



2014 Full Year Financials

TAG
Immobilien AG

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TAG highlights 2014

TAG highlights 2014

■ Overview of financial metrics 2014

- **Rental income** (total): **EUR 257.4m** (EUR 251.0m in 2013)
- **Net rental income** (total): **EUR 209.5m** (EUR 199.1m in 2013)
- **FFO I** (re-defined): **EUR 74.5m** (EUR 61.7m in 2013)
- **FFO I/s** (re-defined): **EUR 0.63** (EUR 0.47 in 2013)
- **NAV/s** (re-defined): **EUR 10.10** (EUR 9.96 end of 2013)
- **LTV** **62.2%** (65.3% incl. convertible bonds)
- **Vacancy** (residential units): **8.1%** (8.9% end of 2013)
- **Net in-place rents** (residential units): **5.00 EUR/sqm** (4.97 EUR/sqm end of 2013)
- **Net rental income margin**: **81.4%** (79.3% in 2013)
- **EBITDA margin**: **64.5%** (62.9% in 2013)
(excl. net revenues from sales)

■ Actual vs. Guidance 2014 and outlook 2015

- 2014 FFO/s (re-defined): EUR 0.63A
(vs. EUR 0.64 guided due to dilution effects from convertibles)
- 2015 FFO/s (re-defined): EUR 0.67-0.69 (unchanged)
- 2014 Dividend per share (subject to approval of the board of directors): EUR 0.50 (unchanged)
- 2015 Dividend per share proposal: EUR 0.55 (unchanged)

■ Capital recycling kicked-off in 2014

- **Sales commercial** (commercial portfolio and other)
 - Number of properties: 23
 - Sales volume: EUR 295.7m
 - Net cash proceeds: EUR 70.9m
- **Sales residential** (Berlin and other)
 - Units: approx. 4,100
 - Sales volume: EUR 270.8m
 - Net cash proceeds: EUR 124.6m
 - Book profit: EUR 43.1m
 - Multiple (average): 18.8x
- **Acquisitions in 2014** (residential only, signed in 2014)
 - Units: approx. 8,900
 - Total purchase price: EUR 294.1m
 - Multiple (average): 10.0x

TAG financials 2014

TAG income statement (IFRS)

(in EUR millions – preliminary figures)	FY 2014	FY 2013	Q4 2014	Q3 2014
Rental income	257.4	251.0	① 64.5	① 62.4
Expenses from property management	-47.9	-51.9	-13.1	-11.6
Net rental income	209.5	199.1	② 51.4	② 50.8
<i>Margin</i>	<i>81.4%</i>	<i>79.3%</i>	<i>79.7%</i>	<i>81.4%</i>
Net revenue from sales	40.3	-0.3	③ 40.9	③ 0.3
Net income from property management	1.5	2.3	0.3	0.0
Other operating income	12.0	11.5	2.9	3.7
Net fair value gains and losses	46.8	-15.9	④ -4.7	④ 44.6
Gross profit	310.1	196.7	90.9	99.4
Personnel expenses	-33.7	-29.5	-9.2	-8.0
Depreciation	-3.4	-2.2	-1.4	-0.7
Impairment losses on receivables and inventories	-49.0	-17.4	⑤ -37.9	⑤ -1.8
Other operating expenses	-22.9	-18.8	⑥ -7.2	⑥ -4.9
EBIT	201.1	128.8	35.2	83.9
Net financial result	-118.0	-105.7	⑦ -34.9	⑦ -24.5
EBT	83.1	23.1	0.2	59.4
Income tax	-54.1	3.9	⑧ -34.7	⑧ -10.1
Net income	29.0	27.0	-34.5	49.3

① Increased rental income due to new acquisitions and further reduction of vacancy in existing portfolio

② Underproportionate rise in Q4 net rental income relates to adjustments of ancillary expenses from prior years (EUR 2.7m) and increased maintenance costs post review of integrated acquisitions

③ Closing of portfolio sales in Berlin recorded in Q4 EUR 43.1m net revenues from sales (pre breakage fees)

④ In Q4 revaluation loss of EUR -8.9m relating to a commercial property (development project)

⑤ Q4 includes EUR 35.6m complete impairment on deferred purchase price component from the sale of the commercial portfolio

⑥ Q4 includes EUR 2.9m one off's (mainly relating to ERP software (SAP) project) after EUR 1.0m in Q3

⑦ EUR 10.4m breakage fees in Q4 linked to portfolio sales in Berlin

⑧ Income tax in Q4 includes EUR 34.5m of deferred taxes, mainly related to one-off adjustments of tax-losses carried forward due to new fiscal unities implemented at the end of 2014

TAG FFO calculation

(in EUR millions – preliminary figures)	FY 2014	FY 2013	Q4 2014	Q3 2014
Net income	29.0	27.0	-34.5	49.3
+ Taxes	54.1	-3.9	34.7	10.1
+ Net financial result	118.0	105.7	34.9	24.5
EBIT	201.1	128.8	35.2	83.9
- Net financial result (cash, after one off's)	-92.9	-96.5	-23.2	-22.6
- Cash taxes	0.7	-1.1	-0.1	-0.3
+ Adjustments				
Valuation result	-46.8	15.9	4.7	-44.6
Revaluation of real estate inventory	-2.1	0.0	-1.3	-0.8
Deconsolidation commercial portfolio	-1.0	0.0	0.0	0.0
Depreciation	3.4	2.2	1.4	0.6
Impairment losses on receivables and inventories	49.0	17.4	37.9	1.8
One off's personnel-costs, ancillary expenses and project costs	9.7	0.0	5.6	1.0
Results from sales	-40.3	0.3	-40.9	-0.3
- Impairment losses on rent receivables	-6.3	-5.3	-1.1	-1.6
= FFO I (re-defined)	74.5	61.7	18.2	17.1
<i>FFO I (as previously reported)</i>	<i>80.1</i>	<i>68.1</i>	<i>19.4</i>	<i>19.0</i>
- CAPEX	-31.6	-20.0	-9.9	-7.0
= AFFO	42.9	41.7	8.3	10.1
FFO I + results from sales	40.3	-0.3	40.9	0.3
= FFO II	114.8	61.4	59.1	17.4
<i>Number of shares (outstanding) (in '000)</i>	<i>118,586</i>	<i>131,298</i>	<i>118,586</i>	<i>118,185</i>
FFO I per share (EUR) (re-defined)	0.63	0.47	0.15	0.14
<i>FFO I per share (EUR) (as previously reported)</i>	<i>0.68</i>	<i>0.52</i>	<i>0.16</i>	<i>0.16</i>
AFFO per share (EUR) (re-defined)	0.36	0.32	0.07	0.09
<i>Number of shares, fully diluted (in '000)</i>	<i>132,523</i>	<i>145,110</i>	<i>132,523</i>	<i>132,523</i>
FFO I per share (EUR) (re-defined), fully diluted	0.61	0.49	0.15	0.14
AFFO per share (EUR) (re-defined), fully diluted	0.37	0.35	0.07	0.09

FFO development compared to 2013 driven by:

- Strong growth in rental income as well as realized gains from sale of properties
- Strong cost base in relation to property management, overheads and debt financings

TAG balance sheet (IFRS)

(in EUR millions – preliminary figures)	31-Dec-2014	30-Sep-2014	31-Dec-2013
Non-current assets	3,421.6	3,560.4	3,581.2
Investment property	① 3,331.6	① 3,493.7	3,544.1
Other financial assets	② 12.7	② 47.9	18.2
Other non-current assets	③ 77.4	③ 18.8	18.9
Current assets	303.1	162.2	176.2
Real estate inventory	19.3	25.3	46.9
Cash and cash equivalents	④ 196.6	④ 102.8	85.3
Other current assets	⑤ 87.1	⑤ 34.1	44.0
Non-current assets available-for-sale	9.5	1.7	5.9
TOTAL ASSETS	3,734.2	3,724.2	3,763.3
Equity (including minority interest)	1,005.1	1,027.9	1,127.4
Minority interest	25.5	20.1	20.1
Non-current liabilities	2,529.0	2,433.1	2,390.3
Financial debt	2,302.6	2,294.4	2,250.2
Deferred tax liabilities	③ 211.1	③ 126.3	120.7
Other non-current liabilities	15.2	12.4	19.4
Current liabilities	200.2	263.2	245.6
Financial debt	150.3	92.0	183.8
Other current liabilities	⑥ 50.0	⑥ 171.2	61.8
TOTAL EQUITY AND LIABILITIES	3,734.2	3,724.2	3,763.3
LTV (excl. convertible bond)	62.2 %	61.6 %	62.1 %
LTV	65.3 %	64.7 %	65.0 %

① Change Q4 vs. Q3 refers to sales (EUR -204m), acquisitions (EUR +46m) and revaluation result (EUR -4m)

② EUR 35.6m impairment on purchase price receivable from the sale of the commercial portfolio

③ Deferred tax assets and liabilities no longer netted as of 31 Dec 2014 (in line with re-defined NAV-definition as of 30 Sep 2014)

④ Includes cash dedicated for purchase price payments for acquisitions (signed in Q4 2014, closing in 2015) of EUR 115.9m (before refinancings) made after balance sheet date

⑤ Includes EUR 54.5m of proceeds receivable from property sales held in trust accounts as of 31 Dec 2014 (included as cash in LTV calculation)

⑥ Reduction by EUR 122.1m due to share buy-back completed in Q4

TAG NAV calculation

(in EUR millions – preliminary figures)	31-Dec-2014	30-Sep-2014	31-Dec-2013
Equity (without minorities)	979.5	1,007.8	1,107.3
+ Deferred taxes	152.1	126.2	120.1
+ Fair value of financial derivatives	7.4	8.0	13.8
= EPRA NAV (as previously reported)	1,139.0	1,142.0	1,241.2
+ Deferred taxes (except on investment properties and financial derivatives)	59.2	58.7	66.2
= EPRA NAV (re-defined)	1,198.2	1,200.7	1,307.4
- Standardized transaction costs	-185.1	-181.6	-159.0
= EPRA NAV (re-defined, incl. standardized transaction costs)	1,013.1	1,019.1	1,148.4
<i>Number of shares (outstanding) (in '000)</i>	118,586	118,185	131,298
EPRA NAV per share (EUR) (re-defined)	10.10	10.16	9.96
EPRA NAV per share (EUR) (re-defined, incl. standardized transaction costs)	8.54	8.62	8.75
<i>EPRA NAV per share (EUR) (as previously reported)</i>	9.61	9.66	9.45
<i>Number of shares, fully diluted (in '000)</i>	132,523	132,523	145,110
EPRA NAV per share (EUR) (re-defined), fully diluted	9.85	9.89	9.76

EPRA NAV negatively impacted by:

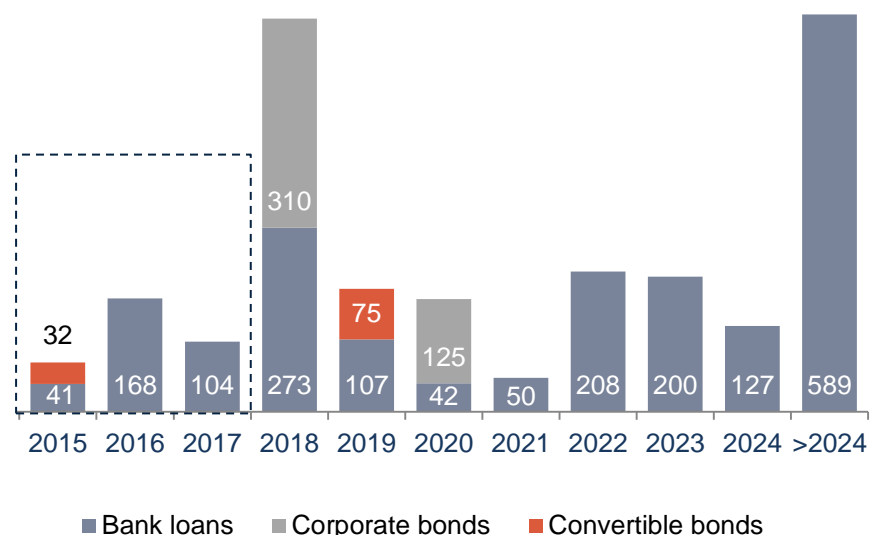
- Impairments of receivables from sale of commercial portfolio
- Write-offs related to a development property

These effects adversely impact the development of EPRA NAV.

Excluding the above mentioned effects, EPRA NAV would amount to EUR 10.48 per share

TAG debt financing structure

Debt maturity profile as of 31-Dec-2014 in EUR m



Upcoming refinancing in the short- to medium-term

- TAG recently secured EUR 94m of new mortgage bank loans at all-in interest cost between 1.8% and 2.1% p.a. for a 10 year term
- Within the next 3 years, a total of EUR 432m of bank loans will mature and may thus be refinanced at no breakage fees
- Average duration of bank loans at 11.0 years
- Convertible expiring in December 2015 (EUR 32m) in the money, conversion price of EUR 6.67

Interest rates and maturities

(in EUR millions)	Current amount	Average interest rate	Maturity/Refinancing in the next 3 years	Average interest rate (refinancing in the next 3 years)
Bonds	435	4.52%	-	-
Convertibles	107	5.80%	32	6.50%
Bank loans	1,904	3.44%	432	4.00%
Total	2,446	3.74%	464	4.14%

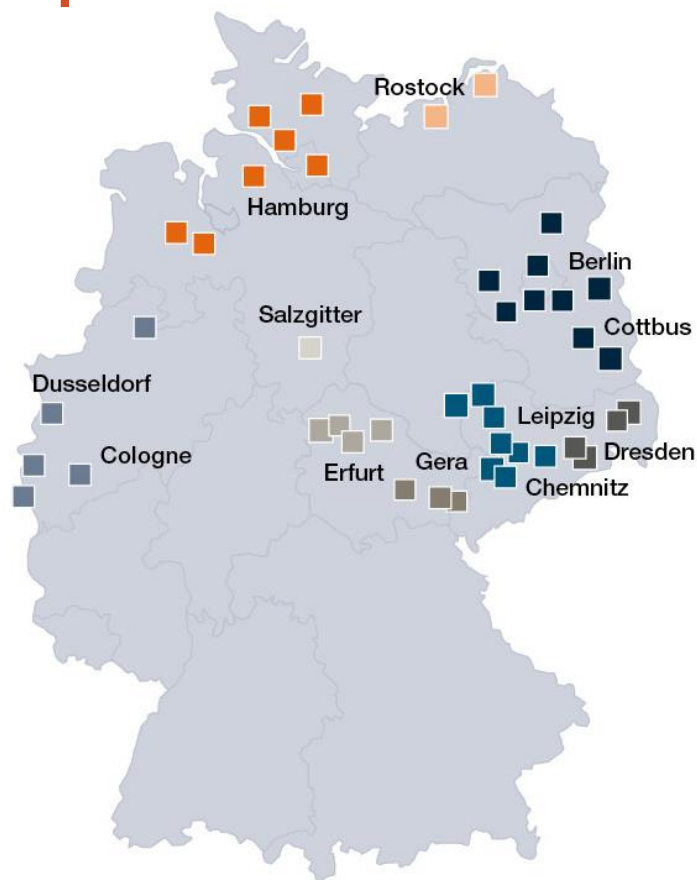
(in EUR millions)

	FY 2014	Q4 2014	FY 2013
+ Interest income	4.1	1.1	10.5
- Interest expenses	-122.8	-36.5	-116.7
+ net profit from investments/ associates	0.7	0.5	0.5
= Net financial result	-118.0	-34.9	-105.7
thereof non-cash financial result related to convertible bonds	-2.0	-0.6	-7.4
thereof non-cash financial result related to corporate bonds	-1.1	-0.2	-0.2
thereof non-cash related to derivatives	-10.2	-0.4	4.4
thereof other non-cash financial result and one offs ⁽¹⁾	-11.8	-10.7	-6.0
= Net financial result (cash, after one off's)	-92.9	-23.2	-96.5

(1) Includes other non cash financial income, other expenses and one off's from refinancing

TAG portfolio and platform

TAG portfolio in total as of 31-Dec-2014



Hamburg region (10%)
Segment: Hamburg; LIM: Hamburg

Rostock region (8%)
Segment: Hamburg; LIM: Mecklenburg-Vorpommern

Berlin region (15%)
Segment: Berlin; LIM: Berlin

Salzgitter region (15%)
Segment: Salzgitter; LIM: Salzgitter

Dresden region (14%)
Segment: Thuringia/Saxony;
LIM: Dresden, Doebeln/Chemnitz

Leipzig region (11%)
Segment: Thuringia/Saxony; LIM: Leipzig

Gera region (11%)
Segment: Thuringia/Saxony; LIM: Gera

Erfurt region (10%)
Segment: Thuringia/Saxony; LIM: Erfurt

Rhine-Ruhr region (6%)
Segment: NRW; LIM: Dusseldorf

- Growth in recent years and disposal of commercial portfolio has triggered the need for an update of geographic portfolio regions
- Renewed definitions of geographic regions in accordance with decentralized management clusters and strategic relevance
- Improved geographic allocation and increased level of transparency

Portfolio as of 31-Dec.	2014*	2013
Units	72,530	70,587
Rentable area in sqm	4,436,670	4,582,344
Real estate volume in TEUR	3,371,269	3,606,799
Net actual rent in EUR/ sqm/month (total)	5.16	5.24
Net actual rent in EUR/ sqm/month (residential units)	5.00	4.97
Annualized net actual rent in TEUR (total)	252,287	260,471
Vacancy in % (total)	9.0	9.5
Vacancy in % (residential units)	8.1	8.9

* excl. acquisitions signed Nov. 2014/
Closing Feb 2015 (2,650 Units)

TAG platform efficiency

TAG runs the most efficient Property and Asset Management platform in the sector, which still offers capacity for future acquisitions

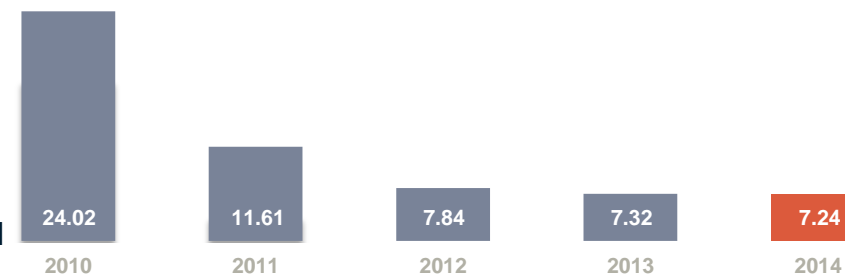
De-centralized organization

- Currently, LIMs (“Leiter Immobilien-Management”/Head of Real Estate Management) in 9 regions run TAG’s regional sub-platforms
- Many asset and property management decisions can be taken at LIM level
- LIMs key responsibilities: maintenance budgets, rental activities, customer services etc.
- Centralized support provided by the headquarter for each LIM to manage the portfolio:
 - New ERP system implemented in 2014 (SAP)
 - All operational processes re-defined and standardised in 2013 and 2014
 - Centralised purchase concept for maintenance and other suppliers in place since beginning of 2015

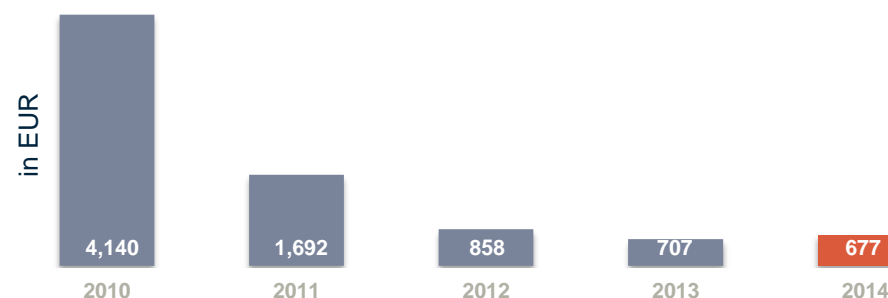
Lean administrative structure

- Currently 521 FTEs manage a platform of 72,500 units
- Improved EBITDA margin shows steady progress in TAG’s efficiency

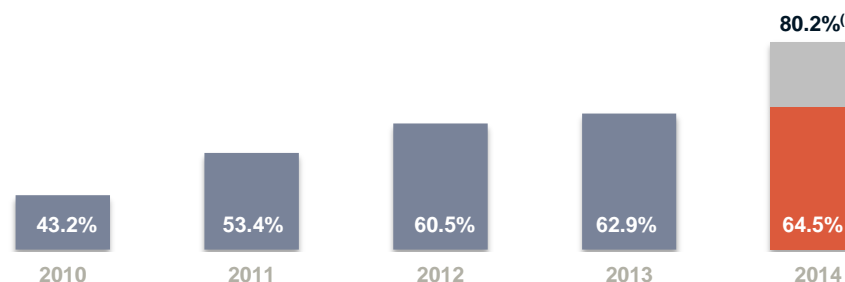
FTE / 1,000 units



SG&A per unit⁽¹⁾



EBITDA margin⁽²⁾



(1) - includes personnel expenses and other operating expenses; excludes one-off personnel and project expenses
 (2) – EBITDA margin has continuously been improved since 2010, highlighting the steady progress in TAG’s efficiency
 (3) - including/without net revenue from sales

TAG de-centralized management structure

centralized functions

Strategic Portfolio Management / Marketing

Acquisitions / Sales

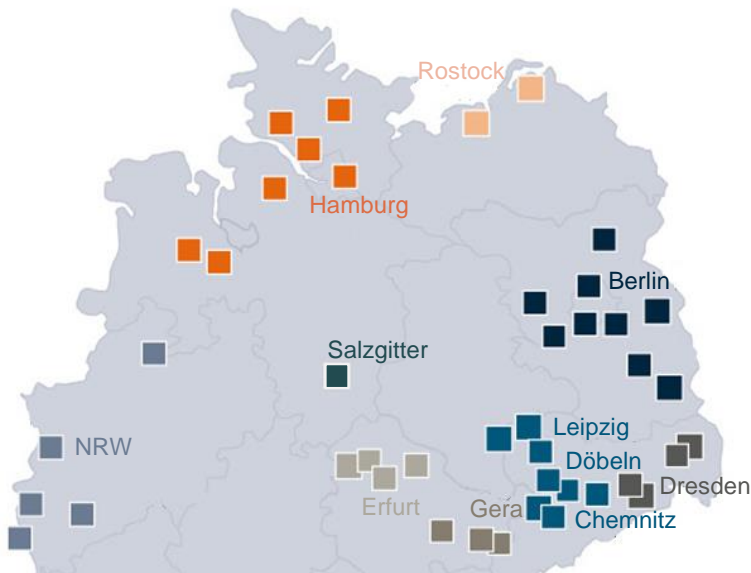
FM Services

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 9 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 portfolio in total – 2014 by region

Region	Units #	Area sqm	IFRS BV TEUR	In- place yield %	Vacancy 2014 %	Vacancy 2013 %	Net in- place rent EUR / sqm	Re- letting rent EUR / sqm	L-f-l rental growth y-o-y %	Mainte- nance EUR / sqm	Capex EUR / sqm	Comments
Berlin	9,702	567,586	480,990	6.8%	4.4%	4.5%	5.12	5.76	2.0%	5.21	8.62	Consider opportunistic disposals at premium to IFRS BV
Dresden	8,979	549,070	444,696	6.9%	9.2%	8.1%	5.13	5.50	0.6%	3.51	5.51	“Cash cow”: stable rents, high yields
Erfurt	6,938	387,720	322,485	6.5%	8.0%	8.0%	4.89	5.20	1.7%	3.70	7.73	
Gera	7,469	433,441	297,667	7.1%	10.7%	11.9%	4.53	4.71	1.1%	4.78	10.94	Continue to increase occupancy through targeted investments
Hamburg	6,357	385,366	317,302	7.1%	7.2%	8.4%	5.22	5.62	1.2%	6.96	4.19	
Leipzig	7,161	421,365	303,964	7.5%	6.7%	7.4%	4.84	4.89	0.4%	3.64	3.65	“Cash cow”: stable rents, high yields
Rhine-Ruhr	3,685	238,445	228,865	6.6%	2.6%	3.9%	5.44	6.07	1.1%	10.39	3.92	Higher maintenance costs due to smaller portfolio sizes
Rostock	4,890	289,866	224,085	7.3%	7.3%	7.9%	5.10	5.36	1.2%	4.92	7.70	
Salzgitter	9,173	562,838	360,916	7.7%	15.5%	18.6%	4.84	4.92	1.3%	10.06	12.46	Continuous investment program yielding in vacancy reduction of 300+bps
Total residential units	64,354	3,835,697	2,980,970	7.0%	8.1%	8.9%	5.00	5.23	1.2%	5.75	7.62	
Acquisitions	6,410	375,581	232,788	8.1%	12.4%		4.79			1.67	0.60	Increase occupancy and rent levels through targeted investments
Commercial units (within residential portfolio)	1,288	163,141			17.3%		7.55					
Total residential portfolio	72,052	4,374,419	3,213,758	7.6%	8.9%		5.07			5.21	6.76	
Other	478	62,251	157,511	4.8%	17.2%		12.25			21.30	9.06	Commercial properties and serviced apartments
Grand total	72,530	4,436,670	3,371,269	7.5%	9.0%	9.5%	5.16	5.21	1.2%	5.42	6.79	

TAG acquisitions and disposals

TAG acquisitions 2014

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

**8,900 units acquired in the last 12 months:
EUR 294.1m purchase price and EUR 29.4m rent p.a. leading to an average rent multiple
of 10.0x or 10.0% gross yield (based on actual net cold rent)**



Thuringia, Erfurt



Saxony, Freiberg



Other, Dessau

TAG disposals 2014 – residential

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

**4,100 residential units sold in 2014:
EUR 270.8m selling price and EUR 14.4m rent p.a. leads to average selling multiple of
18.8x or 5.3% gross yield (based on actual net cold rent)**



Berlin (Staaken)



Berlin (Lankwitz)



Berlin (Neukölln)

TAG disposals 2014 – commercial

	Commercial portfolio	Others	Total
Units	21	2	23
Floor area in sqm	270,000	5,270	275,270
Net rental EUR/sqm/month	7.50	5.90	---
Vacancy	10%	80%	---
Sold real estate volume/ selling price EURm	294.0	1.7	295.7
Net cash proceeds EURm	70.3	0.6	70.9
Book profit (IFRS) EURm after impairments	-34.6	0.0	-34.6
Net actual rent p.a. EURm	20.0	0.1	20.1
Location	Cologne, Munich, Berlin, Hamburg	Cologne, Bendorf	---
Closing	May 2014	Jan 2014/ Apr 2014	---
Comments	<ul style="list-style-type: none"> ▪ Deconsolidation of around EUR167m of loans ▪ TAG's guarantees for loans expired in 2014 ▪ TAG retaining 20% stake, yet receivables fully impaired 	<ul style="list-style-type: none"> ▪ Signing Dec 2013 and March 2014 ▪ Asset deals 	---



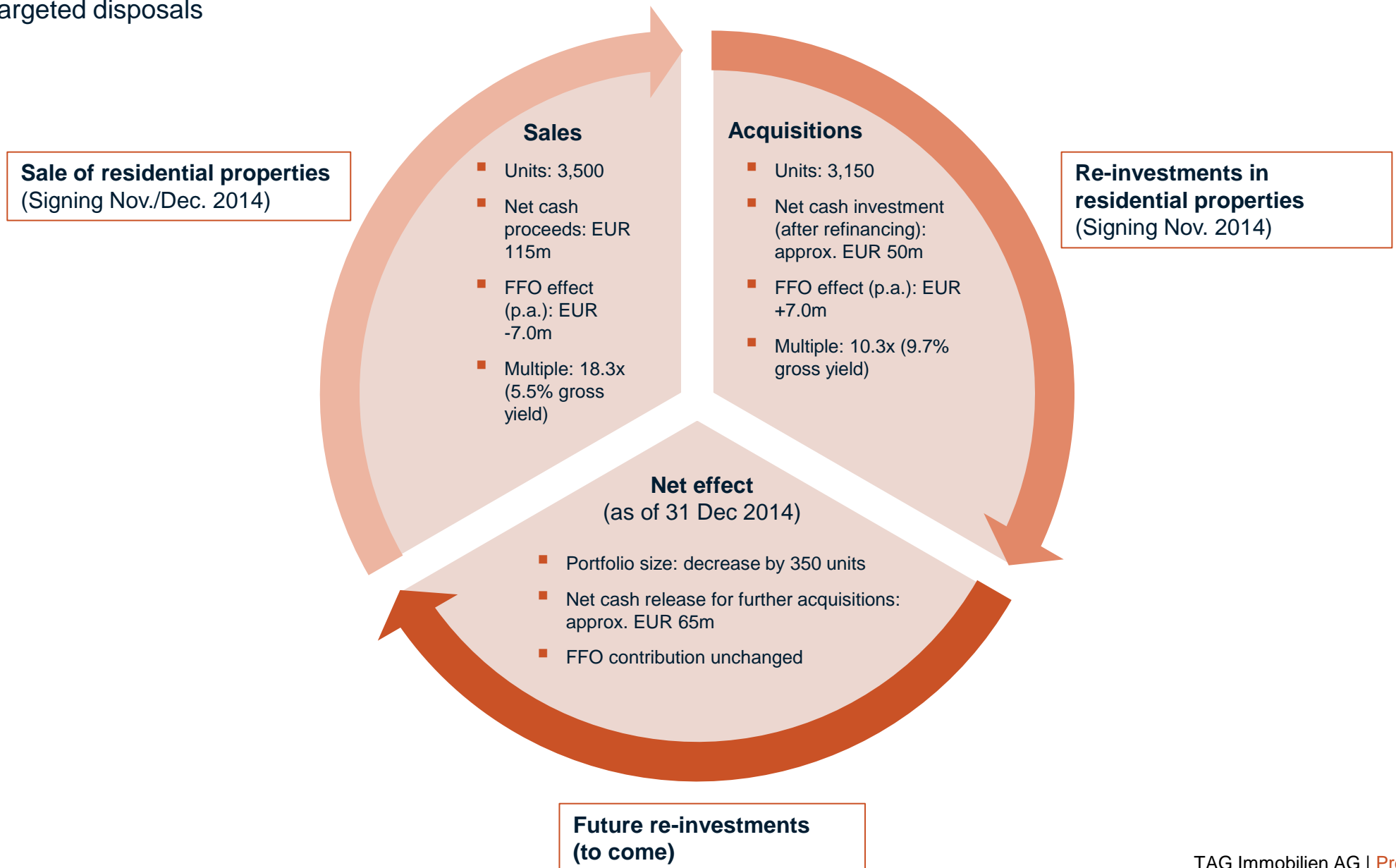
Commercial, Planckstraße, Hamburg



Commercial, Siemensdamm, Berlin

TAG capital recycling strategy since Q4 2014





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



TAG asset management case study

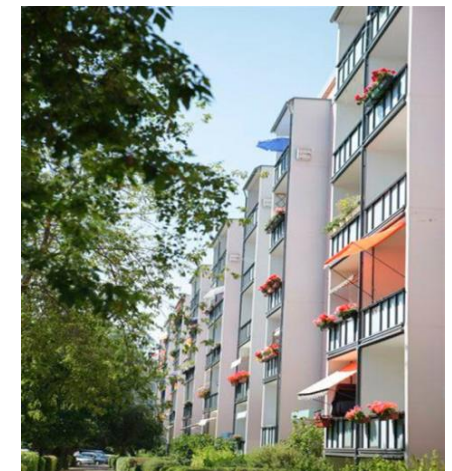
I. Berlin Marzahn

■ Facts and Figures:

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

■ Key take-aways of successful asset management by TAG:





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



TAG asset management case study

II. Salzgitter region

■ Facts and Figures:

- Units: approx. 9,000
- Acquired in February 2011 (via takeover of Colonia Real Estate AG)
- Net cold rent p.a.:
 - at date of acquisition: approx. EUR 26.9m
 - 2014: EUR 29.3m  +9%
- Vacancy:
 - at date of acquisition: approx. 24.0%
 - December 2014 : 15.5%  -35%
- FFO contribution p.a.:
 - at date of acquisition: approx. EUR 2.8m
 - 2014: EUR 8.2m  +293%
- FFO margin (FFO/net cold rent):
 - at date of acquisition: 10.4%
 - 2014: 28.0%  +269%

■ Key take-aways of successful Asset Management by TAG:

- Adjust residential units to the requirements of the market (for students, singles, couples, families and elderly)
- Quality of service and active property management, e.g. viewing appointments at short notice, on-time completion of short-notice unit renovations, coordination with technicians etc.
- Participate in community service projects, e.g. opening of an inter-generational lounge in combination with programs for elderly living
- Targeted modernisation programs, e.g. facade insulation, layout changes, bathroom conversions etc.
- Service charge management: monitoring and optimisation of operating costs, e.g. waste management, heating and other energy costs



TAG strategy and outlook

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 outlook

(in EUR)	2014	2015E
FFO I per share (re-defined)	0.63	0.67 - 0.69
FFO I per share (as previously reported)	0.68	0.71 - 0.73
Dividend per share	0.50	0.55

Dividend per share (EUR)



FFO I per share (EUR, re-defined)



Appendix

TAG capex and maintenance

in EUR millions		2014					2013				
		Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Maintenance	Residential	5.75	5.89	6.05	6.23	23.92	6.68	5.64	6.69	7.39	26.40
	Commercial	0.59	0.53	0.06	0.15	1.33	0.54	0.13	0.29	0.54	1.50
Capex	Residential	7.73	6.55	6.98	9.83	31.09	1.55	5.98	3.88	7.84	19.25
	Commercial	0.13	0.28	0.06	0.10	0.56	0.00	0.08	0.48	0.15	0.71

TAG P&L split residential/commercial

	Residential I 2014	Commercial properties and serviced apartments 2014	Continuing operations 2014	Discontinued operation (sold commercial portfolio) 2014	Total 2014		Residential Q4 2014	Commercial properties and serviced apartments Q4 2014	Continuing operations Q4 2014	Discontinued operation (sold commercial portfolio) Q4 2014	Total Q4 2014
(in EUR millions)											
Rental income	242.90	5.97	248.87	8.49	257.37		63.01	1.47	64.47	-	64.47
Expenses from property management	-44.69	-1.57	-46.26	-1.64	-47.90		-12.53	-0.58	-13.11	-	-13.11
Net rental income	198.21	4.40	202.61	6.85	209.47		50.48	0.89	51.36	-	51.36
Net revenue from sales	41.59	-0,63	40.96	-0.62	40.34		41.26	-0.32	40.94	-	40.94
Net fair value gains and losses	56.29	-9.49	46.80	-	46.80		4.26	-8.93	-4.67	-	-4.67
Net financial result	-106.85	-2.79	-109.64	-9.08	-118.72		-34.73	-0.72	-34.46	-	-34.46

TAG portfolio valuation 30-Sept/ 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	464.93	819,13	14.23	20.4	6.76	-14.06	451.84	790.14	14.02
Dresden	444.17	808,96	14.47	1.8	3.03	0.59	438.71	800.27	14.28
Erfurt	322.39	831,51	15.39	5.3	3.00	3.23	310.88	803.28	15.12
Gera	297.10	685,44	14.12	-3.4	4.74	5.17	290.62	659.32	13.95
Hamburg	315.52	818,76	14.09	2.8	1.61	3.72	307.38	797.89	14.05
Leipzig	301.51	715,55	13.21	5.5	1.54	-0.14	294.56	699.92	13.08
Rhine-Ruhr	228.87	959,83	15.09	3.9	0.93	-0.62	224.67	942.32	15.08
Rostock	223.16	769,87	13.57	-2.4	2.23	4.59	218.72	752.65	13.59
Salzgitter	360.92	641,24	13.07	-5.6	7.01	0.00	359.54	638.39	13.01
Acquisitions	229.06	609.88	12.12	27.6	0.23	3.17	198.11	845.08	14.42
Total residential portfolio	3,187.62	728.70	13.03	55.8	31.09	5.66	3,095.03	728.64	13.52
Other*	143.98	2,312.85	19.01	-9.0	0.56	-296.59	449.04	1,329.64	18.33
Grand total**	3,331.60	750.92	13.21	46.8	31.65	-290.93	3,544.07	772.90	13.98

* 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)

Assumptions / drivers	9M 2014	9M 2013
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

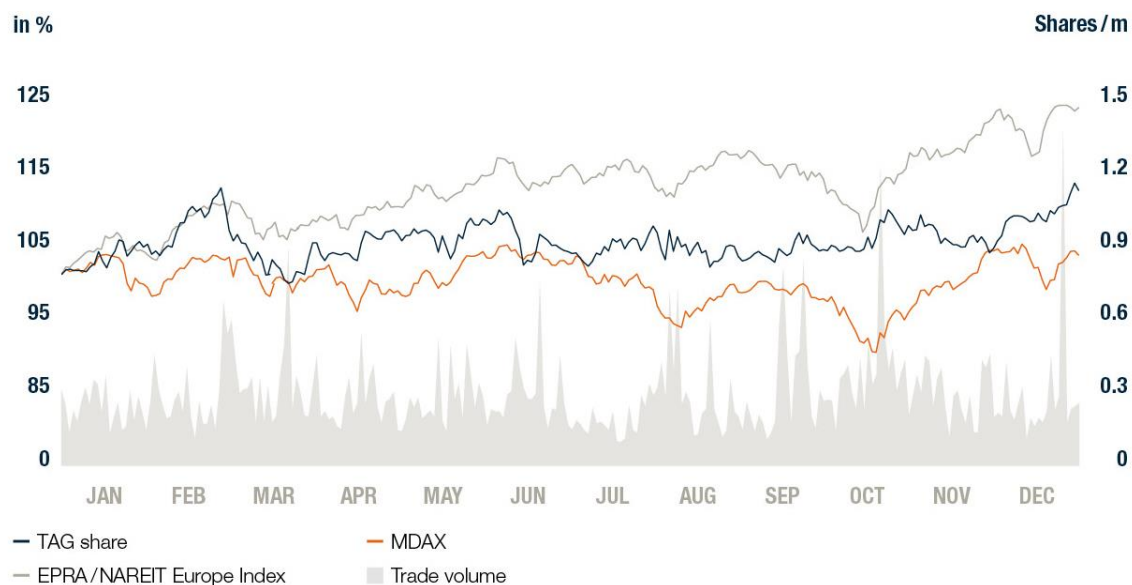
■ Broker recommendations update

- High/Low (Jan/Dec 2014) EUR 9.71 /EUR 8.52
- Number of shares (issued) 131.7m
- Number of shares (outstanding) 118.6m
- Market capitalisation as of 31-Dec-2014 EUR 1,267m
- Stock indices MDAX/EPRA
- Free Float * 90%

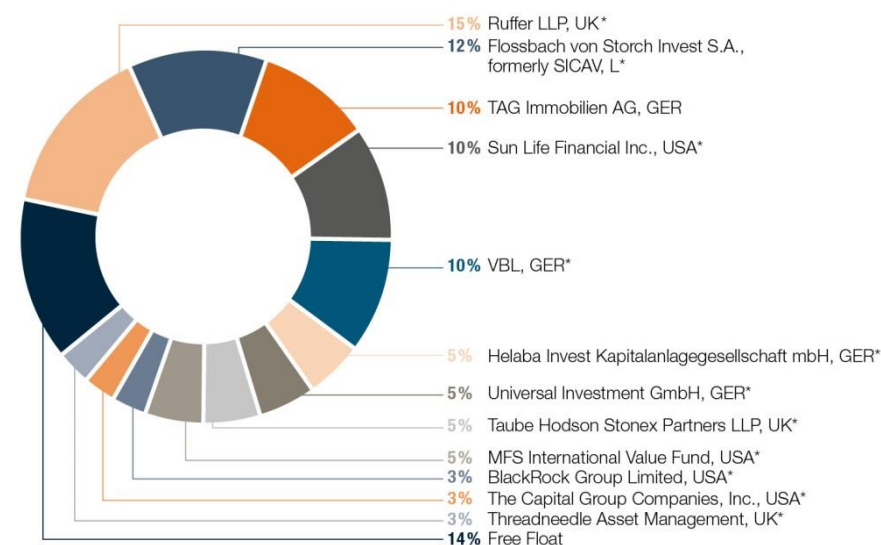
* Deutsche Börse definition including institutional investors, repurchased TAG own shares not included

Institution	Analyst	Recommendation	Target price in EUR	Date
Commerzbank	Thomas Rothausler	Hold	12.5	26-Feb-15
Baader Bank	André Remke	Hold	12.8	24-Feb-15
Victoriapartners	Bernd Janssen	N/A	10.0-11.5	18-Feb-15
Lampe	Georg Kanders	Buy	13.5	06-Feb-15
Berenberg	Kai Klose	Buy	12.0	12-Jan-15
Kepler Cheuvreux	Thomas Neuhold	Buy	11.5	08-Jan-15
Baader Bank	André Remke	Buy	10.4	06-Nov-14
HSBC	Thomas Martin	Neutral	10.1	03-Nov-14
Median			12.0	

■ Share price development



■ Shareholder structure as of 31-Dec-2014



TAG share repurchase programme in Q4 2014

■ Rationale

- Successful disposals with high cash inflows
- Excess cash on balance sheet given currently limited opportunities for accretive property investments
- Proof of TAG's capital discipline and total return per share strategy

■ Outlook on further steps

- EGM on 28-Nov-2014 authorized new share repurchase scheme
- Currently no intention by management to launch an additional share buy back program, but new authorization ensures maximum strategic flexibility going forward

■ Details

- Tender period between 15-Sep-2014 and 14-Oct-2014 at a range of EUR 8.35 to EUR 9.35 per share
- 18,608,551 shares were tendered
- 13,127,178 shares repurchased at EUR 9.30 per share
- Total volume of the share repurchase at EUR 122.1m

TAG bonds and convertibles

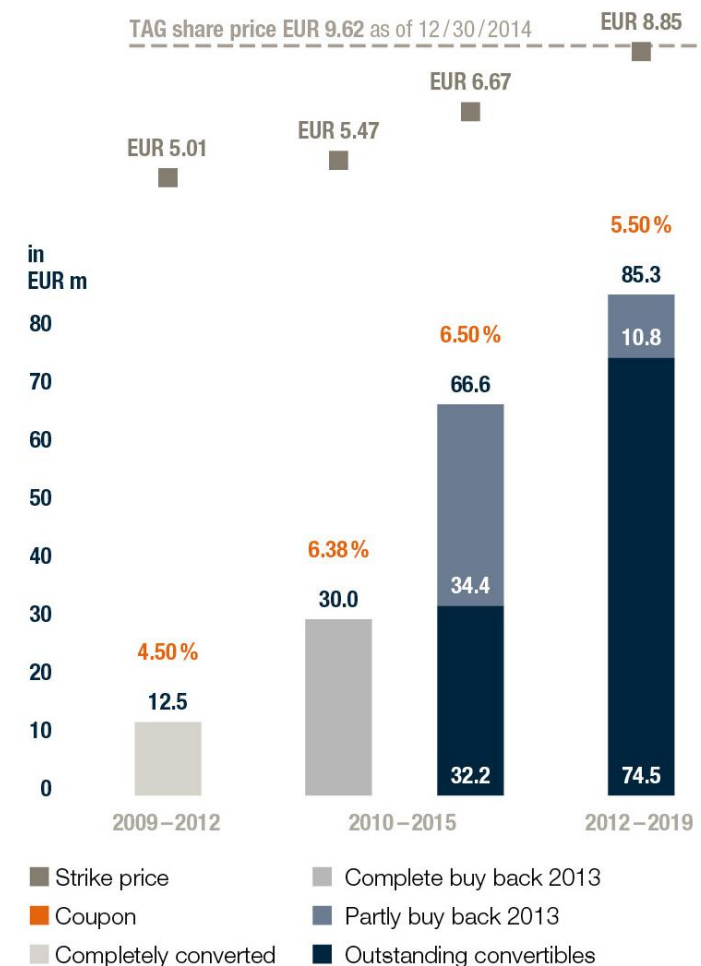
- Two corporate bonds outstanding (issued in 2013 and 2014)
- Two convertibles remaining after conversions in 2012 and (partly) buy back of convertibles in 2013, both convertibles trade in the money

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: 08/07/2018	Term: 06/25/2020
Interest rate (effective): 5.125 % (200m)/4.3 % (110m)	Interest rate: 3.75 %
Issue price: at par (200m)/zu 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 32.2m	Outstanding volume: EUR 74.5m
Division to shares: EUR 9,000,000 per share	Number of shares: 853
Nominal value per bond: EUR 7.40	Nominal value per bond: EUR 100,000.00
Maturity: 12/10/2015	Maturity: 06/28/2019
Interest rate: 6.5 %	Interest rate: 5.5 %
Conversion price: EUR 6.6677	Conversion price: EUR 8.1923



TAG Management Board



Claudia Hoyer
COO

- Key responsibilities: Property and Asset Management, Acquisitions and Disposals, Shared Service Center

-
- Age 42
 - 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, 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 42
 - 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 58
 - With TAG for 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 Notes

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