



# INTERIM STATEMENT 2021

ON THE 3RD QUARTER

GROWING CASHFLOWS

**TAG**  
Immobilien AG

## GROUP FINANCIALS

in EURm

<b>Income statement key figures</b>	<b>01/01/-09/30/2021</b>	<b>01/01/-09/30/2020</b>
Net actual rent	249.3	239.8
EBITDA (adjusted)	171.7	167.4
Consolidated net profit	362.4	189.1
FFO I per share in EUR	0.94	0.90
FFO I	137.5	131.1
AFFO per share in EUR	0.61	0.52
AFFO	89.4	76.4

<b>Balance sheet key figures</b>	<b>09/30/2021</b>	<b>12/31/2020</b>
Total assets	6,827.6	6,478.0
Equity	2,910.1	2,681.5
Equity ratio in %	42.6	41.4
EPRA Net Asset Value (NTA, fully diluted) per share in EUR	23.88	21.95
LTV in %	44.3	45.1

<b>Portfolio data</b>	<b>09/30/2021</b>	<b>12/31/2020</b>
Units Germany	87,647	88,313
Units Poland (secured pipeline)	12,085	8,742
GAV (real estate assets Germany and Poland)	6,428.2	5,984.4
Vacancy in % (total)	6.0	5.6
Vacancy in % (residential units)	5.7	4.5
I-f-I rental growth in %	1.8	1.4
I-f-I rental growth in % (incl. vacancy reduction)	1.7	1.5

<b>Employees</b>	<b>09/30/2021</b>	<b>12/31/2020</b>
Number of employees	1,363	1,354

<b>Capital market data</b>	
Market cap at 09/30/2021 in EUR m	3,709.3
Share capital at 09/30/2021 in EUR	146,498,765
WKN/ISIN	830350/DE0008303504
Number of shares at 09/30/2021 (issued)	146,498,765
Number of shares at 09/30/2021 (outstanding, without treasury shares)	146,366,881
Free Float in % (without treasury shares)	99.92%
Index	MDAX/EPRA

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# BUSINESS DEVELOPMENT

## BUSINESS PERFORMANCE IN THE FIRST NINE MONTHS OF THE 2021 FINANCIAL YEAR

### Fundamentals of the Group

TAG Immobilien AG (also referred to as 'TAG' or the 'Group' in the following) is a Hamburg-based property company focused on the residential real estate sector. The properties of TAG and its subsidiaries are spread across various regions in Northern and Eastern Germany and North Rhine-Westphalia and, since the 2020 financial year, in Poland as well. Overall, at 30 September 2021 TAG managed around 87,600 residential units in Germany (31 December 2020: around 88,300) and had a contractually secured project pipeline for the construction of around 12,100 units (31 December 2020: around 8,700 units) in Poland, of which approx. 8,500 units (31 December 2020: approx. 5,700 units) are earmarked for long-term portfolio retention.

TAG Immobilien AG shares are listed on the MDAX of the Frankfurt Stock Exchange, with a market capitalisation of EUR 3.7bn as at 30 September 2021 (31 December 2020: EUR 3.8bn).

TAG's business model is the long-term letting of flats. All functions essential to property management are carried out by its own employees. The Company also provides caretaker services and craftsman services for its own portfolio. It specialises in inexpensive housing that appeals to broad sections of the population. The Group's own multimedia company supports the provision of multimedia services to tenants and expands the range of property management services offered. Energy management is pooled in a subsidiary and comprises the supply of commercial heating to the Group's own properties with the aim of optimising energy management. In the medium term, these services are to be further expanded and supplemented with new services for tenants.

TAG invests primarily in medium-sized towns and in the vicinity of large metropolises, as this is where potential for growth, and in particular better opportunities for returns in comparison with investments in the big cities, is seen. The newly acquired portfolios usually have higher vacancies, which are then reduced following their acquisition, through targeted investments and proven asset-management concepts. In Germany, investments are made nearly exclusively in regions where TAG already manages assets, so as to make use of existing management structures. Also, knowledge of the local market is essential when acquiring new portfolios.

Besides long-term property management, the Group selectively exploits sales opportunities in order to reinvest the realised capital appreciation and liquidity into new portfolios with higher yields. This strategy of 'capital recycling' is TAG's response to the intense competition for German residential real estate, and puts a focus on earnings per share. Growth in absolute orders of magnitude is not at the forefront of the corporate strategy. Instead, the aim is to offer tenants affordable housing through sustained, active portfolio management, and investors growing cash flows through attractive dividends. In the 2020 financial year, TAG regionally expanded its portfolio into Poland. Vantage Development S.A. ('Vantage'), a real estate developer based in Wrocław, serves as the platform for further development, which in future will focus on building up a Group-owned portfolio of apartments in Poland and currently also includes the ongoing sale of units already planned and to be constructed.

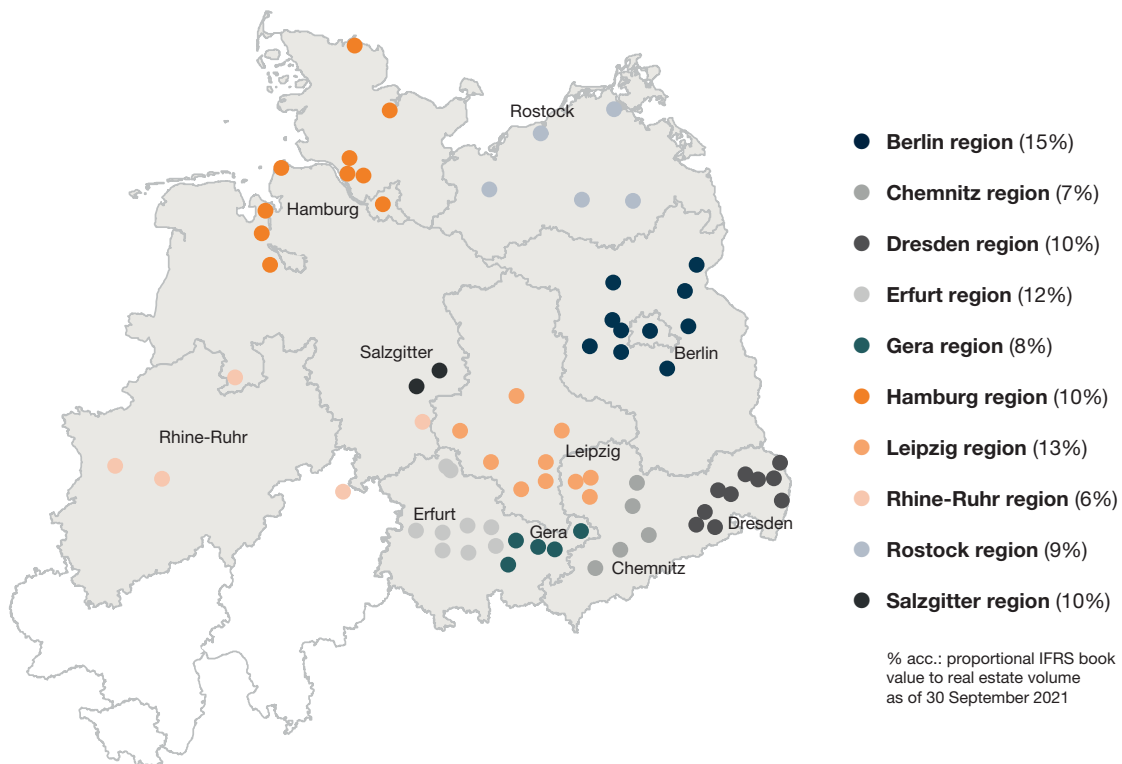
The growing Polish residential real estate market is the target of a regional expansion of TAG's business model which here, too, focuses on strong cash returns (i.e. FFO returns in relation to the equity invested). The Polish residential for rent market is characterised by a supply shortage. It is considered one of the least saturated residential markets in Europe, with a shortage that already exceeds 3.5m units (OECD). Furthermore, the absolute size of the Polish market (approx. 38 million inhabitants, sixth-largest EU country by population), coupled with a growing service sector and favourable demographic trends ('Generation Rent' – a growing preference for rental housing) supports TAG's market entry in Poland. The Management Board expects that early market entry can give TAG a competitive advantage in terms of scope, market knowledge, market penetration, and market position.

TAG's medium-term growth target, i.e. by the end of 2025, is to build up a portfolio of approx. 8,000 to 10,000 residential units in Poland. Capital spending will be focused on new construction in large cities with favourable population trends, proximity to universities, and a well-developed infrastructure.

## The development of TAG's real estate portfolio in Germany

### Overview

At the end of the third quarter of 2021, TAG's real estate portfolio in Germany comprised around 87,600 flats. The focus is on the management of attractive yet affordable housing, keeping a close eye on our social responsibility towards our tenants. The regional focus is mainly on Northern and Eastern Germany, distributed as follows:



Portfolio Data	09/30/2021	12/31/2020
Units	87,647	88,313
Floor space in sqm	5,267,388	5,302,495
Real estate volume in EURm*	6,145.7	5,834.3
Annualised net actual rent in EURm p.a. (total)	334.0	334.2
Net actual rent in EUR per sqm (total)	5.63	5.57
Net actual rent in EUR per sqm (residential units)**	5.53	5.48
Vacancy in % (total)	6.0	5.6
Vacancy rate in % (residential units)**	5.7	4.5
I-f-I rental growth in %	1.8	1.4
I-f-I rental growth in % (incl. vacancy reduction)	1.7	1.5

\* EUR 6,428.2m total real estate volume (of which EUR 282.5m is accounted for by real estate in Poland)

\*\* without acquisitions

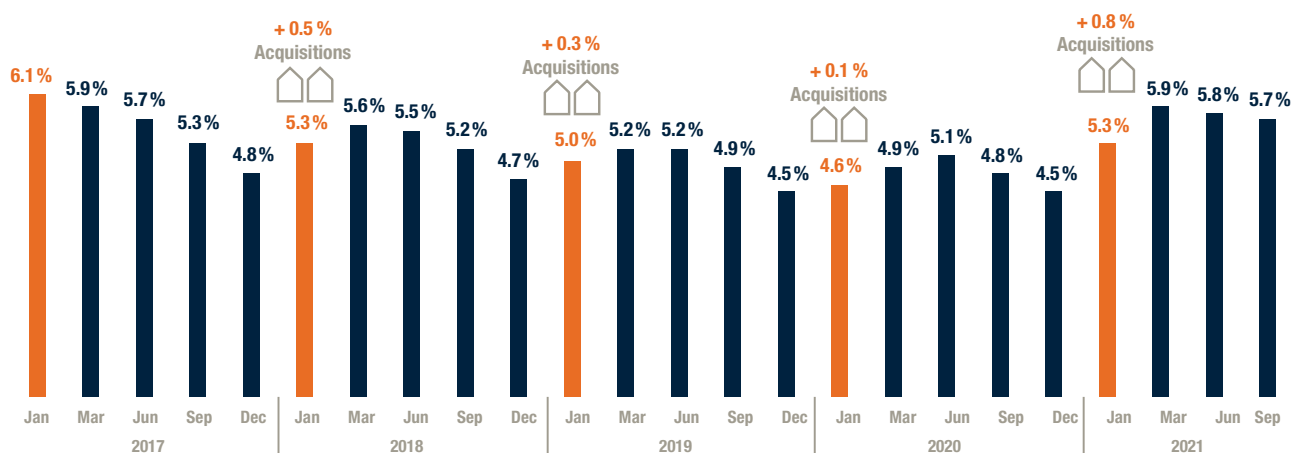
### Purchases and sales in Germany in the first nine months of the 2021 financial year

There were no portfolio purchases for the German portfolio in the first nine months of the 2021 financial year.

In Germany, sales contracts for 343 flats were notarised between January and September 2021. The total sales price and net cash proceeds from this amounted to EUR 19.9m and EUR 19.8m, respectively, and 20.4 times the annual net actual rent. The average vacancy rate of these flats, most of which were non-core assets, was 31.0%. The sales were made at the book value of the properties.

### Vacancy

The following chart illustrates the development of the vacancy rate in the Group's residential units in the financial years since 2017 and in the first nine months of the 2021 financial year:



Due mainly to the integration of acquisitions from the previous year, ongoing modernisation programmes to reduce vacancy, and the fact that fewer viewings and therefore fewer lettings took place due to the Covid-19 pandemic and the associated lockdowns, vacancy increased in the first quarter of 2021, but stabilised again in the second quarter of 2021 and fell to 5.7% at 30 September 2021. After the reporting date, in October 2021, the vacancy rate fell further to 5.6%, so that the forecast for 2021 as a whole, which envisages a reduction in the vacancy rate to between 4.8% and 5.0% by the end of the year, is still considered achievable.

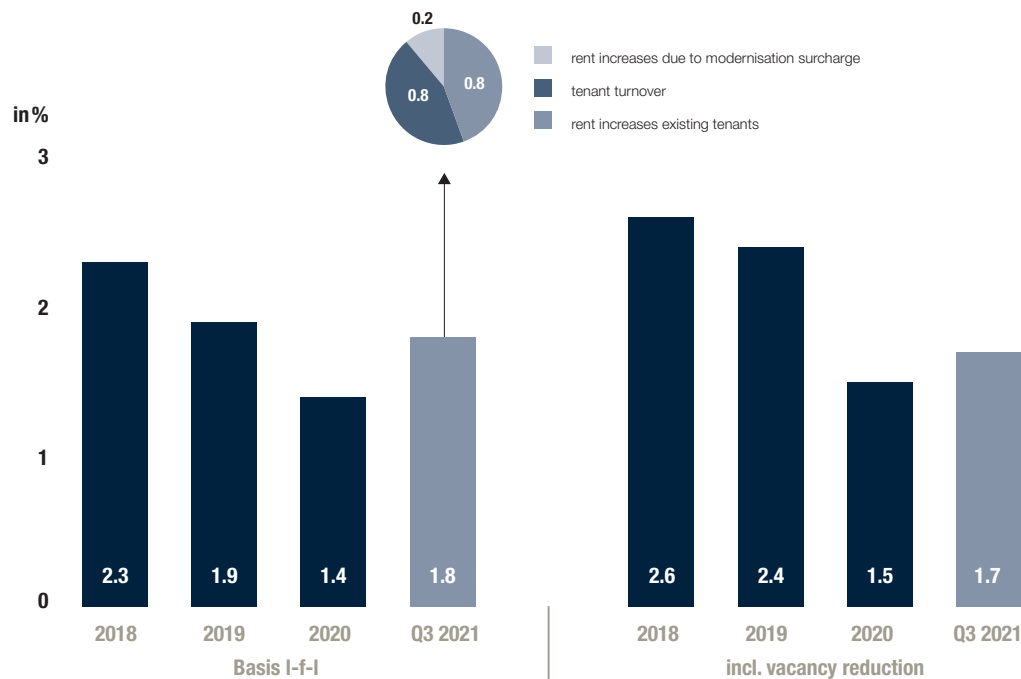
In the overall portfolio, which also includes some commercial units within the residential portfolio, vacancy as of 30 September 2021 is 6.0%, compared to 5.6% at the end of the previous year.

### Growth in rents

On a like-for-like basis (i.e. excluding the acquisitions and disposals of the last twelve months), growth in rents in the Group's residential units was 1.8%, compared with 1.4% p.a. at the end of 2020. This 1.8% growth in rents consisted of ongoing rent increases for existing tenants (0.8%, compared with 0.6% at the end of the previous year), rent increases in the context of a change of tenant (0.8%, compared with 0.6% at the end of the previous year) and rent increases due to modernisation allocations (0.2%, after 0.2% at the end of the previous year).

Including the effects from changes in vacancy, the total growth in rents on a like-for-like basis amounted to 1.7% p.a. (1.5% in the 2020 financial year). The forecast for total growth in rents on a like-for-like basis of 1.5% to 2.0% for the full financial year 2021 remains unchanged.

The development of growth in rents in the Group's residential units in Germany in the financial years since 2018 and at the end of the third quarter of 2021 is thus as follows:



Average rent for the residential units in the portfolio increased slightly to EUR 5.53 per sqm at 30 September 2021, compared to EUR 5.48 per sqm at the end of the 2020 financial year. New lettings were made during the 2021 financial year at EUR 5.81 per sqm compared to EUR 5.77 per sqm at the end of the 2020 financial year.



## The portfolio in detail

The following overview shows further details on TAG's real estate portfolio in Germany, by region:

Region	Units	Rentable area sqm	IFRS BV EURm 09/30/2021	In-place yield	Vacancy 09/30/2021 in %	Vacancy Dec. 2020** in %	Current net rent EUR/sqm	Reletting rent EUR/sqm	I-f-I rental growth (y-o-y) in %	Total I-f-I rental growth*** (y-o-y) in %	Maintenance EUR/sqm	Capex EUR/sqm
Berlin	10,418	603,726	920.3	4.5%	3.9%	3.9%	5.98	6.43	3.0%	3.5%	4.86	7.26
Chemnitz	7,873	461,165	393.5	6.5%	8.6%	6.9%	5.02	5.11	1.5%	0.9%	5.66	10.02
Dresden	6,129	396,421	607.7	4.6%	2.1%	1.9%	6.00	6.23	2.3%	2.6%	3.16	6.97
Erfurt	10,559	595,157	742.0	5.1%	1.7%	2.5%	5.37	5.73	1.5%	1.9%	4.79	7.92
Gera	9,458	548,894	456.8	6.9%	7.1%	6.5%	5.12	5.42	1.0%	0.6%	3.52	6.15
Hamburg	6,956	428,154	632.7	4.6%	4.3%	3.7%	5.97	6.45	2.5%	2.8%	7.28	10.20
Leipzig	13,149	765,989	788.9	5.6%	9.7%	6.0%	5.33	5.61	1.5%	2.3%	6.04	12.75
Rhine-Ruhr	4,182	265,981	373.5	4.7%	2.2%	1.6%	5.63	5.93	1.6%	1.4%	9.59	5.13
Rostock	8,315	465,997	553.6	5.3%	7.2%	4.4%	5.62	6.03	1.5%	0.5%	7.55	18.65
Salzgitter	9,179	563,065	580.8	5.9%	6.6%	5.6%	5.46	5.66	0.9%	-0.5%	5.15	7.01
<b>Total residential units</b>	<b>86,218</b>	<b>5,094,549</b>	<b>6,049.8</b>	<b>5.3%</b>	<b>5.7%</b>	<b>4.5%</b>	<b>5.53</b>	<b>5.81</b>	<b>1.8%</b>	<b>1.7%</b>	<b>5.55</b>	<b>9.42</b>
Acquisitions	162	9,796	4.6	8.2%	23.2%	21.6%	4.12	-	-	-	-	-
Commercial units (within resi. Portfolio)	1,115	143,193	-	-	15.8%	16.1%	8.39	-	-	-	-	-
<b>Total residential portfolio</b>	<b>87,495</b>	<b>5,247,538</b>	<b>6,054.4</b>	<b>5.5%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>5.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other*	152	19,850	91.3	4.5%	6.1%	6.3%	12.45	-	-	-	-	-
<b>Grand total</b>	<b>87,647</b>	<b>5,267,388</b>	<b>6,145.7</b>	<b>5.5%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>5.63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*includes commercial properties and serviced flats. The IFRS book value includes project developments of EUR 28.9m.

\*\* without acquisitions 2020

\*\*\* incl. effects from changes in vacancy

## Development of the business activities in Poland

Based on an average exchange rate of the Polish zloty (PLN) to the euro of 4.55:1 for the first nine months of 2021 (same period of the previous year: 4.42:1), revenue from property sales in Poland amounted to EUR 55.8m after EUR 41.0m in the same period of the previous year. In total, sales of 320 flats were notarised in the first nine months of 2021 (prior-year period: 390), and 521 flats were handed over to their buyers (prior-year period: 389). These transfers led to the aforementioned sales revenue.

As of 30 September 2021, the contractually secured pipeline for the construction of flats comprises a total of 12,085 units (31 December 2020: 8,742), of which 6,924 are in Wrocław (31 December 2020: 5,140), 2,272 units in Poznań (31 December 2020: 2,662), 1,453 units in Łódź (31 December 2020: 940), and 1,436 units in Gdańsk (31 December 2020: 0).

According to current planning, of the total of around 12,100 flats, about 3,600 flats are intended for sale, while around 8,500 flats are to be let after completion, thus forming the basis for the approximately 8,000 to 10,000 flats that are to be built up as a rental portfolio in Poland by the end of 2025. The first rental income in Poland has been generated since June 2021 with the completion of the first letting projects; as of 30 September 2021, 329 flats were rented out.

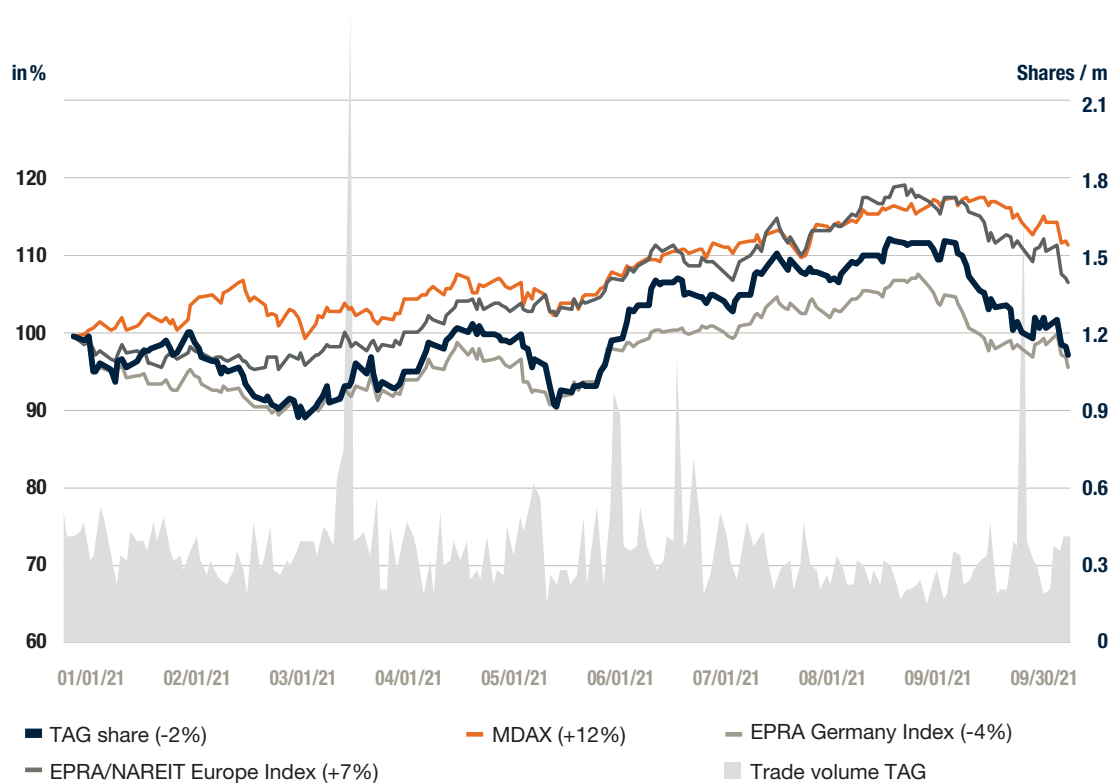
After the reporting date, land was acquired in Krakow for the construction of around 230 residential units, so that TAG is now represented in a total of five locations in Poland: Wrocław, Poznań, Łódź, Gdańsk and Kraków.

## The TAG share and the capital market

After closing at EUR 25.90 at year-end 2020, the TAG share, which is listed on the MDAX, traded at highs in August 2021 of around EUR 29.09 (12 August 2021) and lows in March 2021 of around EUR 23.28 (3 March 2021) during the reporting period. At the end of the third quarter, the share was quoted at EUR 25.32 on 30 September 2021, a slight decline of around 2% compared to the beginning of the year. Taking into account the dividend of EUR 0.88 per share paid out to shareholders in May 2021, the TAG share's overall performance for the first nine months of 2021 was +2%.

For comparison, the EPRA index, which comprises various European real estate companies listed on international stock exchanges, recorded an increase of 7% in the first nine months of 2021.

At national level, the MDAX index rose by 12%, while the EPRA Germany, which is an index comprising the major German real estate stocks, fell by 4%, as shown in the graph below:

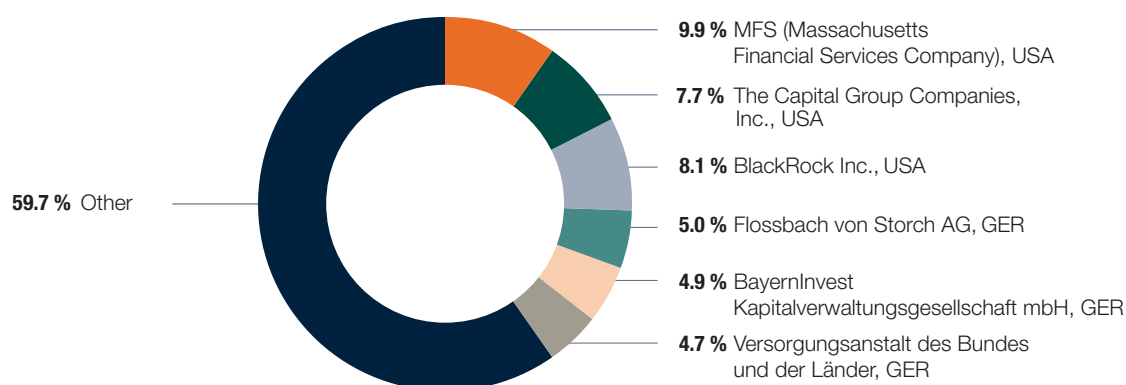


### Share capital and shareholder structure

TAG's market capitalisation was EUR 3.7bn on 30 September 2021, compared to EUR 3.8bn on 31 December 2020. The share capital and the number of shares were unchanged from the previous year at EUR 146,498,765.00 and 146,498,765 shares respectively as at 30 September 2021.

Free float at the reporting date was 99.92% of the share capital; in total, 0.08% of the share capital (119,264 shares at 30 September 2021 after 203,884 shares at 31 December 2020) is held by TAG as treasury shares for purposes of Management Board and employee compensation.

National and international investors with a predominantly long-term investment strategy continue to make up the majority of TAG's shareholders, as the following diagram shows:



### Dividend

TAG allows its shareholders to participate substantially in the Company's success by paying an attractive dividend. At this year's Annual General Meeting, which took place virtually on 11 May 2021, a dividend of EUR 0.88 per share, up from EUR 0.82 per share in the previous year, was approved for the 2020 financial year and subsequently paid out.

To continue establishing our share as an attractive dividend stock in the future, once again we plan to pay out an increased dividend of EUR 0.92 per share for the 2021 financial year, again corresponding to a distribution ratio of 75% of FFO I.

### Financing rating

TAG continues to hold an investment grade rating from Moody's (Baa3 with positive outlook). The rating supports what the Management Board considers to be TAG's stable financing structure and increases its flexibility in financing matters, especially in the capital market.

## Analysis of results of operations, net asset position and financial position

### Preliminary remarks

In the 2020 financial year, TAG expanded its portfolio regionally into Poland with the acquisition of Vantage Development S.A. ('Vantage'). Vantage's business activities are essentially aimed at building up a portfolio of apartments in Poland; in addition, existing project developments are currently still being sold.

The contributions of Vantage and the business activities in Poland to TAG's consolidated earnings, and their contribution to TAG Group's FFO II in the first nine months of the financial year 2021 are as follows:

in EURm	01/01- 09/30/2021	01/01- 09/30/2020
Contribution net income from Poland	10.0	-1.7
Non-recurring set-up costs rental business	0.1	0.0
Effects from purchase price allocation	3.1	4.9
Valuation result investment properties Poland	-4.8	1.6
Deferred taxes	-2.6	-2.2
Minority interests Poland	0.3	-0.1
<b>Result operations Poland (contribution to FFO II)</b>	<b>6.1</b>	<b>2.5</b>

The business activity had no impact on FFO I in the reporting period.

### Results of operations

Rental revenues for the first nine months of 2021 are comprised as follows:

Rental income in EURm	01/01- 09/30/2021	01/01- 09/30/2020
Net actual rent	249.3	239.8
Pro rata remuneration of property tax and building insurance	12.6	11.6
<b>Rental income according to IFRS 16</b>	<b>261.9</b>	<b>251.4</b>
External operational- and ancillary-costs recharged to tenants	65.6	60.2
Pro rata remuneration of property tax and building insurance	3.3	2.9
<b>Costs recharged to tenants according to IFRS 15</b>	<b>68.9</b>	<b>63.1</b>
<b>Total</b>	<b>330.8</b>	<b>314.5</b>

Taking into account the integration of acquisitions from the 2020 financial year, as well as the impact of the Covid-19 pandemic on viewings and new lettings, which continued into the first months of 2021, vacancy in the Group's residential units was 5.7%, after 5.3% at the beginning of the year.

The Group's net actual rent ('cold rent', i.e. rent excluding utility costs) increased by 4.0% to EUR 249.3m in the reporting period compared to the same period of the previous year, including rent increases and reductions from the previous year's acquisitions and from sales. Including the other components of income reported under rental revenues, total rental revenues increased from EUR 314.5m to EUR 330.8m. The rental business in Poland, which only started in June 2021 with the completion of the first projects, had no significant impact on rental income as of the reporting date.

The individual items of expenses from rentals are as follows:

<b>Rental expenses incl. impairment losses in EURm</b>	<b>01/01/- 09/30/2021</b>	<b>01/01/- 09/30/2021</b>
Maintenance expenses	28.4	25.7
Non-recoverable charges	7.0	7.6
Ancillary costs of vacant real estate	6.9	5.7
<b>Non-rechargeable expenses</b>	<b>42.3</b>	<b>39.0</b>
Rechargeable costs, taxes and insurance	81.6	74.7
<b>Rental expenses</b>	<b>123.9</b>	<b>113.7</b>
Impairment losses on rent receivables	2.7	3.0
<b>Total</b>	<b>126.6</b>	<b>116.7</b>

Overall, the rental result, as the balance of revenues and expenses from rentals and impairments on rent receivables, improved by 3.3% to EUR 204.2m in the reporting period, compared to EUR 197.8m in the prior-year period.

The proceeds from the sale of properties and the related sales results in Germany and in Poland are shown below:

<b>Income from sales in EURm</b>	<b>01/01/- 09/30/2021</b>	<b>01/01/- 09/30/2020</b>
Revenues from the sale of investment properties	51.5	17.6
Expenses on the sale of investment properties	-50.9	-17.9
<b>Net income from the sale of investment properties</b>	<b>0.7</b>	<b>-0.3</b>
Revenues from the sale of properties held as inventory (Germany)	1.0	0.6
Expenses from the sale of inventories (Germany)	-1.1	-1.3
<b>Net income from the sale of inventories (Germany)</b>	<b>-0.1</b>	<b>-0.7</b>
Revenues from the sale of properties held as inventory (Poland)	55.2	41.0
Expenses on the sale of inventories (Poland)	-44.8	-38.8
<b>Net income from the sale of inventories (Poland)</b>	<b>10.5</b>	<b>2.3</b>
<b>Total</b>	<b>11.0</b>	<b>1.3</b>

Given the unchanged growth in market demand, the sales result from inventory properties in Poland increased significantly year-on-year for the reporting period. Taking into account the additional sales results achieved in Germany, the total sales result was EUR 11.0m after a slightly positive sales result in the prior-year period.

Service revenues are broken down to the TAG Group's services and the proportionate share of property tax and building insurance as follows:

<b>Income from property services in EURm</b>	<b>01/01- 09/30/2021</b>	<b>01/01- 09/30/2020</b>
Energy services	17.5	18.7
Facility management	11.2	10.3
Multimedia services	6.7	6.3
Craftsmen services	3.5	3.2
Other	2.3	2.1
Rechargeable property taxes and building insurance	1.7	1.3
<b>Total</b>	<b>42.9</b>	<b>41.9</b>
Impairment losses	-0.3	-0.4
Expenses from property services	-22.9	-22.5
<b>Net income from property services</b>	<b>19.6</b>	<b>19.0</b>

The following overview summarises the main components of the other operating income:

<b>Other operating income in EURm</b>	<b>01/01- 09/30/2021</b>	<b>01/01- 09/30/2020</b>
Capitalised personnel expenses	2.3	1.6
Reversal of other provisions	1.3	0.7
Derecognition of liabilities	0.9	0.9
Other	1.1	1.0
<b>Total</b>	<b>5.6</b>	<b>4.2</b>

The capitalised personnel expenses include costs of own employees directly attributable to the construction projects of the Group's project development activities in Poland.

The fair value changes of investment properties and valuation of inventory properties of EUR 310.6m (previous year: EUR 172.6m) are based on the valuation of TAG's entire real estate portfolio as at 30 June 2021 by CBRE GmbH as an independent expert. This item mainly relates to investment properties held in the portfolio; to a lesser extent, there are also effects from the valuation of properties held as inventory assets or properties held for sale. The next complete portfolio valuation will take place on 31 December 2021.

Personnel expenses increased to EUR 46.0m in the reporting period after EUR 42.5m in the same period of the previous year. In addition to the increased number of employees (particularly in the area of caretakers) and ongoing salary increases and bonus payments for employees, the new Management Board remuneration resolved at the Annual General Meeting on 11 May 2021 was also recognised. In particular, this involved the recognition of expenses in the amount of EUR 1.1m in connection with the Long Term Incentive Plan of the years 2018–2020, under which TAG shares were allocated to the members of the Management Board in the second quarter of 2021.

As of 30 September 2021, TAG had 1,209 employees in Germany including all caretakers and craftsmen (after 1,203 employees as of 30 September 2020) and 154 employees in Poland (after 133 employees as of 30 September 2020).

The amortisation of intangible assets and depreciation of property, plant and equipment amounting to EUR 6.4m (prior-year period: EUR 5.3m) relates exclusively to scheduled amortisation, mainly on IT software, on office buildings used by the Group itself (owner-occupied property), which are to be recognised at amortised cost in accordance with IFRS regulations, on office equipment, and on rights of use within the meaning of IFRS 16.

The composition of other operating expenses is shown below:

<b>Other operational expenditures in EURm</b>	<b>01/01- 09/30/2021</b>	<b>01/01- 09/30/2020</b>
Legal, consulting and auditing costs (incl. IT consulting)	4.8	4.7
Telephone costs, postage, office material	1.5	1.4
Contributions and donations	1.3	4.3
Cost of premises	1.2	1.4
IT costs	1.2	1.1
Travel expenses (incl. motor vehicles)	0.8	0.8
Other ancillary staff costs	0.7	0.7
Other	2.8	3.0
<b>Total</b>	<b>14.3</b>	<b>17.4</b>

Other operating expenses fell to EUR 14.3m in the 2021 financial year after EUR 17.4m in the previous year. In the previous year, a special effect of EUR 3.6m in payments to the 'TAG Miteinander Stiftung' (TAG Together Foundation) was included; the foundation was established in the 2020 financial year.

The negativ financial result of the consolidated income statement, i.e. the balance of financial income and financial expenses, decreased significantly from EUR -91.6m to EUR -40.4m compared to the prior-year period, mainly due to non-cash losses from the fair value valuation of the equity component of convertible bonds as a derivative in the prior-year period. The cash-effective net financial result adjusted for one-off effects, which is relevant for calculating the FFO, improved from EUR -33.5m in the prior-year period to EUR -32.3m and is calculated as follows:

<b>Financial result in EURm</b>	<b>01/01- 09/30/2021</b>	<b>01/01- 09/30/2020</b>
Exchange rate differences through profit and loss	1.2	0.0
Investment income	0.5	-0.8
Interest income	0.6	9.9
Interest expense	-42.7	-100.7
<b>Financial result</b>	<b>-40.4</b>	<b>-91.6</b>
Elimination finance income/expense Poland	1.0	-0,1
<b>Financial result Germany</b>	<b>-39.4</b>	<b>-91.7</b>
Non-cash financial result from bonds	2.5	2.1
Premature termination compensation	0.0	0.6
Other non-cash items (e.g. derivatives)	4.5	55.5
<b>Net financial result (cash, without non- recurring effects)</b>	<b>-32.3</b>	<b>-33.5</b>

Income taxes are composed as follows:

<b>Income taxes in EURm</b>	<b>01/01- 09/30/2021</b>	<b>01/01- 09/30/2020</b>
Current income tax expense	4.4	5.1
Deferred income taxes	77.1	44.0
<b>Total</b>	<b>81.5</b>	<b>49.1</b>

Overall, TAG generated consolidated net income of EUR 362.4m in the first nine months of 2021, up from EUR 189.1m in the same period of the previous year. This increase is primarily due to the year-on-year increase in the valuation result.



The following overview shows the calculation of adjusted EBITDA, FFO I, AFFO (Adjusted Funds From Operations after deduction of capex, except for project developments) and FFO II (FFO I plus sales result Germany and plus the profit contribution from operating activities in Poland) in the year to date, compared to the same period of the previous year:

in EURm	01/01/-09/30/2021	01/01/-09/30/2020
<b>Net income</b>	<b>362.4</b>	<b>189.1</b>
Elimination net income Poland	-10.0	1.7
<b>Net income Germany</b>	<b>352.4</b>	<b>190.9</b>
Taxes	79.9	49.4
Financial result	39.4	91.6
<b>EBIT</b>	<b>471.7</b>	<b>331.9</b>
Valuation result	-305.8	-174.2
Depreciation	6.3	5.1
One-offs (establishment of TAG Together Foundation)	0.0	3.6
Sales result	-0.5	1.0
<b>EBITDA (adjusted)</b>	<b>171.7</b>	<b>167.4</b>
Rental income (net actual rent)	249.2	239.8
<b>EBITDA margin (adjusted)</b>	<b>68.9%</b>	<b>69.8%</b>
Net finance income (cash, without non-recurring effects)	-32.3	-33.5
Income taxes (cash)	-0.9	-1.8
Guaranteed dividend minorities	-1.0	-1.0
<b>FFO I</b>	<b>137.5</b>	<b>131.1</b>
Capitalised maintenance	-9.6	-10.1
<b>AFFO (before modernisation capex)</b>	<b>127.9</b>	<b>121.0</b>
Modernisation capex	-38.5	-44.6
<b>AFFO</b>	<b>89.4</b>	<b>76.4</b>
Net income from sales Germany	0.5	-1.0
Result operations Poland	6.1	2.5
<b>FFO II (FFO I + net income from sales)</b>	<b>144.1</b>	<b>132.6</b>
Weighted average number of shares outstanding (in 000)	146,350	146,287
<b>FFO I per share in EUR</b>	<b>0.94</b>	<b>0.90</b>
<b>AFFO per share in EUR</b>	<b>0.61</b>	<b>0.52</b>
Weighted average number of shares (fully diluted, in 000)	147,355	159,551
<b>FFO I per share in EUR</b>	<b>0.93</b>	<b>0.82</b>
<b>AFFO per share in EUR</b>	<b>0.61</b>	<b>0.48</b>

As a result, FFO I, which is currently still calculated exclusively from the rental business operated by TAG in Germany, increased from EUR 131.1m in the prior-year period to EUR 137.5m in the reporting period. In addition to the EUR 0.9m reduction in current income taxes, a EUR 4.3m increase in adjusted EBITDA and a EUR 1.2m improvement in net financial income (cash-effective, excluding non-recurring effects) contributed to this increase.

Compared to the same period of the previous year, AFFO increased by 17.0% from EUR 76.4m to EUR 89.4m. This development was mainly due to the EUR 6.3m increase in FFO I, as well as the temporary reduction in modernisation capex by EUR 6.1m compared to the same period of the previous year.

### Net asset position and investments

Total assets increased to EUR 6,827.6m as of 30 September 2021, compared to EUR 6,478.0m as of 31 December 2020. As of 30 September 2021, the book value of the total real estate volume is EUR 6,478.2m (31 December 2020: EUR 5,984.4m), of which EUR 6,145.7m (31 December 2020: EUR 5,834.3m) is attributable to German properties and EUR 282.5m (31 December 2020: EUR 150.1m) to properties in Poland.

The real estate assets continue to be comprised mostly of investment properties held for the long term. Their development during the reporting period is shown in the following table:

Investment properties in EURm	2021	2020
<b>Amount on 1 January</b>	<b>5,819.2</b>	<b>5,200.0</b>
Purchase through business combinations	0.0	17.0
Additions from real estate acquisitions	4.4	186.5
Portfolio investments	47.8	71.6
Investments in project developments	47.8	46.0
Transferred from inventory	0.0	14.6
Transferred to assets held for sale	-29.0	-45.1
Transferred from assets held for sale	0.0	2.6
Sales	-0.9	-0.3
Change in market value	311.4	329.0
Currency conversion	-3.0	-2.7
<b>Amount on 30 September</b>	<b>6,197.7</b>	<b>5,819.2</b>

In the period under review, TAG incurred expenses totalling EUR 76.3m (previous year: EUR 80.3m) for ongoing maintenance and modernisation in its like-for-like portfolio in Germany, i.e. excluding the acquisitions of the financial year and project developments. EUR 28.3m (previous year: EUR 25.7m) was spent on maintenance recognised in profit or loss and EUR 48.0m (previous year: EUR 54.6m) on modernisation projects eligible for capitalisation, broken down as follows for the Germany portfolio:

in EURm	01/01- 09/30/2021	01/01- 09/30/2020
Large-scale measures (e.g. modernisation of entire residential complexes)	22.3	30.4
Modernisation of apartments		
Previously vacant apartments	16.1	14.1
Change of tenants	9.6	10.1
<b>Total modernisation costs like-for-like portfolio</b>	<b>48.0</b>	<b>54.6</b>

In addition, investments of EUR 4.1m were incurred for project developments in Germany (same period of the previous year: EUR 23.3m), primarily for the comprehensive revitalisation of an office building in Munich. These investments are considered separately from the residential portfolio.

In Poland, EUR 176.2m (previous year: EUR 90.0m) was invested in project developments during the reporting period.

Divided into acquisitions, project developments, and the residential portfolio including the acquisitions of the financial year, the total investments are as follows:

in EURm	01/01/ 09/30/2021	01/01/ 09/30/2020
Acquisitions in the financial year	4.4	42.7
Attributable to Modernisation expenses	0.1	0.0
Project developments	180.3	113.3
Thereof Germany	4.1	23.3
Thereof Poland	176.2	90.0
Like-for-like Portfolio Germany	48.0	54.6
<b>Investment total portfolio</b>	<b>232.7</b>	<b>210.6</b>

A detailed breakdown of ongoing maintenance expenses as well as refurbishment and modernisation measures per square metre by region can also be found in the portfolio overview in the above section 'TAG's real estate portfolio in Germany – The portfolio in detail'.

### Financial position and equity

The cash and cash equivalents available as at the reporting date and the cash and cash equivalents presented in the cash flow statement are as follows:

in EURm	09/30/2021	12/31/2020
Cash and cash equivalents according to consolidated balance sheet	218.3	324.3
Cash and cash equivalents not available at balance sheet date	-7.4	-4.3
<b>Cash and cash equivalents as per consolidated cash flow statement</b>	<b>210.9</b>	<b>320.0</b>

In the first nine months of the 2021 financial year, equity increased by EUR 362.4m due to the positive result, bringing total equity to EUR 2,910.1m (31 December 2020: EUR 2,681.5m). The equity ratio as of the reporting date is 42.6% (31 December 2020: 41.4%).

The following overview shows the calculation of the NTA according to EPRA recommendations:

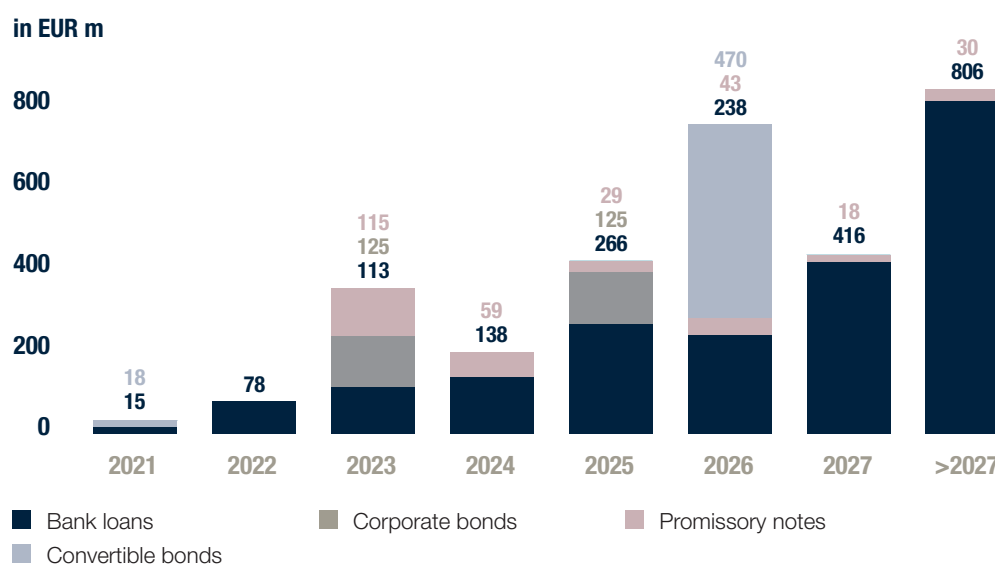
<b>EPRA NTA in EURm</b>	<b>09/30/2021</b>	<b>12/31/2020</b>
Equity (before minorities)	2,816.5	2,602.6
Effect from conversion of convertible bond	0.0	25.9
Deferred taxes on investment properties and derivative financial instruments	636.7	567.4
Fair value of derivative financial instruments	24.6	20.1
Difference between fair value and book value for properties valued at cost	40.9	40.9
Goodwill	-18.2	-18.4
Intangible assets (book value)	-4.3	-4.3
<b>EPRA NTA</b>	<b>3,496.2</b>	<b>3,234.2</b>
Number of shares, fully diluted (in 000)	146,380	147,333
<b>EPRA NTA per share (EUR), fully diluted</b>	<b>23.88</b>	<b>21.95</b>

Dilution effects from convertible bond 2017/2022 were no longer taken into account in calculating the EPRA NTA, as with notice from 13 September 2021 the convertible bond was terminated effective 15 October 2021 and the cash settlement option was exercised. In the case of the 2020/2026 convertible bond issued in August 2020 (outstanding nominal volume of EUR 470.0m as of the reporting date), the current conversion price is higher than the share price, so that no dilution effects had to be taken into account. The main reasons for the increase in the EPRA NTA are the good operating result and, in particular, the positive effect from the property valuation.

The calculation of the loan-to-value (LTV) ratio as of the reporting date is shown below:

<b>in EURm</b>	<b>09/30/2021</b>	<b>12/31/2020</b>
Liabilities to banks	2,058.4	1,977.9
Liabilities from corporate bonds and other loans	544.4	495.9
Liabilities from convertible bonds	483.5	565.4
Cash and cash equivalents	-218.3	-324.3
<b>Net financial debt</b>	<b>2,868.0</b>	<b>2,714.9</b>
Investment properties	6,274.5	5,819.2
Property reported under tangible assets	9.2	9.4
Property held as inventory	111.9	102.0
Property reported under non-current assets held for sale	32.6	53.9
<b>Real estate volume (book value)</b>	<b>6,428.2</b>	<b>5,984.5</b>
Book value of property for which purchase prices have already been paid in advance	0.0	-8.0
Difference between fair value and book value for properties valued at cost	40.9	40.9
<b>Relevant real estate volume for LTV calculation</b>	<b>6,469.1</b>	<b>6,017.4</b>
<b>LTV</b>	<b>44.3%</b>	<b>45.1%</b>

The remaining terms of the total financial liabilities as at 30 September 2021 are shown in the following overview:



As at the reporting date, the average volume-weighted residual term of bank loans was 7.8 years (31 December 2020: 7.9 years), and that of total financial liabilities was 6.5 years (31 December 2020: 6.8 years).

If one adds to the bank loans of EUR 344m maturing in the next three years those for which the fixed-interest rates are expiring, the total refinancing volume for bank loans for the period until 31 December 2024 amounts to EUR 422m. In view of the current lower market interest rates, a further reduction in financing costs can therefore be expected in subsequent years.

The average interest rate on bank loans was 1.6% as at the reporting date, down from 1.8% as at 31 December 2020. The Group's average total cost of debt amounted to 1.4% as at 30 September 2021 (31 December 2020: 1.5%). 98.5% (31 December 2020: 97%) of the total financial liabilities have fixed interest rates.

The Management Board assumes that all loans to be negotiated in the 2021 financial year and in the 2022 financial year, which are almost all denominated in euros, will be renewed as scheduled.

## Forecast, opportunities and risk report

### Preliminary remarks

TAG's business activities expose it to various operating and economic opportunities and risks. For this and further details regarding the forecast and the impact of the Covid-19 pandemic on TAG, please refer to the detailed descriptions in the 'Forecast, opportunities and risk report' section of the condensed group management report for the 2020 financial year. Beyond that, no significant developments have occurred or become apparent that would lead to a different assessment of the opportunities and risks.

Forward-looking statements continue to be subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that TAG cannot control, influence, or estimate precisely. These include, for example, future market and economic conditions, the behaviour of other market participants, the ability to successfully integrate acquired companies and realise expected synergy effects, as well as government tax legislation procedures.

### Unchanged forecast for the 2021 financial year

The FFO I, EBT, and NAV forecasts for the 2021 financial year published in the 2020 Annual Report remain unchanged and are as follows (in each case excluding results from fair value changes of investment properties and from the valuation of inventory properties, from the valuation of financial derivatives, excluding deferred tax effects from the utilisation of tax loss carry-forwards, and on an undiluted basis in each case):

- FFO I: EUR 178m to EUR 182m (2020: EUR 172.6m) or EUR 1.23 per share (2020: EUR 1.18)
- Dividend: EUR 0.92 per share for the 2021 financial year (for 2020: EUR 0.88 per share)
- NTA per share: EUR 22.30 to EUR 22.50 (31 December 2020: EUR 21.95)

The forecasted development in vacancy (decrease in the residential portfolio to between 4.8% and 5.0% after 5.3% as of 1 January 2021 including the acquisitions that became effective as of 31 December 2020) and for rental growth on a like-for-like basis including vacancy reduction (1.5% to 2.0% after 1.5% in 2020) also remain unchanged.

## Preliminary forecast for the 2022 financial year

For the 2022 financial year, we expect the following values for FFO I and NTA per share (excluding results from fair value changes of investment properties and from the valuation of inventory properties, from the valuation of financial derivatives, excluding deferred tax effects from the utilisation of tax loss carry-forwards, and on an undiluted basis in each case):

- FFO I: EUR 188m to EUR 192m or EUR 1.30 per share (increase of 6% compared to previous year)
- Dividend for 2022: EUR 0.98 per share (increase of 6% compared to previous year)

The forecasted increase in FFO I between 2021 and 2022 of around EUR 10m is due to higher rental income of around EUR 6m, improved income from services of around EUR 2.5m and a decrease of around EUR 4m in financing costs as well as an increase of personnel expenses of around EUR 2m and other expenses of EUR 0.5m.

As in previous years, these forecasts do not include any further acquisitions and disposals, and with regard to FFO I relate exclusively to the German portfolio. For our rental portfolio in Poland, which is currently being built up, we expect a more or less balanced result in 2022, so that for reasons of materiality we are not making an FFO forecast. Our first FFO forecast for the entire portfolio is planned for the 2023 financial year.

We expect vacancy in the Group's residential units to decrease by approximately 0.3 to 0.5%-points in the 2022 financial year, based on a like-for-like portfolio. According to our planning, rental growth on a like-for-like basis will be between 1.5% and 2.0% p.a. in 2022, including the effects from vacancy reduction.

## Supplementary report

No reportable events occurred after the reporting date covered by this report.

Hamburg, 9 November 2021

**Claudia Hoyer**  
(COO)

**Martin Thiel**  
(CFO)

**Dr Harboe Vaagt**  
(CLO)

## CONSOLIDATED BALANCE SHEET

Assets in TEUR	09/30/2021	12/31/2020
<b>Non-current assets</b>		
Investment properties	6,274,519	5,819,190
Intangible assets	22,451	22,679
Property, plant and equipment	41,031	38,041
Right of use assets	9,066	8,766
Other financial assets	9,931	9,911
Deferred taxes	48,391	50,648
	<b>6,405,390</b>	<b>5,949,235</b>
<b>Current assets</b>		
Property held as inventory	111,941	102,006
Other inventories	1,161	165
Trade receivables	18,740	17,697
Income tax receivables	1,962	2,215
Other current assets	37,466	28,448
Cash and cash equivalents	218,294	324,320
	<b>389,563</b>	<b>474,851</b>
<b>Non-current assets held for sale</b>	<b>32,623</b>	<b>53,898</b>
	<b>6,827,576</b>	<b>6,477,985</b>



<b>Equity and liabilities in TEUR</b>	<b>09/30/2021</b>	<b>12/31/2020</b>
<b>Equity</b>		
Subscribed capital	146,380	146,295
Share premium	519,739	519,899
Other reserves	-14,166	-9,371
Retained earnings	2,164,546	1,945,792
Attributable to the equity holders of the parent company	2,816,499	2,602,615
Attributable to non-controlling interests	93,599	78,913
	<b>2,910,097</b>	<b>2,681,528</b>
<b>Non-current liabilities</b>		
Liabilities to banks	1,902,831	1,888,823
Liabilities from corporate bonds and other loans	542,606	442,459
Liabilities from convertible bonds	456,063	471,305
Derivative financial instruments	24,611	28,585
Retirement benefit provisions	5,517	5,783
Other non-current liabilities	37,314	21,023
Deferred taxes	645,609	570,711
	<b>3,614,551</b>	<b>3,428,690</b>
<b>Current liabilities</b>		
Liabilities to banks	155,570	89,101
Liabilities from corporate bonds and other loans	1,802	53,459
Liabilities from convertible bonds	27,409	94,059
Income tax liabilities	10,289	15,545
Other provisions	32,542	27,740
Trade payables	27,750	23,860
Other current liabilities	46,487	63,205
	<b>301,849</b>	<b>366,969</b>
<b>Liabilities associated with non-current assets held for sale</b>	<b>1,079</b>	<b>798</b>
	<b>6,827,576</b>	<b>6,477,985</b>

## CONSOLIDATED INCOME STATEMENT

in TEUR	01/01/-09/30/2021	01/01/-09/30/2020
Rental income	330,842	314,550
Impairment losses	-2,700	-3,023
Rental expense	-123,897	-113,722
<b>Net rental income</b>	<b>204,245</b>	<b>197,805</b>
Revenues from the sale of real estate	107,721	59,254
Expenses on the sale of real estate	-96,734	-58,002
<b>Sales result</b>	<b>10,987</b>	<b>1,252</b>
Revenue from services	42,888	41,837
Impairment losses	-341	-384
Expenses from services	-22,912	-22,466
<b>Services result</b>	<b>19,635</b>	<b>18,987</b>
Other operating income	5,566	4,191
Fair value changes in investment properties and valuation of properties held as inventory	310,625	172,614
Personnel expense	-46,005	-42,467
Depreciation/amortisation	-6,429	-5,284
Other operating expense	-14,302	-17,394
<b>EBIT</b>	<b>484,322</b>	<b>329,703</b>
Other financial result	1,666	-771
Interest income	631	9,944
Interest expense	-42,729	-100,669
<b>EBT</b>	<b>443,890</b>	<b>238,207</b>
Income taxes	-81,523	-49,070
<b>Consolidated net income</b>	<b>362,367</b>	<b>189,138</b>
attributable to non-controlling interests	14,799	8,830
attributable to equity holders of the parent company	347,568	180,308
<b>Earnings per share (in EUR)</b>		
Basic earnings per share	2.37	1.23
Diluted earnings per share	2.20	1.23

## CONSOLIDATED CASHFLOW STATEMENT

in TEUR	01/01-09/30/2020	01/01-09/30/2019
<b>Consolidated net income</b>	<b>362,368</b>	<b>189,138</b>
Net interest income/expense through profit and loss	42,097	90,725
Current income taxes through profit and loss	4,422	5,055
Depreciation/ amortisation	6,429	5,284
Other financial result	-1,666	771
Fair value changes in investment properties and valuation of properties held as inventory	-310,625	-172,614
Result from the disposal of investment properties	-662	300
Result from the disposal of other non-current assets	-46	-17
Impairments accounts receivables	3,041	3,408
Changes in deferred taxes	77,100	44,014
Changes in provisions	4,536	279
Interest received	174	180
Interest paid	-36,018	-36,319
Income tax payments and reimbursements	-9,504	-3,848
Changes in receivables and other assets	-26,645	-38,640
Changes in payables and other liabilities	8,370	-6,390
<b>Cashflow from operating activities</b>	<b>123,370</b>	<b>81,326</b>
Proceeds from the disposal of investment properties (less selling costs)	36,021	17,877
Payments made for investments in investment properties	-166,748	-140,650
Cash and cash equivalents assumed in business combinations	0	72,273
Proceeds from the disposal of other non-current assets	196	17
Payments made for the purchase of other non-current assets	-7,606	-9,110
Payments received from other financial assets	466	337
<b>Cashflow from investing activities</b>	<b>-137,671</b>	<b>-59,256</b>
Purchase of treasury shares	0	-2,162
Proceeds from the issuance of treasury shares	315	487
Payments made for the purchase of minority interest	-1	-7
Payments made for the repayment of corporate bonds and other loans	-100,000	-164,935
Proceeds from the issuance of corporate bonds and other loans	149,800	300,596
Payments made for the repayment of convertible bonds	-92,998	-189,122
Proceeds from the issuance of convertible bonds	0	466,318
Dividends paid	-128,814	-119,941
Proceeds from new bank loans	201,464	216,426
Repayment of bank loans	-120,819	-98,671
Repayment of lease liabilities	-2,138	-1,827
<b>Cashflow from financing activities</b>	<b>-93,191</b>	<b>407,162</b>
Net change in cash and cash equivalents	-107,492	429,232
Cash and cash equivalents at the beginning of the period	320,019	88,686
Currency differences	-1,617	-3,814
<b>Cash and cash equivalents at the end of the period</b>	<b>210,910</b>	<b>514,104</b>

## TAG FINANCIAL CALENDAR 2022

### Publications

15 March 2022	Annual Report 2021
April 2022	Sustainability Report 2021
10 May 2022	Interim Statement Q1 2022
13 May 2022	Annual General Meeting, Hamburg
16 August 2022	Interim Report Q2 2022
8 November 2022	Interim Statement Q3 2022



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