



LEG
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LEG Immobilien AG

Full Year Results 2013

27th March 2014

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Agenda

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

I. Highlights FY-2013

Highlights FY-2013

Overall Company Development

- Acquisition of approx. 6,700 units in six off-market transactions; Interim target for FY-2013 exceeded
- Well on track to acquire at least 10,000 units until end FY-2014
- Preparation of launch of multimedia business; noticeable future earnings impact

Sound Underlying Operational Performance

- In-place rent €4.96 /sqm (+2.3% like-for-like growth, +3.0 % for free-financed units)
- Occupancy at 97.3% on L-F-L basis (+40bps YOY; 97.1% including acquisitions); Positive development across all segments
- Slightly higher maintenance/turn costs in line with budget due to strong letting momentum
 - Total expenses for maintenance and capex of €14 /sqm
 - Capex ratio decreased to a normalised level of 51.1% (2012: 54%)

Financial Performance confirms FY Targets

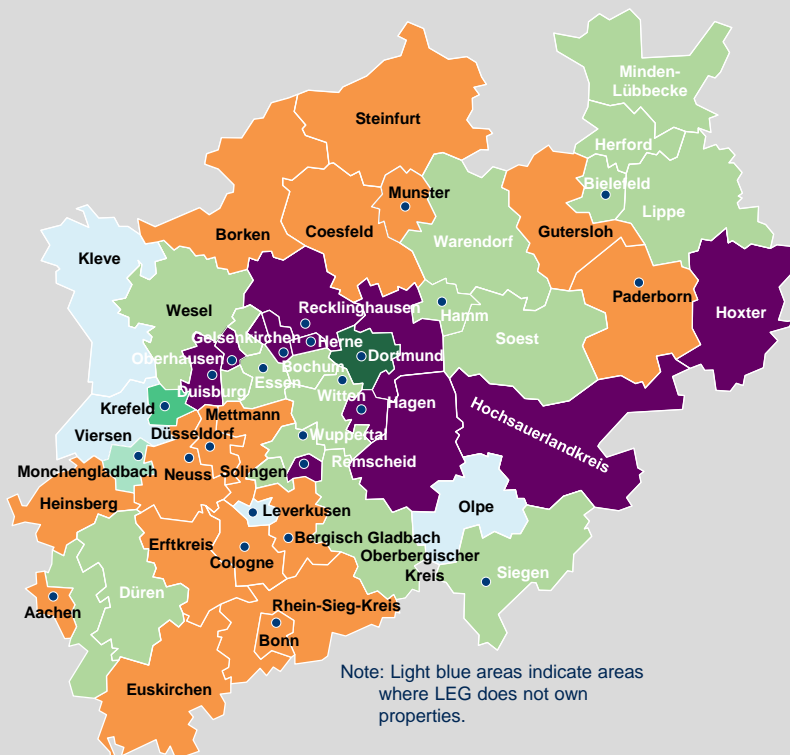
- Rental income €360.5m (+4.7% YOY from €344.3)
- Adjusted EBITDA €231.7m (+3.9% YOY from €223.1); +5.0% adjusted for higher maintenance ratio
- FFO I €141.2m (+3.5% YOY from €136.5m); +6.2% adjusted for extraordinary tax effect in FY-2012
- AFFO €97.5m (+2.7% YOY from €95.0m)
- NAV €2,571.9m / €48.56 per share (+ 8.4% YOY)
- DPS proposal €1.73



II. Portfolio and Operating Performance

Portfolio Overview

Rent and Occupancy Growth across all Submarkets



Total Portfolio

	31 Dec. 2013	Δ (YOY)
# of units	94,311	+3.7%
In-place rent (sqm)	€4.96 (€4.97)**	+2.1% (+2.3%)**
Occupancy	97.1% (97.3%)**	+20bps (+40bps)**

High-Growth Markets

	31 Dec. 2013	Δ (YOY)
# of units	31,506	+0.1%
In-place rent (sqm)	€5.54 (€5.54)**	+3.0% (+3.0%)**
Occupancy	98.8% (98.8%)**	+20bps (+20bps)**

Stable Markets with Attractive Yields

	31 Dec. 2013	Δ (YOY)
# of units	34,631	+8.1%
In-place rent (sqm)	€4.67 (€4.66)**	+1.5% (+1.5%)**
Occupancy	96.5% (96.9%)**	+30bps (+70 bps)**

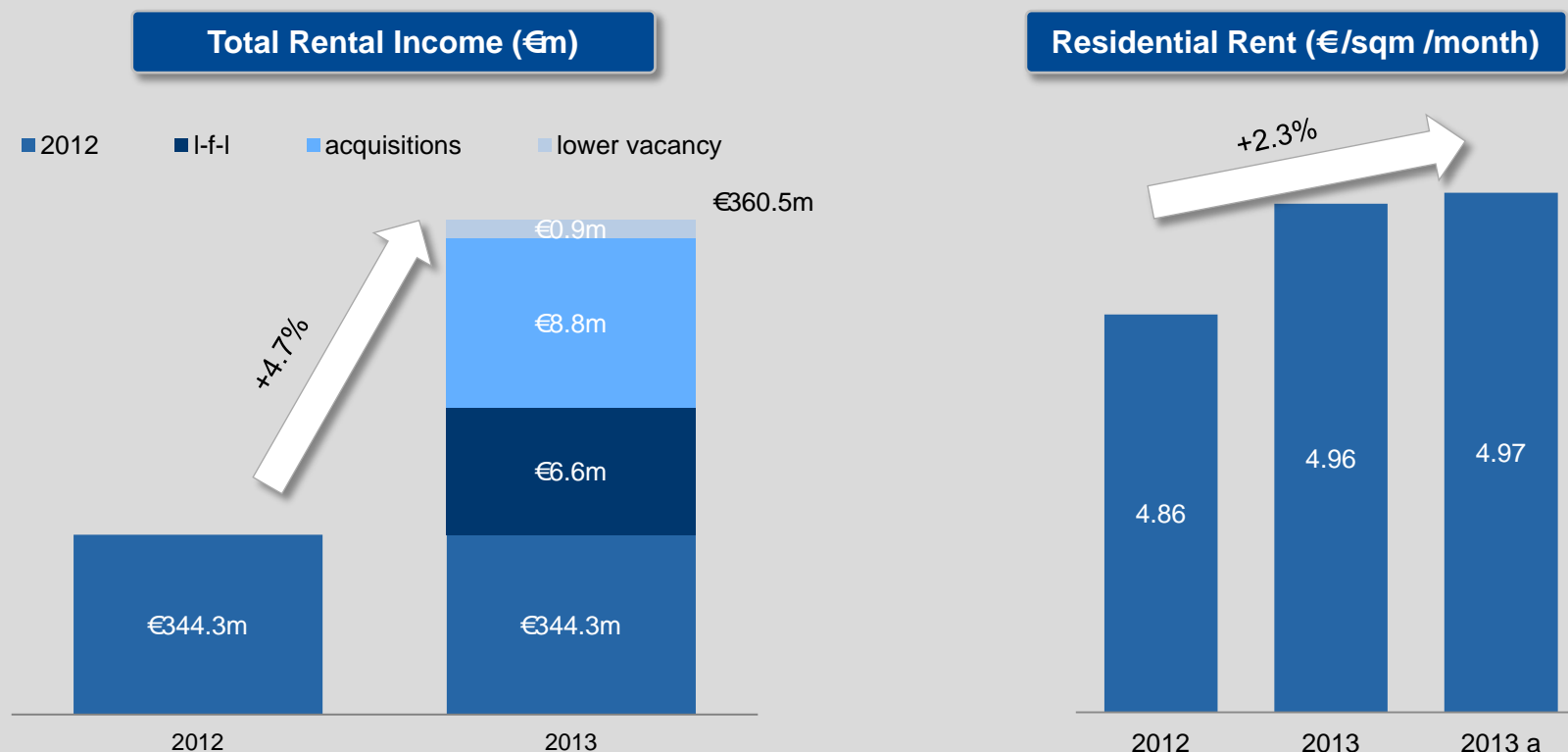
Higher-Yielding Markets

	31 Dec. 2013	Δ (YOY)
# of units	26,697	+2.6%
In-place rent (sqm)	€4.58 (€4.58)**	+1.4% (+1.6%)**
Occupancy	95.6% (95.9%)**	+10bps (+40bps)**

** like for like

Rent Development

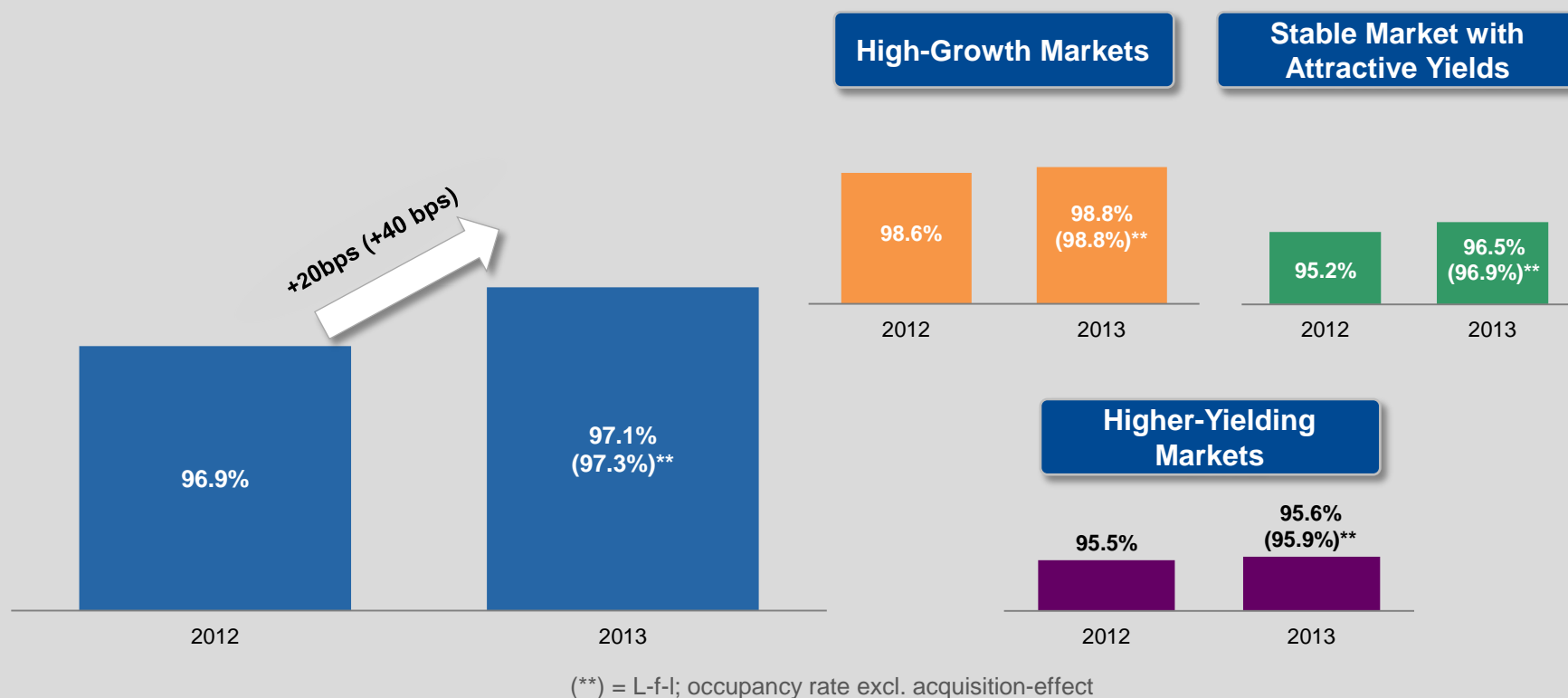
Sound Organic Growth – Accelerating Momentum in Q4



- Organic rent growth of +2.7% YOY
- L-f-I rent growth (per sqm) of +2.3%; I-f-I rent growth (per sqm) of +3.0% for free-financed units emphasizes underlying dynamics
- Significant vacancy reduction in Green and Purple markets

Occupancy Development

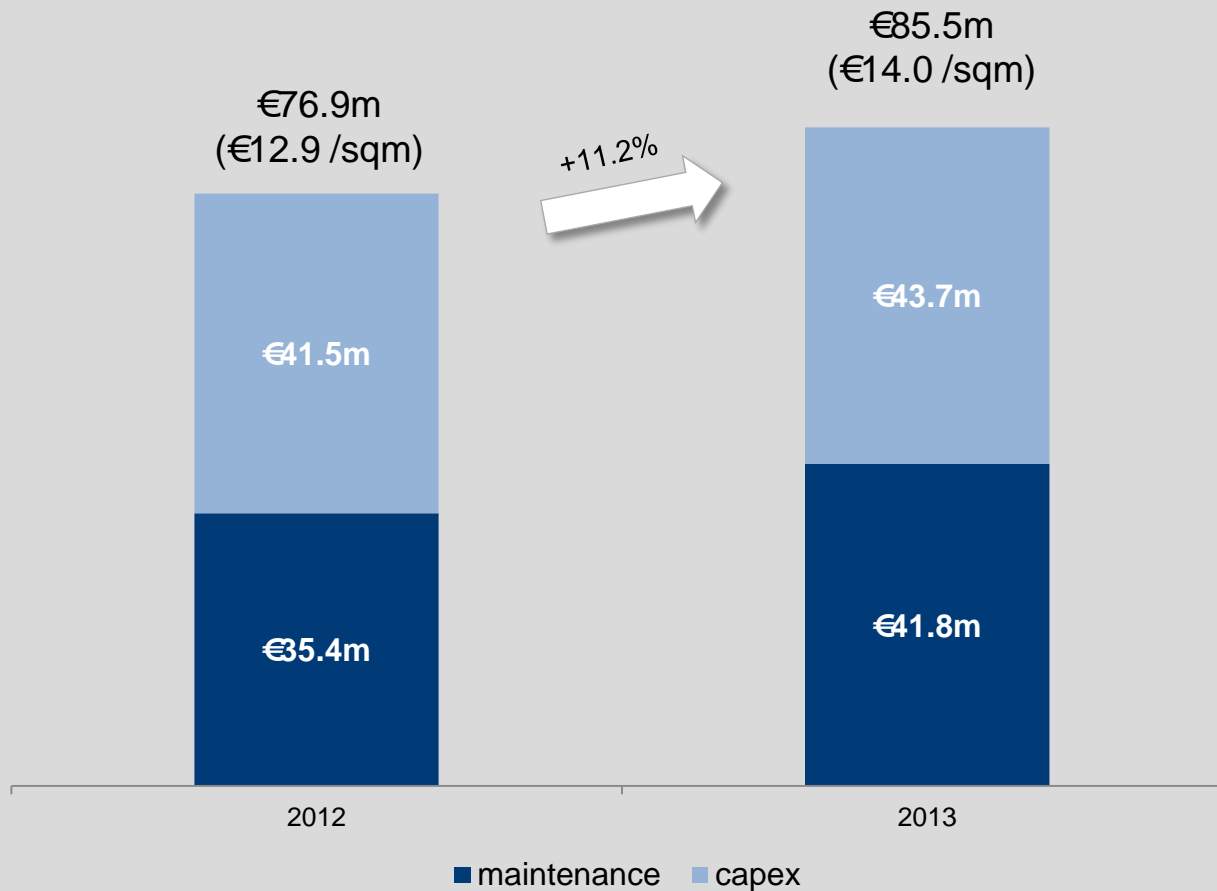
Very Low Vacancy Provides Evidence for Quality of Portfolio



- L-f-I vacancy rate of only 2.7% /-40bps YOY (top position among German residential peers)
- 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 of micro locations, strong property management platform

Capex & Maintenance

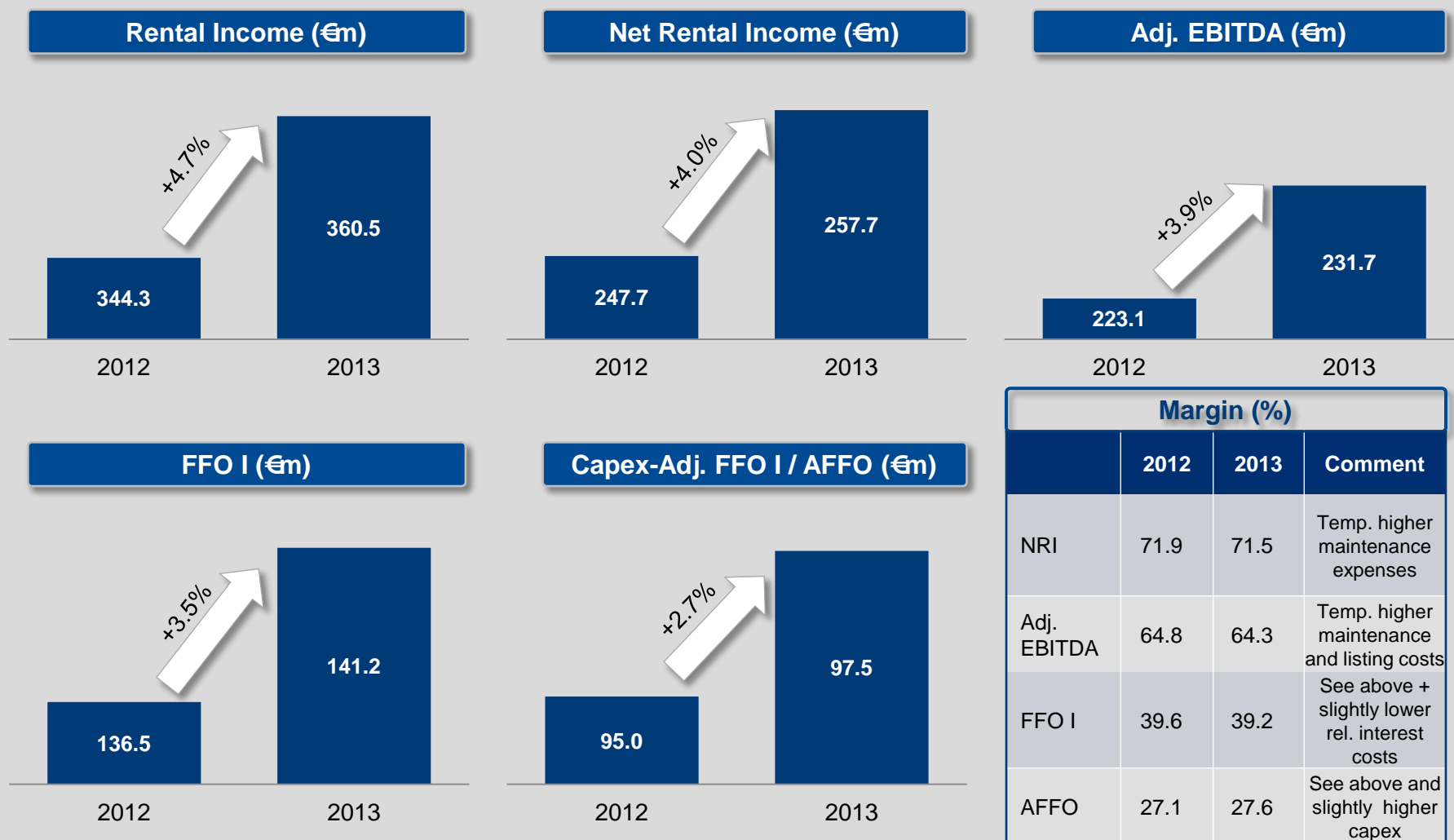
Temporary Higher Maintenance/Capex due to Strong Letting Performance



- Higher maintenance/capex due to strong letting momentum (+8.5% YOY per sqm)
- Investments yielding attractive returns
- Temporary higher investments contributed to lower vacancy rate
- Capex/maintenance ratio of 51.1% at normalised levels (2012: 54%)

III. Financial Performance

Financial Highlights FY-2013



Income Statement FY-2013

Condensed Income Statement (€million)	2013	2012	
Net rental and letting income	257.7	247.7	<ul style="list-style-type: none"> Higher rental income (+€16.2m/+4.7%); organic growth (+2.7%) Higher maintenance expenses (-€6.4m) Lower opex
Net income from the disposal of investment property	-1.8	-1.4	
Net income from the valuation of investment property	81.6	120.3	<ul style="list-style-type: none"> Valuation uplift of +1.7% YOY
Net income from the disposal of real estate inventory	-3.1	-1.8	
Net income from Other services	2.3	3.0	
Administrative and Other expenses	-51.5	-59.4	<ul style="list-style-type: none"> €3.3m Long Term Incentive Plan – non-cash pass-through item C. €10.9m non-recurring items (incl. former development project) Stable recurring admin. costs of €35.2m
Other income	0.2	1.7	
Operating earnings	285.5	310.1	
Net finance costs	-126.9	-195.6	<ul style="list-style-type: none"> Slightly higher cash interest expenses (€91m vs. €90.1m) Lower non-cash loan amortisation (mainly due to refinancing effect in 2012) 2012 burdened by €37.8m prepayment penalties
Earnings before income taxes	158.6	114.5	
Income tax expense	-21.7	-2.4	
Consolidated net profit	136.9	112.1	<ul style="list-style-type: none"> Deferred taxes (thereof cash taxes: +€0.5m)

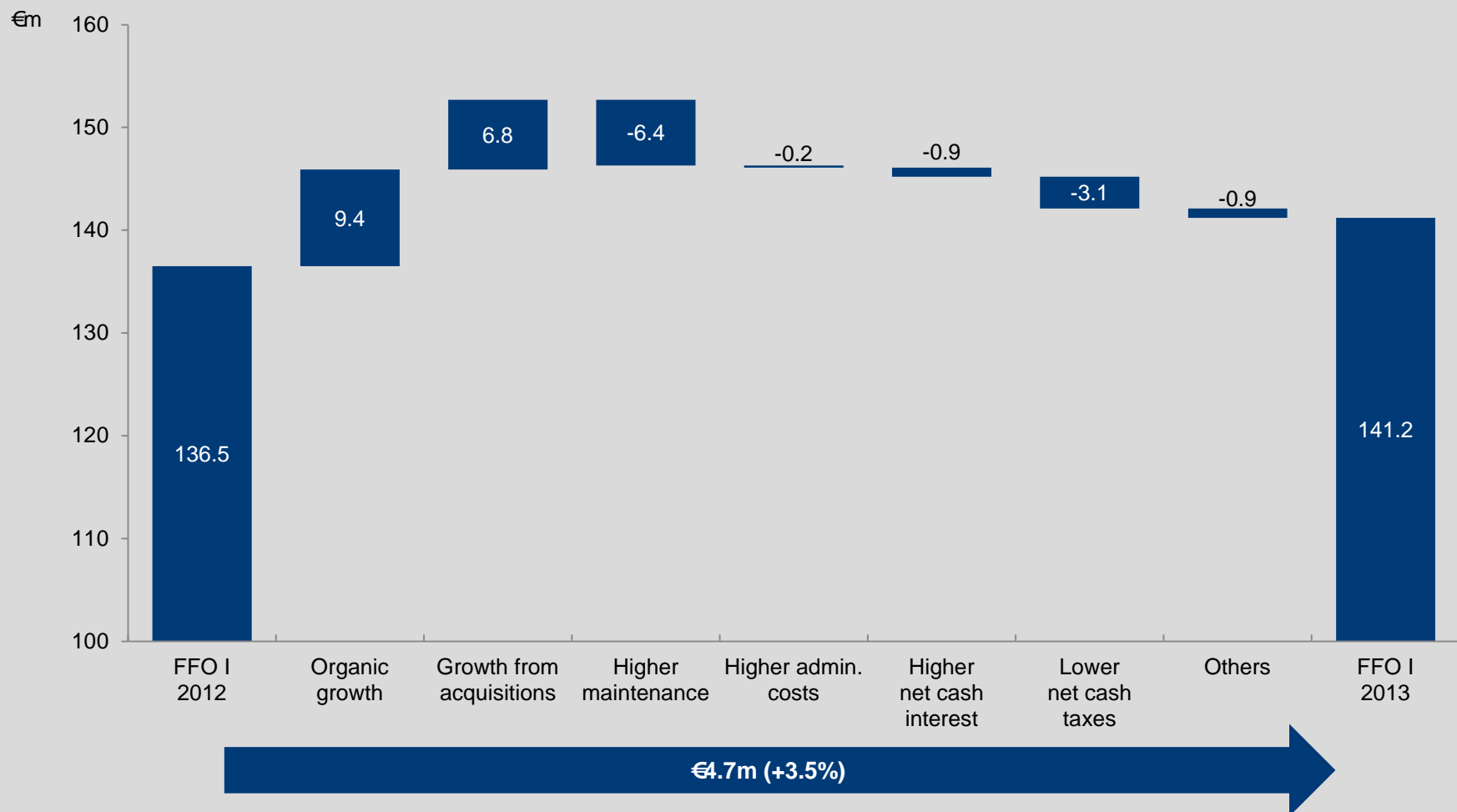
Adjusted EBITDA FY-2013

€million	2013	2012	
EBITDA	294.1	318.7	<ul style="list-style-type: none"> +€6.4m higher maintenance cost in FY-2013
Net income from the valuation of investment property	-81.6	-120.3	<ul style="list-style-type: none"> Valuation uplift of +1.7% on back of operating performance
Long-term incentive program (LTIP)	3.3	-	
Non-recurring project costs	7.9	20.3	<ul style="list-style-type: none"> IFRS implementation Restructuring, refinancing, etc.
Extraordinary and prior-period expenses and income	3.2	1.2	<ul style="list-style-type: none"> €4.1m risk provision for a former development project
Net income from the disposal of investment property	1.7	1.4	
Net income from the disposal of real estate inventory	3.1	1.8	<ul style="list-style-type: none"> Winding down of former development business Disposals at €1.4m premium to book values of €7.6m Inventories: €10.1m
Adjusted EBITDA	231.7	223.1	

FFO Calculation FY-2013

€million	2013	2012	
Adjusted EBITDA	231.7	223.1	
Cash interest expenses and income	-91.0	-90.1	<ul style="list-style-type: none"> Higher financial debt due to acquisitions Slightly lower interest costs (Ø 3,2%; -10bps)
Cash income taxes	0.5	3.5	<ul style="list-style-type: none"> Tax reimbursement in FY-2012
FFO I (not including disposal of investment property)	141.2	136.5	
Net income from the disposal of investment property	-1.7	-1.4	<ul style="list-style-type: none"> Disposals of non-core assets slightly above book value
FFO II (including disposal of investment property)	139.5	135.1	
Capex	-43.7	-41.5	
Capex-Adjusted FFO I (AFFO)	97.5	95.0	<ul style="list-style-type: none"> €8.6m higher capex & maintenance (YOY)

FFO Bridge FY-2013



Focus: Cash Effective Interest Expense FY-2013

€million	2013	2012	
Reported interest expense	131.4	195.0	
Interest expense related to loan amortisation	-30.2	-52.9	<ul style="list-style-type: none"> Major effect from refinancing in 2012 Recurring expenses approx. €20m
Refinancing fees	-2.9	-0.6	
Prepayment penalties	0.0	-37.8	<ul style="list-style-type: none"> Refinancing completed
Interest on shareholder loans	-0.2	-1.4	
Interest charges relating to valuation of assets/liabilities	-2.3	-3.5	
Leasing related interest expense	-1.6	-1.6	
Interest expenses related to changes in pension provisions	-3.6	-4.3	
Other interest expenses	-0.2	-1.3	
Bank charges	1,5	-	
Interest income	-0.9	-1.5	
Cash effective interest expense	91.0	90.1	

EPRA-Net Asset Value FY-2013

Modification of NAV as Reconciliation with International Standards

€million	2013	2012	
Equity (excl. minority interests)	2,248.8	2,060.6	<ul style="list-style-type: none"> ▪ €40.5m increase from shareholder debt-to-equity swap in Q1-2013
Note: Shareholder loans to be converted in to equity	0.0	40.5	
Effect of exercising options, convertible loans and other rights	-	-	
NAV	2,248.8	2,060.6	<ul style="list-style-type: none"> ▪ Rising rates with positive impact on valuation of interest hedges
Fair value of financial derivatives	52.0	89.7	
Deferred taxes	271.1	221.5	<ul style="list-style-type: none"> ▪ Only deferred taxes related to investment properties and assets held for disposal are taken into account
EPRA-NAV	2,571.9	2,371.8	
Number of shares outstanding (m)	52,963	52,963	
EPRA-NAV per share in €	48.56	44.78*	

* adjusted

Balance Sheet FY-2013

Strong Balance Sheet Secures Defensive Profile and Paves Way for Growth

€million	2013	2012
Investment property	5,163.4	4,937.1
Prepayment for investment property	6.9	
Other non-current assets	91.9	114.1
Non-current assets	5,262.2	5,051.2
Receivables and other assets	33.8	50.7
Cash and cash equivalents	110.7	133.7
Current assets	144.5	184.4
Assets held for disposal	16.4	2.2
Total Assets	5,423.1	5,237.8
Equity	2,276.1	2,085.5
Non-current financial liabilities	2,396.7	2,102.9
Other non-current liabilities	443.9	480.2
Non-current liabilities	2,840.6	2,583.1
Current financial liabilities	187.0	396.8
Other current liabilities	119.4	172.4
Current liabilities	306.4	569.2
Total Equity and Liabilities	5,423.1	5,237.8

- Purchases €128.5m
- Capex €43.7m
- Revaluation €81.6m
- Reclassification €28.4m

- For acquisitions consolidated as of H1-2014

- Equity ratio of 42.0%

LTV FY-2013

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

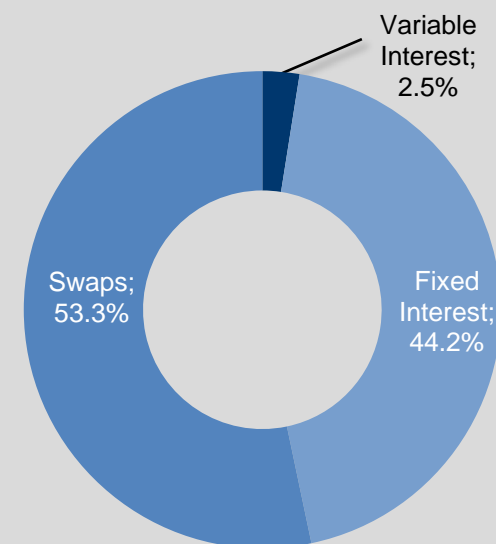
€million	2013	2012
Financial debt	2,583.7	2,499.7
Cash & cash equivalents	110.7	133.7
Net Debt	2,473.0	2,366.0
Investment properties	5,163.4	4,937.1
Properties held for sale	16.4	2.2
Prepayment for investment properties	6.9	-
	5,186.7	4,939.3
Loan to Value (LTV) in %	47.68	47.90

- Low LTV offers significant headroom for external growth

Financing Structure FY-2013

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

1 - 2 years	3 - 5 years	6 - 8 years	>= 9 years
4.0%	38.0%	24.3%	33.7%



Average debt maturity:

▪ approx. 11 years

Interest costs:

▪ Ø 3.2%

Hedging ratio:

▪ 97.5%

No major refinancing before 2017

IV. Business Update and Outlook

Business Update

Strong Prospects for Further External Growth

Acquisitions:

- Successful signing of c. 6,700 units in core markets since IPO (off-market transactions)
- Well on track to reach acquisition target of total of at least 10,000 units by end of FY-2014
- Three smaller portfolios in due diligence process
- Financial strengths and broad presence in core markets are key success factors

Launch of multimedia/cable business

- Significantly improved package for LEG's tenants for TV, telephone, internet
- Noticeable earnings contribution with full effect starting in FY-2015
- Additional tenant services are currently under consideration

Cost rent adjustments of approx. 35,000 units in January

- Rent increase of 2.1% for rent-restricted units triggers accelerating rent growth in FY-2014

Rising free float /Share overhang resolved

- As a result of the secondary placement in January (15.2m shares) the free float climbed to 92.3%*
- Rising index weightings in the MDAX and the EPRA indices

*according to definition of Deutsche Boerse; of the former owners only Perry Capital kept a 7.7% share

Details on Recent Transaction

Ruhr Area

Closing
Units
Price
Initial Rental Yield
(incl. Costs)
Initial FFO Yield

Mid-2014
1,922
€106.5m
7.5%
>8%

Closing:
- In place rent /sqm
- Vacancy rate

€4.96 /sqm
3.0%

Target:
- In place rent /sqm
- Vacancy rate

Year 5
€5.56 /sqm
3.0%



Outlook 2014

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

2014	Guidance
L-F-L rent growth	upper end of 2-3% range
Maintenance/Capex:	approx. €13 /sqm (capex ratio c. 50%)
Acquisitions:	>10,000 units by end 2014
FFO I:	€155m - €159m/ €2.93 - 3.00 per share; excl. future acquisitions
Dividend	65% of FFO I

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)	6,529 units (mainly Dusseldorf, Ratingen)	10,996 units (mainly Hamm, Bochum, Solingen)	2,103 units (mainly Hagen, Lunen)	19,737 units
2014 (Q2)		389 units		389 units
2014 (Q3)	209 units	310 units	5,374 units (mainly Gelsenkirchen, Unna)	5,893 units
2014 (Q4)	399 units	165 units	1,801 units (mainly Recklinghausen)	2,365 units
Total ^{1,2}	7,137 units	11,860 units	9,278 units	28,384 units

Thereof:			
- Ahlen		1,049 units	
- Bochum		1,477 units	
- Dusseldorf	3,293 units		2,918 units
- Gelsenkirchen		3,977 units	
- Hamm			1,765 units
- Ratingen	2,794 units		
- Recklinghausen		1,027 units	
- Siegen		1,451 units	
- Solingen			1,211 units
- Unna			

1) Sub-portfolios also include restricted units

2) Total Portfolio also include 109 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 subsidized 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 subsidized loans
- Adjusted EBITDA margin approx. 160-210 bps higher
- Lower Margin in 2014 YOY due to higher maintenance

Portfolio (as of 31 December 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	Market Rent Multiple	GAV Commercial/ Other Assets (€m)	Total GAV
High-Growth Markets	31,506	2,205	45%	1,060	16.1x	13.9x	181	2,386
Stable Markets with Attractive Yields	34,631	1,545	32%	698	12.9x	11.9x	83	1,628
Higher-Yielding Markets	26,697	1,030	21%	625	11.9x	11.2x	42	1,072
Subtotal NRW	92,834	4,780	98%	804	13.9x	12.6x	306	5,086
Portfolio outside NRW	1,477	85	2%	872	14.3x	13.5x	12	97
Total Portfolio	94,311	4,865	100%	806	13.9x	12.6x	318	5,183
Other Assets								38
Total (Incl. Landbank and DevCo)								5,222

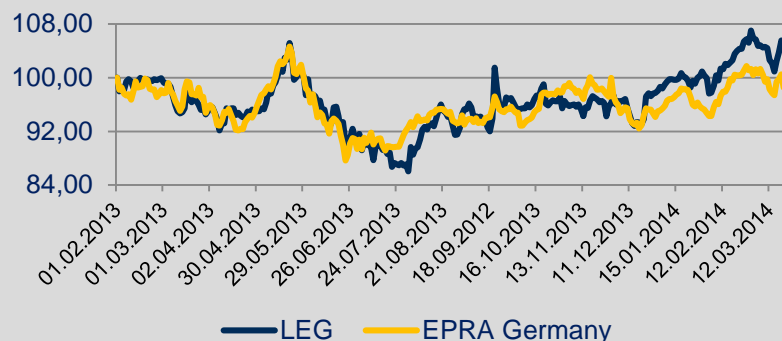
LEG Share Information

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
- Weighting: MDAX 1.83%; EPRA 1.8%

Basic Data

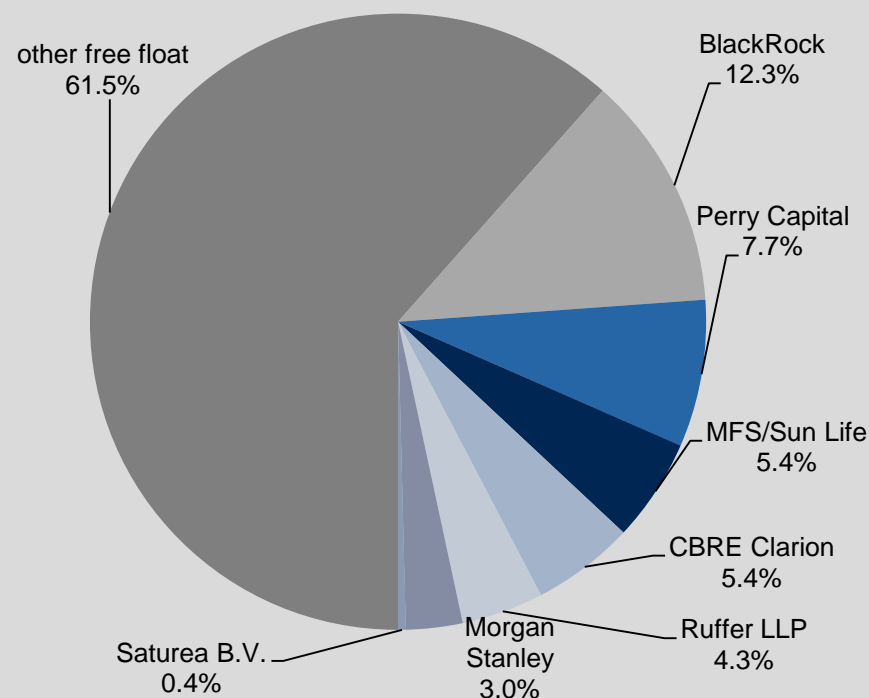
Share price (indexed; 31.01.2013 = 100)



Source: LEG

Chart 30

Shareholder Structure



- Well-balanced shareholder structure

Financial Calendar

Date	Report
27.03.2014	Annual Report 2013
15.05.2014	Quarterly Report Q1 as of 31 st March 2014
25.06.2014	Annual General Meeting
12.08.2014	Quarterly Report Q2 as of 30 th June 2014
14.11.2014	Quarterly Report Q3 as of 30 th September 2014

Contact

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Thank you for your interest.