

# TLG IMMOBILIEN AG

H1 2015 Results  
August 2015



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# AGENDA

## **1 Highlights H1 2015**

2 Portfolio

3 Operations and Financials

4 Recent events and Outlook

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# Key highlights in H1 2015

## Portfolio and operations

- **7.2% YoY growth in rental income** to €61.1m as well as positive effects of improved cost structure driving substantial **FFO increase by 19.2% YoY** to €31.0m in first half of 2015, compared to H1 2014
- Core portfolio with strong cash generation, currently producing a GRI yield of 7.3%

## Balance sheet

- **YTD increase in EPRA NAV/s by 9.4%** to €16,31 significantly influenced by revaluation gains of €57.7m
- Maintaining conservative leverage structure with Net LTV of 41%
- Continuously operating with **marginal cost of debt** of c. 2%

## Growth

- Ahead of plan: Successful acquisition activity in 2015 with approx. **€144m of signed and partially closed transactions year-to-date**
- Committed to further Core portfolio growth from leveraging leading regional market position and local reach in Core regions

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# Significant portfolio growth in H1 2015

## TLG IMMOBILIEN portfolio as of 30 June 2015



Retail Berlin



Office Dresden



Hotel Rostock

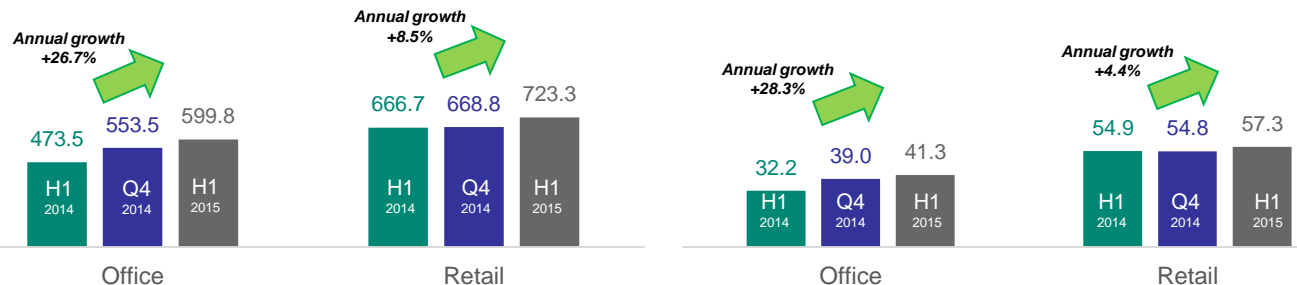
	Office	Retail	Hotel	Core portfolio	Non-core portfolio	Total 30 Jun 15	Total 31 Dec 14	Change
<b>IFRS portfolio value (€m)</b>	599.8	723.3	205.6	<b>1,528.7</b>	93.5	<b>1,622.2</b>	<b>1,526.0</b>	<b>+6.3%</b>
<b>Units</b>	49	273	5	<b>327</b>	120	<b>447</b>	<b>460</b>	<b>-13 units</b>
<b>Annualized net rent (€m)</b>	41.3	57.3	12.6	<b>111.2</b>	11.4	<b>122.6</b>	<b>118.9</b>	<b>+3.1%</b>
<b>Rental yield (%) <sup>(1)</sup></b>	7.0	7.9	5.9	<b>7.3</b>	12.1	<b>7.5</b>	<b>7.8</b>	<b>-0.3p.p.</b>
<b>EPRA-Vacancy (%)</b>	7.2	1.9	1.2	<b>3.9</b>	15.3	<b>4.9</b>	<b>3.9</b>	<b>+1.0p.p.</b>
<b>WALT (years)</b>	5.3	6.5	15.7	<b>7.2</b>	5.5	<b>7.0</b>	<b>7.4</b>	<b>-0.4yrs</b>
<b>Average rent (€/sqm)</b>	9.52	9.56	14.04	<b>9.90</b>	3.67	<b>8.55</b>	<b>8.38</b>	<b>+2.0%</b>

### IFRS portfolio value development

in € million

### Annualised net rent development

in € million

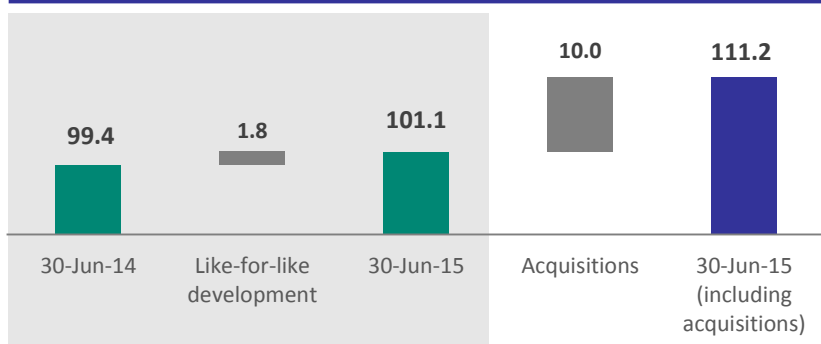


# Stable development of major key metrics

Metrics within Core portfolio influenced by positive like-for-like development and new acquisitions

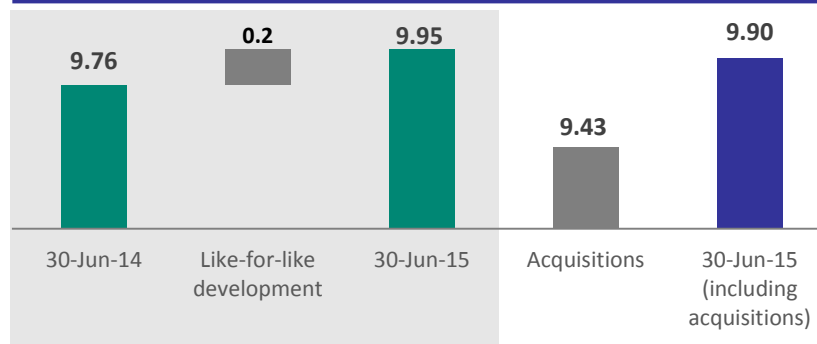
## Annualised net rent

in € million



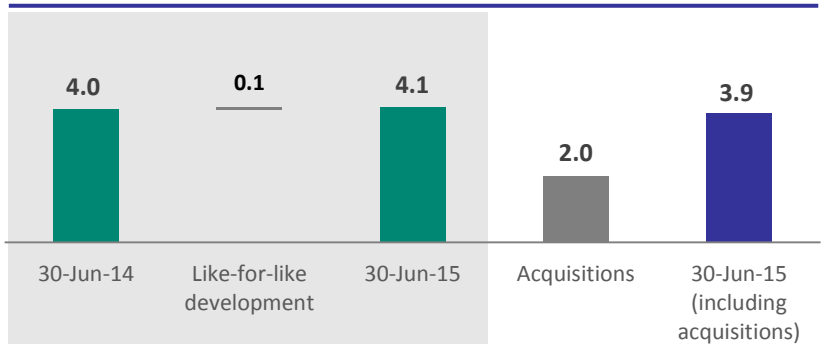
## Average rent

in € / sqm / month



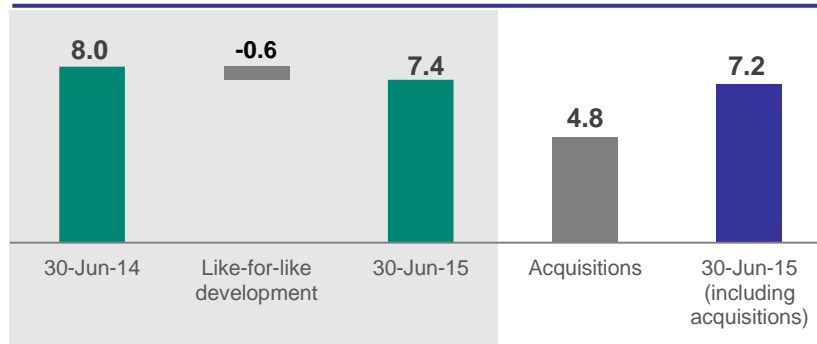
## EPRA Vacancy

in %



## WALT

in years



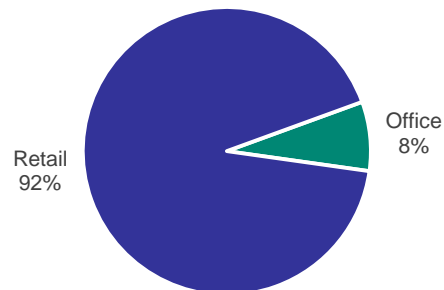
*Like-for-like development*

# Delivering on our acquisition plan

## Signed transactions in H1 2015

### Break-down by asset class

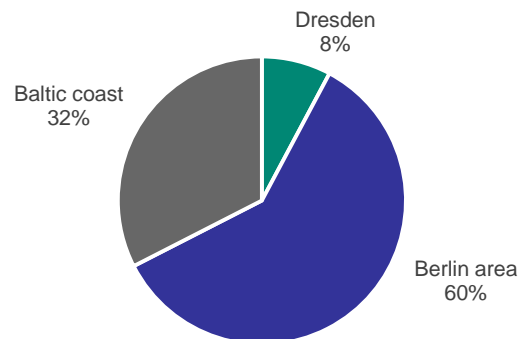
in %



Note: Based on acquisition price

### Break-down by location

in %



Note: Based on acquisition price

Total volume: €144m

Portfolio contribution

### Signed acquisitions

Annualized net rent (€m)	11.5
Rental yield (%)	8.0%
EPRA Vacancy (%)	1.8%
WALT (years)	3.7

### Comments

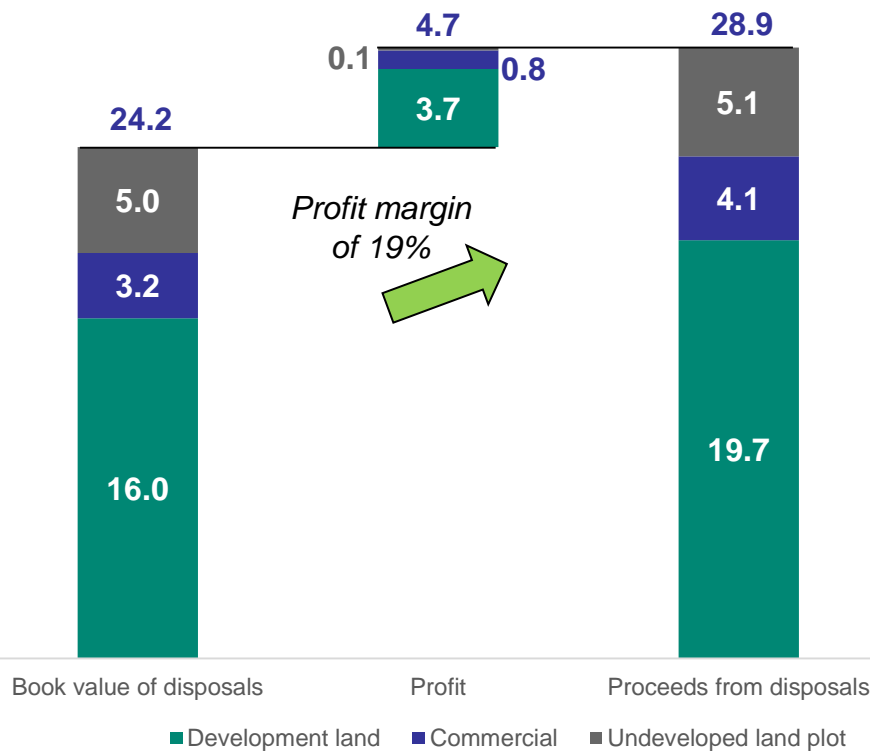
- Significant positive effect on FFO due to marginal incremental platform cost incurred by acquisitions
- Investments exclusively in growth regions in order to secure future potential and stable cash flows
- Recent acquisitions dominated by retail assets with strong micro-locations and established market position



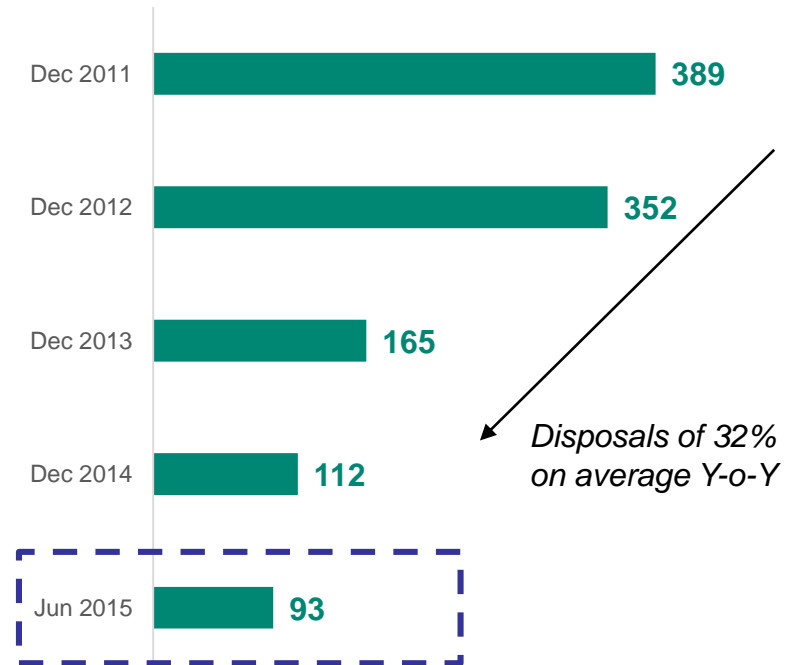
# Profit margins on disposals driving up NAV and net income

## Non-core portfolio: Disposals of 32% on average Y-o-Y between Dec 2011 and Dec 2014

Profit from Non-core portfolio disposals in H1 2015  
in € million



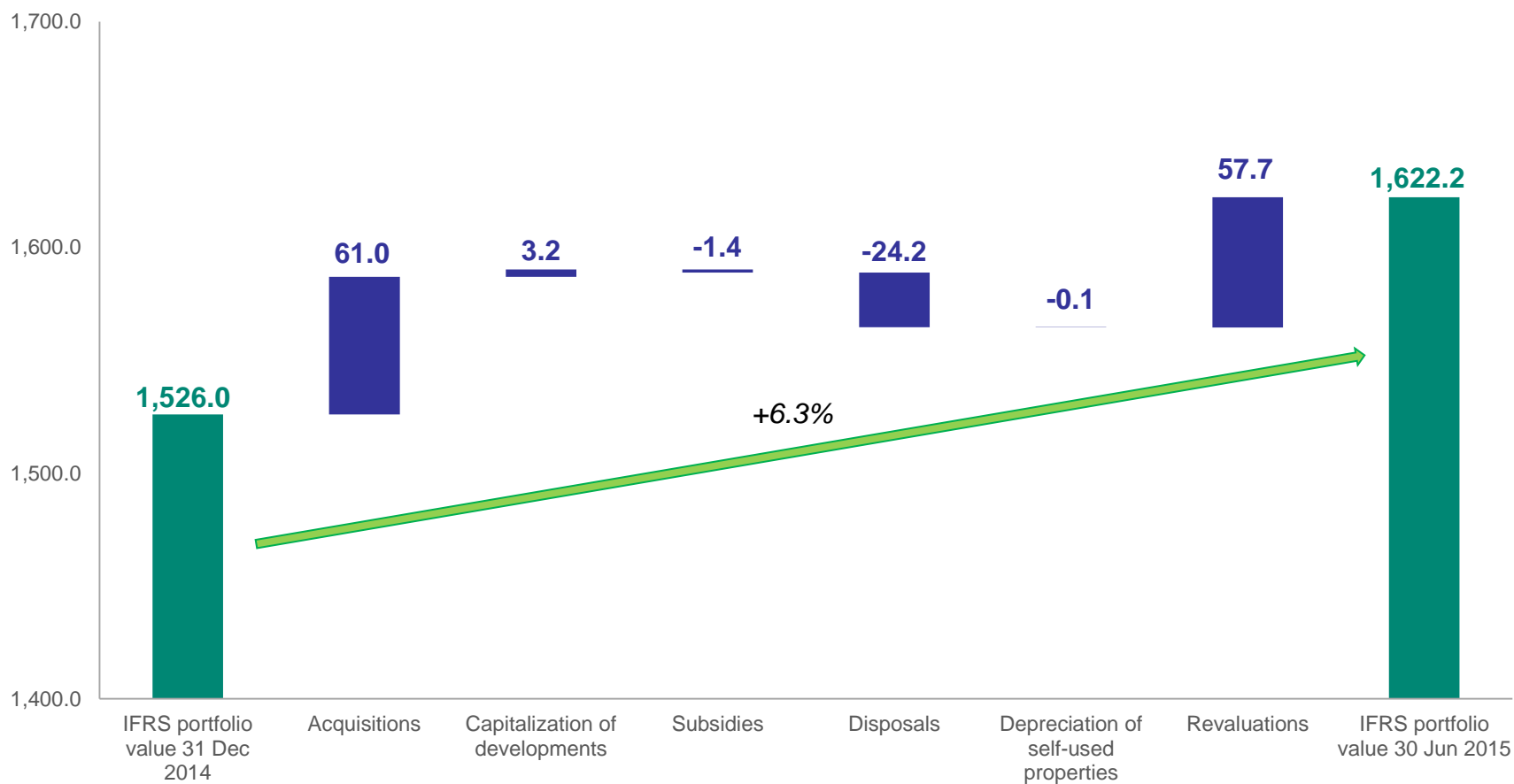
Development of Non-core portfolio value  
in € million



# IFRS portfolio value increased by 6% in H1 2015

## IFRS portfolio fair value reconciliation

In € million



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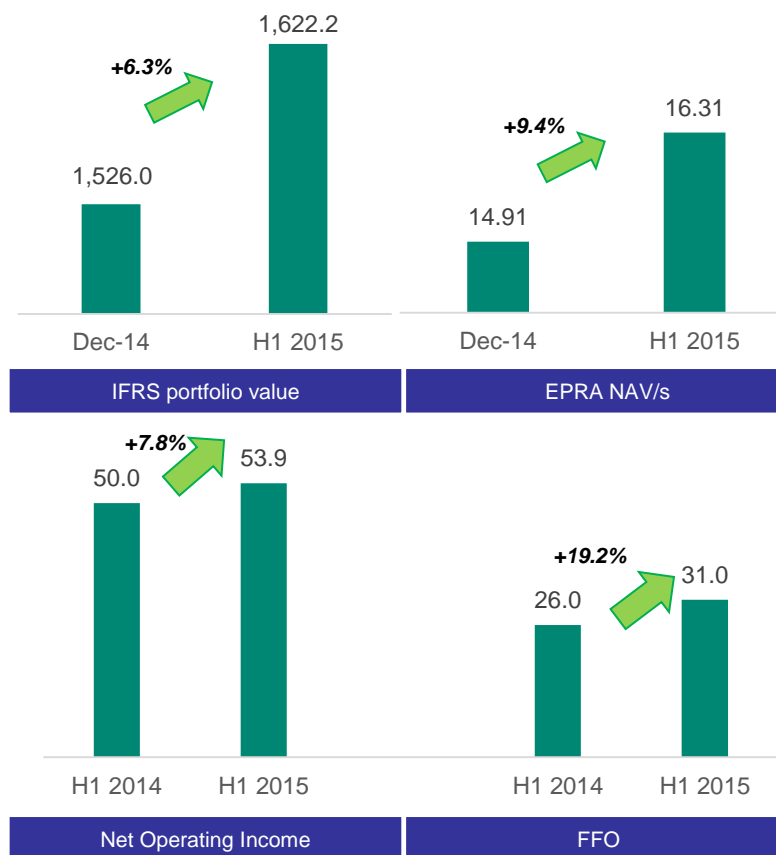
# Major improvement in key financial metrics Y-on-Y

## Key metrics

in € million

	H1 2015	H1 2014	Comparison
<b>GRI</b>	<b>61.1</b>	57.0	➔ +7.2%
<b>NOI</b>	<b>53.9</b>	50.0	➔ +7.8%
<b>FFO</b>	<b>31.0</b>	26.0	➔ +19.2%
<b>FFO/s (€)</b>	<b>0.51</b>	0.50 <sup>(2)</sup>	➔ +2.0%
<b>Rental yield <sup>(1)</sup></b>	<b>7.3%</b>	7.5%	➔ -0.2p.p.

	H1 2015	Dec 2014	Comparison
<b>IFRS Portfolio Value</b>	<b>1,622.2</b>	1,526.0	➔ +6.3%
<b>EPRA NAV/s (€)</b>	<b>16.31</b>	14.91	➔ +9.4%
<b>Net LTV</b>	<b>41.3%</b>	40.3%	➔ +1.0p.p.



(1) Based on annualised numbers, Core Portfolio only

(2) Based on 52.0m shares

# Earnings increase driven by H1 2015

## Income Statement

in € million	H1 2015	H1 2014
<b>Rental income</b>	<b>61.1</b>	<b>57.0</b>
<b>Net operating income from letting activities</b> <sup>1</sup>	<b>53.9</b>	<b>50.0</b>
Result from the remeasurement of investment property <sup>2</sup>	57.7	51.3
Results from the disposals of investment property	4.6	0.5
Results from the disposals of real estate inventory	0.1	2.3
Other operating income <sup>3</sup>	3.3	3.6
Personnel expenses <sup>4</sup>	(6.2)	(7.7)
Depreciation	(0.4)	(0.7)
Other operating expenses <sup>5</sup>	(3.9)	(2.4)
<b>Earnings before interest and taxes (EBIT)</b>	<b>109.1</b>	<b>96.9</b>
Net interest <sup>6</sup>	(11.4)	(11.7)
Other financial result <sup>7</sup>	(0.1)	(2.0)
<b>Earnings before taxes (EBT)</b>	<b>97.5</b>	<b>83.2</b>
Income taxes	(22.6)	(25.8)
<b>Net income</b>	<b>74.9</b>	<b>57.4</b>
Other comprehensive income (OCI)	3.4	(4.7)
<b>Total comprehensive income</b>	<b>78.3</b>	<b>52.7</b>

## Comments

- <sup>1</sup> Increase in NOI from letting activities by 7.8% mainly related to the acquisition of new properties
- <sup>2</sup> Positive remeasurement result due to favourable market conditions, a furthermore low EPRA-vacancy rate and long WALT
- <sup>3</sup> H1 2015 primarily includes € 1.1m insurance gains and € 0.6m reversal of bad debt allowances
- <sup>4</sup> Lower personnel expenses as a result of a successful restructuring
- <sup>5</sup> H1 2014 number influenced by € 2.3m reversal of provision for a subsidy repayment (legal case)
- <sup>6</sup> Relative decrease of interest costs due to loan refinancing despite increase in financial liabilities
- <sup>7</sup> H1 2014 number includes remeasurement of interest rate hedges without an effective hedging relationship. Due to swap restructuring in the beginning of 2014 TLG IMMOBILIEN's interest hedges now meet IAS39 requirements for effective hedging

# Strong balance sheet as platform for further growth

## Balance Sheet

in € million	30 June 2015	31 Dec 2014
<b>Non-current assets</b>	<b>1,716.1</b>	<b>1,525.2</b>
Investment property (including advance payments) <sup>1</sup>	1,689.6	1,495.5
Property, plant and equipment	10.5	14.1
Other non-current assets	13.2	12.6
Deferred tax assets	2.8	3.0
<b>Current assets</b>	<b>82.1</b>	<b>212.8</b>
Inventories	1.4	1.5
Receivables and other current assets	22.0	36.7
Cash and cash equivalents <sup>2</sup>	54.2	152.6
Assets classified as held for sale <sup>3</sup>	4.4	22.0
<b>Total assets</b>	<b>1,798.2</b>	<b>1,738.0</b>
<b>Equity</b> <sup>4</sup>	<b>811.9</b>	<b>748.0</b>
<b>Liabilities</b>	<b>986.3</b>	<b>990.0</b>
<b>Non-current liabilities</b>	<b>922.9</b>	<b>909.1</b>
Liabilities to financial institutions	723.3	731.1
Provisions and other non-current liabilities	22.5	27.6
Deferred tax liabilities <sup>5</sup>	177.1	150.5
<b>Current liabilities</b>	<b>63.4</b>	<b>80.9</b>
Liabilities to financial institutions	34.9	39.3
Tax liabilities	3.1	9.6
Other provisions	5.5	5.7
Trade payables	11.6	13.9
Other current liabilities	8.2	12.4
<b>Total equity and liabilities</b>	<b>1,798.2</b>	<b>1,738.0</b>

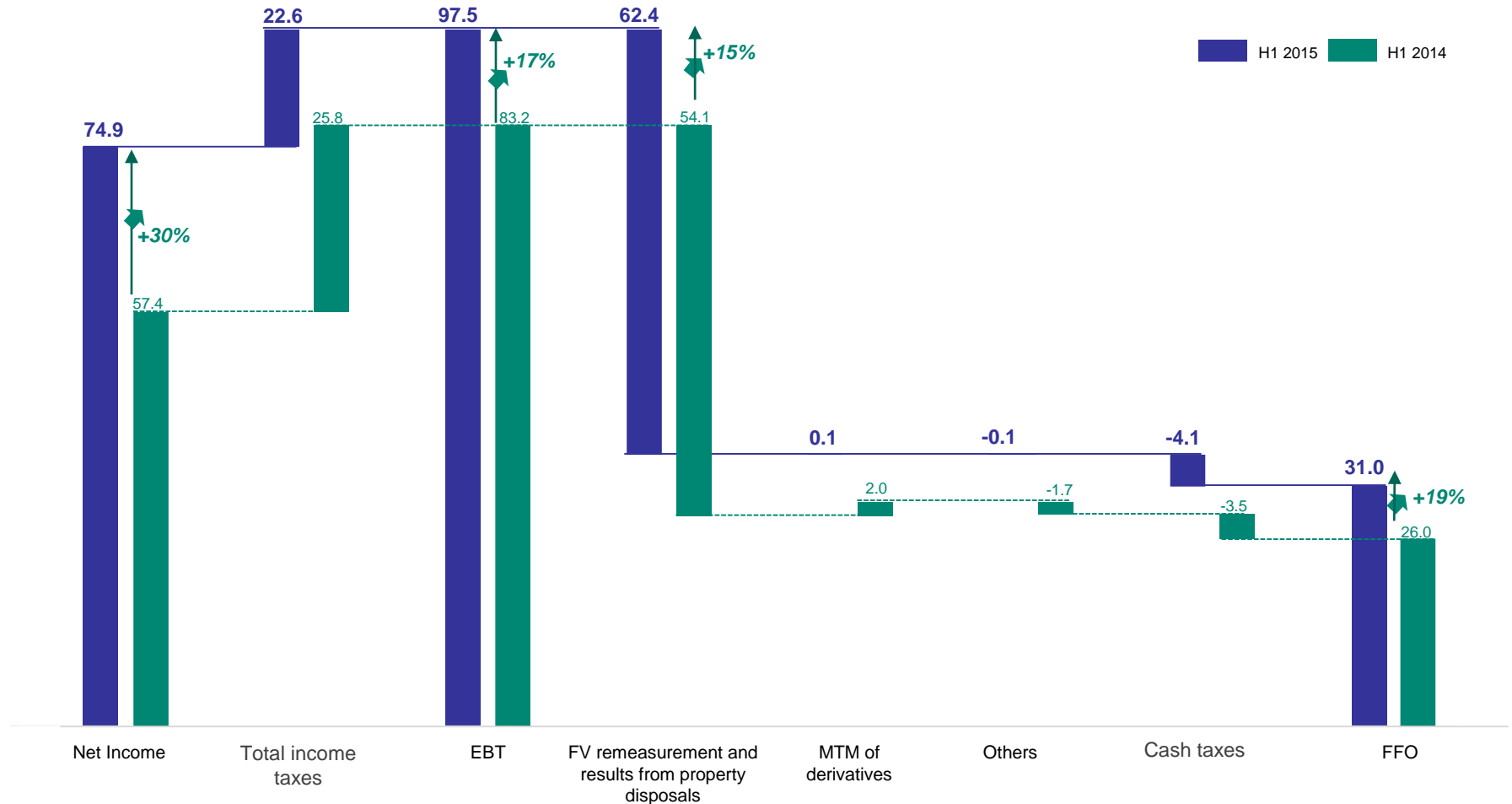
## Comments

- <sup>1</sup> Change in investment property in H1 mainly attributable to acquisitions (€61.0m), advance payments made on acquisitions (€76.7m) and fair value adjustments (€57.7m)
- <sup>2</sup> Reduction on cash and cash equivalents primarily driven by successfully executed acquisitions in H1-2015
- <sup>3</sup> Decrease due to closing of sold properties
- <sup>4</sup> Equity increased by 8.5% to €811.9m in H1-2015 which implies an equity ratio of 45.1%
- <sup>5</sup> Increase in deferred tax liabilities mainly driven by positive result from the remeasurement of investment property of €57.7m in H1-2015

# FFO bridge H1 2015, resulting in total FFO of €31m

## FFO Reconciliation H1 2015 / H1 2014

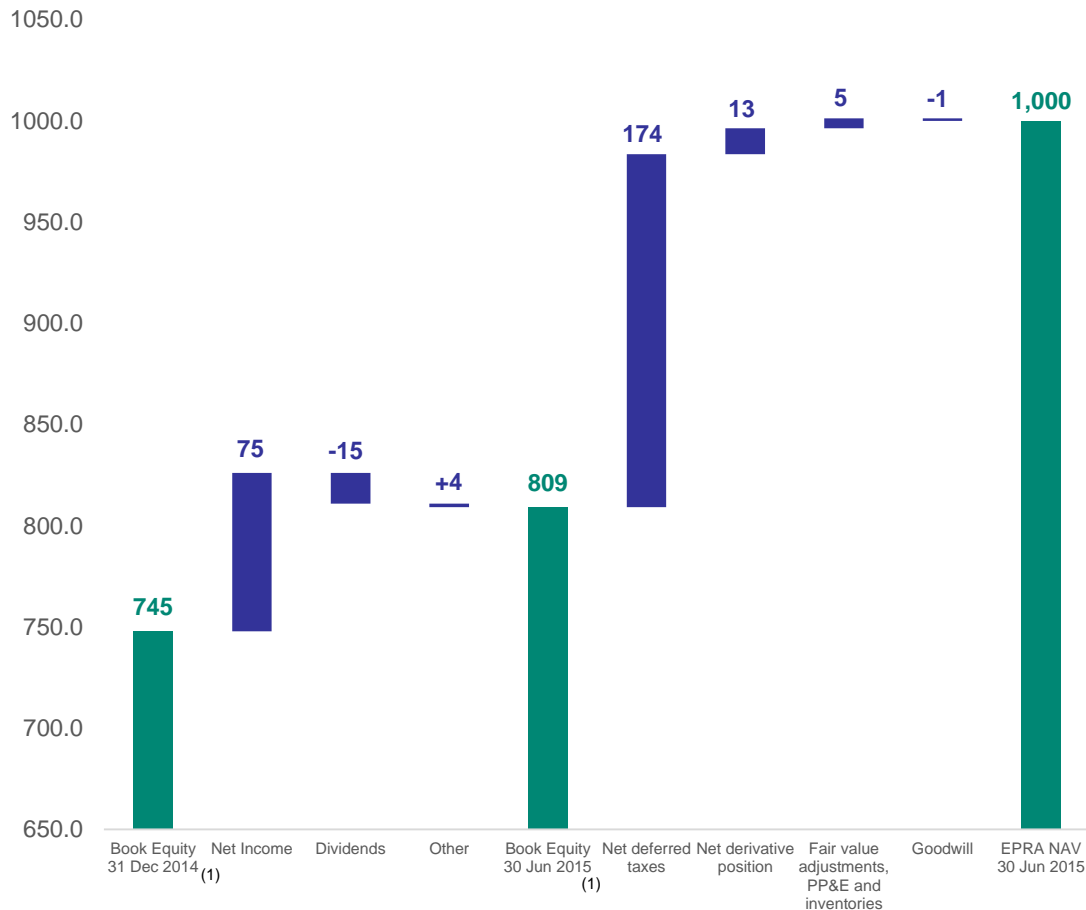
in € million



# Significant EPRA NAV growth driving NAV/s to €16.31

## EPRA NAV H1 2015 reconciliation

in € million



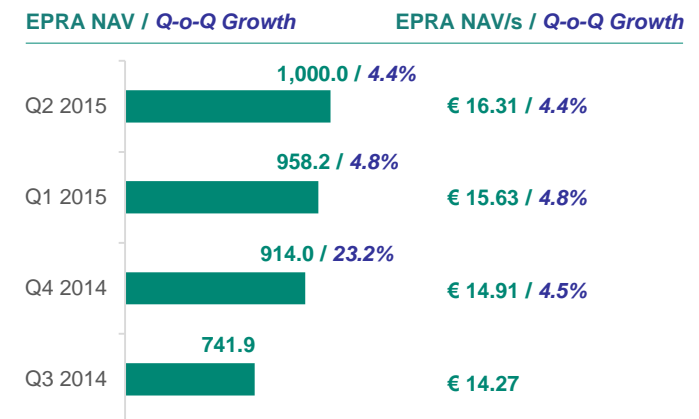
(1) Adjusted by non-controlling interests

## Comments

- **Significant YTD increase of 9.4%** primarily driven by strong profit generation driving net income and increase in property values
- Net income growth mainly driven by strong rental cash flow, positive revaluations, result from the sales of investment properties

## Quarterly development of EPRA NAV

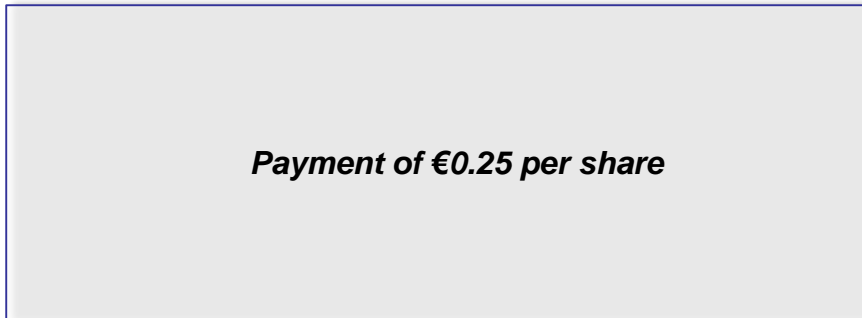
in € million





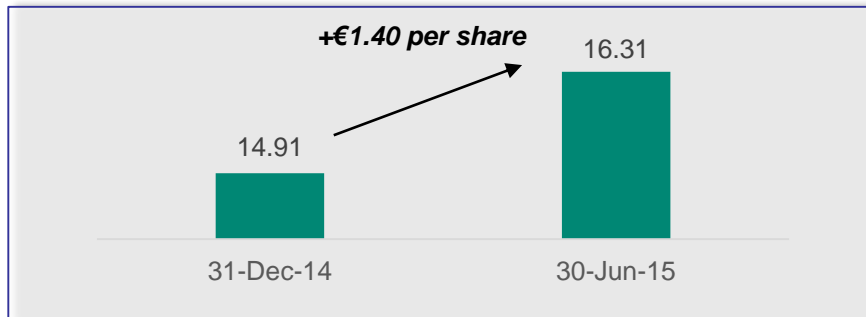
# Focus on fundamental value creation in H1 2015

## Dividends (€)



+

## Fundamental value: EPRA NAV per share (€)



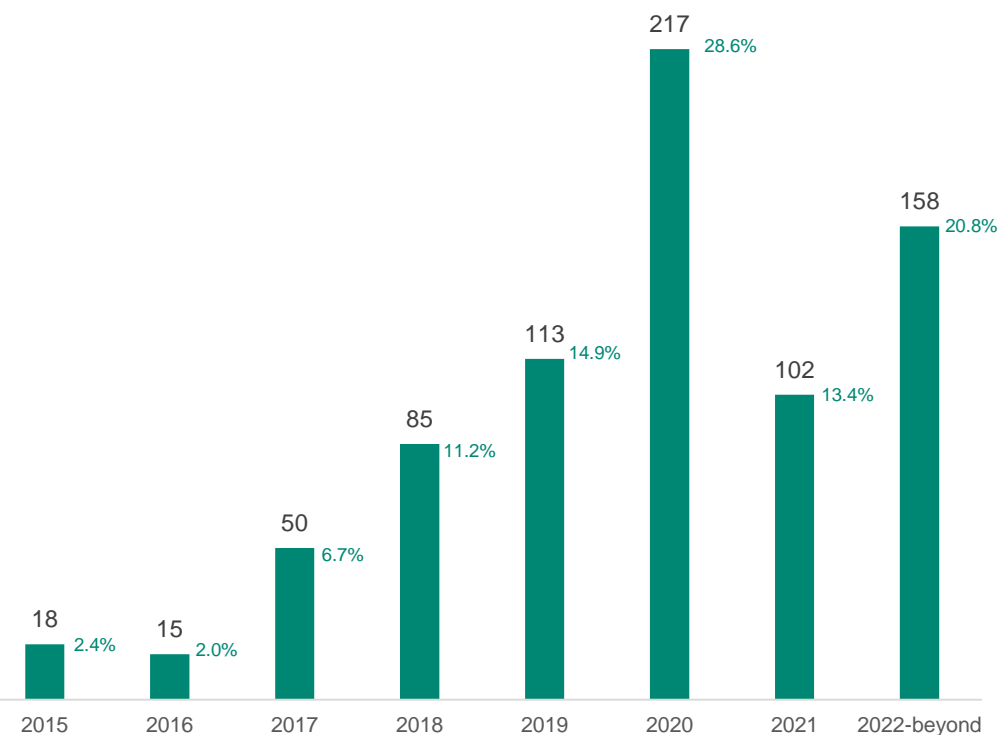
- **Aggregate shareholder value growth of €1.65 per share generated in 2015**
- **Equal to 11%<sup>(1)</sup> semi-annual return, based on EPRA NAV/s at the beginning of 2015**

(1) Semi annual growth of €1.65 per share (EPRA NAV per share growth of €1.40 plus dividend per share of €0.25) divided by EPRA NAV per share as of 31 Dec 2014

# Unchanged: Conservative financing structure

## Maturity profile as of 30 June 2015<sup>(1)</sup>

in € million



(1) Excluding regular amortisation payments

## Debt structure and debt service as of 30 June 2015

in € million

Gross debt (€m)	758
Net-LTV (%)	41.3
Avg. interest rate (%)	2.95
Avg. weighted maturity (years)	5.2
Interest rate fixed or hedged (%)	99

## Comments

- **No significant refinancing coming up before 2018** (less than €90m of maturities)
- Only bank debt and no publicly traded debt securities
- **Approx. 62% of gross debt maturing after 2019**

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## Recent events

### Annual General Meeting

- TLG IMMOBILIEN's Annual General Meeting has affirmed course taken by Management Board and Supervisory Board
- All resolutions proposed by the Management Board and Supervisory Board passed with large majority

### Dividend

- €0.25 dividend per share resolved; at the upper end of the FFO guidance provided
- Corresponds to €15.3 million that have been paid to shareholders

### Changes to Supervisory Board

- Axel Salzmann has left Supervisory Board effective as of 25 June 2015
- Helmut Ullrich joined the Supervisory Board of TLG IMMOBILIEN as a new member

### Lone Star exit completed

- Full exit by former major shareholder Lone Star completed
- Welcoming GIC as new long-term investor in shareholders register

# Outlook and guidance for 2015

## Revenues

- Continuously drive momentum in rental growth from reduction of office vacancies, focused (re-)letting and prolongation of lease contracts
- Further disposal of Non-core assets

## Acquisitions

- Maintain acquisition path – screening and execution of acquisition opportunities in line with portfolio strategy
- Clear commitment to profitable growth and strategic target of €2bn portfolio size

## FFO

- Significant upward revision of FFO guidance to approx. €63m for FY 2015, reflecting the positive business development of YTD as well as successful acquisition results

## NAV

- 2015 NAV growth expected to be driven by generation of cash earnings and positive development of property values in current market environment

# AGENDA

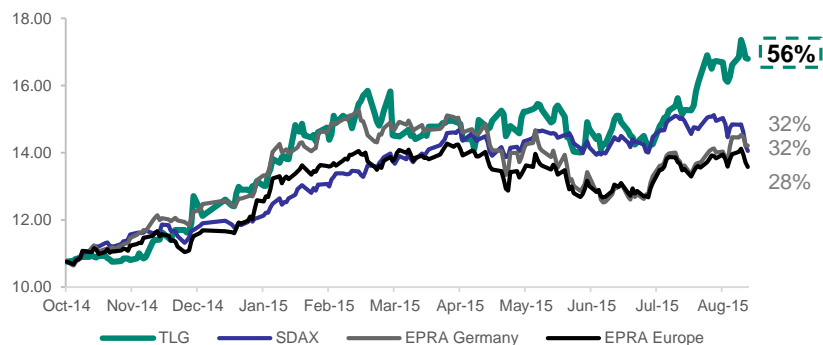
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# TLG IMMOBILIEN share information

## Basic share information (as of 20 August 2015)

Symbol	TLG
Share price (XETRA)	€16.82
ISIN	DE000A12B8Z4
Performance since IPO	56%
Primary exchange	Xetra
Market capitalization	€1,031m
Shares outstanding	61.3 million

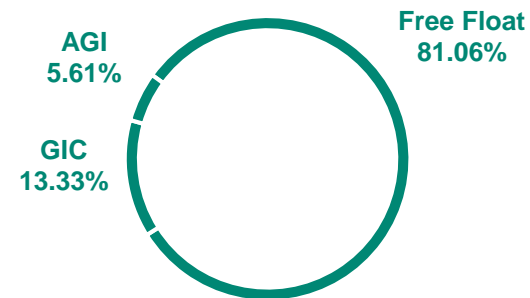
## Share performance since IPO



Source: Thomson Reuters as of 20 Aug 2015

H1 2015 Results, August 2015

## Shareholder structure



## Recent changes in shareholder structure

- **LSREF** has fully exited investment in TLG IMMOBILIEN
- **GIC** has acquired 13.33% stake in TLG

Shareholdings according to latest voting rights information

## Broker coverage

Analyst coverage	Target	Analyst name	Date
Bankhaus Lampe	€21.0 (Buy)	Georg Kanders	17-Aug-2015
HSBC	€18.8 (Buy)	Thomas Martin	05-Aug-2015
Commerzbank	€18.5 (Buy)	Thomas Rothhäusler	03-Aug-2015
VICTORIAPARTNERS	€16.15 <sup>(1)</sup>	Bernd Janssen	03-Jul-2015
J.P. Morgan	€15.0 (UW)	Tim Leckie	01-Jun-2015
UBS	€15.5 (Buy)	Osmaan Malik	01-Jun-2015
Kempen & Co.	€16.0 (OW)	Remco Simon	31-Mar-2015

Source: Bloomberg as 21 August 2015; Research reports (1) Fair Value range of €15.30-17.00

# Financial calendar and contact details

**Q3 2015 Results**

13 November 2015

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