

9M 2016 Results

TLG IMMOBILIEN AG
November 2016

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AGENDA

1 Highlights 9M 2016

2 Portfolio

3 Operations and Financials

4 Outlook

5 Appendix

KEY HIGHLIGHTS 9M 2016

Portfolio and operations

- Substantial growth in rental income to EUR 103.4m (+10.2%) and continued effects of improved platform cost structure major drivers of FFO increase to EUR 58.6m (+22.7%) during the first 9M of 2016, compared to 9M 2015
- Portfolio further strengthened by intensive (re-)letting activities and further sale of smaller assets in the context of active portfolio management approach
- Start of internal preparations for platform expansion into western Germany

Balance sheet

- **EPRA NAV/s of EUR 17.67** as of 30 September 2016
- Low leverage structure with **Net LTV of 40.4%** providing firepower for further acquisitions
- Continuously operating with **marginal cost of debt** considerably below 2%

Growth

- Successful extension of portfolio with approx. **EUR 330m of signed transactions year-to-date**
- **Strategic market entry for future growth in western Germany** – started in October by first acquisition of office properties in Frankfurt/Main, ongoing evaluation of east and west German pipeline

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FURTHER PLATFORM LEVERAGE BY PORTFOLIO GROWTH

TLG IMMOBILIEN portfolio as of 30 September 2016

	Office	Retail	Hotel	Others	Total 30-Sep-16	Total 31-Dec-15	Change	Total 30-Sep-15	Change vs. 30-Sep-16
IFRS portfolio value (EUR m)	795.3	864.9	264.6	62.6	1,987.3	1,765.8	+12.5%	1,767.0	+12.5%
Properties (number)	61	278	7	61	407	418	-11 units	447	-40 units
Annualised in-place rent (EUR m) ⁽¹⁾	54.4	68.1	16.0	5.0	143.5	131.4	+9.2%	133.4	+7.5%
In-place rental yield (%) ⁽²⁾	6.9	7.9	5.9	7.9	7.2	7.4	-0.2p.p.	7.5	-0.3p.p.
EPRA Vacancy Rate (%)	4.6	1.5	3.0	8.0	3.1	3.7	-0.6p.p.	4.2	-1.1p.p.
WALT (years)	4.8	5.5	13.3	8.1	6.2	6.5	-0.3yrs	6.7	-0.5yrs
Average rent (EUR/sqm)	9.06	10.03	12.66	4.44	9.45	9.23	+2.4%	8.79	+7.5%



Office Berlin – acquired 2016



Office Berlin – acquired 2014



Retail Wismar – acquired 2015

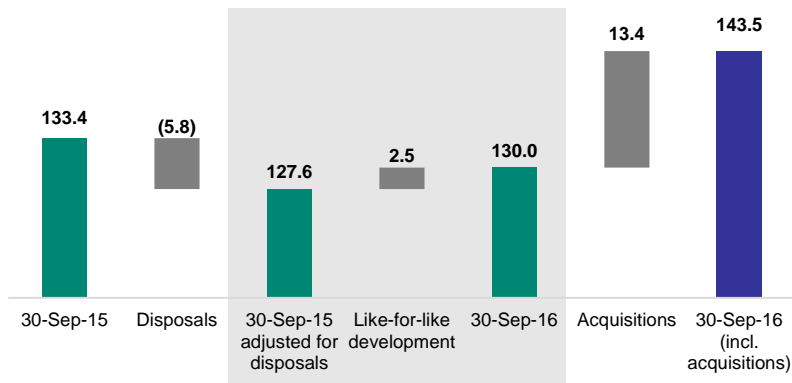


Hotel Leipzig – acquired 2016

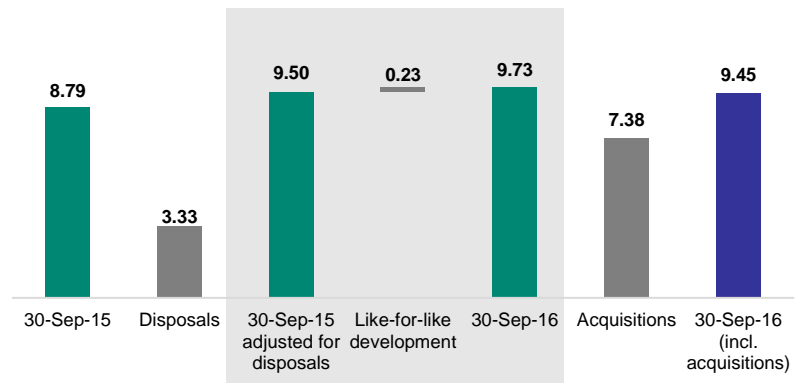
CONTINUED POSITIVE OPERATING DEVELOPMENT

9M 2016 Y-on-Y numbers underpin performance for operating key metrics

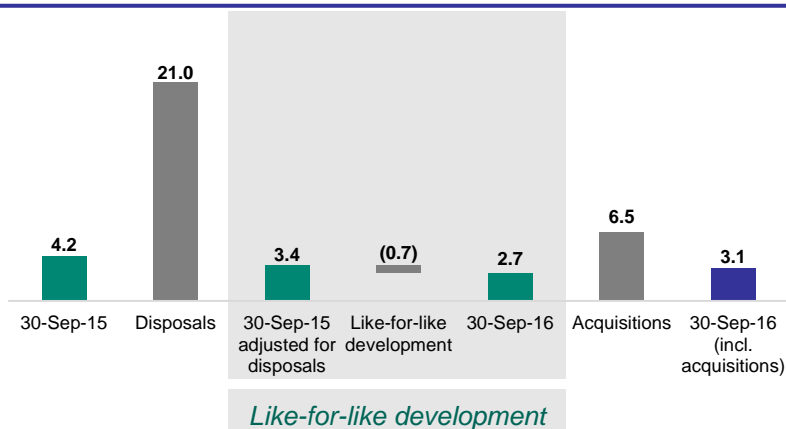
Annualised in-place rent
in EUR million



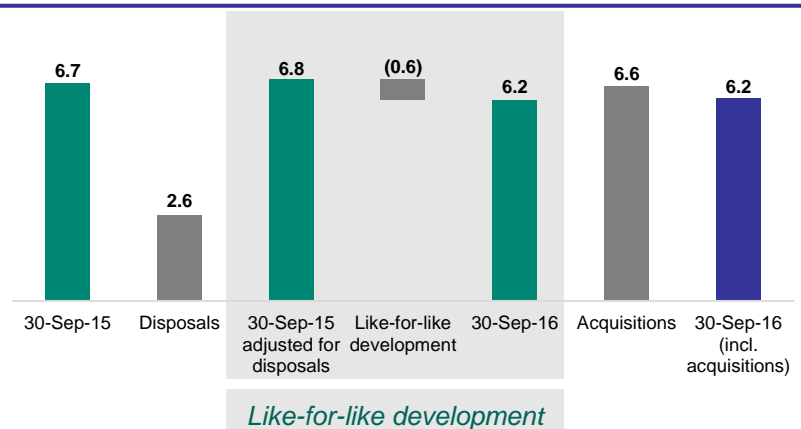
Average rent
in EUR / sqm / month



EPRA Vacancy Rate
in %



WALT
in years



OVERVIEW OF RECENT ACQUISITIONS IN EASTERN GERMANY

Attractive additions to TLG's office portfolio

“Kap-Carré” – Berlin

- Multi-tenant office building with excellent access to public transport, city highway and airport
- Transaction status: Closed



“Sachsen Forum” – Dresden

- Well-established local neighbourhood shopping centre
- Transaction status: Closed



“Fachmarktzentrum Merianplatz” - Dresden

- Adjacent to the “Sachsen Forum”
- Transaction status: Signed / closing expected for the end of November 2016



Total investment volume ⁽¹⁾	EUR 32.1m
Annualised in-place rent	EUR 2.1m ⁽²⁾
WALT	5.9 years ⁽³⁾
EPRA Vacancy Rate	61.1%
Lettable area	18,200 sqm
Top tenants	ALPHA COM Deutschland, Radiologische Ärztegemein- schaft

Total purchase price of both retail assets	EUR 22.8m
Annualised in-place rent	EUR 1.4m
WALT	3.4 years
EPRA Vacancy Rate	0.7%
Lettable area	11,700 sqm
Top tenants	Konsum Dresden, Rossmann, Penny
	Ostsächsische Sparkasse Dresden, KIK, Ernsting's Family

OVERVIEW OF RECENT ACQUISITIONS IN WESTERN GERMANY

Lyoner Straße 25, Frankfurt am Main

Modern building with strong tenant structure



Purchase price (EUR m)	85.7
Annualised in-place rent (EUR m)	5.5 ⁽¹⁾
WALT (years)	4.7
EPRA Vacancy Rate (%)	1%
Lettable area (sqm)	31,500
Year of construction	2003

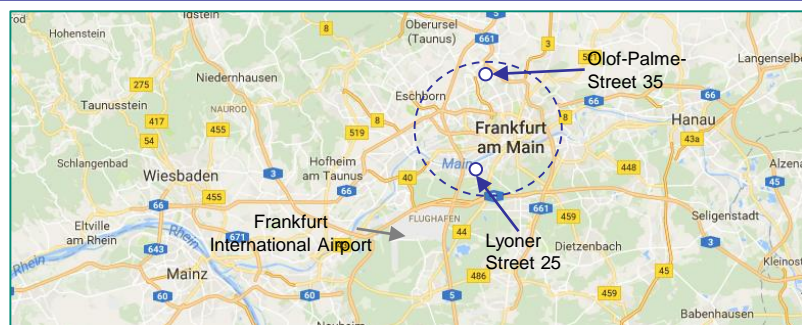
Top tenants:

- HOCHTIEF Construction, TKK, Steigenberger Group

Frankfurt-Niederrad:

- c. 7km South-west of Frankfurt city centre
- Macro-location with high tenant loyalty
- Former mono-structured submarket dynamically on the way to a mixed-used area with urban quality

Location overview



Olof-Palme-Straße 35, Frankfurt am Main

Fully modernized property, long-term let to blue chip tenant



Purchase price (EUR m)	74.3
Annualised in-place rent (EUR m)	4.3
WALT (years)	9.5
EPRA Vacancy Rate (%)	0%
Lettable area (sqm)	26,700
Year of construction / refurbishment	1993 / 2013

Top tenants:

- Air Liquide

Frankfurt-Mertonviertel:

- c. 10km North-west of Frankfurt city centre
- Along with nearby-Riedberg-Campus, the Mertonviertel offers modern office space in a pleasant mixed-use area based on an excellent price-performance-ratio

Key investment highlights

- + Properties with typical core-characteristics and excellent positioning in their individual micro-market
- + Ongoing positive trend on Frankfurt office leasing market (YoY 20% take-up growth in H1 2016, vacancy -40% since 2010, limited new supply)
- + Relevant office areas profit from various - mainly residential - reconversion projects within urbanisation trend
- + Brexit potentially creates further positive momentum

EXPAND EFFICIENT LOCAL AND REGIONAL NETWORK TO COVER SELECTED WESTERN GERMAN CORE MARKETS

Geographic footprint



Acquisition focus

- ▶ **Replication of TLG's successful acquisition strategy** in western Germany
- ▶ **Office acquisitions** with focus on attractive A and B markets
- ▶ **Retail acquisitions** with focus on high-quality micro locations throughout western Germany
- ▶ **Strong commitment to investment discipline;** maintaining superior quality profile of asset portfolio

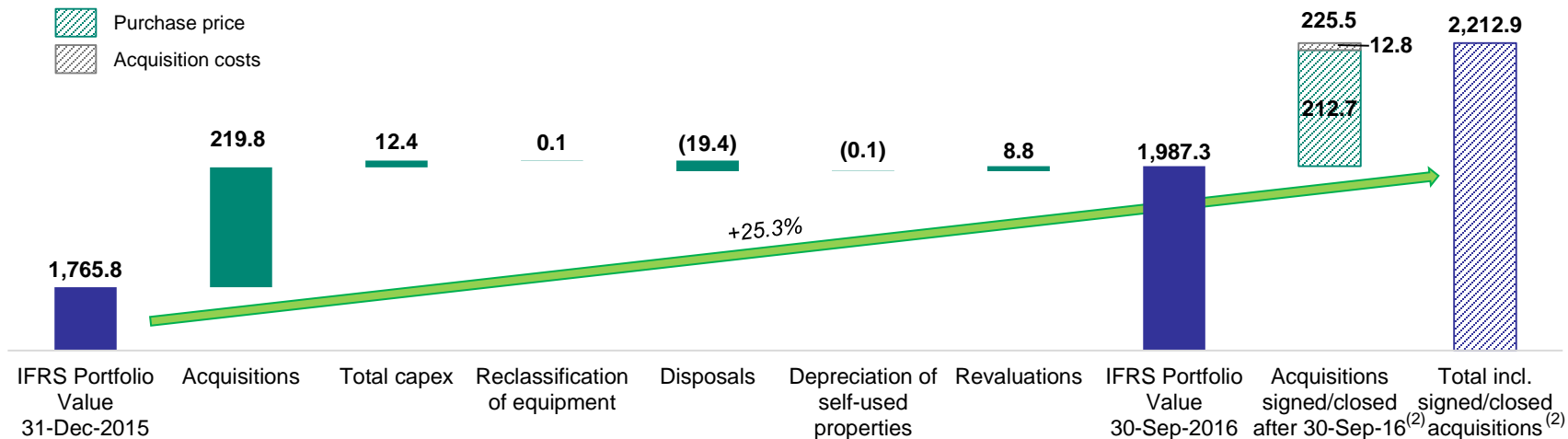
TLG operational platform implications

- TLG to set up new operational office in Frankfurt
- Sourcing and execution of acquisition and investment opportunities, letting management and technical facility management for western German expansion to be steered out of Frankfurt, in close co-ordination with Berlin HQ
- Central functions to be governed by head office in Berlin

IFRS PORTFOLIO VALUE INCREASE BY 12.5% DURING 9M 2016

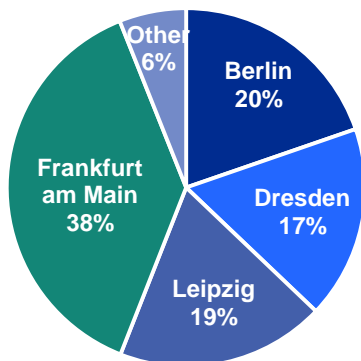
IFRS portfolio value reconciliation

in EUR million



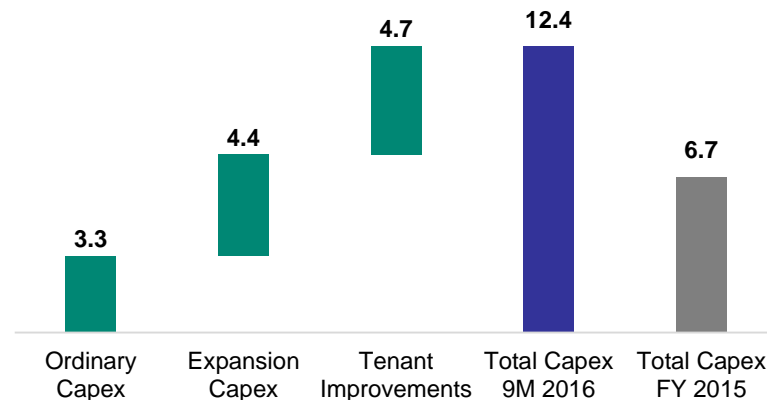
Acquisitions by regions ⁽¹⁾

in % of investment volume



Capex breakdown

in EUR million



(1) Total acquisitions 2016 (signed or closed)

(2) Including Frankfurt am Main (€169m), Berlin (€32.1m) and Dresden (€24.4m) acquisitions

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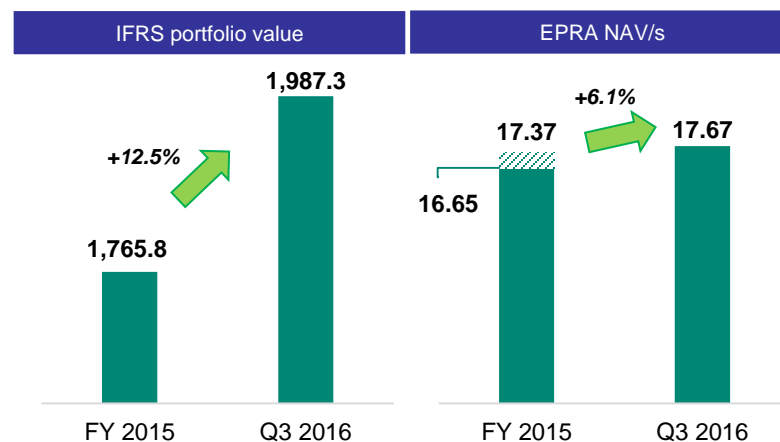
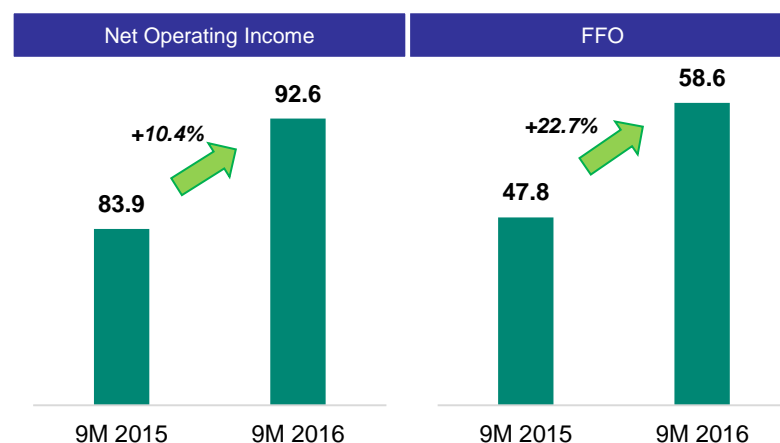
STRONG GROWTH IN PORTFOLIO VALUE AND RENTAL INCOME ACHIEVED

Key metrics

in EUR million

	9M 2016	9M 2015	Comparison
Rental income	103.4	93.8	➔ +10.2%
NOI	92.6	83.9	➔ +10.4%
FFO	58.6	47.8	➔ +22.7%
FFO/s (EUR)	0.87	0.78	➔ +11.5%
In-place rental yield	7.2%	7.5%	➡ -0.3 p.p.

	Sep 2016	Dec 2015	Comparison
IFRS portfolio value	1,987.3	1,765.8	➔ +12.5%
EPRA NAV/s (EUR)	17.67	16.65 ⁽¹⁾	➔ +6.1%
Net LTV	40.4%	33.6%	➡ +6.8 p.p.



SIGNIFICANT RENTAL INCOME INCREASE IN 9M 2016

Income Statement

in EUR million		9M 2016	9M 2015
Rental income		103.4	93.8
Net operating income from letting activities	1	92.6	83.9
Result from the remeasurement of investment property		8.8	74.3
Results from the disposals of investment property		0.6	4.5
Results from the disposals of real estate inventory		0.0	0.6
Other operating income	2	0.8	3.2
Personnel expenses	3	(8.3)	(9.2)
Depreciation		(0.4)	(0.6)
Other operating expenses	4	(4.2)	(5.0)
Earnings before interest and taxes (EBIT)		89.9	151.7
Net interest		(18.7)	(17.3)
Other financial result		(1.7)	(0.2)
Earnings before taxes (EBT)		69.5	134.2
Income taxes		(16.5)	(33.8)
Net income		53.0	100.4
Other comprehensive income (OCI)		(2.9)	1.3
Total comprehensive income		50.1	101.7

Comments

- 1 NOI increased by 10.4% from letting activities mainly related to the acquisition of new properties
- 2 Decrease of other operating income due to reclassification of property related accounts and one-off effects in prior year. 9M 2016 mainly includes reversal of bad debt provisions
- 3 Decrease in personnel expenses impacted by share-based payments in 9M 2015
- 4 Comparatively lower other operating expenses due to reversal of accruals and lower costs in 9M 2016

STRONG BALANCE SHEET AS PLATFORM FOR GROWTH

Balance Sheet

in EUR million	30 Sep 2016	31 Dec 2015
Non-current assets	2,029.4	1,776.8
Investment property (including advance payments) ¹	2,006.8	1,753.7
Property, plant and equipment	7.6	9.8
Other non-current assets	14.9	13.3
Current assets	61.5	222.6
Real estate inventory	1.1	1.1
Receivables and other current assets	12.5	21.9
Cash and cash equivalents ²	43.1	183.7
Non-current assets classified as held for sale	4.8	15.9
Total assets	2,090.8	1,999.5
Equity ³	969.9	967.9
Liabilities	1,120.9	1,031.6
Non-current liabilities	1,042.5	957.8
Non-current liabilities to financial institutions ⁴	812.0	746.7
Provisions and other non-current liabilities	32.2	25.2
Deferred tax liabilities	198.3	185.9
Current liabilities	78.5	73.8
Current liabilities to financial institutions ⁴	47.2	36.0
Tax liabilities	3.5	6.4
Other current provisions	1.5	2.4
Trade payables	19.0	14.9
Other current liabilities	7.2	14.0
Total equity and liabilities	2,090.8	1,999.5

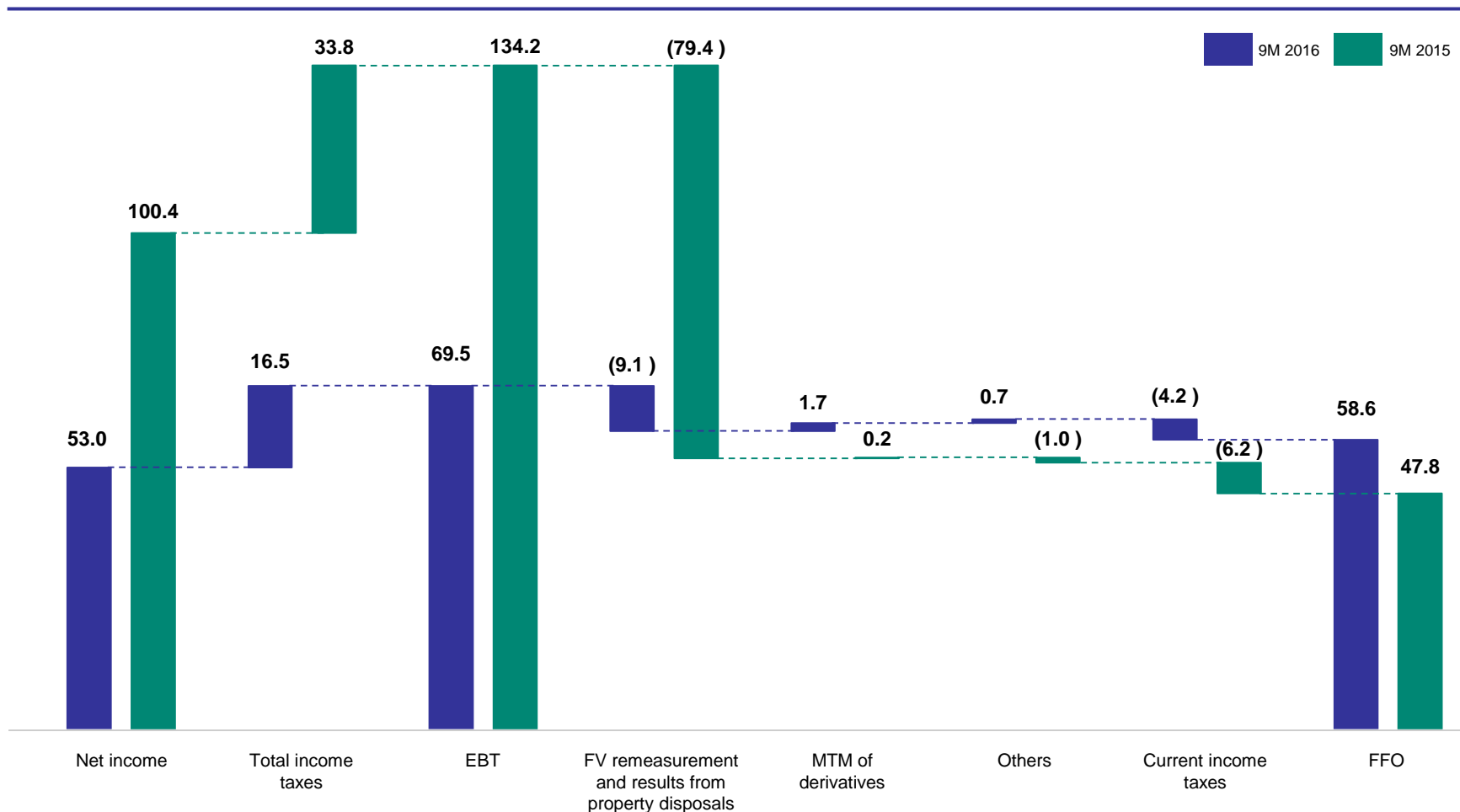
Comments

- ¹ Change in investment property in 9M 2016 mainly driven by acquisitions and capex
- ² Decrease in cash and cash equivalents due to the closing of acquisitions
- ³ Increase in equity by 0.2% (ratio 46.4%) mainly driven by operating performance despite payment of dividends of EUR 48.6 million
- ⁴ Increase in liabilities as a result of new long-term debt in the context of acquisitions

FFO BRIDGE 9M 2016 REFLECTS 22.6% INCREASE Y-o-Y

FFO Reconciliation 9M 2016

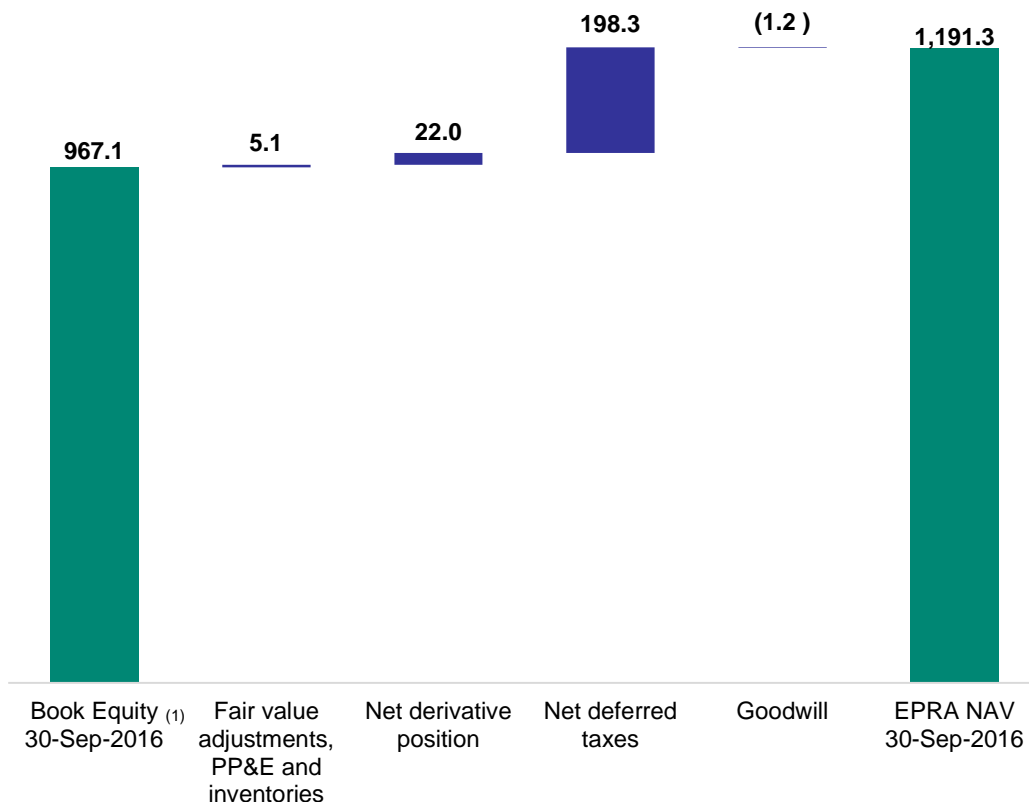
in EUR million



EPRA NAV GROWTH DRIVING NAV/S TO EUR 17.67

EPRA NAV Q3 2016 reconciliation

in EUR million



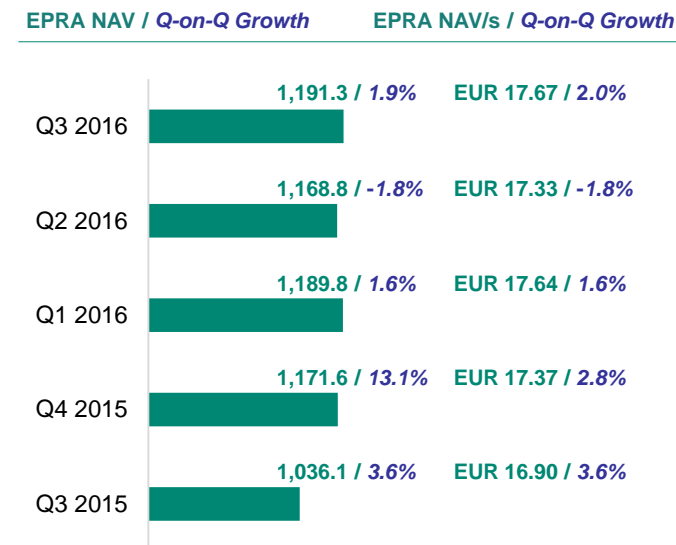
(1) Adjusted for non-controlling interests

Comments

- Since Q4 2015 **EPRA NAV per share has increased by 1.7%** from EUR 17.37 to EUR 17.67, and by 6.1% if adjusted for dividend payments

Quarterly development of EPRA NAV

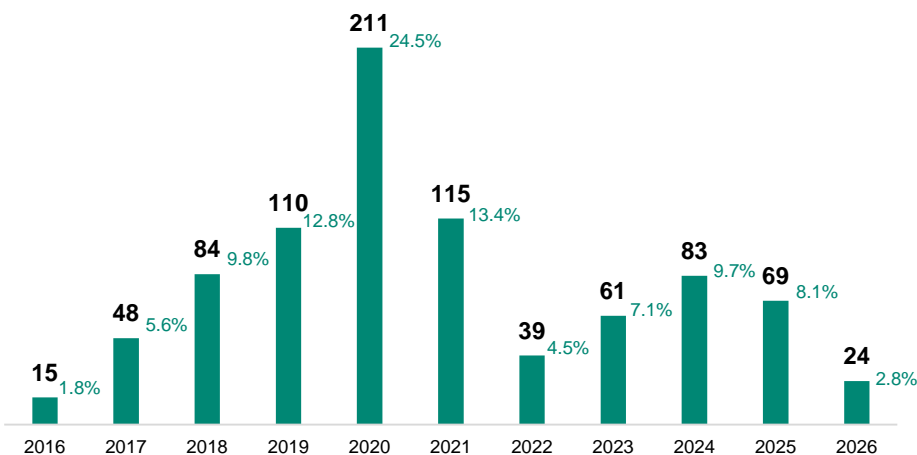
in EUR million



UNCHANGED: CONSERVATIVE FINANCING STRUCTURE

Maturity profile as of 30 September 2016⁽¹⁾

in EUR million



Interest coverage ratio

EBITDA / Interest expense



(1) Excluding regular amortisation payments

Debt structure and debt service as of 30 September 2016

in EUR million

Gross debt (EUR m)	859
Net LTV (%)	40.4
Avg. cash cost of debt (%)	2.65%
Avg. weighted maturity (years)	4.7
Interest rate fixed or hedged (%)	99%

Net LTV development

in %



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OUTLOOK FOR 2016

Acquisitions

- Recently acquired Berlin and larger Dresden asset started generating rents during Q4, Frankfurt assets to be integrated around year end
- Preparations for further disciplined roll-out of successful TLG growth model into western Germany

FFO

- Strong operating performance coupled with acquisitions continue to be key driver for TLG's strong FFO generation
- FFO guidance for 2016 of approximately EUR 74-76m confirmed

NAV

- Anticipated further increase in 2016 EPRA NAV resulting from earnings growth. Favourable market environment could have an additional effect on positive development of property values and this year-end EPRA NAV

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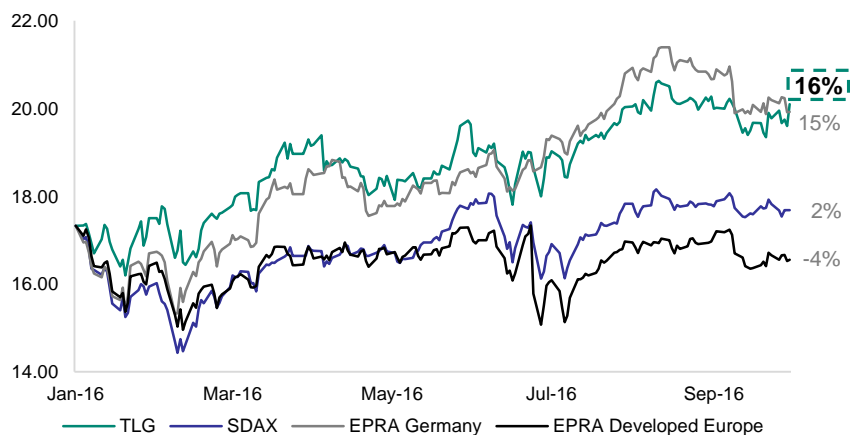
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TLG IMMOBILIEN SHARE INFORMATION

Basic share information (as of 30 September 2016)

Symbol	TLG
Share price (XETRA)	EUR 20.10
ISIN	DE000A12B8Z4
Performance 9M 2016	+16%
Primary exchange	Frankfurt Stock Exchange
Market capitalization	EUR 1,355.1 million
Shares outstanding	67.4 million

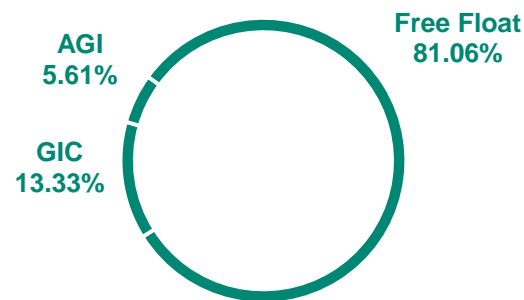
Share performance (9M 2016)



Source: Thomson Reuters as of 30 September 2016

9M 2016 Results Presentation

Shareholder structure



Shareholdings according to latest voting rights announcements
Free float according to Deutsche Boerse definition

Coverage by analysts

Analyst coverage	Target	Analyst name	Date
Bankhaus Lampe	23.00 (Buy)	Georg Kanders	04-Nov-16
Kempen & Co.	20.00 (Neutral)	Remco Simon	17-Oct-16
Berenberg	22.00 (Buy)	Kai Klose	17-Oct-16
Kepler Cheuvreux	23.50 (Buy)	Thomas Neuhold	17-Oct-16
VICTORIAPARTNERS	20.60 ⁽¹⁾	Bernd Janssen	12-Oct-16
J.P. Morgan	23.00 (Overweight)	Tim Leckie	29-Sep-16
Nord/LB	19.50 (Hold)	Michael Seufert	24-Sep-16
UBS	20.00 (Neutral)	Osmaan Malik	10-Aug-16
HSBC	22.00 (Buy)	Thomas Martin	03-Jun-16
Commerzbank	21.50 (Buy)	Thomas Rothäusler	04-May-16

Source: Bloomberg (as of 07 Nov. 2016) ; Broker Research (1) Fair Value range of EUR 19.60 – 21.60

FINANCIAL CALENDAR AND CONTACT DETAILS

FY 2016 Results	09 March 2017
Q1 2017 Results	11 May 2017
AGM	23 May 2017
Q2 2017 Results	11 August 2017
Q3 2017 Results	09 November 2017

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