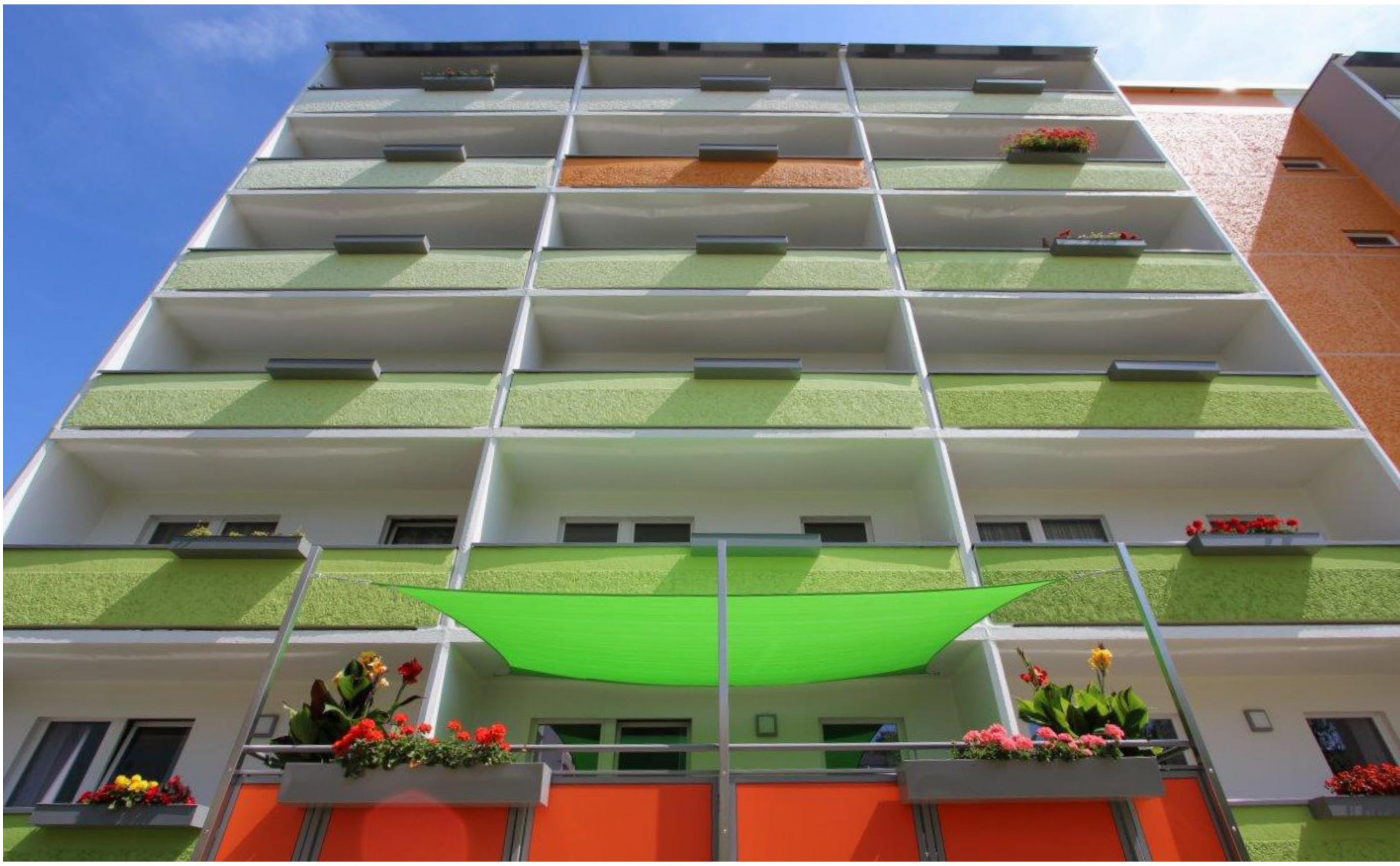

INTERIM REPORT

2018 ON THE 2ND QUARTER

GROWING CASHFLOWS

TAG Immobilien AG

GROUP FINANCIALS

in EUR m

Income statement key figures	01/01 - 06/30/2018	01/01 - 06/30/2017
Net rent	150.7	143.3
EBITDA (adjusted)	103.0	96.9
Consolidated net profit	218.3	74.0
FFO I per share in EUR	0.49	0.41
FFO I	71.2	59.4
AFFO per share in EUR	0.30	0.28
AFFO	43.6	41.6

Balance sheet key figures	06/30/2018	12/31/2017
Total assets	4,887.0	4,634.5
Equity	1,769.1	1,646.6
Equity ratio in %	36.2	35.5
EPRA NAV per share in EUR	15.15	13.80
LTV in %	50.2	52.3

Portfolio data	06/30/2018	12/31/2017
Units	82,391	83,140
Real estate volume	4,480.3	4,275.4
Vacancy in % (residential units)	5.5	4.8
Vacancy in % (total)	5.8	5.8
l-f-l rental growth in %	1.9	2.0
l-f-l rental growth in % (incl. vacancy reduction)	2.5	3.1

Employees	06/30/2018	12/31/2017
Number of employees	1,001	961

Capital market data	
Market cap at 06/30/2018 in EUR m	2,758.6
Share capital at 06/30/2018 in EUR	146,498,765
WKN / ISIN	830350/DE0008303504
Number of shares at 06/30/2018 (issued)	146,498,765
Number of shares at 06/30/2018 (outstanding)	146,321,650
Free float in % (without treasury shares)	99.88
Index	MDAX/EPRA

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MANAGEMENT REPORT

GROUP INTERIM MANAGEMENT REPORT FOR THE FIRST SIX MONTHS OF THE 2018 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 2018 TAG managed around 82,400 residential units. TAG shares are listed in the MDAX of the Frankfurt Stock Exchange; TAG's market capitalisation at 30 June 2018 was EUR 2.8bn.

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 inventories, the company also delivers caretaker services and repair handyman services. It specialises in inexpensive housing that appeals to broad sections of the population. The founding of a multimedia company in the Group has improved the provision of multimedia to tenants and expanded the range of property management services offered. In addition, energy management has been pooled in a subsidiary, and the Group entered into the supply of commercial heating to the Group's own inventory in order to optimise energy management. In the medium term, these services are to be further expanded and supplemented with new services for tenants.

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 and focussing on per-share returns. Growth in absolute orders of magnitude is not at the forefront of the business strategy. Rather, the aim is to offer tenants affordable housing through sustained and active inventory 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 2018 at a slightly faster pace. According to the Federal Ministry of Economics and Energy, the German economy remains in good shape. According to forecasts by the ifo Institute for Economic Research, GDP is expected to rise between +1.8% and +2.3% in 2018. In May 2018, the KfW Research Institute revised its 'Economic Compass Germany' forecast for 2018 from 2.5% to 2.1% due to negative special factors that had already led to a slowdown in growth in the first quarter of 2018. Despite this downward revision, however, the outlook remains good: private consumption is more buoyant than in the previous year, in view of stable growth in employment and real wages.

In the coming year, the KfW-Research institute predicts that the pace of German economic growth is likely to slow moderately. A real growth forecast of +1.9% seems realistic. In addition to the still unresolved terms of Brexit, the main risks are trade conflicts between the USA, the EU and China.

The labour market as a whole continues to develop favourably. Gainful employment and employment subject to social insurance contributions have increased steadily since the beginning of the year. Unemployment was at 5.0% in June 2018, corresponding to 2.28m job seekers. This is the lowest figure since German reunification in 1990. The positive development in the labour market poses a problem for some sectors, as there is a shortage of skilled workers. According to the Federal Employment Agency, there are more vacancies than qualified employees in almost all sectors.

b) The German residential real-estate market

Investor interest in German residential real estate remains high and could even increase due to international political and economic risks, as investments in the German housing market are considered to be a relatively non-cyclical asset in one of the world's strongest economies. Its high level of resistance to crises is borne out by the figures: for example, average rents for residential units in Germany have been on the rise for more than 20 years in a row, and the number of households is growing steadily in about half of all Germany's administrative districts and autonomous cities.

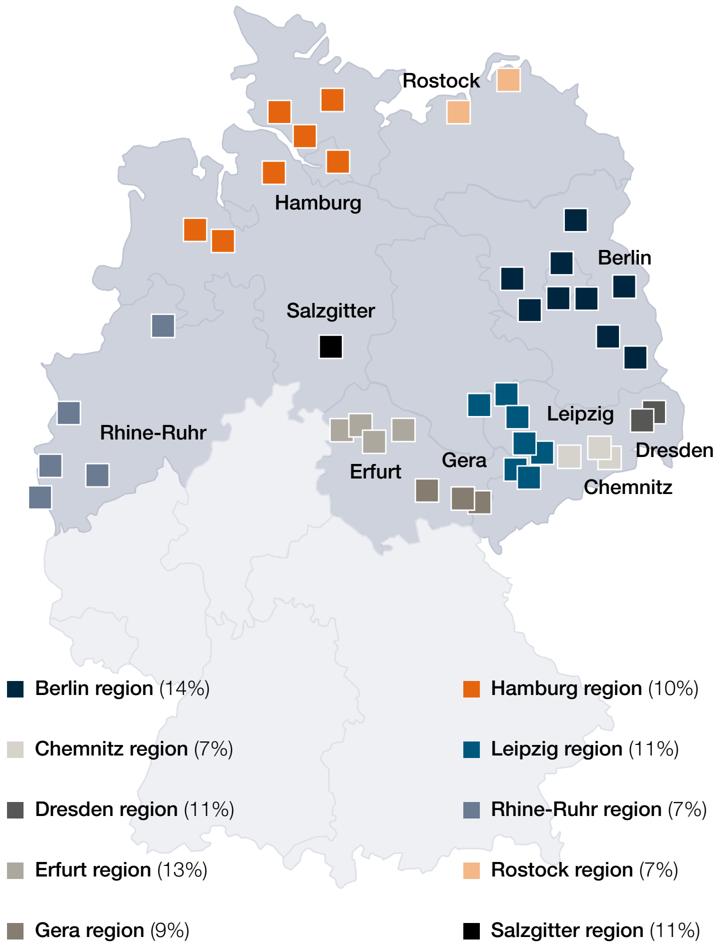
With regard to the regional distribution of the transaction volume, it is striking that the share of transactions involving the areas surrounding 'A cities' has increased significantly. Suburban regions are increasingly benefiting from the tight housing markets in major cities; this creates a good basis for further rent increases.

According to a study of the German residential investment market done by Savills Research in July 2018, a total of EUR 8.8bn was invested in German residential properties and portfolios in the first half of 2018 – approx. 74,600 units changed hands – which represents a 19% increase year-on-year. According to a recent analysis by CBRE, the transaction volume of residential property portfolios of 50 units or more even reached EUR 10.6bn, which corresponds to a 45% year-on-year increase. However, the transaction market for residential property portfolios will continue to be limited by the availability of portfolios. As more and more of the existing portfolios are acquired by long-term orientated portfolio holders, the scarcity continues to grow. Accordingly, interest in alternative investment opportunities in the residential property market is on a steady increase. This dynamic development will continue. A transaction volume for residential properties of EUR 15bn for the full year appears realistic.

c) Development of the TAG property portfolio and the individual regions

Overview

At the end of the second quarter of 2018, the TAG property portfolio comprised approximately 82,400 units. The focus is on the management of attractive yet affordable housing, with great awareness of our social responsibility towards our tenants. The regional focus remains mainly on northern and eastern Germany.



% acc.: proportional IFRS book value real estate volume

Portfolio	06/30/2018	12/31/2017
Units	82,391	83,140
Rentable area in sqm	5,009,632	5,054,778
Real estate volume in EUR millions	4,480.3	4,275.4
Annualised net rent in EUR m p. a. (total)	301.4	303.3
Net rent in EUR per sqm (residential units)	5.22	5.20
Net rent in EUR per sqm (total)	5.33	5.31
Vacancy rate in % (residential units)	5.5	4.8
Vacancy in % (total)	5.8	5.8
I-f-I rental growth in %	1.9	2.0
I-f-I rental growth in % (incl. vacancy reduction)	2.5	3.1

Acquisitions and disposals in the 2018 financial year

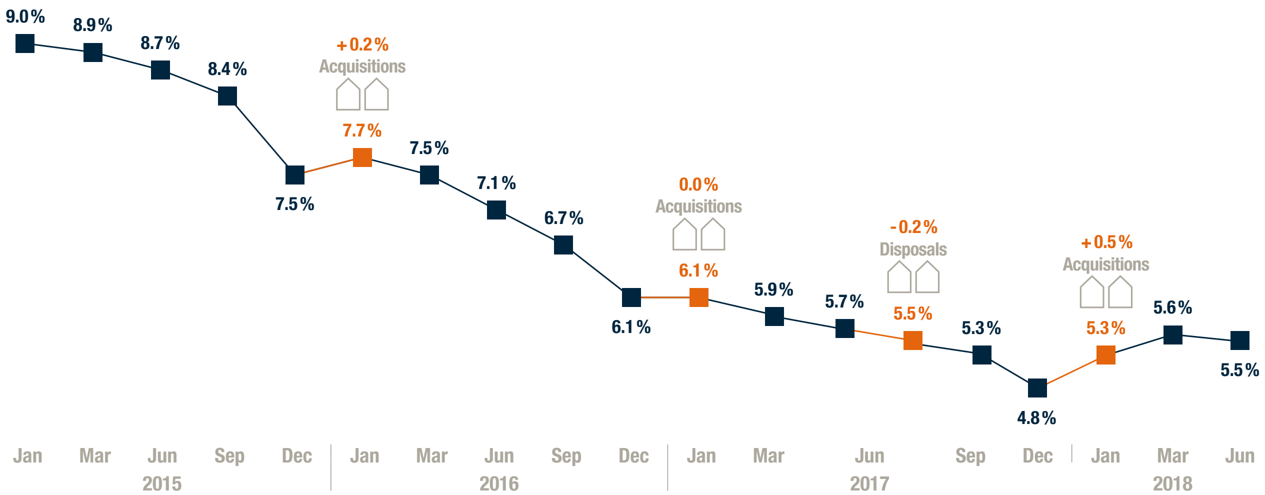
In the first half of 2018, a portfolio of 117 units in Neubrandenburg (Mecklenburg-Western-Pomerania) was acquired in June for a total purchase price of EUR 4.0m. An average purchase multiplier of 12.2 on the current annual net rent of EUR 0.3m was paid, which corresponds to an annual gross initial interest rate of 8.2%. Vacancy in the portfolio is currently at about 1.8%. The transfer of ownership rights, benefits, and obligations is expected to take place in the third quarter of 2018 and thus again offer development opportunities for active asset management within the Group.

After the balance sheet date, the acquisition of another property portfolio with 80 residential units in Stadtilm (Thuringia) was notarised in July 2018. The purchase price was EUR 1.5m. Given current annual net rent of EUR 0.18m, the purchase factor of 8.3 and the initial annual gross yield is 12.0%. The current vacancy rate for this portfolio is c. 22.3%, and the transfer of ownership rights, benefits, and obligations is expected to take place in the fourth quarter of 2018.

Concurrently, sales of 773 residential units were notarised in the first half of 2018, from which a book profit of EUR 0.5m is expected. In addition to the ongoing small-scale sales of 312 residential units (total purchase price EUR 11.5m, average sales factor 13.2, expected net cash inflow EUR 11.2m), the sale of a portfolio of 461 units in North Rhine-Westphalia and Lower Saxony is particularly noteworthy. The transaction is expected to close no later than the fourth quarter of 2018. The annual rent of this portfolio amounts to EUR 1.42m, with vacancy currently at around 13.2%. The net cash inflow (after deduction of related bank financing) is expected to amount to EUR 13.0m. Confidentiality regarding the sales price was agreed with the purchaser. This sale was part of the ongoing portfolio adjustment comprising properties that are not part of the Group‘s core portfolio due to their locations. Further sales are planned for 2018 and 2019, but will not reach significant magnitudes, even in sum (maximum approx. 2-3% of the total portfolio).

Vacancy

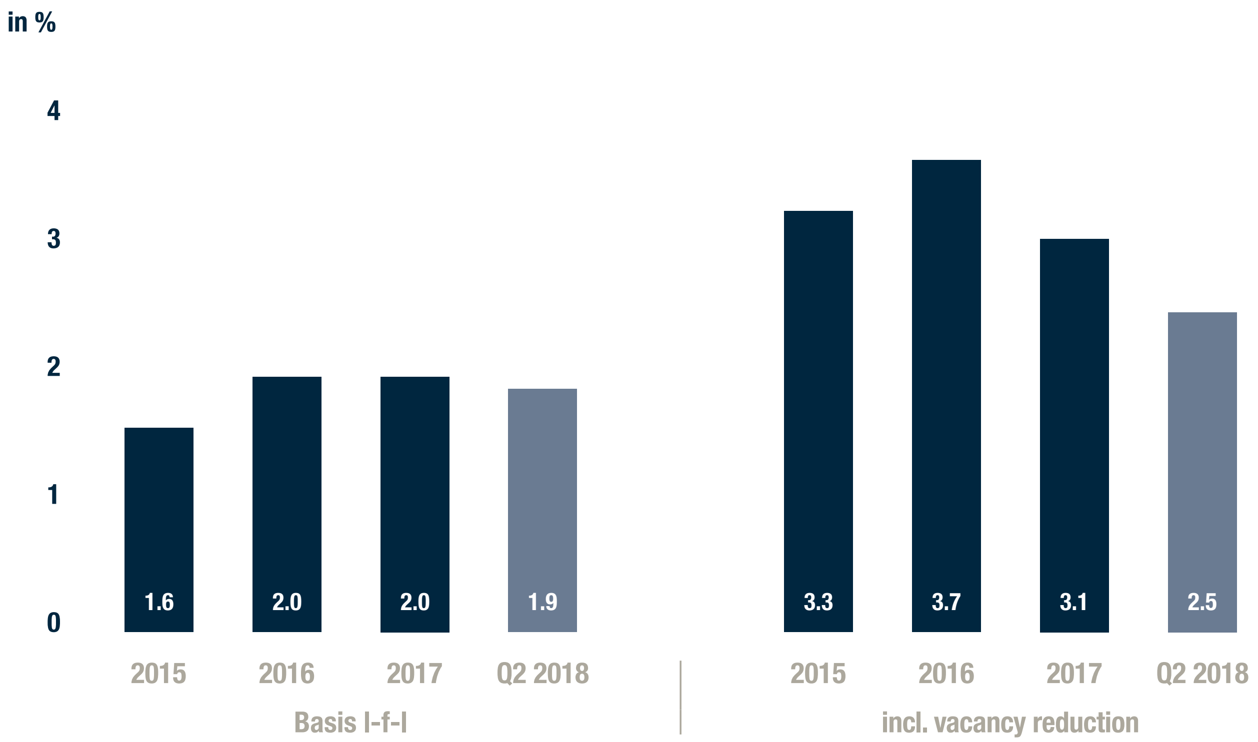
The following table illustrates the positive development of vacancy in the Group’s residential units in the financial years 2015 to 2018:



Residential unit vacancy rose from 4.8% at the end of 2017 to 5.5% in June 2018 due to the integration of the previous year‘s acquisitions and modernisation projects which will result in a reduction in vacancy as the year continues. Across the total portfolio, the vacancy rate in June 2018 was 5.8%, unchanged from the beginning of the year.

Growth in rents

Growth in rents from the Group's residential units amounted to 1.9% per annum on a like-for-like basis (i.e. not including acquisitions and sales of the previous twelve months) at 30 June 2018, after 2.0% in the 2017 financial year. 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 2.5%, after 3.1% in fiscal 2017. The following chart shows the rental growth in the Group's residential units in the financial years 2015 to 2018:



Total investments in the residential units in the first six months of 2018 amounted to EUR 9.08 per sqm (maintenance costs recognised as expenses of EUR 3.36 per sqm and capitalised modernisations of EUR 5.72 per sqm). Extrapolated to a full financial year of twelve months, this equates to EUR 18.16 per sqm compared to EUR 15.12 per sqm in 2017, EUR 15.41 per sqm in 2016 and EUR 15.15 per sqm in 2015. And so, the Group continues to achieve attractive rental growth with only moderate investment requirements and without extensive modernisation programmes for residential units already let.

The portfolio in detail by region

The following table shows further details of the TAG property portfolio, by region, as of 30 June 2018:

Region	Units	Rentable area sqm	IFRS BV 06/30/18 EUR m	In-place yield %	Vacancy Jun-2018 %	Vacancy Dec-2017 %	Current net rent EUR/sqm	Reletting rent EUR/sqm	L-f-l rental growth y-o-y %	L-f-l rental growth y-o-y** %	Maintenance EUR/sqm2	Capex EUR/sqm
Berlin	9,915	565,651	602.9	5.9	5.3	4.9	5.52	6.06	2.7	4.4	3.38	6.61
Chemnitz	7,656	443,391	311.0	7.4	10.7	9.7	4.82	4.78	0.4	2.1	2.89	15.01
Dresden	6,334	411,178	462.2	5.8	3.1	3.1	5.57	5.77	3.1	3.7	1.98	2.20
Erfurt	10,528	592,293	562.2	6.2	3.4	1.7	5.08	5.58	1.2	0.9	2.28	3.78
Gera	9,747	567,407	403.6	7.5	9.4	8.6	4.90	5.34	1.9	1.8	2.82	9.30
Hamburg	7,125	437,704	458.0	6.1	4.6	4.0	5.57	5.85	3.1	2.6	6.39	2.14
Leipzig	10,227	608,532	506.5	7.0	4.6	3.6	5.06	5.47	1.5	1.5	2.50	2.34
Rhine-Ruhr	4,699	299,499	297.8	6.1	3.9	2.9	5.28	5.38	0.7	2.0	6.34	3.74
Rostock	5,614	336,082	313.7	6.6	3.7	3.2	5.37	5.73	1.4	2.7	2.76	7.63
Salzgitter	9,177	563,080	475.0	7.0	5.2	5.2	5.16	5.43	2.5	3.5	3.76	4.86
Total residential units	**81,023**	**4,824,816**	**4,392.9**	**6.5**	**5.5**	**4.8**	**5.22**	**5.54**	**1.9**	**2.5**	**3.36**	**5.72**
Commercial units within res. portfolio	1,195	152,677	-	-	16.7	17.6	7.60	-	-	-	-	-
Total residential portfolio	**82,218**	**4,977,492**	**4,392.9**	**6.8**	**5.8**	**5.7**	**5.28**	**-**	**-**	**-**	**-**	**-**
Other*	173	32,140	87.4	5.1	6.7	9.9	12.35	-	-	-	-	-
Grand total	**82,391**	**5,009,632**	**4,480.3**	**6.7**	**5.8**	**5.8**	**5.33**	**-**	**-**	**-**	**-**	**-**

* including commercial properties and serviced apartments

** including effects from vacancy reduction

Revaluation of the portfolio at 30 June 2018

As in the 2017 financial year, TAG's real estate assets were completely revaluated – by the independent assessor CBRE GmbH – as of 30 June of the year. Besides this appraisal, there will be another full valuation [during the year] as of 31 December 2018.

Overall, there was a valuation gain of EUR 230.0m. This valuation gain is attributable to the good operating performance (effect amounted to EUR 35.2m), and to 'yield compression', i.e. lower capitalisation rates due to lower yield requirements on the part of potential purchasers (effect of EUR 194.8m).

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

Region (in EUR m)	06/30/2018 Fair value (IFRS)	06/30/2018 Fair value (EUR/sqm)	06/30/2018 Implied multiple	FY 2018 Revaluation gain/loss	Share of operational performance/other market developments	Share of yield compression	12/31/2017 Fair value (IFRS)	12/31/2017 Fair value (EUR/sqm)	12/31/2017 Implied multiple
Berlin	602.9	1,009.5	16.0x	37.4	9.5	27.9	566.2	1,002.4	15.8x
Chemnitz	311.0	677.4	13.2x	14.1	1.2	12.9	278.4	606.7	11.9x
Dresden	462.2	1,090.1	16.8x	23.5	3.5	19.9	431.0	1,038.3	16.1x
Erfurt	562.2	913.4	15.2x	26.9	4.4	22.5	498.1	862.6	14.1x
Gera	403.6	677.5	12.9x	4.6	1.5	3.1	390.0	660.7	12.5x
Hamburg	458.0	1,024.2	15.7x	30.7	4.7	26.0	421.1	950.0	14.9x
Leipzig	506.5	815.0	13.9x	34.4	2.2	32.2	409.5	763.1	12.8x
Rhine-Ruhr	297.8	953.6	15.3x	13.3	0.9	12.4	271.5	917.3	14.5x
Rostock	313.7	921.4	14.7x	19.6	5.1	14.5	283.7	860.9	13.8x
Salzgitter	475.0	841.3	14.1x	23.0	3.0	20.1	449.2	795.6	13.4x
Total residential units	**4,392.9**	**882.6**	**14.8x**	**227.5**	**35.9**	**191.6**	**3,998.8**	**837.2**	**14.0x**
Acquisitions	0.0	0.0	0.0x	0.0	0.0	0.0	182.0	761.4	15.0x
Total residential portfolio	4,392.9	882.6	14.8x	227.5	35.9	191.6	4,180.8	833.6	14.0x
Other	**87.4**	**2,718.5**	**19.7x**	**2.5**	**-0.7**	**3.2**	**94.7**	**2,415.6**	**17.5x**
Grand total*	**4,480.3**	**894.3**	**14.9x**	**230.0**	**35.2**	**194.8**	**4,275.4**	**845.8**	**14.1x**

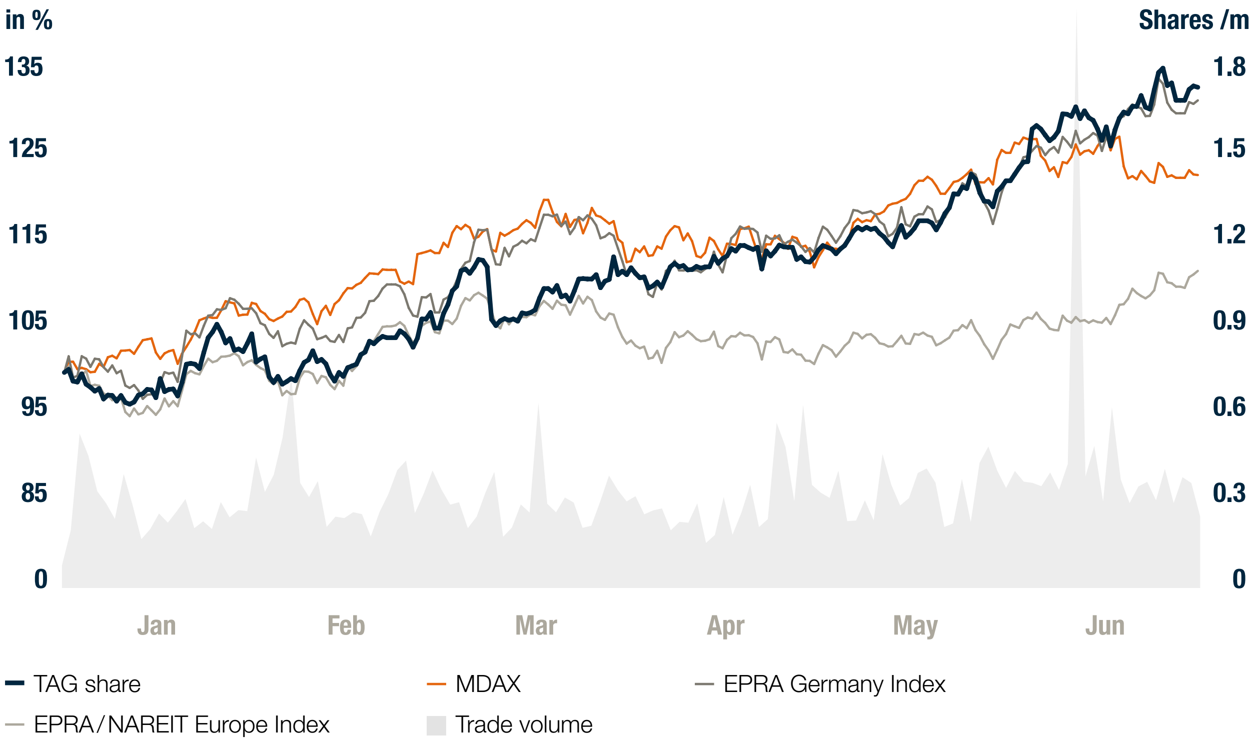
In sum, the valuation, with an average book value of EUR 894.00 per sqm and a valuation factor of 14.9 times current annual net rent (corresponding to a 6.7% gross initial annual interest rate), which offers potential for further value increases.

d) The TAG share and the capital market

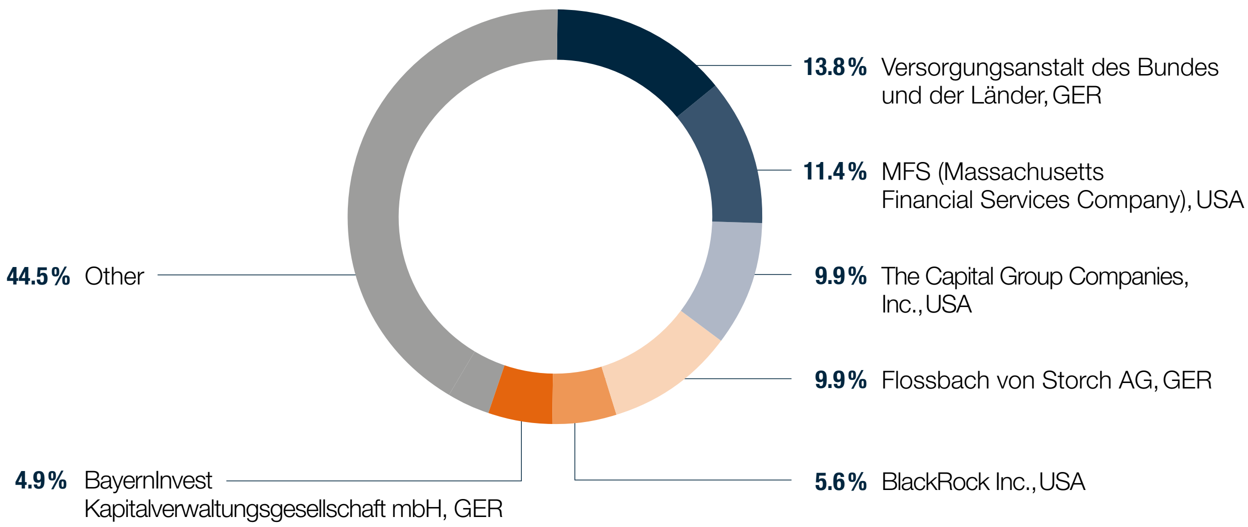
Share performance
In the first half of 2018, the price of the MDAX-listed TAG share saw significant increases, closing at EUR 18.83 (+19%) on 30 June 2018 after a closing price of EUR 15.84 at the end of 2017. Additionally taking into account the dividend of EUR 0.65 per share paid out in May 2018, the overall performance of the TAG share for the first half of 2018 was +23%.

Meanwhile, the MDAX declined by 1% in the first six months of 2018, likewise EPRA Europe. and EPRA Germany, the index of main Germany's listed real estate companies, experienced a merely moderate increase during the same period, rising by 8%.

Share capital and shareholder structure
The share capital and number of shares at the balance sheet date, at EUR 146,498,765, remained unchanged compared to the end of 2017. TAG's market capitalisation was EUR 2.8bn at 30 June 2018, after 2.3bn at 31 December 2017. At the reporting date, free float accounted for 99.88% of the share capital, while 0.12% of the share capital (177,115 shares at 30 June 2018 vs 60,000 shares at 31 December 2017) is held by TAG as treasury shares for Management Board and staff remuneration.



As before, the majority of TAG shareholders are German and international investors with a predominantly long-term investment strategy, as the following overview (as at 30 June 2018) shows:



Dividend
TAG lets its shareholders participate substantially in the company's success by paying an attractive dividend. At this year's Annual General Meeting, which was held on 23 May 2018 in Hamburg, a dividend of EUR 0.65 per share for the 2017 financial year, after EUR 0.57 per share the previous year, was approved and subsequently paid out. To keep the share established as an attractive dividend stock into the future, we plan to again increase the dividend payment for the 2018 financial year, to EUR 0.73 per share, which corresponds to a pay-out ratio of 75% of FFO I.

Capital Markets Day and Banking Day
In June 2018, TAG met investors and analysts in Brandenburg an der Havel for the third TAG Capital Markets Day. Also in June 2018, the lending banks were invited to the fourth TAG Banking Day in Dresden. At these events, a total of more than 100 participants were given insights into business operations, specific investment decisions, and our strategy of economically efficient and profitable property management. The consistently positive feedback demonstrates the company's high level of acceptance on the capital market and among its banking partners.

Issuance of new corporate bonds with a total volume of EUR 250m/Early repurchase of the EUR 125m corporate bond 2014/2020
In June 2018, TAG issued a private placement in the form of two corporate bonds for institutional investors. The first, five-year corporate bond 2018/2023 has a volume of EUR 125m and a coupon of 1.25% p.a. With an issue price of 99.395%, the effective annual interest rate is 1.38%. The second EUR 125m corporate bond 2018/2025 has a seven-year term and an annual interest rate of 1.75%. Issued at a price of 99.615%, its effective interest rate is 1.81% p.a. Both corporate bonds are not subordinated unsecured and were admitted to trading on the Open Market of the Frankfurt Stock Exchange.

At the same time, in June 2018 TAG Immobilien AG repurchased the EUR 125m 2014/2020 corporate bond, which bears interest at 3.75% p.a. and matures on 25 June 2020, in full and prematurely, paying out the coupons still outstanding. The bond was subsequently delisted from the Open Market of the Frankfurt Stock Exchange. The one-off interest expense from the early repurchase amounted to EUR 9.5m.

The remaining proceeds from the 2018/2023 and 2018/2025 corporate bonds after the repurchase of the 2014/2020 corporate bond will be used for general corporate purposes, in particular to refinance short-term bank loans.

Repayment of the 2013/2018 corporate bond in the amount of EUR 191m in August 2018

The outstanding volume of the 5.125% p.a. corporate bond 2013/2018 in the amount of EUR 191.0m was repaid on 7 August 2018. To optimise the capital and financing structure, the creditors of this bond (with an original volume of EUR 310.0m) had already been offered an early repurchase of the securities in August 2017. That offer was accepted last year in a nominal volume of EUR 119.0m.

e) Analysis of net assets, financial position, and results of operations

Results of operations

A breakdown of rental income for the first half of 2018 is shown below:

Rental income	H1 2018 EUR m	H1 2017 EUR m (adjusted)
Net rent	150.7	143.3
Recharged external operating and incidental expenses	33.7	38.5
Recharged proportionate land tax and building insurance	11.5	11.6
Total	**195.9**	**193.4**

In the first six months of the 2018 financial year, the Group increased its net actual rents by 5.2% year-on-year, from EUR 143.3m to EUR 150.7m. The main reasons for the increase in rental income were the new inventories taken over in the 2017 financial year, and the good operational growth in rents.

The individual items of rental expenses are as follows:

Rental expense	H1 2018 EUR m	H1 2017 EUR m (adjusted)
Maintenance expenses	16.4	13.7
Operating costs of vacant real estate	5.9	5.3
Non-recoverable charges	4.6	4.3
Impairment losses on rent receivables	2.7	2.1
Non-recharged expenses	**29.6**	**25.4**
Recharged expenses, taxes and insurance premiums	45.2	50.1
Total	**74.8**	**74.5**

Mainly as a result of the increased rental revenues, rental profit, as the balance of rental revenues and expenses, also improved from EUR 117.9m in the previous year to EUR 121.1m in the first half of 2018.

The proceeds from the sale of properties and the results of their sale are shown below:

Income from sales	H1 2018 EUR m	H1 2017 EUR m
Revenues from the sale of investment properties	54.0	30.0
Expenses on the sale of investment properties	-54.0	-29.6
Net income from the sale of investment properties	**0.0**	**0.4**
Net income from the sale of properties held as inventory	5.3	1.7
Revenues from the sale of inventories	-5.2	-1.5
Expenses on the sale of inventories	**0.1**	**0.2**
Total	**0.1**	**0.6**

The result from services is distributed among the services provided by the TAG Group and the pro rata property tax and building insurance attributed thereto as follows:

Net income from property services	H1 2018 EUR m	H1 2017 EUR m (adjusted)
Internally generated operating and incidental expenses	18.2	11.6
Recharged proportionate land tax and building insurance	1.0	0.7
Other service income	2.6	2.1
Income from property services	**21.8**	**14.4**
Expenditure from property services	-13.3	-10.1
Net income from property services	**8.5**	**4.3**

The following overview summarises the main components of other operating income:

Other operating income	H1 2018 EUR m	H1 2017 EUR m (adjusted))
Income from the reversal of provisions	0.5	0.8
Reimbursement	0.9	0.5
Other off-period income (e.g. income from impaired receivables)	0.7	1.2
Other	1.2	0.6
Total	**3.3**	**3.1**

The item ‘fair value changes in investment properties and valuation of investment properties’ includes gains and losses from the current valuation of investment properties in the portfolio, the valuation result on the purchase of investment properties, and effects from the valuation of properties held as inventories.

The breakdown is as follows:

Valuation result	H1 2018 EUR m	H1 2017 EUR m
Investment properties		
Net valuation gains on portfolio real estate	229.8	48.3
amount due to changes in expected transaction costs	0.0	-256.5
amount due to changes in other market parameters	229.8	304.8
Net valuation gains on real estate acquisitions	0.0	-6.2
Properties held as inventories		
Impairments	0.2	-2.6
amount due to changes in expected transaction costs	0.0	-0.2
amount due to changes in other marketparameters	0.0	-2.4
Total	**230.0**	**39.5**

Personnel expenses increased to EUR 21.6m in the first half of 2018 (previous year: EUR 20.1m), especially due to the continued expansion of in-house caretaker and maintenance services. At 30 June 2018, TAG had 1,001 employees, including all caretakers and handymen, compared with 961 employees at the end of the 2017 financial year.

Amortisation of intangible assets and depreciation of property, plant and equipment mainly comprise scheduled depreciation of owner-occupied properties as well as IT and other office equipment. At EUR 2.0m are roughly on a par with the previous year‘s EUR 1.8m.

The composition of other operating expenses is shown below:

Other operating expenses	H1 2018 EUR m	H1 2017 EUR m
Legal, consulting and auditing costs (incl. IT consulting)	2.8	2.5
Cost of premises	1.0	0.9
IT costs	0.9	0.7
Telephone costs, postage, office material	0.7	0.7
Travel expenses (incl. motor vehicles)	0.7	0.7
Other	2.3	2.8
Total	**8.4**	**8.3**

In June 2018, an existing EUR 125.0m bond with an original maturity of 25 June 2020 was repaid prematurely, paying out the coupons still outstanding. The early interest expense of EUR 9.5m is included as a special effect in the net financial result. In addition, a valuation loss of EUR 21.9m results from the valuation of derivatives (here mainly on the portion of the EUR 262.0m convertible bond issued in August 2017 that was recognised as a derivative), so that the net financial result, which represents the balance of financial income and financial expenses, decreased from EUR 41.5m as of 30 June 2017 to EUR 61.7m for the first six months of 2018. By contrast, net financial income which is used in determining FFO, adjusted for one-off effects, improved to EUR 29.4m as of 30 June 2018, compared to EUR 35.0m in the same period of the previous year.

Financial result	H1 2018 EUR m	H1 2017 EUR m
Investment income	0.4	0.1
Depreciation of financial assets	0.0	-0.2
Interest income	0.6	1.1
Interest expense	-62.7	-42.5
Finance income/expense	**-61.7**	**-41.5**
Non-cash interest from bonds	0.9	0.4
Breakage fees	9.5	5.4
Other non-cash items (i. e. derivatives)	21.9	0.7
Net finance income/expense (cash, excluding one-off effects)	**-29.4**	**-35.0**

Income taxes are composed as follows:

Income taxes	H1 2018 EUR m	H1 2017 EUR m
Actual income taxes for current year	2.2	2.4
Actual income taxes for previous years	-0.2	-0.3
Deferred income taxes	49.1	17.5
Total	**51.1**	**19.6**

Overall, TAG generated pre-tax earnings (EBT) of EUR 218.3m in the first half of the 2018 financial year, after EUR 74.0m in the first half of 2017. This significant, EUR 144.3m improvement in earnings was due in particular to the valuation result, which was up EUR 190.5m on the previous year. This was countered primarily by an increase of EUR 4.1m in prepayment penalties in the financial result, and an increase in deferred tax expenses of EUR 31.6m.

This results in the following adjusted EBITDA and adjusted EBITDA margin (excluding sales results) for the first six months of 2018:

	H1 2018 EUR m	H1 2017 EUR m
EBIT	**331.1**	**135.2**
Revaluations	-230.0	-39.5
Depreciation	2.0	1.8
Valuation result	-0.1	-0.6
EBITDA (adjusted)	**103.0**	**96.9**
Net rent	150.7	143.3
EBITDA margin (adjusted)	**68.3%**	**67.6%**

The year-on-year improvement in the EBITDA margin (adjusted) is mainly due to the cost-efficient integration of the acquisitions made in fiscal 2017, and the expansion of the high-margin service business.

The following table shows the calculation of FFO I, the adjusted EBITDA, AFFO (adjusted funds from operations excl. capex, but not including capex for project developments) and FFO II (FFO I incl. net revenue from sale) in the first half of 2018, in comparison to the same period of the previous year:

in EUR m	H1 2018 EUR m	H1 2017 EUR m
Net income	**218.3**	**74.0**
Taxes on income	51.1	19.6
Financial result	61.7	41.6
EBIT	**331.1**	**135.2**
Valuation result	-230.0	-39.5
Depreciation	2.0	1.8
Net revenues from sales	-0.1	-0.6
EBITDA (adjusted)	**103.0**	**96.9**
Net finance income (recognised in the cash flow statement, excluding one-off effects)	-29.4	-35.0
Actual income taxes	-2.0	-2.1
Guaranteed dividend for non-controlling interests	-0.4	-0.4
FFO I	**71.2**	**59.4**
Capitalised maintenance	-4.6	-3.6
AFFO before modernisation capex	**66.6**	**55.8**
Modernisation capex	-23.0	-14.2
AFFO	**43.6**	**41.6**
Net revenues from sales	0.1	0.6
FFO II (FFO I + net revenues from sales)	**71.3**	**60.0**
Weighted average number of shares, fully diluted (in 000)	146,360	144,968
FFO I per share (EUR)	**0.49**	**0.41**
AFFO per share (EUR)	**0.30**	**0.28**
Weighted average number of shares, fully diluted (in 000)	160,984	-
FFO I per share (EUR) fully diluted	**0.45**	**-**
AFFO per share in (EUR) fully diluted	**0.28**	**-**

Thus FFO I during the reporting period has increased significantly year-on-year. In addition to a EUR 6.1m improvement in adjusted EBITDA, a EUR 5.6m increase in net financial income (cash-effective, excluding one-off effects) also contributed to this positive development.

Fully diluted FFO I and AFFO results were also calculated for the first time at 30 June 2018, as the EUR 262.0m convertible bond issued in August 2017 was quoted „in the money“ for the first time on this date.

Net assets and investments

The balance sheet total at 30 June 2018 was EUR 4,887.0m, up from EUR 4,634.5m at 31 December 2017. At 30 June 2018, the book value of the entire real-estate volume was EUR 4,480.2m (31 December 2017: EUR 4,275.4m), of which EUR 4,315.0m (31 December 2017: EUR 4,166.0m) are investment properties.

In the first half of 2018, TAG spent a total of EUR 44.0m (previous year: EUR 31.5m) on ongoing maintenance and modernisation costs across its portfolio. EUR 16.4m (prior-year period: EUR 13.7m) were expensed for maintenance recognised in profit or loss, and EUR 27.6m (prior-year period: EUR 17.8m) for capitalised modernisation costs, which break down as follows:

	H1 2018 EUR m	H1 2017 EUR m
Property based programme	11.9	4.5
Single unit programme		
Modernisation of vacant flats	11.1	9.9
Modernisation during re-letting	4.6	3.4
Total expenditures on modernisation	**27.6**	**17.8**

In addition, EUR 2.9m (previous year: EUR 0.0m) in modernisation expenses for project developments were incurred, for a former commercial property that is currently being converted into student housing and micro-apartments. These modernisation costs are considered separately from the residential portfolio.

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

Deferred income tax assets	06/30/2018 EUR m	12/31/2017 EUR m
Unused tax losses	46.3	49.9
Derivative financial instruments	8.9	2.1
Others (including offsetting)	-11.8	-6.6
Total	**43.4**	**45.4**

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

Deferred income tax liabilities	06/30/2018 EUR m	12/31/2017 EUR m
Valuation on investment properties	416.7	364.9
Others (including offsetting)	-10.7	-6.0
Total	**406.0**	**358.9**

Financial position and equity

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

	06/30/2018 EUR m	12/31/2017 EUR m
Cash and cash equivalents (balance sheet)	313.6	263.7
Cash at banks subject to drawing restrictions	-5.5	-14.4
Cash and cash equivalents (cash flow statement)	**308.1**	**249.3**

Taking into account the dividend of EUR 95.1m paid out in May 2018, equity increased by EUR 122.5m in the first six months of the 2018 financial year, mainly due to the positive consolidated result, so that equity as of 30 June 2018 amounts to EUR 1,769.1m (31 December 2017: EUR 1,646.7m). The equity ratio was 36.2% as of the reporting date, compared with 35.5% as of 31 December 2017.

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

	06/30/2018 EUR m	12/31/2017 EUR m
Consolidated equity (before non-controlling interests)	**1,744.1**	**1.625.9**
Deferred income taxes on investment properties and derivative financial instruments	407.8	362.3
Fair value of derivative financial instruments	29.6	8.4
Difference between fair value and book value for properties valued at cost	35.3	24.8
EPRA NAV	**2,216.8**	**2,021.4**
Number of shares (outstanding)	146,322	146,439
EPRA NAV per share in EUR	**15.15**	**13.80**
Weighted average number of shares, fully diluted (in 000)	160,998	-
EPRA NAV per share in EUR, fully diluted	**15.54**	**-**

Fully diluted earnings per share for the NAV are also calculated for the first time as of 30 June 2018, as the EUR 262.0m convertible bond issued in August 2017 was quoted „in the money“ for the first time on this date.

The main reason for the increase in NAV is the good operating earnings and the real estate valuation.

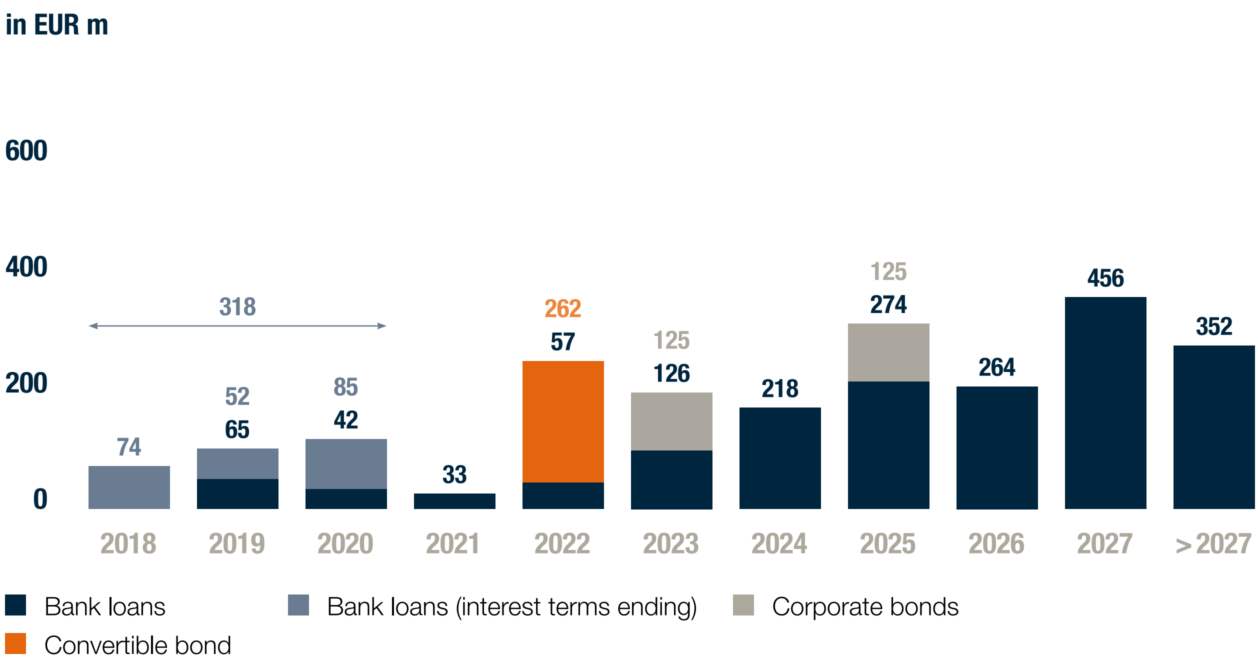
The calculation of the debt ratio loan-to-value (LTV) is shown below:

	06/30/2018 Mio. EUR	12/31/2017 Mio. EUR
Non-current and current liabilities to banks	1,879.7	1,935.4
Non-current and current liabilities from corporate bonds	443.6	322.2
Non-current and current liabilities from convertible bonds	256.8	256.2
Cash and cash equivalents	-313.6	-263.7
Net financial debt	**2,266.5**	**2,250.1**
Book value of investment properties	4,315.0	4,166.0
Book value of property reported under tangible assets	9.7	9.8
Book value of property held as inventory	46.3	48.1
Book value of property reported under non-current assets held for sale	109.3	51.5
Real estate volume	**4,480.3**	**4,275.4**
Difference between fair value and book value for properties valued at cost	35.3	24.8
Book value of property for which purchase prices have already been paid in advance	-0.3	-0.3
Relevant real estate volume for LTV calculation	**4,515.2**	**4,299.9**
LTV	**50.2%**	**52.3%**

The reduction in LTV to 50.2% as of 30 June 2018 (previous year: 52.3%) is mainly attributable to the property valuation, as well as the improved operating results.

The average interest rate on bank loans was unchanged at 2.24% as of 30 June 2018 and 31 December 2017. Total borrowing costs, i.e. including interest rates for corporate and convertible bonds, amounted to 2.20% as of 30 June 2018, compared to 2.34% at 31 December 2017. Excluding the EUR 191.0m corporate bond already repaid on 7 August 2018, total borrowing costs would have amounted to 1.99% as of 30 June 2018 (pro forma information).

The maturities of all financial liabilities as of 30 June 2018 are as follows (after repayment of EUR 191.0m corporate bond on 7 August 2018 (pro forma information)):



The average remaining term of bank loans at the reporting date was 9.8 years (31 December 2017: 10.3 years), and that of all financial liabilities was 8.2 years (31 December 2017: 8.6 years); as of 30 June 2018 excluding the EUR 191.0m corporate bond repaid on 7 August 2018: 8.8 years (pro forma information).

Fixed-interest liabilities to banks totalling EUR 318m (Q3 and Q4 2018: EUR 74m; 2019: EUR 117m; 2020: EUR 127m) will mature within the next nearly three years or can be refinanced on maturity without prepayment penalty as the contractual interest commitment ends. The average interest rates on these bank loans are 2.64% (loans expiring in 2018), 3.62% (loans expiring in 2019) and 3.65% (loans expiring in 2020).

General statement on the economic situation

In the first half of 2018, TAG again achieved excellent results in terms of its key operating indicators such as rental growth. Beyond this, the acquisitions of the previous year were successfully integrated and vacancy was reduced. FFO I increased to EUR 71.2m (previous year: EUR 59.4m). The main reasons are the significantly lower net financial result (cash effective without one-off items) and an improved adjusted EBITDA.

This means that the earnings and asset situation remains positive. TAG has sufficient liquidity and is [fully] financed for the long term.

f) Personnel report (employees) and executive bodies

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

	06/30/2018	12/31/2017
Employees in operations	526	509
Administration and central functions	107	105
Caretakers	312	297
Craftsmen	56	50
Total	**1,001**	**961**

At TAG‘s Annual General Meeting on 23 May 2018 the Supervisory Board members representing the shareholders were elected for a period of five years, as scheduled. After four years on the board, Dr Hans-Jürgen Ahlbrecht retired from the Supervisory Board for reasons of age. Prof Dr Kristin Wellner, Professor of Planning and Construction Economics and Real Estate Industry at the Technical University of Berlin, was elected as a new shareholder representative. With the exception of the employee representatives, whose term of office does not expire until April 2020 and who were therefore not eligible to stand for election, all other members of the Supervisory Board were confirmed in their mandates.

g) Other information

There were no transactions with related parties.

III. Material events after the reporting date

On 7 August 2018, the outstanding volume of the 5.125% p.a. corporate bond 2013/2018 in the amount of EUR 191.0m was repaid as planned. To optimise the capital and financing structure, the creditors of this bond (with an original volume of EUR 310.0m) had already been offered an early repurchase of the securities in August 2017. This offer was accepted last year in a nominal volume of EUR 119.0m.

After the reporting date, the acquisition of another real-estate portfolio with 80 apartments in Stadtilm (Thuringia) was notarised in July 2018. The purchase price was EUR 1.5m; with current annual net rent at EUR 0.18m, this translates to a purchase factor of 8.3 and an annual gross initial interest rate of 12.0%. Vacancy for this portfolio currently stands at c. 22.3%; the transfer of ownership, benefits and burdens is expected to take place in the fourth quarter of 2018.

HEUBECK AG published the new HEUBECK RICHTTAFELN 2018 G on 20 July 2018. These guideline tables are based on the latest statistics from the statutory pension insurance and the Federal Statistical Office and thus reflect the latest developments in mortality, disability, marriage and fluctuation probabilities. The HEUBECK RICHTTAFELN 2018 G take socio-economic factors into account for the first time. TAG did not apply the new tables in its interim reporting. Basically, TAG expects only an insignificant effect from the application of the new guideline tables.

IV. Outlook, opportunities and risks

Its business activities expose TAG to various operational and economic opportunities and risks. Please refer to the detailed presentation in the „Outlook, Opportunities and Risks" section of the Group Management Report for the 2017 financial year for further details. Since 1 January 2018, no significant developments have occurred or become apparent that would lead to a different assessment of the opportunities and risks.

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.

The forecasts published in the 2017 Annual Report can be raised by EUR 6.0m or EUR 0.04 per share for the FFO and by EUR 0.03 per share for the dividend, based on the good operating performance and the refinancing measures implemented in the first half of 2018. By contrast, the EBT forecast was reduced by EUR 5.0m, which is mainly due to early repayment penalties in connection with early refinancing (EUR 9.5m alone from the early repayment of the 2014/2020 corporate bond). These early repayment fees are not taken into account when calculating the FFO. The new forecasts are as follows:

- FFO (FFO I excluding sales) in 2018: between EUR 141m and EUR 143m (previously EUR 135m to 137m after EUR 127.4m in 2017) or EUR 0.97 per share (previously EUR 0.93 after EUR 0.87 in 2017)
- Dividend per share for 2018: EUR 0.73 (previously EUR 0.70 after EUR 0.65 for 2017)
- EBT (without results from the valuation of investment properties and financial derivatives): EUR 130m and EUR 132m (previously EUR 135m to EUR 137m after EUR 106.0m in 2017), or EUR 0.89 per share (previously EUR 0.93 after EUR 0.73 in 2017).

The forecasts for NAV per share (excluding results from the valuation of investment properties and after accounting for the dividend payment of EUR 0.65 per share: EUR 14.00 to EUR 14.10 after EUR 13.80 as of 31 December 2017); development of vacancy (decline in the overall portfolio to between 5.3% to 5.5% after 5.8% at 31 December 2017); and rental growth on a like-for-like basis (2.5% to 3.0% after 3.1% p.a. in 2017 including effects from vacancy reduction) remain unchanged.

Hamburg, 8 August 2018

Claudia Hoyer

Claudia Hoyer
COO

M. Thiel

Martin Thiel
CFO

Dr. Harboe Vaagt
CLO

CONSOLIDATED BALANCE SHEET

Assets in TEUR	06/30/2018	12/31/2017
Non-current assets		
Investment properties	4,315,047	4,166,008
Intangible assets	1,172	1,825
Property, plant and equipment	24,116	23,992
Other financial assets	7,292	6,537
Deferred taxes	43,378	45,434
	4,391,005	**4,243,796**
Current assets		
Property held as inventory	46,349	48,149
Other inventories	480	318
Trade receivables	7,092	8,716
Income tax receivables	4,024	7,066
Other current assets	15,149	11,324
Cash and cash equivalents	313,583	263,669
	386,677	**339,242**
Non-current assets held for sale	**109,334**	**51,502**
	4,887,016	**4,634,540**

Equity and liabilities in TEUR	06/30/2018	12/31/2017
Equity		
Subscribed capital	146,322	146,439
Share premium	777,679	779,689
Other reserves	1,035	-66
Retained earnings	819,027	699,848
Attributable to the equityholders of the parent company	1,744,063	1,625,910
Attributable to non-controlling interests	25,078	20,738
	1,769,141	**1,646,648**
Non-current liabilities		
Liabilities to banks	1,816,946	1,858,037
Liabilities from corporate bonds	248,640	124,930
Liabilities from convertible bonds	256,297	255,628
Derivative financial instruments	29,572	8,030
Retirement benefit provisions	5,758	5,942
Other non-current liabilities	6,805	6,648
Deferred taxes	406,045	358,910
	2,770,063	**2,618,125**
Current liabilities		
Liabilities to banks	62,771	77,399
Liabilities from corporate bonds	194,982	197,291
Liabilities from convertible bonds	546	547
Derivative financial instruments	0	328
Income tax liabilities	7,966	7,805
Other provisions	32,658	37,117
Trade payables	13,942	7,794
Other current liabilities	34,947	41,486
	347,812	**369,767**
	4,887,016	**4,634,540**

CONSOLIDATED INCOME STATEMENT

in TEUR	01/01/ - 06/30/2018	01/01/ - 06/30/2017 (adjusted*)	04/01/ - 06/30/2018	04/01/ - 06/30/2017 (adjusted*)
Rental income	195,950	193,446	92,381	94,180
Rental expense	-74,847	-75,499	-31,122	-35,238
Net rental income	121,103	117,947	61,259	58,942
Revenues from the sale of real estate	59,332	31,657	43,805	18,624
Expenses on the sale of real estate	-59,188	-31,073	-43,174	-18,167
Sales result	144	584	631	457
Revenues from services	21,789	14,408	11,509	9,589
Expenses from property services	-13,336	-10,113	-7,559	-6,340
Services result	8,453	4,295	3,950	3,249
Other operating income	3,346	3,063	1,726	1,911
Fair value changes in investment properties and valuation of properties held as inventory	230,034	39,514	230,569	39,831
thereof due to changes in expected transaction costs	0	-256,660	0	-256,660
thereof due to changes in other input factors	230,034	296,174	230,569	296,491
Personnel expense	-21,558	-20,132	-10,756	-10,260
Depreciation / amortisation	-2,006	-1,772	-976	-905
Other operating expense	-8,368	-8,326	-4,691	-3,829
EBIT	**331,148**	**135,173**	**281,712**	**89,396**
Net income from investments	395	113	339	57
Profit or loss from investments in associates	0	-5	0	-3
Impairments of financial assets	0	-261	0	-261
Interest income	629	1,109	411	545
Interest expense	-62,716	-42,492	-46,759	-23,989
EBT	**269,456**	**93,637**	**235,703**	**65,745**
Income taxes	-51,098	-19,603	-44,020	-13,818
Consolidated net income	**218,358**	**74,034**	**191,683**	**51,927**
attributable to non-controlling interests	4,069	1,426	3,726	1,087
attributable to equityholders of the parent company	214,289	72,608	187,957	50,840
Earnings per share (in EUR)				
Basic earnings per share	1.46	0.50	1.28	0.35
Diluted earnings per share	1.46	0.50	1.28	0.35

*See the section entitled ‘Accounting and valuation methods - IFRS 15: Revenue from contracts with customers and separate presentaion of net service income’ in the notes to the consolidatet fincancial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/-06/30/2018	01/01/-06/30/2017	04/01/-06/30/2018	04/01/-06/30/2017
Net income as shown in the income statement	**218,358**	**74,034**	**191,683**	**51,927**
Items that will later be classified as expense				
Unrealised gains and losses from hedge accounting	165	410	-1	143
Deferred taxes on unrealised gains and losses	-53	-93	1	-32
Other comprehensive income after taxes	112	317	0	111
Total comprehensive income	**218,470**	**74,351**	**191,683**	**52,038**
attributable to non-controlling interests	4,069	1,426	3,726	1,087
attributable to equityholders of the parent company	214,401	72,925	187,957	50,951

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	01/01/ - 06/30/2018	01/01/ - 06/30/2017
Consolidated net income	218,358	74,034
Net interest income / expense through profit and loss	62,085	41,383
Current income taxes through profit and loss	1,961	2,112
Depreciation / amortisation on intangible assets and property, plant and equipment	2,006	2,033
Profit or loss from investments in associates and other financial assets	-395	-108
Fair value changes in investment properties and valuation of properties held as inventory	-230,034	-39,514
Gains / losses from the disposal of investment properties	-50	-385
Gains from the disposal of tangible and intangible assets	18	0
Impairments rent receivables	2,729	2,098
Changes to deferred taxes	49,138	17,491
Changes in provisions	-4,643	2,243
Interest received	312	747
Interest paid	-29,404	-38,149
Income tax payments	1,242	- 296
Changes in receivables and other assets	6,617	-3,241
Changes in payables and other liabilities	-352	-3,603
Cashflow from operating activities	**79,588**	**56,845**

in TEUR	01/01/ - 06/30/2018	01/01/ - 06/30/2017
Payments received from the disposal of investment properties (less selling costs)	53,300	16,855
Payments made for investments in investment properties	-31,041	-162,115
Payments made for investments in intangible assets and property, plant and equipment	-1,583	-6,669
Payments made for the purchase of minority interests	-8	-53
Payments received from other financial assets	432	236
Cashflow from investing activities	**21,100**	**-151,746**
Purchase of treasury shares	-2,377	0
Proceeds from the issuance of treasury shares (net, after costs)	510	50,417
Proceeds from the issuance of convertible bonds	-134,455	0
Payments made for the repayment of corporate bonds	248,639	0
Dividends paid	-95,109	-83,470
Proceeds from new bank loans	30,135	310,499
Repayment of bank loans	-89,229	-206,648
Cashflow from financing activities	**-41,886**	**70,798**
Net change in cash and cash equivalents	58,802	-24,103
Cash and cash equivalents at the beginning of the period	249,247	67,046
Cash and cash equivalents at the end of the period	**308,049**	**42,943**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Attributable to the parent's shareholders							
			Other reserves					
in TEUR	Sub-scribed capital	Share premium	Reta-ined ear-nings	Hedge accoun-ting reserve	Retained earnings	Total	Noncon-trolling interests	Total equity
Amount on 01/01/2018 before first-time application IFRS 9	**146,439**	**779,689**	**46**	**-112**	**699,848**	**1.625,910**	**20,738**	**1,646,648**
First-time application IFRS 9	0	0	989	0	0	989	4	993
Amount on 01/01/2018 after first-time application IFRS 9	**146,439**	**779,689**	**1,035**	**-112**	**699,848**	**1,626,899**	**20,742**	**1,647,641**
Consolidated net income	0	0	0	0	214,289	214,289	4,069	218,358
Other comprehensive income	0	0	0	112	0	112	0	112
Total comprehensive income	**0**	**0**	**0**	**112**	**214,289**	**214,401**	**4,069**	**218,470**
Colonia settlement offer	0	-354	0	0	0	-354	0	-354
Purchase of treasury shares	-150	-2,227	0	0	0	-2,377	0	-2.377
Share-based compensation management board	0	94	0	0	0	94	0	94
Dividends paid	0	0	0	0	-95,109	-95,109	0	-95,109
Issuance of treasury shares	33	477	0	0	0	510	0	510
Change in non-controlling interests	0	0	0	0	0	0	267	267
Amount on 06/30/2018	**146,322**	**777,679**	**1,035**	**0**	**819,027**	**1,744,063**	**25,078**	**1,769,141**
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 settlement offer	0	-377	0	0	0	-377	0	-377
Issuance of treasure shares	4,095	46,322	0	0	0	50,417	0	50,417
Share-based compensation management board	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**

CONSOLIDATED SEGMENT REPORT

		Segment by LIM Region												
in TEUR		**Berlin**	**Chem-nitz**	**Dres-den**	**Rhine -Ruhr**	**Erfurt**	**Gera**	**Ham-burg**	**Leipzig**	**Ros-tock**	**Salz-gitter**	**Other activi-ties**	**Con-soli-dati-on**	**Total**
Segment revenues (Rental income)	**H1 2018**	**19,063**	**11,764**	**13,723**	**9,639**	**18,387**	**15,843**	**15,096**	**18,407**	**10,623**	**16,784**	**1,888**	**-509**	**150,708**
	H1 2017	18,089	11,074	13,080	10,786	16,573	15,420	14,725	15,868	10,047	16,133	2,054	-500	143,349
Segment expenses	**H1 2018**	**-5,647**	**-3,795**	**-1,889**	**-3,453**	**-4,225**	**-3,074**	**-3,590**	**-3,083**	**-2,072**	**-4,660**	**-589**	**-457**	**-36,534**
	H1 2017	-3,072	-3,808	-1,985	-2,967	-3,074	-3,725	-2,222	-2,588	-2,039	-5,953	-495	1,545	-30,383
Rental expenses	H1 2018	-370	-183	-333	-609	-627	-405	-535	-352	-308	-558	-479	-288	-5,047
	H1 2017	-476	-402	-447	-689	-752	-888	-536	-556	-324	-537	-435	283	-5,759
Investment costs	H1 2018	-5,174	-3,586	-1,566	-2,501	-3,325	-2,574	-2,799	-2,533	-1,655	-3,829	-99	6	-29,635
	H1 2017	-2,496	-3,320	-1,501	-2,021	-2,232	-2,735	-1,495	-2,109	-1,612	-5,128	-98	1,309	-23,438
Impairment losses on receivables	H1 2018	-284	-104	-57	-459	-356	-179	-460	-280	-179	-363	-8	0	-2,729
	H1 2017	-216	-142	-93	-387	-146	-143	-305	-95	-177	-380	-14	0	-2,098
Other income / expenses	H1 2018	181	78	67	116	83	84	204	82	70	90	-3	-175	877
	H1 2017	116	56	56	130	56	41	114	172	74	92	52	-47	912
Segment results I	**H1 2018**	**13,416**	**7,969**	**11,834**	**6,186**	**14,162**	**12,769**	**11,506**	**15,324**	**8,551**	**12,124**	**1,299**	**-966**	**114,174**
	H1 2017	15,017	7,266	11,095	7,819	13,499	11,695	12,503	13,280	8,008	10,180	1,559	1,045	112,966
Personnel expenses (LIM region)	H1 2018	-939	-783	-543	-490	-680	-1,147	-719	-909	-593	-930	-226	0	-7,959
	H1 2017	-1,081	-748	-553	-409	-689	-1,127	-687	-905	-587	-1,053	-250	0	-8,089
Other operating expenses (LIM region)	H1 2018	-164	-128	-90	-170	-201	-131	-127	-124	-119	-286	-97	494	-1,143
	H1 2017	-217	-139	-98	-103	-177	-147	-113	-132	-114	-214	-38	394	-1,098
Segment results II	**H1 2018**	**12,313**	**7,058**	**11,201**	**5,526**	**13,281**	**11,491**	**10,660**	**14,291**	**7,839**	**10,908**	**976**	**-472**	**105,072**
	H1 2017	13,719	6,379	10,444	7,307	12,633	10,421	11,703	12,243	7,307	8,913	1,271	1,439	103,779
Segment assets	06/30/2018	602,939	311,008	462,186	297,750	562,229	403,582	484,159	507,715	313,711	474,980	60,065		4,480,324
	12/31/2017	612,435	290,069	437,307	283,127	519,492	393,544	452,673	478,287	291,585	449,201	67,719		4,275,439

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 2018

General information

These condensed consolidated interim financial statements have been prepared by TAG Immobilien AG (hereinafter referred to as the "Company" or "TAG") in accordance with the provisions contained in Section 115 in connection with Section 117 of the German Securities Trading Act pertaining to interim financial reporting. The period under review comprises the first six months of 2018. The comparison figures refer to 31 December 2017 with respect to the consolidated balance sheet and otherwise to the first six months of 2017. In addition, the consolidated income statement and the consolidated statement of comprehensive income contain figures pertaining to the second quarter of 2018 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 the 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 denominated in millions of euros or in thousands of euros (TEUR). This may result in rounding differences between the individual parts of the financial statements.

Consolidation group

There were no material changes in the consolidation group as of 30 June 2018 compared with 31 December 2017. The only change concerns the initial consolidation of a subsidiary which had previously not been consolidated due to its immateriality.

Accounting and valuation methods

The consolidated interim financial statements were prepared using the same recognition and measurement principles applied to the consolidated financial statements for the year ending 31 December 2017. For more details concerning the recognition and measurement principles applied, please refer to the IFRS consolidated financial statements for the year ending 31 December 2017 except IFRS 9 and IFRS 15, which form the material basis for these interim financial statements pursuant to IAS 34. The first-time application of IFRS 9 and IFRS 15 resulted in effects that are described in the following sections. Other amendments to existing accounting standards did not have any impact.

The comparison periods in the consolidated income statement have been restated to allow for the retrospective first-time application of IFRS 15 and the changes included in the annual report 2017 providing for the disaggregated presentation of revenues and service expenses.

As TAG used the modified retrospective method in connection with the first-time application of IFRS 9, the comparison period has not been restated.

The notes to the consolidated financial statements for 2017 describe the effects of the first-time application of IFRS 16 from 1 January 2019. The effects of first-time application have not yet been quantified. As noted in the Annual Report 2017 the Company did not early adopt any further amendments to existing standards which are subject to mandatory application in future accounting periods. The effects of future application on the consolidated financial statements and the consolidated interim financial statements are currently being reviewed.

IFRS 9: Financial instruments

The standard provides guidance on the recognition and measurement of financial assets, financial liabilities and some contracts for the sale or purchase of non-financial items. It replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 introduces a new classification and measurement system for financial assets which reflects the business model used to hold them and the characteristics of its cash flows. It defines three important categories for financial assets: amortised cost (AmC), fair value through profit and loss (FVTPL) and fair value through other comprehensive income (FVOCI). The standard eliminates the previous IAS 39 categories “held to maturity”, “loans and receivables” and “available for sale”.

In the past, TAG measured various equity instruments at amortised cost in cases in which no listed price was available on an active market and the fair value could not be reliably measured. The first-time classification of these instruments as FVTPL resulted in a gain of EUR 1.0 million which was recognised through equity. There were no other material effects on the recognition of other financial instruments.

Impairments of financial assets are measured using the expected-loss model and no longer on the basis of the incurred-loss model. This will give rise to two measurement levels:

- Lifetime expected credit losses: expected credit losses due to possible default events occurring during the lifetime of a financial instrument.
- 12-month credit losses: Expected credit losses due to possible default events within the next twelve months after the reporting date.

Measurement on the basis of lifetime expected credit losses is applied if there has been a significant increase in credit risk since initial recognition; otherwise, the 12-month credit loss concept is applied. However, the lifetime expected credit loss concept should always be used for trade receivables and contractual assets with no material financing component. This resulted in an additional impairment of around EUR 0.1 million effective 1 January 2018 which was recognised through equity. This adjustment affected solely trade receivables (rental receivables). No additional impairments were necessary for the other financial assets.

There were few changes to the guidance for classifying financial liabilities.

The comparison figures for earlier periods were not adjusted.

The changes in categorisation and the effects of first-time application on equity are described below:

	06/30/2018	01/01/2018		12/31/2017	
	Book value TEUR	IAS 39 Category*	Book value TEUR	IAS 39 Category*	Book value TEUR
Assets					
Other financial assets	7,292	FVTPL	7,581	AfS	6,537
Trade receivables	7,092	AmC	8,665	LaR	8,716
Other current assets	15,149	AmC	11,324	LaR	11,324
Cash and cash equivalents	313,583	AmC	263,669	LaR	263,669
Equity and Liabilities					
Liabilities to banks	1,879,717	AmC	1,935,436	AmC	1,935,436
Liabilities from corporate bonds	443,622	AmC	322,221	AmC	322,221
Liabilities from convertible bonds	256,843	AmC	256,175	AmC	256,175
Derivative financial instruments with hedging relationship	0	n/a	195	n/a	195
Derivative financial instruments with no hedging relationship	29,572	FVTPL	8,163	HfT	8,163
Other non-current liabilities	6,805	AmC	6,648	AmC	6,648
Trade payables	13,942	AmC	7,794	AmC	7,794
Other current liabilities	34,947	AmC	41,486	AmC	41,486

The cumulative effect of measuring other financial assets at their fair value (up EUR 1.0 million) and of applying the expected-loss model on trade receivables (down EUR 0.1 million) is recognised in equity in the consolidated statement of changes in equity as an effect from the first-time application of IFRS 9 effective 1 January 2018.

IFRS 15: Revenue from contracts with customers and separate presentation of net service income

Income from rental business includes rental activities, which comprise lease components and are recognised as revenue over the period of the lease, as well as non-lease components, i.e. activities which are invoiced as operating and incidental expenses.

Previously, the operating costs were reported net under leasing expenses. Under IFRS 15, it is necessary to draw a distinction on the basis of whether the services recognised as operating costs arise from the originated provision of services as a principal or are sourced as an agent from a third party.

For this purpose, the incidental costs were assigned to one of three categories:
- Internal services
- External services
- No service / not recharged

To date, the principal/agency distinction has been made on the basis of the opportunities and risks arising from the provision of the services in accordance with IAS 18. Under IFRS 15, however, it is now necessary to determine whether a party had control over the services prior to transfer to the customer. Indicators for this assessment, which must be viewed in their entirety and are not cumulative, include the primary responsibility for performance of the service, the potential inventory risk of not being able to recharge the costs and the power to set the price of the service. In addition, operating costs also include components that do not offer a tenant any separate benefit and are thus not distinct services. With these contractual components, the agreed consideration was allocated to the other identified components on the basis of their relative standalone selling prices.

All activities invoiced as operating and incidental expenses are recognised using the principal method and presented in the income statement, where they are not netted with the corresponding income. Revenue is recognised upon the performance of the activity. Recharged external services are reported within rental revenues; activities provided by Group companies are reported within net service income.

Under IFRS 15, land tax and building insurance do not constitute separately identifiable performance obligations offering the tenant a distinct benefit. With these contractual components, the agreed consideration is allocated to the other identified components of the contract on the basis of their relative stand-alone selling prices.

The revenue from contracts with customers as defined in IFRS 15 is categorised as follows:

Revenue category	**H1 2018 TEUR**	**H1 2017 TEUR**
Internally generated operating and incidental expenses	18,174	11,597
Externally generated operating and incidental expenses	33,732	38,458
Recharged land tax and building insurance	12,555	12,313
Other service income	2,571	2,108
Total	**67,032**	**64,476**

The revenue stated here is not included in the segment report as segment revenue is reported solely on a net basis ("net rent") in line with internal reporting practices.

First-time application of IFRS 15 did not result in any differences in the timing or the amount of revenue recognised. Consequently, it did not have any impact on any of the line items of the balance sheet or equity as of 1 January 2018. Moreover, there was no impact on consolidated net profit in the period under review as it merely involved a change of presentation. Contrary to the intention stated in the 2017 annual report, the retrospective method was used with respect to first-time application of the new standard. Accordingly, the figures for the previous year were restated in the interests of comparability.

The separate presentation of net service income, which was implemented for the first time effective 31 December 2017, was retained. This reflects the expansion of the existing business model to include multimedia and energy management services in addition to the existing janitor, maintenance and condominium management activities. In connection with this change of presentation, service income and corresponding expenses, which had previously been netted under renting expenses (predominantly multimedia and energy management services as well as janitor and maintenance services) and service income previously reported under other operating income (primarily related to condominium management activities) were reported separately as revenue and expenses from the provision of services.

Further details of the composition of income and expenses can also be found in the notes on the earnings position in the section entitled “Analysis of net assets, financial position and results of operations” in the Group interim management report.

Material judgements and estimates

The preparation of the abridged consolidated interim financial report requires the use of assumptions and estimates by the Management Board. These discretionary decisions impact the amount of the income, expenses, assets and liabilities as well as contingent liabilities reported. The actual amounts arising in future periods may differ from these estimates.

All discretionary decisions and estimates described above were carried over without any changes from the matters described in the consolidated financial statements as of 31 December 2017.

Significant events and transactions

Dividend

At the annual general meeting held on 23 May 2018, the shareholders passed a resolution to authorise the distribution of a dividend of EUR 0.65 per share for 2018.

Corporate bonds

TAG issued two corporate bonds via a private placement with institutional investors in June 2018. The first corporate bond 2018/2023 for EUR 125 million has a term of five years and a coupon of 1.25% p.a. The second corporate bond 2018/2025 likewise for EUR 125 million has a term of 7 years and a coupon of 1.75%. Both corporate bonds are unsecured.

At the same time, TAG Immobilien AG redeemed the existing corporate bond 2014/2020 for EUR 125 million with a coupon of 3.75% p.a. and an original expiry date of 25 June 2020, paying out the outstanding coupon in full ahead of schedule. This resulted in one-off interest expense of EUR 9.5 million.

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	2018	2017
Book value 01/01/2018	4,166,008	3,777,757
Transfer from investment properties	88	0
Additions from purchase of real estate portfolios	3,407	181,842
Additional acquisition and production costs	27,634	41,044
Transferred to available-for-sale assets	-109,274	-51,442
Sales	-2,625	-78,687
Change in market value	229,809	295,494
Amount on 06/30/, 12/31	**4,315,047**	**4,116,008**

The fair value of all of the Group's real estate assets is measured by CBRE GmbH as an independent expert 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-orientated discount rate for the property in question as of the measurement date. Whereas the cash inflows are normally comprised of net rentals, the cash outflows chiefly include the property 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 sum 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 444 million (31 December 2017: EUR 405 million); if the discount and capitalisation rate were 0.5 percentage points lower, the fair value would increase by EUR 558 million (previous year: EUR 507 million). Changes in future net rental income exert a corresponding influence depending on rental income, vacancies and administration and maintenance costs.

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

Segment	Berlin		Chemnitz		Dresden		Rhine / Ruhr		Erfurt	
	06/30/ 2018	12/31/ 2017	06/30/ 2018	12/31/ 2017	06/30/ 2018	12/31/ 2017	06/30/ 2018	12/31/ 2017	06/30/ 2018	12/31/ 2017
Market value (in EUR m)	**591.9**	**574.3**	**302.8**	**289.7**	**454.7**	**437.3**	**276.0**	**282.9**	**558.0**	**519.4**
Net cold rent p.a. (in EUR m)	37.7	37.9	23.1	22.8	26.9	27.4	17.6	19.3	35.1	34.0
Vacancy (in %)	6.5	7.2	10.9	11.1	2.7	3.6	3.6	4.7	3.7	3.1
Valuation parameters (average)										
Net cold rent to market rent (in %)	89	91	95	96	94	94	93	95	91	92
Increase in market rent p. a. (in %)	0.8	0.8	0.3	0.4	0.9	0.9	0.9	0.9	0.8	0.8
Maintenance costs (in EUR / sqm)	8.7	8.3	8.7	8.9	9.0	9.1	8.4	9.1	9.4	9.5
Administration costs (in EUR per unit)	217	205	228	237	242	245	241	260	226	229
Structural vacancy (in %)	3.8	3.5	4.7	4.7	2.9	3.0	1.8	2.0	2.2	2.2
Discount rate (in %)	5.5	5.5	5.6	5.8	5.3	5.4	5.4	5.5	5.3	5.5
Capitalisation rate (in %)	4.6	4.5	5.2	5.4	4.3	4.5	4.5	4.6	4.5	4.6

Segment	Gera		Hamburg		Leipzig		Rostock		Salzgitter	
	06/30/ 2018	12/31/ 2017	06/30/ 2018	12/31/ 2017	06/30/ 2018	12/31/ 2017	06/30/ 2018	12/31/ 2017	06/30/ 2018	12/31/ 2017
Market value (in EUR m)	**382.7**	**392.9**	**443.8**	**442.0**	**478.5**	**469,2**	**313.7**	**291.1**	**475.0**	**449.2**
Net cold rent p.a. (in EUR m)	29.9	31.3	29.5	29.8	34.2	36.2	21.2	20.9	33.6	33.3
Vacancy (in %)	8.8	9.7	3.8	4.3	4.6	4.9	3.9	4.7	5.6	5.6
Valuation parameters (average)										
Net cold rent to market rent (in %)	92	93	93	93	93	94	93	93	96	96
Increase in market rent p. a. (in %)	0.5	0.5	0.9	0.9	0.6	0.6	0.6	0.6	0.6	0.6
Maintenance costs (in EUR / sqm)	8.6	9.0	8.1	8.4	8.3	8.7	9.1	9.1	9.1	9.1
Administrative costs (in EUR per unit)	220	236	233	243	222	231	240	240	245	244
Structural vacancy (in %)	4.9	5.0	2.0	2.0	4.2	4.6	3.3	3.3	2.5	2.8
Discount rate (in %)	5.9	5.9	5.3	5.5	5.5	5.7	5.2	5.5	5.3	5.5
Capitalisation rate (in %)	5.4	5.4	4.3	4.5	4.9	5.1	4.6	4.9	4.7	4.9

The measurements effective 30 June 2018 are based on the tenant lists and vacancies as of 31 March 2018. The measurements effective 31 December 2017 were based on the tenant lists and vacancies as of 30 September 2017. Allowance is made for any fluctuation as of the applicable reporting date where there is evidence of any material differences.

Non-current assets held for sale

The non-current assets held for sale as of 30 June 2018 comprise sales of EUR 23.3 million which have already been notarised. The ownership rights and obligations are expected to be transferred after the reporting date. They also include real estate assets which are expected to be sold within one year.

Notes on segment reporting

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 boarding houses operated by the Group.

In the segment report, segment earnings I are derived from net rental income ("net rents") 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 rental income with segment income as follows:

	01/01/2018 - 06/30/2018 TEUR	01/01/2017 - 06/30/2017 TEUR
Rental income	195,950	193,446
Externally generated operating and incidental expenses	-33,732	-38,458
Proportionate land tax and building insurance	-11,511	-11,639
Segment income	**150,707**	**143,349**

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

Segment earnings in TEUR	01/01/ - 06/30/2018	01/01/ - 06/30/2017
Segment earnings II	**105,072**	**103,779**
Capitalized investment costs not deducted from segment earnings	12,384	9,897
Non-allocated vacancy expenses	-5,920	-5,333
Net gains / losses from sales	144	584
Fair value changes in investment properties and valuation of properties held as inventory	230,034	39,514
Non-allocated staff costs	-13,600	-12,043
Depreciation and amortisation	-2,006	-1,772
Other non-allocated income and expenses	5,040	547
Net finance expense	-61,692	-41,536
EBT	**269,456**	**93,637**

Disclosures on fair values and financial instruments

The fair value of assets and liabilities is determined by using inputs which are as market-orientated as possible. The measurement 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 hierarchy	06/30/2018 TEUR	12/31/2017 TEUR
Assets			
Investment properties	Level 3	4,315,047	4,166,008
Other financial assets	Level 3	7,292	6,537*
Liabilities			
Derivatives with no hedging relationship	Level 2	29,572	8,163
Derivatives with a hedging relationship	Level 2	0	195

*The other financial assets coming within the scope of IAS 39 were measured at amortised cost as of 31 December 2017. The fair value stood at TEUR 7,581 as of 1 January 2018.

Reference should be made to the section on investment properties for details of the methodology and main parameters for measuring the value of real estate assets

The other financial assets primarily comprise non-listed minority interests in real estate companies and funds. Equity investments are measured on the basis of company-specific models such as customary net asset value models and also, to a material extent, on the basis of non-observable market data. The inputs used in these methods include assumptions on future cash flows and are based as closely as possible on market data. At the moment, there is no specific intention for these investments to be sold.

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. The conversion right under the convertible bond, which is recognised separately, is measured using a binomial model.

In addition, the following financial instruments whose carrying amounts are not sufficiently close to their fair value are measured at amortised cost in the consolidated balance sheet:

		06/30/2018		12/31/2017	
in TEUR	IFRS 13 valuation	Book value	Fair value	Book value	Fair value
Liabilities to banks	Level 2	1,879,717	1,910,820	1,935,436	1,973,186
Liabilities from corporate bonds	Level 2	443,622	440,155	322,221	327,472
Liabilities from convertible bonds	Level 2	256,843	264,019	256,175	267,792
Other non-current liabilities	Level 2	6,805	6,805	6,648	6,648

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

The fair value of non-current bank borrowings and liabilities under corporate and convertible bonds is calculated using the discounted cash flow method. The discount rate is based on an appropriate market interest rate. Other non-current liabilities are for the most part interest-bearing or indexed. Accordingly, their carrying amount as of the reporting date comes close to their fair value.

Trade receivables, other current assets and cash and cash equivalents have short settlement periods. Accordingly, their carrying amount as of the balance sheet date comes close to their fair value. The same thing applies to trade payables and other current liabilities.

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 2017.

Material events after the end of the period covered by this interim report

The outstanding amount of EUR 191.0 million of corporate bond 2013/2018 with a coupon of 5.125% p.a. was redeemed as scheduled on 7 August 2018. The holders of this bond (original value EUR 310.0 million) had been offered early redemption in August 2017 in order to optimise the Group's capital and funding structures. This offer had been accepted for a notional amount of EUR 119.0 million last year.

After the reporting date, the acquisition of a further real estate portfolio comprising 80 apartments in Stadtilm (Thuringia) was notarised in July 2018. The purchase prices stood at EUR 1.5 million; on the basis of the current net annual rental of EUR 0.18 million, this translates into a multiple of 8.3x and a gross initial return of 12.0%. This portfolio has a current vacancy rate of c. 22.3%. The ownership rights and obligations are expected to be transferred in the fourth quarter of 2018.

HEUBECK AG issued new biometric tables (HEUBECK-RICHTTAFELN 2018 G) on 20 July 2018. These tables are based on the latest statistics from the statutory pension scheme as well as the German Federal Bureau of Statistics and thus reflect the latest trends in mortality, invalidity, marriage and fluctuation probabilities. They also take account of socio-economic factors for the first time. TAG has not applied the new tables in its interim reporting. Overall, the application of the new tables is not expected to have any material effects.

Hamburg, 8 August 2018

Claudia Hoyer

Claudia Hoyer
COO

Martin Thiel
CFO

Dr Harboe Vaagt
CLO

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 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, 2018 together with the interim group management report of the TAG Immobilien AG, Hamburg, for the period from January 1 to June 30, 2018 that are part of the semi annual financial report according to § 115 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, 8 August 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Thiede	**Bagehorn**
Wirtschaftsprüfer	**Wirtschaftsprüfer**

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly 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, 8 August 2018

Claudia Hoyer
COO

Martin Thiel
CFO

Dr. Harboe Vaagt
CLO

TAG FINANCIAL CALENDAR 2018

Publications / Conferencen

29 August 2018	Berenberg Real Estate Seminar, Helsinki
30 August 2018	German Sector Conference Commerzbank AG, Frankfurt
6 September 2018	EPRA Conference, Berlin
24 September 2018	Berenberg & Goldman Sachs Corporate Conference, Munich
25 September 2018	Baader Investment Conference, Munich
30 October 2018	Publication of Interim Report – Q3 2018

TAG Headquarter Hamburg (Hamburg)

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

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