



INTERIM STATEMENT 2018

ON THE 1ST QUARTER

GROWING CASHFLOWS

TAG
Immobilien AG

CONTENTS

GROUP FINANCIALS

in EUR m	01/01 – 03/31/2018	01/01 – 03/31/2017 (adjusted)
Income statement key figures		
Net rent	75.6	71.5
EBITDA (adjusted)	51.4	46.9
Consolidated net profit	26.7	22.1
FFO I per share in EUR	0.24	0.20
FFO I	35.1	28.5
AFFO per share in EUR	0.15	0.14
AFFO	22.1	20.6
Balance sheet key figures		
	03/31/2018	12/31/2017
Total assets	4,659.7	4,634.5
Equity	1,672.0	1,646.6
Equity ratio in %	35.9	35.5
EPRA NAV per share in EUR	14.01	13.80
LTV in %	51.4	52.3
Portfolio data		
	03/31/2018	12/31/2017
Units	82,784	83,140
Real estate volume in TEUR	4,274.1	4,275.4
Vacancy in % (total)	5.9	5.8
Vacancy in % (residential units)	5.6	4.8
I-f-I rental growth in %	2.0	2.0
I-f-I rental growth in % (incl. vacancy reduction)	2.6	3.1
Employees		
	03/31/2018	12/31/2017
Number of employees	992	961
Capital market data		
Market cap at 03/31/2018 in EUR m		2,470.0
Share capital at 03/31/2018 in EUR		146,498,765
WKN/ISIN	830350/ DE0008303504	
Number of shares at 03/31/2018 (issued)		146,498,765
Number of shares at 03/31/2018 (outstanding)		146,288,765
Free float in %		100
Index		MDAX/EPRA

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BUSINESS DEVELOPMENT

BUSINESS DEVELOPMENT IN THE FIRST THREE MONTHS OF THE 2018 FINANCIAL YEAR

Foundations of the Group

TAG Immobilien AG ('TAG' in the following) is a Hamburg-based property company focused on the German residential real estate sector. The Group's properties are located in various regions of Northern and Eastern Germany and North Rhine-Westphalia. Overall, at 31 March 2018 TAG managed around 83,000 residential units. TAG shares are listed in the MDAX of the Frankfurt Stock Exchange; TAG's market capitalisation at 31 March 2018 was EUR 2.5 bn.

TAG's business model is the long-term letting of flats. All functions essential to property management are carried out by its own employees. In many regions, the company also delivers caretaker services and – increasingly – craftsmen services. It specialises in inexpensive housing, addressing the needs of broad sections of the population. In the 2016 financial year, the existing business model was expanded by two fields. Since the establishment of in-house subsidiaries, the Group itself provides multimedia to tenants on the one hand, and handles commercial heating supply (energy management) for the Groups own portfolio on the other.

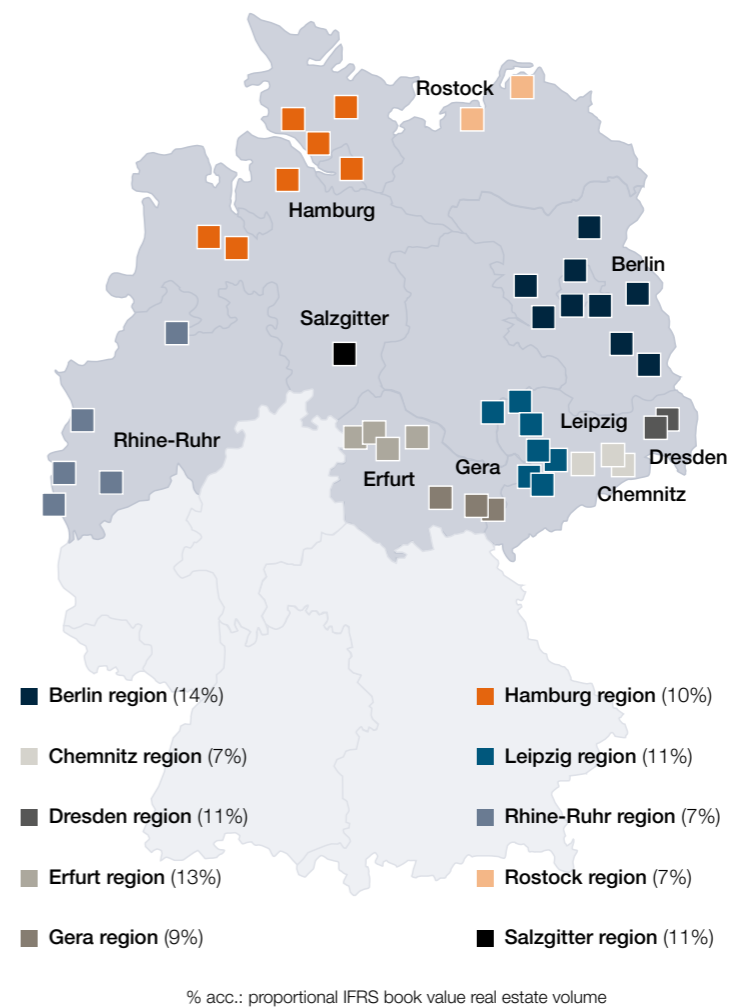
TAG deliberately invests in medium and smaller towns, to take advantage of the potential for growth and profit here, as well as in and near big cities. The newly acquired portfolios usually have higher vacancy rates, which are then reduced following the acquisition, through targeted investments and proven asset management concepts. Investments are made exclusively in regions where TAG already manages assets, to be able to use existing administrative structures. Also, local knowledge of the market is essential in the acquisition of new portfolios.

In addition to long-term property management, the Group selectively exploits sales opportunities in high-priced markets in order to reinvest the realised capital appreciation and liquidity into new portfolios with higher yields. This strategy of 'capital recycling' is TAG's response to the intense competition for German residential real estate, and focuses on return based on the individual share. Growth in absolute terms is no longer at the forefront of the corporate strategy. Instead, the aim is to offer tenants affordable housing through sustained and active portfolio management, and investors growing cash flows through attractive dividends.

Development of the TAG real estate portfolio

Overview

At the end of the first quarter of 2018, as at the end of the 2017 financial year, TAG Group's property portfolio comprised approximately 83,000 units. The focus is on the management of attractive yet affordable housing, with great awareness of our social responsibility towards our tenants. The regional focus is mainly on Northern and Eastern Germany.



Portfolio	as of 03/31/2018	as of 12/31/2017
Units	82,784	83,140
Rentable area in sqm	5,031,307	5,054,778
Real estate volume in EUR millions	4,274.1	4,275.4
Annualised net rent in EUR m p. a. (total)	301.9	303.3
Net rent in EUR per sqm (total)	5.32	5.31
Net rent in EUR per sqm (residential units)	5.19	5.20
Vacancy in % (total)	5.9	5.8
Vacancy rate in % (residential units)	5.6	4.8
Lfl rental growth in %	2.0	2.0
Lfl rental growth in % (incl. vacancy reduction)	2.6	3.1

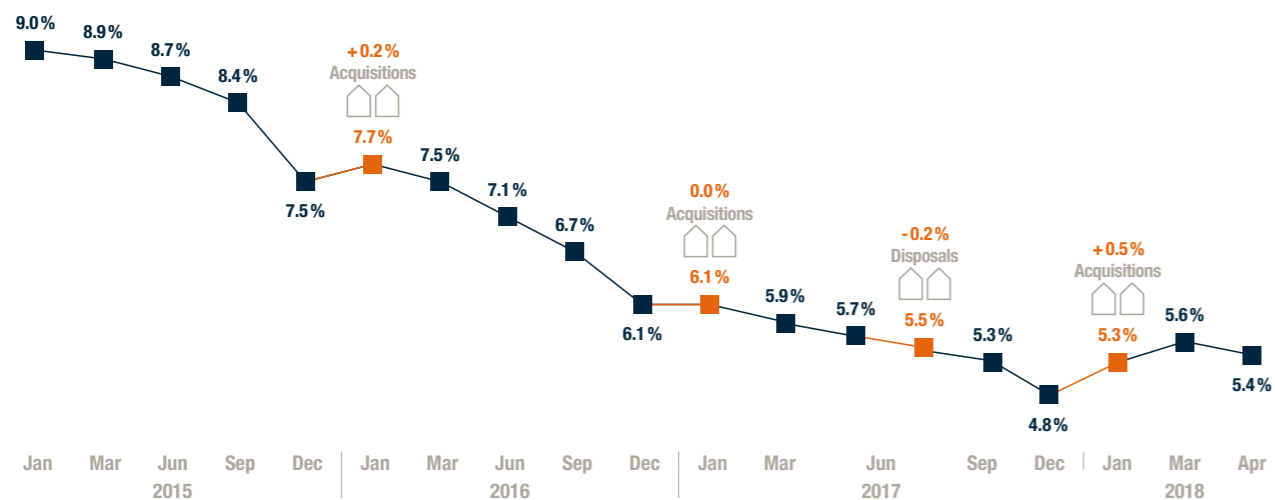
Acquisitions and sales in the first quarter of the 2018 financial year

No further portfolios were acquired in the first three months of the 2018 financial year. On the sales side, 108 units at a total purchase price of EUR 6.9m and a book profit of EUR 0.3m were notarised during this period. Net cash proceeds of approximately EUR 6.7 m are expected from these sales after repayment of the related bank loans.

After the balance sheet date on 1 April 2018, the transfer of ownership rights, benefits and obligations (closing) for a sale of 267 residential units in Berlin for a purchase price of EUR 36.1m, which had already been notarised in October 2017, took place. The net cash proceeds from this sale of around EUR 30.3m were already received as of 31 March 2018.

Vacancy

The following graphic illustrates the vacancy over time in the Group's residential units, from FY 2015 to 2018:

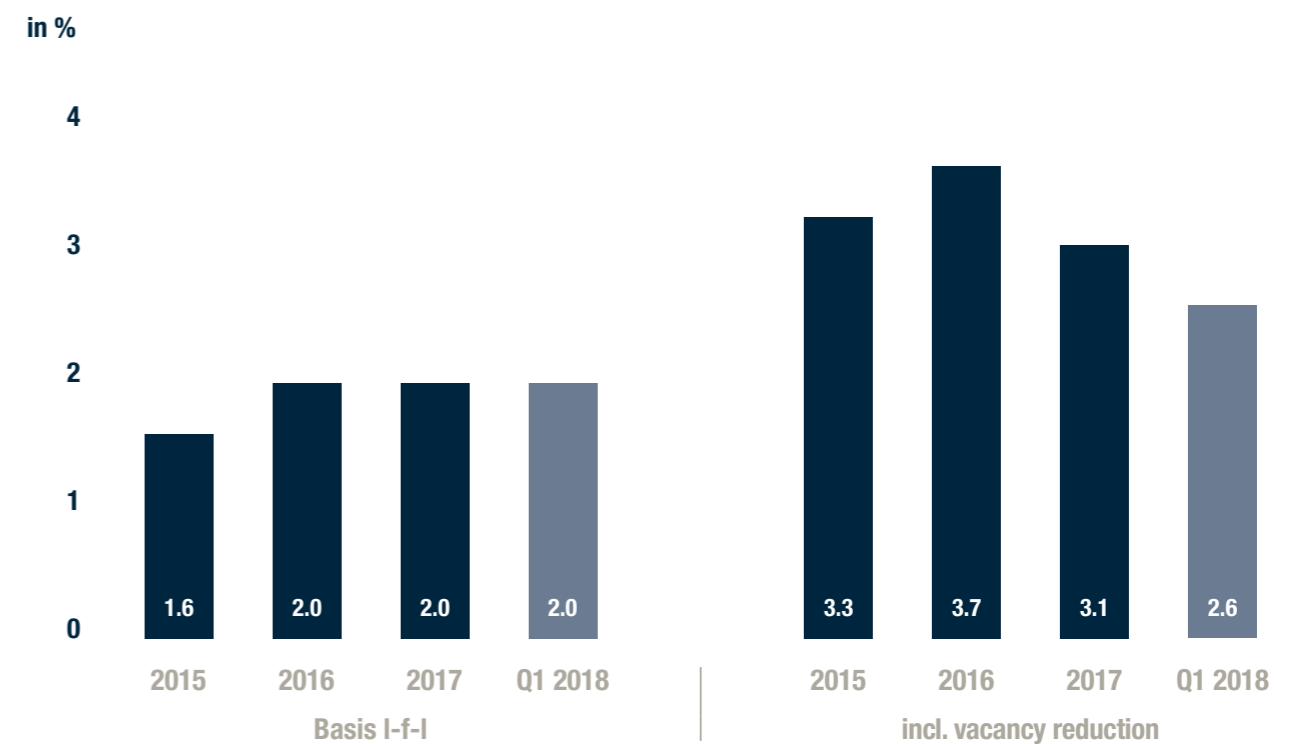


Vacancy across the overall portfolio was 5.9% in March 2018, dropping to 5.8% after the reporting date in April 2018. So, compared with the end of the previous year (5.8%), there were no significant changes at the level of the overall portfolio.

Growth in rents

At 31 March 2018, growth in rents from the Group's residential units amounted to 2.0% p. a. on a like-for-like basis, i. e. not including acquisitions and sales of the previous twelve months, unchanged from the rate for FY 2017. If one includes the effects of the vacancy reduction, overall rental growth on a like-for-like basis amounted to 2.6% after 3.1% in FY 2017.

The following chart shows the development of rental growth in the Group's residential units in the financial years 2015 to 2018:



In the first three months of 2018, total investment in the residential units amounted to EUR 4.44 per sqm (maintenance costs recognised as expenses of EUR 1.77 per sqm and capitalised modernisations of EUR 2.67 per sqm). Simply extrapolated to a full financial year of twelve months, this results in a value of EUR 17.76 per sqm after EUR 15.12 per sqm in 2017, EUR 15.41 per sqm in 2016 and EUR 15.15 per sqm in 2015. So attractive rental growth continues to be achieved with moderate investment and without extensive modernisation programmes for apartments already let.

The portfolio in detail, by region

The following table shows further details of the TAG property portfolio, by region, as at 31 March 2018:

Region	Units	Rentable area sqm	IFRS BV 03/31/18 EUR m	In-place yield %	Vacancy Mar-2018 %	Vacancy Dec-2017 %	Current net rent EUR/sqm	Reletting rent EUR/sqm	L-f-I rental growth y-o-y %	L-f-I rental growth y-o-y** %	Maintenance EUR/sqm	Capex EUR/sqm
Berlin	10,233	583,282	601,048	6.0	5.9	4.9	5.51	6.06	3.6	3.6	1.69	2.95
Döbeln	7,660	443,217	293,750	7.7	11.0	9.7	4.81	4.86	0.7	3.2	1.33	8.26
Dresden	6,333	411,119	437,702	6.1	2.9	3.1	5.53	5.77	2.6	3.6	1.16	1.08
Erfurt	10,531	592,239	534,133	6.5	3.7	1.7	5.07	5.59	1.4	1.5	1.14	1.67
Gera	9,757	568,038	395,601	7.7	8.9	8.6	4.88	5.32	1.9	2.7	1.50	3.85
Hamburg	7,130	437,968	427,163	6.5	4.0	4.0	5.46	5.80	1.9	1.8	3.06	1.24
Leipzig	10,279	611,586	471,282	7.5	4.6	3.6	5.03	5.43	1.4	1.6	1.54	1.07
Rhine-Ruhr	4,700	299,499	283,666	6.4	4.2	2.9	5.27	5.61	1.2	0.7	3.97	1.80
Rostock	5,613	335,955	292,625	7.1	3.7	3.2	5.34	5.61	1.4	2.6	1.40	3.00
Salzgitter	9,177	563,077	450,382	7.3	5.5	5.2	5.15	5.45	2.6	3.9	1.88	2.10
Total residential units	81,413	4,845,979	4,187,351	6.8	5.6	4.8	5.19	5.56	2.0	2.6	1.77	2.67
Commercial units within res. portfolio	1,195	152,984	-	-	17.2	17.6	7.84	-	-	-	-	-
Total residential portfolio	82,608	4,998,963	4,187,351	7.1	5.9	5.8	5.26	-	-	-	1.72	2.59
Other*	176	32,343	86,731	5.6	6.0	9.9	13.35	-	-	-	2.00	1.22
Grand total	82,784	5,031,307	4,274,082	7.1	5.9	5.8	5.32	-	-	-	1.72	2.58

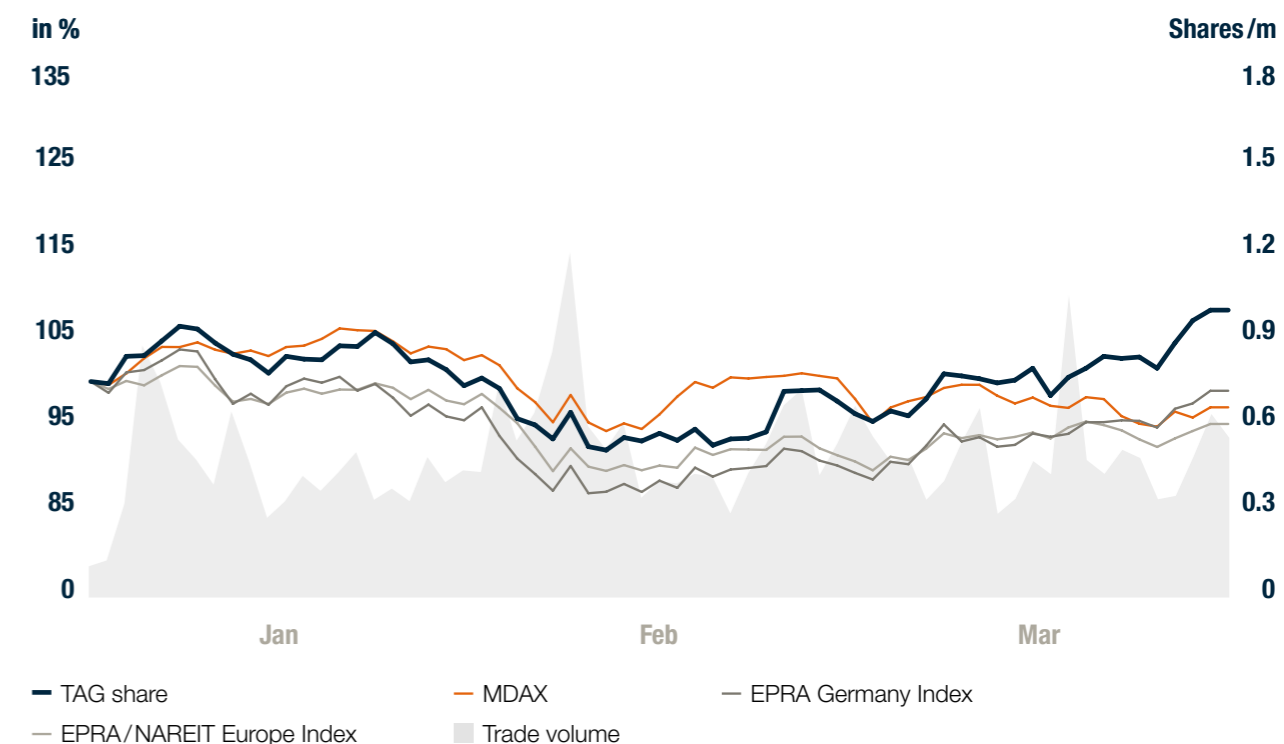
*including commercial properties and serviced apartments

**including effects from vacancy reduction

The TAG share and the capital market

Share performance

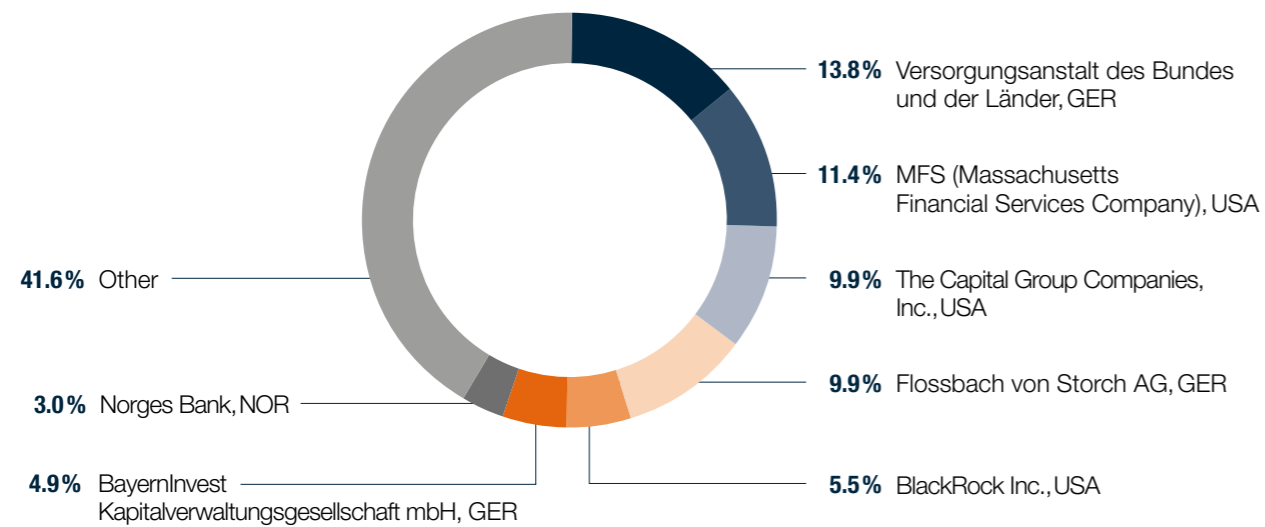
The price of the MDAX-listed TAG share saw an extremely positive development in the first quarter of 2018 and was at EUR 16.86 on 31 March 2018, following a closing price of EUR 15.84 at the end of 2017 (+6%). By contrast, the benchmark indices MDAX, EPRA Germany – which comprises the main German property stocks – and EPRA Europe fell by between approx. 2% and 4% in the first three months of 2018.



Share capital and shareholder structure

At the reporting date, the share capital and number of shares were EUR 146,498,765 and 146,498,765 shares, the same as at year-end 2017. TAG's market capitalisation was EUR 2.5bn on 31 March 2018, compared to EUR 2.3bn on 31 December 2017. Free float at the reporting date was 99.86% of the share capital; 0.14% of the share capital is held by TAG as treasury shares for purposes of Management Board and employee compensation (210,000 shares, after 60,000 shares at 31 December 2017).

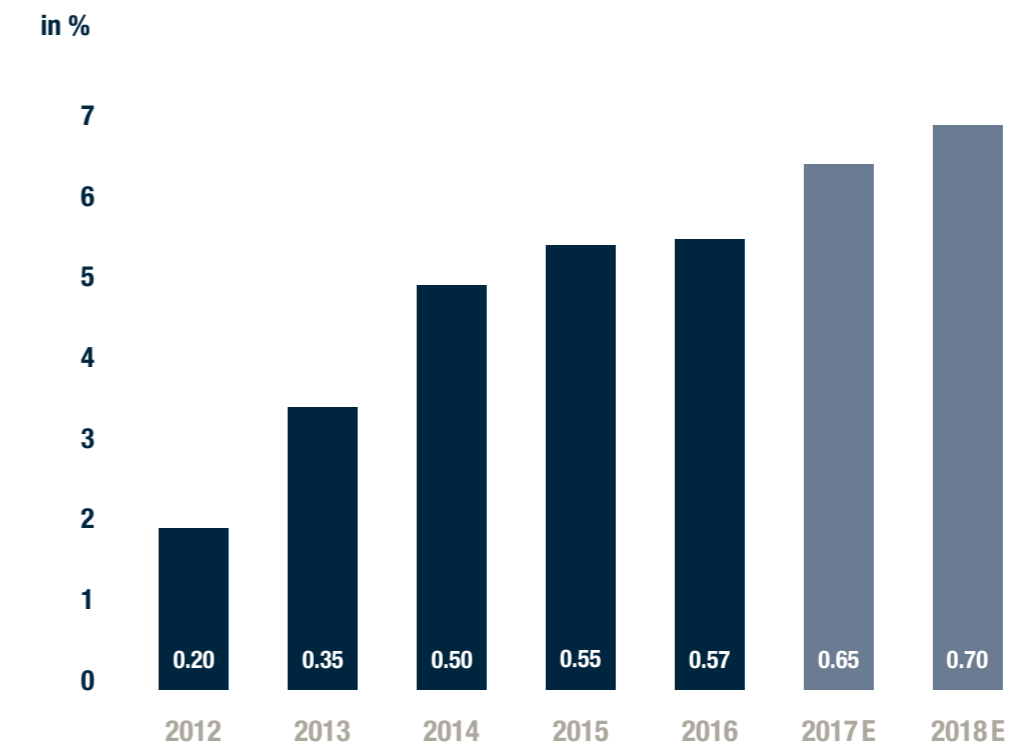
As before, national and international investors with a predominantly long-term investment strategy make up the majority of TAG shareholders, as the following diagram (as at 31 March 2018) shows:



Dividend

TAG lets its shareholders participate substantially in the company's success by paying an attractive dividend. At this year's Annual General Meeting, which will take place on 23 May 2018 in Hamburg, the pay-out of a dividend of EUR 0.65 per share for the 2017 financial year, after EUR 0.57 per share in the previous year, will be decided upon. To continue establishing the share as an attractive dividend stock in the future, we plan to distribute a once-more increased dividend of EUR 0.70 per share for the 2018 financial year; this corresponds to a pay-out ratio of 75% of FFO I.

The following graphic illustrates the dividend payment over the last years:



New accounting standards and changes in presentation in the consolidated statement of income and expense

Significant effects of the first-time application of IFRS 9 (Financial Instruments) in the 2018 financial year

IFRS 9 specifies the requirements for the recognition and valuation of financial assets, financial liabilities, and some contracts for the purchase or sale of non-financial items. This standard replaces IAS 39 (Financial Instruments: Recognition and Valuation) and includes a new approach for classifying and valuing financial assets: valued at amortised cost, measured at fair value through profit or loss (FVTPL), and measured at fair value through value in other comprehensive income.

In the past, TAG measured various equity instruments – such as minority interests in property companies for which no quoted price was available on an active market and whose fair value could not be reliably determined – at acquisition cost. The classification of these instruments as FVTPL resulted in an appreciation of EUR 1.0m as of 1 January 2018, which was recognised directly in equity within the capital reserve.

Since 1 January 2018, the impairment of financial assets, such as rent receivables from rentals, is no longer shown using the incurred-loss model but rather the expected-loss model. This basically results in two valuation levels:

- Lifelong credit defaults: expected loan defaults due to possible default events over the entire term of a financial instrument
- 12-month loan defaults: expected loan defaults due to possible default events within the next twelve months after the balance sheet date

The valuation according to the concept of lifelong loan defaults is to be applied if a financial asset's credit risk has increased significantly at the balance sheet date vs. its initial recognition; otherwise the valuation according to the concept of 12-month loan defaults is to be applied. However, the concept of lifelong credit defaults is always applied to trade receivables and contractual assets without a significant financing component. This resulted in an additional impairment of EUR 0.1 m with regard to receivables from letting for the first quarter of 2018, which was recognised in the consolidated income statement under rental expenses.

Significant effects of the first-time application of IFRS 15 (Revenue from Contracts with Customers) in the 2018 financial year

IFRS 15 establishes a comprehensive framework for determining whether, to what extent and at what point in time revenue is recognised. It replaces existing guidance on revenue recognition, including IAS 18 Revenue.

TAG's business model is the long-term letting of flats. All functions essential to property management are carried out by its own employees. In many regions, the company also delivers caretaker and craftsmen services. In addition, Group subsidiaries provides multimedia to tenants and supplies commercial heating (energy management) in the Group's own portfolios.

Rental services – as components of leasing – fall within the scope of IAS 17, or IFRS 16 from 2019 onwards, with non-leasing components to be separated from these, i.e. in particular the services which are invoiced as operating costs and service charges (utilities). The settlement of operating costs and utilities was previously shown net under rental expenses. According to IFRS 15, services billed as operating costs and utilities must be differentiated according to whether they consist of primary service provision as a principal, or the brokering of a third-party service as an agent.

According to IAS 18, the distinction between principal and agent positions was previously assessed based on the opportunities and risks associated with the provision of services. With the introduction of IFRS 15, the salient factor instead is whether a contracting party has control over the service before rendering a service to a client. The indicators for this assessment, which are considered in their entirety and do not have to be cumulatively fulfilled, are the primary responsibility for performance of a service, the potential inventory risk, not being able to pass on costs, and the pricing power for a service. TAG's analysis indicated that all services are now to be recorded according to the principal method. In addition to the services by the Group itself, TAG is also regarded by the tenant as primarily responsible for services provided by third parties. In addition, TAG regularly bears an inventory risk, as the possibility of charging tenants on the basis of different settlement keys is not fully guaranteed. Accordingly, all operating costs and the corresponding revenues are not offset in the income statement. In addition to the net rent ("basic rent"), rental income therefore also includes all operating and ancillary costs incurred by third parties that were still included net in rental expenses up to December 31, 2017. Rental expenses increase accordingly.

The presentation of a separate service result first introduced as at December 31, 2017 has been continued. Here, the extension of the existing business model by further services within the ranges Multimedia and energy management, alongside the already existing caretaker services, craftsman activities and condominium management, was taken into account. As part of this change in disclosure, service income and corresponding expenses (mainly multimedia and energy management services as well as caretaker services and craftsman activities) previously reported net under rental expenses, as well as service income previously reported under other operating income (mainly from condominium management), were shown separately as sales revenue and expenses from services.

Under IFRS 15, property taxes and building insurance do not constitute separately identifiable benefit obligations that give the tenant a definable benefit. For these contract components, the agreed remuneration is allocated to the other identified contract components based on their relative individual sale prices.

In the following section 'Analysis of financial and net asset position and results of operations' the individual amounts are presented in the notes on results of operations. There were no effects on the consolidated net profit; this is purely a change in presentation. To enable comparability with the figures for the previous period, the presentation of the prior year has been adjusted accordingly.

Analysis of net asset position, financial position and results of operations

Results of operations

Taking into account the presentational changes explained above, rental income for the first quarter of 2018 is composed as follows:

	Q1 2018 EUR m	Q1 2017 EUR m (adjusted)
Rental income		
Net rent	75.6	71.5
Recharged external operating and incidental expenses	24.4	25.4
Recharged proportionate land tax and building insurance	3.6	2.4
Total	103.6	99.3

In the first three months of the 2018 financial year, the Group's net rent increased by 5.7 percent year-on-year from EUR 71.5m to EUR 75.6m. The main reasons for the increase in rental income were the portfolios newly acquired in the 2017 financial year, and the good rental growth in operations.

The individual items of rental expenses are as follows:

	Q1 2018 EUR m	Q1 2017 EUR m (adjusted)
Rental expense		
Maintenance expenses	8.6	7.3
Operating costs of vacant real estate	3.2	2.6
Non-recoverable charges	2.2	1.5
Impairment losses on rent receivables	1.8	1.1
Non-recharged expenses	15.8	12.5
Recharged expenses, taxes and insurance premiums	27.9	27.8
Total	43.7	40.3

Mainly as a result of increased rental income, the rental profit, i.e. rental income net of expenses for property management, also improved from EUR 59.0m in the prior-year period to EUR 59.8m in Q1 2018.

Revenues from the sale of real estate and the related income from sales are shown below:

	Q1 2018 EUR m	Q1 2017 EUR m
Income from sales		
Revenues from the sale of investment properties	15.3	12.2
Expenses on the sale of investment properties	-15.6	-12.2
Net income from the sale of investment properties	-0.3	0.0
Net income from the sale of properties held as inventory	0.2	0.8
Revenues from the sale of inventories	-0.4	-0.7
Expenses on the sale of inventories	-0.2	0.1
Total	-0.5	0.1

The result from services is comprised of the services provided by TAG Group as well as the pro rata allocated property tax and building insurance, as follows:

	Q1 2018 EUR m	Q1 2017 EUR m (adjusted)
Net income from property services		
Internally generated operating and incidental expenses	8.7	3.7
Recharged proportionate land tax and building insurance	0.3	0.1
Other service income	1.3	1.0
Income from property services	10.3	4.8
Expenditure from property services	-5.8	-3.8
Net income from property services	4.5	1.0

The following is an overview of the main components of Other operating income:

Other operating income	Q1 2018 EUR m	Q1 2017 EUR m (adjusted)
Income from the reversal of provisions and from the derecognition of liabilities	0.6	0.7
Other	1.0	0.5
Total	1.6	1.2

The result from changes in fair value of investment properties and from the valuation of inventories is shown below. Significant valuation effects will not be recorded until the next full-portfolio valuation, which will take place on 30 June 2018.

Net revaluation gains and losses on real estate	Q1 2018 EUR m	Q1 2017 EUR m
Net revaluation gains and losses on investment properties	-0.5	-0.3
Total	-0.5	-0.3

Personnel expenses increased to EUR 10.8m (previous year: EUR 9.9m) in the reporting period, in particular due to the further expansion of the Group's own caretaker and handyman services. As of 31 March 2018, the number of people employed by TAG, including all caretakers and handyman, was 992 compared to 910 employees at the end of the Q1 2017.

Depreciation and amortisation on intangible assets and property, plant and equipment mainly comprise ordinary depreciation of owner-occupied property as well as IT and other office equipment and, at EUR 1.0m, are roughly at the previous year's level of EUR 0.9m.

The composition of other operating expenses is shown below:

Other operating expenses	Q1 2018 EUR m	Q1 2017 EUR m
Legal, consulting and auditing costs (incl. IT consulting)	0.9	1.3
Cost of premises	0.5	0.5
IT costs	0.5	0.4
Telephone costs, postage, office material	0.4	0.4
Travel expenses (incl. motor vehicles)	0.3	0.4
Other	1.1	1.5
Total	3.7	4.5

For the first quarter of 2018, adjusted EBITDA (excluding sales results) and the EBITDA margin were as follows:

	Q1 2018 EUR m	Q1 2017 EUR m
EBIT	49.4	45.8
Revaluations	0.5	0.3
Depreciation	1.0	0.9
Valuation result	0.5	-0.1
EBITDA (adjusted)	51.4	46.9
Net rent	75.6	71.5
EBITDA margin (adjusted)	68.0%	65.6%

In the first three months of the 2018 financial year, the reduction in financing costs in recent quarters had a significant positive year-on-year effect on earnings. The net financial result, which represents the balance of financial income and financial expenses, improved from EUR -17.9m as of 31 March 2017 to EUR -15.6m for the first three months of the 2018 financial year. The cash interest income adjusted for one-offs, which is used in determining FFO, improved to EUR -15.0m as of 31 March 2018, compared to EUR -17.4m in the same period of the previous year.

Financial result	Q1 2018 EUR m	Q1 2017 EUR m
Investment income	0.1	0.1
Interest income	0.2	0.5
Interest expense	-15.9	-18.5
Finance income/expense	-15.6	-17.9
Non-cash interest from bonds	0.4	0.2
Other non-cash items (i.e. derivatives)	0.2	0.3
Net finance income/expense (cash, without one-time invoice)	-15.0	-17.4

Income taxes are composed as follows:

Income taxes	Q1 2018 EUR m	Q1 2017 EUR m
Actual income taxes for current year	1.3	0.7
Actual income taxes for previous years	-0.2	0.0
Deferred income taxes	6.0	5.1
Total	7.1	5.8

Overall, TAG achieved consolidated net profit of EUR 26.7m in the first three months of 2018, after EUR 22.1m in Q1 2017. In particular, the EUR 3.5m year-on-year improvement in net income from services, and the EUR 2.3m increase in financial income, contributed to the significant EUR 4.6m improvement in the net financial result.

The following overview shows the calculation of FFO I, adjusted EBITDA, AFFO (Adjusted Funds From Operations, after deduction of modernisation expenses) and FFO II (FFO I plus sales result) in the first quarter of 2018, compared to the same period of the previous year:

in EUR m	Q1 2018 EUR m	Q1 2017 EUR m
Net income	26.7	22.1
Taxes on income	7.1	5.8
Financial result	15.6	17.9
EBIT	49.4	45.8
Valuation result	0.5	0.3
Depreciation	1.0	0.9
Net revenues from sales	0.5	-0.1
EBITDA (adjusted)	51.4	46.9
Net finance income (recognised in the cash flow statement, excluding non-recurring effects)	-15.0	-17.5
Actual income taxes	-1.1	-0.7
Guaranteed dividend for non-controlling interests	-0.2	-0.2
FFO I	35.1	28.5
Capitalised maintenance	-1.6	-2.6
AFFO before modernisation capex	33.5	25.9
Modernisation capex	-11.4	-5.3
AFFO	22.1	20.6
Net revenues from sales	-0.5	0.1
FFO II (FFO I + net revenues from sales)	34.6	28.6
Weighted average number of shares outstanding (in 000)	146,410*	143,481
FFO I per share (EUR)	0.24	0.20
AFFO per share (EUR)	0.15	0.14

*excluding potential shares from convertible bond 2017/2022 (trading out of the money)

So FFO I showed a significant year-on-year increase of EUR 6.6m (+23 percent) in the reporting period compared to the previous year. In addition to a EUR 4.5m improvement in adjusted EBITDA, an increase of EUR 2.4m in net financial income also contributed to this positive development.

Assets position and Investments

Total assets at 31 March 2018 rose to EUR 4,659.7m compared to EUR 4,634.5m at 31 December 2017. As of 31 March 2018, the carrying amount of the total real-estate volume was EUR 4,274.1m (31 December 2017: EUR 4,275.4m), of which EUR 4,076.9m (31 December 2017: EUR 4,166.0m) related to investment properties, which developed as follows for the reporting period:

Investment properties	2018 EUR m	2017 EUR m
Book value on 01/01	4,166.0	3,777.8
Additions from purchase of real estate portfolios	1.3	0.0
Investments on portfolio real estate	13.0	8.1
Transferred to available-for-sale assets	-102.5	-12.8
Sales	-0.4	-0.8
Change in market value	-0.5	-0.3
Book value on 03/31/2018	4,076.9	3,772.0

In Q1 2018, TAG invested EUR 21.6m (Q1 2017: EUR 14.8m) in its residential portfolio for routine maintenance and for modernisation/renovation. A total of EUR 8.6m was spent on maintenance recognised as expenses (Q1 previous year: 6.9m), and EUR 13.0m on capitalisable investment (Q1 previous year: EUR 7.9m), broken down as follows:

	Q1 2018 EUR m	Q1 2017 EUR m
Property based program	5.9	2.8
Single unit program		
Modernisation of vacant flats	5.6	2.6
Modernisation during re-letting	1.5	2.5
Total expenditures on modernisation	13.0	7.9

Deferred tax assets were as follows on the balance sheet date:

Deferred income tax assets	03/31/2018 EUR m	12/31/2017 EUR m
Unused tax losses	48.0	49.9
Derivative financial instruments	2.0	2.1
Others (including offsetting)	-4.9	-6.6
Total	45.1	45.4

The following table shows the main items of deferred tax liabilities:

Deferred income tax liabilities	03/31/2018 EUR m	12/31/2017 EUR m
Valuation on investment properties	368.5	364.9
Others (including offsetting)	-4.0	-6.0
Total	364.5	358.9

Financial position and equity

The cash and cash equivalents as of the reporting date and the cash and cash equivalents shown in the cash flow statement are as follows:

	03/31/2018 EUR m	12/31/2017 EUR m
Cash and cash equivalents (balance sheet)	284.8	263.7
Cash at banks subject to drawing restrictions	-9.1	-14.4
Cash and cash equivalents (cash flow statement)	275.7	249.3

In the first three months of FY 2018, equity increased by EUR 25.3m, mainly due to the positive quarterly result of EUR 26.7 m, bringing equity to EUR 1,672.0m at 31 March 2018 (31 December 2017: EUR 1,646.7 m). The equity ratio was 35.9% at the reporting date, compared with 35.5% at 31 December 2017.

The calculation, according to EPRA recommendations, of the net asset value (NAV) at the balance sheet date is as follows:

	03/31/2018 EUR m	12/31/2017 EUR m
Equity (without minorities)	1,650.9	1,625.9
Deferred taxes on investment properties and derivatives	366.0	362.3
Fair value of derivative financial instruments	8.1	8.4
Difference between fair value and book value for properties valued at cost	24.1	24.8
EPRA NAV	2,049.1	2,021.4
Number of shares outstanding (in '000)	146,289*	146,439*
EPRA NAV per share (EUR)	14.01	13.80

*Excluding potential shares from convertible bond 2017/2022 (trading out of the money)

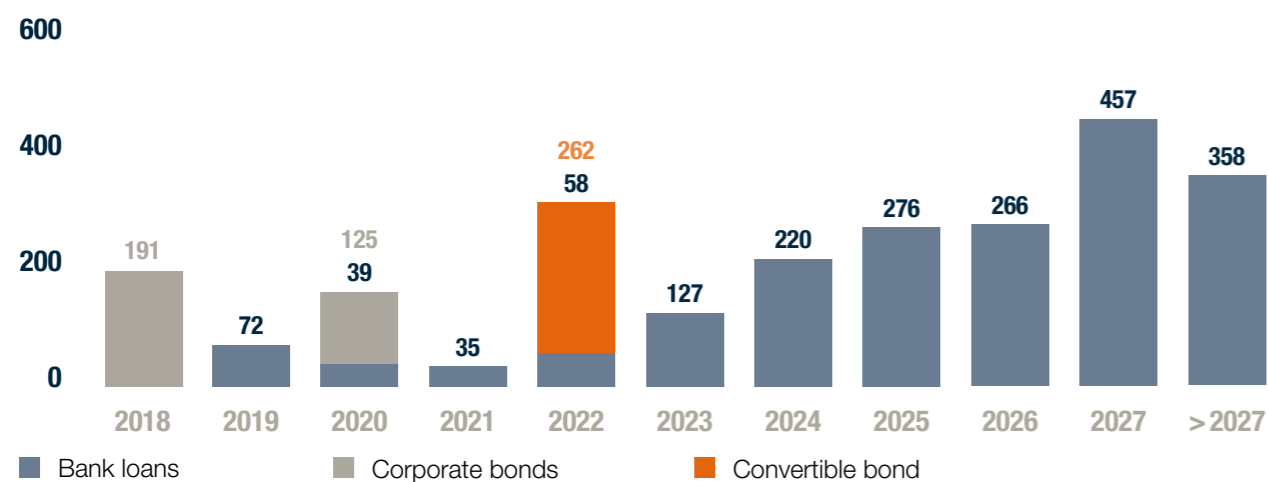
The calculation of the debt ratio, or loan-to-value (LTV) ratio is shown below:

	03/31/2018 EUR m	12/31/2017 EUR m
Non-current and current liabilities to banks	1,899.0	1,935.4
Non-current and current liabilities from corporate bonds	321.0	322.2
Non-current and current liabilities from convertible bonds	256.1	256.2
Cash and cash equivalents	-284.8	-263.7
Net financial debt	2,191.3	2,250.1
Book value of investment properties	4,076.9	4,166.0
Book value of property reported under tangible assets	9.7	9.8
Book value of property held as inventory	48.7	48.1
Book value of property reported under non-current assets held for sale	138.8	51.5
Real estate volume	4,274.1	4,275.4
Difference between fair value and book value for properties valued at cost	24.1	24.8
Book value of property for which purchase prices have already been paid in advance	-37.6	-0.3
Relevant real estate volume for LTV calculation	4,260.6	4,299.9
LTV	51.4 %	52.3 %

The average interest rate on bank loans was 2.25% as of 31 March 2018, compared to 2.24% as of 31 December 2017. The slight increase in the average interest rate is attributable to some early repayments of short-term variable bank loans in the first quarter of 2018. Total borrowing costs, i.e. including interest rates for corporate and convertible bonds, amounted to 2.35% as of 31 March 2018, compared to 2.34% as of 31 December 2017.

The maturities of the total financial liabilities as of 31 March 2018 are shown in the following table:

in EUR m



Fixed-interest bank liabilities totalling EUR 326m (Q2 to Q4 2018: EUR 78m; 2019: EUR 120m; 2020: EUR 128m) will mature within the next three years or can be refinanced on maturity without prepayment penalty, as the contractual fixed-interest period ends. The average interest rate on these bank loans is 2.76% p.a. (loans maturing in 2018), 3.61% p.a. (loans maturing in 2019), and 3.65% p.a. (loans maturing in 2020). The effective interest rate for the EUR 191.0m corporate bond still due in August 2018 is 4.83% p.a., the interest rate for the EUR 125.0m corporate bond due in June 2020 is 3.75% p.a. In view of the much lower current market interest rates, both for bank loans and corporate bonds, a reduction in financing costs is to be expected in subsequent years.

Material events after the reporting date

There were no material events after the reporting date.

Forecast, opportunities and risk report

TAG's business activities expose it to various operating and economic opportunities and risks. Please refer to the detailed presentation in the 'Opportunity and Risk Report' section of the Group Management Report for the 2017 financial year. Since 1 January 2018, no significant developments have occurred or become apparent that would lead to a different assessment.

These forecasts for the 2018 financial year, which were published in the 2017 Annual Report and assume no purchases or sales in the 2018 financial year, remain unchanged and are as follows:


- FFO (FFO I, i.e. without sales): EUR 135m to EUR 137m (2017: EUR 127.4m), or EUR 0.93 (2017: EUR 0.87) per share;
- EBT (excluding results from the valuation of investment properties and financial derivatives): of between EUR 135m and EUR 137m (2017: EUR 106.0m), or EUR 0.93 (2017: EUR 0.73) per share;
- NAV per share (excluding results from the valuation of investment properties and after consideration of a dividend payment of EUR 0.65 per share): EUR 14.00 to EUR 14.10 (31 December 2017: EUR 13.80).

Our forecasts for the development of vacancy (decline in the overall portfolio to between 5.3% and 5.5%, after 5.8% at 31 December 2017), and for rental growth on a like-for-like basis (between 2.5% and 3.0%, after 3.1% p.a. in 2017 including the effects from vacancy reduction), also remain unchanged.

Hamburg, 26 April 2018


Claudia Hoyer
 COO


Martin Thiel
 CFO


Dr Harboe Vaagt
 CLO

CONSOLIDATED BALANCE SHEET

Assets in TEUR	03/31/2018	12/31/2017
Non-current assets		
Investment properties	4,076,863	4,166,008
Intangible assets	1,508	1,825
Property, plant and equipment	24,223	23,992
Other financial assets	7,010	6,537
Deferred taxes	45,093	45,434
	4,154,697	4,243,796
Current assets		
Property held as inventory	48,654	48,149
Other inventories	531	318
Trade receivables	8,027	8,716
Income tax receivables	6,974	7,066
Other current assets	17,264	11,324
Cash and cash equivalents	284,752	263,669
	366,202	339,242
Non-current assets held for sale	138,833	51,502
	4,659,732	4,634,540

Equity and liabilities in TEUR	03/31/2018	12/31/2017
Equity		
Subscribed capital	146,289	146,439
Share premium	778,396	779,689
Other reserves	46	-66
Retained earnings	726,180	699,848
Attributable to the equity holders of the parent company	1,650,911	1,625,910
Attributable to non-controlling interests	21,081	20,738
	1,671,992	1,646,648
Non-current liabilities		
Liabilities to banks	1,836,104	1,858,037
Liabilities from corporate bonds	124,937	124,930
Liabilities from convertible bonds	255,955	255,628
Derivative financial instruments	7,939	8,030
Retirement benefit provisions	5,850	5,942
Other non-current liabilities	6,716	6,648
Deferred taxes	364,513	358,910
	2,602,014	2,618,125
Current liabilities		
Liabilities to banks	62,920	77,399
Liabilities from corporate bonds	196,016	197,291
Liabilities from convertible bonds	136	547
Derivative financial instruments	168	328
Income tax liabilities	7,180	7,805
Other provisions	41,437	37,117
Trade payables	5,920	7,794
Other current liabilities	71,949	41,486
	385,726	369,767
	4,659,732	4,634,540

CONSOLIDATED INCOME STATEMENT

in TEUR	01/01/– 03/31/2018	01/01/– 03/31/2017 (adjusted*)
Rental income	103,569	99,266
Rental expense	-43,725	-40,261
Net rental income	59,844	59,005
Revenues from the sale of real estate	15,527	13,033
Expenses on the sale of real estate	-16,014	-12,906
Sales result	-487	127
Revenues from services	10,280	4,819
Expenses from property services	-5,777	-3,773
Services result	4,503	1,046
Other operating income	1,620	1,152
Fair value changes in investment properties and valuation of properties held as inventory	-535	-317
Personnel expense	-10,802	-9,872
Depreciation of intangible and fixed assets	-1,030	-867
Other operating expense	-3,677	-4,497
EBIT	49,436	45,777
Net income from investments	56	56
Profit or loss from investments in associates	0	-2
Interest income	218	564
Interest expense	-15,957	-18,503
EBT	33,753	27,892
Income taxes	-7,078	-5,785
Consolidated net income	26,675	22,107
attributable to non-controlling interests	343	339
attributable to equity holders of the parent company	26,332	21,768
Earnings per share (in EUR)		
Basic earnings per share	0.18	0.15
Diluted earnings per share	0.17	0.15

*for adjustments see the section 'Changes in presentation in the consolidated income statement'

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	01/01/–03/31/2018	01/01/–03/31/2017
Consolidated net income	26,675	22,107
Net interest income/expense through profit and loss	15,739	17,939
Current income taxes through profit and loss	1,188	700
Depreciation/amortisation on intangible assets and property, plant and equipment	1,030	867
Profit or loss from investments in associates and other financial assets	-56	-54
Fair value changes in investment properties and valuation of properties held as inventory	535	317
Result from the disposal of investment properties	296	-37
Result from the disposal of tangible and intangible assets	13	0
Impairments losses on rent receivables	1,760	1,030
Changes in deferred taxes	5,891	5,085
Changes in provisions	4,228	5,119
Interest received	59	365
Interest paid	-13,883	-17,844
Income tax paid	-1,721	-323
Changes in receivables and other assets	-3,133	-5,546
Changes in payables and other liabilities	-7,828	-8,535
Cashflow from operating activities	30,793	21,190
Payments received from the disposal of investment properties (less selling costs)	52,598	6,417
Payments made for investments in investment properties (including down payments)	-14,261	-51,994
Payments received from the disposal of intangible assets and property, plant and equipment	30	0
Payments made for investments in intangible assets and property, plant and equipment	-962	-6,027
Payments received from other financial assets	290	180
Cashflow from investing activities	37,695	-51,424
Purchase of treasury shares	-2,377	0
Proceeds from the issuance of treasury shares (net, after costs)	0	50,417
Proceeds from new bank loans	1,479	52,940
Repayment of bank loans	-41,173	-20,062
Cashflow from financing activities	-42,071	83,295
Net change in cash and cash equivalents	26,417	53,061
Cash and cash equivalents at the beginning of the period	249,247	67,046
Cash and cash equivalents at the end of the period	275,664	120,107

TAG FINANCIAL CALENDAR 2018

Publications/events

26 April 2018	Publication of Interim Statement – Q1 2018
23 May 2018	Annual General Meeting, Hamburg
12 June 2018	Capital Markets Day, Brandenburg an der Havel
09 August 2018	Publication of Half year Report – Q2 2018
30 October 2018	Publication of Interim Statement – Q3 2018



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NOTES

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