



2015

CAPITAL MARKETS DAY
19 May 2015 in Hamburg

TAG
Immobilien AG

Welcome by Martin Thiel CFO

- Presentations

I.	Claudia Hoyer	COO	4
II.	Marcel Wiebach	Head of Acquisitions and Sales	28
III.	Ulrike Bondkirch	Head of Financing and Treasury	41
IV.	Hendryk Lietzmann	Head of Portfolio Management 'LIM' Berlin and Brandenburg	55
V.	Claudius Oleszak	Head of Portfolio Management 'LIM' Salzgitter	78

- Q&A session moderated by Dr. Christian Schlüter, VictoriaPartners, Frankfurt a.M.
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TAAG 2015

Claudia Hoyer

COO



Freiberg

I. Presentation Claudia Hoyer

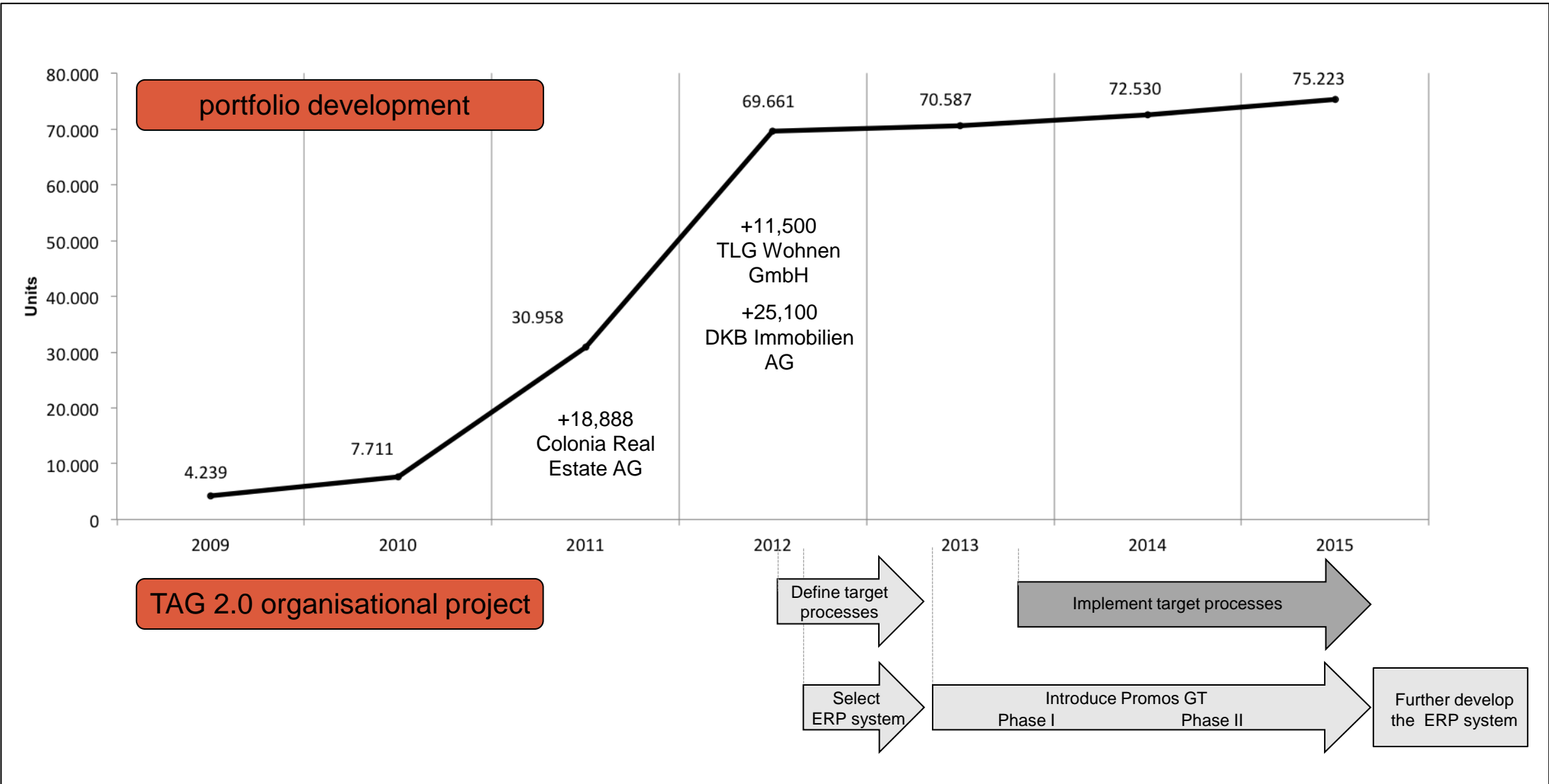
▪ TAG platform	6
– portfolio development	
– TAG 2.0	
– processing customer request	
– TAG 2.0	
– de- centralized management structure	
– portfolio control centralized functions	
– SSC and FM services	
– ERP and judicial rent collection	
<hr/>	
▪ TAG strategy update	16
– portfolio strategy	
– capital recycling strategy since Q4 2014	
<hr/>	
▪ TAG portfolio data	19
– portfolio in total as of Q 1 2014	
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▪ TAG management principles	21
– example Erfurt	

15

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TAG platform

TAG portfolio development + TAG 2.0



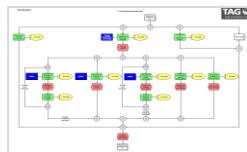
Due to its huge growth, TAG Group had to become more agile and introduce a greater division of labour

- ▶ Initialised the TAG 2.0 project to **redesign processes** together with our operational staff
- ▶ Selected a system with the operational staff and began implementing a **uniform, integrated ERP system**

Process standardisation

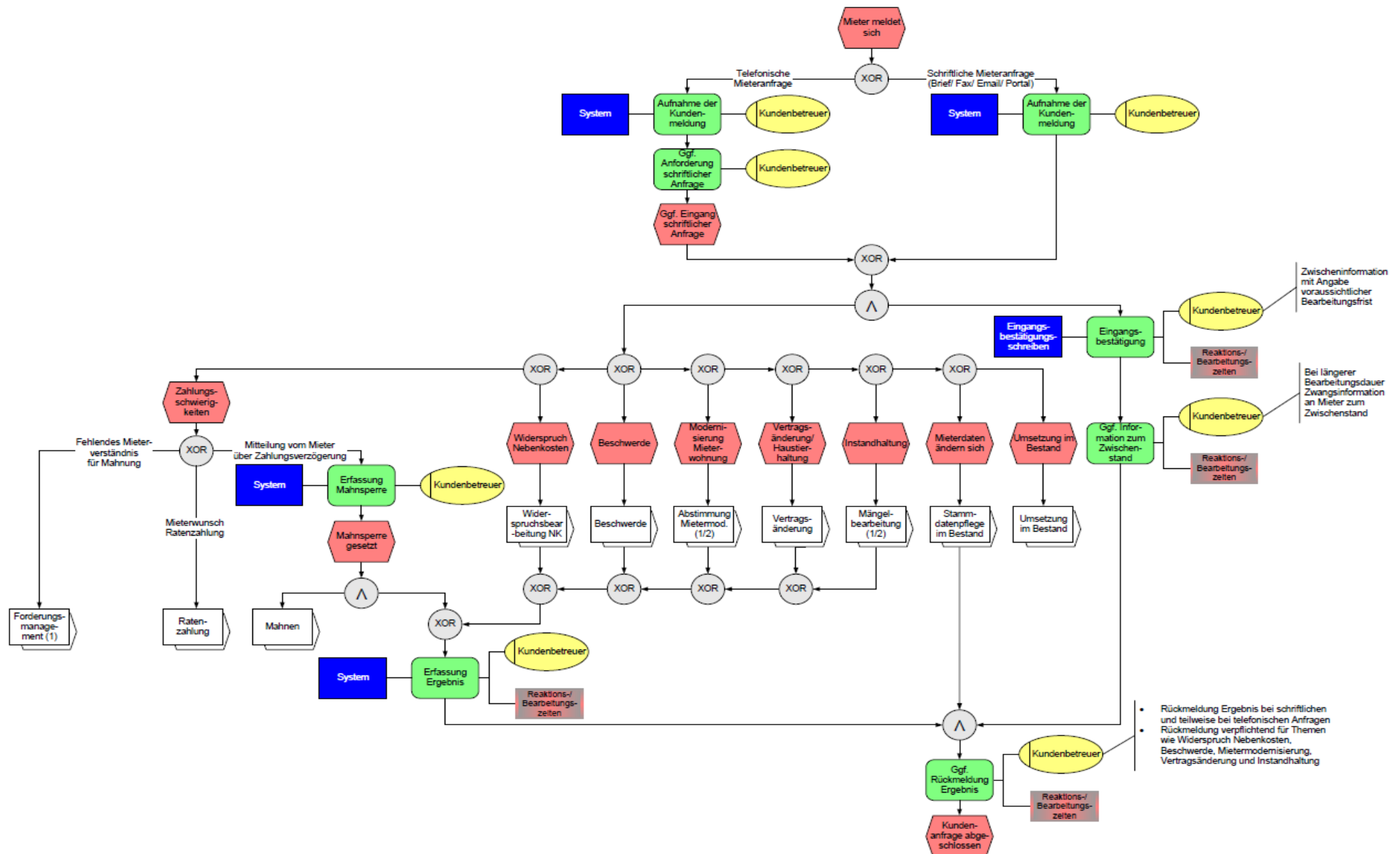
System selection process

- **Definition of target IT-related business processes** in workshops with **teams [of experts] from the operations** to achieve clear and consistent understanding by all employees
- **Review** of business processes by **executives and Management Board**
- Creation of a **process manual** with processing instructions (**SLAs**)



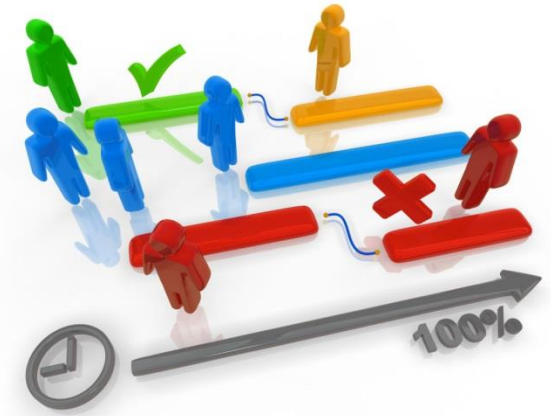
- **Selection of /search for an ERP system** that optimally supports the defined target processes and takes changes such as the integration of a Craftsman's website into account
- **Product presentations** with case studies
- **Evaluation** of the product presentations **by TAG staff**

TAG processing customer requests



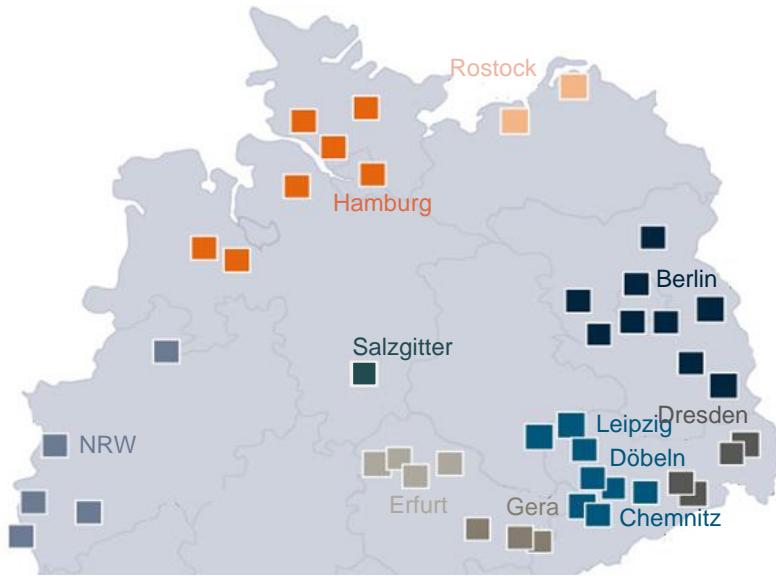
TAG 2.0

- System migration for dkb@win/WODIS/RELion/GES in two stages
- Design of new processes based on the process manual and TAG's technical requirements
 - Digital invoice approval and processing
 - Digital warning workflow
 - Uniform order approval
 - Introduction electronic tenant and property files (Ema/OMA)
 - Central rental deposit management
 - Central rent adjustments
 - Central ticket input (customer reports) in the project status
 - Craftsmen interfaces for all locations in the project status
 - Integration of warning/complaint files to support judicial rent collection
 - Standard correspondence



TAG de-centralized management structure

de-centralised functions



LIMs in 9 regions (Heads of Property Management)

Customer service

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

Renting activities

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

Technical customer service

- Modernisation for re-letting
- Ongoing maintenance measures

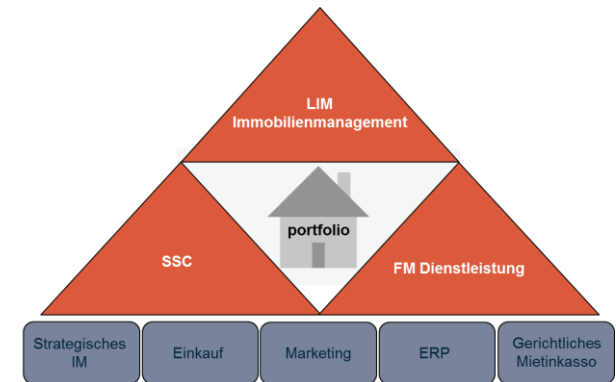
Receivables management

- Minimise outstanding receivables
- Payment reminder and legal action

- de-centralised approach ensures individual concepts for each regional market
- regional LIMs are incentivised by performance of their respective region “entrepreneur within the enterprise”

TAG portfolio control – centralized functions

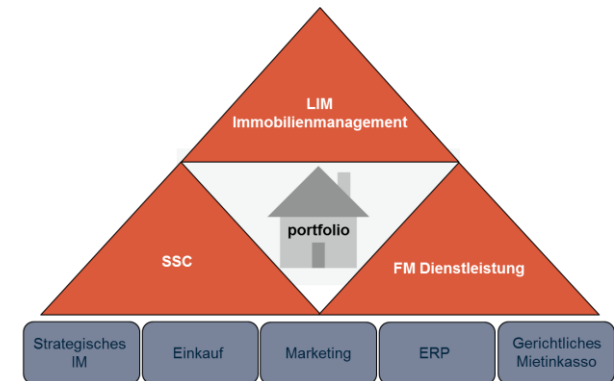
- Cross-regional control/management of the portfolio: TAG 2.0 (ERP)
- Development of site and portfolio management concepts (energy, capex, purchasing, marketing)
- Initiation of appropriate pilot projects and organisation of the rollout to all locations
- Coordination and definition of uniform management standards
- Project-related support of the regions with regard to operating costs
- Assistance in re-letting through national rental hotline
- Central departments: Accounting, Purchasing, Rent Increases, Marketing



TAG SSC and FM services

SSC

- Centralise any commercial tasks that can be standardised
- Ease the burden on operational management
- Responsibilities
 - Accounts receivable/accounts payable
 - Operational costing
 - Deposit management
 - Rent increases
 - Warning procedures



FM services

- Own employees as caretakers
 - High quality due to close ties to the properties
 - Discounted/Inexpensive Rates
 - Lower expense/effort in contract and invoice handling
- Development of own employees for construction services
 - Independence from third-party service providers (price, quality, capacity, deadlines)
- Garden/Landscaping maintenance
- Street and path cleaning
- Winter road clearance
- Cleaning services

TAG marketing and central purchasing

Marketing

- Development of TAG residential brand (Tag wohnen) and local residential brands
- Development of "new" product lines
- Organisation of all advertising/promotional materials and communications
- Assistance with tenant festivals and rental campaigns
- Goal: recruit new tenants and retain existing tenants



Central Purchasing

- Exploit the high savings potential in the procurement process

Purchasing in the real estate industry → what is purchased/procured?

Company costs

(Vehicle) Fleet
Office equipment Insurance
Printing/shipping
IT products
Marketing

Major construction work

Complete renovations
> TEUR 500

Major repair work
> TEUR 250

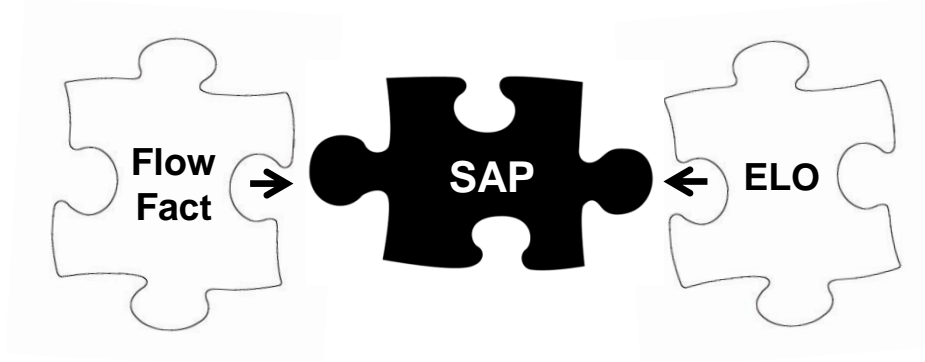
Operating costs

Infrastructural building services
Minor maintenance
Empty RU refurbishment.
Energy

TAG ERP and judicial rent collection

ERP

- Standardisation of the system landscape
- Overarching SAP solution for central processes
- Flexible rental tool Flowfact
- ELO archive system
- High level of process support
- Implementation of defined business processes from the process manual



Judicial rent collection

- Central support for tenancies that are chronically in arrears
- Organisation and monitoring of all payment and eviction [court] proceedings
- Inexpensive, prompt repossession of housing in eviction procedures
- Process/Court proceedings monitoring until an enforceable title is issued
- Preparation of long-term tracking and management of contracted service providers
- Advisory role in tenancy matters for the regions

15

TAG strategy update

TAG portfolio strategy

- TAG is a nationwide real estate company with a focus on former East Germany, northern Germany and the Rhine-Ruhr area.
- Clear focus on core business of residential real estate (housing industry)
- Focus in purchasing is on real estate with sustainable development potential, which
 - complements the existing administrative locations in the core regions
 - has rent development potential
 - is available at a commercially attractive acquisition price
- Value creation through regular disposals/sell-offs
- Preserving the substance – compensation with disposals from sales



Gera, Zschochernstraße



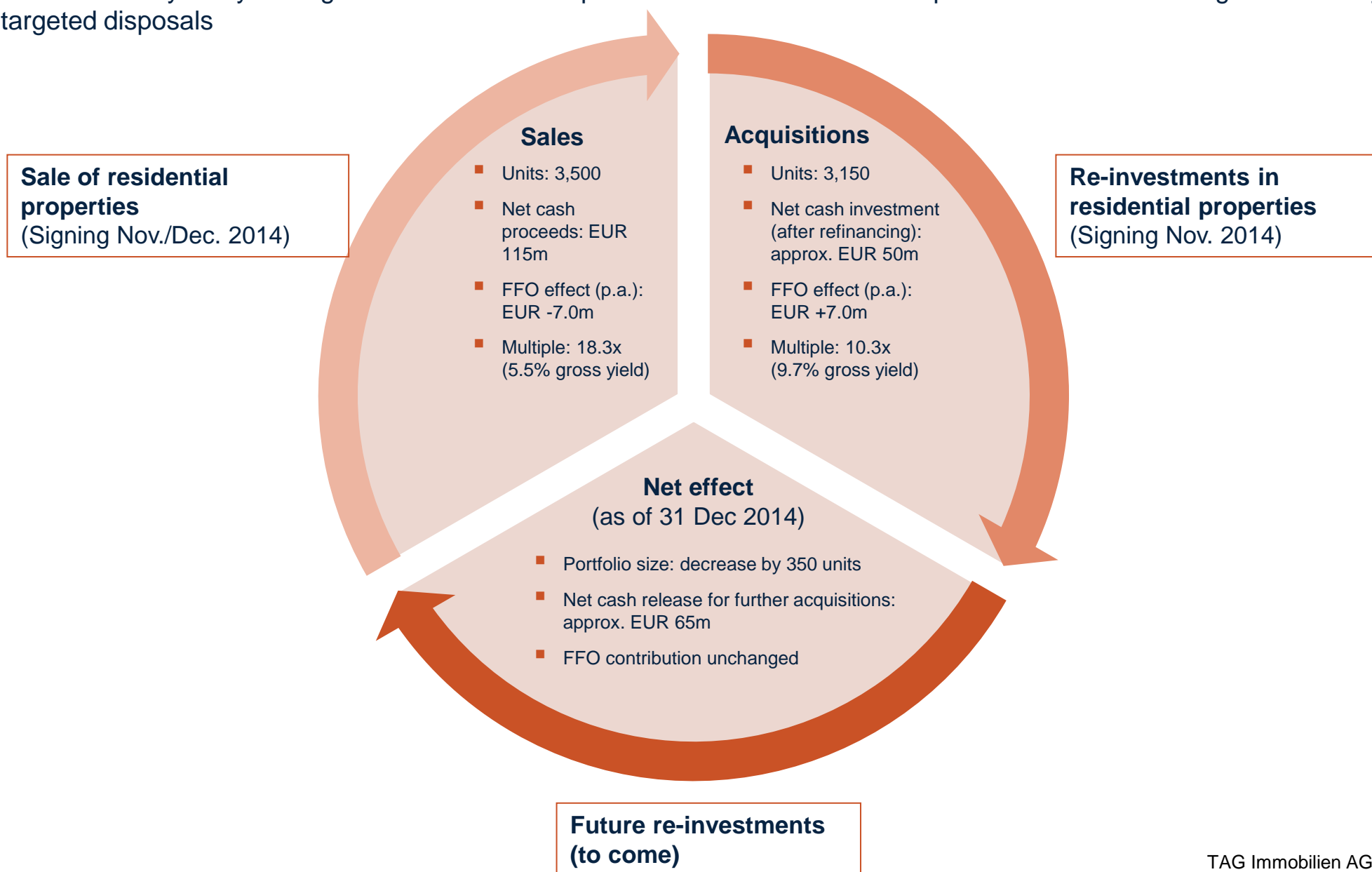
Dresden, Reicker Str., Cäcilienstraße



Leipzig, Wilhelm-Zipperer-Straße

TAG capital recycling strategy since Q4 2014

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

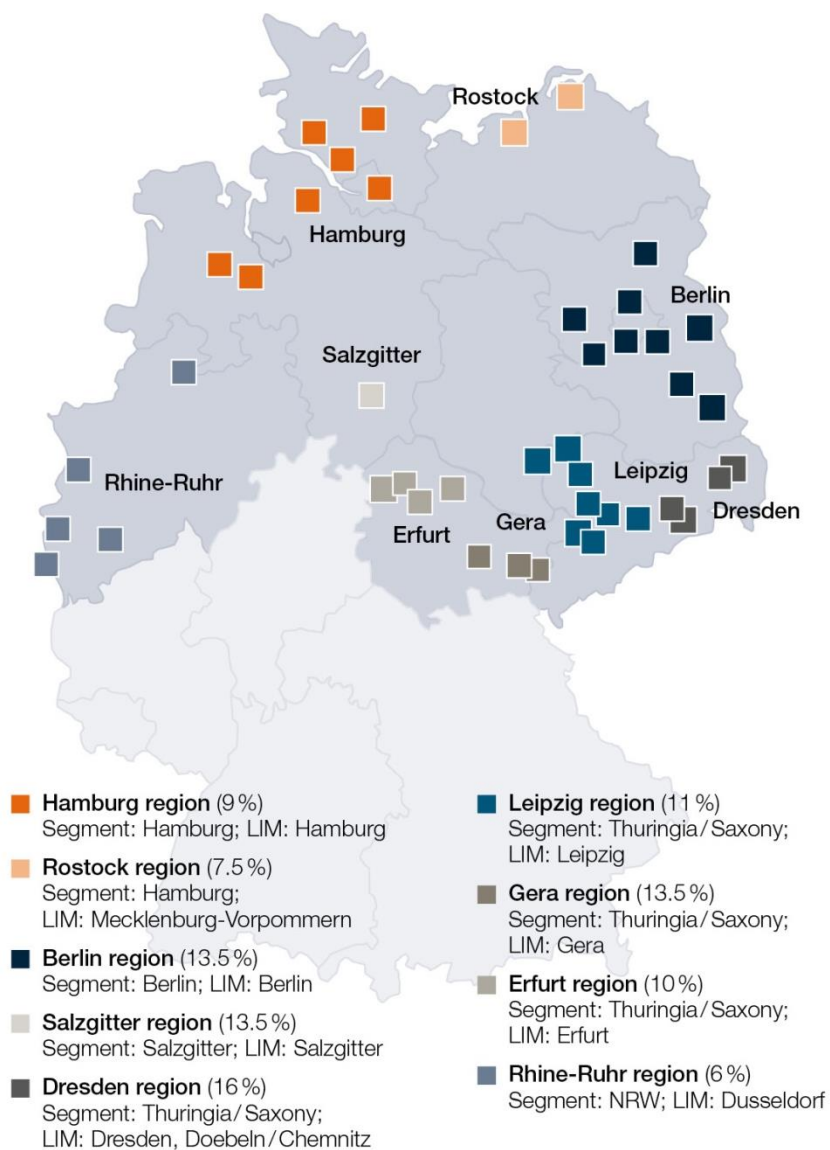


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TAG portfolio data

TAG portfolio overview as of 31 March 2015



Portfolio as of	31 Mar 2015	31 Dec 2014
Units	75,223	72,530
Rentable area in sqm	4,615,148	4,436,670
Real estate volume in TEUR	3,507,110	3,371,269
Net actual rent in EUR/sqm/month (total)	5.13	5.16
Net actual rent in EUR/sqm/month (residential units)	4.98	5.00
Annualized net actual rent in TEUR (total)	258,399	252,287
Vacancy in % (total)	9.1	9.0
Vacancy in % (residential units)	8.9	8.1

15

TAG management principles

TAG management principles

Attractiveness through renovation

- Extensive renovation and modernisation programme fuelled by the favourable market situation and declining vacancy rates
- Individual planning of measures by technical account managers in each LIM (Head of Property Management) region

Aus alt wird neu!

Tag der offenen Baustelle
Samstag, 21. März
Lommatzcher Straße 23
13.00 bis 16.00 Uhr



nachher



vorher

Wir bauen die Lommatzcher Straße 23 seniorengerecht und behindertenfreundlich um.

Entdecken Sie jetzt die sanierten 1- bis 3-Raum-Wohnungen in vielen verschiedenen Grundrissvarianten – alle barrierearm mit Balkon, Dusche und Aufzug in allen Etagen.

TAG wohnen

Info 03431 704 69-199
www.tag-wohnen.de/doebeln

Ein Bad, das passt.



Wenn die Beweglichkeit nachlässt, werden vor allem im Bad Veränderungen nötig. Wir zeigen Ihnen, wie Sie mit Hilfsmitteln Ihren Alltag erleichtern oder welche Umbauten möglich sind.

Wir planen mit unseren Mietern gemeinsam den Badumbau und beraten zur Finanzierung, z. B. durch die Krankenkassen.

Besuchen Sie unsere Ausstellung und lassen Sie sich beraten!

TAG-Bäderideen
Ausstellung und Beratung zu
Badumbauten für TAG-Mieter
mittwochs: 13-16 Uhr
Platanenstraße 4.

TAG Wohnen & Service GmbH
Infos 0365 548 00-299

TAG wohnen

www.tag-wohnen.de/gera

TAG example: Erfurt

Implementation of a long-term portfolio development concept Example: Prager Strasse and Berliner Strasse in Erfurt

Prager Straße (810 WE)	2007	2008	2009	2010	2011	2012	2013	2014	04/2015
Net actual rent EUR/p.a.	1.785	1.781	1.882	2.026	2.146	2.205	2.245	2.260	2.270
Net actual rent in EUR/sqm/month	4,06	4,04	4,23	4,40	4,59	4,69	4,71	4,72	4,75
Vacancy in %	11,56%	11,44%	10,59%	7,25%	5,94%	5,42%	4,06%	3,86%	3,98%

Prager Str. 11-13

Prager Str. 1-4

Prager Strasse 8-10

Successive renovation/modernisation, including

- Entrances/concierge
- Stairways
- installation of lifts
- Signage system in the stairwells



TAG management principles

More quality, better service

- Individual tenant services at all locations through 65 regional tenant offices
- Individual tenant services at all locations through 65 regional tenant offices
- Optimise operating/overhead costs and reduce utility charges through regular review of potential savings in electricity, gas, water, waste collection and FM services
- Transition to contemporary remote reading/metering of operating costs
- Own FM employees for higher quality standards

Bei Mietschulden kann Ihnen geholfen werden



Sprechen Sie uns an, gemeinsam finden wir eine Lösung.

Arbeitslosigkeit, familiäre Veränderungen, zu hohe Rechnungen – jeder kann einmal in finanzielle Schwierigkeiten geraten. Mietschulden sind keine ausweglose Situation. Wenn Sie rechtzeitig reagieren, können Sie Schlimmeres verhindern.

TAG wohnen
www.tag-wohnen.de



TAG management principles

More responsibility, more commitment

- High degree of networking/linking and support of public life in clubs, charitable institutions and district offices
- Sponsorship of social and cultural projects in the regions (e.g. day care centres, youth fire brigades, sports clubs, etc.)

Interaction in the neighbourhood

- Creating of own public spaces in the form of residents' meetings, history workshop, senior citizens day
- Organisation of tenant parties
- Joint "spring cleaning actions" in residential areas
- "L(i)ebenswert Wohnen" (Livable/Lovable Living): a meeting place for the harmonious coexistence of seniors, teenagers and children



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Marcel Wiebach

Head of Acquisitions and Sales



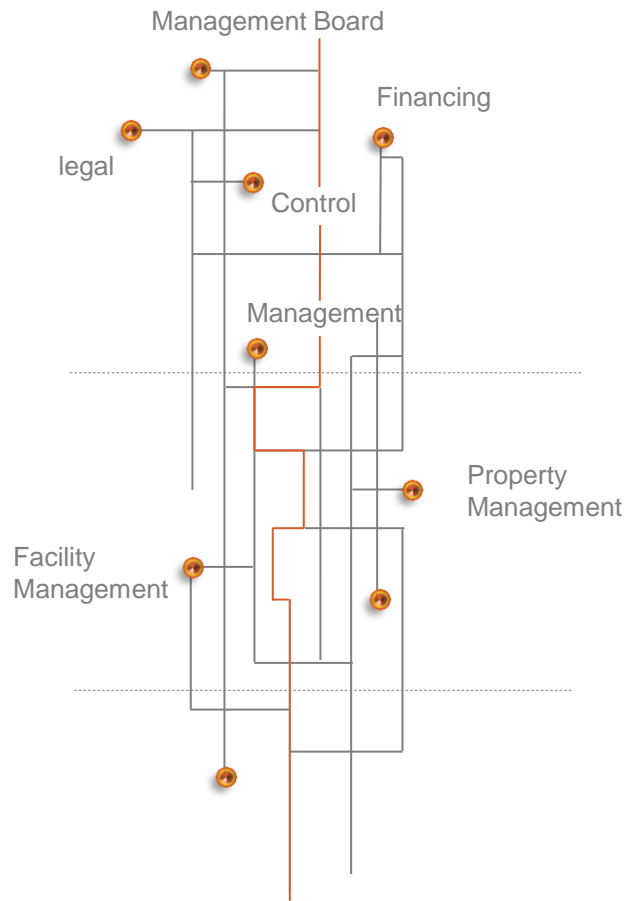
Gera

II. Presentation by Marcel Wiebach

▪ TAG acquisitions and sales department	30
▪ TAG acquisition criteria	31
▪ TAG acquisition process	32
▪ TAG due diligence process	33
▪ TAG acquisition process 'Brick'	34
▪ TAG acquisition 2014/2015	36
▪ TAG sales decisions	38
▪ TAG disposals 2014/2015	39

TAG acquisitions and sales department

Acquisitions



Sales

■ TAG's strategy approach

- TAG is a long-term investor holder and realises capital appreciation potential within the portfolio through active asset management as well as strategic acquisitions

■ Interface communication

■ The department

- Acquisitions
- Commercial and technical due diligence
- Privatisation
- Sale of disposable properties

TAG acquisition criteria

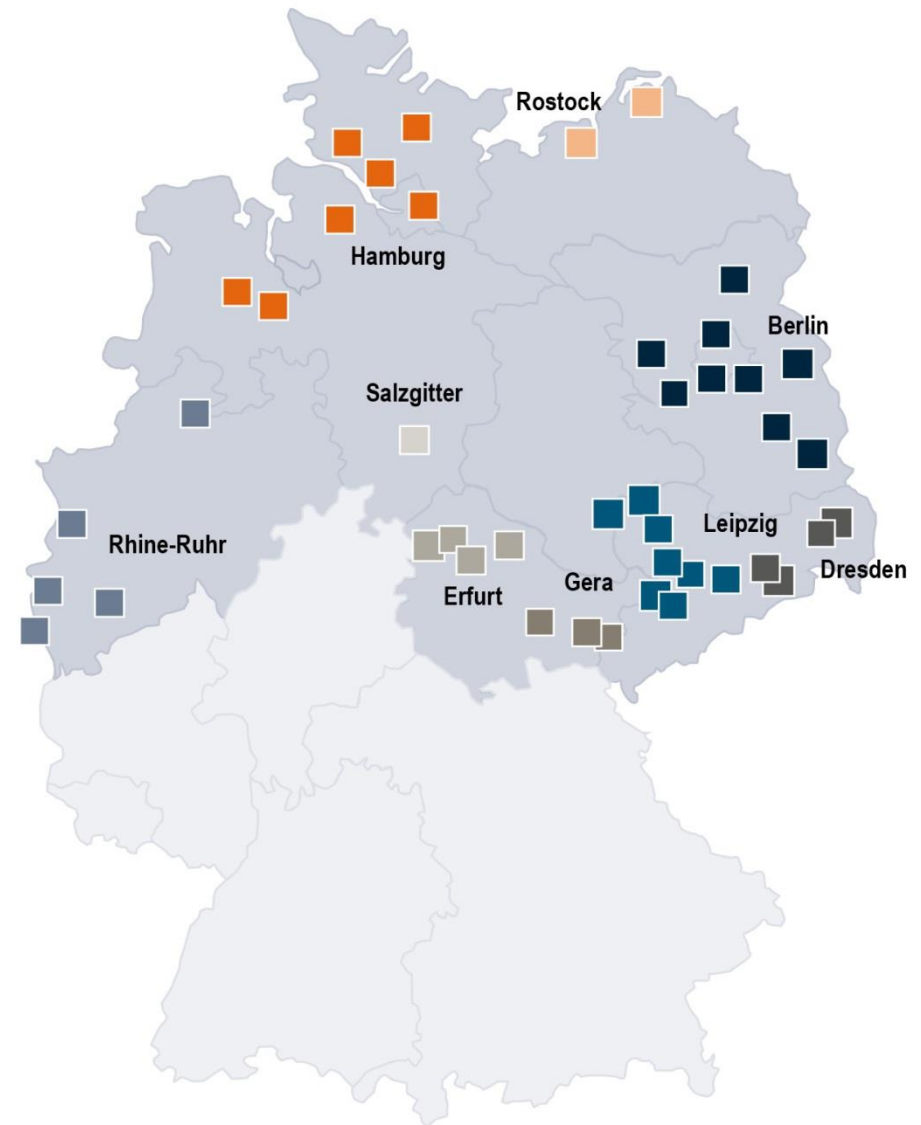
I. Increases NAV & cash flow & FFO

II. Portfolio at existing TAG locations - focus on the 9 TAG regions

- The necessary infrastructure for administration already exists there
 - Marginal costs for asset and property management
 - Economies of scale

III. Size of deal

- < EUR 30 m – too big for private investors, too small for institutional investors, too small for our competitors
- < EUR 150 m portfolio distributed to various regions; here TAG has the advantage that acquisitions make sense if the portfolio is in locations where TAG already has a presence (costs, economies of scale, see above)
- "Distressed assets" with complicated and non-performing financial structure, unlisted companies
- >EUR 700 m < EUR 1 bn. as with Colonia Real Estate AG, DBKI, TLG Wohnen



In 2014 TAG reviewed approx. 800 offers and realised 5 of them

TAG acquisition process

Offer documentation & database

- > 800 offers with a volume of over EUR 9.2 bn
- approx. 211,000 RU and approx. 6,000 CU



Preliminary review of offer & indication

- Profile suitability
- Purchase price indication



Due diligence (commercial and technical)

- Property inspection
- Data room assessment
- DD report



Purchase presentation and preparation of decision



Contract negotiations



Acquisition



Integration



TAG due diligence process

Due Diligence Process					
No	Inspection level	field			
1	Portfolio	General technology	<input checked="" type="checkbox"/> All cadastral available <input checked="" type="checkbox"/> There are no superstructures or constructions abutting property lines. <input checked="" type="checkbox"/> Sheet number, plot of land, name of property match the cadastral summary / list of objects of purchase		
2		Fluctuation (tenant churn/turnover)			
3		Rental securities / Deposit			
4		Rent and surfaces			
5		Rent arrears / List of account balances / Rent reductions			
6		Ongoing litigation (active / passive)			
7		Management and service contracts			
10	Property	Land Register	<p><u>Especially relevant factors:</u></p> <input type="checkbox"/> undeleted AV <input checked="" type="checkbox"/> Redevelopment area <input type="checkbox"/> ZV <input checked="" type="checkbox"/> Insolvency <input type="checkbox"/> Land charge <input type="checkbox"/> Usufruct <input checked="" type="checkbox"/> Pre-emptive rights/ rights of first refusal <input type="checkbox"/> Permanent right of use <input type="checkbox"/> Leasehold /emphyteusis		
11		Entry in the inventory			
12		Registration in the Land Register Division II			
13		Planning regulations Building laws			
14		Building encumbrances			
15		Contaminated Sites			
16		Development costs			
17		Preservation order			
18		HOA			
19		Leasehold / Emphyteusis			
20		Grants/subsidies			
21		Redevelopment area			
22		Technology			
24		Residential leases			
25	Commercial leases / rental agreements				
26	Running costs (overhead)				
27	Insurance				
28	Floodplains / flood risk				
29	Existing connecting charges				
30	Compensation payments for piping rights				
31	Restitutions				
		<input type="checkbox"/> No documents available <input checked="" type="checkbox"/> No subsidies/ grants available			
			<p><u>Other factors:</u></p> <input checked="" type="checkbox"/> Restricted easement <input checked="" type="checkbox"/> Right of way <input checked="" type="checkbox"/> Piping rights <input type="checkbox"/> Other		
			<input checked="" type="checkbox"/> Have received all declarations of division <input checked="" type="checkbox"/> No preemptive sales rights held by the tenants <input checked="" type="checkbox"/> No agreement required upon sale <input type="checkbox"/> Have received HOA minutes of the past 3 years <input type="checkbox"/> No significant future planned construction work <input checked="" type="checkbox"/> Have received business plans <input type="checkbox"/> Have received maintenance costs statements <input type="checkbox"/> Per capita voting (one vote per owner) <input checked="" type="checkbox"/> Per object voting (one vote per unit owned)		
	Inspection result	Basic observations	Identified risks	Monetary risk in €	Questions to seller

TAG acquisition process

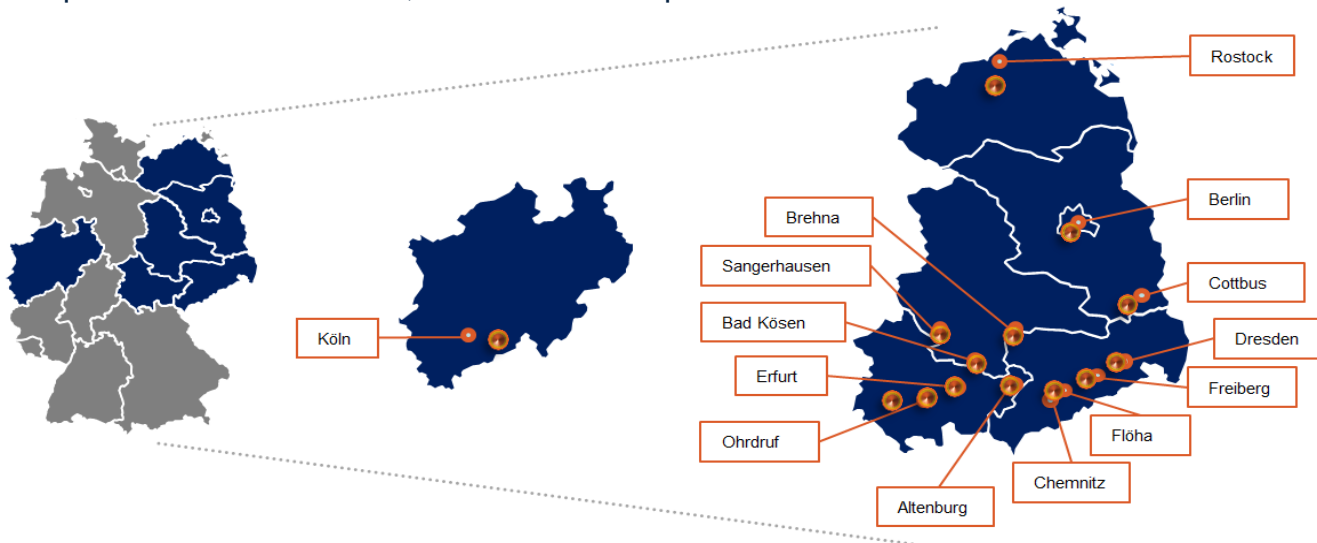
Using the example of BRICK (acquired in Dec. 2013)

■ Facts & figures

- Portfolio spread over 14 cities in 7 states
- Number RU/CU: 2,918
- Surface area: ca. 171,000 sqm
- Vacancy by surface area : ca. 12.6 %
- Rent net of utilities p.a.: ca. EUR 8.6 m

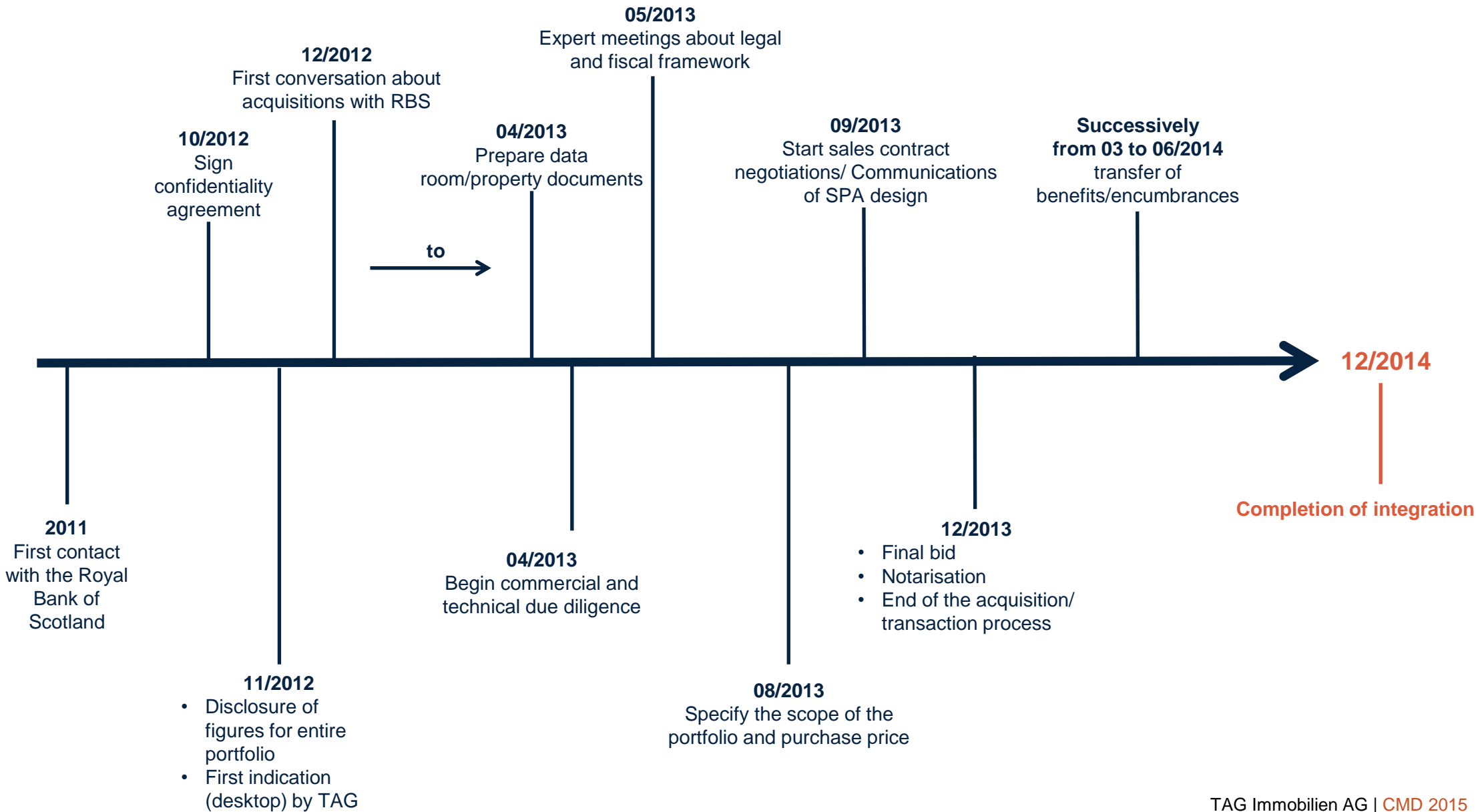
■ Notes:

- Year of construction varies from 1840-1984/85
- Portfolio partly renovated/renovated mostly mid 1990s-early 2000
- Acquisition form: asset deal; Vendors: 14 companies



TAG acquisition process

Using the example of BRICK



TAG acquisitions in 2014/2015

Signing	'Oracle' Thuringia Feb. 2014	'Elad' Saxony Sep. 2014	'Obelix' Germany Nov. 2014	Others Aug./Nov. 2014	Total 2014	'Risedale' Germany May 2015
Units	4,000	1,500	2,300	1,100	8,900	860
Floor area in sqm	236,000	85,400	150,200	68,500	540,100	49,900
Net rental EUR/sqm/month	5.24	5.20	5.22	---	---	4.64
Vacancy	10.7%	12.9%	3.7%	---	---	14.8%
Purchase price EURm	120.5	37.8	103.0	32.8	294.1	18.6
Net actual rent p.a. EUR m	12.4	3.8	9.8	3.4	29.4	2.4
Location	Hermisdorf. Jena. Weimar. Erfurt. Chemnitz. etc.	Freiberg. Chemnitz. Dresden	Nordhausen. Stadtilm. Kiel. Itzehoe	Dessau. Görlitz. Schwerin	various locations	Magdeburg. Leipzig. Zwenkau. Delitzsch. etc.
Closing	Aug. 2014	Oct. 2014	Feb. 2015	Sep. 2014/ Feb. 2015	---	Jul. 2015
Multiples	9.7x	10.1x	10.5x	9.6x	10.0x	8.0x
Comment	portfolio with interesting potential can be managed entirely using TAG's existing team	portfolio can be developed efficiently by TAG's local infrastructure	regional distribution of portfolio perfectly fits with existing TAG structure	highly profitable portfolio in fast developing regions		perfect fit into regional structure of TAG



Thuringia. Erfurt



Saxony. Freiberg

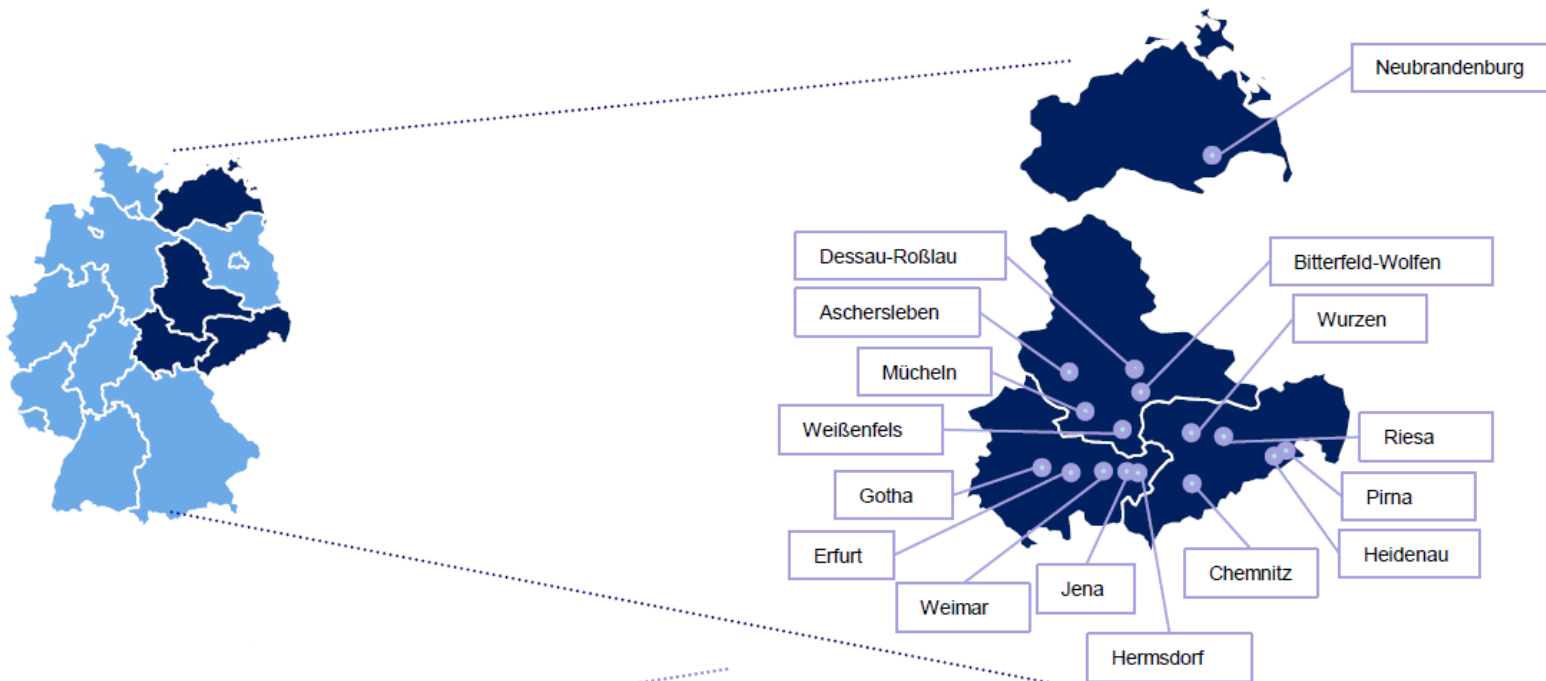


Saxony Anhalt. Dessau

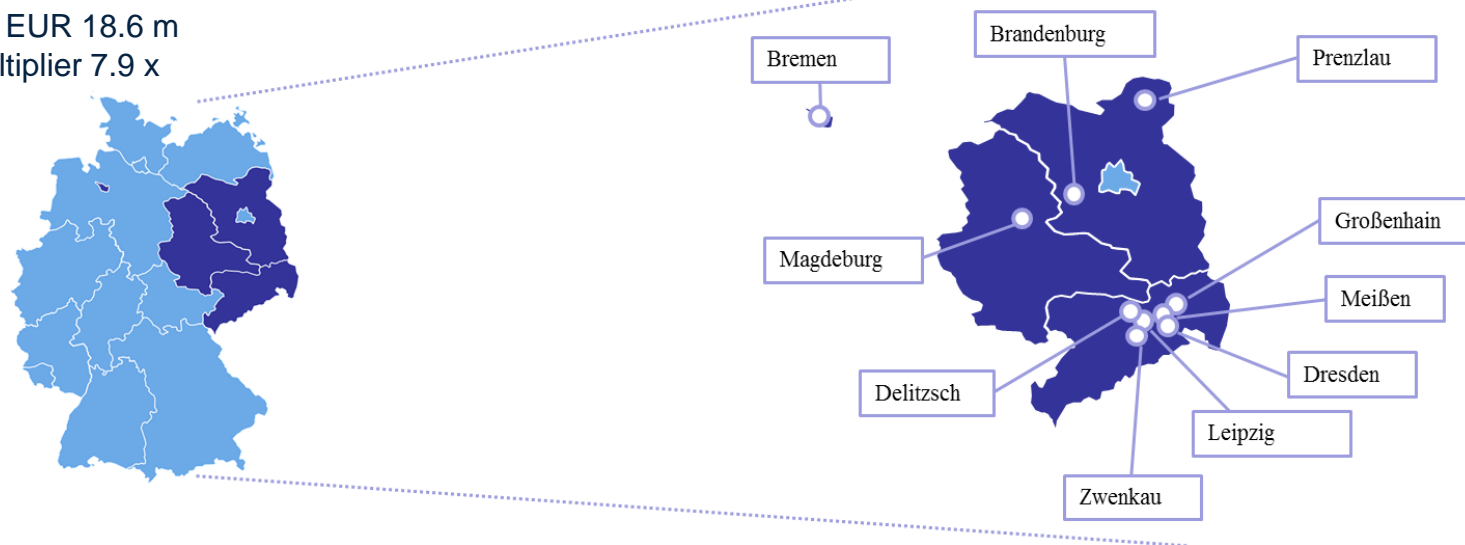
9.740 units acquired in 2014/2015: EUR 313.0m purchase price and EUR 31.8m rent p.a. leading to an average rent multiple of 9.8x or 10.0% gross yield (based on actual net cold rent); further acquisitions in 2015 in TAG's core regions to come

TAG acquisitions 2014/2015

Oracle
Feb. 2014
4,000 RU/CU
PP EUR 120.5 m
Multiplier 9.7 x



Risedale
May 2015
860 RU/CU
PP EUR 18.6 m
Multiplier 7.9 x



TAG Sales decisions

-> Optimising the portfolio through disposals

- **Focus on residential – successive and selected sales of commercial units**
 - Examples:
 - Structured bidding process –Südtor, Stuttgart in 2015
- **Portfolio optimisation through sale of residential property**
 - in selected locations atypical for TAG
 - (micro location)
 - to increase administrative efficiency - saving substantial additional costs
- **Privatisation**
- **Sale of undeveloped land**
- **Exploitation of market opportunities**



TAG disposals in 2014/2015

	Berlin (Marzahn) Nov. 2014	Berlin (Staaken et al.) Dec. 2014	Others 2014	Total 2014	Berlin Apr. 2015
Units	2,600	900	600	4,100	970
Net rental EUR/sqm/month	4.89	4.97-7.53	---	---	5.26
Net actual rent p.a. EUR m	9.4	4.1	0.9	14.4	3.5
Vacancy	1.2%	1.8% - 5.3%	---	---	1.7%
Selling price EURm	170.4	76.0	24.4	270.8	59.8
Net cash proceeds EURm	85.5	29.3	9.8	124.6	34.2
Book profit (IFRS) EURm	36.7	6.4	0.0	43.1	10.7
Location	Berlin (Marzahn)	Berlin (Staaken Lankwitz. Charlottenburg. Neukölln)	Various locations	---	Berlin (Hellersdorf. Marzahn)
Closing	Dec 2014	Dec 2014	2014	---	June / July 2015
Multiples	18.1x	18.5x	27.1x	18.8x	17.0x

**5,070 residential units sold in the last 15 months:
EUR 330.6m selling price and EUR 17.9m rent p.a. leads to average selling multiple of
18.5x or 5.4% gross yield (based on actual net cold rent)**



Berlin (Staaken)



Berlin (Lankwitz)



Berlin (Neukölln)

TAAG 2015



Ulrike Bondkirch

Head of Financing and Treasury



Paradieshof, Hamburg

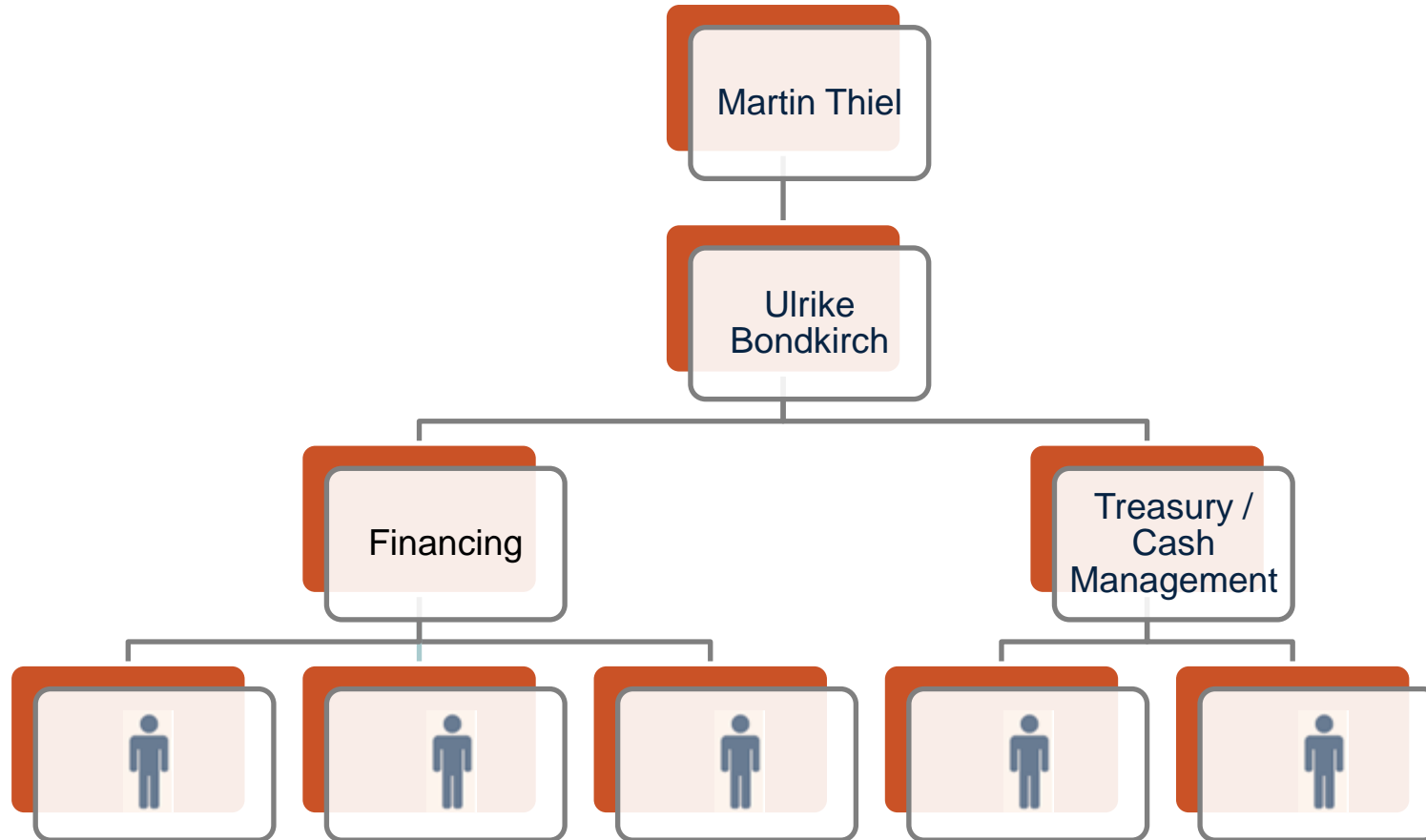
IV. Presentation Ulrike Bondkirch

Head of Financing / Treasury

42

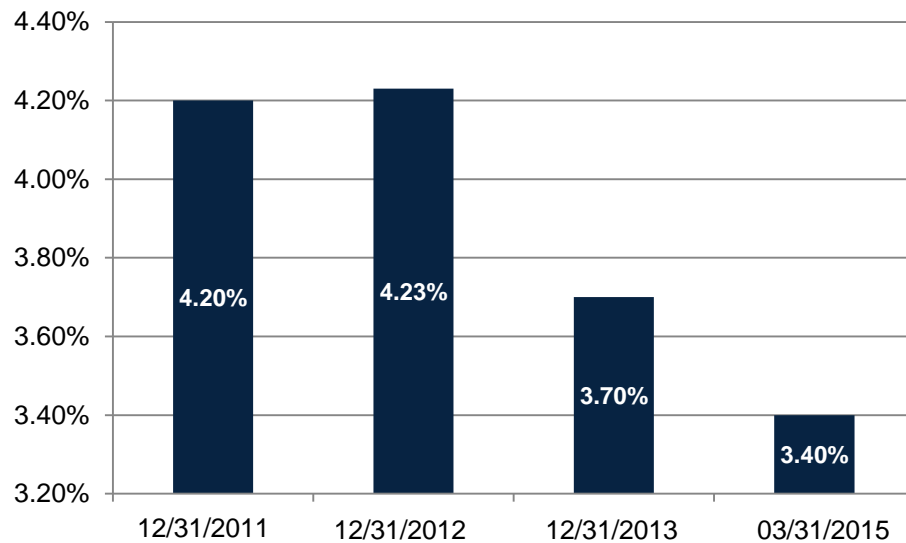
▪ TAG - structure of the Finance / Treasury department	43
▪ TAG - financing structure – bank loans	44
▪ TAG - debt financing structure	45
▪ TAG - financing procedure	46
▪ TAG – loan agreements	47
▪ TAG – financing portfolio ‘Obelix’ in northern and eastern Germany	48
▪ TAG – financing portfolio Chemnitz / Freiberg / Dessau	49
▪ TAG – financing portfolio TAG Wohnen	50
▪ TAG – documentation differs	51
▪ TAG – why bank loans	52
▪ TAG – bank communication	53

TAG structure of the Finance / Treasury department

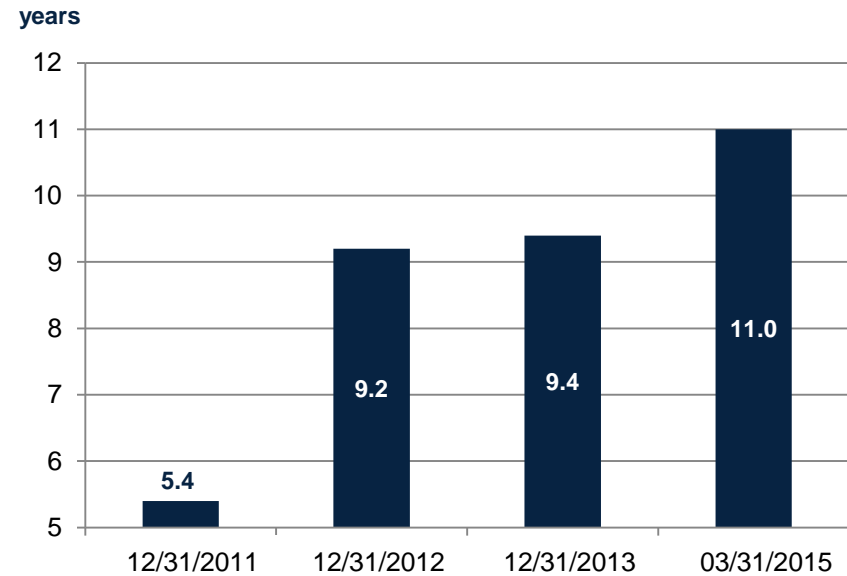


TAG financing structure – bank loans

Interest charges significantly reduced



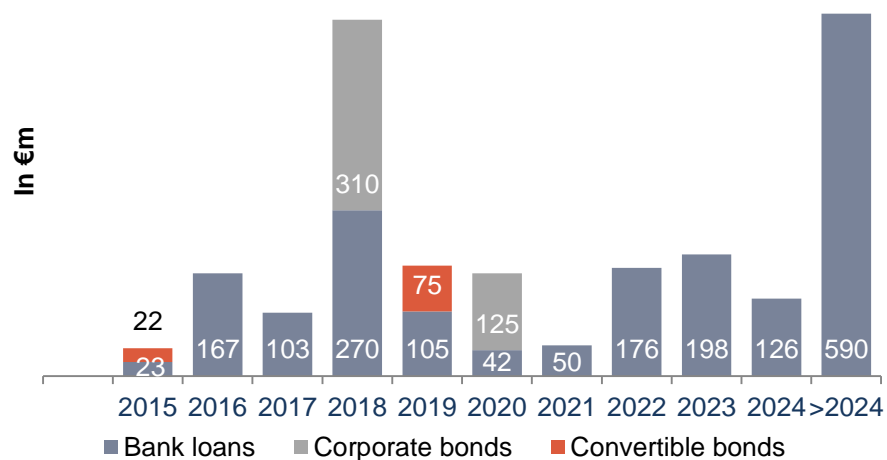
Loan periods (maturities) significantly extended



TAG debt financing structure

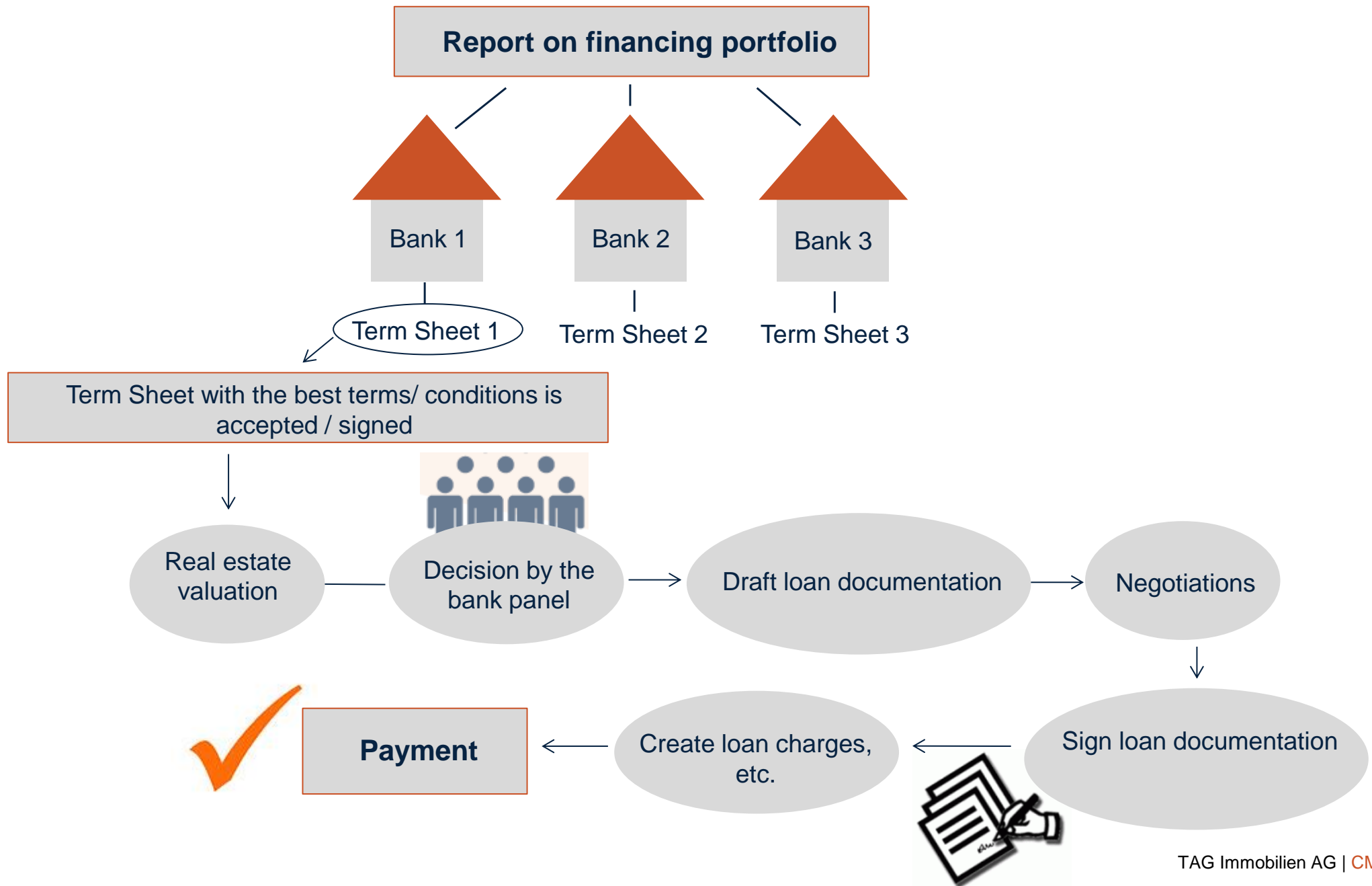
Debt maturity profile as of 31-March-2015 in EUR m

Interest rates and maturities



(in EUR m)	Current amount	Average interest rate	Maturity/Refinancing in the next 3 years	Average interest rate (refinancing in the next 3 years)
Bonds	435	4.52%	-	-
Convertibles	97	5.73%	22	6.50%
Bank loans	1.840	3.40%	384	4.00%
Total	2.372	3.70%	406	4.13%

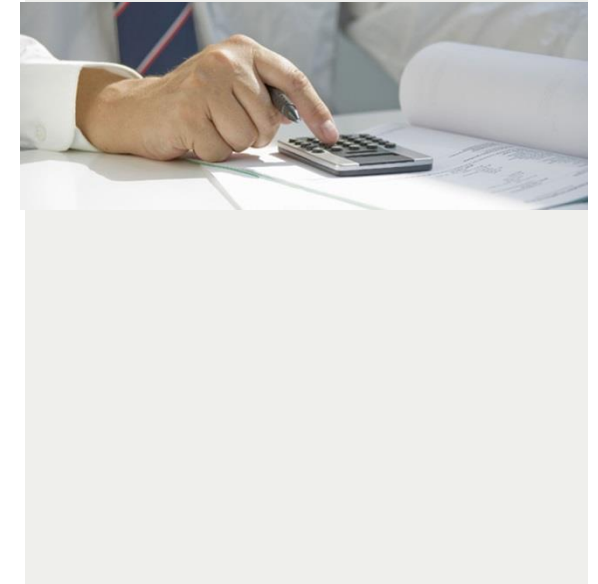
TAG financing procedure



TAG loan agreements

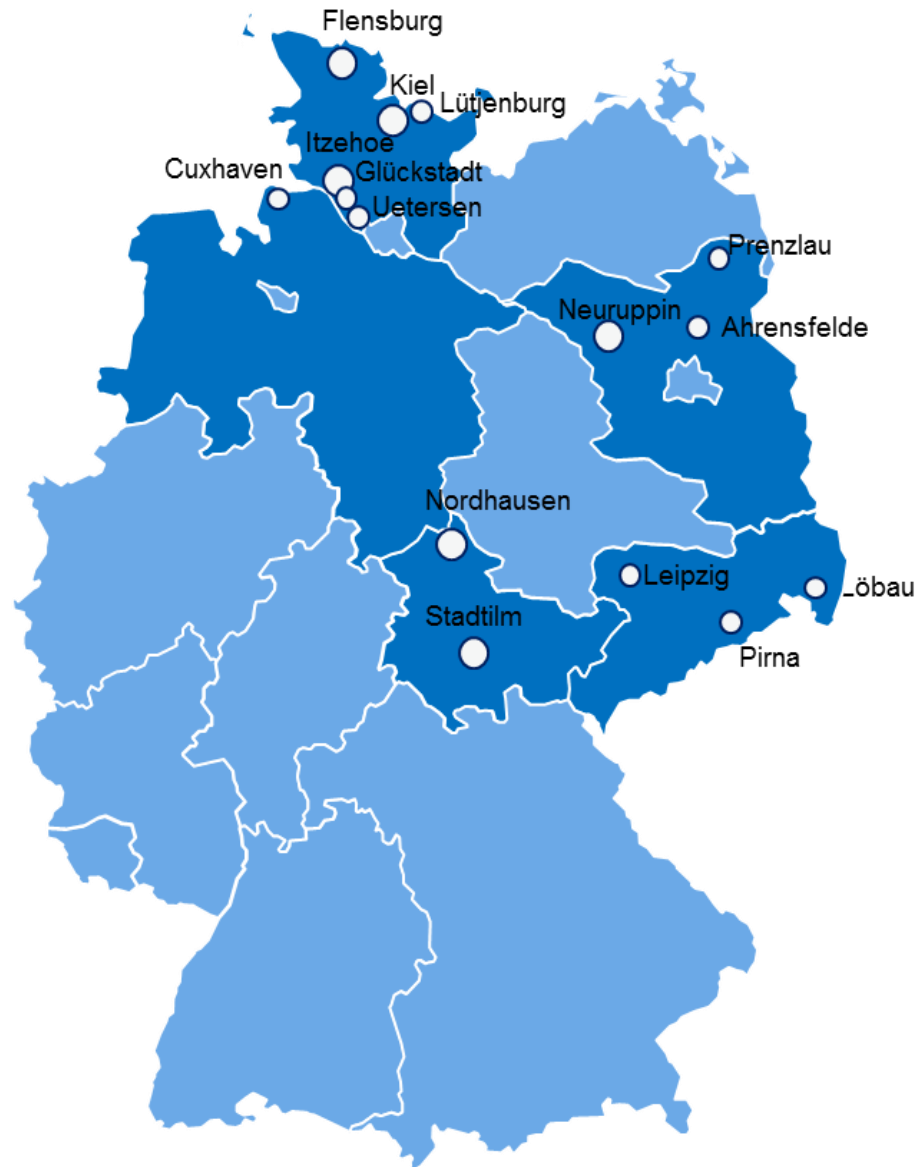
What is important to us in a loan agreement?

- Loan amount
- Maturity / interest periods
- Margin
- Amortisation / Repayment
- Handling fee, expert fees, commitment interest, etc.
- Collateral
- Covenants and recovery options
- Obligation to inform
- Measures subject to approval



TAG financing portfolio 'Obelix' in northern and eastern Germany

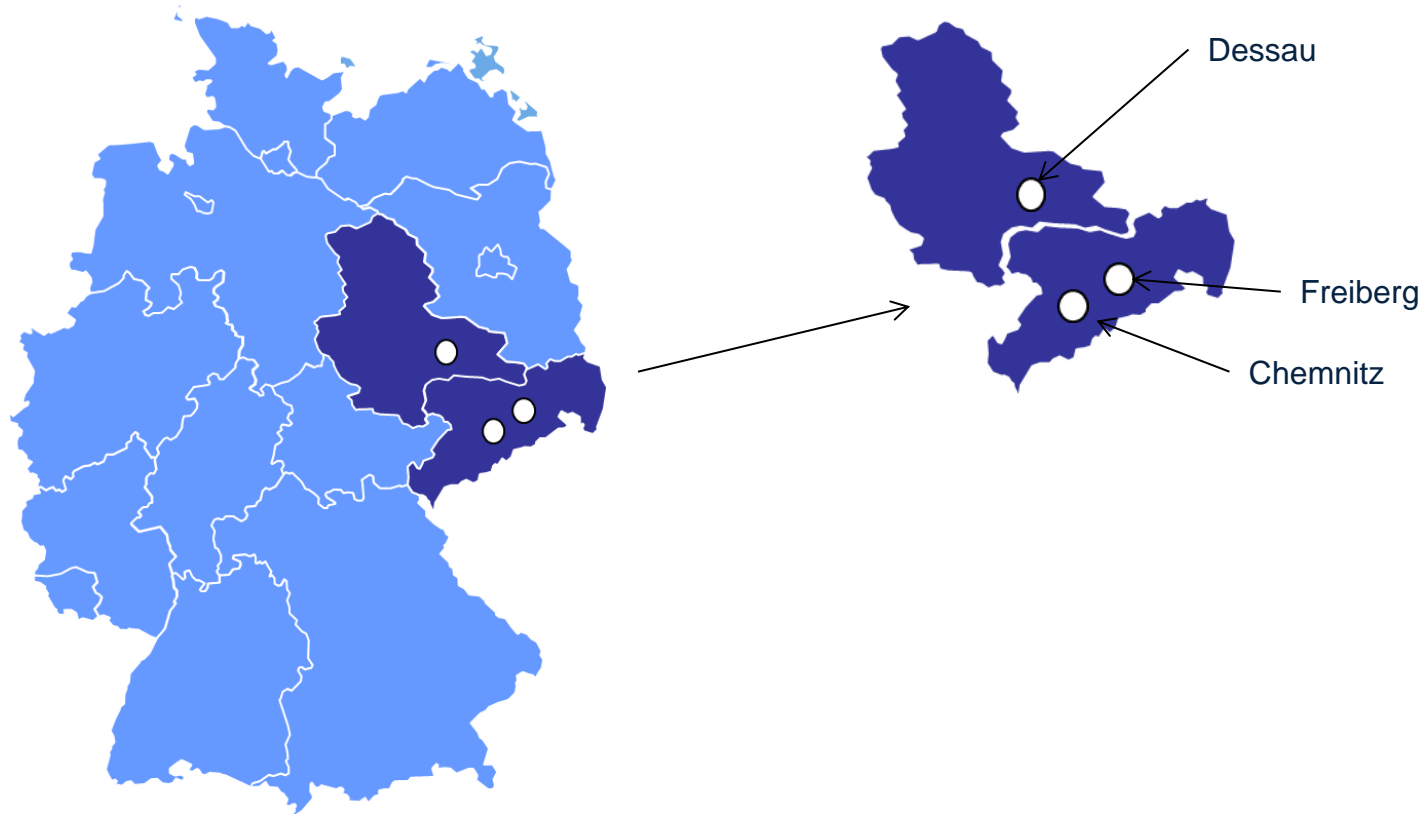
- Purchase of 2,300 RU in November 2014
- Resulting financing portfolio with 1,971 RU
 - Low vacancy rates 3.8%
 - Refurbished, maintained condition
 - Portfolios in western and eastern Germany



state (Bundesland)	units	area in sqm	percentage
Schleswig-Holstein	754	49,653	38.0%
Thuringia	626	40,112	30.7%
Brandenburg	269	17,021	13.0%
Saxony	208	15,652	12.0%
Lower Saxony	114	8,241	6.3%
In total	1971	130,679	100%

TAG financing portfolio Chemnitz / Freiberg / Dessau

- Purchase in September 2014
- Portfolio with refurbishment backlog and some high vacancy rates in good location



city	units	area in sqm	vacancy in %	parking (places)	vacancy parking in %	net actual rent (res. portfolio)	net actual rent total
Chemnitz	642	37,300	23.38	0	0	1,330,440	1,342,092
Freiberg	738	41,683	5.20	67	0	2,148,720	2,170,440
Dessau	271	17,528	0.71	8	0	1,043,852	1,061,436
In total	1,651	96,511	11.39	75	0	4,523,012	4,573,968

TAG financing TAG Wohnen

(formerly TLG Wohnen)

On acquisition of the company:

- Loan balance EUR 259 m
- Average interest rate 4.4%

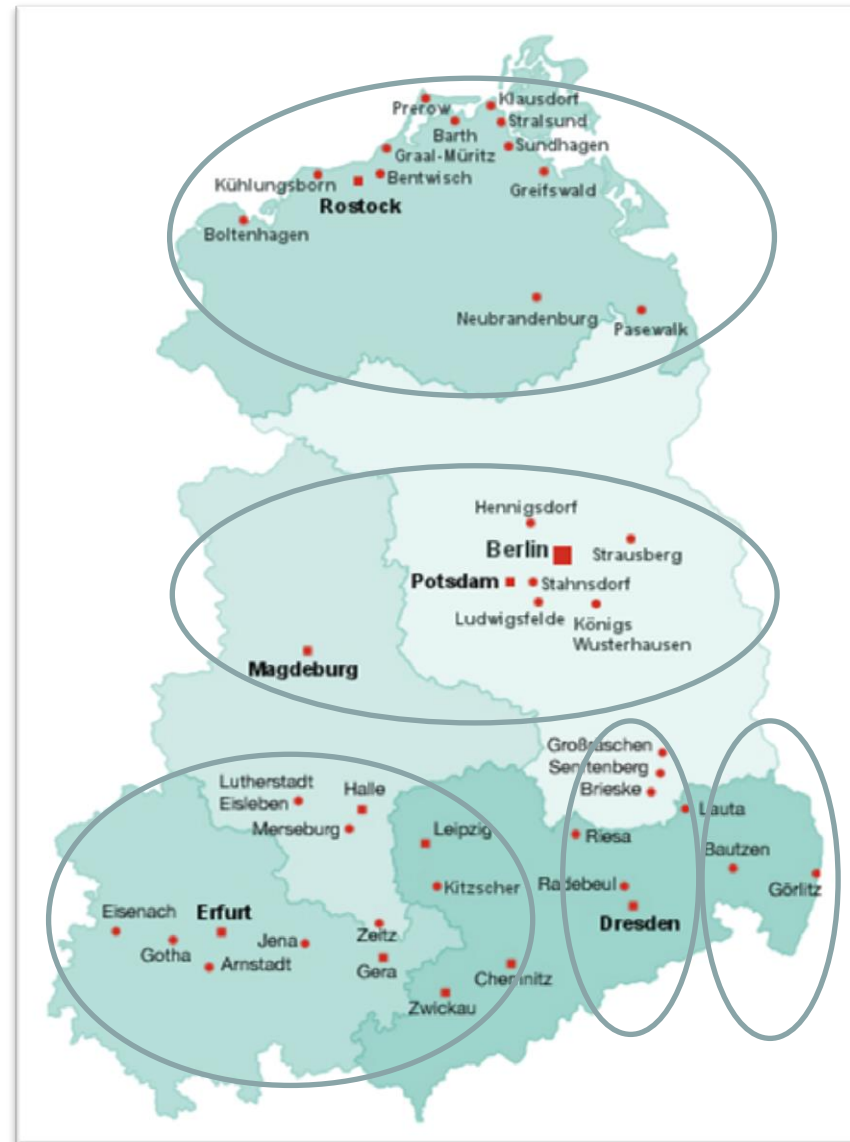
After refinancing:

- Loan balance EUR 341 m
- Average interest rate 2.45%

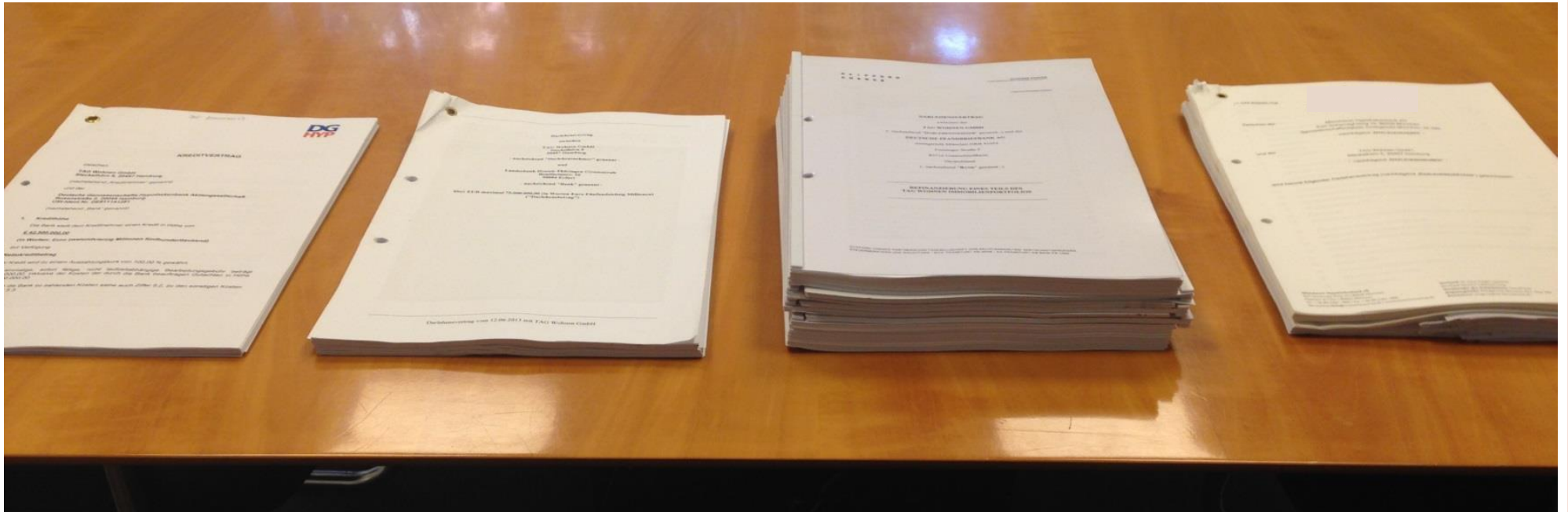
Keeping the 'gems' based on Federal Government credit rating

Formation of 5 clusters to optimally finance them:

- Mecklenburg Vorpommern
- Central
- South West
- 2 x Dresden



TAG documentation differs...



TAG why bank loans?

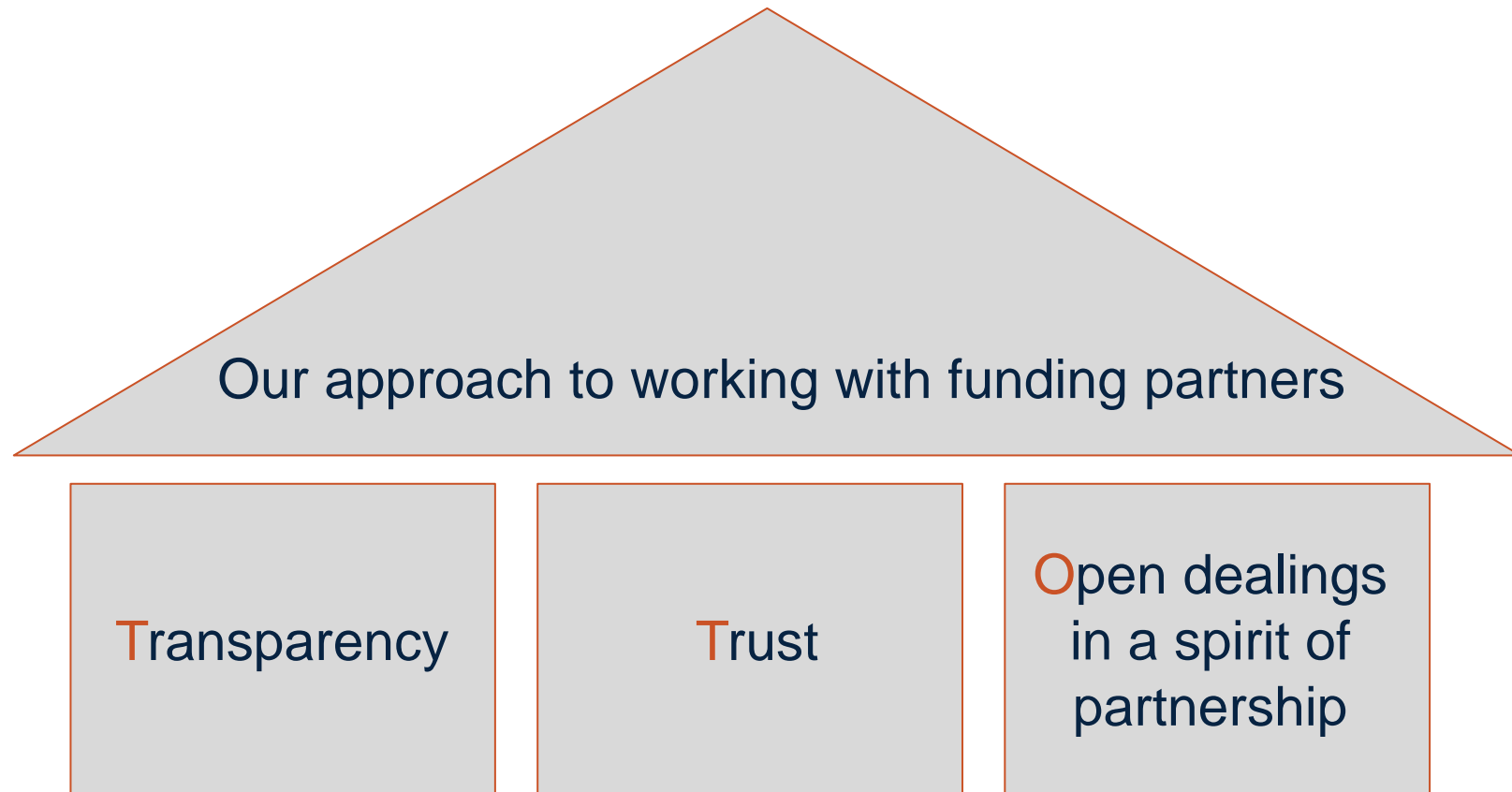
ADVANTAGES

- Independence
- Minimises financing risks
- Possibility of adapting / amending ongoing contract
- Recovery mechanisms in case of breaches
- Long loan periods with various interest periods
- For TAG, the most cost-effective way to borrow capital

DISADVANTAGES

- Longer lead / processing times





TAAG 2015



Hendryk Lietzmann

Head of Portfolio Management
,LIM' Berlin, Brandenburg

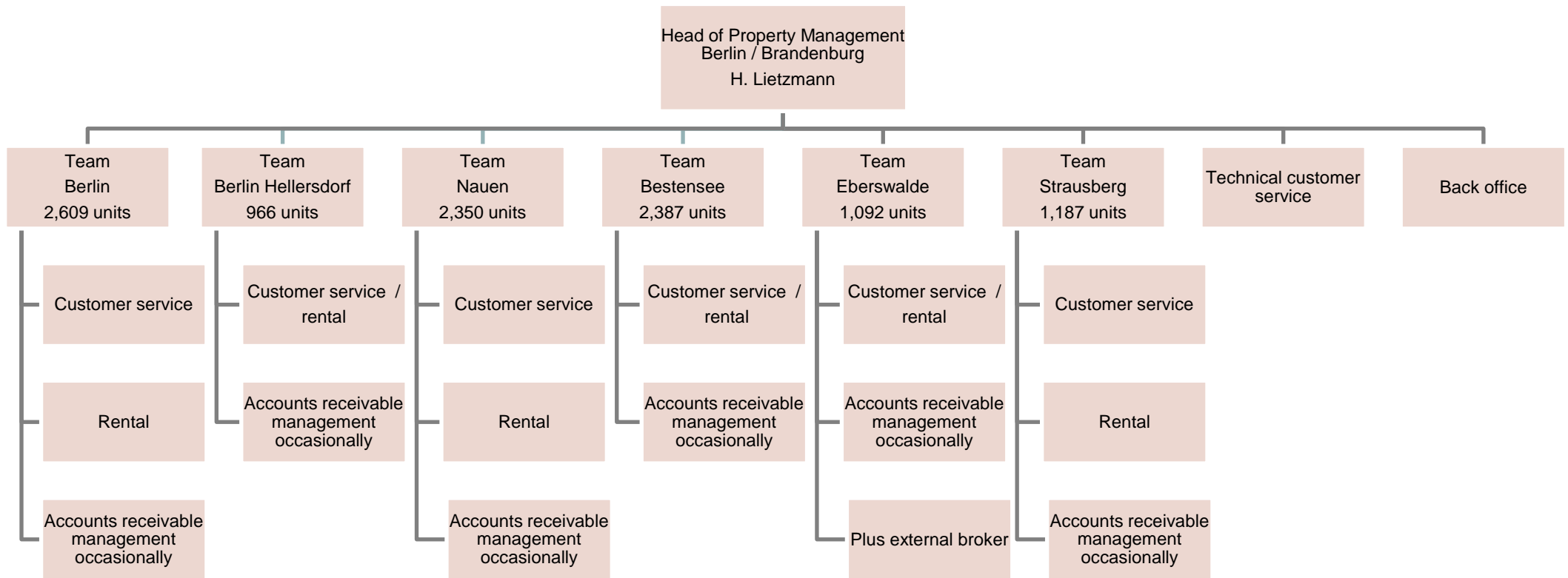


Ludwigsfelde

IV. Presentation Hendryk Lietzmann

▪ TAG organisation of the LIM region Berlin	57
▪ TAG regional challenges in the Berlin/Brandenburg region	58
▪ TAG examples of successful asset management from the past: Marzahn, Bestensee	59
▪ TAG past integration processes (Colonia, DKBI, TLG, etc.)	74
▪ TAG brief introduction to the new ERP system	76

TAG organisation of the LIM region Berlin



TAG regional challenges in the region

- Very large catchment area (from Prenzlau to Cottbus and Frankfurt/Oder to Premnitz)
- Very diverse markets (from Berlin Zehlendorf to Jänschwalde Ost)
- Many contacts and communities
- Very diverse tenant clientele (from former NVA generals to social security/welfare recipients)
- Very diverse buildings (from modernised old buildings to pre-fab slab-constructions to new buildings)
- From special property management (homeowners association) to large contiguous pre-fab slab-constructed blocks
- Extremely diverse demand and supply situations
- Some weak through to very strong market participants
- Demographic developments
- Many diverse service providers and contract situations
- Project developments sometimes necessary/possible
- Very diverse payment habits



TAG examples of successful AM – general

- Cooperation with the districts, towns and municipalities (e.g. Eberswalde Housing Forum, Mayor of Bestensee and many more)
- Participation on district council in Marzahn, Hellersdorf and Eberswalde
- Refurbishment of empty housing in tight markets to a particular standard
- Layout changes to meet individual needs of potential tenants
- Ongoing adaptation of new-let rents to match local market realities
- Reduction of accounts receivable ratio with active tenants through stringent receivables management and "tenant clientele adjustments"
- Reduction of costs (e.g. caretaker Eberswalde, heat supply Hellersdorf)
- Resolute utilisation of rent increase potential
 - Differentiation of individual housing classes in tight markets (e.g. Eberswalde)
- Proximity to customers through on-site tenant offices



Eberswalde, Frankfurter Allee



Bestensee, Friedenstraße



Jänschwalde, Friedenstraße

TAG examples of successful AM – general

Employee motivation





- Flat hierarchies
- Performance-based pay
- Participation in the company's success
- Team events
- Modern workplace
- Latest ERP system (digital support)
- Fresh fruit and free drinks
- Ongoing rent law seminars
- Individual professional development offers
- Detailed annual appraisal meetings with each employee
- Cooperation as equals



TAG example of successful AM - Marzahn

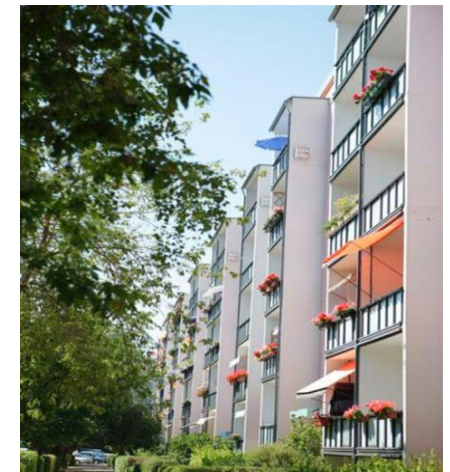
Berlin Marzahn

Facts and Figures:

- Units: 2,600
- Acquired in 2011 (in two transactions), sold in November 2014
- Net cold rent p.a.:
 - at date of acquisition: EUR 8.7m
 - date of disposal: EUR 9.4m +8%
- Vacancy:
 - at date of acquisition: 3.0%
 - date of disposal: 1.2% -60%
- Rental losses (% of net cold rent):
 - at date of acquisition: 6.1%
 - date of disposal: 1.2% -80%
- Value creation:
 - purchase price: approx. EUR 116m
 - selling price: EUR 170.4m
 - NAV creation: EUR 54.4m +47%

Key take-aways of successful asset management by TAG:

- Strict receivables management
- Implementation of a significantly improved tenant structure
- Adapt standard residential units to the requirements of the market and of potential tenants: individualised upgrade of empty units within a short time
- Reduce service charges for tenants
- Investments into the buildings mostly limited to maintenance, no major capex measures required
- Participate in social neighbourhood campaigns (e.g. project 'Soziale Stadt' in Berlin)
- Improve the environment of the properties (e.g. green areas)
- Service quality: increase tenant satisfaction, especially through pragmatic and fast processing of their concerns



TAG examples of successful AM - Marzahn



TAG examples of successful AM - Marzahn

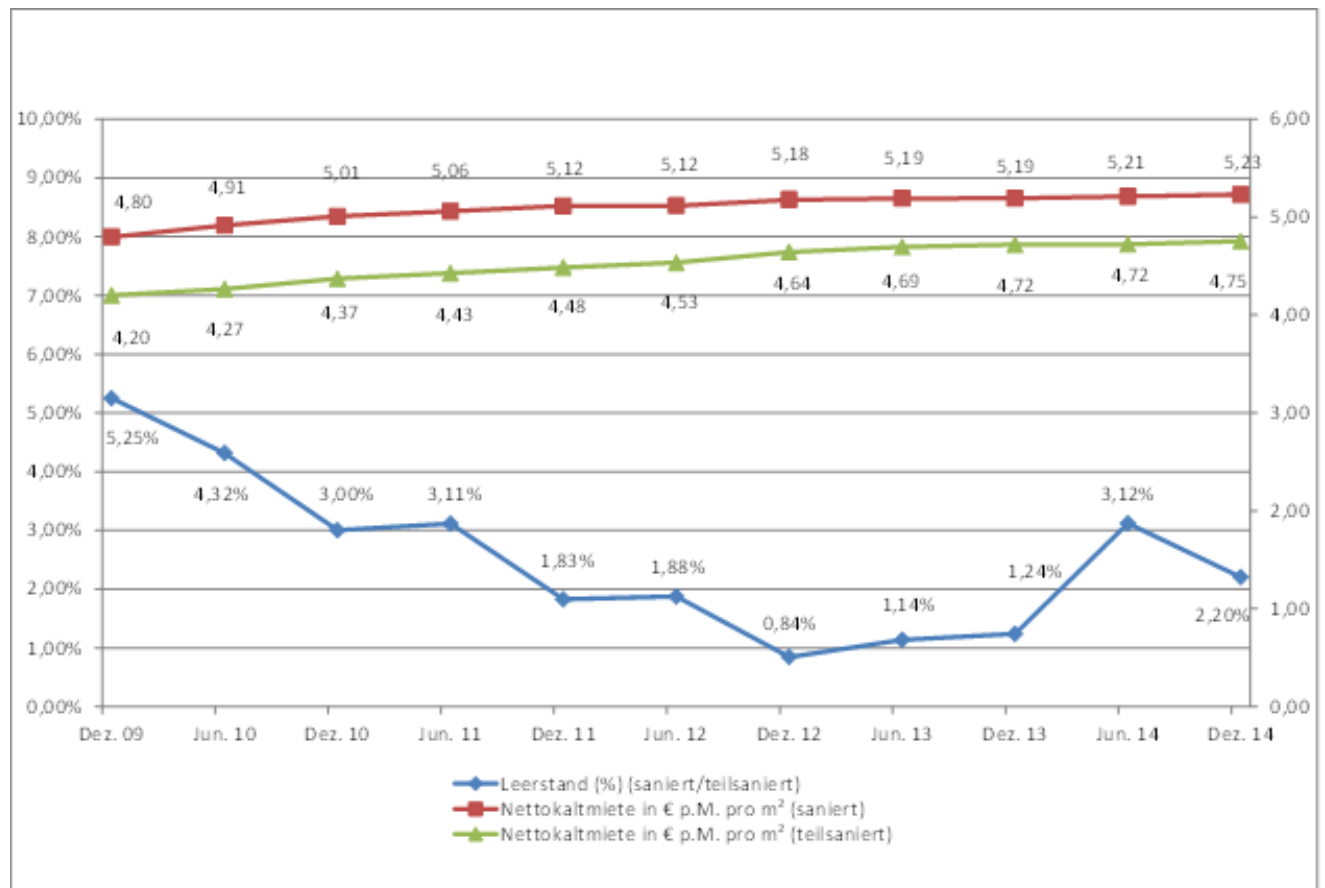


TAG examples of successful AM - Bestensee

Vacancy development refurbished/ partly refurbished units

Best situation in refurbished portfolio

- Friedenstr. 24 1 flat of 35 units (turnover)
- Friedenstr. 17 fully let (45 units)
- Friedenstr. 7 4 flats of 45 units (since 1st May 2015 / turnover)
- Friedenstr. 4 fully let (30 units)



TAG examples of successful AM - Bestensee

Friedenstrasse 7a-c

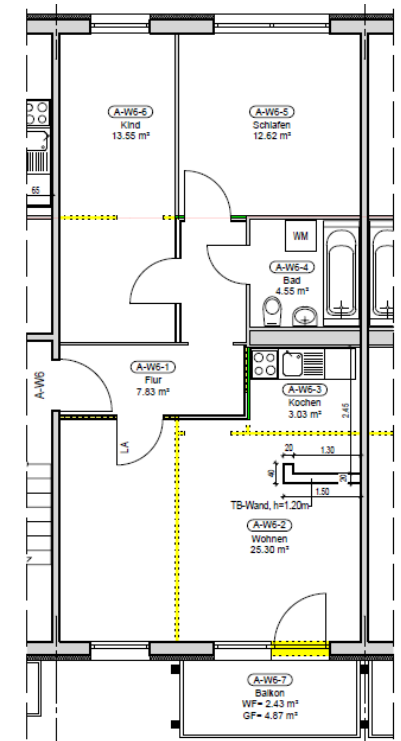
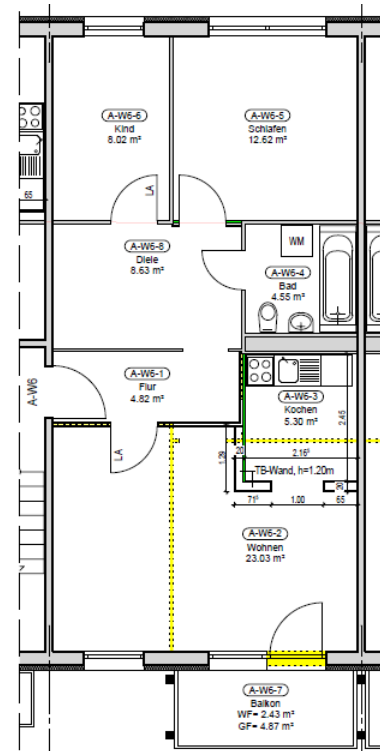
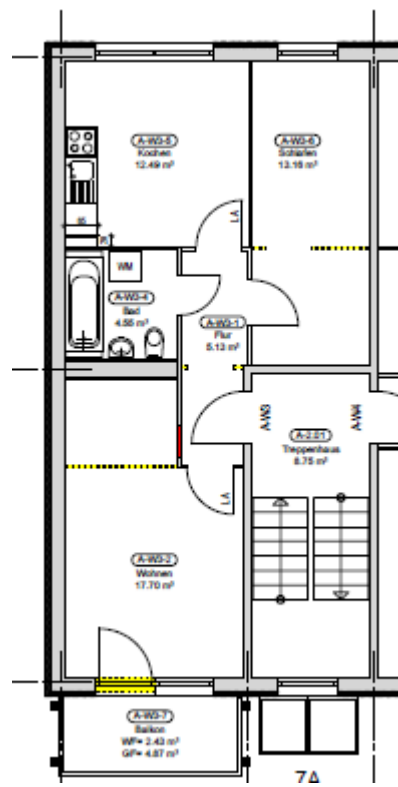
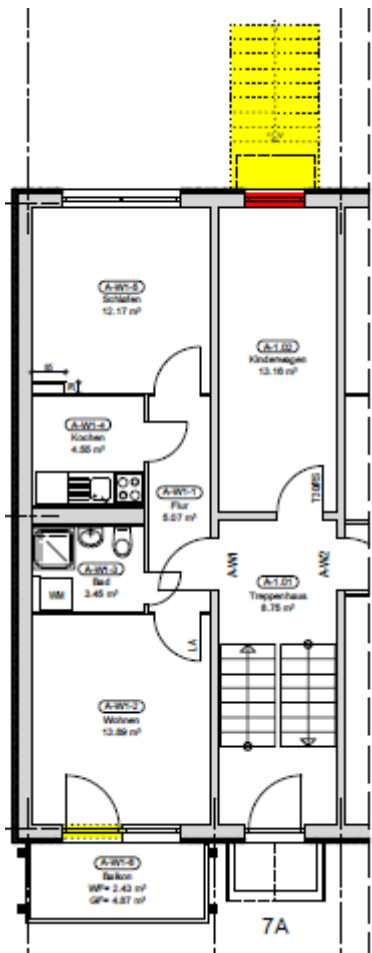
- New balconies (30 units)
- Utilities duct renovation/heating and electric/ventilation
- Flat refurbishment (26 units) incl. floor plan changes
- Façade work
- Stairway refurbishment
- Tenants' cellar renovation
- Fixing/upgrading outside facilities

- **Construction period**
 - 30 Jun 2013 – 31 Mar 2014
- **Surface area old/new**
 - 2,233 / 2,301
- **Number flats old / new (empty)**
 - 45 / 45 (26 / 0)
- **Special features**
 - Floor plan alterations
 - Extension of size through addition of balconies
 - Kitchen extension

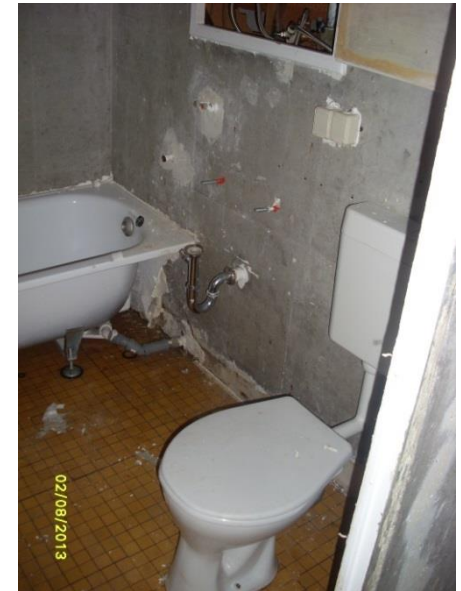


TAG examples of successful AM - Bestensee

Overview of floor plan variations



TAG examples of successful AM - Bestensee



TAG examples of successful AM - Bestensee

Friedenstr. 4 a-c

- New built-on balconies (30 units)
- Complete utilities duct renovation/heating and electric/ventilation
- Flat refurbishment (16 units) incl. some floor plan changes
- New insulation of windows and doors in accordance with EnEV 2014
- Façade work and insulation
- Basement ceiling and eaves insulation in accordance with EnEV 2014
- Stairway and cellar renovation
- Restoration of intermediate building
- Planning, fees, outdoor facilities, etc.

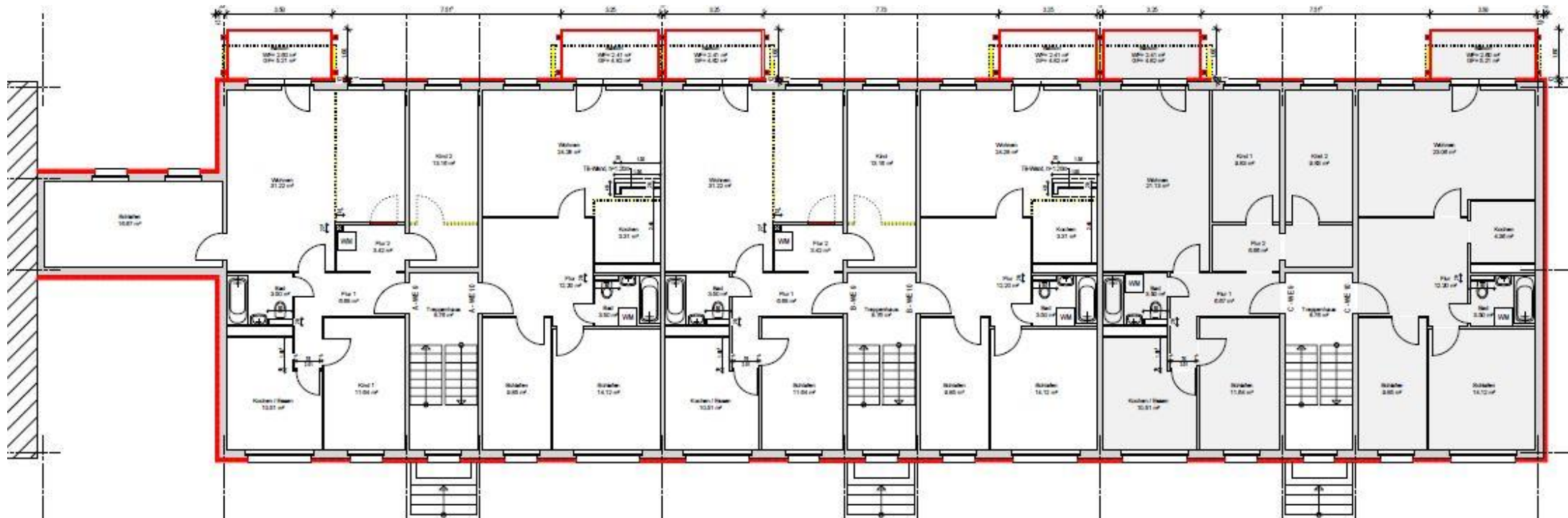
- **Construction period**
 - 7/2014 – 12/2014
- **Surface area old/new**
 - 2,302 / 2,236
- **Number flats old/new (empty)**
 - 30 / 30 (16 / 0)



TAG Examples of successful AM - Bestensee

Special features – Floor plan alterations 1st – 4th floor

- New: spacious 4-room flats have been created instead of small 5-room flats
- Open-plan kitchens with lots of natural light were created



TAG Examples of successful AM - Bestensee

Friedenstr. 3 a-d

- Planning/site setup/construction site equipment
- Energy-saving roof and façade renovation in accordance with EnEV 2014
- Stairway and cellar renovation
- Dismantling/new construction
- Heating/plumbing/ventilation/electric
- Windows, doors, fire doors
- Two lifts (access to all flats)
- 40 new balconies
- Outside facilities (fire engine access, HE systems)

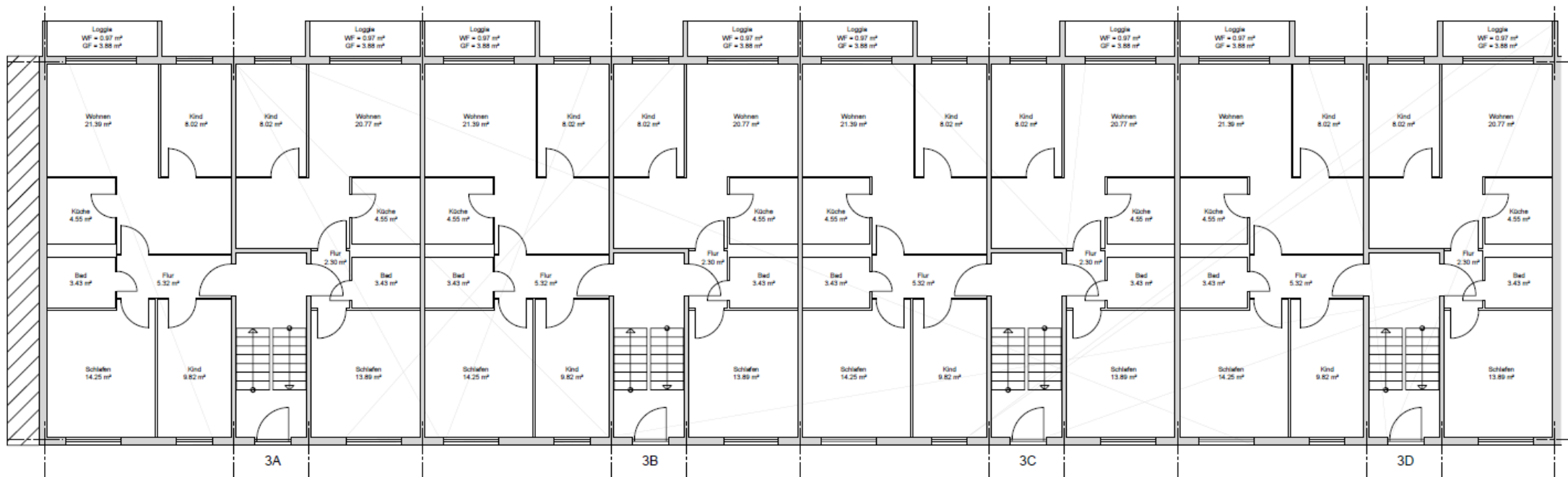
- **Construction period**
 - 5/2015 –06/2016
- **Surface area old/new**
 - 2,415 / 2,315
- **Number flats old/new (empty)**
 - 40 / 40 (31 / ...)
- **Special features**
 - Disabled/elderly access
 - 4 flats equipped for disabled
 - 2 lifts
 - Conversion to 1 and 2 BR flats



TAG examples of successful AM - Bestensee

Special features – Floor plans of property

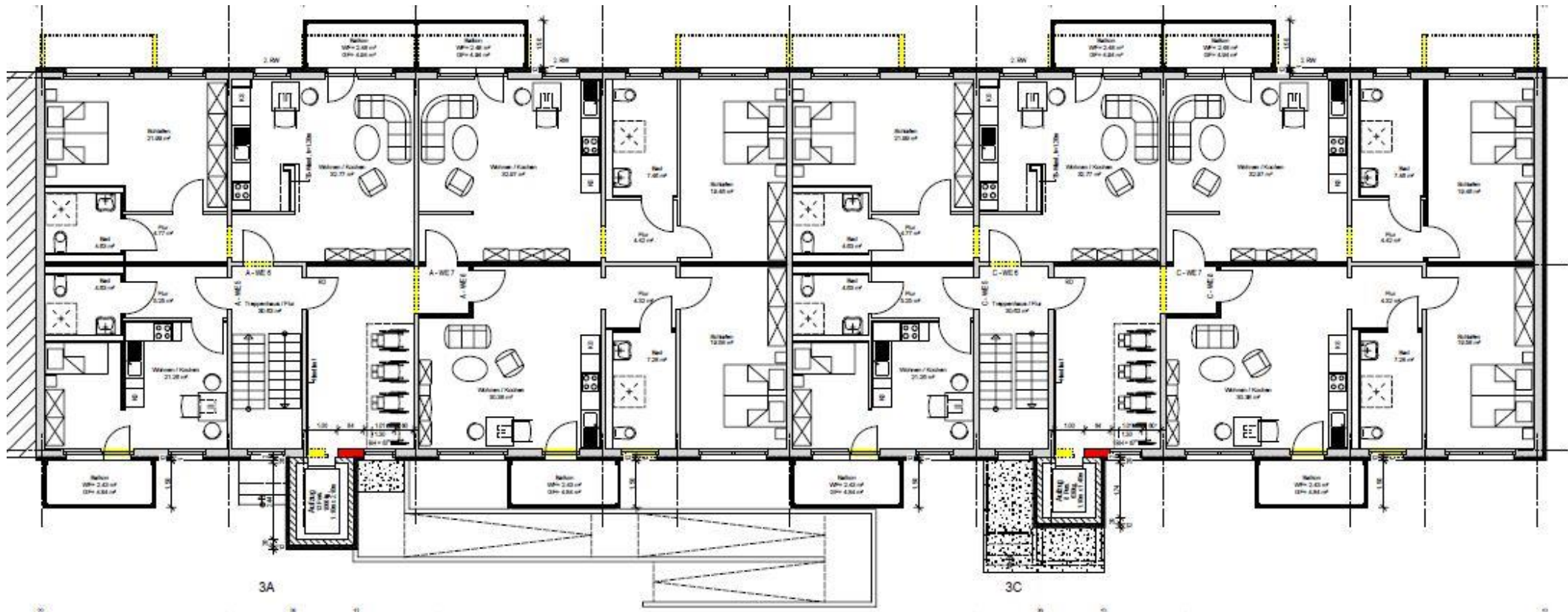
- Sample layout of property, ground floor
- 20 x 54 m² 4-room flats
- 20 x 67 m² 4-room flats



TAG examples of successful AM - Bestensee

Special features – Floor plan alterations

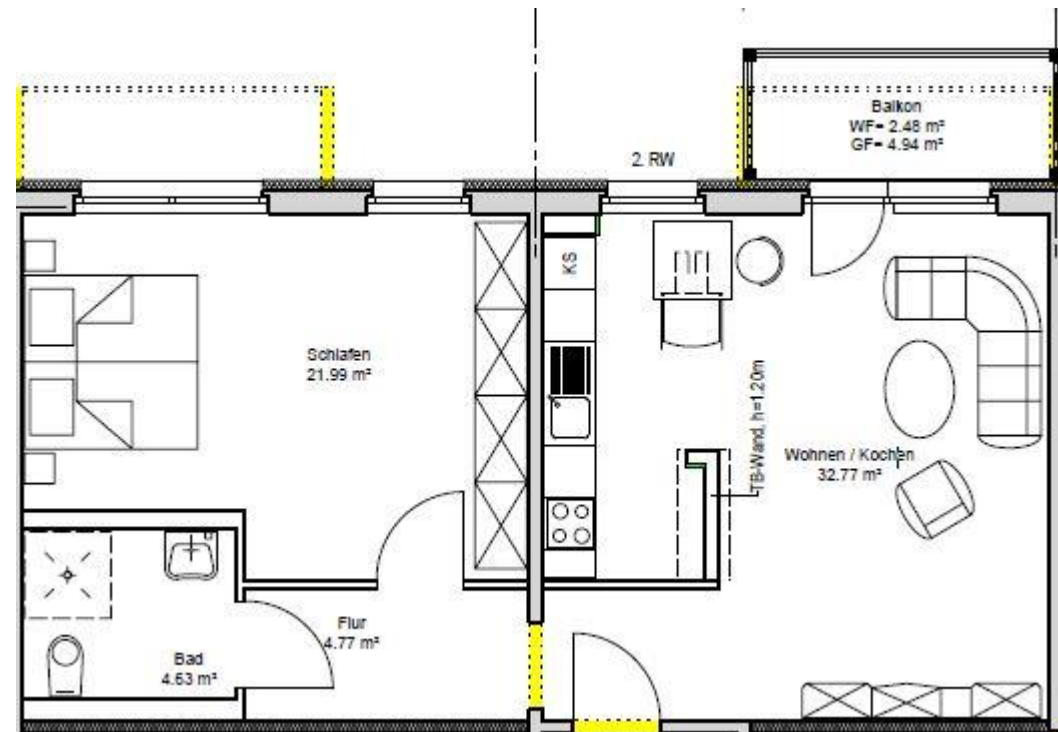
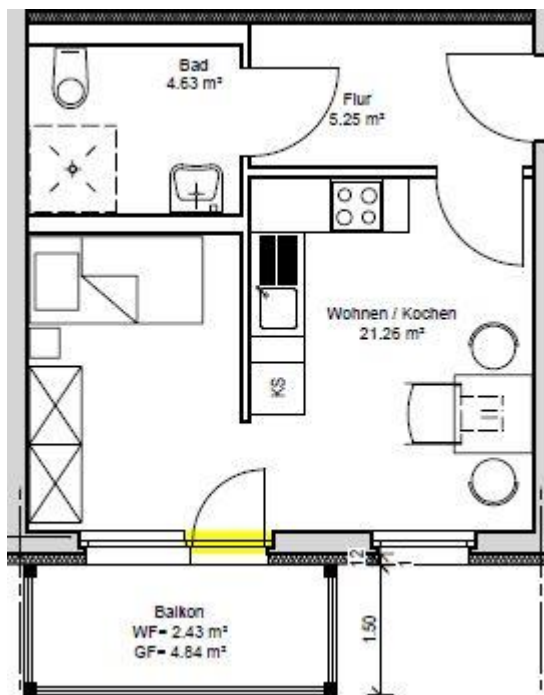
- Final draft: sample plan for ground floor (1st - 4th floor are identical to ground floor)
- Lift shaft from the outside (sufficient space for zimmer frames (walkers), etc.), disabled access to all flats
- Conversion to 1 and 2-bedroom flats (approx. 34 m², approximately 64 m² and 67 m²)



TAG examples of successful AM - Bestensee

Special features – Floor plan alterations

- Draft: sample layouts for 1- and 2-BR flats



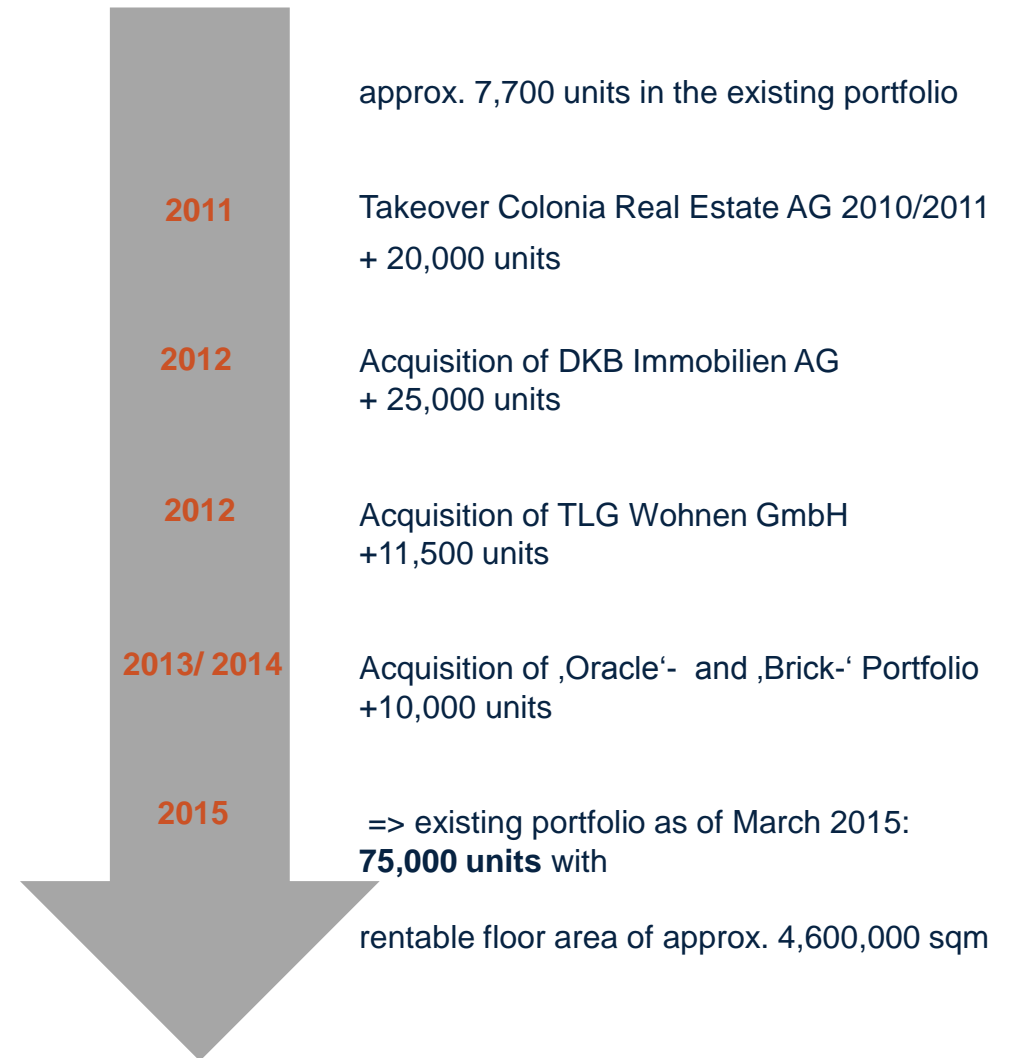
TAG Portfolio Integration

Strong growth in recent years through various new acquisitions

- growth of the Berlin/Brandenburg branch from approximately 3,000 units to over 13,000 units in the last four years
- individual acquisitions
- company takeovers (Colonia, DKBI, TLG)

Challenges

- different processes
- different ways of working
- different ERP systems (GES, Relion, DKB@Win, Wodis)
- different reporting practices
- differences in correspondence with tenants
- different background and company philosophies (from privately run "lone wolves" to employees with backgrounds ranging from banking and property development business to public-authority-type property management)



TAG Portfolio Integration

Solution strategies/implementation

At staff level

- Introduce uniform procedures and processes
- Uniform ERP system
- Uniform tenant correspondence
- Team training (team events)
- Reassign the properties
- Motivation
- Create identification with the company
- Take over customer services and caretakers
- Have local presence while still granting privacy
- Independent working

At property level

- Structured approach to new acquisitions
- If possible, take over tenant and caretaker services
- Complete, uniform transfer protocols
- Review / monitor all documents and rental contracts
- Review the utility cost structure and renegotiate contracts
- Review for possibilities of increasing rents
- Adapt empty apartments to market needs
- Adjust our own caretaker
- Review and renegotiate maintenance rates

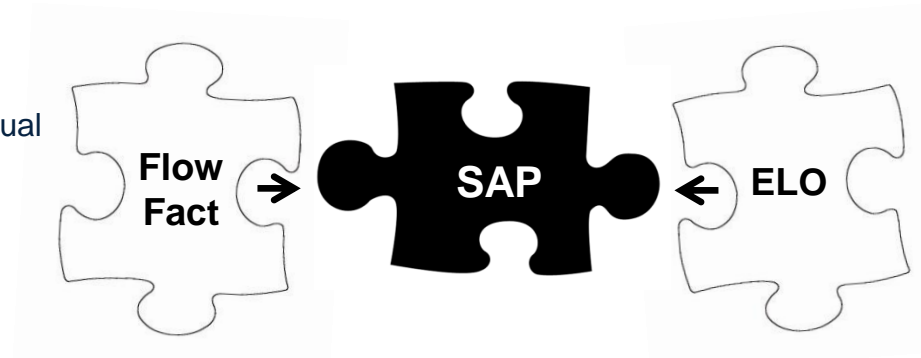
TAG brief introduction to ERP system

High level of process support by overarching SAP solutions for central processes

- Mailbox
 - purchase orders, invoice processing, reminder workflow, CRM – ticket system, templates
- Craftsman links
- Invoice workflow
 - already more than 200,000 invoices channelled through the digital system
- Standard correspondence
 - more than 200 letters stored that can be digitally downloaded with automatic master data loading
- Electronic tenant and property files
- Reminder and complaint files
- CRM ticket system
- Rent increases
 - already entered 35 rent indexes in Promos and reviewed more than 23,000 tenants for rent increase potential
 - rent increases of more than 480,000 € per year issued

Outlook

- Implementation further defined business processes from the process manual
 - mobile applications
 - contract management
 - extension of reporting



TAAG 2015

Claudius Oleszak

Head of Portfolio Management ‚LIM‘ Salzgitter

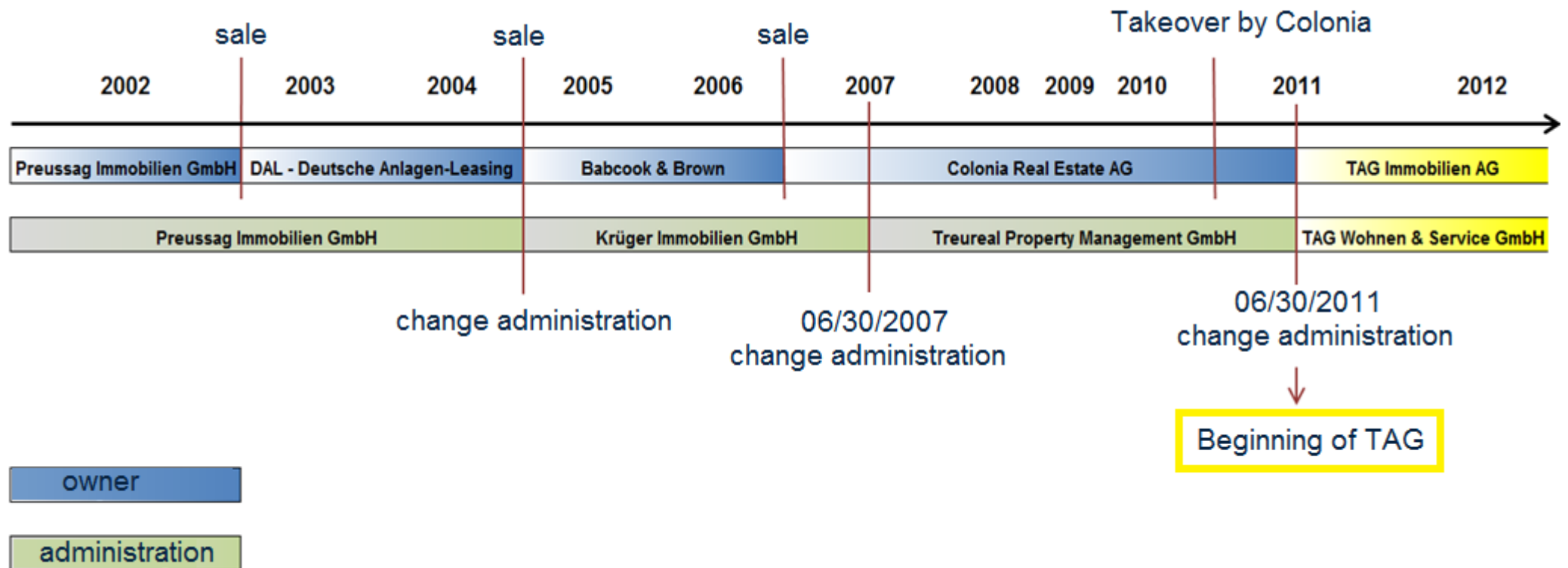


V. Presentation Claudius Oleszak

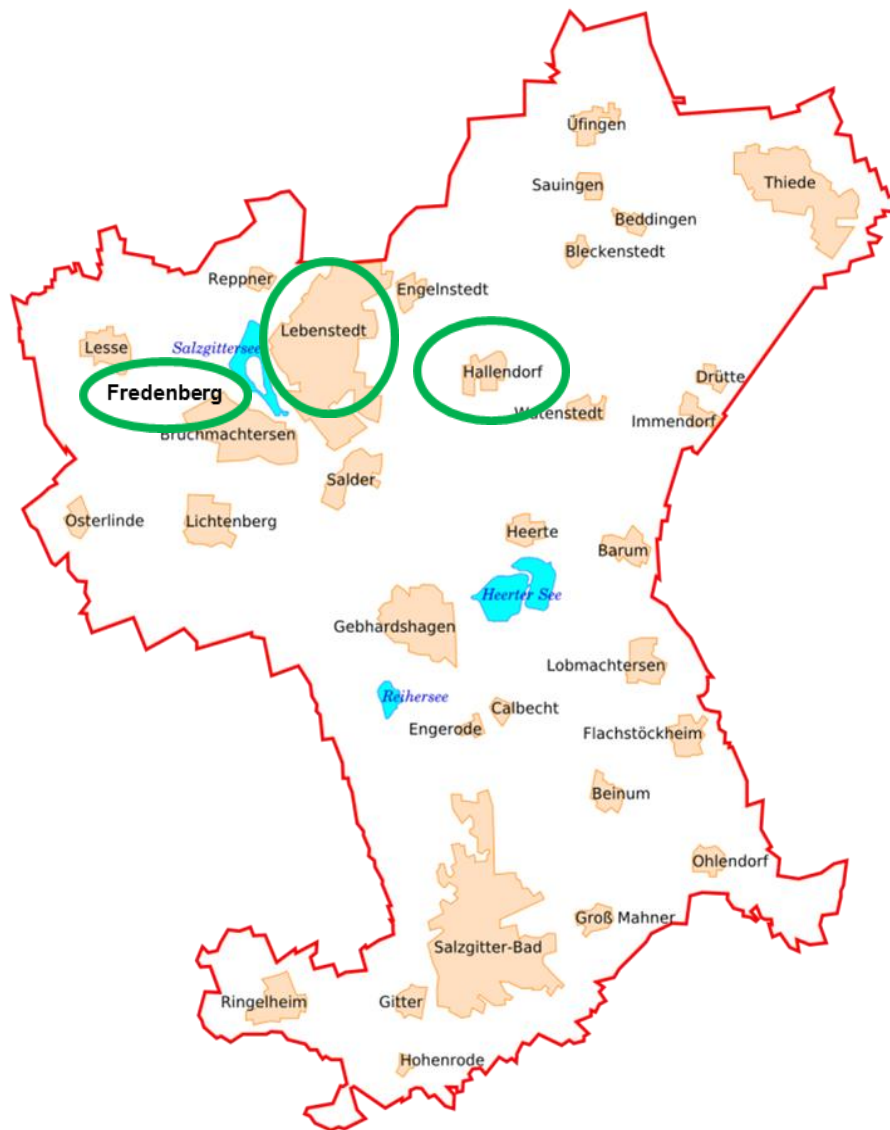
▪ Salzgitter portfolio: from 2002 until today	80
▪ Salzgitter portfolio: Overview of the portfolio	81
▪ Salzgitter portfolio: Overview of social networks	82
▪ Salzgitter projects	83
– renting to senior citizens	
– inter-generational lounge	
– voices from the inter-generational lounge	
– AWiRA Wohncafé	
– long-term neighbourhood planning and development	
– growing older in Fredenberg	
– ‘Jumpers’ in Lebenstedt	
– Social Netzwerk sn.sz	
– currently ongoing...	
▪ Salzgitter vacancy development	94

Salzgitter portfolio from 2002 until today

History of the Salzgitter portfolio from 2002 until today



Salzgitter portfolio overview of the portfolio



Portfolio	Space *	Units *
Lebenstedt	356,296 m ²	6,266
Fredenberg	154,993 m ²	2,081
Hallendorf	21,043 m ²	365
Total	532,331 m²	8.712

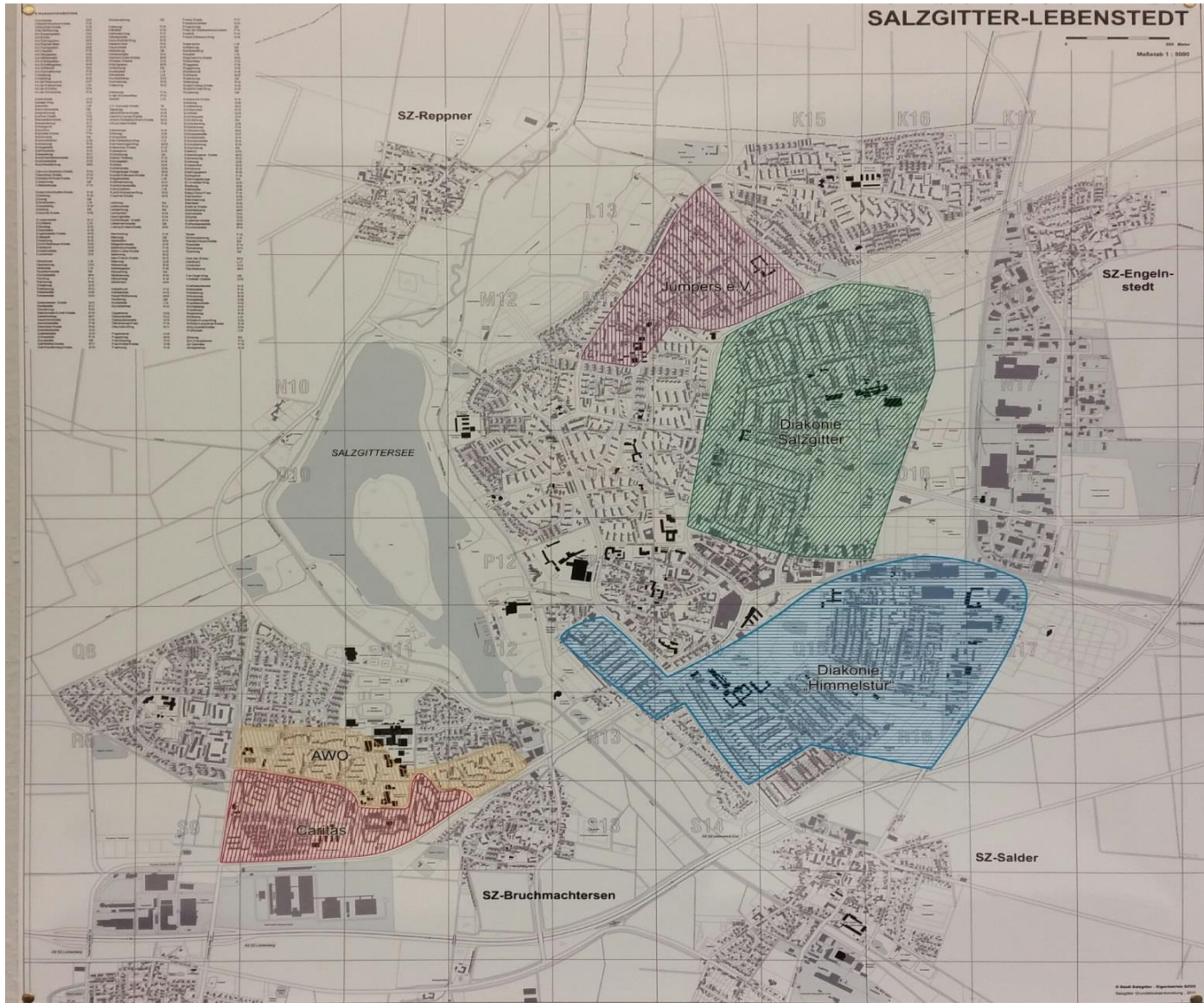
Vacancy	15.48 %
Net Ø rent	EUR 4.72 /sqm

As of: March 2015

Total hectares:	137.00 ha
-of which paved	20.00 ha
-of which building space	28.00 ha
-of which green space	89.00 ha

* Figures refer to residential space

Salzgitter portfolio overview of social networks



Salzgitter project **renting to senior citizens**

Senior-friendly housing

- In cooperation with Caritas we advise our senior tenants on housing
- Implementation of measures in the unit to uphold the quality of housing and life of senior citizens (more than 300 measures already implemented)
- Creation/furnishing of senior-friendly flats for new tenants based on our "senior show flat"
- Emergency call system agreement with Johanniter for TAG tenants
- Moving assistance for seniors
- Establish a meeting place for different generations in the existing buildings
- TAG offers for seniors include computer courses, tea dances & Nordic walking



Salzgitter project inter-generational lounge



'Caring community' in the Martin Luther district: Development

- Opened in August 2013
- Community kitchen
- Open dining room
- Office for Diakonie educational employee

- Addition of 1st phase of construction in 2014
- Activity and craft room for children
- Common room for games and storytelling
- 'Parlour' with a historic ambiance
- (Offer for visitors suffering from dementia)

- Addition of 2nd phase of construction in June 2015
- Wheelchair access
- Self-contained café



Salzgitter project voices from the inter-generational lounge

Tenants:

"The inter-generational lounge in the Martin Luther district has become a meeting place for young and old. It helps to give my sometimes 'worthless and lonely' daily routine a structure and makes my life worth living again"

"The people at the club have become a second family for me."

"On Saturday I'm already looking forward to Monday ."

Diakonie Salzgitter:

"The inter-generational lounge immediately became a social centre and changed the lives of the entire district." Petra Behrens-Schröter, Head of the Diakonie district office in Salzgitter



Salzgitter project **AWiRA Wohncafé**



AWiRA Wohncafé (Residential café) in the Fredenberg district of Salzgitter

- opened in November 2014

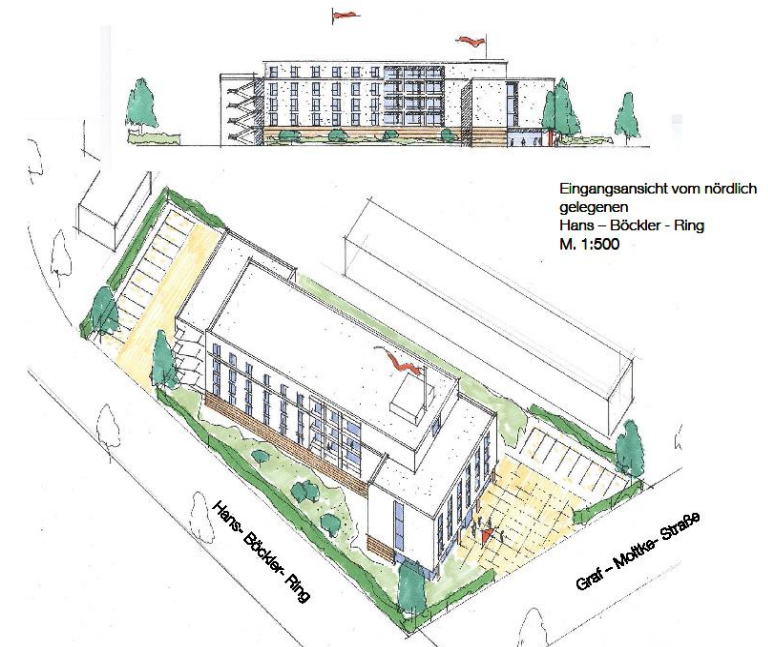
- Collaboration between TAG and the AWO (Workers' Welfare Association) District Association in the Salzgitter-Wolfenbüttel district
- Neighborhood meet-up with cost-price lunch
- Disabled access conversion incl. show bathroom
- Regular exchange between TAG account managers and care specialist
- Advisory services on topics including:
 - Disabled-access housing
 - Home help
 - Insurance coverage of nursing care
 - Emergency call service
 - Dementia



Salzgitter project long-term neighbourhood planning and development

Retirement home with 132 places in Fredenberg
= 124 single and four double rooms

- Demolition of an un-renovated tower block at Hans-Böckler-Ring 25 in 2011
- ↓
- Sold to Care Center Invest GmbH, Hanover
- ↓
- Conversion of two existing *Munteriegel* buildings in the area with senior-friendly homes as well as for employees of the future retirement home (e.g. 2-bedroom flats)
- ↓
- This creates more than 120 new jobs for Salzgitter
- ↓
- The operating company, Geras GmbH, Berlin, plans to open the home in July 2016



Salzgitter project **growing older** in **Fredenberg**

Senior-friendly modernisation of "Munte houses"

- Energy-saving refurbishment of the reinforced-concrete structures incl. façade upgrade
- Modern layout incl. bathroom conversion
- Access for wheelchairs, Zimmer frames and prams with lighted paths
- Conversion of balconies to terraces
- Fitness and games offer for seniors and children in collaboration between Caritas Salzgitter and TAG
- Caritas day care centre on TAG premises opens on 02 Jun 2015



Salzgitter project 'Jumpers' in Lebenstedt

Children's and youth club in the Lebenstedt district of Salzgitter
– opened in February 2015

- Collaboration between Jumpers - Jugend Mit Perspektive e. V. and TAG
- 22 percent of residents in District 55 are aged under 20; over 50 percent have immigrant backgrounds, and about a third of households with children are single-parent families
- Regular exchange between TAG account managers and Jumpers social workers
- Joint neighbourhood work, e.g. football pitch
- Offers for children and young people include:
 - Dance classes for girls
 - Guitar lessons
 - Woodworking
 - Garden projects
 - Football tournament



Salzgitter project Social Netzwerk sn.sz



Advice centre - helping people to help themselves, housing projects and more

- Collaboration between Diakonie Himmelsthür e. V., Daheim statt Heim GmbH, Schloßstrasse Outpatient Psychiatric Care, Iki Tane, Dr. Frontheim Clinic and TAG
- Individual assistance and awareness building regarding the complicated benefits system and related laws
- Regular exchange between TAG account managers and the social network's trained professionals
- Voluntary advice services on topics including:
 - Outpatient care at home
 - Outpatient mental health care
 - Outpatient nursing and elderly care
 - Youth and family assistance
 - Parental assistance



Salzgitter projects **currently ongoing...**

For children and teens:

- 'Violence-free learning' to allow students to go to school without fear of violence – initiation and course funding for years 5, 6 and 7 at two secondary schools in the Fredenberg district of Salzgitter
- Primary school pupils in Fredenberg make nesting boxes with artists – initiation and donation by TAG
- 'Early school breakfast' model project for primary school pupils in Hallendorf – initiation and donation by TAG with academic support under the direction of Prof. Dr. Ingo Froboese

For adults:

- Establishment of a Repair Cafe on Thomasweg in Fredenberg –TAG provides the space, and the staff consists of volunteer helpers from the neighbourhood
- Furnished accommodation for students, technicians and apprentices at special rates (1st year 70% / 2nd year 80% / 3rd year 90%)

For all tenants:

- Mill party at the TAG mill on 25 May 2015
- Fredenberg district party and TAG children's party on 27 Jun 2015
- Street party in Hallendorf on 04 Jul 2015
- TAG Sport and leisure event on 07 Jul 2015
- TAG Dragon Boat Cup on 12 Jul 2015



Salzgitter TAG/AWO project language lessons for migrants in Salzgitter

Winner of the Braunschweig Chamber of Industry and Commerce (IHK) 2013 Social Transfer Prize



Salzgitter Woche – 5. Mai 2013 LOKALES

IG Metall will ihre Warnstreiks „ausweiten“

Die IG Metall erhöht den Druck vor dem nächsten Tariffrühden. 2.500 Beschäftigte aus 21 Betrieben im Land haben am Freitag die Arbeit für zwei Stunden niedergelegt, unter ihnen auch 450 von Bosch und Funkwerk in Salzgitter.

„Wir sind absolut zufrieden mit der Beteiligung“, sagt Brigitte Runge, Bevollmächtigte in der IG Metall Verwaltungsstelle Salzgitter-Prize. Sie informierte die Teilnehmer der Kundgebung vor dem Werk über den Stand der Gespräche. Weitere Reden hielten der Betriebsratsvorsitzende Achim Brandt und Martina Mambrey, Tariflockerin im Bezirk und stellvertretende Aufsichtsratsvorsitzende bei Bosch Elektronik. Die IG Metall fördert 3,3 Prozent mehr Lohn bei einer Laufzeit von zwölf Monaten. Die Arbeitnehmer sollen ihren Anteil an der guten wirtschaftlichen Entwicklung haben, so Runge.

Die Gewerkschaft will ihre Warnstreiks „massiv ausweiten“, um die Arbeitgeber zum Umdenken zu bewegen. Mögliche Arbeitsbedingungen bei MAN geplant, am Dienstag bei Betrieben in Salzgitter-Bad sowie am Mittwoch bei Alstom und im Bereich Wachsenstedt. Die dritte Tarifrunde für die Mitarbeiter in der Metall- und Elektroindustrie Niedersachsen beginnt am Montag, 13. Mai, um 15 Uhr in Hannover. Bereits ansonsten stehen in Langenhagen die Verhandlungen für die Beschäftigten der Volkswagen AG und Volkswagen-Tochter an. r

Beispielhafte Projekte sollen viele Nachahmer finden

IHK-Sozialtransferpreis für Volksbank BraWo sowie TAG und AWO

Der mit 22.000 Euro dotierte Sozialtransferpreis der Industrie- und Handelskammer (IHK) Braunschweig ist an vier beispielhafte Projekte vergeben worden, zwei davon mit engem Bezug zu Salzgitter. So wurden die TAG asset management GmbH in Zusammenarbeit mit dem AWO Kreisverband Salzgitter-Wolfenbüttel ausgezeichnet. Zudem wurde die Volksbank BraWo für die Arbeit ihrer Stiftung gewürdigt, deren Vorsitzender Stefan Krollmann aus Salzgitter kommt.

Die Preisträger wurden von einer neunköpfigen Jury unter Vorsitz des Großhändlers Harald Tenzer ausgewählt. „Mit dem Sozialtransferpreis sollen Kooperationsprojekte von Unternehmen und sozialen Trägern ausgezeichnet werden“, erläuterte er. Zugleich will die IHK durch die Vergabe andere Unternehmer ermutigen, sich ebenfalls einzusetzen und die Arbeit anderer zu fördern.“

Die erste der vier Auszeichnungen ging an Jürgen Brinkmann, Vorstandsvorsitzender der Volksbank BraWo, welche in Zusammenarbeit mit der Volksbank BraWo Stiftung den „fit-4-future-Lauf“ ins Leben gerufen hat. Mehr als 10.000 Kinder erlitten an 27 Aktionstagen mit Unterstützung von Familienangehörigen und Patenunterstützten Spenden im Wert von mehr als 100.000 Euro für die „fit-4-future-Projekte“ an ihren Grundschulen. Das Geld wurde von der RTL-Stiftung noch einmal erhöht und fließt nun zurück in die Region. Wie berichtet, erhalten Salzgitters Grundschulen dadurch zusammen fast 180.000

Ein. Das Preisgeld von 8.000 Euro überreichte IHK-Präsident Wolf-Michael Schmid an den Stiftungsvorsitzenden Stefan Krollmann.

Eine Auszeichnung in Höhe von 6.000 Euro ging an die TAG asset management GmbH aus Salzgitter, die zusammen mit der Arbeiterwohlfahrt Salzgitter-Wolfenbüttel das Projekt „Erfahrung neuer Lernformen für Frauen mit Migrationshintergrund“ ins Leben gerufen hat. Dabei haben die Teilnehmerinnen die Möglichkeit, Deutschkurse in ihrem Wohnquartier zu besuchen. Diese Nähe trage wesentlich zum Lernerfolg der Frauen bei, da so Barrieren wie die Immobili-

Hilf umgangen werden können. Claudia Hoyer, Vorstandmitglied des TAG-Mutterkonzerns, und die AWO-Kreisvorsitzende Christa Scholz nahmen den Preis entgegen.

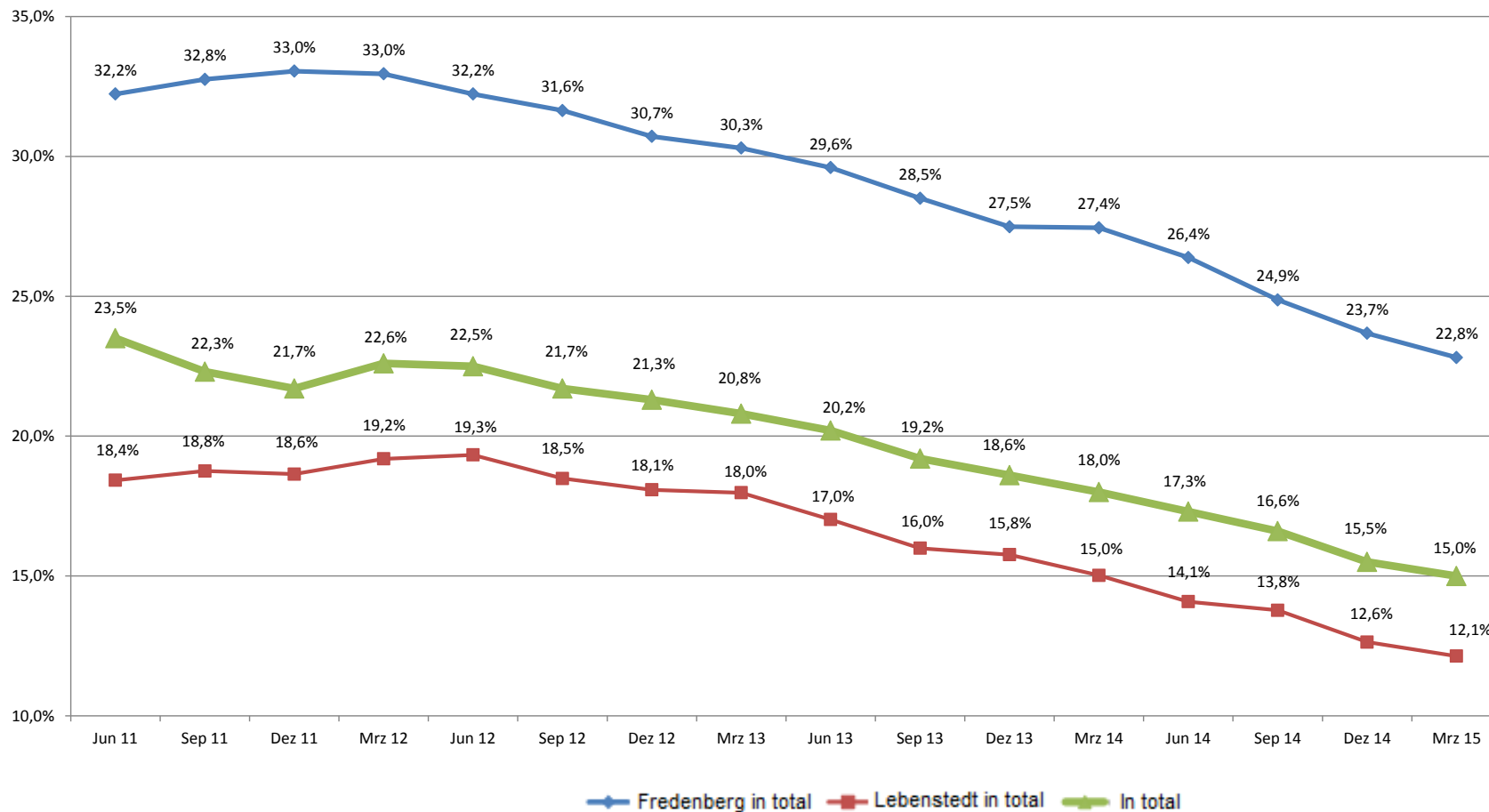
Dank an die Jury

IHK-Präsident Schmid bedankte sich bei allen Projektbeteiligten, der Jury und den Unterstützern, die mit ihren Spenden den Sozialtransferpreis überhaupt erst ermöglichen. Die Festrede hielt Staatssekretär Jörg Röhmman aus dem Niedersächsischen Sozialministerium. Für die Musik sorgte die Musikgruppe „andante fiasco“. r

Erhungsfoto vor der IHK in Braunschweig: Vorne stehen Harald Tenzer, Jörg Röhmman, Hildegard Eckhardt und Wolf-Michael Schmid, dahinter unter anderem Stefan Krollmann und in der dritten Reihe Claudia Hoyer. (Jörg Scheibe)

Salzgitter vacancy June 2011 to March 2015

Development of vacancy in % (area)
in total Salzgitter region, Lebenstedt, Fredenberg





Thank you for your interest.



TAG Contacts

Martin Thiel
CFO

Fon: +49 40 380 32-222

Fax: +49 40 380 32-388

ir@tag-ag.com

Dominique Mann
Head of Investor & Public Relations

Fon: +49 40 380 32-305

Fax: +49 40 380 32-388

ir@tag-ag.com

TAG Immobilien AG

Steckelhörn 5
20457 Hamburg

Fon: +49 40 380 32-0

Fax: +49 40 380 32-388

www.tag-ag.com