



**TAG Immobilien AG**

UPDATE Salzgitter 7 Oct **2011**





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# Colonia - Integration in general

## **Corporate integration already done**

- Management, Acquisition, IR, PR, HR, IT, Cash Management, Refinancing, Legal, Controlling
- Accounting

## **Operational integration**

- Asset management fully integrated and insourced where not the case previously
- Property management insourced in all locations including Salzgitter (previously managed by TREUREAL) and Nordenham-Brake (managed by Prelios)
- Technical management switched from external providers to TAG in all portfolios

## **Financial aspects**

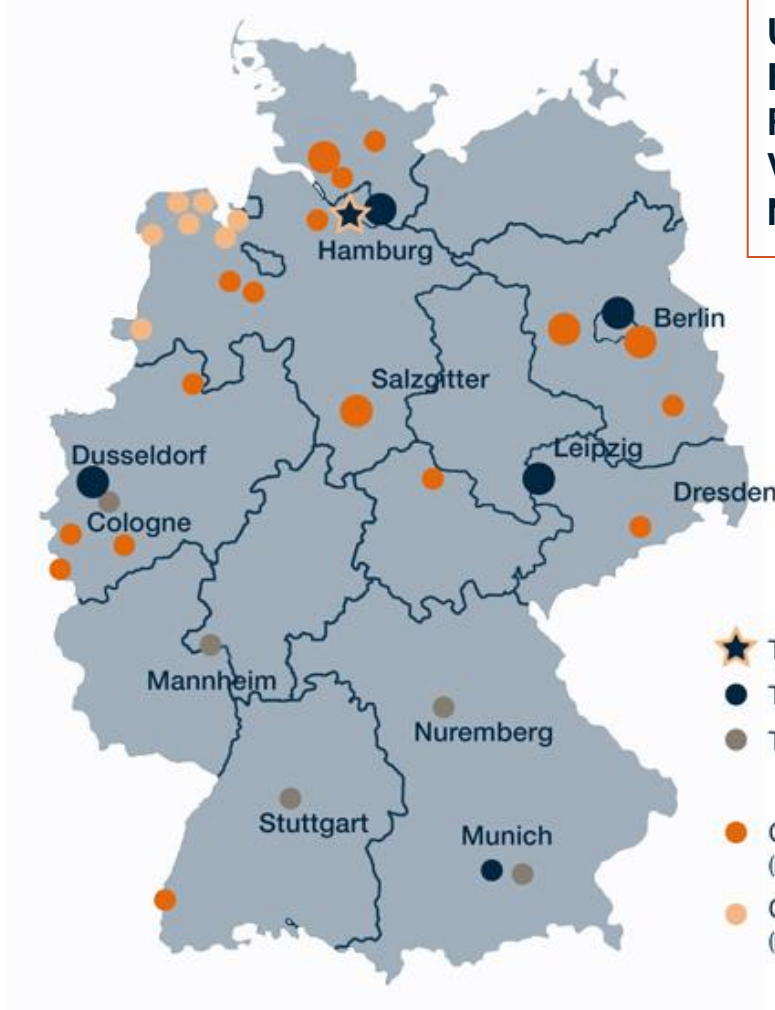
- Repaid most expensive loans, debt-to-equity swap agreed in August 2011



# Integration and Synergies

	Old target	Already achieved	Visible from	New target	Comment
General administrative expenses	EUR 10 million	EUR 11 million	Largely already visible; the rest from Q3 2011	EUR 11 million	EUR 11.2 million per year already achieved
Property management costs	EUR 4 million	EUR 4 million	Q3 2011	EUR 4 million	Transfer of substantial external contracts from 1 Jul 2011
Merge external asset management	EUR 3 million	EUR 1 million	2012	EUR 3 million	Merger carried out, restructuring underway
Refinancing costs	EUR 3 million	EUR 2 million	Q3 2011	EUR 3 million	First few expensive loans have been refinanced
Operations (rents and vacancy costs)	EUR 8 million	EUR 2 million	Continuously for about 3 years	EUR 13 million	Initial vacancy reduction and various cost reductions in Salzgitter
<b>Total</b>	<b>EUR 28 million</b>	<b>EUR 20 million</b>		<b>EUR 34 million</b>	

# Combined entity TAG - Colonia: Portfolio



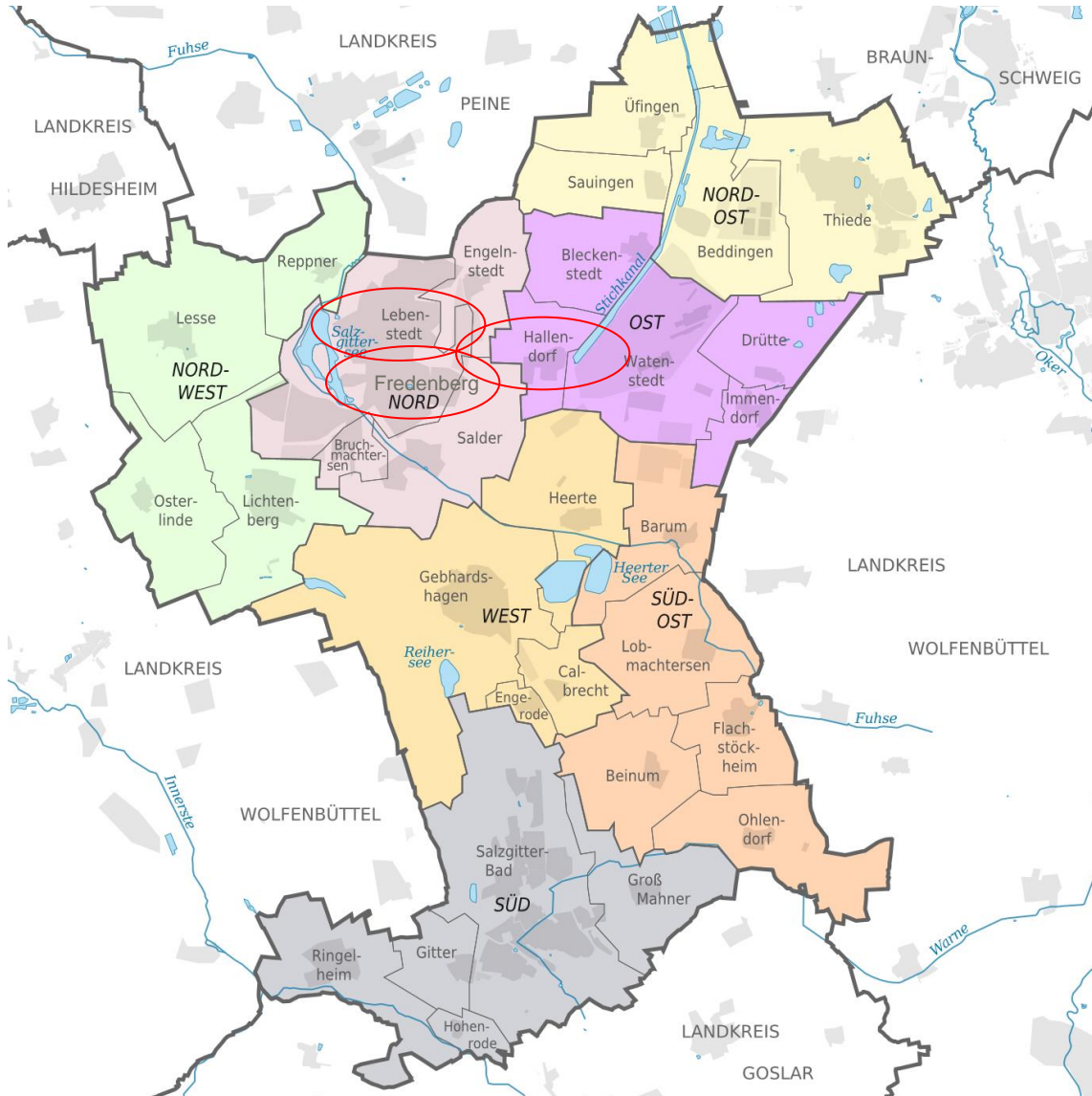
	Total	TAG	Colonia
<b>Units</b>	27,107	8,095	19,012
<b>Floor Area sqm</b>	2,012,844	840,402	1,172,442
<b>Real Estate Volume TEUR</b>	1,709,272	892,326	816,946
<b>Vacancy in % (H1 2011)</b>	11.7	5.1	16.3
<b>Net Actual Rent EUR/sqm</b>	5.32	5.95	4.82

- ★ TAG headquarter and portfolio
- TAG portfolio residential ● more than 1,000 units
- TAG portfolio commercial
- Colonia portfolio (residential – inhouse PM) ● more than 1,000 units
- Colonia portfolio (residential – outsourced PM) ● more than 1,000 units

# ••• Micro Location, Salzgittersee - Lebenstedt



# Micro Location Salzgitter



Portfolio	Units
Lebenstedt	6,267
Fredenberg	2,082
Hallendorf	365

**Inhabitants in these districts 41,000 (40%)**



## Financials – Cash Flow 2010 (Estimates)\*

	status quo (run rate 2010) TEUR
Rental Value	30,200
Current rent in place	23,500
Service charge leakage due to vacancy	-3,500
Other service charge leakage	-1,100
Marketing	-1,200
Maintenance	-3,300
External managers	-3,500
<hr/>	
NOI	10,900
Interest payments	-7,700
Capex	-4,400
Other external fees	-1,500
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Net cash flow to parent	-2,700

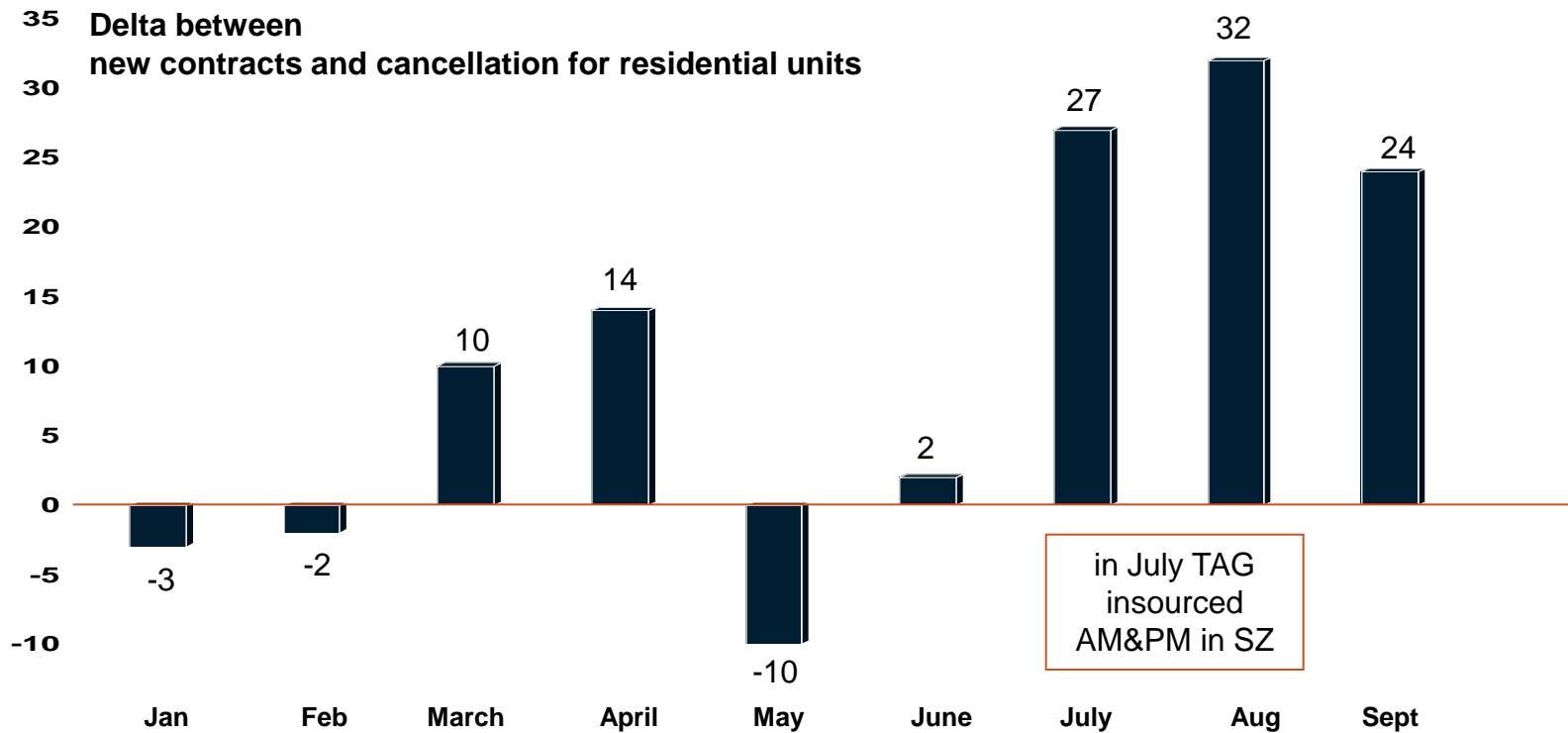
\* These numbers are based on the 2010 accounts and slightly approximated and re-classified for illustrative purposes





# Success in letting

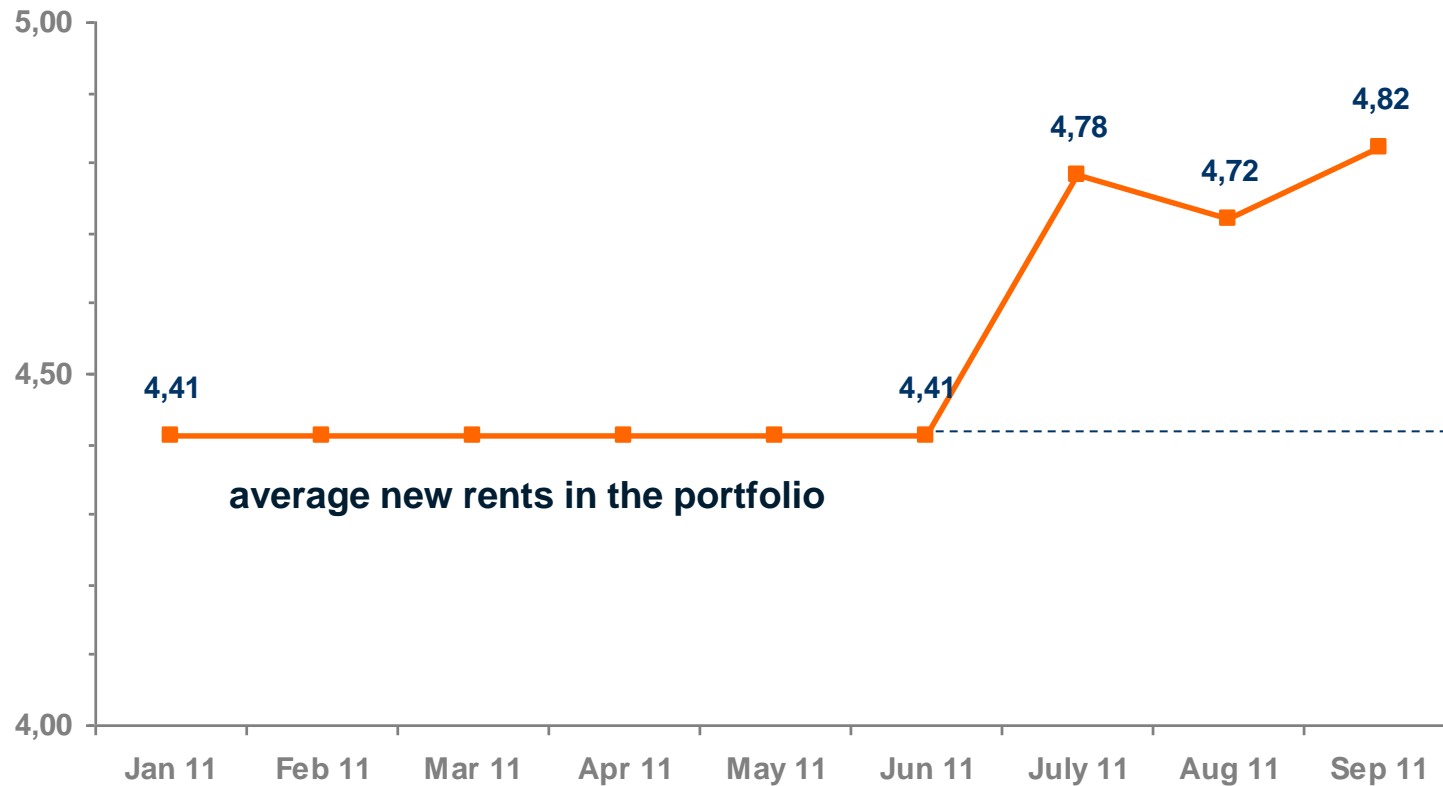
- Re-letting shows big success since TAG took over the asset and property management
- At the same time cancellations decreased
- Net absorption: annualised on track for single-digit vacancy in 2014.





## Vacant flats are let at higher rents

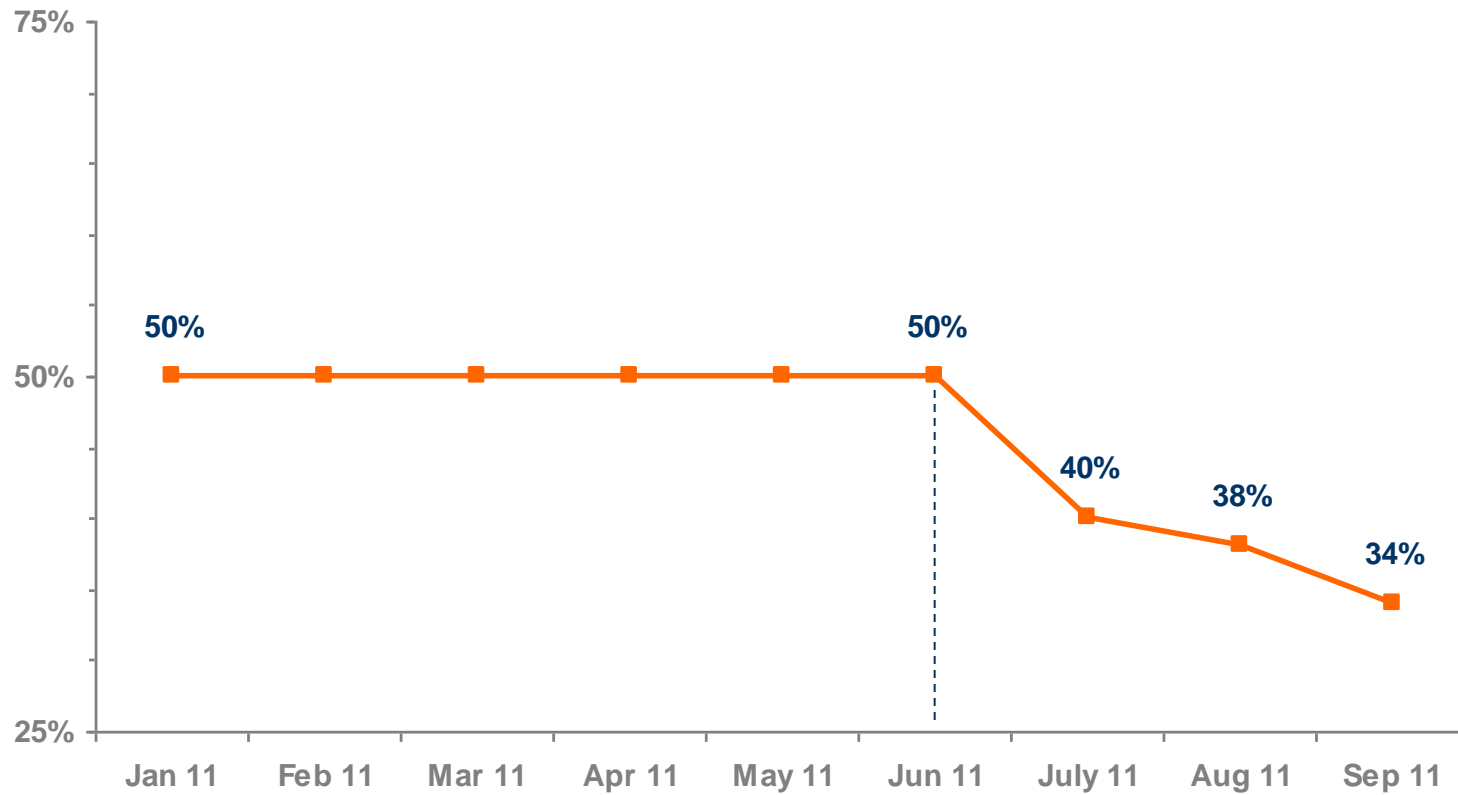
- Rents per sqm and month for new lettings since TAG took over property management





# Tenant mix is changing

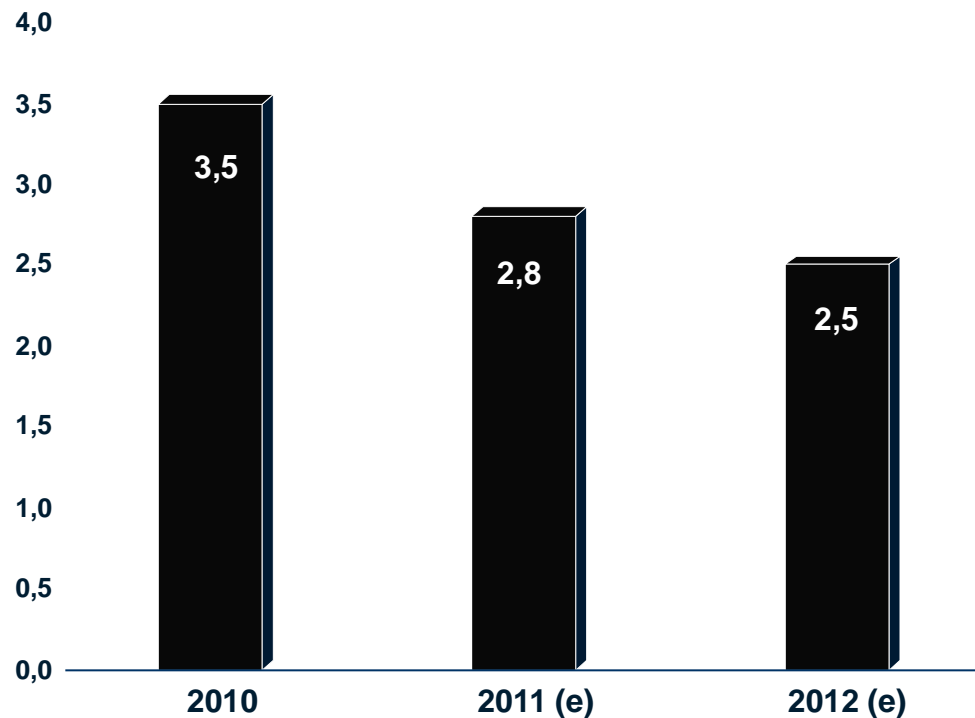
- New tenants who are financed by social security payments (Hartz IV) in % of all new lettings





# Maintenance

Maintenance p.a. in EUR m



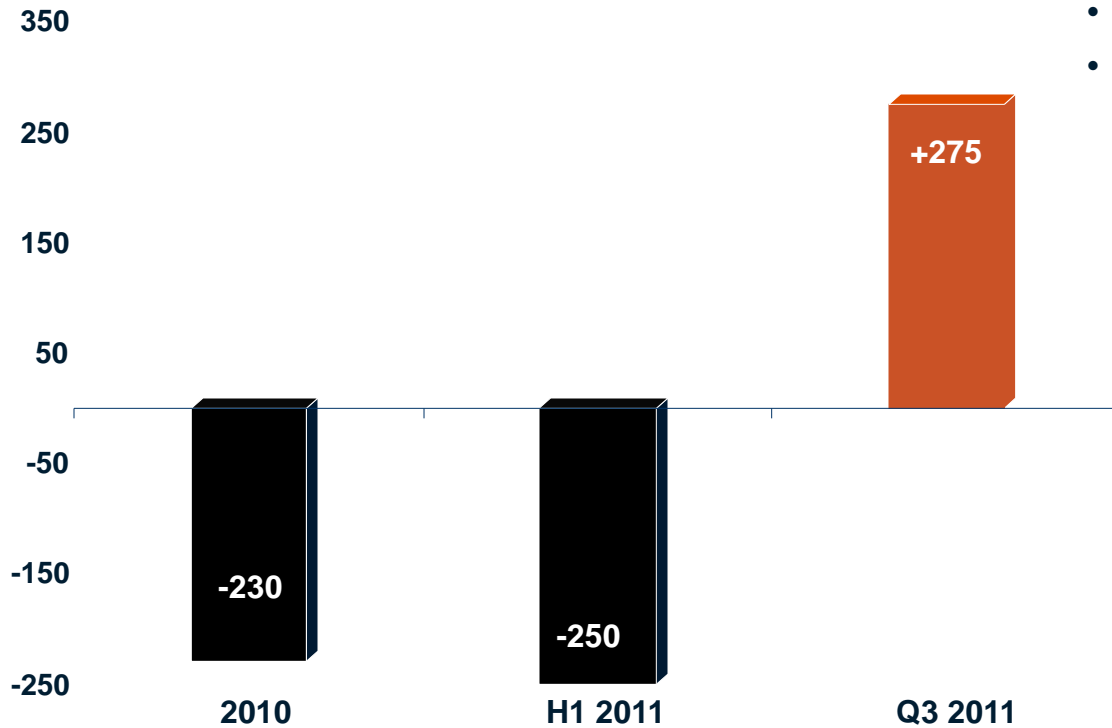
(e): estimated

- Maintenance costs can be optimised:
  - Central management
  - Public tender for smaller packages
- From 4 Oct 2011 onwards:
  - General contractor
  - At fixed price
  - With direct and thus improved service
  - With reduced PM costs



## Already cash flow positive

average monthly cash flow *in Ek*



- 2010: net cash negative by 2.7m
- H1 2011: net cash negative by 1.5m
- Since July 2011:
  - Cash flow positive ...
  - ...although there we are catching up with the refurbishment backlog (350 units alone in Q3)



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