HALF-YEAR FINANCIAL REPORT

as at 30 June 2016

TLG IMMOBILIEN

KEY FIGURES

KEY GROUP FIGURES ACCORDING TO IFRS

	Unit	01/01/2016–30/06/2016	01/01/2015–30/06/2015	Change in %
Results of operations				
Rental income	in EUR k	67,585	61,060	10.7
Net operating income from letting activities (NOI)	in EUR k	61,240	54,929	11.5
Disposal profits	in EUR k	617	4,691	-86.8
Net income for the period	in EUR k	33,510	74,886	-55.3
FFO	in EUR k	38,306	31,002	23.6
FFO per share[1]	in EUR	0.57	0.51	11.8

	Unit	30/06/2016	31/12/2015	Change in %
Balance sheet metrics				
Investment property	in EUR k	1,972,921	1,739,474	13.4
Cash and cash equivalents	in EUR k	36,776	183,736	-80.0
Balance sheet total	in EUR k	2,050,168	1,999,461	2.5
Equity	in EUR k	949,792	967,874	-1.9
Equity ratio	in %	46.3	48.4	-2.1 pp
Liabilities to financial institutions	in EUR k	840,660	782,688	7.4
Net debt	in EUR k	803,884	598,952	34.2
Net LTV[2]	in %	40.5	33.6	6.9 pp
EPRA NAV	in EUR k	1,168,839	1,171,594	-0.2
EPRA NAV per share[1]	in EUR	17.33	17.37	-0.2

	Unit	30/06/2016	31/12/2015	Change in %
Portfolio key figures				
Portfolio value[3]	in EUR k	1,983,122	1,765,834	12.3
Properties	number	413	418	-5 units
Annualised in-place rent[4]	in EUR k	143,052	131,379	8.9
In-place rental yield	in %	7.2	7.4	-0.2 pp
EPRA Vacancy Rate	in %	3.1	3.7	-0.6 pp
WALT	in years	6.5	6.5	0.0 years
Average rent	EUR/sqm	9.41	9.23	2.0

[1] Total number of shares on 30 June 2015: 61.3 m, on 30 June 2016: 67.4 m. The average weighted number of shares was 61.3 m in the first half of 2015 and 67.4 m in the first half of 2016.

[2] Calculation: Net debt divided by property value; for the composition, see page 18

[3] In line with values disclosed according to IAS 40, IAS 2, IAS 16 and IFRS 5

[4] The annualised in-place rent is calculated using the annualised rents agreed as at the reporting date – not factoring in rent-free periods.

COVER
ERLENHÖFE
AROSER ALLEE 66
13407 BERLIN, GERMANY

Acquired in the second quarter of 2016

CONTENTS

Peter Finkbeiner
Member of the Management Board

Niclas Karoff
Member of the Management Board

DEAR SHAREHOLDERS, DEAR SIR OR MADAM,

The first half of 2016 ended with a politically and economically challenging decision by Great Britain – to leave the European Union. Markets around the world were shaken by the news, although the impact of this referendum on the German real estate market in the medium and long term cannot yet be predicted with any degree of certainty.

For our part, the second quarter of 2016 was extremely successful. We added the office properties "Erlenhöfe" in Berlin and "Technisches Rathaus" in Leipzig to our portfolio. The total value of the portfolio was therefore EUR 1.98 m on 30 June 2016.

Besides several smaller rental agreements, during the second quarter we also concluded a rental agreement for 1,600 sqm of office space in our Berlin property Alexanderstrasse 1, 3, 5 with CHECK24 Vergleichsportal GmbH, which further increased the occupancy rate of the property.

Our operating results are continuing to perform well. Compared to the first half of 2015, the net operating income from letting activities increased by 11.5% to EUR 61.2 m. Compared to 30 June 2015, our funds from operations (FFO) also increased by 23.6% to EUR 38.3 m. We have therefore revised our FFO forecast for 2016 upwards and now expect it to be between EUR 74 m and EUR 76 m.

Finally, we would like to thank you, our shareholders, for your confidence in us. The broad consensus shown at the Annual General Meeting held in Berlin on 31 May 2016 has reinforced our belief that TLG IMMOBILIEN AG is on the right track and we will commit to it in the future.

Berlin, 10 August 2016

Peter Finkbeiner
Member of the Management Board

Niclas Karoff
Member of the Management Board

TLG IMMOBILIEN SHARES

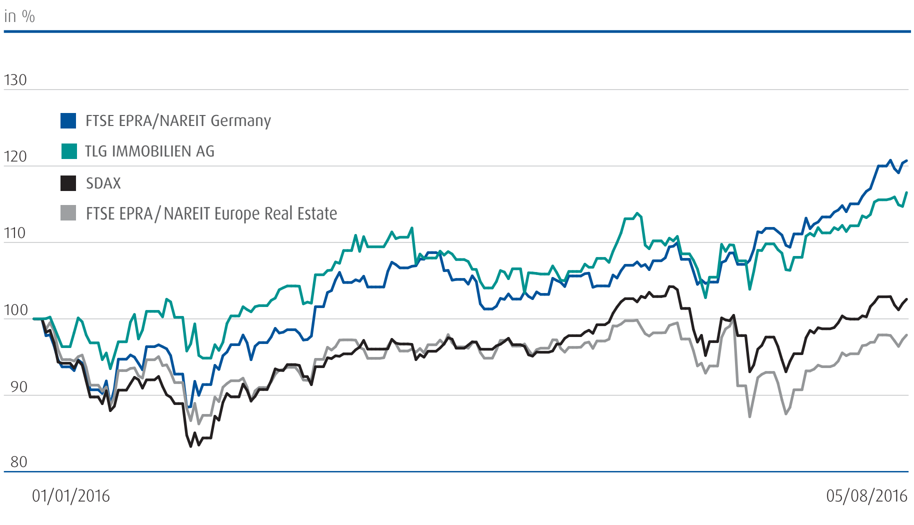
The capital market environment was turbulent in the first half of 2016. Whereas the temporary drop in oil prices to a twelve-year low followed by recovery, falling early indicators in Europe and the USA, negative trends in China and more expansionary policies of central banks in the eurozone, Japan and China resulted in highly volatile stock markets in the first quarter, the surprising decision of Great Britain to leave the EU in particular triggered significant recession on European stock markets at the end of the second quarter. Additionally, factors such as the weak job market in the USA, the growing strain faced by the European banking sector and poor economic data in China are applying pressure on stock markets in the second quarter. Factors such as improved economic data in the eurozone, the new debt deal with Greece and stable oil prices resulted in momentary upturns on the stock markets.

As a result, the German stock market was under high pressure until mid February and the DAX fell below 9,000 points. The leading index had recovered by mid-April and hit a high of 10,474.38 points in the first half of 2016 on 21 April. The leading index closed at 9,680.09 points on 30 June 2016, which corresponds to a decrease of 7.7% compared to its opening price on 4 January 2016.

Compared to the DAX, the SDAX did not decline as sharply in the first half of the year, falling by 2.8% between the beginning of January 2016 and the end of June 2016.

In contrast, real estate share prices experienced more-positive growth. The FTSE EPRA/NAREIT Germany Index grew by 13.8% in the first six months. The FTSE EPRA/NAREIT Europe Index decreased by 6.0% in the first half of the year, however.

Performance of the shares by index



Source: Bloomberg

The shares of TLG IMMOBILIEN enjoyed a good start to 2016 and reached EUR 19.82 on Xetra on 31 May 2016, the highest value on Xetra in the first half of 2016. On 30 June 2016, the shares closed the reporting period at EUR 18.88, which represents an increase of 8.5% in the first half of 2016, compared to the opening price of EUR 17.40 at the start of the year. This means that the performance of the shares of TLG IMMOBILIEN greatly surpassed that of the DAX and SDAX, as well as the FTSE EPRA/NAREIT Europe real estate index.

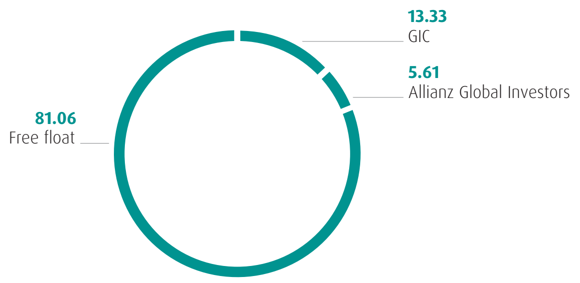
TLG IMMOBILIEN share data

ISIN/WKN	DE000A12B8Z4/A12B8Z
Ticker symbol	TLG
Share capital in EUR	67,432,326.00
Number of shares (no-par-value bearer shares)	67,432,326
Indices (selection)	SDAX, EPRA/NAREIT Global Index, EPRA/NAREIT Europe Index, EPRA/NAREIT Germany Index
Sector/sub-sector	Real estate
Market segment	Regulated market (Prime Standard)
Designated sponsors	Commerzbank AG, ODDO SEYDLER BANK AG
Reporting period high on 31/05/2016 (Xetra) in EUR	19.82
Reporting period low on 21/02/2016 (Xetra) in EUR	16.12
Closing price on 30/06/2016 (Xetra) in EUR	18.88
Market capitalisation in EUR m	1,273.1

SHAREHOLDER STRUCTURE

Shareholder structure as at 30 June 2016*

in %



* Data based on the latest voting rights notifications

GIC: Capital ownership as at 24 July 2015, as announced by GIC in writing on 28 July 2015. On that date, the total number of voting rights was 61,302,326.
Allianz Global Investors: Capital ownership as at 19 March 2015, as announced by Allianz Global Investors in writing on 20 March 2015. On that date, the total number of voting rights was 61,302,326.
Total free float as defined by Deutsche Börse.
The diagram shows the voting rights last disclosed by shareholders according to § 21 and § 22 of the German Securities Trading Act (WpHG), based on the share capital of TLG IMMOBILIEN AG at the time. Please note that the last disclosed number of voting rights might since have changed within the thresholds without the shareholders being obliged to inform the company.

ANNUAL GENERAL MEETING

The Annual General Meeting of TLG IMMOBILIEN AG was held at the RAMADA Hotel Berlin-Alexanderplatz, Karl-Liebknecht-Str. 32, 10178 Berlin, on 31 May 2016. The property is one of the seven hotels in the company's portfolio.

Overall, approx. 57% of the total share capital of the company was represented at the Annual General Meeting. The proposals made by the management for all items on the agenda were approved by a large majority.

In line with the resolution, a dividend of EUR 0.72 per share was distributed immediately on the following day (1 June 2016).

COVERAGE BY ANALYSTS

Bank	Target price in EUR	Rating	Analyst	Date
Victoria Partners	19.50–21.50	n/a	Bernd Janssen	21/07/2016
BERENBERG	21.00	Buy	Kai Klose	27/06/2016
J.P. Morgan	22.00	Overweight	Tim Leckie	22/06/2016
HSBC	22.00	Buy	Thomas Martin	03/06/2016
Deutsche Bank	22.00	Buy	Markus Scheufler	27/05/2016
Bankhaus Lampe	22.00	Buy	Georg Kanders	24/05/2016
Kempen & Co.	18.00	Neutral	Remco Simon	13/05/2016
Kepler Cheuvreux	22.50	Buy	Thomas Neuhold	13/05/2016
COMMERZBANK	21.50	Buy	Thomas Rothäusler	04/05/2016
UBS	20.00	Neutral	Osmaan Malik	05/04/2016

Source: Bloomberg (as at 21/07/2016) and broker research

INVESTOR RELATIONS ACTIVITIES

TLG IMMOBILIEN AG attended the following national and international broker conferences in the first six months of 2016:

- ODDO & Cie – ODDO FORUM, Lyon
- J.P. Morgan – European Real Estate CEO Conference, London
- UniCredit Kepler Cheuvreux – German Corporate Conference 2016, Frankfurt am Main
- ODDO SEYDLER – Small and Mid Cap Conference 2016, Frankfurt am Main
- Kempen & Co – European Property Seminar, Amsterdam
- Kepler Cheuvreux – German Property Day, Paris
- Deutsche Bank – dbAccess German, Swiss & Austrian Conference, Berlin

In addition, roadshows were held in London, Edinburgh, New York and Boston.

The figures for 2015 and the quarterly figures for 2016 were published on 30 March 2016 and 13 May 2016, respectively, and discussed with investors and analysts in a conference call. A recording of the conference calls and the report documents are available in the Investor Relations section of our website, www.tlg.eu.

EPRA KEY FIGURES

TLG IMMOBILIEN AG has been a member of EPRA since November 2014 and, as a company listed on a stock exchange, publishes the key figures in line with the best-practices recommendations of EPRA for the sake of transparency and comparability.

Overview of key EPRA figures

in EUR k	30/06/2016	31/12/2015	Change	Change in %
EPRA NAV	1,168,839	1,171,594	-2,755	-0.2
EPRA NNNAV	906,039	931,029	-24,990	-2.7
EPRA Net Initial Yield (EPRA NIY) in %	5.9	6.1	-0.2 pp	
EPRA "topped-up" Net Initial Yield in %	5.9	6.1	-0.2 pp	
EPRA Vacancy Rate in %	3.1	3.7	-0.6 pp	

in EUR k	01/01/2016–30/06/2016	01/01/2015–30/06/2015	Change	Change in %
EPRA Earnings	38,491	30,973	7,518	24.3
EPRA Cost Ratio (including direct vacancy costs) in % [1]	22.7	26.1	-3.3 pp	
EPRA Cost Ratio (excluding direct vacancy costs) in % [1]	21.3	24.5	-3.2 pp	

[1] Reclassifications of account items in the financial year caused the values from the previous year to change (see section D of the notes).

The decrease in the EPRA NAV was due essentially to the decrease in equity, which in turn was due primarily to the distribution of a dividend of EUR k 48,551, although this was offset by the total comprehensive income of EUR k 30,124 attributable to the shareholders of TLG IMMOBILIEN.

The reduction of the EPRA Vacancy Rate for the portfolio as a whole, from 3.7% as at 31 December 2015 to 3.1% in the first half of 2016, is due primarily to the disposal of two business parks in Chemnitz as well as the reduction of vacancy rates in the office asset class.

The reconciliation of the individual EPRA key figures is as follows:

EPRA Earnings

in EUR k	01/01/2016–30/06/2016	01/01/2015–30/06/2015	Change	Change in %
Net result for the period	33,510	74,886	-41,376	-55.3
Result from the remeasurement of investment property	-7,877	-57,737	49,860	-86.4
Result from the disposal of investment property[1]	-375	-4,581	4,206	-91.8
Result from the disposal of real estate inventory	-7	-111	104	-93.7
Taxes on profits or losses on disposals/aperiodic tax	-20	-6,822	6,802	-99.7
Result from the remeasurement of derivative financial instruments	1,638	119	1,519	n/a
Acquisition cost of share deals	559	0	559	n/a
Deferred and actual taxes in respect of EPRA adjustments	11,127	25,332	-14,205	-56.1
Non-controlling interests	-64	-113	49	-43.4
EPRA Earnings	**38,491**	**30,973**	**7,518**	**24.3**
Average number of shares on issue (in thousands)	67,432	61,302		
EPRA Earnings per share (in EUR)	0.57	0.51		

[1] Including the costs resulting from the EUR k 235 adjustment of the purchase price for the disposal of Grimma business park, held as an investment; disclosed in the income statement in other operating income

EPRA Net Asset Value (EPRA NAV)

in EUR k	30/06/2016	31/12/2015	Change	Change in %
Equity[1]	947,039	965,065	-18,026	-1.9
Fair value adjustment of fixed assets (IAS 16)	4,762	5,572	-810	-14.5
Fair value adjustment of real estate inventory (IAS 2)	326	333	-7	-2.1
Fair value of derivative financial instruments	22,460	15,921	6,539	41.1
Deferred taxes	195,416	185,867	9,549	5.1
Goodwill	-1,164	-1,164	0	0.0
EPRA Net Asset Value (EPRA NAV)	**1,168,839**	**1,171,594**	**-2,755**	**-0.2**
Number of shares (in thousands)	67,432	67,432		
EPRA NAV per share (in EUR)	17.33	17.37		

[1] Adjusted for non-controlling interests

EPRA Triple Net Asset Value (EPRA NNNAV)

in EUR k	30/06/2016	31/12/2015	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	**1,168,839**	**1,171,594**	**-2,755**	**-0.2**
Fair value of derivative financial instruments	-22,460	-15,921	-6,539	41.1
Fair value adjustment of liabilities to financial institutions	-44,924	-38,777	-6,147	15.9
Deferred taxes	-195,416	-185,867	-9,549	5.1
EPRA Triple Net Asset Value (EPRA NNNAV)	**906,039**	**931,029**	**-24,990**	**-2.7**

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

in EUR k	30/06/2016	31/12/2015	Change	Change in %
Investment property	1,972,921	1,739,474	233,447	13.4
Real estate inventory	1,103	1,104	-1	-0.1
Properties classified as held for sale	1,722	15,912	-14,190	-89.2
Property portfolio (net)	1,975,746	1,756,490	219,256	12.5
Estimated transaction costs	139,425	125,899	13,526	10.7
Property portfolio (gross)	2,115,171	1,882,389	232,782	12.4
Annualised cash passing rental income	142,619	131,097	11,522	8.8
Property outgoings	-17,924	-16,533	-1,391	8.4
Annualised net rents	124,696	114,564	10,132	8.8
Notional rent for ongoing rent-free periods	431	280	151	53.9
Annualised "topped-up" net rent	125,127	114,844	10,283	9.0
EPRA Net Initial Yield (EPRA NIY) in %	**5.9**	**6.1**	**-0.2 pp**	
EPRA "topped-up" Net Initial Yield in %	**5.9**	**6.1**	**-0.2 pp**	

EPRA Vacancy Rate

in EUR k	30/06/2016	31/12/2015	Change	Change in %
Market rent for vacant properties	4,541	4,919	-378	-7.7
Total market rent	145,212	131,679	13,533	10.3
EPRA Vacancy Rate in %	**3.1**	**3.7**	**-0.6 pp**	

EPRA Cost Ratio

in EUR k	01/01/2016–30/06/2016	01/01/2015–30/06/2015	Change	Change in %
Costs according to the consolidated statement of comprehensive income under IFRS [1]				
Expenses from letting activities	17,476	17,639	-163	-0.9
Personnel expenses	5,649	6,244	-595	-9.5
Depreciation	286	428	-142	-33.2
Other operating expenses	3,071	3,839	-768	-20.0
Income from recharged utilities and other operating costs	-10,403	-10,526	123	-1.2
Income from other goods and services	-688	-1,018	330	-32.4
Other operating income from reimbursements	-19	-690	671	-97.2
Ground rent	-4	-4	0	0.0
EPRA costs (including direct vacancy costs)	**15,368**	**15,912**	**-544**	**-3.4**
Direct vacancy costs	-966	-944	-22	2.3
EPRA costs (excluding direct vacancy costs)	**14,402**	**14,968**	**-566**	**-3.8**
Rental income	67,585	61,060	6,525	10.7
EPRA Cost Ratio (including direct vacancy costs) in %	**22.7**	**26.1**	**-3.3 pp**	
EPRA Cost Ratio (excluding direct vacancy costs) in %	**21.3**	**24.5**	**-3.2 pp**	

[1] Reclassifications of account items in the financial year caused individual values from the previous year to change (see section D of the notes).

INTERIM GROUP MANAGEMENT REPORT DETAILED 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 has access to well-developed and established local networks in the growth regions of eastern Germany.

The business model and the corporate strategy of TLG IMMOBILIEN are based on the following pillars:

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

- Asset and property management
  TLG IMMOBILIEN covers significant parts in the real estate value chain internally. Its various branches bear a decentralised responsibility for technical and commercial management of properties, including tenant relations.

- Acquisitions and sales
  With its many years of expertise, TLG IMMOBILIEN is exceptionally well connected in its core markets. This generates attractive opportunities for the company to grow and chances to sell properties for the best possible prices in line with its portfolio optimisation strategy.

2. ECONOMIC REPORT

2.1 GENERAL ECONOMIC CONDITIONS AND REAL ESTATE MARKETS

2.1.1 General economic conditions

The German economy continued to experience stable growth over the course of the second quarter of 2016. According to preliminary figures from the German Institute for Economic Research (DIW Berlin), in the reporting period the gross domestic product (GDP) grew by 0.3% over the previous quarter and was therefore consistent with the long-term quarterly average. However, experts warn that this reflects developments before the British people voted for “Brexit” and expect the economy to slow down in the second half of the year. This will be due mainly to the fact that exports to Great Britain might fall significantly. Although, according to the DIW, the rather domestically oriented service sectors performed well in the second quarter due to strong employment rate growth and wage development, the industry was unable to maintain the high production levels of the start of the year and the growth was consequently lower than in the first few months of the year.

2.1.2 Economic situation in the sectors

According to German Property Partners, the volume of transactions on the commercial investment market in the top seven German cities was around EUR 9.2 bn at the end of the second quarter of 2016. This represents a decrease of 25.2% compared to the same period in the previous year. The significant decrease is due to the lack of products and the resulting price developments, despite the fact that capital is still available for acquisitions.

2.1.3 Development of the office property market

According to Savills, the volume of transactions on the German office property market decreased significantly in the second quarter of 2016, even though this market segment was one of the few investment market segments with increasing turnover in the first quarter. At around EUR 7.4 bn, the total volume of office property transactions in the first half of the year was 19% lower than in the same period in the previous year. One reason for this is the limited range of available properties. According to Savills, fewer owners are opting to sell office properties under the current circumstances. Investors generally showed increased interest in properties in good B-rated locations as the rental markets there were favourable to property owners and the range of properties was larger than in highly coveted central locations.

2.1.4 Development of the retail property market

According to Savills, demand from investors on the retail property market remained high in the first half of 2016, although it was largely – with a few exceptions – focused on core and core-plus properties, with value-added properties being viewed as complements to portfolios at best. However, core properties were effectively sold out because their owners were often reluctant to sell them due to the lack of reinvestment opportunities. There were also few project developments in this segment. In light of these circumstances, the initial rates of return of core properties decreased further, whereas the confidence of investors in the non-core segment has evidently been exhausted already. Due to the divergence between supply and demand, the total volume of transactions in the retail property market was 57% lower than in the first half of 2015.

2.1.5 Development of the hotel property market

Tourism in Germany is still on the rise. According to the German Federal Statistical Office, more overnight stays were registered throughout Germany in May 2016 than in the same month in the previous year. The number of overnight stays totalled 43.2 m, which represents an increase of 3% compared to May 2015.

According to CBRE, the positive developments in the tourism sector also had a good effect on the hotel property investment market. At EUR 1.27 bn, in the second quarter of 2016 69% more was invested than in the previous quarter. The volume of transactions in the first half of the year totalled EUR 2.02 bn overall, which is the highest it has ever been.

2.2 POSITION OF THE COMPANY

2.2.1 Course of business

Overall, the performance of TLG IMMOBILIEN in the reporting period was positive.

Key figures

	Total	Office	Retail	Hotel	Other
Property value (EUR k)[1]	**1,983,122**	792,338	863,693	264,432	62,659
Annualised in-place rent (EUR k)[2]	**143,052**	54,335	67,652	15,949	5,116
In-place rental yield (%)	**7.2**	6.9	7.8	5.9	8.1
EPRA Vacancy Rate (%)	**3.1**	4.5	1.7	3.2	6.3
WALT (years)	**6.5**	5.2	5.7	13.6	8.0
Properties (number)	**413**	61	279	7	66
Lettable area (sqm)	**1,341,458**	537,451	581,715	109,498	112,794

[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.

The property portfolio of TLG IMMOBILIEN comprises the office, retail, hotel and others asset classes, where the latter essentially consists of the properties that were part of the non-core portfolio as at 31 December 2015. As at 30 June 2016, the portfolio contains 413 properties (31/12/2015: 418) with a property value (IFRS) of around EUR 1.983 bn (31/12/2015: around EUR 1.766 bn). The 12.3% increase in the value of the portfolio is due largely to new acquisitions.

In the first half of the year, the acquisitions concerned the office and hotel asset classes. The value of the office asset class increased by 29.8% to EUR 792.3 m (31/12/2015: EUR 610.2 m, including the reclassification of three office properties worth EUR 3.3 m from the non-core portfolio) due in particular to the acquisition of nine properties. The increase in the value of the hotel asset class by 27.4% to EUR 264.4 m (31/12/2015: EUR 207.6 m) is largely attributable to the acquisition of two inner-city hotels in Dresden and Leipzig. With a portfolio value of EUR 863.7 m (31/12/2015: EUR 873.4 m), the retail properties experienced a slight 1.1% decline. On a like-for-like basis, i.e. without factoring in two sold properties (-0.2%) or the reclassification of three properties to the others asset class following subdivisions (-0.4%), the change in the value of the retail asset class was -0.5%, due primarily to the termination of rental agreements that could not be balanced out completely by the reporting date. The portfolio value of the others asset class decreased by 16.1% to EUR 62.7 m (31/12/2015: EUR 74.7 m less the three properties worth EUR 3.3 m that were transferred to the office asset class), due essentially to disposals.

2.2.2 Earnings

In the first half of 2016, TLG IMMOBILIEN generated a positive net income for the period of EUR k 33,510. The difference of EUR k 41,376 compared to the same period in the previous year is due essentially to the result from the remeasurement of investment property.

In 2015, a valuation was carried out by an external expert every quarter for the purposes of the quarterly financial statements. An external expert will carry out a valuation every six months from 2016 onwards, and the most recently recognised fair values will be audited internally on the other reporting dates. The adjustments of the recognised fair values in the first half of 2016 were EUR k 49,860 lower than in the same period in the previous year.

The table below presents the results of operations:

in EUR k	01/01/2016–30/06/2016	01/01/2015–30/06/2015	Change	Change in %
Net operating income from letting activities [1]	**61,240**	**54,929**	**6,311**	**11.5**
Result from the remeasurement of investment property	7,877	57,737	-49,860	-86.4
Result from the disposal of investment property	610	4,580	-3,970	-86.7
Result from the disposal of real estate inventory	7	111	-104	-93.7
Other operating income [1]	443	2,245	-1,802	-80.3
Personnel expenses	-5,649	-6,244	595	-9.5
Depreciation	-286	-428	142	-33.2
Other operating expenses	-3,071	-3,839	768	-20.0
Earnings before interest and taxes (EBIT)	**61,171**	**109,091**	**-47,920**	**-43.9**
Financial income	125	281	-156	-55.5
Financial expenses	-11,969	-11,730	-239	2.0
Result from the remeasurement of derivative financial instruments	-1,638	-119	-1,519	n/a
Earnings before taxes	**47,689**	**97,523**	**-49,834**	**-51.1**
Income taxes	-14,178	-22,634	8,456	-37.4
Net income for the period	**33,510**	**74,886**	**-41,376**	**-55.3**
Other comprehensive income (OCI)	-3,322	3,379	-6,701	n/a
Total comprehensive income	**30,188**	**78,265**	**-48,077**	**-61.4**

[1] Reclassifications of account items in the financial year caused individual values from the previous year to change (see section D of the notes).

The net operating income from letting activities was EUR k 61,240. The rental income has increased by EUR k 6,311 compared to the same period in the previous year, due especially to the fact that newly acquired properties were put into operational management.

Other operating income was EUR k 443 and was therefore significantly lower than in the same period in the previous year. It essentially comprises income from the reversal of bad debt allowances which was EUR k 318 lower than in the previous period. Additionally, EUR k 950 in special items from insurance compensation and damages had an effect in 2015.

Other operating expenses decreased by EUR k 768 to EUR k 3,071 compared to the same period in the previous year. The decrease was due primarily to income from the reversal of provisions of more than EUR k 960, which lowered expenses.

In the first half of 2016, financial expenses increased by EUR k 239 to EUR k 11,969 compared to the same period in the previous year. This was caused by the higher interest on loans due to new loans, although other financial expenses, including guarantee fees and collateralisation costs, were lowered.

2.2.3 Financial position

The following cash flow statement was generated using the indirect method under IAS 7. The cash flows led to a decrease in cash and cash equivalents in the first half of 2016, due primarily to the acquisition of properties.

in EUR k	01/01/2016–30/06/2016	01/01/2015–30/06/2015	Change	Change in %
1. Cash flow from operating activities	32,610	39,343	-6,733	-17.1
2. Cash flow from investing activities	-190,924	-112,343	-78,581	69.9
3. Cash flow from financing activities	11,352	-25,422	36,774	n/a
Net change in cash and cash equivalents	**-146,962**	**-98,422**	**-48,540**	**49.3**
Cash and cash equivalents at beginning of period	183,736	152,599	31,137	20.4
Cash and cash equivalents at end of period	**36,774**	**54,177**	**-17,403**	**-32.1**

In the reporting period, the cash flow from operating activities decreased by EUR k 6,733 compared to the same period in the previous year. In particular, the reimbursement of the IPO costs in the amount of EUR k 9,609 had an effect in the previous year.

The negative cash flow from investing activities of EUR k 190,924 essentially reflects the higher disbursements for the acquisition of properties. Whereas the special retail centre on Adlergestell in Berlin, the offices on Ferdinandplatz in Dresden and Doberaner Strasse in Rostock, and the shopping centres in Bernau and Strausberg were purchased in the same period in the previous year, in the first half of 2016 investments were made in the hotel and office building on Wiener Platz in Dresden, the BLUE 5 portfolio and the office properties “Erlenhöfe” in Berlin and “Technisches Rathaus” in Leipzig in particular.

Furthermore, as expected, investments resulting from the disposal of properties were EUR k 10,401 lower than in the same period in the previous year.

The higher cash flow from financing activities is due to a new loan worth EUR k 70,000. This was offset by the larger dividend of EUR k 48,551 distributed to the shareholders in the first half of 2016, compared to EUR k 15,326 in 2015.

The cash and cash equivalents consist entirely of liquid funds.

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 all been categorised as long term.

in EUR k	30/06/2016	31/12/2015	Change	Change in %
Investment property/prepayments	1,973,118	1,753,746	219,372	12.5
Other non-current assets	18,843	20,556	-1,713	-8.3
Financial assets	2,488	2,535	-47	-1.9
Cash and cash equivalents	36,776	183,736	-146,960	-80.0
Other current assets	18,943	38,888	-19,945	-51.3
Total assets	**2,050,168**	**1,999,461**	**50,707**	**2.5**
Equity	949,792	967,874	-18,082	-1.9
Non-current liabilities	837,755	771,914	65,841	8.5
Deferred tax liabilities	195,416	185,867	9,549	5.1
Current liabilities	67,205	73,809	-6,604	-8.9
Total equity and liabilities	**2,050,168**	**1,999,461**	**50,707**	**2.5**

The assets side is dominated by investment property including advance payments. Compared to 31 December 2015, the proportion of investment property in the total assets increased from 88% to 96%, due primarily to the increase in real estate assets through acquisitions. (For more information see the disclosures in the notes.)

The equity of the Group was EUR k 949,792 and decreased by EUR k 18,082, due in particular to the distribution of the dividend of EUR k 48,551, although the net income generated for the period balanced it out.

Compared to 31 December 2015, the equity ratio decreased by 2.1 percentage points to 46.3%.

2.2.5 Financial performance indicators

FFO development

in EUR k	01/01/2016–30/06/2016	01/01/2015–30/06/2015	Change	Change in %
Net income for the period	**33,510**	**74,886**	**-41,376**	**-55.3**
Income taxes	14,178	22,634	-8,456	-37.4
EBT	**47,689**	**97,522**	**-49,833**	**-51.1**
Result from the disposal of investment property [1]	-375	-4,580	4,205	-91.8
Result from the disposal of real estate inventory	-7	-111	104	-93.7
Result from the remeasurement of investment property	-7,877	-57,737	49,860	-86.4
Result from the remeasurement of derivative financial instruments	1,638	119	1,519	n/a
Other effects [2]	309	-85	394	n/a
FFO before taxes	**41,377**	**35,126**	**6,251**	**17.8**
Income taxes	-14,178	-22,634	8,456	-37.4
Deferred taxes	11,127	25,332	-14,205	-56.1
Correction of tax effects from the disposal of property, the rescheduling of interest rate hedge transactions and from aperiodic effects	-20	-6,822	6,802	-99.7
FFO after taxes	**38,306**	**31,002**	**7,304**	**23.6**
Average number of shares on issue (in thousands) [3]	67,432	61,302		
FFO per share in EUR	**0.57**	**0.51**	**0.06**	**11.8**

[1] Including the costs resulting from the EUR k 235 adjustment of the income from the disposal of Grimma business park, held as an investment; disclosed in the income statement in other operating income

[2] The other effects include
(a) the depreciation of IAS 16 property (owner-occupied property) (EUR k 79; previous year: EUR k 101),
(b) income from the service contract with TAG Wohnen (EUR k 0; previous year: EUR k 30),
(c) personnel restructuring expenses (EUR k 358; previous year: EUR k 158),
(d) share-based payments (EUR k 0; previous year: EUR k 636),
(e) the reversal of provisions for reclaimed subsidies (EUR k 404; previous year: EUR k 0),
(f) income from insurance compensation and the payment of damages to the notary (EUR k 0; previous year: EUR k 950),
(g) the reversal of the provision for liabilities arising from purchase agreements (EUR k 283; previous year: EUR k 0),
(h) transaction costs (EUR k 559; previous year: EUR k 0).

[3] Total number of shares on 30 June 2015: 61.3 m, on 30 June 2016: 67.4 m. The average weighted number of shares was 61.3 m in the first half of 2015 and 67.4 m in the first half of 2016.

The funds from operations (FFO) are a key performance indicator for the TLG IMMOBILIEN Group.

FFO was EUR k 38,306 in the first half of 2016. The considerable increase in FFO by 23.6%, or EUR k 7,304, compared to the same period in the previous year is due predominantly to the higher net operating income from letting activities and the reduction of personnel expenses and other operating expenses.

FFO per share was EUR 0.57 and therefore higher than in the same period in the previous year in spite of the increased number of shares resulting from the capital increase in November 2015.

Net Loan to Value (Net LTV)

in EUR k	30/06/2016	31/12/2015	Change	Change in %
Investment property (IAS 40)	1,972,921	1,739,474	233,447	13.4
Advance payments on investment property (IAS 40)	197	14,272	-14,075	-98.6
Owner-occupied property (IAS 16)	7,376	9,344	-1,968	-21.1
Non-current assets classified as held for sale (IFRS 5)	1,722	15,912	-14,190	-89.2
Real estate inventory (IAS 2)	1,103	1,104	-1	-0.1
Real estate	**1,983,320**	**1,780,106**	**203,214**	**11.4**
Liabilities to financial institutions	840,660	782,688	57,972	7.4
Cash and cash equivalents	36,776	183,736	-146,960	-80.0
Net debt	803,884	598,952	204,932	34.2
Net Loan to Value (Net LTV) in %	**40.5**	**33.6**	**7.0 pp**	

As a ratio between net debt and real estate assets, Net LTV is a key performance indicator for the company. It was 40.5% in the Group as at the reporting date. It therefore increased by 7.0 pp compared to 31 December 2015, due primarily to the increase in net debt. The increase in real estate assets had the opposite effect.

EPRA Net Asset Value (EPRA NAV)

in EUR k	30/06/2016	31/12/2015	Change	Change in %
Equity [1]	947,039	965,065	-18,026	-1.9
Fair value adjustment of fixed assets (IAS 16)	4,762	5,572	-810	-14.5
Fair value adjustment of real estate inventory (IAS 2)	326	333	-7	-2.1
Fair value of derivative financial instruments	22,460	15,921	6,539	41.1
Deferred taxes	195,416	185,867	9,549	5.1
Goodwill	-1,164	-1,164	0	0.0
EPRA Net Asset Value (EPRA NAV)	**1,168,839**	**1,171,594**	**-2,755**	**-0.2**
Number of shares (in thousands)	67,432	67,432		
EPRA NAV per share (in EUR)	17.33	17.37		

[1] Adjusted for non-controlling interests

EPRA Net Asset Value (EPRA NAV) is another key performance indicator of TLG IMMOBILIEN and was EUR k 1,168,839 on 30 June 2016. The EPRA NAV decreased by EUR k 2,755 compared to 31 December 2015.

EPRA NAV per share was EUR 17.33, compared to EUR 17.37 on 31 December 2015.

3. STATEMENT OF EVENTS AFTER THE REPORTING DATE

No transactions of particular significance took place after the end of the reporting period.

4. REPORT ON RISKS, OPPORTUNITIES AND FORECASTS

4.1 RISK REPORT

As part of its business activities, TLG IMMOBILIEN AG is exposed to various risks which can make achieving objectives and carrying out long-term strategies more difficult and greatly affect its net assets, financial position and earnings. These risks are described in detail in the 2015 Group annual report.

There have been no major changes in the risk situation since 31 December 2015.

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

4.2 OPPORTUNITY REPORT

The opportunities to which TLG IMMOBILIEN has access did not change significantly in the first half of 2016. We therefore refer to the disclosures in the opportunity report in the consolidated annual financial statements of 31 December 2015.

4.3 FORECAST REPORT

The expected development of TLG IMMOBILIEN AG in 2016 was described in detail in the Group management report of 31 December 2015.

After preparing the consolidated financial statements as at 31 December 2015, the company was able to acquire additional attractive properties and slightly decrease its operational management and administrative cost forecasts. Therefore, the previous forecast of between EUR 71 m and EUR 73 m for the funds from operations in the 2016 financial year has been revised upwards to between EUR 74 m and EUR 76 m.

The other expectations with regard to the business development of TLG IMMOBILIEN have not changed since the publication of the consolidated annual financial statements for 2015.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS DETAILED INDEX

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 June 2016

in EUR k	01/04/2016–30/06/2016	01/04/2015–30/06/2015[1]	01/01/2016–30/06/2016	01/01/2015–30/06/2015[1]
Net operating income from letting activities	**32,348**	**28,075**	**61,240**	**54,929**
Income from letting activities	41,229	36,727	78,716	72,568
a) Rental income	35,072	30,686	67,585	61,060
b) Income from recharged utilities and other operating costs	5,622	5,610	10,403	10,526
c) Income from other goods and services	535	431	728	982
Expenses related to letting activities	-8,881	-8,652	-17,476	-17,639
d) Expenses from operating costs	-6,305	-7,044	-13,379	-14,165
e) Maintenance expenses	-1,408	-1,143	-2,386	-2,270
f) Other services	-1,168	-465	-1,711	-1,204
Result from the remeasurement of investment property	**7,212**	**34,598**	**7,877**	**57,737**
Result from the disposal of investment property	**-2**	**-1,236**	**610**	**4,580**
Result from the disposal of real estate inventory	**0**	**138**	**7**	**111**
a) Proceeds from the disposal of real estate inventory	0	51	8	47
b) Carrying amount of real estate inventory disposed	0	87	-1	64
Other operating income	**18**	**785**	**443**	**2,245**
Personnel expenses	**-2,795**	**-3,040**	**-5,649**	**-6,244**
Depreciation	**-143**	**-210**	**-286**	**-428**
Other operating expenses	**-645**	**-2,230**	**-3,071**	**-3,839**
Earnings before interest and taxes (EBIT)	**35,993**	**56,880**	**61,171**	**109,091**
Financial income	**55**	**106**	**125**	**281**
Financial expenses	**-6,161**	**-5,701**	**-11,969**	**-11,730**
Gain/loss from the remeasurement of derivative financial instruments	**-515**	**-60**	**-1,638**	**-119**
Earnings before taxes	**29,373**	**51,225**	**47,689**	**97,523**
Income taxes	**-8,750**	**-8,460**	**-14,178**	**-22,634**
Net income for the period	**20,622**	**42,762**	**33,510**	**74,886**
Other comprehensive income:				
of which recycling				
Changes in value of hedging derivatives, after taxes	-684	5,393	-3,322	3,379
Total comprehensive income for the year	**19,938**	**48,155**	**30,188**	**78,265**
Of the net result for the period, the following is attributable to:				
Non-controlling interests	26	41	64	113
The shareholders of the parent company	20,596	42,721	33,446	74,773
Earnings per share (undiluted) in EUR	0.31	0.70	0.50	1.22
Earnings per share (diluted) in EUR	0.31	0.70	0.50	1.22
Of the total comprehensive income for the year, the following is attributable to:				
Non-controlling interests	26	41	64	113
The shareholders of the parent company	19,912	48,114	30,124	78,152

[1] Values from previous years have been adjusted. Please see section D.

CONSOLIDATED BALANCE SHEET

as at 30 June 2016

Assets

in EUR k	30/06/2016	31/12/2015
A) Non-current assets	**1,994,449**	**1,776,837**
Investment property	1,972,921	1,739,474
Advance payments on investment property	197	14,272
Property, plant and equipment	7,551	9,827
Intangible assets	1,479	1,566
Other non-current financial assets	2,488	2,535
Other assets	9,813	9,163
B) Current assets	**55,719**	**222,624**
Real estate inventory	1,103	1,104
Trade receivables	4,894	11,911
Receivables from income taxes	4,850	2,195
Other current financial assets	861	883
Receivables and other assets	5,513	6,883
Cash and cash equivalents	36,776	183,736
Non-current assets classified as held for sale	1,722	15,912
Total assets	**2,050,168**	**1,999,461**

Equity and liabilities

in EUR k	30/06/2016	31/12/2015
A) Equity	**949,792**	**967,874**
Subscribed capital	67,432	67,432
Capital reserves	439,911	439,510
Retained earnings	454,264	469,369
Other reserves	-14,568	-11,246
Equity attributable to the shareholders of the parent company	947,039	965,065
Non-controlling interests	2,753	2,809
B) Debt	**1,100,376**	**1,031,590**
I.) Non-current liabilities	1,033,171	957,781
Non-current liabilities to financial institutions	806,179	746,677
Pension obligations	8,030	8,080
Non-current derivative financial instruments	22,460	15,921
Other non-current liabilities	1,086	1,236
Deferred tax liabilities	195,416	185,867
II.) Current liabilities	67,205	73,809
Current liabilities to financial institutions	34,481	36,011
Trade payables	18,860	14,926
Other current provisions	1,825	2,416
Tax liabilities	5,015	6,415
Other current liabilities	7,024	14,041
Total equity and liabilities	**2,050,168**	**1,999,461**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 30 June 2016

in EUR k	01/01/2016–30/06/2016	01/01/2015–30/06/2015
1. Cash flow from operating activities		
Net income for the period before taxes	47,689	97,522
Depreciation of property, plant and equipment and amortisation of intangible assets	286	428
Result from fair value adjustments of investment property	-7,877	-57,737
Result from the remeasurement of derivative financial instruments	1,638	-119
Increase/decrease (-) in provisions	-641	-382
Other non-cash income/expenses	401	982
Gain (-)/loss from disposal of property, plant and equipment and intangible assets	-611	-4,580
Increase (-)/decrease in real estate inventory	1	56
Financial income	-125	-281
Financial expenses	11,969	11,730
Increase (-)/decrease in trade receivables and other assets	7,677	15,662
Increase (-)/decrease in trade payables and other liabilities	-5,858	-6,138
Cash flow from operating activities	54,549	57,143
Interest received	125	281
Interest paid	-14,966	-13,788
Income tax paid	-7,097	-4,293
Net cash flow from operating activities	32,611	39,343
2. Cash flow from investing activities		
Proceeds from disposals of investment property	18,334	28,735
Proceeds from disposals of property, plant and equipment	202	0
Disbursements for acquisitions of investment property	-209,344	-140,877
Disbursements for acquisitions of property, plant and equipment	-52	-138
Disbursements for investments in intangible assets	-63	-63
Net cash flow from investing activities	-190,924	-112,343
3. Net cash flow from financing activities		
Dividend payment	-48,551	-15,326
Disbursements to minority shareholders	-119	0
Cash received from bank loans	70,000	0
Repayments of bank loans	-9,978	-10,096
Net cash flow from financing activities	11,352	-25,422
4. Cash and cash equivalents at end of period		
Net change in cash and cash equivalents (subtotal of 1–3)	-146,960	-98,422
Cash and cash equivalents at beginning of period	183,736	152,599
Cash and cash equivalents at end of period	36,776	54,177
5. Composition of cash and cash equivalents		
Cash	36,776	54,177
Cash and cash equivalents at end of period	36,776	54,177

CHANGES IN GROUP EQUITY

for the first half of 2015 and 2016

in TEUR	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income		Non-controlling interests	Equity
				Reserve hedge accounting	Actuarial gains and losses		
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 income	0	0	0	3,379	0	0	3,379
Total comprehensive income	**0**	**0**	**74,773**	**3,379**	**0**	**113**	**78,265**
Adjustment for non-controlling interests	0	0	0	0	0	-3	-3
Dividend payment	0	0	-15,326	0	0	0	-15,326
Deposits associated with share-based remuneration	0	984	0	0	0	0	984
Change during the period	0	984	59,447	3,379	0	110	63,921
30/06/2015	**61,302**	**343,987**	**413,522**	**-7,672**	**-1,934**	**2,680**	**811,885**
01/01/2016	**67,432**	**439,510**	**469,369**	**-9,347**	**-1,899**	**2,809**	**967,874**
Net income for the period	0	0	33,446	0	0	64	33,510
Other income	0	0	0	-3,322	0	0	-3,322
Total comprehensive income	**0**	**0**	**33,446**	**-3,322**	**0**	**64**	**30,188**
Adjustment for non-controlling interests	0	0	0	0	0	-120	-120
Dividend payment	0	0	-48,551	0	0	0	-48,551
Deposits associated with share-based remuneration	0	401	0	0	0	0	401
Change during the period	0	401	-15,105	-3,322	0	-56	-18,082
30/06/2016	**67,432**	**439,911**	**454,264**	**-12,669**	**-1,899**	**2,753**	**949,792**

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

of 30 June 2016

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

A.1 INFORMATION ON THE COMPANY

TLG IMMOBILIEN AG, Berlin, is an Aktiengesellschaft (stock corporation) in Germany with its headquarters at Hausvogteiplatz 12, in 10117 Berlin, entered in the commercial register of Berlin under the number HRB 161314 B, and is – together with its subsidiaries, the TLG IMMOBILIEN Group (short: TLG IMMOBILIEN) – one of the largest providers of commercial real estate in Berlin and eastern Germany.

The main activities consist of the operation of real estate businesses and businesses of all types in connection with this – in particular the management, letting, building and renovation, acquisition and sale of commercial real estate in a broader sense, primarily office space, retail properties and hotels – the development of real estate projects, as well as the rendering of services in connection with the above-mentioned business activities, either itself or via companies of which the company is a shareholder.

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

A.2 FUNDAMENTALS OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements of TLG IMMOBILIEN AG were prepared in condensed form in accordance with IAS 34 (Interim Financial Reporting) and 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 regulations of Regulation (EC) No. 1606/2002 of the European Parliament and of the European Council of 19 July 2002 on the application of international accounting standards in connection with § 315a of the German Commercial Code (HGB), with consideration for the supplementary commercial regulations. The requirements of IAS 34 (Interim Financial Reporting) were adhered to. The notes are presented in condensed form on the basis of the option provided by IAS 34.10. These condensed consolidated interim financial statements have been subjected to an audit review.

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

The currency of the consolidated interim financial statements is the euro.

Unless stated otherwise, all amounts are given in thousands of euros (EUR k). In tables and references – for reasons of calculation – there can be rounding differences to the mathematically exactly determined figures.

There have been no changes to the scope of consolidation since 31 December 2015.

B. EXPLANATION OF ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied in these consolidated interim financial statements are essentially identical to the methods presented in the IFRS consolidated financial statements. These consolidated interim financial statements should therefore be read in conjunction with the consolidated financial statements of TLG IMMOBILIEN of 31 December 2015.

As at 31 December 2015, the investment property had been subjected to a detailed external valuation by Savills Advisory Services Germany GmbH & Co. KG and recognised at fair value.

An external expert will carry out a valuation every six months from 2016 onwards, and the most recently recognised fair values will be audited internally on the other reporting dates.

The TLG IMMOBILIEN Group has fully applied all new mandatory standards and interpretations as at 1 January 2016. There were no major effects on the consolidated financial statements as a result.

C. SELECTED NOTES ON THE CONSOLIDATED BALANCE SHEET

C.1 INVESTMENT PROPERTY

The carrying amount of the investment property had developed as follows as at the reporting date:

in EUR k	2016	2015
Carrying amount as at 01/01	**1,739,474**	**1,489,597**
Acquisitions	219,736	193,634
Capitalisation of construction activities	7,378	6,743
Receipt of grants and subsidies	0	-3,259
Reclassification as assets held for sale	-3,534	-38,603
Reclassification from property, plant and equipment	1,990	3,506
Fair value adjustment	7,877	87,856
Carrying amount as at 30/06/2016 and 31/12/2015	**1,972,921**	1,739,474

The portfolio strategy of TLG IMMOBILIEN stipulates the concentration on the asset classes of office and retail, as well as hotels with long-term leases in certain top inner-city locations, in particular Berlin, Dresden and Leipzig. Although the office portfolio is to be largely limited to Berlin, Dresden, Leipzig and Rostock, the retail portfolio – which is characterised by convenience stores – is more widely distributed. Decisions on acquisitions, sales and pending investments are subject to the named principles of the portfolio strategy.

In the first half of 2016, nine office properties and two inner-city hotels in Dresden and Leipzig were added to the portfolio. The acquisitions totalling EUR k 219,736 thus realised by 30 June 2016 have already slightly overtaken the acquisitions made in the previous year.

Besides the acquisitions to which 94% of the change in the value of the portfolio is attributable, its value was increased by the capitalisation of construction activities totalling EUR k 7,378 and the fair value adjustment of EUR k 7,877. Twenty-two per cent of the fair value adjustment concerns properties that have already been disposed of, but whose benefits and encumbrances had not been transferred by the reporting date. At EUR k 3,534 or 0.2%, reclassifications as assets classified as held for sale are of lesser significance with regard to the book value as at 1 January 2016. The reclassifications from property, plant and equipment totalling EUR k 1,990 are largely reclassifications from owner-occupied properties that were rented out again in the meantime.

The measurements are based on the following parameters:

	Discounted cash flow method					Liquidation method	
	Office	Retail	Hotel	Others	**Total**	**Total**	**Total**
Investment properties as at 30/06/2016							
Investment properties (EUR k)	784,732	857,613	264,432	54,157	**1,960,935**	**11,987**	**1,972,921**
Average discount rate (%)	4.97	5.64	4.75	6.43	**5.27**	**4.81**	
Average capitalisation rate (%)	6.52	7.56	6.15	8.34	**6.94**		
EPRA Vacancy Rate (%)	4.6	1.1	3.2	6.5	**2.9**	**90.6**	**3.1**
Average effective rent (EUR/sqm/month)	9.03	10.01	12.66	4.31	**9.41**	**2.84**	**9.40**
Proportion of temporary rental agreements (%)	94.6	97.6	99.0	90.2	**96.4**	**68.2**	**96.4**
WALT of temporary rental agreements (years)	5.2	5.7	13.6	8.3	**6.5**	**3.1**	**6.5**

The figures were as follows on 31 December 2015:

	Discounted cash flow method					Liquidation method	
	Office	Retail	Hotel	Others	**Total**	**Total**	**Total**
Investment properties as at 31 December 2015							
Investment properties (EUR k)	597,395	867,600	207,565	54,620	**1,727,179**	**12,295**	**1,739,474**
Average discount rate (%)	4.96	5.66	4.65	6.69	**5.33**	**4.80**	
Average capitalisation rate (%)	6.43	7.56	6.05	8.77	**6.99**		
EPRA Vacancy Rate (%)	5.7	1.4	1.0	6.1	**3.0**	**0.0**	**3.0**
Average effective rent (EUR/sqm/month)	9.56	9.86	14.16	4.51	**9.60**	**2.48**	**9.52**
Proportion of temporary rental agreements (%)	92.9	97.5	99.0	89.9	**95.9**	**89.9**	**95.8**
WALT of temporary rental agreements (years)	5.1	5.9	15.2	8.4	**6.7**	**0.9**	**6.7**

C.2 EQUITY

The changes in the components of Group equity are detailed in the consolidated statement of changes in equity.

In the financial year, a total of EUR 48.6 m was distributed to the shareholders, which corresponds to EUR 0.72 per no-par-value bearer share entitled to dividends.

D. SELECTED NOTES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Reclassifications of account items in the financial year caused the value from the previous year to change. This has made it possible to present the net operating income from letting activities far more accurately.

The effects can be broken down as follows:

in EUR k	01/01/2015–30/06/2015 (adjusted)	01/01/2015–30/06/2015	Changes
Income from letting activities	**72,568**	**71,487**	**1,081**
a) Rental income	61,060	61,060	0
b) Income from recharged utilities and other operating costs	10,526	10,141	385
c) Income from other goods and services	982	286	696
Expenses from letting activities	**-17,640**	**-17,544**	**-96**
d) Expenses from operating costs	-14,165	-14,165	0
e) Maintenance expenses	-2,270	-2,195	-75
f) Other services	-1,204	-1,184	-20
Other operating income	**2,245**	**3,326**	**-1,081**
Other operating expenses	**-3,840**	**-3,935**	**96**

D.1 RESULT FROM THE REMEASUREMENT OF INVESTMENT PROPERTY

The result from the remeasurement of investment property remained positive, due mainly to the persistently favourable market conditions in the first half of 2016. In addition to the favourable market conditions, the low EPRA Vacancy Rate of 3.1% and a remaining term (WALT) of 6.5 years for temporary rental agreements had a stabilising effect on the fair value.

D.2 RESULT FROM THE REMEASUREMENT OF DERIVATIVE FINANCIAL INSTRUMENTS

In the first half of 2016, expenses of EUR k 1,356 resulting from the fair value adjustment of derivative financial instruments were recognised due to a lack of hedges and ineffectiveness of EUR k 163. There was no ineffectiveness in derivatives in hedge accounting in the first half of 2015.

D.3 INCOME TAXES

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

in EUR k	01/01/2016–30/06/2016	01/01/2015–30/06/2015
Current income tax	3,072	4,124
Prior-period income taxes	-20	-6,822
Deferred taxes	11,127	25,332
Tax expense/income	**14,178**	**22,635**

TLG IMMOBILIEN discloses income taxes on the basis of the expected average effective Group tax rate. A change in the tax rate compared to the previous period can be the result of various factors, especially changes in loss carryforwards/carried interest, the accrual of tax-free income and expenses and aperiodic income taxes.

D.4 EARNINGS PER SHARE

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

	01/01/2016–30/06/2016	01/01/2015–30/06/2015
Net income for the period attributable the shareholders, in EUR k	33,446	74,773
Weighted average number of shares on issue (in thousands)	67,432	61,302
Undiluted earnings per share, in EUR	**0.50**	**1.22**
Potential diluting effect of share-based payment, in thousands	74	34.0
Number of shares with a potential diluting effect, in thousands	67,506	61,336
Diluted earnings per share, in EUR	**0.50**	**1.22**

The share-based remuneration 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 balance sheet date would increase by around 74,000 shares.

E. OTHER INFORMATION

E.1 DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

With the exception of derivatives recognised at fair value, all assets and liabilities have been measured at amortised cost. With regard to the assets and liabilities measured at amortised cost, the book values of the financial assets and liabilities on the balance sheet are good approximations of fair value, with the exception of the financial liabilities.

The fair values of the financial liabilities correspond to the present values of the payments associated with the liabilities, with consideration for the current interest parameters as at the balance sheet date (level 2 according to IFRS 13), and were EUR k 885,584 on 30 June 2016 (31/12/2015: EUR k 821,465).

The derivative financial instruments recognised in the balance sheet have been measured at fair value. They are all interest rate hedges.

The measurement methods have not changed since 31 December 2015.

E.2 RELATED COMPANIES AND PARTIES

No transactions of particular significance took place with related companies or parties in the financial year.

The composition of the Supervisory Board has changed as follows: Mr Heße stepped down from the Supervisory Board with effect from 31 May 2016.

E.3 RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements of TLG IMMOBILIEN AG of 30 June 2016 give a true and fair view of the net assets, financial position and earnings 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, 29 July 2016

Peter Finkbeiner	Niclas Karoff
Member of the Management Board	Member of the Management Board

F. AUDITOR'S REPORT

TO TLG IMMOBILIEN AG, BERLIN

We have reviewed the condensed consolidated interim financial statements – consisting of the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flow and selected explanatory notes – and the consolidated interim management report 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), for the period from 1 January 2016 to 30 June 2016. The legal representatives of the company are responsible for preparing the condensed consolidated interim financial statements in accordance with the IFRS for interim financial reporting as applicable in the EU, and the consolidated interim management report in accordance with the provisions of the German Securities Trading Act (WpHG) which apply to consolidated interim management reports. Our task is to issue a certificate for the condensed consolidated interim financial statements and the consolidated interim management report on the basis of our review.

We carried out our review of the condensed consolidated interim financial statements and the interim Group management report with consideration for the generally accepted accounting principles in Germany that were established by the German Institute of Auditors (IDW). These stipulate that the review must be planned and conducted in such a way that following our critical appraisal we can, with a degree of certainty, conclude that the condensed consolidated interim financial statements have essentially been prepared in accordance with the IFRS for interim financial reporting as applicable in the EU, and that the interim Group management report has essentially been prepared in accordance with the provisions of the German Securities Trading Act (WpHG) that apply to consolidated interim management reports. A review is mainly limited to interviews with employees of the company and analytical evaluations, and therefore does not provide the certainty that can be achieved by an audit. As we have not been engaged to conduct an audit, we cannot provide an audit certificate.

On the basis of our review, we have not discovered any discrepancies that would give us cause to assume that the condensed consolidated interim financial statements of TLG IMMOBILIEN AG, Berlin, have not essentially been prepared in accordance with the IFRS for interim financial reporting as applicable in the EU, and that the interim Group management report has not essentially been prepared in accordance with the provisions of the German Securities Trading Act (WpHG) that apply to interim Group management reports.

Berlin, 29 July 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Kreninger	Pilawa
Auditor	Auditor

FINANCIAL CALENDAR

11 November 2016
Publication of the quarterly financial report as at 30 September 2016

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