



Company presentation **December 2016**

GROWING CASHFLOWS

TAG
Immobilien AG

Content

I.	TAG strategy	3
II.	TAG portfolio and platform	5
III.	TAG return on capex	10
IV.	TAG portfolio valuation	15
V.	TAG financing structure	18
VI.	TAG highlights Q3 2016	21
VII.	TAG guidance 2016 and 2017	24
VIII.	Appendix	26
	<ul style="list-style-type: none">▪ Income statement, FFO, balance sheet, NAV▪ Acquisitions & disposals, capital recycling strategy▪ Capex and maintenance▪ Housing market report Eastern Germany▪ Capital markets data▪ Management Board and its compensation	

TAG 2016

TAG strategy

- **“High Yield” investment profile**

- Highest FFO and dividend yield profile amongst peer group
- Total return focus on distributions to shareholders rather than un-crystalized NAV growth
- Focus on cash distributions to shareholders

Clear distinction of investment strategy vis-a-vis peer group

- **Capital discipline and efficiency**

- Most efficient capital structure as strategical goal
- Disciplined allocation of capital including seamless acquisitions and disposals

Optimizing of capital structure

- **Segment leadership**

- TAG has been the first to implement the ‘ABBA’* approach in the listed German residential sector
- Permanent innovations in tenant offerings and smart services/ concepts

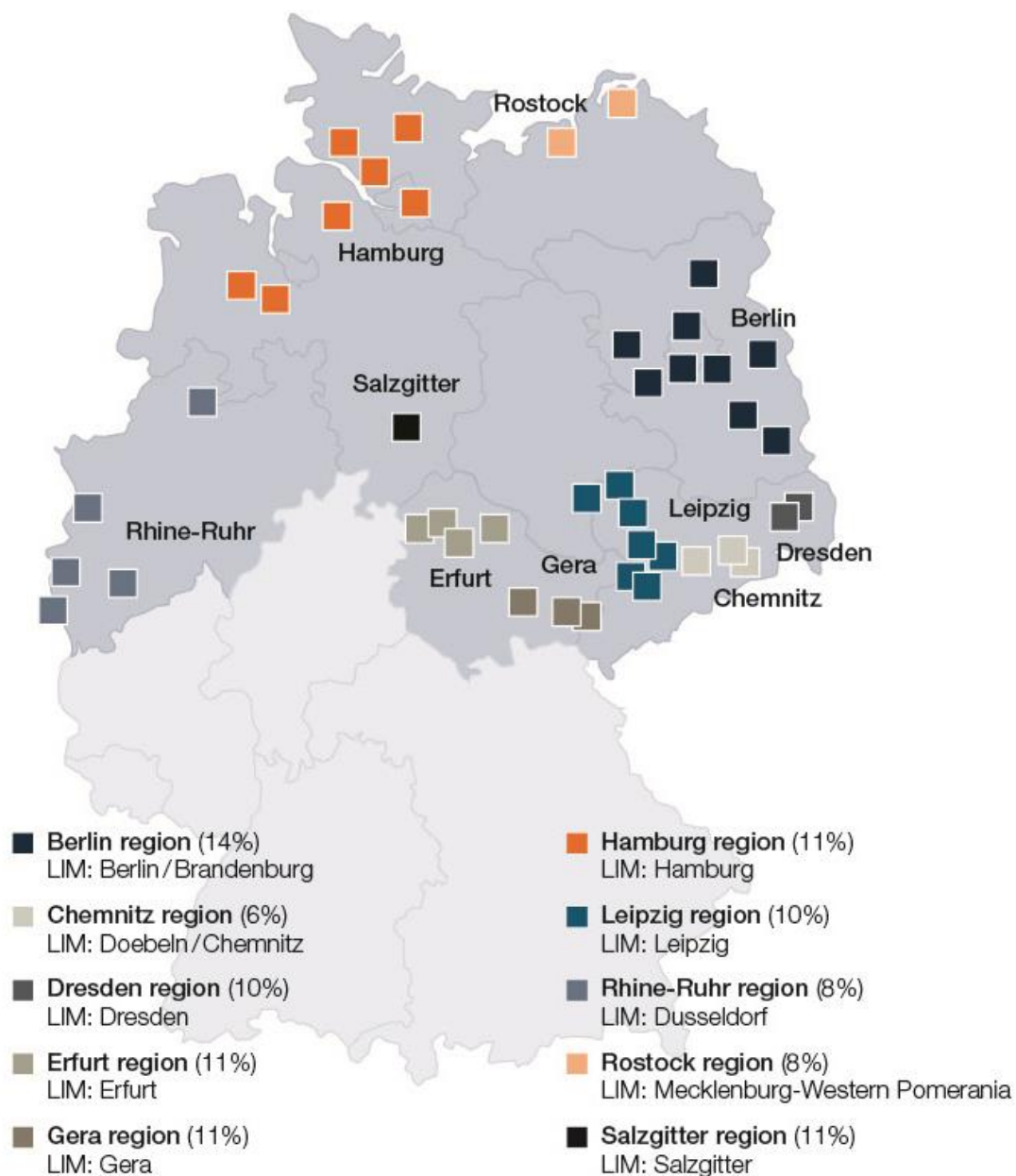
Affordable housing with geographic focus in North and East Germany

* ‘ABBA’: A locations in B cities, B locations in A cities

TAG 2016

TAG portfolio and platform

TAG portfolio in total as of 30 Sep-2016



% acc.: proportional IFRS book value real estate volume

Portfolio as of	30 Sep-2016	31 Dec-2015
Units	78,282	78,015
Rentable area in sqm	4,793,073	4,765,897
Real estate volume in TEUR	3,780,525	3,577,899
Actual net cold rent in EUR/ sqm/month (total)	5.21	5.19
Actual net cold rent in EUR/ sqm/month (residential units)	5.08	5.04
Annualized actual net cold rent in TEUR (total)	278,698	269,722
Vacancy in % (total)	7.0	8.2
Vacancy in % (residential units)	6.7	7.5

TAG de-centralized management structure

centralized functions

PORTFOLIO / PLATFORM

Strategic Portfolio Management / Marketing

Acquisitions / Sales

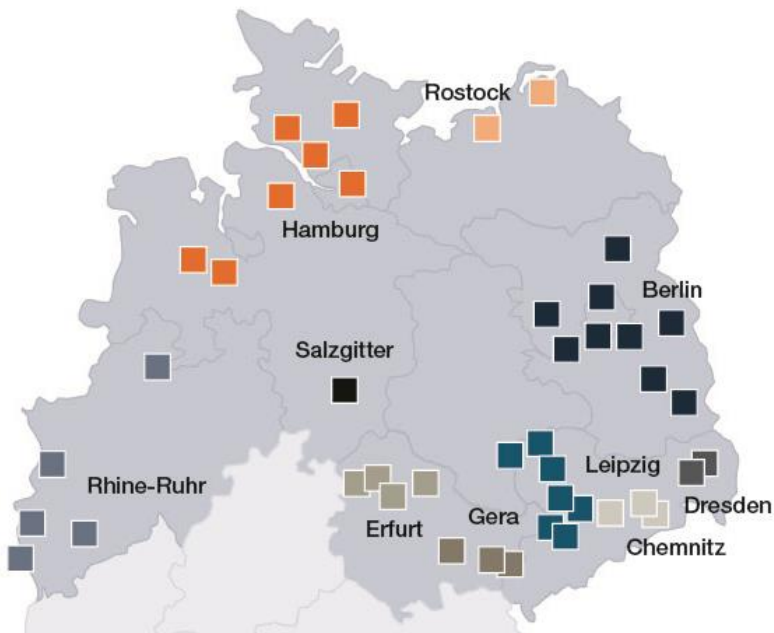
FM Services

Central Procurement

Shared Service Center

- Definition of portfolio, location and property management concepts and standards
- Support of LIMs on a project-by-project basis as well as by centralized headquarter functions
- Fully integrated accounting and controlling platform based on "TAG 2.0" (ERP)

de-centralized functions



LIMs in TAG regions (Heads of Real Estate Management)

Customer service

- Property management
- Enhance high tenant satisfaction and tenant loyalty
- Social projects

Renting activities

- Re-letting
- Vacancy reduction
- Monitor and optimize tenant structure

Technical customer service

- Modernisation for re-letting
- Ongoing maintenance measures

Receivables management

- Minimize outstanding receivables
- Payment reminder and legal action

- de-centralized approach ensures individual concepts for each regional market
- regional LIMs are incentivized by performance of their respective region "entrepreneur within the enterprise"

TAG portfolio in total – Q3 2016 by region

Region	Units #	Rentable area sqm	IFRS BV TEUR	In-place yield	Vacancy Sep. 2016	Vacancy Dec. 2015	Actual 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	Capex EUR/sqm	Comments
Berlin	9,882	570,853	522,378	6.4%	6.7%	5.1%	5.23	6.08	2.9%	3.5%	3.47	8.67	Increase in vacancy due to acquisitions. Larger modernization measure in Bestensee.
Chemnitz	6,519	374,477	226,604	8.1%	13.6%	15.8%	4.72	5.10	2.5%	6.1%	1.81	15.54	Investments through property based program and larger modernization measures in Chemnitz and Döbeln.
Dresden	6,192	402,091	374,338	6.7%	4.0%	2.7%	5.39	5.55	1.0%	1.9%	2.56	3.53	Increase in vacancy due to acquisitions
Erfurt	8,317	468,854	406,847	6.7%	3.1%	4.3%	5.02	5.64	1.5%	3.8%	2.24	6.46	
Gera	9,598	560,104	381,557	7.5%	10.2%	11.1%	4.75	5.10	2.0%	3.3%	3.83	6.61	
Hamburg	7,263	443,488	388,838	6.9%	4.6%	5.5%	5.29	5.63	1.1%	2.4%	5.56	7.66	
Leipzig	8,501	503,945	372,976	7.6%	5.0%	5.6%	4.95	5.25	1.6%	3.4%	3.70	3.54	
Rhine-Ruhr	4,930	319,110	290,651	6.7%	4.0%	2.2%	5.31	5.48	2.3%	2.6%	8.60	4.00	Increase in vacancy due to acquisitions
Rostock	5,470	325,096	271,770	7.2%	4.8%	5.2%	5.26	5.48	2.1%	3.1%	3.34	11.61	Larger modernization in Waren.
Salzgitter	9,174	562,955	405,273	7.6%	8.8%	12.1%	5.00	5.25	2.5%	7.9%	6.50	9.82	Continuous strong vacancy reduction of more than. 300 bps p.a.
Total residential units	75,846	4,530,973	3,641,232	7.1%	6.7%	7.5%	5.08	5.46	1.9%	3.8%	4.13	7.65	Further reduction of vacancy to 6.5% in Oct-2016 (7.7% in Jan-2016 including acquisitions 2015)
Acquisitions 2016	953	55,445	43,393	7.5%	2.7%	10.6%	5.05	5.09	---	---	2.91	1.79	
Commercial units within resi. portfolio	1,253	161,107	---	---	17.5%	17.7%	7.64	---	---	---	---	---	
Total residential portfolio	78,052	4,747,526	3,684,625	7.4%	7.0%	8.1%	5.16	5.45	---	---	3.97	7.33	
Other	230	45,547	95,900	5.6%	13.2%	12.3%	11.40	0.00	---	---	3.96	2.92	Comprises commercial assets and serviced apartments
Grand total	78,282	4,793,073	3,780,525	7.4%	7.0%	8.2%	5.21	5.45	1.9%	3.8%	3.97	7.28	Vacancy total portfolio in Oct-2016 at 6.9% (8.2% in Jan-2016)

TAG vacancy reduction and rental growth

Vacancy development residential units



L-f-I rental growth development residential units



TAG 2016

TAG return on capex

TAG return on capex

Modernization is key element of TAG's strategy

- TAG spends approx. €40m p.a. on capex measures; these 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

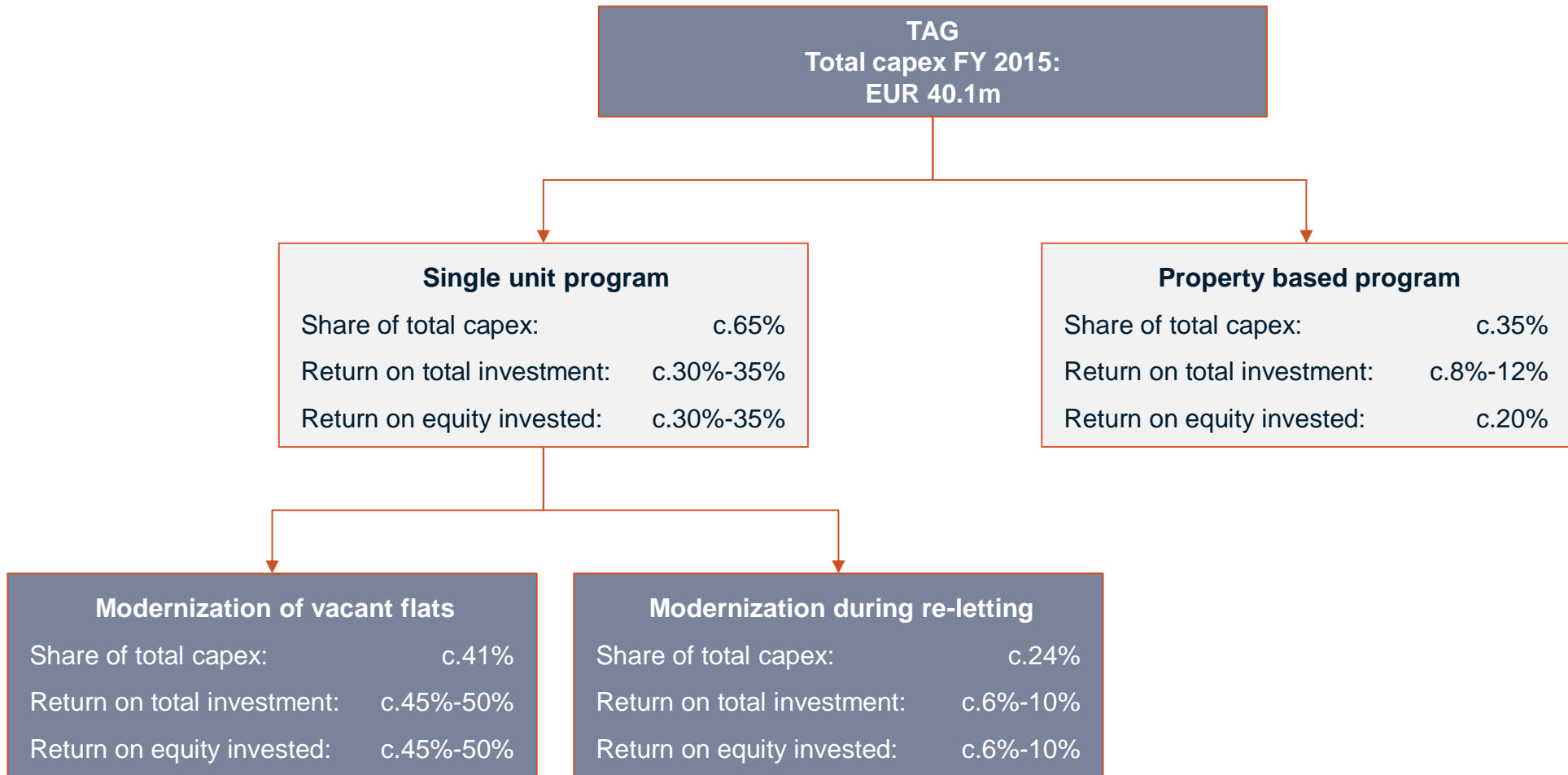
$$\frac{1 \text{ Incremental revenues}}{\text{Total investment}} = \text{Return on investment}$$

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

	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 Immobilien AG | December 2016

TAG return on capex - overview



Modernization of vacant flats (longer term vacancy)

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

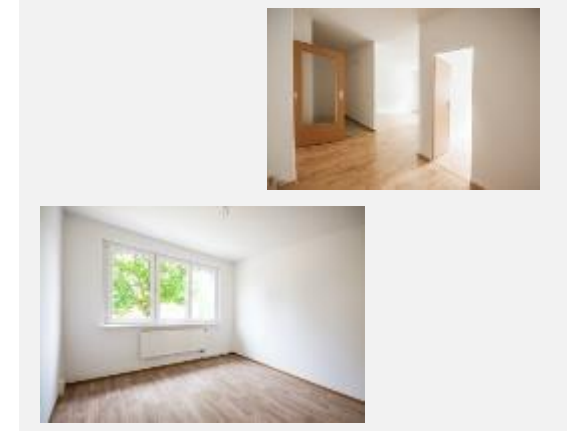
Pre modernization



Measures

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

Post modernization



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
- Modernization 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)	
Incremental revenues	
Incremental revenues from new lettings	27.7
Saved maintenance costs	0.0
Saved ancillary costs from vacancy reduction	5.7
Total incremental revenues	33.4
Total investment	67.2
Return on total investment	49.7%
Return on equity invested	49.7%

Modernization large modernization measures

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

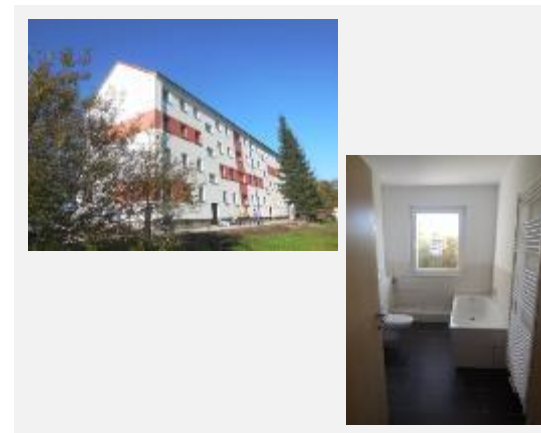
Pre modernization



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 modernization



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)	
Incremental revenues	
Incremental revenues from new lettings	112.6
Saved maintenance costs	0.0
Saved ancillary costs from vacancy reduction	20.6
Total incremental revenues	133.2
Total investment	1.292.7
Return on total investment	10.3%
Return on equity invested	20.6%

TAG 2016

TAG portfolio valuation

TAG portfolio valuation Q3 2016

Region (in EUR millions)	2016 Fair Value (IFRS)	2016 Fair Value (EUR/sqm)	2016 Implied multiple	Revaluation gain / loss	Share of yield compression	Share of operational performance/ other market developments	Capex	Net acquisitions and other movements	2015 Fair Value (IFRS)	2015 Fair Value (EUR/sqm)	2015 Implied multiple
Berlin	519.1	859.1	14.6	30.1	21.4	8.7	4.9	42.9	441.1	834.4	14.0
Chemnitz	226.2	577.3	11.9	2.9	0.0	2.9	5.8	3.0	214.5	554.6	12.0
Dresden	374.3	901.8	14.4	26.1	15.1	10.9	1.4	45.9	300.9	941.0	14.2
Erfurt	406.8	828.1	13.9	20.7	9.1	11.6	3.0	22.9	360.2	796.0	13.6
Gera	381.0	648.3	12.8	6.2	0.0	6.2	3.7	-0.9	372.0	631.0	12.7
Hamburg	387.4	857.2	13.8	19.1	6.8	12.2	3.4	56.5	308.5	810.6	13.3
Leipzig	370.8	717.8	12.5	11.1	3.2	7.9	1.8	26.8	331.1	687.2	12.3
Rhine-Ruhr	290.7	860.6	13.8	7.5	4.9	2.6	1.3	40.1	241.8	931.7	14.1
Rostock	271.3	822.9	13.6	7.7	1.7	6.0	3.8	9.3	250.5	786.2	13.2
Salzgitter	405.3	717.9	12.9	24.5	1.9	22.6	5.5	0.0	375.2	664.5	12.6
Total residential units	3,632.8	774.5	13.5	155.8	64.2	91.7	34.7	246.5	3,195.8	746.3	13.2
Acquisitions	43.4	760.5	12.9	3.3	3.3	0.0	0.1	-239.8	279.8	626.9	11.9
Total residential portfolio	3,676.2	774.3	13.5	159.1	67.5	91.7	34.8	6.6	3,475.6	735.0	13.1
Other	84.5	1,854.9	15.6	4.6	3.0	1.6	0.1	0.5	79.2	2,130.6	19.7
Grand total*	3,760.7	784.6	13.5	163.8	70.5	93.3	34.9	7.2	3,554.8	745.9	13.2

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

TAG annual valuation by CBRE

■ Comments on valuation results

- Yield compression in “A-Locations” as well as in “B-Locations”.
- Valuation gains also from strong operational development (i.e. vacancy reduction and rental growth) as a sign of strong underlying fundamentals and TAG’s overperformance.
- Total valuation gains of EUR 163.8m in 9M 2016 vs. 94.1m in 9M 2015 :
 - Primarily driven by stronger rental growth and vacancy reduction (EUR 93.3m)
 - Rather moderate yield compression on aggregate portfolio basis (EUR 70.5m)
- Value per sqm:
EUR 785 (EUR 746 at 31-Dec 2015).
- Gross yield/IMPLIED multiple (based on current rent):
7.4%/13.5x (7.6%/13.2x at 31 Dec-2015).

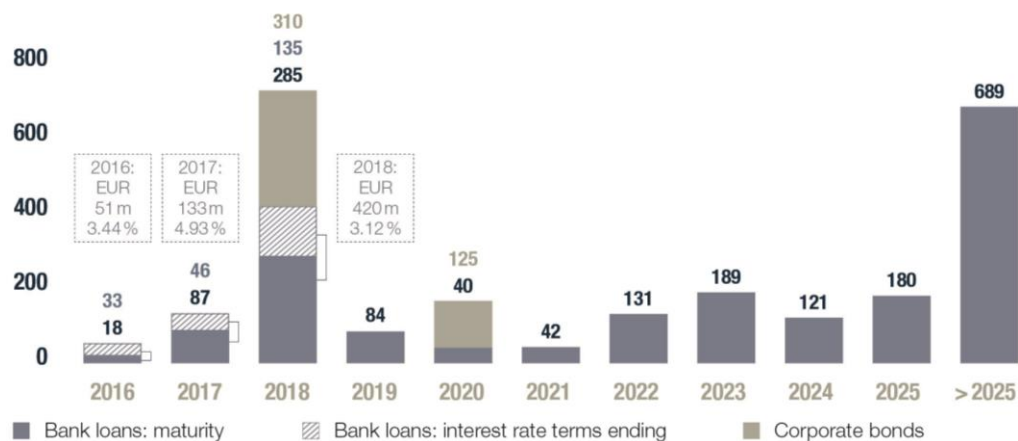
Key assumptions / drivers	30 Sep-2016	30 Sep-2015	30 Sep-2014
Cap rate (%)	5.40	5.59	5.56
Discount rate (%)	6.06	6.27	6.21
Administrative costs (EUR/unit) p.a.	230	228	226
Current repairs/investments (EUR/sqm) p.a.	8.6	7.9	7.8
Re-letting costs (EUR/sqm)	50	42	42
Structural vacancy (%) (residential units)	3.78	3.79	3.80

TAG 2016

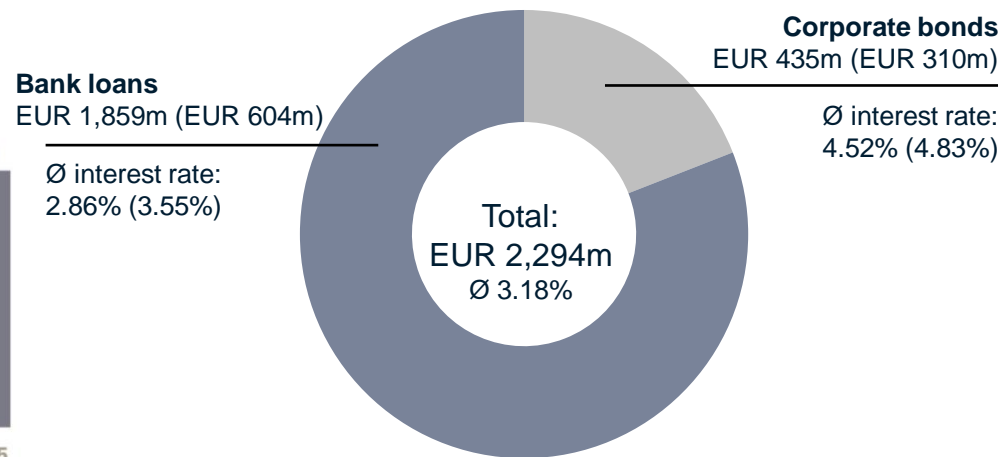
TAG financing structure

TAG debt financing structure

Debt maturity profile as of 30 Sep-2016 in EUR millions



Interest rates and maturities (1)



Upcoming refinancing in the short- to medium-term

- Until 31 Dec-2018, a total of EUR 604m of bank loans (2016: EUR 51m; 2017: EUR 133m; 2018: EUR 420m) will mature or can be refinanced at no breakage fees at expiration; in-place average interest rate of 3.55% p.a.
- TAG is currently financing new mortgage bank loans at all-in interest cost at c. 1.5% p.a. for a 10 year term
- Refinancing of corporate bond of EUR 310m (effective interest rate 4.83%) maturing in Aug-2018 will lead to further interest cost savings

Cost of debt and LTV development

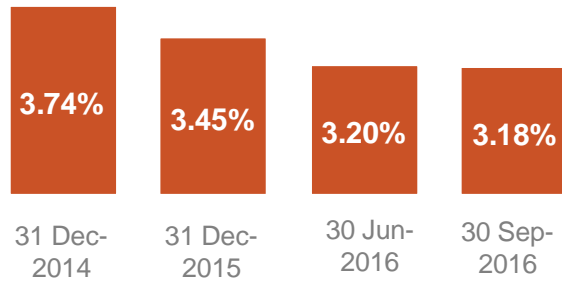
- Total cost of debt in Sept-2016 at 3.18% (3.45% in Dec-2015 and 3.49% in Sept-2015)
- LTV in Sept-2016 at 56.9% (62.7% in Dec-2015 and 63.9% in Sept-2015)

(in EUR millions)	Q3 2016	Q2 2016	FY 2015
+ Interest income	0.7	0.7	3.6
- Interest expenses	-28.2	-22.2	-99.4
+ net profit from investments/ associates	0.1	0.1	-0.2
= Net financial result	-27.4	-21.4	-96.0
thereof non-cash financial result related to convertible bonds	0.0	-0.3	-1.6
thereof non-cash financial result related to corporate bonds	-0.2	-0.2	-0.7
thereof non-cash related to derivatives	0.1	0.2	-2.5
thereof other non-cash financial result and one-offs ⁽²⁾	-9.3	-1.4	-7.2
= Net financial result (cash, after one-offs)	-18.0	-19.7	-84.0

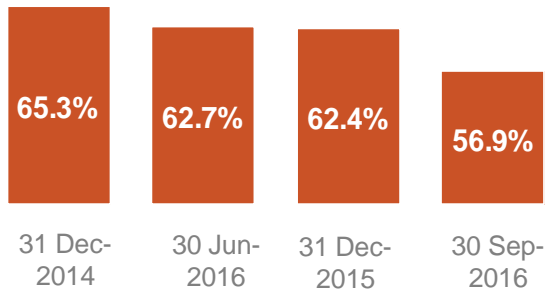
(1) Numbers in brackets show refinancing volumes and interest rates until 31 Dec-2018
 (2) Includes other non cash financial income, other expenses and one-offs from refinancing

TAG cost of debt and LTV

Cost of debt Ø



LTV (incl. convertibles)



- Continuous reduction of average cost of debt during 2015 and 2016.
- Upcoming refinancings of bank loans and corporate bond in 2017 and 2018 will reduce borrowing costs further (current run rate: reduction of c. 30 bps p.a.).
- LTV target (below 60% including liabilities from convertible bonds until end of FY 2016) reached during Q3 2016.
- LTV at around 55% to 60% ensures efficient capital structure as well as stable and conservative financing structure given TAG's current moderate valuation level for the portfolio (Fair Value per sqm of EUR 785 and LTV of 56.9% lead to average financial debt per sqm of c. EUR 450).



Chemnitz



Riesa



Görlitz

TAG 2016

TAG highlights Q3 2016

TAG highlights Q3 2016

Operational performance		Q3 2016	Q2 2016	FY 2015	Q3 2015
	▪ Vacancy (residential units)	6.7%	7.1%	7.5%/7.7%*	8.4%
	▪ L-f-L rental growth Y-o-Y	1.9%	1.9%	1.6%	1.5%
	▪ L-f-L rental growth Y-o-Y incl. vacancy reduction	3.8%	3.9%	3.3%	2.6%
	▪ FFO I (EUR/m)	25.0	23.3	76.3	19.0
	▪ FFO I (EUR/share)	0.18	0.18	0.62	0.15

* : incl. acquisitions and disposals 2015

NAV and LTV		30 Sep-2016	30 Jun-2016	31 Dec-2015	30 Sep-2015
	▪ EPRA NAV (EUR/share)	11.34	10.40	10.64	10.38
	▪ LTV	56.9%	60.4%	60.7%	61.9%
	▪ LTV (incl. convertibles)	56.9%	62.4%	62.7%	63.9%

Acquisitions	<ul style="list-style-type: none"> ▪ Residential units Portfolio of 352 residential units signed in Nov-2016, closing expected at 31 Dec-2016. Purchase price of EUR 11.0m and current net cold rent of c. EUR 0.94m p.a. leads to acquisition multiple of 11.7x (gross yield of 8.5%). Current vacancy rate at c. 11.0%. Main locations in Erfurt and Altenburg (Thuringia).
--------------	---

Disposals	<ul style="list-style-type: none"> ▪ Residential units 574 units signed in 9M 2016 (Q3: 244 units). Total selling price of EUR 27.4m (Q3: EUR 10.9m). Book profit of EUR 4.4m (Q3: EUR 2.6m). Net cash proceeds of c. EUR 17.1 (Q3: EUR 9.9m). ▪ Commercial 2 properties signed in 9M 2016 (Q3: 2 assets). Total selling price of EUR 12.4m (Q3: EUR 12.4m). Book profit of EUR 0.2m (Q3: EUR 0.2m). Net cash proceeds of c. EUR 12.4m (Q3: EUR 12.4m).
-----------	---

Annual valuation 2016 by CBRE	<ul style="list-style-type: none"> ▪ Valuation gain EUR 163.8m in 9M 2016 vs. EUR 94.1m in 9M 2015 (EUR 159.3m in Q3 2016 compared to EUR 73.3m in Q3 2015) driven primarily stronger rental growth and vacancy reduction (EUR 93.3m) as well as moderate yield compression (EUR 70.5m). ▪ New key metrics Valuation per sqm: EUR 785 (EUR 746 at 31-Dec 2015). Gross yield/implied multiple (based on current rent): 7.4%/13.5x (7.6%/13.2x at 31 Dec-2015).
-------------------------------	---

TAG highlights Q3 2016

Optimized capital and financing structure

- **Early conversion of last outstanding convertible bond 2012/2019 (EUR 74.5m, coupon 5.5% p.a.)**
 - Innovative capital market transaction for the benefit of our shareholders in Jul-/Aug-2016.
 - More than 94% of the bondholders (EUR 70.1m) accepted the early conversion offer. Most of the remaining nominal value (EUR 3.9m) converted into equity via clean up call, repayment of EUR 0.5m.
 - Transaction reduced LTV by c.170 bps, future annual interest cost saving of EUR 4.1m, 9.8m new shares.

Group structure

- **Subsidiary Colonia Real Estate AG: domination and profit and loss transfer agreement and delisting**
 - Domination and profit and loss transfer agreement between TAG and Colonia in place since 15 Sep-2016. Ensures continuing tax efficient structure in FY 2017ff. for the Group.
 - Delisting of Colonia share on 27 Oct-2016, simplifies Group structure and reduces overhead costs.
 - TAG owns a 88.8% stake in Colonia, 5.1% held by institutional investor, 6.1% free float. Current offer for outside shareholders to acquire their shares for cash compensation of EUR 7.19 per Colonia share until 14 Nov-2016.

Research on residential markets in Eastern Germany

- **Publication of first housing market report Eastern Germany on 12 Oct-2016**
 - In Cooperation with Wüest & Partner
 - Housing market report analyses 27 large and mid-sized towns in Eastern Germany
 - Gains in attractiveness and population are driving rental and property price increases
 - B-cities lure investors with average yields of up to 9%
 - Regions around major cities enjoy growing popularity

TAG 2016

TAG guidance 2016 and 2017

TAG guidance 2016 and 2017

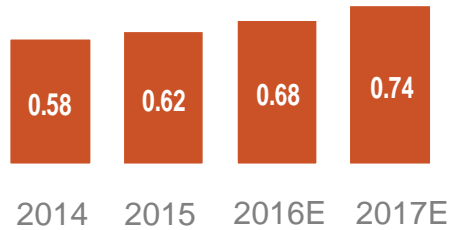
Guidance
FY 2016
(unchanged)

- **FFO** EUR 92m – EUR 93m (EUR 76.3m in FY 2015)
- **FFO/share** EUR 0.68 (EUR 0.62 in FY 2015) based on current weighted average NOSH
- **Dividend** EUR 0.57 per share (EUR 0.55 for FY 2015)

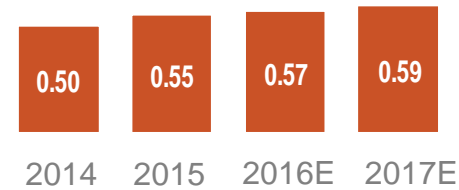
Guidance
FY 2017
(new)

- **FFO** EUR 104m – EUR 106m mainly driven by increased net rental income (c. EUR +5m) and reduced interest costs (c. EUR +8m)
- **FFO/share** EUR 0.74 based on current outstanding NOSH
- **Dividend** EUR 0.59 per share

FFO per share in EUR



Dividend per share in EUR



Gera



Stralsund



Chemnitz

TAG 2016

APPENDIX

TAG income statement (IFRS)

(in EUR millions)	Q3 2016	Q2 2016	9M 2016	9M 2015	FY 2015
Rental income	69.2	68.3	205.2	193.3	259.3
Expenses from property management	-12.7	-13.0	-40.3	-41.6	-54.0
Net rental income	56.5	55.3	164.9	151.7	205.3
<i>Margin</i>	<i>81.6%</i>	<i>80.9%</i>	<i>80.4%</i>	<i>78.5%</i>	<i>79.2%</i>
Net revenue from sales	0.1	1.0	1.8	12.1	20.1
Other operating income	0.8	1.7	3.9	4.3	7.6
Net fair value gains and losses	159.3	3.6	163.8	94.1	98.9
Personnel expenses	-9.5	-9.4	-28.2	-26.0	-35.2
Depreciation	-0.7	-0.7	-2.1	-2.4	-3.1
Other operating expenses	-4.5	-4.4	-13.4	-15.6	-22.5
EBIT	202.0	47.1	290.7	218.2	271.1
Net financial result	-27.4	-21.4	-70.7	-74.4	-96.0
EBT	174.6	25.7	220.0	143.8	175.1
Income tax	-40.6	-3.6	-45.9	-28.6	-27.8
Net income	134.0	22.1	174.1	115.2	147.3

- Rental revenues in Q3 increased due to further rental growth and vacancy reduction.

- Lower expenses from property management costs in Q3 2016 compared to Q2 2016 mainly due to lower maintenance costs.

- Valuation gain in Q3 2016 result of annual portfolio valuation by CBRE. 9M 2016 valuation gain totals EUR 163.8m, of which EUR 93.3m result from stronger rental growth and vacancy reduction than expected in last year's valuation and EUR 70.5m derived from yield compression.

- Lower other operating expenses in 9M 2016. 9M 2015 affected by one-off transaction costs from ERP software project.

- Decreased net financial result in Q3 2016 due to one off payment relating to early conversion of convertible bond (EUR-8.9m). Cash interest result increased to EUR -18.1m (EUR -19.8m Q2 2016).

- Income taxes nearly completely relate to deferred taxes. Current cash taxes in 9M 2016 of EUR -0.6m (EUR -0.1m in 9M 2015).

TAG FFO calculation

(in EUR millions)	Q3 2016	Q2 2016	9M 2016	9M 2015	FY 2015
Net income	134.0	22.1	174.1	115.2	147.3
+ Taxes	40.6	3.6	45.9	28.6	27.8
+ Net financial result	27.4	21.4	70.7	74.4	96.0
EBIT	202.0	47.1	290.7	218.2	271.1
- Net financial result (cash, after one off's)	-18.0	-19.7	-57.8	-63.8	-84.0
- Cash taxes	-0.5	-0.3	-0.6	-0.1	-0.4
+ Adjustments					
Valuation result	-159.3	-3.6	-163.8	-94.1	-98.9
Depreciation	0.7	0.7	2.1	2.4	3.1
Impairment losses on real estate inventory	0.1	0.1	0.1	0.1	0.2
One off's personnel-costs and project costs	0.1	0.0	1.0	5.0	5.3
Net revenue from sales	-0.1	-1.0	-1.8	-12.1	-20.1
= FFO I	25.0	23.3	69.9	55.6	76.3
CAPEX	-13.6	-11.7	-34.9	-30.5	-40.1
= AFFO	11.4	11.6	35.0	25.1	36.2
Net revenue from sales	0.1	1.0	1.8	12.1	20.1
= FFO II (FFO I + net revenue from sales)	25.1	24.3	71.7	67.7	96.4
<i>Weighted average number of shares outstanding (in '000)</i>	140,853	132,501	133,423	122,326	123,118
FFO I per share (EUR)	0.18	0.18	0.52	0.45	0.62
AFFO per share (EUR)	0.08	0.09	0.26	0.21	0.29

▪ FFO I increased by EUR 1.7m compared to previous quarter and by EUR 14.3m in 9M 2016 compared to 9M 2015.

- Number of shares outstanding increased in Q3 2016 by 9.8m from 132.5m to 142.3m due to early conversion of convertible bond.
- 4.2m treasury shares remaining (4.1m from share buyback in Sep-/Oct-2014, 60k shares acquired in Sep-2016 for future management compensation in shares).

TAG balance sheet (IFRS)

(in EUR millions)	30 Sep-2016	31 Dec-2015
Non-current assets	3,804.9	3,605.4
Investment property	3,742.6	3,531.1
Deferred tax assets	37.8	43.6
Other non-current assets	24.5	30.7
Current assets	180.5	165.1
Real estate inventory	9.7	12.8
Cash and cash equivalents	143.2	103.8
Other current assets	27.6	48.5
Non-current assets held-for-sale	18.0	23.7
TOTAL ASSETS	4,003.4	3,794.2
Equity (including minority interest)	1,341.9	1,120.6
Minority interest	17.2	35.4
Non-current liabilities	2,442.6	2,379.0
Financial debt	2,155.8	2,136.7
Deferred tax liabilities	271.7	231.6
Other non-current liabilities	15.1	10.7
Current liabilities	218.9	294.6
Financial debt	138.4	212.9
Other current liabilities	80.5	81.7
TOTAL EQUITY AND LIABILITIES	4,003.4	3,794.2
LTV (incl. convertible bonds)	56.9%	62.7 %

- Increase in investment property relates to valuation (EUR 164m), capex (EUR 35m) and acquisitions/sales (EUR 13m)

- LTV reduction by 580 bps in 9M 2016 mainly driven by:
 - placement of 5m treasury shares in Mar-2016 (c. -150 bps)
 - dividend payment in Jun-2016 (c. +190 bps)
 - early conversion of convertible bond in Jul-/Aug-2016 (c. -170 bps)
 - annual portfolio valuation in Sep-2016 (c. -260 bps)
 - ongoing results and amortisation/ repayments of bank loans (c. -190 bps)

TAG NAV calculation

(in EUR millions)	30 Sep-2016	31 Dec-2015
Equity (without minorities)	1,324.7	1,085.1
+ Deferred taxes on investment properties and financial derivatives	287.8	245.1
+ Fair value of financial derivatives	2.0	5.4
= EPRA NAV	1,614.5	1,335.6
- Standardized transaction costs	-220.9	-207.6
= EPRA NAV (incl. standardized transaction costs)	1,393.6	1,128.0
<i>Number of shares outstanding (in '000)</i>	<i>142,344</i>	<i>125,469</i>
EPRA NAV per share (EUR)	11.34	10.64
EPRA NAV per share (EUR) (incl. standardized transaction costs)	9.79	8.99

- NAV per share development of EUR +0.70 (+7%) in 9M 2016:
 - EUR -0.55 reduction due to dividend payment
 - c. EUR -0.30 reduction through early conversion of convertible bond
 - c. EUR 1.15 increase due to portfolio valuation
 - c. EUR 0.40 increase due to other movements (mainly net income excluding valuation gains)
- Total change in NAV ex dividend payment in 9M 2016 of EUR +1.25 (+12%)

TAG acquisitions 2015

Signing	Saxony/Saxony-Anhalt May-2015	Brandenburg Jun-2015	Rügen Jul-2015	Brandenburg Nov-2015	NRW/ Lower Saxony Nov-2015	Saxony Dec-2015	Saxony-Anhalt Dec-2015	Total FY2015
Units	860	134	180	1,776	1,304	972	96	5,322
Rentable area in sqm	49,900	11,400	11,500	97,200	84,600	57,059	8,365	320,024
Actual net cold rent EUR/sqm/month	4.64	5.49	5.37	4.30	4.42	5.05	5.08	4.68
Vacancy	14.8%	1.3%	6.2%	18.6%	11.3%	3.8%	6.3%	12.1%
Purchase price EURm	18.6	8.8	8.2	41.5	36.8	39.5	5.3	158.7
Actual net cold rent EURm p.a.	2.4	0.7	0.7	4.1	4.0	3.4	0.5	15.8
Location	Leipzig, Dresden, Magdeburg, etc.	Brandenburg	Rügen	Brandenburg	Bochum, Eschweiler, Goslar, etc.	Chemnitz, Riesa, etc.	Bitterfeld	
Closing	Aug-2015	Aug-2015	Aug-2015	Dec-2015	Dec-2015	Jan-2016	Dec-2015	
Multiples	7.9x	11.1x	11.9x	10.1x	9.2x	11.8x	10.6x	10.0x
								

approx. 5,300 units acquired in 2015; EUR 158.7m purchase price and EUR 15.8m rent p.a. leads to average buying multiple of 10.0x or 10.0% gross yield (based on actual net cold rent)

TAG disposals 2015

Signing	Berlin (Marzahn/ Hellersdorf) Apr-2015	Stuttgart (Commercial) Oct-2015	Hamburg (Wedel) Dec-2015	Privatisation and ongoing disposals 2015	Total FY 2015
Units	972	182	100	679	1,933
Actual net cold rent EUR/sqm/month	5.26	13.64	6.60	---	
Actual net cold rent p.a. EURm	3.5	4.1	0.4	3.4	11.4
Vacancy	1.7%	0.6%	5.0%	---	
Selling price EURm	59.8	87.5	9.0	64.6	220.9
Net cash proceeds EURm	34.6	40.3	6.3	35.3	116.5
Book profit (IFRS) EURm after revaluation	10.7	7.3	1.8	3.9	23.7
Location	Berlin (Marzahn, Hellersdorf)	Stuttgart	Wedel	Various locations (e.g. Berlin, Dresden, Leipzig, Erfurt, Frankfurt)	
Closing	Jun-2015	Dec-2015	Dec-2015	2015	
Multiples	17.0x	21.3x	22.0x	19.0x	19.4x

approx. 1,900 units sold in 2015; EUR 220.9m selling price and EUR 11.4m rent p.a. leads to average selling multiple of 19.4x or 5.2% gross yield (based on actual net cold rent)



Berlin



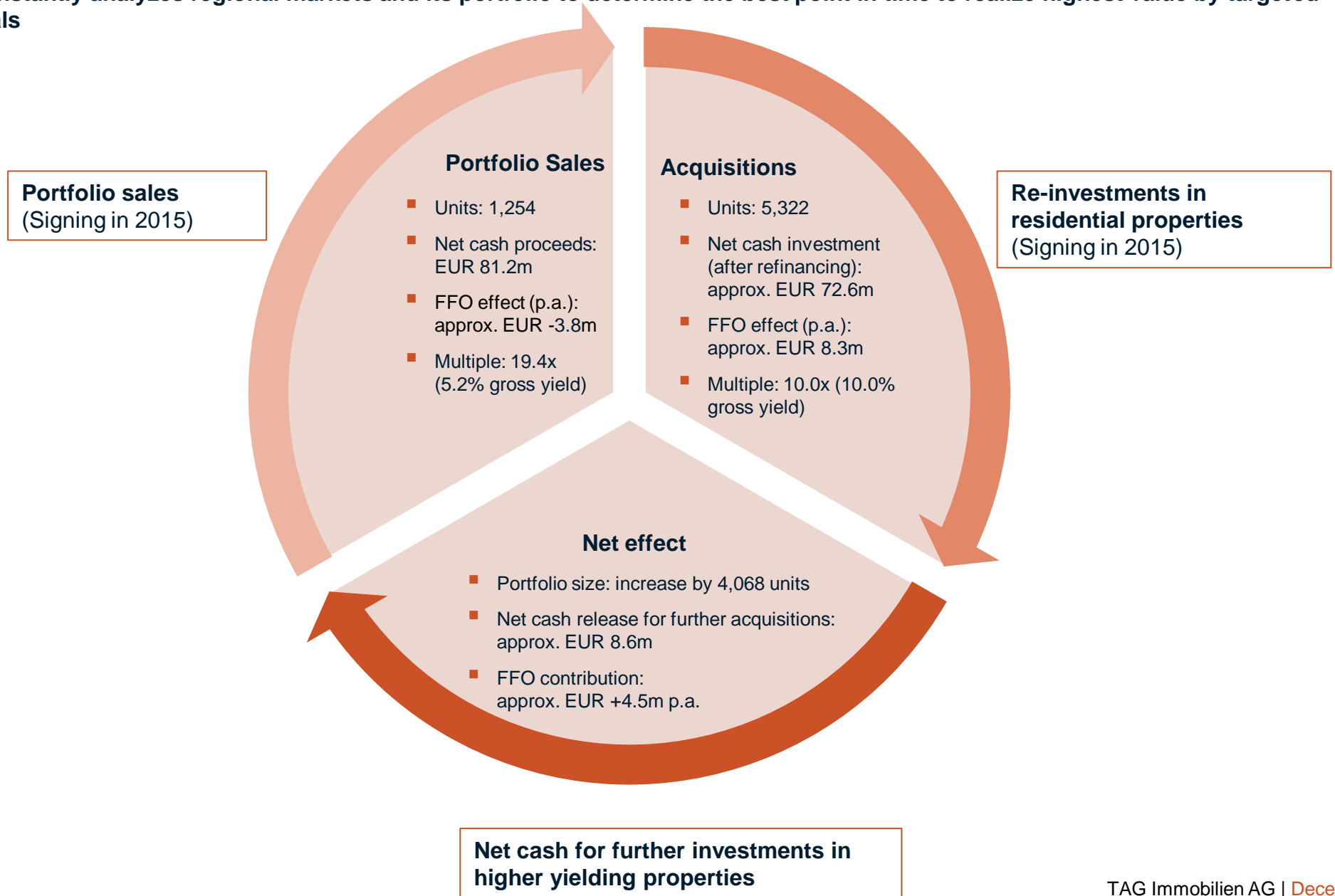
Stuttgart



Wedel

TAG capital recycling strategy 2015

TAG constantly analyzes regional markets and its portfolio to determine the best point in time to realize highest value by targeted disposals



TAG capex and maintenance

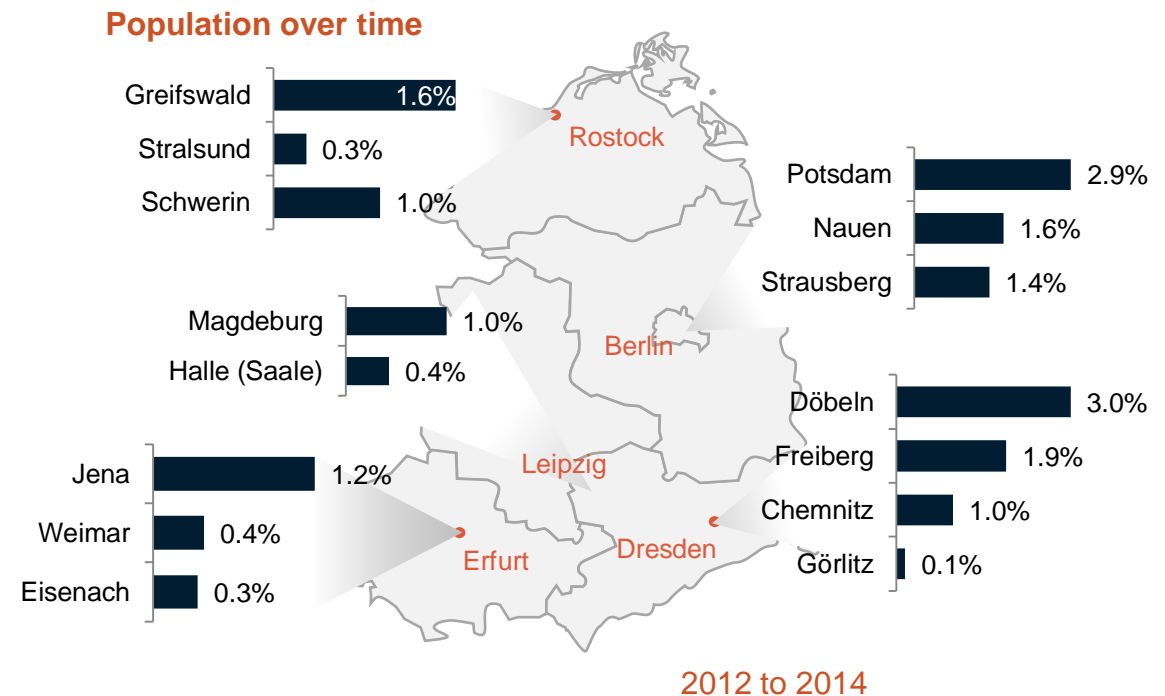
in EUR millions	2015					2016			
	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	Q3	Total 9M
Maintenance	6.6	7.1	5.6	5.9	25.2	6.6	6.6	5.8	19.0
Capex	6.8	9.9	13.7	9.7	40.1	9.6	11.7	13.6	34.9
Total	13.4	17.0	19.3	15.6	65.3	16.2	18.3	19.1	53.6

TAG housing market report Eastern Germany

■ Turnaround in Eastern Germany

TAG analysed 27 cities in Eastern Germany to create a transparent overview over the Eastern German housing market.

- The population drain from Eastern Germany in the years after German reunification has been halted.
- In the years 2012 to 2014, the number of residents in 14 of the 27 cities surveyed grew by 1% or more.
- The strongest growth was seen in **Leipzig** (+4.5%), **Döbeln** (+3.0%) and **Potsdam** (+2.9%).
- The metropolitan feeder regions are becoming more and more popular.

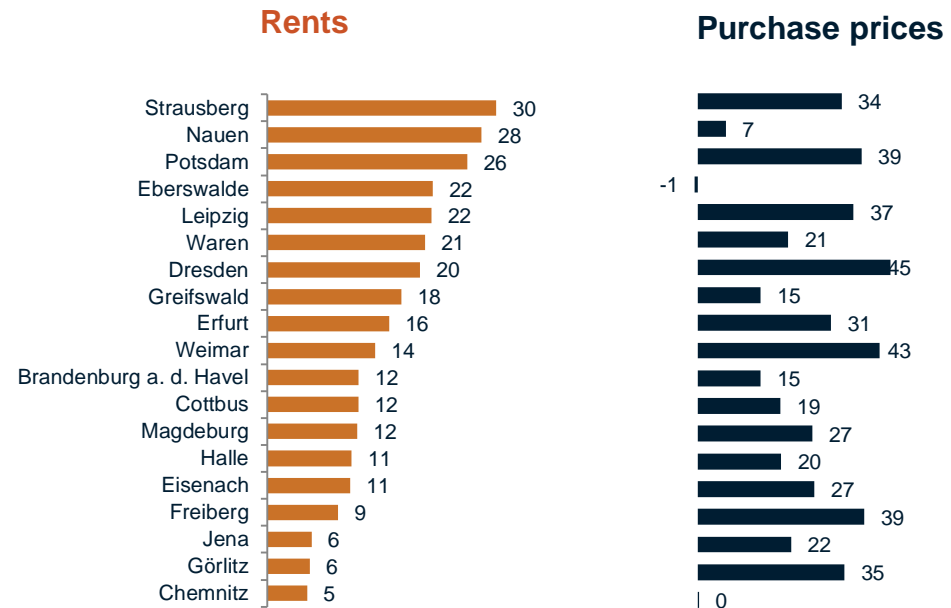


TAG housing market report Eastern Germany

- Increasing attractiveness and influx are driving up rents and purchase prices in Eastern Germany

- In all 27 locations surveyed, the asking rents have increased.
- In 11 Eastern German locations, purchase prices skyrocketed by more than 30% over five years.
- Another 10 Eastern German locations saw purchase prices increase by 10-30% over five years.

Rents and purchase prices over time in select Eastern German cities

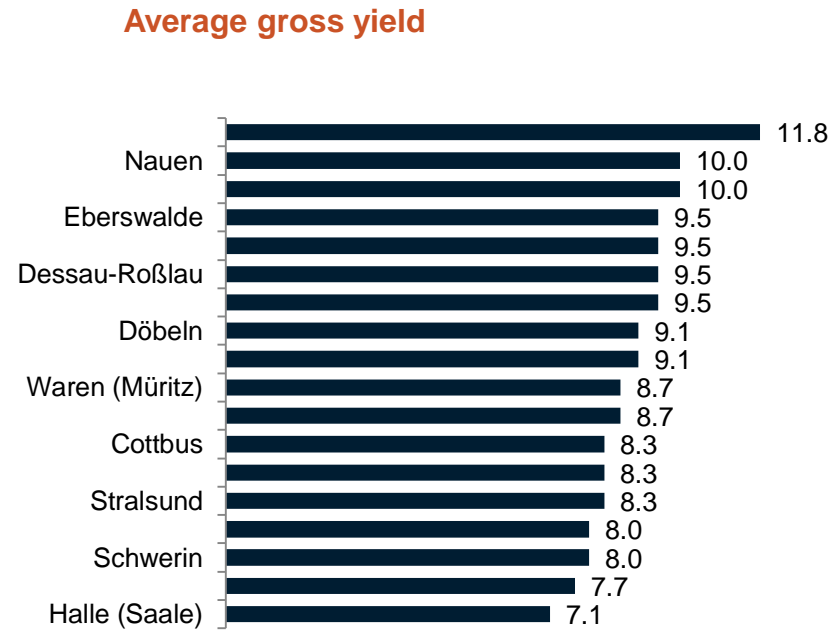


2011 to 2016 in %

TAG housing market report Eastern Germany

■ Eastern German B cities lure investors with yields of 9% and up

- Gross yields in den ‘beacon cities’ of the East (Berlin, Potsdam, Dresden, Leipzig and Rostock) most recently fell to 4.5 – 6.3%.
- In the ‘hidden champions’ Jena, Strausberg, Weimar and Erfurt, they are at 6.5 – 6.7%.
- In den remaining 18 mid-size east German cities surveyed, average yields of 7 – 12% can be achieved.



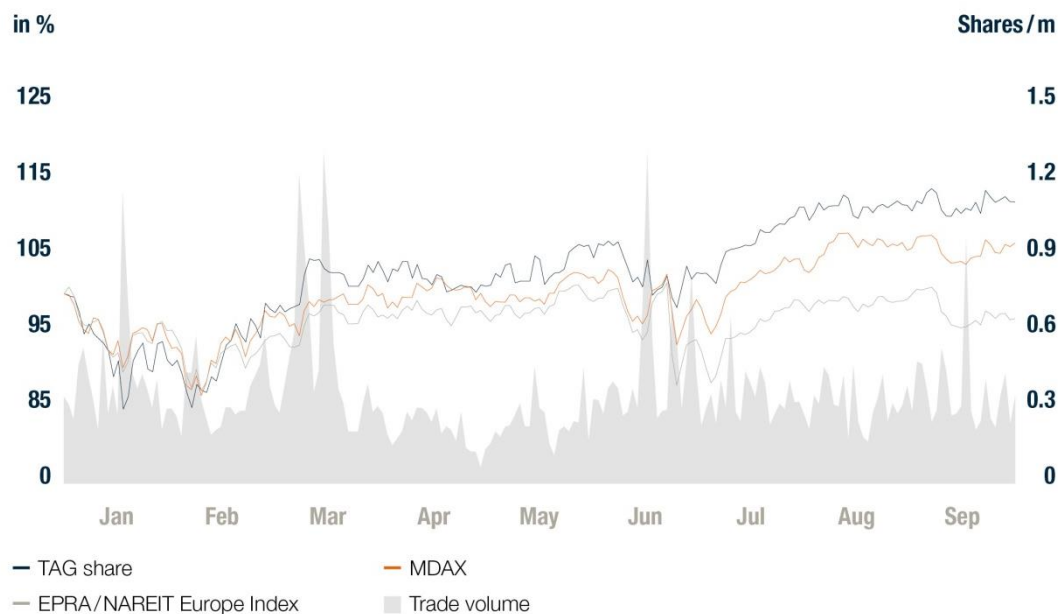
2015 in %

TAG capital markets heads-up

- High/Low (Q1-Q3 2016) EUR 13.15/EUR 9.85
- Number of shares (issued) 146.5m
- Number of shares (outstanding) 142.3m
- Market capitalisation (30 Sep-2016) EUR 1,9m
- Stock indices MDAX/EPRA
- Free Float * 97%

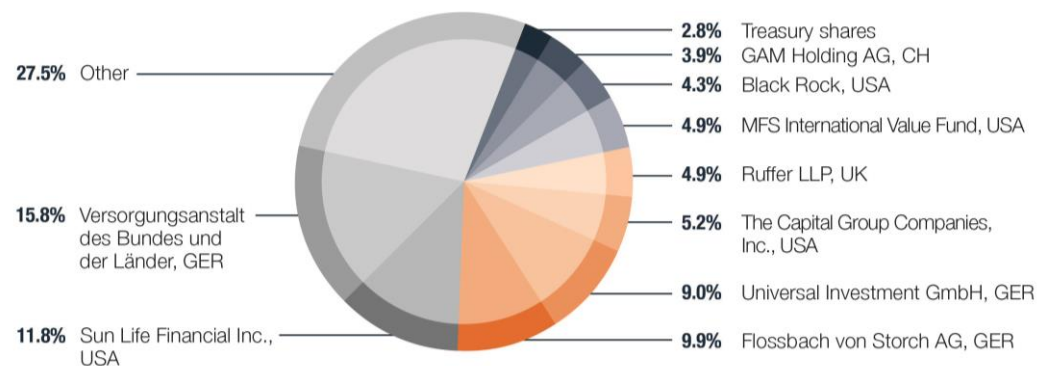
* Deutsche Börse definition including institutional investors, repurchased TAG own shares not included

■ Share price development 2015 and Q1-Q3 2016



Institution	Analyst	Recommendation	Price Target in EUR	Date
Jefferies	Thomas Rothaeusler	Hold	12.00	28-Nov-16
Bankhaus Lampe	Georg Kanders	Buy	13.50	24-Nov-16
S&P Capital IQ	William Howlett	Buy	13.50	11-Nov-16
Oddo Seydler	Manuel Martin	Neutral	13.00	11-Nov-16
Nord/LB	Michael Seufert	Buy	13.00	11-Nov-16
Baader Bank	André Remke	Hold	13.00	10-Nov-16
Berenberg	Kai Klose	Buy	15.00	10-Nov-16
Deutsche Bank	Markus Scheufler	Hold	12.00	10-Nov-16
Kempen&Co.	Anna Pan	Sell	11.20	10-Nov-16
Merrill Lynch	Mike Bessell	Underperform	10.85	10-Nov-16
Barclays	David Prescott	Underweight	10.70	04-Nov-16
Morgan Stanley	Bianca Riemer	Underweight	8.70	02-Nov-16
VICTORIAPARTNERS	Bernd Janssen	N/A	11.80-13.10	12-Oct-16
Kepler Cheuvreux	Thomas Neuhold	Buy	15.00	16-Aug-16
MM Warburg	Moritz Rieser	Hold	12.10	04-Aug-16
HSBC	Thomas Martin	Buy	20.70	15-Jul-16
Commerzbank	Thomas Rothaeusler	Hold	11.80	29-Jun-16
Citigroup	Aaron Guy	Neutral	12.20	21-Jul-15
Median			12.60	

■ Shareholder structure as of 30 Sep-2016



TAG management board



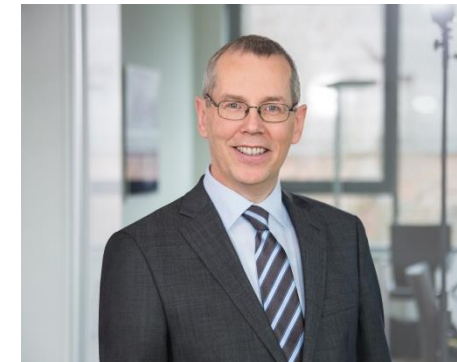
Claudia Hoyer
COO

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center
-
- Age 44
 - 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 44
 - 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 60
 - 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

TAG management board compensation (bonus)

■ Components

- 50% paid in cash
- 50% in shares (treasury shares)

■ Criteria

Based in full on per share data, i.e. annual increase compared to previous year in

- Share price (adjusted for dividend payments)
- FFO/s
- NAV/s (adjusted for dividend payments)
- EBT/s (excluding valuation result)

■ Cap

- EUR 250,000 per board member

■ Restrictions/payments

- Shares restricted for three years
- Cash component paid in two annual instalments



Dresden



Lauta



Großräschen

NOTES

NOTES

NOTES

TAG Contacts

Martin Thiel
CFO

Phone: +49 40 380 32-222

Fax: +49 40 380 32-388

ir@tag-ag.com

Dominique Mann
Head of Investor & Public Relations

Phone: +49 40 380 32-305

Fax: +49 40 380 32-388

ir@tag-ag.com

TAG Immobilien AG

Steckelhörn 5
20457 Hamburg

Phone: +49 40 380 32-0

Fax: +49 40 380 32-388

www.tag-ag.com