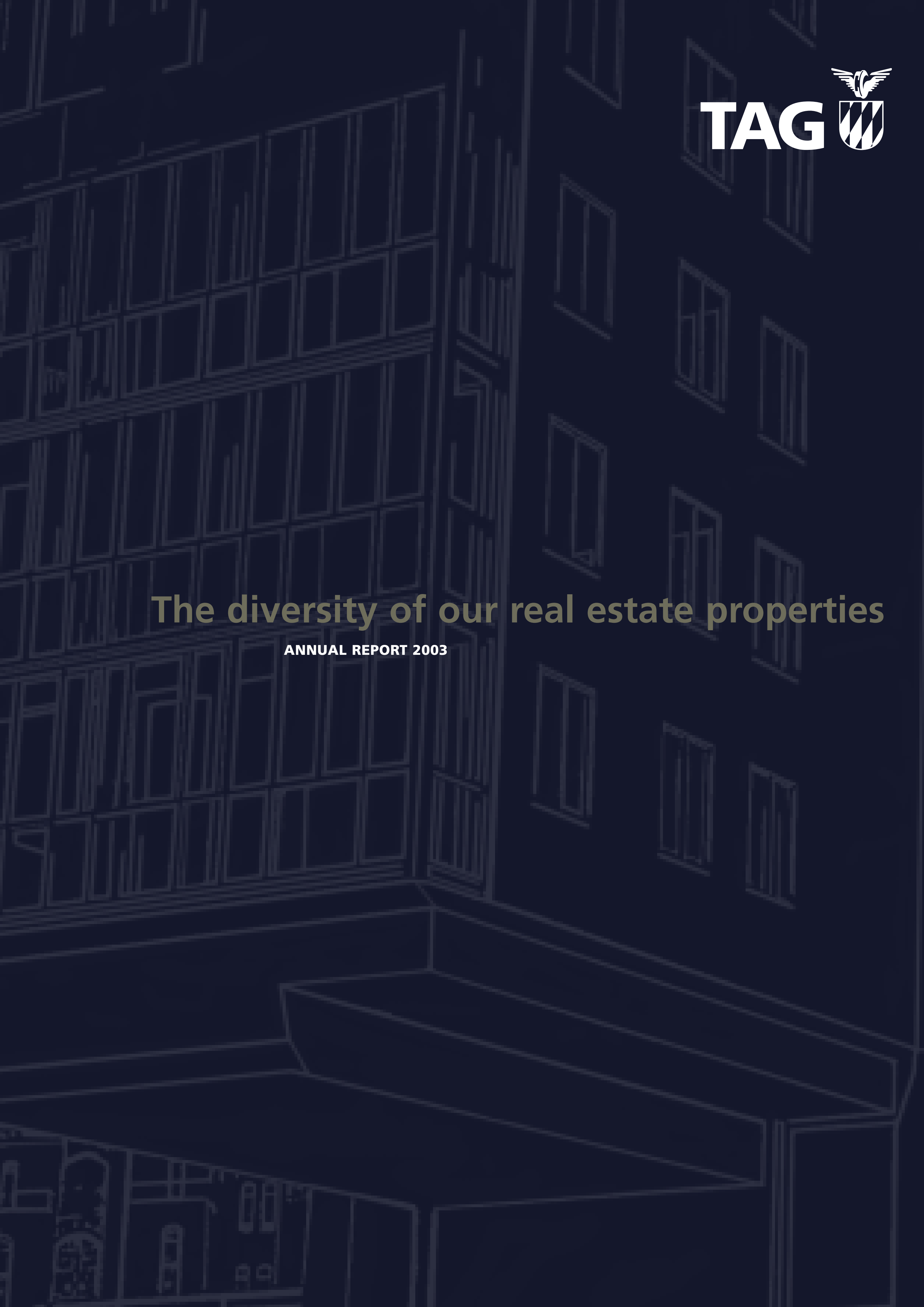


TAG

The diversity of our real estate properties

ANNUAL REPORT 2003

Key financials (IAS)

	IAS 12/31/2003 € 000s	IAS 12/31/2002 € 000s	IAS 312/31/2001 € 000s	HGB 12/31/2001 € 000s
Revenues	**122,164**	142,391	128,942	41,779
EBITDA	**16,944**	20,638	1,375	11,045
EBIT	**5,406**	20,453	50	9,808
EBT	**-15,887**	2,294	-15,648	4,109
Consolidated earnings	**-15,132**	1,054	-7,959	3,868
Total assets	**605,696**	576,619	617,397	184,335
Shareholders' equity	**92,167**	103,174	73,451	55,880
Equity ratio	**15.22 %**	17.90 %	11.90 %	30.34 %
Capitalization ratio	**20.72 %**	23.21 %	18.97 %	36.41 %
Current ratio	**77.58 %**	75.44 %	79.94 %	63.59 %
Financing (capital buildup)	**18.66 %**	22.68 %	14.95 %	45.87 %

Equity ratio $= \dfrac{\text{Shareholders' equity}}{\text{Total assets}} \times 100$

Capitalization ratio $= \dfrac{\text{Fixed assets}}{\text{Total assets}} \times 100$

Current ratio $= \dfrac{\text{Current assets}}{\text{Total assets}} \times 100$

Financing (capital buildup) $= \dfrac{\text{Equity}}{\text{Dept}} \times 100$

TAG is active in the German real estate market in its core business segments, Residential Properties, Commercial Properties and Special-Purpose Properties. Our properties reflect the diversity of the real estate market. With our diversified strategy and experienced management, we will help shape the real estate sector in the coming years with visions, asset value and growth.

Interview

with Michael Haupt, member of the TAG Management Board in charge of real estate properties, and Olaf G. Borkers, member of the TAG Management Board in charge of finance and investor relations

> Mr. Borkers, Mr. Haupt, 2003 proved to be a difficult year for the global economy. How has the real estate industry fared in this environment?

Michael Haupt > The year 2003 with its uncertainties in terms of economic trends and the geopolitical situation was a great challenge for the real estate industry. Performance in spring was not very satisfactory, with the looming military conflict in Iraq and skepticism about the future trend of the global economy generating a difficult environment. Despite favorable signs and a quick end to the war in Iraq, a broad-based recovery failed to materialize. In Germany, the economic sluggishness persisted for a longer period than had been anticipated. Initial signs of a recovery in Germany emerged late and eventually proved to be weaker than had been hoped for. The situation was aggravated by the discussion about the tax reform and subsidy reductions, which also directly affects our industry.

Olaf G. Borkers > These developments were mirrored in our industry and our results. As regards the business trend in the TAG Group, we have to report that the year was unsatisfactory. Annual revenues were below our expectations and resulted in negative consolidated earnings, although we are pleased to note that the operating results (EBIT) of our major participations were positive. However, real estate companies have taken measures to respond to this trend – and we are no exception. Costs, strategies and valuations have been reviewed and adjusted.

> What concrete measures have you taken to respond to these developments?

Olaf G. Borkers > First of all, we have decided against the acquisition of a company in the field of commercial real estate for the time being, although our basic interest in such a move has not waned. This restrictive stance has shown itself to be the right approach in the last three years. In addition, we have reduced our consolidated balance sheet by means of a non-scheduled goodwill impairment on Bau-Verein zu Hamburg AG. This amortization of goodwill, i.e. of the amount that TAG paid for Bau-Verein zu Hamburg AG in excess of the value of the company‘s equity capital, has allowed us to lower our future break-even threshold. In addition, we have reduced costs wherever this was possible. With these measures, we have set the stage for potential participation and merger considerations in 2004.

> Let us talk about your subsidiaries. Bau-Verein zu Hamburg AG accounts for a share of around 71% in consolidated revenues. How has Bau-Verein zu Hamburg AG stood its ground in this environment, and what has been the impact of the political setting in this context?

Michael Haupt > At Bau-Verein zu Hamburg AG, the management company of our Residential Properties business segment, the continued discussions about the elimination of subsidies for owner-occupied homes and the uncertainty about a potential tax on property sales were reflected in a persistent decline in sales. The envisaged reductions in the subsidization of owner-occupied homes also hampered the activities of

Olaf G. Borkers

After completing a banking traineeship at Deutsche Bank AG and studying business administration, Olaf G. Borkers commenced his career as a loans analyst at Deutsche Bank AG in Frankfurt/Main 1992. In 1998, he joined RSE in Hamburg as assistant to the Management Board. He has been a member of TAG's Manage-ment Board since June 1999, with responsibility for finance and investor relations. Mr. Borkers is married and has two children.

Michael Haupt

Michael Haupt studied law and history in Freiburg and Munich. He has been admitted to the bar at the Berlin Regional Court. Between 1984 and 1992, Mr. Haupt advised a leading supraregional Berlin based property developer in fund design, project development and general property-related issues. He was appointed to the Management Board of JUS AG in 1992. In 2001, he became a member of TAG's Management Board with responsibility for the Group's real estate properties. Mr. Haupt is married and has three children.

Bau-Verein zu Hamburg AG as a provider of newly built, affordable homes. However, the company continued to improve its cost structure in 2003 and was thus able to hold its position in the residential property sector. To boost its rental income, Bau-Verein zu Hamburg AG negotiated for the acquisition of sizeable property portfolios or housing companies in various bidding processes. Due to its residential property expertise, the company was invited to participate in major tenders. Nevertheless, no acquisitions have been made so far. This restrictive approach has proved to be right. Acquisition of property portfolios at prices we consider to be acceptable was not possible in fiscal 2003.

> Leipzig has the status of an official bidder for the 2012 Olympic Games. Will JUS AG also benefit from this decision?

Michael Haupt > As a specialist in the refurbishment of landmarked properties and loft apartments, JUS AG can look back on a busy, but successful fiscal year 2003. The company succeeded in surpassing its 2002 sales figures by 5%. This trend was supported by Leipzig's increasing attractiveness as a location for renowned car manufacturers and the fact that it has been shortlisted as a bidder for the 2012 Olympic Games. Since JUS AG generates around 70% of its sales volume at its traditional location, Leipzig's status as an official bidder has not only benefited the city and its inhabitants, but also JUS AG and, by extension, TAG.

> For the Management Board, the performance of the company's share price must be as unsatisfactory as it is for shareholders. Do you see encouraging signs for shareholders?

Olaf G. Borkers > The performance of our share price was indeed unsatisfactory in 2003. Overall, the rapid growth of the TAG Group in the last three years has not yet had a favorable effect on the share price. Since the start of 2004, however, we have seen a clearly positive trend. In the opening weeks of the new fiscal year, the TAG stock recorded substantial gains, and we hope that this is an indication that it has pulled away from its historical low of May 2003 for a sustained period.

We continue to see a significant discrepancy between the share price and the intrinsic value of the stock. We will work on this. TAG stock has been attracting considerably more attention – interestingly enough also on the part of former TAG shareholders. The acquisition of TAG shares by HSH Nordbank AG in January 2003 and by Augendum GmbH in January 2004 bears testimony to the trust investors place in our business model.

Michael Haupt > Despite the difficult environment described earlier, TAG has made headway in its efforts to return to its former strength. We are convinced that we have taken the right decisions in the recent past, and it remains our stated goal to increase our operational earning power. In 2003, we already continued to carefully monitor our costs, identify cost savings potentials and expand our competitive edge. These measures helped us offset part of the decline in revenues in fiscal 2003, allowing us to lay a stable foundation that will have even more noticeable effects when revenues begin to rise. We are convinced that there are good reasons to continue to hold TAG stock in the future, too.

> The economy looks as though it may bottom out or even embark on a slight upturn in 2004. What is your assessment of the environment, and what expectations do you have with respect to TAG?

Michael Haupt > In early 2004, the environment remains a challenge for us. We expect 2004 to be an important year for the real estate industry – a year that will be characterized by further changes in the companies active in this sector. At this juncture, it is still unclear how buyer and investor sentiment will develop against the background of a slightly brighter economic outlook. We have seen that the German market is very attractive for foreign investors and real estate companies. As an experienced local partner, we intend to benefit from collaborations.

Olaf G. Borkers > In this context, we regard 2004 as a decisive year for the real estate industry, too. We expect the difficult environment to lead to mergers and acquisitions and new shareholder structures in the industry. Size is a key success factor in the capital and real estate markets. TAG wants to play an active and formative role in

this context. In response to the various changes in the legal situation taking effect on January 1, 2004, we will take a number of measures. TAG will tackle future challenges – on the basis of a long-term orientation of its business strategy and its new cost structure. The trend toward real estate investments as retirement provisions will continue to intensify. Owner-occupied or rental properties will benefit from the discussion about alternative forms of investment such as life insurance policies or corporate pension schemes.

> What targets have you set for the company for 2004 and beyond?

Olaf G. Borkers > Our top priority is to improve earnings in order to lay the foundation for a resumption of dividend payments. In addition, we must improve our debt/equity ratio. The cash capital increases in January 2003 und January 2004 were the first steps in this direction; further will follow. This also includes debt reduction. We have already made progress in this area in the first quarter of 2004.

Michael Haupt > Another important aspect for us is the expansion of our market position in the real estate market. Here, we must actively seize the special, and maybe even unique, opportunities offered by a consolidating market. The emphasis must be on innovative solutions like the joint venture we have forged with Landesbank Sachsen to build up REAL Immobilien GmbH.

Mr. Borkers, Mr. Haupt, thank you very much for this interesting discussion. We wish you a successful fiscal year 2004.

In its capacity as a holding company, TAG bundles its property competences and capacities in management companies for the individual core business segments (residential properties, commercial properties, special-purpose properties). In this context, the company focuses first and foremost on properties in German cities offering appreciation potential and a functioning market for active portfolio management.

The diversity of our real estate properties

TAG Tegernsee Immobilien- und Beteiligungs-AG

RESIDENTIAL PROPERTIES
Acquisition, management and privatization of portfolios and housing companies

COMMERCIAL PROPERTIES
Acquisition and management of existing properties in central locations of German cities

SPECIAL-PURPOSE PROPERTIES
Acquisition and management of logistic centers and serviced apartments

Bau-Verein zu Hamburg AG is the management company for Residential Properties and pursues the goal of expanding its residential property portfolio. A strengthening of activities in the core business segment Commercial Properties will be achieved through the acquisition of a management company. As a major equity participation of TAG, JUS AG offers one of the last tax-saving financial investment products available with its activities in the refurbishment of landmarked properties. In addition, TAG's growth is supported by the involvement of financially strong partners on the equity and debt front.

BAU-VEREIN ZU HAMBURG
Aktien-Gesellschaft
Berlin · Frankfurt · Hamburg · München

Management company for the core business segment Residential Properties and TAG's dominating equity participation. Bau-Verein AG has a portfolio of 4,000 apartments in Munich, Hamburg and Berlin. TAG holds a stake of 88% in this company and will increase its housing portfolio via Bau-Verein AG.

J·U·S AG
AKTIENGESELLSCHAFT FÜR GRUNDBESITZ

JUS AG specializes in the refurbishment of old buildings and is one of the market leaders in the sale of "loft apartments". It focuses on high-quality refurbishing of valuable landmarked buildings as well as housing estates from the 1920s and 1930s. TAG holds a 94% stake in JUS AG.

AGP AG

AGP AG was mainly responsible for development and project management activities for the properties in Tegernseer Valley. In the future, AGP AG will operate as a single-property company, focusing exclusively on the economic optimization of its property - a book and media store. TAG holds a 67% stake in this company.

KRAFTVERKEHR TEGERNSEE IMMOBILIEN GmbH

Single-property company in which TAG holds a 98% stake for historical reasons. KVT owns approximately 15,000 square meters of land and buildings in Tegernseer Valley.

TEGERNSEE BAHN

100% participation held for historical reasons. TBG is an infrastructure company operating a section of the railroad tracks linking Tegernseer Tal and Munich. This line has been leased to a railroad company until 2013 and generates a stable income flow.

The foundation for the development of TAG's "Serviced Apartments" business unit was laid with the acquisition of a 93% participation in the boarding house at Feuerbachstraße 17/17a. This guest house with 25 serviced apartments has an excellent residential location close to the city center of Leipzig and thus offers an attractive alternative to hotels and regular boarding houses.

WOHNEN IM LOFT
JUS AG und Co. OHG

This participation (TAG 6%/JUS AG 94%) offers temporary living quarters in 27 sophisticated loft apartments and is a successful outgrowth of the business unit "Serviced Apartments". An occupancy level of more than 90% was already achieved during the market launch phase in 2002.

REAL
Immobilien GmbH

Landesbank Sachsen and TAG each hold about 49% of REAL Immobilien GmbH. The purpose of this newly established company is to acquire properties for subsequent optimum support, management, further development and preparation for sale.

High-quality living
Attractive properties at the center of life
Social responsibility as a touchstone

Bau-Verein zu Hamburg AG offers state-of-the-art accommodation and future-oriented projects at outstanding locations. Originally a non-profit organization, Bau-Verein zu Hamburg AG has been a successful player in the real estate industry for as long as 110 years. It is the management company for TAG's core business segment, Residential Properties. In this capacity, it combines all the functions of a modern housing company. In the coming years, Bau-Verein zu Hamburg AG will continue to exploit the opportunities resulting from this positioning with a focus on three core business units: portfolio management, portfolio development and new-housing construction.

The core business segments of Bau-Verein zu Hamburg AG

Portfolio management

Market-oriented, long-term rental agreements and maintenance of its own residential portfolio have been a core competence of Bau-Verein zu Hamburg AG for many years. The company owns numerous rental properties, especially in Hamburg, Berlin and Munich. Management of these rental properties in its long-term portfolio ensures continuous revenues in the form of rental income. The long-term goal of Bau-Verein zu Hamburg AG is to significantly expand its residential portfolio of currently around 4,000 apartments and, hence, increase TAG Group's net worth.

Dock4, HafenCity, Hamburg

heidberg.villages, Hamburg
524 dwelling units

Terraced houses against a background of vineyards, 34 terraced houses, Mainz-Wiesenau

heidberg.villages, Hamburg

Portfolio development

Bau-Verein zu Hamburg AG acquires existing apartment stock with the goal of boosting the value of these properties through active portfolio development measures. The individual dwelling units are refurbished and modernized in joint ownership, attics are converted into apartments, new stories are added to two or three-story buildings, new apartments are built as annexes to existing, old buildings or stand-alone structures, and underground parking spaces are constructed. These extension and new construction measures increase living space by 40 to 60%. Additional investments focus on measures to enhance the surroundings, such as the planting of large numbers of trees. The objective is to stabilize these residential locations and increase their value.

Some of the purchased and revamped apartments are retained on the company's own books. Repairs and modernization, new construction and enhancements of the surroundings lead to improvements in tenant structures and rental incomes. The development of its own high-quality portfolio allows Bau-Verein zu Hamburg AG to generate a high level of sustainable and stable rental income. The remaining apartments are sold to tenants, owner-occupiers and investors. The sale of these dwelling units allows Bau-Verein zu Hamburg AG to generate attractive returns.

Bau-Verein zu Hamburg AG offers high-quality housing geared to people's natural requirements in various price segments. One case in point is Parkwohnanlage Ottobrunn, a housing estate near Munich surrounded by parkland, which was completed in 2001. All told, this housing estate is comprised of 471 apartments and 28 terraced houses on a property measuring 116,000 square meters.

Social responsibility is an indispensable prerequisite for active and successful portfolio development. Extensive modernization measures can never be implemented against tenants' will, but only with their consent. The "social responsibility" factor thus results in a decisive competitive edge over other bidders. Companies buying large volumes of residential property must prove that they are committed to respecting tenants' interests. In this respect, social responsibility and the pursuit of profit are not mutually exclusive.

Construction of new housing

Apart from its activities in portfolio management and development, Bau-Verein zu Hamburg AG also builds low-cost, affordable housing for broad sections of the population. The demands placed on modern homes have changed fundamentally. The desire to live in one's own four walls is still very high. For economic reasons, demand initially focused primarily on the acquisition of owner-occupied apartments, but the last few years have seen an increase in the demand for semi-detached houses, townhouses, terraced maisonette apartments, and "house-inside-a-house" units.

Bau-Verein zu Hamburg AG has embarked on private-housing construction measures at four sites in the Hamburg metropolitan area and at one further location in the Rhine/Main region.

The development of new housing types will strike a balance between various requirements:

- low-cost and, hence, affordable, ecologically oriented construction;
- flexible and functional floorplans offering a wide variety of options;
- each unit with a garden, loggia or balcony, or roof terrace;
- reduction in operating costs, in particular for heating and hot water.

Project development is geared to the requirements of the various buyer groups and can thus leverage the existing demand potential. Cost-optimized construction approaches allow families who have hitherto lived in rental units to buy their own homes for a reasonable additional sum of approximately € 100-200 per month.

“heidberg.villages” in Hamburg-Langenhorn is currently the largest project in the business segment focusing on the construction of affordable new housing. On a property measuring 200,000 square meters, the construction of a total of 524 dwelling units with a combined living space of 57,000 square meters is envisaged in 5 construction phases. The first two phases, with a total of 227 dwelling units, were completed in 2003. The completion of the third phase, with a further 61 dwelling units, is scheduled for spring 2004. This phase will include the construction of terraced houses without basements, the goal being to offer an even more affordable variation. This is in response to customers’ price awareness.

Another new-housing construction project of Bau-Verein zu Hamburg AG is “Wohnen am Roland“ in Wedel. On the banks of the Elbe river, directly west of Hamburg, a total of 64 dwelling units will be built in the period until 2005. In the vicinity of Wedel’s market square, Bau-Verein zu Hamburg AG will build houses and apartments in various sizes and layouts to fulfill the diverse requirements of future residents. Nevertheless, they will all have one thing in common: from the original idea to final completion, they will comply with the requirement of creating customized, valuable and affordable living space.

TAG supports the positioning and strategy of Bau-Verein zu Hamburg AG as a housing company and residential portfolio developer and supplier of affordable terraced houses and maisonette apartments. Due to its expertise in the residential segment, Bau-Verein zu Hamburg AG has been invited to participate in major tenders. There is agreement within the TAG Group that the emphasis of today’s acquisitions must, as a matter of principle, be on profitability. This will set the stage for seizing the opportunities arising from the future of the residential property market.

Modern living in HafenCity in Hamburg

HafenCity is an important future-oriented project in Hamburg, offering the most important land reserves for the future residential and commercial use. Four subprojects entered the realization phase when the foundation stone was laid in September 2003. A number of investors and developers are building office and living space there – and with its “Dock4” construction project, Bau-Verein zu Hamburg AG is one of them.

HafenCity, **Dock4,** Hamburg
18 condominium units, **64** underground
parking spaces, **2,320 square meters** of office space

Loft with harbor view, **Dock4,** Hamburg

The **"Wohnen am Roland"** project
in Wedel, **64** dwelling units

With this project, Bau-Verein zu Hamburg AG is also gearing its offerings to changes in the kind of housing people are now seeking. Living arrangements have become more complex – a combination of living and working spaces is required today. "Dock4" at Sandtorkai will not only include 2,320 square meters of office space, but also 18 sophisticated condominium units with a total living space of 2,370 square meters and 64 underground parking spaces. The individual apartments will have floorspace ranging from 53 to 215 square meters. Upper-floor apartments will include an extensive roof terrace affording wonderful views across HafenCity and downstream the Elbe river.

Overall, Bau-Verein zu Hamburg AG offers buyers and users a unique environment. On one side, the property is framed by the historical fronts of the storehouse town – the storage location of spices and fine carpets and the venue of regular annual cultural events. On the other side, there is the impressive backdrop of the port with the Elbe river, its ships, shipyards and docks. The site is therefore one of new cultures, living and working spaces.

Bau-Verein zu Hamburg AG is a listed stock corporation and publishes its own annual report, which can be requested from Bau-Verein zu Hamburg AG.

Living in style
Restoring landmarked properties
Creating lasting values

A vision becomes reality, the reality becomes a tradition.

It took three years of work for JUS AG to turn a vision into reality in 2002. New inhabitants moved into 180 apartments in Elsterlofts, a former yarn factory and Germany's largest industrial monument.

A follow-up project at a prime location in Leipzig's Gohlis neighborhood was soon found. The former Felsche chocolate factory was acquired in 2002, and project planning was completed in the same year. Its grounds will be home to a unique cluster with a special allure – "Schokoladen Palais". Apartment sales started last year. All in all, "Schokoladen Palais" will comprise a total of 98 dwelling units, of which as much as 67% had already been sold by the end of 2003. The first construction phase, the former manor house with eight apartments, was handed over to the new owners before 2003 has run its course.

The former Ludewig art printing house at Schönbachstrasse in Leipzig was acquired in 2002 as a follow-up project to "Schokoladen Palais". A total of 25 apartments have now been designed for this complex. Sales are scheduled to commence in spring 2004 and are expected to be completed before the end of the very same year. According to the plans, this project will be in move-in condition by summer 2005.

Exactly 10 years ago, JUS AG completed its first property at **Käthe-Kollwitz-Straße 84**

With its “loft apartments“ segment, JUS AG has dedicated itself to a modern living style and has become one of the leading suppliers in Germany within a very short period. JUS AG sees many additional opportunities for the development of this special way of living, particularly in Eastern Germany and Berlin.

At Grünberger Strasse in Berlin, JUS AG had an opportunity to combine its more than ten years of expertise in the restoration of high-quality, landmarked residential properties with its new “loft apartment” business segment. In the front building, 22 “Gründerzeit” apartments will be sold and revamped. The back building is an old factory, which will be converted into 20 loft apartments.

JUS AG also has special skills in the restoration of landmarked properties. This segment is one of the last remaining tax breaks in the real estate sector, generating tax savings through the depreciation of work performed on historical buildings. It is therefore an attractive investment opportunity for financial investors.

Schönbachstraße 50, Leipzig
A new loft project

The **industrialist’s villa** at “Schokoladen-Palais“
has been handed over to its new owners

A close-up view of the lovingly restored
ceiling in the former **industrialist’s villa**

Ferdinand-Lassalle-Strasse 21, the former music library, has been sold to public institution

Schwägrichenstraße 15

Stadtgalerie Markkleeberg, in construction

Compared to 2002, JUS AG succeeded in boosting its sales volumes even further. Sales figures show that the continued intensification of activities in Berlin has led to a more balanced distribution of activities between the company‘s two business locations, Berlin and Leipzig. Whereas Berlin still accounted for a revenue share of around 30 % in 2002, as much as 40 % of sales were generated in the Berlin real estate market in the year under review.

Leipzig

For the first time in its corporate history, JUS AG launched a new construction project for purely commercial use in fall 2003. Construction work for “Stadtgalerie Markkleeberg” has begun, and approximately 5,000 square meters of utilizable floor space can be expected to be completed by November 2004. The total investment volume amounts to € 8.3 million. Before construction even started, tenants had already been found for 85 % of the property.

After successful completion of its restoration, a villa at Ferdinand-Lassalle-Strasse in Leipzig was handed over to its future owners in late 2003. The property is an outstanding example of the art of building preservation. The project also marks JUS AG’s first sale of a restored building to a public institution.

Davidstraße1, Leipzig

"When I moved from Hamburg to Leipzig, to Davidstraße 1, with my parents in January 1933, the house was in such a dilapidated state than my parents lodged a complaint with the management company, demanding that the stairwell, at the very least, be renovated. They were told that this would be done 'in the immediate future'. Nothing happened until we moved out in 1952, and the years that followed defy description. I am very pleased to see that JUS AG is now fulfilling a promise made by its predecessors 70 years ago! By the way, this is the door to the apartment where our neighbor used to live, the famous publisher Mr. Baedecker, and the walls in his library were red – from the red covers of hundreds of copies of his renowned travel guidebooks."

Hans-Jürgen Bersch, age 78, a resident of Wiesbaden, TV director and longstanding chairman of the Thomanerbund, the alumni association of the famous Thoma School in Leipzig

Mr. Bersch is pleased that the old wall paintings are finally being restored after 70 years, helping the stairwell regain its splendor

Following the national decision in favor of the city's application for the Olympic Games, Leipzig has attracted enormous public attention. This is a very welcome development for the business segments of JUS AG. Even Germany's leading realtor associations, "Verein Deutscher Makler" (VDM) and "Ring Deutscher Makler" (RDM), speak of signs of a real property revival in Leipzig in their most recent analyses. Rents of € 7 per square meter of floor space are no longer unheard of in this city. What is more, Leipzig's net population balance is now once more showing a plus of 2,000 residents for the first time, helping to stabilize the city's real estate market even further.

Berlin

Compared to 2002, Berlin has gained in significance as a business location for JUS AG. This trend is underpinned by a clear strategic commitment in the TAG Group and has been implemented accordingly. With its entry into the Berlin market, JUS AG can now tap an enticing pool of potential contracts, which, previously, have been going to service providers outside the TAG Group.

The number of projects and their size are an ideal platform for collaboration with Bau-Verein zu Hamburg AG in Berlin with a view to exploiting synergy effects. While Bau-Verein zu Hamburg AG has both suitable structures for portfolio management and the technical expertise for steering construction projects, JUS AG can play a role in the sales activities of Bau-Verein zu Hamburg AG by contributing its sales experience and the knowledge it has gained through its ties to supra-regional, external distribution partners.

The equity capital requirements laid down by the banks with respect to property development and construction financing are continually increasing. In addition, the consolidation process among domestic banks has resulted in considerably longer authorization periods for loan commitments. For this reason, JUS AG has positioned itself as an interesting partner for private equity investors and succeeded in attracting a total of € 10 million of project-related private equity financing in 2003.

The favorable experiences made with private equity investors have prompted JUS AG to consider further models that will allow it to realize projects that completely dispense with bank financing in the future.

Fürstenberg`schen Häuser
Auguste-Viktoria-Straße, Berlin

Brunnenstraße 152, Berlin

Südtor-Marienplatz, Stuttgart
An office complex is being built here

Accommodation without chores
Temporary living quarters for sophisticated requirements
Fascinating serviced apartments

Temporary living quarters have been offered successfully at Feuerbachstrasse in Leipzig for as many as ten years. With its sophisticated furnished serviced apartments, this boarding house in a quiet side street of Leipzig's Waldstraßenviertel neighborhood offers its guests a congenial atmosphere and a true alternative to classical hotel accommodation.

A further boarding house was opened in Leipzig's Nonnenstrasse in 2002. At the Elsterloft boarding house, discerning guests can take their pick from a total of 27 attractive loft apartments. The lovingly selected furnishing and the clear design create a unique, spacious atmosphere. Together, these two boarding houses offer a total of 53 apartments.

WOHNEN IM LOFT
JUS AG UND CO. OHG

FEUERBACHSTRASSE 17/17A
AG UND CO. KG

Feuerbachstraße 17


Elsterlofts

Markgrafenstraße 10

In 2003, the excellent utilization rate of these two boarding houses led to the decision to establish a dedicated subsidiary, Trinom Business Apartment GmbH, for this special segment. The company's objective is to bundle the activities of the individual boarding houses, exploit synergies and lay the foundation for independent development of this segment in the marketplace.

In the year under review, the success of this strategy was reflected in the high occupancy rates of the two boarding houses. Overall, a remarkable 14,985 nights were booked, corresponding to a utilization rate of 75% to 80%.

At present, plans are being drawn up for a third boarding house with around 50 apartments inside Leipzig's inner city beltway. The opening of this boarding house is scheduled for 2005. Bolstered by a multi-year tenancy agreement, the boarding house will eventually be sold to a fund.

By 2005, Trinom Business Apartment GmbH will have a capacity of more than 100 apartments and hold a leading position in this segment in Leipzig. Once the integration of Markgrafenstrasse has been successfully completed, the company may begin to realize its budding idea of developing and operating boarding houses in other cities, too.

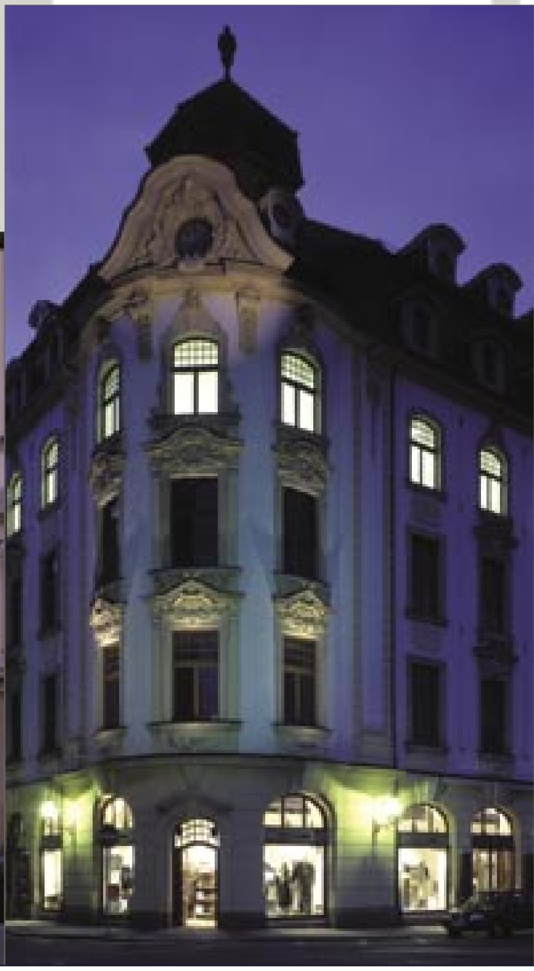
REAL Immobilien GmbH, with its registered office in Leipzig, is a joint venture Landesbank Sachsen and between TAG established in November 2002. The joint venture serves as a platform for acquiring promising properties currently not traded in the market, uncovering their potentials, and realizing them by adding value.

Having specialized in the enhancement of such properties, JUS AG, as TAG's subsidiary, has gathered extensive experience in this field. Consequently, it can now support REAL Immobilien GmbH as a service provider.

In 2003, REAL Immobilien GmbH acquired properties with a total volume of € 82.5 million via property companies.

Kaiser Maximilian I bestowed market rights on Leipzig; a memorial has been integrated in the facade of **"Städtisches Kaufhaus"** to honor him

Städtisches Kaufhaus, Leipzig
18,000 square meters of rental space



Städtisches Kaufhaus,
the inner courtyard

In addition, further properties with a total volume of € 75 million, were prepared for acquisition in early 2004.

The absolute showpiece among these properties is "Städtisches Kaufhaus" in Leipzig. This neo-Baroque town palace emulates the style of late Baroque royal palaces. It was the world's first trade fair venue and is centrally located at Leipzig's downtown Neumarkt. Between 1994 and 1996, the building was completed restored and now has a total rental space of around 23,600 square meters. The combination of its anchor stores – the Kaufhof department store, which opened its doors two years ago, and the Karstadt project currently under construction – will create considerable potential for this location in the future.

An idyllic landscape
Developing railroad properties
New strategies for villages

Tegernsee Valley is one of Germany‘s most beautiful landscapes. Nestling between gently rising mountain slopes, Lake Tegernsee is dominated by the imposing silhouette of Wallberg mountain. More idyllic scenery can hardly be imagined.

From time immemorial, this enchanting valley has cast its spell on its residents, day trippers and holiday makers. It is therefore not surprising that Tegernsee Valley has become a very popular and expensive residential area in the last few decades.

Since its establishment as a railroad company more than 120 years ago, TAG has owned sizeable areas of land in the region. With approximately 50,000 square meters of partially developed and partially undeveloped land plus some 145,000 square meters of track space, TAG, with its subsidiaries KVT and TBG, is still one of the largest landowners in Tegernsee Valley.

Lake Tegernsee: picturesque scenery in the foothills of the Alps

The historical **railroad station** in the town of Tegernsee and engine "TAG 15"

Tradition-conscious architecture at villages

Due to their specific location, our properties within the precincts of the Gmund and Tegernsee railroad stations are of great importance for urban planning and offer considerable development potential. Only part of the company's land is needed for railroad operation, so that large areas are available for attractive new development. This will allow our shareholders to participate not only in the net asset value of our properties, but also in their development opportunities.

In collaboration with the town of Tegernsee and with the involvement of a joint project team consisting of representatives from the town, its residents and TAG, plans for the development of the railroad station grounds in Tegernsee were drawn up in 2003. A mix of residential and commercial buildings will be created around the station site at Bahnhofplatz. TAG was granted the pertinent building permit last year.

To make the area around Gmund station more attractive, too, initial talks have been held with the community of Gmund to sound out the possibilities of enhancing the value of this area and, hence, the center of the town of Gmund. We intend to continue to cooperate constructively in the planning process for the entire railroad station site in the coming fiscal year.

TAG stock

Investor relations activities

In the fiscal year under review, we continued to attach great importance to investor relations activities. Communication with the financial community was fostered by press talks, analyst meetings, the Management Board's participation in numerous other discussions with investors, and extensive reporting. We are always available to answer questions asked by our private and institutional investors, the goal being to enhance their confidence in TAG's business model by means of open financial communication. These investor relations measures are bearing fruit, as is illustrated by the results of the annual survey of WVFI Wissenschaftliche Vereinigung zur Förderung des Immobilienjournalismus e.V., a scientific association for the promotion of real estate journalism, which identifies the companies with the most active press activities in 2003. TAG was voted third in the category "Listed Real Estate Companies" with a difference of only a single vote to the second-ranking competitor. This result was a continuation of the favorable evaluations recorded in the surveys of the preceding two years.

Despite restructurings and reductions in banks' research staff and coverage, 8 analysts actively followed TAG. Research analyses were published by HSH Nordbank, HypoVereinsbank and Independent Research.

Since September 1, 2003, TAG has been included in a further index. The HASPAX equity index, which tracks 25 stocks, is regarded as a reference yardstick for the Hamburg business area and reflects price trends in the Hamburg stock market, taking account of special regional characteristics.

To further enhance awareness of TAG's market position, the management of TAG participated in various events, including "Deutsche Investorengespräche" (German Investor Talks) in Munich and "Deutsches Eigenkapitalforum" (German Equity Capital Forum) in Frankfurt. The gatherings serve the purpose of providing listed companies with an opportunity to forge additional contacts with investors and analysts.

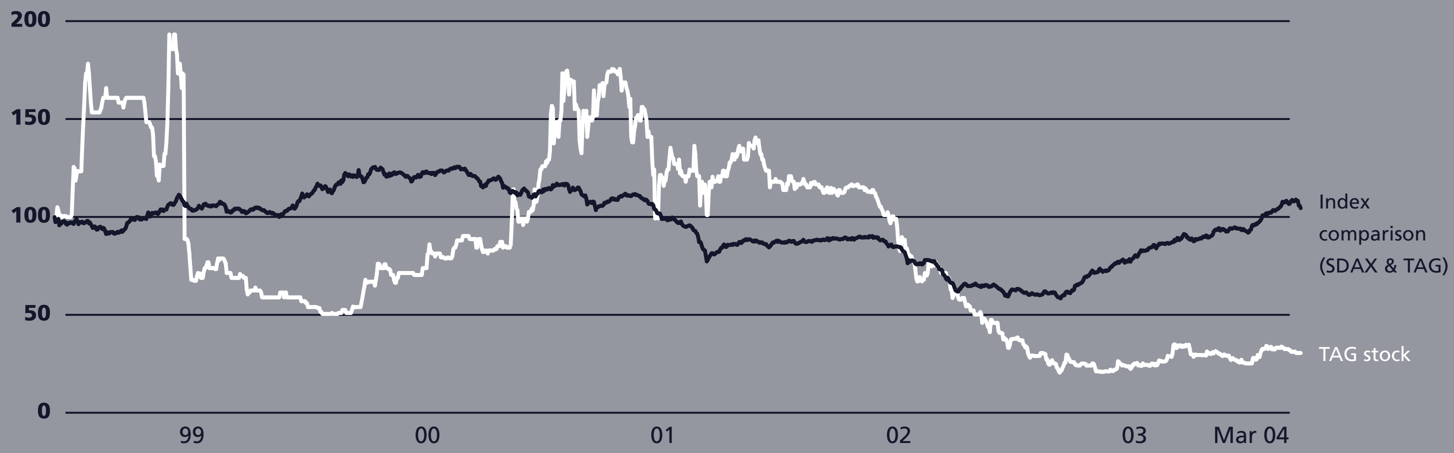
In addition, TAG was a sponsoring partner in the 2003 Real Estate Convention organized by the European Business School in Oestrich-Winkel. TAG thus promotes the exchange of ideas between practitioners from various segments of the real estate industry and the student community.

Capital measures

Date		Number of shares issued	Subscribed capital	Corporate action
1999	January		DM 900,000	
	November	20,000	DM 100,000	Capital increase against cash contribution
December 31, 1999			**DM 1,000,000**	
			€ 511,292	Conversion of subscribed capital to €
2000	July	88,708	€ 88,708	Capital increase out of retained earnings
	September	300,000	€ 300,000	Capital increase against cash contribution
December 31, 2000			**€ 900,000**	
2001	February	600,000	€ 600,000	Capital increase out of retained earnings; issue of bonus shares in a ratio of 3:2
	February	500,000	€ 500,000	Capital increase against noncash contribution (JUS AG)
	May	233,762	€ 233,762	Capital increase against noncash contribution (Bau-Verein zu Hamburg AG)
	July	558,738	€ 558,738	Capital increase against cash contribution
December 31, 2001			**€ 2,792,500**	
2002	February	598,930	€ 598,930	Capital increase against noncash contribution (Bau-Verein zu Hamburg AG)
	April	50,345	€ 50,345	Capital increase against noncash contribution (JUS AG)
	June	1,720,887	€ 1,720,887	Capital increase out of retained earnings; issue of bonus shares in a ratio of 2:1
December 31, 2002			**€ 5,162,661**	
2003	January	500,000	€ 500,000	Capital increase against cash contribution
December 31, 2003			**€ 5,662,661**	
2004	January	566,265	€ 566,265	Capital increase against cash contribution
As of January 2004			**€ 6,228,926**	

Performance of TAG stock

January 5, 1999 = 100 (logarithmic)



As early as two and a half years ago, TAG and a number of other renowned real estate companies joined forces within the context of “Initiativkreis Immobilien-Aktie“. This initiative regularly organizes specialized conferences an which we present ourselves to investors, analysts and experts from the real estate sectors in order to attract more attention in the capital markets to real estate stocks as an attractive investment.

Key figures

	2003	*2002*	*2001*
Number of shares outstanding at yearend	5,662,661	5,162,661	2,792,500
Notional value	1.00	1.00	1.00
Dividend in €	–	–	Stock split
Market capitalization in € million (yearend)	34.5	46.5	115.90

Good investor relations work requires equal treatment of all shareholders and investors, in particular with respect to access to corporate releases. For this reason and in the interests of open and transparent financial communication, you will always find topical information, event schedules and press reports in the Investor Relations section of our website at “www.TAG-AG.com”. This approach allows us to fulfill the requirement of timely, fair and reliable communication vis-à-vis the financial community and the capital markets.

Performance

The price of the TAG stock unfortunately declined in the 2003 stock exchange year. In the course of 2003, the price of TAG stock fell 32%, from € 9.00 at the start of the year to € 6.10 at the end of December, with an interim low of € 4.90 in May and an interim high of € 8.50 in September. Towards the end of 2003, interest in TAG stock increased and trading volumes rose. In early 2004, we were pleased to note that this heightened interest resulted in price advances.

The management of TAG is not satisfied with the stock‘s price performance in 2003. Although the price decline showed signs of bottoming out, the stock continued to trade at a clear discount to the company‘s reported equity capital of € 16.27 per share at yearend 2003. As the earnings situation improves, the share price should approach this value.

Key data of TAG

Ticker symbol	ISIN	Type of stock	Market segment	Designated Sponsors
TEG	DE0008303504	Bearer common stock	Official trading, Prime Standard	HypoVereinsbank AG, Seydler AG

German Security Code	Daily trading volume	Indices	Stock exchanges
830 350	About 6,000 shares	SDAX, DIMAX, EPIX30/50, GPR General Index, HASPAX	Munich, Frankfurt

Performance of TAG stock

Shareholder structure

The shareholder structure of TAG remains stable. Besides the Dr. Ristow/Haupt group of investors with a holding of 16.42%, further institutional investors hold stakes in TAG. In addition, some 6,000 private investors are shareholders of the company.

Shareholder structure as defined by Deutsche Börse AG
Shares issued: 6,228,926 shares with a par value of € 1 each; as of January 2004

Financial Calendar

May 5, 2004	Annual press conference in Hamburg
May 8, 2004	Analysts' meeting in Hamburg
May 2004	1st quarter report
July 1, 2004	Annual general meeting in Hamburg
August 2004	2nd quarter report
November 2004	3rd quarter report

Dear Shareholders,
Ladies and Gentlemen

In fiscal 2003, the Supervisory Board obtained detailed and regular information about the business situation of the company in a difficult economic environment. During the period under review, the Supervisory Board held a total of five meetings. The Supervisory Board advised the Management Board in the management of the company and monitored its actions. It was directly involved in all decisions of fundamental significance for the company.

Within the context of the oral and written reports presented by the Management Board, the Supervisory Board received regular, timely and comprehensive information about all issues pertaining to the company's business trend, strategic and corporate planning and its financial position, including risk situation and risk management. All documents required for the meetings were distributed by the Management Board to the members of Supervisory Board in good time. The Management also kept the Supervisory Board informed in the period between the individual meetings and on special occasions.

The issues discussed at the meetings of the Supervisory Board focused on the current business trend of TAG and its subsidiaries, the future orientation of the TAG Group, capital measures, reports on transactions under negotiation and the general situation in the real estate industry. In addition, the rules of procedure of the Management and Supervisory Boards of TAG were adjusted to recent developments and aligned within the Group.

In addition, the Supervisory Board obtained information from the Management Board concerning the regulations of the German Corporate Governance Code, as amended on May 21, 2003. The result of these consultations was a joint declaration of the Supervisory and Management Boards that the company conforms to the German Corporate Governance Code, as amended on May 21, 2003, save for a few, justified exceptions. The declaration of conformity pursuant to Section 161 of the German Stock Corporation (AktG) was published on the TAG website in December 2003.

The accounting company Schröder, Nörenberg und Partner GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, appointed as auditors at the Annual General Meeting on July 8, 2003, audited the annual financial statements of TAG, the consolidated annual financial statements of the TAG Group and the corresponding management reports and gave them an unqualified auditors' opinion. The consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) for the second time. The documents pertaining to the financial statements and the auditors' reports were made available to all members of the Supervisory Board in good time and discussed in detail at the Supervisory Board meeting on April 27, 2004, which focused on approval of the annual accounts. The auditors presented the key results of their audits and answered questions from the Supervisory Board.

Prof. Dr. Ronald Frohne
Vice Chairman
Berlin

Rolf Hauschildt
Düsseldorf

Dr. Lutz R. Ristow
Chairman
Hamburg

Prof. Dr. Stephan Breidenbach
Berlin

The Supervisory Board concurred with the findings of Schröder, Nörenberg und Partner GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, and, having conducted its own review of the annual and consolidated financial statements and the respective management reports, did not raise any objections. The Supervisory Board approves and confirms the annual and consolidated financial statements prepared by the Management Board.

The Supervisory Board wishes to express its appreciation of the work performed by the Management Board and all employees of TAG and its affiliated companies. With their high level of commitment, they all contributed to the further development of the TAG Group in a difficult year.

Hamburg, April 2004

The Supervisory Board

Dr. Lutz R. Ristow
Chairman

Corporate Governance

Last year, too, the subject of corporate governance was accorded more and more importance on the capital markets and beyond. A corresponding code had already been drawn up and published by the Governmental Commission on the „German Corporate Governance Code“ in 2002. It contains key statutory requirements for the management and supervision of German listed companies. The code contains recognized standards for sound and responsible corporate governance and aims at enhancing trust in the corporate management of German listed stock corporations on the part of shareholders, customers, employees and the general public. Companies are required to make an annual declaration indicating the extent to which they have conformed to the recommendations of the code and those rules that are not being applied.

The Management Board and Supervisory Board of TAG issued their first declaration of conformity with the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG) in December 2002. In addition, TAG will provide information on corporate governance in every Annual Report.

The German Corporate Governance Code was amended on May 21, 2003, and the revised version published by the German Federal Ministry of Justice in the German Federal Gazette on July 4, 2003. Subsequently, TAG issued an updated declaration of conformity in December 2003, which can be permanently accessed by shareholders on the company‘s website. In this declaration, which takes account of the amendments adopted on May 21, 2003, the Management Board and Supervisory Board of TAG confirm conformity with the recommendations for corporate management and supervision save for the exceptions already disclosed in the 2002 declaration to 93.4%. With this move, TAG has achieved further enhancement of transparent and value-oriented corporate governance.

For TAG, corporate transparency is not an obligation, but an integral part of the way it sees itself in its communication with shareholders and the general public. TAG will continue to regularly review its principles and align them, if necessary, to new experiences and legal requirements and future developments in the German Corporate Governance Code. In this respect, we regard state-of-the-art corporate governance as an enduring process.

Group management report and consolidated financial statements

TAG Tegernsee Immobilien und Beteiligungs-Aktiengesellschaft, Tegernsee

Group management report for fiscal 2003

Overall economic situation

From a macroeconomic perspective, fiscal 2003 was another disappointing year. Contrary to many forecasts presented at the beginning of the year, the economic did not experience a noticeable revival in the course of the year. The German economy recorded the third successive year of stagnation. In the first half of 2003, the aggregate economic output even contracted slightly, and employment continued to decline. This was mainly attributable to unfavorable underlying conditions in foreign trade. Uncertainties with respect to the conflict in Iraq and the persistent appreciation of the euro put a damper on foreign demand. Companies´ business expectations remained dim, and plant and equipment expenditure waned further, too.

The domestic economic situation presented a feeble picture, too. Against the background of a continued decline in employment, consumers´ disposable incomes edged up only slightly. Whereas exports still increased by as much as 1.9% in the global environment, private consumption contracted for the second time in a row. This was mainly due to rising unemployment, waning gainful employment and fears of the future due to the difficult labor market situation.

The reform debates, which continued throughout the entire year, also had an adverse effect. The population´s wishes in terms of provisions in conjunction with the confusion caused by politicians resulted in an increase in the savings ratio – against the background of virtually stagnating real incomes.

Situation in the construction and property sector

Another difficult year has drawn to a close for the German construction sector, which recorded its eighth annual contraction in succession. More than one third of all employees in the construction industry lost their jobs, with the corresponding figure for eastern Germany even coming to nearly 50%.

The crisis was exacerbated by the cyclical trough of the German economy. In 2003, this was reflected in continued restraint concerning construction investments. In particular, the steady downdrift in demand, the persistent price erosion with respect to construction services and the high share accounted for by foreign bidders were the main reasons behind the construction industry´s gloomy business outlook.

The extremely anemic order intake resulted in cautious staffing decisions in the constructing industry in 2003. The economy´s very tentative revival attempts did not suffice to bring the cyclical downturn in the construction sector to a halt. Representatives of the construction industry expect initial signs of a bottoming-out process to emerge by 2004 at the earliest. Consequently, a pickup in revenues is not expected to materialize until 2005, and employment will probably not stabilize until 2006.

The German real estate market was not in good shape either in 2003. The commercial property market was still under the sway of rising vacancy rates and a continued downward trend in rents and leasing volumes. Due to the large number of corporate insolvencies and uncertainties about potential job losses, neither the office segment nor the residential property market experienced a sustained upturn. In addition, the German Federal Government´s discussions about a complete elimination or reduction of subsidies for owner-occupied homes, which continued throughout the year, had a negative effect on the real estate market.

Commercial properties were hit particularly hard in 2003. The Commercial Property Index fell sharply for the second year in succession. Prices and rents declined by an average of 3.4%.

In Germany´s major markets for office properties, vacancy rates climbed to hitherto unparalleled record levels. Vacancies came to 6.3 million square meters; according to the real estate pundits, they are poised to rise even further in 2004. The Association of Medium-Sized Property Advisors calculated an average vacancy rate of 7.5% for Germany as a whole (13 cities) for 2003, up from 5.3% in the previous year.

At -0.2%, prices in the residential property segment remained virtually constant. However, a nation-wide analysis reveals that trends in the individual regions and property categories differed widely.

Trends in the capital investment market for property products

The sector of open-end property funds saw record inflows of € 13.4 billion in 2003. Investors again gave preference to products offering a high degree of security and sustained favorable returns compared to other investment vehicles. To some extent, however, the inflow in open-end property funds initially had to be held in cash positions. With interest on cash falling short of the level generated by property investments, the overall return of open-end property funds was below the levels recorded in previous years. A long-term analysis reveals that investors holding shares in such funds recorded an average value gain of 22.7% over five years.

Closed-end property funds continued to chart a growth course in 2003, reaching their historical high with an investment volume of € 157 billion. The assets collected from investors of € 2 billion were increased to € 2.31 billion. The investment volume realized (including bank loans) rose from € 4.84 billion to a total of € 5.64 billion.

The stocks of listed German property companies were still eclipsed by open-end and closed-end property funds in 2003. The Ellwanger & Geiger DIMAX – a comprehensive equity index for German listed property companies – recorded only a slight gain of 1.13% in 2003 (excluding WCM). Most German listed property companies again recorded substantial valuation discounts of 35-50% compared to their net asset values in 2003.

Accounting in accordance with IAS/IFRS

After the adoption of IAS/IFRS accounting on December 31, 2002, TAG prepared its first consolidated quarterly reports in accordance with IAS/IFRS with corresponding prior-year figures in fiscal 2003.

Over the medium term at least, international accounting practices and the national German Stock Corporation Act (which will continue to use the German Commercial Code, or HGB, as its yardstick in the future) will still be governed by different standards.

For the TAG Group, accounting in accordance with IAS/IFRS has the advantage of ensuring improved international comparability and a more realistic balance sheet presentation (disclosure of hidden reserves and encumbrances). This also leads to a fundamental improvement in both equity and debt financing possibilities, including in the international sphere.

Business Trends in the Group

TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (TAG) is the holding company of the TAG Group. Relying on a multi-dimensional business model based on management companies, TAG is active in its core business segments, Residential Properties, Commercial Properties and Special-Purpose Properties, or plans to expands its business activities in these areas.

In its Residential Properties core business segment, TAG – via its management company Bau-Verein zu Hamburg Aktien-Gesellschaft (Bau-Verein AG) – focuses on the acquisition, management and privatization of housing estates. The goal is the expansion of the residential property portfolio and, by extension, the enhancement of the net asset value of the TAG Group.

TAG plans to strengthen its activities in the Commercial Properties business segment through the acquisition or development of a dedicated management company, which will subsequently also be used for the acquisition and management of properties for the Group´s portfolio. Due to a persistently lackluster market and limited financing possibilities, TAG has not yet acquired a management company for its commercial properties and did not review any concrete acquisition opportunities in fiscal 2003.

Given the market trend and forecasts, this restraint has proved to be the right course.

The most important shareholdings of TAG are:

Bau-Verein zu Hamburg Aktien-Gesellschaft (Bau-Verein AG)

Bau-Verein AG is still the largest company in the TAG Group and the management company responsible for the Residential Properties core business segment. Bau-Verein zu Hamburg AG is a listed stock corporation and publishes its own annual report and consolidated financial statements in accordance with IAS/IFRS. The lion´s share of the company´s total revenues of € 87.3 million generated by the Bau-Verein Group (previous year: € 107.8 million) was accounted for by property sales, which made a contribution of € 60.2 million (previous year: € 82.7 million). Building management generated revenues of € 27.1 million (previous year: € 24.6 million). The decline in revenues from property sales was attributable to the persistently sluggish economic environment in 2003 and lingering uncertainties with respect to underlying tax and legal conditions. In addition, the willingness to acquire properties was hampered by the fact that potential investors had to conduct more time-consuming negotiations with their financing banks. Continued implementation of cost-reduction measures and other operating income of € 4.7 million (up from € 1.5 million in the previous year) largely offset these developments in the company´s earnings. With respect to the future development in the residential property sector, Bau-Verein AG has been skillful in the selection of its property locations in Munich, Hamburg, Berlin and the Rhine/Main region. In the future, metropolitan areas will continue to see a more favorable development than secondary locations. What is more, the company has taken account of the trend towards larger apartments at an early stage. Today, approximately 70 % of the dwelling units offered by the portfolio development segment of Bau-Verein AG already have three and more rooms. In addition, further large apartments are created by combining existing dwelling units. Long-term success will be garnered by the company offering attractive apartments in terms of floor plan, size and fittings in an appealing and economically stable environment.

In fiscal 2003, Bau-Verein AG initiated a number of projects at sites in Berlin, Hamburg and the Rhine/Main region. In the so-called “Schweizer Viertel” neighborhood in southwest Berlin, a town villa was realized within the context of a land utilization optimization project, offering modern architectural design and two to three-bedroom apartments fulfilling state-of-the-art requirements in terms of luxury and fittings. In the old city center of Wedel near Hamburg, 64 new apartments are being constructed in five buildings on a property measuring only 5,700 square meters; they have been designed as two-level maisonette apartments with garden shares. The excellent location of the property and the diversity and functionality of the floor plans ensured that sales got off to a good start in 2003. “Dock4” at Sandtorkai in Hafencity is a showpiece project in Hamburg. After a construction period of slightly over six months, the visions of the Sandtorkai development are beginning to take physical shape. At an outstanding location opposite the historical storehouse town, on-schedule completion of the construction project has made good headway. In close alignment with the other investors and Hafencity Hamburg GmbH, the project will be completed by the end of 2004, setting the first milestone in the implementation of the largest urban construction project. In Mainz, construction work has begun at the “Vor den Weinbergen” site, which will feature 34 new terraced houses and 10 semi-detached houses. Overall, this project will create living/utilizable space of 7,800 square meters. Sales commenced in the second half of 2003, and the completion of the project is envisaged for fall 2004.

The expansion of its residential property portfolio through acquisitions is one of the company´s prime goals. Due to its expertise in the residential segment, Bau-Verein AG was once again invited to participate in major tenders in fiscal 2003. However, there is agreement within the TAG Group that the emphasis of today´s acquisitions must, as a matter of principle, be on profitability. Against this background, no major package of apartments has been acquired so far. Instead, Bau-Verein AG now plans to develop its residential property portfolio through the acquisition of smaller packages of apartments at acceptable prices, too.

On the basis of total assets of € 417.2 million (previous year: € 416.8 million) and revenues totaling € 87.3 million (previous year: € 107.8 million), the Bau-Verein Group generated net annual income of € 0.2 million, compared to € 1.0 million in the previous year. The continuity of total assets despite a reduction in current assets and corresponding loan liabilities is attributable to the first-time full consolidation of a participation within the Bau-Verein Group. TAG continues to hold a stake of 87.9% in the Bau-Verein Group.

JUS Aktiengesellschaft für Grundbesitz (JUS AG)

In 2003, JUS AG commenced its sales activities for “Schokoladen-Palais”, which is comprised of approximately 100 apartments. The follow-up project to “Elsterlofts” has thus successfully completed the project planning and launch phases. The first construction phase, the former manor house with eight apartments, was handed over to its new owners in 2003. Project completion is envisaged for 2004. The former Ludewig art printing house was acquired as a follow-up project to “Schokoladen-Palais”, and 25 apartments were designed for this complex in 2003. Sales for this project are scheduled to commence in spring 2004 and will be completed before 2004 has run its course. In Berlin, JUS AG had an opportunity to combine its more than ten years of expertise in the restoration of high-quality, landmarked residential properties with its new loft apartment segment in the “Grünberger Strasse” project. In the front building, 22 “Gründerzeit” apartments will be sold and revamped. The back building is an old factory, which will be converted into 20 loft apartments. With its loft apartments segment, JUS AG has dedicated itself to a modern living style and has become one of the market leaders in Germany within a very short period. There are many opportunities for the further development of this special way of living, particularly in eastern Germany and Berlin. For the first time in its corporate history, JUS AG launched a new construction project for purely commercial use in Leipzig. Construction work for “Stadtgalerie Markkleeberg” began in fall 2003, and approximately 5,000 square meters of utilizable floor space will be completed by November 2004. The total investment volume amounts to € 8.3 million. Before construction even started, tenants had already been found for 85% of the property, and JUS AG expects that the remaining office space will be rented out by the time the project is completed. After successful completion of the restoration work, a property in Leipzig was handed over to a public-law media institution under public law in 2003. The property is an outstanding example of the art of building preservation at a prominent location in Leipzig. It also marks JUS AG´s first sale of a restored building to a public-law institution.

Compared to 2002, JUS AG succeeded in boosting its sales volume by approximately 5%. The nomination of the city of Leipzig as an applicant for the Olympic Games led to sales gains of 20% in the period until mid-2003. More critical reporting on Olympic activities in Leipzig in the third quarter of 2003 exerted a downward tug on this significant advance, as less apartments were sold in the fourth quarter of 2003. Continued discussions about tax policies and reforms in the Federal Republic of Germany prevented a more pronounced upswing in sales. Owner-occupiers were confused and showed corresponding restraint in their purchases. Financial investors are still aware of the profitability of the products offered by JUS AG. Following the national decision in favor of the city´s application for the Olympic Games, Leipzig has attracted enormous public attention. This is very helpful for the business activities of JUS AG. Germany´s leading realtor associations, “Verein Deutscher Makler” (VDM) and “Ring Deutscher Makler” (RDM), speak of signs of a property revival in Leipzig in their most recent analyses. Rents of € 7 per square meter of floor space are no longer unheard of. What is more, Leipzig´s net population balance (which shows a gain of 2,000 residents for the first time) helps to stabilize Leipzig´s real estate market. Overall, sales figures show that the continued intensification of activities in Berlin has led to a balanced distribution of activities between the company´s two business locations, Berlin and Leipzig. Whereas Berlin still accounted for a revenue share of around 30% in 2002, as much as 40% of sales were generated in the Berlin real estate market in 2003. The distribution of sales among the locations of Berlin and Leipzig is underpinned by a clear strategic commitment and has been implemented accordingly. With its developments in Berlin, JUS AG can now tap an enticing pool of potential contracts, which, previously, have been going to service providers outside the TAG Group. The number of projects and their size are an ideal platform for collaboration with Bau-Verein zu Hamburg AG in Berlin with a view to exploiting synergy effects. The continued restraint showed by banks with respect to so-called “developer financing” has prompted JUS AG to position itself as an interesting partner for private equity investors. In 2003, it succeeded in attracting a total of approximately € 10 million of project-related equity financing. These favorable experiences with private equity investors will be extended in the future to include internationally operating opportunity funds. On the basis of consolidated financial statements prepared in accordance with IAS/IFRS, the JUS Group posted net annual income of € 0.9 million (previous year: € 4.0 million), with total assets of € 144.8 million (previous year: € 101.6 million) and revenues of € 33.3 million (previous year: € 32.7 million). The increase in total assets results from the wide variety of projects in which JUS AG was able to start refurbishing work after successful sales to final buyers. Commensurately, loans for the financing of the projected construction measures were paid out. In this context, the reduction in net annual income versus the previous year is largely attributable to higher interest expenses and an increase in other operating expenses on the expense side. As far as income is concerned, the revaluation of investment properties at JUS AG resulted in a positive amount of € 0.3 million compared to € 2.9 million in the previous year. In addition, JUS AG had expected an earnings contribution from the “Südtor” project in Stuttgart by late 2003. TAG continues to hold a stake of 93.6% in this company.

Allgemeine Gewerbebau- und Projektentwicklungs Aktiengesellschaft (AGP AG)

Within the TAG Group, this Munich-based company was responsible for development and project planning activities for the historical properties held by TAG in Tegernsee Valley. In the future, AGP AG will operate as a single-property company, focusing exclusively on the economic optimization of its property – the book and media store on the Anger in Erfurt. Consequently, the company´s cost structure has been adjusted to its immediate responsibilities. Expansion plans will be put on the backburner until the underlying conditions and financial situation in the real estate sector permit their implementation. In fiscal 2002, the participation in AGP AG, which is recognized at equity, contributed a loss of € 1.0 million (previous year: € 0.2 million). TAG holds a share of 66.7% in the company´s profit or loss and 49% of the voting rights of AGP AG.

Real Immobilien GmbH (REAL)

Landesbank Sachsen and TAG each hold participations of 49% in this company. REAL will seize the opportunities currently existing in the German real estate market by acquiring, revamping and subsequently reselling properties, including those subject to insolvency and forced-administration procedures. The starting point of this strategy is the fact that statutory regulations limit the possibility of optimum management and market-geared enhancement of properties in this phase. REAL is not subject to such restrictions and can use them to its own benefit. In addition, the company will also exploit other business opportunities in the area of "non-performing loans" by acquiring such exposures from banks. Eventually, REAL may also offer its services to third parties for the realization of value-added potential of their properties in the marketplace. In fiscal 2003, REAL acquired properties with a total volume of € 82.5 million via property companies. In addition, further properties with a total volume of € 75 million were prepared for acquisition.

Financing

Financing within the companies of the TAG Group was based on internal and external liquid funds. Alongside loans granted by banks, externally borrowed capital was also successfully raised by the TAG subsidiaries JUS AG and Bau-Verein AG within the framework of a private equity program. TAG itself carried out a cash capital increase of € 4.15 million in January 2003. Intragroup loans are used to optimize financing within the group.

Consequently, the Group recorded the following financing structure at the end of the year under review:

	Total € 000s 12/31/2003	*as a percentage of total assets 12/31/2003*	*Total € 000s 12/31/2002*	*as a percentage of total assets 12/31/2002*
Shareholders´ equity	**92,167**	**15.22**	103,174	17.89
Bank liabilities	**402,689**	**66.48**	375,601	65.14
Other externally borrowed funds	**101,390**	**16.74**	88,291	15.31

Bank liabilities result from participation, project and portfolio financings of the individual affiliated companies. Loans have been agreed for short-term, medium-term and long-term maturities. Within the context of their bank liabilities, individual companies also had and utilized credit lines. In the fiscal year under review, interest expenses at an average interest rate of 5.0% were incurred for externally borrowed funds. To some extent, TAG in its capacity as parent company of the Group provided guarantees for loans taken out by affiliated companies.

Income and revenues

The decline in revenues from property sales at Bau-Verein AG was reflected clearly in a contraction of the revenues recorded by the TAG Group. Consolidated revenues declined to € 122.2 million, compared to € 142.4 million in the previous year. At € 88.7 million (73%), revenues generated by sales continued to account for the lion´s share of revenues posted by the TAG Group. A satisfactory trend was recorded in the property management revenues generated by Bau-Verein AG, which rose from € 24.6 million to € 27.0 million, contributing 22% to consolidated revenues. The Group strives to further increase the share of this revenue category due to its sustainability and the resulting stabilizing effect. Other operating income was generated, among other things, by realized gains from currency sales of € 2.4 million and income from the reversal of reserves of € 1.2 million, both at Bau-Verein AG. The revaluation of investment properties, which is required on an annual basis, enhanced earnings by € 0.1 million in fiscal 2003 compared to € 2.6 million in the previous year.

Expenses

The extensive restructuring measures in the TAG Group continued in fiscal 2003 and resulted in a reduction in other operating expenses from € 17.7 million in 2002 to € 16.1 million in the year under review. In this context, the individual companies within the TAG Group saw different developments. Whereas Bau-Verein AG and TAG succeeded in paring down other operating expenses from € 6.1 million to € 3.9 million and from € 3.0 million to € 2.1 million, respectively, JUS AG recorded an increase from € 8.6 million to € 10.2 million. This increase is due the high requirements resulting from the 30 projects currently being implemented by JUS AG. Increased interest expenses resulted in income from investments of € -20.1 million, compared to € -18.9 million in the previous year. This figure, too, reflects the increased activities of JUS AG resulting from the large number of projects currently in progress and under financing.

Depreciation and amortization

In fiscal 2003, a goodwill impairment of € 9.06 million concerning the acquisition of shares in Bau-Verein AG was recognized in addition to regular goodwill amortization. In this context, application of the gross rental method led to the assumption of a permanent value reduction of goodwill. The expansion of the residential portfolio is an integral part of the strategy TAG pursues for its participation in Bau-Verein AG. Due to its expertise in the residential segment, the company was invited to participate in major tenders in fiscal 2002 and 2003, without acquisition decisions having been made in favor of Bau-Verein AG or, in individual cases, at all. There is agreement within the TAG Group that the emphasis of today´s acquisitions must, as a matter of principle, be on profitability.

If the announced formal new regulations for future goodwill amortization in IAS/IFRS accounting are confirmed, this will have a substantial favorable effect on the earnings of the TAG Group in subsequent years.

Earnings

Consolidated earnings of TAG for fiscal 2003 were influenced by a substantial decline in revenues at Bau-Verein AG, expenditure resulting from the goodwill impairment at Bau-Verein AG and increased financing requirements and expenses at JUS AG due to the large number of projects undertaken. In addition, the favorable effect resulting from the revaluation of investment properties was lower than in the previous year. On balance, the Group posted a net annual loss of € 15.1 million compared to net annual income of € 1.1 million in fiscal 2002.

Organization and employees

In the fiscal year under review, the average number of employees in the TAG Group was 151, down from 162 in fiscal 2002. Here, too, the individual companies saw diverging developments. The organization of TAG was streamlined to 5 staff members (previous year: 7). The operational real estate business is handled by the individual subsidiaries within the TAG Group. Bau-Verein AG reduced its workforce by 8 to 98 employees within the context of its restructuring measures. In contrast, JUS AG continued to increase its workforce, by 15 to 41 staff members, to take account of its rising business volume and requirements within the group. The railway infrastructure company Tegernsee-Bahn Betriebsgesellschaft (TBG) kept its workforce of 11 employees stable.

Risk report

Monitoring, management and appropriate consideration of business opportunities and risks are important elements of the corporate culture of TAG Group. Above-average results can frequently be achieved only by deliberately accepting risks. Accordingly, systematic and organized processes for identifying, analyzing and responding to risks are crucial for a company´s future success. In addition, the availability of capital is a top priority for both our Group and the individual affiliated companies. The financial markets are still in a fragile state. Banks and investors are still plagued by uncertainties, so that both equity capital and loans remain difficult to raise. This situation has not improved noticeably compared to the previous year.

Market risks

The TAG Group operates in a continuously changing market environment. Different locations and market segments require continuous market observation and an ongoing dialog with market participants. Uncertainties may result from plans to change the laws governing real estate taxation and subsidization; a final assessment of their ultimate impact on the market is not yet possible from today´s vantage point. This also involves price and sales risks, primarily with respect to the commercial property portfolio. The diversification of the property portfolio in three core business segments, which TAG pursues as an integral part of its long-term strategy, helps minimize these general risks.

Loan-loss risks

In line with its strategy, TAG grants loans to subsidiaries and associated companies. The economic development of these participations is controlled by means of intragroup relationships; if necessary, suitable measures are taken to hedge outstanding amounts.

Financing risks

The TAG Group relies on decentralized cash and financing management. Liquidity in the Group is optimized by means of intragroup loans. Banks´ restraint with respect to the financing of company acquisitions and properties hamper the business possibilities of the TAG Group companies. Intragroup loans must therefore be made available to associated companies for longer periods, so that the corresponding funds will not be available to TAG for its own purposes. Investment opportunities can be seized by the individual companies only to a limited extent. Successful raising of equity capital via capital increases in the form of cash or non-cash contributions is not always possible in a bearish stock market environment. The executives responsible for financing management in the individual entities and the holding company continuously analyze developments in the capital markets and take the necessary measures. The Management Board of TAG points out that financing risks may jeopardize the continued existence of the TAG Group or individual affiliated companies or materially affect their net assets or financial position.

Risks emanating from affiliated companies

The affiliate companies are subject to the risk of non-fulfillment of the return expectations placed in their associated companies. Due to the acquisition of JUS AG and Bau-Verein AG in fiscal 2001 and 2002, the Group faces additional risks relating to the operating business of the subsidiaries of the JUS Group and the Bau-Verein Group. Risk monitoring is a decentralized responsibility handled by JUS AG and Bau-Verein AG themselves and controlled by the parent company. The executives in charge of risk control in the subsidiaries regularly report on recent developments. In addition, some of the positions in the corporate organs of associated companies have been staffed with members of the Supervisory or Management Board of TAG – a practice that ensures awareness of potential risks emanating in the subsidiaries.

Events after the close of fiscal 2003

In January 2004, TAG placed 566,265 shares through implementation of a cash capital increase with exclusion of shareholders´ subscription rights. This increased the share capital by approximately 9.9%, to € 6,228,926.00. Via this transaction, TAG received a cash infusion of € 4.4 million. Against the background of the uncertain situation prevailing in the financial markets and banks´ restrictive approach with respect to the extension of new loans, this measure must be regarded as a particular success.

In January 2002, TAG purchased a stake of 11.75% in Bau-Verein zu Hamburg AG from the international investors ABP Investments, BPF-Bouw and Jones Lang LaSalle Co-Investment Inc. within the context of a put option. The remaining purchase price of approximately € 15 million was reduced by one third by an agreement concluded in March 2004. The reduction involved a credit extension for the remaining purchase price until 2006 with ratable redemptions. At the same time, TAG has granted the investors a right of election with respect to transformation of the remaining purchase price into a convertible bond.

The reduction in the purchase price in conjunction with the convertible bond was agreed as a partial compensation for the non-recurrent restructuring expenses incurred at Bau-Verein AG in fiscal 2001. The extension of the repayment terms for the residual purchase price constitutes a further partial compensation.

This agreement between the contractual partners reduces TAG´s liabilities by € 5 million, thereby resulting an a further noteworthy improvement in the capital structure after the cash capital increase in January 2004. In addition, there is the possibility of converting externally borrowed capital into equity capital over a medium-term horizon if the investors opt in favor of the potential convertible bond and eventually convert this bond into TAG shares.

These favorable results are a further step forward in the process currently undertaken by TAG with a view to optimizing its balance sheet ratios and structures. As a result, the position of TAG in potential participation and merger processes in 2004 has been improved.

Expected developments and outlook

The focus of the participation portfolio is on the activities in the Residential Properties core business segment. Within this core business segment, the Group´s continued intention is to purchase attractive packages of apartments at reasonable prices via Bau-Verein zu Hamburg AG. Small and large housing companies and apartment portfolios will be acquired through national and international collaborations with financially strong partners. With the sale of affordable homes in attractive cities, which is the responsibility of Bau-Verein zu Hamburg AG, and tax-favored landmarked properties, which are the domain of JUS AG, TAG continues to operate in two attractive market segments. Another decisive aspect for TAG´s future performance will be the expansion of its market position in the real estate market. Here, the company´s goal must be to actively seize the special, and maybe even unique, opportunities offered by a consolidating market.

Tegernsee, April 14, 2004

TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft

Michael Haupt Olaf G. Borkers

Consolidated Balance Sheet
for the year ending December 31, 2003

Assets	Notes	12/31/2003 € 000s	12/31/2002 € 000s
A. Fixed assets			
I. Investment properties	1	**85,940**	82,024
II. Tangible assets	2	**7,457**	6,687
III. Intangible assets	3	**113**	118
IV. Goodwill	4	**27,053**	38,047
V. Financial assets	5		
Shares in associated companies	5	**1,345**	1,232
Other financial assets	5	**3,581**	5,739
		4,926	6,971
B. Deferred tax assets	6, 39	**10,101**	7,564
C. Current assets			
I. Land available for sale and other inventories	7		
Properties and leasehold rights with finished buildings	8	**330,504**	314,825
Properties and leasehold rights with unfinished buildings	8	**50,634**	57,433
Other inventories	9	**17,003**	7,441
		398,141	379,699
II. Receivables and other assets	10		
Trade accounts receivable	10	**28,632**	22,704
Receivables from construction contracts	10	**15,524**	10,285
Other assets	10	**10,129**	12,669
		54,285	45,658
III. Cash and cash equivalents	11	**17,460**	9,622
D. Prepaid expenses	12	**220**	229
		605,696	**576,619**

Shareholders' equity and liabilities	Notes	12/31/2003 € 000s	12/31/2002 € 000s
A. Shareholders' equity			
I. Subscribed capital	13	**5,663**	5,163
II. Capital reserve	14	**86,744**	97,777
III. Revenue reserves	15	**6,689**	6,689
IV. Profit available for distribution		**-6,929**	-6,455
		92,167	103,174
B. Minority interests	16	**9,450**	9,533
C. Long-term liabilities	17		
Liabilities due to banks	17	**99,335**	108,438
Pension provisions	18	**2,453**	2,413
Other long-term liabilities	19	**1,098**	1,391
		102,886	112,242
D. Short-term liabilities	20		
Liabilities due to banks	20	**303,354**	267,163
Trade accounts payable	20	**40,337**	36,381
Tax provisions	21	**1,593**	2,117
Other short-term liabilities	22, 25	**45,669**	37,052
		390,953	342,713
E. Deferred tax liabilities	23, 39	**10,147**	8.820
F. Deferred income		**93**	137
		605,696	**576,619**

Consolidated Income Statement
for the year ending December 31, 2003

	Notes	2003 € 000s	2002 € 000s
Revenues	26	**122,164**	142,391
Other operating income	27	**6,514**	4,046
Changes in work-in-progress inventories	28	**11,835**	5,652
Other internally produced and capitalized assets	29	**918**	1,653
Cost of materials	30	**-99,724**	-106,270
Personnel expenses	31	**-8,617**	-9,091
Other operating expenses	32	**-16,146**	-17,743
EBITDA		**16,944**	**20,638**
Amortization of intangible assets and depreciation of tangible assets	33	**-658**	-832
Revaluation of investment properties	34	**114**	2,615
EBITA		**16,400**	**22,421**
Goodwill amortization	35	**-10,994**	-1,968
EBIT		**5,406**	**20,453**
Income from investments	36	**-134**	846
Income from associated companies	37	**-1,029**	-145
Income from financial assets	38	**-20,130**	-18,860
EBT		**-15,887**	**2,294**
Income taxes	39	**870**	-1,568
Minority shareholders´ profit and loss shares	40	**-115**	328
Net annual income		**-15,132**	**1,054**
Earnings per share (€), undiluted		**-2.69**	0.21

Consolidated Statement of Cash Flow
for the year ending December 31, 2003

	2003 *€ 000s*	*2002* *€ 000s*
Consolidated results	**-15,132**	**1,054**
Depreciation of tangible assets and amortization of intangible assets	**658**	832
Amortization/appreciation of participations/associated companies	**1,364**	143
Amortization of goodwill	**10,994**	1,968
Depreciation/appreciation of properties held as financial investments	**-114**	-2,615
Decrease in other long-term liabilities (excluding financing liabilities)	**-299**	-308
Increase/decrease in deferred tax liabilities	**-1,210**	1,512
Cash flows in accordance with DVFA/SG	**-3,739**	**2,586**
Profit/loss from sale of fixed assets	**-277**	-52
Increase/decrease in receivables and other assets	**-7,133**	27,229
Increase/decrease in accounts payable and other liabilities (excluding financial liabilities)	**10,353**	-50,766
Cash flows from operating activities	**-796**	**-21,003**
Proceeds from sale of properties held as financial investments	**0**	1,360
Payments for investments in intangible assets	**-38**	-92
Proceeds from sale of intangible assets	**65**	3
Payments for investments in tangible assets	**-1,665**	-411
Proceeds from sale of tangible assets	**138**	144
Payments for investments in financial assets	**-223**	-3,250
Proceeds from sale of financial assets	**49**	611
Payments for acquisition of consolidated companies	**0**	-17,737
Cash flows from investing activities	**-1,674**	**-19,372**
Proceeds from capital increases (minus cost of capital increases)	**4,125**	0
Proceeds from/payments for financial liabilities	**4,979**	-22,010
Cash flows from financing activities	**9,104**	**-22,010**
Net change in cash and cash equivalents	**6,634**	-62,385
Consolidation-related changes	**1,203**	31,198
Cash and cash equivalents at January 1	**9,622**	40,809
Cash and cash equivalents at December 31	**17,459**	**9,622**

Consolidated Statement of Changes in Shareholders´ Equity
for the year ending December 31, 2003

	Subscribed capital € 000s	*Capital reserve € 000s*	*Revenue reserves € 000s*	*Profit available for distribution € 000s*	*Own shares € 000s*	*Total € 000s*
01/01/2002	**2,754**	**73,364**	**6,689**	**-7,509**	**-1,847**	**73,451**
Consolidated net income				1,054		1,054
Non-cash capital increase	649	26,270				26,919
Bonus shares	1,721	-1,721				0
Other	39	-136			1,847	1,750
12/31/2002	**5,163**	**97,777**	**6,689**	**-6,455**	**0**	**103,174**
Consolidated net income				-15,132		-15,132
Withdrawal from revenue reserves		-14,658		14,658		
Cash capital increase	500	3,650				4,150
Other		-25				-25
12/31/2003	**5,663**	**86,744**	**6,689**	**-6,929**	**0**	**92,167**

Segment Reporting
for the year ending December 31, 2003

	Railway infra-structure 2003 € 000s	*Building management 2003 € 000s*	*Con-struction activity 2003 € 000s*	*Recon-ciliation 2003 € 000s*	*Con-solidated 2003 € 000s*
External revenues	1,272	10,564	110,403	-75	122,164
Previous year	*1,098*	*15,052*	*123,814*	*0*	*139,964*
Internal group revenues	0	1,052	1,480	-2,532	0
Previous year	*33*	*695*	*1,519*	*180*	*2.427*
Revenues	1,272	11,616	111,883	-2,607	122,164
Previous year	*1,131*	*15,747*	*125,333*	*180*	*142,391*
Segment earnings	**-86**	**4,483**	**-1,099**	**-19,185**	**-15,887**
Previous year	*474*	*1,440*	*6,833*	*-6,453*	*2,294*
thereof earnings from associated companies	*0*	*0*	*0*	*-1,029*	*-1,029*
thereof depreciation/amortization	*-64*	*-408*	*-167*	*-11,013*	*-11,652*
thereof interest income	*0*	*2,617*	*1,581*	*-3,162*	*1,036*
thereof interest expenses	*-5*	*-5,943*	*-17,652*	*2,434*	*-21,166*
thereof non-cash-relevant items	*-196*	*409*	*-1,874*	*335*	*-1,326*
Segment liabilities	**549**	**106,569**	**397,284**	**-323**	**504,079**
Previous year	*1,331*	*86,286*	*387,378*	*-11,085*	*463,910*
Segment assets	**2,634**	**193,938**	**434,537**	**-25,413**	**605,696**
Previous year	*2,807*	*191,085*	*421,612*	*-38,885*	*576,619*
thereof associated companies	*0*	*0*	*0*	*1,345*	*1,345*
Segment investments	**0**	**1,485**	**156**	**0**	**1,641**
Previous year	*85*	*389*	*239*	*0*	*713*

Shareholdings

Pos.	*Name and registered office*	*Participation in %*	*via position*
1	TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft, Tegernsee		
2	Kraftverkehr Tegernsee-Immobilien GmbH, Tegernsee	98.00	1
3	Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee	100.00	1
4	Feuerbachstraße 17/17a Leipzig Grundstücksverwaltung AG & Co. KG, Leipzig	99.55	1, 5, 12
5	JUS Aktiengesellschaft für Grundbesitz, Berlin	93.57	1
6	Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg	87.92	1
7	AGP AG Allgemeine Gewerbebau- und Projektentwicklungs Aktiengesellschaft, Munich	49.49	1
8	REAL Immobilien GmbH, Leipzig	49.98	1, 7
9	Wenzelsplatz Grundstücks GmbH, Leipzig	93.57	5
10	Trinom Hausverwaltungs GmbH, Leipzig	93.57	5
11	Studio am Zoo GmbH, Leipzig	93.57	5
12	BuP Projektmanagement GmbH, Leipzig	93.57	5
13	Defod. 58 Vermögensverwaltungs AG, Leipzig	93.57	5
14	Trinom Hausverwaltungs GmbH, Berlin	93.57	5
15	GbR Elsterstr. 40, Leipzig	46.78	5
16	WKA Gückelsberg oHG, Leipzig	93.10	5
17	JUS AG 1. Grundbesitz KG, Leipzig	93.57	5
18	JUS AG & Co. Heimat KG, Leipzig	93.57	5
19	GbR Feuerbachstr. 4, Leipzig	46.78	5
20	Neue Ufer GmbH & Co. KG, Leipzig	46.78	5, 12
21	GbR Siedelmeisterweg, Berlin	46.78	5
22	GbR Elsterlofts, Leipzig	46.78	5
23	GbR Wald-/Wettiner Str., Leipzig	46.78	5
24	Pölitzstr. 6 GmbH & Co. KG, Leipzig	9.31	5, 12
25	Mozart-/Schwägerichenstr. GbR, Leipzig	93.57	5, 12
26	Wohnen im Loft JUS AG & Co. oHG, Leipzig	93.95	1, 5
27	IKB GmbH, Leipzig	93.57	5, 12
28	Gottschedstr. GmbH & Co. KG, Leipzig	11.22	5, 12
29	GbR Kirschbergstr. 78-82, Leipzig	74.85	5
30	GbR Wohnen am Elbufer, Dresden	4.07	5
31	Wenzelsplatz 2-4 GmbH & Co. KG, Leipzig	93.57	5
32	Studio am Zoo KG, Leipzig	93.57	5
33	JUS Stuttgart-Südtor Verwaltungs GmbH, Leipzig	93.57	5
34	JUS Stuttgart-Südtor Projektleistungs GmbH & Co. KG, Leipzig	93.57	5, 33
35	Wenzelsplatz GmbH & Co. Nr. 1 KG, Leipzig	93.57	5, 9, 12
36	58. defod & AGP KG Angerpassage Erfurt, Leipzig	46.78	5, 13

Pos.	*Name and registered office*	*Participation in %*	*via position*
37	Bau-Verein zu Hamburg Altbau-Immobilien GmbH, Hamburg	87.92	6
38	Bau-Verein zu Hamburg Wohnungsgesellschaft mbH, Hamburg	87.92	6
39	Bau-Verein zu Hamburg Hamburger Wohnimmobilien GmbH, Hamburg	87.92	6
40	Bau-Verein zu Hamburg Gesellschaft für Immobilien und Projektentwicklung mbH, Hamburg	87.92	6
41	Grundstücksgesellschaft Boschstr. GbR, Hamburg	83.52	6, 54
42	Hamburg-Bremer Vermögensverwaltungsgesellschaft mbH, Hamburg	87.92	6
43	GAG Grundstücksverwaltungs-Aktiengesellschaft, Hamburg	87.92	6, 42
44	G+R Altbausanierung Reinhardstr. 15 GmbH, Berlin	87.92	6, 46, 37
45	G+R City-Immobilien GmbH, Berlin	74.73	6, 46, 37
46	G+R Altbau-Immobilien GmbH, Berlin	87.92	6, 37
47	VFHG Verwaltungs GmbH, Berlin	87.92	6
48	Wohnanlage Ottobrunn GmbH, Munich	87.92	6
49	Bau-Verein zu Hamburg Eigenheim-Immobilien GmbH, Hamburg	87.92	6
50	Bau-Verein zu Hamburg WestHyp Immobilien GmbH, Hamburg	58.61	6, 57
51	Bau-Verein zu Hamburg "Junges Wohnen" GmbH, Hamburg	58.60	6, 49
52	Urania Grundstücksgesellschaft mbH, Hamburg	86.16	6
53	Bau-Verein zu Hamburg Hausverwaltungsgesellschaft mbH, Hamburg	87.92	6
54	Bau-Verein zu Hamburg Gewerbeimmobiliengesellschaft mbH, Hamburg	87.92	6
55	Archplan Projekt Dianastr., Dortmund	58.61	6, 49
56	Bau-Verein zu Hamburg Fonds Verwaltungsgesellschaft mbH, Hamburg	87.92	6, 40
57	BVF Grundstücksgesellschaft Adlershof mbH, Hamburg	87.92	6, 40
58	Zweite BVV Bau-Verein zu Hamburg Fonds Verwaltungsgesellschaft mbH, Hamburg	87.92	6, 40
59	Grundstücksentwicklung Habersaathstr. 31 GmbH, Berlin	43.96	6, 37, 44
60	VFHG Haus- und Grundstücks GmbH & Co. Wohnanlage Friedrichstadt KG, Berlin	82.64	6, 49
61	B.N. Bauregie Nord GmbH, Hamburg	87.92	6
62	Adamshof Grundstücks GmbH, Berlin	74.86	5
63	Fürstenbergische Häuser GmbH, Berlin	18.71	5
64	Trinom Business Apartments GmbH	93.57	5
65	Sandtorkai Investitionsgesellschaft mbH, Hamburg	87.92	6
66	Bau-Verein zu Hamburg Sandtorkai-Investitionsgesellschaft mbH & Co. KG, Hamburg	87.92	6
67	Verwaltung GIB Grundbesitz Investitionsgesellschaft Bergedorf mbH, Hamburg	43.96	6
68	GIB Grundbesitz Investitionsgesellschaft Bergedorf mbH & Co. KG, Hamburg	43.96	6
69	Zweite Immobilienbeteiligungsgesellschaft BVV Bau-Verein zu Hamburg Fonds GmbH & Co. KG, Hamburg	32.48	6, 40
70	Vierte Immobilienbeteiligungsgesellschaft BVV Bau-Verein zu Hamburg Fonds GmbH & Co. KG, Hamburg	63.92	6, 40

Notes to the 2003 consolidated financial statements

General information

The consolidated financial statements of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (TAG) for the fiscal year ending December 31, 2003, have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The requirements of the standards applied have been fulfilled and result in the presentation of a true and fair view of the net assets, financial position and earnings situation of the TAG Group.

TAG has taken advantage of the exemption option pursuant to Section 292(a) German Commercial Code (HGB), which grants a company exemption from its obligation to prepare consolidated financial statements in accordance with HGB if its consolidated financial statements are drawn up in accordance with internationally accepted accounting standards and are consistent with Directive 83/349/EEC of the European Union. For interpretation of the Directive, TAG refers the reader to German Accounting Standard No. 1 (DRS 1), “Exemption from the preparation of annual financial statements pursuant to Section 292(a) HGB”. The previous year’s figures have been calculated on the same basis.

The fiscal year of TAG and its consolidated subsidiaries corresponds to the calendar year. TAG, which has been entered in the Commercial Register of the Munich Local Court, has its registered office in Tegernsee, Bahnhofsplatz 5.

The consolidated financial statements are prepared in euros (€). All amounts are cited in and rounded to thousands of euros (€ 000s).

Deviation in accounting and valuation methods under IFRS and HGB

In accordance with the reporting requirements pursuant to Section 292(a) HGB, the accounting, valuation and consolidation methods deviating from German law are described below to the extent to which they are applicable to these consolidated financial statements.

Goodwill – IAS 22

The goodwill resulting from the acquisition of consolidated subsidiaries has been capitalized and subjected to regular amortization. In contrast, Section 309(1) HGB permits offsetting of goodwill against reserves.

Investment properties – IAS 40

In accordance with IAS 40, properties held as financial assets in the group of companies are stated at their fair value on the cutoff date. Any changes in their value are posted as income or expenses in the income statement. Annual financial statements in accordance with German Commercial Code (HGB) recognize investment properties at acquisition or production costs less regular depreciation.

Equity capital transactions – IAS 32 in conjunction with SIC 177

Costs of equity capital transactions – after adjustment for all associated income tax advantages – are recognized as deductions from equity capital and offset against the capital reserve. These costs are fully posted as expenses in annual financial statements according to HGB.

Long-term construction contracts – IAS 11

If the result of a construction contract can be estimated reliably, contractual income and expenses associated with the construction contract are posted as income or expenses in accordance with the percentage of completion (PoC) method on the cutoff date. The regulations of IAS 11 allow realization of partial profits on long-term construction contracts by their percentage state of completion in accordance with the percentage of completion method. Accounting on the basis of HGB does not permit the realization of partial profits.

Deferred tax assets – IAS 12

Pursuant to HGB, deferred tax refund claims resulting from tax-loss carryforwards may not be reported in the balance sheet, because anticipated future tax savings are not yet deemed realized. Under IFRS, such future tax reduction claims must be capitalized to the extent to which it is likely that the temporary difference will be reversed in the foreseeable future and the taxable income against which the temporary difference can be offset will be available.

Pension provisions – IAS 19

Pension provisions are calculated using the accrued benefit present value method ("projected unit credit method"). In a HGB-compliant balance sheet, valuation is based on the partial-value method, in accordance with the tax regulations laid down in Section 6a German Income Tax Act (EStG).

Derivative financial instruments – IAS 39

Derivative financial instruments (swap transactions) are recognized as assets or liabilities at their current market value on the balance-sheet cutoff date. Any changes in their current market value are recognized in equity capital without affecting the income statement or posted as income or expenses in the income statement. Pursuant to the principles of the German Commercial Code (HGB), derivative financial instruments must be posted at the lower of their acquisition costs or fair value on the cutoff date and written down over their maturity in accordance with the straight-line method. In accordance with the imparity principle applicable under HGB, pending losses from financial instruments must be recognized as provisions.

Foreign currency transactions – IAS 21

Foreign currency receivables and liabilities are translated on the basis of the exchange rate applicable on the balance-sheet cutoff date. Differences arising from foreign currency translation are recognized in the income statement. In contrast, HGB-compliant financial statements recognize only currency losses on the balance-sheet cutoff date. Unrealized currency gains must not be reported.

Consolidation group

The consolidated financial statements for the fiscal year ending December 31, 2003, include TAG and, as a general principle, all enterprises with business operations in which TAG is directly or indirectly entitled to exercise the majority of the respective company's voting rights. The enterprises are included in the consolidated financial statements from the date on which the TAG Group obtains control.

Significant associated companies are recognized at equity.

Subsidiaries without business operations or with low business volumes are, as a general principle, not included in the consolidated financial statements. Overall, they account for less than 1% of consolidated revenues and earnings. Shareholdings in subsidiaries or associated companies held by the Group with the intent of resale or considered to be of subordinate significance from the Group's perspective are recognized as financial instruments within the meaning of IAS 39.

The balance-sheet cutoff date of all companies included in the consolidated financial statements is December 31, 2003. The joint overview of the Group's shareholdings pursuant to Sections 285, No. 11 and Section 313(2), No. 1 through 4 of the German Commercial Code (HGB) has been submitted to the Commercial Register of the Munich Local Court.

At December 31, 2003, TAG directly or indirectly held 100.00% of Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee (TGB), 99.55% of Feuerbachstr. 17/17 a AG & Co. KG, Leipzig, 98.00% of Kraftverkehr Tegernsee Immobiliengesellschaft mbH (KVT), Tegernsee, 93.57% of JUS Aktiengesellschaft für Grundbesitz, Berlin (JUS), 93.95% of Wohnen im Loft JUS AG & CO. oHG, Leipzig, 87.92% of Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg (Bau-Verein), 66.66% (thereof only 49.49% voting stock) of AGP AG Allgemeine Gewerbebau- und Projektentwicklungs Aktiengesellschaft, Munich (AGP), and 49.98% of REAL Immobilien GmbH, Leipzig (REAL).

Compared to the previous year, the consolidation group remained essentially unchanged in fiscal 2003. The only change in fiscal 2003 was the first-time full consolidation of VFHG Haus- und Grundstücks GmbH & Co. Wohnanlage Friedrichstadt KG, Berlin, which was still posted at equity with a participation of 47% of the voting rights in the previous year.

Within the context of capital consolidation, a purchae price of € 1.00 for an additional 47% stake acquired effective January 1, 2003, resulted in a credit differential of € 3,578,000, which has been allocated to the property reported in the company in question.

If this participation has already been consolidated in fiscal 2002, consolidated net annual income would have been reduced by € 1,497,000 in the previous fiscal year. In addition, significant changes would have been reported with respect to land available for sale (increase by € 22,463,000) and liabilities due to banks (increase by € 22,108,000).

Capital consolidation principles

Capital consolidation is performed through netting of the book values of the participations on the basis of the revalued pro-rata equity capital of the subsidiaries at the date of acquisition or first-time consolidation. The surpluses resulting from capital consolidation are capitalized as goodwill pursuant to IAS 22 and amortized over an estimated useful life of 20 years.

Interests in joint ventures are included in the consolidated financial statements on a proportional basis in accordance with IAS 31. Assets and liabilities, and revenues and expenses of jointly controlled entities are recognized in the consolidated financial statements in accordance with the stake held in these companies. Proportionate capital consolidation and goodwill are treated in accordance with the procedure used for the inclusion of subsidiaries.

Enterprises over which the Group may exercise significant influence (associates) are accounted for by the equity method using the revaluation method (IAS 28). Existing goodwill is recognized under “participations in associated companies”.

Revenues, other operating income and expenses, receivables and liabilities or provisions between the individual consolidated enterprises are eliminated. Interim results from intragroup shipments and services not realized through sale to third parties are also eliminated.

Accounting and valuation methods

a. Properties held as financial investments (investment properties)

Pursuant to IAS 40, properties held as financial investments must initially be recognized at acquisition or production costs at the time of their addition to the portfolio. In subsequent periods, all properties classified as financial investments must be posted at fair value, with annual changes being reflected in the income statement as operating income or expenses. Investment properties are properties held over a long-term horizon to earn rentals or achieve capital appreciation. Under IAS 40, properties recognized at fair value may no longer be subject to regular depreciation.

The fair values of the properties for the respective period under review were calculated by independent, externally recognized property appraisers, using the discounted cash flow (DCF) method or other recognized appraisal methods.

b. Tangible assets

Fixed tangible assets are stated at acquisition and production costs less regular depreciation and impairment losses, if applicable. Under tangible assets, properties used for administrative purposes are depreciated over a useful life of 50 years and technical plant and equipment and operating and office equipment are depreciated over a useful life of 3 to 20 years.

Properties created or developed for future use as financial investment are initially recognized as tangible assets and subsequently assigned to investment properties after their completion.

c. Intangible assets

Intangible assets are stated at acquisition costs less regular straight-line amortization and impairment losses, if applicable. Amortization using the straight-line method is carried out over a useful life of 3 to 5 years.

d. Goodwill

Goodwill, including goodwill resulting from capital consolidations, is capitalized in accordance with IAS 22 and regularly amortized over a useful life of 20 years using the straight-line method. Calculation of the useful life of goodwill is first and foremost based on the significance of the respective acquisition for the Group’s strategy in terms of the exploitation of synergy effects and the possibility of entry into new markets. Goodwill items are regularly reviewed for impairment (impairment test). If signs of a decline in value emerge, non-scheduled impairment losses are recognized.

e. Financial assets

Participations in associated companies are carried at acquisition costs in accordance with IAS 28; other financial assets are recognized at the lower of acquisition costs or fair value in accordance with IAS 39. For associated companies, the book value of the shares held is increased or reduced in subsequent periods in accordance with the share in the respective associated company's current income. Existing goodwill resulting from capital consolidation is recognized under "participations in associated companies" and posted in the balance sheet in accordance with the regulations of IAS 22.

f. Land available for sale and other inventories

In accordance with IAS 2, inventories are stated at the lower of acquisition and production costs or estimated net selling price unless the requirements of long-term construction contracts pursuant to IAS 11 are fulfilled.

Unfinished buildings subject to long-term construction contracts are recognized in accordance with IAS 11.

The prerequisites for accounting pursuant to IAS 11, "Construction Contracts", are the existence of a contract for customer-specific construction of individual assets or asset groups and the possibility of reliably calculating the costs incurred for the separate contract up until the respective balance-sheet cutoff date and any future services and income.

The individual dwelling units sold or contractually scheduled for modernization after sale are defined as individual construction contracts within the meaning of IAS 11. The contractual proceeds pursuant to IAS 11.11 correspond to the purchase price of the respective dwelling unit, which must be recorded by a notary public.

If these prerequisites are fulfilled, proceeds and costs associated with the individual construction contracts are stated as revenues and expenses pursuant to IAS 11.22 in accordance with the state of completion recorded at the balance sheet date (percentage-of-completion method (PoC)). IAS 11.36 requires immediate recognition of expected losses resulting from construction contracts as expenses.

In line with the percentage-of-completion (PoC) method, construction contracts are recognized by the state of completion of the contract in question, as calculated on the basis of the ratio between contract costs incurred by the cut-off date and total contract costs as estimated on the cut-off date. Contract costs include direct costs incurred within the context of a specific contract and indirect costs allocated to the contract as overheads.

g. Receivables and other assets

Receivables and other assets are stated at their nominal value or acquisition costs less reasonable value adjustments. Non-interest-bearing receivables and receivables bearing interest below market rates with a maturity of more than one year have been discounted.

h. Cash and cash equivalents

Current credit balances and cash at hand are recognized at their respective nominal amounts.

i. Deferred taxes

Pursuant to IAS 12, deferred taxes are accrued for temporary differences between IFRS and tax balance sheet valuations of the consolidated companies.

Deferred tax assets and liabilities are accrued in the amount of anticipated future tax burdens or tax relief in subsequent fiscal years on the basis of the tax regulations valid on the balance-sheet cutoff date.

j. Pension provisions

Pension provisions were calculated using the projected unit credit method. This accrued benefit present value method pursuant to IAS 19 takes account of the pensions and the vested pension rights accrued at the balance-sheet cutoff date as well as increases in salaries and pensions expected in the future.

k. Other long-term liabilities and provisions

Other long-term liabilities and provisions take account of all risks and contingent liabilities discernible at the balance sheet date. They are stated at their probable repayment amount in accordance with IAS 37.

l. Other liabilities

Other liabilities are, as a general principle, stated at their repayment amount.

m. Expenses and income

Expenses and income for the fiscal year under review are recognized irrespective of whether they are cash-relevant or not. Proceeds from sale or lease are realized when the obligation or service owed has been fulfilled or provided, risk has passed and a reliable estimate of the amount of the expected counter-performance is possible, unless the prerequisites of partial profit realization pursuant to IAS 11 are fulfilled.

n. Contract costs for long-term construction contracts

Contract costs within the context of the percentage-of-completion method for long-term construction contracts pursuant to IAS 11 include direct costs incurred (IAS 11.17) such as construction wages, construction material, depreciation on machinery used, special direct sales costs (IAS 11.21), and costs of rework and warranties. In addition, IAS 11.18 also requires the recognition of the indirect costs of a contract. They include the costs of centralized order monitoring as well as borrowing costs within the meaning of IAS 23.

o. Borrowing costs

Borrowing costs directly allocable to the acquisition, construction or production of an asset have been capitalized as acquisition or production costs pursuant to IAS 23. Capitalization of expenses ends when the asset is completed for its intended use or sale. For properties acquired for the purpose of development, but held without commencement of associated development or project management activities scheduled for the foreseeable future, borrowing costs incurred during this period may not be capitalized pursuant to IAS 23.22.

Notes to the balance sheet

1. Properties held as financial investments (investment properties)

On account of a change in utilization, two properties were transferred from inventories to properties held as financial investments. The properties were recognized at their fair value upon change in utilization.

In fiscal 2003, fair values posted were adjusted for depreciation of € 717,000 and appreciation of € 831,000. Changes in fair values thus enhanced earnings by a net amount of € 114,000.

The table below shows the development of the property portfolio since January 1, 2002:

Investment properties	*€ 000s*
At 01/01/2002	78,827
Withdrawals 2002	-1,360
Reclassifications	1,942
Fair value changes at 12/31/2002	2,615
At 12/31/2002	82,024
Additions 2003	1,361
Reclassifications	2,441
Fair value changes at 12/31/2003	114
At 12/31/2003	**85,940**

In the year under review, € 60,220,000 (previous year: € 56,733,000) of the properties held as financial investments were secured by real-property liens. Significant contractual obligations to produce or develop the properties or carry out maintenance work did not exist at December 31, 2003.

A negative pledge clause issued to secure a loan prevented the sale of three properties in Tegernsee Valley. This negative pledge clause was returned in February 2004 after repayment of the loan.

The income statement contains the following significant amounts for investment properties:

Investment properties	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Rental income from investment properties	**8,064**	7,892
Operating expenses (maintenance expenses, building management etc.) for rented-out properties	**3,614**	6,044

2. Tangible assets

Tangible assets are recognized at acquisition or production costs less regular, useful-life-oriented depreciation. Apart from direct costs, production costs also include reasonable shares of allocable indirect overheads. In addition, sales tax incurred within the context of the acquisition or production of the tangible fixed assets was taken into account in acquisition or production costs to the extent to which it could not be deducted as input tax.

Regular depreciation was based on the straight-line method, with the following estimated useful lives being used in the TAG Group:

Estimated useful life	*Years*
Buildings	50
Technical equipment and machinery	5-15
Other plants, operating and office equipment	5-10

If signs of impairment are discernible and the recoverable amount – the higher of the net selling price or the value in use of the asset – is below the carrying amount, a non-scheduled impairment loss corresponding to the differential to this lower value must be recognized with respect to the fixed tangible asset pursuant to IAS 36. If the reason for the impairment loss ceases to apply, the impairment loss is reversed, but only to a level not exceeding the carrying amount of the asset. No impairment losses had to be recognized in the fiscal year under review and the previous year.

Tangible assets *Acquisition and production costs*	*Properties with residential buildings € 000s*	*Properties with commercial buildings € 000s*	*Undeveloped land and buildings on third-party properties € 000s*	*Machinery € 000s*	*Operating and office equipment € 000s*	*Total € 000s*
At 01/01/2002	1,012	3,084	195	2,734	3,308	10,333
Additions 2002	0	0	62	48	301	411
Withdrawals 2002	0	0	-52	-20	-649	-721
Reclassifications	159	-135	0	0	0	24
At 12/31/2002	1,171	2,949	205	2,762	2,960	10,047
Additions 2003	0	2,256	0	17	189	2,462
Withdrawals 2003	0	0	0	0	-138	-138
Reclassifications	-1,171	0	0	0	0	-1,171
At 12/31/2003	**0**	**5,205**	**205**	**2,779**	**3,011**	**11,200**

The additions to properties with commercial buildings refer to a property in Leipzig that has not yet been completed.

Tangible assets *Depreciation*	*Properties with residential buildings* *€ 000s*	*Properties with commercial buildings* *€ 000s*	*Undevel-oped land and buildings on third-party properties* *€ 000s*	*Machinery* *€ 000s*	*Operating and office equipment* *€ 000s*	*Total* *€ 000s*
At 01/01/2002	821	826	70	554	1,892	4,163
Additions 2002	107	119	2	142	411	781
Withdrawals 2002	0	0	-52	-20	-557	-629
Reclassifications	-856	-99	0	0	0	-955
At 12/31/2002	72	846	20	676	1,746	3,360
Additions 2003	0	114	20	132	361	627
Withdrawals 2003	0	0	0	-63	-109	-172
Reclassifications	-72	0	0	0	0	-72
At 12/31/2003	**0**	**960**	**40**	**745**	**1,998**	**3,743**
Book value at 12/31/2003	0	4,245	165	2,034	1,013	7,457
Book value at 12/31/2002	1,099	2,103	185	2,086	1,214	6,687

In addition, there are liens on properties with residential buildings amounting to € 0 (previous year: € 782,000) and on properties with commercial buildings amounting to € 4,904,000 (previous year: € 4,211,000).

In the year under review, interest on externally borrowed capital of € 134,000 (previous year: € 0) was capitalized for unfinished properties with commercial buildings.

3. Intangible assets

Intangible assets acquired for a consideration are stated at acquisition costs. Internally produced intangible assets do not exist in the Group. Sales tax incurred within the context of the acquisition or production of intangible assets is taken into account in acquisition costs to the extent to which it could not be deducted as input tax.

Intangible assets are amortized using the straight-line method in accordance with their estimated useful life over a period of 3 to 5 years. If signs of impairment are discernible and the recoverable amount – the higher of the net selling price or the value in use of the asset – is below the carrying amount, a non-scheduled impairment loss corresponding to the differential to this lower value must be recognized with respect to the intangible asset pursuant to IAS 36. If the reason for the impairment loss ceases to apply, the impairment loss is reversed, but only to a level not exceeding the carrying amount of the asset. No impairment losses had to be recognized in the fiscal year under review and the previous year. In addition, intangible assets were not subject to any significant ownership or disposal restrictions neither in the year under review nor in the previous fiscal year.

Intangible assets *Acquisition and production costs*	*Concessions and similar rights and assets* *€ 000s*	*Downpayments made on intangible assets* *€ 000s*	*Total* *€ 000s*
At 01/01/2002	322	0	322
Additions 2002	22	70	92
Withdrawals 2002	-135	0	-135
At 12/31/2002	209	70	279
Additions 2003	38	0	38
Withdrawals 2003	-65	0	-65
At 12/31/2003	**182**	**70**	**252**

Intangible assets *Amortization*	*Concessions and similar rights and assets* *€ 000s*	*Downpayments made on intangible assets* *€ 000s*	*Total* *€ 000s*
At 01/01/2002	242	0	242
Additions 2002	51	0	51
Withdrawals 2002	-132	0	-132
At 12/31/2002	161	0	161
Additions 2003	31	0	31
Withdrawals 2003	-53	0	-53
At 12/31/2003	**139**	**0**	**139**
Book value at 12/31/2003	43	70	113
Book value at 12/31/2003	48	70	118

4. Goodwill

The significant goodwill resulting the capital consolidations in the years 2001 and 2002 within the context of the acquisition of JUS AG and Bau-Verein zu Hamburg AG have been reviewed for impairment at the respective balance-sheet cutoff dates. Within the framework of this impairment test, a non-scheduled impairment loss of € 9,060,000 was recognized pursuant to IAS 36, corresponding to the entire goodwill of Bau-Verein. The other amortizations correspond to regular goodwill amortization over the useful life.

Goodwill

Acquisition costs	*€ 000s*
At 01/01/2002	28,866
Withdrawals from consolidation group	-173
Additions 2002	12,459
At 12/31/2002	41,152
Additions 2003	0
At 12/31/2003	**41,152**

Goodwill

Amortization	*€ 000s*
At 01/01/2002	1,137
Additions 2003	1,968
At 12/31/2002	3,105
Additions 2003	10,994
At 12/31/2003	**14,099**
Book value at 12/31/2003	27,053
Book value at 12/31/2003	38,047

5. Financial assets

Participations in associated companies are stated at equity in accordance with IAS 28. Based on their acquisition costs, the respective participation book value is increased or reduced by the change in shareholders' equity of the associated companies to the extent to which these shares are held by TAG. For at-equity participations, the goodwill contained in the respective book value is amortized over an estimated useful life of 20 years using the straight-line method. Determination of useful life and the regular goodwill review for value impairment are handled in line with the approach used for the goodwill of subsidiaries.

Other financial assets include above all shares in unconsolidated affiliated companies, securities and other participations. Pursuant to IAS 39, they are assigned to the "available-for-sale" category. Since the fair values of these enterprises cannot be determined reliably, they are stated at their carrying amount.

In accordance with IAS 39, loans granted to affiliated companies are assigned to the category "loans and receivables originated by the enterprise" and continue to be stated at their carrying amount.

The table below shows the development of finanical assets in fiscal 2003, using opening balances in fiscal 2002 as a starting point:

Financial assets *Acquisition and production costs*	*Shares in affiliated companies € 000s*	*Loans to affiliated companies € 000s*	*Partici-pations- and co-operative shares € 000s*	*Loans to associated companies € 000s*	*Shares in associated companies € 000s*	*Total € 000s*
At 01/01/2002	3,351	362	690	0	0	4,403
Additions 2002	23	15	1,103	896	1,377	3,414
Withdrawals 2002	0	-20	0	0	0	-20
Reclassifications	41	0	-39	0	0	2
At 12/31/2002	3,415	357	1,754	896	1,377	7,799
Additions 2003	0	47	14	0	162	223
Withdrawals 2003	0	-13	-36	-856	0	-905
Reclassifications	0	0	-980	0	980	0
At 12/31/2003	**3,415**	**391**	**752**	**40**	**2,519**	**7,117**

Financial assets *Amortization*	*Shares in affiliated companies € 000s*	*Loans to affiliated companies € 000s*	*Partici-pations- and co-operative shares € 000s*	*Loans to associated companies € 000s*	*Shares in associated companies € 000s*	*Total € 000s*
At 01/01/2002	55	0	15	0	0	70
Additions 2002	0	0	613	0	145	758
At 12/31/2002	55	0	628	0	145	828
Additions 2003	334	0	0	0	1,029	1,363
Withdrawals 2003	0	0	0	0	0	0
At 12/31/2003	**389**	**0**	**628**	**0**	**1,174**	**2,191**
Book value at 12/31/2003	3,026	391	124	40	1,345	4,926
Book value at 12/31/2003	3,360	358	1,126	896	1,232	6,971

As was the case in the previous year, additions to shares in associated companies refer to the pro-rata current earnings allocable to TAG.

6. Deferred tax assets

Pursuant to IAS 12, deferred tax assets must be accrued when asset items are stated at a lower level or liability items are stated at a higher level in the consolidated balance sheet than in the tax balance sheet of the respective affiliated company, provided that these differences are temporary. As far as the individual tax implications and the composition of this item are concerned, we refer to our explanations on income taxes in the Notes to the income statement.

7. Land available for sale and other inventories

The table below shows the breakdown of the balance-sheet item "land available for sale and other inventories" for the year under review and the previous fiscal year:

Land available for sale and other inventories	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Properties and leasehold rights with finished buildings	**330,504**	314,825
Properties and leasehold rights with unfinished buildings	**50,634**	57,433
Downpayments made	**16,956**	7,378
Other inventories	**47**	63
Total	**398,141**	**379,699**

Please see the notes 8 and 9 below for detailed explanations on the individual items.

8. Land available for sale

Pursuant to IAS 2, land available for sale is stated at the lower of acquisition or production costs or estimated net realizable value, unless the prerequisites for long-term construction contracts in accordance with IAS 11 are fulfilled. Pursuant to IAS 23, acquisition and production costs also include borrowing costs incurred in the period until completion of the asset.

The tables below show changes in inventories in the year under review and in the previous year:

Properties and leasehold rights with unfinished buildings	*12/31/2003 € 000s*	*12/31/2002 € 000s*
At 01/01/	**57,433**	53,998
Additions	**30,849**	27,970
Withdrawals (charged to expenses in the income statement)	**36,756**	22,311
Reclassification	**-892**	-2,224
At 12/31/	**50,634**	**57,433**
thereof secured with real-property liens	**42,709**	47,932

Properties and leasehold rights with finished buildings	*12/31/2003 € 000s*	*12/31/2002 € 000s*
At 01/01/	**314,825**	330,629
Additions	**63,716**	51,639
Withdrawals (charged to expenses in the income statement)	**-46,356**	-67,368
Reclassification	**-1,342**	125
Impairment of net selling value	**-339**	-200
At 12/31/	**330,504**	**314,825**
thereof secured with real-property liens	**330,479**	314,799

Properties with a book value of € 1,180,000 (previous year: € 1,519,000) were recognized at their lower net selling value. In the year under review, borrowing costs of € 3,350,000 (previous year: € 2,121,000) were capitalized for properties in accordance with IAS 23.

For projects based on long-term construction contracts and fulfilling the necessary prerequisites in this respect, the percentage of completion (PoC) method pursuant to IAS 11 was applied. Under IAS 11, it is possible to realize partial profits for long-term construction contracts depending on their pro-rata state of completion. The reader is referred to our introductory remarks for the prerequisites that must be fulfilled in this respect and the classification. Pursuant to IAS 11.22, proceeds and cost associated with the individual construction contracts are stated as revenues and expenses depending on the percentage of completion recorded at the balance sheet date. IAS 11.36 stipulates that an expected loss resulting from a construction contract must immediately be charged to expenses in the period under review.

The table below shows the significant factors affecting the financial position, net assets and earnings situation of the company and resulting from long-term construction contracts (PoC):

Percentage of Completion (PoC)	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Contract revenues from PoC	**8,246**	10,285
Property portfolio input	**-5,363**	-6,559
Other expenses (e.g. sales costs)	**-1,171**	-1,941
Deferred taxes	**-593**	-714
Profits realized from PoC	**1,119**	1,071
Downpayments received for PoC properties	**6,923**	3,239

Contract revenues from PoC are comprised of the revenues that must be recognized in addition to those posted under the German Commercial Code (HGB). In fiscal 2003, revenues of € 32,058,000 (previous year: € 10,285,000) were generated in accordance with the PoC method. This translates into a loss of € 23,812,000 (previous year: € 0) on an HGB basis, too.

9. Other inventories

Inventories mainly consist of raw material and supplies.

10. Receivables and other assets

Receivables and other assets are stated at nominal value less reasonable individual or flat-rate value adjustments. In the year under review, value adjustments amounted to € 704,000 (previous year: € 1,428,000). The table below shows a breakdown of receivables and other assets:

Receivables and other assets	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Trade receivables	**28,632**	22,704
Receivables from construction contracts	**15,524**	10,285
Receivables from affiliated companies	**698**	48
Receivables from associated companies	**2,088**	4,173
Other assets	**7,343**	8,448
Total	**54,285**	**45,658**

The table below shows the remaining maturities of receivables and other assets:

Maturity	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Up to one year	**54,065**	45,607
One year to five years	**220**	51
More than five years	**0**	0
Total	**54,285**	**45,658**

11. Cash and cash equivalents

The item "cash and cash equivalents", which came to € 17,460,000 (previous year: € 9,622,000), includes checks, cash on hand, credit balances with banks, and short-term securities.

Of this amount, a total of € 16,457,000 (previous year: € 7,273,000) is considered to be not freely available. This amount refers to purchase prices received and assigned to banks. This offsets the interest of the liabilities in the loan accounts. All other cash and cash equivalents have maturities of less than one year.

Changes in the financial position of the TAG Group can be seen from the statement of cash flows.

Further payment flows included in the statement of cash flows are comprised of the following components:

Payment flows	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Interest paid/received (balance)	**-20,130**	-20,981
Taxes paid/tax refunds (balance)	**-1,083**	-451
Dividends received	**72**	72

12. Prepaid expenses

Prepaid expenses of € 220,000 (previous year: € 229,000) mainly refer to the following items:

Prepaid expenses	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Insurance payments, membership dues etc.	**160**	229
Discount	**60**	0
Total	**220**	**229**

13. Subscribed capital

The share capital of the TAG Group at December 31, 2003, amounted to € 5,663,000 (previous year: € 5,163,000) and is subdivided into 5,662,661 non-par shares with equal voting rights (previous year: 5,162,661 non-par shares with equal voting rights).

By resolution of the Management Board and with the approval of the Supervisory Board of January 23, 2003, the share capital was increased by € 500,000 to € 5,663,000 through utilization of authorized capital by means of a capital increase through issue of 500,000 non-par shares against cash contribution. Entry in the Commercial Register was effected on January 31, 2003.

The Management Board has been authorized to increase the share capital subject to the Supervisory Board's approval in one or several tranches in the period until July 8, 2008, by a maximum amount of € 2,831,000 through issue of up to 2,831,330 non-par shares. The Management Board has been authorized to exclude shareholders' statutory subscription rights subject to the Supervisory Board's approval,

- *to the extent to which this is necessary to offset peak amounts;*
- *to acquire enterprises, parts of enterprises or participations in enterprises through transfer of shares in suitable individual cases;*
- *the extent to which the new shares for which subscription rights are excluded does not exceed a total of 10 percent of the Company's share capital, even in the event of several increases, and the issue price of the new shares is not significantly lower than the Company's share price within the meaning of Section 203(1) and (2), Section 186(3)(4) German Stock Corporation Act (AktG).*

The Management Board decides on the issue of the new shares, content of the share rights, and terms and conditions of the stock issue subject to the approval of the Supervisory Board, taking account of the Company's capital requirements and the capital market situation prevailing when the relevant decision is taken.

14. Capital reserve

The reserves comply with the regulations of the German Stock Corporation Act (AktG) and the resolutions of the last few Annual General Meetings. The statutory revenue reserve and the capital reserve pursuant to Section 272(2) No.1 German Commercial Code (HGB) exceed one tenth of the share capital.

The capital reserve of € 86,744,000 (previous year: € 97,777,000) was increased by € 3,650,000 on account of the cash capital increase. At the same time, the capital reserve was reduced by a withdrawal of € 14,658,000 to offset the net annual loss in accordance with German Commercial Code (HGB) and for the tax-adjusted posting of costs of € 25,000 incurred within the context of the cash capital increase.

15. Revenue reserves

The changes in revenue reserves of € 6,689,000 (previous year: € 6,689,000) can be seen from the enclosed statement of changes in shareholders´ equity.

16. Minority interets

Minority interests include adjustment items for minority shareholdings in consolidated capital resulting from the capital consolidation as well as the profit and loss shares attributable to them.

Minority interests are mainly accounted for by the following companies from the TAG Group:

Minority interests	*12/31/2003 € 000s*	*12/31/2002 € 000s*
JUS	**-114**	-150
Bau-Verein	**9,558**	9,677
Other	**6**	6
Total	**9,450**	**9,533**

Information on the profit or loss shares attributable to the individual minority shareholders is provided in the Notes to the income statement.

17. Long-term liabilities

The table below shows a breakdown of long-term liabilities:

Long-term liabilities	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Liabilities due to banks	**99,335**	108,438
Pension provisions	**2,453**	2,413
Other long-term liabilities	**1,098**	1,391
Total	**102,886**	**112,242**

The maturity of long-term liabilities due to banks can be broken down as follows:

Maturity – long-term liabilities due to banks	*12/31/2003 € 000s*	*12/31/2002 € 000s*
One to five years	**54,271**	63,142
More than five years	**45,064**	45,296
Total	**99,335**	**108,438**

In addition, short-term liabilities also include liabilities due to banks of € 303,354,000 (previous year: € 267,163,000).

Of these total liabilities due to banks (long-term and short term: € 402,689,000 (previous year: € 375,601,000)), an amount of € 372,354,000 (previous year: € 340,029,000) have been secured by real-property liens and € 32,625,000 (previous year: € 33,594,000) by the pledging of 6.4 million Bau-Verein shares. Liabilities due to banks are reported at their repayment amount. Any differences between the paid-out amount and the repayment amount (premium, discount) are recognized in the income statement or amortized over the remaining maturity of the liability.

18. Pension provisions

The table below shows the development of pension provisions in fiscal 2003, using opening balances in fiscal 2002 as a starting point:

Pension provisions	*€ 000s*
Opening balance at 01/01/2002	2,511
Withdrawals	233
Additions	135
At 12/31/2002	2,413
Withdrawals	231
Additions	271
At 12/31/2003	**2,453**

The company has adopted benefit-oriented corporate pension schemes. It has the obligation to fulfill benefit commitments to current and former employees. Employer´s pension commitments were last made in 1995 (exclusively direct commitments). The projected unit credit method in accordance with IAS 19 has been applied for provision valuation.

Pension provisions were calculated using actuarial methods; employees’ life expectancy calculations are based on the mortality tables compiled by Dr. Klaus Heubeck. The table below shows the parameters used as a basis for these calculations:

	12/31/2003	*12/31/2002*
Adjustment amount resulting from undocumented actuarial gains	**€ 000s**	€ 000s
Imputed interest rate	**5.25 %**	5.75 %
Projected salary increases of currently working employees with vested pension rights	**2.00 - 3.00 %**	2.00 - 3.00 %
Pension age	Pursuant to Social Security Code VI	

The maturity structure of pension obligations is as follows:

Maturity	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Up to one year	**278**	269
One to five years	**1,113**	1,074
More than five years	**1,062**	1,070

In the year under review, the following pension expenses were incurred compared to the previous year:

	12/31/2003 € 000s	12/31/2002 € 000s
Expenses for pension rights vested in the year under review	**2**	2
Interest costs	**269**	145
Pension expenses in the period under review	**271**	**147**

Expenses resulting from interest accumulation for vested pension rights accrued in previous years are recognized in the income statement under "personnel expenses" together with the other expenses resulting from pension obligations.

The table below shows the development of the net obligation shown in the balance sheet for the fiscal year under review compared to the previous year:

	12/31/2003 € 000s	12/31/2002 € 000s
Opening balance at January 1	**2,413**	2,511
Pension expenses	**271**	147
Pension payments	**-231**	-245
Closing balance at December 31	**2,453**	**2,413**

19. Other long-term liabilities – other provisions

Pursuant to the regulations of IAS 37, "other provisions" must include uncertain legal or de facto obligations vis-à-vis third parties outside the Group fulfilling the following criteria: they are the result of past events; it is probable that an outflow of resources will be required; a reliable estimate can be made of the amount of the obligation. These provisions must be differentiated from so-called "accruals" and "contingent liabilities".

Compared to contingent liabilities, accruals are characterized by a considerably higher degree of certainty with respect to the amount and timing required for fulfillment of the obligation and are based on already completed delivery or service relationships of the past. Pursuant to IAS 37, accruals must not be recognized under provisions, but should be posted under liabilities.

Contingent liabilities within the meaning of IAS 37 are defined as potential obligations whose actual existence is still subject to confirmation by the occurrence of one or several uncertain future events that cannot be fully controlled. Obligations for which the probability of an outflow of resources is remote or for which the outflow of resources cannot be reliably quantified are subsumed under this item. Pursuant to IAS 37, contingent liabilities should not be recognized in the balance sheet.

The table below shows the development of other provisions and other long-term liabilities in the TAG Group in fiscal 2003, using opening balances of the previous year as a starting point. Computations are based on best-estimate amounts:

Development of other long-term liabilities – other provisions	*€ 000s*
At 01/01/2002	1,601
Withdrawals	-460
Additions	250
At 12/31/2002	1,391
Withdrawals	-433
Additions	140
At 12/31/2003	**1,098**

The maturity structure of this item is as follows:

Maturities	*12/31/2003 € 000s*	*12/31/2002 € 000s*
One to five years	**1,032**	666
More than five years	**66**	725
Total	**1,098**	**1,391**

20. Short-term liabilities

The table below shows a break-down of short-term liabilities with a remaining maturity of less than one year:

Short-term liabilities	*12/31/2003 € 000s*	*12/31/ 2002 € 000s*
Downpayments received for orders	**6,761**	5,592
Trade accounts payable	**40,337**	36,381
Liabilities due to affiliated companies	**1,484**	813
Liabilities due to associated companies	**6,358**	6,277
Liabilities due to banks	**303,354**	267,163
Tax provisions	**1,593**	2,117
Other short-term liabilities	**31,066**	24,370
Total	**390,953**	**342,713**

The remaining purchase price liability including deferred interest of € 15,175,000 for the Bau-Verein shares acquired in 2002 is recognized in the item “trade accounts payable“ (see also the chapter on “Events after the close of the fiscal year“). Apart from other liabilities from construction work, this item also includes liabilities from tenancy agreements of € 7,439,000.

21. Tax provisions

Tax provisions include provisions for current income tax liabilities and for other taxes. The table below shows the development of tax provisions in the year under review, using the changes in fiscal 2002 as a starting point:

Tax provisions	*€ 000s*
Opening balance at 01/01/2002	3,357
Withdrawals	-1,361
Retransfers	-12
Additions	133
At 12/31/2002	2,117
Withdrawals	-810
Retransfers	-76
Additions	362
At 12/31/2003	**1,593**

Tax provisions are mainly accounted for by the following companies:

	12/31/2003 € 000s	*12/31/2002 € 000s*
JUS	**64**	170
Bau-Verein	**1,474**	1,944
Other group companies	**55**	3
Total	**1,593**	**2,117**

22. Other short-term liabilities

The table below shows the most important items included in “other short-term liabilities”:

Other short-term liabilities	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Outstanding costs of properties sold	**9,340**	9,813
Other provisions	**2,561**	4,154
Tax liabilities	**2,232**	3,375
Rent guarantees	**3,086**	3,130
Repair of defects	**736**	1,314
Liabilities resulting from the settlement of properties sold	**0**	965
Financial derivatives	**0**	659
Litigation risks	**116**	555
Security deposits	**158**	157
Customers with credit balances	**603**	144
Other liabilities	**3,808**	104
Loans with the context of the private equity program	**8,426**	0
Total	**31,066**	**24,370**

23. Deferred tax liabilities

Pursuant to IAS 12, deferred tax liabilities must be accrued when asset items are stated at a higher level or liability items are stated at a lower level in the consolidated balance sheet than in the tax balance sheet of the respective affiliated company, provided that these differences are temporary. As far as the individual tax implications and the composition of this item are concerned, we refer to our explanations on income taxes in the Notes to the income statement.

24. Contingent liabilities and financial obligations

Contingent liabilities are (1) potential obligations whose actual existence is still subject to confirmation by the occurrence of one or several uncertain future events that cannot be fully controlled, and (2) existing obligations for which the probability of an outflow of resources is remote or for which the outflow of resources cannot be reliably quantified.

Contingent liabilities in the TAG Group are comprised of warranty obligations of € 10,509,000 (previous year: € 29,947,000).

Apart from provisions, liabilities and contingent liabilities, other financial obligations with a remaining maturity of up to one year consist of the following items:

Other financial obligations	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Rent guarantees	**2,734**	2,658
Rents for business premises	**502**	417
Leasing	**112**	88
Total	**3,348**	**3,163**

Within the context of their business activities, a number of companies in the TAG Group are involved in court litigations, which, however, are not expected to have any significant negative impact on the net assets, financial position and results from operations presented in the consolidated financial statements.

25. Reporting on financial instruments

Financial instruments include financial assets and liabilities and contractual claims and obligations referring to the exchange or transfer of financial assets. In this context, financial instruments are subdivided into derivative and primary positions.

Significant derivative financial instruments were used by one company in the TAG Group in both the year under review and the previous year. In this context, a cross-currency-interest-rate swap with a maturity of 5 years was concluded with a bank in 2000, in which the group company committed itself to paying a pre-defined interest rate on an amount in foreign currency (CHF 15,833,000). At the same time, interest is credited to the company on an amount of € 10,226,000 depending on a variable basis of calculation. Interest statements are prepared at regular intervals, and at the end of the maturity period, the swapped capital amounts are netted against each other and the difference is credited or debited to the affiliated company. The following amounts are recognized in the consolidated income statement:

Income statement item	*2003 € 000s*	*2002 € 000s*
Other operating income	**659**	0
Other operating expenses	**0**	-203
Interest income	**246**	343
Interest expenses	**-443**	-474
Total	**462**	**-334**

Primary financial instruments on the asset side of the balance sheet essentially comprise cash and cash equivalents, receivables and financial assets. Risk provisions have been created to take account of any default risks to which financial assets are likely to be subject. On the liabilities side, financial instruments are represented by liabilities.

Notes to the income statement

26. Revenues

Revenues from the sale of properties are recognized when the risk has passed to the customer and the amount of the expected counter-performance can be reliably estimated. Rental income from properties is realized upon payment of the amount owed.

In addition, long-term construction contracts are recognized in the balance sheet in accordance with IAS 11. If the necessary prerequisites are fulfilled, proceeds and costs recorded in the respective period under review are already stated on a pro-rata basis as revenues and expenses in accordance with the state of completion recorded. IAS 11.36 requires immediate recognition of expected losses resulting from construction contracts in the period under review.

Revenues can be broken down as follows:

Revenues	*2003 € 000s*	*2002 € 000s*
Revenues from sale of properties	**88,715**	111,388
Rental income	**31,505**	29,167
Other	**1,944**	1,836
Total	**122,164**	**142,391**

Rental income can be subdivided into income from properties held as investment properties pursuant to IAS 40 and other rented-out properties held as current assets.

Rental income	*2003 € 000s*	*2002 € 000s*
Rental income from investment properties	**8,064**	7,892
Other rental income from current-asset properties	**23,441**	21,275
Total	**31,505**	**29,167**

A more detailed breakdown of revenues by business segment is presented in the enclosed segment reporting prepared in accordance with IAS 14.

27. Other operating income

The table below shows a breakdown of other operating income:

Other operating income	*2003 € 000s*	*2002 € 000s*
Apportionment credit from joint ventures	**500**	0
Other	**1,183**	973
Income from retransfer of provisions	**1,234**	866
Release of a pledge	**0**	750
Income from previous years	**873**	705
Other reimbursements	**99**	313
Investment subsidies	**78**	281
Pension fund	**147**	148
Reimbursement of personnel and office expenses	**47**	10
income from foreign currency sales	**2,353**	0
Total	**6,514**	**4,046**

28. Change in work-in-progress inventories

The position refers to changes in capitalized production costs for unfinished construction projects.

29. Other internally produced and capitalized assets

Other internally produced and capitalized assets of € 918,000 (previous year: € 1,653,000) are mainly comprised of directly allocable construction support costs incurred within the context of new construction projects.

30. Cost of materials

As was the case in the previous year, cost of materials mainly refer to the portfolio input for properties sold or recognized pursuant to IAS 11 in the fiscal year under review.

31. Personnel expenses

The following table shows a breakdown of the personnel expenses incurred in the TAG Group:

Personnel expenses	*2003 € 000s*	*2002 € 000s*
Wages, salaries and other remuneration	**7,040**	7,756
Pension expenses	**280**	159
Social security contributions	**1,297**	1,176
Total	**8,617**	**9,091**

The lion´s share of personnel expenses is accounted for by wages, salaries and other remuneration and all other payments for work performed by employees in the group companies during the fiscal year under review.

Pension expenses refer to current and former employees or their surviving dependents of the Bau-Verein subgroup. These expenses include the additions to pension provisions, the employer's shares in corporate supplementary benefits and retirement-provision commitments assumed by the company.

The item "social security contributions" shows the mandatory statutory contributions to be borne by the company, in particular contributions to statutory social insurance schemes.

At December 31, 2003, the number of employees in the TAG Group stood at 150 (previous year: 150). The average number of employees during fiscal 2003 was 151 (previous year: 162).

32. Other operating expenses

The table below shows a breakdown of other operating expenses:

Other operating expenses	*2003 € 000s*	*2002 € 000s*
Sales cost	**5,358**	4,286
Legal, consulting and auditing fees	**2,934**	3,314
Rental and property maintenance expenses for boarding houses	**2,350**	2,656
Other	**1,752**	1,753
Write-downs on receivables	**704**	1,087
Other taxes	**13**	868
Credit procurement fees	**353**	848
General administrative expenses	**180**	557
Cost allocation	**366**	440
Project costs	**480**	369
Other employee-related expenses	**357**	362
Vehicle expenses	**296**	335
Non-recoverable taxes	**212**	333
Additions to provisions	**504**	177
Investor relations	**287**	358
Total	**16,146**	**17,743**

33. Depreciation and amortization – excluding goodwill amortization

Regular depreciation and amortization is based on the Group´s useful lives as listed above. Non-scheduled impairments are recognized in the event of indications of a decline in value when the recoverable amount is below the carrying costs.

Depreciation and amortization can be broken down as follows:

Depreciation and amortization – excluding goodwill amortization	*2003 € 000s*	*2002 € 000s*
Amortization on intangible assets	**31**	51
Depreciation on tangible assets		
buildings	**135**	228
technical equipment and machinery	**131**	142
other plants, operating and office equipment	**361**	411
Total	**658**	**832**

34. Revaluation of investment properties

In accordance with the provisions of IAS 40, properties held over a long-term horizon for the purpose of earning rentals or achieving capital appreciation are classified as financial investments (investment properties). All of these properties must be stated at fair value in the balance sheet, with annual changes in value being recognized in the income statement under operating income or expenses (see also the Notes to the balance sheet).

The major changes in fair value in the fiscal year under review and the previous year were accounted for by the following group companies:

Revaluation of investment properties	*2003 € 000s*	*2002 € 000s*
JUS AG	**330**	2,961
Bau-Verein	**501**	-800
TAG	**-253**	10
TBG	**-196**	453
KVT	**-268**	-9
Total	**114**	**2,615**

In the Group, two properties were reclassified from current assets to investment properties. A change in utilization resulted in a net increase in property values of € 230,000. In addition, fair values were adjusted for 25 properties, leading to accumulated depreciation of € 116,000.

35. Goodwill amortization

Goodwill from the acquisition of consolidated subsidiaries is regularly amortized in accordance with IAS 22 over a period of 20 years using the straight-line method, taking account of the strategic significance of the acquisition as well as the factors influencing its useful life. Additions during the fiscal year were amortized on a pro-rata-temporis basis. Goodwill items must be regularly reviewed for impairment (impairment test). If signs of a decline in value emerge, non-scheduled impairment losses on the recoverable amount must be recognized. As was already explained in the Notes to the balance sheet, a non-scheduled impairment of € 9,060,000 (previous year: € 0) was necessary at the TAG Group level in the fiscal year under review.

The table below provides a breakdown of goodwill amortization:

Amortization of goodwill	*2003 € 000s*	*2002 € 000s*
JUS	**1,455**	1,421
Bau-Verein	**9,434**	499
From JUS AG subgroup	**105**	48
Total	**10,994**	**1,968**

36. Income from investments

Income from investments in the year under review and the previous year can be broken down as follows:

Income from investments	*2003 € 000s*	*2002 € 000s*
Income from participations	**302**	392
Income from other securities	**0**	41
Income/expenses from earnings transfer agreements	**-101**	415
Write-downs on financial assets	**-335**	-2
Total	**-134**	**846**

37. Income from associated companies

Participations in enterprises over which the Group has significant influence and which must therefore be consolidated at equity resulted in a loss of € 1,029,000 (previous year: € 145,000).

38. Income from financial assets

Other income from financial assets consists of the following items:

Income from financial assets	*2003 € 000s*	*2002 € 000s*
Interest and similar expenses	**-21,166**	-23,437
Interest and similar income	**1,036**	4,577
Total	**-20,130**	**-8,860**

39. Income taxes

Income taxes can be broken down as follows:

Income taxes	*2003 € 000s*	*2002 € 000s*
Current taxes	**-340**	-56
Other deferred taxes	**1,210**	-1,512
Total	**870**	**-1,568**

In this context, income from (previous year: expenses for) other deferred taxes consist of the following items:

Other deferred taxes	*2003 € 000s*	*2002 € 000s*
Sale of properties	**-745**	529
Provisions	**-80**	-479
Tax-loss carryforwards	**3,144**	3,532
Valuation of other properties	**-618**	-2,746
Other	**-90**	-1,300
Total	**1,611**	**-464**

Pursuant to IAS 12, deferred taxes must be calculated using the statutory tax rates applicable at the time when temporary differences are likely to be equalized. The implications of changes in tax legislation on both deferred tax assets and deferred tax liabilities are recognized in the income statement in the period in which the change takes effect. Computation of deferred taxes for still unutilized tax-loss carryforwards was based on a foreseeable planning period, if the underlying tax conditions applying to the individual group companies are uncertain. In addition, the increasingly restrictive tax regulations limiting the utilization of tax-loss carryforwards in the individual companies have been taken into account. A cautious approach was already adopted in the previous years, with deferred tax assets on tax-loss carryforwards of approximately € 12 million not being recognized.

In 2002, the corporate income tax rate in Germany was raised from 25% to 26.5% to finance the damage resulting from the disastrous flooding. This increase was limited to the 2003 tax assessment period. Consequently, a tax rate of 26.5% was taken into account by the TAG Group in its computations as of December 31, 2002, for deferred taxes to be retransferred in 2003, while a tax rate of 25% was used for deferred taxes to be retransferred in subsequent years. In addition, a solidarity surcharge of 5.5% on the computed income tax liability and a trade tax rate of approximately 12% were taken into account. As a result, a tax rate of about 40%, including solidarity surcharge and trade tax, was used for the calculation of deferred taxes.

The table below shows the reconciliation of expected tax expenditure and actual tax expenditure.

Actual tax expenditure	*2003 € 000s*	*2002 € 000s*
Earnings before income taxes	**-15,887**	2,294
Expected tax benefit	**6,354**	-918
Tax effect from non-consideration of tax-loss carryforwards	**0**	-2,469
Tax effect from non-tax-deductible amortization of goodwill	**-4,398**	787
Tax effect from tax-free asset appreciations	**-1,086**	1,032
Actual tax income	**870**	-1,568

The balance-sheet items “deferred tax assets” and “deferred tax liabilities” can be broken down as follows:

Deferred tax assets and liabilities	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Deferred tax assets		
Tax-loss carryforwards	**8,375**	5,374
Provisions for impending losses	**1,079**	1,454
Valuation of properties	**174**	567
Currency translation	**0**	120
Other tax assets	**473**	49
Total	**10,101**	**7,564**
Deferred tax liabilities		
Valuation of properties	**8,906**	6,764
Other tax liabilities	**1,241**	2,056
Total	**10,147**	**8,820**

The maturities of deferred taxes present the following picture:

Maturities	*12/31/2003 € 000s*	*12/31/2002 € 000s*
Short-term deferred tax assets up to one year	**1,079**	5,374
Long-term deferred tax assets	**9,022**	2,190
Total deferred tax assets	**10,101**	**7,564**
Short-term deferred tax liabilities up to one year	**1,241**	1,333
Long-term deferred tax liabilities	**8,906**	7,487
Total deferred tax liabilities	**10,147**	**8,820**

40. Minority shareholders’ profit and loss shares

The table below shows the loss shares (previous year: profit shares) attributable to minority shareholders in fiscal 2003:

Minority shareholders´ loss shares (previous years: profit shares)	*2003 € 000s*	*2002 € 000s*
Bau-Verein	**22**	123
JUS AG	**0**	-190
From JUS AG subgroup	**34**	-276
From Bau-Verein subgroup	**59**	14
Other	**0**	1
Total	**115**	**-328**

Earnings per share

This ratio, which must be disclosed in accordance with IAS 33, shows the part of consolidated net income generated in a specific period that is attributable to a single share. Consolidated earnings are divided by the number of shares outstanding. This ratio may be diluted by so-called “potential shares” (convertible bonds and stock options). The TAG Group has not concluded any diluting stock purchase agreements. Consequently, the undiluted and diluted earnings per share are identical.

	2003	*2002*
Consolidated net income	**T€ -15,132**	T€ 1,054
Number of shares issued (weighted)	**5,620,994**	5,047,080
Undiluted earnings per share	**€ -2.69**	€ 0.21

Segment reporting

Segment reporting has been prepared in accordance with IAS 14. Separate accounting data for the individual business segments are disclosed, using the Group’s organizational structure as a guideline. Segmentation serves the purpose of showing the earning power and success prospects, net assets and financial position of the Group’s individual business activities. The segment reporting for the TAG Group shows separate external and internal revenues for three business segments: railway infrastructure, building management, and construction activity.

Railway infrastructure:

This business segment is operated solely by TBG and has a historical background. It entails the railway infrastructure spun off by the former Tegernseebahn AG, which is leased to Bayerische Oberlandbahn GmbH for consideration on the basis of a long-term agreement.

Building management (residential properties):

Apart from TAG, Bau-Verein, JUS and KVT are responsible for activities in the building management segment. They mainly manage residential properties in Tegernsee Valley and the cities of Leipzig, Berlin and Hamburg. Alongside rental income generated by investment properties, the revenues of the building management segment above all include other income from currency gains and cost allocations.

Construction activity (residential and commercial properties):

JUS and Bau-Verein are entrusted with responsibilities in the construction activity segment. With its current focus on Berlin and Leipzig, JUS is active in the restoration of old buildings. Bau-Verein focuses on portfolio development and new-housing construction as well as the marketing of commercial properties.

The reconciliation column not only shows intragroup transactions – which are eliminated – but also the income and expenses from associated companies and headquarters that cannot be allocated to the individual operating segments. In the fiscal year under review, goodwill amortization of € 10,994,000 had a material effect in this context, which is included under “depreciation and amortization” in the reconciliation column.

External revenues represent revenues generated by the individual segments through transactions with enterprises outside the Group. Internal group revenues represent revenues generated with other business segments in the Group on the basis of market-oriented internal pricing (arm's length principle). Income from associated companies, depreciation and amortization and non-cash-relevant items are reported separately from segment earnings. Depreciation and amortization refer to assets allocable to the individual business segments. Non-cash-relevant items mainly include value adjustments of investment properties and receivables and value changes of investment properties.

Segment investments refer to additions of investment properties and other fixed assets.

The individual figures are shown in the table "Segment Reporting" enclosed before the Notes.

Relationships with related companies or persons

In its ordinary business activities, TAG maintains direct or indirect relations not only with the subsidiaries included in the consolidated financial statements, but also with related companies or persons. Ordinary business activities included all delivery and service relations maintained with the companies and persons mentioned below, which were carried out at generally accepted market terms and conditions customary in dealings with third parties outside the Group.

Related companies pursuant to IAS 24.5

A property purchase agreement concluded with AGP in fiscal 2002 was reversed in 2003 without affecting operating income.

The project development and collaboration agreement concluded with AGP in 2001 resulted in payments of € 123,000 to AGP (previous year: € 142,000) in the year under review.

The professional firms of Nörr Stiefenhofer Lutz, Rechtsanwälte Wirtschaftsprüfer Steuerberater, in which Prof. Dr. R. Frohne, a member of the Supervisory Board, is a partner, and Treuhand Aktiengesellschaft für Handel und Industrie Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (THI AG), in which Prof. Dr. R. Frohne is a member of the Management Board, received payments of € 254,000 (previous year: € 281,000) for legal counseling and consulting services within the context of IFRS conversion.

VM Management GmbH, in which Mr. R. Hauschildt, a member of the Supervisory Board, is an executive director, granted JUS a loan totalling € 4,147,000 (previous year: € 0) at market interest rates.

Related persons pursuant to IAS 24.5

Dr. L. R. Ristow, a member of the Supervisory Board, received a monthly remuneration for services performed in addition to his responsibilities as a member of the Supervisory Board on the basis of a contract for services concluded in 2001. TAG made payments of € 416,000 (previous year: € 715,000).

Two members of the Supervisory Board of TAG (Dr. L. R. Ristow, Prof. Dr. R. Frohne) granted loans or accepted guarantees totalling € 4,500,000 (previous year: € 0) to/for TAG and its subsidiaries (Bau-Verein, JUS). These loans or guarantees are based on market interest rates.

Michael Haupt, a member of the Management Board, received a commission on guarantee from JUS for accepting personal guarantees of € 100,000 (previous year: € 0).

Total remuneration received by the Supervisory and Management Boards

The total remuneration received by the members of the Supervisory Board amounted to € 41,000 (previous year: € 41,000); the fixed total remuneration of the members of the Management Board amounted to € 358,000 (previous year: € 323,000), allocated to Mr. Haupt (€ 205,000) and Mr. Borkers (€ 153,000). An additional variable remuneration of € 50,000 was paid only to Mr. Borkers in the form of a non-recurrent management bonus.

No loan and credits have been extended to members of the Supervisory or Management Boards.

Notifications concerning participations pursuant to Section 21 WpHG

Pursuant to Section 21 German Securities Trading Act (WpHG), HSH Nordbank AG (formerly: Hamburgische Landesbank) notified us in its letter of February 12, 2003, of the fact that it held a stake of 7.06% in the voting rights of TAG. In addition, TAG was notified in correspondence dated February 7, 2003, and February 10, 2003, respectively, that the participation held by Albert Asmussen GmbH in TAG had fallen below the 5% mark, to 4.92%, and the participation held by Michael Haupt had fallen below the level of 10%, to 9.80%.

Declaration of conformity with the German Corporate Governance Code pursuant to Section 161 AktG

The joint declaration of the Management and Supervisory Boards concerning the recommendations of the Governmental Commission on the "German Corporate Governance Code", which is required pursuant to Section 161 AktG (German Stock Corporation Act), has been drawn up and made available to shareholders on the TAG website.

Events after the close of the fiscal year

The following post-balance-sheet events with particularly negative or positive effect on the net assets, financial position and earnings situation presented in the annual financial statements occurred after the close of the fiscal year:

In January 2004, a cash capital increase with exclusion of shareholders' subscription rights was implemented and 566,265 shares were issued. Entry in the Commercial Register was effected on January 21, 2004. This transaction has increased the share capital of TAG to € 6,229,000. The cash capital increase resulted in a cash infusion of € 4.4 million for TAG.

The remaining purchase price of EUR 15 million for the Bau-Verein shares, which is recognized under liabilities, was reduced by one third by an agreement concluded with the original sellers in March 2004. At the same time, the remaining purchase price of € 10 million was coverted into a loan subject to ratable redemptions in the period until 2006.

Other information

Supervisory Board

Members of the Supervisory Board and offices held by them in fiscal 2003:

Dr. Lutz R. Ristow, Hamburg, Business Management Graduate (Chairman)
Supervisory board offices held:

- Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg
- JUS Aktiengesellschaft für Grundbesitz, Berlin
- Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee

Offices held in comparable German and international corporate governance bodies:

- REG Real Estate Group, Zurich
- Real Immobilien GmbH, Leipzig

**Prof. Dr. Ronald Frohne, Berlin,
Attorney and Public Accountant (Deputy Chairman)**
Supervisory board offices held:

- 8 sens Biognostic AG, Berlin
- Eckert & Ziegler Medizintechnik AG, Berlin
- Würzburger Versicherungs-AG, Würzburg
- Filmboard Berlin-Brandenburg GmbH, Potsdam
- TELLUX-Beteiligungsgesellschaft mbH, Munich
- Scholz & Friends AG, Berlin
- Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee
- GE Frankona Rückversicherungs-Beteiligungs-AG, Munich
- IM International Media AG, Munich
- JUS Aktiengesellschaft für Grundbesitz, Berlin

Offices held in comparable German and international corporate governance bodies:

- AGICOA, Geneva
- CAB, Kopenhagen

Rolf Hauschildt, Düsseldorf, Banking Officer
Supervisory board offices held:

- Germania Epe AG, Gronau-Epe
- TOGA Vereinigte Webereien AG i.L., Aachen
- ProAktiva Vermögensverwaltung, Hamburg
- JUS Aktiengesellschaft für Grundbesitz, Berlin
- Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee
- Allerthal Werke AG, Grasleben

Offices held in comparable German and international corporate governance bodies:

- Rheinische Bio Ester GmbH & Co.KG, Neuss

Prof. Dr. Stephan Breidenbach, Berlin, University Professor
Supervisory board offices held:

- Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee

Management Board

Members of the Management Board and offices held by them in fiscal 2003:

Olaf G. Borkers, Hamburg, Business Management Graduate

Supervisory board offices held:

- ClanSailing AG, Hamburg

Michael Haupt, Berlin, Attorney

Supervisory board offices held:

- Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg
- AGP AG Allgemeine Gewerbebau und Projektentwicklungs AG, Munich

Offices held in comparable German and international corporate governance bodies:

- Real Immobilien GmbH, Leipzig

Tegernsee, April 14, 2004

TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft

Michael Haupt   Olaf G. Borkers

The preparation of the consolidated financial statements pursuant to IAS requires that the management boards and management staff 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 cutoff 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 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 TAG can neither control, influence nor precisely estimate. This concerns, for example, future market and economic conditions, other market participants' behavior, 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. 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.

Auditor's certificate

We have audited the consolidated financial statements, comprising the balance sheet, the income statement, the statements of changes in shareholders' equity and cash flows as well as the notes to the financial statements, prepared by TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft, Tegernsee, for the fiscal year from January 1 to December 31, 2003. The preparation and the content of the consolidated financial statements are the responsibility of the Company's executive board. Our responsibility is to express an opinion whether the consolidated financial statements are in accordance with International Financial Reporting Standards (IFRS) based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in accordance with the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit in such a manner that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluation of possible misstatement are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles applied and the significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonably reliable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, earnings situation and cash flows of the Group for the fiscal year under review in accordance with IFRS.

Our audit, which also extends to the group management report prepared by the executive board for the fiscal year from January 1 to December 31, 2003, has not led to any reservations. In our opinion, the group management report on the whole provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report the fiscal year from January 1 to December 31, 2003, satisfy the conditions required for the Company's exemption from its obligation to prepare consolidated financial statements and a group management report in accordance with German law.

Hamburg, April 16, 2004

Schröder, Nörenberg + Partner GmbH
Wirtschaftsprüfungsgesellschaft

H. Schröder
German Public Auditor

Contact

TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft

Steckelhörn 9
D-20457 Hamburg
Germany

Tel. +49 40 - 30 60 59-40
Fax +49 40 - 30 60 59-49

until September 30, 2004:
Große Bäckerstraße 3
20095 Hamburg

Bahnhofplatz 5
D-83684 Tegernsee
Germany

Tel. + 49 80 22 - 91 66-0
Fax + 49 80 22 - 91 66-18

www.TAG-AG.com
info@TAG-AG.com

Bau-Verein zu Hamburg AG

Alte Königstraße 8-14
D-22767 Hamburg
Germany

Tel. +49 40 - 38 03 2-0
Fax +49 40 - 38 03 2-461

www.bau-verein.de

JUS AG

Uferstraße 21
D-04105 Leipzig
Germany

Tel. +49 341 - 21 67 8-0
Fax +49 341 - 21 13 97-6

www.jus.de

AGP AG

Allgemeine Gewerbebau- und
Projektentwicklungs Aktiengesellschaft

Bahnhofplatz 5
D-83684 Tegernsee
Germany

Tel. + 49 80 22 - 66 04 68
Fax + 49 80 22 - 66 05 41

Imprint

Concept & design
Kirchhoff Consult AG
Hamburg

TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft

From October 1, 2004
Steckelhörn 9
D-20457 Hamburg
Germany

Tel.+ 49 40 - 30 60 59 - 40
Fax+ 49 40 - 30 60 59 - 49

Until September 30, 2004
Große Bäckerstraße 3
D-20095 Hamburg
Germany

Bahnhofplatz 5
D-83684 Tegernsee
Germany

Tel.+ 49 80 22 - 91 66 - 0
Fax+ 49 80 22 - 91 66 - 18

www.TAG-AG.com
info@TAG-AG.com