



TLG IMMOBILIEN AG
FY 2016 RESULTS

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AGENDA

01



Highlights
FY 2016

02



Portfolio

03



Operations
and Financials

04

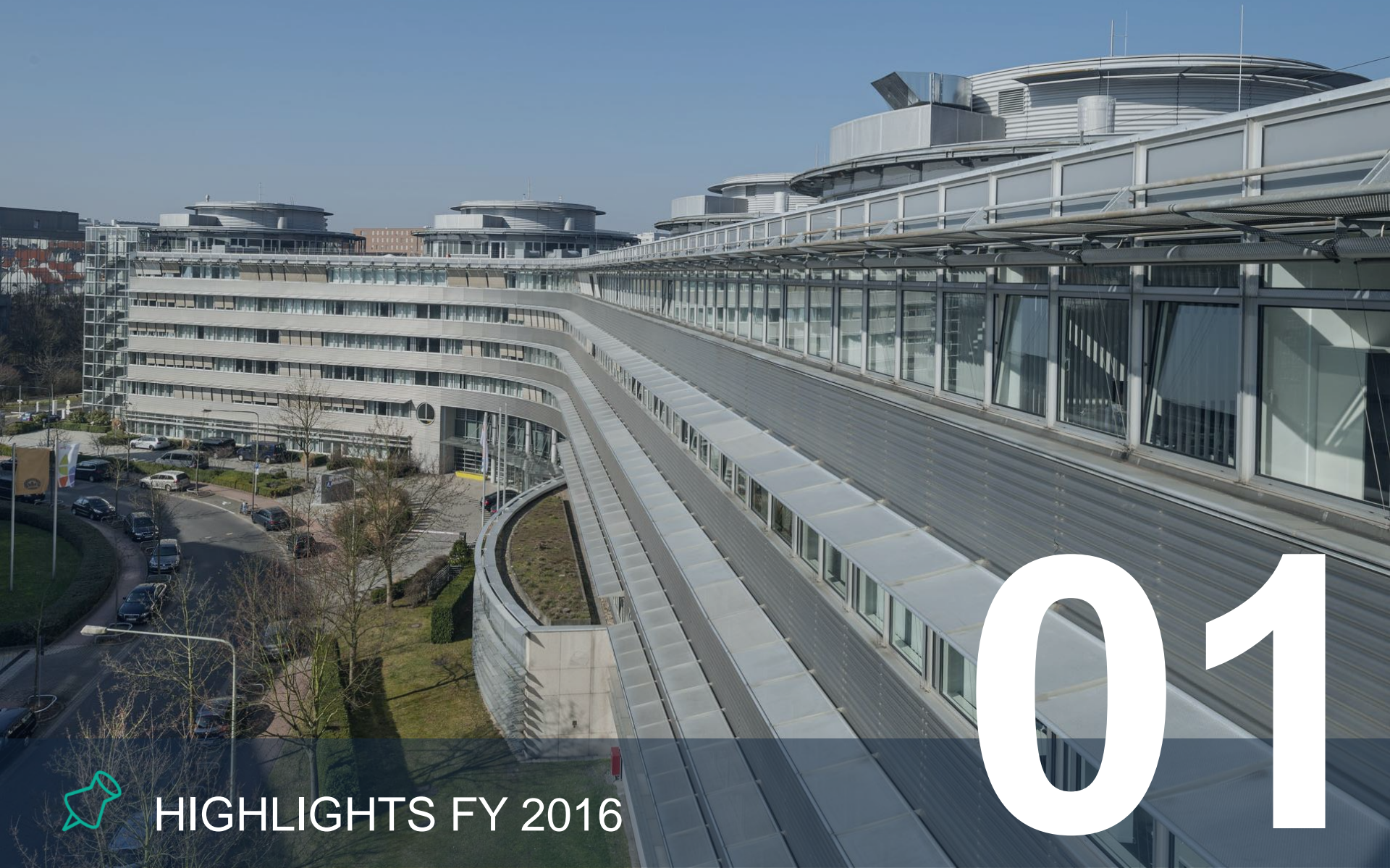


Outlook

05



Appendix



01



HIGHLIGHTS FY 2016

KEY HIGHLIGHTS 2016



Portfolio and Operations

- ✓ TLG IMMOBILIEN remains on the expansion track, generating 10.3% YoY growth in rental income to EUR 140.5 m for the FY 2016 and “run-rate” rental income of EUR 155.3 m as of year-end
- ✓ Driven by effects of portfolio growth and improved cost structure, FFO shows increase of 20.1% YoY from EUR 64.0 m to EUR 76.9 m in 2016
- ✓ Operating key metrics maintain accustomed strength and underline attractive yield profile



Balance Sheet

- ✓ Full-year increase in EPRA NAV/s by 6.5% to EUR 18.51, influenced by strong net operating income and value uplift
- ✓ Moderate leverage structure with Net LTV of 43.4%



Growth

- ✓ TLG IMMOBILIEN continues successful growth path with total acquisitions across all strategic asset classes of EUR 443 m in 2016
- ✓ Strategic move into Western Germany by two large office investments in Frankfurt/Main



02



PORTFOLIO

TLG IMMOBILIEN PORTFOLIO AS OF 31 DECEMBER 2016

STABLE PORTFOLIO METRICS DRIVEN BY FURTHER GROWTH

OFFICE
FRANKFURT/MAIN

RETAIL DRESDEN



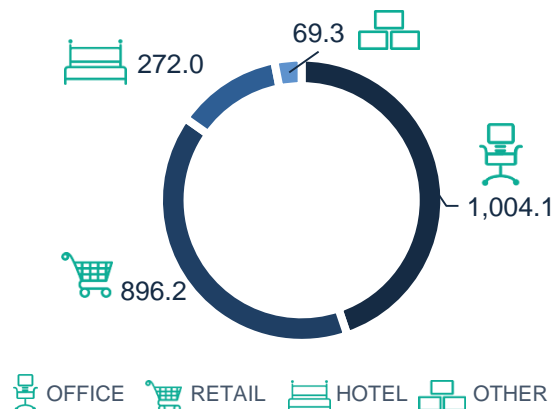
HOTEL DRESDEN

KEY INDICATORS

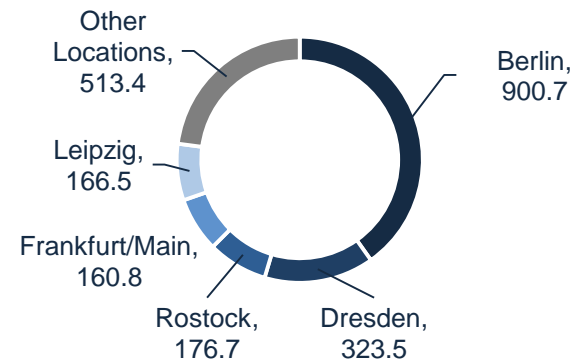
	OFFICE	RETAIL	HOTEL	OTHER	TOTAL 31 DEC 16	TOTAL 31 DEC 15	CHANGE
Property value (EUR m) ¹	1,004.1	896.2	272.0	69.3	2,241.6	1,765.8	+ 26.9%
Properties (number)	60	278	7	59	404	418	- 14 units
Annualised in-place rent (EUR m) ²	65.0	69.3	16.1	4.9	155.3	131.4	+ 18.2%
In-place rental yield (%)	6.5	7.7	5.8	6.9	6.9	7.4	- 0.5 p.p.
EPRA vacancy rate (%)	5.2	2.4	2.4	8.0	3.8	3.7	0.1 p.p.
WALT (years)	5.0	5.4	13.1	7.9	6.1	6.5	- 0.4 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

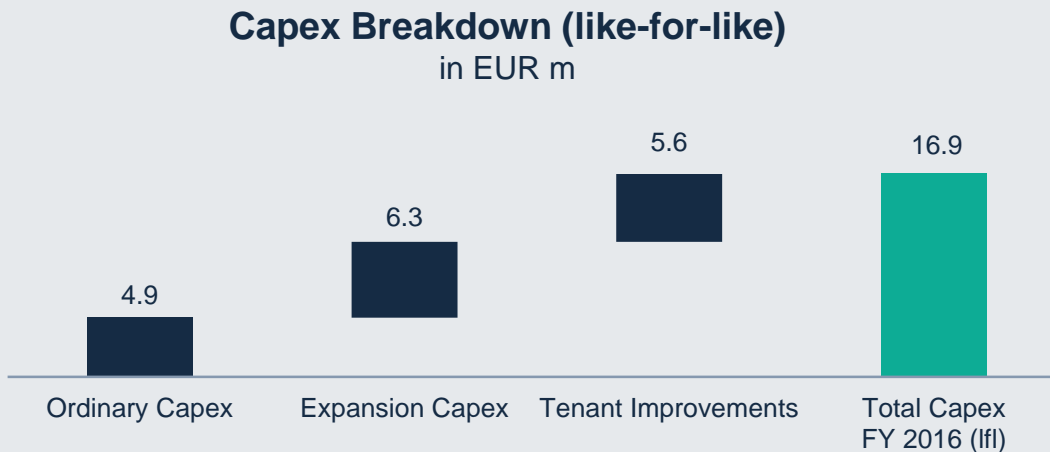
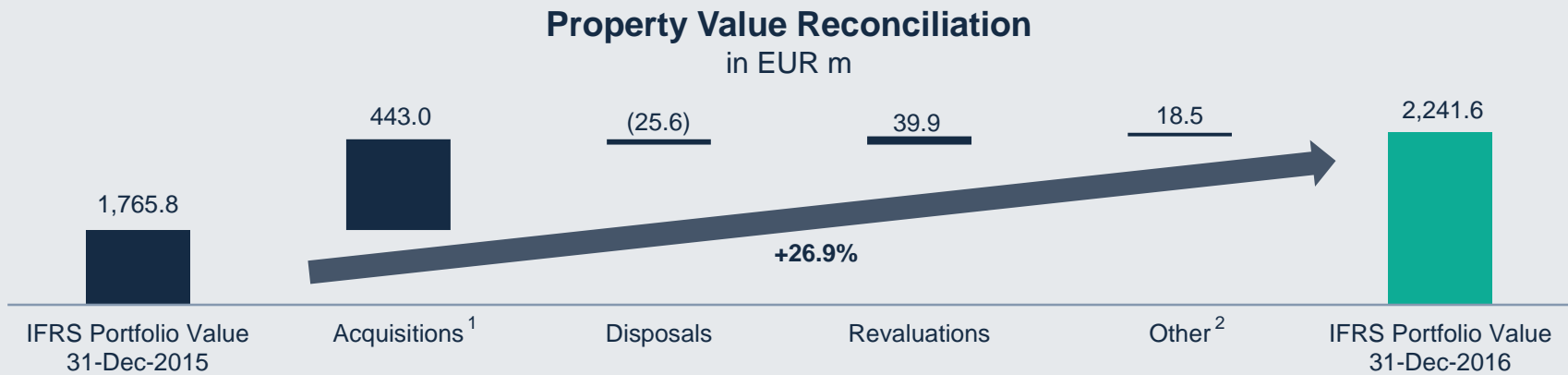


Property Value Split by Region In EUR m



PROPERTY VALUE INCREASE BY 27% IN 2016

ACQUISITIONS REPEATEDLY DRIVER FOR VALUE UPLIFT



Comments

- ✓ Ordinary capex and tenant improvements represent 3.8% and 4.4% of annualised in-place rent on a like-for-like basis, respectively
- ✓ Expansion capex almost completely refers to Retail asset class
- ✓ Tenant improvements primarily related to new lettings in Berlin office

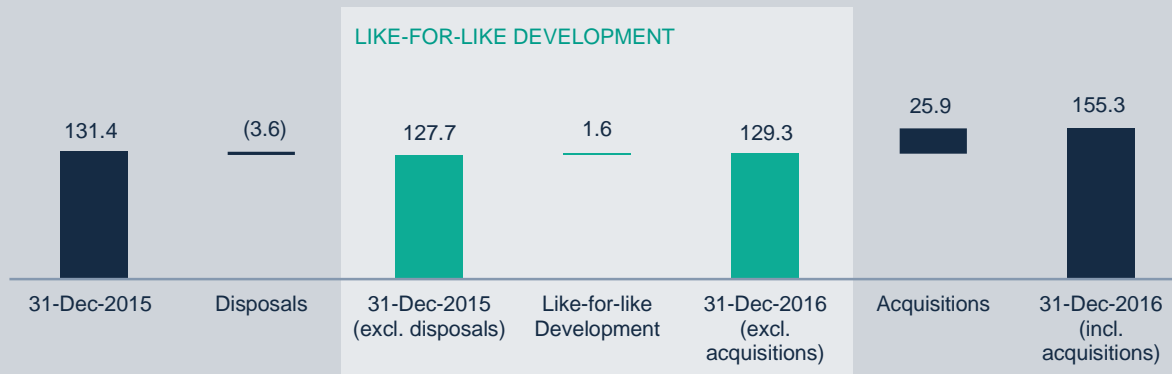
¹ Total investment volume (including additional expenses related to previous years acquisitions (EUR 0.2m)

² Incl. capitalization of development, subsidies and depreciation of self-used properties

STABLE DEVELOPMENT OF KEY METRICS (1/3)

RENTAL GROWTH: BERLIN EXPOSURE MAKES THE DIFFERENCE

Annualised In-place Rent In EUR m



Like-for-like Development by Asset Class in %



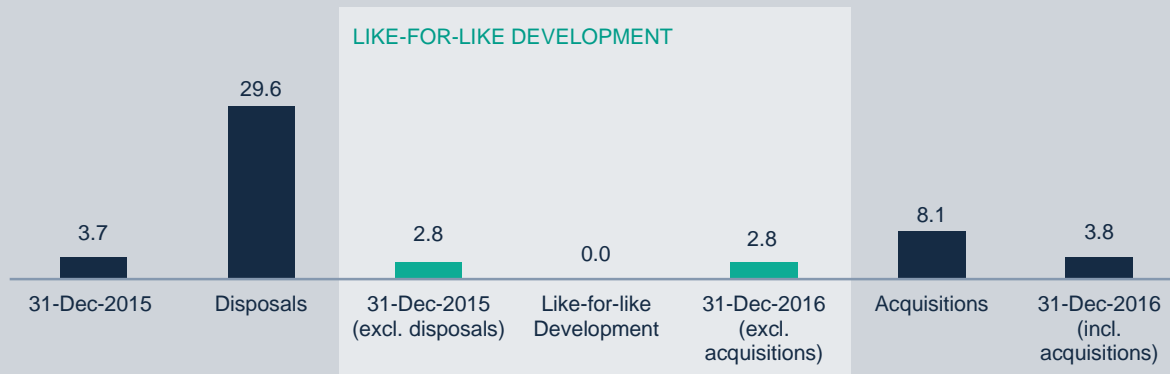
Comments

- ✓ Y-on-Y change in annualised in-place rent of EUR 23.9 m or 18.2%
- ✓ Good start into 2017: new rental contracts beginning after 31-Dec-2016 to contribute EUR 1.4 m annualised in-place rent
- ✓ Like-for-like growth of office rent primarily influenced by strong Berlin market and new lettings in major properties
- ✓ Slightly negative retail rent development can be partially compensated by new contracts starting after 31-Dec-2016

STABLE DEVELOPMENT OF KEY METRICS (2/3)

ASSET QUALITY AND MARKET ENVIRONMENT ENABLE CONTINUED LOW VACANCY

EPRA Vacancy Rate In %



Comments

- ✓ Like-for-like vacancy basically remains unchanged at very low level
- ✓ New lettings beginning after 31-Dec-2016 will slightly further reduce vacancy in 2017
- ✓ Higher vacancy in newly acquired assets provide room for additional value creation – especially related to Berlin office property ‚Kapweg‘

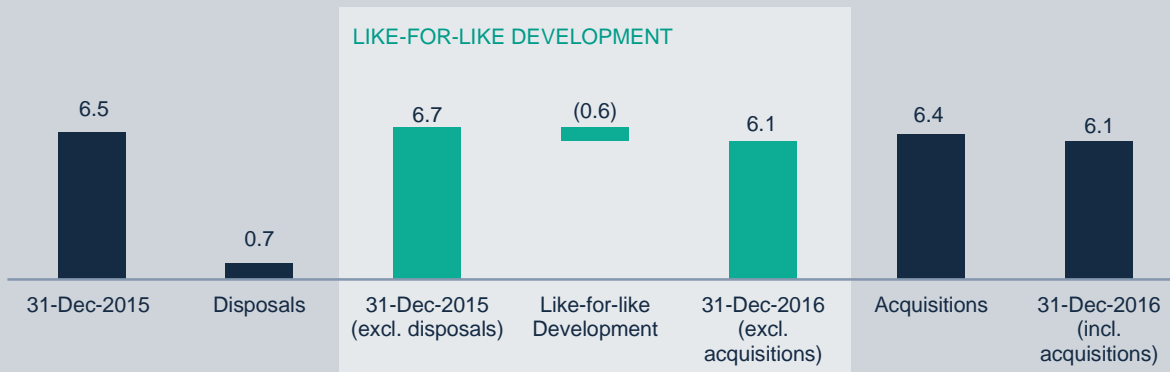
Like-for-like Development by Asset Class in %



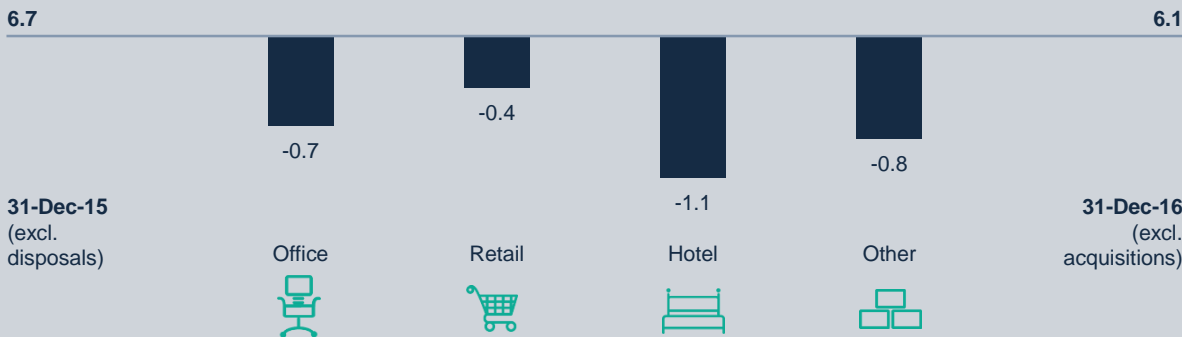
STABLE DEVELOPMENT OF KEY METRICS (3/3)

COMFORTABLE WALT-LEVEL FURTHER STRENGTHENED BY RECENT ACQUISITIONS

WALT In Years



Like-for-like Development by Asset Class in %



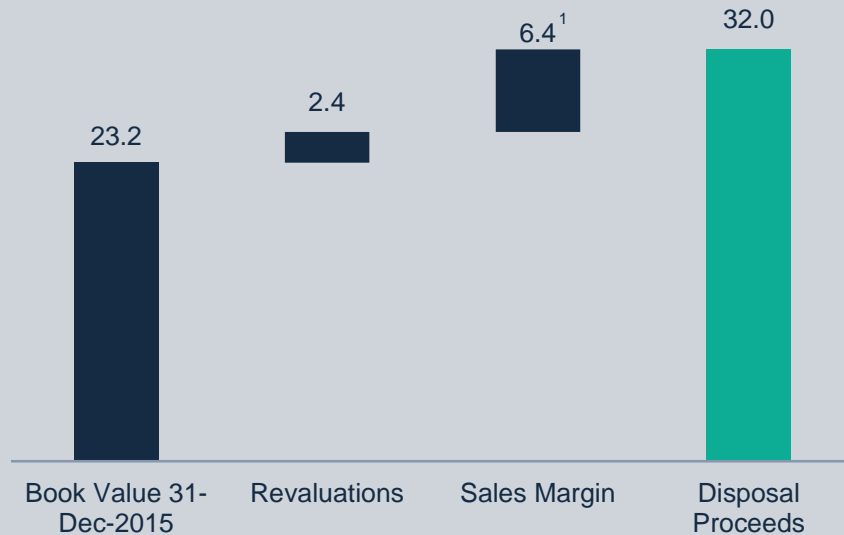
Comments

- ✓ Portfolio WALT remains high at approx. 6.1 years
- ✓ New lettings and rental contract extensions soften reduction of WALT within office asset class
- ✓ Early lease extensions and development activities have dampening effect on WALT reduction for retail portfolio
- ✓ Within Hotel portfolio combination of high WALT and occupancy lead to ‚full‘ WALT reduction

SUMMARY OF SALES ACTIVITY

SALE OF SMALLER ASSETS GENERATES FURTHER PROFITS

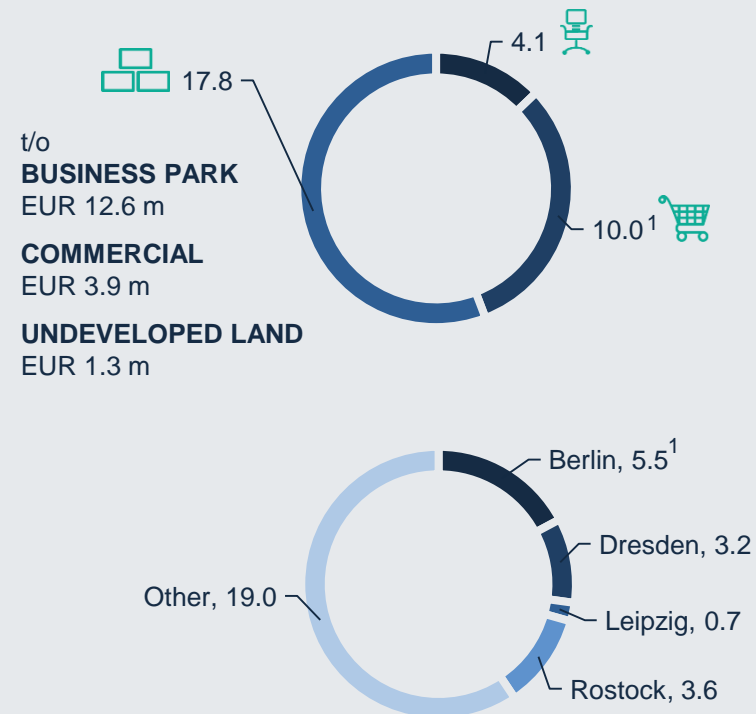
Disposals in 2016
In EUR m



Comment

✓ Repeatedly strong sales margin (2016: >25%) supports active portfolio management approach

Split by Asset Class and Region
In EUR m

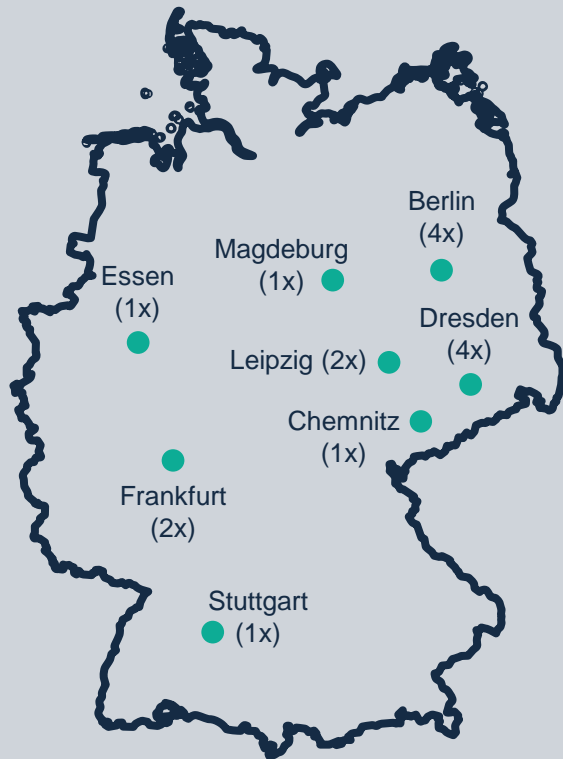


¹ Including additional proceeds from asset sale in 2014

SUMMARY OF ACQUISITION ACTIVITY

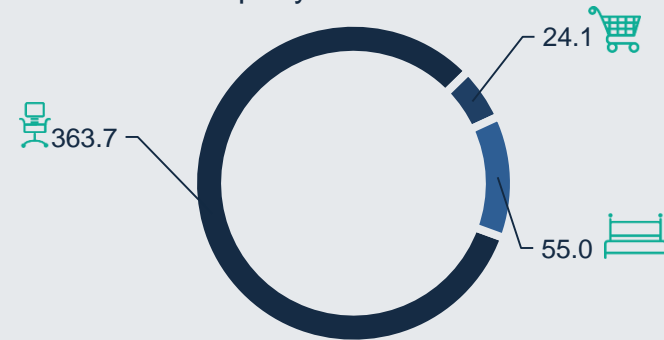
25% PORTFOLIO GROWTH – PREDOMINANTLY IN GROWING LARGE CITIES

Acquisition Location Overview



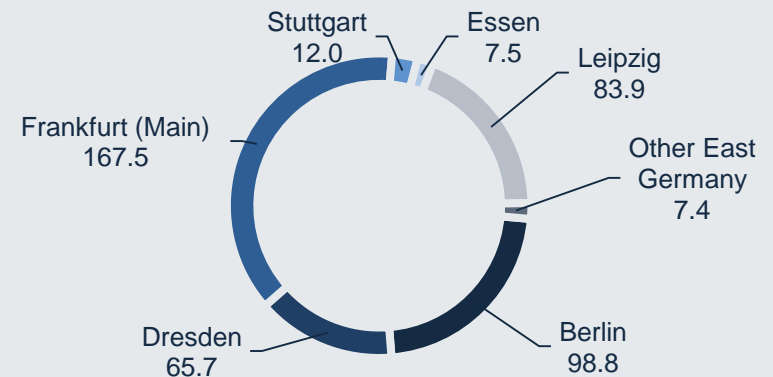
Split by Asset Class ¹

Property Value in EUR m



Split by City/Region ¹

Property Value in EUR m



¹ Does not include any additional expenses related to acquisitions of previous years (EUR 0.2 m)

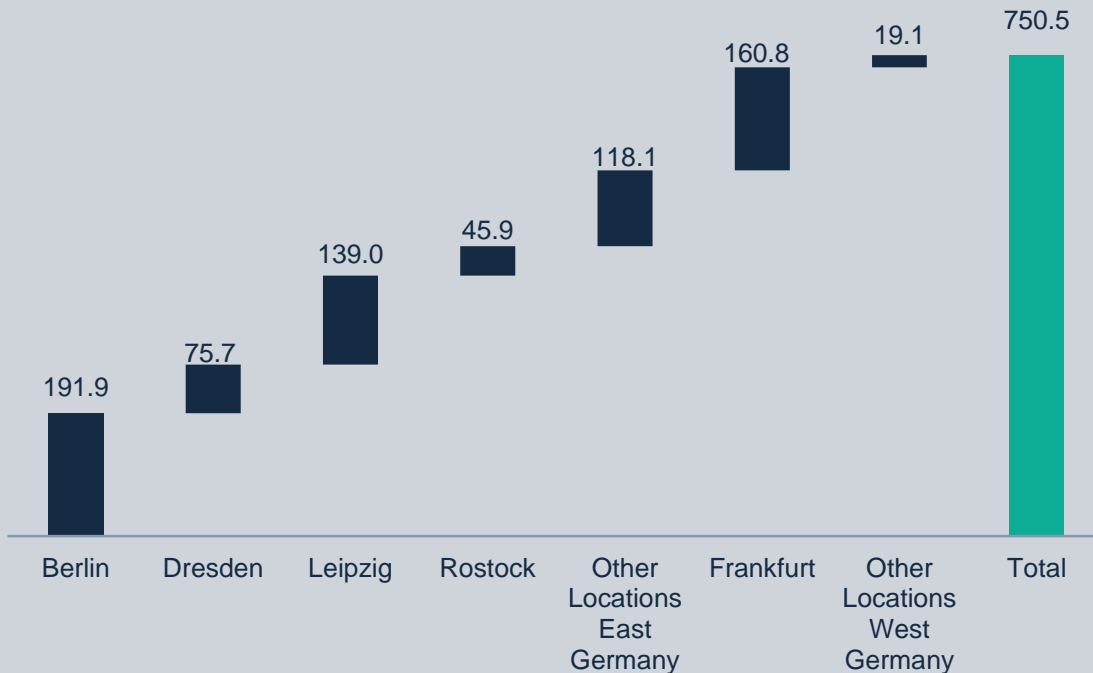
GROWTH TRACK RECORD SINCE 2014

BALANCED EXPANSION IN ECONOMIC HUBS LEADS TO SUCCESSFUL LEVERAGE OF EXISTING PLATFORM

Acquisition Volume by Location 2014-2016 ¹

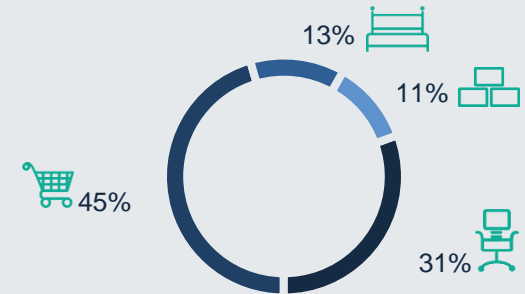
Property Value in EUR m

% of Property Value						
26%	10%	19%	6%	16%	21%	3%



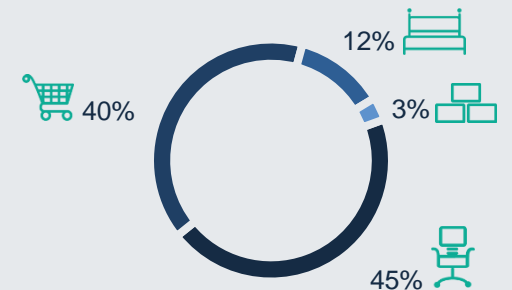
Split by Asset Class 2013 ¹

In %



Split by Asset Class 2016 ¹

In %



¹ Property value as of 31-Dec-2016



03



OPERATIONS AND FINANCIALS

STRONG IMPROVEMENT IN EPRA NAV/S AND FFO/S

OPERATING PERFORMANCE AND ACQUISITIONS TRANSLATING INTO STRONG IMPROVEMENT OF KEY METRICS

Key Metrics

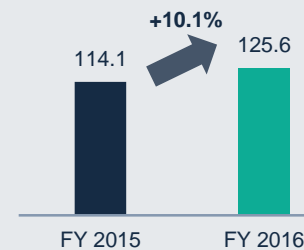
in EUR m

	FY 2016	FY 2015		CHANGE
Rental income	140.5	127.4	➔	+10.3%
NOI	125.6	114.1	➔	+10.1%
FFO	76.9	64.0	➔	+20.1%
FFO/s (EUR)	1.14	1.03	➔	+10.7%
EPRA cost ratio ¹	24.1	26.4	➔	-2.3 p.p.
In-place rental yield	6.9%	7.4%	➔	-0.5 p.p.

	Dec 2016	DEC 2015		CHANGE
Property value	2,241.6	1,765.8	➔	+26.9%
EPRA NAV/s (EUR)	18.51	17.37	➔	+6.5%
Net LTV	43.4%	33.6%	➔	+9.8 p.p.

Net Operating Income

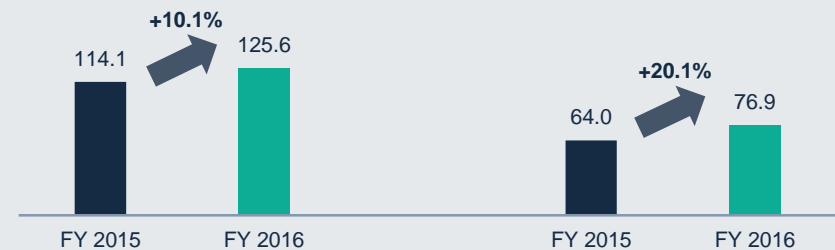
in EUR m



✓ 10.1% Y-o-Y increase driven by acquisitions

FFO

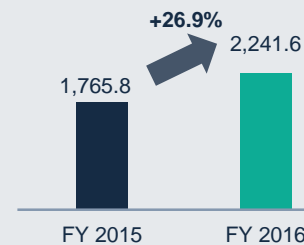
in EUR m



✓ 20.1% Y-o-Y increase translating into FFO/s of EUR 1.14

Property Value

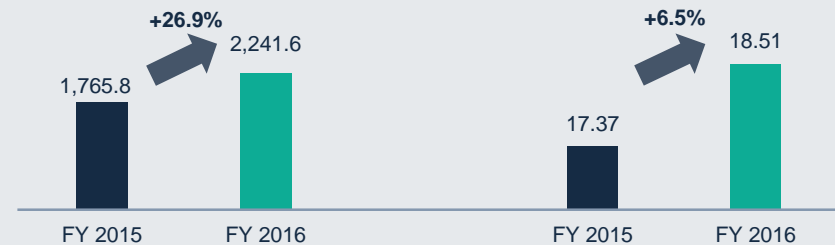
in EUR m



✓ Approx. EUR 443 m of acquisitions in FY 2016

EPRA NAV/s

EUR



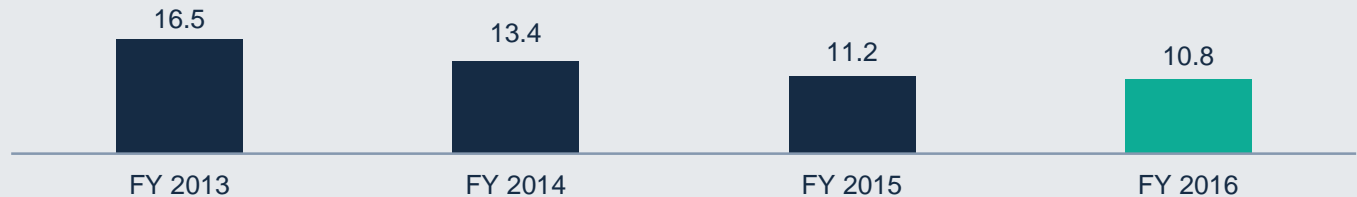
✓ Growth in EPRA NAV primarily driven by operating performance

¹ Including direct vacancy costs

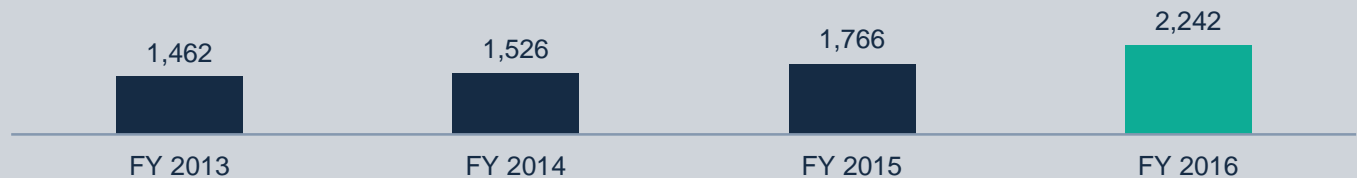
PORTFOLIO CLEAN-UP DRIVES EFFICIENCY

ONGOING STREAMLINING OF PLATFORM

Personnel Expenses¹ in EUR m



Property Value in EUR m



Personnel expenses/
Property value

1.1%

0.9%

0.6%

0.5%

Property value/
Average number of employees

EUR 6.7 m

EUR 9.5 m

EUR 14.7 m

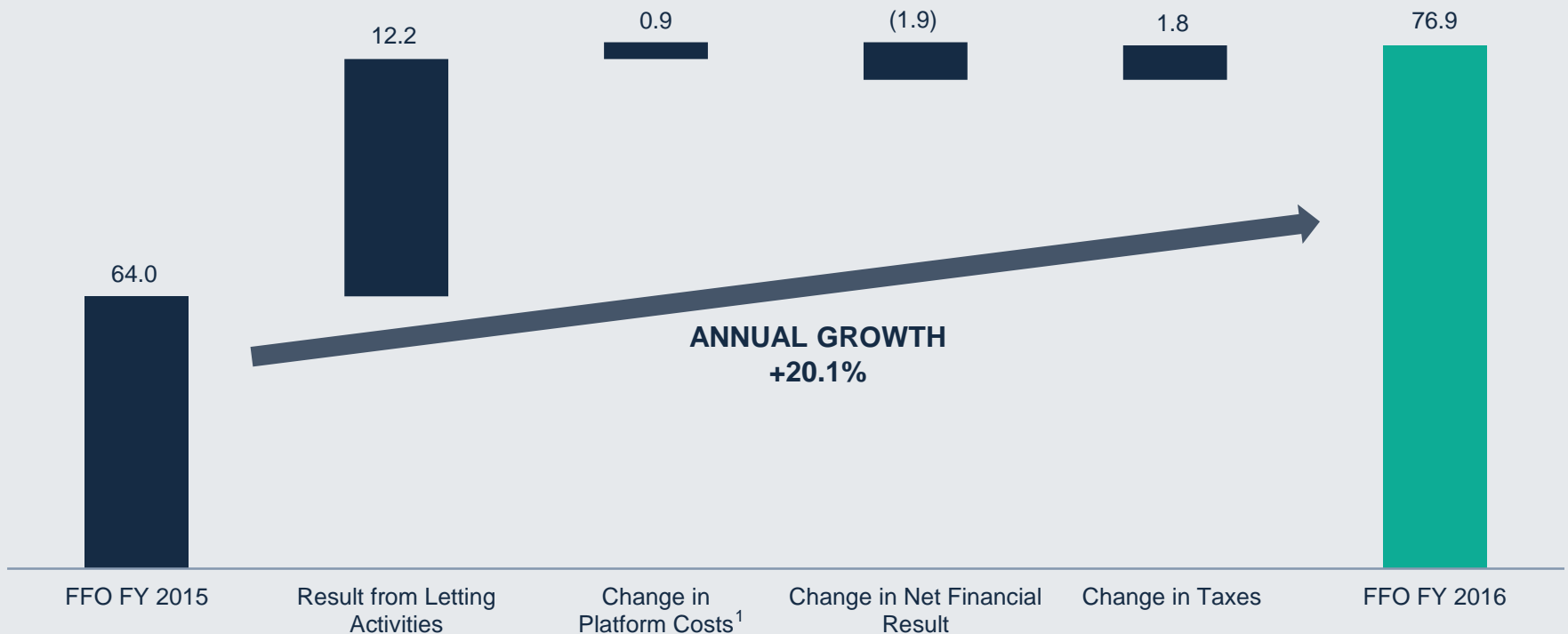
EUR 20.4 m

¹ Excluding externally compensated LTIP related expenses as well as expenses related to severance packages

FFO RECONCILIATION FY 2016

20.1% Y-O-Y INCREASE DRIVEN BY ACQUISITIONS

FFO Value Drivers FY 2016/FY 2015
in EUR m

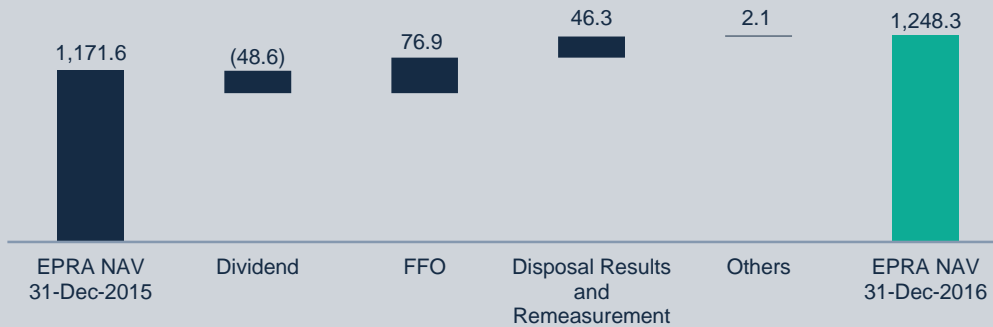


¹ Including other operating expenses and income, personnel expenses and depreciation and amortisation

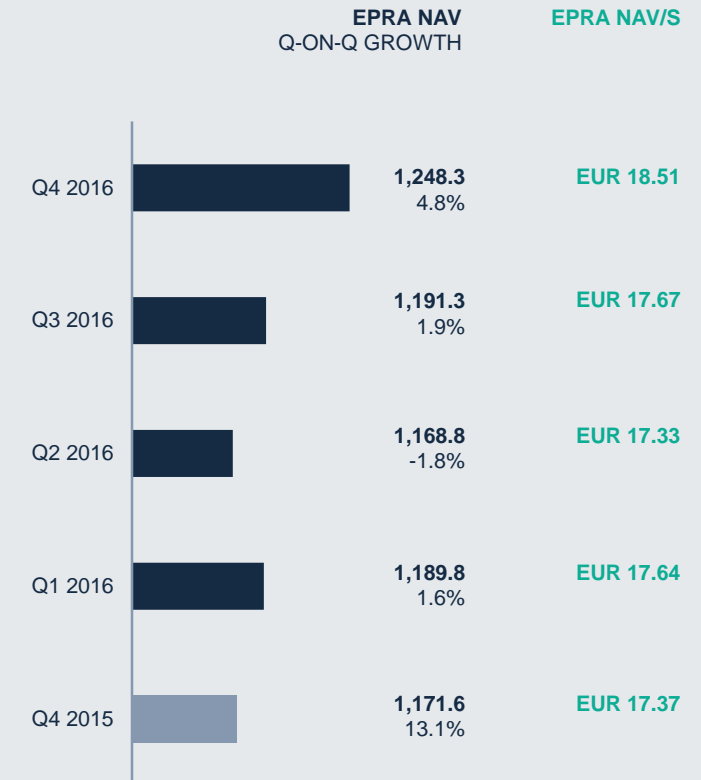
EPRA NAV GROWTH DRIVING NAV/S TO EUR 18.51

GROWTH DRIVEN BY POSITIVE REMEASUREMENT OF INVESTMENT PROPERTIES AND STRONG PROFIT GENERATION

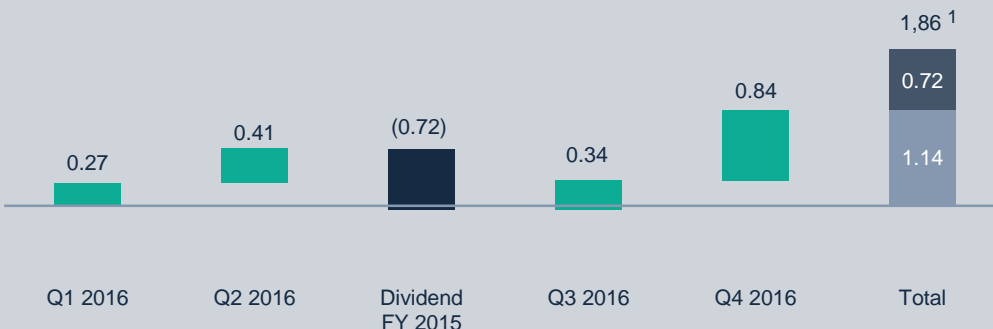
EPRA NAV FY 2016 Development
in EUR m



Quarterly Development of EPRA NAV
in EUR m



EPRA NAV per Share q-on-q Development
in EUR per Share

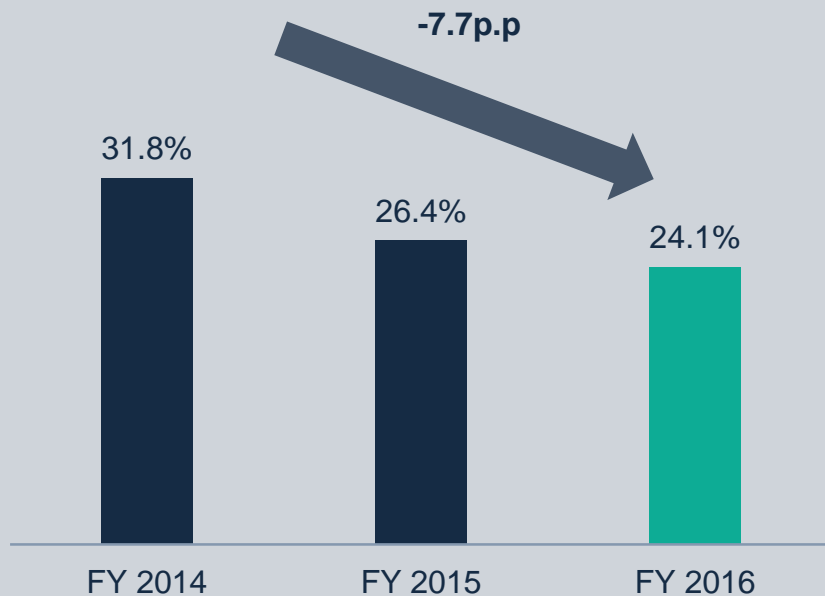


¹ Incl. EUR 0.72 of dividend paid in Q2 2016

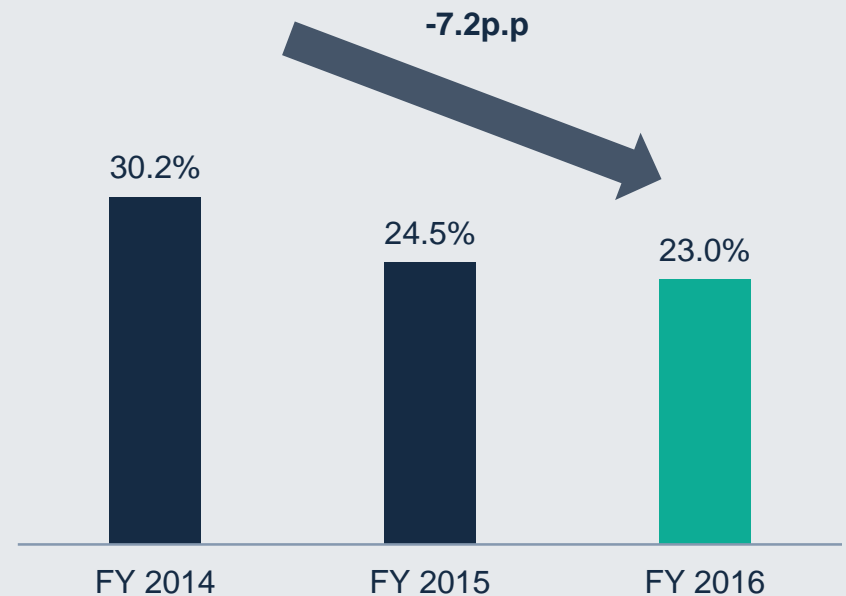
EPRA COST RATIO DEVELOPMENT

REDUCTION OF EPRA COST RATIOS DRIVEN BY IMPROVED EFFICIENCY OF TLG IMMOBILIEN PLATFORM

EPRA Cost Ratio (incl. direct vacancy costs)
In %



EPRA Cost Ratio (excl. direct vacancy costs)
In %

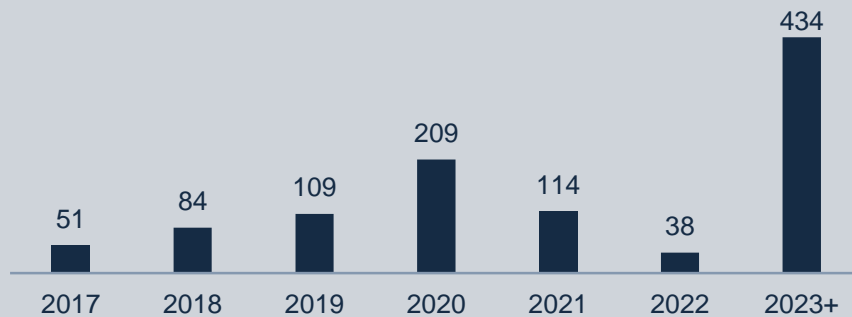


UNCHANGED: CONSERVATIVE FINANCING STRUCTURE

ABB IN JANUARY 2017 RESULTING IN APPROX. EUR 116 M OF GROSS PROCEEDS AND REDUCING NET LTV

Maturity Profile as of 31 December 2016

In EUR m

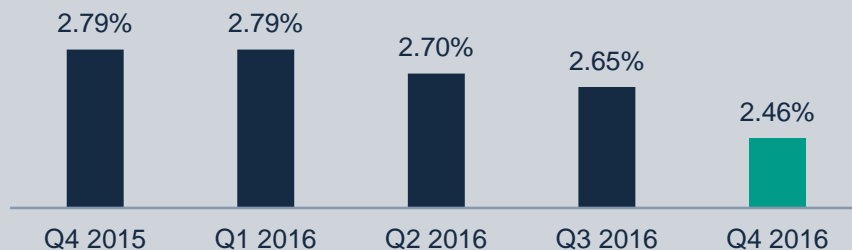


Debt Structure and Debt Service as of End 2016

Gross debt (EUR m)	1,040
Net LTV (%)	43.4
Avg. cash cost of debt (%)	2.5
Avg. weighted maturity (years)	5.3
Interest rate fixed or hedged (%)	99.7

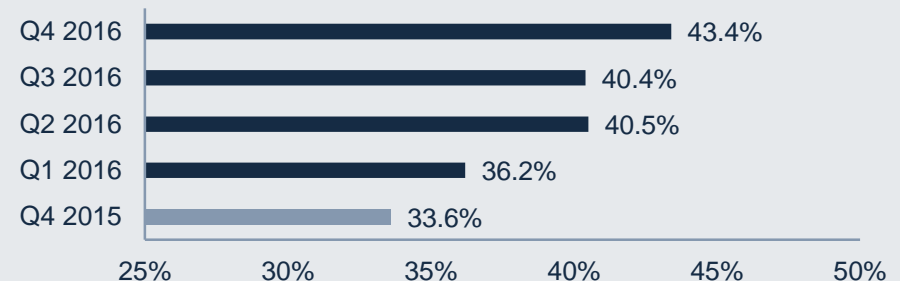
Development of Average Cash Cost of Debt

In %



Net LTV Development

In %





04



OUTLOOK

OUTLOOK 2017



FFO Guidance

- ✓ FFO guidance of approx. EUR 84-86 m for FY 2017 based on current property portfolio
- ✓ Acquisitions increase FFO 2017 further
- ✓ TLG IMMOBILIEN with continued access to attractive acquisition opportunities despite strongly competitive market environment



Dividend Guidance

- ✓ Proposed dividend for FY 2016 of EUR 59.3 m (EUR 0.80 per share)
- ✓ Implies a FFO payout ratio of 77.1%



05



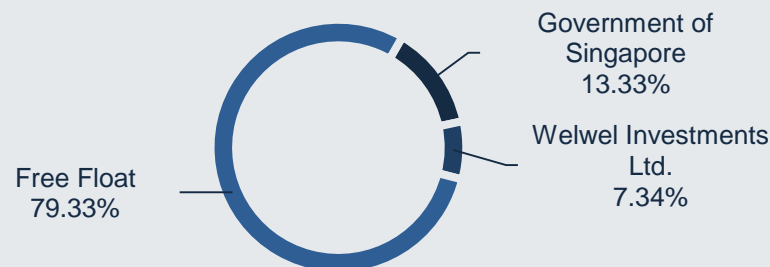
APPENDIX

TLG IMMOBILIEN SHARE INFORMATION

Basic Share Information (as of 31 December 2016)

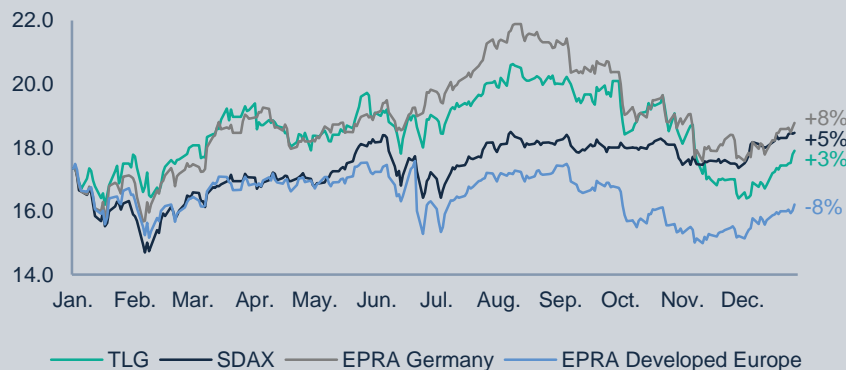
Symbol	TLG
Share price (XETRA)	EUR 17.90
ISIN	DE000A12B8Z4
Performance in FY 2016	+2.9%
Primary exchange	Frankfurt Stock Exchange
Market capitalization	EUR 1.2 million
Shares outstanding	67.4 million

Shareholder Structure

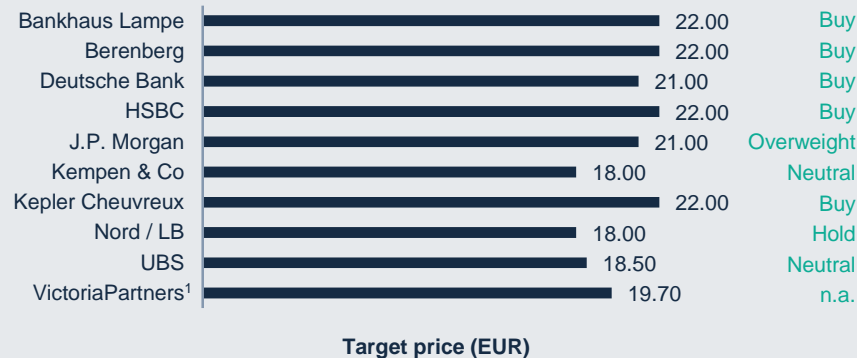


Shareholdings according to latest voting rights announcements. See <http://ir.tlg.eu/websites/tlg/English/2300/shareholder-structure.html> for further details.
Free float according to Deutsche Boerse definition

Share Price Performance in 2016



Coverage by Analysts



¹ Fair value range of EUR 18.80-20.60
Source: Thomson Reuters as of 21 February 2017

SIGNIFICANT EARNINGS INCREASE IN FY 2016

Income Statement in EUR m

		FY 2016	FY 2015
Rental income		140.5	127.4
Net operating income from letting activities	1.	125.6	114.1
Result from the remeasurement of investment property	2.	39.9	87.9
Results from the disposals of investment property		6.4	8.0
Results from the disposals of real estate inventory		0.0	0.8
Other operating income	3.	0.8	4.2
Personnel expenses	4.	- 11.3	- 12.8
Depreciation		- 0.6	- 0.8
Other operating expenses	5.	- 7.1	- 7.9
Earnings before interest and taxes (EBIT)		153.7	193.4
Net interest	6.	- 25.3	- 23.4
Other financial result		0.3	- 0.9
Earnings before taxes (EBT)		128.6	169.2
Income taxes		- 34.5	- 38.3
Net income		94.1	130.9
Other comprehensive income (OCI)		- 2.0	1.7
Total comprehensive income		92.1	132.6

Comments

1. Increase of 10.1% in NOI from letting activities mainly related to the acquisition of new properties
2. Positive remeasurement due to favorable market conditions
3. FY 2016 mainly includes EUR 0.5 m reversal of bad debt allowances. 2015 driven by one-offs
4. Decrease in personnel expenses impacted by one-off compensation effect in 2015 related to IPO
5. Decrease mainly driven by transaction costs for disposal of subsidiary Grimma in 2015
6. Relative increase of interest costs as a result of increase in financing volume

STRONG BALANCE SHEET AS PLATFORM FOR GROWTH

Balance Sheet in EUR m

		31 Dec 2016	31 Dec 2015
Non-current assets		2,240.8	1,776.8
Investment property (including advance payments)	1.	2,215.2	1,753.7
Property, plant and equipment	2.	6.7	9.8
Other non-current assets		16.3	13.3
Deferred tax assets		2.7	-
Current assets		103.9	222.6
Real estate inventory		1.1	1.1
Receivables and other current assets		15.2	21.9
Cash and cash equivalents	3.	68.4	183.7
Non-current assets classified as held for sale		19.2	15.9
Total assets		2,344.8	1,999.5
Equity	4.	1,009.5	967.9
Liabilities		1,335.3	1,031.6
Non-current liabilities		1,227.1	957.8
Non-current liabilities to financial institutions	5.	975.2	746.7
Provisions and other non-current liabilities		34.2	25.2
Deferred tax liabilities	6.	217.7	185.9
Current liabilities		108.1	73.8
Current liabilities to financial institutions	5.	65.2	36.0
Tax liabilities		4.5	6.4
Other current provisions		1.8	2.4
Trade payables		21.2	14.9
Other current liabilities		15.4	14.0
Total equity and liabilities		2,344.8	1,999.5

Comments

1. Change in investment property in FY 2016 mainly driven by acquisitions (EUR 443.0 m) and fair value adjustments (EUR 39.9 m)
2. In 2016 further reduction in self-used office space, affected buildings now shown as investment property
3. Decrease in cash and cash equivalents due to acquisitions; with capital increase in January 2017 TLG IMMOBILIEN raised EUR 116 m of gross proceeds
4. Increase in equity by 4.3% (ratio 43.1%) mainly driven by net income
5. Y-on-Y increase in financing volume as a result of new acquisition-based financing
6. Increase in deferred tax liabilities mainly driven by the result from the remeasurement of investment property and tax depreciation

FINANCIAL CALENDAR AND CONTACT DETAILS

Financial Calendar



Q1 2017 RESULTS

11 May 2017

AGM

23 May 2017

Q2 2017 RESULTS

11 August 2017

Q3 2016 RESULTS

9 November 2017

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