INTERIM REPORT ON THE 1ST QUARTER OF 2010

Group Financials (IFRS)

in TEUR	01/01 - 31/03/2010	(adjusted) 01/01 - 31/03/2009
A. Income statement key figures		
Revenues	21,101	33,079
a) Property sales	8,864	20,672
b) Rental income	11,957	11,806
c) Property management and other services	280	601
EBITDA before revaluation	11,024	5,671
EBIT	10,819	5,421
EBT	4,139	-972
Consolidated net profit/loss before minority interests	4,289	-405
Consolidated net profit/loss after minority interests	4,336	-206
Earnings per share in EUR	0.13	-0.01

B. Balance sheet key figures	03/31/2010	12/31/2009
Total assets	848,211	801,421
Equity before minorities	208,958	196,398
Equity ratio in %	24.6	24.5
Bank loans	543,776	517,243
Of which current	397,206	400,939
Real estate volume	813,554	770,074

C. Employees	03/31/2010	12/31/2009
Number of employees	105	119

Further figures	
Market capitalisation in TEUR on 31 March 2010	148,684
Subscribed capital in EUR	34,984,546.00
WKN/ISIN	830350 / DE0008303504
Number of shares	34,984,546
Free Float in %	94
Stock exchange	SDAX / EPRA

Table of Contents

Zehlendorf, Berlin

Preface by the Management Board

Dear Shareholders,
Ladies and Gentlemen,

after achieving turnaround and largely completing the consolidation of our TAG Group during the second half of last year, we are well positioned in the German marketplace as a focused, effective company.

We are focusing on active rental and asset management to ensure the profitability of our property portfolio, and have already systematically reduced vacancy throughout the portfolio over the past year using powerful, innovative distribution channels. As we purposefully continued to expand these activities during Q1 2010, we were able to significantly reduce vacancy in our commercial properties, from 5.2 percent at year-end 2009 to currently 3.5 percent.

Vacancy in residential real estate was reduced from 10.3 percent at year-end 2009 to 8.1 percent at the end of Q1 2010. This brings overall vacancy throughout the Group, in both residential and commercial real estate, down from 7.4 percent at year-end 2009 to 5.5 percent at the end of March 2010 (Q1/2009: 11.3 percent).

In mid-March, the acquisition of a real estate portfolio in Berlin with 787 residential units for EUR 43 million was finalised. The portfolio acquisition was financed by taking on a loan and effecting a capital increase against contribution in kind by issuing 2,418,182 new shares. In this connection both the share capital and the number of shares was increased, to 34,984,546 EUR and 34,984,546 shares. TAG is delighted about the rapid, successful conclusion of the acquisition – especially since this leads to an unscheduled positive impact on earnings of around EUR 4 million.

TAG's top priority is to pursue aggressive vacancy reduction and the attendant strengthening of the operating business – at the same time, the Group is advancing further acquisitions and sustained growth in order to enhance its market position. When buying attractive properties, the key criteria for us are that they match TAG's strategy and structure and also contribute to improving profitability and cash flow. The recently acquired residential property portfolio in Berlin met both criteria: its first-time consolidation resulted in a significant improvement in pre-tax earnings (EBT) to EUR 4.1 million, after EUR -1.0 million for Q1 2009. As well as earnings before taxes, we also further improved our rental income, from EUR 8.9 million in Q1 2009 to EUR 9.7 million in Q1 2010.

Operational turnaround has been achieved

- **Vacancy rate throughout the Group reduced to 5.5 percent (7.4 percent at year-end 2009)**
- **Rental income increases by 9 percent from EUR 8.9 million to EUR 9.7 million – despite considerable sales volume of EUR 73 million in 2009**
- **Berlin real estate portfolio with 787 residential units closed successfully, with unscheduled positive impact on earnings of EUR 4 million**
- **Significant increase in EBT from EUR -1.0 million to EUR 4.1 million thanks to successful vacancy reduction and earnings impact of the acquisition**

Of this, 6 percent are the result of the Berlin residential property acquisition, and the rest results from our active rental and asset management. This increase is all the more remarkable considering that we disposed of a considerable volume of properties, in the amount of around EUR 73 million, in 2009.

Apart from this, the internal restructuring of the TAG Group and the streamlining of the Group structure had an impact on the key financials. During the second half of 2009, we prepared the ground for lowering future personnel costs to approx. EUR 7 million (previously around EUR 10 million). First-quarter personnel costs were down 8 percent from EUR 2.1 million in Q1 2009 to EUR 1.9 million in Q1 2010. This includes any and all seasonal bonus payments to employees, so that personnel costs will be down even further at the end of the first half.

In our Annual Report 2009, we forecast pre-tax profits (EBT) in the amount of EUR 10 million for the present year, a figure that we would confirm at this point.

We are very pleased about the May 6th acquisition of 97 percent of shares in FrancoWest AG and 100 percent of shares in FrancoAdvisory AG. This adds an attractive residential real estate portfolio with some 2,000 units and total floor space of around 126,000 sqm to TAG's existing portfolio. The properties are situated in central locations in North Rhine-Westphalia and at select locations in Saxony. Their current market value is estimated at around EUR 104 million. The purchase price will be paid partly in cash and partly with 5.58 million new shares created by means of a capital increase against contribution in kind.

In our Annual Report 2009, we forecast pre-tax profits (EBT) in the amount of EUR 10 million for the present year, a figure that we would confirm at this point.

We hope the figures and measures presented in this report demonstrate that we are on the right path to creating additional value for you, and that you will accompany us on our promising growth path. We thank you for your trust and confidence in us on this path!

Kind regards

Rolf Elgeti **Hans-Ulrich Sutter**

TAG Share

Bärenpark, Berlin

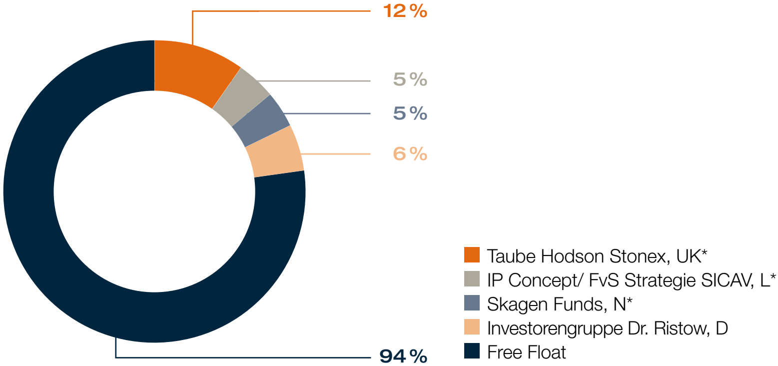
At the end of Q1 2010, the SDAX-listed TAG share was at EUR 4.25 - the share price at year-end 2009 was EUR 4.50.

Following the entry of the capital increase in the commercial registry on 10 March 2010, which added 2,418,182 shares, the number of shares is now at 34,984,546. Free Float is 94 percent. Given a share price of EUR 4.25 on 31 March 2009, market capitalisation now amounts to EUR 149 million.

Our first-quarter Investor Relations activities - conferences, lectures and roadshows - were very well-attended in Germany and abroad; not least thanks to the issuance of further convertible bonds in the amount of EUR 30 million, which were offered to shareholders between 22 April and 6 May 2010.

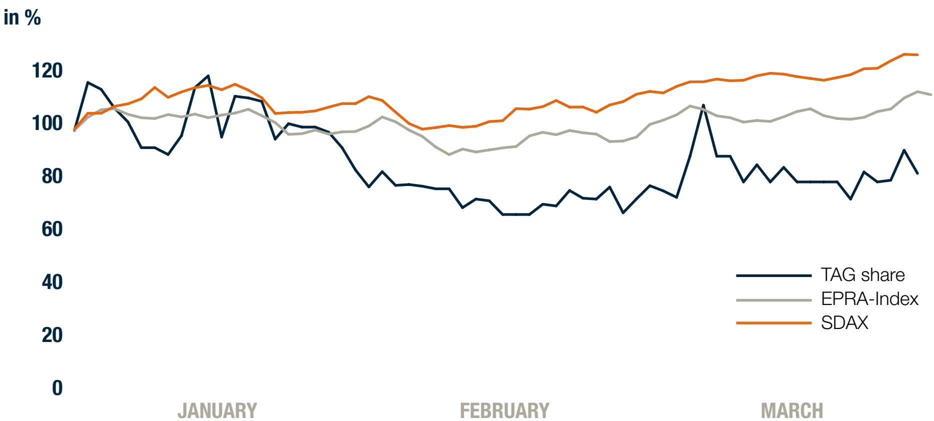
The current shareholder structure reflects the trust placed in the company. Most of TAG's shareholders are national and international investors pursuing a largely long-term investment strategy.

Shareholder structure at 31 March 2010



* as published in the statutory disclosures of 2009.

Share price



Group management report for the first quarter of 2010

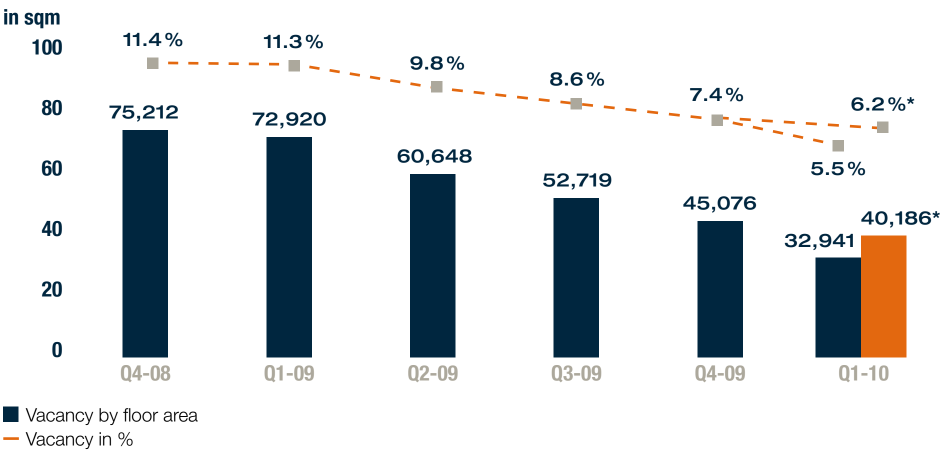
Business performance of the TAG Group

TAG concentrates on residential and commercial real estate in German metropolitan regions, in attractive locations with growth potential and with positive long-term prospects. TAG's strategy of focusing on profitable growth in residential real estate led to initial tangible results in Q1 2010. In mid-March, the acquisition - announced in December 2009 - of a real estate portfolio in Berlin consisting of 787 residential units at a purchase price of EUR 43 million, was finalised. This strengthens our operating business and leads to considerable further synergistic effects, as we were able to immediately integrate the acquired properties in our existing internal network of service departments.

First-quarter revenue amounted to EUR 21.1 million in 2010, reflecting a 36.2 percent decline from first-quarter revenue in 2009 (EUR 33.1 million). This is due nearly exclusively to a lower volume of proceeds from property sales: EUR 8.9 million in 2010 vs. EUR 20.7 million in 2009.

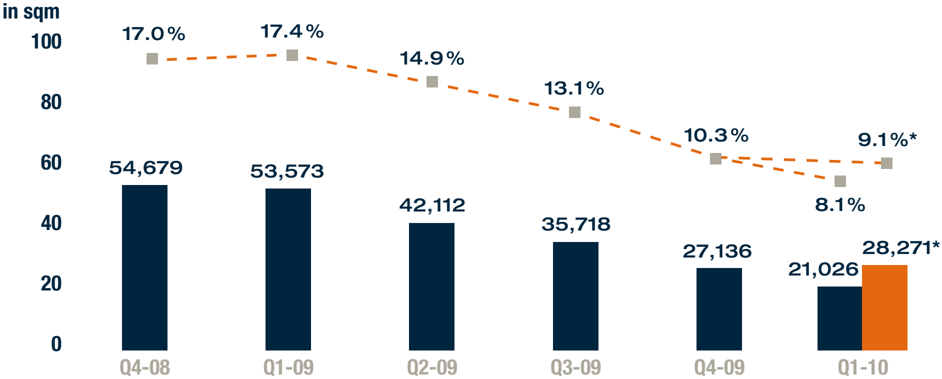
Despite the high sales volume, rental income for Q1 2010 increased to EUR 12.0 million, a 1,3-percent year-on-year increase. The TAG Group's first-quarter EBITDA nearly doubled from EUR 5.7 million in 2009 to EUR 11.0 million, which is attributable mainly to the positive effect from the first-time consolidation of the above-mentioned newly acquired portfolio. Thus the inexpensive purchase of this portfolio has had an immediate impact on the Group's balance sheet. Other positive effects resulted from continued vacancy reduction, from 7.4 percent at year-end 2009 to 5.5 percent at the end of March 2010.

Portfolio - Vacancy rate reduction - Total



* Shown including the newly acquired residential property portfolio in Berlin.

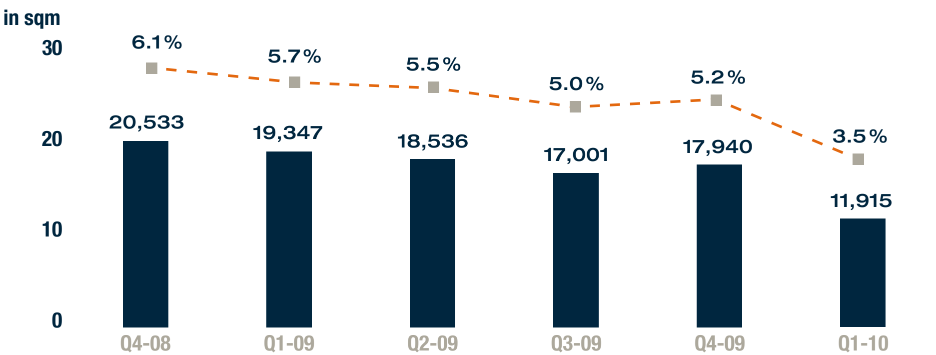
Portfolio - Vacancy rate reduction - Residential



■ Vacancy by floor area
— Vacancy in %

* Shown including the newly acquired residential property portfolio in Berlin.

Vacancy rate reduction - Commercial real estate



■ Vacancy by floor area
— Vacancy in %

Personnel costs came to EUR 1.9 million in Q1 2010. This 8-percent improvement over 2009 reflects the personnel-related cost-cutting measures (headcount reduction) carried out last year.

Other operating expenses remained virtually unchanged at EUR 2.2 million, compared with EUR 2.1 million the previous year.

Due to the new investments, net borrowing costs increased slightly over the past 12 months, from EUR 6.4 million to EUR 6.7 million.

First-quarter earnings before taxes (EBT) underwent a gratifying development, improving from EUR -1.0 million the previous year to 4.1 million in 2010 as a result of the first-time consolidation of the newly acquired portfolio. Earnings after taxes increased from EUR -0.4 million in Q1 2009 to EUR 4.3 million in Q1 2010.

There was an increase in the balance-sheet volume, from EUR 801.4 million on 31 December 2009 to EUR 848.2 million at the end of the first quarter 2010.

Bank loans came to EUR 543.8 million vs. EUR 517.2 million at 31 December 2009. The increase is nearly exclusively attributable to the financial liabilities acquired as part of the newly acquired portfolio.

Cash and cash equivalents increased from EUR 6.8 million at year-end 2009 to EUR 7.4 million at the end of the first quarter 2010.

The TAG Group maintained its Net-Asset-Value (NAV) at nearly 6 Euro/share - despite an increase in the number of shares, proving that the acquisition did not dilute the previous NAV.

The equity rate remains nearly unchanged at 24.6 percent.

Hummelsbütteler Kirchenweg, Hamburg

Outlook

The real-estate market showed a positive development during the first quarter of the year. BulwienGesa recorded a total of 33 transactions involving 20,596 units in the German residential property sector in Q1 2010. The transaction volume was around EUR 1.3 billion. Most of the sellers are from Germany, and buyers primarily bought residential property funds.
(Source: Immobilienzeitung 1 April 2010)

The experts at JonesLangLasalle (JLL) also take an optimistic view of developments in the real-estate market and expect an increase in the transaction volume for the present year. Their research indicates that properties in the amount of EUR 4.6 billion were traded in the first three months on the German market.
(Source: Immobilienzeitung 16 April 2010)

Based on the positive development to date on the German real-estate market in 2010, TAG is well positioned for further growth with its business model - provided there are no dramatic negative developments in the capital markets over the course of the year.

The Executive Board takes a very confident view of the TAG Group's further performance in 2010, and confirms its EBT (earnings before taxes) forecast of EUR 10 million for 2010.

One continued focus will be to develop of opportunities for steady growth in residential real estate. The positive implementation of this strategy is guaranteed by the now-completed issuance of the EUR 30 million convertible bond in May 2010.

Consolidated balance sheet

Assets in TEUR	03/31/2010	(adjusted) 12/31/2009
Non-current assets		
Investment properties	644,267	596,720
Intangible assets	502	400
Property, plant and equipment	10,100	10,216
Investments in associates	455	440
Other financial assets	396	396
Deferred taxes	5,154	6,659
	660,874	**614,831**
Current assets		
Land with unfinished and finished buildings	144,951	146,618
Other inventories	324	1,619
Trade receivables	10,934	5,646
Income tax refund claims	1,075	1,074
Other current assets	7,038	6,858
Cash and cash equivalents	7,430	6,840
	171,752	**168,655**
Non-current available-for-sale assets	**15,585**	**17,935**
	848,211	**801,421**

PASSIVA in TEUR	03/31/2010	(adjusted) 12/31/2009
Equity		
Subscribed capital	34,985	32,566
Share premium	178,771	170,307
Other reserves	-14,526	-11,866
Unappropriated surplus/-loss	9,728	5,391
Attributable to the equity-holders of the parent company	208,958	196,398
Minority interests	7,433	8,083
	216,391	**204,481**
Non-current liabilities		
Bank borrowings	397,206	400,939
Retirement benefit provisions	1,880	1,881
Other non-current liabilities	26,216	22,521
Deferred taxes	4,062	4,618
	429,364	**429,959**
Current liabilities		
Other provisions	14,429	17,908
Income tax liabilities	1,808	1,854
Bank borrowings	146,570	116,304
Trade payables	12,370	6,105
Other current liabilities	18,665	16,197
	193,842	**158,368**
Liabilities in connection with the non-current available-for-sale assets	**8,614**	**8,613**
	848,211	**801,421**

Consolidated income statement

in TEUR	01/01-03/31/2010	(adjusted) 01/01-03/31/2009
Total revenues	**21,101**	**33,079**
Rental revenues	11,957	11,806
Rental expenses	-2,281	-2,901
Net rental income	9,676	8,905
Revenues from the sale of inventory real estate	6,245	9,704
Expenses on the sale of inventory real estate	-6,234	-9,316
Net revenues from sale of inventory real estate	11	388
Revenues from the sale of investment properties	2,619	10,968
Expenses on the sale of investment properties	-2,350	-11,505
Net revenues from sale of investment properties	269	-537
Revenues/net revenues from property management	280	601
Other operating income	4,878	464
Fair-value remeasurement of investment properties	0	0
Gross profit	**15,114**	**9,821**
Personnel expenses	-1,900	-2,059
Depreciation/amortisation	-161	-111
Impairment losses on receivables and inventories	-44	-139
Other operating expenses	-2,190	-2,091
EBIT	**10,819**	**5,421**
Share of profit of associates	15	-38
Impairment losses on receivables from associates	0	0
Interest income	605	1,012
Borrowing costs	-7,300	-7,367
EBT	**4,139**	**-972**
Income taxes	158	623
Other taxes	-8	-56
Consolidated net profit/loss before minorities	**4,289**	**-405**
of which attributable to minority interests	-47	-199
of which attributable to the equityholders of the parent company	4,336	-206
Earnings per share (EUR), basic		
Basic earnings per share	0.13	-0.01
Diluted earnings per share	0.12	-0.01

Consilidated statement of comprehensive income

in TEUR	01/01-03/31/2010	(adjusted) 01/01-03/31/2009
Consolidated net profit/loss as shown in the income statement	**4,289**	**-405**
Unrealised gains and losses from hedge accounting	-4,002	-6,097
Deferred taxes on unrealised gains and losses	1,292	1,968
Other comprehensive income after taxes	-2,710	-4,129
Total comprehensive income	**1,579**	**-4,534**
of which attributable to minority interests	-98	-199
of which attributable to the equityholders of the parent company	1,677	-4,335

Consolidated cash flow statement

in TEUR	01/01-03/31/2010	(adjusted) 01/01-12/31/2009
Consolidated net profit/loss (attributable to equity holders of the parent)	**4,336**	**-29,166**
Depreciation/amortisation	161	651
Share of profits/losses of associates	-15	-93
Changes from remeasurement of investment properties	0	13,495
Impairments on receivables and inventories	44	875
Reversals/impairments of receivables from associates	0	-1,797
Losses from the disposal of investment properties	-269	1,544
Changes in deferred income taxes	949	5,033
Changes in provisions	-3,480	6,230
Changes in receivables and other assets	-2,305	15,247
Changes in payables and other liabilities	9,723	1,066
Cash flow from operating activities	**9,144**	**13,085**
Payments made for investments in investment properties	-47,547	-18,677
Payments received from the disposal of investment properties	2,619	35,749
Payments made for investments in intangible assets and property, plant and equipment	-147	-9,438
Payments made for investments in other financial assets	0	-21
Cash flow from investing activities	**-45,075**	**7,613**
Dividends paid to shareholders	0	0
Inflow from capital increase	10,882	0
Payments received from the issue of convertible bonds	0	12,500
Payments received from bank borrowings	33,552	56,129
Payments made for repaying bank borrowings	-9,622	-76,556
Payments made for business combinations without change of status	-555	-17,137
Cash flow from financing activities	**34,257**	**-25,064**
Net change in cash and cash equivalents	-1,674	-4,366
Cash and cash equivalents at the beginning of the period	-595	3,771
Cash and cash equivalents at the end of the period	**-2,269**	**-595**

Statement of changes in consolidated equity

in TEUR	Equity holders of the parent company: Subscribed capital	Share premium	Other reserves: Retained earnings	Other reserves: Hedge accounting reserve	Unappropriated surplus / accumulated loss	Total	Minority interests	Total equity
01/01/2009	**32,566**	**220,093**	**527**	**-10,876**	**-14,190**	**228,120**	**26,060**	**254,180**
Consolidated net profit/loss	0	0	0	-1,517	-29,166	-30,683	-2,263	-32,946
Business combination without change of status	0	-1,407	0	0	0	-1,407	-15,730	-17,137
Issue of convertible bond	0	368	0	0	0	368	0	368
Amounts withdrawn from share premium	0	-48,747	0	0	48,747	0	0	0
Other changes in minorities	0	0	0	0	0	0	16	16
12/31/2009	**32,566**	**170,307**	**527**	**-12,393**	**5,391**	**196,398**	**8,083**	**204,481**
Consolidated net profit/loss	0	0	0	-2,660	4,337	1,677	-98	1,579
Business combination without change of status	0	0	0	0	0	0	-555	-555
Capital increase against contribution in kind	2,419	8,464	0	0	0	10,883	0	10,883
Other changes in minorities	0	0	0	0	0	0	3	3
03/31/2010	**34,985**	**178,771**	**527**	**-15,053**	**9,728**	**208,958**	**7,433**	**216,391**

Consolidated 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	4,394	7,897	539	1,242	14,072	6,584	399	46	21,101
Previous year	12,490	8,614	1,097	3,731	25,933	6,465	1,096	-415	33,079
Of which external revenues	4,394	7,897	539	1,242	14,072	6,584	339	106	21,101
Previous year	12,490	8,614	1,097	3,731	25,933	6,465	601	80	33,079
Of which internal revenues	0	0	0	0	0	0	59	-59	0
Previous year	0	0	0	0	0	0	495	-495	0
Segment profit/loss	900	1,865	413	437	3,615	5,902	339	380	10,236
Previous year	1,404	539	422	520	2,886	5,427	1,096	-52	9,357
Of which revaluation of investment properties	0	0	0	0	0	0	0	0	0
Previous year	0	0	0	0	0	0	0	0	0
Non-allocated other operating income									4,879
Previous year									464
Gross profit									15,115
Previous year									9,821
Non-allocated income and expenses									-10,975
Previous year									-10,793
EBT									4,139
Previous year									-972
Segment assets	92,930	185,489	43,089	31,103	352,610	455,674	0	5,269	813,554
Previous year	83,638	154,917	43,089	31,484	313,128	451,651	0	5,296	770,074
Non-allocated assets									34,657
Previous year									31,347
Total assets									848,211
Previous year									801,421

Notes on the interim financial statements for the first quarter of 2010

General principles

The consolidated interim financial statements of TAG Immobilien AG (also referred to as the „Company“ or „TAG“ in the following) were drawn up in accordance with Section 37x (3) of the German Securities Trading Act on interim financial reporting. The reporting period covers the first three months of the 2010 financial year. Comparisons refer to the consolidated financial statements of 31 December 2009, otherwise to the first three months of the 2009 financial year.

The quarterly financial statements are prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) concerning interim reporting (IAS 34 - Interim Reporting) as adopted by the EU. The recommendations contained in German Accounting Standard No. 16 (DRS 16 - Interim Reporting), in the version dated 18 July 2007, were also taken into account.

The quarterly financial statement is based on the same accounting and valuation methods on which the consolidated financial statements for the year ended 31 December 2009 were based.

For details about the accounting and valuation methods used principles applied, please refer to the consolidated financial statements for the year ending 31 December 2009 compiled pursuant to IFRS, which essentially forms the basis for this interim financial statement in accordance with IAS 34.

Consolidated companies

As of 31 March 2010, the consolidated companies basically include TAG and all companies in which TAG directly or indirectly holds a majority of the voting rights. The basis of consolidation at 31 March 2010 has changed in comparison to the consolidated financial statements of 31 December 2009 as a result of the acquisition of TAG Nordimmobilien S. à R. L. TAG owns 100 percent of this company. If shares in sub-sidiaries are considered to be of secondary significance from the Group’s perspective, they are recognised as financial instruments in accordance with IAS 39.

Other material transactions

In the first quarter of the 2010 financial year investment properties in the amount of TEUR 2,619 and assets held for sale in the amount of TEUR 6,245 were sold.

The initial consolidation of the newly acquired real estate company TAG Nordimmobilien S. à R. L resulted in a profit of TEUR 4,211.

Material events after the end of the period under review

In May, the sales contract for the purchase of Franconofurt's NRW and Leipzig portfolios was signed. Furthermore, a cooperation agreement was concluded at Tegernsee, which stipulates that the properties there will be developed with local partners.

Other information

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

On 31 March 2010 the TAG Group had 105 employees, compared with 111 employees on 31 March 2009.

Hamburg, 10 May 2010

The Management Board

Basis of reporting

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

TAG's Financial calender

Eichholz, Hamburg

25 June	Shareholder's meeting 2010, Hamburg
10 August	Interim Report - 2nd quarter of 2010
09 November	Interim Report - 3rd quarter of 2010

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

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