



TAG
Immobilien AG

Company presentation
Q2 2020

Content

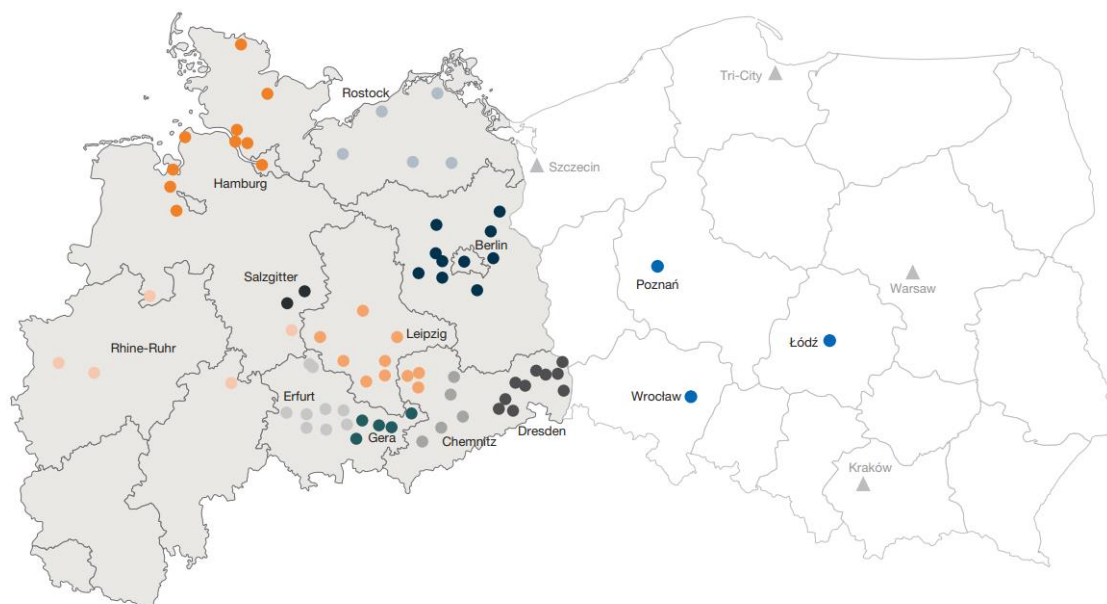
I.	TAG overview	3
II.	TAG German portfolio	5
III.	TAG acquisitions and disposals	13
IV.	TAG Poland portfolio	16
V.	TAG financing structure	20
VI.	TAG sustainability rating	24
VII.	TAG guidance FY 2020	26
VIII.	Appendix	28
	<ul style="list-style-type: none">▪ German portfolio details and valuation by region, service business details▪ Income statement, EBITDA, FFO and AFFO calculation, balance sheet, EPRA NTA and NAV calculation, LTV, ICR, CB▪ German portfolio maintenance and capex, return on capex▪ Share data▪ Management board and management board compensation	

TAG overview

TAG
2020

TAG at a glance

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



Key financials (30 Jun-2020)

GAV (real estate assets Germany and Poland)	EUR 5,717.2m
FFO I	EUR 42.3m
Market cap (30 Sep-2020)	EUR 3.8bn
Share price (30 Sep-2020)	EUR 25.74
EPRA NTA per share	EUR 25.77
LTV	44.9%

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 portfolio metrics (30 Jun-2020)

Units Germany	85,500
Units Poland (secured pipeline)	c. 5,800
Annualised net actual rent EURm p.a. (total portfolio)	322.9
Net actual rent EUR/sqm/month (residential units)	5.43
Net actual rent EUR/sqm/month (total portfolio)	5.54
Vacancy rate (residential units)	5.1%
Vacancy rate (total portfolio)	5.6%
L-f-I rental growth (y-o-y)	1.4%
L-f-I rental growth (incl. vacancy reduction, y-o-y)	1.5%

TAG German portfolio

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TAG decentralized portfolio management structure

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

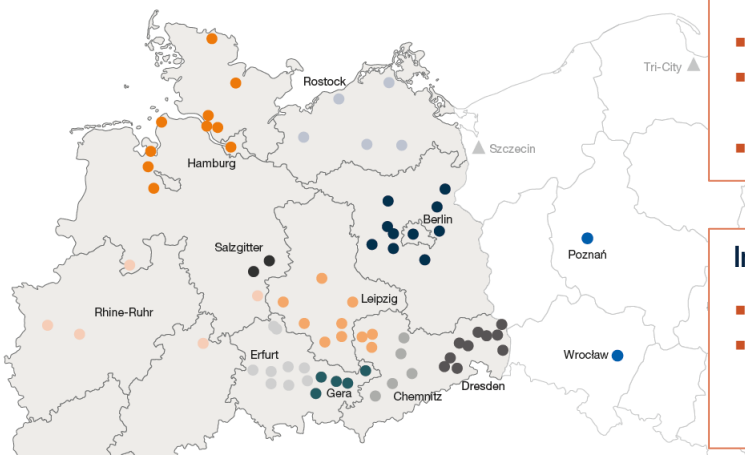
Centralized functions



- 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 Investments

- Modernisation for re-letting
- Ongoing maintenance measures

4 Receivables management

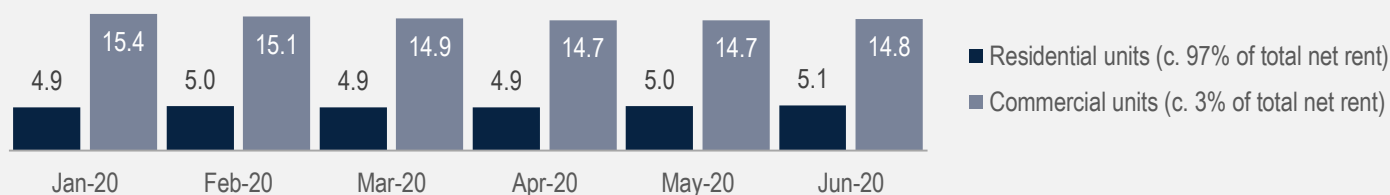
- Minimise outstanding receivables
- Payment reminder and legal action

TAG Covid 19 business update

Voluntary waiver on rent increases until June 2020

- From March until June 2020 **no rent increases** on the basis of adjustments to local comparative rents
- **No terminations** due to loss of income caused by the Corona crisis and **no evictions** of inhabited apartments during this time
- **Rent increases** have been carried out again since **July 2020**

Vacancy rates stable



Minor impact on rent payments

- Deferral of net actual rents (resulting from tenant requests against the backdrop of the Covid 19 pandemic) as of 30 Jun-2020:
 - Residential units: c. EUR c. 0.02m per month (c.0.1% of total residential tenants)
 - Commercial units: c. EUR c. 0.01m per month (c.1.4% of total commercial tenants)

Business in Poland not materially affected

- **Construction sites running**, no material delays
- **Land banks and projects for 5,800 units secured or already acquired** (incl. Vantage acquisition), new acquisitions in H1 2020 in Poznan and Lodz as TAG's second and third locations in Poland after Wroclaw
- **Reduced Q2 2020 sales** due to lock-down restrictions after strong sales numbers in Q1 2020, but **sales in July 2020 back on pre-crisis-level; sales prices remained stable or even increased in H1 2020**
 - Sales Q1 2020: 205 units (68 units per month on average)
 - Sales Q2 2020: 61 units (20 units per month on average)
 - Sales July 2020: 57 units

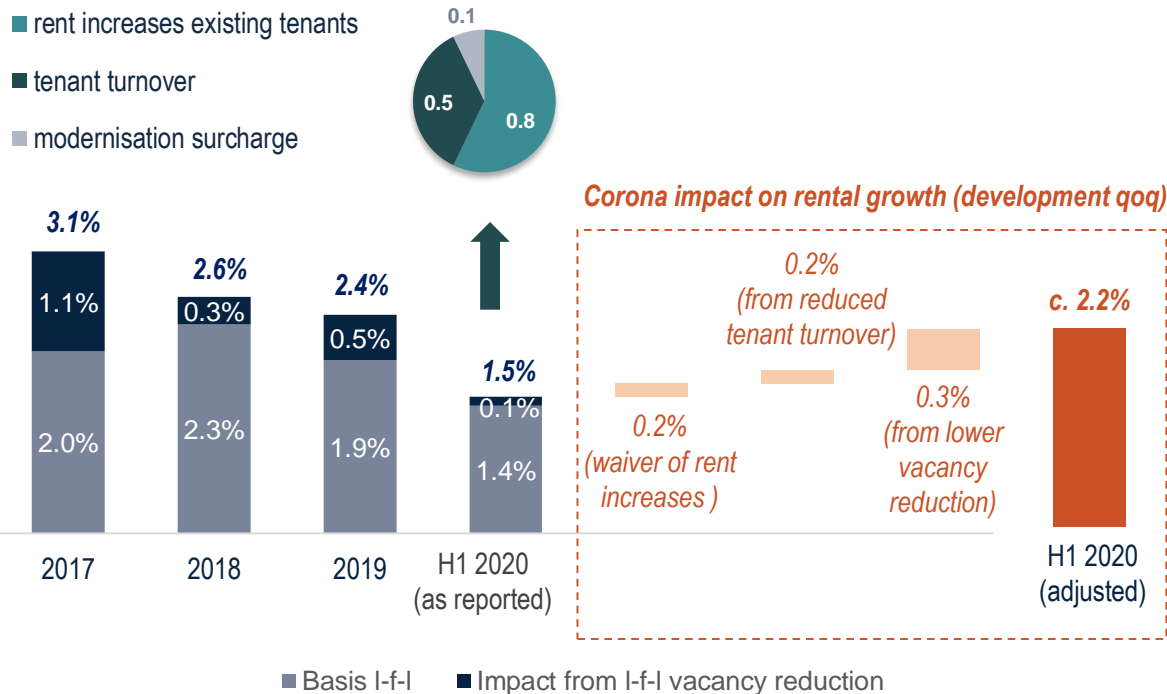
TAG German portfolio rental growth and capex allocation

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

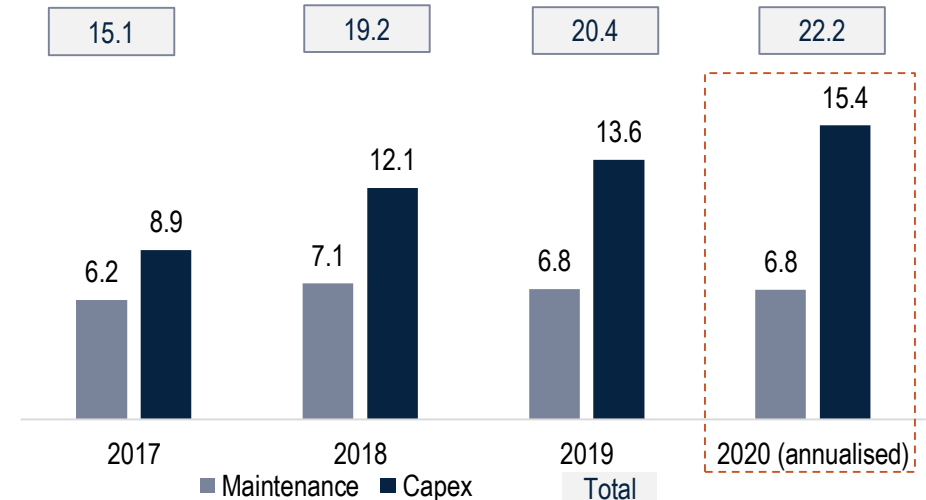
Rental growth achieved with moderate investments

- 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**.

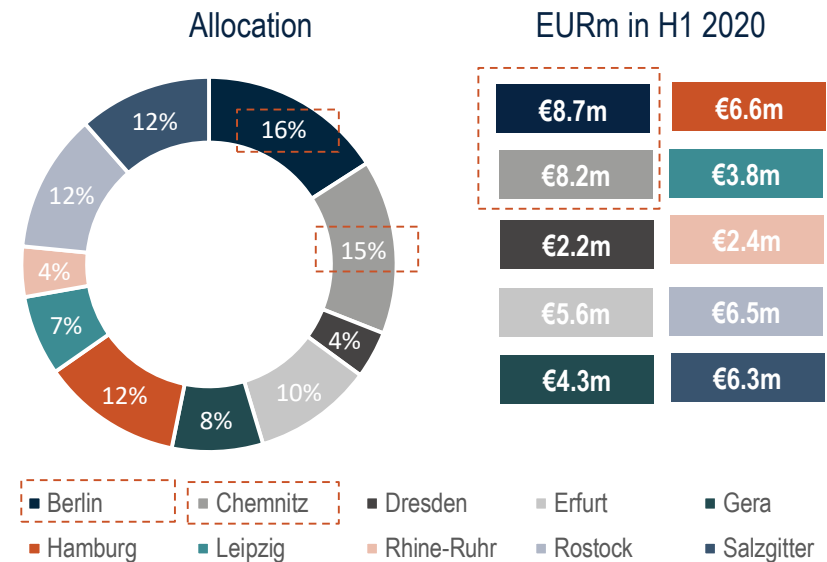
Like-for-like rental growth excluding and including vacancy reduction



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

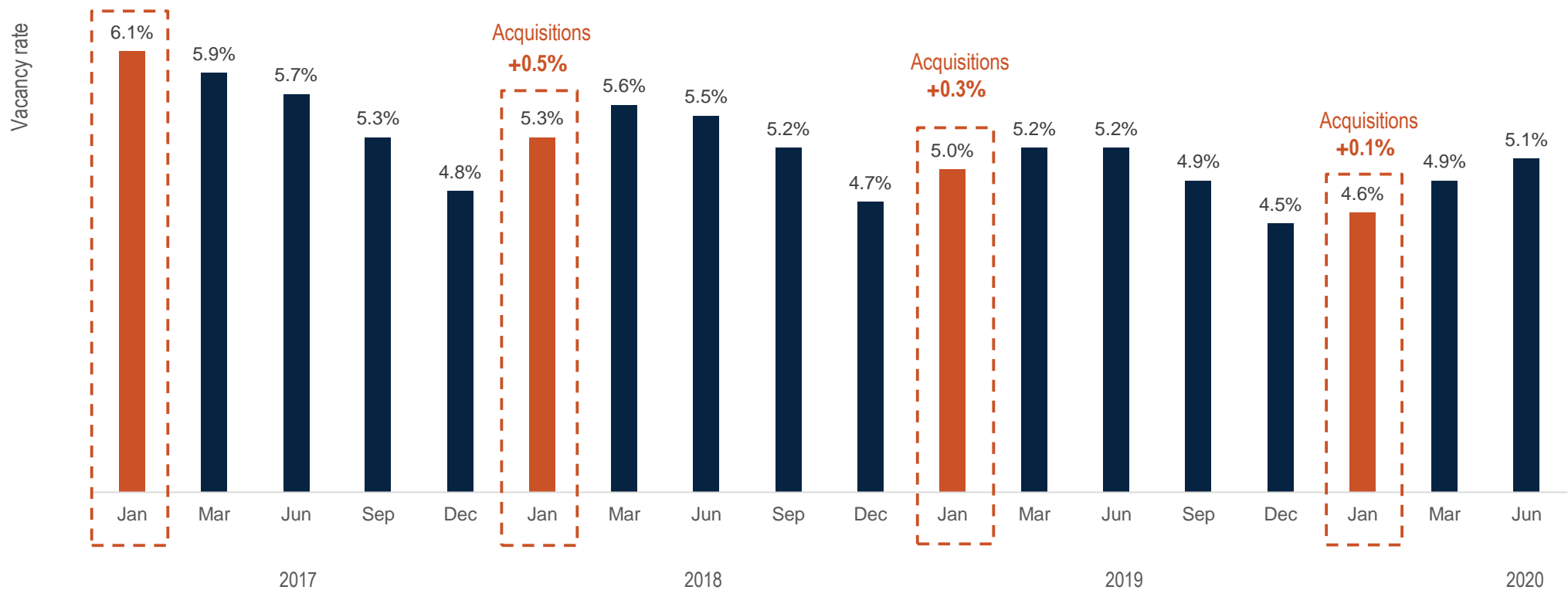


Maintenance & capex split by region

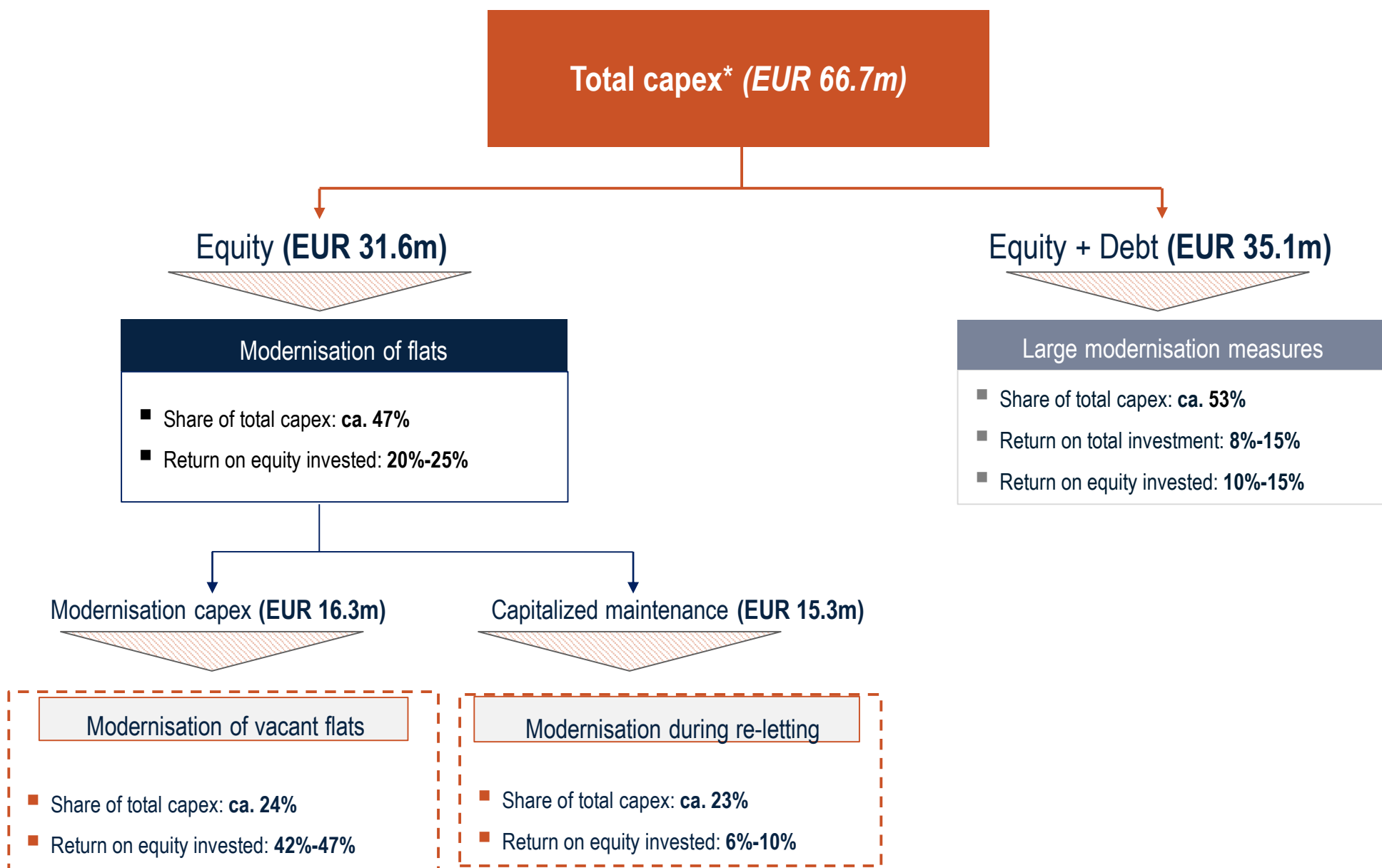


TAG German portfolio vacancy reduction residential units

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



TAG return on capex calculation 2019



*excl. capex for project developments of EUR 7.9m

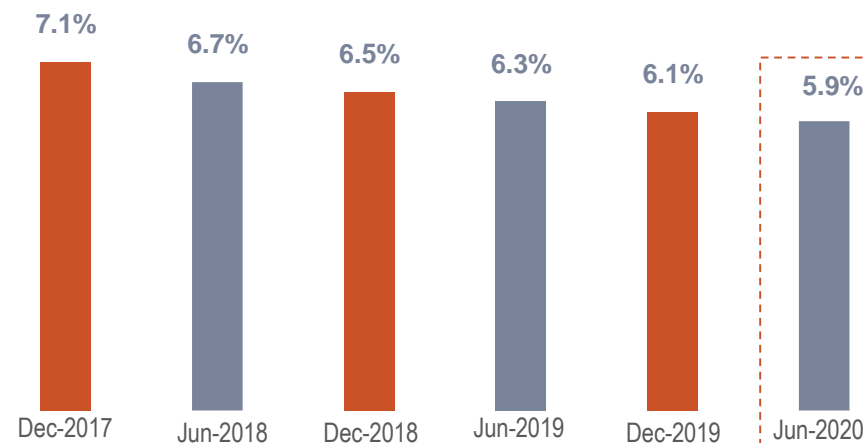
TAG German portfolio valuation overview

Portfolio valuation result

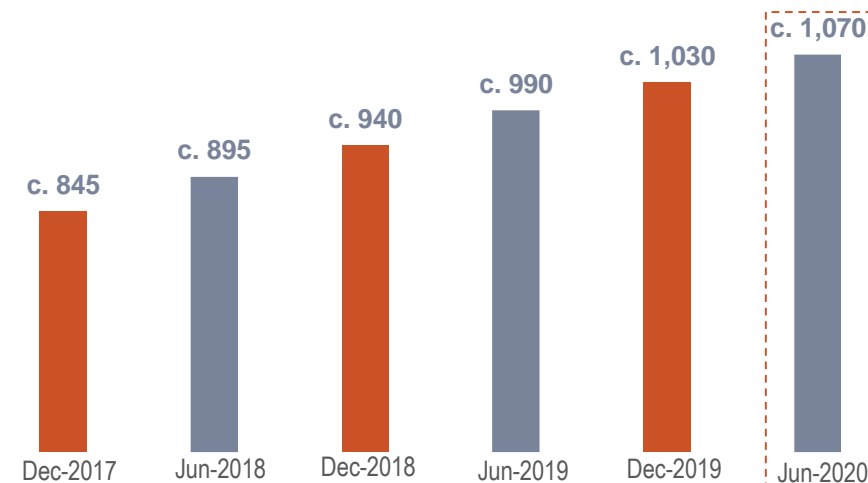
H1 2020 vs. H2 2019	H1 2020	H2 2019
in EUR m	174.0*	202.7
semi-annual valuation uplift (w/o capex)	3.3%	4.2%
– thereof from yield compression	83%	70%
– thereof from operational performance	17%	30%

* total valuation gain of EUR 172.4m in H1 2020: thereof EUR 174m relates to properties in Germany, EUR -1.6m to properties in Poland

Development of gross yield



Development of portfolio value (EUR/sqm)



TAG services business – FFO contribution 2019

Almost EUR 8m of FFO generated from services business in 2019

		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	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 2019 (+ 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 acquisitions and disposals

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TAG acquisitions FY 2019 – 2020

	Thuringia / Mecklenburg- Western Pomerania	Saxony-Anhalt	Mecklenburg- Western Pomerania	Total	Total*
Signing	Mar/Jun/Aug-2019	Jun-2019	Aug-2019	2019	2020
Units	669	320	342	1,331	4,218
Net actual rent in EUR/sqm/month	6.54	4.92	5.07	5.81	4.97
Vacancy	8.8%	22.4%	1.6%	11.0%	20.8%
Purchase price in EURm	---	---	---	50.1	162.7
Net actual rent in EURm p.a.	2.48	0.83	0.83	4.1	11.1
Location	Various	Halle	Stralsund/ Greifswald	---	Saxony, Thuringia, Saxony- Anhalt: Merseburg, Plauen, Gotha, Magdeburg, Dessau et.al.
Closing	2019/ Q1 2020 (expected)	Q1 2020 (expected)	Dec-2019	---	Q2/ H2 2020
Multiples (in-place rent)	---	---	---	12.1	14.7



Bernburg



Dessau



Plauen

FY 2019:

Jan–Aug 2020:

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

4,218 units in TAG core markets acquired up to date at an average acquisition multiple of 14.7x (6.8% gross yield)

TAG disposals FY 2019 and Q2 2020

	Brandenburg	Various locations	Total	Various locations
Signing	Dec-2019	2019	2019	H1 2020
Units	203	365	568	209
Net actual rent in EUR/sqm/month	3.75	4.26	4.05	4.48
Vacancy	12%	24%	19%	23%
Selling price in EURm	---	---	18.2	8.3
Net actual rent in EURm p.a.	0.57	0.94	1.51	0.58
Net cash proceeds in EURm	4.9	13.0	17.9	8.3
Book profit in EURm	0.0	0.8	0.8	0.2
Location	Jänschwalde	---	---	---
Closing	Q3 2020 (expected)	2019/2020	---	2020
Multiples (in place rent)	---	---	12.1	14.4



Helmstedt



Bad Grund

FY 2019: c. 600 non-core units sold at an average disposal multiple of 12.1x (8.3% gross yield)
H1 2020: c. 200 non-core units sold at an average disposal multiple of 14.4x (6.9% gross yield)



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TAG Poland portfolio

Poland overview

Unlocking superior returns by addressing the growing demand of the Polish residential-for-rent market

Strategic rationale

Additional region neighbouring to TAG's existing portfolio

Increasing demand in resi for rent market in A-cities

Early market entry leads to advantages over competitors

38m inhabitants - 6th largest EU country

Landlord friendly regulation

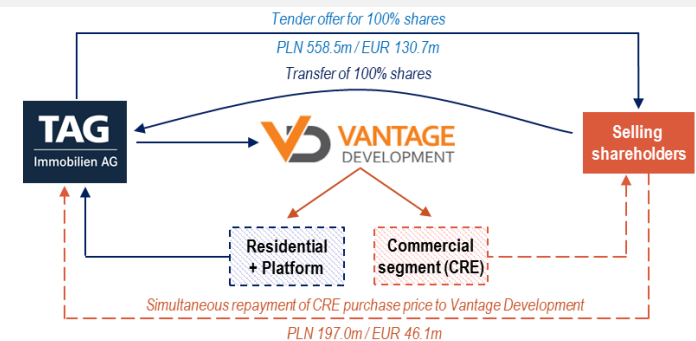


Poland mid-term target (3-5 y.)

- TAG's mid-term growth target (next 3-5 years) are **8,000-10,000 letting units** in Poland, corresponding to c. 10% of TAG's total current residential units. **Focus on project developments**, in light of fragmented and outdated rental stock
- **Investment focus on major Polish cities** with large universities, favourable macroeconomics and strong demographics. Capitalizing on **superior sourcing capabilities of the Vantage platform**, pipeline locations expanded to include fundamentally strong markets of currently **Wroclaw, Poznan and Lodz**
- While first build-to-hold completions should only start yielding from FY 2021 onwards, **realization of build-to-sell pipeline** (unit sales) should provide strong support to **free cash flow generation** (reflected on FFO II basis)

Vantage Acquisition (Closing Jan-2020)

- Tender offer for 100% shares in Vantage Development S.A.
- Net consideration of EUR 85m
- Development platform with strong track record over 10 y.
- Experienced management team with c. 100 employees



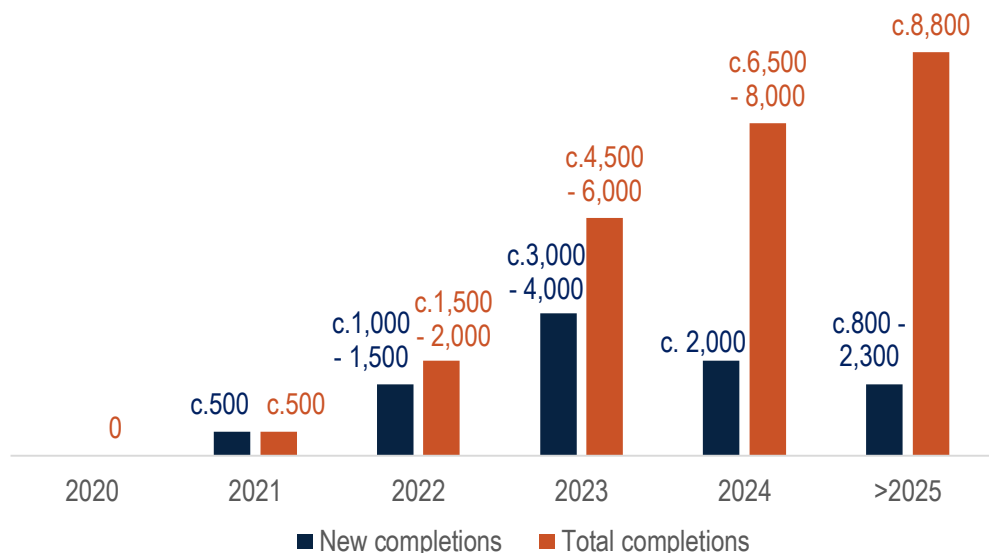
Poland build-to-hold pipeline

Polish build-to-hold projects currently concentrated in growth regions of Wroclaw and Poznan

Build-to-hold projects overview

Pipeline locations	Wroclaw	Poznan	Other locations	Total
Total number of projects	8	8	6	22
Total number of project stages	15	9	6	30
Number of units	4,500	2,600	1,700	8,800
- of which current projects	1,200	1,100	200	2,600
- of which planned projects	3,300	1,500	1,500	6,200
Expected total investment costs (TIC)*			c. EUR 700-750m	
Average rental yield on cost			c. 7-8%	
Average rent per sqm (w/o service charges)*			c. EUR 10-11/sqm/month	
Average apartment size			c. 45-55 sqm	
Expected EBITDA margin			>70%	

Build-to-hold: Timeline of planned completions (by rent start)



* based on PLN/EUR exchange rate of 0.224 as of 30 Jun-2020

Build-to-hold pipeline locations



General criteria for earmarking units as build-to-hold and build-to-sell

- Units in **buildings with already realised pre-sales** are earmarked for sale
- Larger apartments** with lettable area in **excess of 50 sqm**
- Apartments exhibiting **attractive privatization pricing** and valuation (gross sales margin of over 25%)

Accounting treatment of build-to-hold units

- Recognition of costs and revenues based on **completed-contract-method**
- Upon completion, any **revaluations under IAS 40** are recognised upon **transfer to Investment Properties**
- Construction and other eligible costs** are capitalised until fair value can be determined at completion (IAS 40)
- Rental results** to be reflected in TAG's FFO I

Poland build-to-sell pipeline

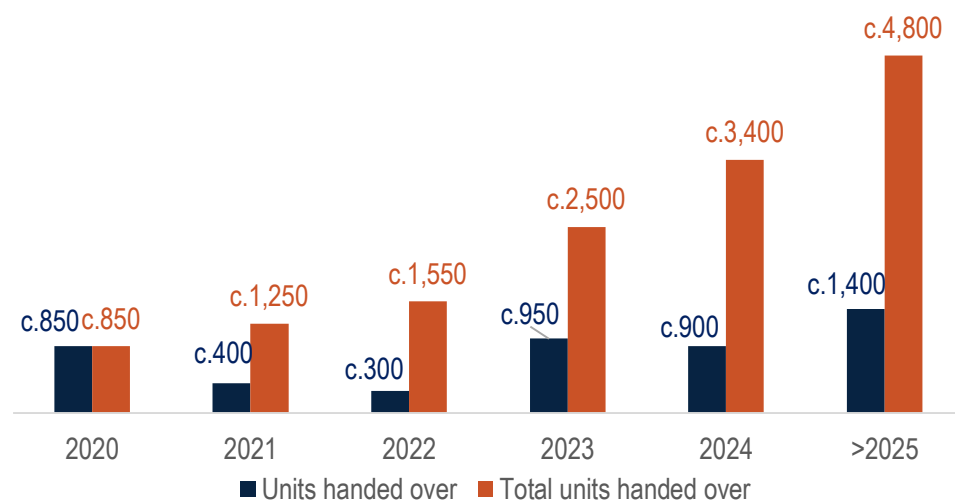
Attractive build-to-sell projects in Wroclaw offering strong cashflows and significant support to FFO II

Build-to-sell projects overview

Pipeline location	Wroclaw
Total number of projects	11
Total number of project stages	29
Number of units	4,800
- of which current projects	3,200
- of which planned projects	1,600

Expected total investment costs (TIC)*	c. EUR 350-375m
Expected EBITDA margin on sales	>15%
Net selling price per sqm (w/o fit outs)*	c. EUR 1,500-1,750
Average apartment size	c. 50-60 sqm

Build-to-sell: Timeline of sales (by hand overs)



Build-to-sell pipeline locations



Accounting treatment of build-to-sell units

- Recognition of costs and revenues based on **completed-contract-method**, with revenue recognition only at handover
- **Inventories** increase as the **construction and eligible costs are capitalised**
- **Upon sale/handover**, inventories are reduced by COGS and revenues are recognised in the P&L, with subsequent booking of profits
- **Sales results to be reflected in TAG's FFO II**



Please refer to the guidance slide for Vantage FY 2020 outlook

* based on PLN/EUR exchange rate of 0.224 as of 30 Jun-2020

TAG financing structure

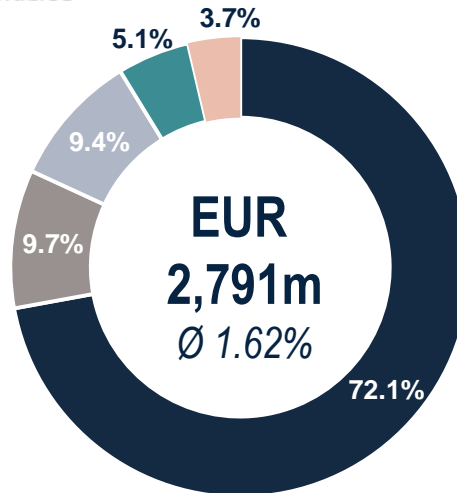
TAG
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TAG financing structure

Debt structure as of 30 Jun-2020

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

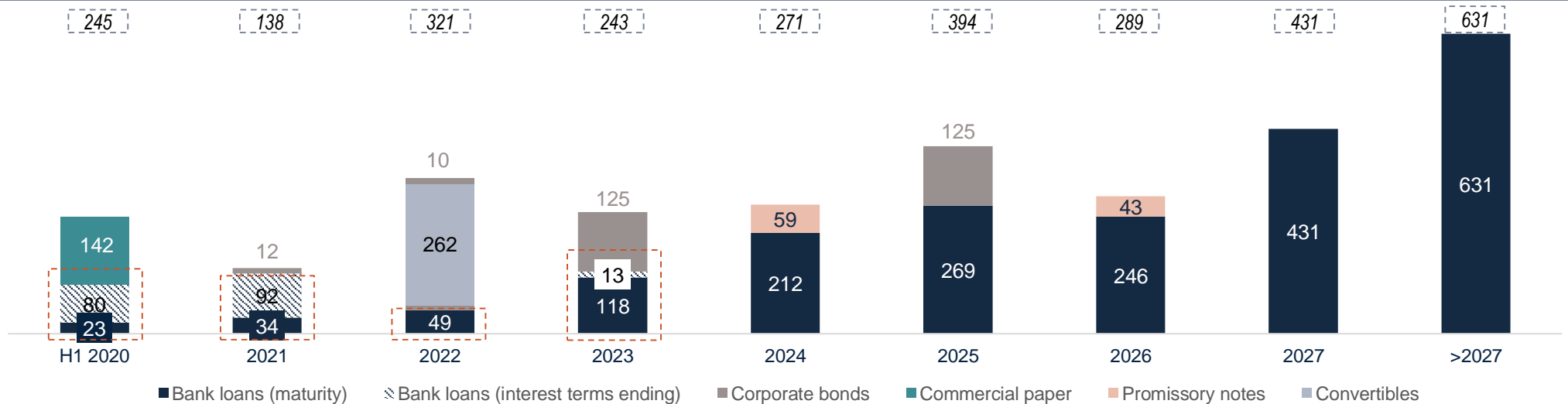
Debt volume	Ø interest rate	% fixed rates
EUR 2,013m	1.85%	98%
EUR 272m	1.77%	100%
EUR 262m	0.63%	100%
EUR 142m	0.15%	100%
EUR 102m	1.18%	100%
Σ EUR 2,791m	Ø 1.62%	Ø 98.5%



Key financial KPIs as of 30 Jun-2020

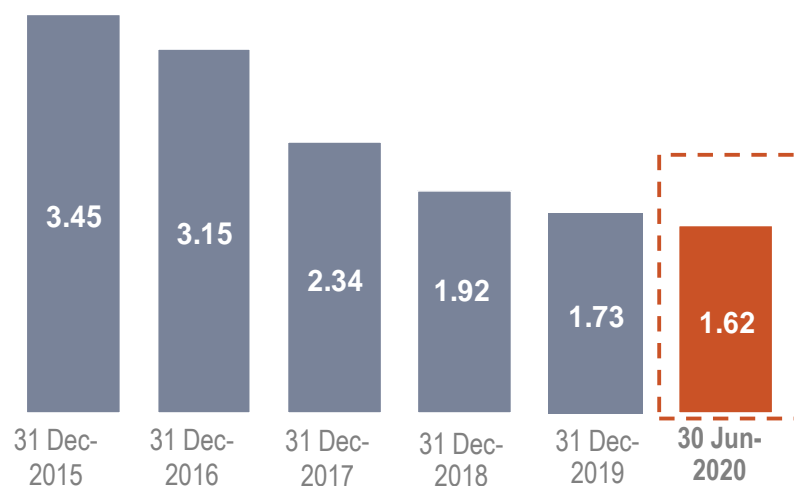
Ø Maturity total financial debt	7.0 years
Ø Maturity bank loans	8.4 years
Ø Interest rate total financial debt	1.62%
Ø Interest rate bank loans	1.85%
LTV	44.9%
LTV target	c. 45.0%
Rating (Moody's)	Baa3 long term rating (outlook stable) P-3 short term rating
Further refinancing potential 2020-2022	EUR 409m of German bank loans maturing or with interest terms ending in 2020-2023 with average coupons of 2.5%-2.7% p.a.

Maturity profile as of 30 Jun-2020 (in EURm)



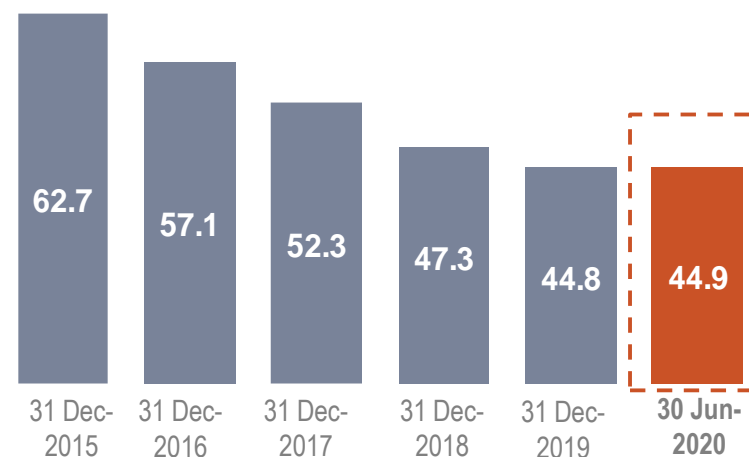
TAG cost of debt and LTV

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 278m in 2020-2022 (average coupons of 2.1% - 2.7% p.a.).

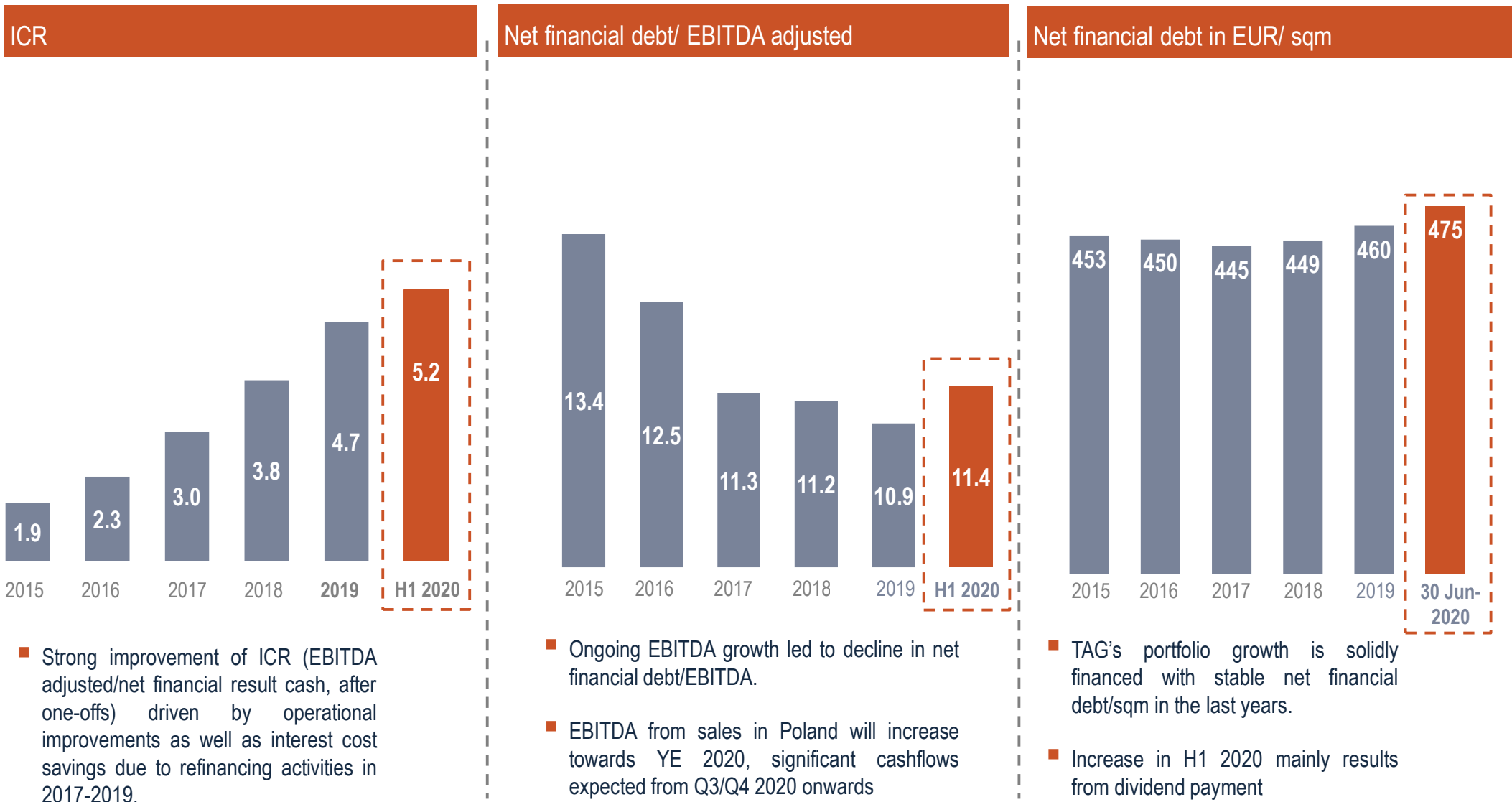
LTV in %



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

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

TAG strong development of financing metrics



Continuous improvement of financing metrics since 2015 with further improvement expected

TAG sustainability rating

TAG 2020

TAG environmental, social and corporate governance



TAG ranks among the top 5% of Sustainalytics ESG risk ratings in the real estate sector

An impressive re-rating of ESG performance at Sustainalytics*

From 2,405th to 306th out of 12,000 ratings



OUR PATH TO TOMORROW



DEVELOPING OUR PORTFOLIO RESPONSIBLY

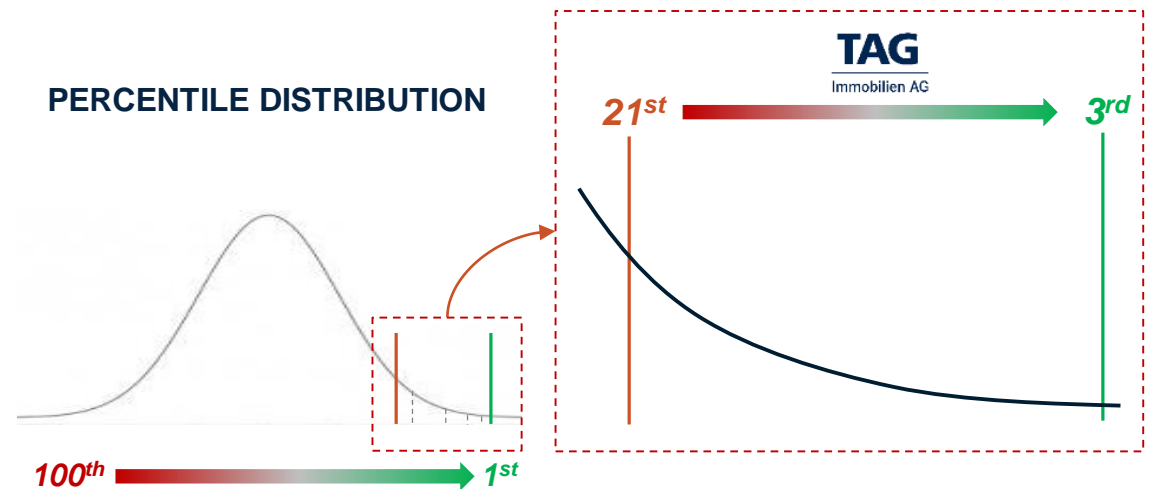


OUR SOCIAL RESPONSIBILITY



EMPOWERING OUR EMPLOYEES

PERCENTILE DISTRIBUTION



2nd ESG Management score

ESG Risk Rating

12.6 Low Risk



Top ESG rating rank within TAG industry group



out of 905 rated entities

*all data based on latest Sustainalytics ESG rating report dated 29 Jun-2020

TAG guidance FY 2020

TAG
2020

TAG guidance FY 2020

Germany	FFO I (EUR)	168-170m	+5% vs. 2019
	FFO I/s (EUR)	1.16	+5% vs. 2019
	DPS (EUR)	0.87	+5% vs. 2019

- based on the current portfolio (for purpose of the guidance no further acquisitions/disposals are included)

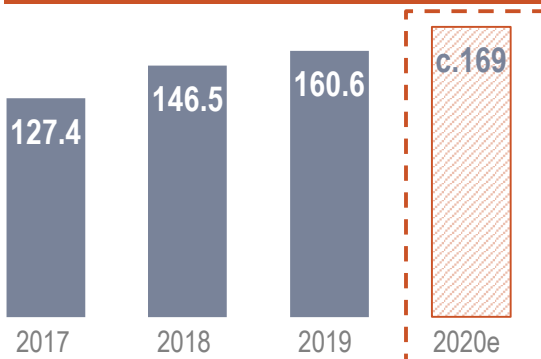
- based on 146.3m outstanding shares

- equals 75% of FFO I

Poland	Sales revenues (EUR)	80-85m
	Result from Operations (EUR)	9-11m

- defined as net income from Poland after minorities (excluding any non-cash items and one-offs) w/o effects from purchase price allocation
- part of FFO II, equals EUR 0.07/s
- Poland to only generate FFO I contribution from FY 2021 onwards

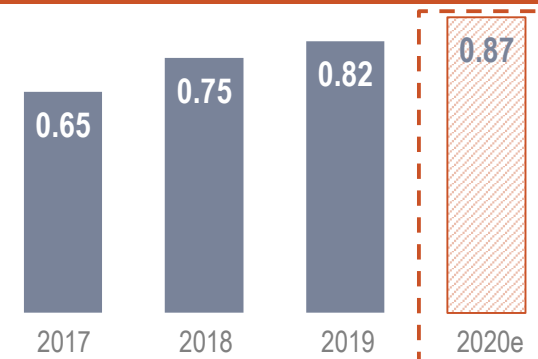
FFO I in EURm



FFO I per share in EUR



Dividend per share in EUR



APPENDIX

TAG 2020

TAG German portfolio details by region

Region	Units #	Rentable area sqm	IFRS BV EURm Jun-2020	Gross yield	Vacancy Jun-2020	Vacancy Dec-2019*	Net actual rent EUR/ sqm	Re-letting rent EUR/ sqm	I-f-I rental growth y-o-y	I-f-I rental growth y-o-y incl. vacancy reduction	Maintenance EUR/sqm	Capex EUR/sqm
Berlin	10,410	597,030	817.2	4.8%	4.5%	4.1%	5.78	6.24	1.7%	1.1%	2.82	11.77
Chemnitz	7,475	437,293	358.0	6.7%	8.0%	7.7%	4.96	4.98	1.2%	2.3%	3.62	15.21
Dresden	6,298	409,025	561.2	4.9%	3.1%	2.1%	5.78	6.17	1.9%	1.5%	1.84	3.61
Erfurt	10,812	607,967	682.6	5.4%	3.1%	2.6%	5.26	5.58	1.2%	1.7%	2.93	6.32
Gera	9,631	560,160	440.7	7.2%	7.1%	7.0%	5.06	5.33	1.3%	2.1%	2.53	5.13
Hamburg	7,039	432,857	570.8	5.1%	4.0%	4.2%	5.80	6.02	1.2%	2.1%	4.65	10.64
Leipzig	10,013	589,863	592.3	5.9%	6.5%	5.4%	5.31	5.75	1.6%	1.2%	2.94	3.47
Rhine-Ruhr	4,188	266,405	332.1	5.2%	2.6%	2.1%	5.54	5.71	1.6%	1.6%	6.04	2.87
Rostock	7,987	452,551	491.7	5.8%	4.9%	3.6%	5.54	5.93	1.3%	1.6%	4.99	9.46
Salzgitter	9,180	563,122	546.3	6.3%	5.5%	5.2%	5.41	5.60	1.2%	0.6%	3.50	7.65
Total residential units	83,033	4,916,272	5,392.8	5.6%	5.1%	4.5%	5.43	5.70	1.4%	1.5%	3.42	7.70
Acquisitions	1,166	65,361	42.6	7.2%	16.7%	7.8%	4.68	---	---	---	---	---
Commercial units within resi. portfolio	1,143	146,704	---	---	16.4%	16.3%	8.56	---	---	---	---	---
Total residential portfolio	85,342	5,128,337	5,435.4	5.9%	5.5%	4.9%	5.50	---	---	---	---	---
Other	158	20,301	129.2**	5.1%***	6.1%	8.1%	13.33	---	---	---	---	---
Grand total	85,500	5,148,638	5,564.7	5.9%	5.6%	4.9%	5.54	---	---	---	---	---

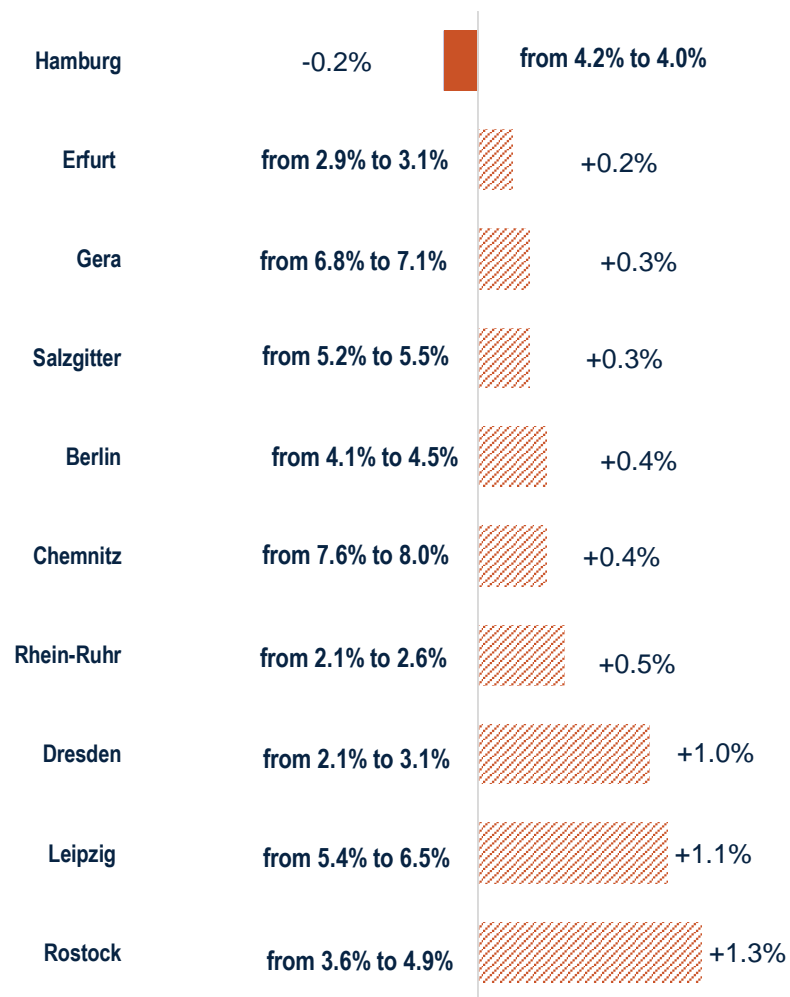
* excl. acquisitions 2019

** incl. EUR 69.2m book value of project developments

*** excl. project developments

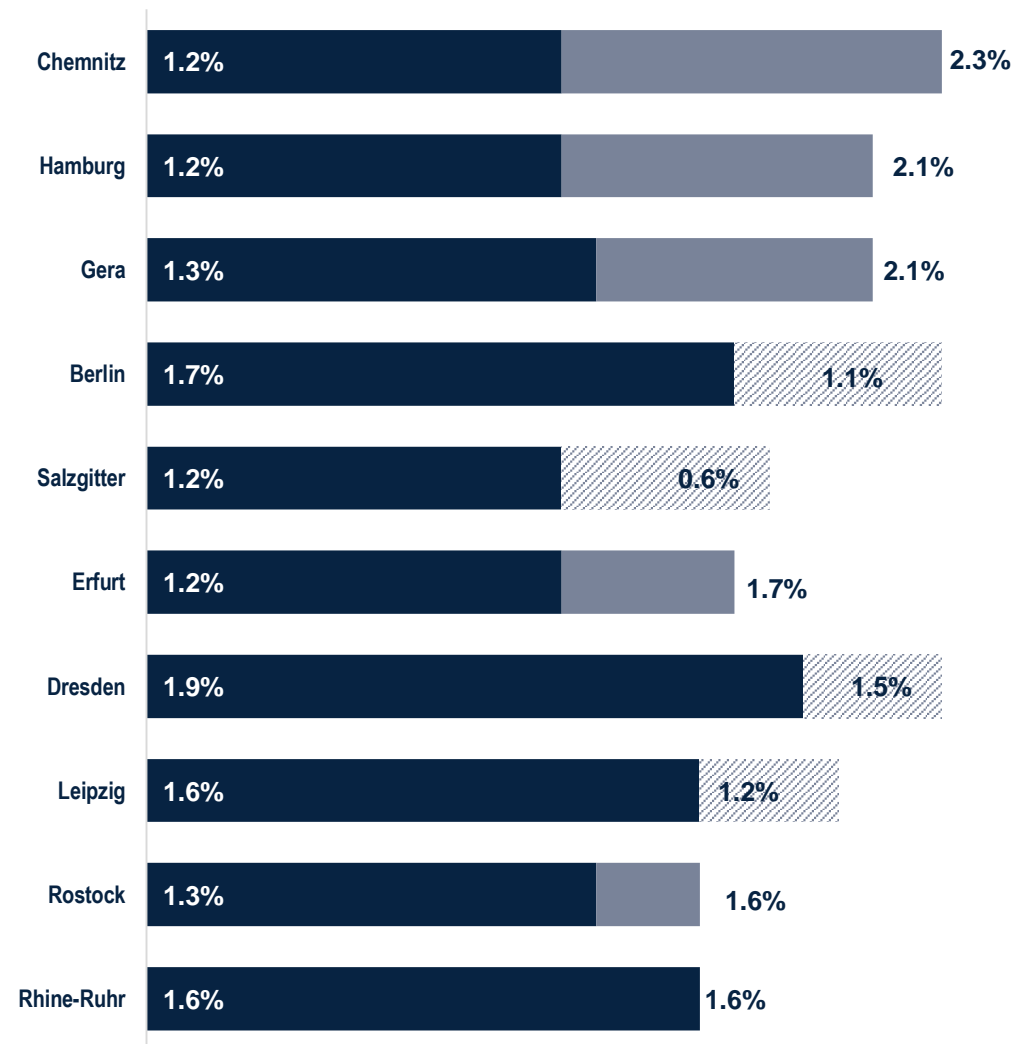
TAG German portfolio vacancy reduction and rental growth

Vacancy development H1 2020*



* incl. acquisitions 2019

I-f-I rental growth (y-o-y) H1 2020



Basis I-f-I | I-f-I incl. vacancy reduction

TAG German portfolio valuation details

Region (in EURm)	Jun-2020 Fair value (IFRS)	Jun-2020 Fair value (EUR/sqm)	Jun-2020 Implied multiple	Jun-2020 Valuation result	Share of operational performance/ other market developments	Share of yield compression	Dec-2019 Fair value (IFRS)	Dec-2019 Fair value (EUR/sqm)	Dec-2019 Implied multiple
Berlin	817.2	1,300.5	19.6x	30.5	1.6	28.9	779.6	1,240.9	18.6x
Chemnitz	358.0	794.7	14.6x	4.9	1.7	3.2	347.9	764.9	14.2x
Dresden	561.2	1,334.4	19.7x	27.0	3.7	23.4	532.7	1,266.4	18.7x
Erfurt	682.6	1,081.3	17.3x	11.8	3.3	8.5	660.9	1,069.8	17.1x
Gera	440.7	751.5	13.4x	6.9	2.8	4.1	431.2	734.2	13.2x
Hamburg	570.8	1,290.2	18.9x	24.9	6.3	18.7	543.6	1,224.0	18.1x
Leipzig	592.3	987.3	16.3x	23.1	4.6	18.4	568.1	946.4	15.6x
Rhine-Ruhr	332.1	1,197.1	18.2x	13.3	1.4	12.0	318.0	1,146.3	17.5x
Rostock	491.7	1,065.3	16.6x	12.2	1.7	10.5	446.4	1,027.7	16.2x
Salzgitter	546.3	967.6	15.5x	16.9	3.5	13.4	525.1	930.1	14.9x
Total residential units	5,392.8	1,065.1	17.0x	171.5	30.5	141.0	5,153.4	1,024.6	16.4x
Acquisitions	42.6	652.0	13.8x	0.3	0.0	0.3	36.8	835.5	12.3x
Total residential portfolio	5,435.4	1,059.9	17.0x	171.8	30.5	141.3	5,190.2	1,023.0	16.4x
Other	129.2*	2,958.0**	19.7x**	2.2	-0.1	2.3	112.2*	2,780.5	17.4x
Grand total	5,564.7	1,067.4	17.0x	174.0	30.4	143.6	5,302.4	1,030.2	16.4x

* incl. EUR 69.2m book value of project developments; real estate inventory and properties within PPE valued at cost

** excl. project developments

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*	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

TAG Immobilien Service GmbH

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

	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

TAG Handwerker-service GmbH

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)

- 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*	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)

- 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*	2019*
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

■ 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*	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

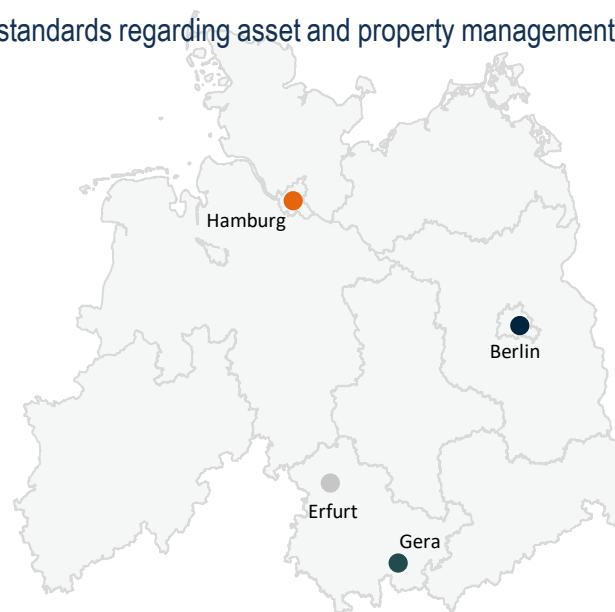
*change in revenue definition from 2018 onwards, but no FFO-effect

c. 9,100 units covered in 2019

**BAU-VEREIN
ZU HAMBURG**

Hausverwaltungsgesellschaft mbH

Ein Unternehmen der
TAG Immobilien Gruppe



TAG income statement

(in EURm)		Q2 2020	Q1 2020	H1 2020	H1 2019	FY 2019
Net actual rent**	1	80.0	79.6	159.7	157.3	315.0
Expenses from property management*		-13.0	-13.7	-26.7	-29.3	-55.4
Net rental income	2	67.0	66.0	133.0	128.0	259.6
Net income from services	3	6.9	5.8	12.7	9.8	21.0
Net income from sales	4	-0.4	-1.0	-1.4	0.2	-0.4
Other operating income	5	1.3	1.5	2.9	1.8	5.6
Valuation result	6	173.3	-0.9	172.4	211.4	414.1
Personnel expenses	7	-14.2	-13.9	-28.1	-24.3	-50.3
Depreciation		-1.8	-1.7	-3.4	-3.1	-6.8
Other operating expenses		-4.1	-5.1	-9.3	-8.3	-17.9
EBIT		228.1	50.7	278.8	315.5	624.9
Net financial result	8	-2.6	-11.7	-14.3	-31.9	-77.6
EBT		225.5	38.9	264.5	283.6	547.3
Income tax	9	-44.8	-6.8	-51.6	-49.9	-91.0
Net income		180.7	32.1	212.8	233.7	456.4

1 Increase in net actual rent of EUR 2.4m in H1 2020 y-o-y driven by net effect from portfolio acquisitions and from ongoing rental growth.

2 Net rental income increased by EUR 5.0m in H1 2020 y-o-y driven by higher net actual rent (EUR 2.4m), lower ancillary cost of vacant real estate (EUR 2.4m) and lower other non-allocable cost (EUR 0.2m).

3 Strong increase in net income from services in H1 2020 y-o-y by EUR 2.9m shows TAG's expanding service business, preliminary coming from internalization of caretaker, multimedia and energy services.

4 Net income from sales decreased by EUR 1.6m in H1 2020 y-o-y mainly driven by EUR 3.3m expenses from purchase price allocation Vantage.

5 Growth in other operating income by EUR 1.1m in H1 2020 y-o-y driven by own work (e.g. personnel cost) capitalized in Poland (EUR 1.1m).

6 Valuation gain of EUR 172.4m in H1 2020 from full portfolio valuation carried out by CBRE GmbH.

7 Personnel expenses in Germany increased in H1 2020 y-o-y by EUR 1.3m due to ongoing growth of TAG's internal caretaker and craftsman services. Further EUR 2.5m result from salaries in Poland due to first-time consolidation of Vantage in 2020.

8 Net financial result increased in H1 2020 y-o-y by EUR 17.5m mainly driven by valuation of convertible bonds (EUR 17.2m). Net financial result (cash, after one-offs) improved by EUR 0.5m y-o-y.

9 Income tax in H1 2020 mainly contains deferred taxes of EUR 46.0. Cash taxes in H1 2020 at EUR 5.6m (EUR 3.7m in Germany and EUR 1.9m in Poland).

*w/o IFRS 15 effects; for further details see interim report Q2 2020

TAG income statement details Germany and Poland

(in EURm)	Germany Q2 2020	Poland Q2 2020	Total H1 2020	Germany Q1 2020	Poland Q1 2020	Total Q1 2020	Germany FY 2019	Poland Q4 2019	Total FY 2019
Net actual rent*	80.0	0.0	159.7	79.7	0.0	79.6	315.0	0.0	315.0
Expenses from property management*	-13.0	0.0	-26.7	-13.7	0.0	-13.7	-55.4	0.0	-55.4
Net rental income	67.0	0.0	133.0	66.0	0.0	66.0	259.6	0.0	259.6
Net income from services	6.9	0.0	12.7	5.8	0.0	5.8	21.0	0.0	21.0
Net income from sales	-0.7	0.3	-1.4	-0.3	-0.7	-1.0	-0.4	0.0	-0.4
Other operating income	0.8	0.6	2.9	0.7	0.8	1.5	5.6	0.0	5.6
Valuation result	174.9	-1.6	172.4	-0.9	0.0	-0.9	414.1	0.0	414.1
Personnel expenses	-12.9	-1.3	-28.1	-12.7	-1.2	-13.9	-50.3	0.0	-50.3
Depreciation	-1.6	-0.1	-3.4	-1.7	0.0	-1.7	-6.8	0.0	-6.8
Other operating expenses	-3.8	-0.4	-9.3	-4.9	-0.2	-5.1	-17.9	0.0	-17.9
EBIT	230.7	-2.5	278.8	52.0	-1.3	50.7	624.9	0.0	624.9
Net financial result	-2.8	0.2	-14.3	-11.7	0.0	-11.7	-77.6	0.0	-77.6
EBT	227.9	-2.4	264.5	40.2	-1.3	38.9	547.3	0.0	547.3
Income tax	-45.2	0.4	-51.6	-7.1	0.3	-6.8	-91.0	0.0	-91.0
Net income	182.7	-2.0	212.8	33.1	-1.0	32.1	456.4	0.0	456.4

*w/o IFRS 15 effects; for further details see Interim Report Q2 2020

TAG EBITDA, FFO and AFFO calculation

(in EURm)	Q2 2020	Q1 2020	H1 2020	H1 2019	FY 2019
Net income	180.7	32.1	212.8	233.7	456.4
- Net income Poland	2.0	1.0	3.0	0.0	0.0
Net income Germany	182.7	33.1	215.8	233.7	456.4
+ Income tax	45.2	7.1	52.3	49.9	91.0
+ Net financial result	2.8	11.7	14.5	31.9	77.6
EBIT (German business)	230.7	51.9	282.6	315.5	624.9
+ Adjustments					
Net income from sales	0.6	0.4	1.0	-0.2	0.4
Valuation result (German portfolio)	-174.9	0.9	-174.0	-211.4	-414.1
Depreciation	1.7	1.7	3.4	3.1	6.8
One-offs	0.0	0.0	0.0	0.0	-1.3
Reversal of effects from first time application of IFRS 16 "leases"	1 0.0	0.0	0.0	-0.8	-2.0
EBITDA (adjusted, German business)	2 58.1	54.9	113.0	106.2	214.7
<i>EBITDA (adjusted) margin</i>	72.5%	68.9%	70.8%	67.5%	68.2%
- Net financial result (cash, after one-offs)	-11.1	-11.0	-22.1	-22.7	-45.6
- Cash taxes	-2.1	-1.6	-3.7	-2.6	-7.2
- Cash dividend payments to minorities	-0.3	-0.3	-0.6	-0.6	-1.3
FFO I (German business)	3 44.5	42.0	86.5	80.3	160.6
- Capitalised maintenance	-3.3	-1.2	-4.5	-5.1	-15.3
AFFO before modernisation capex	41.2	40.8	82.0	75.2	145.3
- Modernisation capex	-13.9	-19.5	-33.3	-24.9	-51.4
AFFO (German business)	4 27.3	21.3	48.6	50.2	93.9
Net income from sales Germany	-0.6	-0.4	-1.0	0.2	-0.4
Result operations Poland	-1.5	0.7	-0.8	0.0	0.0
FFO II (includes operations Poland)	5 42.4	42.3	84.7	80.6	160.2
(FFO I + net income from sales Germany and result operations Poland)					
Weighted average number of shares outstanding (in '000)	146,259	146,314	146,286	146,328	146,333
FFO I per share (EUR)	0.30	0.29	0.59	0.55	1.10
AFFO per share (EUR)	0.19	0.15	0.33	0.34	0.64
Weighted average number of shares, fully diluted (in '000)*	161,113	161,168	161,141	161,090*	161,151
FFO I per share (EUR), fully diluted	0.28	0.26	0.54	0.50	1.01
AFFO per share (EUR), fully diluted	0.17	0.13	0.30	0.32	0.59

1 For reasons of comparability to FY 2018 effects from first time application of IFRS 16 were eliminated in FFO in FY 2019. In line with most peers, this adjustment no longer takes place from FY 2020 onwards.

2 Improved EBITDA (purely generated from German business) of EUR 6.8m in H1 2020 y-o-y mainly as a net effect of higher net rental income (EUR 5.0m) and higher net income from services (EUR 2.9m), partially compensated by higher personnel expenses (EUR 3.8m).

3 FFO I increased by EUR 6.2m in H1 2020 y-o-y as a result of EUR 6.8m higher EBITDA, EUR 0.6m improved net financial result (cash, after one-offs), compensated by EUR 1.1m higher cash taxes.

4 AFFO decreased in H1 2020 y-o-y by EUR 1.6m due to higher modernization capex (EUR -8.4m), compensated by higher FFO I (EUR 6.2m) and less capitalized maintenance (EUR 0.6m).

5 FFO II contribution Poland H1 2020	(in EURm)
Net income from Poland	-3.0
Minority interests	0.2
Result of effects from purchase price allocation (after income taxes and minorities)	2.4
Valuation result	1.6
Deferred taxes	-2.0
Result operations Poland	-0.8

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

TAG balance sheet

(in EURm)	30 Jun-2020	31 Dec-2019
Non-current assets	5,586.2	5,301.5
Investment property	1 5,462.3	5,200.0
Deferred tax assets	49.7	49.7
Other non-current assets	2 74.2	51.7
Current assets	420.1	311.0
Real estate inventory	3 192.6	58.5
Cash and cash equivalents	176.4	91.3
Prepayments on business combinations	4 0.0	131.2
Other current assets	5 51.1	30.0
Non-current assets held-for-sale	52.7	34.5
TOTAL ASSETS	6,059.0	5,647.0
Equity	2,495.2	2,394.2
Equity (without minorities)	6 2,419.4	2,342.6
Minority interest	75.8	51.7
Non-current liabilities	3,164.7	2,988.4
Financial debt	7 2,523.0	2,397.0
Deferred tax liabilities	549.8	497.0
Other non-current liabilities	91.9	94.4
Current liabilities	398.3	263.6
Financial debt	253.0	166.1
Other current liabilities	145.2	97.5
Non current liabilities held for sale	0.8	0.8
TOTAL EQUITY AND LIABILITIES	6,059.0	5,647.0

1 EUR 262.3m higher investment properties is driven by EUR 172.4m total valuation result, EUR 37.9m capex and first-time consolidation Vantage.

2 EUR 22.5m higher other non-current assets primarily driven by first-time consolidation of Vantage resulting in goodwill of EUR 18.8m.

3 Increase in real estate inventory (EUR 134.1) largely due to the consolidation of Vantage.

4 Prepaid transaction price of EUR 131.2m for Vantage acquisition reported in separate line item at 31 Dec-2019.

5 Increase in current assets (EUR 21.1m) mainly results from prepaid expenses for insurances (EUR 6.3m) and from consolidation of Vantage (EUR 12.2m)

6 Increase of equity (without minorities) of EUR 76.8m mainly as a result of net income of EUR 205.7m in H1 2020 and dividend payment of EUR 119.9m.

7 Increase in non-current financial debt (EUR 126.0m) largely due to bank loans financing in Q1 and Q2 2020.

TAG EPRA NTA calculation

EPRA Net Tangible Assets in EUR/share

(in EURm)	30 Jun-2020	31 Dec-2019
Equity (without minorities)	2,419.4	2,342.6
+ Effect from conversion of convertible bond	315.5	324.2
+ Deferred taxes on investment properties and financial derivatives	543.4	492.8
+ Fair value of financial derivatives	7.0	6.2
+ Difference between fair value and book value for properties valued at cost	84.0	85.2
- Goodwill	-18.8	0.0
- Intangible assets	-3.4	-2.6
= EPRA NTA*, fully diluted	3,347.1	3,248.4
Number of shares, fully diluted (in '000)**	161,123	161,191
EPRA NTA per share (EUR), fully diluted	20.77	20.15

*potential transactions costs (e.g. RETT) fully deducted in EPRA NTA calculation as TAG considers RETT free share deals in the future as uncertain, given the current discussions around changes in German RETT law; adding back transactions costs in full would increase EPRA NTA on a fully diluted basis by EUR 457.1m or EUR 2.84/s.

**incl. 14,854 potential shares from convertible bond 2017/2022 (trading "in the money" at reporting date) and management board compensation

TAG EPRA NAV calculations

(in EURm)	New EPRA metrics			
	EPRA NAV	EPRA NRV	EPRA NTA	EPRA NDV
	Net asset value	Net reinstatement value	Net tangible assets	Net disposal value
	Q2 2020	Q2 2020	Q2 2020	Q2 2020
Equity (before minorities)	2,419.4	2,419.4	2,419.4	2,419.4
Effect from conversion of convertible bond	315.5	315.5	315.5	315.5
Difference between fair value and book value for properties valued at cost	84.0	84.0	84.0	84.0
Deferred taxes on investment properties and derivative financial instruments	543.4	543.4	543.4	0.0
Fair value of derivative financial instruments	7.0	7.0	7.0	0.0
Goodwill	0.0	0.0	-18.8	-18.8
Intangible assets (book value)	0.0	0.0	-3.4	0.0
Difference between fair value and book value of financial liabilities	0.0	0.0	0.0	-75.9
Deferred taxes hereon	0.0	0.0	0.0	0.0
Transaction costs (e.g. real estate transfer tax)	0.0	457.1	0.0	0.0
EPRA NAV metrics, fully diluted	3,369.3	3,826.5	3,347.0	2,724.2
<i>Number of shares, fully diluted (in '000)*</i>	<i>161,123</i>	<i>161,123</i>	<i>161,123</i>	<i>161,123</i>
EPRA NAV metrics per share (EUR), fully diluted	20.91	23.74	20.77	16.91

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

TAG LTV calculation

(in EURm)	30 Jun-2020	31 Dec-2019	31 Dec-2018
Non-current and current liabilities to banks	2,001.4	1,901.2	1,855.5
Non-current and current liabilities from corporate bonds and other loans	515.1	403.0	285.8
Non-current and current liabilities from convertible bonds	259.6	258.9	257.5
Cash and cash equivalents	-176.5	-91.3	-91.7
Net financial debt	2,599.6	2,471.8	2,307.1
Book value of investment properties	5,462.3	5,200.0	4,666.7
Book value of property reported under property, plant and equipment (valued at cost)	9.5	9.4	9.5
Book value of property held as inventory (valued at cost)	192.6	58.5	52.3
Book value of property reported under non-current assets held-for-sale	52.7	34.5	87.0
GAV (real estate assets)*	5,717.1	5,302.4	4,815.5
Prepayments on sold/acquired properties and on business combinations	-7.5	130.4	-0.2
Difference between fair value and book value for properties valued at cost	84.0	85.2	60.0
Relevant GAV for LTV calculation	5,793.6	5,518.0	4,875.2
LTV	44.9%	44.8%	47.3%

*thereof EUR 5,564.7m German portfolio and EUR 152.5m Polish portfolio

TAG interest coverage ratio (ICR) calculation

(in EURm)	Q2 2020	Q1 2020	H1 2020	H1 2019	FY 2019
+ Interest income	9.1	0.8	9.9	0.2	0.5
- Interest expenses	-12.8	-12.8	-25.6	-32.5	-79.4
+ Other financial result	1.2	0.2	1.4	0.4	1.4
= Net financial result	-2.5	-11.8	-14.3	-31.9	-77.6
+ Financial result from convertible/corporate bonds	-8.3	0.4	7.9	0.6	1.4
+ Breakage fees bank loans	0.0	0.6	0.6	0.1	0.2
+ Other non-cash financial result (e.g. from derivatives)	-0.1	-0.2	-0.3	8.5	30.4
= Net financial result (cash, after one-offs)	-10.9	-11.0	-21.9	-22.7	-45.6
ICR (EBITDA adjusted/net financial result cash, after one-offs)	5.3x	5.0x	5.2x	4.7x	4.7x

TAG convertible bonds transactions Aug-2020

Rationale for the transactions in Aug-2020

- To finance acquisitions in Germany of more than c. 4,200 units with a total purchase price of c. EUR 163m
- To reduce dilution effects for shareholders from the outstanding convertible bonds
- For general corporate purposes, including further acquisitions in Germany and Poland or the early repayment of debt

Newly issued EUR 470m convertible bonds 2020/2026

- Nominal amount: EUR 470m
- Maturity: 6 years until 27 Aug-2026
- Coupon: 0.625% p.a.
- Initial conversion price: EUR 34.01 (35% conversion premium, dividend protection only for dividends > EUR 0.82/s)

Partial buyback (50%) outstanding EUR 262m convertible bonds 2017/2022

- Repurchased nominal amount: EUR 131m (50%)
- Nominal amount: EUR 262m
- Maturity: 5 years until 1 Sep-2022
- Coupon: 0.625% p.a.
- Current conversion price: EUR 17.46
- Buyback price: 144.4% (incl. 0.25% premium), of nominal amount



Magdeburg



Merseburg

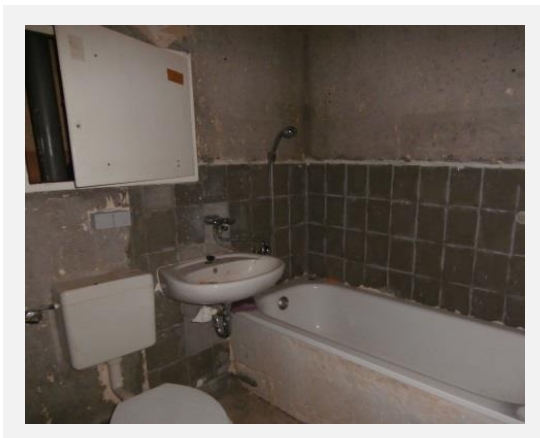


Halle

TAG return on capex – vacant flats (long-term vacancy)

Case Study – Brandenburg an der Havel (Berlin region)

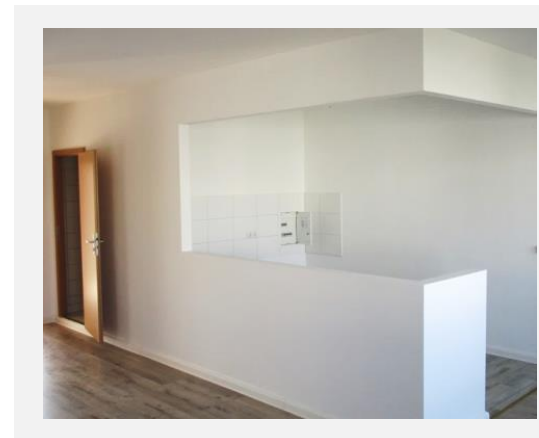
Pre modernisation



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%

TAG return on capex – 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**

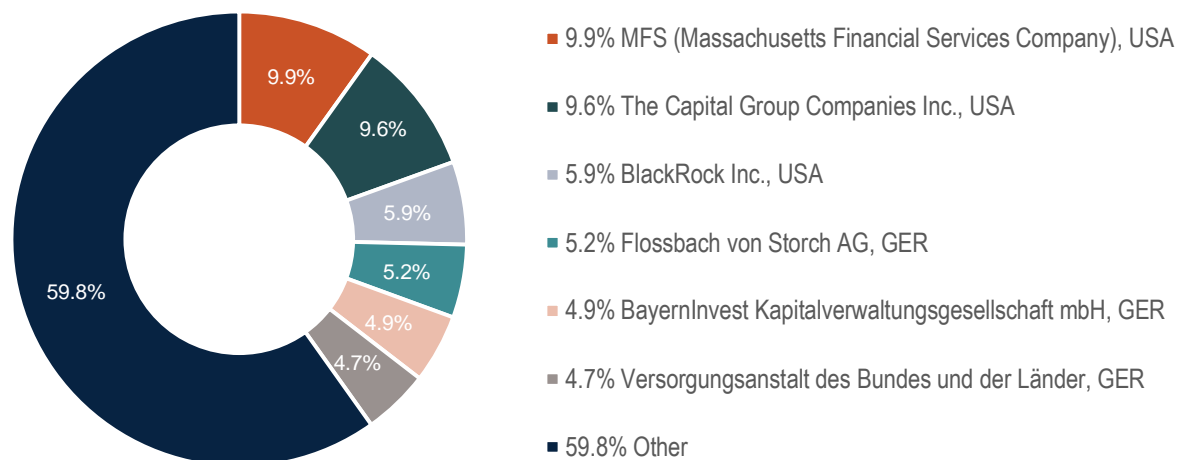
Total Investment **3,191.8**

Return on total investment **15.1%**

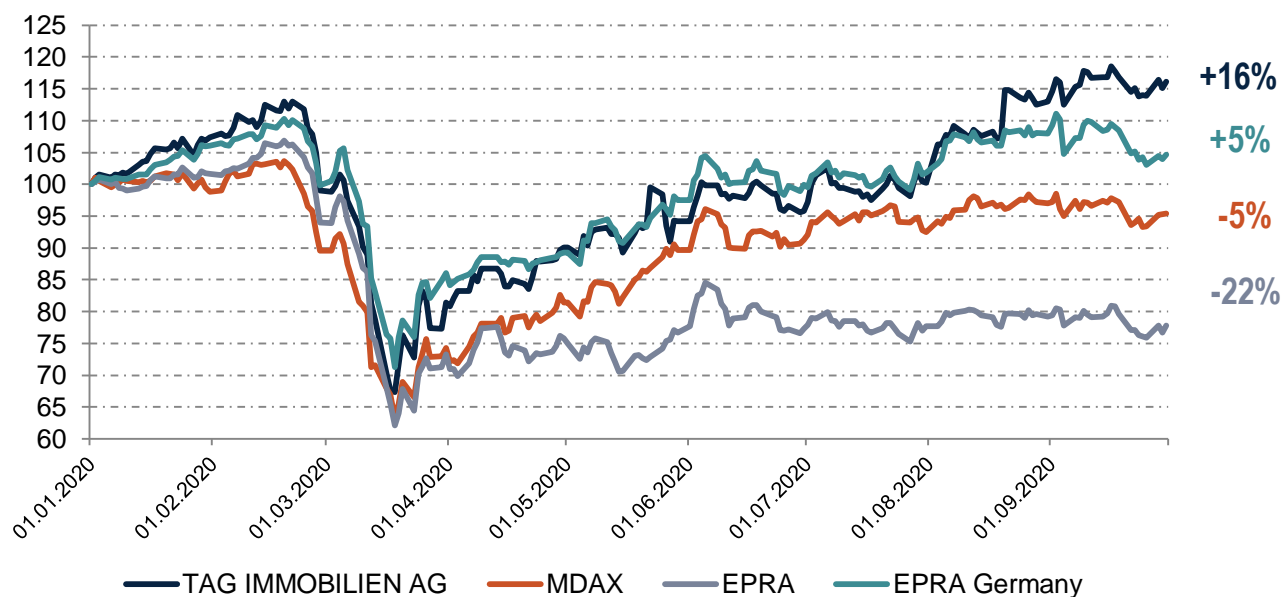
Return on equity invested **23.3%**

TAG share data

Shareholder structure as of 30 Sep-2020



Share price development vs. MDAX and EPRA Europe Index



Share information as of 30 Sep-2020

Market cap	EUR 3.8bn
NOSH issued	146.5m
NOSH outstanding	146.2m
Treasury shares	0.3m
Free float (Deutsche Börse definition)	99.8%
ISIN	DE0008303504
Ticker symbol	TEG
Index	MDAX/ EPRA
Main listing/ market segment	Frankfurt Stock Exchange/ Prime Standard

9M 2020 share price performance:	+16%
9M 2020 Ø volume XETRA/day (shares):	c. 575,000

TAG management board



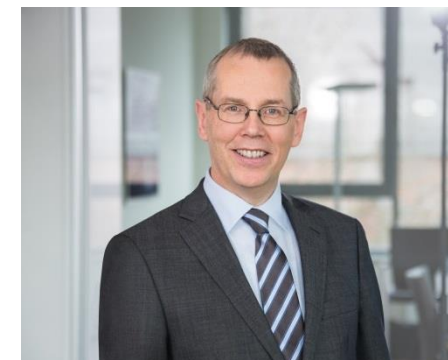
Claudia Hoyer
COO

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center
-
- Age 48
 - Joined TAG as COO in August 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 48
 - Joined TAG as CFO in May 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 May 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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