HALF-YEAR FINANCIAL REPORT

AS AT 30 JUNE 2015

TLG IMMOBILIEN

KEY FIGURES

KEY GROUP FIGURES ACCORDING TO IFRS

	Unit	01/01/2015–30/06/2015	01/01/2014–30/06/2014	Change in %
Result of operations				
Rental income	in EUR k	61,060	56,997	7.1
Net operating income from letting activities	in EUR k	53,943	50,021	7.8
Disposal profits	in EUR k	4,691	2,747	70.8
Net income for the period	in EUR k	74,886	57,405	30.5
FFO	in EUR k	31,002	26,033	19.1
FFO per share [1]	in EUR	0.51	0.50	1.0

	Unit	30/06/2015	31/12/2014	Change in %
Balance sheet metrics				
Investment property	in EUR k	1,606,950	1,489,597	7.9
Cash and cash equivalents	in EUR k	54,177	152,599	-64.5
Balance sheet total	in EUR k	1,798,197	1,738,000	3.5
Equity	in EUR k	811,885	747,964	8.5
Equity ratio	in %	45.1	43.0	2.1 pp
Liabilities to financial institutions	in EUR k	758,250	770,447	-1.6
Net debt	in EUR k	704,073	617,848	14.0
Net LTV [2]	in %	41.3	40.3	1.0 pp
EPRA NAV	in EUR k	1,000,027	914,008	9.4
EPRA NAV per share	in EUR	16.31	14.91	9.4

[1] Before the company became an Aktiengesellschaft (stock corporation) on 5 September 2014, it was a limited liability company (GmbH). Therefore, for the purposes of comparison, the value of the issued shares is the value that would have existed if the company had always been an Aktiengesellschaft with the same number of shares. Total number of shares as at 31 December 2014 and 30 June 2015: 61.3 million; as at 30 June 2014: 52.0 million.

[2] Calculation: Net debt divided by property value; for the composition see page 21.

Cover
Forum am Brühl
Richard-Wagner-Strasse 1–3/Brühl 65, 67, 04109 Leipzig, Germany,
acquired in the fourth quarter of 2014

CONTENTS

MANAGEMENT BOARD

Peter Finkbeiner (left),
Niclas Karoff (right)

DEAR SHAREHOLDERS,
DEAR SIR OR MADAM,

The considerably positive results of the second quarter of 2015 demonstrate that we have been able to maintain our successful start to the year. In the first half of the year, TLG IMMOBILIEN AG continued to grow through signed purchase agreements. Properties in the amount of ca. EUR 144 m have been secured under these agreements; some of these properties have already been added to the portfolio and some will be added in the third quarter.

Moreover, we were able to further improve our key Group figures further in the first half of 2015. Net operating income from letting activities increased by 8% compared to the same period in 2014, reaching EUR 54 m. We were also able to improve our funds from operations (FFO). As at 30 June 2015, FFO were EUR 31 m, which represents an increase of 19% or EUR 5 m compared to the same period in the previous year.

We intend to use this positive development to specify our FFO target for 2015. We expect to generate funds from operations of around EUR 63 m by 31 December 2015.

In the second quarter, we were still able to build on your confidence, dear shareholders, which was also evident at our first annual general meeting in Berlin on 25 June 2015. We would like to take this opportunity to express our gratitude once more.

Berlin, 24 August 2015

Peter Finkbeiner
Member of the Management Board

Niclas Karoff
Member of the Management Board

TLG IMMOBILIEN SHARES

Developments on the capital markets varied in the first half of 2015. Whereas the developments were positive in the first quarter, the DAX was unstable in the second quarter and closed with a negative quarterly result.

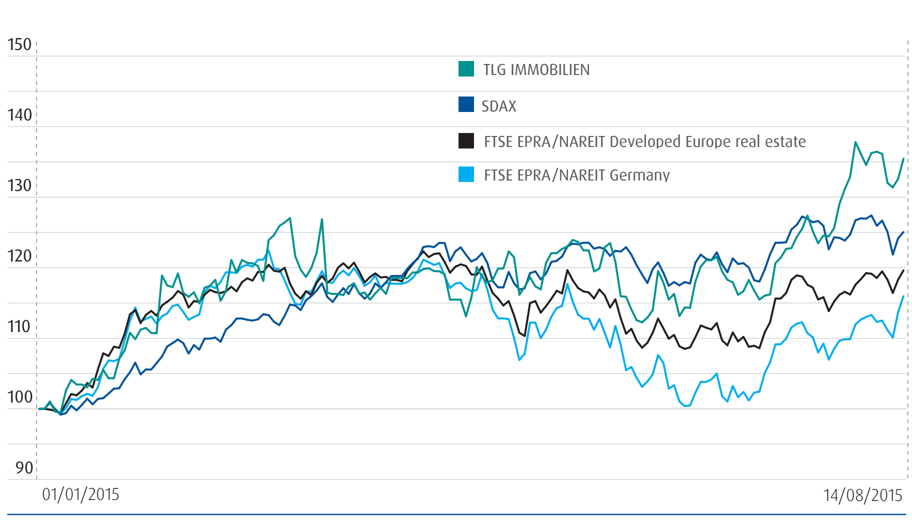
The German stock market performed well in the first quarter, primarily due to the announcement and launch of the European Central Bank's bond purchasing scheme, improved economic data in the Eurozone, cuts to the benchmark interest rate in China and the Minsk II Agreement. The weaker trading days were essentially caused by poor economic data in the USA and China, the lifting of the cap on the value of the Swiss franc against the euro, the victory of Syriza in the Greek elections and the Heta moratorium in Austria.

The German index DAX lost momentum in the second quarter. It started the quarter at 11,902.90 points (opening price on 01/04/2015) and reached an all-time high of 12,390.80 points on 10 April. After this date, its performance was hampered primarily by the crisis in Greece, nosediving European government bonds, a stronger euro, discussions on the first change in interest rates by the US Federal Reserve and slowed growth and turbulences on the Chinese market. At the end of trading on 30 June 2015, the DAX closed at 10,944.97 points, which is 8% below the opening price at the start of the quarter. Over the course of the first six months, by 30 June 2015 the DAX had gained 10.9% compared to its opening price on 2 January 2015.

Unlike the DAX, the SDAX performed well in the second quarter and increased by 2% between the beginning of April 2015 and the end of June 2015, following growth of 16.9% in the first quarter. As a result, the performance of the SDAX over the full first half was 19.1%. In contrast, the FTSE EPRA/NAREIT Germany Index fell by 14.3% in the second quarter, with a total performance of just 0.2% in the first half of the year. The FTSE EPRA/NAREIT Developed Europe Index fell by 8.2% in the second quarter, yet registered a positive performance of 9.1% in the first half of the year following a strong first quarter.

PERFORMANCE OF THE SHARES BY INDEX

in %



The shares of TLG IMMOBILIEN enjoyed a good start to 2015 and reached a peak of EUR 15.99 on 5 March 2015 in the first half of the year, which was surpassed again in August 2015. The shares closed the first half of the year on 30 June 2015 with a price of EUR 14.51 which, compared to the opening price of EUR 12.68 at the start of the year, represents a performance of 14.4% in the first six months of the year.

TLG IMMOBILIEN share data

ISIN/WKN	DE000A12B8Z4/A12B8Z
Ticker symbol	TLG
Share capital in EUR	61,302,326.00
Number of shares (no-par-value bearer shares)	61,302,326
Indices (selection)	SDAX, EPRA/NAREIT Global Index, EPRA/NAREIT Developed Europe Index, EPRA/NAREIT Germany Index
Sector/sub-sector	Real estate
Market segment	Regulated market (Prime Standard)
Designated sponsors	Commerzbank AG, HSBC Trinkaus & Burkhardt AG, J.P. Morgan Securities plc
Closing price on 30/06/2015 (XETRA) in EUR	14.51
Market capitalisation in EUR m	889.2

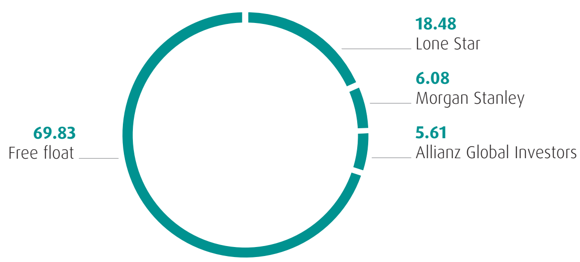
ADMISSION TO THE SDAX

On 19 February 2015, Deutsche Börse unexpectedly decided to admit TLG IMMOBILIEN AG to the SDAX as at 24 February 2015. This admission to the index signals that TLG IMMOBILIEN not only fulfils the high transparency requirements of the Prime Standard, but that the company's market capitalisation and liquidity fulfil institutional investors' criteria for larger equity investments.

SHAREHOLDER STRUCTURE

Shareholder structure as at 30 June 2015

in %



Shareholdings according to latest voting rights notifications as at the reporting date

In March 2015, LSREF II East AcquiCo S.à r.l. (Lone Star) sold a portion of its shares, thereby reducing its shareholding to 18.48%. LSREF II East AcquiCo S.à r.l. (Lone Star) sold its entire shareholding in July 2015. Likewise, in July 2015 GIC Private Limited announced that it held 13.33% of the shares in the company.

ANNUAL GENERAL MEETING

At the first annual general meeting of TLG IMMOBILIEN AG since the IPO, held in Berlin on 25 June 2015, the proposals of the management regarding all items on the agenda were passed by a large majority. A dividend of EUR 0.25 per share was distributed immediately on the following day (26/06/2015).

COVERAGE BY ANALYSTS

Bank	Target price in EUR	Rating	Analyst	Date
Bankhaus Lampe	21.00	Buy	Georg Kanders	17 August 2015
HSBC	18.80	Buy	Thomas Martin	05 August 2015
Commerzbank	18.50	Buy	Thomas Rothäusler	31 July 2015
VICTORIAPARTNERS	15.30–17.00	n/a	Bernd Janssen	03 July 2015
J.P. Morgan	15.00	Underweight	Tim Leckie	01 May 2015
UBS	15.50	Buy	Osmaan Malik	21 April 2015
Kempen & Co.	16.00	Overweight	Remco Simon	31 March 2015

Source: Bloomberg (as at 07/08/2015) and broker research

INVESTOR RELATIONS ACTIVITIES

TLG IMMOBILIEN AG attended the following national and international broker conferences in the first half of 2015:

- J.P. Morgan – European Real Estate CEO Conference, London
- UniCredit Kepler Cheuvreux – German Corporate Conference 2015, Frankfurt am Main
- Kempen & Co – European Property Seminar, New York
- HSBC Real Estate Conference 2015, Frankfurt am Main
- Kempen & Co – European Property Seminar, Amsterdam
- Morgan Stanley – Europe & EEMEA Property Conference, London

A roadshow was also held in London and Frankfurt. At all of these events, the Management Board introduced the company and outlined the company's strategy and potential for future development during in-depth discussions with current shareholders and potential investors.

The preliminary figures for 2014 were published on 2 March 2015, the final figures for 2014 on 30 April 2015 and the report on the first quarter of 2015 on 1 June 2015; the figures were explained to investors and analysts as part of teleconferences. Recordings of the teleconferences are available in the Investor Relations section of our website, www.tlg.eu.

EPRA KEY FIGURES

The European Public Real Estate Association (EPRA) is a not-for-profit association based in Brussels. It represents the interests of listed real estate companies in Europe and is committed to consistent, transparent financial reporting.

TLG IMMOBILIEN AG has been a member of EPRA since November 2014 and, as a listed company, published the most important key figures in line with the reporting standards recommended by EPRA (its Best Practices Recommendations) for the sake of transparency and comparability.

Overview of key EPRA figures

in EUR k	30/06/2015	31/12/2014	Change	Change in %
EPRA NAV	1,000,027	914,008	86,019	9.4
EPRA NNNAV	774,539	699,941	74,598	10.7
EPRA Net Initial Yield (EPRA NIY) in %	6.3	6.6	-0.3 pp	
EPRA "topped-up" NIY in %	6.3	6.6	-0.3 pp	
EPRA Vacancy Rate in %	4.9	3.9	1.0 pp	

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014	Change	Change in %
EPRA Earnings	30,974	27,697	3,277	11.8
EPRA Cost Ratio (including direct vacancy costs) in %	26.7	29.0	-2.3 pp	
EPRA Cost Ratio (excluding direct vacancy costs) in %	25.1	27.6	-2.5 pp	

EPRA EARNINGS

EPRA Earnings is an indicator of the sustainable performance of a real estate platform and is therefore basically similar to the FFO calculation. EPRA Earnings does not factor in revenue components which have no influence on the long-term performance of a real estate platform. This includes, for example, remeasurement effects and the result from the disposal of properties.

Unlike the FFO calculation carried out by TLG IMMOBILIEN, EPRA Earnings does not exclude other non-cash or non-recurring effects.

EPRA Earnings

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014	Change	Change in %
Net income for the period	74,886	57,405	17,481	30.5
Result from the remeasurement of investment property	-57,737	-51,330	-6,407	12.5
Result from the disposal of investment property	-4,580	-458	-4,122	n/a
Result from the disposal of real estate inventory	-111	-2,289	2,178	-95.2
Taxes on the sales result/aperiodic tax	-6,822	10,908	-17,730	n/a
Gain/loss from the remeasurement of financial instruments	119	2,011	-1,892	-94.1
Deferred and actual taxes in respect of EPRA adjustments	25,332	11,450	13,882	121.2
Non-controlling interests	-113	0	-113	n/a
EPRA Earnings	**30,974**	**27,697**	**3,277**	**11.8**
Number of shares (in thousand) [1]	61,302	52,000		
EPRA Earnings per share (in EUR)	0.51	0.53		

[1] Before the company became an Aktiengesellschaft (stock corporation) on 5 September 2014, it was a limited liability company (GmbH). Therefore, for the purposes of comparison, the value of the issued shares is the value that would have existed if the company had always been an Aktiengesellschaft with the same number of shares.

EPRA NET ASSET VALUE (EPRA NAV)

The EPRA NAV calculation discloses a net asset value on a consistent, comparable basis. The EPRA NAV is a key performance indicator for TLG IMMOBILIEN.

Compared to 31 December 2014, the EPRA NAV increased by EUR k 86,019 to EUR k 1,000,027, which corresponds to an EPRA NAV per share of EUR 16.31.

The increase mainly resulted from the increase in equity, which in turn was primarily the result of the net income for the period of EUR k 74,886 less the dividend payment of EUR k 15,326 and the increase in deferred tax liabilities by EUR k 26,677. At EUR k 57,737, the net income for the period was predominantly determined by the positive development of the value of the real estate portfolio.

EPRA Net Asset Value (EPRA NAV)

in EUR k	30/06/2015	31/12/2014	Change	Change in %
Equity[1]	809,205	745,395	63,810	8.6
Fair value adjustments of other fixed assets (IAS 16)	3,849	3,918	-69	-1.8
Fair value adjustment of real estate inventory (IAS 2)	913	588	325	55.3
Fair value of financial instruments	12,890	17,814	-4,924	-27.6
Deferred tax assets	-2,806	-3,006	200	-6.7
Deferred tax liabilities	177,140	150,463	26,677	17.7
Goodwill	-1,164	-1,164	0	0.0
EPRA Net Asset Value (EPRA NAV)	**1,000,027**	**914,008**	**86,019**	**9.4**
Number of shares (in thousand)	61,302	61,302		
EPRA NAV per share (in EUR)	16.31	14.91		

[1] Adjusted for non-controlling interests

EPRA TRIPLE NET ASSET VALUE (EPRA NNNAV)

EPRA recommends the calculation of an EPRA Triple Net Asset Value (EPRA NNNAV) which, in addition to the EPRA NAV, corresponds to the fair value of the company without the going-concern principle. The EPRA NAV excludes hidden liabilities and hidden reserves resulting from market valuations of liabilities, as well as deferred taxes.

As at 30 June 2015, the EPRA Triple Net Asset Value was EUR k 774,539 compared to EUR k 699,941 in the previous year. The difference of EUR k 74,598 was caused primarily by the development of equity, which was driven by the higher net income for the period.

EPRA Triple Net Asset Value (EPRA NNNAV)

in EUR k	30/06/2015	31/12/2014	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	**1,000,027**	**914,008**	**86,019**	**9.4**
Fair value of financial instruments	-12,890	-17,814	4,924	-27.6
Fair value adjustment of liabilities to financial institutions	-38,264	-48,796	10,532	-21.6
Deferred tax assets	2,806	3,006	-200	-6.7
Deferred tax liabilities	-177,140	-150,463	-26,677	17.7
EPRA Triple Net Asset Value (EPRA NNNAV)	**774,539**	**699,941**	**74,598**	**10.7**

EPRA NET INITIAL YIELD (EPRA NIY) AND EPRA "TOPPED-UP" NIY

The EPRA Net Initial Yield (EPRA NIY) is a figure which reflects the yield of the real estate portfolio. It is calculated as the ratio between rental income as at the balance sheet date less non-recoverable operating costs and the gross market value of the real estate portfolio.

Rent-free periods are adjusted in the rent calculation for the EPRA "topped-up" NIY.

EPRA Net Initial Yield (EPRA NIY) and EPRA "topped-up" NIY

in EUR k	30/06/2015	31/12/2014	Change	Change in %
Investment property	1,606,950	1,489,597	117,353	7.9
Real estate inventory	1,421	1,477	-56	-3.8
Properties classified as held for sale	4,428	21,991	-17,563	-79.9
Property portfolio (net)	1,612,799	1,513,065	99,734	6.6
Estimated transaction costs	112,164	103,466	8,698	8.4
Property portfolio (gross)	1,724,963	1,616,531	108,432	6.7
Annualised cash passing rental income	122,478	118,832	3,646	3.1
Property outgoings	-13,147	-12,818	-329	2.6
Annualised net rents	109,331	106,015	3,316	3.1
Notional rent for ongoing rent-free periods	106	25	81	320.1
Annualised "topped-up" net rent	109,437	106,040	3,397	3.2
EPRA Net Initial Yield (EPRA NIY) in %	**6.3**	**6.6**	**-0.3 pp**	
EPRA "topped-up" NIY in %	**6.3**	**6.6**	**-0.3 pp**	

EPRA VACANCY RATE

The EPRA Vacancy Rate is the ratio between the market rent for vacant properties and the market rent for the overall portfolio on the balance sheet date. The market rents used in this calculation were calculated by Savills Advisory Services GmbH as part of the measurement of the real estate portfolio's fair value.

The increase in the EPRA Vacancy Rate for the entire portfolio, from 3.9% in the previous year to 4.9% in the first half of 2015, was caused by the termination of rental agreements which had come into effect and which could not be fully balanced out by new rental agreements.

EPRA Vacancy Rate

in EUR k	30/06/2015	31/12/2014	Change	Change in %
Market rent for vacant properties	6,089	4,579	1,510	33.0
Total market rent	123,150	117,618	5,532	4.7
EPRA Vacancy Rate in %	**4.9**	**3.9**	**1.0 pp**	

EPRA COST RATIO

The EPRA Cost Ratio is the ratio between the total operative and administrative expenses and rental income, in order that the expenditure of the overall real estate platform as a percentage of rental income can be compared between various real estate companies. The relevant operative and administrative costs reported in the EPRA Cost Ratio include all expenses resulting from the operational management of the real estate portfolio that cannot be recovered or passed on, excluding changes in the fair value of real estate properties or financial instruments, borrowing costs and tax expenditure. This includes one-off effects and non-recurring costs.

In the first half of 2015, the increase in rental income combined with the reduction in costs, including through the reduction of personnel expenses due to the restructuring of the company, caused the EPRA Cost Ratio to improve.

EPRA Cost Ratio

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014	Change	Change in %
Income statement costs under IFRS				
Expenses related to letting activities	17,544	16,882	662	3.9
Personnel expenses	6,244	7,658	-1,414	-18.5
Depreciation	428	701	-273	-38.9
Other operating expenses	3,935	2,423	1,512	62.4
Income from recharged utilities and other operating costs	-10,141	-9,053	-1,088	12.0
Income from other reimbursements	-339	-816	477	-58.4
Other operating income from reimbursements	-1,370	-1,228	-142	11.6
Ground rent	-4	-25	21	-84.0
EPRA costs (including direct vacancy costs)	**16,296**	**16,542**	**-246**	**-1.5**
Direct vacancy costs	-944	-827	-117	14.1
EPRA costs (excluding direct vacancy costs)	**15,353**	**15,715**	**-362**	**-2.3**
Cash passing rent	61,060	56,997	4,063	7.1
EPRA Cost Ratio (including direct vacancy costs) in %	**26.7**	**29.0**	**-2.3 pp**	
EPRA Cost Ratio (excluding direct vacancy costs) in %	**25.1**	**27.6**	**-2.5 pp**	

INTERIM GROUP MANAGEMENT REPORT INDEX

INTERIM GROUP MANAGEMENT REPORT

1. COMPANY FUNDAMENTALS

1.1 BUSINESS MODEL OF THE GROUP

1.1.1 Organisational structure

With two effective branches in Berlin and Dresden, as well as various regional offices, TLG IMMOBILIEN AG has access to well-developed and established local networks in the growth regions of eastern Germany.

The organisation of TLG IMMOBILIEN is based on the following principles:

- Strategic portfolio management
  Shaped by a deep understanding of local markets and real estate, significant services such as strategic portfolio management and monitoring, valuation and portfolio planning are rendered centrally.

- Acquisitions and sales
  With its many years of extraordinary local expertise, TLG IMMOBILIEN is exceptionally well-connected in its core markets. This generates attractive opportunities for the company to grow and chances to dispose properties that do not belong to the core portfolio for the best possible prices.

  By focusing on the office and retail property asset classes and making investments ranging from core to value-added, the company has unlocked a wide range of investment opportunities.

- Asset and property management
  TLG IMMOBILIEN covers all major links in the real estate value chain internally. Its various branches bear a decentralised responsibility for commercial property management and tenant relations.

2. ECONOMIC REPORT

2.1 GENERAL ECONOMIC CONDITIONS AND REAL ESTATE MARKETS

2.1.1 General economic conditions

Following a temporary weak phase in the second and third quarter of 2014, the development of the German economy is currently much more positive. The gross domestic product in the first quarter of 2015 increased by 0.3% according to the German Federal Statistical Office. The economic barometer of the German Institute for Economic Research (DIW Berlin) also forecasts growth of 0.5% in the second quarter compared to the same quarter in the previous year.

Economic activity is being driven by strong domestic demand. A large part of the dynamism is the result of low energy prices which have stimulated the manufacturing and service industries and boosted individual purchasing power. This has led to increased private consumption amongst consumers. According to the evaluations of the consumer research society GfK, following 10.1 points in May the consumer confidence index will reach 10.2 points in June 2015, which would be its highest level since October 2001.

Positive developments on the job market are also improving consumer confidence. In June, unemployment in Germany fell to its lowest level in almost 24 years, which attests to the excellent state of the job market. According to the German Federal Employment Agency, in June 2015 the unemployment rate fell by 0.3 pp to 6.2% compared to the same month in the previous year. There were 30,647,700 employed people subject to social insurance contributions in May 2015, which corresponds to an increase of 1.7% over the same month in the previous year.

2.1.2 Economic situation in the sectors

The interest and financing rates in 2015 continue to be beneficial from the point of view of the real estate investment market. Low interest rates are making it easier to finance properties and helping increase the volume of transactions. According to Colliers International, the volume of transactions on the commercial investment market in Germany was around EUR 24.2 bn in the first half of 2015, which represents an increase of 40% compared to the previous year. With a commercial transaction volume of EUR 2.7 bn, Berlin experienced one of the largest upswings compared to the previous year (growth of 123%).

2.1.3 Development of the office property market

The healthy level of economic activity and the positive economic environment have led to dynamic developments on the major German office property markets. The positive developments on the job market described in 2.1.1 and the corresponding increases in employment in 2015 are stimulating demand for office properties.

In the first half of 2015, the seven-largest office property markets in Germany registered considerable growth of 11% with a turnover volume of 1.57 million sqm. As a result, the German office property market produced its best half-yearly results for four years. Berlin also experienced considerable growth in turnover. Compared to the previous year, the volume of turnover in the capital increased by 22%, hitting 338,500 sqm. The office property market in Leipzig – one of the core regions of TLG IMMOBILIEN alongside Berlin – also has good prospects for 2015. According to AENGEVELT, office space turnover on the office property market in Leipzig – one of the core regions of TLG IMMOBILIEN alongside Berlin – was approximately 33,000 sqm in the first six months of the year and thus 18% lower than in the same period in the previous year; however, this was due to an increasing lack of modern office space and low completion rates as opposed to lack of demand. In this context, office vacancy rates in Leipzig are expected to decrease further by the end of 2015.

The higher level of office space turnover resulted in further vacancy rate reductions. According to Colliers International, empty space on the seven-largest office property markets was cut by over 1 million sqm in the past twelve months. Consequently, the average vacancy rate in these cities fell by 1.2 pp to 6.1%. The vacancy rate reduction is driving rents – which were already on the increase in the first half of 2015 – upwards. According to Jones Lang LaSalle (JLL), the top rents in the seven top locations increased by 1.2% compared to the previous year. The top rents in Berlin are 23 EUR/sqm, which represents an increase of 4.5% over the course of the year. This growth in the top segment puts Berlin in first place throughout Germany, far ahead of Munich (+3.1%), one of the most expensive office locations in Germany.

2.1.4 Development of the retail property market

With 10.2 points in June 2015, consumer confidence in Germany reached its highest point for over 13 years. In spite of the greatly increasing trend, GfK expects a slight decrease in the total indicator to 10.1 points in July as a result of the current escalation of the debt crisis in Greece. In spite of these developments, income expectations increased by 5.2 points to hit a new record of 57.2 points. Given the positive economic developments and the favourable situation on the job market, wages in Germany could increase by an average of 3% in 2015.

These general conditions are having a positive effect on retail. According to the German Federal Statistical Office, turnover was 5.1% higher in June 2015 than in the same month in the previous year.

This is having a positive effect on the attractiveness of the retail property market to investors. In the first half of 2015, investors invested around EUR 9.8 bn in German retail properties, which represents an increase of almost 100% compared to the previous year (first half of 2014: EUR 5 bn). The level of dynamism behind the growth in rents is also remaining above average. According to JLL, the average annual increase in top rents will be 1.5%. In major German cities, including Berlin and Leipzig, JLL even expects the growth to hit 2.6%.

2.1.5 Development of the hotel property market

According to the preliminary findings of the Federal Statistical Office, 193.7 million overnight stays were recorded in Germany in the first half of 2015. This represents an increase in the number of overnight stays by 3% compared to the first half of 2014. Compared to the first six months of the previous year, the number of overnight stays by international guests increased by 5% to 34.4 million, whilst overnight stays by German guests increased by 3% to 159.3 million.

From January to May 2015, businesses in the German hotel and restaurant industry registered a real increase in turnover of 0.7% compared to the same period in the previous year. The attractive price-performance ratio on the German hotel market and the healthy level of economic activity are boosting the number of overnight stays by national and international guests.

According to BNP Paribas Real Estate, at EUR 1.48 bn in the first half of 2015 the German hotel investment market reached its second-highest transaction volume in the past decade. At 58%, the majority of the transaction volume in the first half of 2015 was attributable to German investors. Almost EUR 950 m of the transaction volume – or 64% of the total volume – was attributable to the six most important hotel locations in Germany[1].

2.2 POSITION OF THE COMPANY

2.2.1 Course of business

Overall, the performance of TLG IMMOBILIEN in the reporting period was positive. New properties were acquired in the core regions.

Key portfolio figures under IFRS

Key figures	**Total**	**Core portfolio**	Office properties	Retail properties	Hotel properties	Non-core portfolio
Property value (fair value) (in EUR k)	**1,622,185**	**1,528,698**	599,771	723,339	205,588	93,487
Annualised in-place rent (in EUR k)	**122,586**	**111,197**	41,315	57,279	12,603	11,389
In-place rental yield (in %)	**7.5**	**7.3**	7.0	7.9	5.9	12.1
EPRA Vacancy Rate (in %)	**4.9**	**3.9**	7.2	1.9	1.2	15.3
WALT (in years)	**7.0**	**7.2**	5.3	6.5	15.7	5.5
Properties (number)	**447**	**327**	49	273	5	120
Lettable area (in sqm)	**1,336,129**	**993,880**	400,054	517,973	75,852	342,249

As at 30 June 2015, the real estate portfolio of TLG IMMOBILIEN comprised a total of 447 properties (31/12/2014: 460) with a value (IFRS) of approx. EUR 1.622 bn (31/12/2014: approx. EUR 1.526 bn). Therefore, the value of the portfolio increased by 6.3% in the reporting period. Due primarily to strategic acquisitions and favourable market conditions, the core portfolio increased in value by 8.1% to approx. EUR 1.529 bn (31/12/2014: approx. EUR 1.414 bn). In contrast, the value of the non-core portfolio declined by 16.7% to EUR k 93,487 (31/12/2014: EUR k 112,259) due to the disposal of further properties that did not fit in with the portfolio strategy of TLG IMMOBILIEN.

[1] Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich

2.2.2 Results of operations

As expected, the results of operations of TLG IMMOBILIEN for the first half of 2015 were good. Positive net income according to IFRS of EUR k 74,886 was generated for the period. Compared to the first half of the previous year, the net income was EUR k 17,481 higher; the increase was primarily the result of the remeasurement of investment property. The table below presents the results of operations:

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014	Change	Change in %
Net operating income from letting activities	53,943	50,021	3,922	7.8
Result from the remeasurement of investment property	57,737	51,330	6,407	12.5
Result from the disposal of investment property	4,580	458	4,122	n/a
Result from the disposal of real estate inventory	111	2,289	-2,178	-95.2
Other operating income	3,326	3,633	-307	-8.5
Personnel expenses	6,244	7,658	-1,414	-18.5
Depreciation	428	701	-273	-38.9
Other operating expenses	3,935	2,423	1,512	62.4
Earnings before interest and taxes (EBIT)	**109,090**	**96,949**	**12,141**	**12.5**
Financial income	281	379	-98	-25.9
Financial expenses	11,730	12,094	-364	-3.0
Gain (-)/loss from the remeasurement of financial instruments	119	2,011	-1,892	-94.1
Earnings before taxes	**97,522**	**83,222**	**14,300**	**17.2**
Income taxes	22,634	25,817	-3,183	-12.3
Net income for the period	**74,886**	**57,405**	**17,481**	**30.5**
Other comprehensive income (OCI)	3,379	-4,727	8,106	n/a
Total comprehensive income	**78,265**	**52,678**	**25,587**	**48.6**

The net operating income from letting activities was EUR k 53,943 and has increased by EUR k 3,922 compared to the same period in the previous year, especially due to the fact that recently acquired properties were put into operational management and thus now affect net profit. The disappearance of rental income resulting from the sale of non-strategic properties led to the opposite effect.

At EUR k 57,737, the result from the remeasurement of investment property was positive in the first half of 2015. The growth was EUR k 6,407 higher than in the same period in 2014, essentially due to the favourable market conditions. The persistently low EPRA Vacancy Rate and long WALT had a stabilising effect.

Earnings of EUR k 4,691 were generated from the disposal of properties – which represents a total increase of EUR k 1,944 compared to the first half-year of 2014 – due primarily to the profitable disposal of one retail property.

The other operating income amounted to EUR k 3,326 and mainly comprises insurance compensation, contractual penalties received, income from receivables from previous property administrators and income from the reversal of bad debt allowances. Compared to the same period in the previous year, other operating income decreased by EUR k 307, due primarily to lower income from the reversal of bad debt allowances.

Compared to the same period in the previous year, personnel expenses decreased by EUR k 1,414 to EUR k 6,244 in the first half of 2015. This is due mainly to the restructuring of the company in 2013 and 2014, as well as the related reduction of the number of staff.

Other operating expenses increased by EUR k 1,512 to EUR k 3,935 compared to the same period in the previous year. In this regard, income of EUR k 2,142 from the reversal of provisions and liabilities served to lower expenditure in the first half of 2014. Without being offset against reversals, expenses in 2015 fell by EUR k 495, due primarily to lower expenditure in connection with valuation allowances for receivables.

In the first half of 2015, interest expenses were reduced compared to the same period in the previous year through the refinancing of loans and the restructuring of interest hedges in 2014. In spite of the increase in liabilities to financial institutions overall, interest expenses declined by EUR k 364 to EUR 11,730 compared to the previous period.

In the first half of 2014, expenses of EUR k 1,965 were recognised due to the fair value adjustment of financial instruments as a result of partially ineffective hedging relationships. In contrast, all hedging relationships were effective in the first half of 2015 following the restructuring of the interest hedges in 2014.

The tax expenses in the first half of 2015 comprise current income taxes of EUR k 4,124, aperiodic income from income taxes of EUR k -6,822 – most of which is the result of the reversal of tax liabilities for risks from audit of the years 2007 to 2011 – and deferred taxes of EUR k 25,332.

FFO changes

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014	Change	Change in %
Group income for the period	**74,886**	**57,405**	**17,481**	**30.5**
Income taxes	22,634	25,817	-3,183	-12.3
EBT	**97,522**	**83,222**	**14,300**	**17.2**
Result from the disposal of investment property	-4,580	-458	-4,122	n/a
Result from the disposal of real estate inventory	-111	-2,289	2,178	-95.2
Result from the remeasurement of investment property	-57,737	-51,330	-6,407	12.5
Gain/loss (-) from the remeasurement of financial instruments	119	2,011	-1,892	-94.1
Other effects [1]	-85	-1,664	1,579	-94.9
FFO before taxes	**35,126**	**29,492**	**5,634**	**19.1**
Income taxes	-22,634	-25,817	3,183	-12.3
Deferred taxes	25,332	8,348	16,984	203.4
Correction of current taxes due to a lump-sum calculation for interim periods	0	9,454	-9,454	-100.0
Correction of tax effects from the disposal of property, the rescheduling of interest rate hedge transactions and from aperiodic effects	-6,822	4,556	-11,378	n/a
FFO after taxes	**31,002**	**26,033**	**4,969**	**19.1**
Number of shares (in thousand) [2]	61,302	52,000		
FFO per share in EUR	**0.51**	**0.50**	**0.01**	**1.0**

[1] The other effects include
a) the depreciation of IAS 16 property (owner-occupied property) (EUR k 101, previous year EUR k 146)
b) income from the service contract with TAG WOHNEN which expired in 2014 (EUR k 30, previous year EUR k 320)
c) personnel restructuring expenses (EUR k 158, previous year EUR k 0)
d) share-based payments to the Management Board (EUR k 636, previous year EUR k 795)
e) income from insurance compensation and the payment of damages to the notary; previous year: reversal of provisions for reclaimed subsidies (EUR k 950, previous year EUR k 2,285)

[2] Before the company became an Aktiengesellschaft (stock corporation) on 5 September 2014, it was a limited liability company (GmbH). Therefore, for the purposes of comparison, the value of the issued shares is the value that would have existed if the company had always been an Aktiengesellschaft with the same number of shares.

The funds from operations (FFO) are a key performance indicator for the TLG IMMOBILIEN Group. The FFO in the first half of 2015, adjusted for significant non-recurring and non-cash effects, was EUR k 31,002. The FFO per share was EUR 0.51.

The considerable increase in the FFO by 19% or EUR k 4,969 compared to the same period in the previous year is predominantly due to the higher net operating income from letting activities and the cost-cutting measures in connection with expenses and personnel. Funds from operations are an important indicator for the performance of the company going forward.

EBITDA calculation

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014	Change	Change in %
Net income for the period	**74,886**	**57,405**	**17,481**	**30.5**
Income taxes	22,634	25,817	-3,183	-12.3
EBT	**97,522**	**83,222**	**14,300**	**17.2**
Net interest	11,449	11,715	-266	-2.3
Gain/loss (-) from the remeasurement of financial instruments	119	2,011	-1,892	-94.1
EBIT	**109,090**	**96,949**	**12,141**	**12.5**
Depreciation	428	701	-273	-38.9
Result from the remeasurement of investment property	-57,737	-51,330	-6,407	12.5
EBITDA	**51,781**	**46,320**	**5,461**	**11.8**

TLG IMMOBILIEN generated EBITDA of EUR k 51,781 in the first half of the 2015 financial year. This represents an increase of EUR k 5,461 over the same period in 2014, essentially due to the higher net operating income from letting activities and higher profits on disposals.

2.2.3 Financial position

The following cash flow statement was generated using the indirect method under IAS 7. Cash flows led to a considerable decrease in cash and cash equivalents in the first half of 2015, due primarily to the acquisition of properties and the payment of dividends in June.

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014	Change	Change in %
1. Cash flow from operating activities	39,343	-6,289	45,633	n/a
2. Cash flow from investing activities	-112,343	20,323	-132,666	n/a
3. Cash flow from financing activities	-25,422	-128,424	103,002	-80.2
Net change in cash funds	**-98,422**	**-114,390**	**15,969**	**-14.0**
Cash and cash equivalents at beginning of period	152,599	138,930	13,669	9.8
Cash and cash equivalents at end of period	**54,177**	**24,540**	**29,637**	**120.8**

The EUR k 45,633 increase in the cash flow from operating activities in the first half of 2015 compared to the same period in the previous year was mainly the result of the EUR k 21,769 decrease in interest paid. The first half of the previous year featured the payment of the SWAP settlement in the amount of EUR k 20,574. In 2015, the cash flow from operating activities was also positively affected by the decrease in trade receivables and other assets, as well as the smaller decline in liabilities.

The negative cash flow from investing activities of EUR k 112,343 essentially reflects the higher disbursements for the acquisition of properties. These include the retail centre on Adlergestell in Berlin, the office building on Doberaner Strasse in Rostock, the office and commercial building on Ferdinandplatz in Dresden and the retail centres in Bernau and Strausberg.

Furthermore, the cash received from the disposal of properties was EUR k 19,372 lower than in the same period in the previous year.

Amongst other factors, the higher cash flow from financing activities was the result of EUR k 74,197 lower disbursements for the repayment of loans in the first half-year of 2015, especially following the full repayment of the loan taken out by the then principal shareholders in the same period in the previous year. Disbursements of EUR k 233,000 to the shareholders and the borrowing of EUR k 188,868 also had an effect in 2014. A dividend of EUR k 15,326 was paid to the shareholders in 2015.

Overall, the cash and cash equivalents totalled EUR k 54,177 as at 30 June 2015. The cash and cash equivalents consist entirely of liquid capital.

2.2.4 Net asset position

The following table represents the condensed assets and capital structure. Liabilities and receivables due in more than one year have been categorised as long term.

in EUR k	30/06/2015	31/12/2014	Change	Change in %
Investment property/prepayments	1,689,607	1,495,509	194,098	13.0
Deferred tax assets	2,806	3,006	-200	-6.7
Other non-current assets	21,207	24,256	-3,049	-12.6
Non-current financial assets	2,503	2,475	28	1.1
Cash and cash equivalents	54,177	152,599	-98,422	-64.5
Other current assets	27,897	60,155	-32,258	-53.6
Total assets	**1,798,197**	**1,738,000**	**60,197**	**3.5**
Equity	811,885	747,964	63,921	8.5
Non-current liabilities	745,782	758,669	-12,887	-1.7
Deferred tax liabilities	177,140	150,463	26,677	17.7
Current liabilities	63,388	80,904	-17,516	-21.7
Total equity and liabilities	**1,798,197**	**1,738,000**	**60,197**	**3.5**

The assets side is dominated by investment property including prepayments. Compared to 31 December 2014, the proportion of investment property in the total assets increased from 86% to 94%, due primarily to the increase in real estate assets through acquisitions and fair value adjustments.

In the first half of 2015, investment property including prepayments increased by EUR k 194,098 to EUR k 1,689,607, due primarily to acquisitions such as the retail centre on Adlergestell in Berlin, the office building on Doberaner Strasse in Rostock and the office and commercial building on Ferdinandplatz in Dresden (EUR k 60,985), advance payments on investment property (EUR k 76,745) such as the retail centres in Bernau and Strausberg, as well as adjustments to fair value (EUR k 57,737).

Other factors included the capitalisation of construction measures (EUR k 3,147), reclassifications as assets classified as held for sale (EUR k 6,592), the receipt of investment subsidies (EUR k -1,430) and reclassifications from property, plant and equipment (EUR k 3,506), as the proportion of area used by TLG IMMOBILIEN in its own properties was reduced.

The equity of the Group is EUR k 811,885 and increased by EUR k 63,921 due to the net income of EUR k 74,886 generated for the period. The distribution of the dividend of EUR k 15,326 had a decreasing effect. Of the equity, EUR k 2,680 represents non-controlling interests.

As at 30 June 2015, the balance sheet total increased by EUR k 60,197 to EUR k 1,798,197.

Net Loan to Value (Net LTV)

in EUR k	30/06/2015	31/12/2014	Change	Change in %
Investment property (IAS 40)	1,606,950	1,489,597	117,354	7.9
Advance payments on investment property (IAS 40)	82,657	5,912	76,745	n/a
Owner-occupied property (IAS 16)	9,387	12,921	-3,534	-27.4
Non-current assets classified as held for sale (IFRS 5)	4,428	21,991	-17,564	-79.9
Real estate inventory (IAS 2)	1,421	1,477	-57	-3.8
Real estate	**1,704,842**	**1,531,898**	**172,944**	**11.3**
Liabilities to financial institutions	758,250	770,447	-12,197	-1.6
Cash and cash equivalents	54,177	152,599	-98,422	-64.5
Net debt	**704,073**	**617,848**	**86,225**	**14.0**
Net Loan to Value (Net LTV) in %	**41.3**	**40.3**	**1.0 pp**	

As a ratio between net debt and real estate assets, the Net LTV is a key performance indicator for the company and amounted to 41.3% in the Group as at the reporting date. This represents an increase of 1.0 pp from 31 December 2014, essentially due to the increase in net debt caused by the reduction in cash combined with the simultaneous increase in real estate assets through new acquisitions. The loans negotiated for the acquisitions will come into effect in the second half of the year.

In the current financial year, the Group aims to continue securing access to outside capital at attractive financing rates whilst not exceeding a reasonable proportion of debt.

Equity ratio

in EUR k	30/06/2015	31/12/2014	Change	Change in %
Equity	811,885	747,964	63,921	8.5
Total equity and liabilities	1,798,197	1,738,000	60,197	3.5
Equity ratio in %	**45.1**	**43.0**	**2.1 pp**	

Compared to 31 December 2014, the equity ratio increased by 2.1% to 45.1%, essentially due to the increase in equity.

EPRA Net Asset Value (EPRA NAV)

in EUR k	30/06/2015	31/12/2014	Change	Change in %
Equity [1]	809,205	745,395	63,810	8.6
Fair value adjustments of fixed assets (IAS 16)	3,849	3,918	-70	-1.8
Fair value adjustment of real estate inventory (IAS 2)	913	588	326	55.4
Fair value of financial instruments	12,890	17,814	-4,924	-27.6
Deferred tax assets	-2,806	-3,006	200	-6.7
Deferred tax liabilities	177,140	150,463	26,677	17.7
Goodwill	-1,164	-1,164	0	0.0
EPRA Net Asset Value (EPRA NAV)	**1,000,027**	**914,008**	**86,019**	**9.4**
EPRA NAV per share (in EUR)	16.31	14.91		

[1] Adjusted for non-controlling interests

The EPRA Net Asset Value (EPRA NAV) is another key performance indicator of TLG IMMOBILIEN. It was EUR k 1,000,027 at the end of the first half of 2015. Compared to 31 December 2014, the EPRA NAV increased by EUR k 86,019 due mainly to the change in equity caused by the net income generated for the period of EUR k 74,886 and the increase in deferred tax liabilities by EUR k 26,677.

This corresponds to an EPRA NAV per share of EUR 16.31, compared to EUR 14.91 on 31 December 2014.

3. FORECAST, RISK AND OPPORTUNITY REPORT

3.1 FORECAST REPORT

The expected development of TLG IMMOBILIEN in 2015 was described in detail in the 2014 Group management report.

The company was able to expand its property portfolio through acquisitions more quickly than anticipated at the start of the financial year. In the context of the acquisitions and the resulting increase in rental income, TLG IMMOBILIEN now expects its funds from operations (FFO) to increase to approx. EUR 63 m (previous year EUR 52.4 m).

The stated target for the Net LTV remains between 45 and 50%.

TLG IMMOBILIEN expects the development of the EPRA NAV to be slightly positive by the end of the financial year excluding gains and losses from the remeasurement of investment property. The development of the fair value of the investment property will also be additionally reflected in the EPRA NAV.

3.2 RISK REPORT

The business activities of TLG IMMOBILIEN are exposed to general economic risks as well as specific inherent risks which can greatly affect its assets, financial and earnings position. These risks are described in detail in the 2014 consolidated financial statements.

Significant changes compared to 31 December 2014 resulted from the sales, impairment and financing risks.

Higher turnover than expected was generated through the sale of a property in the first quarter of 2015. With regard to the sales risk, the probability of the company failing to generate the expected level of turnover for 2015 is now considered low instead of medium.

The growth of the property portfolio, especially through new acquisitions in the second quarter of 2015, resulted in a slight increase in the potential loss from the remeasurement of property. The probability of occurrence is not considered to have changed.

TLG IMMOBILIEN observed an increase in the interest rates for long-term loan financing in the second quarter of 2015, even if interest rates are remaining at an all-time low. Considering the future, the probability that interest rates will increase is slightly higher estimated as is the potential loss due to financial expenses; this might also increase slightly due to the volume of liabilities to financial institutions which will increase in the coming months due to the financing of the new acquisitions.

During the reporting period, none of the other risks changed significantly in terms of their parameters since 31 December 2014.

The existence of the company is currently not considered to be at risk.

3.3 OPPORTUNITY REPORT

The opportunities to which TLG IMMOBILIEN has access did not undergo any significant changes within the first half of 2015. Therefore, please see the disclosures in the opportunity report in the consolidated financial statements of 31 December 2014.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS INDEX

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 June 2015

in EUR k	01/04/2015–30/06/2015	01/04/2014–30/06/2014	01/01/2015–30/06/2015	01/01/2014–30/06/2014
Net operating income from letting activities	**27,492**	**25,505**	**53,943**	**50,021**
Income from letting activities	36,047	33,996	71,487	66,903
a) Rental income	30,686	28,551	61,060	56,997
b) Income from recharged utilities and other operating costs	5,247	4,905	10,141	9,053
c) Income from other goods and services	114	540	286	853
Expenses related to letting activities	8,555	8,491	17,544	16,882
d) Utilities and other operating costs	7,044	6,168	14,165	12,690
e) Maintenance expenses	1,031	691	2,195	1,903
f) Other expenses	481	1,632	1,184	2,289
Result from the remeasurement of investment property	**34,598**	**43,789**	**57,737**	**51,330**
Result from the disposal of investment property	**-1,237**	**-153**	**4,580**	**458**
Result from the disposal of real estate inventory	**138**	**-44**	**111**	**2,289**
a) Proceeds from the disposal of real estate inventory	51	118	47	5,901
b) Book value of real estate inventory disposed	-87	162	-64	3,612
Other operating income	**1,464**	**1,943**	**3,326**	**3,633**
Personnel expenses	**3,040**	**4,290**	**6,244**	**7,658**
Depreciation	**210**	**352**	**428**	**701**
Other operating expenses	**2,326**	**715**	**3,935**	**2,423**
Earnings before interest and taxes (EBIT)	**56,879**	**65,682**	**109,090**	**96,949**
Financial income	**106**	**229**	**281**	**379**
Financial expenses	**5,701**	**5,049**	**11,730**	**12,094**
Gain (-)/loss from the remeasurement of financial instruments	**60**	**46**	**119**	**2,011**
Earnings before taxes	**51,224**	**60,816**	**97,522**	**83,222**
Income taxes	**8,460**	**18,866**	**22,634**	**25,817**
Net income	**42,762**	**41,950**	**74,886**	**57,405**
Other comprehensive income:				
thereof non-recycling				
Actuarial gains and losses	0	0	0	0
thereof recycling				
Change in fair value of derivatives in hedge accounting, after taxes	5,393	569	3,379	-4,727
Total comprehensive income for the year	**48,155**	**42,519**	**78,265**	**52,678**
Of the consolidated net income for the period, the following is attributable to:				
Non-controlling interests	41	0	113	0
Shareholders of the parent company	42,721	41,950	74,773	57,405
Earnings per share				
undiluted in EUR	0.70	0.80	1.22	1.10
diluted in EUR	0.70	0.80	1.22	1.10
Of the total net income, the following is attributable to:				
Non-controlling interests	41	0	113	0
Shareholders of the parent company	48,114	42,519	78,152	52,678

CONSOLIDATED BALANCE SHEET

as at 30 June 2015

Assets

in EUR k	30/06/2015	31/12/2014
A) Non-current assets	**1,716,123**	**1,525,246**
Investment property	1,606,950	1,489,597
Advance payments on investment property	82,657	5,912
Property, plant and equipment	10,506	14,140
Intangible assets	1,585	1,684
Other non-current financial assets	2,503	2,475
Other assets	9,116	8,432
Deferred tax assets	2,806	3,006
B) Current assets	**82,074**	**212,754**
Real estate inventory	1,421	1,477
Trade receivables	6,890	12,552
Receivables from income taxes	7,583	9,808
Other current financial assets	990	981
Other receivables and assets	6,585	13,346
Cash and cash equivalents	54,177	152,599
Non-current assets classified as held for sale	4,428	21,991
Total assets	**1,798,197**	**1,738,000**

Equity and liabilities

in EUR k	30/06/2015	31/12/2014
A) Equity	**811,885**	**747,964**
Subscribed capital	61,302	61,302
Capital reserves	343,987	343,003
Retained earnings	413,522	354,074
Other comprehensive income	-9,606	-12,984
Equity attributable to the shareholders of the parent company	809,205	745,395
Non-controlling interests	2,680	2,569
B) Liabilities	**986,310**	**990,036**
I.) Non-current liabilities	**922,922**	**909,132**
Non-current liabilities to financial institutions	723,331	731,102
Pension obligations	8,187	8,241
Non-current financial instruments	12,890	17,814
Other non-current liabilities	1,374	1,512
Deferred tax liabilities	177,140	150,463
II.) Current liabilities	**63,388**	**80,904**
Current liabilities to financial institutions	34,919	39,345
Trade payables	11,610	13,876
Other current provisions	5,504	5,691
Tax liabilities	3,139	9,607
Other current liabilities	8,216	12,384
Total equity and liabilities	**1,798,197**	**1,738,000**

CASH FLOW STATEMENT

for the period from 1 January to 30 June 2015

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014
1. Cash flow from operating activities		
Net income for the period before taxes	97,522	83,225
Depreciation of property, plant and equipment and amortisation of intangible assets	428	700
Result from fair value adjustments of investment property	-57,737	-51,330
Result from the remeasurement of financial instruments	-119	2,012
Increase/decrease (-) in provisions	-382	-3,980
Other non-cash income and expenses	982	795
Gain (-)/loss from the disposal of property, plant and equipment and intangible assets	-4,580	0
Increase (-)/decrease in real estate inventory	56	67
Financial income	-281	-379
Financial expenses	11,730	12,094
Increase (-)/decrease in trade receivables and other assets	15,662	-994
Increase/decrease (-) in trade payables and other liabilities	-6,138	-8,813
Cash flow from operating activities	57,143	33,397
Interest received	281	361
Interest paid	-13,788	-35,557
Income tax paid	-4,293	-4,490
Net cash flow from operating activities	39,343	-6,289
2. Cash flow from investing activities		
Proceeds from disposal of investment property	28,735	48,107
Disbursements for investments in investment property	-140,877	-27,446
Disbursements for investments in property, plant and equipment	-138	-189
Disbursements for investments in intangible assets	-63	-149
Cash flow from investing activities	-112,343	20,323
3. Cash flow from financing activities		
Cash distributions to shareholders	-15,326	-233,000
Cash received from bank loans	0	188,868
Repayments of bank loans	-10,096	-84,293
Cash flow from financing activities	-25,422	-128,424
4. Cash and cash equivalents at end of period		
Change in cash and cash equivalents (subtotal of 1 to 3)	-98,422	-114,390
Cash and cash equivalents at beginning of period	152,599	138,930
Cash and cash equivalents at end of period	54,177	24,540
5. Composition of cash and cash equivalents		
Cash	54,177	24,540
Cash and cash equivalents at end of period	54,177	24,540

CHANGES IN GROUP EQUITY

for the first half-year of 2014 and 2015

in EUR k	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income		Non-controlling interests	Equity
				Reserve hedge accounting	Actuarial gains and losses		
01/01/2014	**52,000**	**410,249**	**339,939**	**-124**	**-1,028**	**0**	**801,036**
Net income for the period	0	0	57,408	0	0	0	57,408
Other comprehensive income	0	0	0	-4,727	0	0	-4,727
Total comprehensive income	**0**	**0**	**57,408**	**-4,727**	**0**	**0**	**52,681**
Withdrawals from the capital reserve	0	-158,547	158,547	0	0	0	0
Distributions to shareholders	0	0	-233,000	0	0	0	-233,000
Capital contribution in connection with share-based payments	0	795	0	0	0	0	795
30/06/2014	**52,000**	**252,497**	**322,894**	**-4,851**	**-1,028**	**0**	**621,512**
01/01/2015	**61,302**	**343,003**	**354,074**	**-11,050**	**-1,934**	**2,569**	**747,963**
Net income for the period	0	0	74,773	0	0	113	74,886
Other changes	0	0	0	3,379	0	0	3,379
Total comprehensive income	**0**	**0**	**74,773**	**3,379**	**0**	**113**	**78,265**
Adjustments for minority interests	0	0	0	0	0	-3	-3
Dividend payments	0	0	-15,326	0	0	0	-15,326
Capital contribution in connection with share-based payments	0	984	0	0	0	0	984
30/06/2015	**61,302**	**343,987**	**413,522**	**-7,672**	**-1,934**	**2,680**	**811,885**

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as at 30 June 2015

A. GENERAL DISCLOSURES ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF TLG IMMOBILIEN AG

A.1 ABOUT THE COMPANY

TLG IMMOBILIEN AG, Berlin, (TLG IMMOBILIEN or the Parent Company) a German Aktiengesellschaft (stock corporation) based at Hausvogteiplatz 12, 10117 Berlin, Germany, registered in the Berlin commercial register under number HRB 161314 B, is, together with its subsidiaries (the TLG IMMOBILIEN Group), among the largest real estate companies in Berlin and eastern Germany.

The main activities of the Group are the conclusion of real estate transactions and any type of related business, especially the operational management, letting, construction, conversion, acquisition and sale of commercial real estate in the broader sense, especially office, retail and hotel properties, the development of real estate projects and the provision of services in connection with these corporate activities, either itself or through companies in which the company holds a stake.

The main activities of the TLG IMMOBILIEN Group are essentially free from seasonal influences. However, the sale and acquisition of commercial real estate are subject to economic influences.

A.2 BASES OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements of the TLG IMMOBILIEN Group were prepared in accordance with IAS 34 ("Interim Financial Reporting") in condensed form and in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB), as adopted by the European Union. The consolidated interim financial statements were prepared in accordance with the provisions of Regulation (EC) No 1606/2002 of the European Parliament and of the European Council of 19 July 2002 concerning the application of international accounting standards in conjunction with § 315a (3) of the German Commercial Code (HGB), taking into account the supplementary commercial regulations. The requirements of IAS 34 ("Interim Financial Reporting") have been complied with. Following the option provided by IAS 34.10, the notes were prepared in condensed form. These condensed consolidated interim financial statements have been audited.

The consolidated interim financial statements comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes. Besides the consolidated interim financial statements, the interim report comprises the interim Group management report and the responsibility statement.

The consolidated interim financial statements have been prepared in euros.

Unless otherwise stated, all amounts are rounded to thousands of euros (EUR k). Due to rounding, the figures reported in tables and references may deviate from their exact values as calculated.

B. NEW ACCOUNTING STANDARDS

The TLG IMMOBILIEN Group has fully applied all new mandatory standards and interpretations as at 1 January 2015. In accordance with IFRIC 21, the property tax liabilities for the entire 2015 financial year were recognised as liabilities as at 1 January 2015.

The initial application of IFRIC 21 ("Levies") essentially resulted in changes to other receivables and assets, as well as other liabilities. Recoverable property tax of EUR k 1,476 has been accrued under other receivables and assets as at the date of the half-year financial report. The other liabilities comprise property tax of EUR k 1,905 which is as yet unpaid in 2015. The non-recoverable property tax of EUR k 429 resulting from the accrual has remained with the owner and is recognised under expenses related to letting activities.

There were no effects on the position of assets, financial and earnings of TLG IMMOBILIEN at the end of the financial year.

C. CONSOLIDATION

C.1 CHANGES IN THE GROUP

There were no changes to the basis of consolidation after 31 December 2014.

C.2 FINAL PURCHASE PRICE ALLOCATION OF TLG FAB S.À R.L.

In these financial statements, the purchase price of the shares in TLG FAB S.à r.l. (formerly EPISO Berlin Office Immobilien S.à r.l.) acquired under the purchase agreement of 5 September 2014 was allocated within the twelve months required by IFRS 3.

The table below provides an overview of the summarised final purchase price allocations:

Final presentation of the balance sheets of TLG FAB S.à r.l.

in EUR k	Carrying amounts on the date of acquisition	Remeasurement of assets and liabilities	Carrying amounts on the date of initial consolidation
Investment property	50,000	0	50,000
Trade receivables	234	-48	186
Other receivables and assets	44	0	44
Cash and cash equivalents	901	0	901
Deferred tax assets	441	0	441
Total other assets	**51,620**	**-48**	**51,572**
Other non-current liabilities	1,710	0	1,710
Deferred tax liabilities	3,125	0	3,125
Trade payables	253	4	257
Other current liabilities	31,934	0	31,934
Total liabilities	**37,022**	**4**	**37,026**
Net assets acquired	**14,598**	**-52**	**14,546**

Comparative information for the reporting periods before the completion of the initial recognition of the purchase are to be presented with retroactive effect as if the purchase price allocation had already been finalised by the acquisition date.

There were no major changes to purchase price allocations compared to those recognised in the consolidated balance sheet of 31 December 2014.

The effects of the disinvestments on the assets, liabilities, financial position and profit or loss of TLG IMMOBILIEN AG were negligible.

D. EXPLANATION OF ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied in these consolidated interim financial statements are virtually identical to the methods outlined in the IFRS consolidated financial statements. Therefore, these consolidated interim financial statements are to be read in conjunction with the consolidated financial statements of TLG IMMOBILIEN of 31 December 2014.

D.1 MAJOR DISCRETIONARY DECISIONS AND ESTIMATES

The application of accounting and valuation methods requires the management to make assumptions and estimates which will influence the carrying amounts of the recognised assets, liabilities, income and expenses, as well as the disclosure of contingent liabilities. However, the inherent uncertainty of these assumptions and estimates could lead to events which will necessitate adjustments to the carrying amounts or disclosure of certain assets and liabilities in the future.

These assumptions and estimates primarily concern the measurement of investment property and the accounting and measurement of assets intended for sale, liabilities, pension provisions, other provisions, financial debt and the recognition of deferred tax assets.

Although the management assumes that the assumptions and estimates used are reasonable, unforeseeable changes to these assumptions could affect the financial position, cash flows and results of operations of the Group.

D.2 DISCLOSURE OF BUSINESS SEGMENTS

There were no changes from the consolidated financial statements of 31 December 2014 when the management report was generated. Consequently, in accordance with IFRS 8, there is a single reportable segment which encompasses all operative activities of the TLG IMMOBILIEN Group and about which the main decision-makers regularly receive reports.

D.3 FAIR VALUE CALCULATION

All assets, equity instruments and liabilities measured at fair value due to the requirements of other standards (with the exception of IAS 17 "Leases" and IFRS 2 "Share-based Payment") have been measured holistically in accordance with IFRS 13. IFRS 13.9 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments are determined on the basis of corresponding market values or valuation methods. For cash and cash equivalents and other current primary financial instruments, the fair values correspond approximately to the carrying amounts on the balance sheet on each key date.

With regard to non-current receivables and other assets and liabilities, the fair value is determined on the basis of the expected cash flows using the applicable reference interest rates on the balance sheet date. The fair values of the derivatives are calculated on the basis of the reference interest rates plus their own risks and the counterparty risk on the accounting date.

For financial instruments to be recognised at their fair value, the fair value is generally calculated using the corresponding market and stock exchange rates. If no market or stock exchange rates are available, the fair value is measured using standard valuation methods with consideration for instrument-specific market parameters. The fair value is calculated using the discounted cash flow method, whereby individual credit ratings and other market conditions are taken into account in the form of conventional liquidity spreads when calculating the present value.

Investment property is measured at its fair value. The fair value calculation of investment property is categorised under Level 3 of the measurement hierarchy of IFRS 13.86 (measurement on the basis of unobservable input factors).

The fair values of the properties held over the long term in order to generate rental income or for the purposes of appreciation were calculated using the discounted cash flow method. Properties with negative deposit surpluses (such as properties vacant in the long term) are measured using the liquidation value method (land value minus removal expenses, plus any remaining net income). The value of undeveloped land is calculated using the comparative value method with consideration for the standard land values of the local committees of experts.

As the measurement of the financial investments has not changed in comparison with the 2014 consolidated financial statements, the detailed information on the fair value calculation in the consolidated financial statements has also not changed.

For the TLG IMMOBILIEN Group, the fair value hierarchy was as follows on 30 June 2015:

in EUR k	Level 2	Level 3
Other non-current financial assets	2,503	–
Investment property	–	1,606,950
Liabilities to financial institutions [1]	758,250	–
Derivatives with negative fair value	12,890	–

[1] The fair value of the liabilities to financial institutions has been calculated exclusively for the purposes of the disclosures in the notes.

By way of comparison, the hierarchy was as follows on 31 December 2014:

in EUR k	Level 2	Level 3
Other non-current financial assets	2,475	–
Investment property	–	1,489,597
Liabilities to financial institutions [1]	770,447	–
Derivatives with negative fair value	17,814	–

[1] The fair value of the liabilities to financial institutions has been calculated exclusively for the purposes of the disclosures in the notes.

There have been no transfers within the fair value hierarchy since 31 December 2014.

E. NOTES ON THE CONSOLIDATED BALANCE SHEET

E.1 INVESTMENT PROPERTY

The carrying amount of the investment property developed as follows in the 2014 financial year and up to the reporting date of the consolidated interim financial statements in 2015:

in EUR k	2015	2014
Carrying amount as at 01/01	**1,489,597**	**1,414,691**
Acquisitions	60,985	43,082
Additions from mergers	0	50,000
Capitalisation of construction activities	3,147	12,320
Receipt of subsidies/grants	-1,430	0
Reclassification as assets held for sale	-6,592	-86,635
Reclassification as property, plant and equipment	0	-25
Reclassification from property, plant and equipment	3,506	3,470
Fair value adjustment	57,737	52,694
Carrying amount as at 30/06/2015 and 31/12/2014	**1,606,950**	**1,489,597**

TLG IMMOBILIEN's portfolio strategy intends for a concentration on the office and retail asset classes, as well as on hotel properties with long-term leases in certain prime inner-city locations, particularly in Berlin and Dresden. While the office portfolio is intended to be largely limited to Berlin, Dresden, Leipzig and Rostock, the retail portfolio – which is dominated by food retail properties in the retail foodstuffs sector – is more broadly distributed. Decisions pertaining to acquisitions and disposals of properties and to necessary investments are subject to the aforementioned principles of the portfolio strategy.

In particular, in the first half of 2015 two attractive office properties in Dresden and Rostock, as well as a retail centre in Berlin, were added to the core portfolio with a total investment volume of EUR k 60,985. This corresponds to 66% of the increase of EUR k 93,082 realised in 2014 through mergers and acquisitions.

In the first half of 2015, reclassifications as assets classified as held for sale totalled EUR k 6,592. Following the years 2013 and 2014, which were characterised by the high number of disposals for the purposes of adjusting the portfolio, fewer strategic disposals are expected to be made in 2015.

The EUR k 57,737 fair value adjustment in the first half of 2015 reflects the persistently good development of the market (previous year EUR k 52,694). In addition to the favourable market conditions, the low EPRA Vacancy Rate of 4.9% and a weighted average lease term (WALT) of 7.0 years in the core portfolio caused the fair value to stabilise.

The fair values of investment property were as follows, broken down by valuation method and by asset class as at 30 June 2015. Prepayments on these properties are not included here; they are recognised separately in the balance sheet.

Portfolio overview by asset class

	Investment properties	Discount rate			Capitalisation rate		
	in EUR k	Min. in %	Max. in %	Average (rated according to gross present value) in %	Min. in %	Max. in %	Average (rated according to net sales price) in %
As at 30/06/2015							
Valuation method = discounted cash flow (DCF)							
Retail properties	717,599	3.50	15.00	5.88	5.25	33.00	7.90
Office properties	590,154	4.00	7.60	5.01	4.00	15.00	6.49
Hotel properties	205,588	4.50	5.00	4.63	6.00	6.25	6.05
Other properties	77,010	3.75	14.00	7.53	4.00	25.00	10.84
Total (DCF)	**1,590,351**	**3.50**	**15.00**	**5.46**	**4.00**	**33.00**	**7.23**
Valuation method = liquidation method (LM)							
Retail properties	5,740	4.50	4.50	4.50	–	–	–
Office properties	230	7.50	7.50	7.50	–	–	–
Other properties	10,629	4.75	9.50	5.53	–	–	–
Total (LM)	**16,599**	**4.50**	**9.50**	**5.20**	**–**	**–**	**–**
Total	**1,606,950**						
Multiplier net rental	13.15						

The following values were reported as at 31 December 2014:

As at 31/12/2014							
Valuation method = discounted cash flow (DCF)							
Retail properties	663,347	3.75	15.00	6.09	5.50	33.00	8.13
Office properties	547,145	4.00	12.00	5.26	4.00	15.00	6.86
Hotel properties	191,415	4.75	6.00	5.09	6.25	6.50	6.46
Other properties	69,888	3.75	12.00	7.00	4.00	25.00	10.92
Total (DCF)	**1,471,794**	**3.75**	**15.00**	**5.68**	**4.00**	**33.00**	**7.54**
Valuation method = liquidation method (LM)							
Retail properties	5,740	4.75	4.75	4.75	–	–	–
Office properties	230	7.50	7.50	7.50	–	–	–
Other properties	11,833	5.00	9.50	5.58	–	–	–
Total (LM)	**17,803**	**4.75**	**9.50**	**5.34**	**–**	**–**	**–**
Total	**1,489,597**						
Multiplier net rental	12.58						

E.2 OTHER FINANCIAL ASSETS

The other financial assets included EUR k 550 in restricted funds as at 30 June 2015 (previous year EUR k 2,621).

E.3 EQUITY

The change in the components of Group equity can be found in the consolidated statement of changes in equity.

In the financial year, a total of EUR 15.3 m was distributed to the shareholders, which corresponds to EUR 0.25 per no-par value share entitled to the dividend.

F. NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

F.1 NET OPERATING INCOME FROM LETTING ACTIVITIES

The income from operational management increased by EUR k 4,584 or 6.9% compared to the first half of 2014. Smaller properties were disposed of and high-quality individual properties were acquired as part of the portfolio optimisation process in 2014 and 2015. The additions to the portfolio have had a positive effect on net income from operational management in 2015.

As a result, net operating income from letting activities of EUR k 53,943 was generated in the first half of 2015, which represents an increase of EUR k 3,922 compared to the same period in the previous year.

F.2 RESULT FROM THE REMEASUREMENT OF INVESTMENT PROPERTY

The result from the remeasurement of investment property was essentially positive in the first half of 2015, due to the continuously favourable market conditions. In addition to the favourable market conditions, the low EPRA Vacancy Rate of 4.9% and a weighted average lease term (WALT) of 7.0 years in the core portfolio caused the fair value to stabilise.

F.3 PERSONNEL EXPENSES

Personnel expenses developed as follows:

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014
Salaries	3,701	5,044
Social security contributions and cost of old age pensions	667	1,041
Bonuses	734	778
Severance packages	158	0
Share-based payment components according to IFRS 2	984	795
Total	**6,244**	**7,658**

The decrease in personnel expenses was attributable primarily to the decline in the employee headcount in connection with the restructuring measures.

Proportional expenses for a share-based payment component for certain employees were recognised for the first time in the first quarter of the 2015 financial year, in line with IFRS 2. The grant date fair value of this scheme, which was introduced in the first quarter of 2015, is EUR k 137.

F.4 NET INTEREST RESULT

Net interest result is broken down as follows:

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014
Net interest from bank balances	-73	-199
Net interest from default interest and deferrals	-151	-174
Other interest income	-57	-6
Total interest and similar income	**-281**	**-379**
Interest expenses for interest rate derivatives	2,040	2,140
Interest on loans	8,979	8,947
Interest expense from pension provisions	73	0
Other interest expenses	638	1,007
Total interest and similar expenses	**11,730**	**12,094**
Financial result	**11,449**	**11,715**

In spite of a higher overall value of loans, interest expenses decreased slightly. This is essentially the result of the full repayment in first half-year 2014 of a loan taken out by the shareholder in 2013, as well as refinancing at more favourable rates.

F.5 RESULT FROM THE REMEASUREMENT OF FINANCIAL INSTRUMENTS

As there were no effective hedging relationships in the first half of 2014, expenses of EUR k 1,965 were recognised from the fair value adjustment of financial instruments. Nevertheless, there was no ineffectiveness in derivatives in hedge accounting in the first half of 2015 following the restructuring of the interest hedges in 2014.

F.6 INCOME TAXES

The tax expense/income can be broken down as follows:

in EUR k	01/01/2015–30/06/2015	01/01/2014–30/06/2014
Current income taxes	4,124	17,516
Prior-period income taxes	-6,822	-47
Deferred taxes	25,332	8,348
Tax expense/income	**22,634**	**25,817**

The aperiodic current income taxes of EUR k -6,822 essentially concern the reversal of tax liabilities formed for audit risks for 2007 to 2011.

F.7 EARNINGS PER SHARE

The earnings per share are calculated by dividing the net income/loss for the period attributable to the shareholders by the weighted average number of ordinary shares in circulation within the reporting period.

	01/01/2015–30/06/2015	01/01/2014–30/06/2014
Net income from the period attributable to the shareholders in EUR k	74,773	57,408
Average weighted number of shares issued, in thousands[1]	61,302	52,000
Undiluted earnings per share in EUR	1.22	1.10
Potential diluting effect of the share-based payment of the LTI in 2015–2018, in thousand shares	34	0
Number of shares with a potential diluting effect, in thousands	61,336	52,000
Diluted earnings per share in EUR	**1.22**	**1.10**

[1] Before the company became an Aktiengesellschaft (stock corporation) on 5 September 2014, it was a limited liability company (GmbH). Therefore, for the purposes of comparison, the number of the issued shares is the value that would have existed if the company had always been an Aktiengesellschaft with the same number of shares.

The share-based payment of the Management Board and some employees has a diluting effect based on the amount of work already carried out. The number of shares on the reporting date was increased by 34 thousands shares.

G. OTHER INFORMATION

G.1 DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

The following table presents the financial assets and liabilities by measurement category and class. Hedge derivatives are also accounted for, although they do not belong to any of the measurement categories of IAS 39. Additionally, with regard to the reconciliation of the balance sheet, the non-financial liabilities are accounted for even though they are not subject to IFRS 7:

in EUR k	Measurement category in accordance with IAS 39	Measured at amortised cost		Measured at fair value	No measurement category in accordance with IAS 39	No financial instruments in accordance with IAS 32	**Total**
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	**Carrying amount**
30/06/2015							
Other non-current financial assets	LaR	2,503	2,503				**2,503**
Trade receivables	LaR	6,890	6,890				**6,890**
Other current financial assets	LaR	990	990				**990**
Cash and cash equivalents	LaR	54,177	54,177				**54,177**
Total financial assets		**64,559**	**64,559**	**0**	**0**	**0**	**64,559**
Liabilities to financial institutions [1]	FLaC	758,250	796,514				**758,250**
Trade payables	FLaC	11,610	11,610				**11,610**
Financial instruments [2]	FLHfT			0	12,890		**12,890**
Other liabilities	FLaC	9,590	2,423			7,167	**9,590**
Total financial liabilities		**779,449**	**810,546**	**0**	**12,890**	**7,167**	**792,340**
31/12/2014							
Other non-current financial assets	LaR	2,475	2,542				**2,475**
Trade receivables	LaR	12,552	12,552				**12,552**
Other current financial assets	LaR	981	981				**981**
Cash and cash equivalents	LaR	152,599	152,599				**152,599**
Total financial assets		**168,607**	**168,674**	**0**	**0**	**0**	**168,607**
Liabilities to financial institutions [1]	FLaC	770,447	819,243				**770,447**
Trade payables	FLaC	13,876	13,876				**13,876**
Financial instruments [2]	FLHfT			0	17,814		**17,814**
Other liabilities	FLaC	13,896	4,185			9,712	**13,896**
Total financial liabilities		**798,219**	**837,304**	**0**	**17,814**	**9,712**	**816,033**

Categorisation of underlying inputs for fair value measurement in accordance with IFRS 13.93(b) and IFRS 13.97:
[1] Liabilities to financial institutions: Level 2 within the fair value hierarchy (measured on the basis of observable inputs/market data)
[2] Derivatives: Level 2 within the fair value hierarchy (measured on the basis of observable inputs/market data)

The carrying amounts of cash and cash equivalents, trade receivables, other financial assets, trade payables and other liabilities, for the most part, have short remaining terms and corresponded to the fair values as at the reporting date.

G.2 RELATED COMPANIES AND PARTIES

Related parties and companies are defined as companies and persons which have the ability to control or exercise significant influence over the TLG IMMOBILIEN Group, or over which the TLG IMMOBILIEN Group controls or exercises significant influence.

Accordingly, the members and close relatives of the Management and Supervisory Boards of TLG IMMOBILIEN are considered related parties and companies, as are members of management who exercise key executive functions and the TLG IMMOBILIEN Group's subsidiaries, associates and joint ventures.

G.2.1 Related companies

In the first quarter of 2015, the percentage of voting rights held by LSREF II East AcquiCo S.à r.l., Luxembourg, (East AcquiCo) in TLG IMMOBILIEN decreased to 18.48% according to the voting rights announcements. As a result, East AcquiCo and its related companies and parties are no longer considered related companies or parties of TLG IMMOBILIEN in the sense of IAS 24.

G.2.2 Related parties

The composition of the Management Board has not changed since 31 December 2014.

However, the composition of the Supervisory Board changed. Mr Axel Salzmann resigned from his position on the Supervisory Board of TLG IMMOBILIEN AG on 25 June 2015.

With regard to the presentation of the IFRS 2 scheme for the Management Board of TLG IMMOBILIEN, please see the IFRS consolidated financial statements of 31 December 2014.

G.3 RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the consolidated interim financial statements of TLG IMMOBILIEN AG of 30 June 2015 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, 24 August 2015

Peter Finkbeiner
Member of the Management Board

Niclas Karoff
Member of the Management Board

H. REVIEW REPORT

TO TLG IMMOBILIEN AG, BERLIN

We have carried out an auditors' review of the condensed consolidated financial statements – consisting of the consolidated statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and selected explanatory notes – as well as the interim Group management report for the period from 1 January 2015 to 30 June 2014 of TLG IMMOBILIEN AG, Berlin, which are components of the half-year financial report in accordance with § 37w of the German Securities Trading Act (WpHG). The legal representatives of the company are responsible for preparing the condensed consolidated interim financial statements in accordance with the International Financial Reporting Standards for interim reporting, as adopted by the European Union, and the preparation of the interim Group management report in accordance with the relevant provisions of the German Securities Trading Act (WpHG). Our task is to issue a certificate for the condensed consolidated interim financial statements and the interim Group management report on the basis of our auditors' review.

We carried out our auditors' review of the condensed consolidated interim financial statements and the interim Group management report with consideration for the generally accepted auditing principles in Germany that were established by the German Institute of Auditors (IDW). These stipulate that the auditors' review must be planned and conducted in such a way that, following a critical assessment, we are able to rule out with a sufficient degree of certainty that key aspects of the condensed consolidated interim financial statements were not prepared in conformance with the International Financial Reporting Standards for interim reporting, as adopted by the European Union, and that key aspects of the interim Group management report were not prepared in conformance with the relevant provisions of the German Securities Trading Act (WpHG). An auditors' review is primarily limited to interviews with employees of the company and analytical evaluations, and therefore does not offer the level of certainty achieved from an audit of the financial statements. As we were not engaged to audit the financial statements, we cannot issue an opinion.

On the basis of our auditors' review, we did not identify any circumstances which imply that key aspects of the condensed consolidated interim financial statements of TLG IMMOBILIEN AG, Berlin, were not prepared in conformance with the International Financial Reporting Standards for interim reporting, as adopted by the European Union, or that key aspects of the interim Group management report were not prepared in conformance with the relevant provisions of the German Securities Trading Act (WpHG).

Berlin, 24 August 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Kreninger	Pilawa
Auditor	Auditor

FINANCIAL CALENDAR

13 NOVEMBER 2015
Publication of quarterly financial report Q3/2015

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This report was prepared with the greatest care. However, rounding, transmission, typographical and printing errors cannot be ruled out.

This is a translation of the original German text. In the event of conflicts, the German version takes precedence.

Forecasts and statements in this report that concern the future are estimates based on currently available information.
If the assumptions should prove inaccurate, the results might also deviate from those forecast in the report.

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