Interim report on the 1st quarter of 2009

TAG Group in figures

in TEUR	01/01 – 03/31/09	(adjusted) 01/01 – 03/31/08
Revenues	33,486	18,476
a) Sale of properties	20,672	6,732
b) Rental income	12,213	10,615
c) Property management and others	601	1,129
EBITDA before remeasurement	5,674	4,238
EBIT	5,424	9,269
EBT	-969	3,043
Consolidated net profit/loss from continuing activities	-402	2,166
Consolidated net profit/loss before minorities	-405	2,356
Consolidated net profit/loss after minorities	-206	2,066
Earnings per share in EUR	-0.01	0.06

in TEUR	03/31/09	03/31/08
Total assets	822,176	839,297
Equity	249,606	254,180
Equity ratio	30.4%	30.3%
Bank borrowings	525,234	538,042
of which current	105,800	130,062
Real estate volume	789,060	804,232

Further figures	
NAV per share in EUR on 12/31/2008	7.37
Employees on 03/31/2009	111
Market capitalisation in TEUR on 03/31/2009	55,688
Subscribed capital in EUR	32,556,364.00
WKN/ISIN	830350/DE 0008303504
Number of shares	32,556,364
Free Float	93%
Stock exchange	SDAX

Content

Preface by the Management Board

Dear shareholders, ladies and gentlemen,

After the very volatile months in late 2008, preliminary signs of stabilisation in the financial markets emerged in the first quarter of 2009. Against the backdrop of sustained difficult market conditions, TAG Immobilien AG (TAG for short) achieved a substantial increase in revenues from EUR 18.5 million to EUR 33.5 million compared with the same quarter in the previous year. At the same time, rental income rose by 15 percent from EUR 10.6 million in 2008 to EUR 12.2 million in the first quarter of 2009, with proceeds from sales rising threefold.

Fockestraße, Leipzig

Threefold increase in proceeds from sales; 15 percent rise in rental income

In the first quarter of 2009, TAG systematically and successfully pursued the targets which it had set at the end of 2008 aimed at reinforcing operating business and stepping up measures to boost liquidity. In particular, the strength of the Company's operating business and the quality of its portfolio are reflected in the property sales. This portfolio is characterised by good urban locations in metropolitan regions holding potential for future growth. Active asset management and the development activities carried out in the last few years have allowed us to unlock value and boost cash flows. These effects are now showing up in the proceeds from sales, which rose threefold to around EUR 20.7 million, up from EUR 6.7 million in the first quarter of 2008, in line with TAG's forecasts. At the same time, rental income climbed by 15 percent from EUR 10.6 million in 2008 to EUR 12.2 million in the first quarter of 2009. Matching this, net rental income climbed from 17 percent from EUR 7.6 million in the first quarter of 2008 to EUR 8.9 million in the first quarter of 2009.

TAG recorded EBITDA before fair-value remeasurements of EUR 5.7 million in the first quarter of 2009, up from EUR 4.2 million one year earlier, equivalent to an increase of 36 percent and underpinned by improvements in all operating areas. In addition, low interest rates relative to rental income also buoyed TAG's performance, vindicating the Management Board's strategy. A small loss of EUR 1.0 million (previous year: loss of EUR 2.4) was sustained before tax (EBT) and fair-value remeasurements.

Slight increase in equity ratio to 30.4 percent and successful long-term loan contract renewals

TAG continues to exhibit solid balance sheet ratios. Thus, total assets contracted slightly to EUR 822 million at the end of the first quarter, down from EUR 839.3 million at the end of 2008. At the same time, equity stands at EUR 249.6 million and thus at a comparable level to the end of 2008 (EUR 254.2 million). This slight decline is due solely to the negative effects of remeasuring the fair value of the interest hedges as a result of a further decline in interest and is not related to operating business. The equity ratio widened slightly over the end of 2008 to 30.4 percent. Thanks to the renewal of expiring loan contracts, it was possible to increase non-current borrowings from EUR 408.0 million as of 31 December

2008 to EUR 419.4. This was accompanied by a further drop in current borrowings from EUR 130.1 million at the end of 2008 to EUR 105.8 at the end of the first quarter of 2009.

Real estate in good locations and with stable cash flows

The strategic focus continues to be fixed on real estate in German metropolitan regions such as Hamburg, Berlin and Munich in good inner-city locations offering growth potential and a favourable long-term outlook in the German residential and commercial real estate market. Thanks to active asset management and individual portfolio development activities, TAG harnesses the potential available for boosting rental income. As a matter of principle, the Company's activities concentrate on generating stable cash flows and achieving attractive returns.

Change in Management Board

Effective 31 March 2009, Erhard Flint left TAG's Management Board, where he had been responsible for new construction, portfolio development and sales. The Supervisory Board and the Management Board wish to thank him for his valuable and constructive contribution over the past few years.

Outlook

The outlook for TAG remains favourable thanks to the prospect of further real estate sales beyond the first quarter of 2009. Selling activity is being buoyed by changed buyer preferences in the transaction market, which is now characterised by small-volume real estate sales. In view of restrictive bank lending practices, these transactions are either fully equity-financed or partially also funded with the support of local banks. In 2009, sales worth over EUR 40 million have so far been finalised, meaning that TAG's liquidity will continue to strengthen in the course of 2009.

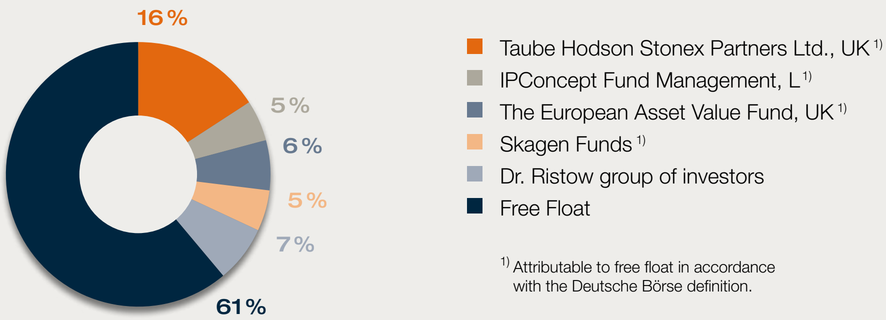
TAG stock

Listed in the SDAX, TAG stock entered the year at EUR 2.15, closing the first quarter of 2009 at EUR 1.71, thus sustaining a decline of around 20 percent and tracking the performance of the EPRA index in the same period.

The number of shares is unchanged at 32,566,364. Free float stands at 93 percent, with market capitalisation coming to EUR 56 million as of 31 March 2009.

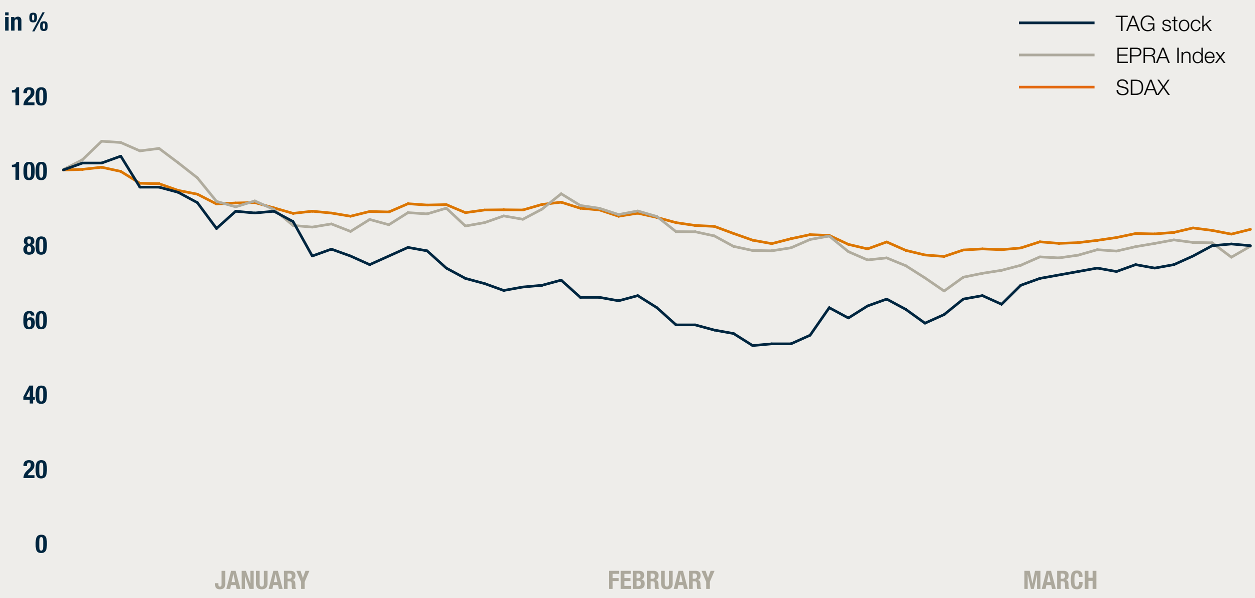
The shareholder structure is characterised by the long-term participation of institutional investors, whose commitment testifies to their confidence in the Company and its stock.

Shareholder structure 03/31/2009 (as disclosed by the statutory notifications)



[1] Attributable to free float in accordance with the Deutsche Börse definition.

Stock price


in %
120
100
80
60
40
20
0
JANUARY
FEBRUARY
MARCH
TAG stock
EPRA Index
SDAX

Interim financial report for the first quarter of 2009

TAG Group's business performance

TAG was able to successfully implement its strategy of strengthening its operating business and safeguarding liquidity thanks to a sharp rise in sales and rental income. At the same time, rental income rose by 15 percent from EUR 10.6 million in 2008 to EUR 12.2 million in the first quarter of 2009 accompanied by a three-fold rise in proceeds from sales.

Revenues in the core residential and commercial real estate segment surged by a total of 81 percent, increasing from EUR 18.5 million to EUR 33.5 million. Rental income climbed by 15 percent from EUR 10.6 million to EUR 12.2 million in the first quarter of 2009 primarily underpinned by the VBL portfolio, which had been acquired in mid 2008, the utilisation of potential for raising rentals and the reduction in vacancies. As a result, EBITDA before fair-value remeasurements rose from EUR 4.2 million in the first quarter of 2008 to EUR 5.7 million in 2009. This favourable rental and sales business resulted in an increase in gross profit before fair-value remeasurements of EUR 9.8 million at the end of the first quarter of 2009, up from EUR 9.0 million in the previous year.

The acquisition of real estate at favourable prices had contributed EUR 5.5 million to earnings in the first quarter of 2008 as a result of the recognition of remeasurement gains recognised on the basis of calculations performed by external valuers in connection with the acquisition. TAG remeasures its entire real estate portfolio annually at the end of each year to save time and expense. However, the sales prices achieved on the real estate so far confirm the value recoverable on the portfolio, which is characterised by good urban locations in German metropolitan regions and stable cash flows.

At EUR 2.1 million, personnel expenses in the first quarter of 2009 were unchanged over the same quarter in the previous year. The cost-reducing effects of the restructuring and staff-reduction measures implemented together with settlement amounts and continued salary payments to employees who have left the Company or been relieved of their duties as well as restructuring expense will show up in the course of 2009. Other operating expenses contracted from EUR 2.7 million at the end of the first quarter of 2008 to EUR 2.1 million at the end of the quarter. Equivalent to a 22 percent reduction, this reveals the preliminary effects achieved from the cost-optimisation and efficiency-boosting efforts. Net borrowing costs shrank slightly from EUR 6.4 million to EUR 6.1 million despite 6 percent growth in the overall credit volume for the real estate investments predominantly arising in 2008.

The TAG Group closed the first quarter of 2009 with a small consolidated loss before tax (EBT level) and before fair-value remeasurements of EUR 1.0 million (Q1 2008: EUR -2.4 million), thus confirming the ongoing success of its strategy of concentrating on its core activities at the beginning of 2009. By contrast, EBITDA before fair-value remeasurements rose by 36 percent from EUR 4.2 million to EUR 5.7 million. A post-tax loss from continuing business of EUR 0.4 million was sustained at the end of the first quarter of 2009, thus reversing the year-ago quarter's post-tax profit of EUR 2.2 million.

Lindengarten, Leipzig

Total assets contracted from EUR 839.3 million as of 31 December 2008 to EUR 822.2 million at the end of the first quarter of 2009.

Bank borrowings totalled EUR 525 million. In this connection, it was possible to increase non-current bank borrowings from EUR 408.0 million as of 31 December 2008 to EUR 419.4 millions thanks to the renewal of soon-to-expire loans. At the same time, current bank borrowings were reduced from EUR 130.1 million to EUR 105.8 million.

Cash and cash equivalents increased from EUR 5.9 million at the end of 2008 to EUR 8.6 million at the end of the first quarter of 2009. These factors together caused the equity ratio to widen from 30.3 percent on 31 December 2008 to 30.4 percent accompanied by a slight decline of EUR 4.6 million in equity in the same period due to short-term fluctuations in interest rates and, as a result, the remeasurement of the hedge accounting reserve. The loan-to-value (LTV) ratio improved to 66.6 percent.

Outlook

From mid May, the roughly 50 rooms of an apartment house in the Leipzig CBD will be ready for occupancy. The revitalisation of this historical building was completed at the end of April, meaning that the serviced apartments are now available for long and short-term occupancy. In addition, work on renovating a further 47 residential units with a total floor area of 3,600 sqm in a building constructed in the thirties in Leipzig's Dunckerviertel region was completed. These family-oriented apartments have been ready for occupancy since mid April, with a high rental ratio of over 80 percent already achieved. In this way, TAG has been able to complete further revitalisation projects, reduce the volume of real estate under construction or planning and also achieve a further cut in vacancies.

With the euro-zone economy continuing to deteriorate in the first quarter and the banking sector still suffering from the effects of the economic and financial crisis, the investment market for commercial real estate is continuing to adopt a "wait-and-see" stance. Restrictive bank lending for financing commercial real estate transactions as well as general economic conditions are particularly placing a damper on investment. On the other hand, there is buyer interest in predominantly small-volume properties, particularly residential real estate in the low single millions. In particular, a large number of potential buyers are regional investors. Against this backdrop, TAG is confident of being able to continue the cost-cutting and efficiency-boosting efforts commenced in 2008 in tandem with liquidity-boosting sales in 2009 and to continue the success achieved in the first quarter in the rental segment by means of active asset management throughout the rest of the year. Otherwise, the guidance contained in the 2008 annual report for the current year continues to hold true.

Consolidated balance sheet

Assets in TEUR	03/31/2009	(adjusted) 12/31/2008
Non-current assets		
Investment properties	613,399	620,942
Intangible assets	41	49
Property, plant and equipment	2,029	2,036
Investments in associates	347	347
Other financial assets	342	375
Deferred taxes	9,721	7,074
	625,879	**630,823**
Current assets		
Land with unfinished and finished buildings	170,663	176,667
Other inventories	46	478
Trade receivables	4,388	5,358
Income tax refund claims	1,395	1,395
Other current assets	7,175	11,365
Cash and cash equivalents	8,615	5,880
	192,282	**201,143**
Non-current available-for-sale assets	**4,015**	**7,331**
	822,176	**839,297**

Equity and liabilities in TEUR	03/31/2009	(adjusted) 12/31/2008
Equity		
Equity holders of the parent		
Subscribed capital	32,566	32,566
Share premium	219,733	219,733
Other reserves	-14,479	-10,349
Unappropriated surplus/-loss	-11,827	-13,830
Minority interests	23,613	26,060
	249,606	**254,180**
Non-current liabilities		
Bank borrowings	419,434	407,980
Retirement benefit provisions	1,920	1,920
Other non-current liabilities	8	8
Deferred taxes	0	0
	421,362	**409,908**
Current liabilities		
Other provisions	9,571	11,639
Income tax liabilities	1,453	1,440
Bank borrowings	105,800	130,062
Trade payables	9,029	8,603
Other current liabilities	23,885	21,504
	149,738	**173,248**
Liabilities in connection with the non-current available-for-sale assets	**1,470**	**1,961**
	822,176	839,297

Consolidated income statement

in TEUR	01/01 – 03/31/2009	(adjusted) 01/01 – 03/31/2008
Revenues	33,486	18,476
a) Sale of properties	20,672	6,732
b) Rental income	12,213	10,615
c) Property management and others	601	1,129
Other operating income	464	332
Fair-value remeasurement of investment properties	0	5,479
Cost of goods and services purchased	-24,129	-9,780
a) Sale of properties	-20,821	-6,739
b) Rental income	-3,308	-3,041
c) Property management and others	0	0
Gross profit	**9,821**	**14,507**
Personnel expenses	-2,059	-2,067
Depreciation/amortisation	-111	-97
Impairment losses on receivables and inventories	-139	-351
Other operating expenses	-2,088	-2,723
EBIT	**5,424**	**9,269**
Share of profit of investees	0	0
Share of profit of associates	-38	-132
Impairment losses on receivables from associates	0	0
Net borrowing costs	-6,355	-6,094
EBT	**-969**	**3,043**
Income taxes	623	-860
Other taxes	-56	-17
Consolidated net profit/loss from continuing activities	**-402**	**2,166**
Consolidated net profit/loss from discontinued business	-3	190
Consolidated net profit/loss before minorities	**-405**	**2,356**
Minorities	199	-290
Consolidated net profit/loss after minorities	**-206**	**2,066**
Earnings per share (EUR), basic		
continuing activities	-0.01	0.07
discontinued business	0.00	0.01
Total	-0.01	0.06

Consolidated statement of comprehensive income

in TEUR	01/01 – 03/31/2009	(adjusted) 01/01 – 03/31/2008
Consolidated net profit/loss before minorities	**-405**	**2,375**
Unrealised gains and losses from derivative financial instruments	-23,967	-8,285
Deferred taxes on unrealised gains and losses	7,736	2,673
Net unrealised gains and losses after tax	**-16,231**	**-5,612**
Net other profit/loss after tax	**-16,636**	**-3,237**
Minority interests	199	-290
Total	**-16,437**	**-3,527**

Consolidated cash flow statement

in TEUR	01/01 – 03/31/2009	(adjusted) 01/01 – 03/31/2008
Consolidated net profit/loss	**-206**	**2,066**
Depreciation/amortisation	111	97
Impairment losses on financial assets	0	0
Share of profits of associates	38	132
Fair-value remeasurement of investment properties	0	-5,479
Impairment losses on receivables and inventories	139	351
Impairment losses on receivables from associates	0	0
Gains from sales, consolidated companies and financial assets	0	0
Changes in deferred taxes	-2,647	-654
Changes in provisions	-2,068	-3,771
Changes in receivables and other assets	16,011	33,256
Changes in payables and other liabilities	2,498	2,560
Cash flow from operating activities	**13,876**	**28,558**
Payments made for investment properties	-1,377	-2,230
Payments received from the disposal of investment properties	9,900	0
Payments made for investments in intangible assets and property, plant and equipment	-95	-527
Sale of consolidated companies and financial assets	0	0
Payments made for investments in consolidated companies	0	-2,479
Cash flow from investing activities	**8,428**	**-5,236**
Proceeds from equity issues (net of transaction costs)	0	0
Payments made to shareholders	0	0
Payments received from the raising of bank loans	5,209	18,468
Payments made for repaying bank loans	-22,201	-34,003
Cash flow from financing activities	**-16,992**	**-15,535**
Net change in cash and cash equivalents	5,312	7,787
Cash and cash equivalents at the beginning of the period	3,771	11,887
Cash and cash equivalents at the end of the period	**9,083**	**19,674**

Statement of changes in consolidated equity

in TEUR	Equity holders of the parent company						Minority interests	Total equityt
	Sub-scribed capital	Share premium	Other reserves: Retained earnings	Other reserves: Hedge accoun-ting reserve	Unap-prop-riated surplus	Total		
01/01/2008	**32,566**	**219,606**	**527**	**-735**	**20,049**	**272,013**	**34,500**	**306,513**
Consolidated net profit/loss	0	0	0	0	-30,622	-30,622	-5,819	-36,441
Changes in hedge accounting reserve	0	0	0	-10,141	0	-10,141	-800	-10,941
Total revenues and expenses	0	0	0	-10,141	-30,622	-40,763	-6,619	-47,382
Business combination without change of status	0	127	0	0	0	127	-1,151	-1,024
Payments made to shareholders	0	0	0	0	-3,257	-3,257	-670	-3,927
12/31/2008	**32,566**	**219,733**	**527**	**-10,876**	**-13,830**	**228,120**	**26,060**	**254,180**
Consolidated net profit/loss	0	0	0	0	-206	-206	-199	-405
Changes in hedge accounting reserve	0	0	0	-4,130	2,209	-1,921	-2,248	-4,169
Total revenues and expenses	0	0	0	-4,130	2,003	-2,127	-2,447	-4,574
Business combination without change of status	0	0	0	0	0	0	0	0
Payments made to shareholders	0	0	0	0	0	0	0	0
Stand 03/31/2009	**32,566**	**219,733**	**527**	**-15,006**	**-11,827**	**225,993**	**23,613**	**249,606**

Segment report

in TEUR	Real estate Hamburg	Real estate Berlin	Real estate Munich	Real estate Others	Total Resi-dential	Com-mercial	Services	Other acitivites/ consoli-dation	Group
Total revenues	**12,490**	**8,755**	**1,097**	**3,731**	**26,074**	**6,324**	**1,096**	**-8**	**33,486**
Previous year	3,214	6,394	784	325	10,718	5,983	1,528	248	18,478
• of which external revenues	12,490	8,755	1,097	3,731	26,074	6,324	601	487	33,486
Previous year	3,214	6,394	784	325	10,718	5,983	1,129	647	18,478
• of which external revenues	0	0	0	0	0	0	495	-495	0
Previous year	0	0	0	0	0	0	399	-399	0
Segment profit/loss	**1,404**	**650**	**422**	**520**	**2,997**	**5,316**	**1,096**	**-52**	**9,357**
Previous year	785	490	399	177	1,852	7,896	1,528	2,898	14,174
• Non-allocated other operating income									464
Previous year									332
Gross profit									**9,821**
Previous year									14,506
• Non-allocated expenses									-10,790
Previous year									-11,464
EBT									**-969**
Previous year									3,042
Segment assets	**114,875**	**200,861**	**45,304**	**34,454**	**395,494**	**388,186**	**0**	**5,380**	**789,060**
Previous year	102,515	196,503	47,153	27,089	373,261	407,510	0	5,833	786,604
• Non-allocated assets									33,116
Previous year									82,036
Total assets									**822,176**
Previous year									868,703

Notes on the interim financial statements for the first quarter of 2009

General information

The interim consolidated financial statements of TAG Immobilien AG (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 2009 financial year. The comparison figures refer to 31 December 2008 with respect to the consolidated balance sheet and otherwise to the first three months of the 2008 financial year. The prior-year figures have been adjusted to allow for the deconsolidation of LARUS Asset Management GmbH as well as to include the discontinued business.

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 2008.

For more details concerning the recognition and measurement principles applied, please refer to the consolidated financial statements for the year ending 31 December 2008 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 2009 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 2009, there had been no changes in the consolidation group since 31 December 2008. 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 2009, revenues of EUR 20.7 million were generated from the sale of land.

A sum of EUR 9.9 million was obtained from the sale of a property in Hamburg by Bau-Verein zu Hamburg Aktien-Gesellschaft.

The hedge accounting reserve within equity relates to the fair-value measurement of interest derivatives for hedging cash flows from long-term real estate finance.

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 2008.

On 31 March 2009, the TAG Group had 111 employees, compared with 116 as of December 31, 2008.

Hamburg, 12 May 2009

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.

Appenzellerstraße, Munich

Burmesterstraße, Hamburg

TAG's Financial calender

19 June	126th shareholder's meeting, Hamburg
13 August	Interim Report – 2nd quarter of 2009
12 November	Interim Report – 3rd quarter of 2009

Contact

TAG Immobilien AG

Steckelhörn 5
20457 Hamburg
Telephone +49 40 380 32 - 300
Telefax +49 40 380 32 - 390
info@tag-ag.com
www.tag-ag.com

Bau-Verein zu Hamburg
Aktien-Gesellschaft

Steckelhörn 5
20457 Hamburg
Telephone +49 40 380 32 - 0
Telefax +49 40 380 32 - 390
info@bau-verein.de
www.bau-verein.de

TAG Gewerbeimmobilien AG

Steckelhörn 5
20457 Hamburg
Telephone +49 40 380 32 - 400
Telefax +49 40 380 32 - 411
info@tag-gewerbe.com

TAG

TAG Immobilien AG

Steckelhörn 5
20457 Hamburg
Telephone + 49 40 380 32 - 300
Telefax + 49 40 380 32 - 390
info@tag-ag.com
www.tag-ag.com