TLG IMMOBILIEN

TLG IMMOBILIEN AG

H1 2017 RESULTS

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AGENDA

01	02	03	04	05
Highlights H1 2017	Portfolio	Financials	Outlook	Appendix

01

HIGHLIGHTS H1 2017

KEY HIGHLIGHTS H1 2017

Portfolio and Operations

- ✓ TLG IMMOBILIEN remains on the growth path; 16.1% increase in rental income to EUR 78.5 m in H1 2017 compared to H1 2016
- ✓ Driven by further portfolio expansion and improved cost structure, FFO increased by 21.4% from EUR 38.3 m to EUR 46.5 m in H1 2017
- ✓ Operating key metrics maintain strong, supported by substantial letting results in key spots

Balance Sheet

- ✓ Increase in EPRA NAV by 12.6% to EUR 1,405.8 m compared to EPRA NAV as of 31-Dec-2016 influenced by capital increase and strong operating performance
- ✓ Reduction of leverage compared to year end 2016 driven by successful capital increase in Q1 2017 (H1 Net LTV of 38.7%)

Growth

- ✓ Portfolio quality and letting environment enable attractive like-for-like rental growth by 3% YoY
- ✓ Further acquisitions in competitive markets with total investment volume of approx. EUR 110.5 m in H1 2017

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02

PORTFOLIO

TLG IMMOBILIEN PORTFOLIO AS OF 30 JUNE 2017

SUPERIOR YIELD PROFILE UNDERPINNED BY STRONG PORTFOLIO INDICATORS

OFFICE
Frankfurt am Main

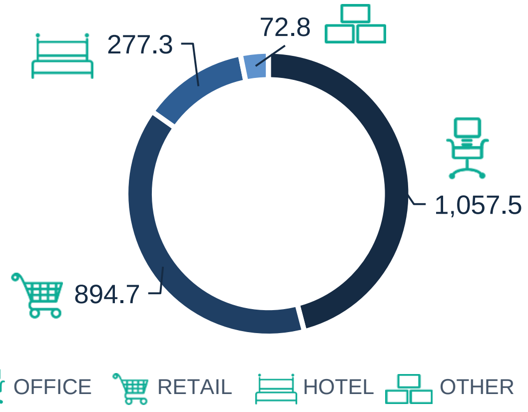
RETAIL Rostock

HOTEL Berlin

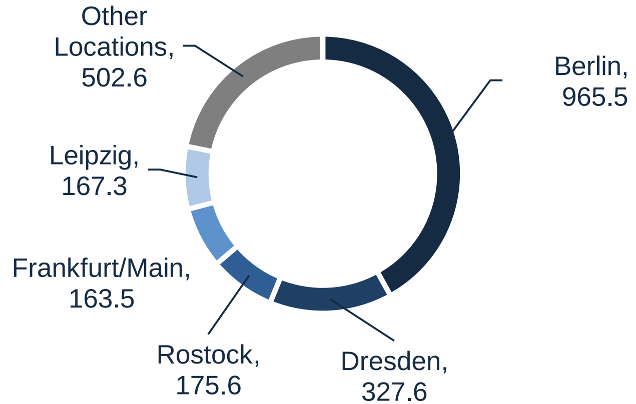
KEY INDICATORS	OFFICE	RETAIL	HOTEL	OTHER	TOTAL 30-JUN-17	TOTAL 31-DEC-16	*CHANGE*	TOTAL 30-JUN-16	*CHANGE*
Property value (EUR m)[1]	1,057.5	894.7	277.3	72.8	**2,302.2**	2,241.6	*+ 2.7%*	1,983.1	*+ 16.1%*
Properties (number)	60	263	7	56	**386**	404	*- 18 units*	413	*- 27 units*
Annualised in-place rent (EUR m)[2]	67.1	68.8	16.4	4.9	**157.1**	155.3	*+ 1.2%*	143.1	*+ 9.8%*
In-place rental yield (%)	6.4	7.7	5.8	6.5	**6.8**	6.9	*- 0.1 p.p.*	7.2	*- 0.4 p.p.*
EPRA vacancy rate (%)	3.9	1.7	1.7	7.8	**2.9**	3.8	*- 0.9 p.p.*	3.1	*- 0.3 p.p.*
WALT (years)	4.9	5.5	12.7	7.5	**6.1**	6.1	*0.0 yrs*	6.4	*- 0.3 yrs*

[1] In line with values disclosed according to IAS 40, IAS 2, IAS 16 and IFRS 5; [2] The annualised in-place rent is calculated using the annualised rents agreed as at the reporting date – not factoring in rent-free periods.

Property Value Split by Asset Class
In EUR m



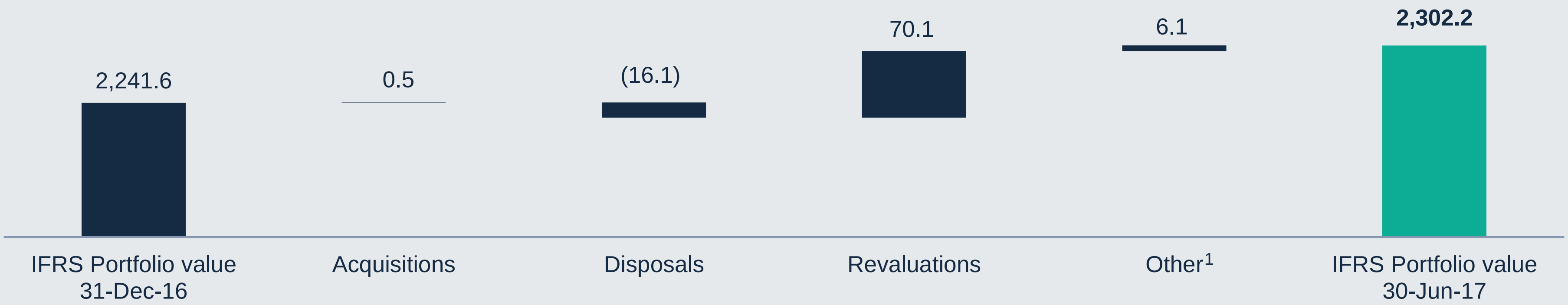
Property Value Split by Region
In EUR m



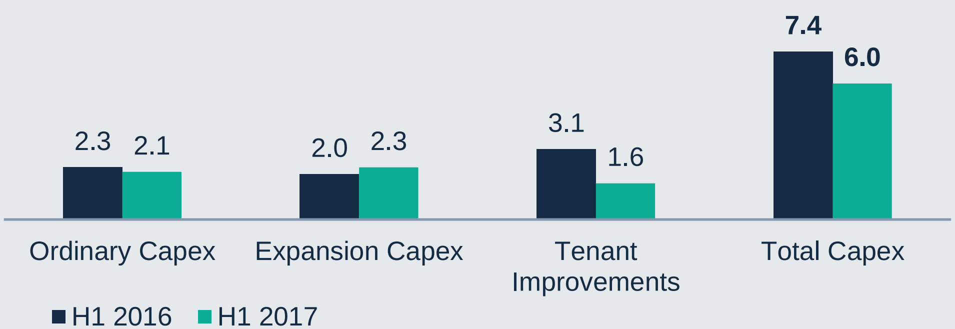
DEVELOPMENT OF PROPERTY VALUES IN H1 2017

BERLIN-DRIVEN VALUE UPLIFT IN THE RUN-UP TO HALF YEAR VALUATION UPDATE

Property Value Reconciliation
In EUR m



Capex Breakdown H1 2017 vs. H1 2016 (like-for-like)
In EUR m



Comments

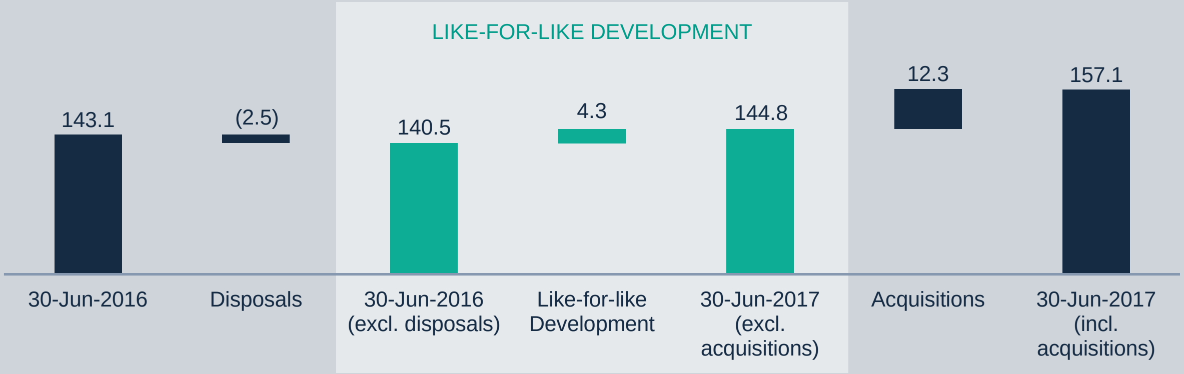
- ✓ 86% of the H1 2017 revaluations are attributable to assets located in Berlin and reflect the strongly positive demand in the Berlin commercial real estate market
- ✓ As part of the portfolio streamlining, disposals mainly relate to retail properties
- ✓ Higher H1 2016 tenant improvements were mainly driven by new lettings of Berlin office property ‘Alexanderstrasse 1-5’

[1] Incl. capitalization of refurbishments and depreciation of self-used properties

DEVELOPMENT OF KEY METRICS (1/3)

STRONG 3% LFL RENTAL GROWTH – POSITIVE DYNAMIC ACROSS ALL ASSET CLASSES

Annualised In-place Rent
In EUR m



Like-for-like Development by Asset Class in %

Comments

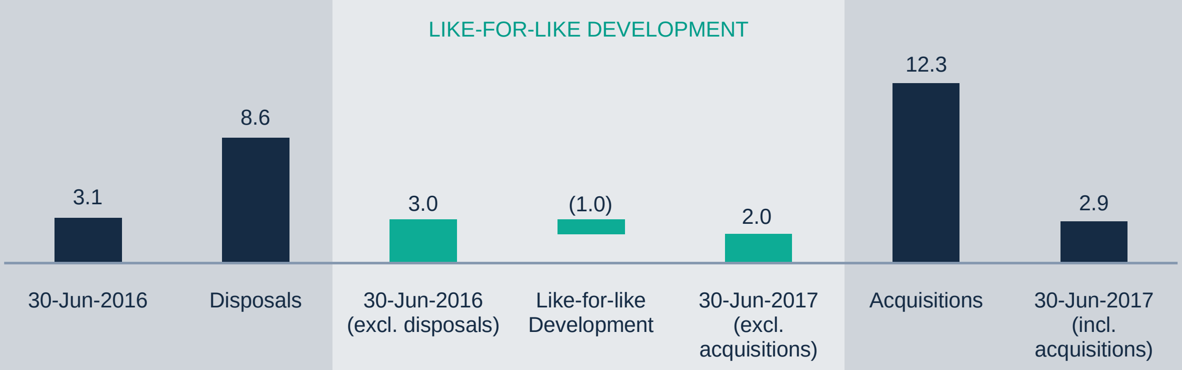
- ✓ Y-on-Y change in annualised in-place rent of EUR 14.1 m or 9.8%
- ✓ Like-for-like annualised in-place rent increased by EUR 4.3 m or 3.1% in H1 2017 compared to the previous year
- ✓ Major part of H1 2017 like-for-like rental growth resulting from Berlin assets due to very dynamic market development
- ✓ Highest rental growth (25%) attributable to the Berlin office property ‘Alexanderstrasse 1-5’

DEVELOPMENT OF KEY METRICS (2/3)

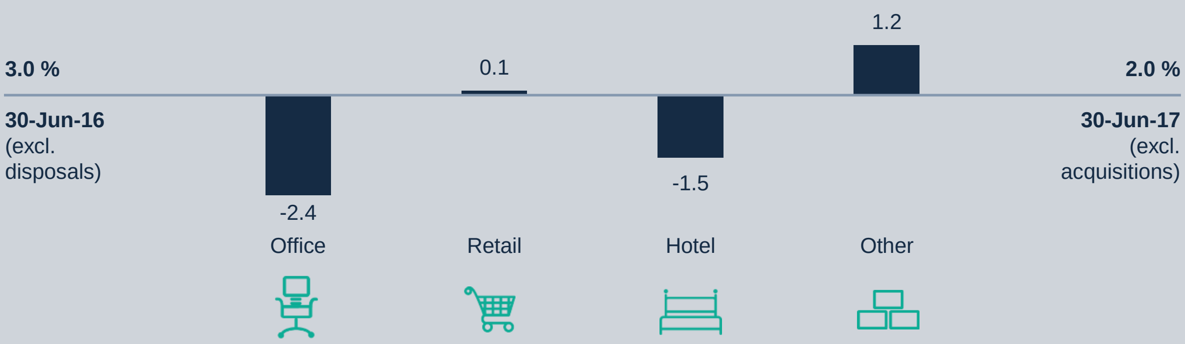
LFL PORTFOLIO VACANCY AT HISTORIC LOW OF 2.0% – ACQUIRED VACANCY PROVIDES ROOM FOR FURTHER VALUE CREATION

EPRA Vacancy Rate

In %



Like-for-like Development by Asset Class in p.p.



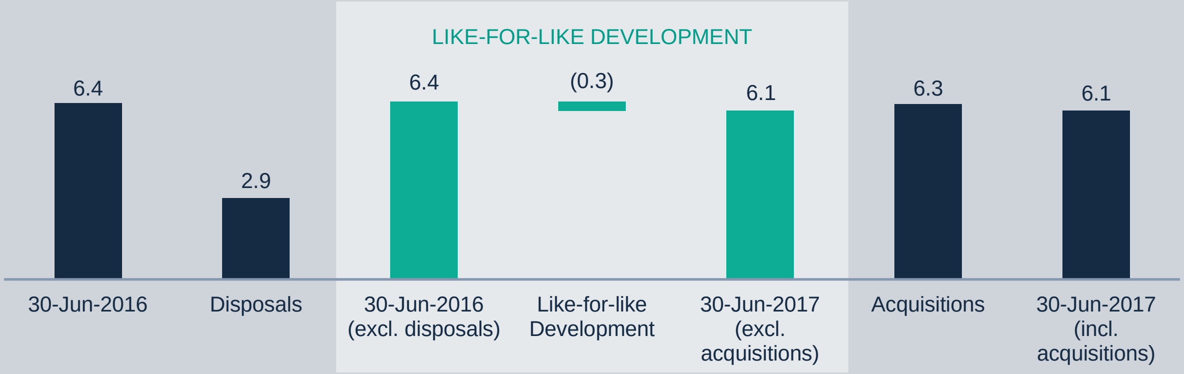
Comments

- ✓ Like-for-like EPRA vacancy rate reduced by 1.0% Y-on-Y to a historic low
- ✓ Approximately half of the new leases on a like-for-like basis relate to vacant space (EUR 2.9 m)
- ✓ Office properties in Berlin (like-for-like) almost fully let: 4.2% Y-on-Y vacancy reduction to 1.8%

DEVELOPMENT OF KEY METRICS (3/3)

LEASING RESULTS KEEP WALT ON COMFORTABLE LEVEL – NEW ACQUISITIONS PROVIDE ADDITIONAL SUPPORT

WALT
In years



Like-for-like Development by Asset Class in years

Comments

- ✓ Portfolio WALT remains at a high level of > 6 years
- ✓ Relatively small decrease in WALT (like-for-like) is the result of pro-active leasing activities
- ✓ 50% of YoY (lfl) lease extensions resulted from pro-active renegotiations and development activities
- ✓ In addition, new leases of about EUR 6.4 m limited the reduction of WALT (lfl)

ACQUISITIONS IN H1 2017

RECENT OFFICE ACQUISITION IN FRANKFURT WITH STRONG POTENTIAL FOR PARTICIPATION IN LOCAL MARKET UPSWING

„astropark“ – Frankfurt am Main, Lyoner Straße 9

Key stats

Signing date	29th June 2017
Total investment	EUR 97.2 m
Annualised in-place rent	EUR 5.0 m
WALT	4.5 years
EPRA vacancy rate	21.9%
Lettable area	39,300 sqm
Top tenants	B+S Card Service, Zentralverband Elektrotechnik, Fujitsu

Kaufland – Unterwellenborn (Thuringia)

Key stats

Signing date	10th May 2017
Total investment	EUR 13.3 m
Annualised in-place rent	*not specified* [1]
WALT	> 10 years
EPRA vacancy rate	0.0%
Lettable area	9,542 sqm
Top tenant	Kaufland

[1] Information not disclosed for reasons of competition

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FOOD RETAIL UPDATE[1]

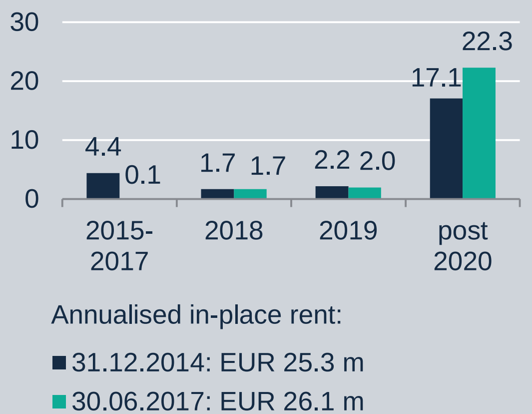
30 MONTHS OF CONSTANT PORTFOLIO OPTIMIZATION WITH CLOSE INVOLVEMENT OF KEY TENANTS

Asset Management

Sustainable tenant relationship:

- ✓ Bundling of assets within individual portfolios of strategic key tenants
- ✓ Developments (fit-out upgrade and space extension) and pro-active lease extensions

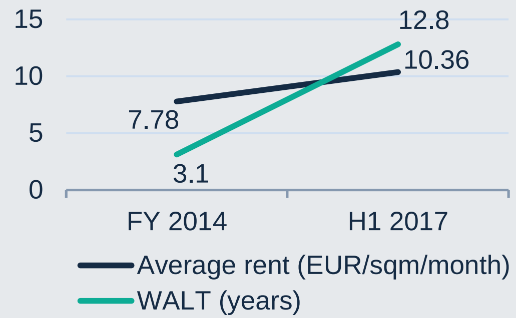
Lease expiry profile[1]



Development

Investment of approx. EUR 8 m:

- ✓ Rental income increased by EUR 0.5 m p.a.
- ✓ Resulting increase in asset value of EUR 12.8 m

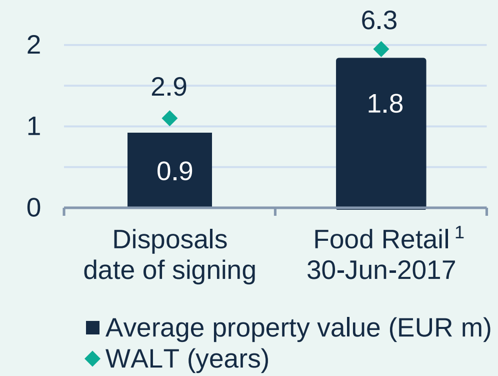


- ✓ Attractive IRR-profile: 8.5% unlevered /12.7% levered
- ✓ Ongoing investment in similar assets

Disposals

Continuous portfolio rotation:

- ✓ Selection of properties without sufficient value enhancement and/or long-term usage perspective
- ✓ Disposal of 29 - mainly smaller - properties[2] at EUR 2.7 m above book value



[1] Based on 175 properties with food retail as anchor tenant (focused period: Jan 2015-June 2017)

[2] Properties with food retail as anchor tenant, hereof 14 contracts to be closed after 30 June 2017 (focused period: Jan 2015-June 2017)

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03

FINANCIALS

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STRONG IMPROVEMENT IN FFO/SHARE

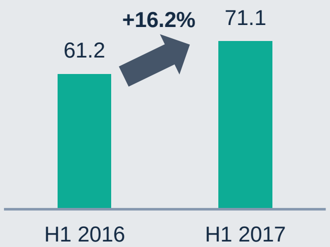
OPERATING PERFORMANCE AND ACQUISITIONS TRANSLATING INTO STRONG IMPROVEMENT OF KEY METRICS

Key Metrics
In EUR m

	H1 2017	H1 2016	CHANGE
Rental income	78.5	67.6	+16.1%
NOI	71.1	61.2	+16.2%
FFO	46.5	38.3	+21.4%
FFO/s (EUR) [1]	0.64	0.57	+12.3%
EPRA cost ratio [2]	26.1	22.7	+3.4 p.p.
In-place rental yield	6.8%	7.2%	-0.4 p.p.

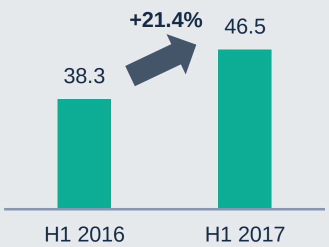
	Jun 2017	Dec 2016	CHANGE
Property value	2,302.2	2,241.6	+2.7%
EPRA NAV/s (EUR)	18.95	18.51	+2.4%
Net LTV	38.7%	43.4%	-4.7 p.p.

Net Operating Income
In EUR m



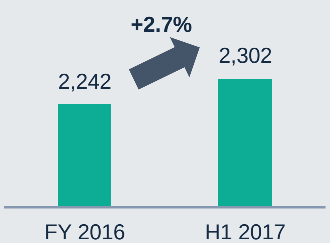
✓ 16.2% Y-o-Y increase driven by acquisitions

FFO
In EUR m



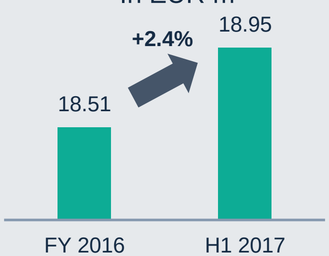
✓ Increase primarily driven by portfolio growth

Property Value
In EUR m



✓ Further portfolio growth achieved in H1 2017

EPRA NAV/s
In EUR m



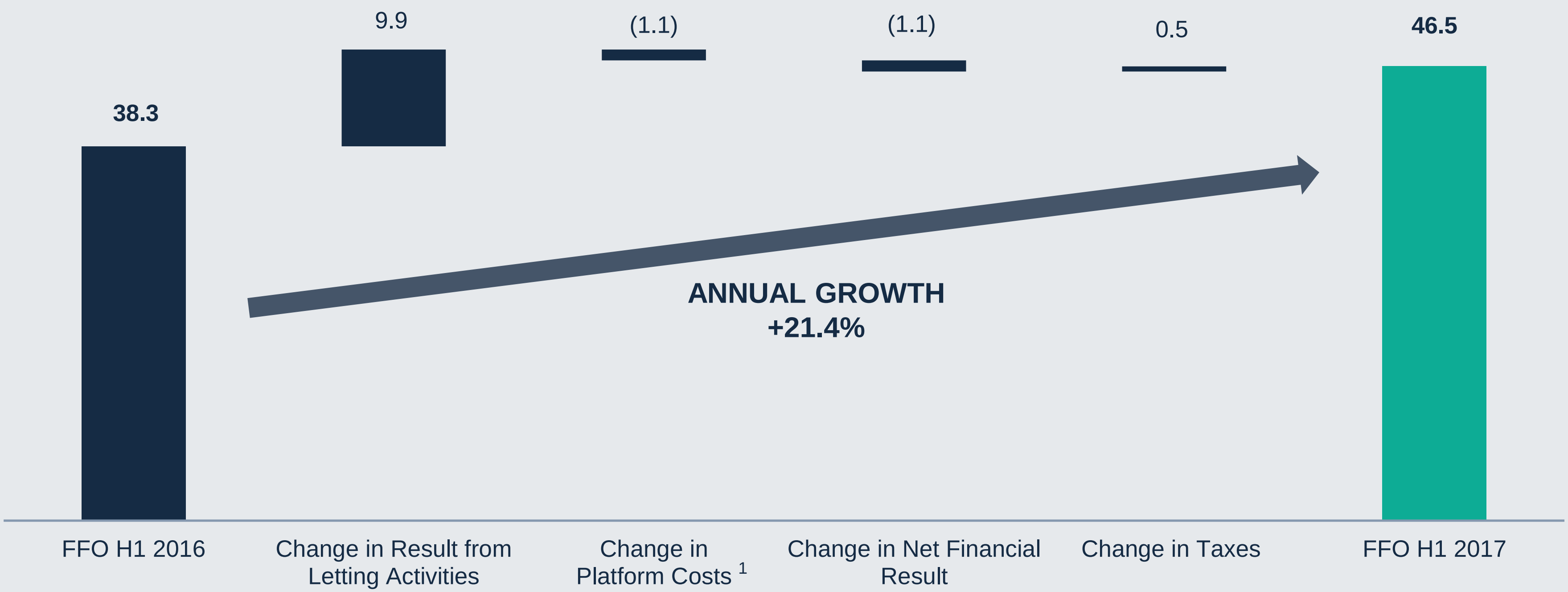
✓ Growth in EPRA NAV primarily driven by cash capital increase in Jan. 2017 and operating performance

[1] Based on weighted average number of shares outstanding
[2] Including direct vacancy costs

FFO RECONCILIATION H1 2017

21.4% Y-O-Y INCREASE DRIVEN BY ACQUISITIONS

FFO Value Drivers H1 2017/H1 2016
in EUR m

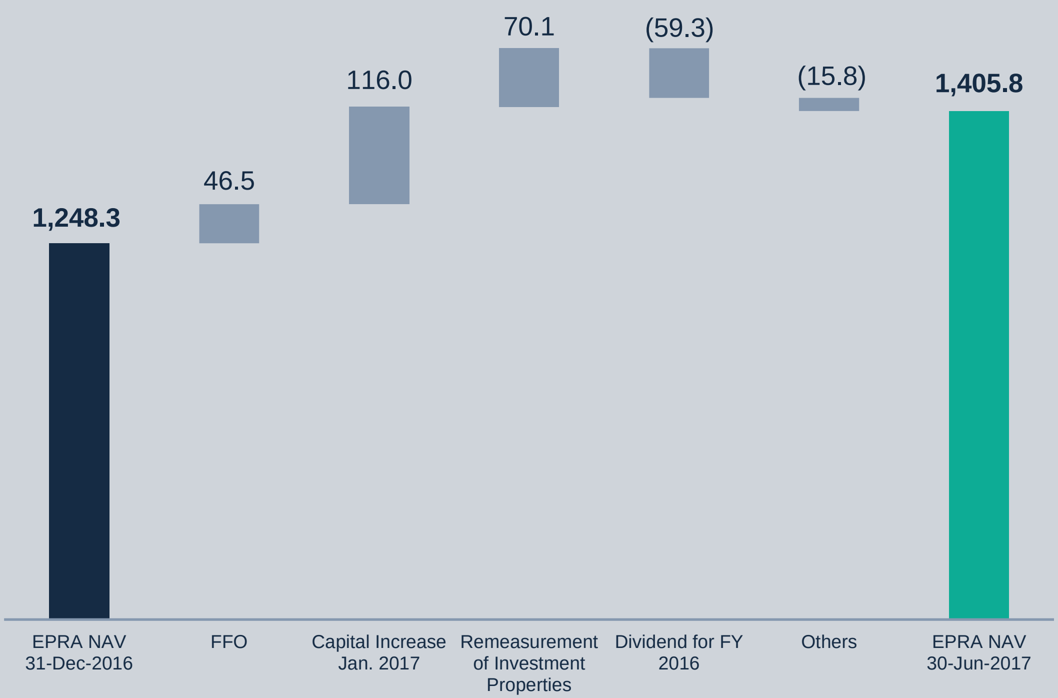


[1] Including other operating expenses and income, personnel expenses and depreciation and amortisation

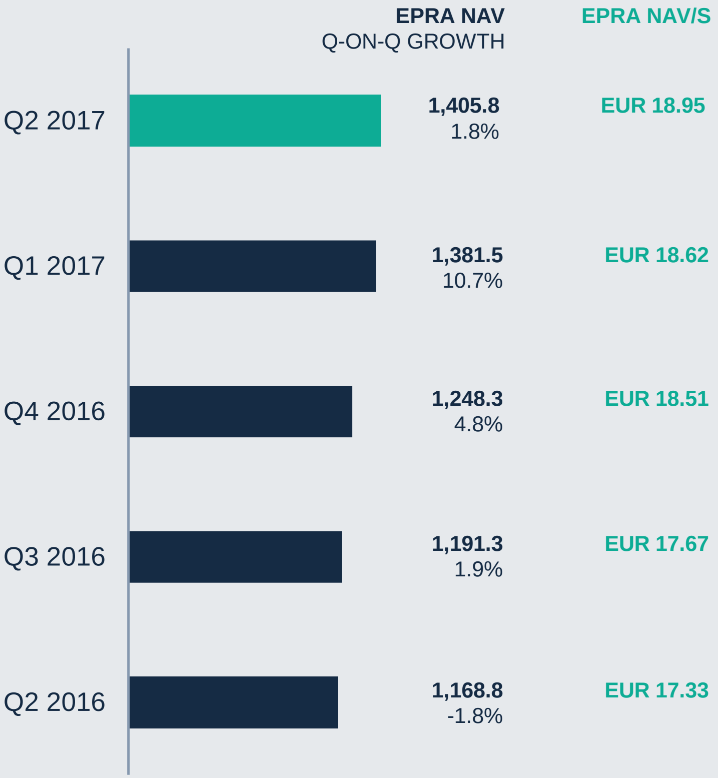
EPRA NAV GROWTH DRIVING NAV/S TO EUR 18.95

GROWTH DRIVEN BY CAPITAL INCREASE AND OPERATING RESULT

EPRA NAV H1 2017 Development
In EUR m



Quarterly Development of EPRA NAV
In EUR m



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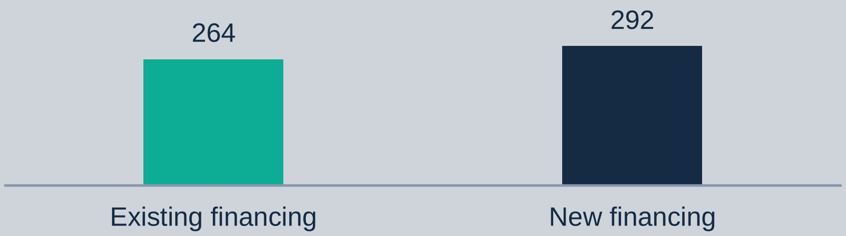
REFINANCING IMPLEMENTED

EUR 264 M OF EXISTING DEBT REFINANCED AT SIGNIFICANTLY IMPROVED TERMS

Existing vs. refinanced debt

In EUR m



	Δ Change
Underlying assets (EUR m)	-44
Avg. cash cost of debt (%)	-1.5
Avg. weighted maturity (years)	+5.9
Average margin (%)	-0.58
Average repayment (%)	-1.02

Annualized interest cost savings of approx. EUR 4 m p.a.

Comments

- ✓ TLG IMMOBILIEN signed new financing contracts for refinancing of a larger portion of existing debt at significantly improved terms
- ✓ Higher utilization of secured assets for asset based financing
- ✓ New financing can be drawn in tranches which gives TLG IMMOBILIEN flexibility for further acquisitions
- ✓ Positive impact on overall maturity profile as well as average cash cost of total bank debt (c. 2.1%) and average weighted maturity (c. 6.4 years) assuming full utilization
- ✓ EUR 11.3 m total cash breakage cost (prepayment cancellation, SWAP breakage costs and Exit-Fee) leading to c. 2.8 years of economic amortization time
- ✓ Positive FFO impact of refinancing estimated at approx. EUR 2 m in FY 2017E

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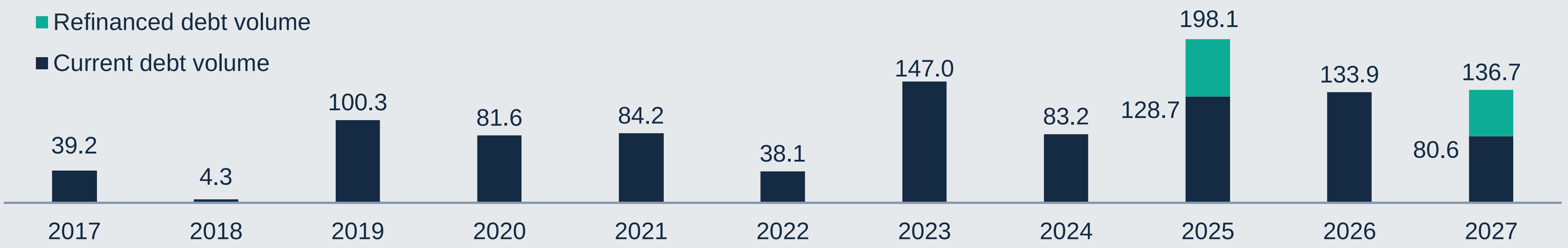
PRO-FORMA FINANCING STRUCTURE

DEBT REFINANCING EXTENDING MATURITY PROFILE AND LOWERING AVERAGE CASH COST OF DEBT

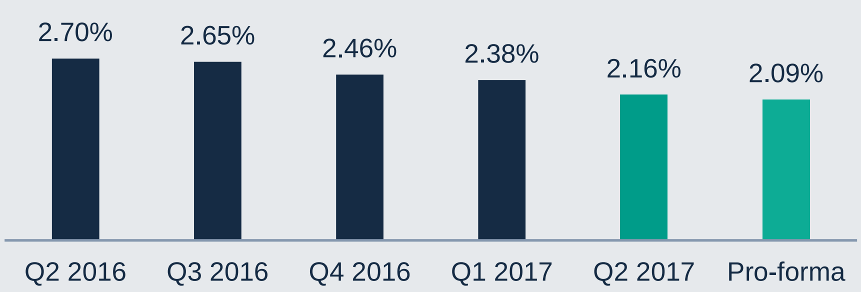
Pro-forma Maturity Profile as of 30 June 2017 [1]

In EUR m



Pro-forma Development of Average Cash Cost of Debt

In %



Pro-forma Debt Structure and Debt Service

	Assuming full utilization of refinanced debt
Gross debt (EUR m)	1,047
Avg. cash cost of debt (%)	2.09
Avg. weighted maturity (years)	6.4
Interest rate fixed or hedged (%)	99.9

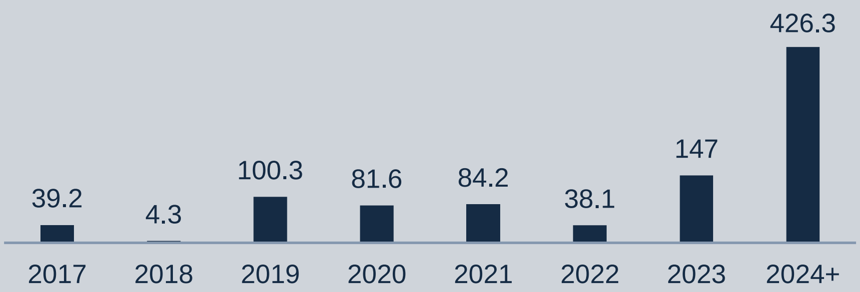
[1] Excluding regular amortisation payments

CURRENT CONSERVATIVE FINANCING STRUCTURE

NET LTV CURRENTLY AT 38.7%

Maturity Profile as of 30 June 2017 [1]

In EUR m

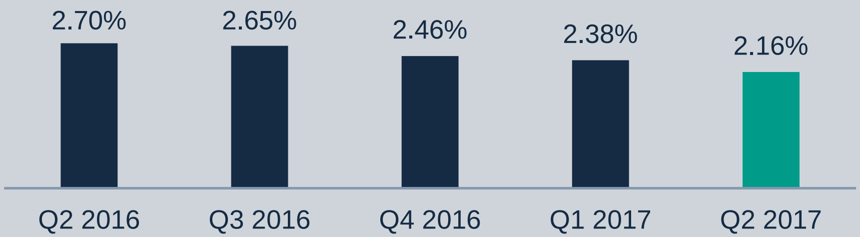


Debt Structure and Debt Service

	As of 30 June 2017
Gross debt (EUR m)	921
Net LTV (%)	38.7
Avg. cash cost of debt (%)	2.16
Avg. weighted maturity (years)	6.1
Interest rate fixed or hedged (%)	99.7

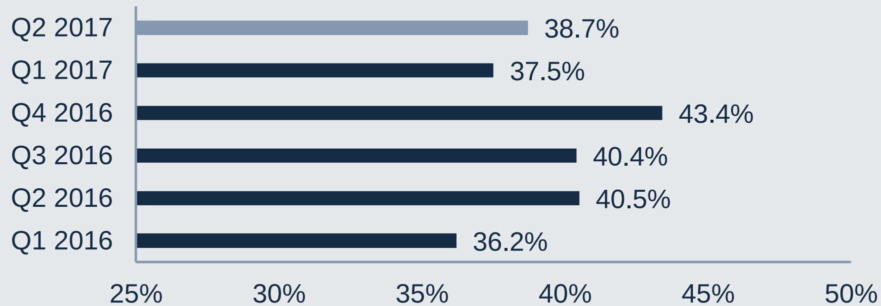
Development of Average Cash Cost of Debt

In %



Net LTV Development

In %



[1] Excluding regular amortisation payments

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04 OUTLOOK

OUTLOOK 2017

FFO Guidance

- ✓ Positive business fundamentals expecting to drive cash generation in portfolio and FFO
- ✓ FFO guidance revised upwards to approx. EUR 90-92 m for FY 2017 due to refinancing, recent acquisitions and positive business development
- ✓ Additional acquisitions will increase FFO 2017 further
- ✓ TLG IMMOBILIEN with continued pipeline for further acquisitions

Takeover Offer WCM AG

- ✓ Offer period running until 5th September 2017
- ✓ Current acceptance rate of 54.10%[1] as of 08 August 2017
- ✓ Expected closing in October 2017
- ✓ Completion of takeover will trigger external property appraisals as of Q3 2017

[1] Including all remaining WCM shares which are subject to irrevocable tender commitments

05

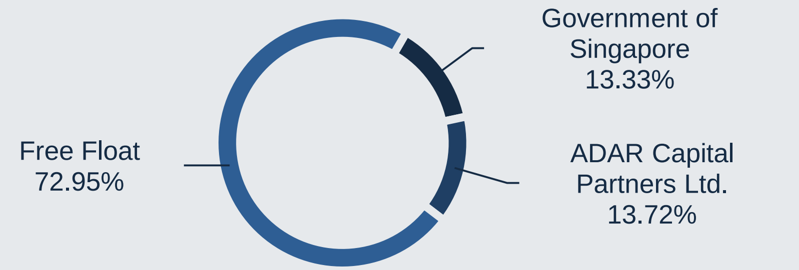
APPENDIX

TLG IMMOBILIEN SHARE INFORMATION

Basic Share Information
(as of 30 June 2017)

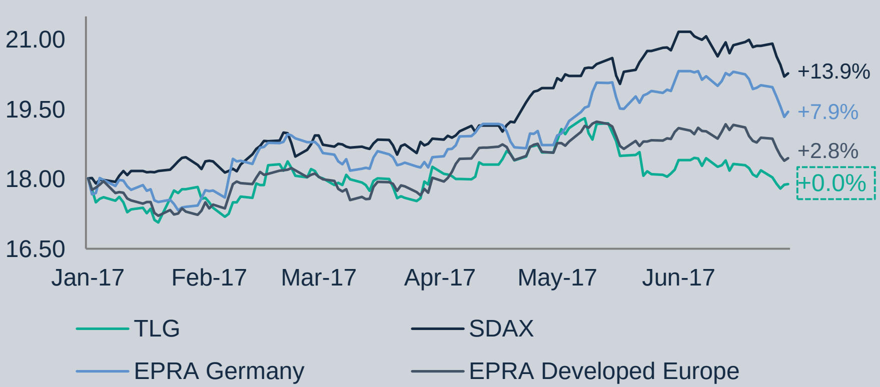
Symbol	TLG
Share price (XETRA)	EUR 17.90
ISIN	DE000A12B8Z4
Performance in H1 2017	+0.0%
Primary exchange	Frankfurt Stock Exchange
Market capitalization	EUR 1.3 bn
Shares outstanding	74.2 million

Shareholder Structure

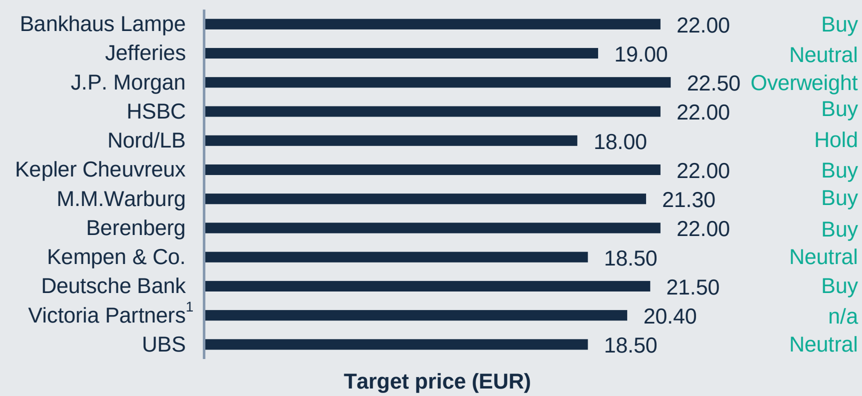


Shareholdings according to latest voting rights announcements. See http://ir.tlg.eu/websites/tlg/English/2300/shareholder-structure.html for further details.
Free float according to Deutsche Boerse definition

Share Price Performance in H1 2017



Coverage by Analysts



[1] Fair Value range of EUR 19.50-21.30 (as of 02 May, currently restricted)
Source: Thomson Reuters as of 21 July 2017

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SIGNIFICANT EARNINGS INCREASE IN H1 2017

Income Statement
In EUR m

		H1 2017	H1 2016
Rental income		**78.5**	**67.6**
Net operating income from letting activities	1.	**71.1**	**61.2**
Result from the remeasurement of investment property	2.	70.1	7.9
Results from the disposals of investment property		0.0	0.6
Results from the disposals of real estate inventory		0.1	0.0
Other operating income		0.8	0.4
Personnel expenses		- 5.7	- 5.6
Depreciation		- 0.3	- 0.3
Other operating expenses	3.	- 6.8	- 3.1
Earnings before interest and taxes (EBIT)		**129.4**	**61.2**
Net interest	4.	- 25.9	- 12.0
Other financial result		6.1	- 1.6
Earnings before taxes (EBT)		**109.5**	**47.7**
Income taxes		- 32.1	- 14.2
Net income		**77.5**	**33.5**
Other comprehensive income (OCI)		8.4	- 3.3
Total comprehensive income		**85.8**	**30.2**

Comments

1. Increase of 16.2% in NOI from letting activities mainly related to the acquisition of new properties
2. Increase mainly due to dynamic market development in Berlin
3. Increase triggered by transaction costs of WCM offer
4. Increase by EUR 13.9 m primarily resulting from expenses related to refinancing of credit facilities and the optimization of the capital structure

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STRONG BALANCE SHEET AS PLATFORM FOR GROWTH

Balance Sheet
In EUR m

		30 Jun 2017	31 Dec 2016
Non-current assets		**2,282.2**	**2,240.8**
Investment property (including advance payments)	1.	2,257.5	2,215.2
Property, plant and equipment		6.6	6.7
Other non-current assets		18.1	16.3
Deferred tax assets		0.0	2.7
Current assets		**86.0**	**103.9**
Real estate inventory		1.1	1.1
Receivables and other current assets		16.5	15.2
Cash and cash equivalents		31.0	68.4
Non-current assets classified as held for sale	2.	37.4	19.2
Total assets		**2,368.2**	**2,344.8**
Equity	3.	**1,149.7**	**1,009.5**
Liabilities		**1,218.5**	**1,335.3**
Non-current liabilities		**1,138.9**	**1,227.1**
Non-current liabilities to financial institutions		870.8	975.2
Provisions and other non-current liabilities		19.5	34.2
Deferred tax liabilities		248.6	217.7
Current liabilities		**79.6**	**108.1**
Current liabilities to financial institutions		50.2	65.2
Tax liabilities		2.7	4.5
Other current provisions		1.6	1.8
Trade payables		16.0	21.2
Other current liabilities		9.1	15.4
Total equity and liabilities		**2,368.2**	**2,344.8**

Comments

1. Increase in investment property mainly related to fair value re-measurements
2. Sold properties (signed) that have not closed yet
3. Increase in equity of EUR 140.2 m largely related to cash capital increase in January 2017

FINANCIAL CALENDAR AND CONTACT DETAILS

Financial Calendar

Q3 2017 RESULTS
9 November 2017

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