



# ANNUAL REPORT 2024

GROWING CASHFLOWS

**TAG**  
Immobilien AG

# GROUP FINANCIALS

in EUR m

<b>Income statement key figures</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Rental income (net actual rent)	360.2	350.8	339.9
EBITDA (adjusted) Germany and Poland rental business	238.5	236.4	233.5
EBITDA (adjusted) from sales Poland	76.6	100.6	80.8
EBITDA (adjusted) total	315.1	337.0	233.5
Adjusted net income from sales Poland	66.2	82.8	59.3
Consolidated net profit	122.1	-410.9	189.4
FFO I per share in EUR	1.00	0.98	1.19
FFO I	175.1	171.7	189.4
FFO II per share in EUR	1.36	1.46	1.56
FFO II	239.4	255.6	247.3
<b>Balance sheet key figures</b>	<b>12/31/2024</b>	<b>12/31/2023</b>	<b>12/31/2022</b>
Total assets	7,750.3	7,299.8	8,214.6
Equity	3,099.9	2,964.5	3,307.7
EPRA NTA per share in EUR	19.15	18.31	20.74
LTV in %	46.9	47.0	46.7
<b>Portfolio data</b>	<b>12/31/2024</b>	<b>12/31/2023</b>	<b>12/31/2022</b>
Units Germany	83,618	84,682	86,914
Units Poland (completed rental apartments)	3,219	2,417	1,153
Sold units Poland	1,936	3,586	2,389
Handovers in Poland	2,666	3,812	3,788
GAV Germany (real estate assets, in EURm)	5,286.1	5,442.9	6,328.8
GAV Poland (real estate assets, in EURm)	1,219.8	1,131.5	1,152.6
GAV total (real estate assets, in EURm)	6,505.9	6,574.4	7,481.4
Vacancy in % Germany (total portfolio)	3.9	4.3	4.8
Vacancy in % Germany (residential units)	3.6	4.0	4.4
Vacancy in % Poland (total portfolio)	4.9	7.2	35.8
I-f-I rental growth in % Germany	2.5	1.8	1.5
I-f-I rental growth in % Germany (incl. vacancy reduction)	3.0	2.3	2.7
I-f-I rental growth in % Poland	3.2	10.8	22.0

<b>EPRA key figures</b>	<b>12/31/2024</b>	<b>12/31/2023</b>	<b>12/31/2022</b>
EPRA Earnings per share in EUR	0.99	0.91	1.08
EPRA NTA per share in EUR	19.15	18.31	20.74
EPRA Net Initial Yields in %	5.0	4.5	4.2
EPRA Vacancy Rate in %	4.0	4.7	4.4
EPRA Cost Ratio (incl. vacancy costs) in %	33.7	32.6	30.5
EPRA Cost Ratio (excl. vacancy costs) in %	31.5	30.0	27.8
EPRA Loan to Value in %	47.6	48.6	47.6
<b>Employees</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Number of employees	1,856	1,816	1,739
<b>Capital market data</b>			
Market cap at 12/31/2024 in EURm	2520		
Share capital at 12/31/2024 in EUR	175,489,025		
WKN/ISIN	830350/DE0008303504		
Number of shares at 12/31/2024 (issued)	175,489,025		
Number of shares at 12/31/2024 (outstanding, without treasury shares)	175,404,601		
Free Float in % (without treasury shares)	100		
Index	MDAX/EPRA		

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## FOREWORD BY THE MANAGEMENT BOARD

**Dear Shareholders,  
Ladies and Gentlemen,**

The 2024 financial year brought a lot of changes. After refinancing and liquidity were the focus in 2022 and 2023, we are now back on a growth path.

We successfully completed our disposal programme in Germany. In the last three years, we sold more than 4,300 residential units, generating sales proceeds of around EUR 460m. This greatly helped with finalising refinancings and maintaining our KPIs at a strong level. It is particularly gratifying that we were able to maintain our operating result (EBITDA from the German rental business) over this three-year period despite these disposals. With rental growth at 3.0% and vacancy in our German residential units at just 3.6% at year-end, 2024 once again showed how strong the demand for attractive, affordable apartments remains. Going forward, we will again look for attractive acquisition opportunities in Germany, with a view to systematically strengthening our portfolio. Overall, at EUR 175.1m we actually slightly exceeded our FFO I guidance of EUR 170-174m in the rental business, including in rental income from Poland, despite the disposals that took place.

We want to continue to generate significant growth in Poland. The sales business, which became more important for the TAG Group with the acquisition of ROBYG in March 2022, continues to perform very well. We exceeded our forecast for 2024 in this segment by 35% and are currently generating net income from sales of around EUR 60-70m p.a. in this business alone – in 2023 they even exceeded EUR 80m. As a result of the strong net income from sales in Poland, FFO II, which includes this business area in addition to the rental result (FFO I), also significantly exceeded our original guidance of EUR 217-223m, reaching EUR 239.4m in 2024.

The Polish rental business will be a clear focus of our future investment activity. At year-end 2024, we were already Poland's second-largest landlord with around 3,200 residential units. We plan to expand our rental portfolio to 10,000 residential units by the end of 2028. The essential basis for this is already in place: the land reserves, a highly experienced and professional local team, and a sufficient liquidity position. So our planned growth is clearly visible. We expect that we will be able to increase our EBITDA from renting business by around 25% by the end of 2028 through growth in the Polish rental portfolio alone. Furthermore, the completion of the sales programme will have a positive impact on the development of EBITDA from the German rental business.



Our current liquidity position can be described as excellent. At year-end 2024, cash and cash equivalents amounted to around EUR 600m. If we add in the EUR 332m convertible bond issued in March 2025, we currently have liquidity of around EUR 930m on this basis. The funds raised in August 2024 from the issue of a EUR 500m corporate bond form a key component of this liquidity. In other words, we have twice successfully tapped the capital market for unsecured financing within just over six months – and at what we consider to be very good conditions. The basis for this was TAG's once again being awarded a stable investment grade rating by both rating agencies, Moody's and S&P Global, in the course of 2024. This not only made these financings easier for us, it was also a recognition of the financial discipline we consistently maintained in 2022 and 2023.

After suspending the dividend for 2022 and 2023, we are very pleased to be able to once again propose a dividend of EUR 0.40 per share to our shareholders for FY 2024. This corresponds to a payout ratio of 40% of FFO I, i.e. rental income. So we will continue to retain funds in the company to enable further growth. In addition, we will continue to use all of the proceeds from sales in Poland to finance growth. This will create the basis for higher earnings and correspondingly higher dividends in subsequent years.



Sustainability was another focus topic for us in 2024. On the reporting side, for example, this year's Annual Report contains a significantly expanded and comprehensive Group Sustainability Statement that applies the provisions of the European Sustainability Reporting Standards (ESRS) nearly in full. But even more important than reporting, in our view, is the fact that TAG acts sustainably. This was again recognised in 2024 with numerous awards, which we were very happy to accept. For example, TAG received the special prize at the 2024 Real Estate Social Impact Investing Awards for its commitment to strong neighbourhoods, and we were also honoured with the German Award for Sustainability Projects. In an ESG rating published by Sustainalytics in May 2024, TAG was listed in the best possible category, "negligible ESG risk", as in previous years. With a score of 4.6, TAG came in at #2 of more than 1,000 real estate companies, and #9 of the more than 16,000 companies analysed worldwide.

While all of this makes us optimistic about the future, we will of course remain vigilant. The recent interest rate hikes, persistent inflation, and current geopolitical crisis require us to constantly monitor the situation, especially on the capital markets.

We would like to thank you, our shareholders, for your continued trust and confidence in us. We would also like to thank our employees, both in Germany and in Poland. With these strong teams, we can systematically pursue our growth plans. From a strategic point of view, we remain very well positioned with our portfolios in Germany and Poland, two countries with high demand for residential property driven by positive fundamental conditions.

Yours sincerely,

**Claudia Hoyer**  
COO and Co-CEO

**Martin Thiel**  
CFO and Co-CEO

# BOARD REPORT

## REPORT OF THE SUPERVISORY BOARD FOR THE 2024 FINANCIAL YEAR

### **Dear Shareholders, Ladies and Gentlemen,**

We can look back on a very successful financial year in 2024. Thanks to strong operational performance, we exceeded our targets in both our German and Polish business. The valuation of the German real estate portfolio has bottomed out this year, we again have two stable investment-grade ratings and, as the successful issue of our EUR 500m corporate bond in August 2024 showed, we have financing options for the growth planned over the next few years. This allows us to look to the future with optimism.

### **Collaboration with the Management Board and monitoring of the Company's management**

In the 2024 financial year, the Supervisory Board performed the duties incumbent upon it by law, the Articles of Association, the German Corporate Governance Code (GCGC) and its rules of procedure with due care. It regularly advised the Management Board on the management of the Company and monitored its activities. It was also directly involved in all decisions of fundamental importance to the Company at an early stage. The Management Board reported regularly, promptly and comprehensively on all relevant issues of corporate planning and strategic development. The Management Board's reporting covered the economic and earnings position of TAG and its Group companies, the course of business, the internal control system, the risk situation, risk management, compliance and sustainability issues. Reporting was done in writing and orally. The Management Board was also in regular contact with the Chairman of the Supervisory Board to discuss important business transactions and to exchange information on the general course of business.



## Composition and organisation of the Supervisory Board

The Supervisory Board was able to expand with the election of Ms Gabriela Gryger as a shareholder representative at the Annual General Meeting on 28 May 2024. She has extensive expertise in the Polish residential real estate market. This also further strengthens the diversity of the Supervisory Board, with women making up 50% of the Supervisory Board, as they do of the Management Board, and our Supervisory Board is now internationally positioned, as Ms Gryger has Polish citizenship. We would like to expressly thank Dr. Phillipp Wagner for his willingness to step down from the Supervisory Board to make Ms Gryger's election possible. In addition, Mr Eckhard Schultz, who was appointed to the Supervisory Board by the court in October 2023 after being selected by the Supervisory Board, was elected by the Annual General Meeting.

The existing members of the Supervisory Board and new member Ms Gryger have the knowledge, skills and experience required to properly perform their duties. The respective professional expertise of the individual Supervisory Board members complements each other, enabling the Supervisory Board as a whole to comprehensively fulfil its duties. The Supervisory Board's control and advisory function is ensured in accordance with the law, the Articles of Association, the German Corporate Governance Code and the rules of procedure.

The Supervisory Board has formed an Audit Committee and a Personnel Committee. The Audit Committee is responsible for the preliminary audit of the documents relating to the annual financial statements and the consolidated financial statements, as well as the preparation of the adoption or approval of these and the Management Board's proposal for the appropriation of profits. The committee discusses with the Management Board, among other things, the principles of compliance, the risk management system and the appropriateness and functionality of the internal control systems. The tasks of the Audit Committee also include preparing the election of the auditor by the Annual General Meeting and verifying the auditor's independence required for this purpose. The members of the Audit Committee have sufficient expertise in the field of accounting and auditing. Expertise in both areas includes reporting, including its audit on sustainability topics.

The Personnel Committee, which also performs the tasks of a nominating committee, is responsible for all personnel matters related to the Supervisory Board and Management Board, the conclusion and content of Management Board contracts and related advisory matters, including fixed and variable remuneration. Furthermore, the Personnel Committee selects suitable candidates for nomination to the Supervisory Board at the Annual General Meeting.

All members of the Supervisory Board have fulfilled their continuing professional development obligations. The focus was on the training offered by the Company on compliance and data protection, but external training in the area of sustainability was also provided.

The composition of the Supervisory Board and its committees is as follows:

Supervisory Board members and composition of the committees	Supervisory Board	Audit Committee	Personnel Committee
Olaf Borkers	Chairman	Deputy Chairman	Chairman <sup>3)</sup>
Eckhard Schultz	Deputy Chairman	Chairman	Deputy Chairman
Prof. Dr. Kristin Wellner	Member	Member	-
Dr. Philipp K. Wagner	Member <sup>1)</sup>	-	Chairman <sup>2)</sup>
Gabriela Gryger	Member <sup>3)</sup>	-	Member <sup>3)</sup>
Beate Schulz <sup>4)</sup>	Member	-	-
Björn Eifler <sup>4)</sup>	Member	-	-

<sup>1)</sup> Resignation from office at the end of the Annual General Meeting on 28 May 2024

<sup>2)/3)</sup> Until/from end of the Annual General Meeting on 28 May 2024

<sup>4)</sup> Employee representatives

## Meetings of the Supervisory Board

In the 2024 financial year, three meetings were held in person and four video conferences were held, some of which were also held in whole or in part without the Management Board. Resolutions were passed outside of meetings by means of electronic communication in six cases. The participation of the Supervisory Board members in the meetings of the past financial year is as follows:

Attendance of Supervisory Board meetings in 2024	11 Mar (P)	23 Apr (V)	27 May (P)	13 Aug (P)	06 Sep (P)	12 Nov (V)	11 Dec (V)
Olaf Borkers	x	x	x	x	x	x	x
Eckhard Schultz	x	x	x	x	x	x	x
Prof. Dr. Kristin Wellner	x	x	x	x	x	x	x
Dr. Philipp K. Wagner until 28 May 2024	x	x	x	-	-	-	-
Gabriela Gryger since 28 May 2024	-	-	-	x	x	x	x
Beate Schulz	x	x	x	x	x	x	x
Björn Eifler	x	x	x	x	x	x	x

Attendance at meetings Audit Committee 2024	27 May (P)	06 Sep (P)	12 Nov (V)
Olaf Borkers	x	x	x
Eckhard Schultz	x	x	x
Prof. Dr. Kristin Wellner	x	x	x

<b>Attendance at meetings Personnel Committee 2024</b>	<b>06 Sep (P)</b>	<b>19 Sep (V)</b>	<b>15 Oct (V)</b>	<b>22 Oct (V)</b>	<b>23 Oct (V)</b>	<b>12 Nov (V)</b>	<b>18 Nov (V)</b>	<b>28 Nov (V)</b>
Olaf Borkers	x	x	x	x	x	x	x	x
Eckhard Schultz	x	x	x	x	x	x	x	x
Gabriela Gryger since 28 May 2024	x	x	x	x	x	x	x	x

V = Video conference  
P = Present in person

At its meeting on 11 March 2024, the Supervisory Board dealt in detail with the annual and consolidated financial statements for 2023 and the results of the audit by the auditor. The representatives of the auditor discussed the results of the audit in detail with the Supervisory Board. The Supervisory Board then approved the 2023 annual and consolidated financial statements. In addition, the Supervisory Board determined the final variable remuneration for the Management Board from the 2023 Short Term Incentive Plan. Furthermore, the determination of personal targets for 2024 for the members of the Management Board as part of their remuneration, the adoption of the agenda items for the Annual General Meeting and the risk, compliance and data protection report were the subject of the negotiations.

At the meeting on 23 April 2024, the Management Board presented the Sustainability Report for the 2023 financial year, which was unanimously approved by the Supervisory Board.

On 27 May 2024, the focus was on the Management Board's report on current business operations and the results of the first quarter of 2024, as well as on the expected changes to sustainability reporting due to the CSRD Directive and the composition of the Audit and Personnel Committee.

At its meeting on 13 August 2024, the Supervisory Board discussed the Management Board's proposal to issue a corporate bond.

At the meeting on 6 September 2024, representatives of CBRE presented the current transaction market for residential real estate and the criteria for the valuation of TAG properties in Germany. In addition, the Supervisory Board discussed, among other things, the report from current operating business in Germany and Poland, the results for the second quarter of 2024, and the procedure for the Supervisory Board's self-assessment.

At the meeting on 12 November 2024, the focus was on the report by representatives of Savills on the current transaction market for residential real estate and the criteria for the valuation of TAG properties in Poland, the report of the Management Board on the results of the third quarter of 2024, the adoption of the planning for the financial years 2025 to 2027 and the guidance for the financial year 2025. Other key topics included the decision to propose a dividend payment of an expected EUR 0.40 per share together with the Management Board at the Annual General Meeting in 2025. The Supervisory Board also discussed the results of the self-assessment using a detailed questionnaire and the

current status of the review of the Management Board remuneration system without the presence of the Management Board.

On 11 December 2024, the Supervisory Board discussed the current status of negotiations on the new Management Board remuneration system without the Management Board being present.

Resolutions adopted outside of meetings by means of electronic communication primarily concerned financing and investments in the Polish residential property market.

## **Work of the Audit Committee and the Personnel Committee**

During the last financial year, the Audit Committee was in close contact with the auditor. The main topics were the audit risk, the audit strategy and audit planning, as well as the results of the audit.

The Audit Committee held three meetings during the reporting year. The 2023 annual financial statements and management report and the 2023 consolidated financial statements were discussed in detail with the auditor prior to their approval by the Supervisory Board on 11 March 2024. The review of the interim financial statements for the first half of 2024 and the planning and focus of the audit for the 2024 financial year were the main topics at the meeting on 6 September 2024. At the meeting on 12 December 2024, the focus was on the auditor's report on the current status of the audit for the 2024 financial year.

The Personnel Committee held a total of eight meetings and passed one resolution by electronic vote. It dealt intensively with the succession of Dr. Philipp K. Wagner on the Supervisory Board and, as scheduled, with the new Management Board remuneration system to be submitted to the Annual General Meeting 2025 for approval. Representatives of the consulting firm and/or the Management Board also took part in individual meetings regarding the latter.

## **Statutory auditor for 2024**

The Supervisory Board has engaged Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, elected by the Annual General Meeting on 28 May 2024, to audit the annual and consolidated financial statements of TAG Immobilien AG for the year ending 31 December 2024.

## **Approval of the annual financial statements and the consolidated financial statements**

Deloitte GmbH Wirtschaftsprüfungsgesellschaft has audited the Company's annual financial statements and management report prepared in accordance with the principles of commercial law, as well as the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), including the Group management report, for the 2024 financial year and has issued an unqualified audit opinion in each case.

The financial statements and the audit reports were provided to all members of the Supervisory Board in good time and discussed in detail at the Supervisory Board meeting on 24 March 2025. Representatives of the auditor attended this meeting, explained the audit and were available to answer questions from the Supervisory Board. The auditor also

confirmed that the risk early-warning system set up by the Management Board is suitable for detecting at an early stage any developments that could endanger the Company's continued existence.

The Supervisory Board concurred with the auditor's findings and, on the basis of its own examination of the annual and consolidated financial statements and the respective management reports, did not raise any objections. The annual and consolidated financial statements prepared by the Management Board were approved by the Supervisory Board and thus adopted.

## **Corporate governance**

The Supervisory Board and the Audit Committee monitor management's compliance with the principles of good corporate governance. There were no conflicts of interest with the members of the Supervisory Board in the financial year.

In the 2024 financial year, the Chairman of the Supervisory Board again conducted a corporate governance roadshow with voting rights advisors and major investors in our Company to exchange views on our intentions and their views on, among other things, a new Management Board remuneration system.

No member of the Management Board or Supervisory Board has received loans from TAG Immobilien AG or any of its subsidiaries, or granted them.

The declaration in accordance with Section 161 of the German Stock Corporation Act (AktG) was issued in November 2024 without any restrictions. The recommendations of the Corporate Governance Code of the Institute for Corporate Governance in the German Real Estate Industry from September 2023 ('CGK-i 2023') have been and are also followed with the exception of its recommendation D.12-i. The Supervisory Board does not consider an external assessment of the effectiveness of the Supervisory Board's work to be necessary (see the Declaration of Conformity from November 2024).

## **Vote of thanks to the staff**

The Supervisory Board and the Management Board would like to express their appreciation and thanks to all employees, both in Germany and in Poland, whose hard work in the reporting year made the positive development and further growth of the Group possible.

Hamburg, March 2025

For the Supervisory Board

Olaf Borkers

Chairman of the Supervisory Board

# EPRA

## EPRA REPORTING

Since 2001, TAG Immobilien AG has been a member of EPRA (European Public Real Estate Association), a non-profit organisation representing the listed real estate sector in Europe, which regularly publishes "Best Practice Recommendations" on financial reporting and the calculation of certain performance indicators. Even though TAG's internal corporate management currently is not based on EPRA figures, for information purposes we are publishing below key figures and calculations prepared in accordance with EPRA's Best Practice Recommendations in their currently valid version (<http://www.epra.com/finance/financial-reporting/guidelines>). In this way, TAG actively supports EPRA's initiative to standardise and improve the comparability of key financial figures for real estate companies.

### EPRA EARNINGS

EPRA Earnings show a performance indicator that measures the operating result from the rental business of real estate. EPRA Earnings per share are then calculated taking into account the weighted number of shares outstanding during the financial year.

in EUR m	2024	2023
<b>Net income</b>	<b>122.1</b>	<b>-410.9</b>
Changes in value of investment properties, development properties held for investment and other interests	114.6	705.2
Profits or losses on disposal of investment properties, development properties held for investment and other interests	0.6	-3.5
Profits or losses on sales of trading properties including impairment charges in respect of trading properties	-67.8	-71.3
Other costs in respect of disposal of properties	12.9	13.4
Tax on profits or losses on disposals	13.5	14.0
Changes in fair value of financial instruments and associated close-out costs	1.4	18.1
Deferred taxes on EPRA adjustments	-21.8	-106.5
Adjustments in respect of joint ventures	-1.6	2.4
Non-controlling interests in respect of the above	-0.9	-1.1
<b>EPRA Earnings</b>	<b>172.9</b>	<b>159.8</b>
Other deferred taxes	-8.2	-4.2
Other non-cash financial results	-2.3	5.8
Non-recurring effects (provisions for property transfer tax risks)	0.0	0.0
Depreciation/amortisation	12.7	10.2



<b>Adjusted EPRA Earnings (FFO I)</b>	<b>175.1</b>	<b>171.7</b>
Weighted average number of shares (outstanding, in '000)	175,471	175,444
<b>EPRA Earnings per share in EUR</b>	<b>0.99</b>	<b>0.91</b>
<b>Adjusted EPRA Earnings (FFO I) per share in EUR</b>	<b>1.00</b>	<b>0.98</b>
Interest expense convertible bond	0.0	0.0
<b>EPRA Earnings, diluted<sup>1)</sup></b>	<b>172.9</b>	<b>159.8</b>
Weighted average number of shares in TEUR, diluted in '000	175,471	175,444
<b>EPRA Earnings per share in EUR, diluted<sup>1)</sup></b>	<b>0.99</b>	<b>0.91</b>

1) No diluting effects on the reporting dates.

Similar to the funds from operations (FFO I), shown here as “adjusted EPRA-Earnings”, valuation and sales results are eliminated based on the IFRS group result. However, in contrast to the calculation of FFO I, not all deferred taxes are adjusted in the EPRA Earnings. This means, for example, that consumption and write-downs on deferred taxes on loss carryforwards are fully deducted in the calculation of EPRA Earnings, although they are non-cash items, whereas they are eliminated in the calculation of FFO I. In addition, non-recurring items and depreciation are deducted in the EPRA Earnings, whereas they are eliminated in the FFO I.

## EPRA METRICS

The EPRA differentiates between three different metrics within the net asset values (NAV), which are used to model various scenarios for real estate companies. Based on equity as a measure of net assets, different adjustments are made depending on the different investment strategies of a company.

The EPRA Net Reinstatement Value (EPRA NRV) assumes a holding strategy and essentially represents a reconstruction value of the property portfolio. Accordingly, transaction costs that are deducted in the context of property valuation according to IFRS are added back, as are hidden reserves, after deferred tax effects and minority interests, in the property, plant and equipment or inventories valued at cost. An adjustment is also made for deferred taxes on the property portfolio and for derivative financial instruments, including deferred tax effects, where realisation in the current business operation is not expected.

The EPRA Net Tangible Assets (EPRA NTA) is based on the assumption that regular property purchase and sale transactions are carried out, whereby deferred taxes are also realised on a pro rata basis. Therefore, an adjustment is made only for deferred taxes on the strategic core portfolio within the investment properties. As with the EPRA NRV, hidden reserves in the real estate portfolio are taken into account and derivative financial instruments are adjusted for deferred tax effects. In addition, intangible assets, including goodwill, are not taken into account in this strategy.

The EPRA Net Disposal Value (EPRA NDV) reflects the strategy of selling the real estate portfolio and thus requires the inclusion of deferred taxes and derivative financial instruments at fair value, as well as other financial liabilities that would be realised under this strategy. Goodwill is excluded, but intangible assets continue to be recognised.

EUR m	EPRA NRV	EPRA NTA	EPRA NDV
	12/31/2024	12/31/2024	12/31/2024
<b>Equity (without non-controlling interest)</b>	<b>3,019.6</b>	<b>3,019.6</b>	<b>3,019.6</b>
Deferred taxes on investment properties and derivative financial instruments	566.4	557.1	0.0
Fair value of derivative financial instruments	11.7	11.7	0.0
Difference between fair value and book value of properties valued at cost	60.0	60.0	60.0
Goodwill	0.0	-286.1	-286.1
Intangible assets	0.0	-3.6	0.0
Difference between fair value and book value of financial liabilities	0.0	0.0	98.7
Transaction costs (e.g. real estate transfer-tax)	458.4	0.0	0.0
<b>EPRA Metrics (diluted)</b>	<b>4,116.1</b>	<b>3,358.7</b>	<b>2,892.2</b>
Number of shares outstanding (diluted, in '000)	175,405	175,405	175,405
<b>EPRA metrics per share (diluted)</b>	<b>23.47</b>	<b>19.15</b>	<b>16.49</b>

EUR m	EPRA NRV	EPRA NTA	EPRA NDV
	12/31/2023	12/31/2023	12/31/2023
<b>Equity (without non-controlling interest)</b>	<b>2,885.2</b>	<b>2,885.2</b>	<b>2,885.2</b>
Deferred taxes on investment properties and derivative financial instruments	573.8	550.8	0.0
Fair value of derivative financial instruments	10.1	10.1	0.0
Difference between fair value and book value of properties valued at cost	51.9	51.9	51.9
Goodwill	0.0	-281.8	-281.8
Intangible assets	0.0	-4.1	0.0
Difference between fair value and book value of financial liabilities	0.0	0.0	131.2
Transaction costs (e.g. real estate transfer-tax)	471.0	0.0	0.0
<b>EPRA Metrics (diluted)</b>	<b>3,992.0</b>	<b>3,212.1</b>	<b>2,786.5</b>
Number of shares outstanding (diluted, in '000)	175,444	175,444	175,444
<b>EPRA metrics per share (diluted)</b>	<b>22.75</b>	<b>18.31</b>	<b>15.88</b>

In principle, all NAVs are to be determined on a fully diluted basis. As in the previous year, the outstanding convertible bond 2020/2026 is “out of the money”, so no dilution effects had to be taken into account.

Deferred taxes are taken into account as follows when calculating the NTA:

	2024			2023		
	Fair value in EUR m	Share of total portfolio	Share of deferred tax corrections	Fair value in EUR m	Share of total portfolio	Share of deferred tax corrections
Strategic core portfolio	5,828.4	89%	100%	5,934.3	89%	100%
Other portfolio including properties held for sale	741.2	11%	0%	708.6	11%	0%

## EPRA NET INITIAL YIELD

The EPRA net initial yield is the ratio of the annualised annual net cold rent available at the reporting date, less non-recoverable charges, maintenance expenses and adjustments for rental incentives, to the fair value of the total real estate assets, including the transaction costs deducted in the valuation of the real estate assets (incidental acquisition costs). In the case of TAG as a residential rental business, the EPRA net initial yield also corresponds to the “topped-up EPRA net initial yield”, as rent-free periods are only of very minor significance in this business model.

in EUR m	12/31/2024	12/31/2023 <sup>1)</sup>
Market value of total real estate assets	5,552.2	5,664.2
Transaction costs deducted (incidental acquisition costs)	458.4	471.0
<b>Market value of total real estate assets (gross)</b>	<b>6,010.6</b>	<b>6,135.2</b>
Annualised net annual rental income on the reporting date	367.0	352.4
Maintenance expenses	-44.7	-39.8
Non-recoverable charges	-12.7	-11.4
Ancillary costs of vacant real estate	-8.2	-9.4
<b>Rental income after non-rechargeable ancillary expenses and maintenance costs</b>	<b>301.5</b>	<b>291.7</b>
Adjustments for rental incentives (rent-free periods)	0.0	0.0
<b>Rent after non-allocable utility costs, maintenance costs and rental incentives</b>	<b>301.5</b>	<b>291.7</b>
<b>EPRA Net Initial Yield</b>	<b>5.0%</b>	<b>4.8%</b>
<b>EPRA 'topped up' Net Initial Yield</b>	<b>5.0%</b>	<b>4.8%</b>

1) Adjusted: the undeveloped plots in Poland are no longer included in the underlying property volume, as no rental income can be generated from them.

## EPRA VACANCY RATE

The EPRA vacancy rate is calculated based on the net cold rent of the vacant units as of the reporting date in relation to the current net cold rent of the overall portfolio. If vacancies are the result of long-term project development measures, these are not taken into account when calculating the EPRA vacancy rate.

in EUR m	12/31/2024	12/31/2023
Estimated rental income in December	32.6	32.1
Estimated rental income lost as a result of vacancies in December	1.3	1.5
<b>EPRA vacancy rate in %</b>	<b>4.0%</b>	<b>4.7%</b>

## EPRA COST RATIO

The EPRA cost ratios are calculated as the ratio of total rental and administrative expenses (including or excluding vacancy costs, taking into account other operating income in the opposite direction and eliminating special effects) to total rental income for the financial year. The cost ratios serve as a benchmark for a meaningful valuation of the development of operating expenses.

in EUR m	2024	2023
Rental expenses (non-rechargeable)	68.8	63.8
Impairment losses (rental business)	4.8	5.7
Net income from property services	-38.4	-33.3
Other operating income	-5.8	-7.1
Personnel expenses	68.2	63.2
Other operating expense	23.9	22.2
<b>EPRA costs incl. vacancy costs</b>	<b>121.5</b>	<b>114.5</b>
Vacancy costs	8.2	9.4
<b>EPRA costs excl. vacancy costs</b>	<b>113.3</b>	<b>105.1</b>
Rental income (net rent)	360.2	350.8
<b>EPRA costs ratio incl. vacancy costs in %</b>	<b>33.7%</b>	<b>32.6%</b>
<b>EPRA costs ratio excl. vacancy costs in %</b>	<b>31.5%</b>	<b>30.0%</b>

The initial valuation of real estate is based on the cost of acquisition or construction, including ancillary costs. Borrowing costs incurred in connection with the acquisition or construction of investment properties are capitalised if the relevant conditions are met. Subsequent costs for the expansion, conversion or modernisation of the property are taken into account if these contribute to an increase in the fair value of the property. The production costs include the costs directly attributable to the property; overheads are not capitalised. In the financial year just ended, directly attributable personnel expenses of EUR 2.0m (previous year: EUR 1.9m) were capitalised in connection with modernisation expenses incurred by the Company's own employees. No disclosures are made in connection with joint ventures as TAG is not involved in any joint ventures in the rental business.

## EPRA Loan to Value (LTV)

The EPRA Loan-to-Value (LTV) ratio is calculated as the ratio between net financial debt and the total property volume and represents the LTV of the equity.

in EUR m	12/31/2024	12/31/2023
Liabilities to banks	2,358.3	2,290.3
Liabilities from corporate bonds and other loans	893.8	523.9
Liabilities from convertible bonds	466.3	463.5
Net payables <sup>1)</sup>	51.1	117.3
Cash and cash equivalents	-603.5	-128.6
<b>Net financial debt</b>	<b>3,166.0</b>	<b>3,266.3</b>
Investment properties	5,834.4	5,935.3
Property reported under tangible assets	2.3	2.0
Property held as inventory	611.3	629.6
Property reported under non-current assets held for sale	58.0	7.5
<b>Real estate volume (book value)</b>	<b>6,505.9</b>	<b>6,574.4</b>
Intangible assets	3.6	4.1
Net receivables	0.0	0.0
Difference between fair value and book value for properties valued at cost	84.4	75.7
Financial assets	63.4	66.9
<b>Relevant real estate volume for LTV calculation</b>	<b>6,657.3</b>	<b>6,721.1</b>
<b>EPRA Loan to Value (LTV)</b>	<b>47.6%</b>	<b>48.6%</b>

1) without prepayments received from sales

Net liabilities and net receivables are the balance of trade receivables and payables, other receivables and other liabilities, other provisions and income tax receivables and income tax liabilities.

## EPRA CAPEX

EPRA CAPEX shows the property-related investments made during the financial year.

EUR m	2024	2023
Acquisitions financial year	86.5	0.0
Project developments	44.3	63.7
- of which capitalised interest	3.4	1.5
like-for-like portfolio Germany <sup>1)</sup>	79.4	86.2
- of which investments in existing space	79.4	86.2
Other <sup>2)</sup>	0.0	0.0
<b>EPRA CAPEX</b>	<b>210.1</b>	<b>149.9</b>

<sup>1)</sup> Investments in investment properties of EUR 79.3m (previous year: EUR 85.9m), investments in properties held for sale of EUR 0.1m (previous year: EUR 0.3m)

<sup>2)</sup> Rental incentives, e.g. rent-free periods for tenants as a result of modernisations undertaken by tenants themselves, are of subordinate importance with a total volume of c. TEUR 20 p.a.; information on modernisation expenses in connection with joint ventures is not provided, as TAG's joint ventures do not report any investment properties.

In the financial year, property purchases in Poland were recognised under acquisitions. The development projects relate to investments in new residential construction in Poland. Including the development projects recognised under inventories, a total of EUR 359.5m (previous year: EUR 327.4m) was invested. The modernisation expenses for the like-for-like portfolio only relate to investments in existing space, while investments in additional space are of minor importance.



# MANAGEMENT REPORT

## COMBINED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2024

### FOUNDATIONS OF THE GROUP

#### **Overview and corporate strategy**

TAG Immobilien AG (hereinafter also referred to as "TAG" or the "Group") is a property company focused on the residential real estate sector, based in Hamburg. The properties of TAG and its subsidiaries are spread across various regions in Northern and Eastern Germany and North Rhine-Westphalia, and since the 2020 financial year, also in Poland, where the business model includes not only building and managing a residential real estate portfolio but also sales activities. As of 31 December 2024, TAG managed a total of around 82,500 (31 December 2023: around 84,700) of its own residential units in Germany and around 3,200 (31 December 2023: around 2,400) in Poland.

TAG's business model in Germany is based on the long-term rental of residential units. All the functions essential for real estate management are performed by our own employees. In addition, caretaker and craftsman services are provided for TAG's own portfolio. The rental business focuses on affordable housing that appeals to broad sections of the population. The Group's own multimedia company supports the multimedia needs of tenants and expands the range of property management services. Energy management is bundled in a subsidiary and includes the commercial

supply of 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 new services for tenants are to be added.

In Germany, TAG's investments are primarily in medium-sized cities and in the surrounding areas of large metropolitan areas, because we see not only growth potential there, but also better opportunities for returns compared to investments in large cities. The vacancy rates of newly acquired portfolios are regularly higher, but these are then reduced after acquisition through targeted investments and proven asset management concepts. Within Germany, investments are made almost exclusively in the regions already managed by TAG, in order to utilise existing administrative structures. In addition, local market knowledge is essential when acquiring new portfolios.

The expansion of business activities into Poland began in 2020 with the acquisition of Vantage Development S.A. ("Vantage"), a real estate developer based in Wrocław. The acquisition of Warsaw-based ROBYG S.A. ("ROBYG") expanded TAG's platform for developing residential units for its own portfolio in the existing regions of Wrocław, Poznań, and especially Tricity, and also enabled a comprehensive market entry in Warsaw. At the same time, TAG expanded its business model to include the development of residential units for sale.

In Poland, TAG had c. 3,200 completed residential units in its rental business as of the reporting date (31 December 2023: c. 2,400). A further c. 1,100 (31 December 2023: c. 1,400) rental units are under construction as of the reporting date. In addition, there are land reserves for the future construction of c. 6,100 (31 December 2023: c. 5,700) further residential units.

In the area of sales business, which also includes joint ventures, c. 3,400 residential units (31 December 2023: 4,300) were under construction as of the reporting date (including c. 100 completed residential units not yet sold (31 December 2023: 502)). The land reserve in this business segment includes a further c. 22,000 (31 December 2023: c. 15,600) future residential units. In the past financial year, a total of 1,936 (previous year: 3,586) residential units were sold in Poland and 2,666 (previous year: 3,780) residential units were handed over to the buyers.

TAG's medium-term growth target is to build up a portfolio of c. 10,000 rental units in Poland by the end of 2028. In addition, the existing sales activities in Poland are to be continued in order to support further growth of the rental portfolio with the surplus liquidity generated there. The investment focus is on new-build apartments in large cities with a favourable population development, close to universities and with a well-developed infrastructure.

## GROUP STRUCTURE AND ORGANISATION

TAG Immobilien AG is the parent company of an integrated real estate group. It primarily performs the functions of a management holding company and in this capacity performs Group-wide tasks for the entire group of companies. Central departments such as financing, accounting, taxes, controlling, human resources, IT, purchasing and legal are located directly in TAG Immobilien AG.

At the Management Board level, responsibilities in the past financial year were as follows:

- COO (also Co-CEO): Real Estate Management, Acquisitions and Sales, Strategic Real Estate Management & Marketing, Shared Service Centre, Customer and Quality Management, FM Services, Craftsmen Service,

Central Purchasing and Technology, Change Management, Business Apartments, Energy Residential Service, Multimedia Real Estate, Business Development, Environmental Social Governance (ESG), Digitalisation and Human Resources

- CFO (also Co-CEO): Group Accounting, Financing and Treasury, Corporate Finance, Tax, Controlling, Investor & Public Relations, ERP/Data Management, Legal, Judicial Rental Collection, IT, Compliance, Internal Audit and Property Management

The Group is divided into further subgroups, operating subsidiaries and property companies, each of which owns real estate and is consolidated in TAG's consolidated financial statements. As of 31 December 2024, the Group consists of 182 (previous year: 183) fully consolidated subsidiaries. A complete overview of all companies is provided in the notes to the consolidated financial statements.

The organisational structure of the operating business is characterised by a decentralised structure, flat hierarchies and short decision-making paths. At the heart of this organisation in Germany is the so-called "LIM structure" (LIM is the German abbreviation for Head of Real Estate Management). Each LIM is assigned a regionally defined real estate portfolio, which they manage decentrally and largely independently within the approved budget. The regions correspond to the "Rental business in Germany" segment presented in the segment reporting. The main areas of responsibility at the local level include direct customer care and tenant satisfaction, rental business, technical management of residential units with regard to maintenance measures, and receivables management.

The LIMs report directly to the Management Board (and here to the COO). The LIMs exchange information and ideas at regular meetings and ensure that the centrally controlled corporate strategy and the decisions of the Management Board are implemented consistently.

The central functions of the operating business primarily concern the overarching development of portfolio, location and management concepts and standards with the aim of achieving consistent quality and more services for tenants in an efficient and sustainable manner. In addition, functions such as acquisitions/disposals, facility management services, procurement and shared service centres are organised centrally. Bundling these functions relieves the pressure on operational management and ensures independence from third-party service providers. In addition, the central departments standardise processes, negotiate cross-regional framework agreements and review products and services across the Group.

The Polish subsidiaries form a separate subgroup within the Group. Within this organisational unit, the rental housing portfolio is held and managed by Vantage, while sales projects are implemented and construction work is carried out by ROBYG. As in the rest of the Group, the operational structure in Poland features flat hierarchies and short decision-making channels. Central decisions are made in close consultation with TAG's Management Board and the departments operating in Germany.

## MANAGEMENT SYSTEM

TAG uses a continuously updated control system to monitor and control its business activities. The control system is based on key operating figures, which are determined at the regional level, and on key financial figures at the Group level. The CFO at the Management Board level is responsible for controlling and monitoring these metrics.

### Key operational performance indicators

The two key operating metrics, which are calculated monthly and reported to the Management Board, are shown below.

- **Development of rents**  
To assess the development of rents, the rental development is determined in absolute terms and on a like-for-like basis (i.e. excluding purchases and sales of the last twelve months), as well as the net actual rent and new rental rent per square meter. In the case of like-for-like rental growth, a distinction is made between like-for-like rental growth with and without the effects of vacancy reduction. The development of the indicators provides information on the status of the targets to be achieved in terms of rental growth. For corporate management purposes, like-for-like rental growth with the effects of vacancy reduction is the key performance indicator for assessing rental development.
- **Development of the vacancy rate**  
The vacancy rate is calculated as the ratio of square metres not let to the total square metres of residential and commercial space. Internally, a distinction is made between the development of vacancy for the Group's residential units (i.e. excluding commercial space and excluding the effects of purchases and sales during the financial year) and the development of vacancy for the portfolio as a whole. The vacancy rate serves as an indicator of the effectiveness of modernisation and rental activities, as well as the success of the implementation of neighbourhood development concepts. The reduction in vacancies is a further value driver in the development of rental growth. For corporate management, the development of vacancies for residential units is the key performance indicator for assessing the development of vacancies.

In addition, maintenance and modernisation expenses are calculated, reported and reviewed on a monthly and quarterly basis as supporting metrics. The measures are subdivided, among other things, into "major measures" (e.g. modernisation of entire apartment blocks), modernisation of previously vacant residential units and modernisation when there is a change of tenant. The review of the measures serves both to ensure the targeted returns and the long-term preservation of the portfolio.

Furthermore, so-called "contribution margins" are determined on a monthly basis for the rental business in Germany and the services provided in this context, i.e. results that can be directly attributed to an individual region or a service business.

For the business activities in Poland, the current operating results include, in addition to rents and vacancies, the metrics relevant for the sales business, which are also reported on a monthly basis. These include, in particular, the number of residential units sold and handed over, sales prices and sales margins, and the development of construction costs.

## Financial KPIs

The key metrics for managing the Group are the funds from operations (FFO). The FFO is calculated based on the net profit, adjusted for non-cash components such as valuation results, depreciation, amortisation (excluding an adjustment for impairment on rent receivables), non-cash interest expenses and non-recurring items that do not regularly recur, and deducting actual income taxes. Within FFO, a distinction is made between FFO I (excluding sales results and including contributions from the rental business in Poland) and FFO II (including sales results in Germany and including the results of the sales business in Poland). Both metrics are used as important control parameters, calculated monthly and compared with the target figures, both in absolute terms and on the basis of the outstanding shares.

In addition, the loan-to-value (LTV) debt ratio, which is calculated as the sum of total financial liabilities (bank loans and corporate and convertible bonds, including promissory note loans and commercial papers) less cash and cash equivalents in relation to total real estate assets (including undisclosed reserves in real estate valued at cost in property or inventories and prepayments made on property and company acquisitions). As a further supporting metric, the EPRA NTA is calculated monthly and reported to the Management Board.

The Group's current liquidity situation is monitored daily. Short- to medium-term liquidity planning covering a period of at least twelve months is prepared monthly. Long-term liquidity planning is carried out once a year for a period of three years. In each case, the "available liquidity" (supporting key figure) is controlled, i.e. unrestricted cash and bank balances plus unused credit lines at banks. These measures ensure the financial stability of the Group.

The relevant parameters and metrics for the remuneration of the Management Board are presented in the remuneration report in the section "Report on the main features of the Company's remuneration system (remuneration report)".

## Macroeconomic and sector-specific conditions and their influence on the residential real estate market in Germany

According to the ifo economic forecast from the winter of 2024, the German economy has been stagnating for five years now, and the price-adjusted gross domestic product (GDP) is expected to have fallen again in 2024. Structural challenges such as digitalisation, decarbonisation, demographics and deglobalisation require a realignment of production structures. Nevertheless, economic development is difficult to predict, as it is not easy to tell from the changed economic indicators whether we are dealing with cyclical fluctuations or a far-reaching structural adjustment. Both cyclical and structural factors are weighing on the economy, while a weak order situation, tighter monetary policy and a loss of purchasing power are dampening demand. Despite the gradual global recovery, export-oriented German industry is hardly benefiting. The export of goods is increasingly decoupling from the world economy, with the manufacturing sector in particular suffering from a loss of competitiveness in non-European markets.

According to the first calculations of the Federal Statistical Office of Germany (Destatis), the price-adjusted gross domestic product in 2024 was -0.2% lower than in the previous year. The decline was also -0.2% when adjusted for prices and calendars. However, there were significant differences in the economic segments. The manufacturing industry shrank by -3.0%. The decline in the construction industry was even more pronounced at -3.8%, as high construction prices and interest rates dampened construction activity. By contrast, the services sector grew by +0.8%, and while trade, transport and hospitality stagnated, information and communication (+2.5%) and healthcare and education (+1.6%) grew.

High costs also weighed on investments, which fell by -2.8%, particularly in residential construction (-3.5%) and in equipment (-5.5%). Private consumption rose slightly (+0.3%). Government spending rose by +2.6% due to increasing social spending. Foreign trade remained weak: Exports fell by -0.8%, while imports rose by +0.2%.

According to the Federal Statistical Office, the inflation rate for the whole of 2024 was 2.2% compared to the previous year. This means that inflation was significantly lower than in the three years before (2023: 5.9%, 2022: 6.9%, 2021: 3.1%). The inflation rate rose slightly at the end of the year, reaching 2.6% in December, but still below the annual high of 2.9% in January.

Core inflation, excluding energy and food, was 3.0% in 2024 and thus above overall inflation, but below the previous year's figures (2023: +5.1%, 2022: +3.8%). Services became particularly more expensive at +3.8%, while goods prices rose by only +1.0%. Energy products became cheaper by +3.2%, in particular electricity and gas, while district heating became significantly more expensive (+27.1%).

In 2024, the economic downturn also left its mark on the labour market. The number of unemployed in Germany rose by 178,000 to 2.79 million on average over the year, pushing up the unemployment rate by +0.3 percentage points year on year (5.7%) to 6.0%. The rise in unemployment was mainly due to the weak economic performance, with only a slight increase in employment and a decline in labour demand.

Employment subject to social security contributions rose only slightly by an annual average of 128,000 to 34.84 million, which was mainly due to an increase in foreign workers. By contrast, the demand for labour continued to fall, with



694,000 vacancies, 67,000 fewer than in the previous year. The number of reported new jobs also fell to a historic low of 1.5 million, the lowest figure in the last 25 years.

In December 2024, the European Central Bank (ECB) again lowered the three key interest rates by 25 basis points each to implement a further monetary policy adjustment in line with current inflation developments. The most important key interest rate in the euro area, the deposit rate, was lowered to 3.00%. Subsequently, the ECB lowered the deposit rate by a further 25 basis points in January 2025 to 2.75% and by a further 25 basis points in March 2025 to currently 2.5%. However, even after the latest interest rate cuts, monetary policy remains restrictive, as the effects of previous interest rate hikes continue to weigh on lending. The economic recovery is slower than hoped for and inflation in the eurozone has risen slightly, necessitating a cautious monetary policy adjustment. Nevertheless, the ECB remains confident that the disinflation process will continue in 2025 and is prepared to continue lowering interest rates.

At the end of 2024, almost 83.6 million people were living in Germany, which, according to an initial estimate by the Federal Statistical Office, corresponds to an increase of around 100,000 compared to the end of 2023. The population growth was caused by net migration, since, as in every year since German reunification, more people died in Germany than were born in 2024. Net immigration in 2024 is expected to be -34% lower than in the previous year (+340,000 people), mainly due to lower immigration from countries such as Syria, Afghanistan, Turkey and European Union states.

In 2024, a total of 215,900 residential units were approved in Germany, which represents a decline of -16.8% or 43,700 residential units compared to the same period in the previous year. This figure includes both approvals for new residential units and residential units in existing buildings. Despite the growing population, once again fewer residential units were approved in Germany year-on-year.

According to JLL, the German residential real estate market recorded a transaction volume of EUR 35.3bn in 2024, an increase of +14% compared to the previous year. The fourth quarter of 2024 was particularly strong, accounting for around one-third of the annual volume. In 2024, investors increasingly focused on the "Living" segment (residential, student or senior real estate), which attracted around 30% of capital (EUR 10.5bn). With EUR 3.9bn in the fourth quarter, this proved to be the busiest quarter for transactions since the beginning of 2022. The trend of this segment being ahead of other asset classes in the cycle was reflected in the figures, as the imbalance between supply and demand led to rising rents and low rent defaults.

In Q4 2024, portfolio transactions also recovered, mainly driven by increased momentum in the living segment. The total volume of portfolio sales was just under EUR 12bn, which represents a minimal decline of -1% compared to the previous year. Single asset transactions increased by +23% and accounted for two-thirds of the total volume. Almost 80% of the portfolios were in the living and logistics sectors. Prime yields in the living segment fell slightly again to 3.56% at the end of the year.

## Macroeconomic and sector-specific conditions and their influence on the residential real estate market in Poland

The Polish economy recovered significantly in 2024, with GDP growth forecast at 3.0% in November 2024, up from just 0.1% in 2023. The main driver of growth is private consumption, supported by rising wages, government family allowances and improved consumer sentiment. Public investment, in particular EU-funded projects and reconstruction efforts after the floods in September 2024, also contribute to growth, while private investment remains rather weak. Net exports have a negative impact as rising domestic demand boosts imports, while exports grow only modestly.

Poland is expected to have received EUR 9.4bn from the EU recovery fund by the end of 2024, after the European Commission approved the payment application. The payment had previously been delayed due to outstanding reforms. From 2025, the funds are earmarked for investments in healthcare, the power grid, railway infrastructure and the expansion of offshore wind farms.

Between January and September 2024, Poland overtook China as Germany's largest export market for the first time, with EUR 70.6bn. While Poland's overall exports shrank, the European Commission expects exports to rise again when the eurozone economy recovers, as this is Poland's most important foreign market.

The labour market weakened slightly. Employment is expected to fall by -0.3%, partly due to the shrinking working-age population. At the same time, the employment rate of refugees from Ukraine is rising and having a positive effect on employment figures. The seasonally adjusted unemployment rate in December was 3.0%, 290 basis points below the EU average of 5.9%.

Wages are set to rise sharply by +11.4% in nominal terms in 2024, which will provide additional support for consumption.

The average inflation rate is expected to be 3.6% in 2024. During the year, it remained constant, fell slightly around the middle of the year and rose again slightly at the end of the year. The drivers of inflation include rising prices for services and food.

The Polish key interest rate has been stable at 5.75% since October 2023 and remained stable in 2024. No further interest rate changes were announced by the end of 2024.

At the end of June 2024, Poland had a population of 37.56 million. Of these, 22.34 million (almost 60%) lived in urban areas and 15.22 million in rural areas. Women made up almost 52% of the total population. In the first half of 2024, the population decreased by 73,000 people (-0.2%). There was also a decline in the previous year 2023 (-68,000, -0.18%). The decline is mainly due to the unfavourable natural population development, with a low birth rate and an increasing number of deaths due to the older population.

A new "Key to Housing" housing subsidy programme is in the planning phase and is to include three components. It envisages an increase in funding for social and municipal housing construction. It would also subsidise the purchase of existing properties for first-time buyers on limited incomes: "First Keys" (Pierwsze klucze). It provides for guarantees of up to PLN 100,000 from a state-owned bank, an income-dependent funding model and a limit on the price per square

metre. The programme is intended solely for private buyers and the purchase of new builds is to be excluded. In addition, social investors are to be allowed to sell residential units at a price that does not exceed the production costs by more than 25 per cent. The aim is to provide housing for low-income households.

## **RESEARCH AND DEVELOPMENT**

Given the nature of its business activities, the Group does not engage in any research and development activities. The Group's business activities are not dependent on patents, licences or brands, although the word and image brands of TAG Immobilien AG and its main subsidiaries are protected.

# BUSINESS REPORT

## Development of the German real estate and residential real estate market

The German residential investment market saw a significant recovery in 2024. The investment volume rose significantly compared to the previous year, with a total of EUR 9.3bn invested in larger residential portfolios (30 units or more), according to the BNP Paribas Real Estate residential market report from the fourth quarter of 2024. This means that the residential investment market advanced to become the asset class with the highest turnover, well ahead of the logistics (EUR 6.9bn), retail (EUR 6.3bn) and office (EUR 5.2bn) segments. The previous year's result was thus exceeded by +78%.

The transaction volume figures of other brokerage houses also confirm this development. According to Cushman & Wakefield, the German residential investment market continued its trend in the fourth quarter of 2024, reaching a transaction volume of EUR 3.51bn (up 81% on the previous year). This brought the total volume for 2024 to EUR 9.25 bn, an increase of +45% over 2023. Portfolio transactions dominated the market, accounting for 60.4% of the total.

While national investors continued to be the largest group of buyers, accounting for 64% of the total, the share of international capital increased to 36%. The stabilisation of prices seems largely complete, with prime yields remaining constant at 3.9% and likely falling slightly in 2025. Overall, market developments suggest that the stabilisation will continue. Cushman & Wakefield expects transaction activity to continue to increase in 2025.

Savills also confirms the upward trend in the German residential investment market, which is said to have reached a transaction volume of EUR 8.8bn in 2024 – an increase of 14% over the previous year. The fourth quarter was particularly strong, with EUR 3.9bn. In addition to individual properties, larger portfolios also found buyers. Development purchases reached EUR 3.3bn, a share of 37%. While risk-averse investors prefer new builds, numerous buyers are also opting for manage-to-green strategies for energy-efficient refurbishment.

Transaction activity is expected to increase slightly in 2025, although political uncertainties could impact the market. In the long term, the fundamentals will remain stable, particularly in economically strong regions with sustained population growth.

BNP Paribas Real Estate also confirms a positive outlook for 2025. The increasing number of registered transactions, particularly in the large-volume segment, and the growing interest of investors in the value-add sector signal a completed consolidation phase. Another sign of the positive development is the first compression of prime yields since 2021 by 10 to 20 basis points in some top locations. An expected interest rate cut by the European Central Bank should provide additional tailwind. A reduction of the key interest rate to the neutral level of 2% is forecast for 2025, which should make it even easier to raise debt capital. At the same time, demand for rental properties will remain high due to population growth, while supply will remain limited due to the ongoing new construction crisis. As a result, rents will rise more sharply than they have in years – a trend that is set to continue in the years to come.

Despite political divergences, several significant laws came into force in 2024, including the Building Energy Act (GEG), which stipulates that from January 2024, heating systems in new buildings must be operated with at least 65% renewable energies, and the Heating Planning Act, which lays the foundation for a climate-friendly heating supply. Some federal states introduced a solar roof obligation, while the Growth Opportunities Act brought a temporary reintroduction of the declining balance depreciation for new buildings. Other changes included the promotion of photovoltaic systems through the Solar Package I, the abolition of the apportionment of cable TV costs to tenants through the Telecommunications Act and the introduction of consumption-based heating cost billing in houses with heat pumps. Online owners' meetings and the installation of balcony power plants have also been made easier.

Challenges can also be expected in 2025. The property tax reform will come into force, the CO<sub>2</sub> price will be raised to 55 euros per tonne emitted, and the introduction of smart electricity meters will be further promoted. So far, neither the Bundestag nor the Bundesrat has been able to reach an agreement on an extension of the rental price brake, which is limited until 31 December 2025. Furthermore, it remains to be seen what impact political developments following the new elections in February 2025 will have on the residential real estate market.

## **Development of the Polish real estate and residential real estate market**

In the six largest markets – Warsaw, Krakow, Wrocław, Tricity, Poznań and Łódź – around 40,000 residential units were sold in 2024, a year-on-year decline of 31% (2023: 58,000 units sold). The number of units for sale in the six largest regions reached 54,400 at the end of 2024, the highest level since 2012. However, a differentiated analysis of the regional sales figures shows a heterogeneous picture. Warsaw recorded the highest sales rate, mainly due to a continued limited supply. In the Tricity, on the other hand, the market is almost balanced between supply and demand. A moderate supply overhang is recorded in Krakow and Wrocław. By contrast, the markets in Poznań and especially Łódź are confronted with an overhang of unsold residential units.

In 2024, apartment prices continued to rise. The largest increase in the average asking price was recorded in Łódź (+16%), influenced by expensive new construction and the withdrawal of cheaper projects. In Warsaw, Krakow and the Tricity, growth was between +8% and +10%, while it was slightly lower in Wrocław and Poznań, at between +4.5% and +5.1%.

The financing situation was and is a key factor influencing market development. Interest rates for new mortgage loans fell to 7.35% by the end of 2024, although the National Bank of Poland did not change key interest rates. In addition, it has been shown that the phasing out of state-subsidised loans (BK2) did not have a price-dampening effect on the residential real estate market.

The first few weeks of 2025 indicate that the situation on the Polish housing market is not expected to change significantly in the new year. Market participants are not forecasting a timely and significant reduction in interest rates on loans, nor a substantial impact from a new subsidy programme for first-time buyers. Rather, in the medium term, demand for rental apartments in large cities is expected to increase, while the development in smaller cities outside the five largest conurbations will slow down, as migration to large cities could intensify.

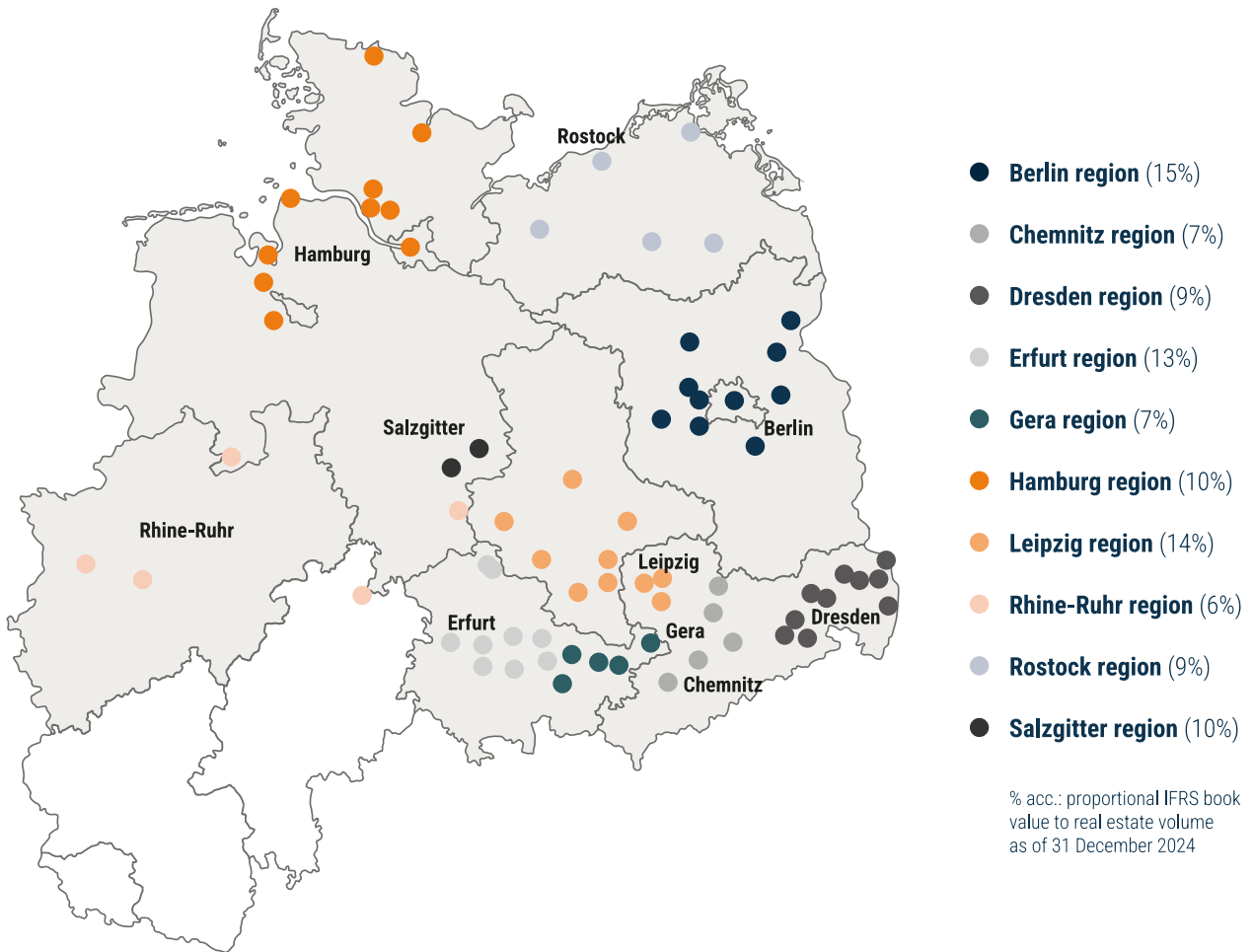
In 2022 and 2023, the Polish rental market experienced a period of steady and very strong growth in rental prices. In 2024, however, rents remained at a largely unchanged level. In the cities of Łódź and Warsaw, rents remained almost

unchanged compared to the previous year. In Wrocław and Poznań, rent increases of between +1.3% and +2.7% were observed. In the Tricity, a +4% increase in real rents was recorded on an annualised basis. Warsaw has the highest rents, averaging over PLN 5,000/month (c. EUR 1,200/month), while Łódź continues to have the lowest rents at PLN 2,600/month (c. EUR 600/month). Poznań follows with slightly higher rents of PLN 2,800/month (c. EUR 650/month). Cities such as Kraków, Tricity and Wrocław are in the middle of the pack with asking rents between PLN 3,000 and 3,500/month (c. between EUR 700/month – 800/month).

In 2024, the number of offers on the national rental market declined. These amounted to 20,900 at the end of 2024, compared to 22,900 in November 2024 and 22,700 in December 2023. However, the development was location-dependent – with a share of over 50% of newly rented residential units, Warsaw continues to be the dominant market. According to data from the Otodom.pl website, significant changes can be seen on the demand side of the rental market in 2024. An analysis of search preferences shows a clear trend towards smaller units compared to previous years.

## OVERVIEW OF THE PORTFOLIO AND PORTFOLIO STRATEGY IN GERMANY

At the end of the 2024 financial year, TAG's real estate portfolio in Germany comprised 83,618 units. The focus in Germany is on managing attractive and affordable living space while closely observing social responsibility for tenants. The regional focus in Germany is primarily in the north and east of the country and is distributed as follows:



<b>Portfolio Data</b>	<b>12/31/2024</b>	<b>12/31/2023</b>
Units	83,618	84,682
Floor space in sqm	5,009,275	5,070,247
Real estate volume in EUR m <sup>1)</sup>	5,286.1	5,442.9
Annualised net actual rent in EUR m p.a. (total)	343.2	336.7
Net actual rent in EUR per sqm (total)	5.94	5.78
Net actual rent in EUR per sqm (residential units) <sup>2)</sup>	5.84	5.71
Vacancy in % (total)	3.9	4.3
Vacancy rate in % (residential units) <sup>2)</sup>	3.6	4.0
I-f-I rental growth in %	2.5	1.8
I-f-I rental growth in % (incl. vacancy reduction)	3.0	2.3

<sup>1)</sup> EUR 6,505.9m or EUR 6,574.4m in the previous year in total property volume (of which EUR 1,219.8m or EUR 1,131.5m in the previous year was attributable to properties in Poland)

<sup>2)</sup> excluding acquisitions

In Germany, TAG consistently focuses on the so-called "ABBA strategy", i.e. investing in A locations in B cities or in B locations in A cities. We believe that this strategy is more successful than ever. Small and medium-sized cities are also benefiting from the disproportionate demand for living space in metropolitan areas, where affordable living space in particular is becoming scarce. Many people are moving to the areas surrounding the major cities or to the centres of medium-sized towns in order to live in attractive yet affordable surroundings.

Even if the rents in the B-locations or B-cities do not reach the levels of the top locations in Germany in absolute terms, we still consider them to be very attractive. In our view, the achievable return, i.e. the ratio of the expected rent or the expected FFO I to the purchase price or the equity employed, is an important criterion when assessing the profitability of an investment. In this respect, we believe that B-locations and B-cities offer a significantly better risk/return profile.

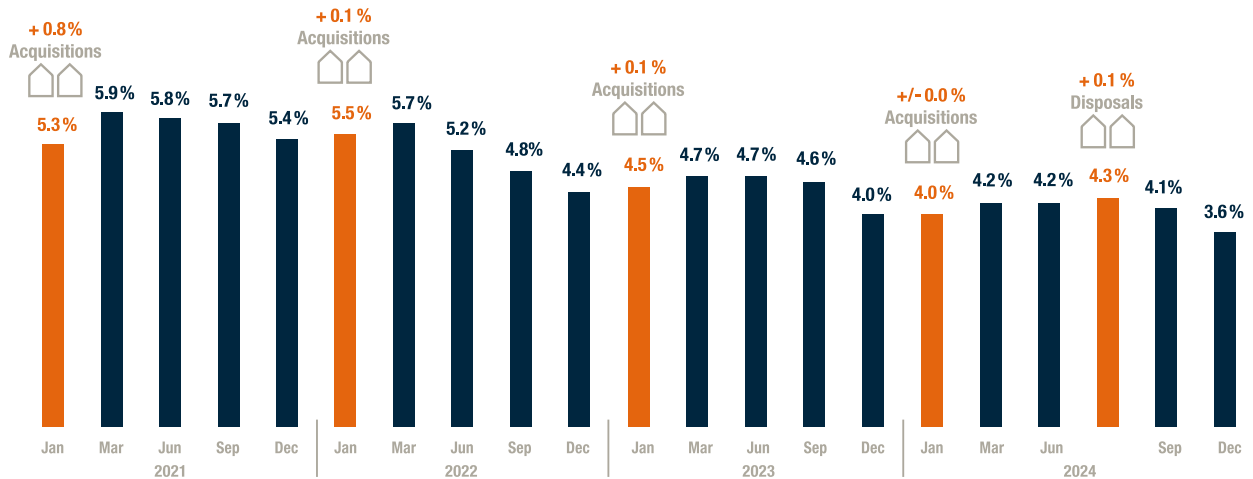
Investments in Germany are made exclusively in residential real estate, including the smaller commercial properties that are usually found in larger residential portfolios. Higher vacancy rates at the time of purchase are not an obstacle to investment, provided they are not structurally related. In return, a continuous reduction in vacancies, as has been achieved consistently in the past, can achieve attractive rental growth with a relatively low investment outlay.



## OPERATIVE BUSINESS PERFORMANCE AND PORTFOLIO DEVELOPMENTS

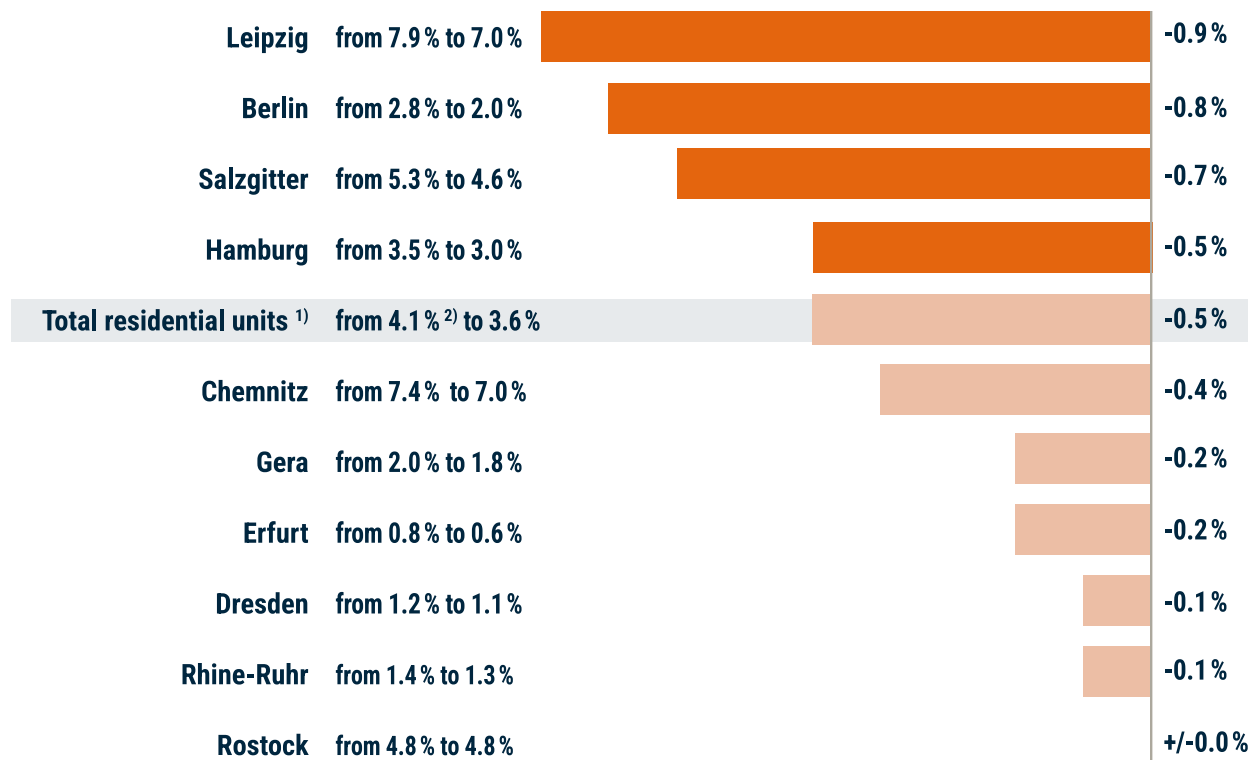
### Vacancy

The following chart (unaudited quarterly figures) shows the development of vacancies in the Group's residential units in Germany in the financial years 2021 to 2024:



After a slight increase in vacancies in the Group's residential units in the first quarter, as in previous years, this was reduced by 0.4 percentage points to 3.6% in December 2024 in the following quarters and over the course of the year. This means that TAG exceeded the guidance given for the 2024 financial year, which envisaged a reduction in vacancy of 0.2 to 0.4 percentage points (excluding the effects of acquisitions and sales, which led to an increase of 0.1 percentage point in vacancy during the financial year). This is mainly due to the further increase in demand for housing in our regions, which is partly a result of high net immigration and the lack of attractive yet affordable housing.

The individual regions managed by TAG (change in percentage points since the beginning of the financial year, including acquisitions in the financial year) have contributed to the changes in vacancy rates as follows:



1) incl. sales during the term 2024

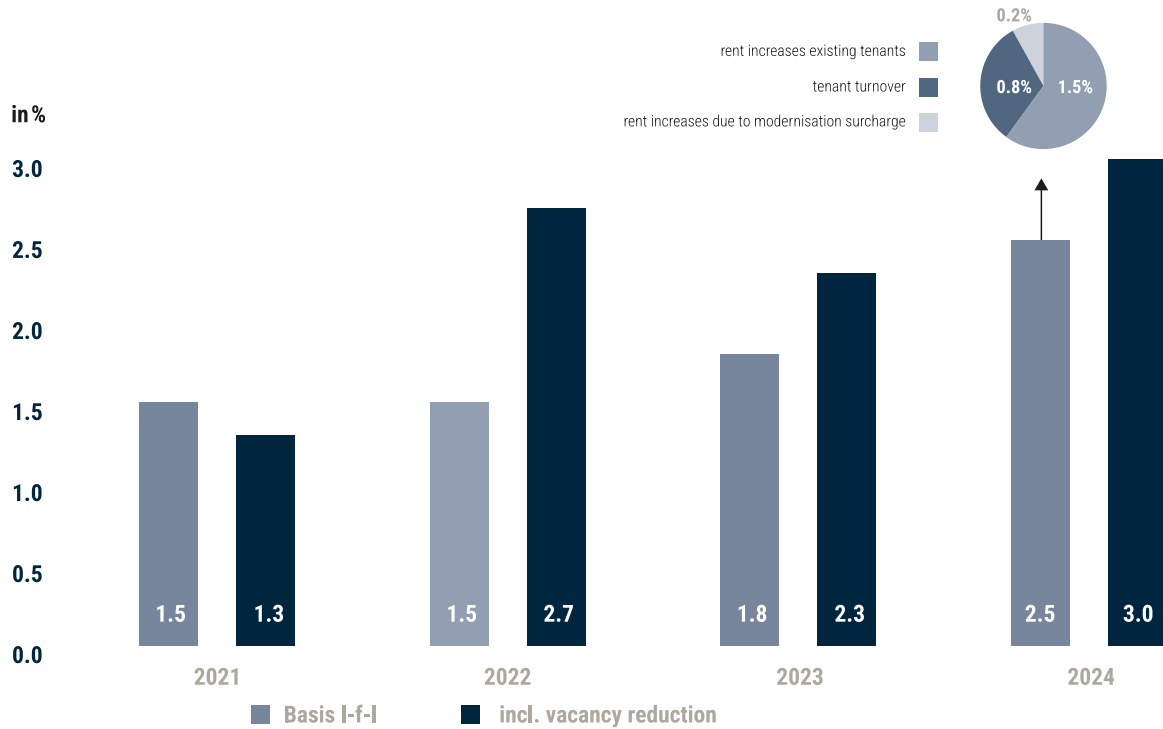
2) As of 1 January 2024

Significant declines in vacancy (including sales during the year) were seen particularly in the Leipzig (vacancy reduction of 0.9 percentage points), Berlin-Brandenburg (decline of 0.8 percentage points) and Salzgitter (decline of 0.7 percentage points) regions. Across the entire portfolio, which also includes some commercial units within the residential portfolio, the vacancy rate as of 31 December 2024 was 3.9%, compared to 4.3% in the previous year.

### Growth in rents

The base rental growth in the Group's residential units in Germany was 2.5% on a like-for-like basis (i.e. excluding the acquisitions and sales of the last twelve months), compared with 1.8% in the previous year. This rental growth of 2.5% comprised ongoing rent increases for existing tenants (1.5% after 0.8% in the previous year), rent increases in the context of a change of tenant (0.8% after 0.9% in the previous year) and rent increases due to modernisation costs (0.2% after 0.1% in the previous year). Including the effects of changes in vacancies, total rental growth on a like-for-like basis in 2024 was 3.0% (2.3% in financial year 2023). The guidance issued for the full financial year 2024 for total rental growth on a like-for-like basis of 2.2% to 2.7% was thus exceeded.

The following chart shows the development of rental growth in the financial years 2021 to 2024:



The average rent in the residential units of the portfolio increased from EUR 5.71 per sqm to EUR 5.84 per sqm in 2024. New rentals in the 2024 financial year were at an average of EUR 6.15 per sqm, which also represented an increase over the previous year (EUR 6.02 per sqm).

## The portfolio in detail

The following table shows further details of the TAG property portfolio in Germany, by region:

Region	Units	Rentable area sqm	IFRS BV EURm 12/31/2024	In-place yield %	Vacancy Dec. 2024 %	Vacancy Dec. 2023 % <sup>1)</sup>	Current net rent EUR / sqm	Reletting rent EUR / sqm	I-f-I rental growth (y-o-y) %	Total I-f-I rental growth <sup>1)</sup> (y-o-y) %	Maintenance EUR / sqm	Capex EUR / sqm
Berlin/Brandenburg	9,587	555,349	767.9	5.4	2.0	2.8	6.34	7.33	2.5	3.3	7.63	13.00
Chemnitz	7,963	469,638	354.6	7.7	7.0	7.4	5.23	5.29	1.5	1.8	6.50	12.34
Dresden	5,691	366,689	476.4	5.7	1.1	1.2	6.29	6.48	0.9	0.9	7.04	6.46
Erfurt	10,121	572,152	660.7	5.8	0.6	0.8	5.65	5.92	1.7	1.9	8.67	14.44
Gera	9,167	531,723	397.5	8.6	1.8	2.0	5.43	5.74	2.8	3.1	9.16	13.81
Hamburg	6,447	395,026	515.1	5.7	3.0	3.5	6.44	6.99	3.9	4.5	13.09	14.80
Leipzig	12,953	753,255	714.4	6.8	7.0	7.7	5.74	5.95	4.1	5.1	6.91	23.64
Rhine-Ruhr	3,680	230,707	299.8	5.5	1.3	1.3	6.05	6.53	3.1	3.2	16.17	16.43
Mecklenburg-Western Pomerania	7,739	434,002	497.6	5.9	4.8	4.8	5.96	6.58	2.6	2.6	11.04	29.88
Salzgitter	9,179	563,062	503.1	7.2	4.6	5.3	5.65	5.80	1.7	2.5	9.66	14.13
<b>Total residential units</b>	<b>82,527</b>	<b>4,871,603</b>	<b>5,187.1</b>	<b>6.3</b>	<b>3.6</b>	<b>4.0</b>	<b>5.84</b>	<b>6.15</b>	<b>2.5</b>	<b>3.0</b>	<b>9.04</b>	<b>16.29</b>
Commercial units within resi. portfolio	984	127,243	-	-	13.5	14.1	9.02	-	-	-	-	-
Other <sup>2)</sup>	107	10,429	98.9	10.6	1.0	0.9	17.55	-	-	-	-	-
<b>Grand total</b>	<b>83,618</b>	<b>5,009,275</b>	<b>5,286.1</b>	<b>6.6</b>	<b>3.9</b>	<b>4.3</b>	<b>5.94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> incl. effects from changes in vacancy rates

<sup>2)</sup> Includes commercial properties and serviced flats. The IFRS book value includes project developments totalling EUR 78.3 million.

### Revaluation of the portfolio in the financial year under review

In financial year 2024, as in previous years, two valuations of the entire portfolio were carried out by CBRE GmbH as independent experts for the German portfolio and by Savills for the Polish portfolio. The valuations were again carried out as of 30 June and 31 December of the year.

In total, there was a valuation loss for the financial year 2024 for the portfolio in Germany of EUR 138.5m (previous year: EUR 731.6m). Of this, income of around EUR 203.9m (previous year: income of around EUR 150.2m) is attributable to an operating performance that was better than assumed in the previous valuation, and an amount of around EUR -342.4m (previous year: around EUR -881.8m) to the so-called 'yield expansion', i.e. increased capitalisation rates.

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

Region (in EUR m)	12/31/2024 Fair value (IFRS)	12/31/2024 Fair value (EUR/sqm)	12/31/2024 Implied multiple	FY 2024 Valuation result	Share of operational performance/other market developments	Share of Yield compression	12/31/2023 Fair value (IFRS)	12/31/2023 Fair value (EUR/sqm)	12/31/2023 Implied multiple
Berlin	767.9	1,327.8	17.7	-17.6	47.7	-65.3	778.3	1,338.9	18.6
Chemnitz	354.6	736.5	12.7	-19.5	-2.9	-16.6	368.4	765.2	13.4
Dresden	476.4	1,266.2	16.8	-17.2	0.2	-17.5	530.6	1,367.0	18.4
Erfurt	660.7	1,110.6	16.2	-14.7	11.5	-26.2	670.2	1,121.3	16.7
Gera	397.5	714.5	11.3	-11.9	10.6	-22.5	402.4	723.3	11.7
Hamburg	515.1	1,279.9	16.8	-5.1	33.5	-38.6	522.2	1,287.7	17.7
Leipzig	714.4	937.7	14.4	-17.1	45.0	-62.1	741.0	948.1	15.3
Rhine-Ruhr	299.8	1,248.0	17.1	-7.2	12.2	-19.4	318.9	1,270.9	17.9
Rostock	497.6	1,124.7	16.3	-10.9	10.9	-21.8	509.5	1,129.4	16.8
Salzgitter	503.1	891.0	13.6	-17.1	34.6	-51.8	512.3	907.3	14.2
<b>Total residential units</b>	<b>5,187.2</b>	<b>1,037.7</b>	<b>15.2</b>	<b>-138.2</b>	<b>203.5</b>	<b>-341.6</b>	<b>5,353.9</b>	<b>1,058.4</b>	<b>16.0</b>
Acquisitions	-	-	-	-	-	-	0.0	0.0	0.0
Other <sup>1)</sup>	98.9	1,969.0	9.4	-0.3	0.4	-0.8	89.0	2,020.7	11.6
<b>Grand total</b>	<b>5,286.1</b>	<b>1,039.6</b>	<b>15.2</b>	<b>-138.5</b>	<b>203.9</b>	<b>-342.4</b>	<b>5,442.9</b>	<b>1,060.6</b>	<b>16.0</b>

<sup>1)</sup> incl. book value of project developments of EUR 78.3m

The valuation multiple of the portfolio (as a ratio of the IFRS book value to net actual rent) fell from 16.0 at the end of 2023 to 15.2 as of 31 December 2024. This corresponds to a gross initial yield of 6.6% (previous year: 6.3%). Based on the price per square metre, the total German portfolio is valued at around EUR 1,040 (previous year: around EUR 1,060).

The valuation of units rented or earmarked for rental business and recognised as investment properties in Poland resulted at a book value of EUR 670.3m as of 31 December 2024 (31 December 2023: EUR 566.8m), a valuation result of EUR 23.9m, compared to EUR 26.4m in the previous year.

**Purchases and sales in Germany in the 2024 financial year**

While in the last two years, portfolio sales have also been pushed ahead to refinance maturing financial liabilities, in 2024, sales were mainly of so-called "non-core assets", i.e. real estate that is not part of TAG's core portfolio due to its geographical location, type of use or structural condition.

In the course of the financial year, a total of 1,400 units (previous year: 1,373 units, mostly residential units and one larger commercial property) were sold in Germany for a total purchase price of EUR 143.1m (previous year: EUR 213.5m). The average factor based on the current annual net cold rent was 20.0 (previous year: 23.3), which corresponds to an annual gross initial yield of 5.0% (previous year: 4.3%). The net cash proceeds, i.e. the purchase price remaining after deduction of the loans to be repaid, amounted to around EUR 107.1m in the 2024 financial year (previous year: around EUR 187.4m). The sales resulted in a book profit of EUR 6.6m (previous year: book profit of EUR 3.2 m).

The sales signed in Germany in the 2024 financial year are summarised as follows:

<b>Signing</b>	<b>2024</b>	<b>2023</b>
Units	1,400	1,373
Current net rent EUR/sqm/month	6.43	8.18
Vacancy	2%	3%
Purchase price in EUR m	143.1	213.5
Current net rent EUR m p. a.	7.15	9.17
Net cash proceeds EUR m	107.1	187.4
Book profit/loss in EUR m	6.6	3.2
Closing	2024/2025	2023/2024
Multiples	20.0	23.3

On the acquisitions side, four rental units in residential complexes already forming part of TAG's portfolio were signed at a purchase price of EUR 0.9m. Transfer of ownership took place at the beginning of the 2025 financial year.

## DEVELOPMENT OF THE BUSINESS ACTIVITIES IN POLAND

### Sales portfolio

Based on an average exchange rate of the Polish zloty (PLN) to the euro of 4.3058:1 in the 2024 financial year, revenues from real estate sales in Poland amounted to EUR 387.3m, compared to EUR 485.8m in the previous year. With production costs of EUR 316.3m after EUR 412.1m in the previous year (including effects from purchase price allocation of EUR 9.8m after EUR 36.8m in the previous year), the result from sales amounted to EUR 71.1m (previous year: EUR 73.7m).

In total, sales of 1,936 (previous year: 3,586) residential units were signed and 2,666 (previous year: 3,812) residential units were handed over to buyers in the 2024 financial year. The sales portfolio in Poland as of 31 December 2024 is as follows:

Region	Total units	Units under construction	Landbank (possible units)	Area in sqm (units total)	12/31/2024 book value EURm <sup>1)</sup>
Wrocław	3,401	606	2,795	231,602	56.9 <sup>2)</sup>
Poznań	2,760	354	2,406	150,885	82.8
Warsaw	12,849	1,471	11,378	645,344	280.0
Tricity	6,017	976	5,041	296,545	202.6
Łódź	422	-	422	16,997	5.8
Other	0	-	0	0	2.2
<b>Sales units</b>	<b>25,449</b>	<b>3,407<sup>3)</sup></b>	<b>22,042</b>	<b>1,341,372</b>	<b>630.4</b>

<sup>1)</sup> fair value excluding projects in joint ventures

<sup>2)</sup> book value including EUR 1.7m self-used office space

<sup>3)</sup> thereof 423 completed units

### Rental portfolio

In the rental business, rental income (net actual rent) of EUR 19.2m was generated in Poland as of 31 December 2024, compared to EUR 11.6m in the same period of the previous year. Taking into account rental expenses of EUR 1.0m (previous year: EUR 0.8m), net rental income amounted to EUR 18.2m (previous year: EUR 10.8m).

As of the reporting date, 3,219 (previous year: 2,417) units were in the rental business. The vacancy rate in the rental portfolio in Poland as of 31 December 2024 was 4.9% (previous year: 7.2%). The like-for-like rental growth for residential units that have been on the market for at least a year was 3.2%, down from 10.8% in the previous year.

As of 31 December 2024, the rental portfolio in Poland is as follows:

EUR m	Units total	Units completed	Units under construction	Landbank (possible units)	Area in sqm units total	12/31/2024 Book value in EUR m <sup>1)</sup>
Wrocław	3,593	1,479	544	1,570	164,496	259.3
Poznań	2,380	1,205	80	1,095	113,512	163.8
Warsaw	2,219	-	-	2,219	92,572	57.7
Tricity	905	-	187	718	35,936	29.4
Łódź	948	535	0	413	39,311	60.3
Other	336	0	250	86	43,846	19.1
<b>Units build to hold</b>	<b>10,381</b>	<b>3,219</b>	<b>1,061</b>	<b>6,101</b>	<b>489,672</b>	<b>589.4</b>

1) Book values excluding projects in joint ventures.

Further details of the rental portfolio in Poland can be found in the following overview:

Region	Units	Rentable area in sqm	IFRS book value EURm 31/12/2024 <sup>1)</sup>	In-place yield in %	Vacancy 31/12/2024 in %	Vacancy 31/12/ 2023 in %	Net actual rent EUR/sqm/month <sup>1)</sup>	I-f-I rental growth y-o-y in % <sup>3)</sup>
Wrocław	1,435	59,732	175.6	5.8	9.8 <sup>2)</sup>	3.2	15.82	3.1
Poznań	1,196	53,835	137.8	5.8	0.4	0.9	12.51	4.3
Łódź	527	22,020	53.6	5.8	0.2	29.4	11.89	-0.4
<b>Total residential units</b>	<b>3,158</b>	<b>135,587</b>	<b>367.1</b>	<b>5.8</b>	<b>4.5</b>	<b>6.7</b>	<b>13.77</b>	<b>3.2</b>
Commercial units	61	6,752	18.6	5.7	14.1	17.0	15.68	0.0
<b>Total portfolio</b>	<b>3,219</b>	<b>142,339</b>	<b>385.7</b>	<b>5.8</b>	<b>4.9</b>	<b>7.2</b>	<b>13.85</b>	<b>0.0</b>

1) based on an exchange rate of PLN 0.2339 to EUR 1 on 31 December 2024

2) including a new project that is partly under construction and partly let. Excluding this property, the vacancy rate in Wrocław is 2.0%.

3) relates to projects that have been in the rental business for more than a year



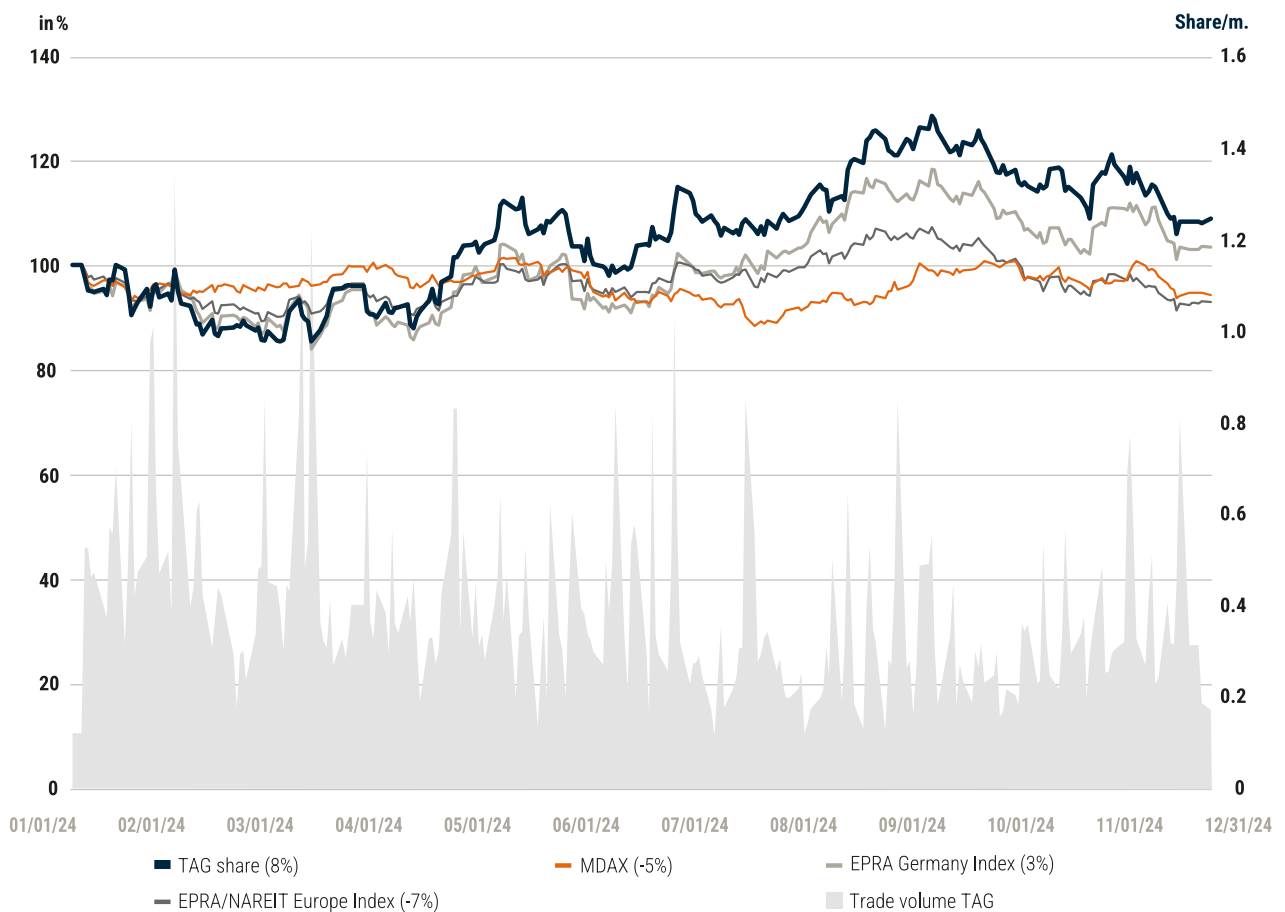
## THE TAG SHARE AND THE CAPITAL MARKET

### Share performance

TAG Immobilien AG shares are listed in the MDAX on the Frankfurt Stock Exchange; the market capitalisation was EUR 2.5bn as of 31 December 2024 (31 December 2023: EUR 2.3bn).

In 2024, the TAG share price again performed positively. Starting from a closing price of EUR 13.20 at the end of 2023, the share was quoted at EUR 14.36 (+8%) in the closing auction on 31 December 2024. The high on 1 October was EUR 16.93, while the low of EUR 11.27 was reached on 5 March 2024. By way of comparison, the EPRA Index, which consists of various European real estate companies listed on international stock exchanges, recorded a loss of 7% (previous year: +13%).

At national level, the MDAX index was down 5% (previous year: up 8%). By contrast, the EPRA Germany, which comprises the main German real estate stocks, recorded a gain of 3% (previous year: +28%), thus underperforming the TAG share, as the following chart shows:

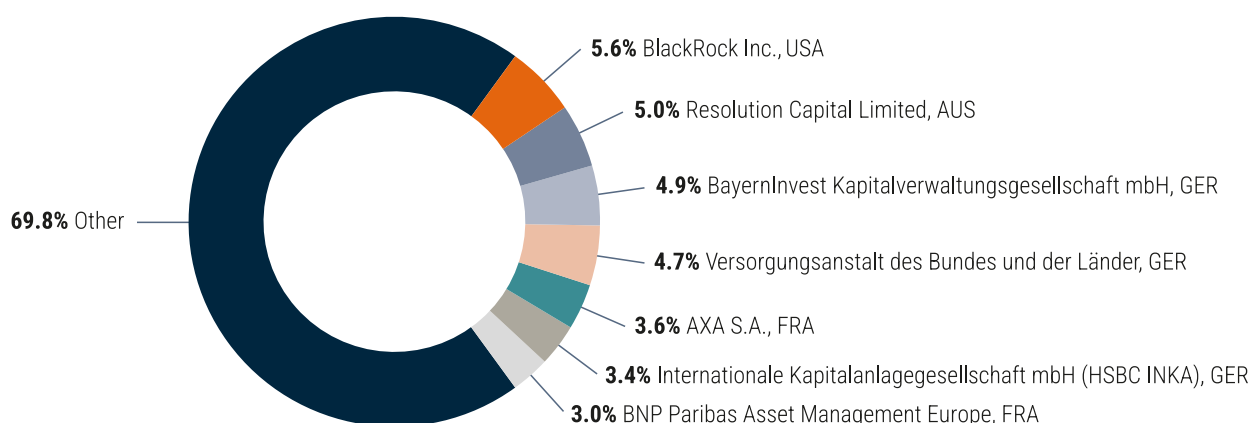


## Share capital and capital structure

On 31 December 2024, the share capital and the number of shares amounted to EUR 175,489,025.00 and 175,489,025, respectively.

On the reporting date, the free float was just under 99.9% of the share capital, with 84,424 shares (after 6,484 shares as of 31 December 2023) held by TAG as treasury shares for Management Board and employee remuneration purposes.

As before, TAG's main shareholders are national and international investors with a predominantly long-term investment strategy, as the following overview (as of 31 December 2024) shows. This is based on the number of voting rights last reported to TAG, which means that the share within the respective thresholds could have changed without triggering a reporting obligation.



## Dividend

In a departure from the two previous years, in which the dividend was suspended, the Management Board and Supervisory Board plan to propose a dividend payment of EUR 0.40 per share for the 2024 financial year at the next Annual General Meeting in May 2025. This is based on a distribution ratio of 40% of FFO I.

## Rating

In May 2024, the rating agency Moody's raised TAG Immobilien AG's long-term credit rating to "Investment Grade, Baa3, outlook stable" (previously: "Non-Investment Grade, Ba1, outlook stable"). In Moody's view, the upgrade reflects, in particular, TAG's sustained strong operating performance and the Company's disciplined financial policy in a challenging market environment resulting from rising interest rates.

The rating agency S&P Global confirmed the existing investment-grade rating of BBB- in March 2024, but changed the outlook from negative to stable.

In this respect, TAG has two investment-grade ratings from internationally recognised rating agencies, and thus additional attractive financing options, both in the area of refinancing and for further growth.

## **Change in the composition of the Supervisory Board**

At the end of TAG's Annual General Meeting on 28 May 2024, the terms of office of the two incumbent Supervisory Board members Dr. Philipp K. Wagner and Mr Eckhard Schultz ended. Dr. Wagner had resigned from his office at the end of the Annual General Meeting in 2024. Mr Schultz's previous court appointment ended at the end of the Annual General Meeting.

Mr Schultz has now also been elected to the Supervisory Board by TAG's shareholders. To replace Dr Wagner, Ms Gabriela Gryger, a management consultant from Warsaw with many years of proven expertise in the Polish residential real estate market, was elected to the Supervisory Board as an additional shareholder representative.

Following these new elections, the proportion of women on TAG's Supervisory Board, as on its Management Board, is 50%.

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

### Results of operations

#### Rental revenues and rental income (net rent)

The Group's net actual rent ("cold rent") generated by the rental business in Germany was EUR 341.0m, in line with the previous year's figure of EUR 339.2m. In the German portfolio, like-for-like rental growth (including the effects of the reduction in vacancies) of 3.0% (previous year: 2.3%) was achieved, along with a further reduction in the vacancy rate for the overall portfolio to 3.9% at the end of the year, down from 4.3% at the end of the previous year. The vacancy rate for the Group's residential units in Germany was 3.6% as of the reporting date, compared with 4.0% as of 31 December 2023.

Including other income reported under rental revenues (primarily ancillary and operating costs paid by third parties), total revenues from rental business in Germany amounted to EUR 453.9m, compared to EUR 450.7m in the previous year. The rental business in Poland contributed net actual rent of EUR 19.2m (previous year: EUR 11.6m) to net rental income. The significant increase compared to the previous year is mainly due to the completion of further units for rental. Like-for-like rental growth in Poland amounted to 3.2% as of the reporting date (previous year: 10.8%).

Taking into account rental expenses, net rental income in Germany – the balance of rental revenues and rental expenses – amounted to EUR 268.4m, compared to EUR 270.6m in the previous year. Despite the growth in rents for the properties under management, this was due to the sales in the financial year and the previous year, as well as the increase in maintenance and non-allocable costs. Rental business in Poland generated net rental income of EUR 18.2m, compared with EUR 10.7m in the previous year. Overall, net rental income of EUR 286.6m was generated, compared with EUR 281.3m in the previous year.

For the rental business segment in Germany, segment profit or FFO I, after deducting property management costs and directly attributable personnel and material costs, amounted to EUR 173.8m (previous year: FFO I of EUR 173.4m).

The segment result or FFO I in the rental business in Poland amounted to EUR 1.3m (previous year: EUR -1.7m) after deducting operating costs and directly attributable personnel and material costs.

#### Results from sales of investment properties and properties held as inventories

Revenues from the sale of inventory and investment properties totalled EUR 497.4m, significantly below the previous year's level of EUR 749.5m. In the previous year, revenues were significantly influenced by the intensified sales activities in Germany, which were deliberately reduced in the reporting year. Revenue from the sale of real estate held in Poland decreased to EUR 372.9m, compared with EUR 478.1m in the previous year (see also the comments in the section "Business performance in Poland"). Overall, this resulted in a sales result of EUR 67.2m in 2024, compared with EUR 74.8m in the previous year.

In addition to book profits, the sales result also includes expenses for sales commission and other ancillary sales costs. In total, these expenses amount to EUR 7.7m (previous year: EUR 7.5m).

For the Sales Poland segment, the segment reporting shows a sales result or FFO II contribution of EUR 66.2m (previous year: EUR 82.8m).

#### **Revenues from services and net service income**

The service revenues totalling EUR 112.5m (previous year: EUR 118.0m) are largely generated in Germany, with EUR 89.1m (previous year: EUR 114.2m). They relate to the business areas of energy management and caretaker services, as well as, to a lesser extent, multimedia, craftsmen services and property management. Income from energy management fell again after a significant increase in the previous year due to the sharp price fluctuations caused by the energy crisis and is now back at the same level as in the past. The associated expenses have fallen in line with the price development compared to the previous year. In Poland, construction and project services provided by ROBYG to joint ventures generated rising revenues (EUR 23.5m, previous year EUR 3.9m). Of this amount, EUR 15.9m is attributable to services provided over a period of time and the rest to services provided over a point in time.

After deducting the directly attributable purchase and material costs, the result from services was EUR 46.2m (previous year: EUR 32.8m).

#### **Other operating income**

Other operating income totalled EUR 17.3m in the financial year (previous year: EUR 20.3m) and, as in the previous year, is mainly attributable to the capitalisation of personnel expenses in connection with project developments in Poland, the interim leasing of properties that have not yet been developed and the reversal of provisions.

#### **Valuation results**

In 2024, following a previous year's impairment of EUR -705.2m, the revaluation (change in fair value) of the investment properties and the effects of the valuation of real estate held in inventories resulted in a negative valuation result of EUR -114.6m. The valuation result in Germany had a negative impact of EUR -138.5m (previous year: EUR -731.6m), while in Poland a positive valuation result of EUR 23.9m (previous year: EUR 26.4m) was achieved ( see also the section above "Operating business performance and portfolio development – revaluation of the portfolio in the past financial year").

#### **Personnel expenses**

Personnel expenses increased to EUR 91.4m in the reporting period (prior-year period: EUR 85.6m), due in particular to ongoing salary increases, but also to the higher number of employees required due to growth in Poland. As of 31 December 2024, TAG employed 1,856 people, including employees in Poland, compared to 1,816 employees at the end of the 2023 financial year.

In this context, directly attributable personnel costs totalling EUR 91.4m (previous year: EUR 85.6m) are allocated to the individual segments. Of this, the rental business segment accounted for EUR 62.3m in Germany and EUR 5.9m in Poland (previous year: EUR 59.7m in Germany and EUR 3.4m in Poland). Sales activities in Poland accounted for EUR 23.2m (previous year: EUR 22.4m).

#### **Depreciation/amortisation of intangible assets and property, plant and equipment**

Amortisation of intangible assets and depreciation of property, plant and equipment of EUR 12.7m (previous year: EUR 11.8m) relate exclusively to scheduled amortisation and depreciation, primarily of IT software, operating and office

equipment, and rights of use within the meaning of IFRS 16, and to a lesser extent to office properties used by the Group that are to be accounted for at amortised cost in accordance with IFRS rules.

#### **Other operating expenses**

At EUR 33.3m, other operating expenses were above the previous year's level of EUR 30.0m. The items under other operating expenses continue to include mainly legal, consulting and auditing costs, IT costs, and communication and occupancy costs.

Expenses (and income) totalling EUR 16.6m (previous year: EUR 9.8m) that can be directly allocated to the individual segments are assigned to the individual segments. Of this, the rental business segment incurred net expenses of EUR 17.9m in Germany (previous year: expenses of EUR 16.2m) and expenses of EUR 0.3m in Poland (previous year: income of EUR 1.1m), while the sales business in Poland generated income of EUR 1.6m (previous year: income of EUR 5.3m).

#### **Net interest income and other financial result**

The overall financial result, as the balance of interest income and interest expenses and the other financial result, improved to EUR -50.3 m (previous year: EUR -79.7 m), mainly due to lower interest expenses, lower expenses from derivatives and higher income, particularly from the Polish joint ventures and from short-term financial investments. If one eliminates one-time effects and non-cash valuation results, e.g. from derivatives, from this financial result, the cash financial result for the 2024 financial year excluding special effects amounts to EUR -52.9 m, compared to EUR -59.7 m in 2023, and is included in the calculation of the FFO in this amount.

The other financial result mainly includes the valuation of derivatives at EUR -1.4m (previous year: EUR -18.1m), as well as effects from currency translation of EUR 4.1m (previous year: EUR 2.4m).

#### **Taxes on income**

Income taxes amounted to EUR -7.1m in 2024, compared to EUR -92.2m in 2023. The share of actual tax expenses amounted to EUR 36.3m in 2024 (previous year: EUR 27.2m), the remaining income of EUR 43.4m (previous year: EUR 119.4m) relates to non-cash deferred taxes, primarily from the valuation of investment properties and from the utilisation of deferred taxes on unused tax losses.

#### **Consolidated net profit**

In the 2024 financial year, TAG achieved a consolidated result of EUR 122.1m (previous year: EUR -410.9m). The main reason for the improvement in the consolidated result of EUR 533.0m was the EUR 590.7m improvement in the valuation result.

### Adjusted EBITDA

For the 2024 financial year, the following adjusted EBITDA or the following adjusted EBITDA margin, i.e. the ratio of adjusted EBITDA to net actual rent, are calculated for the German rental business:

in EUR m	2024	2023
<b>EBIT</b>	<b>73.2</b>	<b>-512.8</b>
Valuation result	138.5	731.6
Depreciation	10.7	9.9
Sales result	3.9	-1.1
<b>EBITDA (adjusted)</b>	<b>226.3</b>	<b>227.6</b>
Rental income (net actual rent)	341.0	339.2
<b>EBITDA-Margin (adjusted)</b>	<b>66.4%</b>	<b>67.1%</b>

The decline in adjusted EBITDA is mainly due to the aforementioned property sales in Germany and to a further year-on-year increase in maintenance and non-recoverable property management costs. As a result, the EBITDA margin of 66.4% is slightly below the previous year's level of 67.1%

The adjusted EBITDA and adjusted EBITDA margin for the rental business in Poland are as follows:

in EUR m	2024	2023
<b>EBIT Rental Poland</b>	<b>31.1</b>	<b>22.1</b>
Valuation result	-19.4	-13.7
Depreciation	0.4	0.3
<b>EBITDA (adjusted)</b>	<b>12.2</b>	<b>8.8</b>
Rental income (net rent)	19.2	11.6
<b>EBITDA-Margin (adjusted)</b>	<b>63.5%</b>	<b>75.9%</b>

Based on net actual rent of EUR 19.2m in the rental business in Poland and adjusted EBITDA of EUR 12.2m, the adjusted EBITDA margin is 63.5%.

The adjusted EBITDA and the adjusted sales result for the sales business in Poland are as follows:

in EUR m	01/01/- 12/31/2024	01/01/- 12/31/2023
<b>EBIT Poland – sales</b>	<b>60.4</b>	<b>67.2</b>
Result of effects from purchase price allocation	9.8	36.8
Effects from realised revaluation results from previous years <sup>1)</sup>	5.4	0.0
Valuation result	-4.6	-12.7
Depreciation	1.6	1.6
Results from joint ventures <sup>2)</sup>	4.0	7.7
<b>EBITDA (adjusted) Poland – sales</b>	<b>76.6</b>	<b>100.6</b>
Net financial result (cash)	4.6	1.2
Cash taxes	-15.3	-18.4
Minority interests	0.2	-0.6
<b>Adjusted net income from sales Poland</b>	<b>66.2</b>	<b>82.8</b>

1) Revaluation gains eliminated in previous years that have now been realised in cash terms due to the handover of the underlying residential units; to be considered for the first time in the 2024 financial year; no adjustment of previous year's figures, effect would have led to an adjusted EBITDA in the previous year that was EUR 4.1m higher.

2) Excluding effects from purchase price allocation

### Funds from Operations (FFO)

FFO I is calculated on the basis of the German net profit, adjusted for non-cash components such as valuation results, depreciation, amortisation (excluding an adjustment for impairments on rent receivables), non-cash interest expenses and excluding non-recurring items that do not regularly recur, and deducting actual income taxes. Furthermore, FFO I does not include profits from the sale of real estate. AFFO (Adjusted Funds from Operations) is calculated on the basis of FFO I, deducting all capitalised investments in real estate (so-called capex). FFO II is based on FFO I and also takes into account the results from the sale of real estate and the contribution to earnings from business activities in Poland. The number of outstanding shares was calculated as a weighted average.



The following overview shows the calculation of FFO I, adjusted EBITDA, AFFO and FFO II in the past financial year and in comparison to the same period of the previous year:

in EUR m	01/01/ - 12/31/2024	01/01/ - 12/31/2023
EBIT Germany	73.2	-512.8
EBIT Poland (rental)	31.1	22.1
<b>EBIT Germany and Poland (rental)</b>	<b>104.4</b>	<b>-490.7</b>
Adjustments		
Valuation result	119.2	717.9
Depreciation	11.1	10.2
Sales result	3.9	-1.1
<b>EBITDA (adjusted) rental business Germany and Poland</b>	<b>238.5</b>	<b>236.4</b>
Rental income (net actual rent)	360.2	350.8
<b>EBITDA (adjusted)</b>	<b>66.2%</b>	<b>67.4%</b>
Net finance income (cash, after one-offs)	-52.9	-59.7
Income taxes (cash)	-9.4	-3.9
Guarantee dividend minorities	-1.1	-1.1
<b>FFO I</b>	<b>175.1</b>	<b>171.7</b>
Capitalised maintenance	-22.4	-20.0
<b>AFFO before modernisation capex</b>	<b>152.7</b>	<b>151.7</b>
Modernisation capex	-57.0	-66.1
<b>AFFO</b>	<b>95.7</b>	<b>85.6</b>
Net income from sales Germany	-3.9	1.1
Special effects on net income from sales Germany	2.0	0.0
Adjusted net income from sales Poland	66.2	82.8
<b>FFO II (FFO I + net income from sales)</b>	<b>239.4</b>	<b>255.6</b>
Weighted average number of shares outstanding (in 000)	175,471	175,444
<b>FFO I per share (in EUR)</b>	<b>1.00</b>	<b>0.98</b>
<b>FFO II per share (in EUR)</b>	<b>1.36</b>	<b>1.46</b>
Weighted average number of shares fully diluted (in 000)	175,471	175,444
<b>FFO I per share (in EUR)</b>	<b>1.00</b>	<b>0.98</b>
<b>FFO II per share (in EUR)</b>	<b>1.36</b>	<b>1.46</b>

FFO I increased by 2.0% year-on-year, from EUR 171.7 m to EUR 175.1 m. Based on the individual share, this resulted in an increase from EUR 0.98 per share to EUR 1.00 per share.

In the previous year, the Group forecast FFO I of EUR 0.98 per share for the 2024 financial year, which corresponded to an FFO I in the range of EUR 170 million to EUR 174 million in absolute terms. With FFO I of EUR 175.1 m and FFO I of EUR 1.00 per share for the 2024 financial year, the guidance was slightly exceeded.

The Group had forecast FFO II in the range of EUR 217.0 m to EUR 223.0 m or EUR 1.25 per share. With FFO II of EUR 239.4 m and FFO II per share of EUR 1.36 per share, this guidance was exceeded. This development was due in particular to higher selling prices and, as a result, better-than-expected gross profit margins on the residential units handed over. In addition, the result benefited from sales of undeveloped land and from interest income from loans to joint ventures and from short-term financial investments.

## Assets position

### Assets

The balance sheet total as of 31 December 2024 was EUR 7.8bn, compared to EUR 7.3bn as of 31 December 2023. The Group's total real estate assets include, in addition to investment properties of EUR 5,834.4m (previous year: EUR 5,935.3m), properties recognised as fixed assets totalling EUR 2.3m (previous year: EUR 2.0m) and, in particular, properties in Poland recognised as inventories totalling EUR 611.3m (previous year: EUR 629.6m). The decline in these properties in the portfolio is mainly due to the fact that construction work on properties intended for trading is carried out via joint ventures established for this purpose. In addition, real estate of EUR 58.0m (previous year: EUR 7.5m) is reported as non-current assets held for sale. In total, the value of the real estate portfolio as of 31 December 2024 was EUR 6,505.9m, compared to EUR 6,574.4m at the end of the previous year, of which EUR 5,286.1m (previous year: EUR 5,442.9m) was attributable to German real estate and EUR 1,219.8m (previous year: EUR 1,131.5m) to properties in Poland. Cash and cash equivalents amounted to EUR 603.5m as of 31 December 2024 compared to EUR 128.6m as of 31 December 2023.

### Investments and Capex reporting

In 2024, TAG spent a total of EUR 123.6 m (previous year: EUR 125.8 m) on ongoing maintenance and modernisations in Germany in its like-for-like portfolio, i.e. excluding the acquisitions made during the financial year and excluding project developments. Of this, EUR 44.2 m (previous year: EUR 39.7 m) was spent on maintenance recognised in profit or loss and EUR 79.4 m (previous year: EUR 86.1 m) on modernisations that could be capitalised. For the German portfolio, these are broken down as follows:

in EUR m	2024	2023
Large-scale measures (e.g. modernisation of entire residential complexes)	38.3	44.8
Modernisation of apartments		
Previously vacant apartments	18.7	21.3
Change of tenants	22.4	20.0
<b>Total modernisation costs like-for-like portfolio</b>	<b>79.4</b>	<b>86.1</b>

Total investments in Germany (current maintenance and capitalised renovation and modernisation measures) in the like-for-like portfolio in 2024 to EUR 25.32 per sqm after EUR 25.21 per sqm in the previous year and in the entire portfolio to EUR 24.63 per sqm (previous year: EUR 24.52 per sqm).

A breakdown of investment property by acquisitions, project developments and the residential portfolio, including acquisitions during the financial year, is as follows:

in EUR m	2024	2023
Acquisitions during the financial year	86.5	0.0
Project developments	44.3	63.7
- thereof capitalised interest	3.4	1.5
like-for-like Portfolio Germany <sup>1)</sup>	79.4	86.2
- thereof investments in existing areas	79.4	86.2
Other <sup>2)</sup>	0.0	0.0
<b>Total investments in investment properties</b>	<b>210.1</b>	<b>149.9</b>

<sup>1)</sup> Investments in investment properties of EUR 79.3m (previous year: EUR 86.1m), investments in properties held for sale of EUR 0.1m (previous year: EUR 0.1m)

<sup>2)</sup> Rental incentives, e.g. rent-free periods for tenants as a result of modernisations undertaken by tenants themselves, continue to be of minor importance; information on modernisation expenses in connection with joint ventures are not included here.

The acquisitions made during the financial year relate to the purchase of land for development projects in the Polish portfolio.

The development projects relate in full to investments in new residential construction in Poland, which is intended to build up the rental business. Including the project developments reported under inventories, a total of EUR 12.8m (previous year: EUR 11.7m) was invested in Germany and EUR 359.5m (previous year: EUR 315.7m) in Poland. The modernisation expenses for the like-for-like portfolio only relate to investments in existing space, as investments in additional space are of minor importance.

A detailed breakdown of current maintenance expenses and the renovation and modernisation measures per sqm by region can also be found in the overview table of the portfolio in the section above entitled "Business performance – Portfolio in detail".

### Goodwill

The initial consolidation of Vantage in 2020 resulted in goodwill of EUR 19.8m, which decreased to EUR 19.6m as of 31 December 2024 due to currency translation effects. This calculation is based on the difference between the cash purchase price for the shares of EUR 131.9m and the fair values of the acquired assets and liabilities.

The initial consolidation of ROBYG in 2022 resulted in goodwill of EUR 232.6m, which increased to EUR 244.8m due to the costs of a currency hedging transaction. The calculation is based on the difference between the cash purchase price for the shares of EUR 526.0m and the fair values of the acquired assets and liabilities. As of the reporting date, this goodwill increased to EUR 266.5m due to currency effects.

## Financial position

### Equity

In the financial year 2024, the equity base was increased by EUR 122.1m (in the previous year: decreased by EUR -410.9m) as a result of the current consolidated result.

As of the reporting date, the Group's equity totalled EUR 3,099.9m (31 December 2023: EUR 2,964.5m). The equity ratio at the end of the 2024 financial year was 40.0%, compared with 40.6% at the end of the previous year.

### EPRA Net Tangible Assets (NTA)

The following overview shows how the NTA is calculated:

in EUR m	12/31/2024	12/31/2023
Equity (before minorities)	3,019.6	2,885.2
Deferred taxes on investment properties and derivative financial instruments <sup>1)</sup>	557.1	550.8
Fair value of derivative financial instruments	11.7	10.1
Difference between fair value and book value of properties valued at cost <sup>1)</sup>	60.0	51.9
Goodwill	-286.1	-281.8
Intangible assets (book value)	-3.6	-4.1
<b>EPRA NTA, fully diluted</b>	<b>3,358.6</b>	<b>3,212.1</b>
Number of shares, fully diluted (in 000)	175,405	175,444
<b>EPRA NTA per share (EUR), fully diluted</b>	<b>19.15</b>	<b>18.31</b>

<sup>1)</sup> Deferred taxes on derivative financial instruments as well as deferred taxes and minority interests are taken into account when determining the hidden reserves on property, plant and equipment and inventories.

In calculating NTA, deferred taxes are taken into account as follows:

	2024			2023		
	Fair value in EUR m	Share of total portfolio	Share of deferred tax corrections	Fair value in EUR m	Share of total portfolio	Share of deferred tax corrections
Strategic core portfolio	5,828.4	89%	100%	5,934.3	89%	100%
Other portfolio including properties held for sale	741.2	11%	0%	708.6	11%	0%

## Financing and liquidity

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

in EUR m	12/31/2024	12/31/2023
Liabilities to banks	2,358.3	2,290.3
Liabilities from corporate bonds and other loans	893.8	523.9
Liabilities from convertible bonds	466.3	463.5
Cash and cash equivalents	-603.5	-128.6
<b>Net financial debt</b>	<b>3,114.9</b>	<b>3,149.0</b>
Investment properties	5,834.4	5,935.3
Property reported under tangible assets	2.3	2.0
Property held as inventory	611.3	629.6
Property reported under non-current assets held for sale	58.0	7.5
<b>Real estate volume (book value)</b>	<b>6,505.9</b>	<b>6,574.4</b>
Book value of property for which purchase prices have already been paid in advance	0.0	-3.8
Share in Joint-Ventures including loans	54.4	58.9
Difference between fair value and book value for properties valued at cost	84.4	75.7
<b>Relevant real estate volume for LTV calculation</b>	<b>6,644.7</b>	<b>6,705.2</b>
<b>LTV</b>	<b>46.9%</b>	<b>47.0%</b>

TAG bases its debt financing on various pillars. In addition to bank loans secured by land charges in the subsidiaries, the Company also uses capital market-based financing, such as corporate bonds in Germany and Poland, convertible bonds and, albeit to a lesser extent of usually no more than EUR 50m, as a special form of corporate bond, short-term bearer bonds with terms of usually one to twelve months (so-called "commercial papers") and promissory notes. TAG and its subsidiaries also have credit lines with banks.

The convertible bond 2020/2026 with a nominal value of EUR 470.0m has a term of six years, is unsecured and bears interest at a coupon of 0.625% p.a. The conversion price as of the reporting date was EUR 31.95. This conversion price will be adjusted if future dividend payments exceed the value of EUR 0.77 per share.

In August 2024, TAG also issued an unsecured, fixed-rate corporate bond with a volume of EUR 500.0m. The bond has a term of 5.5 years, a coupon of 4.25% p.a., and was offered for purchase to institutional investors under TAG's Debt Issuance Programme published in August 2024.

In addition, a corporate bond with a volume of EUR 125.0 m was issued in Germany in 2018 by means of a private placement. This corporate bond carries an interest rate of 1.75% p.a. and matures in June 2025.

On the Polish capital market, TAG's Polish subsidiaries issued various unsecured corporate bonds in zloty with a total volume of PLN 150.0m (previous year: PLN 360.0m) and in euros in the amount of EUR 24.0m (previous year: EUR 24.0m) as of the reporting date. These corporate bonds bear interest at a variable rate; the interest rate for the corporate bonds denominated in zloty was around 8.20 per cent as of the reporting date, while the interest rate for the corporate bond denominated in euro was 5.47 per cent as of the reporting date.

<b>Titel</b>	<b>Volume in m PLN</b>	<b>Outstanding Volume in m PLN</b>	<b>Outstanding Volume in EURm</b>	<b>Maturity</b>	<b>Interest as of Dec. 31 2024</b>
Series PC	150.0	150.0	34.6	12/04/2024	WIBOR 6M + 2,4%
Series AA	24.0	24.0	24.0	06/17/2026	EURIBOR 6M + 2,9%

The corporate bonds are hedged using interest rate swaps in a volume of PLN 100m (previous year: PLN 170m) and have terms of between four and five years.

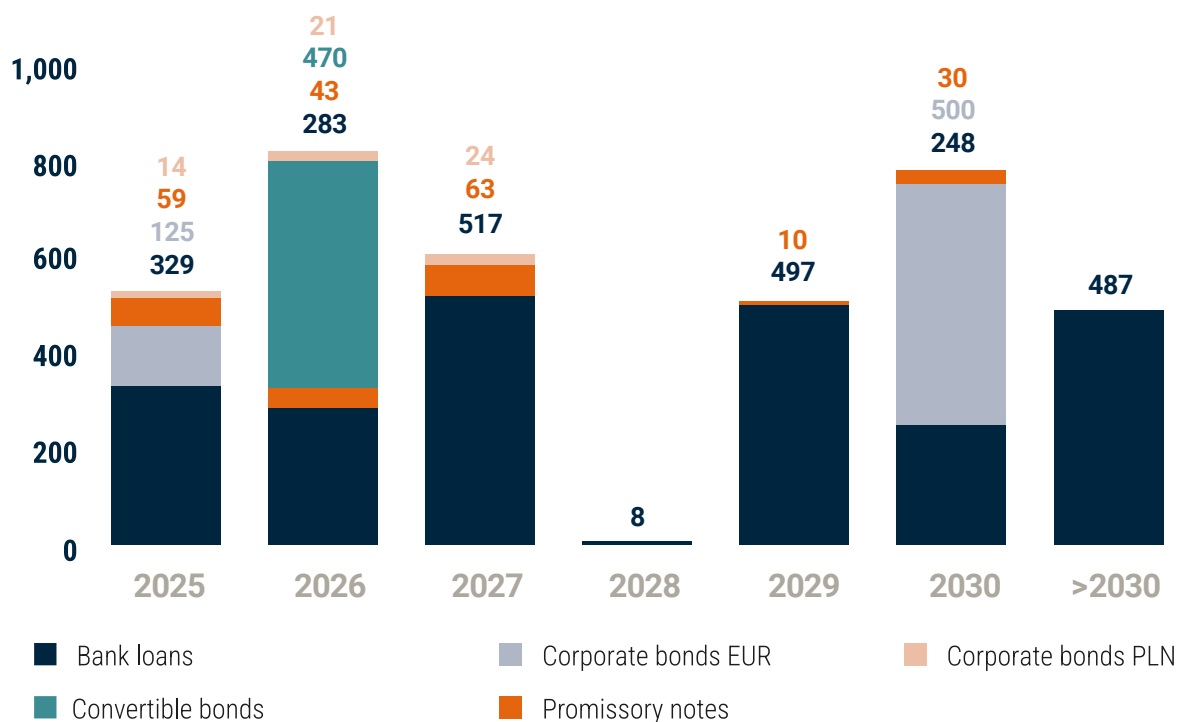
In Germany, TAG additionally placed a number of promissory notes in private placements, which were as follows as of the reporting date:

<b>Instrument</b>	<b>Year of issuance</b>	<b>Nominal in EURm</b>	<b>Maturity of tranches</b>	<b>Average interest as of Dec. 31 2024</b>
Promissory notes	2019	43.0	7 years	1.3%
Promissory notes	2020	77.0	3 to 10 years	2.1%
Promissory notes	2022	84.5	3 to 7 years	4.7%

In Poland, two loans totalling EUR 90m with a term of five years were taken out during the financial year.

The terms of the total financial liabilities as of 31 December 2024 are shown in the following overview:

in EUR m



The average volume-weighted remaining term of the entire financial liabilities as of the reporting date was 4.4 (previous year: 4.8) years. The average interest rate for the entire financial liabilities as of the reporting date was 2.6% (previous year: 2.2%). 95.0% (previous year: 95.1%) of the entire financial liabilities have fixed interest rates.

The Management Board assumes that all loans to be negotiated in the 2025 financial year, almost all of which are denominated in euros, will be refinanced or repaid from existing cash.

Cash flow in the past financial year developed as follows, based on the condensed presentation in the consolidated cash flow statement:

in EUR m	2024	2023
Cash flow from operating activities	142.0	291.9
Cash flow from investment activities	-84.0	117.9
Cash flow from financing activities	414.1	-529.4
Effects from currency changes	1.4	8.3
Cash and cash equivalents at the beginning of the period	127.4	238.7
<b>Cash and cash equivalents at the end of the period</b>	<b>600.9</b>	<b>127.4</b>



Rental and sales activities are the main drivers of cash flow from operating activities. Investment activities reflect the construction and modernisation activities of the past financial year. Cash flow from financing activities mainly reflects the results from borrowing and repaying bank loans and corporate bonds.

On the reporting date, the Group had the following unrestricted cash and cash equivalents, which are also reported in this amount in the consolidated statement of cash flows:

in EUR m	12/31/2024	12/31/2023
Cash and cash equivalents according to consolidated balance sheet	603.5	128.6
Cash and cash equivalents not available at balance sheet date	-2.6	-1.2
<b>Cash and cash equivalents as per consolidated cash flow statement</b>	<b>600.9</b>	<b>127.4</b>

In addition, credit lines from various credit institutions in Germany totalled EUR 174.4m (previous year: EUR 239.2m) as of the reporting date, which, as in the previous year, were not fully utilised. In Poland, credit lines with banks amounted to EUR 98.9m (previous year: EUR 89.9m) as of the reporting date, which are used primarily in the context of construction activities during ongoing business operations. As of 31 December 2024, these credit lines in the amount of EUR 98.5m (previous year: EUR 9.2m) were utilised.

#### **Overall assessment of the economic situation**

In the Management Board's view, TAG was again able to achieve very good operating results in both Germany and Poland in the 2024 financial year. Guidance was exceeded both in terms of FFO I due to falling vacancy rates and rent increases and in terms of FFO II, and even significantly in terms of FFO II due to an adjusted sales result in Poland that exceeded expectations. As a result of the significantly reduced valuation loss in the German property portfolio, consolidated net income for 2024 was also positive again at EUR [xxx]m after a loss of EUR [xxx]m in the previous year.

Thanks to the corporate bond issued in August 2024 with a volume of EUR 500.00m, TAG now has sufficient liquidity not only to carry out the refinancing due in the next two financial years, but has also laid the foundation for its growth plans for the Polish rental portfolio. In addition, the two existing investment grade ratings currently provide extensive opportunities for accessing the capital market.

## **REPORT ON THE SEPARATE FINANCIAL STATEMENTS OF TAG IMMOBILIEN AG IN ACCORDANCE WITH HGB**

### **Foundations of society**

TAG Immobilien AG (also referred to below as the "Company ") is the parent company in the Group. It primarily acts as a management holding company and performs all key centralised functions with its employees. The individual financial statements of TAG Immobilien AG are prepared in accordance with the provisions of the German Commercial Code (HGB) for large capital companies.

### **Control system**

For TAG Immobilien AG as a single entity, net income under commercial law, which is determined annually as part of the annual financial statements, is also used as a significant key performance indicator. The adjusted net income for the purposes of the key performance indicator is calculated without results from control and profit transfer agreements with subsidiaries, before income taxes and deferred taxes, and excluding non-recurring effects. The annually non-recurring effects essentially include extraordinary effects of refinancing, results from sales and valuation effects. The net income for the year is particularly relevant for calculating the distributable balance sheet profit, as it must be ensured that the Company not only has sufficient liquidity but also sufficient distributable commercial law results for the dividend to be paid in the following year.

### **Business performance**

TAG Immobilien AG acts as a holding company and generates income from business management services for the entire Group. It also collects investment income from its subsidiaries and generates interest income by financing the operations of its subsidiaries. To this end, funds raised through debt financing and capital increases are passed on to group companies.

By contrast, the Company's operating real estate business is not of material significance. In addition to a boarding house, the real estate portfolio as of 31 December 2024 still includes 71 residential units, as in the previous year. The majority of the operating business is carried out by subsidiaries within the Group.

## RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS IN THE ANNUAL FINANCIAL STATEMENTS OF TAG IMMOBILIEN AG

### Results of operations

TAG Immobilien AG's earnings position is largely determined by its holding function and by the centralisation and control of resources used across the Group. The majority of the German employees' employment contracts are bundled in the parent company and are distributed to the subsidiaries via internal cost allocations. This results in both high personnel expenses and high revenues. No revenues are generated by the Polish subsidiaries, which have their own staff.

In the 2024 financial year, the Company generated net income of EUR 129.8m, compared to EUR 80.4m in the previous year. The increase is mainly due to higher income from profit transfer agreements with German subsidiaries.

The following table shows the reconciliation of net profit to adjusted net profit for the purposes of the key performance indicator for TAG Immobilien AG as a single entity:

in EUR m	2024	2023
Net income as reported in the income statement	129.8	80.4
Income taxes and deferred income taxes	5.1	22.2
Non-recurring effects financing	4.5	-25.5
Valuation effects of purchase price guarantee and derivatives	1.1	1.5
Income relating to investment properties sales	0.0	-6.0
Value adjustments and write-ups on receivables (net)	-3.2	18.0
Income from profit transfer agreements	-118.2	-97.5
<b>Result after adjustments</b>	<b>19.1</b>	<b>-6.9</b>

On this basis, the Company generated a net profit after adjustment of EUR 19.1m, which is above the previous year's figure of EUR -6.9m. The guidance issued in the previous year for the HGB annual financial statements, which assumed an adjusted net profit of between EUR 27.0m and EUR 33.0m, was not achieved. The main reason for this is the significantly lower interest income from intercompany financing.

Revenues increased from EUR 48.0m in 2023 to EUR 50.1m in the financial year. Of this amount, EUR 49.4m (previous year: EUR 47.4m) is attributable to the internal cost allocation for personnel and material costs.

Other operating income increased from EUR 7.5m in the previous year to EUR 15.4m. This increase is due to write-ups of value adjustments in the amount of EUR 13.2m (previous year: EUR 0.0m). In contrast to the current financial year, the previous year's statement included income in connection with the sale of real estate.

Personnel expenses increased during the financial year from EUR 40.2m to EUR 41.9m. The rise in these expenses is mainly due to ongoing salary increases.

Depreciation and amortisation were significantly lower than in the previous year at EUR 13.0m (previous year: EUR 20.9m). The scheduled amortisation of EUR 3.1m (previous year: EUR 3.0m) mainly relates to ERP software. In addition, impairments on intercompany receivables totalling EUR 10.0m are reported (previous year: impairments on receivables in connection with the sale of real estate and further impairments on intercompany receivables totalling EUR 18.0m).

Other operating expenses increased to EUR 30.4m after EUR 24.9m in the previous year, which is mainly due to the issuing costs incurred in connection with the issue of a EUR 500m corporate bond. In addition, a significant portion of operating expenses in the financial year consists of legal and consulting fees, including IT consulting fees, in the amount of EUR 5.0m (previous year: EUR 5.3m) and occupancy costs of EUR 4.4m (previous year: EUR 4.2m).

The other items included in other operating expenses are primarily communication costs of EUR 1.6m (previous year: EUR 1.8m), vehicle and travel costs of EUR 2.4m (previous year: EUR 1.8m), and IT costs of EUR 2.6m (previous year: EUR 1.8m).

In the financial year 2024, TAG Immobilien AG generated income of EUR 118.2m (previous year: EUR 97.5m) from control and profit transfer agreements. This significant increase was primarily due to a new control and profit transfer agreement concluded with a subsidiary in the 2024 financial year, as well as to the sale of real estate in TAG's subsidiaries in 2024.

Net interest income increased to EUR 37.1m in the reporting year (previous year: EUR 36.2m). Interest income from affiliated companies and participations increased slightly to EUR 96.3m (previous year: EUR 95.9m) due to the rise in the interest rate environment and the associated adjustment of the interest rate. Total interest income increased from EUR 96.4 m to EUR 104.3 m and includes interest income from affiliated companies and around EUR 7.9 m (previous year: EUR 0.3 m) in interest income from financial investments.

Interest expenses increased from EUR 60.2m in the 2023 financial year to EUR 67.2m in 2024. The increase in interest expenses is mainly due to the adjustment of the interest rate for interest expenses to affiliated companies, which resulted in an increase in interest expenses to EUR 44.6m (previous year: EUR 35.3m). Reduced interest expenses for banks, which in the previous year were still characterised by the repayment of the bridge financing from the ROBYG purchase, had the opposite effect. In the 2024 financial year, current interest expenses of EUR 19.7m (previous year: EUR 14.8m) were attributable to borrower's note loans, corporate bonds and convertible bonds. The increase is mainly due to the interest expenses of the corporate bond issued in the financial year 2024.

## Financial position and net assets

As of 31 December 2020, the balance sheet total increased by EUR 366.0m to EUR 3,507.7m (previous year: EUR 3,141.7m), mainly due to a larger portfolio of cash and cash equivalents as of the reporting date. Of the balance sheet total, EUR 628.3 m (previous year: EUR 628.3m) is attributable to financial assets. In addition,

EUR 2,325.2m (previous year: EUR 2,481.7m) is attributable to intercompany receivables from loans and from intercompany cash pooling. Cash and cash equivalents at the end of the financial year amounted to EUR 521.7m (previous year: EUR 11.9m).

Equity increased, mainly due to the net profit for the year, from EUR 1,067.3m in the previous year to EUR 1,195.9m as of 31 December 2024. No dividend was distributed in the reporting year. The equity ratio is almost unchanged at 34.1% (previous year: 34.0%).

Tax provisions of EUR 5.2m (previous year: EUR 3.9m) consist entirely of provisions for income taxes. Other provisions primarily include provisions for purchase price guarantees from the sale of shares in a subsidiary totalling EUR 4.2m (previous year: EUR 3.4m), provisions for litigation risks of EUR 2.3m (previous year: EUR 0.3m), for bonuses of EUR 1.1m (previous year: EUR 1.0m), for outstanding invoices of EUR 2.1m (previous year: EUR 2.1m), further provisions for personnel costs of EUR 0.6m (previous year: EUR 0.5m) and for the costs of the audit of the annual financial statements of EUR 0.5 m (previous year: EUR 0.5m).

Liabilities increased overall to EUR 2,249.5m (previous year: EUR 2,017.5m) and include, among other things, the corporate bonds, convertible bonds, commercial papers and promissory notes issued by the company. The increase in liabilities is mainly due to the placement of the 2024/2030 corporate bond in August 2024 in the amount of EUR 500.0m. This was offset by the repayment of promissory notes, loans and commercial papers totalling EUR 134.0m. In addition, liabilities to affiliated companies in particular decreased from EUR 1,075.2m to EUR 933.8m.

As of the reporting date, the company had been granted credit lines of EUR 109.4m (previous year: EUR 84.4m) by various banks. As of 31 December 2024, the credit lines had not been utilised, as in the previous year.

## Overall statement by the Management Board on the business situation

The Company's earnings situation is considered good. As in previous years, TAG Immobilien AG's 2024 financial year is characterised by one-time effects and by the results of its subsidiaries. Income from profit transfer agreements increased from EUR 97.5m in the previous year to EUR 118.2m, resulting in a significantly positive result of EUR 129.8m, compared to EUR 80.4m in the previous year.

The Company's equity ratio of 34.1% (previous year: EUR 34.0%) remains at a good level in the opinion of the Management Board. The Company has sufficient liquidity and, in the opinion of the Management Board, is on a stable financial footing.

# COMBINED NON-FINANCIAL STATEMENT 2024

## FOREWORD

The Corporate Sustainability Reporting Directive (CSRD) was not transposed into German law in the 2024 financial year. Originally, the CSRD should have been transposed into national law by 6 July 2024, but this deadline was not met by the German government. On 24 July 2024, the Federal Cabinet adopted a corresponding bill. However, due to various political developments, including the break-up of the governing coalition, implementation did not take place by the end of 2024. As a result, the previous legal framework for sustainability reporting will remain in place for the 2024 financial year. Mandatory reporting in accordance with the CSRD, including extended audit obligations, will only come into force upon national implementation.

On 26 February 2025, the EU Commission published a draft for a simplification package of the contents of the CSRD, the EU Taxonomy Regulation and the CSDDD ("Omnibus Regulation"). The planned changes are far-reaching and affect all undertakings that fall within the previous scope of the CSRD. The draft provides for a 25% reduction in the number of datapoints to be reported for large undertakings compared to the current version of the CSRD. The content and timetable of the planned omnibus regulation are currently still under development. TAG assumes that the legislative process at EU level will be finalised in the course of 2025.

Against the background of the existing discussion about simplifying the requirements of the CSRD and the associated legal uncertainty, particularly with regard to the content and scope of the sustainability reporting standards applicable in the future, the Management Board of TAG has decided in favour of partially applying the first set of ESRS as a framework within the meaning of Section 289d HGB for the non-financial Group statement for the 2024 financial year.

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### Overview of unapplied ESRS datapoints

The following datapoints of the 1st set of the ESRS were not disclosed in full compliance with the requirements of the ESRS:

#### E1 – Climate change

- E1-6 para. 44 c), 51-55 Scope 3 GHG gross emissions

Scope 3 reporting for the 2024 financial year is based on the GHG Protocol Standard. ESRS-compliant reporting in accordance with the GHG Protocol Standard is expected to take place from the 2025 financial year.

## 1. GENERAL DISCLOSURES (ESRS 2)

### 1.1.BP-1 – GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS

The summarised non-financial statement in accordance with Sections 289b and 315b HGB (hereinafter referred to as the "Sustainability Report") for the 2024 financial year was prepared on a consolidated basis. The scope of consolidation corresponds to that of the consolidated financial statements.

The Sustainability Report also includes reporting in accordance with Section 289c of the German Commercial Code (HGB) at the level of TAG Immobilien AG. TAG Immobilien AG acts as the Group's holding company. As of 31 December 2024, TAG AG holds less than 1% of the investment properties reported in the Group; environmental issues are therefore not reported separately. Unless otherwise indicated in the report, the information provided also applies both to TAG as a Group and to TAG Immobilien AG at the level of the individual company

The Sustainability Report covers TAG's upstream and downstream value chain.

TAG has not made use of the option to omit certain disclosures on intellectual property, expertise or innovation results. Similarly, no use was made of the exemption in Art. 29a (3) of Directive 2013/34/EU (Accounting Directive), according to which no disclosures need to be made on future developments or matters that are the subject of negotiations.

TAG published its first Sustainability Report for the 2012 financial year. In the 2024 financial year, TAG prepared its non-financial Group statement for the first time, partially applying the first set of the European Sustainability Reporting Standards (ESRS) as a framework in accordance with Section 289d HGB. The non-financial statement is prepared in accordance with Sections 289c to 289e HGB, Sections 315c in conjunction with 289c to 289e HGB, including the partial application of the first set of the ESRS for the non-financial Group statement and the EU Taxonomy Regulation together with the delegated acts issued in this regard. No framework was applied to the non-financial statement of the Group parent company TAG Immobilien AG. The break in consistency compared to the GRI framework applied in previous years is due to the importance of the ESRS, which were adopted as a reporting standard by the European Commission in 2024.

For a description of the business model in accordance with Section 289c (1) HGB, please refer to the "Overview and Group strategy" section in the summarised management report. For a description of the most significant non-financial performance indicators pursuant to Section 289c (3) No. 5 HGB, please refer to the "Management system" section of the combined management report. The description of the material non-financial risks in accordance with Section 289c (3) Nos. 3 and 4 HGB can be found in the "Presentation of individual risks with regard to future development" section of the combined management report.

## 1.2.BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

### Value chain estimates

Value chain estimates are used in the following sections of the sustainability report:

### Metrics on consumption and GHG emissions

Estimates are included in TAG's carbon footprint, the results of which are published in section 3.8 E1-5 Energy consumption and mix and 3.9 E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions. For example, extrapolations of energy consumption and resource quantities (inflows and outflows) are used on the basis of incomplete data.

Emission factors are used to calculate the GHG emissions for the extrapolated quantities and consumption. Where available, publicly available data such as that from the German Environment Agency (UBA) or the Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) is used for the underlying estimates. In the area of new construction, this applies in particular to the carbon emissions generated in the production phase (phases A1–A3) as part of the life cycle analysis in accordance with EN 15978.

Emissions from tenant electricity consumption in Germany are estimated on the basis of an evaluation of the number of residents registered with TAG per residential unit and data published by the Federal Statistical Office.

GHG emissions and quantities in the context of maintenance measures for the residential portfolio in Germany are determined on the basis of self-calculated emission factors per kg or per sqm. The calculation was based on reference projects that were carried out in the 2024 financial year and for which the total emissions and quantities (ESRS E5) from the construction activities were extrapolated. The degree of accuracy resulting from the use of these indirectly determined parameters is considered to be medium. In particular, the primary data relating to TAG's construction activities is nation-wide not currently available on the market on a case-by-case basis. TAG assumes that the data basis will improve in the future, which could increase the degree of accuracy of the data determined in the future. For a detailed description of the parameters and sources used to determine the data, please refer to our disclosures in the topic-specific sections 3.8 E1-5 Energy consumption and mix, 3.9 E1-6 Gross GHG emissions in Scope 1, 2, 3 and Total GHG emissions and 4.6 E5-4 Resource inflows and 4.7 E5-5 Resource outflows.

## Sources of estimates and uncertainty of results

In the Management Board's assessment, the estimates used in connection with TAG's greenhouse gas balance in particular are parameters that are subject to a high degree of measurement uncertainty. Specifically, these are parameters for estimating the electricity consumption of tenants in Germany (Scope 3.13) and parameters for emissions per sqm resulting from construction activities in Poland (Scope 3.1 and Scope 3.2).

TAG has no knowledge of the electricity consumption of the tenants in the German residential portfolio. Likewise, no data is available on the energy mix of tenants' electricity consumption. The available data in this area is limited to data collected by third parties and their derivation of average values and emission factors that apply to an entire sector (e.g. emission factor electricity mix in Germany).

The consumption data for the 2023 financial year used as the basis for calculating energy consumption and emissions in Scope 1 and 2 were extrapolated for the 2024 financial year, taking into account changes in inventories. The data is partly based on estimates (energy certificates).

Available data on emission factors in the area of new construction activity is limited to published studies, which generally contain data for a specific selection of buildings and whose building type is not congruent with TAG's properties in every respect. The emissions in this area were calculated for the 2024 financial year on the assumption that the annual emissions from use over the lifetime of 50 years correspond to the emissions from the use of comparable residential units from the rental portfolio in Poland in the 2024 financial year. This low data availability results in measurement uncertainties with regard to the informative value of TAG's greenhouse gas balance.

The emission factors used were determined on the basis of TAG's research in conjunction with internal coordination between the relevant departments, such as Central Technology, Central Purchasing, Energy Management and Strategic Real Estate Management. The basis in this context was, in particular, a consideration of the informative value of the (limited) data available on the market, while at the same time ensuring transparent and comprehensible disclosure of the data in the sustainability report.

The forward-looking statements contained in this Sustainability Report are based on estimates and conclusions drawn from the information currently available. The statements are based on a number of assumptions relating to future events. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Many of these risks and uncertainties are related to factors that TAG cannot control, influence or estimate precisely. This applies, for example, to future market and economic conditions, the behaviour of other market participants, the development of data availability with regard to GHG emissions, the impacts of climate change, and government legislation on the disclosure of sustainability information. In particular, the specific effects of the ongoing finalisation of a version of the CSRD that has been transposed into German law and the associated impacts on the economy, individual markets and industries cannot be conclusively assessed at present. In this context, the forward-looking information presented in this report is characterised by a high degree of uncertainty.

### Incorporation of information by means of a reference

To improve readability and reduce redundancies, TAG has made use of the option to incorporate information by reference. References to other parts of the report have been included in connection with the following ESRS disclosure requirements:

ESRS disclosure requirement	Title of the disclosure requirement	Reference
GOV-3	Integration of sustainability-related performance in incentive schemes	Remuneration report in accordance with Section 162 AktG
GOV-5	Risk management and internal controls over sustainability reporting	"Risk management" and "Compliance management" sections in the summarised management report
SBM-3	Description of material opportunities and risks that could have an impact on TAG's financial position, financial performance and cash flows	"Opportunities and risk report" section in the summarised management report
SBM-3	Information on the resilience of TAG's strategy and business model in relation to material IROs	"Risk-bearing capacity" section in the summarised management report

## 1.3. GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Management Board and the Supervisory Board are defined as management and supervisory bodies for the purposes of the sustainability report. The Management Board had two members in the financial year, while the Supervisory Board had a total of six members, including two employee representatives. In total, the performance and supervisory bodies therefore consisted of eight members in the reporting year. In the opinion of the Supervisory Board, all shareholder representatives on the Supervisory Board are to be considered independent within the meaning of recommendation C.7 of the German Corporate Governance Code (GCGC). The percentage of independent members on the Supervisory Board was therefore 66.7%.

The gender diversity as an average ratio of female to male members was 1:1 in both the Management Board and the Supervisory Board in the reporting period.

The members of TAG's Management Board and Supervisory Board have extensive knowledge in the field of sustainability. On the Supervisory Board, Prof. Wellner in particular is an expert in the areas of the real estate industry and sustainability, which are part of TAG's operating business, thanks to her professional career and her field of research. This knowledge is continuously expanded and updated, e.g. through participation in training and further education programmes on current developments and best practices in the area of sustainability. If necessary, TAG draws on external experts and consultants who can contribute specific expertise on relevant sustainability topics in relation to the material impacts, risks, and opportunities. These experts support the Company in making well-founded decisions that meet the high requirements for sustainable action.

TAG's Supervisory Board is responsible for reviewing the sustainability report. Within the Supervisory Board, sustainability reporting and its review are assigned to the Audit Committee. At Management Board level, sustainability reporting, including ESG ratings, is the responsibility of CFO and Co-CEO Mr Thiel. Mrs Hoyer, COO and Co-CEO, is

responsible for sustainability management and operational implementation, including the policies and procedures for dealing with material impacts, risks and opportunities within the Company. The Management Board regularly reports to the Supervisory Board on current developments in the area of TAG's sustainability goals. The Management Board and the Supervisory Board are involved in relevant decision-making processes such as the setting of sustainability targets. Beyond this, there were no other special procedures for impact, risk, and opportunity management in the 2024 financial year.

TAG's sustainability strategy is closely linked to the Company's material impacts, risks, and opportunities. The corporate bodies ensure that the existing skills and competences are directly aligned with these areas. This includes, for example, the ability to identify risks related to climate change and to develop actions to minimise risks, as well as to recognise and exploit development opportunities. The established governance structures ensure that the strategic sustainability targets are aligned with the operational capabilities and expertise of the institutions.

In the Management Board's view, this ensures that TAG fulfils its responsibility as a housing company and at the same time meets stakeholder expectations for sustainable action and management.

#### **1.4. GOV-2 – INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE COMPANY'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

The Management Board and Supervisory Board are regularly informed about sustainability issues. The Management Board is informed in particular by the Head of ESG/Sustainability as well as the Strategic Real Estate Management and the Sustainability Committee about current developments in the area of ESG and the effectiveness of the adopted strategies, actions, metrics, and targets. In addition, the Management Board is closely involved in the rating processes and results of the ESG rating agencies. Where relevant, impacts, risks, and opportunities are taken into account when monitoring TAG's strategy, as well as decisions on important transactions in the design of the risk management process and, if necessary, decisions on compromises are made after weighing up economic aspects, among others. In the reporting period, the Management Board and Supervisory Board dealt in particular with the following material impacts, risks, and opportunities:

- Results of the tenant survey in Germany (tenant satisfaction)
- Decarbonisation of the existing portfolio in Germany
- Continuation of TAG's social commitment in the context of promoting social projects

#### **1.5. GOV-3 – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES**

The members of TAG's Management Board receive non-performance-related fixed remuneration as well as variable remuneration, which is paid partly in cash and partly in the form of TAG shares. The fixed remuneration and the variable remuneration are paid exclusively by TAG Immobilien AG; no remuneration is paid to subsidiaries.

- The variable remuneration consists of two components: the Short Term Incentive Plan (STIP) and the Long Term Incentive Plan (LTIP). Both the STIP and the LTIP include non-financial targets (ESG targets). The ESG targets in the LTIP also include the climate-related target of reducing carbon emissions within the German portfolio by 10% (weighting: 40%). In the STIP, the achievement of the non-financial targets is measured on the basis of the risk assessment by the external ESG rating agency Sustainalytics:
  - "Negligible risk": remuneration of TEUR 25
  - "Low risk": remuneration of TEUR 15
  - "Medium risk": remuneration of TEUR 5
  - "High risk" or "severe risk": no remuneration

The ESG targets are set by the Supervisory Board each year for the next LTIP period, i.e. for the next four years. The remuneration system for the Supervisory Board does not include any variable remuneration components.

For a further description of the remuneration and incentive systems of the Management Board and Supervisory Board, including sustainability-related benefits, please refer to the disclosures in the report on the main features of the Company's remuneration system (remuneration report in accordance with Section 162 AktG - Variable remuneration section) within the combined management report.





## 1.6. GOV-4 – STATEMENT ON DUE DILIGENCE

The following table provides an overview of where in the report the core elements of due diligence (implemented processes for identifying impacts, risks, and opportunities as well as actions to avoid negative impacts) are located.

Core element	Reference to sustainability report
Integration of due diligence into governance, strategy, and business model	<i>ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS 2 SBM-3</i>
Involvement of affected stakeholders in all important steps of the due diligence	<i>ESRS 2 GOV-2, ESRS 2 SBM-2: Stakeholders' interests and positions, ESRS 2 IRO-1, ESRS 2 MDR-P, topical ESRS S1-2 as well as S2-2 and S4-2</i>
Identification and valuation of negative impacts	<i>ESRS 2 IRO-1, ESRS 2 SBM-3</i>
Actions to counter these negative impacts	<i>ESRS 2 MDR-A, topical ESRS E1-3, E5-2, S1-4 as well as S2-4 and S4-4</i>
Tracking the effectiveness of these efforts and communication	<i>ESRS 2 MDR-M, ESRS 2 MDR-T, topical ESRS E1-4, E5-3, S1-5 as well as S2-5 and S4-5</i>

## 1.7. GOV-5 RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

For a description of the risk management system implemented throughout the Group, including the approaches used for risk assessment, the description of identified material risks, and mitigation strategies as well as reporting to the management and supervisory bodies, please refer to the Risk Management section of the combined management report for the financial year 2024. For a description of the internal control system (ICS) in place, please refer to the Compliance Management section in the combined management report for the financial year 2024.

The Management Board of TAG is responsible for the established control system with regard to sustainability reporting. The control system helps to ensure that the organisation and processes of sustainability reporting are set up properly and supports the optimal flow of corporate processes. As of the 2024 reporting year, TAG has not yet implemented a comprehensive ICS for sustainability reporting. In the course of the 2025 financial year, sustainability reporting is to be successively integrated into the existing ICS. The results of the risk assessment and the internal controls relating to the sustainability reporting process are an integral part of the relevant internal functions and processes, including the reporting processes.

Two operational risks were identified as material risks in connection with sustainability reporting:

- Incorrect information in the sustainability report

The data contained in the Sustainability Report may deviate from the actual data due to incorrect data transfer, for example, and may therefore be incorrect. To minimise this risk, TAG has implemented upstream and downstream internal controls in connection with data collection and the preparation of the Sustainability Report. Materiality of the upstream controls is the dual control principle, which ensures

correct and complete data transmission. The downstream controls essentially comprise plausibility checks of the content prepared by the ESG department, which reports to the CFO and Co-CEO, and by the Management Board. If any irregularities are identified as part of the internal controls, these are analysed with the departments involved and the report contents are adjusted if necessary. The Sustainability Report is prepared centrally in a dedicated tool, which enables the individual reporting requirements to be processed jointly and across departments and presents changes transparently.

- Missing information in the Sustainability Report

There is a risk that the Sustainability Report may not include all topics that are material for stakeholders. To minimise this risk, TAG has implemented procedures and processes to ensure a complete and correct materiality assessment. These processes include, in particular, the overarching integration of the ESG department in the preparation of the materiality assessment, the involvement of the relevant specialist departments, and the discussion and approval of the results of the materiality assessment by the Management Board.

## 1.8.SBM-1 – STRATEGY, BUSINESS MODEL AND VALUE CHAIN

TAG's business model in Germany is focused on the long-term management and rental business of affordable housing. All functions material to property management are performed by the Company's own employees. In addition, caretaker services and craftsmen's activities are provided for the Company's own portfolio. The rental business offers affordable housing that appeals to broad sections of the population. The Group's own multimedia company, MMI, supports the provision of television and multimedia services to tenants and expands the range of property management services. Energy management is bundled in the subsidiary Energie Wohnen Service (EWS) and includes the commercial heat supply and heat supply in the Group's own portfolios in order to optimise energy management. In the medium term, these services are to be further expanded and supplemented with new services for tenants.

TAG's investments in Germany are primarily in medium-sized cities and in the vicinity of large metropolises, as it sees not only growth potential but also better yield opportunities compared to investments in large cities. The newly acquired portfolios regularly have higher vacancy rates, which are then reduced after acquisition through targeted investments and proven asset management policies. Within Germany, investments are made almost exclusively in regions already managed by TAG in order to utilise existing management structures. In addition, local market knowledge is of material importance when acquiring new portfolios. The expansion of business activities to Poland began in 2020 with the acquisition of Vantage Development S.A. ("Vantage"), a property developer based and operating mainly in Wrocław. The acquisition of Warsaw-based ROBYG S.A. ("ROBYG") expanded TAG's platform for developing residential units for its own portfolio in the existing regions of Wrocław, Poznań and especially the Tricity, and also enabled a comprehensive market entry in Warsaw. At the same time, TAG expanded its business model to include the development of residential units for sale.

TAG's medium-term growth target is to build up a portfolio of c. 10,000 residential rental units in Poland by the end of 2028. In addition, the existing sales activities in Poland are to be continued in order to support the further growth of the rental portfolio from the liquidity surpluses generated there. The investment focus is on new-build flats in large cities with favourable population trends, proximity to universities and a well-developed infrastructure.

As of 31 December 2024, TAG had 1,312 employees in Germany and 413 employees in Poland. In Poland, in addition to these employees, TAG also employed non-employees who provide services for TAG Group undertakings as natural persons (associates). They are included in the employee figures as part of the financial reporting.

A total of 630 people were employed at TAG Immobilien AG, the parent company of the Group, as of the reporting date.

TAG has divided its sustainability targets into economic, social, and ecological goals.

The economic objective is to secure the Company's future viability and competitiveness on the basis of its long-term business model – the successful management and letting of affordable housing in Germany and the construction of new flats for rental business and sale in Poland. TAG's core business is geared towards long-term economic success, solid growth, and stability. To this end, we aim to maintain and increase the value of our properties. In this way, we aim to ensure a positive earnings trend. Responsible business conduct (corporate governance) is the basis for this sustainable corporate success. TAG Immobilien AG's shareholders should be assured of attractive returns and lenders should be assured of the lowest possible risk return on their capital.

The social targets are particularly focussed on tenants and employees. Tenants from different social backgrounds should be provided with affordable housing to increase their satisfaction. They should receive a secure home and good service in the long term. In addition, the focus is on continuing TAG's social and community involvement and improving the quality of life in its residential neighbourhoods. TAG wants to be an attractive employer for its employees, offering optimal working conditions and development opportunities, and promote personal responsibility, co-determination and participation. It is also important to offer employees and future generations secure jobs and increase their satisfaction with TAG as an employer. In the area of workers in the value chain, the aim is also to prevent accidents at work on TAG's construction sites in Poland.

As part of the long-term decarbonisation strategy for the German portfolio, TAG has specified its ecological targets for a virtually climate-neutral building stock by 2045. It is continuously working to make its real estate portfolio more climate-friendly and to improve its carbon footprint by using fewer resources, optimising the use of resources and further improving the portfolio's energy efficiency. Environmentally friendly portfolio management contributes to reducing carbon emissions and achieving the climate targets for existing buildings, while reconciling the financing and cost-effectiveness of the necessary actions with the targeted emission reductions poses a particular challenge. Targets within the scope of sustainable resource management also include increasing material efficiency by taking a holistic view of material flows according to the principle of circular economy.

For a detailed description of the targets, please refer to the explanations in sections 3.7 E1-4 Targets related to climate change mitigation and adaptation, 4.5 E5-3 – Targets related to resource use and circular economy, 5.7 S1-5 – Targets related to addressing material negative impacts, promoting positive impacts and managing material risks and opportunities] and 6.7 S2-5 – Targets related to addressing material negative impacts, promoting positive impacts and managing material risks and opportunities with respect to employees in the value chain and 7.7 S4-5 Targets related to addressing material negative impacts, promoting positive impacts and managing material risks and opportunities].

TAG's business model in Germany is focussed on portfolio management and rental business for affordable housing.

The supplier relationships required for the relevant procurement processes are managed by the department Central Purchasing. Individual orders can also be placed on a decentralised basis. Central Purchasing determines the requirements of the entire Group and places them on the market according to ecological and economic criteria. Procurement is based on framework agreements that integrate compliance requirements and sustainability standards. In most cases, our construction service providers are also connected to an online portal as part of refurbishment of vacant units and partial maintenance. We regularly evaluate the performance of our suppliers. The primary valuation according to economic criteria and sustainability matters is carried out by Central Purchasing. Our service monitoring forms the second level of assessment. On the one hand, our tenants can evaluate the performance of our subcontractors, and on the other hand, our employees carry out a valuation. The framework agreements are also continuously monitored, with test certificates, quality, and controlling reports being analysed, among other things.

In Poland, TAG's business model consists of property development for the rental business and for sale. The business model is carried out by the two subsidiaries ROBYG and Vantage. Both undertakings strive to create synergies and bundle management expertise and selected operational functions. By bundling competences, the ROBYG Group is expanding its business activities to the institutional rental market and the Vantage Group is receiving support in the construction and sale of residential units. Material input factors in Poland are the capital required for development, and the corresponding human capital in the form of expert employees and a properly established organisational structure.

The relevant development processes begin with a market analysis and the acquisition of the relevant building land and the associated preparation of the necessary architectural work as well as obtaining building permits. After the construction phase, which is carried out with the involvement of general contractors and subcontractors, the completed residential units are handed over to the respective buyers or offered for rental business on the Polish market.

TAG's current and future focus is on providing tenants with attractive living space at reasonable prices. By observing ecological requirements and complying with technical guidelines, their health will continue to be protected in the best possible way in the future. This also includes creating liveable neighbourhoods. In our view, good housing involves more than just living within one's own four walls. That is why TAG is contributing to the creation of liveable neighbourhoods with various actions as part of its neighbourhood development. Tenants should feel comfortable and safe in their neighbourhoods. TAG is also involved in the expansion of multimodal and environmentally friendly mobility options in the neighbourhoods. TAG is easily accessible for its tenants and prospective tenants, and information is readily and quickly available. Tenants are offered a fast service and high quality with the aim of providing as many services as possible within the Company's own undertaking. The range of services includes caretaker and craftsman services, multimedia, mobility and smart home services as well as energy management.

With this business model, TAG also secures reliable income and attractive returns for its predominantly long-term oriented national and international investors.

In Poland, the result of our activities also consists of the completion and handover of residential units sold, which lead to a corresponding revenue recognition in the consolidated income statement.

TAG positions itself at the centre of the value chain by acting as an owner, manager, and developer of residential real estate. The undertaking is responsible for the entire life cycle of the properties it owns, from planning and development to operation, modernisation, and maintenance. Relationships with suppliers and service providers are long-term and of

strategic importance, particularly in terms of ensuring quality and efficiency in the construction and maintenance processes. TAG maintains a close relationship with its sales partners and end-users, focussing on customer satisfaction and service quality.

**Upstream value chain:**

Suppliers:

- **Construction companies:** In Poland in particular, we work closely with construction companies that are responsible for the construction of new residential areas or the modernisation and renovation of existing properties. This includes both large construction groups and specialised craft businesses.
- **Material suppliers:** These supply the required building materials, from raw materials such as concrete and steel to installation materials for plumbing, heating, and electrical work. Suppliers often include large construction and building materials dealers.
- **Energy suppliers:** Energy suppliers are an important part of the upstream chain, providing the necessary resources for the operation and modernisation of heating and energy systems.

Service providers:

- **Planning and engineering offices:** These support the planning and implementation of construction projects, particularly in the area of energy efficiency and sustainable urban development.
- **Facility management:** Services for the ongoing maintenance and care of properties are also crucial.

**Downstream value chain**

Distribution channels:

- **Direct sales:** The rental business for residential units is generally handled directly to end-users via dedicated sales channels and platforms.
- **Brokers and agents:** In some cases, TAG also works with real estate agents to support the rental business or sale of properties.

End-user:

- **Tenants/buyers:** TAG's main customers are the tenants who live in the residential areas it manages and, especially in Poland, home buyers.
- **Municipalities and government agencies:** In some cases, TAG works closely with public authorities, particularly in the development of social housing or in public-private partnerships.

## 1.9.SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

TAG's most important stakeholders include tenants, buyers and employees, business partners and suppliers, shareholders including banks, financing partners and analysts, cooperation partners such as associations, as well as local politicians and associations. Their perspectives are material to TAG's business success.

Tenants are involved in the strategy and the business model in a variety of ways, as their satisfaction is material to TAG's business success. Personal contact persons are available in the tenant offices at the sites. Tenants can contact TAG by letter, telephone, email, tenant app or using the online form on the residential brand's website and via social media. Customer management is centralised to ensure good accessibility for our tenants and fast processing of their concerns. Customer service feedback is possible in Germany via the tenant app. TAG also offers housing counselling at its main locations. The focus is on senior living and serviced housing. Our tenants can also take advantage of our social counselling service. New and existing tenants also have the opportunity to view show flats or showrooms. Every three years, a portfolio-wide tenant survey is conducted to determine tenants' satisfaction with TAG as a landlord and their wishes regarding housing.

With TAG's entry into the project development business in Poland, the buyers of residential units are another important stakeholder group. Our customer service is available to buyers for all matters from the sale to the support, after-sales service, and property takeover. In order to determine how satisfied customers are with the service, a customer satisfaction survey is conducted during and after each disposal. TAG uses the results of the satisfaction surveys to continuously optimise processes and services.

Continuous dialogue with employees is a material part of our corporate culture. There are a variety of opportunities for employees to get involved. TAG uses various communication channels to keep our employees informed and promote cross-team dialogue. Established information formats include the intranet, e-mail distribution lists, brochures, and flyers. Project groups provide an opportunity for cross-site, cross-disciplinary and cross-hierarchical dialogue. The individual teams also meet regularly for team meetings and jours fixes. At the regional offices and in the teams, we encourage our employees to actively address their concerns. We use the annual appraisal interview and regular employee surveys to obtain feedback from our employees. The regional works councils and the general works council meet at regular intervals to discuss current issues at the regional offices and within the Group. Information relevant to the Company is discussed with managers and the Management Board. Employees are also involved in project groups and special workshops. Team events, ideas workshops, and joint celebrations or sports competitions provide additional opportunities for dialogue.

TAG is in regular dialogue with shareholders, investors, banks, and analysts. In particular, personal dialogue takes place at international conferences, roadshows, and property tours, at the Annual General Meeting and at regular bank and capital market days. TAG works closely with suppliers and service providers to manage, maintain and modernise its portfolios. We generally maintain long-standing relationships with our craftsmen, commercial and other partners. Direct contact with the TAG contact persons takes place in person on site, by telephone or by e-mail. The connection to external partners is continuously improved through the optimisation of digital processes, both by the Central Purchasing department and as part of the Group-wide digitalisation project "Mission Future".

As part of its tenant support and neighbourhood management, TAG is directly and personally on site. With our neighbourhood management, we strive for socially balanced and liveable neighbourhoods. This is why TAG supports local initiatives and interest groups as well as associations and social organisations at its sites. We organise campaigns and events in our neighbourhoods, for example in active meeting places or meeting centres.

As one of the largest private housing companies in Germany, we are also at the centre of local politics, associations and urban development. We are actively involved in property industry issues. We enable politicians to visit our neighbourhoods at our main locations. We use these on-site appointments to discuss housing policy issues. We also actively participate in neighbourhood conferences and round-table discussions on the topic of housing. When implementing our new-build projects in Poland, we work together with the respective local authorities to expand and develop the infrastructure, e.g. access roads, cycle lanes and parking spaces as well as charging stations for electric vehicles and green spaces.

Insofar as the interests and positions of our material IROs were analysed in the course of identifying them, these are comprehensible from TAG's perspective. The results of these analyses are generally taken into account in our business policy and, where relevant, in our strategy and business model. The Management Board and Supervisory Board are also informed about relevant stakeholder interests and viewpoints at regular Management Board and Supervisory Board meetings.

#### **Disclosures in accordance with ESRS 2 SBM-2 in relation to Own workforce (ESRS S1)**

Continuous dialogue with employees is a material part of TAG's corporate culture. One focus here is on ensuring their integrity. We therefore rely on the active participation of our employees at all levels of the Company and open communication on all material topics of corporate development. The involvement of the workforce in topics material to TAG's strategy takes place in Group-wide projects. Any employee can apply to participate in the projects, so that the interests and requirements of various departments and regions are taken into account, including the protection of employee-related human rights. Fixed project managers are defined in the projects in order to optimally coordinate the various Group-wide projects and ideas. In their work, the project managers regularly liaise with the responsible Management Board. Company-wide surveys supplement the involvement of employees.

According to the Management Board's assessment, the impacts on TAG's own employees identified as part of the materiality assessment are of a fundamental nature and are not specifically related to TAG's business activities.

In addition, statutory co-determination is possible both through involvement in the works council and through representation on the Supervisory Board. The Supervisory Board includes two employee representatives. In addition, employees always have the opportunity to make suggestions for improvement and, if necessary, have an individual discussion with their manager. The HR department and the works council are also always available to answer employees' questions and concerns.

#### **Data according to ESRS 2 SBM-2 in relation to Workers in the value chain (ESRS S2)**

Fair, resource-conserving and socially responsible procurement practices are an integral part of our business strategy and procurement policy and are anchored in TAG's Declaration of Human Rights. We are committed to respecting and complying with human rights, based on the United Nations Universal Declaration of Human Rights, the UN Guiding

Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the eight core labour standards of the International Labour Organization (ILO).

We work closely with suppliers and service providers in the management, maintenance, and modernisation of our portfolios and in our new construction business in Poland. Our Business Partner Code sets out requirements and fundamental principles for our business partners to work together in a spirit of partnership, in compliance with the relevant legal regulations, and ethical standards. TAG expects its business partners to behave in a compliant and ethical manner, to observe the established principles of cooperation, and to ensure that these principles are also observed by their business partners.

#### **Disclosure requirements in connection with ESRS 2 SBM-2 – Stakeholders' interests and views**

Tenants and buyers of our residential units are one of the most important interest groups for TAG as a housing company. Their interests and needs are a material part of our business and sustainability strategy. We therefore maintain an intensive dialogue with them and involve them through various information and communication formats. A high level of tenant and customer satisfaction as well as continuous neighbourhood involvement through social projects in our neighbourhoods in the regions managed by TAG are central components of our social commitment ("S"). For a detailed description of the processes for engaging with the interests, viewpoints, and rights of our customers, please refer to our comments in chapter 7.4 S4-2 Processes for engaging with consumers and end-users about impacts

### **1.10. SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL**

The identified material impacts, risks and opportunities arise primarily in the upstream value chain, such as the construction of new residential units in Poland or the maintenance of the existing portfolio in Germany, as well as in TAG's own activities through the active management of the portfolio and the employment of TAG employees. Short, medium and long-term time horizons were considered here.

For a description of the material impacts, risks and opportunities identified as part of the materiality assessment, please refer to the respective topic-specific chapters within this sustainability report.

The results of the materiality assessment are taken into account in the corporate strategy. If the Management Board believes that adjustments to TAG's strategy are necessary, these are analysed and implemented as part of the strategy process. In the reporting period, no adjustments were necessary from the Management Board's perspective. The future influence of the material impacts, risks and opportunities is also currently considered to be low, and no changes to the strategy or business model are currently discernible against this background.

For a description of the risks and opportunities that could have a material impact on TAG's financial position, financial performance and cash flows, please refer to the Opportunities and risk report section in the summarised management report for the financial year 2024.



For a description of the analysis of TAG's resilience with regard to the identified material impacts and risks, please refer to the Risk management – individual risks section in the combined management report for the financial year 2024.

Please refer to the information on SBM-3 in the topic-specific chapters for a description of the material impacts, opportunities and risks identified.

### **1.11. ESRS 2 IRO-1 DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES**

TAG has published its first sustainability report for the 2012 financial year. The previous sustainability reports were also based on an analysis of the material sustainability matters for TAG. The previous materiality analysis was revised as part of an analysis of the material impacts, opportunities and risks (IROs), the double materiality assessment as defined by ESRS 1. The materiality assessment covers all of TAG's business activities and was carried out independently for the two main areas of activity of portfolio development in Germany and project development in Poland. Expert groups identified for this purpose, each consisting of the ESG teams and the respective relevant specialist departments, carried out the analysis with the support of external consultants on the basis of the qualitative characteristics of information in Appendix B to ESRS 1 and the respective accompanying information in the individual ESRSs. Environmental concerns, employee concerns, social concerns, respect for human rights and combating corruption and bribery were also included. In the first step, a stakeholder analysis was carried out and the list of stakeholders from the previous sustainability report was expanded at a granular level. Experts from TAG Germany and the Polish subsidiaries represented the relevant stakeholder groups. Due to their proximity to and close dialogue with the relevant stakeholders, they have a good insight into their interests. For this reason, it was not necessary to conduct an external stakeholder survey. The results of the analyses of TAG Germany and the Polish subsidiaries were then combined.

In a second step, the impact materiality, i.e. the inside-out perspective, and the financial materiality, i.e. the outside-in perspective, were analysed. A distinction was made in the dimension as to whether it was an IRO at company level, portfolio level or both.

As part of the impact materiality, the impacts of TAG's business activities on the respective business areas concerned were analysed with regard to the environment, people and/or society. They were assessed with regard to

- Type of impacts: actual or potential
- Cause of impacts: directly caused by the undertaking or influenced by its business activities
- Location: within the undertaking or in the upstream or downstream value chain
- Time horizon of impacts: short-term as up to one year, medium-term as more than one year up to five years and long-term as more than five years.

The dimensions for valuation were the extent, scope, immutability and probability of occurrence. The rating scales were between 0 and 5 for extent, scope and irreversibility and between 1 and 4 for probability of occurrence:

<b>Extent</b>	<b>Scope</b>	<b>Immutability</b>	<b>Probability of occurrence</b>
5 – Very high impacts	5 – Global scope	5 – Cannot be rectified	
4 – High impacts	4 – Wider scope	4 – Very difficult/long-term to rectify	4 – Very likely (Factor 1)
3 – Moderate impacts	3 – Moderate scope	3 – Difficult/ medium-term to rectify	3 – Probable (factor 0.85)
2 – Low impacts	2 – Concentrated scope	2 – Can be remedied with time and cost	2 – Unlikely (factor 0.7)
1 – Very low impacts	1 – Limited scope	1 – Relatively easy to rectify in the short term	1 – Very unlikely (factor 0.65)
0 – No impacts	0 – No Impacts	0 – Very easy to fix	

The quantitative categorisation of impacts results from the product of the severity (sum of extent, scope and immutability) and, in the case of potential impacts, the probability. This results in a value between 0 and 15. Impacts classified as 8 or higher are considered material in the sense of double materiality for the sustainability report.

In the event of a potential negative impact on human rights, the degree of severity was given priority over the probability of occurrence.

The quantitative valuation of the financial materiality of risks and opportunities is based on the valuation dimensions of financial impact and probability of occurrence. The financial impact was assessed on a scale from 0 (no financial impact) to 5 (very high financial impact). The product of the financial impact and the probability results in a quantitative valuation between 0 and 5. Risks and opportunities with a quantitative valuation of 3 or more are considered material in the sense of double materiality for the sustainability report. The type and time horizon of opportunities and risks were considered in the same way as the valuation of the impact materiality.

In principle, there are often correlations between the identified risks, opportunities and impacts.

Once the materiality assessments for the two different areas of activity in Germany (portfolio management) and Poland (project development) had been completed independently of each other, the results were consolidated at Group level in accordance with the maximum principle and the principle of completeness, taking materiality into account. IROs that were not identical in terms of content were combined in accordance with the principle of completeness. IROs with identical content were combined in accordance with the maximum principle, i.e. the higher value of an impact, opportunity or risk was always included in the Group analysis. The IROs were then reviewed from a TAG Group perspective and, if necessary, additions or adjustments were made and the quantitative valuation of the impact or financial materiality was adjusted. The Risk Management department was involved in the entire process. The results were then discussed with the Management Board and presented to the Supervisory Board for discussion at a meeting.

Sustainability risks have the same importance as all other risks in the Group.

In future, the materiality assessment will be reviewed annually to ensure that it is up to date and will also be updated as required (e.g. when the business model is adjusted).

## **1.12. IRO-2 – DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING’S SUSTAINABILITY STATEMENT**

For an overview of the disclosure requirements that are followed when preparing the sustainability report based on TAG's materiality assessment, please refer to the table of contents for the combined non-financial statement within the combined management report for the financial year from 1 January 2024 to 31 December 2024.

The sustainability report contains the following datapoints resulting from the EU legislation attached in Appendix B to ESRS 2. The individual disclosures can be found in the relevant topical chapters or subchapters of this sustainability report.

Disclosure requirement and associated datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation Reference	EU Climate Law Reference	Sustainability report reference (chapter)
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27 57), Annex II		1.3
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Commission Delegated Regulation (EU) 2020/1816, Annex II		1.3
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				1.6
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28 58), Table 1: Qualitative disclosures on environmental Risks, and Table 2: Qualitative disclosures on social Risks	Commission Delegated Regulation (EU) 2020/1816, Annex II		not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29 59), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	3.4
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book – Climate change transition risk: credit quality of exposures by sector, Emission and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12(1)(d) to (g) and Article 12(2)		not material
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator No. 4 in Annex 1 Table 2	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU)	Delegated Regulation (EU) 2020/1818, Article 6		3.4

Disclosure requirement and associated datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation Reference	EU Climate Law Reference	Sustainability report reference (chapter)
		2022/2453, Template 3: Banking book – Climate change transition risk: alignment metrics			
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator No. 5 in Annex 1 Table 1 and Indicator No. 5 in Annex 1 Table 2				3.8
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator No. 5 in Annex 1 Table 1				3.8
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator No. 6 in Annex 1 Table 1				3.8
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators No. 1 and 2 in Annex 1 Table 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book - Climate change transition risk: credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), Article 6 and Article 8(1)		3.9
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator No. 3 Table 1 in Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Transition risk related to Climate change: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		3.9
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; template 5: Banking book – Physical risk related to			phase-in

Disclosure requirement and associated datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation Reference	EU Climate Law Reference	Sustainability report reference (chapter)
		Climate change: exposures with physical risk			
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by real estate - Energy efficiency of collateral			phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Commission Delegated Regulation (EU) 2020/1818, Annex II		phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator No. 8 in Annex 1 Table 1 Indicator No. 2 in Annex 1 Table 2 Indicator No. 1 in Annex 1 Table 2 Indicator No. 3 in Annex 1 Table 2				not material
ESRS E3-1 Water and marine resources paragraph 9	Indicator No. 7 in Annex 1 Table 2				not material
ESRS E3-1 Dedicated policy paragraph 13	Indicator No. 8 in Annex 1 Table 2				not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator No. 12 in Annex 1 Table 2				not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator No. 6.2 in Annex 1 Table 2				not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator No. 6.1 in Annex 1 Table 2				not material
ESRS 2 IRO 1 - E4 paragraph 16 (a) i	Indicator No. 7 in Annex 1 Table 1				not material
ESRS 2 - IRO 1 - E4 paragraph 16 (b)	Indicator No. 10 in Annex 1 Table 2				not material
ESRS 2 - IRO 1 - E4 paragraph 16 (c)	Indicator No. 14 in Annex 1 Table 2				not material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator No. 11 in Annex 1 Table 2				not material

Disclosure requirement and associated datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation Reference	EU Climate Law Reference	Sustainability report reference (chapter)
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator No. 12 in Annex 1 Table 2				not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator No. 15 in Annex 1 Table 2				not material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator No. 13 in Annex 1 Table 2				4.7
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator No. 9 in Annex 1 Table 1				4.7
ESRS 2 SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator No. 13 in Annex I Table 3				1.10
ESRS 2 SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator No. 12 in Annex I Table 3				1.10
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator No. 9 in Annex I Table 3 and Indicator No. 11 in Annex I Table 1				5.3
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Commission Delegated Regulation (EU) 2020/1816, Annex II		5.3
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator No. 11 in Annex I Table 3				5.3
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator No. 1 in Annex I Table 3				5.3
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator No. 5 in Annex I Table 3				5.5
ESRS S1-14 Number of fatalities and number and rate of workrelated accidents paragraph 88 (b) and (c)	Indicator No. 2 in Annex I Table 3		Commission Delegated Regulation (EU) 2020/1816, Annex II		phase-in
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator No. 3 in Annex I Table 3				phase-in
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator No. 12 in Annex I Table 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		5.13
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator No. 8 in Annex I Table 3				5.13
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator No. 7 in Annex I Table 3				5.14



Disclosure requirement and associated datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation Reference	EU Climate Law Reference	Sustainability report reference (chapter)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator No. 10 in Annex I Table 1 and indicator no. 14 in Annex I Table 3		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818Article 12(1)		5.14
ESRS 2 SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators No. 12 and 13 in Annex I Table 3				not material
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator No. 9 in Annex 1 Table 3 and indicator no. 11 in Annex 1 Table 1				not material
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators No. 11 and 4 in Annex 1 Table 3				not material
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator No. 10 in Annex 1 Table 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818Article 12(1)		not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Commission Delegated Regulation (EU) 2020/1816, Annex II		not material
Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator No. 14 in Annex 1 Table 3				not material
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator No. 9 in Annex 1 Table 3 and indicator no. 11 in Annex 1 Table 1				not material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator No. 10 in Annex 1 Table 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818Article 12(1)		not material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator No. 14 in Annex 1 Table 3				not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator no. 9 in Annex 1 Table 3 and indicator no. 11 in Annex 1 Table 1				not material
ESRS S4-1N Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator No. 10 in Annex 1 Table 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818Article 12(1)		not material
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator No. 14 in Annex 1 Table 3				not material

<b>Disclosure requirement and associated datapoint</b>	<b>SFDR reference</b>	<b>Pillar 3 reference</b>	<b>Benchmark Regulation Reference</b>	<b>EU Climate Law Reference</b>	<b>Sustainability report reference (chapter)</b>
ESRS G1-1 United Nations Convention against Corruption paragraph 10(b)	Indicator No. 15 in Annex 1 Table 3				9.2
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator No. 6 in Annex 1 Table 3				9.2
ESRS G1-4 Fines for violation of anticorruption and anti-bribery laws paragraph 24 (a)	Indicator No. 17 in Annex 1 Table 3		Commission Delegated Regulation (EU) 2020/1816, Annex II		9.4
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator No. 16 in Annex 1 Table 3				9.4

For an explanation of the process for determining the material information to be disclosed in connection with TAG's material IROs, including the use of thresholds in the assessment of materiality, please refer to the explanations in chapter ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities. As a result, the standards E2 – Pollution, E3 – Water and marine resources, E4 – Biodiversity and S3 – Affected Communities have been assessed as not material for the business activities of the TAG Group.

## ENVIRONMENTAL INFORMATION

### 2. INFORMATION IN ACCORDANCE WITH ARTICLE 8 OF REGULATION (EU) 2020/852 (EU TAXONOMY REGULATION)

The EU Taxonomy Regulation (EU) 2020/852 (hereinafter referred to as the Taxonomy) is the core of the European Commission's "Financing Sustainable Growth" action plan. It is intended to provide support in achieving the goals of the European Green Deal and make Europe the first climate-neutral continent by 2050. The Taxonomy is designed to promote a common, holistic understanding of the environmental sustainability of economic activities and investments, and channel capital flows into sustainable economic activities and sustainable companies. As a European classification system, the regulation provides uniform, binding and detailed rules on what economic activities are considered environmentally sustainable in the EU. The Taxonomy obliges companies to report transparently on their environmentally sustainable activities, using standardised indicators.

According to the Taxonomy, economic activities are considered "environmentally sustainable" or "Taxonomy-aligned" if they

- make a substantial contribution to one or more of the six EU environmental objectives,
- do not significantly harm the other environmental objectives, and
- comply with minimum social safeguards.

The six environmental objectives set out in the Taxonomy are:

1. Climate Change Mitigation (CCM)
2. Climate Change Adaptation (CCA)
3. Sustainable Use and Protection of Water and Marine Resources (WTR)
4. Circular Economy (CE)
5. Pollution Prevention and Control (PPC)
6. Protection and Restoration of Biodiversity and Ecosystems (BIO)

The specific quantification of the objectives is based on sector-specific, technical screening criteria, which were published in 2021 in the form of a delegated act, Commission Delegated Regulation (EU) 2021/2139 to supplement the Taxonomy. The technical screening criteria for the first two environmental objectives "Climate Change Mitigation" and "Climate Change Adaptation" were initially specified. The technical screening criteria for each economic activity are basically defined in Annex I and II of the delegated act and include criteria for the "Substantial contribution" (SC) to one of the two environmental objectives as well as the so-called "Do No Significant Harm" (DNSH) criteria. In addition, it must be ensured for the individual economic activities that companies comply with the Minimum Social Safeguards (MS) criteria in accordance with Article 18 of the Taxonomy.

For TAG, due to its business activities, the criteria set out in Annex I and II No. 7, "Construction and Real Estate" are essentially relevant. These technical screening criteria relate to new construction of buildings, the renovation of existing buildings, individual energy efficiency measures, and the acquisition and ownership of buildings.

Turnover, CapEx and OpEx that show an overlap with the activities "3.1 New construction" and "3.2 Renovation of existing buildings" in environmental objective (4) "Circular economy" and "2.1 Hotels, vacation accommodation, campsites and similar accommodation" from the operation of TAG's serviced apartments in environmental objective (6) "Protection and Restoration of Biodiversity and Ecosystems" are allocated in full to environmental objective (1) "Climate Change Mitigation" in order to avoid double counting.

### **Reporting obligations**

The Taxonomy entered into force on 12 July 2020. The associated reporting obligations will initially apply from 1 January 2022 for the two environmental objectives "Climate Change Mitigation" and "Climate Change Adaptation". From 1 January 2024, there is an obligation to report on the fulfilment of the other environmental objectives as well. The content and presentation of the information to be published by companies have been concretised by the European Commission in a further delegated act, Commission Delegated Regulation (EU) 2021/2178.

Companies that are required to publish a non-financial statement or a consolidated non-financial statement pursuant to Art. 19a or Art. 29a of Directive 2013/34/EU (EU Accounting Directive) shall report on the environmentally sustainable proportion of their turnover, capital expenditure (CapEx) and operating expenditure (OpEx) in relation to the first two environmental objectives in accordance with Art. 8 in conjunction with Art. 27 (2) (a) of the Taxonomy since financial year 2022. The obligation to disclose the required information thus also applies to TAG as a capital market-oriented real estate company. Since the 2024 financial year, three tables for the disclosure of the Taxonomy-eligible and Taxonomy-aligned proportion of turnover, CapEx and OpEx in relation to environmental objectives 1-6 must be disclosed for the first time.

### **Process for implementing the EU Taxonomy in the company**

In the 2021 financial year, TAG formed a project team consisting of the Group Accounting, Controlling and Strategic Real Estate Management (Sustainability Management) departments to implement the requirements of the Taxonomy. The project team analysed all of TAG's business activities regarding their conformity with the activities described in the Taxonomy. On the one hand, the analysis was carried out on the basis of the activity descriptions and NACE Codes listed in the sector-specific technical screening criteria. On the other hand, the listing and breakdown of TAG's business activities according to the accounting and reporting system (accounting data, accounts) was used. Within the framework of the regulations, premises and specifications were made for the consideration of the data in the denominator and numerator of the indicators and the data were evaluated and processed accordingly.

## Disclosure of the required information

### Taxonomy eligibility

Since the expansion of the business territory to Poland in fiscal year 2020, the Group's main activities as a residential real estate group include not only the letting of residential space but also the construction of new apartments for subsequent sale. The main activities of TAG analysed and identified as Taxonomy-eligible in the reporting for the financial years 2021 to 2023 basically continues to apply unchanged in financial year 2024 and are as follows:

No.	Economic activities by Taxonomy	Turnover	CapEx	OpEx
7.1	Construction of new buildings for subsequent sale	X	-	-
7.2	Renovation of existing buildings	-	X	X
7.3	Installation, maintenance and repair of energy-efficient equipment	-	X	X
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	-	X	X
7.5	Installation, maintenance and repair of devices for measuring, regulating, and controlling energy performance of buildings	-	X	X
7.6	Installation, maintenance and repair of renewable energy technologies	-	X	X
7.7	Acquisition and ownership of buildings	X	X	X

As in the previous year, revenue from other services without reference to technical screening criteria, such as rental and sales revenue from parking spaces, was identified as not Taxonomy-eligible. In the area of capital expenditure, the not Taxonomy-eligible expenses relate in particular to capitalised investments without reference to technical screening criteria, such as investments in fire brigade access roads or waste disposal sites. Non Taxonomy-eligible operating expenses relate in particular to non-capitalised operating expenses, e.g. in connection with expenses for cleaning and waste disposal, where there is no reference to the technical screening criteria.

### Taxonomy alignment

To identify the Taxonomy-aligned activities, TAG's taxonomy-eligible activities were checked for their fulfilment of the SC (Significant Contribution) criteria to one of the two environmental objectives of CCM and CCA, as well as the associated DNSH criteria for "Do No Significant Harm" to the other environmental objectives. In each case, the review was generally based on the relevant asset value for the turnover, investments, and operating expenses. In addition, it was analysed and checked whether the MS (Minimum Safeguards) were met in the performance of the activities.

**Criteria for a substantial contribution and avoidance of harm to the other environmental objectives (SC or DNSH criteria)**

Due to the letting activities, the majority of Taxonomy-eligible activities are attributable to activity 7.7 "Acquisition and ownership of buildings". Revenues from letting, as well as CapEx and OpEx for buildings that meet the technical screening criteria defined in the del. Regulation (EU) 2021/2139 were initially classified as basically Taxonomy-aligned within the scope of the analysis. For rented buildings in Poland for which the building application was submitted after 31 December 2020, in accordance with the regulations in the del. Regulation 2021/2139, the technical criteria of activity 7.1 "Construction of new buildings for subsequent sale" were applied. With regard to the environmental objective CCM, the DNSH criteria of activity 7.7 are limited, for financial year 2024, to the performance of a robust climate risk and vulnerability assessment of the physical climate risks material for the activity, in accordance with the specifications in Appendix A to Annex I of the del. Regulation (EU) 2021/2139. Together with a scientific partner, TAG has carried out such a climate risk and vulnerability assessment for TAG's entire real estate portfolio in Germany and Poland based on the specified climate scenarios (RCP 2.6, RCP 4.5 and RCP 8.5 of the Intergovernmental Panel on Climate Change (IPCC)). The risk assessment is based on Scenario RCP 4.5, which, according to the United Nations, represents the increase in the global average temperature that is most likely to be expected as a result of the currently implemented and defined national climate protection contributions (UNEP Emissions Gap Report 2023). In Scenario RCP 4.5, no climate risks evaluated as "extreme" occur at the level of the entire Company, not in the time horizon up to 2030 nor up to 2045. CapEx of activity 7.7 is classified as Taxonomy-aligned, provided that the SC and DNSH criteria for activity 7.7 are met. For buildings constructed by 31 December 2020, the relevant SC criterion for activity 7.7 in relation to the environmental objective CCM is a Class A energy performance certificate or, alternatively, allocation to the top 15% of the national or regional building stock in terms of primary energy demand. For buildings constructed after 31 December 2020, the SC criteria of activity 7.1 New construction must be applied.

Concerning the high requirements for new buildings, there are still uncertainties in relation to business activities in Poland regarding the interpretation of the requirements of the Taxonomy and the quality of evidence. In addition, the share of the Group's total revenue generated from rental business in Poland amounted to less than 2% in the financial year 2024. In the lights of this, we have decided to classify TAG's activities in Poland as not Taxonomy-aligned, as in the previous year.

This preliminary assessment may change in the future as the regulation continues to be applied and the associated scope for interpretation is clarified. In addition to activities 7.1 and 7.7, the capital expenditures (CapEx) and operating expenditures (OpEx) for the 2024 financial year were analysed to determine whether the content of these activities falls under economic activities 7.2 to 7.6 of the del. Regulation (EU) 2021/2139. For these CapEx and OpEx, the technical screening criteria of activities 7.2 to 7.6 were applied to verify Taxonomy alignment. Existing questions of interpretation or room for interpretation were applied by TAG according to the current state of knowledge with regard to the regulatory purpose of the Taxonomy. The technical screening criteria published by the EU leave room for interpretation, particularly with regard to the characteristic of the "top 15% of the national or regional building stock". This results from the required disclosure in relation to the "national or regional building stock" without provision of a reference to a specific database or benchmark. Furthermore, the term "regionality" in the del. legal acts is not explained in more detail. Also, the thresholds for classification in the corresponding energy efficiency classes vary across Europe, resulting in limited comparability of the data. TAG has therefore used the updated version of the joint study by the vdp (Association of German Pfandbrief Banks) and Drees & Sommer from 2023 as the basis for determining the top 15% of its building stock in Germany with regard to the current disclosure of Taxonomy alignment. According to this study, residential buildings with a primary energy demand or consumption of up to and including 74 kWh/sqm are considered to be in the top 15%. As a result of this analysis, around a quarter of our residential units belong to the top 15% of the German building stock.



**Compliance with Minimum Social Safeguards (MS)**

Another criterion for Taxonomy alignment is ensuring compliance with minimum social safeguards. This includes due diligence obligations in the Company itself and in the supply chain through the implementation of suitable processes. Essentially, this refers to compliance with human rights, corruption and bribery, fair competition and taxation. TAG uses a Group-wide approach to ensure that the MS criteria are met. As part of our compliance management system, we have implemented comprehensive procedures, Group-wide guidelines (e.g. Declaration on Respect for and Observance with Human Rights, Business Partner Code, and Anti-Corruption Policy) and grievance mechanisms to prevent and detect violations. Further information on the implementation of human rights due diligence can be found in section 9.2 G1-1 – Policy and corporate culture.

## 2.1. RESULTS OF THE ANALYSIS OF TAXONOMY ALIGNMENT

The proportion of Taxonomy-eligible and Taxonomy-non-eligible turnover, capital expenditure (CapEx) and operating expenditure (OpEx) determined for the reporting year 2024 are shown below :<sup>1</sup>

Reporting form: Proportion of turnover from goods or services related to Taxonomy-aligned economic activities – Disclosure for the year 2024

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<sup>1</sup> Y - Yes, Taxonomy-eligible activity that is Taxonomy-aligned with the relevant environmental objective

N - No, Taxonomy-eligible activity but not Taxonomy-aligned with the relevant environmental objective

N/EL - 'not eligible', activity not eligible for Taxonomy for the respective environmental objective

Financial year 2024				Criteria for a substantial contribution						DNSH criteria ("Do No Significant Harm")						Minimum safeguards (17)	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of turnover 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover 2024 (4)	Y;N;N/E L	Y;N;N/E L	Y;N;N/E L	Y;N;N/E L	Y;N;N/E L	Y;N;N/E L	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>				<b>%</b>															
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
7.7 Acquisition and ownership of buildings	CCM 7.7	92.1	8.5	Y	N/E L	N/E L	N/E L	N/E L	N/E L	Y	Y	Y	Y	Y	Y	Y	13.7	-	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		92.1	8.5	8.5	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	13.7		
of which enabling activity		-	-	-	-	-	-	-	-									E	
of which transitional activities		-	-	-	-	-	-	-	-										T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>				<b>-</b>															
7.1 New construction for subsequent sale	CCM 7.1 /CE 3.1	387.3	35.8	Y	N/E L	N/E L	N/E L	Y	N/E L								36.0		
7.7 Acquisition and ownership of buildings	CCM 7.7	565.0	52.2	Y	N/E L	N/E L	N/E L	N/E L	N/E L								45.1		

<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		952.3	87.9	87.9	-	-	-	-	-								81.1		
<b>Total (A.1 + A.2)</b>		1,044.4	96.4	96.4	-	-	-	-	-								94.8		

**B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY**

<b>Turnover of activities not eligible for Taxonomy</b>		38.6	3.6
<b>Total (A + B)</b>		1,083.0	100.0

Financial year 2024				Criteria for a substantial contribution					DNSH criteria ("Do No Significant Harm")					Minimum safeguards (17)	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) proportion of CapEx 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)		
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (7)	Pollution (8)					Circular economy (9)	Biodiversity and ecosystems (16)
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx 2024 (4)	Y;N;N/E L	Y;N;N/E L	Y;N;N/E L	Y;N;N/E L	Y;N;N/E L	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
<b>7.2 Renovation of existing buildings</b>	CCM 7.2	10.9	4.9	Y	N/E L	N/E L	N/E L	N/E L	N/EL	Y	Y	Y	Y	Y	Y	Y	0	-	-
<b>7.7 Acquisition and ownership of buildings</b>	CCM 7.7	12.9	5.8	Y	N/E L	N/E L	N/E L	N/E L	N/EL	Y	Y	Y	Y	Y	Y	Y	14.7	-	-
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		23.8	10.6	10.6	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	14.7		
<b>of which enabling activities</b>			%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y		E	
<b>of which transitional activities</b>			%	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y			T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			

<b>7.2 Renovation of existing buildings</b>	CCM 7.2 /CE 3.2	8.9	4.0	Y	N/E L	N/E L	N/E L	Y	N/EL								3.3		
<b>7.7 Acquisition and ownership of buildings</b>	CCM 7.7	177.4	79.1	Y	N/E L	N/E L	N/E L	N/E L	N/EL								47.0		
<b>CapEx Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		186.3	83.1	83.1	-	-	-	-	-								50.3		
<b>Total (A.1 + A.2)</b>		210.1	93.7	93.7	-	-	-	-	-								65.0		

**B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY**

<b>CapEx of activities not eligible for Taxonomy</b>		14.2	6.3
<b>Total (A + B)</b>		224.3	100.0



<b>7.7 Acquisition and ownership of buildings</b>	CCM 7.7	23.8	48.2	J	N/E L	N/E L	N/E L	N/E L	N/E L								76.3		
<b>OpEx Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		23.8	48.2	48,2	-	-	-	-	-								76.3		
<b>Total (A.1 + A.2)</b>		31.3	63.4	63.4	-	-	-	-	-								97.4		

**B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY**

<b>OpEx of activities not eligible for Taxonomy</b>		18.1	36.6
<b>Total (A + B)</b>		49.4	100.0



The Taxonomy-eligible and Taxonomy-aligned proportion of turnover, CapEx and OpEx in relation to environmental objectives 1 to 6 are as follows:

**Share of turnover/total turnover  
in %**

Environmental objective	Taxonomy-alignment per objective	Taxonomy-eligibility per objective
CCM	8.5	52.2
CCA	0,0	0.0
WTR	0.0	0.0
CE	0.0	35.8
PPC	0.0	0.0
BIO	0.0	0.0

**CapEx share/total CapEx in %**

Environmental objective	Taxonomy-alignment per objective	Taxonomy-eligibility per objective
CCM	14.7	79.1
CCA	0.0	4.0
WTR	0.0	0.0
CE	0.0	0.0
PPC	0.0	0,0
BIO	0.0	0.0

**OpEx share/total OpEx in %**

Environmental objective	Taxonomy-alignment per objective	Taxonomy-eligibility per objective
CCM	15.2	45.8
CCA	0.0	0.0
WTR	0.0	0.0
CE	0.0	0.0
PPC	0.0	0.0
BIO	0.0	0.0

## 2.2. SUPPLEMENTARY DISCLOSURES IN CONNECTION WITH THE INFORMATION TO BE DISCLOSED

**Turnover**

The total turnover of EUR 1,082.9m (previous year: EUR 1,329.8m) includes revenues from rentals totalling EUR 473.0m (previous year: EUR 462.3m) and from the sale of flats amounting to EUR 497.4m (previous year: EUR 749.5 m). Please refer to the consolidated financial statements for a presentation of the consolidated income statement. The share of revenues from services amounts to EUR 112.5m (previous year: EUR 118.0m). The numerator of the 'Turnover' KPI includes revenue from the rental of buildings that meet the Taxonomy requirements for activity 7.7. Taxonomy-aligned turnover totalled EUR 92.1m or 8.5% of total turnover (previous year: EUR 181.8m or 13.7% of total turnover). The year-on-year change is in particular attributable to lower revenues from the sale of investment properties in activity 7.7 compared to the previous year.

**Capital expenditure (CapEx)**

Taxonomy-aligned capital expenditure relates to capitalised investments in non-current assets and, at EUR 23.8m or 10.6% of total CapEx (previous year: EUR 25.2m or 14.7% of total CapEx), is mainly attributable to properties held as financial investments (investment properties). There were no investments in property, plant and equipment, or additions to right-of-use assets capitalised in accordance with IFRS 16, or intangible assets acquired or internally generated or capitalised as part of business combinations, that would be classified as Taxonomy-aligned in the financial year 2024. CapEx is presented in the notes to the consolidated financial statements on the development of investment properties, property, plant and equipment, right-of-use assets and intangible assets.

**Operating expenses (OpEx)**

Operating expenses mainly contain expenses in connection with the daily maintenance and repair of investment properties and tangible assets. EUR 7.5m or 15.2% of total OpEx (previous year: EUR 9.0m or 21.1% of total OpEx) of the Taxonomy-aligned portion relates to the maintenance and repair of buildings that are to be classified as Taxonomy-aligned in accordance with the requirements for activity 7.7 as part of the review of the requirements of the Taxonomy. The Taxonomy-aligned portion essentially includes non-capitalised expenses in connection with the maintenance and repair of heating and ventilation systems, as well as work on the building and electrical systems, and carpentry and painting work, and is roughly on a par with the previous year's level in terms of absolute amount.

**Outlook**

Due to the very high requirements for Taxonomy alignment and the associated interpretation issues as well as requirements for the quality of evidence, we expect that as before, only some of our business activities will continue to meet the technical screening criteria. For example, the share of our German portfolio with an energy performance certificates score of C or better is currently around 63%, of which around 4% have an energy efficiency class of A or better. In Poland in particular, we expect to increase our Taxonomy-aligned business activities in the coming years.

The Taxonomy and the related delegated acts contain formulations and terms that are still subject to uncertainties of interpretation and for which clarifications have not yet been published in every case. Therefore, the legal representatives of TAG have set out their interpretation of the Taxonomy and the delegated acts adopted in this regard in the "EU Taxonomy" section of the Group's non-financial statement. They are responsible for the reasonableness of this interpretation. However, due to the inherent risk that indeterminate legal terms may be interpreted differently, the legal conformity of this interpretation is subject to uncertainties.

### **3. CLIMATE CHANGE (ESRS E1)**

### 3.1.E1.SBM-3: MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The impacts, risks and opportunities (IROs) identified as material for the Group in relation to the respective ESRS are presented below. The presentation is labelled according to the extent to which the respective IRO affects the Group's own operations (OO) or the upstream value chain (UVC) or downstream value chain (DVC).

E1 – Climate change	Settlement (OO/VC)	Positive Impacts	Settlement (OO/VC)	Negative impacts	Opportunities	Risks
<b>Energy</b>						
Energy concepts/energy procurement	UVC	The implementation of energy concepts for the use of renewable energies reduces the consumption of fossil fuels and CO <sub>2</sub> emissions.	UVC	Delaying the construction/expansion of the corresponding infrastructure hinders the switch to renewable energy in terms of scope and speed.	Better financeability (incl. use of subsidies) of properties with high energy efficiency (purchase/ prolongations), of actions to reduce energy consumption or for the use of renewable energies.	Reduced availability of or poorer conditions for financing energy and CO <sub>2</sub> -intensive properties.
					Emission of "green" promissory notes for appropriate actions (e.g. for energy procurement, energy supply, energy reduction) is establishing itself as a material financing component.	
	OO	The purchase of renewable energies is an important lever for increasing the share and scope of TAG's energy mix, for new construction and for upstream suppliers to reduce CO <sub>2</sub> n emissions.	OO	Further use of fossil fuels leads to increased CO <sub>2</sub> emissions and further destruction of biodiversity (e.g. through fossil fuel extraction).	The use of green district heating can lead to lower energy and CO <sub>2</sub> costs.	Increased energy and CO <sub>2</sub> costs for fossil fuels (especially at the subsidiaries in Poland due to a high dependency on hard coal and lignite).
	OO/VC		OO	As part of the property sector, TAG has a share in the high energy consumption of buildings.		Fundamental change in the heating price structure, as high investments will be required for the "green" transformation in the coming years and these will be passed on to users via the basic price share. TAG tenants could therefore initially be burdened with higher costs.

Power generation	00	Own generation of renewable energy/utilisation of renewable energy systems (e.g. PV systems, heat pumps) reduces the use of fossil fuels.	UVC	The production of renewable energies or the implementation of sustainable energy concepts increases the demand for limited raw materials (e.g. lithium) and can lead to additional energy/ CO <sub>2</sub> consumption as well as to an impairment of biodiversity.	Renewable energies are less volatile and are therefore less exposed to price fluctuations.	The conversion of the entire market to renewable energy can lead to bottlenecks in terms of the availability of materials, technology, and infrastructure as well as craftsmen's capacities and result in price increases.
					The use of renewable energies can reduce dependencies on raw material costs and offer greater price stability in the face of geopolitical changes.	
Energy saving	00	The implementation of actions to reduce energy consumption (e.g. planned increase in properties with an energy rating of energy efficiency class C or better to at least 65%) by TAG reduces tenants' energy consumption.	UVC	A limited use of energy/resources is also required for the production/procurement of new technologies, which initially continues to cause carbon emissions and affect biodiversity.	The implementation of actions to reduce energy consumption or the use of renewable energies leads to a reduction in heating and electricity costs. With regard to the warm rent, this opens up opportunities to adjust the net cold rent and increases the attractiveness of the property (for tenants/buyers).	The lack of tenant involvement (e.g. tenant does not agree to the installation of smart technology) can lead to delays in the implementation of the decarbonisation strategy and result in rising energy and CO <sub>2</sub> costs.
	00	The use of intelligent technology for energy distribution (smart technology) in conjunction with the promotion of energy-saving behaviour by tenants through actions and information can lead to lower energy consumption in owner-occupied spaces (e.g. implementation of recommended measures from energy audits).	DVC	Increased demands on the tenants' duty to cooperate (lack of willingness) can prevent optimal results.	Optimisation of the overall investment over time through low-investment actions in relation to energy distribution (e.g. smart technology) can lead to short-term energy and carbon savings.	Bottlenecks in terms of material and technology availability as well as craftsman capacities can lead to price increases and make it more difficult to implement the decarbonisation path.
					New technologies can reduce maintenance costs.	The durability of new technologies has not yet been tested, which is why the optimisation of overall investments may not be realised over time.
						New technologies can lead to extended insurance requirements and thus increased insurance costs.
<b>Climate change mitigation</b>						

CO <sub>2</sub> reduction	00	Actions to reduce CO <sub>2</sub> emissions in new and existing portfolios (e.g. through insulation, installation of renewable heating systems, optimisation of the consumption of existing heating systems, use of intelligent technology) contribute to climate change mitigation.	00	Failure to implement actions to reduce CO <sub>2</sub> emissions prevents climate change mitigation and thus has climate-related impacts on the environment and people (e.g. loss of biodiversity, many parts of the world no longer habitable for humans, refugee flows to the global North, etc.).	The implementation of actions to reduce CO <sub>2</sub> emissions leads to better financing conditions, a reduction in the CO <sub>2</sub> tax for TAG or a shift to the tenants (e.g. if only the building is initially insulated but the fossil fuel heating is not yet replaced) and positioning as a more attractive landlord on the market.	Failure to implement actions to reduce CO <sub>2</sub> emissions will lead to higher costs or lower revenues (e.g. increase in CO <sub>2</sub> tax, tenants moving to lower-emission buildings, no or more expensive follow-up financing, etc.) and possible reputational damage (due to failure to achieve decarbonisation targets).
Utilisation of alternative/low-emission energies and materials	00	The use of alternative construction methods enables environmentally friendly building materials as well as energy and CO <sub>2</sub> -neutral or reduced operation, thereby improving the quality of life for tenants and also the urban climate (e.g. by greening roof terraces and façades).	00	The use of energy-intensive materials (e.g. concrete and steel) in (new) construction projects results in a large CO <sub>2</sub> footprint.	The construction or refurbishment of energy-efficient and low-emission buildings provides better access to subsidies and financing conditions and also has a positive impact on the reputation (also through the realisation of decarbonisation targets) and the attractiveness of the properties for tenants/buyers.	Actions to achieve a CO <sub>2</sub> reduction (e.g. through CO <sub>2</sub> -neutral energy sources, materials and construction processes) are very cost-intensive.
	00	The installation of renewable energies (e.g. PV etc.) accelerates the implementation of the TAG decarbonisation strategy and reduces the CO <sub>2</sub> footprint.				
	00	The implementation of "green" business travel policies (through public transport, the use of electric vehicles, sustainable accommodation, suspension of air travel) contributes to the reduction of GHG emissions.				
<b>Climate change adaptation</b>						
Building			00	Buildings contribute to urban warming through black roof surfaces, for example. This favours climate change and can affect the quality of life of residents.	Buildings with climate change adaptation concepts are more attractive, retain their value, and achieve better valuations.	Adaptation measures for buildings in the face of climate change are cost-intensive.

						Buildings that are inadequately adjusted to climate change lead to poorer results in terms of Taxonomy alignment by environmental objective 2, which can reduce the marketability of the buildings and result in lower rental income.
						Climate risks can increase the cost of building insurance.
						The occurrence of physical climate risks, such as flooding, heavy rainfall events or storms, can cause damage to buildings and construction projects.
						Uncertainties about the course of climate change and the occurrence of extreme weather events mean that there is a risk of long-term losses in the value of buildings.
Neighbourhood solutions for climate change adaptation	00	Climate change adaptation actions (e.g. climate-resistant trees, unsealing of surfaces, greening, infiltration solutions for rainwater, shading solutions) will make a positive contribution to the urban climate and for residents against the backdrop of increasing climate change.	00	A lack of climate change adaptation actions in the neighbourhood can have a negative impact on the urban climate (e.g. heat build-up, flooding) and the residents.		Rising sea levels as a risk for portfolios near the coast may make adaptation measures necessary, which are cost-intensive.

### **3.2.E1.IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES**

The identification and valuation of the material climate-related impacts, risks and opportunities took into account both physical and transitory climate risks.

In addition, TAG's climate risk and vulnerability assessment analysed potentially damaging consequences of physical climate risks with a focus on its own business activities for the existing portfolio and project development, as well as possible adaptation solutions to minimise climate risks that are considered material. The upstream and downstream value chain was not explicitly included in the climate risk and vulnerability assessment. The valuation takes into account both external factors (in particular climate projections) and internal factors, i.e. factors that can be influenced by TAG (e.g. structural or portfolio-changing actions). The external impact drivers are scenario-dependent and describe different climatic effects. The internal impact drivers are scenario-independent and assess the sensitivity and vulnerability of the property portfolio.

The climatic impacts of the external impact drivers were analysed from scientific climate projections of the IPCC for four scenarios. The result of the external impact drivers is the site-specific exposure of each building to the seven defined climate risk drivers. For the results of the analysis, please refer to our comments in chapter 3.3 E.1.ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model in this section.

The Company's internal impact drivers can be divided into building-specific and impact-specific factors. The building-specific factors assess the damage that could potentially be caused by the realisation of physical climate risks. For this purpose, the buildings in the portfolio are categorised into damage classes based on their monthly target rent, the turnover to be generated or the construction costs incurred to date. Impact-specific factors categorise the potentially harmful climate impact per risk driver for the property portfolio. The valuation of impact relevance is based on expert assessments by the departments involved. This assessment, together with the damage class, results in the sensitivity of each building to the individual climate risk drivers. The sensitivity represents the gross damage potential. Implemented adaptation measures describe physical and non-physical actions that can minimise the gross damage potential (= sensitivity). The experts from the various specialist areas have assessed the existing adaptation measures for each climate risk driver. In particular, climate risks and their impacts on the building fabric, the living environment and the tenants were assessed. The combination of these adaptation solutions with the sensitivity results in the vulnerability - the so-called net damage potential. If the vulnerability is combined with the exposure, the result is the qualitative climate risk per building per risk driver per scenario.



In addition to the physical climate scenario analysis, in 2023 we conducted an in-depth analysis of climate-related transitory risks and opportunities and their impact on business activities, strategy and financial planning on the basis of four representative climate change narratives.<sup>2</sup> The various narratives reflect a range of possible developments and highlight potential risks and uncertainties.<sup>3</sup> Transitory risks arise from the transition to a low-carbon global economy and are limited in time, but can be significant in their scale and intensity.

The material four transitory driver categories comprise society, technology, economy, and regulation, for each of which three to four risk drivers have been analysed. The model focuses on quantifying the influence of these transitory risks on the relevant key performance indicators up to 2030<sup>4</sup> using the risk drivers. These are parameter-based factors that can have a significant impact on TAG's future business results. They were identified by TAG experts and made measurable using defined parameters for the four different climate change narratives.

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<sup>2</sup> Narrative 1: Business-as-usual, Narrative 2: Social/technical focus becomes tighter/more uncertain, Narrative 3: Regulatory focus becomes tighter/more uncertain, Narrative 4: Worst case scenario: Too little, too late

<sup>3</sup> The upstream and downstream value chain was not explicitly included in the analysis.

<sup>4</sup> No long-term time horizons were considered when analysing transitory risks.

The following risk drivers were taken into account in the four transitory driver categories:

Society:

- Demographic change
- Socio-economic framework
- Urbanisation and housing demand
- Reputation and business partners

Technology:

- Renovation wave
- Innovative energy supply
- Digitalisation and networking

Economy:

- Energy and carbon price
- Construction activity and price fluctuations
- Residential real estate market
- Financing and subsidies

Regulation:

- Rent regulation
- (Energy) requirements for new builds and portfolios
- Disclosure obligations and ESG compliance

Studies on the German and Polish residential property markets were used to validate the plausibility of the valuation of possible consequences.

The quantitative valuation of the transitional scenario analysis has not yet been finalised. At this stage, the Management Board assumes that there are no assets that are not compatible with the transition to a climate-neutral economy.

By precisely quantifying potential transitory risks, TAG will in future be able to estimate the effects of the individual drivers in the various climate change narratives on key financial performance indicators. According to the Management Board, this will allow data-based decisions to be made, strategic actions to minimise risks to be planned, and the long-term financial performance of the portfolio to be ensured.

### **3.3.E1.SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL IN RELATION TO CLIMATE CHANGE**

Climate risks are identified and monitored on an ongoing basis as part of Group-wide risk management. These risks are identified and valued by the respective risk managers as part of quarterly risk reporting. The extent to which sites may be affected by physical climate risks such as heavy rainfall, storms, flooding or heat is monitored on a quarterly basis as well as on an ad hoc basis. We also determine the extent to which negative impacts have occurred or could occur as a result of extreme weather events. The regular evaluation of insurance statistics and reports as well as the valuation of specifically recorded damage and its frequency help us to assess whether these are isolated incidents or whether extreme weather events are increasing systematically. Climatic changes can also have impacts on building insurance costs or require additional adaptation measures to protect against weather-related damage. Climate-related transition risks, such as carbon pricing, are also part of Group-wide risk management.

In addition, in 2022 we carried out a systematic climate risk and vulnerability assessment in collaboration with a scientific partner for the physical risks associated with climate change in accordance with the recommendations of the International Sustainability Standards Board (ISSB) as the successor to the Task Force on Climate-related Financial Disclosures (TCFD) for our entire portfolio in Germany and Poland. In addition, the methodology used complies with the recommendations of the Federal Environment Agency.<sup>5</sup> The project was carried out with the involvement of the Strategic Property Management, Controlling/ Risk Management, Energy Management, Central Technology and LIM regions departments.

The physical climate risks were analysed for the periods up to 2030 and 2045. These time periods correspond to TAG's medium-term investment planning (3–5 years) and the lifespan of properties, which is considered long-term (> 10 years). They are also aligned with the time periods of TAG's medium- and long-term climate targets as part of its decarbonisation strategy and those of the national climate targets.

The physical climate risk drivers considered in the analysis include

- Heat and local temperature increase,
- Cold and localised temperature drop,
- Drought and dryness,
- Precipitation, heavy rain and hail,
- Snow load,
- Wind or storm,
- Flooding and high water.

Based on the climate scenarios (Representative Concentration Pathway, RCP) RCP 2.6, RCP 4.5, RCP 8.5 min and RCP 8.5 max of the IPCC, potentially harmful consequences of physical climate risks on our existing portfolio and our project

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<sup>5</sup> Guidelines for climate impact and vulnerability analyses.pdf

([https://www.umweltbundesamt.de/sites/default/files/medien/377/publikationen/uba\\_2017\\_leitfaden\\_klimawirkungs\\_und\\_vulnerabilitatsanalysen.pdf](https://www.umweltbundesamt.de/sites/default/files/medien/377/publikationen/uba_2017_leitfaden_klimawirkungs_und_vulnerabilitatsanalysen.pdf) | 18.03.2025)

developments in Germany and Poland as well as possible adaptation solutions to minimise the climate risks considered material were identified, analysed and valued at property and neighbourhood level. Adaptation solutions describe physical and non-physical actions with regard to the building fabric, living environment and residents that have the potential to minimise the gross damage potential (sensitivity). Details of the climate protection measures for TAG's existing portfolio can be found in chapter 3.6 E1-3 – Actions and resources in relation to climate change policies.

By taking RCP 2.6 into account, a scenario was used that predicts a temperature increase of 1.5 °C to 2 °C in line with the Paris Agreement to keep global warming well below 2 °C. Various climate scenarios were used to assess the range of impacts and classify possible uncertainties. The probabilities, scope and duration of the physical climate risks were determined using climate forecasts in accordance with the above-mentioned RCP scenarios. The climate forecasts are based on a grid of 12 km x 12 km or finer.

The risk assessment is based on scenario RCP 4.5<sup>6</sup>, which represents the increase in global average temperature that is most likely to be expected as a result of the currently implemented and defined national climate protection contributions.

In the reporting year, we updated the analysis of potential physical climate risks for our entire portfolio in Germany and Poland. Scenario RCP 4.5 does not result in any physical climate risks with an extreme valuation in the time horizon up to 2030 or 2045.

TAG has not yet conducted a formal resilience analysis. As part of its climate strategy, TAG is focusing on the gradual decarbonisation of its portfolio in Germany in order to adapt to climate change. This involves short-, medium- and long-term adaptation measures, e.g. energy modernisation and refurbishment of the building stock, renewal of heating systems and conversion to renewable energy. In order to benefit from more favourable conditions for investments in the portfolios, sustainable financing and subsidies are also used to implement the actions. These actions help to increase the adaptability of our portfolio to potential climate-related risks and reduce carbonemissions at the same time. Further information on the actions taken with regard to TAG's climate concepts can be found in chapter 3.6. E1-3 – Actions and resources in relation to climate change policies.

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<sup>6</sup> Roger Pielke Jr et al (2022), "Plausible 2005-2050 Emission scenarios project between 2 °C and 3 °C of warming by 2100" Environ. Res. Lett. 17 024027 (<https://iopscience.iop.org>) [18.03.2025](https://doi.org/10.1088/1748-9322/ab6100)

### 3.4. E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

#### Transition plan, 1.5-degree target, decarbonisation levers and key measures

The operation of buildings is associated with a considerable ecological footprint. In Germany, for example, the building sector accounts for around 35% of final energy consumption<sup>7</sup> and around 30% of carbon emissions.<sup>8</sup> TAG's residential portfolio forms the basis of its business activities and is a substantial driver of these challenges.

GHG emissions in TAG's residential portfolio are primarily caused by heat and energy consumption during the utilisation phase of the buildings. In addition, so-called "grey emissions" in the upstream value chain result from the use of building materials in connection with the construction, renovation, and modernisation of buildings. High carbon emissions can also exacerbate transition risks as they are the focus of regulatory changes, technological advances or changing market preferences. This could result in financial impacts due to the need to adapt to stricter climate protection requirements.

TAG's ecological goal is therefore to make its building stock virtually climate-neutral by 2045. To this end, a long-term decarbonisation strategy was developed for the existing portfolio in Germany, which was adopted by the Management Board and Supervisory Board in 2021. It contains outcome-oriented, measurable targets and interim goals as well as an investment programme of around EUR 690m for an environmentally and climate-friendly portfolio. Actions and timelines are integrated into the strategy. The Management Board is responsible for implementing the decarbonisation strategy. The strategy and the resulting planning of measures as well as their operational implementation are continuously developed and managed by the "Climate Board" operating consistency.

By reducing carbon emissions, we want to make our contribution to meeting the national climate targets in Germany and thus to achieving the 1.5-degree target. The Federal Climate Protection Act (KSG) stipulates that Germany must produce at least 65% fewer GHG emissions in 2030 compared to 1990 and at least 88% fewer by 2040. We also want to minimise the additional costs incurred by TAG and its tenants as a result of carbon pricing under the Carbon Dioxide Cost Allocation Act (CO<sub>2</sub>KostAufG).

In the first step of the strategy development process, all material data was collected and analysed in order to value the entire portfolio in Germany in terms of energy efficiency and the carbon emissions generated. The average carbon emissions (carbon equivalents) calculated in this way for the entire portfolio in Germany were 31.9 kg per sqm p.a. in relation to the usable floor space for the base year 2019.

The next step was to develop a policy and accompanying actions to be implemented by 2045. The main focus is on actions to modernise heating systems and building envelopes to save energy, switching to more efficient system control using innovative technologies and converting to lower-emission energy sources, including the increasing use of non-fossil fuels. The planned actions focus on areas of the building envelope that can be influenced by TAG and building technology as well as the supply of heating energy, taking into account the best possible cost-benefit ratio. Through the planning process, we ensure a comprehensive assessment of the ecological actions not only in terms of

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<sup>7</sup> | <https://www.bmwk.de/Redaktion/DE/Dossier/energiewende-im-gebaeudebereich.html> | 14.03.2025

<sup>8</sup> Federal Environment Agency 2023: Energy-saving buildings ([www.umweltbundesamt.de](http://www.umweltbundesamt.de)), <https://www.umweltbundesamt.de/themen/klima-energie/energiesparen/energiesparende-gebaeude#gebaude-wichtig-fur-den-klimaschutz> | 18.03.2025

the effect of the actions themselves, but also with regard to the economic consequences for the tenants, e.g. through modernisation levies.

As part of the decarbonisation strategy, we are working on practicable solutions to ensure that rents remain affordable in the long term. Otherwise, there is a risk that climate change mitigation measures in existing buildings will lose acceptance among broad sections of the population. This could also reduce the opportunities for building owners to implement energy modernisation measures.<sup>9</sup>

Actions to save energy, use resources more efficiently and switch to renewable energy are supported by the Group's internal energy management. The Group's own energy company, EWS, aims to ensure an efficient supply of energy to our portfolios and optimally utilise synergy effects through holistic approaches to modernisation measures. EWS currently supplies around 54% of the portfolio in Germany with heating energy and hot water (around 44,900 units as at 31 December 2024) and is also responsible for the maintenance and modernisation of the heating systems. Carbon savings in these areas are primarily achieved by switching from natural gas to district heating and to fuels with lower emission factors, such as renewable energy sources. Modernising installations can also increase energy efficiency. This reduces primary energy consumption and carbon emissions.

As part of the decarbonisation strategy, the aim is to further promote the conversion of heating systems from natural gas to district heating and to reduce the primary energy factor and carbon emissions by using existing infrastructure.

The Central Technology department, which was newly formed in 2021, is primarily responsible for major construction, refurbishment and maintenance measures as well as project developments as part of the decarbonisation strategy. It coordinates its activities with regional property management and EWS. Central Technology also contributes its expertise to the work of the Climate Board, for example on the topics of photovoltaics, smart technology and serial refurbishment.

Serial building refurbishment is regarded as a key technology for overcoming current and future challenges such as a shortage of tradespeople, construction time and cost-effectiveness on the way to a climate-neutral building stock. Serial refurbishment is an innovative technology, particularly in the course of converting residential units in energy efficiency classes F, G and H to class E and better.

Digitalisation offers further opportunities to save energy and is also part of our decarbonisation strategy. Smart home solutions in buildings, for example, can network building technology and energy information from residential units. Other digitalisation projects are being implemented in areas such as smart technology and serial refurbishment. For example, we have been implementing remote meter reading at various sites together with cooperation partners for several years. This makes it possible to monitor system efficiency in real time and take swift countermeasures if necessary. It records consumption and efficiency figures and automatically analyses technical optimisation options such as night-time reduction or adjusting the heating characteristic curve.

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<sup>12</sup> <https://www.bmwk.de/Redaktion/DE/Dossier/energiewende-im-gebaeudebereich.html> | 14/03/2025

**Targets, financial resources/investments, progress**

By 2025, we want to reduce our carbon footprint in the German portfolio in terms of Scope 1 and Scope 2 emissions by c. 10% to 12% to 28 kg CO<sub>2</sub>e per sqm p.a. and by 2030 by c. 30% to 22 kg CO<sub>2</sub>e per sqm p.a. compared to the base year 2019. Our long-term target by 2045 is to reduce Scope 1 and 2 emissions from the German portfolio to less than 7 kg CO<sub>2</sub>e per sqm p.a. We want to achieve this with a total investment volume of around EUR 690m and increased average modernisation expenditure of c. EUR 19 per sqm per year. The target is a combined Scope 1 and Scope 2 target. The Scope 2 emissions included were based on the location- and market-based methodology depending on the availability of data from the respective heating providers.<sup>10</sup>

The target values for the building sector in terms of specific carbon emissions in the German portfolio were derived from the national requirements of the Federal Climate Protection Act. According to current calculations and in agreement with housing industry associations, in order to achieve the 1.5-degree target in 2045, a reduction in current carbon emissions to a value of less than 7.5 kg CO<sub>2</sub>e per sqm living space p.a. is required.<sup>11</sup>

Our business activities in Poland do not yet have a transition plan for climate change mitigation that is in line with the 1.5-degree target. Nevertheless, there are specific carbon reduction targets for both the new construction business and the rental business in Poland. For example, a 10% reduction in Scope 1 and Scope 2 emissions from the Polish rental portfolio is planned for the 2028 financial year compared to the base year 2023 (baseline 2023: 35.55 kg CO<sub>2</sub>e per sqm p.a.; target value 2028: 31.20 kg CO<sub>2</sub>e per sqm p.a.). The targeted decarbonisation is materially related to the construction activities for the Polish portfolio, which we are carrying out as a general contractor.

The adoption of a transition plan for climate change mitigation for our business activities in Poland depends, among other things, on the adoption of the updated integrated national energy and climate plan in accordance with Directive (EU) 2018/1999 on the Governance of the Energy Union and Climate Change Mitigation within the EU. TAG is continuously monitoring national developments in Poland and is expected to adopt a transition plan for climate change mitigation for Polish business activities within the next three years following the adoption of the integrated national energy and climate plan.

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<sup>10</sup> In accordance with Commission Delegated Regulation (EU) 2020/1818 and Commission Implementing Regulation (EU) 2022/2453, TAG is excluded from the Paris-aligned EU reference values under the above criteria.

<sup>11</sup> [https://www.iw2050.de/epaper/praxisbericht-2024-2025/files/IW\\_Praxisbericht\\_2410RZ.pdf](https://www.iw2050.de/epaper/praxisbericht-2024-2025/files/IW_Praxisbericht_2410RZ.pdf) | 18.03.2025

### 3.5.E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The principles and guidelines for protecting the environment have been set out in writing in the “Environmental Policy” and “Environmental Protection Policy” for our business activities in Germany and Poland and along the value chain. In accordance with the guidelines and long-term decarbonisation strategy adopted by the Management Board, our aim is to actively contribute to environmental and climate protection and climate change adaptation, e.g. by reducing carbon emissions, increasing the energy efficiency of our portfolios, the sensible and conscious use of resources (e.g. through renewable energy), waste and wastewater avoidance, and the protection of animals and plants, including their habitats (biodiversity).

The guidelines apply to all employees and are available on the intranet and website. Employees can also make suggestions for improvement based on their daily practice.

TAG's Management Board bears fundamental responsibility for environmental issues within the Group. The individual actions are assigned to the respective specialist and regional departments, which are responsible for operational implementation. Implementation for the German portfolio is managed centrally, in coordination between the department heads and Strategic Property Management, supported by the Sustainability Committee and the Climate Board. The Management Board reviews the achievement of environmental protection targets at least once a year. This also includes the monitoring of carbon emissions.

Continuously reducing the energy consumption of our residential units is a material part of our environmental protection measures. Refurbishment measures such as the renewal of heating systems make an active contribution to reducing energy consumption and thus carbon emissions. Heating systems are modernised on the basis of a documented profitability calculation, taking into account the technology available at the time of the investment, which is considered optimal in accordance with current technical standards and legal requirements. Planned refurbishment projects are discussed with and approved by the Management Board as part of the annual budget discussions. In specific individual cases, the projects are discussed in detail in the Building Committee. For each action, the use of energy-saving measures (thermal insulation, new heating systems, etc.) must be reviewed in accordance with internal regulations. The use of subsidies or low-interest financing options is also considered for this purpose. Where economically justifiable and financially affordable for our tenants, these energy-saving actions are to be implemented. Energy profiles, environmental impact and potential investment costs for refurbishment measures are also taken into account for acquisitions as part of the life cycle assessment.

In the area of purchasing and procurement, the internal regulations stipulate that products and services are valued over their entire life cycle and that the most energy-efficient, environmentally friendly and therefore longevity solutions are prioritised. The involvement of local partners is to be favoured.

With regard to new construction activities in Poland, it is intended that solutions will be used in construction planning in accordance with the ROBYG Green Standard that represent the greatest possible energy efficiency in accordance with current technical standards and legal requirements at the time the project is planned. Further information can be found in the “Environmental Policies” listed in chapter 9.2.G1-1 – Business conduct policies and corporate culture and the corresponding actions in chapter 3.6.E1-3 – Actions and resources in relation to climate change policies.



In addition to the internal regulations that apply to employees, the Business Partner Code of Conduct applies to cooperation with business partners in both Germany and Poland. The Management Board is also responsible for drafting the Business Partner Code, which covers the areas of climate change mitigation, climate change adaptation, energy efficiency, and the use of renewable energy through corresponding regulations on sustainable and resource-conserving business practices. The Business Partner Code is part of the contractual documents and is also available on the websites of TAG and its Polish subsidiaries ROBYG and Vantage. For further information on the Business Partner Code, please refer to chapter 9.3.G1-2 – Management of relationships with suppliers.

### **3.6.E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES**

In optimising our existing portfolio in Germany with the long-term goal of achieving a virtually climate-neutral building stock, we are focusing on a mix of measures that build on existing activities. The focus is on refurbishing building envelopes and heating systems, renewing building technology, using bridging technologies and digital measurement and control solutions as well as increasing the use of renewable energies. The use of subsidies or low-interest financing options is also being considered in order to take advantage of better conditions for the extensive investments. The Group's own energy management offers numerous advantages, including enabling us to manage the supply of our portfolios more efficiently and optimally utilise synergy effects through holistic approaches to modernisation measures.

We contribute to reducing energy consumption and thus carbon emissions by implementing an annual refurbishment programme. This includes actions such as thermal insulation and the renewal of our heating systems.

In the year under review, TAG invested a total of around EUR 123.6m in its portfolio in Germany, including maintenance expenses. In particular, projects to reduce carbon emissions amounting around EUR 17.1m were realised.

For every major modernisation project, we validate whether the use of renewable energy is technically and economically possible and sensible. The valuation is based on property-specific energy balances. We also take into account in our planning that new heating systems must use 65% renewable energy by law from 2024 onwards. The refurbishment of 64 heating systems at EWS was completed in the reporting year. The focus here was on the increased use of renewable energy, primarily by switching to district heating. In locations without a district heating network, mainly heat pumps are used, which are usually supplemented by a natural gas peak load boiler. When selecting heat pumps, we make sure that they are operated with a natural refrigerant such as R290. This has a low global warming potential (GWP) and is considered future-proof as it is not affected by the EU F-Gas Regulation, which bans the use of refrigerants with a higher GWP value in the medium term.

In the year under review, TAG reinvested around one third of its rental income in its portfolio in Germany. In the course of these portfolio modernisations, we are also improving the energy efficiency of our buildings. Based on the available energy certificates, the average energy efficiency as of 31 December 2024 is 108.9 kWh/sqm of usable space p.a. (31 Dec. 2023: 109.8 kWh/sqm p.a). Around 63% of our residential units currently have an energy rating in energy efficiency class C (below 100 kWh/sqm p.a.) or better.

Investment requirements for buildings in the worst efficiency classes also result from the EU Buildings Directive (EPBD). According to this, the energy consumption of residential buildings is to be reduced by an average of 16% by 2030 and by 20% to 22% by 2035. The focus here is on existing buildings with poor energy efficiency.

In the financial year 2024, TAG carried out a serial refurbishment in the German portfolio in Merseburg-Süd for the first time as part of a pilot project. With an investment volume of around EUR 2.9m in the financial year, this project is a Taxonomy-aligned CapEx project and falls under activity 7.2 - "Renovation of existing buildings" (see information pursuant to Article 8 of Regulation (EU) 2020/852). The modernisation also includes the insulation of the top floor and basement ceiling as well as the renovation of balconies and entrances. Following the refurbishment, the building's energy efficiency will improve from the third-worst class F to class B. The thermal energy requirement and carbon emissions will be reduced by over 60%. Further serial refurbishment implementation projects are being carried out at the sites in Salzgitter and Delmenhorst.

Traditionally, c. 95% of the work involved in energy-efficient building refurbishment is carried out directly on site. In contrast, with serial refurbishment, only c. 20% of the construction work is carried out directly on site. This is achieved, for example, by cladding the building with large-format façade elements. These are industrially prefabricated in factories and are delivered to the construction site ready for installation with integrated windows, balcony doors, and building services. There, the façade elements are simply attached to the exterior wall like a second skin. This shortens the construction time on site by up to 75% compared to conventional refurbishment.

TAG realised another taxonomy-aligned CapEx project with an investment volume of around EUR 8.0m in the reporting year as part of the complex refurbishment of an existing building from 1979 with 128 residential units in Greifswald. Following the refurbishment, the building's energy efficiency will improve from class D to class B. The thermal energy requirement and carbon emissions will be reduced by around 50% (see information in accordance with Article 8 of Regulation (EU) 2020/852).

We only have very limited influence on our tenants' individual electricity and water consumption. We want to promote responsible usage behaviour through targeted actions and information. This includes the installation of energy-saving devices (e.g. motion detectors to control lighting, energy-saving light sources, and water-saving sanitary products) as well as energy-saving tips on our website, information brochures and advice from our employees in the local tenant offices.

We are also establishing actions to save energy at our office locations. The last legally required energy audit in accordance with DIN EN 16247-1 (completed in 2021) showed us approaches and recommendations for action for further energy savings at our office locations in Germany, which we are taking into account in our planning.

2022, we have developed a holistic mobility concept for the German portfolio in order to better coordinate individual measures and drive forward decarbonisation in business operations. Important components of the policy include the implementation of carbon limits for conventional company vehicles and concrete implementation targets for the coming years, minimum standards for vehicle operation, a charging infrastructure concept, and the ongoing review of the market for electric commercial vehicles.

The expansion of the vehicle fleet in Germany and Poland to include electric and hybrid vehicles continued in 2024. There are currently 28 electric vehicles and 26 hybrid vehicles in use.

Reducing GHG emissions by minimising the use of non-renewable energy sources and maximising the use of renewable energy is also part of the climate concepts for our new construction activities in Poland. For example, the new-build neighbourhoods are being implemented according to the concept of the 15-minute city, in which all everyday facilities should be accessible on foot or by bicycle within a quarter of an hour. The ROBYG Green Standard also contains material initiatives and actions to reduce emissions in new buildings. It provides architects with a set of guidelines for the design of buildings and includes ecological design guidelines for the construction of buildings, water and wastewater solutions, requirements for low emissions and energy efficiency, the use of materials and the design of green spaces and outdoor areas. By complying with the standards, modern environmentally friendly solutions, such as smart home systems, are created for customers, which are also intended to reduce housing costs. In addition, the ROBYG Green Standard makes a positive contribution to the urban climate and for residents through climate change adaptation actions (e.g. climate-resistant trees, unsealing of surfaces, greening, infiltration solutions for rainwater, shading solutions). These actions to regulate the climate are also being taken in the German portfolio.

The ability to implement our climate-related actions, in particular for energy refurbishments, the use of renewable energy and improving the energy efficiency of our portfolios, depends to a large extent on the availability and allocation of financial resources, whereby we must carefully balance these investments with other operational requirements and social aspects such as affordable housing.

### **3.7.E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION**

Significantly reducing carbon emissions in our portfolios is a key focus of our sustainability strategy and portfolio development. By 2025, we want to reduce carbon emissions (Scope 1 and 2 in total)<sup>12</sup> in the German portfolio by c. 10% to 12% to 28 kg per sqm p.a. compared to the base year 2019 (initial assessment). A further reduction in carbon emissions (Scope 1 and 2 in total) by approx. 30% to c. 22 kg per sqm p.a. compared to the base year 2019 (initial assessment) is targeted by 2030. Our long-term target by 2045 is a reduction to less than 7 kg per sqm p.a. in order to make our contribution to meeting the 1.5-degree target. In the financial year 2024, the carbon emissions of the German portfolio included in the target correspond to around 90% of the market- and location-based Scope 1 and 2 emissions reported in chapter 3.9.E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions.

The specific target value for carbon emissions of less than 7.5 kg CO<sub>2</sub>e per sqm of living space p.a. was set for the building sector based on the national targets of the Federal Climate Protection Act to achieve the 1.5-degree target by 2045. This corresponds to a reduction in carbon emissions for TAG's German portfolio of c. 78% within 26 years compared to the base year. TAG's carbon reduction pathway was checked for plausibility and validated by an external engineering company.

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<sup>12</sup> This is a combined Scope 1 and 2 target. Both the location-based and market-based methodologies were used to calculate Scope 2 emissions, depending on the availability of data.

The following assumptions were made when determining the carbon emission reduction targets:

- Continuous reduction of emission factors for district heating and electricity by 2045 based on the use of renewable energy sources by external suppliers (district heating by 85%; electricity by 90%)
- Reduction in carbon emissions is determined annually on the basis of a mix of measures iteratively based on the value achieved in the previous year
- Development of technical progress from 2030 for generation plants is taken into account
- Assumption of an annual price increase of 3%
- No consideration of a positive effect from changes in tenant behaviour

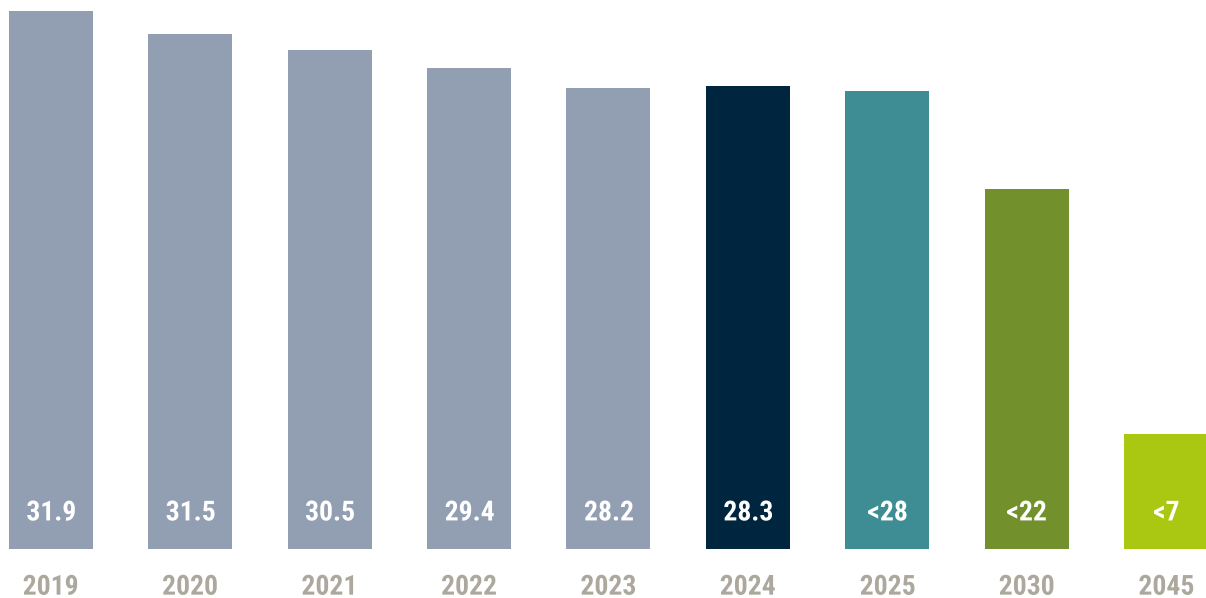
The overall contributions of the central decarbonisation levers to reducing emissions in Germany (Scope 1 and 2) are summarised in the following table. The energy-efficient refurbishment of buildings includes, for example, the refurbishment of façades, roofs and windows. Actions to reduce emissions from heat supply include, for example, refurbishing heating systems, changing energy sources or equipping buildings with remote monitoring technologies (see chapter 3.6.E1-3 – Actions and resources in relation to climate change policies).

Measures	2019	2030	2045
GHG emissions in tonnes of CO <sub>2</sub> e	161,198	111,856	32,429
- Energy-efficient refurbishment of the building envelope		-10,624	-8,109
- Emission-reduced heat supply		-38,718	-71,318

The decarbonisation strategy and the associated climate protection targets for the German portfolio were developed with the active involvement of internal and external stakeholders. We have formed a dedicated project team (Climate Board) for the decarbonisation strategy. This team includes employees from the LIM regions, Strategic Property Management, EWS and Central Technology and they were involved in the process from the outset. This interdisciplinary collaboration enables a holistic view and utilisation of the available expertise. External advice from an engineering company was brought in to support the data collection, analysis and strategy development. This ensured an objective valuation and brought additional expertise to the process. When defining the milestones, attention was paid to the feasibility of scalable and economical solutions for our tenants and the Company. The decarbonisation strategy was adopted by the Management Board and Supervisory Board in 2021. The Climate Board will monitor the implementation of the actions and develop the investment strategy accordingly in consultation with the Management Board.

As at the reporting date of 31 December 2024, 62.9% of the units of our German portfolio were heated with district heating, 36.4% with natural gas and 0.7% with heating oil. In terms of usable space, energy consumption (energy intensity) averaged 131.6 kWh per sqm of usable space in 2024 (2023: 130.8 kWh per sqm of usable space). The specific carbon emissions (carbon equivalents) for Scope 1 and Scope 2 (market-based) increased marginally by 0.5% to an average of 28.3 kg CO<sub>2</sub>e per sqm of usable space within one year (2023: 28.2 kg CO<sub>2</sub>e per sqm of usable space). This is due to sales in our German portfolio in the reporting year. Compared to the average carbon emissions (carbon equivalents) calculated for the German portfolio for Scope 1 and 2 for the base year 2019 of 31.9 kg per sqm of usable space, this corresponds to a reduction of around 11%.

#### CO<sub>2</sub>e in kg/sqm



We regularly review our targets in the area of energy efficiency and the progress of the gradual reduction in emissions based on the development of consumption and specific carbon emissions for our existing portfolio. The sub-targets defined in the decarbonisation strategy are reviewed at least once a year and reported to the Management Board.

Specifically, in addition to energy-efficient refurbishments and complex measures, we have primarily carried out individual modernisations such as insulating the building shell, replacing windows and renewing heating systems.

In the long term, 90% of our portfolio in Germany is to be supplied by our Group-internal energy company. In this context, successive efficiency increases are to be achieved through the renewal of heating systems, which in turn will lead to energy, emission and cost savings. As at 31 December 2024, the proportion of heating oil systems in the German portfolio was less than 1%. A complete reduction is unlikely to be possible in the next few years due to individual portfolio acquisitions with heating systems that are often still old.

We are continuing to equip our heating systems with remote monitoring technology. Based on conservative assumptions, the expected energy savings from this system could amount to c. 3% to 5% per year. In future, this technology should contribute even more to the efficient operation of the installations and enable faster optimisation measures if necessary. Over the next few years, we want to connect the majority of our heating systems to remote monitoring. We are working with external providers to achieve this. To date, around 40% of EWS heating systems have been equipped accordingly. Please refer to the information in chapter 3.4.E1-1 – Transition plan for climate change mitigation for information on the objectives for new construction activities.

### 3.8.E1-5 – ENERGY CONSUMPTION AND MIX

The TAG Group's total energy consumption is broken down into the various energy sources as follows:

Total energy consumption in MWh	01/01/ –12/31/2023	01/01/ –12/31/2024
(1) Fuel consumption from coal and coal products	0.0	0.0
(2) Fuel consumption from crude oil and petroleum products	11,000.7	10,872.1
(3) Fuel consumption from natural gas	275,999.6	272,544.8
(4) Fuel consumption from other fossil sources	00	0.0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	361,360.1	359,950.7
<b>(6) Total fossil energy consumption (calculated as the sum of lines 1 to 5)</b>	<b>648,360.4</b>	<b>643,367.6</b>
Share of fossil sources in total energy consumption (in %)	93.9%	94.0%
(7) Consumption from nuclear sources	0.0	0.0
Share of consumption from nuclear sources in total energy consumption (in %)	0.0%	0.0%
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	0.0	0.0
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	41,821.6	40,752.9
(10) Consumption of self-generated non-fuel renewable energy	132.1	155.8
<b>(11) Total renewable energy consumption (calculated as the sum of lines 8 to 10)</b>	<b>41,953.7</b>	<b>40,908.7</b>
Share of renewable sources in total energy consumption (in %)	6.1%	6.0%
<b>Total energy consumption (calculated as the sum of lines 6,7 and 11)</b>	<b>690,314.1</b>	<b>684,276.3</b>

TAG's energy consumption was analysed on the basis of the actual consumption data for 2023<sup>13</sup> and extrapolated for 2024 on this basis, taking into account changes in the portfolio. To ensure comparability of the data over time, the data was climate-adjusted to the base year 2019 using the data tables of the Institut Wohnen und Umwelt (IWU)<sup>14</sup> for 2023. The climate adjustment was based on the heating degree days in 2023 and included the heat and electricity consumption of the portfolios and the Company's own business locations in Germany and Poland as well as the energy consumption of the vehicle fleets. The latter was determined using the actual billing data for the respective years.

As administrative activities in Germany only account for around 0.5% of the total property area, no distinction is made in the total energy consumption between owner-occupied and rental areas.

For the total consumption of fossil fuels, the stationary combustion of heating oil and natural gas, the mobile combustion (vehicle fleet) of petrol and diesel (direct energy consumption) and the indirect energy consumption of

<sup>13</sup> A small proportion of the consumption data was estimated on the basis of energy performance certificates/building age classes.

<sup>14</sup> [Institut Wohnen und Umwelt \(IWU\): Energy balances for buildings \(https://www.iwu.de/publikationen/fachinformationen/energiebilanzen/#c205 |](https://www.iwu.de/publikationen/fachinformationen/energiebilanzen/#c205)

14.03.2025)

district heating and electricity (proportionate electricity for heat supply and general electricity) in Germany and Poland were taken into account. The heat and electricity consumption in the rental portfolios relates to the entire portfolio.

Due to Germany's nuclear phase-out in April 2023 and the low share of nuclear energy in the German electricity mix (1.4% of gross electricity generation in 2023 according to the Federal Environment Agency) as well as the lack of nuclear energy in the Polish electricity mix, the share of energy from nuclear sources is estimated to be insignificant. Furthermore, the exact share of nuclear power cannot be broken down to TAG's consumption. Therefore, an estimate of this share for TAG's electricity consumption has been suspended.

Certified green electricity for the administrative locations in Poland and self-generated solar power from the Polish subsidiaries Vantage were included in the total consumption of renewable energy.<sup>15</sup> In addition, the energy suppliers' reported share of the district heating mix for the rental portfolios was taken into account.

The TAG Group is active in the high climate impact sectors listed in Annex I of Regulation (EC) No. 1893/2006 of 20 December 2006, namely the purchase and sale of own land, buildings and residential units (Section L, Class 68.10) and the rental and leasing of own or leased land, buildings and residential units (Section L, Class 68.20).

In the following overview, rental revenues including rental-related services as well as sales proceeds as revenues from these energy-intensive sectors are compared with the respective energy consumption.

Total net revenues according to the consolidated income statement include revenues generated through services in addition to the aforementioned revenues and sales proceeds.

The energy intensity per net revenue is shown in the following table.

Sector	Net revenue in the financial year in EUR m	Energy consumption in high climate impact sectors in MWh	Energy intensity in the financial year in MWh/EUR m
Purchase and sale of own land, buildings and residential units	497.4	16,154.1	32.5
Rental and leasing of owned or leased land, buildings and residential units	585.6	668,122.2	1,140.9
<b>Net revenue taken into account to determine energy intensity</b>	<b>1,082.9</b>	<b>684,276.3</b>	<b>631,9</b>

<sup>15</sup> The share of market-based Scope 2 emissions was of minor importance in the financial year 2024.



### 3.9.E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

GHG emissions in the financial year 2024 are as follows:

	01/01/ – 12/31/2023	01/01/ – 12/31/2024	Change
<b>Scope 1 GHG emissions</b>			
Scope 1 GHG gross emissions (t CO <sub>2</sub> e)	58,649.1	57,833.2	-1.4%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (in %)	0.0	0.0	-
<b>Scope 2 GHG emissions</b>			
Gross location-based Scope 2 GHG emissions (t CO <sub>2</sub> e)	117,755.8	119,747.3	1.7%
Gross market-based Scope 2 GHG emissions (t CO <sub>2</sub> e)	98,804.2	96,796.7	-2.1%
<b>Total GHG emissions</b>			
Total GHG emissions Scope 1 and 2 (location-based) (t CO <sub>2</sub> e)	176,404.9	177,580.5	0.7%
Total GHG emissions Scope 1 and 2 (market-based) (t CO <sub>2</sub> e)	157,453.3	154,629.9	-1.8%

The carbon equivalents for Scope 1 and 2 emissions are reported in accordance with the GHG Protocol Standard. TAG applies the operational control approach. This is based on the energy consumption data shown in table in chapter 1.8.E1-5 – Energy consumption and mix. The Scope 1 and 2 emissions in the entire portfolio were included, adjusted for the vacant space for 2023.

Scope 1 emissions relate to direct energy consumption (oil, gas, petrol and diesel). Carbon emission factors from utilities, BAFA and environmental agencies were used for the calculation. As only around 0.5% of the total property area in Germany is used for our administrative activities, we do not differentiate between owner-occupied and rental areas. Data from the billing service providers and the BAFA was used to calculate the emissions from the vehicle fleet.

Scope 2 emissions relate to indirect energy consumption (district heating, general electricity, proportionate electricity for heat supply and charging electricity for electric vehicles). Both the location-based and the market-based method were used for the Scope 2 calculation. Carbon emission factors from suppliers, BAFA and environmental agencies were used to calculate the emissions.

For the current reporting year, Scope 3 emissions are not reported in accordance with the ESRS requirements. TAG expects to report in accordance with ESRS from the 2025 reporting year onwards. In addition, TAG reports for the Group on a voluntary basis in accordance with the GHG Protocol Standard in the following table on Scope 3 categories that are relevant to TAG's business model and significant in terms of the amount of emissions:

Scope 3 GHG emissions	01/01/ –12/31/2023	01/01/ –12/31/2024	Change
<b>Total gross indirect (Scope 3) GHG emissions (t CO<sub>2</sub>e)</b>	<b>91,909.80</b>	<b>149,617.50</b>	<b>62.8%</b>
1 Purchased goods and services	not calculated	28,080.90	
2 Capital goods	not calculated	28,572.30	
13 Downstream leased assets	91,909.80	92,964.30	1.1%

The carbon equivalents reported in category 3.1 “Purchased goods and services” include emissions from new construction for sale in Poland. Emissions from new construction for the rental business in Poland are reported in category 3.2 “Capital goods”. The calculation of carbon equivalents is based on the floor space completed in the financial year in sqm and takes into account the emissions from LCA phases A1–A3. An emission factor of 365 kg/sqm over the lifetime of a building of 50 years was used to determine the emissions. The emission factor is based on a DGNB study.<sup>16</sup> Category 3.2 includes emissions from investments (CapEx measures) in the existing portfolio in Germany and from investments in the vehicle fleet. The calculation was based on internal calculations of reference projects, whose emissions were extrapolated to the total CapEx actions of the financial year.

The carbon equivalents reported in category 3.13 “Downstream leased assets” include emissions from tenants’ electricity consumption. For the Polish rental portfolio, emissions from tenants’ water and waste consumption are also taken into account. The electricity consumption for the German portfolio was estimated on the basis of data from the Federal Statistical Office. Emissions were calculated using the emission factor for the German electricity mix published by the Federal Environment Agency. The electricity consumption of the Polish rental portfolio was determined on the basis of consumption data for the residential units that have been let. The conversion was carried out using supplier-specific emission factors. Emissions from waste and water consumption are also based on consumption data from the Polish rental portfolio. The emission factors published by the UK Department for Environment, Food and Rural Affairs (Defra) and the UK Department for Energy Security & Net Zero were used to determine the carbon equivalents.

## GHG intensity based on net revenue

The total GHG emissions per net revenue (location-based and market-based) as at 31 December 2024 are shown in the table below. Net revenue represents total revenue according to the consolidated income statement:

Total GHG emissions per net revenue	01/01/ –12/31/2023	01/01/ –12/31/2024	Change
Total GHG emissions (location-based) Scope 1 and 2 per net revenue (t CO <sub>2</sub> e/EUR m)	132.7	164.0	19.1%
Total GHG emissions (market-based) Scope 1 and 2 (t CO <sub>2</sub> e/EUR m)	118.4	142.8	17.1%

TAG does not focus on this metric, which expresses emissions efficiency in relation to the economic performance of an undertaking, as it is only of limited relevance to TAG’s business model. For example, the specific characteristics of the property portfolio, such as the size, age or energy efficiency of the buildings, are not taken into account. In addition,

<sup>16</sup>[dgnb-kurzstudie-klimawirkungen-von-sanierungen.pdf](https://www.dgnb.de/?elD=dumpFile&t=f&download=1&f=11776&token=449dfee69e41bc4028ffa8b155cc3a7f5901bf8b)

<https://www.dgnb.de/?elD=dumpFile&t=f&download=1&f=11776&token=449dfee69e41bc4028ffa8b155cc3a7f5901bf8b> | 14.03.2025

different rent levels in different regions can distort the metrics without this being due to actual differences in emissions efficiency. From TAG's point of view, a metric that compares emissions per sqm is therefore more meaningful for real estate companies, as it more directly reflects the emission efficiency of the buildings. TAG therefore uses the specific carbon emissions (in kg/sqm p.a.) as the relevant metric for calculating emissions efficiency. In the reporting year, this was 28.3 kg CO<sub>2</sub>e per sqm of usable space for Scope 1 and 2 emissions (market-based) and also forms the basis for measuring the success of the implementation of our decarbonisation strategy in Germany (see chapter 3.7.E1-4 – Targets related to climate change mitigation and adaptation).

### **3.10. E1-8 – INTERNAL CARBON PRICING**

Internal carbon pricing systems were not applied in the financial year 2024.

## 4. RESOURCE USE AND CIRCULAR ECONOMY (ESRS E5)

### 4.1.E5.IRO-1 – IN RELATION TO RESOURCE USE AND CIRCULAR ECONOMY

As part of the determination of material impacts, opportunities and risks in connection with resource use and circular economy, the material flows of materials along TAG's value chain were identified with regard to assets and business activities and then valued. The valuation was based on the fundamental assumption that the utilisation of resources within the Group is materially focused on the management and refurbishment of the existing portfolio and on new construction activities in Poland. The resource use from the business operations of central functions such as marketing & sales, controlling and Group accounting is estimated to be comparatively low.

TAG can only exert limited influence on tenants' resource consumption within the downstream value chain. For example, the resource use of water and electricity is influenced in particular by the individual behaviour of tenants. Through targeted actions, such as information letters and the installation of water-saving appliances, TAG can promote responsible usage behaviour to a limited extent.

Materiality issues were identified and valued by the relevant departments such as Central Purchasing, Central Technology, Strategic Property Management and the ESG teams. With regard to the topics of resource use and circular economy, the material stakeholder groups were also involved indirectly via the representatives of TAG's specialist departments, who have a good insight into their interests due to their proximity to and close dialogue with the relevant stakeholders in the course of day-to-day business. In addition, there is an exchange on specific topics as part of our activities. For example, we work with external service providers to analyse the relevant material flows. We involve our tenants in the planning of construction and refurbishment measures in the respective neighbourhoods via tenants' meetings in accordance with legal requirements. In the case of new construction, for example, experts are consulted for environmental assessments as part of the investment planning and due diligence of the site, and contact with interested parties and customers is maintained during the construction phase.

Accordingly, the material impacts, risks and opportunities identified exist primarily in the upstream value chain, i.e. in connection with the construction of new residential units in Poland and refurbishment and maintenance measures in the existing portfolio, as well as in TAG's own activities and core business, i.e. portfolio management.

Construction and refurbishment projects in particular, but also maintenance measures, lead to considerable consumption of raw materials and construction materials as well as the generation of large quantities of waste. They therefore count as resource-intensive business activities. In this respect, building materials (especially concrete and steel for new construction in Poland and paints, floor coverings and insulation materials for the maintenance and modernisation of the German portfolio) are among the most important resources used in the TAG Group, followed by fuels (e.g. petrol, diesel; for fuels and combustibles, please refer to section E1-5 Energy consumption and mix and technical equipment and business equipment (e.g. office equipment, tools and machinery).

Remaining or returning to a "business as usual scenario" (e.g. using non-regional or non-certified materials) could have negative impacts on the environment (e.g. increased carbon footprint and difficult supply chain traceability for long supply routes). This could be accompanied, for example, by potential financial risks due to quality losses, longer delivery times and delays in execution.

By prioritising the use of environmentally friendly, recyclable and renewable materials and products, the use of resources can be reduced. By focussing on regionally available materials, products and suppliers, supply chains can be shortened and dependencies reduced, thereby lowering risks of price increases and supply bottlenecks. Investments in resource-efficient technologies and digital solutions can also help to conserve resources, as less paper is used, for example. The use of environmentally friendly, durable and health-friendly products and materials also helps to protect the health of our tenants and maintain the value of our portfolios.

## 4.2.E5.SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The impacts, risks and opportunities (IROs) identified as material for the Group in relation to ESRS E5 are presented below. The presentation is labelled according to the extent to which the respective IRO affects the Group's own operations (OO), the upstream value chain UVC or the downstream value chain DVC.

E5 - Circular economy	Settlement (OO/VC)	Positive Impacts	Settlement (OO/VC)	Negative impacts	Opportunities	Risks
resource use						
Material utilisation	OO	In (own) construction projects, the use of renewable raw materials and reusable materials can partially replace non-renewable resources or reduce their consumption.	OO	Despite environmentally friendly materials, construction projects can generate considerable waste and resource consumption.	Focusing on raw materials and building materials from the geographical vicinity of the construction projects can shorten supply chains, increase independence from geopolitical crises and lead to cost advantages.	Rising raw material prices due to geopolitical problems and raw material shortages can lead to higher costs.
			OO	The use of non-regional materials and non-certified materials/processes can have a negative impact on the environment (CO <sub>2</sub> footprint due to long delivery routes, use of any environmentally unfriendly materials and more difficult supply chain traceability with long delivery routes).	The use of renewable raw materials that are not affected by resource scarcity can limit construction costs.	Dependencies on specialised suppliers (e.g. suppliers that meet certain environmental criteria) harbour the risk of price increases and supply bottlenecks.
	OO/UVC	By using materials produced in Germany/regionally, jobs in Germany/regionally can be strengthened and regional undertakings that are main contractors can be promoted and supported.			The use of certified materials can increase the sustainable development of properties.	Financial risks associated with the use of non-regional and non-certified materials and processes harbour the potential risk of quality losses, warranty defects, longer delivery times and delays in execution.
Technologies					Investments in resource-efficient technologies could reduce operating costs in the long term and increase the value of properties at the same time.	

<b>E5 - Circular economy</b>	<b>Settlement (OO/VC)</b>	<b>Positive Impacts</b>	<b>Settlement (OO/VC)</b>	<b>Negative impacts</b>	<b>Opportunities</b>	<b>Risks</b>
Tenant consumption			DVC	TAG has little influence on the resource consumption of tenants that arises from the use of the buildings (e.g. water consumption, but also household waste).		
Legal requirements/regulations	UVC	Compliance with regulations (e.g. 305/2011) ensures the use of CE-marked products and reduces legal risks.				Increasingly stringent environmental regulations require investments that may not be able to be passed on to tenants.
<b>Circular economy</b>						
	OO	The focus on circular economy can help to optimise waste management and promote innovative waste solutions and recycling in major projects, operations, construction and undertakings.	UVC	Waste/rejects are generated during the production process of components and cannot be returned to the cycle.		

### 4.3.E5-1 – POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

TAG has laid down the conscious use of resources in the internal “Principles and Guidelines for Ecologically and Socially Responsible Procurement” (Green & Social Procurement Policy) and the “Principles and Guidelines for Environmental Protection” (Environmental Policy) as part of separate ESG guidelines. They are also part of our central procurement strategy and are available to employees via the intranet. A summary is available on the TAG website. Corresponding requirements can also be found in our Business Partner Code for our suppliers and service providers, which is published on the website of TAG and its Polish subsidiaries. The guidelines are binding for all Group employees. Like the Business Partner Code, they are based on the Business Principles applicable to all employees of the TAG Group. The Business Partner Code applies to all business partners and their employees and is a binding component of every business relationship between Group companies of the TAG Group based in Germany and their business partners. Corresponding guidelines also apply to the Polish subsidiaries, taking into account country-specific regulations.

The Management Board is generally responsible for monitoring and adapting these policies. In the area of inventory management in Germany, the “Central Purchasing” department is responsible for the strategic direction and management of purchasing processes.

The selection of materials and products, the selection of and cooperation with service providers, the implementation of construction actions in the portfolio through to waste disposal are analysed by TAG from the point of view of resource conservation, possible reuse or recycling and adjusted if necessary. These policies provide for the efficient and responsible use of materials, recycling and waste reduction. Through the Business Partner Code, for example, our business partners undertake to actively contribute to protecting the environment and the climate, in particular by reducing carbon emissions, using resources such as water and energy sensibly and consciously and avoiding waste and wastewater, and to orientate their purchasing activities towards solutions that are as energy-efficient, environmentally friendly and therefore longevity-friendly as possible. (Please refer to Chapter 9.3 G1-2 - Management of relationships with suppliers for information on dealing with violations and further details.) Awareness of the careful use of resources and the efficient use of materials is also raised in work meetings, workshops and training sessions.

Our central purchasing strategy stipulates that regional and recycled building materials are to be prioritised at all sites, provided that this is justifiable from an economic point of view. The focus here is on gradually switching to higher-quality materials in order to improve living comfort and ensure long-term functionality.

We ensure that our green spaces are managed in an environmentally friendly way. For example, wherever possible, we collect rainwater for reuse in the irrigation of green spaces. In construction projects, we focus on environmentally friendly construction site organisation and waste management in accordance with our internal regulations on resource conservation. Construction work is limited to the immediate vicinity of the building as far as possible and care is taken to minimise the amount of dust and soil particles released into the air. Contractors are obliged, for example, to minimise the amount of waste generated in connection with the commissioned activities and to ensure proper waste disposal.

In the business area of new residential units in Poland, there are also dedicated policies in the form of environmental and procurement guidelines. The self-developed ROBYG Green Standard for new construction project developments should be emphasised here, with specifications for low-emission solutions, ecological design, the use of materials and the design of outdoor/green areas, among other things. The guidelines correspond to the guidelines in Germany, taking into account country- and business area-specific regulations. The regulations aim to minimise the use of non-renewable resources throughout the entire construction process (design, implementation, operation) and, in line with our business activities in Germany, to give priority to sustainable products and economic efficiency. As far as possible, we use regional materials that are durable and have good performance characteristics. Responsible waste



management also plays an important role in building planning and during the construction phase, for example through waste separation

#### **4.4.E5-2 – ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY**

Maintaining the functionality, substance and value of our buildings is the basis of our business activities as a housing company. We maintain our portfolio and ensure its rentability through maintenance and modernisation measures. Efficient use of materials according to circular economy principles such as functional durability, reliability, reusability, retrofitting, repairability and recyclability generally contributes to extending the life cycle of buildings, reducing the consumption of natural resources and waste in particular, and saving costs in the long term. In new builds, these principles are already focussed on in the planning and construction phase.

When implementing measures, we are guided by the EU Circular Economy Directives and national regulations, such as the German Circular Economy Act (Kreislaufwirtschaftsgesetz, KrWG) to promote the circular economy and ensure the environmentally sound management of waste. These contain requirements for the avoidance of waste, the reduction of waste generation and for reuse or recycling. TAG's resource flows are largely controlled on this basis.

We have defined the quality and detailed properties for specific products and materials in our overall service catalogue. We regularly obtain this information by means of inspection documents. Among other things, it is important that the products are durable, recyclable, environmentally friendly, biologically harmless, safe for health and easy to maintain.

We are in dialogue with our suppliers about the origin and processing of the resources used. In order to conserve resources, we reuse materials that meet the currently permitted standard wherever possible. As part of the complete refurbishment of bathrooms, for example, we check whether bathtubs can still be used or, as part of the rental business in Poland, whether damaged parts of the flat fittings such as furniture can be repaired using components from other defective fittings. By specifying certain product and material properties, these can also be used relatively flexibly at a later date. In the electrical sector, for example, there is an obligation to install appliances with uniform standards that can be combined with each other.

Together with our employees, we also endeavour to conserve resources, reduce waste and implement waste separation at our office locations and in our administrative activities. For example, we make sure we use paper sparingly, prefer to use environmentally friendly recycled paper and collect waste paper for recycling. We also rely on digital document management and the increasing digitalisation of business processes at our business locations in order to save paper.

To ensure efficient and environmentally friendly resource management, we review our procurement practices and make adjustments where necessary. We also continuously monitor the contracts with our business and framework agreement partners and successively add further sustainability criteria to them.

We can hardly influence the consumption of resources by tenants and buyers. Nevertheless, we are trying to reduce the amount of household waste in our portfolio and increase the proportion of recyclable materials, for through professional waste management, i.e. consistent waste separation, systematic re-sorting and appropriate advice, notices and information campaigns.

TAG plans to further expand the actions described above in the future. For example, further internal guidelines relating to the circular economy in administrative activities are to be developed for our business in Poland. For example, the

possibility of selling damaged but still functional furniture instead of disposing of it is to be examined, and employee training on the topic of the circular economy is planned.

The Management Board will provide the financial resources required to implement the actions described.

#### **4.5.E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY**

As part of its business activities in Germany, TAG has set itself the goal of further optimising its internal policies for the transition to a circular economy, particularly with regard to expanding professional waste management, and further developing the associated data collection processes with a view to EU Taxonomy-aligned investments. The target is part of our sustainability programme and is regularly validated with the involvement of the ESG/Sustainability, Central Technology and Central Procurement departments. The Management Board is responsible for achieving the target. Measurable, outcome-oriented targets may be adopted in the financial year 2025, depending on the further development of internal policies and the availability of appropriate providers for data collection processes on the market.

As part of our business activities in Poland, we aim to build new construction projects in accordance with the "Green Standard" we have developed ourselves. This includes ecological design guidelines for the construction of buildings, the use of materials and for water and wastewater solutions. In addition, we are endeavouring to increase the proportion of non-hazardous construction waste by weight as defined by the EU Taxonomy Regulation that is sent for recycling or reuse. We are also endeavouring to implement a waste management plan for our business partners in Poland.

These targets were defined with the involvement of internal departments in Poland as part of the review and update of our ESG strategy with regard to business activities in Poland. TAG plans to report on the concretisation of the targets and the degree of target achievement in the Sustainability Report for the 2025 financial year. In addition to the aforementioned targets, TAG has set itself the goal of further digitising its business processes in Poland, e.g. by converting administrative correspondence to electronic formats, analysing further potential for avoiding or reducing the consumption of resources in the rental business, and training employees to use resources sparingly. The Management Board is responsible for following up on the implementation of the targets.

Material requirements for circular properties of products and materials such as durability, reparability or recyclability, efficient use of materials and conservation of natural resources, including through reuse, are already taken into account in our policies and actions and the various levels of the waste hierarchy are observed (see Chapter 4.3 E5-1 – Policies related to resource use and circular economy and 4.4 E5-2 – Actions and resources related to resource use and circular economy).

## 4.6.E5-4 – RESOURCE INFLOWS

Resource inflows are a material sustainability matter for TAG, particularly in connection with refurbishment projects and new construction activities in Poland. Material impacts, opportunities and risks arise primarily from the procurement and use of corresponding construction products and materials in connection with these activities. Construction projects are generally associated with considerable resource requirements. However, this can be minimised by using renewable raw materials, reusable materials and products or resource-efficient technologies. Using regional materials and sourcing from regional suppliers can shorten supply chains and lead to cost advantages. (Further explanations can be found in the comments on the material IROs at the beginning of Chapter E5.) Critical raw materials and rare earths are not of central importance for TAG's business activities, but are contained in certain building technologies such as smart home systems and photovoltaic systems.

Based on TAG's own activities, including activities in the upstream value chain (in particular construction and trade companies and construction material suppliers), the purchased quantities and masses of the material products and material groups for 2024 were determined.

The total weight of inflows in the reporting period amounts to approx. 476,341.1 tonnes and includes building materials (e.g. concrete, steel, insulation materials) as material or product groups. Technical equipment and office equipment are not classified as material and are therefore not included.

Certified organic materials and biofuels for non-energy purposes were not used in the reporting period; their percentage share is therefore 0%. No information can be provided on the weight and proportion of reused or recycled components due to a lack of sufficient data from the value chain for the reporting year.

Resource inflows	01/01 – 12/31/2024
Total weight of products and materials (tonnes)	476,341.1
Proportion of biological materials and biofuels used for non-energy purposes (%)	-
Weight of reused or recycled components (tonnes)	n.a.
Proportion of reused or recycled components (%)	-

The data provided for building materials are estimates and projections based on TAG's internal documentation, such as contracts with construction companies. For example, reference quantities were determined for the inflow of building materials from the construction project activities of empty apartment construction/small-scale maintenance, string refurbishment, complex refurbishment and energy refurbishment and extrapolated to the area affected by these actions in the reporting period. The data used to determine the resource inflows from construction activities in Poland are based on the construction contracts concluded with TAG's business partners in the 2024 financial year.

#### 4.7.E5-5 – RESOURCE OUTFLOWS

The operation of our buildings, modernisation measures in our portfolio and, in particular, the construction of new properties involve a considerable consumption of energy and raw materials. Buildings are designed so that their individual elements can be repaired. Actions and regular maintenance ensure the preservation or restoration of their functionality and safety by eliminating defects and repairing damage.

The average life cycle of buildings is around 50 years; with regular maintenance, their service life or useful life can be extended to 100 years or more. The useful lives of individual components and technical building installations vary depending on the type of construction and material. For example, the average service life of concrete walls is given as 50 years, of composite thermal insulation systems as 20 to 40 years and of insulating glazing as 30 to 40 years. Relevant data collections such as the ÖKOBAUDAT<sup>17</sup> data sets or the BBSR tables on service life<sup>18</sup> of building components serve as a basis for the calculation or estimation of life cycle costs and life cycle assessments and support the valuation of the ecological criteria of buildings.

With this in mind, our resource management takes a holistic view of material flows, i.e. across the property life cycle and according to the principle of the circular economy. From planning, procurement and recovery through to waste disposal, attention is paid to the economical and efficient use of resources, longevity and functional stability of products and materials, reuse and recovery and recyclability. This can contribute both to lower resource consumption and to the promotion of innovative waste management solutions and recycling, especially in larger construction projects. Resource outflows for the reporting period are as follows:

<sup>17</sup> <https://www.oekobaudat.de> from 03/14/2025

<sup>18</sup> <https://www.nachhaltigesbauen.de/austausch/nutzungsdauern-von-bauteilen> from 03/14/2025

<b>Resource outflows (waste generation) in tonnes</b>	<b>01/01 – 12/31/2024</b>
<b>total amount</b>	<b>42,508.5</b>
<b>thereof diverted for recovery</b>	<b>34,941.3</b>
a. Non-hazardous waste	34,941.3
i. Preparation for reuse	-
ii. Recycling	34,941.3
iii. Other recovery operations	-
b. Hazardous waste	-
i. Preparation for Reuse	-
ii. Recycling	-
iii. Other recovery operations	-
<b>of which destined for disposal</b>	<b>7,567.2</b>
a. Non-hazardous waste	5,483.7
i. Incineration	-
ii. Landfilling	5,483.7
iii. Other disposal operations	-
b. Hazardous waste	2,083.5
i. Incineration	-
ii. Landfilling	2,083.5
iii. Other disposal operations	-
<b>Amount of non-recycled waste</b>	<b>7,567.2</b>
Percentage of non-recycled waste	17.8

Resource outflows in the TAG Group, like resource inflows, relate in particular to products and materials used in portfolio management, modernisation and maintenance measures, new construction and administrative activities, e.g. consumed as fuels or used as construction products, as well as waste generated in this context. The waste generated by TAG in Germany consists materially of waste from construction activities, such as building rubble. TAG's waste volume does not contain any radioactive waste. In the context of construction activities (in particular construction and demolition work), the following waste codes of the waste class construction and demolition waste (according to the European Waste Catalogue - Abfallverzeichnis-Verordnung, AVV) can be considered material for TAG's construction activities:

Waste code (AVV-No.1)	Designation
17 01	Concrete, bricks, tiles and ceramics
17 02	Wood, glass and plastic
17 03	Bituminous mixtures, coal tar and tarred products
17 04	Metals (incl. alloys)
17 05	Soil, stones and dredging spoil
17 06	Insulation material and asbestos-containing construction materials
17 08	Gypsum-based construction material
17 09	Other construction and demolition wastes

The data provided on waste volumes are estimates based on TAG's internal records, taking into account current legal regulations and standards as well as relevant waste balances.<sup>19</sup> The assumptions were made against the background that the disposal of construction and demolition waste is carried out by waste disposal companies commissioned by the tied construction companies. Waste disposal companies are required by law to ensure that waste is separated by type. TAG sets out its requirements in this respect to the construction companies via construction or framework agreements. For the estimates, waste volumes were determined on the basis of a reference project in Germany and then extrapolated to all projects started and completed in the 2024 financial year. The breakdown of the total amount into hazardous and non-hazardous waste and recycling routes is based on the respective waste codes and the relevant waste balances mentioned. For the business activities in Poland, data is available for resource outflows from the Company's own administration (central divisions as well as sales locations and construction offices), i.e. only waste from the Company's own activities is taken into account and no construction waste is included. TAG plans to expand the data collection processes for waste volumes in the construction process in the future.

<sup>19</sup> <https://www.umweltbundesamt.de/daten/ressourcen-abfall/verwertungsquoten-der-wichtigsten-abfallarten> from 03/14/2025

## **SOCIAL INFORMATION**

## 5. OWN WORKFORCE (ESRS S1)

### ESRS 2 GENERAL DISCLOSURES

The contents of the following chapter contain the material disclosures identified in the materiality assessment in accordance with ESRS S1 Own workforce. The disclosures should be read in conjunction with the disclosures on TAG's Strategy in chapters ESRS 2 SBM-1 and [SRS 2 SBM-2. The term "employees" or "workforce" is used synonymously with the term "Own workforce" in the following.



### 5.1.S1.SBM-3: MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The impacts, risks and opportunities (IROs) identified as material for the Group in relation to the respective ESRS are presented below. The presentation is labelled according to the extent to which the respective IRO affects the Group's own operations (OO) or the upstream value chain (UVCUVC) or downstream value chain (DVCDVC).

S1 – Own workforce of the undertaking	Settlement (OO/VC)	Positive Impacts / Actions of TAG	Settlement (OO/VC)	Negative impacts	Opportunities	Risks
<b>Working conditions</b>						
Flexible working time models, hybrid working	OO	With parental leave models and flexible working time models (e.g. hybrid working), TAG promotes a work-life balance for all employees, enables the best possible Work-life balance metrics and thus supports families in particular.	OO	Activity-related restrictions in hybrid working models: Limited opportunities compared to other activities can lead to dissatisfaction among employees, for example in the craftsmen's sector, who are unable to utilise these opportunities.	The offer of hybrid working time models and the resulting geographical flexibility when recruiting new employees or retaining existing employees (e.g. when relocating) increases the attractiveness of TAG as an employer, combined with opportunities for lower recruitment costs and increased employee productivity.	
Additional and social benefits, workplace equipment	OO	In terms of workplace equipment and occupational health and safety, TAG ensures good working conditions that make daily work easier and lead to low absenteeism and a low number of accidents at work.			Employer attractiveness can be increased by ensuring good working conditions. This leads to lower recruiting costs and increased productivity through qualified applicants.	Poor working conditions in terms of workplace equipment and occupational health and safety can reduce employer attractiveness and lead to a poor working atmosphere, sickness absence, staff turnover and increased recruitment costs.
	OO	TAG promotes the health and satisfaction of its employees with modern workstations (e.g. ergonomic seats, height-adjustable desks, two monitors), modern technology and machines.				Maintaining good working conditions in terms of workplace equipment, occupational health and safety and the range of additional and social benefits (corporate benefits) is accompanied by increased expenses for the undertaking.

S1 – Own workforce of the undertaking	Settlement (00/VC)	Positive Impacts / Actions of TAG	Settlement (00/VC)	Negative impacts	Opportunities	Risks
	00	The additional and social benefits offered by TAG, such as a company pension scheme, strengthen the social protection of employees and their loyalty to the undertaking.				
Working atmosphere, organisation, co-determination	00	The maintenance of a good working atmosphere, stringent work processes and the safeguarding of employee rights by TAG have a positive effect on employee satisfaction.			The involvement of the Company's own employees (including the General Works Council, Workers' representatives on the Supervisory Board, employee share ownership programme) helps them to identify with the undertaking and strengthen their sense of personal responsibility in order to sustainably increase the value of the Company.	
<b>Equal treatment and Equal opportunities</b>						
Training/ skills development					By investing in staff training, TAG increases employee competence, promotes innovation and overcomes complex challenges more efficiently.	A shortage of skilled labour, overwork and increased absence rates (e.g. due to illness) can mean that certain activities (e.g. utility bills, customer service, craftsman services, activities on construction sites) can no longer be carried out or can be carried out with delays, risking unfulfilled orders and financial losses.
						A shortage of skilled labour or long backfilling times lead to an increased burden on the existing workforce due to additional work or training costs and can increase the

S1 – Own workforce of the undertaking	Settlement (OO/VC)	Positive Impacts / Actions of TAG	Settlement (OO/VC)	Negative impacts	Opportunities	Risks
						risk of longer processing times and project delays, combined with financial losses.
Diversity and Equal opportunities	OO	By promoting diversity and Equal treatment, TAG can facilitate equal participation in working life (e.g. access to certain jobs) and contribute to greater loyalty to the undertaking.	OO	A lack of diversity and equal opportunities can make equal participation in working life more difficult (e.g. access to certain jobs), worsen the working atmosphere and affect employee satisfaction.	Promoting diversity and equal opportunities can lead to greater productivity, higher quality of work performance/service, lower staff turnover and lower sickness rates with associated lower costs for recruiting and building up expertise (e.g. when long-term employees with expertise leave the undertaking).	A poor working atmosphere and a lack of employee satisfaction combined with unequal treatment, a lack of diversity and an incompatibility of work and private life lead to lower work performance and loyalty to the undertaking, higher staff turnover and, as a result, increased rehiring and training costs.
	OO	TAG's fair organisation of working conditions in terms of equal opportunities and diversity can have a positive impact on the working atmosphere and employee satisfaction.	OO	Unequal treatment and a lack of diversity can lead to tensions and have a negative impact on the working atmosphere and employee satisfaction.	By promoting equal opportunities and diversity, TAG positions itself as an attractive employer for vacant positions and junior staff (e.g. talent attraction in light of the shortage of skilled labour).	Due to a lack of diversity and equal opportunities and the resulting poor valuations (e.g. Kununu) or poor reputation, vacant positions cannot be filled in sufficient time, which is associated with costs (e.g. consulting, personnel marketing, head hunters, freelancers).
					As a diverse, multicultural, multinational and multireligious undertaking, TAG has a large pool of potential employees.	
Discrimination	OO	Ensuring that employees have the opportunity to raise any concerns (e.g. in the event of discrimination) through the TAG can strengthen the well-being of employees and their trust in the undertaking.				

<b>S1 – Own workforce of the undertaking</b>	<b>Settlement (OO/VC)</b>	<b>Positive Impacts / Actions of TAG</b>	<b>Settlement (OO/VC)</b>	<b>Negative impacts</b>	<b>Opportunities</b>	<b>Risks</b>
<b>Other labour-related rights</b>						
Child/ Forced labour	OO	The implementation of human rights due diligence by TAG can ensure that human rights are respected and complied with (e.g. avoidance of child or forced labour).				
Data protection	OO	TAG's guarantee of data protection ensures the privacy of employees and promotes their trust in the undertaking.				Potential failure to ensure data protection and employee privacy can lead to legal action, fines and reputational damage.
<b>Entity-specific</b>						
					A high level of employee satisfaction can lead to improved (ESG) rating results and more attractive financing conditions.	Lower employee satisfaction can have a negative impact on the Company's external image and lead to poorer (ESG) rating results and financing conditions.

## **5.2.S1.SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL**

The identified actual and potential Impacts on the own workforce result from TAG's strategy and business model and affect all employees. The issues resulting from the materiality assessment were also previously understood and considered as integral components of our strategy. In the Management Board's assessment, no significant adjustments to our strategy or business model based on the updated double materiality assessment in accordance with ESRS were therefore necessary.

The TAG Group's employees work both part-time and full-time. The vast majority of contracts are open-ended contracts. In Poland, TAG also employs non-employees who provide services for TAG Group undertakings as natural persons. TAG does not employ any employees, self-employed persons or persons provided by third-party companies that are primarily active in the field of labour recruitment and leasing.

Depending on the activity, some of the identified material impacts are widespread or systemic. For example, hybrid working methods can only be implemented to a limited extent in the commercial activities of craftsmen and caretakers.

The material identified positive impacts result in particular from ensuring positive working conditions and employee-related rights as well as equal treatment and equal opportunities and apply equally to the entire TAG workforce.

The material risks and opportunities arising from impacts and dependencies in connection with TAG's labour force are presented in chapter ESRS S1 – Material Impacts, Opportunities and Risks.

Material impacts on TAG's workforce that may result from transition plans to reduce negative impacts on the environment and to realise more environmentally friendly and climate-neutral activities are currently not discernible.

The materiality assessment did not identify any areas where there is a significant risk of incidents of forced labour or child labour.

The negative impacts identified as part of the materiality assessment generally relate to the entire workforce. If certain individuals (groups) are at greater risk compared to the rest of the workforce, these were also identified as part of the materiality assessment. In our society, women, people with physical and mental disabilities and people with a migration background are still at a higher risk of being discriminated against in a professional context than men or people without disabilities.

The Opportunities and Risks identified as part of the materiality assessment also generally relate to all groups of people within the workforce.

## **5.3.S1-1 – POLICIES RELATED TO OWN WORKFORCE**

With regard to our social responsibility towards employees, TAG pursues an appreciative and diverse corporate culture that is characterised by transparency and co-determination and is equally applicable to the entire workforce. This is laid down in the Business Principles adopted by the Management Board, the anti-discrimination policy, the rules of procedure for dealing with information in accordance with the Whistleblower Protection Act and the declaration of principles on respect for and observance of human rights.

TAG emphasises a high degree of personal responsibility and a pleasant working environment. Trust, respect and appreciation are anchored in the guidelines of our corporate culture and make a decisive contribution to the Company's

success. Employees are supported as much as possible in their respective activities, for example through modern workplace equipment and internal and external training programmes tailored to their needs. In addition to a standard range of training courses on personal and professional topics, individual training courses can be arranged.

As a responsible employer, TAG also offers its employees the option of flexible and mobile working as well as trust-based working hours and flexible working time models, including guaranteed parental leave. Company agreements governing the details of home office and mobile working are in place. This is intended to make a positive contribution to the work-life balance and (mental) health of the workforce.

In the area of its own workforce, TAG also focuses its actions on making a positive contribution to achieving the SDGs on good health and well-being (SDG 3), gender equality (SDG 5) and decent work and economic growth (SDG 8).

The dialogue offered to employees also includes the opportunity to address criticism and complaints. Employees can contact their line manager, the HR department, the Works Council or the Compliance department directly via various reporting channels.

TAG is committed to respecting and complying with human rights on the basis of the United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the eight core labour standards of the International Labour Organization (ILO), which set universal minimum standards for decent work in the areas of freedom of association, prohibition of discrimination in respect of employment and occupation, abolition of child labour and forced labour, and occupational health and safety. The internal strategies established by TAG are in line with these standards. For more information on the procedures established at TAG to uphold human rights, as well as the whistleblower system and the remedial measures taken in the event of potential impacts on human rights, please refer to Chapter 9.2 G1-1 Policies and corporate culture. These are also relevant for our own employees.

In Germany and Poland, management concepts and dedicated procedures have been implemented to prevent accidents at work. Compliance with internal requirements is monitored and ensured by local occupational safety officers. The procedures include, in particular, safety regulations, inspections, employee training and the involvement of external consultants and occupational physicians in the area of occupational safety. Occupational safety, health and safety, fire protection and first aid in emergencies are of great importance to TAG, as the health of our employees is a prerequisite for their well-being and performance.

TAG has enshrined the preservation of a diverse and equal corporate culture in its Business Principles, the Anti-Discrimination Policy and the Declaration of Principles on Respect for and Compliance with Human Rights. These guidelines aim to promote equal opportunities, diversity and inclusion. In particular, the internal guidelines prohibit discrimination and ensure equal treatment regardless of race and ethnic origin, skin colour, gender, sexual orientation, gender identity, disability, age, religion, political opinion, national origin or social background and other possible attributes of discrimination. These policies are implemented when they are handed out to new employees as part of the onboarding process and are publicised through targeted training, e.g. on the topic of anti-discrimination and equal treatment. Violations are monitored and followed up by TAG's compliance function. Please refer to section 9.2 G1-1 – Policy and corporate culture for a description of the procedures in place to monitor and take corrective action.

There are no particularly vulnerable or susceptible groups to discrimination within our own workforce. Furthermore, there are no specific policy commitments regarding inclusion or affirmative action in favour of people from groups that may be particularly vulnerable within TAG's own workforce.

## **5.4.S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS**

TAG involves its employees directly on an ongoing basis and also works together with representatives such as the works council, the General Works Council, the youth and trainee representation and the Workers' representatives on the Supervisory Board. The procedures for including and involving employee representatives in decision-making processes comply with legal requirements. In addition, information meetings are held at regular intervals with the local works councils in Germany. Employee involvement takes place in various phases and includes workshops, participation in interdisciplinary projects, team meetings and regular feedback rounds such as staff appraisals and employee surveys. Important topics and needs are identified in dialogue with employees. Employees are also promoted and encouraged to play an active role in shaping the undertaking. For example, the workforce is regularly involved in projects to optimise and further develop internal work processes, in particular to take advantage of opportunities for internal knowledge transfer.

Operational responsibility for employee involvement lies with management. Final responsibility lies with the Management Board member responsible for Human Resources (COO / Co-CEO). In this way, TAG ensures that the perspective of the workforce is taken into account at the highest level of the Group organisation. In addition, TAG has issued a policy statement on respecting and complying with human rights within the Group, which also includes mechanisms for recording employee perspectives. These include employee surveys, feedback mechanisms and communication channels for reporting possible complaints or violations, e.g. of human rights such as the ban on discrimination. Employee perspectives gained through these procedures are taken into account in the decision-making process and the results are communicated transparently in a mutual dialogue.

Perspectives of any existing vulnerable groups in the TAG workforce, e.g. persons with disabilities, are collected as part of the general employee involvement procedures.

In addition, the equal inclusion of any marginalised groups is reviewed at least once a year using suitable metrics, e.g. by monitoring the proportion of women in the workforce, in management positions, on the Management Board and Supervisory Board and the gender pay gap.

Workers' representatives receive financial and organisational support in accordance with legal requirements, e.g. time off for employees and provision of the necessary infrastructure.

## **5.5.S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS**

TAG offers its employees various opportunities to criticise and complain to the undertaking. In this way, it promotes dialogue with its employees. We have implemented various channels through which employees can express criticism and complaints, including possible legal or compliance violations and violations of human rights. In addition to the option of contacting their line manager, the HR department or the works council directly, a form is available on both the intranet and the internet that can be used to report violations of legal regulations, guidelines or internal company rules. This form enables anonymous reporting of information. In addition, complaints and information can also be sent directly by telephone or post to the Compliance department or alternatively to an external lawyer who acts as an independent reporting centre. A digital reporting system is also available. The large number of possible channels for submitting reports and complaints ensures that they are always available to the employees at their workplace.

The process for handling incoming reports, including complaints in connection with employee matters, is governed by rules of procedure for dealing with reports under the Whistleblower Protection Act, which are also published on the

TAG website in the Compliance section. All incoming reports and enquiries are documented and promptly investigated and reviewed. Depending on the nature of the Incident, specific actions are taken, which may include disciplinary or labour law consequences for the perpetrators, claims for damages or compensation for the employees concerned. If necessary, existing channels and preventive procedures are adjusted to ensure their effectiveness.

The established procedures and channels are actively communicated to employees, e.g. by line managers and as part of compliance training. They are also accessible and available both on the intranet and on the internet in the Compliance section. Concerns regarding trust in the mechanisms for expressing complaints can also be communicated via the channels described. Thanks to the active feedback culture in the undertaking, TAG is also able to identify a lack of trust in or ignorance of the complaint's channels outside of the use of these channels and to take appropriate countermeasures if necessary. With regard to the procedures and structures for the protection of individuals and Workers' representatives, please refer to the information in Chapter 9.2 G1-1 – corporate culture and business conduct policies and corporate culture.

## **5.6.S1-4 – TAKING ACTION ON MATERIAL IMPACTS AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS AND APPROACHES**

TAG assesses the identified material negative and positive impacts, risks and opportunities as well as its business practices in relation to its own workforce on an ongoing basis as part of quarterly personnel controlling and also on an ad hoc basis as part of feedback that can be provided by the workforce in order to ensure that its own practices do not have a material negative impact on its own workforce. If material negative impacts are identified, an assessment is made as to whether actions are necessary to limit the extent of these impacts. The necessary resources are made available for this purpose. TAG offers flexible working hours and physical and mental health programmes to promote the health and well-being of its employees and thus increase their satisfaction with TAG as an employer. As part of these programmes, we have established a company health management system with actions to promote sporting activities and health care, e.g. through training courses, health days, the “Work Life Portal” health app and the organisation of joint sporting events.

As a responsible employer, TAG also offers its employees the option of flexible and mobile working as well as trust-based working hours and flexible working time models, including guaranteed parental leave. Company agreements governing the details of home office and mobile working are in place. In addition, initiatives to lease a job bike at a favourable rate in Germany and the promotion of supplementary health and life insurance in Poland are supported as part of employee benefits.

We are also endeavouring to increase the proportion of training courses for our employees in order to promote their professional development. In view of the shortage of skilled labour, TAG is also increasingly focusing on in-house training and further education on both specialist topics and personal development. In Poland in particular, the focus here is on occupational safety on construction sites due to construction activity.

In order to promote the professional development of employees in this context, employees are asked about their training and development needs and are regularly provided with appropriate training programmes as required. This also includes training on occupational safety to minimise injuries and absences as well as on company pension schemes. The necessary resources are made available for this purpose.



The effectiveness of the actions taken is assessed by actively obtaining feedback from employees, e.g. via employee surveys, as well as in the annual staff appraisals. If the actions are ineffective, the reasons are discussed in detail and appropriate adjustments are made. In particular, this is also intended to ensure that TAG's own practices do not have a material impact on the undertaking's employees.

Material risks and opportunities arise in particular from costs resulting from higher employee turnover and from high employee retention and satisfaction. The Management Board regularly assesses personnel cost trends and staff turnover on the basis of monthly personnel controlling in order to recognise negative trends at an early stage and take countermeasures if necessary.

In the Management Board's assessment, no further actions to prevent material negative impacts were necessary in the reporting year. The existing procedures and guidelines to promote equality and inclusion will be continued.

The actions described were already implemented in the reporting year and will be continued in the future.

### 5.7.S1-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

For employees to feel connected to TAG as an employer, it is crucial that they are satisfied with their workplace and the work culture. Accordingly, based on the results of previous employee surveys, the Management Board has set the target that at least 70% of employees continue to be satisfied or very satisfied with their current work situation. Other stakeholders were not included here.

An employee survey is planned to be conducted at regular three-year intervals to review the target. Regular reviews and the collection of feedback are intended to ensure that not only the target value of 70% is continuously achieved, but that a working environment exists in the long term that is perceived positively by employees. In the last employee survey conducted in Germany in 2022, a satisfaction rate of 69% was achieved with TAG as an employer. The next survey to review this targets is planned for 2025.

### 5.8.S1-6 – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

The number of employees in the Group as at 31 December 2024 is broken down by gender<sup>20</sup> and country as follows:

Gender	Number of employees (head count)
Male	781
Female	944
Other	0
Not specified	0
<b>Total number of employees</b>	<b>1.725</b>

<sup>1</sup> The Polish legal system currently only recognises the binary gender categories of male and female.

Country	Number of employees (head count)
Germany	413
Poland	1,312
<b>Total number of employees</b>	<b>1,725</b>

The number of employees in the Group as at 31 December 2024 is broken down by gender and type of contract as follows:

Female	Male	Other	Not specified	In total
<b>Number of Employees</b>				
944	781	0	0	1,725
<b>Number of employees with permanent employment contracts (head count)</b>				
796	703	0	0	1,499
<b>Number of employees with fixed-term contracts (head count)</b>				
148	78	0	0	226
<b>Number of call-off staff (head count)</b>				
0	0	0	0	0
<b>Number of full-time employees (head count)</b>				
724	716	0	0	1,440
<b>Number of part-time employees (head count)</b>				
220	65	0	0	285

The number of employees in the Group as at 31 December 2024, broken down by type of contract and region, is as follows:

<b>Germany</b>	<b>Poland</b>	<b>In total</b>
<b>Number of Employees</b>		
1,312	413	1,725
<b>Number of employees with permanent employment contracts (head count)</b>		
1,194	305	1,499
<b>Number of employees with fixed-term contracts (head count)</b>		
118	108	226
<b>Number of call-off staff (head count)</b>		
0	0	0
<b>Number of full-time employees (head count)</b>		
1,039	401	1,440
<b>Number of part-time employees (head count)</b>		
273	12	285

The option of working part-time allows our employees to organise their working hours flexibly and reconcile work, private and family life.

In the reporting year, 303 employees left the Group. This resulted in an employee turnover of 17.6%.

The data shown is taken from the personnel system in Germany and Poland respectively. This is the number of people employed as at 31 December 2024. All employees who had an existing employment or training relationship with TAG or one of its subsidiaries on 31 December 2024 are taken into account.

The employee figures stated in the notes to the consolidated financial statements in the section on headcount are average figures for the corresponding reporting period. In addition, non-employees who provide services for the TAG Group as natural persons are included in the financial reporting.

## 5.9.S1-8 – COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

As an undertaking not bound by or applying collective bargaining agreements, TAG employs 0% of its employees on the basis of collective labour agreements.

Coverage rate	Collective agreement coverage	Social dialogue
0–19%	Germany, Poland	Poland
20–39%		
40–59%		
60–79%		
80–100%		Germany

All property and office management trainees receive the same training allowance. This is staggered according to the year of training. Remuneration is based on the collective agreement for the property industry or is slightly higher. For all other apprenticeships, TAG is guided by the upper end of the pay scale recommended by the Chamber of Industry and Commerce and the Chamber of Crafts.

Workers' representatives on the Supervisory Board cover 74.5% of TAG's employees. There was no agreement on representation by a European Works Council (Societas Europaea (SE) or Societas Cooperativa Europaea (SCE)) in the reporting period.

## 5.10. S1-9 – DIVERSITY METRICS

As at the reporting date, 69 (46.3%) of the Group's top management level employees were female and 80 (51.7%) were male. The top management level comprises the first two management levels below the Management Board and includes Heads of Real Estate Management, department heads and team leaders. In addition to the 1,725 employees as at the reporting date, this metric also includes the managers employed as associates at the subsidiaries ROBYG and Vantage in order to ensure complete coverage of the Group's top management level. TAG expects to report detailed information on associates from the 2025 reporting year as part of the disclosures on S1-7.

The number of employees in the Group as at 31 December 2024, broken down by age, is as follows:

Age	Number of Employees
Under 30 years	276
30– 50 years	934
Vver 50 years	515
<b>Total number of employees</b>	<b>1,725</b>

## 5.11. S1-10 – ADEQUATE WAGES

Adequate wages are paid to TAG Group employees in line with the applicable reference values.

## 5.12. S1-14 – HEALTH AND SAFETY METRICS

The health of our employees is a prerequisite for their well-being and performance. For this reason, occupational safety, health and safety, fire protection and first aid in emergencies are of great importance at TAG and apply to the entire workforce in Germany and Poland. Employees are trained as safety officers, fire safety assistants, first aiders and evacuation assistants.

All employees are personally instructed at least once a year by their superiors on topics relevant to occupational health and safety. In addition, regular safety briefings on the proper use of equipment and tools are organised for industrial employees. We provide our employees in the field with protective work clothing appropriate to their tasks. All employees can read up on safety and health-related topics on the intranet.

Evacuation drills are carried out every year. Regular reviews on safety-related topics are carried out at the various sites.

For several years, external specialists have been responsible for occupational health and safety at TAG. This ensures that all legal provisions are implemented. They regularly attend the meetings of the Occupational Safety Committee (ASA meeting) with the Occupational Safety Officer and the local works councils and safety officers. In addition, the actions taken, accidents at work and findings from workplace inspections are analysed every year with the external consultants.

In the new construction sector in Poland, occupational health and safety tasks and training are also carried out with the help of external occupational health and safety service providers. Particular attention is paid to occupational health and safety on the construction sites. A system of safety regulations, regular training and weekly inspections is also designed to ensure the health and safety of our own employees and subcontractors.

100 % of employees are covered by occupational health and safety and health management actions.

In the reporting year, there were 63 accidents at work in the Group, mainly commuting accidents and minor injuries without material downtime, e.g. during work by caretakers and craftsmen, as well as two injuries on construction sites. This corresponds to an accident rate of 21. There were no work-related fatalities in the reporting year, neither among the Company's own employees nor among other employees working at the Company's sites.

### **5.13. S1-16 – COMPENSATION METRICS (PAY GAP AND TOTAL COMPENSATION)**

The gender pay gap in the Group was 7.4% in the reporting period, i.e. the average gross hourly earnings of male employees were higher than those of female employees by this percentage. The ratio of the remuneration of the highest-paid individual to the median total remuneration of all other employees (known as the "total remuneration ratio") is 25.2.

The above figures relate to the total remuneration of employees in the reporting period. The underlying quantity structure corresponds to the number of employees as at 31 December 2024. The gender pay gap is calculated taking into account all employees, excluding the Management Board.

### **5.14. S1-17 – INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS**

In the 2024 financial year, four cases of discrimination, including harassment, were reported to the Compliance Office.

Twelve cases were reported through channels through which own workforce can raise concerns.

No fines, sanctions or compensation payments were made in this connection.

No suspicious activity reports relating to severe incidents of human rights violations or risks were reported.

In financial year 2024, no severe human rights incidents were identified in connection with TAG's labour force.

## **6. ESRS S2 (WORKERS IN THE VALUE CHAIN)**

## 6.1.S2.SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The impacts, risks and opportunities (IROs) identified as material for the Group in relation to the respective ESRS are presented below. The presentation is labelled according to the extent to which the respective IRO affects the Group's own business activities (OO) or the upstream value chain UVCUVC or downstream value chain DVCDVC.

S2 – Workers in the value chain	Settlement (OO/VC)	Positive Impacts	Opportunities	Negative impacts	Risks
<b>Value chain: Working conditions</b>					
Working conditions in the upstream value chain	UVC	By promoting open dialogue and setting social standards (e.g. working hours, adequate wages, anti-discrimination, no illegal/unethical working conditions such as undeclared work, forced and child labour), TAG can improve working conditions in the supply chain and help to prevent human rights violations and violations of workers' rights in the value chain.		If business partners in the upstream value chain do not comply with certain labour law principles (such as occupational health and safety, fair treatment of employees, no undeclared work, forced labour and child labour), this can potentially lead to a violation of human rights.	
	UVC			Working in the construction industry carries a high risk of workplace injuries or personal injury, especially on construction sites, due to potential lack of safety precautions and inappropriate working conditions at business partners/suppliers.	



## **6.2.S2.SBM-3 IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL**

The identified material impacts are basically impacts on all workers employed in TAG's value chain, but in particular on employees who are employed upstream in the value chain via subcontractors on our construction sites in Poland, as well as upstream manufacturers of building materials. Even if the risk of an actual violation of applicable labour protection standards or obligations relating to compliance with human rights is classified by TAG as relatively low against the background of the comprehensive legal provisions in place to prevent violations, the impacts are widespread or systemic in the construction industry.

By promoting open dialogue and setting social standards, for example through corresponding agreements in our Business Partner Code, TAG strives to support positive impacts on workers in the value chain.

### **6.3.S2-1 POLICIES RELATED TO VALUE CHAIN WORKERS**

TAG is committed to respecting and complying with human rights on the basis of the United Nations Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the eight core labour standards of the International Labour Organization (ILO). According to the Management Board, these standards guarantee universal minimum standards for decent work in the areas of freedom of association, prohibition of discrimination in employment and occupation, abolition of child labour and forced labour as well as occupational health and safety along the upstream and downstream value chain.

TAG has adopted a Business Partner Code to manage the material impacts associated with labour in the value chain, which is an integral part of the contractual agreements with business partners. All of TAG's business partners undertake to comply with the Business Partner Code via the contractual regulations provided for. Due to the different business models, there are Business Partner Codes for Germany and Poland that apply to our business activities in Poland and a Business Partner Code for our business activities in Germany. The Management Board of TAG, and here the COO/Co-CEO, is responsible for the design and application of the Business Partner Code

In addition to the topics of compliance with laws and ethical standards, avoidance of corruption, bribery and money laundering, compliance with antitrust law and fair competition, sustainability, environmental protection and material origin, data protection, confidentiality and avoidance of conflicts of interest and insider trading, occupational health and safety, fair treatment of employees and subcontractors, e.g. with regard to forced and child labour, and anti-discrimination of workers in the value chain are expressly regulated in the respective Business Partner Code.

For a further description of the policies established in connection with the Business Partner Code, please refer to Chapter 9.3 G1-2 – Management of relationships with suppliers.

For the new construction business in Poland, there is also a special occupational health and safety policy that applies to all persons present on the construction sites operated by TAG. The policy forms the basis of the occupational health and safety system for the new construction business in Poland. It contains strategic basic conditions, compliance with which is required of subcontractors. These include monitoring occupational health and safety on construction sites, including the prevention of accidents, the promotion of a healthy lifestyle and transparency with regard to accidents at work, as well as participation in the continuous improvement of workplace management.

## **6.4. S2-2 PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS**

In the reporting period, there was no general procedure for cooperation with workers in the value chain beyond the procedures described in the management of supplier relationships and in Chapter 9.3 G1-2, Management of supplier relationships.

## **6.5. S2-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS**

TAG has established complaint and reporting systems (whistleblower system) to proactively address potential negative impacts on employees in the value chain. These enable those affected to raise concerns confidentially and receive prompt solutions. TAG supports the availability of such channels among its business partners via the Business Partner Code. A procedure to determine whether workers in the value chain are aware of and trust these structures or procedures was not established in the 2024 financial year. For a description of the procedures in place, please refer to the information in section 9.2 G1-1 – Policies and corporate culture.

In addition, there is an established procedure for the new construction in Poland that defines responsibilities and reporting channels for incidents in the construction business (emergency response instruction). The procedure obliges every subcontractor to immediately report accidents or potentially dangerous incidents on construction sites to the site management of the respective construction site.

In Poland, TAG appoints regional health and safety coordinators who are responsible for monitoring safety on construction sites. The health and safety coordinators are also responsible for coordinating the implementation and execution of the health and safety policy for projects in their assigned region. In addition, the coordinators perform health and safety tasks. Each construction site is subject to a health and safety inspection at least once a week, on which a report is drawn up detailing the actions required to reduce hazards. The health and safety coordinators also carry out safety tours of the construction sites.

The subcontractors are obliged to discuss and rectify all defects with the site manager. Confirmation of the rectification of violations is recorded in the health and safety log, which is kept by the site manager of the respective construction site. The scope of the inspection also includes checking the valid documentation of the subcontractor's employees, e.g. for proof of appropriate health and safety training, qualifications or medical examinations.

## **6.6. S2-4 TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTION**

Actions are generally implemented with the aim of preventing, mitigating and remedying material negative impacts on workers in the value chain.

The actions taken in the financial year with regard to material impacts and approaches to managing material risks and exploiting material opportunities in connection with workers in the value chain in Germany mainly relate to maintaining the system already established in previous years to oblige suppliers to comply with certain protective measures with

regard to workers in the value chain. TAG plans to maintain the established procedures in the future and expand them further if necessary.

The following actions were also implemented in the area of new construction business in Poland, which is particularly affected by the (potential) Impacts:

In Poland, ROBYG organised an information campaign ("Health and Safety Week") to build a culture and awareness of occupational health and safety on the construction site for main contractors and subcontractors in the value chain. The information campaign included content such as first aid training and fire drills as well as a webinar with the Polish labour inspectorate. In addition to an information campaign to promote a healthy lifestyle with regard to ergonomics in the workplace, another "Health and Safety Week" is planned for the 2025 financial year, as well as the establishment of a separate email address that can be used to report safety concerns/suggestions for improving safety on construction sites. In addition, monthly alcohol tests are to be carried out on all ROBYG construction sites from the 2025 financial year.

The Management Board provides the operational departments involved, in particular compliance, with the necessary resources.

No incidents relating to human rights within TAG's value chain were reported in the reporting year.

## **6.7. S2-5 TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES**

In Germany, there are currently no targets relating to workers in the value chain. Our business activities in Poland have the following targets:

- No serious or fatal accidents on construction sites in the respective financial year

The target was set internally, taking into account the long-term strategy of reducing the number of accidents on construction sites to zero, and is measured based on the number of serious or fatal accidents reported on construction sites in the financial year. The target relates to the financial years 2024 to 2028; there are no interim targets. The target was achieved in the 2024 financial year.

## 7. CONSUMERS AND END-USERS (ESRS S4)

### 7.1.S4.SBM-3. MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The impacts, risks and opportunities (IROs) identified as material for the Group in relation to the respective ESRS are presented below. The presentation is labelled according to the extent to which the respective IRO affects the Group's own operations (OO) or the upstream value chain (UVCUVC) or downstream value chain (DVC).

<b>S4 – Consumers and end-users</b>	<b>Settlement (OO/VC)</b>	<b>Positive Impacts</b>	<b>Settlement (OO/VC)</b>	<b>Negative impacts</b>	<b>Opportunities</b>	<b>Risks</b>
<b>Social inclusion of consumers and end-users</b>						
Affordable housing and neighbourhood offers for different target groups	ET	Development of affordable housing for different target groups and attractive neighbourhood offers for tenants (e.g. young housing and barrier-free housing)			Satisfied tenants and a good mix in the neighbourhood lead to lower fluctuation and a higher occupancy rate and thus to financial success.	
Neighbourhood development	ET	The development/management of the buildings/neighbourhoods improves the local infrastructure, increases diversity and provides affordable housing within the neighbourhoods for (potential) tenants.			By taking into account the requirements of (potential) local tenants, better lettable can be achieved, the value of the buildings/neighbourhoods secured, approval procedures accelerated and a positive reputation promoted.	Authorisation procedures and political decisions can stipulate unplanned conditions that result from the requirements of (potential) tenants and local stakeholders and lead to additional costs/less income.
	ET	TAG's neighbourhood management can create liveable neighbourhoods. This can strengthen social cohesion and a sense of community.				
Compliant and ethical business practices	ET	Residential and commercial premises are rented out regardless of gender/origin/nationality etc. Property and tenancy law are decisive for management.			Compliance with regulations and standards creates trust and a good reputation and long-term tenancies based on trust.	
<b>Personal safety of consumers and end-users</b>						

S4 – Consumers and end-users	Settlement (OO/VC)	Positive Impacts	Settlement (OO/VC)	Negative impacts	Opportunities	Risks
Health and safety in our neighbourhoods (traffic safety)	ET/UVC	Compliance with safety standards by us or our business partners/suppliers during construction work protects the health and safety of tenants and residents in the neighbourhood.	ET/UVC	The safety and health of tenants may be jeopardised by a lack of safety precautions or fire protection measures by us or our business partners/suppliers as part of construction work.	Modernisation can ensure greater tenant satisfaction and living comfort and thus contribute to a high occupancy rate, financial success and increased property value.	Inadequate safety precautions can lead to personal injury and property damage and possible recourse claims and a poor reputation.
<b>Information-related impacts for Consumers and end-users</b>						
Stakeholder involvement			ET	A lack of involvement of (potential) tenants and local stakeholders in decision-making processes (e.g. on neighbourhood design) can adversely affect their interests (e.g. football pitch versus senior housing from competing companies).		Negative social effects, such as gentrification or a lack of involvement of (potential) tenants and local stakeholders in decision-making processes, could trigger residents' initiatives or legal proceedings against the undertaking, thereby adversely affecting the business and the financial situation.
Transparent information and communication	ET	Timely and comprehensive information (e.g. consumption, modernisation, leisure activities, etc.) and transparent communication lead to information transparency for tenants/prospective tenants and a fair business relationship.	ET	No or incorrect information (e.g. on consumption, modernisation, leisure activities, etc.) leads to mistrust, a lack of transparency and dissatisfaction among tenants/prospective tenants.	Transparent information, especially for utility bills or rent increase requests, can contribute to smooth and punctual payment receipts.	Non-transparent and inadequate information, particularly in the case of utility bills or rent increase requests, can lead to contradictions and legal disputes and the associated costs.
Data protection						Violations of data protection standards can lead to fines from authorities, recourse claims from tenants and reputational damage.

## **7.2.S4.SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL**

TAG's housing programme is aimed at people from different social, ethnic and economic backgrounds. Consumers and end-users in this context are (potential) tenants and buyers of TAG's residential units. This business activity gives rise to a special responsibility. We fulfil this responsibility by aligning our business activities not only with economic, but also with ecological and social considerations. According to the Management Board's assessment, TAG's tenants and buyers do not have an increased risk of chronic ill health that could be attributed to the use of the residential units and services offered by TAG. The residential units offered for rent and sale by TAG generally fulfil the minimum legal standards for healthy living and therefore do not pose an inherent risk to the health of residents.

TAG also respects the rights of its customers: the right to privacy, the protection of their personal data, their right to freedom of expression and non-discrimination. TAG's business activities do not interfere with these rights and do not create dependencies on manuals or product labelling.

According to the Management Board, TAG's customers are not particularly susceptible to health impacts, privacy impairments and the consequences of marketing and sales strategies.

The material negative impacts identified in relation to our customers are impacts that may occur in isolated cases and are not systemic in the Management Board's assessment. In principle, the negative impacts can affect all customers and are not focussed on specific groups within our tenants and buyers.

### 7.3.S4-1 POLICIES RELATED TO CONSUMERS AND END-USERS

Customer satisfaction and tenant proximity are fundamental principles of our actions and an integral part of our sustainability strategy. Our sustainability strategy respects human rights due diligence. With regard to the material IROs in connection with TAG's customers, the Business Principles, the Declaration of Principles on Respect for Human Rights, the Social Policy, the Environmental Policy, the Procurement Policy and the Anti-Discrimination Policy should be mentioned in particular. They apply within the TAG Group and to our business partners, customers and other stakeholders. The implementation of these policies within TAG is the responsibility of the Management Board, and here explicitly of the COO function. The policies mentioned contain regulations on the following areas, which we consider to be the most important topics in relation to our customers:

- Anti-discrimination/social coexistence/equal treatment
- Protection of privacy/data protection/confidentiality
- Health and safety
- Environmentally friendly and durable solutions

The anti-discrimination guideline includes the prohibition of any form of discrimination, respectful coexistence, equal treatment and equal opportunities regardless of race or ethnic origin, skin colour, gender, sexual orientation and gender identity, disability, age, religion, ideology and political opinion, national origin or social background. TAG recognises the diversity of its tenants through its social activities to promote and support children, young people, families and older people in particular. The Social Policy contains principles and guidelines on social commitment.

TAG respects the privacy of its (potential) tenants and buyers and protects their personal data and all confidential information in its possession. The Business Principles and internal data protection guidelines contain corresponding provisions in this regard.

The health and safety of our tenants are important concerns for us. That is why we ensure the safety of our buildings, technical installations and existing areas and, of course, comply with the legally prescribed traffic safety obligations. We have laid down internal guidelines for the regular performance of inspections, safety checks and maintenance, training and requirements for service providers. In our actions, we place particular emphasis on the use of environmentally friendly, longevity and health-friendly products and materials in accordance with our Environmental Policy.

The whistleblower system with various reporting channels is available to all stakeholders, i.e. including tenants and buyers, for the transmission of information and complaints about actual or suspected legal or compliance violations. This also applies to human rights risks or violations that have arisen as a result of actions in our own business area or that of a direct supplier. The published rules of procedure for the whistleblower system under the Whistleblower Protection Act and for the complaints procedure under the Supply Chain Due Diligence Act explain the reporting channels, the procedure, responsibilities and whistleblower protection. For further explanations, please refer to chapter G1-1 – Business conduct policies and corporate culture.

The policies and guidelines described are in line with internationally recognised instruments, including the UN Guiding Principles on Business and Human Rights. No violations of these or of the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises involving consumers and end-users were reported in the downstream value chain in the 2024 financial year.



## **7.4. S4-2 – PROCESSES FOR ENGAGING WITH CONSUMERS AND ENDUSERS ABOUT IMPACTS**

When supporting tenants, TAG relies on local expertise combined with centralised know-how. In Germany, for example, the LIM divisions personally support customers at the respective locations and take care of all matters relating to the properties and the rental business. They are supported by our centralised customer management team. This gives the local property management teams more time for personal support. The introduction of supporting technologies is intended to further reduce the processing time in customer service in future. Quality management and tenant sample surveys also help to continuously improve processes. The LIMs and customer management report directly to the operational Management Board (COO/Co-CEO).

To ensure that TAG is easily accessible for (potential) tenants, and that information is readily and quickly available, numerous information and communication channels are offered.

Contact persons are available in the tenant offices for personal contact. Tenants can also contact us by letter, telephone, email, tenant app or using the online form on the website of the TAG Wohnen and Vantage Rent residential brands, as well as via social media such as Facebook and Instagram. In Germany, tenants can use the TAG tenant app. The tenant app provides existing customers with a mobile application for processing their concerns about their tenancy agreement, conversions or repairs and other questions relating to housing. It can also be used to provide feedback to customer service. TAG wants to offer its tenants a fast and high-quality service. That is why we provide as many housing-related services as possible within our own undertaking.

Our customer management is centralised in Germany and Poland to ensure better accessibility for our tenants and faster processing of their requests.

We provide our tenants with useful information about housing on our housing brand website, in our tenant magazine and in various brochures. In addition, we continue to inform our tenants in analogue form, e.g. via house notices. We also involve our tenants in construction and renovation measures in the respective neighbourhoods through tenants' meetings.

We offer housing counselling at our main locations. The focus is on senior living and serviced living. Our tenants can also take advantage of our social counselling service. New and existing tenants also have the opportunity to view show flats or showrooms. There, they can familiarise themselves with furnishing options and possible adaptation measures, such as grab rails in bathrooms or smart appliances.

In order to find out how satisfied tenants are and what their wishes are, a portfolio-wide tenant survey is conducted in Germany every three years. In addition, the satisfaction of existing and new tenants with TAG's service is surveyed in monthly random samples. In addition, tenants regularly have the opportunity to evaluate the service quality of the external service providers used by TAG as part of the service monitoring programme.

With TAG's entry into the project development business in Poland, a new stakeholder group – the buyers of the residential units – has taken centre stage. Their satisfaction is a high priority for TAG. Customer service is available to buyers on all issues from sales and support to after-sales service and the takeover of the property. To determine how satisfied customers are with the service, a customer satisfaction survey is conducted during and after each disposals in Poland.

## 7.5.S4-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

TAG has implemented transparent and accessible procedures to address negative impacts and channels for our stakeholders, especially tenants and buyers, to raise concerns.

The approach to systematically identifying and remedying potential negative impacts associated with TAG's business activities includes regular valuations and surveys to identify potential risks at an early stage and take appropriate actions to prevent or mitigate them. With regard to tenants and customers, the focus is on satisfaction with the furnishings of the residential units, safety and order in the residential environment, service quality and TAG's services. Feedback received is analysed promptly. This helps to identify changed needs and possible concerns at an early stage, to examine them and to take countermeasures if necessary. If negative impacts are identified, corrective measures are initiated to minimise these impacts. Depending on the nature of these impacts, this is the responsibility of the relevant departments, in particular local property management, central customer and quality management or the Compliance Office.

Tenants and buyers have several opportunities to express their concerns:

- Complaints hotline: A dedicated hotline is available for consumers and end-users to address their concerns directly to the undertaking.
- Website: Online contact options such as online forms and chat bots have been set up on the TAG website and on the ROBYG and Vantage websites in Poland to enable (potential) customers to submit complaints and suggestions quickly and easily.
- E-mail: Customers can also send their concerns by e-mail to an address specially set up for this purpose.
- Personal contact: In TAG's regional service offices, customers can present their concerns in person and receive support.

The communication channels are communicated on TAG's website and those of the Polish subsidiaries ROBYG and Vantage. Customer satisfaction with the communication channels is analysed as part of regular tenant surveys in Germany.

The whistleblower system with various reporting channels is available to customers and all stakeholders for submitting information and complaints about actual or suspected legal or compliance violations. This also applies to human rights and environmental risks or violations that have arisen as a result of actions in our own business area or that of a direct supplier. Whistleblowers can contact TAG's Compliance Office by post, telephone, email or online form. Alternatively, contact can be made with our compliance lawyer. The reports can be made anonymously if desired.

TAG guarantees that all complaints received will be treated confidentially. It ensures that the privacy and data protection rights of consumers and end-users are respected.

## **7.6.S4-4 – TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS**

TAG has taken numerous actions to address and manage material impacts on (potential) tenants and buyers. These actions are aimed at minimising risks and exploiting opportunities to increase the satisfaction of our tenants and buyers. These include

- Good availability, transparent information and communication, efficient processing of enquiries for a high level of customer focus and service quality
- Actions to ensure health and safety and to increase living comfort and energy efficiency in portfolios and new builds
- Investment in residential neighbourhoods, quality of life and social infrastructure and community projects for liveable neighbourhoods

A wide range of modern, needs-based communication formats are used for dialogue with (potential) tenants and buyers. Among other things, a portfolio-wide survey on tenant satisfaction in Germany and surveys of tenants and buyers in Poland were conducted in the financial year.

Actions to protect the health and safety of tenants and buyers are implemented along our value chain. For example, ecological and health-related aspects are always taken into account when purchasing and using materials and products in the portfolio and in new construction. TAG guarantees the safety of its buildings, technical installations and existing areas and naturally ensures compliance with the legally prescribed traffic safety obligations, including ecological requirements and technical guidelines.

Actions are taken with particular emphasis on the use of environmentally friendly, longevity and health-friendly products and materials. Where possible and economically viable, regional, certified and recyclable building materials are favoured. Corresponding product and material properties are specified in the specifications. TAG attempts to exclude or minimise corresponding risks through specific specifications and agreements.

TAG endeavours to exclude the use of materials that are harmful to health as far as possible by issuing specific instructions to suppliers and service providers. If they are used infrequently, the necessary (legal) safety precautions are taken and proper disposal is ensured.

TAG regularly carries out refurbishment measures to improve the energy efficiency of its buildings. This includes, for example, the use of modern heating systems and the insulation of buildings, with the aim of reducing carbon emissions and lowering energy costs for tenants. The monitoring and documentation system that has been set up can be used to retrospectively check whether the actions taken are helping to achieve the expected effects

TAG is committed to providing a service-oriented infrastructure in our neighbourhoods with low-threshold offers for all generations. TAG is also involved in various projects to promote equal opportunities and prevent discrimination. This social commitment is supported by its foundation TAG Miteinander Stiftung.

By investing in social infrastructure and community projects, TAG endeavours to improve the quality of life in its residential complexes. This includes the creation of green spaces, playgrounds and communal areas that promote social interaction.

In promoting equal opportunities, a particular focus is placed on supporting children and young people as well as older people, especially those from economically weaker sections of the population. TAG promotes a wide range of leisure activities and offers social support for different target groups. For example, the needs of senior citizens are also taken into account in new buildings or conversions, for example by making buildings barrier-free and providing housing advice. In almost all new buildings in Poland, lifts provide barrier-free access. Barrier-free access to residential units is an important part of inclusive neighbourhood design and enables older people and people with limited mobility in particular to continue living in their own homes.

To expand its knowledge of housing market developments and regional characteristics, TAG regularly participates in studies and research projects in cooperation with universities, e.g. on the topics of climate change mitigation and mobility concepts in residential neighbourhoods.

The established risk and opportunity management system takes into account the interests of tenants and buyers. The risk management system identifies and values potential and actual risks in relation to TAG's portfolio. This includes regular safety inspections and compliance with all legal regulations and standards. By continuously monitoring market trends and users' needs, TAG can proactively respond to changes and capitalise on new opportunities. This includes, for example, the further development of residential concepts and the adaptation of existing offers to the needs of tenants and buyers.

The effectiveness of the actions taken is valued through regular surveys and feedback from our tenants and buyers.

The necessary actions are valued and subsequently implemented as part of the coordination between the operating departments concerned and the COO function. The resources required for this relate in particular to costs for training and development of personnel and the provision of technical resources.

## **7.7.S4-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES**

With regard to tenants and buyers, the overriding focus is on demand-orientated, socially acceptable and ecologically sustainable portfolio and project development. To this end, TAG has defined the following measurable and outcome-oriented targets:

- Investments in the portfolio in Germany amounting to at least 1.5% of the value of the property volume at the beginning of the respective financial year. The investments are applied for and approved as part of a formalised process and tracked through monthly availability reports.

TAG has set itself the following targets with regard to the continuation of its social commitment:

- Promotion of social commitment in Germany and Poland through donations and sponsorship of at least TEUR 200 p.a.

TAG has set itself the following targets to increase customer satisfaction:

- Achieve a customer satisfaction rate of at least 70% in Germany and Poland.  
In Germany, the evaluation is based on the portfolio-wide tenant survey conducted every three years and, in the periods in between, on the monthly sample surveys of our tenants. In Poland, tenant satisfaction is analysed as part of the annual lease renewal process.
- Achieve a buyer satisfaction rate of at least 70% based on the annual survey on the recommendation rate (net promoter score)

The promotion of social projects totalling at least TEUR 150 p.a. as a sub-target of the aforementioned donation target and tenant satisfaction of at least 70% in the German portfolio are also part of the non-financial targets of the variable Management Board remuneration.

Targets were set in line with TAG's adopted sustainability policies, particularly with regard to TAG's commitment to (further) developing liveable neighbourhoods with a view to the needs of our tenants and buyers. TAG wants to offer tenants a secure home and good service in the long term. In addition, the focus is on continuing social and community involvement and improving the quality of life in residential neighbourhoods. The metrics used to assess target achievement were analysed and validated by a university. External stakeholders were not involved in setting the targets.

The targets presented relate to TAG's own activities. In addition, external information such as industry reports and general sustainability approaches in the property industry, such as the 15-minute city policy, were taken into account when setting targets. In the area of promoting social commitment, there is a reference to the downstream value chain.

The customer satisfaction rate is regularly determined and analysed through customer surveys. TAG offers numerous contact options for this purpose. Feedback on the existing contact options is regularly obtained as part of the satisfaction surveys. Satisfaction with specific features of the residential units, buildings and the residential environment are also part of the regular satisfaction surveys and service monitoring.

TAG wants to offer its customers fast service and high quality. Among other things, this includes good accessibility as well as easy-to-find and quickly available information. To this end, digital processes in customer management are to be created using modern technologies to support these requirements.

To promote social and cultural offerings in TAG's neighbourhoods, the focus will continue to be on a wide range of leisure and support services such as playgrounds and Activity Lounges ("Aktiv-Treffs"). Children's and family centres are expanding cooperation with local social organisations.

Target achievement is reviewed at least once a year in consultation with the responsible Management Board member (COO/Co-CEO) with the involvement of the interdisciplinary ESG teams and the relevant specialist departments, such as customer management. Actions to follow up on the targets are agreed where necessary. The Targets presented were last reviewed and defined as part of the implementation and initial application of the CSRD.

The targets set were achieved in the 2024 financial year. In Vantage's customer satisfaction survey in autumn 2024, a large majority of respondents were very satisfied with the housing and service offering. Around 97% of participants would recommend Vantage to others. Our last portfolio-wide tenant survey in 2024 confirmed that more than 70% of our tenants in Germany are satisfied or very satisfied with TAG as a rental business. The results of the customer satisfaction survey in the Polish sales business from the 2024 financial year show that 91% of the buyers surveyed would recommend TAG to their friends and relatives. With total investments totalling EUR 123.5 m, the investment target was clearly exceeded by 151.5%. The donation target was also clearly exceeded at 256.4%.

## 8. DISCLOSURES IN ACCORDANCE WITH SECTION 289C (2) NO. 3 HGB

TAG Immobilien AG assumes social responsibility and is actively involved in promoting social issues in the residential neighbourhoods it manages. The aim is to create stable neighbourhoods, enable social participation and sustainably improve tenants' quality of life.

### **Relationships with local communities**

In cooperation with cities, municipalities and social organisations, TAG supports social infrastructure projects that promote coexistence among residents. There are meeting places in various neighbourhoods that serve as contact points for community activities and social support.

### **Actions to promote the common good**

As part of the cooperation with the non-profit association Jumpers, children's and family centres that provide educational and leisure activities are supported. In 2024, TAG won the special prize of the Real Estate Social Impact Investing Award 2024 for its neighbourhood management "Sustainable neighbourhood. For All." TAG is committed to bringing together ecological sustainability, social responsibility, quality of life and a focus on the future, thereby enabling people on low incomes to experience community and appreciation. In particular, the cooperation with partners such as Jumpers and Sempers contributes to the development of liveable and affordable neighbourhoods.

### **Social projects and social commitment**

TAG supports charitable initiatives, particularly in the areas of education, sport and cultural integration.

### **Impacts of business activities on the Company**

By providing affordable housing, TAG actively contributes to social mixing and ensures that tenants from different social backgrounds can live together in their neighbourhoods.

## **GOVERNANCE INFORMATION**

### **9. BUSINESS CONDUCT (ESRS G1)**



### 9.1.G1. SBM-3: MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

The impacts, risks and opportunities (IROs) identified as material for the Group in relation to the respective ESRS are presented below. The presentation is labelled according to the extent to which the respective IRO affects the Group's own operations (OO) or the upstream value chain (UVCUVC) or downstream value chain (DVCDVC).

G1 – Business conduct	Settlement (OO/VCVC)	Positive Impacts	Settlement (OO/VCVC)	Negative impacts	Opportunities	Risks
<b>Corruption and Bribery</b>						
Compliance system	ET	Internal guidelines governing competences, the dual-control principle (underwriting and competence guidelines, business principles, anti-corruption guidelines, etc.), training and the whistleblower system serve to prevent and combat corruption, support TAG's social responsibility and increase stakeholder confidence in the integrity of TAG's business activities.	ET	As a large residential property company, TAG has a social responsibility. Unlawful and unethical behaviour, e.g. corrupt actions in the context of ommissioning/contracting, can lead to competitive disadvantages and a loss of public/societal trust.	Internal guidelines governing competences such as underwriting and competence guidelines, business principles, anti-corruption guidelines, employee training and the whistleblower system serve to prevent and combat corruption and strengthen the integrity and trust of business partners in TAG. Trusting relationships with business partners can ensure a financially stable basis in the long term.	If cases of corruption occur in an undertaking or in the value chain, this can lead to reputational damage and criminal and civil sanctions.
<b>Corporate culture</b>						
<b>Compliance</b>	ET	Compliance supports adherence to all regulations that govern behaviour in the workplace or that must be observed during official activities. The term compliance therefore stands for adherence to rules. This adherence to rules has a positive effect on: fair treatment of employees in accordance with defined guidelines, compliance with labour standards and thus reducing the risk of abuse and exploitation of employees, fair pay and a safe working environment. The aim is			Compliance with the Company's rules and a functioning compliance management system strengthen confidence in the value of the Company and thus provide information on the security of the corporate values created.	Unlawful and non-compliant behaviour by employees harbours the risk of fines and thus financial risks.

G1 – Business conduct	Settlement (00/VCVC)	Positive Impacts	Settlement (00/VCVC)	Negative impacts	Opportunities	Risks
		to avoid violations of laws and the organisation's Targets.				
						Unlawful behaviour and the violation of guidelines or, for example, ignorance of compliant behaviour by workers in the value chain can have a negative impact on TAG's reputation.
						Supply Chain Act and decision to be EU taxonomy compliant require strict compliance; non-compliance risks penalties or increased capital costs.
<b>Data protection</b>	ET	Compliance with data protection regulations and a professional data protection management system strengthen stakeholder confidence in TAG's integrity and compliance with the law.				Data protection violations harbour the risk of significant fines and claims for damages from customers, employees and suppliers.
<b>Whistleblower system</b>		A functioning whistleblower system and the protection of whistleblowers can strengthen the well-being of employees and contribute to the identification of violations.	ET	Non-functioning whistleblowing systems can lead to violations not being publicised and not being contained.	Information from whistleblowers can be very valuable in helping to uncover or prevent legal violations. In order to protect whistleblowers and encourage them to pass on information about possible misconduct without fear of retaliation, the the German Whistleblower Protection Act (HinSchG) obliges undertakings and authorities to set up secure reporting channels and prohibits reprisals against whistleblowers. A whistleblower system strengthens stakeholders'	The Whistleblower Protection Act provides for fines for undertakings that violate the regulations. This includes, for example, a fine of 20,000 euros if no internal reporting channel is made available despite the obligation to do so or a fine of 50,000 euros for reprisals against whistleblowers. A reference to Section 30 of the German Administrative Offences Act (OWiG) can even increase these fines for certain administrative offences.

<b>G1 – Business conduct</b>	<b>Settlement (OO/VCVC)</b>	<b>Positive Impacts</b>	<b>Settlement (OO/VCVC)</b>	<b>Negative impacts</b>	<b>Opportunities</b>	<b>Risks</b>
					trust in the integrity of TAG's business activities and its ability to respond.	
<b>Transparency</b>	ET/UVC	Transparent and constructive dealings with external parties, e.g. business partners/suppliers, tenants, e.g. when awarding (residential) units, drafting contracts, changing services, etc.	ET	A lack of transparent and trusting interaction with employees (internal Corporate culture including co-determination) has negative impacts on the working atmosphere, loyalty to the Company, employee satisfaction, employee motivation, etc.	Internal whistleblowers are therefore an excellent early warning system and make it possible to uncover illegal behaviour and structures at an early stage and solve these problems within the Company. Companies can therefore take proactive action against irregularities and avoid significant fines and damage to their image. Employees' confidence in the integrity of TAG's business activities and its ability to respond is strengthened.	Employee dissatisfaction with the corporate culture can lead to lower productivity/quality of work results, higher sickness rates, staff turnover, costs for rehiring/training.
	ET/UVC	Transparent and trusting dealings with employees (internal corporate culture including co-determination) have positive impacts on working atmosphere, loyalty to the Company, employee satisfaction, employee motivation, etc.			Satisfied employees due to the internal corporate culture can lead to higher productivity/quality of work results, lower sickness rates, lower fluctuation and costs for rehiring/training as well as new ideas for optimising processes, etc.	
<b>Management of relationships with suppliers – Compliance with standards/guidelines</b>						

G1 – Business conduct	Settlement (OO/VCVC)	Positive Impacts	Settlement (OO/VCVC)	Negative impacts	Opportunities	Risks
	UVC	By maintaining long-term and stable relationships with regional suppliers, we have positive Impacts on the regional economy.	UVC	Working in the construction industry harbours a high risk of workplace injuries, especially on construction sites due to a lack of safety precautions and inappropriate working conditions at business partners.	With long-term supplier relationships, better offer prices and pragmatic solutions to problems can be achieved, thereby creating financial stability.	Dependencies on upstream and downstream business partners/suppliers give rise to financial risks (e.g. breach of contract, supplier default, price increases, shortage of skilled labour/capacity).
	UVC	By promoting open dialogue with business partners and setting social standards, TAG can improve governance in its supply chain and thus help prevent human rights violations and violations of workers' rights in the value chain.	UVC	Non-compliance with ethical principles such as occupational health and safety or respect for human rights by TAG's business partners can lead to violations of human rights along the value chain.	Respect for and compliance with the principles of the Business Partner Code supports long-term, constructive and trusting business relationships.	Inadequate safety precautions, inappropriate working conditions and human rights violations by business partners/suppliers can lead to possible recourse claims and a poor reputation.
<b>Targets</b>	ET	Achieving the targets in the sustainability programme will make a positive contribution to greater sustainability in our portfolio and for our stakeholders (e.g. tenants, own workforce)	ET	Conflicting stakeholder interests result in conflicting objectives and not all stakeholder expectations/interests can be met equally (e.g. affordable vs. climate-friendly housing).	Achieving measurable targets in the sustainability programme (e.g. employee satisfaction, tenant satisfaction, proportion of women in the workforce, Management Board, Supervisory Board) as part of (future) Management Board remuneration (STIP, LTIP) can have a positive impact on reputation, valuation of ESG ratings and attractiveness as an investment on the capital market.	Failure to achieve measurable targets in the sustainability programme (e.g. employee satisfaction, tenant satisfaction, proportion of women in the workforce, Management Board, AR) as part of (future) Management Board remuneration (STIP, LTIP) can have a negative impact on reputation, valuation of ESG ratings and attractiveness as an investment on the capital market.

## 9.2. G1-1 – CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

TAG has implemented a compliance programme that controls all business activities and promotes the corporate culture accordingly.

The Universal Declaration of Human Rights of the United Nations, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the eight core labour standards of the International Labour Organization (ILO) form the basis for our actions in accordance with human rights. Our Business Principles form the basis of our internal guidelines and work instructions, which must be observed in addition to and as a supplement to the Business Principles. The Business Principles apply to all TAG employees, including the Management Board, and include rules on business relationships, non-competition clauses, conflicts of interest and data protection. Violations of TAG's Business Principles are punished consistently and, if necessary, under (labour) law. The Compliance department supports the implementation of and compliance with the Business Principles.

We also expect our business partners to behave in a legally compliant and ethically impeccable manner. To implement this expectation, we have a Business Partner Code of Conduct, which also includes human rights due diligence and is published on our website. Proven violations of this code will not be tolerated and will result in appropriate sanctions. Depending on the severity of the violation, this may also lead to a temporary or permanent termination of the business relationship.

The compliance management system (CMS), as a component of the monitoring mechanisms established by TAG (risk management, internal control system and internal audit system), has various identification and evaluation mechanisms. The CMS provides material support in ensuring compliance with legal, regulatory and internal standards, thereby helping to minimise risk and promote the trust of all stakeholders. The CMS is divided into the basic components of prevention, detection and response. In particular, prevention is served by policy management and regular compliance and data protection training for our employees. Consultations by the compliance department and internal data protection management in coordination with the external data protection officer also provide support. Risk analyses, ad hoc investigations and the whistleblower system enable and support the identification of compliance violations. In the event that a compliance breach is identified, actions are taken immediately to remedy the breach. The process of identifying and reviewing violations helps to minimise legal and reputational risks and promote a responsible and ethical corporate culture. The continuous development of the CMS is ensured by implementing the results of risk analyses and monitoring activities as well as corrective actions in the event of a compliance breach.

The whistleblower system is available to employees and all external stakeholders and employees in the value chain for submitting information and complaints about actual or suspected legal or compliance violations. In addition to reports under the Whistleblower Protection Act, this whistleblower system can also be used to report human rights and environmental risks or violations under the Supply Chain Due Diligence Act (Lieferkettenorgfaltspflichtengesetz – LkSG) that have arisen as a result of actions in the Company's own business area or that of a direct supplier.

Whistleblowers can contact TAG's Compliance department via the digital whistleblowing system, by post, telephone, email or in person. Alternatively, contact can be made with our compliance confidential counsellor. Reports and complaints can also be made anonymously.

The rules of procedure published on our website for the whistleblower system under the Whistleblower Protection Act (HinSchG) and for the complaints procedure under the Supply Chain Due Diligence Act (LkSG) explain the reporting channels, the procedure, responsibilities and whistleblower protection.

Incoming reports are processed promptly and are the responsibility of the Compliance Officer. She was appointed by the Management Board and is authorised to act independently, not bound by instructions and impartially in accordance with the principles of confidentiality and diligence. The management chain involved in the matter is separate from the investigating officers or the investigating committee. Depending on the content of the respective report, it may be necessary to involve experts from other departments (e.g. HR, data protection, procurement or sustainability) in the investigation. Particularly with regard to violations of human rights and environmental obligations under the German Supply Chain Due Diligence Act, the relevant specialist department will play a key role in examining and developing a solution. We protect the identity of the whistleblower and the person concerned in compliance with data protection regulations and do not tolerate any discrimination or reprisals against whistleblowers.

Remedial and follow-up measures are taken depending on the type of offence identified. These include, in particular, disciplinary or labour law consequences, claims for damages or criminal prosecution. The findings from internal investigations are also used to review existing work and compliance processes and, if necessary, to optimise, adapt and supplement them.

Another material component for the efficiency of our compliance management system is employee training. In this way, we ensure that our employees have a sound knowledge of the relevant legal requirements and compliance-relevant contexts. We organise regular Group-wide training sessions for all employees on the topics of compliance and data protection. Specialist departments that are exposed to a greater risk due to their activities, e.g. central technology, rental business or the acquisition and sales department, are provided with in-depth information or counselling. In the reporting year, Group-wide training courses were held on business principles, combating and preventing corruption and basic data protection knowledge.

### 9.3.G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

TAG is committed to ensuring fair business practices and compliance with social and environmental standards along the entire supply chain. Transparency and regular dialogue are important to us when working with our suppliers. In addition to technical cooperation, there is regular dialogue on relevant topics, such as updated reporting requirements from the EU Taxonomy and the Supply Chain Due Diligence Act. Our supplier relationships and procurement management are managed across the Group by the Central Purchasing department in accordance with the purchasing guidelines. Specific individual orders are placed in the LIM regions. Materiality requirements are set out in the Purchasing Policy and the Business Partner Code as well as our principles and guidelines for ecologically and socially responsible procurement; they comprise legal regulations and standards including anti-corruption, anti-discrimination, compliance with human rights as well as social and environmental standards.

The supplier relationships required for the procurement processes are managed by Central Purchasing. Individual orders can also be placed on a decentralised basis. Central Purchasing determines the Group's requirements and places them on the market according to ecological and economic criteria. Procurement takes place via framework agreements that integrate compliance requirements and sustainability standards. In addition, our construction service providers can also be connected to an online portal (craftsman portal) as part of the construction of empty flats and partial maintenance in Germany. The craftsman portal ensures that orders are processed quickly and paperlessly, thus helping to prevent payment delays caused by time-consuming invoicing processes, especially for small and medium-sized companies. After internal acceptance of the service provided, the respective order is invoiced and paid for using the credit note procedure. Eleven interior fit-out trades are currently connected to the craftsman portal. We regularly evaluate the performance of our suppliers. The primary valuation according to economic criteria and sustainability matters is carried out by Central Purchasing.

Service monitoring forms the second level of assessment. On the one hand, tenants can evaluate the performance of subcontractors, and on the other hand, employees can provide a valuation. In addition, the framework agreements are continuously monitored, with test certificates, quality and controlling reports being analysed, among other things.

The service providers are selected using standardised and transparent tendering processes. In addition to the tender price and technical suitability, important decision criteria include reliability, quality, regionality and social and ecological criteria. TAG favours working with partners from the region who also produce in Germany. In the reporting year, around 98% of the framework agreement partners in the area of construction services in Germany were regional companies. Due to the predominantly regional supply chains and the strictly controlled legislation applicable in Germany and Europe (e.g. compliance with human rights, prohibition of child and forced labour, prohibition of corruption, prohibition of discrimination, labour laws, environmental protection laws), the Management Board believes that there is generally no increased risk of child, forced or illegal labour among our suppliers.

Nevertheless, to ensure that TAG's suppliers consistently adhere to specifications, these are explicitly anchored in the supplier contracts via the TAG Business Partner Code. The Business Partner Code is also integrated into the Tradesmen's Code in Germany and published on the TAG website. TAG expressly points out that business partners must ensure that all goods to be supplied to TAG, e.g. materials and installed products, have been procured or manufactured in compliance with the applicable legal situation and human rights. TAG does not accept any deviations

from the relevant labour and social standards to which we are expressly committed. These include, in particular, the ILO core labour standards, the prohibition of forced and child labour, freedom of association, the right to form trade unions, the right to equal wage for work of equal value for women and men and the elimination of Discrimination in working life.

Existing supplier or framework agreements are regularly reviewed for necessary additions to sustainability criteria and adjusted accordingly. For example, all external service providers undertake to comply with environmental protection regulations when disposing of waste. By obliging our suppliers to provide regular training for their employees, TAG's quality and quantity standards are ensured. This includes, for example, dealing with the craftsman portal and documentation. These competences are the basis for ensuring that services are provided on time and to the agreed extent. If contractual requirements are not met, it is envisaged that the collaboration will be terminated.

Safety and health, sustainable and partly recyclable materials and natural raw materials, social aspects and standards as well as fair business practices also play an important role in procurement. Corresponding product and material characteristics are specified in specifications. TAG attempts to exclude or minimise further risks through concrete specifications in the terms and conditions of tenders and contracts. This is also explicitly anchored in the principles and guidelines for environmentally and socially responsible procurement (Green & Social Procurement Policy).

Bidders who have violated the German Posted Workers Act (AEntG) and have been fined will not be considered. In order to minimise the corresponding risk, TAG therefore requires each supplier to provide a self-disclosure. In addition, craftsmen and caretakers are given safety and occupational health and safety instructions and training on the handling of work equipment and materials at least once a year. This includes explaining how to conserve resources and use materials sustainably. Our employees are instructed to report potential violations immediately to their line manager and the Compliance Officer. Information can also be provided anonymously via our whistleblower system on the TAG website.

Further steps will be taken in the event of non-compliance with our requirements or violations of our Business Partner Code. Proven violations can lead to temporary or permanent exclusion from the awarding of contracts or to the termination of the existing business relationship and the contractual relationship as well as to the assertion of claims for damages.

We have also formulated criteria for sustainability in our supply chain for the new construction business in Poland. These will be further harmonised for various areas of the supply chain, taking into account country-specific regulations.



#### 9.4. G1-3 – PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

Preventing and combating corruption is just as important for our sustainable corporate success as it is for our stakeholders. We do not tolerate corruption by employees or business partners. Misconduct or suspected misconduct can be reported by employees and external stakeholders via the whistleblower system – even anonymously. In this way, we can react in good time and avert damage.

Together with the anti-corruption guidelines, the authorisation and signing guidelines (dual control principle), the purchasing guidelines and the donation guidelines, the business principles are among the central elements of corruption prevention and regulate responsibilities, structures and processes. The business principles are part of the onboarding process, the guidelines are published on the intranet and employees are informed and trained on the content and any changes. In this way, we ensure that employees are aware of and understand compliance issues and, in particular, the prevention of corruption.

For our business partners, we have published the anti-corruption policy and a leaflet on preventing and combating corruption on our website, which explains our zero-tolerance policy and actions to prevent corruption and regulates behaviour in the event of suspicion.

Checks for corruption and bribery risks are carried out routinely at TAG. Various processes have been implemented for this purpose, including in particular the dual control principle enshrined in the authorisation and underwriting guidelines, business partner checks, reporting obligations for invitations, gifts and potential conflicts of interest, and automated checks (e.g. multiple payments, multiple creditors, payments abroad). In addition, the internal audit department regularly audits departments and specialist areas for possible corruption and bribery risks.

In the financial year, mandatory training was provided in the form of e-learning in the area of compliance on the business principles and on combating and preventing corruption. In addition, training was provided in Germany on the basics of data protection as basic knowledge. The training on the business principles based on TAG's values conveys TAG's most important compliance rules and explains compliant behaviour in various everyday professional situations. In particular, it covers the topics of corporate culture, occupational health and safety, conflicts of interest, company property, human rights, insider trading, money laundering prevention, anti-corruption, competition law, information security and advice on how to behave in an emergency. The training on combating and preventing Corruption provides the legal basis for the concept of corruption and the consequences of corruption and offers in-depth and practical assistance, particularly on the topics of gifts, invitations, dealing with public officials, conflicts of interest, insider trading and information on reporting misconduct. In the context of data protection, the basics of the European General Data Protection Regulation (EU GDPR) and the German Federal Data Protection Act (BDSG) were conveyed and their fundamental regulations explained in a practical manner using examples.

Learning content was stored in our digital training system – some of it interactive – and the employees then demonstrated their knowledge by answering questions and received a certificate for passing the exam.

The aim is to enable TAG employees to recognise critical situations and act correctly. The training was not limited to high-risk functions; employees from all divisions and members of the Management Board and Supervisory Board participated equally in the training. Around 80% of employees in Germany, 100% of employees in Poland and 100% of Management Board and Supervisory Board members have completed the training courses.

The Compliance Officer reports to the Management Board at least once a year and also on an ad hoc basis. The annual report covers the type and scope of reports received, current compliance issues, training and counselling content and the further development of the CMS as well as an outlook for the work in the following reporting year. The Supervisory Board is also regularly informed about current compliance issues on an ad hoc basis.

#### **9.5.G1-4 – CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY**

There were no confirmed incidents of corruption or bribery involving employees or business partners in the financial year. Accordingly, no sanctions, legal proceedings or contract terminations were initiated with business partners in connection with incidents of corruption.

## 9.6.G1-6 – PAYMENT PRACTICES

Invoices are paid by TAG in Germany immediately after internal approval or within the statutory payment period of 30 days after receipt of the invoice. If payment terms deviating from this have been agreed with suppliers, e.g. payment within ten days of receipt of invoice, the invoices are due for payment within the agreed periods. The paperless credit note system operated in Germany helps to ensure that invoices are paid promptly.

Within the ROBYG Group, an internal procedure governs the processing of cost invoice payments and defines the requirements for the entire invoice workflow. This procedure includes, among other things, the entry of invoices into the Group's finance and accounting system, verification, approval, content review, accounting and final payment. Each stage of this process has a specific timeframe within which it must be completed.

Payment terms for construction work and the purchase of construction materials are governed by agreements with subcontractors. For contracts for construction work and materials, the standard payment term is 30 days from the date of delivery of a duly issued invoice by the contractor, together with a progress report approved by both parties and the required declarations by the contractor.

The payment terms for other services and materials are specified individually in the contract or in the order. Depending on the agreement, payment terms of 7, 14, 21 or 30 days are specified. The payment terms may not exceed the statutory period of 30 days. The payment terms for other services and materials are negotiated individually, taking into account the significance of the order.

Individually agreed payment terms existed for c. 15% of invoices in Germany in the 2024 financial year; the remaining share was processed in accordance with the statutory payment period. The average time to settle an invoice from the start of the contractual or statutory payment period was five days in the 2024 financial year. In Poland, this period was 22 days. The significantly longer period in Poland is due, among other things, to the fact that invoice verification in the project development business takes significantly longer than other invoices due to the complex construction invoices.

At Group level, the average time taken to settle an invoice in the 2024 financial year was six days.

In Germany, the processing time was determined using a system-based query. In Poland, the processing time was determined on the basis of a random sample of invoices.

As at 31 December 2024, no legal proceedings for late payment were pending.

## FORECAST, OPPORTUNITIES AND RISK REPORT

### Forecast

#### Projected economic conditions

Factors such as fluctuating interest rates, a weakening economy, high inflation and a housing deficit are affecting both the German and Polish economies. At the end of January 2025, the German government forecast economic growth of 0.3% of the gross domestic product in the current year compared to the previous year, thus lowering the previous official expectation of 1.1% from October 2024. The unemployment rate is expected to increase from the current 6.0% to 6.3%, while the consumer price index, which fell sharply in 2024 to 2.2% year-on-year, is expected to decrease slightly to 2.3% in 2025 compared to the previous year (ifo Economic Forecast Winter 2024). As early as the beginning of 2023, a study by the Pestel Institute identified a housing deficit of 700,000 apartments in Germany, while only 260,100 and 215,900 building permits for apartments were issued in 2023 and 2024, respectively. Due to the decline in residential construction investment in Germany, it can be assumed that demand for living space will remain high. With regard to rents and vacancies, we therefore expect the positive trend of the past financial years to continue. Even in the context of interest rate cuts, monetary policy remains restrictive as the economic recovery is slower than hoped for. Nevertheless, the ECB expects a continued disinflation process in 2025, in which the inflation rate will approach the target value of 2% again in the medium to long term, and signals further interest rate cuts.

For Poland, gross domestic product growth of 3.6% is forecast for 2025, while the unemployment rate is expected to fall from the current 3.0% to 2.8%, and the inflation rate is expected to rise slightly from 3.6% in 2024 to 4.7% (European Economic Forecast, Autumn 2024). After a strong increase in sales in the Polish housing market in 2023, sales figures fell again in 2024. The Polish housing market is expected to change little in 2025 compared to 2024. No lower interest rates or strong effects from a subsidy programme for first-time buyers are expected. Demand for rental apartments in large cities is likely to increase, while the market in smaller cities outside the largest conurbations will slow down, favoured by increased migration to metropolitan areas.

The realisation of the forecast assumptions mentioned is itself subject to risks. The potential for further significant disruptions triggered by the war in Ukraine and other geopolitical crises still exists. Therefore, significant factors for the real estate industry in particular, such as future inflation and interest rate developments, are difficult to predict in this environment.

#### Group forecast for the 2025 financial year

The following section should be read in conjunction with the other sections in this Group Management Report. The forward-looking statements contained in this outlook are based on estimates and conclusions based on currently

available information. These statements are based on a number of assumptions concerning future events. Forward-looking statements are subject to risks and uncertainties as a result of which actual events may differ materially from those presented in the forward-looking statements. Many of these risks and uncertainties are related to factors which TAG can neither control, influence nor precisely estimate. These include, for example, future market and economic conditions, the behaviour of other market participants, the ability to successfully integrate companies after acquisition and tap expected synergistic benefits, as well as changes to tax legislation.

The following forecasts for the 2025 financial year were made in November 2024 and remain unchanged:

- **FFO I: EUR 172–176m** (2024: EUR 175.1m) or EUR 0.99 per share (2024: EUR 1.00 per share, approx. -1% year-on-year)
- **Adjusted sales result Poland: EUR 61–67m** (2024: EUR 66.2m, approx. -3% year-on-year)
- **FFO II: EUR 233–243m** (2024: EUR 239.4m, approx. -1% year-on-year) or EUR 1.36 per share (2024: EUR 1.36 per share, unchanged compared to the previous year)

The number of shares used for the FFO I and FFO II per share guidance is the number of shares outstanding at the time of planning (excluding treasury shares) of 175,482,891. The FFO I forecast was also made on the basis of the real estate portfolio as of 31 December 2024 and therefore does not take into account any further acquisitions or sales. For the purposes of the FFO II forecast, no book gains or book losses were assumed from the sale of apartments in Germany. This forecast therefore represents an addition of the FFO I and the adjusted sales result for Poland.

The following figures are forecast for the Group's operating results:

- **EBITDA (adjusted) Rental Germany: EUR 224–228m** (2024: EUR 226.3m, unchanged year-on-year)
- **EBITDA (adjusted) Rental Poland: EUR 16–18m** (2024: EUR 12.2m, approx. +39% year-on-year)
- **EBITDA (adjusted) Rental Total: EUR 240–246m** (2024: EUR 238.5m, approx. +2% year-on-year)
- **EBITDA (adjusted) Sales Poland: EUR 79–85m** (2024: EUR 76.6m, approx. +7% year-on-year)

FFO I is expected to remain stable in 2025 compared to the previous year. While operating rental income (adjusted EBITDA) is expected to continue to rise despite the sales in Germany over the last two financial years, higher financing costs and higher income tax charges are to be expected. The FFO I forecast also assumes total rental growth on a like-for-like basis for the German portfolio in 2025, i.e. including the effects of an expected further reduction in vacancies of approx. 0.3 to 0.5 percentage points, from approx. 2.5% to 3.0% and for the Polish portfolio a like-for-like rental growth of approx. 3.0% to 3.5%.

FFO II is also expected to remain stable in 2025 compared to the previous year, mainly due to another strong sales result in Poland. The adjusted sales result in Poland, including the transfer of apartments in joint ventures, assumes

the transfer of approx. 2,100 (2024: 2,666) apartments in 2025 for the purposes of the forecast. In Poland, a sales volume (accumulated selling prices) of around EUR 450m (2024: EUR 358m) is expected in 2025, also including sales within joint ventures, based on the sale of approx. 2,800 (2024: 1,936) apartments.

#### **Dividend forecast**

In contrast to the two previous years, in which the dividend was suspended, the Management Board and Supervisory Board plan to propose a dividend payment of EUR €0.40 per share for the 2024 financial year at the next Annual General Meeting in May 2025. This is based on a payout ratio of 40% of FFO I.

#### **Forecast of TAG Immobilien AG as a single entity for the 2024 financial year**

For TAG Immobilien AG's adjusted net profit in the individual financial statements according to HGB for the 2025 financial year, we expect a net profit between EUR [11.0m and 17.0m], excluding results from control and profit and loss transfer agreements with subsidiaries, before taxes and excluding annually non-recurring effects.

## OPPORTUNITIES AND RISK REPORT

### Risk management

TAG has implemented a central risk management system (RMS) to ensure that all risks which apply to the Group and which could endanger its existence are identified, measured, managed and monitored. This risk management system is designed to reduce potential hazards through measures, to secure the Group's existence and to support the successful further development of the TAG Group. The risk management requirements are binding on all of TAG's organisational units. The updating and further development of the risk management system, as well as the compliance management system and the internal control system, is an ongoing management task that is given high priority.

TAG's Management Board is responsible for the consistent and appropriate organisation of the risk management process. To identify risks, TAG monitors macroeconomic events as well as developments in the real estate and financial sector. Risk identification is an ongoing task due to constantly changing conditions and requirements, which is integrated into the organisation and workflows. Each organisational unit is required to identify all risks that may arise from current and future activities. Regularly scheduled jours fixes, departmental meetings, one-on-one meetings and surveys also serve to identify risks and raise awareness.

Central risk management supports the Management Board and the organisational units required to report by managing and executing the risk management process. The risk officers of the organisational units are responsible for implementing risk management within their areas. They report risks from their respective areas to central risk management on a quarterly basis using the system. These risks are transferred to a "summarised risk report" as part of reports to the supervisory board and CFO.

### Risk identification and valuation

Risk identification involves the regular, systematic analysis of internal and external developments and events. The focus here is on risks that could jeopardise the Company's existence. The risks are assessed according to their probability of occurrence and the absolute amount of damage and recorded in the risk questionnaire.

Risk assessment involves quantifying an expected value that is calculated as the product of the net loss (gross loss less initiated measures, plus associated costs) and the associated probability of a risk occurring. With regard to possible damage caused by a risk, the effect on liquidity (cash) is determined and considered at the group level. Furthermore, the risk can also be assessed qualitatively if quantitative effects cannot be estimated.

The following categorisations were chosen to quantify the loss potential:

Quantitative extent	Value in EUR m				
	> 15.0	medium	high	high	severe
> 5.0 - ≤ 15.0	low	medium	high	high	severe
1.0 - ≤ 5.0	low	low	medium	medium	high
	rare ≤ 5%	unlikely > 5% - ≤ 25%	possible > 25% - ≤ 50%	probable > 50% - ≤ 75%	almost certain > 75%
	<b>Probability of occurrence</b>				

All of TAG's risks are categorised in a closed 15-field matrix (risk map) according to their net loss amount and net probability of occurrence. The reported expected values are aggregated in summary form in the reporting, taking into account interdependencies.

### Risk management

Risk management is performed on the basis of the measures taken for the identified risks through risk avoidance, risk reduction, risk transfer and risk acceptance. Risk avoidance by refraining from risky transactions is not a generally valid strategy, as this also means foregoing profit opportunities. Risk management therefore includes all measures to reduce or transfer risk.

Responsibility for monitoring risk management measures is decentralised and lies with the risk officers. In the case of material risks, the effectiveness of the measures is reviewed directly by TAG's Management Board, which is supported operationally by the risk manager.

### Risk bearing capacity

TAG's business model is cash-flow based. Risk-bearing capacity is understood to mean the maximum extent of the risk that the company can bear without endangering its continued existence. The methods for determining individual risk-bearing capacity are at the Company's discretion. The Company's main financial goal is to generate continuously growing and reliably plannable cash inflows from renting and selling residential real estate. In this respect, the risk-bearing capacity is determined on a liquidity-oriented basis. TAG's maximum risk-bearing capacity (aggregate risk cover) is determined on the basis of the lowest value of the "available cash" on a rolling basis within the next twelve months, as shown in the monthly liquidity planning. Refinancing measures are only taken into account if they are about to be implemented. A safety discount of 20% is applied to take account of further liquidity risks that have not been recognised from today's perspective. If material liquidity risks become apparent in a period of more than one year (e.g. expiring loans that cannot be refinanced even in the medium term), these are also deducted.

The net expected value calculated for each risk plus the cost of measures is aggregated to form the Group expected value and compared with the risk cover amount. The result is the risk-bearing capacity expressed as a percentage.



**Risk communication**

Risk officers are required to report to the central risk management team on a regular quarterly basis or in accordance with the risk-specific reporting cycle agreed. As with the risk management process as a whole, a dedicated software solution is used for this purpose. Central risk management provides the Management Board with a consolidated report (risk reporting for the CFO) with an overview of the reported risks in the individual risk categories, the Group expected value, the risk coverage amount and the resulting risk-bearing capacity, the classification of risks on the risk map and a presentation of changes compared to the previous quarter. At the same time, a corresponding presentation is prepared for the Supervisory Board, which contains the key content from the CFO report supplemented by additional explanations of the relevant facts.

The Management Board receives an additional summary of the reported risks from risk management on a quarterly basis, including all relevant information and the assignment to the risk map. The risk categories and the risk matrix are presented to the Supervisory Board at its respective meetings and explained by the Management Board.

If new risks or risks that have changed at short notice arise outside of the regular monitoring process that could jeopardise the Company's existence with an expected value of more than EUR 5m, these must be reported immediately to the risk manager by the risk officers or their representatives (ad hoc risk reporting). The risk manager or their representative receives the reports from the risk officers, checks and updates the information and reports it to the Management Board without delay. The Management Board decides on appropriate risk control measures.

**Internal audit**

TAG has an internal auditing department which additionally monitors risk management and compliance with the internal control system. As a process-independent instance, it regularly reviews the Company's business workflows, installed systems and implemented controls.

**Compliance management**

Compliance means conformity with the rules, i.e. adherence to the laws, regulations and codes, voluntary commitments and internal guidelines and organisational measures of the Company that are relevant to the company. To ensure compliance with the rules, TAG has a compliance management system (CMS) in place to design appropriate internal Company processes and guidelines that are geared towards limiting compliance risks and thus avoiding compliance violations. The CMS is based on the central pillars of identifying compliance risks, primarily legal and reputational risks, and a preventive and reactive management system built upon this. Given the particular relevance of compliance risks, the CMS is not integrated in the RMS, with the systems complementing each other. The common goals of the RMS and the CMS are to identify and visualise risks and hazards and to minimise these risks and hazards.

The internal control system (ICS), which is also not part of the risk management system, includes the principles, procedures and measures (rules) introduced by TAG's Management Board to ensure (i) the effectiveness and efficiency of business activities, (ii) the propriety of accounting and (iii) compliance with the legal provisions applicable to TAG. The ICS consists of the components control environment, risk assessment, control activities, information and communication, and monitoring activities, which are largely integrated in the business processes. The ICS thus helps to ensure that the organisation and the processes are set up properly and supports the optimal execution of business processes. In the past financial year, the Management Board addressed the risk management system and the ICS and found no reasons to question the appropriateness and effectiveness of these systems in their entirety.<sup>1)</sup>

<sup>1)</sup> unaudited information

## Individual risks with regard to their future development

### Risk definition

The various individual risks that the Management Board considers to be of material significance for TAG are summarised as follows:

- Market risks
  - Business environment and sector risks
  - Regulatory and political risks
  - ESG risks
- Performance risks
  - Rental risks
  - Portfolio valuation risks
  - Project development risks
- Financial risks
  - Liquidity risks
  - Interest rate risks
  - Currency risks
- Other risks
  - Legal risks
  - Tax risks
  - IT risks
  - Data quality risk
  - Data protection risk
  - Personnel risk

### Environmental and sector risks

The German real estate market is dependent on the overall economic development and the demand for real estate in Germany. The demand for real estate is particularly influenced by demographic change, the labour market, private debt levels, mortgage interest rate developments and real incomes, as well as the activities of international investors in Germany, and also depends on the regional location. Another important factor is the tax environment, in which control policy instruments such as special depreciation, exemptions from income taxes and land transfer tax, as well as preferential treatment of gift and inheritance tax, influence the demand for real estate. In 2024, a stabilisation of real estate prices can be observed compared to the previous year, mainly due to the decline in interest rates, as well as the continued high basic demand and low construction activity, which is also reflected in slightly higher real estate valuations in the second half of 2024.

TAG faces intense competition. In particular, when acquiring and selling real estate portfolios, TAG competes with real estate companies, real estate funds, and other institutional investors, some of which may have extensive financial resources or other strategic advantages. There is thus a risk that TAG will not be able to assert itself against the competition or differentiate itself sufficiently from its competitors, and will thus be unable to implement planned acquisitions or sales.

With respect to future maintenance, construction and modernisation activities, there is a risk that the trades and construction industry will not have sufficient capacity and materials to complete the relevant orders in a timely manner. This may lead to delays in TAG's planned maintenance and modernisation measures, particularly in the area of energy-efficient refurbishment, and, as a result of high demand, to additional unplanned price increases.

The concentration of TAG's business activities in individual regions within Germany can also lead to a dependency on regional market developments and expansion risks. This particularly applies to the eastern German federal states, where the majority (more than 75%) of TAG's real estate is located.

TAG's strategic focus on medium-sized cities and the areas surrounding large metropolitan areas helps to limit these risks. In addition, the judicious buying and selling of residential real estate strengthens the focus on a high-yield portfolio. In preparation for acquisition and sales decisions, general and regional market developments are permanently monitored and the properties offered are thoroughly analysed in terms of their condition, location and rents. To assess earnings potential, synergies and rental and cost risks, potential transactions undergo a thorough due diligence process. These factors are evaluated in the same way for TAG's entire real estate portfolio and are also taken into account in potential sales of holdings.

The individual risks in Germany described above continue to be considered medium overall. After more than two years of stagnation in the German real estate market, the fall in real estate prices came to a halt in the course of 2024 and transaction volumes slowly began to rise again, despite the fact that construction and modernisation costs remained high and the economy continued to decline over the course of 2024.

We believe that the risk of delays and higher prices due to capacity bottlenecks in maintenance and modernisation measures has decreased from "high" to "medium" in terms of probability of occurrence compared to last year. This is due to the increasing number of long-term commitments to major contractual partners and the ongoing expansion of the Group's own craftsmen's service. Should these risks materialise, the expected development described in the forecast report above (section "Group forecast for the 2024 financial year"), particularly with regard to FFO I, would not be achieved.

In contrast to the German real estate market, we estimate that the competitive situation in Poland remains less intense. In particular, the residential rental market in which TAG is active is currently hardly being occupied by institutional investors. In addition to the resulting opportunities, there is also a risk that future market developments will be misjudged and planned rental or project results will not be realised to the expected extent. By contrast, traditional property development projects in which apartments are built and then sold to private individuals (mainly as owner-occupiers) are being implemented by numerous project developers in Poland. This is also leading to rising land prices and bottlenecks in the availability of construction companies and tradespeople. Overall, the relevant environmental and industry risks of the Polish market are considered low to medium.

### Regulatory and political risks

TAG is exposed to general risks arising from changes in framework conditions due to legislation or other regulations. Such regulations may relate to tax law, in particular general tenancy law, but also construction law, labour law or environmental law.

In particular, the future tenancy law poses a risk of significant adverse changes for landlords, some of which have already been implemented by law. In addition to the tightening of the so-called "rent brake" in the sense of Section 556d of the German Civil Code (BGB) in previous years, the now reduced allocation for modernisation expenses in accordance with Section 559 of the German Civil Code (BGB), further regulatory measures were taken in 2023, such as the amendments to the Building Energy Act (GEG) adopted by the Bundestag and Bundesrat in September 2023. These have the consequence that, since 1 January 2024, heating systems in new buildings must be fitted with 65% renewable energy. From 2026 or 2028 at the latest, the use of at least 65% renewable energy, linked to municipal heating planning, will be mandatory for all new heating systems. Transitional periods apply for new buildings outside of development areas and existing properties. Until the deadlines for heating planning have expired, new oil or gas heating systems may continue to be installed. The risk from the consequences of the GEG, which can have a negative impact on renovation costs and cannot be fully passed on to tenants, is currently considered to be medium, following last year's assessment as high, due to the subsequent adjustments made in the implementation of this law. Further tightening may arise in the future as a result of the further implementation of the government's programme. Furthermore, the CO<sub>2</sub> price has been set at EUR 45 per tonne since 2024. From 2025, it is to rise to EUR 55 per tonne and from 2026 it will be at least EUR 55 and max. EUR 65. From 2027, EU-wide CO<sub>2</sub> emissions trading is to be introduced for building heating and the transport sector, whereby the CO<sub>2</sub> price would henceforth be determined by the market. Further changes at the German and European level in the new fiscal year, which may arise, for example, from the new government after the new election in Germany on 23 February 2025, cannot be estimated at present.

The risk of adverse changes in tenancy law is classified as medium for TAG. Although the probability of occurrence is certainly high, the economic impact for TAG is not material as far as can be seen at present, since the Group's investment focus is neither on rent increases through modernisation costs nor on sharp rent increases in conurbations that are particularly dependent on the rent brake and the development of the rent index. In our view, however, the current discussions essentially focus on two areas: the sharp rise in new rental prices in large cities in recent years and the extensive rent increases resulting from modernisation measures. Many tenants fear that current or future rents will no longer be affordable. This is to be counteracted by tighter rent control. However, TAG does not invest in Germany's major cities, but deliberately in the wider metropolitan areas and in medium-sized cities. The focus of our residential portfolio is in Eastern Germany. TAG's largest locations include the cities and regions of Leipzig, Erfurt and Berlin/Brandenburg. Modernisation programmes for existing tenants are only carried out to a very limited extent; the main focus of investment is on reducing vacancy.

Against this backdrop, we do not expect the discussion about tighter regulation (especially restrictions on rent increases) to have a significant impact on our locations either. Nevertheless, there is a risk that if rental regulation is tightened nationwide, TAG will no longer be able to increase its rents in the future, or only to a limited extent. While this would not jeopardise the Group's continued existence, it could have significant disadvantages for the future development of rents (like-for-like rental growth), FFO I and NTA as presented in the forecast.

In contrast to Germany, Poland does not have a separate tenancy law. Lease agreements are subject only to the provisions of general civil law, which means that there is a high degree of contractual freedom between owners and tenants. Even though regulations of the rental housing market are not currently being discussed and, in our opinion, are unlikely, it cannot be ruled out that regulatory initiatives will also be launched in Poland in later years if the trend of rising rents observed in recent years continues. In this case, it cannot be ruled out that such regulatory initiatives could have a negative impact on individual earnings components of the rental business, such as apportionable operating costs or permissible (net) rents. However, the impact of these risks is considered low for the Polish activities.

All other individual regulatory and political risks are considered low to medium, so that this risk category is assessed as medium overall. Compared to last year, when the overall assessment was low to medium, the effects of new legislative initiatives (such as the GEG) and the continuing worsening of the situation on the rental housing market are particularly reflected here. Such developments could have a negative impact on the expectations outlined in the forecast report, particularly with regard to the development of rents and thus FFO I.

### **ESG risks**

ESG (Environmental Social Governance) topics are increasingly coming into focus, including in risk management. These topics include, for example, future legal requirements to reduce CO<sub>2</sub> emissions in existing housing and disclosure requirements regarding the sustainability of economic activities under the EU Taxonomy Regulation and the EU Corporate Sustainability Reporting Directive (CSRD), the increased demand for needs-based conversions and senior citizen programmes due to demographic changes, as well as ground-floor apartments and barrier-free and senior-friendly apartments. The need for social support services and advice on general topics in residential neighbourhoods is increasing. Other aspects include the increase in consumption costs, particularly energy and water consumption, or increased damage due to heavy rain and storms, resulting in higher insurance costs.

The TAG is increasingly offering counselling and social services. The rising energy costs are being counteracted by the continuous renewal of heating systems. Further energy efficiency measures in the buildings are being implemented successively.

In addition, regulatory pressure on owners of unrefurbished existing buildings to achieve climate targets could increase in the future. The necessary investments to upgrade the energy efficiency of the portfolio are generally subject to the risk of shortages of personnel and raw materials to carry out the refurbishment projects, which could make the refurbishment more expensive or delay it.

Already at the beginning of the 2022 financial year, TAG already published its decarbonisation strategy for the German residential portfolio. According to this, in order to achieve the goal of a virtually climate-neutral portfolio by 2045, additional investments (compared to the previous investment level) totalling around EUR 690m or approximately EUR 30m p.a. will be required. There is a risk that this goal can only be achieved at a higher, or significantly higher, cost or later due to cost increases, unavailable capacities or limited financing options. The profitability of the planned measures may also be lower or even significantly lower than expected due to further regulatory interventions, such as more restrictive possibilities for rent increases in the event of modernisation.

The double materiality checks carried out as part of the first CSRD reporting also identified further notable risks in the areas of energy (lack of tenant cooperation, for example, in the installation of new smart technology), climate change

adaptation (reduction in the marketability of buildings if they are not adapted to climate change) as well as governance/social (lack of safety precautions, inadequate working conditions and human rights violations by suppliers in the upstream value chain). TAG is countering these potential new risks with appropriate measures, so they are not yet considered material at this time.

Overall, the risks continue to be classified as low, albeit increasing. If modernisation measures and measures in connection with new energy and metrological requirements, which are extensively necessary to reduce CO<sub>2</sub> emissions in the entire German housing stock, cannot be passed on to tenants, or only to a lesser extent than expected, this would have a negative impact on rental income and expenses and thus in particular on FFO I.

### **Rental risks**

A significant vacancy rate and the loss or reduction of rental income can lead to a loss of earnings and cause additional costs that may not be passed on to tenants. An increase in the vacancy rate may result from lower demand for housing in the future, for example if the number of households declines in individual regions, whether due to demographic trends or as a result of large employers in the region moving out or reducing the number of jobs they offer.

In the residential real estate segment, a standardised credit check is carried out on potential tenants when a property is re-let. In addition, reducing vacancies is one of TAG's strategic goals, which on the one hand reduces vacancy costs and at the same time realises existing rental potential. TAG ensures long-term tenancies by actively managing its portfolio, including providing long-term tenant care. In addition, receivables management ensures continuous incoming payments and can quickly counteract possible defaults.

The risk of rent losses (bad debt risk from renting) exists in individual cases, but we currently consider it to be low overall for the Group. In total, there were impairments on rent receivables at the Group level in the 2024 financial year, including the impairments of EUR 5.7m reported separately in the services result (previous year: EUR 6.7m). Based on net actual rent of EUR 360.2m (previous year: EUR 350.8m), this corresponds to a receivables default rate of 1.6% (previous year: 1.9%). In the individual financial statements of TAG Immobilien AG itself, rent losses are only of minor significance. In this respect, the sharp increases in heating and electricity prices since 2022 as a result of the war in Ukraine have not yet had any significant economic consequences for TAG.

The future development of energy and heating prices in this area is difficult to estimate, so the assessment of the individual risk from this remains medium. Energy price developments are influenced primarily by external factors beyond TAG's control. If tenants are unable to adjust their advance payments of operating costs to rising prices in the future or to make back payments resulting from the annual utility bill, the risk of bad debt losses from renting could increase significantly and the potential for future rent increases could also be reduced.

Future rental risks depend on both population development and new construction activity in Germany. They are still considered to be low in terms of their probability of occurrence due to the continued high demand for living space. An increase in the vacancy rate would have a negative impact on rents and thus on FFO I in particular. In such a situation, the expectations outlined in the forecast for the 2025 financial year could not be met.

In contrast to Germany, the rental housing market in Poland is much smaller. The home ownership rate in Poland is currently around 80–85%, while in Germany it is only around 45–50%. Against this backdrop, TAG faces the risk that

the apartments offered for rent in Poland in the future will not meet with sufficient demand if the home ownership rate continues to rise, even in the major Polish cities targeted by TAG. In combination with increased new construction, this could lead to an oversupply.

However, this risk is considered to be low. The market for apartment rentals in Poland has seen a significant increase in demand in recent years, as can be seen from the steady rise in rents. On the contrary, we believe that the Polish rental housing market is characterised by a supply deficit. It is considered to be one of the least saturated housing markets in Europe. Furthermore, the absolute size of the Polish market, with a population of around 38 million, and the favourable demographic development support the assumption that demand will continue to grow in the future, not only for owner-occupied but also for rental apartments.

### **Portfolio valuation risks**

Valuations are used to assess the market values (fair values) shown in the consolidated financial statements and the properties shown under current assets. These valuations are currently prepared twice a year by independent, recognised experts. The market values depend on various factors, some of which are objective factors such as economic developments or interest rates, and some of which are discretionary exogenous factors such as the development of rent levels and vacancy rates. In addition, legacy issues in the holdings, such as lead pipes, can affect the valuation.

In addition, the expert also has to take into account discretionary, qualitative factors, such as the assessment of the location and quality of the properties or the amount of achievable rental income. As a result, accounting value adjustments may be made and there is a high volatility in the consolidated result. There is no direct impact on TAG's liquidity.

The assumptions used to value the properties are made by the independent expert based on his professional experience and are subject to uncertainty. For information on the effects of possible fluctuations in the valuation parameters, without taking into account potential interdependencies between the individual parameters, please refer to the notes to the consolidated financial statements, section "Notes to the balance sheet – Investment properties".

Rising interest rates could result in further losses in the portfolio valuation, since in this situation, at least in the medium term, investors' expected returns and thus the capitalisation rates used in the valuation model should also rise. Corresponding losses in the portfolio valuation can also occur if rents fall or vacancies rise.

In Poland, risks could also arise from an incorrect assessment of the still relatively young and small market for apartment rentals, as well as changes in the demand for such properties, leading to valuation risks. In addition, due to the comparatively young history of this market, comparative parameters for valuation may only be estimable within wider ranges. Overall, portfolio valuation risks due to a possible negative market development are classified as medium.

We classify portfolio valuation risks in Germany as medium, despite the continued strong demand for apartments, combined with insufficient new construction activity and the resulting expectation of further rent increases. This is mainly due to the significant increase in interest rates since the beginning of 2022. Any losses incurred on the balance sheet would not affect liquidity, but they would increase the loan-to-value ratio (LTV). This could make future financing



more difficult or even impossible, or even lead to a breach of financial covenants if substantial further impairments are not expected from today's perspective.

### **Project development risks**

Since the 2020 financial year, TAG has also been active on a large scale in the Polish real estate market as a project developer. On the expense side, this can be associated with significant risks if construction projects incur unplanned costs or rising costs for building materials or labour, or if their implementation takes longer than planned. Even though this has not been observed in the projects in Poland in past fiscal years, such cost risks are inherent in the project development business in the context of the increased inflation rate in Poland. On the earnings side, there is a risk of incorrect sales price calculations and thus negative deviations from the sales plan, especially if a longer period than planned elapses between planning and completion of the project.

This means that there are completion risks, procurement risks and construction risks within the project development business, which TAG only engages in in Poland and not in Germany. We estimate the project development risks to be high overall. As of the reporting date, there were no effects in this context on the valuation of the project developments in Poland. If these risks were to materialise, NTA and FFO II could be negatively affected and the expectations presented regarding these key figures might not be achieved.

### **Liquidity risks**

TAG is exposed to various risks of a financial nature as a result of its business activities, particularly liquidity and interest risks. Risk management is performed by the central finance department on the basis of the guidelines issued by the corporate bodies. Potential default risks in connection with the investment of the Group's liquidity and the use of derivative financial instruments and other financial transactions are minimised by monitoring the counterparty risk and selecting financial institutions with high credit ratings.

The following instruments are used for short and medium-term liquidity planning and control for reporting to the Management Board and for reflecting current business transactions with the planning data: a daily liquidity report summarising all accounts, monthly liquidity planning for at least the next twelve months and annual medium-term liquidity planning for the next three years.

In addition, TAG relies on being able to obtain outside capital at reasonable conditions to refinance maturing loans or for acquisitions. In the case of unsecured loans (e.g. corporate bonds and promissory notes), it is essential that TAG continues to have an investment-grade rating.

A further crisis in the financial markets could make it considerably more difficult for TAG to obtain debt financing and lead to liquidity problems. Should this result in problems with the servicing of current loans, lenders could, as a last resort, initiate the forced realisation of real estate collateral. Such fire sales would result in considerable financial disadvantage for TAG. In connection with the bonds and promissory notes maturing over the next three years, the resulting risk is considered to be medium.

The Group has financial liabilities (loan agreements, bonds, promissory notes, credit lines, etc.) totalling EUR 2,656m (previous year: EUR 2,197m), for which the banks and other lenders have stipulated certain capital service coverage ratios and equity and debt ratios (financial covenants). If these financial covenants are breached and the options for

remedying the situation are not utilised, this may result in premature repayment obligations. TAG Immobilien AG itself has liabilities of EUR 0m (previous year: EUR 50m) from bank loans with covenants in its individual financial statements.

Similarly, the terms of the corporate and convertible bonds and promissory notes issued include covenants, non-compliance with which may result in a liquidity risk. In the event of a breach of the loan terms, for example in the event of a change of control, these corporate bonds, as well as the loans referred to in the following section "Disclosures in accordance with Section 289a and Section 315a of the German Commercial Code (HGB)", may be subject to early repayment.

Overall, TAG continues to assess liquidity risks as medium. Although the Group has sufficient liquidity and the breach of financial covenants is considered to be very unlikely, there is still uncertainty in the capital markets due to the sharp rise in interest rates over the last two years. There is also a risk that lending banks or other outside investors may reduce their exposure in the real estate sector due to adverse economic conditions or tighter regulatory requirements or be forced to offer their financing on more unfavourable terms.

#### **Interest rate risks**

The Group's activities expose it to financial risks from changes in interest rates. In the vast majority of cases, bank loans are only taken out with fixed interest rates, either through a directly agreed fixed interest rate or through a variable interest rate that is then converted into a fixed interest rate using a derivative financial instrument (usually an interest rate swap). As of the reporting date, 94% (previous year: 95%) of the total volume of bank loans was at a fixed rate of interest. As in the previous year, the corporate and convertible bonds all have fixed interest rates. As of the reporting date, there were two promissory notes for EUR 10m (maturing in mid-2025) and EUR 34.5m (maturing in mid-2027), for which variable interest rates were agreed. The share of fixed interest rates in the Group's total financial liabilities was 95% as of the reporting date (previous year: 95%).

Accordingly, interest rate risk arises primarily in connection with future refinancing of maturing loans and new borrowing. Rising financing costs, particularly in the long-term segment relevant for TAG, would exert pressure on the profitability of TAG's capital spending and its future earnings and cash flows.

The interest rate risk is currently considered to be low overall, whereas in the previous year it was still classified as medium to high. The Group enters into long-term fixed-interest rate loans and, in some cases, interest rate derivatives (e.g. interest rate swaps) to minimise interest rate risks.

#### **Currency risks**

TAG is exposed to currency risks as a result of its business activities in Poland. All of the Group's revenues (sales and rentals) in Poland are generated in Polish zloty, whose exchange rate is subject to fluctuations against the euro. Financing in Poland is subject to an exchange rate risk compared to revenues if it is in euros. Even though the business model in Poland is long-term in nature, significant exchange rate losses may arise if the realisation of assets or repayment of financial liabilities becomes necessary in the short term. As of the reporting date, the difference from currency translation recognised in equity amounted to EUR 72.5m (previous year: EUR 57.8m).

Overall, this risk is considered to be medium and thus higher than in the previous year (low) due to the partial new external financing in euros. If this risk were to materialise, it could lead to corresponding liquidity outflows.

**Legal risks**

TAG is a party to various, as yet unresolved, legal proceedings, particularly under civil law, from which corresponding legal risks arise. These relate, among other things, to disputes with owners' associations regarding construction defects or with tenants.

Some risks from the legal proceedings are still assessed as medium in terms of their probability of occurrence. As of the reporting date, provisions of EUR 6.3m (previous year: EUR 2.9m) were recognised for this reason, which could lead to corresponding cash outflows if the respective risk were to materialise. In the single-entity financial statements of TAG Immobilien AG, provisions for litigation were recognised in the amount of EUR 2.3m (previous year: EUR 0.3m).

**Tax risks**

TAG's tax structures are complex in part. There are different tax subjects (tax groups and taxation at the level of individual companies) as well as different legal forms within the Group. In particular, the restrictions on the so-called "interest barrier", the regulations of the so-called "extended trade tax reduction for real estate" and the use of loss carryforwards are regularly of material relevance.

Due to legal uncertainties in connection with calculating the equity ratio for interest barrier purposes, for example, it cannot be ruled out that the tax authorities will at least partially disallow the deduction of interest expenses as operating expenses. The utilisation of the trade tax reduction for income from long-term property rentals, which is also relevant for many Group companies, is subject to restrictive conditions, some of which are also subject to legal uncertainty and would lead to a trade tax liability for the relevant income in the event of a different treatment by the tax authorities. Furthermore, in the past, companies were acquired that had tax losses or interest carryforwards. The tax authorities could take a different view regarding the extent to which such carryforwards are lost due to the change of ownership. In addition, the tax-neutral allocation of capital gains to reserves (e.g. in accordance with Section 6b of the German Income Tax Act (EStG)) and the possibility of acquiring shares in real estate companies without incurring land transfer tax were significant for the Group's tax burden in previous financial years.

Tax legislation in Poland has been subject to frequent changes in the recent past. There is legal uncertainty with respect to many of the regulations due to unclear wording and a lack of official statements by the tax authorities on their application. Within the TAG Group, this means that tax risks are particularly conceivable in connection with the determination of appropriate transfer prices, the determination of the amount of deductible input tax and wage tax risks.

Provisions of EUR 5.0m (previous year: EUR 4.1m) were set aside for the individual risks mentioned above, which continue to be classified as medium overall which could lead to corresponding cash outflows if the respective risk were to materialise and, if the recognised provisions prove to be insufficient, could jeopardise the achievability of the forecasts for FFO I and FFO II or even the NTA.

### **Additional other risks**

Further risk areas essentially concern IT risks, data quality risks, data protection risks and personnel risks.

**IT risks** describe the risk that the IT system will not be available due to downtime or will not be sufficiently available at peak times and that cyber attacks will not be detected in time, with unforeseeable consequences for the elimination or damage to the system.

**Data quality risks** refer to the risk of the data maintained in the various IT systems being falsified, deleted or misinterpreted due to application errors or the failure to comply with posting and/or work instructions. This may result in significant disruptions to operations or lead to unfavourable conclusions and decisions.

**Data protection risks** arise from data being obtained by unauthorised parties and misused to TAG's disadvantage. This risk concerns both internal confidentiality and access protection with respect to external third parties.

**Personnel risk** encompasses all risks that may result in additional direct or indirect personnel expenses. Risks may arise from positions remaining unfilled or being filled late, as well as from staff absences in departments and the associated disruptions to operations.

From the Management Board's point of view, the other risks described above continue to be assessed as relatively minor.

**Additional risks from the perspective of TAG Immobilien AG as the Group holding company**

The shares in affiliated companies reported in the individual financial statements are largely dependent on the results of the respective subsidiary. The valuation risk in connection with the shares in affiliated companies therefore also extends in particular to the real estate held by the subsidiaries. For information on the related valuation risks in the real estate portfolio, please refer to the section "Portfolio valuation risks". In addition, there are valuation risks with regard to receivables from affiliated companies. Furthermore, risks could arise from letters of comfort issued or other assumptions of liability (guarantees and loss compensation obligations under control and profit transfer agreements) in favour of affiliated companies.

The risks mentioned above are categorised as low overall due to the continued positive operating performance of the subsidiaries, which results from the sustained high demand for apartments, coupled with insufficient new construction activity and the resulting expectation of further rent increases.

## Opportunities for future development

TAG's portfolio in Germany is located in areas that continue to offer growth potential that can be realised. The Management Board believes that the decentralised structure of the Group, with its headquarters in Hamburg and key branches in the current ten LIM regions, allows market trends to be identified at an early stage and responded to more quickly than competitors. In our view, a good mix of apartment sizes and micro-locations within the regions, as well as modern and close tenant care, will enable us to continuously generate attractive returns and rising cash flows from the portfolio. Moreover, TAG's core competence is active real estate management, which has significantly reduced vacancies in the past, thereby increasing rental income and reducing vacancy costs. The basis for further organic value increases in the coming years is also the reduction of vacancies and the realisation of possible rent increase potential within the portfolio.

In the opinion of the Management Board, TAG has a solid financial structure and sufficient liquidity to pursue its growth targets, particularly in the Polish rental housing market. In our opinion, TAG's business model, particularly its active asset management, which is reflected in the steady reduction in vacancies, is well established among banks and other lenders. All these factors form the basis for the successful implementation of the corporate strategy and, in the opinion of the Management Board, will continue to ensure the procurement of capital in the future, both on the capital market and from banks.

In particular, there are specific opportunities for future development if the current high demand for residential property in small and medium-sized towns and in the surrounding areas of large cities continues in the years to come. The outlook for this is good in view of the continued positive demographic trends in Germany and the further decline in the number of new builds. In our view, this will continue to contribute to rising rents and falling vacancy rates in the future. The chances of a continued good operating performance in this regard are rated as medium to high. In relation to the forecasts already presented, there is also an opportunity to exceed the targets planned for the 2025 financial year for rental growth, the decline in vacancy rates, and thus also FFO I.

The growing Polish residential property market is the target of a regional expansion of TAG's business model, which also focuses on strong cash yields here. Strong economic growth in recent years, increased purchasing power, and ongoing urbanisation have made Poland a sought-after market for investors. The current housing shortage in major Polish cities has pushed up both apartment prices and rents.

With the acquisition of Vantage, TAG had already entered the Polish residential property market at the end of 2019/beginning of 2020, and with the acquisition of ROBYG, the leading Polish project developer, at the beginning of 2022, it significantly expanded its platform in this rapidly growing market and substantially accelerated its growth potential. As a result, TAG is now in an excellent position to become the leading provider of residential real estate in Poland, in both the rental and sales segments. The chances of achieving attractive returns from the existing sales business and significant income from the rental business in the medium term, and thus substantial contributions to FFO I and FFO II, from business activities in Poland are considered to be high.

## Overall assessment by the Management Board

The capital market environment improved significantly over the course of the 2024 financial year. In particular, debt financing markets, as demonstrated by the successful issue of a EUR 500m corporate bond in August 2024, are available to TAG for both refinancing and further growth. TAG's business model, which targets high cash flow yields in both Germany and Poland, will, in the opinion of the Management Board, continue to be sustainable and attractive even in the current higher interest rate environment.

On the basis of current estimates, the Management Board is not aware of any risks that could endanger the Company's existence. The Company is confident that it will be able to continue to take advantage of the opportunities and challenges that arise in the future without having to take on any unjustifiably high risks.

## **INTERNAL MONITORING AND RISK MANAGEMENT IN CONNECTION WITH GROUP ACCOUNTING**

The design of the internal control system for accounting procedures encompasses all processes that are geared towards the effectiveness and efficiency of business operations with the aim of ensuring the accuracy of the accounting records and taking into account the legal and other rules and regulations applicable to the Company.

All of the Group's key processes are defined and documented in a standardised process manual. These processes include preventive, supervisory and revealing security and control measures. These are, for example, measures such as IT-based and manual approval processes, the separation of functions, access restrictions and authorisation concepts in the IT landscape. The documented processes are updated and refined in an ongoing process.

Another key component of TAG's internal control system arises from the largely centralised organisation of its accounting. The Group Accounting department defines uniform rules for account allocation, the interpretation of accounting regulations, and process steps. The preparation of quarterly and annual financial statements and the assessment of facts are also managed and quality-assured centrally.

All of the Group's financial statements are prepared by its own employees. Even though some accounting tasks are decentralised – for example, rent accounting in the Group's own shared service centres – the final responsibility remains with the financial accounting department in the Group accounting department. As in the previous year, all financial statements except for the Polish companies' accounting are prepared in a uniform manner throughout the Group in an ERP system (SAP Promos). A structured process is used to incorporate the data reported by the foreign companies into the consolidated financial statements.

External service providers assist with the preparation of the quarterly and annual financial statements. For example, independent appraisers determine the fair values of the properties. The fair values of derivative financial instruments are also calculated with the help of external service providers, and experts assist with the calculation of pension provisions. The results of the expert reports are analysed and quality-assured internally before being included in the financial statements.

Key real estate performance indicators, developments in the areas of financing and liquidity, and the figures from the financial statements of the individual companies and the Group as a whole are reviewed by the controlling department and compared against budget targets and previous periods. The most important findings from these figures are presented to the Management Board in a monthly report and also forwarded to the Supervisory Board.

Internal audits, which are assigned directly to the Management Board, are carried out on an ongoing basis in accordance with an audit plan. The internal audit department uses a systematic and targeted approach to assess the effectiveness of the risk management system and the control and monitoring system, including the controls. In particular, the tasks include the examination, evaluation and monitoring of the appropriateness and effectiveness of the internal control system, including the accounting system.



## **DISCLOSURES IN ACCORDANCE WITH SECTION 289A AND SECTION 315A OF THE GERMAN COMMERCIAL CODE (HGB)**

TAG Immobilien AG is a capital market-oriented Company within the meaning of Section 264d of the German Commercial Code (HGB). For this reason, information on equity, the share structure and voting rights is required in accordance with Section 289a HGB and Section 315a (1) HGB. The following information is based on the circumstances that existed as of 31 December 2024.

### **Composition of share capital**

The Company's share capital as of the reporting date amounted to EUR 175,489,025.00 (previous year: EUR 175,489,025.00). The share capital is divided into 175,489,025 no-par-value shares (previous year: 175,489,025 no-par-value shares). The pro rata amount of share capital attributable to each share is calculated at EUR 1.00. All shares grant the same rights. Each share grants one vote and determines the portion of profits to which it is entitled.

### **Limitations on voting rights and transfer of shares**

Restrictions on the voting rights of the shares may arise from the provisions of the German Stock Corporation Act (AktG). For example, under certain conditions, shareholders may be prohibited from voting in accordance with Section 136 of the German Stock Corporation Act (AktG). Pursuant to Section 71b of the German Stock Corporation Act (AktG), TAG has no voting rights in respect of its own shares, which currently total 84,424 (previous year: 6,484) and are earmarked for the issuance of employee shares and long-term variable Management Board remuneration. The Company's Articles of Association do not provide for any voting right restrictions. The Company's shareholders are not restricted by law or by the Company's Articles of Association with regard to the acquisition or sale of shares. The Management Board is not aware of any contractual restrictions on voting rights or the transfer of shares.

### **Direct or indirect voting shares exceeding 10%**

According to the notifications submitted in accordance with the provisions of the German Securities Trading Act (WpHG), the Company is not aware of any interest in its voting rights exceeding 10% as of the reporting date.

### **Shares with special rights conferring powers of control**

There are no shares with special rights conferring powers of control.

### **Type of voting rights control for employee shareholdings**

Employees who hold shares in TAG exercise their control rights like other shareholders in accordance with the statutory provisions and the Articles of Association. There is no indirect control of voting rights.

### **Appointment and dismissal of members of the Management Board, Amendments to the Articles of Association**

The appointment and dismissal of members of the Management Board is carried out on the basis of Sections 84, 85 of the German Stock Corporation Act (AktG) and on the basis of the Company's Articles of Association. Members of the Management Board are appointed by the Supervisory Board for a maximum of five years. Reappointment or an extension of the term of office is permitted for up to five years in each case.

The Management Board consists of one or more persons. According to the Articles of Association, the supervisory board can appoint a chairperson and one or more deputy chairpersons. The supervisory board can revoke the appointment of a member of the management board and the appointment of a chairperson for good cause.

Amendments to the Articles of incorporation are made in accordance with sections 179, 133 AktG and the provisions of the Articles of incorporation. Any amendment to the Articles of incorporation requires a resolution of the Annual General Meeting. However, according to Section 10 of the Articles of Association, the Supervisory Board is authorised to make amendments that affect only the wording. Resolutions of the Annual General Meeting – including amendments to the Articles of Association – are passed with a simple majority of the votes cast in accordance with Section 18 of the Articles of Association, provided there are no mandatory legal requirements to the contrary. If a capital majority is required, a simple capital majority is sufficient.

#### **Authorisation of the Management Board to issue new shares (authorised and contingent capital) and buy back shares**

By resolution of the Annual General Meeting on 16 May 2023, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital of the Company by 15 May 2026, in return for cash and/or contributions in kind, on one or more occasions, by a maximum amount of EUR 35,000,000.00 in total by issuing up to 35,000,000 new no-par-value bearer shares in the Company ("Authorised Capital 2023"). The shareholders' subscription rights may be excluded with the approval of the Supervisory Board. The total pro-rata amount of the share capital represented by the new shares for which the subscription rights are excluded must not exceed 10% of the share capital, neither at the time the authorisation takes effect nor at the time it is exercised. The Authorised Capital 2023 has not yet been utilised, either in part or in full.

The Company's share capital is conditionally increased by up to EUR 35,000,000.00 by issuing up to 35,000,000 new no-par bearer shares (Conditional Capital 2023). The conditional capital increase serves to grant shares to the holders of convertible bonds and/or bonds with warrants that are issued by the Company or by a direct or indirect affiliate of the Company in accordance with the authorisations of the Annual General Meetings of 23 May 2018 or 16 May 2023. The new shares shall be issued in each case at the conversion or option price to be determined in accordance with the aforementioned authorising resolutions. The conditional capital increase shall only be carried out to the extent that conversion or option rights are exercised or corresponding obligations are to be fulfilled and to the extent that no other forms of fulfilment are used to service these. The new shares shall participate in profits from the beginning of the financial year in which they arise; notwithstanding the above, the new shares shall participate in profits from the beginning of the financial year preceding the financial year in which they arise if the Annual General Meeting has not yet adopted a resolution on the appropriation of the net profit for the financial year preceding the financial year in which the new shares arise. The Management Board is authorised to determine the further details of the implementation of the conditional capital increase. This authorisation has not yet been exercised.

The Annual General Meeting of 16 May 2023 also renewed the authorisation to acquire treasury shares and decided to authorise the acquisition of treasury shares up to a total of 10% of the share capital existing at the time of the authorisation taking effect or – should this be lower – at the time of the authorisation being exercised, until 15 May 2025. The Company may not use this authorisation for the purpose of trading in its own shares. In addition to the usual, legally prescribed uses, it also includes the authorisation to allocate and transfer the shares to the Company's

Management Board members as part of determining their variable remuneration. The Company made use of this authorisation in the 2024 financial year and acquired 100,000 TAG shares via the stock exchange. Please refer to the disclosures to be made in the notes in accordance with Section 160 (1) no. 2 AktG.

On the basis of the above authorisation, the Company acquired a total of [xxx] (previous year: [xxx]) treasury shares in the 2024 financial year to service the employee stock option programme and the long-term Management Board remuneration. In 2024, the Company also transferred 22,060 (previous year: 40,950) shares to employees under the employee stock option programme. No shares (previous year: none) were transferred as part of the long-term Management Board remuneration. As of the reporting date, TAG held 84,424 (previous year: 6,484) treasury shares, equivalent to 0.05 % (previous year: 0.00 %) of its share capital. The Company's subscribed capital, less treasury stock, stands at TEUR 175,405 (previous year: TEUR 175,483).

#### **Material agreements of the Company that are subject to a change of control following a takeover bid**

TAG has credit facilities with banks totalling EUR 95.2m (previous year: EUR 70.3m) which require the bank's consent in the event of a change in the shareholder structure or which may become due for repayment in the event of a change of control at the level of TAG Immobilien AG. In addition, numerous regulations concerning a change of control are also included in the loan agreements and credit lines of the subsidiaries in Germany and Poland and in their general terms and conditions, which primarily only cover the level of the subsidiaries and their change of ownership. However, it cannot be ruled out that lenders could also assert rights arising from a change of control in the event of a change of the indirect shareholder.

The outstanding corporate bonds of EUR 625.0 million (previous year: EUR 125.0m), the issued promissory note loans totalling EUR 204.5m (previous year: EUR 263.5m) and a corporate bond issued in Poland of EUR 24.0m (previous year: EUR 24.0m) provide for special change-of-control arrangements; under these, the Company is obliged to make repayment or repurchase as detailed in the terms and conditions of the bond or the promissory notes. In the case of the convertible bond 2020/2026 issued in the amount of EUR 470.0m, there are special conversion options and adjustments to the conversion price for the holders of the convertible bond in the event of a change of control.

The agreements reached with co-investors in 2016 and 2018, when a total of 10.1% of the shares in a subsidiary were transferred, also provide for regulations in the event of a change of control in TAG's ownership structure. In this case, the co-investors have disposal rights; they can use these rights to terminate their investment in the subsidiary prematurely, and any losses in value would be offset by TAG.

In addition, the members of the Management Board have a special right of termination in the event of a change in TAG's current majority structure, and, in the event of this right being exercised, are entitled to a compensation payment, the amount of which is based on the remaining term of the employment contract at the time of termination. Please refer to the remuneration report below.

#### **Company remuneration agreement with the members of the Management Board or employees in the event of a takeover bid**

Beyond the special right of termination of the Management Board members already mentioned in the previous paragraph, there are no remuneration agreements that have been concluded with the members of the Management Board or employees in the event of a takeover bid.

## **CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH SECTION 289F AND SECTION 315D HGB (GERMAN COMMERCIAL CODE)<sup>2)</sup>**

The Corporate Governance Statement in accordance with the provisions of Sections 289f and 315d HGB, which is not part of this Summary Management Report, is posted on the TAG website at [www.tag-ag.com](http://www.tag-ag.com) under "Investor Relations/ Corporate Governance/Declaration of Corporate Management".

## REPORT ON THE COMPANY'S REMUNERATION SYSTEM (REMUNERATION REPORT UNDER STOCK CORPORATION LAW IN ACCORDANCE WITH SECTION 162 OF THE GERMAN STOCK CORPORATION ACT (AKTG)) <sup>3)</sup>

### Definition of "granted and owed" withing the meaning of section 162 (1) AktG

For the following remuneration report, benefits granted for services provided in the financial year are defined. The presentation published up to and including in the 2023 financial year was based on the inflow principle. This does not result in any changes to the previous year's figures.

### Remuneration scheme for the Supervisory Board

#### Overview

The Supervisory Board's remuneration system was revised last year and approved by the Annual General Meeting on 28 May 2024 with 99.57% of the valid votes cast. The members of the Supervisory Board receive fixed remuneration of TEUR 40 p.a. for each full financial year of their membership of the Supervisory Board (previously: TEUR 20 p.a.). The deputy chairman receives 1.5 times this basic remuneration (TEUR 60 p.a.; previously: TEUR 30 p.a.), while the chairman of the Supervisory Board continues to receive a fixed remuneration of TEUR 175 p.a. plus an attendance fee of EUR 500 for each in-person meeting of committees of which he is a member.

In addition, the members of the Audit Committee receive separate remuneration. The chairman continues to receive TEUR 75 p.a.; the other members, with the exception of the chairman of the Supervisory Board, who receives no remuneration in this regard, each receive TEUR 10 p.a. (previously: TEUR 5 p.a.). The members of the Personnel Committee continue to receive an attendance fee of €500.00 per meeting attended, but no additional fixed remuneration, unless waived. The chairperson would be remunerated TEUR 7.5 (previously TEUR 7.5) for their work on additional committees, which do not currently exist, and the other members would receive TEUR 5 (previously TEUR 5).

The Company also takes out directors and officers liability insurance (D&O insurance) for the members of the Supervisory Board and pays the premium. Expenses incurred in connection with Supervisory Board activities, in particular travel expenses and value added tax on the respective remuneration, are reimbursed by the Company.

Supervisory Board remuneration had not been increased for over ten years. After a thorough review, the Management Board and Supervisory Board no longer considered the remuneration to be appropriate, particularly in comparison with similarly sized listed German real estate companies. In line with the suggestion of the German Corporate Governance Code, only fixed remuneration components are provided for the remuneration of the Supervisory Board members, along with any attendance fees, reimbursement of expenses and insurance cover, but no variable remuneration elements. This system strengthens the independence of the Supervisory Board members and thus makes an indirect contribution to the long-term development of the Company. At the same time, the remuneration system incentivises Supervisory Board members to proactively promote the business strategy. The greater time commitment of the Chairman, who is particularly closely involved in discussing strategic issues, and of the Deputy Chairman of the Supervisory Board, as well as of the Chairman and members of committees, is adequately taken into account.

<sup>1)</sup>Unaudited information

The remuneration of the Supervisory Board in the past financial year is broken down as follows:

<b>Supervisory Board Member</b>	<b>2024 TEUR</b>	<b>2023 TEUR</b>
<b>Remuneration for Supervisory Board activities</b>		
Olaf Borkers (since 16 May 2023)	175	110
Eckhard Schultz (since 14 October 2023)	48	6
Prof. Dr. Kristin Wellner	32	20
Beate Schulz (since 22 September 2023; election of employee representative)	32	5
Björn Eiffler (since 22 September 2023; election of the employee representative)	32	5
Gabriela Gryger (since 28 May 2024)	24	0
Dr. Philipp K. Wagner (until 28 May 2024)	8	25
Rolf Elgeti (until 16 May 2023)	0	65
Lothar Lanz (until 16 May 2023)	0	11
Fatma Demirbaga-Zobel (until 16 May 2023)	0	7
Harald Kintzel (until 16 May 2023)	0	7
<b>Total remuneration for Supervisory Board activities</b>	<b>351</b>	<b>262</b>
<b>Remuneration for committee work</b>		
Eckhard Schultz (since 14 October 2023)	75	10
Prof. Dr. Kristin Wellner	8	6
Lothar Lanz (until 16 May 2023)	0	28
<b>Total remuneration for committee work</b>	<b>83</b>	<b>44</b>
<b>Total remuneration</b>	<b>434</b>	<b>306</b>

## Remuneration scheme for the Management Board

### Dialogue with shareholders on remuneration issues during the financial year

In the past financial year, TAG's Management and Supervisory Boards were also in regular contact with shareholders and proxy advisors regarding the structure of the remuneration system. As the system of remuneration for the Management Board will be resubmitted to the shareholders for approval at the Annual General Meeting in 2025, as scheduled an extensive corporate governance roadshow was held at the end of the 2024 financial year and the beginning of the 2025 financial year, which particularly addressed the planned changes to future Management Board remuneration. The 25 largest shareholders of TAG, according to the Company's knowledge, who hold a total of around 65% of the voting rights, as well as major national and international proxy advisors, were addressed.

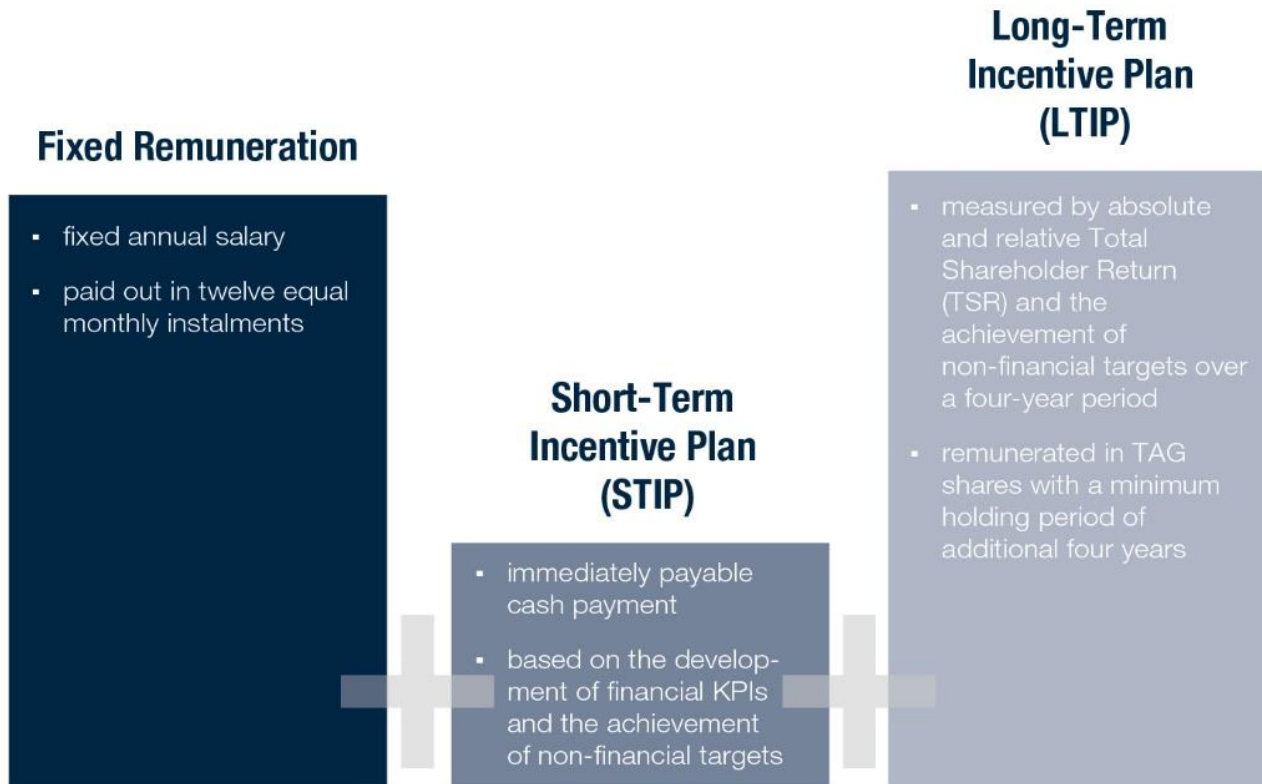
The vast majority of shareholders and all proxy advisors accepted the invitation to talks, which were held primarily via video conference and were led by the Chairman of TAG's Supervisory Board and the Management Board. Comments and remarks from shareholders and proxy advisors were discussed and taken into account in the future Management Board remuneration system, which will be presented in detail in the invitation to the next Annual General Meeting.

The remuneration system for the Management Board applicable in the 2024 financial year is described below. With regard to the changes for the 2025 financial year, please refer to the invitation to the next Annual General Meeting, which is expected to take place on 16 May 2025.

### Overview of the remuneration system

The members of TAG's Management Board receive non-performance-related fixed remuneration and variable remuneration, which is paid partly in cash and partly in the form of TAG shares. The fixed remuneration and the variable remuneration are paid exclusively by TAG Immobilien AG; no remuneration is paid by subsidiaries.

The following diagram provides an overview of the main components of Management Board remuneration:



The **fixed salary** amounted to TEUR 480 p.a. at the reporting date, compared with TEUR 480 p.a. at the end of the previous year.

The **target remuneration for the STIP** in the past financial year was TEUR 150 p. a. (previous year: TEUR 150 p. a.) and was limited to a maximum of TEUR 200 p. a. (previous year: TEUR 200 p. a.).

The **target remuneration for the LTIP** in the past financial year was TEUR 250 p. a. (previous year: TEUR 250 p. a.) and was limited to a maximum of TEUR 500 p. a. (previous year: TEUR 500 p. a.).

At the end of the financial year, the **total target remuneration** of a member of the Board of Management Directors thus amounted to TEUR 880 p. a. (previous year: TEUR 880 p. a.) plus fringe benefits, such as the use of a Company car, which may not exceed an amount of TEUR 20 p. a. The **maximum remuneration** per member of the Management Board was TEUR 1,200 p.a. (previous year: TEUR 1,200 p.a.).



### Fixed remuneration

The non-performance-related remuneration is paid in the form of a fixed annual salary, which is paid out in twelve equal monthly instalments.

The amounts paid to the members of the Management Board in the reporting year are listed below. In the previous year, with effect from 1 September 2023, the fixed remuneration was increased from the previous TEUR 420 p.a. to TEUR 480 p.a.:

#### in TEUR

Name	2024	2023	Change (%)
Claudia Hoyer	480	440	9.1
Martin Thiel	480	440	9.1

### Variable remuneration

#### Overview

Pursuant to Section 87 (1) AktG, the total remuneration of a member of the Management Board must be in reasonable proportion to the tasks and performance of the member of the Management Board and the situation of the Company and may not exceed the usual remuneration without special reasons. The remuneration structure should be aligned with sustainable corporate development and the long-term development of the Company.

Variable remuneration components are to be measured over several years; a cap is to be agreed for extraordinary developments.

The variable remuneration in place since the last approval by the Annual General Meeting on 11 May 2021 differentiates between a Short-Term Incentive Plan (STIP) and a Long-Term Incentive Plan (LTIP). The following information also presents the information on the inclusion of sustainability-related performance in TAG's remuneration system as required by ESRS 2 GOV-3.

#### Contribution of remuneration to the promotion of corporate strategy and long-term development

The variable remuneration components are intended to provide incentives for the sustainable and long-term development of TAG and the creation of sustainable enterprise value along the value chain. They contribute to the long-term retention of Management Board members. The long-term components of the variable Management Board remuneration should exceed the short-term components and reflect the performance of the Company in a short-term period based on the respective financial year and a long-term period. In order to do justice to the growing importance of sustainability as part of the corporate strategy, the achievement of non-financial targets is taken into account when determining the variable remuneration.

#### Short Term Incentive Plan (STIP)

The STIP is based on the development of key financial figures (KPIs) and the achievement of non-financial and individual targets. The STIP represents a cash remuneration that is immediately payable following the Supervisory Board's decision on the variable remuneration for the respective financial year and is determined on the basis of the criteria listed below.

### Financial key performance indicators

- Increase in **EPRA-NTA per share** in the financial year (after elimination of a dividend paid in the financial year): each EUR 0.01 increase in EPRA NTA per share is multiplied by EUR 200.00
- Increase in **FFO I per share** in the financial year: each increase in FFO I per share by EUR 0.01 is multiplied by EUR 17,750.00

### Non-financial targets

- Achievement of the non-financial target based on the **risk assessment by the external ESG rating agency Sustainalytics**:
  - o "Negligible risk": remuneration of TEUR 25
  - o "Low risk": remuneration of TEUR 15
  - o "Medium risk": remuneration of TEUR 5
  - o "High risk" or "Serious risk": no remuneration

### Individual targets

- Achievement of the individual targets agreed between the Chairman of the Supervisory Board and the member of the Management Board, which should be based on TAG's respective activities and business strategy, including sustainable corporate development. Depending on the degree of target achievement, the STIP remuneration determined on the basis of the financial key figures and the non-financial target can be increased by up to 10%, remain unchanged or be reduced by up to 10%.
- The individual targets for the 2024 financial year were as follows:
  - o Implementation of a personnel development system for TAG employees, so that personnel development is established as a strategically operating unit within the human resources department, in order to minimise employee turnover and to retain employees at all levels in the long term;
  - o the first-time refinancing of completed rental properties in Poland with bank loans with a credit volume of at least EUR 150 million and a loan-to-value (LTV) ratio of at least 50%.
- In 2023, the individual targets concerned the implementation of the sales programme in Germany, which led to a total net cash inflow of around EUR 250m, and the successful refinancing of the financial liabilities expiring in 2023 and early 2024 (bridge financing from the acquisition of ROBYG S.A.). Since the Supervisory Board considered these personnel targets to have been more than fulfilled, the STIP remuneration was modified by +10% at the Supervisory Board meeting to adopt the financial statements, resulting in additional remuneration under the STIP of TEUR 3 per Management Board member.

### Target metrics for 2024

To reach the target remuneration of TEUR 150 p.a., the STIP assumes an average annual increase in the EPRA NTA per share and the FFO I per share of between around 5% and 7%, a "low" risk assessment in the external ESG rating and no further adjustment (+/- 10%) based on individual targets. This results in the following weighting for the past financial year and the other values shown:

Metric	Weight (%)	Threshold	Target	Maximum
<b>Financial</b>				
EPRA NTA per share	ca. 15	18.31 €	19.50 €	19.88
FFO I per share	ca. 75	0.98 €	1.04 €	1.06
<b>Non-financial</b>				
Risk assessment by an external rating agency	ca. 10	(Medium risk)	(Low risk)	(Negligible risk)
<b>Modification</b>				
Individual targets	0	-10%	0%	10%
<b>Total</b>	<b>100</b>			

The threshold values for the EPRA NTA per share and the FFO I per share are based on the values of the immediately preceding financial year, as only an increase in these financial indicators compared to the previous year is remunerated. No remuneration is paid for a decrease compared to the previous year or for an unchanged value.

The maximum annual remuneration for the STIP (total cap) of TEUR 200 p.a. is not broken down into individual partial caps in relation to the financial key figures. The restriction remains in place through the total cap. When an external ESG rating agency assesses risk, the maximum remuneration of TEUR 25 per year is achieved by reaching the „negligible risk’ category. When it comes to meeting individual targets, the maximum premium on the amount previously determined by achieving financial and non-financial targets is 10%. However, even after this modification has been applied, the total cap for the STIP must not be exceeded.

The following targets were achieved for the STIP in the past financial year:

Metric	Actual	Remuneration (in TEUR)
<b>Financial</b>		
EPRA NTA per share	19.15 €	17
FFO I per share	1.00 €	35
<b>Non-financial</b>		
Risk assessment by an external ESG rating agency	negligible risk	25
<b>Modification</b>		
Individual metrics	0%	0
<b>Total</b>		<b>77</b>

For the purposes of this remuneration report, no modification was assumed with regard to a modification through fulfilment of personnel targets (possible increase or reduction of the STIP remuneration by up to 10%, i.e. for 2024 up to +/- TEUR 8). As in the previous year, a decision on this will not be made until the next Supervisory Board meeting at which the financial statements are adopted.

### Long Term Incentive Plan (LTIP)

The LTIP is measured by

- The **total shareholder return (TSR) performance** for shareholders (as the sum of the share price increase and the dividends paid in the respective financial year, **weighting: 80%**) and
- the **achievement of non-financial targets (weighting: 20%)**.

in each case over a period of four years.

Non-financial targets will be included in the LTIP for the first time at the beginning of the 2023 financial year. On 11 May 2021, the Annual General Meeting had previously granted a corresponding authorisation for the Supervisory Board as part of the approval of the Management Board remuneration system, which has now been exercised after the strategic non-financial targets of TAG in the 2021 and 2022 financial years have been specified. In this respect, the non-financial targets are relevant for the first time for the LTIP tranche 2023–2026, with a weighting of 20% of the LTIP remuneration. For the previous LTIP tranches, which run until the 2025 financial year, only the TSR is relevant (i.e. 100% weighting).

The TAG shares to which the Management Board members are entitled under the LTIP are transferred after the Supervisory Board has passed a resolution on the variable remuneration at the end of the respective four-year period. The members of the Management Board may not dispose of the TAG shares granted under the LTIP for a further period of four years, in particular they may not sell or otherwise transfer them (**further four-year holding period**). During this holding period, however, the shares are dividend-entitled and carry voting rights.

As in the previous year, each of the two members of the Management Board held 7,400 TAG shares allocated but not yet available from earlier LTIP tranches as of the reporting date.

The number of TAG shares to be transferred is calculated on the basis of the volume-weighted average price (VWAP) of TAG shares over a period of two months before the end of the respective fiscal year.

The members of the Management Board are entitled to demand the partial conversion of the share-based remuneration into a cash payment of up to the amount of the wage tax (including solidarity surcharge and church tax) arising from the share allocation. The Management Board members' payment obligation to TAG arising from the payment of the aforementioned tax is then offset against the cash payment claim.

### TSR-Performance-Figures

TSR performance is measured according to:

- **Absolute TSR performance:** the performance of the TAG share over a four-year period, which begins anew each year, and

- **Relative TSR performance:** the relative performance of the TAG share in relation to the performance of a selected group of competitors (peer group) over this period.

The basis for measuring the share price performance is the VWAP of the TAG share or the shares of the peer group over a period of two months before the reporting date of the financial year at the beginning and end of the performance period.

The target TSR was set at 40% for the four-year performance period (i.e. approx. **10% target TSR on an annualised basis**) and results in the following remuneration:

- If the actual TSR corresponds to the target TSR, the LTIP share remuneration amounts to TEUR 250 p.a.
- If the actual TSR is above or below the target TSR, the amount is calculated or adjusted accordingly on a straight-line basis (e.g. an actual TSR of 20% in a four-year performance period leads to an LTIP share remuneration of  $TEUR\ 20/40 \times 250 = TEUR\ 125$ ).
- If the actual TSR is negative, the LTIP share remuneration is TEUR 0.

#### Absolute TSR performance

Target	Payout (in TEUR)
Actual TSR is negative	0
Actual TSR = 40% increase overall	250

The actual TSR is compared with the result of the peer group and, if the actual TSR is at least 2% better or worse, is taken into account by means of premiums or discounts:

- If the actual TSR is better than the performance of the peer group, a premium of 25% is applied.
- If the performance is worse than that of the peer group, a discount of 25% is applied.

#### Relative TSR performance

Target	Adjustment
Actual TSR = 2% worse than the peer-group average	-25%
Actual TSR = 2% better than the peer-group average	+25%

The peer group is made up of listed property companies that hold a significant share of residential real estate in Germany. The peer group currently comprises the following companies: Vonovia SE, Deutsche Wohnen SE, LEG Immobilien SE, Grand City Properties S.A. and Adler Group S.A. The companies mentioned are equally weighted.

### Achievement of non-financial targets

The non-financial targets are set by the Supervisory Board each year for the next LTIP period, i.e. for the next four years. The following targets were set for the 2024–2027 LTIP tranche:

#### Non-financial targets LTIP 2023–2026

Target	Weight within non-financial targets	Target remuneration (in TEUR)
Reduction of CO <sub>2</sub> emissions within the German portfolio by 10%	40%	20
Tenant satisfaction >70%	40%	20
Social projects within TAG foundation of at least TEUR 150 p.a.	20%	10
<b>Total</b>	<b>100%</b>	<b>50</b>

The total target remuneration for the non-financial targets of TEUR 50 p.a. corresponds to 20% of the target remuneration for the entire LTIP of TEUR 250 p.a.

Based on the defined targets, the remuneration is calculated individually for each target on a straight-line basis. For example, if the target of reducing CO<sub>2</sub> emissions within the German portfolio is exceeded by 20%, the remuneration for this target amounts to TEUR 20 x 120% = TEUR 24.

If one of the targets described is not met by more than 10%, no remuneration is paid for this target. The maximum remuneration applies if a target is exceeded by more than 50%.

These non-financial targets ("ESG targets") were selected by the Supervisory Board because they play an important role in connection with TAG's strategic sustainability goals. The decarbonisation of the German portfolio, TAG's predominant real estate assets, is one of the most important challenges in the area of the environment ("E"). High tenant satisfaction and continuous neighbourhood engagement through social projects in the regions where TAG operates are central building blocks in the social sphere ("S"). The area of governance ("G") is already covered in the STIP by the non-financial target implemented there.

In the 2024 financial year, the non-financial targets mentioned above were not yet relevant for the LTIP. Even though the corresponding LTIP tranche has already begun, a possible remuneration will only arise after the end of the first LTIP tranche 2023–2026, i.e. at the beginning of the 2027 financial year.

#### Target achievement for 2024

As in the previous year, no remuneration was paid under the LTIP for the 2024 financial year, in which the 2021–2024 LTIP tranche ended, because the TSR of the TAG share, which is the sole decisive factor for this tranche in the relevant four-year period from 2021 to 2024, was negative. Mark-ups or mark-downs due to relative TSR performance no longer applied due to the negative absolute TSR.

### Remuneration of the Management Board in the reporting year

The remuneration granted and due in the past financial year is shown in the following table. The **remuneration** for both members of the Management Board **totalled TEUR 1,136** (previous year: TEUR 952). The remuneration paid in the reporting year totalled EUR 1,038,000 (previous year: TEUR 952).

in TEUR	Claudia Hoyer COO, Co-CEO		Martin Thiel CFO, Co-CEO	
	2023 (Act.)	2024 (Act.)	2023 (Act.)	2024 (Act.)
<b>Fixed remuneration</b>				
Fixed remuneration	440	480	440	480
Ancillary benefits	15	15	7	7
<b>Total</b>	<b>455</b>	<b>495</b>	<b>447</b>	<b>487</b>
One-year variable remuneration (STIP)	25	77	25	77
Multi-year variable remuneration (LTIP)	0	0	0	0
<b>Total</b>	<b>25</b>	<b>77</b>	<b>25</b>	<b>77</b>
Utility expenses	0	0	0	0
<b>Total remuneration</b>	<b>480</b>	<b>572</b>	<b>472</b>	<b>564</b>
<b>Share of fixed remuneration</b>	95%	87%	95%	86%
<b>Share of variable remuneration</b>	5%	13%	5%	14%
<b>Number of shares</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

No LTIP remuneration was earned in the financial years 2023 and 2024, as the absolute TSR performance at the end of both years was negative for the corresponding four-year period (2020 to 2023 and 2021 to 2024). The fair value of potential remuneration under the LTIP, which is determined at the beginning of each financial year and is then no longer adjusted to the actual value at the end of the year, was recorded in the consolidated income statement at TEUR 0 (previous year: TEUR 0) per member of the Management Board.

### Maximum remuneration

The maximum annual remuneration per member of the Management Board, based on the amounts paid out in a financial year, is therefore calculated as follows:

in TEUR	2025	2024	2023
Gross fixed salary p.a.	480	480	440
Benefits	20	20	20
STIP	200	200	200
LTIP	500	500	500
<b>Total</b>	<b>1,200</b>	<b>1,200</b>	<b>1,160</b>

## **Other remuneration**

### **Fringe benefits**

One member of the Management Board uses a Company car, which is taxed as a benefit in kind. In addition, the members of the Management Board receive other benefits, some of which are classified as benefits in kind and taxed accordingly. These include, in particular, contributions to private health and pension insurance, accident and liability insurance, the private use of communication devices and expense allowances for business trips.

### **Pensions**

The contracts with the members of the Management Board do not provide for any pension entitlements. One member of the Management Board still has pension entitlements from a period prior to taking up his position at TAG. Although these are vested, they do not establish any new entitlements.

The members of the Management Board are not entitled to any further bonuses or additional remuneration if they simultaneously hold Management Board or Supervisory Board mandates in other Group companies. All secondary activities are subject to approval.

### **Entitlements upon termination of the employment relationship**

In the event of an ordinary termination of the activities of a member of the Management Board, the latter is entitled to payment of the unpaid portion of the variable remuneration or the TAG shares not yet allocated (available) from variable remuneration from previous years.

In the event of any change of control, e.g. if a third party acquires a majority of the voting rights or a majority of the share capital in TAG, the members of the Management Board are entitled to terminate their service contracts subject to three months' notice with effect from the end of the month (special right of termination). If this extraordinary termination right is exercised, the Company undertakes to pay a gross settlement amount equivalent to the gross annual salary at the time of departure, provided that the service contract still has a remaining term of at least 24 months at the time of termination. If the remaining term at the time of termination of the management contract is shorter, the management board member receives a gross settlement in the amount of the gross salary for the remaining term.

In the event of premature termination of the management contract for other reasons, the contracts contain a provision that the severance payment to be made is limited to a value of two gross annual salaries and should not exceed the amount for the remaining term of the contract.

### **Comparative presentation in accordance with Section 162 (1) sentence 2 no. 2 AktG**

For the comparative presentation, all operational and central areas of TAG Immobilien AG were included in the calculation of the average employee remuneration. All active employees (excluding apprentices) were considered as the basis for the average FTEs (Full Time Equivalents). Craftsmen and caretakers are employed exclusively in the service companies and are therefore not included in the comparative presentation of TAG Immobilien AG's earnings performance.



The amounts received in the financial year are used to calculate the remuneration of the members of the Management Board. The NAV per share and the EBT per share were last calculated for the 2020 financial year.

	2024	2023	2022	2021	2020
<b>Earnings performance</b>					
Net income TAG AG in TEUR	129,818	80,461	-525	104,597	34,910
<i>relative change p.a.</i>	61.34%	>1000%	-100.50%	199.62%	-47.40%
<i>FFO I per share: relative change p.a.:</i>	2.04%	-17.95%	-3.87%	5.08%	7.27%
<i>NAV per share: relative change p.a.:</i>	0.00%	0.00%	0.00%	0.00%	8.61%
<i>NTA per share: relative change p.a.:</i>	4.59%	-11.73%	-19.57%	17.49%	8.56%
<i>EBT per share: relative change p.a.:</i>	0.00%	0.00%	0.00%	0.00%	24.32%
<b>Average employee remuneration</b>					
<i>relative change p.a.</i>	3.24%	6.67%	6.41%	2.38%	1.59%
<b>Management Board remuneration</b>					
Claudia Hoyer <i>relative change p.a.:</i>	8.96%	-51.66%	-40.25%	119.26%	9.38%
Martin Thiel <i>relative change p.a.:</i>	9.11%	-52.08%	-40.45%	120.53%	9.49%

## Further regulations

### Shareholding obligation and possible dilution of shareholders

Each member of the Management Board is obliged to hold TAG shares with a market value of at least one year's fixed salary (factor: 1.0 times the fixed annual salary) for the duration of his contract of employment.

The TAG shares earned under the LTIP are settled by delivering treasury shares that were previously acquired on the market. To this extent, the shareholders do not face any risk of dilution as a result of the Management Board's remuneration.

### Receivables from and liabilities to members of the Management Board and Supervisory Board

As in the previous year, there were no receivables from or liabilities to members of the Management Board and the Supervisory Board or companies affiliated with them as of the balance-sheet date. Similarly, no loans were granted to or taken up by these bodies during the year.

### Clawback of variable remuneration in the event of negative performance ("clawback" and "malus")

In the event of objectively ascertainable, serious, grossly negligent or intentional violations of laws or internal compliance regulations in a financial year for which individual members of the Management Board or the Management Board as a whole are responsible, they must repay or reimburse the variable remuneration for the year in which the violations were committed, in whole or in part.

If errors are identified in the IFRS consolidated financial statements of TAG approved by the Supervisory Board, which formed the basis for calculating the variable remuneration or affected the underlying key figures, the obligation to repay or transfer the variable remuneration in full or in part shall also apply to the year(s) in which the consolidated financial statements were incorrectly prepared. In these cases, it is not a matter of fault on the part of the members of the Management Board.

The repayment obligation also applies if the employment relationship with the Board member has already ended at the time the repayment claim is asserted. Claims after the end of the employment relationship become time-barred within 14 months of leaving the Management Board.

## CONSOLIDATED BALANCE SHEET

Assets TEUR	Notes	12/31/2024	12/31/2023
1)2)			
<b>Non-current assets</b>			
Investment properties	(1)	5,834,364	5,935,259
Intangible assets	(2)	289,696	285,932
Property, plant and equipment	(3)	40,619	36,825
Rights of use assets	(4)	16,896	18,819
Other financial assets	(5)	42,897	44,152
Companies accounted for at equity	(5)	20,544	22,745
Derivative financial instruments	(13)	0	340
Deferred taxes	(6)	24,840	24,773
		<b>6,269,855</b>	<b>6,368,843</b>
<b>Current assets</b>			
Property held as inventory	(7)	611,315	629,635
Other inventories	(7)	112	78
Trade receivables	(8)	35,389	41,195
Income tax receivables	(6)	28,130	9,490
Derivative financial instruments	(13)	539	1,315
Other current assets	(9)	143,502	113,105
Cash and cash equivalents	(10)	603,459	128,604
		<b>1,422,447</b>	<b>923,422</b>
<b>Non-current assets held for sale</b>	(11)	<b>57,952</b>	<b>7,524</b>
		<b>7,750,254</b>	<b>7,299,790</b>

<b>Equity and liabilities TEUR</b>	<b>Notes</b>	<b>12/31/2024</b>	<b>12/31/2023</b>
<b>Equity</b>	(12)		
Subscribed capital		175,405	175,483
Share premium		682,091	683,175
Other reserves		73,503	59,057
Retained earnings		2,088,577	1,967,454
Attributable to the equity holders of the parent company		3,019,577	2,885,168
Attributable to non-controlling interests		80,277	79,325
		<b>3,099,853</b>	<b>2,964,493</b>
<b>Non-current liabilities</b>			
Liabilities to banks	(13)	1,973,814	2,025,653
Liabilities from corporate bonds and other loans	(13)	692,273	410,950
Derivative financial instruments	(13)	10,181	7,509
Retirement benefit provisions	(14)	4,112	4,066
Other non-current liabilities	(13)	49,741	58,234
Deferred taxes	(6)	564,414	608,399
		<b>3,294,535</b>	<b>3,114,812</b>
<b>Current liabilities</b>			
Liabilities to banks	(13)	384,489	264,619
Liabilities from corporate bonds and other loans	(13)	201,531	112,914
Liabilities from convertible bonds	(13)	466,298	463,463
Derivative financial instruments	(13)	2,023	4,230
Income tax liabilities	(6)	17,298	12,442
Other provisions	(15)	45,670	67,003
Trade payables	(16)	59,636	70,804
Other current liabilities	(17)	178,920	225,011
		<b>1,355,866</b>	<b>1,220,485</b>
		<b>7,750,254</b>	<b>7,299,790</b>

1) Adjusted due to separate first-time recognition of shares in companies accounted for at equity

2) Adjusted due to first-time application of amendments of IAS 1, for further information see explanations on amendments of accounting standards

## CONSOLIDATED INCOME STATEMENT

in TEUR	Notes	2024	2023
Rental income		473,015	462,286
Impairment losses		-4,824	-5,688
Rental expense		-181,607	-175,285
<b>Net rental income</b>	(18)	<b>286,585</b>	<b>281,314</b>
Revenues from the sale of real estate		497,430	749,458
Expenses on the sale of real estate		-430,249	-674,649
<b>Sales result</b>	(19)	<b>67,180</b>	<b>74,809</b>
Revenue from Services		112,539	118,046
Impairment losses		-865	-997
Expenses from services		-65,458	-84,212
<b>Services result</b>	(20)	<b>46,216</b>	<b>32,837</b>
Other operating income	(21)	17,339	20,276
Fair value changes in investment properties and valuation of properties held as inventory	(22)	-114,585	-705,243
Personnel expense	(23)	-91,369	-85,636
Depreciation/amortisation	(2,3)	-12,737	-11,835
Other operating expense	(24)	-33,318	-30,008
<b>EBIT</b>		<b>165,311</b>	<b>-423,486</b>
Other financial result	(25)	3,327	-16,008
Income from companies accounted for at equity	(25)	1,642	2,353
Interest income	(25)	17,284	6,562
Interest expense	(25)	-72,561	-72,583
<b>EBT</b>		<b>115,003</b>	<b>-503,162</b>
Income taxes	(6)	7,081	92,223
<b>Consolidated net income</b>		<b>122,083</b>	<b>-410,939</b>
attributable to non-controlling interests	(12)	960	-14,022
attributable to equity holders of the parent company		121,123	-396,917
<b>Earnings per share (in EUR)</b>	(26)		
Basic earnings per share		0.69	-2.26
Diluted earnings per share		0.65	-2.26

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	Notes	2024	2023
<b>Net income as shown in the income statement</b>		<b>122,083</b>	<b>-410,939</b>
Other comprehensive income:			
Items that will later be classified as expense:			
Currency conversion differences of foreign subsidiaries	(13)	14,684	81,940
Change in hedge reserve		-249	1,693
Deferred taxes	(6)	4	-4
Other comprehensive income		14,439	83,629
<b>Total comprehensive income</b>		<b>136,523</b>	<b>-327,309</b>
attributable to equity holders of the parent company		135,570	-313,727
attributable to non-controlling interests		952	-13,583

## CONSOLIDATED CASH FLOW STATEMENT

in TEUR	Notes	2024	2023
Consolidated net income		122,083	-410,939
Net interest income / expense through profit and loss	(25)	55,277	66,021
Current income taxes through profit and loss	(6)	36,286	27,223
Depreciation	(2, 3, 4)	12,737	11,835
Other financial Income	(25)	-3,327	16,008
Cashflow from companies accounted for at equity	(25)	-1,642	-2,353
Fair value changes in investment properties and valuation of properties held as inventory	(22)	114,585	705,243
Gains / losses from the disposal of investment properties	(1, 19)	578	-3,501
Gains from the disposal of tangible and intangible assets		10	-171
Impairments accounts receivables	(18, 20)	5,689	6,685
Changes to deferred taxes	(6)	-43,367	-119,446
Changes in provisions	(14, 15)	-21,287	20,025
Interest received		16,669	5,078
Interest paid		-60,087	-59,436
Income tax payments and refunds		-50,307	-21,271
Changes in receivables and other assets		44,049	75,349
Changes in payables and other liabilities		-85,922	-24,411
<b>Cash flow from operating activities</b>		<b>142,026</b>	<b>291,939</b>
Payments received from the disposal of investment properties (less selling costs)	(1, 19)	133,215	257,306
Payments made for investments in investment properties	(1)	-206,924	-150,156
Payments received from other financial assets	(5)	666	1,118
Payments received from the disposal of intangible assets and property, plant and equipment	(2, 3)	589	16,784
Payments made for investments in intangible assets and property, plant and equipment	(2, 3)	-11,540	-7,161
<b>Cash flow from investing activities</b>		<b>-83,994</b>	<b>117,891</b>
Purchase of treasury shares	(13)	-1,514	0
Proceeds from the issuance of treasury shares	(12)	352	419
Payments made for the repayment of corporate bonds and other loans	(13)	-185,512	-613,159
Proceeds from the issuance of corporate bonds and other loans	(13)	542,769	330,952
Distribution to minority investors	(13)	-1,090	-6,098
Proceeds from new bank loans	(13)	383,465	456,343
Repayment of bank loans	(13)	-316,474	-689,079
Repayment of lease liabilities	(13)	-7,913	-8,783

<b>Cash flow from financing activities</b>		<b>414,083</b>	<b>-529,405</b>
Net change in cash and cash equivalents		472,115	-119,575
Cash and cash equivalents at the beginning of the period		127,398	238,690
Foreign currency exchange effects		1,370	8,283
<b>Cash and cash equivalents at the end of the period</b>		<b>600,883</b>	<b>127,398</b>



## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

in TEUR	Attributable to owners of the parent							Non-controlling interest	Total equity
	Subscribed Capital	Share premium	Other reserves			Retained earnings	Total		
			Retained earnings	Foreign currency translation	Hedge reserve				
<b>Amount on 01/01/2024</b>	175,483	683,175	1,035	57,821	200	1,967,456	2,885,168	79,325	2,964,493
Consolidated net income	0	0	0	0	0	121,123	121,123	960	122,083
Change of period	0	0	0	19,418	753	0	20,171	-8	20,163
Reclassification in profit and loss	0	0	0	-4,771	-952	0	-5,723	0	-5,723
Other comprehensive income	0	0	0	14,647	-200	0	14,447	-8	14,439
<b>Comprehensive income</b>	0	0	0	14,647	-200	121,123	135,570	952	136,523
Purchase of treasury shares	-100	-1,414	0	0	0	0	-1,514	0	-1,514
Cost related to purchase of treasury shares	0	0	0	0	0	0	0	0	0
Issuance of treasury shares	0	0	0	0	0	0	0	0	0
Issuance of new shares	21	331	0	0	0	0	352	0	352
Dividends paid	0	0	0	0	0	0	0	0	0
<b>Amount on 12/31/2024</b>	175,405	682,091	1,035	72,468	0	2,088,578	3,019,576	80,277	3,099,853
<b>Amount on 01/01/2023</b>	175,442	682,797	1,035	-24,003	-1,166	2,364,372	3,198,476	109,263	3,307,739
Consolidated net income	0	0	0	0	0	-396,917	-396,917	-14,022	410,939
Other comprehensive income	0	0	0	81,824	1,366	0	83,191	439	83,629
<b>Comprehensive income</b>	0	0	0	81,824	1,366	-396,917	-313,727	-13,583	327,309
Dividends paid	41	378	0	0	0	0	419	0	419
Payments to minority shareholders	0	0	0	0	0	0	0	-5,008	-5,008
Change in non-controlling interest	0	0	0	0	0	0	0	-11,347	-11,347
<b>Amount on 12/31/2023</b>	175,483	683,175	1,035	57,821	200	1,967,456	2,885,168	79,325	2,964,493

# NOTES

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of TAG Immobilien AG, Hamburg, as of 31 December 2024 were prepared in accordance with the provisions of the IFRS® Accounting Standards, hereinafter IFRS, as mandatorily applicable in the EU. In addition, the commercial law provisions of Section 315e (1) of the German Commercial Code (HGB) were observed.

TAG Immobilien AG is a property company focused on the residential property sector. It essentially acts as a holding company for the integrated Group and, together with its employees, performs all the main central functions. The real estate of TAG Immobilien AG and its subsidiaries (hereinafter also referred to as "TAG" or "Group") is spread across various regions of Northern and Eastern Germany and North Rhine-Westphalia, and, since the 2020 financial year, also Poland. As of 31 December 2024, TAG managed a total of 82,466 (previous year: 84,682) residential units in Germany. In Poland, TAG had 3,219 (31 December 2023: 2,417) completed residential units in its rental business as of the reporting date. A further 1,061 (31 December 2023: 1,359) rental apartments are under construction. In addition, there are land reserves for the future construction of c. 6,100 (31 December 2023: c. 5,700) further residential units. In the sales business, which also includes joint ventures, c. 3,400 residential units are under construction as of the reporting date (including c. 100 completed and unsold residential units) (31 December 2023: c. 4,300, including c. 500 completed and yet unsold residential units). The land reserve in this business segment includes a further c. 22,000 (31 December 2023: c. 15,600) future residential units.

The Company is registered at the Hamburg District Court under HRB 106718 and has its registered office at Steckelhörn 5, 20457 Hamburg, Germany.

The financial years of the parent company and its consolidated subsidiaries correspond to the calendar year. The annual financial statements of the consolidated companies are based on uniform accounting and valuation methods in accordance with the applicable IFRS. The consolidated financial statements are prepared in EUR, the functional currency of the Group parent. Unless otherwise stated, the amounts are given in thousands of euros (TEUR). Rounding differences may arise from the presentation in TEUR.

The consolidated income statement is prepared in accordance with the total cost method. EBIT is defined as earnings before interest, taxes and other financial results. EBT is defined as earnings before taxes.

The consolidated financial statements and the combined management report of TAG were prepared by the Management Board on 24 March 2025 and, subject to approval by the Supervisory Board, released for publication.

## SCOPE AND PRINCIPLES OF CONSOLIDATION

As of 31 December 2024, a total of 183 (previous year: 183) companies were included in the consolidated financial statements by way of full consolidation. During the reporting period, TAG signed a new joint venture agreement with a financial investor to realise new residential construction projects in Warsaw.

The composition of the fully consolidated companies compared to the previous year has also changed due to two sales, five mergers and seven new formations.

The list of shareholdings is presented in the appendix and is an integral part of the notes to the consolidated financial statements. Companies that make use of the exemption provisions of Section 264 (3) HGB or are exempt under Section 246b HGB are marked accordingly in the list of shareholdings.

The consolidated financial statements include the financial statements of the parent company and the subsidiaries it controls. In particular, control exists in particular if the parent company has

- power over the subsidiary,
- exposure to variable returns from its involvement with the subsidiary,
- and the ability to use its power over the subsidiary to affect the amount of the parent company's returns.

In addition to majority voting rights, control may also be achieved by the practical possibility of exercising significant influence over a company. The companies are included in the consolidated financial statements from the date on which TAG acquires the possibility of control. They are deconsolidated from the date on which the possibility of control ends.

Business combinations as defined in IFRS 3 are accounted for using the acquisition method. Accordingly, the cost of the business combination is allocated to the individually identifiable assets, liabilities and contingent liabilities acquired based on their fair values at the acquisition date. Any remaining difference in assets between the acquisition costs plus non-controlling interests and the net assets is recognised as goodwill; a liability difference is recognised in profit or loss. Incidental acquisition costs are recognised as expenses.

If shares in companies that have already been fully consolidated are acquired or sold (share acquisition or sale without a change of status), the differences between the purchase price and the book value of the acquired or sold net assets are recorded directly in the capital reserve in equity.

The acquisition of property companies that do not constitute a business within the meaning of IFRS 3 is treated as a direct property purchase (asset deal). In this case, the costs of acquiring the property company are allocated to the

individually identifiable assets and liabilities on the basis of their fair values. Accordingly, the acquisition of property companies does not lead to any goodwill.

Income and expenses as well as receivables and liabilities between fully consolidated companies are eliminated. Intercompany gains and losses arising from the provision of goods and services within the Group which have not been realised through performance or sale to third parties are also eliminated.

Shares in Group equity and consolidated net profit/loss which are not attributable to TAG are reported in the consolidated balance sheet and the consolidated income statement under "non-controlling interests". Consolidation entries with an effect on profit or loss are also taken into account in computing the consolidated net profit attributable to non-controlling interests.

If a guaranteed dividend is agreed for a non-cancellable minimum contractual period, the present value of the future payments is recognised as a liability and the non-controlling interests are reduced accordingly.

If the minority interests are granted a right to sell under a compensation offer, the claims are classified as a financial liability and the non-controlling interests are derecognised. If these options are not exercised during the exercise period, the liability is reclassified back to the non-controlling interests in equity.

Associates and joint ventures are accounted for using the equity method. An associate is an entity over which the owner has significant influence. Joint ventures are joint arrangements in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

## **CURRENCY TRANSLATION**

In its consolidated financial statements, TAG applies the concept of functional currency translation. The functional currency of the parent company and the reporting currency in the consolidated financial statements is the euro.

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

Transactions in foreign currencies by the Group companies are translated in accordance with the re-measurement method at the exchange rate prevailing on the date of the transaction into the functional currency. Monetary balance sheet items in foreign currency are translated at the closing rate on the reporting date. Translation differences are recognised in profit or loss. Non-monetary items valued at historical cost are translated at the exchange rate on the date of initial recognition. Non-monetary items that are valued at fair value are translated at the reporting date using the exchange rate that was valid on the date the fair value was determined. Translation differences on non-monetary items are recognised in profit or loss if a gain or loss on the corresponding item is also recognised in profit or loss. Otherwise, they are recognised in other comprehensive income.

The exchange rates for the Polish subsidiaries included in the consolidated financial statements for the 2024 financial year are as follows:

Currency rate (basis: 1 EUR)	Closing rate		Average rate	
	12/31/2024	12/31/2023	01/01 - 12/31/2024	01/01 - 12/31/2023
Polish Złoty	4.2750	4.3395	4.3058	4.5420

## NEW STANDARDS AND INTERPRETATIONS

### First-time application of new standards in the financial year 2024

The following new accounting standards and interpretations were applied for the first time in the IFRS consolidated financial statements for the past financial year:

Standard	Index
Amendments to IAS 1	Classification of liabilities as current or non-current Non-current liabilities with ancillary conditions
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction (amendments to IFRS 16)
Amendments to IAS 7 and IFRS 17	Supplier Finance Arrangements

The amendments to IAS 1 issued by the IASB regarding the classification of liabilities as current or non-current were required to be applied for the first time as of 1 January 2024. For a liability to be classified as non-current, an entity must have the substantive right to defer settlement of the liability for at least twelve months after the reporting date. The liability is classified regardless of the probability that the entity will exercise that right.

With regard to the convertible bond 2020/2026 issued by the Company in the amount of EUR 470m, each investor has the right in principle to exercise their conversion right before the end of the contractual term. The contractual term of the convertible bond ends on 27 August 2026 (maturity date). Whether or not the exercise is probable is of no significance for the classification as current or non-current. It is also immaterial that the Company has the right to decide whether to meet investors' conversion requests by delivering shares and/or by making a cash settlement.

As a result of the application of the amendments to IAS 1, the liabilities from the convertible bond in the amount of EUR 465.2m and from the separately accounted put option in the amount of EUR 1.8m as of 31 December 2024 will be reported under current and not, as previously, under non-current liabilities from convertible bonds and derivative financial instruments. The previous year's presentation has also been adjusted. Among other things, due to the fact that the bond is currently trading well out of the money, the Company does not expect investors to actually exercise conversion rights within the next twelve months.

Due to this change in presentation, non-current liabilities decreased by EUR 466.3m to EUR 3,114.8m compared to the presentation in the consolidated financial statements as of 31 December 2023. As of 31 December 2024, non-current liabilities are EUR 467.0m lower than they would have been without this change in presentation.

The amendments to IFRS 16 clarify the requirements to be applied by a seller-lessee in the subsequent measurement of the lease liability arising from a sale and leaseback transaction. The amendments are intended to ensure that the seller-lessee does not recognise a gain or loss related to the retained right-of-use asset.

The amendments to IAS 7 and IFRS 7 relate in particular to additional disclosure requirements in connection with supplier financing agreements (reverse factoring agreements). In particular, the transparency of such agreements and

their effects on liabilities, cash flows and liquidity risk should be increased. In addition, the amendments include clarifications regarding the characteristics of supplier financing agreements.

The changes to the existing standards IAS 1, IFRS 16, IAS 7 and IFRS 7 had no material impact on the consolidated financial statements, except for the matter relating to IAS 1 described above.

## New standards not yet applied and amendments of existing standards

The following accounting standards newly issued or amended by the IASB up to the date of these financial statements are only to be applied after the balance sheet date, subject to endorsement by the European Union, and were not voluntarily applied early by the Company:

Standard	Content	Effective date
<b>Endorsed by the EU</b>		
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	01/01/2025
<b>EU endorsement pending</b>		
Amendments to IFRS 10 and IAS 28	Amendments regarding transactions between an investor and its associate or joint venture	open
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments / contracts referencing nature-dependent electricity	01/01/2026
Annual Improvements Volume 11 – IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	Clarifications, simplifications, corrections and amendments that affect the consistency of the accounting standards	01/01/2026
IFRS 18	Presentation and disclosure in financial statements	01/01/2027
IFRS 19	Subsidiaries without public accountability: disclosures	01/01/2027

The Company is not planning to apply these new accounting standards early. The standards to be applied as of 1 January 2025 will not have any material impact. The Company is currently reviewing the impact of the amendments to standards (in particular IFRS 18) that will be applicable at a later date.

## RECOGNITION AND VALUATION PRINCIPLES

### Principles

These financial statements are based on the assumption that the Company is a going concern. Valuation is primarily based on amortised cost. Exceptions to this are investment properties, investments, non-current assets held for sale and derivatives, which are each valued at their fair values.

### Investment properties

When they are first recognised, TAG classifies real estate either as investment properties, as inventory properties or as properties used by the owner themselves under property, plant and equipment. Properties held under operating leases with the Group as the lessee are classified and recognised as investment properties.

Those of the Group's properties that are held to generate rental income and/or for the purpose of capital appreciation and that are not used for operational purposes or sold in the ordinary course of business are reported under investment properties. In addition to existing properties, these also include undeveloped land and project developments. Real estate sold in the ordinary course of business is recognised in the inventories, while real estate used by the Group is recognised in property, plant and equipment.

Please refer to the section "Non-current assets held for sale and associated liabilities" for information on investment property that is classified as held for sale in subsequent years after initial recognition.

Investment properties are initially valued at acquisition or production cost, including ancillary costs. Borrowing costs incurred in connection with the acquisition or production of investment properties are capitalised if the relevant conditions are met. In the context of subsequent valuations, investment properties are recognised at their fair values, which reflect market conditions on the reporting date. A gain or loss arising from a change in the fair value is recognised in the income statement. Subsequent costs for the expansion, renovation or modernisation of the property are taken into account if these contribute to an increase in the fair value of the property.

Operating leases for land and buildings in the form of hereditary building rights in which the Group acts as the lessee are classified as financial investments and accounted for as a finance lease. They are reported under investment properties, including the lease liabilities.

Valuation reports are prepared for the investment properties on the reporting dates of 30 June and 31 December of each year.



## Intangible assets and goodwill

Separately acquired intangible assets are valued at acquisition or production cost on initial recognition. The acquisition costs of an intangible asset acquired as part of a corporate acquisition correspond to its fair value at the time of acquisition. Following initial recognition, intangible assets are valued at their acquisition or production costs less accumulated amortisation and accumulated impairment losses.

Intangible assets with a limited useful life are amortised over their expected useful life of generally three to eight years using the straight-line method and tested for possible impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of the financial year, with any resulting changes treated as a change in an estimate. There are no intangible assets with an indefinite useful life.

Impairments of intangible assets are recognised in the income statement under depreciation and amortisation.

Goodwill arises when the cost of the shares of an acquired company exceeds the acquired net assets. The net assets represent the balance of the acquired identifiable assets valued at fair value in accordance with IFRS 3 and the assumed liabilities and contingent liabilities.

Goodwill acquired in a business combination is allocated to each of the cash-generating units (CGU), or groups of CGUs, that are expected to benefit from the synergies of the combination. The CGU is the lowest level at which goodwill is monitored for corporate management purposes.

Goodwill is not subject to scheduled amortisation. An impairment test is carried out at least once a year, or more frequently if there are indications that the goodwill has decreased in value. There is no reversal of impairment losses recognised in prior periods.

The impairment test for goodwill is carried out at the level of the cash-generating unit or group of cash-generating units to which the goodwill is allocated. For this purpose, the recoverable amount is compared with the book value of the cash-generating unit or group of cash-generating units. The recoverable amount is the higher of the value in use and the fair value less costs of disposal. In calculating the value in use, the estimated future cash flows are discounted to their present value. Pre-tax discount rates are used that take into account the current market situation and the specific risks of the respective business area.

At TAG, the lowest level within the Company at which goodwill is monitored for internal management purposes is the business activities in Poland for rental business (Poland Rental CGUs) and for sales (Poland Sales CGUs). Impairment tests were accordingly performed at the levels of the Poland Rental CGUs and the Poland Sales CGUs. If the book value of the assets attributable to the respective CGU is higher than the realisable amount, the goodwill is initially written down by the difference. Any further impairment requirement is distributed among the other assets attributed to the CGU in proportion to their book values, whereby the respective fair value less selling costs may not be undercut.

## Property, plant and equipment

Property, plant and equipment is recognised at acquisition or production cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method based on estimated useful lives of generally three to 13 years (office furniture and equipment) and 30 to 50 years (real estate used by the Group). The depreciation methods and useful lives are reviewed at the end of each financial year and adjusted if necessary.

The book values of tangible assets are reviewed for impairment as soon as there are indications that the book value exceeds the realisable amount. In the case of real estate, impairment is determined on the basis of valuation reports from external experts, which are prepared using the discounted cash flow method. Impairments on tangible assets are recognised in the income statement under amortisation and depreciation of intangible and tangible assets.

## Leases

Contractual arrangements transferring control over an identifiable asset (the leased item) for a certain period of time in return for a consideration are classified as leases.

TAG acts as a lessor in its rental business. The Group has classified these leases as operating leases. Significant risks and rewards incident to ownership of the real estate are not transferred, and the Group continues to recognise the real estate. This also applies to subleases classified as operating leases in the context of the rental business for real estate held under hereditary building rights. Rental income is recognised on a straight-line basis over the term of a lease.

As a lessee, TAG primarily has leases for business premises, vehicles, and operating and office equipment in which economic ownership remains with the lessor. For these leases, the rights to use the underlying assets are recognised in the balance sheet. At the same time, a corresponding lease liability is recognised in the amount of the present value of all relevant lease payments. The right of use is subsequently depreciated over the period of use, and impairments are taken into account if necessary. The liability is adjusted using the effective interest method.

For short-term leases with a term of less than twelve months, use is made of the practical expedients and the payments are recognised directly as an expense in the income statement. For room rental contracts and vehicle leasing contracts that include both leasing and non-leasing components, the option of suspension of these components is utilised. When determining the contract durations, extension or termination options are taken into account if their exercise or non-exercise is sufficiently certain.

Further information on leases can be found in the following sections:

- Section 1. Investment property
- Section 3. Property, plant and equipment
- Section 4. Rights of use
- Section 13. Financial liabilities
- Section 17. Other current liabilities
- Section 19. Sales revenue
- Section 24. Other operating expenses

## Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed, jointly exercised control of an arrangement.

The results, assets and liabilities of joint ventures are included in these financial statements using the equity method. Under the equity method, interests in joint ventures are recognised in the consolidated balance sheet at cost, adjusted for changes in TAG's share of profit or loss and other comprehensive income of the joint venture.

## Financial assets

### a. Classification

Financial assets within the scope of IFRS 9 are classified by the business model in which the respective asset is held and the characteristics of their cash flows as

- measured at amortised cost (AmC),
- measured at fair value with changes in value in profit or loss (FVTPL: fair value through profit and loss)
- measured at fair value with changes in value in other comprehensive income (FVTOCI: fair value through other comprehensive income)

The Group determines the classification of its financial assets upon initial recognition. Reclassification is only permitted if there is a change in the business model.

Debt instruments held by TAG are valued at amortised cost if the Company intends to hold the instruments and realise the specified cash flows, which may only include interest and principal payments. At TAG, this applies to trade receivables, other current assets and cash and cash equivalents.

On initial recognition, the Group can irrevocably decide to designate financial assets that otherwise meet the conditions for measurement at amortised cost at FVTPL if this leads to the elimination or significant reduction of accounting mismatches that would otherwise occur. TAG has not exercised this option.

Equity instruments that are not held for trading are generally classified as FVTPL. Alternatively, at the time of initial recognition, there is a case-by-case, irrevocable option to designate these instruments as FVTOCI. In this case, cumulative changes in fair value remain permanently in equity and are not reclassified to the income statement. TAG has not exercised this option either. At TAG, this relates to minority interests in unlisted property companies and funds recognised as other financial assets for which there is no specific intention to sell. Changes in value, including dividends from these instruments, are also recognised in income from investments.

Derivative financial instruments are measured at FVTPL. The fair values are determined on the basis of established valuation models, taking into account observable market data. Changes in the fair value of these derivatives are recognised in the income statement.

**b. Initial recognition**

Trade receivables are recognised from the time they arise. All other financial assets and liabilities are initially recognised on the trade date when the Company becomes a party to the contractual provisions of the instrument.

The initial recognition of a financial asset is generally at fair value. If it is categorised as AmC or FVTOCI, transaction costs are also taken into account. By contrast, trade receivables without a significant financing component are initially recognised at their transaction price.

**c. Derecognition**

A financial asset is written off when the contractual rights to the cash flows from the financial asset no longer exist or when these rights, together with all material opportunities and risks, have been transferred.

**a. Impairments**

The Group recognises impairments for expected credit losses on financial assets measured at amortised cost.

The group generally measures these impairments at an amount equal to lifetime expected credit losses. However, impairments are measured at an amount equal to 12-month expected credit losses if credit risk has not increased significantly since initial recognition.

Lifetime expected credit losses are expected credit losses resulting from all possible default events during the expected life of the financial instrument. 12-month expected credit losses are the portion of expected credit losses resulting from default events possible within twelve months (or the shorter life of the instrument) after the reporting date. Impairments of trade receivables always equal the expected credit loss over their respective term.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group takes into account reasonable and supportable information that is relevant and available without undue time or cost commitment. This includes both quantitative and qualitative information and analyses based on the Group's past experience and well-founded estimates, including forward-looking information.

**Properties held as inventories and other inventories**

Properties held in inventories include properties that are intended for sale in the ordinary course of business or in the context of a construction or development process for such a sale at the time of acquisition. If the intention to sell is abandoned and the conditions for investment properties are met, the properties are reclassified as investment properties.

Properties held in inventories and other inventories are valued at the lower of cost or net realisable value. The production costs include the costs directly attributable to the property development process. Borrowing costs incurred in connection with the acquisition or construction of land are capitalised if the conditions for this are met. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## **Income tax refund claims and liabilities as well as deferred income taxes**

Tax refund claims and tax liabilities are valued at the amount expected to be refunded by or paid to the tax authorities.

Deferred taxes are recognised using the balance sheet liability method for all temporary differences between the carrying amount of an asset or liability in the balance sheet and the respective tax base as of the reporting date. An exception to this is goodwill arising from a business acquisition.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that these can be offset against future taxable income. Deferred tax assets and liabilities are netted against each other if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and these relate to income taxes levied by the same tax authority on the same taxable entity.

The valuation of actual and deferred tax assets or liabilities is carried out by applying the tax rates and tax laws that, according to the information available on the reporting date, will probably be valid in the period in which a claim is realised or a debt is repaid.

## **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and bank deposits with an original maturity of less than three months at the time of acquisition.

## **Non-current assets held for sale and related liabilities**

Investment properties are classified as held for sale if TAG decides to sell the real estate concerned, if it can be sold immediately and if it is likely that the sale can be completed within a year from this point in time. As before, valuation is based on the fair value.

Other non-current assets or groups of assets to be sold are classified as held for sale if the associated book value is to be realised primarily by a sales transaction rather than by continued use, the asset is available for immediate sale and the sale is assumed to be highly probable. Valuation is at the lower of the previous book value and the fair value less selling costs.

If the assessment of the saleability of these assets changes at a later date, they are reclassified as non-current assets.

The non-current assets held for sale and the associated liabilities are shown separately in the balance sheet.

## Differentiation of equity capital

Debt and equity instruments are classified as financial liabilities or equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the amount of issue proceeds collected, net of direct issue costs.

Issuing costs are costs that would not have been incurred if the equity instrument had not been issued. Such costs of an equity transaction (e.g. costs incurred in the context of capital increases) are recognised as a deduction from equity, net of any related income tax benefits, and are offset against the capital reserve in the balance sheet with no effect on profit or loss.

The convertible bonds issued by TAG do not include any equity component on the balance sheet due to a cash settlement option on the part of TAG. Instead, the conversion right existing alongside the underlying instrument is reported separately as an embedded derivative as a financial liability valued at fair value through profit or loss.

## Hedging instruments (cash flow hedge accounting)

All derivative financial instruments are initially recognised on their trading day and valued at fair value. The portion of the change in the fair value of derivatives that is suitable for cash flow hedges of variable-interest loans and has been designated as such is recorded in equity in a hedge accounting reserve, taking into account the effects of deferred income taxes. The subject of the hedge is the variable interest on loans taken out. The gain or loss attributable to the ineffective portion is recognised in the income statement. Effectiveness is measured using the hypothetical derivative method.

The accounting treatment of a (forecast) hedge relationship ends when the Group dissolves the hedge relationship, the hedging instrument expires, is sold, terminated or exercised, or is no longer suitable for hedging purposes. The total profit or loss recorded in equity at this point remains in equity and is only recognised in profit or loss when the hedged (expected) transaction is also reflected in the income statement. If the expected transaction is no longer expected to occur, the total profit or loss recorded in equity is immediately transferred to the income statement.

## Financial liabilities

Financial liabilities within the meaning of IFRS 9 are measured at amortised cost (AmC) or at fair value through profit or loss (FVTPL). Classification as FVTPL applies to financial liabilities held for trading purposes, derivatives and in the event of opting as FVTPL. At TAG, only derivative financial instruments are assigned to this category. All other financial liabilities are classified as AmC and, after initial recognition, are valued at amortised cost using the effective interest method.

A financial liability is initially recognised at fair value on the trade date. If classified as AmC, transaction costs are also taken into account. Financial liabilities are derecognised when the obligations underlying this liability have been fulfilled, cancelled or have expired. They are also derecognised and replaced by a new liability if the contractually defined cash flows change significantly as a result of a modification of the liability.

In the case of compound financial instruments, an embedded derivative is to be separated from its host contract if its economic characteristics and risks are not closely related to those of the host contract, if a comparable stand-alone instrument would meet the definition of a derivative, and if the compound instrument is not carried at fair value with changes in fair value recognised in profit or loss. If an embedded derivative is separated, the components are accounted for and valued separately in accordance with the relevant regulations.

## Retirement benefit provisions

In the past, the Group had more extensive defined benefit plans for former members of the Management Board and employees and their family members at individual subsidiaries. These currently exist only for a few employees. The defined benefit obligations are calculated annually by a recognised actuary using the projected unit credit method.

The amount to be recognised as a liability is the sum of the present values of the defined benefit obligations. A non-offsettable claim for reimbursement is shown under other assets. Additions and reversals are netted in the consolidated income statement to the extent that the reimbursement claim changes accordingly. Any further effects are shown in net interest income.

## Other provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation, despite uncertainties regarding the amount or timing. The valuation of other provisions is based on the amount that would reasonably have to be paid to settle the obligation on the balance-sheet date or, in the event of transfer of the obligation to a third party, at the time of transfer. Provisions with a remaining term of more than one year are discounted if the interest effect is significant.

## Contingent liabilities

Contingent liabilities include possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or where an outflow of resources is not probable or the amount cannot be estimated with sufficient reliability. Contingent liabilities are not recognised in the balance sheet.

## Revenue recognition

In the context of a lease, the Group recognises rental income, which is recorded on a straight-line basis over the term of a lease in accordance with IFRS 16, and income for apportionable operating and ancillary costs, which are recorded in accordance with the principal method under IFRS 15 and realised over the period of performance, which essentially corresponds to the time at which the expenses are recorded. Property taxes and building insurance are not separately identifiable performance obligations that provide tenants with a definable benefit; the agreed consideration is allocated to the other identified contract components.

The allocation of the total remuneration to the individual performance components is generally based on their relative individual selling prices, which essentially correspond to the nominal values of the rent and operating and ancillary costs.

Irrespective of the actual performance period, TAG receives advance payments from its tenants for operating costs. A statement of operating costs is prepared in the following year for the apportionable operating costs and the advance payments received for a billing period, which is usually the same as the calendar year.

In the case of project-related construction services, revenues are recognised over time based on the percentage of completion of the construction project. The estimate of the progress of services is based on the cost-to-cost method according to the ratio of the contract costs incurred to the expected total costs.

Other service revenues are recognised in the period in which the service is rendered.

Revenue from the sale of real estate is recognised when the risks and rewards associated with ownership of the real estate have been transferred to the buyer (transfer of ownership, benefits and obligations of the real estate). When individual residential units are sold in Poland, this transfer of ownership occurs when the completed residential units are handed over to the customers.

Interest income is recognised on a time-proportionate basis that takes into account the remaining claim and the effective interest rate over the remaining term. Dividend income is recognised in the balance sheet on the date on which the right to receive the payment arises.



## Share-based compensation

### i) Management Board

The remuneration system for the Management Board that was in force during the past financial year includes the following variable components:

- "Short-Term Incentive Plan" (STIP), which is based on the development of financial metrics and the achievement of non-financial targets and is intended as an immediately payable cash remuneration, and
- "Long-Term Incentive Plan" (LTIP), which is based on the "Total Shareholder Return" (TSR, as the sum of share price increases plus dividends paid in the respective financial year) and the achievement of non-financial targets in a four-year performance period and is paid in TAG shares.

The STIP has an annual target remuneration of TEUR 150 and a maximum remuneration of TEUR 200.

The LTIP provides for annual target compensation of TEUR 250 and a maximum compensation of TEUR 500. The compensation is paid in the form of TAG shares previously acquired in the market by the Company. The transferred shares are subject to a lock-up period of a further four years.

The multi-year variable compensation (LTIP) is based on the TSR and the achievement of non-financial targets over a four-year period. In this context, TSR performance is assessed on the basis of the performance of TAG stock during the respective performance period on the one hand and relative to the performance of a selected group of competitors (peer group) during this period on the other.

The basis for measuring the share price performance is the volume-weighted average price (VWAP) of the TAG share and the shares of the peer group over a period of two months before the cut-off date of the financial year at the beginning and at the end of the performance period.

The LTIP component of the variable remuneration is measured at fair value, with the valuation date being 1 January of each year. The value was determined by an independent expert on the basis of a Monte Carlo simulation. The corresponding personnel expenses determined are recorded directly as an increase in the capital reserve and distributed on a straight-line basis over the vesting period, which corresponds to the respective financial year.

The current personnel expenses recognised in the income statement for the entitlements acquired in the 2024 financial year under the LTIP amounted to TEUR 0 (previous year: TEUR 0) for the two members of the Management Board together.

Further details on Management Board remuneration can be found in the section "Remuneration system for the Management Board" in the combined management report.

**(ii) Employee participation programme**

For several years, all employees in the TAG Group have been given the opportunity to purchase TAG shares at a discount once a year. These shares were previously acquired by the Company on the market as treasury shares. In the past financial year, the discount granted to employees was 20%, as in the previous year. The basis for assessment in the past financial year was the volume-weighted average price (VWAP) of TAG shares in Xetra trading over a period of two months before the start of the programme. There are certain maximum limits for employees at which shares can be purchased at a discount. After acquisition, the shares cannot be sold or encumbered for a period of three years, unless the employment relationship of the employee in question ends prematurely.

The advantage granted to employees from the discounted purchase of shares is also recognised at fair value. The corresponding personnel expenses of TEUR 70 (previous year: TEUR 84) are recorded in full as an increase in the capital reserve. A total of 22,060 TAG shares were transferred to employees in the past financial year (previous year: 40,590).

## MATERIAL JUDGEMENTS AND ESTIMATES

### Discretionary decisions

In applying the accounting policies, the Management Board has made the following judgements with a material effect on the amounts recognised in the consolidated financial statements:

- With respect to the real estate held by the Group, the Management Board must decide at each reporting date whether it is to be held for rental business over the long term or for capital appreciation as an investment property or for own use or for sale in the ordinary course of business. TAG uses the fair value model in accordance with IAS 40 to value its investment properties; alternatively, the cost model could have been selected. Real estate held as property, plant and equipment is valued at its (amortised) acquisition or production cost, while real estate held as inventories is valued at the lower of acquisition or production cost and net realisable value. The effects of the current macroeconomic conditions, such as the development of interest rates and the inflation rate, as well as ESG criteria, were taken into account in the input parameters for the valuation.
- When determining revenues from rental business, the services billed as operating and ancillary costs must be examined to determine whether the services are being provided as the principal or whether a third-party service is being brokered as an agent. The indicators for this assessment, which are considered in their entirety and do not have to be met cumulatively, are primary responsibility for the performance of the service, potential inventory risk of not being able to charge costs, and pricing power for a service. If the service provision is classified as a principal, there will be an increased revenue recognition and an increased rental business expense in the same amount.
- For the determination of revenue recognition over time in accordance with IFRS 15, it is assumed that the costs incurred appropriately reflect the measurement of progress towards complete satisfaction of the performance obligation.
- When real estate companies are acquired, it is necessary to determine whether this acquisition should be categorised as a business combination as defined by IFRS 3 or whether it should be presented as an acquisition of individual assets and liabilities. Business combinations as defined by IFRS 3 are recognised using the acquisition method. Accordingly, the cost of the business combination is allocated to the individually identifiable assets, liabilities and contingent liabilities acquired based on their fair values at the acquisition date. Any remaining difference in assets between the acquisition costs plus non-controlling interests and the net assets is recognised as goodwill; a liability difference is recognised in profit or loss. Incidental acquisition costs are recognised as expenses. By contrast, the acquisition and disposal of property companies that do not constitute a business operation within the meaning of IFRS 3 are recognised as a direct purchase or sale of real estate (asset deal). In this case, the acquisition costs of the property company are assigned to the individually identifiable assets and liabilities on the basis of their fair values. Accordingly, the acquisition of property companies does not result in a difference.

- The accounting treatment of goodwill requires discretionary decisions to be made when defining groups of cash-generating units and when allocating goodwill to these groups of cash-generating units. In addition, assumptions must be made regarding the future cash flows of the cash-generating unit and the capitalisation rates to be applied for the impairment test of the goodwill.

## Estimates

The Group makes estimates and assumptions concerning the future. The estimates derived from these may, by their very nature, deviate from actual subsequent events. The estimates and assumptions that carry a significant risk in the form of a material adjustment of the book values of assets and liabilities as well as income within the next financial year are discussed below. All significant estimates are regularly reviewed by the Management Board and adjusted prospectively as necessary.

- The market values of the investment properties are based on the findings of the independent experts engaged for this purpose. The valuation is based on the discounted cash flow method by discounting expected future cash surpluses. The resulting gross capital value is converted into a net capital value by deducting transaction costs. The factors material to valuation, such as future rental income, discount rates, future maintenance requirements and transaction costs, are estimated by TAG in conjunction with the expert. The fair value of the investment properties stands at EUR 5,834.4m (previous year: EUR 5,935.3m).
- Estimates of the net realisable value for real estate held in inventories are subject to estimation uncertainty, particularly with regard to the achievable selling prices. As of the reporting date, the book value of this real estate amounted to EUR 611.3m (previous year: EUR 629.6m).
- Impairment testing of goodwill requires an estimate of the recoverable amount of the group of cash-generating units. This is determined using the discounted cash flow method and requires assumptions and estimates regarding the expected future cash surpluses and the discount rates to be applied. Possible deviations from these assumptions may lead to an impairment loss. The book value of the business or company value as of the reporting date was EUR 286.1m (previous year: EUR 281.8m).
- The respective corporate tax planning is of central importance for the assessment of the recoverability of deferred tax assets. These plans are prepared based on various estimates, e.g. with regard to the future development of income and expenses. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that these can be offset against future taxable income. As of the reporting date, the book value of the deferred tax assets amounted to EUR 24.8m (previous year: EUR 24.8m).
- Various assumptions have to be made regarding other provisions, e.g. in relation to the probability and amount of utilisation of provisions for defect rectification, compensation and litigation risks, as well as tax risks. All information available at the time of preparing the balance sheet was taken into account. The amount of other provisions as of the reporting date was EUR 45.7m (previous year: EUR 67.0m).

- To determine sales revenues over time, the progress of services rendered is determined on the basis of the costs incurred. Estimates and assumptions are required to determine the total costs and the expected revenues, which may influence the amount and the distribution of revenues. Revenues from services include revenues over time totalling EUR 15.9m (previous year: EUR 0.0m).

# NOTES ON THE BALANCE SHEET

## 1. INVESTMENT PROPERTIES

The table below sets out the movements in the portfolio of investment properties:

<b>Investment properties in TEUR</b>	<b>2024</b>	<b>2023</b>
<b>Amount on 1 January</b>	<b>5,935,259</b>	<b>6,569,912</b>
Additions from the purchase of properties	86,619	275
Investments in existing properties	79,194	85,866
Investments in project developments	44,250	63,721
Transfers to property, plant and equipment	0	-25
Transfers from inventory	9,145	1,353
Transfers to inventory	-39,943	-41,869
Transfers to assets held for sale	-57,819	-8,264
Transfers from assets held for sale	7	133,397
Disposals	-117,150	-204,724
Change in market value	-114,499	-704,815
Currency conversion	9,301	40,432
<b>Amount on 31 December</b>	<b>5,834,364</b>	<b>5,935,259</b>

The book value includes the fair value of the real estate. Of this, around EUR 155.3m (previous year: around EUR 151.2m) is attributable to heritable building rights that are classified as financial investments and recognised as finance leases. In addition, the value of the capitalised leasing liabilities of EUR 10.2m (previous year: EUR 9.4m) is added to the building rights.

The additions from the purchase of real estate amounting to EUR 86.6m (previous year: EUR 0.3m) mainly relate to properties in Poland that are intended for project development.

The disposals in the previous year include transfers recognised directly in equity to the joint venture investments reported under other financial assets in the amount of TEUR 6,920.

Total investments in the real estate portfolio, including acquisition costs for newly acquired real estate as well as production and modernisation costs, are as follows:

<b>Modernisation costs in TEUR</b>	<b>2024</b>	<b>2023</b>
Investment in investment properties	210,063	149,862
Investment in property held as inventory	241,429	263,744
Investment in assets held for sale	54	293
<b>Total modernisation costs</b>	<b>451,546</b>	<b>413,899</b>

Within the project developments categorised as investment properties, directly attributable borrowing costs of EUR 3.4m (previous year: EUR 1.5m) were capitalised.

Investment properties amounting to EUR 5.3bn (previous year: EUR 5.3bn) serve as collateral for bank liabilities, primarily through property liens and the assignment of rent receivables.

The income statement includes the following material amounts for investment properties:

<b>Investment properties in TEUR</b>	<b>2024</b>	<b>2023</b>
Rental income (actual net rent) <sup>1)</sup>	353,581	343,001
Rental expenses	-73,454	-67,900
<b>Total</b>	<b>280,127</b>	<b>275,101</b>

<sup>1)</sup> thereof TEUR 10,798 in the 2024 financial year from the letting of investment properties held as heritable building rights

In the rental business, the usual notice period of three months applies to rental contracts. There are no further claims to minimum lease payments. Long-term rental contracts with commercial tenants are of subordinate importance.

TAG has its real estate holdings valued by independent experts as of 30 June and 31 December of each financial year. The experts have the appropriate professional qualifications and experience to carry out the valuation. The expert opinions are based on:

- information provided by the Company, e.g. current rents, maintenance and administrative costs or the current vacancy rate, as well as
- the valuer's assumptions, which are based on market data and assessed on the basis of his professional qualifications, e.g. future market rents, standardised maintenance and administrative costs, structural vacancy rates or discount and capitalisation rates.

The information provided to the expert and the assumptions made, 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 (DCF method). In this process, the expected future cash flows of a property are discounted to the valuation date using a market-specific, property-specific discount rate. While the incoming payments generally represent the net rents, the outgoing payments consist in particular of the operating expenses that the owners have to bear.

The underlying detailed planning period is generally ten years. A potential discounted terminal value of the valuation object is forecast for the end of this period. This reflects the most likely price that can be achieved at the end of the detailed planning period. In this process, the discounted cash flows of the tenth year are capitalised as a perpetuity using the so-called exit rate.

The sum of the discounted cash flows and the discounted potential realisable value yields the gross capital value of the valuation property. This value is converted into a net present value by taking into account the transaction costs incurred in an orderly business transaction.

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

The valuation of the investment properties is categorised as a level 3 fair value.

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

Segment	Berlin		Chemnitz		Dresden		Rhine-Ruhr		Erfurt	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Market value (in EUR m)</b>	<b>731.7</b>	<b>778.3</b>	<b>354.6</b>	<b>368.3</b>	<b>476.4</b>	<b>530.6</b>	<b>299.8</b>	<b>316.6</b>	<b>660.7</b>	<b>669.8</b>
Net rent p.a. (in EUR m)	41.6	41.4	28.0	27.6	27.6	28.9	17.4	17.6	40.5	39.8
Vacancy (in %)	2.6	3.4	8.4	8.3	1.3	1.6	2.6	2.4	1.6	1.9
Valuation parameters (average)										
Net rent to market rent (in %)	87	88	95	95	94	95	92	93	94	94
Increase in market rent p. a. (in %)	1.3	1.3	0.7	0.7	1.3	1.3	1.3	1.4	1.3	1.3
Maintenance costs (in EUR / sqm)	11.5	11.1	11.5	10.9	11.7	11.2	11.5	11.0	12.1	11.6
Administration costs (in EUR per unit)	304	289	309	293	313	303	331	319	302	288
Structural vacancy (in %)	3.4	3.5	4.6	4.6	2.7	2.6	1.9	1.8	1.7	1.7
Discount rate (in %)	5.0	4.9	5.2	5.1	4.9	4.8	5.1	5.0	5.0	4.9
Capitalisation rate (in %)	3.8	3.6	4.4	4.4	3.7	3.6	3.7	3.6	3.7	3.7



Segment	Gera		Hamburg		Leipzig		Rostock		Salzgitter	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Market value (in EUR m)</b>	<b>397.0</b>	<b>401.9</b>	<b>514.1</b>	<b>521.2</b>	<b>713.3</b>	<b>741.2</b>	<b>499.0</b>	<b>510.5</b>	<b>503.1</b>	<b>512.3</b>
Net rent p.a. (in EUR m)	35.0	34.0	30.3	29.2	48.8	47.8	29.8	29.9	37.0	36.1
Vacancy (in %)	3.3	3.3	3.3	4.3	7.5	8.6	6.0	5.9	4.6	5.7
Valuation parameters (average)										
Net rent to market rent (in %)	95	95	92	92	92	92	90	92	98	98
Increase in market rent p. a. (in %)	0.8	0.8	1.3	1.3	0.9	0.9	0.9	0.9	0.8	0.8
Maintenance costs (in EUR / sqm)	11.5	11.0	11.5	11.0	11.5	11.0	11.4	10.9	11.5	11.0
Administrative costs (in EUR per unit)	306	292	336	321	306	291	311	297	319	304
Structural vacancy (in %)	4.4	4.4	1.9	1.9	4.3	4.2	3.1	3.1	2.2	2.2
Discount rate (in %)	5.8	5.7	5.2	5.1	5.0	4.9	4.7	4.6	5.2	5.2
Capitalisation rate (in %)	5.0	4.9	3.9	3.8	4.1	4.0	3.8	3.7	4.4	4.3

In addition, TAG's German portfolio includes activities in the form of serviced apartments and commercial real estate with a market value of EUR 16.9m (previous year: EUR 16.6m) that are not directly allocated to the regions.

The valuation parameters shown relate to the respective valuation reports as of 31 December of each year. The valuation as of 31 December is based on tenant lists and vacancies as of 30 September. Value fluctuations up to the respective balance sheet date are taken into account if there are indications of significant deviations.

The assumptions used for the valuation of the properties are made by the independent expert on the basis of his professional experience and are subject to uncertainty. The effects of possible fluctuations in the valuation parameters on the portfolio in Germany are shown in the form of a sensitivity analysis in the following table:

<b>Sensitivity analysis in EUR m</b>	<b>2024</b>	<b>2023</b>
Market value investment properties	5,166	5,368
Change in market value due to change in parameters		
Market rent (+2.0 / -2.0%)	94 / -106	97,8 / -109
Increase in market rent (+0.2 / -0.2%)	330 / -297	451 / -221
Maintenance costs (-10 / +10%)	143 / -144	145 / -144
Administration costs (-10 / +10%)	63 / -63	63 / -63
Structural vacancy (-1,0 / +1,0%)	105 / -100	97 / -93
Discount and capitalisation rate (-1.0 / +1.0 / +2.0%)	1.884 / - 1.079 / -1.782	2.036 / -1.143 / -1.881

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

The portfolio in Poland allocated to investment properties has a total value of EUR 667.9m (previous year: EUR 566.8m). In addition to the completed properties transferred to the rental business with a value of EUR 403.5m (previous year: EUR 295.7m), the portfolio also includes project developments under construction with a value of EUR 31.8m (previous year: EUR 167.3m) and other properties with a value of EUR 232.6m (previous year: EUR 103.8m).

The portfolio properties are also valued using the DCF method. The valuation of project developments in the construction phase is based on the residual value method. In a first step, the fair value of the completed property is determined using the DCF method. In a second step, the costs still required for completion and a standardised project developer profit are deducted from this value. The main valuation parameters and their sensitivities are shown in the following table:

<b>Sensitivity analysis Poland</b>	<b>2024</b>	<b>2023</b>
Market value rental properties and projects under construction (in EUR m)	435	274
Net operational income p.a. (in EUR m)	29	16
Structural vacancy	1,9%-3%	4.2%
Capitalisation rate	5,8%-6,2%	5,5%-6,1%
Change in market value due to change in parameters		
Net operational income (+2.0 / -2.0 %)	8 / -8	5 / -5
Structural vacancy (-1,0 / +1,0 %)	4 / -4	3 / -3
Discount and capitalisation rate (-1.0 / +1.0 / +2.0 %)	81 / -61 / -108	52 / -40 / -59

Properties for future project developments or with an undetermined future use are used at their acquisition costs as fair values for a period of a maximum of twelve months after acquisition. This concerns investment properties worth EUR 80.9m (previous year: EUR 0.0m). Thereafter, a valuation is carried out on the basis of the residual value method for an amount of EUR 61.7m (previous year: EUR 87.1m) and on the basis of the comparative value method for an amount of EUR 89.9m (previous year: EUR 144.5m). In addition, the book value of the Polish investment properties includes advance payments of EUR 0.0m (previous year: EUR 39.4m) made under forward funding contracts, under which ownership is not transferred until a project has been completed.

## 2. INTANGIBLE ASSETS

The development of intangible assets is shown below:

<b>Intangible assets in TEUR</b>			
<b>Acquisition and production costs</b>	<b>Other intangible assets</b>	<b>Goodwill</b>	<b>Total</b>
Amount on 1 January 2022	19,889	261,265	281,154
Additions	1,538	0	1,538
Disposals	-8,562	0	-8,562
Effects from currency conversion	71	20,549	20,620
<b>Amount on 31 December 2023</b>	<b>12,936</b>	<b>281,814</b>	<b>294,750</b>
Additions	1,847	0	1,847
Disposals	-1,131	0	-1,131
Effects from currency conversion	17	4,281	4,298
<b>Amount on 31 December 2024</b>	<b>13,669</b>	<b>286,095</b>	<b>299,764</b>
<b>Accumulated depreciation</b>			
Amount on 1 January 2022	14,980	0	14,980
Additions	2,294	0	2,294
Disposals	-8,504	0	-8,504
Effects from currency conversion	48	0	48
<b>Amount on 31 December 2023</b>	<b>8,818</b>	<b>0</b>	<b>8,818</b>
Additions	2,311	0	2,311
Disposals	-1,074	0	-1,074
Effects from currency conversion	13	0	13
<b>Amount on 31 December 2024</b>	<b>10,068</b>	<b>0</b>	<b>10,068</b>
<b>Book value on 31 December 2023</b>	<b>4,118</b>	<b>281,814</b>	<b>285,932</b>
<b>Book value on 31 December 2024</b>	<b>3,601</b>	<b>286,095</b>	<b>289,696</b>

As of 31 December 2024, goodwill amounted to EUR 286.1m (previous year: EUR 281.8m). The increase compared to the previous year resulted exclusively from exchange rate effects of the Polish złoty.

For the impairment test in accordance with IAS 36.19 to test goodwill for potential impairment, the future cash flows from the business activities for the respective cash-generating units (CGU Poland Rental and CGU Poland Sales) were discounted using a DCF valuation method and the fair values less costs of disposal determined in this way were compared with the book value of the respective cash-generating unit, including goodwill. The detailed planning with a planning horizon of three years approved by the Management Board was used as the basis for determining the future cash flows for the Poland Sales CGU. As in the previous year, the detailed planning period for the Poland Rental CGU was extended to 2030. The reason for the extension beyond the usually applied detailed planning period is that the completion of projects to expand the portfolio of the CGU Poland Rental Business and thus to achieve a steady state

is still planned during this period. The valuation of the CGU at fair value was categorised as a fair value in accordance with level 3 based on the input factors of the valuation technique used.

The following parameters were used to discount the future cash flows of the two CGUs:

<b>DCF parameters as of 12/31/2024</b>	<b>2024</b>	<b>2023</b>
Risk-free interest rate Poland in %	5.8	5.5
Market risk premium Poland in %	5.9	4.7
Unlevered Beta	0.6	0.8
<b>Cost of capital</b>	<b>9.4</b>	<b>9.1</b>
Sustainable planned growth rate in %	2.0	2.0

The change in the market risk premium in Poland compared to the previous year essentially reflects increased yield expectations among Polish market participants. The impairment tests carried out in the fourth quarter did not result in any need for impairment of goodwill.

The goodwill and the fair values compared to the book values of the respective CGUs are as follows:

EUR m	CGU Poland Rental	CGU Poland Sales
Goodwill on 31 December 2024	19.6	266.5
Fair value less cost to sell	672.3	1,216.1
Book value	620.6	837.6
Sensitivity of growth rate from impairment	0.4%	3.2%
Goodwill on 31 December 2023	19.3	262.5
Fair value less cost to sell	592.8	1,093.1
Book value	581.8	737.9
Sensitivity of growth rate from impairment	0.1%	3.1%

The key assumptions for the presentation of future cash flows are the project developments existing at the time of the analysis and those planned in the future, together with the investments attributable to them and the realisable revenues. These values are determined on the basis of the Management Board's estimate of the future project development costs and the realisable sales and rental income.

The assumptions for planning future cash flows for the CGU Poland Rental are based primarily on the residential property portfolio directly attributable to the CGU and intended for rental business. As of the reporting date, around 3,200 rental apartments have already been completed, and a further 1,100 or so rental apartments are under construction and will be completed in the course of 2025. In addition, the completion of a further c. 6,100 residential units within the detailed planning period, i.e. within the following five years, was assumed, so that the total rental housing stock at the end of the detailed planning phase comprises c. 10,000 residential units. In addition, this CGU also includes sales of c. 3,600 residential units in the detailed planning period for strategic reasons.

The assumptions for planning future cash flows for the CGU Poland Sale, including sales from joint ventures, are based on the transfer of c. 1,800 residential units in the 2025 financial year and c. 3,000 to 3,500 residential units in the following years.

The Management Board's expectations regarding the realisable revenues from the sales transaction reflect the selling prices realised and costs incurred in the course of business development to date. Rental income planning is based on internal calculations and insights gained from the rental business from the rental agreements concluded in Poland to date, which, in the opinion of the Management Board, take into account future achievable rents based on key factors such as location and size of the rental properties, cost increases and vacancy trends. In the light of available external information on the development of the still young Polish rental market to date, continuous rental growth is assumed for rental income planning.

### 3. PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment is shown below:

<b>Property, plant and equipment in TEUR</b>			
<b>Acquisition and production costs</b>	<b>Real Estate</b>	<b>Operating and office equipment</b>	<b>Total</b>
<b>Amount on 01/01/2023</b>	<b>13,118</b>	<b>56,246</b>	<b>69,364</b>
Additions	305	5,314	5,619
Disposals	-10,754	-3,685	-14,439
Reclassifications	0	25	25
Effects from currency conversion	146	103	249
<b>Amount on 12/31/2023</b>	<b>2,815</b>	<b>58,003</b>	<b>60,818</b>
Additions	587	9,107	9,694
Disposals	-145	-1,774	-1,919
Reclassifications	106	0	106
Effects from currency conversion	33	61	94
<b>Amount on 12/31/2024</b>	<b>3,396</b>	<b>65,397</b>	<b>68,793</b>
<b>Cumulative depreciation</b>			
	<b>Real Estate</b>	<b>Operating and office equipment</b>	<b>Total</b>
<b>Amount on 01/01/2023</b>	<b>3,197</b>	<b>20,935</b>	<b>24,132</b>
Additions	379	4,985	5,364
Reversal	0	0	0
Disposals	-2,773	-2,827	-5,600
Effects from currency conversion	40	57	97
<b>Amount on 12/31/2023</b>	<b>843</b>	<b>23,150</b>	<b>23,993</b>
Additions	335	5,435	5,770
Reversal	0	0	0
Disposals	-62	-1,590	-1,652
Effects from currency conversion	9	54	63
<b>Amount on 12/31/2024</b>	<b>1,125</b>	<b>27,049</b>	<b>28,174</b>
<b>Book value on 12/31/2023</b>	<b>1,972</b>	<b>34,853</b>	<b>36,825</b>
<b>Book value on 12/31/2024</b>	<b>2,270</b>	<b>38,348</b>	<b>40,619</b>

The real estate reported under property, plant and equipment mainly consists of office buildings used by the Group. The disposal in the previous year related to the self-used property in Hamburg, which has been rented again on a long-term basis.

The remaining properties also serve as collateral for bank liabilities, primarily through liens and the assignment of rent receivables, and include undisclosed reserves as the difference between the book value and the fair value of EUR 1.2m (previous year: EUR 1.2m).

## 4. RIGHT-OF-USE ASSETS

The development of the right-of-use assets is shown below:

<b>Right-of-use assets in TEUR</b>				
<b>Costs of acquisition</b>	<b>Real estate</b>	<b>Transportation</b>	<b>IT equipment</b>	<b>Total</b>
Amount on 01/01/2023	15,618	6,515	793	22,926
Additions	12,831	1,377	446	14,654
Disposals	-168	-1,230	-696	-2,094
Effects from currency translation	418	59	0	477
<b>Amount on 12/31/2023</b>	<b>28,699</b>	<b>6,721</b>	<b>543</b>	<b>35,963</b>
Additions	1,077	1,267	306	2,650
Disposals	-311	-1,438	-60	-1,809
Effects from currency translation	103	13	0	116
<b>Amount on 12/31/2024</b>	<b>29,568</b>	<b>6,563</b>	<b>789</b>	<b>36,920</b>
<b>Cumulative depreciation</b>	<b>Real estate</b>	<b>Transportation</b>	<b>IT equipment</b>	<b>Total</b>
Amount on 01/01/2023	5,566	3,894	764	10,224
Additions	7,212	1,580	121	8,913
Disposals	-168	-1,221	-696	-2,085
Effects from currency translation	70	22	0	92
<b>Amount on 12/31/2023</b>	<b>12,680</b>	<b>4,275</b>	<b>189</b>	<b>17,144</b>
Additions	2,883	1,558	207	4,648
Depreciation	-311	-1,427	-60	-1,798
Effects from currency conversion	24	7	0	31
<b>Amount on 12/31/2024</b>	<b>15,276</b>	<b>4,413</b>	<b>336</b>	<b>20,025</b>
<b>Book value as of 12/31/2023</b>	<b>16,019</b>	<b>2,446</b>	<b>354</b>	<b>18,819</b>
<b>Book value as of 12/31/2024</b>	<b>14,292</b>	<b>2,150</b>	<b>453</b>	<b>16,896</b>

In the area of real estate, the Group primarily leases office and storage space. In some cases, there are extension options that have not yet been included in the relevant contract term. If these options are exercised, additional cash outflows of up to EUR 16.5m (previous year: EUR 13.7m) would have to be taken into account in the valuation of the rights of use and corresponding leasing liabilities. Rental contracts that can be terminated at short notice were not recognised as rights of use. Operating and ancillary costs were not taken into account as variable leasing payments.

Vehicles are generally leased for a period of three to five years, as is individual IT equipment, for which a favourable purchase option is regularly agreed at the end of the term.

The total cash outflows from leases amounted to EUR 5.7m (previous year: EUR 4.4m).



## 5. OTHER FINANCIAL ASSETS AND SHARES IN JOINT VENTURES RECOGNISED AT EQUITY

The other financial assets include, in particular, loans to the Polish joint ventures. In addition, the German minority interests in unlisted real estate companies and closed-end real estate funds are recognised here at fair value. The deposits relate to security deposits for rented office space.

The item is made up as follows:

<b>Other financial assets in TEUR</b>	<b>2024</b>	<b>2023</b>
Investments	33,865	35,139
Investments in associates – at equity	8,264	8,226
Security deposits	571	568
Other	197	219
<b>Total</b>	<b>42,897</b>	<b>44,152</b>

In financial year 2024, TAG sold 50% of the shares in a Polish subsidiary and established another joint venture with a Luxembourg-based financial investor. As a result of the transaction, assets of EUR 62.0m were transferred to the joint venture and recognised in the income from divestments. The resulting profit amounts to EUR 4.2m. A total of eight joint ventures are accounted for at equity as of the reporting date.

The carrying amounts of the shares in the joint ventures and the development as at 31 December 2024 were composed as follows:

<b>Bookvalue of investments accounted for at equity</b>	<b>2024</b>
<b>Amount on 1 January 2024</b>	<b>22,745</b>
Additions	5,076
Disposals	-9,411
Group's share of net profit or loss	1,807
Currency conversion	327
<b>Amount on 31 December 2024</b>	<b>20,544</b>

The condensed balance sheets of the joint ventures as at 31 December 2024 are as follows:

12/31/2024 in TEUR	Inwestycja 2016 Sp. z o.o.	Affane Sp. z o.o.	ZASPA Project Sp. z o.o.	Moj Ursus	Joint Ventures Popowice
Total current assets	36,051	27,667	26,140	35,314	61,423
thereof cash and cash equivalents	3,501	1,859	853	12,767	12,222
Total non-current assets	814	363	96	0	4,974
<b>Total assets</b>	<b>36,865</b>	<b>28,030</b>	<b>26,236</b>	<b>35,314</b>	<b>66,397</b>
Total current liability	13,432	4,193	601	18,830	40,753
thereof current financial liabilities	0	0	0	0	0
Total non-current liabilities	20,778	25,276	22,648	2,849	8,691
thereof non-current financial liabilities	20,778	25,276	22,648	0	8,614
<b>Total liabilities</b>	<b>34,210</b>	<b>29,469</b>	<b>23,249</b>	<b>21,679</b>	<b>49,444</b>
<b>Net assets</b>	<b>2,655</b>	<b>-1,439</b>	<b>2,987</b>	<b>13,635</b>	<b>16,953</b>
share of investment	50%	50%	50%	50%	rd. 65%
TAG-share net asset	1,328	-719	1,494	6,817	10,905

31.12.2023 in TEUR	Inwestycja 2016 Sp. z o.o.	Affane Sp. z o.o.	ZASPA Project Sp. z o.o.	Joint Ventures Popowice
Total current assets	22,504	23,600	26,076	38,868
thereof cash and cash equivalents	12	3	2	8,668
Total non-current assets	636	282	88	4,296
<b>Total assets</b>	<b>23,140</b>	<b>23,882</b>	<b>26,164</b>	<b>43,164</b>
total current liability	494	53	0	10,215
Thereof current financial liabilities	0	0	0	0
Total non-current liabilities	18,836	24,915	26,538	887
thereof non-current financial liabilities	18,722	24,915	26,538	0
<b>Total liabilities</b>	<b>19,330</b>	<b>24,968</b>	<b>26,538</b>	<b>11,102</b>

<b>Net assets</b>	<b>3,810</b>	<b>-1,086</b>	<b>-374</b>	<b>32,062</b>
share of investment	50%	50%	50%	65%
TAG-share net asset	1,905	-543	-187	20,840

The summarised income statement of the main joint ventures is as follows:

<b>2024 in TEUR</b>	<b>Inwestycja 2016 Sp. z o.o.</b>	<b>Affane Sp. z o.o.</b>	<b>ZASPA Project Sp. z o.o.</b>	<b>Mój Ursus</b>	<b>Port Popowice Sp. z o.o.</b>
Revenue from the sale of proerties	0	0	0	64,886	6,018
Expenses from the sale of properites	0	0	0	-55,923	-6,152
Other operating expenses	-924	-572	-217	-44	-1,360
Interest income	83	60	25	277	266
Interest expense	-645	-205	-207	-4	0
Income tax expense or income	272	78	75	-2,771	11
Other positions	0	300	300	12	15
	<b>-1,214</b>	<b>-339</b>	<b>-24</b>	<b>6,433</b>	<b>-1,202</b>

<b>2023 in TEUR</b>	<b>Inwestycja 2016 Sp. z o.o.</b>	<b>Affane Sp. z o.o.</b>	<b>ZASPA Project Sp. z o.o.</b>	<b>Port Popowice Sp. z o.o.</b>
Revenue from the sale of proerties	0	0	0	21,975
Expenses from the sale of properites	0	0	0	-14,680
Other operating expenses	-199	-23	-7	-458
Interest income	23	17	0	187
Interest expense	-867	-1,421	-437	0
Income tax expense or income	200	244	84	-1,334
Other positions	0	145	0	41
	<b>-843</b>	<b>-1,038</b>	<b>-360</b>	<b>5,731</b>

The reconciliation of the summarised financial information presented to the carrying amount of the investments in the joint ventures is as follows:

<b>Development of joint ventures in TEUR</b>	<b>2024</b>
Equity of the joint entures	34,791
TAG share of equity	19,825
Share of losses offset against loans	719
<b>Book value of the investments</b>	<b>20,544</b>

The dividends received from the joint ventures totalled EUR 2.2m in the financial year (previous year: EUR 2.6m).

## 6. CURRENT AND DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred tax assets (+) and liabilities (-) break down as follows:

Deferred income taxes in TEUR	2024		2023		Change
	Active	Passive	Active	Passive	
Unused tax losses (incl. interest carried forward)	54,660	0	33,166	0	21,494
Investment properties without properties held as inventory	6,253	-576,810	8,388	-591,745	12,800
Property, plant and equipment	1,563	-3,576	2,099	-4,265	153
Other financial assets	0	-1,384	390	-1,183	-591
Properties held as inventories	0	-29,666	416	-39,199	9,117
Liabilities	16,717	-4,596	21,073	-6,427	-2,525
Provisions	7,144	-680	6,431	-2,105	2,138
Liabilities from convertible bonds	0	-9,739	0	-11,339	1,600
Derivative financial instruments	642	-102	1,241	-567	-134
<b>Total</b>	<b>86,979</b>	<b>-626,553</b>	<b>73,204</b>	<b>-656,830</b>	<b>44,052</b>
Offset	-62,139	62,139	-48,431	48,431	-
<b>Deferred income taxes in the balance sheet</b>	<b>24,840</b>	<b>-564,414</b>	<b>24,773</b>	<b>-608,399</b>	<b>-</b>
			<b>Change 2024</b>		<b>44,052</b>
			<b>Thereof within equity:</b>		<b>685</b>
			<b>Thereof within income:</b>		<b>43,367</b>

Income taxes recorded in the income statement break down as follows:

Income taxes in TEUR	2024	2023
Current income tax expense	-36,286	-27,223
Deferred income taxes	43,367	119,446
<b>Total</b>	<b>7,081</b>	<b>92,223</b>

The deferred taxes recognised directly in equity mainly include exchange rate differences on valuation differences in the Polish part of the Group.

Of the current taxes, TEUR 9,193 (previous year: TEUR 3,917) are attributable to Germany and TEUR 27,093 (previous year: TEUR 23,305) to Poland. Of the deferred taxes, tax income of TEUR 33,584 (previous year: tax income of TEUR 111,287) is attributable to Germany and tax income of TEUR 9,784 (previous year: TEUR 8,158) to Poland.

In addition to tax expenses for the past financial year of TEUR 7,299 (previous year: TEUR 4,160), current income taxes include a tax expense for previous years in Germany of TEUR 1,894 (previous year: income of TEUR 242). Poland

accounted for tax expenses of TEUR 23,621 (previous year: TEUR 21,771) for the past year. Tax expenses for previous years in Poland amounted to TEUR 3,473 (previous year: TEUR 1,534).

Current income taxes include TEUR 23,071 in taxes paid in Germany (previous year: TEUR 844) and TEUR 29,174 in taxes paid in Poland (previous year: TEUR 19,720).

TEUR 22,558 (previous year: TEUR 115,492) of the overall change in deferred taxes results from the change in temporary differences. Income from the change in deferred taxes on losses carried forward amounts to TEUR 21,494 (previous year: expenses of TEUR -5,141).

The income tax reimbursement claims of TEUR 28,130 (previous year: TEUR 9,490) reported in the consolidated balance sheet mainly include corporate income tax refunds for the years 2022 and 2024. The change compared to the previous year is mainly due to creditable capital gains tax from intragroup profit distributions made in the reporting year. The income tax liabilities include income taxes for the past financial year in the amount of TEUR 3,537 (previous year: TEUR 2,556). The other income tax liabilities relate to income taxes for previous years.

The reconciliation between the expected and the actual tax result is shown below:

<b>Actual net income tax expense in TEUR</b>	<b>2024</b>	<b>2023</b>
Earnings before income taxes (EBT after other taxes)	115,002	-503,162
Expected net tax expense (32.275%)	-37,117	162,395
Reconciled with tax effects from:		
Income and expenses from earlier years	1,173	1,040
Impairment of deferred income taxes and utilisation of previously unrecognised unused tax losses/interest carried forward	33,547	1,127
Tax-free returns and non-deductible expenses	-7,401	-5,678
Effects of trade tax exemption	8,363	-77,375
Net gains/losses from consolidation	8,880	10,889
Others	-364	-176
<b>Actual net income tax expense</b>	<b>7,081</b>	<b>92,223</b>

The tax income from write-downs on deferred taxes and the use of previously unrecognised loss/interest carryforwards is mainly due to the inclusion of TAG Potsdam Immobilien in the income tax group of TAG Immobilien AG. This has resulted in additional recoverability of unused trade tax losses at the level of TAG Immobilien AG.

The effect of the exemption from trade tax results in particular from the so-called "extended reduction" of trade income. Those companies that generate their income solely from the management of their own real estate have the option of deducting this income from their trade income, so that in these cases only the corporate income tax rate plus the solidarity surcharge is effectively applied. The change in the figure compared to the previous year is primarily due to the impairment losses recognised on the investment properties in the previous year.

The differences due to other tax rates primarily relate to TAG's business activities in Poland, with a theoretical tax rate of 19.0%.

The theoretical tax rate (for Germany) is calculated as follows:

<b>Theoretical tax rate in %</b>	<b>2024</b>	<b>2023</b>
Corporate tax	15.000	15.000
Solidarity surcharge	0.825	0.825
Trade tax	16.450	16.450
<b>Total</b>	<b>32.275</b>	<b>32.275</b>

The calculated corporate tax rate is -6.16% (previous year: 18.33%).

Unused tax losses of EUR 126m (previous year: EUR 132m) on corporate income tax and of EUR 197m (previous year: EUR 399m) on municipal trade tax were not included in the calculation of deferred tax assets, as it does not currently appear likely that they will be utilised.

The total amount of unrecognised temporary differences in connection with investments in subsidiaries and associates amounts to EUR 461m (previous year: EUR 389m). The Group does not expect this to result in a charge as there are currently no plans to sell these shares.

On the reporting date, the BEPS Pillar 2 regulations (MinBestRL-UmsG) were transposed into German law (MinStG) and came into force upon publication in the Federal Law Gazette on 27 December 2023. According to Section 101 of the Minimum Tax Act, the provisions of the Minimum Tax Act apply for the first time to financial years beginning after 31 December 2023 and are therefore generally applicable for the reporting year. The Group is therefore subject to the scope of application of the MinStG in the 2024 financial year, as the relevant revenue threshold of EUR 750m for the application of these regulations was reached in at least two of the four financial years immediately preceding the financial year (Section 1 (1) MinStG).

The Group has therefore started a project to assess the impact of a Pillar 2 top-up tax. Based on current estimates, it is not expected that the application of the MinStG for 2024 will result in an additional tax burden, as the Group is expected to operate in countries with an income tax rate above 15% and should therefore not incur a tax liability. On the basis of the available data for the 2024 financial year, it was examined whether a tax liability could arise under the Minimum Tax Act. Based on an indicative analysis, an effective tax rate of at least 15% is achieved in all countries in which the group operates, so that there is no tax increase.

The group is closely monitoring the progress of the legislative process in each country in which it operates and will adapt the existing reporting and compliance processes to allow for future local and centralised determination of the additional tax liability and for the future submission of the minimum tax report and the corresponding tax returns in Germany and abroad.

The group applies the exception permitted under IAS 12, according to which no deferred tax assets or liabilities are to be recognised in connection with the application of the Minimum Tax Act or a foreign Minimum Tax Act.

## 7. INVENTORY PROPERTIES AND OTHER INVENTORIES

The changes in the past financial year are presented below:

Properties held as inventories in TEUR	2024	2023
<b>Amount on 1 January</b>	<b>629,635</b>	<b>714,188</b>
Additions	241,429	263,744
Transferred to investment properties	-9,145	-1,353
Transferred from investment properties	39,943	41,869
Disposals	-298,811	-434,106
Effects from currency translation	8,264	45,293
<b>Amount on 31 December</b>	<b>611,315</b>	<b>629,635</b>

As of the reporting date, the real estate included in the inventories mainly comprises project developments. Of the investments ("additions"), EUR 228.7m (previous year: EUR 252.0m) is attributable to project developments in Poland and EUR 12.8 m (previous year: EUR 11.7m) to a commercial project development in Germany.

The item also includes development projects that will probably only be completed and sold after more than twelve months.

The properties in the inventories include hidden reserves as the difference between the book value and the fair value of EUR 83.2m (previous year: EUR 74.5m).

The disposals include transfers recognised directly in equity to the joint venture investments reported under other financial assets in the amount of TEUR 0 (previous year: TEUR 60,578).

Within the project developments, directly attributable borrowing costs of TEUR 12,710 (previous year: TEUR 9,424) were capitalised.

The other inventories mainly include heating material.

## 8. TRADE RECEIVABLES

Trade receivables break down as follows:

Trade receivables in TEUR	2024	2023
Rent receivables	24,463	28,568
Receivables from the sale of properties	4,119	5,380
Receivables from re-charge of ancillary costs from apartments sold	961	995
Others	5,846	6,251
<b>Total</b>	<b>35,389</b>	<b>41,195</b>

Receivables from rental business include an item of EUR 13.1m (previous year: EUR 17.3m) from the netting of gross receivables of EUR 194.5m (previous year: EUR 188.8m) for apportionable operating and ancillary costs not yet invoiced with the corresponding advance payments by tenants. Receivables in the amount of TEUR 3,158 (previous year: TEUR 3,117) are attributable to billed operating and ancillary costs.

The allowance for expected credit losses on trade receivables developed as follows:

<b>Individual impairments in TEUR</b>	<b>2024</b>	<b>2023</b>
<b>Amount on 1 January</b>	<b>15,585</b>	<b>12,151</b>
Utilised	-2,731	-2,390
Reversed	-1,899	-1,842
Additions	7,034	7,567
Currency conversion	25	99
<b>Amount on 31 December</b>	<b>18,014</b>	<b>15,585</b>

In the financial year, impairments (valuation allowances and write-offs) on trade receivables due to the poor credit rating of tenants in the amount of TEUR 5,689 (previous year: TEUR 6,685) were recognised in profit or loss.

## 9. OTHER CURRENT ASSETS

Other current assets break down as follows:

<b>Other current assets in TEUR</b>	<b>2024</b>	<b>2023</b>
Funds received from project development business in Poland	52,157	52,720
Advances from project development business in Poland	39,224	21,454
Tax receivables	30,239	6,131
Loans to shareholders with non-controlling interests	4,449	4,449
Rechargeable retirement benefit obligations	3,143	3,089
Excess payments to suppliers	4,912	3,887
Receivables from EWSG/EWPBG legislation	0	6,395
Security services for general contractors	3,267	5,826
Others	6,110	9,155
<b>Total</b>	<b>143,502</b>	<b>113,105</b>

The advance payments received from the project development business are earmarked payments into customer trust accounts for residential units under construction in Poland.

The loans to minority shareholders are fully secured by the pledging of shares in real estate project companies.



The claims under the EWFBG and EWFG in the previous year relate to claims for reimbursement from the Federal Republic of Germany under the Natural Gas Heat Price Brake Act and the Act on Emergency Aid on End Consumers of Gas and Heat Supplies, which were indirectly passed on to TAG's tenants via the operating and utility expense statement.

The tax receivables are primarily input tax receivables from the purchase of properties in Poland.

## 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank balances due within three months of the reporting date and, to a limited extent, cash in hand. For more information on the reconciliation of cash and cash equivalents, please refer to the section "Notes on the cash flow statement".

## 11. NON-CURRENT ASSETS HELD FOR SALE AND RELATED LIABILITIES

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

The following overview shows the development of the item:

<b>Non-current assets held for sale in TEUR</b>	<b>2024</b>	<b>2023</b>
<b>Amount on 1 January</b>	<b>7,524</b>	<b>187,417</b>
Reclassification from investment properties	57,819	8,264
Reclassification to investment properties	-7	-133,397
Investments	54	293
Changes in market value	-86	-428
Sales	-7,487	-54,651
Effects from currency conversion	135	25
<b>Amount on 31 December</b>	<b>57,952</b>	<b>7,524</b>

As in the previous year, purchase agreements had already been concluded for all the properties reported here as of the reporting date, with the transfer of ownership, benefits and associated risks expected in the following financial year. For some properties, sales contracts concluded in the previous year were reversed in the reporting year, with the result that these properties were transferred back to investment properties.

The valuation at fair value of the other properties intended for sale, based on level 3, is based on the valuation by an independent expert. The valuation procedure is described in more detail in the notes on investment properties, as are the main valuation parameters.

## 12. EQUITY

### **SHARE CAPITAL, AUTHORISATION OF THE MANAGEMENT BOARD TO ISSUE OF NEW SHARES (AUTHORISED AND CONTINGENT CAPITAL) AS WELL AS SHARE BUYBACKS**

The fully paid-in share capital of the Company as of 31 December 2024 amounts to EUR 175,489,025.00 (previous year: EUR 175,489,025.00). The share capital is divided into 175,489,025 (previous year: 175,489,025) no-par-value shares with equal voting rights. The shares are issued to bearer.

By resolution of the Annual General Meeting on 16 May 2023, the Management Board was authorised, to increase the Company's share capital by 15 May 2026, with the approval of the Supervisory Board, by a maximum amount of EUR 35,000,000.00 by issuing up to 35,000,000 new no-par-value bearer shares in the company in return for cash and/or contributions in kind on one or more occasions (Authorised Capital 2023). Shareholders' subscription rights may be excluded with the approval of the Supervisory Board. The total pro-rata amount of share capital attributable to the new shares for which subscription rights are excluded may not exceed 10% of the share capital, either at the time the authorisation takes effect or at the time it is exercised. The Authorised Capital 2023 was not utilised either in part or in full during the financial year.

The Company's share capital is conditionally increased by up to EUR 35,000,000.00 through the issue of up to 35,000,000 new bearer shares (Conditional Capital 2023). The conditional capital increase serves to grant shares to the holders of convertible bonds and/or bonds with warrants that are issued by the Company or by a direct or indirect affiliate of the Company in accordance with the authorisations of the Annual General Meetings of 23 May 2018 or 16 May 2023. The new shares shall be issued in each case at the conversion or option price to be determined in accordance with the aforementioned authorising resolutions. The conditional capital increase shall only be carried out to the extent that conversion or option rights are exercised or corresponding obligations are to be fulfilled and to the extent that no other forms of fulfilment are used to service these. The new shares shall participate in profits from the beginning of the financial year in which they arise; notwithstanding the above, the new shares shall participate in profits from the beginning of the financial year preceding the financial year in which they arise if the Annual General Meeting has not yet passed a resolution on the appropriation of the balance sheet profit of the financial year preceding the financial year in which the new shares arise at the time the new shares arise. The Management Board is authorised to determine the further details of the implementation of the conditional capital increase. This authorisation has not yet been exercised.

The Annual General Meeting on 16 May 2023 also renewed the authorisation to acquire treasury shares and decided to authorise the acquisition of treasury shares up to a total of 10% of the share capital existing at the time of the authorisation taking effect or – should this be lower – at the time of the authorisation being exercised, until 15 May 2025. The Company may not use this authorisation for the purpose of trading in its own shares. In addition to the usual, legally prescribed uses, it also includes the authorisation to allocate and transfer the shares to the members of the

Company's Management Board as part of determining their variable remuneration. The Company made use of this authorisation in the 2024 financial year and acquired 100,000 TAG shares via the stock exchange.

On the basis of the above authorisations, the Company acquired a total of 410,000 of its own shares in the financial years 2016, 2018, 2020 and 2024 to service the employee stock option programme and the long-term remuneration of the Management Board. In 2024, the Company transferred 22,060 of these shares to employees under the employee stock option programme (previous year: 40,950 shares). No shares (previous year: no shares) were transferred as part of the long-term Management Board remuneration. As of the reporting date, TAG had a portfolio of 84,424 (previous year: 6,484) treasury shares, which corresponds to 0.05% (previous year: 0.00%) of its share capital. The Company's subscribed capital, reduced by the own shares, was TEUR 175,405 (previous year: TEUR 175,483).

## Reserves

The capital reserve results primarily from the share premium from capital increases (reserve in accordance with Section 272 (2) no. 1 HGB) and from a capital increase from Company funds with a subsequent capital reduction (reserve in accordance with Section 272 (2) no. 4 HGB) from previous years.

The retained earnings relate to the statutory reserve in accordance with the provisions of Section 150 of the German Stock Corporation Act (AktG) and the cumulative effects from the initial application of IFRS 9.

The currency translation reserve includes effects from business operations in Poland.

The hedge accounting reserve includes gains and losses on interest rate hedging instruments (cash flow hedges) after deducting deferred income tax effects and has developed as follows:

Hedge accounting reserve in TEUR	2024	2023
<b>Amount on 1 January</b>	<b>200</b>	<b>-1,166</b>
Unrealised gains and losses	-1,178	-1,645
Reclassified to profit and loss as hedged item affected profit and loss	929	0
Reclassified to profit and loss with cessation of hedge relation	0	3,365
Deferred income tax effect	47	-327
Effects from currency conversion	2	-27
<b>Amount on 31 December</b>	<b>0</b>	<b>200</b>

## Dividend

In a departure from the two previous years, in which the dividend was suspended, the Management Board and Supervisory Board plan to propose a dividend payment of EUR 0.40 per share for the 2024 financial year at the next Annual General Meeting in May 2025. This is based on a future distribution ratio of 40% of FFO I.

## Non-controlling interests

This item relates to interests of non-Group shareholders in the equity and net profit/loss for the year of the subsidiaries included. If these shareholders are entitled to compensation payments in the form of annual guaranteed dividends over a non-cancellable minimum period, these were recognised as other long-term liabilities.

The consolidated net profit attributable to the shareholders of the parent company is calculated as the difference between the consolidated net profit before non-controlling interests and the non-controlling interests as shown in the income statement.

## 13. FINANCIAL LIABILITIES

The development of financial liabilities is as follows:

Financial liabilities in TEUR	01/01/2024	Cashflow from financing activities	Fair value changes	Non-cash changes	Other		12/31/2024
					Interest expense	Interest paid	
Liabilities to banks	2,290,273	66,991	0	482	57,901	-57,343	2,358,303
Liabilities from corporate bonds and other loans	523,864	355,419	0	5,541	25,960	-16,980	893,804
Liabilities from convertible bonds	463,463	0	0	0	5,773	-2,938	466,298
Derivative financial instruments	11,739	0	465	0	0	0	12,204
Lease liabilities	45,332	-7,913	0	7,976	929	0	46,324
Other financial liabilities	4,147	-1,090	0	0	135	0	3,192
<b>Total</b>	<b>3,338,818</b>	<b>413,407</b>	<b>465</b>	<b>13,999</b>	<b>90,698</b>	<b>-77,261</b>	<b>3,780,125</b>

Financial liabilities in TEUR	01/01/2023	Cashflow from financing activities	Fair value changes	Non-cash changes	Other		12/31/2023
					Interest expense	Interest paid	
Liabilities to banks	2,522,039	-232,736	0	-2,820	47,847	-44,057	2,290,273
Liabilities from corporate bonds and other loans	798,617	-282,207	0	3,319	22,600	-18,465	523,864
Liabilities from convertible bonds	460,628	0	0	0	5,773	-2,938	463,463
Derivative financial instruments	4,335	0	7,404	0	0	0	11,739
Lease liabilities	42,115	-8,783	0	11,218	782	0	45,332
Other financial liabilities	5,073	-1,090	0	0	164	0	4,147
<b>Total</b>	<b>3,832,807</b>	<b>-524,816</b>	<b>7,404</b>	<b>11,717</b>	<b>77,166</b>	<b>-65,460</b>	<b>3,338,817</b>

## Liabilities to banks

The liabilities to banks are almost fully secured. In Germany, the collateral provided is mainly property liens and the assignment of rental income; in Poland, it is mainly bank deposits and intra-group guarantees. The banks may only realise this collateral after a material breach of the financing agreement (e.g. violation of financial covenants).

## Liabilities under corporate bonds and other loans

In the past financial year, TAG successfully placed an unsecured corporate bond of EUR 500.0 m. It has a term of 5.5 years with a coupon of 4.25%. In addition, there is another unsecured corporate bond from the 2018 financial year for EUR 125.0m with a coupon of 1.75%, which matures in June 2025.

As of the reporting date, TAG's Polish subsidiaries had issued unsecured corporate bonds in Polish złoty in the amount of PLN 150.0m (previous year: PLN 360.0m) and in euros in the amount of EUR 24.0m (previous year: EUR 24.0m). The variable interest rates as of the reporting date were 8.20% (previous year: 8.2 per cent to 10.7%) for the złoty-denominated bond and 5.47 per cent (previous year: 6.8%) for the euro-denominated bond. In the financial year 2024, a bond of PLN 100.0m was repaid at maturity and another bond of PLN 110.0m was repaid prematurely.

Titel	Volume in m PLN	Outstanding Volume in m PLN	Outstanding Volume in EURm	Maturity	Interest as of Dec. 31 2024
Series PC	150.0	150.0	34.6	12/04/2024	WIBOR 6M + 2,4%
Series AA	24.0	24.0	24.0	06/17/2026	EURIBOR 6M + 2,9%

In Germany, TAG has placed several promissory note loans as part of private placements:

Instrument	Year of issuance	Nominal in EURm	Maturity of tranches	Average interest as of Dec. 31 2024
Promissory notes	2019	43.0	5 to 7 years	1.3%
Promissory notes	2020	77.0	3 to 10 years	2.1%
Promissory notes	2022	84.5	3 to 7 years	4.7%

Since the 2018 financial year, short-term bearer bonds in the amount of usually up to EUR 50.0m have also been issued as a special form of corporate bond with maturities usually of one to six months (so-called 'commercial paper'). As of 31 December 2024, a nominal amount of EUR 0.0m (previous year: EUR 25.0m) is outstanding.

## Convertible bonds

In August 2020, TAG placed a convertible bond 2020/2026 with a nominal value of EUR 470.0m. The convertible bond has a term of six years, is unsecured and bears interest at a coupon of 0.625% p.a. The conversion price as of the reporting date was EUR 31.95. This conversion price will only be adjusted if future dividend payments exceed the value of EUR 0.77 per share.

Due to the first-time application of the amendment to IAS 1, the convertible bonds were recognised under current liabilities, in contrast to the previous year.

## Lease liabilities and other financial liabilities

Other non-current liabilities mainly include obligations from leasing liabilities of TEUR 26,961 (previous year: TEUR 28,506), liabilities from security deposits of TEUR 16,527 (previous year: TEUR 15,852) and from guaranteed dividends to non-controlling shareholders in the amount of TEUR 1,596 (previous year: TEUR 2,551). Within the other current liabilities, the leasing liabilities and guaranteed dividends due within one year are also recognised.

Non-cash changes in lease liabilities mainly relate to additions or disposals of leases to be recognised in the balance sheet.

The undiscounted payment obligations from leasing amount to TEUR 54,550 (previous year: TEUR 49,510) as of the reporting date.

## Derivative financial instruments

The financial instruments recognised under derivative financial liabilities include interest rate swaps, conversion options and purchase price guarantees.

The market values of the interest rate swaps with a positive market value of TEUR 539 (previous year: TEUR 288) and a negative market value of TEUR 1,220 (previous year: TEUR 398) are attributable in full to stand-alone derivatives, the gains and losses of which are recognised in the financial result. In the previous year, a further TEUR 1,368 was attributable to interest rate hedges.

The fair value of the conversion options from convertible bonds amounts to TEUR 1,812 (previous year: TEUR 3,846). The purchase price guarantees for minority interests in subsidiaries have a fair value of TEUR 9,172 (previous year: TEUR 7,495).

## 14. RETIREMENT BENEFIT PROVISIONS

The provisions for pensions correspond to the net debt from defined benefit plans. The development of this item is as follows:

	Liabilities <sup>1)</sup>	Reimbursement claim
<b>Recognised on the face of the balance sheet as of 01/01/2023</b>	<b>4,281</b>	<b>3,112</b>
Expenses from the addition	153	0
Reversal within equity (reimbursement claim)	-16	198
Pension payments	-352	-221
<b>Amount on 12/31/2023</b>	<b>4,066</b>	<b>3,089</b>
Recognised appropriation	163	0
Reimbursement recognised (within equity)	224	281
Pension payments	-341	-227
<b>Amount on 12/31/2024</b>	<b>4,112</b>	<b>3,143</b>

1) The present value of the defined benefit obligation corresponds to the obligation recognised in the balance sheet.

The claim for reimbursement recognised under other current assets relates to claims against a subsidiary acquired in previous years, for which there is a right to pass the costs on to the previous shareholder.

Of the pension provisions, an amount of TEUR 418 (previous year: TEUR 341) is due for payment within one year. For reasons of simplification, these amounts are shown uniformly with the other pension obligations under long-term liabilities.

The change in the financial year essentially includes the compounding effect and actuarial gains or losses. As the corresponding claim for reimbursement develops accordingly for part of the obligation, the effects are essentially recorded net in the income statement. Any further effects are shown in interest expenses or interest income.

The following overview shows the parameters used to calculate the pension provisions:

Retirement benefit provisions	2024	2023
Interest rate in %	3.21	3.94
Pension adjustment in %	2.50	2.50
Retirement age	In accordance with the German Social Code - Book VI	

The 2018 G mortality tables by Klaus Heubeck were used as the biometric basis for calculations.

During the reporting year, the employer's pension insurance contributions to the statutory pension insurance in the amount of TEUR 664.2 (previous year: TEUR 474.5) were recorded as benefits in defined contribution plans.

## 15. OTHER PROVISIONS

Other provisions break down as follows:

Other provisions in TEUR	Amount 01/01/2024	Used	Reversed	Added	Effects from currency conversion	Amount 12/31/2024
Outstanding invoices	54,488	53,435	152	27,776	245	28,922
Damages and litigation risk	2,872	673	87	4,183	27	6,322
Bonus	4,443	3,277	35	3,919	38	5,088
Legal, consulting and auditing costs	786	768	0	886	4	908
Other	4,414	2,731	917	3,642	22	4,430
<b>Total</b>	<b>67,003</b>	<b>60,884</b>	<b>1,191</b>	<b>40,406</b>	<b>336</b>	<b>45,670</b>

Provisions for outstanding invoices primarily relate to invoices not yet received as of the reporting date for ongoing maintenance and modernisation measures, as well as new construction projects in Poland and provisions to energy suppliers, which are expected to be utilised in the short term.

Provisions for damages increased in particular due to a litigation risk from previous years.

## 16. TRADE PAYABLES

Trade payables include net liabilities of EUR 14.6m (previous year: EUR 19.5m) from the offsetting of advance payments by tenants of EUR 197.0m (previous year: EUR 191.4m) against the corresponding receivables for apportionable operating and ancillary costs that have not yet been invoiced. Security deposits retained from subcontractors and liabilities from the project development business in Poland are also included.

## 17. OTHER CURRENT LIABILITIES

This item breaks down as follows:

Other current liabilities in TEUR	2024	2023
Prepayments received from sales	131,799	171,646
Lease liabilities	19,363	16,826
Tenant credit from advance payments	11,644	9,833
Tax liabilities	6,227	11,067
Liabilities under the EWPBG	3,570	0
Liability from acquisition of land in Poland	1,824	7,980
Guaranteed dividend	1,596	1,596
Deferrals and accruals	677	376
Others	2,221	5,687
<b>Total</b>	<b>178,920</b>	<b>225,011</b>



The advance payments received on sales are primarily advance payments from buyers of properties in Poland, which are paid depending on the respective construction progress. The advance payments received will be realised by handing over the completed residential units, primarily within the next twelve months.

The liabilities under the Energy Price Brake Act (EWPBG) result from excessive reimbursements under the Energy Price Brake Act. The tenants were passed on their reimbursements as part of the utility cost statements and the excess amount received is repaid to the Federal Republic of Germany.

## NOTES TO THE INCOME STATEMENT

### 18. RENTAL INCOME

The revenues to be allocated from the segments of rental in Germany and Poland are attributable to the rental income to be recognised in accordance with IFRS 16 and the income for operating and ancillary costs to be recognised in accordance with IFRS 15.

Rental revenues are comprised as follows:

<b>Rental income in TEUR</b>	<b>2024</b>	<b>2023</b>
Net rent	360,160	350,832
Pro rata remuneration of property tax and building insurance	19,378	18,138
<b>Rental income according to IFRS 16</b>	<b>379,538</b>	<b>368,970</b>
External operational and ancillary costs re-charged to tenants	88,705	88,729
Pro rata remuneration of property tax and building insurance	4,773	4,587
<b>Costs re-charged to tenants according to IFRS 15</b>	<b>93,477</b>	<b>93,316</b>
<b>Total</b>	<b>473,015</b>	<b>462,286</b>

Together with the revenues recognised in the income statement under the sales result or service result, the revenues from contracts with customers recognised in accordance with IFRS 15 amount to TEUR 703,447 (previous year: TEUR 960,821).

Rental expenses break down as follows:

<b>Rental expenses incl. impairment losses in TEUR</b>	<b>2024</b>	<b>2023</b>
Maintenance expenses	44,662	39,844
Non-recoverable charges	15,930	14,564
Ancillary costs of vacant real estate	8,160	9,423
<b>Non-rechargeable expenses</b>	<b>68,751</b>	<b>63,830</b>
Rechargeable costs, taxes and insurance	112,855	111,454
<b>Rental expenses</b>	<b>181,607</b>	<b>175,285</b>
Impairment losses on rent receivables	4,824	5,688
<b>Total</b>	<b>186,431</b>	<b>180,972</b>

## 19. NET INCOME FROM SALES

The proceeds from the sale of properties and the associated gains in Germany and Poland are shown below:

Income from sales in TEUR	2024	2023
<b>Germany</b>		
Revenues from the sale of investment properties	110,103	263,505
Expenses on the sale of investment properties	-111,053	-259,805
<b>Net income from the sale of investment properties</b>	<b>-950</b>	<b>3,700</b>
Revenues from the sale of properties held as inventory	0	125
Expenses from the sale of inventories	-2,944	-2,708
<b>Net income from the sale of inventories</b>	<b>-2,944</b>	<b>-2,583</b>
<b>Net income from the sale of real estate Germany</b>	<b>-3,894</b>	<b>1,117</b>
<b>Poland</b>		
Revenues from the sale of investment properties	14,453	7,714
Expenses on the sale of investment properties	-14,081	-7,913
<b>Net income from the sale of investment properties</b>	<b>372</b>	<b>-199</b>
Revenues from the sale of properties held as inventory	372,874	478,114
Expenses from the sale of inventories	-302,171	-404,222
<b>Net income from the sale of inventories</b>	<b>70,703</b>	<b>73,892</b>
<b>Net income from the sale of real estate Poland</b>	<b>71,075</b>	<b>73,692</b>
<b>Total</b>	<b>67,180</b>	<b>74,809</b>

The selling expenses for real estate inventory in Germany are mainly the result of costs incurred in connection with a property already sold in the past, as well as the ongoing expenses for the real estate inventory in the portfolio.

Despite the decline in the number of apartments sold, the sales result in Poland remained at a similarly high level to the previous year. This is due in particular to higher selling prices and, as a result, better-than-expected gross profit margins on the apartments handed over.

In the previous year, the Group generated income of TEUR 3,036 from the sale of the office building used by TAG itself, which was leased back under a long-term lease.

## 20. NET INCOME FROM SERVICES

The income and expenses attributable to service business are spread across the various services provided by the Group as follows:

<b>Income from property services in TEUR</b>	<b>2024</b>	<b>2023</b>
Energy services	49,627	72,361
Construction and project services of Polish activities	23,478	3,883
Facility management	20,445	19,025
Multimedia services	6,073	9,334
Craftsmen services	5,883	6,483
Rechargeable land taxes and building insurance	3,722	3,793
Other	3,310	3,167
<b>Total</b>	<b>112,539</b>	<b>118,046</b>
Impairment losses	-865	-997
Expenditure of property services	-65,458	-84,212
<b>Net income from property services</b>	<b>46,216</b>	<b>32,837</b>

Property taxes and building insurance do not constitute services provided by TAG in accordance with IFRS 15 and are only reported separately to improve insight into the earnings situation. For these contractual components, a proportional allocation of the agreed remuneration is made to the other identified contractual components.

The high revenues from energy management in the previous year resulted mainly from the fluctuating costs associated with the energy crisis. Expenses were equally higher.

The construction and project services in Poland were mainly provided to joint ventures. The item includes revenue from construction services realised over time in the amount of EUR 15.9m. The other revenues relate to services realised at a point in time.

Other expenses incurred in the area of services are reported under the respective items of the income statement (e.g. in personnel expenses).

## 21. OTHER OPERATING INCOME

The table below analyses the main items of other operating income:

<b>Other operating income in TEUR</b>	<b>2024</b>	<b>2023</b>
Capitalised personnel expenses	11,685	12,081
Rental income from interim letting of properties not yet developed	2,418	4,970
Reversal of provisions	1,236	1,587
Derecognition of liabilities	1,034	662
Government grants	724	458

Other prior-period income	130	128
Income from asset disposals	111	390
<b>Total</b>	<b>17,339</b>	<b>20,276</b>

The capitalised personnel expenses include directly attributable costs from the project development activity in Poland. An amount of TEUR 9,730 (previous year: TEUR 10,103) is attributable to the real estate inventory, with the remainder being attributable to the capitalised own services of the real estate portfolio.

## 22. CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES AND PROPERTY HELD AS INVENTORIES

This item includes profits and losses from the ongoing valuation of the investment properties in the portfolio, effects from the valuation of real estate held as inventories and the valuation result of properties held for sale. The breakdown is as follows:

<b>Changes in the fair value in TEUR</b>	<b>2024</b>	<b>2023</b>
Investment properties	-114,499	-704,815
Non-current assets held for sale	-86	-428
<b>Total</b>	<b>-114,585</b>	<b>-705,243</b>

## 23. PERSONNEL EXPENSES

Personnel expenses break down as follows:

<b>Personnel expenses in TEUR</b>	<b>2024</b>	<b>2023</b>
Employees in operations	45,724	44,851
Administration and central functions	24,892	21,017
Caretakers	16,714	15,690
Craftsmen	4,039	4,078
<b>Total</b>	<b>91,369</b>	<b>85,636</b>

## 24. OTHER OPERATING EXPENSES

The table below analyses the main items of other operating expenses:

<b>Other operational expenditures in TEUR</b>	<b>2024</b>	<b>2023</b>
Legal, consulting and auditing costs (incl. IT consulting)	7,856	7,808
IT costs	3,762	2,761
Costs of premises	3,205	2,672
Advertising costs	2,418	2,288
Telephone costs, postage, office supplies	2,394	2,554
Ancillary personnel costs	2,210	1,767
Travelling expenses (incl. vehicle costs)	1,992	1,784
Project start-up costs in Poland	1,721	1,412
Insurance	1,308	1,215
Guaranteed dividends	987	952
Incidental costs of monetary transactions	838	1,022
Contributions and donations	719	676
Expenses Supervisory Board	597	501
Expenses Annual General Meeting	140	145
Investor relations	132	137
Loss from asset disposals	121	218
Other	2,919	2,096
<b>Total</b>	<b>33,318</b>	<b>30,008</b>

In the past financial year, TEUR 74 (previous year: TEUR 53) was recognised for short-term rental contracts not recognised in the balance sheet. The expense for variable lease payments not included in the measurement of lease liabilities amounted to TEUR 652 (previous year: TEUR 611).

## 25. FINANCIAL RESULT

The financial result has the following structure:

<b>Financial result in TEUR</b>	<b>2024</b>	<b>2023</b>
Effect from currency changes through profit and loss	4,088	2,373
Investment income	-762	-18,382
Income from companies accounted for at equity	1,642	2,353
Interest income	17,284	6,562
Interest expense	-72,561	-72,583
<b>Finance income/expense</b>	<b>-50,309</b>	<b>-79,676</b>
Non-cash interest from bonds	3,502	3,222
Premature termination compensation fees and one-offs	2	2,676
Other non-cash items (e.g. derivatives)	-1,517	15,346
<b>Net finance income/expense (cash, without one-time invoice)</b>	<b>-48,322</b>	<b>-58,432</b>

The remaining other financial result primarily includes losses due to changes in the value of freestanding derivatives in the amount of TEUR 1,309 (previous year: TEUR 14,832), expenses from ineffective portions of derivatives in hedging relationships of TEUR 290 (previous year: income of TEUR 50), income from the reversal of hedging relationships of TEUR 249 (previous year: expenses of TEUR 3,364), distributions and dividends received in the amount of TEUR 666 (previous year: TEUR 1,118) and income from changes in the value of investments designated as FVTPL in the amount of TEUR 22 (previous year: expense of TEUR 1,405). The hedging relationships expired during the financial year.

The exchange rate differences recognised in profit or loss result from the translation of foreign currencies as of the balance sheet date. Interest income and interest expenses relate to interest income calculated using the effective interest method on financial assets and liabilities measured at amortised cost.

The other non-cash items in the reconciliation to net financial income primarily include the valuation of derivatives at TEUR 1,350 (previous year: TEUR 18,147) and currency differences of TEUR 4,088 (previous year: TEUR 2,373).

Interest expense breaks down as follows:

<b>Interest expense in TEUR</b>	<b>2024</b>	<b>2023</b>
Interest expense under the effective interest method Financial liabilities recognised at amortised cost	-71,299	-71,522
Other financial expenses	-1,262	-1,061
<b>Total</b>	<b>-72,561</b>	<b>-72,583</b>

The interest income results entirely from financial instruments valued at amortised cost.

## 26. EARNINGS PER SHARE

Earnings per share break down as follows:

<b>Earnings per share</b>	<b>2024</b>	<b>2023</b>
<b>Consolidated net profit (in TEUR)</b>		
Consolidated net profit excluding non-controlling interest	121,123	-396,917
Interest expense on convertible bonds	3,074	8,654
Consolidated net profit excluding non-controlling interest (diluted)	124,197	-388,263
<b>Number of shares (in thousands)</b>		
Weighted number of shares outstanding	175,471	175,444
Effect of conversion on convertible bonds	14,711	14,711
Weighted number of shares (diluted)	190,182	190,154
<b>Earnings per share (in EUR)</b>		
Basic	0.69	-2.26
Diluted	0.65	-2.26

Diluted earnings per share are calculated by adjusting the net profit or loss and the number of shares outstanding for the effects of options and other convertible instruments. The dilutive effect at TAG is mainly due to the "potential shares" from convertible bonds.



## NOTES ON THE CASH FLOW STATEMENT

The cash flow statement shows the cash flows of the financial year, broken down into operating, investing and financing activities. Cash flows from investing and financing activities are presented directly, whereas the operating portion is determined using the indirect method.

The financial resources on which the cash flow statement is based only include freely available means of payment and are as follows in comparison to the liquid funds recognised in the balance sheet:

<b>Cash and cash equivalents in TEUR</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents as reported on the balance sheet	603,459	128,604
Cash at banks subject to drawing restrictions	-2,577	-1,207
<b>Cash and cash equivalents</b>	<b>600,883</b>	<b>127,398</b>

The restricted bank balances relate to temporarily unavailable incoming payments from sales as well as pledged bank balances.

Further information on cash flows and non-cash changes in liabilities from financing activities, including lease liabilities, can be found in the section "13. Financial liabilities".

## NOTES ON SEGMENT REPORTING

TAG manages its German residential real estate portfolio at the regional level and divides its real estate portfolio in the "Rental Germany" 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. As part of its rental activities, TAG provides services in the fields of energy management, craftsmen services and caretaker services. The business activities of these areas are based on the rental of existing properties to TAG customers.

The "Rental Poland" segment includes not only rental activities but also the development of residential properties intended for rental in the future, as well as revenues from services provided in connection with rental. Due to the growing importance of this business activity, it is managed separately from the sales business in Poland. The "Sale Poland" segment comprises the sale of apartments and the development of real estate (new construction) for subsequent sale in Poland. The "Other" segment mainly comprises sales activities in Germany that are carried out as opportunities arise.

Segment reporting is based on internal reporting, which generally (with the exceptions contained in the reconciliation of segment earnings to EBT presented below) corresponds to IFRS accounting. Earnings in the Rental Germany and Rental Poland segments represent the respective segment contribution to FFO I, which together adds up to the Group's FFO I. The result of the Sales Poland segment represents the FFO II contribution of the Polish sales business, while the FFO II contribution of sales activities in Germany is included in "Other". The "Other" segment also includes rental revenue from apportionable operating costs. The reconciliation of segment earnings to EBT is shown at the end of the segment reporting.

The Group does not control assets and liabilities at segment level, which means that segment reporting does not show a breakdown by segment.

Segment report		Rental Germany	Rental Poland	Sales Poland	Other	Total
Segment revenues	2024	430,058	19,320	410,649	222,960	1,082,986
	2023	453,401	12,958	488,347	375,084	1,329,790
Rental income	2024	340,997	19,163	0	112,856	473,016
	2023	339,238	11,594	0	111,454	462,286
Service income	2024	89,061	157	23,322	0	112,539
	2023	114,163	1,364	2,519	0	118,046
Sales income	2024	0	0	387,327	110,103	497,430
	2023	0	0	485,828	263,630	749,458
Segment expenses	2024	-203,715	-7,121	-334,042	-224,854	-769,733

	2023	-225,809	-4,157	-387,766	-373,967	-991,699
Rental expenses	2024	-72,616	-959	0	-112,856	-186,432
	2023	-68,620	-821	0	-111,454	-180,895
Service costs	2024	-50,863	0	-15,460	0	-66,323
	2023	-81,295	-972	-2,943	0	-85,210
Sales costs	2024	0	0	-316,252	-113,998	-430,249
	2023	0	0	-412,135	-262,513	-674,648
Personnel expenses	2024	-62,325	-5,879	-23,165	0	-91,369
	2023	-59,741	-3,426	-22,469	0	-85,636
other income / other costs	2024	-17,911	-283	1,630	0	-16,564
	2023	-16,153	1,062	5,282	0	-9,809
Results from joint ventures	2024	0	0	1,642	0	1,642
	2023	0	0	2,353	0	2,353
Adjustments Sales Result Poland (mostly PPA-Effects) and Germany <sup>1)</sup>	2024	0	0	17,563	2,000	19,563
	2023	0	0	42,146	0	42,146
<b>adjusted EBITDA</b>	2024	<b>226,342</b>	<b>12,199</b>	<b>76,606</b>	<b>-1,894</b>	<b>313,253</b>
	2023	227,592	8,801	100,581	1,117	338,091
financial result (cash)	2024	-42,271	-10,676	4,625	0	-48,322
	2023	-49,180	-10,490	1,238	0	-58,432
taxes paid	2024	-9,193	-209	-15,277	0	-24,679
	2023	-3,917	-27	-18,409	0	-22,353
Guaranteed dividend	2024	-1,090	0	220	0	-870
	2023	-1,090	0	-641	0	-1,731
<b>segment result</b>	2024	<b>173,789</b>	<b>1,313</b>	<b>66,174</b>	<b>-1,894</b>	<b>239,382</b>
	2023	173,405	-1,716	82,769	1,117	255,575

<sup>1)</sup> Valuation gains eliminated in previous years, which have been realised now in cash due to the handovers of the underlying units; included for the first time in the FY 2024; no adjustment of the previous year's figures, effect would have led to a EUR 4.1m higher adjusted EBITDA in the FY 2023

Revenues of TEUR 27,892, were generated between the segments, which have already been eliminated in this segment reporting view.

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

<b>Segment earnings in TEUR</b>	<b>2024</b>	<b>2023</b>
<b>Segment earnings</b>	<b>239,382</b>	<b>255,575</b>
Fair value changes in investment properties and valuation of properties held as inventory	-114,585	-705,243
Depreciation	-12,737	-11,835
Financial result, non-cash items	-3,043	-23,569
Other adjustments (income taxes paid, guaranteed dividend for minority interests)	5,986	-18,090
<b>EBT</b>	<b>115,002</b>	<b>-503,162</b>

# DISCLOSURES ON FINANCIAL INSTRUMENTS

## RISKS FROM FINANCIAL INSTRUMENTS

The Group's business activities expose it to a variety of financial risks. These risks primarily include market, liquidity and credit risks. Based on the guidelines approved by the corporate bodies, risk management is carried out by the central finance department. The counterparty default risk for derivative financial instruments and financial transactions is kept low by selecting financial institutions with high credit ratings.

## CAPITAL RISK MANAGEMENT

The Group manages its capital with the aim of maximising the income from its shareholdings by optimising the debt-to-equity ratio. This ensures that all group companies are able to operate on a going concern basis.

As a joint-stock company, the Company is subject to the minimum capital requirements of the German Stock Corporation Act. In addition, the Group is subject to the usual and industry-specific minimum capital requirements of the banking industry, particularly with regard to the financing of specific real estate properties. These minimum capital requirements are continuously monitored and were met during the financial year, as in the previous year.

Risk management reviews the Group's capital structure on a quarterly basis. In doing so, the costs of capital and the risk associated with each capital class are taken into account. In order to meet the banking industry requirements of external capital requirements, accounting ratios are currently being determined and forecast. These also include property-specific debt service ratios, loan-to-value figures and contractually defined balance sheet and performance ratios.

The equity ratio, including non-controlling interests, was as follows at the end of the year:

<b>Equity ratio in TEUR</b>	<b>2024</b>	<b>2023</b>
Equity	3,099,853	2,964,493
Total assets	7,750,254	7,299,790
<b>Equity ratio in %</b>	<b>40.0</b>	<b>40.6</b>

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of assets and liabilities should be determined using input factors that are as market-oriented as possible. The measurement hierarchy distinguishes between three levels, depending on the availability of the input factors:

- Level 1: quoted prices (unadjusted) in 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 not based on observable market data for the valuation of the asset or liability

If input factors from different levels are used, the fair value is categorised in the lowest hierarchy level. During the reporting period, there were no transfers between the respective hierarchy levels.

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

Fair values of financial instruments in TEUR		2024	2023
<b>Assets</b>			
Other financial assets	Level 2	4,500	4,500
Other financial assets	Level 3	3,764	3,726
Derivatives with no hedging relationship	Level 2	539	287
Derivatives in hedge accounting	Level 2	0	1,368
<b>Liabilities</b>			
Derivatives with no hedging relationship	Level 2	-12,204	-11,739

As in the previous year, the change in the carrying amount of the other financial assets measured at a fair value of level 3 results entirely from changes in the fair value recognised in profit or loss.

The other financial assets mainly include unlisted minority interests in real estate companies and closed-ended real estate funds. The valuation of the investments is based partly on observable market prices (level 2) and partly on Company-specific models, such as customary 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 changes in the value of real estate and, as far as possible, are based on market data. A change in the fair value of the real estate held by the investees would have a proportionate impact on the fair value of the investment. There are currently no specific plans to sell these investments.

Derivative financial instruments are valued on the basis of established valuation models, the main inputs of which are derived from active markets. The purchase price guarantees recognised as derivative financial instruments without a hedging relationship are measured on the basis of a Monte Carlo simulation (mark-to-model valuation) using two correlated stochastic processes. The conversion options from convertible bonds, which are recognised separately as derivatives, are valued on the basis of binominal models.

In addition, the following financial instruments are recognised in the consolidated balance sheet at amortised cost and their carrying amounts do not represent an appropriate approximation of fair value:

Financial instruments in TEUR	Valuation	2024		2023	
		Book value	Fair value	Book value	Fair value
Liabilities to banks	Level 2	2,358,303	2,270,066	2,290,273	2,175,778
Liabilities from corporate bonds and other loans	Level 2	834,331	953,732	441,143	417,754

Liabilities from corporate bonds and other loans	Level 1	59,472	59,440	82,721	83,339
Liabilities from convertible bonds	Level 2	466,298	442,975	463,463	406,973

The fair value of the non-current liabilities is determined by discounting the future cash flows. The discounting is based on a market interest rate for a similar risk with a similar term.

The trade receivables, other current assets and cash and cash equivalents, which are also classified as amortised costs, have short remaining maturities. Their book values as of the reporting date therefore correspond approximately to their fair values. The same applies to the short-term liabilities to banks, trade payables and other short-term liabilities.

## OBJECTIVES OF FINANCIAL RISK MANAGEMENT

The principal risks monitored and managed by the Group's financial risk management include interest and equity price risk, credit risk, financing risk and liquidity risk.

### MARKET RISKS

The Group's activities expose it to financial risks as a result of changes in interest rates. For the most part, long-term bank loans are only taken out at a fixed interest rate; to a small extent, variable-rate loans are taken out. The corporate or convertible bonds and the promissory note loans taken out mainly have fixed interest rates. The financing in Poland is largely at variable interest rates. Overall, variable-rate loans and bonds amount to EUR 184.9m (previous year: EUR 266.8m).

The Group enters into derivative financial instruments to the extent necessary to manage the interest rate risks mentioned above. Interest rate swaps are used to minimise the interest rate risk and interest rate sensitivities when interest rates rise. The Group does not contract or trade in any financial instruments, including derivative financial instruments, for speculative purposes. Payer swaps constitute synthetic fixed-interest agreements in connection with a variable underlying transaction; accordingly, variable interest is exchanged for fixed interest on the basis of agreed nominal amounts. This ensures that the Group is independent of money market developments in the long term and provides planning security for the debt service for the hedged tranches. In total, there are interest rate derivatives with a nominal volume of EUR 239.2m and a book value of EUR -1.2m and with a nominal volume of EUR 23.4m and a book value of EUR 0.5m.

As of 31 December 2023, there were interest rate derivatives in hedging relationships (mainly payer swaps) with a nominal volume of EUR 23.0m and a market value of EUR 1.4m. These served to hedge the floating-rate Polish corporate bonds. The effective change in the market value of these transactions was EUR 1.6m. These hedging relationships expired on 31 December 2024.

Without taking into account interest rate hedging transactions, an interest rate increase of 2.0% would have a negative impact of EUR 20.1m on net interest income (previous year: EUR 18.7m), while a 2.0% decrease in the interest rate would have a positive impact of EUR 23.9m on net interest income (previous year: EUR 9.7m). These effects would have a direct impact on the consolidated result and the consolidated equity, taking income taxes into account.

The derivative financial instruments also include the conversion right from the convertible bond 2020/2026 with a fair value of EUR 1.8m (previous year: EUR 3.8m). In addition, purchase price guarantees to non-controlling shareholders of a subsidiary with a remaining term of one to five years are recognised in the amount of EUR 9.1m (previous year: EUR 7.5m). These derivatives are subject to interest rate risk and equity price risk. If the interest rate were to increase or decrease by 2.0%, the liability under these financial instruments would decrease by a total of EUR 1.1m (previous year: EUR 0.9m) or increase by EUR 1.5m (previous year: EUR 0.8m), while an increase or a decline in the price of TAG stock by 5% would result in a reduction of EUR 0.1m (previous year: EUR 0.4m) or an increase of EUR 0.0m (previous year: EUR 0.3m) in the obligation. Taking deferred tax effects into account, the change would impact on consolidated net profit and consolidated equity in the same amount.

The investments in the Polish companies generally entail a currency risk. A 5% increase in the exchange rate would result in an increase in the currency reserve recognised in equity of EUR 3.8m (previous year: EUR 2.9m), while a 5% decrease would result in a decrease in the currency reserve recognised in equity of EUR 3.8m (previous year: EUR 2.9m).

## CREDIT RISK MANAGEMENT

### Overview

Default risk refers to the risk of a loss for the Group if a contracting party fails to meet its contractual obligations. The financial assets recognised in the consolidated financial statements, less any impairment, represent the Group's maximum default risk, without taking into account any collateral.

The Group only enters into business relationships with creditworthy contractual parties and, if appropriate, by obtaining collateral in order to reduce the risk of a loss resulting from the non-fulfilment of obligations. Available financial information and the Group's own trading records were used to evaluate business partners. The Group's risk exposure is monitored on an ongoing basis.

Trade receivables are due from a large number of customers spread across different geographical areas. Ongoing monitoring of incoming payments is carried out with regard to the financial status of the receivables. Significant additional financial assets are due primarily from customers with good credit ratings.

### Estimation of expected credit losses

At each balance sheet date, TAG assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when an event or a series of events with an adverse effect on the estimated future cash flows of the financial asset has occurred.

The gross carrying amount of a financial asset is written down if the Group does not, after appropriate assessment, expect that all or part of the financial asset will be realisable. Impairments on trade receivables are always measured at the amount of the credit loss expected over the term. The Group uses an impairment matrix to measure the expected losses on trade receivables from rental, which comprise a very large number of small balances.

TAG assesses the receivables according to their maturity profile. Security deposits are also taken into account. The loss rates are calculated on the basis of historical data from the last three years, taking into account changes in external influencing factors, and are regularly reviewed. An average loss rate is also calculated for terminated rental contracts.

The following table contains information on the estimated default risk for rent receivables.

<b>Credit risk 31 December 2024 in EUR m</b>	<b>Loss rate</b>	<b>Gross book value</b>	<b>Impairment</b>
<b>Existing rental contracts</b>			
Rent receivables not yet due	1%	19.7	0.2
≤ 90 Days	49%	2.7	1.1
≤ 180 Days	75%	2.5	1.9
≤ 270 Days	89%	0.6	0.5
> 270 Days	100%	0.2	0.1
Terminated rental contracts	78%	15.7	12.4
<b>Total</b>		<b>41.4</b>	<b>16.2</b>
<b>Credit risk 31 December 2023 in EUR m</b>	<b>Loss rate</b>	<b>Gross book value</b>	<b>Impairment</b>
<b>Existing rental contracts</b>			
Rent receivables not yet due	1.0%	23.1	0.2
≤ 90 Days	34%	3.3	0.9
≤ 180 Days	71%	2.6	1.9
≤ 270 Days	83%	0.8	0.7
> 270 Days	100%	0.2	0.2
Terminated rental contracts	75%	13.3	10.2
<b>Total</b>		<b>43.4</b>	<b>14.1</b>

In Poland, trade receivables amounting to EUR 10.1m (previous year: EUR 12.0m) are shown. The write-downs are recognised for amounts more than 180 days past due and a loss ratio between 57% and 98% (previous year: 89%) or losses of EUR 1.4m (previous year: EUR 1.2m). In total, further write-downs of EUR 1.8m (previous year: EUR 1.4m) have been recognised on trade receivables not related to the German rental business.

The Group derecognises a financial asset when it is definitively assessed as uncollectible. In making this assessment, the Group takes into account, for example, credit reports or information from judicial rent collection proceedings.



## Impairments of trade receivables

The development of the value adjustments on trade receivables is as follows:

<b>Impairments in EUR m</b>	
<b>Balance on 1 January 2023</b>	<b>12.2</b>
Amounts adjusted	-4.1
Net changes over expected term	7.5
<b>Balance on 31 December 2023</b>	<b>15.6</b>
Amounts adjusted	-4.6
Net changes over expected term	7.0
<b>Balance on 31 December 2024</b>	<b>18.0</b>

The gross carrying amount of the receivables decreased by EUR 3.4m in the financial year (previous year: increase of EUR 11.1m). Significant changes in the gross carrying amount of trade receivables regularly occur due to changes in the normal course of business. The decrease in the financial year is mainly due to lower receivables from operating costs to be billed.

Trade receivables with a nominal value of EUR 13.7m as of 31 December 2024 (previous year: EUR 9.9m) are subject to enforcement measures.

## Other current assets/cash and cash equivalents

The assessment of expected credit losses on other current assets and cash and cash equivalents is based on valuation ratios and the classifications of external rating agencies. The expected credit losses are still classified as low.

As of the reporting date, the Group had cash and cash equivalents of EUR 603.5m (previous year: EUR 128.6m). These are deposited with banks and financial institutions that have exclusively investment-grade ratings. Potential impairment losses on cash and cash equivalents are calculated on the basis of expected losses within twelve months and thus reflect the short maturities. The Group assumes that its cash and cash equivalents currently have a very low risk based on the external ratings of the banks and financial institutions. For reasons of materiality, the Group has therefore not recognised any impairment losses.

As of 31 December 2024, the Group held short-term loans granted in the amount of EUR 4.4m (previous year: EUR 4.4m), which are secured by the pledge of shares in real estate project companies. Potential impairments of the loans are calculated on the basis of expected losses within twelve months. TAG assumes that the credit risk on these assets increases significantly if the underlying LTV in the real estate project companies serving as collateral exceeds 85% or if payments are delayed.

## LIQUIDITY RISK

Responsibility for liquidity risk management lies with the Management Board, which has developed an appropriate concept for managing short, medium and long-term financing and liquidity requirements. The Group manages liquidity risks by holding appropriate reserves and credit lines with banks, as well as by constantly monitoring the forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Other financial assets primarily relate to investments with an indefinite term. All other financial assets are due within one year.

The following table shows the contractual undiscounted interest and principal payments of the financial liabilities.

Maturities of financial assets and liabilities in TEUR	Book value	Contractual payments		
		less than 1 year	1–5 years	more than 5 years
<b>31 December 2024</b>				
<b>Primary financial instruments</b>				
Liabilities to banks	2,358,303	396,143	1,393,357	613,016
Liabilities from corporate bonds and other loans	893,804	220,808	266,541	534,046
Liabilities from convertible bonds	466,298	2,938	478,813	0
Lease liabilities	46,324	6,228	15,477	39,073
Other financial liabilities	5,157	3,560	1,596	0
Derivative financial liabilities	12,204	0	10,984	0
<b>Total</b>	<b>3,782,089</b>	<b>629,677</b>	<b>2,166,768</b>	<b>1,186,135</b>
<b>31 December 2023</b>				
<b>Primary financial instruments</b>				
Liabilities to banks	2,290,273	282,707	1,228,417	874,441
Liabilities from corporate bonds and other loans	523,864	122,260	392,611	41,965
Liabilities from convertible bonds	463,463	2,938	478,813	0
Lease liabilities	45,331	16,826	20,102	12,582
Other financial liabilities	4,147	3,744	5,362	3,072
Derivative financial liabilities	11,739	0	11,341	0
<b>Total</b>	<b>3,338,816</b>	<b>428,475</b>	<b>2,136,646</b>	<b>932,060</b>

In principle, the option rights under the 2020/2026 convertible bond can be exercised at any time until the end of their term in August 2026, although TAG has a cash settlement option in the event of a conversion request.

The Group can utilise overdraft facilities. The total amount not yet utilised as of the balance-sheet date stands at EUR 174.8m (previous year: EUR 230.1m). The Group expects that it will be able to meet its liabilities from operating cash flow, the inflow of maturing financial assets and existing credit lines at all times.

## FINANCING RISK

TAG is reliant on being able to obtain debt capital for the refinancing of its operating activities or acquisitions on reasonable terms. Any crisis in the international financial markets could make it substantially more difficult for TAG to obtain debt capital and lead to liquidity problems. Should this result in problems in servicing current loans, lenders could be forced to foreclose on real estate collateral, and such distress sales would result in significant financial disadvantages for TAG. TAG continues to use the current market environment to hedge against this risk by restructuring major loans on a long-term basis.

Within the Group, there are bank liabilities and promissory notes totalling EUR 2,656m (previous year EUR 2,197m), for which the banks have stipulated financial covenants with respect to capital service ratios and equity or debt ratios. Any breach of these financial covenants could result in an early repayment obligation. Similarly, the corporate bonds in Germany and Poland and the convertible bonds are subject to credit terms, non-compliance with which may result in a liquidity risk. In the event of a breach of these loan agreements, these bonds and loans can be cancelled (see also the information in the section "Disclosures in accordance with Section 289a HGB and Section 315a (1) HGB" of the combined management report).

In particular, a DSCR between 1.05 and 2.25, an ICR of 1.8, an LTV of at least 60% to 80% or an equity ratio of at least 25%–30% must be maintained in Germany for bank liabilities of EUR 1,145.7m. In addition, for liabilities in the amount of EUR 1,533m, occupancy rates between 85% and 92% must be maintained as of the reporting date, or agreed vacancy rates must not be exceeded, or minimum rents have been agreed, either in absolute terms or in relation to debt service, as well as debt-equity ratios.

In Poland, the LTV must be at least 60% or 65%, the DSCR at 1.2, the LTV at 60%, the occupancy rate at 70%, and various other debt and hedging ratios must not be exceeded, in particular for bank liabilities of EUR 88.7m. With bank liabilities of EUR 35.1m, a leverage ratio of 1.1 and defined minimum revenues and liquid funds must be maintained at the financing bank. With further liabilities of EUR 60.4m, a leverage ratio of 1.1 for the financed group and an ICR of 2.5–3.0 must be maintained.

Borrower's note loans and bonds with a book value of EUR 204.5m as of the reporting date must have an ICR of 1.8 in Germany and 1.2 in Poland, as well as an LTV of 60% at the end of each year. For further bonds in the amount of EUR 35.2m, the leverage ratio of the financed subgroup in Poland must not exceed 1.1.

The Group expects that the covenants to be complied with on a quarterly to annual basis will be complied with in the twelve-month period following the reporting date.

As in the previous year, all material covenants in loan agreements were complied with as of the reporting date.

## COLLATERAL

The Group holds securities in the form of financial assets (demand deposits and savings accounts) of tenants in the amount of EUR 55.2m (previous year: EUR 53.9m). The contractual provisions stipulate that rent deposits of up to three months' rent be provided.

## OTHER INFORMATION

### OTHER FINANCIAL OBLIGATIONS

Obligations from operating leases are recognised in accordance with the requirements of IFRS 16. In addition, there are financial obligations, in particular from service or licence agreements, of TEUR 4,576 (previous year: TEUR 3,669), of which TEUR 11 (previous year: TEUR 438) will fall due in one to five years. The remaining amount will fall due within one year.

### AUDITOR'S FEE

Deloitte GmbH Wirtschaftsprüfungsgesellschaft has audited the annual and consolidated financial statements of TAG Immobilien AG and the annual financial statements of various German subsidiaries as of 31 December 2024, to the extent that these were mandatory audits. In addition, the auditors reviewed the condensed interim consolidated financial statements and the condensed interim Group management report as of 30 June 2024. In the financial year just ended, the other assurance services comprised the preparation of a comfort letter in connection with capital market transactions and expenses for the audit of the sustainability report. In the previous year, they related to the performance of an audit in accordance with Section 32 of the German Securities Trading Act (WpHG). The other services provided in the previous year comprised various audit-related consulting services.

The fee for the Group auditor totalling TEUR 1,249 (previous year: TEUR 838) calculated for the financial year within the entire Group includes fees (each plus statutory VAT) for

- audit services of TEUR 807 (previous year: TEUR 809 )
- other confirmation services of TEUR 399 (previous year: TEUR 9) and for
- other services of TEUR 43 (previous year: TEUR 21)

Of the final audit services, TEUR 21 (previous year: TEUR 54) are attributable to subsequent invoices for the previous year. No further services were provided by the auditor's network.

## HEADCOUNT

The average number of employees in the Group for the last two financial years is as follows:

<b>Employees</b>	<b>2024</b>	<b>2023</b>
Operational employees	900	913
Caretakers	512	499
Administration and central area	354	329
Craftsmen	83	92
<b>Total</b>	<b>1,849</b>	<b>1,833</b>

## RELATED PARTIES

In addition to the remuneration paid to the Company's governing bodies as described in the following sections, TAG had business relationships with non-consolidated joint ventures in the form of joint venture investments in the financial year. Revenues of EUR 20.9 m (previous year: EUR 1.0 m) were generated from delivery and service relationships with these companies, and receivables of EUR 5.0 m (previous year: EUR 0.2m) were reported. In addition, loans to joint ventures of EUR 33.9 m (previous year: EUR 35.1 m) were reported. These loans have a term until May and December 2028, respectively, and bear interest at a variable rate. The variable interest rate as of 31 December 2024 comprised the Polish 6-month WIBOR of 5.86% and a margin of 4.1%. In the financial year, TAG generated interest income of EUR 3.3m (previous year: EUR 1.7m) from these loans. All transactions were at arm's length.

Apart from the above, there were no further business relationships with related parties in the financial year.

## SUPERVISORY BOARD

The members of the Supervisory Board and their supervisory board mandates and memberships in comparable domestic and foreign control bodies in the past financial year are shown below:

- Mr Olaf Borkers, management consultant, Hamburg (Chairman),
- Mr Eckhard Schultz, business graduate, Starnberg (Deputy Chairman),
- Dr Philipp K. Wagner, lawyer, Berlin, until 28 May 2024
- Prof. Dr Kristin Wellner, university professor, Leipzig
- Ms Gabriela Gryger, management consultant, since 28 May 2024
- Global Parks Poland Sp. z o.o., Warsaw, Poland
- Ms Beate Schulz, member of the legal department, Berlin, employee representative,

Mr Björn Eifler, team leader property management, Chemnitz, employee representative.

Remuneration of the Supervisory Board in the financial year totalled TEUR 434 (previous year: TEUR 306) plus expenses and only includes short-term benefits.

## MANAGEMENT BOARD

The members of the Management Board and their supervisory board mandates and memberships in comparable domestic and foreign controlling bodies in the 2024 financial year are as follows:

- Ms Claudia Hoyer, Chief Real Estate Officer (COO, Co-CEO), Potsdam
- Vantage Development S.A., Wrocław, Poland (Group mandate)
- ROBYG S.A., Warsaw, Poland (Group mandate)
- Mr Martin Thiel, Chief Financial Officer (CFO, Co-CEO), Hamburg
- Vantage Development S.A., Wrocław, Poland (Group mandate)
- ROBYG S.A., Warsaw, Poland (Group mandate)

The remuneration of the Management Board that was paid out in the past financial year is as follows:

<b>Remuneration of the Management Board TEUR</b>	<b>2024</b>	<b>2023</b>
short-term employee benefits	1,038	952
<b>Total</b>	<b>1,038</b>	<b>952</b>

The total remuneration paid to the Management Board and the Supervisory Board amounts to TEUR 1,472, compared to TEUR 1,258 in the previous year.

## **DECLARATION ON THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT**

The declaration of the Management Board and the Supervisory Board regarding the recommendations of the Government Commission on the German Corporate Governance Code required pursuant to Section 161 (1) of the German Stock Corporation Act (AktG) has been submitted and made available to shareholders on the TAG website.

## **SIGNIFICANT EVENTS AFTER THE REPORTING DATE**

On 4 March 2025, TAG placed an unsecured and unsubordinated convertible bond with a total nominal amount of EUR 332m with institutional investors. The convertible bond has a term of six years and bears interest at 0.625% p.a. The initial conversion price is EUR 18.94 per share. The convertible bond was issued at 100% of the nominal amount and, if not converted, will be repaid at maturity at a compounded repayment amount equal to 106.28% of the nominal amount. If a conversion is made at maturity, the effective conversion price based on this compounded repayment amount is EUR 20.13 per share.

There were no other reportable events after the reporting date.

Hamburg, 24 March 2025

**Claudia Hoyer**  
**(COO, Co-CEO)**

**Martin Thiel**  
**(CFO, Co-CEO)**

## LIST OF SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313 (2) OF THE GERMAN COMMERCIAL CODE

Name of company	Registered office	Share in capital %
<b>Parent company</b>		
TAG Immobilien AG	Hamburg	100.0
<b>Fully consolidated companies</b>		
<b>Portfolio Germany</b>		
Bau-Verein zu Hamburg Eigenheim-Immobilien GmbH	Hamburg	100.0
Bau-Verein zu Hamburg Hausverwaltungsgesellschaft mbH	Hamburg	100.0
Bau-Verein zu Hamburg Immobilien GmbH	Hamburg	100.0
Bau-Verein zu Hamburg Wohnungsgesellschaft mbH	Hamburg	100.0
BV Hamburger Wohnimmobilien GmbH	Hamburg	100.0
BVV Bau-Verein zu Hamburg Fonds Verwaltungsgesellschaft mbH	Hamburg	100.0
Energie Wohnen Service GmbH <sup>1)</sup>	Hamburg	100.0
Multimedia Immobilien GmbH	Hamburg	100.0
TAG 1. NRW-Immobilien GmbH	Hamburg	100.0
TAG Beteiligungs- und Immobilienverwaltungs GmbH	Hamburg	100.0
TAG Beteiligungsverwaltungs GmbH	Hamburg	100.0
TAG Brandenburg-Immobilien GmbH	Hamburg	100.0
TAG Chemnitz-Immobilien GmbH	Hamburg	100.0
TAG Finance Holding GmbH	Hamburg	100.0
TAG Gotha Wohnimmobilien GmbH & Co. KG	Hamburg	100.0
TAG Grebensteiner-Immobilien GmbH	Hamburg	100.0
TAG Greifswald-Immobilien GmbH	Hamburg	100.0
TAG Handwerkerservice GmbH	Hamburg	100.0
TAG Immobilien Service GmbH <sup>1)</sup>	Hamburg	100.0
TAG Immobilien Verwaltung GmbH	Hamburg	100.0
TAG Klosterplatz-Immobilien GmbH	Hamburg	100.0
TAG Magdeburg-Immobilien GmbH	Hamburg	100.0
TAG Marzahn-Immobilien GmbH	Hamburg	100.0
TAG Nordimmobilien GmbH	Hamburg	100.0
TAG NRW-Wohnimmobilien & Beteiligungs GmbH	Hamburg	100.0
TAG Portfolio Mecklenburg-Vorpommern GmbH & Co. KG	Hamburg	100.0
TAG Portfolio Sachsen GmbH & Co. KG	Hamburg	100.0



TAG Potsdam-Immobilien GmbH	Hamburg	100.0
TAG Sachsenimmobilien GmbH	Hamburg	100.0
TAG Schwerin-Immobilien GmbH	Hamburg	100.0
TAG SH-Immobilien GmbH	Hamburg	100.0
TAG Spreewaldviertel-Immobilien GmbH	Hamburg	100.0
TAG Stadthaus am Anger GmbH	Hamburg	100.0
TAG Steckelhörn Immobilien GmbH	Hamburg	100.0
TAG TSA Wohnimmobilien GmbH <sup>1)</sup>	Hamburg	100.0
TAG Vogtland-Immobilien GmbH	Hamburg	100.0
TAG Wohnen & Service GmbH	Hamburg	100.0
TAG Wohnen GmbH <sup>1)</sup>	Hamburg	100.0
TAG Wohnungsgesellschaft Mecklenburg-Vorpommern mbH	Hamburg	100.0
TAG Wohnungsgesellschaft Sachsen mbH	Hamburg	100.0
TAG Wolfsburg-Immobilien GmbH	Hamburg	100.0
TAG Zuhause Wohnen GmbH	Hamburg	100.0
URANIA Grundstücksgesellschaft mbH	Hamburg	100.0
VFHG Verwaltungs GmbH	Hamburg	100.0
Zweite Immobilienbeteiligungsgesellschaft BVV Bau-Verein zu Hamburg Fonds GmbH & Co. KG	Hamburg	98.1
TAG Grimma-Immobilien GmbH	Hamburg	94.9
TAG Halle-Immobilien GmbH	Hamburg	94.9
TAG Sachsen-Anhalt Immobilien GmbH	Hamburg	94.9
TAG Bartol Immobilien GmbH	Hamburg	94.8
TAG Certram Immobilien GmbH	Hamburg	94.8
TAG Chemnitz Muldental Immobilien GmbH	Hamburg	94.8
TAG Chemnitz Straubehof Immobilien GmbH	Hamburg	94.8
TAG Chemnitz Zeisigwald Immobilien GmbH	Hamburg	94.8
TAG Cottbus-Immobilien GmbH	Hamburg	94.8
TAG Gotha-Immobilien GmbH	Hamburg	94.8
TAG Havel-Wohnimmobilien GmbH	Hamburg	94.8
TAG Müritz-Immobilien GmbH	Hamburg	94.8
TAG Sivaka Immobilien GmbH	Hamburg	94.8
TAG Wohnungsgesellschaft Berlin-Brandenburg mbH	Hamburg	94.8
TAG Zidal Immobilien GmbH	Hamburg	94.8
TAG Merseburg-Immobilien GmbH	Hamburg	94.0
TAG Portfolio Thüringen GmbH & Co. KG <sup>2)</sup>	Hamburg	94.0
TAG Wohnungsgesellschaft Gera mbH	Hamburg	94.0
TAG Wohnungsgesellschaft Gera-Debschwitz mbH	Hamburg	94.0
TAG Wohnungsgesellschaft Thüringen mbH	Hamburg	94.0
Domus Grundstücksverwaltungsgesellschaft mbH	Hamburg	84.8
Emersion Grundstücksverwaltungsgesellschaft mbH <sup>1)</sup>	Hamburg	84.8
TAG Grasmus Immobilien GmbH	Hamburg	84.8
Colonia Immobilien Verwaltung GmbH	Hamburg	84.2
Colonia Portfolio Berlin GmbH	Hamburg	84.2

Colonia Portfolio Bremen GmbH & Co. KG	Hamburg	84.2
Colonia Portfolio Hamburg GmbH & Co. KG	Hamburg	84.2
Colonia Portfolio Nauen GmbH & Co. KG	Hamburg	84.2
Colonia Portfolio Ost GmbH	Hamburg	84.2
Colonia Wohnen GmbH	Hamburg	84.2
Colonia Wohnen Siebte GmbH	Hamburg	84.2
TAG Colonia-Immobilien AG	Hamburg	84.2
TAG Wohnimmobilien Halle GmbH & Co. KG	Hamburg	84.2
FC REF I GmbH	Grünwald	80.0
<b>Portfolio Poland</b>		
10/165 ROBYG Praga Investment I Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw, Poland	100.0
15/167 ROBYG Praga Investment I Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw, Poland	100.0
<b>9/151 ROBYG Praga Investment I Spółka z ograniczoną odpowiedzialnością Sp. k.</b>	<b>Warsaw, Poland</b>	<b>100.0</b>
Apartamenty przy metrze Sp. z o.o.	Warsaw, Poland	100.0
GK ROBYG Sp. z o.o.	Warsaw, Poland	100.0
GYBOR Sp. z o.o.	Warsaw, Poland	100.0
IGD Silesia Sp. z o.o. in liquidation	Warsaw, Poland	100.0
Jagodno Estates Sp. z o.o.	Warsaw, Poland	100.0
KAJAR Investment Sp. z o.o.	Warsaw, Poland	100.0
Krakowska Project Sp. z o.o.	Warsaw, Poland	100.0
Królewski Park Sp. z o.o.	Warsaw, Poland	100.0
Kuropatwy Park Sp. z o.o.	Warsaw, Poland	100.0
MKO Investment Holding Sp. z o.o.	Warsaw, Poland	100.0
NCHAR Sp. z o.o.	Warsaw, Poland	100.0
OVERKAM 7 QUBE Sp. z o.o.	Warsaw, Poland	100.0
OVERKAM 7 QUBE SPV 12 Sp. z o.o.	Warsaw, Poland	100.0
P-Administracja Sp. z o.o.	Warsaw, Poland	100.0
Przybrzeżna Sp. z o.o.	Warsaw, Poland	100.0
PZT "Transbud Service" Sp. z o.o. in liquidation	Warsaw, Poland	100.0
PZT "Transbud Trading - 3" Sp. z o.o. in liquidation	Sławno, Poland	100.0
PZT "Transbud" S.A.	Warsaw, Poland	100.0
ROBYG 18 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 19 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 21 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 22 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 23 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 24 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 24 Spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw, Poland	100.0
ROBYG 25 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 26 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 27 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 29 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG 30 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Apartamenty Villa Nobile Sp. z o.o.	Warsaw, Poland	100.0

ROBYG Business Park Sp. z o.o.	Warsaw, Poland	100.0
ROBYG City Apartments Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Construction Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Development 1 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Development 1 spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw, Poland	100.0
ROBYG Development 2 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Finance Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Finance spółka z ograniczoną odpowiedzialnością S.K.A.	Warsaw, Poland	100.0
ROBYG Grobla Park Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Jabłoniowa 2 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Jabłoniowa Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Kameralna Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Księgowość Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Marina Tower Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Marketing i Sprzedaż Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Mokotów Investment Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Morenova Sp. z o.o.	Warsaw, Poland	100.0
ROBYG New Era Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Nowy Wrocław 1 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Nowy Wrocław 2 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Ogród Jelonki Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Osiedle Kameralne Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Osiedle Królewskie Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Osiedle Zdrowa 1 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Osiedle Zdrowa Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Osiedle Życzliwe Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Park Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Piątkowo Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Praga Arte Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Praga Investment I Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Prestigious Residence Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Project Management Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Property Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Residence Sp. z o.o. (formerly: ROBYG Construction Poland Sp. z o.o.)	Warsaw, Poland	100.0
ROBYG S.A.	Warsaw, Poland	100.0
ROBYG Słoneczna Morena Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Słoneczna Morena spółka z ograniczoną odpowiedzialnością Sp. k.	Warsaw, Poland	100.0
ROBYG Stacja Nowy Ursus Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Ursynów Sp. z o.o.	Warsaw, Poland	100.0
ROBYG WEGA Development Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Wola Investment 2 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Wola Investment 3 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Wola Investment Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Working Balance Sp. z o.o.	Warsaw, Poland	100.0

ROBYG Young City 1 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Young City 2 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Young City 3 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Zajezdnia Wrzeszcz 2 Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Zajezdnia Wrzeszcz Sp. z o.o.	Warsaw, Poland	100.0
ROBYG Żoliborz Investment Sp. z o.o.	Warsaw, Poland	100.0
Star Property Sp. z o.o. in liquidation	Warsaw, Poland	100.0
TAG Residential Real Estate Sp.z.o.o.	Wrocław, Poland	100.0
TM Investment Holding Sp. z o.o.	Warsaw, Poland	100.0
Vantage Development S.A.	Wrocław, Poland	100.0
VD Rent 11 Sp. z o.o. (vormals: TAG Residential Real Estate Sp.z.o.o. 2)	Wrocław, Poland	100.0
VD Rent 12 Sp. z o.o.	Wrocław, Poland	100.0
VD Rent 13 Sp. z o.o.	Wrocław, Poland	100.0
VD Rent 14 Sp. z o.o.	Wrocław, Poland	100.0
VD Rent 15 Sp. z o.o.	Wrocław, Poland	100.0
VD Rent 16 Sp. z o.o. (vormals: VD sp. z o. o., Mieszkania XX sp. k.)	Wrocław, Poland	100.0
VD Rent Łódź 1 sp. z o.o.,	Wrocław, Poland	100.0
VD Rent Poznań 1 sp. z o.o.	Wrocław, Poland	100.0
VD Rent Wrocław 1 sp. z o.o.	Wrocław, Poland	100.0
VD Rent Wrocław 2 sp. z o.o.	Wrocław, Poland	100.0
VD Serwis sp. z o.o.	Wrocław, Poland	100.0
VD sp. z o.o.,Wrocław	Wrocław, Poland	100.0
Wilanów Office Center Sp. z o.o.	Warsaw, Poland	100.0
ROBYG WPB Sp. z o.o.	Warsaw, Poland	99.8
ROBYG 28 Sp. z o.o.	Warsaw, Poland	51.0

Name of company	Registered office	Share in capital %
<b>Joint ventures consolidated at equity</b>		
Biznes Port Sp. z o.o.	Wrocław, Poland	65.0
Popowice Sp. z o.o.	Wrocław, Poland	65.0
Port Popowice Spółka z ograniczoną odpowiedzialnością sp. k.	Wrocław, Poland	65.0
Affane Sp. z o.o.	Warsaw, Poland	50.0
IPD Invest Sp. z o.o.	Wrocław, Poland	50.0
Inwestycja 2016 Sp. z o.o.	Warsaw, Poland	50.0
Robyg Mój Ursus Sp. z o.o. (formerly:8/126 ROBYG Praga Investment I Spółka z ograniczoną odpowiedzialnością Sp. k.)	Warsaw, Poland	50.0

<b>Name of company</b>	<b>Registered office</b>	<b>Share in capital %</b>	<b>Equity TEUR</b>	<b>Consolidated net profit TEUR</b>
<b>Investments, non-consolidated</b>				
Altstadt Assekuranzvermittlung und Schadensmanagement GmbH <sup>3)</sup>	Hamburg	49.0	434.0	823.0
Texas Gewerbeimmobilien S.à.r.l. i.L. <sup>4)</sup>	Luxemburg	20.0	-3,349.0	-172.0

1) Utilisation of the exemption provisions pursuant to Section 264 (3) HGB

2) Exempt according to §264b HGB

3) Figures based on the Company's separate financial statements in accordance with the German Commercial Code (HGB) as at 31 December 2023

4) Figures based on the Company's separate financial statements in accordance with Lux GAAP as at 31 December 2022

# INDEPENDENT AUDITORS REPORT

To TAG Immobilien AG, Hamburg/Germany

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

### Audit Opinions

We have audited the consolidated financial statements of TAG Immobilien AG, Hamburg/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of TAG Immobilien AG, Hamburg/Germany, for the financial year from 1 January to 31 December 2024. In accordance with German legal requirements, we have not audited the content of the combined corporate governance statement referenced in the section "Corporate Governance Statement in accordance with Section 289f HGB and Section 315d HGB" of the combined management report, of the "combined consolidated non-financial statement 2024" of the combined management report, of the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG) included in the section "Report on the Main Features of the Company's Compensation System (Remuneration Report under the German Stock Corporation Act pursuant to Section 162 AktG)" of the combined management report, of the executive directors' statement on the appropriateness and effectiveness of the entire internal control system and of the risk management system marked as unaudited and included in the section "Risk Management" of the combined management report, and of further individual disclosures in the combined management report marked as unaudited.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January to 31 December 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities

and risks of future development. Our audit opinion on the combined management report does not cover the contents of the statements referred to above and of the disclosures extraneous to management reports.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

### **Basis for the Audit Opinions**

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

### **Key Audit Matters in the Audit of the Consolidated Financial Statements**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the valuation of investment properties, which we have identified in the course of our audit to be a key audit matter.

Our presentation of this key audit matter has been structured as follows:

- a) description (including reference to corresponding information in the consolidated financial statements)
- b) auditor's response

### **Valuation of investment properties**

- a) Investment properties of mEUR 5,834.4 are disclosed in the consolidated financial statements of TAG Immobilien AG as at 31 December 2024. The investment properties comprise portfolio real estate assets, project development properties for the own portfolio and undeveloped land. This item accounts for a total of 75.3% of the balance sheet total and has thus a material impact on the Group's assets and liabilities. The executive directors of TAG Immobilien AG measure the investment properties at fair value. In the financial

year 2024, a loss from the measurement at fair value of the investment properties totalling mEUR 114.6 was recognised in the consolidated income statement. The measurement date was 31 December 2024. The fair value was determined by the accredited external experts CBRE GmbH, Frankfurt am Main/Germany, and Savills sp. z o.o., Warsaw/Poland. In doing so, the fair values of the portfolio real estate assets are determined using the discounted cash flow method, the fair values of project developments are determined using the residual value method and the fair values of undeveloped land are determined on the basis of comparative values or using the residual value method. Apart from the actual data provided by the Company, which include, for example, the lettable area, vacancy, scheduled investments in maintenance or modernisation and the actual rent, further measurement-related assumptions are taken into account in determining the fair values of the properties. These assumptions are subject to significant estimation uncertainties and judgement.

Even minor changes in the assumptions relevant for the measurement can lead to material changes in the fair values resulting from the calculation. The main valuation assumptions for the valuation of the investment properties are current and future market rents as well as capitalisation and discount rates. Against this backdrop, and due to the complexity of the valuation models, this matter was of particular importance within the context of our audit.

The disclosures of the executive directors on the measurement of investment properties are included in the chapters "Recognition and valuation principles" as well as "1. Investment properties" and the disclosures on the related estimation uncertainty in the chapter "Material judgements and estimates" of the notes to the consolidated financial statements.

- b) As part of our audit, we gained an understanding of the process for the valuation of real estate assets with regard to the investment properties located in Germany, examined the internal control system that was in place to assess the fair values determined by the German external expert and performed a test of the design and implementation, and operating effectiveness of the implemented control relevant to the audit. We critically assessed the competence, capabilities and objectivity of the external expert. To this end, together with our internal real estate valuation specialists, we assessed the conformity of the valuation method applied in accordance with IAS 40 in conjunction with IFRS 13, gained an understanding of the calculation and method of the valuation model and squared the parameters used for determining the fair values with the underlying contractual data for properties which were selected randomly and in a risk-oriented manner or – to the extent that they were based on assumptions and estimates – assessed their appropriateness with regard to the methods, assumptions and data used by TAG Immobilien AG's executive directors, also based on available market data. In addition, we made on-site visits and carried out inquiries of the external experts for a sample of properties.

As regards the audit of the valuation of the investment properties located in Poland, we instructed the component auditors by means of audit instructions. We examined their work by assessing the reliability of the component auditors, being closely involved in the work and monitoring the work. In a next step, we used the work assessing the completeness and appropriateness of the audit evidence obtained by the respective component auditor.



In addition, we audited the completeness and accuracy of the disclosures made in the notes to the consolidated financial statements required by IAS 40 and IFRS 13.

### **Other Information**

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the EPRA reporting,
- the consolidated corporate governance statement pursuant to Section 315d HGB, which is combined with the corporate governance statement pursuant to Section 289f HGB and referenced in the section "Corporate Governance Statement in accordance with Section 289f and Section 315d HGB" of the combined management report,
- the combined consolidated non-financial statement 2024 in the combined management report,
- the remuneration report in the section "Report on the Main Features of the Company's Compensation System (Remuneration Report under the German Stock Corporation Act pursuant to Section 162 AktG)" of the combined management report,
- the executive directors' statement on the appropriateness and effectiveness of the entire internal control system and of the risk management system included in the section "Risk Management" of the combined management report,
- the executive directors' confirmations pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report, and
- all other parts of the annual report or disclosures in the combined management report marked as unaudited,
- but not the consolidated financial statements, not the audited content of the disclosures in the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement in accordance with Section 161 AktG concerning the German Corporate Governance Code, which is part of the consolidated corporate governance statement combined with the corporate governance statement, and for the remuneration report pursuant to Section 162 AktG. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the disclosures in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

#### **Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report**

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures of the Group.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

## **OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB**

#### **Audit Opinion**

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value: af13d845b2fb37846e5626607fc1748b3b64448da30ddfa77f83e7e4416036cc, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

#### **Basis for the Audit Opinion**

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

**Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents**

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

**Group Auditor's Responsibilities for the Audit of the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB.

We exercise professional judgement and maintain professional scepticism throughout the audit.  
We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

**Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as group auditor by the general meeting on 28 May 2024. We were engaged by the supervisory board on 5 July 2024. We have been the group auditor of TAG Immobilien AG, Hamburg/Germany, without interruption since the financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

**OTHER MATTER – USE OF THE AUDITOR'S REPORT**

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

**GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT**

The German Public Auditor responsible for the engagement is Annika Deutsch.

Hamburg/Germany, 24 March 2025

**Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft

Signed:

Annika Deutsch

Wirtschaftsprüferin

(German Public Auditor)

Signed:

Maximilian Freiherr v. Perger

Wirtschaftsprüfer

(German Public Auditor)

**TRANSLATION**

– German version prevails –

# ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO THE COMBINED NON-FINANCIAL STATEMENT INCLUDED IN THE COMBINED MANAGEMENT REPORT

To TAG Immobilien AG, Hamburg/Germany

## **Assurance Conclusion**

We have conducted a limited assurance engagement on the combined non-financial statement of TAG Immobilien AG, Hamburg/Germany, for the financial year from 1 January to 31 December 2024, included in the section "Combined non-financial statement 2024" of the combined management report for complying with Sections 289b to 289e, 315b and 315c German Commercial Code (HGB) including the disclosures for complying with the requirements under Article 8 of Regulation (EU) 2020/852 included in this combined non-financial statement.

Not subject to our assurance engagement are

- the prior year's disclosures, and
- the references to information outside of the combined management report.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying combined non-financial statement for the financial year from 1 January to 31 December 2024 is not prepared, in all material respects, in accordance with Sections 289b to 289e, 315b and 315c HGB and the requirements of Article 8 of Regulation (EU) 2020/852, and the specifying criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on the parts of the combined non-financial statement mentioned above.



**Basis for the Assurance Conclusion**

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section "German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Non-Financial Statement".

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

**Emphasis of Matter – Principles of Preparation of the Combined Non-Financial Statement**

Without modifying our conclusion, we draw attention to the details provided in the combined non-financial statement, which describe the principles of preparation of the combined non-financial statement. According to these principles, the Company has not applied the European Sustainability Reporting Standards (ESRS) to the extent described in the sections "Table of contents of the ESRS disclosure requirements" and "BP-1 – General basis for preparation of sustainability statements" of the combined non-financial statement.

**Responsibilities of the Executive Directors and the Supervisory Board for the Combined Non-Financial Statement**

The executive directors are responsible for the preparation of the combined non-financial statement in accordance with the applicable German legal and European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a combined non-financial statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e. fraudulent reporting in the combined non-financial statement) or error. This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the combined non-financial statement as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the combined non-financial statement.

**Inherent Limitations in Preparing the Combined Non-Financial Statement**

The applicable German legal and European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the combined non-financial statement. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms

may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the combined non-financial statement is also subject to inherent uncertainties. These inherent limitations also affect the assurance engagement on the combined non-financial statement.

### **German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Non-Financial Statement**

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the combined non-financial statement has not been prepared, in all material respects, in accordance with the applicable German legal and European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the combined non-financial statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgement and maintain professional scepticism. We also

- obtain an understanding of the process used to prepare the combined non-financial statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the combined non-financial statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

**Summary of the Procedures Performed by the German Public Auditor**

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the combined non-financial statement.
- inquired of the executive directors and relevant employees involved in the preparation of the combined non-financial statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the combined non-financial statement, and about the internal controls related to this process.
- evaluated the reporting policies used by the executive directors to prepare the combined non-financial statement.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures or tests of details and made inquiries in relation to selected information in the combined non-financial statement.
- considered the presentation of the information in the combined non-financial statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined non-financial statement.

### **Restriction of Use**

We issue this report as stipulated in the engagement letter agreed with the Company (including the “General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” dated 1 January 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Hamburg/Germany, 24 March 2025

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:

Annika Deutsch

Wirtschaftsprüferin

(German Public Auditor)

Signed:

Daniel Oehlmann

Wirtschaftsprüfer

(German Public Auditor)

## DECLARATION BY THE LEGAL REPRESENTATIVES

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, 24 March 2025

**Claudia Hoyer**  
(COO, Co-CEO)

**Martin Thiel**  
(CFO, Co-CEO)

# TAG FINANCIAL CALENDAR 2025

## PUBLICATIONS / EVENTS

25 March 2025	Publication of Annual Report 2024
15 May 2025	Publication of Interim Statement Q1 2025
16 May 2025	Annual General Meeting, Hamburg
11 June 2025	Capital Markets Day in Gdansk, Poland
12 August 2025	Publication of Half Year Report 2025
11 November 2025	Publication of Interim Statement Q3 2025

## CONFERENCES

09 January 2025	Barclays European Real Estate Equity & Credit Conference, London
22 January 2025	24th German Corporate Conference Kepler Cheuvreux/ UniCredit, Frankfurt
06 February 2025	Hamburg Investor's days
01–02 April 2025	Van Lanschot Kempen European Real Estate Seminar, New York
20 May 2025	Bernstein's 20th Annual Pan-European Conference, Nice
22 May 2025	Van Lanschot Kempen 23rd European Real Estate Seminar, Amsterdam
12 June 2025	Warburg Highlights Conference, Hamburg
25 June 2025	BNP Paribas Real Estate Conference, London
16–18 September 2025	EPRA Conference, Stockholm
22–24 September 2025	Berenberg and Goldman Sachs German Corporate Conference, Munich
22–25 September 2025	Baader Investment Conference, Munich
19–20 November 2025	Kepler Cheuvreux Pan-European Real Estate Conference, London
02–03 December 2025	UBS Global Real Estate CEO/CFO Conference, London



TAG Headquarter Hamburg (Germany)

## CONTACT

### **TAG Immobilien AG**

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Head of Investor & Public Relations

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The English version of the 2024 Annual Report is a translation of the German version. The German version is legally binding.

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