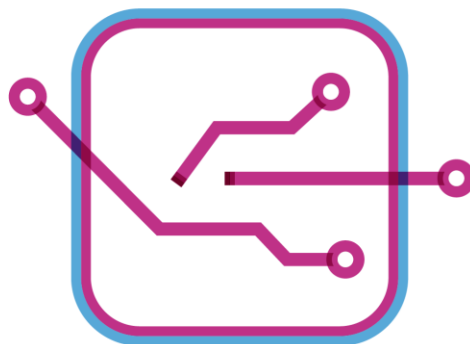


CAPTURE CHANCES DRIVE INNOVATION



LEG Immobilien AG

9 November 2018

9M-2018 Results

Disclaimer



While the company has taken all reasonable care to ensure that the facts stated in this presentation are accurate and that the opinions contained in it are fair and reasonable, this presentation is selective in nature and is intended to provide an introduction to, and an overview of the Company's business. Any opinions expressed in this presentation are subject to change without notice and neither the Company nor any other person is under any obligation to update or keep current the information contained in this presentation. Where this presentation quotes any information or statistics from any external sources, you should not interpret that the Company has adopted or endorsed such information or statistics as being accurate.

This presentation may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realised from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation, and supply and demand. The Company has based these forward-looking statements on its views and assumptions with respect to future events and financial performance. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and the Company does not undertake any duty to update the information and forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.

This presentation does not constitute an offer or invitation to purchase or sell any shares in the Company and neither this presentation or anything in it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.



HIGHLIGHTS 9M-2018

II. PORTFOLIO AND OPERATING PERFORMANCE

III. FINANCIAL PERFORMANCE

IV. BUSINESS UPDATE AND OUTLOOK

V. APPENDIX

Overall company development

• Portfolio valuation	Year-end valuation expected to result in c. 4% uplift (390-410m value change)
• Disposal program	Started marketing process shows strong investor demand
• Financing	Financing for acquisition of 3,788 units secured at favourable terms (10 yrs, 1.65%)

Attractive rent momentum ongoing

▪ In-place rent, l-f-l	€5.62/sqm (+2.7%; free financed units +3.4%); FY-2018 target c.3.0%
▪ EPRA-Vacancy, l-f-l	3.7% (-40 bps YOY)
▪ Maintenance/Capex	€20.4/sqm (+53.4% YOY)

Financials: On track for FY growth targets; Higher maintenance expenses

▪ Net cold rent	€417.0m (+4.7% YOY from €398.4m)
▪ Adjusted EBITDA	€305.9m (+4.9% YOY from €291.5m) <ul style="list-style-type: none">▪ Adj. EBITDA pre-maintenance (+5.9% YOY)
▪ FFO I	€242.2m (+7.0% YOY from €226.3m), €3.83 per share (+7.0% YOY from €3.58) <ul style="list-style-type: none">▪ FFO I pre-maintenance (+7.9% YOY)
▪ EPRA-NAV (excl. goodwill)	€90.21 per share (up from €83.81 in Q4; +7.6% YTD / +11.3% incl. DPS of €3.04)

I. HIGHLIGHTS 9M-2018



II. PORTFOLIO AND OPERATING PERFORMANCE

III. FINANCIAL PERFORMANCE

IV. BUSINESS UPDATE AND OUTLOOK

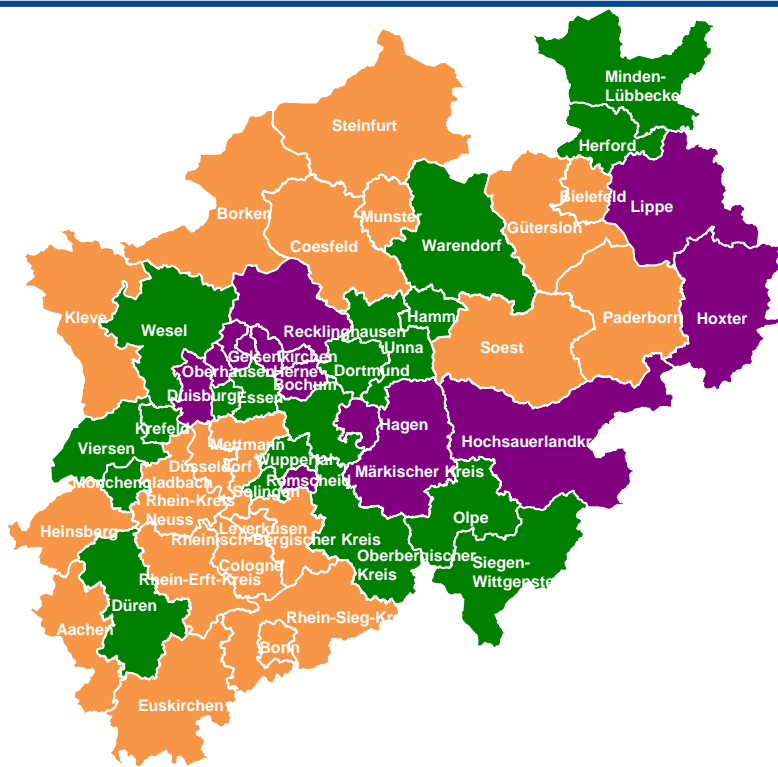
V. APPENDIX

Portfolio Overview

Positive rent development across all submarkets



Strong results on the basis of tailor-made management strategies



High-Growth Markets

	30.09.2018	Δ (YOY)
# of units	41,368	+1.6%
In-place rent (sqm), I-f-I	€6.28	+2.7%
EPRA-Vacancy, I-f-I	2.4%	-40 bps

Stable Markets

	30.09.2018	Δ (YOY)
# of units	47,555	+1.2%
In-place rent (sqm), I-f-I	€5.30	+2.5%
EPRA-Vacancy, I-f-I	3.3%	-50 bps

Higher-Yielding Markets

	30.09.2018	Δ (YOY)
# of units	39,397	0.7%
In-place rent (sqm), I-f-I	€5.22	+2.8%
EPRA-Vacancy, I-f-I	6.1%	-30 bps

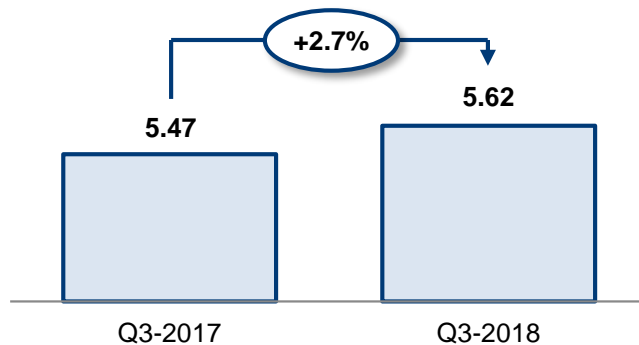
Total Portfolio

	30.09.2018	Δ (YOY)
# of units	130,170	+1.1%
In-place rent (sqm), I-f-I	€5.62	+2.7%
EPRA-Vacancy, I-f-I	3.7%	-40 bps

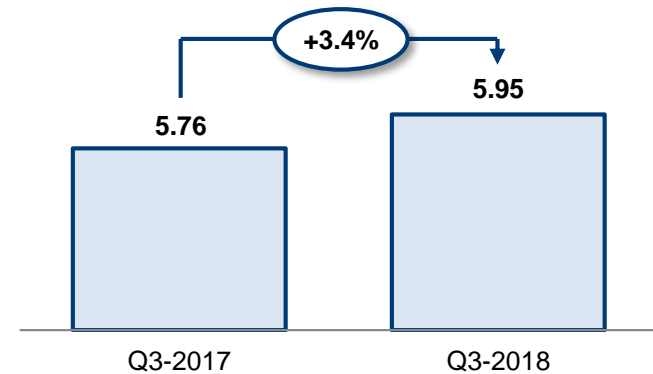
Rent Development

Accelerating rent growth ahead

L-f-I residential rent (€/sqm/month)



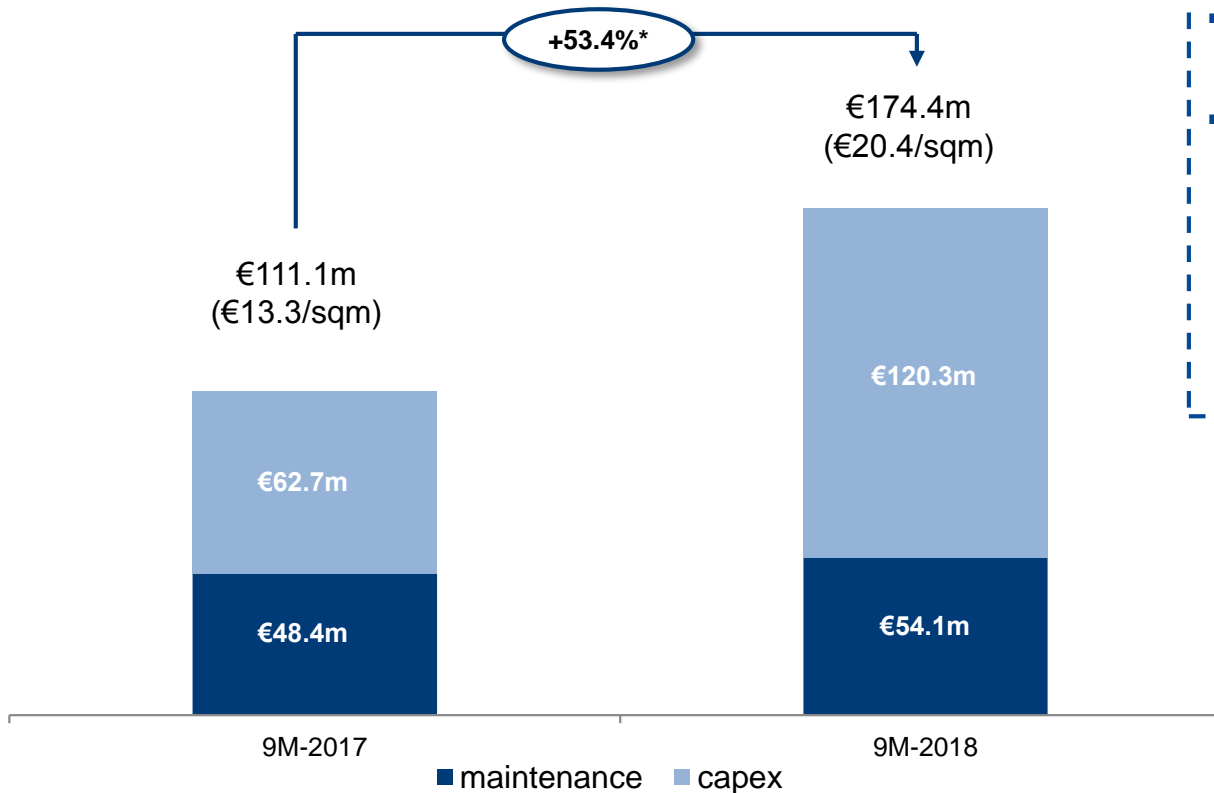
L-f-I free financed rent (€/sqm/month)



- Further growth acceleration expected in Q4; FY-2018 target of c.3.0% maintained
- Rent restricted units: +0.3% year-on-year (like-for-like)
- High exposure to structural growth markets and respective commuter belts supports outperformance

Capex & Maintenance

Rising value enhancing investments ongoing and ahead



*on a sqm basis

- Outlook FY-2018 of c.€30/sqm maintained
- Rising share of value enhancing capex measures
 - Capex ratio 68.9% in 9M-2018 (56.4% in 9M-2017)
 - Slight increase in Q4 ahead (FY ratio of c.70% expected)

Agenda



I. HIGHLIGHTS 9M-2018

II. PORTFOLIO AND OPERATING PERFORMANCE

 III. FINANCIAL PERFORMANCE

IV. BUSINESS UPDATE AND OUTLOOK

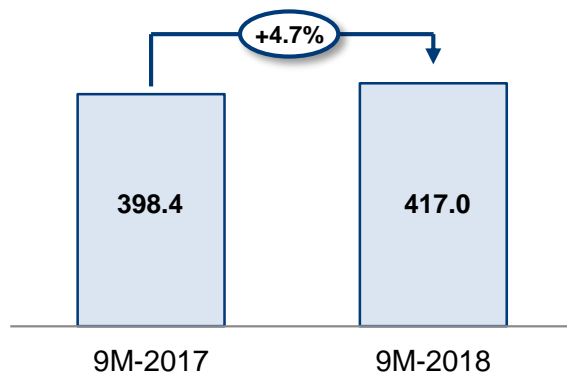
V. APPENDIX

Financial Highlights 9M-2018

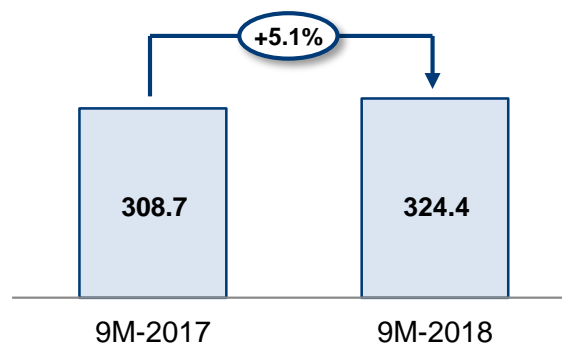
Margin expansion story is set to continue



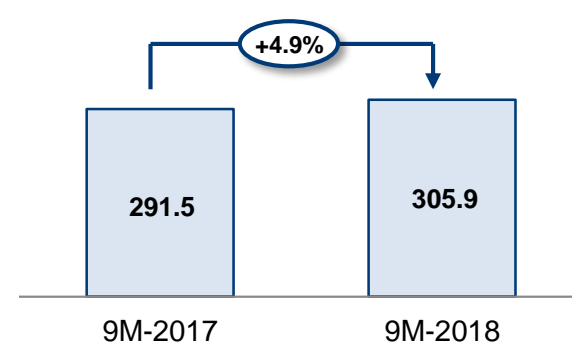
Net Cold Rent (€m)



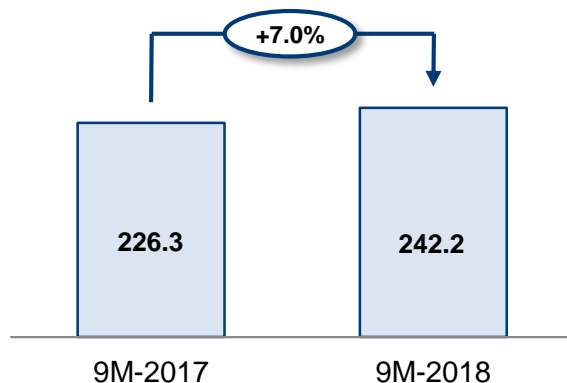
Adj. Net Rental and Lease Income (€m)



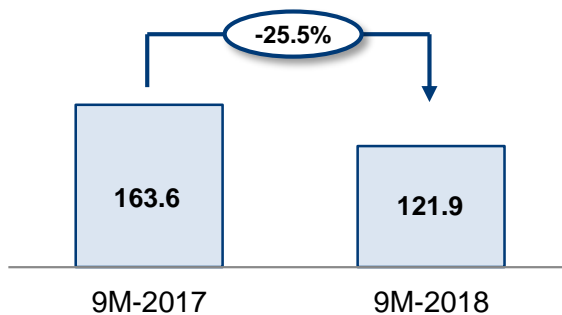
Adj. EBITDA (€m)



FFO I (€m)



Capex-Adj. FFO I / AFFO (€m)



Margin (%)

	9M-2017	9M-2018	Comment
Adj. NRI	77.5	77.8	Scale effects and lower write-down receivables
Adj. EBITDA	73.2	73.4	See above + lower income "Others"
FFO I	56.8	58.1	See above + lower interests
AFFO	41.1	29.2	See above + higher growth capex

Income Statement

9M-2018



€ million	9M-2018	9M-2017	
Net rental and lease income	315.2	302.9	<ul style="list-style-type: none"> Higher rental income (+€18.6m YOY/+4.7%) Higher maintenance expenses (+€5.7m YOY) and one-time costs (+€3.4m)
Net income from the disposal of investment property	-0.7	-1.0	
Net income from the valuation of investment property	383.5	481.1	
Net income from the disposal of real estate inventory	-1.5	-2.2	<ul style="list-style-type: none"> Portfolio revaluation resulted in 4.1% appraisal gain (H1-2018)
Net income from other services	3.8	5.0	
Administrative and other expenses	-31.7	-28.5	<ul style="list-style-type: none"> Recurring admin. costs nearly stable (€24.7m/+€0.4m YOY), despite wage inflation and rising costs for compliance etc.
Other income	0.6	0.6	
Operating earnings	669.2	757.9	
Net finance costs	-117.9	-148.5	<ul style="list-style-type: none"> Net income from fair value measurement of derivatives -€49.2m; thereof -€49.6m from convertibles (9M-2017: -€63.2m) Lower cash interests (€58.8m; -€1.7m YOY) despite rising debt volume
Earnings before income taxes	551.3	609.4	
Income tax expenses	-143.6	-151.4	
Consolidated net profit	407.7	458.0	<ul style="list-style-type: none"> Cash taxes (-€4.9m)

FFO Calculation

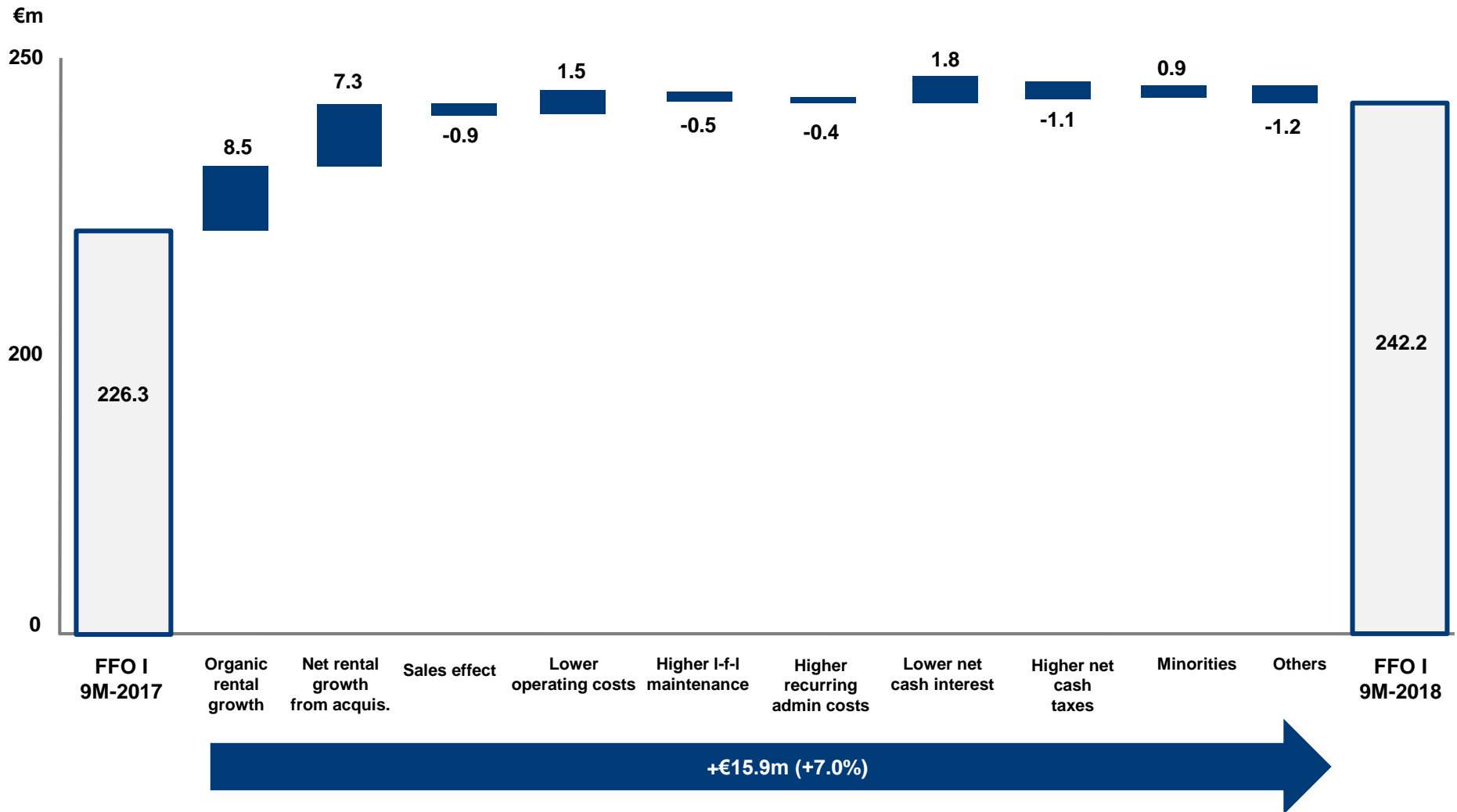
9M-2018



€ million	9M-2018	9M-2017	
Net cold rent	417.0	398.4	▪ +€18.6m/+4.7%
Profit from operating expenses	-3.3	-3.1	
Maintenance (externally-procured services)	-37.6	-35.0	▪ Higher maintenance expenses (volumes + cost inflation)
Staff costs	-45.2	-40.0	▪ Growth in staff costs mainly due to additional FTE's for crafts services and enhanced capex program
Allowances on rent receivables	-4.1	-5.4	▪ Allowances on receivables decreased to very low level
Other	-7.0	-7.5	
Non-recurring project costs (rental and lease)	4.7	1.3	
Recurring net rental and lease income	324.5	308.7	
Recurring net income from other services	5.6	6.7	▪ NRI pre-maintenance increased by +€21.4m YOY (+6.0%)
Staff costs	-19.6	-16.2	
Non-staff operating costs	-10.9	-11.9	
Non-recurring project costs (admin.)	5.8	3.8	▪ Admin. costs nearly flat (YOY) despite wage inflation and additional regulatory requirements
Recurring administrative expenses	-24.7	-24.3	
Other income and expenses	0.5	0.4	
Adjusted EBITDA	305.9	291.5	▪ EBITDA pre maintenance increased by +€20.1m YOY (+5.9%)
Cash interest expenses and income	-58.8	-60.5	
Cash income taxes from rental and lease	-4.1	-3.0	
FFO I (including non-controlling interests)	243.0	228.0	▪ Lower interest costs (average over term of 9M-2018: 1.75% vs. 1.88% in 9M-2017)
Non-controlling interests	-0.8	-1.7	
FFO I (excluding non-controlling interests)	242.2	226.3	
FFO II (including disposal of investment property)	240.6	225.2	
Capex-adjusted FFO I (AFFO)	121.9	163.6	

FFO Bridge

9M-2018



Cash Effective Interest Expense

9M-2018



€ million	9M-2018	9M-2017	
Reported interest expense	72.0	88.8	
Interest expense related to loan amortisation	-9.2	-17.4	<ul style="list-style-type: none"> One-off refinancing effect of €4.9m in FY-2017 from refinancing of subsidised loans (loan amortisation)
Prepayment penalties / breakage costs	-0.2	-7.5	
Interest costs related to valuation of assets/liabilities	-0.6	-0.7	<ul style="list-style-type: none"> Release of swaps and fixed interest loans (refinancing); total refinancing costs €11.7m in FY-2017
Leasing related interest expense	-0.7	-0.8	
Interest expenses related to changes in pension provisions	-1.8	-1.8	
Other interest expenses	-0.2	0.4	
Cash effective interest expense (gross)	59.5	61.0	
Cash effective interest income	0.7	0.5	
Cash effective interest expense (net)	58.8	60.5	<ul style="list-style-type: none"> Interest coverage improved further (5.2x up from 4.8x YOY)

EPRA-Net Asset Value

Positive outlook for further yield compression; services as hidden gem



€ million	30.09.2018	31.12.2017
Equity (excl. minority interests)	4,315.8	4,087.4
Effect of exercising options, convertibles and other rights	616.1	559.2
NAV	4,931.9	4,646.6
Fair value measurement of derivative financial instruments	303.4	259.8
Deferred taxes ¹⁾	1.025,9	899.3
EPRA-NAV	6,261.2	5,805.7
Number of shares fully-diluted incl. convertible (m) ²⁾	68.824	68.644
EPRA-NAV per share in €	90.97	84.58
Goodwill resulting from synergies	52.7	52.7
Adjusted EPRA-NAV (excl. goodwill)	6,208.5	5,753.0
Adjusted EPRA-NAV per share in €	90.21	83.81

- €411.3m net profit
- -€192.1 dividends
- €9.2m others

- Attractive rental yield of 5.7% (thereof free financed portfolio: 5.9%) and low value per sqm (€1,151) leaves upside for capital growth
- Value of services business not included in NAV
 - Scenario: additional value approx. €4.60-€6.90 per share (discount rate of 4.0%-6.0%)³⁾

¹⁾ And goodwill resulting from deferred taxes on EPRA-adjustments

²⁾ Actual number of shares outstanding 63.19m

³⁾ Assumption: expected 2019 FFO, growth rate of 0%

Portfolio

Sound property fundamentals basis for value growth



As of 30.09.2018

Market	Residential Units	GAV Residential Assets (€m)	% of Total Residential GAV	GAV/sqm (€)	In-Place Rent Multiple	Market Multiples, Estimated Rental Values ¹⁾	GAV Commercial/ Other Assets (€m)	Total GAV
High-Growth Markets	41,368	4,463	46%	1,627	21.7x	19.3x	216	4,679
Stable Markets	47,555	2,970	31%	970	15.5x	14.4x	100	3,070
Higher-Yielding Markets	39,397	2,014	21%	834	14.0x	13.3x	58	2,072
Subtotal NRW	128,320	9,447	98%	1,149	17.4x	16.1x	374	9,821
Portfolio outside NRW	1,850	157	2%	1,260	17.7x	16.6x	2	159
Total Portfolio	130,170	9,604	100%	1,151	17.5x	16.1x	376	9,980
Other Assets								
Total								10,016

¹⁾ As of June 30, 2018.

Balance Sheet

Strong balance sheet



€ million	30.09.2018	31.12.2017
Investment property	9,998.5	9,460.7
Prepayment for investment property	208.2	-
Other non-current assets	175.6	172.3
Non-current assets	10,382.3	9,633.0
Receivables and other assets	100.3	63.7
Cash and cash equivalents	185.3	285.4
Current assets	285.6	349.1
Assets held for sale	20.9	30.9
Total Assets	10,688.8	10,013.0
Equity	4,341.5	4,112.4
Non-current financing liabilities	3,918.2	3,821.4
Other non-current liabilities	1,301.6	1,158.8
Non-current liabilities	5,219.8	4,980.2
Current financing liabilities	635.7	478.2
Other current liabilities	491.8	442.2
Current liabilities	1,127.5	920.4
Total Equity and Liabilities	10,688.8	10,013.0

- Revaluation €383.5 m
- Net additions €36.7m
- Capex €117.6m

- Cash flow from operating activities €211.0m
- Investing activities - €362.2m
- Financing activities €51.1m

- Loan proceeds €150.2m and proceeds from commercial paper €150m
- Repayment of loans -€52.2m

€ million	30.09.2018	31.12.2017
Financial liabilities	4,553.9	4,299.6
Cash & cash equivalents	185,3	285.4
Net Debt	4,368.6	4,014.2
Investment properties	9,998.5	9,460.7
Properties held for sale	20.9	30.9
Prepayments for investment properties	208.2	-
Business combinations	-	2.0
Property values	10,227.6	9,493.6
Loan to Value (LTV) in %	42.7	42.3
Pro-forma LTV post conversion in %	40.0	39.4

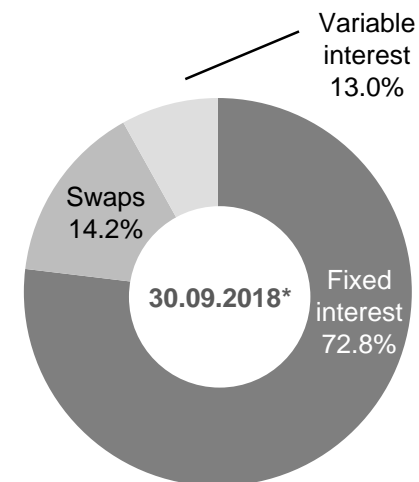
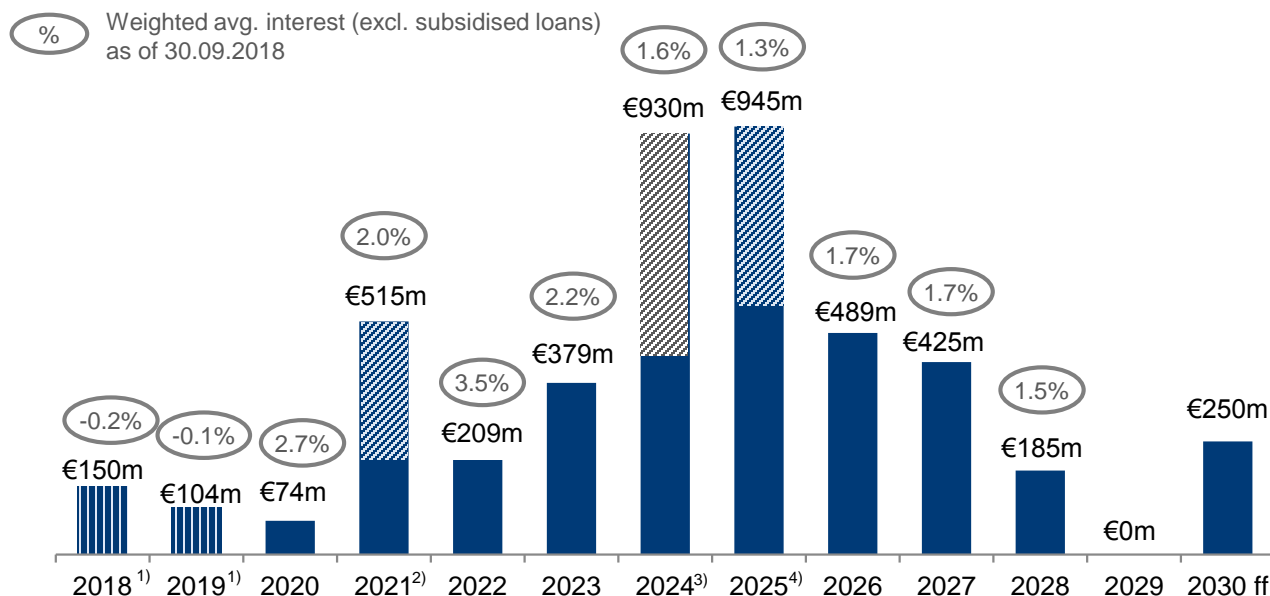
- Low gearing below current target LTV (up to 45%) leaves headroom for growth investments without raising fresh equity
- Yield compression is likely to trigger a further LTV decline in Q4-2018

- Potential impact on LTV from future conversion of 1st convertible (€300m nominal, currently -270bps)

Financing Structure – 30 September 2018



LT financing secures future earnings growth



¹⁾ Commercial paper

²⁾ €300 m convertible bond with investor put option 2019

³⁾ Corporate bond (€500 m)

⁴⁾ €400 m convertible bond

*Including commercial paper

Key Facts

Average debt maturity	7.5 years (7.1 years*)
Interest costs	Ø 1.73% (1.63%*)
Hedging ratio	91.9% (87.0%*)
Rating	Baa1 (Moody's)

Maturities

1-2 years	0.1% (5.4%*)
3-5 years	18.1% (17.2%*)
6-8 years	51.1% (48.4%*)
≥ 9 years	30.6% (29.0%*)

Agenda



I. HIGHLIGHTS 9M-2018

II. PORTFOLIO AND OPERATING PERFORMANCE

III. FINANCIAL PERFORMANCE

IV.  BUSINESS UPDATE AND OUTLOOK

V. APPENDIX

Transaction prices suggest further value upside

Year-end portfolio valuation expected to result in approx. 4% uplift (390-410m value change)

- Especially strong momentum in B-Cities (e.g. Dortmund or Mönchengladbach)
- Capital growth driven by further tightening of discount rates and positive outlook for sustained rent growth
- No short term impact from regulatory changes
- Expected year-end valuation remains below currently observed transaction prices

Disposal program: Positive first feedback from initiated marketing process

- Potential volume: 1,000-2,000 units; Kick-off of marketing process in Q4
- Strong investor interest, first price indications received
- Portfolios mainly consist of non-core assets and properties in peripheral areas (with sub-critical mass)

Financing: Acquisition financings and refinancings confirm LEG's strong credit positioning

- Financing of Vivawest sub-portfolio and early refinancing (total volume c. EUR 480m) at average cost of debt of 1.65% for 10.2 years
- Smaller positive FFO contribution expected
- Some 27% of financing volume is unsecured and 73% secured mortgage financing
- Recent widening of spreads in corporate bond market: LEG benefits from its focus on mortgage financing as core of the financing strategy

Business Update

Outlook for 2018 - 2020



KPI	2018	2019	2020
FFO I	€315m - €323m	€338m - €344m	€356m - €364m
FFO I per share	€4.99 - €5.11	€5.35 - €5.44	€5.63 - €5.76
L-F-L rent growth	~3.0%	3.0-3.2% <small>prev. ~3.5%</small>	3.2-3.4%
L-F-L vacancy	slightly decreasing	slightly decreasing	
EBITDA margin	>72% <small>prev. ~73%</small>	~73% <small>prev. ~74%</small>	~74%
Investments	~30€/sqm	~30-32€/sqm <small>prev. €~30</small>	~31-33€/sqm
Dividend	70 % of FFO I	70 % of FFO I	70 % of FFO I

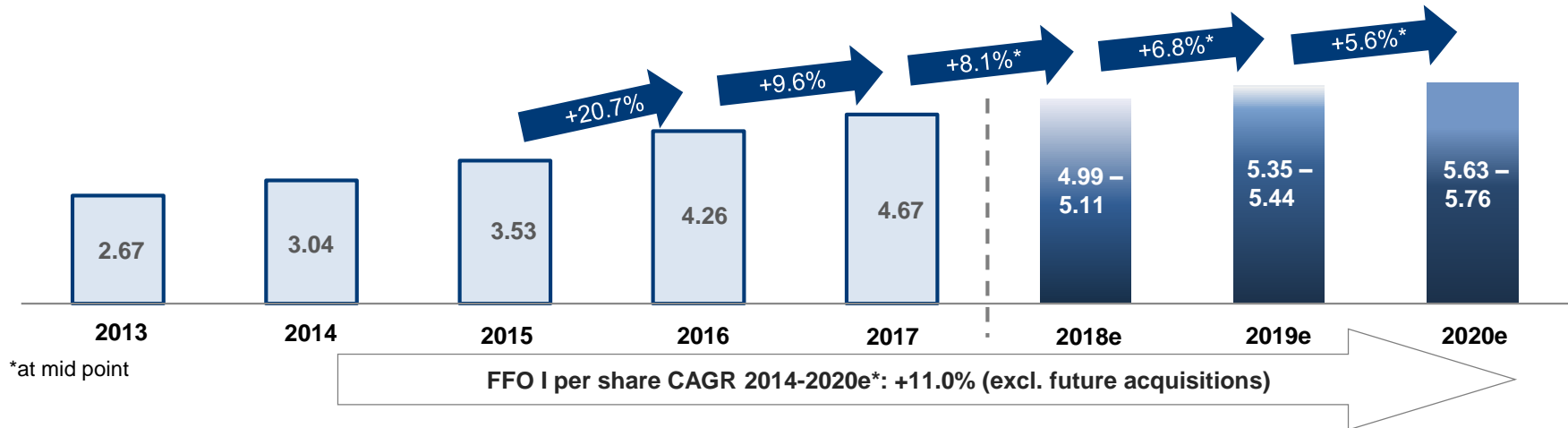
Comment on changes in the outlook:

- **Rent growth** is slightly dampened as response to the increased regulatory headwinds
- **EBITDA margin** acquisition related one-time costs in 2019 (c. €4m) and higher maintenance costs (cost inflation)

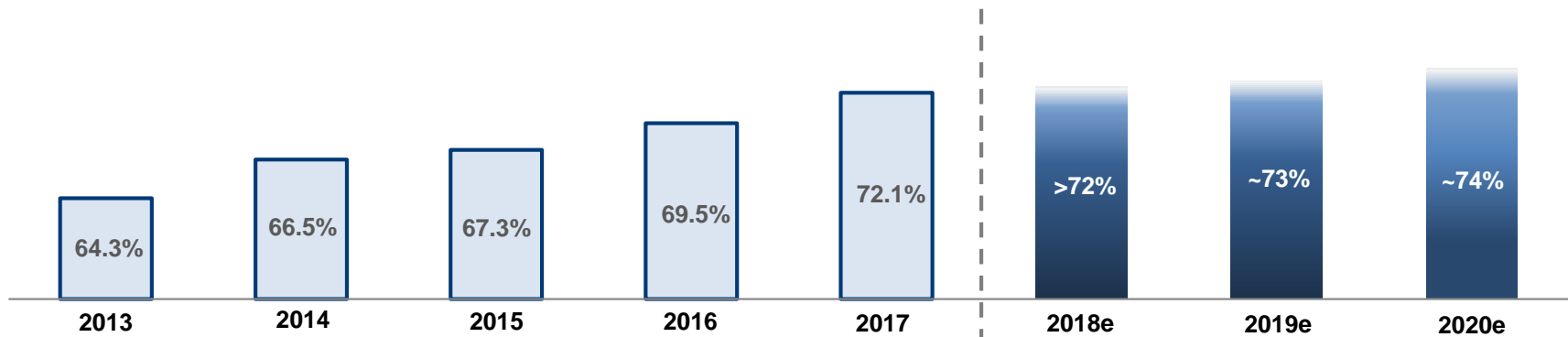
Steady Expansion of Leading FFO-Profitability



FFO I per share (€)



EBITDA Margin



Agenda



I. HIGHLIGHTS 9M-2018

II. PORTFOLIO AND OPERATING PERFORMANCE

III. FINANCIAL PERFORMANCE

IV. BUSINESS UPDATE AND OUTLOOK

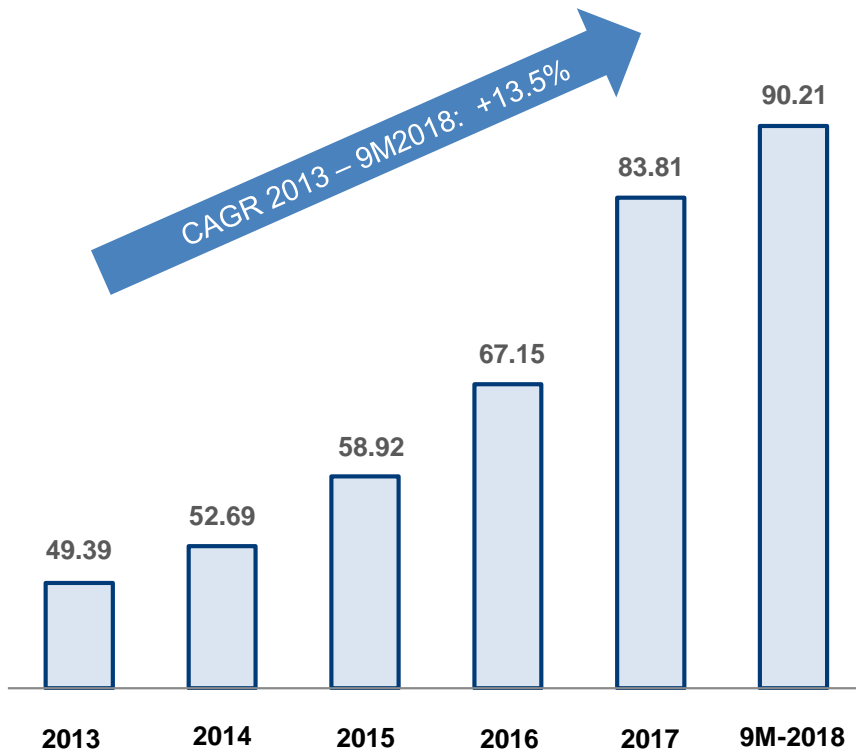


V. APPENDIX

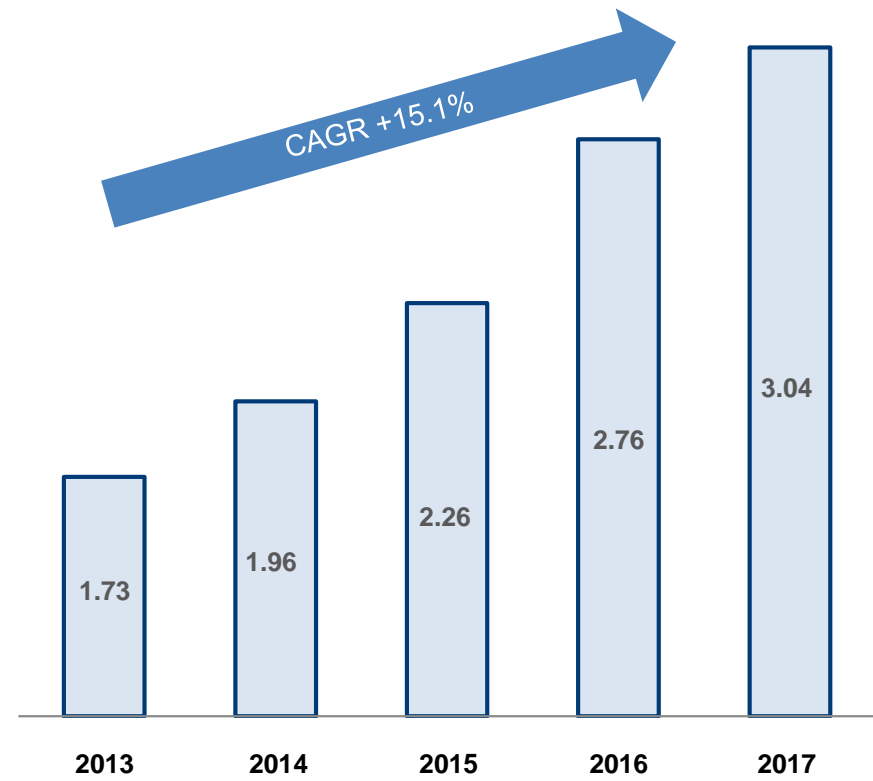
Generating Appealing Shareholder Returns



NAV per share (€), excl. goodwill



Dividend per share (€)

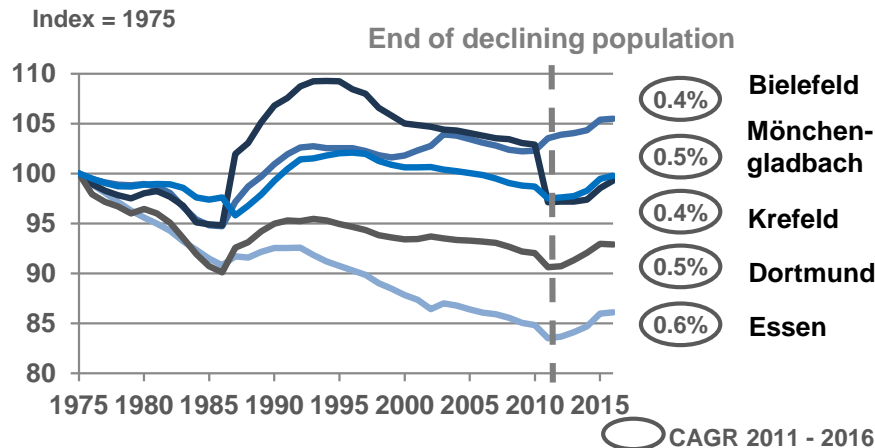


Attractive NRW Market

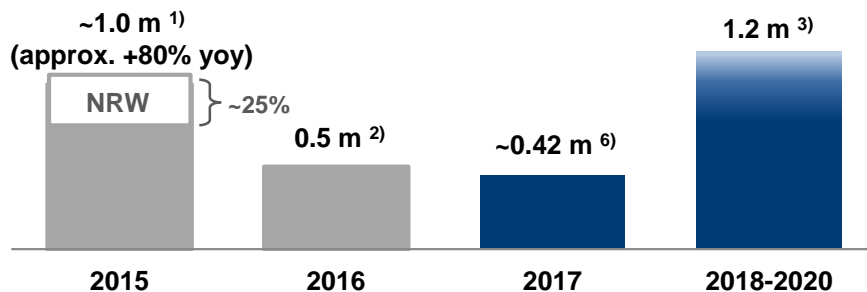
Positive demographics with stabilising net immigration



Cities entering upswing mode



Net immigration to Germany



Sources:

- 1) Interview with director of Federal Agency of Migration and Refugees (Aug 2016)
- 2) Federal Statistical Office, press release 13 Mar 2018
- 3) Deutsche Bundesbank, Monthly Report June 2018
- 4) Federal Statistical Office, press release 2 Nov 2017
- 5) Bundesamt für Migration und Flüchtlinge, March 2018 and Federal Statistical Office, April 2018
- 6) Federal Statistical Office, press release 15 Oct 2018

Key facts

- **Federal Agency of Migration and Refugees** collected data that **net immigration of foreigners to Germany** amounted to about **0.25 million** in H1-2017, thereof 0.12 million non-EU nationals³⁾
- **Deutsche Bundesbank** forecasts **1.2 million additional immigrants (net)** for 2018-2020³⁾
- **End of 2016, 1.6 million people seeking protection** (incl. asylum seekers) were registered in Germany (+113% vs 2014), the **majority living in NRW (27%)**⁴⁾
- **Stabilising net immigration** expected for the years to come with **decreasing share of refugees** (c. -70% asylum seekers 2017 YOY; c. 0.1 million of refugees (net) in 2017 estimated)⁵⁾
- Immigration is **driving overall population growth, triggering additional growth in net new households**
- **Additional pressure on affordable housing segment**
- **Outperformance of German economy attracts qualified new immigration**
- **Liquid labour market and affordable living as pull-factors for NRW**

LEG – Adj. EBITDA Margin



Leading profitability despite short term distortion from restricted units

Adj. EBITDA margin	FY-2017		FY-2016	
	€m	margin %	€m	margin %
As reported	385.7	72.1	355.7	69.5
Gap restricted vs. unrestricted rents ¹⁾	30.1	73.6	26.3	71.0

¹⁾ €/sqm: €4.74 vs. €5.81 in 2017, €4.67 vs. €5.56 in 2016

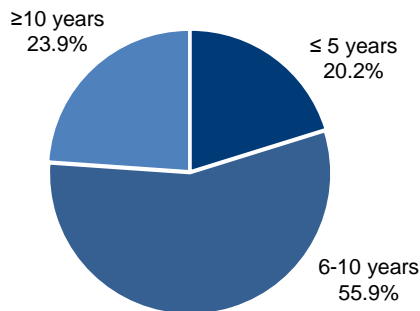
- EBITDA as reported distorted by restricted units (compensation for lower rents included in interest result below the EBITDA line)
- Scenario analysis: closing gap between restricted vs. unrestricted rents; **Adjusted EBITDA margin approx. 150 bps higher**

Rent revisionary potential

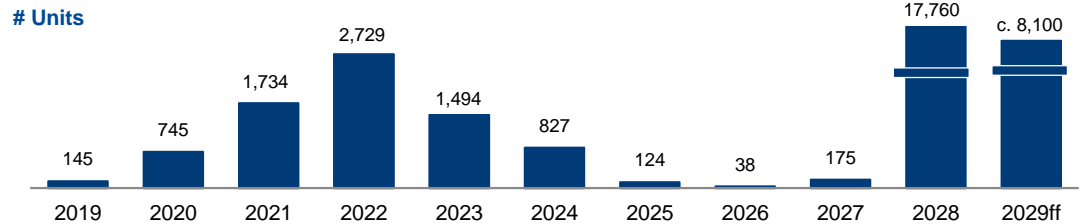
Refinancing of subsidised loans lifting value

Rent Potential Subsidised Units

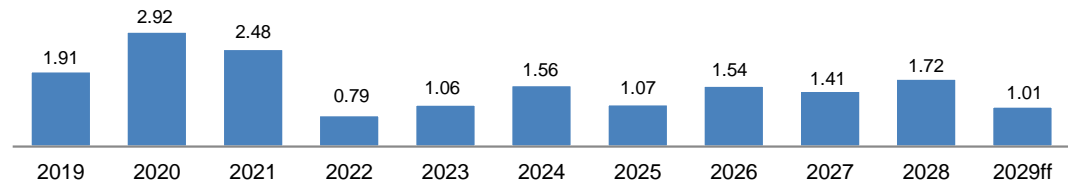
- In the following 10 years more than **25,000 units will come off rent restriction**
- Units show **significant upside to market rents**
- Subject to general legal and other restrictions, the **economic upside can theoretically be realised the year after restrictions expire**



Number of Units Coming Off Restriction and Rent Upside



Spread to Market Rent (in €/sqm/month)



	≤ 5 years ²⁾	6 – 10 years ²⁾	≥ 10 years ²⁾
In-place rent	€4.67	€4.81	€4.88
Market rent¹⁾	€6.23	€6.50	€5.89
Upside potential³⁾	33%	35%	21%
Upside potential p.a.³⁾	€8.8m	€15.1m	€13.3m

Source: LEG as of 9M-2018

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 = 2019-2023; 6-10 years = 2024-2028; ≥10 years = 2029ff.

3) Rent upside is defined as the difference between LEG in-place rent as of 9M-2018 and market rent (defined in footnote 1) as of FY-2017.

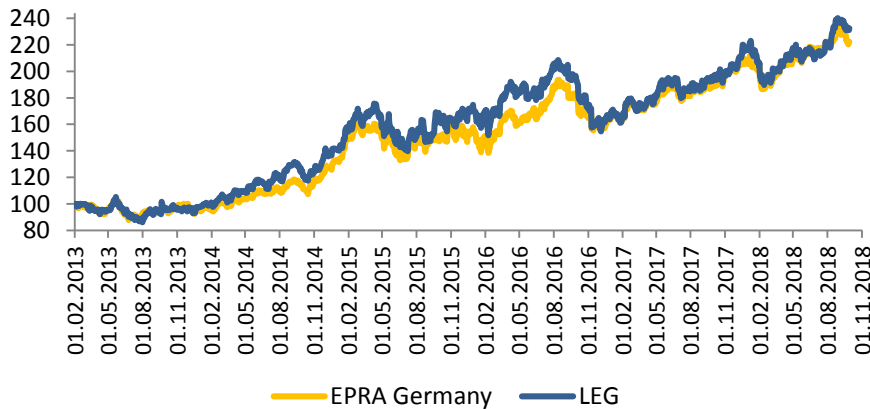
LEG Share Information



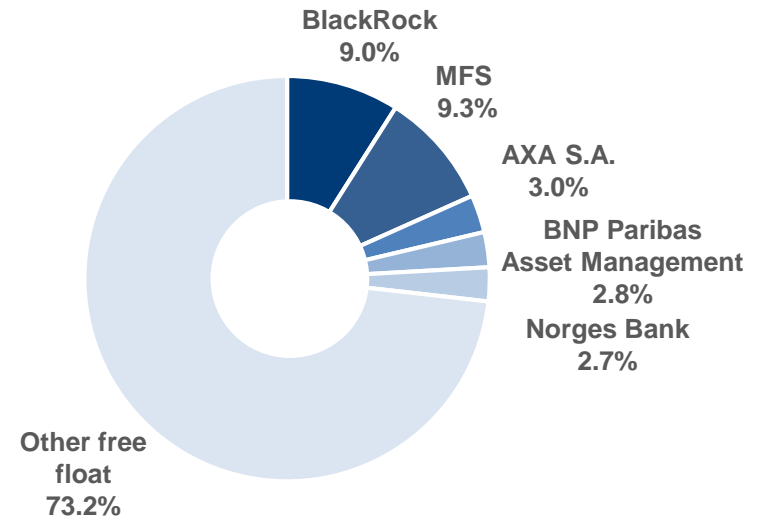
Basic data

- Prime Standard, Frankfurt Stock Exchange
- Total no. of shares: 63,188,185
- Ticker symbol: LEG
- ISIN: DE000LEG1110
- Indices: MDAX, FTSE EPRA/NAREIT, GPR 250, Stoxx Europe 600
- Weighting (30.09.2018): MDAX 2.58%; EPRA 2.82%
- Rating: Baa1 (stable) by Moody's

Share price (31.10.2018, indexed; 31.01.2013 = 100)



Well-balanced shareholder structure



Source: LEG; shareholdings according to voting rights notifications

Financial Calendar



Date	Report/Event
08.05.2018	Quarterly Statement Q1 as of 31 March 2018
17.05.2018	Annual General Meeting, Düsseldorf
10.08.2018	Quarterly Report Q2 as of 30 June 2018
09.11.2018	Quarterly Statement Q3 as of 30 September 2018
13.11.2018	Exane BNP Paribas Roadshow, Paris
14.11.2018	Morgan Stanley Roadshow, London
15.11.2018	Kempen Roadshow, Amsterdam
21.11.2018	Equinet Roadshow, Düsseldorf
23.11.2018	Jefferies Roadshow, Zurich
27.11.2018	UBS Global Real Estate Conference, London
03.12.2018	Berenberg European Corporate Conference, London/Surrey

Contact

Investor Relations



Burkhard Sawazki

Head of Investor Relations &
Strategic Business Analysis
Tel: +49 (0) 211 4568-204
burkhard.sawazki@leg.ag

Karin Widenmann

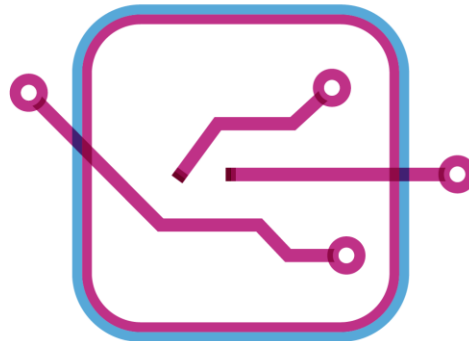
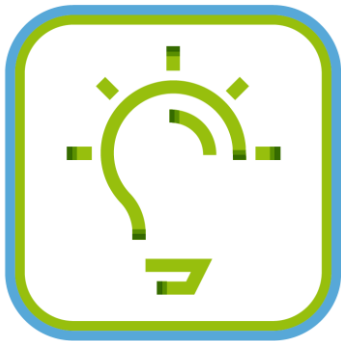
Manager Investor Relations &
Strategic Business Analysis
Tel: +49 (0) 211 4568-458
karin.widenmann@leg.ag

Benedikt Kupka

Manager Investor Relations &
Strategic Business Analysis
Tel: +49 (0) 211 4568-286
benedikt.kupka@leg.ag

LEG Immobilien AG
Hans-Boeckler-Str. 38
40476 Düsseldorf, Germany

Phone: +49 (0) 211 4568-400
Fax: +49 (0) 211 4568-22 204
E-Mail: ir@leg.ag



Thank you for your interest.