QUARTERLY FINANCIAL REPORT

AS AT 30 SEPTEMBER 2019

TLG IMMOBILIEN

KEY GROUP FIGURES

ACCORDING TO IFRS

	Unit	01/01/2019–30/09/2019	01/01/2018–30/09/2018	Change in %
Earnings indicators				
Rental income	in EUR k	172,959	166,347	4.0
Net operating income from letting activities (NOI)	in EUR k	156,079	149,203	4.6
Disposal profits	in EUR k	16,098	1,363	1,081.1
Net income for the period	in EUR k	355,332	200,100	77.6
Funds from operations (FFO)	in EUR k	107,685	100,750	6.9
FFO per share[1]	in EUR	1.01	0.98	3.1

	Unit	30/09/2019	31/12/2018	Change
Balance sheet metrics				
Investment property	in EUR k	4,448,263	4,067,527	9.4 %
Cash and cash equivalents	in EUR k	560,213	153,893	264.0 %
Total assets	in EUR k	6,939,892	4,320,847	60.6 %
Equity	in EUR k	3,226,158	2,157,239	49.6 %
Equity ratio	in %	46.5	49.9	−3.4 pp
Interest-bearing liabilities	in EUR k	2,742,814	1,579,442	73.7 %
Net debt	in EUR k	2,182,601	1,425,549	53.1 %
Net LTV (adjusted)[2]	in %	45.2	34.7	10.5 pp
EPRA NAV	in EUR k	3,386,755	2,715,723	24.7 %
EPRA NAV per share[1]	in EUR	30.25	26.27	15.2 %

	Unit	30/09/2019	31/12/2018	Change
Key portfolio performance indicators				
Property value[3]	in EUR k	4,580,144	4,109,449	11.5 %
Lettable area	in sqm	1,879,788	1,912,793	−1.7 %
Property value per sqm[4]	in EUR/sqm	2,149	2,012	6.8 %
Properties	number	389	409	−20 units
EPRA Vacancy Rate	in %	3.1	3.3	−0.2 pp
WALT	in years	5.8	6.1	−0.3 years
Annualised in-place rent[5]	in EUR k	233,073	227,154	2.6 %
Average rent per sqm[4]	in EUR/sqm	10.89	10.39	4.8 %
In-place rental yield[4]	in %	5.7	5.9	−0.2 pp
Average market rent per sqm[4]	in EUR/sqm	11.44	10.89	5.0 %
In-place rental yield on market rent[4]	in %	6.3	6.4	−0.1 pp

[1] Total number of shares as at 31 December 2018: 103.4 m, as at 30 September 2019: 112.0 m.
The weighted average number of shares was 102.7 m in the third quarter of 2018 and 106.4 m in the third quarter of 2019.
[2] Calculation: Net debt divided by real estate assets; for the composition and the adjustment see page 20
[3] In line with values disclosed according to IAS 40, IAS 2, IAS 16 and IFRS 5
[4] Excluding the invest asset class
[5] The annualised in-place rent is calculated using the annualised rents agreed as at the reporting date – not factoring in rent-free periods.

Related links   Web reference

CONTENTS

Title illustration: Building project Annenhöfe, Dresden

FOREWORD BY THE MANAGEMENT BOARD

DEAR SIR OR MADAM,

In recent months, TLG IMMOBILIEN has further consolidated its position as a leading commercial property platform in Germany and can once again report highly positive business developments. As further growth through attractive property or portfolio acquisitions is increasingly limited by rising property prices, we have analysed our property portfolio in order to identify lucrative potential investments: Our project NEO in Dresden is currently in the construction phase and the groundbreaking ceremonies for Wriezener Karree in Berlin and Annenhöfe in Dresden will follow.

Considering the rising prices, we decided to explore M&A options to create synergies and additional value for our shareholders and increase the company's total shareholder return even further. In this context we are, as recently announced, working towards a potential merger with Aroundtown which possesses one of the largest commercial property portfolios in Europe with focal points in Germany and the Netherlands. The merger will create one of the largest commercial property platforms in Europe with property portfolios worth over EUR 24 bn which complement one another excellently. The planned merger will create numerous advantages which will generate value. Most of these advantages are improved financial opportunities, being single A rated, potential synergies and economies of scale on an operational level, and especially the opportunity to realise development projects more quickly. In particular, there will be significant opportunities to strengthen our stock market liquidity which might ultimately lead to the leading DAX index in the long term.

We have now been able to take another important step in this direction: we have fixed the key parameters of a potential merger in the form of a term sheet agreed with Aroundtown in late October. Both companies agree that the best possible way from an economic, financial, operational, legal and tax standpoint would be a voluntary public offer by Aroundtown for all shares in TLG IMMOBILIEN. The share swap ratio will be calculated on the basis of the EPRA NAV of both companies. We are certain that our shareholders will profit considerably from the merger of both companies and the value it will create.

The agreement underlines the intention to operate the new entity under a new name in future, although the operating headquarters are to remain in Berlin.

The management structure has also been fixed depending on the achievement of certain thresholds as part of the swap, with consideration for good corporate governance. As soon as Aroundtown holds more than 50% of our shares, the new company is to consist of a management body and a separate board of directors. In this case, we would appoint the chair of the board of directors and the CFO at the management body. If the 66% threshold is surpassed, we will appoint another member to the management body and elect one of our representatives co-CEO.

We will continue to evaluate and differentiate our analysis in order to identify potential synergies. As such, the conclusion of a final, legally binding merger agreement by both companies and the actual execution of a transaction are not yet certainties.

The planned merger notwithstanding, our funds from operations (FFO) are already going to profit from the transaction in the 2019 financial year: Instead of the previously forecast margin of between EUR 140 m and EUR 143 m, we now expect FFO growth to around EUR 147 m due to our 15% stake in Aroundtown and taking into account the interest burden arising from the bonds issued in September 2019.

Even after acquiring the shares of Aroundtown for around EUR 1.5 bn, we have sufficient liquidity to acquire other properties and invest in our portfolio. We are therefore perfectly equipped for the future and look forward to moving in this direction with you and our team.

With best regards,

Barak Bar-Hen	Gerald Klinck	Jürgen Overath
Chief Executive Officer (CEO)	Chief Financial Officer (CFO)	Chief Operating Officer (COO)

TLG IMMOBILIEN SHARES

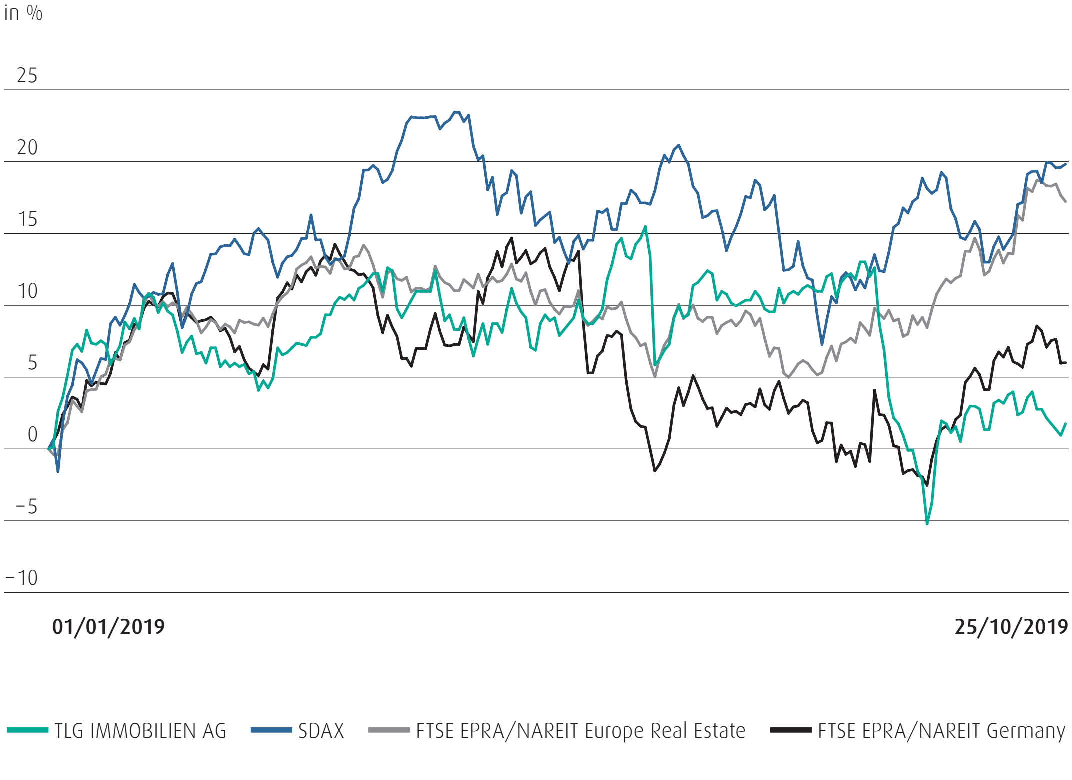
The capital markets fared positively in the first nine months of 2019. The negative effects of trade disputes and the uncertainty surrounding Brexit were balanced out by factors such as the interest rate cuts by the European Central Bank and the Federal Reserve.

The German stock index DAX therefore grew in the first nine months of 2019 and closed at 12,428.08 points on 30 September 2019. As a result, the DAX increased by a total of + 18.6% compared to its opening price on 2 January 2019.

The SDAX also fared well in the first three quarters of the year, increasing by 15.9% between early January and the end of September 2019.

European property shares also gained ground in the reporting period. The FTSE EPRA/NAREIT Europe Index grew by 14.9% over the first nine months, while the FTSE/NAREIT Germany Index grew by 5.7%.

Performance of the shares by index

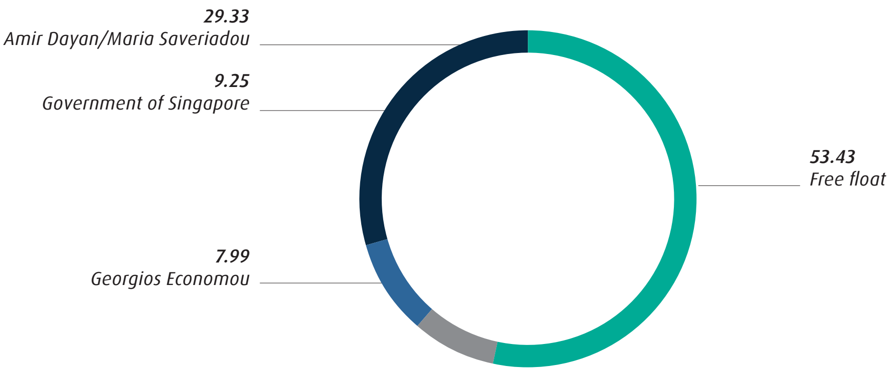


The shares of TLG reached their highest value on Xetra in the first nine months of the year at EUR 28.10 on 18 June 2019. The shares closed the reporting period at EUR 24.95, which represents an increase of 2.4% compared to the opening price at the start of the year.

TLG IMMOBILIEN share data

ISIN/WKN	DE000A12B8Z4/A12B8Z
Ticker symbol	TLG
Share capital in EUR	111,958,812.00
Number of shares (no-par value bearer shares) as at 30/09/2019	111,958,812
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 18/06/2019 (Xetra) in EUR	28.10
Reporting period low on 17/09/2019 (Xetra) in EUR	22.60
Closing price on 30/09/2019 (Xetra) in EUR	24.95
Market capitalisation in EUR m	2,793.4

Shareholder structure as at 30 September 2019 *



* Data based on the latest voting rights notifications

Amir Dayan/Maria Saveriadou: *Attributed shareholding as reported for 15 March 2019. The shares are held by Ouram Holding S.à.r.l. On that date, the total number of voting rights was 103,444,574.*
Government of Singapore: *Indirect shareholding as reported for 6 October 2017. The government of Singapore is the majority shareholder of GIC Private Limited which held all of the reported voting rights of the company as at the key date. On that date, the total number of voting rights was 94,611,266.*
Georgios Economou: *Attributed shareholding as reported for 26 April 2019. The shares are held by XENOPUS LIMITED. On that date, the total number of voting rights was 103,444,935.*
Free float: *Shareholding <5%*

The diagram shows the voting rights last disclosed by shareholders according to Sec. 33 and Sec. 34 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.

Coverage by analysts

Bank	Target price in EUR	Rating	Analyst	Date
Pareto Securities	24.00	Hold	Katharina Schmenger	14/10/2019
Kepler Cheuvreux	29.50	Buy	Thomas Neuhold	27/09/2019
Berenberg	30.00	Hold	Kai Klose	23/09/2019
Kempen & Co	25.00	Neutral	Mihail Tonchev	19/09/2019
Bankhaus Lampe	29.00	Buy	Georg Kanders	18/09/2019
Jefferies	28.00	Hold	Thomas Rothaeusler	17/09/2019
J.P. Morgan	33.00	Overweight	Tim Leckie	16/09/2019
HSBC	32.00	Buy	Thomas Martin	06/09/2019
Baader Bank	30.00	Buy	Andre Remke	02/09/2019
Deutsche Bank	37.50	Buy	Markus Scheufler	02/09/2019
UBS	28.00	Neutral	Charles Boissier	12/08/2019
Commerzbank	30.50	Buy	Tom Carstairs	08/05/2019
VictoriaPartners	25.60 – 28.00	n/a	Bernd Janssen	25/01/2019

Source: Bloomberg (as at 21 October 2019) and broker research

Pareto Securities AS started covering the shares of TLG IMMOBILIEN AG in the first quarter of 2019.

INVESTOR RELATIONS ACTIVITIES

TLG IMMOBILIEN AG attended the following national and international conferences in the first nine months of 2019:

- ODDO & Cie – ODDO BHF FORUM, Lyon
- UniCredit Kepler Cheuvreux – German Corporate Conference, Frankfurt/Main
- Commerzbank – German Real Estate Forum, London
- Kepler Cheuvreux – German & Austrian Property Days, Paris
- Kempen – 17th European Property Seminar, Amsterdam
- Berenberg & Goldman Sachs – 8th German Corporate Conference, Munich
- Baader – Investment Conference, Munich

Roadshows were also held in Frankfurt, Munich, London, Paris and the Netherlands (Amsterdam, The Hague, and Rotterdam).

The figures for 2018 were published on 21 March 2019, the first quarterly financial report on 8 May 2019 and the half-year report on 12 August 2019. Results were presented to investors and analysts during a telephone conference. The report documents and the recording of the teleconference are available in the Investor Relations section of the Group website (*www.tlg.eu*).

EPRA KEY FIGURES

TLG IMMOBILIEN AG is a member of EPRA and, as a listed company, publishes its key financials in line with EPRA's Best Practice Recommendations for the sake of transparency and comparability.

Overview of key figures according to EPRA

in EUR k	30/09/2019	31/12/2018	Change	Change in %
EPRA NAV	3,386,755	2,715,723	671,032	24.7
EPRA NNNAV	2,505,470	2,121,149	384,321	18.1
EPRA Net Initial Yield (NIY) in %	4.1	4.5	−0.4 pp	
EPRA "topped-up" Net Initial Yield in %	4.2	4.5	−0.3 pp	
EPRA Vacancy Rate in %	3.1	3.3	−0.2 pp	

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018	Change	Change in %
EPRA Earnings[1]	103,120	98,356	4,764	4.8
EPRA Cost Ratio (including direct vacancy costs) in %	24.2	26.2	−2.0 pp	
EPRA Cost Ratio (excluding direct vacancy costs) in %	23.1	25.0	−1.9 pp	

[1] In the 2018 financial year, the reclassification of line items caused individual amounts from the previous year to change (see section D.1 of the notes).

The increase in EPRA NAV was essentially the result of the increase in equity due to the net income generated for the period as well as the capital increase which took place on 27 June 2019 and generated gross proceeds of EUR k 222,092. Dividend payments of EUR k 94,140 had the opposite effect.

Compared to the previous year, EPRA Cost Ratios decreased as consulting costs in connection with the takeover of WCM AG, for example, influenced earnings for 2018.

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

EPRA Earnings

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018	Change	Change in %
Net income for the period	355,332	200,100	155,232	77.6
Result from the remeasurement of investment property[1]	–401,090	–185,105	–215,985	116.7
Result from the disposal of properties[1]	–16,098	–1,363	–14,735	n/a
Result from the remeasurement of derivative financial instruments and refinancing costs	34,442	–474	34,916	n/a
Acquisition costs of share deals	1,837	1,914	–77	–4.0
Deferred and actual taxes in respect of EPRA adjustments	146,227	85,591	60,636	70.8
Net income from companies measured at equity	–16,149	0	–16,149	0
Non-controlling interests	–1,381	–2,307	926	–40.1
EPRA Earnings[1]	**103,120**	**98,356**	**4,764**	**4.8**
Average number of shares outstanding in thousands[2]	106,400	102,688		
EPRA Earnings per share in EUR	0.97	0.96		

[1] In the 2018 financial year, the reclassification of line items caused individual amounts from the previous year to change (see section D.1 of the notes).
[2] Total number of shares as at 31 December 2018: 103.4 m, as at 30 September 2019: 112.0 m. The weighted average number of shares was 102.7 m in the third quarter of 2018 and 106.4 m in the third quarter of 2019.

EPRA Net Asset Value (EPRA NAV)

in EUR k	30/09/2019	31/12/2018	Change	Change in %
Equity attributable to shareholders of the parent company	2,614,145	2,133,924	480,221	22.5
Fair value adjustment of owner-occupied property (IAS 16)	20,482	17,168	3,314	19.3
Fair value adjustment of real estate inventories (IAS 2)	1,182	1,182	0	0.0
Fair value of derivative financial instruments	37,627	8,604	29,023	337.3
Deferred taxes[1]	713,319	554,845	158,474	28.6
EPRA Net Asset Value (EPRA NAV)	**3,386,755**	**2,715,723**	**671,032**	**24.7**
Number of shares in thousands[2]	111,952	103,385		
EPRA NAV per share in EUR	**30.25**	**26.27**		

[1] The calculation closely follows EPRA's specifications and only neutralises deferred tax assets and liabilities attributable to investment property and derivative financial instruments.
[2] Total number of shares as at 31 December 2018: 103.4 m, as at 30 September 2019: 112.0 m. The weighted average number of shares was 102.7 m in the third quarter of 2018 and 106.4 m in the third quarter of 2019.

EPRA Triple Net Asset Value (NNNAV)

in EUR k	30/09/2019	31/12/2018	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	**3,386,755**	**2,715,723**	**671,032**	**24.7**
Fair value of derivative financial instruments	−37,627	−8,604	−29,023	337.3
Fair value adjustment of liabilities due to financial institutions/bonds	−128,106	−28,892	−99,214	343.4
Deferred taxes[1]	−715,552	−557,078	−158,474	28.4
EPRA Triple Net Asset Value (EPRA NNNAV)	**2,505,470**	**2,121,149**	**384,321**	**18.1**
Number of shares in thousands[2]	111,952	103,385		
EPRA NNNAV per share in EUR	22.38	20.52		

[1] The calculation closely follows EPRA's specifications and only neutralises deferred tax assets and liabilities attributable to investment property, derivative financial instruments, and liabilities due to financial institutions (only EPRA NNNAV).
[2] Total number of shares as at 31 December 2018: 103.4 m, as at 30 September 2019: 112.0 m. The weighted average number of shares was 102.7 m in the third quarter of 2018 and 106.4 m in the third quarter of 2019.

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

in EUR k	30/09/2019	31/12/2018	Change	Change in %
Investment property	4,448,263	4,067,527	380,736	9.4
Inventories	734	737	−3	−0.4
Properties classified as held for sale	123,142	33,080	90,062	272.3
Property portfolio (net)	**4,572,139**	**4,101,344**	**470,795**	**11.5**
Estimated transaction costs	339,122	298,288	40,834	13.7
Property portfolio (gross)	**4,911,261**	**4,399,632**	**511,629**	**11.6**
Annualised cash passing rental income	231,567	226,456	5,111	2.3
Property outgoings	−28,806	−28,761	−45	0.2
Annualised net rents	**202,761**	**197,695**	**5,066**	**2.6**
Notional rent for ongoing rent-free periods	1,505	697	808	115.9
Annualised "topped-up" net rent	**204,266**	**198,392**	**5,874**	**3.0**
EPRA Net Initial Yield (EPRA NIY) in %	**4.1**	**4.5**	**−0.4 pp**	
EPRA "topped-up" Net Initial Yield in %	**4.2**	**4.5**	**−0.3 pp**	

EPRA Vacancy Rate

in EUR k	30/09/2019	31/12/2018	Change	Change in %
Market rent for vacant properties	8,136	8,542	−406	−4.8
Total market rent	266,727	258,583	8,144	3.1
EPRA Vacancy Rate in %	**3.1**	**3.3**	**−0.2 pp**	

EPRA Cost Ratio

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018	Change	Change in %
Costs pursuant to the consolidated statement of comprehensive income under IFRS				
Expenses relating to letting activities[1]	53,153	52,326	827	1.6
Personnel expenses	11,839	12,508	−669	−5.3
Depreciation and amortisation	1,332	759	573	75.5
Other operating expenses[1]	10,414	13,160	−2,746	−20.9
Income from recharged operating costs	−33,103	−34,172	1,069	−3.1
Income from other goods and services	−1,761	−826	−935	113.2
Other operating income from reimbursements	2	−238	240	n/a
EPRA Costs (including direct vacancy costs)[1]	**41,876**	**43,517**	**−1,641**	**−3.8**
Direct vacancy costs	−1,898	−1,919	21	1.1
EPRA Costs (excluding direct vacancy costs)[1]	**39,978**	**41,598**	**−1,620**	**−3.9**
Rental income	172,959	166,347	6,612	4.0
EPRA Cost Ratio (including direct vacancy costs) in %	**24.2**	**26.2**	**−2.0 pp**	
EPRA Cost Ratio (excluding direct vacancy costs) in %	**23.1**	**25.0**	**−1.9 pp**	

[1] In the 2018 financial year, the reclassification of line items caused individual amounts from the previous year to change (see section D.1 of the notes).

CONSOLIDATED INTERIM MANAGEMENT REPORT

1. COMPANY FUNDAMENTALS

1.1 BUSINESS MODEL OF THE GROUP

1.1.1 Organisational structure

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

- Portfolio management
  Portfolio management forms the strategic orientation of the portfolio with regard to regional markets and locations, individual asset classes and general trends in the property market. It also monitors the development of the portfolio and the valuation of properties.

- Asset management
  Asset management identifies the most economical long-term strategy for every property and is responsible for implementing it. Suitable instruments are selected with regard to renting, conversion and modernisation measures in order to generate the highest possible value for every single property.

- Transaction management
  With its years of expertise, TLG IMMOBILIEN is very well connected in its core markets and operates in the transaction market with an experienced team. Acquisition and disposal processes are controlled by the internal transaction management team from the identification of potential transaction partners to the due diligence phase and contractual negotiations.

- Property management
  Property management is responsible for ongoing commercial property management. This entails maintaining relations with tenants and managing service providers in the property. The property management team is decentralised so that it can be present on site for tenants and properties.

Business activities aim at further optimising the high-quality property portfolio through active asset management and tap the potential of selected portfolio properties for value growth through construction and conversion measures. In addition to further growth through the acquisition of properties with value adding potential, also the disposal of non-strategic properties is part of the strategic redefinition of the portfolio.

2. ECONOMIC REPORT

2.1 GENERAL ECONOMIC CONDITIONS AND REAL ESTATE MARKETS

2.1.1 General economic conditions

The German economy slowed over the course of 2019. These are the findings of the “joint diagnosis” for autumn 2019 prepared by leading economic research institutes for the Federal Ministry for Economic Affairs and Energy (BMWi). According to the joint diagnosis, the gross domestic product (GDP) is likely to grow by 0.5% in 2019. The dynamism of the job markets is slowing, yet jobs continue to be created. 380,000 new jobs are forecast to be created in 2019, driven largely by the demand of the service and construction industry.

While economic risks do exist, a crisis is not to be expected despite the decline in economic output in the summer months. The slowdown in growth was caused mainly by the potential risks of a no-deal Brexit and the further escalation of ongoing trade disputes. Both factors are affecting the willingness of businesses to make investments and slowing foreign trade. That the economy is still growing is due primarily to the fact that private households are in a buying mood.

2.1.2 Economic situation in the sectors

At the moment, these economic developments are not reflected in the German real estate investment market. According to CBRE, at EUR 50 bn, 11% less was invested in the first three quarters of 2019 than in the same period in the previous year, although this decline was due largely to the lack of suitable assets. For one, this is indicated by the fact that the decreasing volume is based largely on a lower number of portfolio transactions while the number of investments in individual assets has remained stable. Additionally, vacancy rates remain low, demand remains high and the rate of construction modest. According to CBRE, national and international investors are still highly interested in the German property market. In the third quarter, the market regained its dynamism with a transaction volume of EUR 19.1 bn following the weak first six months of the year. Of this volume, EUR 3.75 bn was attributable to the acquisition of shares in real estate companies by institutional investors. At the same time, this is another indicator of the lack of properties and the desire for diversification.

2.1.3 Development of the office property market

Office properties remain the most-traded asset class. According to CBRE, the volume of transactions in the office property market increased by 1% this year to EUR 20.8 bn. According to Colliers, 53% of all transactions in the commercial property markets are attributable to office properties. The performance of the lettings markets was also dynamic: 2.9 million sqm of office space were rented out in the top seven cities in the first three quarters of 2019. This result is 25% higher than the average of the past ten years and 5% higher than the turnover in the previous year. According to Colliers, the average vacancy rate in the seven largest German cities decreased to 2.9%. A total of 1.5 million sqm of office space are expected to be created in those cities in 2019 and more than 5.5 million sqm by 2021. Of this space, 65% has already been rented out in advance. Additionally, the ongoing scarcity of space has caused rents to increase further, causing top rents to decrease. According to CBRE, they are 3.01% on average in the top seven cities.

2.1.4 Development of the retail property market

Retail properties represent the second-largest asset class with a 17% share of the volume of transactions in the German commercial property market. Running counter to the trend of the overall market, the transaction figures in this segment have remained stable compared to previous years at EUR 7.5 bn in the first three quarters according to Colliers. Portfolios were dominant in this regard with a share of 55%. Breaking the transactions down by property type, commercial properties in 1a-rated locations changed hands exceptionally frequently in 2019 and made up almost half of all sales. Special retail centres are far behind with a 30% share and shopping centres with 21%.

2.1.5 Development of the hotel property market

According to JLL, at EUR 2.3 bn, the volume of transactions in the hotel property market in the first three quarters was one fifth below the average of the comparative periods in the past five years. Share deals and M&A transactions are becoming more important than in previous years. JLL believes that this is a consequence of the planned changes to the German Real Estate Transfer Tax Act (GrEStG) in early 2020. The hotel property market continues to experience the same trend as the commercial property market as a whole: the volume of investments is decreasing due to the lack of supply. At EUR 30 m in the first three quarters of 2019, the average transaction size was EUR 4 m lower than in the same period in the previous year. In contrast, the volume of portfolio transactions grew compared to the same period in the previous year, increasing from EUR 644 m to EUR 905 m.

2.2 POSITION OF THE COMPANY

2.2.1 Course of business

In the first nine months of 2019, TLG IMMOBILIEN successfully continued on its growth path. Successful negotiations with tenants, revaluation, and acquisitions were the main drivers of a 12% increase in value to around EUR 4.6 bn.

TLG IMMOBILIEN classifies its properties into a strategic portfolio and a non-strategic portfolio. The strategic portfolio comprises the office, retail and hotel asset classes, as well as an asset class invest since 30 June 2019. The invest asset class comprises properties that represent key properties for future development measures. The properties in the strategic portfolio deliver sustainable income and have the potential to generate additional income and value through active asset management or investments in the portfolio. Properties in the non-strategic portfolio are to be disposed of over the next few years.

As a result, the property portfolio can be broken down as follows:

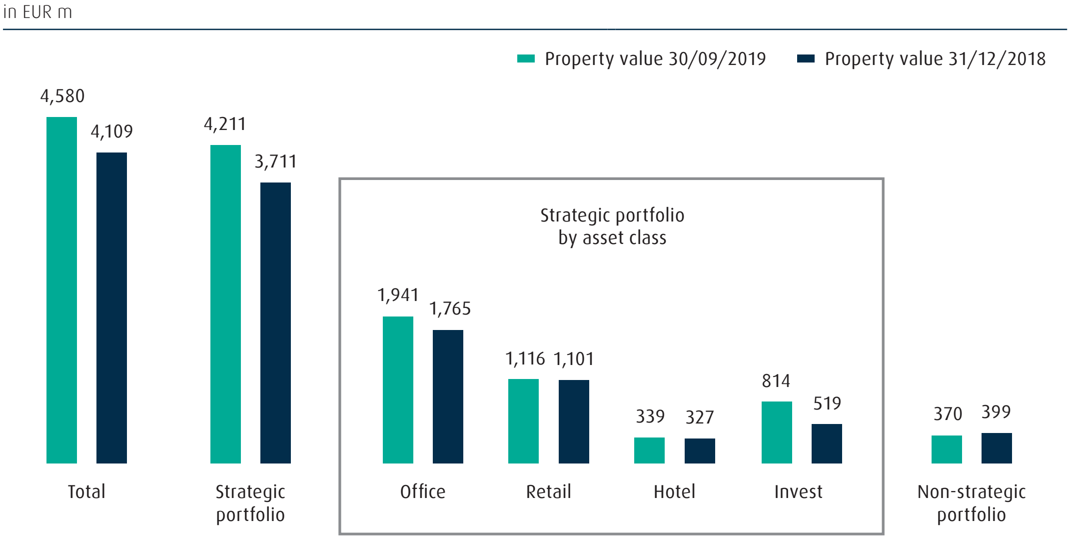
		Strategic portfolio					
Key figures	**Total**	**Sum**	**Office**	**Retail**	**Hotel**	**Invest**	**Non-strategic portfolio**
Property value (EUR k)[1]	4,580,144	4,210,626	1,941,469	1,116,149	338,945	814,063	369,518
Annualised in-place rent (EUR k)[2]	233,073	205,944	96,060	76,698	17,139	16,047	27,129
In-place rental yield on actual rent (%)[3]	5.7	5.6	4.9	6.9	5.0	–	7.3
In-place rental yield on market rent (%)[3]	6.3	6.2	5.9	6.9	6.3	–	7.2
EPRA Vacancy Rate (%)	3.1	2.9	3.6	2.8	2.3	0.6	4.5
WALT (years)	5.8	5.8	5.7	5.3	10.7	2.9	6.5
Average actual rent (EUR/sqm/month)[3]	10.89	11.55	12.50	10.22	13.66	–	7.78
Average market rent (EUR/sqm/month)[3]	11.44	12.40	14.33	9.74	16.38	–	7.06
Properties (number)	389	286	55	211	7	13	103
Lettable area (sqm)	1,879,788	1,565,871	673,114	655,595	109,727	127,436	313,917

[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.
[3] The calculation is made for the entire strategic portfolio and for the overall portfolio, not taking the invest asset class into consideration.

As at 30 September 2019, the property portfolio comprised 389 properties (31/12/2018: 409) with a fair value (IFRS) of EUR 4.580 bn (31/12/2018: EUR 4.109 bn). The EUR 471 m increase is due primarily to the remeasurement (85.2%), acquisitions (18.8%), balancing effects resulting from disposals (–8.2%) and investments in the portfolio (5.2%).

Of the total value of the properties, 91.9% is attributable to the strategic portfolio (31/12/2018: 90.3%). Office properties are the strongest asset class at 46.1% (31/12/2018: 47.6%), followed by retail properties at 26.5% (31/12/2018: 29.7%), the new invest asset class at 19.3% (31/12/2018: 14.0%) and hotels at 8.0% (31/12/2018: 8.8%). Besides office properties with a share of 4.4% (31/12/2018: 5.1%), the non-strategic portfolio comprises other properties with a share of 8.7% (31/12/2018: 9.7%) consisting mainly of retail properties at 86.9% (31/12/2018: 85.1%). The figures from the previous year have been adjusted here and below in light of the new portfolio structure with the invest asset class.

The property values by portfolio and asset class have developed as follows:



2.2.2 Financial performance

By 30 September 2019, TLG IMMOBILIEN generated net income for the period of EUR k 355,332 as another reflection of the highly positive development of the Group.

The EUR k 155,232 increase compared to the same period in the previous year is due largely to the higher result from the remeasurement of investment property as well as the increase in net operating income from letting activities. The table below presents the financial performance:

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018	Change	Change in %
Net operating income from letting activities[1]	**156,079**	**149,203**	**6,876**	**4.6**
Result from the remeasurement of investment property[1]	401,090	185,105	215,985	116.7
Result from the disposal of properties[1]	16,098	1,363	14,735	n/a
Other operating income	990	1,636	−646	−39.5
Personnel expenses	−11,839	−12,508	669	−5.3
Depreciation and amortisation	−1,332	−759	−573	75.5
Other operating expenses[1]	−10,414	−13,160	2,746	−20.9
Earnings before interest and taxes (EBIT)	**550,672**	**310,880**	**239,792**	**77.1**
Net income from shares in companies measured at equity	16,149	0	16,149	0
Financial income	222	526	−304	−57.8
Financial expenses	−32,387	−23,906	−8,481	35.5
Result from the remeasurement of derivative financial instruments	−30,689	496	−31,185	n/a
Earnings before taxes	**503,967**	**287,996**	**215,971**	**75.0**
Income taxes	−148,635	−87,896	−60,739	69.1
Net income for the period	**355,332**	**200,100**	**155,232**	**77.6**
Other comprehensive income (OCI)	1,017	864	153	17.7
Total comprehensive income	**356,349**	**200,964**	**155,385**	**77.3**

[1] In the 2018 financial year, the reclassification of line items caused individual amounts from the previous year to change (see section D.1 of the notes).

Compared to the previous period, net operating income from letting activities of EUR k 156,079 increased by EUR k 6,876, due primarily to acquisitions and the successful conclusion of rental agreements within the portfolio.

At EUR k 401,090, the result from the remeasurement of investment property was EUR k 215,985 higher than in the same period in the previous year. In particular, this highly positive development resulted from progress in investment projects and from positive market rent developments in the office segment, and is largely attributable to Berlin in this regard.

Essentially, the result from the disposal of properties comprises remeasurements of properties classified as held for sale totalling EUR k 16,903. These are largely attributable to the disposals of the Greenman portfolio, a government services building in Gera and "Falke Forum" in Chemnitz which had been notarised by 30 September 2019.

Personnel expenses were lower than in the previous year which included one-off items in connection with the premature termination of contracts with members of the Management Board.

At EUR k 10,414, the other operating expenses were EUR k 2,746 lower than in the same period in the previous year. In 2018, expenses of EUR k 1,938 were incurred for transactions, such as in connection with the takeover of WCM and the related integration measures, compared to just EUR k 333 in the reporting period.

In the reporting period, financial expenses increased by EUR k 8,481 to EUR k 32,387 compared to the previous year. This is mainly due to the premature termination of loan agreements in order to streamline the company's financial structure and from a disposal totalling EUR k 3,859. Furthermore, due to the bonds issued by 30 September 2019, additional interest expenses were incurred as well as interest from ongoing real estate transfer tax proceedings.

In the reporting period, there was another significant loss of EUR k 30,689 from the remeasurement of derivative financial instruments. The expense is due primarily to lower market interest rates and the resulting market valuation of interest rate hedges on the loans.

Of the tax expenses of EUR k 148,635 by 30 September 2019, EUR k 2,408 is attributable to current income taxes and EUR k 146,227 is attributable to deferred taxes. The latter are largely due to the high result from the remeasurement of investment property.

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018	Change	Change in %
Net income for the period	**355,332**	**200,100**	**155,232**	**77.6**
Income taxes	148,635	87,896	60,739	69.1
EBT	**503,967**	**287,996**	**215,971**	**75.0**
Net interest	32,165	23,380	8,785	37.6
Result from the remeasurement of derivative financial instruments	30,689	−496	31,185	n/a
EBIT	**550,672**	**310,880**	**239,792**	**77.1**
Depreciation and amortisation	1,332	759	573	75.5
Result from the remeasurement of investment property[1]	−401,090	−185,105	−215,985	116.7
EBITDA[1]	**150,914**	**126,534**	**24,380**	**19.3**
Result from the disposal of properties[1]	−16,098	−1,363	−14,735	n/a
Other effects from FFO calculation	5,590	2,545	3,045	119.6
Adjusted EBITDA[1]	**140,406**	**127,716**	**12,690**	**9.9**
Rental income	172,959	166,347	6,612	4.0
Adjusted EBITDA margin in %	**81.2**	**76.8**	**4.2 pp**	

[1] In the 2018 financial year, the reclassification of line items caused individual amounts from the previous year to change (see section D.1 of the notes).

By 30 September 2019, TLG IMMOBILIEN generated an adjusted EBITDA of EUR k 140,406. This represents an increase of EUR k 12,690 over the same period in the previous year, due primarily to the higher net operating income from letting activities.

2.2.3 Cash flows

The following cash flow statement was generated using the indirect method under IAS 7. By 30 September 2019, the proceeds and cash paid in the reporting period resulted in an increase in cash and cash equivalents, due primarily to the issuance of two bonds and one hybrid bond, each with a nominal value of EUR k 600,000, in May and September 2019. The acquisition of the shares of Aroundtown totalling EUR k 1,327,043 in September 2019 had the opposite effect.

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018	Change	Change in %
1. Net cash flow from operating activities	103,895	95,049	8,846	9.3
2. Cash flow from investing activities	−1,577,394	−117,495	−1,459,899	n/a
3. Cash flow from financing activities	1,879,819	−42,421	1,922,240	n/a
Net change in cash and cash equivalents	**406,320**	**−64,867**	**471,187**	**n/a**
Cash and cash equivalents at beginning of period	153,893	201,476	−47,583	−23.6
Cash and cash equivalents at end of period	**560,213**	**136,609**	**423,604**	**310.1**

In the reporting period, the positive cash flow from operating activities increased by EUR k 8,846 compared to the previous year. In particular, it was influenced by the higher current surpluses from letting activities.

Essentially, the negative cash flow from investing activities of EUR k 1,577,394 is caused by the outflow of cash for the acquisition of the shares in Aroundtown totalling EUR k 1,327,043 as well as investments in investment property totalling EUR k 118,169, especially for the acquisition of Westside Office Bonn in the amount of EUR k 88,618.

The cash received from property disposals totalling EUR k 60,388, especially the Aronia retail portfolio, the residential and commercial building Bergstrasse in Rostock, the office and medical centre Kopernikusstrasse in Zwickau, the government services building in Gera, and “Falke Forum” in Chemnitz had the opposite effect.

The positive cash flow from financing activities of EUR k 1,879,819 is primarily related to the issuance of the three bonds, each with a nominal amount of EUR k 600,000, in May and September 2019 as well as the cash received from loans in the amount of EUR k 67,796.

By 30 September 2019, this was counteracted by premature loan repayments totalling EUR k 143,990 made as part of the optimisation of the company's financial structure, the capital increase on 27 June 2019 which generated gross proceeds of EUR k 222,105 and the dividend payments of EUR k 94,140.

The cash and cash equivalents consist entirely of liquid funds.

2.2.4 Net assets

The following overview presents the assets and capital structure of the Group, the total assets of which have increased significantly by EUR k 2,619,045 since the previous year.

in EUR k	30/09/2019	31/12/2018	Change	Change in %
Investment property/prepayments	4,449,150	4,067,550	381,600	9.4
Shares in companies measured at equity	1,546,305	0	1,546,305	0
Other non-current assets	38,957	31,688	7,269	22.9
Financial assets	14,597	13,517	1,080	8.0
Cash and cash equivalents	560,213	153,893	406,320	264.0
Other current assets	330,670	54,199	276,471	n/a
Total assets	**6,939,892**	**4,320,847**	**2,619,045**	**60.6**
Equity	3,226,158	2,157,239	1,068,919	49.6
Non-current liabilities	2,668,329	1,489,098	1,179,231	79.2
Deferred tax liabilities	627,162	480,489	146,673	30.5
Current liabilities	418,243	194,021	224,222	115.6
Total equity and liabilities	**6,939,892**	**4,320,847**	**2,619,045**	**60.6**

The assets side is dominated by investment property. The increase of EUR k 381,600 compared to the previous year is due primarily to the measurement gains as well as the acquisition of a property in Bonn.

Compared to 31 December 2018, the proportion of investment property in the total assets has decreased from 94% to 64%. One of the causes of this is the strong liquidity resulting from the bonds issued in May and September 2019, each with a nominal value of EUR k 600,000. Another factor was the acquisition of shares of Aroundtown SA, Luxembourg, which have been recognised in the amount of EUR k 1,546,305 under shares in companies measured at equity.

TLG IMMOBILIEN acquired a 13% package of Aroundtown shares in September 2019 plus an option to acquire another 2.0%. The shares were recognised in the amount of EUR k 1,546,305 by 30 September 2019, including the option.

The non-current assets classified as held for sale have increased significantly due to the reclassification of properties, the sales of which had been notarised by 30 September 2019. Essentially, this concerns the Greenman portfolio in the amount of EUR k 118,054, the government services building in Gera, and "Falke Forum" in Chemnitz.

The equity of the Group is EUR k 3,226,158 and has therefore increased by EUR k 1,068,919 since the start of the financial year. This was due primarily to the issuance of a hybrid bond with a nominal value of EUR k 600,000 in September 2019, a capital increase in late June 2019 which generated gross proceeds of EUR k 222,092 and the positive net income generated for the period. Dividend payments of EUR k 94,140 had the opposite effect.

Compared to 31 December 2018, the equity ratio decreased by 3.4 percentage points to 46.5%.

2.2.5 Financial performance indicators

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

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018	Change	Change in %
Net income for the period	**355,332**	**200,100**	**155,232**	**77.6**
Income taxes	148,635	87,896	60,739	69.1
EBT	**503,967**	**287,996**	**215,971**	**75.0**
Result from the disposal of properties[1]	–16,098	–1,363	–14,735	n/a
Result from the remeasurement of investment property[1]	–401,090	–185,105	–215,985	116.7
Result from the remeasurement of derivative financial instruments	30,689	–496	31,185	n/a
Depreciation and amortisation	1,332	759	573	75.5
Net income from companies measured at equity	–16,149	0	–16,149	0
Dividend from investments	3,563	0	3,563	0
Attributable to non-controlling interests	–914	–1,003	89	–8.9
Net income for the period attributable to hybrid capital providers	–444	0	–444	0
Other effects[2]	5,590	2,545	3,045	119.6
Income taxes relevant to FFO	–2,761	–2,583	–178	6.9
FFO[1]	**107,685**	**100,750**	**6,935**	**6.9**
Average number of shares outstanding in thousands[3]	106,400	102,688		
FFO per share in EUR	**1.01**	**0.98**	**0.03**	**3.1**

[1] In the 2018 financial year, the reclassification of line items caused individual amounts from the previous year to change (see section D.1 of the notes).
[2] The other effects include
[a] transaction costs (EUR k 1,837, previous year EUR k 2,523),
[b] refinancing costs / repayment of loans (EUR k 3,753, previous year EUR k 22).
[3] Total number of shares as at 31 December 2018: 103.4 m, as at 30 September 2019: 112.0 m.
The weighted average number of shares was 102.7 m in the third quarter of 2018 and 106.4 m in the third quarter of 2019.

Funds from operations, adjusted for material unsustainable effects and effects not affecting liquidity, totalled EUR k 107,685 in the reporting period. The increase in FFO by 6.9% or EUR k 6,935 compared to the same period in the previous year is due predominantly to the higher net operating income from letting activities. Higher financial expenses, mainly resulting from the issuance of bonds, reduced this effect. The dividend from investments is due to the acquisition of the shares of Aroundtown and corresponds to the proportional value of the dividend forecast for 2019.

FFO per share reached EUR 1.01 being higher than in the previous year despite the capital increase in 2019.

Net Loan to Value (Net LTV)

in EUR k	30/09/2019	31/12/2018	Change	Change in %
Investment property (IAS 40)	4,448,263	4,067,527	380,736	9.4
Advance payments on investment property (IAS 40)	887	23	864	n/a
Owner-occupied property (IAS 16)	8,005	8,104	−99	−1.2
Non-current assets classified as held for sale (IFRS 5)	123,142	33,080	90,062	272.3
Inventories (IAS 2)	734	737	−3	−0.4
Shares in companies measured at equity	1,546,305		1,546,305	0
Real estate assets and investment assets	**6,127,337**	**4,109,471**	**2,017,866**	**49.1**
Interest-bearing liabilities	2,742,814	1,579,442	1,163,372	73.7
Cash and cash equivalents	560,213	153,893	406,320	264.0
Net debt	**2,182,601**	**1,425,549**	**757,052**	**53.1**
Net LTV in %	**35.6**	**34.7**	**0.9 pp**	
Net debt plus hybrid bond	**2,770,592**	**1,425,549**	**1,345,043**	**94.4**
Adjusted Net LTV in %	**45.2**	**34.7**	**10.5 pp**	

As a ratio between net debt and real estate assets and investment assets, the Net LTV is another key performance indicator for the company. It was 35.6% in the Group as at the reporting date. This represents an increase of 0.9 percentage points compared to 31 December 2018, due primarily to the acquisition of the shares in Aroundtown by means of bonds issued in September 2019.

Due to the hybrid bond issued in September, another Net LTV is recognised which factors this market instrument recognised as equity in the consolidated financial statements into the net debt. The adjusted Net LTV was 45.2% as at the reporting date.

EPRA Net Asset Value (EPRA NAV)

in EUR k	30/09/2019	31/12/2018	Change	Change in %
Equity attributable to shareholders of the parent company	2,614,145	2,133,924	480,221	22.5
Fair value adjustment of owner-occupied property (IAS 16)	20,482	17,168	3,314	19.3
Fair value adjustment of real estate inventories (IAS 2)	1,182	1,182	0	0.0
Fair value of derivative financial instruments	37,627	8,604	29,023	337.3
Deferred taxes	713,319	554,845	158,474	28.6
EPRA Net Asset Value (EPRA NAV)	**3,386,755**	**2,715,723**	**671,032**	**24.7**
Number of shares in thousands	111,959	103,385		
EPRA NAV per share in EUR	**30.25**	**26.27**		

The EPRA Net Asset Value (EPRA NAV) is another key performance indicator of TLG IMMOBILIEN. It was EUR k 3,386,755 as at 30 September 2019. Compared to 31 December 2018, the EPRA NAV increased by EUR k 671,032, due primarily to the change in equity resulting from the net income generated for the period as well as the capital increase carried out on 27 June 2019 which generated gross proceeds of EUR k 222,092. Dividend payments of EUR k 94,140 had the opposite effect.

The EPRA NAV per share was EUR 30.25, compared to EUR 26.27 as at 31 December 2018.

3. REPORT ON OPPORTUNITIES, RISKS AND FORECASTS

3.1 OPPORTUNITY REPORT

See the disclosures in the opportunity report in the consolidated financial statements as at 31 December 2018 with regard to opportunities which TLG IMMOBILIEN identifies for itself.

In early September, TLG IMMOBILIEN acquired 9.99% of the shares in Aroundtown SA, a listed company based in Luxembourg which holds commercial property assets worth EUR 16.2 bn as at 30 June 2019 and which is invested in residential properties with a 38.9% interest in Grand City SA. By investing in Aroundtown, both parties agreed to create a joint platform and in turn one of the largest property companies in Europe focusing on commercial real estate.

A merger would create significant opportunities through synergies. Generally speaking, a joint platform would be able to achieve a better rating and therefore lower financing cost significantly in the future. Economies of scale resulting from the joint management of the property portfolio would also result in lower costs. Furthermore, a joint (and therefore significantly larger) platform provides the opportunity to pursue development projects in the portfolio of TLG IMMOBILIEN quickly and to profit from synergies in connection with additional property acquisitions.

3.2 RISK REPORT

TLG IMMOBILIEN is exposed to constantly changing general economic, technical, political, legal and social conditions that could impede its reaching of set goals or the implementation of its long-term strategies.

The risks are described in detail in the 2018 annual report. As a result of the acquisition of the interest in Aroundtown SA, including the option to acquire further shares, which was partly exercised at the reporting date, there are further risks. These are related to the recoverability of the interest which is accounted for at equity. The potential loss is assessed as very high. However, as the purchase price is based on the published EPRA NAV, the likelihood of occurrence is considered low.

Moreover, additional risks could arise from the execution of the planned merger and also from consulting costs incurred if the joint platform towards which both companies are striving could not be put into practice after all.

In the first three quarters of the financial year, there were no other significant changes in the risk situation since 31 December 2018.

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

3.3 FORECAST REPORT

The expected development of TLG IMMOBILIEN in the 2019 financial year was described in detail in the 2018 annual report.

The increase in FFO for the 2019 financial year was previously assumed to range between EUR 140 m and EUR 143 m (previous year EUR 134 m). The 9.99% interest in Aroundtown, which was acquired in early September, plus the option to purchase further 5%, which has since been exercised, will, while taking into account the additional financing burden from the bonds also issued in September to finance the stock purchase, bring about an increase in the expected FFO 2019. FFO of around EUR 147 m is expected.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 September 2019

in EUR k	01/07/2019–30/09/2019	01/07/2018–30/09/2018	01/01/2019–30/09/2019	01/01/2018–30/09/2018
Rental income	58,132	56,777	172,959	166,347
Income from recharged operating costs	10,237	13,322	33,103	34,172
Income from other goods and services	1,175	290	3,170	1,010
Income from letting activities	**69,544**	**70,389**	**209,232**	**201,529**
Expenses from operating costs[1]	–14,308	–13,965	–43,726	–44,116
Maintenance expenses[1]	–3,033	–3,882	–7,250	–6,176
Other services[1]	–563	–565	–2,177	–2,034
Expenses relating to letting activities	**–17,904**	**–18,412**	**–53,153**	**–52,326**
Net operating income from letting activities	**51,640**	**51,977**	**156,079**	**149,203**
Proceeds from the disposal of properties	25,474	9,192	55,326	21,009
Carrying amount of properties disposed of	–25,470	–9,192	–55,303	–21,009
Change in value of properties held for sale	0	684	16,903	1,725
Expenses from the disposal of properties[1]	–448	–206	–828	–362
Result from the disposal of properties[2]	**–444**	**478**	**16,098**	**1,363**
Result from the remeasurement of investment property	**259**	**2,659**	**401,090**	**185,105**
Other operating income	289	501	990	1,636
Personnel expenses	–4,148	–4,748	–11,839	–12,508
Depreciation and amortisation	–437	–255	–1,332	–759
Other operating expenses[1]	–3,596	–3,456	–10,414	–13,160
Earnings before interest and taxes (EBIT)	**43,563**	**47,155**	**550,672**	**310,880**
Net income from companies measured at equity	**16,149**	**0**	**16,149**	**0**
Financial income	58	292	222	526
Financial expenses	–11,719	–9,885	–32,387	–23,906
Result from the remeasurement of derivative financial instruments	–8,257	4,033	–30,689	496
Earnings before taxes	39,794	41,595	503,967	287,996
Income taxes	–6,526	–12,353	–148,635	–87,896
Net income for the period	**33,268**	**29,242**	**355,332**	**200,100**
Other comprehensive income (OCI):				
Thereof will be classified to profit or loss				
Gain/loss from remeasurement of derivative financial instruments in hedging relationships, net of taxes	0	576	1,017	864
Total comprehensive income for the period	**33,268**	**29,818**	**356,349**	**200,964**
Of the net income for the period, the following is attributable to:				
Non-controlling interests	345	518	1,381	2,307
Hybrid capital providers	444	0	444	0
The shareholders of the parent company	32,478	28,723	353,506	197,793
Earnings per share (basic) in EUR	**0.22**	**0.28**	**3.32**	**1.93**
Earnings per share (diluted) in EUR	**0.22**	**0.28**	**3.32**	**1.93**
Of the total comprehensive income for the period, the following is attributable to:				
Non-controlling interests	345	518	1,381	2,307
Hybrid capital providers	444	0	444	0
The shareholders of the parent company	32,923	29,300	354,968	198,657

[1] Comparative figures from the previous year have been adjusted. We refer to the explanations in section D.1.
[2] Adjusted recognition. The change in the value of properties held for sale is now recognised in the result from the disposal of properties. This amount was previously recognised in the result from the remeasurement of investment property.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

Assets

in EUR k	30/09/2019	31/12/2018
A) Non-current assets	**6,049,009**	**4,112,755**
Investment property	4,448,263	4,067,527
Advance payments on investment property	887	23
Property, plant and equipment	8,725	8,933
Intangible assets	2,963	2,590
Shares in companies measured at equity	1,546,305	0
Other non-current financial assets	19,397	13,517
Right-of-use assets	2,076	n.a.
Other assets	20,393	20,165
B) Current assets	**890,883**	**208,092**
Inventories	734	737
Trade receivables	10,806	14,864
Receivables from income taxes	759	1,827
Other current financial assets	191,222	1,129
Other receivables and assets	4,007	2,562
Cash and cash equivalents	560,213	153,893
Assets classified as held for sale	123,142	33,080
Total assets	**6,939,892**	**4,320,847**

Equity and liabilities

in EUR k	30/09/2019	31/12/2018
A) Equity	**3,226,158**	**2,157,239**
Subscribed capital	111,959	103,385
Capital reserves	1,224,830	1,011,381
Retained earnings	1,280,932	1,023,751
Other reserves	−3,576	−4,593
Equity attributable to shareholders of the parent company	2,614,145	**2,133,924**
Equity of the hybrid capital providers	587,991	**0**
Equity attributable to shareholders of the parent company and equity of the hybrid capital providers	3,202,136	**2,133,924**
Non-controlling interests	24,022	23,315
B) Liabilities	**3,713,734**	**2,163,608**
I.) Non-current liabilities	**3,295,491**	**1,969,587**
Non-current liabilities due to financial institutions	1,016,277	1,046,342
Corporate bonds	1,576,997	395,975
Pension provisions	7,872	8,019
Non-current derivative financial instruments	40,387	10,254
Other non-current liabilities	26,796	28,508
Deferred tax liabilities	627,162	480,489
II.) Current liabilities	**418,243**	**194,021**
Current liabilities due to financial institutions	141,766	136,613
Corporate bonds[1]	7,774	512
Trade payables	35,986	35,389
Other current provisions	4,557	4,451
Tax liabilities	1,102	2,743
Other current liabilities	227,058	14,313
Total equity and liabilities	**6,939,892**	**4,320,847**

[1] Adjusted recognition: The accrued interest for corporate bonds is now recognised as a separate line item under current liabilities.

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 30 September 2019

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018
1. Cash flow from operating activities		
Consolidated net income for the period before taxes	503,967	287,996
Depreciation of property, plant and equipment and amortisation of intangible assets	1,332	759
Result from the remeasurement of investment property	–401,090	–185,105
Result from the remeasurement of derivative financial instruments	30,689	–496
Increase/decrease (–) in provisions	–41	5,591
Change in value of properties held for sale[1]	–16,903	–1,725
Other non-cash income/expenses	–853	–3,013
Net income from companies measured at equity	–16,149	0
Gain (–)/loss from disposal of property, plant and equipment and intangible assets	–18	286
Increase (–)/decrease in inventories	3	–40
Financial income	–222	–526
Financial expenses	32,387	23,906
Increase (–)/decrease in trade receivables and other assets	179	–1,560
Increase (–)/decrease in trade payables and other liabilities	1,960	–10,682
Cash flow from operating activities	**135,240**	**115,391**
Interest received	222	526
Interest paid	–28,206	–20,286
Income tax paid/received	–3,361	–582
Net cash flow from operating activities	**103,895**	**95,049**
2. Cash flow from investing activities		
Cash received from disposals of investment property	60,388	20,819
Cash received from disposals of property, plant and equipment	0	193
Cash paid for acquisitions of investment property	–118,169	–136,367
Cash paid for acquisitions of property, plant and equipment	–437	–196
Cash paid to deposit restricted funds	–191,073	–1,405
Cash paid for investments in intangible assets	–1,060	0
Cash paid for investments in financial assets	–1,327,043	0
Change in scope of consolidation	0	–539
Cash flow from investing activities	**–1,577,394**	**–117,495**
3. Cash flow from financing activities		
Cash received from the issuance of corporate bonds	1,185,455	0
Cash received from equity contributions	220,046	0
Cash received from hybrid capital providers	590,260	0
Dividend payment	–94,140	–84,645
Cash paid to minority shareholders	–1,223	0
Cash received from bank loans	142,796	56,202
Repayments of bank loans	–160,286	–13,978
Cash paid to settle liabilities for leases	–376	0
Other transaction costs	–2,713	0
Cash flow from financing activities	**1,879,819**	**–42,421**
4. Cash and cash equivalents at end of period		
Net change in cash and cash equivalents (subtotal of 1–3)	406,320	–64,867
Cash and cash equivalents at beginning of period	153,893	201,476
Cash and cash equivalents at end of period	**560,213**	**136,609**
5. Composition of cash and cash equivalents		
Cash	560,213	136,609
Cash and cash equivalents at end of period	**560,213**	**136,609**

[1] Comparative figures from the previous year have been adjusted. The change in value of properties held for sale has previously been recognised in the result from the remeasurement of investment property.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 30 September 2019

				Other comprehensive income (OCI)				
in EUR k	Subscribed capital	Capital reserves	Retained earnings	Reserve hedge accounting	Actuarial gains/ losses	Hybrid capital providers	Non-controlling interests	Equity
01/01/2018	**102,029**	**1,061,087**	**739,603**	**−3,135**	**−1,948**	**0**	**38,924**	**1,936,560**
Net income for the period	0	0	197,793	0	0	0	2,307	200,100
Other comprehensive income (OCI)	0	0	0	864	0	0	0	864
Total comprehensive income for the year	**0**	**0**	**197,793**	**864**	**0**	**0**	**2,307**	**200,964**
Dividend payment	0	0	−84,645	0	0	0	0	−84,645
Guaranteed dividend	0	0	0	0	0	0	−1,360	−1,360
Share capital increase in exchange for contributions in kind	1,242	27,797	0	0	0	0	0	29,039
Changes in equity recognised directly in equity	0	0	−14,285	0	0	0	−14,754	−29,039
Capital contribution in connection with share-based payments	0	−2,785	0	0	0	0	0	−2,785
Other	0	0	−539	0	0	0	−225	−764
Change during the period	**1,242**	**25,012**	**98,324**	**864**	**0**	**0**	**−14,032**	**111,411**
30/09/2018	**103,271**	**1,086,099**	**837,927**	**−2,271**	**−1,948**	**0**	**24,892**	**2,047,970**
01/01/2019	**103,385**	**1,011,381**	**1,023,751**	**−2,394**	**−2,199**	**0**	**23,315**	**2,157,239**
Net income for the period	0	0	353,506	0	0	444	1,381	355,331
Other comprehensive income (OCI)	0	0	0	1,017	0	0	0	1,017
Total comprehensive income for the year	**0**	**0**	**353,506**	**1,017**	**0**	**444**	**1,381**	**356,348**
Dividend payment	0	0	−94,140	0	0	0	0	−94,140
Share capital increase in exchange for contributions in kind	74	1,846	−1,375	0	0	0	−545	0
Changes in equity recognised directly in equity	0	0	0	0	0	−12,453	0	−12,453
Share capital increase in exchange for cash contributions	8,500	213,592	0	0	0	0	0	222,092
Transaction costs associated with the share capital increase, after taxes	0	−1,513	0	0	0	0	0	−1,513
Capital increase	0	0	0	0	0	600,000	0	600,000
Capital contributions/redemptions in connection with share-based payments	0	−533	0	0	0	0	0	−533
Other	0	57	−809	0	0	0	−129	−881
Change during the period	**8,574**	**213,449**	**257,182**	**1,017**	**0**	**587,991**	**707**	**1,068,920**
30/09/2019	**111,959**	**1,224,830**	**1,280,933**	**−1,377**	**−2,199**	**587,991**	**24,022**	**3,226,159**

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2019

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

A.1 INFORMATION ON THE COMPANY

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

The main activities of TLG IMMOBILIEN AG encompass the operation of real estate businesses and transactions of all types in connection with this, as well as the letting, management, acquisition, disposal and development of office, retail and hotel properties either by the company itself or via companies of which the company is a shareholder.

A.2 FUNDAMENTALS OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements of TLG IMMOBILIEN 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 rulings of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The requirements of IAS 34 (Interim Financial Reporting) concerning 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 not been audited or subjected to a review.

The consolidated interim financial statements comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement, 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.

As at 1 September 2019, TLG IMMOBILIEN AG acquired shares in the joint capital of Aroundtown SA (“Aroundtown”). In accordance with IAS 28, these shares have been consolidated using the equity method as at 30 September 2019. We refer to the disclosures in section C.2 “Shares in companies measured at equity”.

Furthermore, numerous mergers took place in the third quarter of 2019: WCM Technical Services GmbH and WCM Technical Services II GmbH were merged into Main Triangel Gastronomie GmbH with effect from 1 January 2019, and WCM Verwaltungs V GmbH and WCM Verwaltungs VII GmbH were merged into WCM Verwaltungs VI GmbH.

On 16 July 2019, TLG Finance S.àr.l., Luxembourg, was established as a subsidiary of TLG IMMOBILIEN AG. It was entered into the Trade and Companies Register of Luxembourg on 6 August 2019.

There have been no other significant changes to the scope of consolidation since 31 December 2018.

In the reporting period, more shareholders of WCM accepted the swap offered by TLG IMMOBILIEN. As at 30 September 2019, TLG IMMOBILIEN holds 91.90% of the shares of WCM.

B. EXPLANATION OF ACCOUNTING AND MEASUREMENT METHODS

The accounting and measurement methods applied in these consolidated interim financial statements are identical to the methods presented in the IFRS consolidated financial statements as at 31 December 2018, with the exception of the IFRS standards that came into effect on 1 January 2019. The Group does not prematurely apply any standards, interpretations or amendments that have been adopted or published by the IASB yet whose application is not yet mandatory in the European Union.

These consolidated interim financial statements should therefore be read in conjunction with the consolidated financial statements of TLG IMMOBILIEN of 31 December 2018.

The Group started applying IFRS 16 (Leases) on 1 January 2019, the initial application date of the new standard, in accordance with the modified retrospective method. The comparative figures from the previous year have not been adjusted. The Group utilises the recognition exemptions provided by IFRS 16.5 and, as such, does not apply IFRS 16.22 to IFRS 16.49 to leases with a contractual term of twelve months or less or to leases (on a case-by-case basis) in which the underlying asset is of low value.

As at 30 September 2019, the initial application resulted in the recognition of assets and liabilities in the amount of EUR k 2,076 (as at 1 January 2019: EUR k 3,806). Additionally, EUR k 376 has been recognised under depreciation and amortisation. Until now, these costs have been recognised in various items of expenditure. The average discount rate was 2.86%.

IFRS 16 replaces the previous classification of leases by lessors as operating or finance. Instead, IFRS 16 introduces a single lessee accounting model requiring lessees to recognise assets (for the right of use) and liabilities for all leases unless the lease term is 12 months or less. This means that leases which were not previously recognised must now be recognised in a statement of financial position – largely similar to the current recognition of financial leases.

However, the approach of IAS 17 (Leases) which differentiates between operating and finance leases continues to apply to lessors. The list of criteria for assessing a finance lease has been adopted as-is from IAS 17.

Additionally, the disclosure obligations of lessees and lessors have become significantly more extensive in IFRS 16 compared to IAS 17. The purpose of the disclosure obligations is to provide readers of the financial statements with information that gives them a better understanding of the effects leases have on the net assets, cash flows and financial performance.

Costs incurred in connection with leases are incurred in order to successfully conclude rental agreements (especially commission for brokers). As before, these costs are spread over the term of the rental agreement.

As at 31 December 2018, the investment property of TLG IMMOBILIEN (excluding WCM) was subjected to an external appraisal by Savills Advisory Services Germany GmbH & Co. KG. The properties of WCM were appraised by Cushman & Wakefield LLP. They were recognised at fair value on this basis.

External experts carry out a valuation every six months and the most recently recognised fair values are valued internally on the other reporting dates. The last valuation by external experts was carried out on 30 June 2019.

Associated companies are measured at equity. An associated company is an entity over which the investor has significant influence.

C. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

C.1 INVESTMENT PROPERTY

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

in EUR k	2019	2018
Carrying amount as at 01/01	**4,067,527**	**3,383,259**
Acquisitions	88,348	140,176
Capitalisation of construction activities and modernisation expenses	24,557	33,070
Change in value of properties held for sale	16,903	7,921
Reclassification as assets held for sale	−145,362	−48,408
Reclassification as property, plant and equipment	0	−1,375
Fair value adjustments	401,090	552,884
Disposals	−4,800	0
Carrying amount as at 30/09/2019 and 31/12/2018	**4,448,263**	**4,067,527**

The portfolio strategy of TLG IMMOBILIEN stipulates the concentration on the asset classes of office and retail, as well as selected hotels to a more limited extent. Properties that represent key properties for future development measures have been part of the separate invest asset class since 30 June 2019.

The office portfolio focuses on promising A and B-rated locations. Hotel properties are situated in selected central locations and are leased to well-known operators on a long-term basis. In contrast, the retail portfolio is more widely distributed. It mainly contains retail properties in attractive micro-locations, most of which have anchor tenants operating in the field of food retail.

Acquisitions, disposals, and decisions on pending investments follow the principles of the portfolio strategy.

For the first nine months of 2019, the reclassifications as assets held for sale totalling EUR k −145,362 (31/12/2018: EUR k −48,408) stand in contrast to acquisitions totalling EUR k 88,348 (2018: EUR k 140,176). The acquisitions were the office property Westside Office in Bonn. Essentially, the disposals are attributable to the disposal of a package of 29 food markets and an office property in Gera. The transfer of benefits and encumbrances for the retail properties did not take place before the reporting date. The reclassifications also contain disposals throughout the year. Such disposals were first reclassified as assets classified as held for sale and then disposed of from that item.

At EUR k 24,557, the capitalisation of construction activities remains below the value from the previous year of EUR k 33,070. The fair value adjustments (remeasurement) amount to EUR k 401,090 (EUR k 552,884 in 2018) for the properties. Of this amount, 94% is attributable to properties in Berlin. The parameters on which the measurement was based and the categorisation of the asset classes have not undergone any significant changes since 30 June 2019.

C.2 SHARES IN COMPANIES MEASURED AT EQUITY

On 1 September 2019, TLG IMMOBILIEN AG acquired a 9.99% share of the joint capital of Aroundtown from Avisco Group ("Avisco") for EUR 1,016 m. TLG IMMOBILIEN AG and Avisco also concluded an option agreement (the "option") for another 4.99% stake in Aroundtown whereby TLG IMMOBILIEN AG gains the right to acquire the stake (a call option) and the seller gains the right to sell it (a put option). When the option is exercised, the price per share will be identical to the purchase price of the share acquisition.

The option agreement has been structured in such a way that, as at 1 September 2019, in accordance with IAS 28, a 14.99% stake was recognised at cost, including acquisition costs.

Due to significant differences between the dates of publication of the Q3 reports for 2019 of TLG IMMOBILIEN AG and Aroundtown, no financial information as at 30 September 2019 was available from Aroundtown on the date on which TLG IMMOBILIEN AG prepared its report. Therefore, for the purposes of the subsequent measurement of the shares recognised at equity as at 30 September 2019, estimates will be used on the basis of adjusted historical financial figures with consideration for the published earnings forecasts (FFO guidance) and reasonable safety discounts.

After the German Federal Cartel Office (Bundeskartellamt) granted permission for the planned acquisition of additional Aroundtown shares on 18 September 2019, TLG IMMOBILIEN AG used its call option to acquire another 3.0% of the shares of Aroundtown on 26 September 2019. This caused the stake of TLG IMMOBILIEN AG in the joint capital of Aroundtown to increase to around 13.0%. Another current liability of EUR k 203,113, equal to the remaining call option of around 2.0% of the shares, was recognised as a liability. The call option is considered used as at 1 September as its actual use can be considered guaranteed due to the structure as a combined put and call option.

On 26 and 27 September 2019, TLG IMMOBILIEN AG acquired another 400,000 shares of Aroundtown on the stock exchange. As such, TLG IMMOBILIEN AG has an approximately 13.03% stake in the joint capital of Aroundtown as at 30 September 2019, plus another 2% from the outstanding call option. Although TLG IMMOBILIEN AG holds less than a 20% share of the voting rights of Aroundtown as at 30 September 2019, the existence of significant influence has to be assumed in accordance with IAS 28.6 due to the short-term occupation of a seat on the management board of Aroundtown. As at 30 September 2019, only technical reasons under Luxembourg law stood against the occupation of the seat on the management board as Avisco and Aroundtown both supported the occupation of the seat on the management board by TLG IMMOBILIEN AG.

C.3 EQUITY

As at the reporting date, the company's subscribed capital was EUR k 111,959 (previous year EUR k 103,385). The share capital is fully paid-in. There are no other share types.

In the second quarter of 2019, TLG IMMOBILIEN AG decided to increase its registered share capital from EUR 103,384,729.00 to EUR 111,884,729.00, making partial use of its authorised capital and excluding the subscription rights of the shareholders. The 8,500,000 new no-par value bearer shares were issued for institutional investors through accelerated book-building as part of a private placement in late June 2019 and have been entitled to a share of profits since 1 January 2019.

The shares were issued at a placement price of EUR 26.13 per share. The gross proceeds were therefore around EUR 222 m.

The capital reserves amount to EUR k 1,224,830 (previous year EUR k 1,011,381). The increase was due to the capital increase against cash contributions in June.

The changes in other comprehensive income (OCI) before taxes recorded in the hedge accounting reserve were as follows:

in EUR k	2019	2018
Opening balance as at 01/01	**−3,454**	**−4,285**
Reversal from equity into the statement of profit or loss	1,467	831
Closing balance by 30/09/2019 and 31/12/2018	**−1,987**	**−3,454**

In the first six months of 2019, a dividend totalling EUR 94.1 m was paid to the shareholders (appropriation of income) which corresponds to EUR 0.91 per no-par value bearer share entitled to dividends.

On 23 September 2019, TLG IMMOBILIEN issued a hybrid bond with a nominal value of EUR k 600 m through its subsidiary TLG Finance S.à.r.l., Luxembourg (the issuer). This subordinated hybrid bond has no maturity date and can only be redeemed by TLG IMMOBILIEN AG on certain contractually defined dates or occasions. The hybrid bond will have an interest rate of 3.375% p.a. until its first call date on 23 September 2024. If the bond is not redeemed, the interest rate will increase automatically for the next five-year period (due to a step-up clause). The conditions of the bond do not establish any absolute legal obligations to pay interest. Unpaid interest shall be carried forward and accumulated. If a resolution is passed to pay a dividend, a duty to pay interest on the bond will be established. In accordance with IAS 32, the hybrid bond must be classified completely as equity. The raised capital was recognised in equity, less the transaction costs. The interest payments to be made to the bond holders will be recognised directly in equity.

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

C.4 CORPORATE BONDS

On 28 May 2019, TLG IMMOBILIEN AG issued an unsubordinated, unsecured bond with a fixed interest rate, a total nominal value of EUR 600 m and a denomination of EUR 100,000. The bond was issued with a term ending on 28 May 2026 and a coupon of 1.50% p.a.

On 23 September 2019, TLG IMMOBILIEN AG issued an unsubordinated, unsecured bond with a fixed interest rate, a total nominal value of EUR 600 m and a denomination of EUR 100,000. The bond was issued with a term ending on 23 September 2022 and a coupon of 0.375% p.a.

D. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

D.1 NET OPERATING INCOME FROM LETTING ACTIVITIES

In the first nine months of 2019, the income from letting activities was slightly higher than in the first nine months of 2018; the ratio of expenses related to letting activities to income from letting activities has also increased slightly.

For the purposes of adjusting to the prevailing practice in the industry, the comparative values for 2018 for expenses for other services have been adjusted within the expenses relating to letting activities. Overall, EUR k 1,107 has been reclassified from expenses for other services related to letting activities to other operating expenses. This was essentially attributable to expenses in connection with acquisitions. Additionally, maintenance expenses of EUR k 694 have been reclassified from expenses for other services related to letting activities to maintenance expenses, and EUR k 362 has been reclassified as expenses from the disposal of properties.

D.2 FINANCIAL RESULT

The financial result is broken down as follows:

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018
Net interest from bank balances	−8	−4
Net interest from default interest and deferrals	−107	−155
Other financial income	−108	−368
Total financial income	**−222**	**−526**
Interest expenses for interest rate derivatives	5,203	4,855
Interest on loans	20,422	17,808
Interest expenses from pension provisions	94	92
Other interest expenses	6,668	1,151
Total financial expenses	**32,387**	**23,906**
Financial result	**32,165**	**23,380**

Essentially, the other financial expenses comprise prepayment penalties for premature loan repayments and interest expenses in connection with a dispute at a fiscal court.

D.3 RESULT FROM THE REMEASUREMENT OF DERIVATIVE FINANCIAL INSTRUMENTS

Hedge accounting for derivative financial instruments was discontinued at the start of the second quarter of 2017. Ever since, all changes in market values are presented through the item “Result from the remeasurement of derivative financial instruments”.

The changes in market value that have been presented as other comprehensive income and allocated to an equity reserve in prior periods will be reversed on a pro-rata basis over the remaining term of each underlying transaction.

D.4 INCOME TAXES

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

in EUR k	01/01/2019–30/09/2019	01/01/2018–30/09/2018
Current income tax	2,408	2,306
Deferred taxes	146,227	85,590
Tax expenses/income	**148,635**	**87,896**

TLG IMMOBILIEN calculates income taxes on the basis of the expected average effective Group tax rate. The tax expenses have increased due to the higher net income to which property measurement has made a significant contribution. At 30.4%, the tax rate for calculating tax for the period up to 30 September 2019 was in line with expectations.

Unlike the same period in the previous year, no deferred taxes from prior periods have been recognised (previous year EUR –4,177).

D.5 EARNINGS PER SHARE

The earnings per share are calculated by dividing the net income for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding.

	01/01/2019–30/09/2019	01/01/2018–30/09/2018
Net income for the period attributable to the shareholders of the parent company in EUR k	353,506	197,793
Weighted average number of shares outstanding in thousands	106,400	102,688
Basic earnings per share in EUR	**3.32**	**1.93**
Potential diluting effect of share-based payments in thousands	0	23
Number of shares with a potential diluting effect in thousands	106,400	102,711
Diluted earnings per share in EUR	**3.32**	**1.93**

E. OTHER INFORMATION

E.1 DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

With the exception of derivatives recognised at fair value, all financial assets and liabilities have been measured at amortised cost. With the exception of liabilities due to financial institutions, the current carrying amounts are approximations of fair value.

The fair values of the liabilities due to financial institutions correspond to the present values of the payments associated with the liabilities, with consideration for the current interest parameters as at the reporting date (level 2 according to IFRS 13), and were EUR k 1,222,632 as at 30 September 2019 (31 December 2018: EUR k 1,217,078).

As at 30 September 2019, the fair values of the bonds (level 2 under IFRS 13) were EUR k 1,640,514 (31 December 2018: EUR k 391,256).

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

The measurement methods have not changed since 31 December 2018.

E.2 RELATED PARTIES

Related parties

With effect from 3 June 2019, the Supervisory Board of TLG IMMOBILIEN AG appointed Mr Barak Bar-Hen as a member of the Management Board and Chief Executive Officer for the period until 2 June 2023. The Supervisory Board has defined the remuneration in accordance with the existing remuneration system for the Management Board.

The following members have been appointed to the Supervisory Board with the following majorities of the share capital with voting rights in attendance at the general meeting held on 21 May 2019:

Member	%
Klaus Krägel	87.2034
Jonathan Lurie	87.5664
Ran Laufer	81.3253

The three new members of the Supervisory Board succeed Dr Claus Nolting, who resigned from the Supervisory Board with effect from 31 December 2018, Mr Michael Zahn and Dr Michael Bütter whose terms of office ended at the end of the annual general meeting in 2019. Due to the resignation of Mr Stefan E. Kowski on 15 May 2019, there is a vacant position on the Board as at 30 September 2019. Mr Sascha Hettrich has been appointed the new Chairman of the Supervisory Board.

Related companies

As at 30 September 2019, DIC Asset AG is no longer a related company in the sense of IAS 24.9(b)(ii).

No transactions of particular significance took place with related parties in the first nine months of 2019.

E.3 SUBSEQUENT EVENTS

On 16 October 2019, TLG IMMOBILIEN AG exercised the remaining call option to acquire another 2% of the joint capital of Aroundtown.

On 26 October 2019, the Management Board of TLG IMMOBILIEN AG, upon approval of the Supervisory Board, signed a non-binding term sheet with Aroundtown governing essential terms and conditions of a potential merger of the two companies. This is further described in the ad-hoc release from 27 October 2019 in the Investor Relations section of the Group website (*www.tlg.eu*).

On 22 October 2019, TLG IMMOBILIEN proposed Mr. Ran Laufer as their representative on Aroundtown's board. At the date of publication of this report, the formal appointment is still pending.

After the reporting date, no other significant events took place between 30 September 2019 and the date of publication of the consolidated interim financial statements.

E.4 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 of 30 September 2019 give a true and fair view of the net assets, cash flows and financial performance of the Group, and the consolidated interim 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, 5 November 2019

Barak Bar-Hen	Gerald Klinck	Jürgen Overath
Chief Executive Officer (CEO)	Chief Financial Officer (CFO)	Chief Operating Officer (COO)

FINANCIAL CALENDAR

For the financial calendar please see the Investor Relations section of the Group website (*www.ir.tlg.eu*).

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