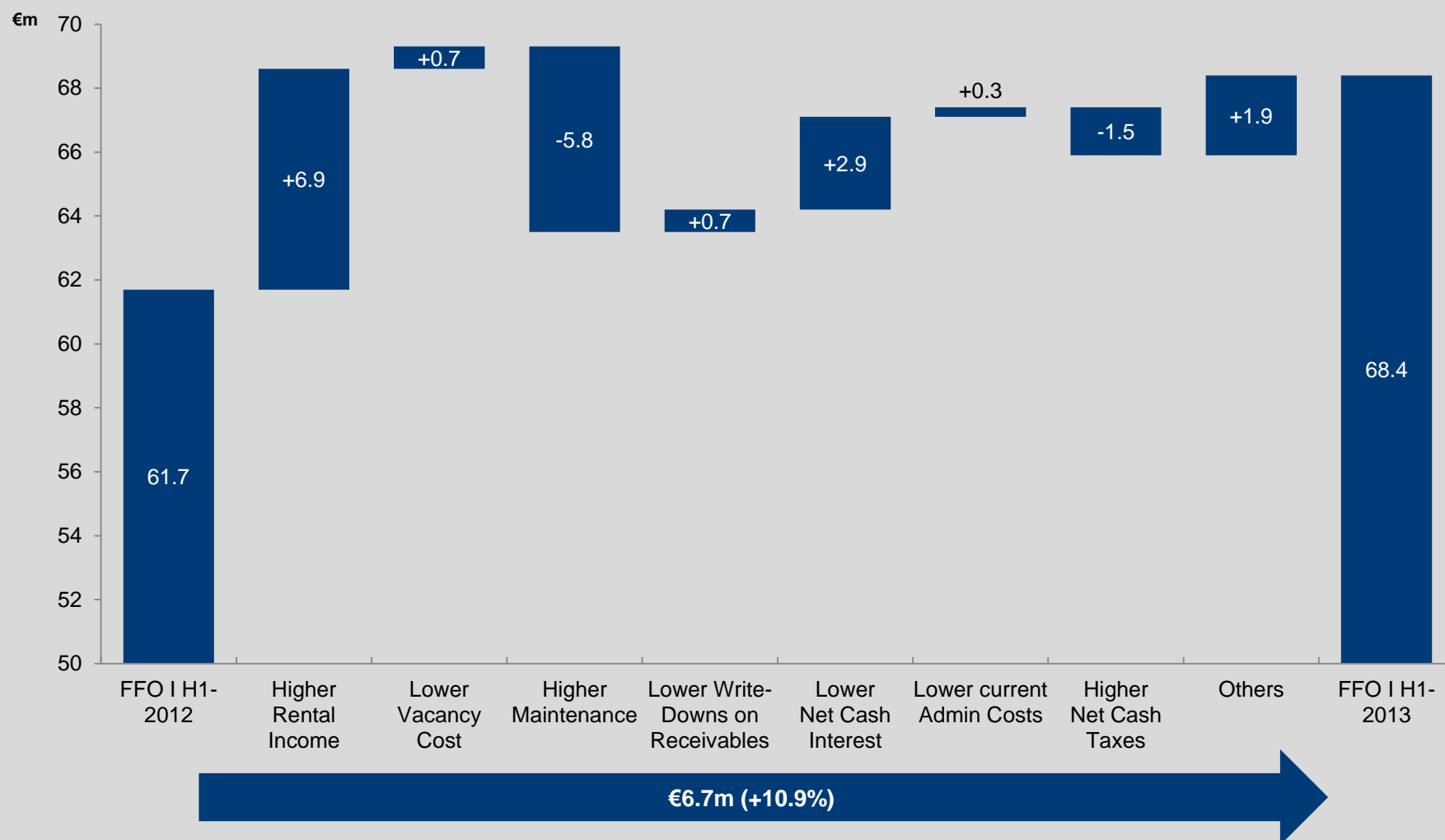
€ million	2012	H1-2013	H1-2012	
EBITDA	318.7	104.8	102.5	<ul style="list-style-type: none"> Rising rental income + lower vacancy costs more than offset higher maintenance
Net income from the valuation of investment property	-120.3	0.0	0.0	
Long-term incentive program (LTIP)	0.0	1.8	0.0	
Non-recurring project costs	20.3	4.7	4.5	<ul style="list-style-type: none"> Refinancing fees (€1.9m) Restructuring costs Other one-time fees
Extraordinary and prior-period expenses and income	1.2	-0.3	-0.4	
Net income from the disposal of investment property	1.4	0.7	0.5	<ul style="list-style-type: none"> Loss related to only one special situation
Net income from the disposal of real estate inventory	1.8	1.7	1.0	<ul style="list-style-type: none"> Winding down of former development business Disposals at premium to book value Inventories: €15.9m
Adjusted EBITDA	223.1	113.4	108.1	

FFO Calculation H1-2013

€ million	2012	H1-2013	H1-2012
Adjusted EBITDA	223.1	113.4	108.1
Cash interest expenses and income	-90.1	-45.2	-48.1
Cash income taxes	3.5	0.2	1.7
FFO I (not including disposal of investment property)	136.5	68.4	61.7
Net income from the disposal of investment property	-1.4	-0.7	-0.5
FFO II (including disposal of investment property)	135.1	67.7	61.2
Capex	-41.5	-11.7	-18.9
Capex-Adjusted FFO I (AFFO)	95.0	56.7	42.8

- Lower interest costs post refinancing (Ø3.3% H1-2013 vs. 3.6% in H1-2012)
- Tax reimbursement in Q1-2012 (€1.5m)
- €1.4m lower capex & maintenance (YOY)

FFO Bridge H1-2013



Focus: Cash Effective Interest Expense H1-2013

€ million	H1-2013	H1-2012
Reported interest expense	65.4	112.4
Interest expense related to loan amortisation	-13.8	-33.9
Refinancing fees	-2.0	-0.1
Prepayment penalties	0.0	-25.8
Interest on shareholder loans	-0.2	-0.5
Interest charges relating to valuation of assets/liabilities	-1.0	-0.1
Leasing related interest expense	-0.8	-0.7
Interest expenses related to changes in pension provisions	-1.9	-2.2
Interest income	-0.6	-0.9
Cash effective interest expense	45.2	48.1

- Slightly positive effect from rising interest rates in Q2
- Effect from refinancing in H1-2012

EPRA-Net Asset Value H1-2013

€ million	H1-2013	2012
Equity*	2,187.6	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	2,187.6	2,085.5
Fair value of financial derivatives	52.6	89.7
Deferred taxes	206.2	193.1
EPRA NAV	2,446.4	2,368.3
Number of shares outstanding (m)	52,963	52,963
EPRA NAV per share in €	46.19	44.72

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

- Rising interest rates with positive impact on valuation of interest hedges

- No portfolio revaluation during FY-2013
- Next appraisal: end-2013

* including minorities

Balance Sheet H1-2013

Strong Balance Sheet Secures Defensive Profile and Paves Way for Growth

€ million	H1-2013	2012
Investment property	4,946.2	4,937.1
Other non-current assets	111.2	114.1
Non-current assets	5,057.4	5,051.2
Receivables and other assets	61.5	50.7
Cash and cash equivalents	151.0	133.7
Current assets	212.5	184.4
Assets held for disposal	2.6	2.2
Total Assets	5,272.5	5,237.8
Equity	2,187.6	2,085.5
Non-current financial liabilities	2,381.8	2,102.9
Other non-current liabilities	455.3	480.2
Non-current liabilities	2,837.1	2,583.1
Current financial liabilities	122.6	396.8
Other current liabilities	125.2	172.4
Current liabilities	247.8	569.2
Total Equity and Liabilities	5,272.5	5,237.8

▪ Capex €11.7m

▪ Closing of several refinancing in Q1- 2013

LTV H1-2013

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

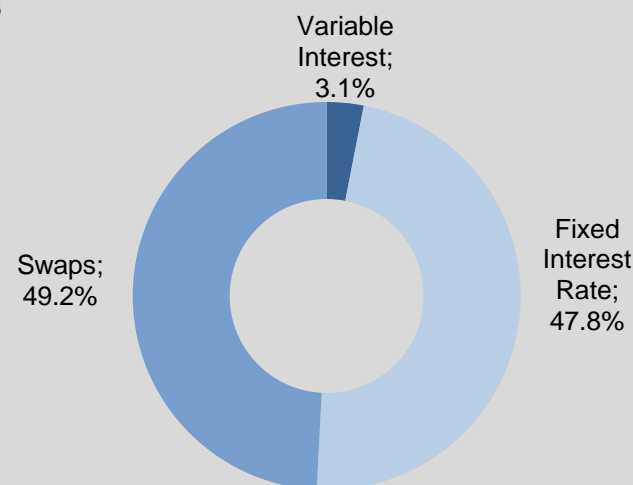
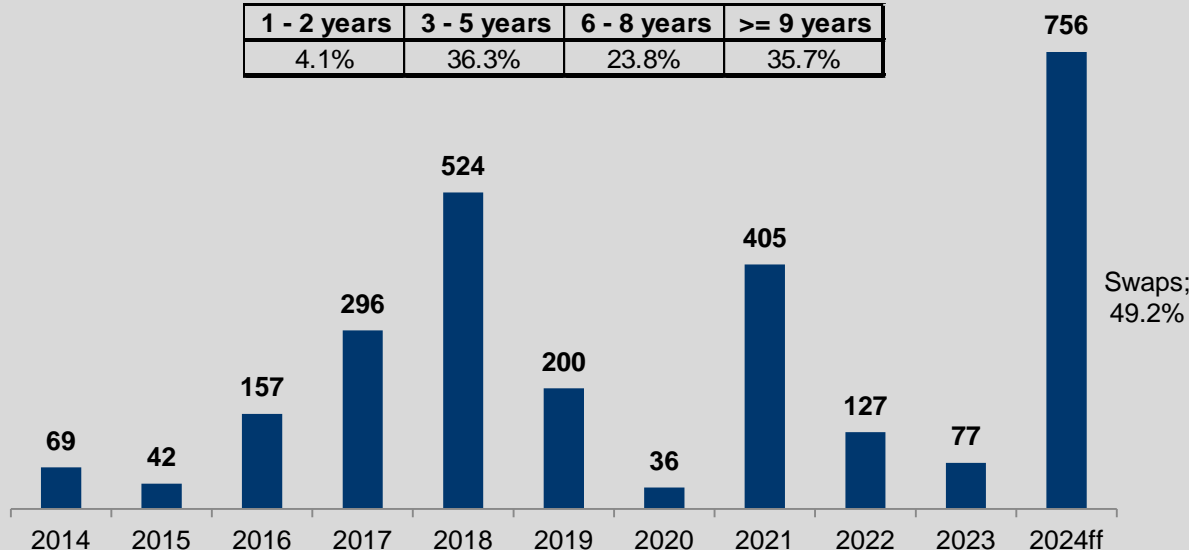
€ million	H1-2013	2012
Financial debt	2,504.4	2,499.7
Cash & cash equivalents	-151.0	-133.7
Net Debt	2,353.4	2,366.0
Investment properties	4,946.2	4,937.1
Properties held for sale	2.6	2.2
Prepayment for investment properties	5.7	0.0
	4,947.7	4,939.3
Loan to Value (LTV) in %	47.50	47.90

- Liquidity for acquisitions of c. 10,000 units (3,500 already signed)
- LTV headroom for total c. 16,000 units

Financing Structure H1-2013

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

1 - 2 years	3 - 5 years	6 - 8 years	>= 9 years
4.1%	36.3%	23.8%	35.7%



Average lease maturity:

▪ approx. 11.5 years

Interest costs:

▪ Ø 3.3%

Hedging ratio:

▪ 97%

No major refinancing before 2016

IV. Business Update and Outlook

Business Update

Positive Momentum for Acquisitions Persists

Acquisitions:

- Successful signing of approx. 3,500 units in core markets YTD (off-market transactions)
- Currently another opportunity in advanced stages of due diligence
- Pipeline of more than 20,000 units under review
- Well on track to reach FY-2013 target of 5,000 units / total of 10,000 units by end of FY-2014
- Financial flexibility and broad presence in core market are key success factors

Ongoing strong letting performance:

- Rising demand for LEG's properties across all segments
- New letting in the first six months: Green 1,885 (+5.5% YOY), Purple 1,529 (+17% YOY)
- Good quality asset base, rising productivity of staff post reorganisation (specialisation)
- Selective modernisations:
 - Case study: Gelsenkirchen/Eichkamp-Settlement (260 units)
 - Q4-2011: In-place rent €2.66 /sqm, vacancy 43%
 - Q3-2013: In-place rent €4.01 /sqm, vacancy 8%

Financing:

- Successful negotiations on the financing of signed acquisitions
- Decreasing credit margins due to re-opening of CMBS market, etc.

Acquisitions in H1-2013 – Strong Transaction Momentum

Track Record

	Bocholt	Dortmund, Essen, Bochum	Osnabruck, Dusseldorf, Minden	Greater Dusseldorf Region / Solingen
Closing	mainly Dec.-2012	01-Aug.-2013	01-Aug.-2013	01-Oct.-2013
Units	1,244	~2,200	538	829
Price	na	na	~€23m*	~€34m
Initial FFO Yield	>10%	>8%	>8%	>10%
Closing:				
- In place rent /sqm	€5.26 /sqm	€4.74 /sqm	€4.92 /sqm	€4.92 /sqm
- Vacancy rate	3.9%	8.2%	8.7%	5.6%
Target:				
- In place rent /sqm	<u>Year 5</u> €6.08 /sqm	<u>Year 5</u> €5.25 /sqm	<u>Year 5</u> €5.85 /sqm	<u>Year 5</u> €5.27 /sqm
- Vacancy rate	1.5%	4.3%	4.7%	4.4%
Track Record:				
- In place rent /sqm	€5.36 /sqm			
- Re-letting	€6.12 /sqm (+16%)			
- Vacancy rate	2.9% (-100 bps)			



Source:
* excl. transaction costs

Outlook 2013/2014

Attractive Market Fundamentals Promise Continued Defensive Growth

2013	Guidance
Rental income:	Organic growth in 2013 > 2%
Maintenance/Capex:	approx. €80-82m (excl. acquisitions) or approx. €14 /sqm
Acquisitions:	10,000 units by end 2014
FFO I:	€138.5m - €141.5m (vs. €133m in 2012)
Dividend	65% of FFO I

2014	Guidance
FFO I	+10% (excl. future acquisitions)

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	24 units		1,158 units	1,182 units
Q4 – 2013	9,135 units (mainly Bonn+Dusseldorf)	228 units	1,155 units	10,518 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

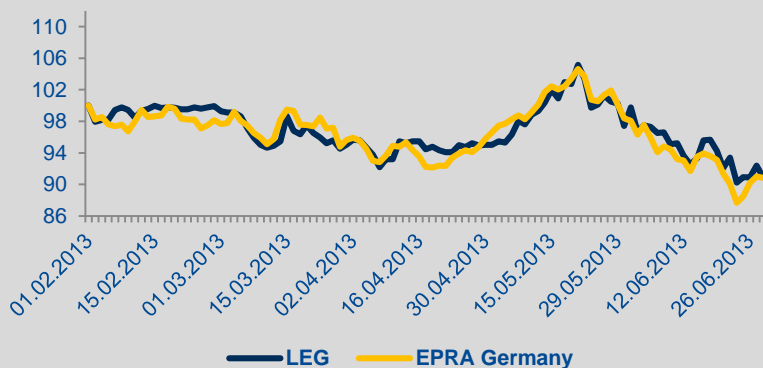
1) Sub-portfolios also include restricted units

LEG Share Information

Basic Data

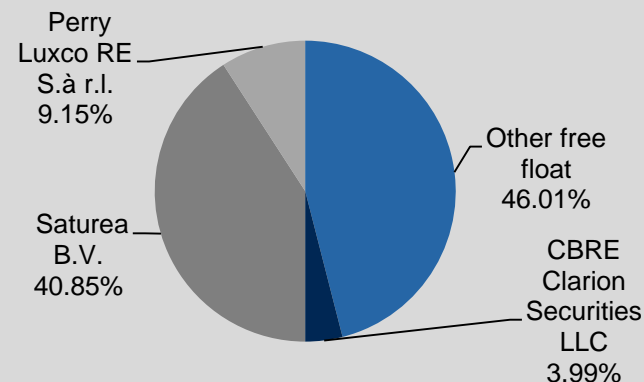
- Prime Standard, Frankfurt Stock Exchange
- Total no. of shares: 52,963,444
- Ticker symbol: LEG
- WKN: LEG111/ ISIN: DE000LEG1110
- Indices: MDAX, FTSE EPRA/NAREIT, GPR 250

Basic Data



Source: LEG

Shareholder Structure



- Free float 50% (plus 1 share)
- Well-balanced shareholder structure with many property specialists at time of IPO

Financial Calendar

30.08.2013	Quarterly Report Q2 as of 30 th June 2013
29.11.2013	Quarterly Report Q3 as of 30 th September 2013

Portfolio (as of 30th June 2013)

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

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	31,478	2,137	46%	1,030	15.9x	180	2,316
Stable Markets with Attractive Yields	32,023	1,421	31%	686	12.8x	82	1,503
Higher Yielding Markets	26,004	1,002	22%	623	11.9x	43	1,045
Subtotal NRW	89,505	4,559	98%	792	13.9x	305	4,864
Portfolio outside NRW	1,389	79	2%	853	14.3x	15	94
Total Portfolio	90,894	4,638	100%	793	13.9x	319	4,958
Other Assets							41
Total (Incl. Landbank and DevCo)							4,999

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