INTERIM REPORT 2017 ON THE 2ND QUARTER

GROWING CASHFLOWS

TAG Immobilien AG

GROUP FINANCIALS

in EUR m	01/01 – 06/30/2017	01/01 – 06/30/2016
Income statement key figures		
Rental income	143.3	136.0
EBITDA (adjusted)	96.9	84.9
Consolidated net income	74.0	40.1
FFO I per share in EUR	0.41	0.35
FFO I	59.4	44.9
FFO II	60.0	46.6
AFFO	41.6	23.6
Balance sheet key figures	**06/30/2017**	**12/31/2016**
Total assets	4,177.0	4,016.8
Equity	1,407.1	1,365.6
Equity ratio in %	33.7	34.0
LTV in %	57.5	57.1
EPRA NAV per share in EUR	11.65	11.53
Portfolio data	**06/30/2017**	**12/31/2016**
Units	82,943	79,754
Real estate volume	4,036.7	3,856.6
Vacancy in % (total)	6.2	6.5
Vacancy in % (residential units)	5.5	6.1
I-f-I rental growth in %	2.0	2.0
I-f-I rental growth in % (incl. vacancy reduction)	3.3	3.7
Capital market data		
Market cap at 06/30/2017 in EUR m		2,015.8
Share capital at 06/30/2017 in EUR		146,498,765
WKN/ISIN		830350/DE0008303504
Number of shares at 06/30/2017 (issued)		146,498,765
Number of shares at 06/30/2017 (outstanding)		146,438,765
Free Float in %		100.0
Index		MDAX/EPRA

TABLE OF CONTENTS

FORE
WORD

FOREWORD

Dear Shareholders, Ladies and Gentlemen,

There is plenty of good news to report for the second quarter of 2017: continued strong operating performance and an increase in FFO, the purchase of another 1,400 residential units, the full revaluation of our property portfolio undertaken at mid-year for the first time, the extensive early refinancing of bank loans totalling over EUR 560 million, an Investment Grade rating by the rating agency Moody‘s, and finally, another raising of our FFO and dividend forecast for the 2017 financial year. It is good to see that our strategy of investing in ‘B locations’ with development potential and in high-yield properties in the former East Germany is leading to continuously growing cash flows.

On the operational side, our real estate portfolio, which comprised around 83,000 residential units at 30 June 2017, continued to develop very well. Vacancy in the residential units fell to 5.5% in June 2017, after 6.1% at the beginning of the year. In the overall portfolio, i.e. including all acquisitions during the current financial year and the commercial units within the residential portfolio, vacancy now stands at 6.2% following 6.5% at the beginning of the year. Total rental growth, including the effects of vacancy reduction, amounted to 3.3% p.a. compared with 3.7% p.a. in the 2016 financial year. This is a more than good value given that this was achieved with average expenditures on maintenance and modernisation of just EUR 7.01 per sqm (EUR 15.41 per sqm for the full 2016 financial year). So, we are continuing to achieve attractive rental growth with targeted and comparatively moderate expenditure.

As a result, our net rental income rose sharply in the first half of 2017 to EUR 120.1 m following EUR 108.4 m in the same period of the previous year. Funds from operations (FFO) also increased substantially and amounted to EUR 59.4 m or EUR 0.41 per share in the first half of 2017 following EUR 44.9 m or EUR 0.35 per share in H1 2016. FFO totalled EUR 30.9 m in Q2 2017 after EUR 28.5 m in the previous quarter and EUR 23.3 m in Q2 2016. First half AFFO, which is FFO minus all modernisation measures, nearly doubled year-on-year to EUR 41.6 m (EUR 23.6 m at 30 June 2016).

In June, we acquired another portfolio of approximately 1,400 residential units, mainly located in Saxony-Anhalt, Lower Saxony and Thuringia. As a result, external growth in the first half of 2017 was also very pleasing, with the acquisition more than 4,100 residential units at a total purchase price of just under EUR 150 m and an average annual gross initial yield exceeding 8%. During the same period, approx. 1,200 residential units were sold. Particularly noteworthy here is the sale of a portfolio of around 460 units in Freiburg at a sales price of more than 22 times the annual net rent. Thus, we continue to systematically pursue our strategy of capital recycling, which means selective sales in high-priced regions, parallel to reinvesting the sales proceeds in high-yield properties in the core regions where we have operations.

For the first time, TAG’s real estate assets were completely revaluated by the independent assessor CBRE GmbH as at 30 June of a year. The key reasons behind reducing the interval between valuations were the price dynamic currently seen in German residential real estate, which is also clearly evident in the areas where we operate, and the increase in transparency associated with the shortened intervals. For instance, based on the previous valuation practice, as at 30 June 2017 there was a valuation gain of EUR 296.2 m (approx. 7% increase in value over a nine-month period) following EUR 163.8 m in the last full revaluation of the portfolio as at 30 September 2016. However, the valuation result still contains a negative effect of EUR 256.7 m from the reassessment of transaction costs as part of the portfolio valuation, resulting in an overall valuation result of EUR 39.5 m. By doing this, we are anticipating a potential future risk of depreciation, as the exemption from transfer tax of share deals in the real estate sector is fraught with major uncertainty given the current ongoing political discussions. In sum, the current valuation of TAG’s entire inventory, with an average book value of only approx. EUR 800.00 per sqm and a valuation factor of 13.5 times current annual net rent (corresponding to a 7.4% gross initial annual interest rate), thus offers clear potential for further value increases.

From June to August 2017, we were able to complete an extensive early refinancing of bank loans with an original nominal value of EUR 416.9 m, an average interest rate of 3.5% p.a., and a remaining fixed-interest period averaging 0.9 years. This significantly reduced the interest charge on these loans to currently 1.7% p.a. At the same time, this refinancing was done long term, which means the new average maturity and fixed-interest period of these loans is now 9.1 years. This results in future interest savings on the original nominal amount of approximately EUR 7.4 m p. a., which will have a significantly positive effect on consolidated net profit from the 2018 financial year. In the course of the refinancing, the total nominal value of the renegotiated bank loans was significantly increased to EUR 560.7 m. Minus the expected prepayment penalties of EUR 7.5 m, we have thus generated additional liquidity of around EUR 136.3 m, which can be used for further acquisitions or for repaying loans that are subject to a higher interest rate. Taking this refinancing into account, the average interest rate on all borrowing was reduced to 2.7% at 30 June 2017 (31 December 2016: 3.2%). Furthermore, in August 2017 the ratings agency Moody's released an issuer rating for TAG with the grade 'Baa3' and a stable outlook. This Investment Grade rating underscores our strong operating performance and stable financing structure, and gives us further flexibility and possibilities for optimisation in future financing-related matters.

In the second half of 2017, we expect the positive operating performance to continue and further FFO increases, due in part to the acquisitions of around 4,100 residential units, which became effective as of 30 June 2017. For this reason, the FFO forecast for the 2017 financial year can now be increased again from EUR 110 – 112 m to EUR 119 – 121 m. An increase in the FFO per share to EUR 0.82 is expected instead of the originally planned EUR 0.77. The dividend per share is also to be raised from EUR 0.60 to EUR 0.62, which based on the current share price corresponds to an attractive dividend yield of around 4.5% p.a.

We would like to thank you, ladies and gentlemen, for your continued confidence in TAG and our business model. Further details on the second quarter and first half of 2017 can be found on the following pages.

Kind regards,

Claudia Hoyer
COO

Martin Thiel
CFO

Dr Harboe Vaagt
CLO

Zittau (Saxony)

REPORT

GROUP INTERIM MANAGEMENT REPORT FOR THE FIRST SIX MONTHS OF THE 2017 FINANCIAL YEAR

I. 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 30 June 2017 TAG managed around 83,000 residential units. TAG shares are listed in the MDAX of the Frankfurt Stock Exchange; TAG's market capitalisation at 30 June 2017 was EUR 2.0 bn.

TAG's business model is the long-term letting of flats. All functions essential to property management are carried out by the Group's own employees. In many portfolios, the company also delivers caretaker services and – increasingly since 2015 – craftsman services. It specialises in inexpensive housing that appeals to broad sections of the population.

In the 2016 financial year, the existing business model was expanded by two fields. The founding of a multimedia company in the Group will improve the provision of multimedia to tenants, expanding the range on offer as part of real estate management. In addition, energy management was pooled in a subsidiary, and the Group entered into the supply of commercial heating to the Group's own portfolio in order to optimise energy management.

TAG not only invests in and near big cities, but deliberately in medium and smaller towns as well, to take advantage of growth potential and opportunities for profit there. Newly acquired portfolios regularly 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 properties, so as to use existing administrative structures. In addition, local market knowledge is indispensable when buying up new portfolios.

In addition to long-term portfolio management, the Group selectively takes advantage of sales opportunities in high-priced markets in order to reinvest the realised capital appreciation and liquidity in new portfolios with higher yields. With this strategy of 'capital recycling', TAG is also responding to the by now intense competition for German residential properties. After years of strong growth, the Group is now focussing on per-share returns, to which sales activities also make a contribution. Growth in absolute orders of magnitude is no longer at the forefront of the corporate strategy. Rather, the aim is to offer tenants affordable housing through sustained and active portfolio management, and investors growing cash flows through attractive dividends.

II. Business report

a) The overall economy

The German economy continued its upswing in the second quarter of 2017. According to the Federal Ministry of Economics and Energy, the mood in the economy is excellent. A forecast by the German Institute for Economic Research (DIW Berlin) projects a 0.5% rise in GDP compared to the previous quarter.

In the first quarter, the economy grew by 0.6% compared to the previous quarter, delivering an upbeat start to 2017. In its 'Economic Compass Germany', the KfW Research institute forecasts real growth of 1.6% for both 2017 and 2018 (after a preliminary forecast of 1.4% for each of those years). Political risks in Europe are becoming an increasingly minor issue after the elections in the Netherlands and France, which may be seen as the most important reason for the upward revision. A less sanguine development can be expected if the US implements protectionist plans or the Brexit negotiations become more difficult.

According to a recent press release from the Federal Ministry of Economics and Energy, the relevant survey indicators rose to new highs in June 2017. Production in the manufacturing sector rose for the fifth consecutive month in May 2017, and a good order situation indicates significant production growth for the second quarter of 2017. After the upward momentum in investments seen in the first quarter of 2017, the upswing in the second quarter also seems to be supported more by private consumer spending again. German exports are benefitting noticeably from the revival of world trade, but exports themselves are hardly producing any growth impetus.

The labour market continues to develop well overall. Gainful employment and employment subject to social insurance contributions continue to rise, albeit somewhat weaker in the last few months than in the previous winter half year. Jobs are currently being created in nearly all economic sectors. However, seasonally adjusted unemployment rose slightly in June 2017 by 7,000 for the first time in almost two years. According to the early indicators, seasonally adjusted unemployment is expected to decline slightly in the next three months. The unemployment rate was 5.5% in June 2017.

b) The German residential property market

Investor interest in German residential property remains high. The 'rent brake' and other housing policy measures are not adversely affecting Germany as a property location and investment market.

In the first half of 2017, a total of EUR 5.9 bn was invested in German residential properties and portfolios from an order of magnitude of at least 50 residential units, representing an increase of 22% year-on-year.

Although German investors dominate the residential investment market, accounting for more than four-fifths of it, interest from foreign investors is on the rise. Thanks to excellent fundamentals and favourable conditions, the German market continues to be synonymous with stability.

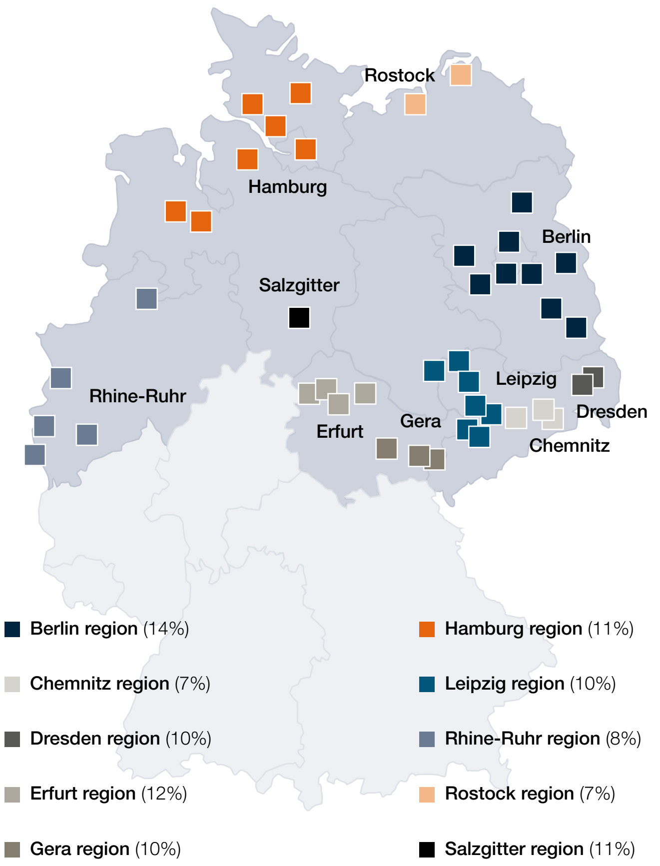
The high overall demand with a low supply of suitable investment products is reflected in an average net initial yield of between 3.3% and 3.8% in top locations, and between 3.2% and 3.7% for new construction projects. The high achievable peak yields show that the residential property market should be seen as an extremely attractive asset class compared to the commercial property market and long-term government bonds among others. This will also lead institutional property investors in particular to increasingly turn their attention to the German residential property market.

Due to very favourable financing conditions and the attendant increased interest in investing in the German residential property market, the level of activity on the transaction market is likely to remain high. According to CBRE Research, a transaction volume of well over EUR 13 bn can be expected for 2017 as a whole, which is about on par with the previous year's level of trading.

c) Development of the TAG property portfolio

Overview

At the end of the second quarter of 2017, the TAG property portfolio comprised approx. 83,000 units. The focus is on the management of attractive yet affordable housing, with great awareness of our social responsibility toward our tenants. The regional focus remains mainly on northern and eastern Germany.



% acc.: proportional IFRS book value real estate volume

Portfolio	as of 06/30/2017	as of 12/31/2016
Units	82,943	79,754
Rentable area in sqm	5,051,257	4,878,022
Real estate volume in EUR m	4,036.7	3,856.6
Annualised current net cold rent in EUR m	298.7	286.4
Current net cold rent in EUR/sqm/month (total portfolio)	5.25	5.23
Current net cold rent in EUR/sqm/month (residential units)	5.15	5.11
Vacancy in % (total portfolio)	6.2	6.5
Vacancy in % (residential units)	5.5	6.1
L-f-l rental growth in % (y-o-y)	2.0	2.0
L-f-l rental growth in % (incl. vacancy reduction, y-o-y)	3.3	3.7

Purchases, sales and capital recycling

TAG is primarily a long-term portfolio holder. However, selective sales of residential portfolios are also part of our strategy, whether optimising the overall portfolio or capitalising on favourable market opportunities. Particularly in the current market environment, a high degree of capital discipline is becoming increasingly important. Why? Because in some segments and regions, purchase prices have already reached levels where long-term-oriented management is no longer attractive in relation to the equity capital costs. That is why we seize sales opportunities in locations where purchase prices for residential properties are growing much faster than rents – though only after a comprehensive review of each project, of course. The equity released by sales enables us to reinvest in properties in TAG's core regions with a higher initial yield. This is the principle of capital recycling.

In the first half of 2017, approx. 4,100 residential units were acquired for a total purchase price of EUR 147.8m. An average purchase multiplier of 12.0 on the current annual net rent was paid, which corresponds to an annual gross initial yield of 8.3%. Vacancy in the purchased portfolios averages 11.1%, and thus again offers development opportunities for active asset management within the Group. The following table gives a summary of the transactions recorded in the first half of 2017:

	Brandenburg Feb-2017	Saxony-Anhalt Mar-2017	Saxony-Anhalt, Lower Saxony, Thuringia Jun-2017	Total / weighted average H1 2017
Units	1,441	1,252	1,445	4,138
Current net cold rent EUR/sqm/month	4.77	4.82	4.78	4.79
Vacancy in %	19.3	7.2	6.3	11.1
Purchase price in EUR m	41.9	42.9	63.0	147.8
Current net cold rent EUR m p.a.	3.42	3.47	5.34	12.23
Location	Brandenburg an der Havel	Halle an der Saale	Various Locations (e.g. Halle an der Salle, Goslar, Meiningen)	-
Closing	Jun-2017	Jun-2017	Jun-2017 (mainly)	-
Multiples	12.3x	12.4x	11.8x	12.1x

However, besides these acquisitions, sales of around 1,200 residential units were also recorded in the first half of 2017. In addition to the ongoing smaller-scale sales business, which also includes privatisations, the sale of a portfolio of 457 units in Freiburg was negotiated for a selling price of more than 22 times the annual net rent. So on average, a multiplier of 17.4 on the current net annual rent was achieved overall:

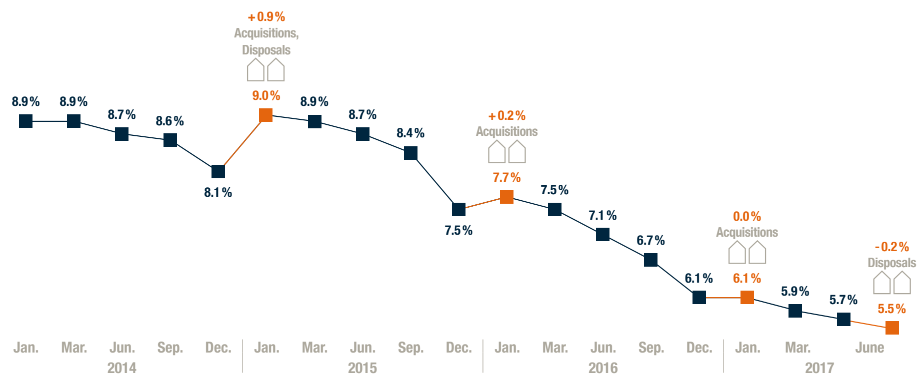
	Brandenburg Feb-2017	Freiburg Jun-2017	Ongoing disposals H1 2017	Total / weighted average H1 2017
Units	535	457	221	1,213
Current net cold rent EUR/sqm/month	3.71	6.21	-	-
Vacancy in %	33.4	0.0	-	-
Selling price in EUR m	5.5	59.0	8.9	73.4
Current net cold rent m p.a.	0.96	2.67	0.59	4.22
Net cash proceeds in EUR m	0.0	c. 41.2	7.5	c. 48.7
Book profit in EUR m	0.1	13.5 (before revaluation to selling price at 30 Jun. 2017)	1.1	14.7
Location	Brandenburg an der Havel	Freiburg	Various locations (e.g. Berlin, Hamburg, Gera)	-
Closing	Jun-2017	Oct 2017 (expected)	2017	-
Multiples	5.7x	22.1x	15.0x	17.4x

The sale of the 535 residential units in Brandenburg an der Havel took place as part of a swap with the seller of the 1,441 residential units shown under acquisitions at the same location. The sales price of EUR 5.5m – or purchase price of EUR 41.9m – shown in the table corresponds to the underlying price in the negotiations. Because exchange transactions are subject to special accounting rules based on fair value, the items shown on the balance sheet deviate from this. In this connection, sales revenues of EUR 9.4m, which yielded a net sales result of EUR 0.1m and a purchase price of EUR 45.8m, which after the revised estimate of the transaction costs led to a valuation loss of EUR 4.0m, were to be recorded.

Vacancy

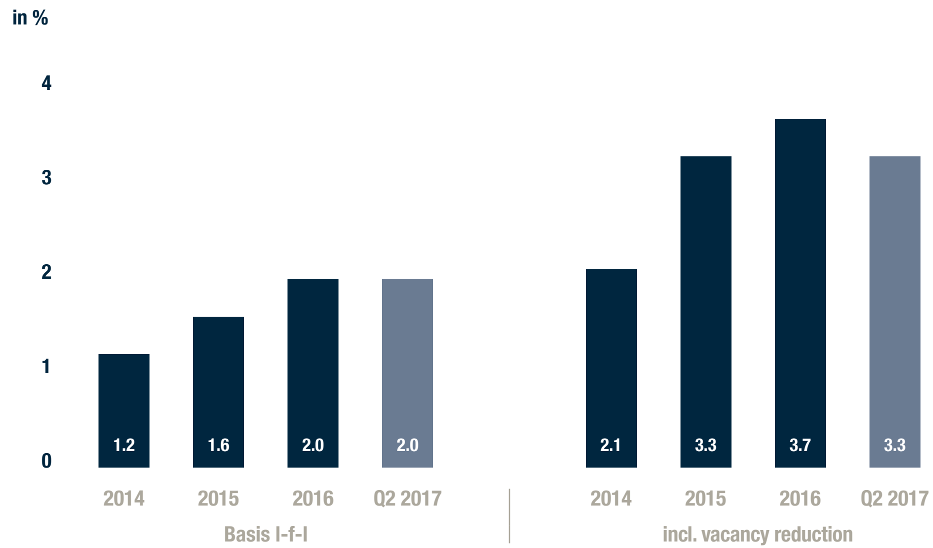
We recorded further progress in reducing vacancy in the residential units of the portfolio in the first two quarters of 2017. For instance, the vacancy rate was reduced from 6.1% in January 2017 to 5.5% in June 2017, of which an effect of 0.2 percentage points in Q2 2017 was attributable to the sale of the aforementioned 535 residential units in Brandenburg an der Havel with a vacancy rate of 33.4%. In the overall portfolio the vacancy rate fell to 6.2% in June 2017 following 6.5% at the beginning of the year. This figure includes the acquisitions of the first half of 2017 that had become effective at 30 June 2017, which had an average vacancy rate of 11.1%.

The following table illustrates the positive development of vacancy in the Group's residential units in the financial years 2014 to 2017:



Growth in rents

Growth in rents from the Group's residential units amounted to 2.0% on a like-for-like basis (i.e. not including acquisitions and sales of the previous twelve months) at 30 June 2017. If one includes the effects of the vacancy reduction, total rental growth on a like-for-like basis for the past twelve months amounted to 3.3%. The following chart shows the rental growth in the Group's residential units in the financial years 2014 to 2017:



The portfolio in detail

The following table shows further details of the TAG property portfolio, by region:

Region	Units	Rentable area sqm	IFRS BV EUR m	In-place yield %	Vacancy Jun. 2017 %	Vacancy Dec. 2016 %	Current net cold rent EUR/ sqm	Reletting rent EUR/sqm	I-f-l rental growth (y-o-y) %	I-f-l rental growth (y-o-y) % incl. vacancy reduction**	Mainte-nance EUR/sqm	Capex EUR/sqm
Berlin	9,279	534,118	518.8	6.4	5.3	6.8	5.44	6.08	3.7	3.5	2.92	2.81
Chemnitz	7,338	423,411	266.2	8.2	10.9	13.1	4.79	4.83	1.2	3.4	5.01	7.47
Dresden	6,190	402,016	393.5	6.4	3.5	3.8	5.41	5.56	0.8	2.0	2.29	2.33
Erfurt	9,359	527,626	456.9	6.9	2.1	2.6	5.07	5.53	2.1	3.5	2.12	3.37
Gera	9,672	562,907	383.9	7.7	9.3	9.7	4.80	5.14	2.2	3.4	2.59	4.20
Hamburg	7,208	441,174	397.5	6.9	4.4	4.3	5.38	5.71	2.2	2.2	3.37	1.52
Leipzig	8,875	525,752	384.8	7.9	4.4	4.5	5.04	5.22	2.8	3.9	2.08	2.21
Rhine-Ruhr	4,972	323,893	316.9	6.3	3.6	3.5	5.35	5.67	1.6	2.5	4.93	2.40
Rostock	5,469	325,096	268.5	7.4	4.7	4.4	5.31	5.57	1.2	2.1	3.25	3.02
Salzgitter	9,176	563,023	410.6	7.8	6.1	7.5	5.04	5.29	1.2	5.1	4.00	7.90
Total residential units	**77,538**	**4,629,016**	**3,797.6**	**7.1**	**5.5**	**6.1**	**5.15**	**5.43**	**2.0**	**3.3**	**3.17**	**3.84**
Acquisitions	3,984	227,042	146.4	7.9	11.7	4.2	4.79	-	-	-	0.00	0.00
Commercial units within residential portfolio	1,229	155,649	-	-	16.9	17.5	7.66	-	-	-	-	-
Total residential portfolio	**82,751**	**5,011,707**	**3,944.0**	**7.4**	**6.2**	**6.5**	**5.20**	**-**	**-**	**-**	**2.93**	**3.55**
Other*	192	39,549	92.7	5.6	9.9	11.6	12.09	-	-	-	4.65	0.53
Grand total	**82,943**	**5,051,257**	**4,036.7**	**7.4**	**6.2**	**6.5**	**5.25**	**-**	**-**	**-**	**2.94**	**3.52**

* Includes commercial properties and serviced apartments

** Incl. an effect from changes in vacancy

d) Revaluation of the portfolio and revised estimate of future transaction costs

For the first time, TAG's real estate assets were already completely revalued as at 30 June of the year – by the independent assessor CBRE GmbH. Until now, the valuation was carried out as at 30 September of a given year and was then adjusted with an update at 31 December of that year in the event of major developments regarding individual properties.

The 2017 financial year will see two valuations – the valuation that has now been carried out, and another full valuation at 31 December 2017. Besides the associated increase in transparency, the main reason for reducing the interval between valuations is the price dynamic currently observed in German residential real estate, which is also clearly evident in the areas where TAG operates. For instance, as at 30 June 2017, there was a valuation gain – before the re-evaluation of transaction costs – of EUR 296.2m, following EUR 163.8m in the last full revaluation of the portfolio as at 30 September 2016. This valuation gain was initially attributable to a better operating performance than assumed in the last valuation (effect amounted to approx. EUR 86.4m, after approx. EUR 93.3m at 30 September 2016), but also, and to a significant extent, to 'yield compression', i.e. lower capitalisation rates due to lower yield requirements on the part of potential purchasers, with a volume of around EUR 209.8m. (30 September 2016: approx. EUR 70.5m).

However, besides the positive effects outlined, the valuation result as at 30 June 2017 still contains a negative effect of EUR 256.7m from the reassessment of transaction costs as part of the portfolio valuation, resulting in an overall valuation result of EUR 39.5m.

In past financial years, including the reports as at 31 December 2016 and 31 March 2017, transaction costs for the valuation of real estate assets were determined depending on the respective relevant market. Transaction costs in this sense are ancillary acquisition/purchase costs incurred by a potential buyer. Taking that into account the asset deal market as well as the share deal market in which applicable tax legislation allows for avoiding real estate transfer tax if the transaction is structured accordingly. Therefore, the share deal market, being the most favourable market, was taken as the basis for transactions in the former East Germany except for Berlin and Lower Saxony, and the market-specific transaction costs of a potential buyer were stated at 0.2%. The transaction costs deducted for all other federal states averaged 8.3%.

Effective 30 June 2017, a change in the estimation of expected future transaction costs was made, whereby from now on the asset deals market is always taken as the basis for estimating transaction costs in all markets, and thus all transaction costs incurred in asset deals are deducted in the valuation. This change in estimation was made largely due to growing uncertainty about the future admissibility under the tax law of transfer tax-neutral property transfers by structuring them as a share deal. For this reason, as of 30 June 2017, the transaction costs deducted for all properties amounted to 7.8% on average. The valuation change (revised estimate of future transaction costs) resulted in this one-time valuation loss of EUR 256.7m at 30 June 2017.

The following table shows the valuation effects in detail, by region:

Region (in EUR m)	Jun-2017 Fair Value (IFRS)	Jun-2017 Fair Value (EUR/sqm)	Jun-2017 Implied multiple	H1 2017 Revaluation gain/loss	Share of yield compression	Share of operational performance/other market developments	Change in treatment of transaction costs	H1 2017 Net revaluation gain/loss	Dec-2016 Fair Value (IFRS)	Dec-2016 Fair Value (EUR/sqm)	Dec-2016 Implied multiple
Berlin	518.8	915.1	14.7x	51.4	36.0	15.3	-42.1	9.3	522.0	864.5	14.6x
Chemnitz	266.2	605.0	11.9x	13.6	10.8	2.8	-17.5	-3.9	226.5	585.6	12.0x
Dresden	393.5	948.3	15.0x	44.2	38.9	5.3	-26.5	17.7	374.8	902.9	14.4x
Erfurt	456.9	829.6	13.7x	44.0	30.9	13.1	-41.5	2.5	407.7	830.4	13.8x
Gera	383.9	649.8	12.5x	33.5	21.4	12.1	-36.0	-2.5	382.8	651.5	12.7x
Hamburg	397.5	883.9	14.0x	17.9	13.5	4.4	-7.7	10.1	387.5	860.4	13.8x
Leipzig	384.8	715.1	12.2x	23.3	10.8	12.5	-28.1	-4.8	372.9	725.0	12.4x
Rhine-Ruhr	316.9	941.3	14.8x	28.4	19.2	9.2	-2.7	25.7	288.0	860.6	13.7x
Rostock	268.5	814.2	13.3x	16.3	12.0	4.4	-21.7	-5.3	272.8	827.4	13.6x
Salzgitter	410.6	727.3	12.6x	30.3	16.7	13.6	-31.7	-1.4	407.6	722.0	12.7x
Total residential units	**3,797.6**	**794.1**	**13.5x**	**302.9**	**210.3**	**92.6**	**-255.5**	**47.4**	**3,642.6**	**778.7**	**13.4x**
Acquisitions	146.4	638.3	12.5x	-6.2	0.0	-6.2	0.0	-6.2	111.8	722.4	13.0x
Total residential portfolio	**3,944.0**	**787.0**	**13.4x**	**296.7**	**210.3**	**86.4**	**-255.5**	**41.2**	**3,754.4**	**776.9**	**13.4x**
Other	92.7	2,343.5	17.9x	-0.5	-0.5	0.0	-1.2	-1.7	102.2	2,251.9	17.3x
Grand total	**4,036.7**	**799.1**	**13.5x**	**296.2**	**209.8**	**86.4**	**-256.7**	**39.5**	**3,856.6**	**790.6**	**13.5x**

In sum, the valuation, even after the revised estimate of transaction costs and the associated one-off devaluation effect, with an average book value of around EUR 800.00 per sqm and a valuation factor of 13.5 times current annual net rent (corresponding to a 7.4% gross initial annual interest rate), remains at what we feel is a conservative level and thus offers potential for further value increases.

e) Early refinancing of bank loans, and new 'Investment Grade' rating

From June to August 2017, bank loans with a total nominal value of EUR 416.9m, an average interest rate of 3.5% p.a. and a remaining fixed-interest period averaging 0.9 years were refinanced ahead of schedule, significantly reducing the interest cost on these loans to currently 1.7% p.a. At the same time, this refinancing was made long term, which means the new average maturity and period of fixed rate interest of these loans is now 9.1 years. This results in future interest savings of approximately EUR 7.4m p.a. vis-à-vis the original nominal amount, which won't be fully reflected in consolidated net income, however, until the 2018 financial year.

In the course of the refinancing, the total nominal value of the renegotiated bank loans was increased significantly to EUR 560.7m. Of this total loan amount, loans of EUR 205.0m were already paid out as of June 30, 2017, with the remaining balance of EUR 355.7m to be disbursed during the second half of 2017.

Minus the expected breakage fees of EUR 7.5m, of which EUR 5.4m were already recorded at 30 June 2017 (the other EUR 2.1m are expected to be recorded in the second half period), this generated additional liquidity of around EUR 136.3m, which can be used for further acquisitions or the repayment of loans subject to a higher interest rate.

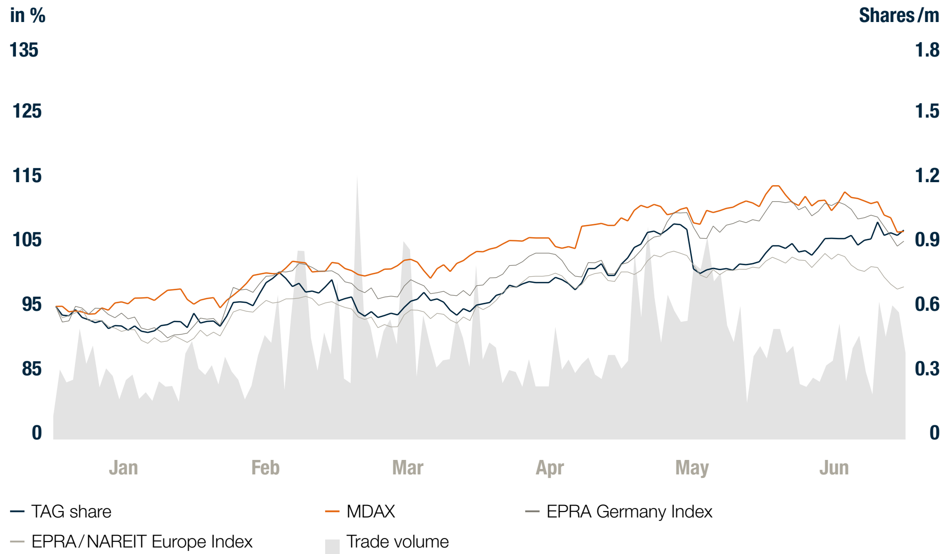
In August 2017, the ratings agency Moody's published an issuer rating for TAG with the grade 'Baa3' and a stable outlook. This Investment Grade rating underscores TAG's strong operating performance and stable financing structure. At the same time, it increases TAG's future flexibility in matters of financing, and supports the Group's strategy of continuously optimising the financing structure.

f) The TAG share and the capital market

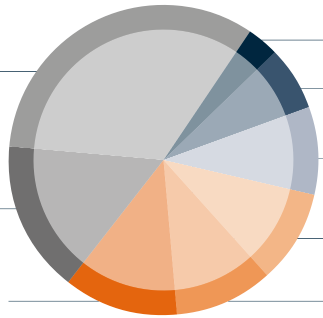
Share performance

In the first half of 2017, the price of the MDAX-listed TAG share saw significant increases, closing at EUR 13.77 (+10%) on 30 June 2017 after a closing price of EUR 12.56 at the end of 2016. Taking into account the dividend of EUR 0.57 per share paid out in May 2017, the overall performance of the TAG share exceeded 14% for the first half of 2017.

The MDAX also improved by 9% in the first six months of 2017, and EPRA Germany, the index of Germany's listed real estate companies, was at a similar level, rising by 8%. EPRA Europe remained virtually unchanged in the first quarter of 2017, at +2%.



The share capital and number of shares at the balance sheet date, at 146,498,765, remained unchanged compared to the end of 2016. TAG's market capitalisation was EUR 2.0bn at 30 June 2017. The majority of TAG shareholders are national and international investors with a predominantly long-term investment strategy.



Placement of 4.1 m treasury shares in March 2017

In March 2017, TAG successfully placed 4,095,124 treasury shares with institutional investors by way of an accelerated book-building process. The shares were offered at EUR 12.48 per share, which represented a 2.0% discount on the last XETRA closing price and an 8.2% premium Net Asset Value (NAV) per share of EUR 11.53 per share as of 31 December 2016. These were the last remaining shares of the ones originally repurchased in October 2014 for EUR 9.30. This transaction led to gross proceeds of EUR 51.1 m for the Company.

Dividend payment in June 2017

TAG lets its shareholders participate substantially in the company's success by paying an attractive dividend. At the Company's Annual General Meeting on 16 May 2017, a dividend of EUR 0.57 per share for the 2016 financial year was approved and subsequently paid out. To establish the share as an attractive dividend stock into the future, we plan to again increase the dividend payment for the 2017 financial year to EUR 0.62 per share, which corresponds to a pay-out ratio of 75% of FFO.

g) Results of operations, financial position and net asset position

Results of operations

In the first half of 2017, the Group increased its rental income by 5.4% year-on-year, from EUR 136.0 m to EUR 143.3 m. The main reasons for the increase in rental income were the portfolios acquired at the end of the 2016 financial year, and the good operational growth in rents.

The rental profit, i.e. rental income net of expenses for property management, amounted to EUR 120.1 m (previous year: EUR 108.4 m). This corresponds to a margin of 84% for the first half of 2017 (previous year: 80%).

The Group generated revenues of EUR 31.7 m (previous year: EUR 37.0 m) from property sales during the reporting period. The net result from sales in the first half of 2017 was EUR 0.6 m (previous year: EUR 1.7 m).

The result from changes in the fair value of real estate assets and from the valuation of properties held for sale amounted to EUR 39.5 m for the first half of the 2017 financial year. This revaluation includes the negative one-off effect of EUR 256.7 m from a revised estimate of the transaction costs to be included in the property valuation. In contrast, the value of the property portfolio increased by EUR 296.2 m as a result of the regularly scheduled valuation at the reporting date. In the same period of the previous year, the effect from the revaluation was EUR 4.4 m.

Personnel expenses increased to EUR 20.1 m in the first half of 2017 (previous year: EUR 18.6 m), especially due to the continued expansion of in-house caretaker and maintenance services.

Other operating expenses amounted to EUR 8.3 m for the first half of 2017 (previous year: EUR 8.8 m). They were primarily due to legal, consulting and audit costs, rental costs for leased business premises, IT costs, car and travel expenses, and communication costs.

In 2017, the reduction in financing costs achieved in the past few quarters continued to have a positive impact compared with the previous year. The net financial result, which represents the balance of financial income and financial expenses, improved to EUR -41.5 m in the first half of 2017 (previous year: EUR -43.3 m). The cash interest income, adjusted for one-offs, which is used in determining FFO, improved to EUR -35.0 m for the first half of 2017 (previous year: EUR -39.8 m).

Overall, TAG generated pre-tax earnings (EBT) of EUR 93.6 m in the first half of the 2017 financial year (previous year: EUR 45.4 m) and after-tax income of EUR 19.6 m (previous year: EUR 5.3 m) – most of which was deferred taxes – consolidated net income amounted to EUR 74.0 m (previous year: EUR 40.1 m).

The following table shows the calculation of FFO I, the adjusted EBITDA, AFFO (adjusted funds from operations excl. Capex) and FFO II (FFO I incl. net revenue from sale) in the second quarter and in the first half of 2017, in comparison to the same period of the previous year:

in EUR m	Q2 2017	Q2 2016	H1 2017	H1 2016
Consolidated net income	**51.9**	**22.1**	**74.0**	**40.1**
Taxes	13.8	3.6	19.6	5.3
Net financial result	23.7	21.4	41.6	43.3
EBIT	**89.4**	**47.1**	**135.2**	**88.7**
Adjustments				
Net revenue from sales	-0.5	-1.0	-0.6	-1.7
Valuation result	-39.8	-3.5	-39.5	-4.3
Depreciation	0.9	0.7	1.8	1.4
One-offs personnel and project costs	0.0	0.0	0.0	0.8
EBITDA (adjusted)	**50.0**	**43.3**	**96.9**	**84.9**
EBITDA margin in %	69.6	63.4	67.6	62.4
Net financial result (cash, after one-offs)	-17.5	-19.7	-35.0	-39.8
Income taxes paid	-1.4	-0.3	-2.1	-0.2
Guaranteed dividend to minority shareholders	-0.2	0.0	-0.4	0.0
FFO I	**30.9**	**23.3**	**59.4**	**44.9**
Capitalised maintenance	-1.1	-2.4	-3.6	-4.3
AFFO (before modernisation capex)	**29.8**	**20.9**	**55.8**	**40.6**
Modernisation capex	-8.8	-9.3	-14.2	-17.0
AFFO	**21.0**	**11.6**	**41.6**	**23.6**
Net revenue from sales	0.5	1.0	0.6	1.7
FFO II (FFO I + net revenue from sales)	**31.4**	**24.3**	**60.0**	**46.6**
Weighted average number of shares outstanding (in thousands)	146,439	132,501	144,968	129,668
FFO I per share in EUR	**0.21**	**0.18**	**0.41**	**0.35**

FFO I during the reporting period has thus increased significantly year-on-year. Besides improved operating EBITDA, a further lowering of financing costs also contributed to this positive development.

Assets and financial position

Total assets at 30 June 2017 increased to EUR 4,177.0m after EUR 4,016.8m at 31 December 2016. The book value of the entire property portfolio was EUR 4,036.7m (31 December 2016: EUR 3,856.6m), of which EUR 3,915.1m (31 December 2016: EUR 3,777.8m) were investment properties.

In the first half of 2017, there was an increase in equity that was mainly driven – besides the positive quarterly result – by the placement of 4.1m treasury shares, so that equity at 30 June 2017 rose to EUR 1,407.1m (31 December 2016: EUR 1,365.6m) despite payment of a dividend of EUR 83.5m. The equity ratio at the balance sheet date was 33.7% (31 December 2016: 34.0%).

The following table shows the calculation of Net Asset Value (NAV) at the balance sheet date:

in EUR m	06/30/2017	12/31/2016
Equity (without minorities)	**1,390.6**	**1,350.9**
Deferred taxes on investment properties and derivative financial instruments	300.0	287.1
Fair values of derivative financial instruments	3.2	4.0
Difference between fair value and book value for properties valued at cost	12.0	0.0
EPRA NAV	**1,705.8**	**1,642.0**
Lump sum deduction of transaction costs	0.0	-225.4
EPRA NAV (after lump sum deduction of transaction costs)	**1,705.8**	**1,416.6**
Number of relevant shares (in thousands)	146,439	142,344
EPRA NAV per share in EUR (before flat-rate transaction cost deduction)	**11.65**	**11.53**
EPRA NAV per share in EUR (after lump sum deduction of transaction costs)	**11.65**	**9.95**

The increase in the NAV per share in EUR mainly results from the positive consolidated net income, which overcompensated for the NAV reduction caused by the dividend payment.

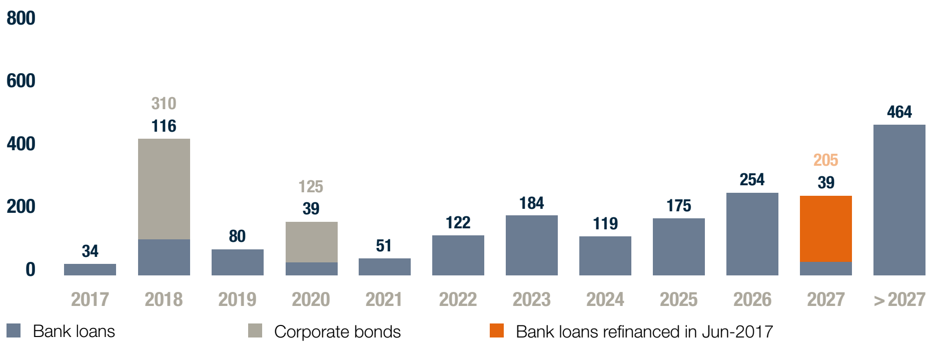
The loan-to-value (LTV) ratio at 30 June 2017 is calculated as follows:

in EUR m	06/30/2017	12/31/2016
Non-current and current liabilities to banks	1,935.9	1,826.5
Non-current and current liabilities from corporate bonds	441.4	443.7
Cash and cash equivalents	-50.7	-74.5
Net financial debt	2,326.6	2,195.7
Book value of investment properties	3,915.1	3,777.8
Book value of property reported under property, plant and equipment	10.0	10.1
Book value of property held as inventory	48.1	51.7
Book value of property reported under non-current assets held-for-sale	63.5	17.0
Real estate volume	4,036.7	3,856.6
Book value of property for which purchase prices have already been paid (or received) in advance	-2.9	-9.0
Difference between fair value and book value for properties valued at cost	12.0	0.0
Relevant real estate volume for LTV calculation	4,045.8	3,847.6
LTV	**57.5 %**	**57.1 %**

The slight increase in LTV is mainly due to the payment of the dividend of EUR 83.5m. This effect was compensated for by the good consolidated net income as well as by the placement of treasury shares. In accordance with the recommendations of the European Public Real Estate Association (EPRA), the NAV and LTV ratios for the first time include dormant reserves relating to property, plant and equipment or properties held as inventory that were not reported at fair value. An adjustment of the previous year's figures was waived for materiality reasons.

The following overview shows the maturities of all financial liabilities as at 30 June 2017:

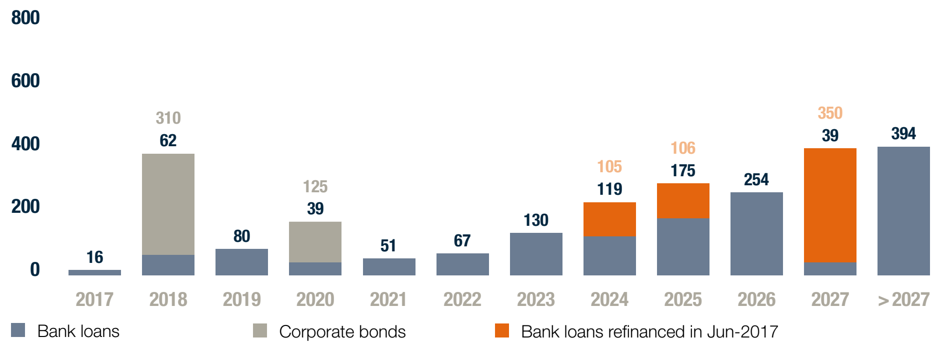
in EUR m



At 30 June 2017, the average interest rate on the bank loans was 2.64% (31 December 2016: 2.82%). Interest on total financial debt, i.e. including the corporate bonds, amounted to 2.99% (31 December 2016: 3.15%).

Taking into account the early refinancings of bank loans after the balance sheet date, that is if the total refinancing volume of EUR 560.7 m is considered (cf. section on 'Early refinancing of bank loans and new Investment Grade rating'), a pro forma view at 30 June 2017 yields the following maturity profile:

in EUR m



On this basis, the average interest rate on bank loans was further reduced to 2.31% p.a. Total cost of debt costs, i.e. taking the corporate bonds into account, amount to 2.72% p.a.

TAG still has two corporate bonds in the area of capital market financing. The following shows the basic information about these bonds:

WKN A1TNFU	WKN A12T10
Volume: EUR 310 m	Volume: EUR 125 m
Division into shares: EUR 1,000.00 per share	Division into shares: EUR 1,000.00 per share
Nominal value per bond: EUR 1,000.00	Nominal value per bond: EUR 1,000.00
Maturity: 5 years until 08/07/2018	Maturity: 6 years until 06/25/2020
Interest rate (effective): 5.125% (200 m)/4.3% (110 m)	Interest rate: 3.75%
Issue price: at par (200 m)/ to 103% (110 m)	Issue price: at par

The effective interest rate for the corporate bond of EUR 310.0 m maturing in August 2018 amounts to 4.83%. Given the currently significantly lower market interest rates and the Investment Grade Rating TAG now has, a substantial reduction in financing costs is to be expected here, too.

h) HR report (employees)

The number of people employed by TAG is shown in the following table:

	06/30/2017	12/31/2016
Employees in operations	507	489
Administration and central functions	106	98
Caretakers	294	219
Craftsmen	50	27
Total	**957**	**833**

III. Material events after the reporting date

After the balance sheet date, TAG completed the early refinancing of bank loans already presented in 'The Economy/Early refinancing of bank loans and receipt of an investment Grade rating' section. In addition, as also described in that section, the ratings agency Moody's issued an Investment Grade rating for TAG with the grade 'Baa3' and a stable outlook.

IV. Outlook, opportunities and risks

Its business activities expose TAG to various operational and economic opportunities and risks. Please refer to the detailed remarks in the 'Opportunities and Risk Report' section of the Group Management Report for the 2016 financial year. Since 1 January 2017, no significant developments have occurred or become apparent that would lead to a different assessment.

The forecasts published in the 2016 Annual Report can be raised again in light of the successful first half year 2017 and the acquisitions made as of 30 June 2017, and are now as follows:

- FFO (FFO I excluding net result from sales) in 2017: between EUR 119m and EUR 121m (previously EUR 110m to 112m after EUR 97.0m in 2016)
- FFO per share in 2017: EUR 0.82 (previously EUR 0.77 after EUR 0.72 in 2016)
- Dividend per share for 2017: EUR 0.62 (previously EUR 0.60 after EUR 0.57 for 2016)

Salzgitter (Lower Saxony)

The EBT forecast (without results from the revaluation of the investment properties and from the valuation of financial derivatives) for the 2017 financial year can also be raised to between EUR 111m and EUR 113m (previously EUR 107m to EUR 108m after EUR 87.8m in 2016), and EUR 0.77 per share (previously EUR 0.75 after EUR 0.65 in 2016).

The forecasts for the NAV as well as for the development of vacancy and rental growth rate remain unchanged. For further details, please refer to the Forecast report in the Group Management Report for the 2016 financial year.

Hamburg, 9 August 2017

Claudia Hoyer	**Martin Thiel**	**Dr Harboe Vaagt**
COO	**CFO**	**CLO**

CONSOLIDATED BALANCE SHEET

Assets in TEUR	06/30/2017	12/31/2016
Non-current assets		
Investment properties	3,915,114	3,777,757
Intangible assets	1,706	2,256
Property, plant and equipment	22,443	16,996
Investments in associates	98	103
Other financial assets	7,242	7,626
Deferred taxes	36,918	38,795
	3,983,521	**3,843,533**
Current assets		
Property held as inventory	48,112	51,690
Other inventories	118	280
Trade receivables	10,140	14,642
Income tax receivables	3,796	4,000
Derivative financial instruments	2	5
Other current assets	17,139	11,081
Cash and cash equivalents	50,723	74,487
	130,030	**156,185**
Non-current assets held for sale	**63,481**	**17,049**
	4,177,032	**4,016,767**

Equity and liabilities in TEUR	06/30/2017	12/31/2016
Equity		
Subscribed capital	146,439	142,344
Share premium	783,096	736,964
Other reserves	-300	-617
Retained earnings	461,365	472,227
Attributable to the equityholders of the parent company	1,390,600	1,350,918
Attributable to non-controlling interests	16,547	14,650
	1,407,147	**1,365,568**
Non-current liabilities		
Liabilities to banks	1,745,949	1,675,758
Liabilities from corporate bonds	434,959	434,962
Derivative financial instruments	2,739	2,938
Retirement benefit provisions	5,952	6,132
Other non-current liabilities	7,623	7,478
Deferred taxes	288,041	272,334
	2,485,263	**2,399,602**
Current liabilities		
Liabilities to banks	189,970	150,683
Liabilities from corporate bonds	6,420	8,764
Derivative financial instruments	440	1,017
Income tax liabilities	8,856	7,244
Other provisions	23,943	21,521
Trade payables	13,088	11,857
Other current liabilities	41,905	50,511
	284,622	**251,597**
	4,177,032	**4,016,767**

CONSOLIDATED INCOME STATEMENT

in TEUR	01/01–06/30/2017	01/01–06/30/2016 (adjusted)	04/01–06/30/2017	04/01–06/30/2016 (adjusted)
Rental income	143,349	136,016	71,830	68,336
Rental expenses	-23,243	-27,593	-10,762	-13,057
Net rental income	**120,106**	**108,423**	**61,068**	**55,279**
Revenues from the sale of real estate	31,657	37,019	18,624	10,010
Expenses on the sale of real estate	-31,073	-35,356	-18,167	-9,006
Sales result	**584**	**1,663**	**457**	**1,004**
Other operating income	5,199	3,108	3,034	1,703
Fair value changes in investment properties and valuation of properties held as inventory	39,514	4,375	39,831	3,656
thereof due to changes of expected transaction costs	*-256,660*	*0*	*-256,660*	*0*
thereof due to changes of other input factors	*296,174*	*4,375*	*296,174*	*3,656*
Personnel expenses	-20,132	-18,649	-10,260	-9,388
Depreciation/amortisation	-1,772	-1,439	-905	-718
Other operating expenses	-8,326	-8,769	-3,829	-4,371
EBIT	**135,173**	**88,712**	**89,396**	**47,165**
Net income from investments	113	113	57	57
Share of profit or loss of associates	-5	-2	-3	-2
Impairments of financial assets	-261	0	-261	0
Interest income	1,109	1,566	545	716
Interest expenses	-42,492	-44,952	-23,989	-22,172
EBT	**93,637**	**45,437**	**65,745**	**25,764**
Income taxes	-19,603	-5,323	-13,818	-3,641
Consolidated net income	**74,034**	**40,114**	**51,927**	**22,123**
attributable to non-controlling interests	*1,426*	*1,115*	*1,087*	*232*
attributable to equityholders of the parent company	*72,608*	*38,999*	*50,840*	*21,891*
Earnings per share (in EUR)				
Basic earnings per share	0.50	0.30	0.35	0.13
Diluted earnings per share	0.50	0.30	0.35	0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01–06/30/2017	01/01–06/30/2016	04/01–06/30/2017	04/01–06/30/2016
Net income as shown in the income statement	**74,034**	**40,114**	**51,927**	**22,123**
Unrealised gains and losses from hedge accounting	410	2,411	143	1,806
Deferred taxes on unrealised gains and losses	-93	-414	-32	-306
Other comprehensive income after taxes	317	1,997	111	1,500
Total comprehensive income	**74,351**	**42,111**	**52,038**	**23,623**
attributable to non-controlling interests	*1,426*	*1,115*	*1,087*	*232*
attributable to equityholders of the parent company	*72,925*	*40,996*	*50,951*	*23,391*

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	01/01–06/30/2017	01/01–06/30/2016 (adjusted)
Consolidated net income	74,034	40,114
Net interest income/expense through profit and loss	41,383	43,386
Current income taxes through profit and loss	2,112	207
Depreciation/amortisation on intangible assets and property, plant and equipment	2,033	1,439
Share of profit or loss of associated companies and other financial assets	-108	-111
Fair value changes in investment properties and valuation of properties held as inventory	-39,514	-4,375
Gains/losses from the disposal of investment properties	-385	-1,143
Impairments rent receivables	2,098	2,362
Changes to deferred taxes	17,491	5,115
Changes in provisions	2,243	3,891
Interest received	747	1,524
Interest paid	-38,149	-41,449
Income tax payments	-296	1,271
Changes in receivables and other assets	-3,241	-3,520
Changes in payables and other liabilities	-3,603	-5,187
Cashflow from operating activities	**56,845**	**43,524**
Payments received from the disposal of investment properties (less selling costs)	16,855	28,996
Payments made for investments in investment properties including prepayments	-162,115	-62,299
Payments made for investments in intangible assets and property, plant and equipment	-6,669	-980
Payments received from other financial assets	236	254
Cashflow from investing activities	**-151,693**	**-34,029**
Proceeds from the issuance of treasury shares (net, after costs)	50,417	57,096
Purchase of non-controlling interests	-53	0
Dividends paid	-83,470	-72,875
Proceeds from new bank loans	310,499	74,407
Payments made for repaying liabilities to banks	-206,648	-70,314
Cashflow from financing activities	**70,745**	**-11,686**
Net change in cash and cash equivalents	-24,103	-2,191
Cash and cash equivalents at the beginning of the period	67,046	95,910
Cash and cash equivalents at the end of the period	**42,943**	**93,719**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

in TEUR	Attributable to the parent's shareholders							
			Other reserves					
	Subscribed capital	Share premium	Retained earnings	Hedge accounting reserve	Retained earnings	Total	Non-controlling interests	Total equity
Amount on 01/01/2017	**142,344**	**736,964**	**46**	**-663**	**472,227**	**1,350,918**	**14,650**	**1,365,568**
Consolidated net income	0	0	0	0	72,608	72,608	1,426	74,034
Other comprehensive income	0	0	0	317	0	317	0	317
Total comprehensive income	0	0	0	317	72,608	72,925	1,426	74,351
Colonia compensation offer	0	-377	0	0	0	-377	0	-377
Issuance of treasury shares	4,095	46,322	0	0	0	50,417	0	50,417
Share based compensation	0	187	0	0	0	187	0	187
Dividends paid	0	0	0	0	-83,470	-83,470	0	-83,470
Initial consolidation of real estate asset companies	0	0	0	0	0	0	471	471
Amount on 06/30/2017	**146,439**	**783,096**	**46**	**-346**	**461,365**	**1,390,600**	**16,547**	**1,407,147**
Amount on 01/01/2016	**125,469**	**618,317**	**46**	**-2,446**	**343,735**	**1,085,121**	**35,431**	**1,120,552**
Consolidated net income	0	0	0	0	38,999	38,999	1,115	40,114
Other comprehensive income	0	0	0	1,997	0	1,997	0	1,997
Total comprehensive income	0	0	0	1,997	38,999	40,996	1,115	42,111
Colonia compensation offer	2,032	14,056	0	0	0	16,088	-16,088	0
Issuance of treasury shares	5,000	53,250	0	0	0	58,250	0	58,250
Costs associated with the issuance of treasury shares	0	-1,155	0	0	0	-1,155	0	-1,155
Dividends paid	0	0	0	0	-72,876	-72,876	0	-72,876
Initial consolidation of real estate asset companies	0	0	0	0	0	0	1,049	1,049
Amount on 06/30/2016	**132,501**	**684,468**	**46**	**-449**	**309,858**	**1,126,424**	**21,507**	**1,147,932**

CONSOLIDATED SEGMENT REPORT

For the time period from 1 January to 30 June 2017

		Segment by LIM Region												
in TEUR		Berlin	Chemnitz	Dresden	Erfurt	Gera	Hamburg	Leipzig	Rhine-Ruhr	Rostock	Salzgitter	Other activities	Consoli-dation	Total
Segment revenues (Rental income)	H1 2017	18,089	11,074	13,080	16,573	15,420	14,725	15,868	10,786	10,047	16,133	2,054	-500	143,349
	H1 2016	17,616	10,621	12,847	14,401	14,772	14,403	15,061	10,414	9,857	15,183	1,301	-460	136,016
Segment expenses	H1 2017	-3,072	-3,808	-1,985	-3,074	-3,725	-2,222	-2,588	-2,967	-2,039	-5,953	-495	1,545	-30,383
	H1 2016	-3,402	-4,045	-2,192	-3,225	-3,844	-2,493	-2,698	-3,340	-2,134	-5,616	-363	1,603	-31,749
Rental expenses	H1 2017	-476	-402	-447	-752	-888	-536	-556	-689	-324	-537	-435	283	-5,759
	H1 2016	-504	-459	-466	-844	-1,086	-472	-596	-720	-423	-559	-222	307	-6,044
Investment costs	H1 2017	-2,496	-3,320	-1,501	-2,232	-2,735	-1,495	-2,109	-2,021	-1,612	-5,128	-98	1,309	-23,438
	H1 2016	-2,399	-3,442	-1,667	-2,104	-2,699	-1,917	-2,063	-2,327	-1,473	-4,582	-74	1,032	-23,715
Impairment losses on receivables	H1 2017	-216	-142	-93	-146	-143	-305	-95	-387	-177	-380	-14	0	-2,098
	H1 2016	-563	-164	-126	-344	-78	-153	-103	-312	-244	-475	-65	265	-2,362
Other income/ expenses	H1 2017	116	56	56	56	41	114	172	130	74	92	52	-47	912
	H1 2016	64	20	67	67	19	49	64	19	6	0	-2	-1	372
Segment result I	H1 2017	15,017	7,266	11,095	13,499	11,695	12,503	13,280	7,819	8,008	10,180	1,559	1,045	112,966
	H1 2016	14,214	6,576	10,655	11,176	10,928	11,910	12,363	7,074	7,723	9,567	938	1,143	104,267
Personnel expenses (LIM region)	H1 2017	-1,081	-748	-553	-689	-1,127	-687	-905	-409	-587	-1,053	-250	0	-8,089
	H1 2016	-1,052	-722	-532	-604	-1,077	-625	-838	-402	-516	-959	-233	0	-7,560
Other operating expenses (LIM region)	H1 2017	-217	-139	-98	-177	-147	-113	-132	-103	-114	-214	-38	394	-1,098
	H1 2016	-176	-113	-118	-107	-61	-133	-117	-147	-101	-136	-1	342	-868
Segment result II	H1 2017	13,719	6,379	10,444	12,633	10,421	11,703	12,243	7,307	7,307	8,913	1,271	1,439	103,779
	H1 2016	12,986	5,741	10,005	10,465	9,790	11,152	11,408	6,525	7,106	8,472	704	1,485	95,839
Segment assets	06/30/2017	563,854	266,168	398,160	465,001	387,506	428,596	449,420	325,216	276,030	410,640	66,094	0	4,036,685
	12/31/2016	521,972	266,985	374,822	453,328	384,895	411,064	399,097	295,333	272,806	407,632	68,637	0	3,856,571

This Group segment report is an integral part of the notes

NOTES

SELECTED EXPLANATORY NOTES ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2017

General information

These condensed interim consolidated financial statements of TAG Immobilien AG (hereinafter referred to as the ‘Company’ or ‘TAG’) have been prepared in accordance with the provisions contained in Section 37w in connection with Section 37y of the German Securities Trading Act pertaining to interim financial reporting. The period under review comprises the first six months of 2017. The comparison figures refer to 31 December 2016 with respect to the consolidated balance sheet and otherwise to the first six months of 2016. In addition, the consolidated income statement and the consolidated statement of comprehensive income contain figures pertaining to the second quarter of 2017 together with the corresponding comparison figures for the same period of the previous year.

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in the version endorsed for application in the EU concerning interim reporting (IAS 34 – Interim Reporting) subject to mandatory application as of the reporting date. The figures reported in the consolidated interim financial statements are mostly denominated in EUR m (millions of euros) or TEUR (thousands of euros). This may result in rounding differences between the individual parts of the financial statements.

The amendments to IAS 7 (cash flow statement), IAS 12 (income taxes) and to other standards in connection with the IFRS 2014-2016 improvement cycle, which are to be applied from 1 January 2017 for the first time, have not yet been endorsed by the EU. Accordingly, the amended standards have not yet been applied. The standards which were new or revised as of the reporting date (IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases) are not applicable until after the reporting date and were not adopted early on a voluntary basis.

The impact of the future application on the consolidated financial statements and consolidated interim financial statements is currently being examined by the company.

Accordingly, the recognition and valuation principles as well as the notes and explanations on the consolidated interim financial statements are based on the recognition and valuation principles applied to the consolidated financial statements for the year ending 31 December 2016. For more details concerning the recognition and valuation principles applied, please refer to the consolidated financial statements for the year ending 31 December 2016 prepared in accordance with IFRS, which pursuant to IAS 34 form the material basis for these interim financial statements.

Compared with the consolidated interim financial statements as at 30 June 2016, adjustments to the figures for the comparable periods in the income statement, the cash flow statement, and the reconciliation of the segment earnings resulted from the appropriation of impairment losses on properties held as inventory to the item ‘Fair value changes in investment properties and valuation of properties held as inventory’, which was already effective at 31 December 2016. Please refer to the Consolidated Financial Statements as at 31 December 2016.

Consolidated companies

The consolidation group as of 30 June 2017 includes the parent company TAG and all companies which are controlled by TAG. If shares in subsidiaries are considered to be of subordinate significance from the Group's perspective, they are recognised as available-for-sale financial instruments. Under IFRS 10, the Group is deemed to control a subsidiary if it has power over it, exposure or rights to variable returns from its involvement with the subsidiary and the ability to use its power over the subsidiary to affect the amount of the Group's returns. The subsidiary's assets and liabilities are consolidated for the duration of such control.

There were no material changes in the consolidation group as of 30 June 2017 compared with 31 December 2016. The only changes concern two new real estate asset companies incorporated in connection with acquisitions which held real estate assets of EUR 119.8 m as of the reporting date.

Disclosures on individual items of the consolidated balance sheet and income statement

Investment properties

The table below sets out the changes in the value of the portfolio of investment properties during the period under review:

Investment properties in TEUR	2017	2016
Amount on 1 January	3,777,757	3,531,108
Additions as a result of acquisitions	152,610	39,500
Capex and subsequent acquisition costs	18,076	22,799
Transfers to available-for-sale assets	-63,368	-1,847
Sales	-12,035	-9,404
Change in market value	42,074	4,420
Amount on 30 June	**3,915,114**	**3,586,576**

The fair value of all of the Group's real estate assets was measured by CBRE GmbH as an independent expert effective 30 June 2017. The assumptions underlying the measurement of the fair value of the real estate are made by the independent valuer on the basis of his professional experience and are subject

Elmshorn (Schleswig-Holstein)

to uncertainty. The fair value of the investment properties is calculated using the discounted cash flow method in line with the International Valuation Standards. For this purpose, the expected future cash flow surpluses for each period are discounted using a market-oriented discount rate for the property in question as of the valuation date. Whereas the cash inflows are normally comprised of net rentals, the cash outflows (gross) chiefly include the management costs borne by the owner.

The underlying detailed planning period is generally ten years. A potential discounted terminal value for the property in question is forecast for the end of this period, reflecting the most likely price which can be achieved at the end of this period. For this purpose, the discounted cash surpluses for the tenth year are capitalised at the exit rate to produce the perpetual annuity.

The following table sets out the fair value of the real estate per segment and the material assumptions underlying this valuation method:

Segment	Berlin		Chemnitz		Dresden		Erfurt		Gera	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Market value (in EUR m)	558.1	517.0	265.6	266.4	393.5	374.8	496.6	452.8	383.3	383.9
Net cold rent p.a. (in EUR m)	35.2	34.4	22.2	21.7	26.2	25.8	33.0	28.7	30.6	28.7
Vacancy in %	5.2	7.0	12.6	13.4	4.2	5.0	3.4	4.7	10.0	11.0
Valuation parameters										
Net cold rent to market rent (in %)	91	90	95	96	94	94	93	93	93	92
Increase in market rent p.a. (in %)	0.9	0.6	0.4	0.3	0.9	0.7	0.8	0.7	0.5	0.5
Maintenance costs (in EUR/sqm)	8.6	7.8	8.9	8.3	9.1	8.5	9.5	8.3	9.0	7.7
Administration costs per unit	222	201	236	220	244	232	229	215	235	212
Structural vacancy in %	3.0	3.9	4.8	5.4	3.0	3.1	2.2	2.5	5.0	5.1
Discount rate in %	5.6	5.6	6.0	6.2	5.7	6.1	5.8	6.0	5.9	6.1
Capitalisation rate in %	4.7	5.0	5.6	5.9	4.8	5.4	4.9	5.3	5.4	5.6

Segment	Hamburg		Leipzig		Rhine/Ruhr		Rostock		Salzgitter	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Market value (in EUR m)	408.8	400.3	427.2	387.4	278.4	290.1	268.0	272.3	410.6	407.6
Net cold rent p.a. (in EUR m)	29.2	28.3	31.4	29.3	18.4	20.3	20.2	19.8	32.0	31.0
Vacancy in %	4.3	4.5	4.8	5.6	4.7	5.5	5.0	5.7	6.9	9.8
Valuation parameters										
Net cold rent to market rent (in %)	94	93	94	94	94	93	93	94	95	95
Increase in market rent p.a. (in %)	0.9	0.8	0.6	0.4	0.8	0.9	0.6	0.5	0.6	0.5
Maintenance costs (in EUR/sqm)	8.3	7.6	8.8	7.9	7.6	8.6	9.1	8.5	9.1	8.5
Administration costs per unit	241	217	238	222	217	237	241	228	244	230
Structural vacancy in %	2.0	2.4	4.8	4.8	1.6	2.1	3.3	3.4	2.9	4.3
Discount rate in %	5.7	5.6	5.9	5.9	4.8	6.1	5.8	6.0	5.8	6.0
Capitalisation rate in %	4.7	4.7	5.4	5.4	4.1	5.1	5.2	5.5	5.2	5.5

Valuations are based on the tenant lists and vacancies as of 31 March 2017. The valuations effective 31 December 2016 were based on the tenant lists and vacancies as of 30 June 2016. Adjustments are made for any fluctuation as of the applicable reporting date where there is evidence of any material differences.

The total of the discounted cash surpluses and the discounted potential selling value equals the gross present value of the property in question. The net present value is calculated by deducting the costs arising in an orderly transaction.

The assumptions underlying the measurement of the fair value of the real estate were made by the independent valuer on the basis of his professional experience and are subject to uncertainty. If the discount and capitalisation rate were 0.5 percentage points higher, the fair value would decline by EUR 360 m (31 December 2016: EUR 326 m); if the discount and capitalisation rate were 0.5 percentage points lower, the fair value would increase by EUR 445 m (previous year: EUR 397 m). Changes in future net rental income exert a corresponding influence depending on rental income, vacancies and administration and maintenance costs.

Investment properties – reassessment of future transaction costs and modification to valuation methodology as of 30 June 2017

In past financial years, including the reports as at 31 December 2016 and 31 March 2017, transaction costs for the valuation of investment properties were determined depending on the respective relevant market. Transaction costs in this sense are ancillary acquisition / purchase costs incurred by a potential buyer. Taking that into account the asset deal market as well as the share deal market in which applicable tax legislation allows for avoiding real estate transfer tax if the transaction is structured accordingly. Therefore, the share deal market, being the most favourable market, was taken as the basis for transactions in the former East Germany except Berlin and for Lower Saxony, and the market-specific transaction costs of a potential buyer were stated at 0.2%. The transaction costs deducted for all other federal states averaged 8.3%.

Effective 30 June 2017, a change in the estimation of expected future transaction costs was made, whereby from now on the asset deals market is always taken as the basis for estimating transaction costs in all markets, and thus all transaction costs incurred in asset deals are deducted in the valuation. This change in estimation was made largely due to growing uncertainty about the future admissibility under tax law of transfer tax-neutral property transfers by structuring them as a share deal. For this reason, as of 30 June 2017, the transaction costs deducted for all properties amounted to 7.8% on average. The valuation change (revised estimate of future transaction costs) resulted in this one-time valuation loss of EUR 256.7 m at 30 June 2017.

The adoption of the new estimate (re-appraisal of future transaction costs) resulted in a non-recurring fair value valuation loss of EUR 256.5 m as of 30 June 2017. As the regular valuation of the investment properties resulted in revaluation gains of EUR 298.6 m, the total valuation came to EUR 42.1 m in the first half of 2017 and EUR 41.8 m in the second quarter of 2017.

The format of the income statement as of 30 June 2017 has been extended to include the effects of the reassessed transaction costs. Two sub-line items have been added to ‘Changes in the fair value of investment properties and property held as inventories’. One of these is ‘thereof due to changes of expected transaction costs’ and includes the aforementioned non-recurring effects arising from the changed estimated of transaction costs. The other one is entitled ‘thereof due to changes of other input factors’ and includes the effect of other parameters such as changes in the yield compression, vacancies or net rentals as of the reporting date. No adjustments to the comparison figures for the same period of 2016 and the first quarter of 2017 are necessary.

Cash and cash equivalents

The cash and cash equivalents shown in the consolidated cash flow statement break down as follows:

Cash and cash equivalents in TEUR	06/30/2017	12/31/2016
Cash and cash equivalents as reported on the balance sheet	50,723	74,487
Cash at banks subject to drawing restrictions	-7,780	-7,441
Cash and cash equivalents	**42,943**	**67,046**

Deferred income tax assets and liabilities

Deferred income tax assets break down as follows:

Deferred tax assets in TEUR	06/30/2017	12/31/2016
Tax losses carried forward	51,367	56,021
Derivative financial instruments	244	330
Other (including offsetting)	-14,693	-17,556
	36,918	**38,795**

The following table sets out the deferred income tax liabilities:

Deferred tax liabilities in TEUR	06/30/2017	12/31/2016
Investment properties	300,249	288,303
Other (including offsetting)	-12,208	-15,969
	288,041	**272,334**

Equity

TAG placed 4,095,124 treasury shares at a price of EUR 12.48 each in March 2017. Net of the issue costs, this resulted in an increase of EUR 50.4 m in the Company's equity. In addition, a dividend of EUR 0.57 per share was paid. Further information can be found in the Group interim management report.

Rental expenses

Rental expenses break down as follows:

Rental expenses in TEUR	01/01–06/30/2017	01/01–06/30/2016
Maintenance expenses	13,745	13,085
Non-recoverable charges and results from settlement of service charges	2,067	5,977
Operating costs for vacant real estate	5,333	6,169
Impairments of rental receivables	2,098	2,362
Total	**23,243**	**27,593**

Net income from sales

Net income from sales breaks down as follows:

Net income from sales in TEUR	01/01–06/30/2017	01/01–06/30/2016
Revenues from the sale of investment properties	29,949	34,216
Expenses on the sale of investment properties	-29,564	-33,073
Net revenues from the sale of investment properties	**385**	**1,143**
Revenues from the sale of portfolio real estate	1,708	2,803
Expenses on the sale of portfolio real estate	-1,509	-2,283
Net revenues from the sale of portfolio real estate	**199**	**520**
Total	**584**	**1,663**

Changes in the fair value of investment properties and property held as inventories

This item comprises gains and losses from the fair-value measurement of investment properties, the net fair value gains and losses on the purchase of investment properties and effects arising from the measurement of properties held as inventories. It breaks down as follows:

Fair value measurement of real estate in TEUR	01/01–06/30/2017	01/01–06/30/2016
Investment properties		
Valuation losses on portfolio real estate	48,308	2,764
thereof due to changes of expected transaction costs	*-256,496*	*0*
thereof due to changes of other input factors	*304,804*	*2,764*
Valuation gains on real estate acquisitions	-6,234	1,656
	42,074	**4,420**
Properties held as inventories		
Impairments	-2,560	-45
thereof due to changes of expected transaction costs	*-164*	*0*
thereof due to changes of other input factors	*-2,396*	*-45*
Total	**39,514**	**4,375**

Other operating income

The main elements of other operating income break down as follows:

Other operating income in TEUR	01/01–06/30/2017	01/01–06/30/2016
Revenues from services	2,135	992
Reversal of provisions	847	731
Other out-of-period income (e.g. Income from impaired receivables)	1,178	929
Other	1,039	456
Total	**5,199**	**3,108**

Finance income and expenses

The following table adjusts net finance income and expenses for non-cash interest and non-recurring effects:

Net financial result in TEUR	01/01–06/30/2017	01/01–06/30/2016
Net income from investments	113	113
Share of profit or loss of associates	-5	-2
Impairments on financial assets	-261	0
Interest income	1,109	1,566
Interest expenses	-42,492	-44,952
Net financial result	**-41,536**	**-43,275**
Non-cash interest on convertible bonds	0	508
Non-cash interest on corporate bonds	365	364
Non-cash interest on derivative financial instruments	-142	568
One-off (e.g. premature termination compensation) and other non-cash interest	6,363	2,020
Net finance income/expense (cash, without one-offs)	**-34,950**	**-39,815**

Income taxes

The table below analyses income taxes:

Income taxes in TEUR	01/01–06/30/2017	01/01–06/30/2016
Current income taxes in the current year	2,444	628
Current income taxes in prior years	-332	-420
Deferred income tax liabilities	17,491	5,115
Total	**19,603**	**5,323**

Notes on Group segment report

TAG pursues a regional diversification strategy for its residential real estate. Accordingly, it has defined the following segments: Berlin, Chemnitz, Dresden, Erfurt, Gera, Hamburg, Leipzig, Rhein-Ruhr, Rostock and Salzgitter. The “Other Activities” segment comprises service business, the remaining commercial real estate activities and the serviced apartments operated by the Group.

In the segment report, segment earnings I are derived from rental income and related expenses. In line with internal reporting, segment earnings I have been widened to include personnel expenses and other operating costs directly attributable to the LIM (Head of Real Estate Management) regions.

The following table reconciles segment earnings II with EBT as stated in the income statement:

Segment earnings in TEUR	01/01–06/30/2017	01/01–06/30/2016 (adjusted)
Segment earnings II	**103,779**	**95,839**
Capitalized investment costs not deducted from segment earnings	9,897	9,627
Non-allocated vacancy expenses	-5,333	-6,169
Net gains/losses from sales	584	1,663
Net valuation gains/losses on real estate assets	39,514	4,375
Non-allocated staff costs	-12,043	-11,089
Depreciation and amortisation	-1,772	-1,439
Other non-allocated income and expenses	547	-4,095
Net financial result	-41,536	-43,275
EBT	**93,637**	**45,437**

Disclosures on fair values and financial instruments

The fair value of assets and liabilities is determined by using inputs which are as market-oriented as possible. The valuation hierarchy divides the input factors into three levels depending on the availability of data:

- Level 1: Prices quoted in active markets for identical assets or liabilities (such as share prices).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i. e. as prices) or indirectly (i. e. derived from prices).
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

If input factors for different hierarchical levels are applied, the fair value is calculated on the basis of the lower hierarchical level. There were no transfers between the individual hierarchical levels in the period under review.

The fair values of the assets and liabilities recorded in the consolidated balance sheet break down as follows:

Fair value in TEUR	Fair value hierarchy	06/30/2017	12/31/2016
Assets			
Investment properties	Level 3	3,915,114	3,777,757
Derivatives with no hedging relationship	Level 2	2	5
Equity and liabilities			
Derivatives with no hedging relationship	Level 2	2,570	2,701
Derivatives with a hedging relationship	Level 2	609	1,254

The fair values of the investment properties were measured by external valuers as of 30 June 2017.

Derivative financial instruments are measured using established methods, the main inputs for which are derived from active markets. In the case of interest rate hedges, this is chiefly the discounted cash flow method. The purchase price guarantee, which is recognized as a derivative financial instrument with no hedging relationship, is measured using a standardised process based on a Monte Carlo simulation (mark-to-model) applying two correlated stochastic processes.

In addition, the following financial instruments are measured at amortised cost in the consolidated financial statements:

30 June 2017	Book value TEUR	IAS 39 Category*	Fair value TEUR	Fair value hierarchy
Assets				
Other financial assets				
Investments	7,176	AfS	n/a	n/a
Other financial assets	66	LaR	66	Level 2
Trade receivables	10,140	LaR	10,140	Level 2
Other current assets	17,139	LaR	17,139	Level 2
Cash and cash equivalents	50,723	LaR	50,723	Level 2
Equity and liabilities				
Liabilities to banks	1,935,919	AmC	1,978,764	Level 2
Liabilities from corporate bonds	441,379	AmC	451,007	Level 2
Other non-current liabilities	7,623	AmC	7,623	Level 2
Trade payables	13,088	AmC	13,088	Level 2
Other current liabilities	41,905	AmC	41,905	Level 2
31 December 2016				
Assets				
Other financial assets				
Investments	7,345	AfS	n/a	n/a
Other financial assets	281	LaR	281	Level 2
Trade receivables	14,642	LaR	14,642	Level 2
Other current assets	11,081	LaR	11,081	Level 2
Cash and cash equivalents	74,487	LaR	74,487	Level 2
Equity and liabilities				
Liabilities to banks	1,826,441	AmC	1,867,724	Level 2
Liabilities from corporate bonds	443,726	AmC	453,299	Level 2
Other non-current liabilities	7,478	AmC	7,478	Level 2
Trade payables	11,857	AmC	11,857	Level 2
Other current liabilities	50,511	AmC	50,511	Level 2

* LaR: Loans and Receivables; AmC: Amortised Cost; AfS: Available for Sale Financial Assets

The investments are recognised at historical cost less any impairments, as it is not possible to reliably determine their fair values. These are non-listed investments for which there is no active market. These investments are predominantly subsidiaries engaged in the real estate sector with only minor business activities. At the moment, there is no specific intention for these investments to be sold.

The fair value of the other financial assets corresponds to the present value of the expected cash flows in the light of their duration and risk-adjusted market interest rates. Non-current liabilities to banks and other non-current liabilities are measured accordingly.

Trade receivables, other current assets and cash and cash equivalents have short settlement periods. Accordingly, their book value as of the balance sheet date comes close to their fair value. This also applies to current liabilities to banks, trade payables, other current liabilities and liabilities in connection with non-current available-for-sale assets (if coming within the scope of IFRS 7). The fair value of non-current liabilities to banks and other non-current liabilities is calculated using the discounted cash flow method. The discount rate is based on an appropriate market interest rate.

Financial risk management

There were no material changes in the Group's financial risks (interest, default, liquidity and finance risk) in the period under review compared with 31 December 2016.

Other disclosures

There was no material change in the Group's contingent liabilities compared with 31 December 2016. Similarly, there were no business transactions with related persons.

Dresden (Saxony)

Material events after the reporting date

After the balance sheet date, TAG completed the early refinancing of bank loans described in "The Economy / Early refinancing of bank loans, and new 'Investment Grade' rating" section. Furthermore, the ratings agency Moody's issued an Investment Grade rating for TAG with the grade 'Baa3' and a stable outlook.

Basis of reporting

The preparation of the condensed consolidated interim financial statements pursuant to IFRS requires the management boards and management staff of the consolidated companies to make assumptions and estimates influencing the assets and liabilities carried on the balance sheet, the disclosure of contingent liabilities on the balance sheet date and the expenses and income reported during the periods under review. The actual amounts arising in future periods may differ from these estimates. Moreover, the condensed consolidated interim financial report includes statements which do not entail reported financial data or any other type of historical information. These forward-looking statements are subject to risk and uncertainty as a result of which the actual figures may deviate substantially from those stated in such forward-looking statements. Many of these risks and uncertainties are related to factors which TAG can neither control, influence nor precisely estimate. This concerns, for example, future market and economic conditions, other market participants' behaviour, the ability to successfully integrate companies after acquisition and tap expected synergistic benefits as well as changes to tax legislation. Readers are reminded not to place any undue confidence in these forward-looking statements, which apply only on the date on which they are given.

Hamburg, 9 August 2017

Claudia Hoyer	**Martin Thiel**	**Dr Harboe Vaagt**
COO	**CFO**	**CLO**

REVIEW
REPORT

REVIEW REPORT

To TAG Immobilien AG, Hamburg

We have reviewed the condensed interim consolidated financial statements of the TAG Immobilien AG – comprising consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of comprehensive income, consolidated cashflow statement, statement of changes in consolidated equity, consolidated segment report and notes on the abriged consolidated interim financial statement as of June 30, 2017 together with the interim group management report of the TAG Immobilien AG, Hamburg, for the period from January 1 to June 30, 2017 that are part of the semi annual financial report according to § 37w WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 „Interim Financial Reporting“ as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with International Accounting Standard IAS 34 „Interim Financial Reporting“ as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with International Accounting Standard IAS 34 „Interim Financial Reporting“ as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hamburg, 9 August 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

Madsen	**Bagehorn**
Wirtschaftsprüfer	**Wirtschaftsprüfer**
(German Public Auditor)	**(German Public Auditor)**

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Hamburg, 9 August 2017

The Management Board

Claudia Hoyer	**Martin Thiel**	**Dr Harboe Vaagt**
COO	**CFO**	**CLO**

TAG FINANCIAL CALENDAR

PUBLICATIONS

07 November 2017	Publication of Interim Report – Q3 2017

CONFERENCES

06/07 September 2017	EPRA Conference, London
14 September 2017	UBS Best of Germany Conference, New York
18 September 2017	Goldman Sachs & Berenberg Germany Conference, Munich
19 September 2017	Baader Investment Conference, Munich
29 September 2017	Société Générale Pan European Real Estate Conference, London

CONTACT

TAG Immobilien AG
Steckelhoern 5
20457 Hamburg
Telephone +49 40 380 32-0
Telefax +49 40 380 32-390
info@tag-ag.com
www.tag-ag.com/en

Dominique Mann
Head of Investor & Public Relations
Julia Mirow
Investor & Public Relations
Telephone +49 40 380 32–300
Telefax +49 40 380 32–388
ir@tag-ag.com

The English version of the Interim Report Q2 2017 is a translation of the German version.
The German version is legally binding.

Concept, Layout and Typesetting
fischer's brand loft Werbeagentur GmbH
Gasstraße 16 · 22761 Hamburg

NOTES

TAG
Immobilien AG

Steckelhoern 5
20457 Hamburg
Telephone +49 40 380 32 - 0
Telefax +49 40 380 32 - 388
info@tag-ag.com
www.tag-ag.com/en