



Conference call presentation FY 2017

GROWING CASHFLOWS

TAG
Immobilien AG

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TAG 2018

TAG highlights Q4 and FY 2017

TAG highlights Q4 2017

Operational performance		FY 2017	FY 2016	Q4 2017	Q3 2017
	▪ Vacancy (residential units)	4.8%	6.1%	4.8%	5.3%
	▪ L-f-L rental growth Y-o-Y	2.0%	2.0%	2.0%	1.9%
	▪ L-f-L rental growth Y-o-Y incl. vacancy reduction	3.1%	3.7%	3.1%	3.0%
	▪ FFO I (EUR m)	127.4	97.0	34.1	33.9
	▪ FFO I (EUR/share)	0.87	0.72	0.23	0.23
EPRA NAV and LTV		31 Dec-2017	30 Sep-2017	31 Dec-2016	31 Dec-2015
	▪ EPRA NAV (EUR/share)	13.80	11.85	11.53	10.64
	▪ LTV	52.3%	57.0%	57.1%	62.7%
Acquisitions	<ul style="list-style-type: none"> ▪ Portfolio of 480 residential units in Thuringia (Gotha) signed in Nov-2017, closing in Dec-2017. Purchase price of EUR 12.5m and current net cold rent of EUR 1.07m p.a. leads to acquisition multiple of 11.7x. Vacancy rate of 22.7% offers significant upside potential. 				
Disposals	<ul style="list-style-type: none"> ▪ Ongoing disposals 427 units signed in FY 2017 (9M 2017: 367 units). Total selling price of EUR 22.5m (9M 2017: EUR 13.4m). Book profit of EUR 1.7m (9M 2017: EUR 1.4m). Net cash proceeds of EUR 20.5m (9M 2017: EUR 11.5m). Closing in 2017 and 2018. ▪ Portfolio sale Sale of 265 non core residential units in Halle an der Saale signed in Nov-2017, closing in Jan-2018. Selling price of EUR 6.6m, current net cold rent at EUR 0.53m p.a., selling multiple of 12.4x. Book profit (before revaluation to selling price at 31 Dec-2017) of EUR 0.8m. Net cash proceeds of EUR 6.6m. 				

TAG highlights FY 2017

FFO, AFFO and Dividend

- **Strong increase in FFO, AFFO and Dividend**
 - FFO I up Y-o-Y by EUR 30.4m (+31%) and by EUR 0.15 (+21%) on a per share basis
 - AFFO up Y-o-Y by EUR 34.1m (+68%) and by EUR 0.21 (+57%) on a per share basis
 - Dividend guidance for FY 2017 increased today from EUR 0.62/s to EUR 0.65/s (EUR 0.57/s in 2016, +14% Y-o-Y)

EPRA NAV and LTV

- **Significant improvements in 2017**
 - EPRA NAV/s increase from EUR 9.95 to EUR 13.80 translates into 44% growth (ex dividend payment of EUR 0.57/s) in FY 2017
 - LTV reduced by 480 bps in FY 2017 to 52.3% in Dec-2017

Capital recycling

- **Capital recycling strategy consistently continued in 2017**
 - c. 5,000 units acquired at average gross yield of 8.2%, EUR 171.5m investments, additional rent of EUR 14.1m p.a.
 - c. 2,000 units sold at average gross yield of 5.3%, EUR 98.5m net cash proceeds, rent reduction of EUR 6.9m p.a.

Refinancing and reduction of cost of debt

- **Successful refinancing in 2017 leads to strong reduction of average cost of debt**
 - Refinancing of bank loans of EUR 634.4m in FY 2017
 - Placement of convertible bond of EUR 262m (0.625% coupon p.a., c. 50% effective conversion premium) in Aug-2017
 - Partial repurchase of corporate bond (4.83% effective coupon p.a.) of EUR 116.1m in Sep-2017 and EUR 2.9m in Dec-2017
 - Average cost of debt down from 3.15% in Dec-2016 to 2.34% in Dec-2017

TAG 2018

TAG financials Q4 and FY 2017

TAG income statement (IFRS)

(in EUR millions)		FY 2017	FY 2016 (adjusted)*	Q4 2017	Q3 2017 (adjusted)*
Rental income	1	293.0	275.2	75.0	74.7
Expenses from property management		-57.1	-55.8	-15.9	-15.8
Net rental income	2	235.9	219.4	59.1	58.9
Net revenue from services	3	15.3	7.6	5.1	5.9
Net revenue from sales		0.0	1.8	-0.9	0.3
Other operating income		5.7	4.1	1.3	1.3
Valuation result	4	293.0	163.1	253.7	-0.2
Personnel expenses		-41.4	-38.1	-10.8	-10.5
Depreciation		-3.9	-3.0	-1.1	-0.9
Other operating expenses	5	-25.8	-18.7	-13.1	-4.4
EBIT		478.9	336.2	293.3	50.5
Net financial result	6	-82.4	-89.5	-14.6	-26.4
EBT		396.5	246.7	278.7	24.2
Income tax	7	-82.8	-46.0	-58.7	-4.5
Net income		313.7	200.7	220.0	19.6

*Prior year periods adjusted for separate presentation of net revenues from services

1 Strong increase in rental income of EUR 17.8m Y-o-Y driven by new acquisitions (c. 5,000 units in FY 2017) and total I-f-I rental growth of 3.1%.

2 Net rental income improved by EUR 16.5m Y-o-Y mainly as a result of increased rents (EUR 17.8m); higher maintenance expenses of EUR 4.1m (+16%) to a large part compensated by lower service charge leakage and other cost savings.

3 Net revenue from services nearly doubled, (+EUR 7.7m) in 2017, in line with extended services business (see Appendix page 32ff).

4 Net valuation gain of EUR 293.0m (after change in treatment of transaction costs) and gross valuation gain of EUR 549.7m; total valuation uplift of c.14% in 2017.

5 Increased other operating expenses due to EUR 8.5m provision for real estate transfer tax risks from prior years.

6 Net financial result contains EUR 14.4m breakage fees and expenses for early repayments of bank loans and bonds (2016: EUR 10.5m); net financial result (cash, after one-offs) improved by EUR 8.8m Y-o-Y.

7 Income tax mainly contains deferred taxes; cash tax expenses in 2017 at EUR 3.1m (2016: EUR 1.7m).

TAG EBITDA, FFO and AFFO calculation

(in EUR millions)	FY 2017	FY 2016	Q4 2017	Q3 2017
Net income	313.7	200.7	220.0	19.6
+ Income tax	82.8	46.0	58.7	4.5
+ Net financial result	82.4	89.5	14.6	26.4
EBIT	478.9	336.2	293.3	50.5
+ Adjustments				
Net revenue from sales	0.0	-1.8	0.9	-0.3
Valuation result	-293.0	-163.1	-253.7	0.2
Depreciation	3.9	3.0	1.1	0.9
One-offs (2017: provision for real estate transfer tax risks; 2016: project and personnel costs)	8.5	0.9	8.5	0.0
EBITDA (adjusted)	198.3	175.2	50.1	51.3
<i>EBITDA (adjusted) margin</i>	67.7%	63.7%	66.8%	68.7%
- Net financial result (cash, after one-offs)	-67.0	-75.8	-15.5	-16.5
- Cash taxes	-3.1	-1.7	-0.3	-0.7
- Cash dividend payments to minorities	-0.8	-0.7	-0.2	-0.2
FFO I	127.4	97.0	34.1	33.9
- Capitalised maintenance	-12.0	-9.2	-2.8	-5.6
AFFO before modernisation capex	115.4	87.8	31.3	28.3
- Modernisation capex	-30.8	-37.3	-10.4	-6.2
AFFO	84.6	50.5	20.9	22.1
Net revenue from sales	0.0	1.8	-0.9	0.3
FFO II	127.4	98.8	33.2	34.2
(FFO I + net revenue from sales)				
<i>Weighted average number of shares outstanding (in '000)</i>	145,709*	135,666	146,439*	146,439
FFO I per share (EUR)	0.87	0.72	0.23	0.23
AFFO per share (EUR)	0.58	0.37	0.14	0.15

1 Improved EBITDA of EUR 23.1m Y-o-Y mainly result of higher net rental income (+EUR 16.5m), higher net revenue from services (+EUR 7.7m) and, as an opposing effect, higher personnel expenses (- EUR 3.3m).

EBITDA margin in 2017 improved by 400bps in comparison to 2016.

2 In addition to improved EBITDA of EUR 23.1m, FFO I (+EUR 30.4m) also benefited from reduced net financial result (cash, after one-offs) of EUR 8.8m; higher cash taxes of EUR 1.4m.

FFO I margin in 2017 improved to 43.5% (35.2%, 2016).

3 AFFO increased by EUR 34.1m due to increase in FFO I of EUR 30.4m and lower capex of EUR 3.7m Y-o-Y.

4 FFO II does not take into account (by definition) book profits before revaluation to selling price of disposals of EUR 16.1m in 2017 (see details on book profits on disposals on page 20).

*Excluding potential shares from convertible bond 2017/2022 (trades out of the money)

TAG balance sheet (IFRS)

(in EUR millions)	31 Dec-2017	30 Sep-2017	31 Dec-2016
Non-current assets	4,243.8	3,993.8	3,843.6
Investment property	1 4,166.0	3,925.6	3,777.8
Deferred tax assets	45.4	36.4	38.8
Other non-current assets	32.4	31.8	27.0
Current assets	339.2	272.5	156.2
Real estate inventory	48.1	47.7	51.7
Cash and cash equivalents	2 263.7	194.3	74.5
Other current assets	27.4	30.5	30.0
Non-current assets held-for-sale	51.5	61.9	17.0
TOTAL ASSETS	4,634.5	4,328.2	4,016.8
Equity	1,646.6	1,426.7	1,365.6
Equity (without minorities)	1,625.9	1,409.9	1,350.9
Minority interest	20.7	16.8	14.7
Non-current liabilities	2,618.1	2,719.7	2,399.6
Financial debt	2,238.6	2,407.5	2,110.8
Deferred tax liabilities	358.9	291.5	272.3
Other non-current liabilities	20.6	20.7	16.5
Current liabilities	369.8	181.7	251.6
Financial debt	275.2	97.1	159.4
Other current liabilities	94.6	84.6	92.2
TOTAL EQUITY AND LIABILITIES	4,634.5	4,328.2	4,016.8
LTV*	3 52.3%	57.0%	57.1%

*For further details on LTV calculation see Appendix page 28

1 Book value of investment properties increased by EUR 388.2m in 2017 mainly due to portfolio valuation (+EUR 293.0m) and new acquisitions (+EUR 171.5m) less disposals (-EUR 127.9m).

2 Increased cash position after issuance of convertible bond of EUR 262.0m and partial repurchase of corporate bond of EUR 119.0m. Net cash proceeds in Q4 2017 from disposals of EUR 41.2m. EUR 62.3m of short term bank loans repayed ahead of maturity in Q4 2017.

Expected net cash proceeds in Q1 2018 from disposals of c. EUR 36.9m. Large part of acquisitions from 2017 not yet refinanced, offering further liquidity.

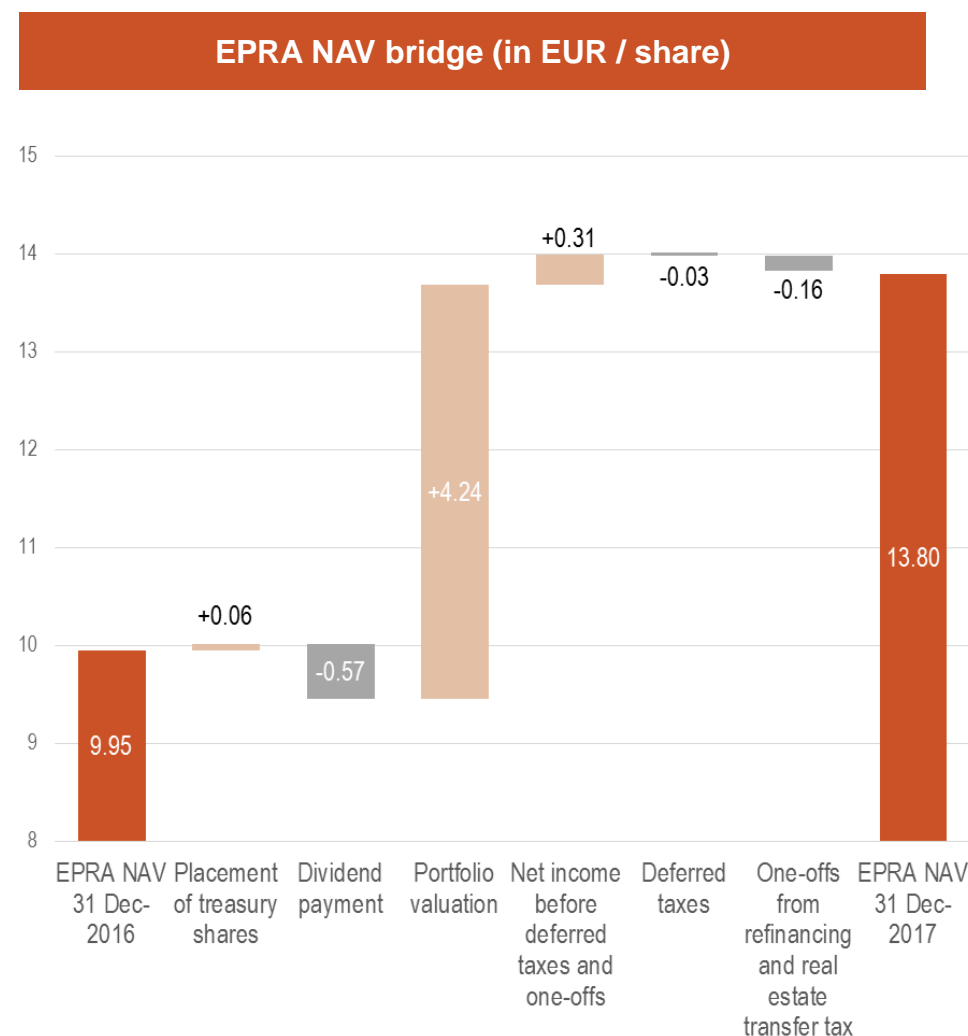
3 Change in LTV (-480 bps) mainly driven by:

- placement of 4.1m treasury shares in Mar-2017: c. -120 bps
- dividend payment in May-2017: c. +210 bps
- portfolio valuation in Jun-2017: c. -440 bps
- other changes (mainly disposals and ongoing results/amortisation bank loans): c. -130 bps

TAG EPRA NAV calculation

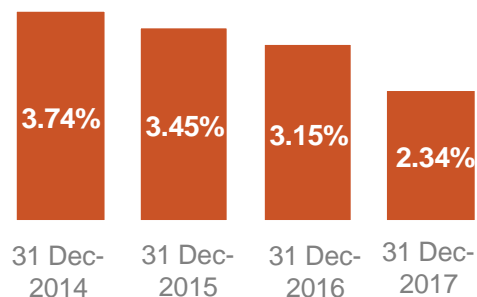
(in EUR millions)	31 Dec-2017	30 Sep-2017	31 Dec-2016
Equity (without minorities)	1,625.9	1,409.9	1,350.9
+ Deferred taxes on investment properties and financial derivatives	362.3	305.9	287.1
+ Fair value of financial derivatives	8.4	7.5	4.0
+ Difference between fair value and book value for properties valued at cost	24.8	12.0	0.0
= EPRA NAV	2,021.4	1,735.3	1,642.0
- Standardized transaction costs	0.0	0.0	-225.4
= EPRA NAV (incl. standardized transaction costs)	2,021.4	1,753.3	1,416.6
<i>Number of shares outstanding (in '000)</i>	<i>146,439*</i>	<i>146,439*</i>	<i>142,344</i>
EPRA NAV per share (EUR)	13.80	11.85	11.53
EPRA NAV per share (EUR) (incl. standardized transaction costs)	13.80	11.85	9.95

*Excluding potential shares from convertible bond 2017/2022 (trades out of the money)



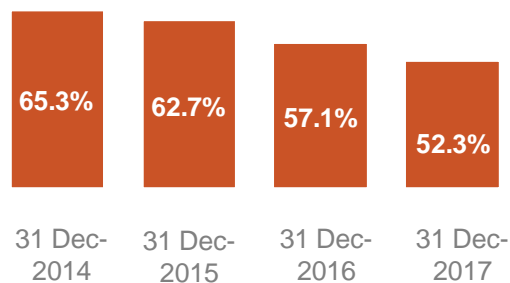
TAG cost of debt and LTV

Cost of debt Ø



- Continuous reduction of average cost of debt from FY 2015 onwards.
- Average cost of debt as of 31 Dec-2017 excluding already refinanced corporate bond due Aug-2018 (effective coupon 4.83%) on a pro-forma basis down to 2.14%.

LTV*



- New and reduced LTV target of c. 50% (formerly c. 55%) as a consequence of strong portfolio valuation development to be reached by YE 2018.
- Current LTV ensures efficient use of capital as well as stable and conservative financing structure given TAG's moderate portfolio valuation level (fair value per sqm of c. EUR 845 and current LTV of 52.3% leads to average financial debt per sqm of only c. EUR 440).

*For further details on LTV calculation see Appendix page 28



Chemnitz



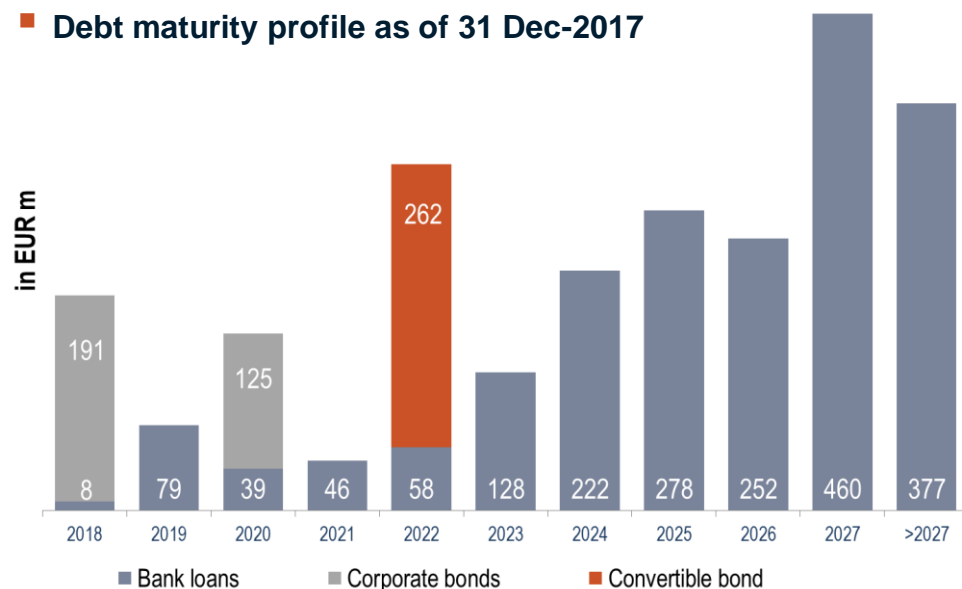
Riesa



Görlitz

TAG debt financing structure

Debt maturity profile as of 31 Dec-2017



Average maturities as of 31 Dec-2017

- Bank loans: 10.3 years (31 Dec-2016: 9.7 years)
- Total financial debt: 8.6 years (31 Dec-2016: 8.3 years)

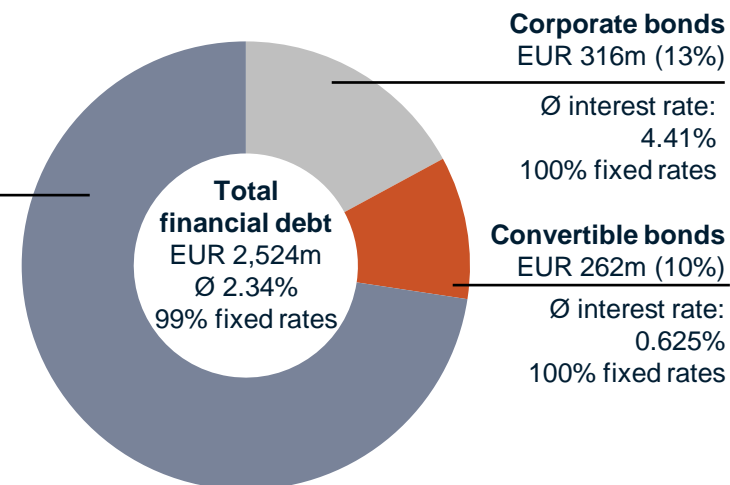
Overview refinancing activities in 2017

- EUR 634.4m of bank loans refinanced in FY 2017
- Ongoing refinancing of smaller bank loans maturing or with interest terms ending in 2018-2020 (c. EUR 80m-130m p.a., average coupons of c. 2.9%-3.6% p.a.) likely to lead to further interest cost savings
- Issuance of new convertible bond 2017/2022 of EUR 262.0m in Aug-2017 (coupon 0.625% p.a., c.50% effective conversion premium)
- Repurchase of EUR 119.0m of corporate bonds 2013/2018 in Sep-/Dec-2017 (effective coupon 4.83% p.a., remaining EUR 191.0m to be repaid in Aug-2018)

Interest rates

Bank loans
EUR 1,946m (77%)

Ø interest rate:
2.24%
98% fixed rates

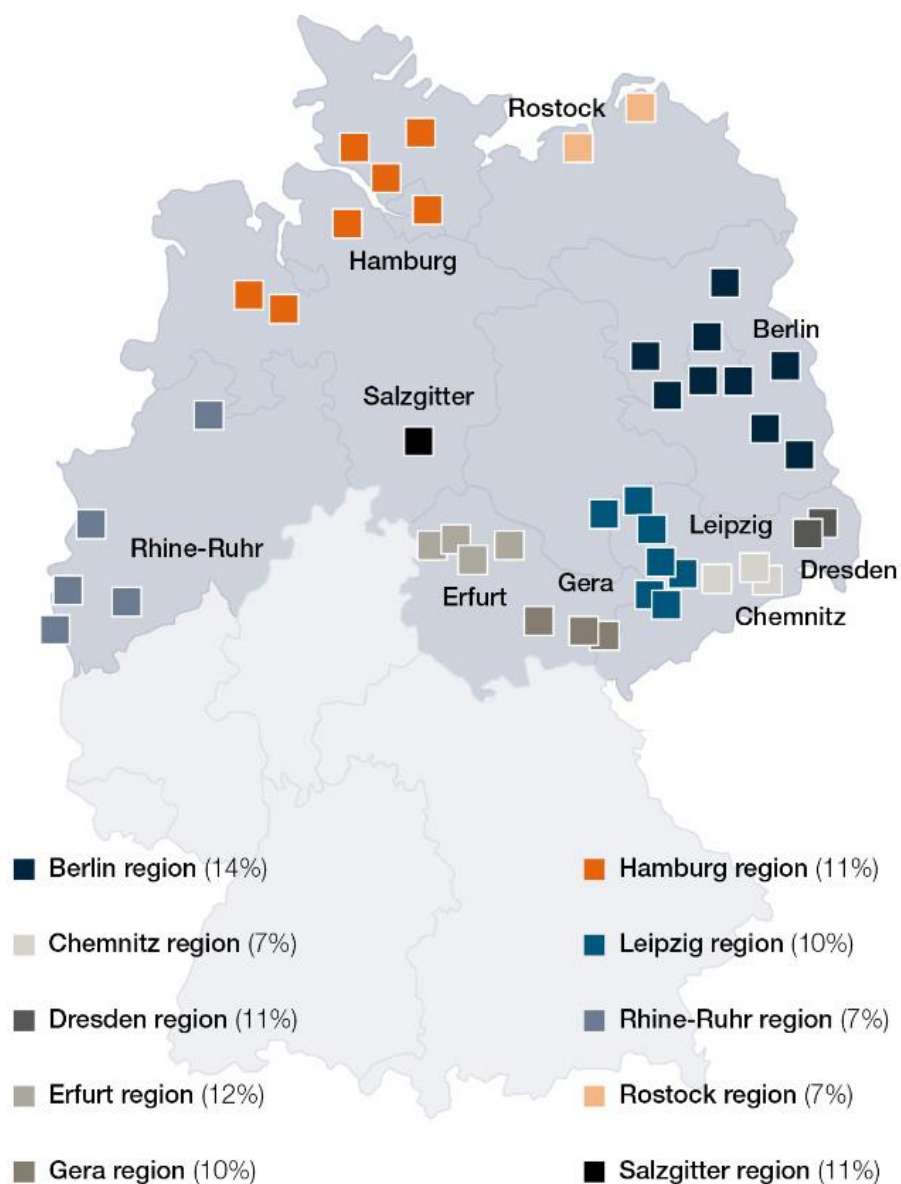


(in EUR millions)	FY 2017	FY 2016	Q4 2017
+ Interest income	3.0	2.8	1.4
- Interest expenses	-88.0	-92.6	-18.7
+ Net profit from investments	2.6	0.3	2.7
= Net financial result	-82.4	-89.5	-14.6
thereof non-cash financial result from convertible/corporate bonds	1.1	1.2	0.5
thereof breakage fees bank loans and early repayment of bonds	14.4	10.5	0.9
thereof other non-cash financial result (e.g. from derivatives)	-0.1	2.0	-2.3
= Net financial result (cash, after one-offs)	-67.0	-75.8	-15.5
ICR (EBITDA adjusted/net financial result cash, after one-offs)	3.0x	2.3x	3.2x
Net financial debt/EBITDA adjusted	11.3x	12.5x	11.2x

TAG 2018

TAG portfolio FY 2017

TAG portfolio in total as of 31 Dec-2017



% acc.: proportional IFRS book value real estate volume

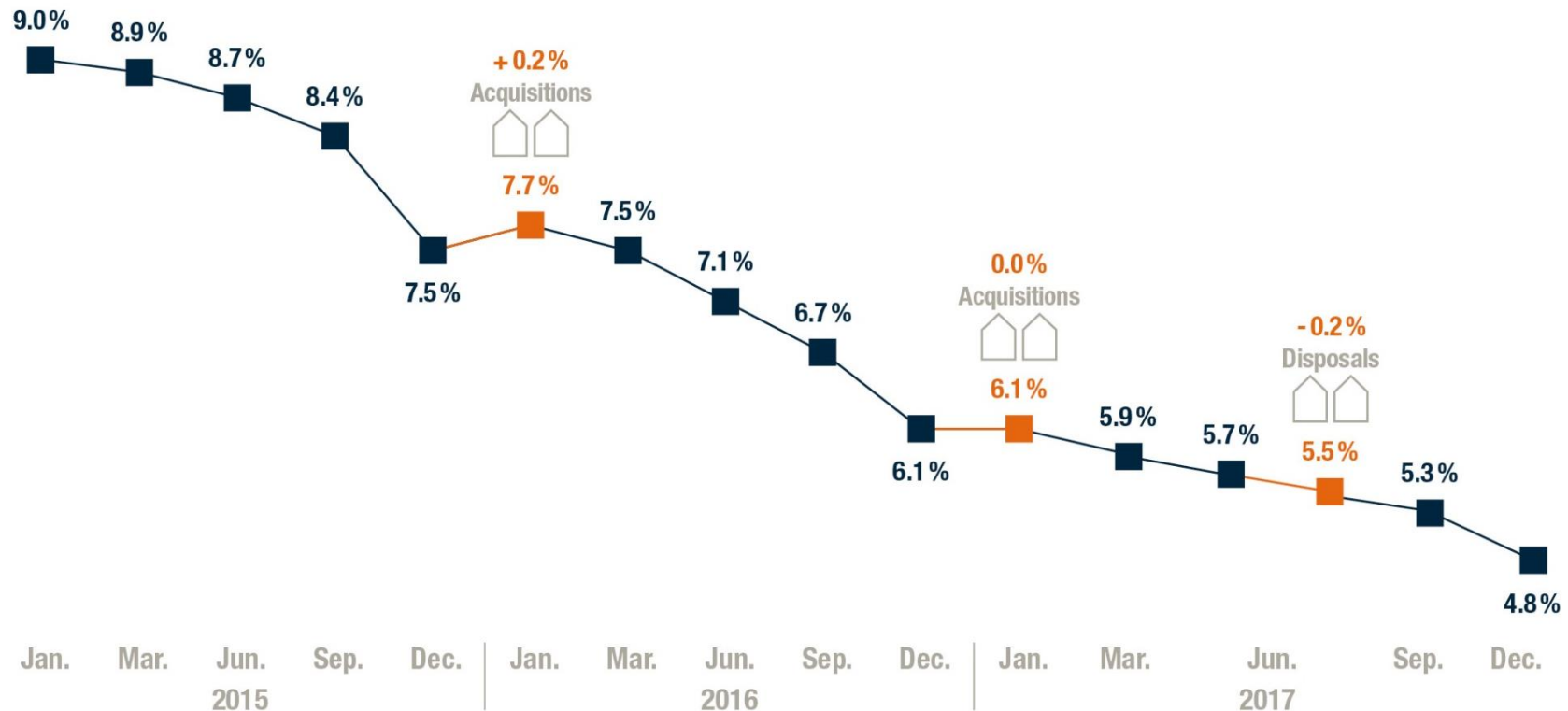
- TAG is a leader in affordable housing in Northern and Eastern Germany.
- The portfolio is structured in ten defined regions in and around large and mid-sized cities.
- The management of these regions is conducted in a decentralized fashion.
- TAG's local presence ensures high operational efficiency and strengthens local sourcing and asset management capabilities.

Portfolio as of	31 Dec-2017	31 Dec-2016
Units	83,140	79,754
Rentable area in sqm	5,054,778	4,878,022
Real estate volume in EURm	4,275.4	3,856.6
Annualised current net cold rent in EURm (total portfolio)	303.3	286.4
Current net cold rent in EUR/sqm / month (total portfolio)	5.31	5.23
Current net cold rent in EUR/sqm month (residential units)	5.20	5.11
Vacancy in % (total portfolio)	5.8	6.5
Vacancy in % (residential units)	4.8	6.1
L-f-I rental growth in % (Y-o-Y)	2.0	2.0
L-f-I rental growth in % (including vacancy reduction, Y-o-Y)	3.1	3.7

TAG strong vacancy reduction continues

Expert in sourcing, acquiring and managing residential properties

- TAG exhibits strong local presence in its core regions which allows for excellent market knowledge and efficient operation of properties.
- Levering on its strong local network TAG explicitly aims to acquire smaller and / or geographically diversified portfolios for which competition is relatively low.
- TAG explicitly aims to acquire assets with higher vacancy rates and / or rental upside potential which is then lifted by TAG's active asset management by selective investment of capex and refurbishment measures.
- Vacancy reduction of newly acquired properties provides an additional source of rental income and value growth. This is underpinned by recent results with c. 25% (gross) revaluation result stemming from operational measures rather than from yield compression.

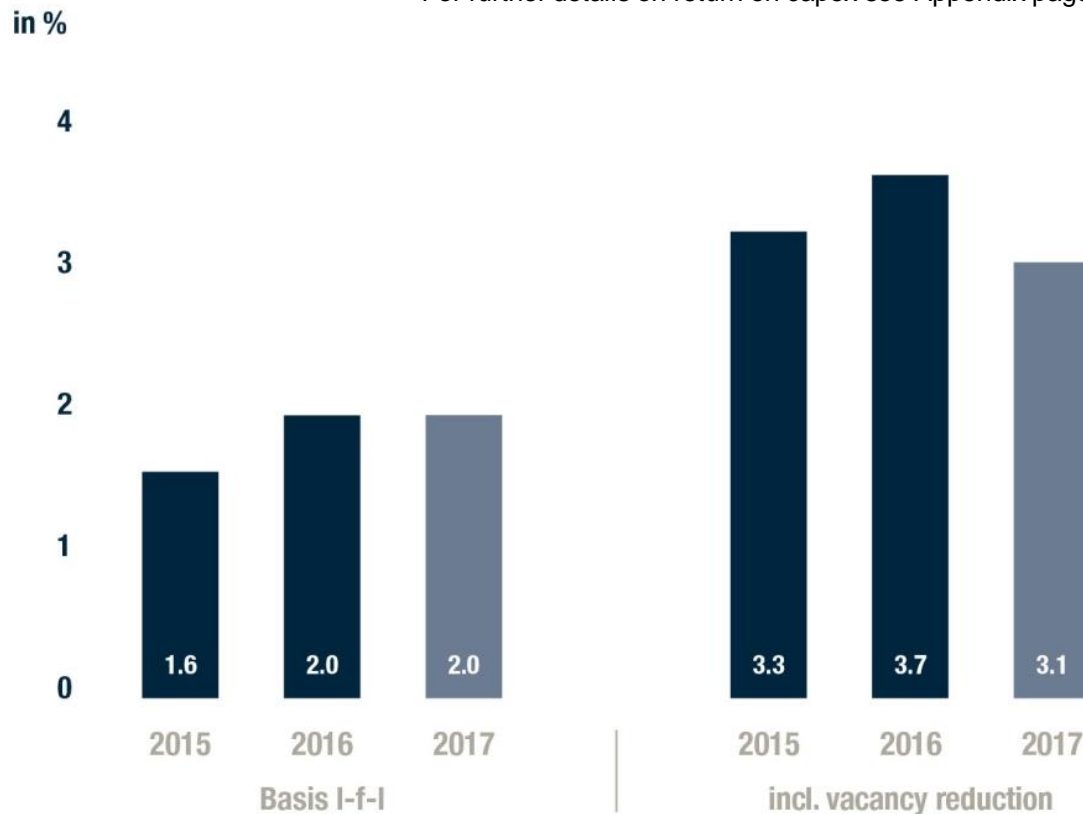


TAG attractive and efficient rental growth

Rental growth achieved with moderate investments

- TAG creates attractive rental growth from
 - regular rent increases and tenant turnover (“basis I-f-I rental growth”) and
 - from vacancy reduction (leading to “total I-f-I rental growth”)
- Targeted and efficient capex strategy: investments in vacancy reduction result in highly attractive returns: c. 8%-13% in the property based program and c. 45%-50% in the single unit program regarding modernisation of vacant flats*
- Basis I-f-I rental growth, achieved without large modernisation programs for existing tenants or in the re-letting process, shows sound underlying fundamentals in TAG’s markets

*For further details on return on capex see Appendix page 30ff.



in EUR/sqm	2015 (FY)	2016 (FY)	2017 (FY)
Maintenance and capex	15.15	15.41	15.12

TAG portfolio valuation FY 2017

- Total valuation gain of EUR 549.7m before change in treatment of transaction costs (H1 2017: EUR 296.2m / H2 2017: EUR 253.5m) leads to c. 14% annual valuation uplift and c. 80 bps gross yield reduction in 2017:
 - c. EUR 411.6m gain from yield compression (H1 2017: EUR 209.8m / H2 2017: EUR 201.8m)
 - c. EUR 138.1m gain from stronger rental growth and vacancy reduction (H1 2017: EUR 86.4m / H2 2017: EUR 51.7m)
- Net valuation gain of EUR 293.0m in 2017 (EUR -256.7m effect from change in treatment of transaction costs).
- Since 30 Jun-2017: Alignment in treatment of transaction cost with peer group due to increased uncertainty of future treatment of share deals with respect to real estate transfer tax: full deduction of potential transaction costs for the full portfolio.

Key metrics

	Dec-2017	Jun-2017	Dec-2016 (adjusted for transaction costs)	Dec-2016 (as reported)
Book value (EUR/sqm)	c. 845	c. 800	c. 740	c. 790
Gross yield	7.1%	7.4%	7.9%	7.4%
Implied multiple	14.1x	13.5x	12.7x	13.5x

Valuation remains at conservative levels with c. EUR 845 / sqm and 7.1% gross yield



Gera



Stralsund



Chemnitz

TAG 2018

TAG acquisitions and disposals FY 2017

TAG acquisitions FY 2017

Signing	Brandenburg	Saxony-Anhalt	Saxony-Anhalt, Lower Saxony, Thuringia	Saxony	Thuringia	Total
	Feb-2017	Mar-2017	Jun-2017	Oct-2017	Nov-2017	2017
Units	1,441	1,252	1,445	328	480	4,946
Current net cold rent EUR/sqm/month	4.77	4.82	4.78	4.91	4.32	4.78
Vacancy	19.3%	7.2%	6.3%	31.4%	22.7%	13.8%
Purchase price in EURm	41.9	42.9	63.0	11.2	12.5	171.5
Current net cold rent in EURm p.a.	3.42	3.47	5.34	0.77	1.07	14.07
Location	Brandenburg an der Havel	Halle an der Saale	Various (e.g. Halle an der Saale, Goslar, Meiningen)	Chemnitz	Gotha	---
Closing	Jun-2017	Jun-2017	Jun-2017 (mainly)	Dec-2017	Dec-2017	---
Multiples	12.3x	12.4x	11.8x	14.6x	11.7x	12.2x



Brandenburg



Halle an der Saale



Chemnitz

c. 5,000 units acquired in FY 2017 at an average acquisition multiple of 12.2x (8.2% gross yield)

TAG disposals FY 2017

Signing	Brandenburg Feb-2017	Freiburg Jun-2017	Berlin Oct-2017	Halle an der Saale Nov-2017	Ongoing disposals 2017	Total 2017
Units	535	457	267	265	427	1,951
Current net cold rent EUR/sqm/month	3.61	6.21	6.65	3.48	---	---
Vacancy	33.4%	0.0%	3.5%	23.9%	---	---
Selling price in EURm	5.5	59.0	36.1	6.6	22.5	129.7
Current net cold rent in EURm p.a.	0.96	2.67	1.16	0.53	1.62	6.94
Net cash proceeds EURm	0.0	41.2	c. 30.3	6.6	20.5	c. 98.5
Book profit in EURm	0.1	13.5 (before revaluation to selling price at 30 Jun-2017)	1.8 (before revaluation to selling price at 31 Dec-2017)	0.8 (before revaluation to selling price at 31 Dec-2017)	1.7	17.9
Location	Brandenburg an der Havel	Freiburg	Berlin	Halle an der Saale	Various (e.g. Berlin, Hamburg, Gera)	---
Closing	Jun-2017	Nov-2017	Mar-2018 (expected)	Jan-2018	2017/2018	---
Multiples	5.7x	22.1x	31.1x	12.4x	13.9x	18.7x
Comments	Disposal of assets with lower quality	Disposal in high- priced and non- strategic market	Disposal in high-priced market	Disposal of assets with lower quality	Also includes sales of non- core assets	---



Brandenburg



Freiburg



Berlin

c. 2,000 units sold in FY 2017 at an average multiple of 18.7x (5.3% gross yield)

TAG 2018

TAG guidance FY 2018

TAG guidance FY 2018

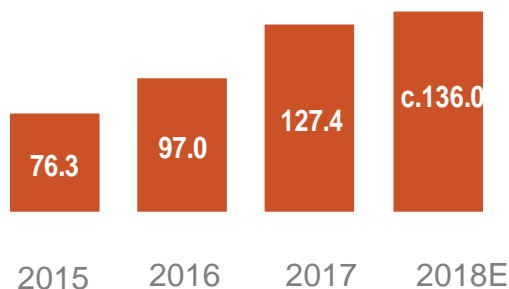
Results FY 2017

- **FFO** **EUR 127.4m** (guidance 2017: EUR 119m-121m , FY 2016: EUR 97.0, **31% increase Y-o-Y**); difference to guidance from Aug-2017 mainly driven by c. EUR 3.2m lower maintenance costs and c. EUR 1.9m lower financing costs).
- **FFO/s** **EUR 0.87** (guidance 2017: EUR 0.82, FY 2016: EUR 0.72, **21% increase Y-o-Y**)
- **Dividend/s** **EUR 0.65** (guidance 2017: EUR 0.62, FY 2016: EUR 0.57, **14% increase Y-o-Y**)

Guidance FY 2018 (unchanged, to be reviewed in Q1/Q2 2018)

- **FFO** **EUR 135m-137m** (7% increase Y-o-Y)
- **FFO/s** **EUR 0.93** (7% increase Y-o-Y, based on 146.4m outstanding shares)
- **Dividend/s** **EUR 0.70** (8% increase Y-o-Y, equals 75% of FFO)

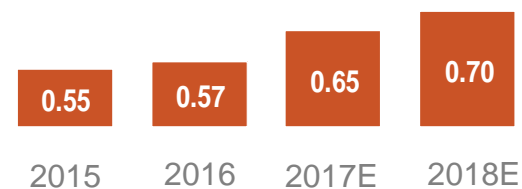
FFO in EURm



FFO per share in EUR



Dividend per share in EUR



TAG 2018

APPENDIX

TAG portfolio details by region

Region	Units #	Rentable area sqm	IFRS BV EURm	In-place yield	Vacancy Dec-2017	Vacancy Dec-2016	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
Berlin	9,243	532,461	566.2	5.9%	4.9%	6.8%	5.52	6.11	3.8%	4.0%	5.37	6.42
Chemnitz	7,334	423,646	278.4	7.9%	9.7%	13.1%	4.81	4.84	0.8%	3.3%	7.38	22.08
Dresden	6,191	402,194	431.0	6.0%	3.1%	3.8%	5.54	5.72	2.5%	3.3%	3.34	5.53
Erfurt	9,357	527,535	498.1	6.4%	1.7%	2.6%	5.10	5.59	1.7%	2.7%	4.66	5.70
Gera	9,664	562,343	390.0	7.7%	8.6%	9.7%	4.87	5.20	1.9%	3.0%	5.23	10.15
Hamburg	7,099	434,834	421.1	6.5%	4.0%	4.3%	5.44	5.72	2.2%	2.2%	8.22	4.32
Leipzig	8,849	524,187	409.5	7.5%	3.6%	4.5%	5.08	5.35	1.1%	2.0%	5.22	5.18
Rhine-Ruhr	4,429	283,262	271.5	6.4%	2.9%	3.5%	5.27	5.48	1.5%	1.8%	11.16	6.39
Rostock	5,468	325,028	283.7	7.1%	3.2%	4.4%	5.35	5.53	1.5%	2.6%	6.27	8.00
Salzgitter	9,177	563,077	449.2	7.3%	5.2%	7.5%	5.15	5.32	2.7%	5.4%	7.71	14.11
Total residential units	76,811	4,578,567	3,998.8	6.8%	4.8%	6.1%	5.20	5.47	2.0%	3.1%	6.24	8.88
Acquisitions*	4,915	282,263	182.0	7.9%	14.4%	---	4.98	---	---	---	1.06	2.72
Commercial units within resi. portfolio	1,221	154,760	---	---	17.6%	17.5%	7.53	---	---	---	--	--
Total residential portfolio	82,947	5,015,590	4,180.8	7.1%	5.7%	6.5%	5.25	---	---	---	5.76	8.26
Other	193	39,188	94.7	5.7%	9.9%	11.6%	12.77	---	---	---	6.68	35.21**
Grand total	83,140	5,054,778	4,275.4	7.1%	5.8%	6.5%	5.31	---	---	---	5.76	8.47

* no full year contribution to TAG portfolio

** including development project in Munich (EUR 1.3m capex)

TAG vacancy reduction and rental growth

Vacancy development per region

2017

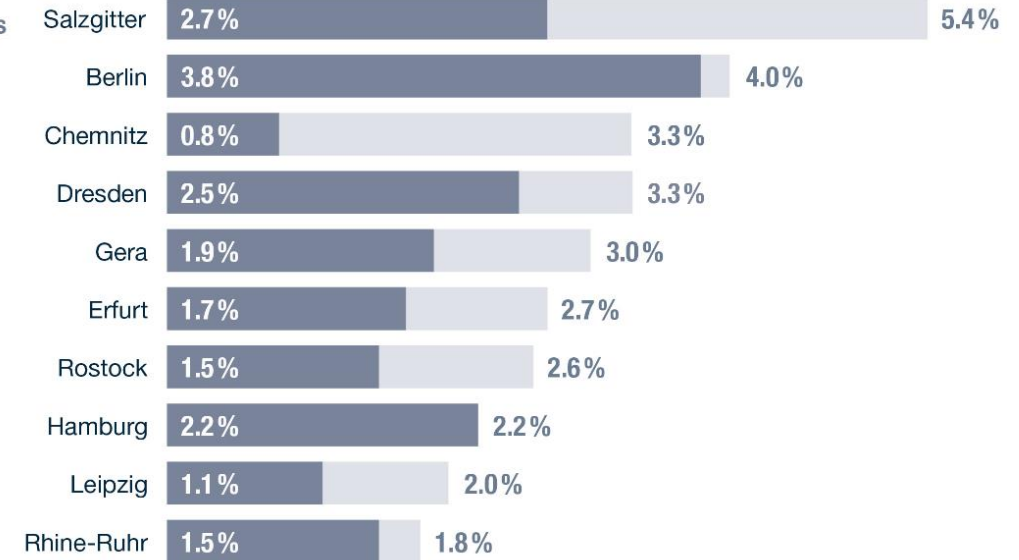


2016

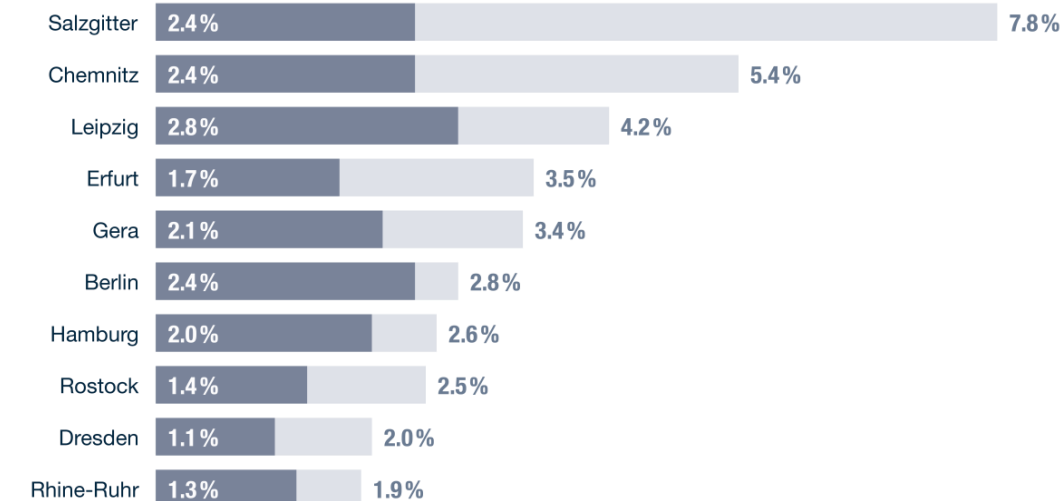


L-f-I rental growth per region (Y-o-Y)

2017



2016



APPENDIX

TAG portfolio valuation details

Region (in EUR millions)	Dec-2017 Fair value (IFRS)	Dec-2017 Fair value (EUR/sqm)	Dec-2017 Implied multiple	FY 2017 Revaluation gain / loss	Share of yield compression	Share of operational performance/ other market developments	Change in treatment of transaction costs	FY 2017 Net revaluation gain/loss	Dec-2016 Fair value (IFRS)	Dec-2016 Fair value (EUR/sqm)	Dec-2016 Implied multiple
Berlin	566.2	1,002.4	15.8x	98.2	78.8	19.4	-42.1	56.2	522.0	864.5	14.6x
Chemnitz	278.4	606.7	11.9x	20.0	13.5	6.5	-17.5	2.5	226.5	585.6	12.0x
Dresden	431.0	1,038.3	16.1x	80.5	65.8	14.7	-26.5	54.0	374.8	902.9	14.4x
Erfurt	498.1	862.6	14.1x	83.9	66.1	17.8	-41.5	42.4	407.7	830.4	13.8x
Gera	390.0	660.7	12.5x	36.5	21.6	15.0	-36.0	0.6	382.8	651.5	12.7x
Hamburg	421.1	950.0	14.9x	44.6	37.4	7.2	-7.7	36.9	387.5	860.4	13.8x
Leipzig	409.5	763.1	12.8x	51.8	36.9	14.9	-28.1	23.7	372.9	725.0	12.4x
Rhine-Ruhr	271.5	917.3	14.5x	42.2	32.1	10.1	-2.7	39.6	288.0	860.6	13.7x
Rostock	283.7	860.9	13.8x	25.3	20.2	5.2	-21.7	3.7	272.8	827.4	13.6x
Salzgitter	449.2	795.6	13.4x	65.5	39.3	26.2	-31.7	33.7	407.6	722.0	12.7x
Total residential units	3,998.8	837.2	14.0x	548.6	411.6	137.0	-255.5	293.1	3,642.6	778.7	13.4x
Acquisitions 2017 (2016)	182.0	761.4	15.0x	0.4	0.0	0.4	0.0	0.4	111.8	722.4	13.0x
Total residential portfolio	4,180.8	833.6	14.0x	549.0	411.6	137.3	-255.5	293.5	3,754.4	776.9	13.4x
Other	94.7	2,415.6	17.5x	0.7	0.0	0.7	-1.2	-0.4	102.2	2,251.9	17.3x
Grand total*	4,275.4	845.8	14.1x	549.7	411.6	138.1	-256.7	293.0	3,856.6	790.6	13.5x

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

TAG EPRA Earnings

(in EUR millions)	FY 2017	FY 2016	Q4 2017	Q3 2017
Net income	313.7	200.7	220.1	19.6
Valuation result	-293.0	-163.1	-253.7	0.2
Deferred income taxes on valuation result	76.9	43.6	64.1	0.0
Net revenues from sales	0.0	-1.8	0.9	-0.3
Cash taxes on net revenues from sales	0.0	0.7	0.0	0.0
Fair value valuation of derivative financial instruments	1.2	0.3	0.7	0.6
Breakage fees bank loans and payments for repurchase/conversion of bonds	14.4	10.5	1.1	7.8
Cash dividend payments to minorities	-0,8	-0.7	-0.2	-0.2
EPRA Earnings	112.4	90.2	33.0	27.7
Deferred income taxes (other than on valuation result)	2.8	0.7	-5.8	3.9
Other non cash financial result	-0.2	2.9	-2.6	1.4
One off's (2017: provision for real estate transfer tax risks; 2016: project and personnel costs)	8.5	0.9	8.5	0.0
Depreciation	3.9	3.0	1.2	0.9
Cash taxes on net revenues from sales	0.0	-0.7	0.0	0.0
Adjusted EPRA Earnings (FFO I)	127.4	97.0	34.3	33.9
Weighted average number of shares (outstanding)	145,709	135,666	146,439	146,439
EPRA Earnings per share (in EUR)	0.77	0.66	0.23	0.19
Adjusted EPRA Earnings (FFO I) per share (in EUR)	0.87	0.72	0.23	0.23

TAG LTV calculation

(in EUR millions)	31 Dec-2017	30 Sep-2017	31 Dec-2016
Non-current and current liabilities to banks	1,935.4	1,927.1	1,826.5
Non-current and current liabilities from corporate bonds	322.2	322.0	443.7
Non-current and current liabilities from convertible bonds	256.2	255.5	0.0
Cash and cash equivalents	-264.2	-194.3	-74.5
Net financial debt	2,249.6	2,310.3	2,195.7
Book value of investment properties	4,166.0	3,925.6	3,777.8
Book value of property reported under property, plant and equipment	9.8	9.9	10.1
Book value of property held as inventory	48.1	47.7	51.7
Book value of property reported under non-current assets held-for-sale	51.5	61.9	17.0
Real estate volume	4,275.4	4,045.1	3,856.6
Book value of property for which purchase prices have already been paid (or received) in advance	-0.3	-0.9	-9.0
Difference between fair value and book value for properties valued at cost	24.8	12.0	0.0
Relevant real estate volume for LTV calculation	4,299.9	4,056.2	3,847.6
LTV	52.3%	57.0%	57.1%

TAG maintenance and capex

in EUR millions	2016					2017				
	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	Q3	Q4	Total FY
Total portfolio										
Maintenance	6.6	6.6	5.8	6.0	25.0	7.3	6.9	7.5	7.4	29.1
Capex	9.6	11.7	13.6	11.6	46.5	7.9	9.9	11.8	13.2	42.8
Total	16.2	18.3	19.4	17.6	71.5	15.2	16.8	19.3	20.6	71.9

in EUR/sqm	2016					2017				
	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	Q3	Q4	Total FY
Residential units										
Maintenance	1.43	1.44	1.26	1.28	5.41	1.55	1.62	1.58	1.49	6.24
Capex	2.11	2.57	2.97	2.35	10.00	1.66	2.18	2.43	2.61	8.88
Total	3.54	4.01	4.23	3.63	15.41	3.21	3.80	4.01	4.10	15.12

TAG return on capex

Modernisation is key element of TAG's strategy

Capex measures can be broken down into

- Modernisation of vacant flats
(longer term vacancy)
 - Modernisation during re-letting
(tenant turnover)
 - Large modernisation measures
(comprehensive building-related measures)
- Using modernisation 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 modernisation measures are financed via bank loans and equity, all other modernisation measures are equity-financed

Methodology

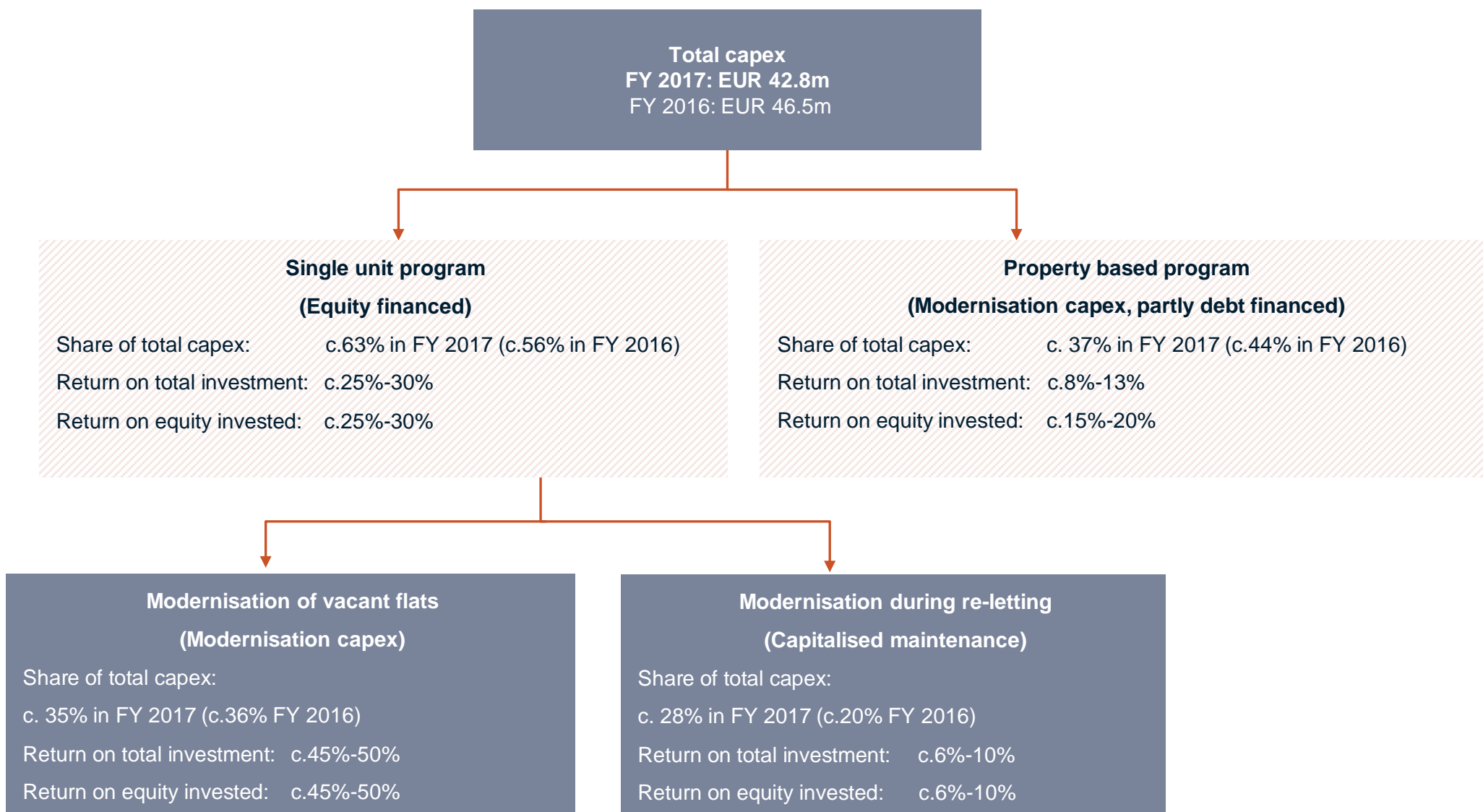
$$1 \quad \frac{\text{Incremental revenues}}{\text{Total investment}} = \text{Return on investment}$$

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

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

* Subject to scope of measures

TAG return on capex



TAG services business

■ Facility management (100% owned subsidiary)

- Caretaker services, cleaning services and gardening
- In place since 2012
- Main target: improve quality in comparison to external services

TAG Immobilien Service GmbH

	2016	2017	2018E
Revenues (EURm)	6.5	9.2	9.5
No. of employees	222	309	308
FFO impact (EURm)	0.3	0.4	0.5

c. 46,000 units covered in 2017
c. 60,000-65,000 units as long-term goal (c. 75% of total portfolio)



■ Craftsmen services (100% owned subsidiary)

- Modernisation of apartments (vacant flats and during re-letting process)
- In place since 2015
- Main target: quick availability of craftsmen in regions with frequent bottlenecks regarding external modernisation work

TAG Handwerker-service GmbH

	2016	2017	2018E
Revenues (EURm)	1.6	2.6	4.5
No. of employees	29	56	69
FFO impact (EURm)	0.0	-0.2	0.2

5 locations in 2017: Brandenburg an der Havel, Chemnitz, Döbeln, Dresden and Leipzig



TAG services business

Energy services (100% owned subsidiary)

- Heating services for tenants (TAG as owner and operator of heating facilities)
- In place since 2016
- Main target: create additional income for TAG and reduce energy costs/ service charges for tenants

ENERGIE

Wohnen Service GmbH

in EUR/m	2016	2017	2018E
Revenues (EURm)	4.5	13.0	17.5
No. of employees	3	6	8
FFO impact (EURm)	0.7	0.9	1.0

c. 23,000 units covered in 2017
c. 70,000-75,000 units as long-term goal (c. 90% of total portfolio)



Multimedia services (100% owned subsidiary)

- Cable television and other multimedia services for tenants (TAG as owner of “network level 4”, long-term contracts with signal-suppliers)
- In place since 2016
- Main target: create additional income for TAG and reduce cable television costs/ service charges for tenants

MULTIMEDIA

Immobilien GmbH

	2016	2017	2018E
Revenues (EURm)	0.1	7.4	7.8
No. of employees	1	2	2
FFO impact (EURm)	0.0	2.7	2.8

c. 50,000 units covered in 2017
c. 70,000-75,000 units as long-term goal (c. 90% of total portfolio)



TAG services business

■ Condominium management (100% owned subsidiary)

- Condominium management (“WEG-Verwaltung”) for homeowners’ associations
- Includes management for third parties as well as management of units owned by TAG
- 4 main locations (Berlin, Erfurt, Gera and Hamburg) within the TAG regions
- In place since 2001
- Main target: create additional income for TAG and ensure high quality standards regarding asset and property

**BAU-VEREIN
ZU HAMBURG**
Hausverwaltungsgesellschaft mbH

Ein Unternehmen der
TAG Immobilien Gruppe



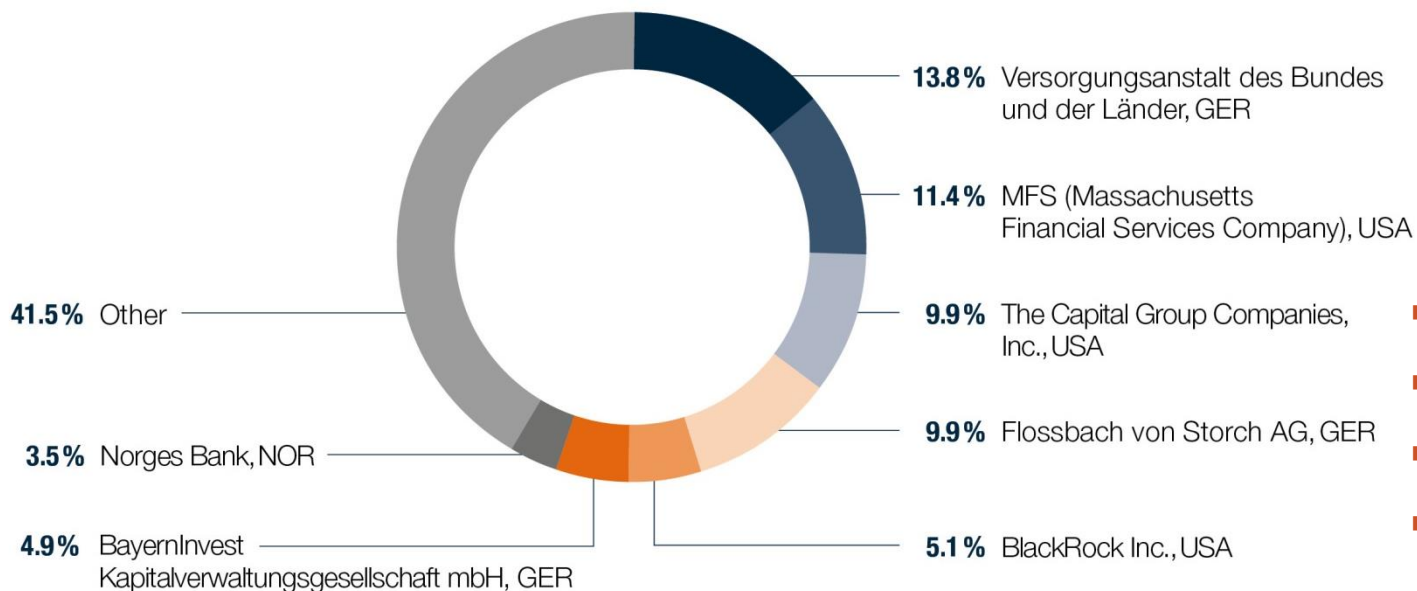
in EUR/m	2016	2017	2018E
Revenues (EURm)	1.6	1.8	1.9
No. of employees	26	29	30
FFO impact (EURm)	0.3	0.3	0.3



c. 8,000 units covered in 2017

TAG shareholder structure

Shareholder structure as of 31 Dec-2017



■ Number of shares (issued)	146.5m
■ Market capitalisation (31 Dec-2017)	EUR 2.3bn
■ Stock indices	MDAX/EPRA
■ Free Float *	100%
* Deutsche Börse definition including institutional investors	



Erfurt



Gera



Wittenberg

TAG management board



Claudia Hoyer
COO

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center
-
- Age 45
 - Joined TAG as COO 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 45
 - Joined TAG as CFO in April 2014
 - Business degree, CPA 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 61
 - With TAG for more than 15 years, member of the management board since April 2011
 - Law degree, over 25 years of experience in real estate legal affairs

TAG notes

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