

TAG Tegernsee  
**Immobilien- und Beteiligungs-Aktiengesellschaft**

WKN 830 350 / WKN A0D67D  
ISIN DE0008303504 / ISIN DE 000A0D67D7  
Reuters TEGG Mu.F, Bloomberg TEG GR

## Report for the quarter ending March 31, 2005

- **Further reduction in bank liabilities at JUS AG and Bau-Verein zu Hamburg AG**
- **Revenues down due to expected lower POC effects (completion of orders) in the first quarter**
- **Net consolidated loss of EUR 0.7 million reduced by EUR 1.8 million compared with like-for-like year-ago loss of EUR 2.5 million**
- **Cash capital increase of EUR 4.4 million completed in March 2005**



## Business performance

TAG

Quarterly report as of March 31, 2005

TAG

Qu

### **Dear shareholders and business associates,**

Over the past few months, reports on German property companies have been dominated by plans to introduce REITS in Germany and the forays by international investors into the local residential property market. These trends should generate clear impetus for the German property sector and particularly the residential segment.

For this reason, TAG has decided at the beginning of the year to focus solely on the German residential property segment. Accordingly, its restraint in acquiring commercial properties has proved to be correct.

### **TAG stock**

In March 2005, European and US investors acquired stakes in TAG by subscribing to a cash capital increase for which the existing shareholders' subscription rights had been excluded. As a result, the Company's share capital rose by around 10 % to EUR 6,848,926.00 following the issue of 620,000 shares at a price of EUR 7.10 each, generating for TAG cash proceeds of roughly EUR 4.4 million, which were used to finance the Company's ongoing projects.

### **Bau-Verein zu Hamburg AG**

The Bau-Verein Group generated revenues of EUR 10.2 million in the first quarter of 2005, down from EUR 13.4 million in the year-ago quarter. Personnel costs and net borrowing costs were largely unchanged at EUR 1.3 million (previous year: EUR 1.2 million) and EUR 2.8 million (previous year: EUR 2.8 million), respectively. A loss of EUR 0.8 million (previous year: loss of EUR 0.4 million) was sustained at the subgroup level.

The total assets of the Bau-Verein Subgroup contracted to EUR 377.3 million, down from EUR 416.3 million in the first quarter of 2004 and EUR 381.6 million at the end of 2004. This was due to the implementation of plans for further reducing current assets to lower the company's gearing.

The management board of Bau-Verein AG sees a further improvement in the company's operating performance. This also applies to earnings from facility management compared with the year-ago period as well as revenues from sales activities. The decline in total revenues compared with the previous year is due to lower revenues in accordance with the percentage-of-completion method of accounting. The above-mentioned effects were unable to offset this in the bottom line.

### **JUS AG**

The JUS Group generated revenues of EUR 1.4 million in the first quarter of 2005, down from EUR 5.5 million in the year-ago quarter. This decline was due to the large number of property sales at yearend 2004, meaning that no revenues were accounted for using the percentage-of-completion method. Personnel expenses rose slightly to EUR 0.5 million (previous year: EUR 0.4 million). On the other hand, other operating expenses were cut substantially by 40% to EUR 1.2 million (previous year: EUR 1.9 million) thanks to savings efforts. Similarly, net borrowing costs were trimmed sizeably by 36 % to EUR 0.9 million (previous year: EUR 1.4 million). The JUS AG Subgroup sustained a net loss of EUR 0.5 million in the quarter under review (previous year: net loss of EUR 0.5 million). The completion and invoicing of projects resulted in an 18% decline in total assets to EUR 139.4 million, down from EUR 170.6 million in the previous year. As at December 31, 2004, total

## Business performance

TAG

Quarterly report as of March 31, 2005

TAG

Qu

assets had stood at EUR 141.4 million. The Management Board of JUS AG expects a further very substantial reduction in total assets to less than EUR 100 million following the invoicing of further projects. This will simultaneously lead to another considerable reduction in JUS AG's gearing. JUS AG's sales volume contracted from EUR 6 million in the year-ago period to EUR 2.5 million as it is concentrating on selling all apartments at individual sites and thus concluding projects.

### Assets

The TAG Group's total assets are valued at EUR 559.5 million, down from EUR 631.0 million on March 31, 2004 and EUR 560.7 million on December 31, 2004. With equity standing at EUR 99.9 million, this translates into an equity ratio of 17.8 % not including the capital increase of EUR 4.4 million, which was entered in the companies register in April 2005 and which will increase the equity ratio. Proceeds from sales were again used to discharge bank liabilities. Debt repayment is now being underpinned equally by Bau-Verein-AG and JUS AG

### Revenues and earnings

The revenues of the TAG Group contracted from EUR 19.3 million in the previous year to EUR 12.0 million for the reasons described in the sections on the subsidiaries Bau-Verein zu Hamburg AG and JUS AG. In the previous year, other operating income of EUR 5.1 million had been materially extraordinary affected by the agreed purchase price waiver, which was thus a non-recurring item. Following specific buyer interest with respect to the TAG Group's non-core activity as well as higher valuations of EUR 0.5 million at both JUS AG and Bau-Verein AG, the value of investment properties was increased by a total of EUR 2.6 million. Net

borrowing costs dropped from EUR 4.6 million to EUR 4.3 million. Consolidated net loss after tax came to EUR 0.7 million as of March 31, 2005, compared to an adjusted and therefore comparable net loss after tax of EUR 2.5 million in the previous year.

### Employees

On March 31, 2005, the TAG Group had 150 employees, up from 143 one year earlier.

### Outlook

Looking forward, TAG will focus solely on the German residential property market. Structural adjustments are planned for JUS AG in fiscal 2005 to achieve an optimum position for the company and to complete the TAG Group's turnaround. The completion of various projects at JUS AG will enable substantial volumes of bank liabilities to be discharged in 2005 and thus plays a crucial role. This will have a positive effect on JUS AG and the TAG Group.

## Business performance

TAG

Quarterly report as of March 31, 2005

TAG

Quarte

### CONSOLIDATED BALANCE SHEET

#### ASSETS

	31.03.2005 EUR 000s	31.12.2004 EUR 000s
<b>A. <u>Fixed assets</u></b>		
I. Investment properties	118.867	112.629
II. Tangible assets	5.006	5.095
III. Intangible assets	108	111
IV. Goodwill	19.739	19.739
V. Financial assets		
Shares in associated companies	980	980
Other financial assets	2.892	2.892
	<u>3.872</u>	<u>3.872</u>
<b>B. <u>Deferred taxes</u></b>	13.773	12.789
<b>C. <u>Current assets</u></b>		
I. Land available for sale and other inventories		
Properties and leasehold rights with finished buildings and unfinished buildings	345.606	349.076
Other inventories	6.751	6.845
	<u>352.357</u>	<u>355.921</u>
II. Receivables and other assets		
Trade receivables	33.992	37.687
Receivables from construction orders	536	536
Other assets	5.002	7.409
	<u>39.530</u>	<u>45.632</u>
III. Cash and cash equivalents	6.138	4.795
<b>D. <u>Prepaid expenses</u></b>	109	105
	<u>559.499</u>	<u>560.688</u>

## Business performance

TAG

Quarterly report as of March 31, 2005

TAG

Quarterly

### CONSOLIDATED BALANCE SHEET

	EQUITY AND LIABILITIES	
	31.03.2005 EUR 000s	31.12.2004 EUR 000s
A. <u>Shareholders' equity</u>		
I. Subscribed capital	6.229	6.229
II. Capital reserve	83.180	83.180
III. Revenue reserves	6.689	6.689
IV. Accumulated deficit	-5.558	-4.864
	<u>90.540</u>	<u>91.234</u>
B. <u>Minority interests</u>	9.326	9.588
C. <u>Long-term liabilities</u>		
Liabilities to banks	88.063	88.707
Pension provisions	2.467	2.467
Other long-term liabilities	3.721	4.238
	<u>94.251</u>	<u>95.412</u>
D. <u>Short-term liabilities</u>		
Liabilities to banks	266.869	271.179
Trade accounts payable	31.180	33.905
Tax provisions	1.000	1.042
Other short-term liabilities	51.849	45.022
	<u>350.898</u>	<u>351.148</u>
E. <u>Deferred taxes</u>	14.428	13.250
F. <u>Deferred income</u>	56	56
	<u>559.499</u>	<u>560.688</u>

## Business performance

TAG

Quarterly report as of March 31, 2005

TAG

Quarte

### CONSOLIDATED INCOME STATEMENT

	Q1 2005 EUR 000s	Q1 2004 EUR 000s
Revenues	12.038	19.306
Other operating income	232	5.533
Other own work capitalized	25	116
Cost of materials	-7.140	-11.718
Personnel expenses	-2.161	-1.925
Other operating expenses	-2.079	-3.163
<b>EBITDA</b>	<b>915</b>	<b>8.149</b>
Depreciation excluding goodwill amortization	-126	-343
Revaluation of investment properties	2.650	0
<b>EBITA</b>	<b>3.439</b>	<b>7.806</b>
Goodwill amortization	0	0
<b>EBIT</b>	<b>3.439</b>	<b>7.806</b>
Net income from investments	163	0
Net income from associated companies	0	-365
Net income from financial assets	-4.249	-4.589
<b>EBT</b>	<b>-647</b>	<b>2.852</b>
Income taxes	-202	-360
Minority interests	155	75
<b>Consolidated earnings</b>	<b>-694</b>	<b>2.567</b>
Earnings per share (EUR), basic	-0,11	0,42

## Business performance

TAG

Quarterly report as of March 31, 2005

TAG

Quarterly

### CONSOLIDATED CASH FLOW STATEMENT

	Q1 2005 EUR 000s	Q1 2004 EUR 000s
<b>Consolidated earnings</b>	<b>-694</b>	<b>2.567</b>
Depreciation excluding goodwill amortization	126	343
Changes in the value of investments/associated companies	0	365
Goodwill amortization	0	0
Changes in value of properties held as investments	-2.650	0
Increase/decrease in other long-term liabilities (excluding financial liabilities)	-779	0
Increase/decrease in deferred tax liabilities	194	-191
<b>Cash flow in accordance with DVFA/SG</b>	<b>-3.803</b>	<b>3.084</b>
Profit from the disposal of fixed assets	9	0
Increase/decrease in receivables and other assets	6.074	-15.048
Increase /decrease in accounts payable and other liabilities (excluding financial liabilities)	1.810	18.014
<b>Cash flow from operating activities</b>	<b>4.090</b>	<b>6.050</b>
Proceeds from sale of properties held as investments	0	0
Payments for investments in intangible assets	0	-6
Proceeds from sale of intangible assets	0	0
Payments for investments in tangible assets	-43	-609
Proceeds from sale of tangible assets	0	0
Payments made for investments in financial assets	0	-20
Proceeds from sale of financial assets	0	0
Payments for acquisition of consolidated companies	0	0
<b>Cash flow from investing activities</b>	<b>-43</b>	<b>-635</b>
Payments received from capital increases (less cost of capital increase)	0	4.397
Raising/repayment of debt	-4.954	-9.614
<b>Cash flow from financing activities</b>	<b>-2.704</b>	<b>-5.217</b>
Net change in cash and cash equivalents	1.343	198
Consolidation-related changes	0	-81
Cash and cash equivalents at the beginning of the period	4.795	17.460
<b>Cash and cash equivalents at the end of the period</b>	<b>6.138</b>	<b>17.577</b>

## Business performance

TAG

Quarterly report as of March 31, 2005

TAG

Quarte

### CONSOLIDATED STATEMENT OF EQUITY CHANGES

	Subscribed capital	Capital reserves	Revenue reserves	Accu. deficit	Minority interests	Total
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
<b>1/1/2004</b>	<b>5.663</b>	<b>86.744</b>	<b>6.689</b>	<b>-6.929</b>	<b>9.450</b>	<b>101.617</b>
Consolidated earnings				2.065		2.065
Cash capital increase	566	3.830				4.396
Miscellaneous		-7.394			138	-7.256
<b>12/31/2004</b>	<b>6.229</b>	<b>83.180</b>	<b>6.689</b>	<b>-4.864</b>	<b>9.588</b>	<b>100.822</b>
Consolidated earnings				-694	-261	-955
<b>3/31/2005</b>	<b>6.229</b>	<b>83.180</b>	<b>6.689</b>	<b>-5.558</b>	<b>9.327</b>	<b>99.867</b>

The capital increase of March 2005 was registered in April 2005 and therefore is not yet calculated in the statement.

## Business performance

TAG

Quarterly report as of March 31, 2005

TAG

Quarterly

### CONSOLIDATED SEGMENT REPORTING

	Railway infra- structure Q1 2005 EUR 000s	Building manage- ment Q1 2005 EUR 000s	Construct- ion activity Q1 2005 EUR 000s	Reconcil- iation Q1 2005 EUR 000s	Con- solidated Q1 2005 EUR 000s
External revenues	299	2.341	9.418	-20	12.038
<i>Previous year</i>	<i>318</i>	<i>2.191</i>	<i>16.571</i>	<i>226</i>	<i>19.306</i>
Internal revenues	0	268	281	-549	0
<i>Previous year</i>	<i>0</i>	<i>306</i>	<i>79</i>	<i>-385</i>	<i>0</i>
Revenues	299	2.609	9.699	-569	12.038
<i>Previous year</i>	<i>318</i>	<i>2.497</i>	<i>16.650</i>	<i>-159</i>	<i>19.306</i>
<b>Segment earnings</b>	<b>1.790</b>	<b>1.124</b>	<b>-1.935</b>	<b>-1.626</b>	<b>-647</b>
<i>Previous year</i>	<i>131</i>	<i>1.118</i>	<i>-1.233</i>	<i>2.835</i>	<i>2.851</i>
- of which earnings from associated companies	0	0	0	0	0
- of which depreciation/amortization	-14	-71	-33	-8	-126
- of which interest income	0	755	93	-351	497
- of which interest expenses	0	-1.140	-3.676	70	-4.746
- of which non-cash	1.700	515	0	0	2.215
<b>Segment liabilities</b>	<b>226</b>	<b>94.458</b>	<b>365.873</b>	<b>-925</b>	<b>459.632</b>
<i>Previous year</i>	<i>482</i>	<i>107.267</i>	<i>429.184</i>	<i>-14.430</i>	<i>522.503</i>
<b>Segment assets</b>	<b>5.070</b>	<b>199.578</b>	<b>395.781</b>	<b>-40.930</b>	<b>559.499</b>
<i>Previous year</i>	<i>2.696</i>	<i>203.052</i>	<i>457.172</i>	<i>-31.919</i>	<i>631.001</i>
-of which associated companies	0	0	0	0	0
<b>Segment investments</b>	<b>7</b>	<b>24</b>	<b>12</b>	<b>0</b>	<b>43</b>
<i>Previous year</i>	<i>0</i>	<i>603</i>	<i>19</i>	<i>0</i>	<i>622</i>

### NOTES

#### General information

The interim consolidated financial statements of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (TAG) for the quarter ending March 31, 2005 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 accounting and valuation principles as well as the notes and explanations on the interim consolidated financial statements are fundamentally based on the accounting and valuation principles applied to the consolidated financial statements for the year ending December 31, 2004.

For more details of the accounting and valuation principles applied, please refer to the consolidated financial statements for the year ending December 31, 2004 compiled pursuant to IFRS, which pursuant to IAS 34 form the material basis for these interim financial statements.

#### Consolidation group

There were no material changes to the consolidation group, which comprises TAG as the parent company and a further 65 entities, compared with the consolidated financial statements for the year ending December 31, 2004. Reference is made to the details contained in our annual report for 2004.

#### Material transactions

In March 2005, a cash capital increase, for which the subscription rights held by the existing shareholders were excluded, was executed and 620,000 new shares issued. This was entered in the companies register at the beginning of April 2005.

## Business performance

### Material events after the close of the interim report period

Mr. Michael Haupt had given TAG a profit guarantee for a total of € 2.5 million with respect to the annual results of JUS AG for fiscal 2004 and 2005. In April 2005, Mr. Haupt and TAG agreed on early release from this profit guarantee against return of a total of 200,000 TAG shares securing this guarantee. Since these shares had originally been issued within the context of the acquisition of the participation in JUS AG, the already described retroactive reduction in acquisition costs incurred for the company and, hence, the goodwill of JUS AG was recognized in the balance sheet at December 31, 2004.

### Miscellaneous

There were no material changes regarding consolidated contingent liabilities compared with consolidated financial statements for the year ending December 31, 2004.

*The preparation of the consolidated interim financial statements pursuant to IAS 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' behavior, 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.*

## Schedule of events

### **April 28, 2005**

Kempen & Co., German Property Seminar,  
Frankfurt

### **May 9, 2005**

Analyst conference, Hamburg

### **May 9, 2005**

Annual press conference, Hamburg

### **June 2, 2005**

Kempen & Co., European Property Seminar,  
Amsterdam

### **July 5, 2005**

122nd annual shareholder meeting at "Haus  
der Patriotischen Gesellschaft", Hamburg

### **August 2005**

Publication of the figures for the first half of  
2005

### **September 8, 2005**

EPRA, (European Public Real Estate  
Association) Annual Conference, Paris

### **October 26, 2005**

"Initiative Immobilien-Aktie", Frankfurt

### **November 2005**

Publication of the figures for the first nine  
months of 2005

## Contact details



TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft

TAG

Tegernsee Immobilien- und Beteiligungs-AG  
Steckelhörn 9  
20457 Hamburg

Telephone: 040 – 30 60 59 – 40

Telefax: 040 – 30 60 59 – 49

[www.tag-ag.com](http://www.tag-ag.com)

E-Mail: [info@tag-ag.com](mailto:info@tag-ag.com)

## Investor relations

Olaf G. Borkers

Member of the Management Board

Telephone: 040 – 30 60 59 – 40

Telefax: 040 – 30 60 59 – 49

E-mail: [info@tag-ag.com](mailto:info@tag-ag.com)