TAG

Financial report on the first half of 2009

TAG Group in figures

in TEUR	01/01/-06/30/2009	01/01/-06/30/2008
Revenues	74,545	45,948
a) Sale of properties	48,778	22,784
b) Rental income	24,727	21,822
c) Property management and others	1,040	1,342
EBITDA before revaluation and extraordinary items	10,349	8,107
EBIT before revaluation and extraordinary items	9,984	7,799
EBT before revaluation and extraordinary items	–2,636	–5,030
EBT	–28,373	5,605
Consolidated net profit / loss from continuing activities	–32,129	3,114
Consolidated net profit / loss before minorities	–32,334	3,392
Consolidated net profit / loss after minorities	–30,265	2,356
Earnings per share in EUR	–0.93	0.07

in TEUR	06/30/2009	12/31/2008
Total assets	793,060	839,297
Equity	219,474	254,180
Equity ratio in %	27.8	30.3
Bank borrowings	511,498	538,042
of which current	92,390	130,062
Real estate volume	760,433	804,232

Further figures	
NAV per share in EUR on 12/31/2008	7.37
Employees on 06/30/2009	106
Market capitalisation in TEUR on 06/31/2009	84,672
Subscribed capital in EUR	32,566,364.00
WKN / ISIN	830350/ DE 0008303504
Number of shares	32,566,364
Free Float	93%
Share exchange	SDAX

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Preface by the Management Board

Dear shareholders, ladies and gentlemen,

After the volatile months at the end of 2008, capital markets all over the world are now recovering. Despite this, however, the global economy is still in a difficult phase which is characterised by rising unemployment, mounting corporate insolvencies and restrictive lending practices.

Against the backdrop of a persistently challenging market environment, TAG Immobilien AG („TAG“ for short) was able to improve its operating performance in the first half of the year, posting a 13 percent increase in net rental income to EUR 17.4 million, up from EUR 15.5 million at the end of the first half of 2008. The Group‘s subsidiary company Bau-Verein zu Hamburg AG alone, recorded net rental income of EUR 5.3 million (first half of 2008: EUR 3.8 million), an increase of 39 percent.

Steckelhörn, Hamburg

Siemensdamm, Berlin

Revenues and operating business up

In the first half of 2009, TAG successfully and resolutely implemented the goals which it had set itself at the end of 2008, namely to strengthen its operating business and to boost its liquidity. As a result, revenues in the first half of 2009 climbed to EUR 74.5 million, up 62 percent from EUR 45.9 million in the same period one year earlier. At EUR 48.8 million, revenues from sales made the greatest contribution, doubling over the first half of 2008 (EUR 22.8 million). The sales prices achieved exceeded the respective book values particularly in the second quarter, thus testifying to the quality of the portfolio.

Gross profit before revaluation stable – EBITDA and EBT before revaluation lower

The favourable operating performance is not reflected in earnings. TAG generated EBITDA before revaluation gains/losses of EUR 1.7 million in the first half of 2009, down from EUR 8.1 million in the year-ago period. This was due to provisions of around EUR 9 million which had been set aside for the construction activities of earlier years and which were based on management's actualized and intense risk analysis in conjunction with the current financial crisis and in accordance with the principles of commercial caution. A further EUR 1.4 million was attributable to restructuring activities aimed at optimising the personnel structure and exerted a one-off effect on earnings. Gross profit before revaluation gain/losses improved slightly to EUR 19.1 million, up from EUR 19.0 million in the first half of 2008. Accordingly, a loss of EUR 13.1 million was sustained at the EBT level before revaluation gains/losses in the first half of 2009, compared with the loss of EUR 5.0 million sustained in the same period one year earlier.

Total assets and equity capital down slightly – equity ratio of 27.7 percent

TAG continues to exhibit solid balance sheet ratios. Following the real estate sales, total assets contracted from EUR 839.3 million as of 31 December 2008 to EUR 793.1 million as of 30 June 2009, with equity capital shrinking from EUR 254.2 million to EUR 219.4 million in the same period of time. At 27.7 percent, the equity ratio was down slightly on 31 December 2008.

Liabilities to banks were lowered from EUR 538 million as of 31 December 2008 to EUR 511.5 million as of 30 June 2009. Specifically, current liabilities to banks were reduced substantially from EUR 130.1 million to EUR 92.4 million. Non-current liabilities to banks came to EUR 419.1 million as of 30 June 2009, up from EUR 408 million at the end of 2008.

Change in the Management Board

The first half of 2009 saw decisive changes in TAG's Management Board. Effective 31 March 2009, Erhard Flint left TAG's Management Board, where he had been responsible for construction, portfolio development and sales, an area which was scaled back substantially within the TAG Group at the end of 2008 as a consequence of the global financial crisis.

At the end of June, TAG Immobilien AG's CEO, Andreas Ibel, also left the Company to pursue other challenges outside the Group. The Supervisory Board and the Management Board wish to thank Messrs. Flint and Ibel for their valuable and constructive contribution over the past few years.

At the same time, Rolf Elgeti was appointed new CEO of TAG by the Supervisory Board effective 1 July 2009. Prior to this he had been a member of TAG's Supervisory Board.

Strategic focus

Our strategic focus lies on real estate in German metropolitan regions such as Hamburg, Berlin and Munich in good inner-city locations offering growth potential and a favourable long-term outlook in the German residential and commercial real estate market. Strategically, the Company’s activities concentrate on generating stable cash flows and achieving attractive returns.

The figures for the second quarter include a number of adjustments relating to real estate values, on the one hand, and provisions for previous business transactions on the other hand. We have decided to make these adjustments to heighten our Company‘s transparency.

Our aim is to strengthen TAG‘s operating business in such a way that each of our assets generates a positive contribution to our profitability and cash flow. Thus, looking ahead over the next few months, we will no longer be concentrating on selling assets to generate liquidity but on making further improvements to our operating business. Thanks to active asset management, we will be successively harnessing the potential available for boosting gross and net rental income. Vacancies will be vigorously reduced either by means of letting, for which we will be utilising new, more aggressive marketing channels, or via sporadic selling in the interests of optimising our portfolio. Revitalisation will be performed selectively but only in cases in which it generates a return of at least 30 percent on the cash flow. In this way, we will ultimately be able to trim our costs again substantially – after all, vacancy costs offer by far the greatest potential.

Schokoladenpalais, Leipzig

Outlook

We assume that we will be able to achieve substantial and measurable success in letting activities this year and thus also in the values and lendability of our real estate assets. In this way, we will be able to make use of attractive opportunities arising in the market and, after the completion of the necessary consolidation phase, ultimately return to a growth strategy.

Yours sincerely

Rolf Elgeti
CEO

Hans-Ulrich Sutter
CFO

The TAG share

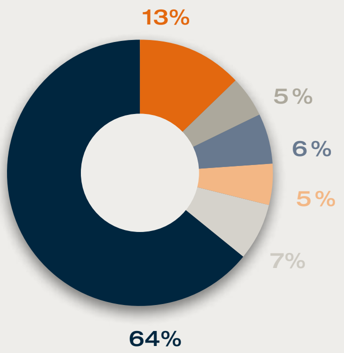
Listed in the SDAX, TAG share closed the previous year at EUR 1.99, reaching EUR 2.60 at the end of the second quarter of 2009, i.e. an increase of 31 percent. Accordingly, the share substantially outperformed the benchmark indices: by comparison, the EPRA lost 8 percent in the same period, while the SDAX was up only marginally by 3 percent.

The number of shares is unchanged at 32,566,364. Free float stands at 93 percent, with market capitalisation coming to EUR 84.7 million as of 30 June 2009.

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

TAG‘s annual general meeting was postponed in the interests of optimising the Group‘s structure for tax purposes as the shareholders must approve the necessary control and profit transfer agreement to be entered into with TAG Gewerbeimmobilien-Aktiengesellschaft. The annual general meeting is now being held on 27 August 2009. This motion had not been included in the agenda for the annual general meeting originally to be held on 19 June 2009.

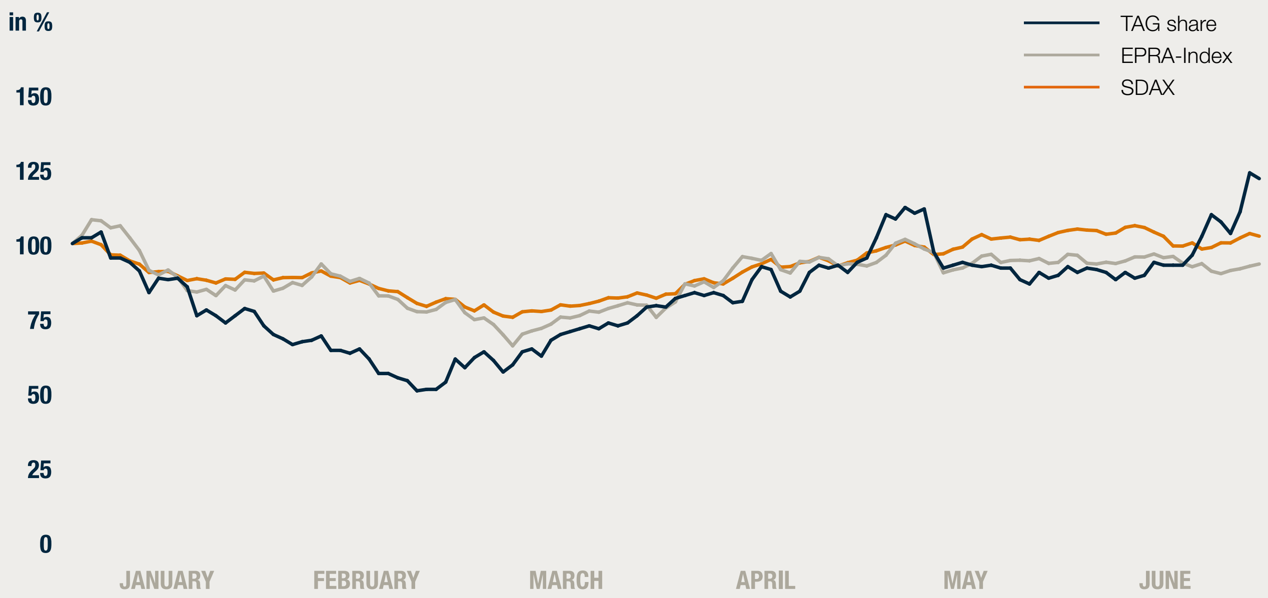
Shareholder structure as of 06/30/2009 (as per statutory disclosures)



- Taube Hodson Stonex Partners LLP*, UK
- IPConcept Fund Management S.A.*, L
- The European Asset Value Fund*, UK
- Skagen Funds*, N
- Dr. Ristow group of investors, D
- Free Float

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

Share price



Interim Group management report for the first half of 2009

Economic environment in Germany

General economic conditions remain difficult, with the recession still to be overcome. Both the Kiel Institute for the World Economy (IfW) and Deutsche Bundesbank expect gross domestic product in Germany to contract by 6 percent in 2009. According to Deutsche Bundesbank, this will be accompanied by an increase in unemployment to an annual mean of 4.4 million in 2010, up one million on spring 2009. IfW writes that global exports will shrink by 18 percent but should grow again by 5 percent in 2010. As a net exporter, Germany is set to benefit disproportionately from this upswing. (Handelsblatt, June 2009)

In addition, the Ifo business confidence index, which measures the current state and business expectations of companies in Germany, improved in June for the third consecutive time and, at 85.9 points, reached its highest level in six months. (Handelsblatt, June 2009)

On the other hand, ZEW index (Centre for European Economic Research), which tracks share market experts‘ economic expectations, fell by 5.3 points in July 2009 to 39.5 points due to more restrictive bank lending. ZEW also projects a roughly 6 percent decline in economic output for 2009, with the economy not expected to rebound until in the course of next year. (Handelsblatt, July 2009)

The German real estate market

Despite the crisis afflicting the financial markets, the German real estate market is retaining its appeal even though the scope for financing major transactions has become more restricted as a result of these challenging economic conditions. This is reflected not only in the lower volume of transactions and sales – particularly in the commercial real estate segment – but also in reduced selling prices and difficulties in raising finance for large-scale items as well as a change in active buyer circles. In addition, market activity is being dominated by equity-heavy investors who own open, closed-end and also special-purpose funds as well as insurance companies, pension funds, owner-occupiers and buy-to-let investors. International buyers are currently exerting restraint as there are very few suitable assets yielding the returns which they are seeking. At the moment, the volume of distress selling is low. (ImmoPro24, July 09)

While the commercial real estate markets attracted extraordinary demand in the wake of the strong capital market in 2006 and 2007, transaction volumes have since returned to normal. Thus, real estate transactions executed in the main German economic regions reached a volume of some EUR 2 billion in the first half of 2009, a decline of 61 percent over the same period one year earlier and reflecting the absence of any large-volume portfolio transactions. (ImmoPro24, July 09)

At around 5 percent, peak returns on office real estate in central locations in the Top 5 German cities of Berlin, Düsseldorf, Frankfurt, Hamburg and Munich have remained largely unchanged since the beginning of 2009. Returns are also moderate in comparison with the second quarter of the previous year, proving that uncertainty in the investment markets and the resultant price erosion is also taking its toll on good-quality commercial real estate in good locations. (Immobilienzeitung, July 2009)


Paradieshof, Hamburg

Trade in residential real estate picked up somewhat in the second quarter of 2009, with the consensus amongst experts being that this asset class has remained largely unscathed by the crisis. BulwienGesa recorded 22 transactions involving a total of 17,703 residential units, twice the figure recorded in the first quarter of 2009 and one of the highest levels since the fourth quarter of 2007 (excluding the LEG sale). The average transaction volume was 805 residential units, with the average price per apartment contracting to EUR 644 per sqm in the second quarter of 2009. The reasons for the strength in residential real estate trading are seen as being the lower interest rates, less pronounced bank lending restraint compared with the situation for the commercial real estate market as well as some distress selling. (Immobilienzeitung, July 09)

To summarise briefly, the German real estate market remains stable compared with other European markets, with an extreme slump in demand unlikely to materialise even in the face of the muted economic conditions.

Looking ahead over the rest of the year, a slight improvement in the transaction market seems likely given that buy-side and sell-side price expectations are increasingly converging. Accordingly, transaction volumes in the second half of 2009 should be up on the previous six months.

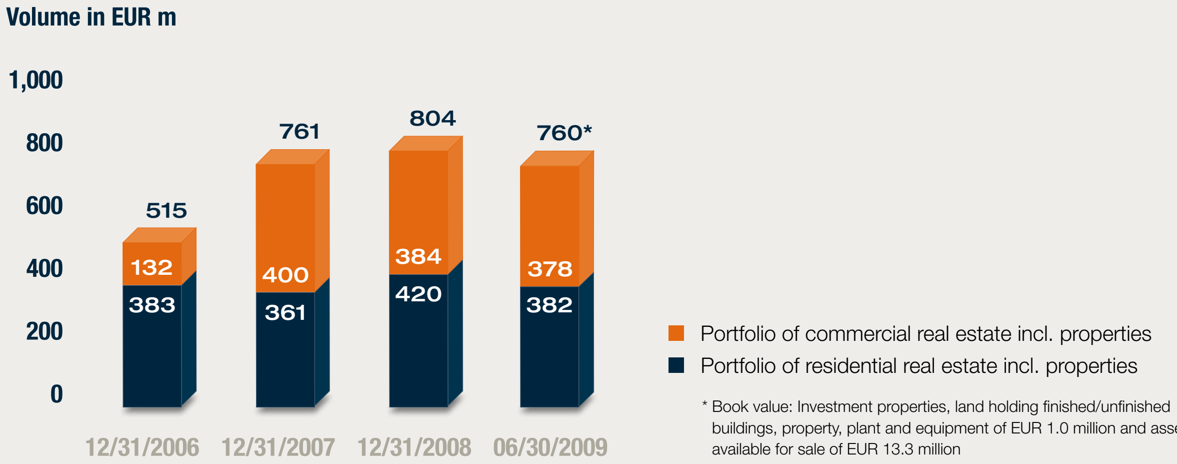
Catella Germany projects a full-year total volume of EUR 10 billion (JLL forecast EUR 12 billion (Thomas Daily, July 09)) for 2009; in the first six months of 2009, a figure of EUR 3.5 billion was achieved. (Property Magazine, July 09)

TAG Group portfolio

Net rental income testifying to the strength of TAG's operating business

TAG's portfolio comprises real estate in attractive locations in German metropolitan regions such as Hamburg, Berlin and Munich. These cities are characterised by a good infrastructure and growth potential in both economic and demographic terms. The economic and purchasing power is concentrated in these sites and regions and, even in spite of the strained economic environment at the moment, it can be assumed that rentals will at least remain stable over the next few years. In addition, TAG is able to increase rental income step by step particularly in the residential real estate segment through active rental management by harnessing the potential available in the residential market, on the one hand, and by steadily reducing vacancies, on the other. The success of these activities is reflected in the Company's net rental income, which rose by 13 percent in the first half of 2009 to EUR 17.4 million, up from EUR 15.5 million in the same period in 2008.

Changes in real estate volume



* Book value: Investment properties, land holding finished/unfinished buildings, property, plant and equipment of EUR 1.0 million and assets available for sale of EUR 13.3 million

Markgrafenstraße, Leipzig

Portfolio performance

The total volume of TAG's real estate holdings contracted by 5.4 percent compared with the end of 2008 to EUR 760.4 million. The share of residential real estate in the total portfolio was valued at EUR 382.2 million at the end of the first half of 2009, while commercial real estate stood at EUR 378.2 million. The changes in the real estate volume are materially due to TAG's selling activities. In the first half of 2009, the Company systematically and successfully pursued the targets which it had set itself at the end of 2008 aimed at reinforcing operating business and stepping up measures to boost liquidity. Against this backdrop, it sold over 500 residential units worth EUR 48.8 million in the first half of 2009, generating proceeds of EUR 20.7 million in the first quarter of the year. On average, the prices fetched in the second quarter exceeded the book value of the real estate sold, thus confirming the inherent value and quality of the portfolio, which is characterised by good urban locations and long-term asset management.

Now that portfolio optimisation by means of selling has been very largely completed, the Company's activities will now be directed even more resolutely at active asset management. The business strategy will be focusing on making use of the long-term opportunities of the German real estate market and harnessing the potential for enhancing the value of the portfolio with the aim of generating attractive returns and steady cash flows on an ongoing basis. At the same time, greater attention will be paid to reducing vacancies particularly in the residential segment by means of steadily improved rental management.

Current projects

Serviced apartments in the Leipzig CBD opened

Work on revitalising the building in Markgrafenstrasse in the Leipzig CBD, which was constructed in 1901 and is located in the immediate vicinity of St. Thomas' church, has now been completed, resulting in 49 serviced apartments. The well-appointed apartments are between 45 and 65 sqm in size and available for short-term or long-term lease. There is already strong demand for the apartments, confirming the merits of the model for the utilisation of the building developed by TAG for the prosperous Leipzig CBD. It also shows that active asset management is crucial for generating attractive returns precisely in the current difficult economic environment.

“Macis”, a premium-quality restaurant specialising in organic food with a floor area of 770 sqm, moved into the ground floor of the building in Markgrafenstrasse at the beginning of April 2009. Together with a café and an organic foods market, it offers the occupants of the apartment building as well as the general public a wide range of gastronomic treats in the immediate vicinity.

Completion of parking garage in Mannheim for Siemens

TAG Gewerbeimmobilien-Aktiengesellschaft constructed a parking garage for its tenant Siemens in Mannheim. With parking for 400 cars, the project was completed in only four months and handed over to Siemens at the beginning of June 2009.

The parking garage supplements the office complex for which a long-term lease is in force with Siemens and has been let in full to cover the heightened parking requirements. As a result, the return on this long-term lease was improved substantially.

Ground stone laid for the „Stuttgart Südtor“ project

TAG Immobilien AG passed an important mile stone at the end of March, when construction work commenced on its premium construction project „Stuttgart Südtor“. The Company is building town quarters in the direct vicinity of Marienplatz in Stuttgart on a plot of land measuring 6,700 sqm with a total rental area of some 23,000 sqm for mixed utilisation. With its sophisticated architecture, this project uniquely combines an international hotel, two retail stores, an office building and premium-quality inner-city residential apartments grouped around a attractive leafy courtyard. 77 apartments with floor areas ranging from 50 to 180 sqm are being built in the quieter parts of Kolbstrasse, Filderstrasse and Heusteigstrasse. The project is supplemented with an underground garage accessible to the general public with parking for 196 cars. With the receipt of the construction permit in October 2008 and the laying of the foundation stone in March 2009, two important steps have now been completed in the execution of this project, which will be making an innovative and dynamic contribution to urban development in the Stuttgart CBD. „Stuttgart Südtor“ is due for completion at the end of 2010 and is still within budget. In fact, with the cost of raw materials declining and the prices of construction materials favourable together with TAG‘s effective project management, the project is currently running slightly under estimated costs.

REIT

TAG Gewerbeimmobilien-Aktiengesellschaft is still registered as a pre-REIT. However, the current conditions in the capital market are not conducive for taking the company to market especially as there is no particular time pressure to do so. In addition, management is considering various alternatives to a share market flotation.

Parking garage Dynamostraße, Mannheim

Main events during the period under review

Change in the Management Board

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At the end of June, TAG Immobilien AG‘s CEO, Andreas Ibel, left the Company to pursue other challenges outside the Group. At the same time, Rolf Elgeti, who had previously been a member of the Company‘s Supervisory Board, was appointed new CEO of TAG by the Supervisory Board effective 1 July 2009.

Results of operations, financial condition and net assets

TAG Group
13 percent improvement in net rental income

TAG's active rental and asset management caused net rental income to climb by a total of 13 percent to EUR 17.4 million in the first half of 2009, up from EUR 15.5 million in the same period of 2008. The Group's subsidiary company Bau-Verein zu Hamburg AG alone, recorded net rental income of EUR 5.3 million (first half of 2008: EUR 3.8 million), an increase of 39 percent.

Significant 62 percent increase in revenues

Total revenues climbed by 62 percent from EUR 45.9 million in the previous year to EUR 74.5 million in the first half of 2009. At EUR 48.8 million in the first half of 2009 (first half of 2008: EUR 22.8 million) revenues from the sale of real estate made the greatest contribution. However, these liquidity-boosting activities have now very largely been completed. At the same time, the portfolio optimisation activities are also in place for the most part. On average, the prices fetched in the second quarter were higher than the book values at which the real estate sold had been placed on the Company's books, thus confirming the inherent value and quality of the portfolio.

Rental revenues were also up, rising from EUR 21.8 million to EUR 24.7 million in the first half of 2009, an increase of 13 percent, primarily as a result of additions to the residential portfolio in the second half of 2008.

Revenues in the Services segment came to EUR 1.0 million, down from EUR 1.3 million in the first half of 2008.

Gross profit before revaluation stable – EBITDA before revaluation lower

TAG generated EBITDA before revaluation gains/losses of EUR 1.7 million in the first half of 2009, down from EUR 8.1 million in the year-ago period. This was due to provisions of around EUR 9 million which had been set aside for construction activities in earlier years and which were based on management's actualized and intense risk analysis in conjunction with the current financial crisis and in accordance with the principles of commercial caution. A further EUR 1.4 million was attributable to restructuring activities aimed at optimising the personnel structure and exerted a one-off effect on earnings. Gross profit before revaluation gain/losses improved slightly to EUR 19.1 million, up from EUR 19.0 million in the first half of 2008.

Net revaluation losses on investment properties

In connection with the revaluation of the fair value of the investment properties, which mostly comprise commercial real estate in South Germany, net impairment losses of EUR 15.3 million (first half of 2008: net gains of EUR 10.6 million) were recognised. This amount is derived from consultations with the external surveyors on the basis of a conservative measurement of the value of the assets ahead of the next balance sheet date, i.e. 31 December 2009. In addition, TAG assumes that there will be no further material impairment losses on the investment properties for the rest of the year.

Personnel expenses and other operating expenses

Personnel expenses stood at EUR 5.8 million at the end of the first half of 2009, up from EUR 5.3 million in the previous year. In 2009, this item includes EUR 1.4 million by way of the aforementioned extraordinary items relating to the restructuring measures aimed at optimising personnel structures. The cost-optimisation and efficiency-boosting programme is still in force and was stepped up in the first half of 2009, although the cost-reducing effects are unlikely to emerge until the end of the year.

Other operating expenses climbed to EUR 11.7 million in the first half of 2009, up from EUR 5.6 million in the same period one year earlier, due solely to the aforementioned provisions recognised for earlier construction activity.

Net borrowing costs

At EUR 12.6 million in the first half of 2009, net borrowing costs were on a par with the previous year (EUR 12.6 million).

Decline at the EBT level before revaluation due to extraordinary items

The TAG Group sustained a loss of EUR 13.1 million at the EBT level before revaluation gains/losses in the first half of 2009, compared with the loss of EUR 5.0 million recorded in the same period one year earlier. This was due to extraordinary items of EUR 9 million as described above. A further EUR 1.4 million was attributable to restructuring activities aimed at optimising the personnel structure, as already described in the section on personnel expenses, and has a non-recurring effect on the Company‘s bottom line.

Consolidated net loss after tax from continuing activities

Tax expense stands at EUR 3.8 million as a result of adjustments to deferred tax assets also caused by the planned profit transfer agreement between TAG Gewerbeimmobilien AG and TAG Immobilien AG and the resultant block on the recognition of earlier tax losses.

The Company sustained consolidated net loss from continuing activities of EUR 32.1 million in the first half of 2009, thus reversing the net profit after tax of EUR 3.1 million recorded in the previous year.

Total assets and equity capital down slightly – equity ratio of 27.7 percent

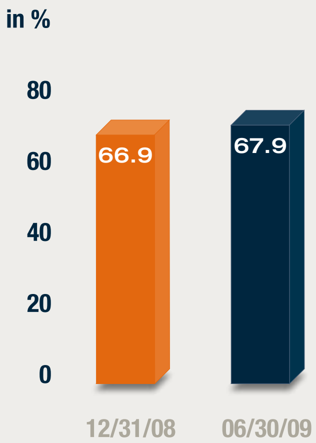
Total assets contracted from EUR 839.3 million as of 31 December 2008 to EUR 793.1 million as of 30 June 2009 as a result of the real estate sold in the first half of 2009.

At the same time, equity capital dropped from EUR 254.2 million as of 31 December 2008 to EUR 219.4 million as of 30 June 2009.The net asset value (NAV) stood at EUR 6.09 per share as of 30 June 2009 on the basis of current fair value estimates, down from EUR 7.37 per share as of 31 December 2008.

At 27.7 percent, the equity ratio was down slightly compared with 31 December 2008. Cash and cash equivalents rose from EUR 5.9 million at the end of 2008 to EUR 7.7 million at the end of the first half of the year.

The loan-to-value (LTV) ratio came to 67.9 percent at the end of the first half of 2009 and was thus largely unchanged over the figure recorded at the end of 2008 (66.9 percent).

Trends in LTV (Loan to Value) *



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

Significant decline in liabilities to banks

Liabilities to banks were lowered from EUR 538 million as of 31 December 2008 to EUR 511.5 million as of 30 June 2009. Specifically, current liabilities to banks were reduced substantially from EUR 130.1 million to EUR 92.4 million. Non-current liabilities to banks came to EUR 419.1 million as of 30 June 2009, up from EUR 408 million at the end of 2008.

Interest risk

Extensive use is made of interest swaps to hedge exposure to interest risks. Fair-value revaluation of these interest swaps resulted in gains of around EUR 3 million in the second quarter over the first quarter.

TAG's segments

Bau-Verein zu Hamburg AG

Significant increase in revenues and earnings

Revenues and earnings in the first half of 2009 were significantly improved over the same period one year earlier. Thus, revenues doubled from EUR 28.3 million to EUR 57.9 million as a result of increased real estate sales. Proceeds from the sale of real estate alone more than doubled, rising from EUR 18.7 million in the previous year to EUR 47.1 million in the first half of 2009. On average, the prices fetched in the second quarter were higher than the book values at which the real estate sold had been placed on the Company's books, thus confirming the inherent value and quality of the portfolio.

Similarly, rental income rose by 25 percent from EUR 7.8 million in the first half of 2008 to EUR 9.8 million in the the period under review as a result of the additions to the portfolio made in the second half of 2008. This also resulted in a 39 percent increase in net rental income to EUR 5.3 million, up from EUR 3.8 million in the first half of 2008.

Revenues from service business contracted from EUR 1.7 million to EUR 1.0 million at the end of the first half of 2009.

Increase in EBITDA before extraordinary items

EBITDA increased from EUR 1.4 million in the first half of 2008 (before revaluation gains/losses and extraordinary items) to EUR 1.8 million in the first half of 2009.

Personnel expenses

Personnel expenses dropped to EUR 3.1 million in the first half of 2009, down from EUR 3.3 million in 2008, in spite of the provisions set aside for personnel expenses.

Net interest income grew marginally from EUR -4.2 million in the first half of 2008 to EUR -4.8 million in the same period this year.

EBT

Bau-Verein sustained a loss of EUR 9.5 million at the EBT level in the first half of 2009, compared with the profit of EUR 5.5 million recorded in the same period one year earlier. This was due to revaluation losses of EUR 3.1 million on investment properties and extraordinary expenses of EUR 3.3 million which were based on management‘s actualized and intense risk analysis in conjunction with the current financial crisis and in accordance with the principles of commercial caution. Adjusted for these effects, EBT in the first half of 2009 was on par with the previous year.

Consolidated net loss after tax

Consolidated net loss after tax from continuing activities of EUR 6.3 million was recorded in the first half of 2009 after post-tax profit of EUR 3.7 million in the previous year.

Total assets

Total assets dropped from EUR 354.3 million as of 31 December 2008 to EUR 305.3 million as of 30 June 2009 due to the real estate sales.

Loan-to-value (LTV) ratio and liabilities to banks

The loan-to-value ratio widened from 62.9 percent as of 31 December 2008 to 64.6 percent as of 30 June 2009.

Liabilities to banks were lowered from EUR 207.3 million as of 31 December 2008 to EUR 177.4 million due to the net cash inflow achieved by Bau-Verein as a result of successful selling activities in the first half of the year.

Equity ratio of 30.7 percent

The equity ratio currently stands at 30.7 percent, up from 28.5 percent at the end of 2008. This was accompanied by a small decline in equity capital from EUR 101.1 million as of 31 December 2008 to EUR 93.7 million as of 30 June 2009.

TAG Gewerbeimmobilien-Aktiengesellschaft

Further increase in rental revenues

In the period from January until June 2009, revenues rose to EUR 12.4 million, up from EUR 11.7 million in the same period in the previous year, as a result of real estate purchased in the course of 2008.

Earnings before taxes (EBT)

TAG Gewerbeimmobilien AG was unable to repeat the previous year's EBT of EUR 1.3 million. Instead, it posted a loss of EUR 13.3 million at the EBT level as a result of the revaluation losses of EUR 11.6 million recorded in the first half of 2009, after revaluation gains of EUR 2.6 million in the year-ago period.

Liabilities to banks

The loan-to-value (LTV) ratio for TAG Gewerbeimmobilien-AG stands at 71 percent as of 30 June 2009, an improvement over the figure of 72 percent recorded as of 31 December 2008. Liabilities to banks were lowered from EUR 271 million to EUR 261 million.

Behrenstraße, Berlin

Forecast, opportunities, risks

In the first half of 2009, TAG systematically and successfully pursued the targets which it had set itself at the end of 2008 aimed at reinforcing operating business and stepping up measures to boost liquidity. In this connection, it sold over 500 residential units in 2009. On average, the prices achieved in the second quarter were above the respective book values (which forms the basis for calculating the net asset value disclosed as of 31 December 2008), thus confirming the inherent value and quality of the portfolio. The sales were executed mostly to optimise the portfolio and have now largely been completed. Accordingly, the Company‘s business strategy will now be directed more strongly at managing the portfolio of real estate in attractive locations in German metropolitan regions such as Hamburg, Berlin and Munich. TAG assumes that rentals in these regions will remain stable over the next few years and that in the residential segment in particular they can be raised step by step by means of active asset management by harnessing the potential available in the residential real estate market for directly increasing rental income and also by systematically reducing vacancies. The successful implementation of these activities and moderate strategic investment should have a favourable effect on revenues and earnings, thus buoying the Company's future performance.

Fair-value revaluation of investment properties resulted in impairment losses of EUR 15.3 million in the first half of 2009. This figure is derived from consultations with our surveyors and, in the interests of commercial caution, attempts to anticipate the values expected to apply as of the next measurement date, i.e. 31 December 2009. Accordingly, TAG assumes that there will be no further material impairment losses on the investment properties for the rest of the year and that the risks to future business are materially unchanged compared with 31 December 2008.

The measures implemented last year to lower costs and enhance efficiency will continue to be resolutely pursued this year in order to place TAG‘s Group structure on a lean and solid basis and to weather the challenges of the market and the competition. Strain was exerted in the first half of 2009 as a result of provisions of EUR 9 million which had been set aside for the construction activities of earlier years and which based on management's actualized and intense risk analysis in conjunction with the current financial crisis and in accordance with the principles of commercial caution. These risks may exert material strain on the Group's liquidity in the medium term. In addition to this, the measures to optimise the personnel structure, which will cost around EUR 1.4 million for the year as a whole, are already unleashing the desired effect. TAG expects preliminary savings in the cost of materials and personnel expense to make themselves felt by the end of the year at the latest. Regardless of this, it remains committed to the restructuring measures which have been commenced and will continue to pursue them with the same resolution in the second half of the year. In many cases, they are already making themselves felt at an earlier stage and more intensively than management had hoped.

The current crisis in the financial markets has made it extraordinarily difficult to forecast the real estate markets and their environment. For this reason, TAG has decided not to issue any quantitative guidance concerning earnings over the next few years. In 2009, measures aimed at boosting liquidity, specifically regular funding negotiations and business activities aimed at preserving liquidity, initially played a dominant role. Now that they have been implemented separately, the focus will be increasingly on portfolio optimisation and on harnessing potential for unlocking value – particularly the vacancies in the residential real estate portfolio.

TAG is confident of emerging strengthened from this crisis: With a concentrated and focused portfolio in tandem with far leaner cost and organisational structures, it will be able to overcome the crisis, preserve the Group's assets and boost their value. Opportunities arising in the market are also to be used to the benefit of our shareholders.

Hamburg, 11 August 2009

The Management Board

Consolidated balance sheet

Assets in TEUR	06/30/2009	12/31/2008
Non-current assets		
Investment properties	574,484	620,942
Intangible assets	36	49
Property, plant and equipment	2,389	2,036
Investments in associates	400	347
Other financial assets	375	375
Deferred taxes	4,616	7,074
	582,300	**630,823**
Current assets		
Land with unfinished and finished buildings	171,723	176,667
Other inventories	7	478
Trade receivables	5,360	5,358
Income tax refund claims	1,207	1,395
Other current assets	11,522	11,365
Cash and cash equivalents	7,698	5,880
	197,517	**201,143**
Non-current available-for-sale assets	**13,243**	**7,331**
	793,060	**839,297**

Equity and liabilities in TEUR	06/30/2009	12/31/2008
Equity		
Equity holders of the parent		
Subscribed capital	32,566	32,566
Share premium	219,861	219,733
Other reserves	–12,452	–10,349
Unappropriated surplus/-loss	–44,095	–13,830
Minority interests	23,594	26,060
	219,474	**254,180**
Non-current liabilities		
Bank borrowings	419,108	407,980
Retirement benefit provisions	1,920	1,920
Other non-current liabilities	8	8
Deferred taxes	0	0
	421,036	**409,908**
Current liabilities		
Other provisions	20,131	11,639
Income tax liabilities	1,501	1,440
Bank borrowings	92,390	130,062
Trade payables	7,011	8,603
Other current liabilities	25,037	21,504
	146,070	**173,248**
Liabilities in connection with the non-current available-for-sale assets	**6,480**	**1,961**
	793,060	**839,297**

Consolidated income statement

in TEUR	01/01/ – 06/30/2009	01/01/ – 06/30/2008	04/01/ – 06/30/2009	04/01/ – 06/30/2008
Total revenues	**74,545**	**45,948**	**41,059**	**27,611**
Rental revenues	24,727	21,822	12,514	11,207
Rental expenses	–7,325	–6,367	–4,017	–3,323
Net rental income	17,402	15,455	8,497	7,884
Revenues from the sale of inventory real estate	20,509	22,520	10,805	15,787
Expenses on the sale of inventory real estate	–19,675	–21,791	–10,359	–15,052
Net revenues from sale of inventory real estate	834	729	446	735
Revenues from the sale of investment properties	28,269	264	17,301	0
Expenses on the sale of investment properties	–29,339	–264	–17,834	0
Net revenues from sale of investment properties	–1,070	0	–533	0
Revenues from property management	1,040	1,342	439	617
Other operating income	932	1,518	468	1,186
Fair-value revaluation of investment properties	–15,298	10,635	–15,298	5,156
Gross profit	**3,840**	**29,679**	**–5,981**	**15,577**
Personnel expenses	–5,786	–5,313	–3,727	–3,246
Depreciation / amortisation	–233	–247	–122	–150
Impairment losses on receivables and inventories	–868	–61	–729	290
Other operating expenses	–11,694	–5,624	–9,606	–2,901
EBIT	**–14,741**	**18,434**	**–20,165**	**9,570**
Share of profit of associates	53	–240	91	–108
Impairment losses on receivables from associates	–1,045	0	–1,045	0
Net borrowing costs	–12,640	–12,589	–6,285	–6,497
EBT	**–28,373**	**5,605**	**–27,404**	**2,965**
Income taxes	–3,391	–2,483	–4,014	–2,173
Other taxes	–365	–8	–309	8
Consolidated net profit / loss from continuing activities	**–32,129**	**3,114**	**–31,727**	**800**
Consolidated net profit / loss from discontinued business	–205	278	–202	88
Consolidated net profit / loss before minorities	**–32,334**	**3,392**	**–31,929**	**888**
Minorities	2,069	–1,036	1,870	–746
Consolidated net profit / loss after minorities	**–30,265**	**2,356**	**–30,059**	**142**
Earnings per share (EUR), basic				
continuing activities	–0.92	0.06	–0.91	0.00
discontinued business	–0.01	0.01	–0.01	0.00
Total	–0.93	0.07	–0.92	0.00

Consolidated statement of comprehensive income

in TEUR	01/01/ – 06/30/2009	01/01/ – 06/30/2008	04/01 – 06/30/2009	04/01 – 06/30/2008
Consolidated net profit/loss before minorities	**–32,334**	**3,563**	**–31,929**	**1,608**
Unrealised gains and losses from derivative financial instruments	–3,105	4,226	2,993	8,822
Deferred taxes on unrealised gains and losses	1,002	–1,364	–966	–2,848
Net unrealised gains and losses after tax	**–2,103**	**2,862**	**2,027**	**5,974**
Net other profit/loss after tax	**–34,437**	**6,425**	**–29,902**	**7,582**
Minority interests	2,069	–1,036	1,870	–746
Total	**–32,368**	**5,389**	**–28,032**	**6,836**

Consolidated cash flow statement

in TEUR	01/01/ – 06/30/2009	01/01/ – 06/30/2008
Consolidated net profit/loss	**–30,265**	**2,356**
Depreciation/amortisation	233	247
Share of profits of associates	–53	240
Fair-value revaluation of investment properties	15,298	–10,635
Changes in deferred taxes	2,458	3,684
Changes in provisions	8,492	–5,987
Impairment losses on receivables from associates	1,045	0
Losses from disposals of investment properties	1,070	0
Changes in receivables and other assets	5,453	51,106
Changes in payables and other liabilities	2,177	–4,165
Cash flow from operating activities	**5,908**	**36,846**
Payments made for investment properties	–5,377	–53,587
Payments received from the disposal of investment properties	28,269	264
Payments made for investments in intangible assets and property, plant and equipment	–549	–143
Sale of consolidated companies and financial assets	0	–2,492
Payments made for investments in consolidated companies	0	–5
Payments received from the sale of other financial assets	0	0
Cash flow from investing activities	**22,343**	**–55,963**
Payments made to shareholders	0	–3,256
Payments received from the raising of bank loans	35,252	67,777
Payments made for repaying bank loans	–63,689	–49,023
Cash flow from financing activities	**–28,437**	**15,498**
Net change in cash and cash equivalents	–186	–3,619
Cash and cash equivalents at the beginning of the period	3,771	11,887
Cash and cash equivalents at the end of the period	**3,585**	**8,268**

Statement of changes in consolidated equity

in TEUR	Equity holders of the parent company: Sub-scribed capital	Share premium	Other reserves: Retained earnings	Other reserves: Hedge accounting reserve	Unap-prop-riated surplus	Total	Minority interests	Total equity
01/01/2008	**32,566**	**219,606**	**527**	**–735**	**20,049**	**272,013**	**34,500**	**306,513**
Consolidated net profit/loss	0	0	0	0	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
Payments made 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
06/30/2008	**32,566**	**219,606**	**527**	**2,127**	**19,150**	**273,976**	**35,344**	**309,320**
Consolidated net profit/loss	0	0	0	0	–32,980	–32,980	–6,852	–39,832
Changes in hedge accounting reserve	0	0	0	–13,003	0	–13,003	–1,281	–14,284
Total revenues and expenses	0	0	0	–13,003	–32,980	–45,983	–8,133	–54,116
Business combination without change of status	0	127	0	0	0	127	–1,151	–1,024
12/31/2008	**32,566**	**219,733**	**527**	**–10,876**	**–13,830**	**228,120**	**26,060**	**254,180**
Consolidated net profit/loss	0	0	0	0	–30,265	–30,265	–2,069	–32,334
Changes in hedge accounting reserve	0	0	0	–2,103	0	–2,103	–269	–2,372
Total revenues and expenses	0	0	0	–2,103	–30,265	–32,368	–2,338	–34,706
Business combination without change of status	0	128	0	0	0	128	–128	0
06/30/2009	**32,566**	**219,861**	**527**	**–12,979**	**–44,095**	**195,880**	**23,594**	**219,474**

Segment report

in TEUR	Real estate Hamburg	Real estate Berlin	Real estate Munich	Real estate others	Total residential	Commercial	Services	Other acitivites / consolidation	Group
Total revenues	37,396	14,691	3,004	4,431	59,522	12,992	2,164	–134	74,545
Previous year	5,745	13,329	11,741	664	31,479	12,239	2,921	–691	45,948
• of which external revenues	37,396	14,691	3,004	4,431	59,522	12,992	1,040	990	74,545
Previous year	5,745	13,329	11,741	664	31,479	12,239	1,342	888	45,948
• of which external revenues	0	0	0	0	0	0	1,124	–1,124	0
Previous year	0	0	0	0	0	0	1,579	–1,579	0
Segment profit/loss	1,678	-947	848	627	2,206	–1,105	2,164	–358	2,908
Previous year	6,659	1,292	2,803	2,667	13,421	12,257	2,921	–438	28,161
• Non-allocated other operating income									932
Previous year									1,518
Gross profit									3,840
Previous year									29,679
• Non-allocated expenses									-32,213
Previous year									–24,073
EBT									-28,373
Previous year									5,606
Segment assets	91,262	205,681	44,018	34,481	375,442	378,200	0	6,791	760,433
Previous year	125,227	202,938	45,846	38,021	412,032	386,808	0	5,392	804,232
• Non-allocated assets									32,627
Previous year									35,065
Total assets									793,060
Previous year									839,297

Notes on the interim financial statements as of 30 June 2009

General information

The interim consolidated financial statements of TAG Immobilien AG (hereinafter referred to as the “Company” or “TAG”) have been prepared in accordance with the provisions contained in Section 37w of the German Securities Trading Act pertaining to interim financial reporting. The period under review comprises the first six months of 2009. The comparison figures refer to 31 December 2008 with respect to the consolidated balance sheet and otherwise to the first six months of 2008. In addition, the consolidated income statement and the consolidated statement of comprehensive income contain figures pertaining to the second quarter of 2009 (1 April through 30 June 2009) 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 has been made for the provisions contained in German Accounting Standard No. 16 (DRS 16 – Interim Reporting).

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 2008.

In a departure from the consolidated annual financial statements, the classification of gross profit in the income statement was modified in the first half of 2009 in line with the recommendations of the European Public Real Estate Association (EPRA) and now presents net rental income and the net proceeds from the sale of inventory and investment properties separately. This results in a more transparent presentation of the individual items within gross profit. The prior-year figures have been restated accordingly.

For more details concerning the recognition and measurement principles applied, please refer to the consolidated financial statements for the year ending 31 December 2008 compiled pursuant to IFRS, which in accordance with IAS 34 form the material basis for these interim financial statements.

Consolidation group

The consolidation group as of 30 June 2009 includes TAG and, as a matter of principle, all companies in which TAG directly or indirectly holds a majority of the voting capital. 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.

The consolidation group has not changed since 31 December 2008. In the first half of the year, a further 4.9 percent of the capital of TAG Gewerbeimmobilien-Aktiengesellschaft was sold by subsidiary Bau-Verein zu Hamburg Aktien-Gesellschaft (Bau-Verein AG) to TAG Immobilien AG. This transaction was recorded within equity as a business combination without any change of status. As a result, the share premium recorded in TAG's consolidated financial statements rose by TEUR 128, with minority interests declining accordingly.

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

In the first half of 2009, fair-value accounting resulted in losses of TEUR 15,298 (previous year gains of TEUR 10,635) in the book values of investment properties.

In addition, disposals of investment properties and available-for-sale land, which had primarily been held by subsidiaries of Bau-Verein AG, were recorded on the balance sheet in the first quarter of 2009. These disposals primarily resulted from the sale and transfer of residential real estate in the first half of 2009. Accordingly, liabilities to banks 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 including the resultant deferred tax effects.

Deferred tax assets net of deferred tax liabilities stand at TEUR 4,616 (previous year TEUR 7,074). 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.

Other provisions were set aside on the basis of an updated and extensive analysis of the risks arising from construction activity in earlier years. This resulted in an allocation of TEUR 6,518 to provisions, which is recorded within other operating expenses.

Liabilities to banks 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.

Further details on revenues and gross profit are set out in the segment report, which forms an integral part of these notes and is set out in a separate table in front of the notes for reasons of heightened convenience.

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

Andreas Ibel, CEO of TAG, left the Company effective 30 June 2009. Mr. Rolf Elgeti was appointed new CEO effective 1 July 2009.

Material transactions with related persons

Fees for the provision of construction management, facility management and accounting/controlling services of TEUR 262 (previous year TEUR 4,953) plus VAT were charged to associated company GAG Grundstücksverwaltungs-Aktiengesellschaft, in the first half of 2009. In addition, rental payments of TEUR 193 (previous year TEUR 193) plus VAT were made to this company in the period under review. In addition, there are loan receivables of TEUR 8,345 (31 December 2008 TEUR 7,745) subject to interest of interest of 6 percent p.a. from this company.

In the year under review, there were business relations with Larus Asset Management GmbH in the form of construction management and administrative activities. This resulted in income of TEUR 77 (previous year TEUR 82) and expenses of TEUR 336 (previous year TEUR 364). In addition, there are loan receivables of TEUR 2,400 (31 December 2008 TEUR 2,650) subject to interest of interest of 6 percent p.a. from this company.

As of 30 June 2009, there are loan liabilities of TEUR 1,469 (31 December 2008 TEUR 1,443) towards a company in which members of TAG's Supervisory Board hold shares. The liabilities are subject to interest of 7.5 percent.

Other details

There has been no material change in the Group's contingent liabilities since 31 December 2008.

On 30 June 2009, the TAG Group had 106 employees, compared with 116 as of 31 December 2008.

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.

Stuttgart "Südtor" – View of courtyard

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting princi-ples 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, 11 August 2009

The Management Board

TAG's
Financal calender

27 August 09	Shareholders meeting, Hamburg
12 November 09	Interim Report – 3rd quarter of 2009

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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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