

FY 2015 Results

TLG IMMOBILIEN AG
March 2016

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AGENDA

1 Highlights FY 2015

2 Portfolio

3 Operations and Financials

4 Outlook

5 Appendix

KEY HIGHLIGHTS FY 2015

Portfolio and operations

- **TLG IMMOBILIEN remains on the growth track**, generating 11% YoY growth in rental income to EUR 127.4m for the FY 2015 and “run-rate” rental income of EUR 131.4m as of year-end
- Driven by effects of portfolio growth and improved cost structure, **FFO shows increase of 22% YoY from EUR 52.4m to EUR 64.0m in 2015**
- Dynamic commercial markets in TLG IMMOBILIEN’s key locations enable rent renewals and vacancy reduction from incremental leases at favorable conditions

Balance sheet

- **Full-year increase in EPRA NAV/s by 16%** to EUR 17.37, influenced by strong net operating income and value uplift
- Low leverage structure with **Net LTV of 33.6%**
- Continuously operating with **marginal cost of debt** of below 2%

Growth

- TLG IMMOBILIEN continues successful **growth path with total (signed) acquisitions of EUR 256.7m in 2015**; thereof EUR 143.9m closed and reflected on the balance sheet as per 31 December 2015
- Accelerated disposal of Non-core assets with **profit of 19% over book values** in 2015

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SIGNIFICANT PORTFOLIO GROWTH IN FY 2015

TLG IMMOBILIEN portfolio as of 31 December 2015



Office Leipzig



Retail Berlin

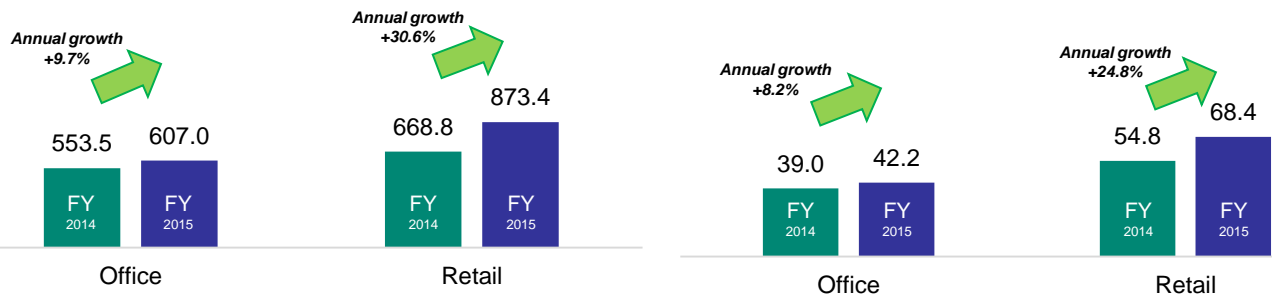


Hotel Dresden

	Office	Retail	Hotel	Core portfolio	Non-core portfolio	Total 31 Dec 15	Total 31 Dec 14	Change
IFRS portfolio value (EUR m)	607.0	873.4	207.6	1,687.9	77.9	1,765.8	1,526.0	+15.7%
Properties (number)	49	278	5	332	86	418	460	-42 units
Annualised in-place rent (EUR m) ⁽¹⁾	42.2	68.4	12.7	123.4	8.0	131.4	118.9	+10.5%
In-place rental yield (%) ⁽²⁾	7.0	7.8	5.9	7.3	10.2	7.4	7.8	-0.4p.p.
EPRA Vacancy Rate (%)	5.6	1.4	1.0	2.9	17.3	3.7	3.9	-0.2p.p.
WALT (years)	5.1	5.9	15.2	6.6	5.6	6.5	7.4	-0.9yrs
Average rent (EUR/sqm)	9.57	9.75	14.16	10.01	4.19	9.23	8.38	+10.1%

IFRS portfolio value development
in EUR million

Annualised in-place rent development
in EUR million

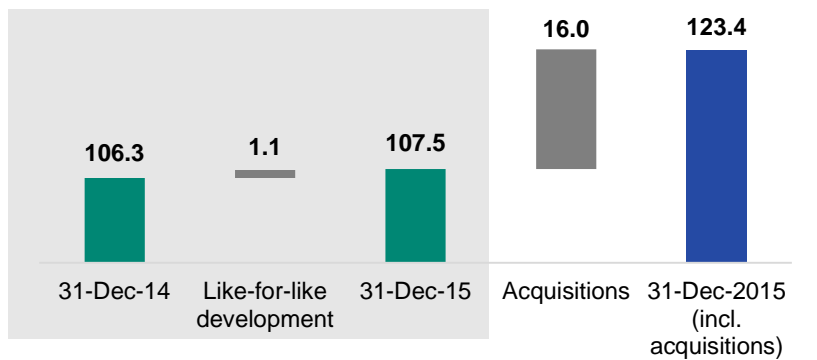


STABLE DEVELOPMENT OF KEY METRICS

FY 2015 Y-on-Y metrics within Core portfolio show positive like-for-like development and impact of acquired properties

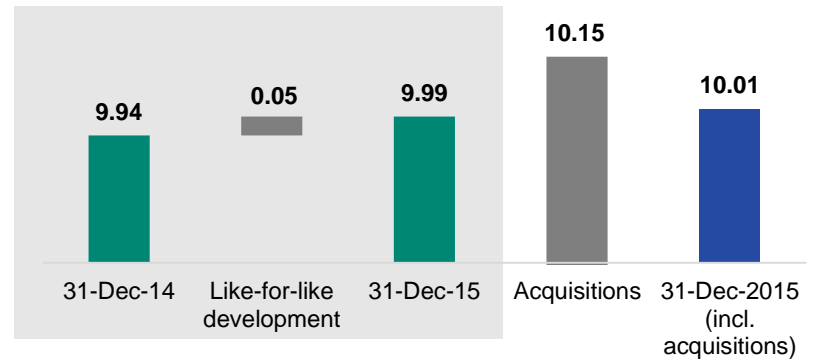
Annualised in-place rent

in EUR million



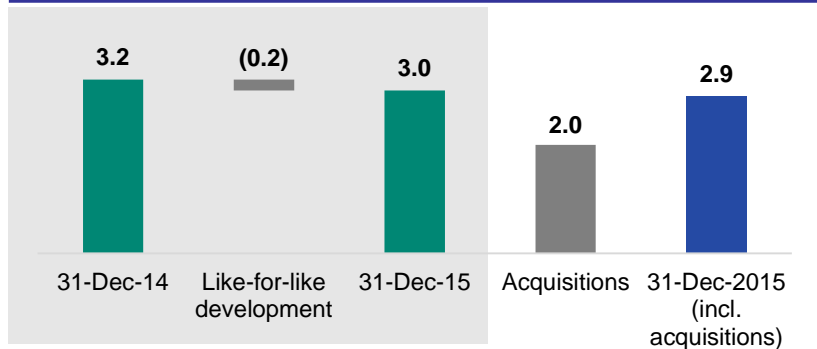
Average rent

in EUR / sqm / month



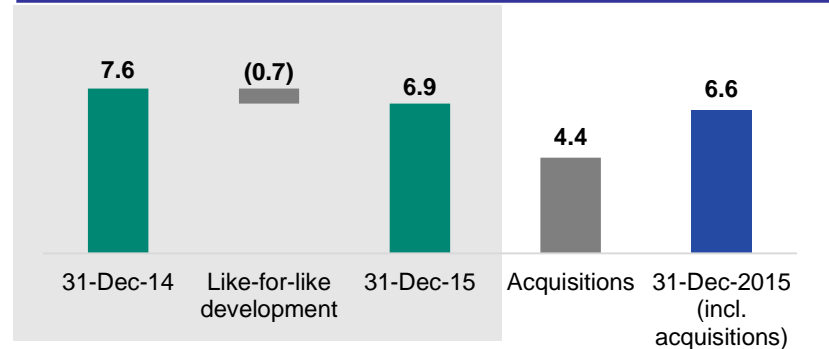
EPRA Vacancy Rate

in %



WALT

in years

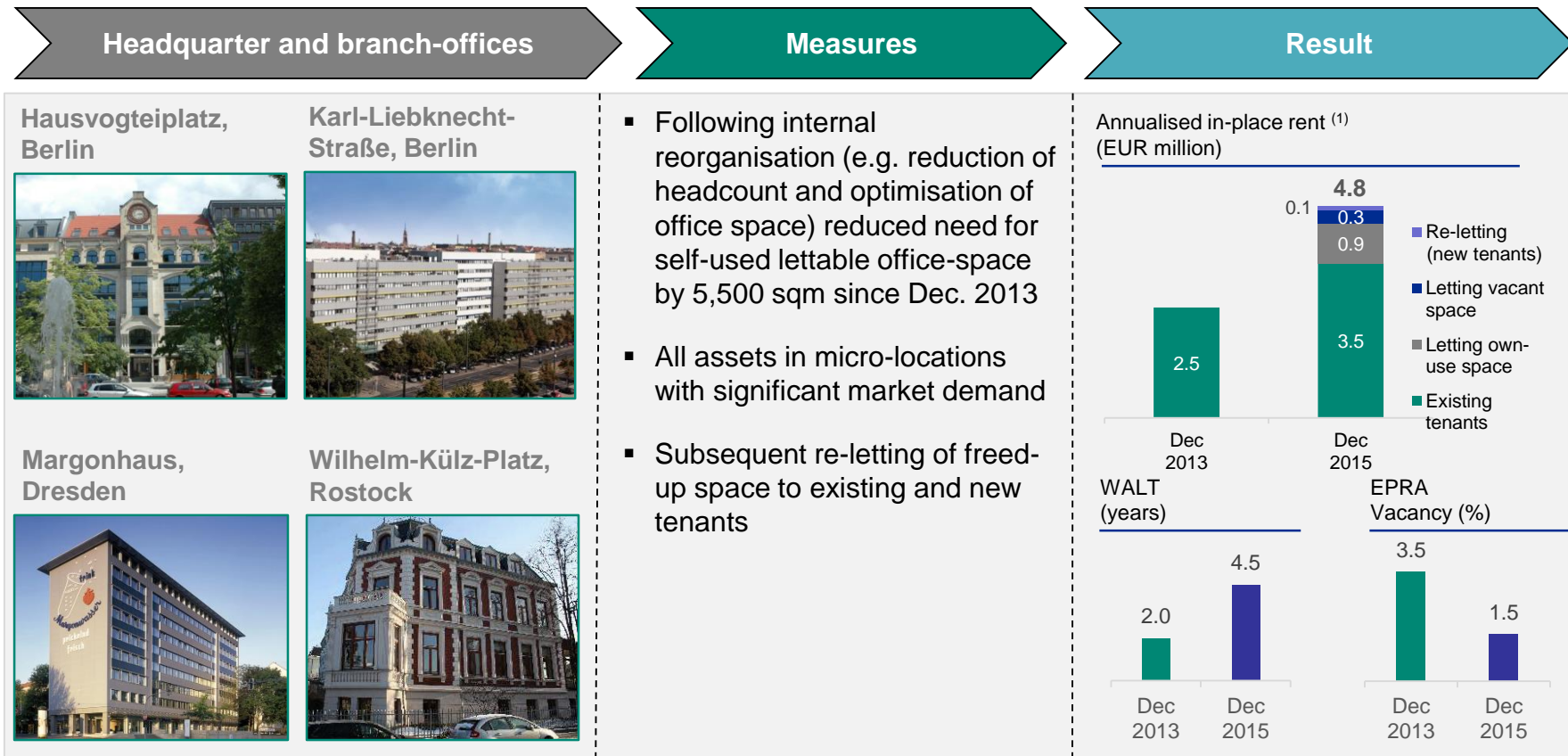


Like-for-like development

Like-for-like development

CASE STUDY – LETTING ACTIVITIES ON SELF-USED OFFICE SPACE

Value creation resulting from repeated enhancement of corporate efficiency



Further improvement in operating performance through reduction of self-used office space

UPDATE ON RECENT ACQUISITIONS

Further attractive additions to Office- and Hotel-Portfolio

Dresden, Wiener Platz

- Office and hotel in close proximity to cities high-street and main station
- Transaction status: Signed and closed



Key metrics

Total investment	EUR 28.2m
Annualised in-place rent	EUR 1.7m
In-place rental yield	5.9%
WALT	9.4 years
EPRA Vacancy Rate	5.4%
Top tenants	InterCityHotels, Itaricon

Portfolio 'Blue Five'

- Acquisition of 8 properties (7 offices and 1 hotel)
- Transaction status: Signed/closing expected April 2016

Examples:



Berlin (2xOffice)



Leipzig (Hotel)

Key metrics

Total investment	EUR 84.6m
Annualised in-place rent	EUR 5.6m
In-place rental yield	6.6%
WALT	5.8 years
EPRA Vacancy Rate	12.5%
Top tenants	BlmA, gsub, DAK, Marriott

Leipzig, Technisches Rathaus

- Fully let office building
- Transaction status: Signed/closing expected November 2016



Key metrics

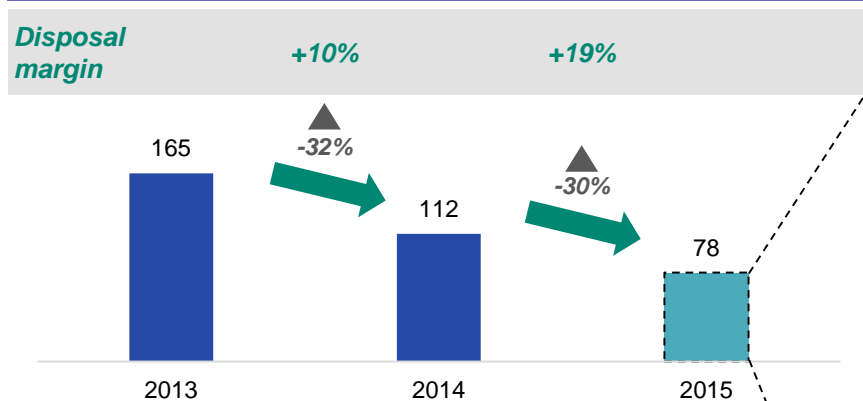
Total investment	EUR 57.2m
Annualised in-place rent	EUR 3.3m
In-place rental yield	5.8%
WALT	9.5 years
EPRA Vacancy Rate	0.1%
Top tenants	Community of Leipzig

UPDATE OF NON-CORE PORTFOLIO

Further sales of Non-core portfolio significantly above book value

Non-core portfolio reduction between 2013 and 2015

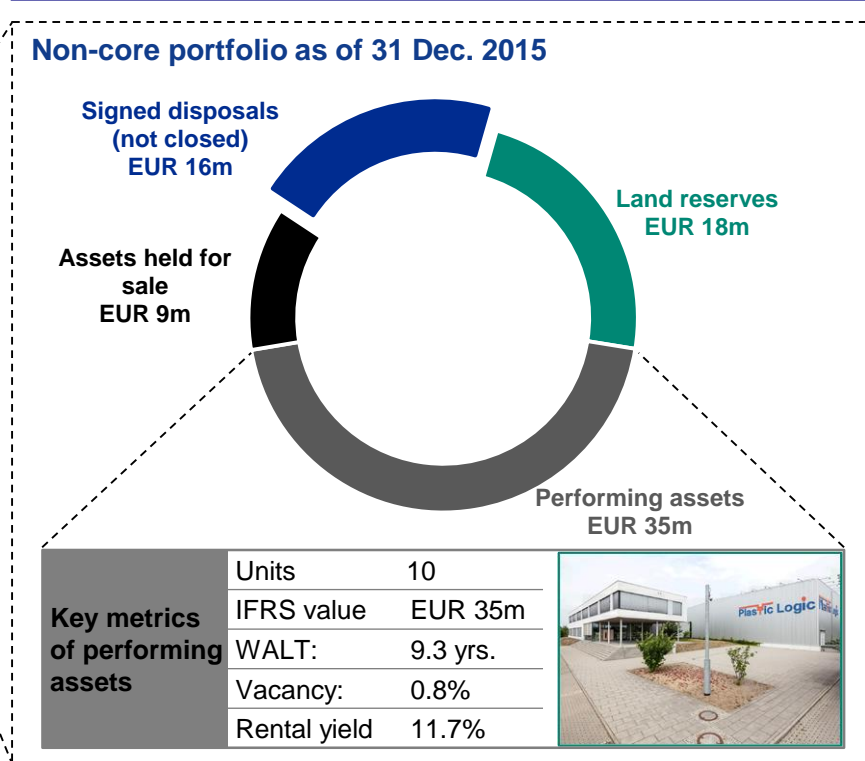
IFRS portfolio value in EUR million



- Accelerated Non-core sales activity, driven by attractive market conditions
- Successful signing for three business parks in 2015 goes along with further reduction of staff
- Total sales volume of EUR 57.3m repeatedly led to attractive disposal margin (+19%)

Remaining Non-core portfolio as of 31 December 2015

IFRS portfolio value in EUR million

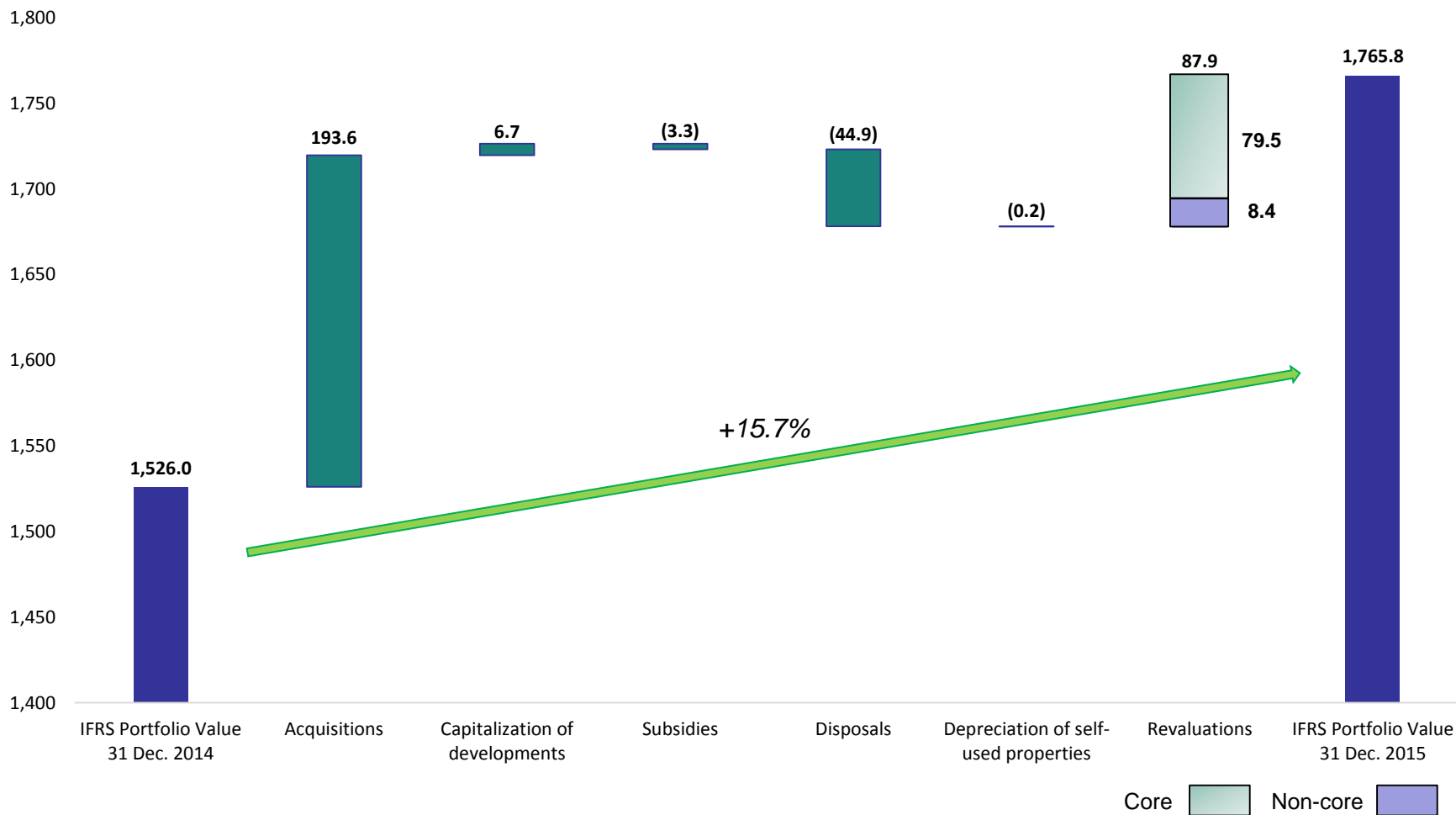


- TLG IMMOBILIEN successfully further reduced its Non-core portfolio in 2015.
- No pressure for short-term sale of performing Non-core assets and land reserves with a total value of EUR 53m (corresponds to 85% of Non-core portfolio).

IFRS PORTFOLIO VALUE INCREASE BY 16% IN 2015

IFRS portfolio value reconciliation

in EUR million



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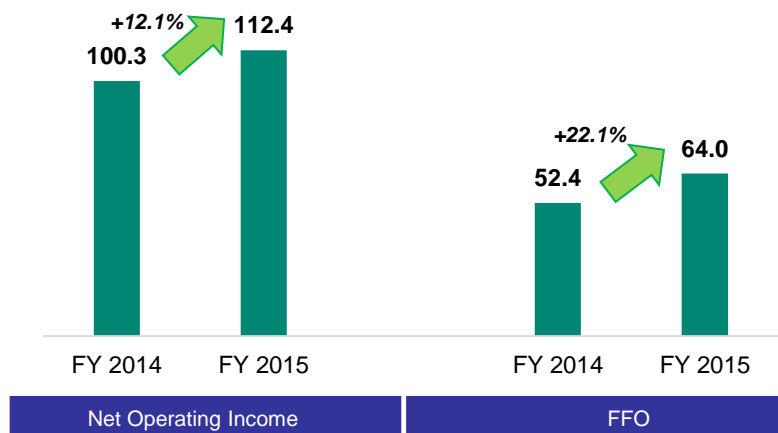
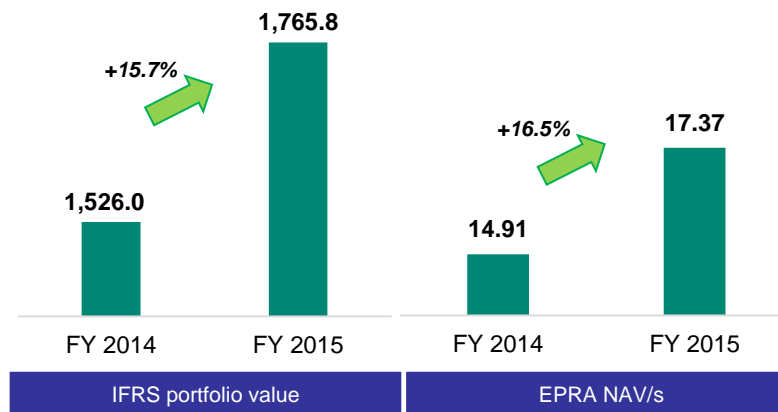
STRONG IMPROVEMENT IN BOTH EPRA NAV/s AND FFO/s ACHIEVED

Key metrics

in EUR million

	FY 2015	FY 2014	Comparison
Rental income	127.4	114.8	➔ +11.0%
NOI	112.4	100.3	➔ +12.1%
FFO	64.0	52.4	➔ +22.1%
FFO/s (EUR)	1.03	0.97	➔ +6.2%
In-place rental yield	7.4%	7.8%	➔ -0.4p.p.

	Dec 2015	Dec 2014	Comparison
IFRS portfolio value	1,765.8	1,526.0	➔ +15.7%
EPRA NAV/s (EUR)	17.37	14.91	➔ +16.5%
Net LTV	33.6%	40.3%	➔ -6.7p.p.



SIGNIFICANT EARNINGS INCREASE IN FY 2015

Income Statement

in EUR million		FY 2015	FY 2014
Rental income		127.4	114.8
Net operating income from letting activities	1	112.4	100.3
Result from the remeasurement of investment property	2	87.9	52.7
Results from the disposals of investment property		8.0	3.3
Results from the disposals of real estate inventory		0.8	7.3
Other operating income	3	5.8	16.8
Personnel expenses	4	(12.8)	(17.4)
Depreciation		(0.8)	(1.2)
Other operating expenses	5	(7.8)	(15.7)
Earnings before interest and taxes (EBIT)		193.4	146.1
Net interest	6	(23.4)	(23.7)
Other financial result		(0.9)	(2.1)
Earnings before taxes (EBT)		169.2	120.3
Income taxes		(38.3)	(31.6)
Net income		130.9	88.7
Other comprehensive income (OCI)		1.7	(11.8)
Total comprehensive income		132.6	76.9

Comments

- 1 Increase of 12.1% in NOI from letting activities mainly related to the acquisition of new properties
- 2 Positive remeasurement due to favorable market conditions, further improved low EPRA Vacancy Rate and long WALT
- 3 FY 2015 mainly includes EUR 1.3m reversal of bad debt allowances, EUR 1.6m insurance gains.
Figure also includes result from the disposal of TLG Gewerbepark Grimma GmbH of EUR 0.6m
- 4 Decrease in personnel expenses impacted by successful restructuring (please, see p.20 for details)
- 5 Decrease mainly due to IPO expenses in 2014 and reduced impairment on receivables
- 6 Relative decrease of interest costs despite further increase of liabilities to financial institutions

STRONG BALANCE SHEET AS PLATFORM FOR GROWTH

Balance Sheet

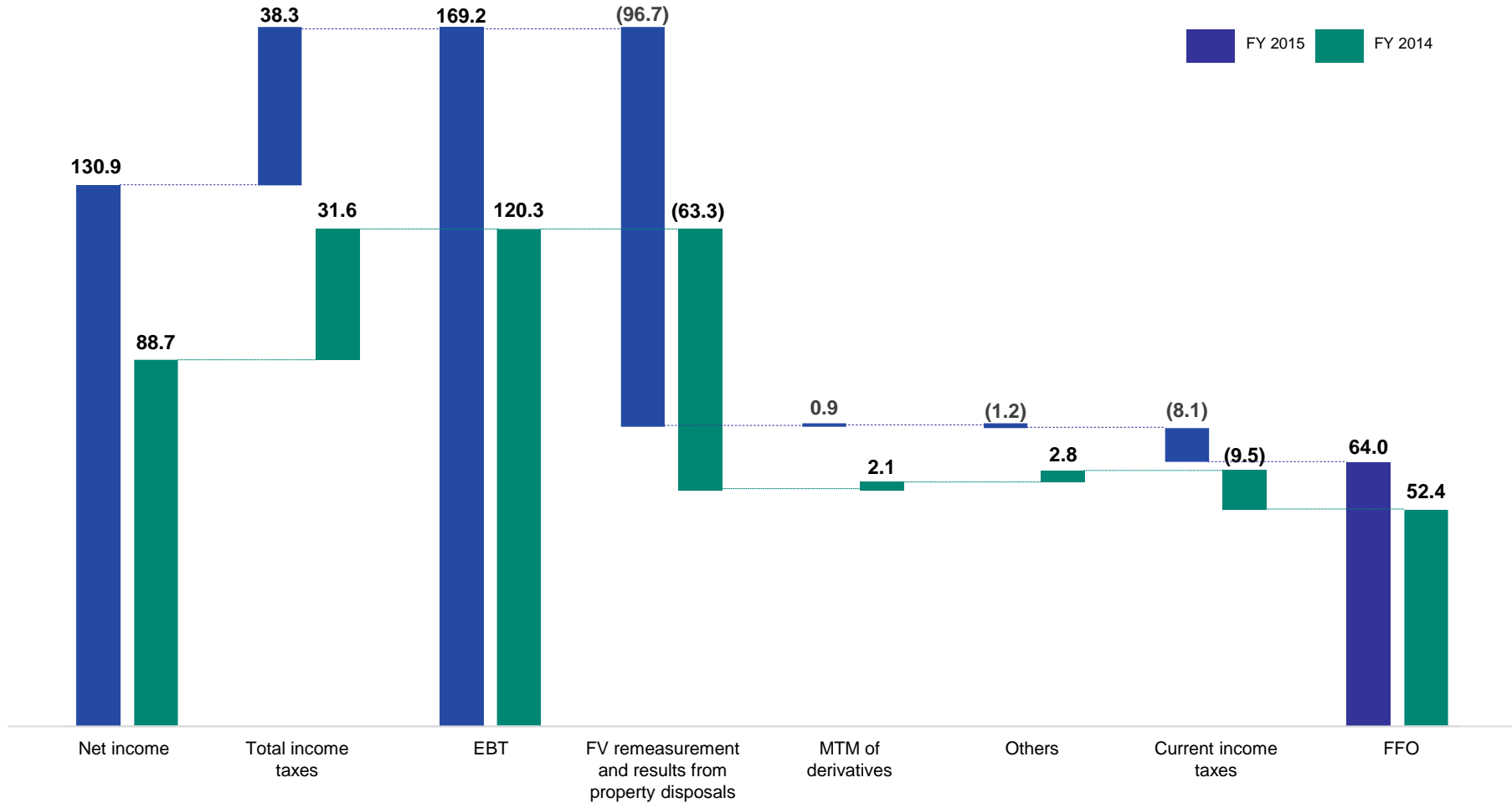
in EUR million		31 Dec 2015	31 Dec 2014
Non-current assets		1,776.8	1,525.2
Investment property (including advance payments)	1	1,753.7	1,495.5
Property, plant and equipment	2	9.8	14.1
Other non-current assets		13.3	12.6
Deferred tax assets		-	3.0
Current assets		222.6	212.8
Real estate inventory		1.1	1.5
Receivables and other current assets		21.9	36.7
Cash and cash equivalents	3	183.7	152.6
Non-current assets classified as held for sale		15.9	22.0
Total assets		1,999.5	1,738.0
Equity	4	967.9	748.0
Liabilities		1,031.6	990.0
Non-current liabilities		957.8	909.1
Non-current liabilities to financial institutions	5	746.7	731.1
Provisions and other non-current liabilities		25.2	27.6
Deferred tax liabilities	6	185.9	150.5
Current liabilities		73.8	80.9
Current liabilities to financial institutions	5	36.0	39.3
Tax liabilities		6.4	9.6
Other current provisions		2.4	5.7
Trade payables		14.9	13.9
Other current liabilities		14.0	12.4
Total equity and liabilities		1,999.5	1,738.0

Comments

- 1 Change in investment property in FY 2015 mainly driven by acquisitions (EUR 193.6m) and fair value adjustments (EUR 87.9m)
- 2 In 2015 reduction in self-used office space, affected buildings now shown as investment property
- 3 Increase in cash and cash equivalents by 20.4% due to capital increase (c. EUR 100m) in November 2015
- 4 Increase in equity by 29.4% (ratio 48.4%) mainly driven by net income and capital increase in November 2015
- 5 Y-on-Y slight increase in financing volume as a result of new acquisition-based financing
- 6 Increase in deferred tax liabilities mainly driven by the result from the remeasurement of investment property and tax depreciation

FFO BRIDGE FY 2015, RESULTING IN FFO OF EUR 64M

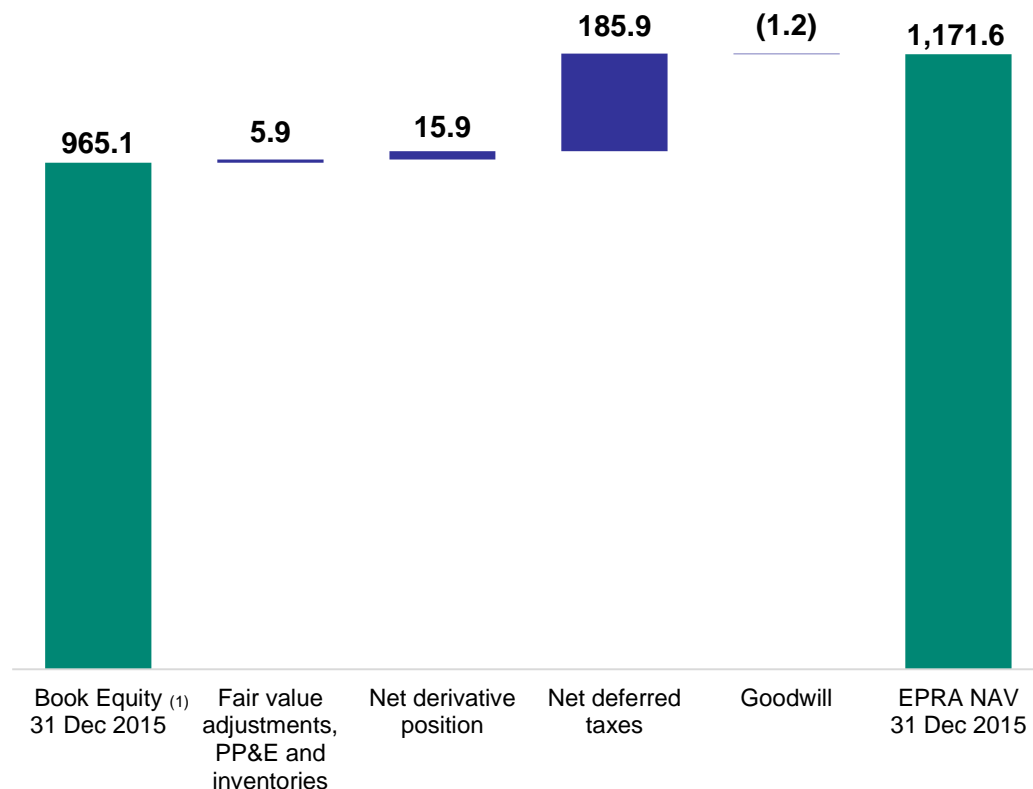
FFO Reconciliation FY 2015 / FY 2014
in EUR million



EPRA NAV GROWTH DRIVING NAV/S TO EUR 17.37

EPRA NAV FY 2015 reconciliation

in EUR million



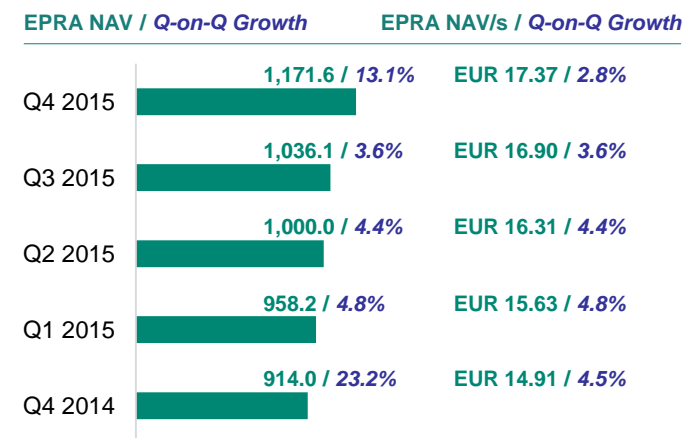
(1) Adjusted for non-controlling interests

Comments

- Since Q4 2014 **strong increase in EPRA NAV per share by 16%** from EUR 14.91 to EUR 17.37 (despite increase in number of shares)
- Growth in EPRA NAV driven by **capital increase, positive remeasurement of investment properties and strong profit generation**

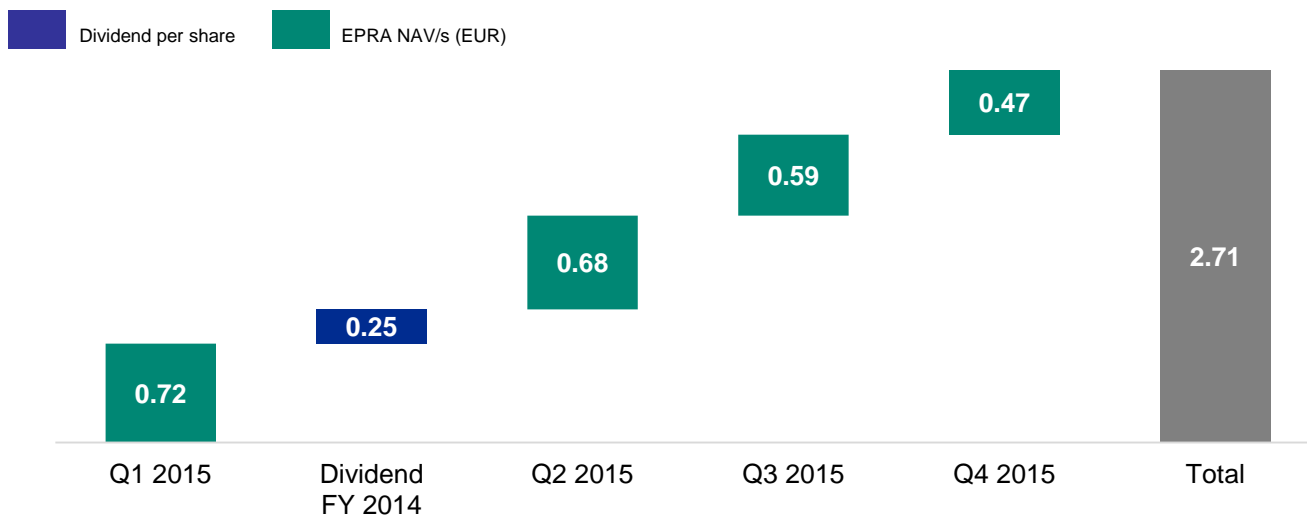
Quarterly development of EPRA NAV

in EUR million

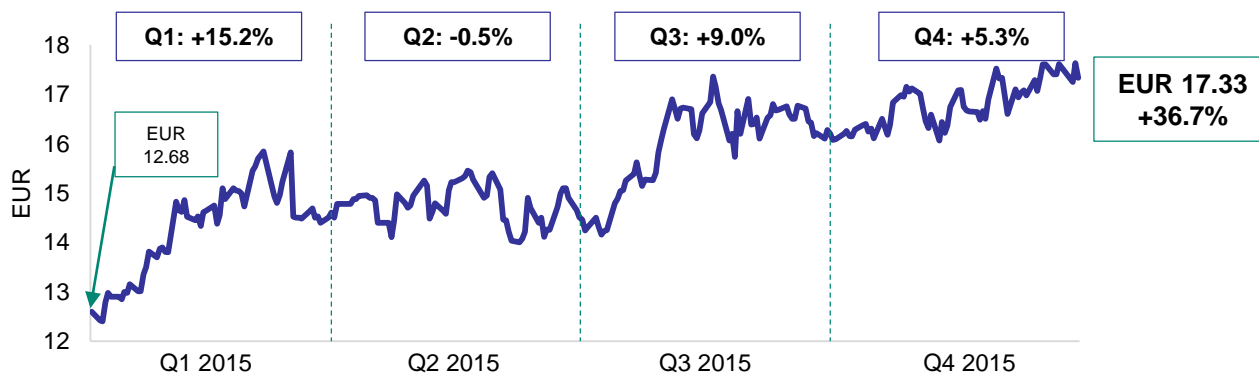


FOCUS ON FUNDAMENTAL VALUE CREATION IN 2015

EPRA NAV and dividend per share Q-on-Q development (EUR/s)



TLG IMMOBILIEN share performance in 2015



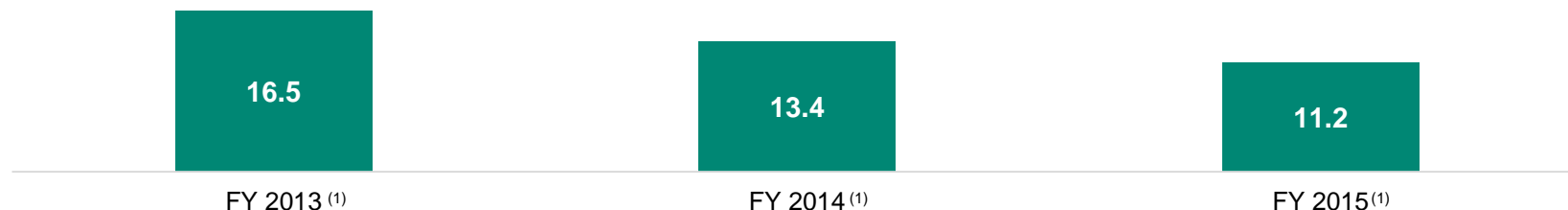
- **Aggregate shareholder value growth of EUR 2.71 per share generated in 2015**
- **Equal to 18%⁽¹⁾ total return based on EPRA NAV/s at the beginning of 2015**

(1) Shareholder value growth of EUR 2.71 per share (EPRA NAV per share growth of EUR 2.46 plus dividend per share of EUR 0.25) divided by EPRA NAV per share of EUR 14.91 as of 31 Dec 2014

PORTFOLIO CLEAN-UP DRIVES EFFICIENCY

Personnel expenses

in EUR million



IFRS portfolio value

in EUR million



Personnel expenses / IFRS portfolio value

1.1%

0.9%

0.6%

IFRS portfolio value / Average number of employees

EUR
6.7 million

EUR
9.5 million

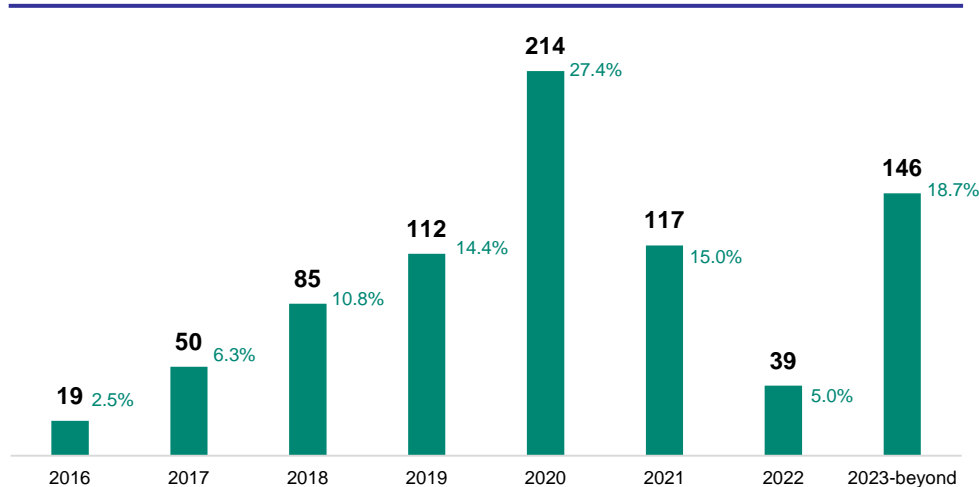
EUR
14.7 million

(1) Excluding externally compensated LTIP related expenses as well as expenses related to severance packages

UNCHANGED: CONSERVATIVE FINANCING STRUCTURE

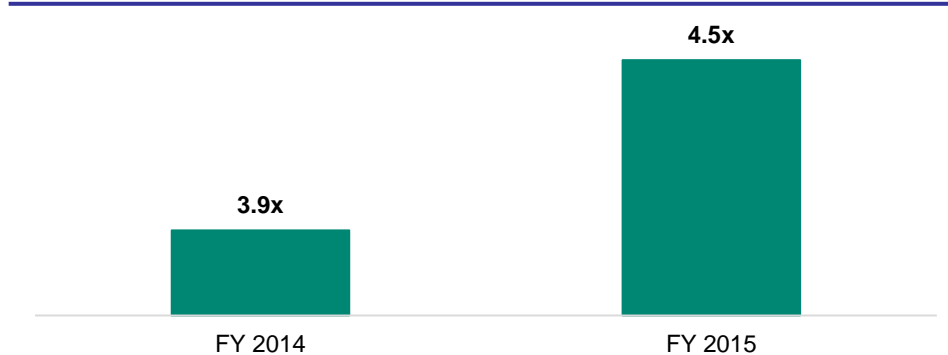
Maturity profile as of 31 December 2015⁽¹⁾

in EUR million



Interest coverage ratio

EBITDA / cash interest expense



(1) Excluding regular amortisation payments

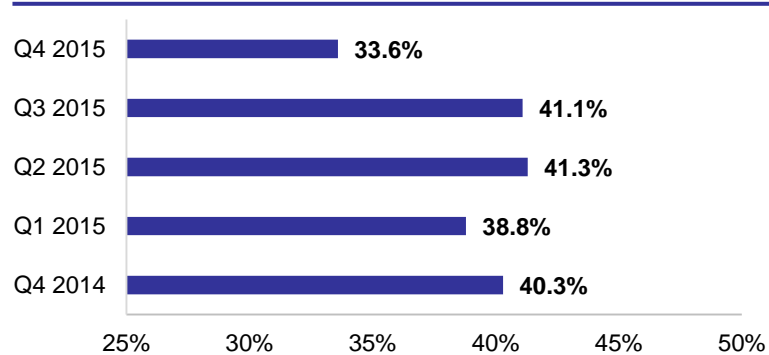
Debt structure and debt service as of 31 December 2015

in EUR million

Gross debt (EUR m)	783
Net LTV (%)	33.6
Avg. interest rate (%)	2.91
Avg. weighted maturity (years)	4.9
Interest rate fixed or hedged (%)	99

Net LTV development

in %



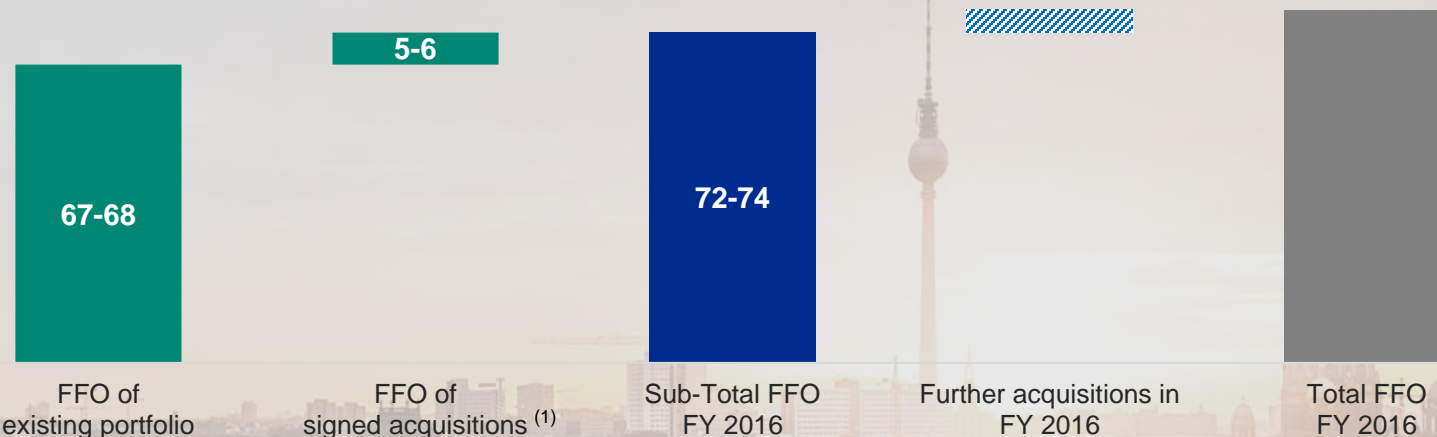
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OUTLOOK

FFO guidance – FY 2016

in EUR million



Comments

- **FFO guidance of approx. EUR 72-74m for FY 2016**, reflecting current existing portfolio as well as c. EUR 190m in further acquisitions already signed but not closed yet
- **Further FFO potential through additional acquisitions** in FY 2016
- **Ahead of time table to grow the portfolio to EUR 2bn size** (originally expected for end of 2017)
- TLG IMMOBILIEN with **continued access to attractive acquisition opportunities** despite strongly competitive market environment
- **Proposed dividend for FY 2015 of EUR 48.6m (EUR 0.72 per share)** which implies a FFO payout ratio of 75.9%

(1) EUR 190m of signed acquisitions as of 31 March 2016; closing within the next months

AGENDA

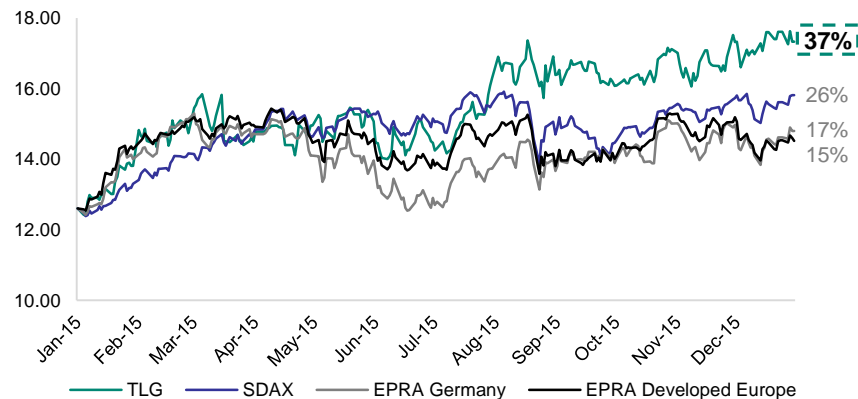
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TLG IMMOBILIEN SHARE INFORMATION

Basic share information (as of 31 December 2015)

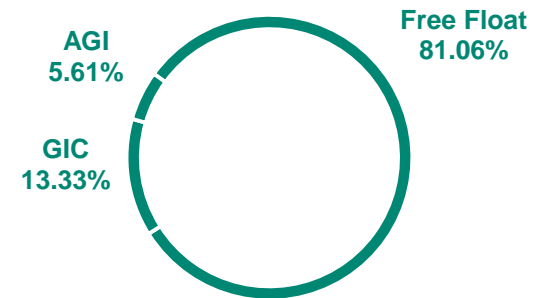
Symbol	TLG
Share price (XETRA)	EUR 17.33
ISIN	DE000A12B8Z4
Performance in FY 2015	+37%
Primary exchange	Frankfurt Stock Exchange
Market capitalization	EUR 1.2bn
Shares outstanding	67.4 million

Share performance in 2015



Source: Thomson Reuters as of 31 December 2015

Shareholder structure



Shareholdings according to latest voting rights announcements, which were before the capital increase in Nov. 2015.
Free float according to Deutsche Boerse definition

Coverage by analysts

Analyst coverage	Target	Analyst name	Date
J.P. Morgan	21.75 (Overweight)	Tim Leckie	22-Mar-2016
Berenberg	21.00 (Buy)	Kai Klose	21-Mar-2016
Kepler Cheuvreux	21.50 (Buy)	Thomas Neuhold	21-Mar-2016
Commerzbank	21.50 (Buy)	Thomas Rothäusler	01-Mar-2016
Bankhaus Lampe	21.00 (Buy)	Georg Kanders	01-Feb-2016
Kempen & Co	17.50 (Neutral)	Remco Simon	29-Jan-2016
VICTORIAPARTNERS	17.05 ⁽¹⁾	Bernd Janssen	26-Jan-2016
HSBC	20.00 (Buy)	Thomas Martin	25-Nov-2015
Deutsche Bank	20.50 (Buy)	Markus Scheufler	12-Nov-2015
UBS	17.50 (Buy)	Osmaan Malik	24-Sept-2015

Source: TLG Annual Report (1) Fair Value range of EUR 16.10 - 18.00

FINANCIAL CALENDAR AND CONTACT DETAILS

Q1 2016 Results	13 May 2016
AGM	31 May 2016
Q2 2016 Results	10 August 2016
Q3 2016 Results	11 November 2016

TLG IMMOBILIEN AG

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