INTERIM STATEMENT 2020

ON THE 1ST QUARTER

GROWING CASHFLOWS

TAG Immobilien AG

CONTENTS

GROUP FINANCIALS

in EUR m

Income statement key figures	01/01/2020-03/31/2020	01/01/2019-03/31/2019
Net rent	79.7	78.6
EBITDA (adjusted)	54.9	52.7
Consolidated net profit	32.1	33.3
FFO I per share in EUR	0.29	0.27
FFO I	42.0	39.5
AFFO per share in EUR	0.15	0.17
AFFO	21.3	24.3

Balance sheet key figures	03/31/2020	12/31/2019
Total assets	5,850.9	5,647.0
Equity	2,431.6	2,394.2
Equity ratio in %	41.6	42.4
EPRA Net Asset Value (NTA, fully diluted) per share in EUR	20.23	20.15
LTV in %	44.6	44.8

Portfolio data	03/31/2020	12/31/2019
Units Germany	84,890	84,510
Units Poland (secured pipeline)	c. 5,700	0
GAV (real estate assets Germany and Poland)	5,479.8	5,302.4
Vacancy in % (total)	5.3	4.9
Vacancy in % (residential units)	4.9	4.5
l-f-l rental growth in %	1.9	1.9
l-f-l rental growth in % (incl. vacancy reduction)	2.3	2.4

Employees	03/31/2020	03/31/2019
Number of employees (Germany and Poland)	1,303	1,103

Capital market data	
Market cap at 03/31/2020 in EUR m	2,638.1
Share capital at 03/31/2020 in EUR	146,498,765
WKN / ISIN	830350/DE0008303504
Number of shares at 03/31/2020 (issued)	146,498,765
Number of shares at 03/31/2020 (outstanding, without treasury shares)	146,236,950
Free float in % (without treasury shares)	99.82
Index	MDAX/EPRA

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BUSINESS DEVELOPMENT

BUSINESS DEVELOPMENT IN THE FIRST THREE MONTHS OF THE 2020 FINANCIAL YEAR

Foundations of the Group

Overview and corporate strategy
TAG Immobilien AG ('TAG' or 'the Group' in the following) is a Hamburg-based property company focused on the German residential real estate sector. The properties owned by TAG are located in various regions of Northern and Eastern Germany and North Rhine-Westphalia, and, as of the 2020 financial year, in Poland as well. Overall, at 31 March 2020 TAG managed around 84,900 (31 December 2019: 84,500) residential units in Germany, and has a secured pipeline for the construction of around 5,700 residential units in Poland.

TAG Immobilien AG shares are listed in the MDAX of the Frankfurt Stock Exchange; TAG's market capitalisation at 31 March 2020 was EUR 2.6bn (31 December 2019: EUR 3.2bn).

TAG's business model in Germany is the long-term letting of flats. All functions essential to property management are carried out by its own employees. In many inventories, the Company also delivers caretaker services and craftsman services. It specialises in inexpensive housing that appeals to broad sections of the population. The Group's own multimedia company supports the provision of multimedia to tenants and expands the range of property management services offered. Energy management is pooled in a subsidiary through which the Group supplies commercial heating to its own portfolio with the aim of optimising energy management. In the medium term, these services are to be further expanded and supplemented with new services for tenants.

TAG invests primarily in medium-size towns and in the vicinity of large metropolises, where we see not only potential for growth, but in particular better opportunities for returns in comparison with investments in the big cities. The newly acquired portfolios usually have higher vacancies, which are then reduced following the acquisition, through targeted investments and proven asset management concepts. Investments in Germany are made nearly exclusively in regions where TAG already manages assets, to be able to use existing administrative structures. Also, local knowledge of the market is essential in the acquisition of new portfolios here.

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

As of the beginning of the 2020 financial year, TAG geographically expanded its portfolio to Poland. Vantage Development S.A. ('Vantage'), a real estate developer whose headquarters and main activities are located in Wrocław in the western part of Poland, serves as the platform for further development, which going forward will focus on establishing the Group's own portfolio of residential units in Poland, and currently also includes the continued sale of units already planned and new units to be built.

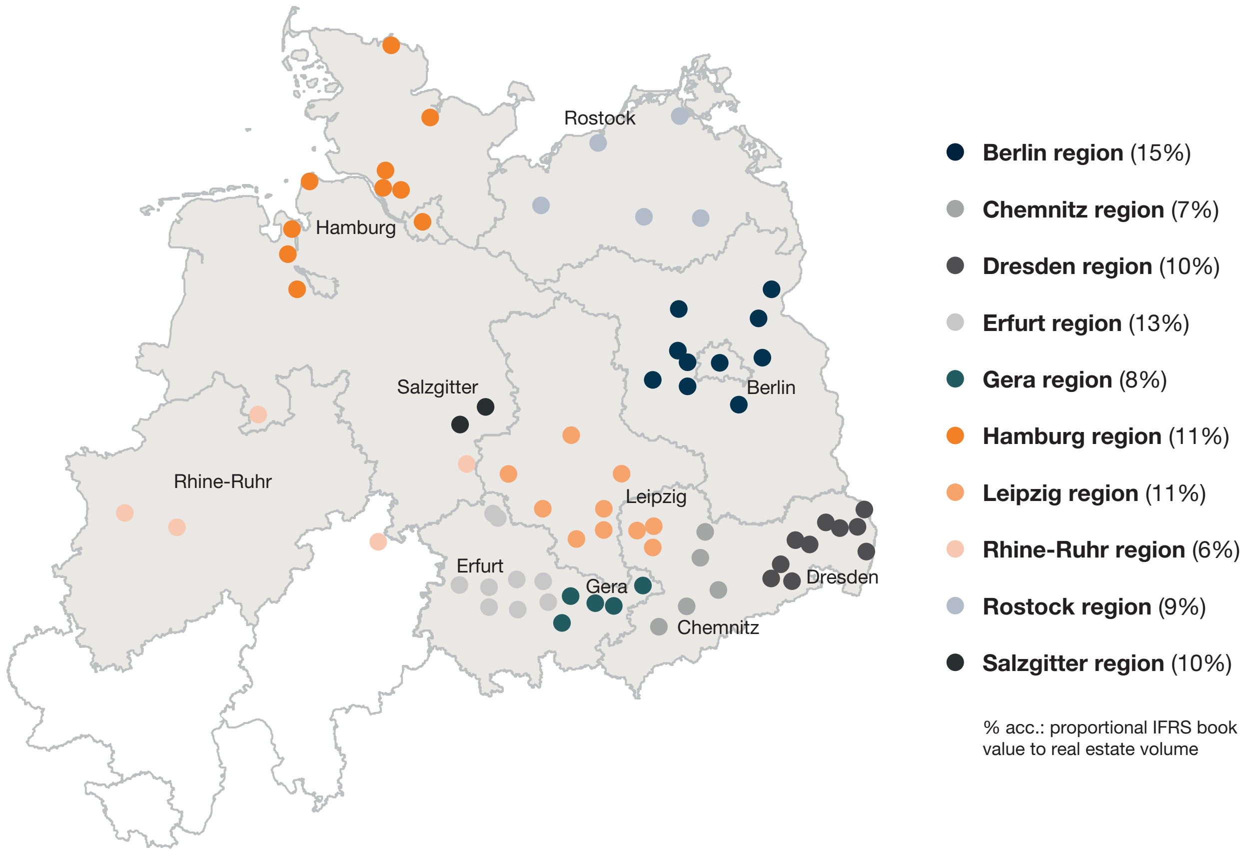
The growing Polish residential real estate market is the target of a regional expansion of TAG's business model, which will focus on strong cash returns (i.e. FFO returns in relation to the equity invested) here as well. The Polish rental housing market is characterised by a supply shortage. It is considered one of the least saturated housing markets in Europe, with an increasing housing shortage that already exceeds 3.5 million units (OECD database). Furthermore, the absolute size of the Polish market (approx. 38 million inhabitants, sixth-largest EU country in terms of population), coupled with a growing services sector and favourable demographic trends ('Generation rent'– a growing preference for rented apartments) supports TAG's market entry in Poland. The Management Board expects that its early market entry will give TAG a competitive advantage in terms of scope, market knowledge, market penetration, and market position.

TAG's medium-term growth target, i.e. for the next three to five years, is to build up a portfolio of around 8,000–10,000 residential units in Poland. Capital spending will focus on development projects and new buildings in large cities with favourable population trends, proximity to universities, and a well-developed infrastructure.

Development of the TAG property portfolio

Overview

At the end of the first quarter of 2020, the TAG property portfolio in Germany comprised approximately 84,900 units. The focus is on the management of attractive yet affordable housing, with great awareness of our social responsibility towards tenants. The regional focus is mainly on Northern and Eastern Germany.



Portfolio data	03/31/2020	12/31/2019
Units	84,890	84,510
Floor space in sqm	5,127,501	5,094,435
Real estate volume in EUR m	5,342.4*	5,302.4
Annualised net actual rent in EUR m p.a. (total)	321.1	319.9
Net actual rent in EUR per sqm (total)	5.53	5.51
Net actual rent in EUR per sqm (residential units)	5.42	5.39
Vacancy in % (total)	5.3	4.9
Vacancy rate in % (residential units)	4.9	4.5
I-f-I rental growth in %	1.9	1.9
I-f-I rental growth in % (incl. vacancy reduction)	2.3	2.4

* EUR 5,479.8m total real estate volume (EUR 5,342.4m real estate volume located in Germany and EUR 137.4m located in Poland)

Acquisitions and sales in the first three months of the 2020 financial year

The following diagram gives an overview of acquisitions in Germany in the 2020 financial year-to-date:

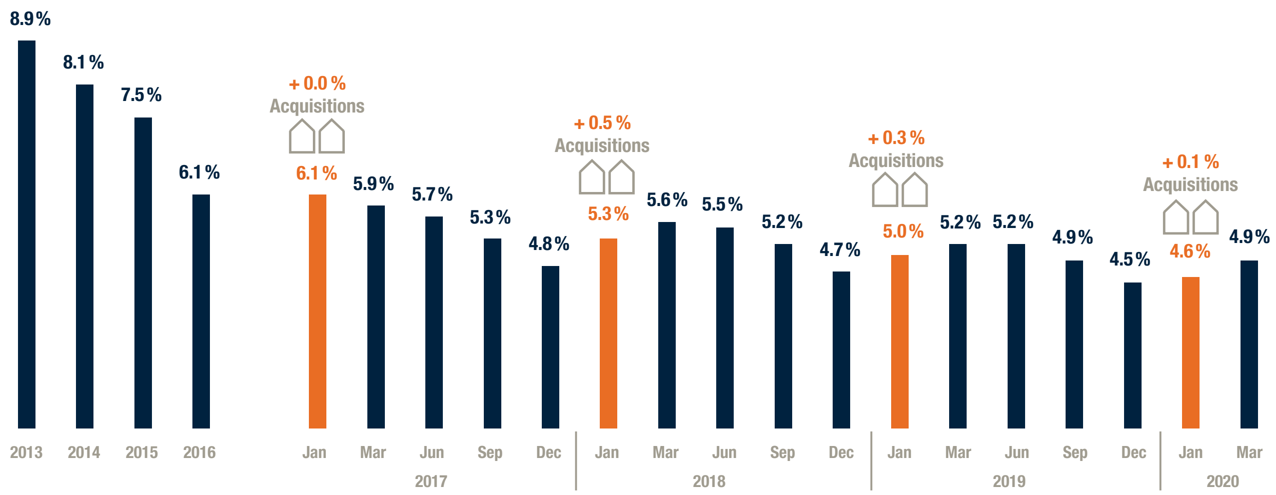
Acquisition	Saxony-Anhalt	Saxony	Total
Conclusion of the contract	January 20	March 20	
Units	431	434	865
Net rent in EUR/sqm/month	4.61	4.29	4.47
Vacancy in %	5.2	18.9	12.0
Purchase price in EUR m	-	-	29.2
Net actual rent in EUR m p.a.	1.3	1.0	2.3
Location	Bernburg/Biederitz/ Dessau/Gatersleben	Plauen, Jößnitz	-
Closing	March 20	April 20	-
Multipliers	-	-	12.9

In all, purchase agreements for 865 apartments were notarised in the first quarter of 2020. The average purchase multiplier (ratio between the purchase price excluding transaction costs and the current annual net actual rent) of 12.9 achieved here is to be considered very attractive given the stiff competition in the residential property market, and corresponds to an annual gross initial yield of 7.8%. Average vacancy in the acquired portfolios is 12.0% and therefore offers further development potential.

Meanwhile, in the ongoing sales business, sales of 48 units were notarised by the end of March 2020. The sales price and net cash proceed totalled EUR 1.4m or 22.6 times the annual net actual rent. A book profit of EUR 0.1m is expected from these sales.

Vacancy

The following table illustrates the development of vacancy in the Group's residential units in Germany since 2013 and in the year 2020 to date:

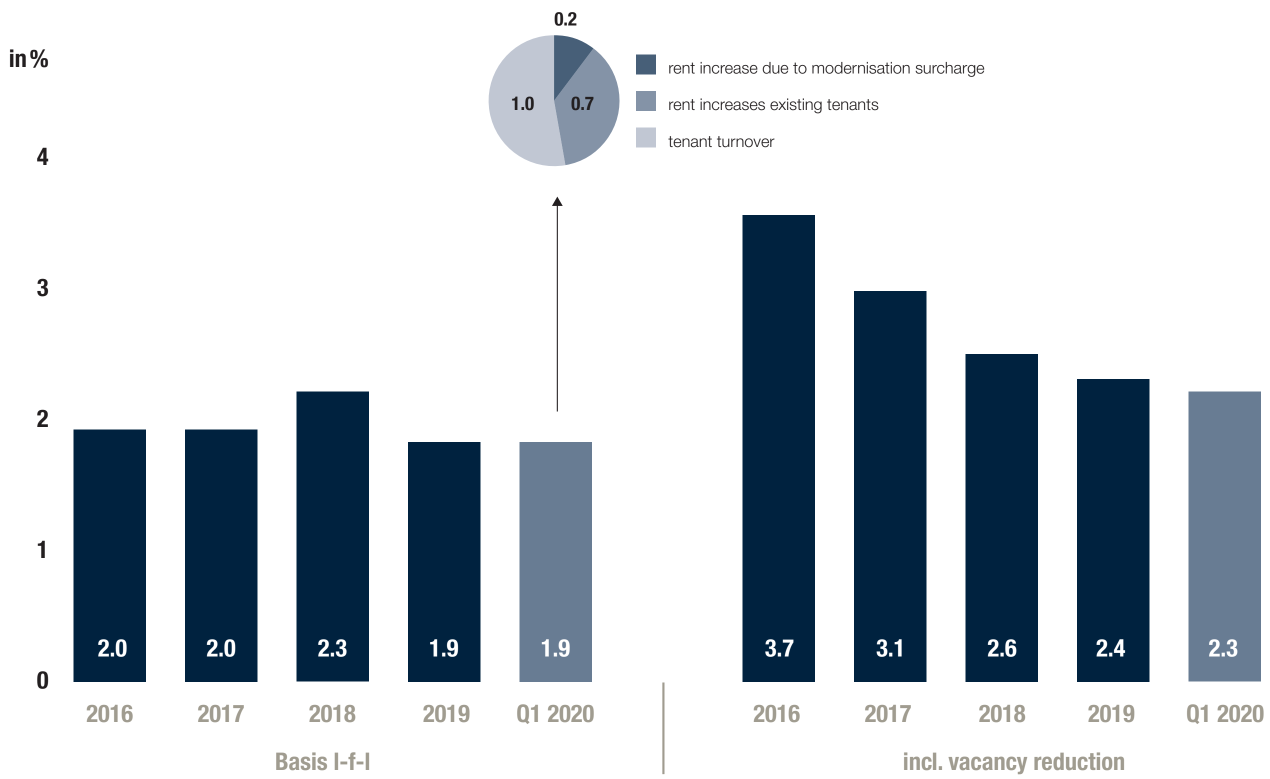


As a result of the integration of the previous year's acquisitions and through ongoing modernisation programmes to reduce vacancy, there was a slight rise in vacancy in the first quarter of the year, much like in the two prior years. Vacancy across the residential units in the portfolio developed from 4.5% at the beginning of the year to 4.9% as of 31 March 2020. Meanwhile, the vacancy rate for the portfolio as a whole was 5.3% compared to 4.9% at the beginning of the year. After the balance sheet date, vacancy in the residential units remained unchanged at 4.9% in April 2020. In May 2020, the vacancy rate was 5.0%.

Growth in rents

At 1.9% per annum, growth in rents from the Group's residential units at 31 March 2020 remained constant year-on-year on a like-for-like basis (i.e. not including the acquisitions and sales of the previous twelve months). This rental growth of 1.9% was comprised of ongoing rent increases for existing tenants (1.0%), rent increases in connection with a change of tenant (0.7%), and rent increases due to modernisation charges (0.2%). If one additionally includes the effects of the vacancy reduction in rental growth, total rental growth on a like-for-like basis for the past twelve months amounted to 2.3%, after 2.4% in the 2019 financial year.

The following chart shows the rental growth in the Group's residential units in the financial years since 2016, and in the first quarter of 2020:



Total investments in the residential units in the first three months of 2020 amounted to EUR 5.90 per sqm (maintenance costs recognised as expenses of EUR 1.70 per sqm and capitalised modernisations of EUR 4.20 per sqm). Extrapolated to a full financial year of twelve months, this would come to EUR 23.60 per sqm, after 20.45 per sqm in FY 2019 and EUR 19.24 per sqm in 2018.

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 rise in total capex is due to increased modernisation expenditure to reduce vacancy, mainly in the Chemnitz and Berlin regions.

The portfolio in detail by region

The following table shows further details of TAG's property portfolio in Germany, by region, as of 31 March 2020:

Region	Units	Rentable area sqm	IFRS BV 03/31/20 EUR m	In-place yield %	Vacancy 03/31/20 %	Vacancy Dec-2019** %	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/sqm	Capex EUR/sqm
Berlin	10,409	596,927	784.0	5.1	4.2	4.1	5.77	6.26	2.3	2.6	1.22	7.28
Chemnitz	7,523	439,837	351.6	6.8	7.9	7.7	4.93	4.89	1.0	3.0	1.82	8.37
Dresden	6,298	409,025	533.2	5.2	2.5	2.1	5.78	6.28	2.1	2.5	0.79	1.36
Erfurt	10,861	611,134	670.6	5.5	3.3	2.9	5.25	5.58	2.4	2.4	1.67	3.06
Gera	9,652	561,321	432.9	7.3	7.3	7.0	5.04	5.34	1.3	2.6	1.22	3.17
Hamburg	7,049	433,541	544.3	5.3	4.0	4.2	5.79	6.12	1.7	2.2	2.62	5.60
Leipzig	10,014	589,918	568.4	6.2	6.2	5.4	5.29	5.76	1.6	1.8	1.27	1.56
Rhine-Ruhr	4,187	266,405	318.4	5.4	2.3	2.1	5.50	5.60	1.2	1.2	2.67	1.52
Rostock	7,980	452,371	477.4	6.0	4.4	3.6	5.54	5.96	1.6	2.2	2.90	5.14
Salzgitter	9,180	563,122	527.5	6.5	5.3	5.2	5.40	5.59	2.7	1.9	1.61	4.20
Total residential units	**83,153**	**4,923,601**	**5,208.3**	**5.8**	**4.9**	**4.6**	**5.42**	**5.70**	**1.9**	**2.3**	**1.70**	**4.20**
Acquisitions	429	23,573	16.8	7.4	7.4	10.1	4.73	–	–	–	–	–
Commercial units (within res. portfolio)	1,147	148,440	–	–	16.4	16.3	8.06	–	–	–	–	–
Total residential portfolio	**84,729**	**5,095,613**	**5,225.0**	**6.1**	**5.3**	**4.9**	**5.48**	**–**	**–**	**–**	**–**	**–**
Other*	161	20,421	117.4	5.9	6.2	8.1	14.99	–	–	–	–	–
Grand total	**84,890**	**5,116,034**	**5,342.4**	**6.1**	**5.3**	**4.9**	**5.53**	**–**	**–**	**–**	**–**	**–**

* Including commercial properties and serviced apartments. Including EUR 59.4m book value of project developments.

** Including acquisitions

*** Including effects from vacancy reduction

Development of business activities in Poland

Vantage had an excellent business year in 2019. It sold a total of 941 (previous year: 824) residential units and transferred 866 units (previous year: 1,228 units, including activities in Warsaw, which were terminated in 2018).

Based on the average exchange rate of 4.3018 PLN/EUR for 2019, revenues from the sale of properties totalled EUR 84.1m, compared to EUR 109.6m in the 2018 financial yearThe EBITDA, which substantially is in line with the EBIT, amounted to EUR 13.6m (previous year: EUR 21.3m) and consolidated net profit totalled EUR 11.3m (previous year: EUR 17.3m).

In Q1 2020, which is usually a weaker quarter in the project development business due to seasonal factors, this positive business development continued with 205 residential units sold and 115 transferred. Revenues from property sales amounted to EUR 11.4m based on the PLN/EUR exchange rate of 4.5506 as of 31 March 2020 and a balanced net income was achieved.

In the course of the first quarter of 2020, the TAG Group further extended its activities in Poland and, partly via Vantage and partly by means of direct contracts with Polish project developers, added Poznań to its existing Wrocław location.

As of 31 March 2020, the contractually secured pipeline for the construction of apartments comprises a total of 5,700 units, of which 4,600 units are located in Wrocław, and 1,100 units in Poznań.

According to current plans, of the total 5,700 units, approx. 3,400 units are earmarked for sale, while approx. 2,300 units are to be let upon completion, thereby forming the basis for the roughly 8,000 to 10,000 units that are to be built up as a rental portfolio in Poland within a period of three to five years.

The first rental income is expected in Poland upon completion of the first rental projects in the course of the 2021 financial year. Prior to this, Vantage's business activities will continue to be almost exclusively in the sale of residential units.

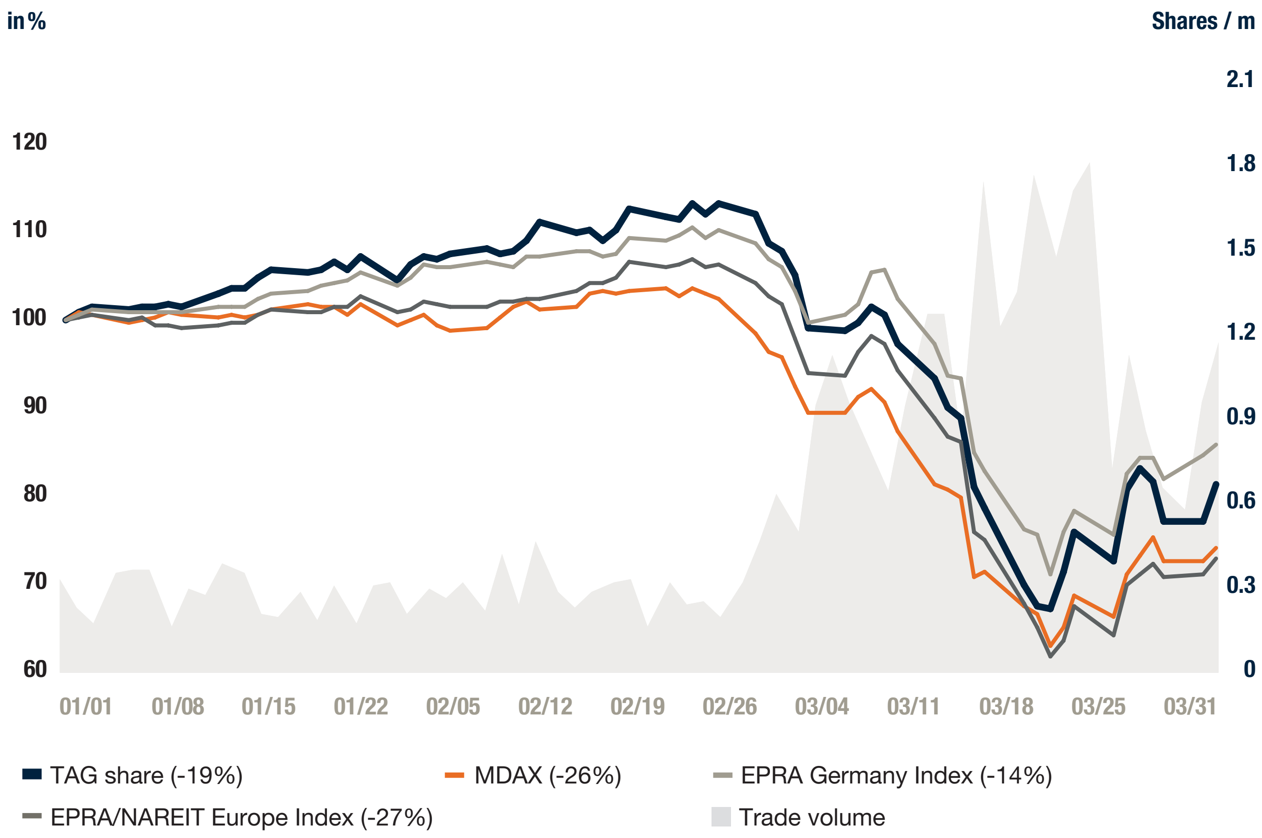
The TAG share and the capital market

Share performance

TAG's share performance in the first quarter of 2020 was dominated by the events surrounding the Covid-19 pandemic. Following a closing price of EUR 22.16 on 31 December 2019, the share price initially did very well at the beginning of the first quarter of 2020, reaching a new all-time high of EUR 25.04 on 19 February 2020. As the Covid-19 pandemic spread to Europe and Germany, the stock markets suffered a massive slump that affected the TAG share as well, causing it to temporarily plummet to just over EUR 14.00.

At the end of the first quarter of 2020, however, prices had already started to recover, and the sometimes extreme volatility of the stock markets was significantly reduced. The TAG share closed at EUR 18.04 on 31 March 2020, down 19% on the beginning of the year. TAG's market capitalisation at 31 March 2020 stood at EUR 2.6bn, down from EUR 3.2bn on 31 December 2019. During the month of April, the TAG share recovered further, closing at EUR 19.95 on 30 April 2020, a decline of 10% compared to the beginning of the year.

By way of comparison, the EPRA Index, which comprises various European real estate companies listed on international stock exchanges, recorded a 27% decline in the first quarter of 2020. At national level, the MDAX, which includes the TAG share, declined by 26%, while the EPRA Germany, which comprises the main German real estate stocks as an index, recorded a decline of 14%, as shown in the diagram below:

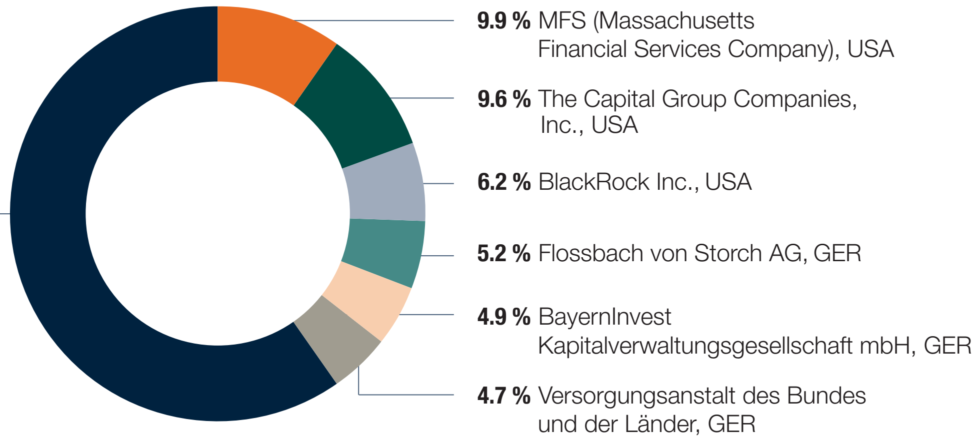


Share capital and shareholder structure

The share capital and number of shares at 31 March 2020 remained unchanged year-on-year at EUR 146,498,765.00 and 146,498,765 shares.

At the reporting date, free float was at 99.82% of the share capital; 0.18% of the share capital (261,815 shares at 31 March 2020 after 161,815 shares at 31 December 2019) 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 shows:



Dividend

TAG's shareholders participate substantially in the Company's success by paying an attractive dividend. At this year's Annual General Meeting, to be held as a virtual AGM for the first time on 22 May 2020, the distribution of a dividend of EUR 0.82 per share for FY 2019, after EUR 0.75 per share in the previous year, will be resolved.

For the 2020 financial year, we still plan to pay a further increased dividend of EUR 0.87 per share, which corresponds to a constant pay-out ratio of 75% of FFO I.

Analysis of the earnings, assets, and financial position

Preliminary note

Under a contract dated 8 November 2019, TAG acquired all shares in Vantage Development S.A., Wrocław, Poland. The acquisition became legally effective on 13 January 2020. Since that date, Vantage has been fully consolidated in TAG's consolidated financial statements.

The initial consolidation resulted in goodwill of EUR 18.4m as of 31 March 2020. This calculation is based on an allocation of the cash purchase price of EUR 131.9m for the shares to the fair values of the acquired assets and liabilities. However, this purchase price allocation must be considered preliminary, since in particular the valuation of Vantage's property assets and other assets and liabilities are not yet available in final form. So the purchase price allocation will only be finalised in the course of the 2020 financial year, and changes are therefore still possible.

Apart from the recognition of this goodwill, the initial consolidation of Vantage as of 31 March 2020 did not have any material effect on TAG's assets, liabilities, assets, earnings and financial position. In the first quarter of 2020, Vantage generated revenues of EUR 11.4m from the sale of real estate, and no rental income as yet, as the development of its rental business only commenced with its acquisition by TAG.

The contribution of Vantage and the business activities in Poland to TAG's consolidated net profit and the contribution to the TAG Group's FFO II in the first quarter of 2020 are as follows:

	01/01-03/31/2020
Consolidated net income Poland	-1.0
Share of minorities Poland	0.1
Effects from the provisional purchase price allocation (after income taxes and minorities)	1.7
Contribution by operating activities Poland to FFO II	**0.8**

This contribution by Vantage to the TAG Group's FFO II corresponds to Vantage's independent IFRS consolidated earnings before inclusion in TAG's consolidated financial statements after conversion from Polish złoty to euro. However, non-recurring effects and non-cash deferred taxes that were not recorded in the first quarter of 2020 may have to be eliminated from this consolidated net income in the reconciliation to the FFO II contribution in future. Due to the lack of rental income, business activities in Poland had no influence on FFO I in the reporting period.

Results of operations

The breakdown of rental income is as follows:

Rental income in EUR m	01/01-03/31/2020	01/01-03/31/2019
Net rent	79.7	78.6
External operational and anciallary costs recharged to tenants and rechargeable proportionate land taxes and building insurance	29.2	27.8
Total	**108.9**	**106.4**

In the reporting period, the Group increased its net actual rents by about 1.4% year-on-year, taking into account the effects of purchases and sales made in the meantime. The main reason was the operational growth in rents.

The individual items of rental expenses are as follows:

Rental expense (incl. impairment losses) in EUR m	01/01-03/31/2020	01/01-03/31/2019
Maintenance expenses	8.4	8.4
Ancillary costs of vacant real estate	1.8	2.8
Non-recoverable ancillary costs	2.7	2.8
Impairment losses on rent receivables	0.8	1.0
Non-recharged expenses	**13.7**	**15.0**
Recharged costs, taxes and insurance	29.2	27.8
Total	**42.9**	**42.8**

Overall, rental profit, as the balance of rental revenues and expenses as well as impairments on rent receivables, improved from EUR 63.6m in the prior-year period to EUR 66.0m in the reporting period.

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

Income from sales in EUR m	01/01-03/31/2020	01/01-03/31/2019
Revenues from the sale of investment properties	2.1	4.2
Expenses on the sale of investment properties	-2.2	-4.3
Net income from the sale of investment properties	**-0.1**	**-0.1**
Revenues from the sale of properties held as inventory	0.4	0.2
Expenses on the sale of properties held as inventory	-0.6	-0.1
Expenses on the sale of inventories	**-0.2**	**0.1**
Revenues from the sale of properties held as inventory Poland	11.4	0.0
Expenses on the sale of properties held as inventory Poland	-12.0	0.0
Expenses on the sale of inventories Poland	**-0.7**	**0.0**
Total	**-1.0**	**0.0**

Expenses from the sale of properties held as inventory in Poland include increased book value disposals of EUR 2.3m from the preliminary purchase price allocation, which in principle lead to a balanced sales result. The negative sales result of EUR 0.7m beyond this is due primarily to selling expenses incurred in advance for units to be transferred in future.

The result from services is broken down into the services provided by the TAG Group and the pro rata property tax and building insurance incurred thereby, as follows:

Net income from property services in EUR m	01/01-03/31/2020	01/01-03/31/2019
Energy services	5.7	5.0
Facility management	3.4	3.0
Multimedia services	2.2	2.2
Internally generated in-house craftsmen services	1.1	0.9
Recharged proportionate land tax and building insurance	1.1	0.3
Other service income	0.6	0.6
Total	**14.0**	**12.0**
Expenses from property services	-8.2	-7.1
Income from property services	**5.8**	**4.9**

The following overview shows the main items of other operating income:

Other operating income in EUR m	01/01-03/31/2020	01/01-03/31/2019
Capitalised internal costs	0.8	0.0
Derecognition of liabilities	0.4	0.3
Income from the reversal of provisions	0.1	0.1
Other	0.3	0.2
Total	**1.6**	**0.6**

Capitalised internal costs corresponds to internal personnel and material costs directly attributable to construction projects in Poland.

At EUR -0.9m in the reporting period, the item ‘fair value changes of investment properties and valuation of investment properties’ is of lesser significance. As in previous years, the next complete portfolio valuation will be carried out at the end of the first half of the year, i.e. at 30 June 2020.

Due in particular to the first-time inclusion of Vantage in TAG's consolidated financial statements (personnel expenses in Poland of EUR 1.3m in Q1 2020), personnel expenses rose by EUR 2.0 million from EUR 11.9m in the previous year to EUR 13.9m in the period under review. At 31 March 2020, TAG had 1,186 employees, including all caretakers and craftsmen (after 1,103 employees at 31 March 2019) in Germany, and 117 employees in Poland.

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 1.7m they are only slightly above the prior-year's level of EUR 1.5m.

The composition of other operating expenses is shown below:

Other operating expenses in EUR m	01/01-03/31/2020	01/01-03/31/2019
Legal, consulting and auditing costs (incl. IT consulting)	2.0	1.0
IT costs	0.5	0.4
Telephone costs, postage, office supplies	0.5	0.4
Costs of premises	0.4	0.4
Travel expenses (incl. vehicles costs)	0.3	0.3
Other	1.4	1.5
Total	**5.1**	**4.0**

The net financial result in the consolidated income statement, which represents the balance of financial income and financial expenses, improved from EUR 12.3m for Q1 2019 to EUR 11.7m. Adjusted for one-off effects, the net financial loss, which is used in determining FFO, improved year-on-year from EUR 11.5m to EUR 11.0m and is calculated as follows:

Financial result in EUR m	01/01-03/31/2020	01/01-03/31/2019
Other financial result	0.8	0.1
Interest income	0.2	0.1
Interest expense	-12.8	-12.5
Financial result	**-11.7**	**-12.3**
Non-cash interest on bonds and notes	0.4	0.3
Early prepayment penalties	0.6	0.0
Other non-cash items (e.g. derivatives, currency differences)	-0.3	0.5
Net financial result (cash effective, excluding one-off effects)	**-11.0**	**-11.5**

Income taxes are composed as follows:

Taxes on income in EUR m	01/01-03/31/2020	01/01-03/31/2019
Actual income taxes current financial year	1.9	1.4
Actual income taxes previous years	-0.1	0.0
Deferred taxes	5.0	4.5
Total	**6.8**	**5.9**

All in all, TAG generated consolidated net profit of EUR 32.1m in the first three months of the year, up from EUR 33.3m in the same period of the prior year.

The following table shows the calculation of adjusted EBITDA, FFO I, AFFO (adjusted funds from operations excl. capex except capex for project developments) and FFO II (FFO I incl. net revenue from sales in Germany and adding in the earnings contribution from business activity in Poland) in the present year to date, compared with the same period of the previous year:

in EUR m	01/01-03/31/2020	01/01-03/31/2019
Net income	**32.1**	**33.3**
Elimination net income Poland	1.0	0.0
Net income Germany	**33.1**	**33.3**
Income taxes	7.1	5.9
Financial result	11.7	12.3
EBIT	**51.9**	**51.5**
Adjustments		
Valuation result	0.9	0.0
Depreciation	1.7	1.5
Elimination of IFRS 16 effects	0.0	-0.4
Sales result	0.4	0.0
EBITDA (adjusted)	**54.9**	**52.7**
Rental income (net rent)	79.7	78.6
EBITDA-Marge (adjusted)	**68.9%**	**67.0%**
Net finance income (cash, without one-offs)	-11.0	-11.5
Income taxes (cash)	-1.6	-1.3
Guaranted dividend minorities	-0.3	-0.3
FFO I	**42.0**	**39.5**
Capitalised maintenance	-1.2	-1.7
AFFO (before modernisation capex)	**40.8**	**37.8**
Modernisation capex	-19.5	-13.5
AFFO	**21.3**	**24.3**
Net revenues from sales Germany	-0.4	0.0
Operating activities Poland	0.7	0.0
FFO II (FFO I + net revenues from sales G + operating activities P)	**42.3**	**39.5**
Weighted average number of shares (outstanding, in 000)	146,314	146,322
FFO I per share in EUR	**0.29**	**0.27**
AFFO per share in EUR	**0.15**	**0.17**
Weighted average number of shares (fully diluted, in 000)	161,168	161,023
FFO I per share in EUR, fully diluted	**0.26**	**0.25**
AFFO per share in EUR, fully diluted	**0.13**	**0.15**

As a result, FFO I, which is currently still calculated solely on the basis of the rental business operated by TAG in Germany, increased by EUR 2.5m or 6.3% year-on-year in the period under review. This increase was primarily due to a EUR 2.2m increase in adjusted EBITDA and a EUR 0.5m improvement in net financial result (cash, excluding non-recurring effects).

In Q1 2020, AFFO declined by EUR 3.0m, or 12.3%, compared to Q1 2019. Despite the EUR 2.5m increase in FFO I, the main reason for this development was the EUR 6.0m increase in the modernisation capex year-on-year, which is due to increased investments in vacancy reduction, especially in the Chemnitz and Berlin regions.

Net assets and investments

The book value of the Group's total property volume amounted to EUR 5,479.8m as of the reporting date (of which EUR 5,342.4m is attributable to German properties and EUR 137.4m to properties in Poland), compared to EUR 5,302.4m at 31 December 2019.

The most substantial proportion of the Group's property assets continues to consist of long-term investment properties:

Investment properties in EUR m	2020	2019
Amount on 01 January	**5,200.0**	**4,666.7**
Addition from business combinations according to IFRS 3	16.9	0.0
Transfer from investment properties	28.1	0.1
Additional acquisition and production costs	21.4	15.4
Transfer from self-occupied properties	1.3	0.0
Transfers from non-current assets held for sale	0.1	8.9
Transfers to non-current assets held for sale	-2.1	-0.8
Sales of investment properties	-0.1	-0.1
Change in market value	-0.5	0.0
Effects from currency translation	-1.7	0.0
Amount on 31 March	**5,263.4**	**4,690.2**

In the reporting period, TAG spent a total of EUR 29.1m (prior-year period: EUR 23.6m) on ongoing maintenance and modernisation costs across its portfolio in Germany. EUR 8.4m (prior-year period: EUR 8.4m) were spent on maintenance recognised in profit or loss, and EUR 20.7m (prior-year period: EUR 15.2m) for capitalised modernisation costs, which break down as follows:

Modernisation expenses in EUR m	01/01-03/31/2020	01/01-03/31/2019
Major measures (e.g. modernisation of entire blocks of flats)	12.7	7.8
Modernisation of flats		
Previously vacant flats	6.8	5.7
Tenant turnover	1.2	1.7
Total modernisation expenses like-for-like-Portfolio	**20.7**	**15.2**

Broken down into acquisitions, project developments, and the residential portfolio excluding acquisitions, the modernisation expenses in the overall portfolio are as follows:

Total refurbishment expenses in EUR Mio.	01/01-03/31/2020	01/01-03/31/2019
Acquisitions in the financial year	0.0	0.0
Project developments Germany	5.3	1.6
Project developments Poland	18.8	0.0
Like-for-like portfolio	20.7	15.2
Other (rent-free periods, joint ventures)	0.0	0.0
Total refurbishment expenses like-for-like portfolio	**44.8**	**16.8**

The following table shows how deferred tax liabilities had developed at the balance sheet date:

	03/31/2020		12/31/2019	
Deferred taxes in EUR m	**Active**	**Passive**	**Active**	**Passive**
Unused tax losses (incl. Interest carried foward)	47.4	0.0	48.9	0.0
Investment properties	0.8	-525.5	0.4	-514.2
Derivative financial instruments	21.1	0.0	21.1	0.0
Other (incl. offset)	-18.8	14.9	-20.7	17.2
Deferred income taxes recorded on the face of the balance sheet	**50.8**	**-510.6**	**49.7**	**-497.0**

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:

in EUR Mio.	03/31/2020	12/31/2019
Cash and cash equivalents as reported on the consolidated balance sheet	196.8	91.3
Cash and cash equivalents not available at balance sheet date	-2.6	-2.6
Cash and cash equivalents as reported on the consolidated cashflow statement	**194.2**	**88.7**

Equity increased by EUR 32.1m in the first three months of the 2020 financial year due to the positive quarterly result, so that total equity amounts to EUR 2,431.6m (31 December 2019: EUR 2,394.2m). The equity ratio was 41.6% as of the reporting date (31 December 2019: 42.4%).

Starting with the 2020 financial year, the European Public Real Estate Association (EPRA) changed the definition of net asset value (NAV) and now distinguishes between three different key figures, namely:

- EPRA Reinstatement Value (EPRA NRV), which essentially refers to the reconstruction cost value of the property portfolio, including any transaction costs incurred
- EPRA Net Tangible Assets Value (EPRA NTA), which excludes intangible assets, including goodwill, and
- EPRA Net Disposal Value (EPRA NDV), which assumes a sale of the real estate portfolio and thus also requires a fair value measurement of deferred income taxes and derivative financial instruments

All ratios must be calculated on a fully diluted basis, i.e. in the case of TAG, taking into consideration the effects of outstanding convertible bonds and potential shares under remuneration programmes.

Unless other best practice developments arise in the industry, TAG will treat the EPRA NTA as its ‘leading indicator’ and communicate it on a quarterly basis. EPRA NRV and EPRA NDV will then be determined on an annual basis as part of the Annual Report.

As of the reporting date, the calculation of the EPRA NTA, also in comparison to the ‘EPRA NAV’ calculated to the end of the 2019 financial year, is as follows:

	03/31/2020		31/12/2019	
in EUR m	**NAV old**	**NTA**	**NAV old**	**NTA**
Consolidated equity (before non-controlling interests)	2,362.5	2,362.5	2,342.6	2,342.6
Effect from conversion of convertible bond	324.1	324.1	324.2	324.2
NAV/NTA (diluted)	**2,686.6**	**2,686.6**	**2,666.8**	**2,666.8**
Difference between fair value and book value of properties valued at cost	84.4	84.4	85.2	85.2
Deferred income taxes on investment properties and derivative financial instruments	503.6	503.6	492.8	492.8
Fair value of derivative financial instruments	6.2	6.2	6.2	6.2
Intangible assets	0.0	-21.6	0.0	-2.6
EPRA NAV/NTA (diluted)	**3,280.2**	**3,259.2**	**3,251.0**	**3,248.4**
Number of shares outstanding (diluted, in 000)	161,091	161,091	161,191	161,191
EPRA NAV/NTA per share in EUR (diluted)	**20.37**	**20.23**	**20.17**	**20.15**
Number of shares outstanding (in 000)	146,237	146,237	146,337	146,337
EPRA NAV/NTA per share in EUR	**20.67**	**20.52**	**20.45**	**20.43**

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

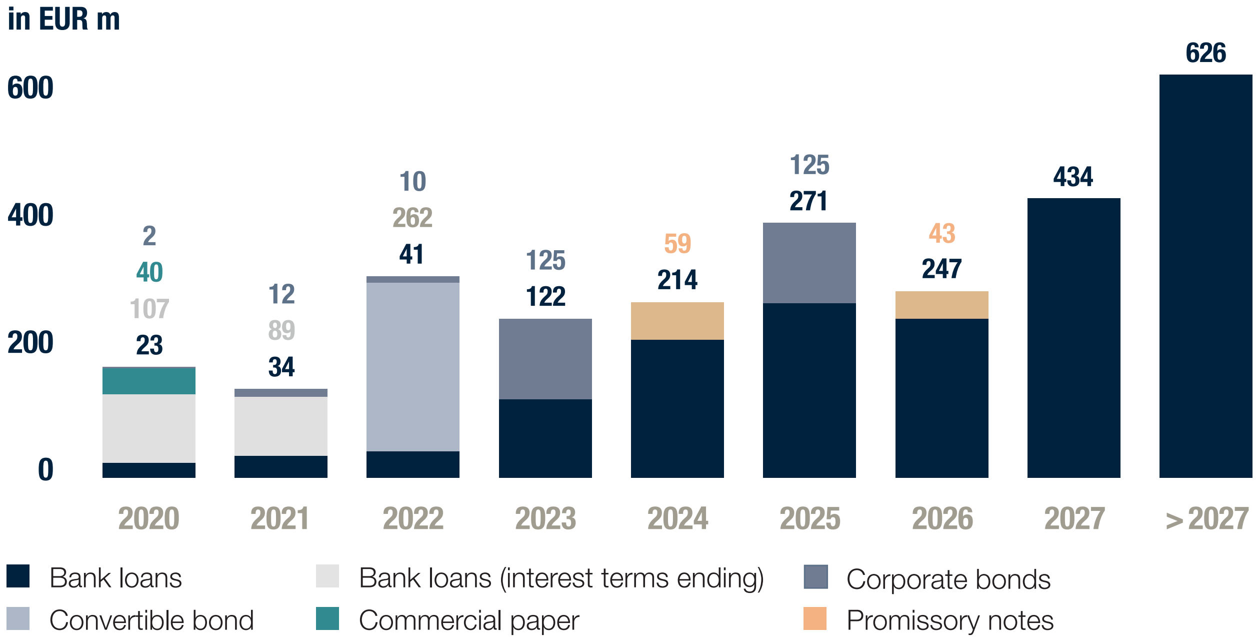
in EUR m	03/31/2020	31/12/2019
Non-current and current liabilities to banks	2,001.8	1,901.2
Non-current and current liabilities from corporate bonds and other loans	418.9	403.0
Non-current and current liabilities from convertible bonds	258.8	258.9
Cash and cash equivalents	-196.9	-91.3
Net financial debt	**2,482.6**	**2,471.8**
Book value of investment properties	5,263.4	5,200.0
Book value of property reported under tangible assets	9.7	9.4
Book value of property held as inventory	172.4	58.5
Book value of property reported under non-current assets held for sale	34.3	34.5
Real estate volume	**5,479.8***	**5,302.4**
Difference between fair value and book value for properties valued at cost	84.4	85.2
Book value of property for which purchase prices have already been paid in advance	-3.3	130.4
Relevant real estate volume for LTV calculation	**5,561.0**	**5,518.0**
LTV	**44.6%**	**44.8%**

*EUR 5,342.4m real estate volume located in Germany and EUR 137.4m located in Poland

Of the Group‘s total net financial debt of EUR 2,482.6m, EUR 2,498.5m is attributable to Germany and EUR -15.9m to Poland. The negative net financial debt in Poland results from an inventory of cash and cash equivalents of EUR 46.1m, which is offset by comparatively lower financial liabilities to banks (EUR 5.6m) and from corporate bonds (EUR 24.6m).

The average interest rate on bank loans was further reduced to 1.90% at the reporting date (31 December 2019: 1.99%). Total average costs of debt amounted to 1.72% (31 December 2019: 1.73%).

The maturities of all financial liabilities as of 31 March 2020, including the corporate bonds (EUR 24m) and bank loans (EUR 6m) taken up by the Polish subsidiary in the past, are shown in the following diagram:



The average remaining term of bank loans at the reporting date was 8.6 years (31 December 2019: 8.7 years), that of total financial liabilities 7.3 years (31 December 2019: 7.4 years).

Fixed-interest liabilities to banks in Germany totalling EUR 294m (2020: EUR 130m; 2021: EUR 123m; 2022: EUR 41m) will mature by year-end 2022 or can be refinanced without prepayment penalty as the contractual interest commitment is ending. The average interest rates on these bank loans are between 2.1% and 2.8%. Given the current significantly lower market interest rates, a further reduction in financing costs is therefore to be expected in subsequent years.

TAG continues to hold an investment grade rating (Baa3 with stable outlook) from the Moody's rating agency. This rating underscores TAG's strong operating performance and stable financing structure. At the same time, it forms the basis for low-interest capital market financing, thus creating flexibility within the Group's financing structure.

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 2019 financial year for further details on this and regarding the outlook. Beyond these, with the exception of the effects of the Covid-19 pandemic, which are described in the following supplementary report, no significant developments have occurred or become apparent that would lead to a different assessment of the opportunities and risks.

The forecasts for the 2020 financial year for FFO I, EBT and NAV, which were published in the 2019 Annual Report, remain unchanged and are as follows (in each case excluding results from fair value changes of investment properties and from the valuation of inventory properties, from the valuation of financial derivatives, and excluding deferred tax effects from the use of tax loss carry-forwards, and in each case on an undiluted basis):

- FFO I: EUR 168–170m (2019: EUR 160.6m) or EUR 1.16 per share (2019: EUR 1.10)
- EBT: EUR 164–166m (2019: EUR 162.7m) or EUR 1.13 (2019: EUR 1.11) per share
- NAV per share (based on the EPRA NAV definition valid as of 31 December 2019): EUR 20.60 to EUR 20.80 (31 December 2019: EUR 20.45), after deduction of dividend payment of EUR 0.82 per share

For our business activities in Poland, we are publishing our first forecast for the 2020 financial year as part of this statement. As revenues there are generated exclusively from property sales this year, this has no impact on the FFO I forecast presented above. For reasons of materiality, we have not adjusted the EBT and NAV forecasts. With this in mind, we issue the following forecast for our business activities in Poland for FY 2020:

- Revenues from the sale of properties held as inventory of EUR 80–85m
- Consolidated net profit (before minority interests and excluding effects of purchase price allocation), i.e. a contribution of the business activities in Poland to FFO II, of EUR 9–11m or EUR 0.07 per share

Impact of the Covid-19 pandemic on TAG's business activities (supplementary report)

Since January 2020, the coronavirus has been spreading worldwide; the World Health Organization (WHO) declared an international health emergency on 30 January 2020. Since 11 March, the WHO has classified the spread of the virus as a pandemic ('Covid-19 pandemic'). This development not only has repercussions for the health of many people, but is increasingly raising questions about the consequences for the economy and for us as a residential real estate company.

Housing is a basic need. As a large housing company we are aware of our responsibilities as a corporate citizen. We realise that our actions have an impact on society, the environment, and the economy. Providing affordable housing has always been our core business – so sustainability is traditionally anchored in our entrepreneurial activities. The current Covid-19 pandemic is a special challenge for all of us, and as a housing company we have a responsibility. Especially towards our tenants, to whom we want to offer a secure home and good service in this difficult situation. Neighbourhood management, which we have been practising for years in many of our residential neighbourhoods, is more important than ever during this time.

For several weeks now, we have voluntarily refrained from increasing rents by adjusting them to the local comparative rent, giving notice due to loss of income as a result of the Covid-19 pandemic, and corresponding evictions from occupied housing. Our receivables management teams have always seen themselves as debt advisors and aim to help people in arrears with their rent so that they can continue living in their home. They are also offering instalment payments and deferral agreements during this period and are helping with applications for governmental aid.

With regard to the real estate industry, the Act to Mitigate the Consequences of the Covid-19 Pandemic in Civil, Insolvency and Criminal Proceedings Law passed by the Bundestag and Bundesrat at the end of March 2020 is of particular relevance. Among other things, this law stipulates that tenants may not be given notice for rent arrears incurred in the period from 1 April to 30 June 2020 that are due to the effects of the Covid-19 pandemic. The tenants' obligation to pay the rent remains in force, and given them notice due to arrears accumulated during this period will be possible again after 1 July 2022. The law also stipulates the option of extending this protection against termination for tenants beyond 30 June 2020 until no later than 30 September 2020.

The financial consequences of this law are currently difficult to assess, even though it has not yet resulted in any increase in receivables after the reporting date of 31 March 2020 that would be significant from the perspective of the Group as a whole. Nevertheless, it may result in increased loss of rent. This is especially true if the Covid-19 pandemic were to continue for many months and several quarters. The Covid-19 pandemic could also lead to a temporary increase in vacancy in future, as letting processes are difficult in the current situation, e.g. due to existing lockdowns and social distancing.

However, even under these circumstances, we do not feel the positive future prospects of our business model are at risk. For that to happen, long-term fundamental trends, such as the high demand for affordable housing and the low interest rate environment, would have to change significantly. We do not currently expect this for either of them. With an average residential rent of only EUR 5.42 per square meter, our rents remain in the inexpensive and affordable residential segment. Even in the event of a prolonged economic recession, we see this market segment as stable and in demand.

With regard to the financing side, too, we view our situation as positive and very solidly positioned. In March and April 2020, we were able to conclude new bank loans with a total volume of EUR 143.5m with various banks at an average interest rate of 1.17% and a term of 10 years. As of 31 March 2020, we had EUR 196.8m in cash and cash equivalents and credit lines of EUR 120.0m with banks, which have not been used in full. Major refinancing is not planned for the 2020 and 2021 financial years.

Hamburg, 14 May 2020

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

CONSOLIDATED BALANCE SHEET

Assets in TEUR	03/31/2020	31/12/2019
Non-current assets		
Investment properties	5,263,447	5,199,993
Intangible assets	21,603	2,629
Property, plant and equipment	31,917	30,926
Capitalisation of rights of use	9,238	9,180
Other financial assets	9,093	9,003
Deferred taxes	50,819	49,730
	5,386,117	**5,301,461**
Current assets		
Property held as inventory	172,393	58,452
Other inventories	750	164
Trade receivables	15,104	17,432
Income tax receivables	1,654	1,431
Other current assets	43,747	10,996
Prepayments on business combinations	0	131,192
Cash and cash equivalents	196,848	91,306
	430,496	**310,973**
Non-current assets held for sale	**34,271**	**34,536**
	5,850,884	**5,646,970**

Equity and liabilities in TEUR	03/31/2020	12/31/2019
Equity		
Subscribed capital	146,237	146,337
Share premium	520,794	522,985
Other reserves	-8,058	1,035
Retained earnings	1,703,502	1,672,212
Attributable to the equity holders of the parent company	2,362,475	2,342,569
Attributable to non-controlling interests	69,164	51,667
	2,431,639	**2,394,236**
Non-current liabilities		
Liabilities to banks	1,914,718	1,788,324
Liabilities from corporate bonds and other loans	350,444	350,354
Liabilities from convertible bonds	258,673	258,329
Derivative financial instruments	71,508	71,508
Retirement benefit provisions	5,710	5,799
Other non-current liabilities	23,959	17,048
Deferred taxes	510,587	497,027
	3,135,599	**2,988,389**
Current liabilities		
Liabilities to banks	87,094	112,872
Liabilities from corporate bonds and other loans	68,446	52,622
Liabilities from convertible bonds	136	546
Income tax liabilities	13,360	11,908
Other provisions	27,249	22,824
Trade payables	45,804	21,797
Other current liabilities	40,784	41,001
	282,873	**263,570**
Liabilities associated with non-current assets held for sale	**773**	**775**
	5,850,884	**5,646,970**

CONSOLIDATED INCOME STATEMENT

in TEUR	01/01-03/31/2020	01/01-03/31/2019
Rental income	108,861	106,404
Impairment losses	-789	-991
Rental expense	-42,095	-41,874
Net rental income	**65,977**	**63,539**
Revenues from the sale of real estate	13,791	4,406
Expenses on the sale of real estate	-14,812	-4,453
Sales result	**-1,021**	**-47**
Revenues from services	14,011	11,979
Impairment losses	-82	-111
Expenses from property services	-8,132	-7,011
Services result	**5,797**	**4,857**
Other operating income	1,570	649
Fair value changes in investment properties and valuation of properties held as inventory	-941	-26
Personnel expense	-13,923	-11,917
Depreciation/amortisation	-1,656	-1,529
Other operating expense	-5,134	-4,045
EBIT	**50,669**	**51,481**
Other financial result	823	69
Interest income	203	115
Interest expense	-12,759	-12,496
EBT	**38,936**	**39,169**
Income taxes	-6,810	-5,868
Consolidated net income	**32,126**	**33,301**
attributable to non-controlling interests	836	930
attributable to equity holders of the parent company	31,290	32,371
Earnings per share (in EUR)		
Basic earnings per share	0.21	0.22
Diluted earnings per share	0.20	0.20

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01-03/31/2020	01/01-03/31/2019
Consolidated net income	32,126	33,301
Net interest income / expense through profit and loss	12,556	12,381
Current income taxes through profit and loss	1,751	1,349
Depreciation	1,656	1,529
Other financial result	- 823	- 69
Fair value changes in investment properties and valuation of properties held as inventory	941	26
Gains / losses from the disposal of investment properties	165	125
Gains from the disposal of tangible and intangible assets	- 13	- 3
Impairments accounts receivables	871	1.102
Changes to deferred taxes	5,059	4,519
Changes in provisions	4,336	4,688
Interest received	60	0
Interest paid	- 11,758	- 11,319
Income tax payments and refunds	- 522	- 811
Changes in receivables and other assets	- 25,578	- 12,368
Changes in payables and other liabilities	- 3,900	- 858
Cash flow from operating activities	**16,927**	**33,592**
Payments received from the disposal of investment properties (less selling costs)	4,403	4,117
Payments made for investments in investment properties	- 49,578	- 15,604
Cash and cash equivalents assumed in a business combinations	72,273	0
Payments received from other financial assets	165	69
Payments received from the disposal of intangible assets and property, plant and equipment	13	65
Payments made for investments in intangible assets and property, plant and equipment	- 2,181	- 2,332
Cash flow from investing activities	**25,095**	**- 13,685**
Purchase of treasury shares	- 2,162	0
Payments made for the repayment of corporate bonds and other loans	- 44,020	- 10,000
Proceeds from the issuance of corporate bonds and other loans	20,001	0
Proceeds from new bank loans	154,871	1,250
Repayment of bank loans	- 61,229	- 15,194
Repayment of lease liabilities	- 593	- 393
Cashf low from financing activities	**66,868**	**- 24,337**
Net change in cash and cash equivalents	108,890	- 4,430
Cash and cash equivalents at the beginning of the period	88,686	89,016
Foreign currency exchange effects	- 3,306	0
Cash and cash equivalents at the end of the period	**194,270**	**84,586**

TAG FINANCIAL CALENDAR 2020

Publications/Events

14 May 2020	Publication of Interim Statement Q1 2020
22 May 2020	Virtual Annual General Meeting, Hamburg
20 August 2020	Publication of Interim Statement Q2 2020
27 August 2020	Capital Markets Day, Wrocław (tbc)
12 November 2020	Publication of Interim Statement Q3 2020

Conferences

15 May 2020	Goldman Sachs European Real Estate Fixed Income Investor Conference (Virtual Conference)
19 May 2020	Barclays Real Assets Conference, London (Virtual Conference)
20 May 2020	Kempen European Property Seminar, Amsterdam (Virtual Conference)
04 June 2020	dbAccess Berlin Conference, Berlin (Virtual Conference)
10 June 2020	Goldman Sachs Fintech Conference, Rome
17 June 2020	Kepler Cheuvreux German Property Day, Paris (Virtual Conference)
18–19 August 2020	Bankhaus Lampe German Conference, Baden-Baden
03 September 2020	Commerzbank Corporate Conference, Frankfurt
08–10 September 2020	EPRA Conference 2020, Paris
15–16 September 2020	BofAML Global Real Estate Conference, New York
21 September 2020	Berenberg & Goldman Sachs Corporate Conference, München
23 September 2020	Baader Investment Conference, München
01 October 2020	Commerzbank Real Estate Forum 2020, London
26 November 2020	Berenberg Real Estate Seminar 2020, Paris

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