Financial report on the first half of 2008

TAG Group in figures

in TEUR	01/01/–06/30/2008	01/01/–06/30/2007
Revenues	51,102	34,348
a) Sale of properties	22,784	8,749
b) Rental income	21,822	16,109
c) Property management and others	6,496	9,490
EBITDA	19,808	22,438
EBIT	19,556	21,033
EBT	6,688	14,292
Consolidated net profit	2,356	6,521
Earnings per share in EUR	0.07	0.19

in TEUR	06/30/2008	12/31/2007
Total assets	909,343	886,603
Equity	309,320	306,513
Equity ratio in %	34.0	34.6
Real estate volume	842,604	762,396

Further figures	
NAV per share in EUR on 12/31/2007	12.36
Market capitalisation in TEUR on 06/30/2008	176,510
Subscribed capital in EUR	32,566,364.00
WKN/ISIN	830350/DE0008303504
Number of shares	32,566,364
Free float in %	93
Market segment	SDAX

Highlights

Net rental income up over 80 percent year on year to EUR 16.1 million

Growth in real estate volumes to EUR 843 million

Dividend of EUR 0.10 for 2007 approved at the 2008 annual general meeting

Content

Preface by the Management Board

Dear shareholders, ladies and gentlemen,

With its solid balance sheet structure, sizeable earnings before taxes, two successful residential portfolio acquisitions and the resultant growth in real estate volumes, TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (TAG for short) continued the favourable business performance achieved in the first quarter in the second quarter of 2008 as well. Revenues in the first half of the year rose by 49 percent to a total of EUR 51.1 million, with strong increases achieved in proceeds from the sale of properties as well as rental income. Earnings before taxes came to EUR 6.7 million during this period, down on the figure for the first half of 2007, which had been inflated by exceptionals. Spurred by extensions to the portfolio, steady rental income and reductions in vacancies as well as rental hikes, net rental income surged by 81 percent to EUR 16.1 million. Accordingly, the Company's operating business has continued to progress accompanied by heightened profitability.

In the first half of 2008, TAG continued to successfully pursue its strategy by making use of opportunities in the German residential real estate markets to reduce vacancies and to increase rentals in attractive urban locations. In line with its forecast, TAG increasingly invested in residential real estate in 2008, extending its portfolio to a value of EUR 843 million.

Steckelhörn, Hamburg

Bartholomäusstraße, Nuremberg

In June 2008, TAG acquired via its subsidiary Bau-Verein zu Hamburg AG (Bau-Verein for short) a lucrative portfolio of around 1,200 residential units and a number of commercial units with a total rental area of 82,000 square metres situated in the metropolitan regions of Hamburg, Berlin, Rhine/Main and South-Germany from public-sector institute Versorgungsanstalt des Bundes und der Länder (VBL). The 20 properties in this portfolio generate attractive cash flows and offer considerable development potential.

Bau-Verein zu Hamburg also acquired a plot of land in a central location in the Hamburg Schanzenviertel region. For a project entailing 19 apartments and two commercial units, which is to be completed by the end of 2009.

The Group's growth-oriented business performance is also reflected in its balance sheet: Total assets rose by almost EUR 23 million over the end of 2007 to EUR 909.3 million, with the equity ratio unchanged at a high 34 percent. At EUR 309.3 million, equity is up on the previous year despite the investments completed. With an equity ratio of over 30 percent, TAG continues to boast solid capital resources and is well poised for future investments.

TAG Tegernsee Immobilien- und Beteiligungs- Aktiengesellschaft has changed its name to **TAG Immobilien AG** in accordance with a resolution passed at this year's annual general meeting held on 20 June 2008. The new name seeks to identify the Company and its purpose more clearly.

The offices of the members of TAG's Supervisory Board expired on the date of this year's annual general meeting. All members were re-elected with large majorities.

Unfortunately, TAG's good operating performance is not reflected in the price of its stock. The crisis of confidence triggered by the subprime problems is still taking its toll on the capital markets, with financial service providers and real estate companies particularly suffering, as market investors are evidently unable to see the differences. Thus, German listed real estate companies are currently trading at discounts of up to 70 percent on their net asset value (NAV). TAG stock has not been able to shield itself from these negative trends either and closed the first quarter at EUR 5.42.

As conditions in the financial and capital markets remain difficult, the Company has adopted a cautious approach to its full-year earnings forecast for 2008.

By investing in urban growth regions in Germany, the TAG Group is continuing to pursue its buy, build and hold strategy and is consistently unlocking value from its portfolio. It assumes that despite the current risks the German real estate market continues to offer further opportunities and potential for the TAG business model.

Businesspark B², Bartholomäusstraße, Nuremberg

TAG stock

Listed in the SDAX, TAG stock entered the year at a price of EUR 6.70 and closed the first half of 2008 at EUR 5.42, a retreat of roughly 20 percent. Accordingly, it moved in synch with the SDAX.

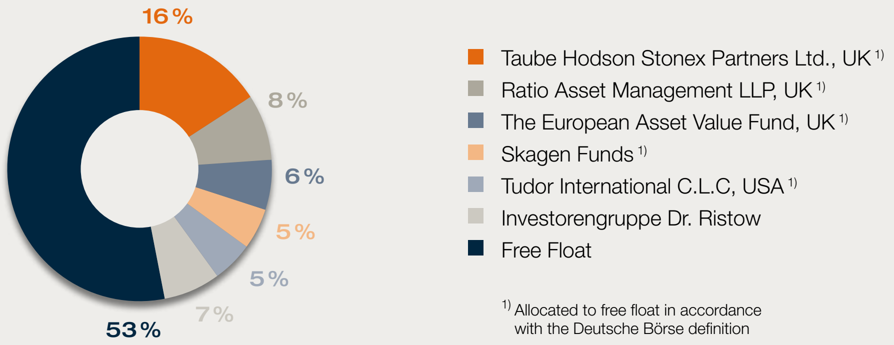
The number of shares is unchanged at 32,566,364. The free float stands at 93 percent. Market capitalisation came to EUR 177 million as of 30 June 2008.

At this year's annual general meeting held at Handwerkskammer Hamburg on 20 June 2008, 45 percent of the Company's share capital was present in person or by proxy. With the exception of Item 5 of the agenda "Abolition of existing authorised capital and creation of new authorised capital", all items were approved with a large majority.

Investor relations activities in the period under review entailed road shows in Germany, the UK, Austria, Switzerland and Norway. Recent studies have been conducted by Bankhaus Lampe, Berenberg Bank, FAIResearch/CB Seydler, HSH Nordbank, IRICIC, SES Research and UniCredit. Moreover, German business weekly "Wirtschaftswoche" published a report at the end of May 2008 in which it ranked the investor relations activities of listed German companies. TAG ranked 15th amongst the SDAX companies, reflecting its responsible and transparent investor relations activities. The Company is committed to pursuing an open information policy and to rendering its activities transparent.

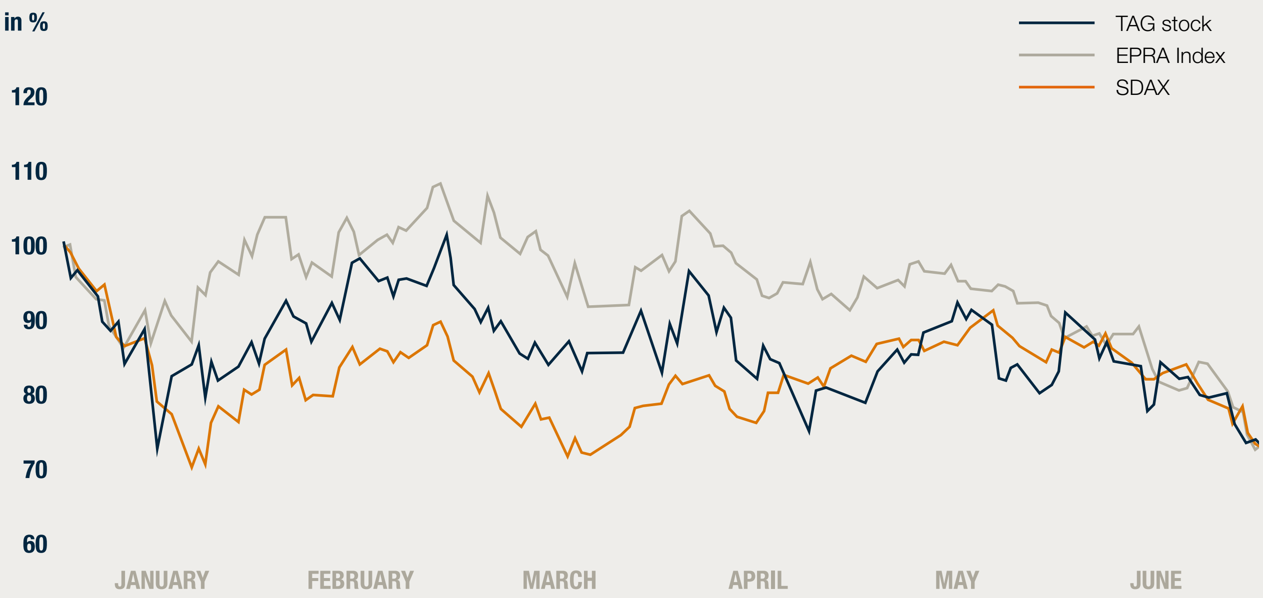
TAG's shareholder structure is primarily characterised by national and international investors with a predominantly long-term horizon, a fact which testifies to the confidence with shareholders have in the Company.

Shareholder structure as of 06/30/2008 (as per statutory disclosures)



1) Allocated to free float in accordance with the Deutsche Börse definition

Stock price



Interim Group management report for the first half of 2008

Economic environment in Germany

Over the past few weeks, economic conditions have continued to worsen. Thus, the ifo business confidence index, which measures companies' business expectations in Germany, hit its lowest level in three years. A combination of inflation and growing economic pessimism is being accompanied by rising interest rates. Compared with other economies, Germany is still in a stable condition, although there are mounting signs indicating that it, too, will not be able to shield itself from the effects of the downswing. According to ZEW (Centre of European Economic Research), German companies will come under pressure over the next six months from the high oil price, the strong euro, the crisis in the United States, the interest rate hike by the European Central Bank (ECB) and muted domestic consumer demand. Despite fears of a looming economic downswing, experts do not see any risk of a recession for Germany. (Source: Die Welt, July 2008, Börsenzeitung, July 2008)

The German real estate market

Despite the difficult economic conditions, Germany remains a favourite for international real estate investors in 2008 in contrast to other European countries. Given the protracted subprime and financial market crisis as well as lending restraint, particularly in connection with large real-estate transactions, investment volumes in 2008 will be down on the previous year. Accordingly, the bulk of business will be made up of small to mid-size transactions. Despite the sources of strain and negative external factors, the environment for investing remains attractive and stable thanks to relatively low prices, higher initial returns and a smaller number of competitors. (Source: Immobilienzeitung, July 2008)

Jones Lang LaSalle has calculated a decline of 57 percent in transaction volumes in the German commercial real estate market to EUR 11.9 billion in the first half of 2008, while Atisreal has recently calculated a drop of 53 percent. This shows that the fall-out from the financial crisis is even worse than expected. At around EUR 4 billion, transaction volumes in the 2nd quarter were particularly weak after the figure of EUR 7.9 billion for the first quarter. A similar picture is being painted by returns, which in the case of office buildings have dropped by 50 basis points year on year. (Source: Immobilienzeitung, July 2008)

Although transaction volumes have contracted, experts forecast sustained demand for attractive commercial real estate in good locations. Accordingly, the prospects for a sustained upswing in the office real estate market are favourable. That said, it will be difficult to reduce vacancies in properties which offer a less favourable market appeal. Looking forward over the next few years, industry observers generally expect lower growth rates for the German office real estate market compared with the upbeat conditions in 2007, although the German investment market is seen as remaining solid. (Source: REIT up, 3/08)

By contrast, experts assume that residential prices and rentals will continue to climb in urban areas, although the financial crisis is restraining lending here as well, something which may also take its toll on demand. According to market studies, retention periods for real estate are increasing to five to ten years. (Source: Roland Berger, May 08)

Given the funding situation, investors with strong equity resources have a clear advantage and are increasingly seeking asset and property services to unlock additional value. This guarantees steady or rising returns.

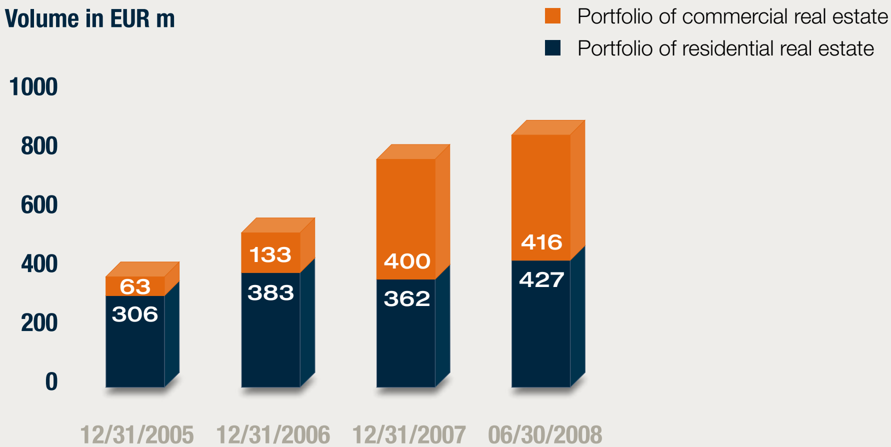
With its strategy of investing in good urban locations in German cities with growth potential, TAG stands to benefit from these conditions in both the residential and the commercial real estate market as well as active portfolio management.


Hohenzollerndamm, Berlin

Portfolio

TAG's total real estate portfolio increased in value by 11 percent over the end of 2007, rising to EUR 843 million. The proportion of residential real estate in the entire portfolio increased to EUR 427 million at the end of the first half of 2008, with commercial real estate accounting for EUR 416 million. This increase reflects the systematic implementation of the buy, build and hold strategy, which seeks to unlock long-term value from the portfolio by means of development activities.

Changes in real estate volume



Acquisitions

In the first half of 2008, TAG successfully completed two acquisitions via its subsidiary Bau-Verein zu Hamburg AG, extending its real estate portfolio substantially.

VBL-portfolio

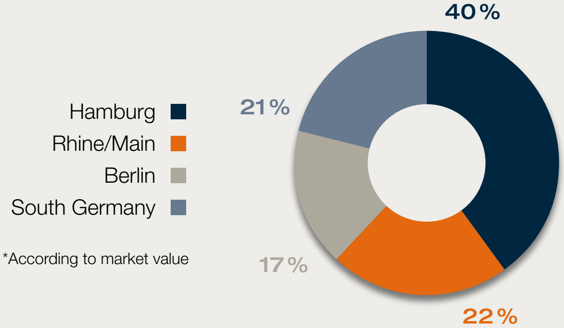
In June 2008, TAG acquired a lucrative portfolio of around 1,200 residential units and a number of commercial units with a total rental area of 82,000 square metres from public-sector institute Versorgungsanstalt des Bundes und der Länder (VBL). The total of 20 properties are located in Hamburg, Berlin, the Rhine/Main region and in Southern Germany. In line with its buy, build and hold strategy, TAG plans to spend around EUR 3 million on portfolio development to optimise rentals, remove vacancies and improve general living conditions.

The portfolio is characterised by attractive cash flows and was placed on TAG's balance sheet at the end of the second quarter.

Properties	20
Residential units approx.	1,200
Area in square metres	81,676
Net rental in EUR/square metres	5.30 (average)
Return on current rental	8.7 %
Planned capital spending	EUR 3 million
Date of recognition on balance sheet	06/30/2008

Halenseestraße, Berlin

VBL portfolio by region*



*According to market value

Kaiserdamm, Berlin

Construction project Sternschanze, Hamburg

Construction project in Hamburg's Schanzenviertel region

As part of the Company's strategy of investing in good inner-city locations in German metropolitan regions, TAG acquired a property in Rosenhofstraße in the newly created suburb of Sternschanze in Hamburg via its subsidiary Bau-Verein.

A building with a gross total floor area of around 3,250 square metres is to constructed on the plot for residential purposes. Commercial facilities are only planned on the ground floor and there will also be underground parking. Schanzenviertel is a very attractive and sought-after part of Hamburg. As there are very few owner-occupied apartments in this area, the project is expected to attract strong demand.

Lindengarten, Leipzig

Current Projects

Leipzig Lindengarten

Following the completion of restoration work at the beginning of 2009 a total of 47 family-oriented residential units with a total floor area of around 3,650 square metres will be available on a spacious plot of land in the Dunckerviertel region of Leipzig Lindergarten. All of the two to four-room apartments (with floor areas of 50 to 95 square metres) are being fitted with a balcony as well as bright and modern facilities. With its family-oriented utilisation model, considerable value will be unlocked from this project. Originally built in 1938/1939, the building complex is being revitalised by TAG at a cost of around EUR 4 million.

Serviced apartments in the Leipzig CBD

Following the development of the listed historical building in Markgrafenstrasse and capital spending of some EUR 6 million, a total of 49 serviced apartments (with a floor area of 45 – 65 square metres) will be available for short or long-term rental as of next spring. Retail area of around 770 square metres will be available on the ground floor and in the basement. The serviced apartments are being operated by TAG subsidiary Trinom Business Apartment GmbH, which is already managing other apartment buildings in Leipzig with great success.

Serviced Apartments, Markgrafenstraße, Leipzig

Family homes in leafy Zehlendorf-Süd

Under the supervision of Bau-Verein, six modern family houses each with a residential area of around 130 square metres and spacious roof terraces with a southern aspect plus individual gardens are being built in one of Berlin's most sought-after suburbs. The generously proportioned residential estate in Zehlendorf-Süd combines all the advantages of a large city with life in peaceful and natural surroundings. Bau-Verein has revitalised blocks of flats close to Zehlendorf-Süd originally built in the fifties, giving them a modern and tidy appearance.

Sales efforts for these houses have already commenced, with two contracts already signed.

Portfolio development project at Bärenparksiedlung in Berlin-Tempelhof

Last year, Bau-Verein commenced extensive revitalisation and modernisation activities at the historical listed residential estate in Tempelhof, which was originally built in the thirties. To date, two phases comprising a total of 80 residential units have been completed. The success of these activities is reflected in the strong demand on the part of tenants for the refurbished apartments. All the modernised apartments were rented within a short time, fetching a higher rental than the one originally calculated. Thus, an average net rental of EUR 5.00 per square metre was achieved for the modernised apartments, whereas the average net rental for those still awaiting modernisation stands at only EUR 4.02 per square metre, translating into a difference of approximately 25 percent.

The revitalisation strategy is to be continued this year and next. Work has recently commenced on the renovation and modernisation of a further 80 apartments or so. In addition, there are plans to build spacious modern attic apartments, thus yielding additional space potential of a total of around 9,000 square metres.

Bärenparksiedlung, Berlin

Complete revitalisation of a commercial building in Puchheim near Munich completed

The end of January 2008 saw the successful completion of the extensive revitalisation activities including the construction of an additional storey at an office building located in Puchheim near Munich. The existing four-floor building had been completely gutted in spring 2007, with an extra floor built, resulting in additional space of around 500 square metres.

The first few tenants took up occupancy of the new office space almost immediately after the completion of the construction in January 2008. The current occupation rate of the total floor area of 2,700 square metres stands at 50 percent. The long-term leases already signed as well as the rentals achieved, which are substantially higher than those planned during the project development phase, are particularly encouraging.

Office building, Puchheim

Interior of the office building, Puchheim

Joint venture for services

The joint venture, which had been established with HSH Real Estate AG at the end of 2007, commenced business operations at the beginning of the year. At the end of the first half of 2008, it was managing a portfolio of commercial real estate worth EUR 1.4 billion, up from an initial EUR 1.2 billion. The portfolio comprises jointly held properties as well as real estate managed on behalf of third parties. The company will continue its successful activities in the second half of the year and strengthen its property and asset management business.

REIT

TAG Gewerbeimmobilien-Aktiengesellschaft is still registered as a pre-REIT. However, given the conditions currently prevailing in the capital market it is not viable to float the REIT at this stage as there can be no guarantee of achieving a fair valuation. Alternatives are currently being examined.

Results of operations, financial condition and net assets

TAG Group

Significant 49 percent increase in revenues

Total revenues rose by 49 percent to EUR 51.1 million in the first half of 2008, up from EUR 34.3 million in the previous year. The TAG Group registered particularly strong growth in rental income, which climbed from EUR 16.1 million to EUR 21.8 million, equivalent to an increase of 35.5 percent. This was primarily thanks to the Siemens portfolio which had been acquired in 2007 as well as reduced vacancies and higher rentals.

The sale of two residential properties in Nuremberg resulted in an increase in the proceeds from sales to EUR 22.8 million, up from EUR 8.7 million.

Following the completion of a development project, revenues from construction management and miscellaneous activities contracted from EUR 9.5 million in the first half of 2007 to EUR 6.5 million in 2008.

Gross profit holding steady

At EUR 31.4 million, gross profit was virtually unchanged in the first half of 2008 in spite of significantly lower gains from the fair-value remeasurement of investment properties. Thus, fair-value remeasurement gains shrank from EUR 18.8 million in the previous year to EUR 10.6 million in 2008.

Earnings before taxes (EBT) down on the previous year

TAG achieved earnings before taxes of EUR 6.7 million in the first half of 2008, thus falling short of the year-ago figure of EUR 14.3 million due to lower fair-value remeasurement gains in 2008 compared with the previous year.

Net borrowing costs

Net borrowing costs increased from EUR 6.6 million to EUR 12.6 million on account of substantially larger loan volumes in the commercial real estate segment.

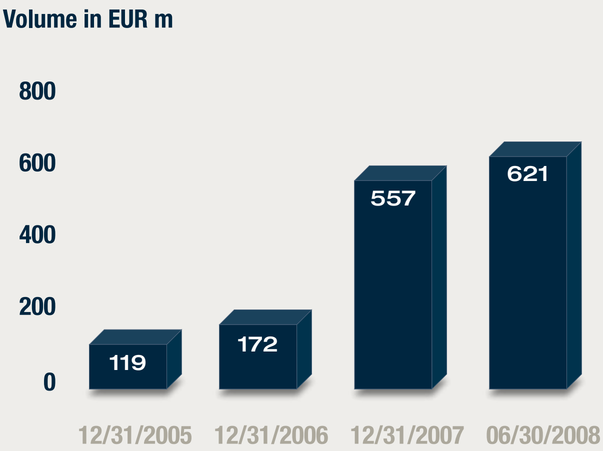
Ongoing extensions to real estate portfolio; further value being unlocked

The successful acquisition activities in the first half of 2008 as well as spending on the portfolio and project development caused real estate volumes to increase to a total of EUR 843 million.

Steady extensions to holdings of investment properties

Investment properties had a value of EUR 620.7 million at the end of the first half of 2008, up from EUR 556.7 million at the end of 2007.

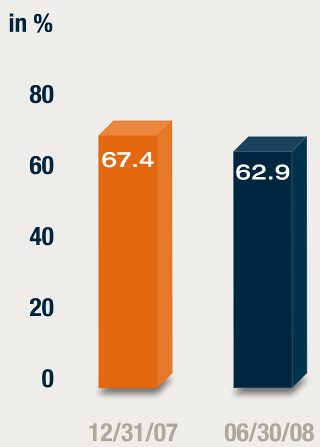
Changes in the value of Investment Property Portfolio



Drop in loan-to-value (LTV) ratio* to 62.9 percent

Liabilities to banks increased by EUR 16.0 million from EUR 513 million as of December 31, 2007 to EUR 529 million as of June 30, 2008 due to residential real estate acquisitions. In view of the higher volume of properties, the LTV ratio contracted from 67.4 percent to 62.9 percent.

Trends in LTV (Loan to Value) *



* Loan to value: Ratio of bank liabilities to the market value of the real estate.

Equity ratio steady at 34 percent

Despite the new acquisitions resulting in an increase in total assets to EUR 909.3 million (end of 2007: EUR 886.6 million), the equity ratio held steady at around 34 percent. Equity rose slightly from EUR 306.5 million as of December 31, 2007 to EUR 309.3 million.

Herrengraben, Hamburg

Interest risk

Extensive use is made of interest swaps to hedge exposure to interest risks.

Bau-Verein zu Hamburg-Group

Significant increase in revenues and earnings

Revenues and earnings in the first half of 2008 were significantly improved over the same period one year earlier. In line with expectations, revenues rose from EUR 24.5 million to EUR 32.6 million, equivalent to an increase of 33.1 percent, due to greater sales proceeds, which rose from EUR 5.3 million in the previous year to EUR 18.7 million in the first half of 2008 due to the sale of two residential properties in Nuremburg.

Rental income contracted from EUR 9.3 million in the first half of 2007 to EUR 7.8 million in the same period in 2008 on account of differing billing cycles for the recharged operating costs.

27.1 percent increase in gross profit

Gross profit rose substantially from EUR 12.9 million to EUR 16.4 million as a result of increased gains from fair-value remeasurements of EUR 3.1 million. These fair-value remeasurements are calculated by internationally acknowledged external property values primarily based on future rental income from the existing portfolio discounted as of the balance sheet date.

Earnings before taxes (EBT)

Earnings before taxes surged from EUR 3.6 million in the previous year to EUR 6.1 million in the first half of 2008. By contrast, net borrowing costs remained virtually unchanged at EUR 4.2 million.

Franz-Greuer-Straße, Cologne

Increase in real estate volumes

Real estate volumes widened from EUR 295.3 million at the end of 2007 (December 31, 2007) to EUR 351.3 million as of June 30, 2008 primarily as a result of the acquisition of 1,250 units in June 2008, equivalent to an increase of 19 percent. Accordingly, Bau-Verein invested in the German residential market again for the first time following signs of a favourable trend. This reflects Bau-Vereins zu Hamburg's confidence in the market.

Bank borrowings

Encouragingly, the loan-to-value (LTV) ratio contracted from 65 percent as of December 31, 2007 to 58 percent as of June 30, 2008 thanks to excess liquidity, which was used for loan repayments.

Bank borrowings increased from EUR 191.0 million to EUR 204.7 million chiefly as a result of the funding for the acquisition in June 2008.

Equity ratio virtually unchanged at 32 percent

Despite the acquisitions completed in the period under review, the equity ratio remained steady at 32.2 percent, compared with 33.9 percent as of December 31, 2007. Even so, equity climbed by EUR 2.8 million to EUR 126.7 million.

Interest exposure hedged

Extensive use is made of derivatives to hedge the Group's exposure to changes in interest rates. Hedges are effected shortly after the completion of new acquisitions in order to reduce interest risks.

TAG Gewerbeimmobilien-Aktiengesellschaft

Revenues - encouragingly strong increase in rental income

In line with expectations, revenues in the period from January through June 2008 increased to EUR 11.7 million, up from EUR 5.5 million in the same period one year earlier, thanks to extensions to the portfolio in the second half of 2007.

Earnings before taxes (EBT)

TAG Gewerbeimmobilien AG was unable to repeat the previous year's EBT of EUR 11.7 million in 2008. Instead, earnings before taxes came to only EUR 1.3 million, this being solely due to the significantly lower fair-value remeasurement gains of EUR 2.6 million in the first half of 2008, down from EUR 12.6 million in the year-ago period.

Higher borrowing costs

Net borrowing costs widened from EUR 3.8 million to EUR 10.0 million due to additional borrowing to finance the extensions to the portfolio.

Bank borrowings

The loan-to-value (LTV) ratio for TAG Gewerbeimmobilien-AG stands at 73 percent as of 30 June 2008, an improvement compared with the figure of 78 percent recorded as of December 31, 2007. Bank borrowings were unchanged at EUR 290 million.

Equity increased

Equity increased from EUR 25.4 million as of December 31, 2007 to EUR 28.1 million on June 30, 2008 due, among other things, to the fair-value remeasurement gains from the interest derivatives recognised as of the balance sheet, which are reported under equity.

TAG Asset Management GmbH

TAG Asset Management GmbH pools the TAG Group's services business, providing the TAG Group as well as other companies with services in the area of controlling, accounting, public relations, business development and IT support as well as asset management and various project and construction management tasks.

Since the beginning of 2008, part of the revenues and earnings have been recognised proportionately on account of the joint venture with HSH Real Estate AG, meaning that the figures are not fully comparable with those for the previous year.

Gross profit

Gross profit in the period under review contracted by EUR 2.3 million to EUR 2.8 million. This was accompanied by a decline of EUR 1.4 million in revenues to EUR 7.1 million, while other operating income contracted by EUR 0.4 million to EUR 0.5 million. The cost of services bought increased by EUR 0.5 million.

Earnings before interest and taxes

Earnings before interest and taxes (EBIT) contracted from EUR 1.3 million in the first half of 2007, leading to a loss of EUR 0.1 million in the first half of 2008. At the same time, personnel expenses rose by EUR 0.4 million over the previous year to EUR 1.4 million due to extensions to service business. However, income is yet to be derived from these extensions. Other operating expenses were virtually unchanged at EUR 1.4 million.

Reduction in net borrowing costs

Net borrowing costs shrank by EUR 0.2 million in the first half of 2008 to EUR 0.7 million.

The growth strategy in asset management was continued. Earnings for the full year are expected to be up thanks to the pooling of expertise within the joint venture with HSH Nordbank and both partners' many years of experience together with extensive local networks in Hamburg, Berlin and Munich.

Forecast, opportunities, risks

With its buy, build and hold strategy, the TAG Group constantly optimises its portfolio. The Group's business expanded in the first half of 2008.

However, it is currently almost impossible to arrange large-scale portfolio sales on account of the lending restraint for financial investors. By contrast, private investors with ample equity resources have rediscovered the German market, spurring demand for smallish properties in good locations.

By focusing its investment strategy on urban growth markets in Germany, TAG was able to boost its revenues in the first half of the year particularly in the residential real estate segment.

Demand for commercial and residential rental real estate remained unabated in the period under review, resulting in rental increases in all regions in which TAG holds investments. Looking forward to the second half of the year, a further increase in rentals, particularly in the residential segment, is likely. In the future, the rising cost of living and the simultaneous decline in new construction activity in metropolitan regions will result in an increase in rental levels in attractive urban locations. That said, the extent to which the disproportionately strong rise in energy and heating costs places a damper on this trend remains to be seen.

There have been no material changes in the opportunities and risks in the Group's future performance described in the Group Management Report for 2007. At this stage, it is not possible to foresee the extent to which the deterioration in the economic and investment environment exerts further influence on the German real estate market.

Given the negative general economic conditions, it is difficult to provide a reliable forecast of the TAG Group's performance in the second half of the year. Accordingly, it cautiously expects full-year EBT for 2008 to fall short of the previous year's figure.

Hamburg, 18 August 2008

The Management Board

Belziger Lofts, Berlin

Consolidated balance sheet

ASSETS in TEUR	06/30/2008	12/31/2007
Non-current assets		
Investment properties	620,660	556,702
Goodwill	1,727	0
Other intangible assets	1,151	83
Property, plant and equipment	2,101	2,130
Investments in associates	3,832	3,831
Other financial assets	1,541	1,536
	631,012	**564,282**
Current assets		
Land with unfinished and finished buildings	220,901	204,610
Other inventories	13,471	10,969
Trade receivables	11,124	65,685
Income tax refund claims	331	458
Other current assets	24,735	26,485
Cash and cash equivalents	7,769	14,114
	278,331	**322,321**
	909,343	**886,603**

EQUITY AND LIABILITIES in TEUR	06/30/2008	12/31/2007
Equity		
Equity holders of the parent		
Subscribed capital	32,566	32,566
Share premium	219,606	219,606
Other reserves	2,654	–208
Unappropriated surplus	19,150	20,049
Minority interests	35,344	34,500
	309,320	**306,513**
Non-current liabilities		
Bank borrowings	289,697	295,580
Retirement benefit provisions	1,961	1,962
Other non-current liabilities	8	8
Deferred taxes	12,407	8,352
	304,073	**305,902**
Current liabilities		
Other provisions	16,162	22,148
Income tax liabilities	4,504	4,190
Liabilities to banks	239,289	217,378
Trade payables	26,778	20,166
Other current liabilities	9,217	10,306
	295,950	**274,188**
	909,343	**886,603**

Consolidated income statement

in TEUR	01/01/– 06/30/2008	01/01/– 06/30/2007	04/01/– 06/30/2008	04/01/– 06/30/2007
Revenues	51,102	34,348	29,607	21,505
a) Sale of properties	22,784	8,749	16,051	5,677
b) Rental income	21,822	16,109	10,726	9,157
c) Property management and others	6,496	9,490	2,830	6,671
Other operating income	1,542	1,561	1,196	978
Fair-value remeasurement of investment properties	10,635	18,840	5,156	15,577
Cost of goods and services purchased	–31,859	–23,115	–19,612	–16,314
a) Sale of properties	–22,093	–8,310	–14,971	–5,671
b) Rental income	–5,725	–7,214	–3,024	–5,422
c) Property management and others	–4,041	–7,591	–1,617	–5,221
Gross profit	**31,420**	**31,634**	**16,347**	**21,746**
Personnel expenses	–5,781	–4,275	–3,538	–2,177
Depreciation/amortisation	–252	–1,405	–155	–1,312
Other operating expenses	–5,831	–4,921	–3,035	–2,824
EBIT	**19,556**	**21,033**	**9,619**	**15,433**
Share of profit of associates	–240	–176	–108	–46
Net borrowing costs	–12,628	–6,565	–6,536	–3,731
EBT	**6,688**	**14,292**	**2,975**	**11,656**
Income taxes	–2,694	–6,255	–1,812	–5,325
Other taxes	–602	–428	–275	–397
Consolidated net profit before minorities	**3,392**	**7,609**	**888**	**5,934**
Minorities	–1,036	–1,088	–746	–762
Consolidated net profit after minorities	**2,356**	**6,521**	**142**	**5,172**
Earnings per share (EUR), basic	0.07	0.19	0.00	0.16

Consolidated Cashflow Statement

in TEUR	01/01/– 06/30/2008	01/01/– 06/30/2007
Consolidated net profit	**2,356**	**6,521**
Depreciation/amortisation	252	1,405
Share of profit of associates	240	176
Fair-value remeasurement of investment properties	–10,635	–18,840
Changes in deferred taxes	3,684	6,158
Changes in provisions	–5,987	423
Losses from deconsolidation	0	202
Changes in receivables and other assets	37,633	11,803
Changes in payables and other liabilities	9,303	–51,246
Cash flow from operating activities	**36,846**	**–43,398**
Payments made for investment properties	–53,587	–187,274
Payments received from the disposal of investment properties	264	9,667
Payments made for investments in intangible assets and property, plant and equipement	–143	–1,855
Payments made for the acquisition of joint ventures (net of cash and cash equivalents acquired)	–2,492	0
Payments made for the acquisition of other financial assets	–5	0
Payments received from the sale of other financial assets	0	4
Cash flow from investing activities	**–55,963**	**–179,458**
Dividends paid to shareholders	–3,256	0
Payments received from new bank loans	67,777	151,070
Payments made to repay bank loans	–49,023	–35,674
Cash flow from financing activities	**15,498**	**115,396**
Cash changes in cash and cash equivalents	–3,619	–107,460
Cash and cash equivalents at the beginning of the period	11,887	124,571
Cash and cash equivalents at the end of the period	**8,268**	**17,111**

Statement of changes in consolidated equity

in TEUR	Subscribed capital	Share premium	Retained earnings	Hedge accounting reserve	Unappropriated surplus	Total	Minority interests	Total equity
Balance on 01/01/2007	**32,566**	**219,714**	**527**	**–107**	**3,582**	**256,282**	**31,728**	**288,010**
Consolidated net profit/loss	0	0	0	67	6,521	6,588	1,092	7,680
Balance on 06/30/2007	**32,566**	**219,714**	**527**	**–40**	**10,103**	**262,870**	**32,820**	**295,690**
Consolidated net profit/loss	0	0	0	0	9,946	9,946	1,729	11,675
Cost of equity issue	0	141	0	0	0	141	0	141
Changes in hedge accounting reserve	0	0	0	–695	0	–695	0	–695
Total revenues and expenses	0	141	0	–695	9,946	9,392	1,729	11,121
Business combination without change of status	0	–249	0	0	0	–249	0	–249
Other changes in minorities	0	0	0	0	0	0	–49	–49
Balance on 12/31/2007	**32,566**	**219,606**	**527**	**–735**	**20,049**	**272,013**	**34,500**	**306,513**
Consolidated net profit	0	0	0	0	2,357	2,357	1,036	3,393
Changes in hedge accounting reserve	0	0	0	2,862	0	2,862	481	3,343
Total revenues and expenses	0	0	0	2,862	2,357	5,219	1,517	6,736
Dividends paid to shareholders	0	0	0	0	–3,256	–3,256	0	–3,256
Other changes in minorities	0	0	0	0	0	0	–673	–673
Balance on 06/30/2008	**32,566**	**219,606**	**527**	**2,127**	**19,150**	**273,976**	**35,344**	**309,320**

Segment report

in TEUR	Residential real estate 01/01/– 06/30/2008	Commercial real estate 01/01/– 06/30/2008	Services 01/01/– 06/30/2008	Recon-ciliation 01/01/– 06/30/2008	Group 01/01/– 06/30/2008
Total revenues	**32,274**	**12,588**	**8,408**	**–2,168**	**51,102**
previous year	27,377	6,174	8,074	–7,277	34,348
• of which external revenues	31,460	12,588	8,408	–1,353	51,102
previous year	26,903	6,174	6,513	–5,242	34,348
• of which external revenues	815	0	0	–815	0
previous year	474	0	1,561	–2,035	0
Segment earnings (EBIT)	**10,441**	**11,245**	**1,837**	**–3,967**	**19,556**
previous year	6,953	12,987	3,074	–1,981	21,033
• of which non-cash impairment losses on properties and receivables	–61	0	0	0	–61
previous year	–147	–1,200	–5	–191	–1,543
Segment assets	**593,086**	**441,891**	**23,371**	**–149,336**	**909,012**
previous year	436,940	428,010	11,935	9,260	886,145
• of which shares in associates	3,832	0	0	0	3,832
previous year	3,831	0	0	0	3,831
Segment liabilities	**423,083**	**407,967**	**17,475**	**–265,413**	**583,112**
previous year	286,855	378,306	15,101	–112,714	567,548
Segment investments	**31,947**	**21,788**	**2,479**	**0**	**56,227**
previous year	9,324	179,805	0	0	189,129

Notes on the interim financial statements as of 30 June 2008

General information

The interim consolidated financial statements of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (to be known in the future as “TAG Immobilien AG”, hereinafter referred to as the “Company” or “TAG”) have been prepared in accordance with the provisions contained in Section 37x (3) of the German Securities Trading Act pertaining to interim financial reporting. The period under review comprises the first six months of the 2008 financial year. The comparison figures refer to 31 December 2007 with respect to the consolidated balance sheet and otherwise to the first six months of the 2007 financial year. In addition, the consolidated income statement contains figures pertaining to the second quarter of 2008 (1 April through June 30, 2008) together with the corresponding comparison figures for the previous year. The figures reported in the interim financial statements are mostly denominated in TEUR (thousands of euros). This may result in rounding differences between the individual parts of the financial statements. The interim financial statements for the first half of the year were not audited or reviewed by the Group’s external auditor.

The report on the first half of the financial year has been prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) endorsed by the EU concerning interim reporting (IAS 34 – Interim Reporting). In addition, allowance was made for the provisions contained in German Accounting Standard No. 16 (DRS 16 – Interim Reporting).

Stahltwiete, Hamburg

The recognition and measurement principles as well as the notes and explanations on the interim consolidated financial statements for the first half of the year are fundamentally based on the recognition and measurement principles applied to the consolidated financial statements for the year ending 31 December 2007.

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

Consolidation group

The consolidation group as of 30 June 2008 includes TAG and, as a matter of principle, all companies in which TAG directly or indirectly holds a majority of the voting capital. With the exception of the acquisition described in the following section, there was no change in the consolidated group compared with 31 December 2007 as of 30 June 2008. If shares in subsidiaries are considered to be of subordinate significance from the Group's perspective, they are recognised as financial instruments in accordance with IAS 39.

Acquisitions

Larus Asset Management GmbH (formerly known as "B.u.P. Projektmanagement GmbH"), a joint venture established by TAG, acquired all the shares in Pateon 1. Verwaltungs GmbH, Hamburg, effective 1 January 2008. Pateon is a service company which engages solely in the management and administration of commercial real estate and whose purpose is to extend the joint venture's business activities.

The proportionate purchase price of this investment attributable to TAG stood at TEUR 2,504. Via this transaction, cash and cash equivalents in a proportionate amount of TEUR 12 were acquired. Since being consolidated, Pateon 1. Verwaltungs GmbH has contributed proportionate revenues of TEUR 180 and a balanced result.

With the exception of an order backlog for the management and administration of commercial real estate (proportionate fair value TEUR 1,148; carrying amount EUR 0), Pateon 1. Verwaltungs GmbH did not have any material assets or liabilities as of the date of acquisition. Deferred tax liabilities of TEUR 371 (carrying amount EUR 0) were recognised in connection with the recognition of the order backlog for at its fair value. The acquisition resulted in goodwill of TEUR 1,727 (purchase price less the fair value of the order backlog plus deferred tax liabilities).

Material transactions and changes to the consolidated balance sheet and the consolidated income statement in the period under review.

In the first half of 2008, fair-value accounting resulted in gains of TEUR 10,635 (previous year TEUR 18,840) in the carrying amounts of investment properties.

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

In the second quarter of 2008, the growth strategy of the subsidiary Bau-Verein zu Hamburg Aktien-Gesellschaft (Bau-Verein) was continued with the acquisition of a portfolio of around 1,200 residential units. These properties generate attractive cash flows and offer considerable development potential and are primarily located in Hamburg, Berlin and the Rhine/Main region. Ten of these properties are classified as investment properties and the balance as available-for-sale assets.

In addition, Bau-Verein acquired a further property in a central location in Hamburg (Rosenhofstraße), where a building comprising 19 residential and two commercial units is to be built by the end of 2009.

Trade receivables contracted primarily as a result of payments received by Bau-Verein and TAG Gewerbe towards purchase price obligations. Accordingly, bank borrowings also dropped following the repayment of property finance loans.

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

Deferred tax assets net of deferred tax liabilities stand at EUR 12,407 (previous year TEUR 8,352). Deferred tax assets primarily come from unused tax losses. Deferred tax liabilities chiefly relate to the differences in the values of the investment properties and their tax bases.

Bank borrowings consist almost exclusively of liabilities arising in connection with the acquisition of investment properties or the acquisition and development of available-for-sale properties. Investment properties are normally financed on a long-term basis and available-for-sale properties on a short-term basis.

At the annual general meeting held on 20 June 2008, a resolution was passed approving a dividend of EUR 0.10 per shares. The total dividend paid to the shareholders thus stands at TEUR 3,256 (previous year EUR 0).

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

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

Material transactions with related persons

Revenues of TEUR 4,301 (previous year TEUR 8,656) were generated from construction management business with the associated company GAG Grundstücksverwaltungs-Aktiengesellschaft. These sales were offset by expenses in almost the same amount to non-group companies. In addition, miscellaneous services, e.g. facility management and accounting, valued at TEUR 762 (previous year TEUR 244) were provided for GAG Grundstücksverwaltungs-Aktiengesellschaft.

Other details

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

On 30 June 2008, the TAG Group had 187 employees, compared with 164 as of 30 June 2007.

Basis of reporting

The preparation of the interim consolidated financial statements pursuant to IFRS requires the management boards and management staff of the consolidated companies to make assumptions and estimates influencing the assets and liabilities carried on the balance sheet, the disclosure of contingent liabilities on the balance-sheet date and the expenses and income reported during the periods under review. The actual amounts arising in future periods may differ from these estimates. Moreover, this interim report includes statements which do not entail reported financial data or any other type of historical information. These forward-looking statements are subject to risk and uncertainty as a result of which the actual figures may deviate substantially from those stated in such forward-looking statements. Many of these risks and uncertainties are related to factors which the Company can neither control, influence nor precisely estimate. This concerns, for example, future market and economic conditions, other market participants' behaviour, the ability to successfully integrate companies after acquisition and tap expected synergistic benefits as well as changes to tax legislation. Readers are reminded not to place any undue confidence in these forward-looking statements, which apply only on the date on which they are given. The Company is under no obligation whatsoever to update such forward-looking statements to allow for any events or circumstances arising after the date of this material.

Responsibility statement in accordance with Sections 37y and 37w(2) No. 3 of the German Securities Trading Act

"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, 18 August 2008

The Management Board

TAG`s Financial calender

23 September	German Investment Conference, Munich
6 – 8 October	EXPO Real, Munich
20 – 21 October	IIA Annual Conference, Frankfurt
10 – 12 November	Deutsches Eigenkapitalforum, Frankfurt
13 November	Interim Report – 3rd quarter of 2008

Contact

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