

INTERIM STATEMENT

ON THE 1ST QUARTER

2023



GROWING CASHFLOWS

TAG

Immobilien AG

GROUP FINANCIALS

in EUR m

	01/01/- 03/31/2023	01/01/- 03/31/2022
Income statement key figures		
Rental income (net rent)	86.6	84.3
EBITDA (adjusted) rental business	59.0	58.9
EBITDA (adjusted) from sales Poland	11.9	2.2
Adjusted net income from sales Poland	8.8	-1.3
Consolidated net profit	33.1	32.3
FFO I per share in EUR	0.24	0.33
FFO I	42.6	47.8
thereof FFO I German business	42.9	47.8
thereof FFO I Polish business	-0.3	-
FFO II per share in EUR	0.29	0.31
FFO II	51.1	45.8
Balance sheet key figures		
	03/31/2023	12/31/2022
Total assets	8,095.9	8,214.6
Equity	3,339.4	3,307.7
EPRA NTA per share in EUR	20.96	20.74
LTV in %	46.4	46.7
Portfolio data		
	03/31/2023	12/31/2022
Units Germany	86,565	86,914
Units Poland (completed rental apartments)	2,107	1,153
Sold units Poland	972	1,751
Handovers in Poland	583	3,510
GAV (real estate assets in total) in EUR m	7,529.2	7,481.4
GAV Germany (real estate assets) in EUR m	6,338.5	6,328.8
GAV Poland (real estate assets) in EUR m	1,190.7	1,152.6
Vacancy in % (total Germany)	4.9	4.8
Vacancy in % (residential units Germany)	4.7	4.4
I-f-I rental growth in % (Germany)	1.6	1.5
I-f-I rental growth in % (incl. vacancy reduction, Germany)	2.8	2.7
Employees		
	03/31/2023	03/31/2022
Number of employees	1,849	1,910
Capital market data		
Market cap at 03/31/2023 in EUR m		1,118.4
Share capital at 03/31/2023 in EUR		175,489,025
WKN/ISIN		830350/DE0008303504
Number of shares at 03/31/2023 (issued)		175,489,025
Number of shares at 03/31/2023 (outstanding, without treasury shares)		175,441,591
Free Float in % (without treasury shares)		99.97%
Index		MDAX/EPRA

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BUSINESS DEVELOPMENT

BUSINESS PERFORMANCE IN THE FIRST THREE MONTHS OF THE 2023 FINANCIAL YEAR

Fundamentals of the Group

TAG Immobilien AG (also referred to as 'TAG' or 'the Company' in the following) is a Hamburg-based property company focused on the residential real estate sector. The properties owned by TAG Immobilien AG and its subsidiaries are located in various regions of Northern and Eastern Germany and North Rhine-Westphalia, and, since the 2020 financial year, in Poland as well.

In all, at 31 March 2023 TAG managed around 86,600 (31 December 2022: around 86,900) residential units in Germany. In Poland, TAG's residential rental business segment had around 2,100 (31 December 2022: around 1,150) completed flats as of the reporting date. A further around 1,250 (31 December 2022: around 2,200) rental flats are under construction. In addition, there is a land reserve for the future construction of around 7,800 (31 December 2022: around 10,100) further flats. In the sales business, around 5,800 flats are under construction as of the reporting date (including around 200 completed and not yet sold flats, 31 December 2022: around 6,400 flats under construction, around 360 completed), the land reserve in this business segment comprises a further around 14,900 (31 December 2022: around 12,600) future flats.

TAG Immobilien AG shares are listed in the MDAX of the Frankfurt Stock Exchange; TAG's market capitalisation at 31 March 2023 was EUR 1.1bn (31 December 2022: EUR 1.1bn).

TAG's business model in Germany consists in 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 craftsmen services for its own properties. It specialises in affordable housing that appeals to broad sections of the population. The Group's own multimedia company supports the provision of multimedia to tenants and expands the range of services offered in connection with property management. 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 are seen, as compared with investments in the big cities. The newly acquired portfolios usually have higher vacancy rates, which are then reduced following their acquisition, through targeted investments and proven asset-management concepts. Investments in Germany are made almost 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 returns per share. Growth in absolute orders of magnitude is not at the forefront of the corporate strategy. Instead, the aim is to practice sustained, active portfolio management so as to offer tenants affordable housing and investors growing cash flows through attractive dividends.

At the beginning of the 2020 financial year, TAG regionally expanded its portfolio to Poland. Here, Vantage Development S.A. ('Vantage'), a real estate developer whose headquarters and main activities are in Wrocław, formed the first platform for the further development of the Polish market, which focuses on building a residential portfolio in Poland, and at present also includes the sale of units yet to be constructed.

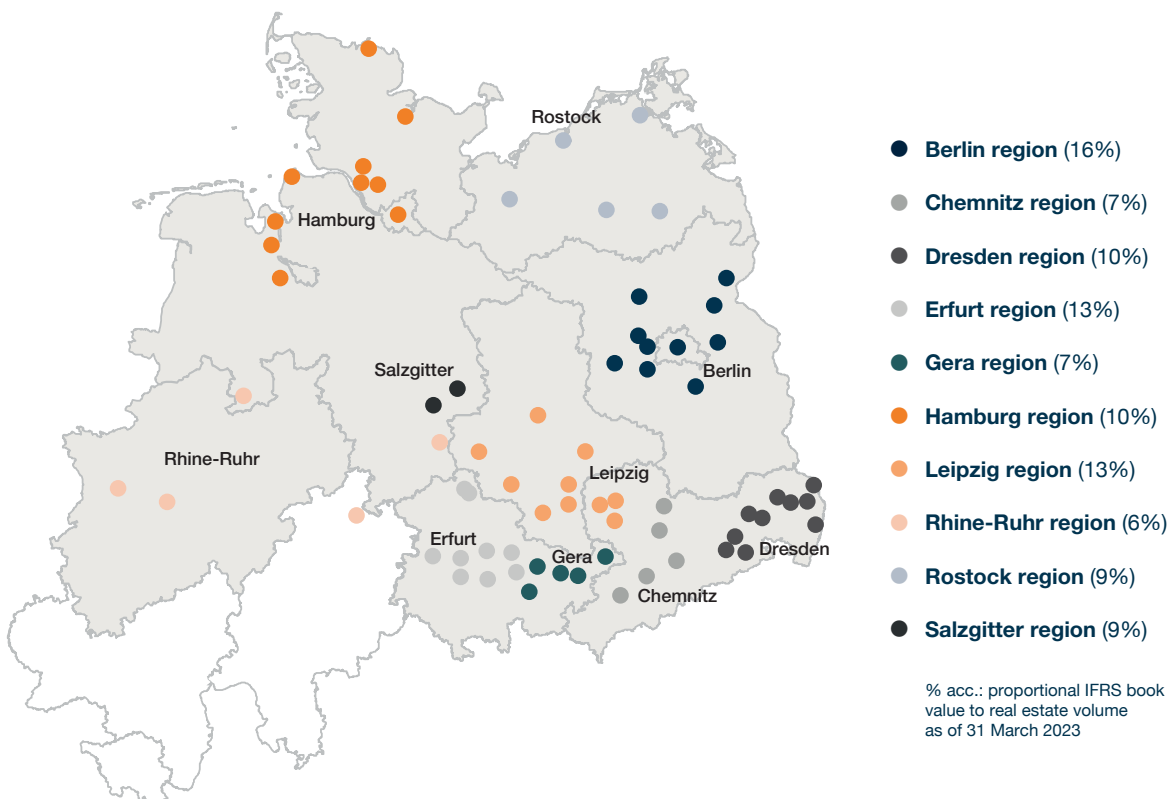
The growing Polish residential real estate market is the target of a regional expansion of TAG's business model, which here, too, will focus on strong cash returns (i.e. FFO returns in relation to the equity invested). The Polish residential for-rent market is characterised by a supply shortage. It is considered one of the least saturated housing markets in Europe, with a housing shortage that exceeds 2.1 million units (OECD-database). Furthermore, the absolute size of the Polish market (around 38 million inhabitants, fifth-largest EU country in terms of population), coupled with a growing services 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.

The acquisition of Warsaw-based ROBYG S.A. ('ROBYG'), which became effective as of 31 March 2022, expanded TAG's platform in the fast-growing Polish residential rental market. In addition to strengthening the portfolio in the existing regions of Wrocław, Poznań and Tricity in particular, this acquisition also enables TAG to enter the Warsaw market comprehensively. TAG's long-term growth target is to build up a portfolio of around 20,000 residential units in Poland, while also continuing the existing sales activities in Poland. Capital spending will focus on new construction of residential units in large cities with favourable population trends, proximity to universities, and a well-developed infrastructure. Though Vantage and ROBYG will continue to operate as separate legal entities going forward, the two companies were merged into one organisational unit at the beginning of the fourth quarter of 2022. The rental housing portfolio will be held and managed at Vantage in the future, while sales projects will be implemented and construction activities carried out through ROBYG.

Development of TAG's portfolio in Germany

Overview

At the end of the first quarter of 2023, TAG's property portfolio in Germany comprised around 86,600 residential units. The focus is on the management of attractive yet affordable housing, while comprehensively fulfilling our social responsibility towards our tenants. The regional focus is mainly on the northern and eastern parts of the country, distributed as follows:



Portfolio data	03/31/2023	12/31/2022
Units	86,565	86,914
Floor space in sqm	5,185,495	5,203,677
Real estate volume in EUR m*	6,338.5	6,328.8
Annualised net actual rent in EUR m p.a. (total)	340.4	340.6
Net actual rent in EUR per sqm (total)	5.76	5.73
Net actual rent in EUR per sqm (residential units)**	5.66	5.64
Vacancy in % (total)	4.9	4.8
Vacancy rate in % (residential units)**	4.7	4.4
I-f-I rental growth in %	1.6	1.5
I-f-I rental growth in % (incl. vacancy reduction)	2.8	2.7

* Total property volume: EUR 7,529.2m or EUR 7,481.4m in the previous year (of which EUR 1,190.7m or EUR 1,152.6m in the previous year is accounted for by properties in Poland)

** without acquisitions

Purchases and sales in Germany in the first three months of fiscal 2023

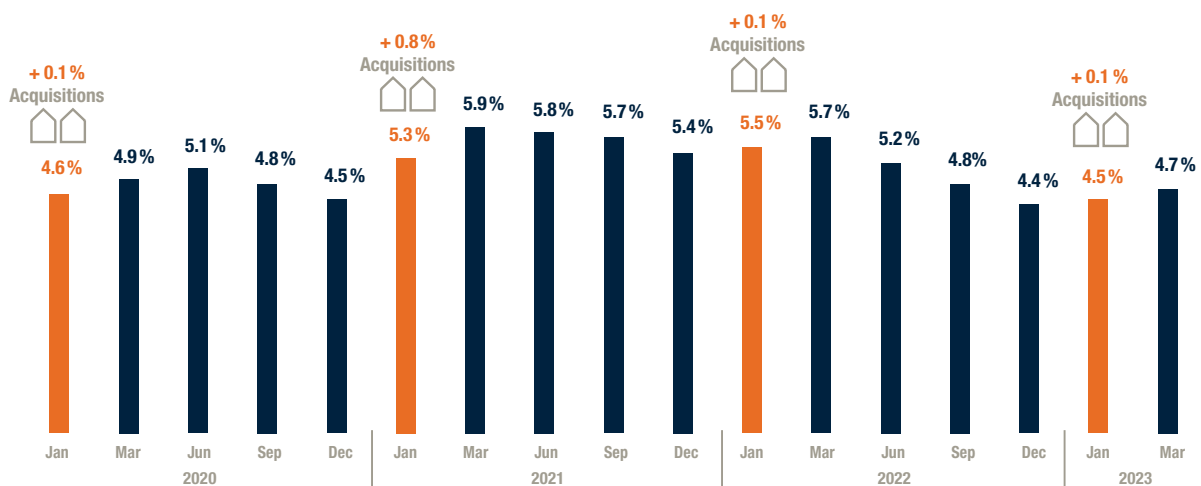
From January to March 2023, several contracts were signed for the sale of a total of 1,638 flats. The cumulative sales price amounts to EUR 163.2m, which corresponds to 21.3 times the annual net actual rent. The expected net cash proceeds is around EUR 129.3m. Average vacancy in these sold flats, which comprise various locations in Northern and Eastern Germany, was around 4.0%. The sales were made with a total book loss of EUR 4.3m. These sales are expected to close in the second and third quarters of 2023.

Included in these 1,638 flats is a sale of around 1,350 flats with a net cash proceeds of around EUR 90.0m, for which the buyer's financing has not yet been secured. Should the financing not be realised, TAG has a contractual right of rescission with a corresponding contractual penalty for the buyer. Part of this transaction is also a purchase of around 650 flats by TAG from this buyer at a purchase price of around EUR 45.0m, which, however, will only take place if the sale of the around 1,350 flats is completed.

After the reporting date, one commercial property and another around 200 flats were sold in April and early May 2023 for a total purchase price of EUR 49.4m. This is expected to result in net liquidity inflow of around EUR 46.1m and a book profit of around EUR 9.3m.

Vacancy

The following chart illustrates the development of the vacancy rate in the Group's residential units in the financial years since 2020 and in the first three months of the 2023 financial year:



At the beginning of FY 2023, a slight increase in the vacancy rate of the Group's residential units by 0.3 percentage points to 4.7% in March 2023 was recorded. This increase can indeed be explained by seasonal factors, as a look back at the first quarters of previous years shows: an above-average number of tenants regularly move out of their flats during this period and the rental business tends to move at a reduced pace at the end of a financial year.

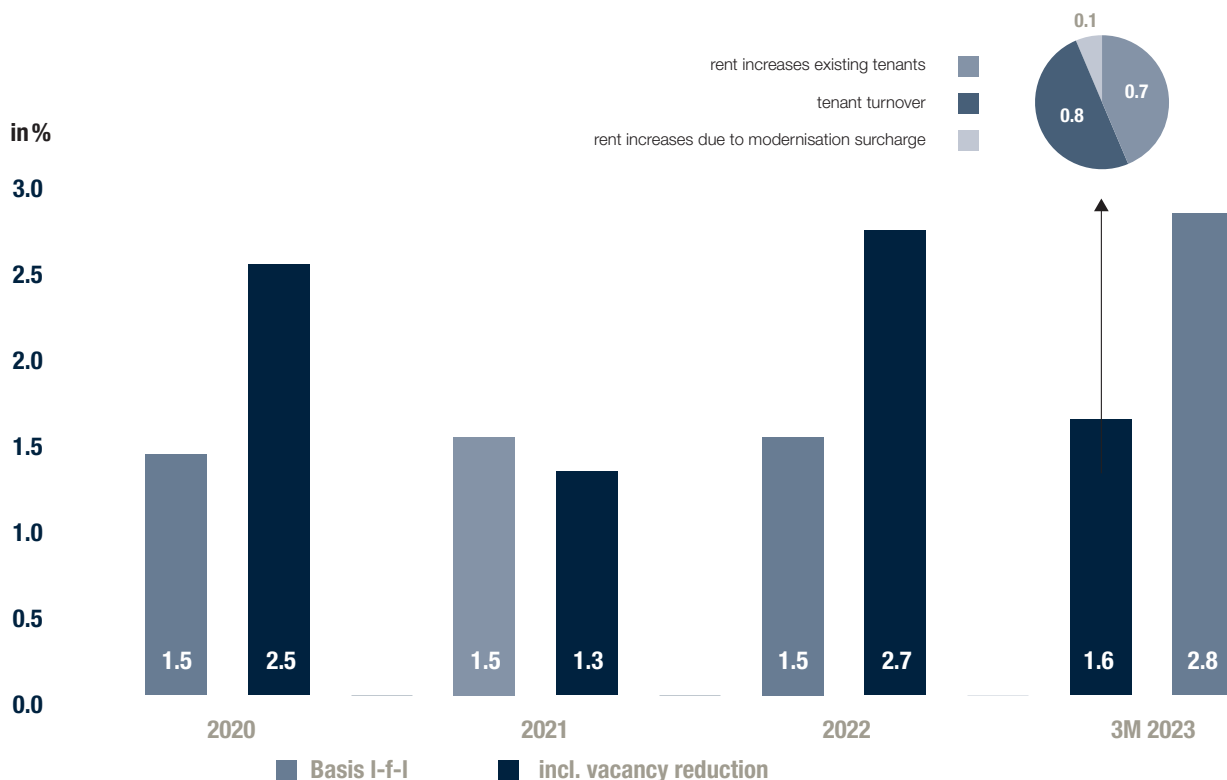
In the overall portfolio, which also includes some commercial units within the residential portfolio, the vacancy rate as of 31 March 2023 is at 4.9% after 4.8% at the end of the previous year.

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 1.6%, compared with 1.5% p.a. at the end of 2022. This 1.6% growth in rents was made up of ongoing rent increases for existing tenants (0.7%, compared with 0.6% at the end of the previous year) and rent increases in the context of a change of tenant (0.8%, compared with 0.8% at the end of the previous year). Rent increases due to modernisation allocations were of minor importance in the reporting period (0.1% after 0.1% at the end of the previous year).

Including the effects from vacancy reduction or changes in vacancy, total growth in rents on a like-for-like basis was 2.8% p.a. (2.7% in FY 2022).

Growth in rents in the Group’s residential units in Germany have developed as follows in the financial years since 2020 and to the end of the first quarter of 2023:



Average rent in the residential units of the portfolio increased slightly to EUR 5.66 per sqm as at 31 March 2023, after EUR 5.64 per sqm at the end of FY 2022. New lettings during the course of the financial year 2023 took place at EUR 5.94 per sqm, compared with EUR 5.86 per sqm at the end of financial year 2022.

The portfolio in detail

The following overview shows further details of TAG's real estate portfolio in Germany, by individual region as of 31 March 2023:

Region	Units	Rentable area sqm	IFRS BV EUR m 03/31/ 2023	In-place yield in %	Vacancy 03/31/ 2023 in %	Vacancy Dec. 2022** in %	Net actual 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	10,356	601,797	963.6	4.5%	3.2%	2.9%	6.15	6.94	2.1%	2.7%	1.60	6.30
Chemnitz	7,987	470,139	408.6	6.5%	8.1%	8.1%	5.09	5.20	1.4%	2.9%	1.36	6.32
Dresden	6,085	393,844	627.2	4.5%	1.8%	1.2%	6.13	6.34	1.3%	1.3%	0.99	1.63
Erfurt	10,245	574,965	770.1	4.8%	1.5%	0.9%	5.49	5.80	1.7%	1.7%	1.69	4.08
Gera	9,252	531,686	452.2	7.1%	3.5%	3.9%	5.24	5.54	1.7%	4.6%	1.70	4.10
Hamburg	6,665	405,548	637.5	4.5%	4.2%	4.0%	6.22	6.85	2.5%	3.0%	2.06	2.12
Leipzig	13,424	779,245	825.7	5.7%	8.4%	7.7%	5.47	5.80	2.2%	4.8%	1.47	3.58
Rhine-Ruhr	4,133	262,342	387.4	4.6%	1.6%	1.4%	5.79	5.94	1.8%	2.6%	3.40	1.36
Rostock	8,056	452,074	577.4	5.1%	5.8%	6.1%	5.76	6.18	1.2%	1.4%	2.24	6.86
Salzgitter	9,179	563,049	576.2	6.1%	5.8%	5.3%	5.52	5.72	0.6%	2.0%	1.83	2.90
Total residential units	85,382	5,034,689	6,225.9	5.2%	4.7%	4.4%	5.66	5.94	1.6%	2.8%	1.74	4.11
Acquisitions	-	-	-	-	-	45.1%	-	-	-	-	-	-
Commercial units (within resi. Portfolio)	1,056	133,331	-	-	13.6%	13.9%	8.37	-	-	-	-	-
Total residential portfolio	86,438	5,168,020	6,225.9	5.4%	4.9%	4.8%	5.72	-	-	-	-	-
Other*	127	17,475	112.6	5.2%	-	0.2%	14.21	-	-	-	-	-
Grand total	86,565	5,185,495	6,338.5	5.4%	4.9%	4.8%	5.76	-	-	-	-	-

* includes commercial properties and serviced flats. The IFRS book value includes project developments of EUR 55.7m.

** incl. effects from changes in vacancy rates

Development of the business activities in Poland

Acquisition of ROBYG S.A.

On 22 December 2021, TAG signed a purchase agreement via a wholly owned German subsidiary to acquire all shares in ROBYG S.A. The transaction became legally effective on 31 March 2022. Since this date, ROBYG has been included in TAG's consolidated financial statements by way of full consolidation.

This initial consolidation resulted in goodwill of EUR 244.8m, which amounts to EUR 243.9m as at 31 March 2023 due to changes in the exchange rate. This calculation is based on an allocation of the cash purchase price for the shares, EUR 526.0m, to the fair values of the acquired assets and liabilities.

The purchase price, possible repayments of existing financial liabilities of ROBYG, and further working capital for ROBYG's investments will be financed through bridge financing of originally up to EUR 750m, provided by four banks. The term of this bridge financing, including all extension options, ends in January 2024 at the latest. As at 31 March 2023, the residual liability from this bridge financing, which has since been drawn down in the amount of EUR 650m, amounts to EUR 250m.

Together with the pipeline already contractually secured by TAG in Poland, the long-term plan following the acquisition of ROBYG is to build up a rental housing portfolio of around 20,000 flats in Poland so as to become the leading provider in the Polish residential real estate market.

Development of business activities in Poland

Based on an average exchange rate of the Polish zloty (PLN) to the euro for the first three months of 2023 of 4.67:1 (prior-year period: 4.65:1), revenue from property sales in Poland amounted to EUR 58.1m, compared to EUR 7.6m in the same period of the previous year. With production costs at EUR 48.6m (same period last year: EUR 5.6m), including EUR 5.5m in effects from the purchase price allocation (same period last year: EUR 0.2m), the result from sales was EUR 9.5m (same period last year: EUR 2.0m).

In total, sales of 972 (same period last year: 68) flats were signed and 583 (same period last year: 61) flats were handed over to buyers in the first three months of the 2023 financial year.

An overview of the portfolio in Poland as of 31 March 2023:

Region	Units completed	Units under construction	landbank (possible units)	area in sqm	03/31/2023 fair value in EUR m
Wrocław	1,189	421	1,890	167,102	191
Poznań	661	537	2,023	155,732	145
Warsaw	0	0	1,331	64,285	24
Tricity	0	0	1,282	64,779	45
Łódź	257	278	897	64,293	48
Other**	0	0	334	17,177	10
Units build to hold	2,107	1,236	7,757	533,368	463
Wrocław	0	912	2,671	209,645	109
Poznań	0	447	2,243	134,667	73
Warsaw	0	2,524	6,582	467,094	314
Tricity	0	1,948	3,447	283,354	232
Units build to sell	0	5,831*	14,943	1,094,760	728
Total portfolio	2,107	7,067	22,700	1,628,128	1,191

* of which 208 units completed and not yet sold.

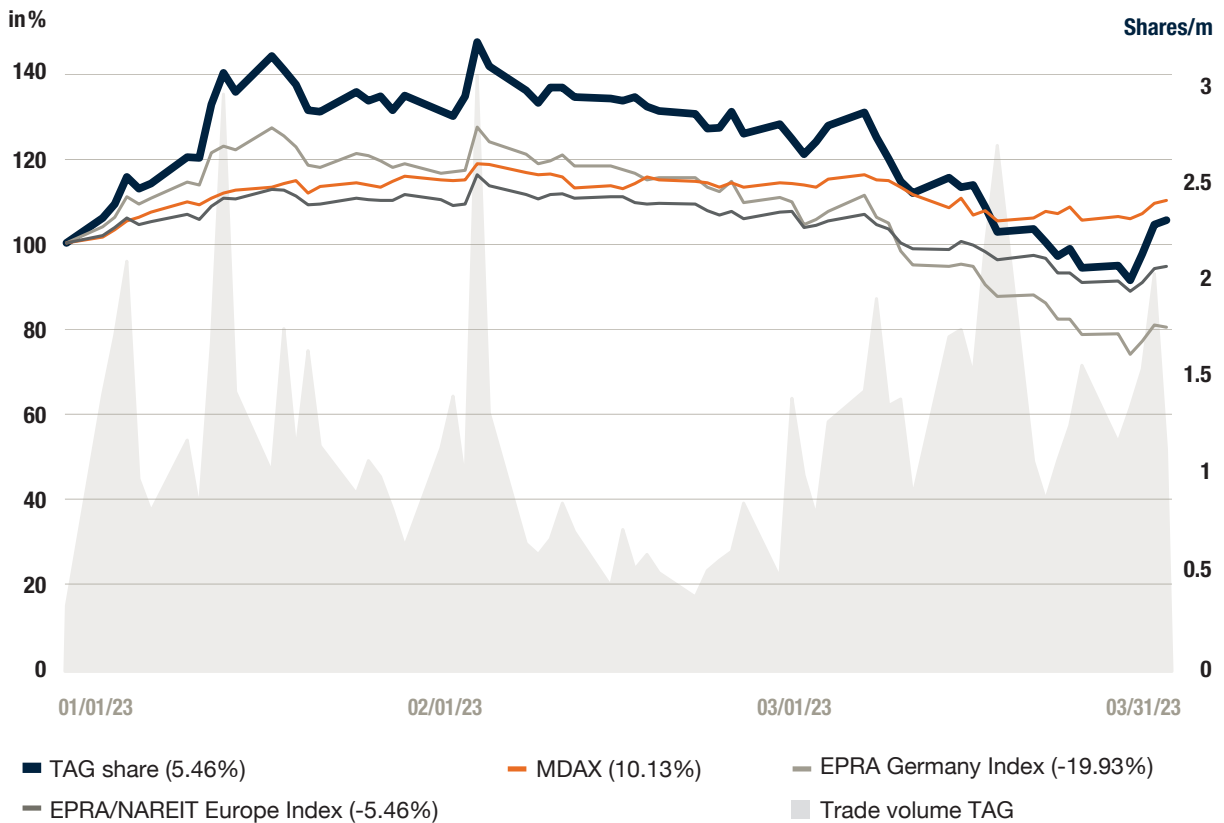
** Krakow und Katowice

THE TAG SHARE AND THE CAPITAL MARKET

Share price development

The TAG share price was volatile in the first quarter of 2023. Starting from a closing price of EUR 6.05 at the end of 2022, the MDAX-listed share was quoted at EUR 6.38 (+5%) in the closing auction on 31 March 2023. The share price peaked at EUR 8.91 at the beginning of February, and bottomed out at EUR 5.52 at the end of March.

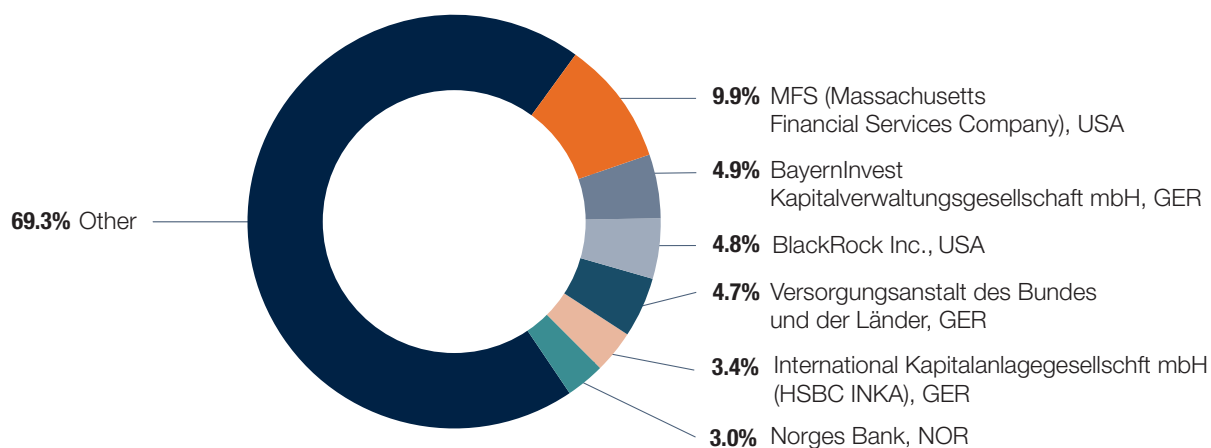
By way of comparison, the EPRA index, which is made up of various European real estate companies listed on international stock exchanges, declined by 5% in the first quarter of 2023. On a national level, the MDAX index gained 10%, while the EPRA Germany, which is an index comprising the major German real estate stocks, recorded a decline of 20%, as the chart below illustrates:



TAG's market capitalisation on 31 March 2023 was EUR 1.1bn, unchanged from 31 December 2022. The share capital and the number of shares were also unchanged from the end of the previous year at EUR 175,489,025.00 and 175,489,025 shares respectively at 31 March 2023.

Free float at the reporting date was 99.97% of the share capital. 0.03% of the share capital (47,434 shares as of 31 March 2023, unchanged from the 47,434 shares as of 31 December 2022) 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 be TAG's main shareholders, as shown in the following overview (as at 31 March 2023). This is based on the last number of voting rights reported to TAG, so the shareholding may have changed within the respective thresholds without having triggered a reporting obligation.



Dividend

In a departure from the distribution policy of previous years, at the Annual General Meeting on 16 May 2023 TAG's Management Board and Supervisory Board will propose waiving the 2023 dividend payment for the 2022 financial year in order to further strengthen the capital and financing base. As soon as the capital and investment markets have returned to normal, TAG intends to resume dividend payments and return to its previous distribution policy of 75% of FFO I. A decision on a dividend payment for 2023 will be made at the end of the year at the earliest in conjunction with the forecasts for 2024, and is dependent on market conditions and the refinancing of all financial liabilities.

Credit rating

As of the date of this report, TAG has credit ratings from the rating agencies Moody's (Ba1, outlook stable) and S&P Global (BBB-, outlook negative). In March 2023, S&P Global confirmed TAG's existing investment grade rating of BBB- but changed its outlook from stable to negative.

Should TAG no longer be rated investment grade by S&P Global in the future, there would be no effect on financial liabilities, with the exception of a 0.5-percentage point increase in the interest rate of promissory note loans totalling EUR 74.5m, with terms of between three and seven years; in particular, there are no financing commitments or financial liabilities linked to the existence of an investment grade rating.

Capital Markets Day in Poland

At the end of April 2023, TAG invited investors, analysts and banks to Warsaw and Wrocław for its fourth TAG Capital Markets Day. At the events, a total of over 50 participants were given an insight into the operating business, the very positively developing Polish residential real estate market, and our strategy. The uniformly positive response shows the high level of acceptance our business activities enjoy in Poland.

Analysis of operations, financial position, and net asset position

Results of operations

Rental revenue for the first three months of 2023 is as follows:

Rental income in EUR m	01/01/ 03/31/2023	01/01/ 03/31/2022
Net rent	86.6	84.3
Pro rata remuneration of property tax and building insurance	7.2	7.3
Rental income according to IFRS 16	93.8	91.6
External operational- and ancillary costs re-charged to tenants	24.2	22.1
Pro rata remuneration of property tax and building insurance	2.0	1.9
Costs re-charged to tenants according to IFRS 15	26.3	24.0
Total	120.1	115.6

The Group's net actual rent ('cold rent') increased by around 2.8 % to EUR 86.6m in the reporting period compared to the same period of the previous year, including rent increases and reductions from acquisitions in the previous year and from sales. Including the other income reported under rental income, total rental income increased from EUR 115.6m to EUR 120.1m. Vacancy in the Group's residential units in Germany was 4.7% as of 31 March 2023, compared to 4.4% at the beginning of the year.

As of the reporting date, the rental business in Poland, which started in June 2021 with the completion of the first projects, did not yet have a significant impact on the rental income generated. Rental income in the first three months of the 2023 financial year amounted to EUR 1.5m, compared to EUR 0.5m in the same period of the previous year.

The individual items of the rental expenses are as follows:

Rental expenses incl. impairment losses in EUR m	01/01/ 03/31/2023	01/01/ 03/31/2022
Maintenance expenses	9.0	9.5
Non-recoverable charges	3.5	2.4
Ancillary costs of vacant real estate	2.3	2.6
Non-recharged expenses	14.8	14.6
Re-charged costs, taxes and insurance	33.4	31.3
Rental expenses	48.2	45.9
Impairment losses on rent receivables	1.1	0.9
Total	49.3	46.8

Overall, the rental result – the balance of revenues and expenses from rentals and impairments on rent receivables – improved by 3.0% to EUR 70.8m in the reporting period, compared to EUR 68.8m in the same period of the previous year.

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

Income from sales in EUR m	01/01- 03/31/2023	01/01- 03/31/2022
Germany		
Revenues from the sale of properties held as inventory	0.0	0.0
Expenses from the sale of properties held as inventory	-0.3	-0.7
Net income from the sale of properties held as inventory	-0.3	-0.7
Revenues from the sale of investment properties	8.2	7.3
Expenses from the sale of investment properties	-8.2	-7.4
Net income from the sale of investment properties	0.0	0.0
Net income from the sale of real estate (Germany)	-0.3	-0.7
Poland		
Revenues from the sale of properties held as inventory	57.6	7.5
Expenses from the sale of properties held as inventory	-48.3	-5.4
Net income from the sale of properties held as inventory	9.3	2.0
Revenues from the sale of investment properties	0.5	0.0
Expenses from the sale of investment properties	-0.3	0.0
Net income from the sale of investment properties	0.2	0.0
Net income from the sale of real estate (Poland)	9.5	2.0
Total	9.3	1.3

Proceeds from the sale of properties in Poland increased by EUR 50.6m to EUR 58.1m, mainly due to the acquisition of ROBYG on 31 March 2022. Effects from purchase price allocations in the amount of EUR 5.5m (previous year: EUR 0.2m) had a negative impact on the result from the sale of properties in Poland. The overall sales result of EUR 9.3m is above the previous year's sales result of EUR 1.3m due to the increased sales result in Poland.

Service revenues are distributed among the TAG Group's services and their proportionate shares of property tax and building insurance as follows:

Income from property services in EUR m	01/01/- 03/31/2023	01/01/- 03/31/2022
Energy services	11.7	9.8
Facility management	4.6	4.1
Multimedia services	2.4	2.4
Craftsmen services	1.8	1.3
Other services	1.5	0.7
Rechargeable land taxes and building insurance	1.2	1.0
Total	23.3	19.3
Impairment losses	-0.2	-0.1
Expenditure of property services	-15.1	-12.0
Net income from property services	7.9	7.2

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

Other operating income in EUR m	01/01/- 03/31/2023	01/01/- 03/31/2022
Capitalised personnel expenses	3.0	1.0
Revenues from interim usage of project developments	0.6	0.3
Other out-of-period income	0.1	0.0
Derecognition of liabilities	0.1	0.1
Reversal of other provisions	0.0	0.5
Other	0.9	0.3
Total	4.8	2.2

The capitalised personnel expenses include directly attributable costs from project development activities in Poland.

The changes in the fair value of investment properties and valuation of inventory properties of EUR -4.5m (prior-year period: EUR -0.8m) are based on the valuation of investment properties held for sale.

Personnel expenses increased to EUR 20.7m in the reporting period, compared to EUR 14.9m in the same period of the previous year, mainly due to the increase in the number of employees due to the ROBYG acquisition. As of 31 March 2023, TAG had 1,225 employees in Germany (compared to 1,268 employees as of 31 March 2022) and 624 employees in Poland (compared to 642 employees as of 31 March 2022), including all caretakers and craftsmen.

The amortisation of intangible assets and depreciation of property, plant and equipment of EUR 2.7m (prior-year period: EUR 2.4m) mainly includes the scheduled amortisation of office furniture and equipment and rights of use within the meaning of IFRS 16, IT software, as well as the Group's owner-occupied office properties, which are recognised at amortised cost in accordance with IFRS regulations.

Other operating expenses are composed as follows:

Other operational expenditures in EUR m	01/01- 03/31/2023	01/01- 03/31/2022
Legal, consulting and auditing costs (incl. IT consulting)	1.7	1.8
IT costs	0.8	0.4
Telephone costs, postage, office material	0.6	0.5
Cost of premises	0.5	0.4
Operating costs of properties in interim use	0.5	0.0
Advertising	0.5	0.1
Travel expenses (incl. motor vehicles)	0.5	0.3
Ancillary costs of monetary transactions	0.3	0.2
Other ancillary staff costs	0.3	0.2
Guaranteed dividends	0.2	0.0
Insurance	0.2	0.2
Contributions and donations	0.2	0.2
Investors relations	0.0	0.1
Transaction tax within the framework of business combinations	0.0	5.3
Other	0.5	0.4
Total	6.8	10.0

Other operating expenses decreased by EUR 3.2m to EUR 6.8m in the reporting period (same period of the previous year: EUR 10.0m). The decrease is mainly due to expenses incurred in the comparable period in connection with the acquisition of ROBYG.

The financial result on the consolidated income statement, i.e. the balance of financial income and financial expenses, decreased from EUR -11.5m to EUR -17.4m compared to the same period of the previous year. This is mainly due to the increase in interest expenses as a result of the higher financing requirements. The net financial result relevant for calculating FFO I, i.e. cash-effective and adjusted for one-off effects, decreased from EUR -10.0m in the same period of the previous year to EUR -15.3m, is calculated as follows:

Financial result in EUR m	01/01- 03/31/2023	01/01- 03/31/2022
Effect from currency changes through profit and loss	0.1	-0.2
Financial result	-0.1	0.1
Interest income	1.0	0.4
Interest expense	-18.4	-11.7
Finance income/expense	-17.4	-11.5
Non-cash interest from bonds	0.8	0.8
Other non-cash items (e.g. derivatives)	1.2	0.6
Net finance income/expense (cash, without annually non-recurring effects)	-15.3	-10.0

Income taxes were composed as follows:

Income taxes in EUR m	01/01- 03/31/2023	01/01- 03/31/2022
Current income tax expense	6.4	3.3
Deferred income taxes	1.0	4.5
Total	7.4	7.8

Overall, TAG generated consolidated net income of EUR 33.1m in the first three months, up from EUR 32.3m in the same period of the previous year.

The following table shows the calculation of adjusted EBITDA, FFO I, AFFO (adjusted funds from operations excl. capex except capex for project developments) and FFO II (FFO I incl. net revenue from sales in Germany and adding in the earnings contribution from business activity in Poland) in the present year to date, compared with the same period of the previous year:

in EUR m	01/01- 03/31/2023	01/01- 03/31/2022
		(adjusted)
EBIT Germany	51.0	49.5
EBIT Poland rental*	0.7	0.0
EBIT Germany and Poland rental	51.7	49.5
Adjustments		
Valuation result	4.5	0.8
Depreciation	2.5	2.4
One-off's (acquisition ROBYG)	0.0	5.6
Net income from sales Germany	0.3	0.7
EBITDA (adjusted) retanal	59.0	59.0
Rental income (net rent)	86.6	83.8
EBITDA (adjusted)	68.1%	70.3%
Net finance income (cash, after one-offs)	-15.3	-10.0
Income taxes (cash)	-0.8	-3.3
Minority interests	-0.3	-0.3
FFO I	42.6	47.8
thereof FFO I Germany business	42.9	47.8
thereof FFO I Polish business	-0.3	-
Capitalised maintenance	-1.2	-0.6
AFFO before modernisation capex	41.4	47.2
Modernisation capex	-19.4	-14.7
AFFO	22.0	32.5
Net income from sales Germany	-0.3	-0.7
Adjusted net income from sales Poland*	8.8	-1.3
FFO II (FFO I + net income from sales)	51.1	45.8
Weighted average number of shares outstanding (in 000)	175,442	146,381
FFO I per share (in EUR)	0.24	0.33
FFO II per share (in EUR)	0.29	0.31
Weighted average number of shares (diluted, in 000)	175,442	146,381
FFO I per share (in EUR)	0.24	0.33
FFO II per share (in EUR)	0.29	0.31

* For the first time with separate presentation of rental income in Poland. Until 2022 the rental business in Poland was included in the total result from business activities in Poland for reasons of materiality.

In the period under review, FFO I, the calculation of which will take into account the rental activity in Poland for the first time as of fiscal 2023 due to the increase in business activities there, declined from EUR 47.8m to EUR 42.6m. Despite an increase in adjusted EBITDA, this was due mainly to the negative net financial result (cash-effective, excluding one-off effects), which deteriorated by EUR 5.1m. In the reporting period, FFO I of EUR 42.9m (previous year: EUR 47.8m) was attributable to business activities in Germany, and FFO I of EUR -0.3m to the business in Poland.

Compared to the same period of the previous year, AFFO decreased by -32.3% from EUR 32.5m to EUR 22.0m. The main reason for this is the temporary increase of EUR -4.7m in modernisation capex compared to the same period of the previous year.

The net income adjusted from sales in Poland is determined as follows:

in EUR m	01/01/ 03/31/2023	01/01/ 03/31/2022
EBIT sales Poland*	6.2	1.9
Effects from purchase price allocation	5.5	0.2
Valuation result	0.0	0.0
Depreciation	0.2	0.0
EBITA (adjusted) sales Poland	11.9	2.2
Net financial result (cash, after one-offs)	-0.2	-0.5
Cas taxes	-2.1	-2.4
Minority interests	-0.8	-0.5
Adjusted net income from sales Poland*	8.8	-1.3

* For the first time with separate presentation of rental income in Poland. Until 2022 the rental business in Poland was included in the total result from business activities in Poland for reasons of materiality.

Net assets and investments

Total assets decreased to EUR 8,095.9m as of 31 March 2023, compared to EUR 8,214.6m as of 31 December 2022. As of March 31 2023, the book value of the total real estate volume is EUR 7,529.2m (December 31 2022: EUR 7,481.4m), of which EUR 6,338.5m (31 December 2022: EUR 6,328.8m) is attributable to German properties and EUR 1,190.7m (31 December 2022: EUR 1,152.6m) to properties in Poland.

The most significant part of the Group's real estate assets continues to consist of investment properties held for the long term, whose development for the reporting period is as follows:

Investment properties in EUR m	2023	2022
Amount on 1 January	6,569.9	6,540.5
Purchase through business combinations	0.0	124.8
Additions from real estate acquisitions	0.2	12.8
Portfolio investments	20.6	86.0
Investments in project developments	22.6	137.2
Transfers from properties, plant and equipment	0.0	0.3
Transfers from inventory	0.0	0.3
Transfers to inventory	-11.3	-58.7
Transfers to assets held for sale	-40.2	-219.2
Transfers from assets held for sale	0.0	12.1
Sales	-0.3	-9.1
Change in market value	-4.4	-51.6
Currency conversion	1.1	-5.5
Amount on 31 March / 31 December	6,558.2	6,569.9

In the period under review, TAG incurred expenses totalling EUR 29.5m (previous year: EUR 24.8m) for ongoing maintenance and modernisation in its like-for-like portfolio in Germany, i.e. excluding the acquisitions of the fiscal year and without project developments. EUR 8.8m (previous year: EUR 9.5m) was spent on maintenance recognised in profit or loss, and EUR 20.7m (previous year: EUR 15.3m) for modernisation projects eligible for capitalisation, broken down as follows for the German portfolio:

in EUR m	01/01- 03/31/2023	01/01- 03/31/2022
Large-scale measures (e.g. modernisation of entire residential complexes)	11.5	7.6
Modernisation of apartments		
Previously vacant apartments	8.0	7.1
Change of tenants	1.2	0.6
Total modernisation costs like-for-like portfolio	20.7	15.3

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

in EUR m	01/01- 03/31/2023	01/01- 03/31/2022
Acquisitions in the financial year	0.2	124.8
Project developments	22.6	30.1
thereof capitalised interest	0.5	0.6
like-for-like Portfolio Germany*	20.7	15.3
thereof investments in existing areas	20.7	15.3
Other**	0.0	0.0
Investitionen Renditeliegenschaften	43.5	170.2

* Investments in investment properties EUR 20.6m (previous year: EUR 15.0m), investments in properties held for sale EUR 0.1m (previous year: EUR 0.3m)

** Rent incentives, e.g. rent-free periods for tenants in return for modernisations undertaken by tenants themselves, are of minor importance with a total volume of around TEUR 20 p.a.; information on modernisation expenses in connection with joint ventures is not provided as TAG does not hold any shares in joint ventures.

The acquisitions include acquisition-related expenses in the German portfolio amounting to EUR 0.2m. In the previous year, the additions related to the acquisition of ROBYG with EUR 124.8m. The project developments relate in full to investments in new residential construction in Poland, which is intended to build up the rental business. Including a project development shown under inventories, EUR 1.8m (previous year: EUR 1.4m) was invested in Germany and EUR 82.8m (previous year: EUR 36.9m) in Poland. The modernisation expenses for the like-for-like portfolio only concern investments in existing space; the investments in additional space are of minor importance.

A detailed breakdown of ongoing maintenance expenses and refurbishment and modernisation measures per sqm by region can also be found in the overview table for the portfolio in the above section “Development of TAG’s portfolio in Germany – The portfolio in detail”.

Financial position and equity

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

in EUR m	3/31/2023	12/31/2022
Cash and cash equivalents according to consolidated balance sheet	79.5	240.5
Cash and cash equivalents not available at balance sheet date	-0.4	-1.8
Cash and cash equivalents as per consolidated cash flow statement	79.1	238.7

Equity increased by EUR 31.6m to EUR 3,339.4m (31 December 2022: EUR 3,307.7m) in the first three months of the 2023 financial year, thanks to the positive quarterly result. The equity ratio as of the reporting date is 41.2% (31 December 2023: 40.3%).

The calculation of the EPRA NTA as of the reporting date is as follows:

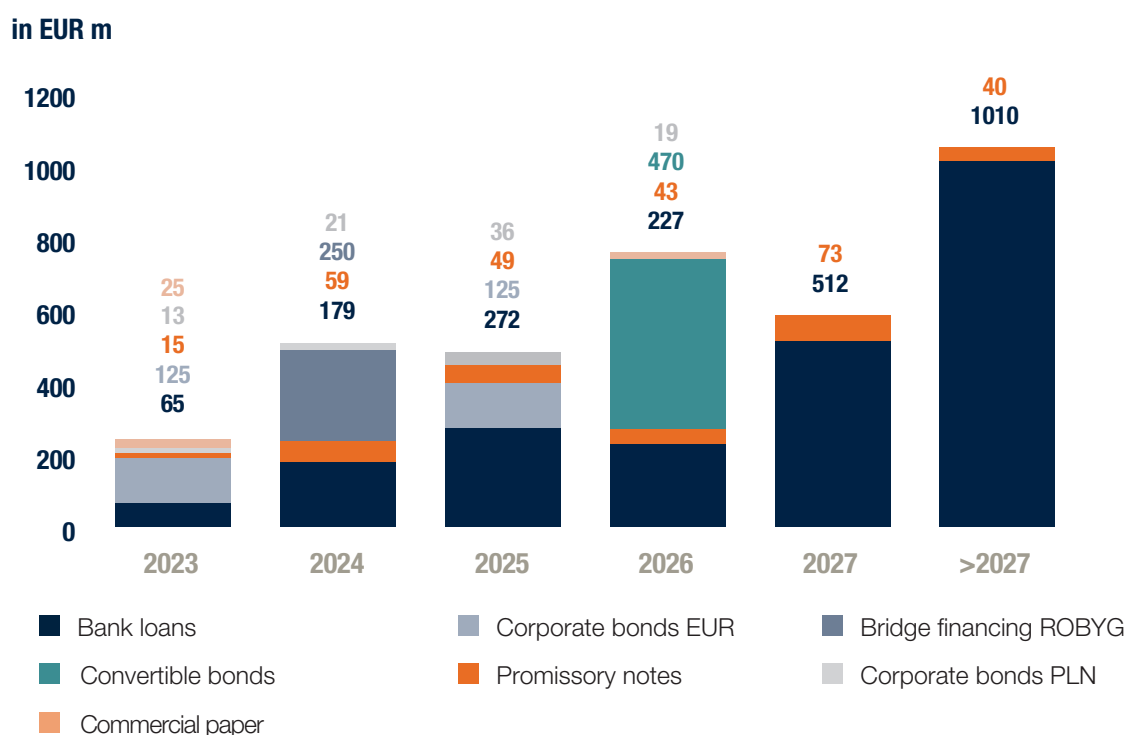
in EUR m	NTA 03/31/2023	NTA 12/31/2022
Equity (before minorities)	3,231.7	3,198.5
Deferred taxes on investment properties and derivative financial instruments	642.4	638.6
Fair value of derivative financial instruments	-4.6	-6.1
Difference between fair value and book value for properties valued at cost	74.1	74.1
Goodwill	-262.1	-261.3
Intangible assets	-5.0	-4.9
EPRA NTA (diluted)	3,676.5	3,638.9
Number of shares (diluted, in 000)	175,442	175,442
EPRA NTA per share EUR (diluted)	20.96	20.74

The current conversion price of the convertible bond 2020/2026 issued in August 2020 (outstanding nominal volume of EUR 470.0m as of the reporting date) is higher than the share price, so no dilution effects needed to be taken into account.

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

in EUR m	03/31/2023	12/31/2022
Liabilities to banks	2,509.2	2,522.0
Liabilities from corporate bonds and other loans	651.3	798.6
Liabilities from convertible bonds	460.6	460.6
Cash and cash equivalents	-79.5	-240.5
Net financial debt	3,541.6	3,540.8
Investment properties	6,558.2	6,569.9
Property reported under tangible assets	9.8	9.9
Property held as inventory	741.8	714.2
Property reported under non-current assets held for sale	219.4	187.4
Real estate volume (book value)	7,529.2	7,481.4
Difference between fair value and book value for properties valued at cost	108.4	108.4
Relevant real estate volume for LTV calculation	7,637.6	7,589.8
LTV	46.4%	46.7%

The maturities of the total financial liabilities as at 31 March 2023 are shown in the following overview:



The average volume-weighted residual maturity of bank loans as of the reporting date was 6.6 years (31 December 2022: 6.8 years), and that of total financial liabilities was 5.0 years (31 December 2022: 5.0 years).

The average interest rate on liabilities to banks as of 31 March 2023 was 2.0% (31 December 2022: 1.7%) and on total financial liabilities was 2.1% (31 December 2022: 2.1%). 88% (31 December 2022: 90%) of the Company's total financial liabilities have fixed interest rates.

The Executive Board expects that all loans to be negotiated in the 2023 financial year, which are almost entirely denominated in euros, will be refinanced or repaid from available cash and existing credit lines.

FORECAST, OPPORTUNITY AND RISK REPORT

TAG's business activities expose it to various operating and economic opportunities and risks. For further details on this, and on the forecast, please refer to the respective detailed descriptions in the 'Forecast, opportunities and risk report' section of the Condensed Group Management Report for the 2022 financial year. Beyond this, no significant developments have occurred or have 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, and government tax legislation.

The forecasts for the 2023 financial year, which were published in the 2022 consolidated financial statements, remain unchanged and are as follows:

- FFO I (excluding result from disposals and potential dilution effects from convertible bonds): EUR 170m to EUR 174m (2022: EUR 189.4m, around -9% year-on-year) or EUR 0.98 per share (2022: EUR 1.19, around -18% year-on-year).
- FFO II (FFO I plus economic sales result Poland): EUR 240m to EUR 246m (2022: EUR 247.3m, around -3% year-on-year) or EUR 1.38 per share (2022: EUR 1.56, around -11% year-on-year).

The number of shares used to forecast FFO I and FFO II per share is the current number of shares outstanding (excluding treasury shares) of 175,441,591. Furthermore, the FFO I forecast was made on the basis of the existing property portfolio as at 31 December 2022, i.e. it does not take into account any further acquisitions or sales.

For the total growth in rents, i.e. including the effects from the vacancy reduction, a value of around 2.0% to 2.5% p.a. (2022: 2.7% p.a.) is assumed for the German portfolio on a like-for-like basis. The vacancy rate in the Group's residential units is expected to decrease by around 0.3% to 0.5% points (2022: decrease of 1.1% points).

In the sales business, at least 3,500 flats are expected to be transferred for FFO II in Poland in 2023. At least 2,700 flats are expected to be sold in Poland in 2023. Book profits or book losses from the sales of flats in Germany were not assumed for the purposes of the FFO II forecast.

SUPPLEMENTARY REPORT

No reportable events occurred after the reporting date.

Hamburg, 11 May 2023

Claudia Hoyer
COO

Martin Thiel
CFO

CONSOLIDATED BALANCE SHEET

Assets TEUR	03/31/2023	12/31/2022
Non-current assets		
Investment properties	6,558,209	6,569,912
Intangible assets	267,105	266,174
Property, plant and equipment	45,068	45,231
Rights of use assets	14,682	12,702
Other financial assets	10,388	14,737
Derivative financial instruments	4,741	5,172
Deferred taxes	25,169	22,208
	6,925,362	6,936,136
Current assets		
Property held as inventory	741,779	714,188
Other inventories	1,603	95
Trade receivables	33,401	26,082
Income tax receivables	10,252	11,785
Derivative financial instruments	4,227	5,215
Other current assets	80,393	93,193
Cash and cash equivalents	79,470	240,493
	951,125	1,091,051
Non-current assets held for sale	219,438	187,417
	8,095,924	8,214,604

Equity and liabilities TEUR	03/31/2023	12/31/2022
Equity		
Subscribed capital	175,442	175,442
Share premium	682,797	682,797
Other reserves	-22,281	-24,133
Retained earnings	2,395,789	2,364,372
Attributable to the equity holders of the parent company	3,231,746	3,198,476
Attributable to non-controlling interests	107,638	109,263
	3,339,384	3,307,739
Non-current liabilities		
Liabilities to banks	2,098,446	2,109,347
Liabilities from corporate bonds and other loans	463,562	463,226
Liabilities from convertible bonds	460,315	459,606
Derivative financial instruments	4,335	4,335
Retirement benefit provisions	4,192	4,281
Other non-current liabilities	44,385	43,372
Deferred taxes	720,217	716,185
	3,795,451	3,800,353
Current liabilities		
Liabilities to banks	410,710	412,691
Liabilities from corporate bonds and other loans	187,762	335,391
Liabilities from convertible bonds	288	1,022
Income tax liabilities	9,007	8,516
Other provisions	51,982	46,763
Trade payables	66,160	79,348
Other current liabilities	235,180	222,782
	961,089	1,106,512
	8,095,924	8,214,604

CONSOLIDATED INCOME STATEMENT

in TEUR	01/01- 03/31/2023	01/01- 03/31/2022
Rental income	120,082	115,601
Impairment losses	-1,062	-924
Rental expense	-48,220	-45,914
Net rental income	70,800	68,763
Revenues from the sale of real estate	66,300	14,808
Expenses on the sale of real estate	-57,050	-13,462
Sales result	9,250	1,345
Revenue from services	23,252	19,350
Impairment losses	-247	-122
Expenses from services	-15,090	-12,035
Services result	7,915	7,192
Other operating income	4,763	2,222
Fair value changes in investment properties and valuation of properties held as inventory	-4,511	-750
Personnel expenses	-20,736	-14,860
Depreciation/amortisation	-2,722	-2,426
Other operating expenses	-6,833	-10,002
EBIT	57,926	51,484
Other financial result	-58	-148
Interest income	1,027	365
Interest expenses	-18,353	-11,678
EBT	40,541	40,024
Income taxes	-7,419	-7,728
Consolidated net income	33,122	32,296
thereof attributable to non-controlling interests	1,705	1,460
thereof attributable to equity holders of the parent company	31,417	30,836
Earnings per share (in EUR)		
Basic earnings per share	0.18	0.21
Diluted earnings per share	0.17	0.20

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ 03/31/2023	01/01/ 03/31/2022
Consolidated net income	33,122	32,296
Net interest income / expens through profit and loss	17,326	11,313
Current income taxes through profit and loss	6,414	3,261
Depreciation	2,722	2,426
Other financial Income	58	148
Fair value changes in investment properties and valuation of properties held as inventory	4,511	750
Result from the disposal of investment properties	-199	7
Result from the disposal of tangible and intangible assets	-120	-7
Impairments accounts receivables	1,309	1,046
Changes to deferred taxes	1,005	4,467
Changes in provisions	5,130	1,588
Interest received	934	94
Interest paid	-19,456	-9,396
Income tax payments and refunds	-4,402	-2,132
Changes in receivables and other assets	-2,989	-9,688
Changes in payables and other liabilities	3,071	-20,464
Cash flow from operating activities	48,437	15,710
Payments received from the disposal of investment properties (less selling costs)	4,118	12,879
Payments made for the purchase of subsidiaries	0	-401,430
Payments made for foreign currency hedging transactions	0	-12,235
Payments made for investments in investment properties	-43,243	-45,530
Payments received from other financial assets	68	68
Payments received from the disposal of intangible assets and property, plant and equipment	297	243
Payments made for investments in intangible assets and property, plant and equipment	-1,997	-2,360
Cash flow from investing activities	-40,757	-448,365
Payments made for the repayment of corporate bonds and other loans	-175,291	0
Proceeds from the issuance of corporate bonds and other loans	24,946	0
Distribution to minority investors	-3,344	0
Proceeds from new bank loans	81,685	583,124
Repayment of bank loans	-92,851	-21,021
Repayment of lease liabilities	-2,678	-975
Cash flow from financing activities	-167,533	561,128
Net change in cash and cash equivalents	-159,853	128,473
Cash and cash equivalents at the beginning of the period	238,689	94,100
Foreign currency exchange effects	278	-483
Cash and cash equivalents at the end of the period	79,114	222,090

TAG FINANCIAL CALENDAR 2023

PUBLICATIONS / EVENTS

11 May 2023	Publication of the Interim Statement 1st Quarter 2023
16 May 2023	Annual General Meeting, Hamburg
14 August 2023	Publication of the Interim Report 2023
14 November 2023	Publication of the Interim Statement 3rd Quarter 2023

CONFERENCES

24-25 May 2023	Kempen's 21st European Property Seminar, Amsterdam
05 September 2023	Commerzbank & ODDO BHF Conference, Frankfurt
18-22 September 2023	Baader Investment Conference, Munich
18-22 September 2023	Berenberg 12th German Corporate Conference, Munich
28 September 2023	Société Générale Pan-European Real Estate Conference, London



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The English version of the Interim Statement Q1 2023 is a translation of the German version. The German version is legally binding.

NOTES

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