



Company presentation
April 2017

GROWING CASHFLOWS

TAG
Immobilien AG

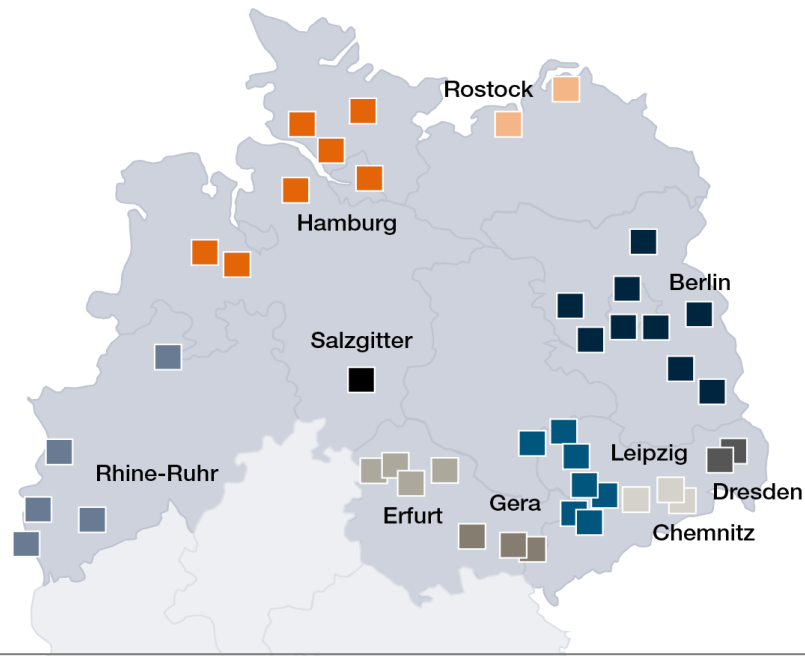
Content

I.	TAG overview and strategy	3
II.	TAG portfolio	7
III.	TAG return on capex	13
IV.	TAG acquisitions and disposals	18
V.	TAG financing structure	22
VI.	TAG guidance	25
VII.	Appendix	27
	▪ Portfolio details, valuation details	
	▪ Income statement, EBITDA and FFO, EPRA earnings, balance sheet, NAV	
	▪ East Germany: real estate market, housing market report	
	▪ Ownership structure	
	▪ Management Board	

TAG 2017

TAG overview and strategy

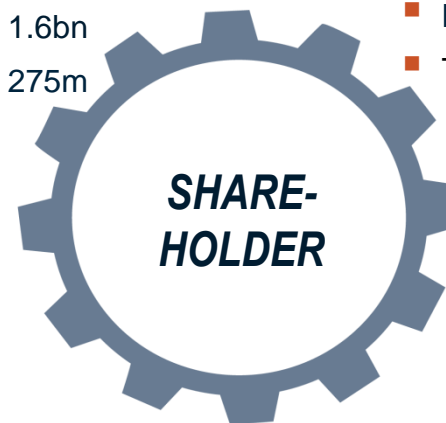
TAG overview



TAG is among the leading players in the German listed residential sector and stands for affordable housing in Northern and Eastern Germany



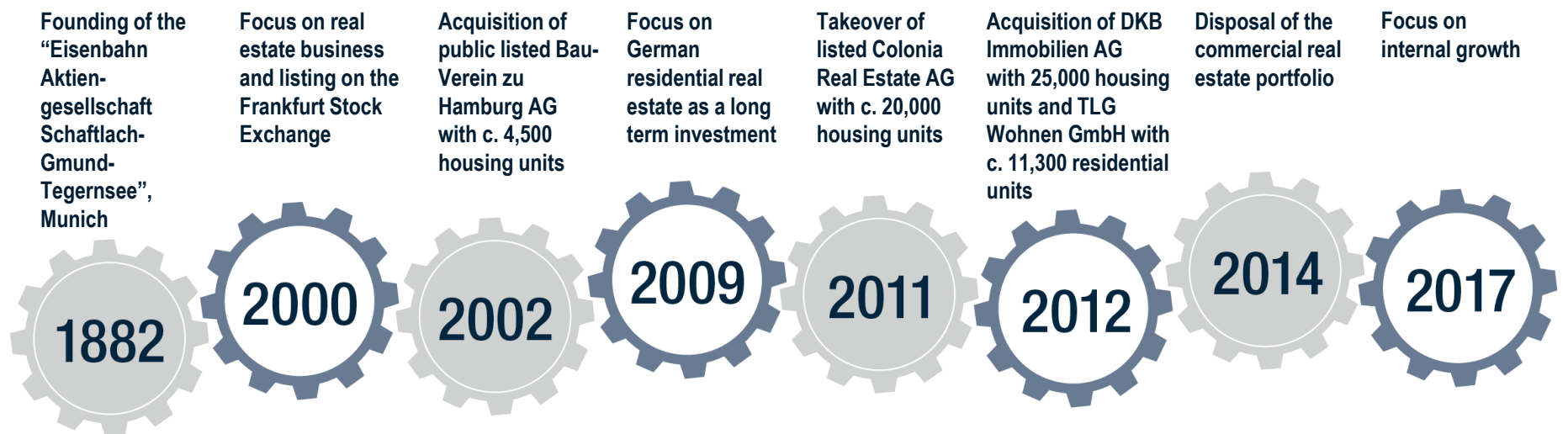
- GAV (31 Dec-2016): EUR 3.9bn
- EPRA NAV (31 Dec-2016): EUR 1.6bn
- Rental income (FY 2016): EUR 275m



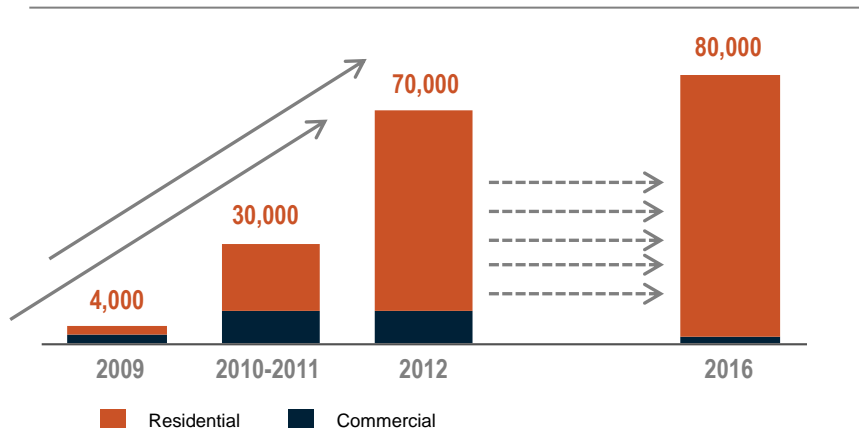
- Market cap (31 Dec-2016) EUR 1.8bn
- TOP 3 shareholders
 - VBL (Germany): 15.8%
 - MFS (USA): 12.0%
 - Capital Group (USA): 10.2%

TAG history

Key milestones



Number of units



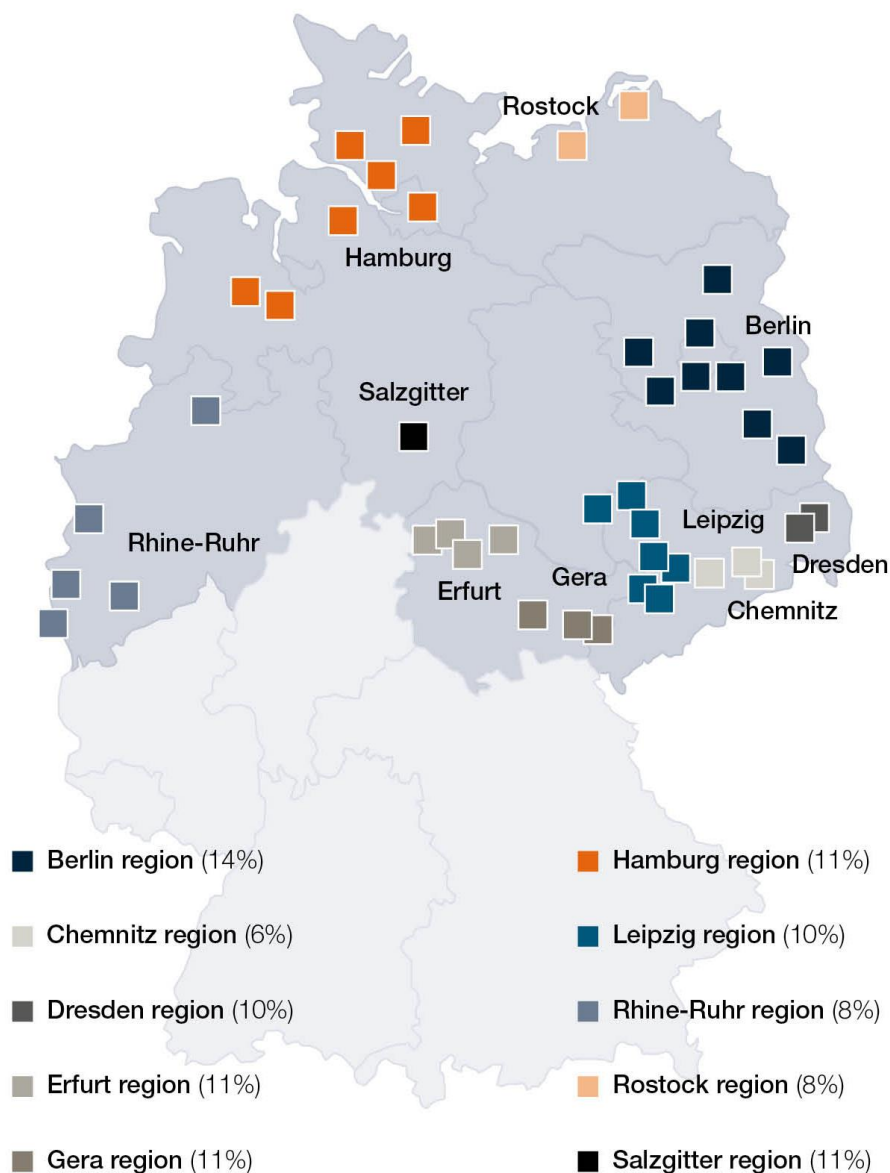
- TAG followed an accelerated growth path over the past years
- TAG was a consolidator from 2009 – 2012; attractive acquisition prices at that time
- Over the same period, TAG significantly improved its operating profitability
- As of 2012, TAG has reached its critical mass and shifted its focus away from growth

TAG 2017

TAG portfolio

TAG portfolio at a glance

- TAG is a leader in affordable housing in Northern and Eastern Germany
- East Germany in all its fundamentals is catching up – real estate investments in these regions are highly profitable
- TAG's currently c. 1,000 employees are located throughout 10 defined regions in or around mid-sized German cities
- TAG's local presence is a big advantage for the company

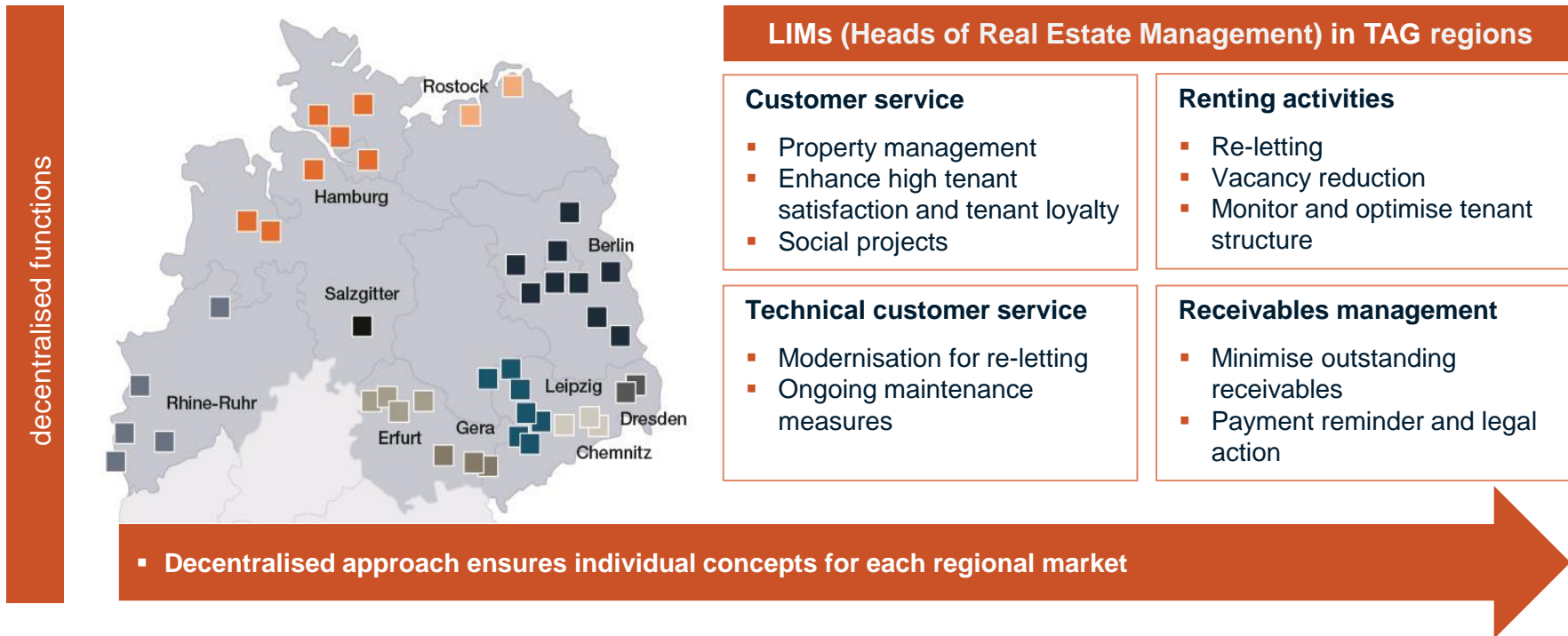
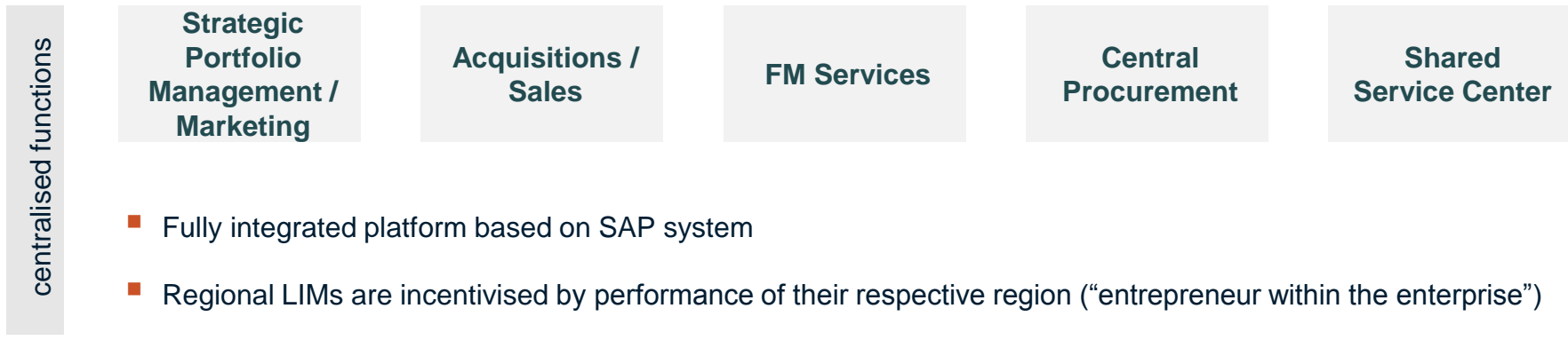


% acc.: proportional IFRS book value real estate volume

Portfolio as of	31 Dec-2016	31 Dec-2015
Units	79,754	78,015
Rentable area in sqm	4,878,022	4,765,897
Real estate volume in TEUR	3,856,572	3,577,899
Current net cold rent in EUR/ sqm/month (total portfolio) ¹⁾	5.23	5.19
Current net cold rent in EUR/ sqm/month (residential units)	5.11	5.04
Annualised current net cold rent in TEUR (total)	286,434	269,722
Vacancy in % (total portfolio) ¹⁾	6.5	8.2
Vacancy in % (residential units)	6.1	7.5

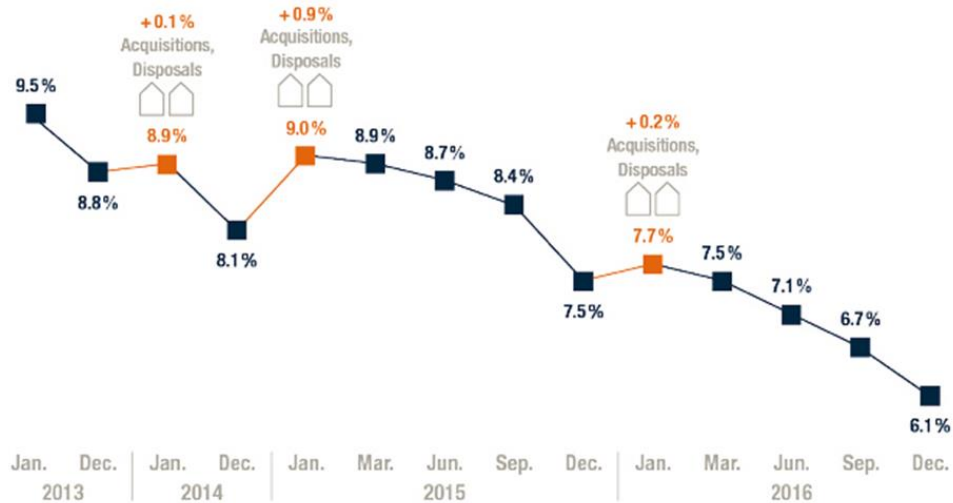
¹⁾ including commercial units and other properties (c. 1,500 units)

TAG decentralised management structure



TAG strong vacancy reduction track record

Vacancy development residential units in total



Elmshorn

Vacancy development residential units per region

2016

Salzgitter	from 12.1 % to 7.5 %	-4.6 percentage points
Chemnitz	from 15.6 % zu 13.1 %	-2.5 percentage points
Erfurt	from 4.3 % zu 2.6 %	-1.7 percentage points
Leipzig	from 5.9 % zu 4.5 %	-1.4 percentage points
Gera	from 10.9 % to 9.7 %	-1.2 percentage points
Rostock	from 5.4 % to 4.4 %	-1.0 percentage points
Dresden	from 4.7 % to 3.8 %	-0.9 percentage points
Hamburg	from 5.1 % to 4.3 %	-0.8 percentage points
Rhine-Ruhr	from 3.9 % to 3.5 %	-0.4 percentage points
Berlin	from 6.7 % to 6.8 %	+0.1 percentage points

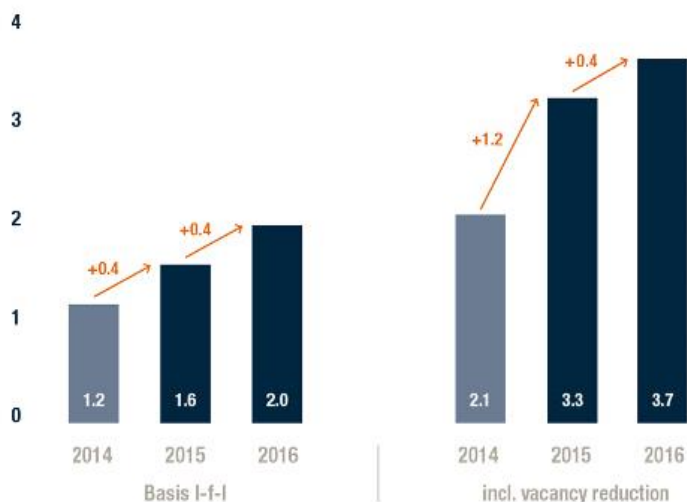
2015

Salzgitter	from 15.5 % to 12.1 %	-3.4 percentage points
Erfurt	from 7.6 % to 4.3 %	-3.3 percentage points
Rostock	from 7.3 % to 5.2 %	-2.1 % percentage points
Hamburg	from 7.2 % to 5.5 %	-1.7 % percentage points
Leipzig	from 6.8 % to 5.6 %	-1.2 % percentage points
Gera	from 12.1 % to 11.1 %	-1.0 % percentage points
Dresden	from 10.3 % to 9.8 %	-0.5 % percentage points
Rhine-Ruhr	from 2.6 % to 2.2 %	-0.4 % percentage points
Berlin	from 5.3 % to 5.1 %	-0.2 % percentage points

TAG attractive rental growth

L-f-I rental growth residential units

in %



Investments residential units

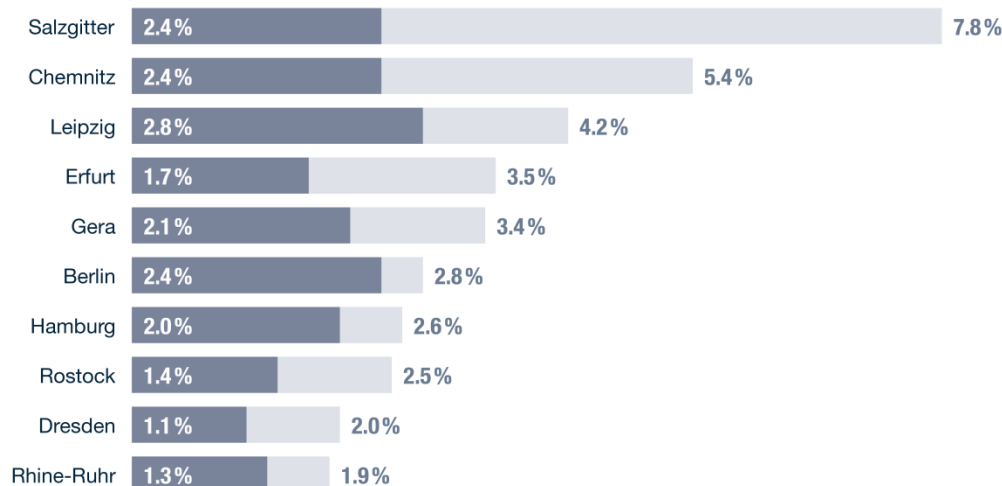
in EUR/sqm	2014	2015	2016
Maintenance and capex	13.37	15.15	15.41

Investments total portfolio

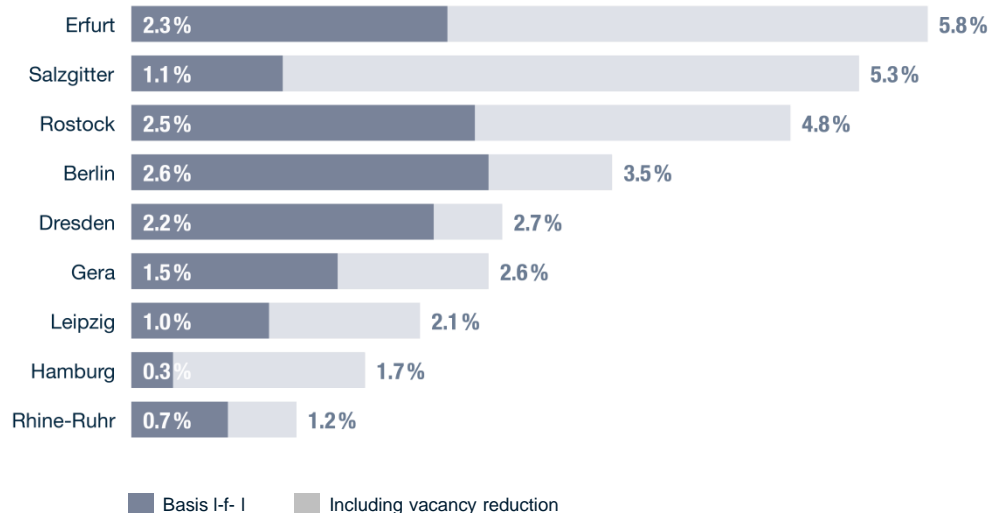
in EUR m	2014	2015	2016
Maintenance	25.0	25.2	25.0
Capex	31.6	40.1	46.5
Total	56.6	65.3	71.5

L-f-I rental growth per region

2016



2015



■ Basis I-f-I ■ Including vacancy reduction

TAG annual valuation by CBRE

Main results of annual valuation carried out in Q3 2016

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

Key metrics

	Dec-2016	Dec-2015	Dec-2014
Value EUR/sqm	c. 790	c. 750	c.750
Gross yield	7.4%	7.6%	7.6%
Implied multiple	13.5x	13.2x	13.2x

Conservative valuation based on positive operational developments



Schwerin



Riesa

TAG 2017

TAG return on capex

TAG modernisation as a driver for internal growth

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

Capex measures can be broken down into

- Modernisation during re-letting (tenant turnover)
- Modernisation of vacant flats (longer term vacancy)
- 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**

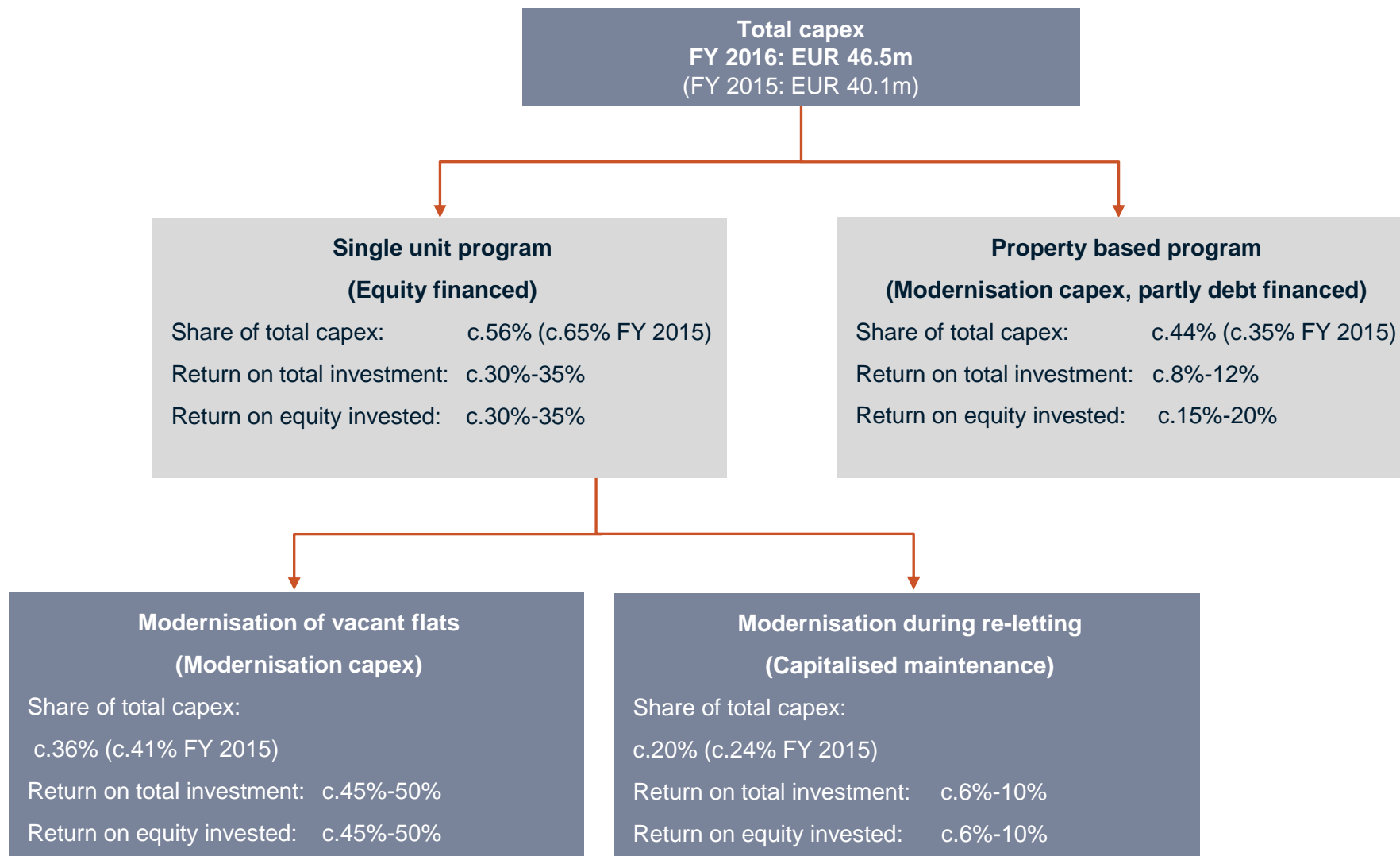
①
$$\frac{\text{Incremental revenues}}{\text{Total investment}} = \text{Return on investment}$$

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

	Modernisation during re-letting	Modernisation of vacant flats	Large modernisation measures
Incremental revenues from modernisation 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 strong returns on capex



Modernisation of vacant flats (longer term vacancy)

Case Study – Freiberg „Am Mühlteich/ Maxim Gorki“ (acquired Sep-2014)

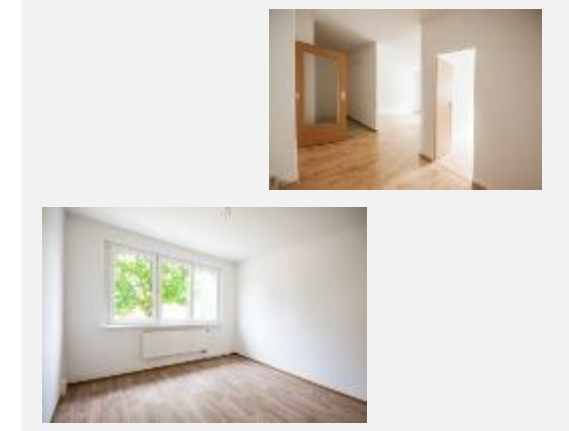
Pre modernisation



Measures

- Units: 128
- Vacancy at acquisition date: 10.5%
- Vacancy today: 2.3%
- Interior refurbishment
- Completed in Q1 2015

Post modernisation



Description

- Acquired in Sep-2014 within a portfolio of 1,500 units in Saxony
- Example presented: refurbishment of 7 Units
- Total investment: EUR 67,200
- Modernisation cost per unit: EUR 9,600
- Expenditure on time per unit: 4 weeks
- Equity-financed
- TAG modernizes between 1,000 and 1,500 vacant flats per annum

Calculation

(in EUR thousands)	
Incremental revenues	
Incremental revenues from new lettings	27.7
Saved maintenance costs	0.0
Saved ancillary costs from vacancy reduction	5.7
Total incremental revenues	33.4
Total investment	67.2
Return on total investment	49.7%
Return on equity invested	49.7%

Modernisation large modernisation measures

Case Study – Erfurt „Am Ringsee“ (acquired April-2012)

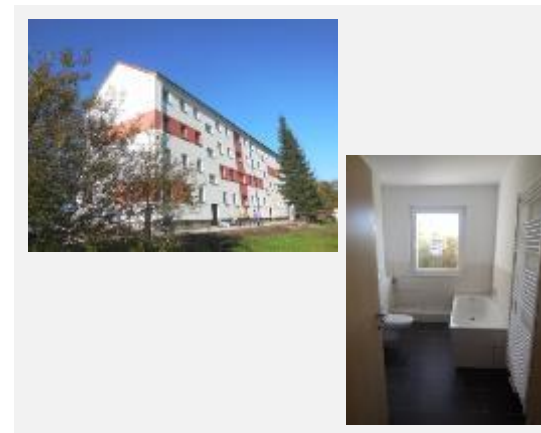
Pre modernisation



Measures

- Units: 20
- Vacancy at acquisition date: 98%
- Vacancy today: 0%
- Interior and exterior refurbishment for the duration of 1 year
- Completed in 2014/2015

Post modernisation



Description

- Acquired in April-2012 as part of the 25,000 units portfolio of DKB Immobilien AG
- Facade-, roof- and electric overhaul
- New windows and sanitary facilities
- Creation of private garden areas
- Financing:
 - Bank loans of EUR 735,000 (57%) at 2.36% p.a. leading to financing costs of EUR 17,350 p.a.
 - Equity of EUR 562,700 (43%)

Calculation

(in EUR thousands)	
Incremental revenues	
Incremental revenues from new lettings	112.6
Saved maintenance costs	0.0
Saved ancillary costs from vacancy reduction	20.6
Total incremental revenues	133.2
Total investment	1.292.7
Return on total investment	10.3%
Return on equity invested	20.6%

TAG 2017

TAG acquisitions and disposals

TAG acquisition principles

ACCRETION

- NAV/s & FFO/s accretive purchases only
 - Rigorous pricing discipline
 - Purchase multiples should not be significantly below average portfolio gross yield (currently at 7.4%)

GEOGRAPHIES

- Focus on portfolios in existing TAG locations/ regions
 - Low marginal costs for asset and property management
 - Detailed market knowledge

TYPICAL DEAL SIZE AND CHARACTERISTICS

- < EUR 20m – too big for retail investors, too small for family offices, below the radar of our peer group
- < EUR 50m portfolio split in different regions, the deal matches if the portfolio is located at existing TAG locations, hence asset and property management at lowest marginal costs
- pure residential
- no development projects



TAG acquisitions 2016 and 2017

Signing	Thuringia/ Saxony- Anhalt Nov-2016	Thuringia Dec-2016	Saxony-Anhalt Dec-2016	NRW Dec-2016	Total FY2016	Brandenburg Feb-2017
Units	353	887	303	107	1,650	1,441
Rentable area sqm	20,370	48,803	18,246	9,369	96,788	73,312
Current net cold rent EUR/sqm/month	4.42	4.66	4.66	4.68	4.61	4.77
Vacancy	11.0%	2.7%	8.5%	1.0%	5.4%	19.2%
Purchase price in EUR m	11.1	34.3	11.7	6.5	63.6	41.9
Financing/ bank loans (e) in EUR m	8.0	25.5	8.5	5.0	47.0	27.0
Current net cold rent in EUR m p.a.	0.96	2.66	0.96	0.54	5.12	3.42
Location	Erfurt, Altenburg	Gotha	Dessau	Hemer/Iserlohn	---	Brandenburg
Closing	Dec-2016	Dec-2016	Dec-2016	Dec-2016	---	Q2 2017
Multiples	11.6x	12.9x	12.2x	12.1x	12.4x	12.3x

1,650 units acquired in 2016 at conservative acquisition multiples averaging 12.4x or 8.1% gross yield

TAG disposals 2016

Signing	Commercial Objects 2016	Privatisation and ongoing disposals 2016	Total FY 2016
Units	2	717	719
Actual net cold rent EUR/sqm/month	---	---	---
Actual net cold rent in EUR m p.a.	1.1	2.3	3.4
Vacancy	---	---	---
Selling price in EUR m	12.4	37.3	49.7
Net cash proceeds in EUR m	12.4	25.8	38.2
Book profit (IFRS) EURm after revaluation	0.2	5.1	5.3
Location	Leipzig, Freiburg	Various locations	---
Closing	Q1 2017	2016	---
Multiples	11.3x	16.2	14.6

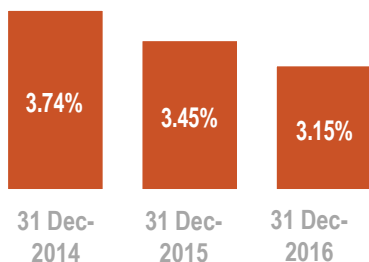
Only few disposals in H2 2015 and FY 2016, concentrating on sales of non-core assets

TAG
2017

TAG financing structure

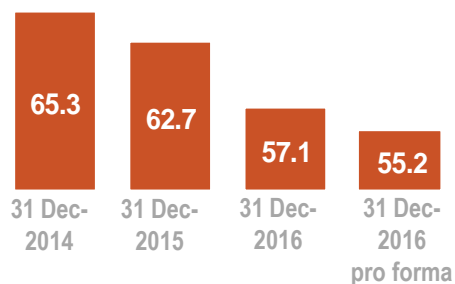
TAG cost of debt and LTV

Cost of debt Ø



- Continuous reduction of average cost of debt during 2015 and 2016
- Upcoming refinancings of bank loans and corporate bond in 2017 and 2018 will further reduce borrowing costs (current run rate: reduction of c. 30 bps p.a.)

LTV*



- LTV target of 55% (before effects from valuation gains, 50-55% when including such uplifts)
- Pro forma LTV at 31 Dec-2016 (taking into account placement of treasury shares in Mar-2017) at 55.2%
- Current LTV of 55% ensures efficient capital structure as well as stable and conservative financing structure given TAG's current moderate valuation level for the portfolio (Fair Value per sqm of c. EUR 790 and LTV of c. 57% leads to average financial debt per sqm of c. EUR 450)

*LTV:
Defined as net financial debt in relation to real estate assets. For a detailed calculation of LTV see Annual Report 2016 p. 72



Erfurt



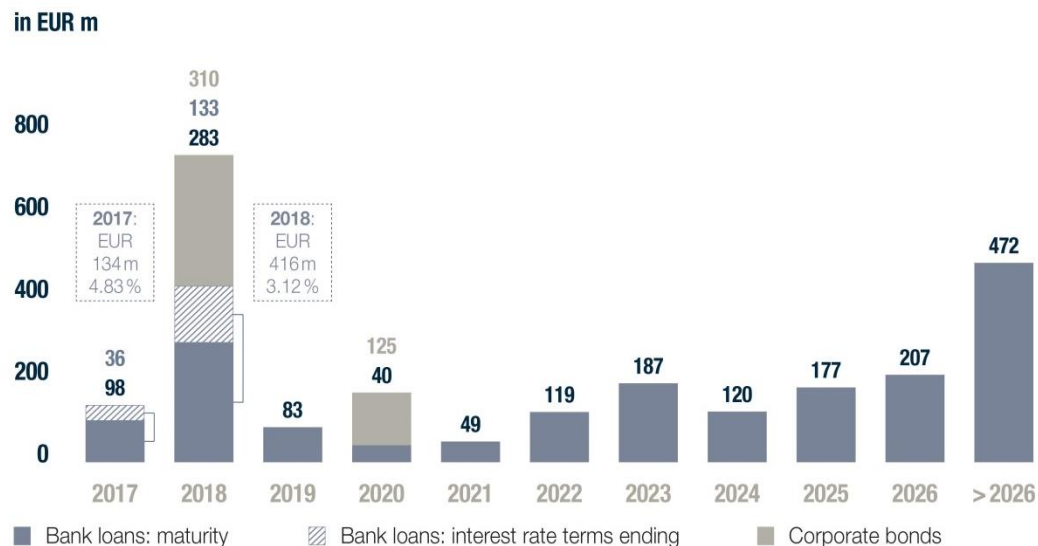
Freiberg



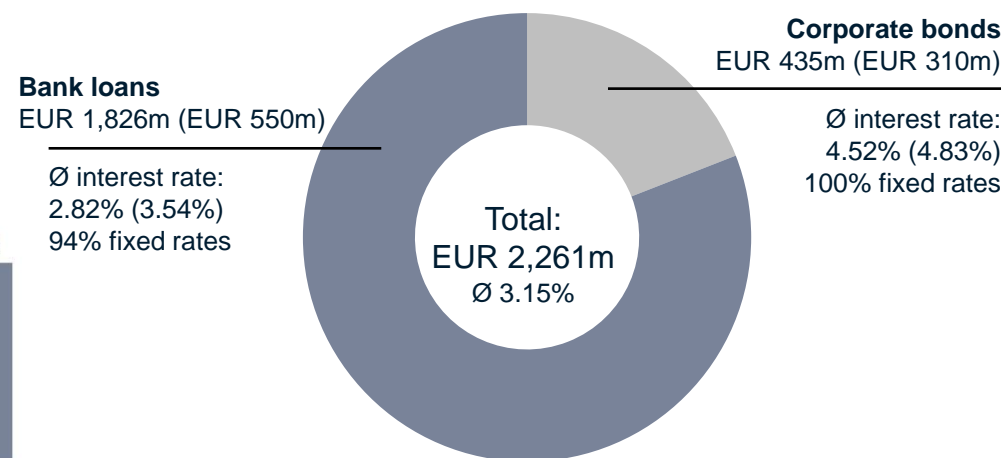
Dessau

TAG debt financing structure

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



Interest rates and maturities ⁽¹⁾



Average maturities as of 31 Dec-2016

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

Upcoming refinancing in the short- to medium-term

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

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

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

TAG 2017

TAG guidance

TAG revised guidance 2017

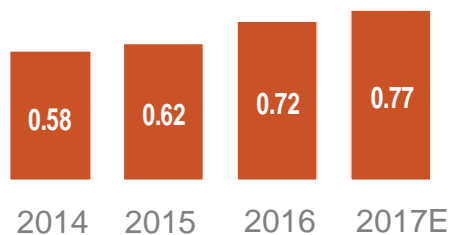
Previous Guidance
FY 2017
(Nov-2016)

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

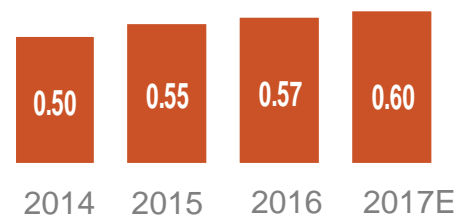
Revised Guidance
FY 2017
(Feb-2017)

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

FFO per share in EUR



Dividend per share in EUR



Gera



Stralsund



Chemnitz

TAAG 2017

APPENDIX

TAG portfolio details by region FY 2016

Region	Units #	Rentable area sqm	IFRS BV TEUR	In-place yield	Vacancy Dec. 2016	Vacancy L-f-I Dec. 2015	Current net cold rent EUR/sqm	Re-letting rent EUR/sqm	L-f-I rental growth y-o-y	L-f-I rental growth y-o-y incl. vacancy reduction	Maintenance EUR/sqm	Capex EUR/sqm
Berlin	9,879	570,595	521,972	6.4%	6.8%	6.7%	5.26	5.77	2.4%	2.8%	4.32	10.41
Chemnitz	6,459	371,851	226,545	8.1%	13.1%	15.6%	4.73	5.17	2.4%	5.4%	5.81	21.73
Dresden	6,192	402,132	374,822	6.7%	3.8%	4.7%	5.40	5.49	1.1%	2.0%	3.46	4.73
Erfurt	8,313	468,688	407,666	6.8%	2.6%	4.3%	5.06	5.52	1.7%	3.5%	3.10	8.79
Gera	9,597	560,022	382,828	7.6%	9.7%	10.9%	4.78	5.15	2.1%	3.4%	4.96	7.62
Hamburg	7,218	441,749	387,484	7.0%	4.3%	5.1%	5.32	5.85	2.0%	2.6%	6.74	9.45
Leipzig	8,473	501,800	372,873	7.7%	4.5%	5.9%	5.02	5.32	2.8%	4.2%	4.51	4.85
Rhine-Ruhr	4,894	316,052	288,018	6.8%	3.5%	3.9%	5.32	5.38	1.3%	1.9%	10.24	5.33
Rostock	5,469	325,096	272,806	7.2%	4.4%	5.4%	5.27	5.14	1.4%	2.5%	4.66	14.92
Salzgitter	9,173	562,960	407,632	7.7%	7.5%	12.1%	5.01	5.37	2.4%	7.8%	7.52	13.78
Total residential units	75,667	4,520,944	3,642,646	7.1%	6.1%	7.7%	5.11	5.40	2.0%	3.7%	5.41	10.00
Acquisitions	2,612	152,142	111,771	7.6%	4.2%	27.1%	4.87	4.79	--	--	1.59	0.99
Commercial units within resi. portfolio	1,248	159,573	--	--	17.5%	17.9%	7.57	--	--	--	--	--
Total residential portfolio	79,527	4,832,659	3,754,417	7.5%	6.5%	8.1%	5.17	5.40	--	--	5.11	9.39
Other	227	45,363	102,155	5.8%	11.6%	17.1%	12.25	0.00	--	--	5.86	24.99
Grand total	79,754	4,878,022	3,856,572	7.4%	6.5%	8.2%	5.23	5.40	--	--	5.12	9.53

TAG portfolio valuation details FY 2016

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

TAG income statement (IFRS)

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

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

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

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

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

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

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

TAG EBITDA and FFO calculation

(in EUR m)	FY 2016	FY 2015	FY 2014
Net income	200.7	147.3	29.0
+ Taxes	46.0	27.8	53.9
+ Net financial result	89.5	96.0	118.0
EBIT	336.2	271.1	200.9
+ Adjustments			
Valuation result	-163.1	-98.7	-47.6
Depreciation	3.0	3.1	3.4
Disposals and impairments purchase price receivables commercial portfolio and asset management business	0.0	0.0	40.4
One-offs (mainly project costs and severance payments personnel costs)	0.9	5.3	9.2
Net revenue from sales	-1.8	-20.1	-40.3
EBITDA (adjusted)	175.2	160.7	166.0
- Net financial result (cash, after one-offs)	-75.8	-84.0	-92.9
- Cash taxes	-1.7	-0.4	0.7
- Dividend payments to minorities	-0.7	0.0	0.0
= FFO I	97.0	76.3	74.5
Capitalised maintenance	-9.3	-9.6	-7.0
Modernisation capex	-37.2	-30.5	-24.6
= AFFO	50.5	36.2	42.9
Net revenue from sales	1.8	20.1	40.3
= FFO II	98.8	96.4	114.8
(FFO I + net revenue from sales)			
<i>Weighted average number of shares outstanding (in '000)</i>	<i>135,666</i>	<i>123,118</i>	<i>128,846</i>
FFO I per share (EUR)	0.72	0.62	0.58
AFFO per share (EUR)	0.37	0.29	0.33

- EBITDA (adjusted)
 - increased by EUR 14.5m in FY 2016
 - and decreased by EUR 5.5m in FY 2015 compared to FY 2014 (EBITDA reduction by disposal of commercial portfolio in FY 2014 of EUR 6.6m in FY 2015)

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

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

- Number of shares outstanding increased in Q3 2016 by 9.8m to 142.3m due to the early conversion of TAG's last convertible bond
- 4.16m treasury shares remaining at 31 Dec-2016, 4.1m treasury shares placed in the market in Mar-2017, 60,000 shares remaining for management compensation in shares

TAG EPRA Earnings

(in EUR millions)	FY 2016	FY 2015	Q4 2016	Q3 2016
Net income	200.7	147.3	26.6	134.0
Valuation result	-163.1	-98.7	0.6	-159.2
Deferred income taxes on valuation result	43.6	28.5	-0.2	42.6
Net revenues from sales	-1.8	-20.1	0.0	-0.1
Cash taxes on net revenues from sales	0.7	1.1	0.2	0.2
Fair value valuation of derivative financial instruments	0.3	2.5	-0.1	0.1
Breakage fees bank loans and payments for early conversion of convertible bond	10.5	5.2	0.1	9.0
Cash dividend payments to minorities	-0.7	0.0	-0.7	0.0
EPRA Earnings	90.2	65.8	26.5	26.5
Deferred income taxes (other than on valuation result)	0.7	-1.1	-0.9	-2.5
Other non cash financial result	2.9	4.3	0.8	0.3
One off's personnel costs and project costs	0.9	5.3	0.0	0.1
Depreciation/amortisation	3.0	3.1	0.9	0.7
Cash taxes on net revenues from sales	-0.7	-1.1	-0.2	-0.2
FFO I	97.0	76.3	27.1	25.0
weighted average number of shares (outstanding)	135,666	123,118	142,344	140,853
EPRA Earnings per share (in EUR)	0.66	0.53	0.19	0.19
FFO per share (in EUR)	0.72	0.62	0.19	0.18

TAG balance sheet (IFRS)

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

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

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

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

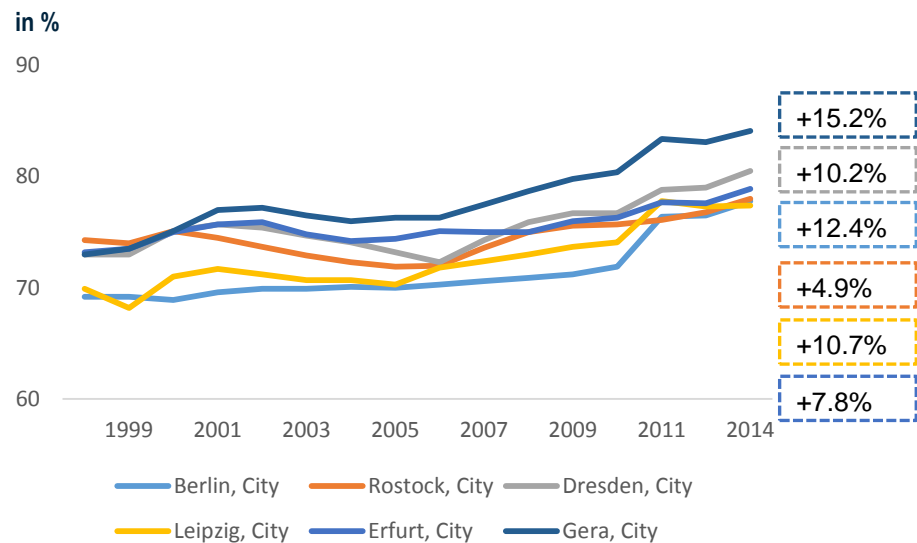
TAG NAV calculation

(in EUR millions)	31 Dec-2016	30 Sep-2016	31 Dec-2015
Equity (without minorities)	1,350.9	1,324.7	1,085.1
+ Deferred taxes on investment properties and financial derivatives	287.1	287.8	245.1
+ Fair value of financial derivatives	4.0	2.0	5.4
= EPRA NAV	1,642.0	1,614.5	1,335.6
- Standardized transaction costs	-225.4	-220.9	-207.6
= EPRA NAV (incl. standardized transaction costs)	1,416.6	1,393.6	1,128.0
<i>Number of shares outstanding (in '000)</i>	<i>142,344</i>	<i>142,344</i>	<i>125,469</i>
EPRA NAV per share (EUR)	11.53	11.34	10.64
EPRA NAV per share (EUR) (incl. standardized transaction costs)	9.95	9.79	8.99

- NAV per share development of EUR +0.89 (+8%) in FY 2016:
 - EUR -0.55 reduction due to dividend payment
 - c. EUR -0.30 reduction through early conversion of convertible bond
 - c. EUR 1.15 increase due to annual portfolio valuation
 - c. EUR 0.60 increase due to other movements (mainly net income excluding valuation result)
- Total change in NAV per share ex dividend payment in FY 2016 of EUR +1.45 (+14%)

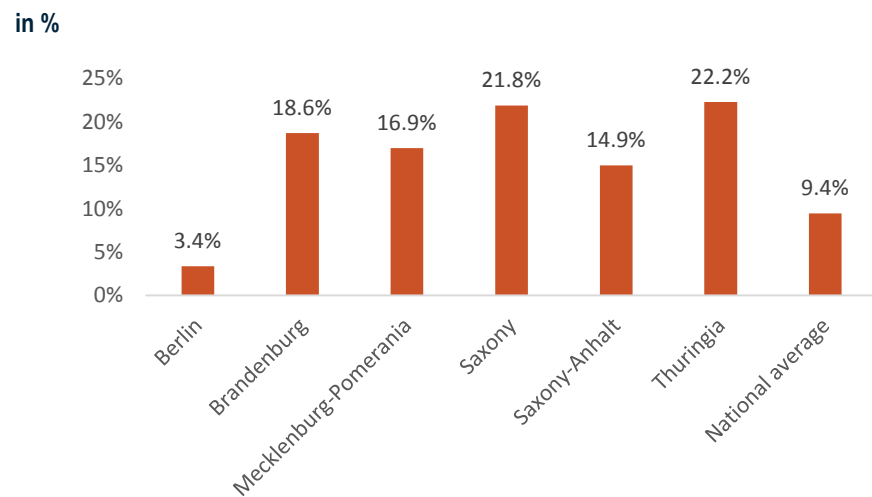
Eastern German real estate market fundamentals

Change in employment rates 1998–2014¹⁾



- In the regions that are part of the TAG portfolio, employment has increased significantly
- Average employment increased by approximately 9.8% from 1998 to 2014

Growth in GDP per person employed 2000–2015²⁾



- The highest growth in GDP per person employed in the period from 2000 to 2015 was recorded in Thuringia: 22.2%
- Followed by Saxony with a 21.8% increase in GDP per person employed
- The national average growth in GDP per person employed was only 9.4%

Sources:

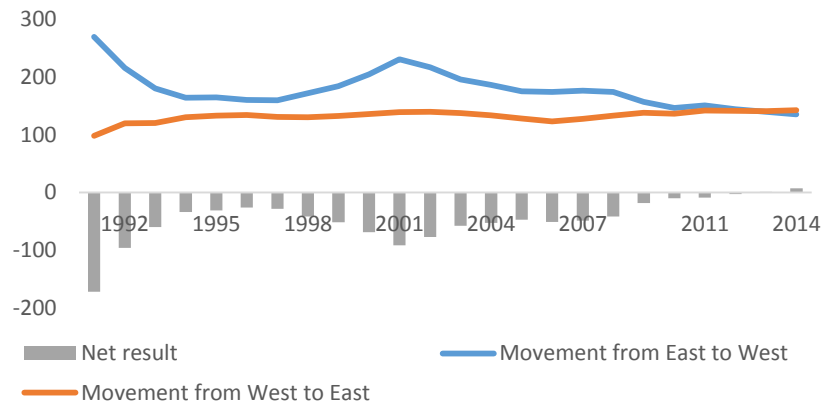
1) Federal Institute for Population Research "Migration between East and West Germany", 1991 to 2014

2) Federal Statistical Office, Study: "Migration Patterns in the East"

East German real estate market demographics

Migration between Eastern and Western Germany¹⁾

People in 1000



Sources:

1) Federal Institute for Population Research "Migration between East and West Germany", 1991 to 2014

2) Federal Statistical Office, Study: "Migration Patterns in the East"

3) Federal Institute for Population Research "Migration between East and West Germany", 1991 to 2014

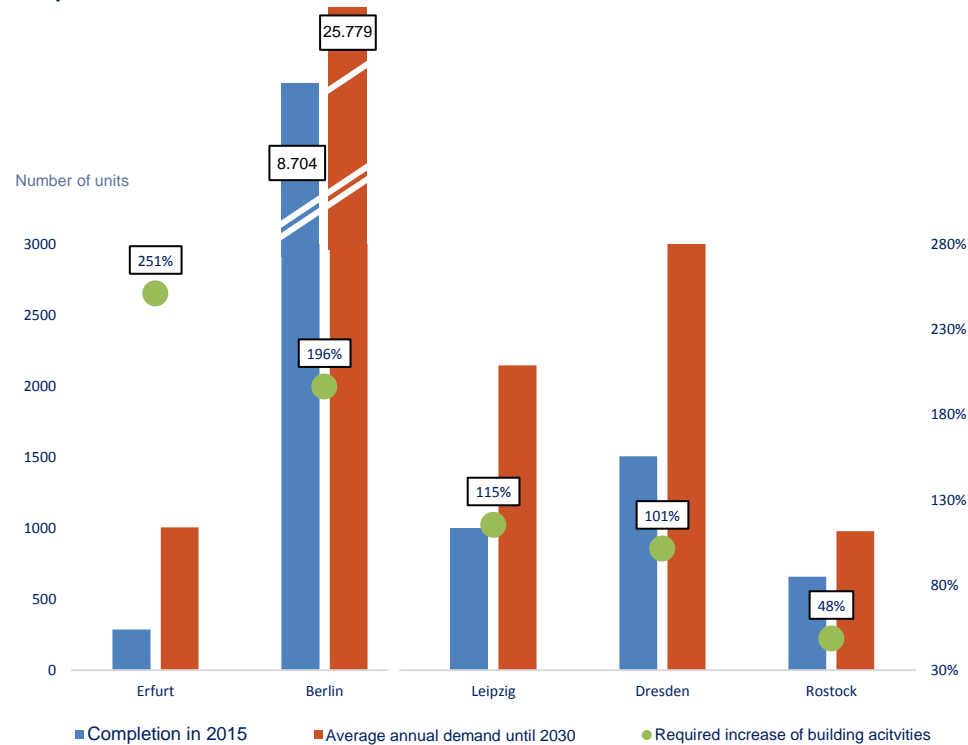
- Since the fall of the Berlin Wall, about 1.8 million people from Eastern Germany have moved to Western Germany – mostly young people between 18 and 30 years old²⁾
- This development has come to an end, that is, the population figures stabilised. In 2013, for the first time, more people immigrated to the five Eastern German states than emigrated from them³⁾

From 2008 to 2013 total net migration to East Germany improved steadily and was positive for the first time in 2012

Eastern German real estate market **lack of supply**

Gap between units built and demand

People in 1000



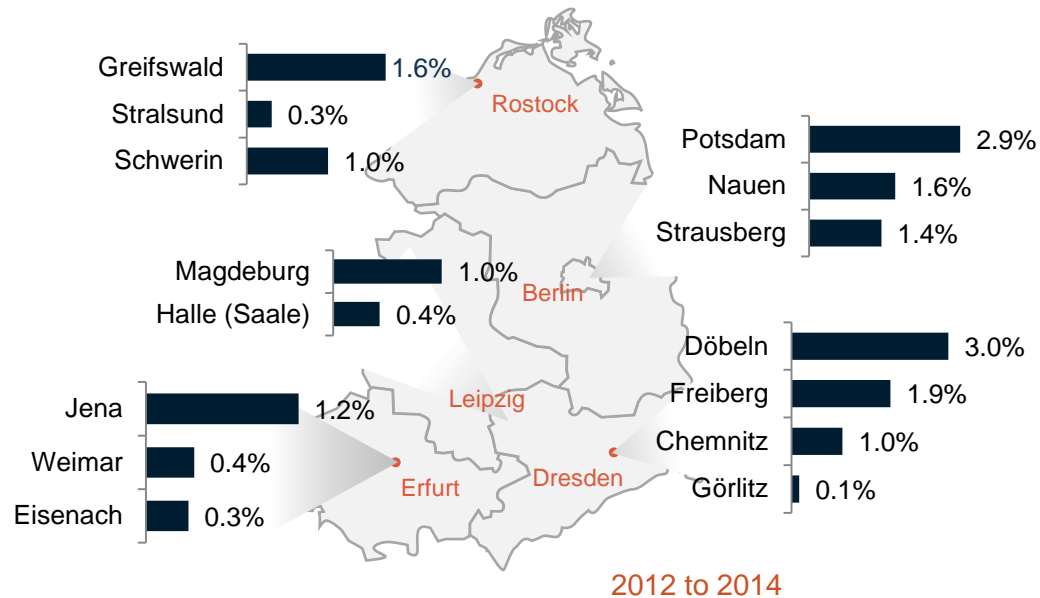
- Significant shortage of housing units in major Eastern German cities
- Annual completion rate needs to be doubled in Leipzig and Dresden, tripled in Berlin and even quadrupled in Erfurt in order to match annual demand
- Situation indicates further upside potential in market rents and housing prices

Source: Bulwiengesa as of February 2017

Current completion rate does not meet annual demand forecasts

TAG housing market report Eastern Germany

Population over time



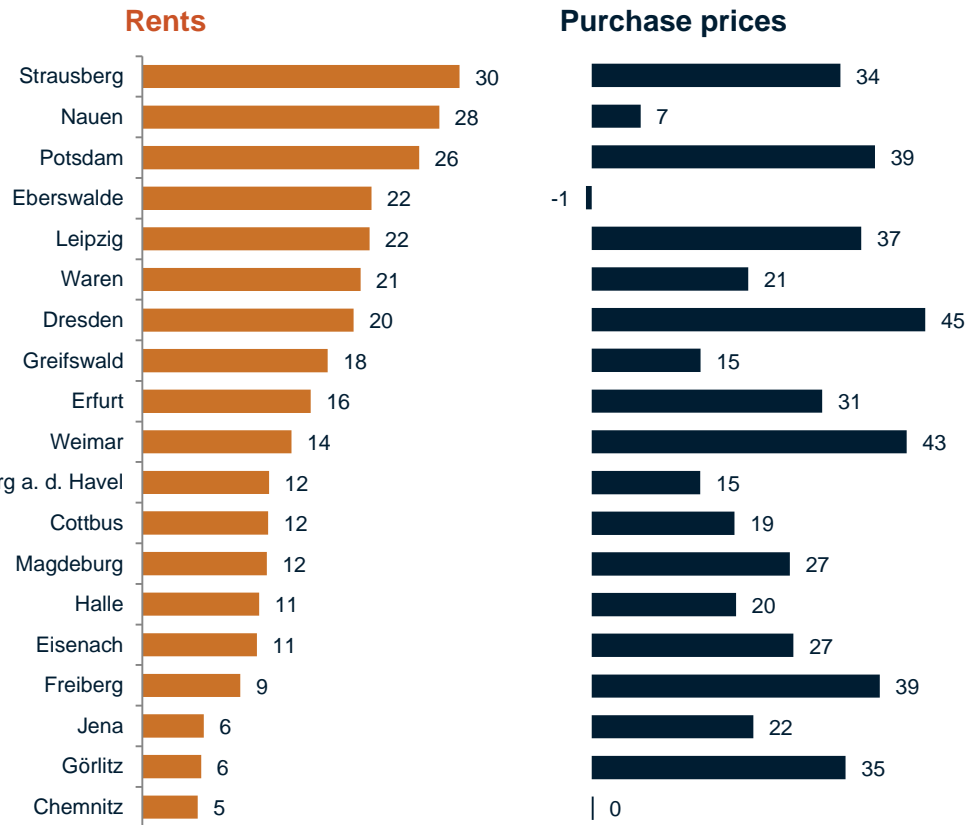
Source: Housing market report Eastern Germany 2016 TAG Immobilien AG in cooperation with Wüest & Partner

- The population drain from Eastern Germany in the years after the German reunification has been stopped
- From 2012 to 2014, the number of residents in 14 of the 27 cities surveyed grew by 1% or more
- Leipzig (+4.5%), Döbeln (+3.0%) and Potsdam (+2.9%) enjoyed the strongest growth in population
- The metropolitan feeder regions are becoming more and more popular

Stable growth in TAG's key regions and increasingly positive trend

TAG housing market report Eastern Germany

Rents and purchase prices over time in select Eastern German cities



2011 to 2016 in %

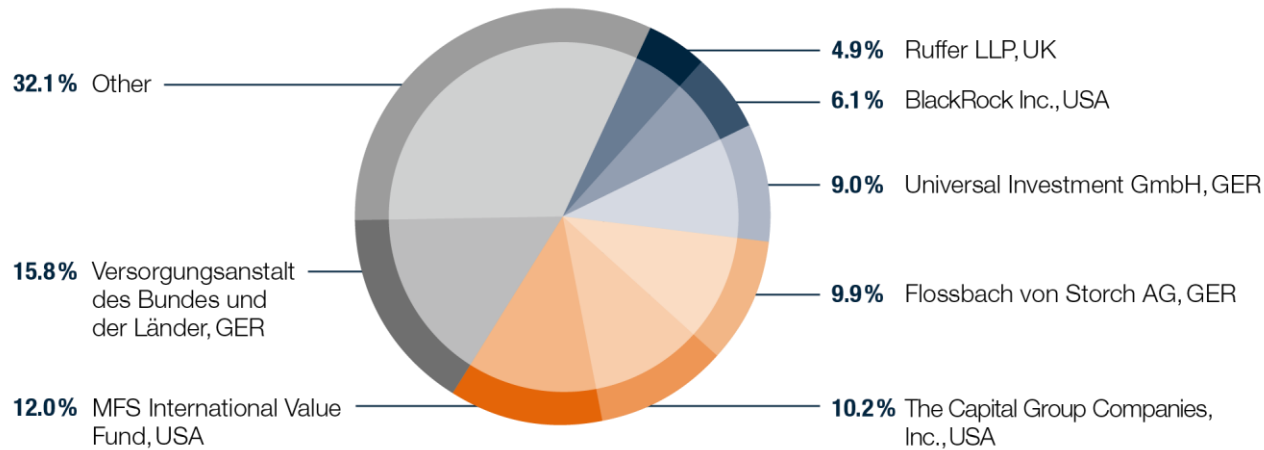
Source: Housing market report Eastern Germany 2016 TAG Immobilien AG in cooperation with Wüest&Partner

- In all 27 locations surveyed, the rents have increased
- In 11 Eastern German locations, purchase prices skyrocketed by more than 30% over five years
- Another 10 Eastern German locations saw purchase prices increasing by 10-30% over five years

Increasing attractiveness and influx of population are driving up rents and purchase prices in Eastern Germany

TAG shareholder structure

Shareholder structure as of 31 Mar-2017



- TAG is listed on the Frankfurt Börse stock exchange since 2000 and included in the MDAX since 2012
- Number of shares (issued) 146.5m
- Market capitalisation (31 Dec-2016) EUR 1.8bn
- Stock indices MDAX/EPRA
- Free Float * 100%
- National and international investors with long term investment strategy represent the majority of shareholders
- Stable shareholder structure, no major changes within recent years



Riesa



Wittenberg



Frödenberg

* Deutsche Börse definition including institutional investors

TAG management board



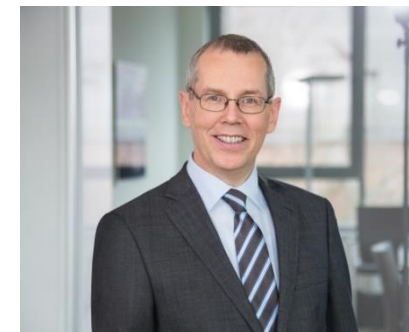
Claudia Hoyer
COO

- Property and Asset Management, Acquisitions and Disposals, Shared Service Center



Martin Thiel
CFO

- Key responsibilities: Controlling, Accounting, Financing, Taxes, Corporate Finance and Investor Relations



Dr. Harboe Vaagt
CLO

- Key responsibilities: Legal, Human Resources and Transactions

-
- Joined TAG as COO in Jul-2012
 - Business degree, member of the management board of DKB Immobilien AG from 2010 to 2012, more than 15 years of experience in residential real estate and property management

- Joined TAG as CFO in Apr-2014
- Business degree, CPA, CVA, over 15 years of experience as auditor and tax consultant with real estate clients

- With TAG for more than 15 years, member of the management board since Apr-2011
- Law degree, over 25 years of experience in real estate legal affairs

TAG management board compensation (bonus)

■ Components

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

■ Criteria

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

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

■ Cap

- EUR 250,000 per board member

■ Restrictions/payments

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



Dresden



Lauta



Großräschen

TAG notes

TAG Contacts

Martin Thiel
CFO

Phone: +49 40 380 32-222

Fax: +49 40 380 32-388

ir@tag-ag.com

Dominique Mann
Head of Investor & Public Relations

Phone: +49 40 380 32-305

Fax: +49 40 380 32-388

ir@tag-ag.com

TAG Immobilien AG

Steckelhörn 5
20457 Hamburg

Phone: +49 40 380 32-0

Fax: +49 40 380 32-388

www.tag-ag.com