QUARTERLY FINANCIAL REPORT

AS AT 31 MARCH 2018

TLG IMMOBILIEN

KEY GROUP FIGURES

ACCORDING TO IFRS

	Unit	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017	Change in %
Earnings indicators				
Rental income	in EUR k	54,967	39,229	40.1
Net operating income from letting activities (NOI)	in EUR k	47,591	34,394	38.4
Net income for the period	in EUR k	19,717	15,709	25.5
Funds from operations (FFO)	in EUR k	31,648	21,126	49.8
FFO per share[1]	in EUR	0.31	0.29	6.9

	Unit	31/03/2018	31/12/2017	Change in %
Balance sheet metrics				
Investment property	in EUR k	3,465,835	3,383,259	2.4
Cash and cash equivalents	in EUR k	164,384	201,476	−18.4
Total assets	in EUR k	3,860,856	3,835,748	0.7
Equity	in EUR k	1,955,969	1,936,560	1.0
Equity ratio	in %	50.7	50.5	0.2 pp
Interest-bearing liabilities	in EUR k	1,539,889	1,541,692	−0.1
Net debt	in EUR k	1,375,505	1,340,216	2.6
Net LTV[2]	in %	39.6	39.2	0.4 pp
EPRA NAV	in EUR k	2,260,973	2,228,512	1.5
EPRA NAV per share[1]	in EUR	22.09	21.84	1.1

	Unit	31/03/2018	31/12/2017	Change in %
Key portfolio performance indicators				
Property value[3]	in EUR k	3,476,592	3,400,582	2.2
Properties	number	425	426	−1
Annualised in-place rent[4]	in EUR k	219,864	214,057	2.7
In-place rental yield	in %	6.3	6.3	0.0 pp
EPRA Vacancy Rate	in %	3.8	3.6	0.2 pp
WALT	in years	6.1	6.3	−0.2 years
Average rent	in EUR/sqm	10.12	10.05	0.7

[1] Total number of shares as at 31 December 2017: 102.0 m; as at 31 March 2018: 102.3 m. The weighted average number of shares was 71.9 m in the first three months of 2017 and 102.1 m in the first three months of 2018.
[2] Calculation: Net debt divided by real estate assets; for the composition see page 16
[3] In line with values disclosed according to IAS 40, IAS 2, IAS 16 and IFRS 5
[4] The annualised in-place rent is calculated using the annualised rents agreed as at the reporting date – not factoring in rent-free periods.

Related links

Web reference

CONTENTS

Title illustration: Theo & Luise, Theodor-Heuss-Anlage 12, Mannheim, Germany

TLG IMMOBILIEN SHARES

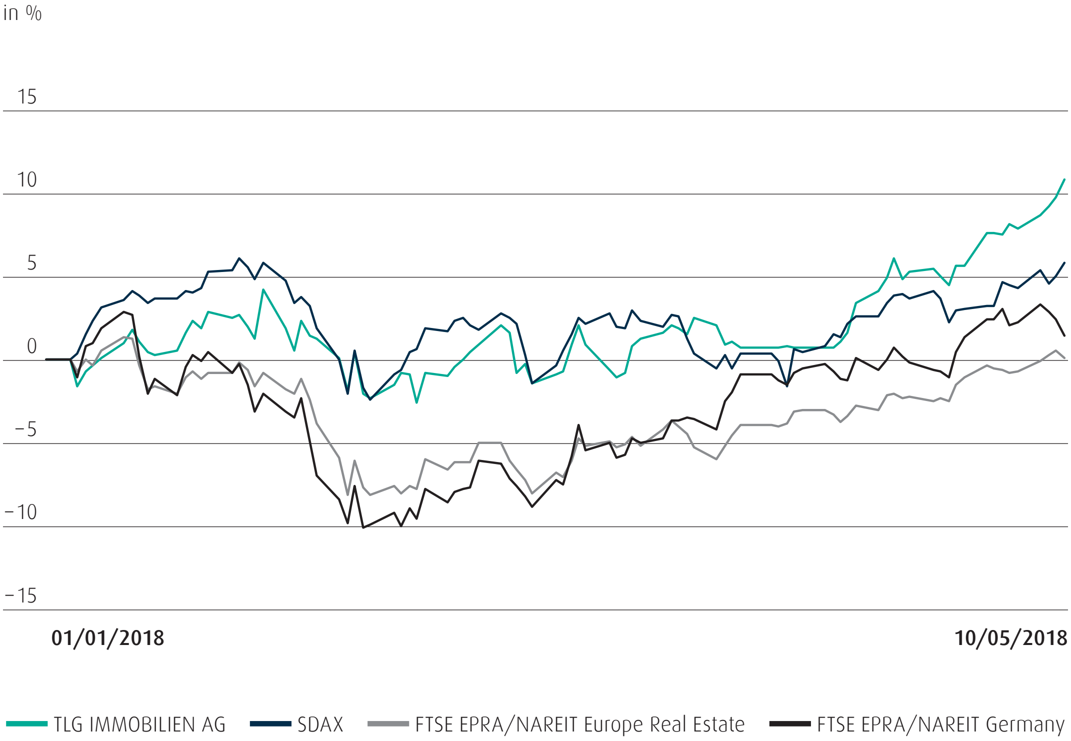
The stock market was under pressure in the first quarter of 2018. Essentially, the cause of the pressure was the surprisingly large decline in the ifo Business Climate Index. Additionally, factors such as the implementation of steel and aluminium tariffs in the USA, the growing expectations of inflation in the USA and less expansive global monetary policies contributed to these developments.

The German stock index DAX therefore fell in the first three months of the year and closed at 12,096.73 points on 29 March 2018. As a result, the DAX decreased by a total of 6.2% compared to its opening price on 2 January 2018.

The SDAX was volatile in the first three months, increasing slightly by 0.4% between early January 2018 and the end of March 2018.

German real estate shares fared slightly negatively. The FTSE EPRA/NAREIT Germany Index declined by 0.8% over the first three months. The FTSE EPRA/NAREIT Europe Index declined by 3.9% in the same period.

Performance of the shares by index

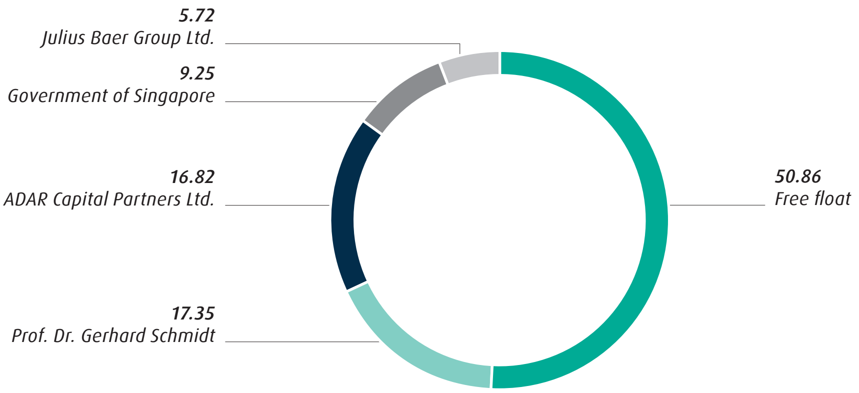


The shares of TLG IMMOBILIEN made an inconsistent start to 2018 and reached EUR 23.30 on 26 January 2018, their highest value on Xetra in the first quarter of 2018. The shares closed the reporting period at EUR 22.30, which represents a slight increase of 0.7% compared to the opening price at the start of the year.

TLG IMMOBILIEN share data

ISIN/WKN	DE000A12B8Z4/A12B8Z
Ticker symbol	TLG
Share capital in EUR	102,347,838.00
Number of shares (no-par value bearer shares) as at 31 March 2018	102,347,838
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 26/01/2018 (Xetra) in EUR	23.30
Reporting period low on 06/02/2018 (Xetra) in EUR	21.02
Closing price on 31/03/2018 (Xetra) in EUR	22.30
Market capitalisation in EUR m	2,282.4

Shareholder structure as at 31 March 2018*



* Data based on the latest voting rights notifications

Free float: *Shareholding < 5%.*
Prof. Dr. Gerhard Schmidt: *Shareholding attributed to Prof. Dr. Gerhard Schmidt as reported for 22 February 2018. The shares are held by DIC Real Estate Investments GmbH & Co. Kommanditgesellschaft auf Aktien. On that date, the total number of voting rights was 102,028,821.*
ADAR Capital Partners Ltd.: *Indirect shareholding of ADAR Capital Partners Ltd. as reported for 22 January 2018. The shares are held by ADAR Macro Fund Ltd. On that date, the total number of voting rights was 102,028,821.*
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.*
Julius Baer Group Ltd.: *Shareholding attributed to Julius Baer Group Ltd. as reported for 29 November 2017. The shares are held by KAIROS INTERNATIONAL SICAV. On that date, the total number of voting rights was 102,028,821.*

The diagram shows the voting rights last disclosed by shareholders according to Sec. 21 and Sec. 22 of the German Securities Trading Act (WpHG), based on the share capital of TLG IMMOBILIEN AG at the time. Please note that the last disclosed number of voting rights might since have changed within the thresholds without the shareholders being obliged to inform the company.

Coverage by analysts

Bank	Target price in EUR	Rating	Analyst	Date
Berenberg	26.50	Buy	Kai Klose	09/05/2018
UBS	23.00	Neutral	Osmaan Malik	04/05/2018
Deutsche Bank	25.00	Hold	Markus Scheufler	30/04/2018
Bankhaus Lampe	23.00	Hold	Georg Kanders	17/04/2018
J.P. Morgan	23.00	Neutral	Tim Leckie	09/04/2018
Nord/LB	21.50	Hold	Michael Seufert	05/04/2018
Commerzbank	27.00	Buy	Tom Carstairs	29/03/2018
Kepler Cheuvreux	24.00	Hold	Thomas Neuhold	27/03/2018
Kempen & Co	22.00	Neutral	David Prescott	23/03/2018
Baader Bank	19.50	Hold	Andre Remke	23/03/2018
Jefferies	20.00	Hold	Thomas Rothäusler	23/03/2018
HSBC	22.50	Hold	Thomas Martin	08/02/2018
Bank of America Merrill Lynch	24.50	Buy	Camille Bonnel	19/01/2018
M.M.Warburg	24.90	Buy	J. Moritz Rieser	11/01/2018
VictoriaPartners	19.50–21.30[1]	n/a	Bernd Janssen	02/05/2017

[1] Fair value range as at 2 May 2017, currently restricted
Source: Bloomberg (as at 11 May 2018) and broker research

Bank of America Merrill Lynch started covering the shares of TLG IMMOBILIEN AG in the first quarter of 2018.

INVESTOR RELATIONS ACTIVITIES

TLG IMMOBILIEN AG attended the following national and international conferences in the first three months of 2018:

- J.P. Morgan – European Real Estate CEO Conference, London
- ODDO & Cie – ODDO BHF FORUM, Lyon
- UniCredit Kepler Cheuvreux – German Corporate Conference, Frankfurt/Main
- ODDO SEYDLER – 12th ODDO BHF German Conference, Frankfurt/Main
- Commerzbank – German Real Estate Forum, London

The figures for 2017 were published on 23 March 2018 and discussed with investors and analysts in a teleconference. Recordings of the teleconferences and the report documents are available in the Investor Relations section of our website, *www.tlg.eu*.

EPRA KEY FIGURES

TLG IMMOBILIEN AG is a member of the EPRA and, as a company listed on a stock exchange, publishes the key figures in line with the Best Practices Recommendations of the EPRA for the sake of transparency and comparability.

Overview of key figures according to EPRA

in EUR k	31/03/2018	31/12/2017	Change	Change in %
EPRA NAV	2,260,973	2,228,512	32,461	1.5
EPRA NNNAV	1,861,747	1,827,981	33,766	1.8
EPRA Net Initial Yield (NIY) in %	5.2	5.2	0.0 pp	
EPRA "topped-up" Net Initial Yield in %	5.2	5.3	–0.1 pp	
EPRA Vacancy Rate in %	3.8	3.6	0.2 pp	

in EUR k	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017	Change	Change in %
EPRA Earnings	31,111	17,983	13,128	73.0
EPRA Cost Ratio (including direct vacancy costs) in %	29.8	26.1	3.7 pp	
EPRA Cost Ratio (excluding direct vacancy costs) in %	28.5	25.1	3.4 pp	

The increase in the EPRA NAV is due primarily to the increase in equity which in turn was essentially due to the net income generated for the period.

The EPRA Cost Ratios increased as special items, resulting from the takeover of WCM AG, for example, influenced earnings.

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

EPRA Earnings

in EUR k	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017	Change	Change in %
Net income for the period	19,717	15,709	4,008	25.5
Result from the remeasurement of investment property	–450	–1,536	1,086	–70.7
Result from the disposal of investment property	0	0	0	0
Result from the disposal of real estate inventories	0	0	0	0
Tax on profits or losses on disposals	0	0	0	0
Result from the remeasurement of derivative financial instruments and refinancing costs	–2,007	–586	–1,421	242.5
Acquisition costs of share deals	1,253	30	1,223	n/a
Deferred and actual taxes in respect of EPRA adjustments	13,432	4,366	9,066	207.7
Non-controlling interests	–834	0	–834	n/a
EPRA Earnings	**31,111**	**17,983**	**13,128**	**73.0**
Average number of shares outstanding in thousands[1]	102,099	71,928		
EPRA Earnings per share in EUR	0.30	0.25		

[1] Total number of shares as at 31 December 2017: 102.0 m; as at 31 March 2018: 102.3 m. The weighted average number of shares was 71.9 m in the first three months of 2017 and 102.1 m in the first three months of 2018.

EPRA Net Asset Value (EPRA NAV)

in EUR k	31/03/2018	31/12/2017	Change	Change in %
Equity of the shareholders of TLG IMMOBILIEN	1,919,990	1,897,636	22,354	1.2
Fair value adjustment of fixed assets (IAS 16)	9,685	8,807	878	10.0
Fair value adjustment of real estate inventories (IAS 2)	1,174	1,174	0	0
Fair value of derivative financial instruments	–464	1,813	–2,277	n/a
Deferred taxes	379,489	367,983	11,506	3.1
Goodwill from deferred taxes	–48,901	–48,901	0	0
EPRA Net Asset Value (EPRA NAV)	**2,260,973**	**2,228,512**	**32,461**	**1.5**
Number of shares in thousands	102,348	102,029		
EPRA NAV per share in EUR	**22.09**	**21.84**		
Adjusted of remaining goodwill	–115,823	–115,823	0	0
Adjusted EPRA Net Asset Value (EPRA NAV)	**2,145,150**	**2,112,689**	**32,461**	**1.5**
Number of shares in thousands	102,348	102,029		
Adjusted EPRA NAV per share in EUR	20.96	20.71		

EPRA Triple Net Asset Value (NNNAV)

in EUR k	31/03/2018	31/12/2017	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	**2,260,973**	**2,228,512**	**32,461**	**1.5**
Fair value of derivative financial instruments	464	−1,813	2,277	n/a
Fair value adjustment of liabilities due to financial institutions/bonds	−20,201	−28,502	8,301	−29.1
Deferred taxes	−379,489	−370,216	−9,273	2.5
EPRA Triple Net Asset Value (EPRA NNNAV)	**1,861,747**	**1,827,981**	**33,766**	**1.8**
Number of shares in thousands	102,348	102,029		
EPRA NNNAV per share in EUR	18.19	17.92		

EPRA NET INITIAL YIELD (EPRA NIY) AND EPRA “TOPPED-UP” NET INITIAL YIELD

in EUR k	31/03/2018	31/12/2017	Change	Change in %
Investment property	3,465,835	3,383,259	82,576	2.4
Inventories	757	762	−5	−0.7
Properties classified as held for sale	3,164	9,698	−6,534	−67.4
Property portfolio (net)	**3,469,756**	**3,393,719**	**76,037**	**2.2**
Estimated transaction costs	245,539	244,613	926	0.4
Property portfolio (gross)	**3,715,295**	**3,638,332**	**76,963**	**2.1**
Annualised cash passing rental income	218,907	212,498	6,409	3.0
Property outgoings	−26,471	−22,617	−3,854	17.0
Annualised net rents	**192,436**	**189,881**	**2,555**	**1.3**
Notional rent for ongoing rent-free periods	955	1,558	−603	−38.7
Annualised “topped-up” net rent	**193,391**	**191,439**	**1,952**	**1.0**
EPRA Net Initial Yield (EPRA NIY) in %	**5.2**	**5.2**	**0.0 pp**	
EPRA “topped-up” Net Initial Yield in %	**5.2**	**5.3**	**−0.1 pp**	

EPRA Vacancy Rate

in EUR k	31/03/2018	31/12/2017	Change	Change in %
Market rent for vacant properties	8,685	8,055	630	7.8
Total market rent	231,403	226,278	5,125	2.3
EPRA Vacancy Rate in %	**3.8**	**3.6**	**0.2 pp**	

EPRA Cost Ratio

in EUR k	01/01/2018–31/03/2018	01/01/2017–31/03/2017	Change	Change in %
Costs pursuant to the consolidated statement of comprehensive income under IFRS				
Expenses relating to letting activities	19,378	12,160	7,218	59.4
Personnel expenses	3,986	2,900	1,086	37.4
Depreciation and amortisation	216	142	74	52.1
Other operating expenses	4,822	2,156	2,666	123.7
Income from recharged operating costs	−11,644	−6,723	−4,921	73.2
Income from other goods and services	−358	−366	8	−2.2
Other operating income from reimbursements	−16	−15	−1	6.7
Ground rent	0	−2	2	−100.0
EPRA Costs (including direct vacancy costs)	**16,384**	**10,252**	**6,132**	**59.8**
Direct vacancy costs	−726	−406	−320	78.8
EPRA Costs (excluding direct vacancy costs)	**15,658**	**9,846**	**5,812**	**59.0**
Rental income	54,967	39,229	15,738	40.1
EPRA Cost Ratio (including direct vacancy costs) in %	**29.8**	**26.1**	**3.7 pp**	
EPRA Cost Ratio (excluding direct vacancy costs) in %	**28.5**	**25.1**	**3.4 pp**	

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

- Asset management
  TLG IMMOBILIEN covers significant links in the real estate value chain internally. With the engineering and letting units, asset management is responsible for all measures on the level of the property that influence the value of a property.

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

- Property management
  Property management bears a decentralised responsibility for the commercial management of the properties, including tenant relations, and is in charge of external facility management.

2. ECONOMIC REPORT

2.1 GENERAL ECONOMIC CONDITIONS AND REAL ESTATE MARKETS

2.1.1 General economic conditions

In the first quarter of 2018, the German Institute for Economic Research (DIW) expects Germany's GDP to grow strongly and potentially surpass the final quarter of 2017 by 0.7%. According to the experts at DIW, all segments contributed to the strong development of the economy; industry, foreign trade, and services. According to DIW, strong exports accelerated the ongoing upturn of the German economy and will be driven by the most recent surge of orders for the next few months. The second half of the year might be slightly calmer as the global economy and therefore foreign demand might lose momentum. DIW views the most recent decline in new orders as an indicator of this economic slowdown.

2.1.2 Economic situation in the sectors

According to German Property Partners (GPP), the volume of transactions on the commercial real estate investment markets in the top seven German locations increased significantly to around EUR 7.0 bn in the first quarter of 2018. This represents an increase of around 36% compared to the same period in the previous year, which was already strong. The market has not been this active at the start of a year for a long time. Above-average income has been generated in most locations. GPP expects investments in commercial properties to remain active, as in the previous year, in spite of a lack of products and low yields.

2.1.3 Development of the office property market

As reported by Savills, the volume of transactions on the German office property market was around EUR 6.0 bn in the first quarter of 2018, and was therefore 32% higher than in the first quarter of the previous year. Munich is in first place, ahead of Frankfurt/Main. The Bavarian capital was in third place last year. In the first quarter, around EUR 1.5 bn was invested in Munich, whereas almost EUR 1.4 bn flowed into Frankfurt, Germany's most important financial hub. Compared to the same quarter in the previous year, Düsseldorf and Hamburg reported strong relative growth of 280% and 240% respectively, according to Savills.

2.1.4 Development of the retail property market

According to CBRE, in the first three months of 2018, the volume of transactions on the retail property market declined significantly by 56% compared to the previous year, reaching around EUR 1.6 bn. The investments in special retail centres decreased by 55% to EUR 781 m and even stores were less in demand. The majority of the volume of transactions in the shopping centre segment was invested in properties in the top locations in Germany. In contrast, investors in centrally located retail properties focused on investments in regional centres and B-rated locations. Specialist retailers, supermarkets, hypermarkets and DIY shops remained stable compared to the previous year. Only special retail centres and top-class shopping centres at A-rated locations experienced particularly high pressure from demand, and their net initial yields continued to decrease.

2.1.5 Development of the hotel property market

According to the Federal Statistical Office, 52.9 m overnight stays were recorded throughout Germany in the first two months of 2018, which represents an increase of 6% over the same period in the previous year. This shows that the number of overnight stays in Germany has continued to increase even at the start of this year. According to BNP Paribas, with a transaction volume of a little under EUR 620 m in the first quarter of 2018, the German hotel property transaction market experienced a significant 45% decrease compared to the same quarter in the previous year. Although the investments in hotels in the top eight locations failed to match the record level of the same quarter in the previous year, at EUR 361 m, the total investment was still significantly higher than the long-term average.

2.2 POSITION OF THE COMPANY

2.2.1 Course of business

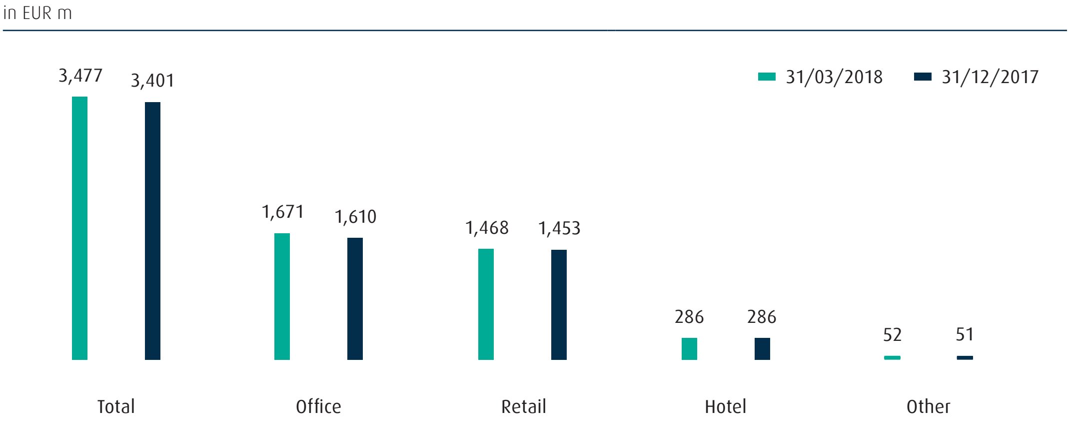
The properties were as follows in the reporting period:

Key figures	Total	Office	Retail	Hotel	Others
Property value (EUR k)[1]	3,476,592	1,670,545	1,468,336	286,116	51,594
Annualised in-place rent (EUR k)[2]	219,864	95,307	103,207	16,584	4,767
In-place rental yield (%)	6.3	5.7	7.0	5.7	9.2
EPRA Vacancy Rate (%)	3.8	5.1	2.4	2.2	8.1
WALT (years)	6.1	5.1	6.1	12.0	7.9
Properties (number)	425	69	299	7	50
Lettable area (sqm)	1,914,473	773,681	931,487	109,689	99,617

[1] In line with values disclosed according to IAS 40, IAS 2, IAS 16 and IFRS 5
[2] The annualised in-place rent is calculated using the annualised rents agreed as at the reporting date – not factoring in rent-free periods.

The property portfolio of TLG IMMOBILIEN comprises the following asset classes: office, retail, hotel and other. As at 31 March 2018, the portfolio contained 425 properties (31/12/2017: 426) with a fair value (IFRS) of around EUR 3.477 bn (31/12/2017: approx. EUR 3.401 bn). The 2.2% increase in the value of the property portfolio is due largely to the acquisitions made in the first quarter (EUR 80.7 m).

The property values in the individual asset classes developed as follows:



2.2.2 Financial performance

In the first quarter of 2018, TLG IMMOBILIEN generated net income for the period of EUR k 19,717. The EUR k 4,008 increase compared to the same period in the previous year is due primarily to the higher net operating income from letting activities.

The table below presents the financial performance:

in EUR k	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017	Change	Change in %
Net operating income from letting activities	**47,591**	**34,394**	**13,197**	**38.4**
Result from the remeasurement of investment property	450	1,536	–1,086	–70.7
Other operating income	393	520	–127	–24.4
Personnel expenses	–3,986	–2,900	–1,086	37.4
Depreciation and amortisation	–216	–142	–74	52.1
Other operating expenses	–4,822	–2,156	–2,666	123.7
Earnings before interest and taxes (EBIT)	**39,410**	**31,252**	**8,158**	**26.1**
Financial income	132	23	109	473.9
Financial expenses	–7,689	–9,113	1,424	–15.6
Result from the remeasurement of derivative financial instruments	2,007	586	1,421	242.5
Earnings before taxes	**33,860**	**22,748**	**11,112**	**48.8**
Income taxes	–14,143	–7,039	–7,104	100.9
Net income for the period	**19,717**	**15,709**	**4,008**	**25.5**
Other comprehensive income (OCI)	147	2,807	–2,660	–94.8
Total comprehensive income	**19,864**	**18,516**	**1,348**	**7.3**

Compared to the same period in the previous year, the net operating income from letting activities of EUR k 47,591 increased by EUR k 13,197, due primarily to newly acquired properties being placed under management and the addition of the properties of WCM.

Other operating income was EUR k 393 and was therefore at the same level as in the previous year.

Personnel expenses were higher than in the same period in the previous year due to the increased number of employees. Additionally, a special item not affecting liquidity of EUR k 574 resulting from the transition of the long-term incentive scheme had an effect.

In the reporting period, expenses of EUR k 1,253, essentially legal and consulting expenses, were incurred in connection with the takeover of WCM and the resulting integration measures. Additionally, due to the strong growth in 2017, the general administrative expenses increased. As a result, the other operating expenses increased by EUR k 2,666 over the previous period, reaching EUR k 4,822.

In the reporting period, financial expenses decreased by EUR k 1,424 to EUR k 7,689 compared to the same period in the previous year. This is due primarily to refinancing costs which were incurred in the same period in the previous year in connection with the premature repayment of loans of EUR k 1,800.

The tax expenses in the first nine months of the 2017 financial year comprise ongoing income taxes of EUR k 711 and deferred taxes of EUR k 13,432.

2.2.3 Cash flows

The following cash flow statement was generated using the indirect method under IAS 7. By the first quarter of 2018, the proceeds and cash paid in the reporting period have resulted in a decrease in cash and cash equivalents compared to the cash flow in the same period in the previous year, due primarily to the EUR k 64,535 lower cash flow from investing activities resulting from the higher amounts of cash paid for investments in properties as well as the capital increase against cash contributions in the previous year.

in EUR k	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017	Change	Change in %
1. Net cash flow from operating activities	22,571	12,158	10,413	85.6
2. Cash flow from investing activities	−57,190	7,345	−64,535	n/a
3. Cash flow from financing activities	−2,474	96,381	−98,855	n/a
Net change in cash and cash equivalents	**−37,092**	**115,885**	**−152,977**	**n/a**
Cash and cash equivalents at beginning of period	201,478	68,415	133,063	194.5
Cash and cash equivalents at end of period	**164,384**	**184,300**	**−19,916**	**−10.8**

In the reporting period, the cash flow from operating activities increased by EUR k 10,413 compared to the previous year. This was affected by property acquisitions, the takeover of WCM and significantly lower amounts of cash paid for interest and taxes.

The negative cash flow from investing activities of EUR k 57,190 was EUR k 64,535 lower than in the same period in the previous year, due mainly to the larger amount of cash paid for property investments. Office properties in Mannheim, Rostock and Eschborn were added to the portfolio in the first quarter of 2018.

The change in the cash flow from financing activities is due primarily to the capital increase in exchange for cash contributions carried out in the same period in the previous year.

The cash and cash equivalents consist entirely of liquid funds.

2.2.4 Net assets

The following table represents the condensed assets and capital structure. Liabilities and receivables due in more than one year have all been categorised as non-current.

in EUR k	31/03/2018	31/12/2017	Change	Change in %
Investment property / advance payments	3,466,031	3,400,784	65,247	1.9
Other non-current assets	189,391	188,671	720	0.4
Financial assets	16,325	14,914	1,411	9.5
Cash and cash equivalents	164,384	201,476	−37,092	−18.4
Other current assets	24,725	29,903	−5,178	−17.3
Total assets	**3,860,856**	**3,835,748**	**25,108**	**0.7**
Equity	1,955,969	1,936,560	19,409	1.0
Non-current liabilities	1,541,583	1,556,459	−14,876	−1.0
Deferred tax liabilities	286,233	272,736	13,497	4.9
Current liabilities	77,071	69,993	7,078	10.1
Total equity and liabilities	**3,860,856**	**3,835,748**	**25,108**	**0.7**

The assets side is dominated by investment property including advance payments. Compared to 31 December 2017, the proportion of investment property in the total assets increased from 89% to 90% due to the acquisitions in particular.

The equity of the Group was EUR k 1,955,969 and increased by EUR k 19,409, due primarily to the total comprehensive income generated for the period.

Compared to 31 December 2017, the equity ratio increased by 0.2 percentage points to 50.7%.

2.2.5 Financial performance indicators

FFO development

in EUR k	01/01/2018 – 31/03/2018	Previous calculation method 01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017	Change	Change in %
Net income for the period	**19,717**	**19,717**	**15,709**	**4,008**	**25.5**
Income taxes	14,143	14,143	7,039	7,104	100.9
EBT	**33,860**	**33,860**	**22,748**	**11,112**	**48.8**
Result from the remeasurement of investment property	−450	−450	−1,536	1,086	−70.7
Result from the remeasurement of derivative financial instruments	−2,007	−2,007	−586	−1,421	242.5
Depreciation and amortisation	216	33	28	188	n/a
Attributable to non-controlling interests	−1,029	−1,029	0	−1,029	0
Other effects[1]	1,869	1,869	1,954	−85	−4.3
Income taxes relevant to FFO	−811	−711	−1,482	671	−45.3
FFO	**31,648**	**31,565**	**21,126**	**10,522**	**49.8**
Average number of shares outstanding in thousands[2]	102,099	102,099	71,928		
FFO per share in EUR	**0.31**	**0.31**	**0.29**	**0.02**	**6.9**

[1] The other effects include
(a) personnel restructuring expenses (EUR k 0; previous year EUR k 124),
(b) transaction costs (EUR k 1,805; previous year EUR k 30),
(c) refinancing costs/repayment of loans (EUR k 25; previous year EUR k 1,800),
(d) corrections from operating costs for previous years (EUR k −536; previous year EUR k 0),
(e) one-off effect from the transition of the LTI scheme (EUR k 574, previous year EUR k 0).
[2] Total number of shares as at 31 December 2017: 102.0 m; as at 31 March 2018: 102.3 m. The weighted average number of shares was 71.9 m in the first three months of 2017 and 102.1 m in the first three months of 2018.

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

Funds from operations, adjusted for significant unsustainable effects and effects not affecting liquidity, totalled EUR k 31,648 in the reporting period. The considerable increase in FFO by 49.8% or EUR k 10,522 compared to the same period in the previous year is due predominantly to the higher net operating income from letting activities resulting from the acquisition of properties and the takeover of WCM.

FFO per share was EUR 0.31 and therefore significantly higher than in the same period in the previous year despite the increased number of shares resulting from the capital increase in exchange for cash contributions in 2017 as well as the capital increase as part of the takeover of WCM.

Net Loan to Value (Net LTV)

in EUR k	31/03/2018	31/12/2017	Change	Change in %
Investment property (IAS 40)	3,465,835	3,383,259	82,576	2.4
Advance payments on investment property (IAS 40)	196	17,525	−17,329	−98.9
Owner-occupied property (IAS 16)	6,836	6,868	−32	−0.5
Non-current assets classified as held for sale (IFRS 5)	3,164	9,698	−6,534	−67.4
Inventories (IAS 2)	757	762	−5	−0.7
Real estate assets	**3,476,788**	**3,418,112**	**58,676**	**1.7**
Interest-bearing liabilities	1,539,889	1,541,692	−1,803	−0.1
Cash and cash equivalents	164,384	201,476	−37,092	−18.4
Net debt	**1,375,505**	**1,340,216**	**35,289**	**2.6**
Net Loan to Value (Net LTV) in %	**39.6**	**39.2**	**0.4 pp**	

As a ratio between net debt and real estate assets, the Net LTV is a key performance indicator for the company. It was 39.6% in the Group as at the reporting date. This represents a slight increase of 0.4 percentage points compared to 31 December 2017 due to the purchase transactions of EUR k 80,684 carried out in the reporting period.

EPRA Net Asset Value (EPRA NAV)

in EUR k	31/03/2018	31/12/2017	Change	Change in %
Equity of the shareholders of TLG IMMOBILIEN	1,919,990	1,897,636	22,354	1.2
Fair value adjustment of fixed assets (IAS 16)	9,685	8,807	878	10.0
Fair value adjustment of real estate inventories (IAS 2)	1,174	1,174	0	0
Fair value of derivative financial instruments	−464	1,813	−2,277	n/a
Deferred taxes	379,489	367,983	11,506	3.1
Goodwill from deferred taxes	−48,901	−48,901	0	0
EPRA Net Asset Value (EPRA NAV)	**2,260,973**	**2,228,512**	**32,461**	**1.5**
Number of shares in thousands	102,348	102,029		
EPRA NAV per share in EUR	**22.09**	**21.84**		
Adjustment of remaining goodwill	−115,823	−115,823	0	0
Adjusted EPRA Net Asset Value (EPRA NAV)	**2,145,150**	**2,112,689**	**32,461**	**1.5**
Number of shares in thousands	102,348	102,029		
Adjusted EPRA NAV per share in EUR	20.96	20.71		

The EPRA Net Asset Value (EPRA NAV) is another key performance indicator of TLG IMMOBILIEN and was EUR k 2,260,973 as at 31 March 2018. Compared to 31 December 2017, the EPRA NAV increased by EUR k 32,461, due primarily to the change in equity resulting from the net income generated for the period.

The EPRA NAV per share was EUR 22.09, compared to EUR 21.84 as at 31 December 2017.

3. REPORT ON RISKS, OPPORTUNITIES AND FORECASTS

3.1 RISK REPORT

TLG IMMOBILIEN is exposed to constantly changing general economic, technical, political, legal and societal conditions that could impede its achievement of its targets or the implementation of its long-term strategies. However, business opportunities can also arise.

TLG IMMOBILIEN has been the majority shareholder of the share capital and voting rights of WCM Beteiligungs- und Grundbesitz-AG since 6 October 2017. On 9 February 2018, a control agreement between the two companies was registered in the commercial register, with TLG IMMOBILIEN AG as the controlling entity. The takeover of WCM could present both risks and opportunities. These risks and opportunities are described in detail in the 2017 annual report.

In the first quarter, there were no significant changes in the risk situation since 31 December 2017.

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

3.2 OPPORTUNITY REPORT

The takeover of WCM by TLG IMMOBILIEN continues to present opportunities in the accelerated expansion of the established business model of TLG IMMOBILIEN, the strengthening of its existing portfolio and the expansion of its regional coverage in western Germany. Essentially, opportunities might continue to arise from the expected synergies as well as the size-related increases in the efficiency of a combined company. The proven purchasing power and excellent access of TLG IMMOBILIEN to growth capital can enable it to continuously increase the size of its portfolio throughout Germany.

Otherwise, please see the disclosures in the opportunity report in the consolidated financial statements of 31 December 2017.

3.3 FORECAST REPORT

The expected development of TLG IMMOBILIEN in the 2018 financial year was described in detail in the group management report of 31 December 2017.

The estimates regarding the development of the business of TLG IMMOBILIEN have not changed since the consolidated financial statements for 2017. Funds from operations are still expected to be between EUR 125 m and EUR 128 m, the EPRA NAV is expected to be slightly higher than on 31 December 2017 and the upper threshold of the Net LTV is expected to be 45%.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 March 2018

in EUR k	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017
Net operating income from letting activities	**47,591**	**34,394**
Income from letting activities	66,969	46,554
a) Rental income	54,967	39,229
b) Income from recharged operating costs	11,644	6,723
c) Income from other goods and services	358	602
Expenses relating to letting activities	−19,378	−12,160
d) Expenses from operating costs	−16,327	−10,138
e) Maintenance expenses	−885	−984
f) Other services	−2,166	−1,038
Result from the remeasurement of investment property	**450**	**1,536**
Other operating income	393	520
Personnel expenses	−3,986	−2,900
Depreciation and amortisation	−216	−142
Other operating expenses	−4,822	−2,156
Earnings before interest and taxes (EBIT)	**39,410**	**31,252**
Financial income	132	23
Financial expenses	−7,689	−9,113
Result from the remeasurement of derivative financial instruments	2,007	586
Earnings before taxes	33,860	22,748
Income taxes	−14,143	−7,039
Net income for the period	**19,717**	**15,709**
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	147	2,807
Total comprehensive income for the year	**19,864**	**18,516**
Of the net income for the period, the following is attributable to:		
Non-controlling interests	834	0
The shareholders of the parent company	18,883	15,709
Earnings per share (basic) in EUR	**0.18**	**0.21**
Earnings per share (diluted) in EUR	**0.18**	**0.21**
Of the total comprehensive income for the year, the following is attributable to:		
Non-controlling interests	834	0
The shareholders of the parent company	19,030	18,516

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

Assets

in EUR k	31/03/2018	31/12/2017
A) Non-current assets	**3,671,747**	**3,604,369**
Investment property	3,465,835	3,383,259
Advance payments on investment property	196	17,525
Property, plant and equipment	8,013	8,245
Intangible assets	167,149	165,923
Other non-current financial assets	16,325	14,914
Other assets	14,229	14,503
B) Current assets	**189,109**	**231,379**
Inventories	757	762
Trade receivables	5,937	10,188
Receivables from income taxes	1,732	1,913
Other current financial assets	211	2,016
Other receivables and assets	12,924	5,326
Cash and cash equivalents	164,384	201,476
Assets classified as held for sale	3,164	9,698
Total assets	**3,860,856**	**3,835,748**

Equity and liabilities

in EUR k	31/03/2018	31/12/2017
A) Equity	**1,955,969**	**1,936,560**
Subscribed capital	102,348	102,029
Capital reserves	1,067,955	1,061,087
Retained earnings	754,623	739,603
Other reserves	–4,936	–5,083
Equity attributable to shareholders of the parent company	**1,919,990**	**1,897,636**
Non-controlling interests	35,979	38,924
B) Liabilities	**1,904,887**	**1,899,188**
I.) Non-current liabilities	**1,827,816**	**1,829,195**
Non-current liabilities due to financial institutions	1,105,659	1,120,901
Corporate bonds	397,646	395,975
Pension provisions	7,782	7,858
Non-current derivative financial instruments	4,042	4,924
Other non-current liabilities	26,454	26,801
Deferred tax liabilities	286,233	272,736
II.) Current liabilities	**77,071**	**69,993**
Current liabilities due to financial institutions	36,584	24,816
Trade payables	16,675	17,169
Other current provisions	2,993	4,049
Tax liabilities	1,242	1,376
Other current liabilities	19,577	22,583
Total equity and liabilities	**3,860,856**	**3,835,748**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 March 2018

in EUR k	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017
1. Cash flow from operating activities		
Consolidated net income for the period before taxes	33,860	22,748
Depreciation of property, plant and equipment and amortisation of intangible assets	216	142
Result from the remeasurement of investment property	–450	–1,536
Result from the remeasurement of derivative financial instruments	–2,007	–586
Increase/decrease (–) in provisions	–1,294	–210
Other non-cash income/expenses	–630	1,027
Increase (–)/decrease in inventories	5	0
Financial income	–132	–23
Financial expenses	9,360	9,113
Increase (–)/decrease in trade receivables and other assets	–1,516	2,012
Increase (–)/decrease in trade payables and other liabilities	–7,933	–8,854
Cash flow from operating activities	**29,480**	**23,833**
Interest received	132	23
Interest paid	–7,041	–10,155
Income tax paid/received	0	–1,543
Net cash flow from operating activities	**22,571**	**12,158**
2. Cash flow from investing activities		
Cash received from disposals of investment property	8,043	11,929
Cash received from disposals of property, plant and equipment	242	0
Cash paid for acquisitions of investment property	–64,066	–3,818
Cash paid for acquisitions of property, plant and equipment	–83	–749
Cash paid for investments in intangible assets	–1,326	–139
Change in scope of consolidation	0	122
Cash flow from investing activities	**–57,190**	**7,345**
3. Cash flow from financing activities		
Cash received from equity contributions	0	113,292
Cash received from bank loans	0	80,798
Repayments of bank loans	–2,474	–97,709
Cash flow from financing activities	**–2,474**	**96,381**
4. Cash and cash equivalents at end of period		
Net change in cash and cash equivalents (subtotal of 1–3)	–37,092	115,885
Cash and cash equivalents at beginning of period	201,476	68,415
Cash and cash equivalents at end of period	**164,384**	**184,300**
5. Composition of cash and cash equivalents		
Cash	164,384	184,300
Cash and cash equivalents at end of period	**164,384**	**184,300**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 31 March 2018

				Other comprehensive income (OCI)			
in EUR k	Subscribed capital	Capital reserves	Retained earnings	Reserve hedge accounting	Actuarial gains/ losses	Non-controlling interests	Equity
01/01/2017	**67,432**	**440,267**	**515,094**	**−11,128**	**−2,162**	**0**	**1,009,503**
Net income for the period	0	0	15,709	0	0	0	15,709
Other comprehensive income (OCI)	0	0	0	2,807	0	0	2,807
Total comprehensive income for the year	**0**	**0**	**15,709**	**2,807**	**0**	**0**	**18,516**
Adjustment of non-controlling interests	0	0	122	0	0	0	122
Share capital increase	6,744	109,240	0	0	0	0	115,984
Transaction costs associated with the share capital increase, after taxes	0	−2,692	0	0	0	0	−2,692
Capital contribution in connection with share-based remuneration	0	189	0	0	0	0	189
Change during the period	**6,744**	**106,737**	**15,831**	**2,807**	**0**	**0**	**132,118**
31/03/2017	**74,176**	**547,004**	**530,924**	**−8,321**	**−2,162**	**0**	**1,141,621**
01/01/2018	**102,029**	**1,061,087**	**739,603**	**−3,135**	**−1,948**	**38,924**	**1,936,560**
Net income for the period	0	0	18,883	0	0	834	19,717
Other comprehensive income (OCI)	0	0	0	147	0	0	146
Total comprehensive income for the year	**0**	**0**	**18,883**	**147**	**0**	**834**	**19,863**
Change in scope of consolidation	0	0	−375	0	0	0	−375
Compensation payments	0	0	−199	0	0	0	−199
Share capital increase in exchange for contributions in kind	319	6,750	0	0	0	0	7,069
Changes in equity recognised directly in equity	0	0	−3,290	0	0	−3,779	−7,069
Capital contribution in connection with share-based remuneration	0	118	0	0	0	0	118
Change during the period	**319**	**6,868**	**15,020**	**147**	**0**	**−2,945**	**19,408**
31/03/2018	**102,348**	**1,067,955**	**754,623**	**−2,988**	**−1,948**	**35,979**	**1,955,969**

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT 31 MARCH 2018

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

A.1 INFORMATION ON THE COMPANY

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

The main activities consist of 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 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) 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.

There have been no changes to the scope of consolidation since 31 December 2017.

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 2017 in the IFRS consolidated financial statements as at 31 December 2017. These consolidated interim financial statements should therefore be read in conjunction with the consolidated financial statements of TLG IMMOBILIEN of 31 December 2017.

As at 31 December 2017, the investment property was subjected to a detailed external appraisal by Savills Advisory Services Germany GmbH & Co. KG for the properties of TLG IMMOBILIEN (without WCM) and by Cushman & Wakefield LLP for the properties of WCM, and recognised at fair value.

An external expert carries out a valuation every six months and the most recently recognised fair values are valued internally on the other reporting dates.

The TLG IMMOBILIEN Group has fully applied all new mandatory standards and interpretations as at 1 January 2018. There were no major effects on the consolidated financial statements as a result.

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	2018	2017
Carrying amount as at 01/01	**3,383,259**	**2,215,228**
Acquisitions	0	799,948
Acquisitions	80,684	204,931
Capitalisation of construction activities and modernisation expenses	3,672	16,018
Reclassification as assets held for sale	–1,939	–71,025
Fair value adjustments	160	218,610
Carrying amount as at 31/03/2018 and 31/12/2017	**3,465,835**	**3,383,259**

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.

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. The retail portfolio is more widely distributed and is characterised by retail properties in attractive micro-locations, most of which have anchor tenants operating in the field of food retail.

Decisions on acquisitions, sales and pending investments are subject to the principles of the portfolio strategy.

The changes in the value of the portfolio in the first quarter of 2018 were due primarily to the acquisition of a neighbourhood shopping centre in Rostock and two office properties in Eschborn and Mannheim. At EUR k 80,684, the acquisitions make up around 39% of the previous year's value of EUR k 204,931. At EUR k –1,939, reclassifications as assets held for sale were low compared to the previous year (EUR k –71,025).

At EUR k 3,672, the capitalisation of construction activities was slightly higher than the capitalisations in the first quarter of the previous year which amounted to EUR k 3,233. In this regard, the capitalisation measures almost all concern the office, retail and hotel asset classes, with 47% attributable to ongoing capital expenditure, 42% to tenant fit-outs and 11% to development measures. In particular, the fair value adjustment of EUR k 160 concerns properties that have already been sold but for which the transfer of benefits and encumbrances has not yet taken place.

The parameters on which the measurement was based and the asset classes have not undergone any significant changes since 31 December 2017.

C.2 EQUITY

As at the reporting date, the subscribed capital of the company was EUR k 102,348 (previous year EUR k 102,029). The share capital is fully paid-in. There are no other share types.

The capital reserves amount to EUR k 1,067,955 (previous year EUR k 1,061,087).

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

D. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

D.1 NET INTEREST

Net interest is broken down as follows:

in EUR k	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017
Net interest from bank balances	–3	–6
Net interest from default interest and deferrals	–0	–2
Other financial income	–128	–15
Total financial income	**–132**	**–23**
Interest expenses for interest rate derivatives	1,629	2,281
Interest on loans	5,970	6,249
Interest expenses from pension provisions	0	28
Other interest expenses	90	556
Total financial expenses	**7,689**	**9,113**
Financial result	**7,558**	**9,090**

D.2 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.3 INCOME TAXES

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

in EUR k	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017
Current income tax	711	2,673
Deferred taxes	13,432	4,366
Tax expenses/income	**14,143**	**7,039**

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

In the first quarter of 2018, the headquarters of three subsidiaries that were formerly based in Luxembourg were relocated to Germany. Therefore, from now on, trade tax will be taken into account when recognising the deferred taxes for these companies, which resulted in the recognition of extraordinary deferred tax expenses of EUR k 4,177 in the first quarter of 2018.

D.4 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.

in EUR k	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017
Net income for the period attributable to the shareholders of the parent company in EUR k	18,883	15,709
Weighted average number of shares outstanding in thousands	102,099	71,928
Basic earnings per share in EUR	**0.18**	**0.21**
Potential diluting effect of share-based payments in thousands	115	108
Number of shares with a potential diluting effect in thousands	102,214	72,036
Diluted earnings per share in EUR	**0.18**	**0.21**

The share-based payments to the Management Board and some employees have a diluting effect based on employee services already received. The number of shares on the reporting date would increase by around 115,000 shares (108,000 in the previous year).

E. OTHER INFORMATION

E.1 DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

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

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 1,163,322 as at 31 March 2018 (31/12/2017: EUR k 1,174,706).

As at 31 March 2018, the fair value of the bond was EUR k 396,768 (31/12/2017: EUR k 399,188).

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 2017.

E.2 RELATED PARTIES

There were no significant transactions with related companies or parties in the first three months of the 2018 financial year.

Ms Elisabeth Talma Stheeman resigned from her position on the Supervisory Board with effect from 29 January 2018. Mr Stefan E. Kowski was appointed as a new member of the Supervisory Board by the local court of Berlin Charlottenburg on 21 February 2018 until the end of the general meeting in 2018.

Finally, Mr Frank D. Masuhr resigned from the Supervisory Board with effect from 31 January 2018. On 5 March 2018, Mr Sascha Hettrich was appointed to the Supervisory Board by the local court of Berlin Charlottenburg until the end of the general meeting in 2018.

Remuneration system for the Management Board from the 2018 financial year onwards

The members of the Management Board are entitled to share-based payments from a long-term incentive (LTI) scheme. Virtual shares (performance shares) were issued under the new remuneration system for the first time in the 2018 financial year. Descriptions of the new and old LTI plans are available in the Remuneration Report for the 2017 financial year.

As share-based payments according to IFRS 2, the performance shares are recognised as a cash-settled plan. Therefore, the expenses for the new tranches are spread over the four-year term of the service contracts and gradually recognised as provisions.

The fair values of the performance shares are determined using a Monte Carlo simulation on each reporting date.

As at the reporting date, the provisions for the LTI tranches from 2018 to 2021 were EUR k 800. Due to the reclassification of the 2018 tranche from an equity-settled plan to a cash-settled plan, an amount of EUR k 473 was reclassified to provisions from the capital reserves.

E.3 SUBSEQUENT EVENTS

After the reporting date, no significant events took place between 31 March 2018 and the date of publication of the interim consolidated 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 31 March 2018 give a true and fair view of the net assets, financial position and cash flows 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, 15 May 2018

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

FINANCIAL CALENDAR

25 MAY 2018
General meeting

10 AUGUST 2018
Publication of the quarterly financial report Q2/2018

09 NOVEMBER 2018
Publication of the quarterly financial report Q3/2018

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