

19.11.2025

LHI Group | Asset Management Rating 2025

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Asset Management Rating

AA_{AMR}

Real Estate
Renewables

AA_{AMR}
AA_{AMR}

Rating rationale

Scope affirms LHI Group's current Asset Management Rating at AA_{AMR}. The company has a very high overall level of asset management quality and expertise. The Real Estate and Renewable Energy segments continue to be rated at AA_{AMR}. The rating for the Aviation segment has been withdrawn, as this area no longer represents a strategic asset class within the company's investment activities.

Rating driver

The rating is predominantly supported by (1) the outstanding expertise in structuring tailored product solutions for institutional investors, complemented by the guidance of highly experienced relationship managers; (2) the above-average industry experience across the first and second management tiers; (3) the very strong investment performance in the Real Estate segment and the strong investment performance in the Renewable Energy segment, as well as the continuous growth of Assets under Management in the Renewable Energy segment, which have increased by around 27.4% over the past three years; (4) well-established and modern operational processes, along with clearly defined procedures in risk control and compliance; and (5) the diversified, risk-averse yet profitable business model with a broad revenue base and excellent fixed-cost coverage due to predictable management fees, in addition to outstanding financial stability.

The rating is constrained by (1) a concentration risk on the client side within the investment business, which has slightly increased compared to the previous year — with the largest institutional investor accounting for 13.4% of total investment volume and 20.9% of equity, and the top five institutional investors accounting for 19.4% of total investment volume and 30.3% of equity; (2) the recently elevated employee turnover, particularly in the Renewable Energy segment; and (3) a standardized ESG reporting framework at the product level that still offers room for further development, although the client-specific ESG reporting is a positive differentiator, along with sustainability objectives that have so far only been partially translated into concrete KPIs at the corporate level and are therefore not yet consistently defined or measurable.

Company history and Assets under Management

The LHI Group (LHI), consisting of LHI Leasing GmbH as the parent company ("LHI Leasing") and the subsidiaries LHI Kapitalverwaltungsgesellschaft ("LHI KVG"), LHI Capital Management GmbH ("LHI CapMan"), LHI Real Estate Management GmbH, as well as the Luxembourg-based entities LHI Management Luxemburg SA and LHI Securitization SA, manages assets of around EUR 14.8bn as of 31 December 2024 (2023: EUR 14.2bn) across leasing structures and structured finance, the development and management of real estate portfolios, and real-asset-backed investment solutions. Assets under Management remained nearly unchanged at EUR 14.7bn at end-September 2025.

LHI KVG, the group's own management company, is responsible for the core functions of risk, portfolio, and asset management. The broad and innovative product offering is aimed exclusively at institutional investors. With the merger of LHI Capital Management GmbH (LHI CapMan) into LHI KVG effective 30 June 2025, the LHI Group consolidated the organisation of the investment business.

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This supports the Group's objective to position itself as a specialised structured finance and investment boutique with highly efficient and scalable processes, enabling even more direct use of its strong market access. The Structured Finance segment remains volatile in terms of new business due to its project-driven nature and varying transaction sizes. However, the company sees growth potential particularly in municipal financing.

The integration of CapMan's activities into the KVG streamlines all sales, product, and asset-management functions within one entity, strengthening operational efficiency while reducing structural complexity and cost. The ongoing cost and process optimisation, with a strong focus on automation, is expected to lead to a leaner organisational setup over the medium term. From Scope's perspective, these measures are well-targeted to align the company with current market requirements and support the intended strategic positioning.

In connection with the extension of the BaFin licence for financial portfolio management in 2025, the company has increased the equity of LHI KVG by EUR 2m to EUR 6m to strengthen the regulatory capital base. Since 2024, LHI Luxembourg has held a full AIFM licence for real estate. LHI Group is currently evaluating the application for a full AIFM licence for the open-ended fund business in Germany.

In the reporting year, the LHI Group also restructured its management board. Markus Niedermeier is responsible for investment products in Germany and abroad, structured finance, real estate management, internal audit, and marketing. Alexander von Dobschütz, who joined the management board in 2024, is responsible for human resources, IT, risk management and controlling, compliance, accounting, and facility management. Clemens Richter, who has been with the company since 2004, also joined the management board during the reporting period and, as General Representative, oversees structured finance proprietary business as well as legal and tax matters. In 2024, two managing directors, Dr. Nicole Handschuh and Florian Heumann, left the company.

The investment solutions assessed in this rating for the real-asset-backed investment segment in Real Estate and Renewable Energy comprise 79 active investment vehicles with a combined managed volume of around EUR 5.2bn at end-2024, slightly above EUR 5bn at end-2023. Of this, 59.5% related to real estate and 40.5% to renewable energy.

In addition, investment assets of EUR 1.2bn in the Aviation and Media segments are managed but excluded from this rating. The Structured Finance segment, with EUR 7.1bn in managed volume, is likewise excluded from the rating and considered only in the overall assessment of the company and its financial structure.

The LHI Group recorded lower new business volumes of around EUR 770m in 2024, down from the EUR 3bn year before when they were inflated by a large single transaction in the Rolling Stock segment. This still represents a solid performance, supported by sustained high demand for structured financing and real-asset-based investment solutions, especially in renewable energy.

LHI expects muted short-term new business activity, likely to remain within the company's forecast range, due to the challenging market environment and continued caution among institutional investors, with a gradual recovery in closing activity in the medium term.

Profitability and warehousing capacity

LHI Group has recorded consistently profitable annual results through its more than 50-year corporate history, with all major subsidiaries operating profitably since their inception. An income transfer agreement is in place between LHI KVG and LHI Leasing. LHI Leasing reported a commercial result under German GAAP (HGB) of EUR 4.9m, down from EUR 6.3m in 2023, but in line with the target of EUR 5m. The decline was mainly due to lower commission income of EUR 0.8m compared with EUR 3.4m in 2023 when there were one-off gains related to the early termination of contractual arrangements.

Other operating income remained nearly unchanged at EUR 35.5m compared with EUR 36.5m the previous year. The slight decrease reflects lower gains from the disposal of financial assets and reduced special advisory fees. Management fees amounted to EUR 11.5m in 2024, down 12.7% from the previous year. Together with higher servicing fees of EUR 9.7m, up 16.9% from EUR 8.3m in 2023, they continue to form a stable earnings base.

Cash pooling is conducted for individual asset companies in the leasing and legacy fund segments through Abrechnungs-Treuhand GbR (ATG). Regulated funds (AIFs) are explicitly excluded. Any excess returns generated by ATG from cash pooling activities or the investment of surplus liquidity beyond the agreed interest for cash pool participants accrue to LHI. Conversely, any potential losses are compensated by LHI, and market price risks are therefore allocated to LHI.

LHI Leasing's investment income increased to EUR 13.4m in 2024 from EUR 12.4m in the previous year, supported by higher contributions from LHI CapMan and LHI KVG. LHI KVG generated a significantly improved pre-transfer result of EUR 2.7m in 2024, up from EUR 0.9m in 2023. Commission income rose to EUR 14.7m from EUR 13.7m, driven by new business and servicing mandates, with growth primarily

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resulting from higher one-off fees, index adjustments, and volume-based fees. LHI CapMan also recorded higher commission income of EUR 1.2m, up from EUR 0.4m in 2023. Overall, Scope continues to assess LHI's profitability as very strong.

For 2025, a lower result at the level of LHI Leasing is expected in light of the economic environment and investor caution. Nevertheless, the result is projected to remain within the company's strategic target range, with a moderate upward trend anticipated from 2026 onwards.

LHI Leasing's equity ratio stood at 28% at year-end 2024. Including the provision reserve under § 340g HGB of around EUR 6m, which is economically equivalent to equity, the ratio increases to 35%. The company also benefits from a stable refinancing structure, including a EUR 2m loan from an affiliated entity and EUR 20m in issued bearer bonds. The balance sheet contains no traditional bank liabilities. However, the company maintains credit lines with several banks totalling about EUR 23m, all undrawn at 31 December 2024, which enhances financial flexibility. While warehousing capacities are available in principle, this criterion is not considered in the assessment, as LHI KVG's business strategy focuses on structures executed jointly with investors.

LHI's high fixed-cost coverage remains a competitive strength, supporting selective, risk-conscious growth aligned with its long-term, reputation-focused, and Mittelstand-style corporate strategy. One feature is the long duration of individual projects, some of which are due to last until 2062, which underpins stable earnings.

Overall, the company demonstrates strong financial stability and resilience. A robust capital structure, forward-looking liquidity management, and a conservative financing strategy, combined with stable earnings and disciplined cost management, underpin the positive assessment of financial strength.

ESG

LHI KVG holds a separate ESG Capability Rating from Scope, published on 09 April 2024 with a result of A-_{ESG}.

LHI is committed to the 17 United Nations Sustainable Development Goals and the objectives of the Paris Climate Agreement. The company excludes business partners that violate these principles. Its commitment is further demonstrated through memberships in key sustainability initiatives, including the UN Principles for Responsible Investment (since 10 May 2023), the Klimabündnis Ebersberg-München, Impact on Sustainable Aviation eV, as well as through its support for international standards such as IES and ICG.

The ESG organisation is decentralized and led by Chief Sustainability Officer Alexander von Dobschütz who is operationally connected via ESG officers and working groups. The Sustainability Advisory Board, comprising internal and external members, supports and monitors the ESG strategy through regular meetings. In addition, specialised staff within the business units ensure that sustainability aspects are incorporated into processes and decision-making. Scope assesses the organisation as clearly structured but identifies potential for further consolidation of ESG responsibilities, for example, by establishing a dedicated ESG unit with clearly defined mandates.

In 2024, the LHI Group achieved measurable progress in implementing its sustainability objectives. More than 1.1m kWh of electricity were converted to green power, and 2.6 GWh of natural gas were offset, which according to the company correspond to savings or compensation of around 1,000 tonnes of CO₂. On the social front, encouraging developments included women accounting for 56% of the workforce at group level and 27% at management level, while the average tenure within the company stood at 14 years. ESG considerations are reflected in the remuneration framework through the Code of Ethics; however, quantitative targets or measurable components are not yet in place.

ESG factors are now largely embedded within LHI's investment process, which Scope views positively. Integration is achieved through standardised ESG checklists that systematically capture environmental, social, and governance criteria. Data collection and analysis of ESG-relevant parameters are already well advanced in the real estate segment, supporting the ongoing assessment of assets. The results of the internal ESG scoring form the basis for targeted mitigation of identified weaknesses and for continuously improving the sustainability performance of the assets. These insights are incorporated into the annual budget planning process and guide decisions on modernisation and optimisation measures. The ESG score is updated and reviewed annually.

As of year-end 2024, LHI KVG managed ESG-related assets of around EUR 3.4bn, representing more than 50% of AuM within the real-asset-backed investment segment, which amounted to approximately EUR 6.4bn. The range of sustainable products comprises four funds classified under Article 8 and three funds classified under Article 9 of the SFDR. Distributed across the Real Estate and Renewable Energy asset classes, these funds represented a combined volume of EUR 829m at year-end 2024.

Real Estate

The current market environment continues to be shaped by the adjusted interest rate level, restrictive lending practices, and refinancing challenges. While early signs of stabilisation are emerging in core segments, assets with deferred maintenance or weaker locations remain under pressure. At the same time, structural challenges are intensifying due to changing user requirements and increasing ESG-driven transformation needs. Rising demands for energy efficiency and CO₂ reduction are driving higher investment requirements for existing properties and influencing long-term value development. Overall, market differentiation is increasing while residential, retail, and logistics assets remain comparatively stable, whereas office properties with traditional layouts and low ESG standards face higher vacancy risks. Against this backdrop, targeted value-preservation measures are required to maintain fund performance and strengthen risk-bearing capacity.

Within the real estate segment, office properties account for the largest share of investment assets at 40.7%. The next largest segments are logistics (15.5%) and hotels (15.1%). Retail and retail parks represent 14.1%, while 7.0% relates to mixed-use commercial buildings (office/retail). Smaller segments such as educational properties (3.5%), senior living (2.3%), and mixed-use residential/commercial buildings (1.3%) complement the portfolio. Production and storage facilities make up the smallest share at 0.5%. Over the past three years, the managed real estate volume remained broadly stable at EUR 3.1bn in 2024. The portfolio's rental space of around 1.2 million sqm is nearly fully let at 98.9% (based on area), which supports the rating positively.

The average distribution yield of the investment vehicles was 3.6% in 2024, below the prior-year figure of 4.3%, but the five-year average of 5.4% remains solid. For 45 properties, Scope received comparative valuation data as of 31 December 2024. These showed only moderate valuation declines of around 3% on average. In the prior-year period, valuation reductions averaged 12%. Overall, the market values of these properties as of year-end 2024 remain slightly below their purchase prices, primarily due to acquisitions made during the market's high-price phase (2019–2022), when the company invested more than EUR 1.2bn.

Real estate transaction volume amounted to around EUR 221m in 2024, up from EUR 132m the previous year. In 2024, LHI KVG bought two properties with a combined value of approximately EUR 165.5m compared with three properties worth EUR 37m in 2023. In addition, LHI KVG acquired four further properties in 2025 with a total volume of around EUR 33.1m. Offsetting these acquisitions were two disposals in 2024 with total proceeds of EUR 55.4m (2023: four properties; EUR 95m). Overall, the portfolio was selectively expanded, with acquisitions focusing on assets featuring stable tenant structures. Notable transactions include the purchase of a component of the Husemann Karree in Bochum—a mixed-use office and retail property—and the acquisition of an Edeka Center in Hamburg. Furthermore, for the educational property fund, one campus and two daycare centres were added.

In the real estate segment, LHI continues to increase its focus on largely non-cyclical sub-asset classes such as grocery retail, social infrastructure, and other resilient segments that typically demonstrate more stable performance.

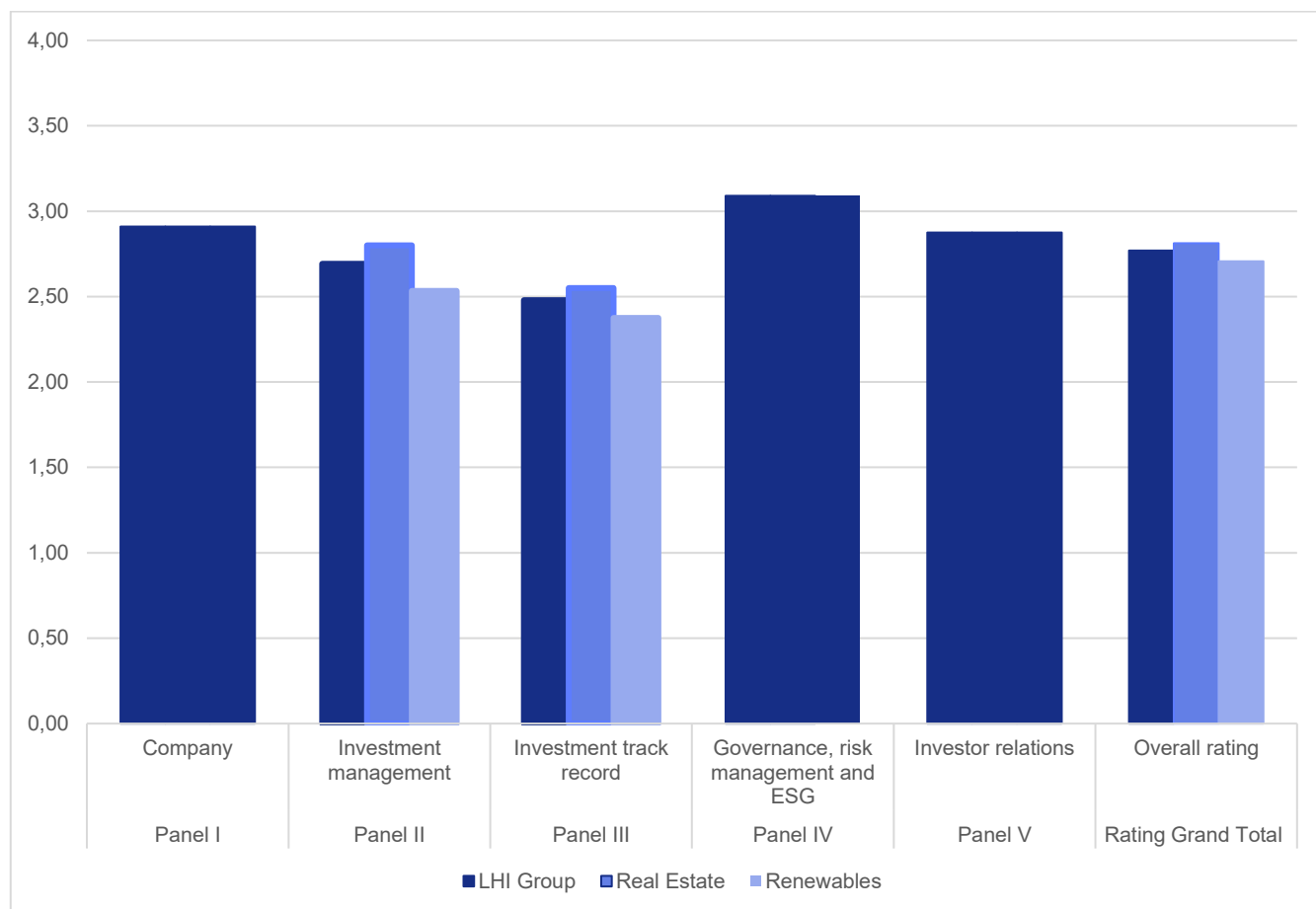
Renewables

Russia's attack on Ukraine in 2022 led to severe disruptions in primary energy markets, leading to significant uncertainty due to volatile energy prices. Volatility remains elevated as Russia's war has continued amid broader geopolitical uncertainty. In the photovoltaic sector, increasingly frequent periods of negative electricity prices continue to have adverse effects on revenues from direct marketing. Rising operating and financing costs also present challenges for the industry. More favourably, production costs for photovoltaic and onshore wind installations have declined. Investor demand for renewable energy investments remains strong, though accompanied by higher return expectations, which limits asset managers' access to suitable projects.

The LHI Group recorded significant growth in the renewable energy asset class. The portfolio was expanded in 2024 by five solar parks with a total value of EUR 108m, and again in 2025 by two new wind parks amounting to EUR 82.7m, which is viewed positively by Scope. In total, thirteen wind and solar parks were newly connected to the grid in 2024. According to LHI, the electricity generated from these assets can supply approximately 79,000 two-person households. The LHI portfolio comprised 79 solar parks with an installed capacity of 692 MW and 38 wind parks with 522 MW at end-2024. Between 2021 and 2024, assets under management increased 27.4% to EUR 2.1bn from EUR 1.7bn. This steady expansion reflects LHI's strong positioning within the asset class and the continued high demand from institutional investors for sustainable energy projects. The development potential and market access supported by the underlying asset pipeline are also encouraging.

Renewable energies constitute a key growth driver for LHI and form a central element of the company's ESG strategy. New investments increasingly focus on innovative solutions such as hybrid and storage technologies, while existing assets are continuously monitored and evaluated according to internal ESG criteria.









Figure 1: Rating overview



Source: Scope Fund Analysis

Rating-Scorecard-Summary

Rating driver

Positiv	Negativ
<p> Outstanding expertise in structuring tailored product solutions for institutional investors, complemented by the guidance of highly experienced relationship managers</p> <p> An above-average industry experience across the first and second management tiers</p> <p> A very strong investment performance in the Real Estate segment and the strong investment performance in the Renewable Energy segment, as well as the continuous growth of Assets under Management in the Renewable Energy segment, which have increased by around 27.4% over the past three years</p> <p> A well-established and modern operational processes, along with clearly defined procedures in risk control and compliance</p> <p> A diversified, risk-averse yet profitable business model with a broad revenue base and excellent fixed-cost coverage due to predictable management fees, in addition to outstanding financial stability</p>	<p> A concentration risk on the client side within the investment business, which has slightly increased compared to the previous year — with the largest institutional investor accounting for 13.4% of total investment volume and 20.9% of equity, and the top five institutional investors accounting for 19.4% of total investment volume and 30.3% of equity</p> <p> A recently elevated employee turnover, particularly in the Renewable Energy segment</p> <p> A standardized ESG reporting framework at the product level that still offers room for further development, although the client-specific ESG reporting is a positive differentiator, along with sustainability objectives that have so far only been partially translated into concrete KPIs at the corporate level and are therefore not yet consistently defined or measurable.</p>

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Rating History

Datum	Rating Action	Rating	Datum	Rating Action	Rating
19.11.2025	Affirmation	AA _{AMR}	21.12.2018	Affirmation	AA _{AMR}
09.12.2024	Affirmation	AA _{AMR}	06.12.2017	Affirmation	AA _{AMR}
28.11.2023	Affirmation	AA _{AMR}	30.11.2016	Affirmation	AA _{AMR}
28.11.2022	Affirmation	AA _{AMR}	02.12.2015	Affirmation	AA _{AMR}
30.11.2021	Affirmation	AA _{AMR}	08.05.2015	Watchlist resolved / Affirmation	AA _{AMR}
10.11.2020	Affirmation	AA _{AMR}	20.04.2015	Watchlist (evolving)	AA _{AMR}
08.01.2020	Affirmation	AA _{AMR}	05.05.2014	Initial Rating	AA _{AMR}

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Sources for the management rating

The following principal information sources were used to produce the management rating: website of the asset management company - detailed information provided on request - annual financial statements - interim financial statements - data supplied by external data providers - interview with the asset management company - external market reports - press reports/other published data.

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Before publication, the client had an opportunity to review the rating and the key factors leading to the rating decision (rating drivers), including a summary of the underlying rating rationale. The rating was not revised following this review.

Methodology

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