

TLG IMMOBILIEN AG

Q1 2015 Results
June 2015



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AGENDA

1 Highlights Q1 2015

2 Portfolio

3 Operations and Financials

4 Outlook

5 Appendix

Key highlights in Q1 2015

Operations

- **7.0% growth in rental income** to €30.4m and effects of improved cost structure driving substantial **FFO increase by 25.4%** to €15.8m in first quarter of 2015 compared to Q1 2014
- Portfolio with superior cash generation, currently producing a GRI yield of 7.7%

Balance sheet

- **Significant increase of EPRA NAV by 4.8%** to €958.2m (€15.63 NAV/s) since 31 December 2014
- Further reduced **net LTV of 38.8%** with weighted average loan maturity of 5.4 years
- Continuously operating with **marginal cost of debt** of sub-2%

Growth

- Successful acquisition activity in 2015 with approx. **€142m of closed / signed transactions year-to-date**
- Committed to core portfolio growth from leveraging particular market position and local reach in core regions

AGENDA

1 Highlights Q1 2015

2 Portfolio

3 Operations and Financials

4 Outlook

5 Appendix

Growth in portfolio value and rental income achieved

TLG IMMOBILIEN portfolio as of 31 March 2015



Retail Berlin



Hotel Berlin

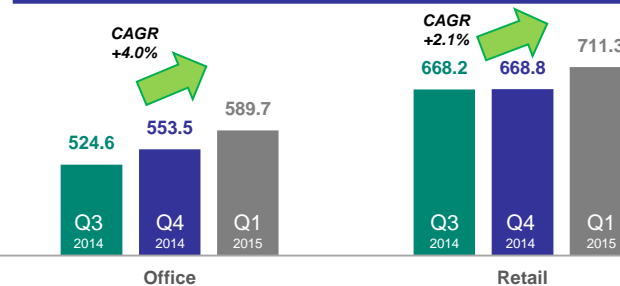


Office Leipzig

| | Office | Retail | Hotel | Core portfolio | Non-core portfolio | Total | Comparison to 31 Dec 14 |
|---------------------------------|--------|--------|-------|----------------|--------------------|----------------|-------------------------|
| IFRS portfolio value (€m) | 589.7 | 711.3 | 196.4 | 1,497.4 | 91.2 | 1,588.6 | ↑ +4.1% 1,526.0 |
| Units | 49 | 273 | 5 | 327 | 124 | 451 | ↓ -9 units 460 |
| Annualized net rent (€m) | 41.1 | 57.9 | 12.6 | 111.7 | 11.5 | 123.2 | ↑ +3.6% 118.9 |
| Rental yield (%) ⁽¹⁾ | 7.1 | 8.1 | 6.2 | 7.4 | 12.6 | 7.7 | ↓ -0.1 p.p. 7.8% |
| EPRA-Vacancy (%) | 7.4 | 1.0 | 1.1 | 3.5 | 14.0 | 4.5 | ↑ +0.6 p.p. 3.9% |
| WALT (years) | 5.4 | 6.7 | 15.9 | 7.3 | 5.6 | 7.2 | ↓ -2.7% 7.4 |
| Average rent (€/sqm) | 9.50 | 9.58 | 14.03 | 9.90 | 3.64 | 8.53 | ↑ +1.8% 8.38 |

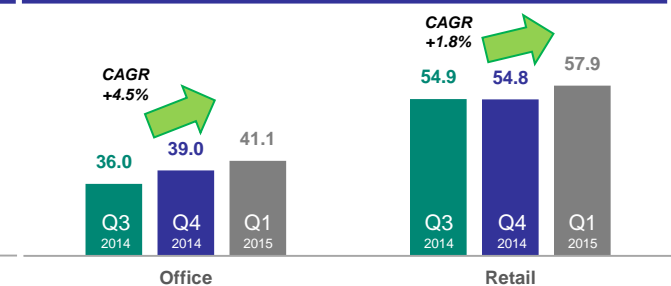
IFRS portfolio value development Q-o-Q

in € million



Annualised net rent development Q-o-Q

in € million

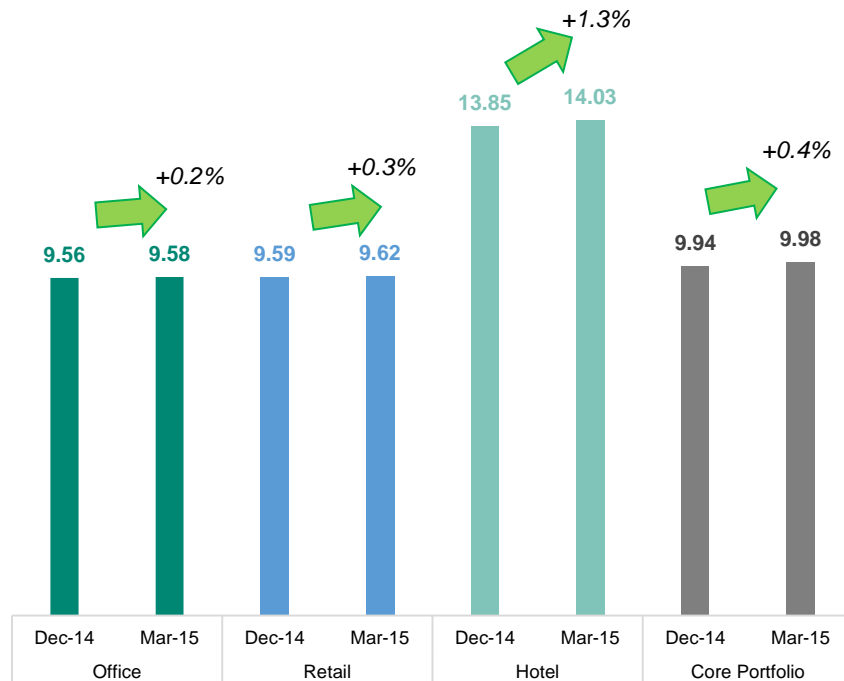


Positive “LFL” development of rents in core portfolio

Positive “like-for-like” rent development

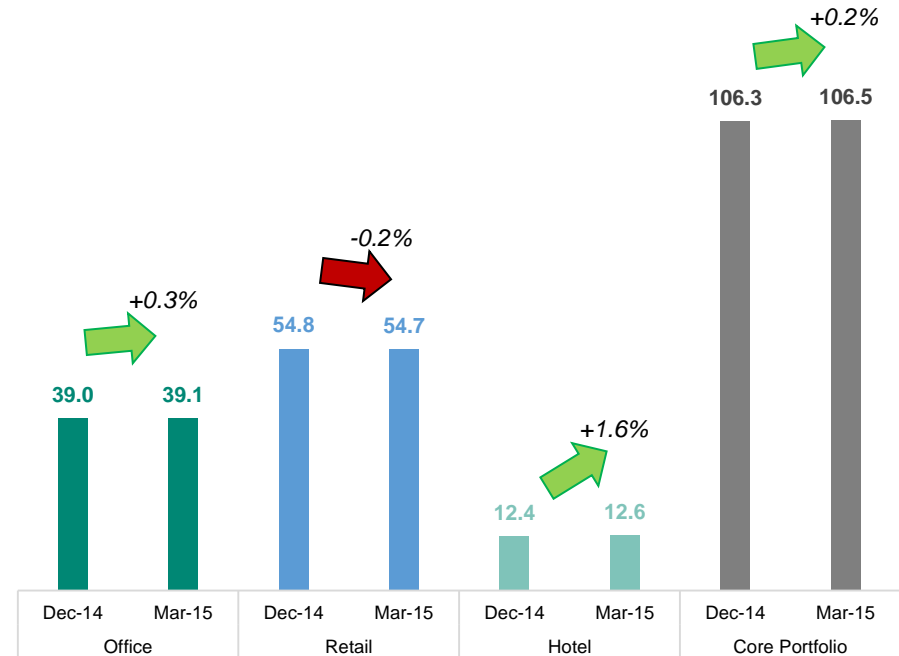
Rent per sqm development per asset class

in € / sqm/ month



“LFL” net rent development per asset class (annualized)

in € million



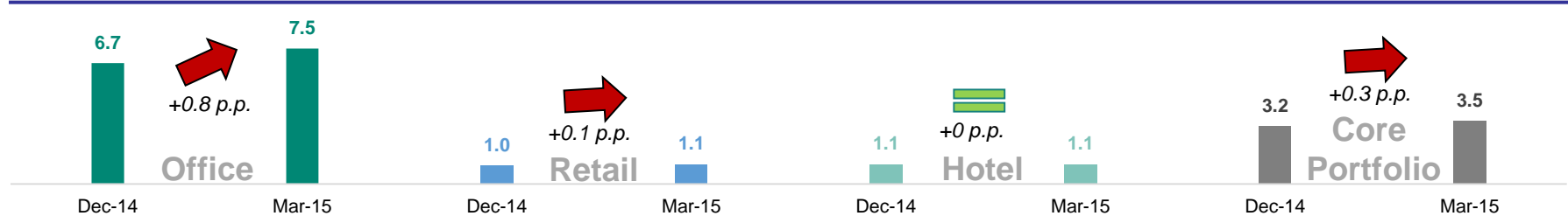
- Stable growth of rent per sqm and “LFL” net rent to continue among all asset classes with only marginal drop in “LFL” net rent development in retail of €0.1m (annualized)

“LFL” vacancy in core portfolio remains on very low levels

EPRA vacancy by segment

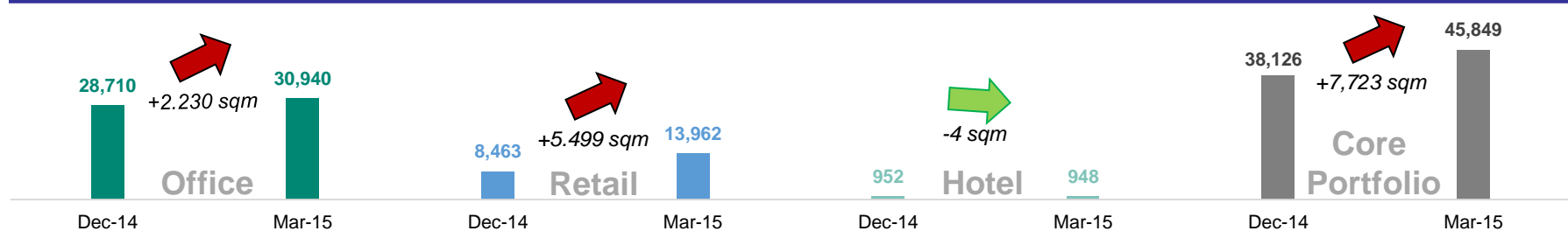
EPRA vacancy

in %



Vacant sqm

in number of sqm



- Increase of vacant sqm and EPRA vacancy in office mainly driven by net reduction of self-used properties in Berlin (1.303 sqm) and Rostock (547 sqm). Only 380 new vacant sqm related to external operations (corresponding EPRA vacancy of 7.0%).
- Raise in retail vacancy almost entirely due to one contract termination in one East Berlin property

Update on acquisitions 2015 YTD

- closed acquisitions in Q1 2015 -

- signed acquisitions -

Dresden Office



Ferdinandplatz,
Dresden⁽¹⁾

Rostock Office



Doberaner Straße,
Rostock⁽¹⁾

Berlin area Retail⁽³⁾



Bahnhofs-Passage
Bernau bei Berlin⁽⁴⁾

Berlin area Retail⁽³⁾



Handelszentrum
Strausberg⁽⁴⁾

Rostock Retail



Südstadt-Center
Rostock⁽⁴⁾

| | | | | | |
|-------------------------|--|--|----------------------------------|----------------------------------|--------------------------|
| Total investment | €11.2m | €15.5m | €50.3m | €35.6m | €28.2m |
| Date | Feb-2015 | Mar-2015 | Apr-2015 | Apr-2015 | May-2015 |
| Annual net rent | €0.7m | €1.3m | €4.0m | €3.0m | €2.3m |
| Rental yield | 6.4% | 8.9% | 8.0% | 8.5% | 8.0% |
| WALT | 2.7 years | 3.6 years | c. 4.0 years | c. 4.0 years | c. 4.5 years |
| Vacancy | 4.2% | 6.3% | 0.5% | 0.5% | 4.8% |
| Top tenants | City of Dresden, HUK Coburg, SEB AG | HUK Coburg, Federal state authority | Edeka, C&A, MediMax, Rossmann | Edeka, C&A, MediMax, Rossmann | REWE, PENNY, Rossmann |

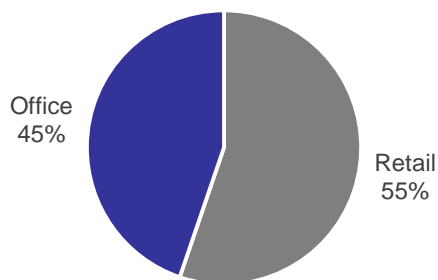
- Acquisitions with total investment volume of approx. €142m⁽²⁾ YTD 2015

Delivering on our acquisition plan

Signed and closed transactions since Q1 2014 (Total volume: €266m⁽¹⁾)

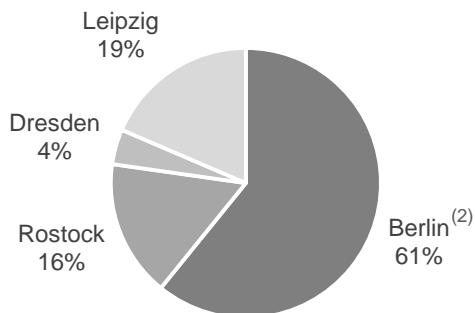
Break-down by asset class

in %



Break-down by location

in %

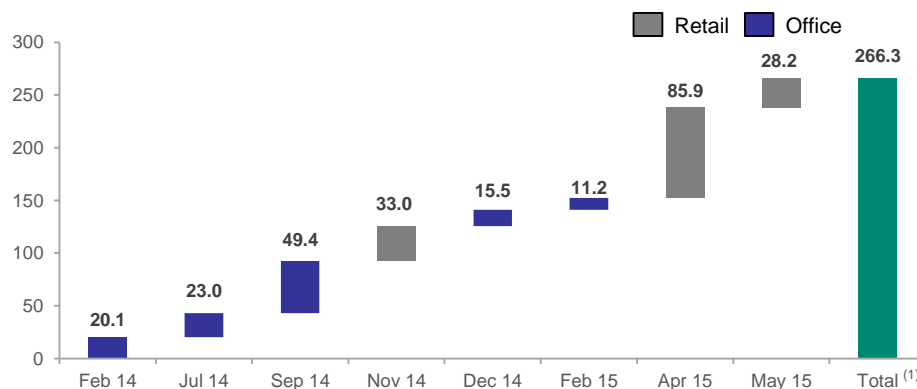


(1) Excluding purchase of retail property in Wildau signed in Dec-14; fair value of €1.7m

(2) Also Includes properties in Strausberg and Bernau

Flow of accretive acquisitions in last twelve months

in € million



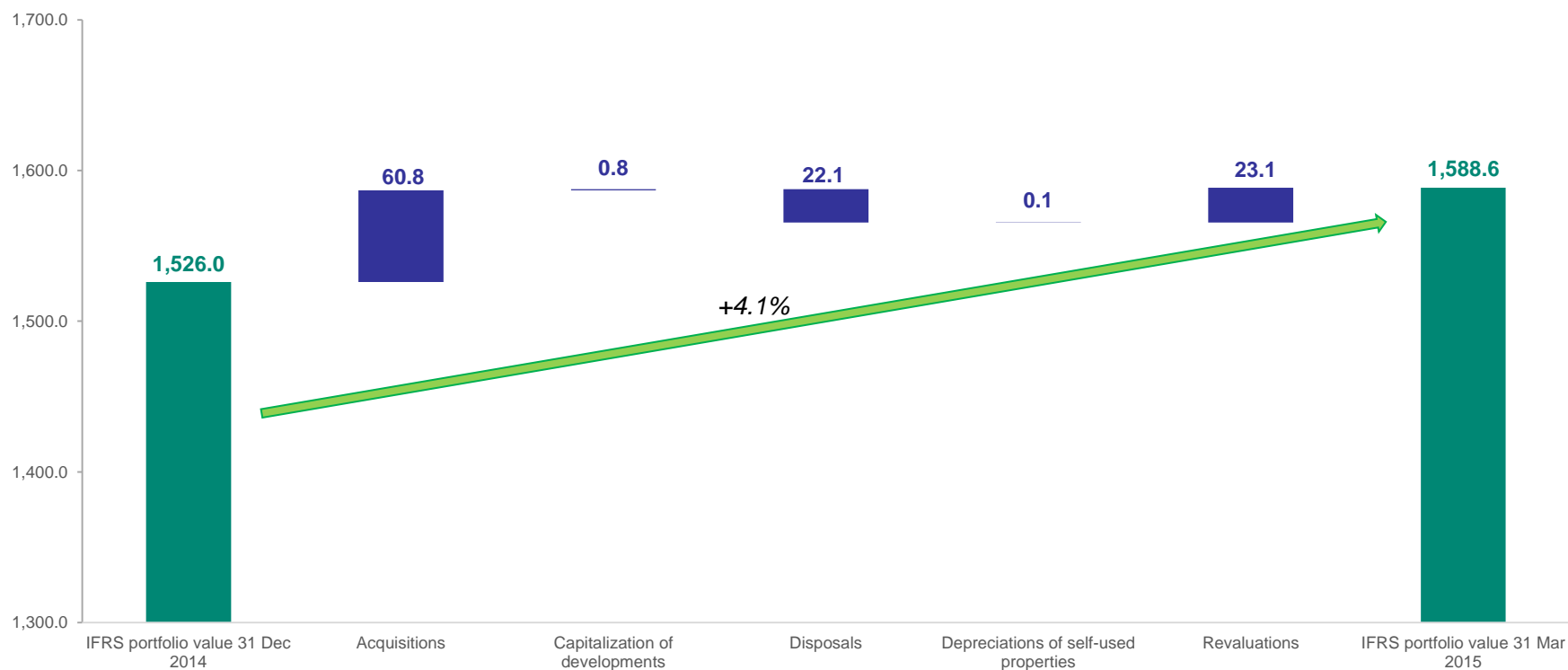
Comments

- Achieved portfolio growth from **leveraging particular market position and local reach within the core regions**
- Smooth integration of new assets **without appreciable increase of platform costs**
- Despite increasing competitive landscape, TLG IMMOBILIEN **further working on acquisition pipeline** along its investment profile

With an increase of more than 4% in Q1, TLG IMMOBILIEN reached almost entire portfolio growth of FY 2014

IFRS portfolio fair value reconciliation

In € million



- Growth in IFRS portfolio value of 4.1%, thereof 1.5% from revaluations

AGENDA

- 1 Highlights Q1 2015
- 2 Portfolio
- 3 Operations and Financials**
- 4 Outlook
- 5 Appendix

Strong improvement in key financial metrics

Key metrics in € million

| | Q1 2015 | Q1 2014 | Comparison |
|------------------------------------|-------------|---------|------------|
| GRI | 30.4 | 28.4 | ➔ +7.0% |
| NOI | 26.5 | 24.5 | ➔ +8.2% |
| FFO | 15.8 | 12.6 | ➔ +25.4% |
| FFO/s (€) | 0.26 | 0.24 | ➔ +8.3% |
| Rental yield ⁽¹⁾ | 7.7% | 7.7% | ➔ +0.0% |

| | Q1 2015 | Q4 2014 | Comparison |
|-----------------------------|----------------|---------|------------|
| EPRA NAV/s (€) | 15.63 | 14.91 | ➔ +4.8% |
| Net LTV | 38.8% | 40.3% | ➔ -1.5p.p. |
| IFRS Portfolio Value | 1,588.6 | 1,526.0 | ➔ +4.1% |



(1) Based on annualised numbers

Significant earnings increase in Q1 2015

Income Statement

| in € million | | Q1 2015 | Q1 2014 |
|--|---|-------------|-------------|
| Rental income | | 30.4 | 28.4 |
| Net operating income from letting activities | 1 | 26.5 | 24.5 |
| Result from the remeasurement of investment property | | 23.1 | 7.5 |
| Results from the disposals of investment property | 2 | 5.8 | 0.6 |
| Results from the disposals of real estate inventory | | (0.0) | 2.3 |
| Other operating income | 3 | 1.9 | 1.7 |
| Personnel expenses | 4 | (3.2) | (3.4) |
| Depreciation | | (0.2) | (0.3) |
| Other operating expenses | | (1.6) | (1.7) |
| Earnings before interest and taxes (EBIT) | | 52.2 | 31.3 |
| Net interest | 5 | (5.9) | (6.9) |
| Other financial result | 6 | (0.1) | (2.0) |
| Earnings before taxes (EBT) | | 46.3 | 22.4 |
| Income taxes | 7 | (14.2) | (7.0) |
| Net income | | 32.1 | 15.5 |
| Other comprehensive income (OCI) | | (2.0) | (5.3) |
| Total comprehensive income | | 30.1 | 10.2 |

Comments

- 1 Increase in NOI from letting activities by 8.2% mainly related to the acquisition of new properties
- 2 Results from disposals in Q1 2015 heavily influenced by strong profit margins
- 3 Q1 2015 number includes insurance compensations, received indemnification payments and gains from the reversal of bad debt allowance
- 4 Q1 2015 includes €0.3m IPO related share based payments
- 5 Significant decrease of interest costs due to loan refinancing, despite of considerable increase in financial liabilities
- 6 Q1 2014 number includes remeasurements of interest rate hedges without an effective hedging relationship. Due to swap restructuring in the beginning of 2015 TLG IMMOBILIEN's interest hedges meet IAS39 requirements for effective hedging relationship
- 7 Q1 2015 includes current income taxes of €2.1m and deferred taxes of €12.1m

Strong balance sheet as platform for further growth

Balance Sheet

| in € million | | Q1 2015 | Q4 2014 |
|--|---|----------------|----------------|
| Non-current assets | | 1,603.8 | 1,525.2 |
| Investment property (including advance payments) | 1 | 1,576.9 | 1,495.5 |
| Property, plant and equipment | 2 | 11.5 | 14.1 |
| Other non-current assets | | 12.4 | 12.6 |
| Deferred tax assets | | 2.9 | 3.0 |
| Current assets | | 175.6 | 212.8 |
| Inventories | | 1.5 | 1.5 |
| Receivables and other current assets | | 27.2 | 36.7 |
| Cash and cash equivalents | | 145.5 | 152.6 |
| Assets classified as held for sale | 3 | 1.4 | 22.0 |
| Total assets | | 1,779.4 | 1,738.0 |
| Equity | | 778.6 | 748.0 |
| Liabilities | | 1,000.8 | 990.0 |
| Non-current liabilities | | 919.2 | 909.1 |
| Liabilities to financial institutions | 4 | 727.2 | 731.1 |
| Provisions and other non-current liabilities | | 29.5 | 27.6 |
| Deferred tax liabilities | | 162.5 | 150.5 |
| Current liabilities | | 81.6 | 80.9 |
| Liabilities to financial institutions | 4 | 34.8 | 39.3 |
| Tax liabilities | | 10.0 | 9.6 |
| Other provisions | | 5.7 | 5.7 |
| Trade payables | | 21.5 | 13.9 |
| Other current liabilities | | 9.6 | 12.4 |
| Total equity and liabilities | | 1,779.4 | 1,738.0 |

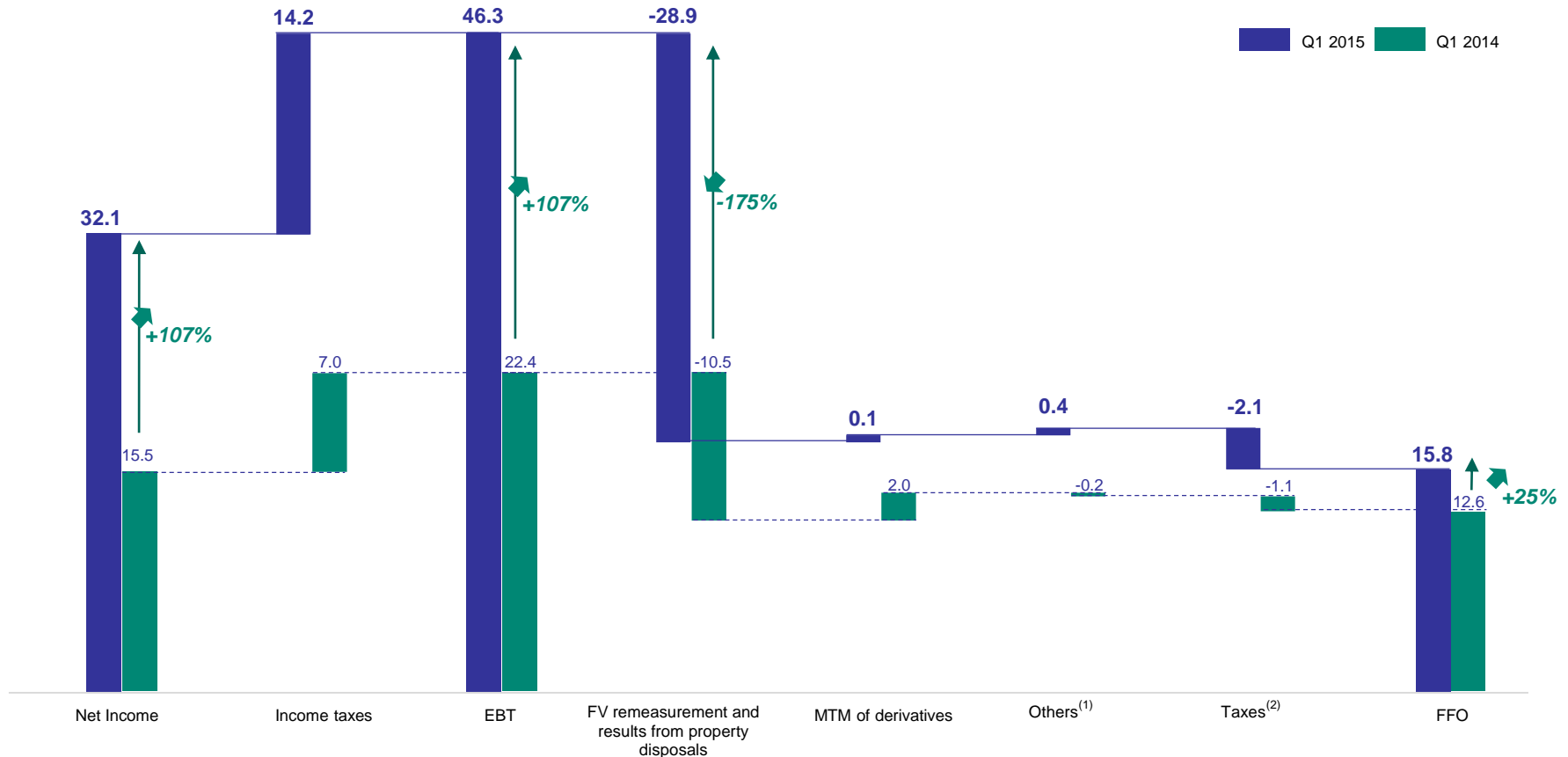
Comments

- 1 Change in investment property in Q1 mainly driven by acquisitions (€60.8m) and fair value adjustments (€23.1m)
- 2 Decrease of PP&E primarily due to reduction of own occupied rental area in properties owned by TLG IMMOBILIEN
- 3 Decrease due to closing of sold properties
- 4 As a result of regular amortisation payments liabilities to financial institutions continued to fall

FFO bridge Q1 2015, resulting in total FFO of approx. €16m

FFO Reconciliation Q1 2015

in € million



- 25% growth in FFO compared to Q1 2014 mainly caused by improvement of NOI and financing costs

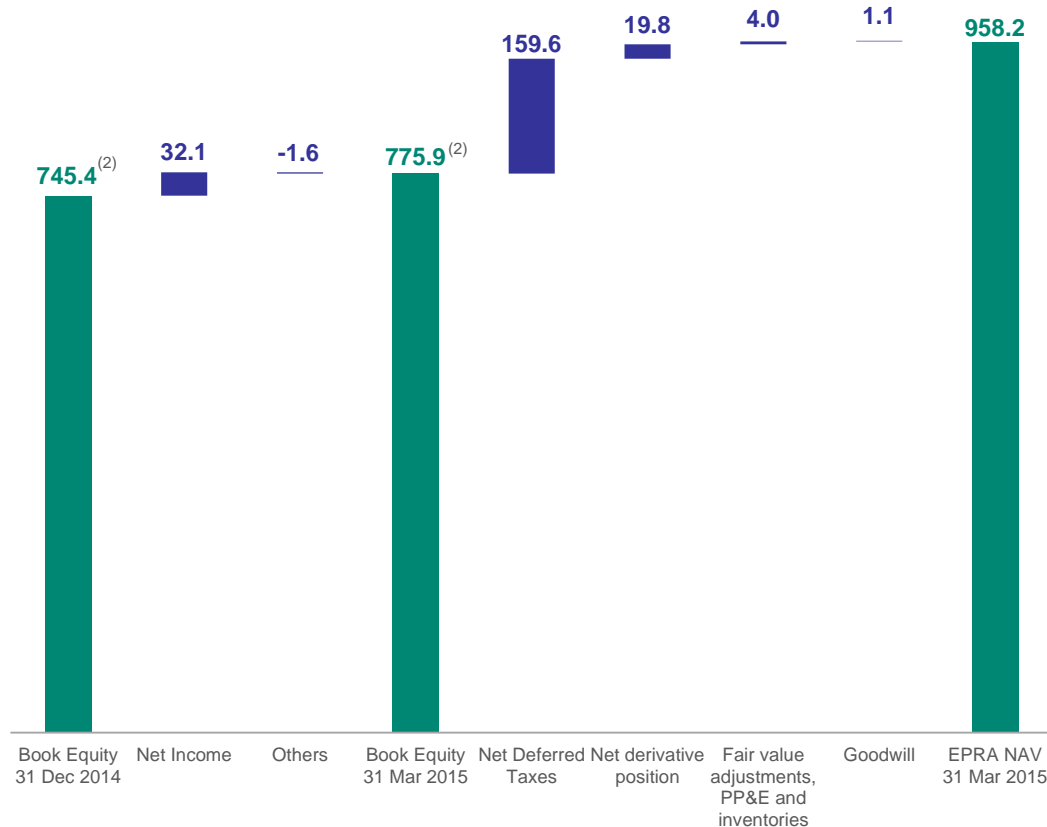
(1) Including depreciation from self-used properties, personnel restructuring expenses, gains from service contracts with TAG Wohnen and share-based payments

(2) Including income taxes and deferred taxes, corrections due to flat-rate calculation for interim periods, streamline of tax effects from the disposal of real estate and the repayment of interest rate / hedges IPO costs

Significant EPRA NAV growth driving NAV/s to €15.63

EPRA NAV reconciliation

in € million

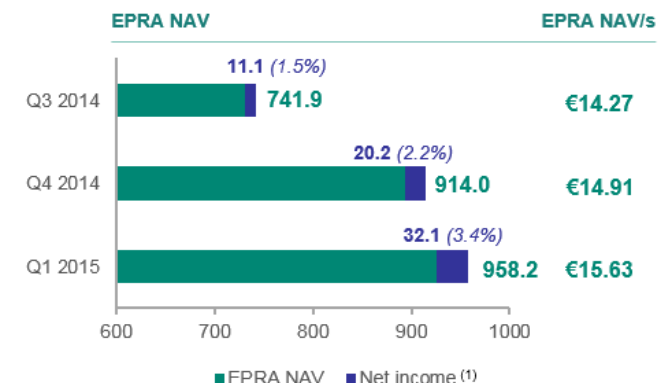


Comments

- **Significant quarter-on-quarter increase by 4.8%** primarily driven by net income and deferred taxes
- **Net income accounts for 73% of total EPRA NAV growth in Q1 2015**
- Net income growth mainly driven by positive revaluations, result from the sales of investment properties and acquisitions

Quarterly development of EPRA NAV

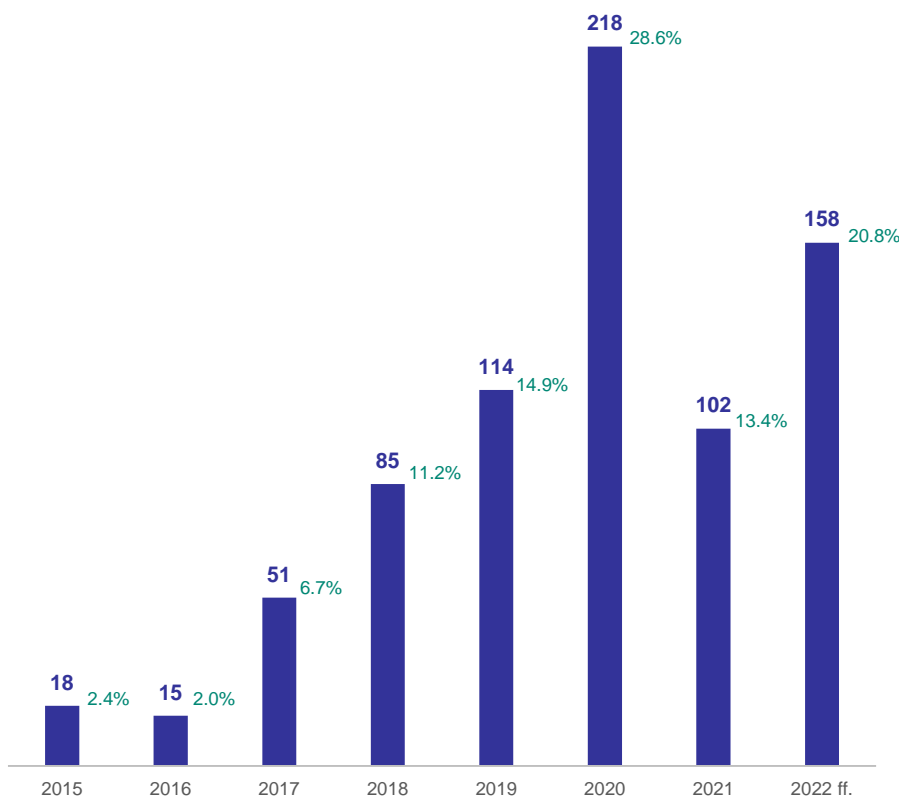
in € million



Solid, conservative financing structure

Maturity profile as of 31 March 2015⁽¹⁾

in € million



Debt structure and debt service as of 31 March 2015

in € million

| | |
|-----------------------------------|------|
| Gross debt (€m) | 762 |
| LTV (%) | 38.8 |
| Avg. interest rate (%) | 2.95 |
| Avg. weighted maturity (years) | 5.4 |
| Interest rate fixed or hedged (%) | 99 |

Comments

- **No significant refinancing coming up** in the next three years (less than €90m of maturities)
- Only bank debt and no publicly traded debt securities
- More than **62% of gross debt maturing after 2019**
- Liabilities to financial institutions are based on an active business relationship with a pool of 19 financial institutions

AGENDA

- 1 Highlights Q1 2015
- 2 Portfolio
- 3 Operations and Financials
- 4 Outlook**
- 5 Appendix

Outlook for 2015

Rental income

- Continuously drive momentum in rental growth from reduction of office vacancies, focused (re-) letting and prolongation of contracts

Acquisitions

- Maintain acquisition path – screening and execution of acquisition opportunities in line with portfolio strategy
- Clear commitment to growth and strategic target of €2bn portfolio size

FFO

- Positive business fundamentals expecting to drive cash generation in portfolio and FFO
- Confirmation of FFO growth guidance of 10%+ for FY 2015

NAV

- Ongoing improvement trends in property market fundamentals and further attractiveness of the Berlin market expected to further positively impact fair values
- 2015 NAV growth expected to be driven by generation of cash earnings and revaluation effects

AGENDA

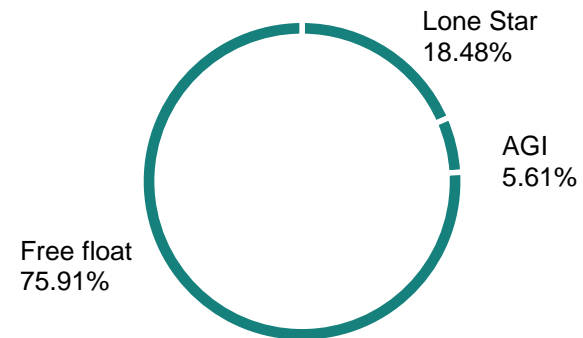
- 1 Highlights Q1 2015
- 2 Portfolio
- 3 Operations and Financials
- 4 Outlook
- 5 Appendix**

TLG IMMOBILIEN share information

Basic share information (as of 29 May 2015)

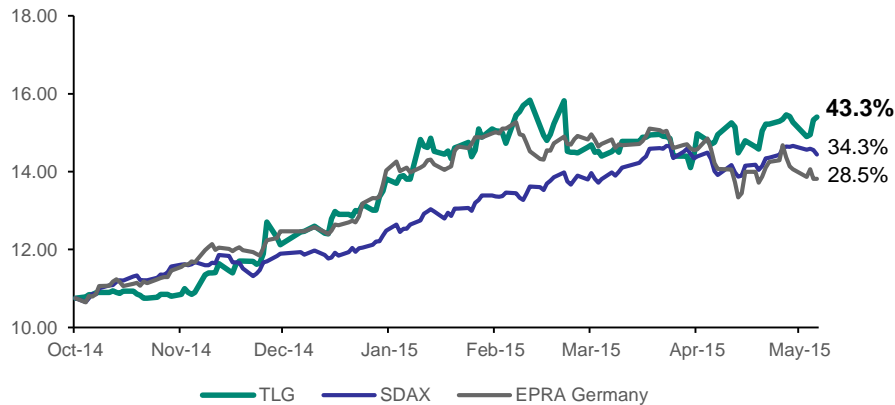
| | |
|-----------------------|--------------|
| Symbol | TLG |
| Share price (XETRA) | €15.40 |
| ISIN | DE000A12B8Z4 |
| Performance since IPO | 43.3% |
| Primary exchange | Xetra |
| Market capitalization | €944m |
| Shares outstanding | 61.3 million |

Shareholder structure



Shareholdings according to latest voting rights information

Share performance since IPO



Source: Thomson Reuters as of 29 May 2015

Broker coverage

| Analyst coverage | Target | Analyst name | Date |
|------------------|-----------------|--------------------|-------------|
| Commerzbank | €17.5 (Buy) | Thomas Rothhäusler | 27-Apr-2015 |
| HSBC | €18.8 (Buy) | Thomas Martin | 24-Apr-2015 |
| UBS | €15.5 (Buy) | Osmaan Malik | 21-Apr-2015 |
| Kempen & Co. | €16.0 (OW) | Remco Simon | 31-Mar-2015 |
| J.P. Morgan | €15.0 (Neutral) | Tim Leckie | 09-Mar-2015 |

Source: Bloomberg as of 19 May 2015

FINANCIAL CALENDAR & CONTACT DETAILS

| | |
|-------------------------------|------------------|
| Annual General Meeting | 25 June 2015 |
| H1 2015 Results | 31 August 2015 |
| Q3 2015 Results | 30 November 2015 |

TLG IMMOBILIEN AG

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