



TAG Immobilien AG

Q1-Q3 2011





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TAG investment case

- I. Focus: High-quality EUR 1.3bn German residential real estate in metropolitan regions such as Hamburg, Berlin, North Rhine Westphalia, Salzgitter, Leipzig and Munich**
- II. Plus: Solid EUR 479m German commercial real estate with solvent tenants (30% Siemens)**
- III. Solid financing structure (Loan to Value 59%), average loan maturity of 5.6 years**
- IV. Team with high expertise; low-cost internal administration**
- V. Flexible corporate structures, able to swiftly adjust to market changes and act on opportunities**
 - Grow profitably
- VI. Considerable potential for increasing book value**
 - Rental growth
 - Further vacancy reduction
 - Exploiting one-off market opportunities
 - Sales above book value
 - Decreasing minorities before book value



What to expect in Q4?

- I. Acquisition of 3,228 units in Saxony and Hamburg region completed on 1st November financed by capital increase in kind, issuance of shares at EUR 8.00
 - **NAV & FFO enhance**
- II. Capital increase in kind at Colonia: TAG increases stake in Colonia from ca. 60% to ca. 70% via debt – equity – swap
 - **NAV enhance**
- III. Sale of Munich commercial asset with sales profit of EUR 7m over book value
 - **NAV & FFO enhance**
- IV. TAG is working on further opportunistic sales and smaller bolt-on acquisitions



Highlights Q3 figures

- **EBT of EUR 53.4m**
 - of which EUR 23.0m revaluations
 - and operating profit of EUR 2.6m in Q3
- **Revaluations are approx.1.5% year-on-year**
- **Rental growth of the assets 2.5%**
- **Vacancy reduction residential quarter-on-quarter**
 - TAG and Colonia from 13.3% to 12.5%
 - in TAG (plus acquisitions ex Colonia) from 5.8% to 5.4%
 - in Colonia from 16.0% to 15.8%
 - in TAG's existing inventory portfolio from 5.0% to 4.1%
- **NAV of EUR 8.43** (end Q2 EUR 8.19)

Combined entity TAG - Colonia: Portfolio



	Total	TAG	Colonia
Units	27,586	8,699	18,887
Floor Area sqm	2,021,943	859,193	1,162,750
Real Estate Volume TEUR	1,724,357	904,246	820,111
Vacancy %	11.7	6.3	15.7
Net Actual Rent EUR/sqm	5.36	6.00	4.84

- ★ TAG headquarter and portfolio
- TAG portfolio residential ● more than 1,000 units
- TAG portfolio commercial
- Colonia portfolio (residential – inhouse PM) ● more than 1,000 units
- Colonia portfolio (residential – outsourced PM)



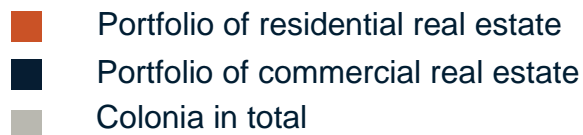
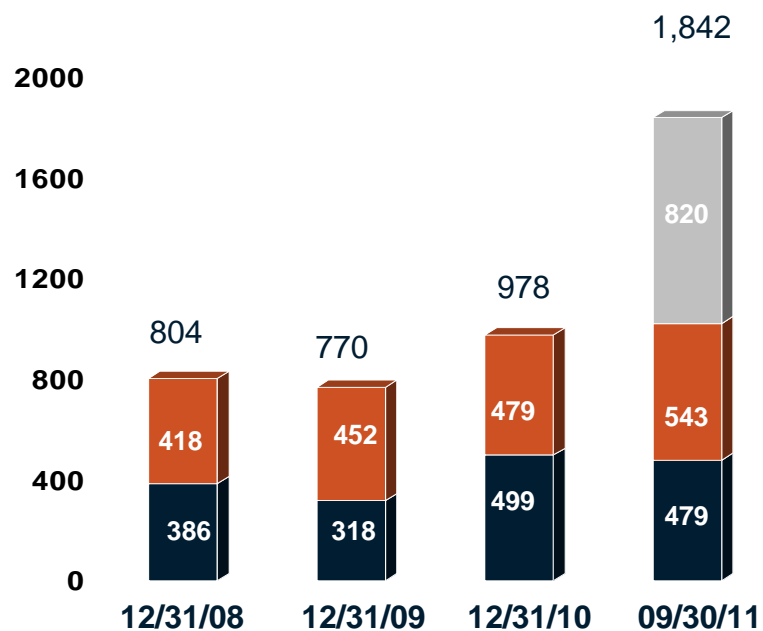
Combined entity TAG - Colonia: Integration and synergies

	Old target	Already achieved	Visible from	New target	Comment
General administrative expenses	EUR 10 million	EUR 11 million	Largely already visible; the rest from Q3 2011	EUR 11 million	EUR 11.2 million per year already achieved
Property management costs	EUR 4 million	EUR 4 million	Q3 2011	EUR 4 million	Transfer of substantial external contracts from 1 Jul 2011
Merge external asset management	EUR 3 million	EUR 1 million	2012	EUR 3 million	Merger carried out, restructuring underway
Refinancing costs	EUR 3 million	EUR 2 million	Q3 2011	EUR 3 million	First few expensive loans have been refinanced
Operations (rents and vacancy costs)	EUR 8 million	EUR 2 million	Continuously for about 3 years	EUR 13 million	Initial vacancy reduction and various cost reductions in Salzgitter
Total	EUR 28 million	EUR 20 million		EUR 34 million	

Portfolio total

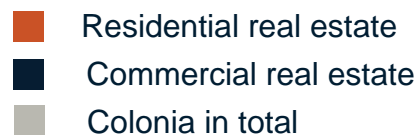
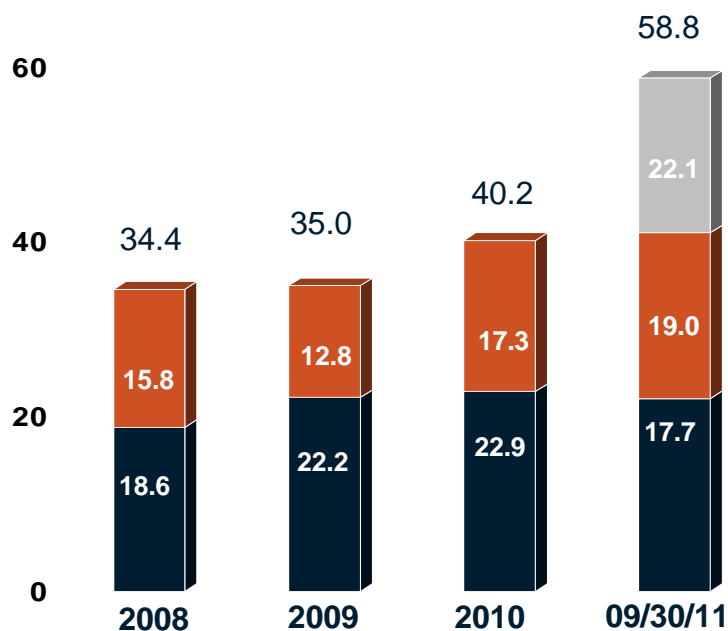
Real estate volume

Volumen in EUR million

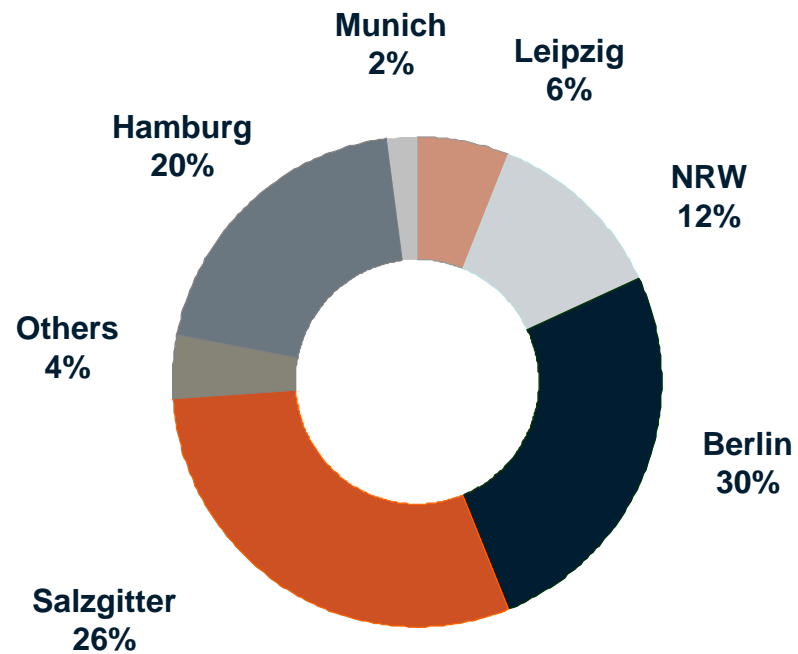


Rental profit per segment

in EUR million



Portfolio residential by region*



*as of 09/30/2011 by book value



Portfolio residential by region

Region Hamburg

Average asset rent: EUR 5.35

- Number of accommodation units: 5,079
- 20% of the residential portfolio (by book value)



Region Berlin

Average asset rent: EUR 4.79

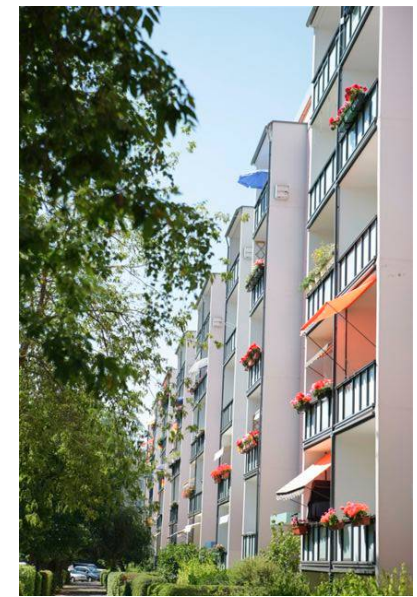
- Number of accommodation units: 8,261
- 30% of the residential portfolio (by book value)



Region Saxony/Leipzig

Average asset rent: EUR 4.40

- Number of accommodation units: 1,968
- 6% of the residential portfolio (by book value)



Others

Average asset rent: EUR 5.69

- Number of accommodation units: 725
- 4% of the residential portfolio (by book value)

Region North Rhine-Westphalia and others

Average asset rent: EUR 5.44

- Number of accommodation units: 2,634
- 12% of the residential portfolio (by book value)

Region Salzgitter

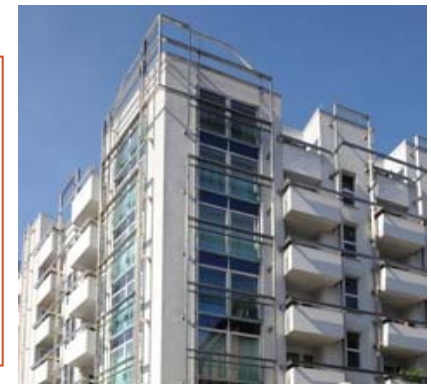
Average asset rent: EUR 4.75

- Number of accommodation units: 8,741
- 26% of the residential portfolio (by book value)

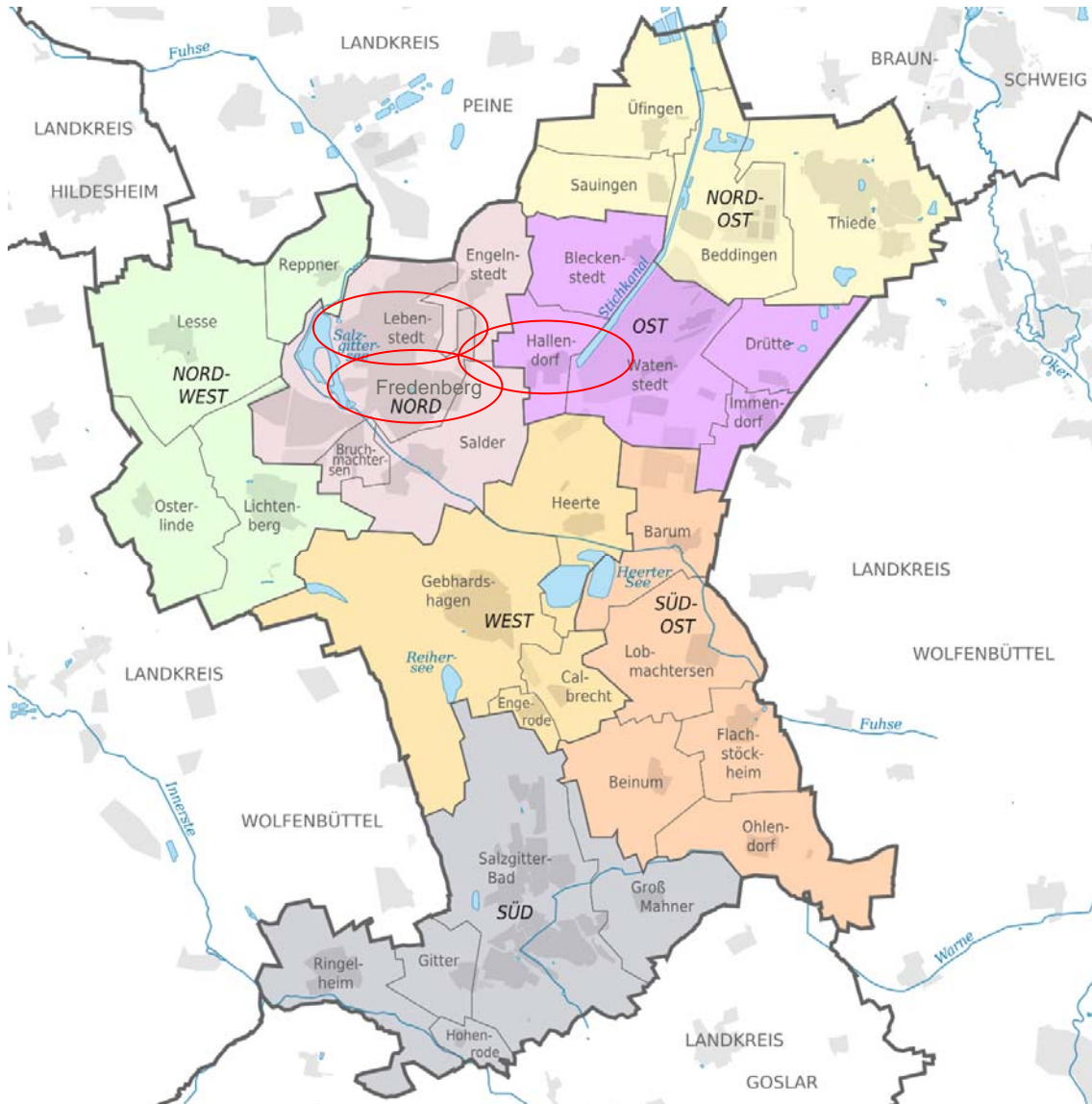
Munich

Average asset rent: EUR 9.43

- Number of accommodation units: 148
- 2% of the residential portfolio (by book value)



Micro Location Salzgitter



Portfolio

Lebenstedt
Fredenberg
Hallendorf

Units

6,267
2,082
365

Inhabitants in these districts 41,000 (40%)

Portfolio Salzgitter – concrete next steps

Vacancy reduction

- Overall vacancy in Salzgitter: 10%
- Vacancy in our portfolio: 23%
- We are in above-average location...making a single digit vacancy target obvious
- 2,000 units are missing for elderly tenants
- Chances/angles for marketing:
 1. Simply having a decent product (capex, see further down)
 2. Take tenants not from neighbours but from neighbouring parts of Salzgitter

Rent increases

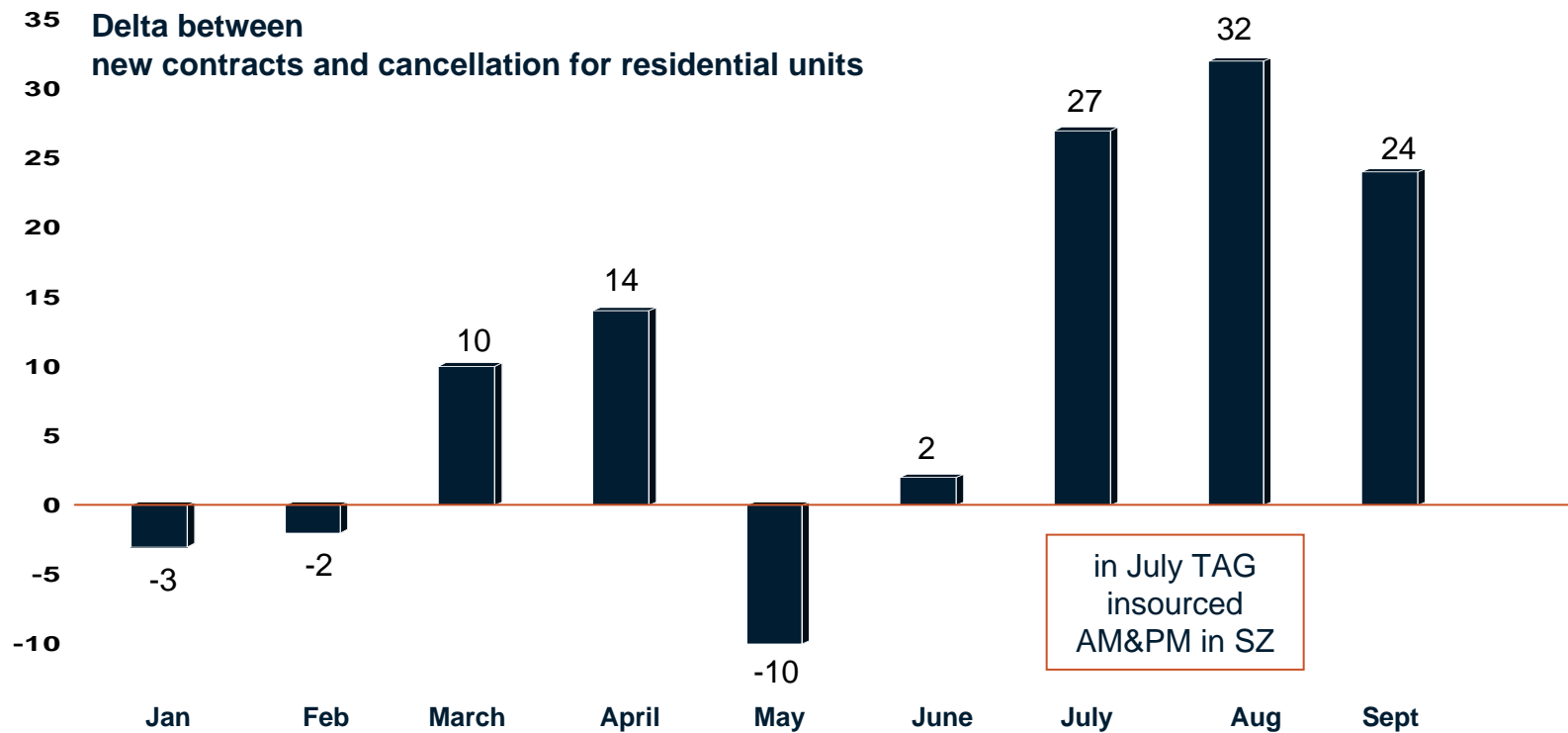
- This is not a joke...
- The rent can be hiked in Lebenstedt
- Generally in studios and 1 bedroom apartments





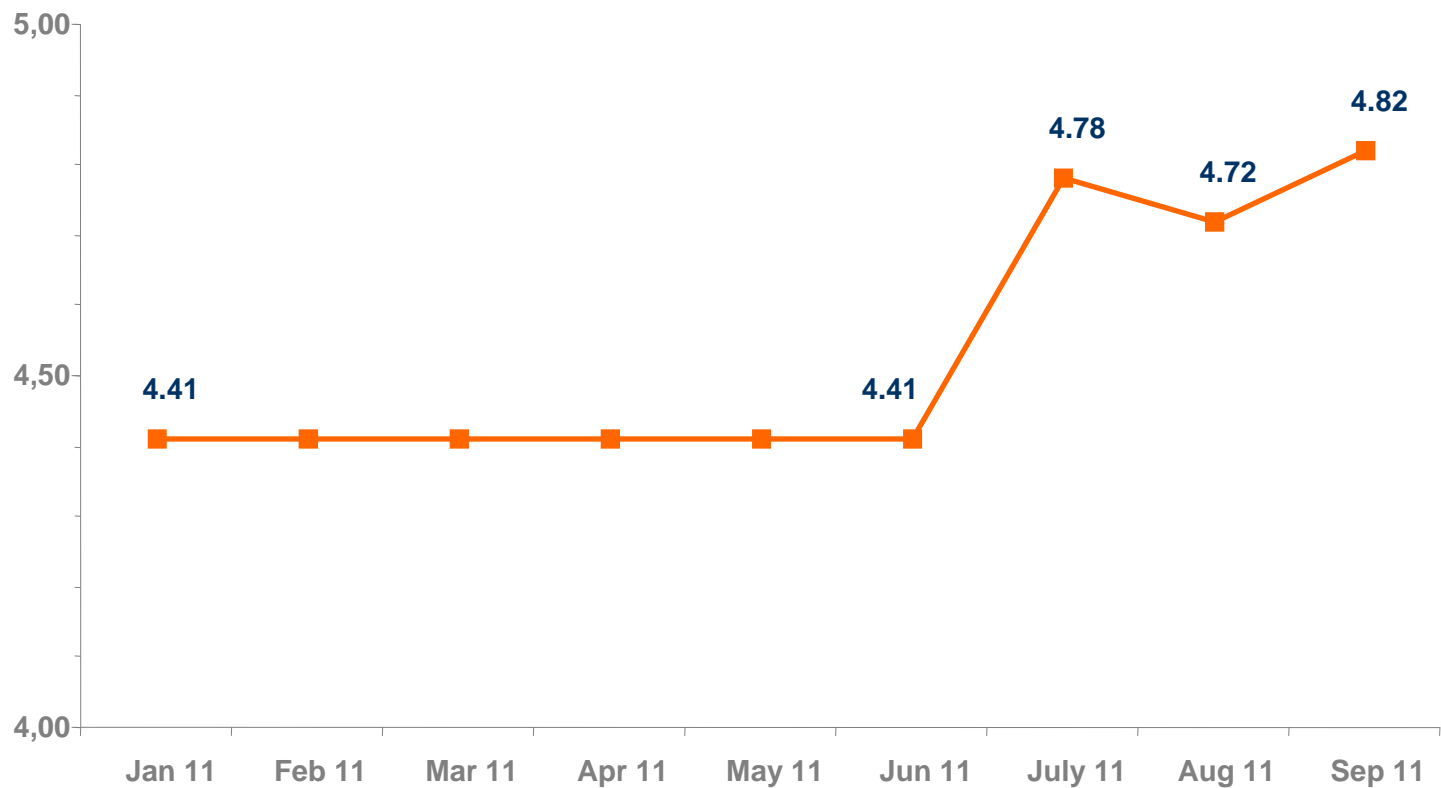
Portfolio Salzgitter - success in letting

- Re-letting shows big success since TAG took over the asset and property management
- At the same time cancellations decreased
- Net absorption: annualised on track for single-digit vacancy in 2014



Portfolio Salzgitter - vacant flats are let at higher rents

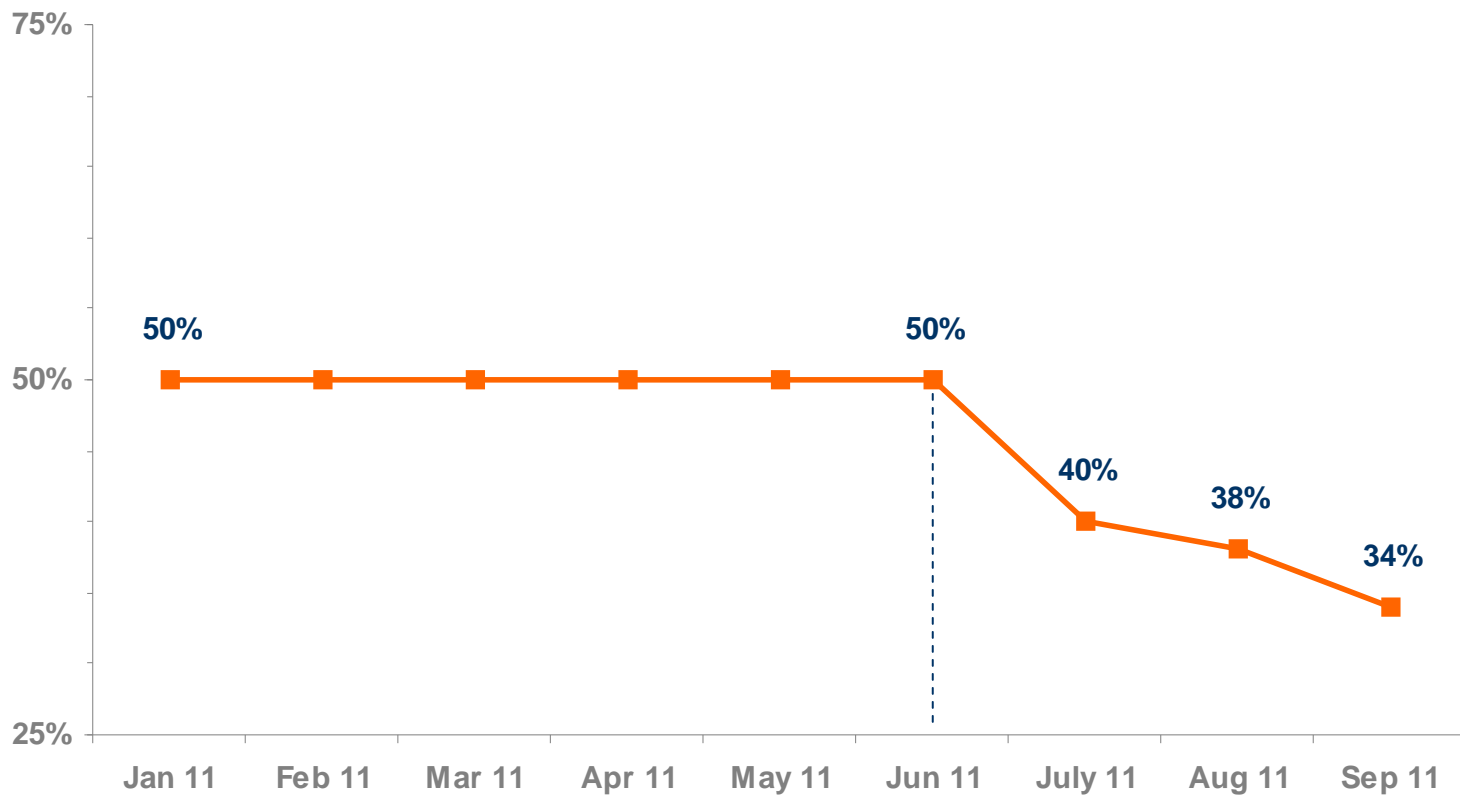
- Rents per sqm and month for new lettings since TAG took over the property management





Portfolio Salzgitter - tenant mix is changing

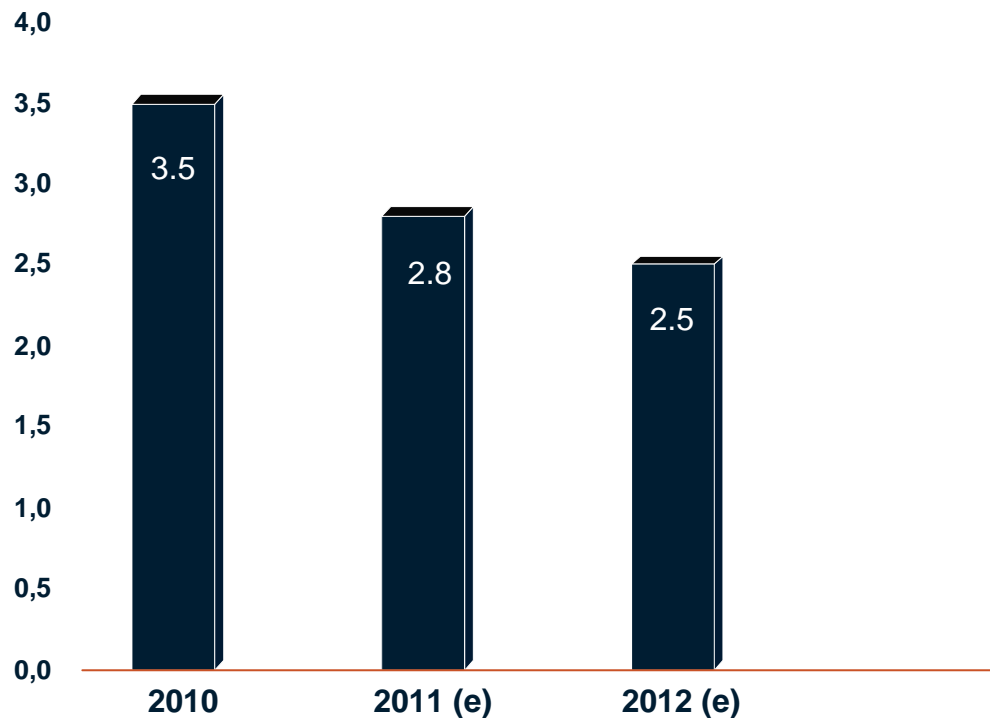
- New tenants who are financed by social security payments (Hartz IV) in % of all new lettings





Portfolio Salzgitter - maintenance

Maintenance p.a. in EUR m



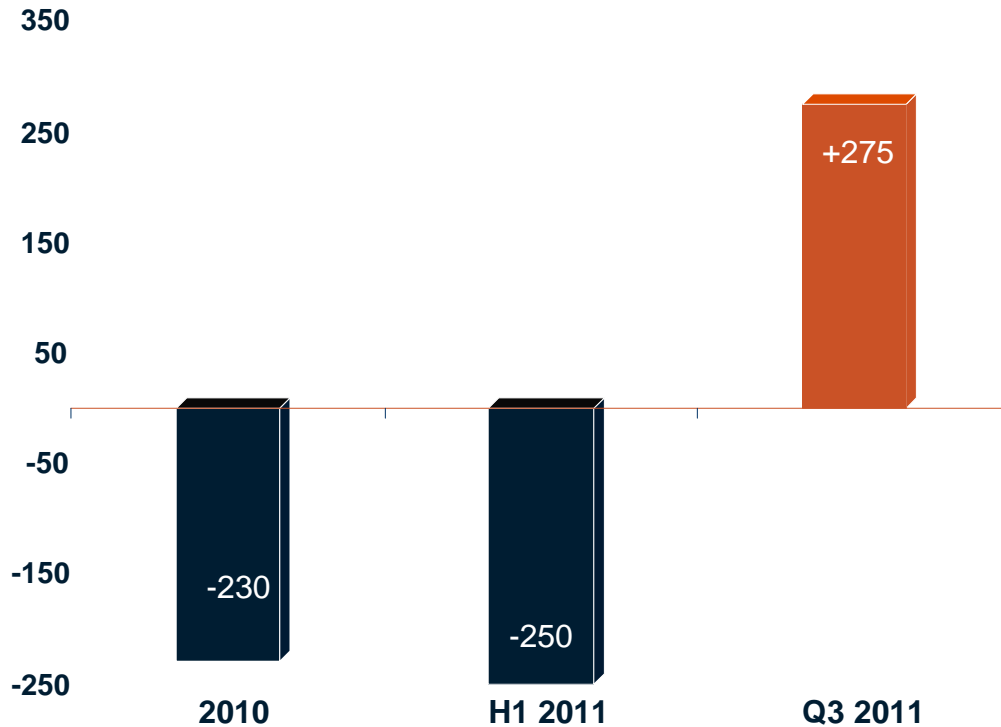
(e): estimated

- Maintenance costs can be optimised:
 - Central management
 - Public tender for smaller packages
- From 4 Oct 2011 onwards:
 - General contractor
 - At fixed price
 - With direct and thus improved service
 - With reduced property management costs



Portfolio Salzgitter - already cash flow positive

average monthly cash flow *in Ek*

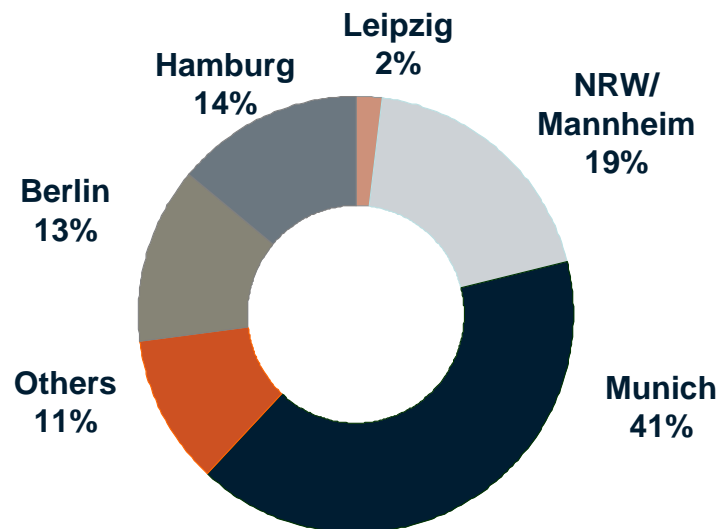


- 2010: net cash negative by 2.7m
- H1 2011: net cash negative by 1.5m
- Since July 2011:
 - Cash flow positive ...
 - ...although there we are catching up with the refurbishment backlog (350 units alone in Q3)

Portfolio commercial

	12/31/2009	12/31/2010	09/30/2011
• sqm total	342,911 sqm	335,686 sqm	323,902 sqm
• sqm rental	324,971 sqm	323,063 sqm	298,944 sqm
• current rental p.a. net of charged costs (EUR m)	26.6	26,0	25.9
• current rental net of charged costs (EUR/sqm)	6.81	6.70	7.23
• vacancy	5.2%	3.8%	7.7%

Real estate portfolio by region*



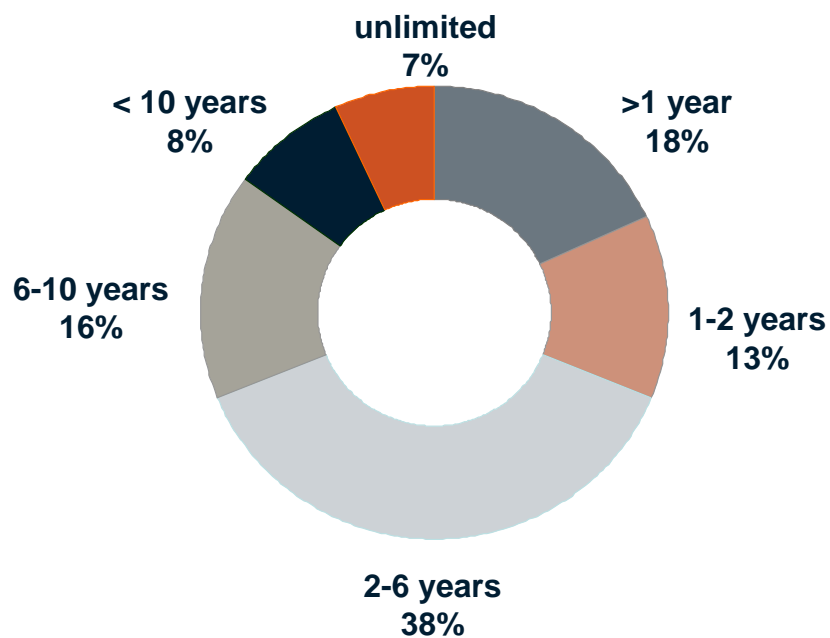
*as of 09/30/2011 by book value



Siemensdamm, Berlin

Portfolio commercial

Duration of commercial rental agreements*



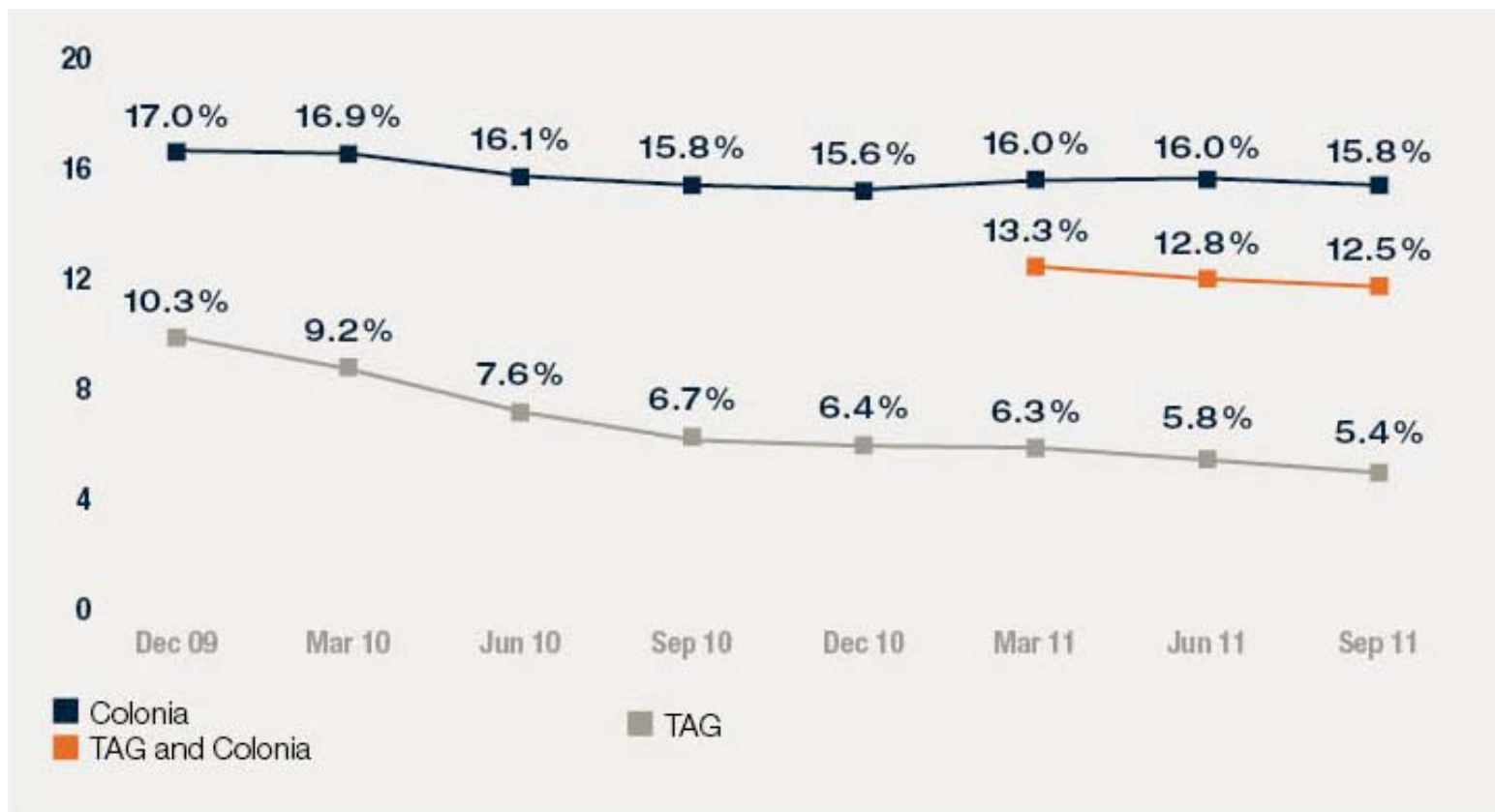
*as of 09/30/2011 by rental income

TOP 5 tenants as of 9/30/2011**

Tenants	Rental p.a. in TEUR	in % of Top Ten tenants
Siemens AG	9,627	37%
EPCOS AG	1,215	4.7%
Schenker Deutschland AG	984	3.8%
State/City authorities	565	2.2%
State/City authorities	507	1.9%
Total	12,898	49.6%

** Commercial real estate – annualised rental 2011 25,991 TEUR

Portfolio – vacancy rate reduction – residential





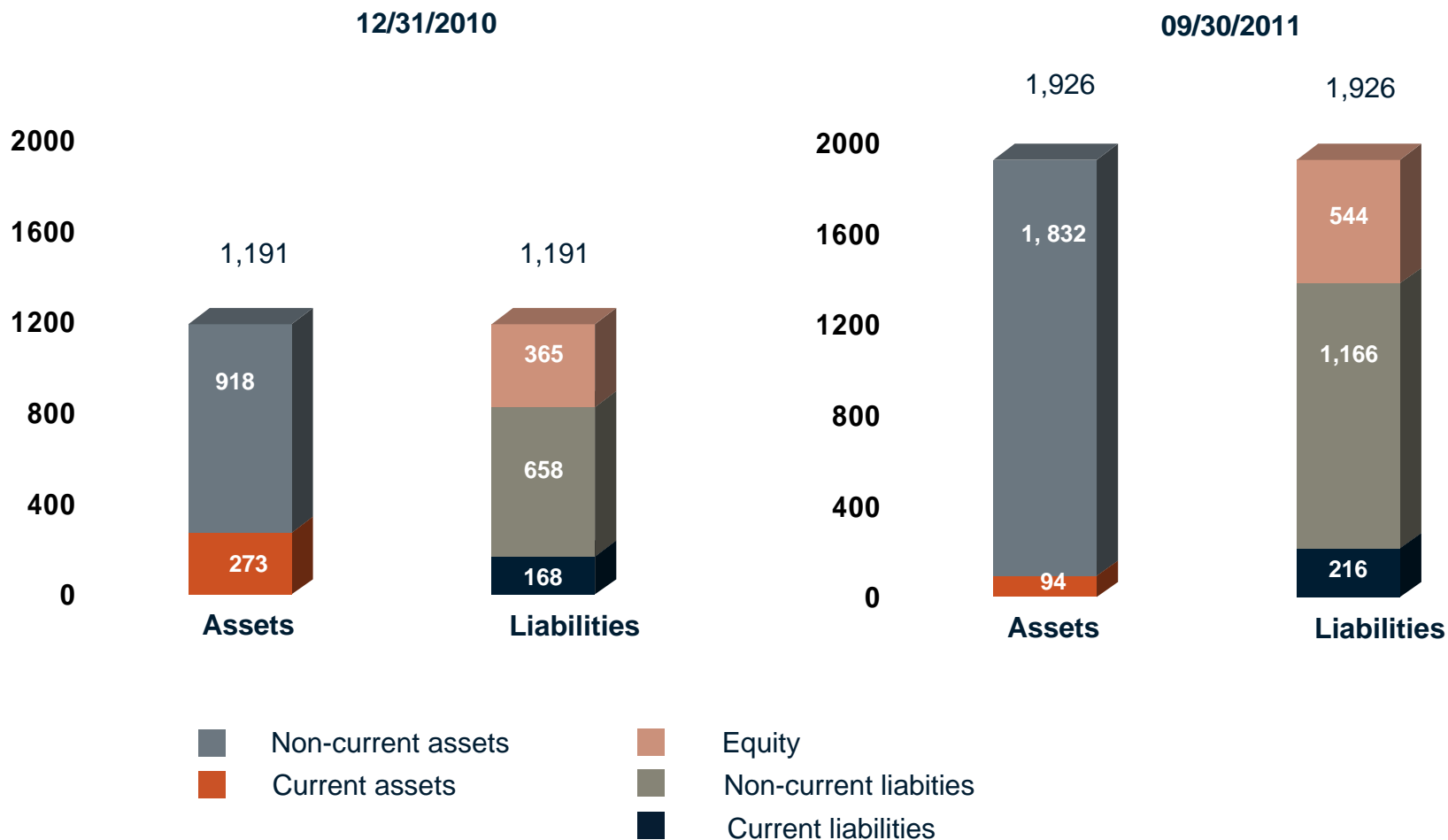
Portfolio – vacancy rate reduction – residential



Proven track record of reducing vacancies rapidly and steadily in new acquisitions

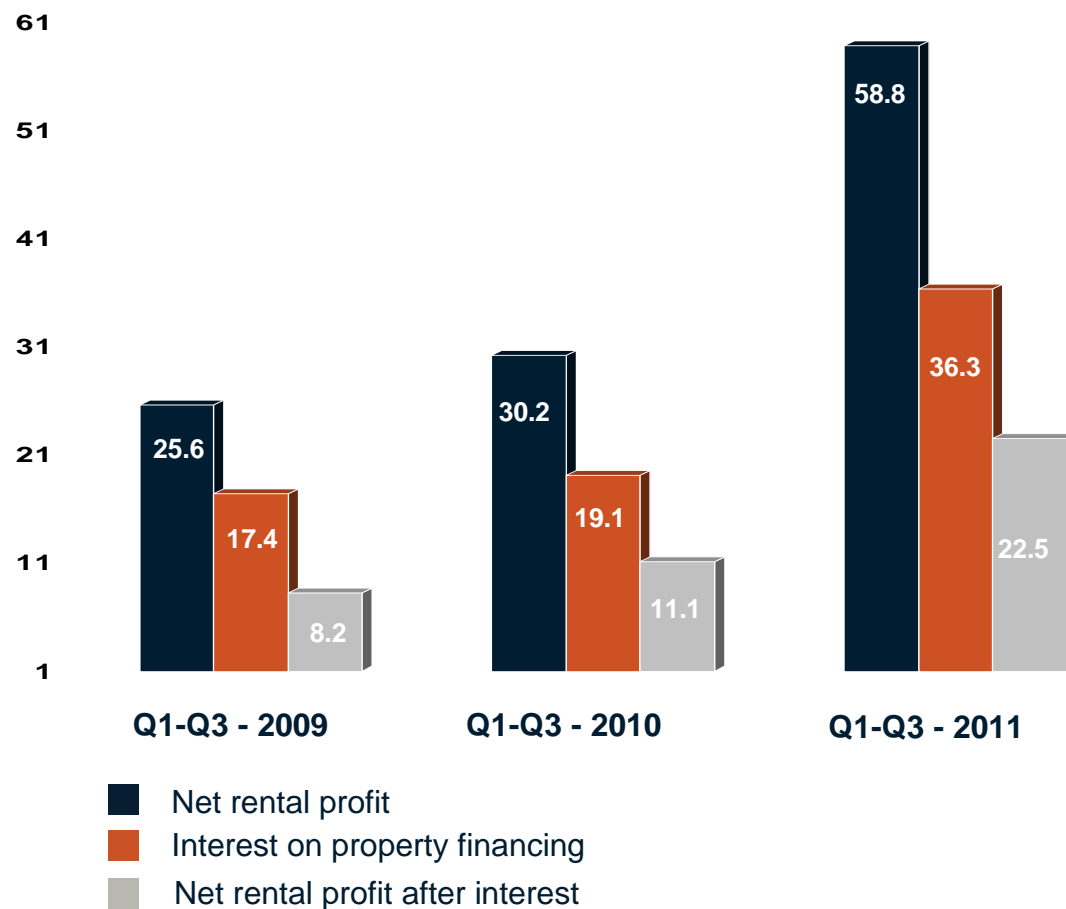
Group financials (IFRS)

Consolidated balance sheet (in EUR m)



Group financials (IFRS)

TAG rental financial result



- Vacancy reduction
- Better cost structure
- Carry after interest shows that growth is profitable

Financial structure

TAG Credit periods as of 09/30/2011:

	EUR m	
2011:	20	2%
2012:	151	14%
2013:	263	23%
2014:	191	17%
2015:	57	5%
2016:	113	10%
2017:	144	13%
2018:	15	1%
2019:	0	0%
2020:	34	3%
2030:	130	12%
<hr style="border-top: 1px dashed orange;"/>		
Total	1090	100%



Stahlwiete, Hamburg

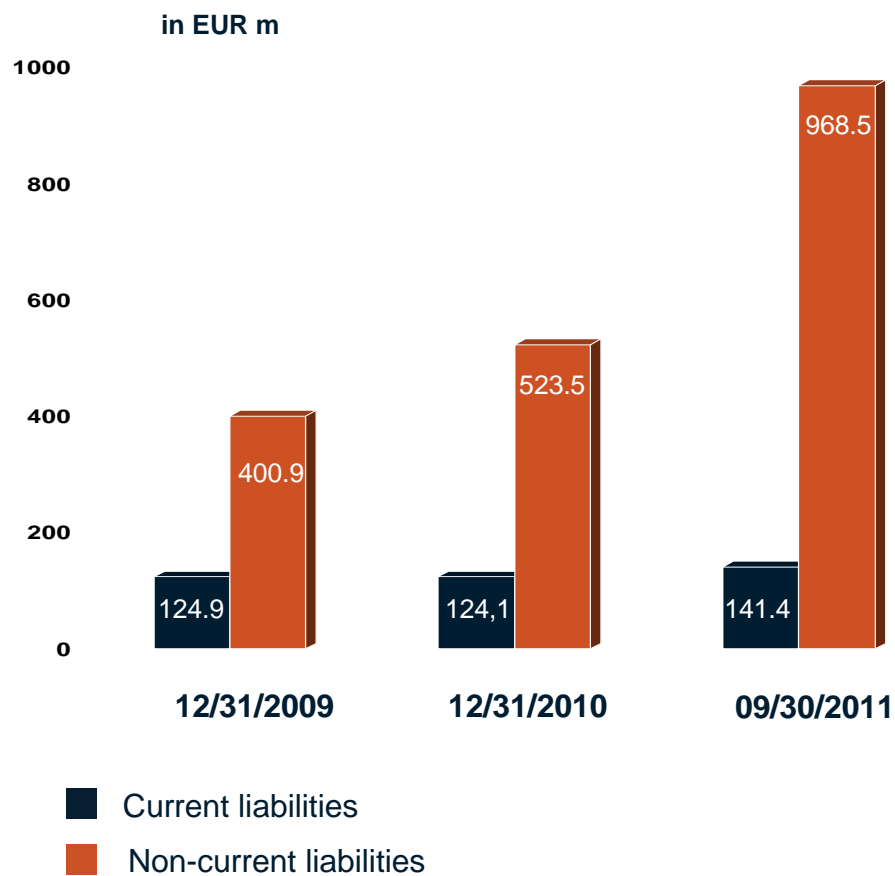


Financial structure

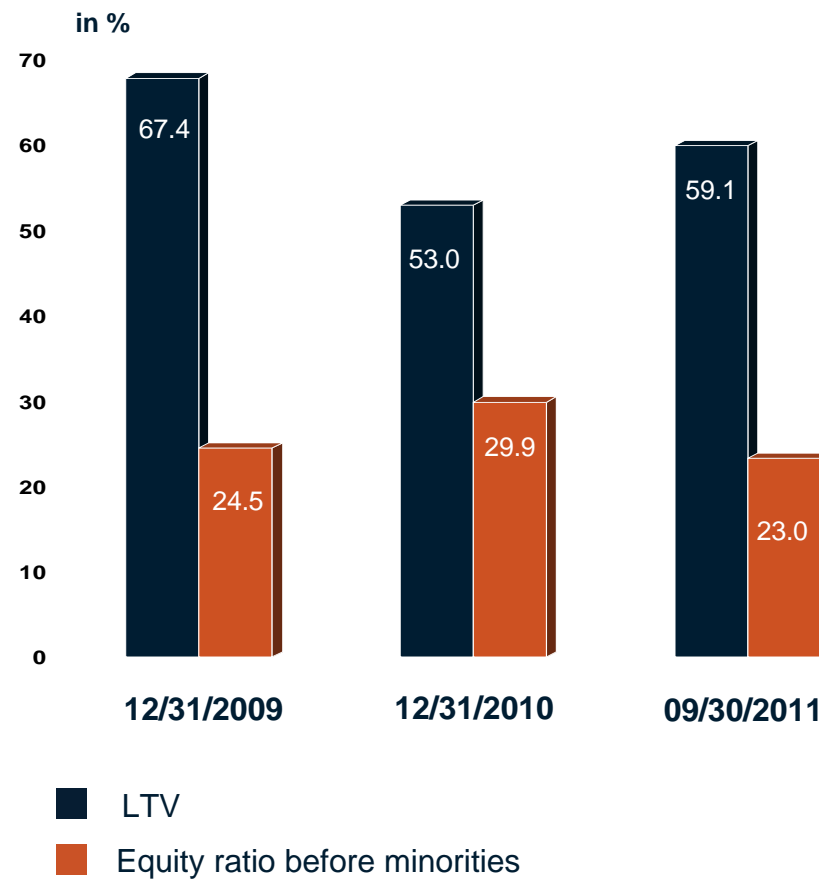
	12/31/2009	12/31/2010	09/30/2011
Bank borrowings in TEUR	525,856	647,655	1,117,985
non-current	400,939	523,512	968,512
current	124,917	124,143	149,473
net borrowing costs	-25,329	-31,185	-44,583
Average interest levels in %	12/31/2009	12/31/2010	09/30/2011
non-current	4.9	4.7	4.7
current	3.9	2.3	2.5
Swaps/Caps to minimise risk of changing interest rates	12/31/2009	12/31/2010	09/30/2011
nominal volume in TEUR	299,399	313,343	576,542
interest rate in %	4.5	4.5	4.2
Ø maturity in years	4.1	4.0	2.9

Financial structure

Bank borrowings



Loan to Value / Equity ratio



Stock market data TAG as of 09/30/2011

High/Low (Q1-Q3 2011) EUR 7.39/EUR 5.85

Number of shares 64.428m

Market capitalisation EUR 389m

Stock exchange SDAX/EPRA

Free Float * 96%

Shareholder structure

Ruffer LLP, UK* 18%

Taube Hodson Stonex, UK* 5%

IPConcept/FvS Strategie SICAV, L* 5%

Threadneedle, UK* 5%

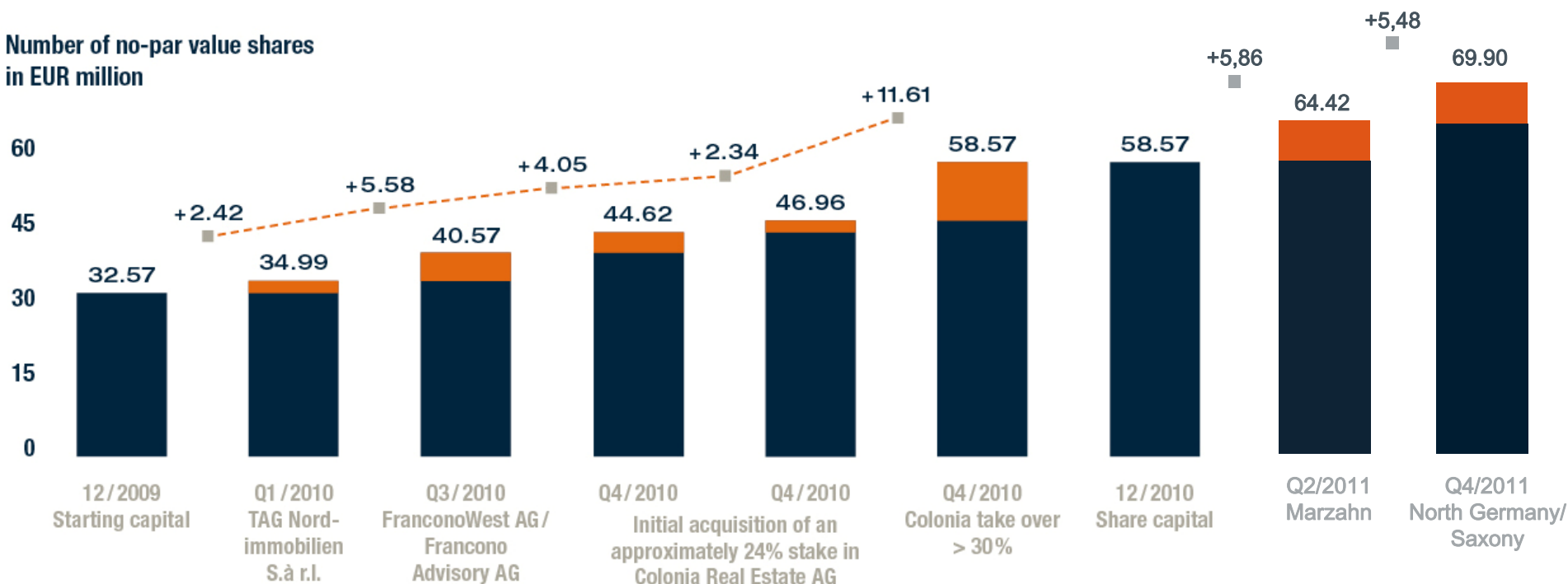
Group of investors Dr. Ristow, D 4%

* Deutsche Börse definition including institutional investors



Capital increases and acquisitions of TAG 2009-2011

Number of no-par value shares
in EUR million



Placement of shares in May for EUR 7.00
in November for EUR 8.00



Outlook 2011 – further growth

Long term perspective

- Focused, transparent access to an attractive asset class – with the best possible cash flows and yields (returns)
- Financial investments in attractive real estate assets, to enhance value

New acquisitions

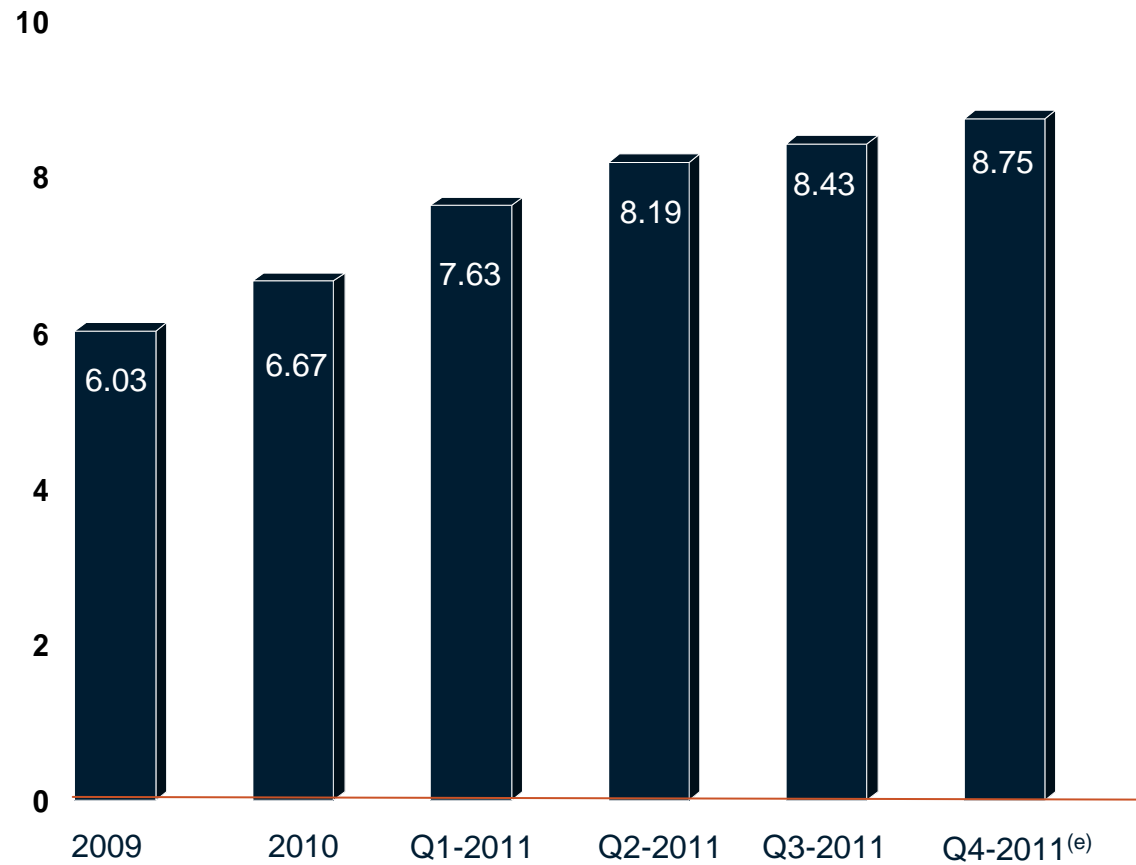
- Acquisitions at existing locations at nearly zero marginal costs
- Improving profitability, cash flow and enhance NAV
- Great potential due to vacancy reduction and synergies

EBT/ EPRA NAV

- EBT of EUR 50-60m (Q1-Q3 EUR 53.4m)
- EPRA NAV adjusted from EUR 8.00 to **EUR 8.75** (Q3 EUR 8.43)

NAV - enhancement

in EUR per share according to EPRA definitions



(e): estimated

TAG acquisitions improving

- Profitability
- Cash flow
- NAV



Recent acquisitions 2011

Portfolio	Acquired when	Closing when	No. of units	Purchase price incl ancillary costs	sqm	PP incl AC per sqm	Annualised net actual rental	Initial yield (gross on PP incl AC)	Budgeted rental income per 1000 EUR appraised value	Impact on NAV per share (in cents)
Marzahn	26.04.2011	01.06.2011	612	25.240.000	43.591	579	2.296.608	9,1%	59	5
Hellersdorf	14.07.2011	Q3/2011	461	18.656.000	26.921	693	1.740.077	9,3%	56	6
Northern Germany / Saxony	27.07.2011	Q4/2011	3.343	151.110.000	208.287	725	13.709.337	9,1%	61	17
Dresden	22.07.2011	Q3/2011	156	7.700.000	11.427	674	610.047	7,9%	54	2
Total			4.572	202.706.000	290.226	698	18.356.069	9,1%	60	30
						For comparison, TAG (residential) in 2010:			42	

Acquisitions 2010: TAG Nordimmobilien

TAG Nordimmobilien S.à r.l.

Properties	37
Units	789
Floor area in sqm	51,300
Net rental EUR/sqm	5.05
Vacancy	from 14.0% to 6.2%

Purchase price: EUR 43m

Capital issue against contribution in kind
2.4m new shares to be issued

Issue price EUR 5.50



Regional focus:

Berlin: Charlottenburg, Neukölln, Kreuzberg
Flensburg
Zingst

Acquisition 2010: FranconoWest and TAG Sachsenimmobilien

FranconoWest AG

Properties	1,525
Floor area sqm	96,895
Vacancy	from 6.8% to 6.0%
Region	NRW



TAG Sachsenimmobilien GmbH

Units	436
Floor area in sqm	29,104
Vacancy	from 9.6% to 7.2%
Region	Saxony



- **Purchase price: EUR 31.3m**
 - Capital increase against contribution in kind, 5,581,818 new shares to be issued
 - Cash component counterbalances any liquidity (cash & cash equivalents) acquired with the companies
 - High synergy and cost saving potential of EUR 2.5m p.a. from 2011 onwards

••• Acquisition 2011: Marzahn

DOM Portfolio

Units	612
Floor area in sqm	43,591
Net rental EUR/sqm	4.29
Vacancy	1.47%

Purchase price: EUR 25.2m



••• Acquisition 2011: Hellersdorf/Marzahn

Units	461
Floor area in sqm	26,921
Net rental EUR/sqm	5.20
Vacancy	6%



Purchase price: EUR 17.6m

Two high-rises specifically cater to the needs of senior residents.





Acquisition 2011: North Germany and Saxony

Units residential	3,228
Units commercial	76
Floor area in sqm	208,757
Net rental EUR/sqm	5.44
Vacancy	6.2%

Purchase price: EUR 150m

Capital issue against contribution in kind

5,476,924 new shares to be issued

Issue price EUR 8.00

Additionally a payment of approx. EUR 9m agreed



Regional focus:

75% North Germany:
Hamburg area, Wolfsburg
and Cuxhaven

25% Dresden and Leipzig



Management Board

Rolf Elgeti, CEO

- Colonia Real Estate AG, Management Board since February 2011
- TAG Immobilien AG, Management Board (since July 2009), Supervisory Board from 2008 onwards
- Bau-Verein zu Hamburg AG, Management Board (since July 2009)
- Founder of Elgeti Ashdown Advisors Ltd. (2007)
- Setting up and management of various German real estate investment funds (since 2003)
- UBS Warburg, Commerzbank, ABM Amro: (chief) equity strategist, London (1999 – 2007)

Hans-Ulrich Sutter, CFO

- Colonia Real Estate AG, Management Board since February 2011
- TAG Immobilien AG, Management Board (since April 2008)
- Bau-Verein zu Hamburg AG, Management Board (since October 2008)
- Deutsche Real Estate AG, CFO until 09/2007
- GSW Gemeinnützige Siedlungs- und Wohnungsbaugesellschaft, responsible for financial matters until 03/2006
- CFO in DAX 30 Company (Fresenius Medical Care, 1998) as well as in large Multinationals (Coke Germany, Procter & Gamble Germany)

Dr. Harboe Vaagt

- Management Board since April 2011 in TAG Immobilien AG, Bau-Verein zu Hamburg AG
- Head of Legal Department of TAG for over 12 years

Supervisory Board

Dr. Lutz R. Ristow, Chairman of the Supervisory Board TAG (since 2007), Colonia (since 4/2011)

Prof. Dr. Ronald Frohne (since 2001), **Rolf Hauschildt** (since 2001), **Andrés Cramer** (since 2009)

Employee representative: Wencke Röckendorf (since 2010), **Andrea Mäckler** (since 2010)



Contacts

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