



# Company presentation February 2018

GROWING CASHFLOWS

**TAG**  
Immobilien AG

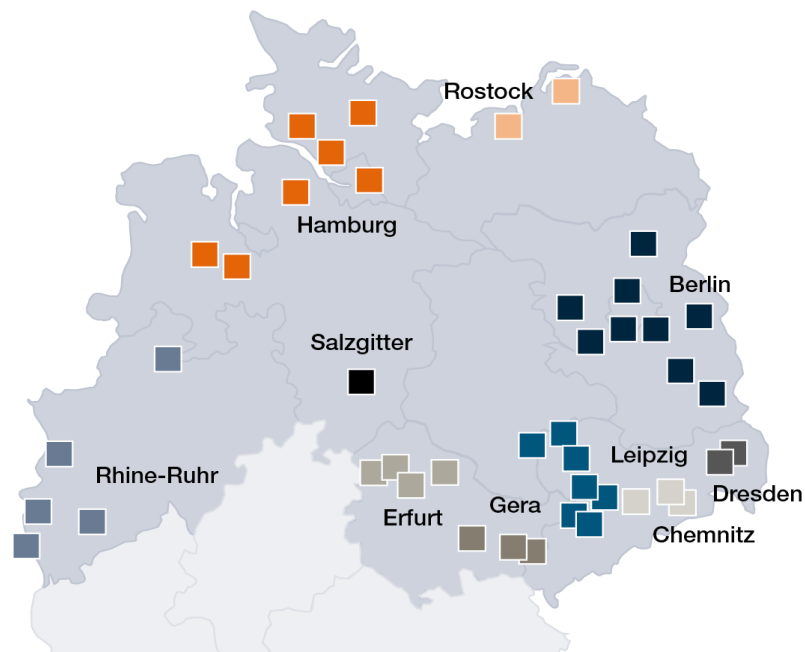
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# TAG 2018

TAG overview and strategy

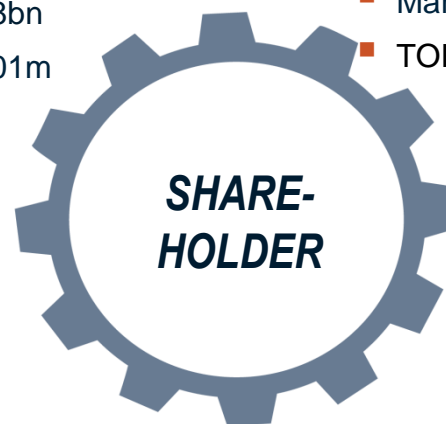
# TAG overview



TAG is among the leading players in the German listed residential sector and stands for affordable housing in Northern and Eastern Germany



- GAV (30 Sep-2017): EUR 4.6bn
- EPRA NAV (30 Sep-2017): EUR 1.8bn
- Rental income: (30 Sep-2017 annualised): EUR 301m



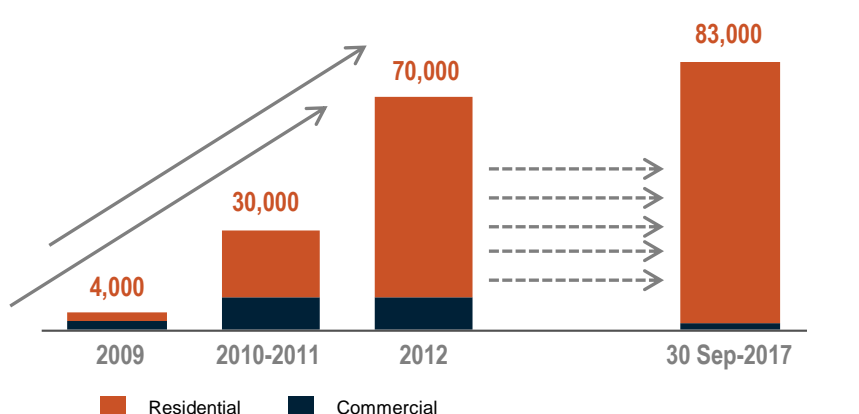
- Market cap (31 Dec-2017): EUR 2.3bn
- TOP 3 shareholders
  - VBL (Germany): 13.8%
  - MFS (USA): 11.4%
  - Capital Group (USA): 9.9%

# TAG history

## Key milestones



## Number of units



- TAG followed an accelerated growth path over the past years
- TAG was a consolidator from 2009 – 2012; attractive acquisition prices at that time
- Over the same period, TAG significantly improved its operating profitability
- As of 2012, TAG has reached its critical mass and shifted its focus away from growth

# TAG strategy: internal growth as main driver



**MARKET LEADERSHIP  
IN NORTHERN  
AND EASTERN  
GERMANY**

## Segment leadership

- TAG has been the first to implement the 'ABBA'\* approach in the listed German residential sector
- TAG is among the largest owners of residential properties in East Germany



**CONSERVATIVE  
CAPITAL  
STRUCTURE AND  
DISCIPLINE**

## Capital structure and acquisitions

- Stable and long-term financing structure as strategic goal
- Disciplined and conservative approach regarding new acquisitions



**EFFECTIVE  
AND LEAN  
ORGANISATION**

## Attractive investment profile

- Focus on profitable growth and not on growth in absolute terms
- Local presence is a key element of TAG's asset management approach

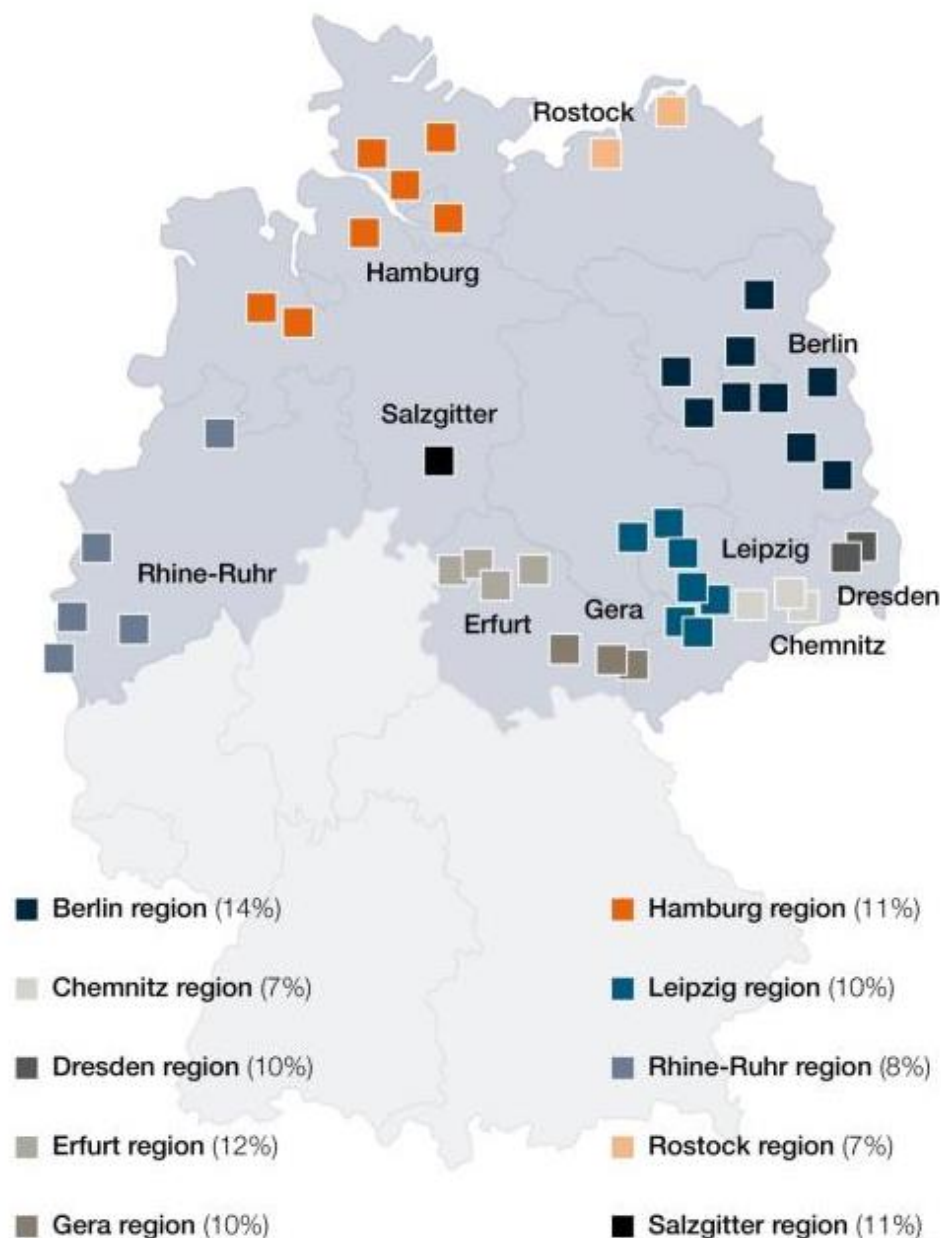
\* 'ABBA': investing in A locations in B cities and B locations in A cities

# TAG 2018

TAG portfolio

# TAG portfolio in total – as of 30 Sep-2017

- TAG is a leader in affordable housing in Northern and Eastern Germany.
- The portfolio is structured in ten defined regions in large and mid-sized cities.
- The management of these regions is conducted in a decentralized fashion.
- TAG's local presence ensures high operational efficiency and strengthens local sourcing and asset management capabilities.

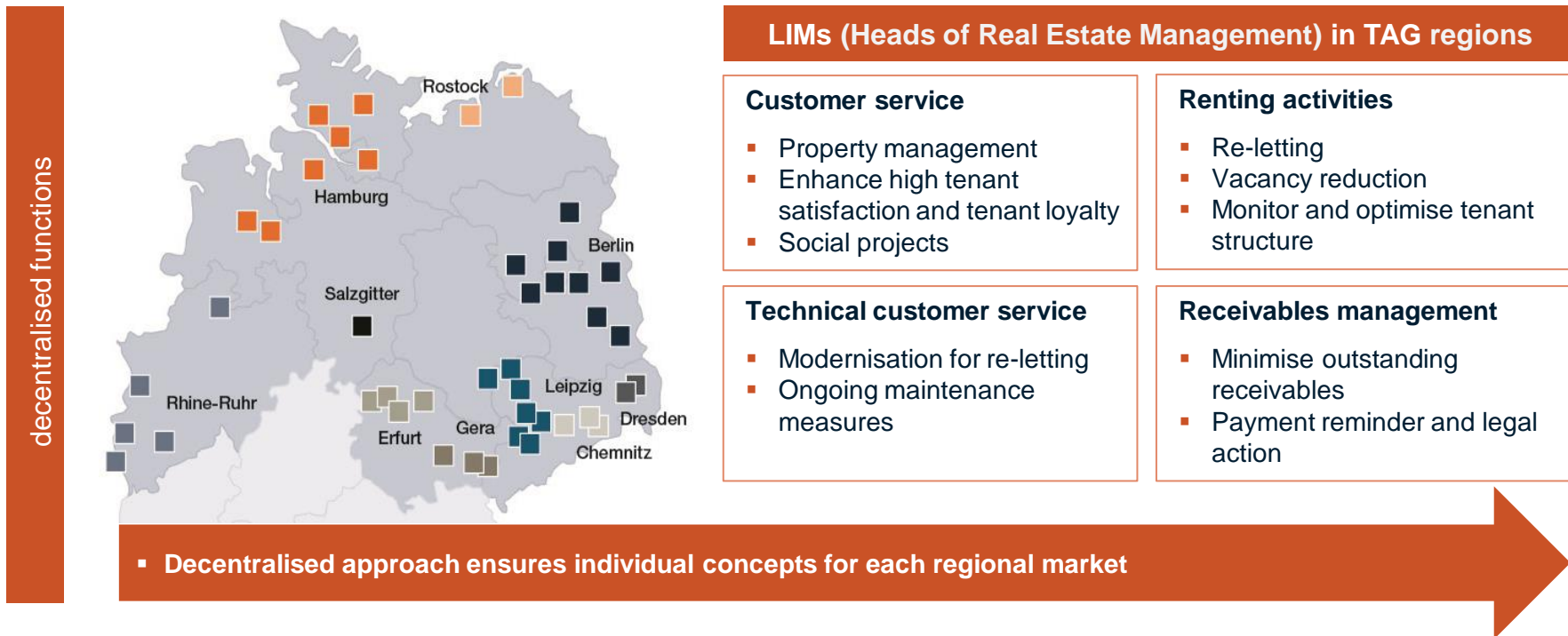
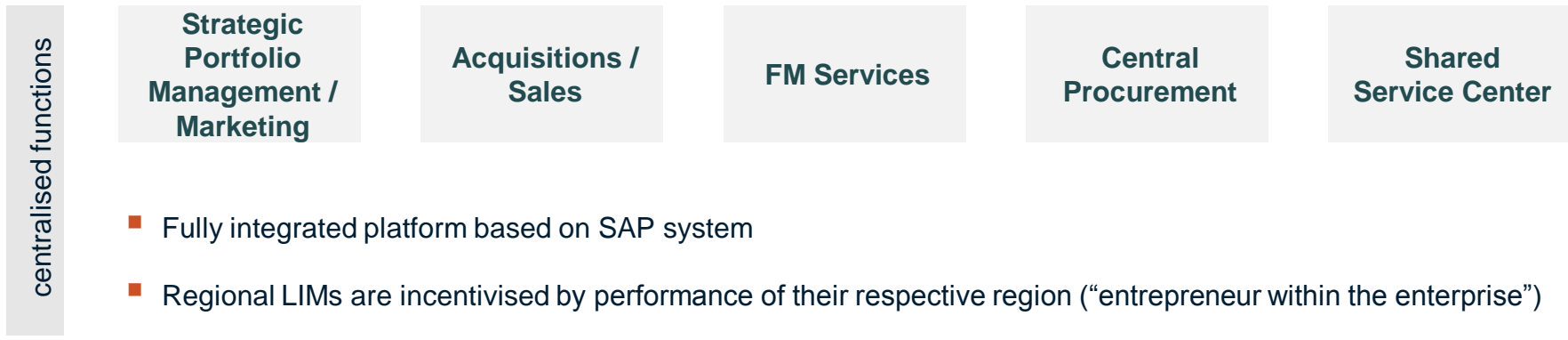


% acc.: proportional IFRS book value real estate volume

Portfolio as of	30 Sep-2017	31 Dec-2016
Units	<b>83,022</b>	79,754
Rentable area in sqm	<b>5,048,927</b>	4,878,022
Real estate volume in EURm	<b>4,045.1</b>	3,856.6
Annualised current net cold rent in EURm (total portfolio)	<b>300.6</b>	286.4
Current net cold rent in EUR/sqm / month (total portfolio)	<b>5.28</b>	5.23
Current net cold rent in EUR/sqm month (residential units)	<b>5.17</b>	5.11
Vacancy in % (total portfolio)	<b>6.0</b>	6.5
Vacancy in % (residential units)	<b>5.3</b>	6.1
L-f-I rental growth in % (Y-o-Y)	<b>1.9</b>	2.0
L-f-I rental growth in % (including vacancy reduction, Y-o-Y)	<b>3.0</b>	3.7



# TAG decentralised management structure



# TAG vacancy and rental growth development

Unparalleled competence in sourcing and asset management

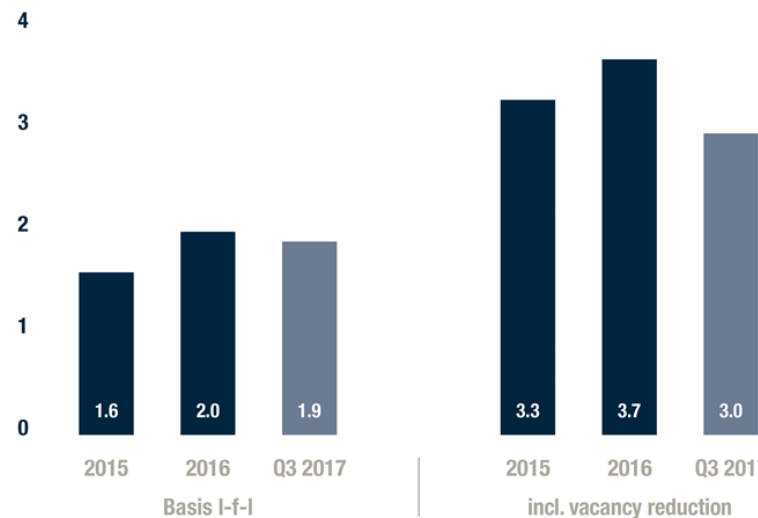
- TAG is an **expert in sourcing, acquiring and managing** residential properties with a focus on **Eastern and Northern Germany**.
- TAG exhibits **strong local presence in its core regions** which allows for **excellent market knowledge** and **efficient operation** of properties.
- **Excellent sourcing capabilities due to local networks** allows for sourcing of assets with value add potential and attractive risk / return profile.
- 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 asset management** by selective investment of capex and refurbishment measures.
- **Vacancy reduction** of newly acquired properties **provides an additional source of rental income and value growth**. This is underpinned by recent results with one third of (gross) revaluation result stemming from operational measures rather than from yield compression.

## Vacancy reduction as a source of value creation

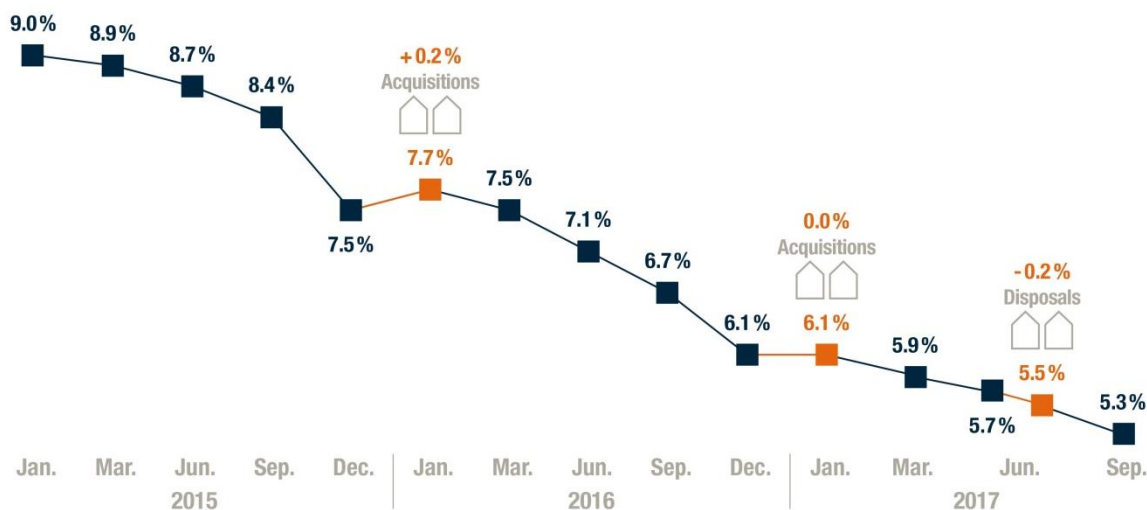
## Rental growth achieved with moderate capex investments

in EUR/sqm	2015 (FY)	2016 (FY)	9M 2017
Maintenance and capex	15.15	15.41	11.02

in %



February 2018



# TAG semiannual valuation by CBRE

## Main results of semiannual valuation carried out at 30 Jun-2017

- Alignment in treatment of transaction cost with peer group due to increased uncertainty of future treatment of share deals with respect to real estate transfer tax: full deduction of potential transaction costs for the full portfolio.
- Valuation gain of EUR 296.2m (last valuation as of 30 Sep-2016: EUR 163.8m) before change in treatment of transaction costs (c. 7% valuation uplift within 9 month period since last valuation) with
  - EUR 209.8m gain from yield compression (30 Sep-2016: EUR 70.5m) of c. 50 bps (30 Sep-2016: c. 20 bps)
  - EUR 86.4m gain from stronger rental growth and vacancy reduction (30 Sep-2016: EUR 93.3m)
- Net valuation gain of EUR 39.5m (EUR -256.7m effect from change in treatment of transaction costs).
- Until further notice and depending on the market and price dynamics in the regions operated by TAG, portfolio will be revaluated semi-annually, next valuation as at 31 Dec-2017.

## Key metrics

	Jun-2017	Sep-2016 (as reported)	Sep-2016 (adjusted for transaction costs)
Value EUR / sqm	c. 800	c. 785	c. 740
Gross yield	7.4%	7.4%	7.9%
Implied multiple	13.5x	13.5x	12.7x

**Valuation remains at conservative levels with c. EUR 800 / sqm and 7.4% gross yield**



Dresden



Wittenberg

# TAG 2018

TAG services business

# TAG services business

## ■ Facility management (100% owned subsidiary)

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

	9M 2017	2017E	2018E
Revenues (EURm)	6.8	8.9	9.5
No. of employees	296	307	309
FFO impact (EURm)	0.2	0.4	0.5

**TAG** Immobilien Service GmbH

c. 46,000 units covered in 2017  
c. 60,000-65,000 units as long-term goal (c. 75% 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

	9M 2017	2017E	2018E
Revenues (EURm)	1.9	2.2	4.5
No. of employees	51	54	68
FFO impact (EURm)	-0.2	-0.3	0.2

**TAG** Handwerker-service GmbH

5 locations in 2017: Brandenburg an der Havel, Chemnitz, Döbeln, Dresden and Leipzig



# TAG services business

## 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

in EUR/m	9M 2017	2017E	2018E
Revenues (EURm)	9.5	13.7	17.6
No. of employees	7	7	8
FFO impact (EURm)	0.7	0.7	0.9

c. 23,000 units covered in 2017  
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

	9M 2017	2017E	2018E
Revenues (EURm)	5.8	6.3	7.8
No. of employees	2	2	2
FFO impact (EURm)	2.3	2.3	2.8

c. 50,000 units covered in 2017  
c. 70,000-75,000 units as long-term goal (c. 90% of total portfolio)



# TAG services business

## ■ 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



in EUR/m	9M 2017	2017E	2018E
Revenues (EURm)	1.3	1.7	1.9
No. of employees	28	28	30
FFO impact (EURm)	0.2	0.2	0.3



c. 8,000 units covered in 2017

# TAG 2018

TAG return on capex



# TAG return on capex

## Modernization is key element of TAG's strategy

Capex measures can be broken down into

- Modernization during re-letting (tenant turnover)
  - Modernization of vacant flats (longer term vacancy)
  - Large modernization measures (comprehensive building-related measures)
- Using modernization 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 modernization measures are financed via bank loans and equity, all other modernization measures are equity-financed

## Methodology

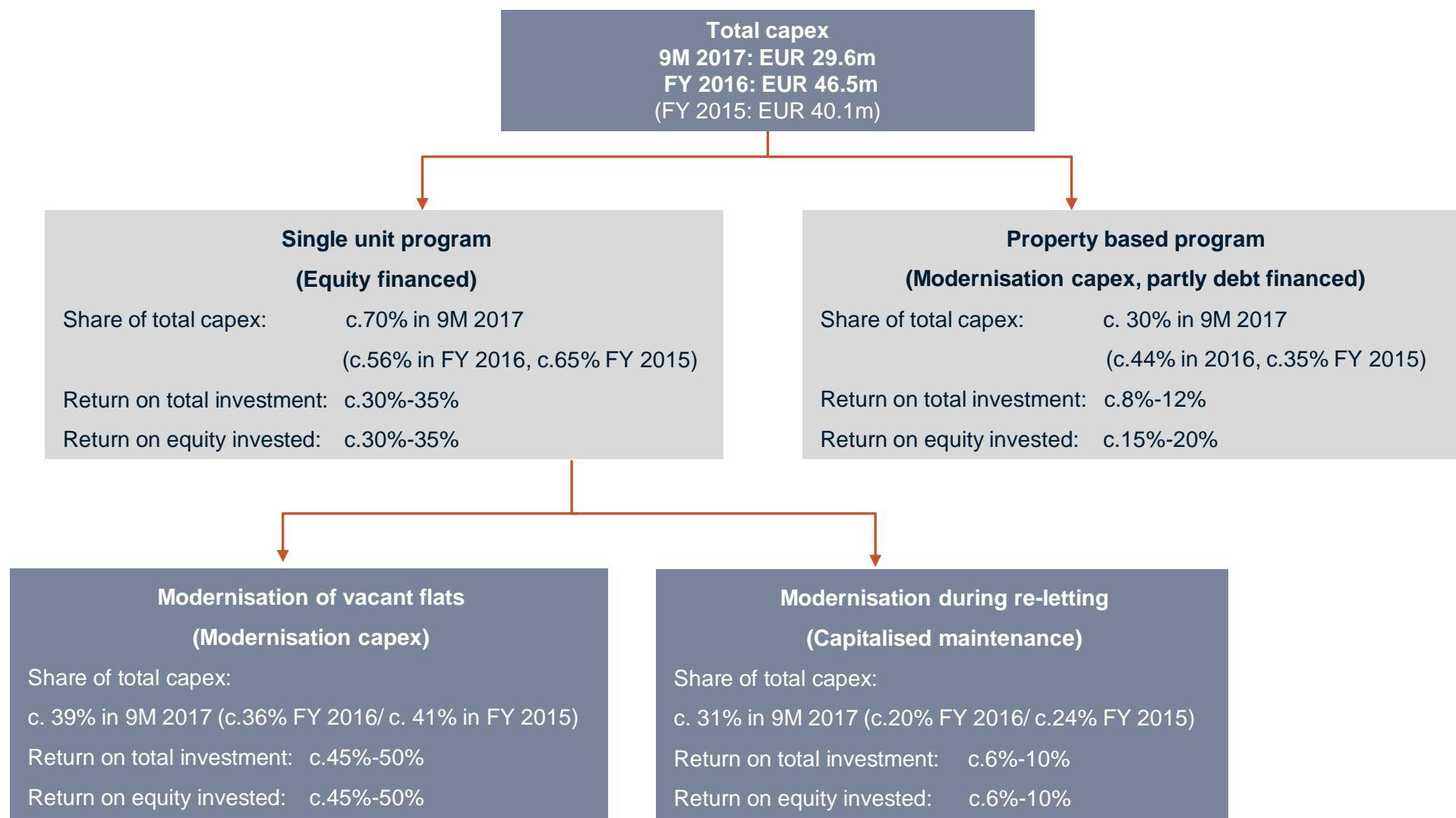
$$\frac{1 \text{ Incremental revenues}}{\text{Total investment}} = \text{Return on investment}$$

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

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

\* Subject to scope of measures

# TAG return on capex



# Modernisation of vacant flats (longer term vacancy)

Case Study – Freiberg „Am Mühlteich/ Maxim Gorki“ (acquired Sep-2014)

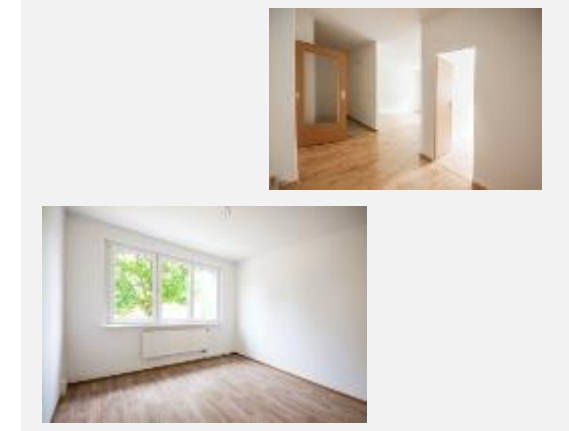
## Pre modernisation



## Measures

- Units: 128
- Vacancy at acquisition date: 10.5%
- Vacancy today: 2.3%
- Interior refurbishment
- Completed in Q1 2015

## Post modernisation



## Description

- Acquired in Sep-2014 within a portfolio of 1,500 units in Saxony
- Example presented: refurbishment of 7 Units
- Total investment: EUR 67,200
- Modernisation cost per unit: EUR 9,600
- Expenditure on time per unit: 4 weeks
- Equity-financed
- TAG modernizes between 1,000 and 1,500 vacant flats per annum

## Calculation

(in EUR thousands)	
<b>Incremental revenues</b>	
Incremental revenues from new lettings	27.7
Saved maintenance costs	0.0
Saved ancillary costs from vacancy reduction	5.7
<b>Total incremental revenues</b>	<b>33.4</b>
<b>Total investment</b>	<b>67.2</b>
<b>Return on total investment</b>	<b>49.7%</b>
<b>Return on equity invested</b>	<b>49.7%</b>

# Modernisation **large modernisation measures**

## Case Study – Erfurt „Am Ringsee“ (acquired April-2012)

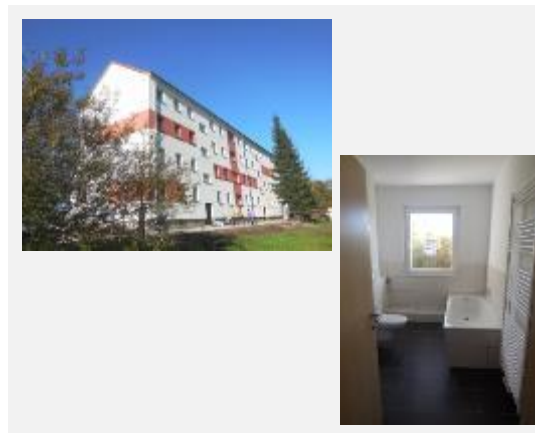
### Pre modernisation



### Measures

- Units: 20
- Vacancy at acquisition date: 98%
- Vacancy today: 0%
- Interior and exterior refurbishment for the duration of 1 year
- Completed in 2014/2015

### Post modernisation



### Description

- Acquired in April-2012 as part of the 25,000 units portfolio of DKB Immobilien AG
- Facade-, roof- and electric overhaul
- New windows and sanitary facilities
- Creation of private garden areas
- Financing:
  - Bank loans of EUR 735,000 (57%) at 2.36% p.a. leading to financing costs of EUR 17,350 p.a.
  - Equity of EUR 562,700 (43%)

### Calculation

(in EUR thousands)	
<b>Incremental revenues</b>	
Incremental revenues from new lettings	112.6
Saved maintenance costs	0.0
Saved ancillary costs from vacancy reduction	20.6
<b>Total incremental revenues</b>	<b>133.2</b>
<b>Total investment</b>	<b>1.292.7</b>
<b>Return on total investment</b>	<b>10.3%</b>
<b>Return on equity invested</b>	<b>20.6%</b>

# TAG 2018

TAG acquisitions and disposals

# TAG acquisition principles

## ACCRETION

- NAV/s & FFO/s accretive purchases only
  - Rigorous pricing discipline
  - Purchase multiples should not be significantly below average portfolio gross yield (currently at 7.4%)

## GEOGRAPHIES

- Focus on portfolios in existing TAG locations/ regions
  - Low marginal costs for asset and property management
  - Detailed market knowledge

## TYPICAL DEAL SIZE AND CHARACTERISTICS

- < EUR 20m – too big for retail investors, too small for family offices, below the radar of our peer group
- < EUR 50m portfolio split in different regions, the deal matches if the portfolio is located at existing TAG locations, hence asset and property management at lowest marginal costs
- pure residential
- no development projects



# TAG acquisitions FY 2017

Signing	Brandenburg Feb-2017	Saxony-Anhalt Mar-2017	Saxony-Anhalt, Lower Saxony, Thuringia Jun-2017	Total 9M 2017	Saxony Oct-2017
Units	1,441	1,252	1,445	4,138	328
Current net cold rent EUR/sqm/month	4.77	4.82	4.78	4.79	4.91
Vacancy	19.3%	7.2%	6.3%	11.1%	31.4%
Purchase price in EURm	41.9	42.9	63.0	147.8	11.25
Current net cold rent in EURm p.a.	3.42	3.47	5.34	12.23	0.77
Location	Brandenburg an der Havel	Halle an der Saale	Various (e.g. Halle an der Saale, Goslar, Meiningen)	---	Chemnitz
Closing	Jun-2017	Jun-2017	Jun-2017 (mainly)	---	Dec-2017 (expected)
Multiples	12.3x	12.4x	11.8x	12.1x	14.6x

c. 4,500 units acquired until Oct-2017 at an average acquisition multiple of 12.2x (8.2% gross yield)



Brandenburg



Halle



Chemnitz

# TAG disposals FY 2017

Signing	Brandenburg Feb-2017	Freiburg Jun-2017	Ongoing disposals 9M 2017	Total 9M 2017	Berlin Oct-2017
<b>Units</b>	535	457	367	<b>1,359</b>	267
<b>Current net cold rent EUR/sqm/month</b>	3.61	6.21	---	---	6.65
<b>Vacancy</b>	33.4%	0.0%	---	---	3.5%
<b>Selling price in EURm</b>	5.5	59.0	13.4	<b>77.9</b>	36.1
<b>Current net cold rent in EURm p.a.</b>	0.96	2.67	0.90	<b>4.53</b>	1.16
<b>Net cash proceeds EURm</b>	0.0	c. 41.2	11.5	<b>c. 52.7</b>	c. 30.3
<b>Book profit in EURm</b>	0.1	13.5 (before revaluation to selling price at 30 Jun-2017)	3.2	<b>16.8</b>	1.8 (before revaluation to selling price at 31 Dec-2017)
<b>Location</b>	Brandenburg an der Havel	Freiburg	Various (e.g. Berlin, Hamburg, Gera)	---	Berlin
<b>Closing</b>	Jun-2017	Nov-2017 (expected)	2017	---	Mar-2018 (expected)
<b>Multiples</b>	5.7x	22.1x	14.9x	<b>17.2x</b>	31.1x
<b>Comments</b>	Disposal of assets with lower quality	Disposal in high-priced and non-strategic market	Also includes sales of non-core assets	---	Disposal in high-priced market



Brandenburg



Freiburg



Berlin

c. 1,600 units sold until Oct-2017 at an average multiple of 20.0x (5.0% gross yield)

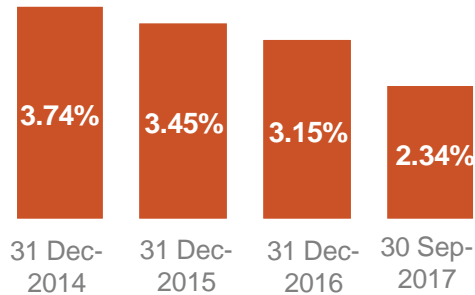


# TAG 2018

TAG financing structure

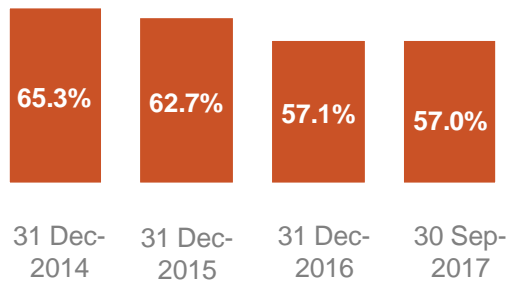
# TAG cost of debt and LTV

## Cost of debt Ø



- Continuous reduction of average cost of debt from FY 2015 onwards.
- Average cost of debt as of 30 Sep-2017 includes complete early refinancing of bank loans in June to August 2017 and issuance of new convertible bond/partly buy back of corporate bond in September 2017.

## LTV



- LTV target of c. 55% (before effects from any further future valuation gains, 50-55% when including such uplifts) is expected to be reached by the end of FY 2017 driven by cash generation from rental business/ongoing amortisation of bank loans and by disposals.
- Current LTV target ensures efficient use of capital as well as stable and conservative financing structure given TAG's current moderate portfolio valuation level (fair value per sqm of c. EUR 800 and LTV of c. 55% leads to average financial debt per sqm of c. EUR 440).



Chemnitz



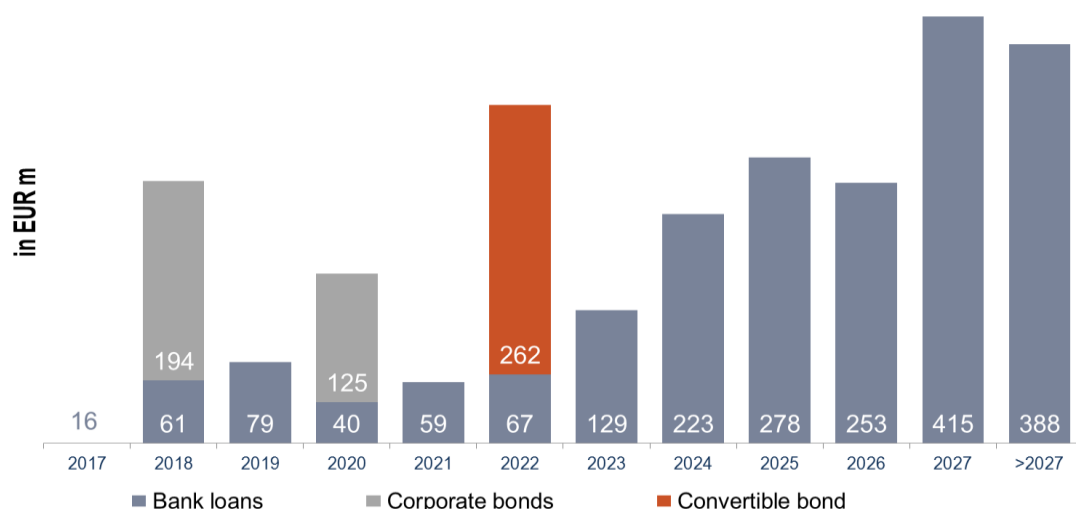
Riesa



Görlitz

# TAG debt financing structure

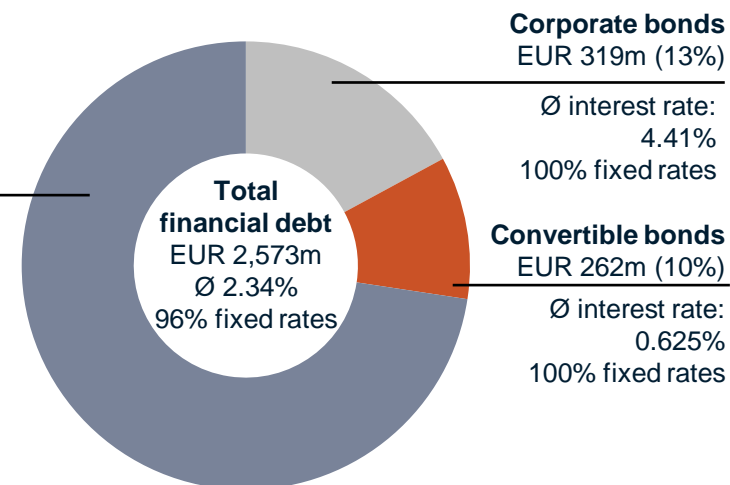
## Debt maturity profile as of 30 Sep-2017



## Interest rates

**Bank loans**  
EUR 1,992m (77%)

Ø interest rate:  
2.24% <sup>(1)</sup>  
95% fixed rates



## Average maturities as of 30 Sep-2017<sup>(1)</sup>

- Bank loans: 10.1 years (31 Dec-2016: 9.7 years)
- Total financial debt: 8.4 years (31 Dec-2016: 8.3 years)

## Early refinancing of bank loans in June to August 2017

- Early refinancing of bank loans of EUR 416.9m (maturities/interest terms ending in 2017 and 2018) leads to future interest cost savings of EUR 7.4m p.a. on a like-for-like basis. Average interest rate of refinancings 1.7% (from 3.5%), average maturity and interest terms of refinancings at 9.1 years (from 0.9 years).
- New bank loans of EUR 560.7m provide incremental liquidity (after breakage fees of EUR 7.5m) of EUR 136.3m to be used for new acquisitions or repayments of existing debt with higher interest rates.
- Ongoing refinancing of smaller bank loans maturing or with interest terms ending in 2018-2020 (c. EUR 105m-130m p.a., average interest rate of c. 3.4%) likely to lead to further interest cost savings.

(in EUR millions)	Q3 2017	Q2 2017	FY 2016
+ Interest income	0.5	0.6	2.8
- Interest expenses	-26.9	-24.0	-92.6
+ Net profit from investments	0.0	-0.3	0.3
<b>= Net financial result</b>	<b>-26.4</b>	<b>-23.7</b>	<b>-89.5</b>
thereof non-cash financial result from convertible/corporate bonds	0.3	0.2	1.4
thereof non-cash financial result related to derivatives	0.3	-0.1	0.3
thereof breakage fees and other non-cash financial result	9.3	6.1	12.0
<b>= Net financial result (cash, after one-offs)</b>	<b>-16.5</b>	<b>-17.5</b>	<b>-75.8</b>
ICR (EBITDA adjusted/net financial result cash, after one-offs)	3.1x	2.8x	2.3x
Net financial debt/EBITDA adjusted	11.3x	11.6x	12.5x

<sup>(1)</sup> already taking into account complete refinancing of bank loans in June to August 2017

# TAG capital market financing

## Rationale for the transactions in August 2017

- Use market window to secure attractive financing conditions early on
- Structure of convertible bond minimizes dilution, gives TAG maximum flexibility with respect to repayment and impacts positively on FFO I
- Address refinancing of EUR 310m corporate bond well ahead of maturity

## Newly issued EUR 262m convertible bond

- Volume: EUR 262m
- Maturity: 5 years until 1 Sep-2022
- Coupon: 0.625% p.a.
- Initial conversion price: EUR 17.93 (c.50% effective conversion premium including dividend protection)

- Settlement as of 1 Sept-2017
- Use of proceeds: Refinancing and general corporate purposes

## Outstanding EUR 194m corporate bond

- Outstanding Volume: EUR 194m
- Original Volume: EUR 310m
- Issue date: Aug-2013/ Feb-2014
- Maturity: 5 years until 7 Aug-2018
- Coupon (effective): 5.125% p.a. (EUR 200m tranche)  
4.300% p.a. (EUR 110m tranche)
- Issue price: 100% (EUR 200m tranche as of Aug-2013)  
103% (EUR 110m tranche as of Feb-2014)

- Invitation to bond holders to offer for purchase in Aug-2017
- Acceptance rate of the bond creditors to sell the bonds back in Sep-2017: 37.5%
- Principal amount accepted of EUR 116m
- Outstanding amount of EUR 194m

## Outstanding EUR 125m corporate bond

- Volume: EUR 125m
- Issue date: Jun-2014
- Maturity: 6 years until 25 Jun-2020
- Coupon: 3.750% p.a.



Erfurt



Freiberg



Dessau

# TAG 2018

TAG guidance FY 2018

# TAG guidance FY 2018

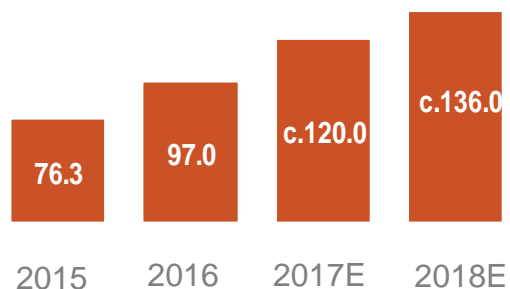
**FY 2017  
(unchanged)**

- **FFO** **EUR 119m-121m** (FY 2016 EUR 97m)
- **FFO/s** **EUR 0.82** (FY 2016: EUR 0.72)
- **Dividend/s** **EUR 0.62** (FY 2016: EUR 0.57)

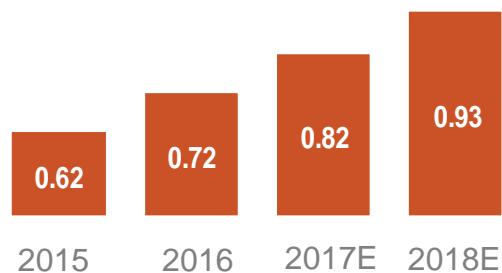
**FY 2018  
(new)**

- **FFO** **EUR 135m-137m** (c. EUR 16.0m or 13% increase y-o-y, mainly driven by higher rents of c. EUR 10.5m, reduced interest costs of c. EUR 11.5m, higher maintenance costs of c. EUR 3.0m and increased cash taxes of c. EUR 2.5m)
- **FFO/s** **EUR 0.93** (13% increase y-o-y, based on 146.4m outstanding shares)
- **Dividend/s** **EUR 0.70** (11% increase y-o-y, equals 75% of FFO)

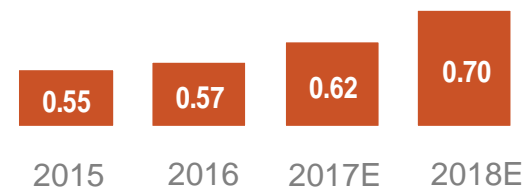
**FFO in EURm**



**FFO per share in EUR**



**Dividend per share in EUR**



# TAG 2018

APPENDIX

# TAG portfolio details by region – Sep-2017

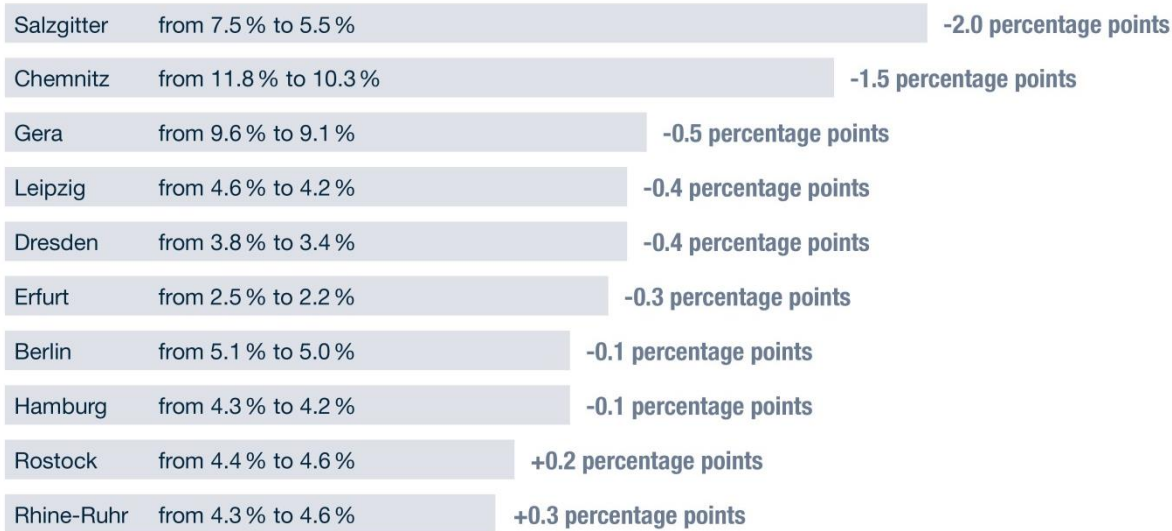
Region	Units #	Rentable area sqm	IFRS BV EURm	In-place yield	Vacancy Sep-2017	Vacancy Dec-2016	Current net cold rent EUR/sqm	Re-letting rent EUR/sqm	L-f-I rental growth y-o-y	L-f-I rental growth y-o-y incl. vacancy reduction	Maintenance EUR/sqm (9 months)	Capex EUR/sqm (9 months)
Berlin	9,264	533,554	518.8	6.4%	5.0%	5.1%	5.47	6.09	3.3%	3.5%	4.50	4.83
Chemnitz	7,336	423,674	268.3	8.2%	10.3%	11.8%	4.80	4.85	0.9%	3.3%	7.91	12.99
Dresden	6,190	402,014	394.2	6.5%	3.4%	3.8%	5.50	5.64	2.0%	2.6%	3.07	4.09
Erfurt	9,359	527,642	457.7	6.9%	2.2%	2.5%	5.08	5.56	2.1%	2.8%	3.35	5.34
Gera	9,668	562,603	385.2	7.7%	9.1%	9.6%	4.85	5.17	2.1%	3.2%	3.70	6.50
Hamburg	7,119	435,896	394.9	6.9%	4.2%	4.3%	5.41	5.69	2.5%	2.7%	5.25	2.83
Leipzig	8,849	524,268	385.1	7.9%	4.2%	4.6%	5.06	5.28	2.4%	3.2%	3.37	4.04
Rhine-Ruhr	4,959	323,149	316.7	6.3%	3.6%	3.4%	5.37	5.62	1.5%	1.8%	6.98	4.11
Rostock	5,467	324,950	269.1	7.3%	4.6%	4.4%	5.32	5.51	1.0%	1.2%	4.45	4.87
Salzgitter	9,176	563,079	412.7	7.8%	5.5%	7.5%	5.05	5.30	1.1%	4.8%	5.98	11.54
<b>Total residential units</b>	<b>77,387</b>	<b>4,620,856</b>	<b>3,802.7</b>	<b>7.1%</b>	<b>5.3%</b>	<b>5.8%</b>	<b>5.17</b>	<b>5.45</b>	<b>1.9%</b>	<b>3.0%</b>	<b>4.75</b>	<b>6.27</b>
Acquisitions	4,215	233,425	149.7	7.8%	12.5%	---	4.77	---	---	---	0.00	0.00
Commercial units within resi. portfolio	1,232	155,368	---	---	17.2%	17.5%	7.77	---	---	---	--	--
Total residential portfolio	82,834	5,009,649	3,952.4	7.5%	6.0%	6.4%	5.23	---	---	---	4.38	5.78
Other	188	39,278	92.7	5.6%	10.0%	11.5%	12.29	---	---	---	7.02	14.99
Grand total	83,022	5,048,927	4,045.1	7.4%	6.0%	6.5%	5.28	---	---	---	4.40	5.85



# TAG vacancy reduction and rental growth

## Vacancy development per region

### 9M 2017

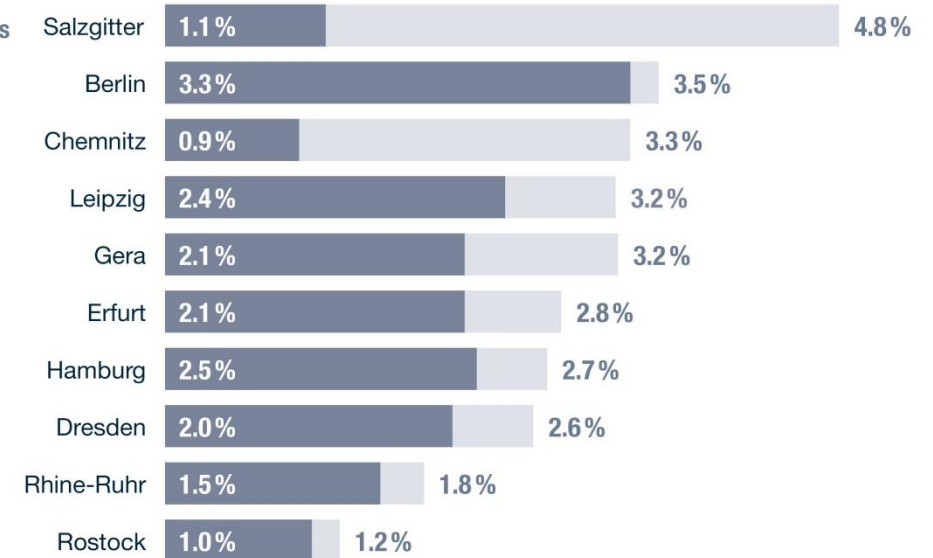


### 2016

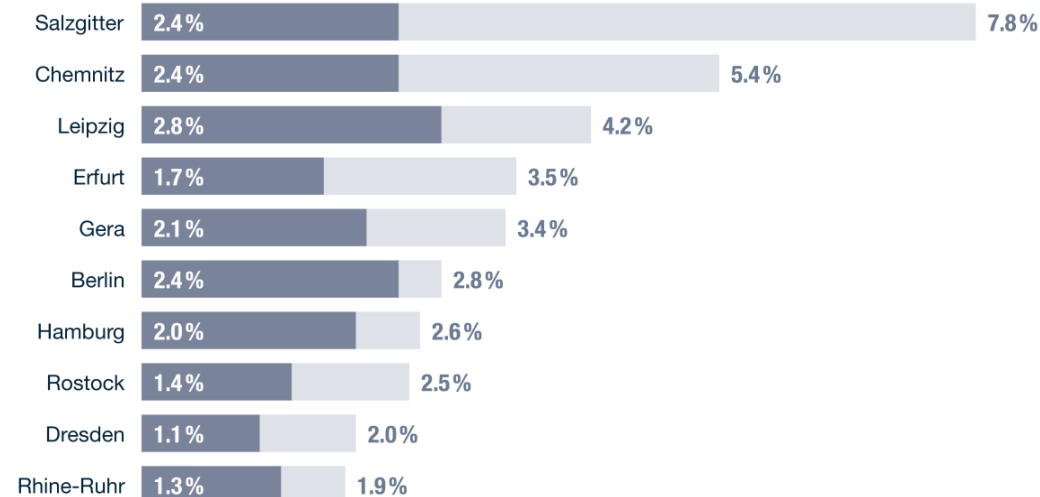


## L-f-I rental growth per region (Y-o-Y)

### 9M 2017



### 2016



# TAG portfolio valuation details – 9M 2017

Region (in EUR millions)	Sep-2017 Fair value (IFRS)	Sep-2017 Fair value (EUR/sqm)	Sep-2017 Implied multiple	9M 2017 Revaluation gain / loss	Share of yield compression	Share of operational performance/ other market developments	Change in treatment of transaction costs	9M 2017 Net revaluation gain/loss	Dec-2016 Fair value (IFRS)	Dec-2016 Fair value (EUR/sqm)	Dec-2016 Implied multiple
Berlin	518.8	916.7	14.6x	51.4	36.0	15.4	-42.1	9.3	522.0	864.5	14.6x
Chemnitz	268.3	609.9	11.9x	13.6	10.8	2.8	-17.5	-3.9	226.5	585.6	12.0x
Dresden	394.2	949.6	14.8x	44.2	38.9	5.3	-26.5	17.7	374.8	902.9	14.4x
Erfurt	457.7	830.9	13.7x	44.0	30.9	13.1	-41.5	2.5	407.7	830.4	13.8x
Gera	385.2	652.1	12.4x	33.3	21.4	11.9	-36.0	-2.7	382.8	651.5	12.7x
Hamburg	394.9	888.5	14.0x	17.9	13.5	4.4	-7.7	10.1	387.5	860.4	13.8x
Leipzig	385.1	717.7	12.1x	23.3	10.8	12.5	-28.1	-4.8	372.9	725.0	12.4x
Rhine-Ruhr	316.7	943.0	14.8x	28.0	19.2	8.8	-2.7	25.4	288.0	860.6	13.7x
Rostock	269.1	816.4	13.3x	16.3	12.0	4.3	-21.7	-5.3	272.8	827.4	13.6x
Salzgitter	412.7	730.9	12.5x	30.3	16.7	13.6	-31.7	-1.4	407.6	722.0	12.7x
<b>Total residential units</b>	<b>3,802.7</b>	<b>796.6</b>	<b>13.4x</b>	<b>302.3</b>	<b>210.3</b>	<b>92.0</b>	<b>-255.5</b>	<b>46.8</b>	<b>3,642.6</b>	<b>778.7</b>	<b>13.4x</b>
Acquisitions	149.7	634.3	12.6x	-5.8	0.0	-5.8	0.0	-5.8	111.8	722.4	13.0x
<b>Total residential portfolio</b>	<b>3,952.4</b>	<b>789.0</b>	<b>13.4x</b>	<b>296.5</b>	<b>210.3</b>	<b>86.2</b>	<b>-255.5</b>	<b>41.0</b>	<b>3,754.4</b>	<b>776.9</b>	<b>13.4x</b>
Other	92.7	2,359.5	17.8x	-0.5	-0.5	0.0	-1.2	-1.7	102.2	2,251.9	17.3x
<b>Grand total*</b>	<b>4,045.1</b>	<b>801.2</b>	<b>13.5x</b>	<b>296.0</b>	<b>209.8</b>	<b>86.2</b>	<b>-256.7</b>	<b>39.3</b>	<b>3,856.6</b>	<b>790.6</b>	<b>13.5x</b>

\* Real estate inventory (IAS 2) and real estate within property, plant and equipment (IAS 16) valued at historical/amortized cost under IFRS.

# TAG income statement (IFRS)

(in EUR millions)	Q3 2017	Q2 2017	9M 2017	9M 2016 (adjusted)	FY 2016
<b>Rental income</b>	<b>① 74.7</b>	<b>71.8</b>	<b>218.0</b>	<b>205.2</b>	<b>275.2</b>
Expenses from property management	-11.2	-10.7	-34.4	-40.3	-50.5
<b>Net rental income</b>	<b>② 63.5</b>	<b>61.1</b>	<b>183.6</b>	<b>164.9</b>	<b>224.7</b>
Net revenue from sales	0.3	0.5	0.8	1.8	1.8
Other operating income	2.6	3.0	7.8	3.9	6.4
Valuation result	<b>③ -0.2</b>	39.8	39.3	163.6	163.1
Personnel expenses	-10.4	-10.3	-30.6	-28.2	-38.1
Depreciation	-0.9	-0.9	-2.7	-2.1	-3.0
Other operating expenses	<b>④ -4.4</b>	-3.8	-12.7	-13.3	-18.7
<b>EBIT</b>	<b>50.5</b>	<b>89.4</b>	<b>185.6</b>	<b>290.7</b>	<b>336.2</b>
Net financial result	<b>⑤ -26.4</b>	-23.7	-67.7	-70.8	-89.5
<b>EBT</b>	<b>24.1</b>	<b>65.7</b>	<b>117.8</b>	<b>220.0</b>	<b>246.7</b>
Income tax	<b>⑥ -4.5</b>	-13.8	-24.1	-45.9	-46.0
<b>Net income</b>	<b>19.6</b>	<b>51.9</b>	<b>93.6</b>	<b>174.1</b>	<b>200.7</b>

**①** Strong increase in rental income of EUR 2.9m q-o-q mainly driven by new acquisitions (closing at 30 Jun-2017).

**②** Net rental income improved by EUR 2.4m q-o-q mainly as a result of increased rents (EUR 2.9m) and higher maintenance expenses of EUR 0.6m.

**③** No portfolio valuation as of 30 Sep-2017, next valuation will be carried out at 31 Dec-2017; small valuation loss of EUR 0.2m due to subsequent acquisition costs.

**④** Other operating expenses increased by EUR 0.6m q-o-q mainly due to temporarily higher transaction and valuation costs (refinancing, acquisitions, etc.).

**⑤** Net financial result contains one-off costs from issuance of new convertible bond 2017/2022 and (partial) repurchase of corporate bond 2013/2018; net financial result (cash, after one-offs) improved by EUR 1.0m q-o-q.

**⑥** Income tax mainly contains deferred taxes; cash tax expenses in Q3 2017 at EUR 0.7m (Q2 2017: EUR 1.4m).

# TAG EBITDA, FFO and AFFO calculation

(in EUR millions)	Q3 2017	Q2 2017	9M 2017	9M 2016	FY 2016
<b>Net income</b>	<b>19.6</b>	<b>51.9</b>	<b>93.6</b>	<b>174.1</b>	<b>200.7</b>
+ Income tax	4.5	13.8	24.1	45.9	46.0
+ Net financial result	26.4	23.7	67.9	70.7	89.5
<b>EBIT</b>	<b>50.5</b>	<b>89.4</b>	<b>185.6</b>	<b>290.7</b>	<b>336.2</b>
+ Adjustments					
Net revenue from sales	-0.3	-0.5	-0.9	-1.8	-1.8
Valuation result	0.2	-39.8	-39.3	-163.6	-163.1
Depreciation	0.9	0.9	2.7	2.1	3.0
One-offs (project and personnel costs)	0.0	0.0	0.0	0.9	0.9
<b>EBITDA (adjusted)</b>	<b>① 51.3</b>	<b>50.0</b>	<b>148.1</b>	<b>128.3</b>	<b>175.2</b>
<i>EBITDA (adjusted) margin</i>	68.7%	69.6%	67.9%	62.5%	63.7%
- Net financial result (cash, after one-offs)	-16.5	-17.5	-51.5	-57.8	-75.8
- Cash taxes	-0.7	-1.4	-2.8	-0.6	-1.7
- Cash dividend payments to minorities	-0.2	-0.2	-0.6	0.0	-0.7
<b>FFO I</b>	<b>② 33.9</b>	<b>30.9</b>	<b>93.2</b>	<b>69.9</b>	<b>97.0</b>
- Capitalised maintenance	-5.6	-1.1	-9.2	-7.0	-9.2
<b>AFFO before modernisation capex</b>	<b>28.1</b>	<b>29.8</b>	<b>84.0</b>	<b>62.9</b>	<b>87.8</b>
- Modernisation capex	-6.2	-8.8	-20.4	-27.9	-37.3
<b>AFFO</b>	<b>③ 22.1</b>	<b>21.0</b>	<b>63.6</b>	<b>35.0</b>	<b>50.5</b>
Net revenue from sales	0.3	0.5	0.9	-1.8	1.8
<b>FFO II</b>	<b>34.0</b>	<b>31.4</b>	<b>94.1</b>	<b>71.7</b>	<b>98.8</b>
(FFO I + net revenue from sales)					
<i>Weighted average number of shares outstanding (in '000)</i>	<b>④ 146,439</b>	146,439	144,968	133,423	135,666
<b>FFO I per share (EUR)</b>	<b>0.23</b>	<b>0.21</b>	<b>0.64</b>	<b>0.52</b>	<b>0.72</b>
<b>AFFO per share (EUR)</b>	<b>0.15</b>	<b>0.14</b>	<b>0.43</b>	<b>0.26</b>	<b>0.37</b>

① Improved EBITDA of EUR 1.3m mainly result of higher net rental income (+ EUR 2.4m) and, as an opposing effect, higher other operating expenses (- EUR 0.6m).

EBITDA in 9M 2017 increased by EUR 19.8m (+15%) in comparison to 9M 2016.

② In addition to improved EBITDA of EUR 1.3m, FFO I (+ EUR 3.0m) also benefited from reduced net financial result (cash, after one-offs) of EUR 1.0m and lower cash taxes of EUR 0.7m.

FFO I in 9M 2017 increased by EUR 23.3m (+33%) or EUR 0.12/s (+22%) in comparison to 9M 2016.

③ AFFO increased by EUR 1.1m due to increase in FFO I of EUR 3.0m and higher capex of EUR 1.9m q-o-q.

Strong increase in AFFO in 9M 2017 by EUR 28.6m (+82%) or EUR 0.17/s (+65%) in comparison to 9M 2016.

④ Number of shares outstanding increased by 4.1m to 146.4m due to placement of treasury shares in Mar-2017. TAG currently owns 60,000 treasury shares to cover management incentive program.

# TAG balance sheet (IFRS)

(in EUR millions)	30 Sep-2017	31 Dec-2016
<b>Non-current assets</b>	<b>3,993.8</b>	<b>3,843.6</b>
Investment property	① 3,925.6	3,777.8
Deferred tax assets	36.4	38.8
Other non-current assets	31.8	27.0
<b>Current assets</b>	<b>272.5</b>	<b>156.2</b>
Real estate inventory	47.7	51.7
Cash and cash equivalents	② 194.3	74.5
Other current assets	30.5	30.0
<b>Non-current assets held-for-sale</b>	<b>61.9</b>	<b>17.0</b>
<b>TOTAL ASSETS</b>	<b>4,328.2</b>	<b>4,016.8</b>
<b>Equity</b>	<b>1,426.7</b>	<b>1,365.6</b>
Equity (without minorities)	1,409.9	1,350.9
Minority interest	16.8	14.7
<b>Non-current liabilities</b>	<b>2,719.7</b>	<b>2,399.6</b>
Financial debt	2,151.1	2,110.8
Deferred tax liabilities	291.5	272.3
Other non-current liabilities	20.8	16.5
<b>Current liabilities</b>	<b>181.7</b>	<b>251.6</b>
Financial debt	97.0	159.4
Other current liabilities	84.7	92.2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,328.2</b>	<b>4,016.8</b>
Net financial debt	2,310.3	2,195.7
LTV	③ 57.0%	57.1%

① Book value of investment properties increased by EUR 147.8m mainly due to new acquisitions in 2017.

② High cash position after issuance of new convertible bond 2017/2022 of EUR 262.0m and partial repurchase of corporate bond 2013/2018 of EUR 116.1m.

Further liquidity from bank loans (mainly from early refinancing in June to August 2017 and partial financing of new acquisitions) of EUR 87.9m in Q4 2017.

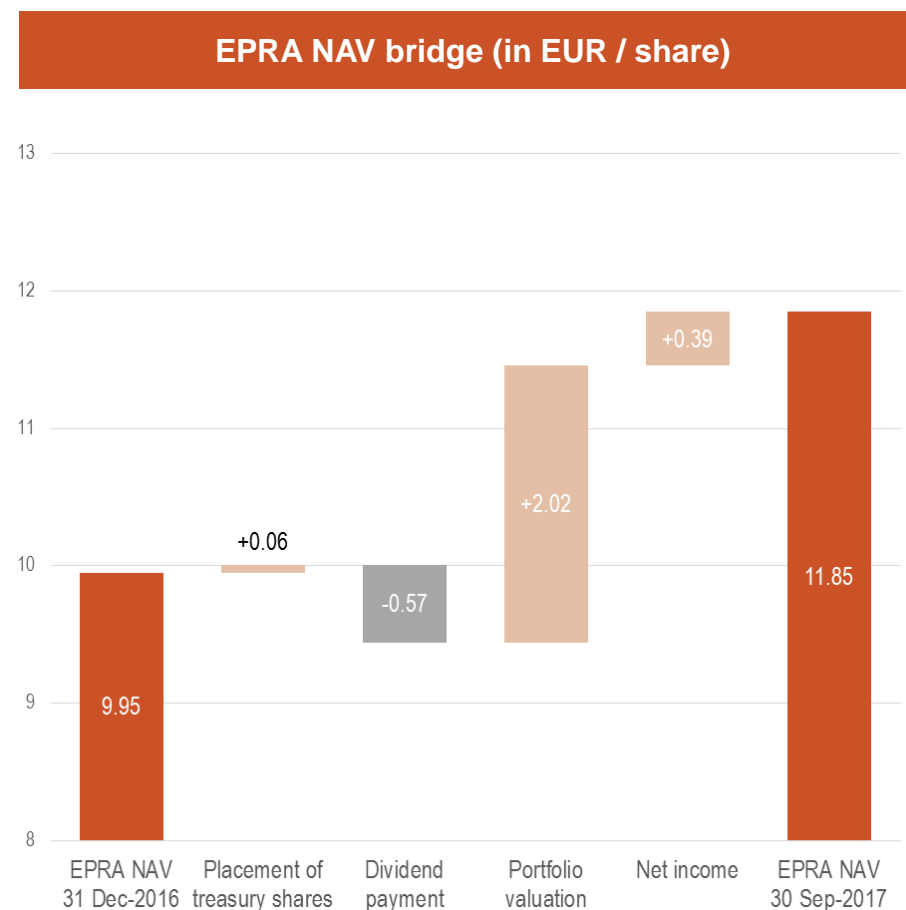
Expected net cash proceeds in Q4 2017 and Q1 2018 from disposals in Freiburg and Berlin of c. EUR 71.5m

③ Change in LTV (-10 bps) mainly driven by:

- placement of 4.1m treasury shares in Mar-2017: c. -120 bps
- dividend payment in May-2017: c. +210 bps
- portfolio valuation in Jun-2017: c. -60 bps
- other changes (mainly ongoing results and amortisation of bank loans): c. -40 bps

# TAG EPRA NAV calculation

(in EUR millions)	30 Sep-2017	31 Dec-2016
<b>Equity (without minorities)</b>	<b>1,409.9</b>	<b>1,350.9</b>
+ Deferred taxes on investment properties and financial derivatives	305.9	287.1
+ Fair value of financial derivatives	7.5	4.0
+ Difference between fair value and book value for properties valued at cost	12.0	0.0
<b>= EPRA NAV</b>	<b>1,735.3</b>	<b>1,642.0</b>
- Standardized transaction costs	0.0	-225.4
<b>= EPRA NAV (incl. standardized transaction costs)</b>	<b>1,735.3</b>	<b>1,416.6</b>
<i>Number of shares outstanding (in '000)</i>	<i>146,439</i>	<i>142,344</i>
<b>EPRA NAV per share (EUR)</b>	<b>11.85</b>	<b>11.53</b>
<b>EPRA NAV per share (EUR) (incl. standardized transaction costs)</b>	<b>11.85</b>	<b>9.95</b>



# TAG EPRA Earnings

(in EUR millions)	Q3 2017	Q2 2017	9M 2017	9M 2016	FY 2016
<b>Net income</b>	<b>19.6</b>	<b>51.9</b>	<b>93.6</b>	<b>174.1</b>	<b>200.7</b>
Valuation result	0.2	-39.8	-39.3	- 163.6	-163.1
Deferred income taxes on valuation result	0.0	9.1	12.8	44.2	43.6
Net revenues from sales	-0.3	-0.5	-0.9	-1.8	-1.8
Cash taxes on net revenues from sales	0.0	0.0	0.0	0.7	0.7
Fair value valuation of derivative financial instruments	0.6	0.1	0.2	0.5	0.3
Breakage fees bank loans and payments for repurchase/early conversion of bonds	7.8	5.4	13.3	10.4	10.5
Cash dividend payments to minorities	-0.2	-0.2	-0.6	0.0	-0.7
<b>EPRA Earnings</b>	<b>27.7</b>	<b>26.0</b>	<b>79.1</b>	<b>64.5</b>	<b>90.2</b>
Deferred income taxes (other than on valuation result)	3.9	3.1	8.7	1.1	0.7
Other non cash financial result	1.4	0.9	2.7	2.0	2.9
One off's personnel costs and project costs	0.0	0.0	0.0	0.9	0.9
Depreciation	0.9	0.9	2.7	2.1	3.0
Cash taxes on net revenues from sales	0.0	0.0	0.0	-0.7	-0.7
<b>Adjusted EPRA Earnings (FFO I)</b>	<b>33.9</b>	<b>30.9</b>	<b>93.2</b>	<b>69.5</b>	<b>97.0</b>
Weighted average number of shares (outstanding)	146,439	146,439	144,968	133,423	135,666
<b>EPRA Earnings per share (in EUR)</b>	<b>0.19</b>	<b>0.17</b>	<b>0.55</b>	<b>0.48</b>	<b>0.66</b>
<b>Adjusted EPRA Earnings (FFO I) per share (in EUR)</b>	<b>0.23</b>	<b>0.21</b>	<b>0.64</b>	<b>0.52</b>	<b>0.72</b>

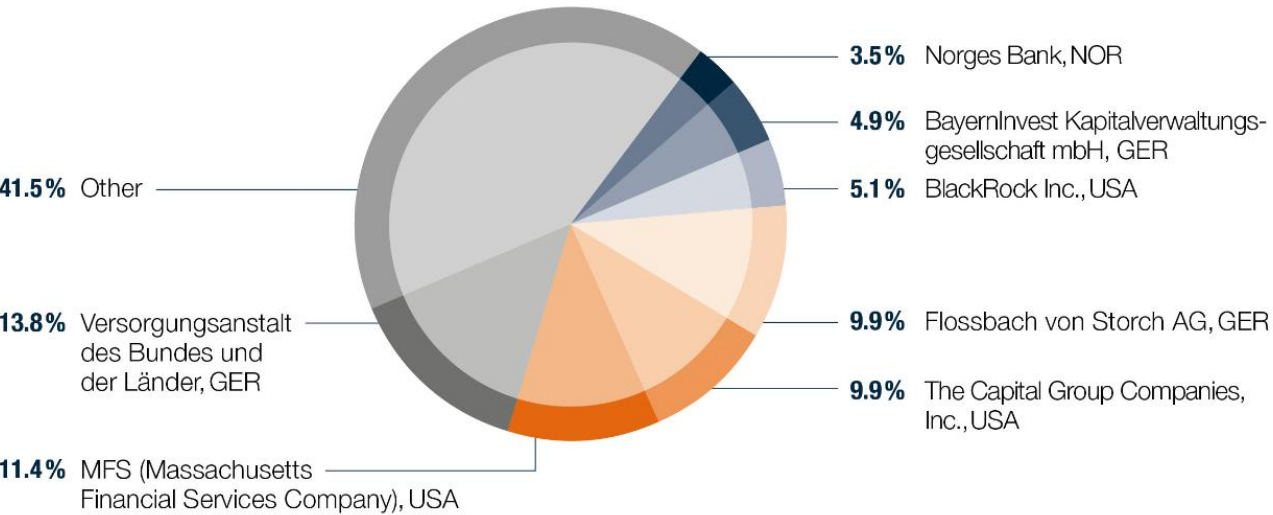
# TAG LTV calculation

(in EUR millions)	30 Sep-2017	31 Dec-2016
Non-current and current liabilities to banks	1,927.1	1,826.5
Non-current and current liabilities from corporate bonds	322.0	443.7
Non-current and current liabilities from convertible bonds	255.5	0.0
Cash and cash equivalents	-194.3	-74.5
<b>Net financial debt</b>	<b>2,310.3</b>	<b>2,195.7</b>
Book value of investment properties	3,925.6	3,777.8
Book value of property reported under property, plant and equipment	9.9	10.1
Book value of property held as inventory	47.7	51.7
Book value of property reported under non-current assets held-for-sale	61.9	17.0
<b>Real estate volume</b>	<b>4,045.1</b>	<b>3,856.6</b>
Book value of property for which purchase prices have already been paid (or received) in advance	-0.9	-9.0
Difference between fair value and book value for properties valued at cost	12.0	0.0
<b>Relevant real estate volume for LTV calculation</b>	<b>4,056.2</b>	<b>3,847.6</b>
<b>LTV</b>	<b>57.0%</b>	<b>57.1%</b>



# TAG shareholder structure

Shareholder structure as of 31 Dec-2017



- Number of shares (issued) 146.5m
- Market capitalisation (31 Dec-2017) EUR 2.3bn
- Stock indices MDAX/EPRA
- Free Float \* 100%

\* Deutsche Börse definition including institutional investors



Ludwigsfelde



Gera



Wittenberg

# TAG management board



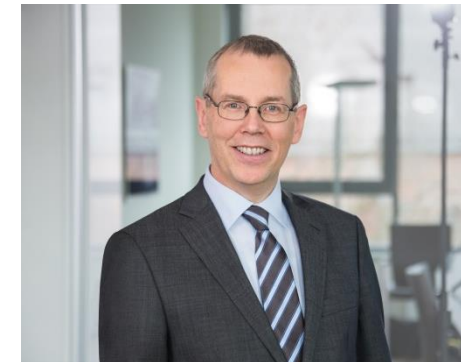
**Claudia Hoyer**  
**COO**

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center
- 
- Age 45
  - Joined TAG as a member of the management board in July 2012
  - Business degree, member of the board of DKB Immobilien AG from 2010 to 2012, more than 15 years of experience in residential real estate and property management



**Martin Thiel**  
**CFO**

- Key responsibilities: Controlling, Accounting, Financing, Taxes, Corporate Finance and Investor Relations
- 
- Age 45
  - Joined TAG as CFO in April 2014
  - Business degree, CPA, CVA, 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 61
  - With TAG for more than 15 years, has been a member of the management board since April 2011
  - Law degree, over 25 years of experience in real estate legal affairs

# NOTES

# TAG Contacts

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**CFO**

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