

**INTERIM REPORT ON THE
2ND QUARTER OF 2010**



Group Financials (IFRS)

| in TEUR | 01/01 - 06/30/2010 | (adjusted) 01/01 - 06/30/2009 |
|--|--------------------|----------------------------------|
| A. Income statement key figures | | |
| Revenues | 39,827 | 73,306 |
| a) Property sales | 15,401 | 48,778 |
| b) Rental income | 23,864 | 23,488 |
| c) Property management and other services | 562 | 1,040 |
| EBITDA before revaluation | 17,735 | 1,453 |
| EBIT | 17,225 | -14,946 |
| EBT | 6,221 | -28,578 |
| Consolidated net profit/loss before minority interests | 6,256 | -32,334 |
| Consolidated net profit/loss after minority interests | 6,413 | -30,265 |
| Earnings per share in EUR | 0.19 | -0.93 |
| B. Balance sheet key figures | | |
| | 06/30/2010 | 12/31/2009 |
| Total assets | 884,980 | 801,421 |
| Equity before minorities | 211,679 | 196,398 |
| Equity ratio in % | 23.9 | 24.5 |
| Bank loans | 552,527 | 517,243 |
| Of which non-current | 437,081 | 400,939 |
| Real estate volume | 850,377 | 770,096 |
| C. Employees | | |
| | 06/30/2010 | 12/31/2009 |
| Number of employees | 115 | 119 |
| Further figures | | |
| Market capitalisation in TEUR on 30 June 2010 | | 161,978 |
| Subscribed capital in EUR | | 34,984,546.00 |
| WKN/ISIN | | 830350/DE0008303504 |
| Number of shares | | 34,984,546 |
| Free Float in % | | 93 |
| Stock exchange | | SDAX/EPRA |

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Salomonstraße, Goerlitz

Preface by the Management Board

Dear Shareholders, Ladies and Gentlemen,

The first half of the current year was marked by the recovery of the German economy and the apparent stabilisation of the property market. The mood is improving, but the crisis is not yet over. Against this background, in the first six months of this year TAG recorded further operational successes.

Capital increase and successful convertible bond issue

First, at the beginning of the year we managed to effect a capital increase against contribution in kind by issuing 2.4 million shares at a price of EUR 5.50. It was particularly gratifying that we were able to manage this issue without the support and advice of banks.

And secondly, at the beginning of May we issued a convertible bond worth over EUR 30 million with subscription rights for TAG shareholders and successfully placed it on the market. This is all the more remarkable in the currently difficult capital market environment, as it was also significantly oversubscribed. The interest applicable to the nominal value of the bonds was fixed at 6.375 percent per annum. The convertible bond (ISIN A1ELQFO) is listed on the Open Market of the Frankfurt Stock Exchange.

The two successfully completed transactions show that TAG shares are recognised as attractive by shareholders and investors. The resulting liquidity allows us to generate sustainable, profitable growth. For instance, this year we have already been able to realise two opportunities offered to us in the property market:

Purchase of a Berlin residential property portfolio - TAG Nordimmobilien S.à r.l.

As early as the first quarter of 2010, we acquired a portfolio of 800 apartments, mostly located in Berlin. The portfolio acquisition was financed by taking over a loan and effecting a capital increase against contribution in kind by issuing 2,418,182 new shares.

Acquisition of two real estate companies: FranconoWest AG and TAG Sachsen-immobilien GmbH

In May of this year, TAG acquired another attractive residential property portfolio of around 2,000 units from FranconoWest AG (properties situated in central locations in North Rhine-Westphalia) and from Francono Advisory AG, which now trades as TAG Sachsen (properties in selected locations in Saxony). The current market value of this portfolio is approximately EUR 104 million. Most of the newly acquired properties won't be consolidated as part of the TAG Group until September 2010. The acquisition of the portfolio was again financed by issuing new TAG shares. These acquisitions have expanded our housing stock by more than 40 percent in regions where we are already invested. At the same time, non-real estate related costs remain stable, which increases the cost efficiency of the company.

The two acquisitions serve to illustrate our strategy and show that our investment focus is clearly on the residential property sector. Long-term structural developments are taking place in this sector of the real estate market, whose potential awaits realisation. It is our goal to benefit from this development and to actively create value. Residential real estate accounts for over 50 percent of our total portfolio, and we will continue to use our existing growth potential to further and sustainably expand the portfolio. Acquisitions are subject to strict criteria, however, and must improve TAG's profitability and cash flow. We are confident that the successful implementation of our strategy will continue to result in sustained growth and increase the value of our portfolio. We are encouraged in this by the Group's excellent collective expertise in the residential property sector, and our good infrastructure.

Vacancy further reduced

By focusing on active rental and asset management and the profitable running of our existing properties, we have further reduced vacancy throughout the portfolio using powerful, innovative marketing channels. We were able to significantly reduce vacancy in our commercial properties from 5.2 percent in late 2009 to currently 4.0 percent. Furthermore, during the first half of the year, we managed to reduce our residential vacancy from 10 percent of existing

inventory at year-end 2009 to 7.1 percent at the end of Q2/2010. In the newly acquired TAG Nord-immobilien portfolio, vacancy has already been reduced from 15 percent to 11.2 percent since the beginning of the year. At Group level, overall vacancy in the residential and commercial property sectors is down from 7.4 percent at the end of 2009 to 6.0 percent of existing inventory or 6.2 percent including the new portfolio in late June 2010 (Q2/2009: 9.8 percent).

These successes in vacancy reduction are also reflected in the key financial figures for the half-year. While rental income in the first half of 2010 increased by EUR 0.4 million year-on-year to EUR 23.9 million in 2010 (against EUR 23.5 million in the first half of 2009), rental profits increased by around EUR 2.1 million from EUR 17.2 million to EUR 19.3 million in the first half of 2010. This increase was achieved in the residential sector alone, in particular through lower vacancy and maintenance costs. For the first half of 2010, we were thus able to achieve a pre-tax profit (EBT) of EUR 6.2 million against EUR -28.6 million in the comparable period last year. Alongside the EBT, we achieved a respectable net profit of EUR 6.4 million for the same period, compared to EUR -30.3 million in the first half of 2009.

Highlights

- **Successful issue of a convertible bond worth over EUR 30 million in a difficult market environment**
- **Successful integration of the acquired portfolios**
- **Further vacancy reduction at Group level to 6.2 percent - including the new acquisitions**
- **EUR 2.1 million increase in rental profit stems solely from the residential sector**
- **Earnings before taxes (EBT) of EUR 6.2 million for the first half of 2010**
- **At the 2010 AGM, shareholders resolve to generate conditional and authorised capital**

One thing is very important in connection with all the activities so far this year: our shares may be used as currency again, and this confirms the confidence of our business partners, banks and shareholders in TAG and its prospects.

This is also reflected in the fact that we managed to get resolutions approved at this year's Annual Meeting in June that are not to be taken for granted given the current market environment. For instance, the shareholders voted for the generation of additional authorised and conditional capital – this means we can continue to issue convertible bonds and new shares when profitable, attractive market opportunities come up.

And we would like to take this opportunity to briefly note that we kept our promise not to dilute Net Asset Value (NAV) by paying for the acquisitions in shares. The NAV increased to 6.05 EUR per share on 30 June 2010, and was therefore above the value at year-end 2009 (6.03 EUR).



Auguste-Viktoria-Straße, Berlin

Outlook

In our Annual Report 2009 we forecast a pre-tax profit (EBT) of EUR 10 million for the current fiscal year. We continue to uphold this target.

We hope that the figures in this report and the company's strategic direction demonstrate that we are on track to create more value for you. We would be pleased if you continued to accompany us on our promising growth path, and thank you for your trust.

Yours sincerely,

Rolf Elgeti

Hans-Ulrich Sutter



Einsteinstraße, Munich

Holdings currently held by TAG

| | | |
|------------------------------------|--------------|--|
| TAG Immobilien AG | | Residential and commercial real estate <ul style="list-style-type: none"> ■ Founded in 1882 ■ Listed on the SDAX ■ Operative holding company of the group ■ EUR 850 m real estate volume |
| TAG Gewerbeimmobilien-AG | 100 % | Commercial real estate <ul style="list-style-type: none"> ■ Pre-REIT status ■ EUR 374 m real estate volume |
| Bau-Verein zu Hamburg AG | 91 % | Residential real estate <ul style="list-style-type: none"> ■ Founded 1892 ■ Listed on the General Standard ■ EUR 288 m real estate volume |
| ESTAVIS AG | 20 % | Residential real estate <ul style="list-style-type: none"> ■ EUR 78 m real estate volume (of which EUR 58 m are existing inventory and EUR 20 m are properties slated for development) ■ Listed on the Prime Standard |
| Westgrund AG | 10 % | Residential and commercial real estate <ul style="list-style-type: none"> ■ A good monetary investment ■ A shareholding represents an easy way to participate in the development of their real estate values |
| FranconoWest AG | 97 % | Residential real estate <ul style="list-style-type: none"> ■ Residential property volume of around EUR 87 m ■ 94 % of the properties located in North Rhine Westphalia ■ Consolidated as of Q3/2010 (expected) |
| TAG Sachsenimmobilien GmbH | 100 % | Residential real estate/ Services <ul style="list-style-type: none"> ■ 436 Units in Saxony and Thuringia ■ Commercial and technical services for real estate ■ Consolidated as of 1 June 2010 |
| TAG Nordimmobilien S.à r.l. | 100 % | Residential real estate <ul style="list-style-type: none"> ■ 787 Units predominantly in Berlin ■ Consolidated as of Q1 /2010 |
| LARUS Asset Management GmbH | 49 % | Services <ul style="list-style-type: none"> ■ Services for commercial real estate ■ EUR ~1.9 bn assets under management ■ Joint Venture with HSH Real Estate AG ■ non-consolidated |

TAG Share

At the end of Q2/2010, TAG shares – listed on Germany's SDAX – were trading at EUR 4.63, a slight improvement over the EUR 4.50 share price at year-end 2009.

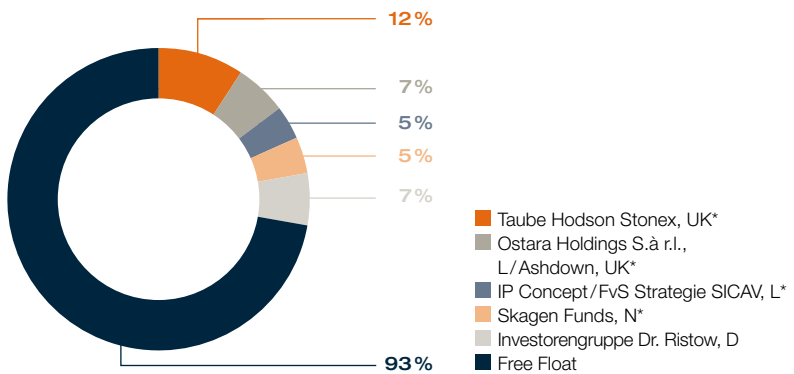
Following the registration of capital increase against contribution in kind in March 2010, the number of shares increased by 2,418,182 units to currently 34,984,546 nonpar shares. Free float is 93 percent. At a price of EUR 4.63 on 30 June 2010, market capitalisation amounted to EUR 162 million.

Investor relations activities including conferences, presentations and road shows were very much in demand during the first half of the year at a national and international level, not least as a result of the successful issuance of a EUR 30 million convertible bond offered to shareholders in the period 22 April to 6 May 2010, which was fully placed despite the current difficult market environment.

At this year's Annual General Meeting on 25 June 2010, over 46 percent of the share capital was represented. The shareholders present approved all agenda items by a large majority.

The current shareholder structure also reflects confidence in the company. Most of TAG's shareholders are national and international investors with predominantly long-term investment strategies form.

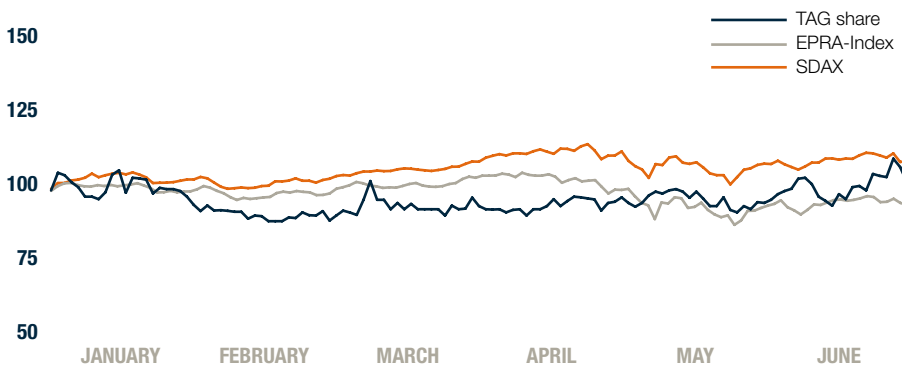
Shareholder structure at 30. June 2010



* allocated to free float in accordance with the Deutsche Börse definition

Share price

in %





Danziger Straße, Berlin

Group management report for the first half of 2010

Economic conditions in Germany

After sharp downturns in the global economy in 2009, the German economy is seeing a positive trend in mid-2010. In the opinion of various German managers, the economy has developed better than expected at the beginning of the year (Source: Handelsblatt, 28 June 2010). Actual production surpassed all expectations, especially in the German industrial sector, and growing world trade with high growth rates in India and China has revived Germany's strength as an export nation. This development had a positive effect on the German economy and continues to create a confident mood for specific investment and employment plans. A large proportion of German managers want to increase their staff and continue to hire.

Consequently, several experts expect a growth of GDP. The President of the IfO Institute for Economic Research has raised his growth forecast for the current year to above 2 percent (Source: Handelsblatt, 8 July 2010). The Federal Minister of Finance is expecting somewhat more moderate economic growth of 2 percent even, an upward adjustment from the government's previous growth forecast of 1.4 percent (Source: Handelsblatt, 8 July 2010). Despite this optimism neither Germany, Europe nor the US have reached pre-crisis levels of industrial output. If the trend continues, the German economy is expected to emerge from what has turned out to be the biggest recession since the Great Depression of the 1930s by the end of 2012 (Source: Handelsblatt 28 June 2010). So a rapid recovery of the economy is not expected, and the markets will remain difficult and fiercely competitive for a while.

The German real estate market

Commercial properties

The recovery of the investment market continues and showed high levels of activity in the first half of 2010, especially in the commercial real estate sector where transaction volumes almost doubled to EUR 8.9 billion in the first two quarters. At around EUR 4.5 billion, more than half of the German transaction volumes took place in the six prime locations of Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Munich and Stuttgart. Berlin is clearly the top location – high-volume sales like the Sony Center and the A10 Center pushed transactions in the German capital past the two-billion-euro mark during the first half-year alone. Berlin is followed by Munich and Hamburg, with transaction volumes of EUR 869 million and EUR 505 million respectively. Open and closed real estate funds, occupational pension funds and insurance companies as well as project developers accounted for most of the activity in the transaction markets. The most in-demand properties were retail (41 percent or EUR 3.6 billion) and office (33 percent/EUR 2.9 billion) spaces. In addition, prime yields in the six top locations remained stable. The most expensive is Munich (4.5 percent), followed by Hamburg (4.8 percent) and Frankfurt am Main (5.3 percent).

To sum up, the German property market is currently shaped by the very steady investment strategies of investors active in the market. The high demand for core real estate simultaneously hits a low supply, which limits the volume of transactions. In addition, investment volumes are mainly significantly above those of the crisis year of 2009. Overall, a lively market is expected for the second half of the year. However, the debt crisis in many EU member states ensures continued nervousness in financial markets. Conversely, due to low interest rates the players on the investment markets can continue to undertake refinancing at favourable rates, which can then lead to further growth. (Source: Colliers Property Partners in Deal Magazine, 7 July 2010; Cushman & Wakefield in Deal Magazine, 24 June 2010)



Cafe Atlas, Munich

Residential properties

Unlike the commercial property market, Germany's residential real estate market is influenced by long-term structural developments, such as an aging population and an increasing number of small households of only one or two people. The residential sector continued to bottom out during the first half of 2010. The real estate consultants Cushman & Wakefield registered a total of 21 transactions with more than 250 residential units – so the activity was at a similarly low level as in the previous year with 20 transactions. However, the number of traded units and transaction volumes increased slightly compared to the first half of 2009. The first six months of 2010 saw larger portfolio transactions (more than 250 units) of approximately 30,000 residential units with a volume of around EUR 1.58 billion. In 2009 there

were 25,000 residential units with a volume of EUR 1.34 billion. The average price fell slightly to 770 EUR/m² compared to 2009 (780 EUR/m²).

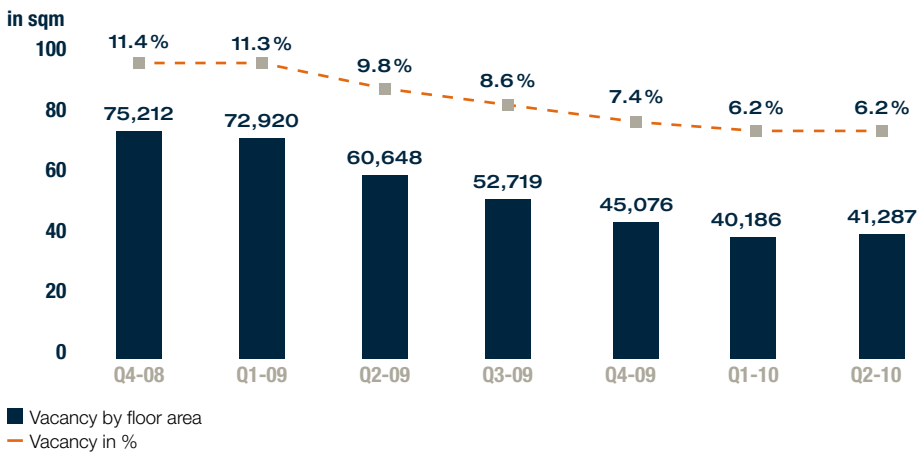
In conclusion: The residential real estate market has stabilised at a low level, as borne out by the transaction volume. However, against a background of high investor interest and a rising supply of non-performing portfolios experts expect a continued revival of the market in the second half of 2010 (source: Cushman & Wakefield in Deal Magazine, June 24 2010).

The TAG Group portfolio

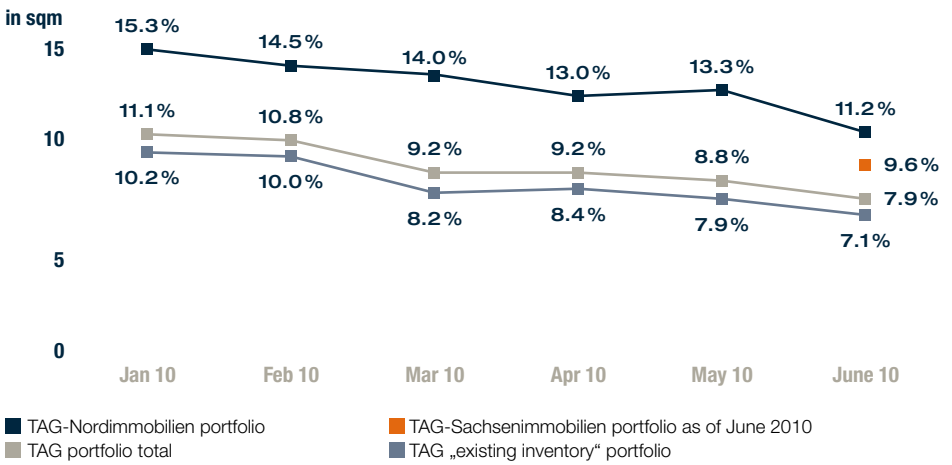
The TAG portfolio is characterised by real estate in attractive locations in big German cities with a focus on Berlin, Hamburg, Leipzig, Munich and the Rhine-Main area. These locations are notable for their good infrastructure and economic and demographic growth potential. Economic and purchasing power is concentrated in these cities and regions, and despite the current difficult economic environment rents here are expected to remain stable over the next few years. TAG is also doing well in the operations side of its business. The company successfully implemented its strategy by stepping up its vacancy reduction and active rental and asset management and realising existing market potential, especially in the residential real estate sector. As a result, its rental profit for the first half of 2010 EUR amounted to 19.3 million, vs. EUR 17.2 million for the first half of 2009. This represents a 12 percent increase.

Vacancy reduction at Group level was also successfully advanced in the second quarter of 2010 using powerful, innovative marketing channels. Vacancy in the commercial property portfolio was significantly reduced from 5.2 percent at year-end 2009 to currently 4.0 percent. Furthermore, in the first half-year residential vacancy was reduced from 10 percent of existing inventory at year-end 2009 to 7.1 percent at the end of the first half of 2010. In the newly acquired TAG Nord-immobilien portfolio vacancy was reduced from 15 percent to 11.2 percent since the beginning of the year. At Group level, overall vacancy was reduced from 7.4 percent at year-end 2009 to 6.0 percent of existing inventory or 6.2 percent including the newly acquired portfolios at the end of June 2010 (Q2/2009: 9.8 percent).

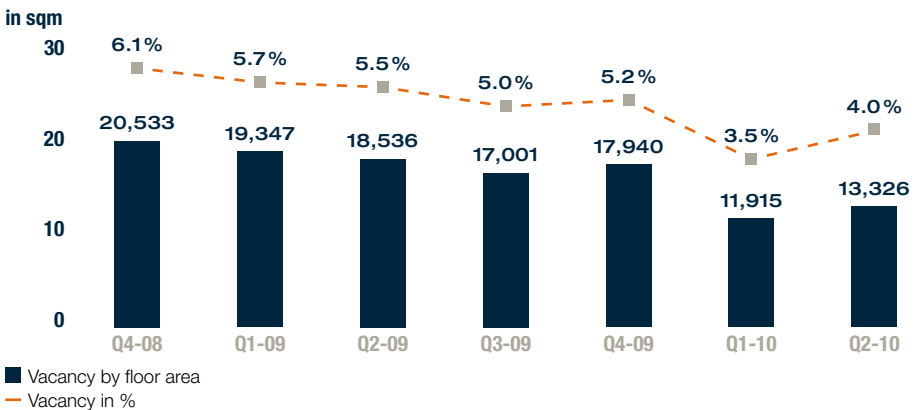
Portfolio - Vacancy rate reduction - Total



Portfolio - Vacancy rate reduction - Residential



Vacancy rate reduction - Commercial real estate



Results of operations, financial condition and net assets of TAG Group

TAG focuses on residential and commercial properties in German metropolitan regions, which are characterised by attractive locations offering growth potential and a favourable long-term outlook. TAG systematically continued to pursue its strategy of focusing on profitable growth in residential real estate in the first half of 2010. In March, the acquisition of a Berlin real estate portfolio of 787 flats with a total floor area of 51,300 sqm was completed. This was followed in May 2010 by the acquisition of another attractive residential real-estate portfolio with approximately 2,000 units and a market value of around EUR 104 million, through the purchase of the real estate companies FranconoWest AG and Francono Advisory AG. The acquired properties are situated in central locations in North Rhine-Westphalia as well as at selected sites in Saxony. Most of the

approx. 2,000 newly acquired properties will be consolidated in the third quarter of 2010. The acquisition of two other, smaller real estate portfolios was already included in this interim report. In Schleswig-Holstein and Berlin, about 200 residential units were purchased at a purchase price of EUR 10.3 million. In Lübeck, approximately 180 apartments were purchased at a price of EUR 6.7 million. The acquisitions strengthened our operative business and resulted in substantial further synergy effects as the acquired properties could immediately be integrated into our existing internal network of service units.

Revenues for the first half of 2010 amounted to EUR 39.8 million against EUR 73.3 million in the first half of 2009. This 45.7 percent decrease resulted almost exclusively from lower proceeds from sales (disposals), which were down by EUR 33.4 million to EUR 15.4 million in the first half of 2010.

Despite the high volume of properties sold in 2009, rental income for the first half of 2010 increased to EUR 23.9 million against EUR 23.5 million the previous year. Mainly due to the successful reduction of vacancy costs, rental profit in the first half of 2010 grew by EUR 2.1 million to EUR 19.3 million, against EUR 17.2 million for the same period last year. This represents an increase of 12 percent.

EBITDA prior to the revaluation of the TAG Group increased to EUR 17.7 million in the first half of 2010 following EUR 1.5 million in the first half of 2009, which is attributed to the elimination of the restructuring expenses in 2009 and positive effects of the initial consolidations of the acquired companies, which are described in greater detail in the notes on the interim financial statements.

Given the current situation and performance of the German residential and commercial real estate markets, and the positively developing income from the TAG property portfolio there is no indication for a deviation from the last valuation of 31 Dec 2009. The next property valuation will take place in the second half of 2010 as scheduled.

Personnel expenses dropped to EUR 4.2 million for the period from January to June 2010 against EUR 5.8 million during the first half of 2009. This represents a 28 percent reduction.

Other operating expenses were reduced to EUR 7.1 million in the first half of 2010, as compared with EUR 11.7 million in the first six months of 2009.

First-half net borrowing costs increased from EUR 12.6 million in 2009 to 14.3 million in 2010 due to acquisitions.

The TAG Group was able to increase its earnings before taxes (EBT) to EUR 6.2 million following a loss in the amount of EUR -28.6 million in the first half of 2009. This reflects the positive effect of earnings from a minority share in affiliated company Estavis AG, which was consolidated for the first time on 30 June 2010. Consolidated earnings after minority interests increased from EUR -30.3 million in the 1st half of 2009 to EUR 6.4 million in the 1st half of 2010.

TAG's balance sheet ratios are still stable. Due to the acquisitions, total revenues grew from EUR 801.4 million on 31 Dec 2009 to EUR 885 million on 30 Jun 2010. The investment property volume increased from EUR 596.7 million at year-end 2009 to EUR 679.1 million on 30 Jun 2010, a 14 percent increase. The already-agreed purchase of FranconoWest AG won't be entered in the balance sheet until after 30 Jun 2010, and will further increase the property volume.



Meuselwitzer Straße, Gera

Equity before minority interests increased by EUR 15.3 million or 7.8 percent to EUR 211.7 million at 30 Jun 2010, against EUR 196.4 million at 31 Dec 2009. The equity ratio was 23.9 percent at 30 Jun 2010, nearly on par with the 24.5 percent value at 31 Dec 2009.

TAG Group had EUR 4.6 million in cash and cash equivalents on 30 Jun 2010, against EUR 6.8 million on 31 Dec 2009.

The loan liabilities totalled EUR 552.5 million, against EUR 517.2 million on 31 Dec 2009. This increase is mainly due to the liabilities assumed as part of the newly acquired property portfolios. The same time long-term loan liabilities increased to EUR 437 million at 30 Jun 2010, after EUR 400.9 million at 31 Dec 2009. In contrast,

short-term borrowings were further reduced and amounted to EUR 115.4 million at 30 Jun 2010 against EUR 116.3 million at year-end 2009.

The Loan to Value (LTV) ratio improved by 200 basis points in the first half of 2010, to 65.4 percent (year-end 2009: 67.4 percent). This reflects more favourable refinancing terms and a restructuring of our financing portfolio.

The TAG Group improved its net asset value (NAV) to EUR 6.05 per share at 30 Jun 2010, despite the increased number of shares. So we have managed to avoid diluting the NAV in the wake of the acquisitions.

Business performance of Bau-Verein zu Hamburg Aktien-Gesellschaft

Bau-Verein zu Hamburg Aktien-Gesellschaft's revenues fell overall due to a high volume of property sales in 2009, from EUR 57.2 million in the first half of 2009 to EUR 19.0 million in the first half of 2010. Accordingly, rental income decreased from EUR 9.0 million to EUR 8.2 million in the first half of 2010 and the sales proceeds dropped from EUR 47.1 million to EUR 10.2 million. Thanks to aggressive vacancy reduction, the company managed to improve its rental profit, especially in Berlin, and despite the high sales volume in 2009, by almost 22 percent: from EUR 5.1 million in the first half of 2009 to EUR 6.2 million in 2010.

Bau-Verein's personnel expenses declined dramatically due to restructuring within the TAG Immobilien AG group, from EUR 3.1 million in the first half of 2009 to currently EUR 1.1 million. The employee headcount was reduced from 69 at the end of 2009 to 32 by the end of June 2010. For practical reasons, most of the employees have been employed by TAG Immobilien AG since the beginning of the year. Other operating expenses decreased from EUR 4.6 million in the first half of 2009 to EUR 3.2 million in the first half of 2010.

In the first half of the year, Bau-Verein acquired two portfolios that go well with the Group's real estate structure. One portfolio consists of two residential properties with a total of 179 units (10,000 sqm) in Lübeck, and the second comprises seven properties in Berlin and Schleswig-Holstein. This portfolio has a total of 206 units (12,600 sqm) and is fully rented.

Given the current situation and performance of the German residential real-estate market, Bau-Verein believes in the profitability and stability of its residential portfolio and that a revaluation would not have shown any negative deviations from the last valuation of 31 Dec 2009. Therefore, the next property valuation will take place in the second half of 2010 as scheduled.

In the first half of 2010, Bau-Verein generated EBIT of EUR 2.5 million against EUR -3.8 million in the first six months of 2009. Net borrowing costs improved slightly from EUR -4.8 million in the first half of 2009 to EUR -4.6 million in the current year. This resulted in pre-tax earnings (EBT) of EUR -2.0 million against EUR -9.7 million in the same period of 2009. Bau-Verein zu Hamburg Aktien-Gesellschaft's consolidated net income came to EUR -1.8 million, against EUR -6.5 million in the first half of 2009.

The balance sheet total increased from EUR 297.5 million at 31 Dec 2009 to EUR 301.7 million at 30 Jun 2010. Equity before minority interests decreased slightly from EUR 94.3 million at 31 Dec 2009 to currently EUR 92.4 million, for an equity ratio of 30.6 percent. Long-term liabilities to banks increased from EUR 115.0 million at year-end 2009 to EUR 116.8 million at 30 Jun 2010, while short-term liabilities to banks decreased from EUR 64.7 million at 31 Dec 2009 to EUR 60.2 million by the end of the first half of 2010. In the first half of 2010, the value of newly purchased real estate exceeded that of assets sold. Thus, Bau-Verein's property volume increased to EUR 288.1 million from EUR 280.5 million at 31 Dec 2009. The Loan to Value (LTV) ratio improved to 60.8 percent at 30 Jun 2010 against 62.5 percent at year-end 2009.

There were also changes to the Bau-Verein Supervisory Board with Mr. Andrés Cramer joining on 1 April after Dr. Wolfgang Schnell resigned his seat in December 2009.

Business performance of TAG Gewerbeimmobilien AG

Revenues were down slightly in the first half of 2010, to EUR 11.6 million against EUR 12.0 million in the prior year period. The decline in revenue was partially offset by lower operating costs, and first-half rental income decreased from EUR 10.5 million in 2009 to EUR 10.3 million in 2010.

EBITDA before revaluation increased to EUR 9.2 million in the first six months of 2010, against EUR 8.7 million in the period of January to June 2009. This was mainly due to lower operating expenses.

Pre-tax earnings (EBT) improved from EUR -13.3 million in the first half of 2009, to EUR -0.4 million in the first half of 2010. This is mainly due to the fact that in 2010 there was no depreciation of property assets, which had shaved EUR 12.3 million off the results in the first half of 2009.

TAG Gewerbe AG's first-half profits after taxes came to EUR -0.3 million in 2010, after EUR -15.2 million in 2009.

The company's balance sheet total increased from EUR 380.6 million at 31 Dec 2009 to EUR 381.1 million at 30 Jun 2010.

Liabilities to banks fell from EUR 251.7 million at the end of 2009 to EUR 248.1 million at 30 Jun 2010.

The Loan to Value (LTV) ratio improved to 68.6 percent, against 69.6 percent at 31 Dec 2009.

Forecasts, opportunities, risks

TAG is exposed to many operational and economic risks through its business activities. Major risks include leasing risks and the risk of rental losses, as well as interest rate and liquidity risks. In general, the principles of our risk management system have not changed since the beginning of the year. Please refer to the detailed presentation in the Annual Report 2009 (see Management Report, p.47 ff).

The German economy developed positively in the first half of this year and the German real estate market has also stabilised or is showing signs of recovery.

Nevertheless, the pace of economic development will slow in the months ahead, and during this period inflation and interest rates will remain at low levels.

Against this backdrop, TAG's business model has put it in a good position for continued growth. The company will continue to pursue its strategy of realising existing potential for growth and value creation, and increasing the value and profitability of its real-estate inventory through active portfolio management. TAG is invested in attractive locations in German cities like Hamburg, Berlin, Munich, Leipzig and North Rhine-Westphalia and expects that rents will remain stable in these areas in the years ahead, or can be gradually increased through active asset management, especially in the residential real estate sector – on the one hand through existing potential in the residential real estate market leading directly to an increase in rental income, and secondly by reducing vacancy. The successful implementation of these measures and strategic, moderate investment activity should have a positive effect on revenues and profitability and consequently also on the Company's future performance.



Paradieshof, Hamburg

TAG will also continue to exploit opportunities for ongoing growth that crop up in the real estate market. The resolutions passed at the Annual General Meeting in June approving further authorised and conditional capital will have a positive effect on this.

The Management Board of TAG stands by its forecast of earnings before taxes (EBT) reaching EUR 10 million for the full fiscal year.

Hamburg, 9 August 2010

The Management Board

Consolidated balance sheet

| Assets in TEUR | 06/30/2010 | (adjusted) 12/31/2009 |
|--|-------------------|---------------------------------|
| Non-current assets | | |
| Investment properties | 679,109 | 596,720 |
| Intangible assets | 554 | 400 |
| Property, plant and equipment | 9,986 | 10,216 |
| Investments in associates | 7,309 | 440 |
| Other financial assets | 2,004 | 396 |
| Deferred taxes | 4,644 | 6,659 |
| | 703,606 | 614,831 |
| Current assets | | |
| Land with unfinished and finished buildings | 147,986 | 146,618 |
| Other inventories | 1,036 | 1,619 |
| Trade receivables | 6,038 | 5,646 |
| Income tax refund claims | 1,079 | 1,074 |
| Other current assets | 6,063 | 6,858 |
| Cash and cash equivalents | 4,612 | 6,840 |
| | 166,814 | 168,655 |
| Non-current available-for-sale assets | 14,560 | 17,935 |
| | 884,980 | 801,421 |

| PASSIVA in TEUR | 06/30/2010 | (adjusted) 12/31/2009 |
|---|-------------------|---------------------------------|
| Equity | | |
| Subscribed capital | 34,985 | 32,566 |
| Share premium | 179,727 | 170,307 |
| Other reserves | -14,837 | -11,866 |
| Unappropriated surplus/-loss | 11,804 | 5,391 |
| Attributable to the equity holders of the parent company | 211,679 | 196,398 |
| Minority interests | 7,159 | 8,083 |
| | 218,838 | 204,481 |
| Non-current liabilities | | |
| Bank borrowings | 437,081 | 400,939 |
| Retirement benefit provisions | 1,931 | 1,881 |
| Other non-current liabilities | 44,293 | 22,521 |
| Deferred taxes | 4,634 | 4,618 |
| | 487,939 | 429,959 |
| Current liabilities | | |
| Other provisions | 9,224 | 17,908 |
| Income tax liabilities | 2,000 | 1,854 |
| Bank borrowings | 115,446 | 116,304 |
| Trade payables | 21,202 | 6,105 |
| Other current liabilities | 21,734 | 16,197 |
| | 169,606 | 158,368 |
| Liabilities in connection with the non-current available-for-sale assets | 8,597 | 8,613 |
| | 884,980 | 801,421 |

Consolidated income statement

| in TEUR | 01/01 – | (adjusted) | 04/01 – | (adjusted) |
|---|---------------|-----------------------|---------------|-----------------------|
| | 06/30/2010 | 01/01 – 06/30/2009 | 06/30/2010 | 04/01 – 06/30/2009 |
| Total revenues | 39,827 | 73,306 | 18,726 | 40,227 |
| Rental revenues | 23,864 | 23,488 | 11,907 | 11,682 |
| Rental expenses | -4,533 | -6,286 | -2,252 | -3,385 |
| Net rental income | 19,331 | 17,202 | 9,655 | 8,297 |
| Revenues from the sale of inventory real estate | 11,354 | 20,509 | 5,109 | 10,805 |
| Expenses on the sale of inventory real estate | -11,605 | -19,675 | -5,371 | -10,359 |
| Net revenues from sale of inventory real estate | -251 | 834 | -262 | 446 |
| Revenues from the sale of investment properties | 4,047 | 28,269 | 1,428 | 17,301 |
| Expenses on the sale of investment properties | -3,928 | -29,339 | -1,578 | -17,834 |
| Net revenues from sale of investment properties | 119 | -1,070 | -150 | -533 |
| Revenues/net revenues from property management | 562 | 1,040 | 282 | 439 |
| Other operating income | 9,268 | 932 | 4,390 | 468 |
| Fair-value remeasurement of investment properties | 0 | -15,298 | 0 | -15,298 |
| Gross profit | 29,029 | 3,640 | 13,915 | -6,181 |
| Personnel expenses | -4,241 | -5,786 | -2,341 | -3,727 |
| Depreciation/amortisation | -321 | -233 | -160 | -122 |
| Impairment losses on receivables and inventories | -188 | -868 | -144 | -729 |
| Other operating expenses | -7,054 | -11,699 | -4,864 | -9,608 |
| EBIT | 17,225 | -14,946 | 6,406 | -20,367 |
| Share of profit of associates | 3,344 | 53 | 3,329 | 91 |
| Reversals/impairment losses on receivables from associates | 0 | -1,045 | 0 | -1,045 |
| Interest income | 1,282 | 4,060 | 677 | 3,048 |
| Borrowing costs | -15,630 | -16,700 | -8,330 | -9,333 |
| EBT | 6,221 | -28,578 | 2,082 | -27,606 |
| Income taxes | 42 | -3,391 | -116 | -4,014 |
| Other taxes | -7 | -365 | 1 | -309 |
| Consolidated net profit/loss before minorities | 6,256 | -32,334 | 1,967 | -31,929 |
| of which attributable to minority interests | -157 | -2,069 | -110 | -1,870 |
| of which attributable to the equity holders of the parent company | 6,413 | -30,265 | 2,077 | -30,059 |
| Earnings per share (EUR), basic | | | | |
| Basic earnings/loss per share | 0.19 | -0.93 | 0.06 | -0.92 |
| Diluted earnings/loss per share | 0.19 | -0.93 | 0.06 | -0.92 |

Consolidated statement of comprehensive income

| in TEUR | 01/01- 06/30/2010 | 01/01- 06/30/2009 | 04/01- 06/30/2010 | 04/01- 06/30/2009 |
|--|----------------------|----------------------|----------------------|----------------------|
| Consolidated net profit/loss as shown in the income statement | 6,256 | -32,334 | 1,967 | -31,929 |
| Unrealised gains and losses from hedge accounting | -4,523 | -3,503 | -521 | 2,993 |
| Unrealised gains and losses for the revaluation of securities | 170 | 0 | 170 | 0 |
| Deferred taxes on unrealised gains and losses | 1,377 | 1,131 | 85 | -966 |
| Other comprehensive income after taxes | -2,976 | -2,372 | -266 | 2,027 |
| Total comprehensive income | 3,280 | -34,706 | 1,701 | -29,902 |
| of which attributable to minority interests | -162 | -2,338 | -64 | -1,870 |
| of which attributable to the equityholders of the parent company | 3,442 | -32,368 | 1,765 | -28,032 |

Consolidated cash flow statement

| in TEUR | 01/01- 06/30/2010 | (adjusted) 01/01- 06/30/2009 |
|---|----------------------|------------------------------------|
| Consolidated net profit/loss (attributable to equity holders of the parent) | 6,413 | -30,265 |
| Profit from first-time consolidation | -5,074 | 0 |
| Depreciation/amortisation | 321 | 233 |
| Share of profits/losses of associates | -3,344 | -53 |
| Changes from remeasurement of investment properties | 0 | 15,298 |
| Impairments on receivables and inventories | 188 | 868 |
| Reversals/impairment losses on receivables from associates | 0 | 1,045 |
| Earnings/losses from the disposal of investment properties | -119 | 1,070 |
| Changes in deferred income taxes | -1,128 | 2,458 |
| Changes in provisions | -8,696 | 8,492 |
| Changes in receivables and other assets | 2,975 | 4,585 |
| Changes in payables and other liabilities | -4,360 | 2,177 |
| Cash flow from operating activities | -12,824 | 5,908 |
| Payments made for investments in investment properties | -17,169 | -5,377 |
| Payments received from the disposal of investment properties | 4,047 | 28,269 |
| Payments made for investments in intangible assets and property, plant and equipment | -241 | -549 |
| Payments made for investments in other financial assets | -4,909 | 0 |
| Cash flow from investing activities | -18,272 | 22,343 |
| Payments issued for the redemption of convertible bonds | -11,400 | 0 |
| Payments received from the issue of convertible bonds | 30,000 | 0 |
| Payments received from bank borrowings | 30,507 | 35,252 |
| Payments made for repaying bank borrowings | -19,852 | -63,689 |
| Payments made for business combinations without change of status | -754 | 0 |
| Cash flow from financing activities | 28,501 | -28,437 |
| Net change in cash and cash equivalents | -2,594 | -186 |
| Cash and cash equivalents at the beginning of the period | -595 | 3,771 |
| Cash and cash equivalents at the end of the period | -3,189 | 3,585 |

Statement of changes in consolidated equity

| in TEUR | Equity holders of the parent company | | | | | | | | |
|---|--------------------------------------|----------------|-------------------|---------------------------|--------------------------|---|----------------|--------------------|----------------|
| | Subscribed capital | Share premium | Other reserves | | | Unappropriated surplus / accumulated loss | Total | Minority interests | Total equity |
| | | | Retained earnings | Revaluation of securities | Hedge accounting reserve | | | | |
| 01/01/2009 (adjusted) | 32,566 | 220,093 | 527 | 0 | -10,876 | -14,190 | 228,120 | 26,060 | 254,180 |
| Consolidated net profit/loss | 0 | 0 | 0 | 0 | -2,103 | -30,265 | -32,368 | -2,338 | -34,706 |
| Business combination without change of status | 0 | 128 | 0 | 0 | 0 | 0 | 128 | -128 | 0 |
| 06/30/2009 (adjusted) | 32,566 | 220,221 | 527 | 0 | -12,979 | -44,455 | 195,880 | 23,594 | 219,474 |
| Consolidated net profit/loss | 0 | 0 | 0 | 0 | 586 | 1,099 | 1,685 | 75 | 1,760 |
| Business combination without change of status | 0 | -1,535 | 0 | 0 | 0 | 0 | -1,535 | -15,602 | -17,137 |
| Issue of convertible bond | 0 | 368 | 0 | 0 | 0 | 0 | 368 | 0 | 368 |
| Amounts withdrawn from share premium | 0 | -48,747 | 0 | 0 | 0 | 48,747 | 0 | 0 | 0 |
| Other changes in minorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 16 |
| 12/31/2009 | 32,566 | 170,307 | 527 | 0 | -12,393 | 5,391 | 196,398 | 8,083 | 204,481 |
| Total comprehensive income | 0 | 0 | 0 | 114 | -3,085 | 6,413 | 3,442 | -162 | 3,280 |
| Business combination without change of status | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -753 | -753 |
| Capital increase against contribution in kind | 2,419 | 8,464 | 0 | 0 | 0 | 0 | 10,883 | 0 | 10,883 |
| Issue of convertible bond | 0 | 1,291 | 0 | 0 | 0 | 0 | 1,291 | 0 | 1,291 |
| Repurchase of convertible bond | 0 | -334 | 0 | 0 | 0 | 0 | -334 | 0 | -334 |
| Other changes in minorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -9 | -9 |
| 06/30/2010 | 34,985 | 179,727 | 527 | 114 | -15,478 | 11,804 | 211,679 | 7,159 | 218,838 |

Consolidated segment report

| in TEUR | Real estate Hamburg | Real estate Berlin | Real estate Munich | Real estate Others | Total Residential | Commercial | Services | Other activities/Consolidation | Group |
|---|---------------------|--------------------|--------------------|--------------------|-------------------|----------------|------------|--------------------------------|----------------|
| Total revenues | 7,837 | 14,611 | 1,068 | 2,355 | 25,871 | 13,044 | 681 | 231 | 39,828 |
| Previous year | 37,395 | 13,431 | 3,007 | 4,431 | 58,264 | 12,805 | 2,164 | 72 | 73,306 |
| ■ Of which external revenues | 7,837 | 14,611 | 1,068 | 2,355 | 25,871 | 12,894 | 562 | 501 | 39,828 |
| Previous year | 37,395 | 13,431 | 3,007 | 4,431 | 58,264 | 12,805 | 1,040 | 1,197 | 73,306 |
| ■ Of which internal revenues | 0 | 0 | 0 | 0 | 0 | 150 | 119 | -269 | 0 |
| Previous year | 0 | 0 | 0 | 0 | 0 | 0 | 1,124 | -1,124 | 0 |
| Segment profit/loss | 1,930 | 3,279 | 811 | 797 | 6,817 | 11,461 | 681 | 802 | 19,761 |
| Previous year | 1,478 | -1,122 | 848 | 627 | 1,831 | -1,035 | 2,164 | -251 | 2,709 |
| ■ Of which revaluation of investment properties | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| Previous year | -827 | -2,243 | 0 | 0 | -3,071 | -12,227 | | 0 | -15,298 |
| ■ Non-allocated other operating income | | | | | | | | | 9,268 |
| Previous year | | | | | | | | | 932 |
| Gross profit | | | | | | | | | 29,029 |
| Previous year | | | | | | | | | 3,641 |
| ■ Non-allocated income and expenses | | | | | | | | | -22,808 |
| Previous year | | | | | | | | | -32,218 |
| EBT | | | | | | | | | 6,221 |
| Previous year | | | | | | | | | -28,577 |
| Segment assets | 105,044 | 202,426 | 43,381 | 30,855 | 381,706 | 463,642 | 0 | 5,028 | 850,377 |
| Previous year | 83,638 | 154,917 | 43,381 | 31,484 | 313,420 | 451,651 | 0 | 5,025 | 770,096 |
| ■ Non-allocated assets | | | | | | | | | 34,603 |
| Previous year | | | | | | | | | 31,326 |
| Total assets | | | | | | | | | 884,980 |
| Previous year | | | | | | | | | 801,421 |

Notes on the interim condensed consolidated financial statements to 30 June 2010

General principles

The condensed consolidated financial statements of TAG Immobilien AG (referred to in the following as “the Company” or “TAG”) were drawn up in accordance with Section 37w of the German Securities Trading Act pertaining to the “half-year financial report”. The reporting period covers the first six months of the 2010 financial year. Comparisons refer to 31 December 2009 with respect to the consolidated financial statements, otherwise to the first six months of the 2009 financial year. In addition, in the consolidated income statement and the consolidated statement of comprehensive income the figures pertaining to the second quarter of fiscal 2010 (from 1 April to 30 June 2010) are supplemented by corresponding comparative figures for the previous period. The figures reported in the half-year financial statements are mostly given in TEUR (thousands of euros). This may result in rounding differences between the individual parts of the financial statements.

The condensed consolidated financial statements and consolidated interim management report were reviewed by the Group’s auditors.

The report on the first half of the financial year is 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). The provisions contained in German Accounting Standard No. 16 (DRS 16 – Interim Reporting) were also taken into account.

The accounting and valuation methods as well as the notes and explanations in the half-year report are based on the same accounting and valuation methods used in the consolidated financial statements for the year ended 31 December 2009. For more details accounting and valuation methods, please refer to the consolidated financial statements at 31 December 2009 drawn up in accordance with IFRS, which form the material basis for these interim financial statements in accordance with IAS 34.

Consolidated companies and acquisitions of the reporting period

The consolidated companies as of 30 June 2010 basically include TAG and all companies in which TAG directly or indirectly holds a majority of the voting rights. If shares in subsidiaries are considered to be of secondary significance from the Group's perspective, they are recognised as financial instruments in accordance with IAS 39.

The shares in DESIGN Bau BV Hamburg GmbH & Co. KG and DESIGN Bau BV Hamburg Verwaltungen GmbH, which up to this point were included by way of proportionate consolidation, were sold with effect from 31 May 2010. The disposal of the shares resulted in a loss of TEUR 745, which is shown under other operating expenses.

In the first half of 2010 a further 0.92 percent stake in Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg, (Bau-Verein AG) were acquired for TEUR 753. This transaction was recorded as a business acquisition without change of status within Group equity.

With effect from 1 January 2010, a 100 percent holding in Ostara Alpha S.à r.l. (now trading as "TAG Nordimmobilien S.à r.l."), based in Luxembourg, was acquired in return for the issuance of 2,418,182 shares and a cash purchase price. The current market value of the acquisition costs amounted to around TEUR 14,700. In this connection, the shares issued by TAG were valued at the market price on the date of purchase. The primary asset of this company is a portfolio of residential properties located mostly in Berlin with a total value of around TEUR 47,500. Major liabilities were acquired in the form of bank loans with a fair value of approximately TEUR 26,100 and in the form of deferred taxes of approximately TEUR 2,400. Setting off the net value of the acquired assets against the acquisition cost resulted in a net profit of around TEUR 4,200, which is listed under other expenses and income. Since the acquisition date, TAG Nordimmobilien S.à r.l. has generated revenues of TEUR 1,322 and a net profit of TEUR 55 for the period.

With effect from 31 May 2010, TAG also acquired 100 percent of Francono Advisory AG, Frankfurt am Main (in future trading as 'TAG Sachsenimmobilien GmbH, Hamburg') for a cash payment. The current market value of the acquisition costs amounted to around TEUR 4,500. The primary asset of this company is a portfolio of residential properties in East Germany with a total value of around TEUR 18,000. Substantial liabilities were acquired in the form of bank loans with a fair value of approximately TEUR 11,000 and in the form of negative market values of interest rate swaps of TEUR 1,400, and deferred taxes of approximately TEUR 400. Setting off the net value of the acquired assets against the acquisition cost resulted in a net profit of around TEUR 850 listed under other expenses and income. Since the acquisition date Francono Advisory AG has generated revenues of TEUR 157 and a net profit of TEUR -16. If the acquisition had occurred with effect from 1 January 2010, Francono Advisory AG would have had forecasted revenue of around TEUR 1,200 and a net loss for the period of around TEUR -100.

The acquisitions served to further expand TAG's residential real estate portfolio. Because all the information necessary to prepare accounts for the acquisitions was not yet available at the time of writing, the profits reported, which were achieved mainly by positive results from negotiations regarding individual purchase pricing, should be considered as provisional. Therefore, there changes may still be made to them by the time the consolidated financial statements to 31 December 2010 are published.

In the second quarter of 2010, TAG bought up approx. 20 percent of the voting rights of Estavis AG, Berlin, which is included in the financial statements from 30 June 2010 as an associated company. The cost of these shares (totalling approximately TEUR 3,500) consisted of contributing a piece of real estate to Estavis as a contribution in kind, as well as a cash component. Setting off the net value of the acquired assets against the acquisition cost resulted in a net profit of around TEUR 3,300, which is listed under income from associated companies. The accounts for the acquisition of shares in Estavis AG were also prepared based on preliminary information.

Adjustment of prior-year figures and changes and changes to the accounts vs. the prior year

In comparison to the condensed consolidated interim financial statements to 30 June 2009, the adjustments to the prior year's figures and changes in accounts as described in the consolidated financial statements to 31 December 2009 were initially made. Please refer to the remarks pertaining to this in the Consolidated Notes for the 2009 financial year. Furthermore, in fiscal 2009 reimbursements from tenants for the operating and utility costs were netted against rental expenses for the first time. In the past, these were shown under revenues. At 30 June 2010, these reimbursements amounted to TEUR 887 (previous year: TEUR 1,239).

Material transactions and events during the reporting period

In the first half of the year, Bau-Verein AG acquired two residential real estate portfolios of around 403 units. The properties are characterised by attractive cash flows and potential for development. The regional focus of the portfolios is Schleswig-Holstein and Berlin. The new portfolios led to inflow of TEUR 17,016 in the investment property sector. Furthermore, there was a reduction in the investment properties and properties slated for sale shown on the balance sheet due to disposals during the first half of 2010.

The new item under shares in associated companies refers to the newly acquired shares in Estavis AG.

The increase in other financial assets refers to the acquisition of a 10 percent stake in Westgrund AG, Remscheid, at a purchase price of TEUR 1,347. Based on the revaluation of the securities to reflect their market price as of the balance sheet date (30 June 2010), a TEUR 170 upgrade – with no effect on net income – was recorded on the books, as a separate reserve within Group equity, with deferred taxes taken into consideration.

The TEUR 2,418 increase in subscribed capital, from TEUR 32,566 to TEUR 34,984, results from a capital increase against contribution in kind during the first quarter. The contribution in kind refers to the 100 percent holding in TAG Nordimmobilien S.à r.l.

The 'hedge accounting' item in Group equity refers to the fair value measurement of interest rate derivatives for hedging cash flows of long-term real estate financing, with the deferred tax effects resulting from this taken into consideration.

The deferred tax assets primarily result from tax losses carried forwards. Deferred tax liabilities are primarily attributable to the divergent valuation of investment properties in comparison with the tax balance sheet.

Liabilities to banks are comprised almost exclusively of liabilities in connection with the purchase of investment properties and/or the acquisition and development of properties slated for sale. Financing for investment real estate is usually longterm; financing for properties slated for sale is usually short-term.

Other long-term liabilities include the addition on 14 May 2010 of a new convertible bond totalling TEUR 30,000. The existing convertible bond of TEUR 12,500 from the previous year was repurchased on 28 May 2010, resulting in a profit of TEUR 1,121.

Please refer to the segment reporting – which is an integral part of these notes and for clarity is shown in a separate table above the notes – for developments in sales revenues and gross profit.

Two properties will be displayed under the commercial property segment starting in financial year 2010 that were previously allocated to the residential property Berlin segment. These reclassifications result from changes following the adjustment of internal company structures. In the past, these properties were reported in the residential Berlin segment since segment earnings were handled in the same way in the reporting processes for reasons of materiality.

The reclassification results in the subsequent reallocation of assets from the specified segments in the amount of EUR 48.4 million effective 31 December 2009. Reclassification to the "Residential Property Munich" segment assets in the amount of EUR 0.3 million as the result of other activities also occurred on 31 December 2009.

The Supervisory Board added new members in the first half of 2010: Andrea Mäckler and Wencke Röckendorf, both of Hamburg, became members of the Supervisory Board as TAG employee representatives.

Material events after the interim balance sheet date

During Q2/2010, TAG signed an agreement to acquire approximately 97 percent of shares in FranconoWest AG, Düsseldorf. The acquisition of these shares had not been legally finalised or become part of the balance sheet by 30 June 2010; this is expected to happen during Q3/2010.

Material business relations with associates

In the year under review there were business relations with Larus Asset Management GmbH, Hamburg, in the form of construction management and administrative activities. This resulted in half-year income of TEUR 24 (previous year: TEUR 77) and expenses of TEUR 651 (previous year: TEUR 336). In addition, as of the balance sheet date the company owed TEUR 2,400 in loans carrying an interest rate of 2.75 percent (previous year 6 percent) per annum (31 December 2009: TEUR 2,400).

During the reporting period there was an ongoing settlement account in place between Bau-Verein AG and the associated company GIB Grundbesitz Investitionsgesellschaft Bergedorf GmbH & KG, Hamburg in favour of Bau-Verein AG to the sum of TEUR 202 (previous year: TEUR 202). The interest on the clearing account is 6 percent per annum.

Properties were acquired from Estavis AG, a company affiliated with TAG, at a purchase price of TEUR 10,250 over the reporting period. Liabilities from the purchase in the amount of TEUR 10,000 were still owed on the reporting date.

As of 30 June 2010 there are liabilities of TEUR 1,531 (December 31, 2009 of TEUR 1,484) towards a company in which members of the Supervisory Board of TAG hold shares. The liabilities were subject to interest of 3 percent to 7.5 percent per annum and were repaid after the balance sheet date.

Dr. Lutz R. Ristow, Chairman of TAG's Supervisor Board, received fees of TEUR 9 (previous year: TEUR 4) for services outside his Supervisory Board duties.

Banque Havilland S.A., Luxembourg, of whose Supervisory Board Dr. Lutz R. Ristow is a member, granted TAG a loan of TEUR 10,000 in December 2009. The loan has a term of three years and is subject to an interest rate of 5 percent p.a. It is secured through the assignment of shares in and receivables from affiliated companies.

Noerr LLP, Munich, with which Prof. Dr. R. Frohne, a member of the Supervisory Board, is affiliated, received TEUR 19 in payments for legal consulting fees during the period under review (previous year: TEUR 4).

WH Vermögensverwaltungs GmbH, Düsseldorf, which is affiliated with Supervisory Board member Rolf Hauschildt, granted TAG supplementary collateral free of charge as security for a bank loan, which at the reporting date amounted to TEUR 10,489 (previous year: TEUR 15,688). TAG primarily provided collateral of its own as security for this loan.

Other details

There has been no material change in the Group's contingent liabilities since 31 December 2009.

On 30 June 2009, the TAG Group had 115 employees compared with 119 on 31 December 2009.

Basis of reporting

The preparation of the interim consolidated financial statements pursuant to IFRS requires that the management boards and managing directors of the consolidated companies 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 that are neither reported financial data nor 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 realise expected synergistic benefits, and 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.

Hamburg, 9 August 2010

The Management Board



Rambachstraße, Hamburg

Review Report to TAG Immobilien AG, Hamburg:

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement and statement of comprehensive income, the statement of cash flows, the statement of changes in equity and selected explanatory notes – and the interim Group management report of TAG Immobilien AG, Hamburg, for the period from January 1 to June 30, 2010, which are part of the half-yearly financial report pursuant to § 37 w of the German Securities Trading

Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to the interim financial reporting as adopted by the EU and to the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). These standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hamburg, 9 August 2010

Nörenberg • Schröder
GmbH Wirtschaftsprüfungsgesellschaft

Cronemeyer
German Public Auditor

Thiel
German Public Auditor



Eichholz, Hamburg

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description

of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Hamburg, 9 August 2010

The Management Board

TAG's Financial calendar

| | |
|-------------|--------------------------------------|
| 10 August | Interim Report - 2nd quarter of 2010 |
| 09 November | Interim Report - 3rd quarter of 2010 |

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The English version of the interim report is a translation of the German version of the interim report.
 The German version of this interim report is legally binding.



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