



2015

Company presentation  
Q2 2015 Figures

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# TAG 2015

TAG highlights Q2 2015

# TAG highlights Q2 2015

## ■ Overview of financial metrics

- **Rental income:** **EUR 64.8m** (EUR 64.1m in Q1 2015)
- **Net rental income:** **EUR 51.5m** (EUR 52.7m in Q1 2015)
- **FFO I:** **EUR 18.6m** (EUR 18.1m in Q1 2015)
- **FFO I/s:** **EUR 0.15** (EUR 0.15 in Q1 2015)
- **NAV/s :** **EUR 9.78** (EUR 10.10 end of 2014 )
- **LTV:** **63.2%** (65.7% incl. convertible bonds)
- **Vacancy** (residential units): **8.7%** (9.0% end of 2014 on like-for-like basis)
- **Net in-place rents** (residential units): **5.00 EUR/sqm** (4.97 EUR/sqm end of 2014 on like-for-like basis)

## ■ Improvement of TAG's financing structure

- Clean up call of 6.5% convertible bond 2010/2015 in July 2015 (book value of EUR 32.2m end of 2014; future interest cost saving of approx. EUR 2.1m p.a.; LTV reduction by 50bps)
- Early repayment of bank loans amounting to EUR 46.5m in July 2015 (interest rates between 4.0% and 5.4%; future interest cost saving of approx. EUR 2.1m p.a.)
- Total cost of debt after clean up call and repayment of bank loans in July 2015 down to 3.49% (3.74% end of 2014)

## ■ Sales residential (Berlin, signed April 2015, closing June 2015)

- Units: 972
- Sales price: EUR 59.8m
- Net cash proceeds: EUR 34.6m
- Book profit: EUR 10.7m
- Multiple: 17.0x
- Price/sqm: EUR 1,050

## ■ Acquisitions residential (Saxony/ Saxony-Anhalt, Brandenburg, Rügen, signed May, June and July 2015, closing Q3 2015)

- Units: 1,174
- Purchase price: EUR 35.6m
- Multiple: 7.9x – 11.9x
- Price/sqm: EUR 490

# TAG 2015

TAG financials Q2 2015

# TAG income statement (IFRS)

(in EUR millions)	Q2 2015	Q1 2015	H1 2015	H1 2014	FY 2014
<b>Rental income</b>	① 64.8	① 64.1	128.9	130.5	257.4
Expenses from property management	-13.3	-11.4	-24.7	-23.2	-47.9
<b>Net rental income</b>	② 51.5	② 52.7	104.2	107.3	209.5
<i>Margin</i>	79.5%	82.2%	80.8%	82.2%	81.4%
Net revenue from sales	③ 11.5	③ -0.2	11.3	-0.9	40.3
Net income from property management	0.2	0.2	0.4	1.2	1.5
Other operating income	1.3	0.6	1.9	5.3	12.0
Net fair value gains and losses	-0.6	21.5	20.8	6.9	46.8
<b>Gross profit</b>	<b>63.9</b>	<b>74.8</b>	<b>138.7</b>	<b>119.8</b>	<b>310.1</b>
Personnel expenses	④ -9.2	④ -8.1	-17.3	-16.5	-33.7
Depreciation	-0.8	-0.9	-1.7	-1.2	-3.4
Impairment losses on receivables and inventories	-0.8	-1.8	-2.6	-9.3	-49.0
Other operating expenses	⑤ -5.3	⑤ -5.0	-10.3	-11.2	-22.9
<b>EBIT</b>	<b>47.9</b>	<b>59.0</b>	<b>106.9</b>	<b>81.6</b>	<b>201.1</b>
Net financial result	⑥ -23.8	⑥ -24.7	-48.5	-58.1	-118.0
<b>EBT</b>	<b>24.1</b>	<b>34.3</b>	<b>58.4</b>	<b>23.5</b>	<b>83.1</b>
Income tax	-3.8	-6.3	-10.1	-9.3	-54.1
<b>Net income</b>	<b>20.3</b>	<b>28.0</b>	<b>48.3</b>	<b>14.2</b>	<b>29.0</b>

① Rental income in Q2 increased due to portfolio acquisitions (2,850 units) effective as of Feb. 2015

② Net rental income reduced in Q2 2015 mainly as a result of higher maintenance costs

③ Net revenue from sale in Q2 2015 primarily relates to portfolio sales in Berlin

④ Personnel expenses in Q2 2015 higher due to bonus payments made in April 2015 and increasing number of people working for TAG's own caretaker and craftsmen service

⑤ Q2 2015 includes EUR 2.0m one-off's (mainly relating to ERP software (SAP) project) after EUR 1.5m in Q1 2015

⑥ Includes EUR 1.5m breakage fees in Q2 2015 linked to portfolio sales after EUR 1.3m in Q1 2015; net financial result (cash, after one offs) improved by EUR 0.7 compared to Q1 2015

# TAG FFO calculation

(in EUR millions)	Q2 2015	Q1 2015	H1 2015	H1 2014	FY 2014
<b>Net income</b>	<b>20.3</b>	<b>28.0</b>	<b>48.3</b>	<b>14.2</b>	<b>29.0</b>
+ Taxes	3.8	6.3	10.1	9.3	54.1
+ Net financial result	23.8	24.7	48.5	58.1	118.0
<b>EBIT</b>	<b>47.9</b>	<b>59.0</b>	<b>106.9</b>	<b>81.6</b>	<b>201.1</b>
- Net financial result (cash, after one off's)	-21.5	-22.2	-43.7	-46.5	-92.9
- Cash taxes	-0.1	0.0	-0.1	1.1	0.7
+ Adjustments					
Valuation result	0.6	-21.5	-20.8	-6.9	-46.8
Revaluation of real estate inventory	0.0	0.0	0.0	0.0	-2.1
Deconsolidation commercial portfolio	0.0	0.0	0.0	-1.0	-1.0
Depreciation	0.8	0.9	1.7	1.2	3.4
Impairment losses on receivables (excl. rent receivables) and inventories	0.0	0.0	0.0	5.7	42.7
One off's personnel-costs, ancillary expenses and project costs	2.3	1.7	4.0	3.1	9.7
Net revenue from sales	-11.5	0.2	-11.3	0.9	-40.3
<b>= FFO I</b>	<b>18.6</b>	<b>18.1</b>	<b>36.7</b>	<b>39.2</b>	<b>74.5</b>
- CAPEX	-9.9	-6.8	-16.7	-14.7	-31.6
<b>= AFFO</b>	<b>8.7</b>	<b>11.3</b>	<b>20.0</b>	<b>24.5</b>	<b>42.9</b>
FFO I + net revenue from sales	11.5	-0.2	11.3	-0.9	40.3
<b>= FFO II</b>	<b>30.1</b>	<b>17.9</b>	<b>48.0</b>	<b>38.3</b>	<b>114.8</b>
<i>Number of shares (outstanding) (in '000)</i>	<i>122,802</i>	<i>122,141</i>	<i>122,802</i>	<i>131,312</i>	<i>118,586</i>
<b>FFO I per share (EUR)</b>	<b>0.15</b>	<b>0.15</b>	<b>0.30</b>	<b>0.30</b>	<b>0.63</b>
<b>AFFO per share (EUR)</b>	<b>0.07</b>	<b>0.09</b>	<b>0.16</b>	<b>0.19</b>	<b>0.36</b>
<i>Number of shares, fully diluted (in '000)</i>	<i>135,098</i>	<i>134,523</i>	<i>135,098</i>	<i>145,650</i>	<i>132,523</i>
<b>FFO I per share (EUR), fully diluted</b>	<b>0.15</b>	<b>0.14</b>	<b>0.29</b>	<b>0.29</b>	<b>0.61</b>
<b>AFFO per share (EUR), fully diluted</b>	<b>0.07</b>	<b>0.09</b>	<b>0.16</b>	<b>0.19</b>	<b>0.37</b>

FFO development Q2 2015 compared to Q1 2015:

- FFO I increased by EUR 0.5m in comparison to previous quarter
- Closing of two acquisitions (2,850 units) in Feb. 2015 became fully effective in Q2
- AFFO decrease to EUR 8.7m (EUR 11.3m in Q1 2015) due to Capex projects started in Q2 2015 (e.g. in Erfurt)
- Number of shares increased in 2015 from 118.6m to 122.8m due to conversions (2.2m) as well as newly acquired Colonia shares (2.0m)

FFO



# TAG balance sheet (IFRS)

(in EUR millions)	30-Jun-2015	31-Dec-2014 (historical)
<b>Non-current assets</b>	<b>3,517.2</b>	<b>3,421.6</b>
Investment property	① 3,429.8	① 3,331.6
Deferred tax assets	58.2	59.0
Other non-current assets	29.2	31.0
<b>Current assets</b>	<b>149.2</b>	<b>303.1</b>
Real estate inventory	15.5	19.3
Cash and cash equivalents	② 79.5	② 196.6
Other current assets	③ 54.2	③ 87.2
<b>Non-current assets held-for-sale</b>	<b>7.7</b>	<b>9.5</b>
<b>TOTAL ASSETS</b>	<b>3,674.1</b>	<b>3,734.2</b>
<b>Equity (including minority interest)</b>	<b>1,011.1</b>	<b>1,005.1</b>
Minority interest	37.2	25.5
<b>Non-current liabilities</b>	<b>2,516.4</b>	<b>2,529.0</b>
Financial debt	2,282.1	2,302.7
Deferred tax liabilities	220.5	211.1
Other non-current liabilities	13.8	15.2
<b>Current liabilities</b>	<b>146.5</b>	<b>200.2</b>
Financial debt	93.1	150.3
Other current liabilities	53.4	49.9
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,674.1</b>	<b>3,734.2</b>
LTV (excl. convertible bonds)	63.2 %	62.2 %
LTV	④ 65.7 %	④ 65.3 %

① Change 30 June 2015 vs. 31 Dec 2014 refers to acquisitions (EUR 139.2m), Capex (EUR 16.7m) and sales (EUR -57.7m)

② EUR 115.9m purchase price payments made in Q1 2015 for acquisitions signed in Q4 2014; EUR 60.3m dividend payment in Q2 2015

③ Includes EUR 19.9m receivables from property sales held in trust accounts as of 30 June 2015 (EUR 54.5m as of 31 Dec 2014, included as cash in LTV calculation)

④ Reduction of 50bps after the balance sheet date due to conversions/ clean-up call of 6.5% convertible 2010/2015 in July 2015



# TAG NAV calculation

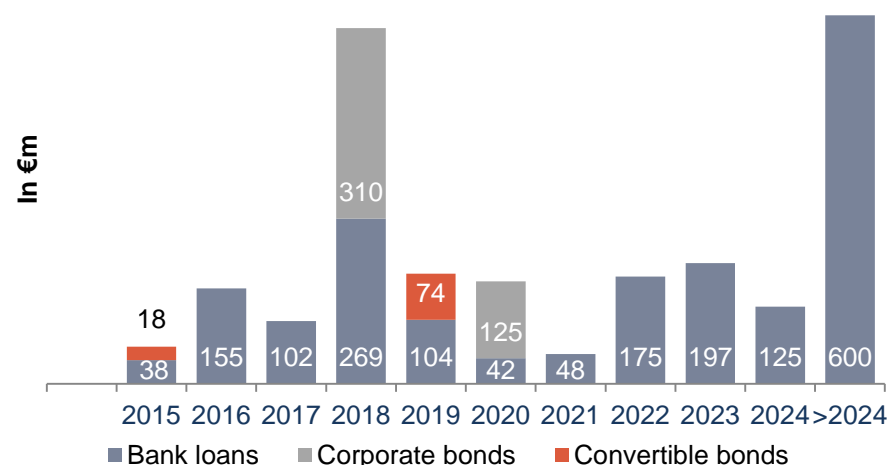
(in EUR millions)	30-Jun-2015	31-Dec-2014 (historical)
<b>Equity (without minorities)</b>	<b>973.9</b>	<b>979.5</b>
+ Deferred taxes on investment properties and financial derivatives	221.8	211.3
+ Fair value of financial derivatives	5.2	7.4
<b>= EPRA NAV</b>	<b>1.200.9</b>	<b>1,198.2</b>
- Standardized transaction costs	-189.7	-185.1
<b>= EPRA NAV (incl. standardized transaction costs)</b>	<b>1,011.2</b>	<b>1,013.1</b>
<i>Number of shares (outstanding) (in '000)</i>	122,802	118,586
<b>EPRA NAV per share (EUR)</b>	<b>9.78</b>	<b>10.10</b>
<b>EPRA NAV per share (EUR) (incl. standardized transaction costs)</b>	<b>8.23</b>	<b>8.54</b>
<i>Number of shares, fully diluted (in '000)</i>	135,098	132,523
<b>EPRA NAV per share (EUR) fully diluted</b>	<b>9.57</b>	<b>9.85</b>

NAV per share development 30 June 2015 compared to 31 Dec. 2014:

- Approx. EUR 0.39 increase due to net income of EUR 48.3m in H1 2015
- EUR 0.50 reduction after dividend payment in Q2 2015
- Approx. EUR 0.21 reduction because of conversions of convertible bonds, changes in minorities in Colonia Real Estate AG and changes in deferred taxed in H1 2015
- Net change in EPRA NAV ex dividend payment of EUR +0.18 per share

# TAG debt financing structure

Debt maturity profile as of 30-Jun-2015 in EUR millions



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

- TAG is currently financing new mortgage bank loans at all-in interest cost at approx. 2% p.a. for a 10 year term
- Within the next 3 years, a total of EUR 664m of bank loans will mature or can be refinanced at no breakage fees, average duration of bank loans at 10.7 years
- Clean up call of 6.5% convertible bond 2010/2015 in July 2015 (outstanding principle amount less than 20% of total principle amount)
- Early repayment of bank loans amounting to EUR 46.5m in July 2015 leading to interest cost reduction of approx. EUR 2.1m p.a. (interest rates between 4.0% and 5.4%, approx. EUR 1.7m breakage fees)
- Total cost of debt after clean up call and repayment of bank loans in July 2015 down to 3.49%

## Interest rates and maturities

(in EUR millions)	Current amount	Average interest rate	Maturity/Refinancing possibilities in the next 3 years	Average interest rate (refinancing in the next 3 years)
<b>Bonds</b>	435	4.52%	-	-
<b>Convertibles</b>	92	5.69%	18	6.50%
<b>Bank loans</b>	1,846	3.30%	664	3.66%
<b>Total</b>	2,373	3.62%	682	3.73%

(in EUR millions)

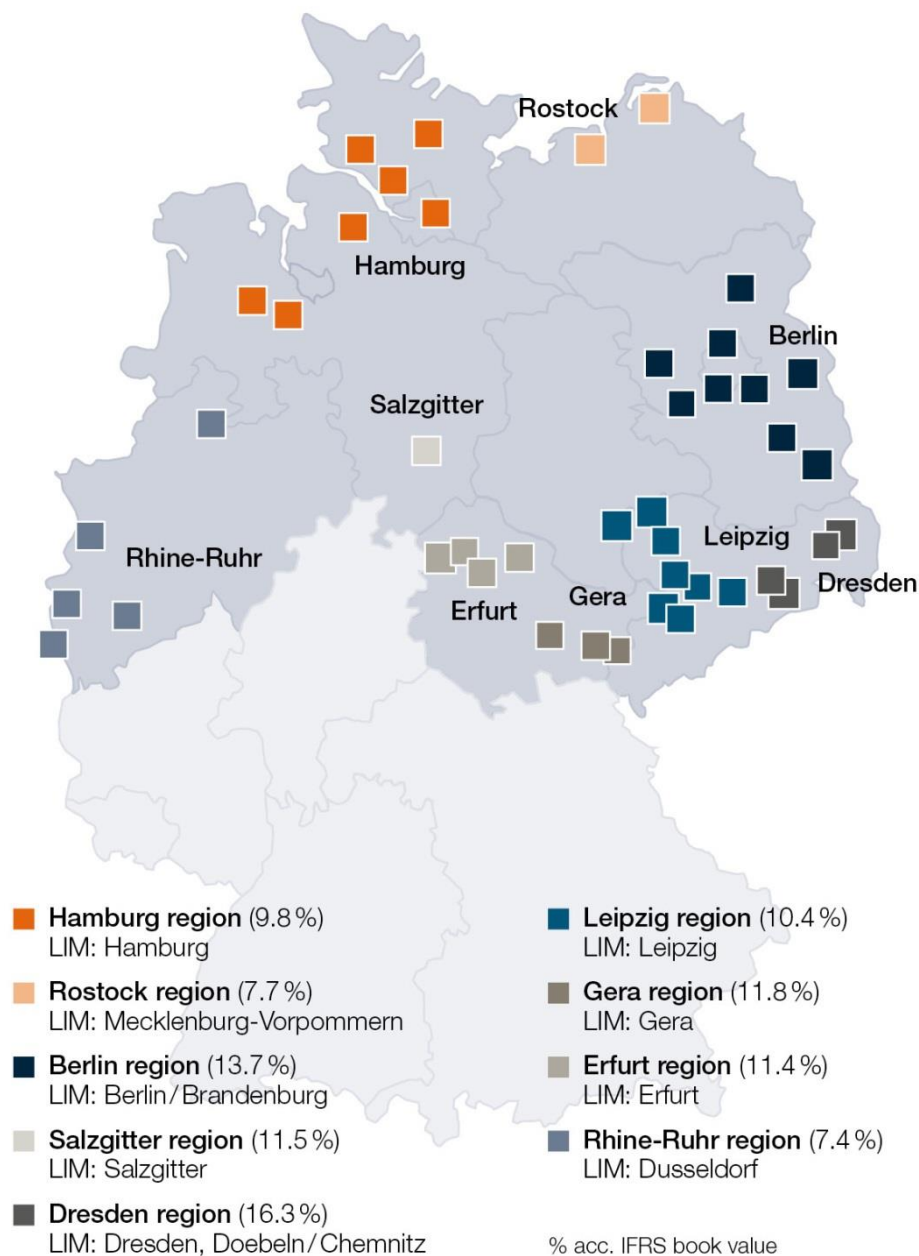
	Q2 2015	Q1 2015	FY 2014
<b>+ Interest income</b>	1.0	0.8	4.1
<b>- Interest expenses</b>	-24.8	-25.6	-122.8
<b>+ net profit from investments/ associates</b>	0.0	0.1	0.7
<b>= Net financial result</b>	-23.8	-24.7	-118.0
thereof non-cash financial result related to convertible bonds	-0.4	-0.6	-2.0
thereof non-cash financial result related to corporate bonds	-0.2	-0.2	-1.1
thereof non-cash related to derivatives	0.0	-0.1	-10.2
thereof other non-cash financial result and one-offs <sup>(1)</sup>	-1.7	-1.6	-11.8
<b>= Net financial result (cash, after one-offs)</b>	-21.5	-22.2	-92.9

(1) Includes other non cash financial income, other expenses and one-offs from refinancing

TAG 2015

TAG portfolio and platform

# TAG portfolio in total as of 30-June-2015



- Geographic regions in accordance with decentralized management clusters and strategic relevance
- Acquisitions May, June and July 2015 (1,174 units) not included as of 30 June 2015 due to closing in Q3 2015

Portfolio as of	30-Jun.-2015	31-Dec.-2014
Units	74,179	72,530
Rentable area in sqm	4,554,911	4,436,670
Real estate volume in TEUR	3,463,755	3,371,269
Actual net cold rent in EUR/ sqm/month (total)	5.16	5.16
Actual net cold rent in EUR/ sqm/month (residential units)	5.00	5.00
Annualized actual net cold rent in TEUR (total)	259,731	252,287
Vacancy in % (total)	9.0	9.0
Vacancy in % (residential units)	8.7	8.1

# TAG portfolio in total – H1 2015 by region

Region	Units #	Rentable area in sqm	IFRS BV TEUR	In-place yield %	Vacancy Q2 2015 %	Vacancy 2014 %	Actual net cold rent EUR/ sqm	Re-letting rent EUR / sqm	L-f-l rental growth y-o-y %	L-f-l rental growth y-o-y incl. vacancy reduction %	Maintenance EUR / sqm	Capex EUR / sqm	Comments
Berlin	8,620	504,571	432,668	6.8%	5.0%	4.4%	5.13	5.33	2.1%	2.8%	2.35	2.59	Increase in vacancy due to sales
Dresden	11,186	678,348	516,182	7.1%	10.7%	9.2%	5.03	5.34	0.8%	0.2%	2.10	4.41	Tenant structure in newly aquired portfolio being upgraded
Erfurt	7,800	436,967	362,132	6.7%	6.3%	8.0%	4.97	5.15	2.2%	4.0%	3.10	6.22	Higher investments to reduce vacancy
Gera	9,632	561,785	373,454	7.3%	12.1%	10.7%	4.62	4.89	1.3%	2.6%	2.56	5.30	Increase in vacancy due to acquisition, higher investments to reduce vacancy
Hamburg	6,263	379,142	311,414	7.1%	6.9%	7.2%	5.24	5.72	0.9%	1.8%	3.53	2.09	
Leipzig	7,870	464,421	331,406	7.6%	6.8%	6.7%	4.86	5.06	0.8%	1.2%	2.51	2.02	
Rhine-Ruhr	3,738	241,363	233,449	6.6%	2.9%	2.6%	5.49	5.94	1.2%	1.3%	4.86	1.30	Higher maintenance costs due to smaller portfolio sizes
Rostock	5,299	314,228	242,822	7.4%	6.9%	7.3%	5.12	5.36	2.2%	3.6%	2.45	5.13	Higher investments to reduce vacancy
Salzgitter	9,171	562,830	363,656	7.7%	14.6%	15.5%	4.84	5.32	0.8%	4.3%	5.41	5.06	Further reduction of vacancy by another 60bps to 14.0% in July 2015
<b>Total residential units</b>	<b>69,579</b>	<b>4,143,655</b>	<b>3,167,183</b>	<b>7.1%</b>	<b>8.7%</b>	<b>8.1%</b>	<b>5.00</b>	<b>5.30</b>	<b>1.3%</b>	<b>2.3%</b>	<b>3.10</b>	<b>3.96</b>	<b>Vacancy on like-for-like basis reduced by 30 bps (9.0% as of 31-Dec-2014); Vacancy in July 2015 at 8.6%</b>
Acquisitions 2015	2,851	181,800	137,416	7.6%	5.3%	12.4%	5.08				2.52	0.21	Acquisitions closed in 2015; acquisitions closed in 2014 (vacancy of 12.4%) now included in total residential units
Commercial units within resi. portfolio	1,274	164,366			17.6%	17.3%	7.40						
<b>Total residential portfolio</b>	<b>73,704</b>	<b>4,489,821</b>	<b>3,304,599</b>	<b>7.5%</b>	<b>8.9%</b>	<b>8.9%</b>	<b>5.08</b>				<b>2.96</b>	<b>3.67</b>	
Other	475	65,090	159,156	4.5%	16.8%	17.2%	11.06				2.57	0.57	Comprises 6 commercial objects and 3 serviced apartments
<b>Grand total</b>	<b>74,179</b>	<b>4,554,911</b>	<b>3,463,755</b>	<b>7.4%</b>	<b>9.0%</b>	<b>9.0%</b>	<b>5.16</b>				<b>2.96</b>	<b>3.63</b>	

# TAG 2015

TAG acquisitions and disposals



# TAG acquisitions 2014 and 2015

Signing	Thuringia Feb. 2014	Saxony Sep. 2014	North/East Germany Nov. 2014	Others Aug./Nov. 2014	Total 2014	Saxony/ Saxony- Anhalt May 2015	Branden- burg June 2015	Rügen July 2015
<b>Units</b>	4,000	1,500	2,300	1,100	8,900	860	134	180
<b>Floor area in sqm</b>	236,000	85,400	150,200	68,500	540,100	49,900	11,400	11,500
<b>Actual net cold rent EUR/sqm/month</b>	5.24	5.20	5.22	---	---	4.64	5.49	5.37
<b>Vacancy</b>	10.7%	12.9%	3.7%	---	---	14.8%	1.3%	6.2%
<b>Purchase price EURm</b>	120.5	37.8	103.0	32.8	294.1	18.6	8.8	8.2
<b>Actual net cold rent EURm p.a.</b>	12.4	3.8	9.8	3.4	29.4	2.4	0.74	0.69
<b>Location</b>	Hermsdorf, Jena, Weimar, Erfurt, Chemnitz, etc.	Freiberg, Chemnitz, Dresden	Nordhausen, Stadtilm, Kiel, Itzehoe, etc.	Dessau, Görlitz, Schwerin	various locations	Leipzig, Dresden, Magdeburg, etc.	Brandenburg	Rügen
<b>Closing</b>	Aug. 2014	Oct. 2014	Feb. 2015	Sep. 2014/ Feb. 2015	---	Q3 2015	Q3 2015	Q3 2015
<b>Multiples</b>	9.7x	10.1x	10.5x	9.6x	10.0x	7.9x	11.1x	11.9x
<b>Comment</b>	portfolio with interesting potential can be managed entirely using TAG's existing team	portfolio can be developed efficiently by TAG's local infrastructure	regional distribution of portfolio perfectly fits with existing TAG structure	highly profitable portfolio in fast developing regions		perfect fit into regional structure of TAG	high quality portfolio in existing TAG region	perfect portfolio addition for TAG region



Thuringia, Erfurt



Saxony, Freiberg



Saxony Anhalt, Dessau



Brandenburg

approx. 10,000 units acquired in 2014 and 2015; EUR 330m purchase price and EUR 33.2m rent p.a. leads to average buying multiple of 9.9x or 10.1% gross yield (based on actual net cold rent)



# TAG disposals 2014 and 2015

Signing	Berlin (Marzahn) Nov. 2014	Berlin (Staaken et al.) Dec. 2014	Others 2014	Total 2014	Berlin (Marzahn/ Hellersdorf) Apr. 2015
Units	2,600	900	600	4,100	972
Actual net cold rent EUR/sqm/month	4.89	4.97-7.53	---	---	5.26
Actual net cold rent p.a. EURm	9.4	4.1	0.9	14.4	3.5
Vacancy	1.2%	1.8% - 5.3%	---	---	1.7%
Selling price EURm	170.4	76.0	24.4	270.8	59.8
Net cash proceeds EURm	85.5	29.3	9.8	124.6	34.6
Book profit (IFRS) EURm	36.7	6.4	0.0	43.1	10.7
Location	Berlin (Marzahn)	Berlin (Staaken Lankwitz, Charlottenburg, Neukölln)	Various locations	---	Berlin (Marzahn, Hellersdorf)
Closing	Dec. 2014	Dec. 2014	2014	---	Jun./ Jul. 2015
Multiples	18.1x	18.5x	27.1x	18.8x	17.0x

approx. 5,100 residential units sold in 2014 and 2015;  
 EUR 330.6m selling price and EUR 17.9m rent p.a. leads to average selling multiple of  
 18.5x or 5.4% gross yield (based on actual net cold rent)



Berlin (Staaken)



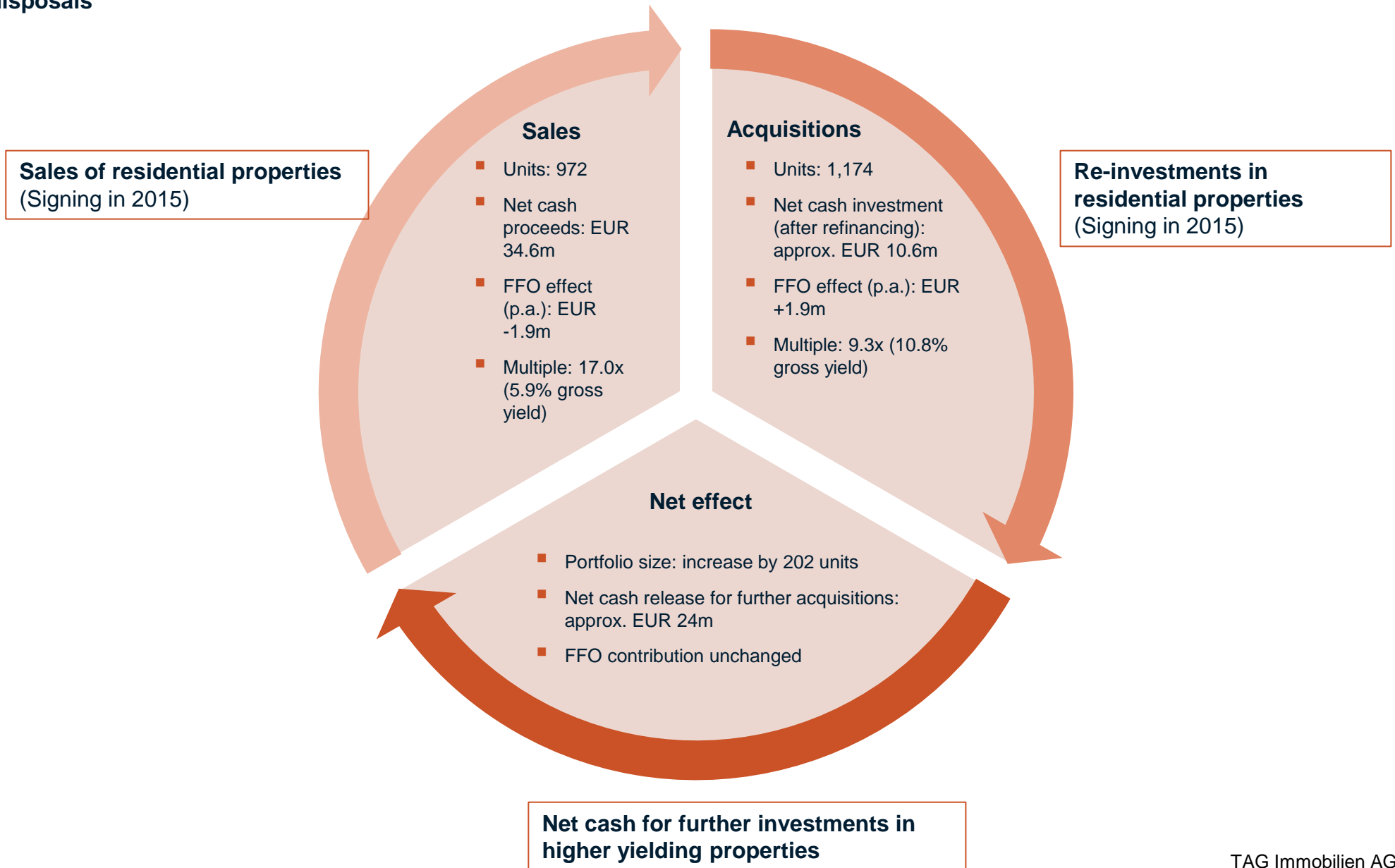
Berlin (Lankwitz)



Berlin (Neukölln)

# TAG capital recycling strategy in 2015

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



TAG 2015

TAG outlook

# TAG outlook

(in EUR)	2014	2015E
<b>FFO I per share</b> (based on outstanding shares as of 12/31/2014, i.e. without conversions)	0.63	0.67 - 0.69
<b>Dividend per share</b>	0.50	0.55

FFO I per share in EUR



Dividend per share in EUR



# TWAG 2015

APPENDIX

## The three pillar TAG investment case and strategy framework

- **“High Yield” investment profile**
  - Highest FFO and dividend yield profile amongst peer group
  - Total return focus on distributions to shareholders rather than un-crystalized NAV growth
  - Anti-cyclical investment strategy: “buy early”, “de-risk timely”
  - **Clear distinction of investment strategy vis-a-vis peer group**
  
- **Capital discipline and efficiency**
  - Most efficient capital structure amongst peer group
  - Disciplined allocation of capital including seamless acquisitions and disposals
  - Current portfolio size provides for sufficient critical mass to retain cost leadership
  - **Continuous optimization of use of capital across the balance sheet as well as in relation to the capital structure**
  
- **Segment leadership**
  - Leading market player with strong presence in defined regions
  - TAG has been the first to implement the ‘ABBA’\* approach in the listed German residential sector
  - Permanent innovations in tenant offerings and smart services/ concepts
  - **Affordable housing with geographic focus in North and East Germany**

\* ‘ABBA’: A locations in B cities, B locations in A cities

# TAG capex and maintenance

in EUR millions		2014					2015		
		Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
<b>Maintenance</b>	Residential	5.75	5.89	6.05	6.23	<b>23.92</b>	6.45	7.09	13.54
	Commercial	0.59	0.53	0.06	0.15	<b>1.33</b>	0.14	0.03	0.17
<b>Capex</b>	Residential	7.73	6.55	6.98	9.83	<b>31.09</b>	6.80	9.88	16.68
	Commercial	0.13	0.28	0.06	0.10	<b>0.56</b>	0.00	0.04	0.04



# TAG portfolio valuation 30-Sep./ 31-Dec-2014

Region (in EUR millions)	2014 Fair Value (IFRS)	2014 Fair Value / sqm	2014 Implied multiple	Revaluation gain / loss	Capex	Net acquisitions and other movements	2013 Fair Value (IFRS)	2013 Fair Value / sqm	2013 Implied multiple
Berlin	464.9	819,1	14.23	20.4	6.8	-14.1	451.8	790.1	14.02
Dresden	444.2	809,0	14.47	1.8	3.0	0.6	438.7	800.3	14.28
Erfurt	322.4	831,5	15.39	5.3	3.0	3.2	310.9	803.3	15.12
Gera	297.1	685,4	14.12	-3.4	4.7	5.2	290.6	659.3	13.95
Hamburg	315.5	818,8	14.09	2.8	1.6	3.7	307.4	797.9	14.05
Leipzig	301.5	715,5	13.21	5.5	1.5	-0.1	294.6	699.9	13.08
Rhine-Ruhr	228.9	959,8	15.09	3.9	0.9	-0.6	224.7	942.3	15.08
Rostock	223.2	769,9	13.57	-2.4	2.2	4.6	218.7	752.6	13.59
Salzgitter	360.9	641,2	13.07	-5.6	7.0	0.0	359.5	638.4	13.01
Acquisitions	229.1	609.9	12.12	27.6	0.2	3.2	198.1	845.1	14.42
<b>Total residential portfolio</b>	<b>3,187.6</b>	<b>728.7</b>	<b>13.03</b>	<b>55.8</b>	<b>31.1</b>	<b>5.7</b>	<b>3,095.0</b>	<b>728.6</b>	<b>13.52</b>
Other*	140.0	2,312.8	19.01	-9.0	0.6	-296.6	449.0	1,329.6	18.33
<b>Grand total**</b>	<b>3,331.6</b>	<b>750.9</b>	<b>13.21</b>	<b>46.8</b>	<b>31.6</b>	<b>-290.9</b>	<b>3,544.1</b>	<b>772.9</b>	<b>13.98</b>

\* Includes commercial properties and serviced apartments

\*\* Includes reclassification (IAS 40/IAS2 properties) after valuation

# TAG annual valuation by CBRE 30-Sept-2014

## ■ Details on asset vs. share deals

- For valuation purposes TAG divides its regions in two markets: assets deal markets and share deal markets, determined on public available information (e.g. data bases from valuation experts)
- Classification irrespective of TAG's intentions but based on objective market data
- So defined share deal markets: Lower Saxony and Eastern Germany (except Berlin)
- Based on this classification, transaction costs are deducted as follows:
  - Assets deal markets: 7-8% ("standardized")
  - Share deal markets: 0.2% (TAG's historical transaction costs)

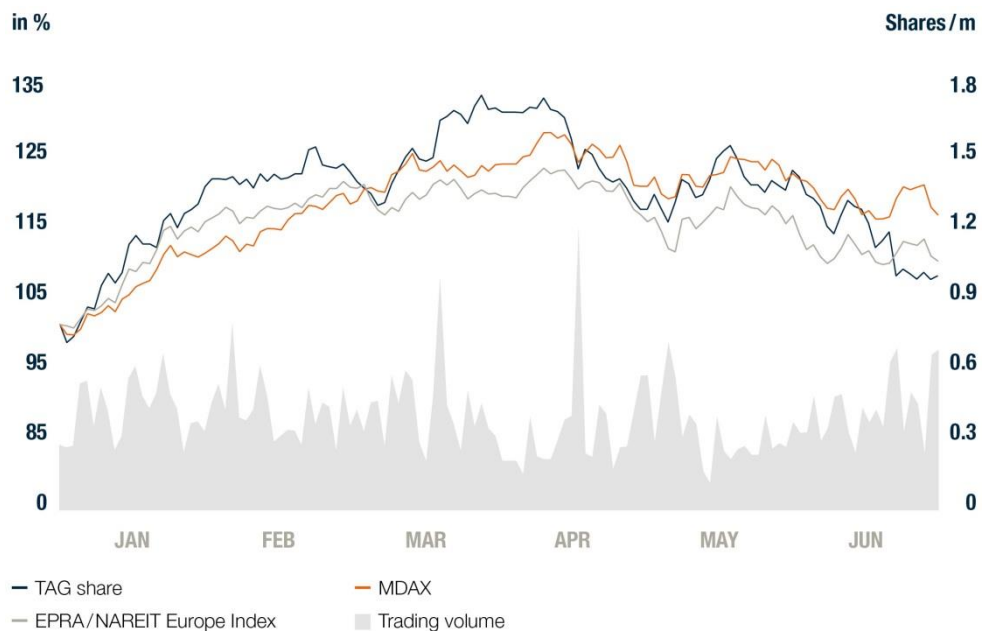
<b>Assumptions / drivers</b>	<b>30- Sep. 2014</b>	<b>30- Sep. 2013</b>
Cap rate (%)	5.56	5.52
Discount rate (%)	6.21	6.16
Administrative costs (EUR/unit)	226	205
Current maintenance (EUR/sqm)	7.8	7.7
Reletting costs (EUR/sqm)	42	39
Structural vacancy (%)	3.80	3.79

# TAG capital markets heads-up

- High/Low (H1 2015) EUR 13.05/EUR 9.56
- Number of shares (issued) 133.9m
- Number of shares (outstanding) 122.8m
- Market capitalisation (30-June-2015) EUR 1,406m
- Stock indices MDAX/EPRA
- Free Float \* 92%

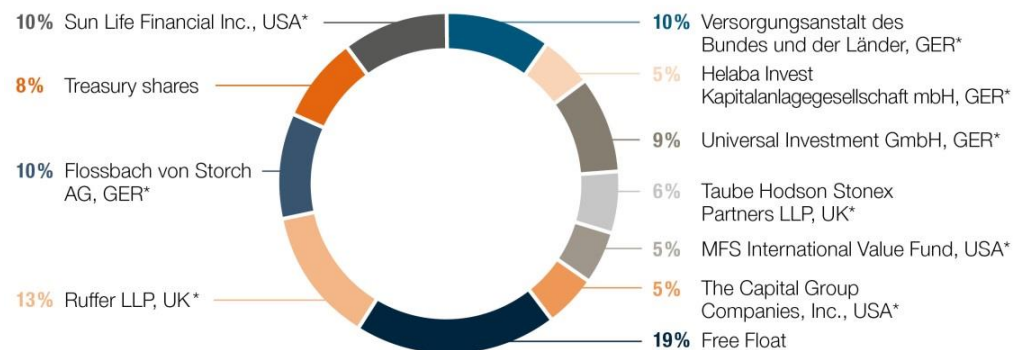
\* Deutsche Börse definition including institutional investors, repurchased TAG own shares not included

## ■ Share price development



Institution	Analyst	Recommendation	Target price in EUR	Date
Odyssey	Manuel Martin	Buy	13.70	05-Aug-15
Bankhaus Lampe	Georg Kanders	Buy	13.50	31-July-15
Commerzbank	Thomas Rothaeusler	Hold	11.00	31-July-15
Baader Bank	André Remke	Hold	11.00	30-July-15
Citigroup	Aaron Guy	Neutral	12.20	21-July-15
VictoriaPartners	Bernd Janssen	N/A	9.50-10.80	16-July-15
Merrill Lynch	Mike Bessell	Underperform	11.00	12-June-15
Kempen&Co.	Bernd Stahl	Underweight	10.00	05-May-15
Berenberg	Kai Klose	Buy	13.00	04-May-15
Barclays	David Prescott	Hold	12.84	22-April-15
HSBC	Thomas Martin	Hold	13.00	08-April-15
Morgan Stanley	Bianca Riemer	Underweight	7.80	26-March-15
S&P Capital IQ	William Howlett	Hold	12.25	2-March-15
Kepler Cheuvreux	Thomas Neuhold	Buy	13.50	27-Feb-15
Nord/LB	Michael Seufert	Sell	10.00	26-Feb-15
<b>Median</b>			<b>12.20</b>	

## ■ Shareholder structure as of 30 June 2015



# TAG bonds and convertibles

- Two corporate bonds outstanding (issued in 2013 and 2014)
- Two convertibles remaining after conversions in 2012 and 2015 and (partly) buy back of convertibles in 2013, both convertibles trade in the money
- Clean up call of 6.5% convertible bond 2010/2015 in July 2015 (outstanding principle amount less than 20% of total principle amount)

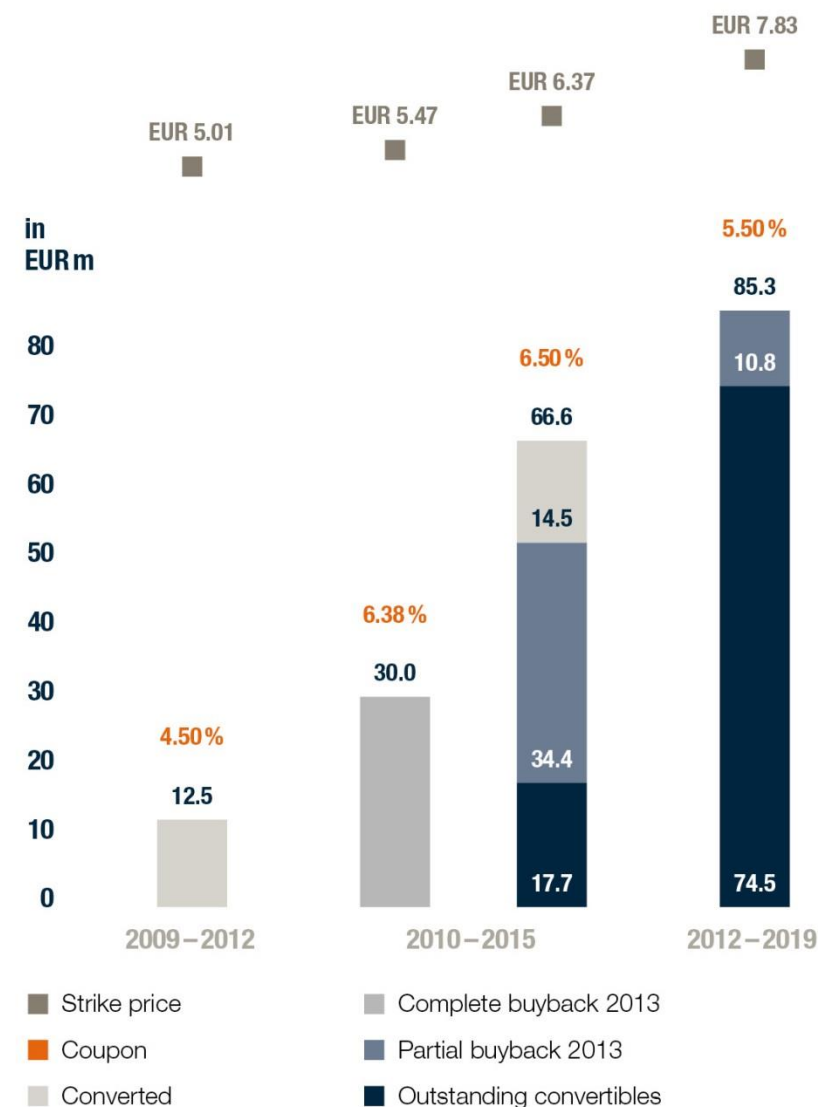
## Bonds

WKN A1TNFU	WKN A12T10
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)/to 103% (110m)	Issue price: at par

## Convertibles

WKN A1E 89W7	WKN A1PGZM3
Issued volume: EUR 66.6m	Issued volume: EUR 85.3m
Outstanding volume: EUR 17.7m	Outstanding volume: EUR 74.5m
Number of shares: 9,000,000	Number of shares: 853
Nominal value per bond: EUR 7.40	Nominal value per bond: EUR 100,000.00
Maturity: 5 years until 12/10/2015	Maturity: 7 years until 06/28/2019
Interest rate: 6.5%	Interest rate: 5.5%
Conversion price: EUR 6.37	Conversion price: EUR 7.83

TAG share price EUR 10.50 as of 06/30/2015



# TAG Management Board



**Claudia Hoyer**  
**COO**

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center
- 
- Age 43
  - 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 43
  - 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 59
  - 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 de-centralized management structure

centralized functions

**Strategic Portfolio Management / Marketing**

**Acquisitions / Sales**

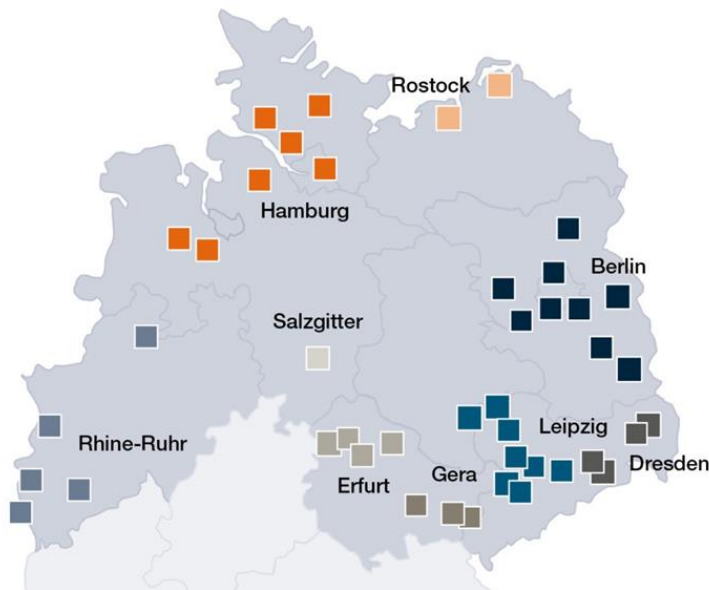
**FM Services**

**Central Procurement**

**Shared Service Center**

- Definition of portfolio, location and property management concepts and standards
- Support of LIMs on a project-by-project basis as well as by centralized headquarter functions
- Fully integrated accounting and controlling platform based on “TAG 2.0” (ERP)

de-centralized functions



## LIMs in TAG regions (Heads of Real Estate Management)

### Customer service

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

### Renting activities

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

### Technical customer service

- Modernisation for re-letting
- Ongoing maintenance measures

### Receivables management

- Minimize outstanding receivables
- Payment reminder and legal action

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



# TAG Contacts

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