

Q1 2016 Results

TLG IMMOBILIEN AG
May 2016

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1 Highlights Q1 2016

2 Portfolio

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KEY HIGHLIGHTS Q1 2016

Portfolio and operations

- 7.0% growth in rental income to EUR 32.5m and effects of improved cost structure driving disproportionate FFO increase by 8.8% to EUR 17.1m in the first quarter of 2016 compared to Q1 2015
- Portfolio with superior cash generation, currently producing a GRI yield of 7.3%
- Persistently attractive market environment in TLG IMMOBILIEN's key spots, especially the Berlin office sector, enables strong letting results

Balance sheet

- **Increase in EPRA NAV/s by 1.6% to EUR 17.64** in Q1 2016 from EUR 17.37 at the end of 2015
- Low leverage structure with **Net LTV of 36.2%** providing firepower for further acquisitions
- Continuously operating with **marginal cost of debt** considerably below 2%

Growth

- Successful start in 2016 with approx. **EUR 108m of signed transactions year-to-date**
- Committed to further external and internal portfolio growth from leveraging particular market position and strong relation with major food retail tenants

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CONTINUED PORTFOLIO GROWTH

TLG IMMOBILIEN portfolio as of 31 March 2016

	Office	Retail	Hotel	Others (1)	Total 31-Mar-16	Total 31-Dec-15	Change	Total 31-Mar-15	Change vs. 31-Mar-16
IFRS portfolio value (EUR m)	669.2	872.6	262.4	60.5	1,864.8	1,765.8	+5.6%	1,588.6	+17.4%
Properties (number)	59	277	7	71	414	418	-4 units	451	-37 units
Annualised in-place rent (EUR m) ⁽²⁾	47.0	68.1	16.0	4.9	136.0	131.4	+3.5%	123.2	+10.4%
In-place rental yield (%) ⁽³⁾	7.1	7.8	5.9	8.0	7.3	7.4	-0.1p.p.	7.7	-0.4p.p.
EPRA Vacancy Rate (%)	5.3	1.6	2.8	6.6	3.3	3.7	-0.4p.p.	4.5	-1.2p.p.
WALT (years)	4.8	5.8	13.8	8.5	6.5	6.5	0.0yrs	7.2	-0.7yrs
Average rent (EUR/sqm)	9.38	9.80	12.66	4.49	9.50	9.23	+2.9%	8.53	+11.4%



Office Berlin



Retail Bernau, Berlin Area



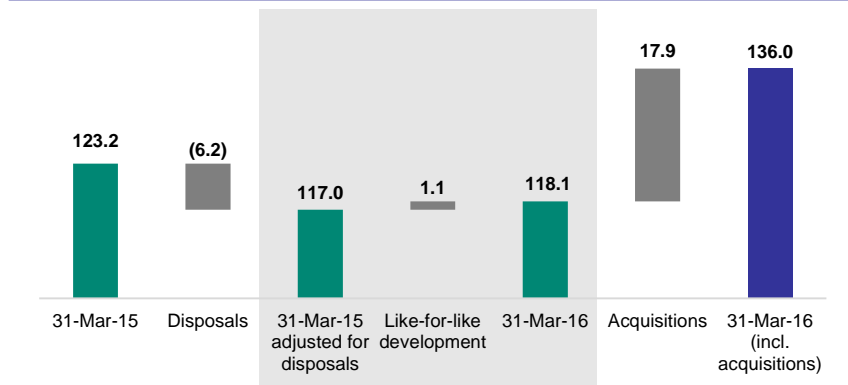
Hotel Dresden

STEADY DEVELOPMENT OF KEY METRICS

Q1 2016 Y-on-Y metrics illustrate stability of the platform and impact of acquired properties

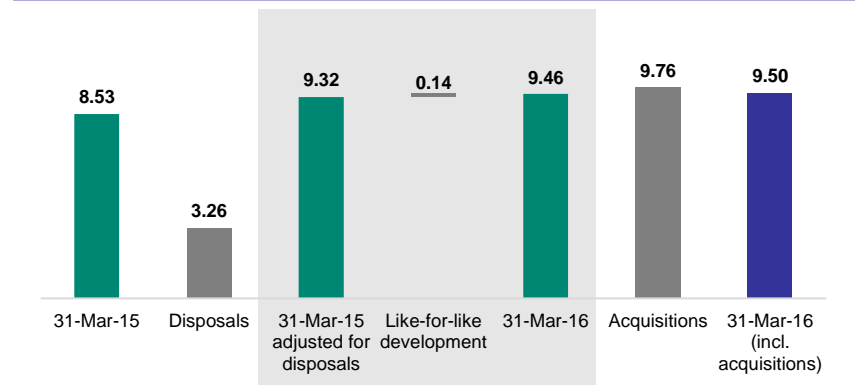
Annualised in-place rent

in EUR million



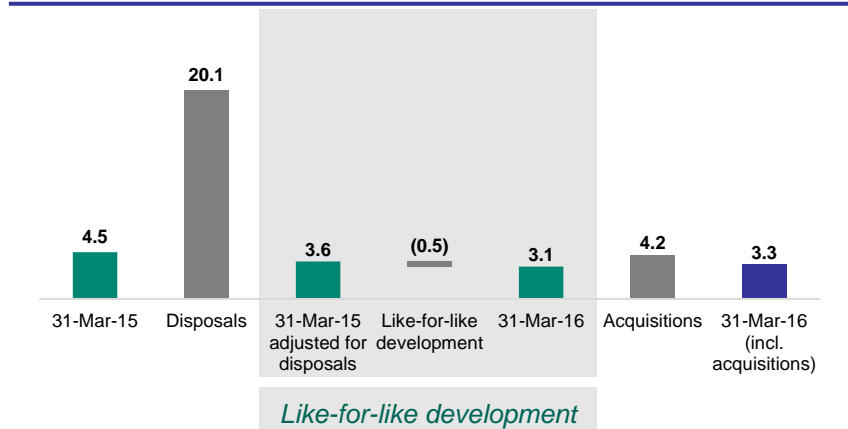
Average rent

in EUR / sqm / month



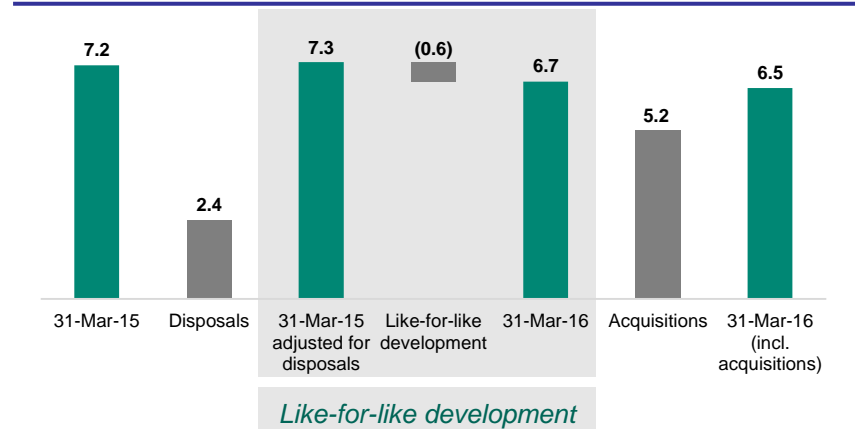
EPRA Vacancy Rate

in %



WALT

in years

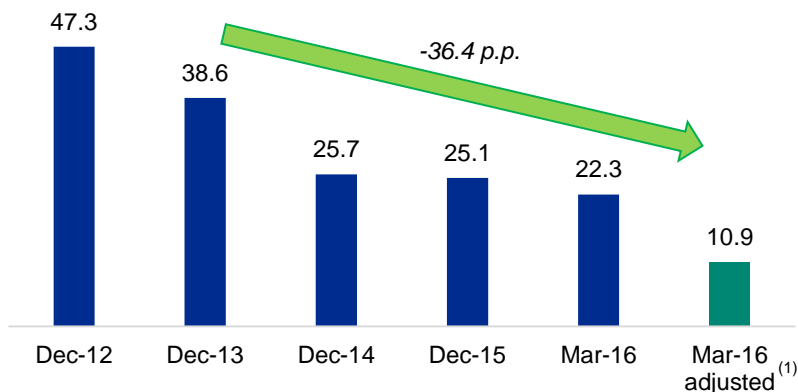


CASE STUDY – BERLIN ALEXANDERSTRASSE

Reduction of vacancy by 75% resulting in value creation – demand driven by tenants out of TMT sector

Vacancy development

EPRA vacancy in %

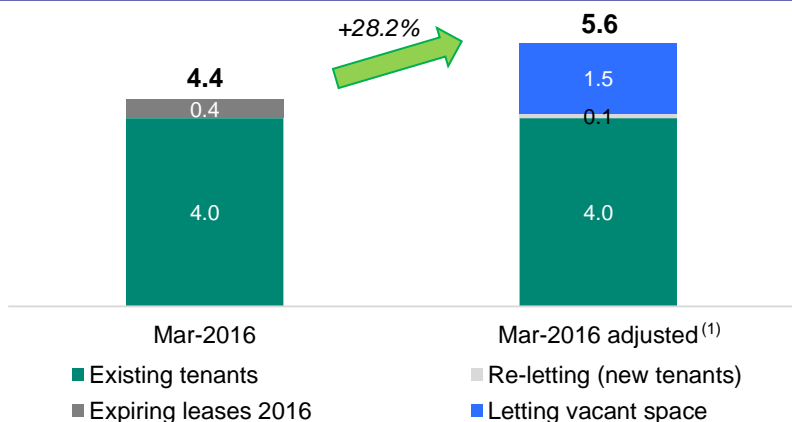


Asset front view – Alexanderstrasse 1-5



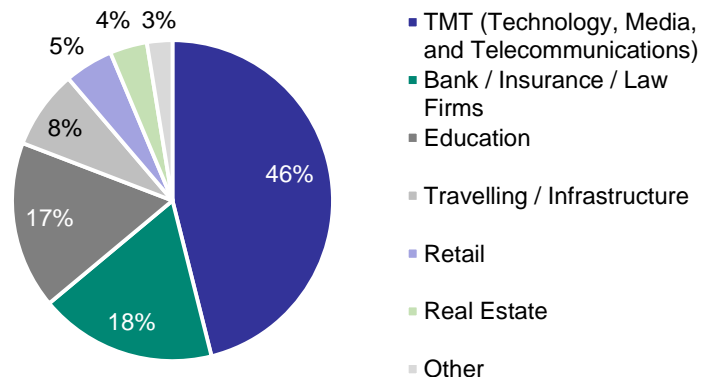
Annualised in-place rent

In EUR million



Tenant base by industry segment ⁽¹⁾

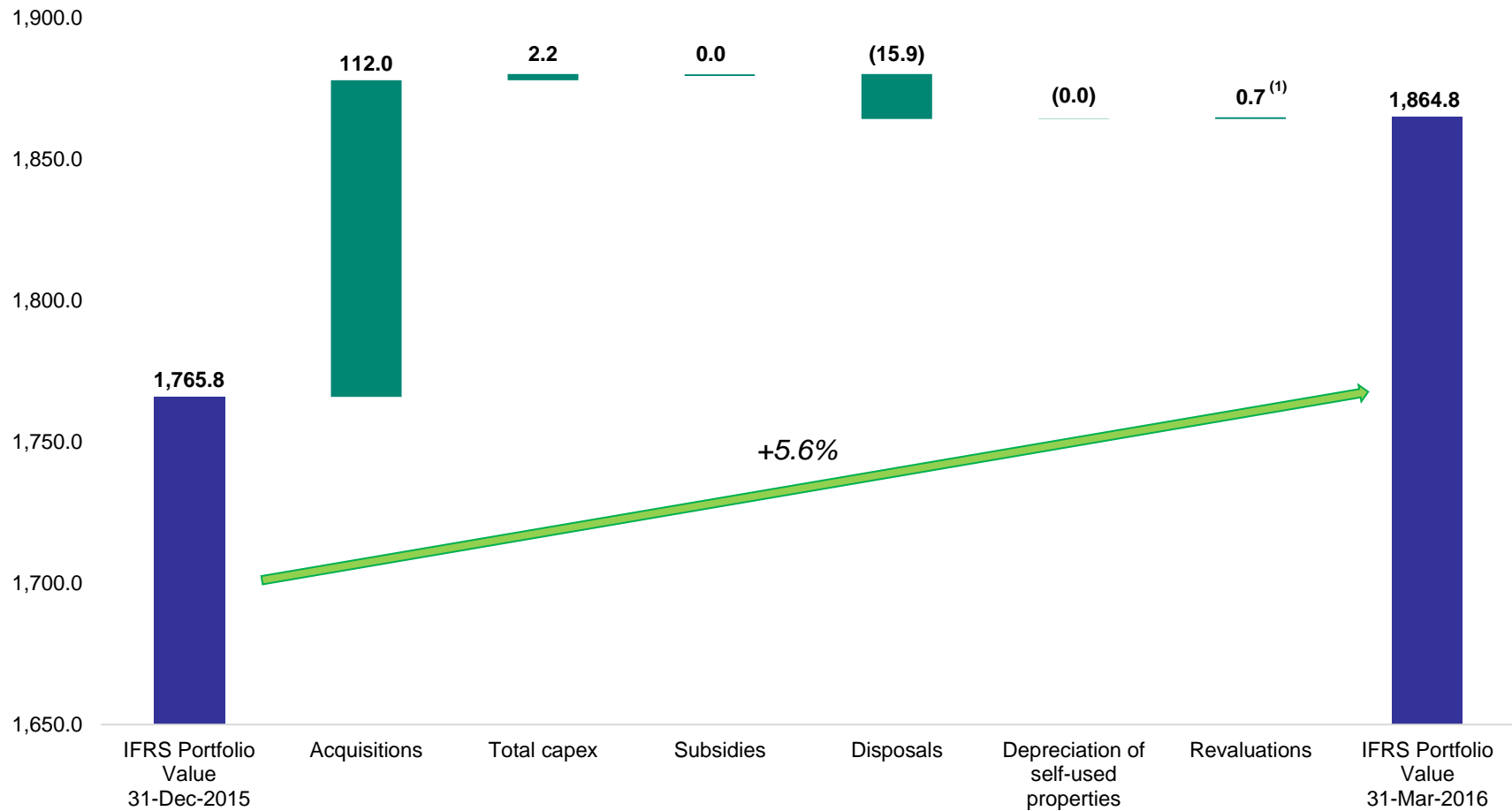
% of annualised in-place rent



IFRS PORTFOLIO VALUE INCREASE BY 5.6% IN Q1 2016

IFRS portfolio value reconciliation

in EUR million



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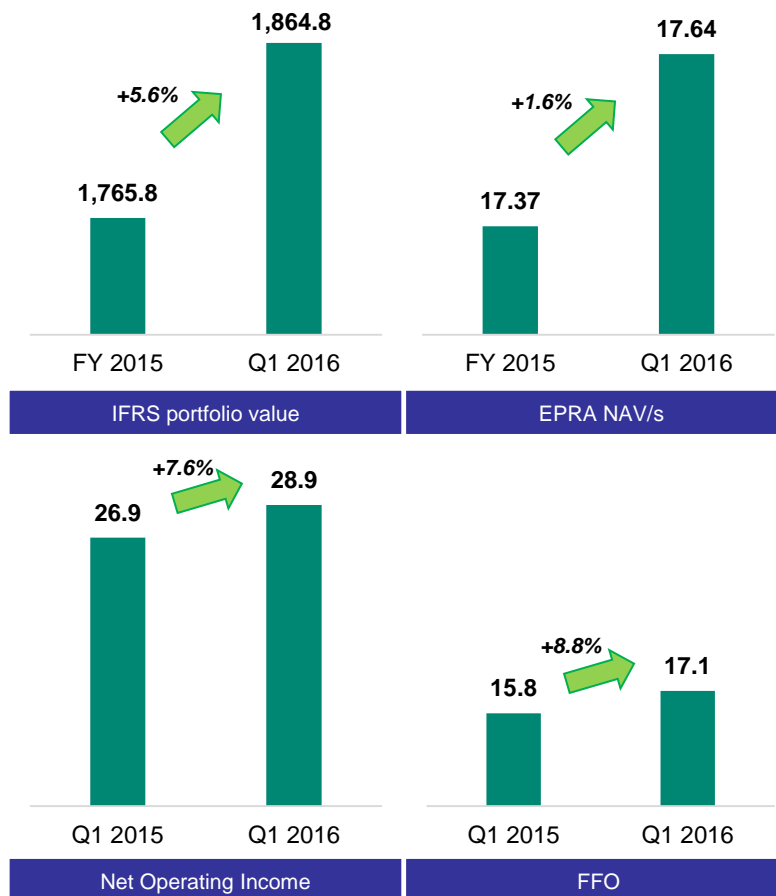
STRONG IMPROVEMENT IN PORTFOLIO VALUE AND RENTAL INCOME ACHIEVED

Key metrics

in EUR million

	Q1 2016	Q1 2015	Comparison
Rental income	32.5	30.4	➔ +7.0%
NOI	28.9	26.9	➔ +7.6%
FFO	17.1	15.8	➔ +8.8%
FFO/s (EUR)	0.25	0.26	➔ -3.8%
In-place rental yield	7.3%	7.4%	➔ -0.1p.p.

	Mar 2016	Dec 2015	Comparison
IFRS portfolio value	1,864.8	1,765.8	➔ +5.6%
EPRA NAV/s (EUR)	17.64	17.37	➔ +1.6%
Net LTV	36.2%	33.6%	➔ +2.6p.p.



SIGNIFICANT NOI INCREASE IN Q1 2016

Income Statement

in EUR million	Q1 2016	Q1 2015
Rental income	32.5	30.4
Net operating income from letting activities	28.9	26.9
Result from the remeasurement of investment property	0.7	23.1
Results from the disposals of investment property	0.6	5.8
Results from the disposals of real estate inventory	0.0	(0.0)
Other operating income	0.4	1.5
Personnel expenses	(2.9)	(3.2)
Depreciation	(0.1)	(0.2)
Other operating expenses	(2.4)	(1.6)
Earnings before interest and taxes (EBIT)	25.2	52.2
Net interest	(5.7)	(5.9)
Other financial result	(1.1)	(0.1)
Earnings before taxes (EBT)	18.3	46.3
Income taxes	(5.4)	(14.2)
Net income	12.9	32.1
Other comprehensive income (OCI)	(2.6)	(2.0)
Total comprehensive income	10.3	30.1


Comments

- 1 Increase of 7.6% in NOI from letting activities mainly related to the acquisition of new properties
- 2 Decrease due to one-off effects in prior year. Q1 2016 mainly includes reversal of bad debt provisions
- 3 Decrease in personnel expenses impacted by successful restructuring
- 4 Comparatively higher other operating expenses in Q1 2016 than in Q1 2015 which should even out in the course of 2016

RECLUSTERING WITHIN THE INCOME STATEMENT

Income Statement reclustering effects

in EUR million	Q1 2016 Pre-reclustering	Reclustering effects	Q1 2016 Post-reclustering	Q1 2015 Pre-reclustering	Q1 2015 Post-reclustering
Income from letting activities	37.2	0.26	37.5	35.4	35.8
a) Rental income	32.5		32.5	30.4	30.4
b) Income from recharged utilities and other operating costs	4.7	0.11	4.8	4.9	4.9
c) Income from other goods and services	0.0	0.15	0.2	0.2	0.6
Expenses related to letting activities	(8.6)	0.04	(8.6)	(9.0)	(9.0)
d) Utilities and other operating costs	(7.1)		(7.1)	(7.1)	(7.1)
e) Maintenance expenses	(1.0)	0.04	(1.0)	(1.2)	(1.1)
f) Other expenses	(0.5)		(0.5)	(0.7)	(0.7)
Net operating income from letting activities	28.6	0.30	28.9	26.5	26.9
Other operating income	0.7	(0.25)	0.4	1.9	1.5
Other operating expenses	(2.4)	(0.04)	(2.4)	(1.6)	(1.6)

 Figures that have changed due to reclustering

Comments

Reclassification of property related accounts from “Other operating income” and “Other operating expenses” to “Net operating income from letting activities” to underline transparency and clarity of TLG IMMOBILIEN’s income statement to investors

1 Several types of property related income, i.e. insurance gains, gains from fit-out related costs paid by tenants, subsidies received, income from settlements with new administrators (utility bills, etc.) of properties sold by TLG IMMOBILIEN

2 Expenses related to properties e.g. realized savings due to cash discounts from prompt payments

STRONG BALANCE SHEET AS PLATFORM FOR GROWTH

Balance Sheet

in EUR million	31 Mar 2016	31 Dec 2015
Non-current assets	1,878.3	1,776.8
Investment property (including advance payments) ¹	1,855.5	1,753.7
Property, plant and equipment	9.6	9.8
Other non-current assets	13.2	13.3
Current assets	119.7	222.6
Real estate inventory	1.1	1.1
Receivables and other current assets	16.9	21.9
Cash and cash equivalents ²	99.8	183.7
Non-current assets classified as held for sale	1.9	15.9
Total assets	1,998.0	1,999.5
Equity ³	978.3	967.9
Liabilities	1,019.6	1,031.6
Non-current liabilities	957.4	957.8
Non-current liabilities to financial institutions ⁴	738.6	746.7
Provisions and other non-current liabilities	30.1	25.2
Deferred tax liabilities	188.7	185.9
Current liabilities	62.2	73.8
Current liabilities to financial institutions ⁴	36.5	36.0
Tax liabilities	3.8	6.4
Other current provisions	3.0	2.4
Trade payables	9.7	14.9
Other current liabilities	9.2	14.0
Total equity and liabilities	1,998.0	1,999.5

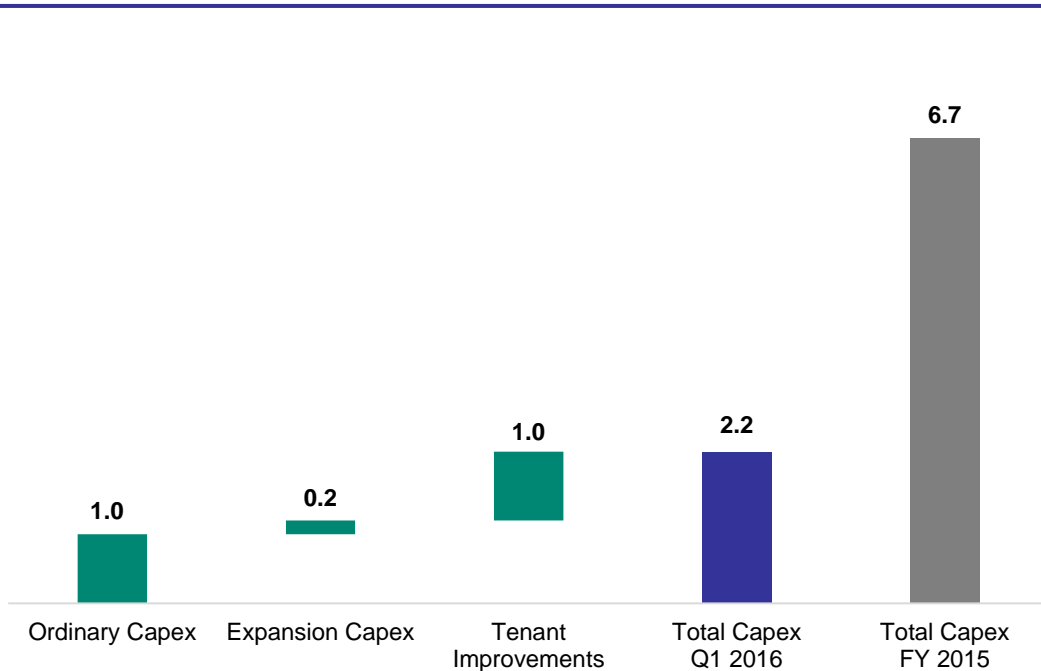
Comments

- ¹ Change in investment property in Q1 2016 mainly driven by acquisitions (EUR 112.0m) and capex (EUR 2.2m)
- ² Decrease in cash and cash equivalents due to acquisitions in the first quarter of 2016
- ³ Increase in equity by 1.1% (ratio 49.0%) mainly driven by net income
- ⁴ Slight decrease in financing volume as a result of loan amortizations

ENHANCED CAPEX REPORTING GOING FORWARD

Capex breakdown

in EUR million



Comments

- General capitalized expenses are shown as “ordinary capex”
- “Expansion capex” represents significant expansion or new construction of rental area
- “Tenant improvements” reflects capital expenditure associated with new leases or lease extensions

Ordinary Capex – Example



Berlin, Alexanderstr.

- Modernization of fire safety system and technical building infrastructure



Rostock, Doberaner Str.

- Renovation of underground parking and frontage

Expansion Capex – Example



Grimma

- Reconstruction of full-range food market for EDEKA
- Expected to be completed in Q4 2016

Tenant Improvements – Example



Berlin, Alexanderstr.

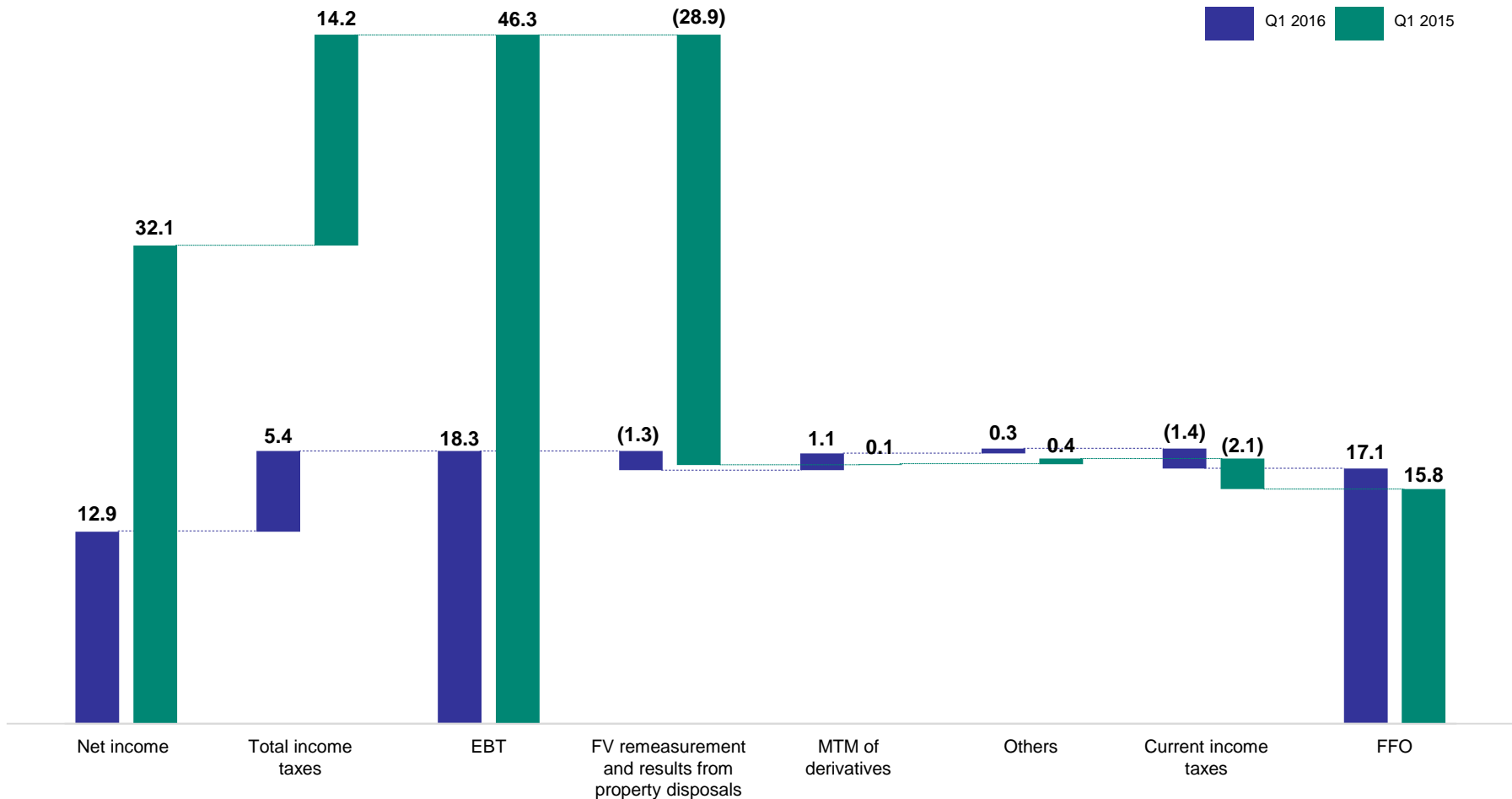


Berlin, Hausvogteiplatz

- Tenant improvements for new lease contracts with 1&1, Visual Meta and medneo

FFO BRIDGE Q1 2016, RESULTING IN FFO OF EUR 17.1M

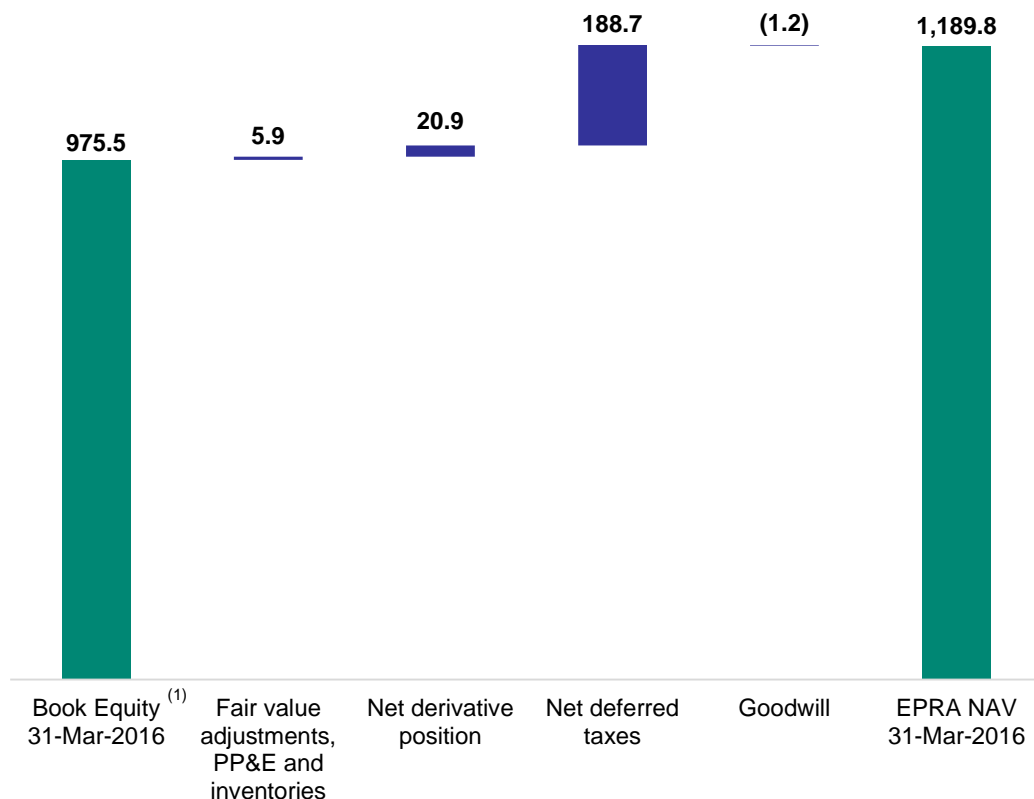
FFO Reconciliation Q1 2016 in EUR million



EPRA NAV GROWTH DRIVING NAV/S TO EUR 17.64

EPRA NAV Q1 2016 reconciliation

in EUR million



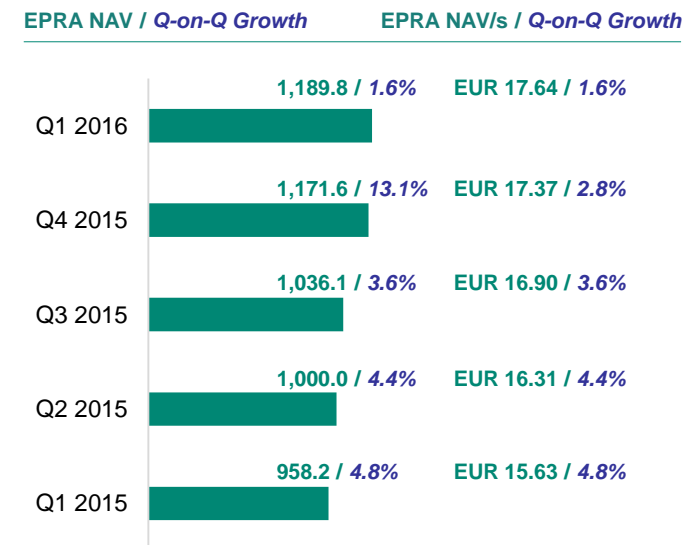
(1) Adjusted for non-controlling interests

Comments

- Since Q1 2015 **strong increase in EPRA NAV per share by 13%** from EUR 15.63 to EUR 17.64 (despite increase in number of shares)

Quarterly development of EPRA NAV

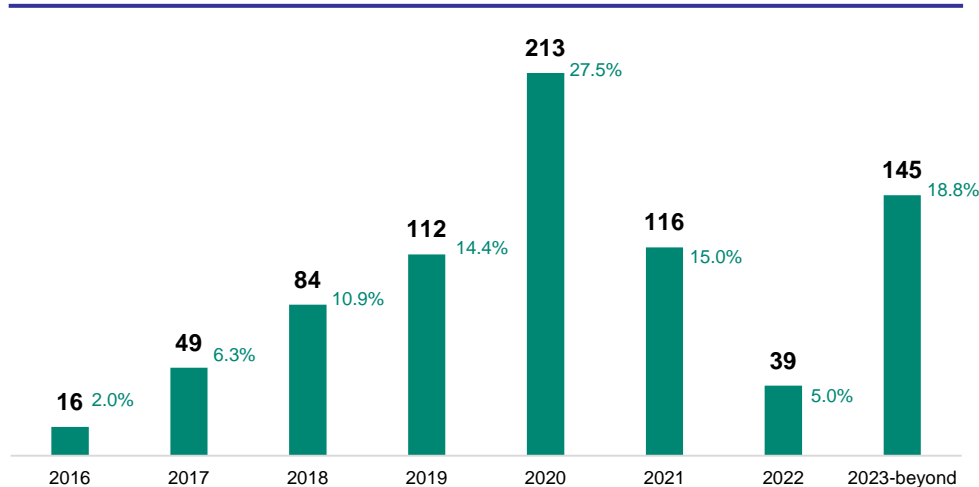
in EUR million



UNCHANGED: CONSERVATIVE FINANCING STRUCTURE

Maturity profile as of 31 March 2016⁽¹⁾

in EUR million



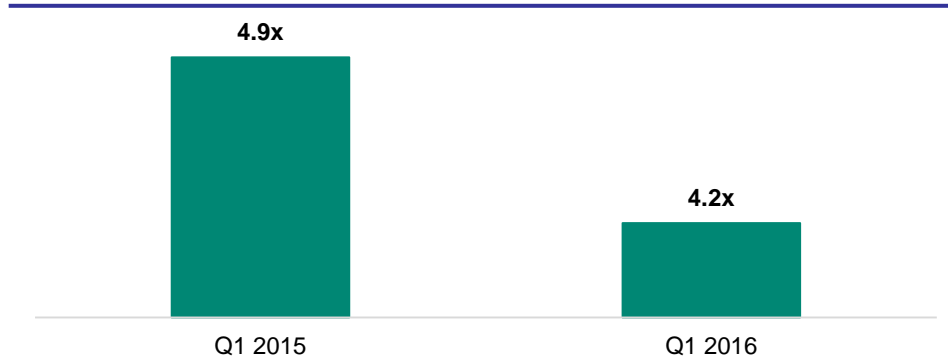
Debt structure and debt service as of 31 March 2016

in EUR million

Gross debt (EUR m)	775.1
Net LTV (%)	36.2
Avg. effective interest rate according to IFRS (%)	2.91
Avg. cash cost of debt (%)	2.79
Avg. weighted maturity (years)	4.7
Interest rate fixed or hedged (%)	99

Interest coverage ratio

EBITDA / Interest expense



(1) Excluding regular amortisation payments

Net LTV development

in %



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OUTLOOK FOR 2016

Acquisitions

- Integration of newly acquired office assets in Berlin and Leipzig in Q2 2016
- Current Net LTV of 36.2% indicates firepower for additional acquisitions
- Initial growth target of EUR 2bn portfolio size within reach; constant screening of the market for attractive opportunities

FFO

- Positive business fundamentals expecting to drive cash generation in portfolio and FFO
- FFO guidance for 2016 of approx. EUR 72-74m confirmed

Dividend

- Proposed dividend for FY 2015 of EUR 48.6m (EUR 0.72 per share)
- Subject to approval by the annual general meeting on 31 May 2016
- Dividend expected to be paid on 1 June 2016

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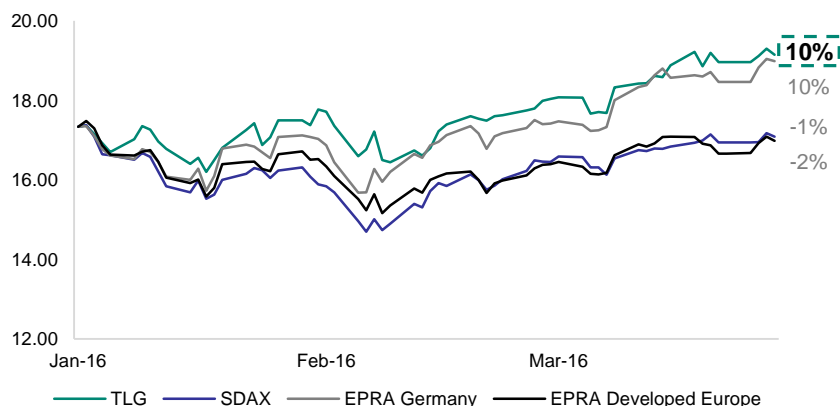
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TLG IMMOBILIEN SHARE INFORMATION

Basic share information (as of 31 March 2016)

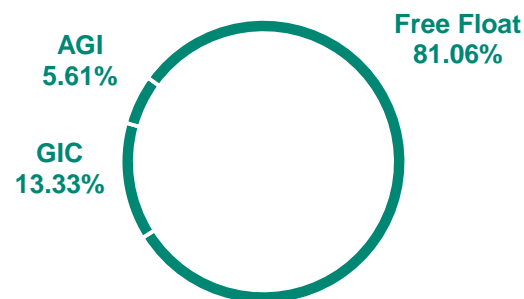
Symbol	TLG
Share price (XETRA)	EUR 19.15
ISIN	DE000A12B8Z4
Performance Q1 2016	+10.1%
Primary exchange	Frankfurt Stock Exchange
Market capitalization	EUR 1,291 million
Shares outstanding	67.4 million

Share performance in Q1 2016



Source: Thomson Reuters as of 31 March 2016

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
VICTORIAPARTNERS	19.50 ⁽¹⁾	Bernd Janssen	28-Apr-2016
UBS	20.00 (Neutral)	Osmaan Malik	05-April-2016
Kempen & Co	18.00 (Neutral)	Remco Simon	26-Apr-2016
Berenberg	21.00 (Buy)	Kai Klose	19-Apr-2016
Bankhaus Lampe	21.00 (Buy)	Georg Kanders	12-Apr-2016
Kepler Cheuvreux	22.50 (Buy)	Thomas Neuhold	31-Mar-2016
J.P. Morgan	21.75 (Overweight)	Tim Leckie	22-Mar-2016
Commerzbank	21.50 (Buy)	Thomas Rothäusler	01-Mar-2016
HSBC	20.00 (Buy)	Thomas Martin	25-Nov-2015
Deutsche Bank	20.50 (Buy)	Markus Scheufler	12-Nov-2015

Source: TLG Q1 2016 report (1) Fair Value range of EUR 18.50 - 20.50

FINANCIAL CALENDAR AND CONTACT DETAILS

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

TLG IMMOBILIEN AG

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