

LEG Immobilien AG  
**2020 Results**

10 March 2021

**LEG**

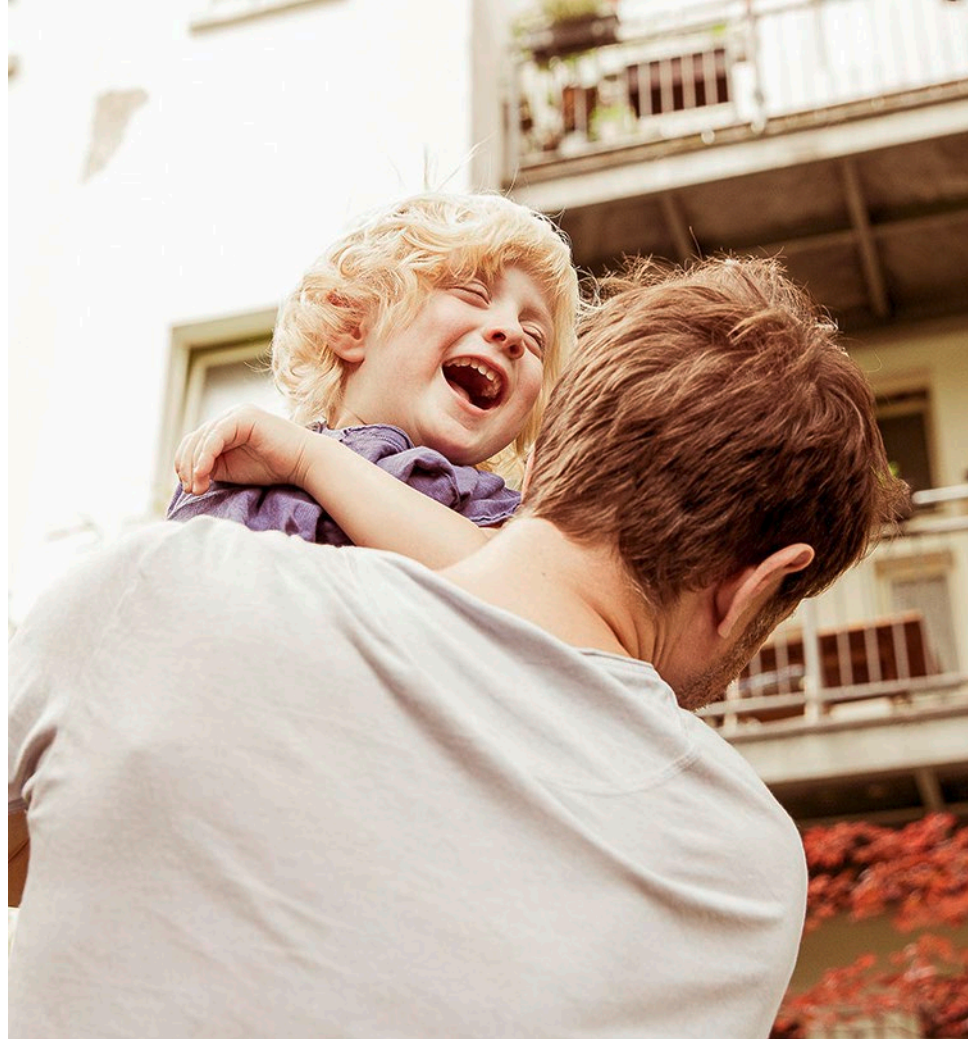
2020  
Results



# 2020 Results

## Agenda

- 1 Highlights 2020
- 2 Portfolio & Operating Performance
- 3 Financial Performance
- 4 Outlook
- 5 Appendix



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## Highlights 2020

# Key figures

## Operating results

		2020	2019	+/- %/bp
Net cold rent	€m	627.3	586.1	+7.0%
Recurring NRI	€m	493.0	453.3	+8.8%
EBITDA adjusted	€m	466.9	426.5	+9.5%
FFO I	€m	383.2	341.3	+12.3%
FFO I per share	€	5.44	5.27	+3.3%
FFO II	€m	381.3	327.9	+16.3%
EBITDA margin (adj.)	%	74.4	72.8	+160 bp
FFO I margin	%	61.1	58.2	+290 bp

## Portfolio

		31.12.2020	31.12.2019	+/- %/bp
Residential units	number	144,530	134,031	+7.8%
In-place rent (I-f-I)	€/m²	5.96	5.83	+2.3%
Capex	€m	290.4	206.7	+40.5%
Maintenance	€m	98.3	88.6	+10.9%
EPRA vacancy rate (I-f-I)	%	2.6	2.9	-30 bp

## Balance sheet

		31.12.2020	31.12.2019	+/- %/bp
Investment properties	€m	14,582.7	12,031.1	+21.2%
Cash and cash equivalents	€m	335.4	451.2	-25.7%
Equity	€m	7,389.9	5,933.9	+24.5%
Total financing liabilities	€m	5,869.0	5,053.9	+16.1%
Current financing liabilities	€m	491.3	197.1	+149.3%
Net debt	€m	5,502.8	4,570.9	+20.4%
LTV	%	37.6	37.7	-10 bp
Equity ratio	%	48.4	45.9	+250 bp
Adj. EPRA NAV, diluted	€m	9,264.3	7,273.0	+27.4%
Adj. EPRA NAV per share, diluted	€	122.65	105.39	+16.4%
EPRA NTA, diluted	€m	9,247.6	7,254.5	+27.5%
EPRA NTA per share, diluted	€	122.43	105.12	+16.5%
Dividend per share	€	3.78	3.60	+5.0%

# Strong performance

FFO I guidance beat with €383.2m leading to DPS of €3.78

## Financials



- FFO I **+12.3%** to **€383.2m**
- EBITDA-Margin **74.4%**
- LTV **37.6%**
  - **7.4y** for **1.33%**
- NTA ps **€122.43**

## Operations



- Net cold rent **+7.0%**
- I-f-I rental growth **+2.3%**
- I-f-I vacancy **2.6% (-30bps)**
- Acquisition of **Fischbach Services**

## ESG



- **Corona relief for tenants** – first mover at the beginning of the crisis
- **Corona bonus for employees** – to recognise a strong team
- **CO<sub>2</sub>-accounting** established
- **Measurable ESG KPIs** for management and organisation

2020/  
2021

## Keeping the momentum

### Dividend per share of €3.78 (+5%)

proposal to AGM 2021

Protection and optionality in volatile markets

### Strong financial profile

### Minimal Corona effect

in 2020 and YTD

Unchanged and confirmed

### FY 2021 FFO I guidance of €410m – 420m

# 2020 digitisation

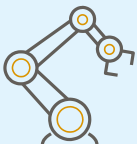
A boost to the digitisation of our business

LEG



## Digital contracts/solutions

- **>7,000** digital contracts signed since offering end 2019
- Chat bots and direct service contact
- Self-admin functions for tenant
- Pilot with Amazon to offer free, keyless and contactless delivery service



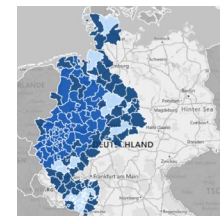
## Robotics solutions

- **RPA Center of Excellence** implemented
- **>20** RPAs installed across the entire group, i.e. IT, customer service, accounting, modernisation projects, quality management etc.
- In customer service **>100,000** customer requests handled so far via RPAs



## Artificial Intelligence Big Data

- AI pilot running for termination process
- Pilot for damage detection via drones
- Group-wide data platform to combine public and proprietary data for analysis of locations and support for internal functions



# Carbon Balance Sheet 2020

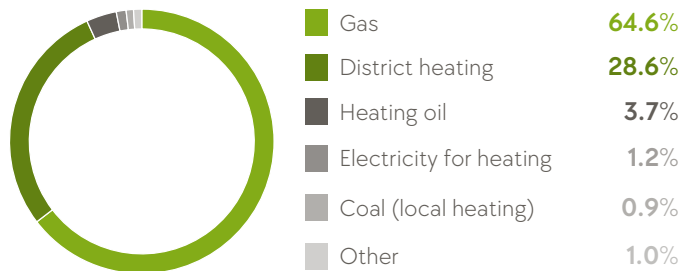
36.7kg CO<sub>2</sub>e/m<sup>2</sup> as the starting point for our transformational journey



## Opening carbon balance sheet

- Bottom-up approach
- BAFA-factors in line with GHG-protocol
- Scope 1 and scope 2
- 36,7kg CO<sub>2</sub>e/m<sup>2</sup> based on heating energy
- 311k t CO<sub>2</sub> in total
- C. 2/3 coming from gas

## Heat energy by source



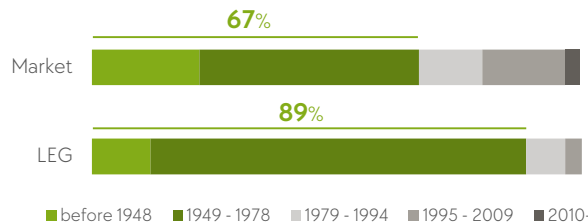
- Based on actual consumption 2019 (81% actuals, 19% certificates)
- Extrapolated for 2020
- Limited assurance by PWC
- 100% of portfolio covered

## Reflecting our roots

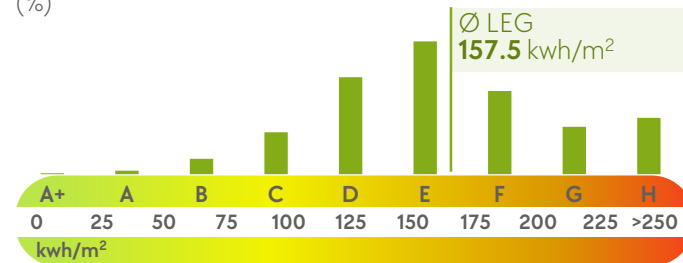
Energy efficiency of our portfolio of 157.5 kWh/m<sup>2</sup> is a function of corporate DNA & history:

- Providing affordable housing in post-war Germany

## LEG portfolio by construction years vs. LEG market



## Distribution by energy efficiency classes LEG (%)







## 2

# Portfolio & Operating **Performance**

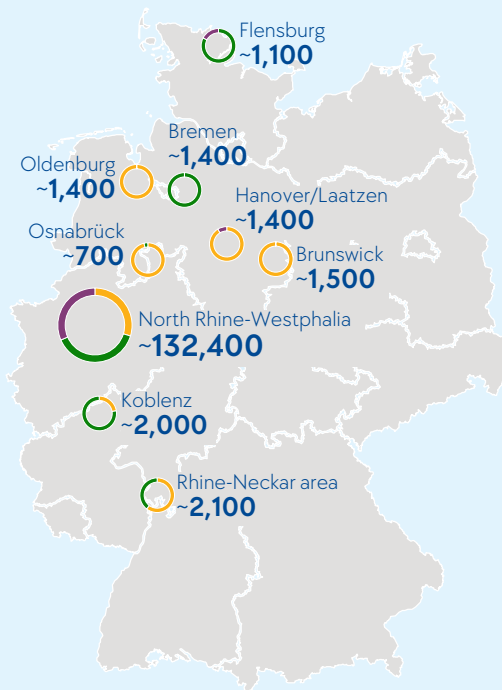
# Portfolio overview

144,530 units as of 12/2020

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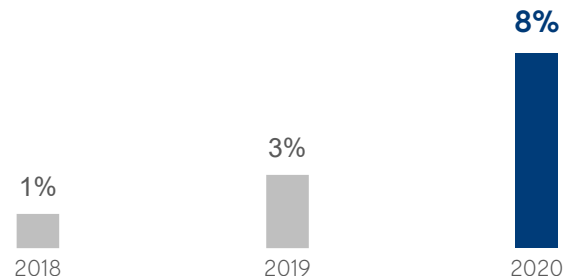
## North Rhine-Westphalia

(~132,400 units / ~92%)



## Outside North Rhine-Westphalia

(~12,100 units / ~8%)



## Growth along our investment criteria

- Asset class **affordable living**
- Entry via **orange** and **green** markets
- >1,000 units per location

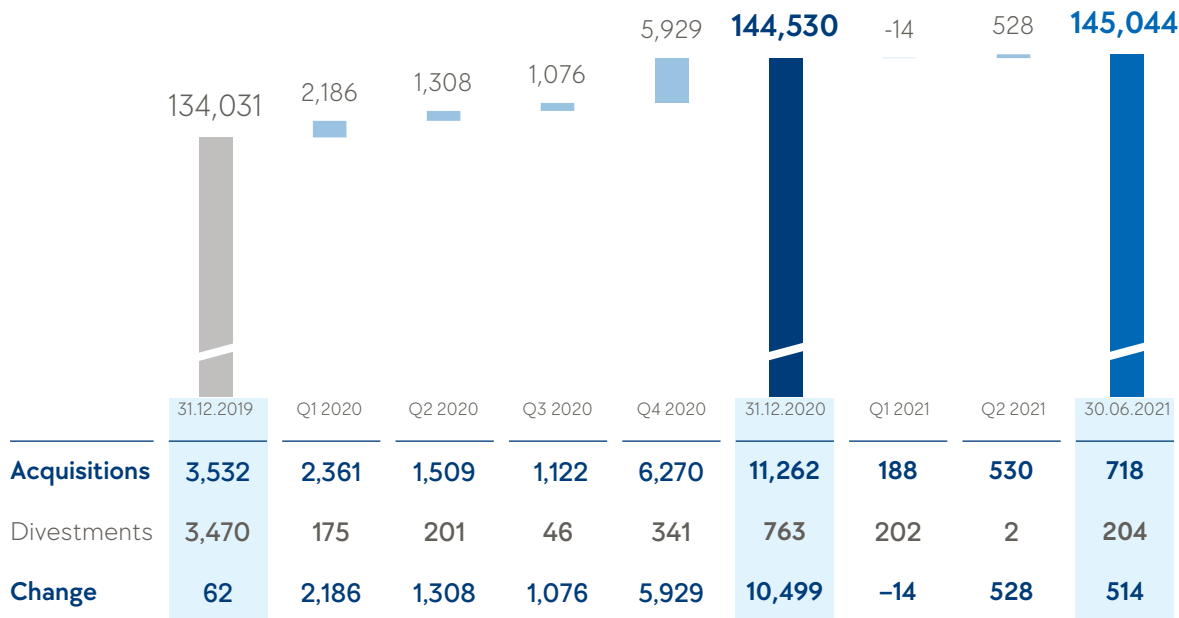


# Portfolio transactions

Net additions of 10.5k units lead to portfolio growth of 7.8% in 2020



## Number of units based on date of transfer of ownership<sup>1,2</sup>



## Acquisitions (Locations/State<sup>3</sup>)

### Q1 2020

- NRW

### Q2 2020

- NRW – Kaiserslautern (RP)

### Q3 2020

- NRW – Flensburg (SH)

### Q4 2020

- NRW - Brunswick (LS) – Hanover (LS) – Koblenz (RP) – Rhine-Neckar (RP/BW)

### Q1 2021

- NRW – Oldenburg (LS)

### Q2 2021

- NRW – Oldenburg (LS) – Hanover (LS) – Kaiserslautern, Koblenz (RP)

<sup>1</sup> Residential units. <sup>2</sup> Note: The date of the transaction announcement and the transfer of ownership are usually several months apart. The number of units may therefore differ from other disclosures, depending on the data basis. <sup>3</sup> BW = Baden-Württemberg, HB = Bremen, LS = Lower Saxony, NRW = North Rhine-Westphalia, RP = Rhineland-Palatinate, SH = Schleswig-Holstein, SL = Saarland.

# +2.3% l-f-l rental growth

Rental growth 2020 affected by voluntary suspension of rent increases

## I-f-I rent development

€/m<sup>2</sup>/month

2020 **5.96**

2019 5.83

2020 **6.34**

2019 6.20

Residential rent



+2.3%

Cost rent +0.3%  
Rent table +0.9%  
Modernisation +0.3%  
Re-letting +0.8%

Free financed rent



+2.3%

## I-f-I free financed rent development

€/m<sup>2</sup>/month

2020 **7.36**

2019 7.20

2020 **5.97**

2019 5.82

2020 **5.75**

2019 5.63

High-growth



+2.2%

Stable



+2.6%

Higher-yielding



+2.3%

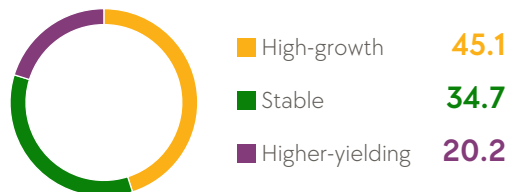
- Satisfactory result in a challenging environment
- Some negative effects from Corona due to Mietspiegel rent increase suspension and postponed modernisation projects
- Rent restricted units: +2.0% year-on-year (like-for-like) due to cost rent adjustment in January 2020
- High exposure to structural growth markets and respective commuter belts support strong performance

# Positive across all market clusters

I-f-I vacancy with 2.6% at structural low

## Market split (GAV)

%



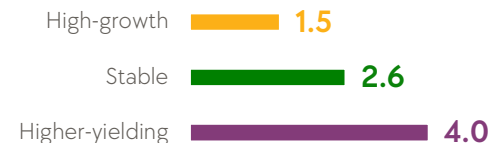
## In-place rent, I-f-I

€/m<sup>2</sup>



## Vacancy, I-f-I

%



## Markets

	Total portfolio		High-growth		Stable		Higher-yielding	
	2020	▲ (YOY)	2020	▲ (YOY)	2020	▲ (YOY)	2020	▲ (YOY)
# of units <sup>1</sup>	144,412	+7.7%	45,709	+11.9%	56,444	+8.5%	42,259	2.7%
GAV residential assets (€m) <sup>1</sup>	13,850	+20.1%	6,242	+20.7%	4,806	+22.0%	2,802	+15.5%
In-place rent (m <sup>2</sup> ), I-f-I	€5.96	+2.3%	€6.76	+2.2%	€5.64	+2.5%	€5.49	+2.3%
EPRA vacancy, I-f-I	2.6%	−30 bps	1.5%	−10 bps	2.6%	−10 bps	4.0%	−100 bps

<sup>1</sup> Excl. 118 units intended for disposal.



# Vacancy development

Higher-yielding markets drive decline in vacancy rate

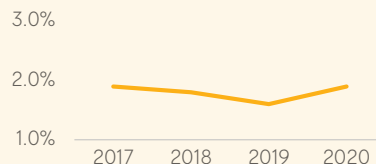
## Total portfolio



2017: **130.1k** units, **3.6%** vacancy  
2020: **144.5k** units, **2.9%** vacancy

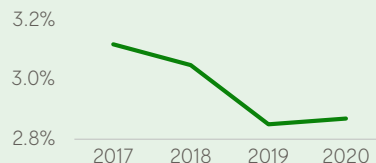
I-f-I decline of 30bps in 2020

## High-growth



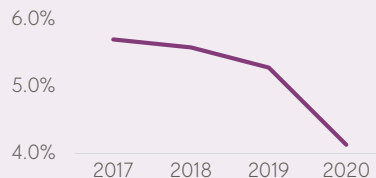
Increase in 2020 driven by acquisitions, I-f-I decline of 10 bps

## Stable



Increase in 2020 driven by acquisitions, I-f-I decline of 10 bps

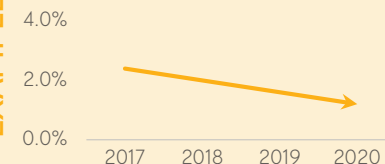
## Higher-yielding



Strong decline in 2020 driven by several big markets like Gelsenkirchen, Herne, Duisburg I-f-I decline of 100bps

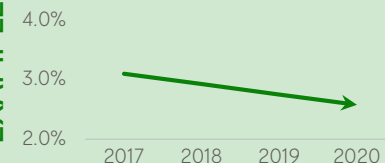
## EXAMPLES

### Bielefeld (~3.200 units)



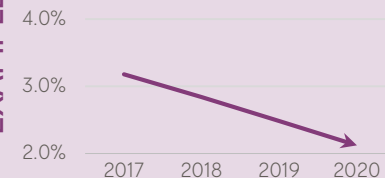
## EXAMPLES

### Essen (~3.400 units)



## EXAMPLES

### Duisburg (~6.300 units)

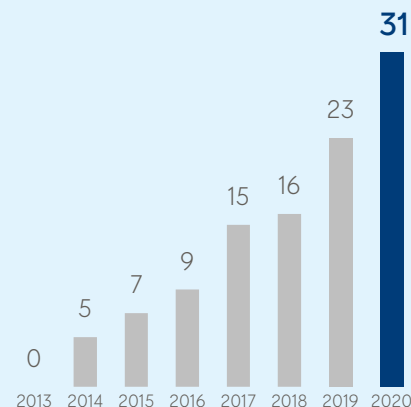


# Value-added services

Leveraging LEG's portfolio and customer base to services business

## Strong FFO contribution – Services

€m



NAV per share from services of  
~ €7 – 11<sup>1</sup>

Not reflected in Group NAV

<sup>1</sup> FY 2020; based on 4% – 6% discount rate, no future growth applied.

**LEG**  
WohnService

Partner



Cooperation

Multimedia: TV,  
internet and  
telephone

Launch  
January 2014

**LEG**  
EnergieService

Partner

~100  
partners from  
energy and technical  
service providers

Cooperation

Electricity,  
heating, gas,  
metering

Launch  
March 2015

**LEG**  
TechnikService

Partner



Joint venture  
(51%)

Small repair work,  
craftsmen  
services

Launch  
January 2017

**LEG**  
LWS Plus

former



100%  
entity

General  
contractor  
services

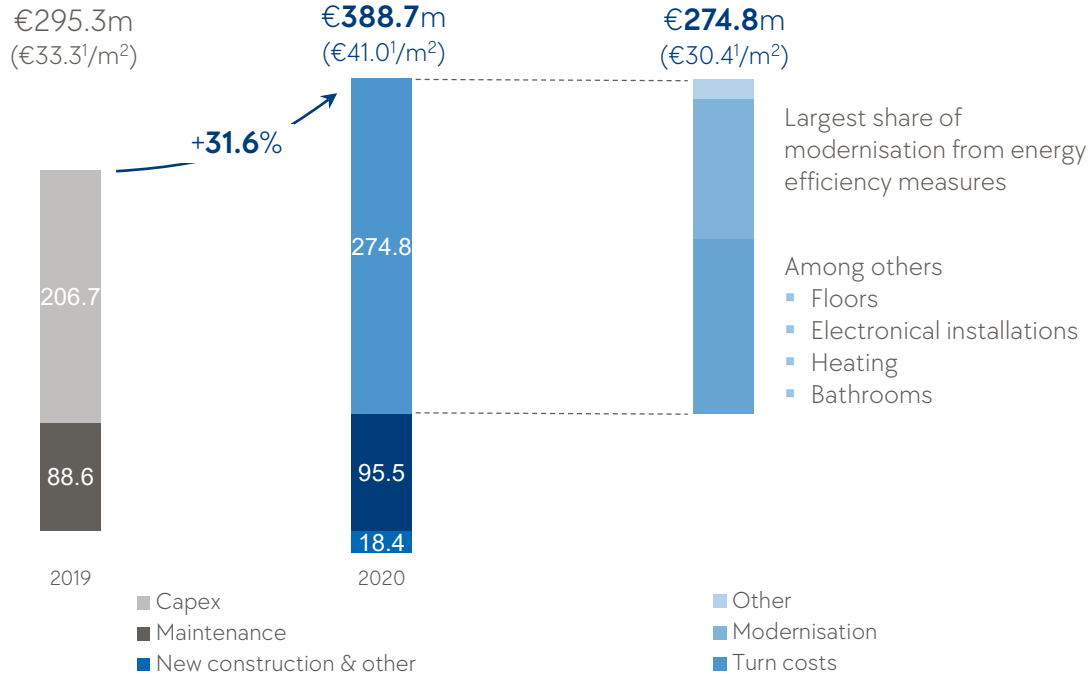
Acquisition  
October 2020

## Key driver 2020

- Roll-out of services to a growing portfolio
- ~6.000 new units with multi-media offerings from **WSP**
- Full consolidation of **ESP** (minorities buyout in 2019) and expansion of services
- Lower cash tax effects at **ESP** after minorities buyout
- **TSP** benefitting from higher demand for craftsmen services
- First positive effects from **LWS Plus** (consolidated in Q4 2020)

# Capex & maintenance

Ongoing focus on growth and energy efficiency



- Increase of investments with **c.32%** year-over-year within plan
- **40%** increase in **capex** driven by significant growth in value-enhancing turn-cost spending and growth in modernisations
- **Maintenance** costs increased by **8%** - in line with our portfolio growth
- Overall benefitting from available capacities and low VAT as expected

¹ Excl. new construction activities (€4.8m), backlog measures and own work capitalised resulting from the acquisition of LWS Plus GmbH



# 3

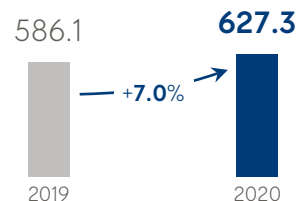
## Financial Performance

# Margin expansion story continues

## Overview

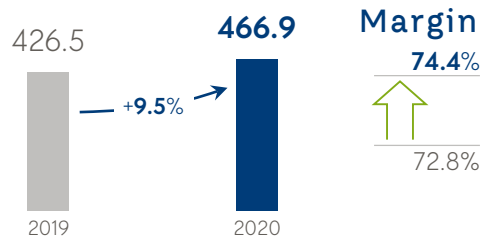
### Net cold rent

€m



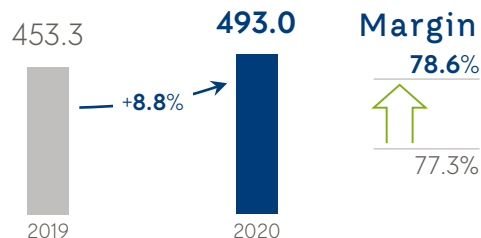
### Adj. EBITDA

€m



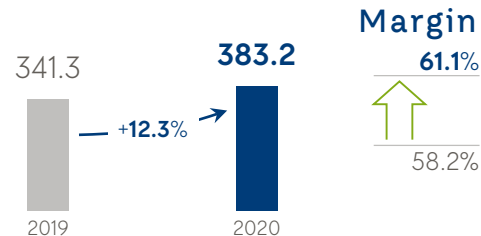
### Recurring net rental and lease income

€m



### FFO I

€m



### Recurring net rental and lease income

- Ongoing efficiency gains and scale effects

### Adj. EBITDA

- Reduced admin costs and higher income from other services

### FFO I

- Lower cash taxes and lower minorities

### FFO I ps

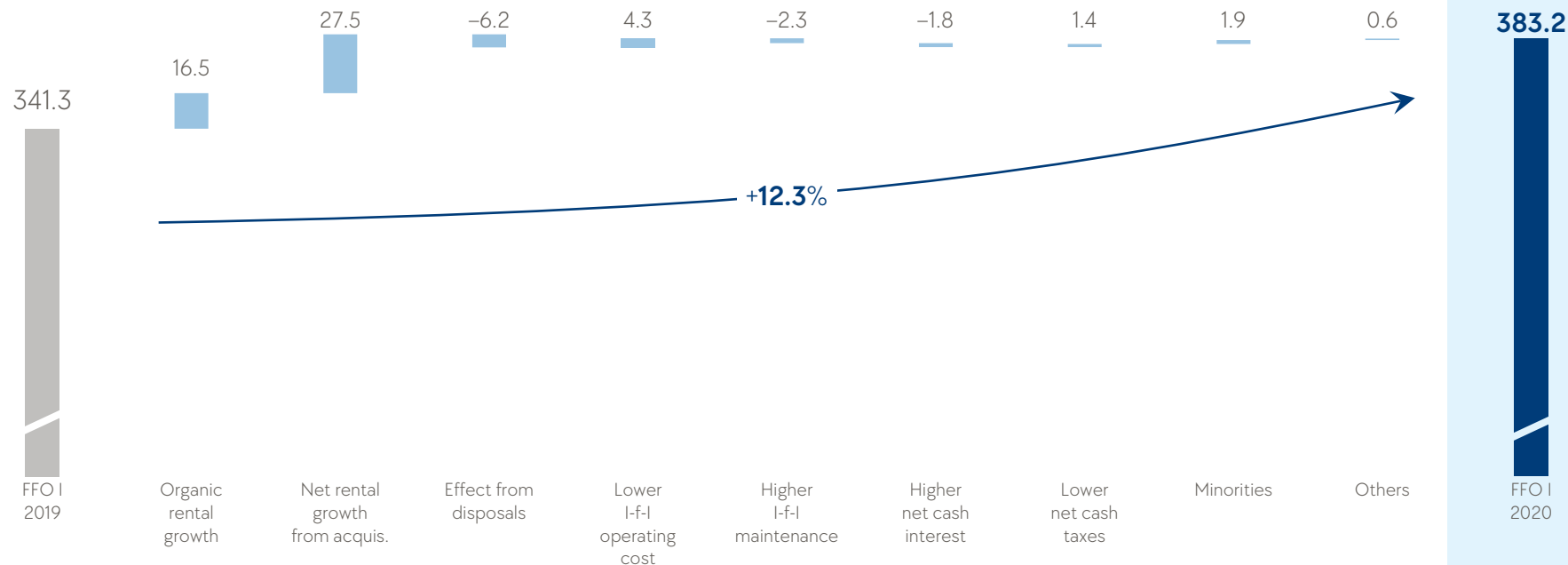
- 2019 €5.27
- **2020 €5.44**



# FFO bridge 2020

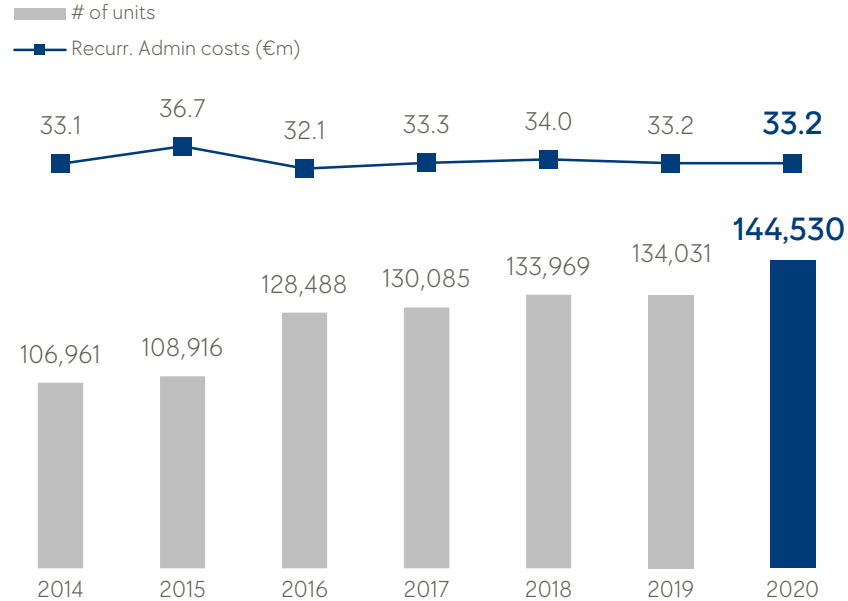
Increase of +€41.9m (+12.3%)

€m

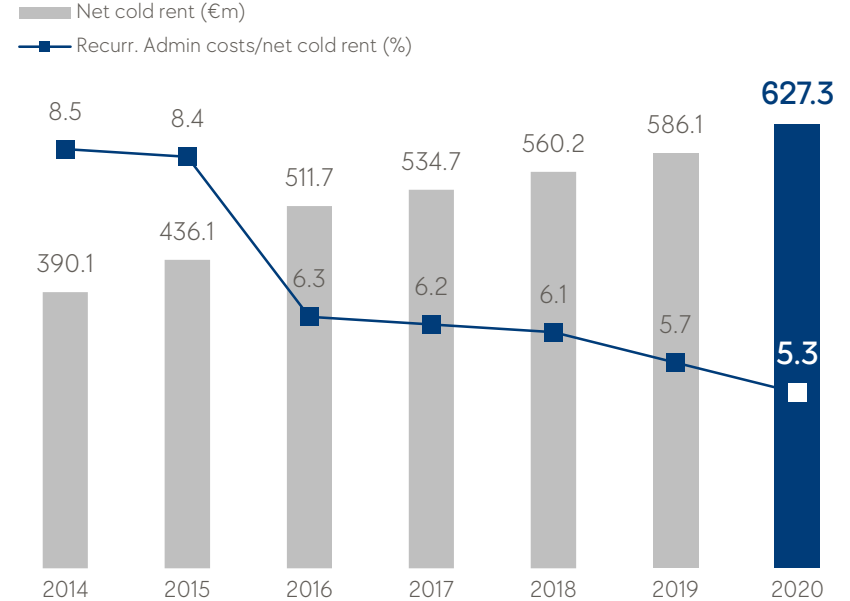


# Scale effects from growing platform and cost discipline

## Strong volume growth at stable overhead costs...



## ...leads to a further significant drop of the administrative costs ratio



# Portfolio valuation 2020 – Breakdown revaluation gains

Valuation uplift driven by letting performance and yield compression

## Value drivers, I-f-I

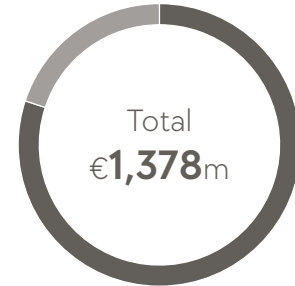
€m



■ Discount rate **851**  
 ■ Rent performance & building **527**

## Allocation capital growth, I-f-I

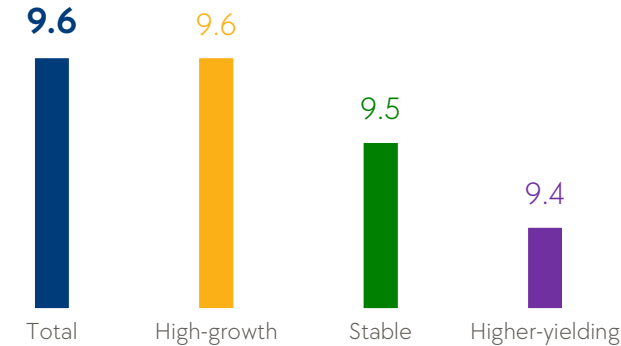
€m



■ Revaluation gains **1,103**  
 ■ Capex **275**

## Valuation uplift by markets, I-f-I

%



- 9.6% on I-f-I basis
- 9.4% uplift from revaluation as of 30 September 2020 (i.e. excluding 6,270 units transferred in Nov/ Dec 2020), 11.2% including capex
- Adjustment of discount rate from 4.8% in 2019 to 4.5% in 2020 (cap rate from 6.05% to 5.7%)

# Portfolio valuation 2020

With €1,503/m<sup>2</sup> @4.7% gross yield still at attractive levels in absolute and relative terms

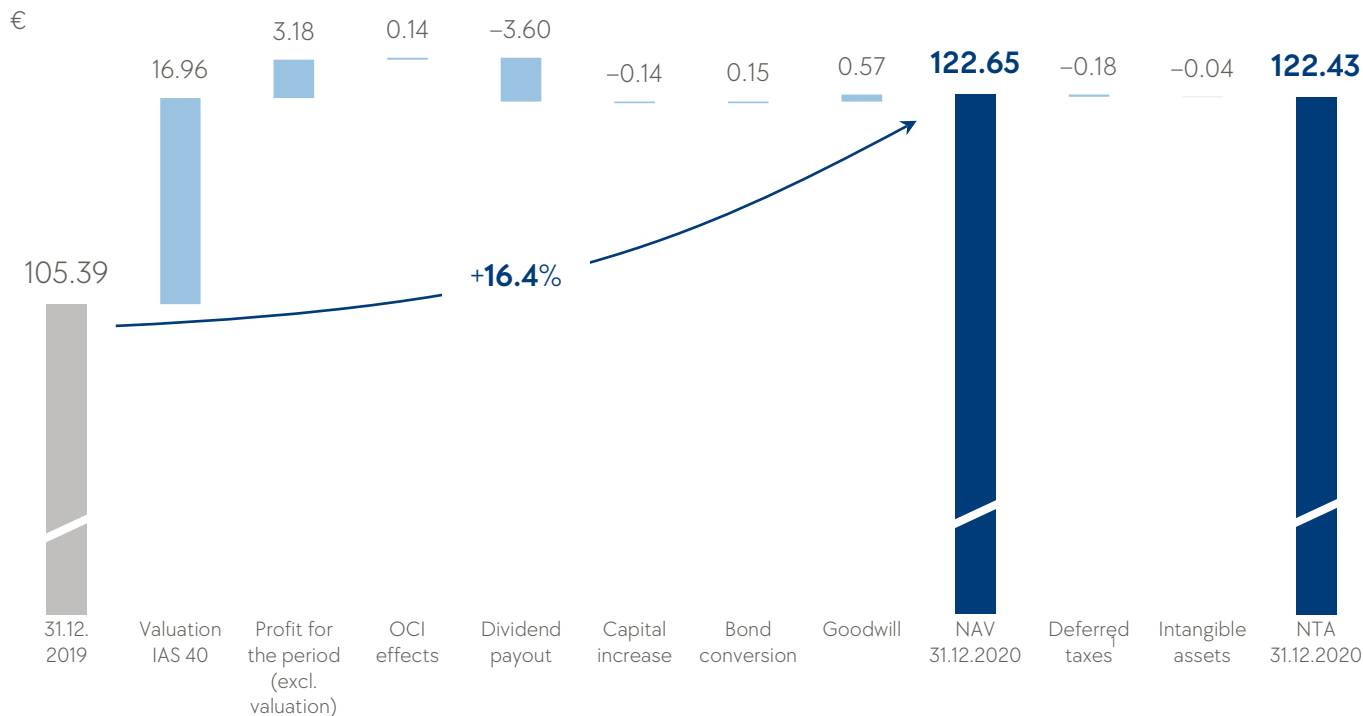
Market segment	Residential Units	GAV Residential Assets (€m)	GAV/ m <sup>2</sup> (€)	Gross yield	In-Place Rent Multiple	Market Multiples <sup>1</sup>	GAV Commercial/ Other (€m)	Total GAV (€m)
High-Growth Markets	45,709	6,242	2,050	3.9%	25.8x	21.9x	273	6,514
Stable Markets	56,444	4,806	1,345	5.0%	20.0x	17.8x	153	4,959
Higher-Yielding Markets	42,259	2,802	1,080	5.9%	16.9x	15.2x	86	2,888
Total Portfolio <sup>2</sup>	144,412	13,850	1,503	4.7%	21.4x	18.7x	512	14,362

<sup>1</sup> Estimated rental values as of 31 December 2020. <sup>2</sup> Excl. 118 units intended for disposal.

# EPRA NAV and NTA bridge

NTA of € 122.43 per share

LEG



- Profit and revaluation gains as the key drivers for NAV uplift in 2020
- Minor effects from OCI and the capital increase
- Minor differences between NAV and NTA
- For details for NRV, NTA, NDV see appendix slide 30

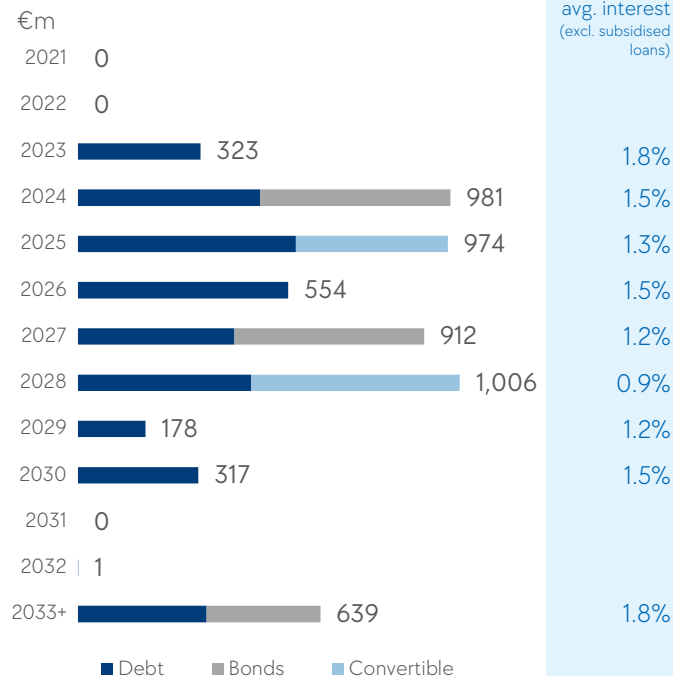
1 Deferred tax in relation to fair value gains of IP and deferred tax on subsidized loans and financial derivatives due to disposals



# Strong financial profile

**LEG**

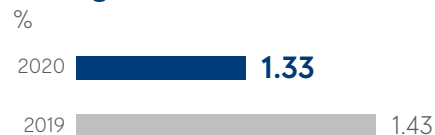
## Maturity profile



## Average debt maturity



## Average interest costs



## Loan-to-value



## Highlights 2020

- Successful placement of €550m convertible and €273m equity raise in 2020 to finance acquisition and preserve conservative balance sheet
- Successful implementation of first-time scrip dividend resulting in a reduced dividend related cash outflow
- No significant maturities until 2023
- Strong liquidity as of end of February with >€350m cash at hand and ~€400m RCF's
- Net debt/EBITDA also at attractive level of 11.8x



# 4

## Outlook

# 2021 guidance

New ESG targets now reflected

**LEG**

	2021
FFO I	€410m – 420m <sup>1</sup>
I-f-I rent growth	~3.0%
EBITDA margin	~75%
Investments	~40 – 42€/m <sup>2</sup>
LTV	max. 43%
Dividend	70% of FFO I
Acquisition ambition	Not reflected in guidance ~7,000 units
<b>Environment</b>	STI: energetic refurbishment of 3% of units <sup>2</sup> LTI: reduction of CO2 emissions by 10% in 4 years <sup>2</sup>
<b>Social</b>	STI: reduction of iteration calls from tenants by 15% LTI: maintain high employee satisfaction level (66% Trust Index)
<b>Governance</b>	STI: maintain Sustainalytics rating at score of 10.4

<sup>1</sup> Including a~ €2m impact from the 2020 carbon tax, assuming a 50/50 split between LEG and tenants. <sup>2</sup> Units as of 12/19.



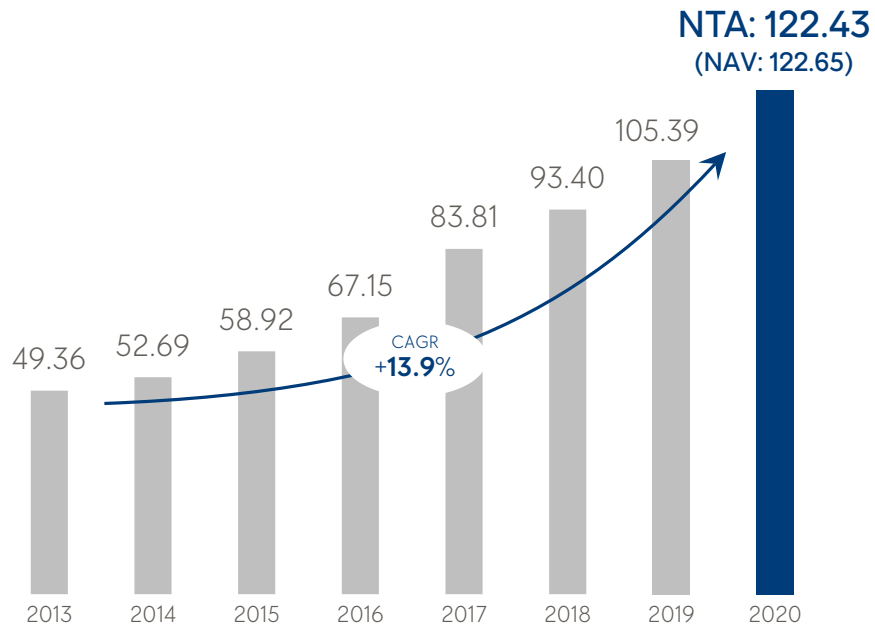


## 5 Appendix

# Attractive growth and returns for shareholders

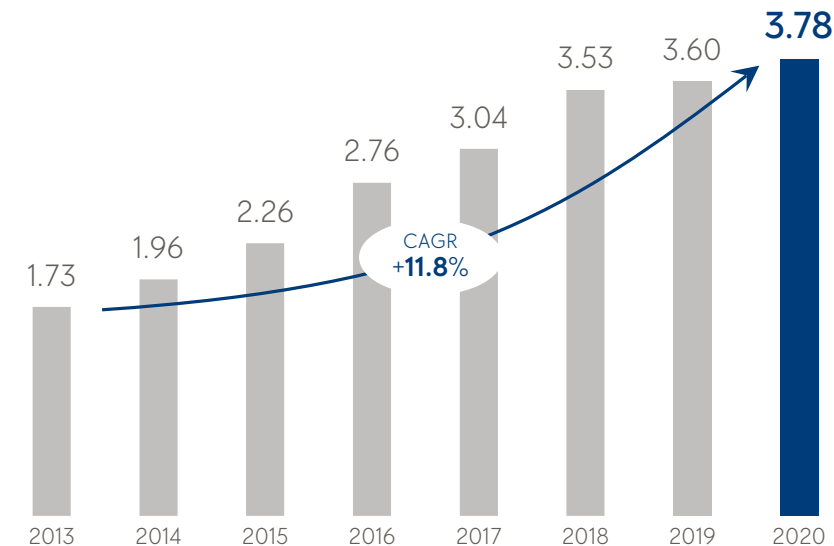
## NAV/NTA per share<sup>1</sup>

€, excl. goodwill



## Dividend per share<sup>2</sup>

€



<sup>1</sup> Until 2019 EPRA NAV adjusted, from 2020 onwards EPRA NTA. <sup>2</sup> Dividend 2020 proposed to AGM 2021



# EPRA-Net Asset Value

€m	2020	2019
<b>Equity (excl. minority interests)</b>	<b>7,365.6</b>	<b>5,909.9</b>
Effect of exercising options, convertibles and other rights	464.3	26.1
<b>NAV</b>	<b>7,829.9</b>	<b>5,936.0</b>
Fair value measurement of derivative financial instruments	102.7	84.0
Deferred taxes <sup>1</sup>	1,375.4	1,336.4
<b>EPRA-NAV</b>	<b>9,308.0</b>	<b>7,356.4</b>
Number of shares fully-diluted incl. convertible (m)	75,534	69,010
<b>EPRA-NAV per share in €</b>	<b>123.23</b>	<b>106.60</b>
Goodwill resulting from synergies	43.7	83.4
<b>Adjusted EPRA-NAV (excl. goodwill)</b>	<b>9,264.3</b>	<b>7,273.0</b>
<b>Adjusted EPRA-NAV per share in €</b>	<b>122.65</b>	<b>105.39</b>

- Value of services business not included in NAV
  - Scenario: additional value approx. ~€7 – €11 per share (FY 2020; discount rate of 4.0% – 6.0%)

- €1,170m revaluation
- €354.1m capital increase
- €257.0m dividend payment (of which €84.6m in shares)
- Including €436.9m positive equity effect from 2017/2025 convertible bond ("in the money"<sup>2</sup>) and €32.0m negative equity accounting effect

<sup>1</sup> And goodwill resulting from deferred taxes on EPRA-adjustments. <sup>2</sup> As of 31 December 2020 the share price of €127.06 is higher than the current conversion price (€116.34) of the 2017/2025 convertible bond. Therefore, the effects in the NAV reconciliation are shown as dilutive (3,438,349 dilutive shares).

# New EPRA NRV – NTA – NDV

€m

	2020			2019		
	EPRA NRV – diluted	EPRA NTA – diluted	EPRA NDV – diluted	EPRA NRV – diluted	EPRA NTA – diluted	EPRA NDV – diluted
IFRS Equity attributable to shareholders (before minorities)	7,365.6	7,365.6	7,365.6	5,909.9	5,909.9	5,909.9
Hybrid instruments	464.3	464.3	464.3	26.1	26.1	26.1
<b>Diluted NAV (at Fair Value)</b>	<b>7,829.9</b>	<b>7,829.9</b>	<b>7,829.9</b>	<b>5,936.0</b>	<b>5,936.0</b>	<b>5,936.0</b>
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	1,431.3	1,417.4	–	1,392.2	1,375.1	–
Fair value of financial instruments	102.7	102.7	–	84.0	84.0	–
Goodwill as a result of deferred tax	–55.9	–55.9	–55.9	–55.8	–55.8	–55.8
Goodwill as per the IFRS balance sheet	–	–43.7	–43.7	–	–83.4	–83.4
Intangibles as per the IFRS balance sheet	–	–2.8	–	–	–1.4	–
Fair value of fixed interest rate debt	–	–	–443.0	–	–	–333.5
Deferred taxes of fixed interest rate debt	–	–	87.2	–	–	73.0
Revaluation of intangibles to fair value	–	–	–	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)	1,421.7	–	–	1,184.7	–	–
<b>NAV</b>	<b>10,729.7</b>	<b>9,247.6</b>	<b>7,374.5</b>	<b>8,541.1</b>	<b>7,254.5</b>	<b>5,536.3</b>
Fully diluted number of shares	75,534,292	75,534,292	75,534,292	69,009,836	69,009,836	69,009,836
<b>NAV per share</b>	<b>142.05</b>	<b>122.43</b>	<b>97.63</b>	<b>123.77</b>	<b>105.12</b>	<b>80.22</b>

# FFO calculation

€m	2020	2019
Net cold rent	627.3	586.1
Profit from operating expenses	-2.5	-2.8
Maintenance (externally-procured services)	-62.3	-61.0
Staff costs	-75.4	-68.2
Allowances on rent receivables	-10.6	-7.9
Other	9.5	-1.3
Non-recurring project costs (rental and lease)	7.0	8.3
<b>Recurring net rental and lease income</b>	<b>493.0</b>	<b>453.2</b>
<b>Recurring net income from other services</b>	<b>7.1</b>	<b>6.0</b>
Staff costs	-23.6	-30.1
Non-staff operating costs	-17.6	-32.6
Non-recurring project costs (admin.)	8.0	29.5
<b>Recurring administrative expenses</b>	<b>-33.2</b>	<b>-33.2</b>
<b>Other income and expenses</b>	<b>0.0</b>	<b>0.5</b>
<b>Adjusted EBITDA</b>	<b>466.9</b>	<b>426.5</b>
Cash interest expenses and income	-80.5	-78.7
Cash income taxes from rental and lease	-1.4	-2.8
<b>FFO I (including non-controlling interests)</b>	<b>385.0</b>	<b>345.0</b>
Non-controlling interests	-1.8	-3.7
<b>FFO I (excluding non-controlling interests)</b>	<b>383.2</b>	<b>341.3</b>
<b>FFO II (including disposal of investment property)</b>	<b>381.3</b>	<b>327.9</b>
<b>Capex-adjusted FFO I (AFFO)</b>	<b>92.8</b>	<b>134.6</b>

## Net cold rent

- +€41.2m YOY/+7.0%

## Staff costs

- Growth in staff costs mainly due to increased tariff and additional FTE's (operations and craftsmen services)

## Recurring net rental and lease income

- NRI increased by +€39.8m YOY (+8.8%)

## Staff costs

- Impacted by one-time payments in 2019

## Recurring administrative expenses

- Stable despite portfolio growth

## Adjusted EBITDA

- EBITDA increased by +€40.4m YOY (+9.5%)

## Cash interest expenses and income

- Nearly stable interest costs (average costs in 2020: 1.33% vs. 1.43% in 2019) despite higher debt volume

# Balance sheet

€m	31.12.2020	31.12.2019
Investment property	14,582.7	12,031.1
Other non-current assets	264.9	322.7
<b>Non-current assets</b>	<b>14,847.6</b>	<b>12,353.8</b>
Receivables and other assets	77.7	89.6
Cash and cash equivalents	335.4	451.2
<b>Current assets</b>	<b>413.1</b>	<b>540.8</b>
Assets held for sale	21.6	25.2
<b>Total Assets</b>	<b>15,282.3</b>	<b>12,919.8</b>
<b>Equity</b>	<b>7,389.9</b>	<b>5,933.9</b>
Non-current financing liabilities	5,377.7	4,856.8
Other non-current liabilities	1,650.5	1,654.2
<b>Non-current liabilities</b>	<b>7,028.2</b>	<b>6,511.0</b>
Current financing liabilities	491.3	197.1
Other current liabilities	372.9	277.8
<b>Current liabilities</b>	<b>864.2</b>	<b>474.9</b>
<b>Total Equity and Liabilities</b>	<b>15,282.3</b>	<b>12,919.8</b>

## Investment property

- Revaluation €1,170.4m
- Acquisitions €1,125.7m
- Capex, additions €284.6m

## Cash and cash equivalents

- Cash flow from operating activities €326.1m
- Investing activities –€1,332.2m
- Financing activities €890.3m
  - Issue of convertible bond €544.0m
  - Capital increase €269.6m
  - Borrowing of bank loans €403.4m
  - Repayment of loans –€190.2m
  - Cash dividend –€172.4m

€m	31.12.2020	31.12.2019
Financial liabilities	5,869.0	5,053.9
Excluding lease liabilities (IFRS 16)	30.8	31.8
Cash & cash equivalents	335.4	451.2
<b>Net Debt</b>	<b>5,502.8</b>	<b>4,570.9</b>
Investment properties	14,582.7	12,031.1
Properties held for sale	21.6	25.2
Prepayments for investment properties	43.3	53.5
<b>Property values</b>	<b>14,647,6</b>	<b>12,109.8</b>
<b>Loan to Value (LTV) in %</b>	<b>37.6</b>	<b>37.7</b>

- Strong balance sheet with LTV of 37.6

# Income statement

€m	2020	2019
Recurring net rental and lease income	493.0	453.3
Extraordinary items	-63.2	-18.3
Net rental and lease income	429.8	435.0
Net income from the disposal of investment property	-1.3	-1.3
Net income from the valuation of investment property	1,170.4	923.4
Net income from the disposal of real estate inventory	-1.5	-0.8
Net income from other services	4.2	3.3
Administrative and other expenses	-66.4	-66.1
Other income	0.1	0.5
<b>Operating earnings</b>	<b>1,535.3</b>	<b>1,294.0</b>
<b>Net finance costs</b>	<b>-140.3</b>	<b>-242.7</b>
<b>Earnings before income taxes</b>	<b>1,395.0</b>	<b>1,051.3</b>
<b>Income tax expenses</b>	<b>-30.5</b>	<b>-230.2</b>
<b>Consolidated net profit</b>	<b>1,364.5</b>	<b>821.1</b>

## Recurring net rental and lease income

- NRI increased by +€39.8m YOY (+8.8%)
- Adjusted for €45.6m goodwill write-down for CGU "Wohnen like-for-like"

## Administrative and other expenses

- Previous year figure reflected €16m for new foundation "Dein Zuhause hilft". 2020 affected by goodwill write-down of €21.0m for CGU "Wohnen like-for-like"
- Recurring admin. costs stable with €33.2m

## Net finance costs

- Net income from fair value measurement of derivatives -€43.6m (2019: -€94.8m)
- Broadly stable cash interest expense but lower expenses for early loan redemptions

## Income tax expenses

- Effective tax rate 2.2% (2019: 21.9%)
- Driven by lower tax rate for one portfolio holding company

# Cash effective interest expense

LEG

€m	2020	2019
Reported interest expense	102.2	153.1
Interest expense related to loan amortisation	-15.6	-34.9
Interest costs related to valuation of assets/liabilities	-3.4	-6.5
Interest expenses related to changes in pension provisions	-1.3	-2.5
Other interest expenses	-1.4	-30.3
<b>Cash effective interest expense (gross)</b>	<b>80.6</b>	<b>79.0</b>
Cash effective interest income	0.1	0.3
<b>Cash effective interest expense (net)</b>	<b>80.5</b>	<b>78.7</b>





## Interest expense related to loan amortisation

- Previous year: early conversion of convertible bond, early repayment of subsidised loans and refinancing

## Cash effective interest expense

- Interest coverage improved further (5.8x, up from 5.4x y-o-y)

# Group P&L effect of Value-add Services

		 <b>LEG</b> WohnService	 <b>LEG</b> EnergieService	 <b>LEG</b> TechnikService	 <b>LEG</b> LWS Plus
€m	2020	Main effects 2020			Only key line items displayed
Net cold rent	627.3				
Profit from operating expenses	–2.5				
Maintenance (externally-procured services)	–62.3		+ €34m		Craftsmen services via <b>LEG TechnikService</b>
Staff costs	–75.4		– €21m		
Allowances on rent receivables	–10.6				
Other	9.5		+ €23m		Staff costs mainly via <b>LEG TechnikService</b> , Mainly income from <b>LEG EnergieService</b> and multimedia offerings via <b>LEG WohnService</b>
Non-recurring project costs (rental and lease)	7.0				
<b>Recurring net rental and lease income</b>	<b>493.0</b>		<b>+ € 37m</b>		
<b>Recurring net income from other services</b>	<b>7.1</b>				
Staff costs	–23.6				
Non-staff operating costs	–17.6				
Non-recurring project costs (admin.)	8.0				
<b>Recurring administrative expenses</b>	<b>–33.2</b>				
<b>Other income and expenses</b>	<b>0.0</b>				
<b>Adjusted EBITDA</b>	<b>466.9</b>		<b>+ € 37m</b>		
Cash interest expenses and income	–80.5				
Cash income taxes from rental and lease	–1.4				
<b>FFO I (including non-controlling interests)</b>	<b>385.0</b>		<b>+ €33m</b>		
Non-controlling interests	–1.8		– €2m		Minorities <b>LEG TechnikService</b>
<b>FFO I (excluding non-controlling interests)</b>	<b>383.2</b>		<b>+ €31m</b>		

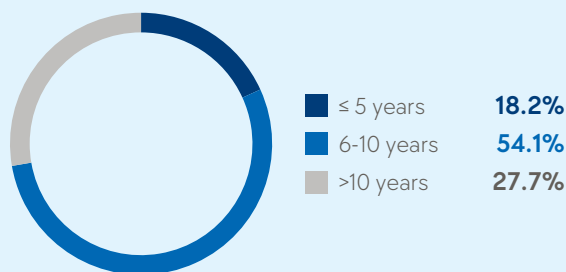


# Refinancing of subsidised loans lifting value

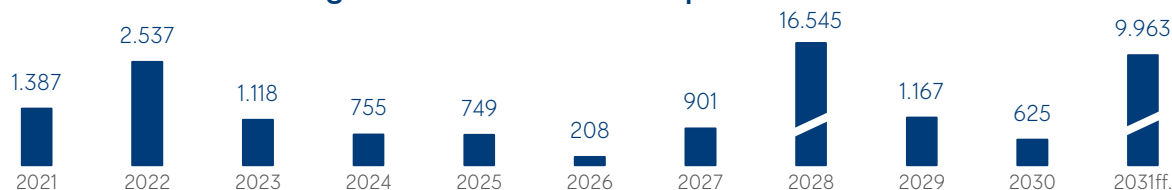
## Rent potential subsidised units

- Until 2028, around **24,000 units** will come off rent restriction
- Units show **significant upside** to market rents
- The **economic upside** can theoretically be realised the year after restrictions expire, subject to general legal and other restrictions<sup>4</sup>

## Around 70% of units to come off restriction until 2028

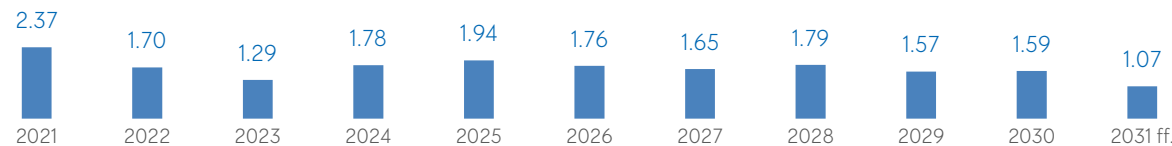


## Number of units coming off restriction and rent upside



## Spread to market rent

€/m<sup>2</sup>/month



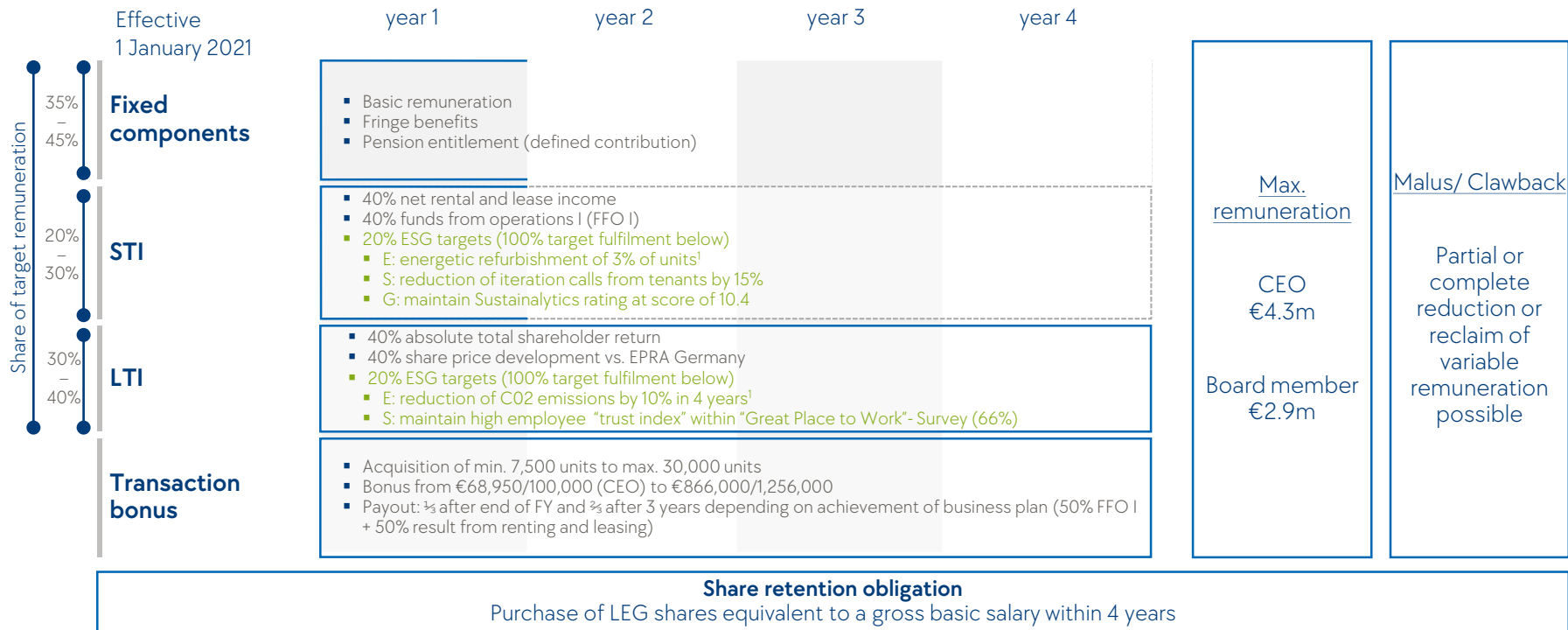
	≤ 5 years <sup>2</sup>	6 – 10 years <sup>2</sup>	> 10 years <sup>2</sup>
In-place rent	€4.79	€5.04	€4.92
Market rent <sup>1</sup>	€6.60	€6.80	€5.99
Upside potential <sup>3</sup>	38%	35%	22%
Upside potential p.a. <sup>3</sup>	€9.8m	€27.4m	€8.8m

<sup>1</sup> 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.  
<sup>2</sup> ≤ 5 years = 2021-2025; 6-10 years = 2026-2030; >10 years = 2031ff. <sup>3</sup> Rent upside is defined as the difference between LEG in-place rent and market rent (defined in footnote 1). <sup>4</sup> For example rent increase cap of 15% or 20% for three years.

# New ESG targets within management's remuneration system

Approved by AGM 2020

LEG



<sup>1</sup> Units as of 12/19.

# Carbon Balance Sheet 2020

Our approach: Based on actual consumption



LEG's real world approach  
in line with major frameworks



Several options within  
CO<sub>2</sub> accounting available

LEG CO<sub>2</sub>  
accounting framework

Coverage of  
total portfolio

Basis for  
calculation

Treatment  
vacancies

Several  
sources  
for conversion  
emission  
factors

e.g. Gas  
(kWh into kg  
CO<sub>2</sub> e/m<sup>2</sup>)

100%  
(e.g. incl. listed buildings)

Actuals

Excluding  
vacancies

BAFA



IW.2050



0.202

0.202

OPTIONS

Partial  
coverage

Energy  
certificates

Including  
vacancies

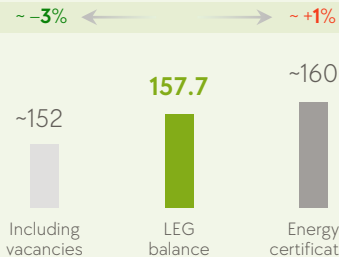
GEMIS



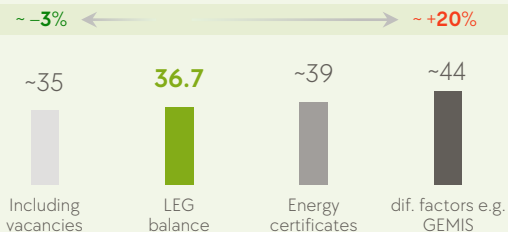
0.25

LEG footprint based  
on different approaches

KPI 1 kWh/m<sup>2</sup>

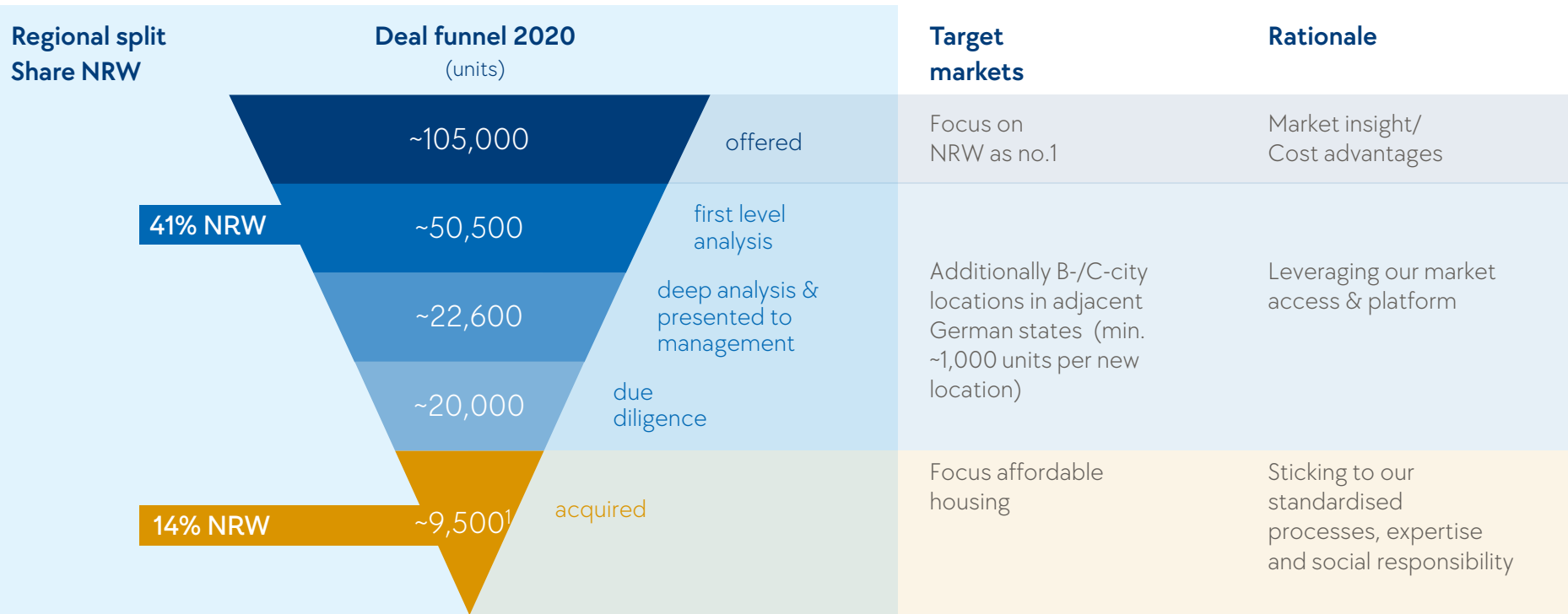


KPI 2 kg CO<sub>2</sub> e/m<sup>2</sup>



# Acquisitions 2020

Growth focused on affordable living in NRW and adjacent states



<sup>1</sup> The ~9,500 units refer to the number of units which have been signed in calendar year 2020. Transfer of ownership typically take place at a later point in time.. The number of units may therefore differ from other disclosures, depending on the data basis. In 2020 11.262 units had been transferred also driven by signings from 2019.

# LEG additional creditor information

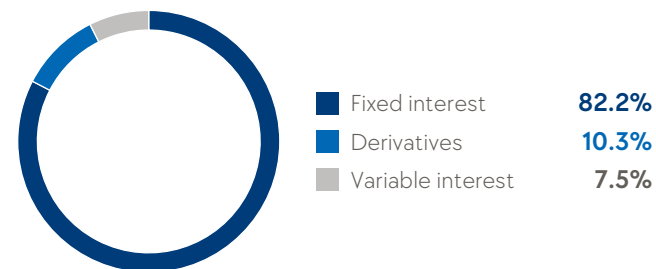
## Unsecured financing covenants

Covenant	Threshold	2020
Consolidated Adjusted EBITDA / Net Cash Interest	≥1.8x	<b>5.8x</b>
Unencumbered Assets / Unsecured Financial Indebtedness	≥125%	<b>254%</b>
Net Financial Indebtedness / Total Assets	≤60%	<b>36%</b>
Secured Financial Indebtedness / Total Assets	≤45%	<b>21%</b>

## Ratings (Moody's)

Type	Rating	Outlook
Long Term Rating	Baa1	<b>Stable</b>
Short Term Rating	P-2	<b>Stable</b>

## Financing mix



## Key financial ratios

	2020	2019
Net debt / EBITDA	<b>11.8x</b>	10.7x
LTV	<b>37.6%</b>	37.7%

# Capital market financing

## Corporate bonds

LEG

	2017/2024	2019/2027	2019/2034	2021/2033
Issue Size	€500m	€500m	€300m	€500m
Term / Maturity Date	7 years / 23 January 2024	8 years / 28 November 2027	15 years / 28 November 2034	12 years / 30 March 2033
Coupon	1.250 % p.a. (annual payment)	0.875 % p.a. (annual payment)	1.625 % p.a. (annual payment)	0.875 % p.a. (annual payment)
Issue Price	99.409 %	99.356 %	98.649 %	99.232 %
Financial Covenants	<ul style="list-style-type: none"> <li>▪ Net financial debt/ total assets <math>\leq</math> 60%</li> <li>▪ Secured financial debt/ total assets <math>\leq</math> 45%</li> <li>▪ Unencumbered assets/ unsecured financial debt <math>\geq</math> 125%</li> <li>▪ Adj. EBITDA/ net cash interest <math>\geq</math> 1.8 x</li> </ul>			
ISIN	XS1554456613	DE000A254P51	DE000A254P69	DE000A3H3JU7
WKN	A2E4W8	A254P5	A254P6	A3H3JU

# Capital market financing

## Convertible bonds

LEG

	2017/2025	2020/2028
Issue Size	€400m	€550m
Term / Maturity Date	8 years/ 1 September 2025	8 years/ 30 June 2028
Coupon	0.875% p.a. (semi-annual payment: 1 March, 1 September)	0.4% p.a. (semi-annual payment: 15 January, 15 July)
# of shares	3,438,349	3,546,869
Initial Conversion Price	€118.4692	€155.2500
Adjusted Conversion Price	€116.3349 (as of 4 September 2020)	€155.0663 (as of 7 September 2020)
Issuer Call	From 22 September 2022, if LEG share price >130% of the then applicable conversion price	From 5 August 2025, if LEG share price >130% of the then applicable conversion price
ISIN	DE000A2GSDH2	DE000A289T23
WKN	A2GSDH	A289T2

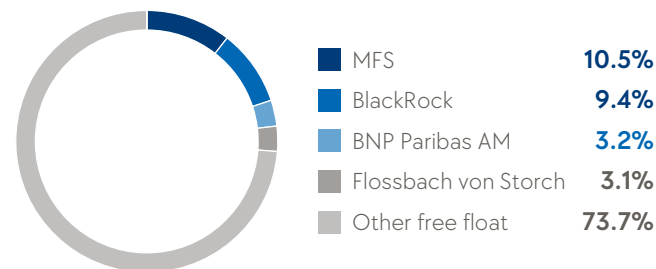
# LEG share information



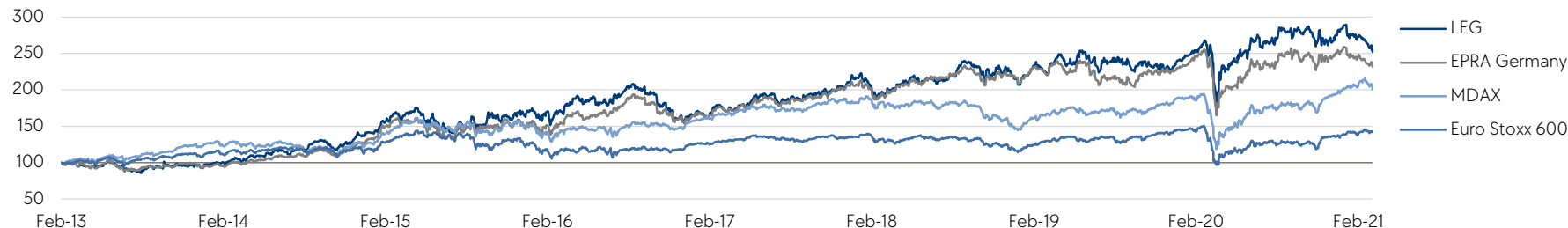
## Basic data

Market segment	Prime Standard
Stock Exchange	Frankfurt
Total no. of shares	72,095,943
Ticker symbol	LEG
ISIN	DE000LEG1110
Indices	MDAX, FTSE EPRA/NAREIT, GPR 250, Stoxx Europe 600, DAX 50 ESG, i.a. MSCI Europe ex UK, MSCI World ex USA, MSCI World Custom ESG Climate Series
Weighting	MDAX 3.42% (28.02.2021) EPRA 3.41% (28.02.2021)

## Shareholder structure<sup>1</sup>



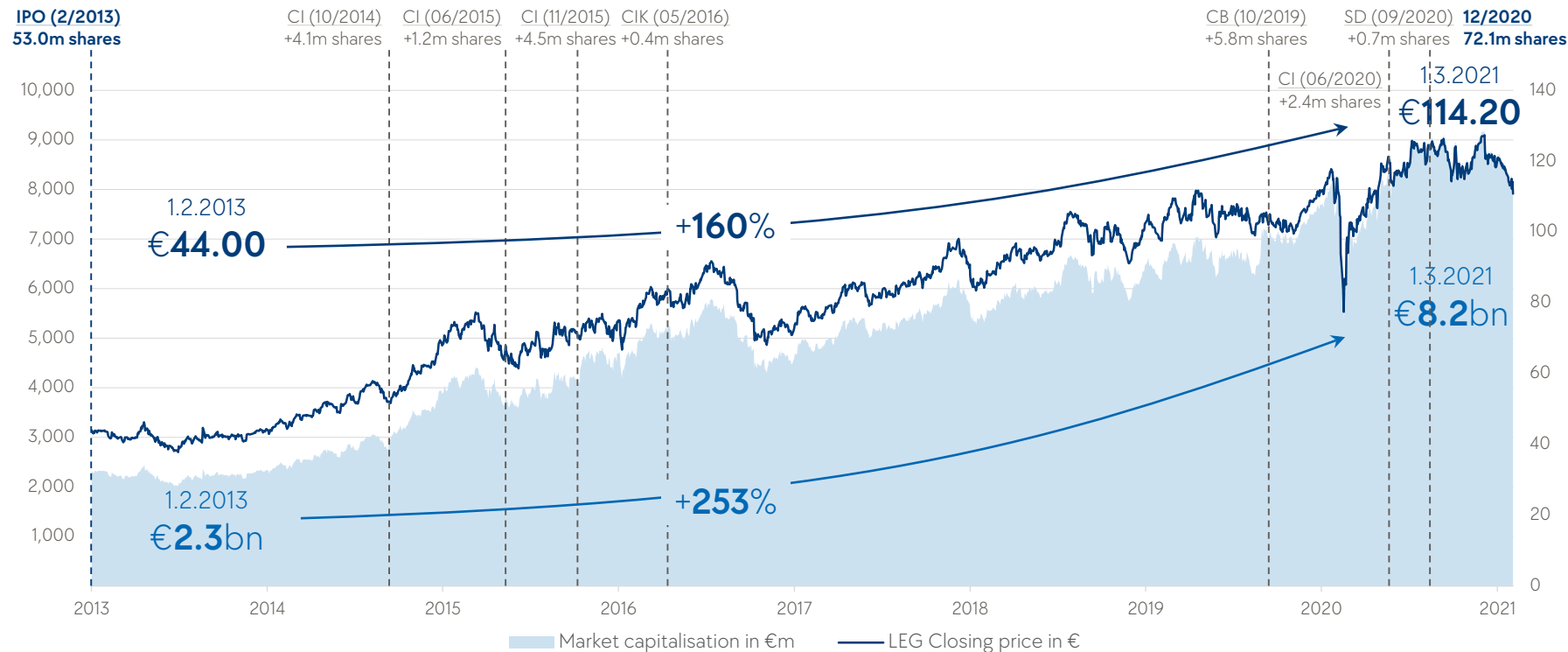
## Share (1.3.2021; indexed; in %; 1.2.2013 = 100)



<sup>1</sup> Shareholdings according to voting rights notifications; as of 08.03.2021.

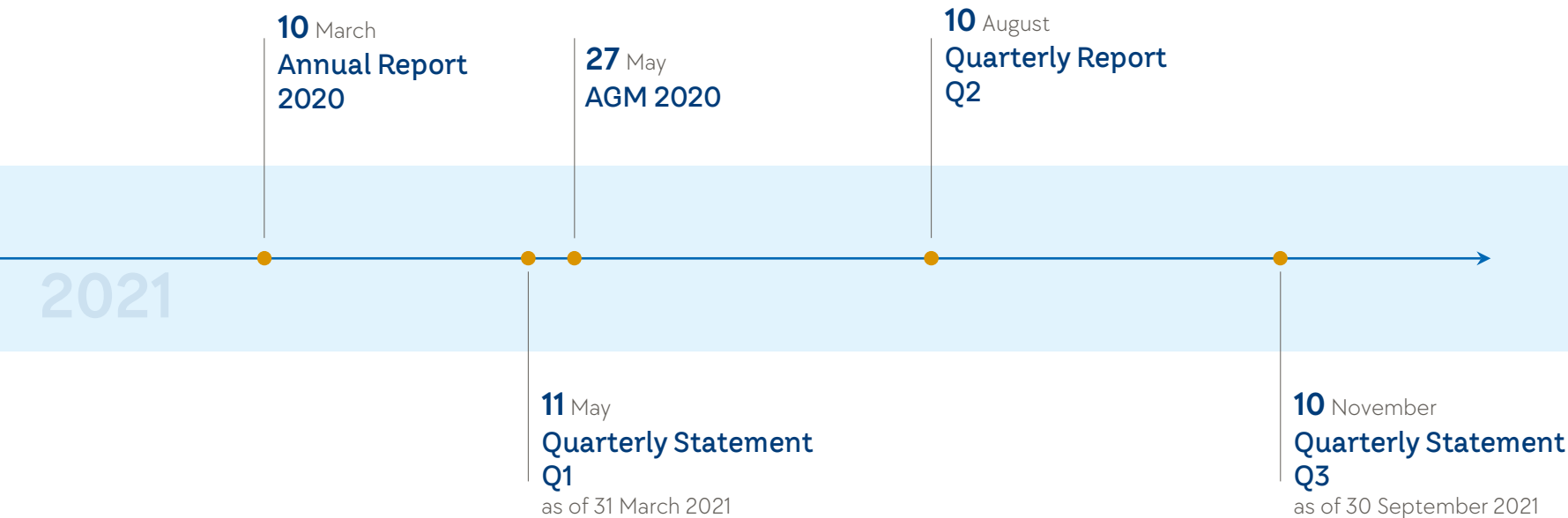


# Sustainable increase in share price and market capitalisation since IPO



IPO = Initial Public Offering; CI = capital increase; CIK = capital increase in kind; CB = convertible bond; SD = stock dividend

# Financial calendar



For our detailed financial calendar, please visit our IR web page

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