



Conference call presentation Q3 2017

GROWING CASHFLOWS

TAG
Immobilien AG

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TAG 2017

TAG highlights Q3 2017

TAG highlights Q3 2017

Operational performance		Q3 2017	Q2 2017	FY 2016	Q3 2016
	▪ Vacancy (residential units)	5.3%	5.5%	6.1%	6.7%
	▪ L-f-L rental growth Y-o-Y	1.9%	2.0%	2.0%	1.9%
	▪ L-f-L rental growth Y-o-Y incl. vacancy reduction	3.0%	3.3%	3.7%	3.8%
	▪ FFO I (EUR m)	33.9	30.9	97.0	25.0
	▪ FFO I (EUR/share)	0.23	0.21	0.72	0.18
EPRA NAV and LTV		30 Sep-2017	30 Jun-2017	31 Dec-2016	30 Sep-2016
	▪ EPRA NAV (EUR/share)	11.85	11.65	11.53	11.34
	▪ LTV	57.0%	57.5%	57.1%	56.9%
Acquisitions	▪ Acquisitions	Portfolio of 328 residential units in Chemnitz signed in Oct-2017, closing expected in Dec-2017. Purchase price of EUR 11.25 m and current net cold rent of EUR 0.77m p.a. leads to acquisition multiple of 14.6x. Current vacancy rate of 31.4% offers significant upside potential.			
Disposals	▪ Portfolio sale	Sale of 267 residential units in Berlin signed in Oct-2017. Closing expected in Mar-2018. Selling price of EUR 36.1m, current net cold rent at EUR 1.16m p.a., selling multiple of 31.1x. Book profit (before revaluation to selling price at 31 Dec-2017) of EUR 1.8m. Net cash proceeds of c. EUR 30.3m.			
	▪ Ongoing disposals	367 units signed in 9M 2017 (H1 2017: 221 units). Total selling price of EUR 13.4m (H1 2017: EUR 8.9m). Book profit of EUR 3.2m (H1 2017: EUR 1.1m). Net cash proceeds of EUR 11.5m (H1 2017: EUR 7.5m). Closing expected in the the course of 2017.			

TAG 2017

TAG financials Q3 2017

TAG income statement (IFRS)

(in EUR millions)	Q3 2017	Q2 2017	9M 2017	9M 2016 (adjusted)	FY 2016
Rental income	① 74.7	71.8	218.0	205.2	275.2
Expenses from property management	-11.2	-10.7	-34.4	-40.3	-50.5
Net rental income	② 63.5	61.1	183.6	164.9	224.7
Net revenue from sales	0.3	0.5	0.8	1.8	1.8
Other operating income	2.6	3.0	7.8	3.9	6.4
Valuation result	③ -0.2	39.8	39.3	163.6	163.1
Personnel expenses	-10.4	-10.3	-30.6	-28.2	-38.1
Depreciation	-0.9	-0.9	-2.7	-2.1	-3.0
Other operating expenses	④ -4.4	-3.8	-12.7	-13.3	-18.7
EBIT	50.5	89.4	185.6	290.7	336.2
Net financial result	⑤ -26.4	-23.7	-67.7	-70.8	-89.5
EBT	24.1	65.7	117.8	220.0	246.7
Income tax	⑥ -4.5	-13.8	-24.1	-45.9	-46.0
Net income	19.6	51.9	93.6	174.1	200.7

① Strong increase in rental income of EUR 2.9m q-o-q mainly driven by new acquisitions (closing at 30 Jun-2017).

② Net rental income improved by EUR 2.4m q-o-q mainly as a result of increased rents (EUR 2.9m) and higher maintenance expenses of EUR 0.6m.

③ No portfolio valuation as of 30 Sep-2017, next valuation will be carried out at 31 Dec-2017; small valuation loss of EUR 0.2m due to subsequent acquisition costs.

④ Other operating expenses increased by EUR 0.6m q-o-q mainly due to temporarily higher transaction and valuation costs (refinancing, acquisitions, etc.).

⑤ Net financial result contains one-off costs from issuance of new convertible bond 2017/2022 and (partial) repurchase of corporate bond 2013/2018; net financial result (cash, after one-offs) improved by EUR 1.0m q-o-q.

⑥ Income tax mainly contains deferred taxes; cash tax expenses in Q3 2017 at EUR 0.7m (Q2 2017: EUR 1.4m).

TAG EBITDA, FFO and AFFO calculation

(in EUR millions)	Q3 2017	Q2 2017	9M 2017	9M 2016	FY 2016
Net income	19.6	51.9	93.6	174.1	200.7
+ Income tax	4.5	13.8	24.1	45.9	46.0
+ Net financial result	26.4	23.7	67.9	70.7	89.5
EBIT	50.5	89.4	185.6	290.7	336.2
+ Adjustments					
Net revenue from sales	-0.3	-0.5	-0.9	-1.8	-1.8
Valuation result	0.2	-39.8	-39.3	-163.6	-163.1
Depreciation	0.9	0.9	2.7	2.1	3.0
One-offs (project and personnel costs)	0.0	0.0	0.0	0.9	0.9
EBITDA (adjusted)	1 51.3	50.0	148.1	128.3	175.2
<i>EBITDA (adjusted) margin</i>	68.7%	69.6%	67.9%	62.5%	63.7%
- Net financial result (cash, after one-offs)	-16.5	-17.5	-51.5	-57.8	-75.8
- Cash taxes	-0.7	-1.4	-2.8	-0.6	-1.7
- Cash dividend payments to minorities	-0.2	-0.2	-0.6	0.0	-0.7
FFO I	2 33.9	30.9	93.2	69.9	97.0
- Capitalised maintenance	-5.6	-1.1	-9.2	-7.0	-9.2
AFFO before modernisation capex	28.1	29.8	84.0	62.9	87.8
- Modernisation capex	-6.2	-8.8	-20.4	-27.9	-37.3
AFFO	3 22.1	21.0	63.6	35.0	50.5
Net revenue from sales	0.3	0.5	0.9	-1.8	1.8
FFO II	34.0	31.4	94.1	71.7	98.8
(FFO I + net revenue from sales)					
<i>Weighted average number of shares outstanding (in '000)</i>	4 146,439	146,439	144,968	133,423	135,666
FFO I per share (EUR)	0.23	0.21	0.64	0.52	0.72
AFFO per share (EUR)	0.15	0.14	0.43	0.26	0.37

1 Improved EBITDA of EUR 1.3m mainly result of higher net rental income (+ EUR 2.4m) and, as an opposing effect, higher other operating expenses (- EUR 0.6m).

EBITDA in 9M 2017 increased by EUR 19.8m (+15%) in comparison to 9M 2016.

2 In addition to improved EBITDA of EUR 1.3m, FFO I (+ EUR 3.0m) also benefited from reduced net financial result (cash, after one-offs) of EUR 1.0m and lower cash taxes of EUR 0.7m.

FFO I in 9M 2017 increased by EUR 23.3m (+33%) or EUR 0.12/s (+22%) in comparison to 9M 2016.

3 AFFO increased by EUR 1.1m due to increase in FFO I of EUR 3.0m and higher capex of EUR 1.9m q-o-q.

Strong increase in AFFO in 9M 2017 by EUR 28.6m (+82%) or EUR 0.17/s (+65%) in comparison to 9M 2016.

4 Number of shares outstanding increased by 4.1m to 146.4m due to placement of treasury shares in Mar-2017. TAG currently owns 60,000 treasury shares to cover management incentive program.

TAG balance sheet (IFRS)

(in EUR millions)	30 Sep-2017	31 Dec-2016
Non-current assets	3,993.8	3,843.6
Investment property	① 3,925.6	3,777.8
Deferred tax assets	36.4	38.8
Other non-current assets	31.8	27.0
Current assets	272.5	156.2
Real estate inventory	47.7	51.7
Cash and cash equivalents	② 194.3	74.5
Other current assets	30.5	30.0
Non-current assets held-for-sale	61.9	17.0
TOTAL ASSETS	4,328.2	4,016.8
Equity	1,426.7	1,365.6
Equity (without minorities)	1,409.9	1,350.9
Minority interest	16.8	14.7
Non-current liabilities	2,719.7	2,399.6
Financial debt	2,151.1	2,110.8
Deferred tax liabilities	291.5	272.3
Other non-current liabilities	20.8	16.5
Current liabilities	181.7	251.6
Financial debt	97.0	159.4
Other current liabilities	84.7	92.2
TOTAL EQUITY AND LIABILITIES	4,328.2	4,016.8
Net financial debt	2,310.3	2,195.7
LTV	③ 57.0%	57.1%

① Book value of investment properties increased by EUR 147.8m mainly due to new acquisitions in 2017.

② High cash position after issuance of new convertible bond 2017/2022 of EUR 262.0m and partial repurchase of corporate bond 2013/2018 of EUR 116.1m.

Further liquidity from bank loans (mainly from early refinancing in June to August 2017 and partial financing of new acquisitions) of EUR 87.9m in Q4 2017.

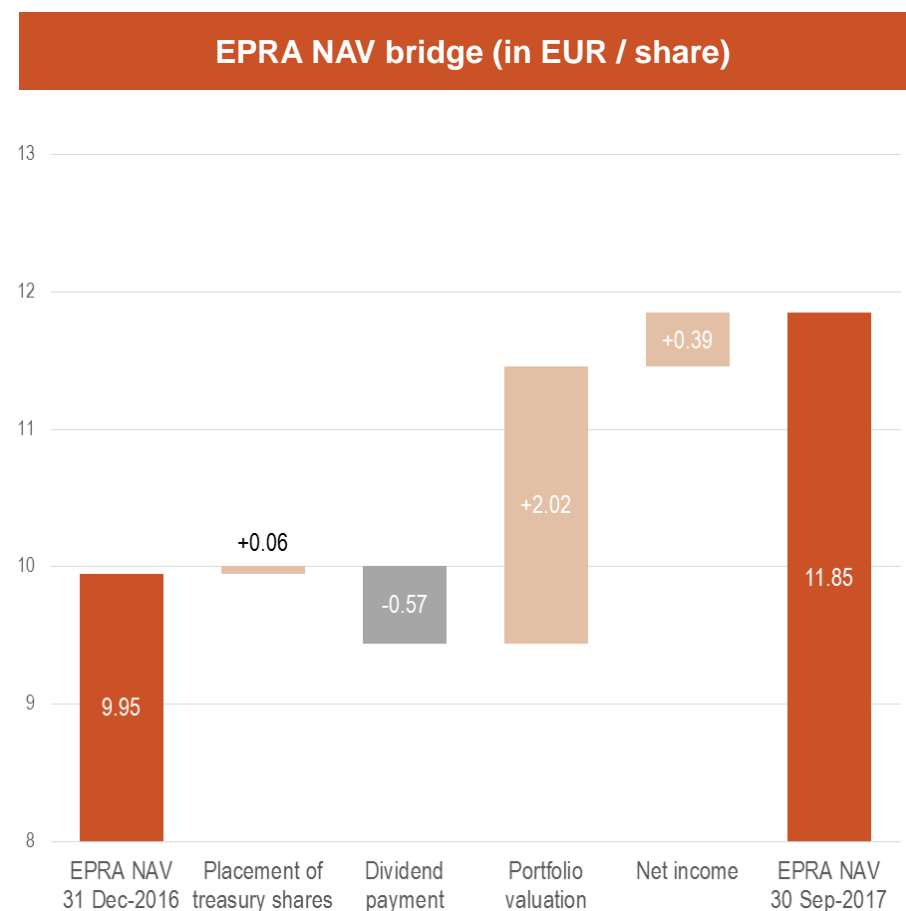
Expected net cash proceeds in Q4 2017 and Q1 2018 from disposals in Freiburg and Berlin of c. EUR 71.5m

③ Change in LTV (-10 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. -60 bps
- other changes (mainly ongoing results and amortisation of bank loans): c. -40 bps

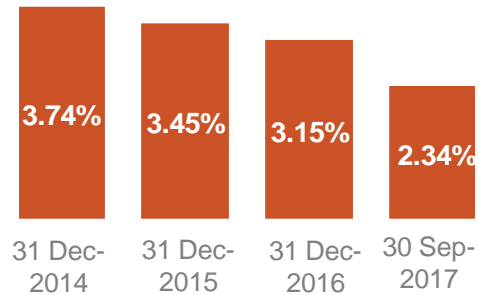
TAG EPRA NAV calculation

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



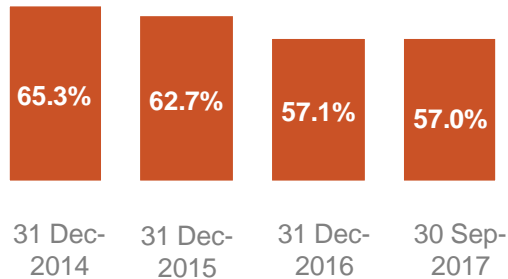
TAG cost of debt and LTV

Cost of debt Ø



- Continuous reduction of average cost of debt from FY 2015 onwards.
- Average cost of debt as of 30 Sep-2017 includes complete early refinancing of bank loans in June to August 2017 and issuance of new convertible bond/partly buy back of corporate bond in September 2017.

LTV



- LTV target of c. 55% (before effects from any further future valuation gains, 50-55% when including such uplifts) is expected to be reached by the end of FY 2017 driven by cash generation from rental business/ongoing amortisation of bank loans and by disposals.
- Current LTV target ensures efficient use of capital as well as stable and conservative financing structure given TAG's current moderate portfolio valuation level (fair value per sqm of c. EUR 800 and LTV of c. 55% leads to average financial debt per sqm of c. EUR 440).



Chemnitz



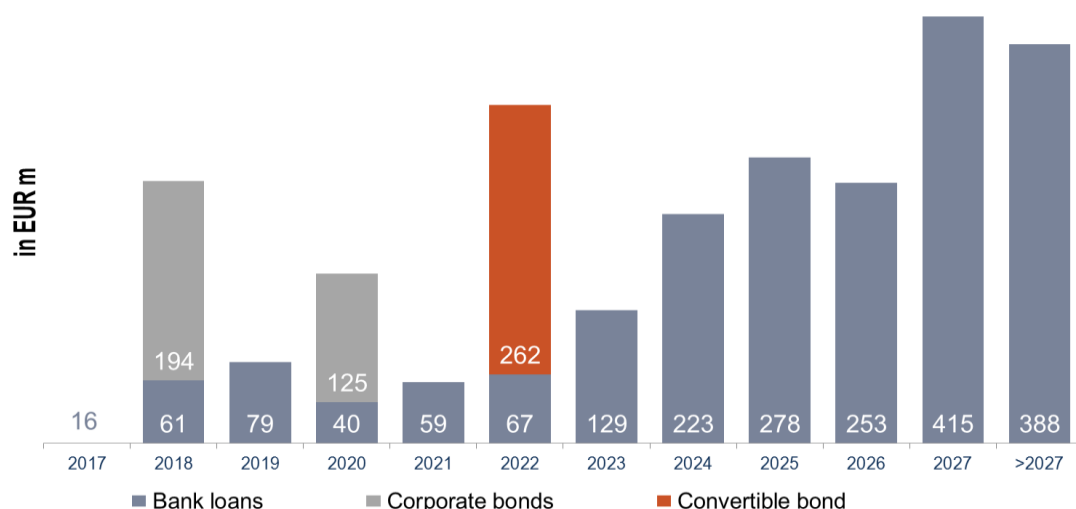
Riesa



Görlitz

TAG debt financing structure

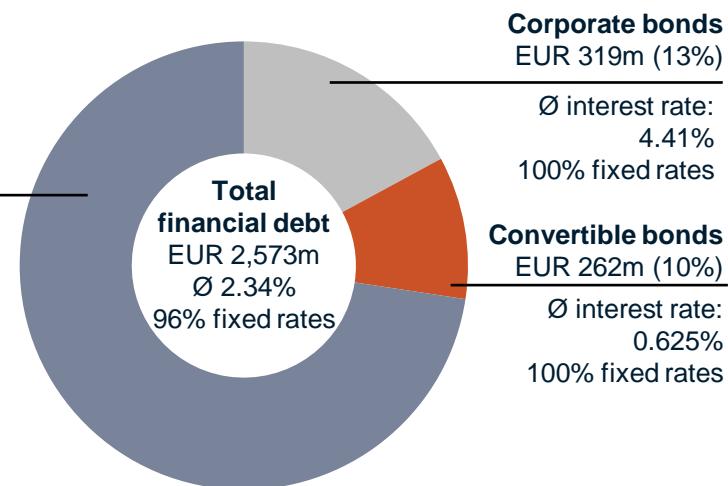
Debt maturity profile as of 30 Sep-2017



Interest rates

Bank loans
EUR 1,992m (77%)

Ø interest rate:
2.24% ⁽¹⁾
95% fixed rates



Average maturities as of 30 Sep-2017⁽¹⁾

- Bank loans: 10.1 years (31 Dec-2016: 9.7 years)
- Total financial debt: 8.4 years (31 Dec-2016: 8.3 years)

Early refinancing of bank loans in June to August 2017

- Early refinancing of bank loans of EUR 416.9m (maturities/interest terms ending in 2017 and 2018) leads to future interest cost savings of EUR 7.4m p.a. on a like-for-like basis. Average interest rate of refinancings 1.7% (from 3.5%), average maturity and interest terms of refinancings at 9.1 years (from 0.9 years).
- New bank loans of EUR 560.7m provide incremental liquidity (after breakage fees of EUR 7.5m) of EUR 136.3m to be used for new acquisitions or repayments of existing debt with higher interest rates.
- Ongoing refinancing of smaller bank loans maturing or with interest terms ending in 2018-2020 (c. EUR 105m-130m p.a., average interest rate of c. 3.4%) likely to lead to further interest cost savings.

(in EUR millions)	Q3 2017	Q2 2017	FY 2016
+ Interest income	0.5	0.6	2.8
- Interest expenses	-26.9	-24.0	-92.6
+ Net profit from investments	0.0	-0.3	0.3
= Net financial result	-26.4	-23.7	-89.5
thereof non-cash financial result from convertible/corporate bonds	0.3	0.2	1.4
thereof non-cash financial result related to derivatives	0.3	-0.1	0.3
thereof breakage fees and other non-cash financial result	9.3	6.1	12.0
= Net financial result (cash, after one-offs)	-16.5	-17.5	-75.8
ICR (EBITDA adjusted/net financial result cash, after one-offs)	3.1x	2.8x	2.3x
Net financial debt/EBITDA adjusted	11.3x	11.6x	12.5x

⁽¹⁾ already taking into account complete refinancing of bank loans in June to August 2017

TAG capital market financing

Rationale for the transactions in August 2017

- Use market window to secure attractive financing conditions early on
- Structure of convertible bond minimizes dilution, gives TAG maximum flexibility with respect to repayment and impacts positively on FFO I
- Address refinancing of EUR 310m corporate bond well ahead of maturity

Newly issued EUR 262m convertible bond

- Volume: EUR 262m
- Maturity: 5 years until 1 Sep-2022
- Coupon: 0.625% p.a.
- Initial conversion price: EUR 17.93 (c.50% effective conversion premium including dividend protection)

- Settlement as of 1 Sept-2017
- Use of proceeds: Refinancing and general corporate purposes

Outstanding EUR 194m corporate bond

- Outstanding Volume: EUR 194m
- Original Volume: EUR 310m
- Issue date: Aug-2013/ Feb-2014
- Maturity: 5 years until 7 Aug-2018
- Coupon (effective): 5.125% p.a. (EUR 200m tranche)
4.300% p.a. (EUR 110m tranche)
- Issue price: 100% (EUR 200m tranche as of Aug-2013)
103% (EUR 110m tranche as of Feb-2014)

- Invitation to bond holders to offer for purchase in Aug-2017
- Acceptance rate of the bond creditors to sell the bonds back in Sep-2017: 37.5%
- Principal amount accepted of EUR 116m
- Outstanding amount of EUR 194m

Outstanding EUR 125m corporate bond

- Volume: EUR 125m
- Issue date: Jun-2014
- Maturity: 6 years until 25 Jun-2020
- Coupon: 3.750% p.a.



Erfurt



Freiberg



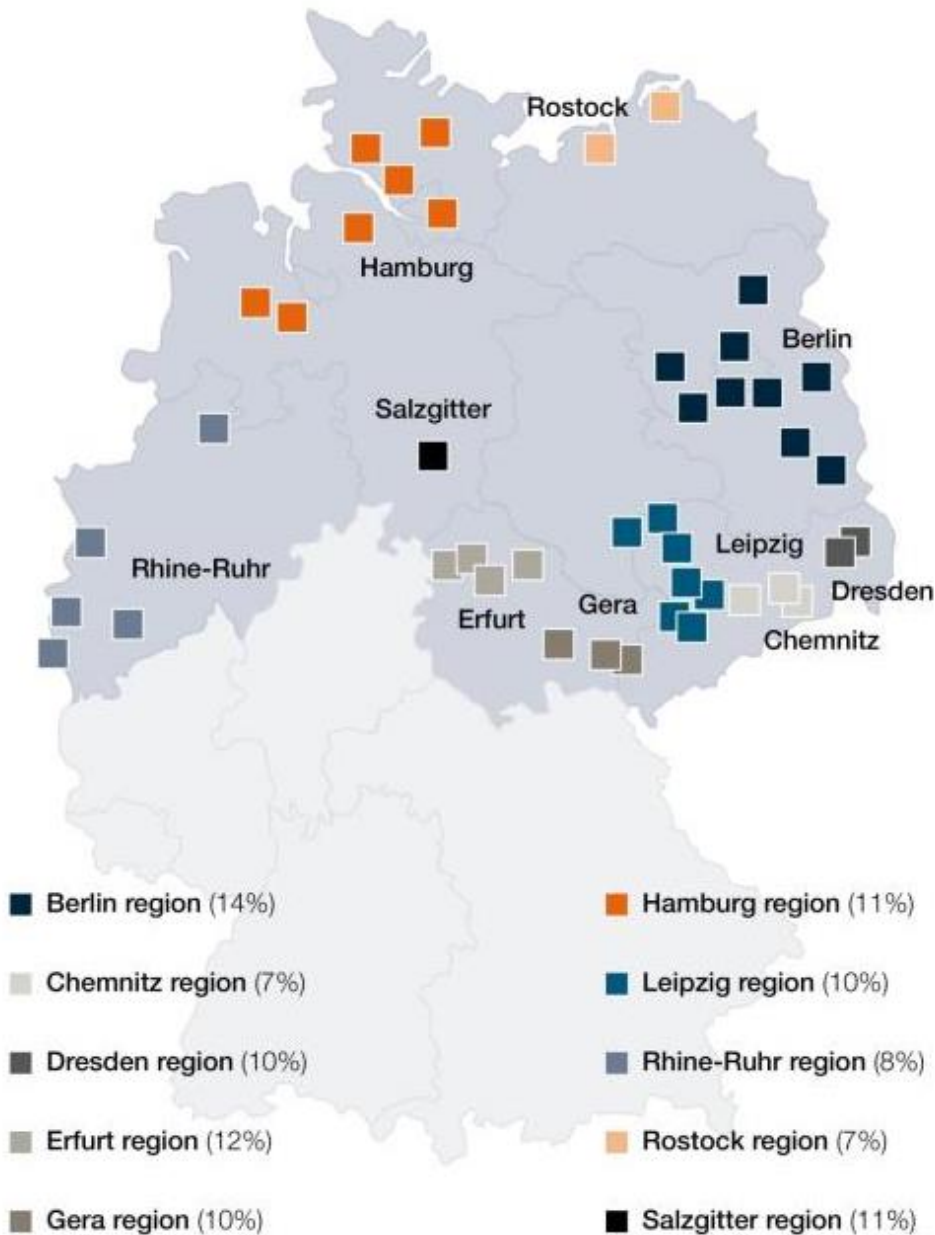
Dessau

TAG 2017

TAG portfolio Q3 2017

TAG portfolio in total – as of 30 Sep-2017

- TAG is a leader in affordable housing in Northern and Eastern Germany.
- The portfolio is structured in ten defined regions in 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.



% acc.: proportional IFRS book value real estate volume

Portfolio as of	30 Sep-2017	31 Dec-2016
Units	83,022	79,754
Rentable area in sqm	5,048,927	4,878,022
Real estate volume in EURm	4,045.1	3,856.6
Annualised current net cold rent in EURm (total portfolio)	300.6	286.4
Current net cold rent in EUR/sqm / month (total portfolio)	5.28	5.23
Current net cold rent in EUR/sqm month (residential units)	5.17	5.11
Vacancy in % (total portfolio)	6.0	6.5
Vacancy in % (residential units)	5.3	6.1
L-f-I rental growth in % (Y-o-Y)	1.9	2.0
L-f-I rental growth in % (including vacancy reduction, Y-o-Y)	3.0	3.7

TAG vacancy and rental growth development

Unparalleled competence in sourcing and asset management

- TAG is an **expert in sourcing, acquiring and managing** residential properties with a focus on **Eastern and Northern Germany**.
- TAG exhibits **strong local presence in its core regions** which allows for **excellent market knowledge** and **efficient operation** of properties.
- **Excellent sourcing capabilities due to local networks** allows for sourcing of assets with value add potential and attractive risk / return profile.
- 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 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 one third of (gross) revaluation result stemming from operational measures rather than from yield compression.

Vacancy reduction as a source of value creation

Rental growth achieved with moderate capex investments

in EUR/sqm	2015 (FY)	2016 (FY)	9M 2017
Maintenance and capex	15.15	15.41	11.02

in %

4

3

2

1

0

2015

2016

Q3 2017

2015

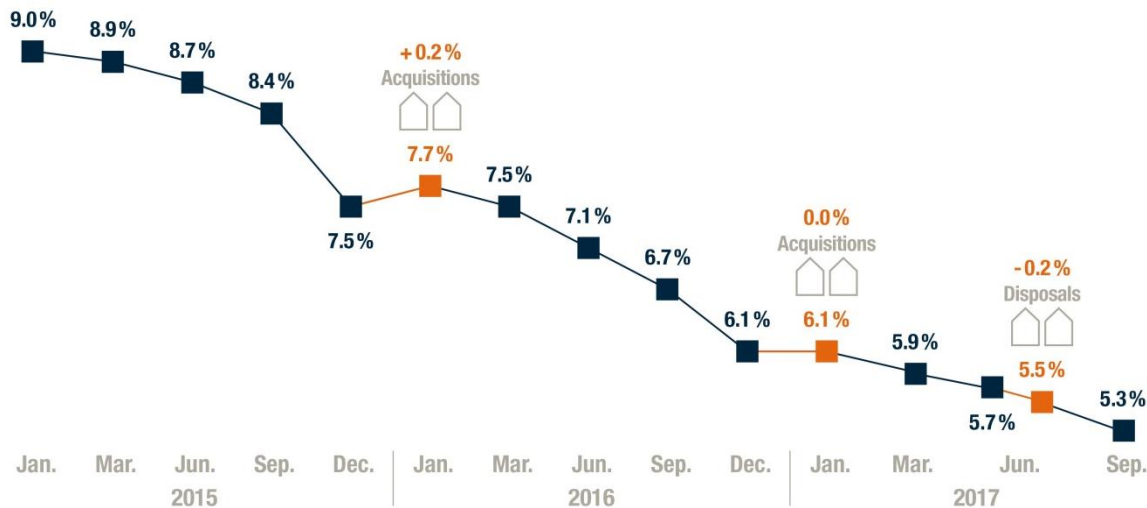
2016

Q3 2017

November 2017

Basis I-f-I

incl. vacancy reduction



1.6

2.0

1.9

3.3

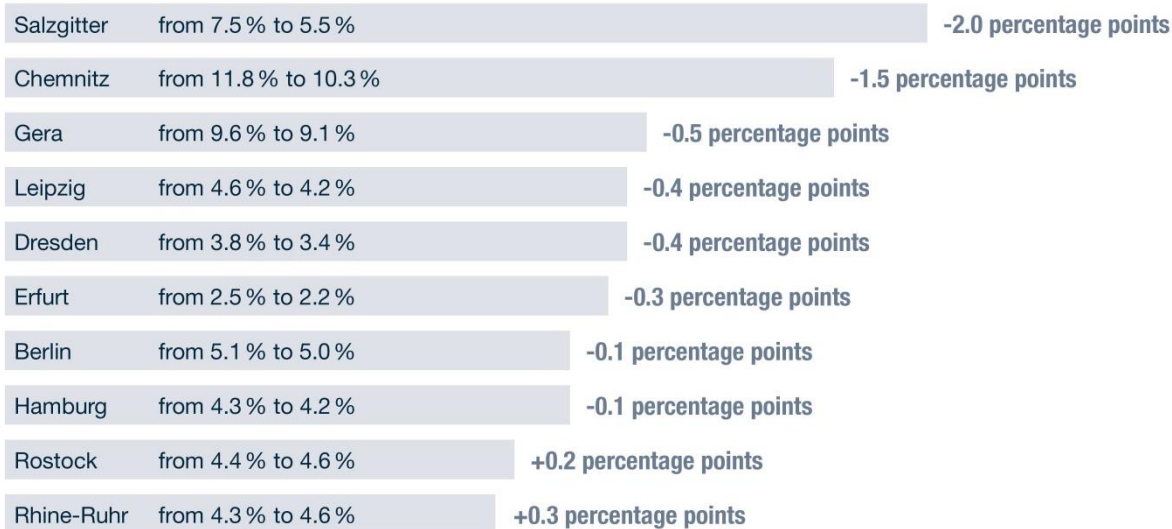
3.7

3.0

TAG vacancy reduction and rental growth

Vacancy development per region

9M 2017

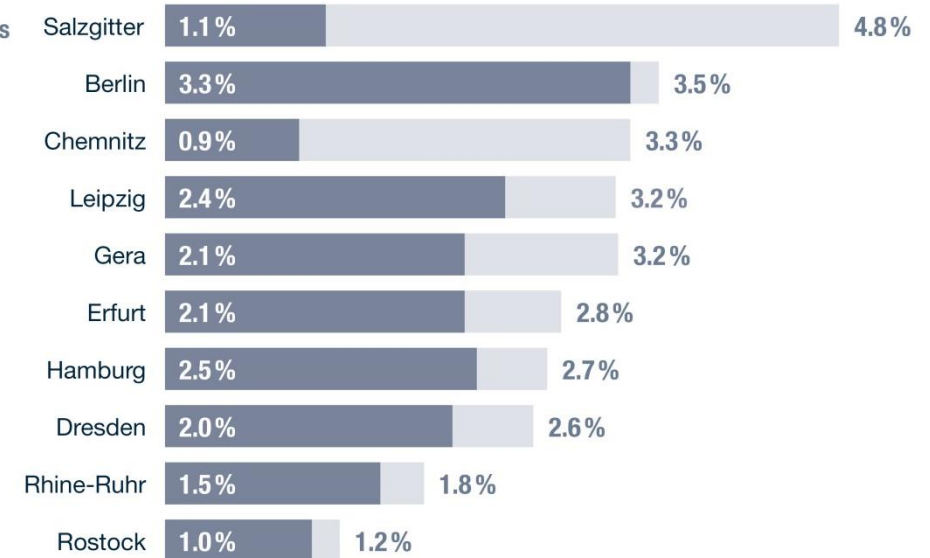


2016

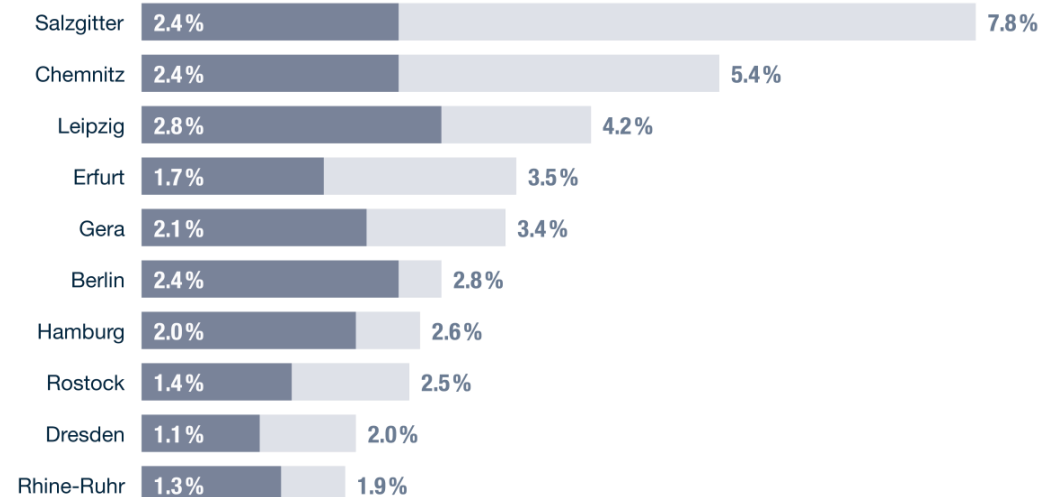


L-f-I rental growth per region (Y-o-Y)

9M 2017



2016



TAG 2017

TAG acquisitions and disposals FY 2017

TAG acquisitions FY 2017

Signing	Brandenburg Feb-2017	Saxony-Anhalt Mar-2017	Saxony-Anhalt, Lower Saxony, Thuringia Jun-2017	Total 9M 2017	Saxony Oct-2017
Units	1,441	1,252	1,445	4,138	328
Current net cold rent EUR/sqm/month	4.77	4.82	4.78	4.79	4.91
Vacancy	19.3%	7.2%	6.3%	11.1%	31.4%
Purchase price in EURm	41.9	42.9	63.0	147.8	11.25
Current net cold rent in EURm p.a.	3.42	3.47	5.34	12.23	0.77
Location	Brandenburg an der Havel	Halle an der Saale	Various (e.g. Halle an der Saale, Goslar, Meiningen)	---	Chemnitz
Closing	Jun-2017	Jun-2017	Jun-2017 (mainly)	---	Dec-2017 (expected)
Multiples	12.3x	12.4x	11.8x	12.1x	14.6x

c. 4,500 units acquired until Oct-2017 at an average acquisition multiple of 12.2x (8.2% gross yield)



Brandenburg



Halle



Chemnitz

TAG disposals FY 2017

Signing	Brandenburg Feb-2017	Freiburg Jun-2017	Ongoing disposals 9M 2017	Total 9M 2017	Berlin Oct-2017
Units	535	457	367	1,359	267
Current net cold rent EUR/sqm/month	3.61	6.21	---	---	6.65
Vacancy	33.4%	0.0%	---	---	3.5%
Selling price in EURm	5.5	59.0	13.4	77.9	36.1
Current net cold rent in EURm p.a.	0.96	2.67	0.90	4.53	1.16
Net cash proceeds EURm	0.0	c. 41.2	11.5	c. 52.7	c. 30.3
Book profit in EURm	0.1	13.5 (before revaluation to selling price at 30 Jun-2017)	3.2	16.8	1.8 (before revaluation to selling price at 31 Dec-2017)
Location	Brandenburg an der Havel	Freiburg	Various (e.g. Berlin, Hamburg, Gera)	---	Berlin
Closing	Jun-2017	Nov-2017 (expected)	2017	---	Mar-2018 (expected)
Multiples	5.7x	22.1x	14.9x	17.2x	31.1x
Comments	Disposal of assets with lower quality	Disposal in high- priced and non- strategic market	Also includes sales of non-core assets	---	Disposal in high- priced market



Brandenburg



Freiburg



Berlin

c. 1,600 units sold until Oct-2017 at an average multiple of 20.0x (5.0% gross yield)

TAG 2017

TAG services business

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

	9M 2017	2017E	2018E
Revenues (EURm)	6.8	8.9	9.5
No. of employees	296	307	309
FFO impact (EURm)	0.2	0.4	0.5

TAG Immobilien Service GmbH

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

	9M 2017	2017E	2018E
Revenues (EURm)	1.9	2.2	4.5
No. of employees	51	54	68
FFO impact (EURm)	-0.2	-0.3	0.2

TAG Handwerker-service GmbH

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	9M 2017	2017E	2018E
Revenues (EURm)	9.5	13.7	17.6
No. of employees	7	7	8
FFO impact (EURm)	0.7	0.7	0.9

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

	9M 2017	2017E	2018E
Revenues (EURm)	5.8	6.3	7.8
No. of employees	2	2	2
FFO impact (EURm)	2.3	2.3	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 management

**BAU-VEREIN
ZU HAMBURG**
Hausverwaltungsgesellschaft mbH

Ein Unternehmen der
TAG Immobilien Gruppe



in EUR/m	9M 2017	2017E	2018E
Revenues (EURm)	1.3	1.7	1.9
No. of employees	28	28	30
FFO impact (EURm)	0.2	0.2	0.3



c. 8,000 units covered in 2017

TAG 2017

TAG guidance FY 2018

TAG guidance FY 2018

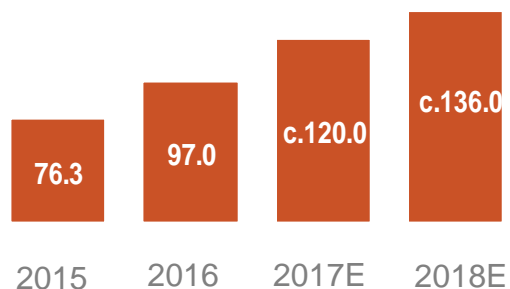
**FY 2017
(unchanged)**

- **FFO** **EUR 119m-121m** (FY 2016 EUR 97m)
- **FFO/s** **EUR 0.82** (FY 2016: EUR 0.72)
- **Dividend/s** **EUR 0.62** (FY 2016: EUR 0.57)

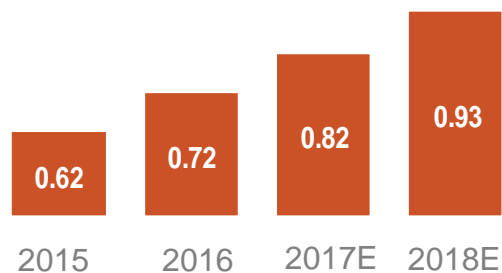
**FY 2018
(new)**

- **FFO** **EUR 135m-137m** (c. EUR 16.0m or 13% increase y-o-y, mainly driven by higher rents of c. EUR 10.5m, reduced interest costs of c. EUR 11.5m, higher maintenance costs of c. EUR 3.0m and increased cash taxes of c. EUR 2.5m)
- **FFO/s** **EUR 0.93** (13% increase y-o-y, based on 146.4m outstanding shares)
- **Dividend/s** **EUR 0.70** (11% increase y-o-y, equals 75% of FFO)

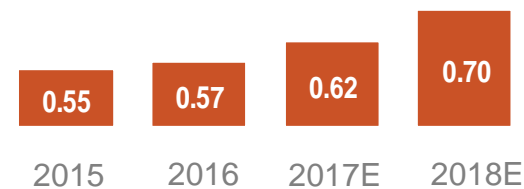
FFO in EURm



FFO per share in EUR



Dividend per share in EUR



TAAG 2017

APPENDIX

TAG portfolio details by region – Sep-2017

Region	Units #	Rentable area sqm	IFRS BV EURm	In-place yield	Vacancy Sep-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 (9 months)	Capex EUR/sqm (9 months)
Berlin	9,264	533,554	518.8	6.4%	5.0%	5.1%	5.47	6.09	3.3%	3.5%	4.50	4.83
Chemnitz	7,336	423,674	268.3	8.2%	10.3%	11.8%	4.80	4.85	0.9%	3.3%	7.91	12.99
Dresden	6,190	402,014	394.2	6.5%	3.4%	3.8%	5.50	5.64	2.0%	2.6%	3.07	4.09
Erfurt	9,359	527,642	457.7	6.9%	2.2%	2.5%	5.08	5.56	2.1%	2.8%	3.35	5.34
Gera	9,668	562,603	385.2	7.7%	9.1%	9.6%	4.85	5.17	2.1%	3.2%	3.70	6.50
Hamburg	7,119	435,896	394.9	6.9%	4.2%	4.3%	5.41	5.69	2.5%	2.7%	5.25	2.83
Leipzig	8,849	524,268	385.1	7.9%	4.2%	4.6%	5.06	5.28	2.4%	3.2%	3.37	4.04
Rhine-Ruhr	4,959	323,149	316.7	6.3%	3.6%	3.4%	5.37	5.62	1.5%	1.8%	6.98	4.11
Rostock	5,467	324,950	269.1	7.3%	4.6%	4.4%	5.32	5.51	1.0%	1.2%	4.45	4.87
Salzgitter	9,176	563,079	412.7	7.8%	5.5%	7.5%	5.05	5.30	1.1%	4.8%	5.98	11.54
Total residential units	77,387	4,620,856	3,802.7	7.1%	5.3%	5.8%	5.17	5.45	1.9%	3.0%	4.75	6.27
Acquisitions	4,215	233,425	149.7	7.8%	12.5%	---	4.77	---	---	---	0.00	0.00
Commercial units within resi. portfolio	1,232	155,368	---	---	17.2%	17.5%	7.77	---	---	---	--	--
Total residential portfolio	82,834	5,009,649	3,952.4	7.5%	6.0%	6.4%	5.23	---	---	---	4.38	5.78
Other	188	39,278	92.7	5.6%	10.0%	11.5%	12.29	---	---	---	7.02	14.99
Grand total	83,022	5,048,927	4,045.1	7.4%	6.0%	6.5%	5.28	---	---	---	4.40	5.85

TAG semiannual valuation by CBRE

Main results of semiannual valuation carried out at 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.
- Valuation gain of EUR 296.2m (last valuation as of 30 Sep-2016: EUR 163.8m) before change in treatment of transaction costs (c. 7% valuation uplift within 9 month period since last valuation) with
 - EUR 209.8m gain from yield compression (30 Sep-2016: EUR 70.5m) of c. 50 bps (30 Sep-2016: c. 20 bps)
 - EUR 86.4m gain from stronger rental growth and vacancy reduction (30 Sep-2016: EUR 93.3m)
- Net valuation gain of EUR 39.5m (EUR -256.7m effect from change in treatment of transaction costs).
- Until further notice and depending on the market and price dynamics in the regions operated by TAG, portfolio will be revaluated semi-annually, next valuation as at 31 Dec-2017.

Key metrics

	Jun-2017	Sep-2016 (as reported)	Sep-2016 (adjusted for transaction costs)
Value EUR / sqm	c. 800	c. 785	c. 740
Gross yield	7.4%	7.4%	7.9%
Implied multiple	13.5x	13.5x	12.7x

Valuation remains at conservative levels with c. EUR 800 / sqm and 7.4% gross yield



Gera



Stralsund



Chemnitz

TAG portfolio valuation details – 9M 2017

Region (in EUR millions)	Sep-2017 Fair value (IFRS)	Sep-2017 Fair value (EUR/sqm)	Sep-2017 Implied multiple	9M 2017 Revaluation gain / loss	Share of yield compression	Share of operational performance/ other market developments	Change in treatment of transaction costs	9M 2017 Net revaluation gain/loss	Dec-2016 Fair value (IFRS)	Dec-2016 Fair value (EUR/sqm)	Dec-2016 Implied multiple
Berlin	518.8	916.7	14.6x	51.4	36.0	15.4	-42.1	9.3	522.0	864.5	14.6x
Chemnitz	268.3	609.9	11.9x	13.6	10.8	2.8	-17.5	-3.9	226.5	585.6	12.0x
Dresden	394.2	949.6	14.8x	44.2	38.9	5.3	-26.5	17.7	374.8	902.9	14.4x
Erfurt	457.7	830.9	13.7x	44.0	30.9	13.1	-41.5	2.5	407.7	830.4	13.8x
Gera	385.2	652.1	12.4x	33.3	21.4	11.9	-36.0	-2.7	382.8	651.5	12.7x
Hamburg	394.9	888.5	14.0x	17.9	13.5	4.4	-7.7	10.1	387.5	860.4	13.8x
Leipzig	385.1	717.7	12.1x	23.3	10.8	12.5	-28.1	-4.8	372.9	725.0	12.4x
Rhine-Ruhr	316.7	943.0	14.8x	28.0	19.2	8.8	-2.7	25.4	288.0	860.6	13.7x
Rostock	269.1	816.4	13.3x	16.3	12.0	4.3	-21.7	-5.3	272.8	827.4	13.6x
Salzgitter	412.7	730.9	12.5x	30.3	16.7	13.6	-31.7	-1.4	407.6	722.0	12.7x
Total residential units	3,802.7	796.6	13.4x	302.3	210.3	92.0	-255.5	46.8	3,642.6	778.7	13.4x
Acquisitions	149.7	634.3	12.6x	-5.8	0.0	-5.8	0.0	-5.8	111.8	722.4	13.0x
Total residential portfolio	3,952.4	789.0	13.4x	296.5	210.3	86.2	-255.5	41.0	3,754.4	776.9	13.4x
Other	92.7	2,359.5	17.8x	-0.5	-0.5	0.0	-1.2	-1.7	102.2	2,251.9	17.3x
Grand total*	4,045.1	801.2	13.5x	296.0	209.8	86.2	-256.7	39.3	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)	Q3 2017	Q2 2017	9M 2017	9M 2016	FY 2016
Net income	19.6	51.9	93.6	174.1	200.7
Valuation result	0.2	-39.8	-39.3	- 163.6	-163.1
Deferred income taxes on valuation result	0.0	9.1	12.8	44.2	43.6
Net revenues from sales	-0.3	-0.5	-0.9	-1.8	-1.8
Cash taxes on net revenues from sales	0.0	0.0	0.0	0.7	0.7
Fair value valuation of derivative financial instruments	0.6	0.1	0.2	0.5	0.3
Breakage fees bank loans and payments for repurchase/early conversion of bonds	7.8	5.4	13.3	10.4	10.5
Cash dividend payments to minorities	-0.2	-0.2	-0.6	0.0	-0.7
EPRA Earnings	27.7	26.0	79.1	64.5	90.2
Deferred income taxes (other than on valuation result)	3.9	3.1	8.7	1.1	0.7
Other non cash financial result	1.4	0.9	2.7	2.0	2.9
One off's personnel costs and project costs	0.0	0.0	0.0	0.9	0.9
Depreciation	0.9	0.9	2.7	2.1	3.0
Cash taxes on net revenues from sales	0.0	0.0	0.0	-0.7	-0.7
Adjusted EPRA Earnings (FFO I)	33.9	30.9	93.2	69.5	97.0
Weighted average number of shares (outstanding)	146,439	146,439	144,968	133,423	135,666
EPRA Earnings per share (in EUR)	0.19	0.17	0.55	0.48	0.66
Adjusted EPRA Earnings (FFO I) per share (in EUR)	0.23	0.21	0.64	0.52	0.72

TAG LTV calculation

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

TAG capex and maintenance

in EUR millions	2016					2017			
	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	Q3	Total 9M
Total portfolio									
Maintenance	6.6	6.6	5.8	6.0	25.0	7.3	6.9	7.5	21.7
Capex	9.6	11.7	13.6	11.6	46.5	7.9	9.9	11.8	29.6
Total	16.2	18.3	19.4	17.6	71.5	15.2	16.8	19.3	51.3

in EUR/sqm	2016					2017			
	Q1	Q2	Q3	Q4	Total FY	Q1	Q2	Q3	Total 9M
Residential units									
Maintenance	1.43	1.44	1.26	1.28	5.41	1.55	1.62	1.58	4.75
Capex	2.11	2.57	2.97	2.35	10.00	1.66	2.18	2.43	6.27
Total	3.54	4.01	4.23	3.63	15.41	3.21	3.80	4,01	11.02

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

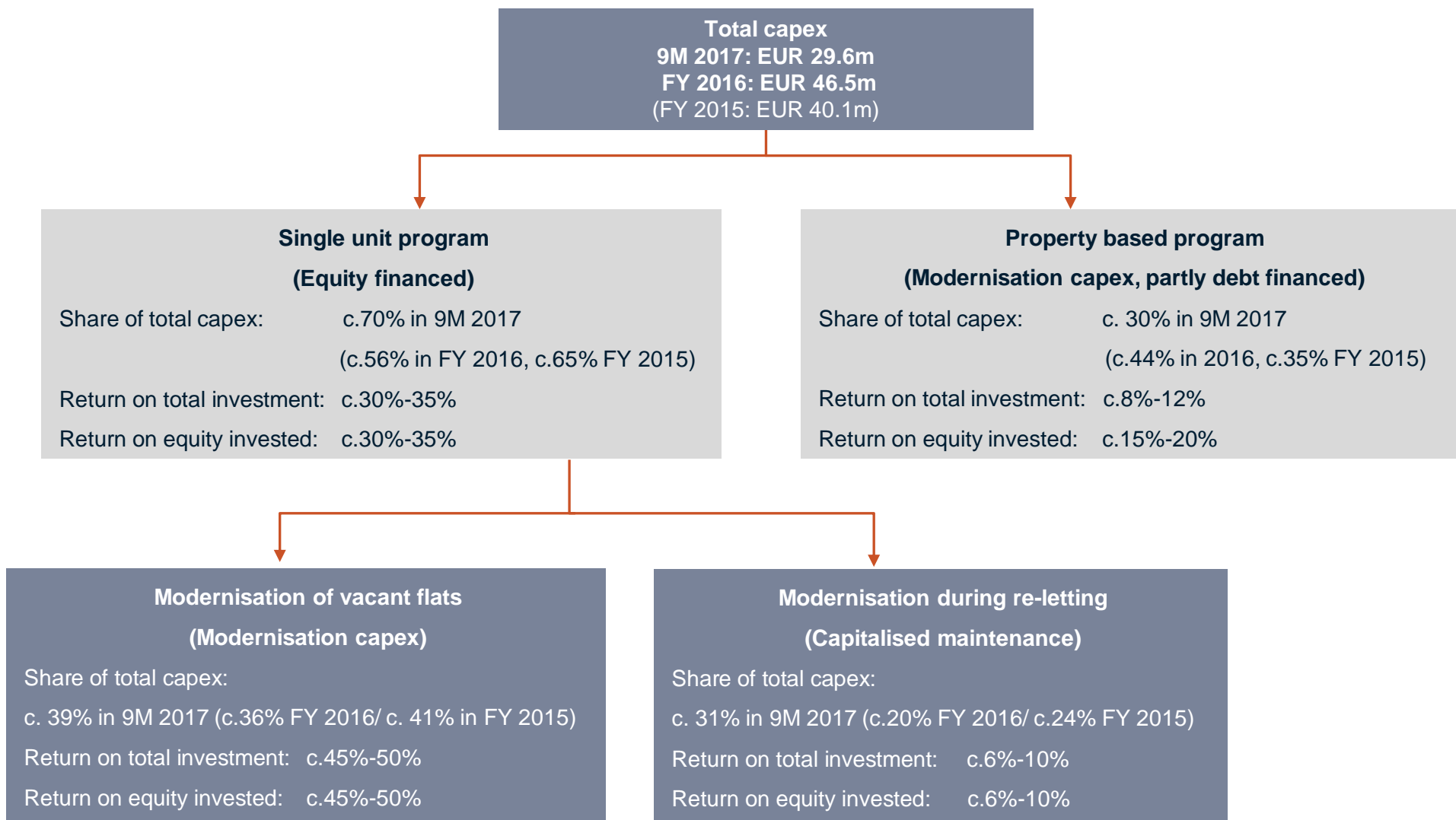
$$\frac{1 \text{ Incremental revenues}}{\text{Total investment}} = \text{Return on investment}$$

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

	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			

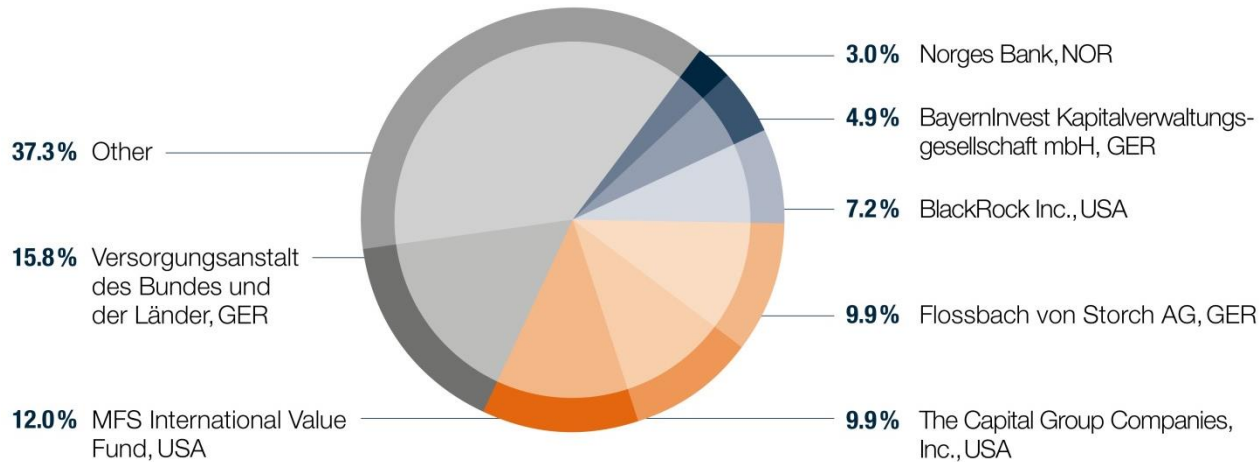
* Subject to scope of measures TAG Immobilien AG | November 2017

TAG return on capex



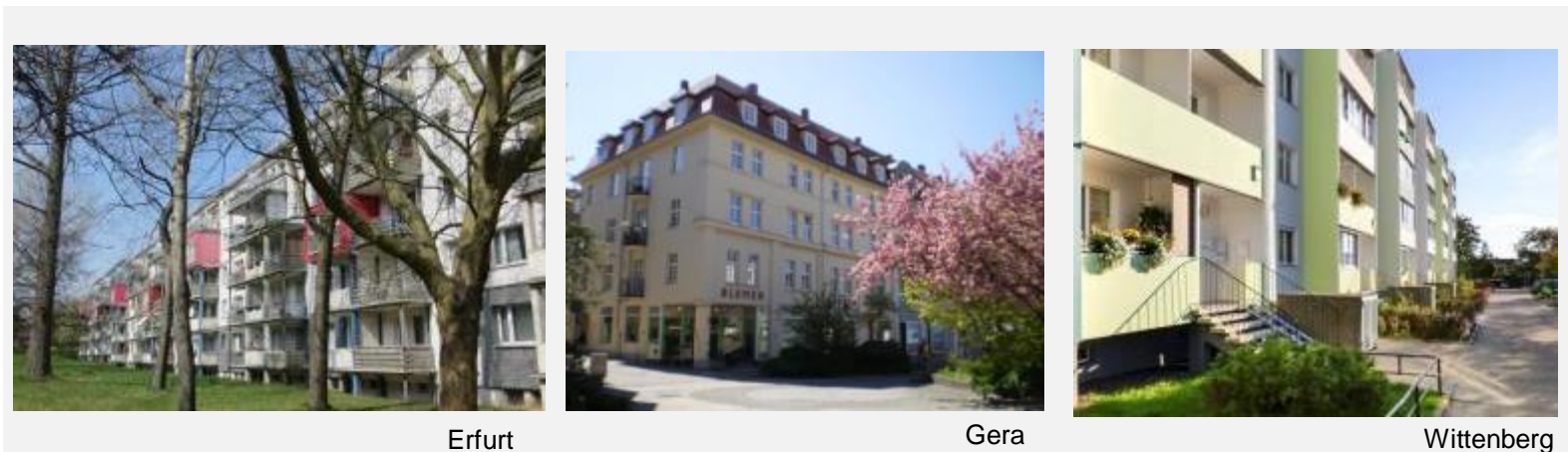
TAG shareholder structure

Shareholder structure as of 31 Oct-2017



- Number of shares (issued) 146.5m
- Market capitalisation (30 Sep-2017) EUR 2.1bn
- Stock indices MDAX/EPRA
- Free Float * 100%

* Deutsche Börse definition including institutional investors



TAG management board



Claudia Hoyer
COO

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center
-
- Age 45
 - 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 45
 - 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 61
 - 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 Contacts

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