

LEG Immobilien SE
9M-2021 Results

10 November 2021

LEG

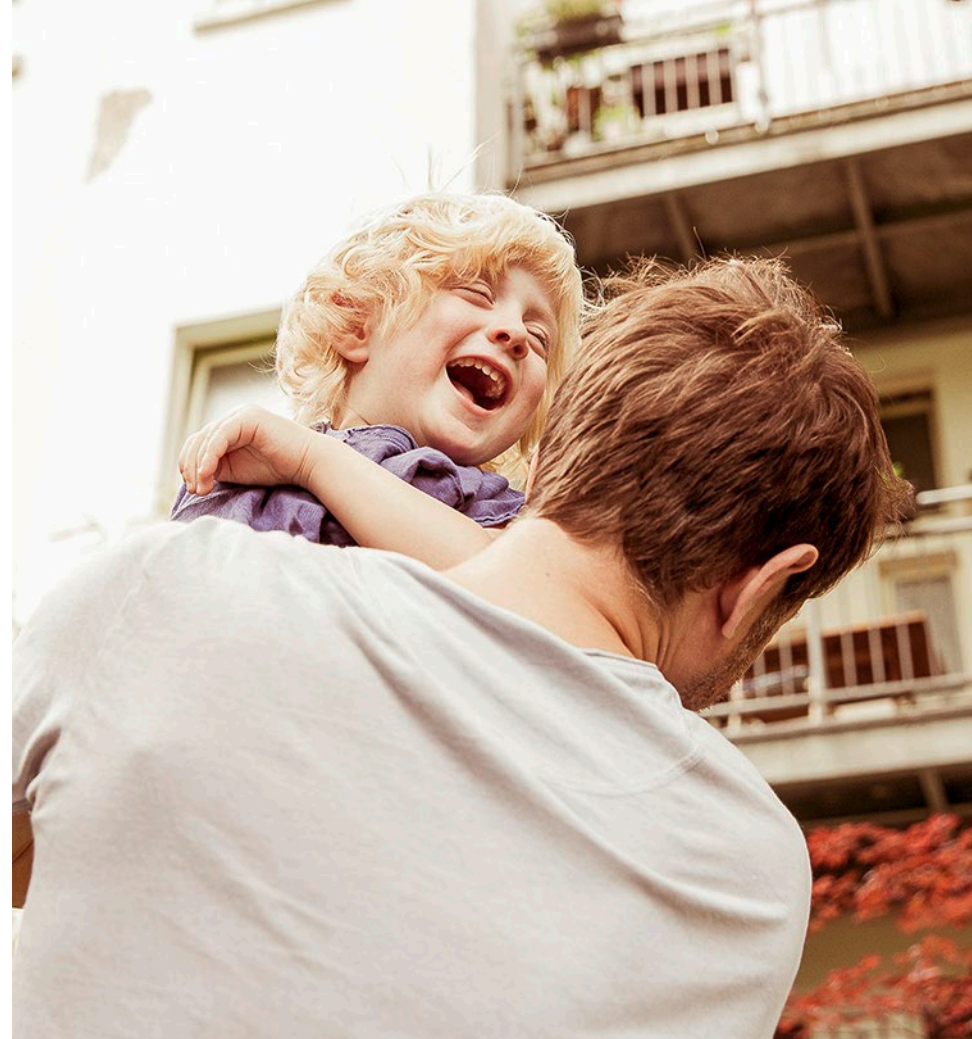
9M-2021



9M-2021 Results

Agenda

- 1 Highlights 9M-2021
- 2 Portfolio & Operating Performance
- 3 Financial Performance
- 4 Outlook
- 5 Appendix



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Highlights **9M-2021**

9M-2021 – Financial Summary

Operating results

		9M-2021	9M-2020	+/- %/bps
Net cold rent	€m	509.7	464.5	+9.7%
Net rental income	€m	407.3	365.7	+11.4%
EBITDA adjusted	€m	400.6	360.2	+11.2%
FFO I	€m	334.2	296.7	+12.6%
FFO I per share	€	4.62	4.25	+8.7%
FFO II	€m	332.0	295.5	+12.4%
EBITDA margin (adj.)	%	78.6	77.5	+110bps
FFO I margin	%	65.6	63.9	+170bps

Portfolio

		30.09.2021	30.09.2020	+/- %/bps
Residential units	number	145,656	138,601	+5.1%
In-place rent (I-f-I)	€/m²	6.11	5.91	+3.3%
Capex (adj.)¹	€/m²	22.13	22.30	-0.8%
Maintenance (adj.)¹	€/m²	7.50	6.72	+11.7%
EPRA vacancy rate (I-f-I)	%	2.6	3.1	-50bps

Balance sheet

		30.09.2021	31.12.2020	+/- %/bps
Investment properties	€m	16,179.8	14,582.7	+11.0%
Cash and cash equivalents	€m	515.1	335.4	+53.6%
Equity	€m	8,366.4	7,389.9	+13.2%
Total financing liabilities	€m	6,748.1	5,869.0	+15.0%
Current financing liabilities	€m	108.6	491.3	-77.9%
Net debt	€m	6,207.5	5,502.8	+12.8%
LTV	%	38.0	37.6	+40bps
Equity ratio	%	48.1	48.4	-30bps
EPRA NTA, diluted	€m	10,484.8	9,247.6	+13.4%
EPRA NTA per share, diluted	€	137.40	122.43	+12.2%

¹ Excl. new construction activities, backlog measures and own work capitalised; compare slide 33

On track for a record result

FFO I pointing towards upper end of €410m – 420m range

Financials



- FFO I **+12.6%** to **€334.2m**
- Adj. EBITDA-Margin **78.6%** (+110bps)
- LTV **38.0%**
 - Debt @ **7.4y** for **1.23%**
- NTA ps **€ 137.40** (+12.2% vs. FY 2020)

Operations



- Net cold rent **+9.7%**
- I-f-I rental growth **+3.3%**
- I-f-I vacancy **2.6%** (–50bps)

ESG



- Upgrade I: New Sustainalytics rating of **7.8 (10.4)**, comfortably within negligible risk category
- Upgrade II: New built units target of **1,000** units by **2026** (prev. 500 units by 2023)
- Upgrade III: New and more ambitious **ESG STI/LTI targets for 2022/ 2025**

Keeping the momentum

C. 7,000 units added in 2021

We delivered on our target of c. 7,000 units and aim for another c. 7,000 units in 2022

Attractive portfolio

Valuation uplift for H2 expected to be 4–5%

9M-2021

Guidance 2021 confirmed

FFO I towards upper end of €410m – €420m range

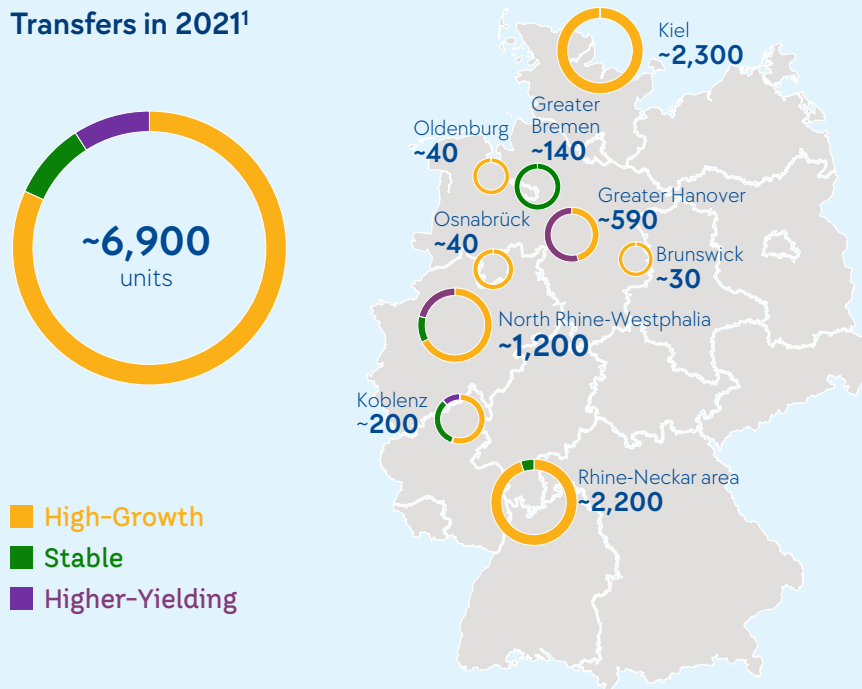
More growth to come

Guidance 2022: FFO I €450m – €460m

Delivered on our growth ambition with c.6,900 units acquired

In line with our criteria – focus on affordable housing – in our target markets

Transfers in 2021¹



¹ Based on signings as of end of October 2021; c. 6,900 units including deals signed in 2020, which have been transferred in 2021 (details p.11)

Financial summary of acquisitions

- As of today c. **6,900** units to be transferred in **2021**
- **>80%** high growth markets, **>80%** outside NRW
- Purchase price c. **€900m**
- Net cold rent multiple of c. **26x** based on in-place rent and in-line with own valuation
- Annualised contribution of FFO I of c. **€20m**
- C. **5,500** to be transferred in **Q4 2021**, with vast majority as of **31st December 2021**

Background & Rationale

- **2** bigger deals represent **2/3** of the acquisitions
- Focus on affordable housing
- Focus on Rhine-Neckar area with **2,200** units and Kiel with **2,300** units
- Up-side potential from modernisations
- Leveraging of platform along established hubs

Increase in new built units to 1,000 units p.a. from 2026

Cooperation with Goldbeck for serial and modular construction

Ongoing supply shortage and change of external parameters

▪ Political ambition:

New government likely to increase new built target to **400k** p.a. of which **100k** rent restricted units to address market shortage and social imbalances

▪ Higher immigration:

Demographics in Germany require an increase of immigration by 400,000 people p.a.¹

▪ ESG as a driving force:


Ongoing focus on energy efficiency of buildings via EU-Taxonomy, German Climate Change Act etc.

Closing the supply gap in the affordable housing segment

- **500** units p.a. from **2023** onwards already secured via:

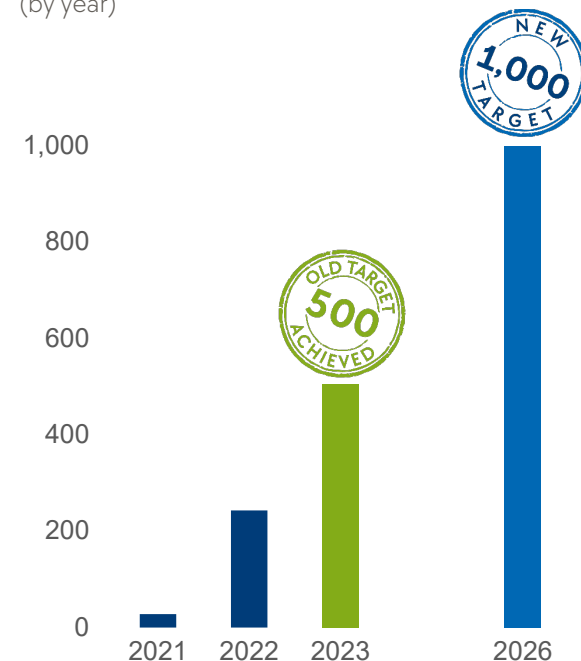
- Redensification on own land
- Acquisition of turnkey projects from external developers



- **500** units of serial and modular built new units p.a. from **2026** onwards
- Co-operation with  **GOLDBECK**
- Combining expertise: LEG as a leading residential company in Germany with a focus on affordable housing and Goldbeck as a leader in serial construction in Europe

LEG new built units pipeline

(by year)



¹ German media, e.g. <https://www.dw.com/en/germanys-workforce-in-desperate-need-of-skilled-immigrants-warns-labor-agency/a-58974377>



2

Portfolio & Operating **Performance**

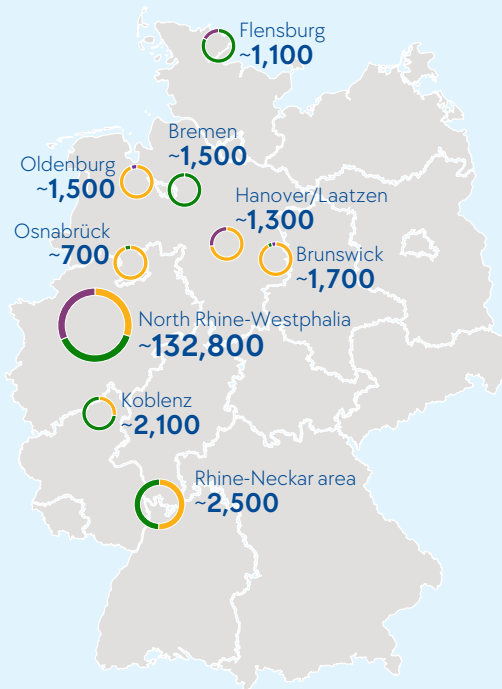
Portfolio overview

145,700 units as of 09/2021



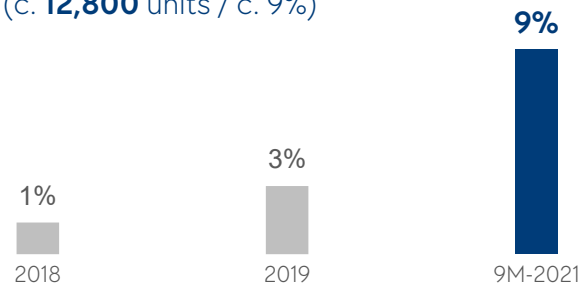
North Rhine-Westphalia

(c. 132,800 units / c. 91%)



Outside North Rhine-Westphalia

(c. 12,800 units / c. 9%)



Growth along our investment criteria

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



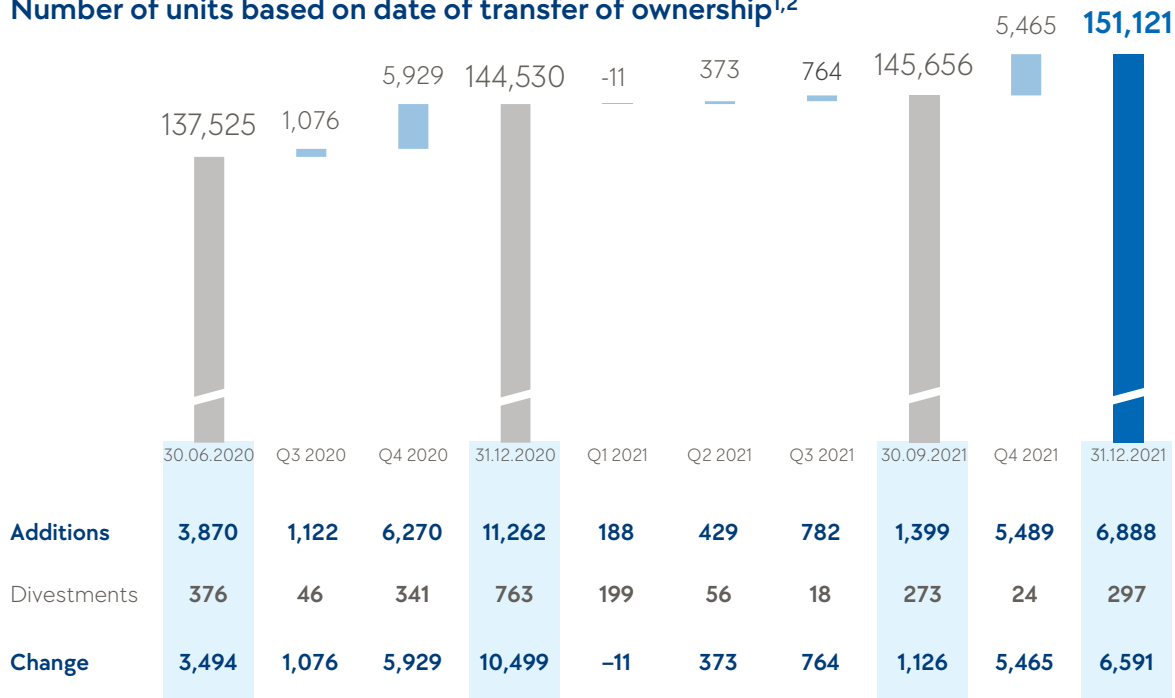
➤ Critical size in locations outside NRW reached, allowing for growth into **higher-yielding** markets

Portfolio transactions

Exceeding 150,000 units in FY 2021



Number of units based on date of transfer of ownership^{1,2}



¹ Residential units. ² 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. ³ BW = Baden-Württemberg, HB = Bremen, LS = Lower Saxony, NRW = North Rhine-Westphalia, RP = Rhineland-Palatinate, SH = Schleswig-Holstein.

Acquisitions (Locations/State³)

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) – Brunswick (LS) – Kaiserslautern, Koblenz (RP)

Q3 2021

- NRW – Hanover (LS) – Osnabrück (LS) – Brunswick (LS) – Bremen

Q4 2021

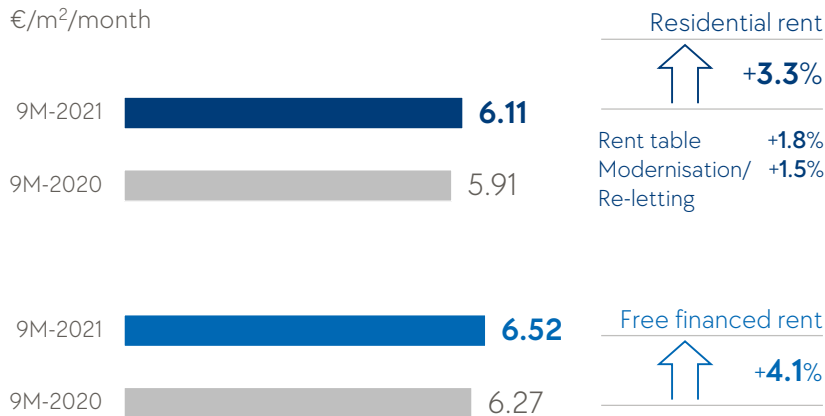
- NRW – Rhine-Neckar (RP/BW) – Bremen – Hanover (LS) – Kiel (SH)

On track for 3.0% l-f-l rental growth target

Still catch-up effects from rent increase waiver due to Covid-19 in FY 2020

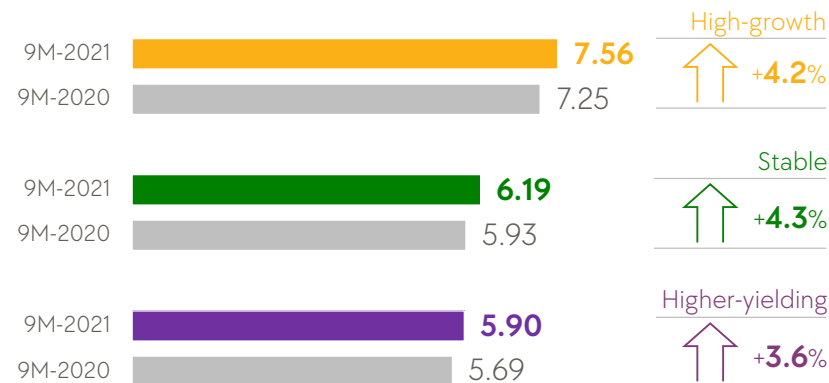
l-f-l rent development

€/m²/month



l-f-l free financed rent development

€/m²/month



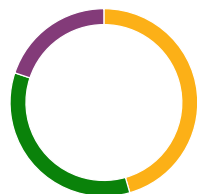
- Ongoing strong l-f-l rental growth driven by all of our three market segments; +4.1% for free financed portfolio
- Rent restricted units +0.4%: no cost rent adjustments in 2021
- Still comparatively low baseline in previous year due to temporary suspension of rent increases

Positive trends across all KPIs and market clusters

Strong rent increase momentum while vacancy drops to low levels

Market split (GAV)

%



High-growth **45.5**
Stable **34.6**
Higher-yielding **19.9**

In-place rent, l-f-l

€/m²

High-growth **6.91**
Stable **5.82**
Higher-yielding **5.62**

Vacancy, l-f-l

%

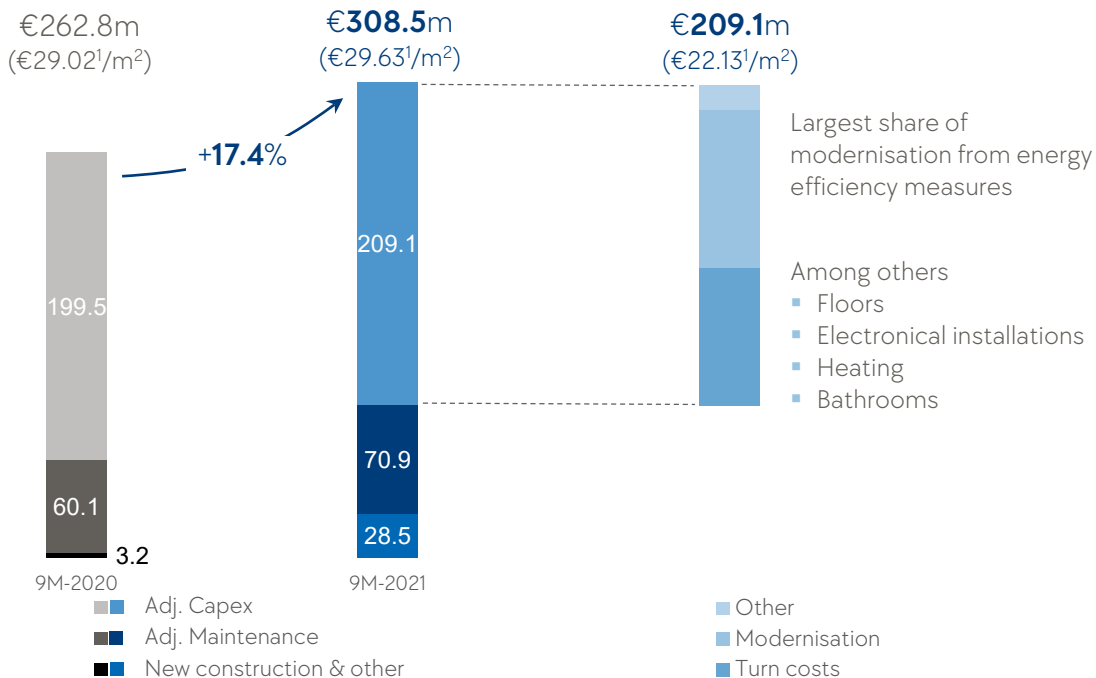
High-growth **1.6**
Stable **2.6**
Higher-yielding **3.8**

Markets

	Total portfolio		High-growth		Stable		Higher-yielding	
	9M-2021	▲ (YOY)	9M-2021	▲ (YOY)	9M-2021	▲ (YOY)	9M-2021	▲ (YOY)
# of units	145,656	+5.1%	46,454	+10.8%	56,662	+4.5%	42,540	+0.4%
GAV residential assets (€m)	15,371	+21.1%	7,001	+24.8%	5,314	+20.7%	3,056	+14.2%
In-place rent (m ²), l-f-l	€6.11	+3.3%	€6.91	+3.4%	€5.82	+3.4%	€5.62	+3.1%
EPRA vacancy, l-f-l	2.6%	−70 bps	1.6%	−30 bps	2.6%	−80 bps	3.8%	−140 bps

Capex und Maintenance

Ongoing focus on growth and energy efficiency



- Increase of **investments** with c.17% y-o-y within plan
- C.5% increase in **capex** driven by significant growth in value-enhancing turn-cost spending and growth in modernisations
- Energetic measures are the biggest driver for modernisation spending – on track with our **ESG** strategy
- **Increase in maintenance** costs by c.18% driven among others by portfolio growth, price increases and special refurbishment projects to also increase customer satisfaction

¹ Excl. new construction activities, backlog measures and own work capitalised



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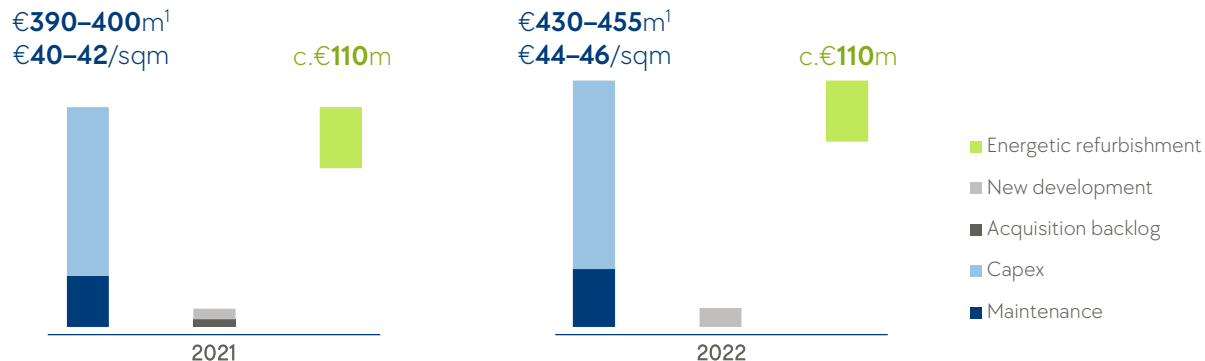
Financial Performance

Investments 2022 – under a new paradigm

Balancing capex yield vs. carbon yield

Investments

- Total investments of **€44 – 46/sqm** expected
- 2022 **c.€110m** for energetic measures planned – in line with **ESG agenda**
- Shift towards holistic refurbishment approach to maximize CO₂ reduction
- BEG-framework considered, subsidies of **€1.5m** expected for projects finalized in 2022, **€18m** for those started in 2022



Capex yield vs carbon yield

- Shift of paradigm from pure rental yield focus towards a balanced rental and carbon yield approach
- At least **30%** efficiency improvement
- Reduction of c. **4,000 CO₂ t²** for 2022
- Aiming for a capex yield of **4-5%³** for rent-relevant part of investments

Real world example non-BEG vs. BEG compliant

	Modernisation without BEG	Modernisation with BEG	
Net invest	€3.81m	€3.97m	+4%
Subsidy	–	€0.67m	–
Yield on cost ³	4.5%	5.7%	+1.2%-pts
CO ₂ reduction	47%	49%	+2%-pts (5t CO ₂)

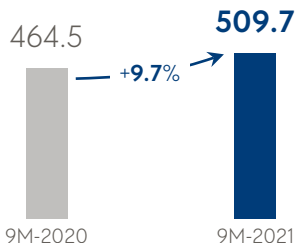
1 Capex + Maintenance 2 Excluding external effects from energy transition 3 Based on rent effective cost portion and target rent post modernisation

Margins at strong levels in 9M-2021

Benefiting from growth as well as value-added services

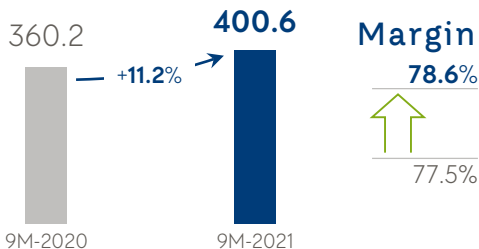
Net cold rent

€m



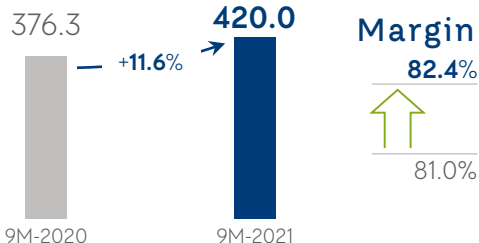
Adj. EBITDA

€m



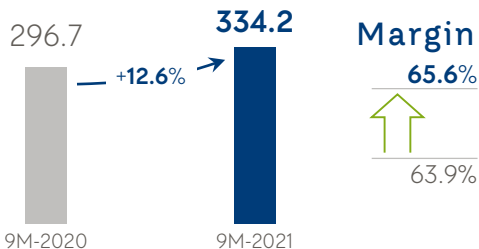
Recurring Net rental and lease income

€m



FFO I

€m



Recurring net rental and lease income

- Strong contributions from a growing platform, rent increases as well as the services business

Adj. EBITDA

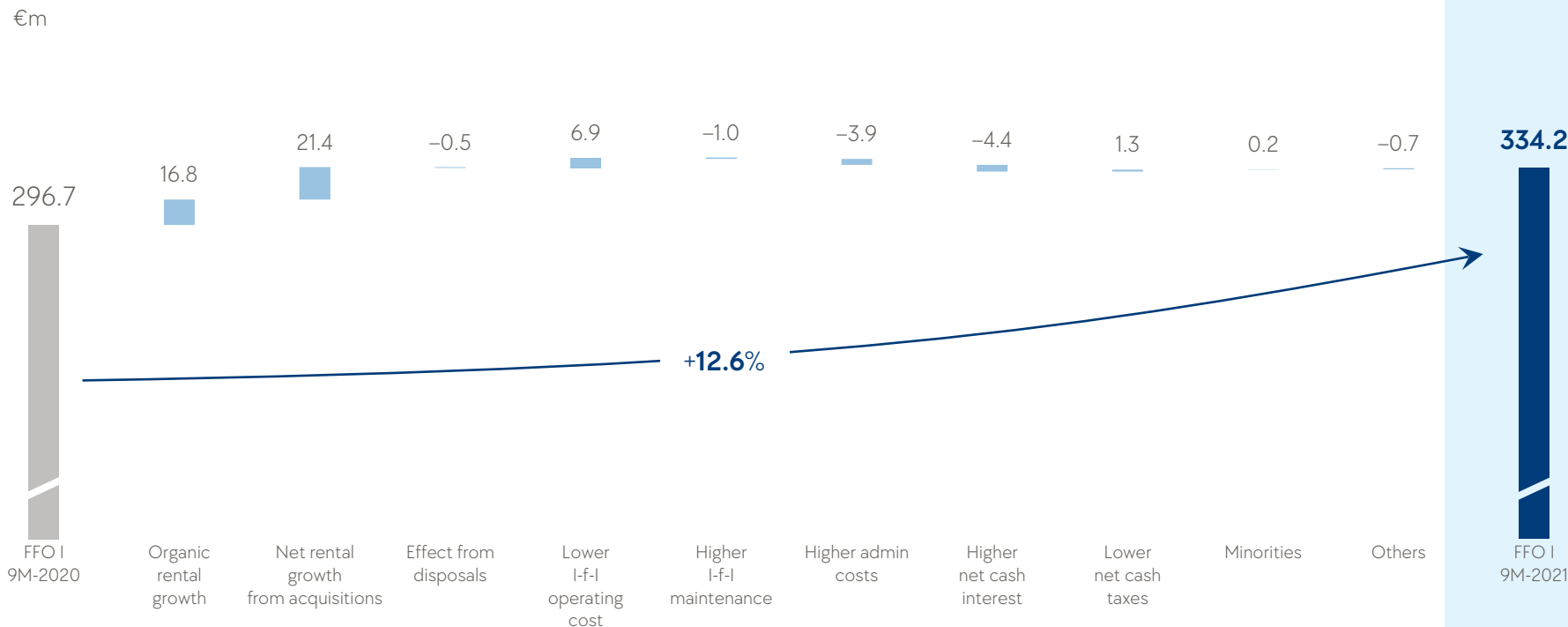
- Confirmation of margin guidance (c. 75%)
- Q4 margin always the lowest in a FY (Q4-2020: 65.5%)

FFO I ps

- 9M-2020 €4.25
- 9M-2021 €4.62**

FFO Bridge 9M-2021

Strong contribution from acquisitions and rent growth



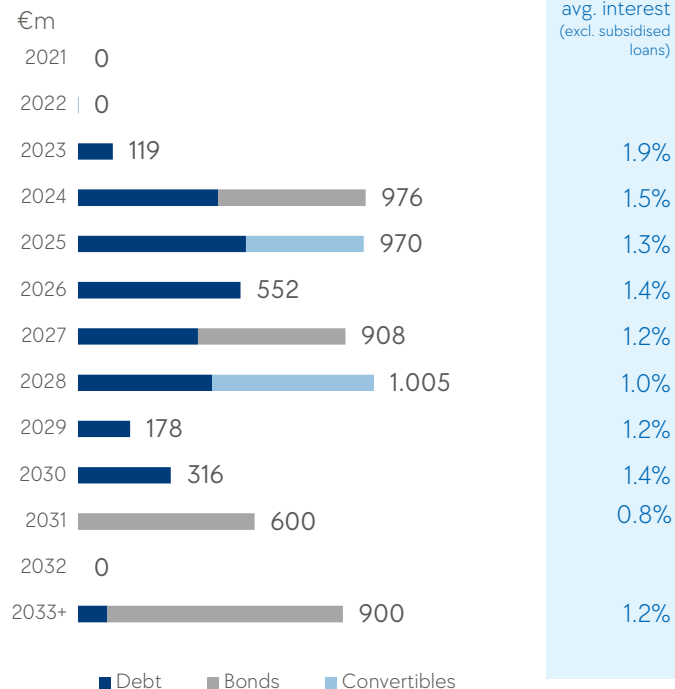
Portfolio valuation 9M-2021



Market segment	Residential Units	GAV Residential Assets (€m)	GAV/ m ² (€)	Gross yield	In-Place Rent Multiple	GAV Commercial/ Other (€m)	Total GAV (€m)
High-Growth Markets	46,454	7,001	2,269	3.6%	27.7x	287	7,288
Stable Markets	56,662	5,314	1,473	4.7%	21.4x	159	5,472
Higher-Yielding Markets	42,540	3,056	1,177	5.5%	18.1x	88	3,144
Total Portfolio	145,656	15,371	1,655	4.4%	22.9x	534	15,905

Strong financial profile

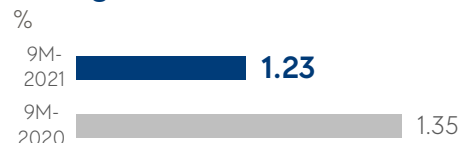
Maturity profile



Average debt maturity



Average interest costs



Loan-to-value



Highlights 9M-2021

- Placement of **€500m** bond with coupon of **0.875%** and 12 years maturity in Q1
- Placement of **€600m** sustainability bond with coupon of **0.75%** and 10 years maturity in Q2
- Average interest costs down by **12 bps** vs. 9M-2020 and down by **10 bps** vs. Q4-2020
- No maturities until 2023; 2023 recently reduced by early redemption
- LTV remains at low level with **38.0%**, similar as Net debt/EBITDA (LTM: **12.2x**).
- Interest coverage improved further y-o-y to **6.25 (6.03)**



4

Outlook

Guidance

FFO I guidance for FY-2021 confirmed at upper end of range



2021

Financial targets

FFO I	Upper end of € 410m – 420m
I-f-I rent growth	c. 3.0%
adj. EBITDA margin	c. 75%
Investments ¹	c. 40 – 42€ /sqm
LTV	max. 43%
Dividend	70% of FFO I
Acquisition ambition	c. 7,000 units

2022

Financial targets

FFO I	€ 450m – 460m
I-f-I rent growth	c. 3.0%
adj. EBITDA margin	c. 75%
Investments ¹	c. 44 – 46€ /sqm
LTV	max. 43%
Dividend	70% of FFO I
Acquisition ambition	c. 7,000 units ³

ESG targets linked to compensation scheme

Environment 2021 – 2024 Reduction of CO₂ emissions by **10%** in 4 years²
2021 Energetic refurbishment of **3%** of units²

Social 2021 – 2024 Maintain high employee satisfaction level (**66%** Trust Index)
2021 Reduction of iteration calls from tenants by **15%**

Governance 2021 Maintain Sustainalytics rating at score of **10.4**

ESG targets linked to compensation scheme

Environment 2022 – 2025 Reduction of CO₂ emissions by **10%** based on CO₂e kg/sqm
2022 **4,000** tons CO₂ reduction from modernisation projects

Social 2022 – 2025 Improve Customer Satisfaction Index (CSI) to **70%**
2022 Maintain high employee satisfaction level (**66%** Trust Index)

Governance 2022 Maintain Sustainalytics rating within the negligible risk range (**<10**)

¹ Without new construction, public safety measures for acquisitions, capitalised own services. ² Units as at 12/19. ³ Not reflected in 2022 guidance.

A woman with long brown hair is sitting in a large, light-colored armchair, reading a book. She is wearing a grey long-sleeved shirt and dark pants. The room is warmly lit by a large window with sheer orange curtains and a floor lamp with a large, textured, cylindrical shade. To the left, there is a white wooden side table with a small white lamp. A potted plant is visible on the right side of the frame. The overall atmosphere is cozy and comfortable.

5 Appendix

ESG strategy on 1-page

Building blocks to climate neutrality by 2045 (contribution in %)



Energetic refurbishment (25% – 30%)

- Targeting **3%** of units to be refurbished in 2021
- **At least 30%** efficiency improvement
- Insulation of the building shell etc.

Energy transition (65% – 70%)

- Shift from fossil energy mix to green district heating
- Shift towards green electricity along Germany's transition path

Tenant engagement (up to 5%)

- Digitisation of heating system via smart metering

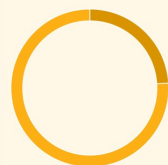
Targets

2022 – 2025: Reduction of CO₂ emissions by **10%** based on CO₂e kg/sqm

2022: 4,000 tons CO₂ reduction based on own projects (i.e. excl. external drivers)

Social responsible landlord

24% of our units are rent-restricted



- Social responsibility for our **400,000** customers
- Providing a home at affordable prices
- **145,700** units at **€6.11/sqm**
- On average rent of c. **€390** per month per unit

Targets

2022 – 2025: Improve Customer Satisfaction Index (CSI) to >70%

2022: Maintain high employee satisfaction level (**66%** Trust Index)

Governance
















- ESG targets integrated in managements remunerations system and broken down into organisation
- Compliance management system certified by the Institute for Corporate Governance in the German Real Estate Industry
- **One-third** of our fully independent supervisory board to be represented by women after the **AGM 2022**

Targets

2022: Maintain Sustainability rating within the negligible risk range (**<10**)

Among the best in class

Sustainalytics' ESG Rating recently improved to top category "negligible"

ESG		2017	2018	2019	2020	2021
	ESG Rating					
	ESG Rating			20.1	10.4	7.8
	sBPR Award					
	ESG Rating			52	52	No participation in 2021
	ESG Index				DAX® 50 ESG	DAX® 50 ESG
	ESG Indices				MSCI EAFE Choice ESG Screened Index MSCI World Custom ESG Climate Series MSCI OFI Revenue Weighted Global ESG Index	

No. 41 out of 14,620 in global coverage
No. 8 out of 1,043 in global real estate sector

Valuation framework



LEG

Frequency Valuation Date	Semi-annually 30 June - (cut off for data 31 March) 31 December - (cut off for data 30 September)
Scope	Complete portfolio incl. commercial units, parking spaces, including land
Valuation Level	Address-specific (building entrance level)
Technical Assessment	Physical review of 20% of the portfolio as part of technical reviews, data updates in EPIQR (data base for technical condition of buildings)
Model	10 year DCF model, terminal value in year 11, finite Assumption that buildings have a finite life (max. 80 years), decrease in value over a building's life Residual value of land at the end of building's life Cap rate ¹ increased to reflect the decrease of a building's value over its lifetime
Calculation of Discount-/Cap-Rate	Determination based on data from expert committees (publicly appointed surveyor boards) plus property specific premiums and discounts
Inclusion of legislation (e.g. rental brake)	Yes , via cash-flow
Relevance for Audit of Financial Statements	Yes , model and results audited by the Auditor

CBRE (Appraiser since IPO in 2013)

<i>Same as LEG</i>
Complete portfolio incl. commercial units, parking spaces, excluding land
Economic units (homogeneous cluster of adjacent buildings with similar construction date and condition) provided by LEG
Every economic unit has been inspected at least once Rolling annual inspections, especially of new acquisitions and modernised properties Additional information on change of condition provided by LEG
10 year DCF model, terminal value in year 11, infinite No separate valuation of plot size/ value of land Exit cap rate based on market evidence
Consistent DCF model for all 402 cities/districts and all clients plus property specific premiums and discounts. Results cross-checked with market data (local land valuation boards, asking prices, own transaction data base)
Yes , via cash-flow
No , second opinion for validation only

¹ Valuation parameters as at 30 June 2021 are shown in the Q3-2021 report, p. 30

New EPRA NRV – NTA – NDV



€m

	30.09.2021			31.12.2020		
	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)	8,340.9	8,340.9	8,340.9	7,365.6	7,365.6	7,365.6
Hybrid instruments	451.6	451.6	451.6	464.3	464.3	464.3
Diluted NAV (at Fair Value)	8,792.5	8,792.5	8,792.5	7,829.9	7,829.9	7,829.9
Deferred tax in relation to fair value gains of IP and deferred tax on subsidised loans and financial derivatives	1,715.3	1,701.7	–	1,431.3	1,417.4	–
Fair value of financial instruments	93.4	93.4	–	102.7	102.7	–
Goodwill as a result of deferred tax	–55.9	–55.9	–55.9	–55.9	–55.9	–55.9
Goodwill as per the IFRS balance sheet	–	–43.7	–43.7	–	–43.7	–43.7
Intangibles as per the IFRS balance sheet	–	–3.2	–	–	–2.8	–
Fair value of fixed interest rate debt	–	–	–318.6	–	–	–443.0
Deferred taxes of fixed interest rate debt	–	–	61.8	–	–	87.2
Revaluation of intangibles to fair value	–	–	–	–	–	–
Estimated ancillary acquisition costs (real estate transfer tax)	1,553.9	–	–	1,421.7	–	–
NAV	12,099.2	10,484.8	8,436.1	10,729.7	9,247.6	7,374.5
Fully diluted number of shares	76,310,308	76,310,308	76,310,308	75,534,292	75,534,292	75,534,292
NAV per share	158.55	137.40	110.55	142.05	122.43	97.63

¹ Including RETT (Real Estate Transfer Taxes) the NTA would have been €157.57

FFO calculation

€m	9M-2021	9M-2020
Net cold rent	509.7	464.5
Profit from operating expenses	-0.5	-1.2
Maintenance (externally-procured services)	-43.6	-37.4
Staff costs	-61.5	-53.7
Allowances on rent receivables	-5.8	-5.6
Other	17.2	6.5
Non-recurring project costs (rental and lease)	4.5	3.2
Recurring net rental and lease income	420.0	376.3
Recurring net income from other services	7.1	6.6
Staff costs	-20.1	-16.0
Non-staff operating costs	-13.8	-13.6
Non-recurring project costs (admin.)	7.4	6.9
Recurring administrative expenses	-26.5	-22.7
Other income and expenses	0.0	0.0
Adjusted EBITDA	400.6	360.2
Cash interest expenses and income	-64.1	-59.7
Cash income taxes from rental and lease	-0.7	-2.0
FFO I (including non-controlling interests)	335.8	298.5
Non-controlling interests	-1.6	-1.8
FFO I (excluding non-controlling interests)	334.2	296.7
FFO II (including disposal of investment property)	332.0	295.5
Capex	-230.0	-202.7
Capex-adjusted FFO I (AFFO)	104.2	94.0

Net cold rent

- +€45.2m or +9.7% driven by portfolio growth (c. 2/3) and organic growth (c. 1/3)

Maintenance

- Higher total investments at nearly unchanged capitalisation ratio

Staff costs

- Growth in staff costs mainly due to additional FTE's (+150), e.g. in newly acquired LWS Plus and TSP

Other

- Increase driven by income from value-added services and capitalisation of own work

Recurring administrative expenses

- Partially driven by higher headcount for IT and internal reallocation of resources

Cash interest expenses

- Decline in average interest costs from 1.35% to 1.23% but increase in financial debt

Balance sheet



€m	30.09.2021	31.12.2020
Investment property	16,179.8	14,582.7
Other non-current assets	340.9	264.9
Non-current assets	16,520.7	14,847.6
Receivables and other assets	320.0	77.7
Cash and cash equivalents	515.1	335.4
Current assets	835.1	413.1
Assets held for sale	25.2	21.6
Total Assets	17,381.0	15,282.3
Equity	8,366.4	7,389.9
Non-current financing liabilities	6,639.5	5,377.7
Other non-current liabilities	1,983.9	1,650.5
Non-current liabilities	8,623.4	7,028.2
Current financing liabilities	108.6	491.3
Other current liabilities	282.6	372.9
Current liabilities	391.2	864.2
Total Equity and Liabilities	17,381.0	15,282.3

Investment property

- Revaluation: +€1,119.8m
- Capex: +€226.3m
- Acquisitions: +€279.5m
- Disposals: –€31.8m

Receivables and other assets

- Increase in longer term deposits

Cash and cash equivalents

- Cash flow from operating activities €257.4m
- Investing activities –€745.6m
- Financing activities €667.9m
 - Bond issuance €1,088.6m
 - Repayment of loans –€224.5m
 - Cash Dividend payment –€185.7m (scrip dividend offered)

Loan to Value



€m	30.09.2021	31.12.2020
Financial liabilities	6,748.1	5,869.0
Excluding lease liabilities (IFRS 16)	25.5	30.8
Cash & cash equivalents	515.1	335.4
Net Debt	6,207.5	5,502.8
Investment properties	16,179.8	14,582.7
Properties held for sale	25.2	21.6
Prepayments for investment properties	122.8	43.3
Property values	16,327.8	14,647.6
Loan to Value (LTV) in %	38.0	37.6

- LTV up 160 bps vs. 9M-2020/H1-2021 and up 40 bps vs. FY-2020
- Low LTV enables further portfolio expansion

Income statement



€m	9M-2021	9M-2020
Net rental and lease income	407.3	365.7
Net income from the disposal of investment property	−0.7	−0.8
Net income from the valuation of investment property	1,119.8	593.3
Net income from the disposal of real estate inventory	−0.1	−2.3
Net income from other services	4.8	4.2
Administrative and other expenses	−36.8	−32.6
Other income	0.0	0.1
Operating earnings	1,494.3	927.6
Net finance costs	−75.7	−112.9
Earnings before income taxes	1,418.6	814.7
Income tax expenses	−278.1	−158.6
Consolidated net profit	1,140.5	656.1

Recurring net rental and lease income

- NRI increased by €41.6m or +11.4% due to increase in net cold rent (+9.7%)

Administrative and other expenses

- Increase in employees, corona bonus payments and reallocation of resources

Net finance costs

- Strong positive effects driven by LEG's share price performance from the fair value measurement of derivatives linked to the convertible bonds (yoy: +€49m)
- €13.3m increase in interest expenses mainly due to early redemption charges and measurement effects of financial instruments and higher debt

Income tax expenses

- Small increase in the effective tax rate from 18.3% to 19.4% and strong increase in EBT lead to higher deferred taxes

Cash effective interest expense

€m	9M-2021	9M-2020
Reported interest expense	84.5	71.2
Interest expense related to loan amortisation	−12,5	−9.8
Interest costs related to valuation of assets/liabilities	−0.1	−0.1
Interest expenses related to changes in pension provisions	−0.5	−0.9
Other interest expenses	−7.2	−0.6
Cash effective interest expense (gross)	64.2	59.8
Cash effective interest income	0.0	0.1
Cash effective interest expense (net)	64.2	59.7

Other interest expenses

- Expenses in connection with the early redemption of financial instruments

Cash effective interest expense

- Interest coverage improved further y-o-y to 6.2 (6.0)

Investments

Reconciliation from investments to adjusted investments

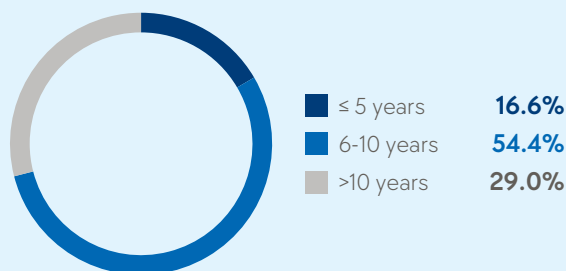
€m	9M-2021	9M-2020	FY-2020
Maintenance	70.9	60.1	98.3
Capex	237.6	202.7	290.4
Thereof LWS Plus effect	7.6	0.0	2.6
Thereof public safety measures in connection with acquisitions	1.6	0.0	0.2
Thereof new construction	7.7	3.2	4.8
Thereof capitalisation of own services	11.6	0.0	10.8
Adjusted Capex	209.1	199.5	274.8
Total investments	308.5	262.8	388.7
Adjusted total investments	280.0	259.6	370.3
Area of investment properties (million sqm)	9.45	8.94	9.03
Adjusted investment per sqm (€)	29.63	29.02	41.00

Refinancing of subsidised loans lifting value

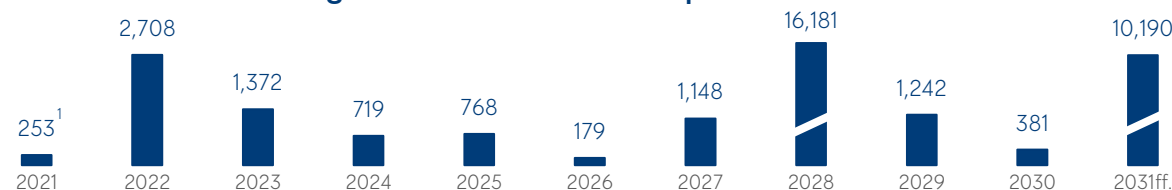
Rent potential subsidised units

- Until 2028, around **23,000 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 restrictions⁵

Around 65% of units to come off restriction until 2028

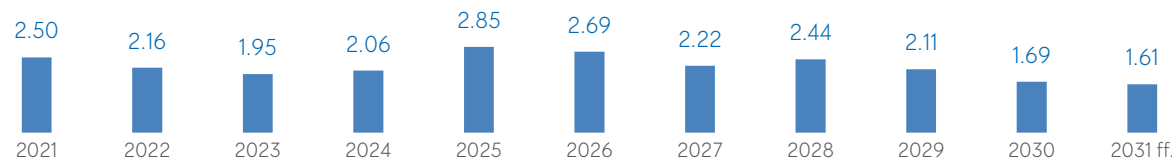


Number of units coming off restriction and rent upside



Spread to market rent

€/m²/month



	≤ 5 years ³	6 – 10 years ³	> 10 years ³
In-place rent	€4.73	€5.09	€4.91
Market rent ²	€6.93	€7.48	€6.51
Upside potential ⁴	47%	47%	33%
Upside potential p.a. ⁴	€10.7m	€36.9m	€13.3m

1 In 9M already 1,018 units released. 2 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. 3 ≤ 5 years = 2021-2025; 6-10 years = 2026-2030; >10 years = 2031ff. 4 Rent upside is defined as the difference between LEG in-place rent and market. 5 For example rent increase cap of 15% or 20% for three years.

LEG additional creditor information

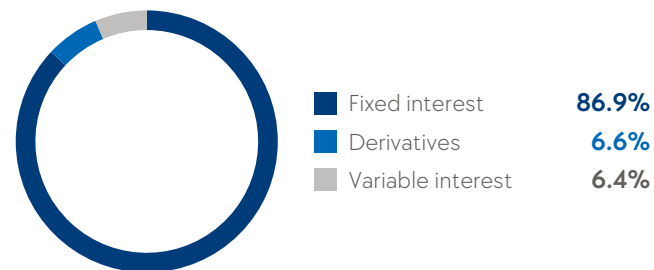
Unsecured financing covenants

Covenant	Threshold	9M-2021
Consolidated Adjusted EBITDA / Net Cash Interest	≥1.8x	6.0x
Unencumbered Assets / Unsecured Financial Indebtedness	≥125%	216%
Net Financial Indebtedness / Total Assets	≤60%	36%
Secured Financial Indebtedness / Total Assets	≤45%	17%

Ratings (Moody's)

Type	Rating	Outlook
Long Term Rating	Baa1	Stable
Short Term Rating	P-2	Stable

Financing mix



Key financial ratios

	9M-2021	9M-2020
Net debt / EBITDA	12.2x	10.7x
LTV	38.0%	36.4%

Capital market financing

Corporate bonds



	2017/2024	2019/2027	2019/2034	2021/2033	2021/2031 (sustainable bond)
Issue Size	€500m	€500m	€300m	€500m	€600m
Term / Maturity Date	7 years / 23 January 2024	8 years / 28 November 2027	15 years / 28 November 2034	12 years / 30 March 2033	10 years / 30 June 2031
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)	0.750 % p.a. (annual payment)
Issue Price	99.409%	99.356%	98.649%	99.232%	99.502%
Financial Covenants	<ul style="list-style-type: none"> ▪ Net financial debt/ total assets \leq 60% ▪ Secured financial debt/ total assets \leq 45% ▪ Unencumbered assets/ unsecured financial debt \geq 125% ▪ Adj. EBITDA/ net cash interest \geq 1.8 x 				
ISIN	XS1554456613	DE000A254P51	DE000A254P69	DE000A3H3JU7	DE000A3E5VK1
WKN	A2E4W8	A254P5	A254P6	A3H3JU	A3E5VK

Capital market financing

Convertible bonds



	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	3,470,683	3,556,142
Initial Conversion Price	€118.4692	€155.2500
Adjusted Conversion Price ¹	€115.2511 (as of 10 June 2021)	€154.6620 (as of 14 June 2021)
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

¹ Dividend-protection: The conversion price will not be adjusted until the dividend exceeds €2.76 (2017/2025 convertible) and €3.60 (2020/2028 convertible).

LEG share information

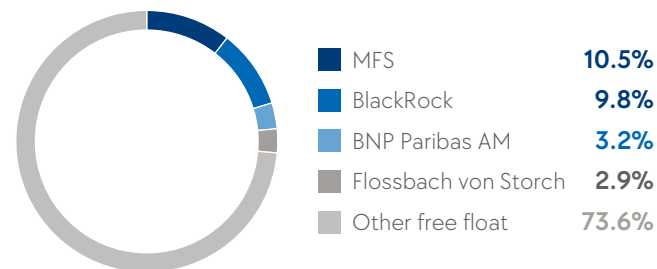


Basic data

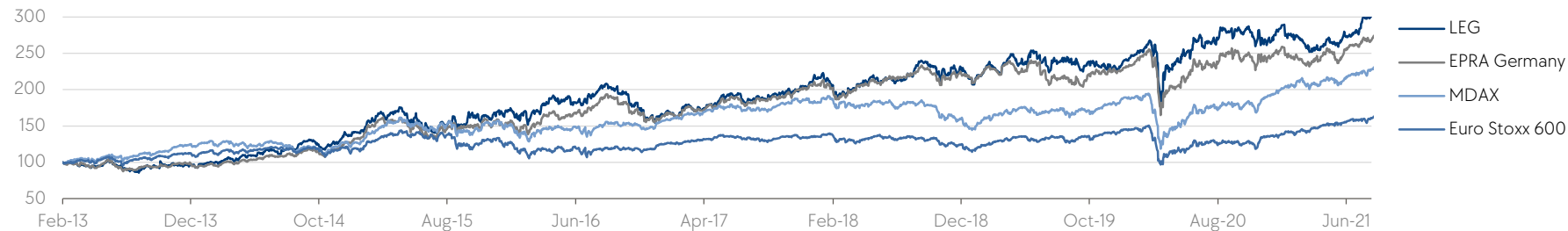
Market segment	Prime Standard
Stock Exchange	Frankfurt
Total no. of shares	72,839,625
Ticker symbol	LEG
ISIN	DE000LEG1110
Indices	MDAX, FTSE EPRA/NAREIT, GPR 250, Stoxx Europe 600, DAX 50 ESG, i.a. MSCI Europe ex UK, MSCI World ex USA, MSCI World Custom ESG Climate Series

Weighting	MDAX 4.69% (30.09.2021) EPRA Europe 3.32% (30.09.2021)
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Shareholder structure¹



Share (30.7.2021; indexed; in %; 1.2.2013 = 100)

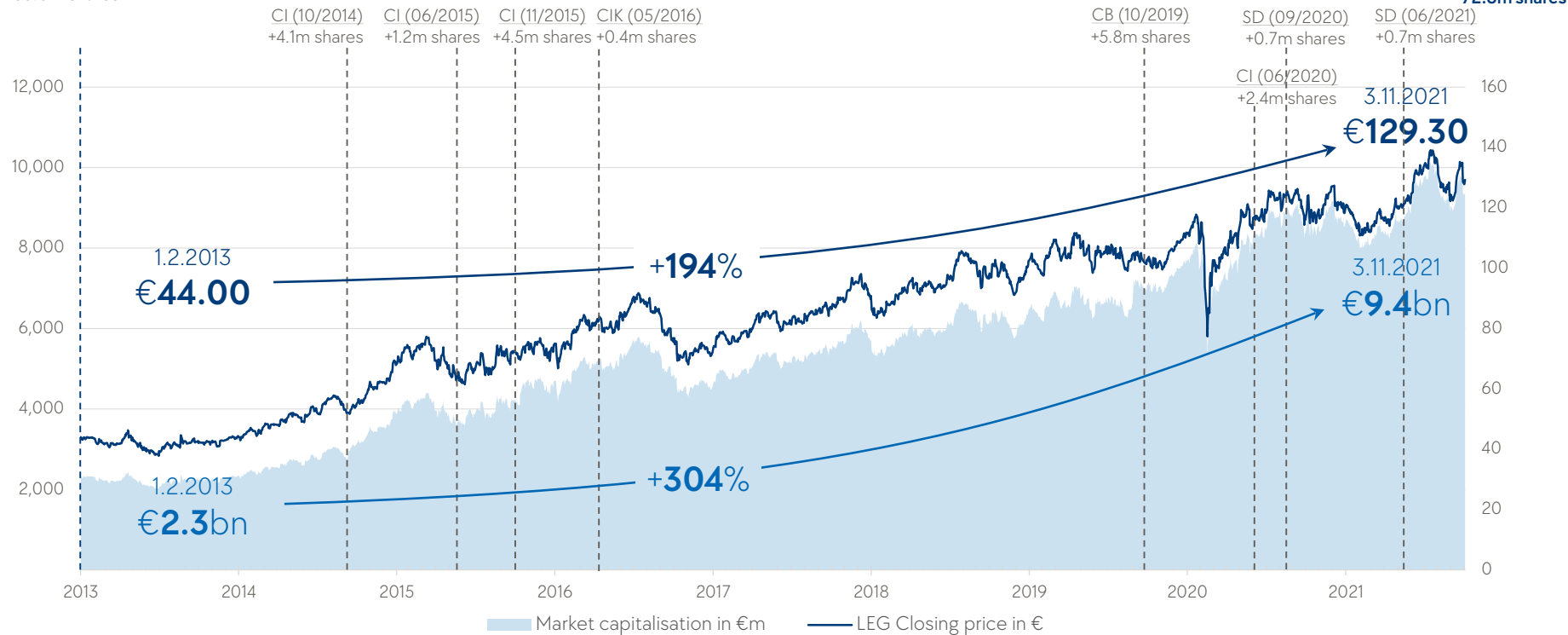


¹ Shareholdings according to latest voting rights notifications.

Sustainable increase in share price and market capitalisation since IPO

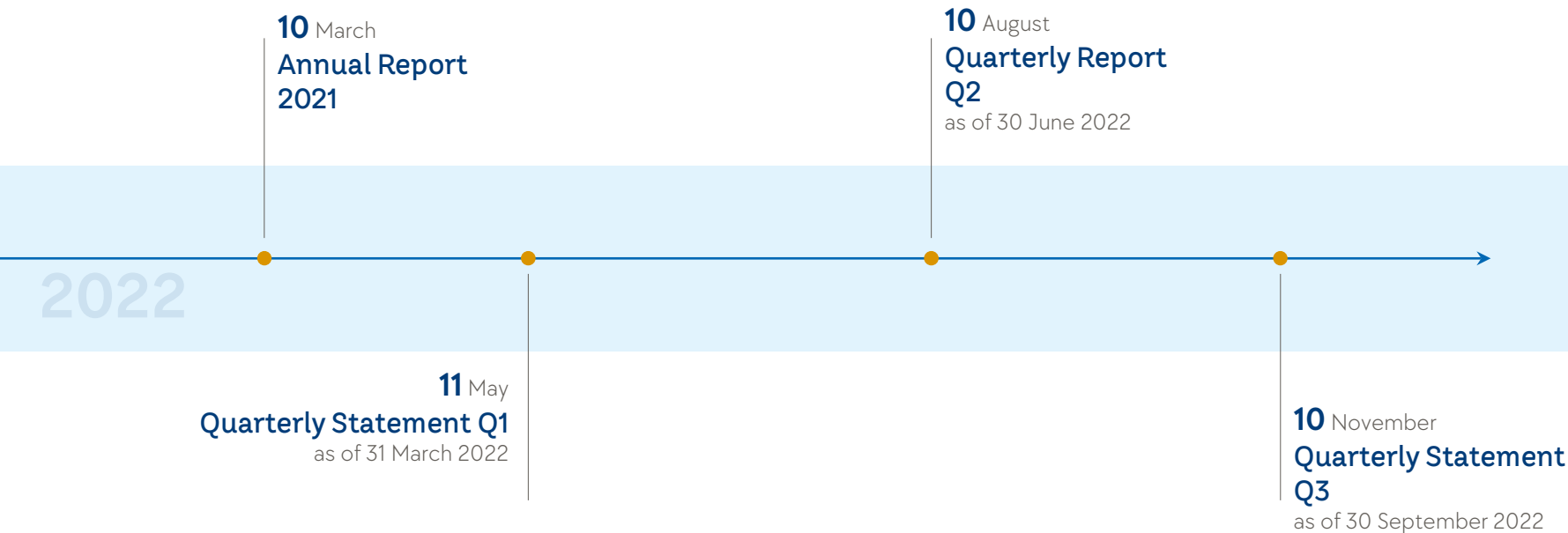
IPO (2/2013)

53.0m shares



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

IR Contact



Investor Relations Team

Frank Kopfinger, CFA

Head of Investor Relations & Strategy

Tel: **+49 (0) 211 4568-550**

E-Mail: **frank.kopfinger@leg-se.com**

Elke Franzmeier

Assistant Investor Relations & Strategy

Tel: **+49 (0) 211 4568-159**

E-Mail: **elke.franzmeier@leg-se.com**

Karin Widenmann

Senior Manager Investor Relations

Tel: **+49 (0) 211 4568-458**

E-Mail: **karin.widenmann@leg-se.com**

Gordon Schönell, CIIA

Senior Manager Investor Relations

Tel: **+49 (0) 211 4568-286**

E-Mail: **gordon.schoenell@leg-se.com**

LEG Immobilien SE | Hans-Böckler-Str. 38 | 40476 Düsseldorf, Germany

Phone: +49 (0) 211 4568-400 | Fax: +49 (0) 211 4568-22 204 | E-Mail: ir@leg-se.com | Internet: www.leg-se.com