



# INTERIM STATEMENT 2021

ON THE 1ST QUARTER

GROWING CASHFLOWS

**TAG**  
Immobilien AG

## GROUP FINANCIALS

in EUR m

<b>Income statement key figures</b>	<b>01/01/2021-03/31/2021</b>	<b>01/01/2020-03/31/2020</b>
Net actual rent	83.1	79.7
EBITDA (adjusted)	57.0	54.9
Consolidated net income	34.5	32.1
FFO I per share in EUR	0.31	0.29
FFO I	45.6	42.0
AFFO per share in EUR	0.21	0.15
AFFO	31.3	21.3

<b>Balance sheet key figures</b>	<b>03/31/2021</b>	<b>12/31/2020</b>
Total assets	6,599.2	6,478.0
Equity	2,709.0	2,681.5
Equity ratio in %	41.1	41.4
EPRA Net Tangible Asset (NTA, fully diluted) per share in EUR	22.13	21.95
LTV in %	44.8	45.1

<b>Portfolio data</b>	<b>03/31/2021</b>	<b>12/31/2020</b>
Units Germany	88,260	88,313
Units Poland (secured pipeline)	9,027	8,742
GAV (total real estate assets)	6,017.1	5,984.5
Vacancy in % (total)	6.1	5.6
Vacancy in % (residential units)	5.9	5.3*/4.5
I-f-I rental growth in %	1.4	1.4
I-f-I rental growth in % (incl. vacancy reduction)	1.2	1.5

<b>Employees</b>	<b>03/31/2021</b>	<b>03/31/2020</b>
Number of employees	1,360	1,303

<b>Capital market data</b>	
Market cap at 03/31/2021 in EUR m	3,562.6
Share capital at 03/31/2021 in EUR	146,498,765
WKN/ISIN	830350/EN0008303504
Number of shares at 03/31/2021 (issued)	146,498,765
Number of shares at 03/31/2021 (outstanding, without treasury shares)	146,366,881
Free float in % (without treasury shares)	99.91%
Index	MDAX/EPRA

\* incl. acquisitions in 2020

# CONTENTS

## TABLE OF CONTENTS

Group Financials	02
Business Development	04
Consolidated Balance Sheet	24
Consolidated Income Statement	26
Consolidated Cashflow Statement	27
Financial Calendar/Contact	28

# BUSINESS DEVELOPMENT

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

### FOUNDATIONS OF THE GROUP

TAG Immobilien AG ('TAG' or 'the Group' for short) is a Hamburg-based property company focused on the residential real estate sector. The properties owned by TAG and its subsidiaries are spread across various regions in Northern and Eastern Germany and North Rhine-Westphalia and, since the 2020 financial year, in Poland as well. Overall, TAG managed around 88,300 residential units in Germany at 31 March 2021 (31 December 2020: also around 88,300) and had a contractually secured project pipeline in Poland for the construction of around 9,000 units (31 December 2020: around 8,700 units).

TAG Immobilien AG shares are listed on the MDAX of the Frankfurt Stock Exchange; TAG's market capitalisation at 31 March 2021 was EUR 3.6bn (31 December 2020: EUR 3.8bn).

TAG's business model in Germany is the long-term letting of flats. All functions essential to property management are carried out by the Company's own employees. In addition, caretaker services and craftsmen's activities are provided for the Company's own portfolio. The rentals consist of affordable housing that appeals to broad sections of the population. The Group's own multimedia company expands the range of property management services by assisting with the provision of multimedia services to tenants. Energy management is poled in a subsidiary through which the Group supplies commercial heating to its 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, where we see not only potential for growth, but in particular better opportunities for returns in comparison with investments in the big cities. The newly acquired portfolios usually have higher vacancies, which are then reduced following the acquisition, through targeted investments and proven asset-management concepts. Investments in Germany are made nearly exclusively in regions already where TAG already manages assets, to be able to use existing administrative structures. Also, local knowledge of the market is essential in the acquisition of new portfolios here.

In addition to long-term property management, the Group selectively exploits sales opportunities in order to reinvest the realised capital appreciation and liquidity into new portfolios with higher yields. This strategy of 'capital recycling' is TAG's response to the intense competition for German residential real estate, and puts a focus on returns per share. Growth in absolute orders of magnitude is no longer 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 the last financial year 2020, TAG regionally expanded its portfolio into Poland. Vantage Development S.A. ('Vantage'), a real estate developer headquartered in Wrocław, is the platform for further development, which in future will focus on establishing a separate portfolio of residential units in Poland and currently also includes the continued sale of units already planned and yet to be built.

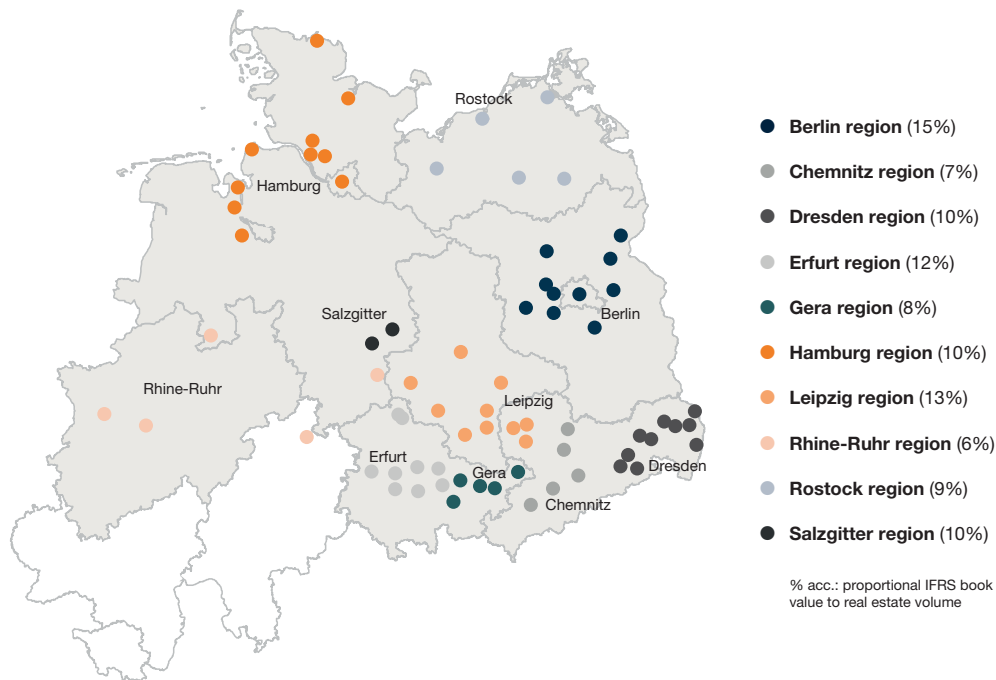
The growing Polish residential real estate market is the target of a regional expansion of TAG's business model, which here, too, focuses on strong cash returns (meaning FFO in relation to the equity deployed). The Polish rental housing market is characterised by a supply deficit. It is considered one of the least saturated housing markets in Europe, with a housing shortage already exceeding 3.5 million units (OECD data base). In addition, the absolute size of the Polish market (approx. 38 million inhabitants, sixth largest EU country by population), coupled with a growing service sector and favourable demographic trends ('Generation Rent' – growing preference for rental housing) supports TAG's market entry in Poland. The Management Board expects TAG's early market entry to give it a competitive advantage in terms of scale, 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 8,000–10,000 residential units in Poland. Capital spending will focus on development projects and new buildings in large cities with favourable population trends, proximity to universities, and a well-developed infrastructure.

## DEVELOPMENT OF TAG'S REAL ESTATE PORTFOLIO IN GERMANY

### Overview

TAG's real estate portfolio in Germany comprises around 88,300 flats at the end of the first quarter of 2021. 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, and the properties are distributed as follows:



Portfolio data	03/31/ 2021	12/31/2020
Units	88,260	88,313
Floor space in sqm	5,298,677	5,302,495
Real estate volume in EURm**	5,825.2	5,834.3
Annualised net actual rent in EURm p. a. (total)	332.9	334.2
Net actual rent in EUR per sqm (total)	5.58	5.57
Net actual rent in EUR per sqm (residential units)***	5.48	5.48
Vacancy in % (total)	6.1	5.6
Vacancy rate in % (residential units)**	5.9	5.3*/4.5
I-f-I rental growth in %	1.4	1.4
I-f-I rental growth in % (incl. vacancy reduction)	1.2	1.5

\* incl. acquisitions in 2020 \*\*EUR 6,017.1m total property volume (of which EUR 191.9m is accounted for by properties in Poland)

\*\*\* excl. acquisitions

### Acquisitions and sales in the first three months of the 2021 financial year in Germany

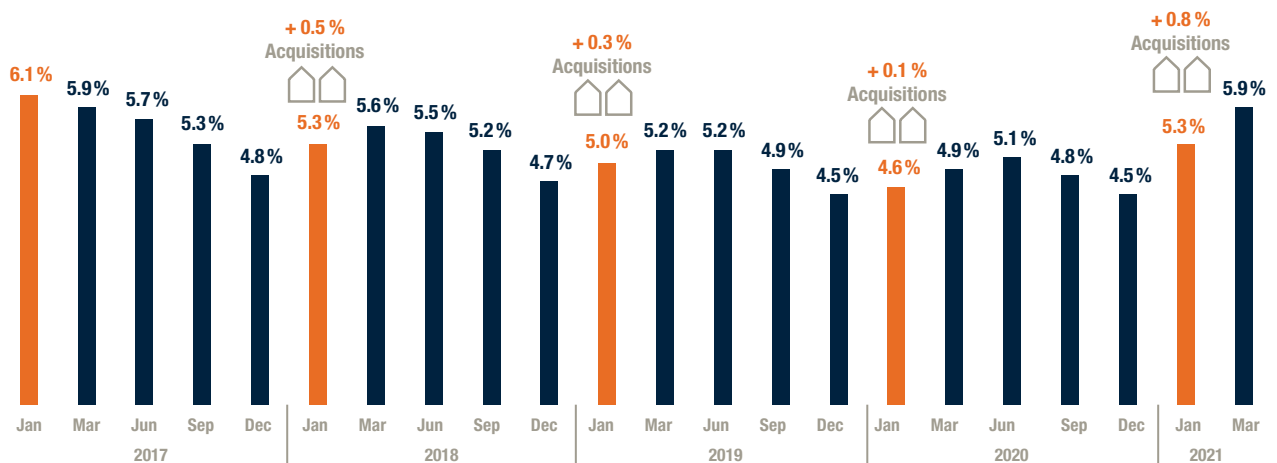
No acquisitions were made for the German portfolio in the first three months of the 2021 financial year.

Sales contracts for 95 flats were signed in the first quarter of 2021. The sales price and net cash inflow totalled EUR 3.6m and EUR 3.5m or 15.1 times the annual net actual rent. A book loss of EUR 0.7m is expected from these sales. The average vacancy rate of the flats sold is 22%.

### Vacancy

The vacancy rate increased from 5.3% at the beginning of the financial year to 5.9% in the first three months of the 2021 financial year, mainly due to the integration of acquisitions from the previous year, ongoing modernisation programmes to reduce vacancy, and the fact that the COVID-19 pandemic and associated lockdowns led to fewer viewings and thus fewer lettings. For the remainder of the 2021 financial year, however, a reduction in vacancies is expected, analogous to the trend in the previous year. In particular, this is expected as soon as the current lockdown is relaxed or lifted. With this in mind, the guidance for 2021 as a whole, which expects vacancy to be reduced to between 4.8% and 5.0% by the end of the year, remains unchanged.

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



The regions managed by TAG contributed to this result (change in percentage points since the beginning of the financial year) as follows:

<b>Berlin</b>	<b>from 3.9 % to 3.9 %</b>	<b>+/- 0.0 %</b>
<b>Erfurt</b>	<b>from 2.5 % to 2.8 %</b>	<b>+ 0.3 %</b>
<b>Dresden</b>	<b>from 2.0 % to 2.3 %</b>	<b>+ 0.3 %</b>
<b>Hamburg</b>	<b>from 3.7 % to 4.0 %</b>	<b>+ 0.3 %</b>
<b>Gera</b>	<b>from 6.5 % to 7.0 %</b>	<b>+ 0.5 %</b>
<b>Total residential units</b>	<b>from 5.3 % to 5.9 %</b>	<b>+ 0.6 %</b>
<b>Leipzig</b>	<b>from 9.9 % to 10.6 %</b>	<b>+ 0.7 %</b>
<b>Rhine-Ruhr</b>	<b>from 1.6 % to 2.4 %</b>	<b>+ 0.8 %</b>
<b>Rostock</b>	<b>from 5.6 % to 6.4 %</b>	<b>+ 0.8 %</b>
<b>Chemnitz</b>	<b>from 7.7 % to 8.5 %</b>	<b>+ 0.8 %</b>
<b>Salzgitter</b>	<b>from 5.6 % to 6.7 %</b>	<b>+ 1.1 %</b>

In the overall portfolio, which also includes some commercial units within the residential portfolio, vacancy as of 31 March 2021 was 6.1%, compared to 5.6% at the end of the previous year.

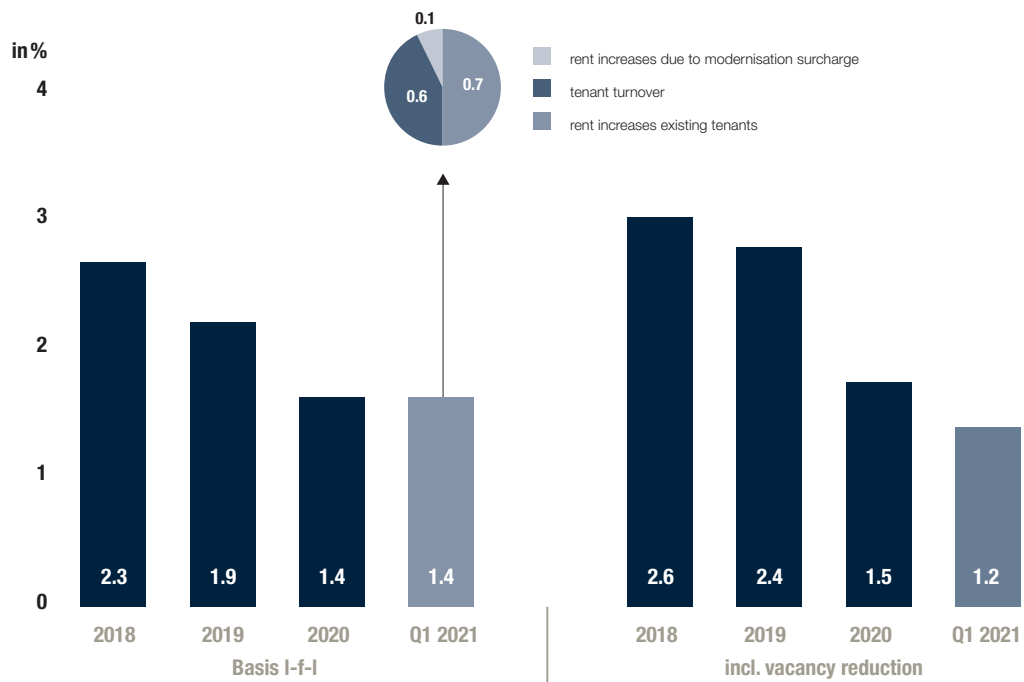
### Rental growth

Rental growth in the Group's residential units on a like-for-like basis (i.e. excluding the acquisitions and disposals of the last twelve months) was 1.4% p.a., unchanged from 1.4% at the end of 2020. This rental growth of 1.4% was made up of ongoing rent increases for existing tenants (0.7%, after 0.6% at the end of the previous year), rent increases in connection with a change of tenant (0.6%, after 0.6% at the end of the previous year), and rent increases due to modernisation allocations (0.1%, after 0.2% at the end of the previous year).

Including the effects from vacancy reduction, total rental growth on a like-for-like basis was 1.2% p.a. (1.5% in the 2020 financial year). So the temporary increase in vacancy, which as outlined above is largely an effect of the COVID-19 pandemic that has been ongoing for the past 12 months, led to a negative effect in rental growth. However, the forecast for total rental growth on a like-for-like basis of 1.5% to 2.0% for the full financial year 2021 is still maintained.



The following chart summarises the development of rental growth in the financial years 2018 to 2021:



The average rent in the residential units of the portfolio in 2021 remained at the same level as at the end of the 2020 financial year at EUR 5.48 per sqm. New lettings in the 2021 financial year were made at an average of EUR 5.80 per sqm, which is an increase on the previous year (EUR 5.77 per sqm).

### The portfolio in detail

The following overview shows further details on TAG's real estate portfolio in Germany, broken out into the individual regions:

Region	Units	Rentable area sqm	IFRS BV EURm 03/31/2021	In-place yield	Vacancy 03/31/2021	Vacancy 12/31/2020**	Current net rent EUR/sqm	Reletting rent EUR/sqm	I-f-I rental growth (y-o-y)	Total I-f-I rental growth*** (y-o-y)	Maintenance EUR/sqm	Capex EUR/sqm
Berlin	10,417	603,656	852.7	4.8%	3.9%	3.9%	5.90	6.43	1.9%	1.5%	1.34	3.09
Chemnitz	7,891	462,051	383.1	6.6%	8.5%	6.9%	4.99	5.19	1.7%	1.7%	1.95	3.41
Dresden	6,133	396,892	578.2	4.8%	2.3%	1.9%	5.91	6.38	1.3%	1.4%	0.86	2.37
Erfurt	11,063	621,829	722.2	5.4%	2.8%	2.5%	5.33	5.62	1.5%	2.1%	1.79	2.66
Gera	9,473	549,878	445.6	7.0%	7.0%	6.5%	5.10	5.42	0.2%	0.9%	1.30	1.87
Hamburg	6,991	430,086	585.6	5.0%	4.0%	3.7%	5.91	6.33	2.1%	2.2%	2.33	2.06
Leipzig	13,317	774,591	743.0	5.9%	10.6%	6.0%	5.28	5.49	1.5%	1.0%	1.79	2.73
Rhine-Ruhr	4,182	265,981	346.7	5.0%	2.4%	1.6%	5.70	5.76	1.9%	1.8%	2.84	1.47
Rostock	8,324	466,016	514.8	5.7%	6.4%	4.4%	5.58	5.93	1.1%	0.2%	3.65	6.06
Salzgitter	9,180	563,122	564.2	6.1%	6.7%	5.6%	5.44	5.74	0.7%	-0.7%	1.63	1.96
<b>Total residential units</b>	<b>86,971</b>	<b>5,134,102</b>	<b>5,736.0</b>	<b>5.5%</b>	<b>5.9%</b>	<b>4.5%</b>	<b>5.48</b>	<b>5.80</b>	<b>1.4%</b>	<b>1.2%</b>	<b>1.88</b>	<b>2.80</b>
Acquisitions****	-	-	0.5	-	-	-	-	-	-	-	-	-
Commercial units within res. portfolio	1,137	144,726	-	-	15.9%	16.1%	8.57	-	-	-	-	-
<b>Total res. portfolio</b>	<b>88,108</b>	<b>5,278,828</b>	<b>5,736.5</b>	<b>5.8%</b>	<b>6.1%</b>	<b>5.6%</b>	<b>5.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other*	152	19,850	88.7	3.9%	5.0%	6.3%	10.84	-	-	-	-	-
<b>Grand total</b>	<b>88,260</b>	<b>5,298,678</b>	<b>5,825.2</b>	<b>5.7%</b>	<b>6.1%</b>	<b>5.6%</b>	<b>5.58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* includes commercial properties and serviced flats. The IFRS book value includes project developments of EUR 26.4m.

\*\* without acquisitions 2020 \*\*\* incl. effects from changes in vacancy rates \*\*\*\* advance payments made on real estate acquisitions

### DEVELOPMENT OF THE BUSINESS ACTIVITIES IN POLAND

Based on an average exchange rate of the Polish zloty (PLN) to the euro of 4.5457:1 in the first quarter of 2021, revenues from property sales by Vantage amounted to EUR 19.2m. With production costs of EUR 17.3m (including effects from the purchase price allocation of EUR 1.4m), the result from sales was EUR 1.9m. In the first three month of the financial year a total of 163 units were signed and 198 units were handed over. These transfers led to the aforementioned sales revenues.

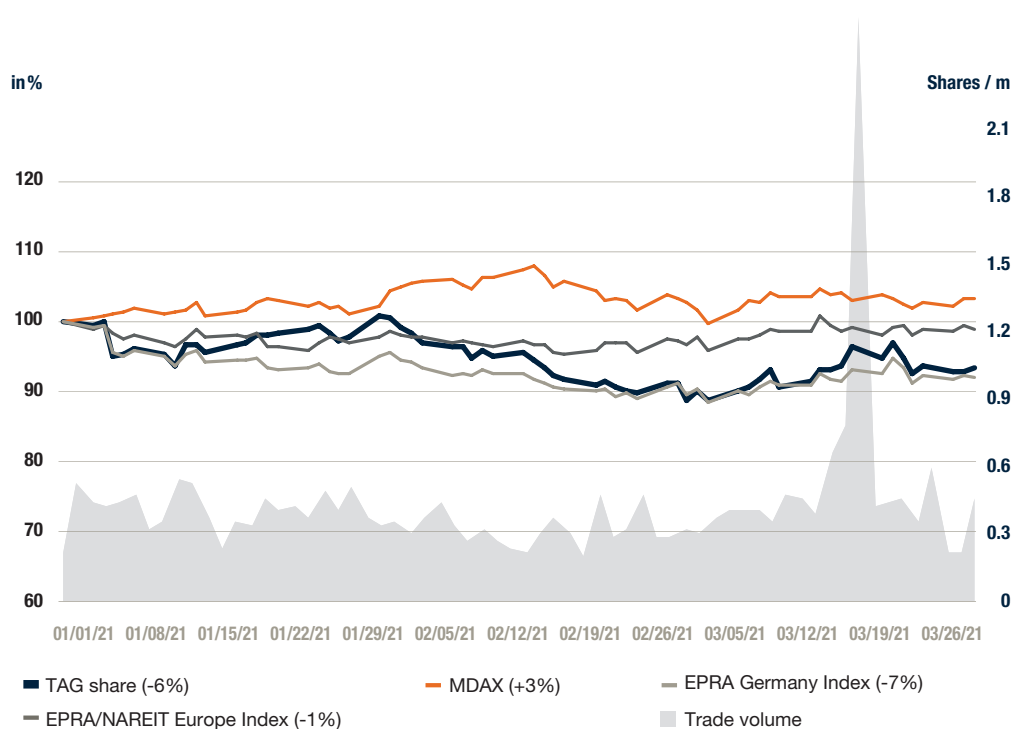
As at 31 March 2021, the contractually secured pipeline for the construction of flats comprises a total of 9,027 units, of which 5,731 are in Wrocław, 2,303 units in Poznań, and 993 units in Łódź. Compared to the status at the end of the 2020 financial year (8,742 units, of which 5,140 in Wrocław, 2,762 units in Poznań and 940 units in Łódź), the pipeline was thus expanded by 285 flats.

According to current plans, of the total of 9,027 flats, around 3,148 flats are intended for sale, while around 5,879 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 within a period of three to five years. The first rental income is expected in Poland with the completion of the first letting projects in the course of the 2021 financial year. Until then, business activity in Poland will continue to be almost exclusively in sales of residential units.

## THE TAG SHARE AND THE CAPITAL MARKET

The price of the MDAX-listed TAG share declined slightly in the first quarter of 2021 after a strong 17% price increase in the 2020 financial year. After a closing price of EUR 25.90 at the end of 2020, the share was listed at EUR 24.34 (-6%) at close of business on 31 March 2021. The high was EUR 26.08 on 1 February 2021 and the low was EUR 23.28 on 3 March 2021.

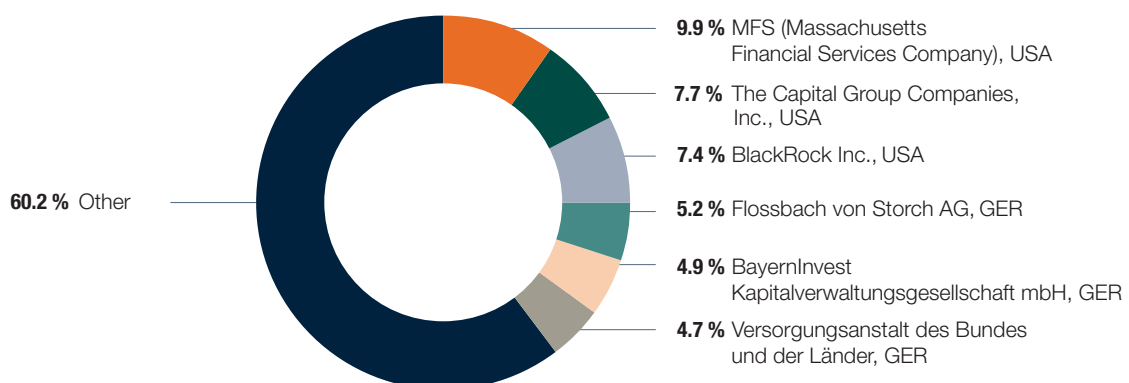
The EPRA index, which is made up of various European real estate companies listed on international stock exchanges, recorded a decline of 1% in the first quarter of the financial year. At the national level, the MDAX index rose by 3%, while the EPRA Germany, , the index that groups the key German real estate stocks, declined 7%, as the chart below illustrates:



TAG's market capitalisation was EUR 3.6bn at 31 March 2021, compared to EUR 3.8bn at 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 respectively at 31 March 2021.

Free float at the reporting date was 99.91% of the share capital; 0.09% of the share capital (131,884 shares as of 31 March 2021 after 203,884 shares as of 31 December 2020) is 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 (as at 31 March 2021) shows:



With a pay-out ratio of 75% of FFO I, TAG allows its shareholders to participate substantially in the Company's success by paying an attractive dividend. At this year's Annual General Meeting, which will be held virtually on 11 May 2021, a dividend of EUR 0.88 per share, compared to EUR 0.82 per share in the previous year, is to be adopted for the 2020 financial year and subsequently paid out. A dividend of EUR 0.92 per share is planned for the 2021 financial year, which again corresponds to a pay-out ratio of 75% of FFO I.

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

### Preliminary remark

In the 2020 financial year, TAG expanded its portfolio regionally into Poland. Vantage Development S.A. ('Vantage'), a real estate developer whose headquarters and main focus of activity are in Wrocław, serves as the platform for further development, which in future will be aimed at building up a separate portfolio of residential units in Poland and currently also includes the further sale of units already planned and to be built. Vantage has been fully consolidated in TAG's consolidated financial statements since the 2020 financial year.

The initial consolidation resulted in goodwill of EUR 19.8m, which was reduced to EUR 18.0m as at 31 March 2021 due to currency translation effects. This calculation is based on an allocation of the cash purchase price for the shares of EUR 131.9m to the fair values of the acquired assets and liabilities.

Apart from the recognition of this goodwill, the first-time consolidation of Vantage did not have any material impact on TAG's net assets, financial position and results of operations. 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 three months of the 2021 financial year are as follows:

in EUR m	01/01-03/31/2021	01/01-03/31/2020
Group result Poland	0.8	-1.0
Special effects from start-up costs for letting	0.1	0.0
Effects from the purchase price allocation	1.4	2.3
Deferred taxes	-0.3	-0.4
Minorities Poland	-0.1	-0.1
<b>Contribution of Poland business to FFO II</b>	<b>1.9</b>	<b>0.8</b>

### Earnings situation

Revenues from rentals, which relate to the rental business currently still operated exclusively in Germany, are made up as follows:

Turnover from rentals in EUR m	01/01-03/31/2021	01/01-03/31/2020
Net actual rent	83.1	79.7
Proportionately allocated fee for property tax and building insurance	9.1	8.6
<b>Rental income according to IFRS 16</b>	<b>92.2</b>	<b>88.2</b>
Operating and ancillary costs recharged on to third parties	19.4	18.6
Proportionately allocated fee for property tax and building insurance	2.1	2.0
<b>Costs recharged on according to IFRS 15</b>	<b>21.5</b>	<b>20.6</b>
<b>Total</b>	<b>113.7</b>	<b>108.9</b>

The Group's net actual rent ('cold rent') increased by 4.4% in the reporting period compared to the same period of the previous year, taking into account the effects of interim acquisitions and disposals. The total like-for-like rental growth in the Group's residential units amounted to 1.2% in the reporting period (same period of the previous year: 2.3%).

The individual items of the expenses from rentals are as follows:

<b>Expenses from rentals in EUR m</b>	<b>01/01-03/31/2021</b>	<b>01/01-03/31/2020</b>
Maintenance expenses	9.7	8.4
Non-recoverable ancillary costs	2.3	1.8
Operating costs vacant units	2.6	2.7
Impairment of rent receivables	0.9	0.8
<b>Non-recharged expenses</b>	<b>15.6</b>	<b>13.7</b>
Recharged costs, taxes and insurance	30.7	29.2
<b>Total</b>	<b>46.2</b>	<b>42.9</b>

Overall, the rental result, as the balance of rental revenues and expenses as well as impairments/depreciation on rent receivables, improved to EUR 67.5m in the reporting period, vs. EUR 66.0m in the same period of the previous year.

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

<b>Sales result in EUR m</b>	<b>01/01-03/31/2021</b>	<b>01/01-03/31/2020</b>
Proceeds from the sale of investment properties	25.1	2.1
Expenses from the sale of investment properties	-25.0	-2.2
<b>Sales result investment properties</b>	<b>0.1</b>	<b>-0.1</b>
Proceeds from the sale of inventory properties (Germany)	1.9	0.4
Expenses from the sale of inventory properties (Germany)	-0.9	-0.7
<b>Sales result inventory properties (Germany)</b>	<b>1.0</b>	<b>-0.2</b>
Proceeds from the sale of inventory properties (Poland)	19.2	11.3
Expenses from the sale of inventory properties (Poland)	-17.3	-12.0
<b>Sales result inventory properties (Poland)</b>	<b>1.9</b>	<b>-0.7</b>
<b>Total</b>	<b>3.0</b>	<b>-1.0</b>

The first-quarter sales result from inventory properties in Poland increased significantly year-on-year, as a total of 143 units originally scheduled to be handed over by year-end 2020 were now finally handed over to the respective buyers in January and February 2021.

The service result breaks down as follows between the services provided by the TAG Group and the property tax and buildings insurance attributable to them on a pro rata basis:

<b>Net income from services in EUR m</b>	<b>01/01-03/31/2021</b>	<b>01/01-03/31/2020</b>
Energy management	6.0	5.7
Facility Management	3.8	3.4
Multimedia service	2.4	2.2
Self-provided craftsman services	1.2	1.1
Other services	0.7	0.6
Recharged pro rata property tax and insurance	1.2	1.1
<b>Total</b>	<b>15.2</b>	<b>14.0</b>
Impairment loss	-0.1	-0.1
Expenses from services	-8.3	-8.1
<b>Service result</b>	<b>6.8</b>	<b>5.8</b>

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

<b>Other operating income in EUR m</b>	<b>01/01-03/31/2021</b>	<b>01/01-03/31/2020</b>
Capitalised personnel expenses	0.8	0.8
Derecognition of liabilities	0.4	0.4
Release of other provisions	0.2	0.1
Other	0.2	0.3
<b>Total</b>	<b>1.6</b>	<b>1.6</b>

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

The item fair value changes of investment properties and valuation of inventory properties is of minor importance with EUR -0.7m in the reporting period, as in the previous year. The next full portfolio valuation will take place, analogously to previous years, at the end of the first half of the year, i.e. on 30 June 2021.

Personnel costs increased from EUR 13.9m in the previous year to EUR 15.1m, in particular due to the further expansion of TAG's business activities at the service companies and in Poland. As of 31 March 2021, TAG employed 1,227 people in Germany (after 1,186 employees as of 31 March 2020) and 133 people in Poland (after 117 employees as of 31 March 2020), including all caretakers and craftsmen.

The amortisation of intangible assets and depreciation of property, plant and equipment of EUR 2.0m (previous year: EUR 1.7m) relates exclusively to scheduled amortisation, mainly on IT software, on office buildings used by the Group itself, which are to be recognised at amortised cost in accordance with IFRS regulations, on office furniture and equipment, and on rights of use within the meaning of IFRS 16.

Other operating expenses are composed as follows:

<b>Other operating expenses in EUR m</b>	<b>01/01-03/31/2021</b>	<b>01/01-03/31/2020</b>
Legal, consulting and audit fees (incl. IT consulting)	1.7	2.0
IT costs	0.2	0.5
Telephone costs, postage, office supplies	0.4	0.5
Cost of premises	0.4	0.4
Ancillary costs of monetary transactions	0.4	0.0
Travel costs (incl. car costs)	0.2	0.3
Contributions and donations	0.2	0.2
Ancillary staff costs	0.3	0.3
Investor Relations	0.1	0.1
Advertising costs	0.1	0.1
Insurances	0.1	0.2
Other	0.5	0.5
<b>Total</b>	<b>4.5</b>	<b>5.1</b>



At 13.3m, the financial result of the consolidated income statement – the balance of financial income and financial expenses – is slightly below the financial result from the first quarter of 2020 of EUR 11.7 EUR, mainly due to the effects of the change in exchange rates. The net financial result relevant for the determination of FFO, which is cash-effective and adjusted for annually non-recurring effects, improved from EUR 11.0m to EUR 10.7m compared to the same period of the previous year, and is determined as follows:

<b>Financial result in EUR m</b>	<b>01/01-03/31/2021</b>	<b>01/01-03/31/2020</b>
Currency differences recognised in profit or loss	-1.3	0.0
Miscellaneous other financial result	0.1	0.8
Interest income	0.1	0.2
Interest expense	-12.2	-12.8
<b>Financial result</b>	<b>-13.3</b>	<b>-11.7</b>
Elimination financial result Poland	0,1	0,0
<b>Financial result Germany</b>	<b>-13.2</b>	<b>-11.7</b>
Non-cash interest bonds	0.9	0.4
Early repayment penalties	0.0	0.6
Other non-cash items (e.g. derivatives)	1.6	-0.3
<b>Net financial result (cash-effective, without one-off calculation)</b>	<b>-10.7</b>	<b>-11.0</b>

Income taxes were made up as follows:

<b>Income taxes in EUR m</b>	<b>01/01-03/31/2021</b>	<b>01/01-03/31/2020</b>
Current taxes	1.3	1.9
Deferred taxes	7.4	5.0
<b>Total</b>	<b>8.7</b>	<b>6.9</b>

Overall, TAG generated consolidated net income of EUR 34.5m in the first three months of 2021, up from EUR 32.1m in the same period of the previous year.

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

in EUR m	01/01-03/31/2021	01/01-03/31/2020
<b>Net income</b>	<b>34.5</b>	<b>32.1</b>
Elimination of net income Poland	-0.8	1.0
<b>Net income Germany</b>	<b>33.7</b>	<b>33.1</b>
Income taxes	8.5	7.1
Financial result	13.2	11.7
<b>EBIT</b>	<b>55.5</b>	<b>51.9</b>
Valuation result	0.7	0.9
Depreciation	1.9	1.7
Sales result	-1.1	0.4
<b>EBITDA (adjusted)</b>	<b>57.0</b>	<b>54.9</b>
Net actual rent	83.1	79.7
EBITDA margin (adjusted)	68.7%	68.9%
Net financial result (cash-effective, excluding non-annually recurring effects)	-10.7	-11.0
Cash income taxes	-0.4	-1.6
Guaranteed dividend minorities	-0.3	-0.3
<b>FFO I</b>	<b>45.6</b>	<b>42.0</b>
Capitalised maintenance	-1.1	-1.2
<b>AFFO (before modernisation capex)</b>	<b>44.6</b>	<b>40.8</b>
Modernisation capex	-13.3	-19.5
<b>AFFO</b>	<b>31.3</b>	<b>21.3</b>
Sales result Germany	1.1	-0.4
Result operations Poland	1.9	0.7
<b>FFO II (FFO I plus sales result)</b>	<b>48.6</b>	<b>42.3</b>
Weighted number of shares (outstanding in thousands)	146,296	146,314
<b>FFO I per share in EUR</b>	<b>0.31</b>	<b>0.29</b>
<b>AFFO per share in EUR</b>	<b>0.21</b>	<b>0.15</b>
Weighted number of shares (fully diluted, in thousands)	147,334	161,168
<b>FFO I per share in EUR</b>	<b>0.31</b>	<b>0.26</b>
<b>AFFO per share in EUR</b>	<b>0.21</b>	<b>0.13</b>

As a result, FFO I, which is currently still calculated exclusively based on TAG's rental business in Germany, increased by EUR 3.6m or 8.6% year-on-year in the reporting period. This increase was due in particular to a EUR 2.1m rise in adjusted EBITDA and a EUR 1.2m reduction in cash income taxes.

AFFO increased by EUR 10.0m or 46.9% in Q1 2021 compared to Q1 2020. The main reason for this development was the EUR 6.2m decrease in modernisation capex compared to the same period of the previous year, which is due to the postponement of projects, especially in the Berlin and Chemnitz regions.

### Net assets and investments

The book value of the total property volume as at the reporting date is EUR 6,017.1m (of which EUR 5,825.2m is attributable to German properties and EUR 191.9m to properties in Poland), compared to EUR 5,984.4m as at 31 December 2020 (of which EUR 5,834.3m is attributable to German properties and EUR 150.1m to properties in Poland).

The most significant part of the real estate assets still consists of investment properties held for the long term; their development for the reporting period was as follows:

Investment properties in EUR m	2021	2020
<b>Status as at 01 January</b>	<b>5,819.2</b>	<b>5,200.0</b>
Acquisition through business combinations	0.0	16.9
Additions from real estate acquisitions	0.8	17.5
Investments in existing properties	14.4	20.6
Investments in project developments	42.5	11.4
Transfer from inventory real estate	0.0	1.3
Transfer to assets held for sale	-0.9	-2.1
Transfers from assets held for sale	0.0	0.1
Disposals	0.0	-0.1
Changes in market value	0.0	-0.5
Currency conversion	-2.4	-1.7
<b>Status as at 31 March</b>	<b>5,873.5</b>	<b>5,263.4</b>

TAG invested a total of EUR 24.0m (previous year: EUR 29.1m) in the ongoing maintenance and modernisation of its like-for-like portfolio in Germany in the reporting period, i.e. excluding the acquisitions of the financial year and project developments. EUR 9.6m (previous year: EUR 8.4m) was spent on maintenance recognised in profit or loss and EUR 14.4m (previous year: EUR 20.7m) on modernisation projects eligible for capitalisation, broken down as follows for the German portfolio:

in EUR m	01/01-03/31/2021	01/01-03/31/2020
Large-scale measures (e.g. modernisation of entire blocks of flats)	6.9	12.7
Flat modernisation		
Previously vacant flats	6.4	6.8
Tenant turnover	1.1	1.2
<b>Total modernisation expenses like-for-like portfolio</b>	<b>14.4</b>	<b>20.7</b>

Broken down by acquisitions, project developments and the residential portfolio including the acquisitions of the financial year, the total investments are as follows:

in EUR m	01/01-03/31/2021	01/01-03/31/2020
Acquisitions Business year	0.8	17.5
- of which modernisation expenses	0.0	0.0
Project developments	64.0	29.6
- of which Germany	1.6	5.3
- of which Poland	62.3	24.3
like-for-like Portfolio Germany	14.4	20.7
Other	0.0	0.0
<b>Investments total portfolio</b>	<b>143.1</b>	<b>97.4</b>

The expenses for project developments in Germany mainly relate to a commercial project development in Munich. A total of EUR 62.3m was invested in project developments in Poland in the reporting period, of which EUR 42.5m was invested in projects intended to build up the rental business.

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

### Financial position and equity

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

in EUR m	03/31/2021	12/31/2020
Liquid funds according to the consolidated balance sheet	403.5	324.3
Cash and cash equivalents not available at the reporting date	-2.5	-4.3
<b>Cash and cash equivalents according to cashflow statement</b>	<b>401.0</b>	<b>320.0</b>

In the first three months of the 2021 financial year, equity increased by EUR 34.5m due to the positive quarterly result, bringing total equity to EUR 2,709.0m (31 December 2020: EUR 2,681.5m). The equity ratio was 41.1% as of the reporting date (31 December 2020: 41.4%).

The following overview shows the calculation of the Net Tangible Assets (NTA) according to EPRA recommendations:

in EUR m	03/31/2021 NTA	12/31/2020 NTA
Equity (before non-controlling interests)	2,628.5	2,602.6
Effects from the conversion of the convertible bond	25.9	25.9
Deferred taxes on investment properties and derivative financial instruments	570.5	567.4
Fair value derivatives	20.1	20.1
Hidden reserves on real estate held as tangible fixed assets and inventories	39.3	40.9
Goodwill	-18.0	-18.4
Intangible assets	-4.3	-4.3
<b>EPRA NTA (diluted)</b>	<b>3,262.0</b>	<b>3,234.2</b>
Number of shares outstanding (diluted, in thousands)	147,369	147,333
<b>EPRA NTA per share in EUR (diluted)</b>	<b>22.13</b>	<b>21.95</b>

Dilution effects from the convertible bond 2017/2022 (outstanding nominal volume as of the reporting date of EUR 17.5m) were taken into account in the calculation of the EPRA NTA, as the share price as of the reporting date exceeds the current conversion price. This is not the case for the 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.

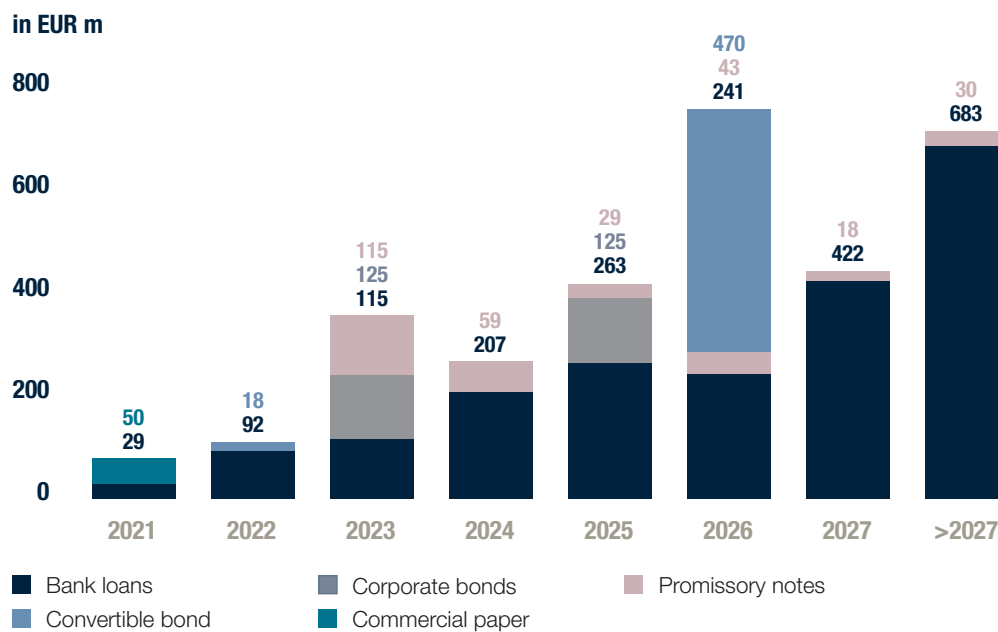
The loan-to-value (LTV) ratio is calculated as follows as at the reporting date:

in EUR m	03/31/2021	12/31/2020
Liabilities to banks	2,041.0	1,977.9
Liabilities from corporate bonds and other loans	597.7	495.9
Liabilities from convertible bonds	472.3	565.4
Cash and cash equivalents	-403.5	-324.3
<b>Net financial debt</b>	<b>2,707.5</b>	<b>2,714.9</b>
Investment properties	5,873.5	5,819.2
Real estate in property, plant and equipment	9.3	9.4
Real estate held as inventories	105.0	102.0
Real estate non-current assets held for sale	29.3	53.9
<b>Real estate volume (book value)</b>	<b>6,017.1</b>	<b>5,984.5</b>
Advance payments made or received on real estate and business acquisitions	-10.4	-8.0
Hidden reserves on real estate held as tangible fixed assets and inventories	39.3	40.9
<b>Relevant real estate volume for LTV calculation</b>	<b>6,046.0</b>	<b>6,017.4</b>
<b>LTV</b>	<b>44.8%</b>	<b>45.1%</b>

In March 2021, a new unsecured promissory note was issued for a total of EUR 100.0m with a maturity of two years and a fixed interest rate of 0.1% p.a.

The average interest rate on liabilities to banks was 1.7% as at the reporting date, down from 1.8% as at 31 December 2020. The total average cost of debt was 1.4% as at 31 March 2021 (31 December 2020: 1.5%).

The maturities of the total financial liabilities as at 31 March 2021 are shown in the following overview:



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

If one adds to the EUR 237m in bank loans maturing by the end of 2023 those for which fixed interest rates are ending, the total refinancing volume for bank loans for the period until 31 December 2023 is EUR 369m. The average interest rate on these bank loans is 2.4%. In view of the significantly lower market interest rates at this time, a further reduction in financing costs can be expected in subsequent years.

TAG continues to have an Investment Grade rating from the rating agency Moody's (Baa3). Due to its good business performance and the continuously improved financial ratios, the agency raised the outlook for the rating from 'stable' to 'positive' in April 2021.

## FORECAST, OPPORTUNITY AND RISK REPORT

TAG's business activities expose it to various operating and economic opportunities and risks. For further details on this and the forecast, please refer to the detailed descriptions in the respective 'Forecast, Opportunity and Risk Report' section of the Summary Group Management Report for the 2020 financial year, in particular the ones related to the ongoing COVID-19 pandemic described therein. Beyond that, no significant developments have occurred or become apparent that would lead to a different assessment of the opportunities and risks.

The forecasts for the 2021 financial year for FFO and the dividend published in the 2020 Annual Report remain unchanged and are as follows:

- FFO (as FFO I excluding disposals): EUR 178m to EUR 182m (2020: EUR 172.6m), or EUR 1.23 (2020: EUR 1.18) per share
- Dividend per share: EUR 0.92 (for 2020: EUR 0.88)

The other forecasts published in the 2020 Annual Report, such as for vacancy and rental growth, also remain unchanged.

## MATERIAL EVENTS AFTER THE REPORTING DAY

There were no reportable events after the balance sheet date.

Hamburg, 10 May 2021

**Claudia Hoyer**  
(COO)

**Martin Thiel**  
(CFO)

**Dr Harboe Vaagt**  
(CLO)

## CONSOLIDATED BALANCE SHEET

<b>Assets in TEUR</b>	<b>03/31/2021</b>	<b>12/31/2020</b>
<b>Non-current assets</b>		
Investment properties	5,873,465	5,819,190
Intangible assets	22,299	22,679
Property, plant and equipment	39,358	38,041
Right-of-use assets	8,476	8,766
Other financial assets	9,854	9,911
Deferred taxes	49,885	50,648
	<b>6,003,338</b>	<b>5,949,235</b>
<b>Current assets</b>		
Property held as inventory	105,000	102,006
Other inventories	966	165
Trade receivables	17,908	17,697
Income tax receivables	2,299	2,215
Other current assets	36,894	28,448
Cash and cash equivalents	403,543	324,320
	<b>566,610</b>	<b>474,851</b>
<b>Non-current assets held for sale</b>	<b>29,302</b>	<b>53,898</b>
	<b>6,599,250</b>	<b>6,477,985</b>



<b>Equity and liabilities in TEUR</b>	<b>03/31/2021</b>	<b>12/31/2020</b>
<b>Equity</b>		
Subscribed capital	146,367	146,295
Share premium	518,199	519,899
Other reserves	-15,164	-9,371
Retained earnings	1,979,070	1,945,792
Attributable to the equity holders of the parent company	2,628,471	2,602,615
Attributable to non-controlling interests	80,553	78,913
	<b>2,709,024</b>	<b>2,681,528</b>
<b>Non-current liabilities</b>		
Liabilities to banks	1,901,638	1,888,823
Liabilities from corporate bonds and other loans	542,560	442,459
Liabilities from convertible bonds	472,033	471,305
Derivative financial instruments	28,585	28,585
Retirement benefit provisions	5,695	5,783
Other non-current liabilities	35,033	21,023
Deferred taxes	577,319	570,711
	<b>3,562,864</b>	<b>3,428,690</b>
<b>Current liabilities</b>		
Liabilities to banks	139,350	89,101
Liabilities from corporate bonds and other loans	55,151	53,459
Liabilities from convertible bonds	263	94,059
Income tax liabilities	14,434	15,545
Other provisions	34,744	27,740
Trade payables	23,926	23,860
Other current liabilities	58,408	63,205
	<b>326,276</b>	<b>366,969</b>
<b>Liabilities associated with non-current assets held for sale</b>	<b>1,085</b>	<b>798</b>
	<b>6,599,250</b>	<b>6,477,985</b>

## CONSOLIDATED INCOME STATEMENT

in TEUR	01/01-03/31/2021	01/01-03/31/2020
Rental income	113,726	108,861
Impairment losses	-934	-789
Rental expense	-45,280	-42,095
<b>Net rental income</b>	<b>67,511</b>	<b>65,977</b>
Revenues from the sale of real estate	46,239	13,791
Expenses on the sale of real estate	-43,207	-14,812
<b>Sales result</b>	<b>3,032</b>	<b>-1,021</b>
Revenues from services	15,239	14,011
Impairment losses	-120	-82
Expenses from property services	-8,336	-8,132
<b>Services result</b>	<b>6,782</b>	<b>5,797</b>
Other operating income	1,576	1,570
Fair value changes in investment properties and valuation of properties held as inventory	-747	-941
Personnel expense	-15,133	-13,923
Depreciation/amortisation	-1,964	-1,656
Other operating expense	-4,523	-5,134
<b>EBIT</b>	<b>56,533</b>	<b>50,669</b>
Other financial result	-1,250	823
Interest income	106	203
Interest expense	-12,162	-12,759
<b>EBT</b>	<b>43,227</b>	<b>38,936</b>
Income taxes	-8,677	-6,810
<b>Consolidated net income</b>	<b>34,550</b>	<b>32,126</b>
attributable to non-controlling interests	1,272	836
attributable to equity holders of the parent company	33,278	31,290
<b>Earnings per share (in EUR)</b>		
Basic earnings per share	0.23	0.21
Diluted earnings per share	0.21	0.20

## CONSOLIDATED CASHFLOW STATEMENT

in TEUR	01/01-03/31/2021	01/01-03/31/2020
<b>Consolidated net income</b>	<b>34,550</b>	<b>32,126</b>
Net interest income/expense through profit and loss	12,057	12,556
Current income taxes through profit and loss	1,319	1,751
Depreciation/amortisation	1,964	1,656
Other financial result	1,250	-823
Fair value changes in investment properties and valuation of properties held as inventory	747	941
Result from the disposal of investment properties	-118	165
Result from the disposal of of intangible assets and property, plant and equipment	1	-13
Impairments accounts receivables	1,055	871
Changes in deferred taxes	7,359	5,059
Changes in provisions	6,916	4,336
Interest received	58	60
Interest paid	-10,537	-11,758
Income tax payments and refunds	-2,514	-522
Changes in receivables and other assets	-13,435	-25,578
Changes in payables and other liabilities	5,444	-3,900
<b>Cashflow from operating activities</b>	<b>46,115</b>	<b>16,927</b>
Proceeds from the disposal of investment properties (less selling costs)	16,058	4,403
Payments made for investments in investment properties	-47,585	-49,578
Cash and cash equivalents assumed in business combinations	0	72,273
Proceeds from other financial assets	68	165
Proceeds from the disposal of intangible assets and property, plant and equipment	0	13
Payments made for investments in intangible assets and property, plant and equipment	-3,080	-2,181
<b>Cashflow from investing activities</b>	<b>-34,539</b>	<b>25,095</b>
Purchase of treasury shares	0	-2,162
Payments made for the repayment of corporate bonds and other loans	-50,000	-44,020
Payments made for the purchase of minority interest	150,000	20,001
Payments made for the repayment of convertible bonds	-92,998	0
Proceeds from new bank loans	78,445	154,871
Repayment of bank loans	-15,032	-61,229
Repayment of lease liabilities	-713	-593
<b>Cashflow from financing activities</b>	<b>69,702</b>	<b>66,868</b>
Net change in cash and cash equivalents	81,278	108,890
Cash and cash equivalents at the beginning of the period	320,019	88,686
Currency differences	-252	-3,306
<b>Cash and cash equivalents at the end of the period</b>	<b>401,045</b>	<b>194,270</b>

## TAG FINANCIAL CALENDAR 2021

### PUBLICATIONS

10 May 2021	Interim Statement Q1 2021
11 May 2021	Annual General Meeting, Hamburg
11 August 2021	Interim Report Q2 2021
09 November 2021	Interim Statement Q3 2021

### CONFERENCES

05/27/2021	Kempen's 19 <sup>th</sup> Virtual European Property Seminar Amsterdam (virtual)
05/28/2021	Société Générale Virtual Nice Conference (virtual)
06/08-09/2021	Goldman Sachs European Financial Conference, Berlin
06/16-17/2021	DB Access Conference, Berlin
06/23-24/2021	Kepler Cheuvreux German & Austrian Property Days
08/30-09/02/2021	Commerzbank Corporate Conference, Frankfurt
09/20-09/22/2021	Berenberg/Goldman Sachs 10 <sup>th</sup> German Corporate Conference
09/20-24/2021	Baader Investment Conference, München
09/21-23/2021	REthink 2021 – EPRA Conference, Paris
11/25/2021	Berenberg Real Estate Seminar, Paris



**TAG Headquarter Hamburg**

## CONTACT

### **TAG Immobilien AG**

Steckelhörn 5  
20457 Hamburg  
Phone +49 40 380 32 - 0  
Fax +49 40 380 32 - 390  
info@tag-ag.com  
www.tag-ag.com

### **Dominique Mann**

Head of Investor & Public Relations  
Phone +49 40 380 32 - 300  
Fax +49 40 380 32 - 388  
ir@tag-ag.com

The English version of the Interim Statement Q1 2021 is a translation of the German version.  
The German version is legally binding.

Concept: fischer's brand loft Werbeagentur GmbH  
Layout and typesetting: TAG Immobilien AG

# **TAG**

**Immobilien AG**

Steckelhörn 5  
20457 Hamburg  
Telefon +49 40 380 32-0  
Telefax +49 40 380 32-390  
[info@tag-ag.com](mailto:info@tag-ag.com)  
[www.tag-ag.com](http://www.tag-ag.com)