

LEG Immobilien SE
Company Presentation

December
2022

LEG

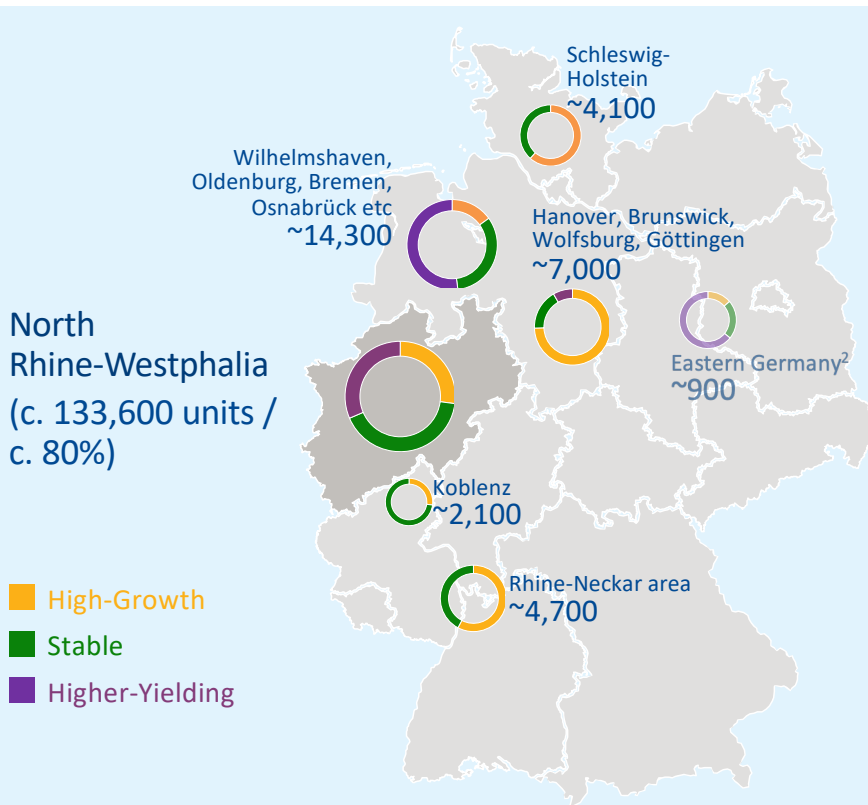


LEG's portfolio comprised c. 166,800 units end of Q3

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

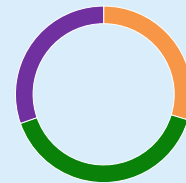


Examples

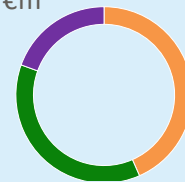


Total portfolio¹
(c. 166,800 units)

by units



by GAV
€m



Aachen



Solingen



Dusseldorf



Duisburg



Remscheid



Münster



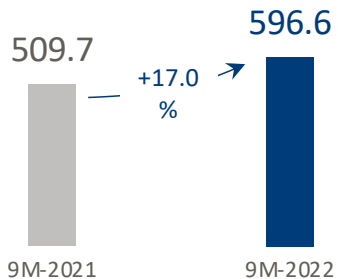
¹ Residential units. ² 1,300 non-core units mainly located in Eastern Germany.

Financial highlights 9M-2022

On track for guidance

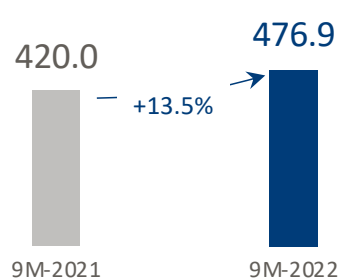
Net cold rent

€m



Adjusted net rental and lease income

€m

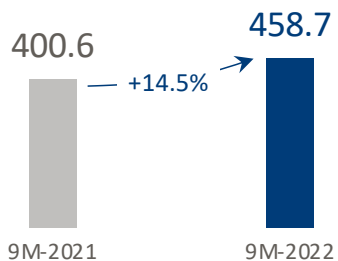


Margin

79.9%
(82.4%)

Adjusted EBITDA

€m

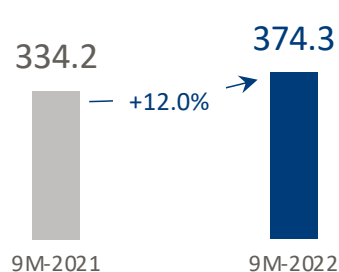


Margin

76.9%
(78.6%)

FFO I

€m



Margin

62.7%
(65.6%)

Well on track for margin target

- Strong increase in net cold rent through acquisitions but also organic growth
- Services continue their positive contribution
- Adjusted EBITDA margin of 76.9% down 170 bps yoy, mainly due to lower margin of portfolios acquired in 2021. Improvement in comparison to 74.8% in H1-2022
- Positive impact in Q3 from lower maintenance ratio, strong contribution of Services business and lower personnel cost ratio in admin
- Higher provisioning for not yet invoiced operating costs to cover potential shortfall in payments
- On track for FY 2022 EBITDA margin target of ~75%

FFO I ps

- 9M-2022: €5.11 (+10.6%)

A challenging environment

Leading to a re-positioning of business model

Surge in interest rates – 10Y BUND yield

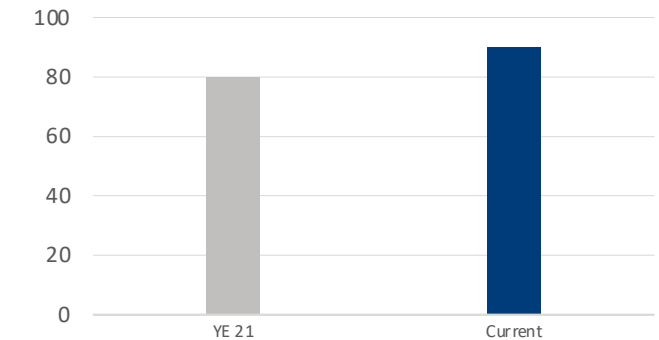


LEG bond yield 2021/32, 1.0% coupon



Broadly stable spreads for LEG secured debt

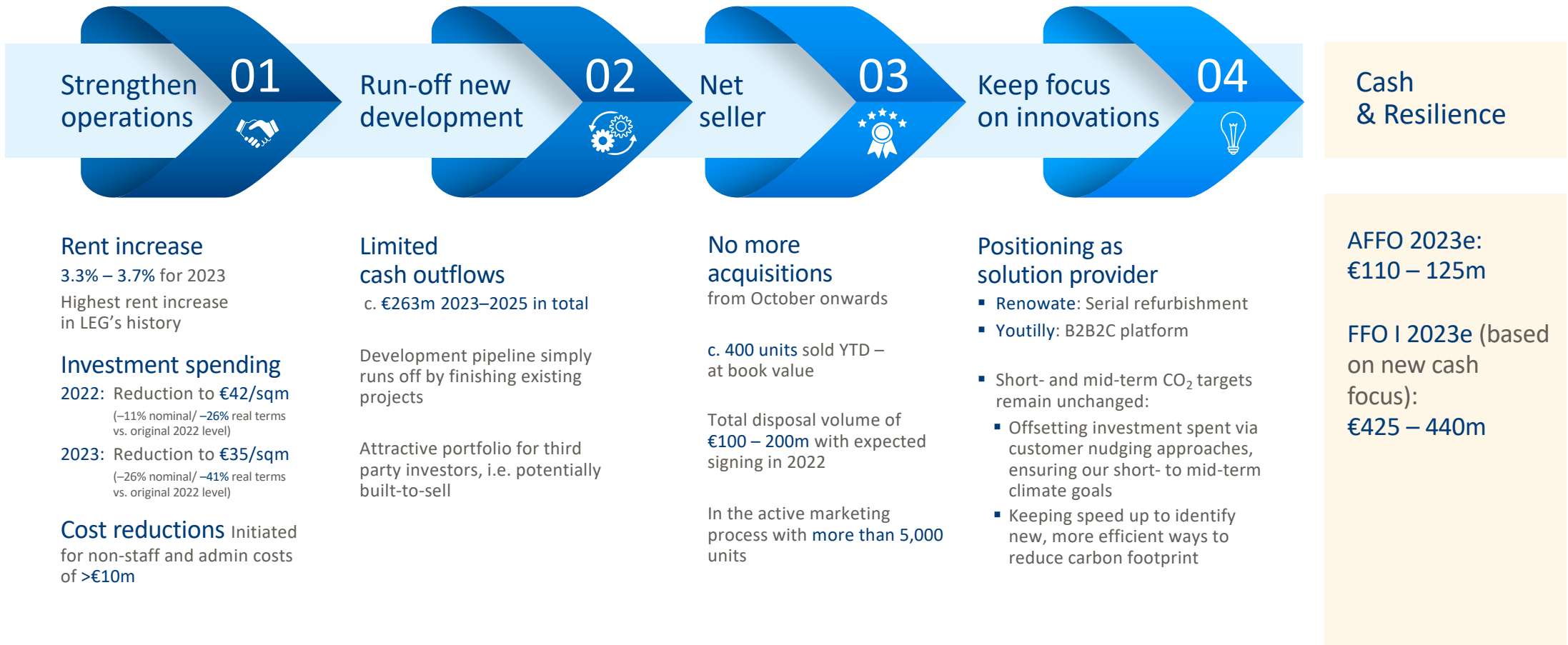
basis points over 10Y mid-swap



- Cost of capital significantly increased
- Preferred debt financing tool at current market situation: secured loans – current capacity of **€1bn – 1.5bn**
- Dislocation of financing markets also affects transaction markets with little volume overall, small number of transactions only and only small portfolios being traded
- Unclear when and where interest rates find new equilibrium level and following that, transaction markets open up again

Cash is King

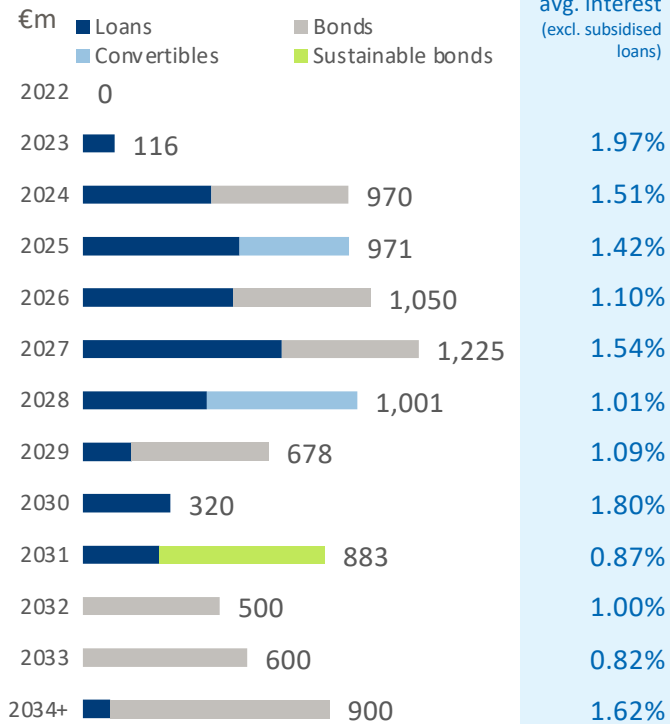
Focusing on improvement of resilience and cash position for the current environment



Well balanced financial profile

No significant maturities until 2024

Maturity profile



Average debt maturity



Average interest costs



Loan-to-value



Highlights

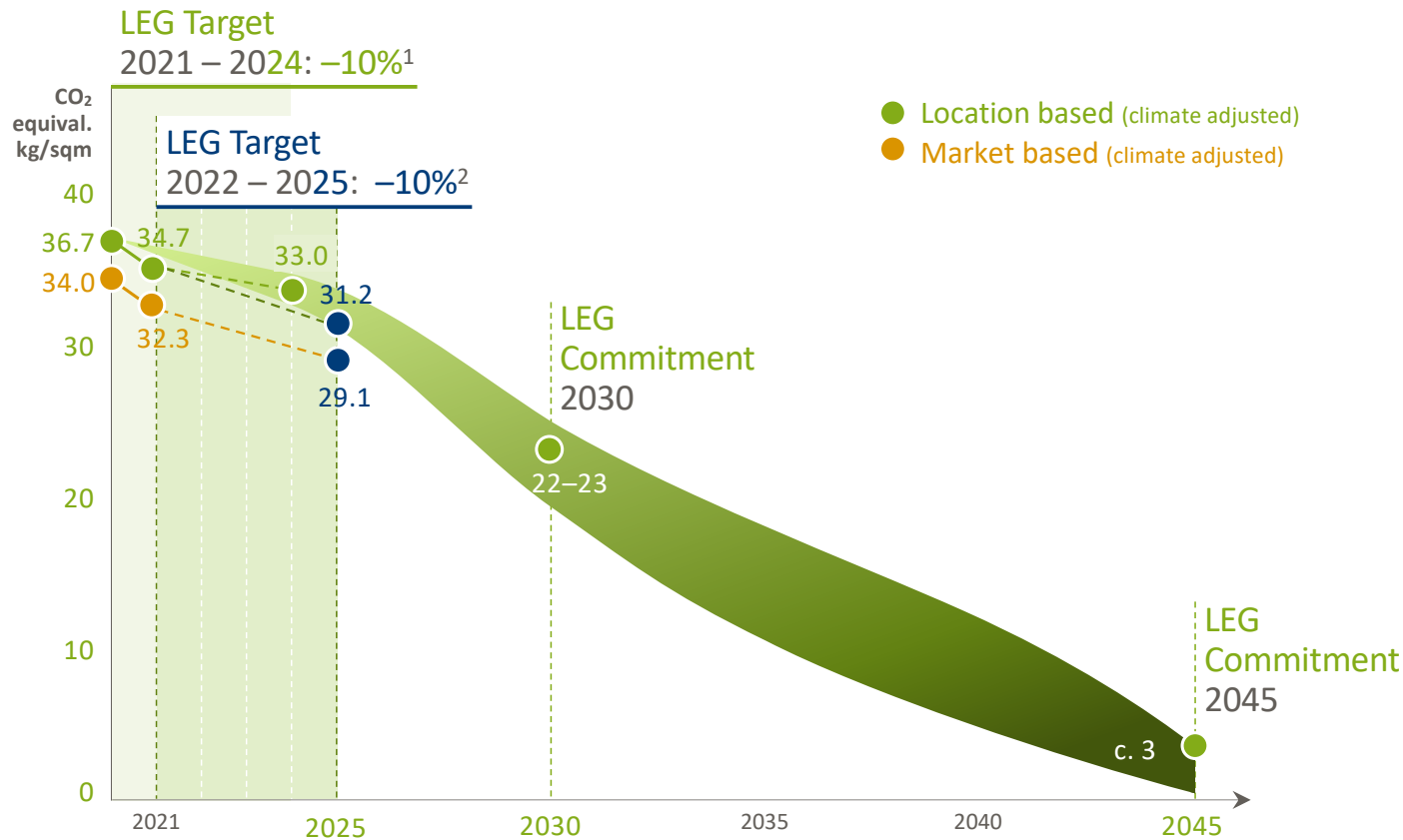
- €200m secured loan financings agreed in in July (2.3%, 5-year term). Remaining secured headroom of c.€1bn – 1.5bn
- Increased RCF to €600m in mid October (previously: €400m)/ CP-programme of €600m
- Average debt maturity at 6.8 years
- Average interest costs increase by 3 bps vs. 9M-2021
- Interest hedging rate of 93.7%
- No significant maturities until 2024. Monitoring the market closely and act opportunistically
- Medium term commitment to deleveraging depending on valuation and progress of sales programme
- LTV below max. medium-term target level of 43%
- Net debt/EBITDA of 15.2x as at end of September²

¹ Since Q1-2022 calculation adapted to market standard: inclusion of short-term deposits and participation in other residential companies.

² Average net debt last four quarters / EBITDA LTM.

Strong CO₂ reduction of 5% in 2021

Well on track for our target towards climate neutrality



¹ Based on FY20 CO2 level ² Based on FY21 CO2 level

- LEG fully committed to new German Climate Change Act to achieve climate neutrality by 2045
- Aligned with strategy via LTI-component of compensation scheme
- Strong reduction in 2021 by 5.4% to 34.7kg (location based) and by 5.0% to 32.3kg (market based)
- Key driver:
 - refurbishment of 3.5% of our units in 2021 and
 - better footprint of our district heating grid based on actual certificates of our utility provider vs. original assumption of market average
- First time disclosure of location based and market based figures (both climate adjusted)

Guidance 2022: FFO I confirmed at a more narrow range



		Old guidance 2022	Updated guidance for 2022	
FFO I		€475m – 490m	<u>€ 475m – 485m</u>	
I-f-I rent growth		c. 3.0%	c. 3.0%	
EBITDA margin		c. 75%	c. 75%	
Investments		Less than 46€/sqm c. (prev. 46 – 48€/sqm)	<u>c. 42€/sqm</u>	
LTV		max. 43%	<u>Medium-term target level max. 43%</u>	
Dividend		70% of FFO I	70% of FFO I – <u>subject to further market development</u>	
Acquisitions		Highly selective due to capital market environment	<u>Stopped as of October 1, 2022</u>	
Disposals		Not reflected in guidance: up to 5,000 units	Not reflected in guidance: up to 5,000 units	
Environment	2022–2025 2022	Reduction of CO ₂ emissions by 10% based on CO ₂ e kg/sqm 4,000 tons CO ₂ reduction from modernisation projects	2022–2025 2022	Reduction of CO ₂ emissions by 10% based on CO ₂ e 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)	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)	2022	Maintain Sustainalytics rating within the negligible risk range (<10)

Guidance 2023: Focus on AFFO



		Guidance 2023 ¹
AFFO ²		€ 110m – 125m
Adj. EBITDA margin ³		c.78%
I-f-I rent growth		3.3% – 3.7%
Investments		c. 35€/sqm
LTV		Medium-term target level max. 43%
Dividend		100% AFFO as well as a part of the net proceeds from disposals – subject to further market development
Disposals		Not reflected ¹
Environment	2023–2026	Reduction of persistent relative CO ₂ e emission saving costs in €/ton by 10% achieved by permanent structural adjustments to LEG residential buildings 4,000 tons CO ₂ reduction from modernisation projects and customer behavior change
	2023	
Social	2023–2026	Improve high employee satisfaction level to 70% Trust Index Timely resolution of tenant inquiries regarding outstanding receivables
	2023	
Governance	2023	85% of Nord FM, TSP, biomass plant, 99% of all other staff holding LEG group companies have completed digital compliance training

1. Guidance based on 167 k units. 2. Adjusted for capex financed in full by subsidised, long-term loans accounted for at fair value or at cost; currently no such projects are planned; if those projects are contracted, these will be reported separately. 3. Adjusted for maintenance (externally-procured services), internally procured and capitalized services and non-recurring special effects.

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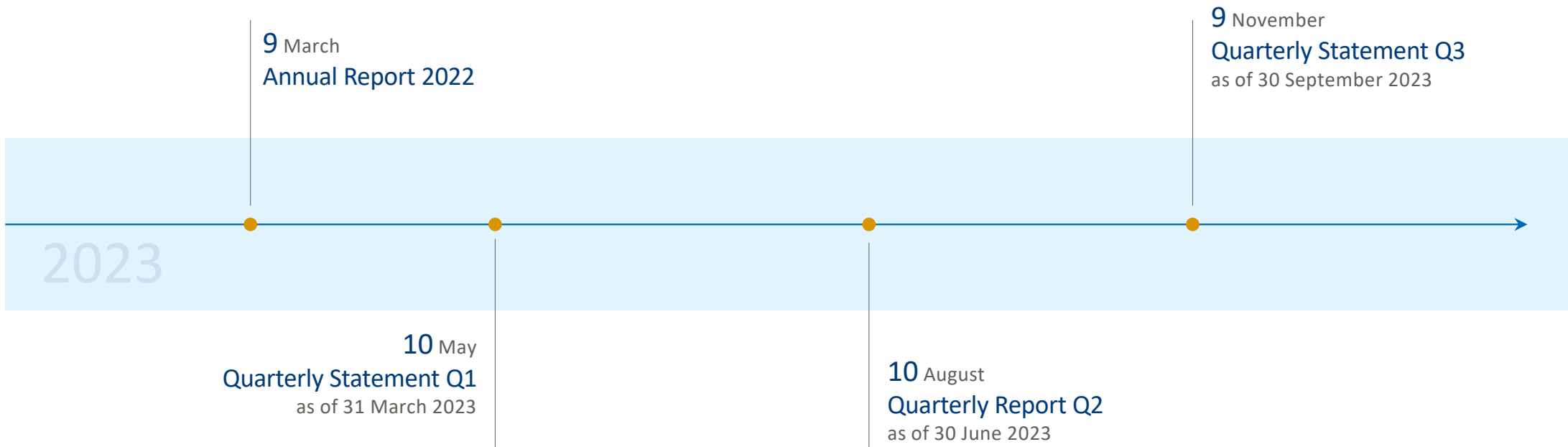
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Financial calendar



For our detailed financial calendar, please visit <https://ir.leg-se.com/en/investor-relations/financial-calendar>

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