2013

Growing Assets

Interim Report on the 1st quarter of 2013

TAG Immobilien AG

Group Financials IFRS

in TEUR	01/01 – 03/31/2013	01/01 – 03/31/2012
A. Income statement key figures		
Revenues	164,866	57,033
a) Property sales	101,121	21,045
b) Rental income	63,175	34,369
c) Property management and other services	570	1,619
EBIT	38,981	107,729
EBT	13,329	93,417
Consolidated net profit/loss	14,130	88,603
FFO in EUR m	15.1	5.6
FFO including gains from sales in EUR m	60.1	18.4
FFO per share in EUR	0.12	0.07
Earnings per share in EUR	0.11	1.12

B. Balance sheet key figures	03/31/2013	03/31/2012
Total assets	3,697,274	3,799,962
Equity before minorities	1,153,442	1,136,177
Equity ratio in %	31.2	29.9
Bank loans	2,144,121	2,216,047
of which current	441,824	411,261
Real estate volume	3,560,008	3,664,867
LTV in %	57.6	58.9
EPRA per share in EUR	10.00	9.96

C. Employees	03/31/2013	03/31/2012
Employees	497	508

Further figures	
Market capitalisation in TEUR on 31 March 2013	1,167,492
Subscribed capital in EUR	130,738,169.00
WKN/ISIN	830350/DE0008303504
Number of shares	130,738,169
Free Float in %	100
Stock exchange	MDAX/EPRA

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Preface by the Management Board

Dear Shareholders,
Ladies and Gentlemen,

TAG's figures for Q1 / 2013 include TAG Wohnen GmbH (formerly TLG Wohnen GmbH) for the first time. This makes the operational profitability of the current portfolio a bit more clearly visible.

For instance, in the first quarter we recorded an FFO I (i.e. not including gains from sales) of EUR 15.1 m, which puts us well on track for achieving our guidance of EUR 68 m for the full year, as many positive effects will naturally take effect with some delay during the course of 2013.

The earnings contributions that are already foreseeable but not yet visible in the income statement for the first quarter include savings from the refinancing of TAG Wohnen. We acquired this company with existing bank loans at an average interest rate of approximately 4.25 %, and are currently working on a complete refinancing of the TAG Wohnen portfolio. We expect to achieve a new average interest rate of approximately 2.65 % – this will mainly have an effect on income starting from the third quarter of 2013.

The rather pleasing vacancy reduction of the first quarter will also begin to bear monetary fruit later in the year. Across the Group we have reduced vacancy in the residential sector from 9.9 % at year-end 2012 to 9.4 % at the end of March 2013. We also managed to reduce vacancy by the same amount at the Salzgitter location during the first quarter. At the same time, rents continue to rise, mainly because we can rent apartments at much higher rents to new tenants as they become empty. Only a small part of this is due to rent increases for existing tenants. On page 10 of this report, we present our current new tenancy ranges at our top 20 individual sites, to give you an overview of the current rent dynamics even beyond the markets that are repeatedly highlighted in the press.

Our growing operational strength has allowed us to increase our dividend. At the upcoming Annual General Meeting, we now intend to propose that we pay out 25 cents per share to you, after 20 cents last year. This corresponds to approximately 80 % of our operating profit last year. In future we want to pay out a large part of our FFO I as dividend and in the following years are aiming for a target payout ratio of approximately three quarters of the FFO I.

Our real-estate business successes also strengthen our balance sheet. For instance, we were able to once again reduce our debt ratio (LTV) by about one percentage point to 57.6 %. This does not take our convertible bonds into account. However, they are all currently ‘in the money’ because our shares are above the highest levels of the three respective conversion prices. Our cash and equity position have also improved further since the beginning of the year. Our Net Asset Value per share (NAV) rose to EUR 10.00 per share at the end of the quarter.

As the year progresses, we will continue to strengthen our operating performance, be able to refinance expiring loans at considerably lower interest rates and continue to work so that the synergies from our last two major acquisitions materialise as planned. The integration of TAG Wohnen is proceeding better and faster than expected, so we are optimistic in this respect.

In addition, we will continue to work on occasional opportunistic sales, take advantage of purchase opportunities that arise, and further reduce our commercial portfolio.

We thank you for the confidence you have placed in us on this journey so far and look forward to welcoming as many of you as possible at our Annual General Meeting in Hamburg on 14 June 2013.

Yours sincerely,

Rolf Elgeti
CEO

Georg Griesemann
CFO

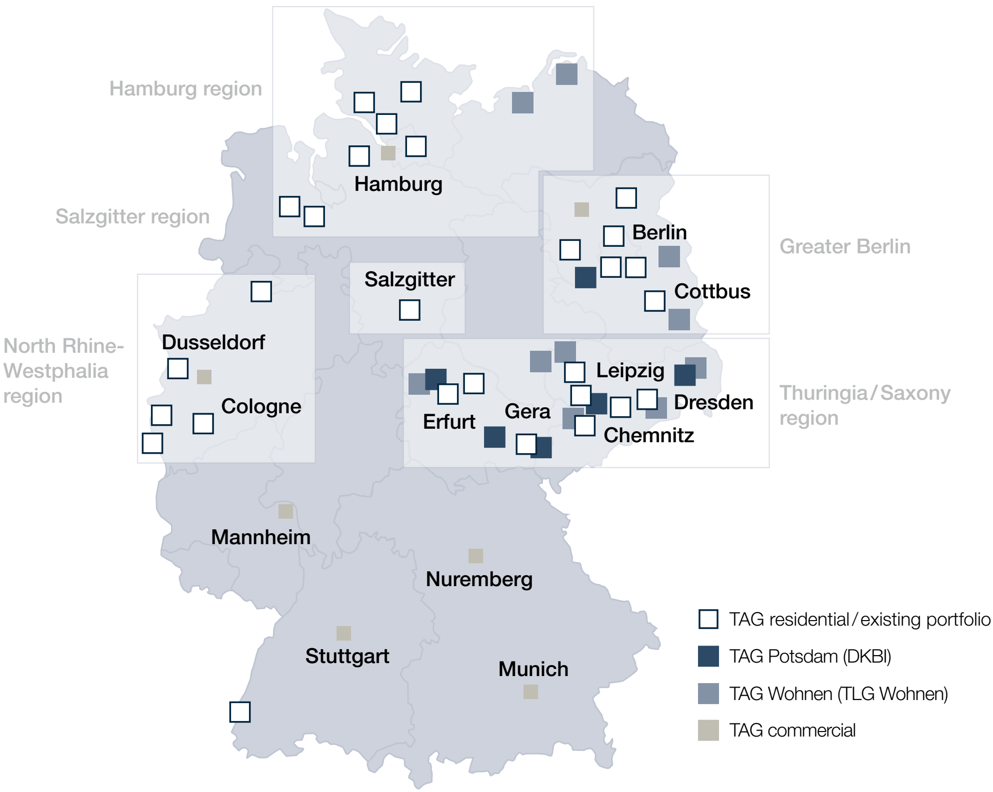
Claudia Hoyer
COO

Dr. Harboe Vaagt
CLO

Portfolio

The overall portfolio

TAG's property portfolio is for the most part located in good urban locations in German growth regions. The acquisition of TAG Potsdam-Immobilien GmbH (formerly DKBI) and TAG Wohnen GmbH (formerly TLG Wohnen) has increased the size of the portfolio to around 69,700 units. Our growth strategy is focused on select regional locations with development potential, stable cash flows and attractive yields, where TAG already has holdings. This leads to a particularly favourable risk/reward ratio, as rent increase potential, attractive initial yield and a cost-effective management of the portfolio can be combined.

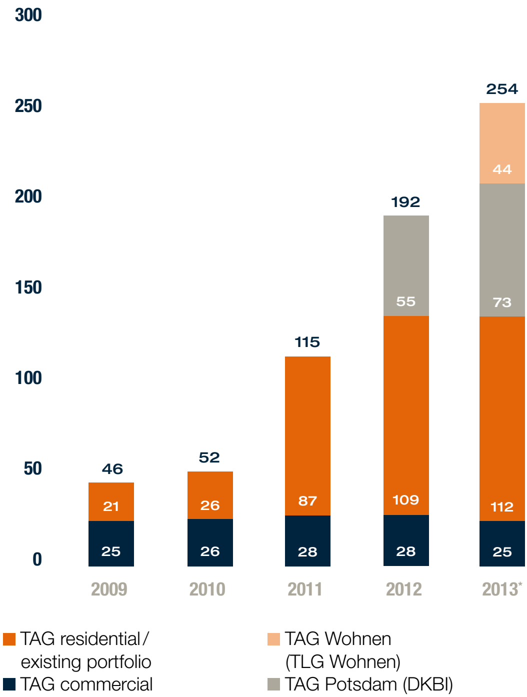


Integration of last year's acquisitions into the TAG Group nearly complete

Both the 25,000 units of TAG Potsdam and the 11,350 residential units of TAG Wohnen have been fully integrated into the TAG Group portfolio. Active asset and property management led to further successes in vacancy reduction: vacancy in the Group's residential property portfolio was reduced from 9.9 % at year-end 2012 to 9.4 % at the end of Q1/2013. The following shows the Group's rental income by business division:

Rental income by portfolio

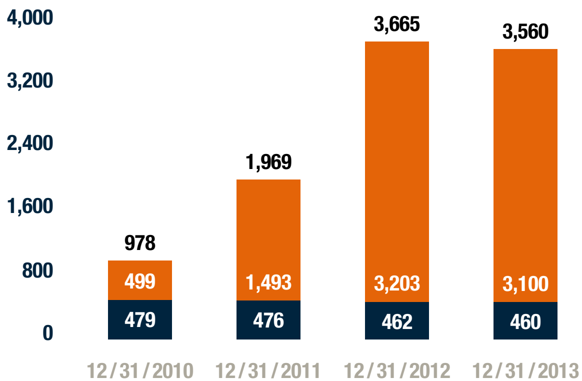
in EUR m



* Estimate

Real estate volume

Volume in EUR m



Residential portfolio including undeveloped properties

Commercial portfolio including undeveloped properties

The realisable synergies from the acquisitions will be reflected in income in 2013 by the addition of another EUR 10.5 m (+7 m DKBI, +3.5 m TLG). This is due to the merging of the admin departments, head office tasks and standardisation in the fields of accounting and financing. The optimisation of organisational processes in the IT sector is also underway. Overall, operating profitability will continue to improve thanks to synergies and economies of scale.

Residential portfolio*

Region	Units	Floor area sqm	Vacancy** %	Net actual TEUR p.a.	Net actual EUR / sqm	Target rent TEUR p.a.	Book value TEUR
Residential portfolio	**67,281**	**4,112,213**	**9.4**	**221,018**	**4.98**	**241,834**	**3,074,223**
Hamburg region	11,242	680,928	8.1	38,167	5.12	41,055	542,641
Greater Berlin	13,301	812,153	5.2	45,391	4.93	47,671	653,336
Thuringia/ Saxony	29,715	1,798,272	9.6	93,943	4.84	102,232	1,288,439
NRW	3,820	255,916	4.7	16,131	5.52	17,031	236,390
Salzgitter region	9,203	564,942	20.8	27,384	5.12	33,845	353,417

* As of 31 March 2013 according to balance sheet value
** Excluding properties for sale

The TAG residential real estate portfolio is focused on the regions of Hamburg and Salzgitter, the greater Berlin area, North Rhine-Westphalia and Thuringia/ Saxony. As part of its growth strategy, TAG will continue to focus especially on regions that can 'ride piggyback' on existing management infrastructures, making possible a cost-effective integration and profitable management. The positive German economy in the current financial year should have a supportive impact on the TAG Group's business operations and goals.

Top 20 locations with current rents from new leases

The following chart shows our top 20 individual locations with their respective average rents and current rents from new leases – shown here as ranges because the rent in a given case naturally depends on the size of the apartments and the individual circumstances. It should be emphasised that rents are rising at all locations, some moderately, some even very significantly – and not just in Berlin.

Top 20*	City	Region	Units	IFRS Book value TEUR	Book value EUR / sqm	Net actual EUR / sqm	Recent lettings EUR / sqm
1	Salzgitter	SZ	8,741	306,411	574	4.76	4.50 – 6.79
2	Gera	T / S	7,187	272,606	631	4.40	3.99 – 6.36
3	Berlin (City)	B	6,947	405,403	962	5.15	4.78 – 10.50
4	Erfurt	T / S	5,511	256,078	793	4.94	4.58 – 7.10
5	Dresden	T / S	2,971	204,793	1,042	5.70	5.50 – 8.50
6	Döbeln	T / S	2,255	62,790	496	4.26	3.77 – 6.07
7	Nauen	B	2,217	92,733	697	4.76	4.05 – 7.43
8	Merseburg	T / S	1,436	55,918	689	4.91	4.50 – 7.50
9	Rostock	HH	1,228	61,768	812	5.33	4.50 – 8.61
10	Leipzig	T / S	1,228	72,119	902	5.34	4.93 – 7.50
11	Strausberg	B	1,193	54,152	771	5.04	4.56 – 8.90
12	Bestensee	B	1,151	49,350	694	4.76	4.40 – 6.65
13	Elmshorn	HH	1,093	64,722	948	5.62	5.24 – 8.71
14	Eberswalde	B	1,068	38,223	638	4.16	3.88 – 6.10
15	Stralsund	HH	934	44,964	799	5.06	4.09 – 7.30
16	Delmenhorst	HH	904	32,615	675	4.77	4.42 – 5.61
17	Schwerin	HH	792	33,595	677	4.59	4.30 – 8.25
18	Chemnitz	T / S	768	41,729	791	5.00	3.99 – 5.90
19	Hamburg	HH	732	66,229	1,511	7.53	7.08 – 13.43
20	Dessau	T / S	713	27,402	685	4.69	3.70 – 8.14

* As of 31 December 2012 according to balance sheet value

FFO statement for TAG Group at the end of the first quarter 2013

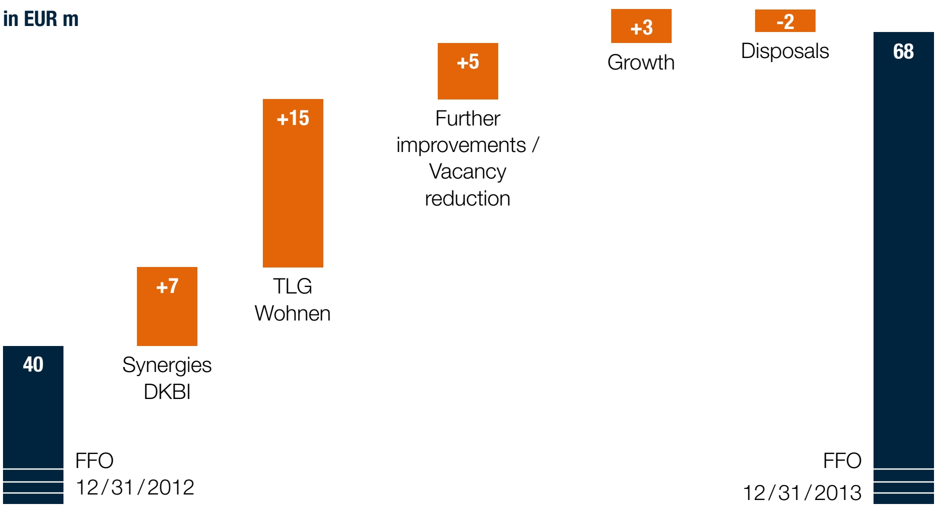
Since last year, TAG has reported funds from operations (FFO), a key financial indicator for real-estate companies that expresses a company's operating performance. FFO is calculated based on EBT, adjusted for non-cash elements. In the first quarter of 2013, FFO totalled EUR 15.1 m and has thus improved once again year-on-year. TAG's business activity regularly includes property sales. For this reason, we report FFO without receipts from sales (FFO I) and including sales (FFO II). FFO II at 31 March 2013 came to EUR 60.1 m, mainly attributable to the sales of properties in Berlin.

in EUR m	01/01–03/31/2013	01/01–03/31/2012
EBT	**13.3**	**93.4**
Adjustment for non-cash items		
valuation result	0.1	-6.8
gains from first-time consolidation of DKBI in 2012	0.0	-83.1
depreciation	0.5	0.4
impairment losses on receivables and invetories	1.2	1.3
non-cash financial expenses/income	0.4	0.4
sales result	-0.5	0.0
FFO	**15.1**	**5.6**
plus liquidity from sales	44.9	12.8
FFO II	**60.1**	**18.4**

FFO guidance for the full year 2013

This puts us well on our way to achieving our FFO guidance of EUR 68 m at year-end 2013. The estimated synergies from TAG Wohnen have not yet been included in this indicator. Also, the lower financing costs from renegotiating existing loan agreements have mostly not been taken into account yet, and the reduction of vacancy costs should further contribute to the existing FFO potential.

FFO Guidance 2013



Ernst-Thählmann-Straße, Senftenberg

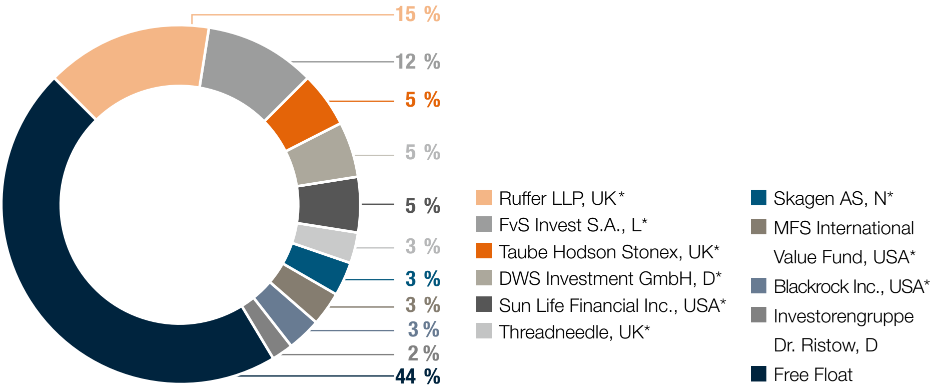
The TAG share

The price of the MDAX listed TAG share was stable in the first quarter of 2013: at the end of 2012 the price of the TAG share was EUR 9.50, and improved to a high of EUR 9.65 right at the beginning of the year. Mirroring the development of the EPRA benchmark index, the price trended slightly downwards until the end of the first quarter, and the TAG share was at EUR 8.93 on 28 March 2013. Currently, the share is quoted at EUR 9.20 (30 April 2013).

At 130,738,169, the subscribed capital and the number of shares slightly changed since the end of 2012. Free float is also still at 100 percent. At the closing price of EUR 8.93 on 28 March 2013, TAG's market capitalisation was EUR 1,167 m.

As before, the majority of TAG shareholders are domestic and international investors with a mostly long-view investment strategy.

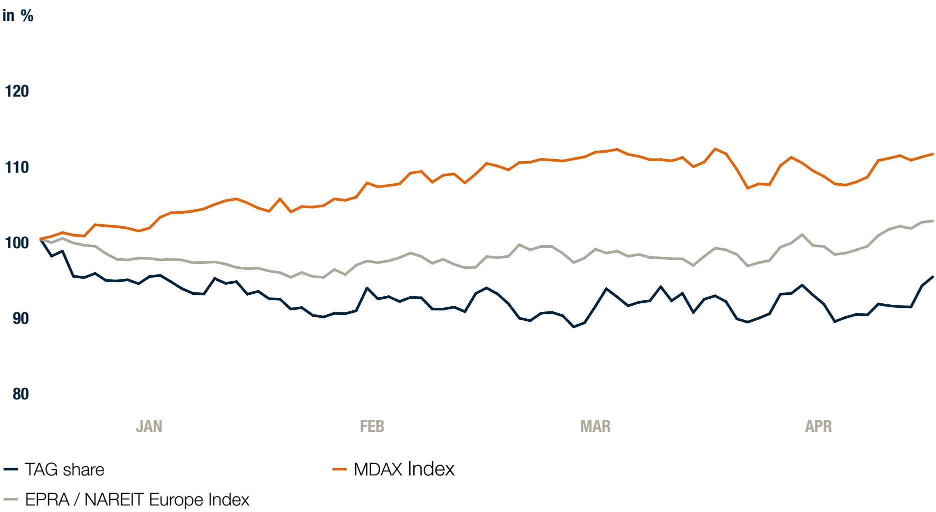
Shareholder structure as of 03/31/2013



* Deutsche Börse definition including institutionel investors

Siegfriedstraße, Merseburg

Share price 2013



Group management report for the first quarter of 2013

Economic and general conditions in Germany

After the cyclical slowdown at the end of last year, economic activity in Germany stabilised in the first quarter of 2013.

This is shown in the labour market data – despite a slight weather-related rise at the beginning of the year, the unemployment rate remained constant at 7.3 % at the end of the first quarter of 2013.

Price levels also remained constant in the first quarter. The consumer price index in March exceeded last year‘s level by 1.4 %. This represents the lowest rate of inflation since December 2010.

Overall government tax revenue rose by 5.7 % in March 2013 compared to the previous year. Federal revenues (+3.1 %) and expenses (-3.5 %) also showed a positive year-on-year development. Nevertheless, the IFO Business Climate Index, the main barometer of the German economy, predicts a slight decline in the German economy in light of the overall European situation. The inflation rate anticipated this climate and also fell from 1.7 % in January to 1.2 % in April 2013.

The German real-estate market

The residential real-estate market

Residential real estate portfolio transaction volumes saw a further year-on-year increase by about 5 %, to almost EUR 3.8 billion. Approx. 23,000 residential units changed owners in 45 sales processes. It should be noted that the share of foreign investors has increased to 56 %. This is due not least to the LEG NRW IPO in February 2013. In 2012, German investors were still responsible for three-quarters of the transaction volumes.

A significant increase in transactions was also noted in the project development segment, which already generated a volume of EUR 270 m in the first quarter – nearly the volume seen for the full year 2012.

Conclusion on trends in the German real estate market:

The performance of the German real estate market in the first three quarters of 2013 shows that German real estate also remains an increasingly attractive asset class globally, as is indicated by the sharp rise in the number of foreign investors. This development is accompanied by the portfolio shortages and price rises at top locations in Germany, such as Munich, Hamburg and Berlin. This increases the focus on B locations in North Rhine-Westphalia and Northern Germany in particular, but also on properties in B sites.

TAG exploits opportunities in the German housing market, investing in real estate inventories with growth and earnings potential. Our focus is on residential properties in selected locations, characterised by attractive locations, as well as positive prospects, and which can be managed by the current TAG branches without significant additional cost. The Group has offices in Hamburg, Berlin, Leipzig, Dusseldorf, Salzgitter, Nauen, Döbeln, Erfurt and Gera.

The commercial real estate market

In 2013, the German commercial real estate market had its best first quarter in 5 years. Total first-quarter investment amounted to EUR 6.65 billion, representing an increase of approximately 21 % over the first quarter of last year. The dominant sector is the office real estate market, which accounted for EUR 2.4 billion, or 36 % of the total transaction volumes. Overall, transaction volumes increased by approximately 62 % year-on-year.

TAG Group's strategic focus is residential real estate, so no acquisitions are planned in the commercial property sector. Instead, the real estate inventory will be opportunistically reduced by selected sales. The current book value of the commercial portfolio represents approximately 10 % of the Group's total real estate volume.

TAG Group's net assets, financial position and results of operations

The TAG Group showed a positive business development in the first quarter of 2013. The impact on earnings of the management of the TAG Wohnen GmbH inventories acquired with effect from 31 December 2012 was included for the first time. The first quarter was also dominated by the sale of three Berlin apartment buildings with about 1,400 residential units at a price of EUR 87 m, and the sale of the land on Lake Tegernsee and the shares in Tegernsee-Bahnbetriebsgesellschaft.

Rental income was increased significantly over the previous year, surging by 89 % to EUR 49.2 m. This increase is primarily due to rental earnings from TAG Potsdam-Immobilien GmbH and TAG Wohnen GmbH, and other acquisitions in 2012, which were not yet included in the comparative period of Q1 / 2012.

Revenue from the sale of investment properties in the first quarter of 2013 amounted to EUR 98.1 m, well above revenues in the same period in 2012 (EUR 19.4 m). The corresponding expenses from the sale of investment property amounted to EUR 98.3 m for the period January to March 2013 and EUR 19.4 m for the same period last year. Significant sales included the Bärenparksiedlung property (Berlin), Argentinische Allee (Berlin) and various properties in the Steglitz district of Berlin. Sales from properties held for sale during Q1 / 2013 came to EUR 3.1 m, versus EUR 1.6 m in the same period last year. The corresponding expenses from the sale of inventories amounted to EUR 2.3 m for the first quarter 2013 and EUR 1.6 m for the same period last year.

In the first quarter of 2013, personnel expenses rose by EUR 4.0 m compared to the first quarter of 2012, to EUR 7.2 m. The reasons for this increase were the acquisitions of the financial year 2012 with the associated increase in staff.

Other operating income came to EUR 2.2 m, well below the level of the same period in the previous year. This is mainly due to the fact that in Q1 / 2012, the impact on earnings from the preliminary gain from the initial consolidation of TAG Immobilien GmbH Potsdam was included with the amount of EUR 83.1 m. Overall, the impact on earnings for 2012 amounted to EUR 99.2 m. Due to the sale of shares in the first quarter, deconsolidation effects of EUR 0.7 m are included under other operating in income.

Despite the acquisitions of 2012, other operating expenses came to EUR 4.4 m, slightly below the previous year (previous year: EUR 4.5 m). This is primarily due to savings in the areas of IT, occupancy costs, as well as legal and consulting costs.

The net interest income clearly reflects the previous year's corporate and property acquisitions. Total net interest income decreased by EUR 11.4 m to EUR -25.7 m. TAG Potsdam-Immobilien GmbH, TAG Wohnen GmbH and TAG Stadthaus am Anger GmbH accounted for EUR 9.5 m of this. Expenses from the valuation of derivatives are also included in net interest income.

An increase in EBIT (excluding initial consolidation effects) could be achieved in TAG Group in particular due to the improvement in net rental income by EUR 23.2 m to EUR 49.2 m. EBIT increased by EUR 24.6 m (excluding the preliminary gain from the initial consolidation of EUR 83.1 m) to EUR 39.0 m in the first quarter of 2013.

In the period under review, the TAG Group's Earnings before taxes (EBT) amounted to EUR 13.3 m, compared to EUR 93.4 m in the same period last year or EUR 10.3 m excluding initial consolidation. Post-tax earnings came to EUR 14.1 m. Tax expenditure in the first quarter of 2013 primarily consisted of deferred income tax liabilities as a result of differences in valuation.

Total assets decreased by approximately 2.7 % from EUR 3,800.0 m at 31 December 2012 to EUR 3,697.3 m at 31 March 2013. This reduction is mainly due to the sales in Berlin during the first quarter. As a result, assets held for sale decreased by 92.6 % from EUR 111.6 m to EUR 8.3 m. Net bank borrowings also decreased accordingly and amounted to EUR 2,114.1 m at 31 March 2013, compared with EUR 2,216.0 m at 31 December 2012. Overall, this leads to a reduction and therefore an improvement in the loan-to-value (LTV) ratio from 58.9 % at 31 December 2012 to 57.6 % at 31 March 2013.

The equity ratio without non controlling interest increased from 29.9 % to 31.2 % thanks to the decrease in net bank borrowings and the positive first-quarter results.

Material events occurring after the balance sheet date

No significant events occurred after the end of the reporting period.

Risks and outlook

TAG's business activities expose it to various operating and economic risks. Please refer to the comprehensive risk report in the annual report for 2012 (page 65 of the Group management report). Since 1 January 2013 no risks necessitating any modifications to this assessment have arisen or become discernible.

The properties and companies the company acquired last year have been fully integrated in TAG's risk management system. No additional risks have arisen as a result of the acquisitions.

In the financial year, at TAG two subsidiaries have refinancing or extensions of the 'Quokka financing' pending totalling EUR 214.0 m. The Group currently expects that this refinancing or extension can be completed successfully.

In the past the company has acquired holdings of less than 95 % of the shares in various real estate companies. The remaining shares were acquired by companies that cannot – as defined by the property transfer tax law – be ascribed to TAG Group. In the Colonia Real Estate subgroup, minority stakes are held by GIMAG AG, Switzerland, which is 94 % owned by Colonia. As part of the ongoing audit process, the fiscal authorities have questioned and challenged the structure of this subgroup. The company has countered the preliminary view expressed by the financial authorities. It believes that the investments held by GIMAG cannot be ascribed to the Group. If the concerns raised during the audit prevail in proceedings before the fiscal court, an additional tax risk totalling approximately EUR 18 m could arise. We currently assess the probability of this risk as low.

In the outlook chapter of our 2012 Annual Report, we had forecast rental income for the current financial year of around EUR 254 m and FFO of approximately EUR 68 m, and a lowering of interest rates in the Group in the course of refinancing loans.

Due to the positive development of the first quarter of 2013, we continue to support these forecasts.

The combination of rising rents, falling vacancy, falling interest rates and synergies from the integration of our acquisitions last year should ensure continued strong organic growth in TAG's FFO going forward.

Hamburg, 6 May 2013

The Management Board

Consolidated balance sheet

Assets in TEUR	03 / 31 / 13	03 / 31 / 12
Non-current assets		
Investment properties	3,456,449	3,455,667
Intangible assets	2,052	2,045
Property, plant and equipment	10,604	10,664
Investments in associates	69	68
Other financial assets	25,509	25,514
Deferred taxes	0	1,502
	3,494,683	**3,495,460**
Current assets		
Land with unfinished and finished buildings	87,396	89,642
Other inventories	214	568
Trade receivables	16,645	20,133
Income tax receivables	3,414	3,037
Derivative financial instruments	8,830	8,850
Other current assets	16,577	14,888
Cash and cash equivalents	61,243	55,753
	194,319	**192,871**
Non-current assets available-for-sale	**8,272**	**111,631**
	3,697,274	**3,799,962**

Equity and liabilities in TEUR	03 / 31 / 13	03 / 31 / 12
Equity		
Subscribed capital	130,738	130,738
Share premium	739,911	739,971
Other reserves	-16,917	-20,210
Unappropriated surplus	299,710	285,678
Attributable to the equity-holders of the parent company	**1,153,442**	**1,136,177**
Attributable to non-controlling interests	20,337	20,279
	1,173,779	**1,156,456**
Non-current liabilities		
Bank borrowings	1,672,297	1,804,786
Retirement benefit provisions	5,119	5,126
Liabilities from convertible bonds	173,746	173,105
Derivative financial instruments	20,419	23,796
Other non-current liabilities	528	3,643
Deferred taxes	121,454	123,359
	1,993,563	**2,133,815**
Current liabilities		
Other provisions	28,707	33,544
Income tax liabilities	8,962	8,951
Bank borrowings	441,824	411,261
Trade payables	17,387	13,784
Derivative financial instruments	20,598	29,368
Liabilities from convertible bonds	4,341	1,532
Other current liabilities	8,113	9,695
	529,932	**508,135**
Liabilities in connection with the non-current assets available for sale	**0**	**1,556**
	3,697,274	**3,799,962**

Consolidated income statement

in TEUR	01/01 – 03/31/2013	01/01 – 03/31/2012 (adjusted)
Total revenues	**164,866**	**57,033**
Rental revenues	63,175	34,369
Rental expenses	-13,949	-8,300
Net rental income	49,226	26,069
Revenues from the sale of inventory real estate	3,061	1,633
Expenses on the sale of inventory real estate	-2,343	-1,612
Net revenues from sale of inventory real estate	718	21
Revenues from the sale of investment properties	98,060	19,412
Expenses on the sale of investment properties	-98,308	-19,433
Net revenues from sale of investment properties	-248	-21
Revenues from property management	570	1,619
Expenses for the provision of property management	-5	-1,279
Net income from the provisions of property management	565	340
Other operating income	2,228	83,908
Fair-value remeasurement of investment properties	-129	-993
Net fair value gains and losses from measurement of newly acquired investment properties	0	7,791
Total net gains from the remeasurement of investment properties	-129	6,798
Gross profit	**52,360**	**117,115**
Personnel expenses	-7,239	-3,223
Depreciation / amortisation	-473	-376
Impairment losses on receivables and inventories	-1,239	-1,266
Other operating expenses	-4,428	-4,521
EBIT	**38,981**	**107,729**
Net profit from investments	68	0
Share of profit from associates	1	0
Loss absorption	-7	0
Interest income	2,547	4,126
Borrowing costs	-28,261	-18,438
EBT	**13,329**	**93,417**
Income taxes	820	-4,931
Other taxes	-19	117
Consolidated net profit	**14,130**	**88,603**
of which attributable to non-controlling interests	98	291
of which attributable to the Parent Company's shareholders	14,032	88,312
Earnings per share (EUR)		
Basic loss per share	0.11	1.12
Diluted loss per share	0.11	0.95

Consolidated statement of comprehensive income

in TEUR	01 / 01 – 03 / 31 / 2013	01 / 01 – 03 / 31 / 2012
Net loss as shown in the income statement	**14,130**	**88,603**
Unrealised gains and losses from hedge accounting	4,598	-1,070
Deferred taxes on unrealised gains and losses	-1,094	178
Other comprehensive income after taxes	3,504	-892
Total comprehensive income	**17,634**	**87,711**
of which attributable to non-controlling interests	304	279
of which attributable to the Parent Company’s shareholders	17,330	87,432

Consolidated cashflow statement

in TEUR	01/01–03/31/2013	01/01–03/31/2012
Consolidated net profit/loss	**14,130**	**88,312**
Depreciation/amortisation	462	376
Share of profits/losses of associates	-1	0
Gains from the remeasurement from investment properties	129	-6,798
Gains from business combinations	0	-83,120
Losses from the disposal of joint ventures	248	21
Gains/losses from disposal of property, plant and equipment	-5	0
Impairments on receivables and inventories	1,239	1,266
Changes in deferred income taxes	-403	4,283
Changes in provisions	-4,833	159
Changes in receivables and other assets	7,858	15,634
Changes in payables and other liabilities	-8,154	-1,625
Cashflow from operating activities	**10,670**	**18,508**
Payments made for investments in investment properties	-911	-62,850
Payments received from the disposal of investment properties	98,060	19,412
Payments received from sale of property, plant and equipment	8	0
Payments made for investments in intangible assets and property, plant and equipment	-412	-174
Payment made for the acquisition of consolidated companies less cash and cash equivalents	0	-64,190
Payments made for investments in associates and other financial assets	0	-76
Cashflow from investing activities	**96,745**	**-107,878**
Payments received from cash equity issues	0	127,082
Cost of issuing equity in connection with capital increase	0	-3,234
Payments received from bank borrowings	21,643	42,280
Payments made for repaying bank borrowings	-104,209	-38,476
Payments made for increasing shares without a change of status	0	-3,278
Cashflow from financing activities	**-82,566**	**124,373**
Net change in cash and cash equivalents	24,849	35,004
Cash and cash equivalents at the beginning of the period	31,712	21,599
Cash and cash equivalents at the end of the period	**56,561**	**56,603**

Statement of changes in consolidated equity

	Attributable to the parent's shareholders								
			Other reserves						
in TEUR	**Subscribed capital**	**Share premium**	**Retained earnings**	**Hedge accounting reserve**	**Currency translation**	**Inappropriated surplus / accummulated loss**	**Total**	**Non-controlling interests**	**Total equity**
Amount on 01/01/2013	**130,738**	**739,971**	**527**	**-20,833**	**96**	**285,678**	**1,136,177**	**20,279**	**1,156,456**
Consolidated net profit	0	0	0	0	0	14,032	14,032	98	14,130
Other comprehensive income	0	0	0	3,298	0	0	3,298	206	3,504
Total comprehensive income	0	0	0	3,298	0	14,032	17,330	304	17,634
Increase in shares without change of status	0	-10	0	0	0	0	-10	-246	-256
Cost of issuing equity (after income taxes)	0	-50	0	0	0	0	-50	0	-50
Currency translation	0	0	0	0	-5	0	-5	0	-5
Amount on 03/31/2013	**130,738**	**739,911**	**527**	**-17,535**	**91**	**299,710**	**1,153,442**	**20,337**	**1,173,779**
Amount on 01/01/2012	**74,905**	**363,031**	**527**	**-16,818**	**31**	**125,716**	**547,392**	**47,239**	**594,631**
Consolidated net profit	0	0	0	-880	0	88,312	87,432	279	87,711
Other comprehensive income	0	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	-880	0	88,312	87,432	279	87,711
Acquisition of Chemnitz	0	1,906	0	0	0	0	1,906	0	1,906
Increases or decreases in shares without any change of status	0	-2	0	0	0	0	-2	-3,269	-3,271
Capital increase against contribution in kind	859	4,184	0	0	0	0	5,043	0	5,043
Cash equity issue	20,664	106,418	0	0	0	0	127,082	0	127,082
Cost of issuing equity (after income taxes)	0	-2,190	0	0	0	0	-2,190	0	-2,190
Currency translation	0	0	0	0	4	0	4	0	4
Amount on 03/31/2012	**96,428**	**473,347**	**527**	**-17,698**	**35**	**214,028**	**766,667**	**44,249**	**810,916**

Consolidated segment report

01/01–03/31/2013 in TEUR	Residential real estate Hamburg	Berlin	NRW	Salzgitter	Thuringia / Saxony
Rental income	9,539	11,541	4,084	6,809	24,403
Previous year	5,730	7,432	4,086	6,703	2,968
of which external rental income	9,539	11,527	4,084	6,809	24,378
Previous year	5,730	7,418	4,086	6,703	2,943
of which internal rental income	0	14	0	0	25
Previous year	0	14	0	0	25
Rental expenses					
Previous year					
Asset sales					
Previous year					
Net income from services					
Previous year					
Remeasurement					
Previous year					
Investment properties					
Previous year					
Non-allocated other operating income					
Previous year					
of which consolidation gains					
Previous year					
Gross profit					
Previous year					
Miscellaneous nonallocated expenses					
Previous year					
EBT					
Previous year					
Segment assets	545,284	639,089	236,393	353,417	1,325,860
Previous year	545,598	728,760	243,830	353,417	1,325,811
Non-allocated assets					
Previous year					
Total assets					
Previous year					

Total residential	Total commercial	Other acitivites	Consoli-dation	TAG Group
56,376	**6,714**	**266**	**-181**	**63,175**
26,919	**7,262**	**442**	**-254**	**34,369**
56,337	6,601	237	0	63,175
26,880	7,090	399	0	34,369
39	113	29	-181	0
39	172	43	-254	0
				-13,949
				-8,300
				470
				0
				565
				340
				-129
				-993
				0
				7,791
				2,228
				83,908
				0
				83,077
				52,360
				117,115
				-39,031
				-23,698
				13,329
				93,417
3,100,043	**459,965**	**0**	**0**	**3,560,008**
3,197,416	**461,519**	**5,932**	**0**	**3,664,867**
				137,266
				135,095
				3,697,274
				3,799,962

Notes to the condensed interim consolidated financial statements as of 31 March 2013

General information

These condensed interim consolidated financial statements of TAG Immobilien AG (the 'Company' or 'TAG' in the following) have been prepared in accordance with the provisions of Section 37x paragraph 3 of the German Securities Trading Act pertaining to 'quarterly financial reports'. The period under review covers the first three months of fiscal 2013. The comparative figures refer to 31 December 2012 with respect to the consolidated balance sheet and otherwise to the first three months of fiscal 2012. The consolidated profit and loss statement and the consolidated statement of comprehensive income also contain information for the first quarter of fiscal 2013 (period from 1 January to 31 March 2013), with comparative figures for the respective previous period. The disclosures in the quarterly financial report are made mainly in thousands of euros (TEUR). This may result in rounding differences between the various parts of the financial statements.

The condensed quarterly financial report is prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) endorsed by the EU for interim reporting (IAS 34 – Interim Financial Reporting). In addition, the rules contained in German Accounting Standard No. 16 (DRS 16 Interim Financial Reporting) are taken into account.

The accounting and valuation principles as well as the notes and explanations on the quarterly financial report are fundamentally based on the recognition and measurement principles applied to the consolidated financial statements for the year ending 31 December 2012. For further information on the accounting and valuation methods, please refer to the IFRS consolidated financial statements for the year ending 31 December 2012, which in accordance with IAS 34 form the basis for this interim consolidated financial statement.

Consolidation group and company acquisitions during the reporting period

The consolidation group as of 31 March 2013 includes TAG, and basically all companies in which TAG holds, directly or indirectly, a majority of the voting capital. If shares in subsidiaries are considered to be of subordinate importance from the Group's perspective they are recognised as available-for-sale financial assets in accordance with IAS 39.

Acquisition of shares without change of status

During the period from January to March 2013, the Group acquired 40,000 shares in Colonia Real Estate AG, equivalent to 0.09 % of the shares, for TEUR 186. The acquisition was recorded as an increase in the shareholding without change of status within Group equity.

Material business and other transactions during the period covered by this interim report

Effective 31 January 2013, TAG sold investment properties with a total value of EUR 87 m to the Union Investment Institutional Property GmbH. The transaction involved three residential complexes located in Berlin, with 1,384 residential units. The pre-tax profit of around EUR 12 m, determined on the basis of IFRS book values, was already recognised last year as part of the valuation of assets held for sale.

In addition, effective 28 February 2013, the company disposed of its shares in the Tegernsee-Bahnbetriebsgesellschaft railroad operating company and of its properties located on Lake Tegernsee to the city of Tegernsee, the municipality of Gmund and the Miesbach district for a total purchase price of EUR 12 m. With this sale, TAG has finally given up its historical, railroad-related business activities on Lake Tegernsee.

Material business relations with related parties

During the reporting period there were no significant changes in the business relations with related parties and companies as compared to the consolidated financial statements as of 31 December 2012.

Other disclosures

There has been no material change in the Group's contingent liabilities since 31 December 2012.

On 31 March 2013, TAG Group employed 497 people, as compared to 508 people at 31 December 2012.

Basis of reporting

The preparation of the condensed interim consolidated financial statements pursuant to IFRS requires the Management Board and managing staff of the consolidated companies to make assumptions and estimates effecting 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 those estimates. Moreover, these condensed interim consolidated financial statements include statements that are neither 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 results may deviate substantially from those stated in 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, 6 May 2013

Rolf Elgeti	**Georg Griesemann**	**Claudia Hoyer**	**Dr. Harboe Vaagt**
CEO	**CFO**	**COO**	**CLO**

Physikerviertel, Schwerin

TAG Financial Calendar

14 June 2013	Annual General Meeting 2013 in Hamburg
8 August 2013	Publication of the half-year financial report 2013
7 November 2013	Publication of the interim report – Q3 2013

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This interim report is also published in German.
In cases of doubt the German version takes precedence.

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