TAG
Immobilien AG

Company presentation

March 2020 / FY 2019

Content

TAG 2020

TAG overview and strategy

TAG key investment highlights

Company with c. 85,000 residential units in Northern and Eastern Germany and additional growth potential in Poland

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

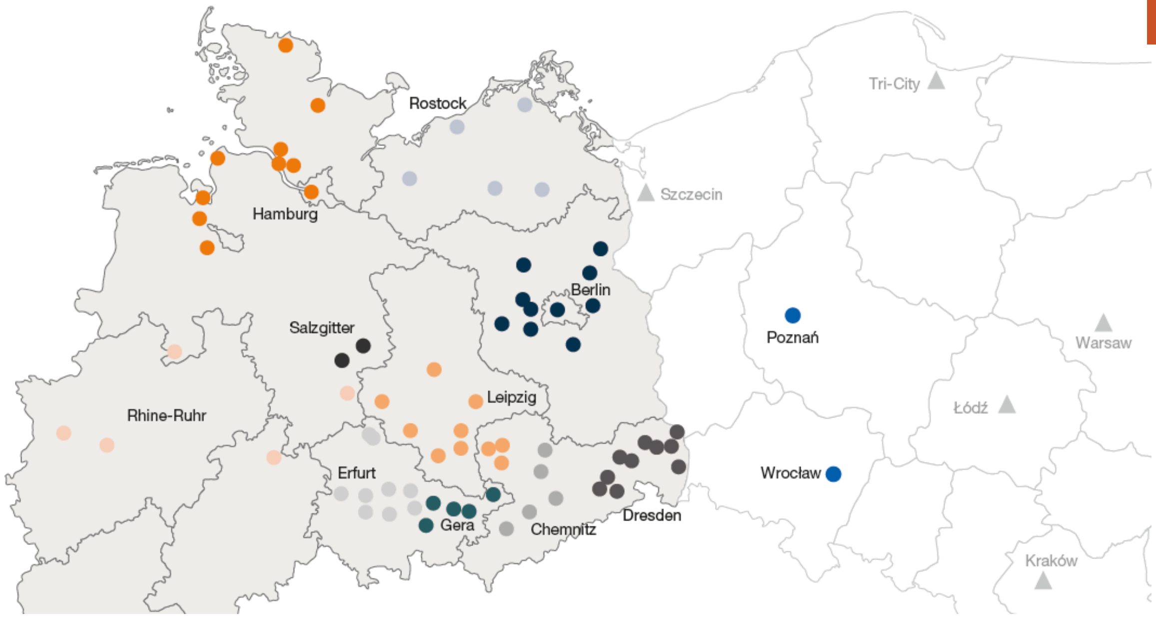
- **Selective monetization of mature assets** after refurbishment to crystalize value - **re-investment of proceeds** into assets with **upside potential**
- **Disciplined** approach towards **employment of capital**

5 Additional growth opportunities in Poland

- Capitalising on **emerging Polish residential-for-rent market**
- Absolute size of Polish market coupled with **rising service sector** and **favorable demographic development** is paving way for institutional rental market

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 (31 Dec-2019)	
GAV	EUR 5,094.4m
FFO I (2019)	EUR 160.6m
Marketcap	EUR 3.2bn
Share price	EUR 22.16
EPRA NAV per share	EUR 20.45
LTV	44.8%

Key portfolio metrics (31 Dec-2019)	
Number of units	84,510
Annualised net rent EURm p.a. (total portfolio)	319.9
Net rent EUR/sqm/month (residential units)	5.39
Net rent EUR/sqm/month (total portfolio)	5.51
Vacancy rate (residential units)	4.5%
Vacancy rate (total portfolio)	4.9%
L-f-l rental growth (y-o-y)	1.9%
L-f-l rental growth (incl. vacancy reduction, y-o-y)	2.4%

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TAG portfolio

TAG decentralized portfolio management structure

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

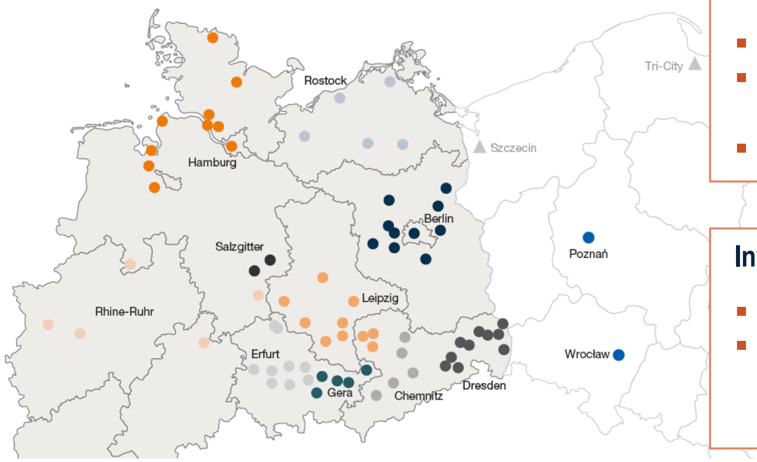
Centralized functions

Strategic Portfolio Management / Marketing	Acquisitions / Sales	FM Services	Central Procurement	Shared Service Center

- 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 Investments
- Modernisation for re-letting
- Ongoing maintenance measures

4 Receivables management
- Minimise outstanding receivables
- Payment reminder and legal action

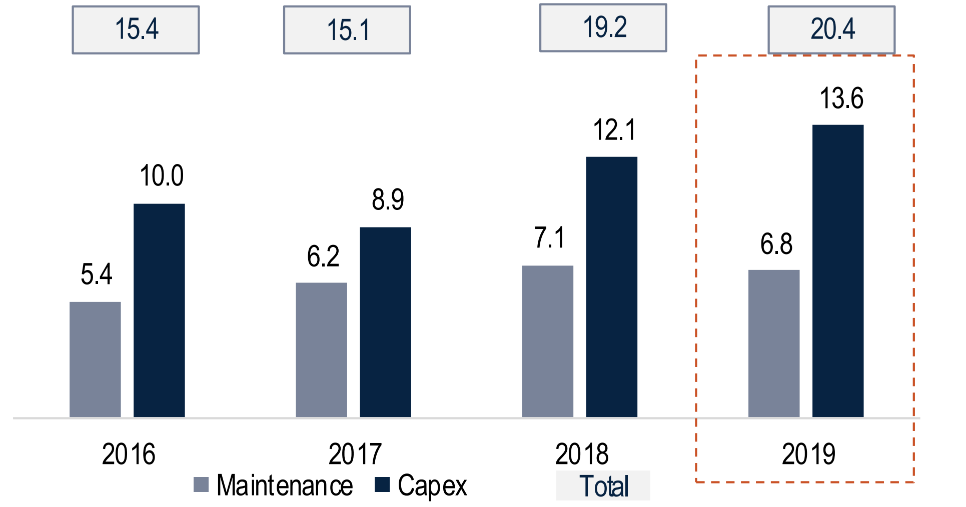
TAG rental growth and capex allocation

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

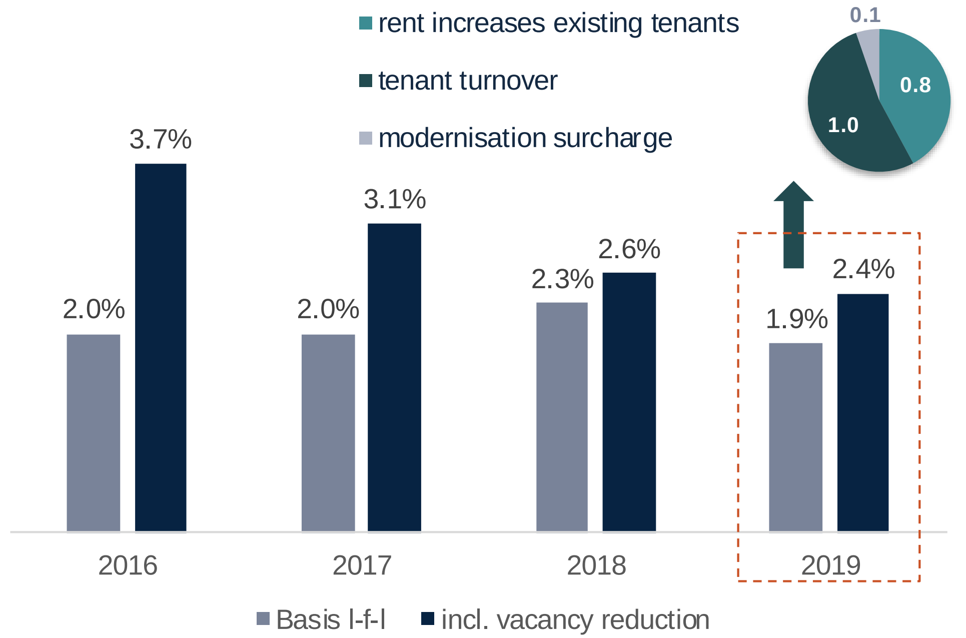
Rental growth achieved with moderate investments

- TAG creates **attractive rental growth from**
  - regular rent increases and tenant turnover ("basis l-f-l rental growth")
  - vacancy reduction (leading to "total l-f-l 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 **l-f-l 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.

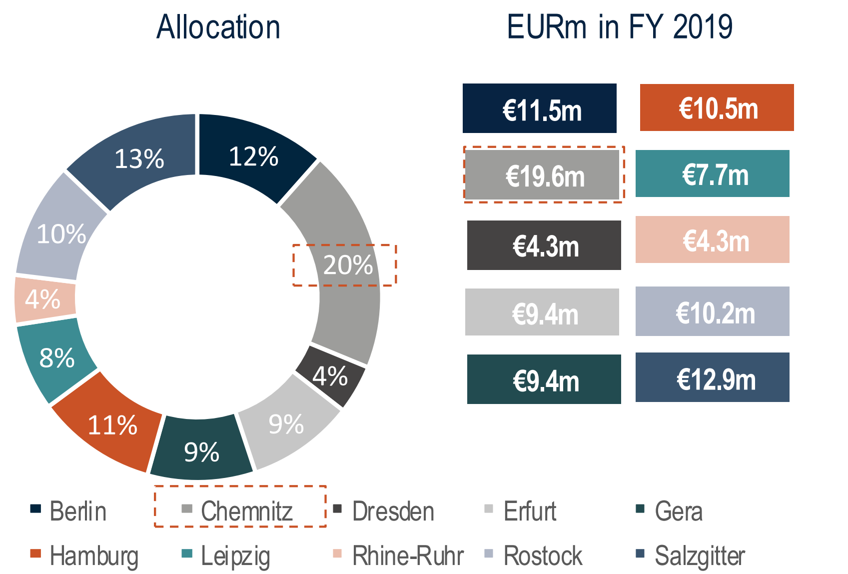
Maintenance & capex development (in EUR/sqm/year)



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

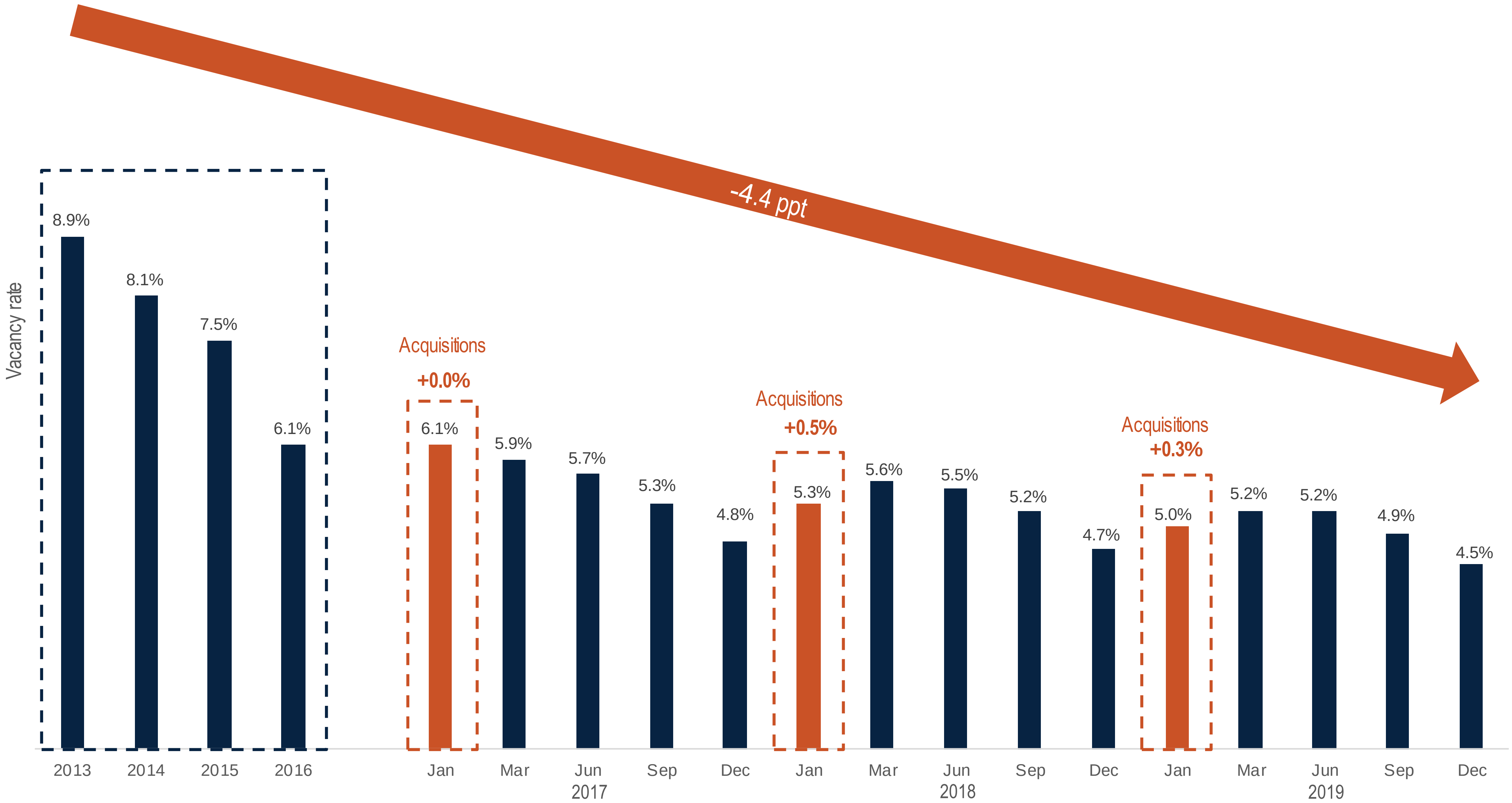


Maintenance & capex split by region



TAG vacancy reduction in residential units

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



TAG acquisitions/disposals FY 2019

TAG acquisition strategy and principles

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

Acquisition strategy

- TAG exhibits strong local presence in its core regions which allows for excellent market knowledge and early identification of acquisition opportunities.
- Levering on its strong local network, TAG explicitly aims to acquire smaller and / or geographically diversified portfolios for which competition is relatively low.
- TAG explicitly aims to acquire assets with higher vacancy rates and / or rental upside potential which is then lifted by TAG's active asset management by selective investment of capex and refurbishment measures.

Acquisition principles

1 Rigorous pricing discipline

- NAV/s & FFO/s accretive acquisitions only
- Purchase multiples should not significantly exceed current average portfolio multiples

2 Geographical focus on existing TAG regions

- Detailed market knowledge allowing for early identification of acquisition opportunities
- Low marginal costs for asset and property management
- Non strategic assets which were acquired as part of a bigger portfolio will be disposed after acquisition

3 Yielding residential only

- Focus on yielding residential assets – no development projects
- TAG targets portfolios of relevant size, but also portfolios with a GAV below EUR 20m since these portfolios are mostly below the radar of our peer group: too big for retail investors, too small for family offices and most other institutional investors

TAG acquisitions FY 2019

Signing	Thuringia / Mecklenburg-Western Pomerania Mar/Jun/Aug-2019	Saxony-Anhalt Jun-2019	Mecklenburg-Western Pomerania Aug-2019	Total **2019**	Saxony-Anhalt Jan-2020
Units	669	320	342	**1,331**	431
Net rent in EUR/sqm/month	6.54	4.92	5.07	**5.81**	4.61
Vacancy	8.8%	22.4%	1.6%	**11.0%**	5.2%
Purchase price in EURm	---	---	---	**50.1**	---
Net rent in EURm p.a.	2.48	0.83	0.83	**4.1**	1.26
Location	Various	Halle	Stralsund/ Greifswald	**---**	Various
Closing	2019/ Q1 2020 (expected)	Q1 2020 (expected)	Dec-2019	**---**	Q1 2020 (expected)
Multiples (in-place rent)	---	---	---	**12.1**	---

c. 1,300 units in TAG core markets acquired in FY 2019 at an average acquisition multiple of 12.1x (8.3 % gross yield)

Greifswald

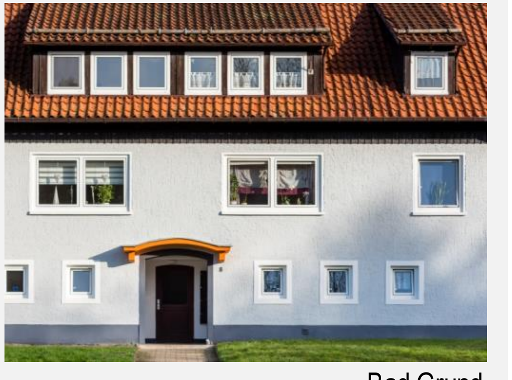
Halle

Stralsund

TAG disposals FY 2019

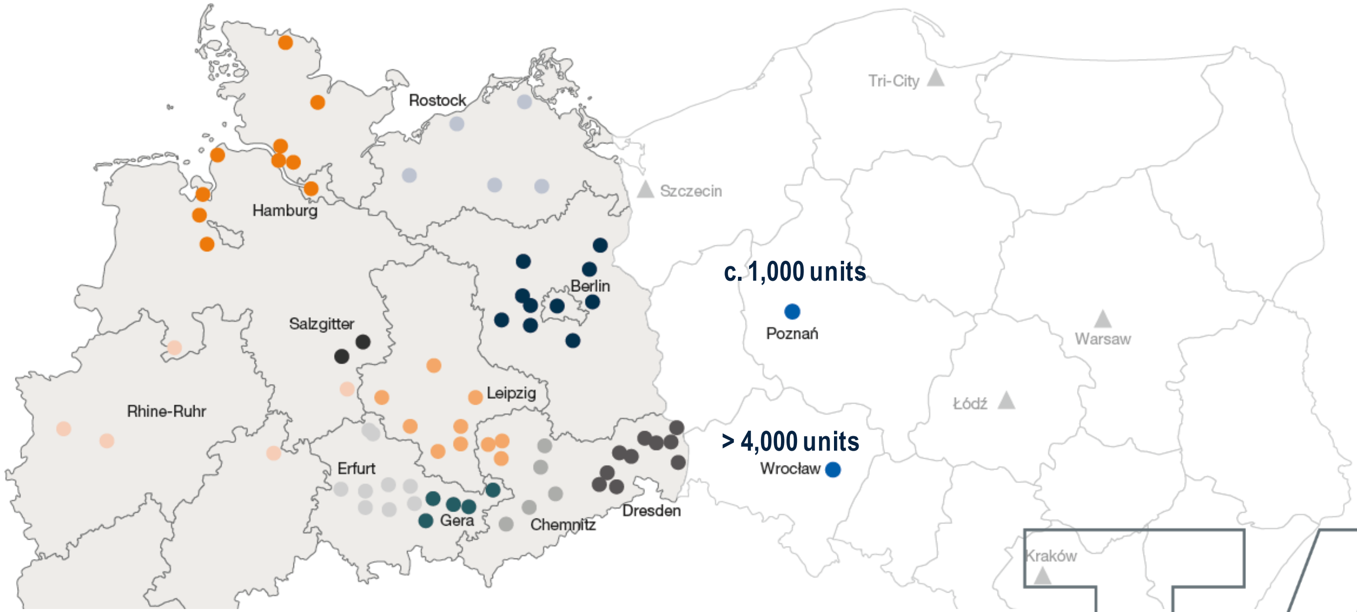
Signing	Brandenburg Dec-2019	Various locations 2019	**Total** **2019**
Units	203	365	**568**
Net rent in EUR/sqm/month	3.75	4.26	**4.05**
Vacancy	12%	24%	**19%**
Selling price in EURm	---	---	**18.2**
Net rent in EURm p.a.	0.57	0.94	**1.51**
Net cash proceeds in EURm	4.9	13.0	**17.9**
Book profit in EURm	0.0	0.8	**0.8**
Location	Jänschwalde	---	**---**
Closing	Q3 2020 (expected)	2019/2020	**---**
Multiples (in place rent)	---	---	**12.1**

Helmstedt



Bad Grund

c. 600 non-core units sold in FY 2019 at an average disposal multiple of 12.1x (8.3% gross yield)



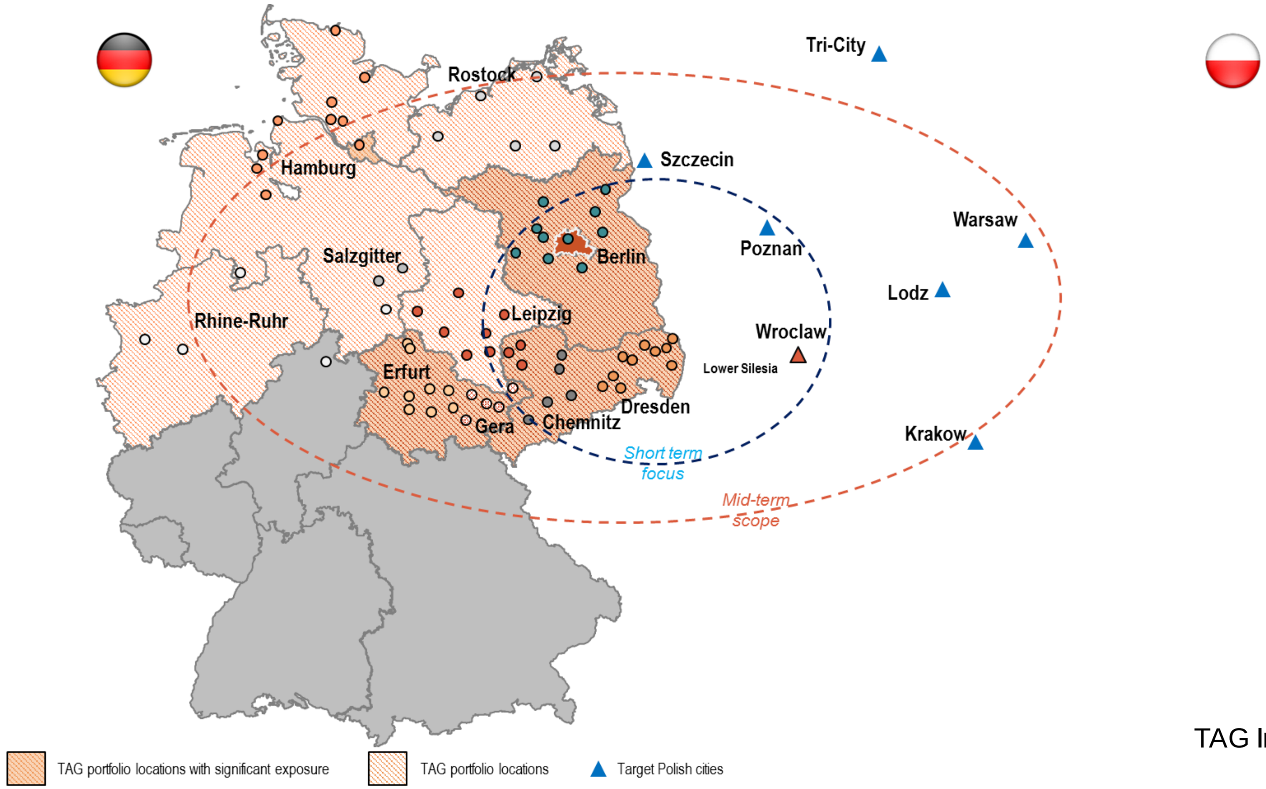
TAG business in Poland

TAG executive summary

Acquisition of Vantage Development S.A. as nucleus for TAG in Polish residential-for-rent market

Strategic rationale	
	▪ **Capitalizing on emerging Polish residential-for-rent market**, characterized by attractive macro-economic fundamentals, comparable regional structure of the real estate market, low rental regulation and proximity to TAG's existing portfolio regions ▪ Whilst **German market to remain at the core of TAG**, acquisition of Vantage Development as the beginning of **TAG's growth strategy in Poland** – mid-term growth **target of 8,000-10,000 units** in the next 3-5 years, corresponding to approximately 10% of TAG's total residential stock ▪ Focus on **new constructions** (due to fragmented and older rental stock) in **larger cities with universities and positive macroeconomics** ▪ Fully playing to the proven **strength of TAG** of **successfully managing a diversified portfolio of regions** in operational and financial terms

Why Poland? And why now?	
	▪ Absolute size of Polish market (c. 38m inhabitants, 6th largest EU country by population), coupled with **rising service sector and favorable demographic development** *("generation rent" – growing preference for rental housing),* is paving way for institutional rental market ▪ **TAG's early market entry** providing **competitive advantage** in terms of scale, market knowledge, penetration and position ▪ **Attractive risk-return profile:** completed developments featuring a yield level significantly higher than comparable product in Germany

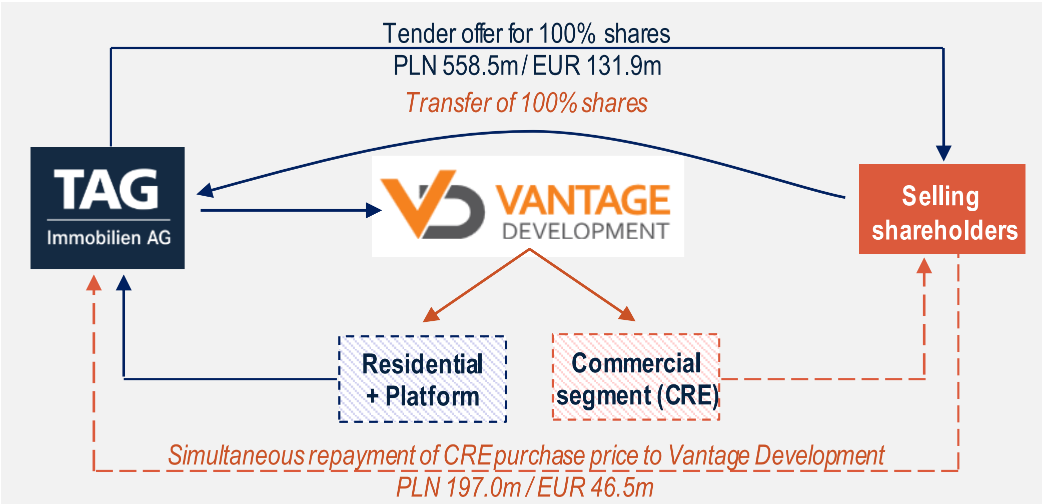


TAG transaction overview

Vantage Development: a leading residential development platform with strong track record

Key transaction terms	▪ **All cash tender offer for 100% of the shares in Vantage Development S.A.** for a total consideration of PLN 558.5m (EUR 131.9m), fully **funded by existing cash** on TAG's balance sheet, signed on 8 Nov-2019 ▪ Transaction structure provided for a simultaneous **carve-out of Vantage's commercial property segment ("CRE") back-to-back to selling shareholders** against payment of PLN 197.0m (EUR 46.5m) to Vantage Development ▪ **TAG's net consideration amounts to PLN 361.5m (EUR 85.4m)**
Platform	▪ Platform of c. 100 employees with proven track record of more than 4,000 units completed and delivered
Timeline	▪ **Closing** of transaction on 13 Jan-2020

Note: Euro amounts based on PLN/EUR exchange rate at closing date of 0.236 / changes in comparison to signing date Nov-2019 due to foreign currency exchange effects



TAG strategic rationale

Unlocking superior shareholder return potential by taking an initial step into the Polish residential-for-rent market

Evolution of TAG's acquisition strategy	▪ Current cycle in German residential market suggests to capture innovative acquisition opportunities – Focused geographic **expansion into a neighbouring region** of TAG's existing portfolio **rather than broad internationalization** – Approach to project development exposure: mid- to long-term **creation of rental properties for TAG's investment portfolio** – Investment focus on **major Polish cities with favorable fundamentals, university exposure and high level of infrastructure**
Unlocking incremental growth potential	▪ **Mid-term growth target (next 3-5 years) of 8,000-10,000 units** via developments and newly built stock, corresponding to c. 10% of TAG's total current residential portfolio ▪ Consequently, TAG will further pursue an internal and external **residential-for-rent growth and acquisition strategy** to **secure sufficient scale** in the presently highly-fragmented rental housing market in Poland
High-quality platform	▪ **Vantage Development** will enable TAG to benefit from its **superior sourcing expertise and strong development track record** ▪ Alongside its sourcing and development know-how, Vantage Development will be enhanced **to become TAG's nucleus in Poland** for residential asset and property management activities
Early mover advantage	▪ Increasing service sector economy and demographic factors ("generation rent" – preference for rental housing) paving **increasing demand for institutional letting market** ▪ **Early market entry leads to advantages over competitors** in terms of scale, market knowledge, penetration and position
Attractive risk-return profile	▪ Against the backdrop of large market size and current structural change, the Polish residential real estate market offers **high (accretive) growth potential for TAG through economies of scale** ▪ **Strong cash returns** from high yielding investments and positive letting market dynamics in light of structural demand overhang

TAG why Poland? And why now?

Attractive macro and demographic fundamentals paving way for institutional letting market

Macro-economic and demographic landscape

- Absolute market size (c. 38m inhabitants) coupled with **attractive macro-economics and favorable demographic development** (reduction in household size, increasing demand for rental housing)
- **Poly-centric structure** with several major cities, allowing for geographical diversification and better balance of investment risks

Polish residential-for-rent market

- **Fragmented residential market** characterized by **supply shortfall** in **rental housing** due to affordable rents and high ownership rate
- **One of the least saturated residential markets in Europe** with an increasing housing gap of over 3.5m apartments[1)]
- **Early-mover window** for TAG to participate in shaping the **upcoming residential-for-rent market segment**

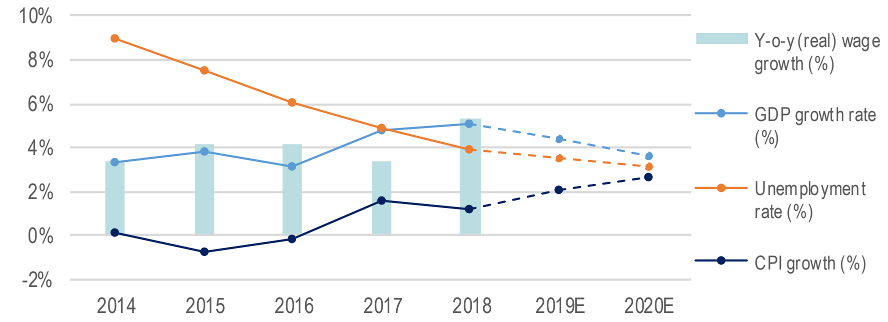
Regulatory environment for rental housing

- **Regulatory** rental market **regime** in Poland is **rather investor/landlord-friendly**, characterized by stable political environment and **non-restrictive tenancy laws**
- Liberal rent regime with **no comparable rent control measures** like "Mietspiegel", "rental cap" or mandatory "social housing rate"

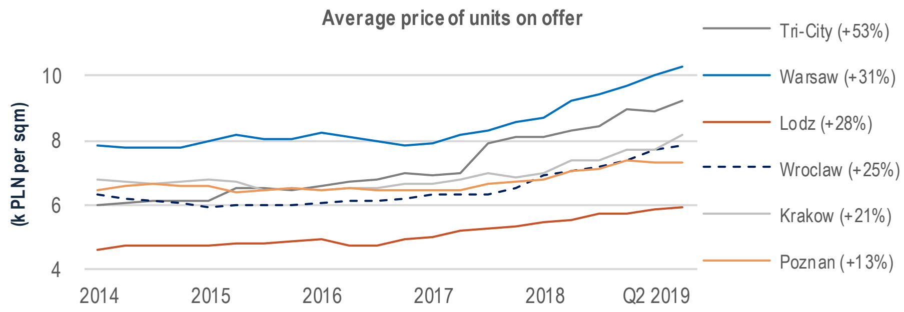
Risk-return dynamics

- **Compelling risk-return profile**: qualitatively high rental product with yield levels significantly higher than in Germany
- **GRI yields** in Polish top locations in line with TAG's established yields **between 7-8%** combined with high **EBITDA margin of more than 70%** due to moderate operating cost

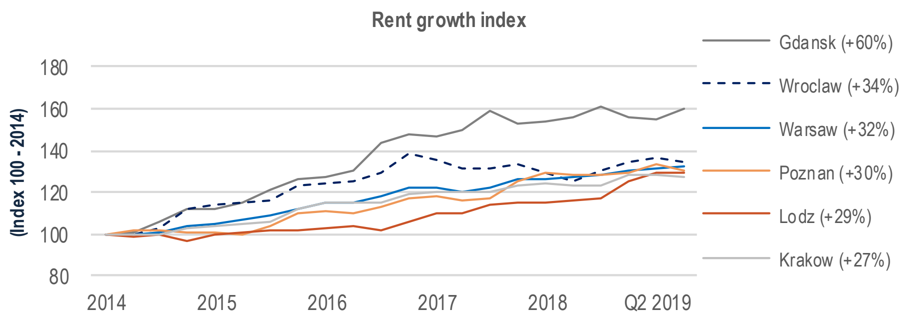
Robust macro-economic environment in Poland ...



... providing strong support to the residential investment market ...



... and to the residential letting market



1) Based on 2.6 people per household in Poland vs. 2.1 EU (ex Poland) average, total housing stock of c. 14.6m apartments and population in Poland of c. 38m inhabitants

TAG residential development platform

Building up a residential-for-rent portfolio in Poland

Secured pipeline

- Secured pipeline of **c.4,400 units in Wroclaw** (c. 5,300 at signing date, thereof handover of c. 900 apartments in Q4 2019)
- Additional pipeline of **c.1,000 units** in Poznan secured for renting business in Q4 2019/Q1 2020
- Main focus in the future**: residential-for-rent business**
- First rents to be collected from projects finished in Q3/Q4 2021

Key figures long term renting business FY 2021 onwards

Mid term target (# units)	8,000-10,000
Estimated gross yield on cost	*c. 7-8%*
Estimated EBITDA margin	*>70%*
Estimated total rent (based on 8,000-10,000 units)	c. EUR 60-75m p.a.


Port Popowice


Dorzecze Legnickiej


Promenady Wroclawskie


Kameralna Klecina

TAG 2020

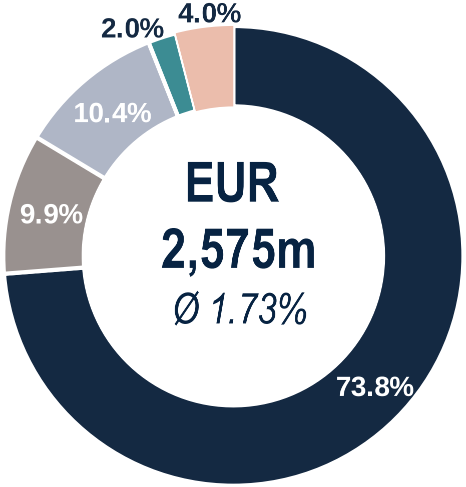
TAG financing structure

TAG financing structure

Debt structure as of 31 Dec-2019

■ Bank loans (maturity) ▧ Bank loans (interest terms ending) ■ Corporate bonds
■ Commercial paper ■ Promissory notes ■ Convertibles

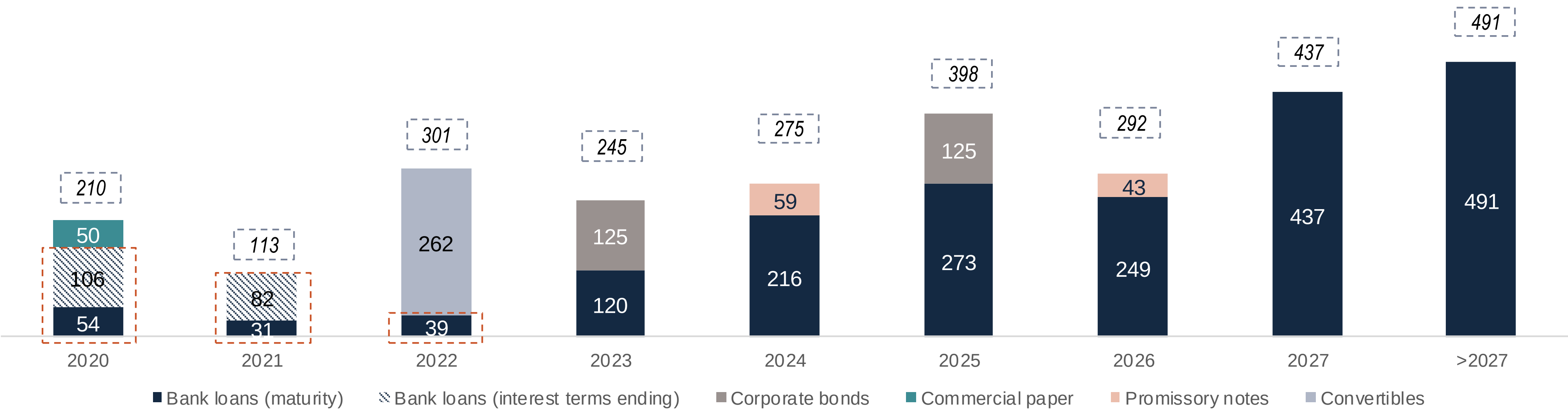
Debt volume	Ø interest rate	% fixed rates
EUR 1,911m	1.99%	98%
EUR 250m	1.50%	100%
EUR 262m	0.63%	100%
EUR 50m	-0.03%	100%
EUR 102m	1.18%	100%
Σ EUR 2,575m	Ø 1.73%	Ø 98.5%



Key financial KPIs as of 31 Dec-2019

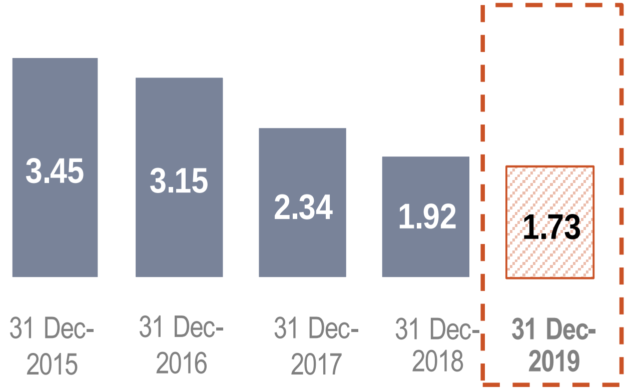
Ø Maturity total financial debt	7.4 years
Ø Maturity bank loans	8.7 years
Ø Interest rate total financial debt	1.73%
Ø Interest rate bank loans	1.99%
LTV	44.8%
Rating (Moody's)	Baa3 long term rating (outlook stable) P-3 short term rating
Further refinancing potential 2020-2022	**EUR 312m** of bank loans maturing or with interest terms ending in **2020-2022** with average coupons of **2.7%-3.0%** p.a.

Maturity profile as of 31 Dec-2019 (in EURm)



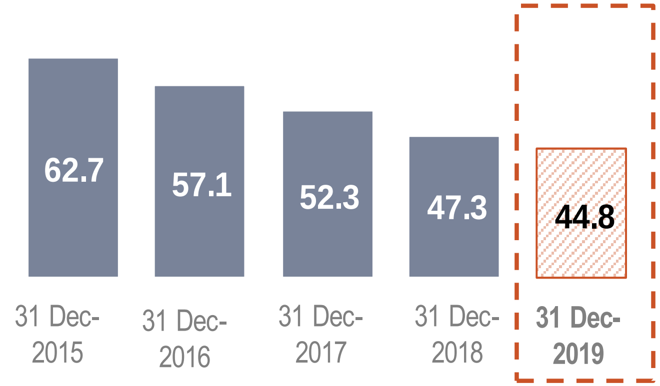
TAG cost of debt and LTV

Cost of debt Ø in %



- Continuous reduction of average cost of debt by more than 170 bps within a four year period.
- Further upside potential from maturing bank loans of EUR 312m in 2020-2022 (average coupons of 2.7% - 3.0% p.a.).

LTV* in %



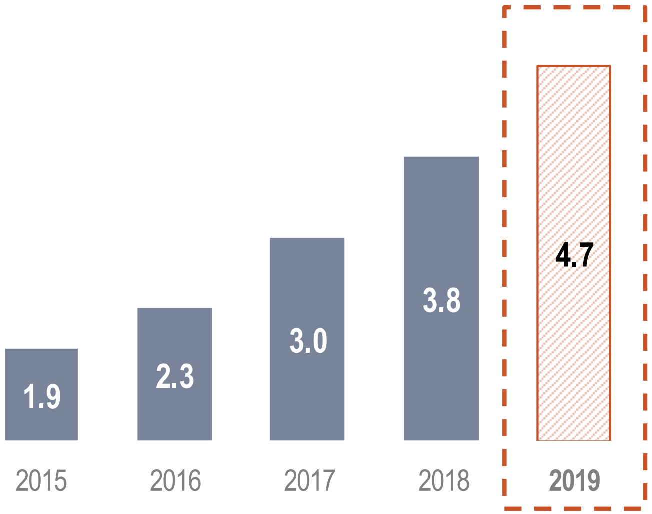
*For further details on LTV calculation see Appendix

- Strong LTV reduction by nearly 18 percentage points within a four year period.
- New LTV target of c. 45% (reduced from c. 50%) ensures a conservative financial policy also in the future.

Continuous reduction of cost of debt and LTV in the past, new LTV target at c.45%

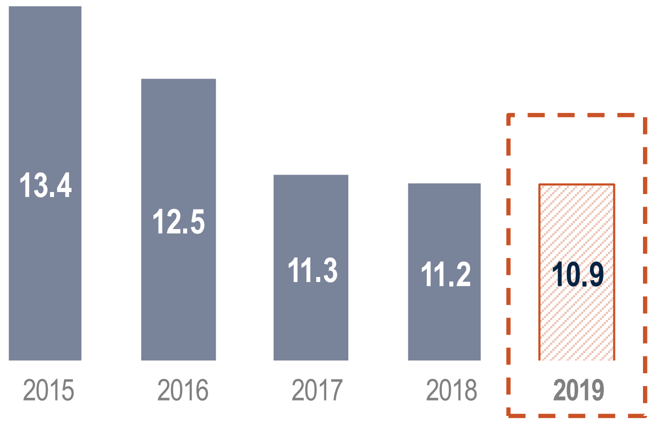
TAG strong development of financing metrics

ICR*



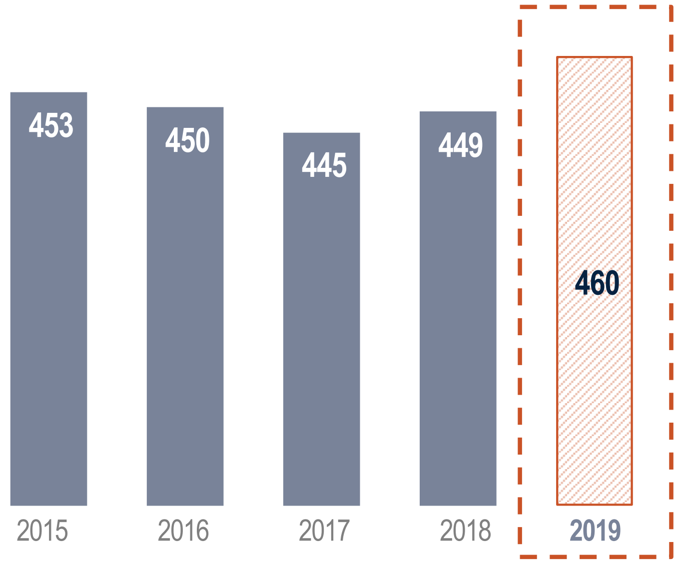
- Strong improvement of ICR (EBITDA adjusted/net financial result cash, after one-offs) driven by operational improvements as well as interest cost savings due to refinancing activities in 2017-2019.

Net financial debt/ EBITDA adjusted**



- Ongoing EBITDA growth led to continous decline in net debt/EBITDA.

Net financial debt in EUR/ sqm**



- TAG's portfolio growth is solidly financed with stable net financial debt/sqm in the last years.

*For further details on ICR calculation see Appendix

**Net financial debt includes Vantage transaction price of EUR 131.9m (prepayed in Q4 2019, closing in Q1 2020 as cash position).

Continuous improvement of financing metrics since 2015 with further improvement expected

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TAG portfolio valuation FY 2019

TAG portfolio valuation overview

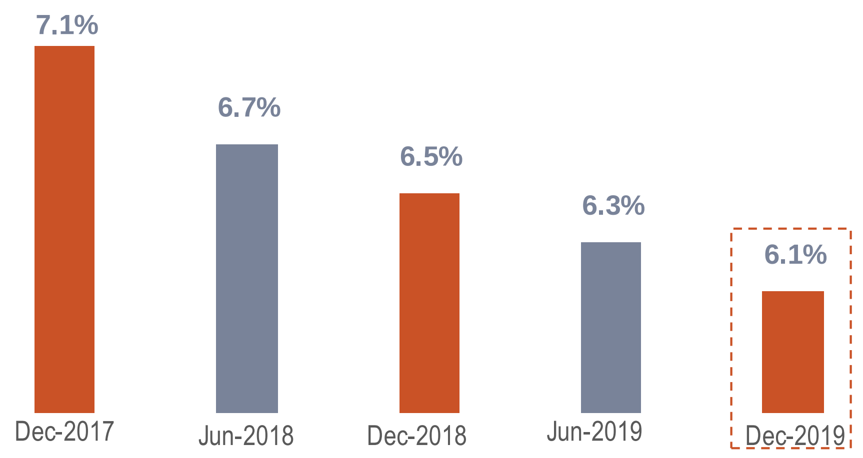
Valuation remains at conservative levels with c. EUR 1,030/sqm and 6.1% gross yield

Portfolio valuation result

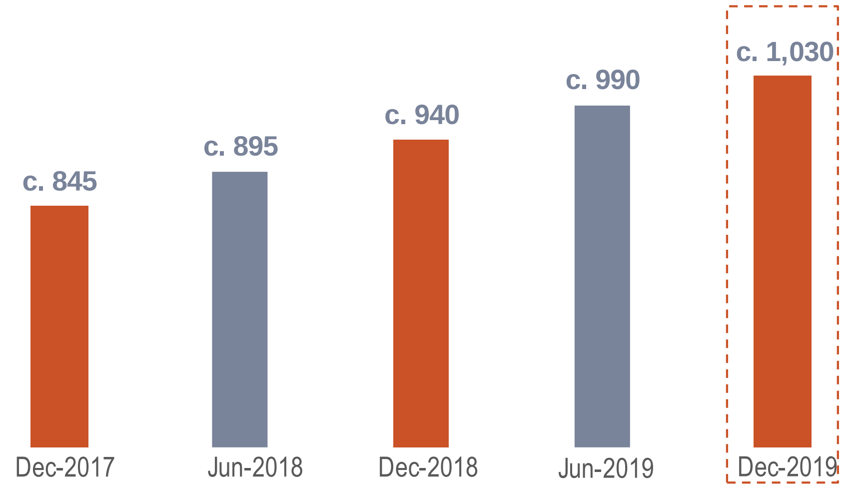
FY 2019 vs. FY 2018	FY 2019	FY 2018
in EUR m	414.1	430.0
annual uplift	8.6%	10.1%
– thereof from yield compression	73%	73%
– thereof from operational performance	27%	27%

H2 vs. H1 2019	H2 2019	H1 2019
in EUR m	202.7	211.4
semi-annual uplift	4.2%	4.4%
– thereof from yield compression	70%	77%
– thereof from operational performance	30%	23%

Development of gross yield



Development of portfolio value (EUR/sqm)



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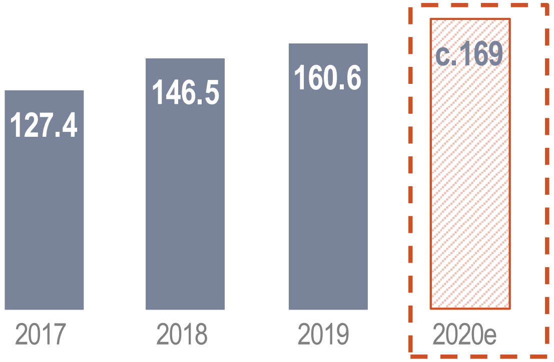
TAG guidance FY 2020

TAG FFO & dividend guidance FY 2020

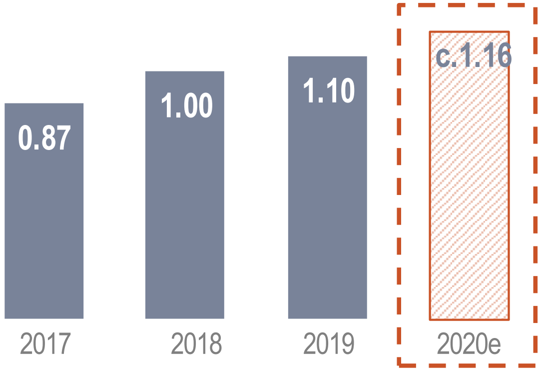
Guidance FY 2020 (unchanged)

FFO I (EUR)	*168-170m*	***+5%*** *vs. 2019*	▪ based on the current portfolio (for purpose of the guidance no further acquisitions/disposals are included)
FFO I/s (EUR)	*1.16*	***+5%*** *vs. 2019*	▪ based on 146.3m outstanding shares
DPS (EUR)	*0.87*	***+5%*** *vs. 2019*	▪ equals 75% of FFO I

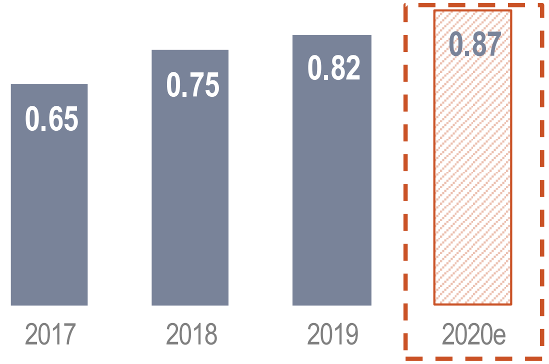
FFO I in EURm



FFO I per share in EUR



Dividend per share in EUR



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APPENDIX

TAG portfolio details by region

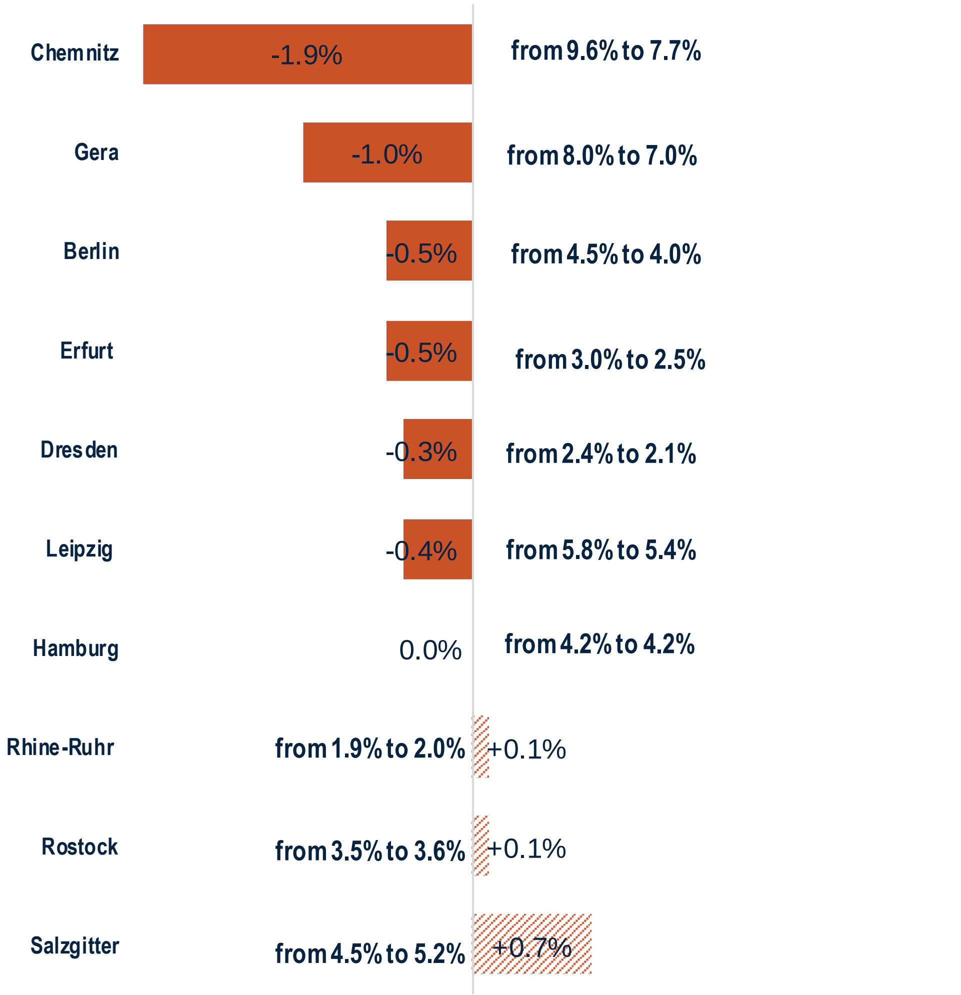
Region	Units #	Rentable area sqm	IFRS BV EURm Dec-2019	Gross yield	Vacancy Dec-2019	Vacancy Dec-2018*	Net rent EUR/ sqm	Re-letting rent EUR/ sqm	L-f-l rental growth y-o-y	L-f-l rental growth y-o-y incl. vacancy reduction	Mainte-nance EUR/sqm	Capex EUR/sqm
Berlin	10,410	596,927	779.6	5.1%	4.0%	4.4%	5.76	6.26	3.2%	4.1%	7.13	12.17
Chemnitz	7,531	439,457	347.9	6.9%	7.7%	9.6%	4.92	5.04	0.8%	3.0%	6.96	37.70
Dresden	6,300	409,046	532.7	5.2%	2.1%	2.5%	5.75	6.08	1.9%	2.2%	4.19	6.29
Erfurt	10,565	594,494	660.9	5.5%	2.5%	2.9%	5.24	5.57	2.3%	2.8%	5.00	10.74
Gera	9,652	561,316	431.2	7.3%	7.0%	8.1%	5.02	5.27	1.1%	2.6%	5.86	10.96
Hamburg	7,067	434,556	543.6	5.3%	4.2%	4.2%	5.76	6.00	1.6%	1.6%	9.96	14.27
Leipzig	10,014	589,857	568.1	6.2%	5.4%	4.1%	5.28	5.60	1.5%	1.9%	6.48	6.51
Rhine-Ruhr	4,187	266,405	317.9	5.4%	2.0%	1.9%	5.48	5.66	1.9%	1.8%	9.71	6.61
Rostock	7,118	425,362	446.4	6.0%	3.6%	3.0%	5.43	5.70	1.4%	1.6%	7.11	16.80
Salzgitter	9,180	563,122	525.1	6.6%	5.2%	4.5%	5.39	5.51	2.7%	1.9%	7.51	15.30
Total residential units	**82,024**	**4,880,542**	**5,153.4**	**5.9%**	**4.5%**	**4.7%**	**5.39**	**5.64**	**1.9%**	**2.4%**	**6.82**	**13.63**
Acquisitions	1,164	44,006	36.8	8.1%	7.8%	12.9%	6.08	---	---	---	---	---
Commercial units within resi. portfolio	1,155	149,003	---	---	16.3%	16.8%	7.98	---	---	---	---	---
Total residential portfolio	**84,343**	**5,073,552**	**5,190.2**	**6.1%**	**4.9%**	**5.3%**	**5.47**	---	---	---	---	---
Other	167	20,883	112.2**	5.8%	8.1%	5.1%	14.53	---	---	---	---	---
Grand total	**84,510**	**5,094,435**	**5,302.4****	**6.1%**	**4.9%**	**5.3%**	**5.51**	---	---	---	---	---

* excl. acquisitions 2018 ** incl. EUR 54.1m book value of project developments

APPENDIX

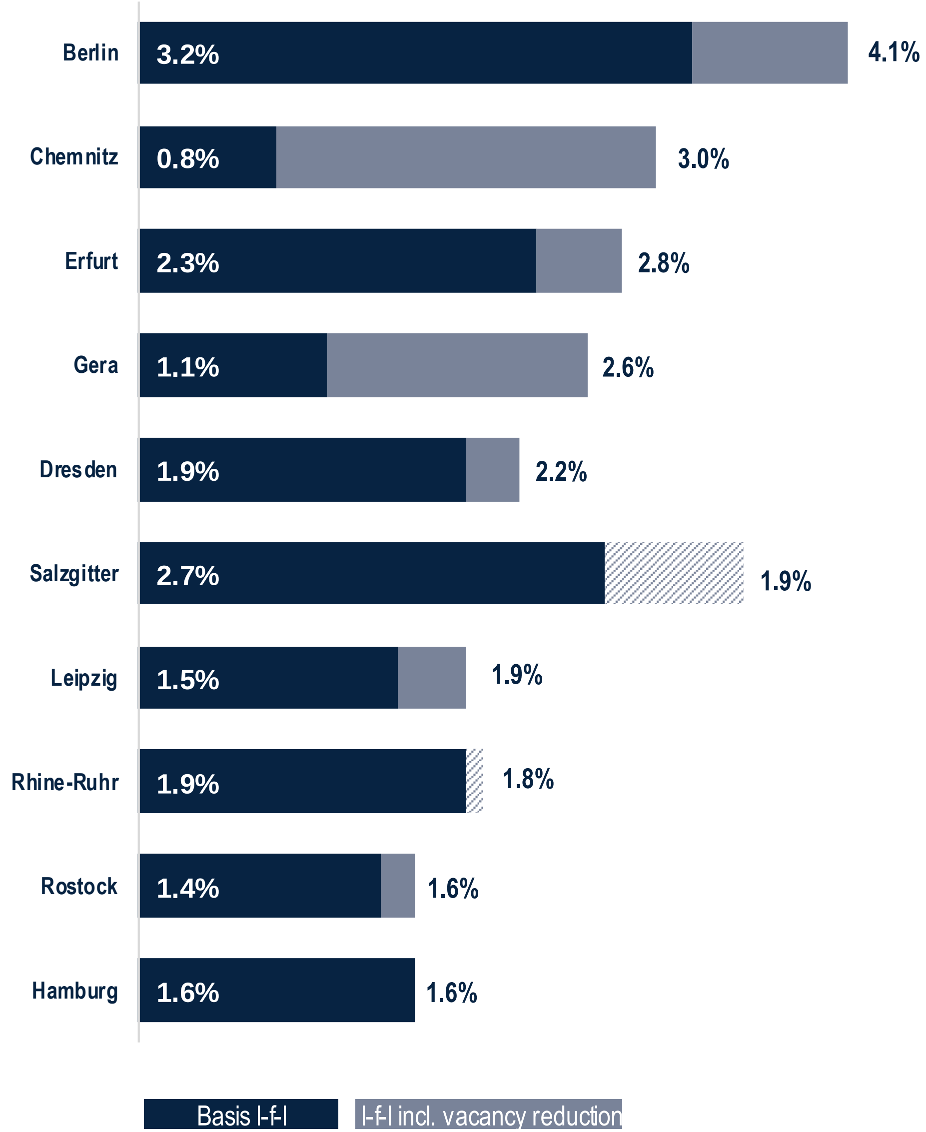
TAG vacancy reduction and rental growth by region

Vacancy FY 2019*



* incl. acquisitions 2018

L-f-l rental growth (y-o-y) FY 2019



TAG portfolio valuation details

Region (in EURm)	Dec-2019 Fair value (IFRS)	Dec-2019 Fair value (EUR/sqm)	Dec-2019 Implied multiple	Dec-2019 Valuation result	Valuation uplift y-o-y	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	779.6	1,240.9	18.6x	84.5	12.6%	31.8	52.8	668.7	1,120.2	17.3x
Chemnitz	347.9	764.9	14.2x	13.7	4.3%	5.4	8.4	318.9	696.2	13.2x
Dresden	532.7	1,266.4	13.8x	51.9	10.8%	13.9	38.0	479.4	1,130.6	17.1x
Erfurt	660.9	1,069.8	17.1x	64.1	10.9%	10.5	53.7	589.8	958.5	15.8x
Gera	431.2	734.2	13.2x	13.6	3.3%	7.2	6.4	412.1	693.5	12.9x
Hamburg	543.6	1,224.0	18.1x	51.9	10.7%	5.5	46.4	486.2	1,094.0	16.5x
Leipzig	568.1	946.4	15.6x	47.5	8.9%	11.8	35.8	534.0	861.6	14.4x
Rhine-Ruhr	318.0	1,146.3	17.5x	25.9	8.9%	6.3	19.6	290.3	1,046.5	16.3x
Rostock	446.4	1,027.7	16.2x	38.6	11.9%	14.4	24.2	325.6	955.5	15.0x
Salzgitter	525.1	930.1	14.9x	18.5	3.7%	4.8	13.7	498.0	882.0	14.4x
Total residential units	**5,153.4**	**1,024.6**	**16.4x**	**410.4**	**8.9%**	**111.4**	**299.1**	**4,603.1**	**932.6**	**15.3x**
Acquisitions	36.8	835.5	12.3x	0.3		0.0	0.3	115.4	704.0	13.3x
Total residential portfolio	**5,190.2**	**1,023.0**	**16.4x**	**410.7**	**8.7%**	**111.4**	**299.3**	**4,718.5**	**925.3**	**15.2x**
Other	112.2*	2,780.5	17.4x	3.4		-1.2	4.6	97.0	2,915.6	21.0x
Grand total**	**5,302.4**	**1,030.2**	**16.4x**	**414.1**	**8.6%**	**110.2**	**303.9**	**4,815.5**	**938.2**	**15.3x**

* incl. EUR 54.1m book value of project developments

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

TAG income statement

(in EURm)		FY 2019	FY 2018	Q4 2019	Q3 2019
Net rent*	1	**315.0**	**302.2**	**79.1**	**78.6**
Expenses from property management*		-55.4	-56.1	-12.4	-13.7
Net rental income	2	**259.6**	**246.1**	**66.7**	**64.9**
Net income from services	3	21.0	17.7	5.2	6.0
Net income from sales		-0.4	-0.1	-0.4	-0.2
Other operating income	4	5.6	9.6	2.9	1.0
Valuation result	5	414.1	430.0	203.1	-0.4
Personnel expenses	6	-50.3	-43.7	-13.6	-12.5
Depreciation	7	-6.8	-4.3	-1.8	-1.9
Other operating expenses		-17.9	-17.1	-5.2	-4.4
EBIT		**624.9**	**638.2**	**257.0**	**52.4**
Net financial result	8	-77.6	-96.0	-33.4	-12.3
EBT		**547.3**	**542.2**	**223.6**	**40.1**
Income tax	9	-91.0	-54.0	-35.1	-6.0
Net income		**456.4**	**488.2**	**188.5**	**34.1**

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

1. Increase in net rent y-o-y by EUR 12.8m (4.2%) as result of 2.4% l-f-l rental growth (incl. vacancy reduction) and portfolio acquisitions in 2018 and (partially) 2019.
2. Improved net rental income by EUR 13.5m y-o-y mainly driven by higher net rent (EUR 12.8m) and lower maintenance cost (EUR 0.9m reduction y-o-y).
3. Increase in net income from services y-o-y by EUR 3.3m shows TAG's still expanding service business, mainly generated by internalization of caretakers, multimedia and energy services.
4. Decrease in other operating income of EUR 3.0m y-o-y mainly driven by reversal of provisions of EUR 3.9m for former real estate transfer tax risks in 2018.
5. Valuation gain of EUR 414.1m in 2019 reflects ongoing positive development of TAG's portfolio; annual valuation uplift of 8.6% in 2019 (10.1% in 2018).
6. Personnel expenses increased y-o-y by EUR 6.6m as a result of ongoing internalization of services and increased salaries.
7. Higher depreciation of EUR 2.5m y-o-y mainly result of new accounting standard IFRS 16 leading to capitalization and depreciation of leasing contracts, e.g. for leased premises.
8. Net financial result reduced by EUR 21.1m q-o-q mainly driven by fair value valuation of equity option of convertible bond (EUR 29.5m) in Q4 2019. Net financial result (cash, after one-offs) of EUR 11.5m in Q4 2019 stable q-o-q and improved strongly by EUR 9.0m y-o-y.
9. Income tax in FY 2019 mainly contains EUR 83.8m deferred taxes. Cash taxes amount to EUR 7.2m (EUR 3.2m increase y-o-y). Cash income tax rate (based on pre-tax FFO) at 4% in 2019 after 3% in 2018.

TAG EBITDA, FFO and AFFO calculation

(in EURm)		FY 2019	FY 2018	Q4 2019	Q3 2019
Net income		**456.4**	**488.2**	**188.5**	**34.1**
+ Income tax		91.0	54.0	35.1	6.0
+ Net financial result		77.6	96.0	33.4	12.3
EBIT		**624.9**	**638.2**	**257.0**	**52.4**
+ Adjustments					
Net income from sales		0.4	0.1	0.4	0.2
Valuation result		-414.1	-430.0	-203.1	0.4
Depreciation		6.8	4.3	1.8	1.9
One-offs**		-1.3	-6.2	-1.3	0.0
Reversal of effects from first time application of IFRS 16 "leases"	1	-2.0	0.0	-0.6	-0.6
EBITDA (adjusted)	2	**214.7**	**206.4**	**54.2**	**54.4**
EBITDA (adjusted) margin		*68.2%*	*68.3%*	*68.4%*	*69.3%*
- Net financial result (cash, after one-offs)		-45.6	-54.6	-11.5	-11.5
- Cash taxes		-7.2	-4.0	-3.2	-1.4
- Cash dividend payments to minorities		-1.3	-1.3	-0.3	-0.3
FFO I	3	**160.6**	**146.5**	**39.2**	**41.2**
- Capitalised maintenance		-15.3	-15.7	-4.1	-6.1
AFFO before modernisation capex		**145.3**	**130.9**	**35.1**	**35.0**
- Modernisation capex		-51.4	-42.5	-15.7	-10.7
AFFO	4	**93.9**	**88.4**	**19.4**	**24.3**
Net income from sales		-0.4	-0.1	-0.4	-0.2
FFO II (FFO I + net income from sales)		**160.2**	**146.4**	**38.8**	**41.0**
Weighted average number of shares outstanding (in '000)		*146,333*	*146,341*	*146,337*	*146,337*
FFO I per share (EUR)		**1.10**	**1.00**	**0.27**	**0.28**
AFFO per share (EUR)		**0.64**	**0.60**	**0.13**	**0.17**
*Weighted average number of shares, fully diluted (in '000)**		*161,151*	*161,016*	*161.191*	*161,174*
FFO I per share (EUR), fully diluted		*1.01*	*0.92*	*0.25*	*0.26*
AFFO per share (EUR), fully diluted		*0.59*	*0.56*	*0.14*	*0.15*

1 For reasons of continuity and comparability to FY 2018 effects from first time application of IFRS 16 (shift from expenses from services and other operating expenses to depreciation) are eliminated in FFO calculation in FY 2019.

2 Improved EBITDA of EUR 8.3m (y-o-y) mainly as a net effect of higher net rental income (EUR 13.5m), higher net income from services (EUR 3.3m), partially compensated by higher personnel expenses (EUR 6.6m).

3 FFO I increased by EUR 14.1m (10%) y-o-y as a result of EUR 8.3m higher EBITDA and EUR 9.0m improved net financial result (cash, after one-offs), slightly offset by EUR 3.2m higher cash taxes. FFO I in Q4 2019 in line q-o-q, except for EUR 1.8m higher cash taxes mainly arising from disposals.

4 AFFO reduction by EUR 4.9m q-o-q due to higher modernisation capex in Q4 2019. AFFO improved y-o-y by EUR 5.5m (6%) as a result of higher FFO (EUR 14.1m) and increased capex (EUR 8.6m)

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

**reversal of provisions for real estate transfer tax risks in 2018 and Q4 2019 (EUR 2.3m); acquisition costs Vantage in Q4 2019 (EUR 1.0m)

TAG balance sheet

(in EURm)		31 Dec-2019	31 Dec-2018
Non-current assets		**5,301.5**	**4,772.1**
Investment property	1	5,200.0	4,666.7
Deferred tax assets		49.7	70.0
Other non-current assets	2	51.7	35.5
Current assets		**311.0**	**174.2**
Real estate inventory		58.5	52.3
Cash and cash equivalents		91.3	91.7
Prepayments on business combinations	3	131.2	0.0
Other current assets		30.0	30.2
Non-current assets held-for-sale	4	**34.5**	**87.0**
TOTAL ASSETS		**5,647.0**	**5,033.3**
Equity	5	**2,394.2**	**2,048.3**
Equity (without minorities)		2,342.6	2,006.5
Minority interest		51.7	41.8
Non-current liabilities		**2,988.4**	**2,727.8**
Financial debt	6	2,397.0	2,236.0
Deferred tax liabilities		497.0	433.5
Other non-current liabilities	7	94.4	58.4
Current liabilities		**263.6**	**257.2**
Financial debt		166.1	162.8
Other current liabilities		97.5	94.4
Non current liabilities held for sale		0.8	0.0
TOTAL EQUITY AND LIABILITIES		**5,647.0**	**5,033.3**
LTV*		44.8%	47.3%

*For further details on LTV calculation see Appendix

1 EUR 533.3m higher book value of investment properties mainly due to valuation result (EUR 414.1 m), capex (EUR 66.7 m) and book value of acquisitions closed in FY 2019 (EUR 36.8 m).

2 EUR 16.2m higher other non-current assets driven primarily by first-time capitalization of leasing contracts in accordance with IFRS 16.

3 Pre-payed transaction price of EUR 131.2m (book value at 31 Dec-2019) for acquisition of Vantage Development S.A. reported in separate line item at 31 Dec-2019.

4 Reduced book value primarily result of closing of disposals of non-core assets signed in 2018 and 2019.

5 Change in equity mainly corresponds to net income of EUR 456.4m less the dividend payment in 2019 of EUR 109.8m.

6 Increase in non-current financial debt by EUR 161.0m to the largest part result from issuance of new promissory note (EUR 102.0m) and bank loan refinancings (EUR 57.8m) in 2019.

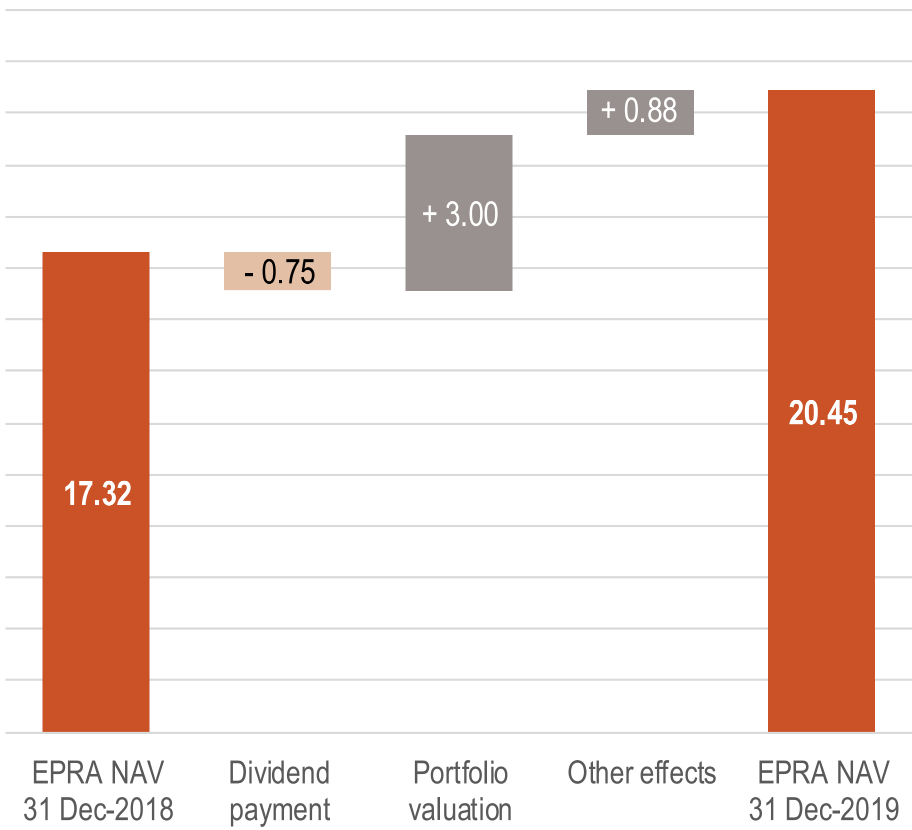
7 Higher other non-current liabilities of EUR 36.0m mainly due to valuation effects from derivative financial instruments (e.g. equity option of convertible bond) of EUR 29.5m and liabilities from leasing contracts of EUR 7.2m.

TAG EPRA NAV calculation

NAV growth of 22% (excluding dividend payment) in FY 2019

(in EURm)	31 Dec-2019	31 Dec-2018
Equity (without minorities)	**2,342.6**	**2,006.5**
+ Deferred taxes on investment properties and financial derivatives	492.8	425.2
+ Fair value of financial derivatives	71.5	42.0
+ Difference between fair value and book value for properties valued at cost	85.2	60.0
= EPRA NAV	**2,992.0**	**2,533.6**
Number of shares outstanding (in '000)	146,337	146,322
EPRA NAV per share (EUR)	**20.45**	**17.32**
*Number of shares, fully diluted (in '000)**	*161,191*	*161,023*
EPRA NAV per share (EUR), fully diluted	**20.17**	**17.33**

EPRA NAV bridge in EUR/share



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

APPENDIX

TAG new EPRA NAV calculations

	New EPRA metrics			
	EPRA NAV	EPRA NRV	EPRA NTA	EPRA NDV
	Net asset value	Net reinstatement value	Net tangible assets	Net disposal value
(in EURm)	FY 2019	FY 2019	FY 2019	FY 2019
Equity (before minorities)	**2,342.6**	**2,342.6**	**2,342.6**	**2,342.6**
Effect from conversion of convertible bond	324.2	324.2	324.2	324.2
Difference between fair value and book value for properties valued at cost	85.2	85.2	85.2	85.2
Deferred taxes on investment properties and derivative financial instruments	492.8	492.8	492.8	0.0
Fair value of derivative financial instruments	6.2	6.2	6.2	0.0
Intangible assets	0.0	0.0	-2.6	0.0
Difference between fair value and book value of financial liabilities	0.0	0.0	0.0	-79.7
Deferred taxes hereon	0.0	0.0	0.0	25.7
Transaction costs (e.g. real estate transfer tax)	0.0	441,4	0.0	0.0
EPRA NAV, fully diluted	**3,250.9**	**3,692.4**	**3,248.4**	**2,697.0**
*Number of shares, fully diluted (in '000)**	*161,191*	*161,191*	*161,191*	*161,191*
EPRA NAV per share (EUR), fully diluted	**20.17**	**22.91**	**20.15**	**16.74**

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

TAG Interest coverage ratio (ICR) calculation

(in EURm)	FY 2019	FY 2018	Q4 2019	Q3 2019
+ Interest income	0.5	1.2	0.1	0.1
- Interest expenses	-79.4	-99.0	-34.4	-12.5
+ Net income from investments	1.4	1.8	0.9	0.1
= Net financial result	**-77.6**	**-96.0**	**-33.4**	**-12.3**
+ Financial result from convertible/corporate bonds	1.4	1.7	0.4	0.4
+ Breakage fees bank loans and early repayment of bonds	0.2	9.8	0.0	0.1
+ Other non-cash financial result (e.g. from derivatives)	30.4	30.0	21.6	0.4
= Net financial result (cash, after one-offs)	**-45.6**	**-54.6**	**-11.5**	**-11.5**
ICR (EBITDA adjusted/net financial result cash, after one-offs)	**4.7x**	**3.8x**	**4.7x**	**4.7x**

APPENDIX

TAG LTV calculation

(in EURm)	31 Dec-2019	31 Dec-2018
Non-current and current liabilities to banks	1,901.2	1,855.5
Non-current and current liabilities from corporate bonds and other loans	403.0	285.8
Non-current and current liabilities from convertible bonds	258.9	257.5
Cash and cash equivalents	-91.3	-91.7
Net financial debt	**2,471.8**	**2,307.1**
Book value of investment properties	5,200.0	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)	58.5	52.3
Book value of property reported under non-current assets held-for-sale	34.5	87.0
Real estate volume	**5,302.4**	**4,815.5**
Prepayments on sold/acquired properties and on business combinations	130.4	-0.2
Difference between fair value and book value for properties valued at cost	85.2	60.0
Relevant real estate volume for LTV calculation	**5,518.0**	**4,875.2**
LTV	**44.8%**	**47.3%**

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

TAG Immobilien Service GmbH

	2016	2017	2018*	2019*
Revenues (EURm)	6.5	9.2	8.8	**12.7**
No. of employees	222	309	319	**430**
FFO impact (EURm)	0.3	0.4	0.8	**1.3**

c. 59,400 units covered in 2019
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

TAG Handwerkerservice GmbH

	2016	2017	2018*	2019*
Revenues (EURm)	1.6	2.6	3.2	**3.8**
No. of employees	29	56	62	**72**
FFO impact (EURm)	0.0	-0.2	-0.2	**0.0**

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

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

TAG services business

FFO generation from energy and multimedia services as main targets

Energy services (100% owned subsidiary)

ENERGIE
Wohnen Service GmbH

– 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

	2016	2017	2018*	2019*
Revenues (EURm)	4.5	13.0	20.7	**21.9**
No. of employees	3	6	7	**7**
FFO impact (EURm)	0.7	0.9	2.1	**2.6**

c. 35,000 units covered in 2019
c. 70,000-75,000 units as long-term goal (c. 90% of total portfolio)

Multimedia services (100% owned subsidiary)

MULTIMEDIA
Immobilien GmbH

– 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

	2016	2017	2018*	2018*
Revenues (EURm)	0.1	7.4	8.3	**8.7**
No. of employees	1	2	2	**1**
FFO impact (EURm)	0.0	2.7	3.8	**3.6**

c. 59,000 units covered in 2019
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

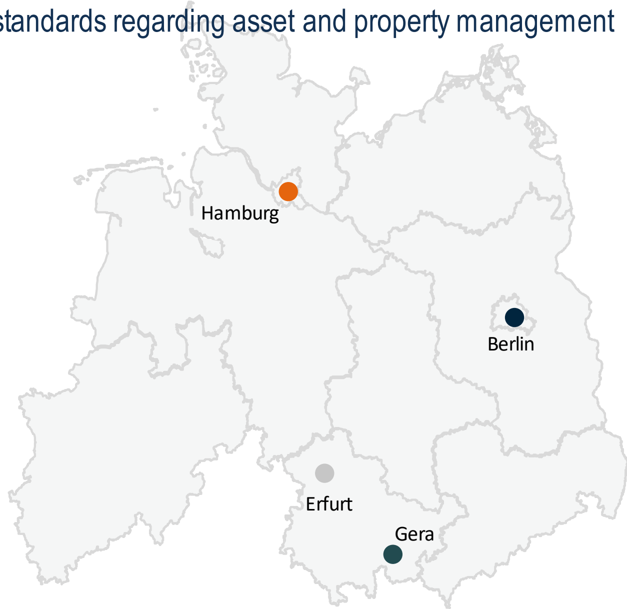
TAG services business

Additional services line to improve quality

APPENDIX

- **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

BAU-VEREIN ZU HAMBURG
Hausverwaltungsgesellschaft mbH
Ein Unternehmen der TAG Immobilien Gruppe



	2016	2017	2018*	2019*
Revenues (EURm)	1.6	1.8	2.0	2.1
No. of employees	26	29	26	26
FFO impact (EURm)	0.3	0.3	0.4	0.6

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

c. 9,100 units covered in 2019

TAG services business – FFO contribution 2018

Almost EUR 8m of FFO generated from services business in 2018

(in EURm)	FFO rental	Facility management	Craftsmen services	Energy services[1)]	Multimedia services[1)]	Condominium management	Others[2)]	FFO services business	Total
		Quality improvement		FFO generation					
Revenues	315.0	12.7	3.8	21.9	8.7	2.1	0.4	49.5	364.5
Rental expenses and cost of materials	-55.4	-2.0	-1.5	-19.4	-4.9	0.0	-0.6	-28.5	-83.8
Net income	**259.6**	**10.7**	**2.3**	**2.5**	**3.8**	**2.1**	**-0.3**	**21.0**	**280.6**
Personnel expenses	-35.1	-10.8	-2.5	-0.4	-0.1	-1.4	0.0	-15.2	-50.3
Other income / expenses	-17.8	1.4	0.2	0.6	0.1	-0.1	0.0	2.2	-15.6
EBITDA adjusted	**206.8**	**1.3**	**0.0**	**2.6**	**3.7**	**0.6**	**-0.3**	**8.0**	**214.7**
Net financial result	-45.5	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	-45.6
Cash taxes[3)]	-7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-7.2
Cash dividend payments to minorities	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.3
FFO I 2019	**152.8**	**1.3**	**0.0**	**2.6**	**3.6**	**0.6**	**-0.3**	**7.9**	**160.6**
FFO I 2018	*139.7*	*0.8*	*-0.2*	*2.1*	*3.8*	*0.4*	*-0.2*	*6.8*	*146.5*

Total FFO contribution of the service business increased from 4.6% in 2018 to 4.9% in 2018 (+ EUR 1.1m)

1) incl. provisions, in annual report FY 2019 included in expenses from property management
2) w/o IFRS 15 effects; for further details see annual report FY 2019
3) Assumption that all cash taxes are attributable to the rental business

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

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

	Modernisation during re-letting	Modernisation of vacant flats	Large modernisation measures
Incremental revenues from modernisation surcharge	(✓)*	✗	(✓)*
+ Incremental revenues from new lettings	✓	✓	✓
+ Saved maintenance costs	✗	✗	(✓)*
+ Saved ancillary costs from vacancy reduction	✗	✓	(✓)*
= 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**	**Q3**	**Q4**	**Total FY**
Maintenance	8.6	7.4	8.3	10.0	**34.3**	8.4	8.3	8.8	7.8	**33.3**
Capex	13.0	14.6	14.8	15.7	**58.1***	15.2	14.9	16.8*	19.8*	**66.7**
Total	21.6	22.0	23.1	25.7	**92.4**	23.6	23.2	25.6	27.6	**100.0**

in EUR/sqm	2018					2019				
Residential units	**Q1**	**Q2**	**Q3**	**Q4**	**Total FY**	**Q1**	**Q2**	**Q3**	**Q4**	**Total FY**
Maintenance	1.77	1.52	1.74	2.08	**7.11**	1.69	1.68	1.86	1.59	**6.82**
Capex	2.67	3.05	3.12	3.29	**12.13**	3.07	3.02	3.52	4.02	**13.63**
Total	4.44	4.57	4.86	5.37	**19.24**	4.76	4.70	5.38	5.61	**20.45**

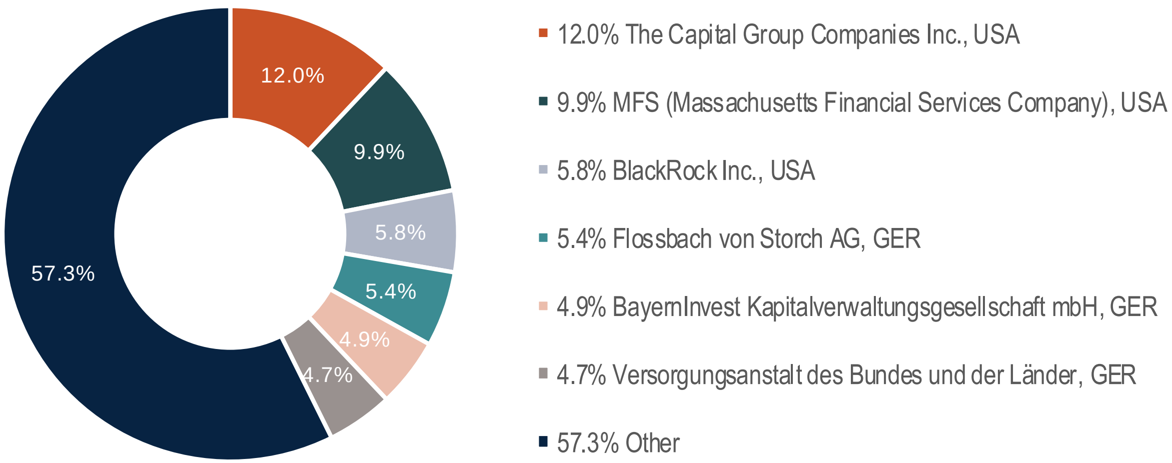
*excl. capex for project developments of EUR 7.9m in FY 2019 (FY 2018: EUR 11.4m)

Chemnitz

TAG share data

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

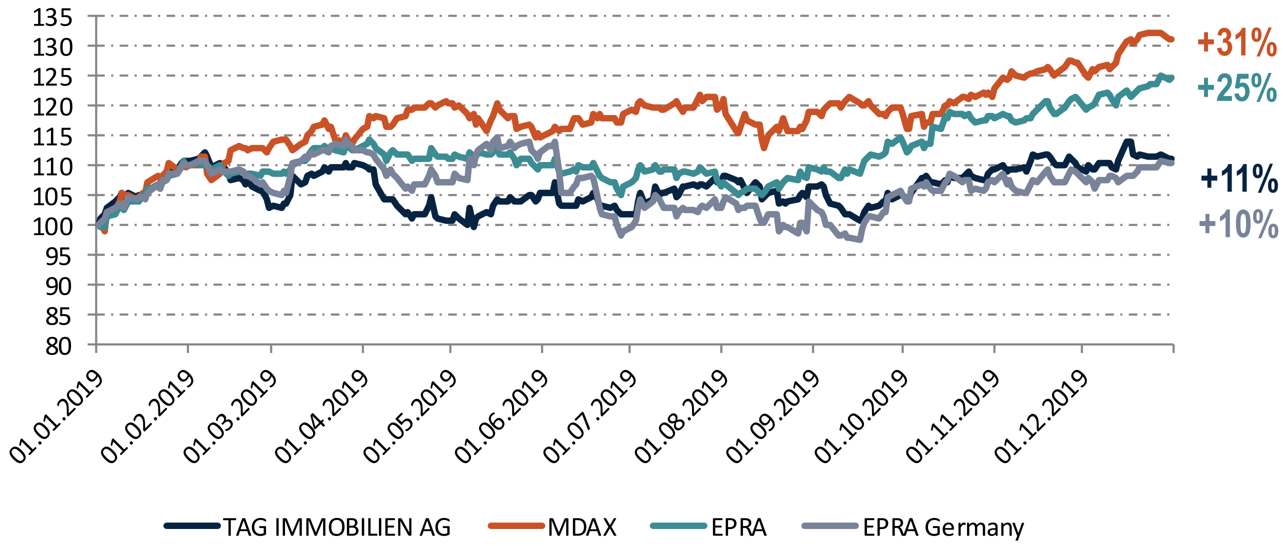
Shareholder structure as of 31 Dec-2019



Share information as of 31 Dec-2019

Market cap	EUR 3.2bn
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



FY 2019 **total shareholder return** (incl. dividend):	**+15%**
FY 2019 Ø volume XETRA/day (shares):	c. 453,600

TAG management board

Claudia Hoyer
COO

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center

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- Age 47
- 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

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- Age 47
- 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

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- 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

FIXED

EUR 420,000 p.a.

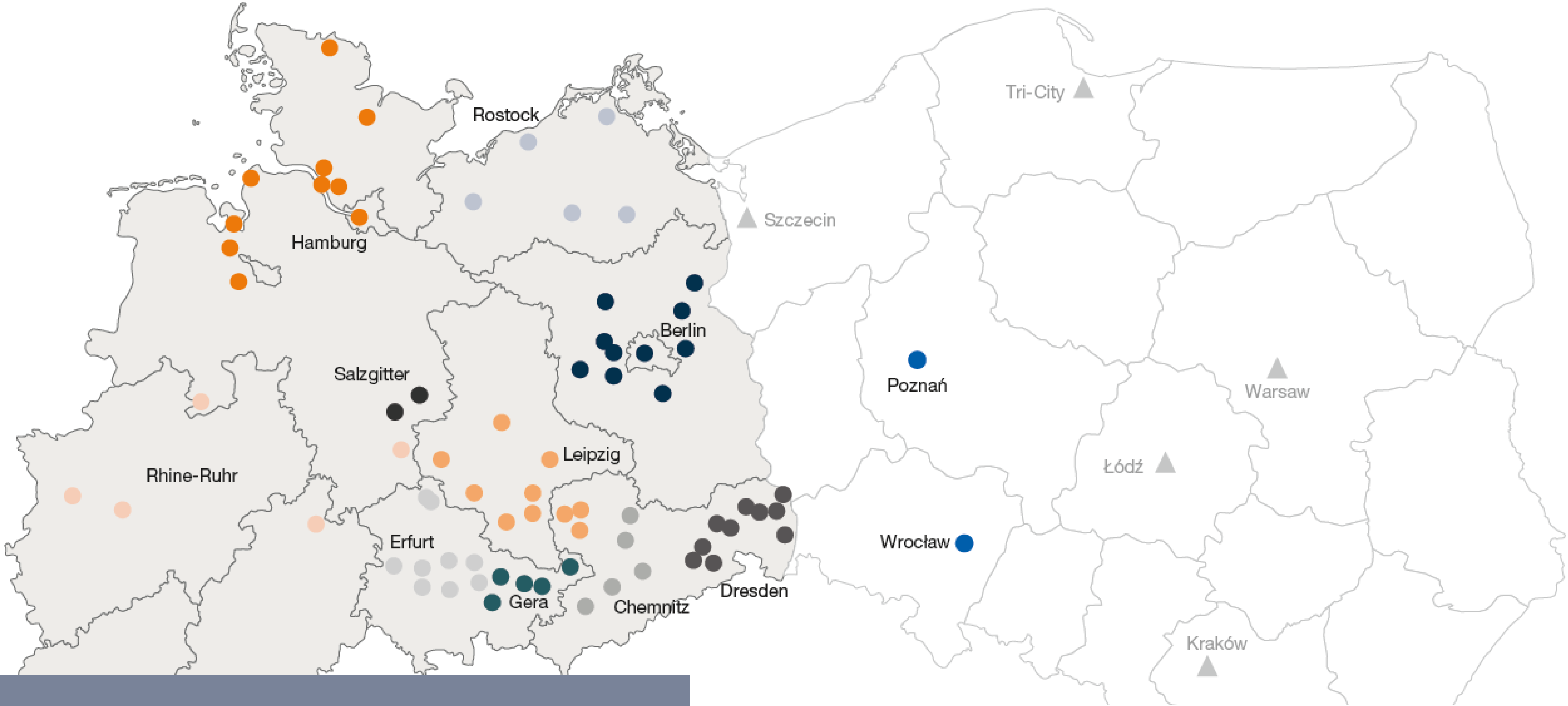
VARIABLE

STIP (Short Term Incentive Plan)

- Compensation in **Cash**
- Based on changes in **financial performance on a per share basis** (improvement in comparision 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 x EUR 150,000= 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.

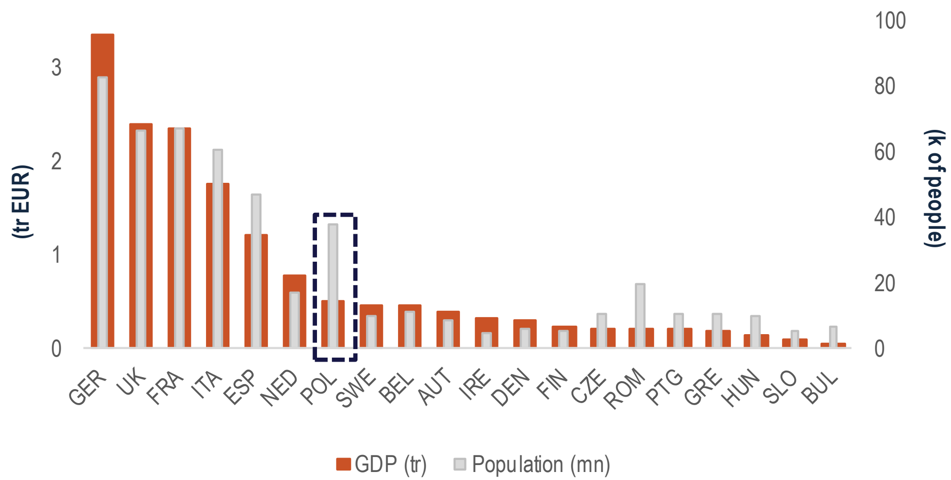


APPENDIX Poland

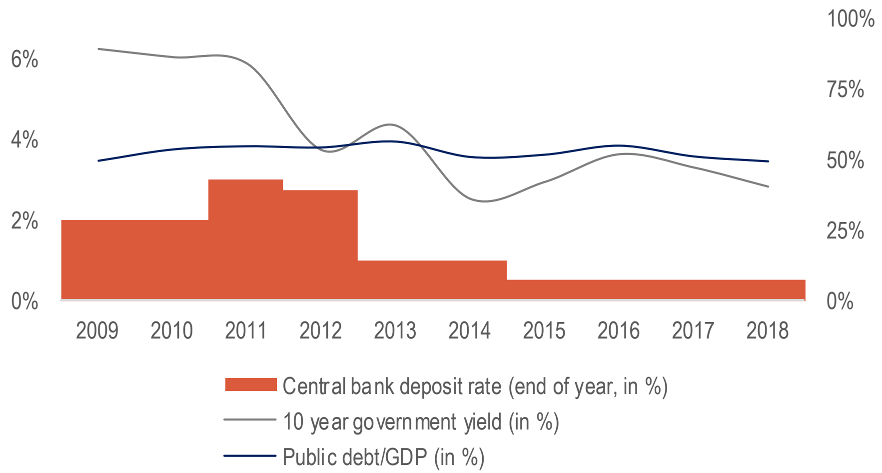
Poland macroeconomic fundamentals

Poland at a glance

A medium-sized EU country



Stable political environment



Relevant characteristics

- Poland is the EU's 6th largest country in terms of population and its 7th largest economy
- During the 2008-2009 slowdown Poland was the only EU country to avoid a recession; over the past 20 years Polish economy grew y-o-y by an average of nearly 3.9% (EU average: 1.7%)
- Fiscal policy is conservative, with general government gross debt at 49.2% of GDP and long term bond yields stable, now close to 2%

EUR/PLN exchange rate trend

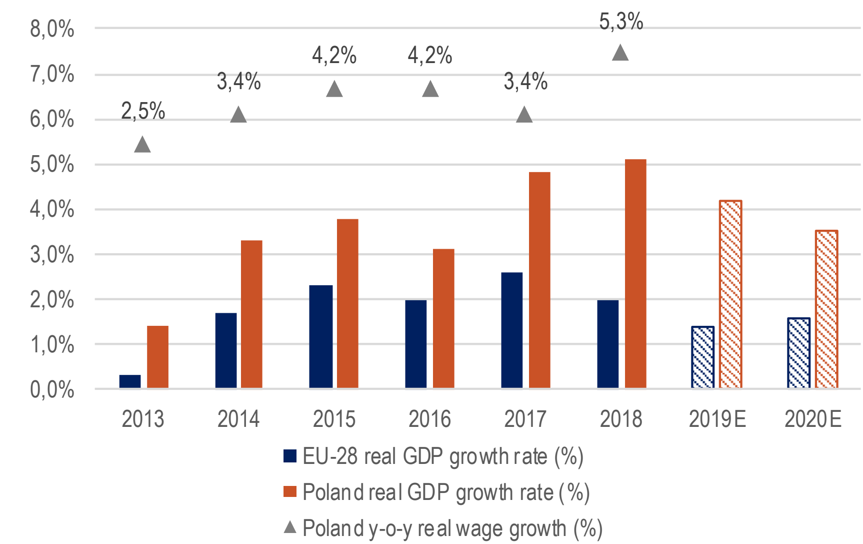
General information	
Population	c. 38m
GDP	c. EUR 525bn
GDP growth 2019E	4.2%
Inflation 2019E	2.1%
Unemployment rate 2019E	3.5%

Source: Statistics Poland, EuroStat, Bloomberg, Polish Central Bank

Poland macroeconomic fundamentals

A booming economy

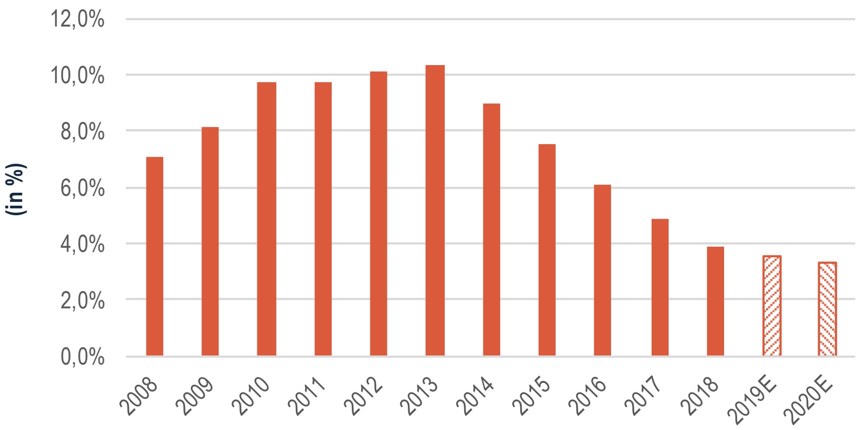
Strong real GDP and real wage growth



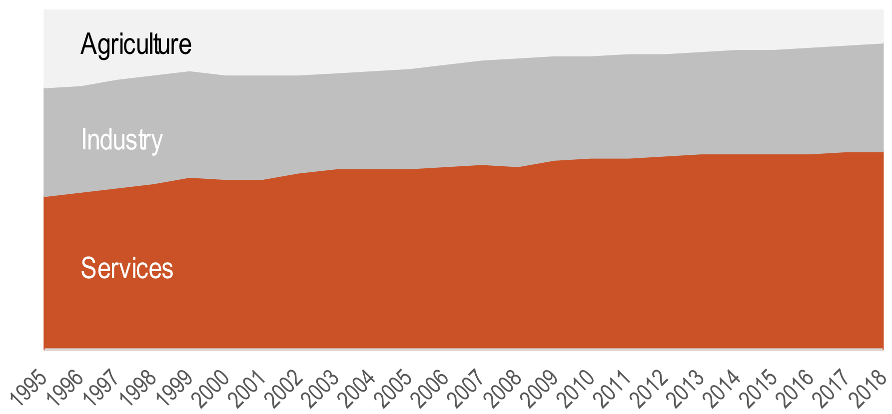
Summary

- Poland has constantly outpaced its European peers in terms of GDP growth and has delivered an impressive real wage growth nearly 3.8% p.a. on average in the last years
- Record low unemployment caused a very high labour participation rate among younger generations
- Average disposable income is further expected to rise due to new tax cuts and fiscal transfers
- The Polish economic distribution thus approaches the Western European level with more people working in the growing service sector and the main cities being popular tourist destinations

Unemployment rate since 2008



An increasingly service-based economy



Source: Statistics Poland, EuroStat, OECD

Poland's six largest cities

Largest six polish residential real estate markets

1 Tri-City

Population	749 k
Population growth since 2010	0.9%
Unemployment rate	2.3%
Average monthly wage (PLN)	5,028 [1]
Average wage growth y-o-y	n/a
Dwelling stock	347 k [2]
Household size	2.16
Number of students	115 k [3]

2 Poznan

Population	536 k
Population growth since 2010	-3.5%
Unemployment rate	1.2%
Average monthly wage (PLN)	5,757
Average wage growth y-o-y	6.1%
Dwelling stock	264 k
Household size	2.03
Number of students	145 k

3 Wroclaw

Population	641 k
Population growth since 2010	1.6%
Unemployment rate	1.7%
Average monthly wage (PLN)	5,397
Average wage growth y-o-y	6.4% [4]
Dwelling stock	334 k
Household size	1.92
Number of students	152 k

4 Warsaw

Population	1,778 k
Population growth since 2010	4.6%
Unemployment rate	1.4%
Average monthly wage (PLN)	6,470
Average wage growth y-o-y	5.7%
Dwelling stock	986 k
Household size	1.80
Number of students	298 k

5 Lodz

Population	685 k
Population growth since 2010	-5.5%
Unemployment rate	5.2%
Average monthly wage (PLN)	4,705
Average wage growth y-o-y	5.6%
Dwelling stock	361 k
Household size	1.90
Number of students	91 k

6 Krakow

Population	771 k
Population growth since 2010	2.0%
Unemployment rate	2.3%
Average monthly wage (PLN)	5,689
Average wage growth y-o-y	8.6%
Dwelling stock	397 k
Household size	1.94
Number of students	193 k

Source: REAS/JLL; Polish Statistical Office; 1) Last update: 2017. Most recent n/a. 2) Last update: 2017. Most recent n/a. 3) Regional data used, Tri-City data n/a. 4) Average wage Q1 2019 v Q1 2018

Poland's six largest cities

Key facts

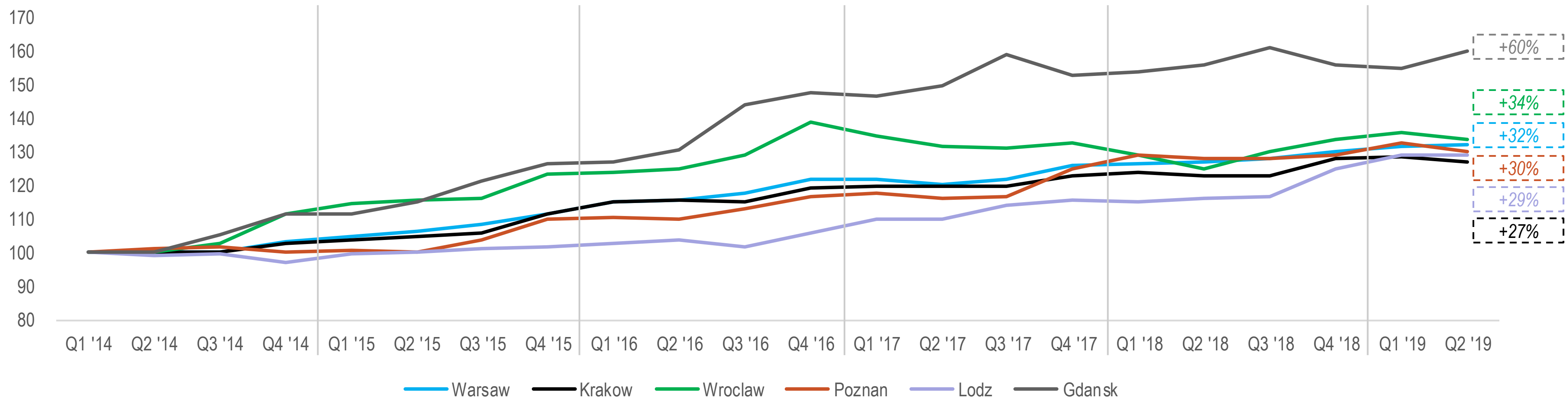
	Warsaw	Krakow	Wroclaw	Tri-City	Poznan	Lodz
Population	1,777,972	771,069	**640,648**	748,986	536,438	685,285
City size (sq km)	517	327	**293**	414	262	293
Unemployment rate	1.4%	2.3%	**1.7%**	2.3%	1.2%	5.2%
Average monthly salary	6,470	5,689	**5,397**	5,028	5,757	4,705
Dwelling stock	985,526	396,724	**333,628**	347,305	264,285	361,162
Residential developments on primary market (no of phases 2018)	530	287	**262**	276	141	137
Market offer on primary market (units Q4 2018)	19,081	6,515	**8,625**	6,891	5,232	4,475
Annual volume of sales on primary market (units 2018)	24,246	12,397	**10,465**	8,578	4,931	4,235
Average gross asking price – primary market (PLN/sqm Q4 2018)	9,682	7,718	**7,299**	8,979	7,316	5,788
Average gross rents – total stock (PLN/sqm Q4 2018)	60	51	**53**	53	44	40
Average gross rents – new housing after 2004 (PLN/sqm Q4 2018)	64	55	**57**	60	51	50
Yield proxy (avg. gross price vs. avg. gross rent of new housing Q4 2018)	8.0%	8.5%	**9.4%**	8.1%	8.4%	10.3%

Source: JLL; Polish Statistical Office

Poland's six largest cities

Key facts

Rent growth index (Q1 2014 – 100)



Rent growth index (Q1 2014 – 100)

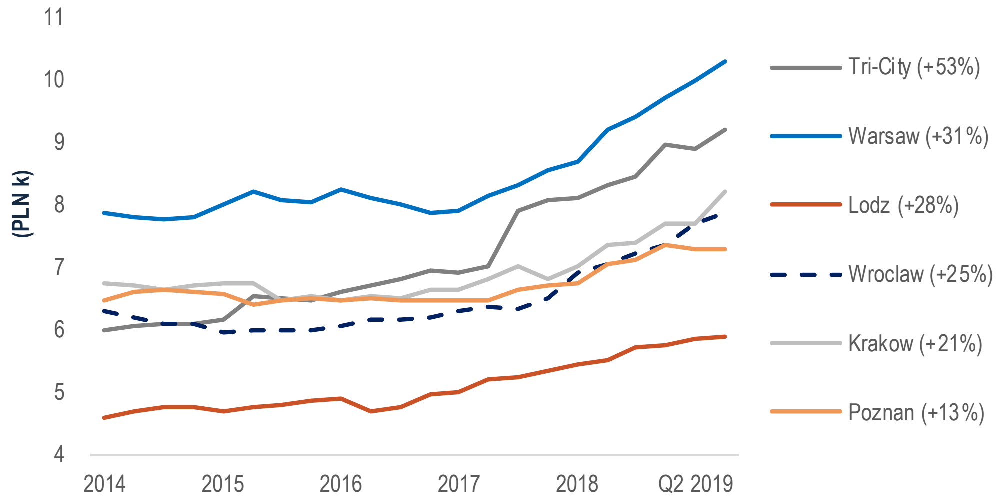
- Supported by rising demand of rental housing against the backdrop of booming service sector and favorable demographic factors, average asking rents across all six major cites in Poland demonstrate an upward trend over the last years
- Amongst Polish Top-6 markets, Gdansk recorded the highest growth in rents of over 60% since the beginning of 2014 (CAGR +8.2%), followed by Wroclaw, representing a solid increase of +34% since 2014 (CAGR +5.0%)
- Warsaw rental market recorded an increase of 32% since 2014 (CAGR +4.7%), followed by Poznan +30% (CAGR+4.5%), Lodz +29% (CAGR +4.3%) and Krakow +27% (CAGR +4.1%)

Source: JLL

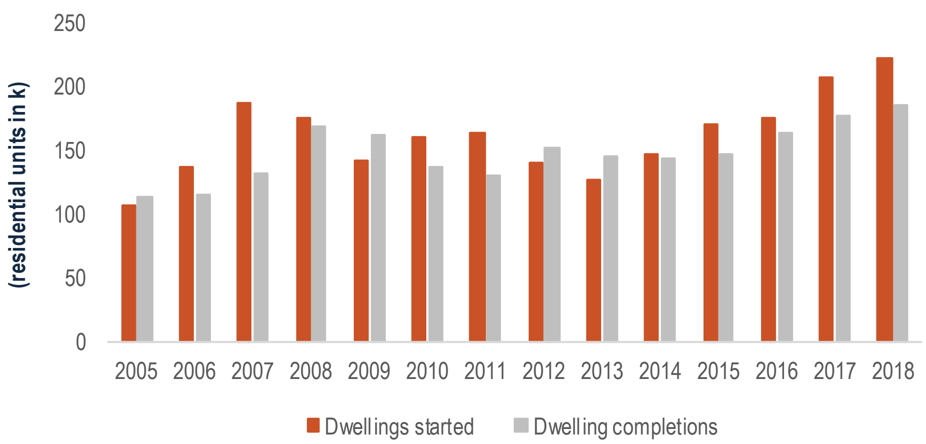
Poland's residential market

Key facts on the local primary market (1/2)

Average price of units per sqm



Residential construction volume



Key takeaways

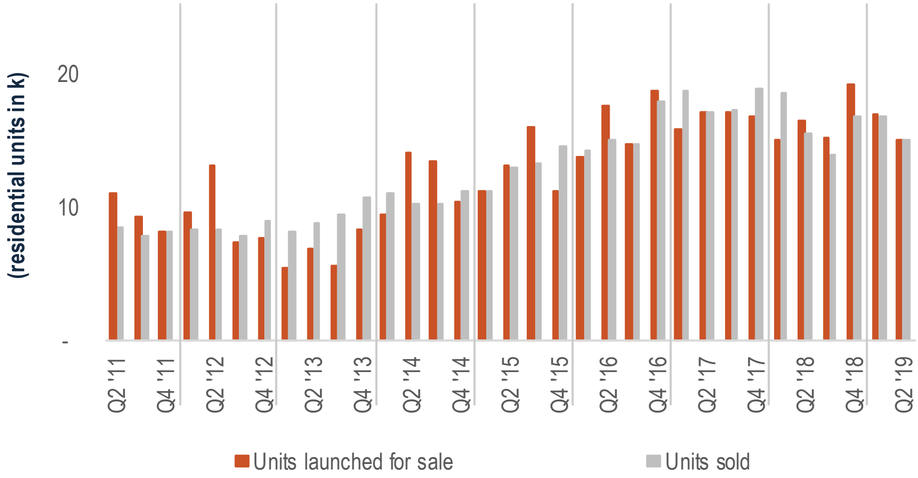
- Supported by positive macroeconomic fundamentals and structural demand overhang, average price per sqm for new residential housing has risen strongly across Polish Top-6 markets and the trend is expected to continue in the coming years
- Since 2014, Tri-city has recorded the strongest price growth (+53%), followed by Warsaw (+31%), Lodz (+28%), Wroclaw (+25%), Krakow (+21%) and Poznan (+13%)
- In 2018, asking price per sqm increased by c. 12% on average in the Top-6 markets, reaching PLN 9,682/sqm in Warsaw (+13% y-o-y), PLN 8,979/sqm in Tri-City (+17%), PLN 7,718/sqm in Krakow (+13%), PLN 7,316/sqm in Poznan (+9%), PLN 7,299 in Wroclaw (+13%), and PLN 5,788/sqm in Lodz (+8%)
- Polish residential market has been characterised by increasing residential construction activity. In 2018, the number of dwelling permits granted rose by 3.3% y-o-y to c. 251,000 units. Likewise, the useful floor of new residential buildings permits granted also increased 4.6% to 23.4m sqm from the year before
- Rising demand for housing amidst existing supply shortfall is also reflected in growing residential construction activity since 2013. In 2018, nearly 222,000 dwelling started (+7.7% y-o-y), while completions reached a record high of c. 185,000 units, representing an increase of +3.8% y-o-y

Source: JLL, Residential market in Poland, Q2 2019; Global Property Guide: Investment Analysis of Polish Real Estate Market

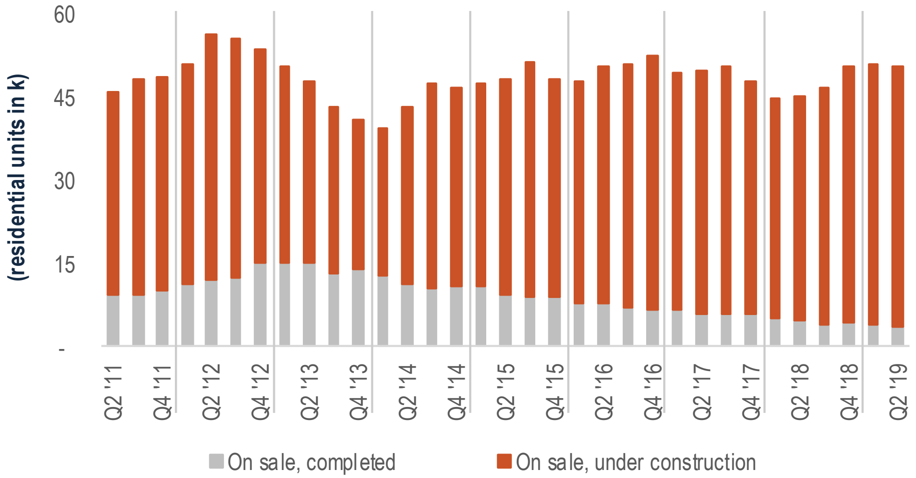
Poland's residential market

Key facts on the local primary market (2/2)

Units launched for sale and sold



Residential units on offer



Source: JLL, Residential market in Poland, Q2 2019

Key takeaways

- In response to the rising demand for residential housing, number of units sold in the Polish Top-6 markets has grown significantly over the last years, with on average 16,500 units being sold per quarter
- Between Q2 2018 and Q2 2019, 66,600 new units were released on the Polish Top-6 markets, which represents an increase of c. 4,200 units sold year-on-year
- The total number of units available in the Polish Top-6 markets went up by 0.3% over the previous quarter and by 13% over the second quarter of 2018. At the end of Q2 2019, there were nearly 51,300 units being offered for sale
- Driven by supply shortfall and increasing competition amongst buyers, proportion of total units (pre) sold during construction phase has also increased significantly over the last years, with only less than 10% of the total units being on offer post completion in Q2 2019

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