

H1 2016 Results

TLG IMMOBILIEN AG
August 2016

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AGENDA

1 Highlights H1 2016

2 Portfolio

3 Operations and Financials

4 Outlook

5 Appendix

KEY HIGHLIGHTS H1 2016

Portfolio and operations

- 10.6% growth in rental income to EUR 67.6m and effects of improved cost structure driving disproportionately high FFO increase by 23.5% to EUR 38.3m in the first half of 2016, compared to H1 2015
- Portfolio with strong cash flow profile, currently producing a GRI yield of 7.2%
- Persistently attractive market environment in TLG IMMOBILIEN's key spots, especially the Berlin office sector, enables strong letting results

Balance sheet

- EPRA NAV/s of EUR 17.33 as of 30 June 2016
- Low leverage structure with **Net LTV of 40.5%** providing firepower for further acquisitions
- Continuously operating with **marginal cost of debt** considerably below 2%

Growth

- Successful start in 2016 with approx. **EUR 108m of signed transactions year-to-date**
- Committed to further external and internal portfolio growth from leveraging exceptional market position and strong relationship with major food retail tenants

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CONTINUED PORTFOLIO GROWTH

TLG IMMOBILIEN portfolio as of 30 June 2016

	Office	Retail	Hotel	Others	Total 30-Jun-16	Total 31-Dec-15	Change	Total 30-Jun-15	Change vs. 30-Jun-16
IFRS portfolio value (EUR m)	792.3	863.7	264.4	62.7	1,983.1	1,765.8	+12.3%	1,622.2	+22.3%
Properties (number)	61	279	7	66	413	418	-5 units	447	-34 units
Annualised in-place rent (EUR m) ⁽¹⁾	54.3	67.7	15.9	5.1	143.1	131.4	+8.9%	122.6	+16.7%
In-place rental yield (%) ⁽²⁾	6.9	7.8	5.9	8.1	7.2	7.4	-0.2p.p.	7.5	-0.4p.p.
EPRA Vacancy Rate (%)	4.5	1.7	3.2	6.3	3.1	3.7	-0.6p.p.	4.9	-1.8p.p.
WALT (years)	5.2	5.7	13.6	8.0	6.5	6.5	0.0yrs	7.0	-0.5yrs
Average rent (EUR/sqm)	9.04	10.01	12.66	4.39	9.41	9.23	+2.0%	8.55	+10.1%



Office Berlin – newly acquired



Office Berlin – investment property



Office Leipzig – newly acquired

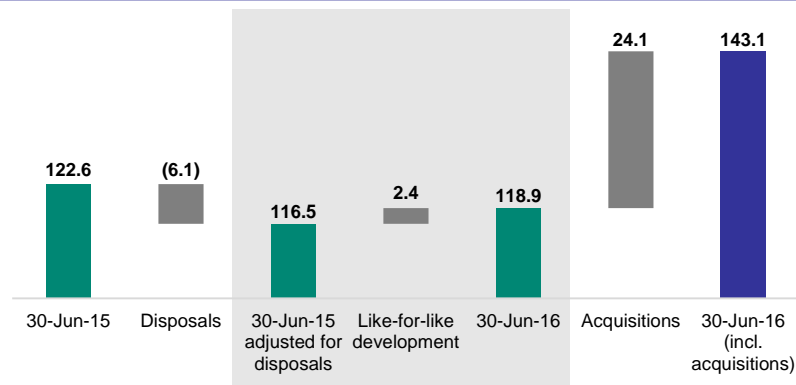


Office Dresden – investment property

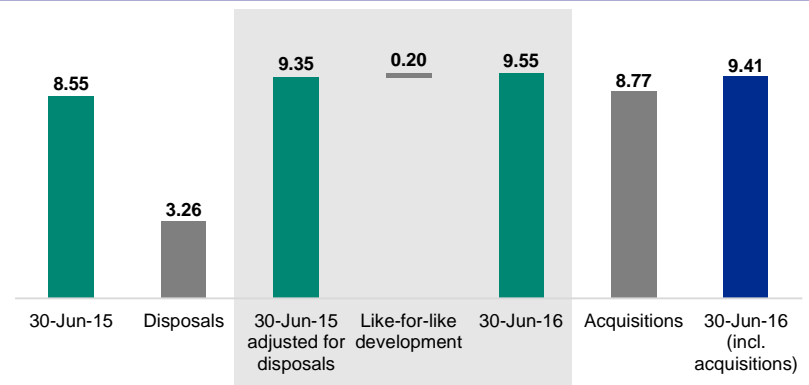
STEADY DEVELOPMENT OF KEY METRICS

H1 2016 Y-on-Y metrics illustrate asset management results and impact of acquired and sold properties

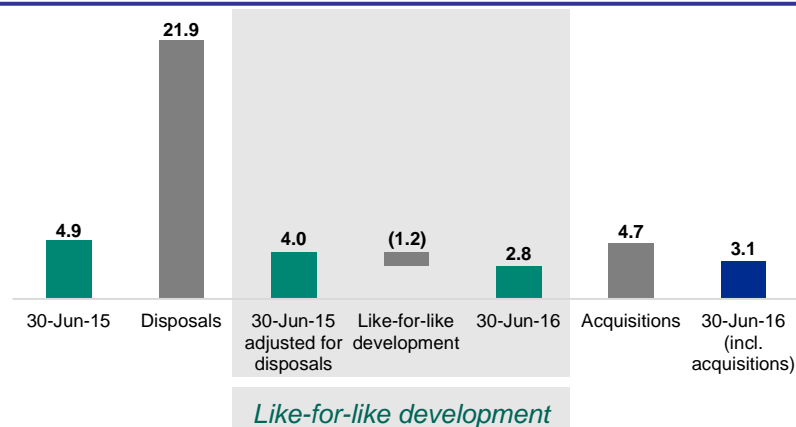
Annualised in-place rent
in EUR million



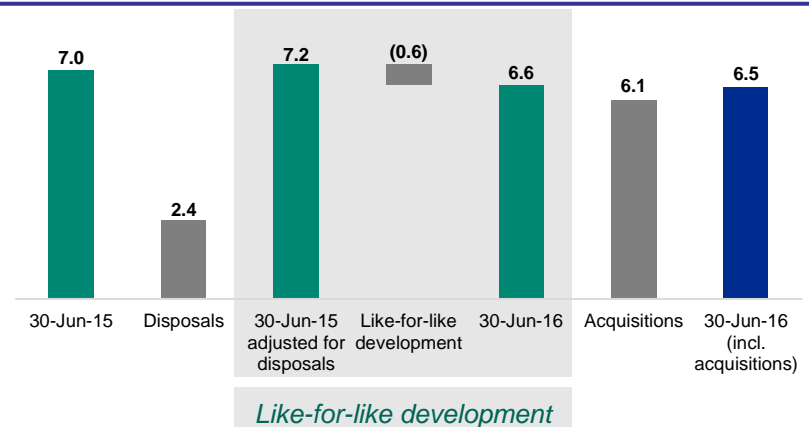
Average rent
in EUR / sqm / month



EPRA Vacancy Rate
in %



WALT
in years



CASE STUDY – ACQUISITIONS BETWEEN 2014 – JUN-2015

KPI improvement of acquired assets underpin TLG's local presence concept and overall growth strategy

Acquisitions between 2014 and Jun-2015 ⁽¹⁾

	Total acquisitions ⁽²⁾ between 2014 and June-2015		Berlin Office		Leipzig Office		Dresden Office	
	30-Jun-16	Change	30-Jun-16	Change	30-Jun-16	Change	30-Jun-16	Change
Holding period as of 30-Jun-16 (Years)	1.7		2.4		1.8		1.3	
Annualised in-place rent (EUR m)	11.6	+6.4%	1.5	+12.6%	3.3	+5.9%	0.7	+3.1%
EPRA Vacancy Rate (%)	1.9	-4.6 p.p.	4.4	-9.4 p.p.	1.2	-4.8 p.p.	0.5	-3.7 p.p.
WALT (years)	4.4	-0.7yrs	3.8	-1.0yrs	3.6	-1.6yrs	4.3	+1.6yrs
Value change (EUR m) ⁽³⁾	17.6	+11.7%	0.6	+2.8%	3.0	+6.0%	0.9	+8.3%

Berlin Office



Kaiserin-Augusta-Allee
Berlin

Leipzig Office



Forum am Brühl
Leipzig

Dresden Office



Ferdinandplatz
Dresden

⁽¹⁾ Holding period 2014 till Jun-2015 weighted by IFRS portfolio value as of 30-Jun-16

⁽²⁾ Including six acquisitions: Kaiserin-Augusta-Allee, Berlin; Köpenicker Straße, Berlin; Forum am Brühl, Leipzig; Adlgestell, Berlin; Doberaner Straße, Rostock; Ferdinandplatz, Dresden

⁽³⁾ Value change = IFRS portfolio value as of 30-Jun-16 minus total investment

ACQUISITION OF FURTHER OFFICE PROPERTY IN BERLIN

Attractive potential for value creation

"Kap-Carré" – Berlin

- Multi-tenant office building in Berlin-Tegel
- Excellent access to public transport (200 meters), city highway (500 meters) and airport TXL (4 kilometers)
- Current vacancy of c. 60% resulting from earlier strategic focus of current owner (conversion to residential use)
- Expected value creation resulting from repositioning and re-letting within next two years
- Structure and location of asset fit with current strong demand for mid-priced quality office space in Berlin
- Transaction status: Signed - closing expected during Q4/16



Key metrics

Construction year	1997
Total investment	EUR 32.1m
Lettable area / Investment per sqm	18,190 sqm EUR/sqm 1,770
Annualised in-place rent	EUR 2.1m ⁽¹⁾
In-place rental yield	6.5%
WALT	5.9 years ⁽²⁾
EPRA Vacancy Rate	61.1%

Top tenants

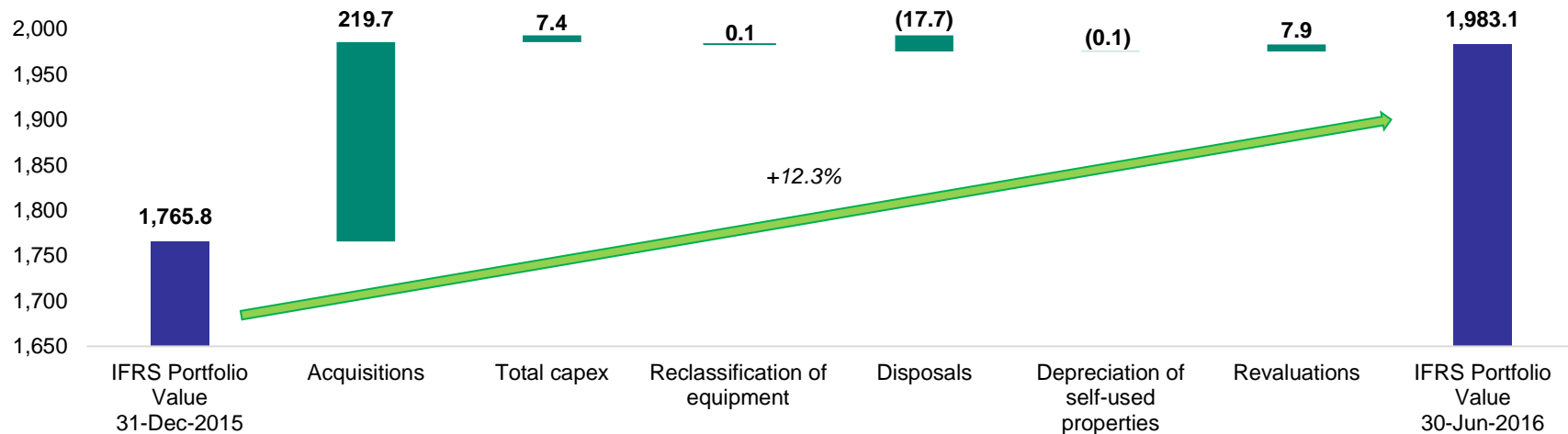
ALPHA COM
Deutschland GmbH,
Radiologische
Ärztegemeinschaft GbR



IFRS PORTFOLIO VALUE INCREASE BY 12.3% IN H1 2016

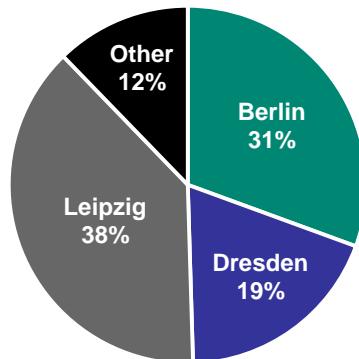
IFRS portfolio value reconciliation

in EUR million



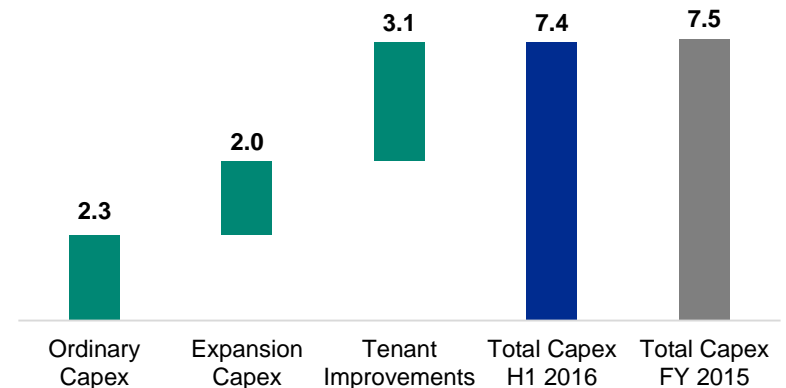
Acquisitions by regions ⁽¹⁾

in % of investment volume



Capex breakdown

in EUR million



AGENDA

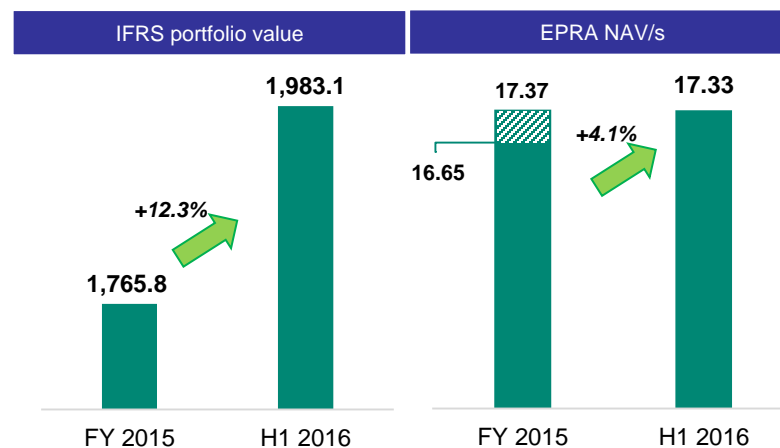
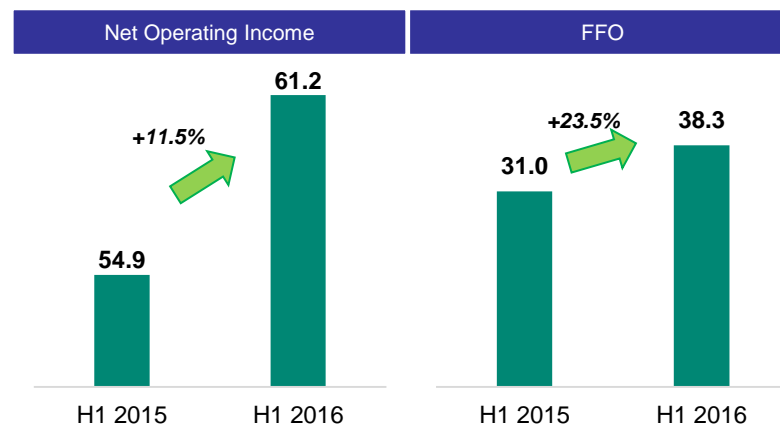
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STRONG GROWTH IN PORTFOLIO VALUE AND RENTAL INCOME ACHIEVED

Key metrics
in EUR million

	H1 2016	H1 2015	Comparison
Rental income	67.6	61.1	➔ +10.6%
NOI	61.2	54.9	➔ +11.5%
FFO	38.3	31.0	➔ +23.5%
FFO/s (EUR)	0.57	0.51	➔ +11.8%
In-place rental yield	7.2%	7.5%	➡ -0.3 p.p.

	Jun 2016	Dec 2015	Comparison
IFRS portfolio value	1,983.1	1,765.8	➔ +12.3%
EPRA NAV/s (EUR)	17.33	16.65 ⁽¹⁾	➔ +4.1%
Net LTV	40.5%	33.6%	➡ +6.9 p.p.



SIGNIFICANT RENTAL INCOME INCREASE IN H1 2016

Income Statement

in EUR million		H1 2016	H1 2015
Rental income		67.6	61.1
Net operating income from letting activities	1	61.2	54.9
Result from the remeasurement of investment property		7.9	57.7
Results from the disposals of investment property		0.6	4.6
Results from the disposals of real estate inventory		0.0	0.1
Other operating income	2	0.4	2.2
Personnel expenses	3	(5.6)	(6.2)
Depreciation		(0.3)	(0.4)
Other operating expenses	4	(3.1)	(3.8)
Earnings before interest and taxes (EBIT)		61.2	109.1
Net interest		(11.8)	(11.4)
Other financial result		(1.6)	(0.1)
Earnings before taxes (EBT)		47.7	97.5
Income taxes		(14.2)	(22.6)
Net income		33.5	74.9
Other comprehensive income (OCI)		(3.3)	3.4
Total comprehensive income		30.2	78.3

Comments

- 1 NOI increased by 11.5% from letting activities mainly related to the acquisition of new properties
- 2 Decrease due to reclassification of property related accounts and one-off effects in prior year. H1 2016 mainly includes reversal of bad debt provisions
- 3 Decrease in personnel expenses impacted by share based payments in H1 2015
- 4 Comparatively lower other operating expenses due to reversal of accruals and lower costs in H1 2016

STRONG BALANCE SHEET AS PLATFORM FOR GROWTH

Balance Sheet

in EUR million	30 Jun 2016	31 Dec 2015
Non-current assets	1,994.4	1,776.8
Investment property (including advance payments) ¹	1,973.1	1,753.7
Property, plant and equipment	7.6	9.8
Other non-current assets	13.8	13.3
Current assets	55.7	222.6
Real estate inventory	1.1	1.1
Receivables and other current assets	16.1	21.9
Cash and cash equivalents ²	36.8	183.7
Non-current assets classified as held for sale	1.7	15.9
Total assets	2,050.2	1,999.5
Equity ³	949.8	967.9
Liabilities	1,100.4	1,031.6
Non-current liabilities	1,033.2	957.8
Non-current liabilities to financial institutions ⁴	806.2	746.7
Provisions and other non-current liabilities	31.6	25.2
Deferred tax liabilities	195.4	185.9
Current liabilities	67.2	73.8
Current liabilities to financial institutions ⁴	34.5	36.0
Tax liabilities	5.0	6.4
Other current provisions	1.8	2.4
Trade payables	18.9	14.9
Other current liabilities	7.0	14.0
Total equity and liabilities	2,050.2	1,999.5

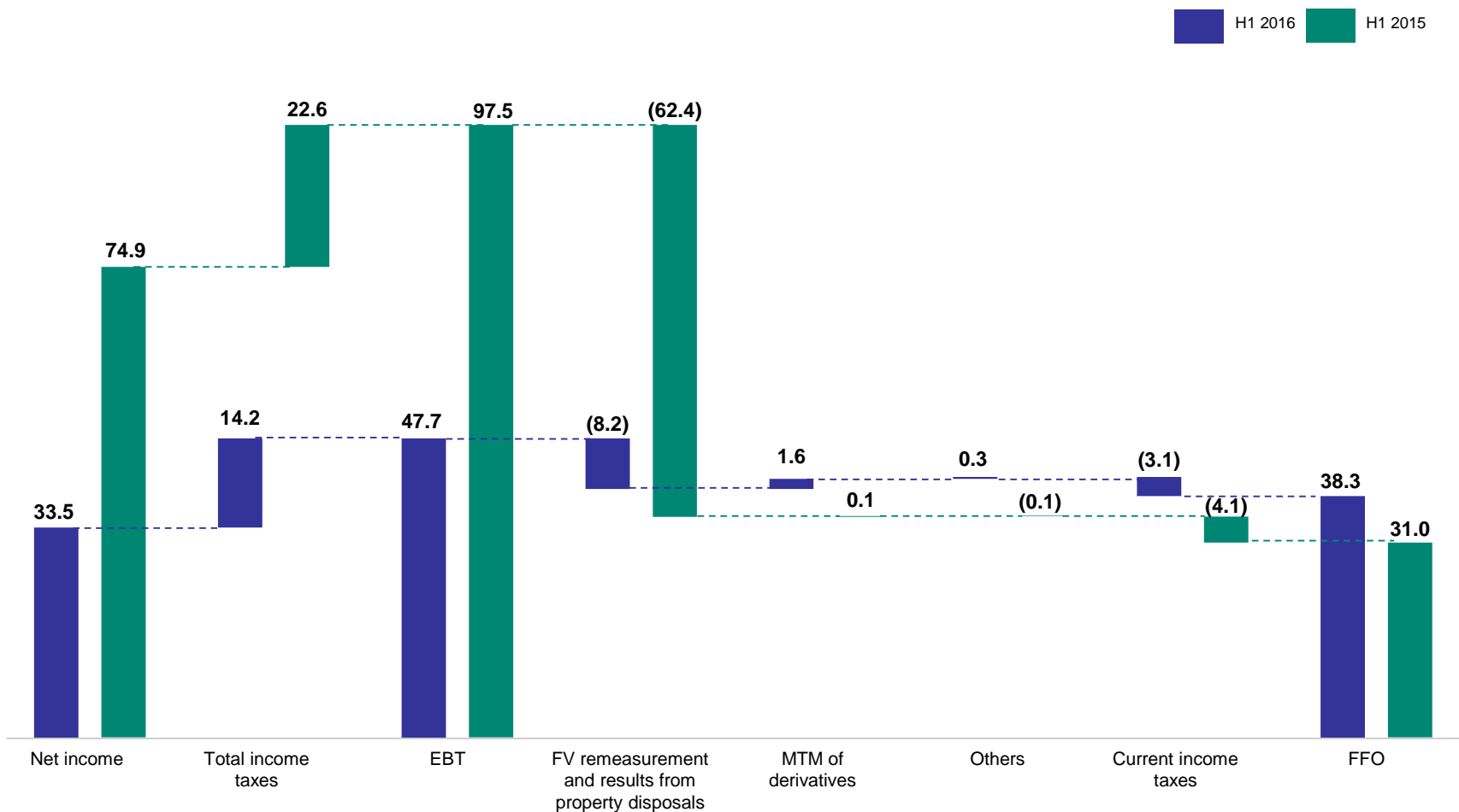
Comments

- ¹ Change in investment property in H1 2016 mainly driven by acquisitions and capex
- ² Decrease in cash and cash equivalents due to the closing of acquisitions in the first half of 2016
- ³ Decrease in equity by 1.9% (ratio 46.3%) mainly driven by 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 H1 2016, RESULTING IN FFO GROWTH TO EUR 38.3M

FFO Reconciliation H1 2016

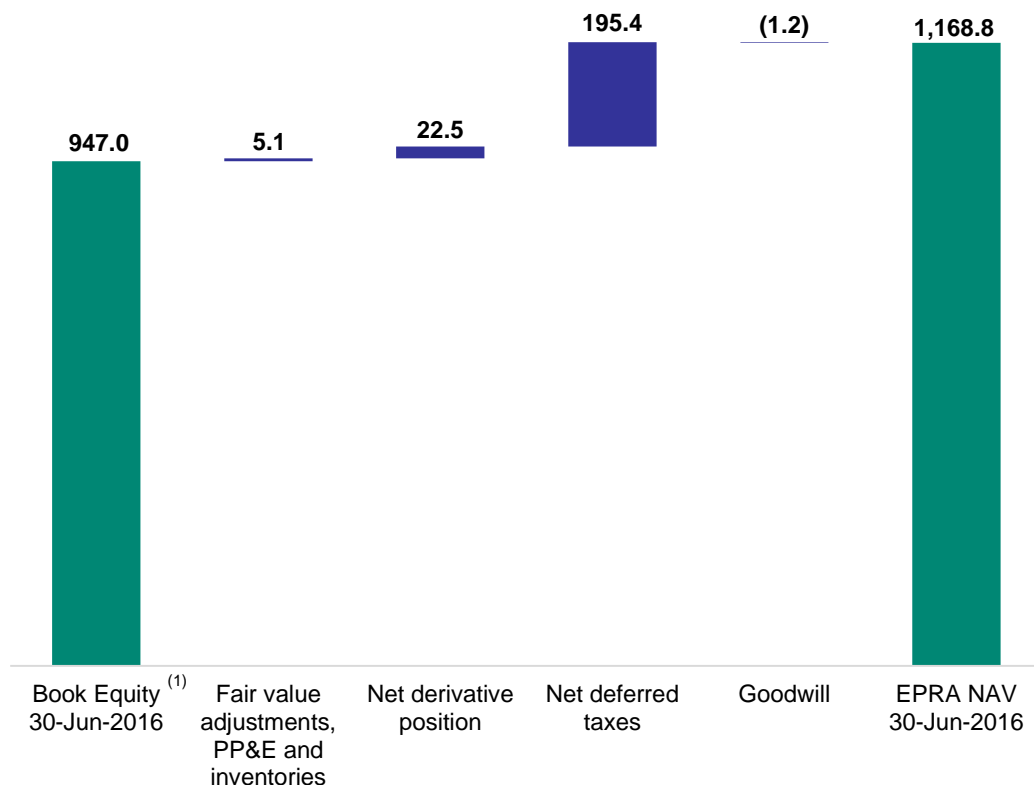
in EUR million



EPRA NAV/S ESSENTIALLY UNCHANGED FROM YEAR-END IN SPITE OF DIVIDEND PAYMENT

EPRA NAV H1 2016 reconciliation

in EUR million



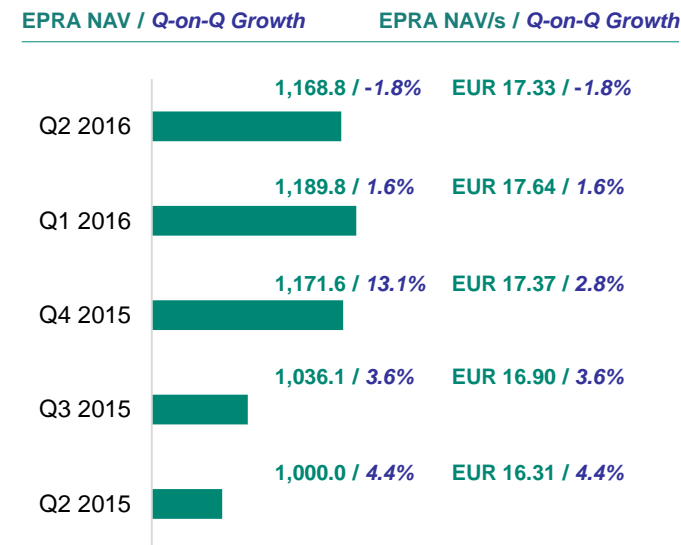
(1) Adjusted for non-controlling interests

Comments

- Since Q4 2015 **EPRA NAV per share has decreased slightly by 0.2%** from EUR 17.37 to EUR 17.33 due to the decrease in equity resulting from dividend payment

Quarterly development of EPRA NAV

in EUR million

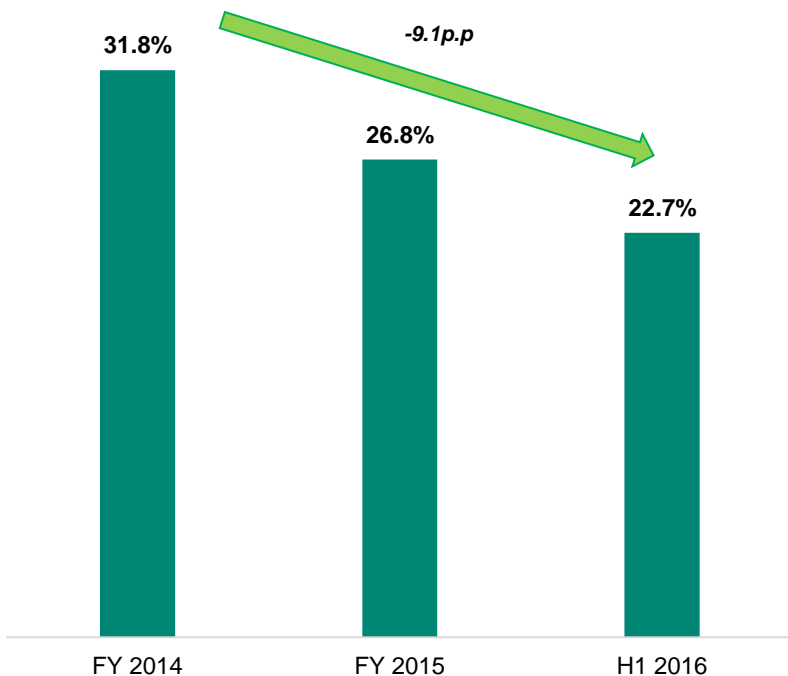


EPRA COST RATIO DEVELOPMENT

Ongoing reduction of EPRA Cost Ratios

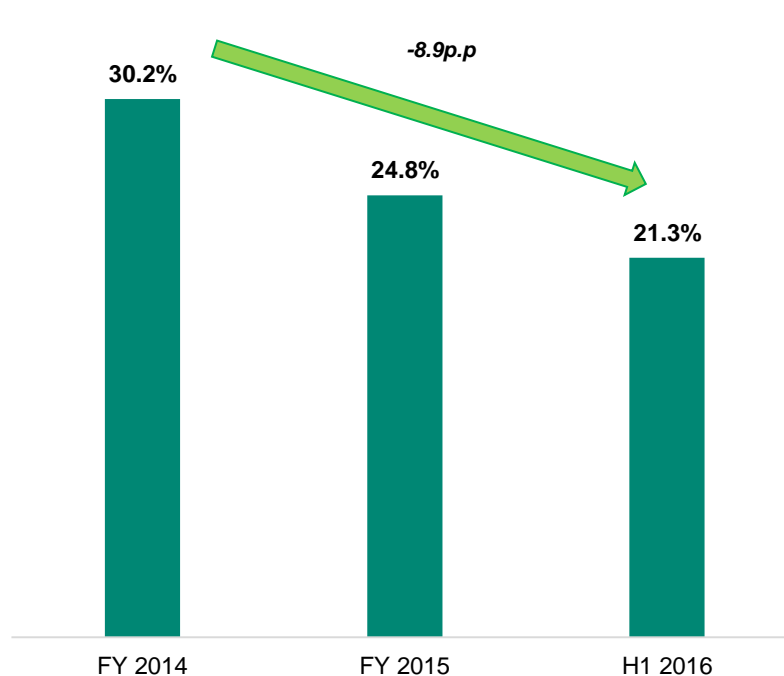
EPRA Cost Ratio (including direct vacancy costs)

in %



EPRA Cost Ratio (excluding direct vacancy costs)

in %

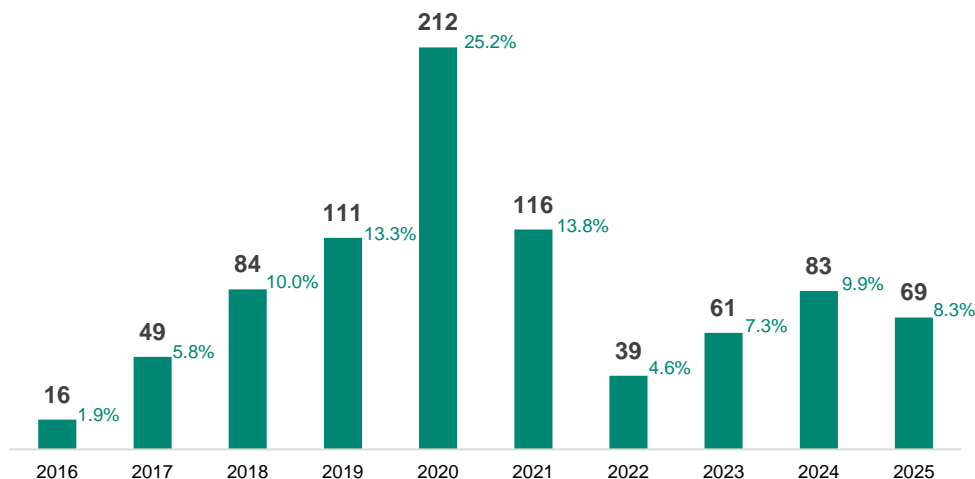


- Reduction of EPRA cost ratios driven by improved efficiency of TLG IMMOBILIEN platform

UNCHANGED: CONSERVATIVE FINANCING STRUCTURE

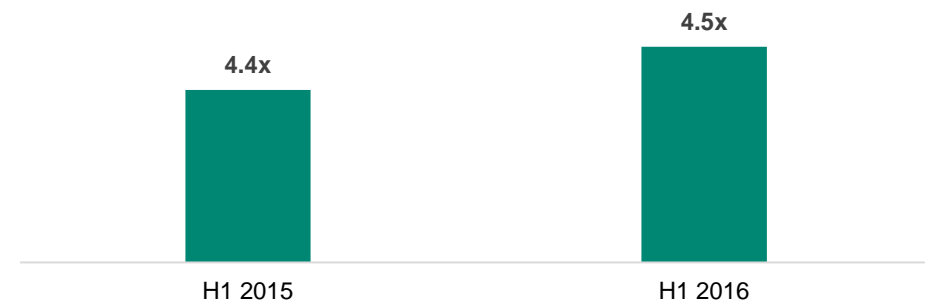
Maturity profile as of 30 June 2016⁽¹⁾

in EUR million



Interest coverage ratio

EBITDA / Interest expense



(1) Excluding regular amortisation payments

Debt structure and debt service as of 30 June 2016

in EUR million

Gross debt (EUR m)	841
Net LTV (%)	40.5
Avg. cash cost of debt (%)	2.70%
Avg. weighted maturity (years)	4.8
Interest rate fixed or hedged (%)	99%

Net LTV development

in %



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OUTLOOK FOR 2016

Acquisitions

- Recently acquired Berlin office asset expected to start generating rents during Q4
- Initial portfolio target of EUR 2bn to be reached during second half of 2016, which is more than one year ahead of plan
- Conservative Net LTV of 40.5% allows for further external growth

FFO

- Strong operating performance coupled with acquisitions as key driver for TLG's strong FFO generation
- Updated FFO guidance for 2016: approximately EUR 74-76m expected

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 EPRA NAV

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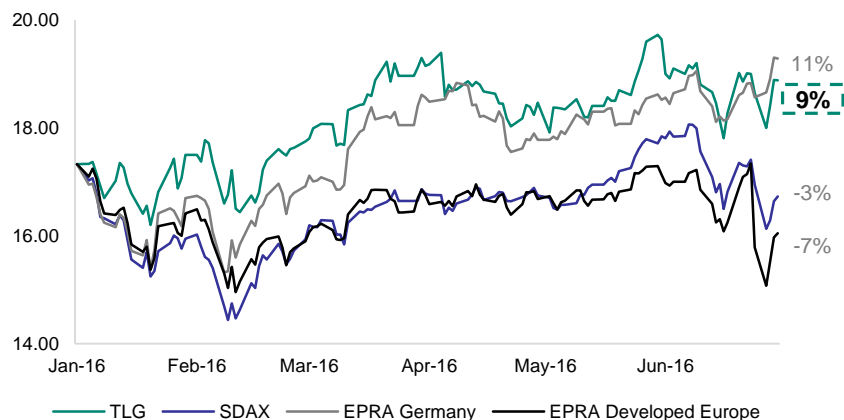
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TLG IMMOBILIEN SHARE INFORMATION

Basic share information (as of 30 June 2016)

Symbol	TLG
Share price (XETRA)	EUR 18.88
ISIN	DE000A12B8Z4
Performance H1 2016	+9%
Primary exchange	Frankfurt Stock Exchange
Market capitalization	EUR 1,273 million
Shares outstanding	67.4 million

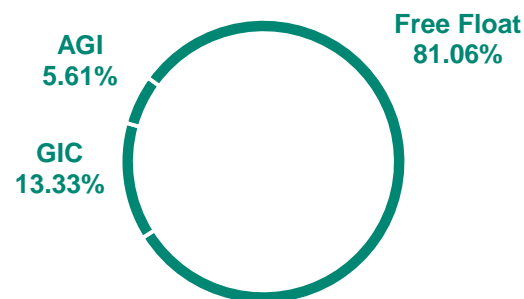
Share performance in H1 2016



Source: Thomson Reuters as of 30 June 2016

H1 2016 Results Presentation

Shareholder structure



Shareholdings according to latest voting rights announcements, which were before the capital increase in Nov. 2015.
Free float according to Deutsche Boerse definition

Coverage by analysts

Analyst coverage	Target	Analyst name	Date
VICTORIAPARTNERS	20.50 ⁽¹⁾	Bernd Janssen	21-Jul-16
J.P. Morgan	22.00 (Overweight)	Tim Leckie	22-Jun-16
HSBC	22.00 (Buy)	Thomas Martin	03-Jun-16
Deutsche Bank	22.00 (Buy)	Markus Scheufler	27-May-16
Bankhaus Lampe	22.00 (Buy)	Georg Kandera	24-May-16
Kempen & Co.	18.00 (Neutral)	Remco Simon	13-May-16
Kepler Cheuvreux	22.50 (Buy)	Thomas Neuhold	13-May-16
Commerzbank	21.50 (Buy)	Thomas Rothäusler	04-May-16
Berenberg	21.00 (Buy)	Kai Klose	27-Jun-16
UBS	20.00 (Neutral)	Osmaan Malik	05-Apr-16

Source: Bloomberg (as of 18.07.2016) ; Broker Research (1) Fair Value range of EUR 19.50 – 21.50

FINANCIAL CALENDAR AND CONTACT DETAILS

Q3 2016 Results

11 November 2016

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