



TLG IMMOBILIEN AG
9M 2019 RESULTS

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AGENDA

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Highlights
9M 2019

02



Portfolio

03



Financials

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Outlook

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Appendix



01



HIGHLIGHTS 9M 2019

KEY HIGHLIGHTS 9M 2019



Operations

- ✓ **Rental income** growing to EUR 173.0 m in 9M 2019 implying a **YoY increase of 4.0%**
- ✓ 3.1% Like-for-like growth on in-place rent across total portfolio; thereof 6.2% office and 3.8% strategic portfolio in general
- ✓ **EPRA Vacancy Rate** reduced to **3.1%** as of 30-Sep-2019



Balance Sheet

- ✓ **Total portfolio value** of EUR **4,580.1 m**
- ✓ Successfully placement of perpetual notes and bond in **total amount of EUR 1.2 billion**
- ✓ Moody's and initial S&P-rating confirm **BBB rating with positive** outlook on the expected merger
- ✓ **EPRA NAV/s of EUR 30.25** implies increase by 15.2% compared to EPRA NAV/s FY 2018
- ✓ Conservative capital structure with **Net LTV of 35.6%** ¹



Growth

- ✓ Acquired a **c.13% stake in Aroundtown** and **additional 2% in October**; accounted at-equity
- ✓ **Ongoing discussions** with Aroundtown for the benefit of both companies and their shareholders to **create a leading commercial office platform in Europe**

¹ Including 50% of perpetual notes 40,4%; incl. 100% of perpetual notes 45.2%

TLG IMMOBILIEN AND AROUNDTOWN AGREED ON ESSENTIAL TERMS FOR POTENTIAL MERGER

Transaction structure

- After detailed analysis both companies now agreed Aroundtown being the offeror is the most effective way from an economic, financial, operational, legal, tax and timing perspective
- Structured as voluntary public offer by Aroundtown for all shares in TLG IMMOBILIEN against a consideration consisting of Aroundtown shares
- Exchange ratio would be based on TLG IMMOBILIEN's and Aroundtown's NAV per share
- Combined company will get a new name, based in Luxembourg with its operational headquarters in Berlin

Improved Governance

- At > 50% acceptance rate the combined company will introduce a new governance structure consisting of
 - **Board of Directors:** 6-7 members; chairman with casting vote, nominated by TLG IMMOBILIEN; 3 independent members
 - **Management Body:** 5 members; TLG IMMOBILIEN nominates CFO and at > 66% acceptance rate an additional board member, one of them will be Co-CEO

Next steps

- Finalising mutual due diligence
- Finalising synergy-analysis (financial, operational and others); both companies identified significant potential for value creation through the merger
- Finalising Business Combination Agreement
- Publication Offer Document after BAFIN approval
- Closing of the offer

AROUNDTOWN STAKE: EFFECTS ON DIVIDEND

FFO ACCRETION CREATES FUTURE DIVIDEND POTENTIAL

Pro Forma	Stake 1	Stake 2	Total
Stake	9.99%	4.99%	14.99%
Value in EURm	1,015.6	507.8	1,523.4
Dividend 2019 ¹	32.9	16.4	49.3

Pro Forma	volume in EURm	yielding	interest p.a. in EURm
Bond 05/2019	450.0	1.75%	7.9
Hybrid	426.7	3.63%	15.5
Senior bond	426.7	0.53%	2.2
Total debt	1,303.4	1.96%	25.6
Equity	220.0		
Total financing	1,523.4		

- Proposed financing structure leads to immediate FFO accretion
- Dividend yield on investment is 3.24% compared to 1.96% cost of debt
- FFO adjusted by guided dividend of Aroundtown; 65% payout ratio of FFO 2019¹

Pro Forma (EURm)	2019e	runrate
Dividend 2020e ¹	15.1	49.3
Interest payments	-6.9	-25.6
Tax	-0.1	-0.4
FFO contribution	8.0	23.4
FFO [guidance 2019]	141.5	141.5
FFO after step¹	149.5	164.9
FFO per share in EUR	1.39	1.47
FFO accretion on initial 2019 guidance	1.5%	7.3%
FFO accretion on FFO guidance after step 1	6.1%	12.2%
Add. interest / others ²	-2.5	-
FFO guidance 2019	147.0	-
FFO per share in EUR	1.36	-

¹ Based on Aroundtown guidance of 0.27 EUR per share for 2019, paid in 2020 | ² Interest of not allocated debt and other operational effects in Q4 2019



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PORTFOLIO

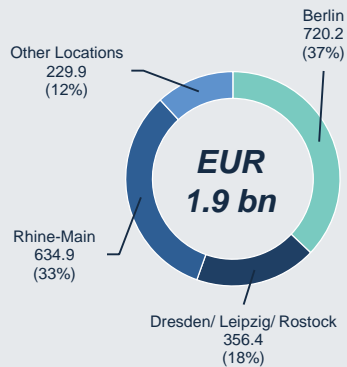
TLG IMMOBILIEN PORTFOLIO AS OF 30 SEPTEMBER 2019

STRATEGIC PORTFOLIO OF EUR 4.2 BN W/O ANY REVALUATION IMPACT

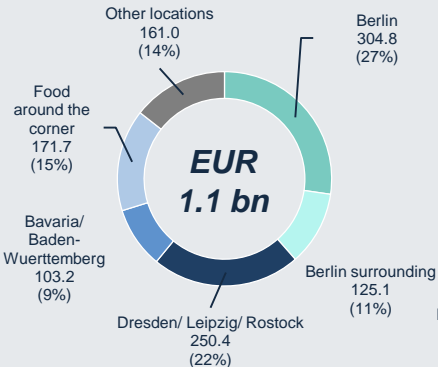
KEY INDICATORS

	OFFICE	RETAIL	HOTEL	INVEST ¹	STRATEGIC	NON STRATEGIC	TOTAL 30-Sep-19	TOTAL 31-Dec-18	CHANGE
Property value (EUR m)	1,941.5	1,116.1	338.9	814.1	4,210.6	369.5	4,580.1	4,109.4	11.5%
Property value (EUR/sqm) ²	2,884	1,702	3,089		2,361	1,177	2,149	2,012	6.8%
Properties (number)	55	211	7	13	286	103	389	409	- 20 units
Annualised in-place rent (EUR m) ³	96.1	76.7	17.1	16.0	205.9	27.1	233.1	227.2	2.6%
In-place rental yield (%) ²	4.9	6.9	5.0		5.6	7.3	5.7	5.9	- 0.2 pp
EPRA Vacancy Rate (%)	3.6	2.8	2.3	0.6	2.9	4.5	3.1	3.3	- 0.2 pp
WALT (years)	5.7	5.3	10.7	2.9	5.8	6.5	5.8	6.1	- 0.3 yrs

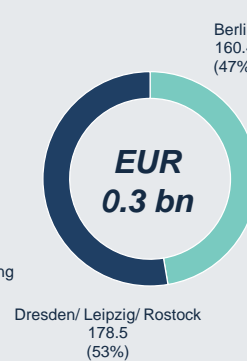
Office



Retail



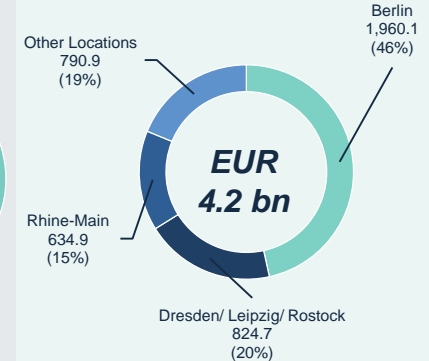
Hotel



Invest¹



Strategic



¹ Asset class Invest includes 12 key project, whereby the project Alexanderplatz contains both the office property Alexanderstr. 1, 3, 5 and Hofbräuhaus | ² Excluding asset class Invest |

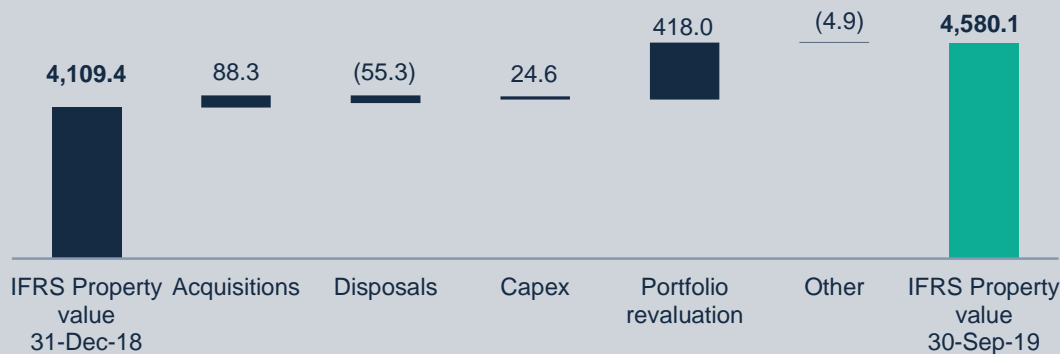
³ The annualised in-place rent is calculated using the annualised rents agreed as at the reporting date – not factoring in rent-free periods

DEVELOPMENT OF PROPERTY VALUES DURING 9M 2019

TOTAL PORTFOLIO VALUE OF APPROX. EUR 4.6 BN

Property Value Reconciliation

In EUR m

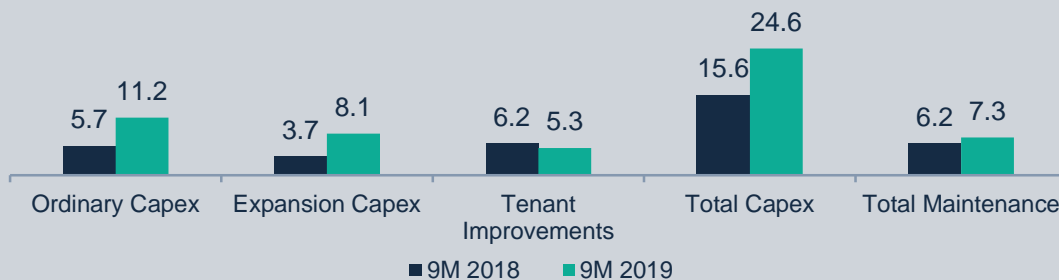


Comments

- ✓ Acquisition in office segment
- ✓ Disposal of non strategic assets
- ✓ Revaluations due to market dynamics and asset management efforts of TLG IMMOBILIEN in Berlin office sector related to H1 2019

Capex Breakdown 9M 2019 vs. 9M 2018

In EUR m

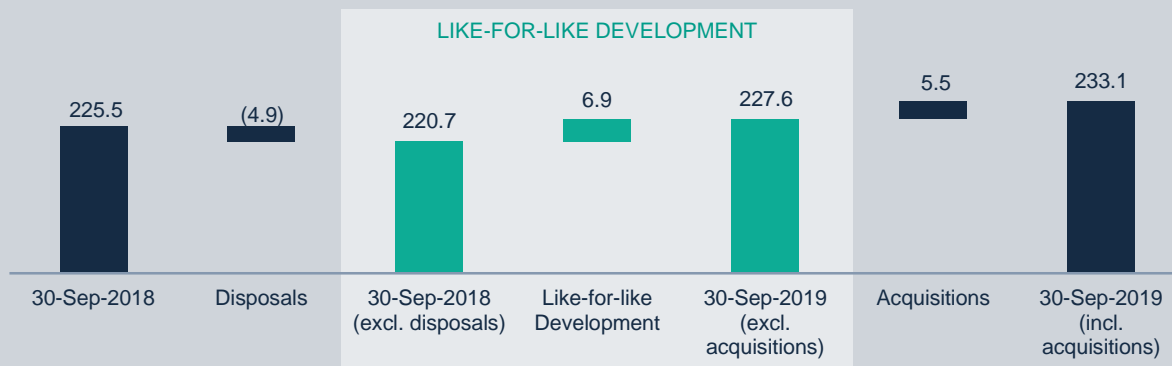


- ✓ Increased investment activity into existing portfolio
- ✓ Increase of expansion capex related to progress of development projects

DEVELOPMENT OF KEY METRICS (1/3)

PERSISTENT LFL RENTAL GROWTH ACROSS TOTAL PORTFOLIO

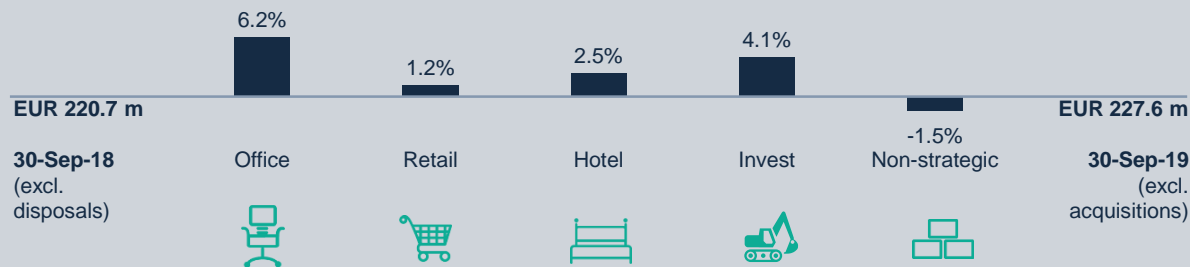
Annualised In-place Rent In EUR m



Comments

- ✓ YoY increase of annualised in-place rent of EUR 7.5 m (+3.3%)
- ✓ EUR 6.9 m or +3.1% respective like-for-like rental growth across the total portfolio YoY
- ✓ +3.8% like-for-like growth for the strategic portfolio
- ✓ Contribution by asset class: 77% office, 14% retail, 6% hotel, 9% invest, and -6% non strategic
- ✓ Contribution by region: 60% Berlin, 14% Dresden/Leipzig/Rostock, 23% Rhine-Main and 3% other locations

Like-for-like Change by Asset Class in %



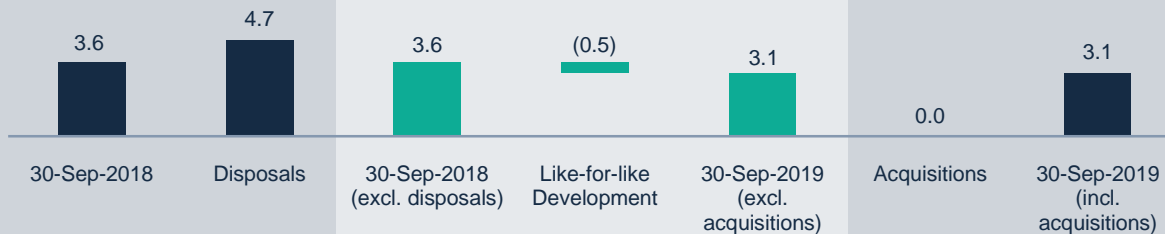
DEVELOPMENT OF KEY METRICS (2/3)

TOTAL PORTFOLIO LFL EPRA VACANCY RATE OF 3.1%

EPRA Vacancy Rate

In %

LIKE-FOR-LIKE DEVELOPMENT



Comments

- ✓ Current 3.1% EPRA Vacancy Rate implies total reduction of 0.5pp YoY
- ✓ Strategic portfolio: like-for-like decrease of 0.7pp YoY
- ✓ EPRA Vacancy by asset class: office 3.6%, retail 2.8%, hotel 2.3%, invest 0.6% and non strategic 4.5%
- ✓ EPRA Vacancy by region: Berlin 1.0%, Dresden/Leipzig/Rostock 2.4%, Rhine-Main 6.8%, other locations 4.1%

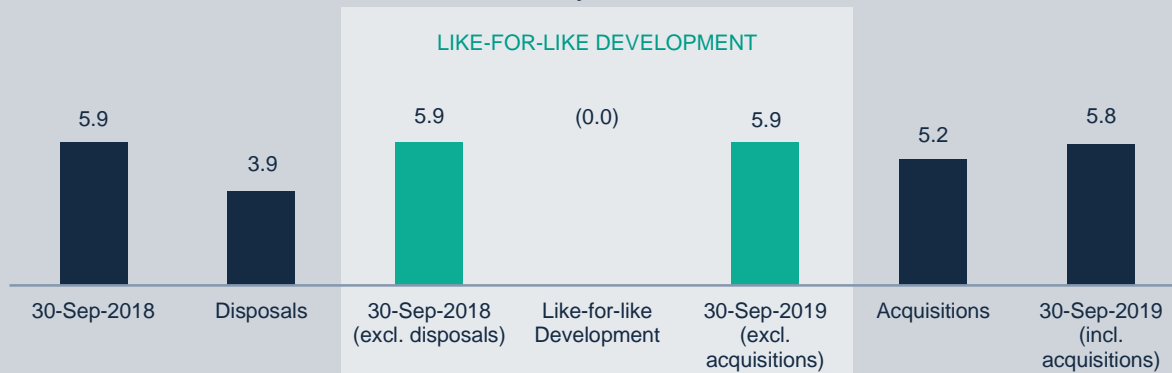
Like-for-like Change by Asset Class in p.p.



DEVELOPMENT OF KEY METRICS (3/3)

TOTAL WALT AT STABLE LEVEL OF 5.8 YEARS

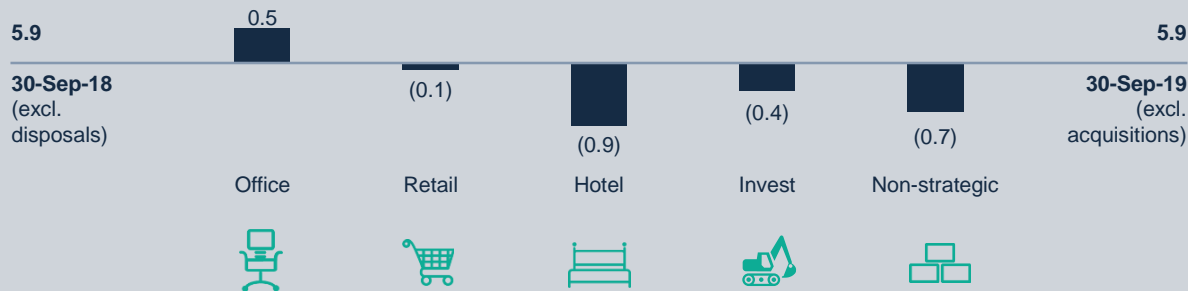
WALT In years



Comments

- ✓ Total portfolio WALT almost unchanged at 5.8 years
- ✓ WALT increase for office properties whereas the WALT of retail and hotel assets slightly decreased
- ✓ Like-for-like WALT increase by region:
 - ✓ Berlin +0.7 years
 - ✓ Dresden/Leipzig/Rostock -0.1 years
 - ✓ Rhine-Main -0.7 years
 - ✓ Other locations -0.3 years

Like-for-like Change by Asset Class in years



03

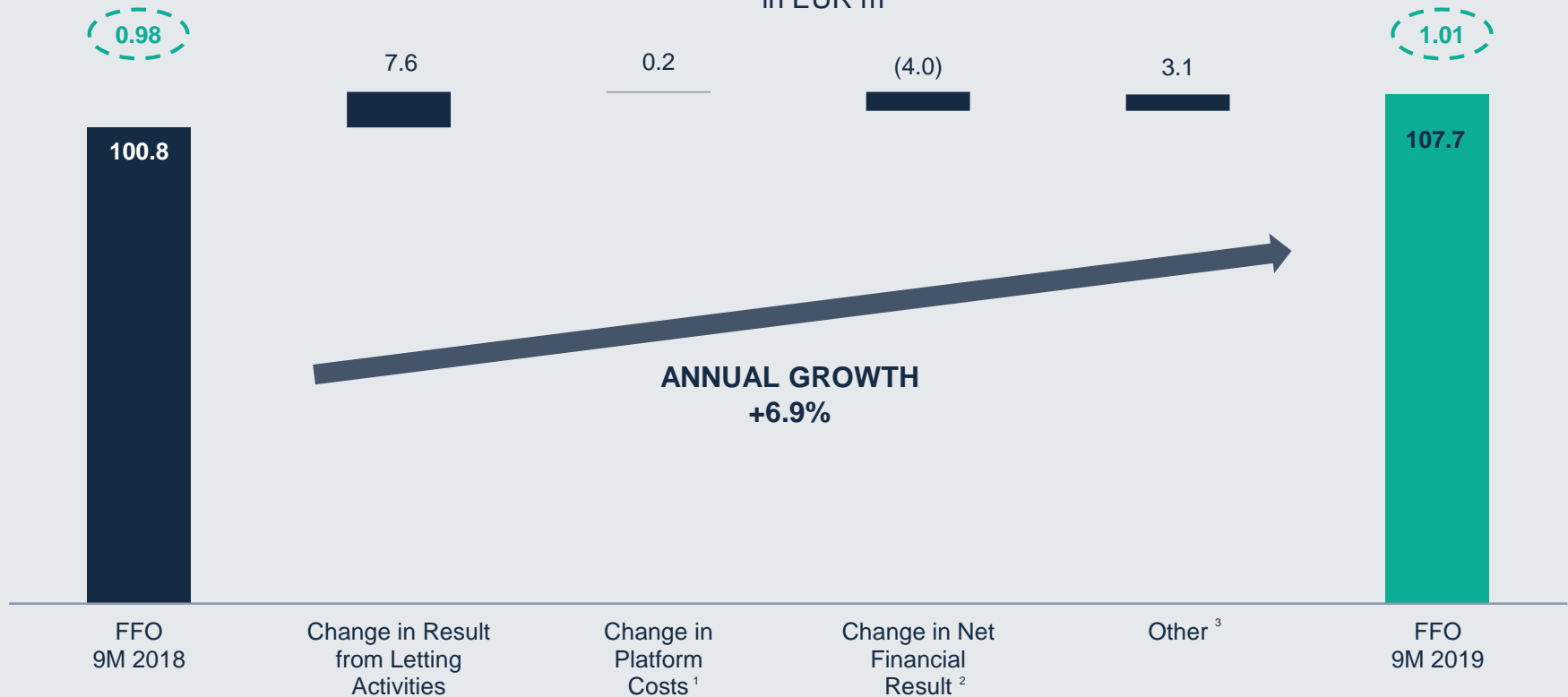


FINANCIALS

FFO RECONCILIATION 9M 2019

6.9% YOY INCREASE DRIVEN BY ACTIVE ASSET AND DEBT MANAGEMENT

FFO Value Drivers 9M 2019
in EUR m



¹ Including other operating expenses and income as well as personnel expenses

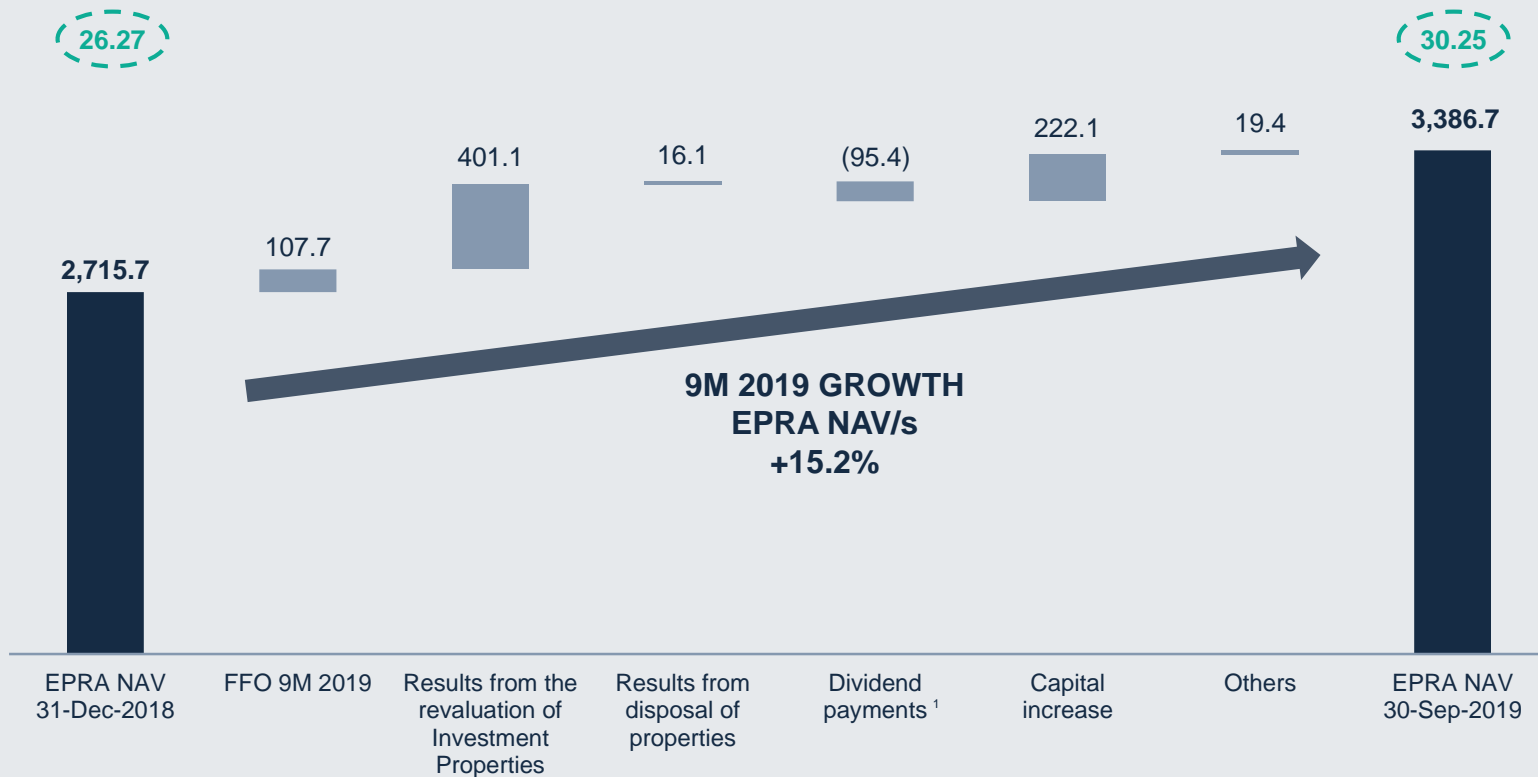
² Including interest on hybrid

³ Including dividends from holdings of EUR 3.6 m

EPRA NAV/S CLIMBING TO EUR 30.25

+15.2% GROWTH MAINLY DRIVEN BY MARKET REVALUATIONS AS WELL AS OPERATING RESULT

EPRA NAV 9M 2019 Development
In EUR m

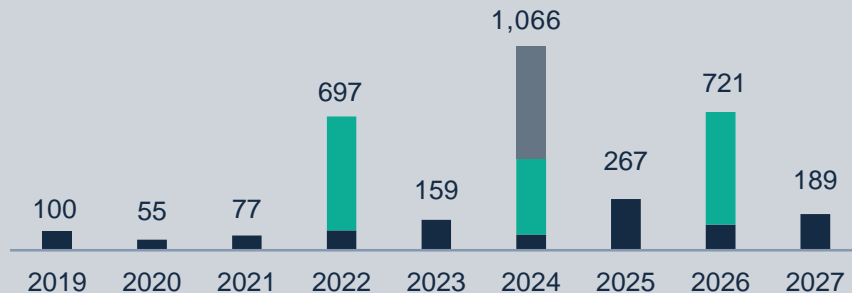


¹ Including payments to WCM minority shareholders

CONSERVATIVE FINANCING STRUCTURE

NET LTV OF 36% ¹ AND CONSISTENTLY LOW CASH COST OF DEBT OF 1.5% ¹

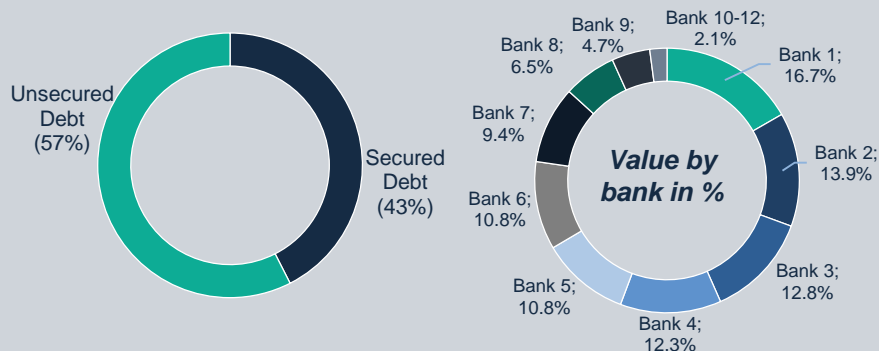
Maturity Profile as of 30 September 2019 ²
In EUR m



Debt Structure and Debt Service

	As of 30 September 2019	
	Excl. hybrids	Incl. hybrids
Gross debt (EUR m)	2,743	3,331
Net LTV (%)	35.6	45.2
Avg. cash cost of debt (%)	1.50% p.a.	1.88% p.a.
Avg. weighted maturity (years)	4.4	4.6
Interest rate fixed or hedged (%)	99.6	99.7

Overview of Debt Structure (excl. hybrid)



Comments

- ✓ Successfully placement of perpetual notes and bonds in total amount of EUR 1.2 billion in September, thereof:
 - EUR 600 m senior bond, maturity date 23 Sep 2022, interest rate: 0.375%
 - EUR 600 m perpetual notes, first call date 23 Sep 2024, interest rate: 3.375%
- ✓ Slight increase of Net LTV by 0.9 pp compared to FY 2018 and further decrease in avg. costs of debt of 33 bps
- ✓ Very comfortable overall maturity profile

¹ Excluding perpetual notes | ² Excluding regular amortization payments

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OUTLOOK

OUTLOOK 2019



	H1 2019 Guidance	FY 2019 Guidance
FFO (EUR m)	140-143	c.147
FFO (EUR/s) ¹	1.35-1.38	1.36
Dividend (EUR/s) ²	c. 70% of FFO	c. 70% of FFO
Net LTV	<45%	<45%

¹ Based on average number of shares | ² Dividend proposal, to be confirmed at TLG's annual general meeting 2020



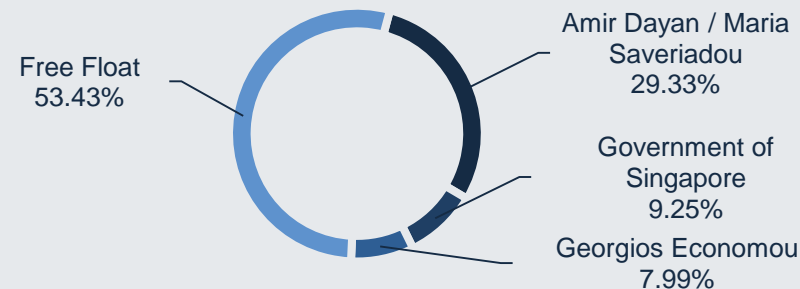
05

TLG IMMOBILIEN SHARE INFORMATION

Basic Share Information (as of 30 September 2019)

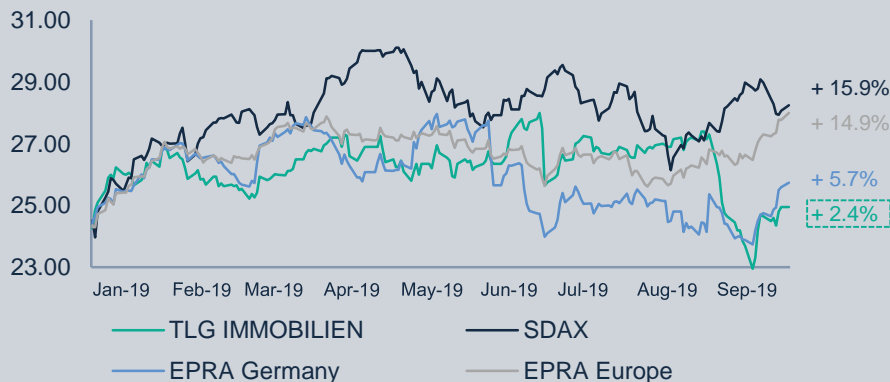
Symbol	TLG
Share price (XETRA, 30-Sep-2019)	EUR 24.95
ISIN	DE000A12B8Z4
Performance in 9M 2019	+ 2.4%
Primary exchange	Frankfurt Stock Exchange
Shares outstanding 30-Sep-2019	112.0 million
Market capitalization	EUR 2.8 bn

Shareholder Structure¹

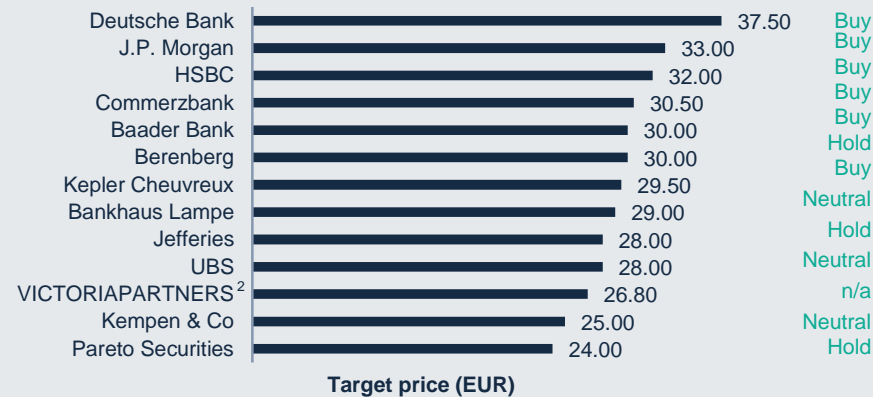


Shareholdings according to latest voting rights announcements. See <http://ir.tlg.eu/websites/tlg/English/2300/shareholder-structure.html> for further details.
Free float: shareholdings < 5%

Share Price Performance in 9M 2019



Coverage by Analysts



¹ As of 28 October 2019 | ² Average of range: 25.60 - 28.00
Source: Thomson Reuters, Broker Research and Bloomberg as of 28 October 2019

9M 2019 EARNINGS HIGHLIGHT STRONG PERFORMANCE OF TLG IMMOBILIEN

Income Statement

In EUR m

		9M 2019	9M 2018
Rental income		173.0	166.3
Net operating income from letting activities		156.1	149.2
Result from the remeasurement of investment property	1.	401.1	185.1
Results from the disposals of properties		16.1	1.4
Other operating income		1.0	1.6
Personnel expenses		- 11.8	-12.5
Depreciation		- 1.3	-0.8
Other operating expenses	2.	- 10.4	-13.2
Earnings before interest and taxes (EBIT)		550.7	310.9
Net interest	3.	- 32.2	-23.4
Other financial result	4.	- 30.7	0.5
Earnings before taxes (EBT)		504.0	288.0
Income taxes		- 148.6	-87.9
Net income		355.3	200.1
Other comprehensive income (OCI)		1.0	0.9
Total comprehensive income		356.3	201.0

Comments

1. Revaluations of 9M 2019 due to market dynamics and asset management efforts of TLG IMMOBILIEN in Berlin office sector as well as development potential
2. Decrease due to one-off effect in 2018 caused by WCM integration
3. 9M 2019 includes 3.8 m one-off effects due to refinancing
4. Increase of other financial costs based on fair value measurement of financial instruments

STRONG BALANCE SHEET REMAINS FOUNDATION FOR FUTURE GROWTH

Balance Sheet

In EUR m

		30 Sep 2019	31 Dec 2018
Non-current assets		6,049.1	4,112.8
Investment property (including advance payments)	1.	4,449.2	4,067.6
Property, plant and equipment		8.8	8.9
Other non-current assets	2.	1,591.1	36.3
Current assets		890.8	208.1
Real estate inventory		0.7	0.7
Receivables and other current assets		206.8	20.4
Cash and cash equivalents		560.2	153.9
Non-current assets classified as held for sale		123.1	33.1
Total assets		6,939.9	4,320.8
Equity	3.	3,226.2	2,157.2
Liabilities		3,713.7	2,163.6
Non-current liabilities		3,295.5	1,969.6
Non-current liabilities to financial institutions		1,016.3	1,046.3
Corporate bond	4.	1,577.0	396.0
Provisions and other non-current liabilities		75.1	46.8
Deferred tax liabilities	5.	627.2	480.5
Current liabilities		418.2	194.0
Current liabilities to financial institutions		141.8	136.6
Corporate bond		7.8	0.5
Tax liabilities		1.1	2.7
Other current provisions		4.6	4.5
Trade payables		36.0	35.4
Other current liabilities		227.1	14.3
Total equity and liabilities		6,939.9	4,320.8

Comments

1. Increase stemming primarily from revaluation
2. Increase primarily related to acquisition of Aroundtown shares and option for additional shares
3. 9M result, recent capital increase in June as well as perpetual notes issued in September are reflected in the changed equity value
4. Increase due to bond issuances in May and September 2019
5. Increase mainly driven by revaluation

FINANCIAL CALENDAR AND CONTACT DETAILS

Financial Calendar



FY 2019 RESULTS

31 March 2020

Q1 2020 RESULTS

12 May 2020

AGM

26 May 2020

Q2 2020 RESULTS

12 August 2020

Q3 2020 RESULTS

12 November 2020

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