INTERIM REPORT 2021

ON THE 2ND QUARTER

GROWING CASHFLOWS

TAG Immobilien AG

GROUP FINANCIALS

in EUR m

Income statement key figures	01/01/-06/30/2021	01/01/-06/30/2021
Net actual rent	166.0	159.7
EBITDA (adjusted)	114.2	113.0
Consolidated net profit	324.1	212.8
FFO I per share in EUR	0.62	0.59
FFO I	91.5	86.5
AFFO per share in EUR	0.42	0.33
AFFO	61.9	48.6

Balance sheet key figures	06/30/2021	12/31/2020
Total assets	6,800.7	6,478.0
Equity	2,879.2	2,681.5
Equity ratio in %	42.3	41.4
EPRA Net Asset Value (NTA, fully diluted) per share in EUR	23.69	21.95
LTV in %	44.1	45.1

Portfolio data	06/30/2021	12/31/2020
Units Germany	88,319	88,313
Units Poland (secured pipeline)	11,922	8,742
GAV (real estate assets Germany and Poland)	6,365.4	5,834.3
Vacancy in % (total)	6.1	5.6
Vacancy in % (residential units)	5.8	4.5
l-f-l rental growth in %	1.6	1.4
l-f-l rental growth in % (incl. vacancy reduction)	1.6	1.5

Employees	06/30/2021	12/31/2020
Number of employees (Germany and Poland)	1,377	1,354

Capital market data	
Market cap at 06/30/2021 in EUR m	3,920.3
Share capital at 06/30/2021 in EUR	146,498,765
WKN/ISIN	830350/DE0008303504
Number of shares at 06/30/2021 (issued)	146,498,765
Number of shares at 06/30/2021 (outstanding, without treasury shares)	146,379,501
Free Float in % (without treasury shares)	99.92%
Index	MDAX/EPRA

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MANAGEMENT REPORT

INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST SIX MONTHS OF THE 2021 FINANCIAL YEAR

FUNDAMENTALS OF THE GROUP

Overview and corporate strategy

TAG Immobilien AG (also referred to as 'TAG' or the 'Group' in the following) is a Hamburg-based property company focused on the German 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, starting in the 2020 financial year, in Poland as well. Overall, at 30 June 2021 TAG managed around 88,300 residential units (31 December 2020: around 88,300) in Germany and had a contractually secured project pipeline for the construction of approx. 12,000 units (31 December 2020: approx. 8,700 units) in Poland, of which approx. 8,200 units (31 December 2020: approx. 5,700 units) are earmarked for long-term portfolio retention.

TAG Immobilien AG shares are listed in the MDAX of the Frankfurt Stock Exchange; TAG's market capitalisation at 30 June 2021 was EUR 3.9bn (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 craftman 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 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 portfolio 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-size 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 the acquisition, through targeted investments and proven asset-management concepts. In Germany, investments are made nearly exclusively in regions already where TAG already manages assets, in order to make use of existing administrative structures in this way. Also, local knowledge of the market is essential in the acquisition of new portfolios here.

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 and active portfolio management, and investors growing cash flows through attractive dividends. In 2020 financial year, TAG regionally expanded its portfolio into Poland. Vantage Development S.A. ('Vantage'), a real estate developer whose headquarters and main activities are located in Wrocław, will serve as the platform for further development here, which in future will also focus on building up a Group-owned portfolio of apartments in Poland and will also include 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, will focus on strong cash returns (i.e. FFO returns in relation to the equity invested). The Polish rental housing market is characterised by a supply shortage. It is considered one of the least saturated housing markets in Europe, with an increasing housing shortage that already exceeds 3.5 million units (OECD database). Furthermore, the absolute size of the Polish market (approx. 38 million inhabitants, sixth-largest EU country in terms of population), coupled with a growing services sector and favourable demographic trends ('Generation rent' – a growing preference for rented apartments) 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. for the next three to five years, is to build up a portfolio of around 8,000 to 10,000 residential units in Poland. Capital spending will focus on new construction in large cities with favourable population trends, proximity to universities, and a well-developed infrastructure.

Sustainable corporate development

Sustainability issues are changing the way companies are viewed and how they are perceived by the public. In the future, our responsibility with regard to climate protection, the use of resources and social commitment will become even more important. We successively expanded our sustainability strategy and anchored it more intensively. This enabled us to integrate sustainability aspects even more strongly into our business activities and raise awareness of them. We include all economic, ecological and social impacts of our actions along the entire value chain in our sustainability strategy. Because for us, sustainable corporate development is an integrated concept with synergy effects between the various levels of Sustainability and in return our social and environmental measures have a positive effect on our long-term commercial success for our Company.

Our annual reporting on the topic of sustainability is presented and published in a separate Sustainability Report for the given year (available at www.tag-ag.com under 'Investor Relations/Financial Reports/Sustainability Reports'), which is guided by the standards of the Global Reporting Initiative (GRI) and the European Public Real Estate Association (EPRA). This allows us to compare our results and targets over time, and to review and present our development according to objective criteria.

Our sustainable corporate development is borne out by the awards we receive from rating agencies. A report published on 6 August 2021 by Sustainalytics, a leading company for market research, ratings and data on ESG (environment, social, governance) issues, ranked TAG 27nd out of a total of 1000 real estate companies analysed worldwide. This puts it in the top 3% of all companies in the sector at this time. TAG also improved its ranking with other renowned ESG rating agencies in the past financial year. We are engaged in an ongoing, active process to ensure that our successes are reflected in increasingly visible, positive rankings for the Company.

Economic Report

Overall economic situation in Germany

Towards the summer, with the end of the lockdown and progress on vaccinations, economic activity picked up again in a positive sense. The favourable outlook is also reflected in German companies' business expectations, which according to the ifo Institute have been improving considerably for months. At up to 104 points, the ‚ifo Geschäftsklima Index' is at its highest value in the past ten years. CBRE expects total economic output to return to pre-crisis levels as early as the third quarter of 2021.

According to the current ifo economic forecast of 16 June 2021, gross domestic product (GDP) is expected to grow by a total of 3.3% in 2021 and by 4.3% in 2022, compared to -4.8% last year. This forecast is based on the assumption that the existing economic restrictions resulting from the infection control measures will be lifted by the end of the third quarter of 2021.

Likewise and accordning to ‚ifo Konjunkturprognose' and ‚CBRE Market Outlook' developments on the labour market are pointing to recovery. Companies are hiring more people again, and in the service sector as well as in trade, businesses are shedding their restraint and new jobs are being created. The progressive openings in many economic sectors will serve to further reduce unemployment and short-time work. According to the ifo Institute, the unemployment rate is expected to average 5.8% in 2021 and 5.2% in 2022. According to the Federal Employment Agency, the unemployment rate at the end of the reporting period was 5.7% as of 30 June 2021.

In view of the recovery and the overall economic situation in the eurozone, CBRE also assesses the ECB's monetary policy to be ‚ultra accommodative' for at least the next twelve months, if not much longer. Accordingly, short-term interest rates are not expected to rise before 2023. According to Ifo estimates, consumer price inflation will average 2.6% and core inflation 2.1% in 2021. However, this price surge should only be temporary, and consumer prices should develop more moderately during the year ahead, averaging 1.9% for the year.

Demand in the German housing market continues high and, together with the recovery of the labour market, a continued favourable interest rate environment, and the release of pandemic savings for real estate investments, this should give a new boost to residential construction. The government's increased investment in transport infrastructure, childcare and schools for the current year will provide another strong stimulus for the construction and real estate segment. On the supply side, however, the currently noticeable significant increases in construction costs, especially for materials, along with the continuing capacity bottlenecks at construction companies, are having a negative impact.

Overall economic situation in Poland

Poland, too, is seeing a positive development in economic growth. In its spring forecast, the European Commission corrected the outlook upwards accordingly. In addition to declining incidences, companies are recovering faster than expected, and there are positive signals from the economy. Accordingly, analysts are optimistic about the second half of 2021.

Gross domestic product (GDP) in Poland is expected to increase by 4% in real terms in 2021, instead of 3.1% as previously expected. Rising investment is the reason behind this. According to Germany Trade and Invest – Gesellschaft für Außenwirtschaft und Standortmarketing mbH, the new funds from the European Union's (EU) multi-year financial framework 2021-2027 and from the EU's reconstruction fund are critical in this context. Poland is expected to receive a total of around EUR 160 bn starting in 2022. These funds are also intended to stimulate private investment. Poland's economy could thus soon make up for the losses from 2020 thanks to rising demand and good export figures.

The German residential real estate industry

On the German real estate market, too, the signs are pointing to recovery, with a slight delay compared to overall economic development. Despite the pandemic environment, Germany's residential investment markets in particular continue to develop very positively, and investor interest remains high. German residential real estate remains very attractive, as rents will continue to rise despite the pandemic. From an investor's point of view, the metropolitan peripheries in particular are moving into the investment focus, as the significantly increased demand for these locations during the pandemic is leading to higher prices on the part of users as well as investors, and higher yields can be achieved compared to inner-city areas. Also, the sustained interest in core and core-plus investments is only being held back by the limited supply.

According to JLL, the statistics for the investment market show a transaction volume of EUR 34.1bn at the end of the first half of the year, which is equivalent to a 20% decline compared with 2020; at the end of the first quarter, a decline of over 40% was recorded. According to CBRE, around EUR 33.2bn was invested in the German real estate market in the first half of 2021, 22% less than in the same period last year. At EUR 17.8bn, the second quarter in particular was stronger (+15%) than the first and significantly more dynamic than the second quarter of 2020 (+27%).

According to BNP Paribas Real Estate residential investment market report in the first six months of the year, nearly EUR 9.9bn was invested nationwide in larger residential portfolios (30 units or more). In fact, the second quarter of 2021 saw the highest Q2 transaction volume of the last six years, at just under EUR 3.5bn. A total of 17 sales in the triple-digit million range have been registered so far. Another indication of the sustained vibrancy of the market is the number of deals recorded, which once again was around 200 transactions.

Leading participants are special funds with a 27% share of turnover, followed by pension funds with 15.5%. Also, the public sector, mainly through its housing companies, as well as real estate companies and investment managers with 9% and 10% respectively. The share of foreign buyers is also high at around 24%. The balance among the various investors underlines investors' confidence in German housing stocks with stable and secure cash flows.

Still, a degree of caution remains, along with the challenge of putting short-term recovery effects with an impact on interest rates and inflation into a medium-term context. However, the market environment will remain attractive in the foreseeable future, as interest rates have risen slightly, but significant rates of increase that would render an investment no longer viable are not expected until at least 2023, according to JLL. The gap between property yields and yields on German government bonds remains high.

For the second half of the year, correspondingly high turnover, and hence falling returns in some cases, can be expected. In the event of a takeover of Deutsche Wohnen SE by Vonovia SE in the second half of 2021, a new, one-off record turnover volume is on the horizon. So, together with the commercial investment volume, there is even a chance that the EUR 100 bn mark could be exceeded for the first time this year.

Development of the Polish real estate or residential property market

For historical reasons, the majority of the housing stock is still in the hands of private owners, but this is offset by increasing urbanisation and a growing demand for modern housing, with an estimated shortfall of around 1.5 million flats in the major Polish cities.

According to Wüest Partner Germany, the strong demand for residential space is driven by rising population figures, lower unemployment rates, stable inflation rates and rising wages (increase of around 42% between 2010 and 2018). Big Polish cities are attracting more and more people who work in offices and Shared Service Centres. Universities and colleges attract young people in particular. In addition, a professional rental market is currently developing due to initial investment activities by institutional investors in new residential construction. This is especially true for the metropolis of Warsaw and the big cities Wrocław, Tricity, Kraków, Łódź and Poznán. On average, rents in these cities have increased by around a quarter since 2014. Continuing urbanisation and rising demand is countered by a scarce supply of building land, which further increases the attractiveness of modern new-build rental flats in the Polish metropolitan areas.

The Polish residential property market offers attractive investment opportunities in view of the lower construction costs in relation to other European countries, and given the large surplus demand. This also goes for the rental housing market. Compared to countries in Western Europe, much higher rental yields can be earned on the rental housing market (Ruecker Consult press release).

According to the JLL Residential Market Report Q1 2021, approx. 19,500 units were sold in the primary metropolitan areas of Warsaw, Kraków, Wrocław, Tricity, Poznán, and Łódź in the first quarter of 2021. Compared to the first quarter of 2021, this represents an increase of 40% and a year-on-year increase of 3%. Wroclaw, at 9%, saw the largest average price increase compared with the previous quarter. Year-on-year, prices rose by between 3% in Poznán and Łódź to as much as 8% in Kraków. Sustained high demand and further price increases are expected.

According to Cushman & Wakefield, the total first-quarter investment volume in Poland in 2021 was 10% above the five-year first-quarter average of EUR 1.25bn.

Portfolio Developments

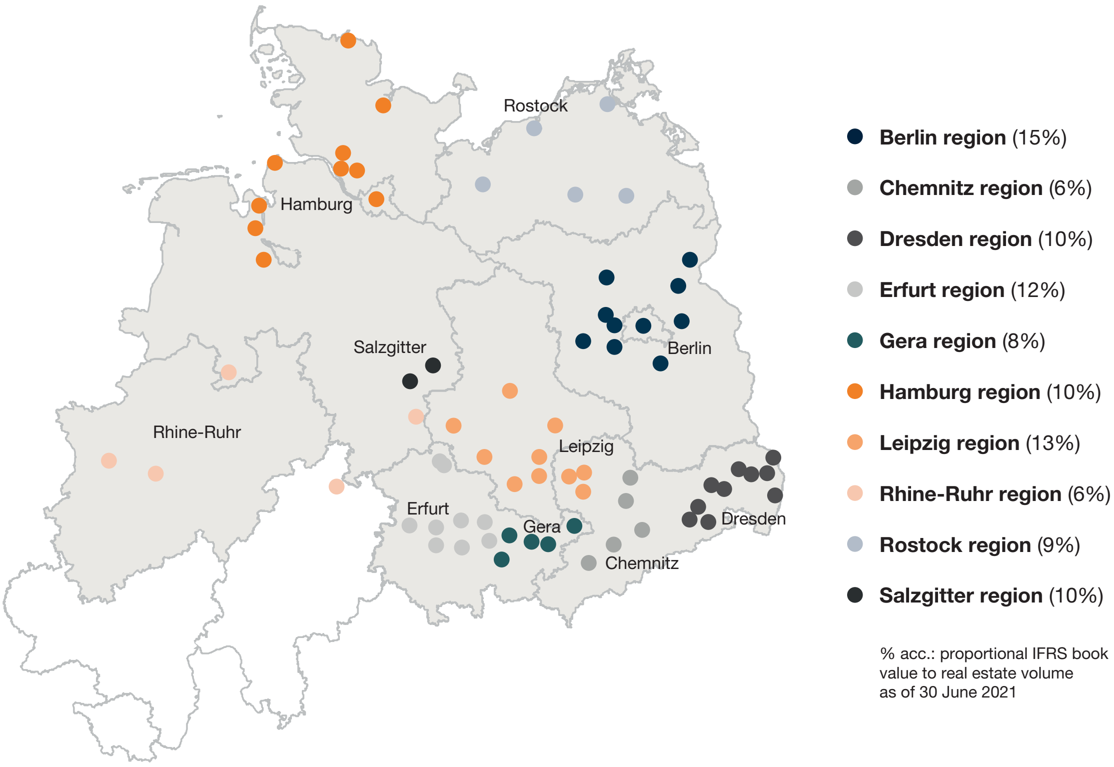
Impact of the Covid-19 pandemic on operational business performance
Covid-19 remains a special challenge for all of us, having an impact not only on the health of many people, but also on the economy and us as a residential real estate company.

Housing is a basic need. We are aware of the special responsibility that we bear during this time in our capacity as a large housing company. We know that our actions have an impact on society, the environment, and the economy. Providing affordable housing has always been our core business. So in this respect, sustainability is traditionally anchored in our corporate actions, and we are constantly monitoring developments so that we can adapt our actions accordingly. Essentially, this is about protecting our tenants and employees. We have stepped up our offers to talk to tenants who are experiencing payment difficulties due to the loss of income caused by Coronavirus. Our receivables management teams have always seen themselves as debt counsellors with the aim of helping rent debtors continue to live in their homes. They offer instalment payments and deferment agreements during this time as well, and help with applications for state subsidies. We are particularly concerned that people who are already in great need are suffering the most, and are therefore in contact with various aid organisations to help provide additional assistance without a lot of red tape. To protect our employees, we have significantly increased the opportunities for flexible working, including outside the office, and provide information on hygiene and protection measures via our company intranet.

The ongoing Covid-19 pandemic is having an impact on operations, particularly in form of fewer viewings and hence rentals as planned. Although these effects are impacting the intended reduction in vacancy rates and thus also the rental income, as already in 2020, we did not notice any significant impact on our business performance in the first half of 2021. Regarding the recoverability of receivables – and in connection with this – defaults on receivables, value adjustments, or rental concessions did not result in any significant effects for our business. Wherever effects are relevant for the reporting, we address them separately in the respective chapters.

Overview of the portfolio

Towards the end of the first half of 2021, TAG Group's property portfolio in Germany comprised approx. 88,300 units. The focus is on the management of attractive yet affordable housing, with great awareness of our social responsibility towards our tenants. The regional focus is mainly on Northern and Eastern Germany, distributed as follows:



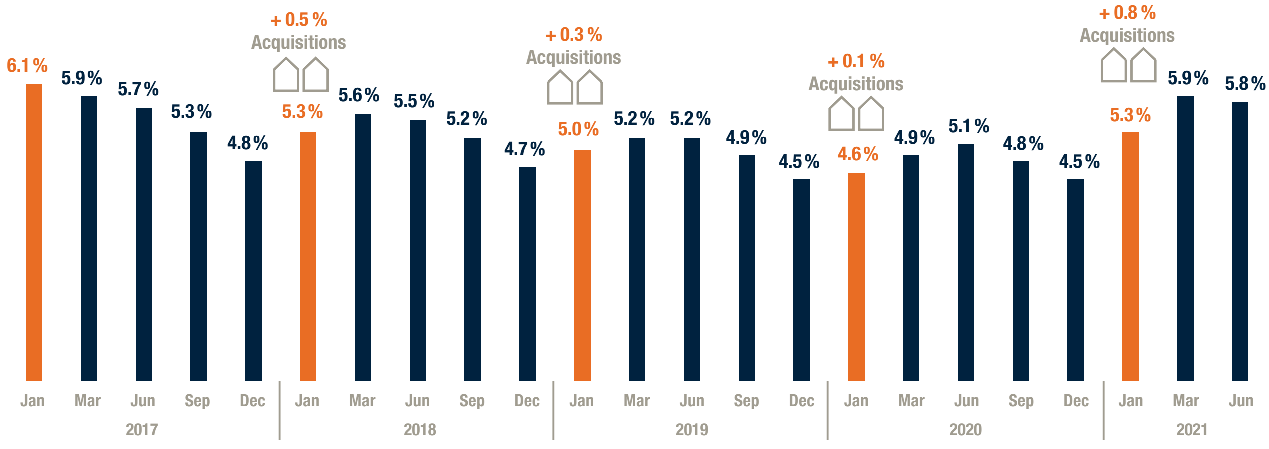
Portfolio data	06/30/2021	12/31/2020
Units	88,319	88,313
Floor space in sqm	5,302,946	5,302,495
Real estate volume in EUR m*	6,149.0	5,834.3
Annualised net actual rent in EUR m p.a. (total)	334.2	334.2
Net actual rent in EUR per sqm (total)	5.60	5.57
Net actual rent in EUR per sqm (residential units)**	5.50	5.48
Vacancy in % (total)	6.1	5.6
Vacancy rate in % (residential units)**	5.8	4.5
I-f-I rental growth in %	1.6	1.4
I-f-I rental growth in % (incl. vacancy reduction)	1.6	1.5

* EUR 6,365.4m total real estate volume (of which EUR 216.4m relates to real estate in Poland)
** without acquisitions

Purchases and sales in the first half of the 2021 financial year
There were no portfolio purchases in the first half of the 2021 financial year.

In Germany sales contracts were signed for a total of 273 flats between January and June 2021. The sales price and net cash proceed amounted to EUR 11.3m and EUR 11.1m, respectively, or 17.7 times the annual net actual rent. The average vacancy rate of these flats, most of which were non-core assets, was 33%. Book profits of EUR 1.1m are expected from the sales.

Vacancy developments
The following chart illustrates the development of the vacancy rate in the Group's residential units in Germany in the financial years since 2017 and in the first half of 2021:



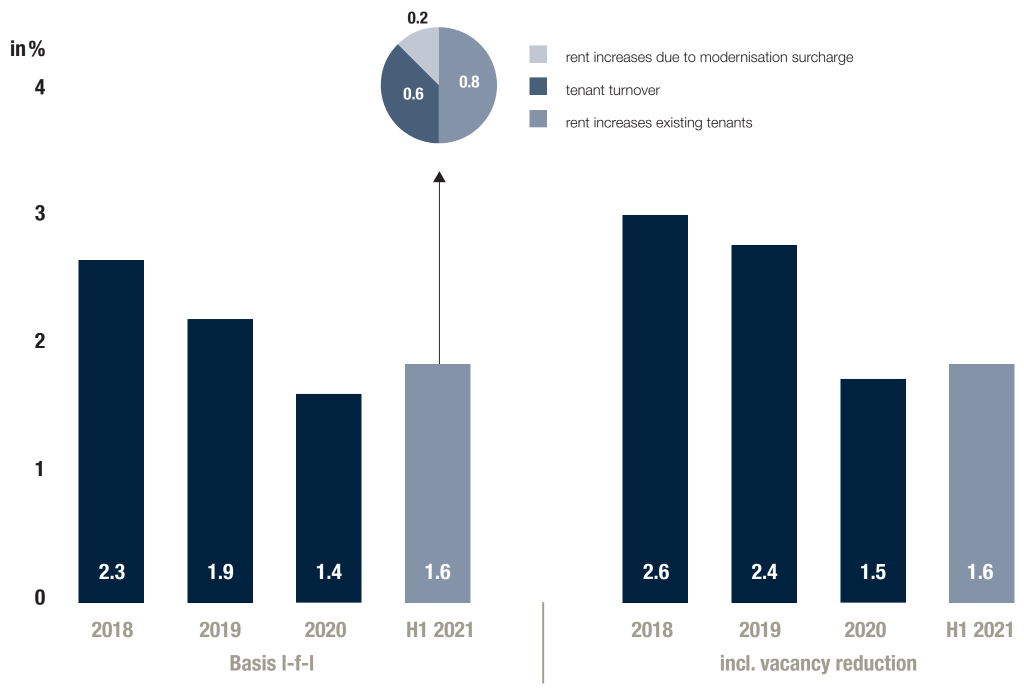
Due mainly to the integration of acquisitions from the previous year, ongoing modernisation programmes to reduce vacancies, and the fact that fewer viewings and therefore fewer lettings took place due to the Covid-19 pandemic and the associated lockdowns, the vacancy rate increased in the first quarter of the 2021 financial year, but stabilised or decreased again to 5.8% in the second quarter of 2021. A continued reduction in the vacancy rate is expected for the second half of 2021. Against this backdrop, 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, remains unchanged.

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 1.4% p.a. at the end of 2020. This 1.6% 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 (0.6%, after 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 the vacancy reduction, the total rental growth on a like-for-like basis amounted to 1.6% 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 2017 and at the end of the second quarter of 2021 is thus as follows:



Average rent for the portfolio's residential units remained at EUR 5.50 per sqm in the first six months of 2021, on par with the level at the end of the 2020 financial year (5.48 per sqm). New lettings were made at an average of EUR 5.76 per sqm, after EUR 5.77 per sqm in the previous year.

The portfolio in detail by region

The following overview shows further details on TAG's German real estate portfolio, by region, as at 30 June 2021:

Region	Units	Rentable area sqm	IFRS BV EURm 30/06/2021	In-place yield in %	Vacancy 30/06/ 2021 in %	Vacancy Dec. 2020 in %	Current net rent in EUR / sqm	Reletting rent in EUR / sqm	l-f-l rental growth (y-o-y) in %	Total l-f-l rental growth** (y-o-y)	Maintenance in EUR / sqm	Capex in EUR / sqm
Berlin	10,417	603,656	917,863	4.5	3.8	3.9	5.95	6.41	3.0	3.8	2.86	5.08
Chemnitz	7,889	462,051	392,397	6.5	7.9	6.9	5.00	5.08	1.4	2.2	4.49	6.57
Dresden	6,129	396,421	606,511	4.5	2.1	1.9	5.92	6.25	1.4	2.0	1.65	4.18
Erfurt	11,045	620,800	755,853	5.1	2.4	2.5	5.34	5.64	1.6	2.2	3.22	5.07
Gera	9,462	549,155	455,333	6.9	7.3	6.5	5.12	5.44	1.0	0.6	2.34	3.44
Hamburg	6,969	428,871	631,637	4.6	4.3	3.7	5.93	6.31	2.4	2.2	4.22	5.55
Leipzig	13,276	773,084	790,603	5.6	10.3	6.0	5.29	5.53	1.2	1.6	3.61	7.29
Rhine-Ruhr	4,182	265,981	374,166	4.7	2.1	1.6	5.61	5.88	1.3	1.8	6.57	4.01
Rostock	8,324	466,014	550,290	5.3	7.4	4.4	5.60	5.91	1.3	(0.1)	6.15	11.62
Salzgitter	9,179	563,065	579,089	5.9	6.5	5.6	5.45	5.61	0.8	(0.3)	3.27	4.04
Total residential units	**86,872**	**5,129,097**	**6,053,742**	**5.3**	**5.8**	**4.5**	**5.50**	**5.76**	**1.6**	**1.6**	**3.67**	**5.76**
Acquisitions	164	9,689	4,500	8.2	24.4	21.6	4.18	–	–	–	–	–
Commercial units (within resi. portfolio)	1,131	144,310	–	–	16.0	16.1	8.44	–	–	–	–	–
Total residential portfolio	**88,167**	**5,283,096**	**6,058,242**	**5.5**	**6.1**	**5.6**	**5.57**	–	–	–	–	–
Other*	152	19,850	90,778	4.2	6.1	6.3	11.67	–	–	–	–	–
Grand total	**88,319**	**5,302,946**	**6,149,020**	**5.5**	**6.1**	**5.6**	**5.60**	–	–	–	–	–

*includes commercial properties and serviced apartments. The IFRS book value includes project developments of EUR 28.6m.
** incl. effects from changes in vacancy rates

Development of the business activities in Poland

Based on an average exchange rate of the Polish złoty (PLN) to the euro of 4.5374:1 in the first half of 2021 (previous year: 4.4120:1), revenue from property sales in Poland amounted to EUR 40.8m after EUR 15.8m in the comparable period of the previous year. In total, sales of 267 flats were notarised in H1 2021 (H1 2020: 266), and 390 flats were handed over to the buyers (H1 2020: 155). These transfers led to the aforementioned sales revenue.

As of 30 June 2021, the contractually secured pipeline for the construction of flats comprises a total of 11,922 (30 June 2020: 5,800) units, of which 6,926 units are in Wrocław (30 June 2020: 4,485), 2,488 units (30 June 2020: 1,074) in Poznań, 1,072 units (30 June 2020: 240) in Łódź, and 1,436 units (30 June 2020: 0) in Gdańsk. With the acquisition of the property in Gdańsk in the second quarter of 2021, TAG now has a total of four locations in Poland.

According to current planning, of the total of 11,922 flats, 3,692 flats are intended for sale, while 8,230 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 June 2021, 109 flats were prepared for being rented out as planned. By the end of the 2021 financial year, the rental portfolio is expected to increase to 444 units.

Revaluation of the portfolio as at 30 June 2021

As in previous financial years, TAG's real estate portfolio was fully revalued as at 30 June 2021 by CBRE as an independent appraiser. In addition to this valuation, a further full valuation will be carried out as at 31 December 2021.

Of the total valuation gain of EUR 310.4m reported in the consolidated income statement for the first half of 2021, EUR 305.6m is attributable to properties in Germany. The valuation result for the property portfolio in Poland, which is currently being built up, amounted to EUR 4.8m.

The valuation gain of EUR 305.6m reported for the German portfolio as at 30 June 2021 is significantly higher than the valuation gain of EUR 153.0m in the last (half-yearly) revaluation for the period from 30 June to 31 December 2020 and is attributable both to the good operating performance from the Executive Board's perspective (effect of EUR 33.3m) and to 'yield compression', i.e. lower capitalisation rates due to lower yield requirements on the part of potential purchasers (effect of EUR 272.3m).

The following table shows the valuation effects related to the individual regions in Germany in detail:

Region (in EUR m)	06/30/2021 Fair value IFRS	06/30/2021 Fair value EUR/sqm	06/30/2021 implied multiple	Valuation result	Share of operational performance/other market developments	Share of Yield compression	12/31/2020 Fair value (IFRS)	12/31/2020 Fair value (EUR/sqm)	12/31/2020 Implied multiple
Berlin	917.9	1,451.6	21.1	64.0	19.8	44.2	851.3	1,355.6	20.1
Chemnitz	392.4	827.7	15.0	7.8	1.0	6.8	367.2	814.6	14.6
Dresden	606.5	1,482.6	21.2	27.8	4.6	23.2	575.2	1,416.7	20.3
Erfurt	755.9	1,173.9	18.3	32.4	3.9	28.5	706.4	1,121.7	17.6
Gera	455.3	792.1	14.0	9.4	0.5	8.9	444.7	772.5	13.6
Hamburg	631.6	1,440.6	20.7	45.9	5.7	40.1	588.5	1,331.3	19.2
Leipzig	790.6	1,008.3	17.5	45.3	0.7	44.7	611.0	1,018.5	16.6
Rhine-Ruhr	374.2	1,351.4	20.1	26.8	1.2	25.6	346.5	1,249.3	18.7
Rostock	550.3	1,158.0	18.4	33.0	1.2	31.8	504.9	1,102.8	17.1
Salzgitter	579.1	1,025.6	16.5	13.7	-4.5	18.2	563.1	997.3	16.0
Total residential units	**6,053.7**	**1,148.0**	**18.3**	**306.1**	**34.1**	**272.1**	**5,558.8**	**1,104.7**	**17.4**
Acquisitions	4.5	464.4	11.9	-0.3	0.0	-0.3	188.2	751.7	15.9
Total residential units	**6,058.2**	**1,146.7**	**18.3**	**305.8**	**34.1**	**271.8**	**5,747.0**	**1,088.0**	**17.4**
Other*	90.8	3,130.3	23.8	-0.3	-0.8	0.5	87.3	3,094.6**	21.0**
Grand total	**6,149.0**	**1,154.1**	**18.3**	**305.6**	**33.3**	**272.3**	**5,834.3**	**1,095.6****	**17.4****

*incl. book value of project developments of EUR 28.6m.
** excl. project developments

The valuation factor of the German portfolio (as a ratio of the IFRS book value to the net actual rent) has increased from 17.4 at year-end 2020 to 18.3 as at 30 June 2021. This corresponds to a gross initial yield of 5.5% after 5.7% as at 31 December 2020.

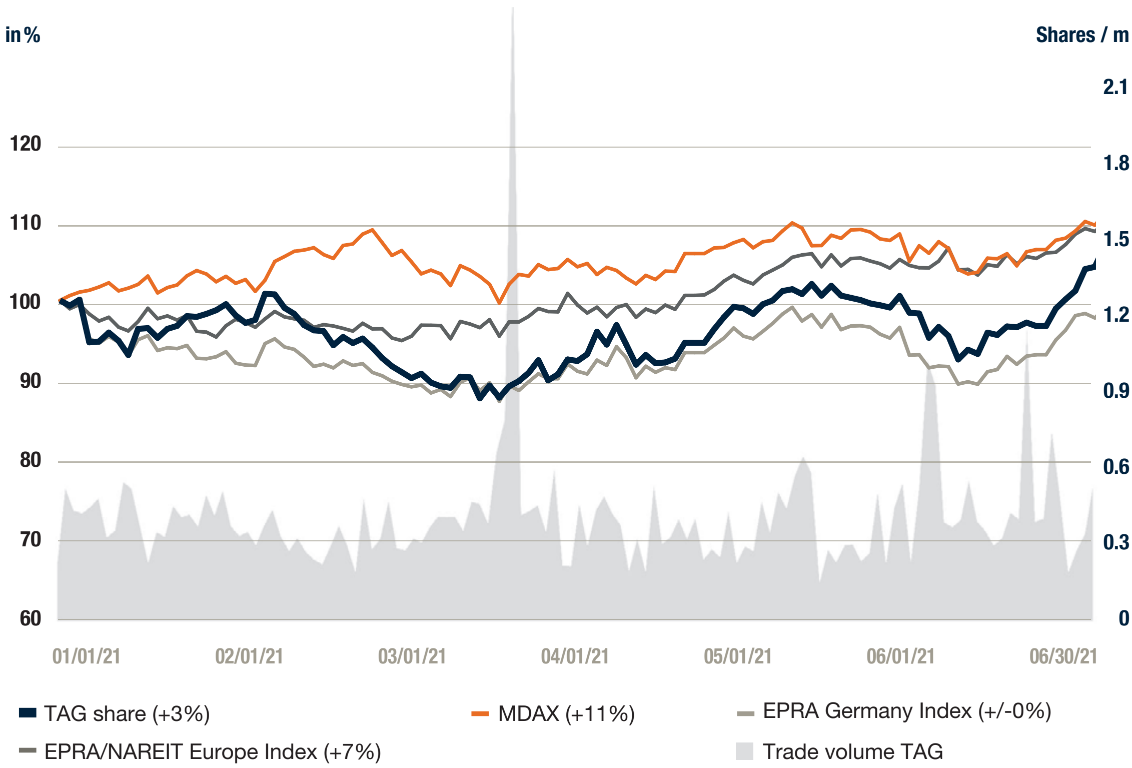
The TAG share and the capital market

Share price development

The performance of the TAG share remained positive in the first half of 2021. Starting from a closing price of EUR 25.90 at year-end 2020, the MDAX-listed stock was quoted at EUR 26.76 (+3%) in the closing auction on June 30, 2021. The highest price was EUR 27.82 in mid-June, the lowest was EUR 23.28 at the beginning of March (3 Mar 2021).

Taking into account the dividend of EUR 0.88 per share paid out in May 2021, the overall performance of the TAG share in the first half of 2021 was +7%. For comparison, the EPRA index, which is comprised of various European real estate companies listed on international stock exchanges, also recorded a 7% increase in the first six months of 2021.

At national level, the MDAX index rose by 11%, while the EPRA Germany, which is an index comprising the main German real estate stocks, recorded no increase compared to its starting share price and remained remained flat with a change of +/-0% until 06/30/2021, as shown in the graph below:

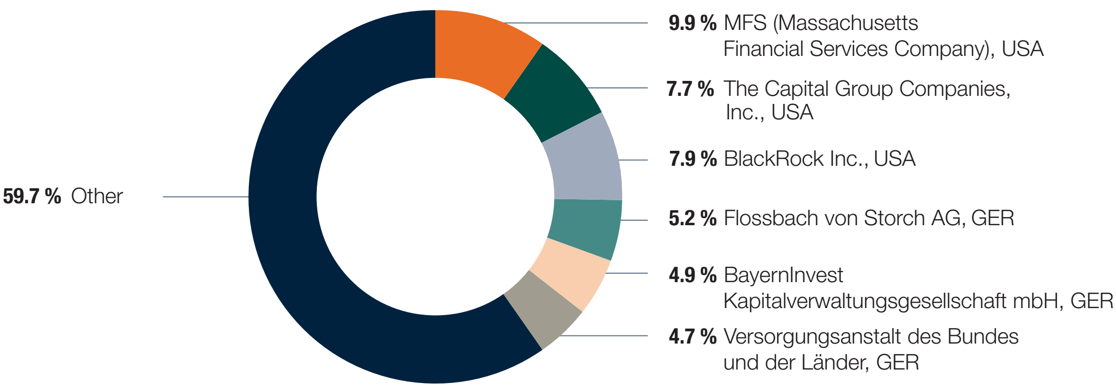


Share capital and shareholder structure

TAG's market capitalisation was EUR 3.9bn on 30 June 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 June 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 June 2021 after 203,884 at 31 December 2020) are held by TAG as treasury shares for purposes of Management Board and employee compensation.

As before, national and international investors with a predominantly long-term investment strategy make up the majority of TAG shareholders, as the following diagram shows:



Dividend

TAG allows its shareholders to participate substantially in the Company's success with a payout ratio of 75% of FFO I. At this year's Annual General Meeting, which took place virtually on 11 May 2021 in Hamburg, a dividend of EUR 0.88 per share, after EUR 0.82 per share for the previous year, was approved and subsequently paid out.

For the 2021 financial year, we plan to again pay out an increased dividend of approx. EUR 0.92 per share, which corresponds to a pay-out ratio of 75% of FFO I.

Financing rating

TAG continues to have an investment grade rating from the rating agency Moody's (Baa3 with positive outlook). From the point of view of the management board the rating underlines TAG's stable financing structure and increases its flexibility in financing matters, especially in the capital market.

ANALYSIS OF RESULTS OF OPERATIONS, FINANCIAL POSITION, AND NET ASSET POSITION

Preliminary remarks

In the 2020 financial year, TAG expanded its portfolio with the acquisition of Vantage Development S.A. (‚Vantage') regionally to Poland. Vantage's business activities are essentially aimed at building up a portfolio of apartments in Poland, next to the current sale of existing project developments.

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

in EUR m	01/01/-06/30/2021	01/01/-06/30/2020
Contrubution net income from Poland	7.7	-3.0
Non-recurring set-up costs rental business	0.1	0.0
Result of effects from purchase price allocation	1.8	2.4
Valuation result investment properties Poland	-4.8	1.6
Deferred taxes	-0.5	-2.0
Minority interests	0.2	0.2
Result operations Poland (contribution to FFO II)	**4.5**	**-0.8**

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

Earnings situation

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

Rental income in TEUR	01/01/- 06/30/2021	01/01/- 06/30/2020
Net rent	166.0	159.7
Pro rata remuneration of property tax and building insurance	10.9	11.1
Rental income according to IFRS 16	**176.9**	**170.8**
External operational- and anciallary-costs re-charged to tenants	43.4	39.5
Pro rata remuneration of property tax and building insurance	2.9	2.7
Costs re-charged to tenants according to IFRS 15	**46.3**	**42.2**
Total	**223.2**	**213.0**

Taking into account the integration of acquisitions from financial year 2020 and the impact of the Covid-19 pandemic, which continued into the first half of 2021 on viewings and new lettings, vacancy in the Group's residential units was 5.8%, up from 5.3% at the beginning of the year. Compared to Q1 2021, this represented a slight decline of 0.1% points. The Group's net actual rent (Kaltmiete = 'cold rent' i.e. rent excluding utility costs) increased by 3.9% year-on-year to EUR 166.0m in the first six months of FY 2021. Including the other components of income reported under rental revenues, total rental revenues increased from EUR 213.0m to EUR 223.2m.

The rental business in Poland, which only started in June 2021 with the completion of the first projects, had no significant impact on the rental income generated as of the reporting date.

The individual items of expenses from rentals are as follows:

Rental expenses incl. Impairment losses in TEUR	01/01/- 06/30/2021	01/01/- 06/30/2020
Maintenance expenses	18.8	16.9
Ancillary costs of vacant real estate	4.8	3.2
Non-recoverable charges	4.4	4.7
Non-rechargeable expenses	**28.0**	**24.8**
Rechargeable costs, taxes and insurance	57.2	53.3
Rental expenses	**85.2**	**78.1**
Impairment losses on rent receivables	2.0	1.9
Total	**87.2**	**80.0**

At EUR 18.8m as at 30 June 2021, maintenance expenses were EUR 1.9m higher than in the first half of 2020. Operating expenses for vacant units increased to EUR 4.8m, up by EUR 1.6m compared to H1 2020.

Rental income, as the balance of revenues and expenses from rentals and impairments on rent receivables, improved from a total of EUR 133.0m in the prior-year period to EUR 136.0m in the first half of 2021, mainly as a result of the increase in revenues from rentals.

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

Income from sales in TEUR	**01/01/-06/30/2021**	**01/01/-06/30/2020**
Revenues from the sale of investment properties	29.1	6.6
Expenses on the sale of investment properties	-28.6	-6.9
Net income from the sale of investment properties	**0.5**	**-0.3**
Revenues from the sale of properties held as inventory (Germany)	0.9	0.6
Expenses from the sale of inventories (Germany)	-0.6	-1.3
Net income from the sale of inventories (Germany)	**0.3**	**-0.7**
Revenues from the sale of properties held as inventory (Poland)	40.3	15.8
Expenses on the sale of inventories (Poland)	-33.6	-16.2
Net income from the sale of inventories (Poland)	**6.7**	**-0.4**
Total	**7.5**	**-1.4**

Given the unchanged growth in market demand, the sales result from inventory properties in Poland increased significantly to EUR 6.7m compared to the first half of 2020. Taking into account the additional sales results achieved in Germany, the total sales result was EUR 7.5m.

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

Income from property services in TEUR	**01/01/-06/30/2021**	**01/01/-06/30/2020**
Energy services	11.9	12.3
Facility management	7.5	6.7
Multimedia services	4.6	4.3
Craftsmen services	2.3	2.1
Other	1.6	1.5
Rechargeable land taxes and building insurance	1.5	1.4
Total	**29.3**	**28.3**
Impairment losses	-0.3	-0.2
Expenditure of property services	-15.8	-15.4
Net income from property services	**13.2**	**12.7**

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

Other operating income in TEUR	**01/01/-06/30/2021**	**01/01/-06/30/2020**
Capitalised personnel expenses	1.5	1.1
Derecognition of liabilities	0.7	0.7
Reversal of other provisions	0.6	0.2
Other out-of-period income	0.1	0.0
Other	0.8	0.9
Total	**3.6**	**2.9**

The capitalised personnel expenses include costs of own employees from directly attributable costs to project development activities in Poland.

The item fair value changes of investment properties and valuation of inventory properties includes the gains and losses from the semi-annual valuation of investment properties in the portfolio (including properties held for sale), the valuation result upon the purchase of investment properties, and effects from the valuation of properties held as inventory assets. The breakdown is as follows:

Result from revaluation in TEUR	01/01/-06/30/2021	01/01/-06/30/2020
Investment properties	310.2	172.2
Properties held as inventories	0.1	0.0
Non-current assets held for sale	0.1	0.2
Total	**310.4**	**172.4**

Personnel expenses increased to EUR 31.1m in the reporting period after EUR 28.1m 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, which, among other things, provides for an increase in the target and maximum remuneration for the Management Board's variable remuneration component and led to additional expenses of EUR 0.2m compared to the same period of the previous year. In addition, expenses of EUR 1.1m needed to be recognised for the years 2018 to 2020 in connection with the Long Term Incentive Plan, under which TAG shares were allocated to the Management Board members in the second quarter of 2021. As of 30 June 2021, TAG had a total of 1,377 employees in Germany and Poland, compared to 1,354 employees at the end of FY 2020.

Depreciation and amortisation of intangible assets and property, plant and equipment mainly include scheduled depreciation and amortisation of owner-occupied property as well as IT and other office equipment, and amounted to EUR 4.1m in the first half of 2021, after EUR 3.4m in the same period of the previous year.

The composition of other operating expenses is shown below:

Other operational expenditures in TEUR	01/01/-06/30/2021	01/01/-06/30/2020
Legal, consulting and auditing costs (incl. IT consulting)	3.1	3.3
Telephone costs, postage, office material	0.9	0.9
Cost of premises	0.8	0.8
IT costs	0.8	0.8
Travel expenses (incl. motor vehicles)	0.5	0.6
Additional costs of transactions	0.5	0.3
Other ancillary staff costs	0.4	0.5
Contributions and donations	0.4	0.5
Insurance	0.4	0.3
Advertising	0.2	0.2
Investor relations	0.2	0.2
Other	1.0	0.9
Total	**9.2**	**9.3**

The financial result of the consolidated income statement, i.e. the balance of financial income and financial expenses, amounts to EUR -29.1m after EUR -14.3m in the same period of the previous year. The cash-effective net financial result adjusted for one-off effects, which is relevant for determining FFO, improved from EUR -22.1m in the first half of 2020 to EUR -21.4m in the first half of 2021 and is calculated as follows:

Financial result in EURm	01/01/-06/30/2021	01/01/-06/30/2020
Effect from currency changes through profit and loss	0.3	0.0
Investment income	0.4	1.4
Interest income	0.6	9.9
Interest expense	-30.4	-25.6
Finance income/expense	**-29.1**	**-14.3**
Elimination finance income/expense Poland	0.3	-0.2
Finance income/expense Germany	**-28.8**	**-14.5**
Non-cash financial result from bonds	1.7	-0.7
Premature termination compensation	0.0	0.6
Other non-cash items (e.g. derivatives)	5.8	-8.9
Net finance income/expense (cash, without non-annual recurring effects)	**-21.4**	**-22.1**

The non-cash financial result from bonds includes, in particular, valuation effects from the valuation of the separable derivative of the convertible bonds.

Income taxes for Germany and Poland are composed as follows:

Income taxes in EURm	01/01/-06/30/2021	01/01/-06/30/2020
Current income tax expense	3.8	5.6
Deferred income taxes	69.3	46.0
Total	**73.1**	**51.6**

Overall, TAG generated consolidated net income of EUR 324.1m in the first six months of the 2021 financial year, compared with EUR 212.8m in the first half of 2020. The improvement in consolidated net income is mainly due to a EUR 138.0m increase in the valuation result. The EUR 14.8m decrease in the financial result contributed to a reduction in earnings.

The following overview shows the calculation of adjusted EBITDA, FFO I, AFFO (Adjusted Funds From Operations, FFO I after deduction of modernisation expenses, 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 first half of 2021 compared to the same period of the previous year:

in EUR m	01/01/-06/30/2021	01/01/-06/30/2020
Net income	**324.1**	**212.8**
Elimination net income Poland	-7.7	3.0
Net income Germany	**316.4**	**215.8**
Taxes	71.3	52.3
Financial result	28.8	14.5
EBIT	**416.6**	**282.6**
Adjustments		
Valuation result	-305.6	-174.0
Depreciation	4.0	3.4
Sales result	-0.8	1.0
EBITDA (adjusted)	**114.2**	**113.0**
Rental income (net rent)	166.0	159.7
EBITDA (adjusted)	**68.8%**	**70.8%**
Net finance income (cash, without one-time invoice)	-21.4	-22.1
Income taxes (cash)	-0.7	-3.8
Guaranted dividend minorities	-0.6	-0.6
FFO I	**91.5**	**86.5**
Capitalised maintenance	-3.8	-4.5
AFFO before modernisation capex	**87.7**	**82.0**
Modernisation capex	-25.8	-33.3
AFFO	**61.9**	**48.7**
Net income from sales Germany	0.8	-1.0
Result operations Poland	4.5	-0.8
FFO II (FFO I + net revenues from sales and result operations Poland)	**96.8**	**84.7**
Weighted average number of shares outstanding (in 000)	147,149	146,286
FFO I per share (in EUR)	**0.62**	**0.59**
AFFO per share (in EUR)	**0.42**	**0.33**
Weighted average number of shares fully diluted (in 000)	148,173	161,141
FFO I per share (in EUR)	**0.62**	**0.54**
AFFO per share (in EUR)	**0.42**	**0.30**

As a result, FFO I, which is currently still calculated exclusively from the rental business operated by TAG in Germany, increased by EUR 5.0m or 6% year-on-year in the reporting period. Besides the EUR 3.1m reduction in current income taxes, a EUR 1.2m increase in adjusted EBITDA and a EUR 0.7m improvement in net financial income (cash-effective, excluding one-off effects) contributed to this increase.

AFFO saw a significant increase by EUR 13.2m or 27% in H1 2021 compared to the same period last year. This development was mainly due to the EUR 5.0m increase in FFO I as well as the temporary reduction in modernisation capex by EUR 7.5m in H1 2021 compared to the same period of the previous year.

Net asset position

Total assets increased to EUR 6,800.7m as of 30 June 2021, compared to EUR 6,478.0m as of 31 December 2020. As of 30 June 2021, the book value of the total real estate volume is EUR 6,365.4m (31 December 2020: EUR 5,984.4m), of which EUR 6,149.0m (31 December 2020: EUR 5,834.3m) is attributable to German properties and EUR 216.4m (31 December 2020: EUR 150.1m) to properties in Poland.

In the first half of 2021, TAG incurred expenses totalling EUR 48.4m (previous year: EUR 54.7m) for ongoing maintenance and modernisation in its portfolio. EUR 18.8m (previous year: EUR 16.8m) was spent on maintenance recognised in profit or loss and EUR 29.6m (previous year: EUR 37.9m) on modernisations eligible for capitalisation, broken down as follows:

in EUR m	**01/01/-06/30/2021**	**01/01/-06/30/2020**
Large-scale measures (e.g. modernisation of entire residential complexes)	13.3	21.5
Modernisation of apartments		
Previously vacant apartments	12.5	11.9
Change of tenants	3.8	4.5
Total modernisation costs like-for-like portfolio	**29.6**	**37.9**

In addition, modernisation expenses of EUR 3.8m were incurred for project developments in Germany (same period of the previous year: EUR 15.1m); the lion's share of this relates to a former office building in Munich that is currently being converted into a student residence/office building. These modernisation expenses are considered separately from the residential portfolio. In Poland, EUR 93.7m (previous year: EUR 33.7m) was invested in project developments during the period under review.

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

in EUR m	01/01/-06/30/2021	01/01/-06/30/2020
Acquisitions in the financial year	4.5	72.4
Modernisation expenses	0.0	0.0
Project developments	97.5	48.8
Thereof Germany	3.8	15.1
Thereof Poland	93.7	33.7
Like-for-like portfolio Germany	29.6	37.9
Other	0.0	0.0
Investments total portfolio	**131.6**	**159.1**

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 EUR m	06/30/2021	12/31/2020
Cash and cash equivalents according to consolidated balance sheet	268.9	324.3
Cash and cash equivalents not available at balance sheet date	-2.5	-4.3
Cash and cash equivalents as per consolidated cash flow statement	**266.4**	**320.0**

In the first six months of FY 2021 , equity increased by EUR 197.7m after taking into account the dividend of EUR 128.8m paid out in May 2021 for the 2020 financial year (previous year: EUR 119.9m), mainly due to the positive consolidated result, so that equity amounted to EUR 2,879.2m at 30 June 2021 (31 December 2020: EUR 2,681.5m). The equity ratio as of the reporting date is 42.3%, compared to 41.4% as of 31 December 2020.

The EPRA NTA as at the reporting date is calculated as follows:

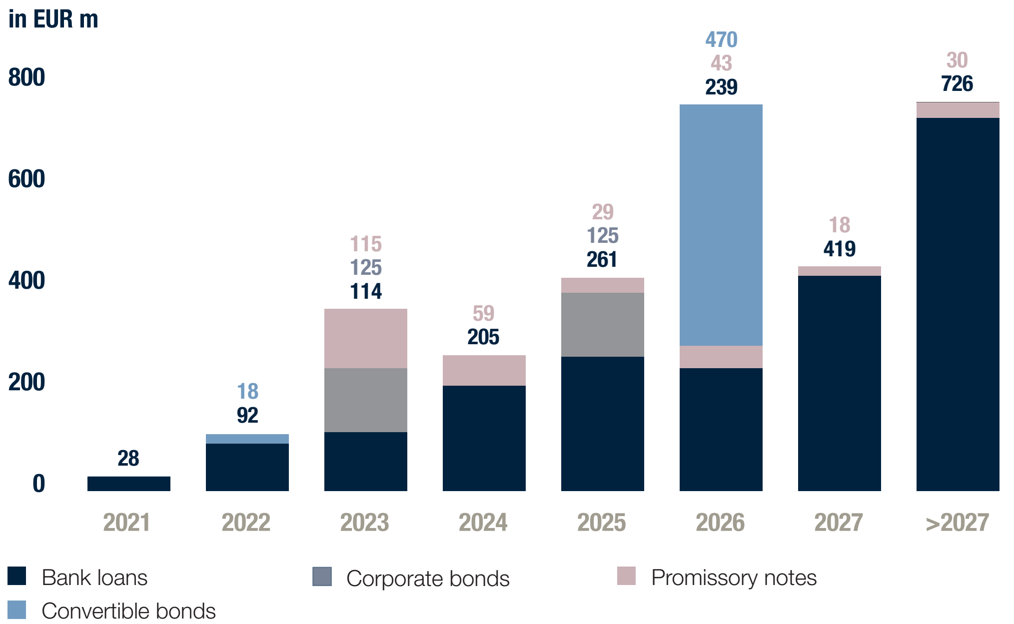
in EUR m	06/30/2021 NTA	12/31/2020 NTA
Equity (before minorities)	2,787.9	2,602.6
Effect from conversion of convertible bond	27.2	25.9
Deferred taxes on investment properties and derivative financial instruments	633.3	567.4
Fair value of derivative financial instruments	24.6	20.1
Difference between fair value and book value for properties valued at cost	41.1	40.9
Goodwill	-18.6	-18.4
Intangible assets (book value)	-4.2	-4.3
EPRA NTA, fully diluted	**3,491.3**	**3,234.2**
Number of shares, fully diluted (in 000)	147,383	147,333
EPRA NTA per share (EUR), fully diluted	**23.69**	**21.95**

Dilution effects from convertible bond 2017/2022 (outstanding nominal volume as of the reporting date: EUR 17.5m) were taken into account in calculating the EPRA NTA, as the share price at the reporting date exceeds the current conversion price. This is not the case for convertible bond 2020/2026 issued in August 2020 (outstanding nominal volume of EUR 470.0m as of the reporting date), so that no dilution effects had to be taken into account. The main reasons for the increase in the EPRA NTA are from the point of view of the Board the good operating result and the property valuation.

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

in EUR m	06/30/2021	12/31/2020
Liabilities to banks	2,072.9	1,977.9
Liabilities from corporate bonds and other loans	544.6	495.9
Liabilities from convertible bonds	473.8	565.4
Cash and cash equivalents	-268.9	-324.3
Net financial debt	**2,822.4**	**2,714.9**
Investment properties	6,206.4	5,819.2
Property reported under tangible assets	9.2	9.4
Property held as inventory	97.9	102.0
Property reported under non-current assets held for sale	51.9	53.9
Real estate volume (book value)	**6,365.4**	**5,984.5**
Book value of property for which purchase prices have already been paid in advance	-0.7	-8.0
Difference between fair value and book value for properties valued at cost	41.1	40.9
Relevant real estate volume for LTV calculation	**6,405.8**	**6,017.4**
LTV	**44.1%**	**45.1%**

The remaining terms of the Group's total financial liabilities as at 30 June 2021 are as follows:



As at the reporting date, the average volume-weighted residual term of bank loans was 7.7 years (31 December 2020: 7.9 years), and that of total financial liabilities was 6.6 years (31 December 2020: 6.8 years).

If one adds to the bank loans of EUR 439m maturing in the next three-and-a-half years those for which the fixed interest rates are expiring, the total refinancing volume for bank loans for the period through 31 December 2024 amounts to EUR 521m. The average interest rate of these bank loans amounts to 2.18%. In view of the currently significantly lower market interest rates, a further reduction in financing costs can therefore be expected in the following years.

The average interest rate on bank loans as at 30 June 2021 was 1.7% (31 December 2020: 1.8%), while the average interest rate on the Group's total financial liabilities was 1.5% (previous year: 1.5%). As of 30 June 2021, 98% (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.

Overall statement on the economic situation

Despite ongoing Covid-19 pandemic, which impact is reflected in particular in vacancy reduction and is not material from the point of view of the Management Board, TAG was able, as in the previous year, to achieve excellent results in terms of its key operating indicators, such as growth in rents. The residential portfolio in Germany, which was expanded through acquisitions in the 2020 financial year, was a key operating success factor contributing to the positive Group result.

The valuation result of the first half of 2021 was significantly higher than the valuation result of the previous valuation in the second half of 2020. In terms of FFO I, it significantly exceeded the previous year's level of EUR 86.5m at EUR 91.5m (a 5.8% increase); and in terms of individual shares, FFO I increased to EUR 0.62 after EUR 0.59 as at 30 June 2020. NTA per share rose to EUR 23.69 after EUR 21.95 as at 31 December 2020 (increase of 7.9%). The leverage ratio LTV decreased to 44.1% as of the reporting date after 44.8% as of the end of 2020.

In the view of the Management Board, this means that the earnings and asset situation continues to develop extremely positively. TAG has sufficient liquidity and is financed on a long-term basis.

EMPLOYEES

The average number of TAG employees is shown in the following table:

Employees	01/01/- 06/30/2021	01/01/- 06/30/2020
Operational employees	612	602
Caretakers	493	444
Administration and central area	185	194
Craftsmen	79	72
Total	**1,369**	**1,312**

Of the employees shown here, 1,227 (previous year: 1,188) are attributable to Germany and 142 (previous year: 124) to Poland.

OTHER INFORMATION

With the exception of the remuneration of the Company's governing bodies, there were no business relationships with related parties.

FORECAST, OPPORTUNITIES AND RISK REPORT

Forecasts for the 2021 financial year
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.

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 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 forecasts for the development in vacancy (decrease in the residential portfolio to 4.8% to 5.0% after 5.3% including the acquisitions effective as of 31 December 2020 as of 1 January 2021) 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.

For our business activities in Poland, we have refrained from making a specific quantitative forecast of sales revenues and sales results for the 2021 financial year, as these will not be of material importance from a Group perspective. We continue to expect approximately 350 to 400 flats to be sold and transferred to the purchasers in 2021.

Hamburg, 10 August 2021

Claudia Hoyer	**Martin Thiel**	**Dr Harboe Vaagt**
COO	**CFO**	**CLO**

CONSOLIDATED BALANCE SHEET

Assets TEUR	06/30/2021	12/31/2020
Non-current assets		
Investment properties	6,206,390	5,819,190
Intangible assets	22,798	22,679
Property, plant and equipment	39,313	38,041
Rights of utilisation	8,468	8,766
Other financial assets	9,896	9,911
Deferred taxes	47,856	50,648
	6,334,721	**5,949,235**
Current assets		
Property held as inventory	97,941	102,006
Other inventories	1,083	165
Trade receivables	17,235	17,697
Income tax receivables	1,854	2,215
Other current assets	27,052	28,448
Cash and cash equivalents	268,906	324,320
	414,071	**474,851**
Non-current assets held for sale	**51,865**	**53,898**
	6,800,658	**6,477,985**

Equity and liabilities TEUR	06/30/2021	12/31/2020
Equity		
Subscribed capital	146,380	146,295
Share premium	519,746	519,899
Other reserves	-7,141	-9,371
Retained earnings	2,128,929	1,945,792
Attributable to the equity holders of the parent company	2,787,913	2,602,615
Attributable to non-controlling interests	91,332	78,913
	2,879,245	**2,681,528**
Non-current liabilities		
Liabilities to banks	1,892,720	1,888,823
Liabilities from corporate bonds and other loans	542,662	442,459
Liabilities from convertible bonds	472,762	471,305
Derivative financial instruments	34,330	28,585
Retirement benefit provisions	5,606	5,783
Other non-current liabilities	33,283	21,023
Deferred taxes	637,334	570,711
	3,618,697	**3,428,690**
Current liabilities		
Liabilities to banks	180,207	89,101
Liabilities from corporate bonds and other loans	1,932	53,459
Liabilities from convertible bonds	1,024	94,059
Income tax liabilities	10,781	15,545
Other provisions	33,057	27,740
Trade payables	21,884	23,860
Other current liabilities	52,748	63,205
	301,634	**366,969**
Liabilities associated with non-current assets held for sale	**1,082**	**798**
	6,800,658	**6,477,985**

CONSOLIDATED INCOME STATEMENT

in TEUR	01/01/-06/30/2021	01/01/-06/30/2020	04/01/-06/30/2021	04/01/-06/30/2020
Rental income	223,220	213,032	109,494	104,171
Impairment losses	-1,973	-1,904	-1,039	-1,115
Rental expense	-85,216	-78,088	-39,936	-35,993
Net rental income	**136,031**	**133,040**	**68,520**	**67,063**
Revenues from the sale of real estate	70,277	22,982	24,038	9,191
Expenses on the sale of real estate	-62,768	-24,374	-19,561	-9,562
Sales result	**7,509**	**-1,392**	**4,477**	**-371**
Revenue from Services	29,284	28,295	14,045	14,284
Impairment losses	-254	-239	-134	-157
Expenses from services	-15,834	-15,349	-7,498	-7,217
Services result	**13,197**	**12,707**	**6,415**	**6,910**
Other operating income	3,633	2,874	2,057	1,304
Fair value changes in investment properties and valuation of properties held as inventory	310,365	172,387	311,112	173,328
Personnel expense	-31,069	-28,094	-15,936	-14,171
Depreciation/amortisation	-4,105	-3,438	-2,141	-1,782
Other operating expense	-9,209	-9,295	-4,686	-4,161
EBIT	**426,352**	**278,789**	**369,819**	**228,119**
Net income from investments	740	1,367	1,990	544
Interest income	574	9,859	468	9,656
Interest expense	-30,446	-25,564	-18,284	-12,805
EBT	**397,221**	**264,450**	**353,994**	**225,514**
Income taxes	-73,105	-51,612	-64,428	-44,802
Consolidated net income	**324,116**	**212,838**	**289,567**	**180,712**
attributable to non-controlling interests	12,165	7,134	10,893	6,298
attributable to equity holders of the parent company	311,951	205,704	278,673	174,414
Earnings per share (in EUR)				
Basic earnings per share (undiluted)	2.12	1.41	1.89	1.20
Diluted earnings per share	1.96	1.32	1.75	1.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/-06/30/2021	01/01/-06/30/2021	04/01/-06/30/2021	04/01/-06/30/2021
Net income as shown in the income statement	**324,116**	**212,838**	**289,566**	**180,712**
Other comprehensive income				
Items that will later be classified as expense:				
Currency differences of foreign subsidiaries	2,374	-7,411	7,502	1,966
Other comprehensive income after taxes	2,374	-7,411	7,502	1,966
Total comprehensive income	**326,490**	**205,427**	**297,068**	**182,678**
attributable to equity holders of the parent company	314,182	199,177	274,990	177,264
attributable to non-controlling interests	12,308	6,250	10,373	5,414

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/-06/30/2021	01/01/-06/30/2020
Consolidated net income	**324,116**	**212,838**
Net interest income / expense through profit and loss	29,872	15,705
Current income taxes through profit and loss	3,809	5,622
Depreciation	4,105	3,438
Other financial Income	-740	-1,367
Fair value changes in investment properties and valuation of properties held as inventory	-310,365	-172,387
Gains / losses from the disposal of investment properties	-517	300
Gains from the disposal of tangible and intangible assets	9	-15
Impairments accounts receivables	2,227	2,143
Changes to deferred taxes	69,296	45,991
Changes in provisions	5,140	2,337
Interest received	116	420
Interest paid	-24,021	-28,523
Income tax payments and refunds	-8,212	-2,998
Changes in receivables and other assets	5,385	-36,327
Changes in payables and other liabilities	2,833	10,232
Cash flow from operating activities	**103,052**	**57,409**

in TEUR	01/01/-06/30/2021	01/01/-06/30/2020
Payments received from the disposal of investment properties (less selling costs)	16,154	12,990
Payments made for investments in investment properties	-92,190	-96,994
Cash and cash equivalents acquired of company acquisitions	0	68,642
Payments received from other financial assets	398	434
Payments received from the disposal of intangible assets and property, plant and equipment	2	15
Payments made for investments in intangible assets and property, plant and equipment	-4,110	-1,484
Cash flow from investing activities	**-79,746**	**-16,397**
Purchase of treasury shares	0	-2,162
Proceeds from the issuance of treasury shares	315	0
Payments made for the purchase of minority interests	-1	-6
Payments made for the repayment of corporate bonds and other loans	-100,000	-82,977
Proceeds from the issuance of corporate bonds and other loans	150,000	158,937
Payments made for the repayment of convertible bonds	-92,998	0
Dividends paid	-128,814	-119,941
Proceeds from new bank loans	126,774	176,238
Repayment of bank loans	-31,346	-82,677
Repayment of lease liabilities	-1,426	-1,302
Cash flow from financing activities	**-77,496**	**46,110**
Net change in cash and cash equivalents	-54,190	87,122
Cash and cash equivalents at the beginning of the period	320,019	88,686
Foreign currency exchange effects	556	-2,720
Cash and cash equivalents at the end of the period	**266,385**	**173,088**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

in TEUR	Attributable to owners of the parent							
			Other reserves					
	Sub-scribed capital	Share premium	Retained earnings	Foreign currency conver-sion	Retained earnings	Total	Non-con-trolling interest	Total equity
Amount on 01/01/2021	**146,295**	**519,899**	**1,035**	**-10,407**	**1,945,792**	**2,602,615**	**78,913**	**2,681,528**
Consolidated net income	0	0	0	0	311,951	311,951	12,165	324,116
Other comprehensive income	0	0	0	2,231	0	2,231	142	2,373
Comprehensive income	**0**	**0**	**0**	**2,231**	**311,951**	**314,182**	**12,307**	**326,489**
Colonia settlement offer	0	-330	0	0	0	-330	0	-330
Issue of treasury shares	13	302	0	0	0	315	0	315
Share-based payments	72	-126	0	0	0	-54	0	-54
Dividends paid	0	0	0	0	-128,814	-128,814	0	-128,814
Change in non-controlling interest	0	0	0	0	0	0	111	111
Amount on 06/30/2021	**146,380**	**519,746**	**1,035**	**-8,176**	**2,128,929**	**2,787,914**	**91,331**	**2,879,245**
Amount on 01/01/2020	**146,337**	**522,985**	**1,035**	**0**	**1,672,212**	**2,342,569**	**51,667**	**2,394,236**
Consolidated net income								
other comprehensive income								
Consolidated net income	**0**	**0**	**0**	**-6,527**	**205,704**	**199,177**	**6,250**	**205,427**
Colonia settlement offer	0	-343	0	0	0	-343	0	-343
Purchase of own shares								
Costs related to purchasing treasury shares								
Share-based payments	32	55	0	0	0	87	0	87
Dividends paid	0	0	0	0	-119,941	-119,941	0	-119,941
Acquisition of Vantage Development S.A.	0	0	0	0	0	0	17,896	17,896
Amount on 06/30/2020	**146,269**	**520,635**	**1,035**	**-6,527**	**1,757,975**	**2,419,387**	**75,813**	**2,495,200**

NOTES

SELECTED EXPLANATORY NOTES ON THE ABRIDGED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2021

GENERAL PRINCIPLES

These condensed interim consolidated financial statements of TAG Immobilien AG (also referred to as the 'Company' or 'TAG' in the following) have been prepared in accordance with the provisions of Section 115 of the German Securities Trading Act in conjunction with Section 117 of the German Securities Trading Act for Interim Financial Reports. The reporting period refers to the first six months of the 2021 financial year. The comparative figures are 31 December 2020 for the consolidated balance sheet and the first six months of FY 2020 for the rest. In addition, information on the second quarter of the 2021 financial year is provided in the consolidated income statement and the consolidated statement of comprehensive income, with corresponding comparative figures for the previous year.

The interim consolidated financial statements were prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) on interim financial reporting (IAS 34 Interim Financial Reporting), which were adopted by the EU and whose application was mandatory as of the reporting date. The figures in the interim consolidated financial statements are given in millions of euros (EURm) or thousands of euros (TEUR). This may result in rounding differences between the individual components of the financial statements.

SCOPE OF CONSOLIDATION

There were no significant changes in the scope of consolidation in the reporting period.

CURRENCY CONVERSION

The Polish subsidiaries included in the consolidated financial statements conduct their business independently with the Polish złoty as their functional currency; their annual financial statements are therefore translated into the reporting currency using the modified closing rate method. Any translation differences that arise are reported as a separate item in other comprehensive income in the statement of comprehensive income, and recognised in a separate provision within equity with no effect on profit or loss.

The exchange rate of the euro to the Polish złoty developed as follows:

Currency rate (basis: 1 EUR)	Closing rate		Average price	
	06/30/2021	12/31/2020	01/01-06/30/2021	01/01-06/30/2020
Polish złoty	4.5201	4.5597	4.5372	4.4120

ACCOUNTING AND VALUATION PRINCIPLES

The interim consolidated financial statements were prepared using the same accounting policies as the consolidated financial statements as at 31 December 2020. For further information on the accounting and valuation methods applied, please refer to the IFRS consolidated financial statements as at 31 December 2020, which form the main basis for these interim consolidated financial statements in accordance with IAS 34.

Based on the requirements of the German Corporate Governance Codex that were changed in 2020, a new remuneration system for the Management Board was resolved in 2021. The main changes for the ‚Short Term Incentive Plan' provide for the introduction of non-financial targets as well as an increase in target remuneration from TEUR 125 to TEUR 150 and in maximum remuneration from TEUR 125 to TEUR 200. For the ‚Long Term Incentive Plan' (LTIP), an extension of the performance period to four years was agreed, supplemented by a restriction on the use of committed shares for further four years. The target remuneration was adjusted from TEUR 150 to TEUR 250 and the maximum remuneration from TEUR 300 to TEUR 400 in 2021 and TEUR 500 from 2022. The basic procedure for determining the remuneration components, in particular the orientation of the LTIP to total shareholder return, remained unchanged, and the accounting and valuation principles remained unchanged.

With the agreement of the new remuneration system, the old regulations were prematurely replaced and in this context additional personnel expenses of EUR 1,132 thousand were recorded in equity.

CHANGES IN ACCOUNTING STANDARDS

Changes to standards in the first half of 2021 had no material impact on the interim report. Amendments to accounting standards that are only mandatory in future periods are not voluntarily applied early. The effects of their future application on the consolidated financial statements are currently being examined by the Company.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The discretionary decisions and estimates made were unchanged from the circumstances described in the Consolidated financial statements as at 31 December 2020.

The preparation of the condensed interim consolidated financial statements requires the Management Board to make assumptions and estimates. These judgements affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. The actual amounts in future periods may differ from the estimates.

INVESTMENT PROPERTIES

The following overview shows the development of the Group's investment properties during the reporting period:

Investment properties in TEUR	H1 2021	2020
Amount on 1 January	**5,819,190**	**5,199,993**
Purchase through business combinations	0	16,977
Additions from real estate acquisitions	4,483	186,545
Portfolio investments	29,267	71,624
Investments in project developments	68,468	46,016
Transferred from inventory	7	14,561
Transferred to assets held for sale	-25,211	-45,111
Transferred from assets held for sale	0	2,534
Sales	-938	-268
Change in market value	310,224	329,039
Currency conversion	900	-2,720
Amount on 30 June / 31 December	**6,206,390**	**5,819,190**

TAG had its entire real estate portfolio valued by CBRE as an independent expert as at 30 June 2021 and 31 December 2020. The appraiser has appropriate professional qualifications and experience to perform the valuation. The appraisals are based on:

- Information provided by the Company, e.g. current rents, maintenance, and management costs or the current vacancy rate, as well as
- Assumptions made by the appraiser based on market data and assessed on the basis of their professional qualifications, e.g. future market rents, typified maintenance and management costs, structural vacancy rates, and discount and capitalisation rates.

The information provided to the appraiser and the assumptions made by the appraiser as well as the results of the property valuation are analysed by the central Real Estate Controlling department and the Chief Financial Officer.

The fair value of the investment properties is determined in accordance with the International Valuation Standards on the basis of the discounted cash flow method. Under this method, a property's expected future income surpluses are discounted to the valuation date using a market-oriented, property-specific discount rate. While the incoming payments generally represent the net rents, the outgoing payments consist in particular of the management costs that the owners have to bear.

The underlying detailed planning period is usually ten years. A potential discounted disposal value (terminal value) of the valuation object is forecast for the end of this period. It reflects the price that can most likely be achieved at the end of the detailed planning period. The discounted cash inflows of the tenth year are capitalised as a perpetual annuity using the 'capitalisation interest rate' (exit rate).

The sum of the discounted cash surpluses and the discounted potential disposal value results in the gross capital value of the valuation object. This value is converted into a net present value by taking into account the transaction costs incurred in the course of an orderly business transaction.

In the case of purchases of existing properties that took place within a period of three months prior to the respective reporting date and for which the transfer of ownership has already taken place by the reporting date, the acquisition costs are used as the best possible estimate of the fair value.

Due to the business activities in Poland, since the 2020 financial year the investment properties in TAG's portfolio have also included, in addition to existing properties, project developments and land for future project developments. The fair value of project developments is determined using the residual value method. In a first step, the fair value of the completed property is determined. In a second step, the costs still required for completion, including financing costs, and a typical project developer's profit are deducted from this value. The remaining value (residual value) is discounted to the valuation date if the project has a duration of several years. Land for future project developments is also generally valued using the residual value method. However, if construction is not scheduled to begin within twelve months of acquisition, the acquisition costs are used as the fair value for this period, for reasons of materiality.

The valuation of investment properties is generally classified as a Level 3 fair value.

The following overview shows the fair value of the investment properties in Germany by region, and the key assumptions used in the valuation technique described:

Segment	Berlin		Chemnitz		Dresden		Rhine-Ruhr		Erfurt	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Market value (in EUR m)	**913.1**	**846.4**	**398.2**	**382.7**	**605.4**	**576.4**	**368.2**	**346.3**	**736.7**	**704.8**
Net rent p.a. (in EUR m)	42.9	41.8	26.7	26.1	28.6	28.4	18.4	18.5	39.1	39.1
Vacancy (in %)	4.3	4.9	9.3	8.4	2.5	2.8	2.7	2.7	2.8	2.8
Valuation parameters (average)										
Net rent to market rent (in %)	89	88	94	94	93	93	93	93	94	94
Increase in market rent p. a. (in %)	1.1	1.3	0.6	0.7	1.3	1.6	1.3	1.6	1.1	1.3
Maintenance costs (in EUR / sqm)	9.4	8.9	9.3	8.8	9.6	9.1	9.6	9.0	10.0	9.5
Administration costs (in EUR per unit)	239	222	248	235	258	245	274	259	241	228
Structural vacancy (in %)	3.4	3.4	4.6	4.6	2.6	2.6	1.7	1.7	2.0	2.0
Discount rate (in %)	4.5	4.6	4.9	5.1	4.7	4.9	4.8	5.0	4.6	4.8
Capitalisation rate (in %)	3.3	3.5	4.3	4.5	3.4	3.6	3.4	3.7	3.5	3.8

Segment	Gera		Hamburg		Leipzig		Rostock		Salzgitter	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Market value (in EUR m)	**454.3**	**443.4**	**651.0**	**601.2**	**785.8**	**743.0**	**544.3**	**514.8**	**579.1**	**563.1**
Net rent p.a. (in EUR m)	32.3	32.4	30.3	29.8	44.7	44.7	29.6	30.3	35.0	35.3
Vacancy (in %)	7.5	7.3	4.3	4.4	10.5	10.5	5.3	6.1	6.7	5.5
Valuation parameters (average)										
Net rent to market rent (in %)	93	93	93	94	92	92	93	93	97	97
Increase in market rent p. a. (in %)	0.6	0.7	1.2	1.5	0.9	1.0	0.8	1.0	0.8	1.0
Maintenance costs (in EUR / sqm)	9.5	9.0	8.9	8.4	9.5	9.0	9.4	8.9	9.6	9.1
Administrative costs (in EUR per unit)	250	237	258	244	246	233	254	241	260	245
Structural vacancy (in %)	4.8	4.8	1.6	1.6	4.2	4.2	3.3	3.4	2.2	2.2
Discount rate (in %)	5.2	5.4	4.7	4.8	4.7	5.0	4.4	4.7	4.9	5.1
Capitalisation rate (in %)	4.5	4.8	3.3	3.6	3.8	4.1	3.6	3.9	4.0	4.3

In addition, there are activities not directly assigned to the regions or their respective heads, in the form of serviced flats and commercial properties operated by the Group with a market value of EUR 23.5m (previous year: EUR 24.1m). The market value of the investment properties in Poland is as of the reporting date at EUR 146.9m (previous year: EUR 72.9m), of which EUR 32.9m (previous year: EUR 12.6m) is accounted for by advance payments on investment properties measured at cost.

The valuation parameters presented refer to the respective valuation reports as at 30 June and 31 December of a given year. The valuation as of 30 June is based on tenant lists and vacancies as of 31 March. Fluctuations in value up until the respective reporting date are taken into account if there were indications of significant deviations.

The assumptions used to value the properties are made by the independent valuer based on their professional experience and are subject to uncertainty. The Covid-19 pandemic has so far had very little impact on the valuation of residential properties. Nevertheless, in order to take possible negative effects into account, we have extended the range of fluctuations in valuation parameters that are considered possible. The effects of possible fluctuations in the valuation parameters on the portfolio in Germany are presented in the form of a sensitivity analysis in the following table:

Sensitivity analysis in EUR m	**06/30/2021**	**12/31/2020**
Market value investment properties	6,060	5,746
Change in market value due to change in parameters		
Market rent (+2.0 / -2.0 / -4.0 %)	99 / -111 / -234	89 / -99 / -210
Increase in market rent (+0.2 / -0.2 / -0.4 %)	411 / -367 / -694	360 / -324 / -614
Maintenance costs (-10 / +10 / +20 %)	138 / -139 / -277	116 / -116 / -233
Administration costs (-10 /+10 / +20 %)	58 / -59 / -118	52 / -53 / -105
Structual vacancy (-1,0 / +1,0 / +2,0 %)	104 / -101 / -200	96 / -93 / -183
Discount and capitalisation rate (-0.5 / +0.5 / +1.0 %)	1,033 / -765 / -1,355	903 / -682 / -1,217

Possible interdependencies between the individual parameters are of secondary importance or cannot be determined due to their complexity.

NON-CURRENT ASSETS HELD FOR SALE

The non-current assets held for sale exclusively include properties previously reported as investment properties that are not part of the strategic core portfolio and are to be sold.

The following overview shows the development of this item:

Non-current assets held for sale in EUR m	H1 2021	2020
Status as at 01 January	**53,898**	**34,536**
Transfer from investment properties	25,211	45,111
Investments	71	163
Changes in market value	329	-602
Disposals	-27,659	-22,724
Transfer to investment properties	0	-2,534
Currency conversion	15	-52
As at 30 June / 31 December	**51,865**	**53,898**

Purchase agreements have already been concluded for a share of EUR 22.5m (31 December 2020: EUR 24.8m), for which the transfer of ownership, benefits and encumbrances is expected mostly in the second half of 2021. The Level 3 fair value valuation of the other properties held for sale is based on their valuation by an independent appraiser. The valuation procedure is described in greater detail in the notes on investment properties, as are the key valuation parameters.

The liabilities in connection with assets held for sale relate to lease liabilities from leaseholds.

CONVERTIBLE BONDS

As presented in the 2020 annual report, conversions submitted before December 31, 2020 resulted in cash settlement obligations of EUR 93.0 million, which led to a corresponding cash outflow in 2021.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers within the meaning of IFRS 15 includes the operating and ancillary costs charged to third parties that are reported as revenue from letting, and the operating and ancillary costs charged to own account reported in the result from services, in each case plus the proportionate property tax and building insurance charged on, as well as other revenue from services. In addition, revenue from the sale of investment properties or inventory real estate also represents revenue within the meaning of IFRS 15. The categorisation of revenues is derived from the corresponding disclosures in the group management report.

FURTHER INFORMATION

For further events and transactions in the reporting period and the development of the net assets, financial position and results of operations as well as other disclosures, please refer to the comments in the group management report.

NOTES TO THE SEGMENT REPORTING

TAG pursues a regional management of its residential real estate portfolio and divides its real estate portfolio in the 'Rental' segment into the regions of Berlin, Chemnitz, Dresden, Erfurt, Gera, Hamburg, Leipzig, Rhine-Ruhr, Rostock, Salzgitter and Others. In addition, various commercial properties and serviced apartments operated by TAG are rented out. The business activities of these segments are based on the rental of existing properties to TAG customers. The business activities are therefore reported at an aggregated level within the Rental segment.

The 'Services' segment comprises the business activities attributable to the in-house service companies. In addition to letting, TAG has been expanding its business activities in the real estate-related services sector for several years. For this reason, aggregated information has been disclosed for the Rental and Services segments since the end of 2019.

TAG's business activities in Poland currently comprise, in particular, the development of properties intended for rental in the future as well as the remaining development and sale of flats from the portfolio of properties held as inventory. As significant revenues were recorded from these sales together with the transactions achieved in Germany, the 'Business activities Poland and Sales' segment was already presented for the 2020 financial year. Profit contributions in the Rental segment have not yet been achieved to a substantial extent within the scope of the business activity in Poland.

The segment reporting follows the internal reporting, which basically corresponds to IFRS accounting (with the exceptions contained in the reconciliation from segment result II to EBT presented below). Segment result I is calculated from the revenue generated from letting (net actual rents or 'cold rents') as well as the services rendered and the associated expenses.

Segment result II for the Rental and Services segments is determined as follows, taking into account the attributable personnel costs and other income and expenses:

Segment report		Rental	Services	Business activities in Poland	Total
Segment revenues	**H1 2021**	**166,021**	**27,695**	**70,415**	**264,131**
	H1 2020	159,702	26,936	22,982	209,620
Segment expenses	**H1 2021**	**-36,051**	**-14,566**	**-62,832**	**-113,449**
	H1 2020	-35,543	-14,229	-24,374	-74,146
Rental expenses	**H1 2021**	**-5,475**	**0**	**0**	**-5,475**
	H1 2020	-5,525	0	0	-5,525
Maintenance/investment costs	**H1 2021**	**-29,129**	**0**	**0**	**-29,129**
	H1 2020	-28,908	0	0	-28,908
Impairment losses on receivables	**H1 2021**	**-1,973**	**-254**	**0**	**-2,227**
	H1 2020	-1,904	-239	0	-2,143
Service expenses	**H1 2021**	**0**	**-14,312**	**0**	**-14,312**
	H1 2020	0	-13,990	0	-13,990
Other revenues	**H1 2021**	**527**	**0**	**0**	**527**
	H1 2020	794	0	0	794
Segment result I	**H1 2021**	**129,970**	**13,129**	**7,583**	**150,682**
	H1 2020	124,159	12,707	-1,392	135,474
Personnel expenses	**H1 2021**	**-8,837**	**-9,243**	**0**	**-18,080**
	H1 2020	-8,841	-8,329	0	-17,170
Other income/other expenses	**H1 2021**	**-1,775**	**1,674**	**0**	**-101**
	H1 2020	-1,819	1,078	0	-741
Segment result II	**H1 2021**	**119,358**	**5,560**	**7,583**	**132,501**
	H1 2020	113,499	5,456	-1,392	117,563
Segment assets	**H1 2021**	**6,149,019**	**0**	**216,415**	**6,365,434**
	12/31/2020	5,809,449	0	175,000	5,984,449

Revenues resulting from business activities between the segments are essentially based on internally rendered services. TAG's service companies regularly provide services for the portfolio companies in the Rental segment.

As in the internal reporting, the Rental segment's revenues include only the net actual rent ('cold rent'). Also as in the internal reporting, the segment revenues of the Services segment include the revenues generated by the internal service companies after adjustment for property tax and building insurance in accordance with IFRS 15. For reconciliation to the respective items of the income statement, we refer to the explanations on the results of operations in the management report.

The reconciliation of segment result II to EBT according to the income statement is as follows:

Segment earnings in TEUR	01/01/-06/30/2021	01/01/-06/30/2020
Segment earnings II	**132,501**	**117,563**
Capitalised investment costs not deducted from segment earnings	10,306	12,042
Non-allocated ancillary costs of vacant real estate	-4,759	-3,215
Fair value changes in investment properties and valuation of properties held as inventory	310,365	172,387
Non-allocated personnel expenses	-12,989	-10,924
Depreciation	-4,105	-3,438
Other non-allocated income and expenses	-4,966	-5,627
Net finance expense	-29,132	-14,338
EBT	**397,221**	**264,450**

DISCLOSURES ON FAIR VALUES AND FINANCIAL INSTRUMENTS

The fair value of assets and liabilities is to be determined using input factors that are as close to the market as possible. The valuation hierarchy distinguishes between three levels for subdividing the input factors, depending on their availability:

- Level 1: Prices quoted (unadjusted) on active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices)
- Level 3: Factors for the valuation of the asset or liability that are not based on observable market data

If input factors of different levels are used, the fair value is assigned to the lower hierarchy level. In the reporting period, there were no transfers between the respective hierarchy levels.

The financial instruments recognised at fair value in the consolidated balance sheet are as follows:

Fair values of financial instruments in TEUR		06/30/2021	12/31/2020
Assets			
Other financial assets	Level 2	5,020	5,020
Other financial assets	Level 3	3,524	3,456
Equity and liabilities			
Derivatives with no hedging relationship	Level 2	-34,330	-28,585

The change in the carrying amount of other financial assets measured at fair value in Level 3 results completely from additions and disposals (previous year: additions and disposals of TEUR 257 and changes in fair value recognised in profit or loss of TEUR -135.

The other financial assets mainly include non-listed minority interests in real estate companies and funds. The valuation of these investments is based in part on observable market prices (Level 2) and in part on company-specific models such as standard net asset value models taking into account data that is not observable on the market (Level 3). The input parameters used in these methods include, among other things, assumptions about future cash flows and the development of property values, and are collected as close to the market as possible. A change in the fair value of the properties held by subsidiaries would have a proportionate effect on the fair value of the investment. Currently, there are no concrete intentions to sell these participations.

Derivative financial instruments are valued on the basis of established valuation models whose main input parameters are derived from active markets. The purchase price guarantees recognised as derivative financial instruments without a hedging relationship are valued on the basis of a Monte Carlo simulation (mark-to-model valuation) using two correlated stochastic processes. The conversion right from the convertible bond, which is accounted for separately as a derivative, is valued on the basis of a binominal model.

Apart from this, the following financial instruments are recognised in the consolidated balance sheet at amortised cost, and their carrying amounts are not a reasonable approximation of fair value:

		06/30/2021		12/31/2020	
Financial instruments in TEUR	**Valuation**	**Book value**	**Fair value**	**Book value**	**Fair value**
Liabilities to banks	Level 2	2,072,928	2,128,330	1,977,924	2,077,069
Liabilities from corporate bonds and other loans	Level 2	544,594	546,717	495,918	502,702
Liabilities from convertible bonds	Level 2	473,786	508,118	565,364	582,253

The fair value of non-current liabilities is determined as the present value of future cash flows. Discounting is carried out on the basis of market interest rates with matching maturities and risks.

Trade receivables, other current assets, and cash and cash equivalents, which are also classified at amortised cost, have short remaining terms. Their carrying amounts as at the balance sheet date therefore approximate their fair values. The same applies to trade payables and other current liabilities.

FINANCIAL RISK MANAGEMENT

Given the uncertainties related to the economic impact of the Covid-19 pandemic, the Company has performed an analysis of the impact of the generally reduced creditworthiness on the future default risk for rent receivables. Taking into account the development of actual default rates in the second quarter of 2021 and the existing approach, and considering receivables, deposits and gross rents, a significant increase in the expected bad debt risk is not foreseeable, so that it is not necessary to adjust the estimate of expected bad debt losses as at 30 June 2021.

Furthermore, the Group's financial risks (interest rate risk, default risk, liquidity risk, and financing risk) have not changed significantly in the reporting period compared to 31 December 2020.

MATERIAL EVENTS AFTER THE END OF THE PERIOD COVERED BY THIS INTERIM REPORT

No reportable events occurred after the end of the period covered by this interim report.

Hamburg, 10 August 2021

Claudia Hoyer
COO

Martin Thiel
CFO

Dr Harboe Vaagt
CLO

AUDIT CERTIFICATE

We have reviewed the condensed interim consolidated financial statements of the TAG Immobilien AG – comprising consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cashflow statement, statement of changes in consolidated equity and notes on the abridged consolidated interim financial statement as of 30 June 2021 together with the interim group management report of the TAG Immobilien AG, Hamburg, for the period from 1 January to 30 June 2021 that are part of the semi annual financial report according to § 115 WpHG [‚Wertpapierhandelsgesetz‘: ‚German Securities Trading Act‘]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 ‚Interim Financial Reporting‘ as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34 ‚Interim Financial Reporting‘ as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34 ‚Interim Financial Reporting‘ as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hamburg, 10 August 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Thiede
Wirtschaftsprüfer

Bagehorn
Wirtschaftsprüfer

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated interim financial report gives a true and fair view of the Group's assets, financial position and earnings situation, and the interim group management report includes a fair review of the development and performance of the business and the Group's situation, as well as a description of the principal opportunities and risks associated with the expected development of the Group in the remaining financial year.

Hamburg, 10 August 2021

Claudia Hoyer
COO

Martin Thiel
CFO

Dr Harboe Vaagt
CLO

TAG FINANCIAL CALENDAR 2021

Publications

09 November 2021	Publication of Interim Statement Q3 2021

Conferences

30 August–02 September 2021	Commerzbank Corporate Conference, Frankfurt (virtual)
20–22 September 2021	Berenberg/Goldman Sachs 10th German Corporate Conference (virtual)
21 September 2021	Bank of America Virtual Global Real Estate Conference (virtual)
20–24 September 2021	Baader Investment Conference, München
20–23 September 2021	REthink 2021 – EPRA Conference, Brussels
25 November 2021	Berenberg Real Estate Seminar, Paris

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The English version of the Interim Statement second quarter 2021 is a translation of the German version. The German version is legally binding.

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