



Conference call presentation **FY 2016**

GROWING CASHFLOWS

**TAG**  
Immobilien AG

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# TAG 2017

TAG highlights Q4 and FY 2016

# TAG highlights Q4 and FY 2016

Operational performance		FY 2016	FY 2015	Q4 2016	Q3 2016
	<ul style="list-style-type: none"> <li>▪ <b>Vacancy</b> (residential units)</li> <li>▪ <b>L-f-L rental growth Y-o-Y</b></li> <li>▪ <b>L-f-L rental growth Y-o-Y incl. vacancy reduction</b></li> <li>▪ <b>FFO I</b> (EUR/m)</li> <li>▪ <b>FFO I</b> (EUR/share)</li> </ul>		6.1%	7.5%/7.7%*	6.1%
		2.0%	1.6%	2.0%	1.9%
		3.7%	3.3%	3.7%	3.8%
		97.0	76.3	27.1	25.0
		0.72	0.62	0.19	0.18

\* : incl. acquisitions and disposals 2015

NAV and LTV		31 Dec-2016	30 Sep-2016	31 Dec-2015	30 Sep-2015
	<ul style="list-style-type: none"> <li>▪ <b>EPRA NAV</b> (EUR/share)</li> <li>▪ <b>LTV</b></li> </ul>		11.54	11.34	10.64
		57.1%	56.9%	62.7%	63.9%

Acquisitions Q4 2016	<ul style="list-style-type: none"> <li>▪ <b>Residential units</b> 1,651 residential units signed in 4 transactions in Nov- and Dec-2016. Closing at 31 Dec-2016. Purchase price of EUR 63.6m and current net cold rent of EUR 5.1m p.a. leads to acquisition multiple of 12.4x (gross yield of 8.1%). Current vacancy rate at 5.4%. Main locations in Erfurt/Altenburg, Gotha (Thuringia), Dessau (Saxony-Anhalt) and NRW.</li> </ul>
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Ongoing Disposals 2016	<ul style="list-style-type: none"> <li>▪ <b>Residential units</b> 717 units signed in FY 2016 (2015: 679 units). Total selling price of EUR 37.3m (2015: EUR 64.6m). Book profit of EUR 5.1m (2015 : EUR 3.9m). Net cash proceeds of c. EUR 25.8 (2015 : EUR 35.3m). Closing during the course of FY 2016.</li> <li>▪ <b>Commercial</b> 2 properties signed in FY 2016 (2015: 0 properties). Total selling price of EUR 12.4m. Book profit of EUR 0.2m. Net cash proceeds of c. EUR 12.4m. Closing in Q1 2017.</li> </ul>
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# TAG highlights FY 2016

## FFO and AFFO

- **Strong increase in 2016**
  - FFO I up Y-o-Y by EUR 20.7m (+27%) and by EUR 0.10 (+16%) on a per share basis
  - AFFO up Y-o-Y by EUR 14.3m (+40%) and by EUR 0.08 (+28%) on a per share basis

## NAV and LTV

- **Significant improvements in 2016**
  - NAV/s increase to EUR 11.54 translates into 14% NAV growth in 2016 (ex dividend payment of EUR 0.55)
  - LTV reduction by 560 bps, LTV target (below 60%) clearly achieved, current LTV zone between 55% and 60%.

## Guidance

- **Guidance 2017 from Nov-2016 increased today on back of Q4-strong results and new acquisitions**
  - FFO I in 2017: further increase Y-o-Y by EUR 14m (14%) or EUR 0.05 (7%) on a per share basis expected
  - Dividend per share for FY 2017: EUR 0.60 considered after EUR 0.57 for FY 2016 and EUR 0.55 for FY 2015

## Group structure

- **Delisting of Colonia Real Estate AG**
  - Profit and loss transfer agreement in place since Sep-2016, ensures efficient tax structure for the Group
  - Delisting in Oct-2016 completed, simplifying Group structure and saving administrative expenses

## Management compensation in shares

- **Change in management board compensation in 2016**
  - New: bonus paid in shares (50%) and in cash (50%), 100% cash compensation in the past
  - Bonus payments depend in full on achievements of key metrics on a per share basis, ensuring alignment with shareholders

# TAG 2017

TAG financials Q4 and FY 2016

# TAG income statement (IFRS)

(in EUR millions)	FY 2016	FY 2015	Q4 2016	Q3 2016
<b>Rental income</b>	<b>275.2</b>	<b>259.3</b>	<b>70.0</b>	<b>69.2</b>
Expenses from property management	-50.5	-53.8	-10.2	-12.7
<b>Net rental income</b>	<b>224.7</b>	<b>205.5</b>	<b>59.8</b>	<b>56.5</b>
Net revenue from sales	1.8	20.1	0.0	0.1
Other operating income	6.4	7.6	2.5	0.8
Valuation result	163.1	98.7	-0.6	159.3
Personnel expenses	-38.1	-35.3	-9.9	-9.5
Depreciation	-3.0	-3.1	-0.9	-0.7
Other operating expenses	-18.7	-22.5	-5.4	-4.5
<b>EBIT</b>	<b>336.2</b>	<b>271.0</b>	<b>45.5</b>	<b>202.0</b>
Net financial result	-89.5	-96.0	-18.8	-27.4
<b>EBT</b>	<b>246.7</b>	<b>175.0</b>	<b>26.7</b>	<b>174.6</b>
Income tax	-46.0	-27.7	-0.1	-40.6
<b>Net income</b>	<b>200.7</b>	<b>147.3</b>	<b>26.6</b>	<b>134.0</b>

- Strong increase in rental income by EUR 15.9m in 2016 compared to 2015 due to external growth (rent new acquisitions less rent disposals in 2015) by c. EUR 4.4m and internal growth of c. EUR 11.5m.

- Expenses from property management reduced by EUR 3.3m in 2016 as a result of reduced vacancy rates, improved efficiency and higher share of internal caretakers and craftsmen (leading to a corresponding increase in personnel expenses).

- Valuation result in Q4 2016 nearly unchanged in comparison to annual portfolio valuation carried out in Q3 2016.

- Other operating expenses in 2016 back on „normal level“ after larger one-offs in 2015 and 2014 (e.g. implementation of ERP-System).

- Net financial result improved by EUR 6.5m in total and by EUR 11.2m regarding FFO-relevant items (cash, after one-offs).

- Income taxes mainly relate to deferred taxes, current cash taxes in 2016 of EUR 1.7m (2015: EUR 0.4m).

# TAG FFO calculation

(in EUR millions)	FY 2016	FY 2015	Q4 2016	Q3 2016
<b>Net income</b>	<b>200.7</b>	<b>147.3</b>	<b>26.6</b>	<b>134.0</b>
+ Taxes	46.0	27.8	0.1	40.6
+ Net financial result	89.5	96.0	18.8	27.4
<b>EBIT</b>	<b>336.2</b>	<b>271.1</b>	<b>45.5</b>	<b>202.0</b>
- Net financial result (cash, after one offs)	-75.8	-84.0	-18.0	-18.0
- Cash taxes	-1.7	-0.4	-1.2	-0.5
+ Adjustments				
Valuation result	-163.1	-98.7	0.6	-159.2
Depreciation	3.0	3.1	0.9	0.7
Dividend payments to minorities	-0.7	0.0	-0.7	0.0
One offs personnel-costs and project costs	0.9	5.3	0.0	0.1
Net revenue from sales	-1.8	-20.1	0.0	-0.1
<b>= FFO I</b>	<b>97.0</b>	<b>76.3</b>	<b>27.1</b>	<b>25.0</b>
CAPEX	-46.5	-40.1	-11.6	-13.6
<b>= AFFO</b>	<b>50.5</b>	<b>36.2</b>	<b>15.5</b>	<b>11.4</b>
Net revenue from sales	1.8	20.1	0.0	0.1
<b>= FFO II</b> (FFO I + net revenue from sales)	<b>98.8</b>	<b>96.4</b>	<b>27.1</b>	<b>25.1</b>
<i>Weighted average number of shares outstanding (in '000)</i>	135,666	123,118	142,344	140,853
<b>FFO I per share (EUR)</b>	<b>0.72</b>	<b>0.62</b>	<b>0.19</b>	<b>0.18</b>
<b>AFFO per share (EUR)</b>	<b>0.37</b>	<b>0.29</b>	<b>0.11</b>	<b>0.08</b>

- FFO I in Q4/FY 2016 increased by
  - EUR 2.1m compared to Q3 2016 and
  - EUR 20.7m compared to FY 2015.

- AFFO in Q4/FY 2016 increased by
  - EUR 4.1m compared to Q3 2016 and
  - EUR 14.3m compared to FY 2015.

- Number of shares outstanding increased in Q3 2016 by 9.8m to 142.3m due to the early conversion of TAG's last convertible bond.
- 4.16m treasury shares remaining (4,095,124 shares from share buyback in Sep-/Oct-2014, 60,000 shares acquired in Sep-2016 for management compensation in shares).



# TAG balance sheet (IFRS)

(in EUR millions)	31 Dec-2016	30 Sep-2016	31 Dec-2015
<b>Non-current assets</b>	<b>3,843.6</b>	<b>3,804.9</b>	<b>3,605.4</b>
Investment property	3,777.8	3,742.6	3,531.1
Deferred tax assets	38.8	37.8	43.6
Other non-current assets	27.0	24.5	30.7
<b>Current assets</b>	<b>156.2</b>	<b>180.5</b>	<b>165.1</b>
Real estate inventory	51.7	9.7	12.8
Cash and cash equivalents	74.5	143.2	103.8
Other current assets	30.0	27.6	48.5
<b>Non-current assets held-for-sale</b>	<b>17.0</b>	<b>18.0</b>	<b>23.7</b>
<b>TOTAL ASSETS</b>	<b>4,016.8</b>	<b>4,003.4</b>	<b>3,794.2</b>
<b>Equity</b>	<b>1,365.6</b>	<b>1,341.9</b>	<b>1,120.6</b>
Equity (without minorities)	1,350.9	1,324.7	1,085.1
Minority interest	14.7	17.2	35.5
<b>Non-current liabilities</b>	<b>2,399.6</b>	<b>2,442.6</b>	<b>2,379.0</b>
Financial debt	2,110.8	2,155.8	2,136.7
Deferred tax liabilities	272.3	271.7	231.6
Other non-current liabilities	16.5	15.1	10.7
<b>Current liabilities</b>	<b>251.6</b>	<b>218.9</b>	<b>294.6</b>
Financial debt	159.5	138.4	212.9
Other current liabilities	92.1	80.5	81.7
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,016.8</b>	<b>4,003.4</b>	<b>3,794.2</b>
LTV	57.1%	56.9%	62.7 %

- Increase in real estate inventory by EUR 42.0m in Q4 2016 mainly result of IFRS reclassification from investment property (commercial objects to be sold).

- Reduced cash position by EUR 68.7m in Q4 2016 due to purchase price payments for new acquisitions and repayments of bank loans (with refinancings in Q1 and Q2 2017).

- LTV reduction by 560 bps in FY 2016 mainly driven by:
  - placement of 5m treasury shares in Mar-2016 (c. -150 bps)
  - dividend payment in Jun-2016 (c. +190 bps)
  - early conversion of convertible bond in Jul-/Aug-2016 (c. -170 bps)
  - annual portfolio valuation in Sep-2016 (c. -260 bps)
  - ongoing results and amortisation/ repayments of bank loans (c. -170 bps)

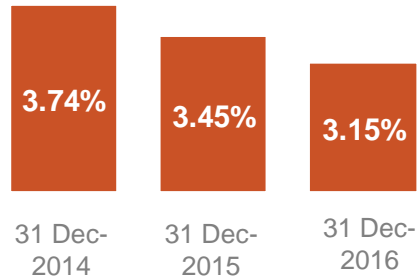
# TAG NAV calculation

(in EUR millions)	31 Dec-2016	30 Sep-2016	31 Dec-2015
<b>Equity (without minorities)</b>	<b>1,350.9</b>	<b>1,324.7</b>	<b>1,085.1</b>
+ Deferred taxes on investment properties and financial derivatives	287.1	287.8	245.1
+ Fair value of financial derivatives	4.0	2.0	5.4
<b>= EPRA NAV</b>	<b>1,642.0</b>	<b>1,614.5</b>	<b>1,335.6</b>
- Standardized transaction costs	-225.4	-220.9	-207.6
<b>= EPRA NAV (incl. standardized transaction costs)</b>	<b>1,416.6</b>	<b>1,393.6</b>	<b>1,128.0</b>
<i>Number of shares outstanding (in '000)</i>	<i>142,344</i>	<i>142,344</i>	<i>125,469</i>
<b>EPRA NAV per share (EUR)</b>	<b>11.54</b>	<b>11.34</b>	<b>10.64</b>
<b>EPRA NAV per share (EUR) (incl. standardized transaction costs)</b>	<b>9.95</b>	<b>9.79</b>	<b>8.99</b>

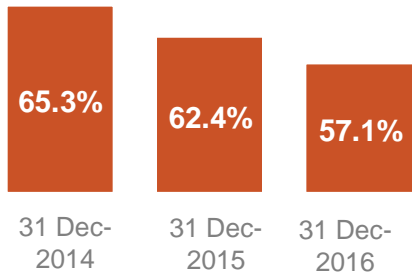
- NAV per share development of EUR +0.90 (+8%) in FY 2016:
  - EUR -0.55 reduction due to dividend payment
  - c. EUR -0.30 reduction through early conversion of convertible bond
  - c. EUR 1.15 increase due to annual portfolio valuation
  - c. EUR 0.60 increase due to other movements (mainly net income excluding valuation result)
- Total change in NAV per share ex dividend payment in FY 2016 of EUR +1.45 (+14%)

# TAG cost of debt and LTV

## Cost of debt Ø



## LTV



- Continuous reduction of average cost of debt during 2015 and 2016.
- Upcoming refinancings of bank loans and corporate bond in 2017 and 2018 will reduce borrowing costs further (current run rate: reduction of c. 30 bps p.a.).
- LTV target (below 60% including liabilities from convertible bonds) reached during FY 2016.
- LTV at around 55% to 60% ensures efficient capital structure as well as stable and conservative financing structure given TAG's current moderate valuation level for the portfolio (Fair Value per sqm of c. EUR 790 and LTV of c. 57% leads to average financial debt per sqm of c. EUR 450).



Chemnitz



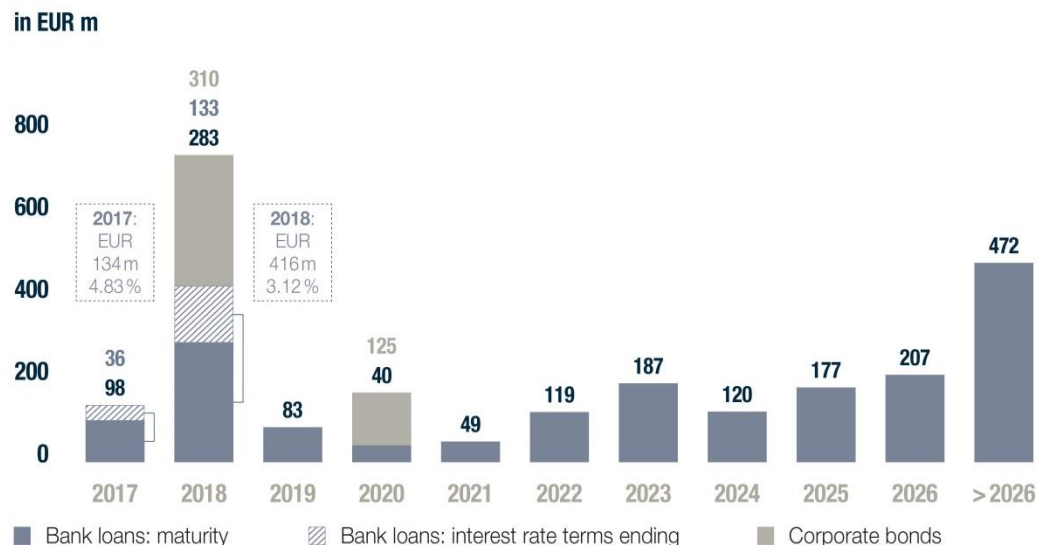
Riesa



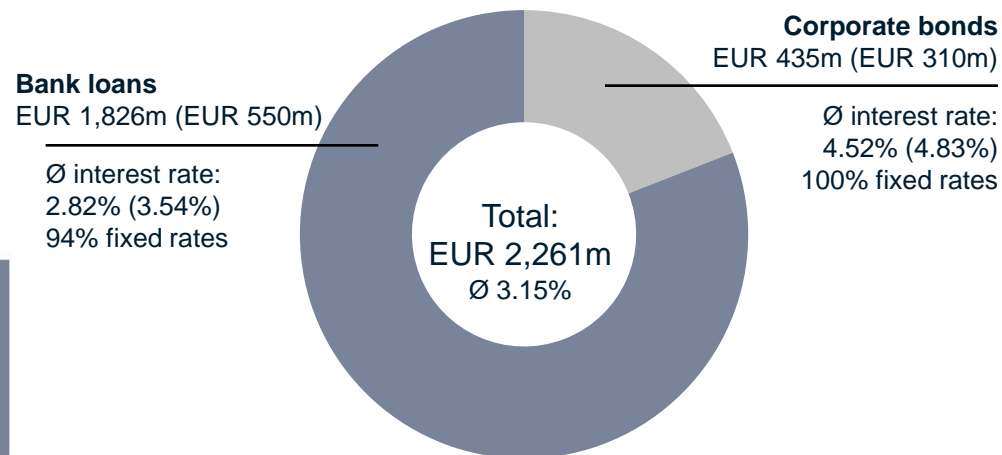
Görlitz

# TAG debt financing structure

## Debt maturity profile as of 31 Dec-2016 in EUR millions



## Interest rates and maturities <sup>(1)</sup>



### Average maturities as of 31 Dec-2016

- Bank loans: 9.7 years (31 Dec-2015: 10.2 years)
- Total financial debt: 8.3 years (31 Dec-2015: 8.7 years)

### Upcoming refinancing in the short- to medium-term

- Until 31 Dec-2018, a total of EUR 550m of bank loans (2017: EUR 134m; 2018: EUR 416m) will mature or can be refinanced at no breakage fees at expiration; in-place average interest rate of these loans at 3.54% p.a.
- TAG is currently financing new mortgage secured bank loans at all-in interest cost at c. 1.5% - 1.8% p.a. for a 10 year term
- Refinancing of corporate bond of EUR 310m (effective interest rate 4.83%) maturing in Aug-2018 is expected to lead to further interest cost savings

(in EUR millions)	FY 2016	FY 2015	Q4 2016
<b>+ Interest income</b>	2.8	3.6	0.5
<b>- Interest expenses</b>	-92.6	-99.4	-19.5
<b>+ net profit from investments/ associates</b>	0.3	-0.2	0.2
<b>= Net financial result</b>	<b>-89.5</b>	<b>-96.0</b>	<b>-18.8</b>
thereof non-cash financial result related to convertible bonds	0.6	1.6	0.0
thereof non-cash financial result related to corporate bonds	0.8	0.7	0.2
thereof non-cash related to derivatives	0.3	2.5	-0.1
thereof other non-cash financial result and one-offs <sup>(2)</sup>	12.0	7.2	0.7
<b>= Net financial result (cash, after one-offs)</b>	<b>-75.8</b>	<b>-84.0</b>	<b>-18.0</b>

(1) Numbers in brackets show refinancing volumes and interest rates until 31 Dec-2018  
(2) Includes other non cash financial income, one-offs from refinancing and breakage fees

# TAG 2017

TAG portfolio FY 2016

# TAG portfolio in total as of 31 Dec-2016



% acc.: proportional IFRS book value real estate volume

- Geographic regions in accordance with decentralized management clusters and strategic relevance.
- Change in 2016: split of region "Dresden" into two regions ("Dresden" and "Chemnitz") in accordance with new internal management and reporting structure.

Portfolio as of	31 Dec-2016	31 Dec-2015
Units	79,754	78,015
Rentable area in sqm	4,878,022	4,765,897
Real estate volume in TEUR	3,856,572	3,577,899
Current net cold rent in EUR/ sqm/month (total)	5.23	5.19
Current net cold rent in EUR/ sqm/month (residential units)	5.11	5.04
Annualized current net cold rent in TEUR (total)	286,434	269,722
Vacancy in % (total)	6.5	8.2
Vacancy in % (residential units)	6.1	7.5



# TAG vacancy reduction and rental growth

## Vacancy development residential units



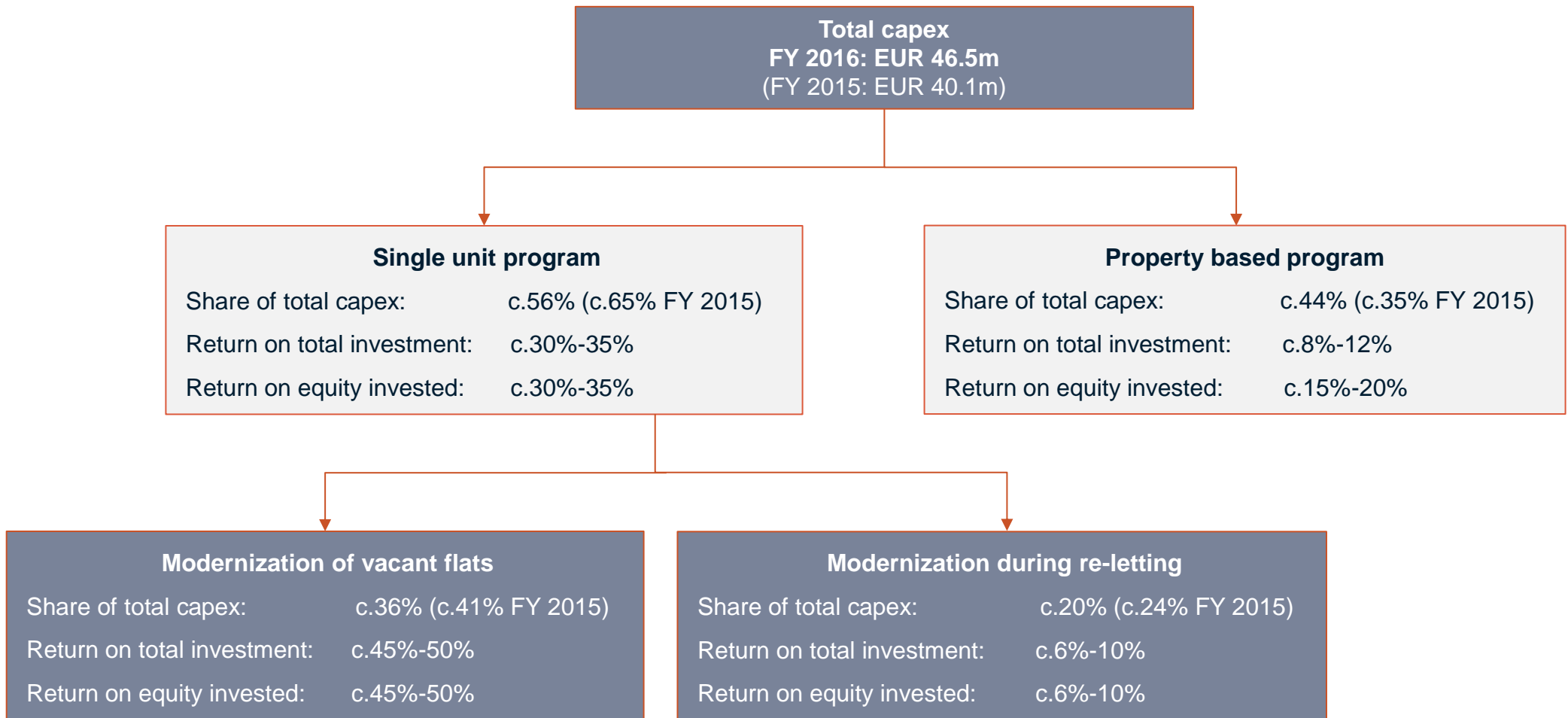
## L-f-I rental growth development residential units



## Total investments residential units

	2014	2015	2016
maintenance and capex in EUR/ sqm	13.37	15.15	15.41

# TAG return on capex





# TAG portfolio in total – FY 2016 by region

Region	Units #	Rentable area sqm	IFRS BV TEUR	In-place yield	Vacancy Dec. 2016	Vacancy Dec. 2015	Current net cold rent EUR/sqm	Re-letting rent EUR/sqm	L-f-I rental growth y-o-y	L-f-I rental growth y-o-y incl. vacancy reduction	Maintenance EUR/sqm	Capex EUR/sqm	Comments
Berlin	9,879	570,595	521,972	6.4%	6.8%	5.1%	5.26	5.77	2.4%	2.8%	4.32	10.41	Increase in vacancy due to acquisitions. Larger modernization measure in Bestensee
Chemnitz	6,459	371,851	226,545	8.1%	13.1%	15.8%	4.73	5.17	2.4%	5.4%	5.81	21.73	Investments through property based program and larger modernization measures in Chemnitz and Döbeln
Dresden	6,192	402,132	374,822	6.7%	3.8%	2.7%	5.40	5.49	1.1%	2.0%	3.46	4.73	Increase in vacancy due to acquisitions
Erfurt	8,313	468,688	407,666	6.8%	2.6%	4.3%	5.06	5.52	1.7%	3.5%	3.10	8.79	
Gera	9,597	560,022	382,828	7.6%	9.7%	11.1%	4.78	5.15	2.1%	3.4%	4.96	7.62	
Hamburg	7,218	441,749	387,484	7.0%	4.3%	5.5%	5.32	5.85	2.0%	2.6%	6.74	9.45	
Leipzig	8,473	501,800	372,873	7.7%	4.5%	5.6%	5.02	5.32	2.8%	4.2%	4.51	4.85	
Rhine-Ruhr	4,894	316,052	288,018	6.8%	3.5%	2.2%	5.32	5.38	1.3%	1.9%	10.24	5.33	Increase in vacancy due to acquisitions
Rostock	5,469	325,096	272,806	7.2%	4.4%	5.2%	5.27	5.14	1.4%	2.5%	4.66	14.92	Larger modernization project in Waren
Salzgitter	9,173	562,960	407,632	7.7%	7.5%	12.1%	5.01	5.37	2.4%	7.8%	7.52	13.78	Continuous strong vacancy reduction
<b>Total residential units</b>	<b>75,667</b>	<b>4,520,944</b>	<b>3,642,646</b>	<b>7.1%</b>	<b>6.1%</b>	<b>7.5%</b>	<b>5.11</b>	<b>5.40</b>	<b>2.0%</b>	<b>3.7%</b>	<b>5.41</b>	<b>10.00</b>	<b>160 bps vacancy reduction in FY 2016 (7.7% in Jan-2016 including acquisitions 2015)</b>
Acquisitions	2,612	152,142	111,771	7.6%	4.2%	10.6%	4.87	4.79	--	--	1.59	0.99	
Commercial units within resi. portfolio	1,248	159,573	--	--	17.5%	17.7%	7.57	--	--	--	--	--	
<b>Total residential portfolio</b>	<b>79,527</b>	<b>4,832,659</b>	<b>3,754,417</b>	<b>7.5%</b>	<b>6.5%</b>	<b>8.1%</b>	<b>5.17</b>	<b>5.40</b>	<b>--</b>	<b>--</b>	<b>5.11</b>	<b>9.39</b>	
Other	227	45,363	102,155	5.8%	11.6%	12.3%	12.25	0.00	--	--	5.86	24.99	Comprises commercial assets and serviced apartments
<b>Grand total</b>	<b>79,754</b>	<b>4,878,022</b>	<b>3,856,572</b>	<b>7.4%</b>	<b>6.5%</b>	<b>8.2%</b>	<b>5.23</b>	<b>5.40</b>	<b>--</b>	<b>--</b>	<b>5.12</b>	<b>9.53</b>	<b>170 bps vacancy reduction in FY 2016 (8.2% in Jan-2016)</b>

# TAG 2017

TAG acquisitions 2016

# TAG acquisitions 2016

Signing	Thuringia/ Saxony- Anhalt Nov-2016	Thuringia Dec-2016	Saxony-Anhalt Dec-2016	NRW Dec-2016	Total FY2016
<b>Units</b>	353	887	303	107	1,651
<b>Rentable area sqm</b>	20,370	48,803	18,246	9,369	96,788
<b>Current net cold rent EUR/sqm/month</b>	4.42	4.66	4.66	4.68	4.61
<b>Vacancy</b>	11.0%	2.7%	8.5%	1.0%	5.4%
<b>Purchase price EURm</b>	11.1	34.3	11.7	6.5	63.6
<b>Current net cold rent EURm p.a.</b>	0.96	2.66	0.96	0.54	5.12
<b>Location</b>	Erfurt, Altenburg	Gotha	Dessau	Hemer/Iserlohn	
<b>Closing</b>	Dec-2016	Dec-2016	Dec-2016	Dec-2016	
<b>Multiples</b>	11.6x	12.9x	12.2x	12.1x	12.4x
					

approx. 1,650 units acquired in 2016; EUR 63.6m purchase price and EUR 5.12m rent p.a. leads to average acquisition multiple of 12.4x or 8.1% gross yield (based on current annual net cold rent)

# TAG 2017

TAG revised guidance 2017

# TAG revised guidance 2017

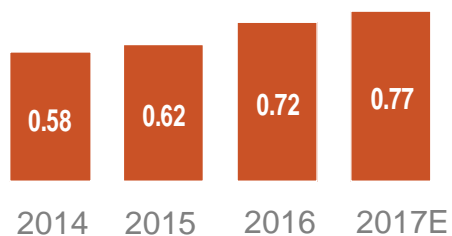
Previous Guidance  
FY 2017  
(Nov-2016)

- **FFO** EUR 104m – EUR 106m (EUR 97.0m in FY 2016)
- **FFO/share** EUR 0.74 (EUR 0.72 in FY 2016)
- **Dividend** EUR 0.59 per share (EUR 0.57 for FY 2016)

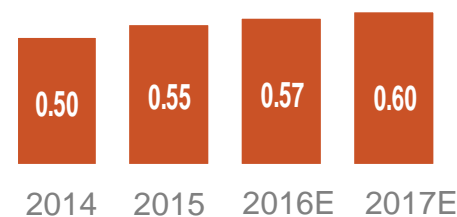
Revised Guidance  
FY 2017  
(Feb-2017)

- **FFO** EUR 110m – EUR 112m, increase in FFO-Guidance by c. EUR 6m mainly driven by new acquisitions (c. EUR 3m) and additional net rental income (c. EUR 3m)
- **FFO/share** EUR 0.77 (based on current outstanding NOSH)
- **Dividend** EUR 0.60 per share

## FFO per share in EUR



## Dividend per share in EUR



Gera



Stralsund



Chemnitz

# TAAG 2017

APPENDIX

# TAG annual valuation by CBRE

## ■ Main results of annual valuation carried out in Q3 2016:

- Yield compression in “A-Locations” as well as in “B-Locations”.
- Valuation gains also from strong operational development (i.e. vacancy reduction and rental growth) as a sign of strong underlying fundamentals and TAG’s overperformance.
- Total valuation gains of EUR 163.8m in 9M 2016 vs. 94.1m in 9M 2015:
  - Primarily driven by stronger rental growth and vacancy reduction (EUR 93.3m in 9M 2016)
  - Rather moderate yield compression on aggregate portfolio basis (EUR 70.5m in 9M 2016)

## ■ Key metrics at YE 2016:

	Dec-2016	Dec-2015
Value EUR/sqm	c. 790	c. 750
Gross yield	7.4%	7.6%
Implied multiple	13.5x	13.2x

Key assumptions / drivers	30 Sep-2016	30 Sep-2015	30 Sep-2014
Cap rate (%)	5.40	5.59	5.56
Discount rate (%)	6.06	6.27	6.21
Administrative costs (EUR/unit) p.a.	230	228	226
Current repairs/investments (EUR/sqm) p.a.	8.60	7.90	7.80
Re-letting costs (EUR/sqm)	50	42	42
Structural vacancy (%) (residential units)	3.78	3.79	3.80



# TAG portfolio valuation

Region (in EUR millions)	Dec-2016 Fair Value (IFRS)	Dec-2016 Fair Value (EUR/sqm)	Dec-2016 Implied multiple	2016 Revaluation gain / loss	2016 Share of yield compression	2016 Share of operational performance/ other market developments	2016 Capex	2016 Net acquisitions and other movements	Dec-2015 Fair Value (IFRS)	Dec-2015 Fair Value (EUR/sqm)	Dec-2015 Implied multiple
Berlin	522.0	864.5	14.6	30.1	21.4	8.7	5.9	39.3	446.6	844.8	14.1
Chemnitz	226.5	585.6	12.0	3.0	0.0	3.0	8.1	0.6	214.9	555.8	12.0
Dresden	374.8	902.9	14.4	26.1	15.1	10.9	1.9	45.9	300.9	941.0	14.2
Erfurt	407.7	830.4	13.8	20.6	9.1	11.5	4.1	22.7	360.2	796.2	13.6
Gera	382.8	651.5	12.7	6.2	0.0	6.2	4.3	-0.2	372.6	631.9	12.8
Hamburg	387.5	860.4	13.8	19.1	6.8	12.3	4.2	54.3	310.0	814.6	13.3
Leipzig	372.9	725.0	12.4	11.0	3.2	7.8	2.4	25.9	333.6	692.3	12.4
Rhine-Ruhr	288.0	860.6	13.7	7.5	4.9	2.5	1.7	37.1	241.8	931.7	14.1
Rostock	272.8	827.4	13.6	7.9	1.7	6.2	4.8	9.1	251.0	787.8	13.2
Salzgitter	407.6	722.0	12.7	24.6	1.9	22.7	7.8	0.0	375.2	664.5	12.6
<b>Total residential units</b>	<b>3,642.6</b>	<b>778.7</b>	<b>13.4</b>	<b>156.0</b>	<b>64.2</b>	<b>91.9</b>	<b>45.2</b>	<b>234.6</b>	<b>3,206.8</b>	<b>748.8</b>	<b>13.2</b>
Acquisitions	111.8	722.4	13.0	4.5	4.5	0.0	0.2	-172.8	279.8	626.9	11.9
<b>Total residential portfolio</b>	<b>3,754.4</b>	<b>776.9</b>	<b>13.4</b>	<b>160.6</b>	<b>68.7</b>	<b>91.9</b>	<b>45.4</b>	<b>61.8</b>	<b>3,486.7</b>	<b>737.3</b>	<b>13.1</b>
Other	102.2	2,251.9	17.3	2.5	0.9	1.6	1.1	7.3	91.2	2,454.8	22.7
<b>Grand total*</b>	<b>3,856.6</b>	<b>790.6</b>	<b>13.5</b>	<b>163.1</b>	<b>69.6</b>	<b>93.5</b>	<b>46.5</b>	<b>69.1</b>	<b>3,577.9</b>	<b>750.7</b>	<b>13.2</b>

\* Real estate inventory (IAS 2) and real estate within property, plant and equipment (IAS 16) valued at historical/amortized cost under IFRS.



# TAG capex and maintenance

in EUR millions		2015					2016				
Total portfolio	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	Q3	Q4	Total FY	
Maintenance	6.6	7.1	5.6	5.9	25.2	6.6	6.6	5.8	6.0	25.0	
Capex	6.8	9.9	13.7	9.7	40.1	9.6	11.7	13.6	11.6	46.5	
Total	13.4	17.0	19.3	15.6	65.3	16.2	18.3	19.4	17.6	71.5	

in EUR/sqm		2015					2016				
Residential units	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	Q3	Q4	Total FY	
Maintenance	1.49	1.61	1.30	1.33	5.73	1.43	1.44	1.26	1.28	5.41	
Capex	1.61	2.35	3.28	2.18	9.42	2.11	2.57	2.97	2.35	10.00	
Total	3.10	3.96	4.58	3.51	15.15	3.54	4.01	4.23	3.63	15.41	

# TAG return on capex

■ **Modernization is key element of TAG's strategy**

Capex measures can be broken down into

- Modernization during re-letting (tenant turnover)
  - Modernization of vacant flats (longer term vacancy)
  - Large modernization measures (comprehensive building-related measures)
- 
- Using modernization as a means to upgrade the rental profile and constitution of its portfolio is a valid part of TAG's strategy
  - It is in TAG's very own interest to track the success of these measures, which TAG wants also disclose to its shareholders
  - In most cases large modernization measures are financed via bank loans and equity, all other modernization measures are equity-financed

■ **Methodology**

① 
$$\frac{\text{Incremental revenues}}{\text{Total investment}} = \text{Return on investment}$$

② 
$$\frac{\text{Incremental revenues} - \text{financing costs}}{\text{Equity invested}} = \text{Return on equity invested}$$

	Modernization during re-letting	Modernization of vacant flats	Large modernization measures
Incremental revenues from modernization surcharge	(✓)*	x	(✓)*
+ Incremental revenues from new lettings	✓	✓	✓
+ Saved maintenance costs	x	x	(✓)*
+ Saved ancillary costs from vacancy reduction	x	✓	(✓)*
= Incremental revenues			

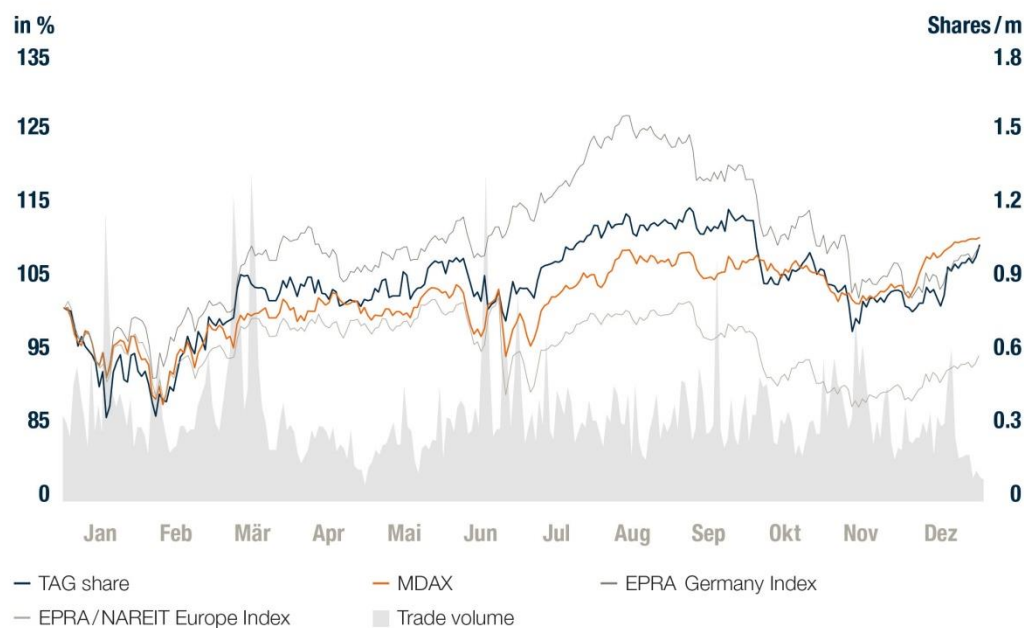
\* Subject to scope of measures

# TAG capital markets data

- High/Low (Q1-Q4 2016) EUR 13.15/EUR 9.85
- Number of shares (issued) 146.5m
- Number of shares (outstanding) 142.3m
- Market capitalisation (31 Dec-2016) EUR 1.8bn
- Stock indices MDAX/EPRA
- Free Float \* 97.2%

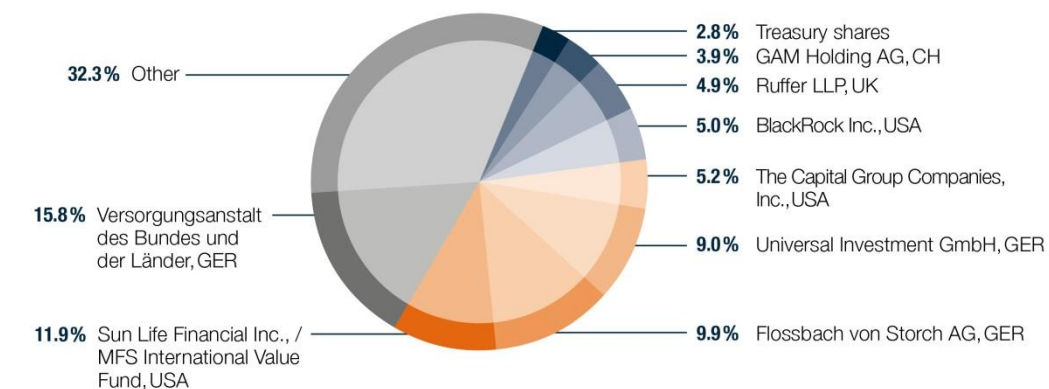
\* Deutsche Börse definition including institutional investors, treasury shares not included

## ■ Share price development 2016



Institution	Analyst	Recommendation	Price Target in EUR	Date
MM Warburg	Moritz Rieser	Hold	13.60	22-Feb-17
Berenberg	Kai Klose	Buy	15.00	20-Feb-17
Baader Bank	André Remke	Hold	13.60	20-Feb-17
Bankhaus Lampe	Georg Kanders	Hold	13.50	17-Feb-17
Oddo Seydler	Manuel Martin	Neutral	13.00	17-Feb-17
Deutsche Bank	Markus Scheufler	Hold	12.00	01-Feb-17
Morgan Stanley	Bianca Riemer	Underweight	8.70	18-Jan-17
VICTORIAPARTNERS	Bernd Janssen	N/A	11.40-12.50	17-Jan-17
Kempen&Co.	Anna Pan	Neutral	13.00	09-Jan-16
Nord/LB	Michael Seufert	Buy	13.00	30-Dec-16
Citigroup	Aaron Guy	Buy	14.42	19-Dec-16
Kepler Cheuvreux	Thomas Neuhold	Buy	15.00	06-Dec-16
Jefferies	Thomas Rothaeusler	Hold	12.00	28-Nov-16
S&P Capital IQ	William Howlett	Buy	13.50	11-Nov-16
Merrill Lynch	Mike Bessell	Underperform	10.85	10-Nov-16
Barclays	David Prescott	Underweight	10.70	04-Nov-16
HSBC	Thomas Martin	Buy	20.70	15-Jul-16
<b>Median</b>			<b>13.00</b>	

## ■ Shareholder structure as of 31 Dec-2016



# TAG corporate bonds

- Two corporate bonds outstanding until Aug-2018 (EUR 310m) and Jun-2020 (EUR 125m).
  - Bonds are included in the Open Market (Entry Standard) of the Frankfurt Stock Exchange with participation in the Prime Standard for corporate bonds.
- Aug 2013/Feb-2014 – Aug-2018
  - Jun-2014 – Jun-2020

<b>WKN A1TNFU</b>	<b>WKN A12T10</b>
Volume: EUR 310m	Volume: EUR 125m
Division into shares: EUR 1,000.00 per share	Division into shares: EUR 1,000.00 per share
Nominal value per bond: EUR 1,000.00	Nominal value per bond: EUR 1,000.00
Maturity: 5 years until 08/07/2018	Maturity: 6 years until 06/25/2020
Interest rate (effective): 5.125 % (200m)/4.3 % (110m)	Interest rate: 3.75 %
Issue price: at par (200m in Aug-2013)/ to 103 % (110m in Feb-2014)	Issue price: at par



Erfurt



Freiberg



Dessau

# TAG management board



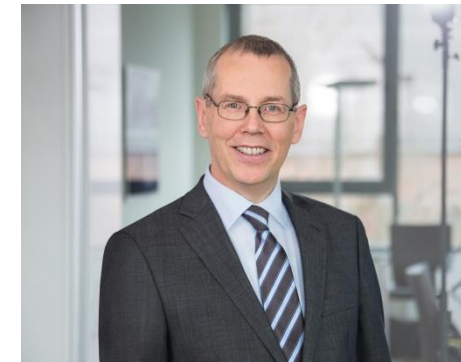
**Claudia Hoyer**  
**COO**

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center
- 
- Age 44
  - Joined TAG as a member of the management board in July 2012
  - Business degree, member of the board of DKB Immobilien AG from 2010 to 2012, more than 15 years of experience in residential real estate and property management



**Martin Thiel**  
**CFO**

- Key responsibilities: Controlling, Accounting, Financing, Taxes, Corporate Finance and Investor Relations
- 
- Age 44
  - Joined TAG as CFO in April 2014
  - Business degree, CPA, CVA, over 15 years of experience as Auditor and Tax consultant with real estate clients



**Dr. Harboe Vaagt**  
**CLO**

- Key responsibilities: Legal, Human Resources and Transactions
- 
- Age 60
  - With TAG for more than 15 years, has been a member of the management board since April 2011
  - Law degree, over 25 years of experience in real estate legal affairs



# TAG management board compensation (bonus)

## ■ Components

- 50% paid in cash
- 50% in shares (treasury shares)

## ■ Criteria

Based in full on per share data, i.e. annual increase compared to previous year in

- Share price (adjusted for dividend payments)
- FFO/s
- NAV/s (adjusted for dividend payments)
- EBT/s (excluding valuation results)

## ■ Cap

- EUR 250,000 per board member

## ■ Restrictions/payments

- Shares restricted for three years
- Cash component paid in two annual instalments



Dresden



Lautau



Großräschen

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