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value

TAG | Interim Report for the 3rd Quarter | 2007

TAG Group in figures

in TEUR	01/01/-09/30/07	01/01/-09/30/06
Revenues	58,338	57,586
a) Sale of properties	12,851	33,779
b) Rental income	26,454	17,574
c) Construction management expenses and other	19,033	6,233
EBITDA	6,821	5,974
EBIT	28,547	14,783
EBT	15,828	5,167
Consolidated net profit/loss	7,037	1,749
Earnings per share in EUR	0.22	0.15

in TEUR	09/30/2007	12/31/2006
Total assets	799,756	693,251
Shareholders´ equity	296,408	288,703
Equity ratio	37.1%	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	09/28/2007	8.25
Stock price in EUR	01/02/2007	9.50
High for period under review in EUR	02/20/2007	11.69
Low for period under review in EUR	03/08/2007	8.02
Market capitalisation in TEUR	09/28/2007	268,673

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

Contents

Dear shareholders, ladies and gentlemen,

TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (hereinafter referred to as TAG) continued to perform well in the third quarter of 2007. An increase in rental and management income as well as an improvement in EBITDA testify to the Company‘s encouraging ongoing performance.

Market conditions were mixed in the third quarter. On the one hand, the German real estate market remains robust and offers attractive investment openings. On the other hand, however, the subprime crisis in the United States in particular is also taking its toll on German banks‘ lending practices, resulting in a deterioration in conditions for finance. Thanks to its balanced finance structure and efforts to hedge exposure to interest rate changes, TAG‘s management does not expect this to have any direct effect on the Company‘s business.

The Group‘s activities in the period under review were primarily devoted to project development activities, which were stepped up at nearly all locations. In connection with the buy, build and hold strategy, this aims at achieving long-term value growth in portfolio properties. In addition, acquisitions were prepared and will in all likelihood be closed before the end of this year.

Preparations for the placement of a TAG commercial property REIT are proceeding according to schedule, with the flotation expected for the beginning of 2008 provided that underlying conditions permit a fair valuation in the capital market.

Despite what in part are the difficult underlying conditions, TAG management affirms the EBT forecast of EUR 31 million on the strength of the favourable outlook for the German real estate market and the Company‘s continued gratifying business performance. However, the outcome of negotiations currently taking place and the effects of the subprime crisis on potential buyers‘ ability to raise the necessary finance may exert pressure on the Company‘s business performance.

Real estate market

General economic forecasts for Germany are favourable, with unemployment expected to continue declining and gross domestic product set to grow by 2.6 % this year. This is an environment which is buoying the German real estate market, although the difficult situation in the finance markets will exert an adverse effect.

Given many companies’ growing willingness to expand, demand for office space is reaching record proportions. Thus, Jones Lang LaSalle identified an increase of 12 % in revenues compared with the previous year in the top 24 markets. Germany cities, such as Hamburg (up 40 %), Frankfurt (up 24 %), Düsseldorf (up 29 %) and Munich (up 28 %) are also benefiting from this and posting remarkable growth rates. At 9 %, Berlin was the only German city to achieve less than double-digit growth. At the same time, the rental price index calculated by real estate agents rose by 1.5 %, with top rentals up 11.6 % year on year at the end of September. This was accompanied by a decline in vacancy rates across Europe.

Current residential projects

Berlin

Behrenstraße
Sales expectations for "Quartier 208" in Berlin Mitte were exceeded: instead of seven apartments in 2007 as planned, eight residential and two commercial units were sold in the third quarter alone, with further apartments already reserved. The sales proceeds achieved were also higher than originally expected.

Bärenparksiedlung
Renovation of one part of the historical residential estate in Berlin-Tempelhof has been completed. All of the apartments were leased within a short space of time, with rental prices exceeding the original forecasts. Work on revitalising the next units commenced in October and is scheduled for completion between mid November 2007 and the end of January 2008. A further renovation phase of the same volume is planned for 2008.

Behrenstraße, Berlin

Visualisation of Mainz-Finthen

Mainz-Finthen

"Living by the Orchards"
Sales efforts for the "Living by the Orchards" terraced house project in Mainz-Finthen have commenced. A total of 106 terraced houses are being built in four stages on a plot of land measuring 35,000 sqm. Development work is currently ongoing, with the building permit for the first phase of 23 houses expected to be received in the near future. Once it has been issued, building will commence almost immediately.

Hamburg

Alte Wöhr
The construction permit for a total of 164 units on two plots is expected to be issued at the end of November 2007. All told, Bau-Verein plans to build 315 residential units with a gross floor area of 36,420 sqm in this innovative project close to the Hamburg City Park.

Dalbek-Hof
Work on the new residential complex in Börnsen near Hamburg is progressing well. At the same time, activities aimed at selling the 19 terraced houses and five apartments have commenced, all of which comply with stringent ecological standards and are scheduled for completion in the first quarter of 2008. At this stage, 25 % of the houses and apartments have been sold.

Current commercial real estate projects

Leipzig

Serviced-Apartments
In Markgrafenstrasse in the heart of Leipzig, work has commenced on converting a historical building into 51 serviced apartments suitable for short and long-term leases. Scheduled for completion in December 2008, they will be operated by TAG subsidiary TRINOM Business Apartments, which already achieves capacity utilisation of over 90 percent with other apartment houses in Feuerbachstraße and Elsterlofts in Leipzig.

Puchheim near Munich

Full-scale revitalisation of the office block in Puchheim now in the final phase
The existing four-storey office building in Boschstrasse forms part of the TAG Gewerbeimmobilien-AG portfolio and was fully gutted in spring 2007. Over the past few months, an additional storey with an area of some 500 sqm has been added.

Interior outfitting is also being completed at the same time for one third of the floor area available for rental, meaning that the first tenants should be able to move in by January 2008.

The remaining areas will be developed individually in accordance with the individual tenants' requirements. Long-term leases have already been signed for one third of the floor area. Given the strong demand, TAG assumes that all the space will be leased by the time the project is completed. As a result of the project development, it has been possible to raise the original rental by 160 percent, thus also exceeding the forecasts published in independent appraisals.

Results of operations, financial condition and net assets

Economic conditions in Germany remained robust from January through September 2007, with rentals particularly rising in urban locations in German cities, i.e. the markets in which TAG is investing. On the other hand, banks are adopting more restrictive lending practices, especially for real estate, so that delays may occur in connection with project development and purchases in particular.

TAG Group

Fourfold increase in consolidated profit
From January through September 2007, TAG achieved a disproportionately strong increase in earnings. Thus, earnings before tax (EBT) tripled to EUR 15.8 million, up from EUR 5.2 million in the same period one year earlier, while consolidated profit rose fourfold from EUR 1.7 million in the period from January through September 2006 to EUR 7.0 million in the period from January through September 2007.

Revenues
Total revenues for the period from January through September 2007 came to EUR 58.3 million, up from EUR 57.6 million in the same period one year earlier.

Rental and management income rose by 91 % from EUR 23.8 million to EUR 45.5 million in the first nine months of 2007. This sharp increase is due to extensions to service business and the resultant growth in management income as well as heightened rental income from new acquisitions.

As planned, revenues from sales dropped from EUR 33.8 million in the period from January through September 2006 to EUR 12.9 million in the period under review. As a result, the proportion of sales in total revenues contracted from 58.7 % in the previous year to 22.0 % in the period under review, this being due to TAG's realignment as a portfolio developer and the resultant steady gains achieved in the value of the portfolio.

Slight increase in staff costs due to portfolio extensions
Staff costs for the period from January through September 2007 came to EUR 6.8 million, up from EUR 6.4 million in the same period one year earlier. This was due to the establishment of technical and business management as well as project development, numerous acquisitions and extensions to service business.

Increase in other operating expenses
Other operating expense rose partly on account of expenditure on the planned placement of TAG-Gewerbeimmobilien-Aktiengesellschaft as a REIT as well as an increase in borrowing costs from EUR 5.9 million in January through September 2006 to EUR 7.9 million in the period under review.

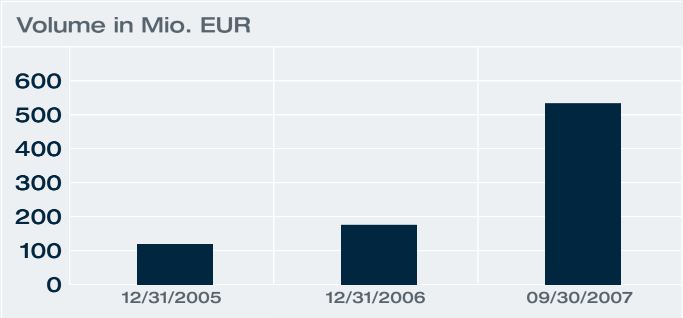
Interest expense up due to numerous acquisitions
Net borrowing expense climbed from EUR -8.9 million in the first nine months of 2006 to EUR -12.3 million in the period under review due to an increase in interest rates as well as the finance required for newly acquired properties, particularly commercial ones.

Unlocking value in the real estate portfolio
As a result of ongoing acquisition activities and the related return-oriented purchase prices together with development activities aimed at unlocking value in the existing portfolios, fair value gains of EUR 23.2 million were recorded in the period from January through September 2007, up from EUR 9.2 million in the same period one year earlier. This effect was additionally amplified by the reclassification of previous available-for-sale commercial properties as investment properties.

TAG's core business entails the active development of real estate to unlock value. This added value is reflected in the increase in gross profit this year. TAG has invested in numerous new project developments and generated fair value gains. Profit is not generated by sales. Instead the activities taken constitute long-term investments.

Increase in net assets
The volume of investment properties rose sharply, tripling in value since the end of 2006.

Changes in investment property



The investment properties climbed in value from EUR 172.1 million as of 31 December 2006 to EUR 532.5 million as of 30 September 2007 as a result of new additions as well as the reclassification of previous available-for-sale properties as non-current assets.

Non-current bank borrowings sevenfold from EUR 37.7 million as of 31 December 2006 to EUR 265.5 million as of 30 September 2007 due to changes in the financing structure in connection with the maintenance of long-term portfolios.

Total assets climbed in value from EUR 693.3 million as of 31 December 2006 to EUR 799.8 million as of 30 September 2007.

Equity ratio of 37 %

Equity increased from EUR 288.7 million as of 31 December 2006 to EUR 296.4 million as of 30 September 2007, resulting in an equity ratio of 37 % as of 30 September 2007, i.e. close to the figure reported for the end of 2006.

Interest rate risk

As a matter of principle, extensive hedging instruments are used to minimise interest risks in connection with loan contracts.

Bau-Verein zu Hamburg AG

78 % increase in consolidated profit

In the first nine months of 2007, earnings before tax (EBT) came to EUR 6.5 million, up from EUR 5.0 million in the same period of 2006. Consolidated profit rose by around 80 % year on year to EUR 4.7 million in the first nine months of 2007 (previous year: EUR 2.6 million).

16 % increase in total revenues

Revenues came to EUR 42.4 million in the period from January through September 2007, up 16 % on the figure for the same period one year earlier (EUR 36.6 million). As planned, income from the sale of land dropped from EUR 17.0 million to EUR 8.7 million as a result of the decision to concentrate on portfolio development. Accordingly, the share of income from the sale of land in total revenues contracted from 46.3 % in January through September 2006 to 20.4 % in the period under review.

Rental and management income surged by 72 % to EUR 33.8 million, up from EUR 19.6 million in the same period one year earlier, due to new acquisitions and a disproportionately strong increase in management income, particularly as a result of project development activities for third parties.

Other operating expenses up as a result of extensions to portfolio and growing volume of project development activities

Other operating expenses climbed to EUR 3.7 million in the first nine months of 2007, up from EUR 2.8 million in the same period one year earlier, due, among other things, to expenditure on internal Group services. In addition, loan arrangement costs rose as a result of new acquisitions.

Staff costs reduced

Despite the growing portfolio and increase in project development activities, staff costs dropped from EUR 4.2 million in the first nine months of 2006 to EUR 3.9 million in the period under review primarily due to the reallocation of a number of services within the TAG Group.

Net borrowing costs improved

The interent result improved from EUR -6.3 million in the year-ago period to EUR -6.2 million in the first nine months of 2007 despite higher interest rate levels.

Value enhancement

Thanks to ongoing investments in portfolio enhancement efforts to unlock additional value, fair value gains of EUR 8.9 million were achieved, up from EUR 7.0 million in the same period one year earlier. Fair value was measured on the basis of the calculations of external, internationally acknowledged experts. The changed strategy with the focus on portfolio business is proving to be very successful. The increase in value was achieved thanks to the continued favourable market conditions as well as investments in successful portfolio development efforts. This effect was additionally amplified by the reclassification of a previous available-for-sale property as an investment property.

Extensions to portfolio

During the period under review, further efforts were made to extend the real estate portfolio, with the number of investment properties increased as a result of additional acquisitions in good urban locations in German cities. As a result, the value of the portfolio rose by around 50 % from EUR 110.6 million as of 31 December 2006 to EUR 163.3 million as of 30 September 2007.

Stable high equity ratio of around 36%

The Group's equity is also exhibiting an upward trend, rising from EUR 117.5 million as of 31 December 2006 to EUR 122.0 million as of 30 September 2007. At the same time, the equity ratio remained virtually unchanged at 35.5 %. There were no new equity issues in the period from January through September 2007. At EUR 344.0 million as of 30 September 2007, total assets rose in value over 31 December 2006 (EUR 329.1 million).

Interest exposure hedged

As a matter of principle, extensive hedging instruments are used to minimise interest risks in connection with loan contracts.

TAG Gewerbeimmobilien-Aktiengesellschaft (formerly Bau-Verein zu Hamburg Gewerbeimmobiliengesellschaft mbH)

Pre-REIT status registered

Following this company's conversion into a German public company (AG) and its registration as a pre-REIT, the conditions for the establishment of a REIT have been created. With its focus on office real estate, its portfolio is generating stable cash flows from leases of differing durations. In addition, a number of project development activities are being prepared. Thanks to active asset management, it was possible to sign long-term leases for commercial real estate, while further ones are about to be closed.

Earnings up

Driven by numerous new acquisitions and the enhanced value of the existing portfolio, TAG Gewerbeimmobilien-Aktiengesellschaft's earnings increased at a disproportionately strong rate to EUR 5.6 million in the first nine months of 2007, up from EUR 0.7 million in the same period one year earlier 2006.

Revenues up, increase of 175 % in rental income

Revenues climbed by 45 % from EUR 7.4 million in the first nine months of 2006 to EUR 10.8 million in the period under review accompanied by a decline in the share of proceeds from sales of properties from 53 % to 11 % in the period from January through September 2007. Rental income rose by some 175 % to EUR 9.6 million, up from EUR 3.5 million in the same period one year earlier, primarily as a result of rental income derived from properties acquired.

Aquisition-related increase in other operating expenses

Other operating expenses climbed from EUR 0.3 million to EUR 2.5 million on account of acquisition costs and expenditure on the planned placement of the company as a REIT.

Fair-value remeasurement

In line with the decision to retain the commercial real estate portfolio on a long-term basis, a large part has been reclassified as investment properties. On the basis of external appraisals, fair values were recalculated, resulting in fair value gains of EUR 13.7 million in the period from January through September 2007. There were no fair value gains in the same period of 2006.

Higher interest expenses on account of extensions to portfolio

Net borrowing costs widened from EUR -1.6 million to EUR -8.0 million due to new business.

Fourfold increase in total assets

As of 30 September 2007, total assets increased fourfold in value to EUR 336.0 million, up from EUR 84.5 million as of 30 September 2006, doubling compared with 31 December 2006 (EUR 165.3 million).

TAG Asset Management GmbH

Successful orientation as a service-provider

TAG Asset Management GmbH provides the TAG Group as well as other companies with business and technical services as well as asset, project and construction management services, coordination of construction activities and administrative services such as controlling, accounting, public relations and business development. Following the pooling of service activities, major successes were achieved in the first nine months of 2007.

Improvement in consolidated net result

The consolidated bottom line was improved thanks to the company's reorientation as a real estate service provider. As a result, post-tax loss shrank to EUR -0.3 million in the first nine months of 2007, down from EUR -1.0 million in the year-ago period.

Earnings before tax in the period from January through September 2007 came to EUR -0.1 million, compared with earnings before tax of EUR 0.2 million in the previous year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose to EUR 2.5 million in the period from January through September 2007, up from EUR 0.9 million in the same period one year earlier

The improvement in operating earnings provides a solid basis for growth.

Revenues down, but income from management activities up sevenfold

Revenues dropped from EUR 19.5 million in the first nine months of 2006 to EUR 9.8 million in the period under review.

As planned, proceeds from the sale of land contracted from EUR 13.8 million to EUR 3.0 million in the first nine months of 2007. Management income climbed from EUR 0.8 million in the first nine months of 2006 to EUR 5.5 million in the period under review with the share of this income in total revenues widening from 4 % in the period from January through September 2006 to 56 % in the first nine months of 2007.

Staff costs up marginally despite extensions to service business

Following the extensions to services for the Group and third parties, staff costs rose from EUR 1.1 million in the period from January through September 2006 to EUR 1.4 million in the nine-month period in 2007.

Other operating expenses up

Other operating expenses came to EUR 1.8 million, up from EUR 1.5 million in the same period one year earlier, due to an increase of EUR 0.1 million in legal and consulting expenses, deconsolidation expense in 2007 of EUR 0.3 million (previous year: nil), expenses recharged by other companies of EUR 0.3 million (previous year: nil), and a decline of EUR 0.4 million in depreciation and impairment losses on receivables in 2007.

Fair value gains on investment properties

No fair value gains were recorded for the first nine months of 2007 (January through September 2006: EUR 1.9 million).

Net borrowing costs improved

Net borrowing expense contracted from EUR -2.4 million in the first nine months of 2006 to EUR -1.3 million in the period under review.

Total assets down

At around EUR 79.3 million as of 30 September 2007, total assets were down on 31 December 2006 (EUR 84.7 million) due to the focus on services. The real estate held by TAG Asset Management GmbH is enhanced in the interests of optimising returns and, following the completion of these measures, either rented out or, if necessary, sold for strategic reasons.

Forecast, opportunities, risks

Further acquisitions of residential and commercial real estate are planned primarily on the basis of expected returns as well as the location in urban growth markets and the growth potential of the properties in question.

Given the Company's favourable business performance and the continued upbeat outlook for the German real estate market, TAG is still on track to meeting its EBT forecast of EUR 31 million for the year as a whole despite the partially difficult underlying conditions.

In this connection, management assumes that the subprime crisis and the resultant more restrictive lending practices on the part of German banks will not have any impact on its current business activities and ongoing negotiations.

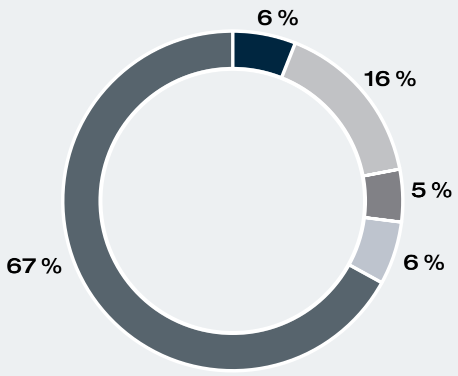
Planckstraße, Hamburg

Stock

TAG stock, which is listed in the SDAX, closed the third quarter of 2007 at EUR 8.25, a decline of 13 percent compared with the beginning of the year, and thus belying the Company's successful business performance. TAG stock was also affected by investors' capital outflows, causing it to come under pressure in the period under review. Reflecting conditions in the German and European stock markets, TAG stock remained volatile in the period under review, fluctuating from a low of EUR 8,02 to a high of EUR 11.69. Analysts consider the stock to be solid and backed by convincing fundamentals, while the interest of long-term international investors testifies to the appeal of the stock.

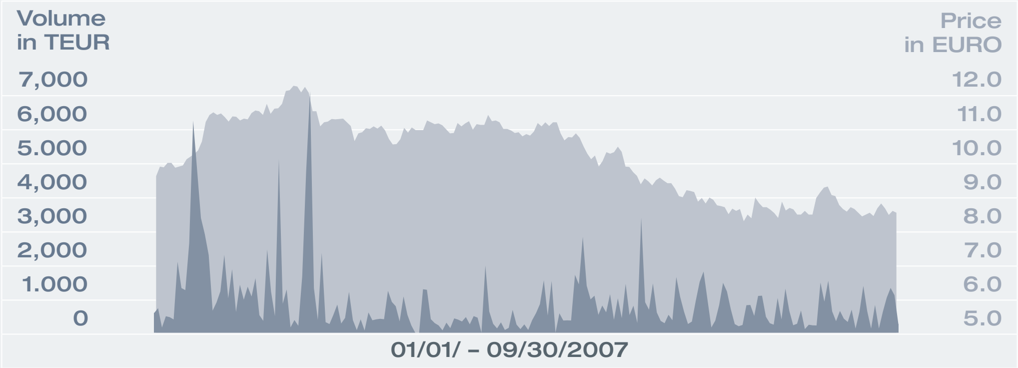
At the end of the 3rd quarter of 2007, the number of shares was unchanged at 32,566,364, translating into market capitalisation of EUR 269 million. The free float stands at 94 percent.

Shareholder structure 09/30/2007



- Taube Hodson Stonex Partners Ltd.[1)]
- The European Asset Value Fund[1)]
- Tudor Group Verwaltungsgesellschaft Great Burgh[1)]
- Dr. Ristow group
- Free Float

[1)] to be allocated to free float according to the definition of Deutsche Börse



Consolidated balance sheet

ASSETS in TEUR	09/30/2007	12/31/2006
Non-current assets		
Investment properties	532,497	172,136
Intangible assets	72	34
Property, plant and equipment	3,911	4,816
Investments in associates	3,496	3,869
Other financial assets	2,236	2,270
	542,212	**183,125**
Current assets		
Land with unfinished and finished buildings	200,146	338,667
Other inventories	4,500	5,355
Trade receivables	14,658	37,273
Income tax refund claims	1,206	1,021
Other current assets	18,938	10,560
Cash and cash equivalents	13,916	113,070
	253,364	**505,946**
Non-current available-for-sale assets	**4,180**	**4,180**
	799,756	**693,251**

EQUITY AND LIABILITIES in TEUR	09/30/2007	12/31/2006
Shareholders' equity		
Equity holders of parent company		
Subscribed capital	32,566	32,566
Share premium	219,714	219,714
Other reserves	5,514	6,689
Unappropriated surplus/accumulated deficit	5,043	-1,994
Minority interests	33,571	31,728
	296,408	**288,703**
Non-current liabilities		
Bank borrowings	265,455	37,727
Retirement benefit provisions	2,189	2,188
Other non-current liabilities	423	424
Deferred income taxes	6,640	1,478
	274,707	**41,817**
Current liabilities		
Other provisions	11,470	12,359
Income tax liabilities	879	2,727
Bank borrowings	184,474	271,119
Trade payables	17,647	72,411
Other current liabilities	13,936	3,853
	228,406	**362,469**
Liabilities in connection with non-current available-for-sale assets	**235**	**262**
	799,756	**693,251**

Consolidated income statement

in TEUR	01/01/-09/30/07	01/01/-09/30/06	07/01/-09/30/07	07/01/-09/30/06
Revenues	58,338	57,586	23,990	12,352
a) Sale of properties	12,851	33,779	4,102	4,826
b) Rental income	26,454	17,574	10,345	6,126
c) Construction management expenses and other	19,033	6,233	9,543	1,400
Other operating income	1,859	5,303	298	3,219
Cost of goods and services purchased	-38,604	-44,596	-15,489	-10,042
Gross profit	**21,593**	**18,293**	**8,799**	**5,529**
Personnel expenses	-6,826	-6,384	-2,551	-2,050
Depreciation/amortisation	-1,499	-375	-94	-128
Other operating expenses	-7,946	-5,935	-3,025	-1,878
Difference arising from remeasured fair value of investment properties	23,225	9,184	4,385	1,900
EBIT	**28,547**	**14,783**	**7,514**	**3,373**
Net investment income	0	0	0	-59
Share of profit of associates	-373	-667	-197	0
Net borrowing costs	-12,346	-8,949	-5,781	-1,924
EBT	**15,828**	**5,167**	**1,536**	**1,390**
Income taxes	-6,147	-1,994	108	-252
Other taxes	-801	-687	-373	-243
Consolidated net profit/loss before minorities	**8,880**	**2,486**	**1,271**	**895**
Minorities interests	-1,843	-737	-755	-206
Consolidated net profit/loss after minorities	**7,037**	**1,749**	**516**	**689**
Earnings per share (EUR), basic	0.22	0.15	0.02	0.06

Consolidated statement of cash flows

in TEUR	01/01/ – 09/30/07	01/01/ – 09/30/06
Consolidated net profit/loss	**7,037**	**1,749**
Depreciation/amortisation	1,499	375
Share of profits of associates	-23,225	-9,184
Difference arising from remeasured fair value of investment roperties	373	153
Changes in deferred income taxes	202	0
Changes in provisions	5,162	-1,562
Profit/loss on disposal of non-current assets	-2,605	-3,704
Changes in receivables and other assets	-1,342	59,713
Changes in liabilities	-44,172	-9,999
Cash flow from operating activities	**-57,071**	**37,541**
Payments made for investment properties	-194,715	-86
Payments received from the disposal of investment properties	12,147	795
Payments made for investments in intangible assets and property, plant and equipment	-632	-133
Payments made for investments in consolidated companies and financial assets	34	-7,396
Payments received from the sale of financial assets	0	7,325
Cash flow from investing activities	**-183,166**	**505**
Proceeds from equity issues (net of cost of equity issues)	0	177,016
Changes in bank borrowings	126,009	-118,362
Settlement of loans and purchase price payment obligations	0	-17,884
Cash flow from financing activities	**126,009**	**40,770**
Net change in cash and cash equivalents	-114,228	78,816
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	**10,343**	**94,886**

Consolidated statement of changes in shareholders'equity

	Equity holders of parent company							
			Other reserves					
in TEUR	Sub-scribed capital	Share pre-mium	Re-tained ear-nings	Hedge Accoun-ting Reserve	Unappr. profit	Total	Minori-ty inte-rests	Total equity
01/01/2006	**10,045**	**76,663**	**6,689**	**0**	**-11,194**	**82,203**	**8,038**	**90,241**
Consolidated net profit/loss	0	0	0	0	1,749	1,749	737	2,486
Cash equity issues	22,521	158,906	0	0	0	181,427	0	181,427
Cost of equity issues	0	-4,411	0	0	0	-4,411	0	-4,411
Changes in minority interests	0	0	0	0	0	0	21,215	21,215
09/30/2006	**32,566**	**231,158**	**6,689**	**0**	**-9,445**	**260,968**	**29,990**	**290,958**
01/01/2007	**32,566**	**219,714**	**6,689**	**0**	**-1,994**	**256,975**	**31,728**	**288,703**
Revaluation result Hedge accounting	0	0	0	-1,175	0	-1,175	0	-1,175
Consolidated net profit/loss	0	0	0	0	7,037	7,037	1,843	8,880
09/30/2007	**32,566**	**219,714**	**6,689**	**-1,175**	**5,043**	**262,837**	**33,571**	**296,408**

Consolidated segment reporting

in TEUR	Residentia real estate 01/01/ – 09/30/07	Commer-cial real estate 01/01/ – 09/30/07	Services 01/01/ – 09/30/07	Recon-ciliation 01/01/ – 09/30/07	Group 01/01/ – 09/30/07
Total revenues	**43,153**	**11,882**	**9,670**	**-6,367**	**58,338**
Previous year	45,332	8,213	3,978	64	57,586
- of which external revenues	43,153	11,882	3,319	-16	58,338
Previous year	45,332	8,213	2,986	1,055	57,586
- of which internal revenues	0	0	6,351	-6,351	0
Previous year	0	0	991	-991	0
EBIT	**12,823**	**15,833**	**3,461**	**-3,571**	**28,547**
Previous year	11,658	2,481	1,468	-824	14,783
- of which non-cash impairment losses on land and receivables	-117	-1,228	0	-609	-1,954
Previous year	-98	0	0	-791	-889
Segment assets	**424,061**	**361,564**	**11,016**	**3,115**	**799,756**
Previous year	427,326	106,697	10,137	-12,157	532,003
- of which shares in associates	3,496	0	0	0	3,496
Previous year	3,343	0	0	466	3,809
Segment liabilities	**294,178**	**344,430**	**3,783**	**-139,043**	**503,348**
Previous year	290,559	87,472	2,122	-138,520	241,633
Segment investments	**10,382**	**184,965**	**0**	**0**	**195,347**
Previous year	386	436	24	0	846

Notes on the interim financial statements as of 30 September 2007

General information

The interim consolidated financial statements of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (hereinafter referred to as the "Company" or "TAG") have been prepared in accordance with the provisions contained in Section 37x article 3 of the German Securities Trading Act pertaining to interim financial reporting. The period under review is the first nine months of the 2007 financial year. The comparison figures refer to 31 December 2006 with respect to the consolidated balance sheet and otherwise the first nine months of the 2006 financial year. In addition, the consolidated income statement contains figures pertaining to the third quarter of 2007 (1 July through 30 September 2007) together with the corresponding comparison figures for the previous year.

The interim financial report has been prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) endorsed by the EU concerning interim reporting (IAS 34 – Interim Reporting). Moreover, the recommendations contained in the draft of German Accounting Standard No. 16 (DRS 16 – Interim Reporting) dated 18 July 2007 have been additionally adopted.

The recognition and measurement policies as well as the notes and details for the interim financial report are based on the same recognition and measurement policies applied in the consolidated financial statements as at 31 December 2006 with the exception of the amended standards IAS 1, IAS 32 and IFRS 1 and the new standard IFRS 7. However, the application of these new or amended standards did not have any effect on the Company's net assets, financial condition or results of operations.

For the first time, gains and losses from an interest hedging agreement entered into in the period under review were recognised in accordance with the principles applicable to cash flow hedge accounting in 2007. The gains and losses from this interest hedging agreement are recognised under equity making due allowance for deferred taxes.

Deferred taxes have been calculated on the basis of the new corporate and trade tax rates applicable as a result of the corporate tax reform as of 30 September 2007 for the first time.

Consolidation group

The consolidation group as of 30 September 2007 includes TAG and all companies in which TAG directly or indirectly holds a majority of the voting capital. If shares in subsidiaries are considered to be of subordinate significance from the Group's perspective, they are recognised as financial instruments in accordance with IAS 39.

Since 31 December 2006, the consolidation group has been extended with the addition of TAG Logistik Immobilien GmbH & Co KG and its general partner TAG Logistik Immobilien Verwaltungs GmbH. Both companies were acquired by TAG as "shelf entities" in the course of the second quarter of 2007 at a cash price of TEUR 3 and TEUR 28, respectively. After being consolidated, TAG Logistik Immobilien GmbH & KG acquired a logistics centre, which is to be held as a long-term investment property.

Compared with 30 September 2006, the consolidation group has been extended with the establishment within the consolidation group of Bau-Verein zu Hamburg Aktien-Gesellschaft of the following companies, which are consolidated on a prorata basis: DESIGN Bau BV Hamburg GmbH & Co. KG and its general partner DESIGN Bau BV Hamburg Verwaltungs GmbH. However, the inclusion of these companies in the consolidated interim financial statements as of 30 September 2007 did not exert any material effect on the Group's net assets, financial condition and results of operations compared with the previous year.

The consolidation group also changed as at 30 September 2007 compared with 30 September 2006 as a result of the purchase in December 2006 of 90% of the capital of Bau-Verein zu Hamburg Gewerbeimmobiliengesellschaft mbH (since renamed „TAG Gewerbeimmobilien-Aktiengesellschaft“). Up until December 2006, TAG held 71.23 % of this company's voting rights via Bau-Verein zu Hamburg Aktien-Gesellschaft. Reference is made to the notes to the consolidated financial statements as at 31 December 2006 for details of the effects of these transactions on the balance sheet.

Material transactions and changes to the consolidated balance sheet and the consolidated income statement

In the first quarter of 2007, a real estate portfolio in Leipzig was placed on the balance sheet of subsidiary Bau-Verein zu Hamburg Aktien-Gesellschaft as an investment property in an amount of around EUR 7 million. Moreover, the Company acquired four plots of land in April 2007 from a joint project development company for exclusive exploitation. Following the issue of the building permits, construction work is expected to begin before the end of the year. It is planned to build 315 residential units for retention in the Company's own portfolio and for sale.

In the second quarter of 2007, Bau-Verein zu Hamburg Gewerbeimmobilien GmbH was renamed TAG Gewerbeimmobilien-Aktiengesellschaft. This company acquired a commercial real estate portfolio with a transaction volume of around EUR 171 million in the second quarter of 2007. Effective 30 June 2007, four properties from this portfolio with a volume of around EUR 110 million were placed on the balance sheet. The rights and obligations arising from the other two properties in Cologne and Munich will be transferred in the fourth quarter of 2007. In addition, the TAG Group placed seven commercial properties with a value of around EUR 48 million on the balance sheet in the first nine months of 2007.

In the third quarter of 2007, Bau-Verein AG acquired a further residential property with a book value of EUR 5.4 million. The property is reported on the balance sheet as a current asset. Following a change in intended use, a further property previously held for sale has been reclassified as an investment property (book value TEUR 18,031). The property will now be held on a long-term basis to generate rental income.

Other current assets increased by a total of EUR 4.4 million primarily as a result of a secured loan of EUR 2.2 million granted to the general partner of a jointly held project development company as well as a loan granted to an associate.

The decline in cash and cash equivalents and the rise in bank loans is chiefly related to finance raised for the real estate acquired by the Group in the first three quarters of 2007. There was a disproportionately sharp increase in non-current liabilities in keeping with TAG's long-term investment strategy. At the same time, current bank liabilities dropped substantially by EUR 87 million.

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

There were no material events after the end of the period covered by this interim report

Material transactions with related parties

Sales of TEUR 18,099 were generated from construction management activities with associated company GAG Grundstücksverwaltungs-Aktiengesellschaft in the first nine months of 2007. These sales were offset by expenses in almost the same amount to non-group companies. In addition, miscellaneous services, e.g. facility management and accounting, valued at TEUR 268 were provided for GAG Grundstücksverwaltungs-Aktiengesellschaft.

Provisions have been set aside in the consolidated balance sheet for legal counselling received from Sozietät Nörr Stiefenhofer Lutz, Rechtsanwälte Wirtschaftsprüfer Steuerberater, in which Prof. Dr. R. Frohne, a member of the Supervisory Board, is a partner.

Other details

Group contingent liabilities increased by EUR 3 million compared with 31 December 2006 as a result of possible retroactive payments in connection with the acquisition of real estate.

Other financial liabilities primarily comprise purchase price obligations of TEUR 100,888 for commercial real estate as of 30 September 2007. For most of these properties, purchase contracts and, in most case, finance contracts have already been entered into. Ownership rights were not transferred until after 30 September 2007. At the beginning of October 2007, two commercial properties with a total purchase price of TEUR 58,795 were added.

On 30 September 2007, the TAG Group had 174 employees, up from 160 on 31 December 2006.

Hamburg, 12 November 2007

The Management Board

Basis for reporting

The preparation of the interim consolidated 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 the Company 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. The Company 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.

Financal calendar

125th Annual General Meeting	20 June 2008, Hamburg

**TAG
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