



# Conference call presentation FY 2018

GROWING CASHFLOWS

**TAG**  
Immobilien AG

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# TAG 2019

TAG highlights FY 2018

# TAG highlights FY 2018

Operational performance		<b>FY 2018</b>	<b>FY 2017</b>	<b>Q4 2018</b>	<b>Q3 2018</b>
	▪ <b>Vacancy</b> (residential units)	4.7%	4.8%/5.3%*	4.7%	5.2%
	▪ <b>Vacancy</b> (total portfolio)	5.3%	5.8%	5.3%	5.6%
	▪ <b>L-f-L rental growth y-o-y</b>	2.3%	2.0%	2.3%	2.4%
	▪ <b>L-f-L rental growth y-o-y</b> incl. vacancy reduction	2.6%	3.1%	2.6%	2.8%
	▪ <b>FFO I</b> (EURm)	146.5	127.4	37.8	37.5
	▪ <b>FFO I</b> (EUR/share)	1.00	0.87	0.26	0.26
EPRA NAV and LTV		<b>31 Dec-2018</b>	<b>30 Sep-2018</b>	<b>31 Dec-2017</b>	<b>31 Dec-2016</b>
	▪ <b>EPRA NAV</b> (EUR/share)	17.32	15.36	13.80	11.53
	▪ <b>LTV</b>	47.3%	49.4%	52.3%	57.1%
Acquisitions FY 2018	<ul style="list-style-type: none"> <li>▪ 2,727 residential units acquired in FY 2018 (2017: 4,946 units). Total purchase price of EUR 111.9m (2017: EUR 171.5m) and current net rent of EUR 8.7m p.a. (2017: EUR 14.1m) leads to acquisition multiple of 12.8x or gross yield of 7.8% (2017: 12.2x multiple or 8.2% gross yield). Vacancy rate of 12.7% (2017: 13.8%) offers significant upside potential.</li> </ul>				
Disposals FY 2018	<ul style="list-style-type: none"> <li>▪ <b>Portfolio sales</b> Disposals of 1,180 non core residential units in two transactions signed in 2018, closing in 2018 and 2019. Total selling price of EUR 48.9m, sold at book value. Net cash proceeds of EUR 36.7m.</li> <li>▪ <b>Ongoing disposals</b> 434 further non core units signed in FY 2018 (2017: 427 units). Total selling price of EUR 17.3m (2017: EUR 22.5m). Book profit of EUR 1.0m (2017: EUR 1.7m). Net cash proceeds of EUR 16.8m (2017: EUR 20.5m). Closing in 2018 and 2019.</li> </ul>				

\* including acquisitions in 2017, part of vacancy in residential units from Q1 2018 onwards

# TAG 2019

TAG financials Q4 and FY 2018

# TAG income statement (IFRS)

(in EURm)		FY 2018	FY 2017 (adjusted)**	Q4 2018	Q3 2018 (adjusted)**
<b>Net rent*</b>	1	302.2	293.0	76.1	75.4
Expenses from property management*		-56.0	-56.5	-14.5	-13.2
<b>Net rental income</b>	2	246.1	236.6	61.6	62.2
Net income from services	3	17.7	14.9	4.9	4.6
Net income from sales		-0.1	0.0	-0.4	0.1
Other operating income		9.6	5.4	6.6	0.7
Valuation result	4	430.0	293.0	200.2	-0.2
Personnel expenses	5	-43.7	-41.4	-11.2	-11.0
Depreciation		-4.3	-3.9	-1.2	-1.1
Other operating expenses	6	-17.1	-25.8	-4.6	-4.2
<b>EBIT</b>		638.2	478.9	256.0	51.1
Net financial result	7	-96.0	-82.4	-20.7	-13.6
<b>EBT</b>		542.2	396.5	235.2	37.5
Income tax	8	-54.0	-82.8	4.4	-7.3
<b>Net income</b>		488.2	313.7	239.6	30.2

\*w/o IFRS 15 effects; for further details see annual report FY 2018

\*\*reclassification between expenses from property management and other operating income/ net income from services; for further details see annual report FY 2018.

1 Net rent improved by EUR 9.2m y-o-y mainly as a result of acquisitions and total I-f-I rental growth (incl. vacancy reduction) of 2.6%.

2 Increase in net rental income of EUR 9.5m y-o-y driven by higher net rent and stable expenses from property management. Higher maintenance expenses of EUR 5.2m y-o-y (EUR 1.0m q-o-q) offset by other cost savings.

3 Extended service businesses esp. in caretakers and energy services lead to an increase of net income from services of EUR 2.8m y-o-y.

4 Ongoing positive development of TAG's portfolio leads to a valuation gain of EUR 430.0m in FY 2018; annual valuation uplift of 10.1% versus FY 2017.

5 Increased personnel expenses on a y-o-y basis (+EUR 2.3m) mainly driven by growing internal caretakers and craftsmen services.

6 Reduced other operating expenses due to a one-off effect of EUR 8.5m in FY 2017 (provision for real estate transfer tax risks from prior years); thereof EUR 6.2m released in FY 2018 (shown in other operating income).

7 Net financial result decreased by EUR 13.6m y-o-y as a result of one-off effects in FY 2018 (fair valuation of financial derivatives and repurchased corporate bond). Net financial result (cash, after one-offs) improved by EUR 12.4m y-o-y. Positive development mainly driven by major refinancing of bank loans in FY 2017 and corporate bonds in FY 2018.

8 Income tax mainly contains deferred taxes; cash tax expenses in FY 2018 at EUR 4.0m (EUR 3.1m in FY 2017).

# TAG EBITDA, FFO and AFFO calculation

(in EURm)	FY 2018	FY 2017	Q4 2018	Q3 2018
<b>Net income</b>	<b>488.2</b>	<b>313.7</b>	<b>239.6</b>	<b>30.2</b>
+ Income tax	54.0	82.8	-4.4	7.3
+ Net financial result	96.0	82.4	20.7	13.6
<b>EBIT</b>	<b>638.2</b>	<b>478.9</b>	<b>256.0</b>	<b>51.1</b>
+ Adjustments				
Net income from sales	0.1	0.0	0.4	-0.1
Valuation result	-430.0	-293.0	-200.2	0.2
Depreciation	4.3	3.9	1.2	1.1
One-offs (provision for real estate transfer tax risks)	-6.2	8.5	-6.2	0.0
<b>EBITDA (adjusted)</b>	<b>1</b> <b>206.4</b>	<b>198.3</b>	<b>51.1</b>	<b>52.3</b>
<i>EBITDA (adjusted) margin</i>	68.3%	67.7%	67.2%	69.4%
- Net financial result (cash, after one-offs)	-54.6	-67.0	-12.1	-13.0
- Cash taxes	-4.0	-3.1	-0.5	-1.6
- Cash dividend payments to minorities	-1.3	-0.8	-0.7	-0.2
<b>FFO I</b>	<b>2</b> <b>146.5</b>	<b>127.4</b>	<b>37.8</b>	<b>37.5</b>
- Capitalised maintenance	-15.7	-12.0	-5.8	-5.3
<b>AFFO before modernisation capex</b>	<b>130.9</b>	<b>115.4</b>	<b>32.0</b>	<b>32.2</b>
- Modernisation capex	-42.5	-30.8	-10.0	-9.5
<b>AFFO</b>	<b>3</b> <b>88.4</b>	<b>84.6</b>	<b>22.0</b>	<b>22.7</b>
Net income from sales	-0.1	0.0	-0.4	0.1
<b>FFO II</b>	<b>146.4</b>	<b>127.4</b>	<b>37.4</b>	<b>37.6</b>
(FFO I + net income from sales)				
Weighted average number of shares outstanding (in '000)	146.341	145,709	146.322	146.322
<b>FFO I per share (EUR)</b>	<b>1.00</b>	<b>0.87</b>	<b>0.26</b>	<b>0.26</b>
<b>AFFO per share (EUR)</b>	<b>0.60</b>	<b>0.58</b>	<b>0.15</b>	<b>0.16</b>
<i>Weighted average number of shares, fully diluted (in '000)</i>	161,016*	---	160,998*	160,998*
<i>FFO I per share (EUR), fully diluted</i>	0.92	---	0.24	0.24
<i>AFFO per share (EUR), fully diluted</i>	0.56	---	0.14	0.14

**1** Improved EBITDA in FY 2018 of EUR 8.1m y-o-y mainly as a result of higher net rental income (+EUR 9.5m) and higher net income from services (+EUR 2.8m). EBITDA margin in FY 2018 improved to 68.3% (67.7% in FY 2017). Slightly reduced margin in Q4 2018 q-o-q mainly driven by higher maintenance costs of EUR 1.0m.

**2** FFO I (+EUR 19.1m) in FY 2018 also benefited from reduced net financial result (cash, after one-offs) of EUR 12.4m; higher cash taxes of EUR 0.9m as an opposing effect. Strong FFO and FFO/s growth of +15% in 2018.

**3** In FY 2018 AFFO increased to EUR 88.4m (+EUR 3.8m y-o-y/ +5%); increased capex of EUR 15.4m more than offset by higher FFO I of EUR 19.1m. AFFO decreased q-o-q by EUR 0.7m due to higher capex of EUR 1.0m and higher FFO I of EUR 0.3m.

# TAG balance sheet (IFRS)

(in EURm)	31 Dec-2018	30 Sep-2018	31 Dec-2017
<b>Non-current assets</b>	<b>4,772.1</b>	<b>4,410.2</b>	<b>4,243.8</b>
Investment property	1 4,666.7	4,333.8	4,166.0
Deferred tax assets	70.0	43.2	45.4
Other non-current assets	35.5	33.2	32.4
<b>Current assets</b>	<b>174.2</b>	<b>220.8</b>	<b>339.2</b>
Real estate inventory	52.3	48.4	48.1
Cash and cash equivalents	2 91.7	147.3	263.7
Other current assets	30.2	25.1	27.4
<b>Non-current assets held-for-sale</b>	<b>87.0</b>	<b>91.6</b>	<b>51.5</b>
<b>TOTAL ASSETS</b>	<b>5,033.3</b>	<b>4,722.6</b>	<b>4,634.5</b>
<b>Equity</b>	<b>2,048.3</b>	<b>1,799.2</b>	<b>1,646.6</b>
Equity (without minorities)	3 2,006.5	1,773.6	1,625.9
Minority interest	41.8	25.6	20.7
<b>Non-current liabilities</b>	<b>2,727.8</b>	<b>2,774.1</b>	<b>2,618.1</b>
Financial debt	2,236.0	2,320.3	2,238.6
Deferred tax liabilities	433.5	411.7	358.9
Other non-current liabilities	58.4	42.1	20.6
<b>Current liabilities</b>	<b>257.2</b>	<b>149.3</b>	<b>369.8</b>
Financial debt	162.8	57.8	275.2
Other current liabilities	94.4	91.5	94.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,033.3</b>	<b>4,722.6</b>	<b>4,634.5</b>
<b>LTV*</b>	<b>4 47.3%</b>	<b>49.4%</b>	<b>52.3%</b>

\*For further details on LTV calculation see Appendix

1 Book value of investment property increased by EUR 500.7m y-o-y. Portfolio valuation (+EUR 430.0m), disposals (-EUR 83.5m), acquisitions (+EUR 111.9m) and capex (+EUR 58.1m) as main effects.

2 Reduced cash position at 31 Dec-2018 mainly result of

- repurchase of EUR 125m corporate bond 2014/2020 in Jun-2018
- repayment of EUR 191m corporate bond 2013/2018 in Aug-2018
- issuance of two corporate bonds in the total amount of EUR 250m in Jun-2018
- net effect of portfolio transactions (e.g. in FY 2018 net cash proceeds from signed disposals of EUR 71.2m and purchase price payments for acquisitions of EUR 111.9m).

3 Increase of equity (+EUR 380.6m w/o minorities) mainly driven by portfolio valuation (+EUR 430.0m) and dividend payment (- EUR 95.1m).

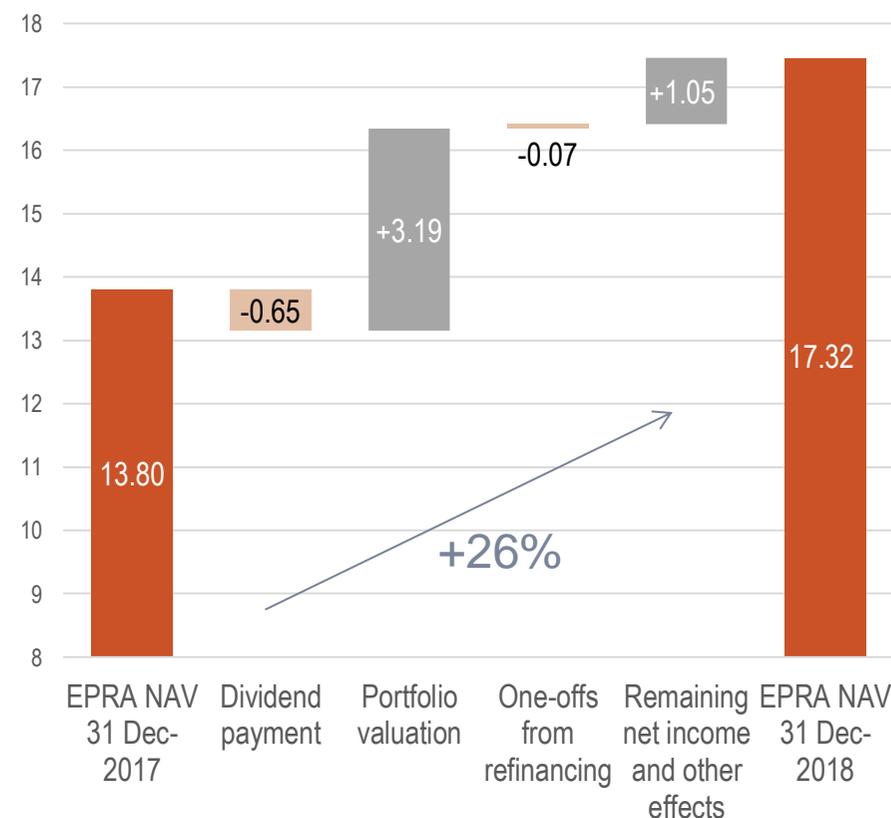
4 Change in LTV (-500 bps) due to

- Portfolio valuation: c. -510 bps
- Dividend payment: c. +220 bps
- Others (mainly disposals and ongoing results): c. -210 bps.

# TAG EPRA NAV calculation

(in EURm)	31 Dec-2018	31 Dec-2017
<b>Equity (without minorities)</b>	<b>2,006.5</b>	<b>1,625.9</b>
+ Deferred taxes on investment properties and financial derivatives	425.2	362.3
+ Fair value of financial derivatives	42.0	8.4
+ Difference between fair value and book value for properties valued at cost	60.0	24.8
<b>= EPRA NAV</b>	<b>2,533.6</b>	<b>2,021.4</b>
Number of shares outstanding (in '000)	146,322	146,439
<b>EPRA NAV per share (EUR)</b>	<b>17.32</b>	<b>13.80</b>
<i>Number of shares, fully diluted (in '000)</i>	<i>161,023*</i>	<i>---</i>
<b>EPRA NAV per share (EUR), fully diluted</b>	<b>17.33</b>	<b>---</b>

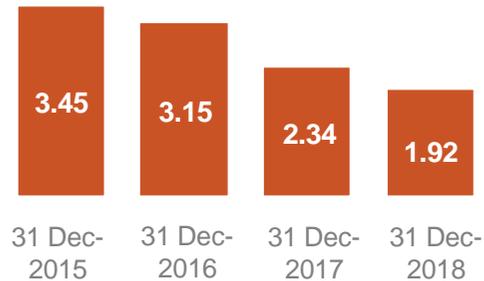
## EPRA NAV bridge in EUR/share



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

# TAG cost of debt and LTV

## Cost of debt Ø in %



- Continuous reduction of average cost of debt from Dec-2015 to Dec-2018 by more than 150 bps.
- Further upside potential from maturing bank loans of EUR 411m in 2019-2021 (average coupons of 2.7% - 3.6% p.a.).

## LTV\* in %



- Strong LTV reduction by 15.4 percentage points within a three year period.
- LTV target of c. 50% already achieved due to strong portfolio valuation.
- Current LTV target ensures efficient use of capital as well as stable and conservative financing structure given TAG's moderate portfolio valuation level.

\*For further details on LTV calculation see Appendix



Salzgitter



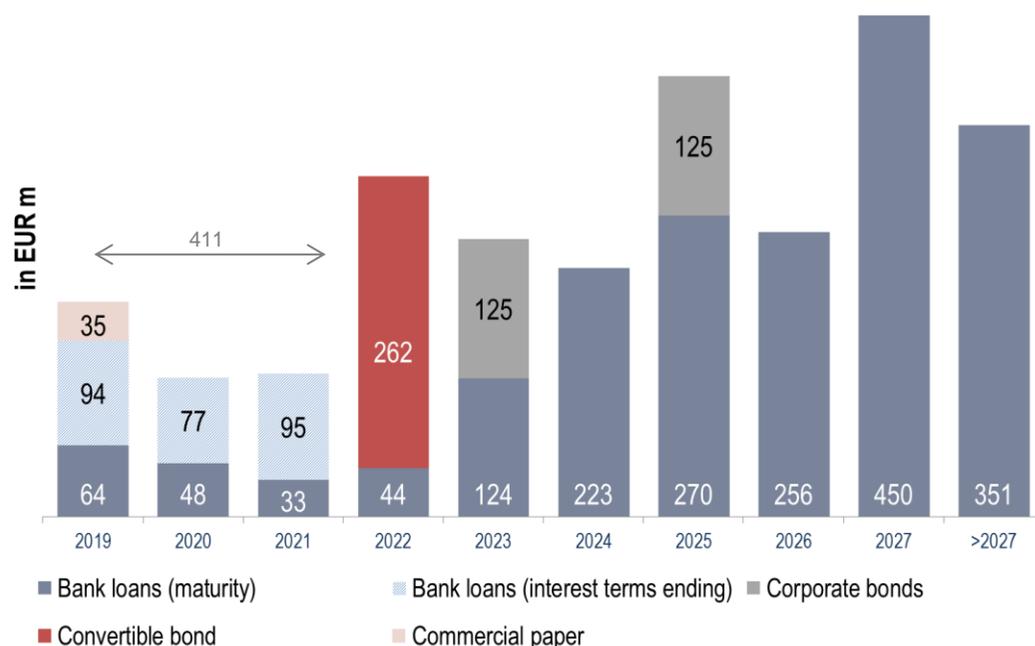
Brandenburg, Havel



Freiberg

# TAG debt financing structure

## Debt maturity profile as of 31 Dec-2018



## Average maturities as of 31 Dec-2018

- Bank loans: 9.3 years (31 Dec-2017: 10.3 years)
- Total financial debt: 8.1 years (31 Dec-2017: 8.6 years)

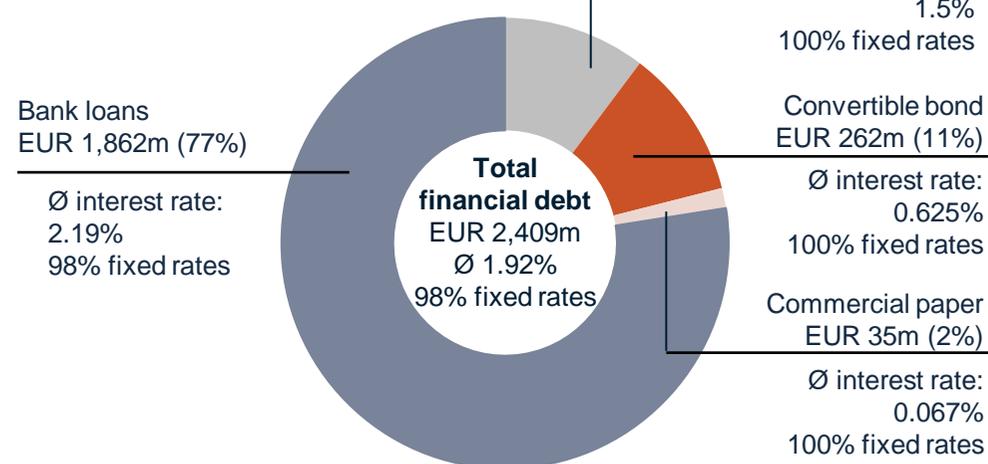
## Further refinancing potential 2019-2021

- EUR 411m of bank loans maturing or with interest terms ending in 2019-2021 with average coupons of 2.7%-3.6% p.a.

## Investment Grade rating

- Moody's: Baa3 long term rating (outlook stable) / Prime P-3 short term rating

## Debt structure as of 31 Dec-2018

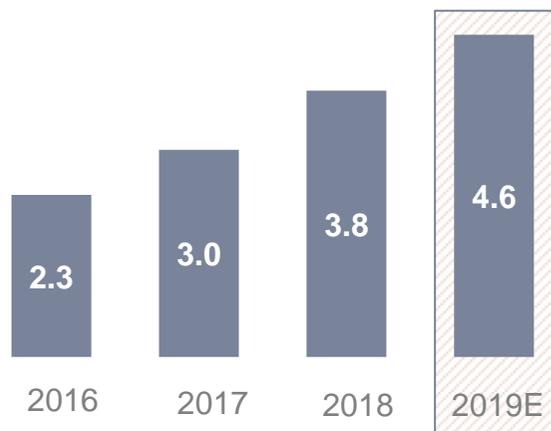


(in EURm)	FY 2018	FY 2017	Q4 2018
+ Interest income	1.2	3.0	0.3
- Interest expenses	-99.0	-88.0	-22.4
+ Net profit from investments	1.8	2.6	1.4
<b>= Net financial result</b>	<b>-96.0</b>	<b>-82.4</b>	<b>-20.7</b>
thereof non-cash financial result from convertible/corporate bonds	1.7	1.1	0.3
thereof breakage fees bank loans and early repayment of bonds	9.8	14.4	0.0
thereof other non-cash financial result (e.g. from derivatives)	30.0	-0.1	8.3
<b>= Net financial result (cash, after one-offs)</b>	<b>-54.6</b>	<b>-67.0</b>	<b>-12.1</b>
ICR (EBITDA adjusted/net financial result cash, after one-offs)	3.8 x	3.0x	4.2x
Net financial debt/EBITDA adjusted	11.2x	11.3x	11.3x*

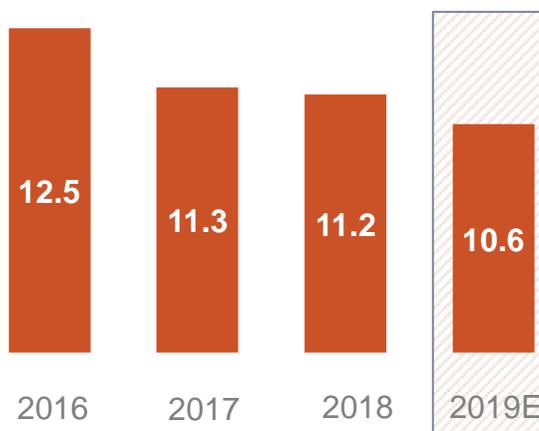
\*annualised

# TAG strong development of financing metrics

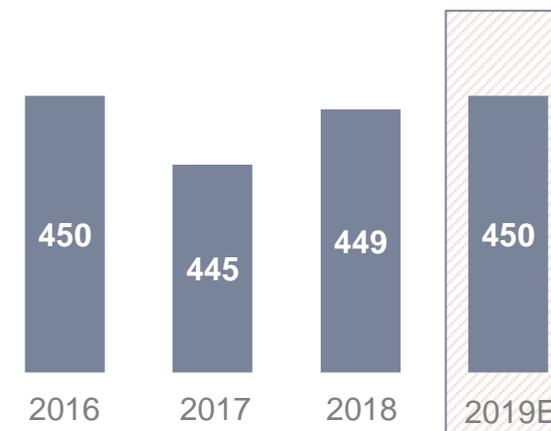
## ICR



## Net financial debt/ EBITDA adjusted



## Net financial debt in EUR/ sqm

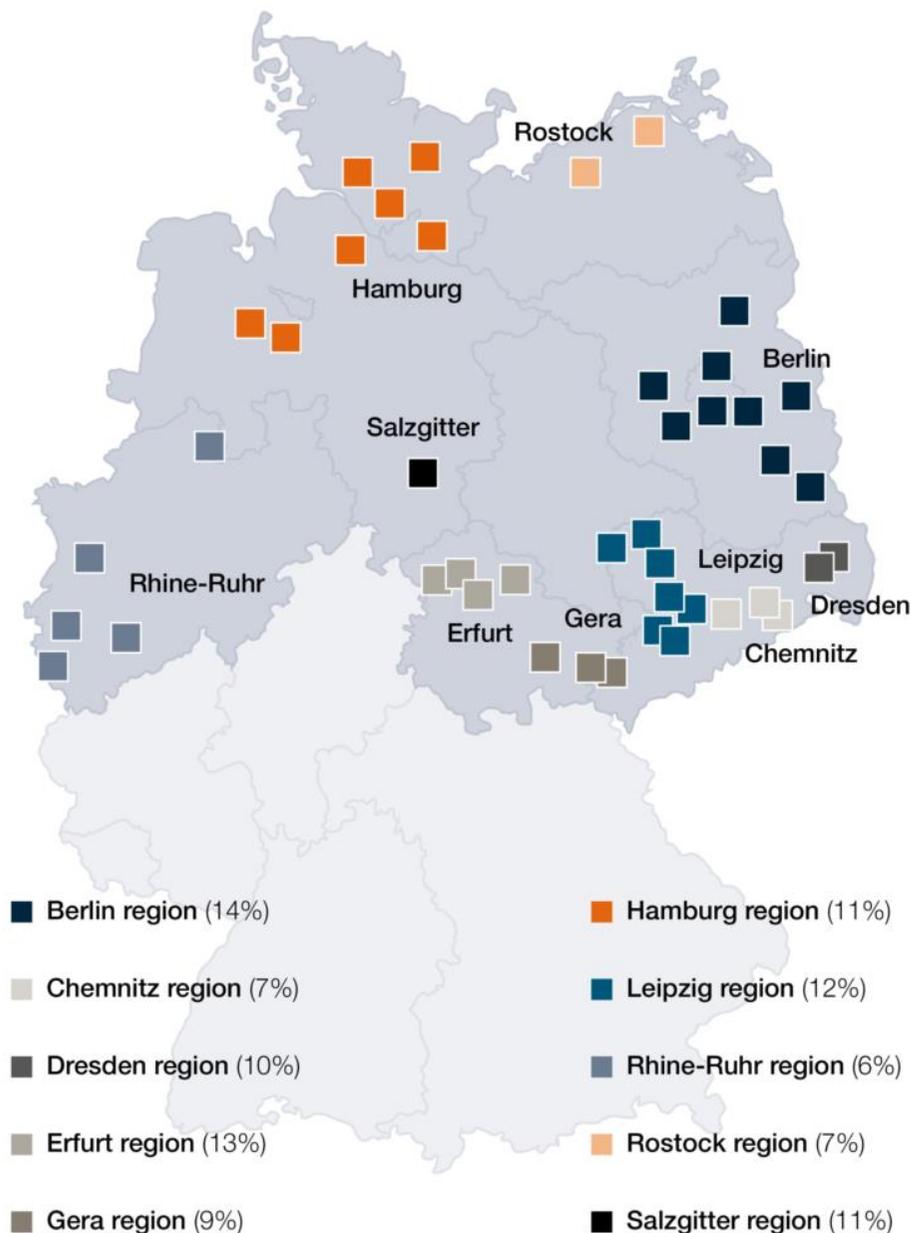


- Strong improvement of ICR mainly driven by interest cost savings due to refinancing activities and repayment of corporate bonds in 2017 and 2018; full year effect in 2019.
- Further improvement in ICR as a result of positive business development in 2018 (+ EUR 8.1m adj. EBITDA growth y-o-y).
- Ongoing EBITDA growth leads to further decline in net debt/EBITDA (net financial debt broadly stable).
- Slightly increased net debt due to acquisitions in Q4 2018. The corresponding full-year EBITDA-contribution will take effect in 2019.
- TAG's portfolio growth solidly financed with stable net financial debt per sqm in the last years.

# TAG 2019

TAG portfolio FY 2018

# TAG portfolio in total as of 31 Dec-2018



% acc.: proportional IFRS book value real estate volume

TAG is a leader in affordable housing in Northern and Eastern Germany.

The portfolio is structured in ten defined regions in and around 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.

Portfolio as of	31 Dec-2018	31 Dec-2017
Units	84,426	83,140
Rentable area in sqm	5,132,860	5,054,778
Real estate volume in EURm	4,815.5	4,275.4
Annualised current net rent in EURm (total portfolio)	314.1	303.3
Current net rent in EUR/sqm/month (residential units)	5.29	5.20
Current net rent in EUR/sqm/month (total portfolio)	5.39	5.31
Vacancy in % (residential units)	4.7	4.8
Vacancy in % (total portfolio)	5.3	5.8
L-f-I rental growth in % (y-o-y)	2.3	2.0
L-f-I rental growth in % (including vacancy reduction, y-o-y)	2.6	3.1

# TAG vacancy reduction residential units

Strong track record of vacancy reduction

- TAG exhibits strong local presence in its core regions which allows for excellent market knowledge and efficient operation of properties.
- 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.
- Vacancy reduction of newly acquired properties provides an additional source of rental income and value growth. This is underpinned by recent valuation results with a material part of revaluation gains stemming from operational measures rather than from yield compression.

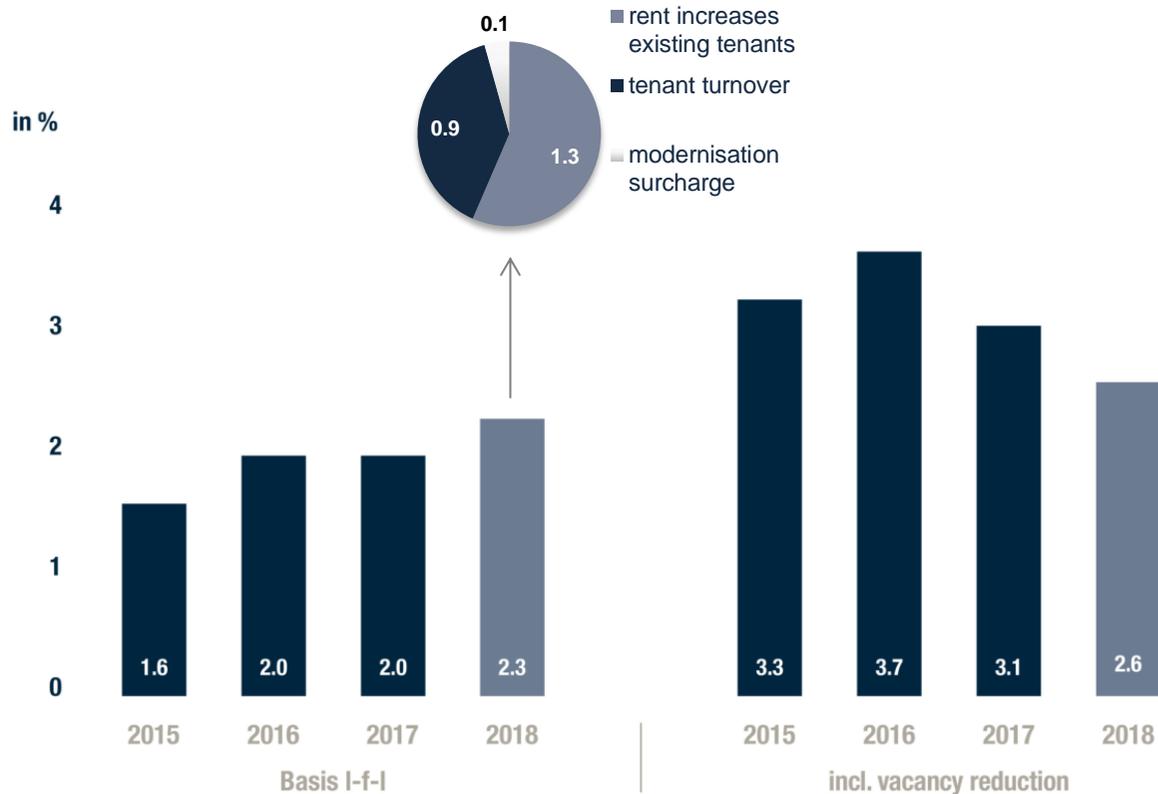


# TAG rental growth residential units

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”).
- Targeted and efficient capex strategy: investments in vacancy reduction result in highly attractive equity-returns: c. 10%-15% return on capex in large modernisation measures and c. 42%-47% in the modernisation of vacant flats\*.
- Basis I-f-I rental growth is achieved without extensive modernisation programs for existing tenants or in the re-letting process. This clearly shows strong underlying fundamentals in TAG’s markets.

\*For further details on return on capex see Appendix



in EUR/sqm	2015 (FY)	2016 (FY)	2017 (FY)	2018 (FY)
Maintenance and capex	15.15	15.41	15.12	19.24

# TAG 2019

TAG valuation FY 2018

# TAG portfolio valuation overview

- Portfolio valuation result in H2 2018 of EUR 200.1m (H1 2018: EUR 230.0m) leads to EUR 430.0m full year valuation gain (10.1% annual uplift).
  - EUR 312.4m gain from yield compression (73%)
  - EUR 117.6m gain from strong rental growth and vacancy reduction (27%)
- Half year interval between valuations covers the price dynamics in German residential markets and offers transparency.
- Next portfolio valuation at 30 Jun-2019.

## Key metrics

	Dec-2018	Jun-2018	Dec-2017	Jun-2017
Book value (EUR/sqm)	c. 940	c. 895	c. 845	c. 800
Gross yield	6.5%	6.7%	7.1%	7.4%
Implied multiple	15.3x	14.9x	14.1x	13.5x

**Valuation remains at conservative levels with c. EUR 940/sqm and 6.5% gross yield**



Lauta



Riesa



Dresden

# TAG portfolio valuation details

Region (in EURm)	Dec-2018 Fair value (IFRS)	Dec-2018 Fair value (EUR/sqm)	Dec-2018 Implied multiple	FY 2018 Valuation result	Share of operational performance/ other market developments	Share of yield compression	Dec-2017 Fair value (IFRS)	Dec-2017 Fair value (EUR/sqm)	Dec-2017 Implied multiple
Berlin	668.7	1,120.2	17.3x	99.6	25.1	74.5	566.2	1,002.4	15.8x
Chemnitz	318.9	696.2	13.2x	14.1	6.2	7.9	278.4	606.7	11.9x
Dresden	479.4	1,130.6	17.1x	39.5	9.8	29.7	431.0	1,038.3	16.1x
Erfurt	589.8	958.5	15.8x	51.9	11.3	40.6	498.1	862.6	14.1x
Gera	412.1	693.5	12.9x	9.0	3.1	5.9	390.0	660.7	12.5x
Hamburg	486.2	1,094.0	16.5x	58.2	19.9	38.3	421.1	950.0	14.9x
Leipzig	534.0	861.6	14.4x	60.3	13.8	46.5	409.5	763.1	12.8x
Rhine-Ruhr	290.3	1,046.5	16.3x	26.3	5.0	21.3	271.5	917.3	14.5x
Rostock	325.6	955.5	15.0x	29.3	8.2	21.1	283.7	860.9	13.8x
Salzgitter	498.0	882.0	14.4x	42.5	16.2	26.3	449.2	795.6	13.4x
<b>Total residential units</b>	<b>4,603.1</b>	<b>932.6</b>	<b>15.3x</b>	<b>430.8</b>	<b>118.7</b>	<b>312.0</b>	<b>3,998.8</b>	<b>837.2</b>	<b>14.0x</b>
Acquisitions	115.4	704.0	13.3x	-4.2	0.0	-4.2	182.0	761.4	15.0x
<b>Total residential portfolio</b>	<b>4,718.5</b>	<b>925.3</b>	<b>15.2x</b>	<b>426.6</b>	<b>118.7</b>	<b>307.8</b>	<b>4,180.8</b>	<b>833.6</b>	<b>14.0x</b>
Other	97.0	2,915.6	21.0x	3.4	-1.1	4.6	94.7	2,415.6	17.5x
<b>Grand total*</b>	<b>4,815.5</b>	<b>938.2</b>	<b>15.3x</b>	<b>430.0</b>	<b>117.6</b>	<b>312.4</b>	<b>4,275.4</b>	<b>845.8</b>	<b>14.1x</b>

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

# TAG 2019

TAG acquisitions and disposals FY 2018

# TAG acquisitions FY 2018

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



Riesa



Neubrandenburg



Schwerin

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

# TAG disposals FY 2018

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



Bad Grund



Helmstedt



Duisburg

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

# TAG 2019

TAG guidance FY 2019

# TAG guidance FY 2019

Results  
FY 2018  
(Dividend  
guidance  
increased)

- **FFO** EUR 146.5m (FY 2017: EUR 127m, c.15% increase y-o-y)
- **FFO/s** EUR 1.00 (FY 2017: EUR 0.87, c.15% increase y-o-y)
- **Dividend/s** EUR 0.75 after EUR 0.73 (FY 2017: EUR 0.65, c.15% increase y-o-y)

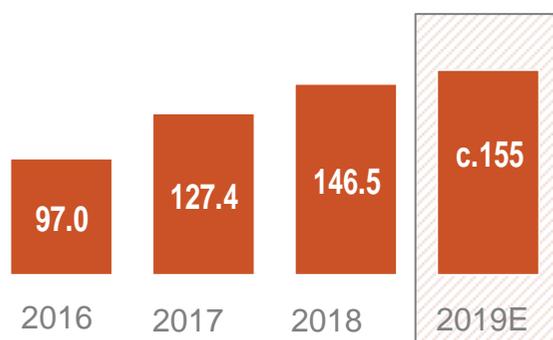
Guidance  
FY 2019  
(unchanged)

- **FFO** EUR 154m-156m (c.6% increase y-o-y, including disposals of c. 2,100 units)  
  
EUR 8m increase in FFO y-o-y mainly driven by higher net rental income (+c.EUR 5m), higher net income from services (+c.EUR 2m) and personnel expenses (-c.EUR 4m), reduced financing costs (+c.EUR 9m) and higher cash taxes (-c.EUR 4m).  
  
Guidance assumes sales of c.500 units from ongoing disposals and of c.1,600 non-core assets in the course of 2019 leading to a total FFO reduction in 2019 of c.EUR 3m; no further acquisitions included.
- **FFO/s** EUR 1.06 (c.6% increase y-o-y, based on 146.3m outstanding shares)
- **Dividend/s** EUR 0.80 (c.6% increase y-o-y, equals 75% of FFO)

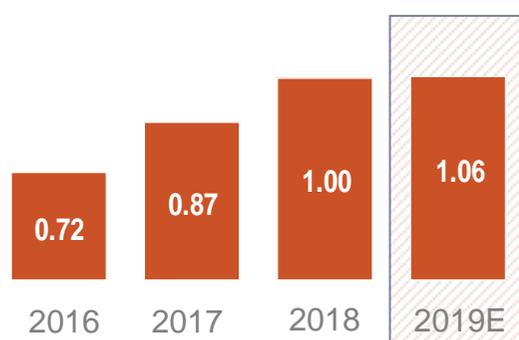


Senftenberg

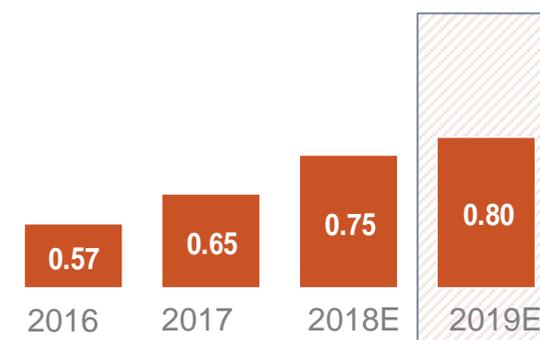
FFO in EURm



FFO per share in EUR



Dividend per share in EUR



# TAG 2019

APPENDIX

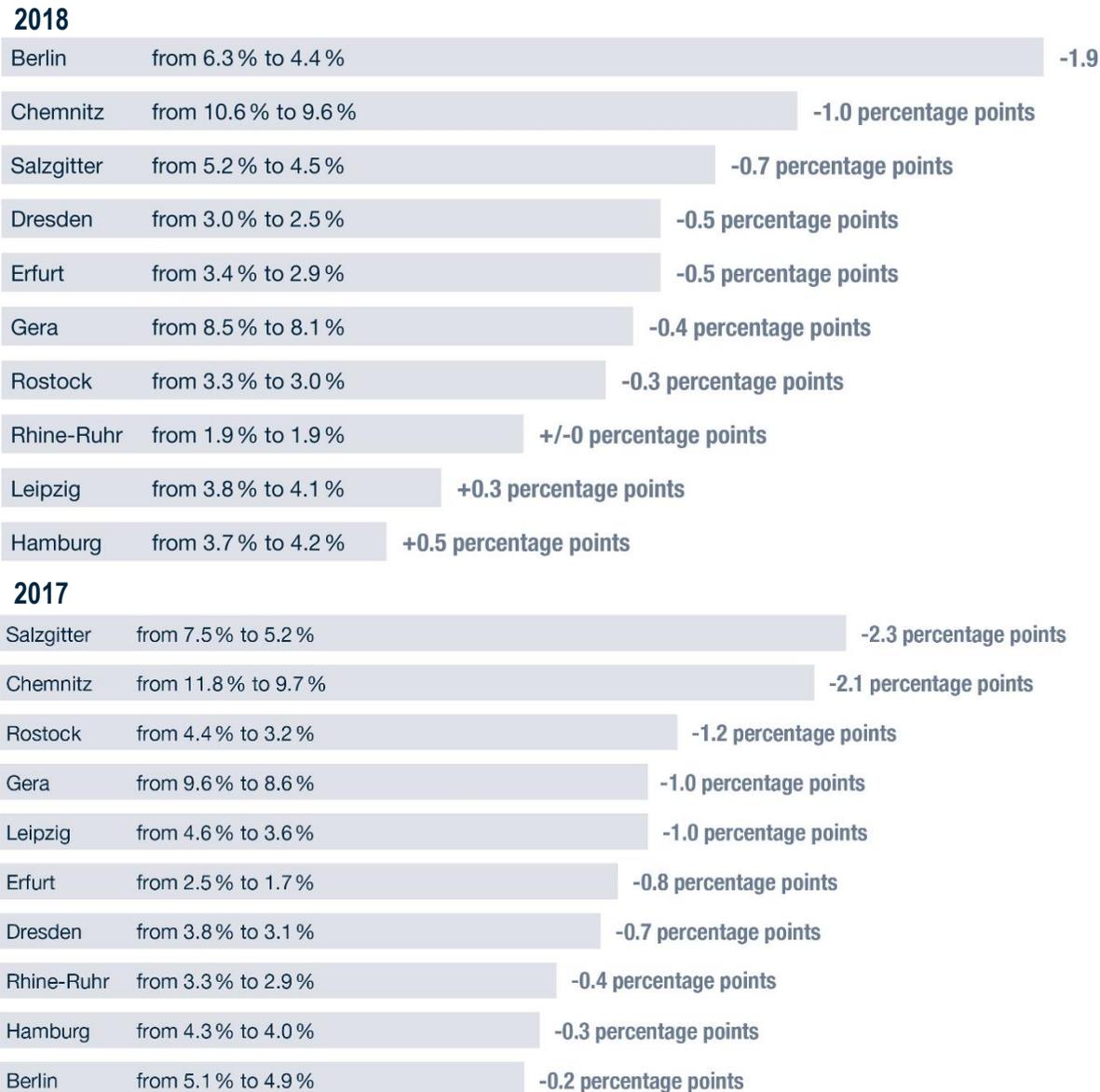
# TAG portfolio details by region

Region	Units #	Rentable area sqm	IFRS BV EURm Dec-2018	In-place yield	Vacancy Dec-2018	Vacancy Dec-2017	Current net rent EUR/sqm	Re-letting rent EUR/sqm	L-f-I rental growth y-o-y	L-f-I rental growth y-o-y incl. vacancy reduction	Maintenance EUR/sqm	Capex EUR/sqm
Berlin	9,905	565,516	668.7	5.5%	4.4%	4.9%*	5.62	6.14	2.9%	5.1%	6.84	11.93
Chemnitz	7,613	442,265	318.9	7.3%	9.6%	9.7%*	4.89	4.94	1.6%	2.6%	8.03	34.17
Dresden	6,337	411,474	479.4	5.7%	2.5%	3.1%*	5.64	5.86	2.1%	2.7%	5.35	4.91
Erfurt	10,519	592,232	589.8	6.0%	2.9%	1.7%*	5.13	5.57	1.3%	0.9%	4.77	9.18
Gera	9,732	566,356	412.1	7.5%	8.1%	8.6%*	4.97	5.45	2.1%	2.4%	5.55	17.15
Hamburg	7,072	434,917	486.2	5.8%	4.2%	4.0%*	5.67	5.93	4.0%	3.1%	11.42	6.32
Leipzig	10,177	606,803	534.0	6.7%	4.1%	3.6%*	5.16	5.50	2.9%	2.4%	5.44	5.38
Rhine-Ruhr	4,186	266,405	290.3	5.8%	1.9%	2.9%*	5.38	5.58	1.4%	1.6%	13.87	7.23
Rostock	5,617	336,399	325.6	6.5%	3.0%	3.2%*	5.42	5.76	1.6%	2.1%	5.89	14.28
Salzgitter	9,180	563,159	498.0	6.8%	4.5%	5.2%*	5.25	5.43	2.0%	2.7%	7.94	11.18
<b>Total residential units</b>	<b>80,338</b>	<b>4,785,525</b>	<b>4,603.1</b>	<b>6.3%</b>	<b>4.7%</b>	<b>4.8%*</b>	<b>5.29</b>	<b>5.60</b>	<b>2.3%</b>	<b>2.6%</b>	<b>7.11</b>	<b>12.13</b>
Acquisitions	2,705	158,890	115.4	7.1%	12.9%	14.4%	4.97	---	---	---	---	---
Commercial units within resi. portfolio	1,214	155,172	---	---	16.8%	17.6%	7.41	---	---	---	---	---
<b>Total residential portfolio</b>	<b>84,257</b>	<b>5,099,587</b>	<b>4,718.5</b>	<b>6.6%</b>	<b>5.3%</b>	<b>5.7%</b>	<b>5.34</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
Other	169	33,273	97.0	4.8%	5.1%	9.9%	12.19	---	---	---	---	---
<b>Grand total</b>	<b>84,426</b>	<b>5,132,860</b>	<b>4,815.5</b>	<b>6.5%</b>	<b>5.3%</b>	<b>5.8%</b>	<b>5.39</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>

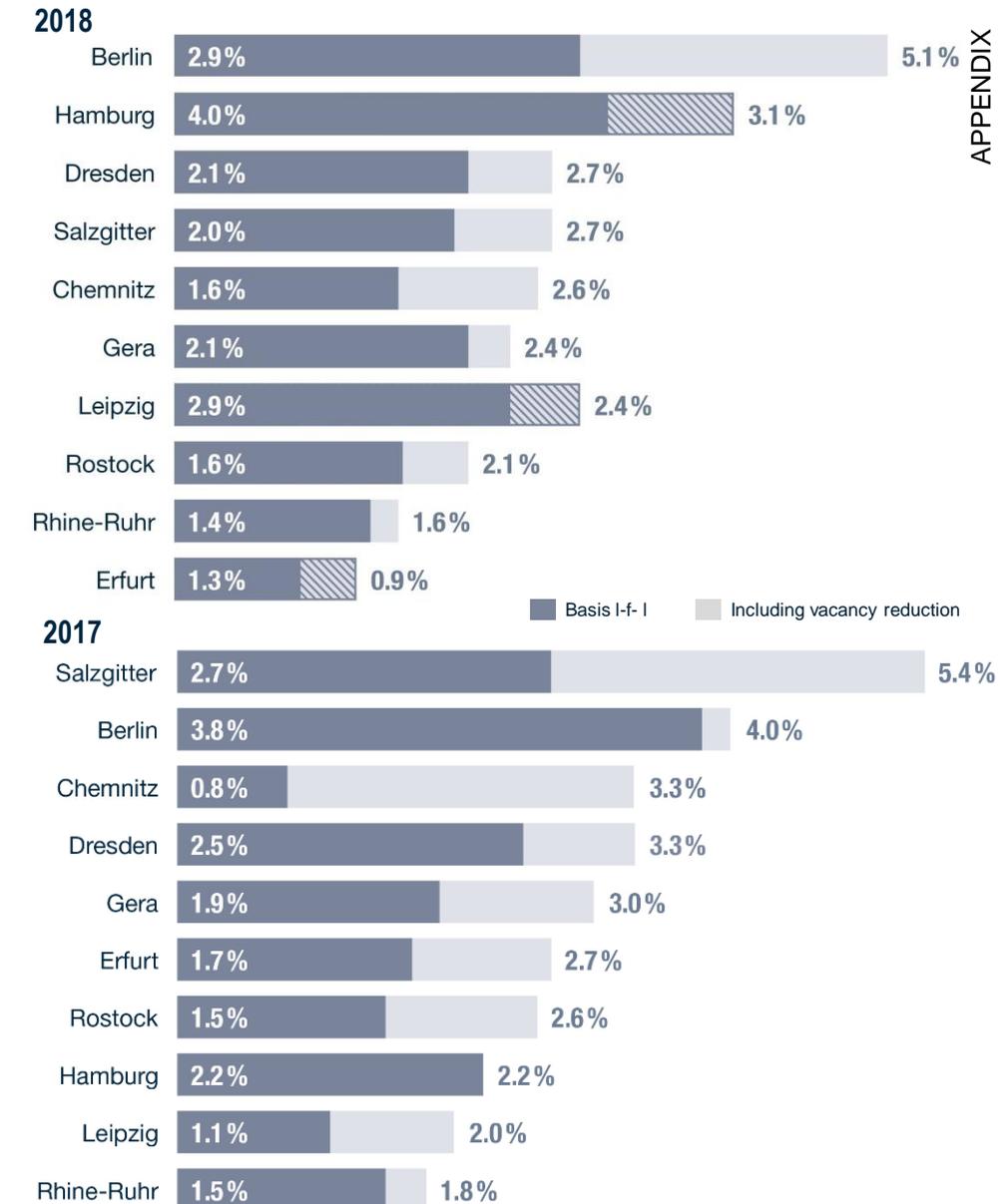
\* excl. acquisitions 2017

# TAG vacancy reduction and rental growth

Vacancy development per region (incl. acquisitions prior year)



L-f-I rental growth per region (y-o-y)



APPENDIX

# TAG EPRA Earnings

(in EURm)	FY 2018	FY 2017	Q4 2018	Q3 2018
<b>Net income</b>	<b>488.2</b>	<b>313.7</b>	<b>239.6</b>	<b>30.2</b>
Valuation result	-430.0	-293.0	-200.2	0.2
Deferred income taxes on valuation result	72.7	76.9	16.7	3.7
Net income from sales	0.1	0.0	0.4	-0.1
Fair value valuation of derivative financial instruments	31.0	1.2	9.4	0.0
Deferred income taxes on valuation of derivative financial instruments	-9.8	0.0	-3.0	0.0
Breakage fees bank loans and early repayment of bonds	9.8	14.4	0.0	0.3
Cash dividend payments to minorities	-1.3	-0.8	-0.7	-0.2
<b>EPRA Earnings</b>	<b>160.8</b>	<b>112.4</b>	<b>62.3</b>	<b>34.1</b>
Deferred income taxes (other than on valuation result)	-12.9	2.8	-18.6	2.1
Other non cash financial result	0.6	-0.2	-0.8	0.3
One off's (provision for real estate transfer tax risks)	-6.2	8.5	-6.2	0.0
Depreciation	4.3	3.9	1.2	1.1
<b>Adjusted EPRA Earnings (FFO I)</b>	<b>146.5</b>	<b>127.4</b>	<b>37.8</b>	<b>37.6</b>
Weighted average number of shares outstanding (in '000)	146,341	145,709	146,322	146,322
<b>EPRA Earnings per share (in EUR)</b>	<b>1.10</b>	<b>0.77</b>	<b>0.43</b>	<b>0.23</b>
<b>Adjusted EPRA Earnings (FFO I) per share (in EUR)</b>	<b>1.00</b>	<b>0.87</b>	<b>0.26</b>	<b>0.26</b>
<i>Weighted average number of shares, fully diluted (in '000)</i>	<i>161,016*</i>	<i>---</i>	<i>160,998*</i>	<i>160,998*</i>
<i>EPRA Earnings per share (in EUR), fully diluted</i>	<i>1.00</i>	<i>---</i>	<i>0.39</i>	<i>0.21</i>
<i>Adjusted EPRA Earnings (FFO I) per share (in EUR), fully diluted</i>	<i>0.92</i>	<i>---</i>	<i>0.24</i>	<i>0.24</i>

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

# TAG LTV calculation

(in EURm)	31 Dec-2018	31 Dec-2017
Non-current and current liabilities to banks	1,855.5	1,935.4
Non-current and current liabilities from corporate bonds	285.8	322.2
Non-current and current liabilities from convertible bonds	257.5	256.2
Cash and cash equivalents	-91.7	-263.7
<b>Net financial debt</b>	<b>2,307.1</b>	<b>2,250.1</b>
Book value of investment properties	4,666.7	4,166.0
Book value of property reported under property, plant and equipment (valued at cost)	9.5	9.8
Book value of property held as inventory (valued at cost)	52.3	48.1
Book value of property reported under non-current assets held-for-sale	87.0	51.5
<b>Real estate volume</b>	<b>4,815.5</b>	<b>4,275.4</b>
Book value of property for which purchase prices have already been paid (or received) in advance	-0.2	-0.3
Difference between fair value and book value for properties valued at cost	60.0	24.8
<b>Relevant real estate volume for LTV calculation</b>	<b>4,875.3</b>	<b>4,299.9</b>
<b>LTV</b>	<b>47.3%</b>	<b>52.3%</b>

# TAG maintenance and capex

in EURm	2017					2018				
	Total portfolio	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	Q3	Q4
Maintenance	7.3	6.9	7.5	7.4	29.1	8.6	7.7	8.5	9.5	34.3
Capex	7.9	9.9	11.8	13.2	42.8	13.0	14.6	14.8	15.7	58.1*
Total	15.2	16.8	19.3	20.6	71.9	21.6	22.3	23.3	25.3	92.4

\*excl. capex for project developments of EUR 11.4m  
(mainly conversion of former office building into apartment house in Munich)

in EUR/sqm	2017					2018				
	Residential units	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	Q3	Q4
Maintenance	1.55	1.62	1.58	1.49	6.24	1.77	1.59	1.76	1.99	7.11
Capex	1.66	2.18	2.43	2.61	8.88	2.67	3.05	3.12	3.29	12.13
Total	3.21	3.80	4.01	4.10	15.12	4.44	4.64	4.88	5.28	19.24



Chemnitz



# TAG return on capex

## Modernisation is key element of TAG's strategy

- Capex measures can be broken down into
  - Modernisation of vacant flats (longer term vacancy)
  - Modernisation 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

## Methodology

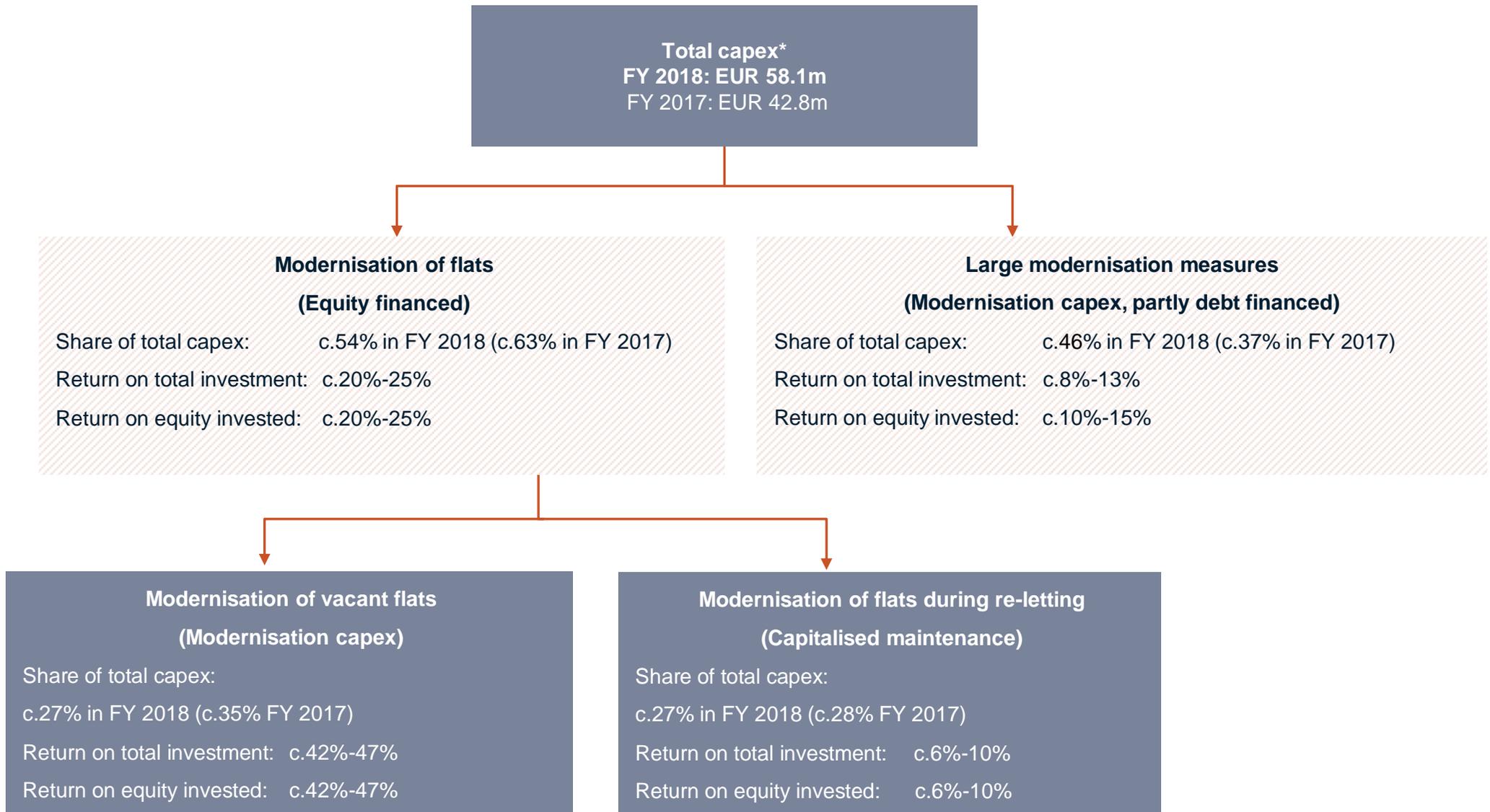
$$1 \quad \frac{\text{Incremental revenues}}{\text{Total investment}} = \text{Return on investment}$$

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

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

\* Subject to scope of measures

# TAG return on capex



\*excl. capex for project developments of EUR 11.4m

# 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

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

**TAG** Immobilien Service GmbH

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



## ■ Craftsmen services (100% owned subsidiary)

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

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

**TAG** Handwerker-service GmbH

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



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

# 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

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

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

## Multimedia services (100% owned subsidiary)

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

### MULTIMEDIA

Immobilien GmbH

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

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



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

# 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

**BAU-VEREIN  
ZU HAMBURG**  
Hausverwaltungsgesellschaft mbH

Ein Unternehmen der  
TAG Immobilien Gruppe



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

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



c. 8,500 units covered in 2018

# TAG services business – FFO contribution 2018

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

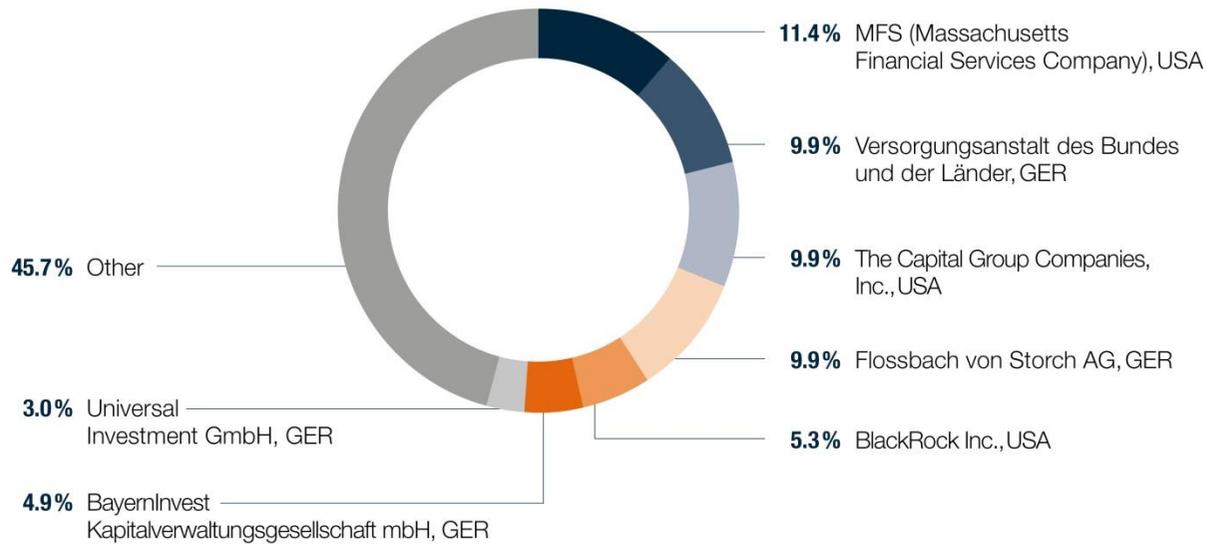
<sup>1)</sup> incl. provisions, in annual report FY 2018 included in expenses from property management

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

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

# TAG shareholder structure

Shareholder structure as of 31 Dec-2018



- Number of shares (issued) 146.5m
- Market capitalisation (31 Dec-2018) EUR 2.9bn
- Stock indices MDAX/EPRA
- Free Float \* 99.88%
- Treasury shares for management- and employee-compensation 0.12% (177,115 shares)

\* Deutsche Börse definition including institutional investors



Bestensee



Rostock



Jänschwalde

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