

TLG IMMOBILIEN AG
**CREATING A LEADING EUROPEAN
COMMERCIAL REAL ESTATE COMPANY**

TLG acquired 10% stake in Aaroundtown and commences merger discussions

1 September 2019

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TRANSACTION HIGHLIGHTS

ON TRACK TO CREATE LEADING EUROPEAN REAL ESTATE COMPANY

- ✓ Compelling value creation opportunity by acquiring stake in Aroundtown, with potential subsequent merger to create leading European commercial real estate company with combined total assets in excess of EUR 25 billion
- ✓ Aroundtown is the largest German commercial real estate company with primary focus on offices and hotels in top tier cities in Germany and the Netherlands
- ✓ TLG acquired a 9.99% stake in Aroundtown from its main shareholder Avisco, at EUR 8.3 per share (EPRA NAV as of 30 June 2019) and entered into an option for a further stake of up to 4.99% at the same price
- ✓ The stake purchase is accretive to the FFO per share of TLG from day 1
- ✓ In the case of the full exercise of the option, TLG's shareholding in Aroundtown would increase to 14.99%, making it the largest shareholder in Aroundtown
- ✓ Aroundtown's Board of Directors and executive management as well as Avisco supportive of potential merger
- ✓ Aroundtown welcomes TLG as a new investor; TLG seeks representation on the Board of Directors of Aroundtown

RATIONALE FOR CONTEMPLATED MERGER

SIGNIFICANT VALUE CREATION OPPORTUNITY

- 1** Demonstrable, long-term shareholder value creation from significant commercial, operating and financing synergies
- 2** Substantial further upside from joint development potential across enlarged footprint and best practice / knowledge sharing
- 3** Market leading European commercial real estate company with a focus on offices and hotels in top tier German and Dutch cities, with combined total assets in excess of EUR25bn
- 4** Ability to attract an enhanced credit rating, building on Aroundtown's BBB+ credit rating (S&P) and set goal of achieving A-/A3 over time
- 5** Significantly increased free float, liquidity and index weighting with wider, more diversified shareholder base and potential for DAX index inclusion over time

TRANSACTION STRUCTURE

Stake purchase

- TLG acquired a 9.99% stake in Aroundtown in cash
- Purchase price at EPRA NAV as of 30 June 2019 (EUR 1bn)
- Financed via mix of available cash and notes
- Closing of share purchase as of 2 September 2019

Option exercise

- TLG has right to purchase, and Avisco has right to sell, up to 4.99% stake in Aroundtown
- Option strike price at EPRA NAV as of 30 June 2019 (up to EUR 0.5bn)
- Financed via mix of loans and notes
- Option exercise subject to certain conditions precedent, inc. receipt of merger clearance
- Option exercisable until 28 February 2020

Next steps

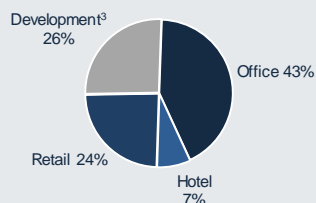
- TLG to seek representation on the Board of Directors of Aroundtown
- TLG and Avisco to retain each minimum 9.99% stake in Aroundtown (lock-up)
- TLG and Aroundtown to commence merger discussions; TLG intends to act as offeror or via a different, mutually agreed form of business combination
- Aroundtown, Avisco and Ouram support potential merger

COMBINED BUSINESS PROFILE CREATES LARGER SCALE AND ENHANCED DIVERSIFICATION

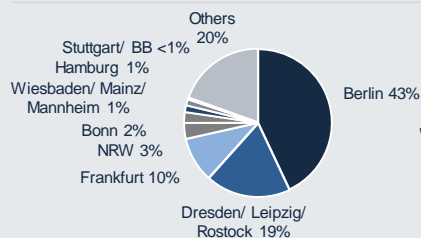
As per H1 2019

TLG Immobilien

Portfolio by sector²



Portfolio by region²



Property value

EUR 4.6bn

Area (k sqm)

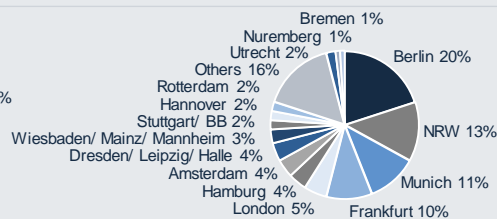
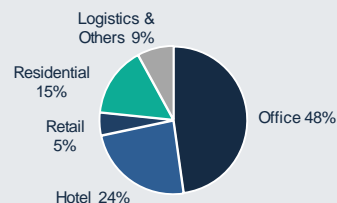
1,918

Net rent

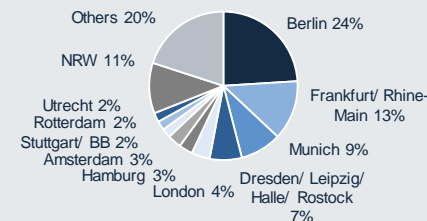
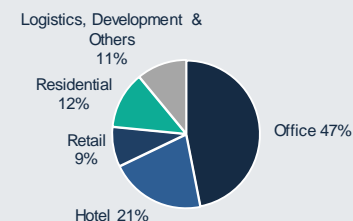
EUR 233m

Aroundtown

(including 39% stake in Grand City Properties)

EUR 19.2bn¹6,610
(Commercial)EUR 733m
(Commercial)

Pro-forma combined



EUR 23.8bn

8,528

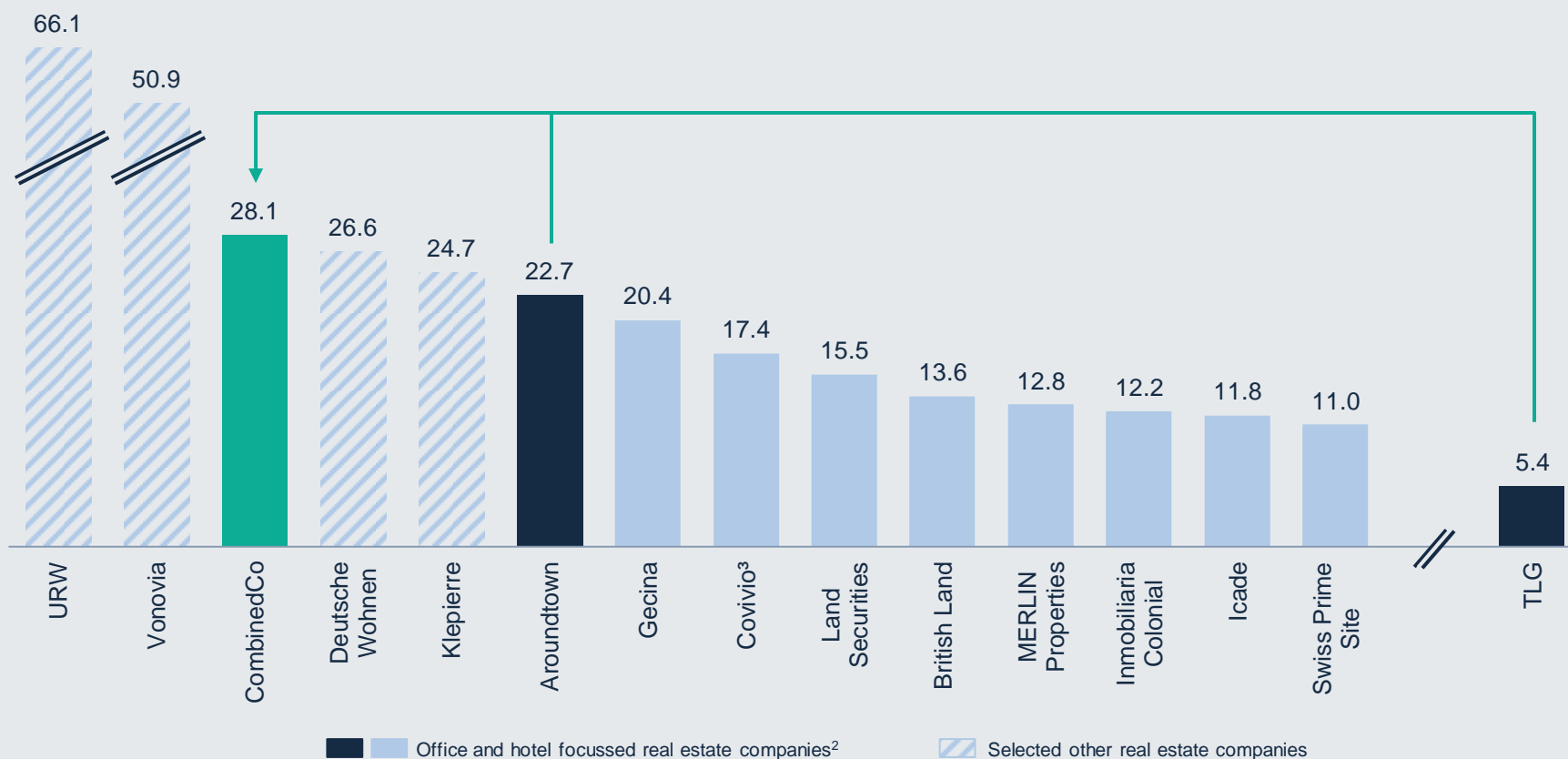
EUR 966m

Sources: Company information

¹ Includes Aroundtown investment property of EUR 16,213m and c. EUR 2,970m proportional property value from Grand City Properties (total of EUR 7,593m)² Due to rounding, values may not add up to 100. For Aroundtown the Grand City Properties portfolio is included on a proportional basis³ Development includes Invest and non-strategic

LARGEST EUROPEAN OFFICE AND HOTEL REAL ESTATE COMPANY WITH OVER EUR 25BN TOTAL ASSETS

Total assets¹ (EUR bn)



Sources: Latest reported company information

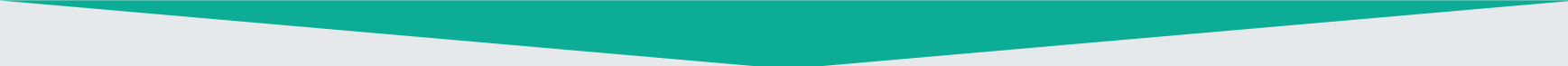
¹ Last reported total assets. Converted to EUR at spot where reporting in non-EUR currency

² Companies with >40% office and hotel exposure based on GAV

³ Refers to Group Share

ENHANCED COMBINED CREDIT PROFILE LAYS BASIS FOR POTENTIAL RATING UPGRADE

- ✓ Aroundtown rated at BBB+ by S&P one notch above TLG at Baa2 by Moody's (BBB equivalent)
- ✓ Significant increase of portfolio size and total asset value
- ✓ Diversification of locations (focus on top tier cities in Germany and the Netherlands)
- ✓ Diversification of asset types (focus on offices and hotels, complemented by German residential)
- ✓ Hard synergies (commercial, operational and financing savings)
- ✓ Soft synergies (best practice/knowledge sharing, e.g. asset management, property development)
- ✓ Enhanced access to capital markets, financing and liquidity, supporting value-add acquisitions



Accelerates goal of achieving A3/A- credit rating over time

TRANSACTION TIMELINE

- 1** 1 September 2019 – Transaction announcement
- 2** 2 September 2019 – Closing of 9.99% stake purchase
- 3** Q4 2019 / Q1 2020 – TLG and/or Avisco to exercise option (until 28 February 2020 at the latest), subject to conditions precedent
- 4** Q4 2019 – TLG to seek representation on the Board of Directors of Aroundtown
- 5** H1 2020 – subject to successful merger discussions and satisfactory mutual due diligence, announcement of proposed merger terms between TLG and Aroundtown