

TAG 2019

Company presentation

Q2 2019

TAG
Immobilien AG

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- Portfolio details and portfolio valuation details by region
- Income statement, EBITDA, FFO and AFFO calculation, balance sheet, EPRA NAV, EPRA earnings, ICR and LTV calculation
- Maintenance and capex
- Share data
- Management board and management board compensation

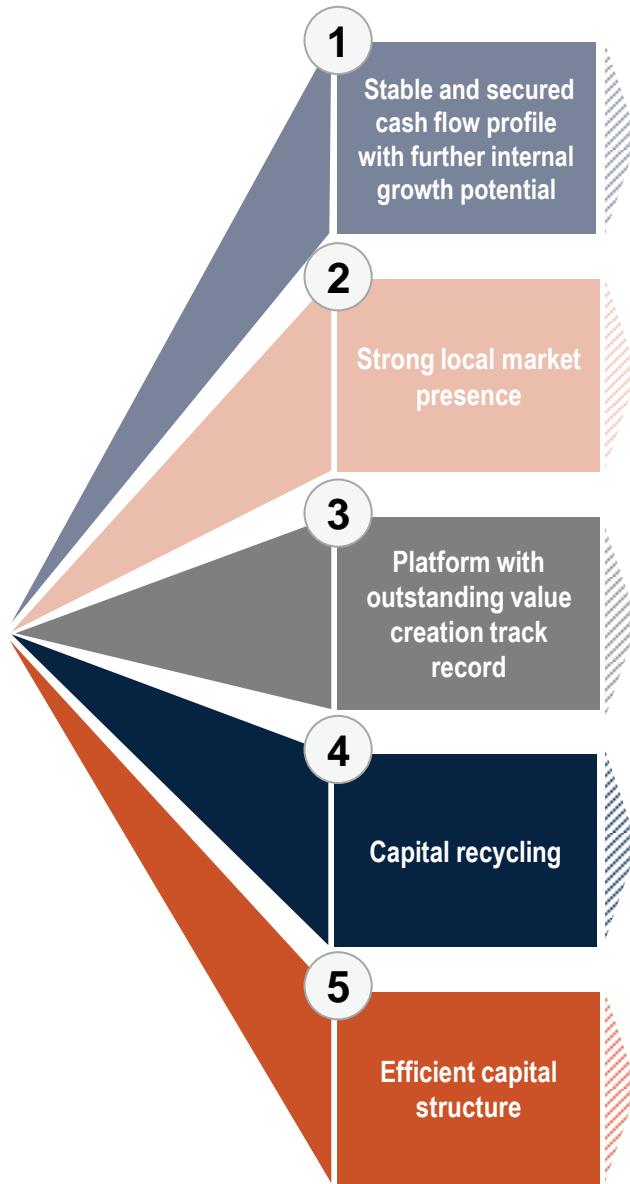
TAG 2019

TAG overview and strategy

TAG key investment highlights

Company with c. 84,000 residential units in Northern and Eastern Germany and a GRI of more than EUR 300m p.a.

TAG
Immobilien AG



1
Stable and secured cash flow profile with further internal growth potential

- **Strong cash flow profile** due to lean business approach with high portfolio and platform efficiency
- Further upside via **embedded rental growth potential and scalable platform which** translates in attractive dividend yield



2
Strong local market presence

- **Regional focus** on TAG core regions in Northern and Eastern Germany allows for excellent market knowledge and **efficient operations of properties**
- Aiming for **acquisitions of smaller and / or geographically diversified portfolios** for which competition is rather low



3
Platform with outstanding value creation track record

- **Long standing value creation track record** by acquisition of assets with higher vacancy and / or rental potential
- Potential is lifted by TAG's **active asset management** via selective investment of capex



4
Capital recycling

- **Selective monetization of mature assets** after refurbishment to crystalize value - **re-investment of proceeds** into assets with **upside potential**
- **Disciplined** approach towards **employment of capital**



5
Efficient capital structure

- **Conservative financing structure** with a LTV of 46.8% leaves **headroom for further accretive growth**
- Average cost of debt of 1.90% p.a. with an average maturity of 7.9 years provides **visibility on future cash flows**



TAG at a glance

Leading company in the affordable housing sector in Northern and Eastern Germany

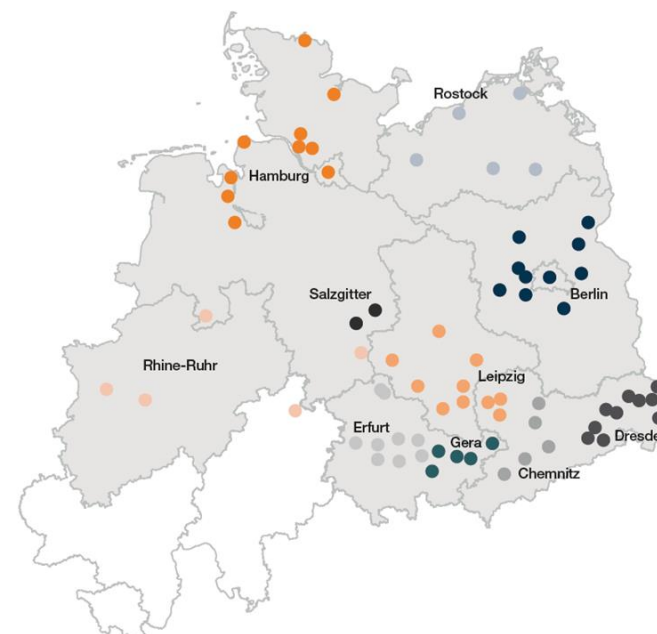
Strategy

- TAG is a **specialist for affordable housing** in Eastern and Northern Germany and **among the largest owners of residential properties in Eastern Germany**
- **Fully integrated platform via lean and decentralized organization:** Local presence as a key element of TAG's asset management approach to ensure deep local market knowledge and efficient operation of assets
- **Internal growth as one main driver: Active asset management approach** to lift and realize value potential via vacancy reduction and selective investment of capex
- **Disciplined** and conservative approach **regarding use of capital and new acquisitions**
- **Clear focus on per share growth** rather than absolute growth
- **Stable and long term financing structure** to support profitable growth strategy

Key financials (30 Jun-2019)

GAV	EUR 5,058.5m
FFO I (2019E)	EUR 155.0m
Market cap	EUR 3,0bn
Share price	EUR 20.32
EPRA NAV per share	EUR 18.59
LTV	46.2%

Portfolio overview



Key portfolio metrics (30 Jun-2019)

Number of units	84,264
Annualised net rent EURm p.a. (total portfolio)	317.2
Net rent EUR/sqm/month (residential units)	5.34
Net rent EUR/sqm/month (total portfolio)	5.47
Vacancy rate (residential units)	5.2%
Vacancy rate (total portfolio)	5.6%
L-f-I rental growth (y-o-y)	2.5%
L-f-I rental growth (incl. vacancy reduction, y-o-y)	3.0%

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TAG portfolio

TAG decentralized portfolio management structure

Decentralized approach ensures tailor-made asset management solution for each regional market

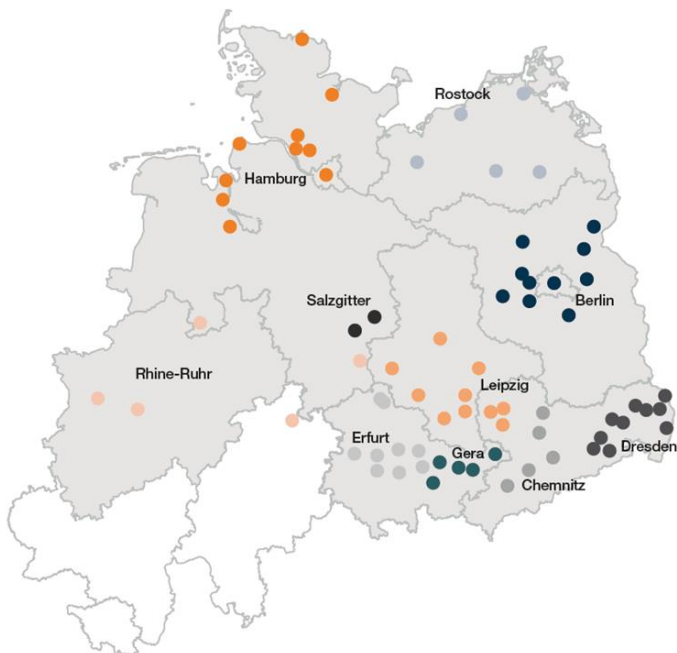
Centralized functions



- Fully integrated platform based on SAP system
- Regional LIMs are incentivized by performance of their respective region (“entrepreneur within the enterprise”)

LIMs (Heads of Real Estate Management) in TAG regions

Decentralized functions



1 Customer service

- Property management
- Enhance high tenant satisfaction and tenant loyalty
- Social projects

2 Renting activities

- Re-letting
- Vacancy reduction
- Monitor and optimise tenant structure

3 Technical customer service

- Modernisation for re-letting
- Ongoing maintenance measures

4 Receivables management

- Minimise outstanding receivables
- Payment reminder and legal action

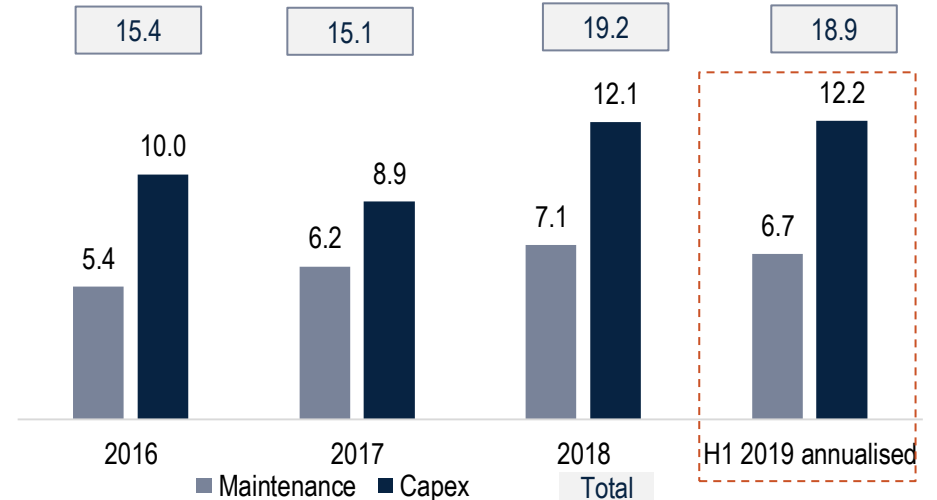
TAG rental growth and capex allocation

Rental growth achieved with moderate capex investments due to strong underlying fundamentals

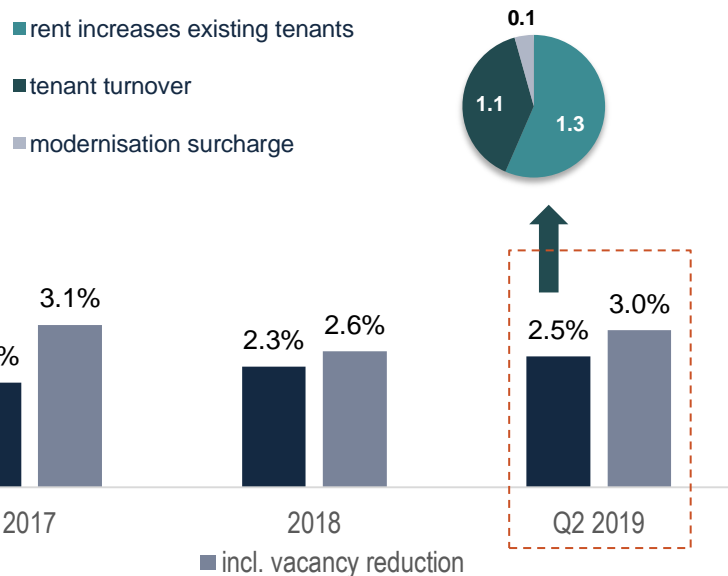
Rental growth achieved with moderate investments

- TAG creates **attractive rental growth** from
 - regular rent increases and tenant turnover (“basis I-f-I rental growth”)
 - vacancy reduction (leading to “total I-f-I rental growth”).
- **Investment of capex at selective locations targeted to reduce vacancy:** investments in vacancy reduction result in highly attractive equity-returns: **c. 10%-15% return on capex** in large modernization measures and **c. 40%-45% in the modernization of vacant flats**.
- **Tailor made capex allocation strategy** for each local market, no cross-locational spread capex-program.
- **Basis I-f-I rental growth is achieved without extensive modernization programs** for existing tenants or in the re-letting process. This clearly shows strong underlying fundamentals in TAG's markets.

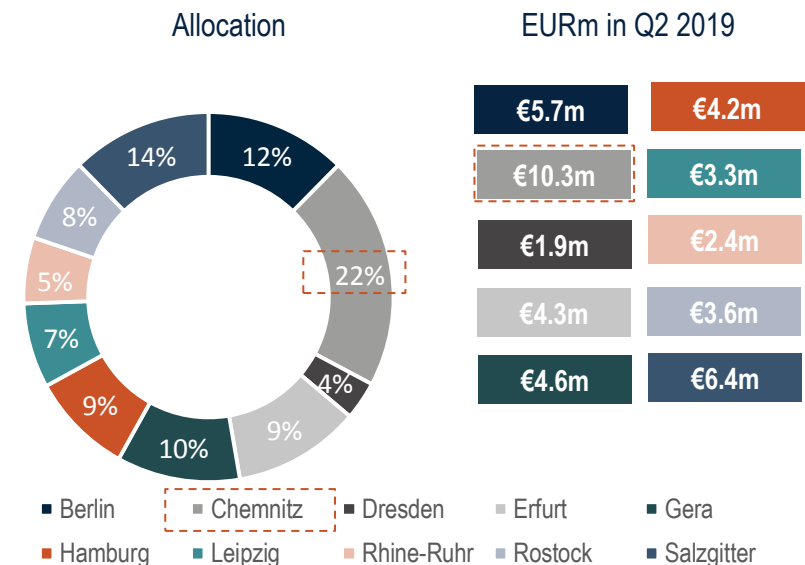
Maintenance & capex development (in EUR/sqm/year)



Like-for-like rental growth excluding and including vacancy reduction

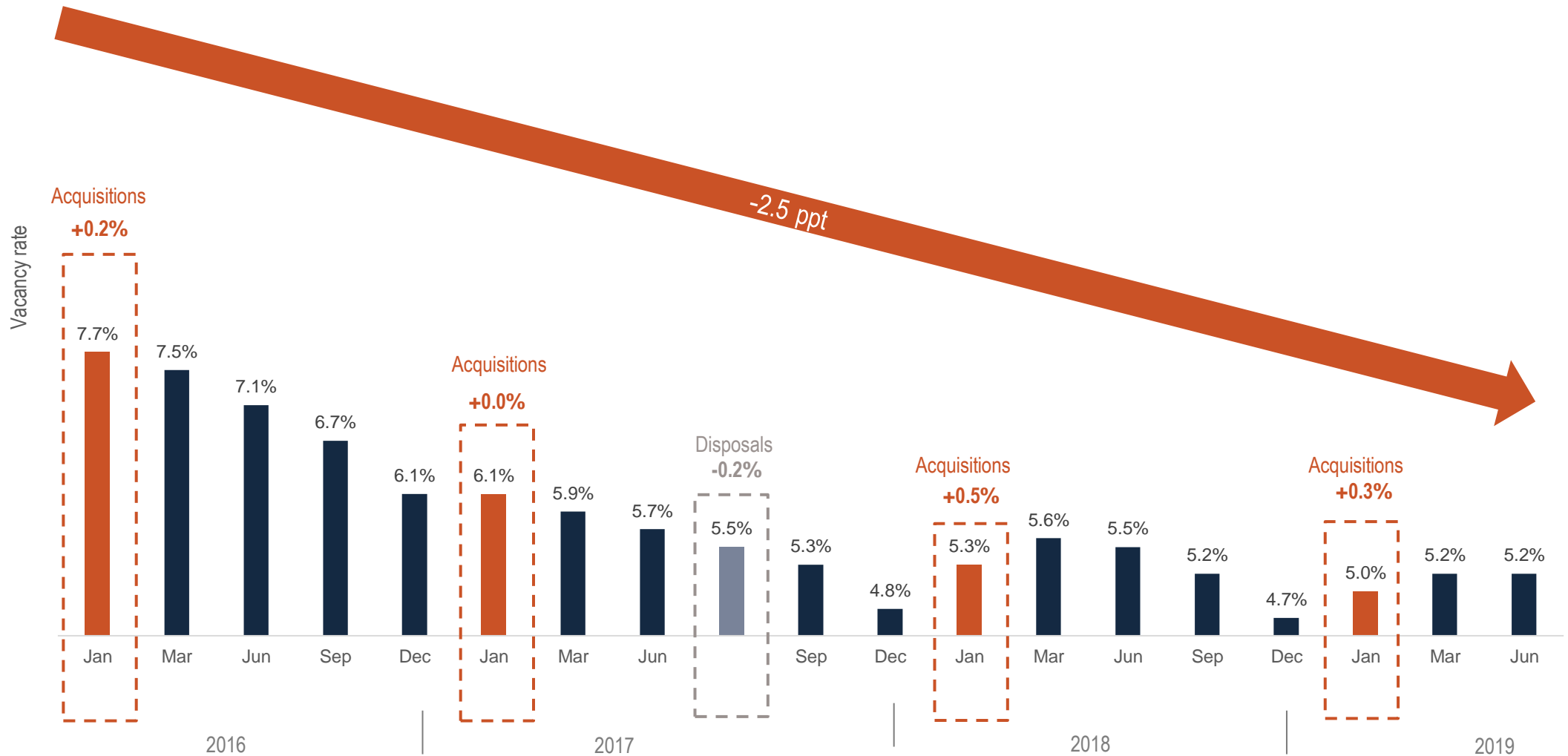


Maintenance & capex split by region



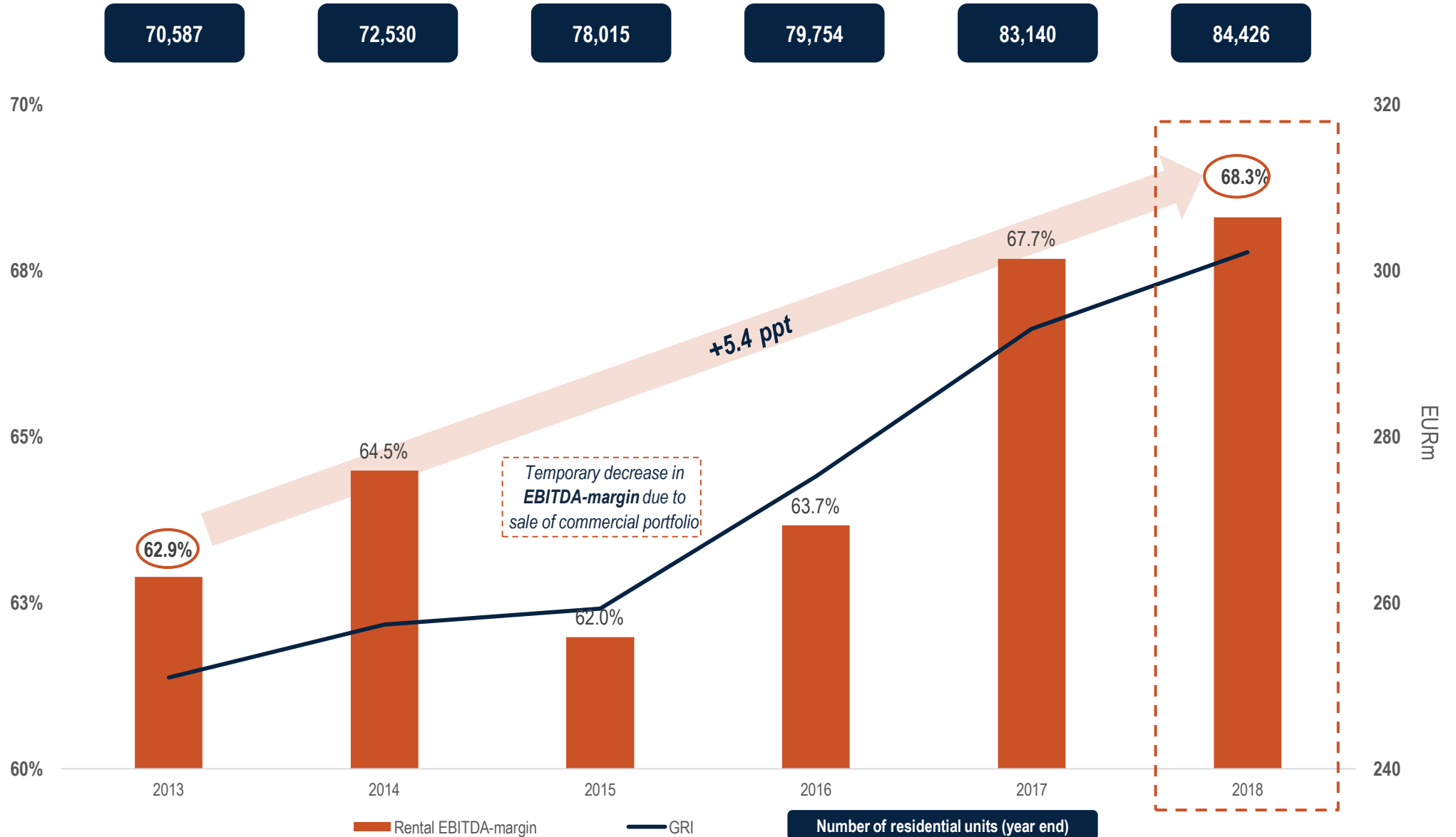
TAG vacancy reduction in residential units

Strong track record of vacancy reduction due to TAG's active asset management approach

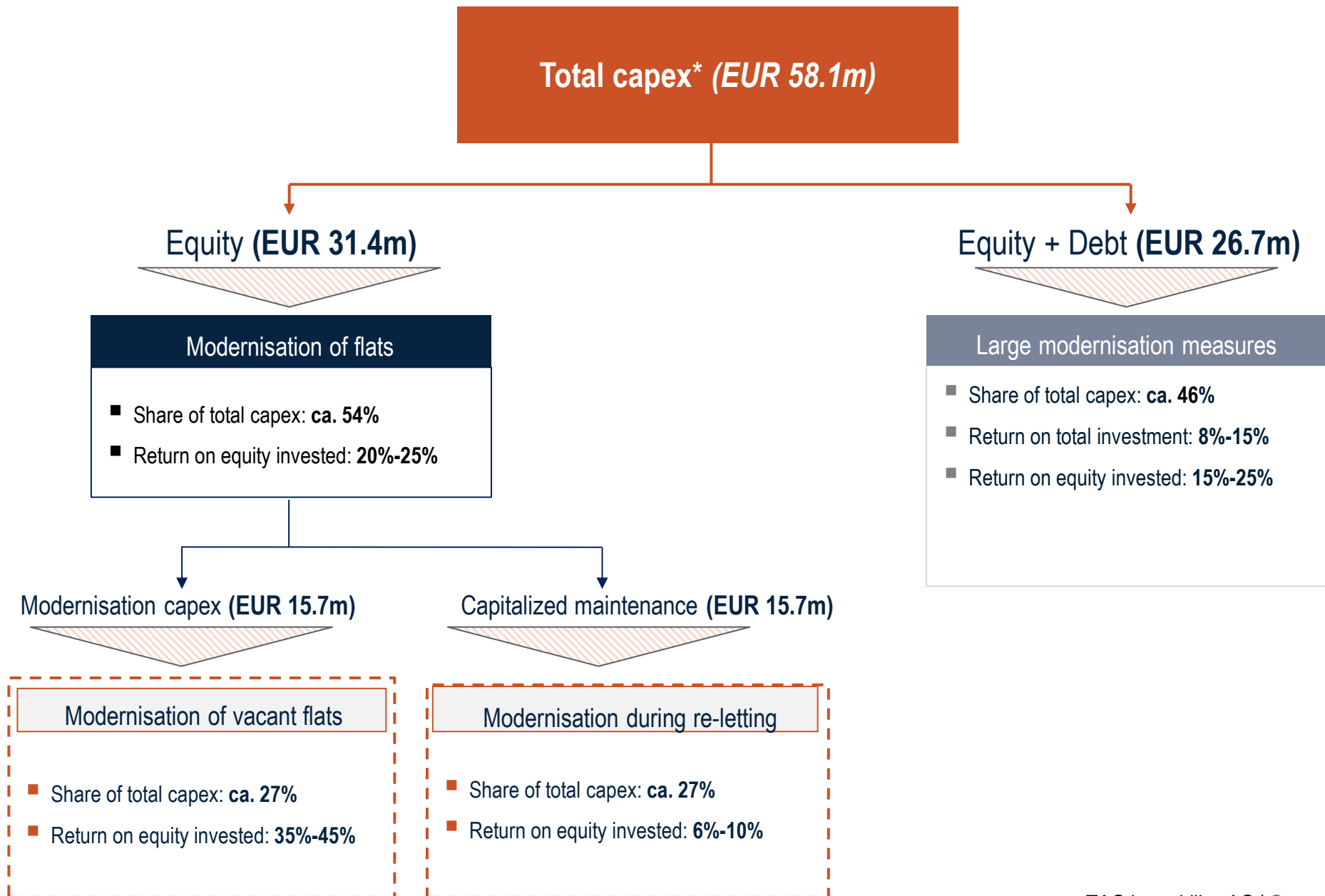


TAG significant increase in platform profitability

Increase in EBITDA margin by 5.4ppt between 2013 und 2018



TAG return on capex 2018

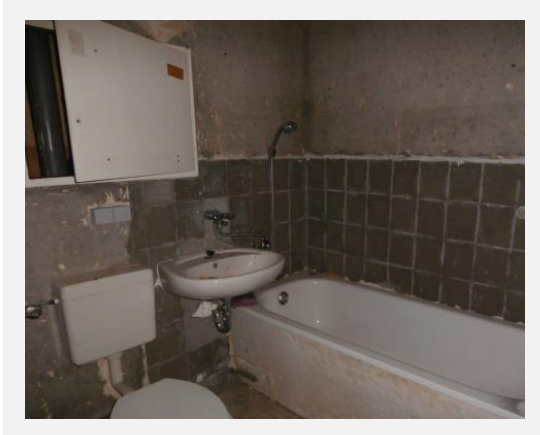


*excl. capex for project developments of EUR 11.4m

Modernisation: Vacant flats (long-term vacancy)

Case Study – Brandenburg an der Havel (Berlin region)

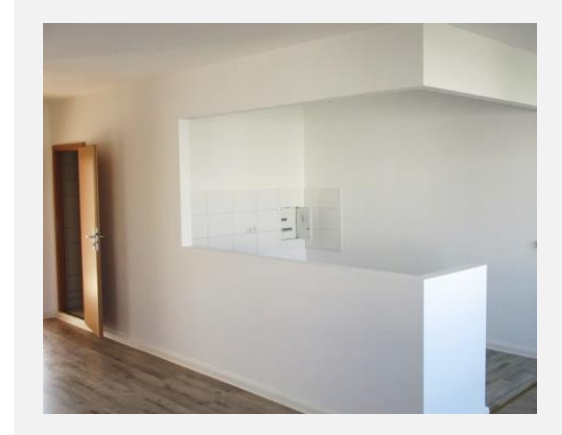
Pre modernisation



Measures

- Units: **19 out of 63**
- **Interior refurbishment:**
 - ✓ New flooring
 - ✓ New kitchen floor plan
 - ✓ Bathroom modernisation

Post modernisation



Description

- Acquired in Feb-2017 as part of a portfolio of 1,440 units in Brandenburg an der Havel
- Completed in 2018
- Expenditure on time per unit: 4 weeks
- Modernisation cost per unit: EUR 12,500
- Vacancy at acquisition date within the 63 units: 38.6%
- Vacancy today within the 96 units: 5.8%
- Equity-financed

Calculation

(in TEUR)

Incremental revenues

Incremental revenues from new lettings	68.7
Saved maintenance costs	0.0
Saved ancillary costs from vacancy reduction	18.3
Total incremental revenues	87.0

Total investment

237.3

Return on total investment

36.8%

Return on equity invested

36.8%

Modernisation: Large modernisation measures

Case Study – Hermsdorf (Gera region)

Pre modernisation



Measures

- Units: **72**
- Vacancy before modernisation: **87.0%**
- Vacancy after modernisation: **10.2%**

Post modernisation



Description

- Acquired in Feb-2014 as part of a portfolio in Thuringia (4,000 units)
- Completed in 2018
- Facade-, roof-, heating and electric overhaul
- Energy-saving measures
- New windows and bathrooms
- Floor plan changes
- Financing:
 - Total investment EUR 3,191,800 (after government grant of EUR 750,000)
 - KFW bank loan of EUR 1,129,000 (0.75% p.a.)

Calculation

(in TEUR)

Incremental revenues

Incremental revenues from new lettings	329.8
Saved maintenance costs	107.9
Saved ancillary costs from vacancy reduction	51.8
Interest expenses	-8.5

Total incremental revenues **481.0**

Total Investment **3,191.8**

Return on total investment **15.1%**

Return on equity invested **23.3%**

TAG 2019

TAG acquisitions & disposals

TAG acquisition strategy and principles

Rigorous pricing discipline, distinct geographical focus and yielding residential assets only



TAG acquisitions FY 2018

Signing	Mecklenburg- Western Pomerania	Thuringia	Saxony	Mecklenburg- Western Pomerania/ Brandenburg	Other	Total
	Jun-2018	Jul-2018	Sep-2018	Sep-2018	Nov/Dec-2018	FY 2018
Units	117	80	73	1,266	1,191	2,727
Net rent in EUR/sqm/month	4.66	4.71	4.44	4.94	5.35	5.07
Vacancy	1.8%	22.3%	8.0%	6.5%	19.9%	12.7%
Purchase price in EURm	4.0	1.5	3.2	confidential	confidential	111.9
Net rent in EURm p.a.	0.33	0.18	0.23	4.24	3.72	8.7
Location	Neubrandenburg	Stadtilm	Riesa	Schwerin, Angermünde, et. al	Schwerin, Dessau, Neubrandenburg	---
Closing	Sep-2018	Sep-2018	Dec-2018	Dec-2018	Nov/ Dez-2018	---
Multiples (in place rent)	12.2x	8.3x	13.9x	confidential	confidential	12.8x

c. 2,700 units in TAG core markets acquired in FY 2018 at an average acquisition multiple of 12.8x (7.8% gross yield)



Riesa



Neubrandenburg



Schwerin

TAG acquisitions H1 2019

Signing	Thuringia	Saxony-Anhalt	Mecklenburg- Western Pomerania	Mecklenburg- Western Pomerania	Total
	Mar-2019	Jun-2019	Jun-2019	Aug-2019	H1 2019
Units	35	320	275	342	972
Net rent in EUR/sqm/month	5.79	4.92	9.35	5.07	6.23
Vacancy	0.0%	22.4%	4.8%	1,6%	10.6%
Purchase price in EURm	---	---	---	---	36.2
Net rent in EURm p.a.	0.14	0.83	1.27	0.83	3.1
Location	Jena	Halle	Greifswald	Stralsund/ Greifswald	---
Closing	Jul-2019	Sep-2019 (expected)	Sep-2019 (expected)	Dec-2019 (expected)	---
Multiples (in-place rent)	---	---	---	---	11.8x



Greifswald



Halle



Stralsund

c. 1,000 units in TAG core markets acquired in H1 2019 at an average acquisition multiple of 11.8x (8.5% gross yield)

TAG disposals FY 2018 and H1 2019

Signing	NRW/ Lower Saxony Jun-2018	Brandenburg/ Saxony/ Saxony- Anhalt Dec-2018	Ongoing disposals 2018	Total FY 2018	Ongoing disposals H1 2019
Units	461	719	434	1,614	149
Net rent in EUR/sqm/month	5.08	4.47	4.34	4.59	4.52
Vacancy	13.2%	8.8%	55.1%	27.8%	25.7%
Selling price in EURm	confidential	confidential	17.3	66.2	5.4
Net rent in EURm p.a.	1.42	2.57	1.21	5.20	0.40
Net cash proceeds in EURm	13.0	23.7	16.8	53.5	4.5
Book profit in EURm	0.0	0.0	1.0	1.0	0.4
Location	Various	Various	Various	Various	Various
Closing	Sep-/Oct-2018	Jun-2019	2018/2019	---	2019
Multiples (in place rent)	confidential	confidential	14.3x	12.7x	13.6x



Bad Grund



Helmstedt



Duisburg

c. 1,600 non core units sold in FY 2018 at an average disposal multiple of 12.7x (7.9% gross yield)

c. 149 non core units sold in H1 2019 an an average disposal multiple of 13.6x (7.4% gross yield)

TAG 2019

TAG services business

TAG services business

Improvement of quality of facility management and availability of craftsmen as main targets

■ Facility management (100% owned subsidiary)

- Caretaker services, cleaning services and gardening
- In place since 2012
- Main target: improve quality in comparison to external services

	2016	2017	2018*
Revenues (EURm)	6.5	9.2	8.8
No. of employees	222	309	319
FFO impact (EURm)	0.3	0.4	0.8

TAG Immobilien Service GmbH

c. 47,000 units covered in 2018
c. 65,000-68,000 units as long-term goal (c. 80% of total portfolio)



■ Craftsmen services (100% owned subsidiary)

- Modernisation of apartments (vacant flats and during re-letting process)
- In place since 2015
- Main target: quick availability of craftsmen in regions with frequent bottlenecks regarding external modernisation work

	2016	2017	2018*
Revenues (EURm)	1.6	2.6	3.2
No. of employees	29	56	62
FFO impact (EURm)	0.0	-0.2	-0.2

TAG Handwerker-service GmbH

5 locations in 2018: Brandenburg an der Havel, Chemnitz, Döbeln, Dresden and Leipzig
Planned 2019: Nauen, Magdeburg



*change in revenue definition from 2018 onwards, but no FFO-effect

TAG services business – energy and multimedia

FFO generation from energy and multimedia services as main targets

■ Energy services (100% owned subsidiary)

- Heating services for tenants (TAG as owner and operator of heating facilities)
- In place since 2016
- Main target: create additional income for TAG and reduce energy costs/ service charges for tenants

ENERGIE
Wohnen Service GmbH

	2016	2017	2018*
Revenues (EURm)	4.5	13.0	20.7
No. of employees	3	6	7
FFO impact (EURm)	0.7	0.9	2.1

c. 31,000 units covered in 2018
c. 70,000-75,000 units as long-term goal (c. 90% of total portfolio)



■ Multimedia services (100% owned subsidiary)

- Cable television and other multimedia services for tenants (TAG as owner of “network level 4”, long-term contracts with signal-suppliers)
- In place since 2016
- Main target: create additional income for TAG and reduce cable television costs/ service charges for tenants

MULTIMEDIA
Immobilien GmbH

	2016	2017	2018*
Revenues (EURm)	0.1	7.4	8.3
No. of employees	1	2	2
FFO impact (EURm)	0.0	2.7	3.8

c. 57,000 units covered in 2018
c. 70,000-75,000 units as long-term goal (c. 90% of total portfolio)



*change in revenue definition from 2018 onwards, but no FFO-effect

TAG services business

Additional services line to improve quality

■ Condominium management (100% owned subsidiary)

- Condominium management (“WEG-Verwaltung”) for homeowners’ associations
- Includes management for third parties as well as management of units owned by TAG
- 4 main locations (**Berlin, Erfurt, Gera and Hamburg**) within the TAG regions
- In place since 2001
- Main target: create additional income for TAG and ensure high quality standards regarding asset and property management

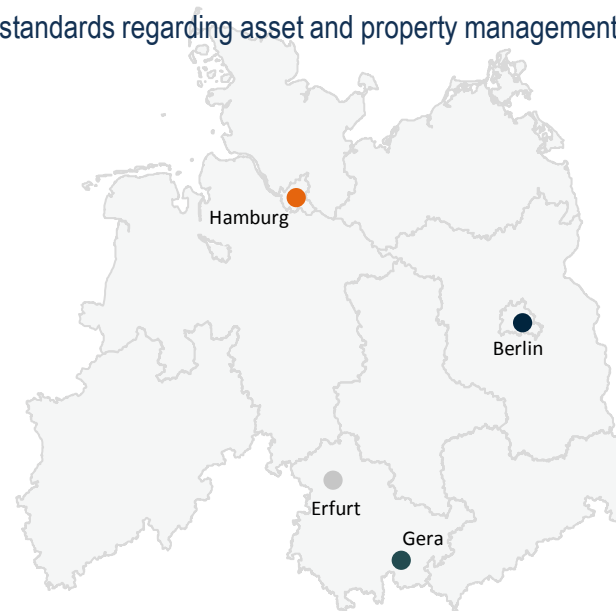
	2016	2017	2018*
Revenues (EURm)	1.6	1.8	2.0
No. of employees	26	29	26
FFO impact (EURm)	0.3	0.3	0.4

*change in revenue definition from 2018 onwards, but no FFO-effect

c. 8,500 units covered in 2018

**BAU-VEREIN
ZU HAMBURG**
Hausverwaltungsgesellschaft mbH

Ein Unternehmen der
TAG Immobilien Gruppe



TAG services business – FFO contribution 2018

Almost EUR 7m of FFO generated from services business in 2018

		Quality improvement		FFO generation					
(in EURm)	FFO rental	Facility management	Craftsmen services	Energy services ¹⁾	Multimedia services ¹⁾	Condominium management	Others ²⁾	FFO services business	Total
Revenues	302.2	8.8	3.2	20.7	8.3	2.0	0.3	43.3	345.4
Rental expenses and cost of materials	-56.0	-1.6	-1.3	-17.9	-4.3	0.0	-0.5	-25.6	-81.6
Net income	246.1	7.2	1.9	2.8	4.0	2.0	-0.2	17.7	263.8
Personnel expenses	-32.0	-7.6	-2.0	-0.5	-0.1	-1.4	0.0	-11.7	-43.7
Other income / expenses	-14.6	1.3	0.0	-0.2	0.0	-0.1	0.0	1.0	-13.7
EBITDA adjusted	199.4	0.8	-0.2	2.1	3.9	0.4	-0.2	6.9	206.4
Net financial result	-54.5	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	-54.6
Cash taxes ³⁾	-4.0	---	---	---	---	---	---	---	-4.0
Cash dividend payments to minorities	-1.3	---	---	---	---	---	---	---	-1.3
FFO I 2018	139.7	0.8	-0.2	2.1	3.8	0.4	-0.2	6.8	146.5
FFO I 2017	123.5	0.4	-0.2	0.9	2.7	0.3	-0.2	3.9	127.4

Total FFO contribution of the service business increased from 3% in 2017 to 5% in 2018 (+ EUR 2.9m)

1) incl. provisions, in annual report FY 2018 included in expenses from property management

2) w/o IFRS 15 effects; for further details see annual report FY 2018

3) Assumption that all cash taxes are attributable to the rental business

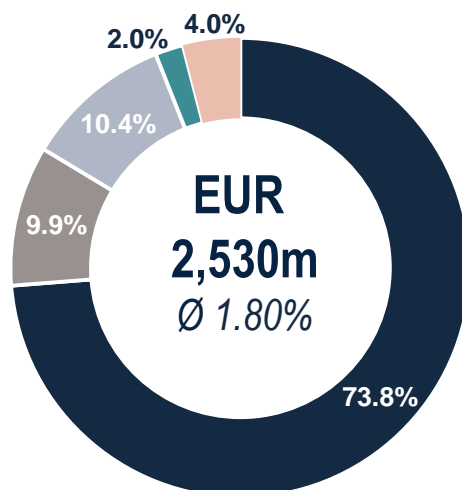
TAG 2019

TAG financing structure

TAG financing structure

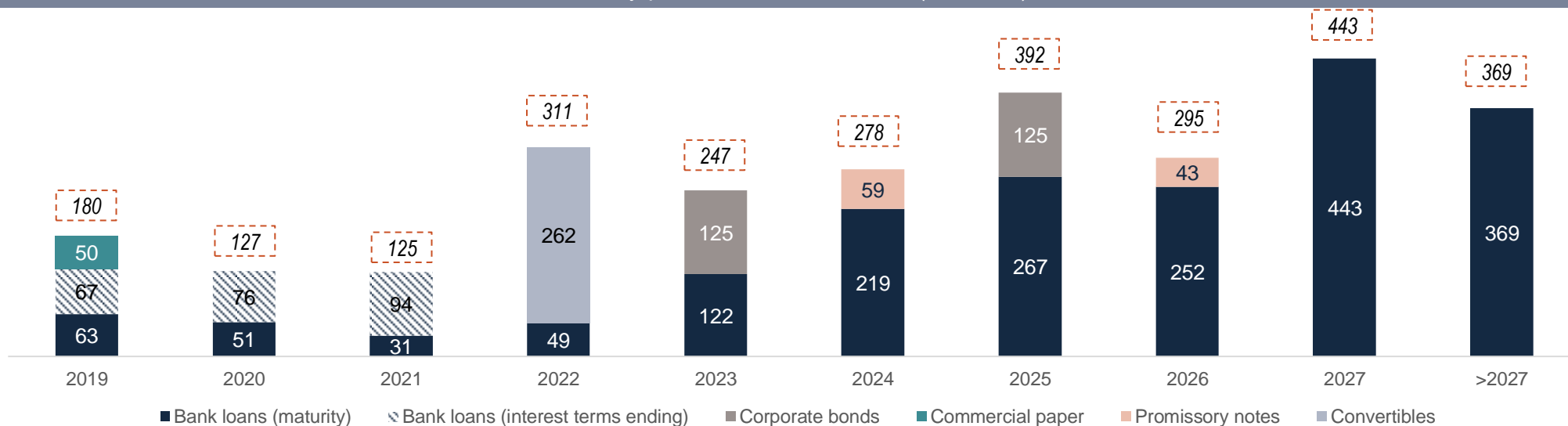
Debt structure as of 30 Jun-2019

Debt volume	Ø interest rate	% fixed rates
EUR 1,866m	2.09%	98%
EUR 250m	1.50%	100%
EUR 262m	0.63%	100%
EUR 50m	0.03%	100%
EUR 102m	1.18%	100%
Σ EUR 2,530m	Ø 1.80%	Ø 98.5%



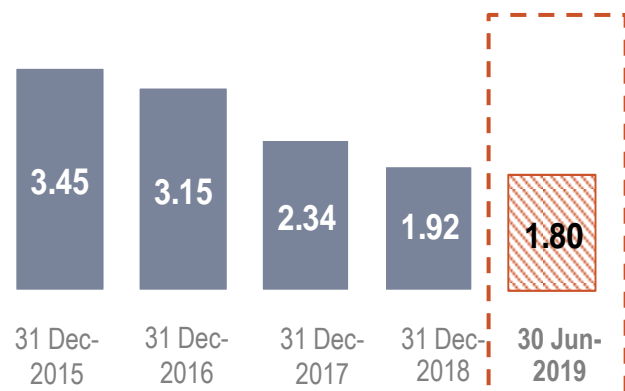
Ø Maturity total financial debt	7.5 years
Ø Maturity bank loans	9.0 years
Ø Interest rate total financial debt	1.80%
Ø Interest rate bank loans	2.09%
LTV target	c. 50%
Rating (Moody's)	Baa3 long term rating (outlook stable) P-3 short term rating
Further refinancing potential 2019-2021	EUR 382m of bank loans maturing or with interest terms ending in 2019-2021 with average coupons of 2.1%-3.6% p.a.

Maturity profile as of 30 Jun-2019 (in EURm)



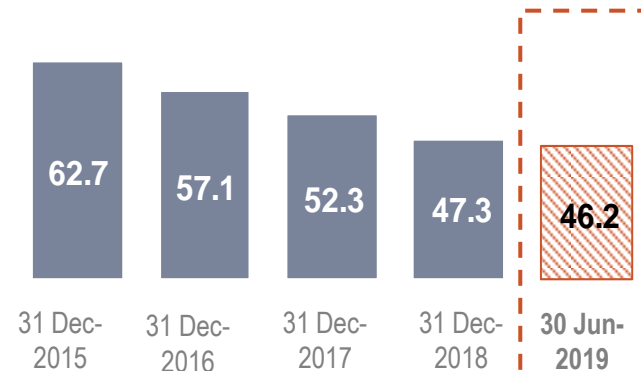
TAG cost of debt and LTV

Cost of debt Ø in %



- Continuous reduction of average cost of debt by more than 150 bps. within a three year period.
- Further upside potential from maturing bank loans of EUR 382m in 2019-2021 (average coupons of 2.1% - 3.6% p.a.).

LTV* in %



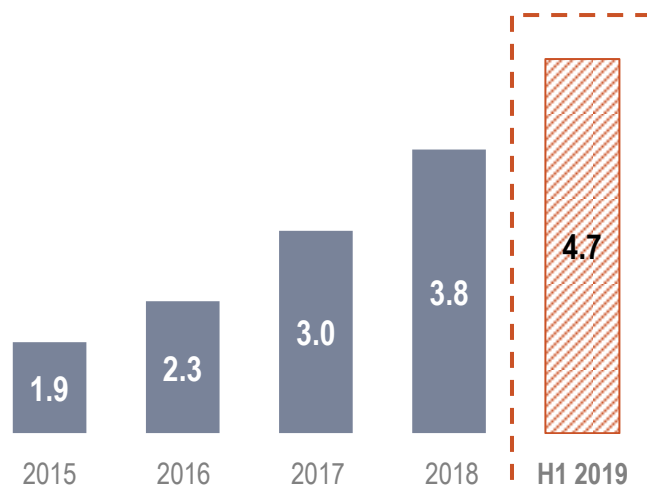
*For further details on LTV calculation see Appendix

- Strong LTV reduction by more than 16 percentage points within a three year period.
- LTV target of c. 50% already achieved.
- Current LTV target ensures efficient use of capital as well as stable and conservative financing structure given TAG's moderate portfolio valuation level.

Continuous reduction of cost of debt and LTV in the past, further improvements expected

TAG strong development of financing metrics

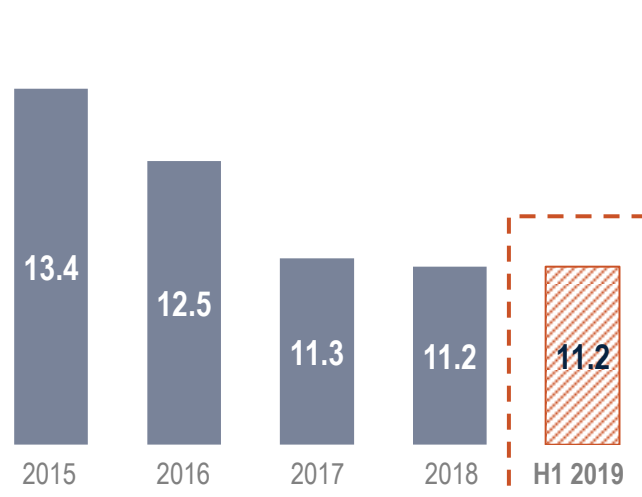
ICR*



*For further details on ICR calculation see Appendix

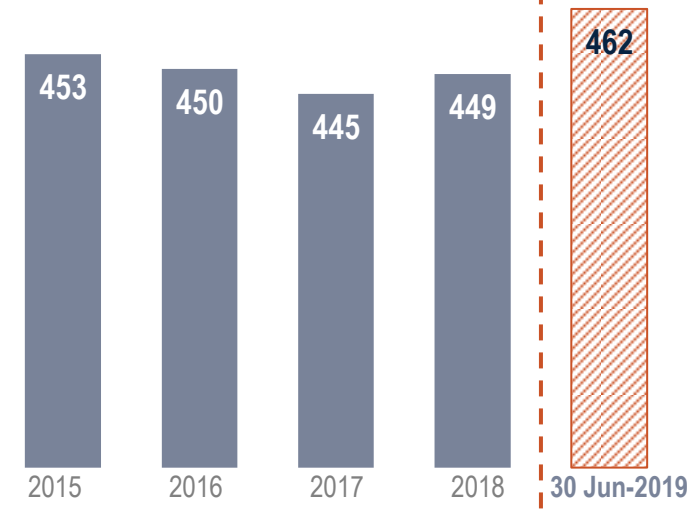
- Strong improvement of ICR (EBITDA adjusted/net financial result cash, after one-offs) mainly driven by interest cost savings due to refinancing activities and repayment of bank loans as well as corporate bonds in 2017 and 2018; full year effect in 2019.
- Further improvement in ICR as a result of positive business development expected.

Net financial debt/ EBITDA adjusted



- Ongoing EBITDA growth leads to further decline in net debt/EBITDA (net financial debt broadly stable).

Net financial debt in EUR/ sqm



- TAG's portfolio growth is solidly financed with stable net financial debt per sqm in the last years.
- Temporary increase at 30 Jun-2019 after dividend payment of EUR 109.8m in May-2019.

Continuous improvement of financing metrics since 2015 with further improvement expected in 2019

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TAG valuation

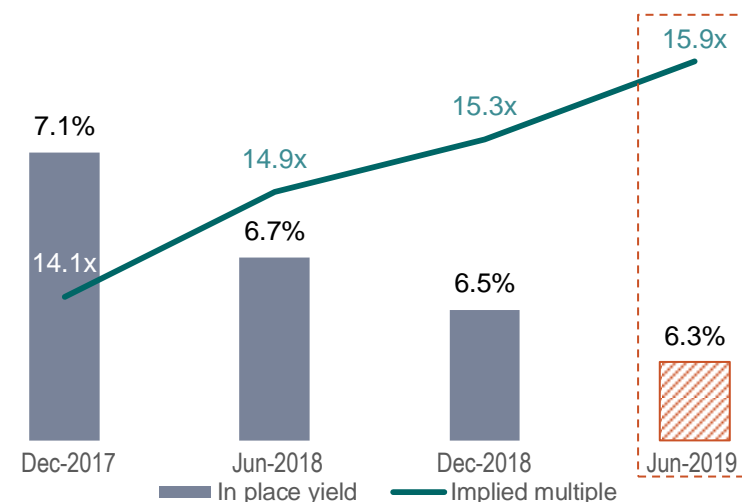
TAG portfolio valuation overview

Valuation remains at conservative levels with c. EUR 990/sqm and 6.3% in-place yield

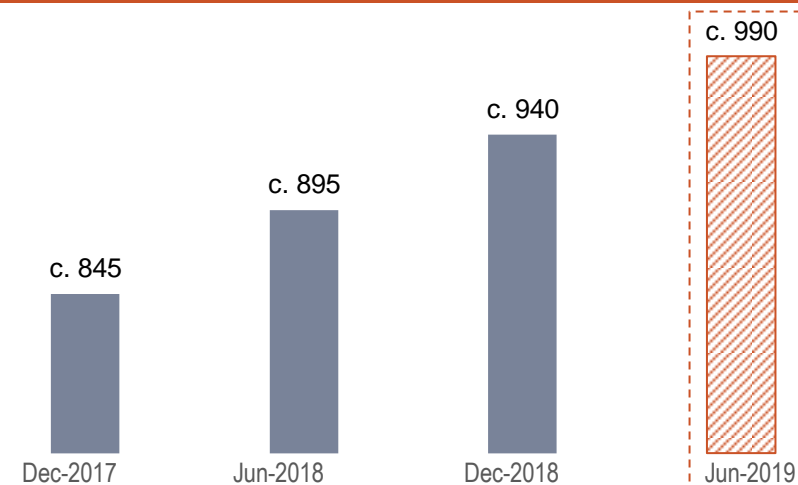
Valuation result

- Semi-annual portfolio revaluation by CBRE as of 30 Jun-2019.
- Portfolio valuation result in **H1 2019** of EUR 211.4m (4.4% semi-annual uplift)
 - EUR 162.5m gain from yield compression (77%)
 - EUR 48.9m gain from operational performance (23%).
- Portfolio valuation result in **H2 2018** of EUR 200.0m (4.5% semi-annual uplift)
 - EUR 117.6m gain from yield compression (59%)
 - EUR 82.4m gain from operational performance (41%).
- Next portfolio valuation at 31 Dec-2019.

Development of in- place yield and multiple



Development of portfolio value (EUR/sqm)

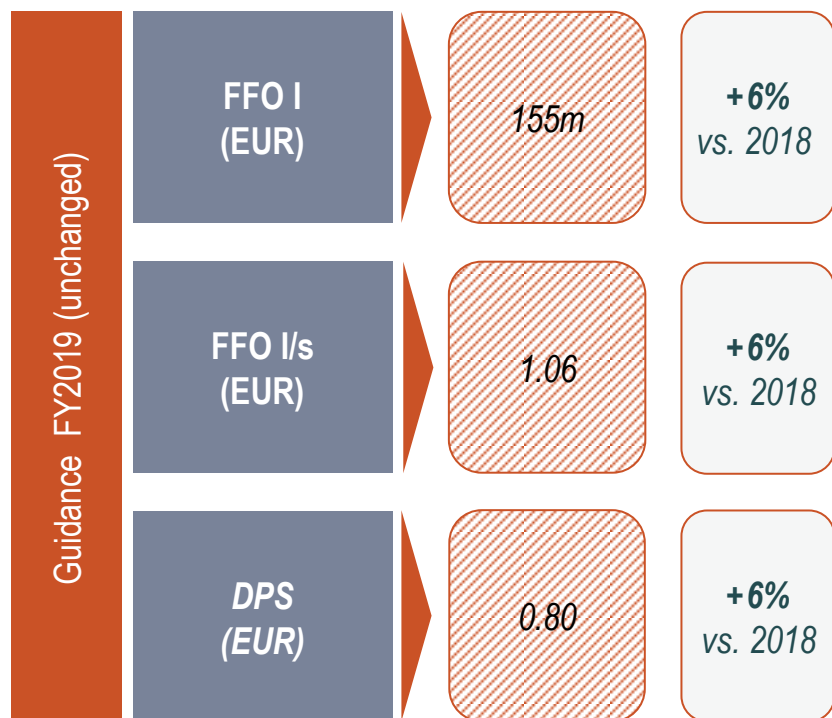


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TAG guidance

TAG guidance FY 2019

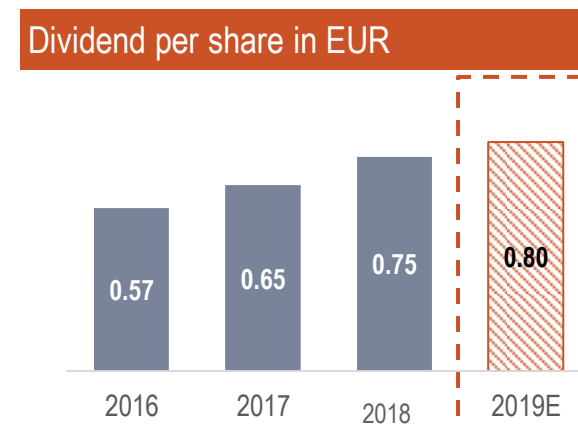
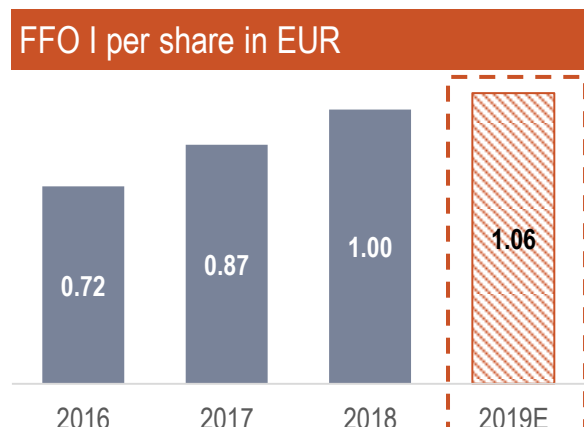
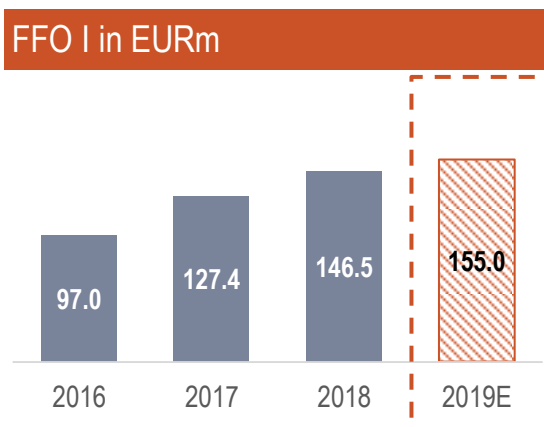
Increase in FFO and dividend / share expected



- Including planned disposals of c. 2,100 units leading to a total FFO reduction in 2019 of c. EUR 3m (closing expected 2019; 719 units already signed in Dec- 2018; includes c. 500 units from ongoing disposals like in prior years).
- EUR 8m increase in FFO y-o-y mainly driven by higher net rental income (c. EUR +5m), higher net income from services (c. EUR +2m) and personnel expenses (c. EUR -4m), reduced financing costs (c. EUR +9m) and higher cash taxes (c. EUR -4m).

- based on 146.3m outstanding shares

- equals 75% of FFO



TAG 2019

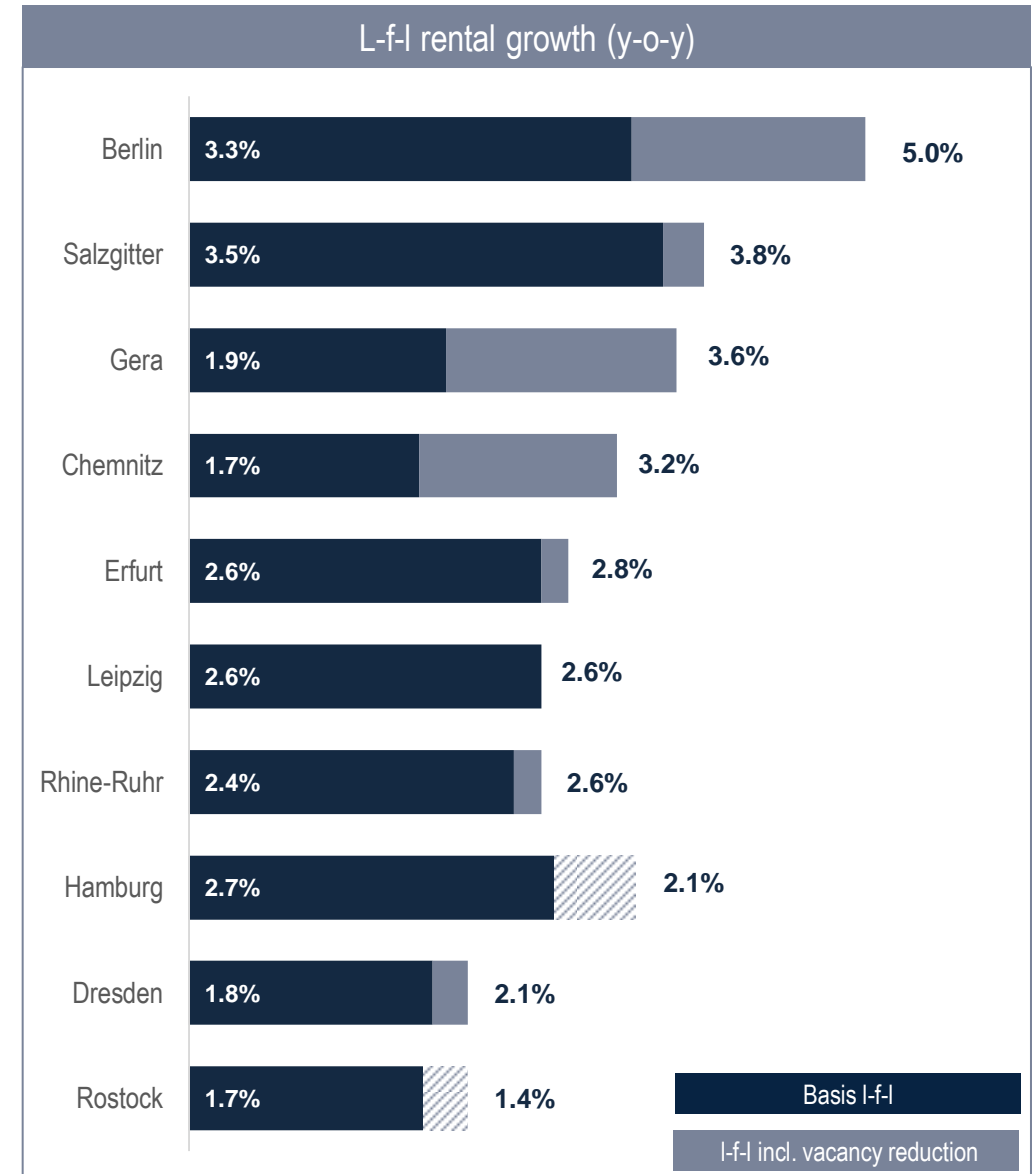
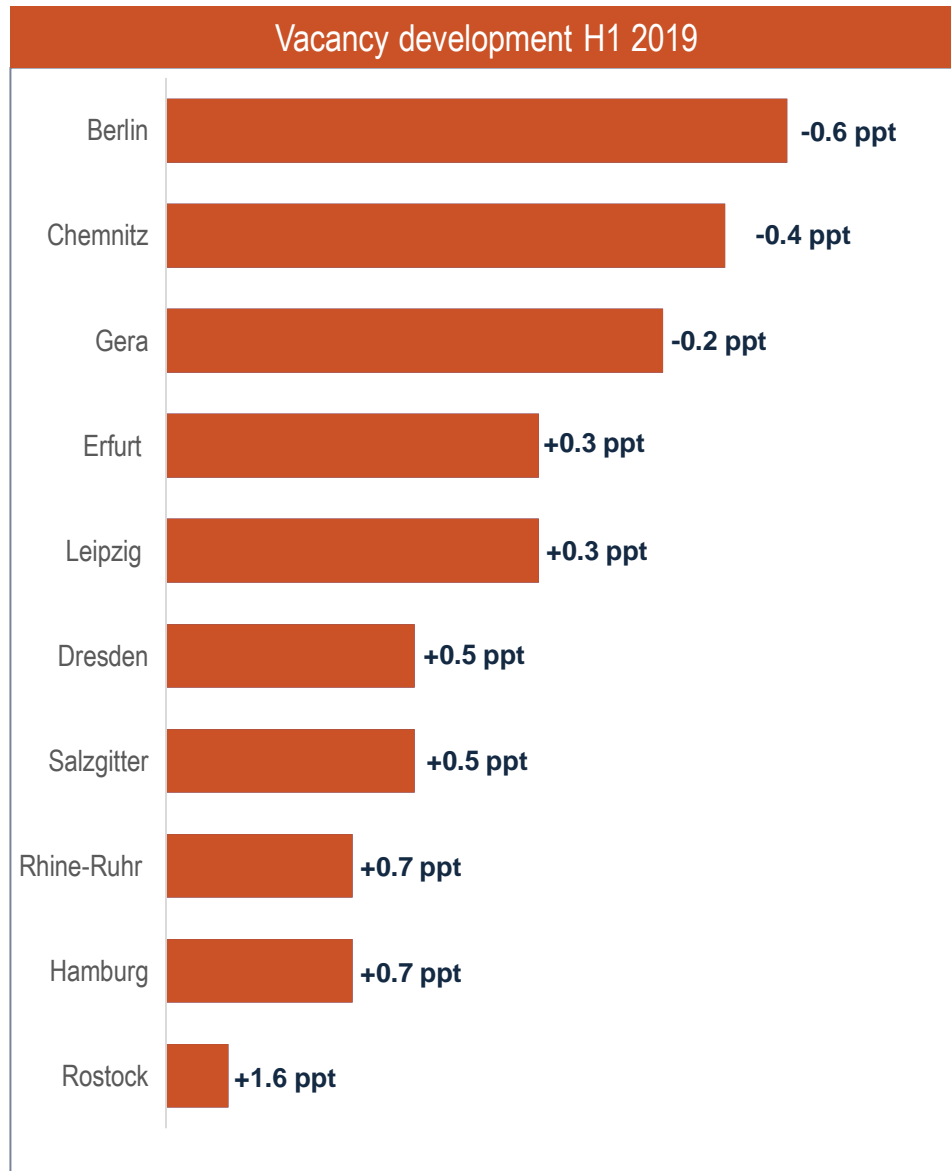
APPENDIX

TAG portfolio details by region

Region	Units #	Rentable area sqm	IFRS BV EURm June-2019	In-place yield	Vacancy June-2019	Vacancy Dec-2018*	Net rent EUR/ sqm	Re-letting rent EUR/ sqm	L-f-I rental growth y-o-y	L-f-I rental growth y-o-y incl. vacancy reduction	Maintenance EUR/sqm	Capex EUR/sqm
Berlin	10,496	602,873	745.9	5.3%	4.0%	4.4%	5.69	6.30	3.3%	5.0%	4.06	5.41
Chemnitz	7,667	447,114	337.3	7.1%	9.2%	9.6%	4.89	5.06	1.7%	3.2%	2.96	20.12
Dresden	6,335	411,409	505.1	5.4%	3.0%	2.5%	5.67	6.04	1.8%	2.1%	1.84	2.85
Erfurt	10,593	595,977	623.3	5.8%	3.3%	2.9%	5.21	5.54	2.6%	2.8%	2.13	5.03
Gera	9,729	566,170	422.8	7.4%	7.9%	8.1%	4.99	5.26	1.9%	3.6%	2.43	5.65
Hamburg	7,073	434,924	513.0	5.5%	4.9%	4.2%	5.73	5.98	2.7%	2.1%	5.19	4.46
Leipzig	10,481	623,854	565.8	6.4%	6.1%	4.1%	5.18	5.56	2.6%	2.6%	3.35	1.98
Rhine-Ruhr	4,187	266,405	305.7	5.6%	2.6%	1.9%	5.46	5.71	2.4%	2.6%	5.20	3.87
Rostock	7,146	426,509	424.9	6.2%	5.1%	3.0%	5.39	5.77	1.7%	1.4%	3.84	4.59
Salzgitter	9,180	563,124	513.2	6.7%	5.0%	4.5%	5.35	5.46	3.5%	3.8%	3.75	7.64
Total residential units	82,887	4,938,359	4,957.0	6.1%	5.2%	4.7%	5.34	5.64	2.5%	3.0%	3.37	6.09
Acquisitions	---	---	---	---	---	12.9%	---	---	---	---	---	---
Commercial units within resi. portfolio	1,209	154,756	---	---	17.4%	16.8%	7.94	---	---	---	---	---
Total residential portfolio	84,096	5,093,115	4,957.0	6.3%	5.6%	5.3%	5.41	---	---	---	---	---
Other	168	33,197	101.5	4.8%	4.4%	5.1%	12.88	---	---	---	---	---
Grand total	84,264	5,126,312	5,058.5	6.3%	5.6%	5.3%	5.47	---	---	---	---	---

* excl. acquisitions 2018

TAG vacancy reduction and rental growth by region



TAG portfolio valuation details

Region (in EURm)	Jun-2019 Fair value (IFRS)	Jun-2019 Fair value (EUR/sqm)	Jun-2019 Implied multiple	Jun-2019 Valuation result	Share of operational performance/ other market developments	Share of yield compression	Dec-2018 Fair value (IFRS)	Dec-2018 Fair value (EUR/sqm)	Dec-2018 Implied multiple
Berlin	745.9	1,175.6	17.9x	48.5	15.5	33.0	668.7	1,120.2	17.3x
Chemnitz	337.3	726.8	13.8x	6.0	1.9	4.1	318.9	696.2	13.2x
Dresden	505.1	1,192.0	18.0x	24.7	4.2	20.4	479.4	1,130.6	17.1x
Erfurt	623.3	1,006.6	16.3x	29.1	8.0	21.1	589.8	958.5	15.8x
Gera	422.8	711.7	13.1x	4.4	3.0	1.4	412.1	693.5	12.9x
Hamburg	513.0	1,154.3	17.3x	24.8	2.9	21.9	486.2	1,094.0	16.5x
Leipzig	565.8	888.5	15.1x	27.2	4.3	22.9	534.0	861.6	14.4x
Rhine-Ruhr	305.7	1,102.0	16.9x	14.4	4.1	10.2	290.3	1,046.5	16.3x
Rostock	424.9	975.6	15.7x	19.8	0.3	19.5	325.6	955.5	15.0x
Salzgitter	513.2	909.0	14.7x	10.9	4.8	6.1	498.0	882.0	14.4x
Total residential units	4,957.0	973.0	15.9x	209.7	49.2	160.5	4,603.1	932.6	15.3x
Acquisitions	---	---	---	---	---	---	115.4	704.0	13.3x
Total residential portfolio	4,957.0	973.0	15.9x	209.7	49.2	160.5	4,718.5	925.3	15.2x
Other	101.5	3,169.5	20.7x	1.7	-0.3	2.0	97.0	2,915.6	21.0x
Grand total*	5,058.5	986.8	15.9x	211.4	48.9	162.5	4,815.5	938.2	15.3x

* Real estate inventory and real estate within property, plant and equipment valued at historical/amortized cost under IFRS.

TAG income statement

(in EURm)		Q2 2019	Q1 2019	H1 2019	H1 2018	FY 2018	
Net rent*	1	78.7	78.6	157.3	150.7	302.2	1 Increase in net rent of EUR 6.6m in H1 2019 y-o-y driven by net effect from portfolio transactions and I-f-I rental growth (incl. vacancy reduction) of 3.0%.
Expenses from property management*		-14.3	-15.0	-29.3	-28.0	-56.0	2 Net rental income increased by EUR 0.9m q-o-q as a result of slightly higher net rent and lower expenses from property management (mainly maintenance cost EUR 0.2m and other expenses from property management EUR 0.5m).
Net rental income	2	64.4	63.5	128.0	122.7	246.1	
Net income from services		5.0	4.9	9.8	8.2	17.7	3 Other operating income increased q-o-q by EUR 0.5m; one-off effect in Q2 2019 (derecognition of liabilities from prior years of EUR 0.4m) as main factor.
Net income from sales		0.2	0.0	0.2	0.1	-0.1	
Other operating income	3	1.1	0.6	1.8	2.0	9.6	
Valuation result	4	211.4	0.0	211.4	230.0	430.0	4 Valuation gain of EUR 211.4m in Q2 2019 reflects the ongoing positive development of TAG's portfolio; semi-annual valuation uplift of 4.4%.
Personnel expenses	5	-12.4	-11.9	-24.3	-21.6	-43.7	5 Personnel expenses increased by EUR 0.5m q-o-q (+EUR 2.7m y-o-y) due to the ongoing growth of TAG's internal caretakers and craftsmen services (counter-effect in expenses from property management).
Depreciation		-1.6	-1.5	-3.1	-2.0	-4.3	
Other operating expenses	6	-4.2	-4.0	-8.3	-8.4	-17.1	6 Other operating expenses decreased by EUR 0.2m q-o-q mainly driven by slightly higher legal and consulting costs.
EBIT		264.0	51.5	315.5	331.1	638.2	
Net financial result	7	-19.6	-12.3	-31.9	-61.7	-96.0	7 Net financial result reduced by EUR 7.3m q-o-q, mainly as a result of valuation effect from financial derivatives in Q2 2019; net financial result (cash, after one-offs) improved by EUR 0.4m q-o-q.
EBT		244.5	39.2	283.6	269.4	542.2	
Income tax	8	-44.0	-5.9	-49.9	-51.1	-54.0	8 Income tax mainly contains deferred taxes; cash tax expenses in Q2 2019 at EUR 1.2m (EUR 1.3m in Q1 2019).
Net income		200.4	33.3	233.7	218.3	488.2	

*w/o IFRS 15 effects; for further details see interim report Q2 2019

TAG EBITDA, FFO and AFFO calculation

(in EURm)	Q2 2019	Q1 2019	H1 2019	H1 2018	FY 2018
Net income	200.4	33.3	233.7	218.3	488.2
+ Income tax	44.0	5.9	49.9	51.1	54.0
+ Net financial result	19.6	12.3	31.9	61.7	96.0
EBIT	264.0	51.5	315.5	331.1	638.2
+ Adjustments					
Net income from sales	-0.2	0.0	-0.2	-0.1	0.1
Valuation result	-211.4	0.0	-211.4	-230.0	-430.0
Depreciation	1.6	1.5	3.1	2.0	4.3
One-offs (reversal of provision for real estate transfer tax risks)	0.0	0.0	0.0	0.0	-6.2
Reversal of effects from first time application of IFRS 16 "leases"	1 -0.4	-0.4	-0.8	0.0	0.0
EBITDA (adjusted)	2 -53.5	52.7	106.2	103.0	206.4
<i>EBITDA (adjusted) margin</i>	68.0%	67.0%	67.5%	68.3%	68.3%
- Net financial result (cash, after one-offs)	-11.1	-11.5	-22.7	-29.4	-54.6
- Cash taxes	-1.2	-1.3	-2.6	-2.0	-4.0
- Cash dividend payments to minorities	-0.3	-0.3	-0.6	-0.4	-1.3
FFO I	3 -40.8	39.5	80.3	71.2	146.5
- Capitalised maintenance	-3.4	-1.7	-5.1	-4.6	-15.7
AFFO before modernisation capex	37.4	37.8	75.2	66.6	130.9
- Modernisation capex	-11.4	-13.5	-24.9	-23.0	-42.5
AFFO	4 -26.0	24.3	50.2	43.6	88.4
Net income from sales	0.2	0.0	0.2	0.1	-0.1
FFO II	41.1	39.5	80.6	71.3	146.4
(FFO I + net income from sales)					
<i>Weighted average number of shares outstanding (in '000)</i>	146,335	146,322	146,328	146,360	146,341
FFO I per share (EUR)	0.28	0.27	0.55	0.49	1.00
AFFO per share (EUR)	0.18	0.17	0.34	0.30	0.60
<i>Weighted average number of shares, fully diluted (in '000)</i>	161,157*	161,023*	161,090*	160,984*	161,016*
<i>FFO I per share (EUR), fully diluted</i>	0.26	0.25	0.50	0.45	0.92
<i>AFFO per share (EUR), fully diluted</i>	0.16	0.15	0.32	0.28	0.56

1 For reasons of continuity and comparability to prior periods effects from first time application of IFRS 16 "leases" (shift from expenses from services and other operating expenses to depreciation and interest expenses) are eliminated in FFO calculation. For further details see Interim Report Q2 2019.

2 Improved EBITDA of +EUR 3.2m in H1 2019 mainly as a net effect of higher net rental income (+EUR 5.3m), higher net income from services (+EUR 1.6m) and higher personnel expenses (-EUR 2.7m).

3 FFO I increased by EUR 1.3m q-o-q driven by higher EBITDA (+EUR 0.8m), improved net financial result (cash, after one-offs; +EUR 0.4m) and lower cash taxes (+EUR 0.1m).
Increased net financial result (cash, after one-offs +EUR 6.7m) and higher EBITDA (+EUR 3.2m) lead to strong FFO I growth y-o-y of EUR 9.1m (+13%).

4 AFFO increased by EUR 1.7m q-o-q due to higher FFO I of EUR 1.3m and lower capex of EUR 0.4m.

*incl. potential shares from convertible bond 2017/2022 (trading „in the money“ at reporting date) and management compensation

TAG balance sheet

(in EURm)	30 Jun-2019	31 Dec-2018
Non-current assets	5,027.7	4,772.1
Investment property	1 4,931.1	4,666.7
Deferred tax assets	50.0	70.0
Other non-current assets	46.6	35.5
Current assets	234.9	174.2
Real estate inventory	54.6	52.3
Cash and cash equivalents	146.3	91.7
Other current assets	34.0	30.2
Non-current assets held-for-sale	63.3	87.0
TOTAL ASSETS	5,325.9	5,033.3
Equity	2,172.1	2,048.3
Equity (without minorities)	2 2,124.2	2,006.5
Minority interest	47.9	41.8
Non-current liabilities	2,879.2	2,727.8
Financial debt	3 2,343.2	2,236.0
Deferred tax liabilities	460.8	433.5
Other non-current liabilities	75.2	58.4
Current liabilities	273.8	257.2
Financial debt	173.7	162.8
Other current liabilities	100.1	94.4
Non current liabilities held for sale	0.8	0.0
TOTAL EQUITY AND LIABILITIES	5,325.9	5,033.3
LTV*	4 46.2%	47.3%

1 Book value of investment property increased by EUR 264.4m due to portfolio valuation (+EUR 211.4m), capex (+EUR 30.0m) and reallocation from non-current assets held for sale to investment properties (+EUR 23.0m).

2 Increase of equity (+EUR 117.7m w/o minorities) mainly driven by valuation result (+EUR 211.4m) and dividend payment (-EUR 109.8m).

3 New promissory notes (Schuldscheindarlehen) issued in Jun-2019; EUR 102.0m total volume, average maturity of 5.8 years, average coupon (fix) of 1.18% p.a..

4 Change in LTV (-110 bps) driven by

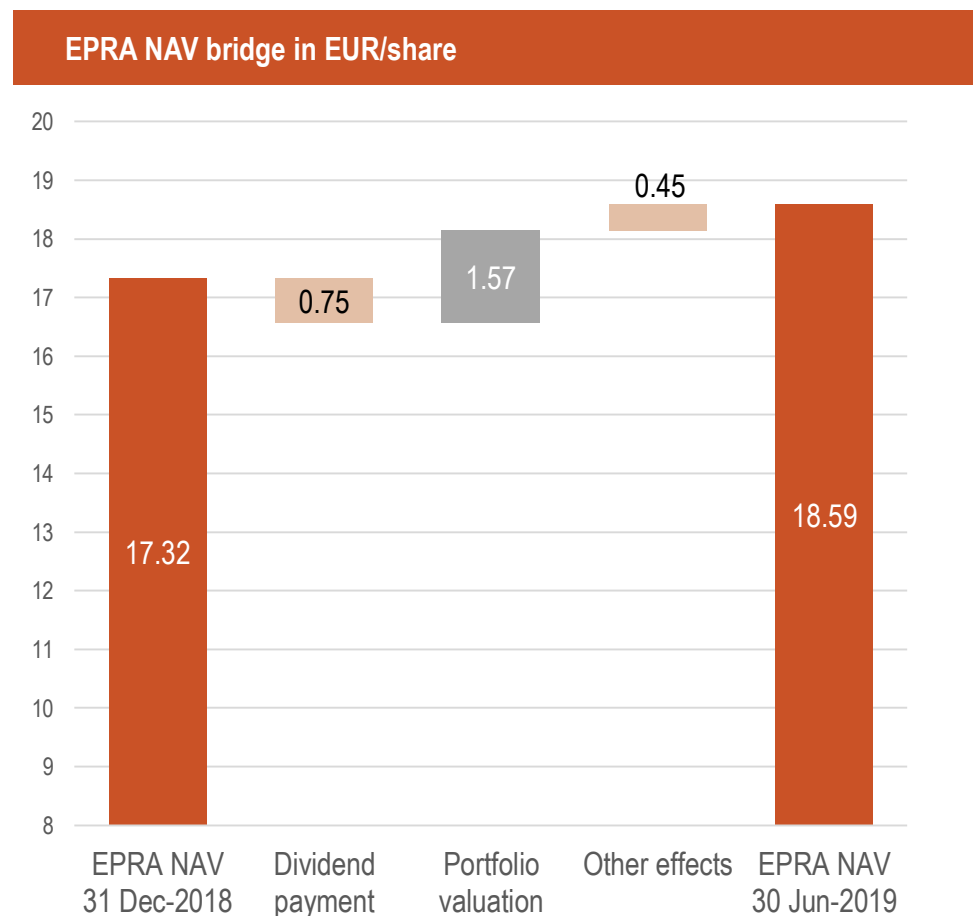
- portfolio valuation: c.-210 bps
- dividend payment: c. +230bps
- others (mainly disposals, mandatory amortization and ongoing results): c. -130 bps

*For further details on LTV calculation see Appendix

TAG EPRA NAV calculation

NAV growth of 12% (excluding dividend payment) in H1 2019

(in EURm)	30 Jun-2019	31 Dec-2018
Equity (without minorities)	2,124.2	2,006.5
+ Deferred taxes on investment properties and financial derivatives	468.7	425.2
+ Fair value of financial derivatives	49.7	42.0
+ Difference between fair value and book value for properties valued at cost	78.1	60.0
= EPRA NAV	2,720.7	2,533.6
Number of shares outstanding (in '000)	146,337	146,322
EPRA NAV per share (EUR)	18.59	17.32
Number of shares, fully diluted (in '000)	161,174*	161,023*
EPRA NAV per share (EUR), fully diluted	18.48	17.33



APPENDIX

*incl. potential shares from convertible bond 2017/2022 (trading in the money at reporting date) and management compensation

TAG EPRA Earnings

(in EURm)	Q2 2019	Q1 2019	H1 2019	H1 2018	FY 2018
Net income	200.4	33.3	233.7	218.3	488.2
Valuation result	-211.5	0.0	-211.4	-230.0	-430.0
Deferred income taxes on valuation result	41.4	4.6	46.0	52.3	72.7
Net income from sales	-0.2	0.0	-0.2	-0.1	0.1
Fair value valuation of derivative financial instruments	7.7	0.0	7.7	21.6	31.0
Deferred income taxes on valuation of derivative financial instruments	-2.5	0.0	-2.5	-6.8	-9.8
Breakage fees bank loans and early repayment of bonds	0.0	0.1	0.1	9.5	9.8
Cash dividend payments to minorities	-0.3	-0.2	-0.5	-0.4	-1.3
EPRA Earnings	35.0	37.9	72.9	64.4	160.8
Deferred income taxes (other than on valuation result)	4.0	-0.2	3.8	3.6	-12.9
Other non cash financial result	0.8	0.8	1.4	1.1	0.6
One offs (provision for real estate transfer tax risks)	0.0	0.0	0.0	0.0	-6.2
Reversal of effects from first time application of IFRS 16 "leases"	-0.4	-0.4	-0.8	0.0	0.0
Depreciation	1.6	1.5	3.1	2.0	4.3
Adjusted EPRA Earnings (FFO I)	40.8	39.5	80.3	71.2	146.5
Weighted average number of shares outstanding (in '000)	146,335	146,322	146,328	146,360	146,341
EPRA Earnings per share (in EUR)	0.26	0.26	0.51	0.49	1.10
Adjusted EPRA Earnings (FFO I) per share (in EUR)	0.28	0.27	0.55	0.49	1.00
<i>Weighted average number of shares, fully diluted (in '000)</i>	<i>161,157*</i>	<i>161,023*</i>	<i>161,090*</i>	<i>160,984*</i>	<i>161,016*</i>
<i>EPRA Earnings per share (in EUR), fully diluted</i>	<i>0.23</i>	<i>0.24</i>	<i>0.24</i>	<i>0.45</i>	<i>1.00</i>
<i>Adjusted EPRA Earnings (FFO I) per share (in EUR), fully diluted</i>	<i>0.25</i>	<i>0.25</i>	<i>0.25</i>	<i>0.45</i>	<i>0.92</i>

*incl. potential shares from convertible bond 2017/2022 (trading „in the money“ at reporting date) and management compensation

TAG Development of interest coverage ratio (ICR)

(in EURm)	Q2 2019	Q1 2019	H1 2019	H1 2018	FY 2018
+ Interest income			0.2	0.6	1.2
- Interest expenses			-32.5	-62.7	-99.0
+ Net income from investments			0.4	0.4	1.8
= Net financial result	-19.6	-12.3	-31.9	-61.7	-96.0
+ Financial result from convertible/corporate bonds			0.7	0.9	1.7
+ Breakage fees bank loans and early repayment of bonds			0.1	9.5	9.8
+ Other non-cash financial result (e.g. from derivatives)			8.4	21.9	30.0
= Net financial result (cash, after one-offs)	-11.1	-11.5	-22.7	-29.4	-54.6
ICR (EBITDA adjusted/net financial result cash, after one-offs)	4.7x				3.8x

TAG LTV calculation

(in EURm)	30 Jun-2019	31 Dec-2018
Non-current and current liabilities to banks	1,858.4	1,855.5
Non-current and current liabilities from corporate bonds	400.4	285.8
Non-current and current liabilities from convertible bonds	258.2	257.5
Cash and cash equivalents	-146.3	-91.7
Net financial debt	2,370.7	2,307.1
Book value of investment properties	4,931.1	4,666.7
Book value of property reported under property, plant and equipment (valued at cost)	9.4	9.5
Book value of property held as inventory (valued at cost)	54.6	52.3
Book value of property reported under non-current assets held-for-sale	63.3	87.0
Real estate volume	5,058.5	4,815.5
Book value of property for which purchase prices have already been paid (or received) in advance	-1.4	-0.2
Difference between fair value and book value for properties valued at cost	78.1	60.0
Relevant real estate volume for LTV calculation	5,135.2	4,875.3
LTV	46.2%	47.3%

TAG return on capex methodology

Modernisation is key element of TAG's strategy

- Capex measures can be broken down into
 - Modernisation of vacant flats (longer term vacancy)
 - Modernization of flats during re-letting (tenant turnover)
 - Large modernisation measures (comprehensive building-related measures)

- Using modernisation as a means to upgrade the rental profile and constitution of its portfolio is a valid part of TAG's strategy

- It is in TAG's very own interest to track the success of these measures, which TAG wants also disclose to its shareholders

- In most cases large modernisation measures are financed via bank loans and equity, all other modernisation measures are equity-financed

1 $\frac{\text{Incremental revenues}}{\text{Total investment}} = \text{Return on investment}$

2 $\frac{\text{Incremental revenues} - \text{financing costs}}{\text{Equity invested}} = \text{Return on equity invested}$

	Modernisation during re-letting	Modernisation of vacant flats	Large modernisation measures
Incremental revenues from modernisation surcharge	(✓)*	x	(✓)*
+ Incremental revenues from new lettings	✓	✓	✓
+ Saved maintenance costs	x	x	(✓)*
+ Saved ancillary costs from vacancy reduction	x	✓	(✓)*
= Incremental revenues			

* Subject to scope of measures

TAG maintenance and capex

in EUR millions		2018					2019	
Total portfolio	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	
Maintenance	8.6	7.4	8.3	10.0	34.3	8.4	8.3	
Capex	13.0	14.6	14.8	15.7	58.1*	15.2	14.9*	
Total	21.6	22.0	23.1	25.7	92.4	23.6	23.2	

in EUR/sqm		2018					2019	
Residential units	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	
Maintenance	1.77	1.52	1.74	2.08	7.11	1.69	1.68	
Capex	2.67	3.05	3.12	3.29	12.13	3.07	3.02	
Total	4.44	4.57	4.86	5.37	19.24	4.76	4.70	

*excl. capex for project developments of EUR 2.9m in H1 2019 / EUR 11.4m in 2018 (mainly conversion of former office building into apartment house in Munich)



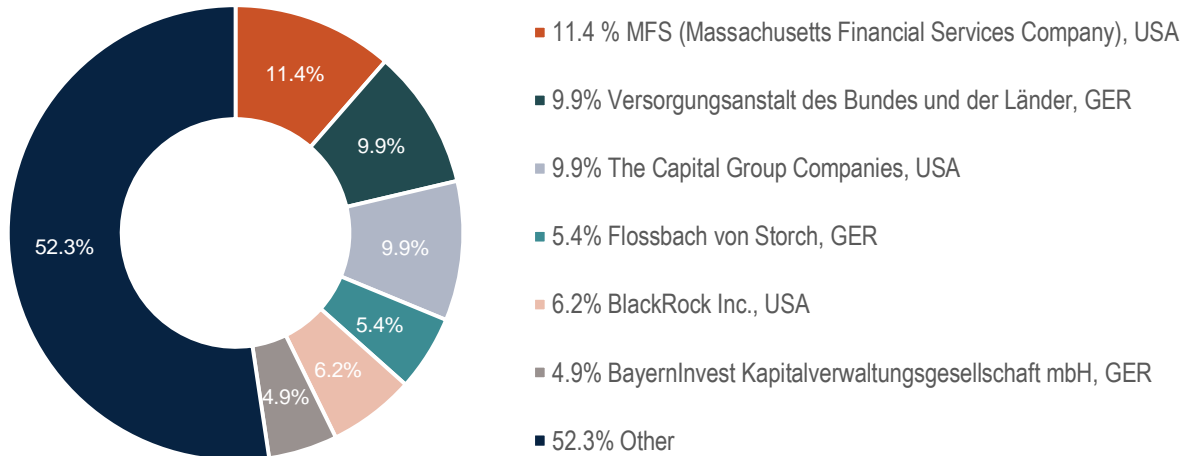
Chemnitz



TAG share data

Highly liquid share with institutional shareholder structure and significant outperformance vs. major stock indices

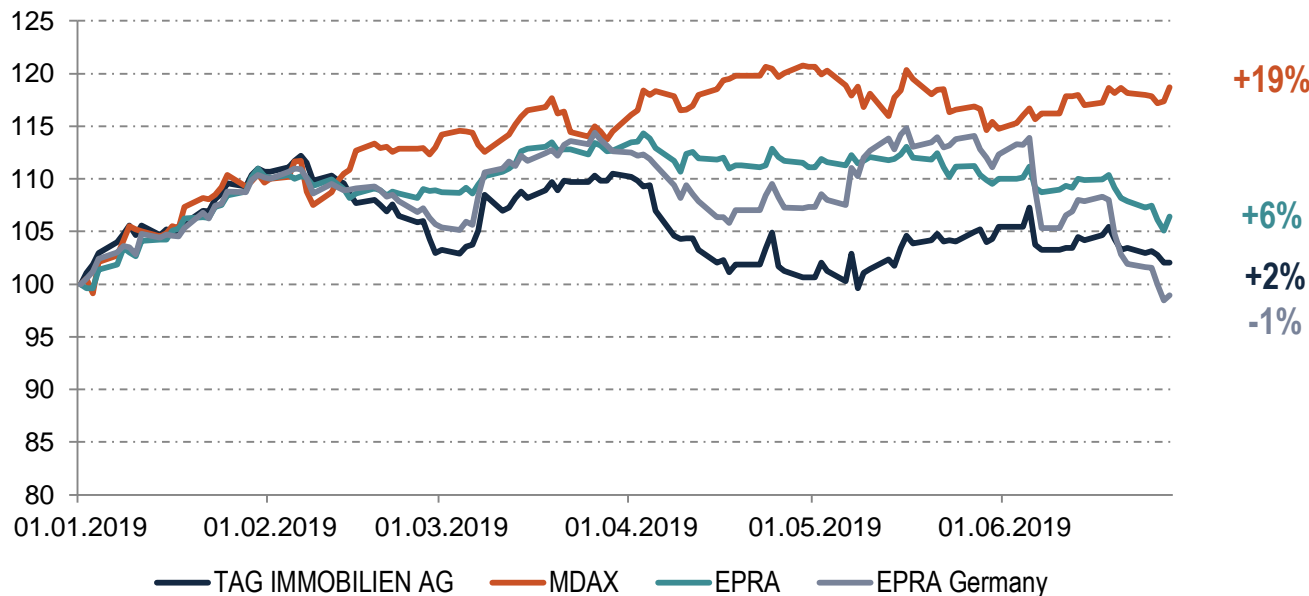
Shareholder structure as of 30 Jun-2019



Share information as of 30 Jun-2019

Market cap	EUR 3.0bn
NOSH issued	146.5m
NOSH outstanding	146.3m
Treasury shares	0.2m
Free float (Deutsche Börse definition)	99.9%
ISIN	DE0008303504
Ticker symbol	TEG
Index	MDAX/ EPRA
Main listing/ market segment	Frankfurt Stock Exchange/ Prime Standard

Share price development vs. MDAX and EPRA Europe Index



H1 2019 share performance:	+6%
H1 2019 Ø volume XETRA/day:	c. 494,300shares

TAG management board



Claudia Hoyer
COO

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center
-
- Age 46
 - Joined TAG as COO in July 2012
 - Business degree, member of the board of DKB Immobilien AG from 2010 to 2012, more than 15 years of experience in residential real estate and property management



Martin Thiel
CFO

- Key responsibilities: Controlling, Accounting, Financing, Taxes, Corporate Finance and Investor Relations
-
- Age 46
 - Joined TAG as CFO in April 2014
 - Business degree, CPA over 15 years of experience as Auditor and Tax consultant with real estate clients



Dr. Harboe Vaagt
CLO

- Key responsibilities: Legal, Human Resources and Transactions
-
- Age 63
 - With TAG for more than 15 years, member of the management board since April 2011
 - Law degree, over 25 years of experience in real estate legal affairs

TAG management board compensation

F I X E D

EUR 420,000 p.a.

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STIP (Short Term Incentive Plan)

- Compensation in **Cash**
- Based on changes in **financial performance on a per share basis** (improvement in comparison to previous year)
 - EPRA NAV/s (adjusted for dividend payments)
 - FFO/s
 - EBT/s (excluding valuation result for properties and derivative financial instruments)
- Target bonus / cap: **EUR 125,000** p.a.

LTIP (Long Term Incentive Plan)

- Compensation in **TAG shares** (treasury shares)
- Based on **total shareholder return** (TSR), i.e. share price development plus dividend payments, over a three year period
- Target bonus: TSR of 30% within three year period leads to bonus of **EUR 150,000** p.a.
 - actual TSR >/< Target TSR of 30%: linear calculation (e.g. TSR of 20%: $20/30 \times \text{EUR } 150,000 = \text{EUR } 100,000$ p.a.)
 - actual TSR negative: no bonus
- Consideration of relative TSR performance in comparison to peer group (listed German residential companies):
 - actual TSR > 2% TSR peer group: +25%
 - actual TSR < 2% TSR peer group: -25%
- Cap: **EUR 300,000** p.a.

APPENDIX

TAG contacts

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