

We
create
value



TAG Group in figures

in TEUR	1/01/-03/31/07	1/01/-03/31/06
Revenues	12,843	14,594
a) Sale of properties	3,072	8,830
b) Facility management	6,952	4,989
c) Asset management	2,819	775
EBITDA	2,430	2,517
EBIT	5,600	6,084
EBT	2,636	2,375
Consolidated net profit/loss	1,349	551
Earnings per share in EUR	0.04	0.05
	03/31/2007	12/31/2006
Total assets	710,081	693,251
Shareholders' equity	290,378	288,703
Equity ratio (%)	40.9	41.6
	12/31/2006	09/30/2006
NAV per share in EUR*	11.35	11.26
NNAV per share in EUR*	11.00	10.22
WKN/ISIN	830350/DE0008303504	
Ticker symbol	TEG	
Share capital in EUR	32,566,364.00	
Number of shares	32,566,364	
Free float	94 %	
Sector	Real Estate	
Market segment	SDAX	
Stock exchange	Munich, Frankfurt/Main	
Stock Price in EUR	01/2/2007	9.50
Stock Price in EUR	03/30/2007	10.24
High for period under review in EUR	02/23/2007	11.96
Low for period under review in EUR	01/2/2007	9.30
Market capitalisation in TEUR	03/30/2007	333,479

* NAV is published annually together with the figures for the year as of 12/31.

Contents

Preface	04
TAG stock	04
Companies and Outlook	05
Consolidated balance sheet	10
Consolidated income statement	12
Consolidated statement of cash flows	13
Consolidated statement of changes in shareholders' equity	14
Consolidated segment reporting	15
Notes on the interim report	16

**Dear shareholders,
ladies and gentlemen,**

TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (hereinafter referred to as TAG) benefited from the Group's clear strategic orientation, closing the first quarter of 2007 with a substantial profit. In the first three months of the year, the TAG Group's structure with one company or subgroup each responsible for commercial real estate, residential real estate and real estate asset management proved to be successful. At the core of TAG's activities is the buy, build and hold strategy, which seeks to create long-term value for the portfolio by means of development activities.

TAG's capital spending focused on urban locations in key German metropolitan regions, particularly Hamburg, Berlin, Munich and Leipzig.

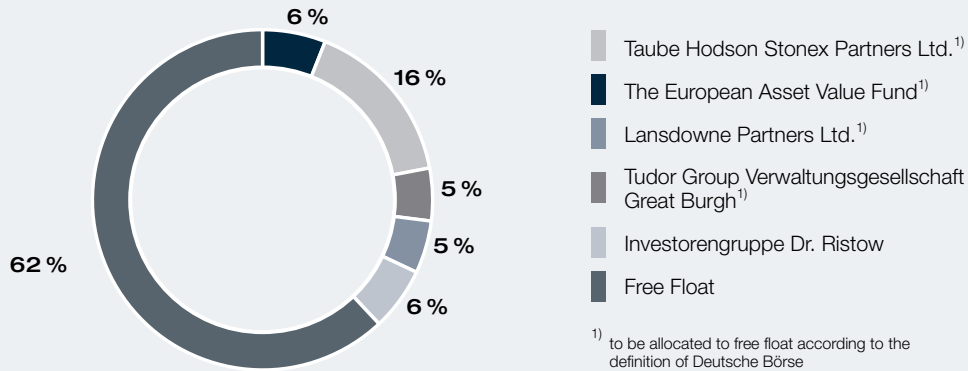
TAG stock

The price of the SDAX-listed stock rose from EUR 9.50 at the beginning of the year to EUR 10.24 at the end of the quarter under review, equivalent to an increase of 7.8%. In the 1st quarter of 2007, TAG was the best-performing amongst the top ten German listed real estate companies.

The number of shares outstanding as of 30 March 2007 was unchanged at 32,566,364 with an unchanged free float of 94%. Market capitalisation stood at EUR 334 million as of 30 March 2007.

Institutional investors continued to show great interest at conferences and road shows in Germany, the UK, Italy, France and the United States. This is reflected in a changed shareholder structure, with the proportion of institutional investors - particularly from Great Britain - tending to rise.

Shareholder structure 03/31/2007



Commercial

The commercial real estate segment closed the quarter with earnings before tax (EBT) of EUR 0.2 million.

At EUR 3.0 million, revenues were unchanged over the year-ago period. However, the share of rental income rose from EUR 1.1 million to EUR 2.5 million as a result of new leases and the acquisition of new commercial property.

The new acquisitions resulted in an increase in interest expense from EUR -0.5 million to EUR -1.5 million.

Total assets widened from EUR 165 million as of 31 December 2006 to EUR 203 million in the first quarter of 2007 as a result of the addition of five commercial properties with a carrying value of EUR 31 million.

Residential

Within the TAG Group, Bau-Verein zu Hamburg Aktien-Gesellschaft (hereinafter referred to as Bau-Verein) specialises in residential real estate in German metropolitan regions and again closed the 1st quarter of 2007 with a profit.

Bau-Verein's revenues contracted from EUR 11 million in the first quarter of 2006 to EUR 9 million in the quarter under review. As expected, the share of sales proceeds in revenues was a low 24 percent. This was due, on the one hand, to the portfolio development strategy being pursued and, on the other, to seasonal restraint on the part of market participants at the beginning of the year. By contrast, rental and management income was up 63% on the 1st quarter of 2006.

The Group closed the quarter with consolidated earnings before tax (EBT) of EUR 1.9 million, thus testifying to the successful completion of the strategy. This was primarily due to gains from the remeasurement of real estate holdings. Thanks to its active portfolio management, Bau-Verein again generated a value surplus of EUR 3.3 million on its investment properties.

At 35%, the equity ratio was virtually unchanged over 31 December 2006. Total assets widened from EUR 329 million to EUR 342 million due to the addition of a portfolio of residential real estate in central locations in Leipzig and the higher value of the investment properties.

Personnel costs and net financial result were unchanged over the same period one year earlier. Other operating expenses increased from EUR 0.7 million in the year-ago period to EUR 1.4 million on account of higher loan-raising costs and recharged expenses for outsourced external services within the Group.

Asset management

TAG Asset Management GmbH continued to extend its core business, real estate services for the TAG Group and third parties, in the 1st quarter of 2007. Among other things, the company is performing project development activities for portfolio residential units which are to be sold within the Group or to investors. This has given rise to heightened costs in the short term.

As expected, revenues contracted from EUR 3.1 million in the year-ago quarter to EUR 1.5 million in the period under review. This was due to declining sales as a result of the company's reorientation as a real estate service provider. Asset management revenues surged by 167 % to EUR 0.7 million. Rental income was down year on year in the 1st quarter of 2007 following the sale of properties in 2006.

Personnel costs rose from EUR -0.4 million in the 1st quarter of 2006 to EUR -0.5 million. Thanks to cost optimisation and management it was possible to cut other operating expenses by 31 % to EUR -0.3 million.

The net financial result rose from EUR -1.0 million in the first quarter of 2006 to EUR -0.4 million in the quarter under review.

At EUR 85 million, total assets were virtually unchanged compared with 31 December 2006.

TAG Group

The earnings generated in the 1st quarter of 2007 again testify to the successful implementation of TAG's strategy.

As expected, total assets rose from EUR 693 million as of 31 December 2006 to EUR 710 million in the first quarter 2007 thanks to the Group's ongoing acquisition activities and the increased value of the investment properties.

Equity rose from EUR 289 million to EUR 290 million in tandem with an increase in liabilities from EUR 405 million to EUR 420 million.

The equity ratio dropped marginally as a result of the new acquisitions from 41.6 % as of 31 December 2006 to 40.9 % as of 31 March 2007.

In line with targets, rental and asset management income rose by 69 % from EUR 5.8 million to EUR 9.8 million, accompanied by the expected decline in sales proceeds from EUR 8.8 million to EUR 3.1 million.

All personnel and other operating expense items rose only marginally despite the considerable extensions to the real estate portfolio and total assets.

Net borrowing costs contracted from EUR -3.6 million to EUR -2.8 million despite the increase in liabilities and higher interest rates in the capital market.

Outlook

TAG is continuing its growth strategy and invested EUR 40 million in two attractive commercial real estate packages in central locations in Hamburg and Nuremberg in April 2007. For 2007 as a whole, the Group has earmarked an investment volume of EUR 450 million, split fairly evenly between residential and commercial real estate. At the moment, further acquisitions of residential and commercial properties are being reviewed.

One aspect of TAG's strategic orientation is to prepare a G-REIT (German Real Estate Investment Trust) on the basis of the legislation which has already passed through parliament. TAG plans to establish a REIT with real estate assets valued at least EUR 300 million in the near future.

The Group expects to be able to report earnings before tax (EBIT) of EUR 31 million in 2007 as a whole.

Consolidated balance sheet

ASSETS in TEUR	03/31/2007	12/31/2006
Non-current assets		
Investment properties	190,998	172,136
Intangible assets	40	34
Property, plant and equipment	4,538	4,816
Investments in associates	3,739	3,869
Other financial assets	2,269	2,270
	201,584	183,125
Current assets		
Land with unfinished and finished buildings	367,748	338,667
Other inventories	5,469	5,355
Trade receivables	36,806	37,273
Income tax refund claims	1,092	1,021
Other current assets	15,259	10,560
Cash and cash equivalents	77,943	113,070
	504,317	505,946
Non-current available-for-sale assets	4,180	4,180
	710,081	693,251

EQUITY AND LIABILITIES in TEUR	03/31/2007	12/31/2006
Shareholders' equity		
Equity holders of parent company		
Subscribed capital	32,566	32,566
Share premium	219,714	219,714
Retained earnings	6,689	6,689
Unappropriated surplus/accumulated deficit	-645	-1,994
Minority interests	32,054	31,728
	290,378	288,703
Non-current liabilities		
Bank borrowings	39,911	37,727
Retirement benefit provisions	2,188	2,188
Other non-current liabilities	424	424
Deferred income taxes	2,092	1,478
	44,615	41,817
Current liabilities		
Other provisions	9,496	12,359
Income tax liabilities	910	2,727
Bank borrowings	298,134	271,119
Trade payables	59,003	72,411
Other current liabilities	7,283	3,853
	374,826	362,469
Liabilities in connection with non-current available-for-sale assets		
	262	262
	710,081	693,251

Consolidated income statement

in TEUR	01/1/ – 03/31/07	01/1/ – 03/31/06
Revenues	12,843	14,594
a) Sale of properties	3,072	8,830
b) Rental income	6,952	4,989
c) Construction management expenses and other	2,819	775
Other operating income	583	910
Cost of goods and services purchased	-6,801	-9,007
Gross profit	6,625	6,497
Personnel expenses	-2,098	-1,995
Depreciation/amortisation	-93	-122
Other operating expenses	-2,097	-1,985
Difference arising from remeasured fair value of investment properties	3,263	3,689
EBIT	5,600	6,084
Net investment income	0	-76
Share of profit of associates	-130	-45
Net borrowing costs	-2,834	-3,588
EBT	2,636	2,375
Income taxes	-930	-1,296
Other taxes	-31	-187
Minority interests	-326	-341
Consolidated net profit/loss	1,349	551
Earnings per share (€), basic	0.04	0.05

Consolidated statement of cash flows

in TEUR	01/1/ – 03/31/07	01/1/ – 03/31/06
Consolidated net profit/loss	1,349	551
Depreciation/amortisation	93	122
Share of profits of associates	130	45
Difference arising from remeasured fair value of investment properties	-3,263	-3,689
Changes in deferred income taxes	614	1,224
Changes in provisions	-2,863	-2,617
Profit/loss on disposal of non-current assets	0	53
Changes in receivables and other assets	-41,132	22,093
Changes in liabilities	-11,413	-5,241
Cash flow from operating activities	-56,485	12,541
Payments made for investment properties	-7,797	0
Payments received from the disposal of investment properties	0	795
Payments made for investments in intangible assets and property, plant and equipment	-44	-86
Payments made for investments in consolidated companies and financial assets	0	-2,463
Payments received from the sale of consolidated companies	0	7,125
Cash flow from investing activities	-7,841	5,371
Payments received from equity issues (less transaction costs)	0	21,261
Changes in bank borrowings	19,548	-14,698
Settlement of loans and purchase price payment obligations	0	-2,930
Cash flow from financing activities	19,548	3,633
Net change in cash and cash equivalents	-44,778	21,545
Change in cash and cash equivalents as a result of changes to consolidation group	0	333
Cash and cash equivalents at the beginning of the period	124,571	15,737
Cash and cash equivalents at the end of the period	79,793	37,615

Consolidated statement of changes in shareholders' equity

in TEUR	Subscribed capital	Share premium	Retained earnings	Unappr. loss	Total	Minority interests	Total Shareholders' equity
01/1/2006	10,045	76,663	6,689	-11,194	82,203	8,038	90,241
Consolidated net profit/loss	0	0	0	551	551	0	551
Cash equity issues	2,511	18,836	0	0	21,347	0	21,347
Cost of equity issues	0	-86	0	0	-86	0	-86
Changes in minority interests	0	0	0	0	0	7,965	7,965
03/31/2006	12,556	95,413	6,689	-10,643	104,015	16,003	120,018
Consolidated net profit/loss	0	0	0	2,294	2,294	2,068	4,362
Cash equity issues	20,010	140,070	0	0	160,080	0	160,080
Cost of equity issues	0	-9,414	0	0	-9,414	0	-9,414
Sale of treasury stock	0	-6,355	0	6,355	0	0	0
Changes in minority interests	0	0	0	0	0	13,657	13,657
12/31/2006	32,566	219,714	6,689	-1,994	256,975	31,728	288,703
Consolidated net profit/loss	0	0	0	1,349	1,349	326	1,675
03/31/2007	32,566	219,714	6,689	-645	258,324	32,054	290,378

Consolidated segment reporting

in TEUR	Residential real estate 01/1/ - 03/31/07	Commercial real estate 01/1/ - 03/31/07	Services 01/1/ - 03/31/07	Reconciliation 01/1/ - 03/31/07	Group 01/1/ - 03/31/07
Total revenues	9,406	3,356	1,388	-1,306	12,843
Previous year	10,519	3,308	1,145	-377	14,594
- of which external revenues	9,208	3,356	1,000	-721	12,843
Previous year	10,161	3,308	997	128	14,594
- of which internal revenues	197	0	388	-585	0
Previous year	357	0	148	-505	0
Segment earnings (EBIT)	4,866	1,938	560	-1,764	5,600
Previous year	5,027	1,617	695	-1,255	6,084
- of which non-cash impairment losses on land and receivables	-7	0	0	0	-7
Previous year	-2	-17	0	-150	-169
Segment assets	501,703	224,591	10,677	-26,890	710,081
Previous year	446,881	90,533	9,064	-45,518	500,960
- of which shares in associates	3,739	0	0	0	3,739
Previous year	4,313	0	0	0	4,313
Segment liabilities	340,458	208,276	4,059	-133,090	419,703
Previous year	325,337	71,759	3,980	-21,929	379,147
Segment investments	7,797	44	0	0	7,841
Previous year	27	47	16	84	174

NOTES ON THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST THREE MONTHS OF 2007

TAG TEGERNSEE IMMOBILIEN- UND BETEILIGUNGS- AKTIENGESELLSCHAFT

General information

The interim consolidated financial statements of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (TAG) for the period ending 31 March 2007 have been prepared in accordance with the International Accounting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The standards which have already been adopted and published and are therefore binding have been applied.

The recognition and measurement principles as well as the notes and explanations on the interim consolidated financial statements are fundamentally based on the recognition and measurement principles applied to the consolidated financial statements for the year ending 31 December 2006.

For more details of the recognition and measurement principles applied, please refer to the consolidated financial statements for the year ending 31 December 2006 compiled pursuant to IFRS, which in accordance with IAS 34 form the material basis for these interim financial statements.

These interim financial statements have been prepared in accordance with the quarterly financial reporting requirements for issuers and comply with Section 37x of the German Securities Trading Act (WpHG) and DRS 16. The presentation of material events and business transactions in the first quarter of 2007 and their effects on the Group's financial condition and results of operations can be seen from the above interim report and the explanatory notes.



Pegasus Business Center, Munich

Consolidation group

The consolidation group as of 31 March 2007 includes TAG and, as a matter of principle, all companies in which TAG directly or indirectly holds a majority of the voting capital. As of 31 March 2007, there had been no changes in the consolidation group since 31 December 2006.

Other material transactions

In the first quarter of 2007, a residential real estate portfolio located in Leipzig was recognised for the first time as an investment property at the level of subsidiary Bau-Verein zu Hamburg AG. In addition, a residential property acquired in Munich was recognised as a current asset at the Bau-Verein level in the first quarter.

Apart from this, five commercial properties with a value of EUR 31.2 million were placed on the TAG Group's books for the first time in the first quarter of 2007.

The increase in other current assets primarily results from a secured loan of EUR 4 million granted to the general partner of a joint project and development company.

Material events after the end of the period covered by this interim report

The TAG Group is continuing its growth strategy with the acquisition of further commercial and residential real estate in the current year.

Thus, Bau-Verein AG acquired four plots of land from a joint project development company for exclusive development in April 2007. Following the issue of the building permits, construction work is expected to begin in 2007. It is planned to build 370 residential units for retention in the Company's own portfolio and for sale. Further acquisitions are planned for 2007.

As part of efforts to extend its commercial real estate business, the TAG Group acquired two real estate packages in Hamburg and Nuremberg at a price of EUR 40 million. Further acquisitions in the commercial real estate segment are also planned for 2007.

Other details

There has been no material change in the Group's contingent liabilities since 31 December 2006.

On 31 March 2007, the TAG Group had 164 employees, compared with 150 as of 31 March 2006.

Hamburg, 15 May 2007

(The Management Board)

Basis of reporting

The preparation of the consolidated interim financial statements pursuant to IFRS requires the management boards and management staff of the consolidated companies to make assumptions and estimates influencing the assets and liabilities carried on the balance sheet, the disclosure of contingent liabilities on the balance-sheet date and the expenses and income reported during the periods under review. The actual amounts arising in future periods may differ from these estimates. Moreover, this interim report includes statements which do not entail reported financial data or any other type of historical information. These forward-looking statements are subject to risk and uncertainty as a result of which the actual figures may deviate substantially from those stated in such forward-looking statements. Many of these risks and uncertainties are related to factors which TAG can neither control, influence nor precisely estimate. This concerns, for example, future market and economic conditions, other market participants' behaviour, the ability to successfully integrate companies after acquisition and tap expected synergistic benefits as well as changes to tax legislation. Readers are reminded not to place any undue confidence in these forward-looking statements, which apply only on the date on which they are given. TAG is under no obligation whatsoever to update such forward-looking statements to allow for any events or circumstances arising after the date of this material.



Financial calendar

Interim Report - 2nd quarter of 2007	30 th August 2007
Interim Report - 3rd quarter of 2007	15 th November 2007
124th shareholder meeting	15 th June 2007, Hamburg
EPRA Annual Conference	6-7 September 2007, Athens

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