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# TAG highlights Q3 2020

# TAG 2020

# TAG highlights Q3 2020

## Operational performance German portfolio

	Q3 2020	Q2 2020	FY 2019	Q3 2019
▪ <b>Vacancy</b> (residential units)	4.8%	5.1%	4.5%/ 4.6%*	4.9%
▪ <b>Vacancy</b> (total portfolio)	5.3%	5.6%	4.9%	5.2%
▪ <b>I-f-I rental growth y-o-y</b>	1.4%	1.4%	1.9%	2.0%
▪ <b>I-f-I rental growth y-o-y</b> (incl. vacancy reduction)	1.5%	1.5%	2.4%	2.7%
▪ <b>FFO I</b> (EURm)	44.6	44.5	160.6	41.2
▪ <b>FFO I</b> (EUR/share)	0.30	0.30	1.10	0.28

\* including acquisitions in 2019, part of vacancy in residential units from Q1 2020 onwards

## EPRA NTA and LTV

	30 Sep-2020	30 Jun-2020	31 Dec-2019	30 Sep-2019
▪ <b>EPRA NTA</b> (EUR/share), fully diluted	20.76	20.77	20.15	n.a.
▪ <b>LTV</b>	45.7%	44.9%	44.8%	45.5%

## Increased guidance 2020

- FFO: EUR 170-173m (previously EUR 168-170m; 7% increase y-o-y)
- FFO/s: EUR 1.17 (previously EUR 1.16; 7% increase y-o-y)
- Dividend/s: EUR 0.88 (previously EUR 0.87; 7% increase y-o-y)

## New guidance 2021

- FFO: EUR 178-182m (2020e: EUR 170-173m; 5% increase y-o-y)
- FFO/s: EUR 1.23 (2020e: EUR 1.17; 5% increase y-o-y)
- Dividend/s: EUR 0.92 (2020e: EUR 0.88; 5% increase y-o-y)

## Acquisitions and disposals Germany

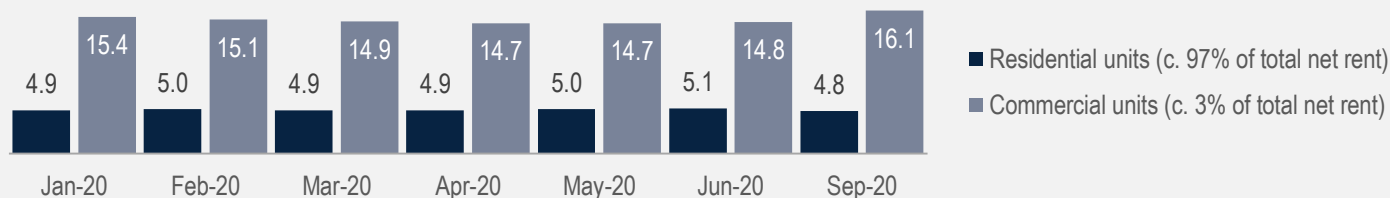
- **4,338 units** acquired in Jan-Oct 2020 (FY 2019: 1,331 units). Total purchase price of EUR 168.7m (FY 2019: EUR 50.1m) and current net actual rent of EUR 11.4m p.a. (FY 2019: EUR 4.1m) leads to an acquisition multiple of 14.8x or gross yield of 6.8% (FY 2019: 12.1x multiple or 8.2% gross yield). Average vacancy rate of 21.2% (FY 2019: 11.0%). Closing in Q2 and Q4 2020.
- **320 units** disposed in 9M 2020 (FY 2019: 568 units). Total selling price of EUR 21.7m (FY 2019: EUR 18.2m). Selling prices around book value, book profit of EUR 1.4m (FY 2019: EUR 0.8m). Net cash proceeds of EUR 21.7m (FY 2019: EUR 17.9m). Closing in the course of 2020.

# TAG Covid 19 business update

Voluntary waiver on rent increases until June 2020

- From March until June 2020 **no rent increases** on the basis of adjustments to local comparative rents
- **No terminations** due to loss of income caused by the Corona crisis and **no evictions** of inhabited apartments during this time
- **Rent increases** have been carried out again since **July 2020**.

Vacancy rates stable



Minor impact on rent payments

- Deferral of net actual rents (resulting from tenant requests against the backdrop of the Covid 19 pandemic) as of 30 Sep-2020:
  - Residential units: c. EUR 0.03m (c.0.1% of total residential tenants)
  - Commercial units: c. EUR 0.02m (c.2.8% of total commercial tenants)

Business in Poland not materially affected with further acquisitions

- **Construction sites running**, no material delays
- **Land banks and projects for 7,644 units secured or already acquired** (incl. Vantage acquisition), new acquisitions for 1,845 units (landbanks and projects) in Q3 in Wroclaw, Poznan and Lodz
- **Reduced Q2 2020 sales** due to lock-down restrictions after strong sales numbers in Q1 2020, but **increased sales in line with internal budget in Q3 2020; sales prices remained stable or even increased in 9M 2020**
  - Sales Q1 2020: 205 units (68 units per month on average)
  - Sales Q2 2020: 61 units (20 units per month on average)
  - Sales Q3 2020: 124 units (41 units per month on average)

# TAG financials Q3 2020

TAG  
2020



# TAG income statement\*

(in EURm)		Q3 2020	Q2 2020	9M 2020	9M 2019	FY 2019
<b>Net actual rent**</b>	<b>1</b>	<b>80.1</b>	<b>80.0</b>	<b>239.8</b>	<b>235.8</b>	<b>315.0</b>
Expenses from property management*		-15.4	-13.0	-42.0	-43.0	-55.4
<b>Net rental income</b>	<b>2</b>	<b>64.8</b>	<b>67.0</b>	<b>197.8</b>	<b>192.9</b>	<b>259.6</b>
Net income from services	<b>3</b>	6.3	6.9	19.0	15.8	21.0
Net income from sales	<b>4</b>	2.6	-0.4	1.3	0.0	-0.4
Other operating income	<b>5</b>	1.3	1.3	4.2	2.7	5.6
Valuation result	<b>6</b>	0.2	173.3	172.6	211.0	414.1
Personnel expenses	<b>7</b>	-14.4	-14.2	-42.5	-36.7	-50.3
Depreciation		-1.8	-1.8	-5.3	-5.0	-6.8
Other operating expenses	<b>8</b>	-8.1	-4.1	-17.4	-12.7	-17.9
<b>EBIT</b>		<b>50.9</b>	<b>228.1</b>	<b>329.7</b>	<b>367.9</b>	<b>624.9</b>
Net financial result	<b>9</b>	-77.1	-2.6	-91.5	-44.2	-77.6
<b>EBT</b>		<b>-26.2</b>	<b>225.5</b>	<b>238.2</b>	<b>323.8</b>	<b>547.3</b>
Income tax	<b>10</b>	2.5	-44.8	-49.1	-55.9	-91.0
<b>Net income</b>		<b>-23.7</b>	<b>180.7</b>	<b>189.1</b>	<b>267.9</b>	<b>456.4</b>

\*for further income statement details (breakdown by Germany and Poland) see Appendix

\*\*w/o IFRS 15 effects; for further details see interim report Q3 2020

**1** Increase in net actual rent y-o-y by EUR 4.0m as a result of l-f-l- rental growth and portfolio acquisitions. Majority of acquisitions in 2020 closed in Oct-2020.

**2** Net rental income increased y-o-y by EUR 4.9 mainly driven by higher net actual rent (EUR 4.0m) and lower ancillary cost of vacant real estate (EUR 1.1m). Decrease in net rental income q-o-q by EUR 2.3m due to higher maintenance cost (EUR 0.3m) and higher non-allocable cost/ancillary cost of vacant real estate (EUR 2.0m; primarily driven by several smaller one off effects).

**3** Decrease of net income from services q-o-q by EUR 0.6m due to a significant increase in billing volume for energy services in Q2 2020. Strong improved net income from services y-o-y by EUR 3.2m shows TAG's expanding service business.

**4** EUR 2.6m net income from sales in Q3 2020 due to sales in Poland.

**5** Growth in in other operating income by EUR 1.5m y-o-y mainly driven by own work capitalized (e.g. personnel cost) in Poland (EUR 1.6m).

**6** No portfolio valuation in Q3 2020, next valuation by CBRE at 31 Dec-2020.

**7** Personnel expenses in Germany slightly increased q-o-q by EUR 0.2m. Y-o-y personnel expenses increased by EUR 5.8m due to first-time consolidation of Vantage (EUR 3.7m) and higher expenses in Germany (EUR 2.1m) driven by ongoing growth of TAG's internal caretaker and craftsman services.

**8** Increased other operating expenses (q-o-q by EUR 4.0m) contain EUR 3.6m payment (one-off effect) to establish new TAG foundation for social projects in TAG's regions.

**9** Net financial result mainly decreased q-o-q by EUR 74.5m mainly due to the fair value valuation of convertible bond 2017/2022.

**10** Improved income tax result q-o-q by EUR 47.3m. Deferred taxes reduced by EUR 42.9m and cash taxes by EUR 4.4m (EUR 3.9m in Germany and EUR 0.5m in Poland).

# TAG EBITDA, FFO and AFFO calculation

(in EURm)	Q3 2020	Q2 2020	9M 2020	9M 2019	FY 2019
<b>Net income</b>	-23.7	180.7	189.1	267.9	456.4
- Net income Poland	-1.3	2.0	1.7	0.0	0.0
<b>Net income Germany</b>	-25.0	182.7	190.9	267.9	456.4
+ Income tax	-2.9	45.2	49.4	55.9	91.0
+ Net financial result	77.1	2.8	91.6	44.2	77.6
<b>EBIT (German business)</b>	<b>49.3</b>	<b>230.7</b>	<b>331.9</b>	<b>367.9</b>	<b>624.9</b>
+ Adjustments					
Net income from sales	0.0	0.6	1.0	0.0	0.4
Valuation result (German portfolio)	-0.2	-174.9	-174.2	-211.0	-414.1
Depreciation	1.8	1.7	5.1	5.0	6.8
One-offs	3.6	0.0	3.6	0.0	-1.3
Reversal of effects from first time application of IFRS 16 "leases"	1 0.0	0.0	0.0	-1.4	-2.0
<b>EBITDA (adjusted, German business)</b>	<b>2 54.4</b>	<b>58.1</b>	<b>167.4</b>	<b>160.6</b>	<b>214.7</b>
<i>EBITDA (adjusted) margin</i>	67.9%	72.5%	69.8%	68.1%	68.2%
- Net financial result (cash, after one-offs)	-11.4	-11.1	-33.5	-34.2	-45.6
- Cash taxes	1.8	-2.1	-1.8	-4.0	-7.2
- Cash dividend payments to minorities	-0.3	-0.3	-1.0	-1.0	-1.3
<b>FFO I (German business)</b>	<b>3 44.6</b>	<b>44.5</b>	<b>131.1</b>	<b>121.5</b>	<b>160.6</b>
- Capitalised maintenance	-5.5	-3.3	-10.1	-11.3	-15.3
AFFO before modernisation capex	39.0	41.2	121.0	110.2	145.3
- Modernisation capex	-11.2	-13.9	-44.6	-35.6	-51.4
<b>AFFO (German business)</b>	<b>4 27.8</b>	<b>27.3</b>	<b>76.4</b>	<b>74.6</b>	<b>93.9</b>
Net income from sales Germany	0.0	-0.6	-1.0	0.2	-0.4
Result operations Poland	3.3	-1.5	2.5	0.0	0.0
<b>FFO II (includes operations Poland)</b> (FFO I + net income from sales Germany and result operations Poland)	<b>5 47.9</b>	<b>42.4</b>	<b>132.6</b>	<b>121.5</b>	<b>160.2</b>
Weighted average number of shares outstanding (in '000)	146,288	146,259	146,287	146,331	146,333
<b>FFO I per share (EUR)</b>	<b>0.30</b>	<b>0.30</b>	<b>0.90</b>	<b>0.83</b>	<b>1.10</b>
<b>AFFO per share (EUR)</b>	<b>0.19</b>	<b>0.19</b>	<b>0.52</b>	<b>0.51</b>	<b>0.64</b>
Weighted average number of shares, fully diluted (in '000)*	155,935	161,113	159,551	161,119	161,151
FFO I per share (EUR), fully diluted	0.29	0.28	0.82	0.76	1.01
AFFO per share (EUR), fully diluted	0.18	0.17	0.48	0.47	0.59

1 For reasons of comparability to FY 2018 effects from first time application of IFRS 16 were eliminated in FFO in FY 2019. In line with most peers, this adjustment no longer takes place from FY 2020 onwards.

2 Improved EBITDA by EUR 6.8m (y-o-y) in 9M 2020 mainly as a net effect of higher net rental income (EUR 4.9m) and higher net income from services (EUR 3.2m). Decreased EBITDA q-o-q of EUR 3.7m results primarily from reduced net rental income (EUR -2.2m) and net income from services (EUR -0.6m).

3 FFO I increased by EUR 0.1m q-o-q as a result of EUR 3.7 less EBITDA, over-compensated by EUR 3.8m less cash taxes (positive tax effect from partial repurchase of convertible bond 2017/2022 in Aug-2020).

4 AFFO improved q-o-q by EUR 0.5 due to higher FFO I (EUR 0.1m) and less modernization capex (EUR 2.6m), compensated by higher capitalized maintenance (EUR -2.2m).

5 FFO II contribution Poland 9M 2020	(in EURm)
Net income from Poland	-1.7
Minority interests	-0.1
Result of effects from purchase price allocation (after income taxes and minorities)	4.9
Valuation result	1.6
Deferred taxes	-2.2
<b>Result operations Poland</b>	<b>2.5</b>

\*incl. potential shares from convertible bond 2017/2022 (trading "in the money" at reporting date) and management board compensation



# TAG balance sheet

(in EURm)	30 Sep-2020	31 Dec-2019
<b>Non-current assets</b>	<b>5,625.1</b>	<b>5,301.5</b>
Investment property	1 5,497.8	5,200.0
Deferred tax assets	50.0	49.7
Other non-current assets	2 77.4	51.7
<b>Current assets</b>	<b>765.8</b>	<b>311.0</b>
Real estate inventory	3 187.8	58.5
Cash and cash equivalents	516.4	91.3
Prepayments on business combinations	4 0.0	131.2
Other current assets	5 61.6	30.0
<b>Non-current assets held-for-sale</b>	<b>42.1</b>	<b>34.5</b>
<b>TOTAL ASSETS</b>	<b>6,433.0</b>	<b>5,647.0</b>
<b>Equity</b>	<b>2,469.1</b>	<b>2,394.2</b>
Equity (without minorities)	6 2,391.9	2,342.6
Minority interest	77.2	51.7
<b>Non-current liabilities</b>	<b>3,565.1</b>	<b>2,988.4</b>
Financial debt	7 2,920.6	2,397.0
Deferred tax liabilities	547.9	497.0
Other non-current liabilities	96.6	94.4
<b>Current liabilities</b>	<b>398.1</b>	<b>263.6</b>
Financial debt	8 257.4	166.1
Other current liabilities	140.7	97.5
Non current liabilities held for sale	0.8	0.8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,433.0</b>	<b>5,647.0</b>

1 EUR 297.8m higher investment properties is driven by EUR 174.2m valuation result, EUR 54.6m capex, EUR 42.6m acquisitions and first-time consolidation Vantage.

2 EUR 25.6m higher other non-current assets primarily driven by first-time consolidation Vantage resulting in goodwill of EUR 18.8m.

3 Increase in real estate inventory (EUR 129.3) largely due to first-time consolidation Vantage.

4 Prepaid transaction price of EUR 131.2m for Vantage acquisition reported in separate line item at 31 Dec-2019.

5 Increase in current assets (EUR 31.6m) mainly results from first-time consolidation Vantage (EUR 12.2m).

6 Increase in equity w/o minorities of EUR 49.3m mainly result of net income (EUR 189.1m) and dividend payment (EUR -119.9m)

7 Increase in non-current financial debt of EUR 523.6m, mainly stemming from new/refinanced bank loans (EUR 180m), new promissory note in Jul-2020 (EUR 92m) and convertible bonds transactions in Aug-2020. i.e. newly issued convertible bond 2020/2026 of EUR 470m and simultaneous repurchasing of 50% of the outstanding convertible bond 2017/2022 (nominal amount of EUR 131m).

8 Increase in current financial liabilities (EUR 91.3m) is mainly driven by temporarily higher financial debt from commercial papers (EUR 60m), repaid after the balance sheet date.

# TAG EPRA NTA calculation

## EPRA Net Tangible Assets in EUR/share

(in EURm)	30 Sep-2020	31 Dec-2019
<b>Equity (without minorities)</b>	<b>2,391.9</b>	<b>2,342.6</b>
+ Effect from conversion of convertible bond	188.5	324.2
+ Deferred taxes on investment properties and financial derivatives	542.9	492.8
+ Fair value of financial derivatives	7.0	6.2
+ Difference between fair value and book value for properties valued at cost	85.6	85.2
- Goodwill	-18.5	0.0
- Intangible assets	-3.7	-2.6
<b>= EPRA NTA*, fully diluted</b>	<b>3,193.7</b>	<b>3,248.4</b>
Number of shares, fully diluted (in '000)**	153,839	161,191
<b>EPRA NTA per share (EUR), fully diluted</b>	<b>20.76</b>	<b>20.15</b>

\*potential transactions costs (e.g. RETT) fully deducted in EPRA NTA calculation as TAG considers RETT free share deals in the future as uncertain, given the current discussions around changes in German RETT law; adding back transactions costs in full would increase EPRA NTA on a fully diluted basis by c. EUR 457.1m or c. EUR 2.97/s.

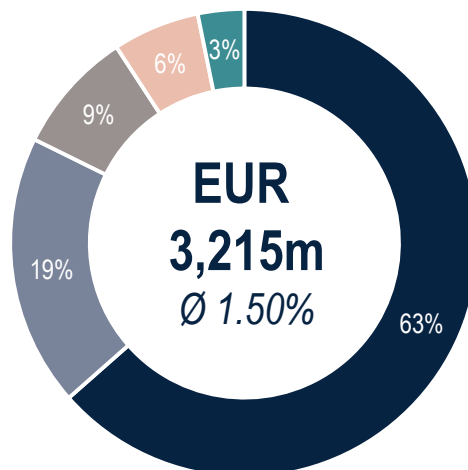
\*\*incl. 7,544 potential shares from convertible bond 2017/2022 (trading "in the money" at reporting date) and management board compensation

# TAG financing structure

## Debt structure as of 30 Sep-2020

■ Bank loans (maturity)   
 ▨ Bank loans (interest terms ending)   
 ■ Corporate bonds  
■ Commercial paper   
 ■ Promissory notes   
 ■ Convertibles

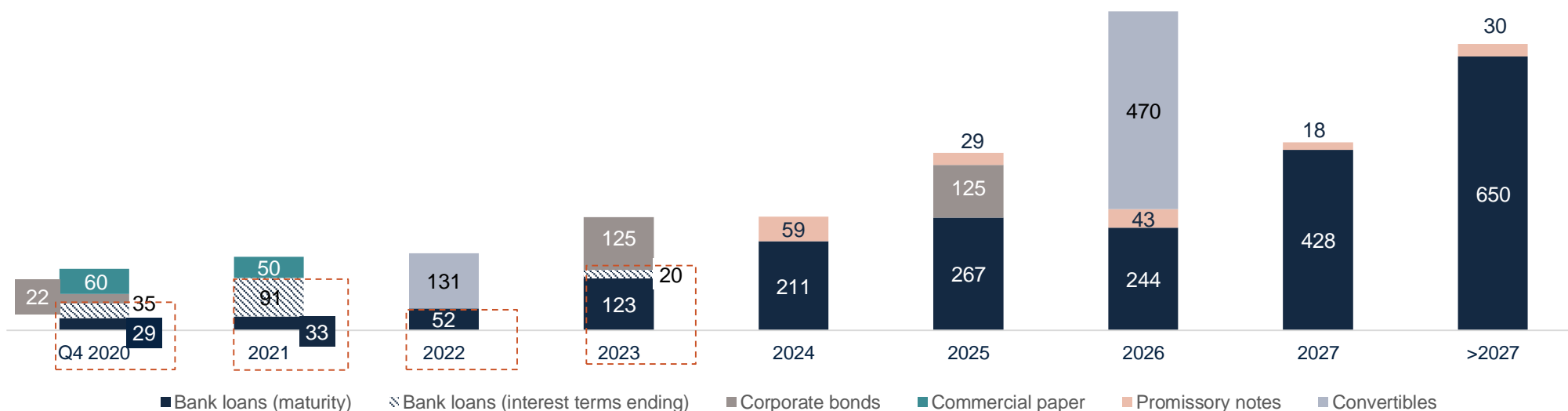
Debt volume	Ø interest rate	% fixed rates
EUR 2,037m	1.77%	98%
EUR 601m	0.63%	100%
EUR 272m	1.81%	100%
EUR 194m	1.58%	100%
EUR 110m	0.23%	100%
<b>Σ EUR 3,215m</b>	<b>Ø 1.50%</b>	<b>Ø 98.5%</b>



## Key financial KPIs as of 30 Sep-2020

Ø Maturity total financial debt	6.7 years
Ø Maturity bank loans	8.0 years
Ø Interest rate total financial debt	1.50%
Ø Interest rate bank loans	1.77%
LTV	45.7%
LTV target	c. 45.0%
Rating (Moody's)	Baa3 long term rating (outlook stable) P-3 short term rating
Further refinancing potential 2020-2022	<b>EUR 383m</b> of bank loans maturing or with interest terms ending in 2020-2023 with average coupon of 2.1% p.a.

## Maturity profile as of 30 Sep-2020 (in EURm)



# TAG German portfolio Q3 2020

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2020

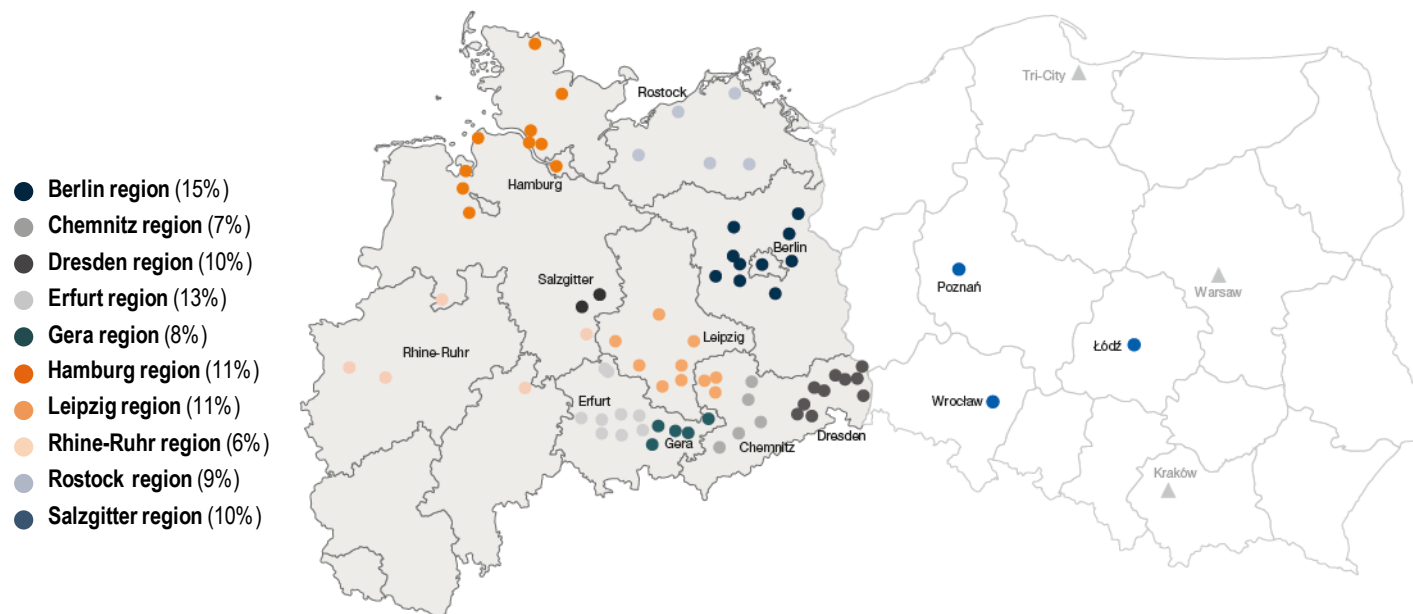
# TAG German portfolio as of 30 Sep-2020

Regionally focused and efficiently managed residential portfolio in Northern and Eastern Germany

Portfolio as of	30 Sep-2020	31 Dec-2019
Number of units	85,100	84,510
Lettable area in sqm	5,124,408	5,094,435
GAV (EURm)	5,578.9*	5,302.4
Annualised net actual rent (EURm)	322.8	319.9
Net actual rent total portfolio in EUR/sqm/month	5.55	5.51
Net actual rent residential units in EUR/sqm/month	5.45	5.39
Vacancy rate (total portfolio)	5.3%	4.9%
Vacancy rate (residential units)	4.8%	4.5%
I-f-I rental growth (y-o-y)	1.4%	1.9%
I-f-I rental growth (including vacancy reduction, y-o-y)	1.5%	2.4%

- TAG is a **leader in affordable housing** in Northern and Eastern Germany.
- The portfolio is **structured in ten defined regions** in and around large and mid-sized cities.
- The **management** of these regions is conducted in a **decentralized fashion**.
- TAG's **local presence ensures high operational efficiency** and **strengthens local sourcing and asset management capabilities**.

\*GAV including Polish portfolio of EUR 158.2m at EUR 5,737.1m





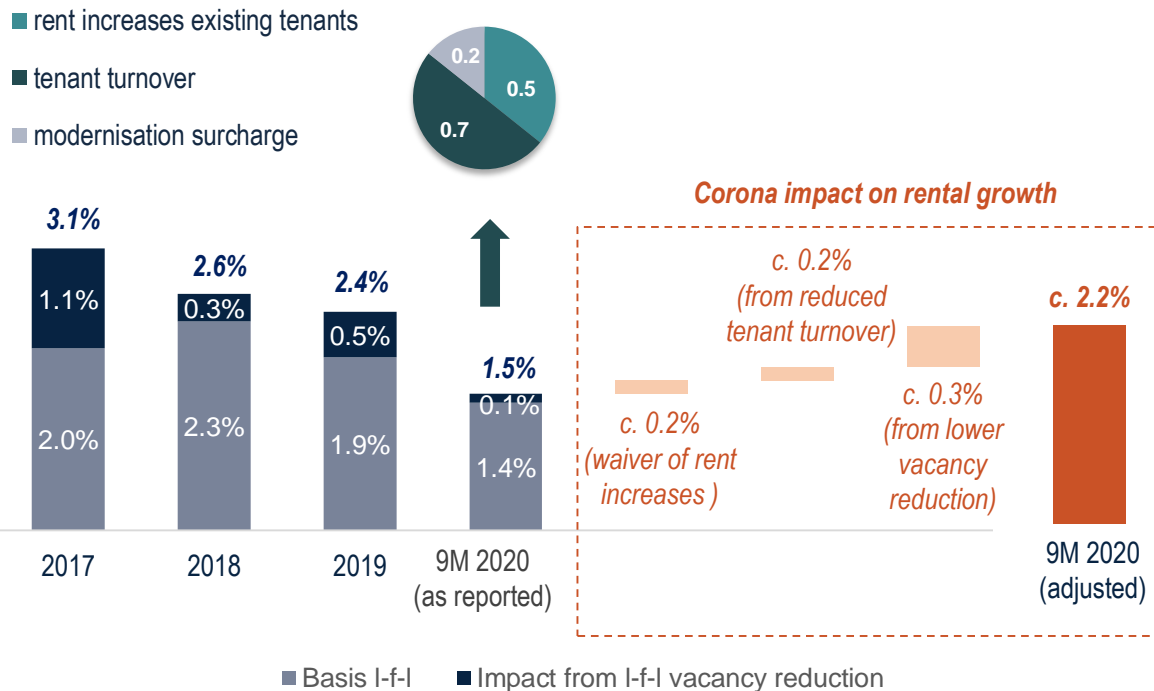
# TAG German portfolio rental growth and capex allocation

Rental growth achieved with moderate capex investments due to strong underlying fundamentals

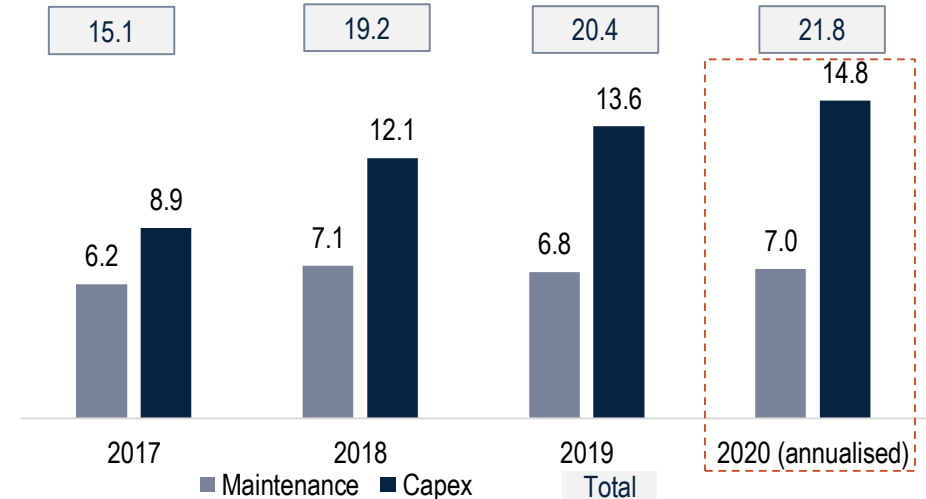
## Rental growth achieved with moderate investments

- TAG creates **attractive rental growth** from
  - regular rent increases and tenant turnover (“basis I-f-I rental growth”).
  - vacancy reduction (leading to “total I-f-I rental growth”).
- Investment of capex at selective locations targeted to reduce vacancy:** investments in vacancy reduction result in highly attractive equity-returns: **c. 10%-15% return on capex** in large modernization measures and **c. 40%-45% in the modernization of vacant flats**.

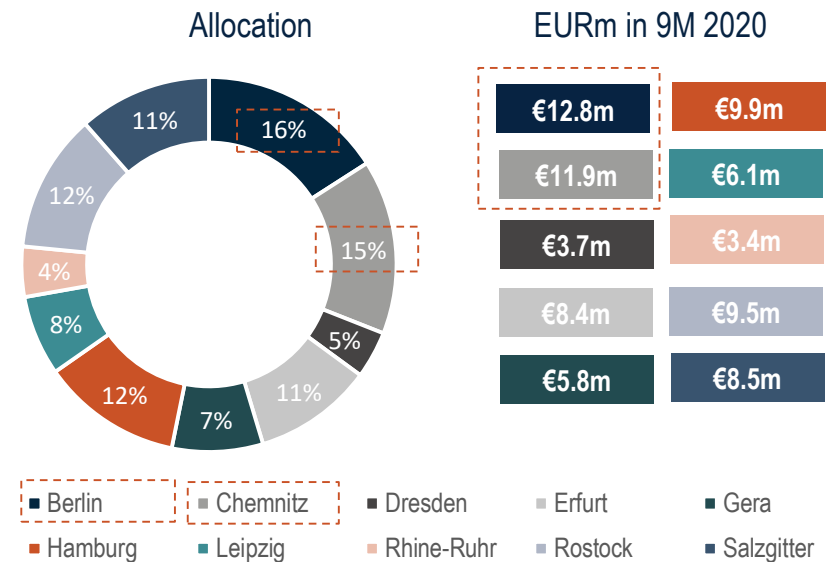
## Like-for-like rental growth excluding and including vacancy reduction



## Maintenance & capex development (in EUR/sqm/year)

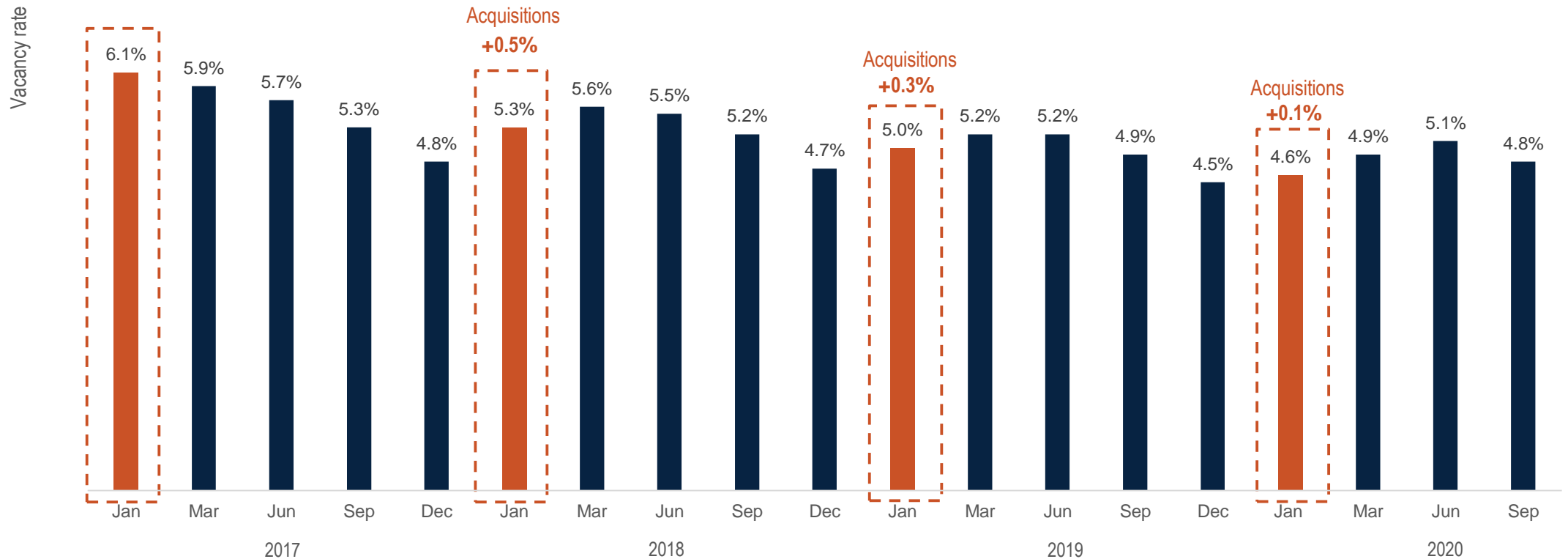


## Maintenance & capex split by region



# TAG German portfolio vacancy reduction residential units

Strong track record of vacancy reduction due to TAG's active asset management approach



# TAG acquisitions Germany YTD 2020

TAG  
2020

# TAG acquisitions Germany YTD 2020

	Total*
Signing	2020
Units	4,338
Net actual rent in EUR/sqm/month	4.97
Vacancy	21.2%
Purchase price in EURm	168.7
Net actual rent in EURm p.a.	11.4
Location	<b>Saxony, Thuringia, Saxony-Anhalt:</b> Merseburg, Plauen, Gotha, Magdeburg, Dessau et.al.
Closing	Q2/ Q4 2020
Multiples (in-place rent)	14.8

\*individual transaction details are confidential



Bernburg

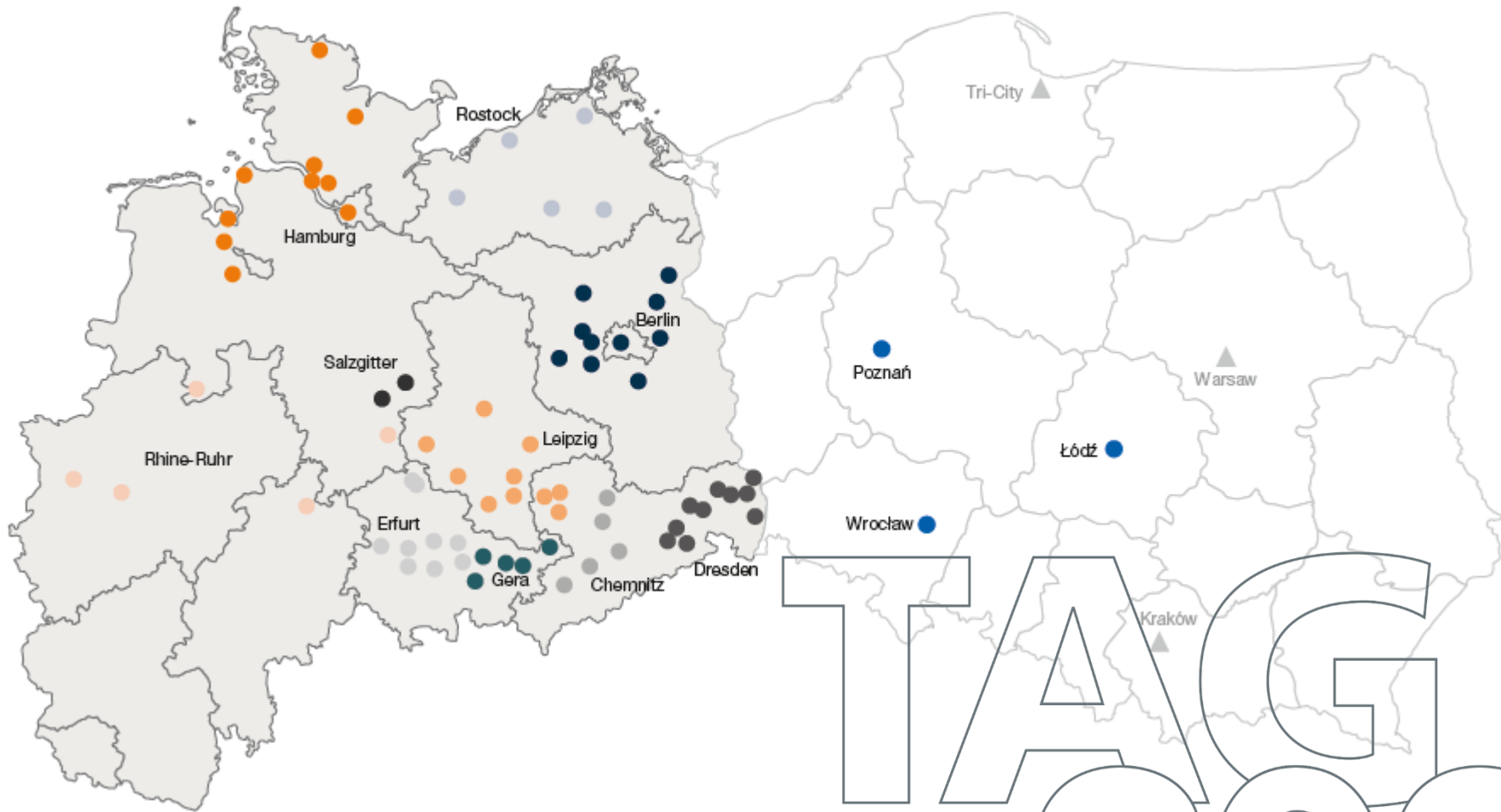


Dessau



Plauen

More than 4,300 units in TAG core markets acquired in Jan-Oct 2020 at an average acquisition multiple of 14.8x (6.8% gross yield)



# TAG 2020

## TAG Poland business update



# Poland overview current and planned projects

Unlocking superior returns by addressing the growing demand of the Polish residential-for-rent market

## Strategic rationale

- Against the backdrop of its **strong macroeconomic and demographic growth**, Poland is experiencing a **structural gap between demand and supply in the residential-for-rent segment** for historic reasons
- TAG's mid-term growth target** (next 3-5 years) are **8,000-10,000 letting units** in Poland, corresponding to c. 10% of TAG's total current residential units. **Focus on project developments**, in light of fragmented and outdated rental stock
- Investment focus on major Polish cities** with large universities, favourable macroeconomics and strong demographics. Capitalizing on **superior sourcing capabilities of the Vantage platform**, pipeline locations expanded to include fundamentally strong markets of currently **Wroclaw, Poznan and Lodz**
- While first build-to-hold completions should only start yielding from FY 2021 onwards, **realization of build-to-sell pipeline** (unit sales) should provide strong support to **free cash flow generation** (reflected on FFO II basis)

## Current locations



## Overview of the development projects

Build-to-hold projects				Build-to-sell projects				Total projects				
	Current projects	Planned projects	Total build-to-hold		Current projects	Planned projects	Total build-to-sell		Current projects	Planned projects	Total projects	
Total number of units	4,100	5,800	9,900	Total number of units	3,500	1,500	5,000	Total number of units	7,600	7,300	14,900	
Total sqm	214,000	290,000	504,000	Total sqm	205,000	78,000	283,000	Total sqm	419,000	368,000	787,000	
Total investment costs incl. fit-outs (TIC)			EUR 800-850m	Total investment costs (TIC)			EUR 350-375m	Total investment costs incl. fit-outs (TIC)				EUR 1,150-1,225m
Estimated rental yield upon completion			c. 7-8%	Estimated EBITDA margin on sales			>15%					
Estimated EBITDA margin on letting			>70%	Estimated EBITDA contribution from sales			EUR 50-55m					
Estimated EBITDA contribution from letting p.a.			EUR 40-45m	Estimated EBITDA contribution from sales			EUR 50-55m					

Note: Euro amounts based on PLN/EUR exchange rate of 0.22 as of 30 Sep-2020

TAG increased guidance FY 2020

TAG  
2020

# TAG increased guidance FY 2020

Germany	FFO I (EUR)	170-173m after 168-170m	+7% vs. 2019
	FFO I/s (EUR)	1.17 after 1.16	+7% vs. 2019
	DPS (EUR)	0.88 after 0.87	+7% vs. 2019
Poland	Sales revenues (EUR)	80-85m (unchanged)	
	Result from Operations (EUR)	9-11m (unchanged)	

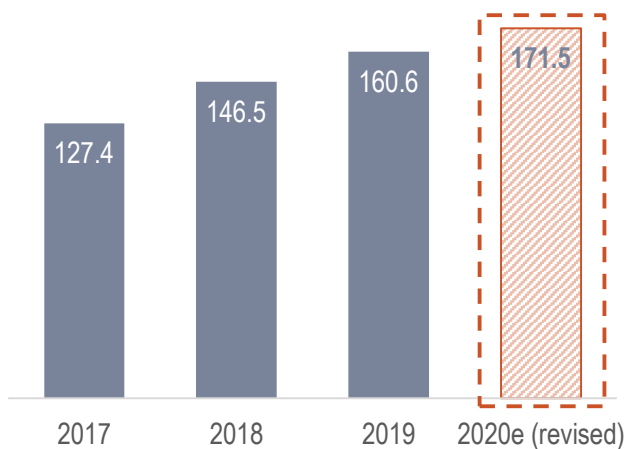
- increase in FFO I guidance as a result of good operational development in 2020 and, albeit to a smaller part, due to successful closing of majority of acquisitions signed in 2020 already by Oct-2020.

- based on 146.3m outstanding shares

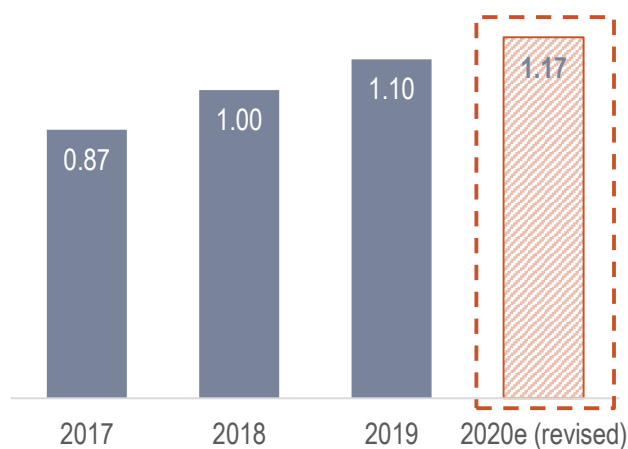
- equals 75% of FFO I

- defined as net income from Poland after minorities, excluding any non-cash items and one-offs and w/o effects from purchase price allocation
- part of FFO II, equals EUR 0.07/s

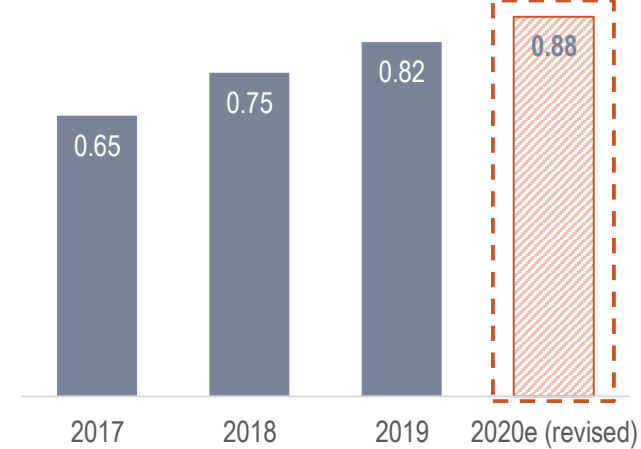
FFO I in EURm



FFO I per share in EUR



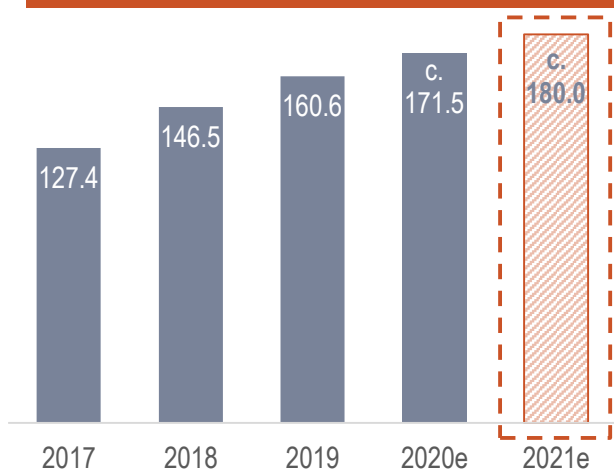
Dividend per share in EUR



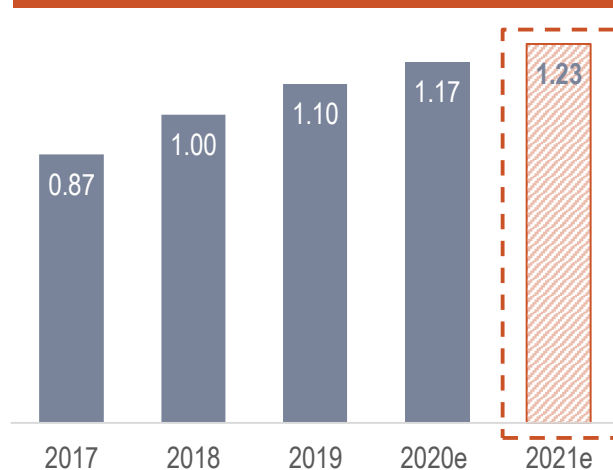
# TAG new guidance FY 2021



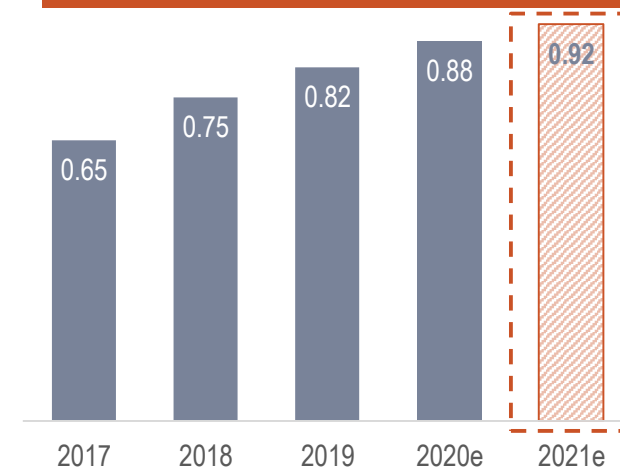
FFO I in EURm



FFO I per share in EUR



Dividend per share in EUR



# TAG FFO bridge 2020 – 2021

(in EUR m)



- Expected increase in net actual rent of c. EUR 14.5m (c. 4.5% y-o-y) driven by c. 2.0% total I-f-I- rental growth and c. 2.5% effects from acquisitions/disposals in 2020.
- Higher expenses from property management of c. EUR 4.5m as a result of higher maintenance and other property management costs due to increased portfolio size in 2021.
- Net income from services will continue to grow, increase by c. EUR 1.0m in 2021 expected.
- Cost base broadly stable, slightly higher personnel expenses expected in 2021.



# APPENDIX

# TAG 2020

# TAG German portfolio details by region

Region	Units #	Rentable area sqm	IFRS BV EURm Sep-2020	Gross yield	Vacancy Sep-2020	Vacancy Dec-2019*	Net actual rent EUR/ sqm	Re-letting rent EUR/ sqm	I-f-I rental growth y-o-y	I-f-I rental growth y-o-y incl. vacancy reduction	Maintenance EUR/sqm	Capex EUR/sqm
Berlin	10,370	596,681	820,308	4.8%	4.5%	4.1%	5.80	6.33	1.3%	0.6%	4.88	16.60
Chemnitz	7,491	438,923	360,483	6.7%	7.3%	7.7%	4.97	5.05	1.4%	2.5%	5.67	21.46
Dresden	6,099	394,811	557,511	4.9%	2.4%	2.1%	5.86	6.25	1.3%	1.1%	2.67	6.66
Erfurt	10,780	606,517	682,712	5.5%	2.7%	2.6%	5.27	5.59	1.5%	1.9%	4.50	9.42
Gera	9,512	552,639	438,338	7.1%	6.8%	7.0%	5.06	5.32	1.0%	1.4%	3.72	6.80
Hamburg	7,032	432,435	572,198	5.1%	4.2%	4.2%	5.82	6.08	1.6%	2.2%	7.09	15.70
Leipzig	10,011	589,909	593,884	6.0%	6.4%	5.4%	5.34	5.78	1.7%	1.2%	4.18	6.09
Rhine-Ruhr	4,188	266,405	332,354	5.2%	2.0%	2.1%	5.54	5.67	1.4%	1.6%	8.61	3.99
Rostock	7,987	452,571	493,337	5.8%	5.0%	3.6%	5.56	5.99	2.2%	1.5%	7.60	13.46
Salzgitter	9,180	563,122	547,529	6.3%	5.4%	5.2%	5.41	5.61	1.1%	1.1%	5.34	9.82
<b>Total residential units</b>	<b>82,650</b>	<b>4,894,012</b>	<b>5,398,656</b>	<b>5.6%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>5.45</b>	<b>5.74</b>	<b>1.4%</b>	<b>1.5%</b>	<b>5.21</b>	<b>11.13</b>
Acquisitions	1,166	65,361	42,827	7.1%	17.7%	7.8%	4.68	---	---	---	---	---
Commercial units within resi. portfolio	1,127	144,734	---	---	16.1%	16.3%	8.30	---	---	---	---	---
<b>Total residential portfolio</b>	<b>84,943</b>	<b>5,104,107</b>	<b>5,441,483</b>	<b>5.9%</b>	<b>5.3%</b>	<b>4.9%</b>	<b>5.51</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
Other	157	20,301	137,402**	5.1%***	6.2%	8.1%	13.50	---	---	---	---	---
<b>Grand total</b>	<b>85,100</b>	<b>5,124,408</b>	<b>5,578,885</b>	<b>5.9%***</b>	<b>5.3%</b>	<b>4.9%</b>	<b>5.55</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>

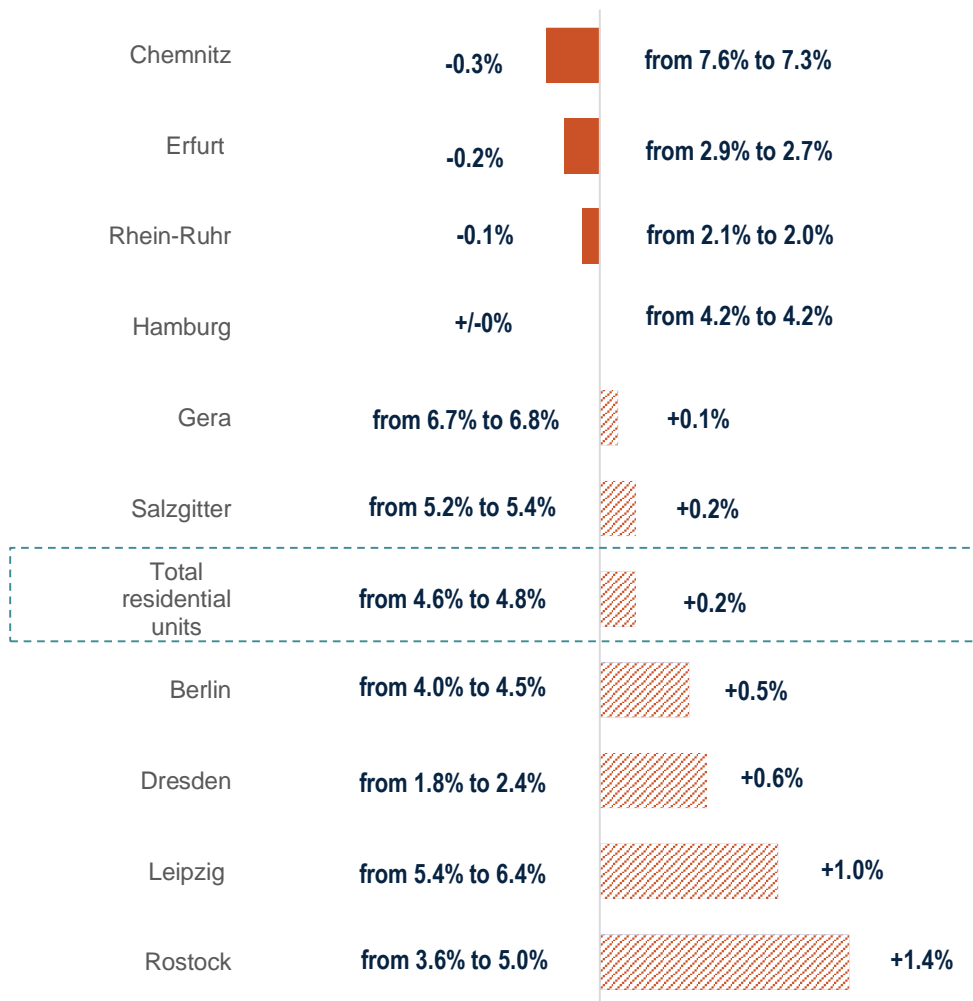
\* excl. acquisitions 2019

\*\* incl. EUR 77.4m book value of project developments

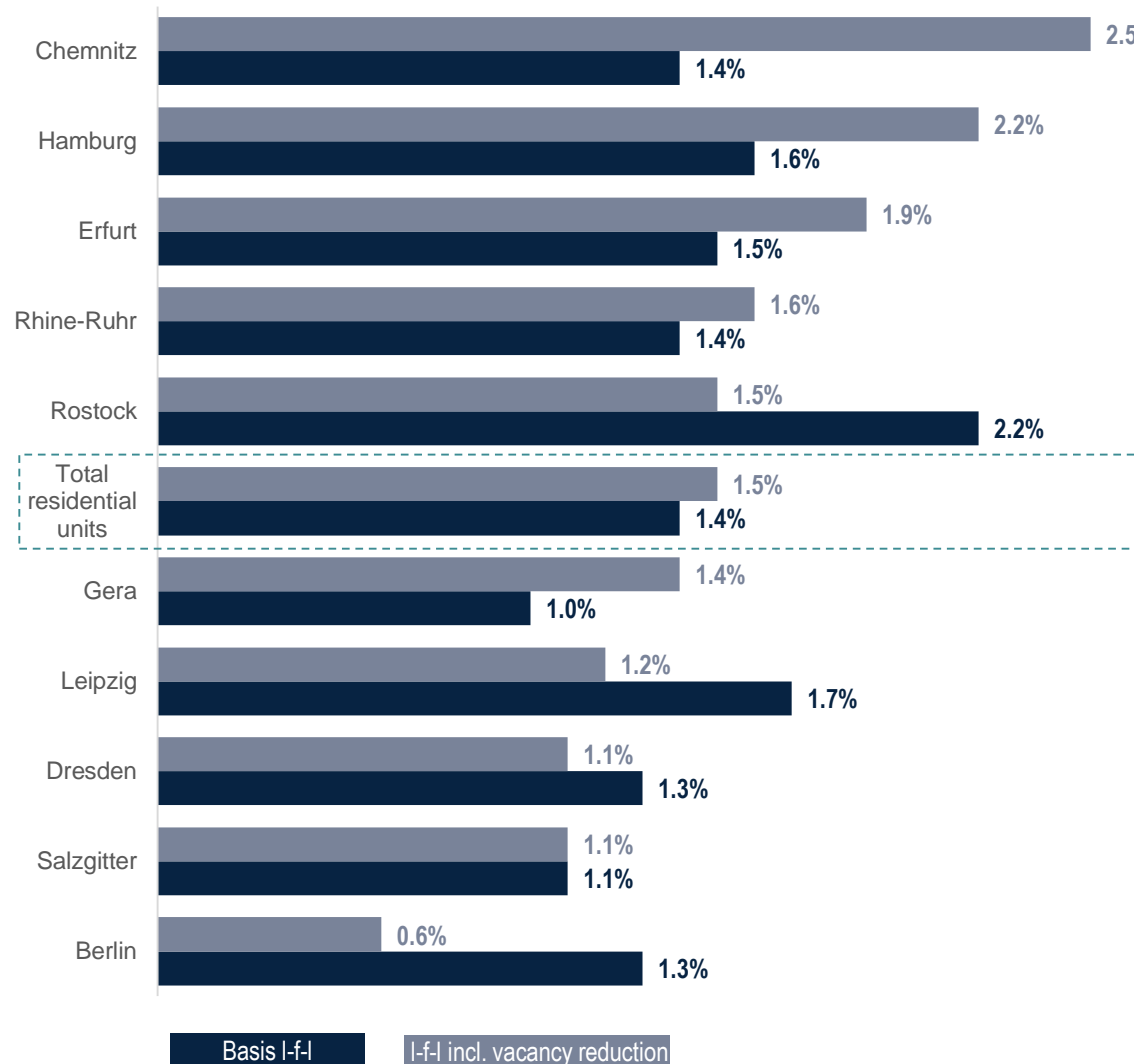
\*\*\* excl. project developments

# TAG German portfolio vacancy reduction and rental growth

Vacancy development 9M 2020\*



I-f-I rental growth (y-o-y) 9M 2020



APPENDIX

\* incl. acquisitions 2019

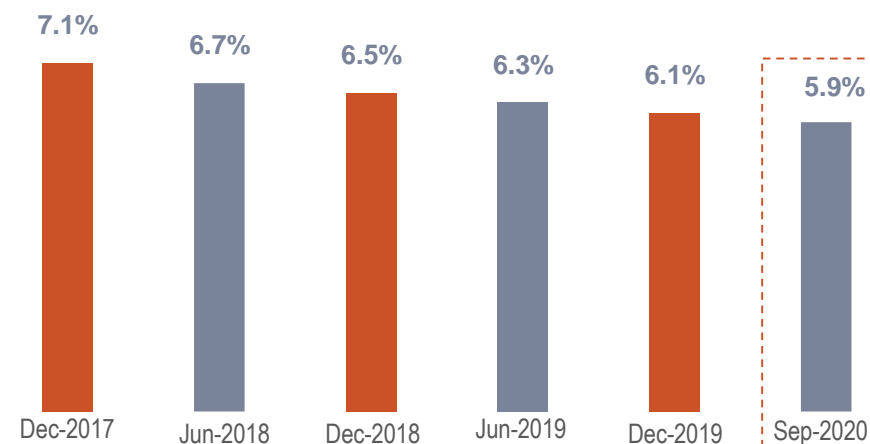
# TAG German portfolio valuation overview

## Portfolio valuation result

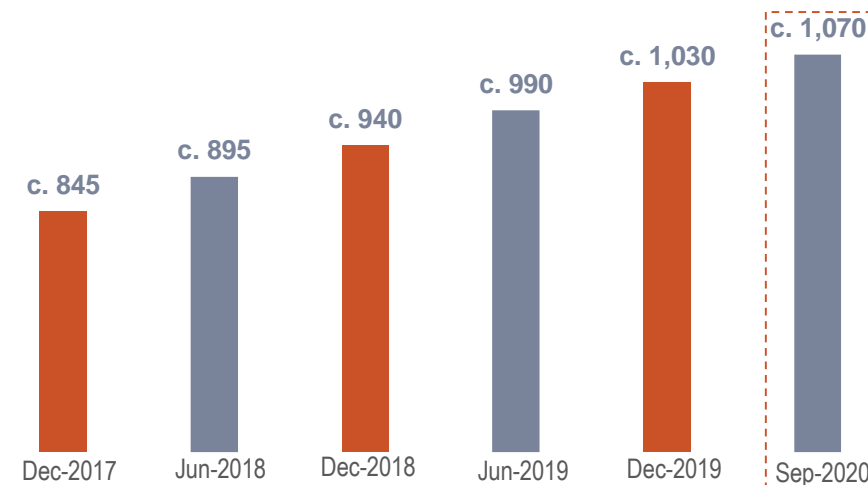
H1 2020 vs. H2 2019	H1 2020	H2 2019
in EUR m	174.0*	202.7
semi-annual valuation uplift (w/o capex)	3.3%	4.2%
– thereof from yield compression	83%	70%
– thereof from operational performance	17%	30%

\* total valuation gain of EUR 172.4m in H1 2020: thereof EUR 174m relates to properties in Germany, EUR -1.6m to properties in Poland

## Development of gross yield



## Development of portfolio value (EUR/sqm)



# TAG German portfolio valuation details

Region (in EURm)	Sep-2020 Fair value (IFRS)	Sep-2020 Fair value (EUR/sqm)	Sep-2020 Implied multiple	YTD-2020 Valuation result	Share of operational performance/ other market developments	Share of yield compression	Dec-2019 Fair value (IFRS)	Dec-2019 Fair value (EUR/sqm)	Dec-2019 Implied multiple
Berlin	820.3	1,306.3	19.6x	31.1	1.6	29.4	779.6	1,240.9	18.6x
Chemnitz	360.5	798.9	14.6x	4.9	1.7	3.2	347.9	764.9	14.2x
Dresden	557.5	1,373.1	19.9x	27.0	3.7	23.4	532.7	1,266.4	18.7x
Erfurt	682.7	1,084.0	17.2x	11.8	3.3	8.5	660.9	1,069.8	17.1x
Gera	438.3	758.1	13.4x	7.0	2.9	4.1	431.2	734.2	13.2x
Hamburg	572.2	1,294.5	18.9x	24.7	6.2	18.5	543.6	1,224.0	18.1x
Leipzig	593.9	990.0	16.3x	23.1	4.6	18.5	568.1	946.4	15.6x
Rhine-Ruhr	332.4	1,198.2	18.1x	13.3	1.4	12.0	318.0	1,146.3	17.5x
Rostock	493.3	1,068.8	16.7x	12.0	1.7	10.3	446.4	1,027.7	16.2x
Salzgitter	547.5	969.7	15.5x	16.9	3.5	13.4	525.1	930.1	14.9x
<b>Total residential units</b>	<b>5,398.7</b>	<b>1,071.4</b>	<b>17.0x</b>	<b>171.7</b>	<b>30.5</b>	<b>141.2</b>	<b>5,153.4</b>	<b>1,024.6</b>	<b>16.4x</b>
Acquisitions	42.8	655.2	14.0x	0.3	0.0	0.3	36.8	835.5	12.3x
<b>Total residential portfolio</b>	<b>5,441.5</b>	<b>1,066.1</b>	<b>17.0x</b>	<b>172.1</b>	<b>30.5</b>	<b>141.6</b>	<b>5,190.2</b>	<b>1,023.0</b>	<b>16.4x</b>
Other	137.4*	2,955.9**	19.5x**	2.2	-0.1	2.3	112.2*	2,780.5	17.4x
<b>Grand total</b>	<b>5,578.9</b>	<b>1,073.6</b>	<b>17.0x</b>	<b>174.2</b>	<b>30.4</b>	<b>143.8</b>	<b>5,302.4</b>	<b>1,030.2</b>	<b>16.4x</b>

\* incl. EUR 77.4m book value of project developments; real estate inventory and properties within PPE valued at cost

\*\* excl. project developments



# TAG income statement details Germany and Poland

(in EURm)	Germany Q3 2020	Poland Q3 2020	Total Q3 2020	Germany 9M 2020	Poland 9M 2020	Total 9M 2020	Germany FY 2019	Poland FY 2019	Total FY 2019
<b>Net actual rent*</b>	80.1	0.0	80.1	239.8	0.0	239.8	315.0	0.0	315.0
Expenses from property management*	-15.4	0.0	-15.4	-42.0	0.0	-42.0	-55.4	0.0	-55.4
<b>Net rental income</b>	<b>64.8</b>	<b>0.0</b>	<b>64.8</b>	<b>197.8</b>	<b>0.0</b>	<b>197.8</b>	<b>259.6</b>	<b>0.0</b>	<b>259.6</b>
Net income from services	6.3	0.0	6.3	19.0	0.0	19.0	21.0	0.0	21.0
Net income from sales	0.0	2.6	2.6	-1.0	2.3	1.3	-0.4	0.0	-0.4
Other operating income	0.7	0.6	1.3	2.2	2.0	4.2	5.6	0.0	5.6
Valuation result	0.2	0.0	0.2	174.2	-1.6	172.6	414.1	0.0	414.1
Personnel expenses	-13.2	-1.2	-14.4	-38.8	-3.7	-42.5	-50.3	0.0	-50.3
Depreciation	-1.7	0.1	-1.8	-5.1	-0.2	-5.3	-6.8	0.0	-6.8
Other operating expenses	-7.8	-0.3	-8.1	-16.5	-0.9	-17.4	-17.9	0.0	-17.9
<b>EBIT</b>	<b>49.3</b>	<b>1.6</b>	<b>50.9</b>	<b>331.9</b>	<b>-2.2</b>	<b>329.7</b>	<b>624.9</b>	<b>0.0</b>	<b>624.9</b>
Net financial result	-77.1	0.0	-77.1	-91.7	0.2	-91.5	-77.6	0.0	-77.6
<b>EBT</b>	<b>-27.8</b>	<b>1.6</b>	<b>-26.2</b>	<b>240.3</b>	<b>-2.0</b>	<b>238.2</b>	<b>547.3</b>	<b>0.0</b>	<b>547.3</b>
Income tax	2.9	-0.3	2.5	-49.4	0.3	-49.1	-91.0	0.0	-91.0
<b>Net income</b>	<b>-25.0</b>	<b>1.3</b>	<b>-23.7</b>	<b>190.9</b>	<b>-1.8</b>	<b>189.1</b>	<b>456.4</b>	<b>0.0</b>	<b>456.4</b>

\*w/o IFRS 15 effects; for further details see Interim Report Q3 2020

# TAG EPRA NAV calculations

(in EURm)	New EPRA metrics			
	EPRA NAV	EPRA NRV	EPRA NTA	EPRA NDV
	Net asset value	Net reinstatement value	Net tangible assets	Net disposal value
	Q3 2020	Q3 2020	Q3 2020	Q3 2020
<b>Equity (before minorities)</b>	<b>2,391.9</b>	<b>2,391.9</b>	<b>2,391.9</b>	<b>2,391.9</b>
Effect from conversion of convertible bond	188.5	188.5	188.5	188.5
Difference between fair value and book value for properties valued at cost	85.6	85.6	85.6	85.6
Deferred taxes on investment properties and derivative financial instruments	542.9	542.9	542.9	0.0
Fair value of derivative financial instruments	7.0	7.0	7.0	0.0
Goodwill	0.0	0.0	-18.5	-18.5
Intangible assets (book value)	0.0	0.0	-3.7	0.0
Difference between fair value and book value of financial liabilities	0.0	0.0	0.0	-75.9
Deferred taxes hereon	0.0	0.0	0.0	0.0
Transaction costs (e.g. real estate transfer tax)	0.0	457.1	0.0	0.0
<b>EPRA NAV metrics, fully diluted</b>	<b>3,215.9</b>	<b>3,673.1</b>	<b>3,193.7</b>	<b>2,571.6</b>
<i>Number of shares, fully diluted (in '000)*</i>	153,839	153,839	153,839	153,839
<b>EPRA NAV metrics per share (EUR), fully diluted</b>	<b>20.90</b>	<b>23.88</b>	<b>20.76</b>	<b>16.72</b>

\*incl. potential shares from convertible bond 2017/2022 (trading "in the money" at reporting date) and management board compensation

# TAG EPRA Earnings

(in EURm)	Q3 2020	Q2 2020	9M 2020	9M 2019	FY 2019
<b>Net income Germany</b>	<b>-25.0</b>	<b>182.7</b>	<b>190.9</b>	<b>267.9</b>	<b>456.4</b>
Valuation result	-0.2	-174.9	-174.2	-211.0	-414.1
Deferred income taxes on valuation result	0.6	38.5	43.3	48.6	76.7
Net income from sales	0.0	0.6	1.0	0.0	0.4
Cash taxes on net income from sales	0.0	0.0	0.0	0.0	2.0
Fair value valuation of derivative financial instruments	61.8	-8.6	53.2	7.7	29.5
Deferred income taxes on valuation of derivative financial instruments	0.0	3.0	3.0	-2.5	-9.2
Breakage fees bank loans and early repayment of bonds	0.0	0.1	0.7	0.2	0.2
Cash dividend payments to minorities	-0.3	-0.3	-1.0	-0.8	-1.3
<b>EPRA Earnings</b>	<b>36.9</b>	<b>41.1</b>	<b>116.9</b>	<b>110.1</b>	<b>140.6</b>
Deferred income taxes (other than on valuation result)	-1.5	1.4	1.3	5.7	16.3
Other non cash financial result	3.9	0.2	4.2	2.1	2.2
One offs*	3.6	0.0	3.6	0.0	-1.3
Depreciation	1.8	1.7	5.1	5.0	6.8
Cash taxes on net income from sales	0.0	0.0	0.0	0.0	-2.0
Reversal of effects from first time application of IFRS 16 "leases"	0.0	0.0	0.0	-1.4	-2.0
<b>Adjusted EPRA Earnings (FFO I)</b>	<b>44.6</b>	<b>44.4</b>	<b>131.1</b>	<b>121.5</b>	<b>160.6</b>
Weighted average number of shares outstanding (in '000)	146,288	146,259	146,286	146,331	146,333
<b>EPRA Earnings per share (in EUR)</b>	<b>0.25</b>	<b>0.28</b>	<b>0.80</b>	<b>0.75</b>	<b>0.96</b>
<b>Adjusted EPRA Earnings (FFO I) per share (in EUR)</b>	<b>0.30</b>	<b>0.30</b>	<b>0.90</b>	<b>0.83</b>	<b>1.10</b>
<i>Weighted average number of shares, fully diluted (in '000)**</i>	<i>155,935</i>	<i>161,113</i>	<i>159,551</i>	<i>161,119</i>	<i>161,151</i>
<i>EPRA Earnings per share (in EUR), fully diluted</i>	<i>0.24</i>	<i>0.26</i>	<i>0.73</i>	<i>0.68</i>	<i>0.88</i>
<i>Adjusted EPRA Earnings (FFO I) per share (in EUR), fully diluted</i>	<i>0.29</i>	<i>0.28</i>	<i>0.82</i>	<i>0.76</i>	<i>1.01</i>

\* TAG foundation in 2020 (EUR 3.6m), reversal of provisions for real estate transfer tax (EUR -2.3m) and acquisition Vantage (EUR 1.0m) in 2019

\*\* incl. potential shares from convertible bond 2017/2022 (trading "in the money" at reporting date) and management compensation

# TAG convertible bonds transactions Aug-2020

## Rationale for the transactions in Aug-2020

- To finance acquisitions in Germany of more than c. 4,200 units with a total purchase price of c. EUR 163m
- To reduce dilution effects for shareholders from the outstanding convertible bonds
- For general corporate purposes, including further acquisitions in Germany and Poland or the early repayment of debt

## Newly issued EUR 470m convertible bonds 2020/2026

- Nominal amount: EUR 470m
- Maturity: 6 years until 27 Aug-2026
- Coupon: 0.625% p.a.
- Initial conversion price: EUR 34.01 (35% conversion premium, dividend protection only for dividends > EUR 0.82/s)

## Partial buyback (50%) outstanding EUR 262m convertible bonds 2017/2022

- Repurchased nominal amount: EUR 131m (50%)
- Initial nominal amount: EUR 262m
- Maturity: 5 years until 01 Sep-2022
- Coupon: 0.625% p.a.
- Current conversion price: EUR 17.46
- Buyback price: 144.4% (incl. 0.25% premium) of nominal amount



Magdeburg



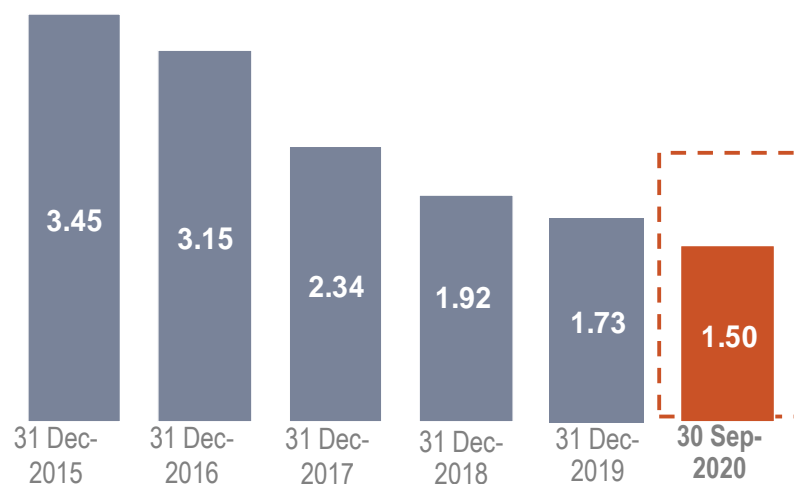
Merseburg



Halle

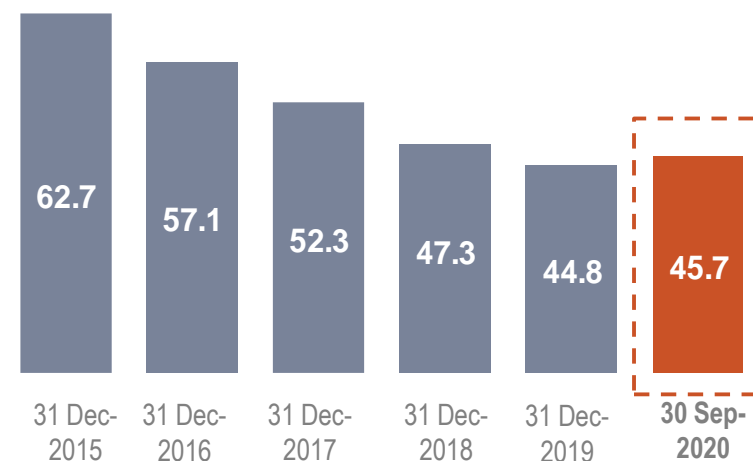
# TAG cost of debt and LTV

Cost of debt Ø in %



- Continuous reduction of average cost of debt by more than 190 bps within a four year period.
- Further upside potential from maturing bank loans of EUR 383m in 2020-2023 (average coupons of 2.1% p.a.).

LTV in %



- Strong LTV reduction by nearly 17 percentage points within a five year period.
- LTV target of c. 45% ensures a conservative financial policy also in the future.

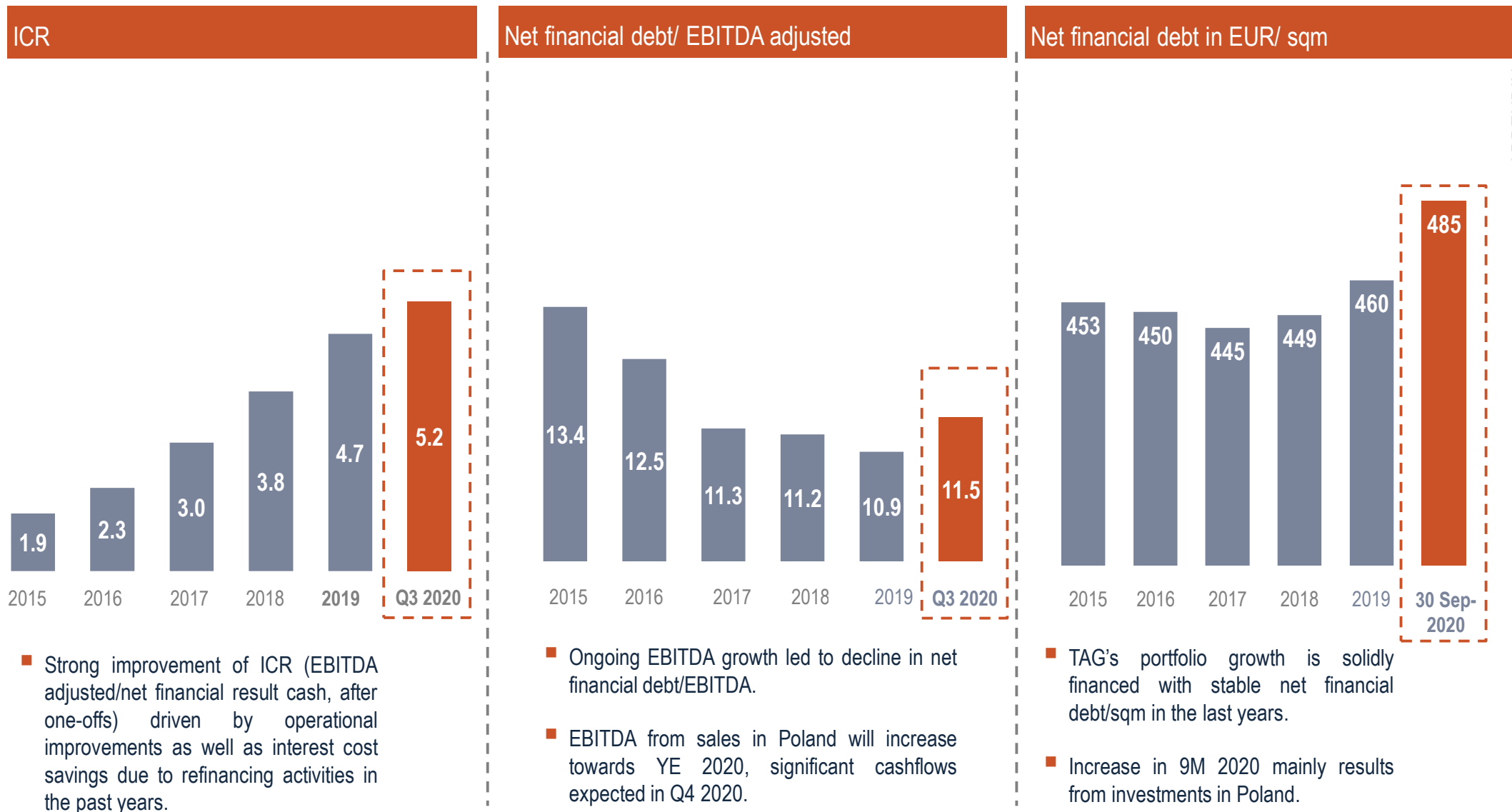
Continuous reduction of cost of debt and LTV in the past, LTV target at c.45%

# TAG LTV calculation

(in EURm)	30 Sep-2020	31 Dec-2019	31 Dec-2018
Non-current and current liabilities to banks	2,017.3	1,901.2	1,855.5
Non-current and current liabilities from corporate bonds and other loans	576.7	403.0	285.8
Non-current and current liabilities from convertible bonds	583.9	258.9	257.5
Cash and cash equivalents	-516.4	-91.3	-91.7
<b>Net financial debt</b>	<b>2,661.5</b>	<b>2,471.8</b>	<b>2,307.1</b>
Book value of investment properties	5,497.8	5,200.0	4,666.7
Book value of property reported under property, plant and equipment (valued at cost)	9.4	9.4	9.5
Book value of property held as inventory (valued at cost)	187.8	58.5	52.3
Book value of property reported under non-current assets held-for-sale	42.1	34.5	87.0
<b>GAV (real estate assets)*</b>	<b>5,737.1</b>	<b>5,302.4</b>	<b>4,815.5</b>
Prepayments on sold/acquired properties and on business combinations	-1.6	130.4	-0.2
Difference between fair value and book value for properties valued at cost	85.6	85.2	60.0
<b>Relevant GAV for LTV calculation</b>	<b>5,821.1</b>	<b>5,518.0</b>	<b>4,875.2</b>
<b>LTV</b>	<b>45.7%</b>	<b>44.8%</b>	<b>47.3%</b>

\*thereof EUR 5,578.9m German portfolio and EUR 158.2m Polish portfolio

# TAG strong development of financing metrics



APPENDIX

Continuous improvement of financing metrics with further improvement expected

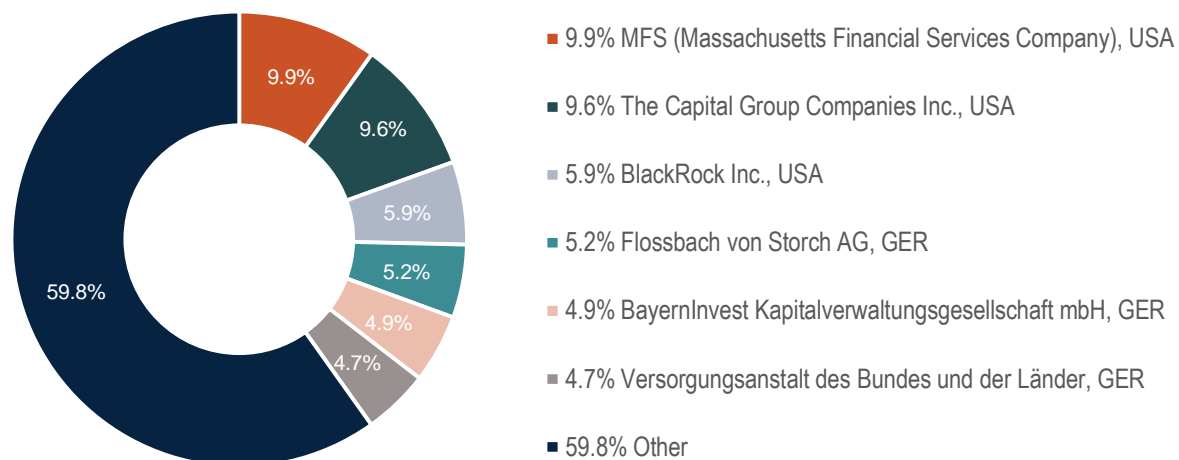


# TAG interest coverage ratio (ICR) calculation

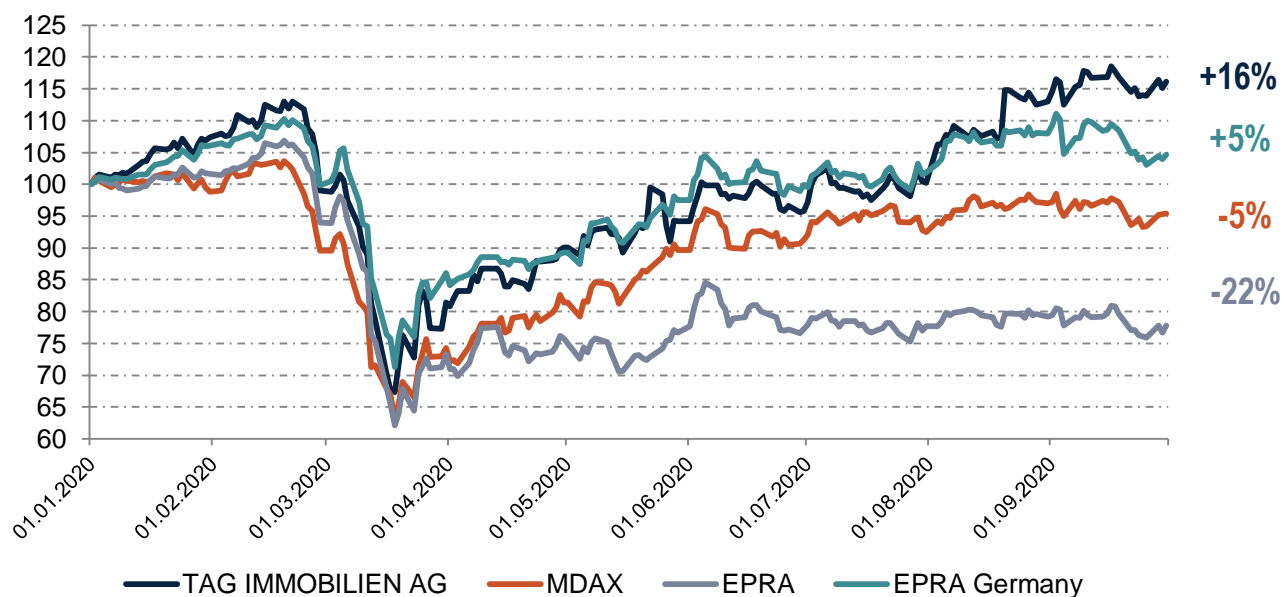
(in EURm)	Q3 2020	Q2 2020	9M 2020	9M 2019	FY 2019
+ Interest income	0.1	9.1	10.5	0.3	0.5
- Interest expenses	-75.1	-12.8	-100.7	-45.0	-79.4
+ Other financial result	-2.1	1.2	-1.4	0.5	1.4
<b>= Net financial result</b>	<b>-77.1</b>	<b>-2.6</b>	<b>-91.5</b>	<b>-44.2</b>	<b>-77.6</b>
+ Financial result from convertible/corporate bonds	1.4	-8.3	2.1	1.1	1.4
+ Breakage fees bank loans	0.0	0.0	0.6	0.2	0.2
+ Other non-cash financial result (e.g. from derivatives)	64.4	-0.1	55.4	8.8	30.4
<b>= Net financial result (cash, after one-offs)</b>	<b>-11.4</b>	<b>-10.9</b>	<b>-33.4</b>	<b>-34.2</b>	<b>-45.6</b>
<b>ICR (EBITDA adjusted/net financial result cash, after one-offs)</b>	<b>5.2x</b>	<b>5.3x</b>	<b>5.2x</b>	<b>4.7x</b>	<b>4.7x</b>

# TAG share data

## Shareholder structure as of 30 Sep-2020



## Share price development vs. MDAX, EPRA Europe and EPRA Germany Index



## Share information as of 30 Sep-2020

Market cap	EUR 3.8bn
NOSH issued	146.5m
NOSH outstanding	146.2m
Treasury shares	0.2m
Free float (Deutsche Börse definition)	99.9%
ISIN	DE0008303504
Ticker symbol	TEG
Index	MDAX/ EPRA
Main listing/ market segment	Frankfurt Stock Exchange/ Prime Standard

9M 2020 share price performance:	+16%
9M 2020 Ø volume XETRA/day (shares):	c. 575,000

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