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Press Release

TLG IMMOBILIEN plans IPO in the fourth quarter of 2014

- TLG IMMOBILIEN AG ("TLG"), a leading commercial real estate company in Berlin and Eastern Germany, targets listing in the Prime Standard of the Frankfurt Stock Exchange
- Strong local presence of more than 20 years in growth regions Berlin, Dresden/Leipzig and Rostock with approximately 50 percent of TLG's Core Portfolio located in Berlin
- High quality portfolio with a fair value of € 1.5 billion, thereof € 1.4 billion attributable to TLG's core portfolio of approximately 320 properties ("Core Portfolio") with an in-place rental yield of approximately 7.5 percent
- Core Portfolio characterized by low EPRA vacancy rate of just 4 percent, long leases with a WALT of 8 years and 84 percent of portfolio either newly built or fully refurbished since 2000
- Strong operating cash flow profile producing a stabilised run-rate FFO yield of approximately 7.3 percent (rel. to EPRA NAV) and supporting dividend capacity
- Solid balance sheet and conservative financing approach with a net loan-to-value ratio (LTV) of 47 percent and average cost of debt below 3 percent
- 2014 YTD acquisitions of approximately € 90 million marking the return to TLG's acquisition-driven growth path
- €100 million primary IPO proceeds to be used to finance future growth of TLG's Core Portfolio through investments and accretive acquisitions

Berlin, 26 September 2014 – TLG IMMOBILIEN AG ("TLG"), a leading commercial real estate company focusing on Berlin and growth regions in Eastern Germany ("Core Regions"), intends to list its shares in the regulated market (Prime Standard) of the Frankfurt Stock Exchange in the fourth quarter of 2014. VICTORIAPARTNERS is acting as independent IPO adviser and process coordinator for TLG. J.P. Morgan and UBS will act as joint global coordinators and joint bookrunners. Kempen & Co, Commerzbank and HSBC have been mandated as joint bookrunners. The net proceeds generated by the IPO will be used to finance accretive acquisitions in line with TLG's strategy to expand the office and retail portfolio in its Core Regions as well as for value-enhancing investments into the Company's Core Portfolio.

High quality portfolio in Berlin and the most dynamic areas of Eastern Germany

As of 30 June 2014, TLG's high quality real estate portfolio has been valued at € 1.5 billion. Thereof, the Core Portfolio comprised office, retail and hotel properties with a share of 36 percent, 50 percent and 15 percent of fair value, respectively.

Between 30 June 2014 and 15 September 2014, TLG acquired or signed agreements to acquire another two core office assets, increasing the value of its Core Portfolio to € 1.4 billion and in the same period sold, or signed agreements to sell, 48 non-core properties with an aggregate fair value of approximately € 70 million, resulting in a remaining non-core portfolio with a fair value of approximately € 100 million, which it plans to sell in the medium term.

Over the past years, TLG has made significant investments to create a portfolio of high-quality properties of new-built standard: 84 percent of its Core Portfolio have been newly built or renovated since 2000. The portfolio is located in the most dynamic areas in Eastern Germany. Approximately 70 percent of TLG's Core Portfolio is situated in the growth regions Berlin, Dresden/Leipzig and Rostock with Berlin accounting for the largest portion of these holdings (46 percent of the Core Portfolio by fair value). These three regions form part of Germany's 20 most dynamic cities and have seen increased demand for commercial real estate. From 2009 to 2012, investment volumes for commercial real estate in Berlin and the remainder of Eastern Germany increased from € 1.2 billion to € 3.5 billion and from € 0.3 billion to € 1.4 billion, respectively. The regions' development is fuelled by modern infrastructure, strong educational institutions and the favourable development of important economic factors such as decreasing unemployment, increasing purchasing power and a higher level of disposable income. Moreover, TLG's Core Regions profit from increasing industrial and high-technology presence. As a result, these regions form key hubs for the automotive, IT and media industries in addition to Berlin's vibrant start-up scene.

Strong portfolio architecture based on long-term lease agreements with attractive tenants and low vacancy rate

Due to the high quality of its Core Portfolio, TLG has consistently achieved high occupancy levels and concluded long-term leases with attractive tenants. Accordingly, the top ten tenants, such as Daimler or SAP, comprise a healthy mix of blue chip companies, government-related tenants and strong SMEs and constitute almost half of the contracted rent of TLG's office properties in its Core Portfolio. The weighted average lease term of TLG's Core Portfolio amounts to 8 years and the EPRA vacancy rate to just 4 percent as of 30 June 2014. Approximately 35 percent of the annualized in-place rent of TLG's Core Portfolio is related to lease agreements with food retailers, including large supermarket chains such as "EDEKA", "REWE" and "Kaiser's", and discounters such as "Netto", ALDI", "LIDL" and "Penny" with whom TLG maintains longstanding and close business relationships, ensuring stable cash flows from rental income even in times of economic volatility.

Solid balance sheet and strong operating cash flow profile supporting dividend capacity

The Company combines a solid balance sheet and a strong operating cash flow profile with a conservative financing approach, producing a stabilised run-rate funds from operations (FFO[1]) yield of approximately 7.3 percent relative to EPRA NAV and providing for stable returns and strong dividend capacity. TLG intends to pay dividends in the amount of 70 to 80 percent of its annual FFO. In the context of the successful completion of its refinancing operations, TLG was able to reduce its average interest rate to 2.99 percent while the average debt maturity increased to 5.9 years, both as of 30 June 2014. Approximately 94 percent of TLG's interest-bearing liabilities are subject to fixed interest rates or have been hedged, limiting TLG's risk from potentially increasing interest reference rates in the future. The Company has a net loan-to-value ratio (LTV ratio pre-primary proceeds) amounting to 47 percent as of 30 June 2014 and it is committed to a sustained net LTV ratio of 45 to 50 percent.

Ability to unlock tangible future growth through accretive acquisitions and active property management

TLG's successful business model builds on three pillars: accretive acquisitions in the office and retail segments, optimization of its Core Portfolio and disposal of non-core assets. In this context, selective acquisitions of yielding assets are a vital element of the portfolio strategy. TLG's highly experienced management team has a strong track record and combines extensive real estate, banking and M&A knowledge. As members of TLG's management board, both Peter Finkbeiner and Niclas Karoff are responsible for executing and implementing TLG's corporate strategy. Peter Finkbeiner oversees the Company's matters regarding Finance, Controlling, Accounting, Legal, IT, HR and IR, while Niclas Karoff deals with the topics Portfolio-, Asset and Property Management, Acquisitions, Sales, local branch activity, Marketing and PR. The senior management team is supported by a committed and experienced asset and property management team. TLG's team exhibits in-depth expertise in acquisitions, investments and disposals with more than 20 years of local market-leading presence in East Germany's growth regions.

[1] Funds from operations post tax (excluding result from disposals) ("FFO") is a measure of cash generation for real estate companies. The Company defines FFO as net income/loss for the period adjusted for the result from the disposal of investment property, the result from the disposal of real estate inventory, the result from the remeasurement of investment property, the gain/loss from the remeasurement of derivatives and other effects, as well as deferred taxes and the tax effects from the result of the disposal of investment property and the disposal of real estate inventory, as well as the tax effects from the settlement of interest rate swaps.

TLG continued its successful business development and is set for future growth

In fiscal year 2013, TLG continued the positive trend established during the past years. Rental income from letting activities increased by € 2.2 million, or 1.9 percent, from € 116.1 million for the fiscal year ended 31 December 2012 to € 118.3 million for the fiscal year ended 31 December 2013.

FFO increased by € 1.6 million, or 6.6 percent, from € 24.4 million for the first six months of 2013 compared to € 26.0 million for the first six months of 2014. As of 15 September 2014, TLG's portfolio (excluding disposals and including signed acquisitions and new rental contracts), is generating an in-place rental income of approximately € 118 million.

Based on the current business development, TLG forecasts an FFO level of approximately € 50 million for fiscal year 2014. TLG's management expects to increase FFO further next year due to positive effects from the Company's already secured cost savings as well as acquisitions completed during the course of 2014. Latest acquisitions in 2014 YTD with a volume of approximately €90 million carry a stabilised in-place rental yield in line with the Company's Core Portfolio and have been financed at approximately 2 percent, on average. Given no material incremental overhead costs, these acquisitions are significantly FFO-accretive to TLG's overall FFO profile.

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About TLG IMMOBILIEN AG

TLG IMMOBILIEN AG is a leading commercial real estate company focusing on Berlin and growth regions in Eastern Germany. For over 20 years, TLG IMMOBILIEN AG has been synonymous with real estate expertise in Germany's East. TLG IMMOBILIEN AG generates stable rental income and exhibits low vacancy rates, very good building stock and profits from its local employees' excellent market knowledge. As an active portfolio manager, TLG IMMOBILIEN AG is specialised in commercial properties for office and retail use. TLG IMMOBILIEN AG focuses on managing a high-quality portfolio of office properties in Berlin and other regional economic centres, as well as a regionally diversified portfolio of retail properties in highly frequented micro locations. The portfolio also includes several hotels in Berlin, Dresden and Rostock, where these properties stand out not only due to their excellent locations but also because of their very long-term rental or lease agreements.

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The Underwriters are acting exclusively for the Company and no-one else in connection with the Offering. They will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offering, the contents of this announcement or any other matter referred to herein.

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