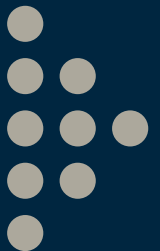




Interim report for the **1st quarter 2008**



### ☼ TAG Group in figures



in TEUR	01/01-03/31/08	01/01-03/31/07
Revenues	21,495	12,843
a) Sale of properties	6,733	3,072
b) Rental income	11,096	6,952
c) Construction management expenses and other	3,666	2,819
EBITDA	10,034	5,693
EBIT	9,937	5,600
EBT	3,713	2,636
Consolidated net income/loss	2,214	1,349
Earnings per share in EUR	0.07	0.04
Total assets	868,703	886,603
Equity	305,905	306,513
Equity ratio in %	35.2	34.6
Real estate volume	785,540	761,312

#### Further figures

NAV per share in EUR on 12/31/2007	12.36
Market capitalisation in TEUR on 03/31/2008	193.770
Subscribed capital in EUR	32,566,364.00
WKN/ISIN	830350/DE00083035000004
Number of shares	32,566,364
Free float in %	93
Stock exchange	SDAX

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## Preface by the Management Board



**Dear shareholders,  
ladies and gentlemen,**

TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft ("TAG" for short) is benefiting from the favourable trends in the German real estate market and its clear position as a portfolio holder and investor in the urban growth markets of German metropolitan regions. The Company's upbeat business performance is being underpinned by steady extensions to its real estate portfolio and services. The systematic and successful implementation of its corporate strategy resulted in a 67 percent increase in revenues to EUR 21.5 million in tandem with earnings before taxes (EBT) of EUR 3.7 million.

At the core of TAG's activities is the buy, build and hold strategy, which seeks to unlock long-term value from the portfolio by means of development activities. TAG's capital spending focuses on urban locations in German metropolitan regions, particularly Hamburg, Berlin, Munich and Leipzig. In addition, the joint venture established with HSH Real Estate AG at the end of 2007 commenced operations in January 2008. This company specialises in property and asset management for commercial real estate in Germany with a real estate volume of around EUR 1.3 billion.

In April 2008, Mr. Hans-Ulrich Sutter joined the Management Board as the Company's new chief financial officer and is contributing his many years of experience and great knowledge.

## TAG stock



### Attractive real estate – attractive investment

Listed in the SDAX, TAG stock entered the year at EUR 6.70, closing the first quarter of 2008 at EUR 5.95, thus sustaining a decline of around 10 percent. However, it outperformed the SDAX by 9 percent during this period.

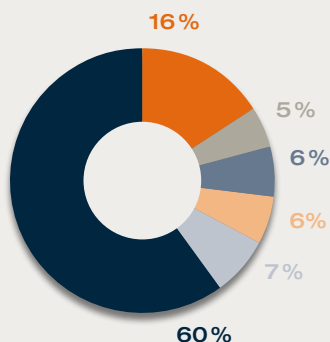
The number of shares is unchanged at 32,566,364. Free float stands at 93 percent, i.e. 1 percent below the figure recorded at the end of 2007.

Market capitalisation stood at EUR 194 million as of 31 March 2008.

At the beginning of 2008, M.M. Warburg & Co. was announced as TAG's new designated sponsor alongside Close Brothers Seydler AG. Investor relations activities are primarily targeted at Germany, the United Kingdom, Austria, Switzerland, Scandinavia and the United States. Recent studies have been conducted by Bankhaus Lampe, CB Seydler Research, IRICIC, SES Research and UniCredit.

The shareholder structure is characterised by the long-term participation of institutional investors, whose commitment testifies to their confidence in the Company and its stock.

### Shareholder structure as of 03/31/2008 (as per statutory disclosures)



- Taube Hodson Stonex Partners Ltd., UK <sup>1)</sup>
- Tudor International C.L.C, USA <sup>1)</sup>
- The European Asset Value Fund, UK <sup>1)</sup>
- Ratio Asset Management LLP, UK <sup>1)</sup>
- Investorengruppe Dr. Ristow
- Free Float

<sup>1)</sup> Allocated to free float in accordance with the Deutsche Börse definition

## Stock price

in %

120

110

100

90

80

70

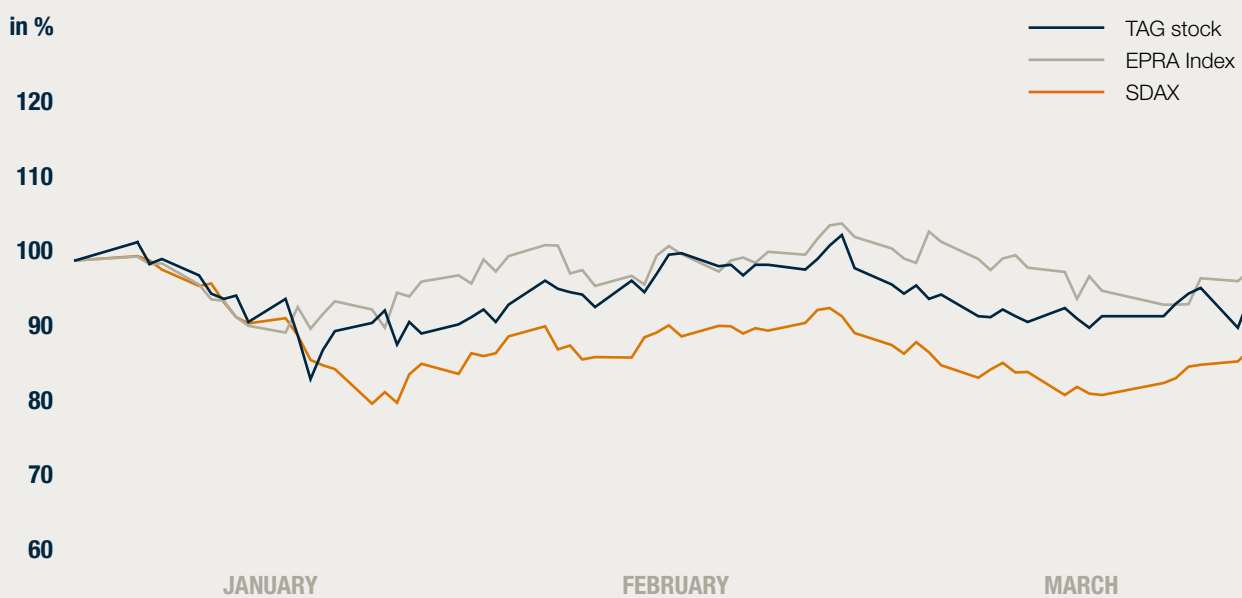
60

— TAG stock  
— EPRA Index  
— SDAX

JANUARY

FEBRUARY

MARCH



# Group Management Report for the first quarter of 2008



## TAG Group's business performance

TAG's favourable business performance in the 1st quarter of 2008 is reflected in a 67 percent increase in revenues and its profitability, confirming its position as a portfolio-oriented real estate company.

Revenues rose across all segments from EUR 12.8 million to EUR 21.5 million. Rental income climbed by 60 percent from EUR 7.0 million to EUR 11.1 million in the first quarter of 2008 primarily thanks to the Siemens portfolio which had been acquired in 2007 as well as an increase in portfolio rentals. Thanks to the substantial increase in investment properties (threefold compared with the first quarter of 2007) as well as upbeat market conditions at the individual locations, fair-value gains on investment properties increased from EUR 3.3 million in the first quarter of 2007 to EUR 5.5 million in the first quarter of 2008. This caused gross profit to widen from

EUR 9.9 million in the first quarter of 2007 to EUR 15.1 million in the first quarter of 2008.

Personnel expenses rose marginally from EUR 2.1 million in the year-ago period to EUR 2.2 million in the first quarter of 2008 due to extensions to service business. Other operating expenses widened from EUR 2.1 million in the first quarter of 2007 to EUR 2.8 million in the quarter under review. Net borrowing costs increased from EUR 2.8 million to EUR 6.1 million due to the increase in the total volume of borrowings to finance the real estate investments executed in 2007 as a whole.

The TAG Group closed the first quarter of 2008 with consolidated earnings before tax (EBT) of EUR 3.7 million (Q1 2007: EUR 2.6 million), thus confirming the ongoing success of its strategy at the beginning of 2008. Post-tax earnings increased from EUR 1.3 million in the first quarter of 2007 to EUR 2.2 million in the first quarter of 2008.



Stahlwiete, Hamburg



As planned, total assets contracted from EUR 886.6 million as of 31 December 2007 to EUR 868.7 million at the end of the first quarter of 2008.

As a result of investment activities, non-current assets rose from EUR 564.3 million as of 31 December 2007 to EUR 574.8 million at the end of the first quarter of 2008. Properties with unfinished and finished buildings reported within current assets increased from EUR 204.6 million to EUR 221.1 million at the end of the first quarter following the addition of a

leased item of commercial real estate. All in all, current assets shrank from EUR 322.3 million as of 31 December 2007 to EUR 293.9 million at the end of the first quarter of 2008 due to the sharp decline in trade receivables from EUR 65.7 million as of 31 December 2007 to EUR 21.4 million following the settlement of the Hamburg "Alte Wöhr" construction project, which had been sold at the end of 2007. Moreover, other current assets dropped from EUR 26.5 million on 31 December 2007 to EUR 20.5 million.

Non-current bank borrowings increased slightly from EUR 305.9 million as of 31 December 2007 to EUR 308.4 million, while current liabilities contracted from EUR 274.2 million to EUR 254.4 million in the same period.

Cash and cash equivalents increased from EUR 14.1 million at the end of 2007 to EUR 19.5 million at the end of the first quarter of 2008. These factors together caused the equity ratio to widen from 34.6 percent as of 31 December 2007 to 35.2 percent accompanied by a slight decline of EUR 0.6 million in equity in the same period due to the remeasurement of the hedge accounting reserve as a result of short-term fluctuations in interest rates.

The number of employees increased from 181 at the end of 2007 to 187 in the first quarter of 2008.



## Outlook

TAG will be continuing its growth strategy by buying further real estate portfolios and by project development activities. Among other things, the Company will be using the proceeds and recoveries from the sale of a construction project in Hamburg to finance investments in further lucrative properties in urban locations in German metropolitan regions. Thus, in April, TAG acquired via its subsidiary Bau-Verein AG an inner-city residential project located centrally in Hamburg's "Schanzenviertel" district. Looking forward, acquisition activity will continue to focus on lucrative commercial and residential real estate in German metropolitan regions offering growth potential. Moreover, investments in portfolio properties as well as project development activities will be stepped up as part of the buy, build and hold strategy.

In April, TAG celebrated the progress being made on an apartment house in the Leipzig CBD. A historical building located in Leipzig's Markgrafensstraße, it is undergoing renovation at a cost of around EUR 6 million. As of the beginning of March 2009, a total of 51 serviced apartments will be available for long and short-term leases. Meanwhile, work on a second portfolio property, the residential estate in Berlin-Zehlendorf, is expected to be completed in the second quarter of 2008.

On the strength of the sustained favourable conditions in the German real estate market, particularly in the case of attractive urban locations, demand for commercial and residential real estate should continue rising. On this basis, TAG expects to be able to achieve rising revenues and earnings in 2008.



## Consolidated balance sheet



<b>ASSETS in TEUR</b>	<b>03/31/2008</b>	<b>12/31/2007</b>
<b>Non-current assets</b>		
Investment properties	564,411	556,702
Intangible assets	3,030	83
Property, plant and equipment	2,092	2,130
Investments in associates	3,684	3,831
Other financial assets	1,540	1,536
	<b>574,757</b>	<b>564,282</b>
<b>Current assets</b>		
Land with unfinished and finished buildings	221,129	204,610
Other inventories	10,699	10,969
Trade receivables	21,427	65,685
Income tax refund claims	730	458
Other current assets	20,490	26,485
Cash and cash equivalents	19,471	14,114
	<b>293,946</b>	<b>322,321</b>
	<b>868,703</b>	<b>886,603</b>



<b>EQUITY AND LIABILITIES in TEUR</b>	<b>03/31/2008</b>	<b>12/31/2007</b>
<b>Equity</b>		
Equity holders of the parent		
Subscribed capital	32,566	32,566
Share premium	219,606	219,606
Other reserves	-3,320	-208
Unappropriated surplus	22,263	20,049
Minority interests	34,790	34,500
	<b>305,905</b>	<b>306,513</b>
<b>Non-current liabilities</b>		
Bank borrowings	298,723	295,580
Retirement benefit provisions	1,961	1,962
Other non-current liabilities	8	8
Deferred taxes	7,698	8,352
	<b>308,390</b>	<b>305,902</b>
<b>Current liabilities</b>		
Other provisions	18,378	22,148
Income tax liabilities	4,135	4,190
Liabilities to banks	198,702	217,378
Trade payables	20,359	20,166
Other current liabilities	12,834	10,306
	<b>254,408</b>	<b>274,188</b>
	<b>868,703</b>	<b>886,603</b>



## Consolidated Income Statement



in TEUR	01/01/ – 03/31/2008	01/01/ – 03/31/2007
Revenues	21,495	12,843
a) Sale of properties	6,733	3,072
b) Rental income	11,096	6,952
c) Construction management and others	3,666	2,819
Other operating income	346	583
Fair-value remeasurement of investment properties	5,479	3,263
Cost of goods and services purchased	–12,247	–6,801
a) Sale of properties	–7,122	–2,639
b) Rental income	–2,701	–1,792
c) Construction management and others	–2,424	–2,370
<b>Gross profit</b>	<b>15,073</b>	<b>9,888</b>
Personnel expenses	–2,243	–2,098
Depreciation/amortisation	–97	–93
Other operating expenses	–2,796	–2,097
<b>EBIT</b>	<b>9,937</b>	<b>5,600</b>
Share of profit of associates	–132	–130
Net borrowing costs	–6,092	–2,834
<b>EBT</b>	<b>3,713</b>	<b>2,636</b>
Income taxes	–882	–930
Other taxes	–327	–31
<b>Consolidated net profit before minorities</b>	<b>2,504</b>	<b>1,675</b>
Minorities	–290	–326
<b>Consolidated net profit after minorities</b>	<b>2,214</b>	<b>1,349</b>
Earnings per share (EUR), basic	0.07	0.04





## Consolidated Statement of Cash Flows



in TEUR	01/01/ – 03/31/2008	01/01/ – 03/31/2007
<b>Consolidated net profit</b>	<b>2,214</b>	<b>1,349</b>
Depreciation / amortisation	97	93
Share of profit of associates	132	130
Fair-value remeasurement of investment properties	-5,479	-3,263
Changes in deferred taxes	-654	614
Changes in provisions	-3,771	-2,863
Changes in receivables and other assets	33,256	-41,132
Changes in payables and other liabilities	2,560	-11,413
<b>Cash flow from operating activities</b>	<b>28,355</b>	<b>-56,485</b>
Investments in investment properties	-2,230	-7,797
Investments in intangible assets and property, plant and equipment	-527	-44
Investments in consolidated companies and financial assets	-2,479	0
<b>Cash flow from investing activities</b>	<b>-5,236</b>	<b>-7,841</b>
Payments received from new bank loans	18,468	52,987
Payments made to repay bank loans	-34,003	-33,439
<b>Cash flow from financing activities</b>	<b>-15,535</b>	<b>19,548</b>
Cash changes in cash and cash equivalents	7,584	-44,778
Cash and cash equivalents at the beginning of the period	11,887	124,571
<b>Cash and cash equivalents at the end of the period</b>	<b>19,471</b>	<b>79,793</b>



## Statement of changes in Consolidated Equity

in TEUR	Sub- scribed capital	Share premium	Retained earnings	Hedge account- ing reserve	Unap- prop- riated surplus	Total	Minority interests	Total equity
<b>Balance on 1/1/2007 before adjustments</b>	<b>32,566</b>	<b>219,714</b>	<b>527</b>	<b>-107</b>	<b>3,582</b>	<b>256,282</b>	<b>31,728</b>	<b>288,010</b>
Consolidated net profit/loss	0	0	0	0	1,349	1,349	326	1,675
<b>Balance on 1/31/2007</b>	<b>32,566</b>	<b>219,714</b>	<b>527</b>	<b>-107</b>	<b>4,931</b>	<b>257,631</b>	<b>32,054</b>	<b>289,685</b>
Consolidated net profit/loss	0	0	0	0	15,118	15,118	2,495	17,613
Cost of equity issue	0	141	0	0	0	141	0	141
Changes in hedge accounting reserve	0	0	0	-628	0	-628	0	-628
Total revenues and expenses	0	141	0	-628	15,118	14,631	2,495	17,126
Business combination without change of status	0	-249	0	0	0	-249	0	-249
Other changes in minorities	0	0	0	0	0	0	-49	-49
<b>Balance on 12/31/2007</b>	<b>32,566</b>	<b>219,606</b>	<b>527</b>	<b>-735</b>	<b>20,049</b>	<b>272,013</b>	<b>34,500</b>	<b>306,513</b>
Consolidated net profit	0	0	0	0	2,214	2,214	290	2,504
Changes in hedge accounting reserve	0	0	0	-3,112	0	-3,112	0	-3,112
<b>Balance on 3/31/2008</b>	<b>32,566</b>	<b>219,606</b>	<b>527</b>	<b>-3,847</b>	<b>22,263</b>	<b>271,115</b>	<b>34,790</b>	<b>305,905</b>



## Segment Report

<b>in TEUR</b>	<b>Residential real estate 01/01 – 03/31/08</b>	<b>Commercial real estate 01/01 – 03/31/08</b>	<b>Services 01/01 – 03/31/08</b>	<b>Recon- ciliation 01/01 – 03/31/08</b>	<b>Group 01/01 – 03/31/08</b>
<b>Total revenues</b>	<b>11,133</b>	<b>6,157</b>	<b>4,951</b>	<b>-746</b>	<b>21,495</b>
previous year	9,405	3,356	1,388	-1,306	12,843
• of which external revenues	10,720	6,157	4,951	-333	21,495
previous year	9,208	3,356	1,000	-721	12,843
• of which external revenues	413	0	0	-413	0
previous year	197	0	388	-585	0
<b>Segment EBIT</b>	<b>2,545</b>	<b>7,446</b>	<b>980</b>	<b>-1,034</b>	<b>9,937</b>
previous year	4,866	1,938	560	-1,764	5,600
• of which non-cash impairment losses on properties and receivables	-197	0	0	0	-197
previous year	-7	0	0	0	-7
<b>Segment assets</b>	<b>490,740</b>	<b>429,322</b>	<b>16,533</b>	<b>-67,912</b>	<b>868,683</b>
previous year	501,703	224,591	10,677	-26,890	710,081
• of which shares in associates	3,684	0	0	0	3,684
previous year	3,739	0	0	0	3,739
<b>Segment liabilities</b>	<b>332,110</b>	<b>424,513</b>	<b>14,068</b>	<b>-207,894</b>	<b>562,797</b>
previous year	340,458	208,276	4,059	-133,090	419,703
<b>Segment investments</b>	<b>2,077</b>	<b>212</b>	<b>2,493</b>	<b>454</b>	<b>5,236</b>
previous year	7,797	44	0	0	7,841

# Notes on the interim financial statements for the first quarter of 2008



## 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 (3) of the German Securities Trading Act pertaining to interim financial reporting. The period under review comprises the first three months of the 2008 financial year. The comparison figures refer to 31 December 2007 with respect to the consolidated balance sheet and otherwise to the first three months of the 2007 financial 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 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 2007.

For more details of the recognition and measurement principles applied, please refer to the consolidated financial statements for the year ending 31 December 2007 compiled pursuant to IFRS, which in accordance with IAS 34 form the material basis for these interim financial statements.

## Consolidation group

The consolidation group as of 31 March 2008 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 2008, there had been no changes in the consolidation group since December 31, 2007. 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.

## Other material transactions

In the first quarter of 2008, fair-value accounting resulted in gains of TEUR 5,479 (previous year TEUR 3,263) in the carrying amounts of investment properties.

A joint venture company of TAG, 100% of the capital of Pateon 1. Verwaltungsgesellschaft, Hamburg, was acquired effective 1 January 2008 for a purchase price of EUR 2.5 million. Via this transaction, cash and cash equivalents of TEUR 25 were acquired. With the exception of orders for the management of commercial real estate, there were no material assets or liabilities. Proportionate purchase price allocation has been determined on a provisional basis. For this purpose, the purchase price net of the cash and cash equivalents absorbed is recognized as an intangible asset. Since its inclusion in the consolidated financial statements, the company has generated proportionate sales of TEUR 113 and proportionate earnings of TEUR 113. Pateon is a service company engaged solely in the administration and management of commercial real estate.

In addition, a commercial property in Nuremburg with a carrying amount of around EUR 20 million was placed on the balance sheet on the level of the subsidiary TAG Gewerbeimmobilien-AG in the first quarter of 2008. This reflects the receipt of the benefits and obligations arising from a commercial real estate portfolio acquired in the previous year.

Trade receivables declined on account of payments towards the settlement of outstanding accounts held by Bau-Verein AG and TAG Gewerbeimmobilien-AG. Accordingly, bank borrowings also dropped following the repayment of property finance loans.

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

No material events occurred after the end of the period covered by this interim report.

**Other details**

There has been no material change in the Group's contingent liabilities since 31 December 2007.

On 31 March 2008, the TAG Group had 187 employees, compared with 164 as of 31 March 2007.

Hamburg, 13 May 2008

The Management Board



## Basis of 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 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.

## TAG's Financial calendar



20 June	125th shareholder meeting, Hamburg
21 August	Interim Report – 2nd quarter of 2008
4 – 5 September	EPRA Annual Conference, Stockholm
6 – 8 October	EXPO REAL, Munich
20 – 21 October	IIA Annual Conference, Frankfurt
10 – 12 November	Deutsches Eigenkapitalforum 2008, Frankfurt
13 November	Interim Report – 3rd quarter of 2008

## Contact



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