

# 2023

## ANNUAL REPORT



**REAL QUALITY,  
REAL LHI**

Obersontheim wind farm,  
Baden-Württemberg  
Investment Management >  
Renewables

A LOT OF  
MOVEMENT.

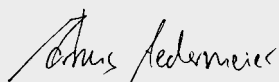
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# 1973–2023 50 YEARS LHI



## LHI MANAGEMENT

Markus Niedermeier,  
Dr. Nicole Handschuh,  
Florian Heumann  
(left to right)

  
Markus Niedermeier

  
Dr. Nicole Handschuh

  
Florian Heumann

## Foreword of the management

2023 continued to be characterised by a difficult market environment. We are therefore all the more pleased that we were once again successful despite these difficult conditions.

In the past fiscal year, we realised transactions in the total amount of EUR 3,350 million. We invested around EUR 3,000 million in new projects.

One highlight project in 2023 was the structured financing of 90 new S-Bahn (suburban) trains for Munich with a volume of more than EUR 2 billion. The first newly developed S-Bahn trains are scheduled to go into operation from the middle of 2029. Another local rail transport project is the financing of nine battery-powered electric vehicles, which are being used in Berlin and north-east Brandenburg. Electric rail vehicles, which were financed via a hire purchase solution from LHI, also run on the route network in eastern Bavaria.

As part of a real estate leasing structure, we realised the financing of a public school for a major private education provider in southern Germany and for a long-established German science publisher.

Overall, the volume of new business in the Structured Finance segment amounted to EUR 2,850 million.

In 2023, our investment business was again characterised by ESG-compliant investments in the renewable energy asset class. In the asset class of real estate, several forward deals could be taken over as planned and we also let several new spaces. Despite the market situation, real estate from five

legacy funds were successfully sold, which led to an above-plan result for these funds.

Last year, we integrated eleven new wind and solar parks and five Norwegian hydropower plants into our portfolio of renewable energy investment products. The managed portfolio of renewable energy plants generated 1.5 billion kWh of electricity and saved around 570,000 tonnes of CO<sub>2</sub> last year. The successful sale of an older wind farm for repowering purposes should also be emphasised. The excellent cooperation between our engineers and the LHI transaction and portfolio management team during the sales process led to a pleasing result for investors.

The volume of new business for all asset classes amounted to EUR 150 million.

We think in the long-term and are, therefore, also able to act in challenging markets with foresight. LHI, its business partners and investors as well as its employees benefit from this sustainable business policy. LHI will remain a stable partner in the future.

We extend a heartfelt thank you to our employees as well as our customers and investors for the trust they have placed in us as well as their commitment.



ENGAGEMENT  
WINS.

## Excellent LHI quality



The international rating agency Scope confirmed our outstanding asset management quality with an AA rating.

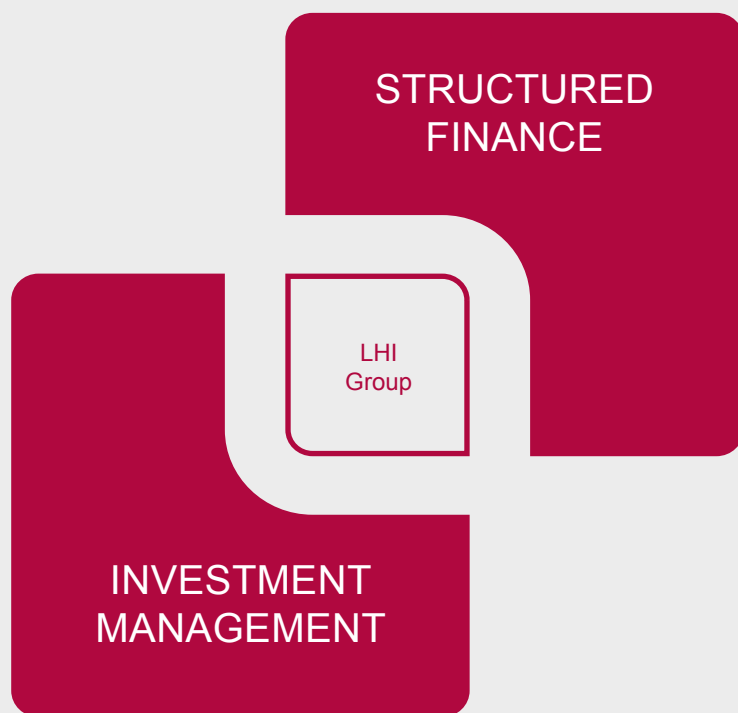
LHI was honoured by Scope Rating as the best asset manager for transportation.

We were nominated as best asset manager in the Renewables and Real Estate asset classes, which means a top 5 ranking.

For the second time in a row, LHI received the ESG Reporting Award from Exxecnnews.

imug rating was commissioned to prepare an independent sustainability rating for LHI Kapitalverwaltungsgesellschaft mbH. The company's sustainability performance is rated as "good" overall.

# RELIABILITY IS CONVINCING.



## The LHI Group

The LHI Group consists of LHI Leasing GmbH, founded 1 October 1973, as a real estate leasing company, and its subsidiaries. Since 2015, LHI Leasing GmbH has been a wholly owned subsidiary of LHI Holding GmbH, which, in turn, is wholly owned by four private individuals who were also managing directors of LHI until 31 December 2020.

The LHI Group is a provider of structured financing vehicles and serves as an investment manager for companies and investors. Complementary services, such as insurance solutions, real estate valuations, the performance of functions related to construction controlling or the management of external real estate portfolios, round out the product range.

LHI is a regulated company in the financial sector and is therefore subject to the provisions of the German Banking Act. With regard to capital brokerage and the management of equity investment products, major parts of the services are provided by two wholly-owned subsidiaries, LHI Capital Management GmbH and LHI Kapitalverwaltungsgesellschaft mbH. Both Companies are also subject to German financial supervision, have their own staff and are linked to LHI by profit and loss transfer agreements.

LHI has a branch in Pöcking and an office in Stuttgart. In addition, it holds indirect shareholdings in LHI Management Luxembourg S.A., which supports business activities in the Luxembourg market.

# HELPING TO SHAPE THE COMMUNITY.

## REAL QUALITY, REAL LHI

—  
The Care –  
multigenerational house  
Leipzig, Saxony  
Investment Management >  
Real Estate

# THE FUTURE DECIDES.

## REAL QUALITY, REAL LHI

E-charging park  
Schweinfurt, Bavaria  
Investment Management >  
Renewables

## Strategy and positioning

The current overall economic environment continues to be characterised by international crises and stagnation in the German economy.

However, the development of inflation rates, interest rates and energy prices has stabilised over the course of 2023. This starting position offers opportunities and risks for our business model. We are essentially countering it with two principles:

Our diversified business model is based on two pillars: Structured Finance and Investment Management. A sustainable orientation is more decisive for us than short-term optimisation of earnings. Maintaining our stable earnings base is a value in itself. We make our decisions with a sense of proportion and with farsightedness.

LHI has a strong equity base. We have high risk cover amount available in relation to our business activities. This makes us less susceptible to crises than our competitors. In addition, we employ a conservative risk policy. We see that risks to be assumed are not fairly priced in some cases. We deliberately refrain from these business transactions. Like every larger company, LHI is also integrated into an overall economic environment over which we have no influence. For example, our business model presupposes that the products we design may be refinanced at appropriate conditions. For this reason, we work with a large number of domestic and foreign credit institutions and incorporate subordinated capital from institutional investors.

This leads to a linking of the two pillars of our business model: We combine the asset and liability side. This generates the greatest possible benefit for both investors and property users. This integrated business model has also proven its worth in the years since the last financial crisis and will be continued accordingly. The efficient management of property companies is an integral part of our business model.

LHI has a very robust IT infrastructure based on SAP-HANA. Our software reflects the requirements posed by our business model and



those of German and international commercial and tax laws. This distinguishes LHI from many other service providers. We not only design, but also implement and manage the projects, in some cases for well over 20 years. Due to the long-term management of our property companies, we generate stable fee income.

LHI has acquired leasing and fund portfolios on numerous occasions in the past. We would continue to do this in future if the associated risks can be calculated and opportunities foreseen, for example through the use of cost digression. We go far beyond traditional leasing solutions in the field of Structured Finance. We achieve customer-specific requirements and objectives through the use of complex and highly-tailored structuring solutions. We design e.g. successor-oriented corporate structures for companies, we provide support with the compliance with Financial Covenants or we help to improve the fulfilment of requirements under balance sheet and supervisory law. Especially in the area of Investment financing we pay attention to tax implications and make any necessary adjustments during the term of the respective contract.

We offer investment management services for asset classes: Real Estate, Renewables and Aviation. LHI products in these asset classes satisfy the requirements of institutional investors. Design, asset management as well as Portfolio management – including risk management and reporting - are all performed completely by LHI. An important part of our strategy in this area is to ensure that investment designs precisely satisfy the specific requirements and needs of the respective investor group. Accordingly, we intentionally focus on business with institutional investors and family offices. We have developed investments especially for foundations, pension schemes, pension funds and insurance companies. This allows the specific requirements of each respective investor group to be better taken into account during the term of the investment. Going forward, our investment products will have an even greater focus on offerings that are sustainable and create social benefits.



# MAINTAIN OUR COURSE.



**REAL QUALITY,  
REAL LHI**

—  
Aeroplanes  
Grob Aircraft, Bavaria  
Investment Management >  
Aviation

# Sustainability

For the LHI Group, sustainability is a fundamental business philosophy. We consider both long-term and social consequences in all areas of our business.

Structured finance is designed for the long term. Commitment terms average 20 years, and the customer relationships are correspondingly long-term. The question of how sustainable a product is a decisive factor for its success in the area of investments.

LHI has a Sustainability Advisory Board consisting of employees from different areas within LHI and two external parties. The Sustainability Advisory Board meets at least twice a year.

LHI has established a reporting system, which takes all requirements of the EU disclosure and taxonomy regulation into account. Besides the Sustainability Advisory Board within the scope of an operative sustainability Jour-fixe the requirements are checked regularly, and existing reporting standards are, if applicable, adjusted accordingly.

The LHI Group has been climate neutral since 2020. The aim is to continue to continuously reduce the directly and indirectly caused CO<sub>2</sub> emissions in accordance with the Greenhouse Gas Protocol (GHG). Since the first certification in 2020, the company's greenhouse gas emissions have already been reduced by more than 10 % compared to the renewed certification for the fiscal year 2022. A CO<sub>2</sub> footprint of approx. 575 tonnes remains. The measurement pursuant to GHG was carried out by the Ebersberg-Munich Energy Agency as part of the initiative "Die Klimaneutralen" (The Climate Neutrals) and certified by Fokus Zukunft GmbH, Starnberg. On this basis, the emissions remaining in 2023, as expected, have been more than offset by the purchase of certificates from the projects GS Solarenergie Indien and VCS Bioenergie Niederlande, which have been audited by TÜV Süd and TÜV Rheinland respectively.

LHI Kapitalverwaltungsgesellschaft mbH has been a member of the United Nations Principles for Responsible Investment (PRI) since 10 May 2023.

LHI is additionally a member of the industry initiative ESG Circle of Real Estate (ECORE). ECORE is an original German industry initiative to develop and establish a robust and marketable European industry standard for measuring the sustainability performance of property portfolios.

We also carry out GRESB scoring at the customer's request. GRESB is an independent organisation that provides validated ESG performance data and peer benchmarks for investors and managers.

In addition, our proprietary LHI scoring model, which makes it possible to assess the environmental, social and governance profile (ESG profile) of real estate investments in various real estate use classes, is used. This is how we differentiate ourselves from the competition.

LHI is also a supporter of the IES International Ethic Standards and has joined the ICG (Institute for Corporate Governance) in the Real Estate Industry. Together with 26 founding members from the aviation finance industry, LHI KVG is a member of the sustainability initiative "Impact on Sustainable Aviation e.V."

The LHI Group has joined the initiative "Stiftung Allianz für Entwicklung und Klima" (Foundation Alliance for Development and Climate) and the alliance "Die Klimaneutralen" (The Climate Neutrals) of the Ebersberg-München Energy Agency.

Since April 2021, LHI has also been home to three bee colonies at the Pullach campus.

You can find more information in our sustainability report on our website.

REAL QUALITY,  
REAL LHI

Solar park  
Schweigersdorf, Bavaria  
Investment Management >  
Renewables



# SUSTAINABLE MANAGEMENT.

## REAL QUALITY, REAL LHI

Solar park  
Hepberg, Bavaria  
Investment Management >  
Renewables

# Structure

## SHAREHOLDER

### LHI Holding GmbH

## MANAGEMENT

### LHI Leasing GmbH

Financial services institution, control of the LHI Group, **founded in 1973**

LHI Leasing GmbH is a financial services institute and operates according to the provisions of the German Banking Act (Kreditwesengesetz). The company established risk management systems that meet these strict supervisory standards.

## OPERATING SERVICE COMPANIES

#### LHI Kapitalverwaltungsgesellschaft mbH

Investment management company within the meaning of the KAGB, management of AIFs, **founded in 2013**

#### LHI Capital Management GmbH

Sales/Investor Relations, **founded in 2012**

#### LHI Luxembourg Group LHI Management Luxembourg S.A.

Fund issues and fund management according to Luxembourg law, **founded in 2009**

#### LHI Securitization S.A.

Securitisation company in Luxembourg, **founded in 2017**

#### LHI Versicherungsmakler GmbH

Advisory services/Insurance, **founded in 2005**

#### LHI Real Estate Management GmbH

Construction advisory services/Construction management, **founded in 1988**

## MANAGEMENT OF PROPERTY COMPANIES

#### Intermediary holding companies

Various intermediary holding companies, including the acquisition of various leasing portfolios.

#### Special purpose companies

Special purpose companies' projects



## REAL QUALITY, REAL LHI

Obersontheim wind farm,  
Baden-Württemberg  
Investment Management >  
Renewables

SECURE  
PERSPECTIVE.

# Human Resources

In all company-relevant concerns we take the requirements and expectations of our business partners and employees into account. A company can only be successful if it considers both of these factors. Our business partners are aware of our first-class market and industry know-how. This forms the basis of our high-quality products. At the same time, we can only achieve this with passionate and motivated employees. People who develop concepts for today and tomorrow and want to help shape a company's future.

A long time before corona already we recognised that flexibility in the cooperation for all employees, but also for the company itself is developing into an important factor for success. Irrespective of the pandemic flexible structures form a fixed part of our value-added chain. Creative processes and close proximity to the customers will, however, in future also require a healthy mix of flexibility and personal exchange. Our concept of cooperation on site and a high degree of possibilities for the individual design of the working hours offer an optimum basis for this.

Furthermore, the consistent specialist and personal further development of all employees has a long tradition in LHI and is of high significance. We, therefore, regularly promote our employees in customised development programmes in order to be prepared to the best possible extent for the upcoming challenges. As after 50 years of company history, one thing is certain: nothing is as constant as change.

The combination of experienced experts, who have been operating on the market for a long time, and young people, who set new trends with their ideas, is an essential factor for success. We thus fulfil both the expectations of our business partners and the strategic targets of LHI.

We understand further development to mean not only career steps along the hierarchy, but also the promotion and further development of specialised careers in particular. Different areas of work and work contents always offer all employees the opportunity to set their own new course.

The individual at the heart of our activities. The health of the employees is also very important to us. Therefore, we regularly organise health days and offer all interested parties the possibility to take part in LHI sport activities or in cultural offers. In addition, it is important to us to offer the workforce a healthy and well-balanced diet. In the in-house company restaurant, there is a choice of different meals. As far as possible these are prepared using products from the region. We also offer free fresh fruit daily for a balanced range of vitamins. Our coffee points invite social and interdisciplinary communication with speciality coffees, tea or water.



# Human resources in figures

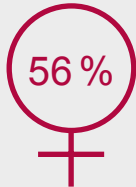


Average length of service at LHI

Share of men



Share of women



**30 %**  
female managers at LHI  
in 2023

**5**

employees in the Human Resources team  
(average number of employees)

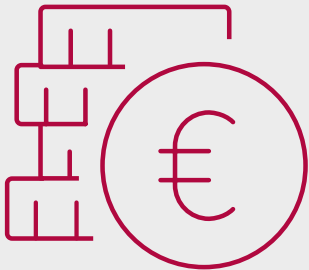


**Employment contracts**

1 % limited  
99 % unlimited

**Employees**

from 16 countries



**Around 140,000 Euro**

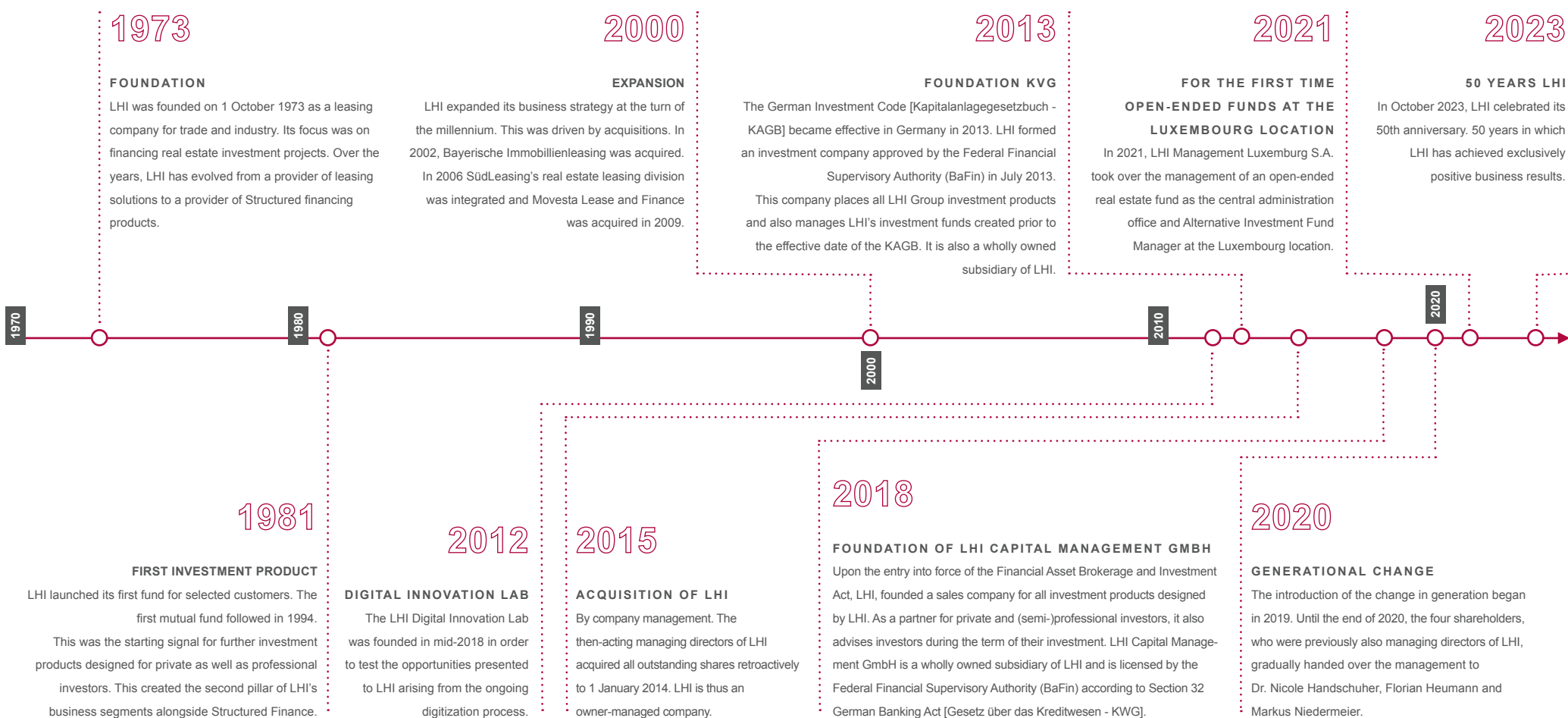
Total investment in further training  
in 2023

**LIVING  
VALUES.**

**260**

employees on average per year at LHI  
in 2023

# PROGRESS COUNTS.



# SHOWING RESPONSIBILITY.



**REAL QUALITY,  
REAL LHI**

Assisted living  
Mammendorf, Bavaria  
Investment Management >  
Real Estate

## Key figures

	31.12.2023 in TEUR	31.12.2022 in TEUR	31.12.2021 in TEUR	31.12.2020 in TEUR
Equity ratio in %	30.0	30.0	47.2	40.6
Economic result	10,680	11,810	21,130	31,900
	in EUR million	in EUR million	in EUR million	in EUR million
New business volume	3,000	520	1,130	1,123
Investment volume under management	14,200	14,312	14,441	14,697
Transaction volume	3,350	750	1,400	2,000
Companies under management	1,234	1,310	1,356	1,421
Number of employees	268	274	264	265

### REAL QUALITY, REAL LHI

E-charging park  
Passau, Bavaria  
Investment Management >  
Renewables

# Code of Ethics

## Foreword

This Code of Ethics is very important for achieving our common goal – quality for your success. Our success lies in a company-wide corporate culture characterised by integrity, mutual respect and individual responsibility. We place our long-term economic success – with the greatest possible benefit for our customers – at the centre of our actions. This Code of Ethics should serve as guidelines for conduct for our executives and employees. It contains values, basic behaviour, attitudes and rules of conduct which are binding for managers and employees when dealing with our business partners, customers, competitors and authorities.

## General principles: Lawful conduct

### Compliance with laws and regulations

In all business activities and decisions, we undertake to comply with the applicable laws, rules and regulations and other relevant provisions of the countries in which we operate. To ensure this, we have established a comprehensive internal control system and compliance management system (including tax compliance).

### Prevention / Combating money laundering, terrorist financing and corruption

Concerning money laundering prevention and the fight against terrorist financing and corruption, our company's goal is to identify (and prevent) all transactions with a potentially illicit motive. We comply with the relevant obligations under the Money Laundering Act (GwG) and the regulations set out by the competent supervisory authorities, e.g. BaFin, on measures to combat and prevent money laundering, terrorist financing and corruption. To this end, we employ internal safeguards and monitoring measures that are geared to the potential risk and are documented in each case. Regular checks are carried out by the money laundering officer and the internal audit department, to be able

to take any necessary countermeasures at an early stage. In addition, managers and employees are regularly trained to prevent and fight against money laundering, terrorist financing and corruption.

### Compliance with data protection requirements

The personal data of our business partners, customers and employees is protected against unauthorised access and unlawful use by way of security measures. We have implemented the requirements of the European Data Protection Regulation (GDPR) and the Federal Data Protection Act (BDSG - new) in our company since 25 May 2018, and have implemented a functioning data protection management system. Our data protection officer monitors the correct handling of personal data and compliance with the relevant laws at regular intervals. Our employees receive regular training on data protection issues. Business partners, if they have access to personal data via us, are obligated to comply with the legal requirements.

### Fair competition

We comply with applicable anti-trust laws and regulations to protect fair competition. In particular, agreements such as price fixing that affect free and fair competition are prohibited. We gain a competitive advantage through our performance – best-in-class solutions – and not through unlawful business practices. We neither offer business partners, customers and public officials inappropriate gifts or favours nor do we accept such gifts or favours.

## Principles for treating each other

### Mission statement of LHI

Our dealings with each other are characterised by the following values and basic attitudes: mutual respect, loyalty, reliability and commitment, correctness and fairness, authenticity, performance orientation and discretion. Our actions should be as transparent as possible. More details on "What we do", "How we do it", and "How we lead" can be found in our mission statement.

### Avoidance of conflicts of interests

We are committed to avoiding situations where personal and/or financial interests conflict with those of our company. We disclose remunerated secondary activities that could lead to conflicts of interest and harm our company or clients and will not include them without consent. Gifts, hospitalities, invitations or other types of benefits must comply with customary business and market practices and be considered appropriate and socially adequate with regard to the occasion of the benefit and the position of the recipient.

## Principles for dealings with business partners and clients

### Business relationships

Our business relationships are characterised by the following values and rules of conduct: professionalism, reliability, discretion, transparency and correctness. We advise and support our business partners and customers or potential business partners/customers respectfully and personally.

### Handing confidential information

We undertake to maintain the confidentiality of our business partners and customers at all times within the framework of governing statutory provisions. Company and business secrets are treated confidentially.

### Completeness of information

We inform our business partners and clients in a competent manner regarding the products and services offered. We communicate in a binding, open-minded and clear way. The information we provide is complete and comprehensible in itself to offer business partners and potential business partners a basis for a long-term and successful business relationship.

### Quality

Our products and services are characterized by the highest quality standards and continuous adaptation to market developments and customer needs. We follow new developments as soon as we have recognised the corresponding benefits without abandoning tried-and-tested solutions. Continuous training and the development of our employees round off the requirements for our quality standards.

## Principles of sustainability

### Corporate responsibility

For us sustainability is both a matter of course and a corporate concept for the benefit of all stakeholders of LHI and future generations. We operate in accordance with material and recognised industry, national and international standards on sustainability, and comply with regulatory disclosure requirements applicable to us. The management team and all employees are actively involved in suitable organisational structures to ensure the central, transparent and company-wide management of all implementation and control efforts regarding our activities from a sustainability perspective. Voluntary community and social engagement are adequately supported at all times.

### Ecological responsibility

We are committed to ensuring that the CO<sub>2</sub> emissions generated by our business operations are in line with the EU's holistic approach to de-carbonisation, and can, therefore, be considered "Paris Aligned". Unavoidable CO<sub>2</sub> emissions are more than just offset by the purchase of climate protection certificates. To reduce our energy consumption and our CO<sub>2</sub> footprint, we are constantly improving the energy standard of our company's premises; we use green electricity or generate it ourselves using photovoltaic systems, we promote electromobility with the installation of E-charging stations and with electrically powered company cars, as well as the use of environmentally friendly means of transport and mobile working solutions. Our outdoor facilities are maintained according to ecological standards and are home to several bee colonies. Ecological standards also apply to the selection of contractors and business partners, as well as to the purchase of labour and food.

## Social and societal responsibility

We observe the prohibition of discrimination and the observance of human rights. As an employer, we promote diversity and equal opportunities, provide performance-based remuneration, and ensure occupational health and safety at all times. We are aware of our social responsibility. We behave in a manner that reflects the responsibilities of our company within society. We are socially committed, e.g. by means of donations, to charitable or social institutions or memberships that represent a form of sponsorship by nature.



# ENABLE FLEXIBILITY.



## REAL QUALITY, REAL LHI

—  
Production site  
Schwäbisch Hall,  
Baden-Württemberg  
Structured Finance > Real  
Estate

# PERFORMANCE DECIDES.



## Business Development 2023 – Contents from the Management Report

LHI also felt the tense overall economic situation, which was marked by high inflation and the in the historical comparison unique increase in interest rates within just a few calendar quarters. However, LHI succeeded in adapting to the new environment and to take advantage of opportunities from the changed market phase in the second half of the year.

Particularly in the field of renewable energies at the end of the year projects could be finalised, which on the whole led to the targets being exceeded in the new business. In the field of structured financing the new business also developed well in the second half of the year. In the real estate sector, on the other hand, no easing of the market situation was to be observed yet. The capacities for the active management of the stocks and for the processing of real estate-related services were used here.

The business development and the results situation of LHI are to be assessed as good in the closed reporting period by taking the current market environment into account. With a result under commercial law in the amount of EUR 6.3 million, the strategic result target of EUR 5.0 million was once again exceeded. Continuously rising regular remuneration as well as one-off and catch-up effects were the basis for an achievement of targets above plan. The composition of the result is well diversified. The nominal result from new business was 109 % of the target.

In the past fiscal year, new business transactions

with a total amount of around EUR 3,000 billion (previous year: EUR 520 billion) were structured and taken under management or will be taken over in the coming years.

A high-volume rolling stock project dominates the development of the total business volume. The demand for structured financing solutions increased significantly again in 2023.

In the area of capital investment products, LHI was active in the real estate, renewable energies and aviation asset classes. In the real estate sector, a significant reticence of the market players was noticeable in the implementation of new transactions. In several sub-segments there are considerable price reductions. The yield expectations of the investors rise accordingly. This only partially affects properties which are managed by LHI for customers due to existing portfolio mixes and tenants with strong credit ratings. The opportunities for sales in the own portfolio are no longer as broad-based due to this, but still exist.

In the field of renewable energies stock structures were increased in the closed fiscal year. A new structure could be set up and equipped with suitable assets. Investor interest in renewable energies remains high. The turmoil on the primary energy markets and the resulting volatility in energy prices, in connection with higher interest rates, had a temporary impact on the relevant calculation parameters.

The purchasing process for new energy plants almost came to a standstill in the first half of the year. In the third and fourth quarter, on the other hand, the framework parameters stabilised again.

In the Aviation segment, a new project with three special aircraft was acquired in 2023 and financed and implemented via a Luxembourg securitisation structure.

At the end of 2023, 1,234 companies (previous year: 1,310) were managed by LHI. The original total investment costs of the financing structures of these companies had an equivalent value of around EUR 14.2 billion (previous year: EUR 14.3 billion). The slowdown is largely a result of regular terminations in the leasing area. The outgoing total investment costs could be compensated for in 2023 to a large extent by the concluded new business transactions. On the whole the portfolio volume remains dominated by real estate.

With the discontinuation of companies, the fee income generated from the portfolio in the traditional leasing area is dwindling. Companies from years with a high volume of business (1995 to 2005) reach their regular end after typical leasing terms of 20 to 25 years. The good new business situation of the past few years in the areas of Renewable Energies and real estate, which in the financing for Rolling Stock established in the last few years as well as the consumer price index that increased significantly in 2023 as a basis for the development of portfolio fees led to an increase in the fee volume in the fiscal year 2023. We also continue to expect that the management fees from new business will more than compensate for the reduction in the existing portfolio. The further portfolio development and therefore the control of our processing capacities remain well plannable in our opinion. We assess the further development as very stable.

LHI REM accompanies the construction side of our financing projects. By monitoring the quality of the construction process, possible consequential damage can be limited and investment risks can be identified at an early stage. LHI REM also makes its range of services available to external third parties and generates additional fee income from such sources. LHI REM enjoyed a successful 2023.

Earnings for purposes of commercial law were positive.

LHI Management Luxembourg S.A. is a regulated AIFM. The company provides AIFM services for a Luxembourg special fund (open-ended real estate special fund) of a professional investor. This special fund is in the investment phase. In addition, it manages a Specialised Investment Fund (SICAV SIF), which was incepted for group-internal purposes. The Group's internal securitisation company LHI Securitization S.A. also operates in Luxembourg. It has been active in the securitisation business since 2018. Luxembourg as a business location has consistently gained in importance for the LHI Group. The investment result is developing according to plan.

LHI Versicherungsmakler GmbH is a joint holding company of LHI Leasing GmbH and conTRAct Versicherungsmakler GmbH. LHI Versicherungsmakler GmbH acts as a point of contact for all insurance-related issues with the main task of optimising insurance cover for the property companies under management. Earnings are influenced by the generation of brokerage commissions and may be described as good for the past financial year.

### Earnings position

In the 2023 fiscal year, LHI achieved an annual result of EUR 6.3 million (previous year: EUR 10.5 million). Compared to the previous year, it is therefore EUR 4.2 million lower, but higher than planned (EUR 5.5 million). Among other things, rising fees and one-off effects led to the fact that the planning for the year 2023 was exceeded.

Current remuneration for the management of property companies and special fees are reported under "Other operating income". This item decreased from EUR 38.7 million to EUR 36.5 million. Less profit take-overs from holding companies and lower effects from special fees essentially led to a fall in the other operating income. Income from profit and loss transfer agreements decreased to EUR 12.4 million (previous year: EUR 15.5 million), while income from profit and loss transfer agreements fell to EUR 1.1 million (previous year: EUR 3.4 million). This resulted from less profits as a result of lower one-off income of LHI Capital Management GmbH and of LHI Kapitalverwaltungsgesellschaft mbH. Income from investments fell to EUR 11.4 million (previous year: EUR 12.1 million).

Net commission income increased year-on-year from EUR 1.0 million to EUR 3.4 million. Compared to the previous year higher income could be generated from prematurely ended engagements.

The net interest result was balanced in the current reporting period, as in the previous year.

Personnel expenses fell from EUR 22.2 million to EUR 21.6 million. This results from less personnel expenses share in the transfer to the pension provisions as well as fallen expenses for partial retirement. The number of staff employed on average over the year fell slightly.

Other administrative expenses and other operating expenses increased from EUR 21.4 million to EUR 23.5 million. The change essentially reflects the increase in auditing and consulting costs.

### Outlook

It can be assumed that the increased inflation with simultaneously low growth rates in Europe will have a strong influence on the further development. The interest steps carried out to curb inflation associated with the political uncertainties in 2023 led to restraint among many market players. In the medium-term a fall in the inflation rates to a level slightly above the target corridor of the ECB and a once again falling interest level.

The challenges will be no less above all with the expected low growth rates in Germany and Europe. In this environment above all overall economic risks can be derived, which however will hardly have a direct influence on the conservative business model of the LHI Group. Opportunities are offered in particular by the Renewable Energies segment. The real estate sector will, for the time being, remain difficult, can however also offer opportunities. On the whole, in the medium-term a slower development in the global economy is to be assumed.

Direct implications of the general political developments on the LHI business model are not to be expected. However, uncertainties remain. Accordingly, the LHI planning and business policies remain conservative. The development of individual asset prices in conjunction with the

changed interest level will continue to be observed. Price volatilities make the purchase of properties with adequate risk yield profile more difficult for all market players. The increasing differentiation of the market with regard to the satisfaction of the ESG requirements also offers new opportunities at the same time. Therefore, LHI Kapitalverwaltungs-gesellschaft mbH has tackled these at an early stage already and continuously presses ahead with these.

It can be assumed that the continuing high pressure to become more independent from energy imports, will have a positive influence on the number of available projects in the field of renewable energies in the medium- and long-term.

Another important factor influencing LHI's business activities remains the development of the European and national legal framework. The regulation density will probably increase further, in particular also through the Digital Operational Resilience Act (DORA) to be implemented from 2025.

Achieving LHI's business, earnings and risk targets in the environment described is ambitious, but feasible. External influences such as a further slowdown in economic development and increasing regulatory density have been taken into account. Exogenous shocks, such as a further escalation of the Ukraine crisis, another drastic outbreak of the pandemic or even a failure of the euro area, are not included in the planning values. The effects of such scenarios are analysed in the form of stress tests, but are not part of the planning premises.

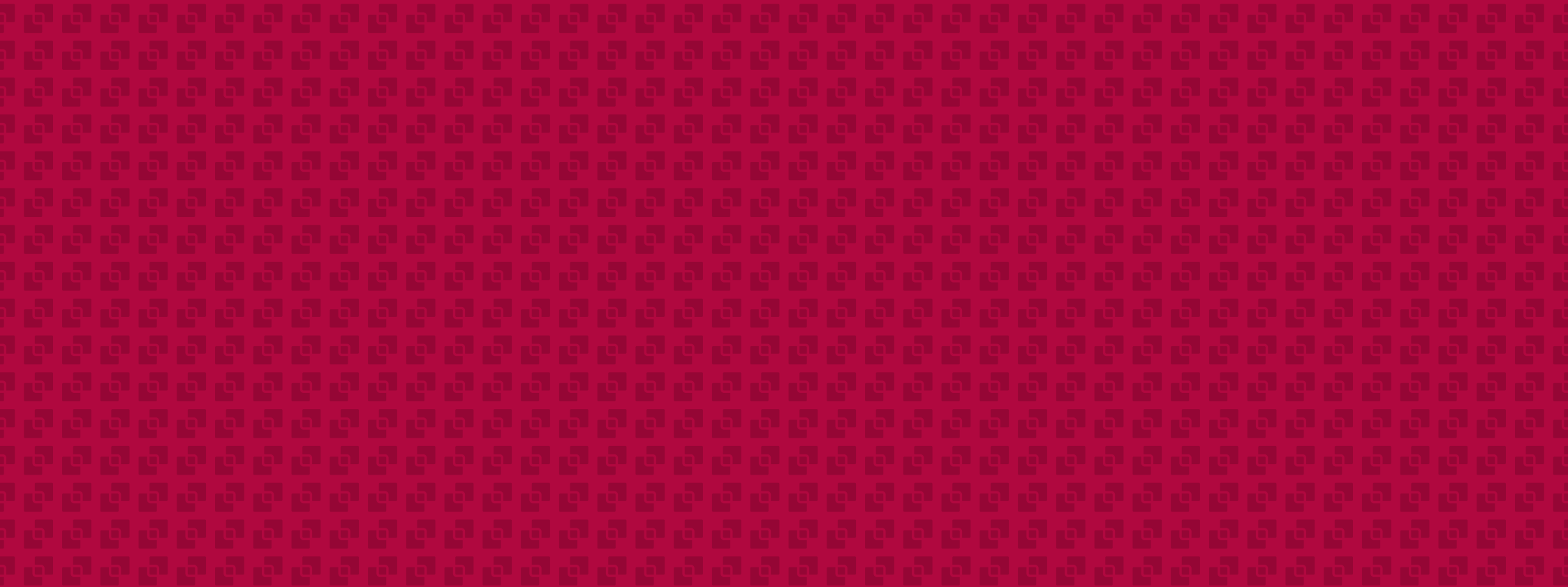
# Figures from the balance sheet and income statement

	31.12.2023 in TEUR	31.12.2022 in TEUR	31.12.2021 in TEUR	31.12.2020 in TEUR
Loans and advances to clients	27,296	27,876	28,036	34,950
Investments and shares in affiliated companies	46,511	48,988	48,042	45,210
Cash equivalents	11,691	22,677	20,062	20,076
Liabilities to banks	0	17,598	7,642	17,234
Provisions	31,610	31,718	36,097	35,891
Equity	27,366	32,242	48,043	41,697
Total assets	91,817	107,677	101,679	102,708

## INCOME STATEMENT

Current income from investments and affiliated companies as well as income from profit and loss transfer agreements	12,438	15,464	15,255	26,569
Income from current fees	26,527	25,152	27,948	26,144
Personnel expense	-21,630	-22,203	-21,646	-25,185
Other administrative expenses	-21,560	-20,157	-19,886	-20,258
Result for the year*	6,319	10,505	6,346	7,214

\*Transferred through profit and loss transfer agreement until 2020.



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