# INTERIM STATEMENT 2020

## ON THE 3RD QUARTER

GROWING CASHFLOWS

TAG Immobilien AG

# GROUP FINANCIALS

**in EUR m**

| **Income statement key figures** | **01/01/2020–09/30/2020** | **01/01/2019–09/30/2019** |
|---|---:|---:|
| Net actual rent | 239.8 | 235.8 |
| EBITDA (adjusted) | 167.4 | 160.6 |
| Consolidated net profit | 189.1 | 267.9 |
| FFO I per share in EUR | 0.90 | 0.83 |
| FFO I | 131.1 | 121.5 |
| AFFO per share in EUR | 0.52 | 0.51 |
| AFFO | 76.4 | 74.6 |

| **Balance sheet key figures** | **09/30/2020** | **12/31/2019** |
|---|---:|---:|
| Total assets | 6,433.0 | 5,647.0 |
| Equity | 2,469.1 | 2,394.2 |
| Equity ratio in % | 38.4 | 42.4 |
| EPRA Net Asset Value (NTA, fully diluted) per share in EUR | 20.76 | 20.15 |
| LTV in % | 45.7 | 44.8 |

| **Portfolio data** | **09/30/2020** | **12/31/2019** |
|---|---:|---:|
| Units Germany | 85,100 | 84,510 |
| Units Poland (secured pipeline) | 7,644 | 0 |
| GAV (real estate assets Germany and Poland) | 5,737.1 | 5,302.4 |
| Vacancy in % (total) | 5.3 | 4.9 |
| Vacancy in % (residential units) | 4.8 | 4.5 |
| l-f-l rental growth in % | 1.4 | 1.9 |
| l-f-l rental growth in % (incl. vacancy reduction) | 1.5 | 2.4 |

| **Employees** | **09/30/2020** | **12/31/2019** |
|---|---:|---:|
| Number of employees (Germany and Poland) | 1,336 | 1,160 |

| **Capital market data** | |
|---|---:|
| Market cap at 09/30/2020 in EUR m | 3,770.9 |
| Share capital at 09/30/2020 in EUR | 146,498,765 |
| WKN / ISIN | 830350/DE0008303504 |
| Number of shares at 09/30/2020 (issued) | 146,498,765 |
| Number of shares at 09/30/2020 (outstanding, without treasury shares) | 146,294,881 |
| Free float in % (without treasury shares) | 99.86 |
| Index | MDAX/EPRA |

# CONTENTS

## TABLE OF CONTENTS

# BUSINESS DEVELOPMENT

## BUSINESS PERFORMANCE IN THE FIRST NINE 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 30 September 2020, TAG managed around 85,100 (31 December 2019: 84,500) residential units in Germany, and has a contractually secured pipeline for the construction of around 7,600 residential units in Poland.

TAG Immobilien AG shares are listed in the MDAX of the Frankfurt Stock Exchange, TAG's market capitalisation at 30 September 2020 was EUR 3.8bn (31 December 2019: EUR 3.2bn).

TAG's business model in Germany is the long-term letting of apartments. All functions essential to property management are carried out by its own employees. Moreover, in many portfolios, the Company also delivers caretaker services and craftsmen 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 inventory 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.

In Germany, TAG invests primarily in medium-size towns and in the vicinity of large metropolises, as they are seen to possess 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 cashflows 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.

## Sustainable business development

Few topics are currently being discussed as intensively as issues relating to sustainability. Questions about sustainability targets, the impact of business activities on the environment and society, and a company's long-term plans are now changing the way the public look at and perceive companies.

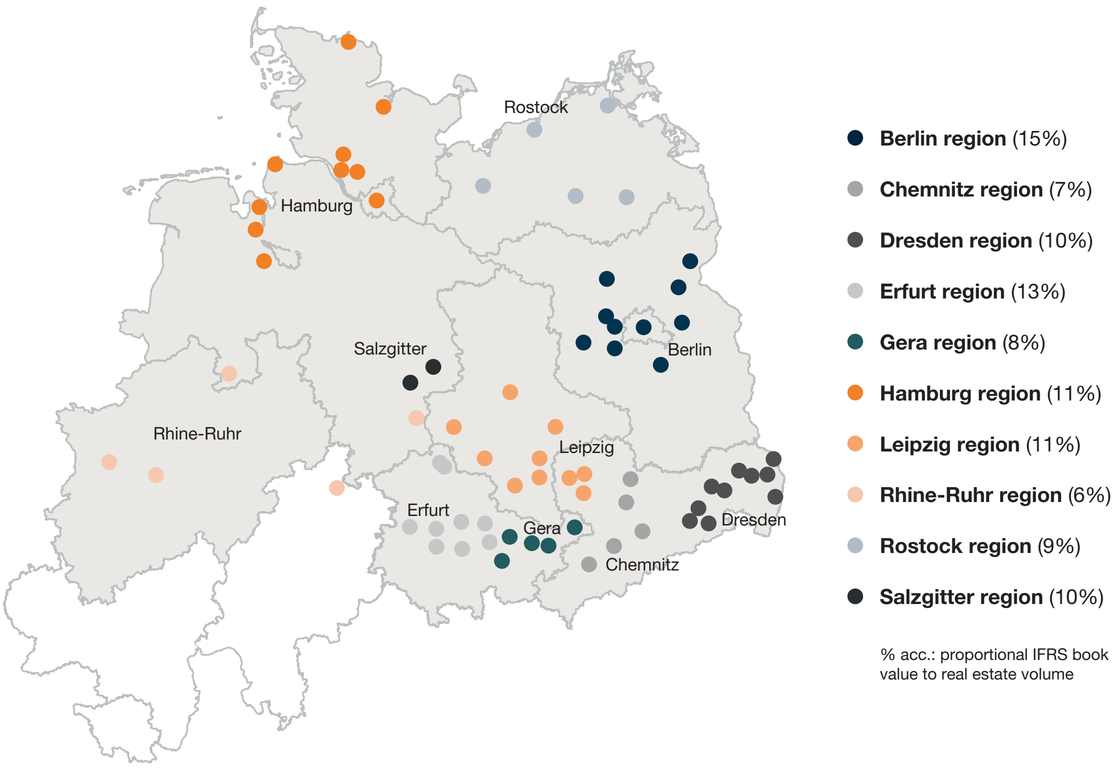
TAG is one of the largest private housing companies in Germany. Sustainable conduct is the basis of our business strategy. After all, it is the prerequisite for safeguarding the future of our Company. Our annual reporting on matters of sustainability in a given financial year is published in a separate Sustainability Report (available at www.tag-ag.com in the 'Investor Relations/Financial Reports/Sustainability Reports' section), which is prepared in line with the standards of the Global Reporting Initiative (GRI) and the European Public Real Estate Association (EPRA). This allows us to compare our results and targets over time, and to monitor and report developments according to objective criteria.

Our commitment to sustainable business development is also increasingly recognised and honoured by the ratings agencies. In a report published on 26 June 2020 by Sustainalytics, a leading company for market research, ratings and data on ESG (environment, social, governance) issues, TAG is ranked 41st out of a total of 905 real estate companies analysed worldwide, putting it in the top 5% of all companies in this sector. Our Group was rated 'low risk' with 12.6 points (low risk), having improved by over ten points and moved up a category compared to the previous year.

## Development of the TAG property portfolio in Germany

**Overview**

At the end of the third quarter of 2020, the TAG property portfolio in Germany comprised 85,100 residential units. The regional focus is mainly on Northern and Eastern Germany, and the units are distributed as follows:




| Portfolio data | 09/30/2020 | 12/31/2019 |
|---|---|---|
| Units | 85,100 | 84,510 |
| Floor space in sqm | 5,124,408 | 5,094,435 |
| Real estate volume in EUR m | 5,578.9* | 5,302.4 |
| Annualised net actual rent in EUR m p.a. (total) | 322.8 | 319.9 |
| Net actual rent in EUR per sqm (total) | 5.55 | 5.51 |
| Net actual rent in EUR per sqm (residential units) | 5.45 | 5.39 |
| Vacancy in % (total) | 5.3 | 4.9 |
| Vacancy rate in % (residential units) | 4.8 | 4.5 |
| I-f-I rental growth in % | 1.4 | 1.9 |
| I-f-I rental growth in % (incl. vacancy reduction) | 1.5 | 2.4 |

* Total real estate volume EUR 5,737.1m (of which EUR 5,578.9m relates to German properties and EUR 158.2m to properties in Poland)

**Purchases and sales in the first nine months of the 2020 business year**

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

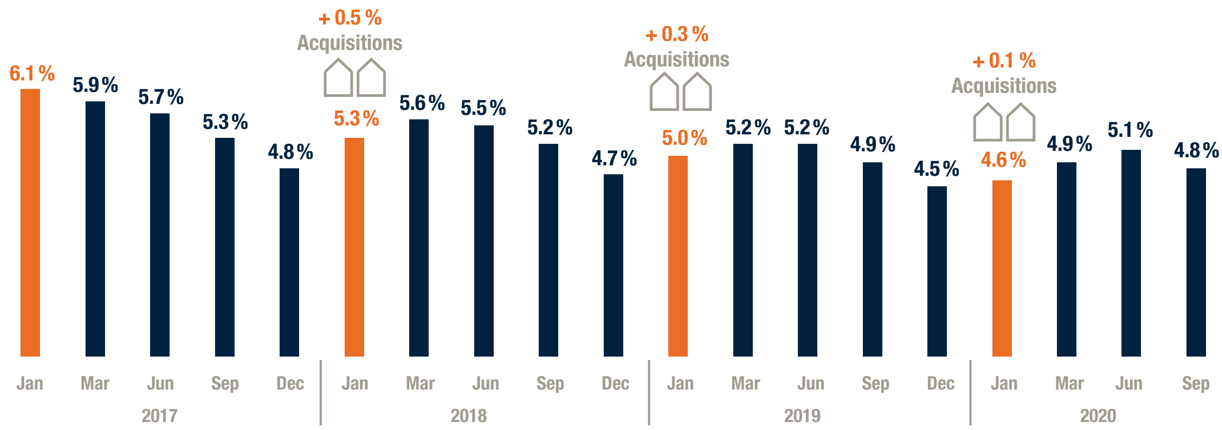
| Acquisition | Total |
|---|---|
| **Conclusion of the contract** | **2020** |
| Units | 4,338 |
| Net actual rent in EUR/sqm/month | 4.97 |
| Vacancy in % | 21.2 |
| Purchase price in EUR m | 168.7 |
| Net actual rent in EUR m p.a. | 11.4 |
| Location | Saxony, Thuringia, Saxony-Anhalt: Merseburg, Plauen, Gotha, Magdeburg, Dessau, etc. |
| Closing | Q2/Q4 2020 |
| Multipliers | 14.8 |

In all, purchase agreements for 4,338 apartments were notarised. The average purchase multiplier (ratio between the purchase price excluding transaction costs and the current annual net actual rent) of 14.8 achieved is to be considered very attractive given the stiff competition in the residential property market, and corresponds to an annual gross initial yield of 6.8%. The average vacancy in the acquired portfolios is 21.2%, and therefore offers further potential for value creation.

Meanwhile, in the ongoing sales business, sales of 320 units were notarised in Germany from January to September 2020. The sales price and net cash inflow totalled EUR 21.7m or 17.8 times the annual net actual rent. Book gains of EUR 1.4m are expected from these sales.

**Vacancy**

The following table illustrates the development of vacancy in the Group's residential units in Germany since 2017 and in the first nine months of the 2020 financial year:




Mostly as a result of the integration of the previous year's acquisitions, due to ongoing modernisation programmes to reduce vacancy, as well as the fact that at times fewer viewings could be held, and thus fewer rentals signed, as a result of the Covid-19 pandemic, there was a slight rise in vacancy in the first nine months of the year. In the third quarter of 2020, however, vacancy dropped to 4.8% again, showing a clearly positive trend. A further reduction to the unchanged forecast level (4.3% to 4.5%) is expected by year-end.

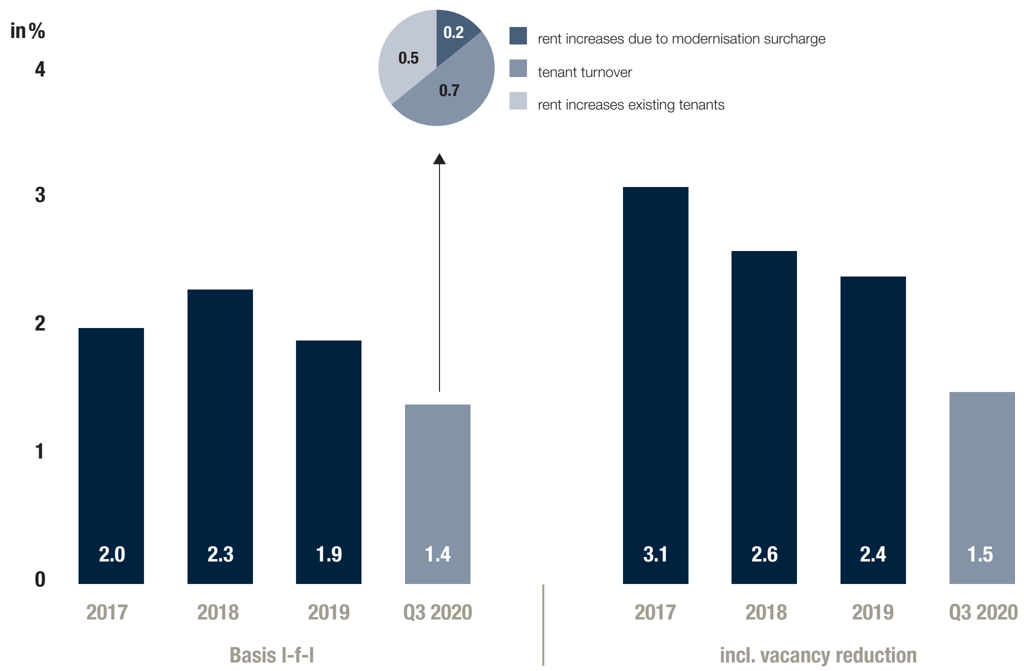
Meanwhile, the vacancy rate for the portfolio as a whole was 5.3% in September 2020, compared to 4.9% at 31 December 2019. This increase is mainly due to the acquisitions of the current financial year, which have higher vacancy rates.

**Growth in rents**

At 1.4% per annum, growth in rents from the Group's residential units at 30 September 2020 was down year-on-year (2019: 1.9% p.a.) on a like-for-like basis (i.e. not including the acquisitions and sales of the previous twelve months). This rental growth of 1.4% was comprised of ongoing rent increases for existing tenants (0.5%), 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 1.5%, after 2.4% in the financial year 2019.

The lower growth compared with the previous year is partly due to the impact of the Covid-19 pandemic. In addition to the lower year-on-year vacancy reduction, the fact that TAG voluntarily refrained from raising rents by adjusting them to the comparable local rent in the period from March to June 2020, as well as lower tenant fluctuation (and thus lower rent increases for re-letting) also contributed to this development. However, these effects are also still regarded as temporary, which is why the forecast of 2.0% to 2.5% like-for-like rental growth for the full financial year in 2020 has been maintained.

The following chart shows the rental growth in the Group's residential units in the financial years since 2017, and at the end of the third quarter of 2020:




Total investments in the residential units in the first nine months of 2020 amounted to EUR 16.34 per sqm (maintenance costs recognised as expenses of EUR 5.21 per sqm, and capitalised modernisations of EUR 11.13 per sqm). Extrapolated to a full financial year of twelve months, this would come to EUR 21.80 per sqm, after 20.45 per sqm in FY 2019.

**The portfolio in detail by region**

The following table shows further details of TAG's property portfolio in Germany, by region, as at 30 September 2020:

| Region | Units | Rentable area sqm | IFRS BV 09/30/2020 EUR m | In-place yield % | Va-cancy 09/30/2020 % | Va-cancy Dec. 2019* % | Net actual rent EUR/sqm | Relet-ting rent EUR/sqm | l-f-l rental growth y-o-y % | total l-f-l rental growth y-o-y*** % | Main-tenance EUR/sqm | Capex EUR/sqm |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Berlin | 10,370 | 596,681 | 820.3 | 4.8 | 4.5 | 4.1 | 5.80 | 6.33 | 1.3 | 0.6 | 4.88 | 16.60 |
| Chemnitz | 7,491 | 438,923 | 360.5 | 6.7 | 7.3 | 7.7 | 4.97 | 5.05 | 1.4 | 2.5 | 5.67 | 21.46 |
| Dresden | 6,099 | 394,811 | 557.5 | 4.9 | 2.4 | 2.1 | 5.86 | 6.25 | 1.3 | 1.1 | 2.67 | 6.66 |
| Erfurt | 10,780 | 606,517 | 682.7 | 5.5 | 2.7 | 2.6 | 5.27 | 5.59 | 1.5 | 1.9 | 4.50 | 9.42 |
| Gera | 9,512 | 552,639 | 438.3 | 7.1 | 6.8 | 7.0 | 5.06 | 5.32 | 1.0 | 1.4 | 3.72 | 6.80 |
| Hamburg | 7,032 | 432,435 | 572.2 | 5.1 | 4.2 | 4.2 | 5.82 | 6.08 | 1.6 | 2.2 | 7.09 | 15.70 |
| Leipzig | 10,011 | 589,909 | 592.9 | 6.0 | 6.4 | 5.4 | 5.34 | 5.78 | 1.7 | 1.2 | 4.18 | 6.09 |
| Rhine-Ruhr | 4,188 | 266,405 | 332.4 | 5.2 | 2.0 | 2.1 | 5.54 | 5.67 | 1.4 | 1.6 | 8.61 | 3.99 |
| Rostock | 7,987 | 452,571 | 493.3 | 5.8 | 5.0 | 3.6 | 5.56 | 5.99 | 2.2 | 1.5 | 7.60 | 13.46 |
| Salzgitter | 9,180 | 563,122 | 547.5 | 6.3 | 5.4 | 5.2 | 5.41 | 5.61 | 1.1 | 1.1 | 5.34 | 9.82 |
| **Total residential units** | **82,650** | **4,894,012** | **5,398.6** | **5.6** | **4.8** | **4.5** | **5.45** | **5.74** | **1.4** | **1.5** | **5.21** | **11.13** |
| Acqui-sitions | 1,166 | 65,361 | 42.8 | 7.1 | 17.7 | 7.8 | 4.68 | – | – | – | – | – |
| Commer-cial units (within res. portfolio) | 1,127 | 144,734 | – | – | 16.1 | 16.3 | 8.30 | – | – | – | – | – |
| **Total residential portfolio** | **84,943** | **5,124,107** | **5,441.5** | **5.9** | **5.3** | **4.9** | **5.51** | **–** | **–** | **–** | **–** | **–** |
| Other | 157 | 20,301 | 137.4** | 5.1*** | 6.2 | 8.1 | 13.50 | – | – | – | – | – |
| **Grand total** | **85,100** | **5,124,408** | **5,578.9**** | **5.9***** | **5.3** | **4.9** | **5.55** | **–** | **–** | **–** | **–** | **–** |

* Excluding acquisitions 2019 ** Including EUR 77,4 m book value of project developments *** excl. project developments

## Development of business activities in Poland

Based on an average exchange rate of the Polish złoty (PLN) to the euro of 4.4220:1, revenues from the sale of properties by Vantage amounted to EUR 40.9m in the first nine months of 2020. In the first nine months of 2020, sales of 390 apartments were notarised, and 389 apartments were handed over to their buyers. These handovers led to the aforementioned sales revenues.

Sales figures were down in the second quarter of 2020 due to the Covid-19 pandemic to just 61 notarised sales of apartments, but the 124 apartments sold in the third quarter already showed a clear increase.

As of 30 September 2020, the contractually secured pipeline for the construction of apartments comprises a total of 7,644 units, of which 5,039 units are in Wrocław, 2,015 units in Poznan, and 590 units in Łódź. Compared to the level at the end of Q2 2020 (5,800 units, including 4,485 in Wrocław, 1,075 units in Poznań, and 240 units in Łódź), the pipeline has thus been enlarged by 554 apartments in Wrocław, 941 units in Poznań, and 350 units in Łódź.

According to current plans, of the total approx. 7,600 units at 30 September 2020, approx. 3,500 units are built for sale, while approx. 4,100 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. Until then, the business activities in Poland will continue to be almost exclusively in the sale of residential units.

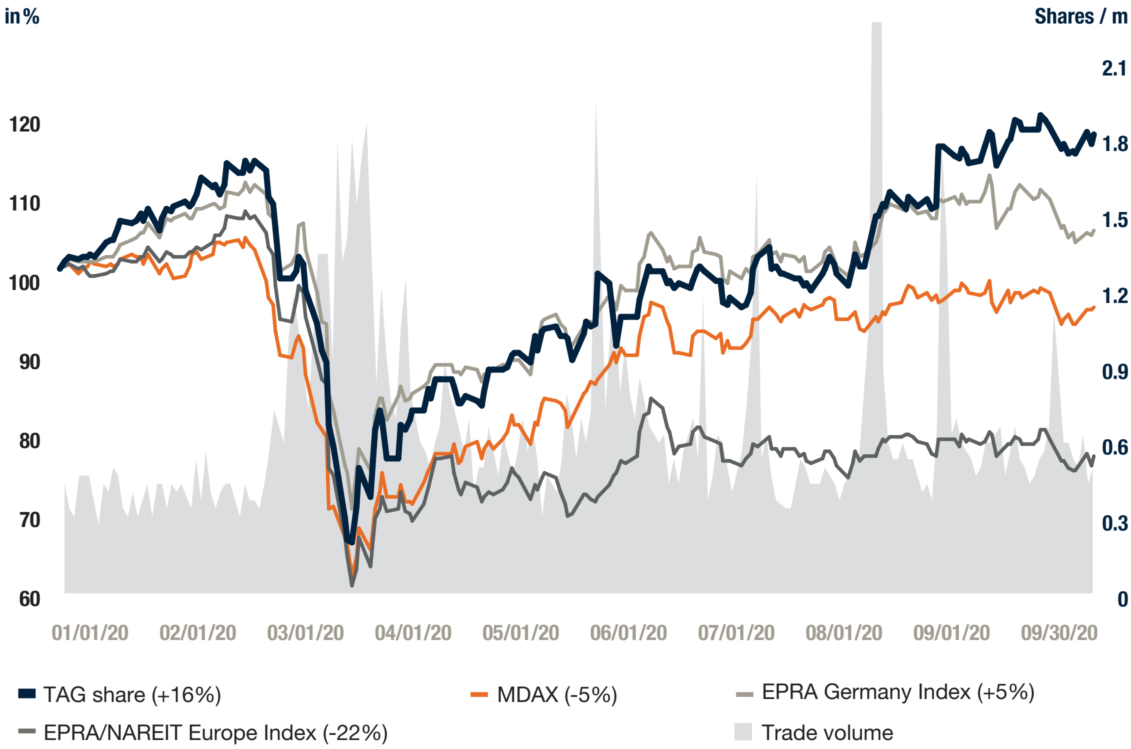
## The TAG share and the capital market

**Share performance**

In the first nine months of 2020, due to market pressures arising from the Covid-19 pandemic, the price of the MDAX-listed TAG share fluctuated sharply in the first and second quarters, and then rose continuously during the course of the third quarter. Following a price of EUR 22.16 at the end of 2019, the stock traded at highs of around EUR 26.26 in September 2020 and a low of EUR 14.93 in March 2020. At 30 September 2020, the share price was EUR 25.74, an increase of 16% compared to the beginning of the year. Including the dividend of EUR 0.82 per share paid out to shareholders in May 2020, TAG stock delivered an overall performance of close to 20% in the first nine months of 2020.

By comparison, the EPRA Index, which is made up of various European real estate companies listed on international stock exchanges, recorded a 22% decline in the third quarter of 2020.

At the national level, the MDAX index fell by 5%, while the EPRA Germany, which comprises the main German real estate stocks, increased by 5%, as shown in the following chart:

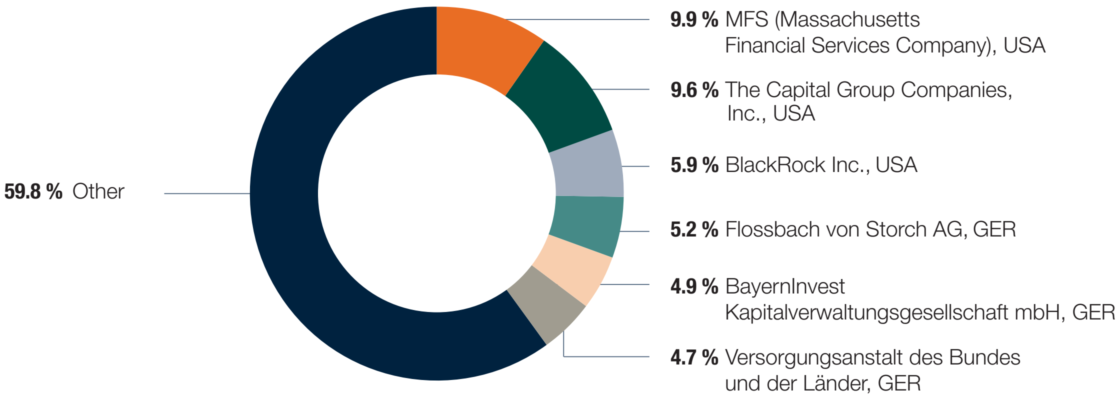


**Share capital and shareholder structure**

TAG's market capitalisation stood at EUR 3.8bn on 30 September 2020, up from EUR 3.2bn on 31 December 2019. The share capital and number of shares at 30 September 2020 remained unchanged to the end of the previous year at EUR 146,498,765.00 and 146,498,765 shares.

At the reporting date, free float was at 99.86% of the share capital; 0.14% of the share capital (203,884 shares at 30 September 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 (as at 30 September 2020) shows:




**Dividend**

TAG's shareholders participate substantially in the Company's success by paying an attractive divident with a pay-out ratio of 75% of FFO I. At this year's Annual General Meeting, which took place virtually 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, was resolved and subsequently paid out.

## 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 19.8m, which amounted to EUR 18.5m on 30 September 2020, mainly due to currency translation effects. 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.

Apart from the recognition of this goodwill, the initial consolidation of Vantage did not have any material effect on TAG' earnings, assets and financial position. 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 are as follows at 30 September 2020:

| FFO II contribution Poland in EUR m | 01/01-09/30/2020 |
|---|---|
| Net income from Poland | -1.7 |
| Result of effects from purchase price allocation | 4.9 |
| Valuation result | 1.6 |
| Deferred taxes | -2.2 |
| Minority interest | -0.1 |
| **Total** | **2.5** |

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, which refers to the rental business that is still conducted exclusively in Germany for the time being, is as follows:

| Rental income in EUR m | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| Net actual rent | 239.8 | 235.8 |
| Proportionate allocated property tax and building insurance | 11.6 | 11.6 |
| **Rental income according to IFRS 16** | **251.4** | **247.4** |
| External operational and ancillary costs recharged to tenants | 60.2 | 55.8 |
| Proportionate recharged property tax and building insurance | 2.9 | 2.8 |
| **Costs recharged to tenants according to IFRS 15** | **63.1** | **58.6** |
| **Total** | **314.5** | **306.1** |

In the reporting period, the Group increased its net actual rents by about 1.7%, also taking into account the effects from acquisitions and disposals during the period. However, the main reason for this increase was the operational growth in rents.

The individual items of rental expenses are as follows:

| Rental expenses in EUR m | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| Maintenance expenses | 25.7 | 25.6 |
| Non-recoverable ancillary costs | 7.6 | 7.4 |
| Ancillary costs of vacant real estate | 5.7 | 6.9 |
| **Non-recharged expenses** | **39.0** | **39.9** |
| Rechargeable costs, taxes and insurance | 74.7 | 70.2 |
| **Rental expenses** | **113.7** | **110.1** |
| Impairment losses on rent receivables | 3.0 | 3.1 |
| **Total** | **116.7** | **113.2** |

Overall, net rental income, i.e. the balance of income and expenses from rentals as well as impairments of rental receivables, improved to EUR 197.8m in the period under review, compared with EUR 192.9m in the previous year. The main reason for this is the increase in net actual rent.

The proceeds from the sale of properties in Germany and Poland and the associated expenditures are shown below:

| Income from sales in EUR m | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| Revenues from the sale of investment properties | 17.6 | 37.7 |
| Expenses on the sale of investment properties | -17.9 | -37.7 |
| **Net income from the sale of investment properties** | **-0.3** | **0.1** |
| Revenues from the sale of properties held as inventories | 0.6 | 1.7 |
| Expenses on the sale of properties held as inventories | -1.3 | -1.8 |
| **Expenses on the sale of inventories** | **-0.7** | **-0.1** |
| Revenues from the sale of properties held as inventories Poland | 41.0 | 0.0 |
| Expenses on the sale of properties held as inventories Poland | -38.8 | 0.0 |
| **Expenses on the sale of inventories Poland** | **2.3** | **0.0** |
| **Total** | **1.3** | **0.0** |

Expenses from the sale of properties held as inventory in Poland include increased book value disposals of EUR 6.7m from the preliminary purchase price allocation. Excluding this effect, the gains on disposals on the costs of sales for the reporting period amount to EUR 8.9m.

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 | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| Energy services | 18.7 | 16.1 |
| Facility management | 10.3 | 9.9 |
| Multimedia services | 6.3 | 6.5 |
| Internally generated in-house craftsmen services | 3.2 | 2.8 |
| Recharged proportionate property tax and building insurance | 1.3 | 1.5 |
| Other service income | 2.1 | 1.8 |
| **Total** | **41.9** | **38.6** |
| Impairment losses | -0.4 | -0.4 |
| Expenses from property services | -22.5 | -22.3 |
| **Income from property services** | **19.0** | **15.8** |

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

| Other operating income in EUR m | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| Capitalised ownwork | 1.6 | 0.0 |
| Derecognition of liabilities | 0.9 | 0.6 |
| Income from the reversal of provisions | 0.7 | 0.4 |
| Other | 0.7 | 0.7 |
| Other out-of-period income | 0.3 | 0.6 |
| Grants | 0.0 | 0.5 |
| **Total** | **4.2** | **2.7** |

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

The fair value changes of EUR 172.6m (previous year: EUR 211.0m) for investment properties and the measurement of inventories are primarily based on the appraisal of TAG's entire real estate portfolio as of 30 June 2020 by CBRE GmbH as an independent expert. This item primarily refers to investment properties held in the portfolio, with a minor amount also resulting from the measurement of inventories or properties held for sale. The next complete portfolio valuation will take place on 31 December 2020.

Due in particular to the first-time inclusion of Vantage in the consolidated financial statements, personnel expenses in the reporting period rose by EUR 5.8m, from EUR 36.7m in the prior-year period to EUR 42.5m. On 30 September 2020, TAG had 1,336 employees, including the staff in Poland, up from 1,160 at the end of 2019.

Depreciation and amortisation of intangible assets and property, plant and equipment mainly comprises scheduled depreciation and amortisation of owner-occupied property and of IT and other office equipment, and at EUR 5.3m was slightly above the level of EUR 5.0m in the same period of the previous year.

Other operating expenses are composed as follows:

| Other operating expenses in EUR m | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| Legal, consulting and auditing costs (incl. IT consulting) | 4.7 | 4.1 |
| Contributions and donations | 4.3 | 0.3 |
| Telephone costs, postage, office supplies | 1.4 | 1.3 |
| Costs of premises | 1.4 | 1.1 |
| IT costs | 1.1 | 1.2 |
| Travel expenses (incl. vehicles costs) | 0.8 | 1.1 |
| Additional personnel expenses | 0.7 | 1.0 |
| Other | 3.0 | 2.6 |
| **Total** | **17.4** | **12.7** |

In the nine-month period ending 30 September 2020, contributions and donations include a one-time effect of a total of EUR 3.6m in payments to the newly established 'TAG Miteinander Stiftung', a charitable organisation which will promote social projects in the regions managed by TAG going forward.

The net financial result in the consolidated income statement, which represents the balance of financial income and financial expenses, was down year-on-year from EUR –44.2m for the prior-year period to EUR –91.5m, primarily due to non-cash losses from the fair value measurement of the equity component of convertible bonds as derivatives. By contrast, the net financial result, adjusted for one-off effects, which is used in determining FFO, declined year-on-year from EUR –34.2m to EUR –33.3m, and is determined as follows:

| Financial result in EUR m | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| Other financial result | -0.8 | 0.5 |
| Interest income | 9.9 | 0.3 |
| Interest expense | -100.7 | -45.0 |
| **Financial result** | **-91.5** | **-44.2** |
| Non-cash interest on bonds and notes | 2.1 | 1.1 |
| Early prepayment penalties | 0.6 | 0.2 |
| Other non-cash items (e.g. derivatives) | 55.5 | 8.8 |
| **Net financial result (cash effective, excluding one-off effects)** | **-33.3** | **-34.2** |

Income taxes are composed as follows:

| Taxes on income in EUR m | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| Actual income taxes current financial year | 5.0 | 4.3 |
| Actual income taxes previous years | 0.1 | -0.3 |
| Deferred taxes | 44.0 | 51.9 |
| **Total** | **49.1** | **55.9** |

All in all, TAG generated consolidated earnings of EUR 189.1m in the reporting period, after EUR 267.9m in the first nine months of 2019. This decline is primarily due to the year-on-year reduction in the valuation result of real estate, and to higher expenses from the fair value measurement of convertible bonds.

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:

| Funds from operations in EUR m | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| **Net income** | **189.1** | **267.9** |
| Elimination net income Poland | 1.7 | 0.0 |
| **Net income Germany** | **190.9** | **267.9** |
| Income taxes | 49.4 | 55.9 |
| Financial result | 91.6 | 44.2 |
| **EBIT** | **331.9** | **367.9** |
| Adjustments | | |
| Valuation result | -174.2 | -211.0 |
| Depreciation | 5.1 | 5.0 |
| One-offs (establishment of "TAG Miteinander Stiftung") | 3.6 | 0.0 |
| Elimination of IFRS 16 effects | 0.0 | -1.4 |
| Sales result | 1.0 | 0.0 |
| **EBITDA (adjusted)** | **167.4** | **160.6** |
| Rental income (net actual rent) | 239.8 | 235.8 |
| **EBITDA marge (adjusted)** | **69.8%** | **68.1%** |
| Net finance income (cash. without one-offs) | -33.5 | -34.2 |
| Income taxes (cash) | -1.8 | -4.0 |
| Guaranted dividend minorities | -1.0 | -1.0 |
| **FFO I** | **131.1** | **121.5** |
| Capitalised maintenance | -10.1 | -11.3 |
| **AFFO (before modernisation capex)** | **121.0** | **110.2** |
| Modernisation capex | -44.6 | -35.6 |
| **AFFO** | **76.4** | **74.6** |
| Net revenues from sales Germany | -1.0 | 0.0 |
| Operating activities Poland | 2.5 | 0.0 |
| **FFO II** | **132.6** | **121.5** |
| Weighted average number of shares (outstanding, in 000) | 146.287 | 146.331 |
| **FFO I per share in EUR** | **0.90** | **0.83** |
| **AFFO per share in EUR** | **0.52** | **0.51** |
| Weighted average number of shares (fully diluted, in 000) | 159.551 | 161.119 |
| **FFO I per share in EUR, fully diluted** | **0.82** | **0.76** |
| **AFFO per share in EUR, fully diluted** | **0.48** | **0.47** |

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 9.6m or 7.9% year-on-year in the period under review. This increase was primarily due to a EUR 6.8m increase in adjusted EBITDA and cash taxes on income that were EUR 2.2m lower.

AFFO for the first nine months of 2020 increased year-on-year by EUR 1.8m, or 2.4%. Despite the EUR 9.6m increase in FFO I, the main reason for this development was the EUR 9.0m 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 5,737.1m on the reporting date (of which EUR 5,578.9m is attributable to German properties and EUR 158.2m to properties in Poland), compared to EUR 5,302.4m at 31 December 2019.

The bulk of the real estate assets continues to consist of investment properties held on a long-term basis, the development of which was as follows for the reporting period:

| Investment properties in EUR m | 2020 | 2019 |
|---|---|---|
| **Amount on 01 January** | **5,200.0** | **4,666.7** |
| Transfer from investment properties | 42.7 | 19.5 |
| Portfolio investments | 54.6 | 48.8 |
| Project development investments Poland | 53.6 | 0.0 |
| Transfers from properties held as inventories | 1.3 | 0.0 |
| Transfers from non-current assets held for sale | 1.9 | 19.3 |
| Transfers to non-current assets held for sale | -26.3 | -2.1 |
| Sales of investment properties | -0.1 | -0.3 |
| Change in market value | 172.3 | 212.0 |
| Effects from currency translation | -2.2 | 0.0 |
| **Amount on 30 September** | **5,497.8** | **4,963.8** |

In the period under review, TAG spent a total of EUR 80.3m (prior-year period: EUR 72.5m) on ongoing maintenance and modernisation costs across its portfolio in Germany. EUR 25.7m (prior-year period: EUR 25.6m) were spent on maintenance recognised in profit or loss, and EUR 54.6m (prior-year period: EUR 46.9m) for capitalised modernisation costs, which break down as follows:

| Modernisation expenses in EUR m | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| Major measures (e.g. modernisation of entire blocks of apartments) | 30.4 | 23.3 |
| Modernisation of apartments | | |
| Previously vacant apartments | 14.1 | 12.3 |
| Tenant turnover | 10.1 | 11.3 |
| **Total modernisation expenses like-for-like portfolio** | **54.6** | **46.9** |

The following table shows the development of deferred taxes as of the balance sheet date:

| **Deferred tax assets in EUR m** | **09/30/2020** | **12/31/2019** |
|---|---|---|
| Unused tax losses (incl. interest carried forward) | 47.5 | 48.9 |
| Derivative financial instruments | 18.0 | 21.1 |
| Other (incl. offset) | -15.5 | -20.3 |
| **Total** | **50.0** | **49.7** |

| **Deferred tax liabilities in EUR m** | **09/30/2020** | **12/31/2019** |
|---|---|---|
| Valuation of investment properties | 560.9 | 514.3 |
| Other (including netting) | -13.0 | -17.3 |
| **Total** | **547.9** | **497.0** |

**Financial position and equity**

In July 2020, TAG issued an unsecured promissory note loan with a total volume of EUR 92m and fixed interest rates with terms of between three and ten years. With an average term of 6.7 years, this results in an average interest rate of 2.0%.

In August 2020, TAG placed a new convertible bond 2020/2026 with a nominal value of EUR 470.0m on the capital market. The convertible bond has a term of six years, is unsecured, and bears a coupon of 0.625% p.a. The initial conversion price is EUR 34.01. This conversion price will only be adjusted by future dividend payments if these exceed EUR 0.82 per share.

At the same time, a buyback offer was made for the existing convertible bond 2017/2022 with an original nominal value of EUR 262.0m, whereupon TAG acquired convertible bonds with a nominal value of EUR 131.0m. This resulted in a cash outflow of EUR 189.5m. The current conversion price of the convertible bond 2017/2022 is EUR 17.46.

The cash and cash equivalents on the reporting date, and the cash and cash equivalents shown in the cashflow statement are as follows:

| Cash and cash equivalents in EUR m | 09/30/2020 | 12/31/2019 |
|---|---|---|
| Cash and cash equivalents as per balance sheet | 516.4 | 91.3 |
| Restricted cash in banks | -2.3 | -2.6 |
| **Financial recources acc. to cashflow statement** | **514.1** | **88.7** |

In the first nine months of fiscal year 2020, equity increased by EUR 189.1m, bringing total equity as of 30 September 2020 to EUR 2,469.1m (31 December 2019: EUR 2,394.2m). The equity ratio at the reporting date is 38.4% (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 Net 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:

| | 09/30/2020 | | 12/31/2019 | |
|---|---|---|---|---|
| **EPRA NAV/NTA in EUR m** | **NAV old** | **NTA** | **NAV old** | **NTA** |
| Consolidated equity (before non-controlling interests) | 2,391.9 | 2,391.9 | 2,342.6 | 2,342.6 |
| Effect from conversion of convertible bond | 188.5 | 188.5 | 324.2 | 324.2 |
| **NAV/NTA (diluted)** | **2,580.4** | **2,580.4** | **2,666.8** | **2,666.8** |
| Difference between fair value and book value of properties valued at cost | 85.6 | 85.6 | 85.2 | 85.2 |
| Deferred taxes on investment properties and derivative financial instruments | 542.9 | 542.9 | 492.8 | 492.8 |
| Fair value of derivative financial instruments | 7.0 | 7.0 | 6.2 | 6.2 |
| Goodwill | 0.0 | -18.5 | 0.0 | 0.0 |
| Intangible assets | 0.0 | -3.7 | 0.0 | -2.6 |
| **EPRA NAV/NTA (diluted)** | **3,215.9** | **3,193.7** | **3,251.0** | **3,248.4** |
| Number of shares outstanding (diluted, in 000) | 153,839 | 153,839 | 161,191 | 161,191 |
| **EPRA NAV/NTA per share in EUR (diluted)** | **20.90** | **20.76** | **20.17** | **20.15** |

Dilution effects from the convertible bond 2017/2022 were taken into account in the calculation of the EPRA NTA and the EPRA NAV, as the share price on the reporting date exceeds the current conversion price. This is not the case for the convertible bond 2020/2026 issued in August 2020, so that no dilution effects had to be taken into account.

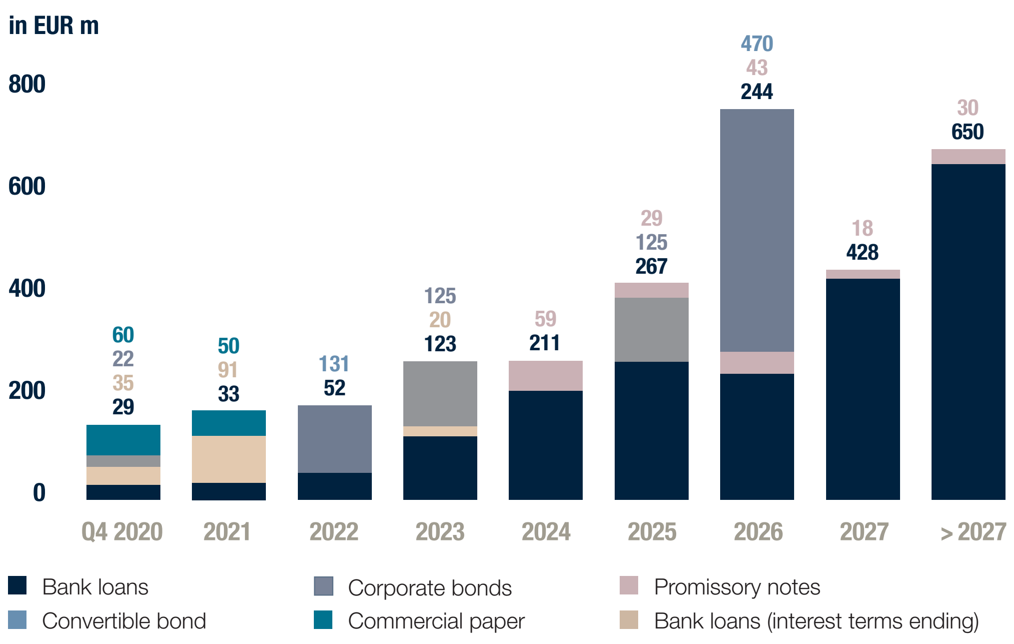
The calculation of the debt ratio loan-to-value (LTV) is shown below:

| in EUR m | 09/30/2020 | 12/31/2019 |
|---|---|---|
| Non-current and current liabilities to banks | 2,017.3 | 1,901.2 |
| Non-current and current liabilities from corporate bonds and other loans | 576.7 | 403.0 |
| Non-current and current liabilities from convertible bonds | 583.9 | 258.9 |
| Cash and cash equivalents | -516.4 | -91.3 |
| **Net financial debt** | **2,661.6** | **2,471.8** |
| Book value of investment properties | 5,497.8 | 5,200.0 |
| Book value of property reported under tangible assets | 9.4 | 9.4 |
| Book value of property held as inventory | 187.8 | 58.5 |
| Book value of property reported under non-current assets held for sale | 42.1 | 34.5 |
| **Real estate volume (book value)*** | **5,737.1** | **5,302.4** |
| Difference between fair value and book value for properties valued at cost | 85.6 | 85.2 |
| Prepayments made or received on real estate transactions | -1.6 | 130.4 |
| **Relevant real estate volume for LTV calculation** | **5,821.1** | **5,518.0** |
| **LTV** | **45.7%** | **44.8%** |

* Of which Germany EUR 5,578.9m; of which Poland EUR 158.2m

The average interest rate on bank loans was further reduced to 1.77% at the reporting date (31 December 2019: 1.99%). Total average borrowing costs amounted to 1.50% at 30 September 2020 (31 December 2019: 1.73%).

The terms of all financial liabilities on 30 September 2020, including corporate bonds (EUR 22.4m) and bank loans (EUR 9.0m) taken out 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 8.0 years (31 December 2019: 8.7 years), that of total financial liabilities 6.7 years (31 December 2019: 7.4 years).

Fixed-interest liabilities to banks in Germany totalling EUR 383m (2020: EUR 64m; 2021: EUR 124m; 2022: EUR 52m; 2023: EUR 143m) will mature by the end of 2023, or can be refinanced without prepayment penalty, as the contractual interest commitment is ending. The average interest rate on these loans is 2.1%. Given the current significantly lower market interest rates, a further reduction in financing costs can be expected in subsequent years.

TAG continues to have an investment grade rating from Moody's (Baa3 with stable outlook). 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

**Impact of the Covid-19 pandemic on TAG's business activities**

Its business activities expose TAG to various operational and economic opportunities and risks. Please always 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.

A major new risk in fiscal 2020 is the current Covid-19 pandemic, whose economic consequences continue to be difficult to assess with any reliability. Even if, given the developments to date, we do not expect any significant negative impact on our business activities, there is still a continuing risk of increased rent losses, even if these are hardly detectable to date. This applies in particular in the event that the economic consequences of the Covid-19 pandemic turn out to be more severe and long-lasting than previously expected.

Beyond this, there is also the risk that, e.g. in the event of a lockdown that is not merely temporary or that is more comprehensive, viewing appointments may not be able to take place as planned, thus preventing us from achieving our vacancy reduction targets. Furthermore, restrictions on the implementation of rent increases, possibly caused by further legal requirements in connection with the Covid-19 pandemic, could negatively impact our rental growth targets. Higher vacancy and lower rental growth would have negative consequences for our rental revenues, at least temporarily.

In Poland, the Covid-19 pandemic could cause delays in the construction or sale of apartments. This could lead to a postponement of rental and sales revenues to later periods.

The Covid-19 pandemic in spring/summer 2020 had also led to widening credit spreads in some areas of the financing market, which temporarily made refinancing more expensive. In the event of a renewed surge in crisis-related developments, financing costs could rise again even for companies with an investment grade rating such as TAG, thus reducing the profitability of investments.

However, even taking these risks into consideration, we do not feel the positive future prospects of our business model are at risk. With an average net actual rent of only around EUR 5.45 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, which forms the core of our business activities, as stable and in demand. We therefore do not expect a fundamental trend reversal, even if the negative effects of the Covid-19 pandemic on the overall economic environment become much more severe.

With regard to the financing side, too, we continue to view our situation as positive and very solidly positioned. On 30 September 2020, we had EUR 516.4m in cash and cash equivalents, and credit lines of EUR 120.0m with banks, which have not been used in full. There are no major refinancings pending in the 2020 and 2021 financial years

**Increase of FFO and dividend guidance for fiscal 2020**

The forecasts for FFO I and dividend per share for 2020 can be increased against the background of our very successful financial year to date and are now as follows:

- FFO I: EUR 170–173m (previously: EUR 168–170m; 2019: EUR 160.6m)
- FFO I per share: EUR 1.17 (previously: EUR 1.16; 2019: EUR 1.10)
- Dividend per share: EUR 0.88 (previously: EUR 0.87; 2019: EUR 0.82)

All other forecasts for the 2020 fiscal year remain unchanged compared to the figures stated in the 2019 Annual Report. Our forecast for our business activities in Poland for the 2020 fiscal year also remains unchanged at

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

**FFO and dividend forecast for the 2021 financial year**

For the first time, we are publishing an FFO I and dividend forecast for the 2021 financial year with this Interim Report. All other forecasts (e.g. for the NAV and our sales results in Poland) will be published with the 2020 Annual Report. This FFO I and dividend forecast, and the growth rates compared to the figures expected for the 2020 fiscal year, are as follows:

- FFO I: EUR 178–182m (+5%)
- FFO I per share: EUR 1.23 (+5%)
- Dividend per share: EUR 0.92 (+5%)

Based on the respective midpoints of the ranges of EUR 171.5m and EUR 180.0m, the forecast predicts an increase in FFO I by approximately EUR 8.5m in 2021. This increase is mainly due to the following effects:

- Increase in net actual rent of around EUR 14.5m
- Higher expenses for building management (e.g. for maintenance) of approximately EUR 4.5m
- Increase in the service result by approx. EUR 1.0m
- Higher personnel expenses of approximately EUR 1.5m
- Other effects of around EUR 1.0m

The FFO I forecast only includes the rental business in Germany. In Poland, earnings contributions and cashflows in 2021 will continue to be generated to a very significant extent from the sale and handover of apartments already sold in previous years. The rental business is still in the process of being established here. First rental revenues are expected at the end of the 2021 financial year, so the contribution to FFO I from the rental business in Poland is still of secondary importance, but will increase continuously in the following years.

Hamburg, 12 November 2020

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

# CONSOLIDATED BALANCE SHEET

| Assets in TEUR | 09/30/2020 | 12/31/2019 |
|---|---|---|
| **Non-current assets** | | |
| Investment properties | 5,497,791 | 5,199,993 |
| Intangible assets | 22,200 | 2,629 |
| Property, plant and equipment | 35,949 | 30,926 |
| Right-of-use assets | 9,044 | 9,180 |
| Other financial assets | 10,189 | 9,003 |
| Deferred taxes | 49,960 | 49,730 |
| | **5,625,134** | **5,301,461** |
| **Current assets** | | |
| Property held as inventory | 187,781 | 58,452 |
| Other inventories | 823 | 164 |
| Trade receivables | 17,925 | 17,432 |
| Income tax receivables | 687 | 1,431 |
| Other current assets | 42,139 | 10,996 |
| Prepayments on business combinations | 0 | 131,192 |
| Cash and cash equivalents | 516,427 | 91,306 |
| | **765,782** | **310,973** |
| **Non-current assets held for sale** | **42,113** | **34,536** |
| | **6,433,029** | **5,646,970** |

| **Equity and liabilities in TEUR** | **09/30/2020** | **12/31/2019** |
|---|---|---|
| **Equity** | | |
| Subscribed capital | 146,295 | 146,337 |
| Share premium | 520,966 | 522,985 |
| Other reserves | -7,929 | 1,035 |
| Retained earnings | 1,732,579 | 1,672,212 |
| Attributable to the equity holders of the parent company | 2,391,911 | 2,342,569 |
| Attributable to non-controlling interests | 77,172 | 51,667 |
| | **2,469,083** | **2,394,236** |
| **Non-current liabilities** | | |
| Liabilities to banks | 1,919,050 | 1,788,324 |
| Liabilities from corporate bonds and other loans | 442,357 | 350,354 |
| Liabilities from convertible bonds | 559,170 | 258,329 |
| Derivative financial instruments | 66,515 | 71,508 |
| Retirement benefit provisions | 5,534 | 5,799 |
| Other non-current liabilities | 24,556 | 17,048 |
| Deferred taxes | 547,902 | 497,027 |
| | **3,565,083** | **2,988,389** |
| **Current liabilities** | | |
| Liabilities to banks | 98,275 | 112,872 |
| Liabilities from corporate bonds and other loans | 134,365 | 52,622 |
| Liabilities from convertible bonds | 24,750 | 546 |
| Derivative financial instruments | 12,000 | |
| Income tax liabilities | 12,371 | 11,908 |
| Other provisions | 23,368 | 22,824 |
| Trade payables | 28,326 | 21,797 |
| Other current liabilities | 64,608 | 41,001 |
| | **398,063** | **263,570** |
| **Liabilities associated with non-current assets held for sale** | **800** | **775** |
| | **6,433,029** | **5,646,970** |

# CONSOLIDATED INCOME STATEMENT

| in TEUR | 01/01/-09/30/2020 | 01/01/-09/30/2019 | 07/01/-09/30/2020 | 07/01/-09/30/2019 |
|---|---|---|---|---|
| Rental income | 314,550 | 306,056 | 101,518 | 100,985 |
| Impairment losses | -3,023 | -3,129 | -1,119 | -911 |
| Rental expense | -113,722 | -110,065 | -35,634 | -35,184 |
| **Net rental income** | **197,805** | **192,861** | **64,765** | **64,890** |
| Revenues from the sale of real estate | 59,254 | 39,435 | 36,272 | 33,660 |
| Expenses on the sale of real estate | -58,002 | -39,437 | -33,628 | -33,863 |
| **Sales result** | **1,252** | **-2** | **2,644** | **-203** |
| Revenues from services | 41,837 | 38,560 | 13,542 | 13,802 |
| Impairment losses | -384 | -394 | -145 | -131 |
| Expenses from property services | -22,466 | -22,343 | -7,117 | -7,688 |
| **Services result** | **18,987** | **15,823** | **6,280** | **5,983** |
| Other operating income | 4,191 | 2,711 | 1,317 | 956 |
| Fair value changes in investment properties and valuation of properties held as inventory | 172,614 | 210,996 | 227 | -432 |
| Personnel expense | -42,467 | -36,740 | -14,373 | -12,450 |
| Depreciation / amortisation | -5,284 | -5,018 | -1,846 | -1,895 |
| Other operating expense | -17,394 | -12,698 | -8,099 | -4,422 |
| **EBIT** | **329,703** | **367,935** | **50,915** | **52,427** |
| Other financial result | -771 | 497 | -2,138 | 122 |
| Interest income | 9,944 | 346 | 85 | 114 |
| Interest expense | -100,669 | -45,026 | -75,105 | -12,535 |
| **EBT** | **238,207** | **323,751** | **-26,243** | **40,128** |
| Income taxes | -49,070 | -55,867 | 2,542 | -5,981 |
| **Consolidated net income** | **189,138** | **267,885** | **-23,701** | **34,147** |
| attributable to non-controlling interests | 8,830 | 7,279 | 1,696 | 890 |
| attributable to equity holders of the parent company | 180,308 | 260,606 | -25,397 | 33,257 |
| **Earnings per share (in EUR)** | | | | |
| Basic earnings per share | 1.23 | 1.78 | -0.18 | 0.23 |
| Diluted earnings per share | 1.23 | 1.65 | -0.09 | 0.21 |

# CONSOLIDATED CASHFLOW STATEMENT

| in TEUR | 01/01-09/30/2020 | 01/01-09/30/2019 |
|---|---|---|
| **Consolidated net income** | **189,138** | **267,885** |
| Net interest income/expense through profit and loss | 90,725 | 44,681 |
| Current income taxes through profit and loss | 5,055 | 3,964 |
| Depreciation/amortisation | 5,284 | 5,018 |
| Other financial result | 771 | -497 |
| Fair value changes in investment properties and valuation of properties held as inventory | -172,614 | -210,996 |
| Result from the disposal of investment properties | 300 | -52 |
| Result from the disposal of other non-current assets | -17 | 5 |
| Impairments accounts receivables | 3,408 | 3,523 |
| Changes in deferred taxes | 44,014 | 51,902 |
| Changes in provisions | 279 | -3,659 |
| Interest received | 180 | 0 |
| Interest paid | -36,319 | -40,551 |
| Income tax payments | -3,848 | 1,413 |
| Changes in receivables and other assets | -38,640 | -12,403 |
| Changes in payables and other liabilities | -6,390 | 3,295 |
| **Cashflow from operating activities** | **81,326** | **113,528** |
| Proceeds from the disposal of investment properties (less selling costs) | 17,877 | 37,752 |
| Payments made for investments in investment properties | -140,650 | -68,290 |
| Cash and cash equivalents assumed in business combinations | 72,273 | 0 |
| Proceeds from the disposal of other non-current assets | 17 | 6 |
| Payments made for the purchase of other non-current assets | -9,110 | -7,430 |
| Payments received from other financial assets | 337 | 475 |
| **Cashflow from investing activities** | **-59,256** | **-37,487** |
| Purchase of treasury shares | -2,162 | 0 |
| Proceeds from the issuance of treasury shares | 487 | 316 |
| Dividends paid | -119,941 | -109,753 |
| Distribution to minority investors | 0 | -299 |
| Payments made for the purchase of minority interest | -7 | -45 |
| Payments made for the repayment of corporate bonds and other loans | -164,935 | -70,000 |
| Proceeds from the issuance of corporate bonds and other loans | 300,596 | 191,334 |
| Payments made for the repayment of convertible bonds | -189,122 | -70,000 |
| Proceeds from the issuance of convertible bonds | 466,318 | 191,334 |
| Proceeds from new bank loans | 216,426 | 70,032 |
| Repayment of bank loans | -98,671 | -49,463 |
| Repayment of lease liabilities | -1,827 | -1,379 |
| **Cashflow from financing activities** | **407,162** | **152,077** |
| Net change in cash and cash equivalents | 429,232 | 106,784 |
| Cash and cash equivalents at the beginning of the period | 88,686 | 89,016 |
| Currency differences | -3,814 | 0 |
| **Cash and cash equivalents at the end of the period** | **514,104** | **195,800** |

# TAG FINANCIAL CALENDAR 2021

## Publications

| | |
|---|---|
| 17 March 2021 | Annual Report 2020 |
| April 2021 | Sustainability Report 2020 |
| 10 May 2021 | Interim Statement Q1 2021 |
| 11 May 2021 | Annual General Meeting, Hamburg |
| 11 August 2021 | Interim Report Q2 2021 |
| 09 November 2021 | Interim Statement Q3 2021 |

TAG Headquarter Hamburg

# CONTACT

**TAG Immobilien AG**
Steckelhörn 5
20457 Hamburg
Telefon + 49 40 380 32 - 0
Telefax + 49 40 380 32 - 390
info@tag-ag.com
www.tag-ag.com

**Dominique Mann**
Head of Investor & Public Relations
Telefon + 49 40 380 32 - 300
Telefax + 49 40 380 32 - 388
ir@tag-ag.com

The English version of the Interim Statement Q3 2020 is a translation of the German version.
The German version is legally binding.

Concept: fischer's brand loft Werbeagentur GmbH
Layout and typesetting: TAG Immobilien AG

TAG

Immobilien AG

Steckelhörn 5
20457 Hamburg
Telefon +49 40 380 32 - 0
Telefax +49 40 380 32 - 390
info@tag-ag.com
www.tag-ag.com