TLG IMMOBILIEN AG

Q1 2018 RESULTS

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AGENDA

01	02	03	04	05
Highlights Q1 2018	Portfolio	Financials	Outlook	Appendix

01

HIGHLIGHTS Q1 2018

KEY HIGHLIGHTS Q1 2018

Portfolio and Operations

- ✓ TLG IMMOBILIEN remains on the growth path, delivering an impressive 40.1% growth YoY in rental income to EUR 55.0 m for Q1 2018 compared to Q1 2017
- ✓ 2017 acquisitions as key driver for 49.8% YoY FFO increase from EUR 21.1 m to EUR 31.6 m in Q1 2018
- ✓ Successful asset management operations drive like-for-like portfolio rental growth of 3.2% and vacancy reduction to 2.1% YoY

Balance Sheet

- ✓ EPRA NAV of EUR 2,261.0 m implies increase by 1.5% compared to 31-Dec-2017
- ✓ Increase resulting from strong operating performance
- ✓ Conservative leverage structure with Net LTV of 39.6% provides room for further acquisitions

Growth

- ✓ Four single acquisitions (three office properties and one retail asset) signed or closed mainly in Western German core markets with a total volume of EUR 143.3 m YTD
- ✓ TLG IMMOBILIEN continues to execute its growth strategy

02

PORTFOLIO

TLG IMMOBILIEN PORTFOLIO AS OF 31 MARCH 2018

STRONG AND STABLE INDICATORS ACROSS ALL ASSET CLASSES

OFFICE
Mannheim

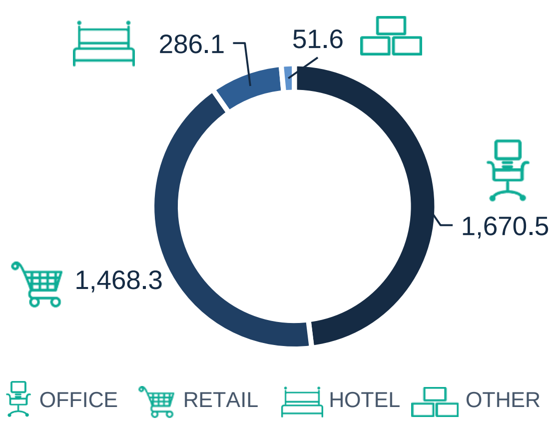
OFFICE
Eschborn

RETAIL
Rostock

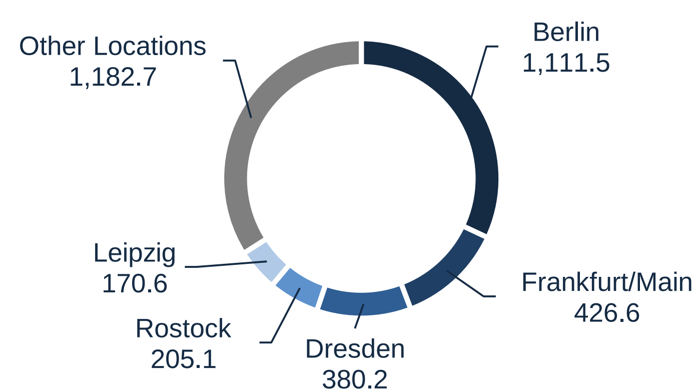
KEY INDICATORS	OFFICE	RETAIL	HOTEL	OTHER	TOTAL 31-MAR-18	TOTAL 31-DEC-17	*CHANGE*	TOTAL 31-MAR-17	*CHANGE*
Property value (EUR m)[1]	1,670.5	1,468.3	286.1	51.6	**3,476.6**	3,400.6	*+ 2.2%*	2,235.2	*+ 55.5%*
Properties (number)	69	299	7	50	**425**	426	*- 1 unit*	390	*+ 35 units*
Annualised in-place rent (EUR m)[2]	95.3	103.2	16.6	4.8	**219.9**	214.1	*+ 2.7%*	156.5	*+ 40.5%*
In-place rental yield (%)	5.7	7.0	5.7	9.2	**6.3**	6.3	*0.0 pp*	7.0	*- 0.7 pp*
EPRA Vacancy Rate (%)	5.1	2.4	2.2	8.1	**3.8**	3.6	*+ 0.2 pp*	3.3	*+ 0.5 pp*
WALT (years)	5.1	6.1	12.0	7.9	**6.1**	6.3	*- 0.2 yrs*	6.1	*0.0 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

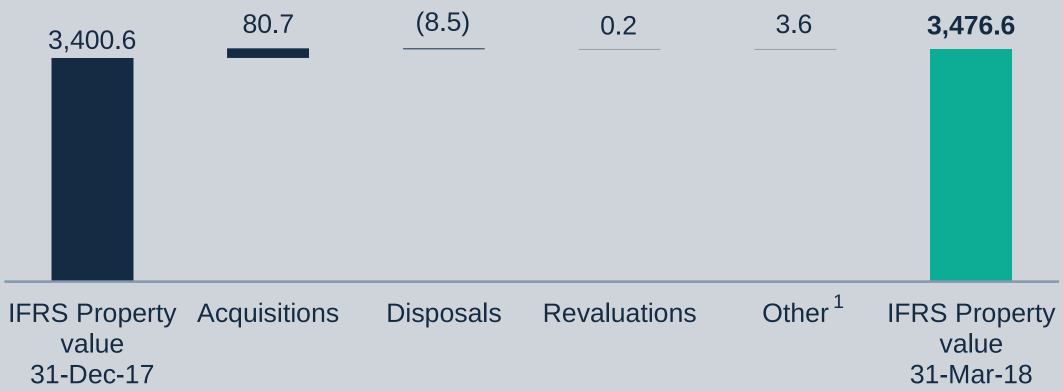


DEVELOPMENT OF PROPERTY VALUES DURING Q1 2018

ACQUISITIONS CLOSED IN Q1 2018 AS KEY DRIVER FOR PORTFOLIO VALUE INCREASE

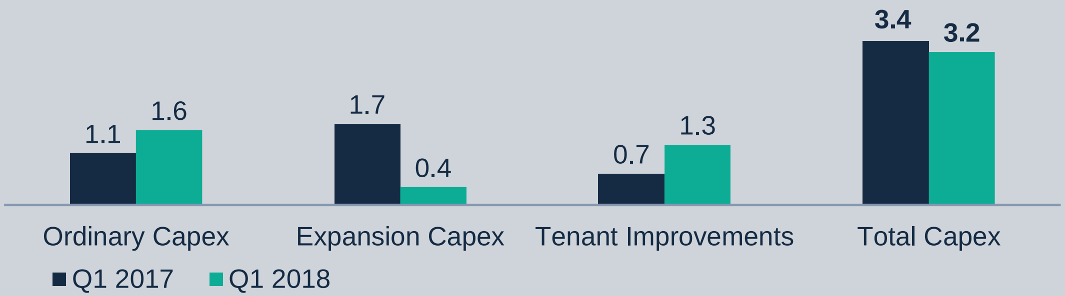
Property Value Reconciliation

In EUR m



Capex Breakdown Q1 2018 vs. Q1 2017 (like-for-like)[2]

In EUR m



Comments

- ✓ Overall, stable total capex development YoY
- ✓ Increase in ordinary capex especially due to acquired properties
- ✓ Temporary decline of expansion capex mainly resulting from postponement of smaller food retail development projects
- ✓ Higher tenant improvements in Q1 2018 reflect new lettings

[1] Incl. capitalization of refurbishments and depreciation of self-used properties
[2] Like-for-like excl. effects from consolidation of WCM

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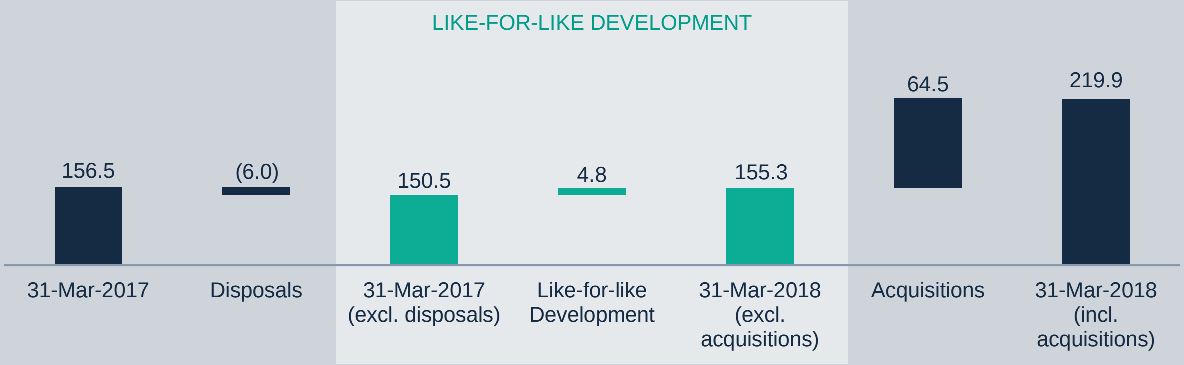
DEVELOPMENT OF KEY METRICS (1/3)

>3% LFL RENTAL GROWTH DRIVEN BY POSITIVE DYNAMICS ACROSS ALL ASSET CLASSES

Annualised In-place Rent [1]

In EUR m



Like-for-like Development by Asset Class in % [1]

Comments

- ✓ YoY increase in annualised in-place rent of EUR 63.4 m or 40.5% to EUR 219.9 m
- ✓ Overall EUR 4.8 m like-for-like rental growth (+3.2%) across the portfolio in Q1 2018 compared to the previous year
  - ✓ Contribution by asset class: 63% office, 30% retail, 6% hotel and 1% other
  - ✓ Acquisitions executed in 2016 contribute approx. EUR 2.0 m (rent increase of 7.6%)

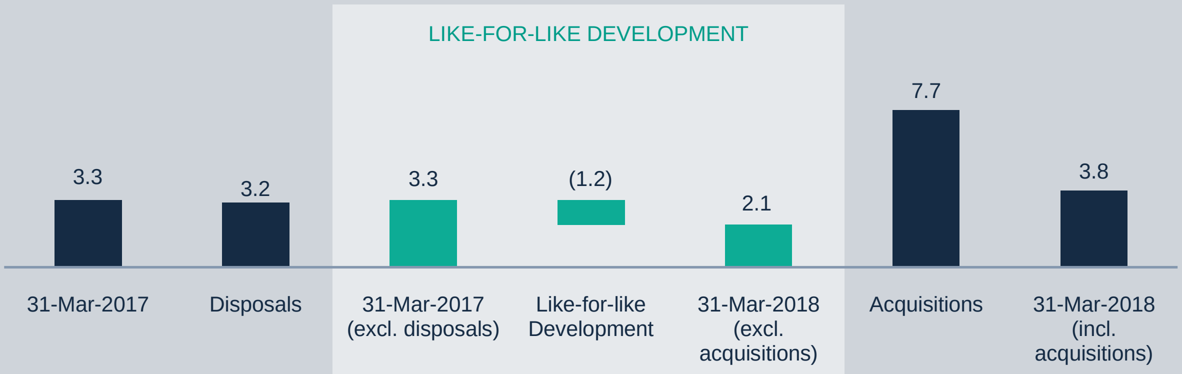
[1] Like-for-like development excl. effects from consolidation of WCM

DEVELOPMENT OF KEY METRICS (2/3)

PORTFOLIO SHOWS A 2.1% LFL EPRA VACANCY RATE AS A RESULT OF ACTIVE ASSET MANAGEMENT

EPRA Vacancy Rate [1]

In %



Like-for-like Development by Asset Class in p.p. [1]

Comments

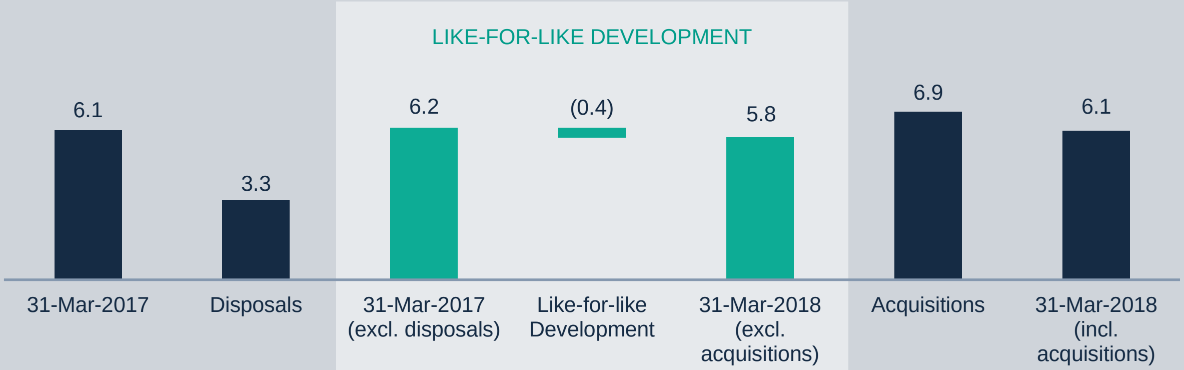
- ✓ Like-for-like EPRA Vacancy Rate currently at 2.1% which implies a strong reduction of 1.2 pp YoY
  - ✓ Low levels across all asset classes: office 2.0%, retail 1.7% and hotel 2.2%
  - ✓ Significant contribution to like-for-like reduction resulting from acquisitions executed in 2016
- ✓ Acquisitions since Q2 2017 with higher vacancy rate (7.7%) as opportunity for further value creation

[1] Like-for-like development excl. effects from consolidation of WCM

DEVELOPMENT OF KEY METRICS (3/3)

WALT CURRENTLY AT A COMFORTABLE LEVEL OF 6.1 YEARS

WALT [1]
In years



Like-for-like Development by Asset Class in years [1]

Comments

- ✓ Portfolio WALT continues to remain at approx. 6 years
- ✓ Positive contribution from recent acquisitions
- ✓ Ongoing letting management resulting in early lease extensions, thereby softening ongoing WALT reduction

[1] Like-for-like development excl. effects from consolidation of WCM

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FURTHER ACQUISITION

EXECUTION OF WEST GERMAN EXPANSION STRATEGY THROUGH ACQUISITION OF AN OFFICE PROPERTY IN HAMBURG

"Office 3001" – Hamburg

Key stats

Signing	March 2018
Total investment	EUR 59.5 m
Annualised in-place rent	EUR 3.4 m
In-place rental yield	5.7%
WALT [1]	6.6 years
EPRA Vacancy Rate	14.8%
Lettable area	23,319 sqm
Top tenant	Reemtsma Cigarettenfabrik

[1] Excl. special termination rights

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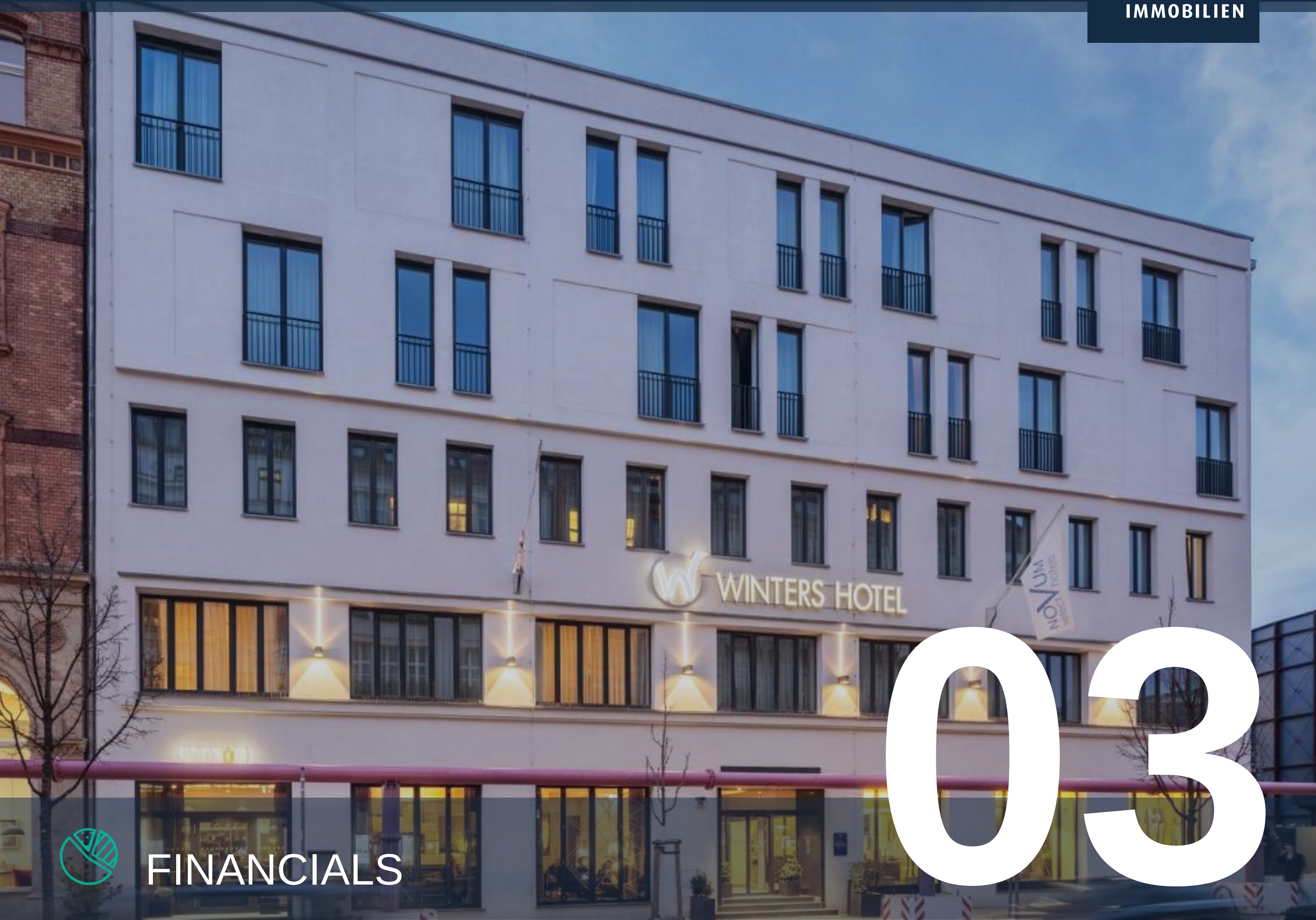

03

FINANCIALS

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STRONG OPERATING PERFORMANCE DURING Q1 2018

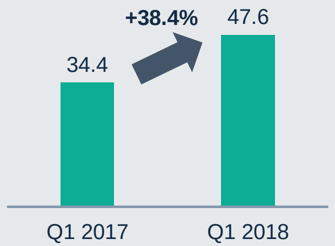
ACQUISITIONS AND EXCELLENT OPERATING PERFORMANCE TRANSLATING INTO DOUBLE DIGIT GROWTH OF KEY METRICS

Key Metrics
In EUR m

	Q1 2018	Q1 2017	CHANGE
Rental income	55.0	39.2	+40.1%
NOI	47.6	34.4	+38.4%
FFO	31.6	21.1	+49.8%
FFO/s (EUR) [1]	0.31	0.29	+6.9%
In-place rental yield	6.3%	7.0%	-0.7 pp

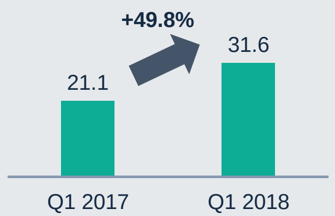
	Mar 2018	Dec 2017	CHANGE
Property Value	3,476.6	3,400.6	+2.2%
EPRA NAV/s (EUR) [2]	22.09	21.84	+1.1%
Net LTV	39.6%	39.2%	+0.4 pp

Net Operating Income
In EUR m



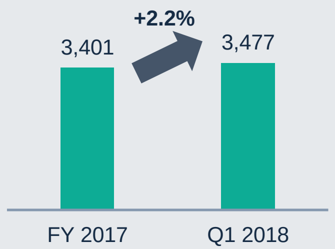
✓ 38.4% YoY increase driven by acquisitions, in particular WCM consolidation

FFO
In EUR m



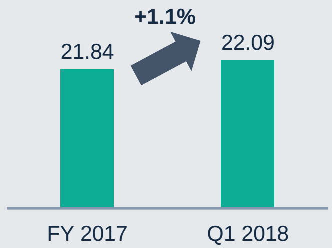
✓ Portfolio growth and strong letting activity driving FFO growth

Property Value
In EUR m



✓ Further portfolio growth achieved in Q1 2018

EPRA NAV/s [2]
In EUR



✓ Growth in EPRA NAV primarily driven by operating performance

[1] Based on weighted average number of shares outstanding
[2] EPRA NAV not adjusted for goodwill

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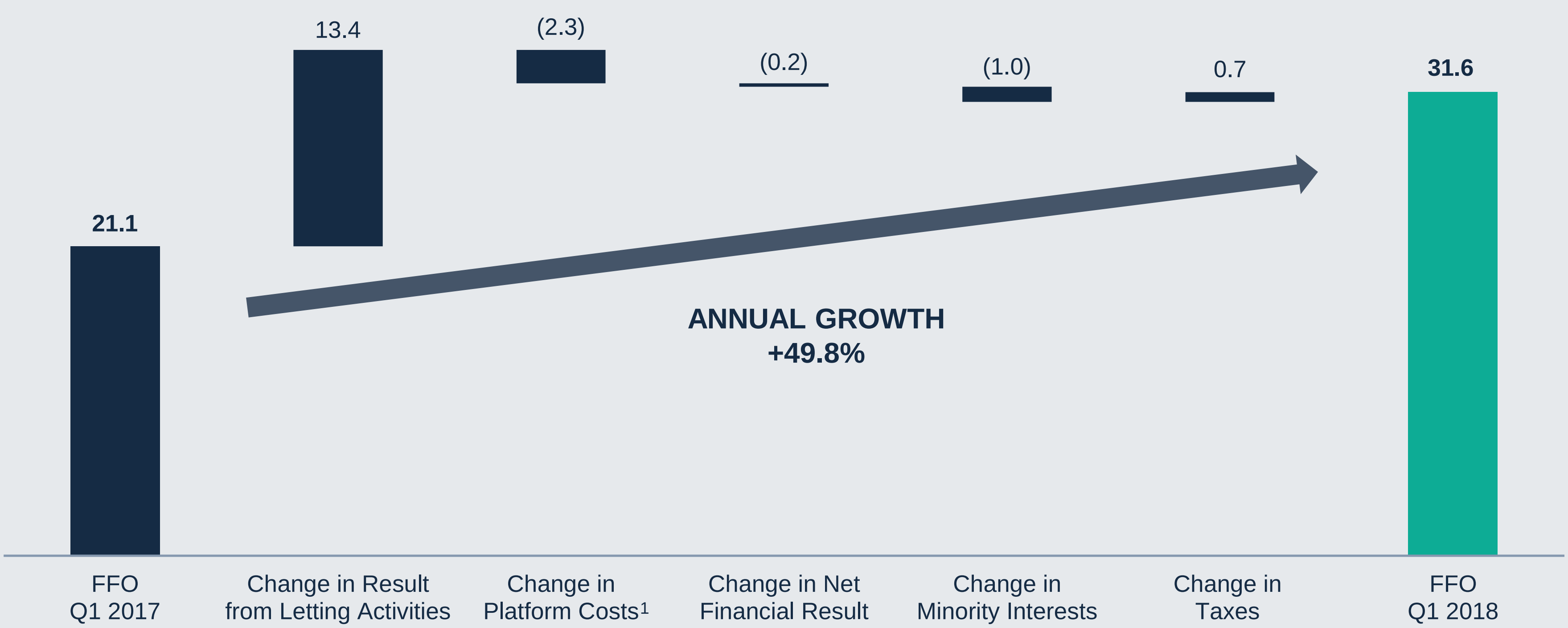
FFO RECONCILIATION Q1 2018

49.8% YOY INCREASE DRIVEN BY PORTFOLIO GROWTH

FFO Value Drivers Q1 2018 / Q1 2017

in EUR m

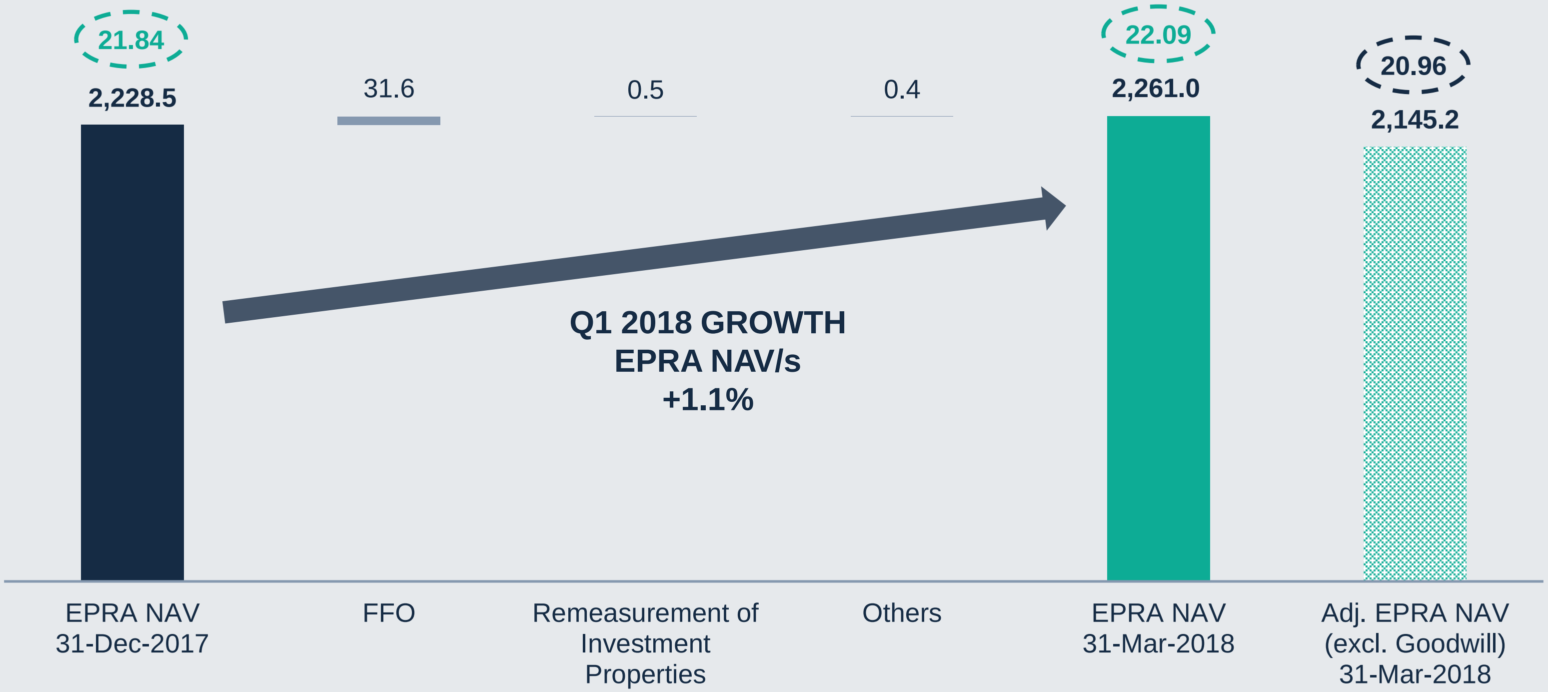


[1] Including other operating expenses and income as well as personnel expenses

EPRA NAV/S GROWING TO EUR 22.09

GROWTH MAINLY DRIVEN BY OPERATING RESULT

EPRA NAV Q1 2018 Development
In EUR m



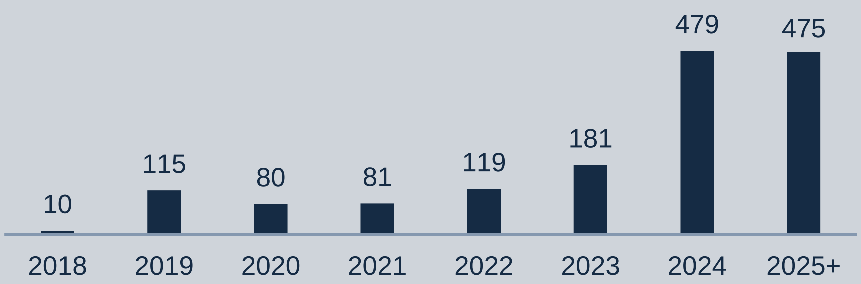
EPRA NAV/s (in EUR)　Adj. EPRA NAV/s (excl. goodwill, in EUR)

CONSERVATIVE FINANCING STRUCTURE

STABLE NET LTV OF BELOW 40% AND AVERAGE CASH COST OF DEBT AT 1.83%

Maturity Profile as of 31 March 2018 [1]

In EUR m

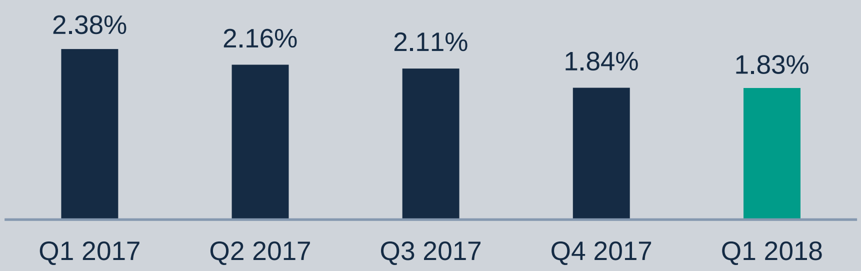


Debt Structure and Debt Service

	As of 31 March 2018
Gross debt (EUR m)	1,540
Net LTV (%)	39.6
Avg. cash cost of debt (%)	1.83
Avg. weighted maturity (years)	6.1
Interest rate fixed or hedged (%)	100.0

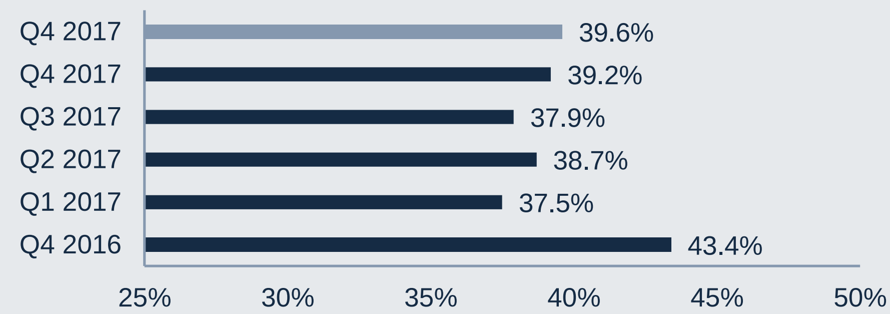
Development of Average Cash Cost of Debt

In %



Net LTV Development

In %



[1] Excluding regular amortisation payments

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04

OUTLOOK

OUTLOOK 2018

FFO Guidance

- ✓ FFO guidance confirmed: approx. EUR 125 – 128 m for FY 2018 based on current property portfolio (i.e. incl. WCM and secured acquisitions)
- ✓ Additional acquisitions can increase FFO 2018 further
- ✓ Existing pipeline for further acquisitions

Dividend Guidance

- ✓ Proposed dividend for FY 2017 of EUR 83.7 m[1], EUR 0.82 per share
- ✓ Implies FFO payout ratio of 81.5%[1] due to last years' capital increases
- ✓ Going forward TLG IMMOBILIEN targets FFO payout ratio of approximately 70%

[1] Based on number of shares outstanding as of 31 December 2017

05

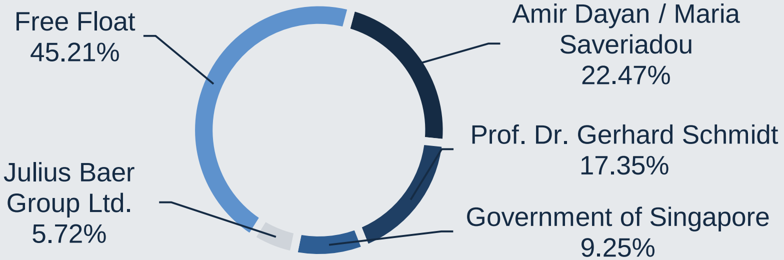
APPENDIX

TLG IMMOBILIEN SHARE INFORMATION

Basic Share Information
(as of 31 March 2018)

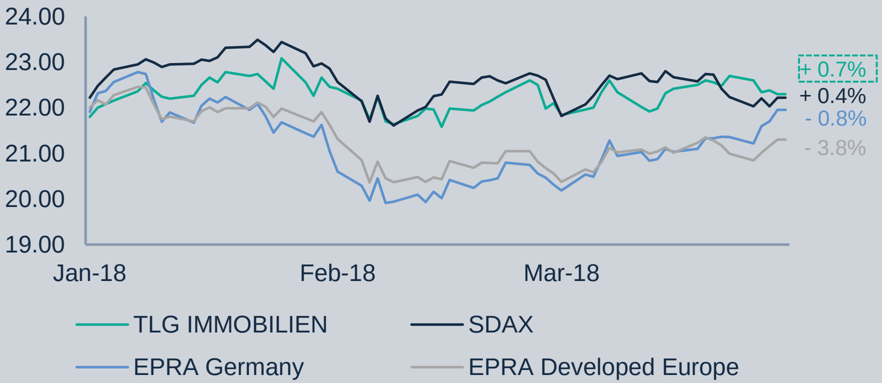
Symbol	TLG
Share price (XETRA, 30-Mar-2018)	EUR 22.30
ISIN	DE000A12B8Z4
Performance in Q1 2018	+ 0.7%
Primary exchange	Frankfurt Stock Exchange
Shares outstanding 31-Mar-2018	102.3 million
Market capitalization	EUR 2.3 bn

Shareholder Structure [1]



Shareholdings according to latest voting rights announcements. See http://ir.tlg.eu/websites/tlg/English/2300/shareholder-structure.html for further details.
Free float: shareholdings < 5%

Share Price Performance in Q1 2018



Coverage by Analysts

Analyst	Target price (EUR)	Rating
Berenberg	26.50	Buy
UBS	23.00	Neutral
Deutsche Bank	25.00	Hold
Bankhaus Lampe	23.00	Hold
J.P. Morgan	23.00	Neutral
Nord/LB	21.50	Hold
Commerzbank	27.00	Buy
Kepler Cheuvreux	24.00	Hold
Kempen & Co.	22.00	Neutral
Baader Bank	19.50	Hold
Jefferies	20.00	Hold
HSBC	22.50	Hold
BAML	24.50	Buy
M.M.Warburg	24.90	Buy

Target price (EUR)

[1] As of 11 May 2018
Source: Thomson Reuters and Bloomberg as of 11 May 2018

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Q1 2018 EARNINGS SIGNIFICANTLY INCREASED

Income Statement
In EUR m

		Q1 2018	Q1 2017
Rental income		**55.0**	**39.2**
Net operating income from letting activities	1.	**47.6**	**34.4**
Result from the remeasurement of investment property		0.5	1.5
Results from the disposals of investment property		0.0	0.0
Results from the disposals of real estate inventory		0.0	0.0
Other operating income		0.4	0.5
Personnel expenses		- 4.0	- 2.9
Depreciation		- 0.2	- 0.1
Other operating expenses	2.	- 4.8	- 2.2
Earnings before interest and taxes (EBIT)		**39.4**	**31.3**
Net interest	3.	- 7.6	- 9.1
Other financial result		2.0	0.6
Earnings before taxes (EBT)		**33.9**	**22.7**
Income taxes	4.	- 14.1	- 7.0
Net income		**19.7**	**15.7**
Other comprehensive income (OCI)		0.1	2.8
Total comprehensive income		**19.9**	**18.5**

Comments

1. Increase of 38.4% in NOI from letting activities mainly related to the consolidation of WCM as well as the acquisition of new properties
2. Q1 2018 includes EUR 1.1 m transaction costs related to the WCM transaction
3. Reduction of net interest due to implemented refinancing initiatives in FY 2017
4. In Q1 2018, current tax reduced to EUR 0.7 m from EUR 2.7 m in Q1 2017. Decrease due to tax loss carryforward

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VERY STRONG BALANCE SHEET REMAINS FOUNDATION FOR FUTURE GROWTH

Balance Sheet

In EUR m

		31 Mar 2018	31 Dec 2017
Non-current assets		**3,671.7**	**3,604.4**
Investment property (including advance payments)	1.	3,466.0	3,400.8
Property, plant and equipment		8.0	8.2
Other non-current assets		197.7	195.3
Deferred tax assets		0.0	0.0
Current assets		**189.1**	**231.4**
Real estate inventory		0.8	0.8
Receivables and other current assets		20.8	19.4
Cash and cash equivalents	2.	164.4	201.5
Non-current assets classified as held for sale		3.2	9.7
Total assets		**3,860.9**	**3,835.7**
Equity		**1,956.0**	**1,936.6**
Liabilities		**1,904.9**	**1,899.2**
Non-current liabilities		**1,827.8**	**1,829.2**
Non-current liabilities to financial institutions		1,105.7	1,120.9
Corporate bond		397.6	396.0
Provisions and other non-current liabilities		38.3	39.6
Deferred tax liabilities		286.2	272.7
Current liabilities		**77.1**	**70.0**
Current liabilities to financial institutions		36.6	24.8
Tax liabilities		1.2	1.4
Other current provisions		3.0	4.0
Trade payables		16.7	17.2
Other current liabilities		19.6	22.6
Total equity and liabilities		**3,860.9**	**3,835.7**

Comments

1. Increase in investment property mainly related to acquisitions
2. Reduction in cash and cash equivalents primarily related to acquisitions

FINANCIAL CALENDAR AND CONTACT DETAILS

Financial Calendar

AGM
25 May 2018

Q2 2018 RESULTS
10 August 2018

Q3 2018 RESULTS
09 November 2018

TLG IMMOBILIEN AG

SVEN ANNUTSCH
Head of Investor Relations

Hausvogteiplatz 12
10117 Berlin

Tel. +49 (0)30-2470 6089
Fax. +49 (0)30-2470 7446

E-mail ir@tlg.de