

**We create
value**



**TAG Tegernsee Immobilien-
und Beteiligungs-Aktiengesellschaft**

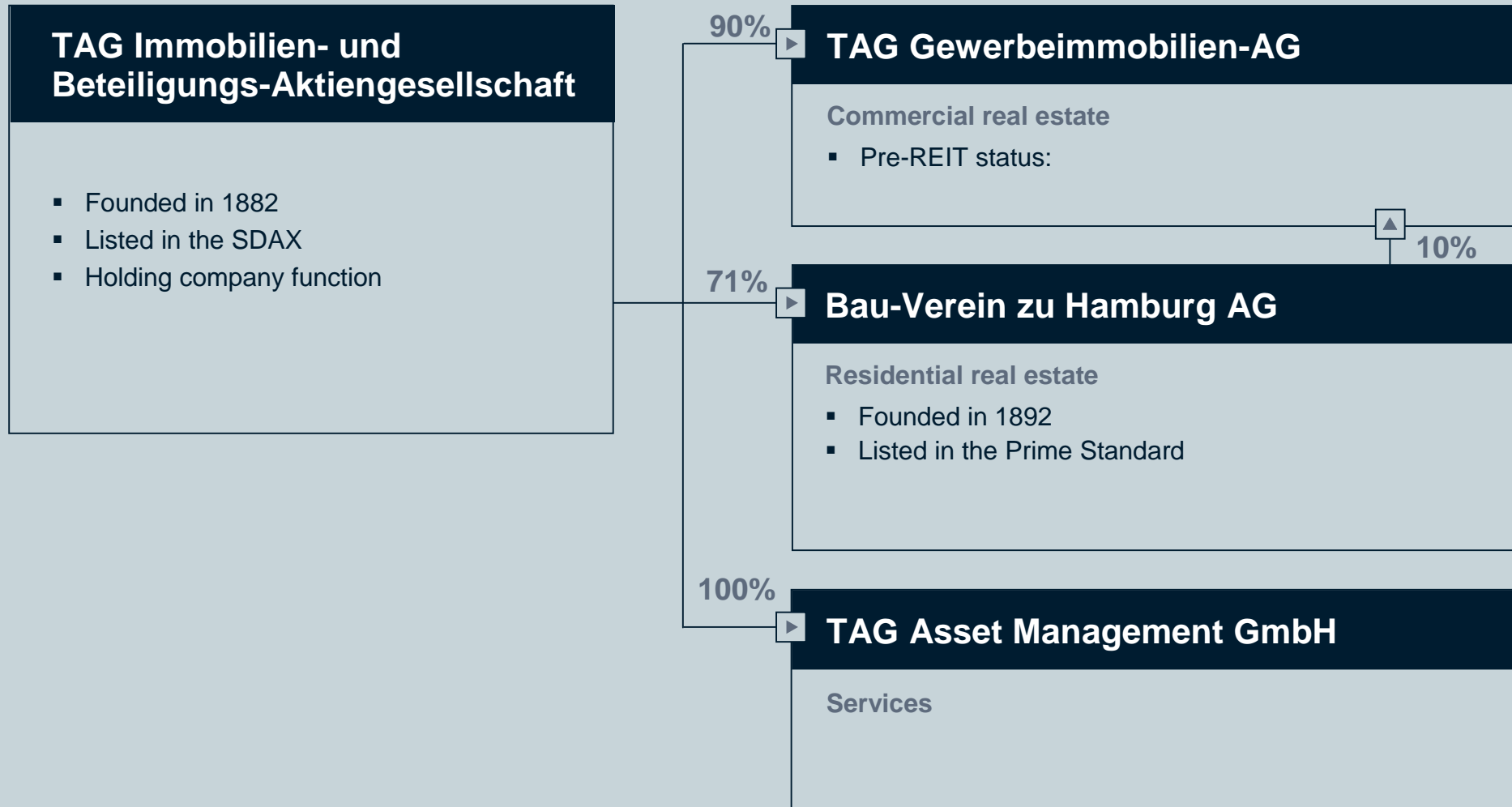
Announcement of the Annual Report 2007

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- Contacts

Group structure



Management

Management Board

Andreas Ibel, CEO

- TAG Tegernsee Immobilien- und Beteiligungs-AG, management board (since 2006)
- Bau-Verein zu Hamburg AG, management board (since 2001)
- RSE AG, member of the management board responsible for real estate business until 12/2000
- Toys'R'Us, Head of European real estate business until 1998

Erhard Flint

- Bau-Verein zu Hamburg AG, management board (since 2001)
- RSE AG, technical manager of real estate business until 12/2000
- Hochbau-Aktiengesellschaft, Manager in architecture office

Hans-Ulrich Sutter

- TAG Tegernsee Immobilien- und Beteiligungs-AG, management board (since April 2008)
- Deutsche Real Estate AG, CFO until 09/2007
- GSW Gemeinnützige Siedlungs- und Wohnungsbaugesellschaft, responsible for financial matters until 05/2006

Supervisory Board

Dr. Lutz R. Ristow, Chairman of the Supervisory Board (since 2007)

Prof. Dr. Ronald Frohne (since 2001), **Rolf Hauschildt** (since 2001), **Dr. Wolfgang Schnell** (since 2004)

Highlights for the year 2007

Five- fold increase in EBT to EUR 31million fully in line with forecasts again

Substained extensions to residential, commercial and asset management segments

Planned REIT with a portfolio of top- class office buildings

Revenues up 36% to EUR 146 million

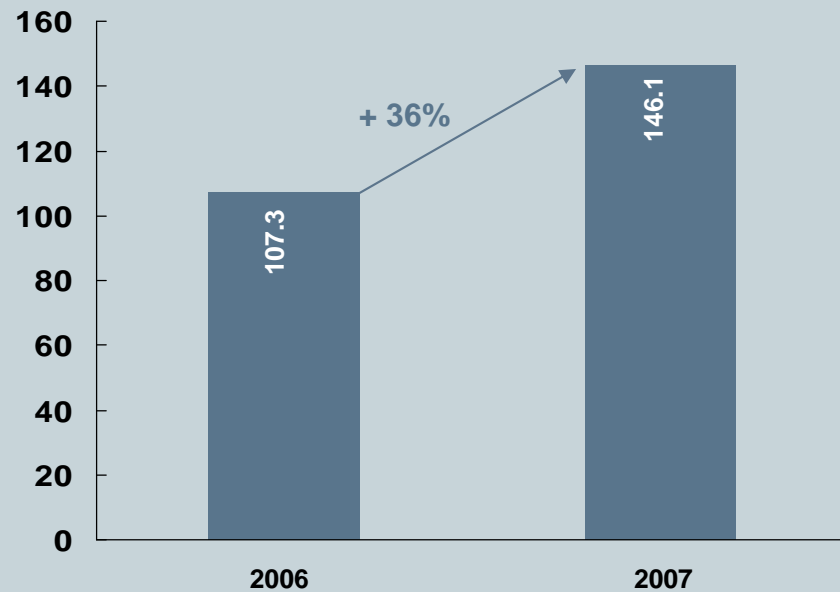
7% rise in NAV



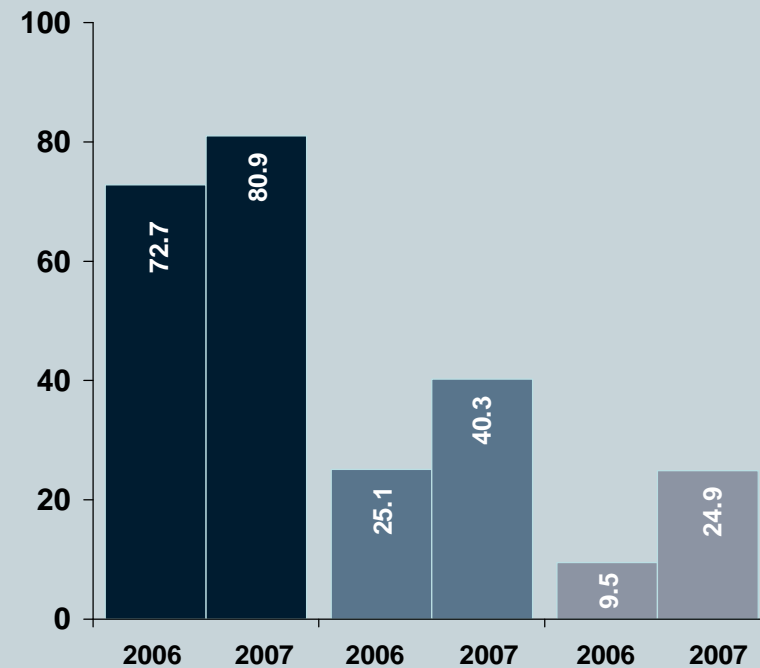
Group financials (IFRS)

Consolidated Income Statement

Revenues (in € m)



Revenues (in € m)

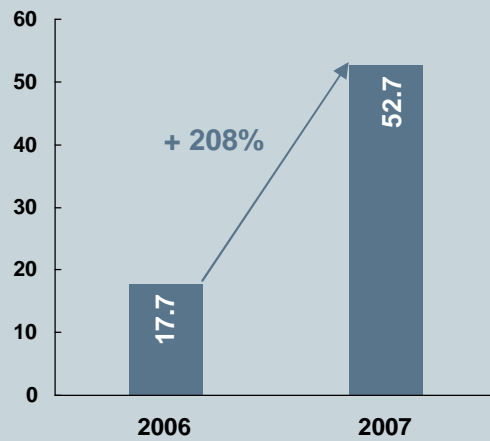


- Sales of properties
- Rental income
- Management income

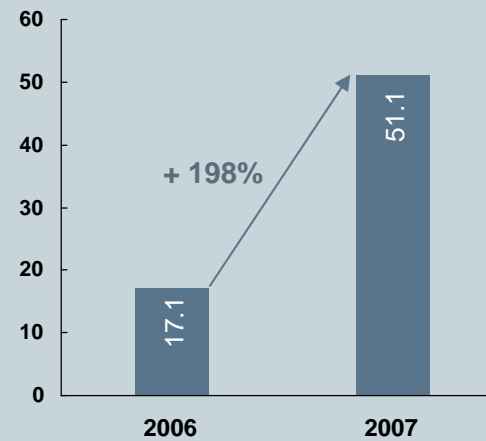
Group financials (IFRS)

Consolidated income statement

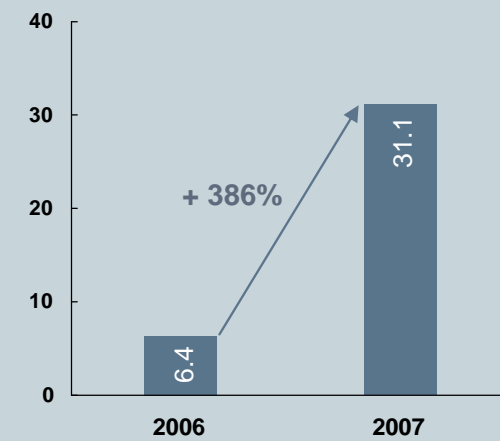
EBITDA in € m



EBIT in € m

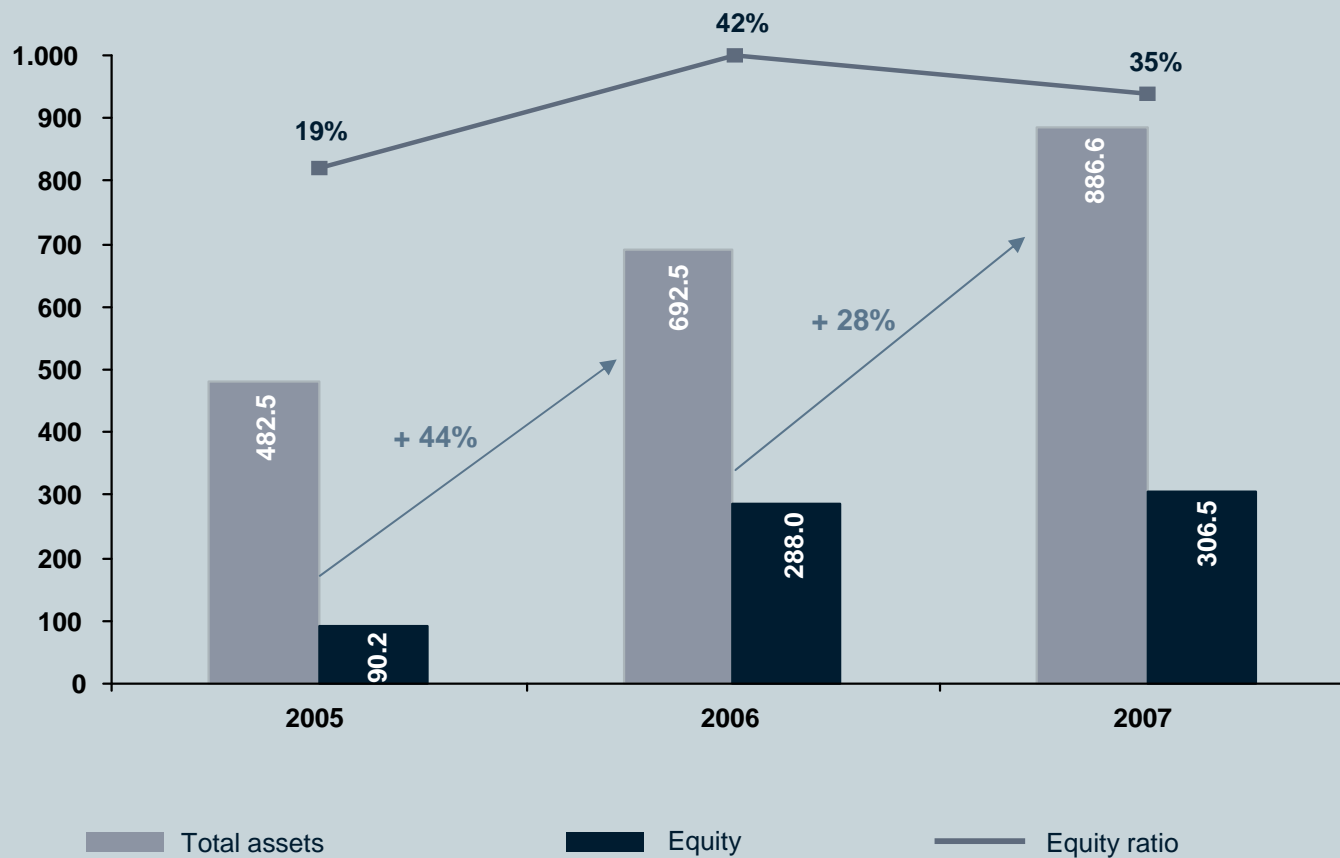


EBT in € m



Group financials (IFRS)

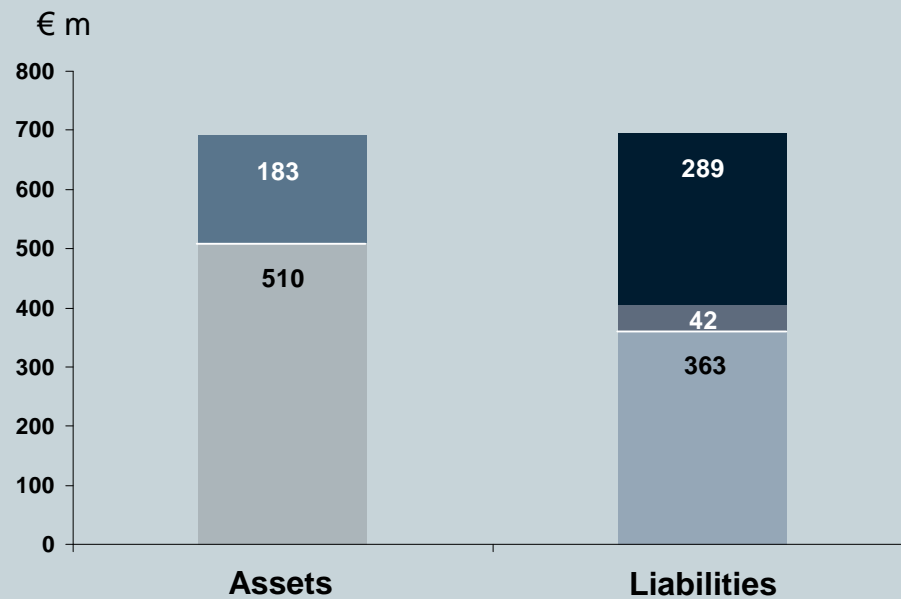
Consolidated balance sheet in € m



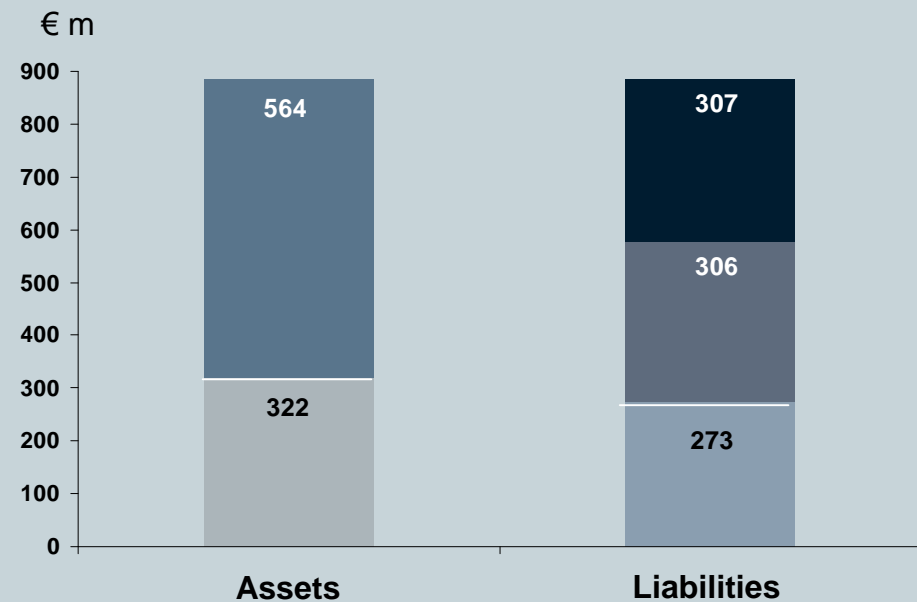
Group financials (IFRS)

Consolidated balance sheet in € m

12/31/2006



12/31/2007



- non current assets
- current assets
- Equity
- non current liabilities
- current liabilities

Financial Structure

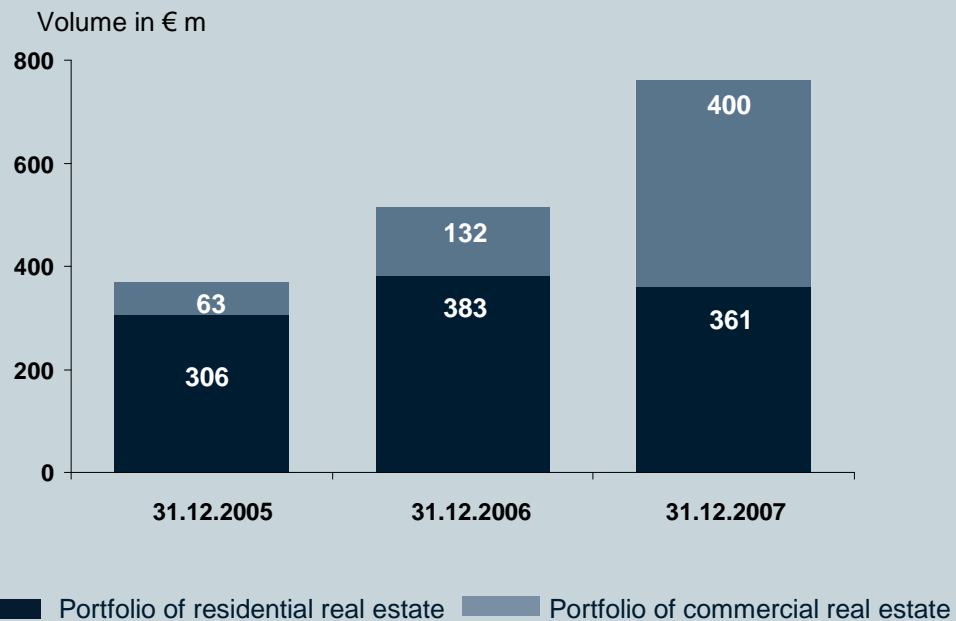
	2007
Liabilities to banks in TEUR	512,958
Long term	295,580
Short term	217,378
Net borrowing costs p.a.	-19,083
Change in interest expenditure in the event of a 0,5% increase in interest levels	-1,180
Average interest levels	
Long term in %	5.39
Short term in %	5.58

To minimise the risk of changing interest rates TAG uses swaps as well as caps.

	Nominal volume	Interest rate	∅ Maturity
Swaps/Caps:	233,119 TEUR	4.50%	6,8 years

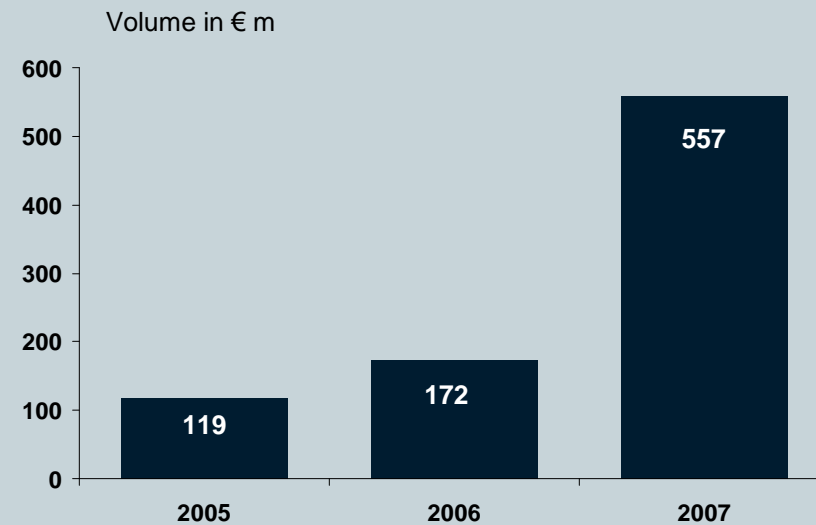
Portfolio performance

Changes in real estate volume*



* Book value

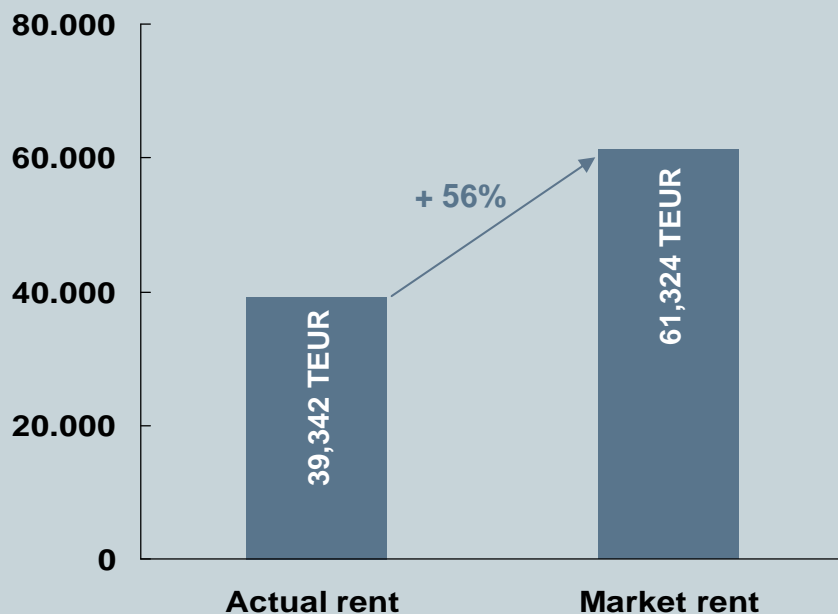
Changes in investment properties **



** Market value

Portfolio

Actual rent versus market rent*



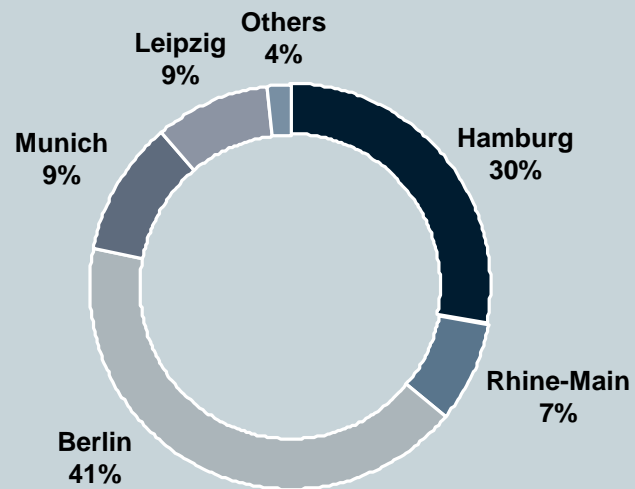
* incl. construction and development

▪ Units residential	4,779
▪ sqm residential	306,162
▪ sqm commercial	291,911
▪ sqm undeveloped land	245,835
▪ Real estate (book value)	761,312 TEUR
	1,273 EUR/sqm
▪ Real estate (market value)	801,301 TEUR
	1,340 EUR/sqm
▪ Actual rent residential	6.00 EUR/sqm
▪ Market rent residential	7.20 EUR/sqm
▪ Actual rent commercial	7.10 EUR/sqm
▪ Market rent commercial	9.50 EUR/sqm
▪ Vacancy for investment / residential	22.2%
▪ Vacancy for rent / residential	5.7%
▪ Vacancy for investment / commercial	5.0%
▪ Vacancy for rent / commercial	2.4%
▪ planned investment ¹⁾	€ 143 m
▪ in 2008	€ 50m

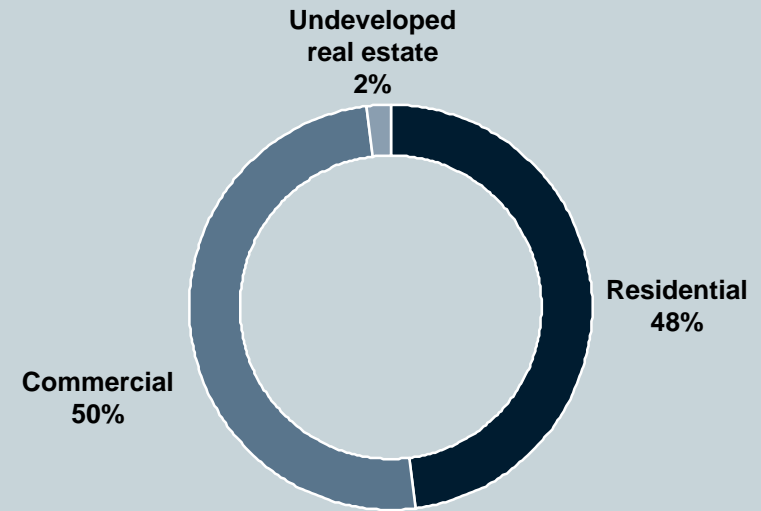
¹⁾ Without acquisitions

Portfolio

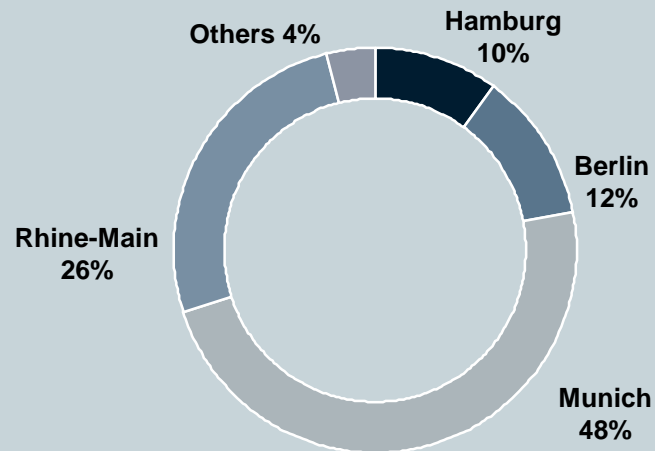
Residential real estate portfolio by region ¹⁾



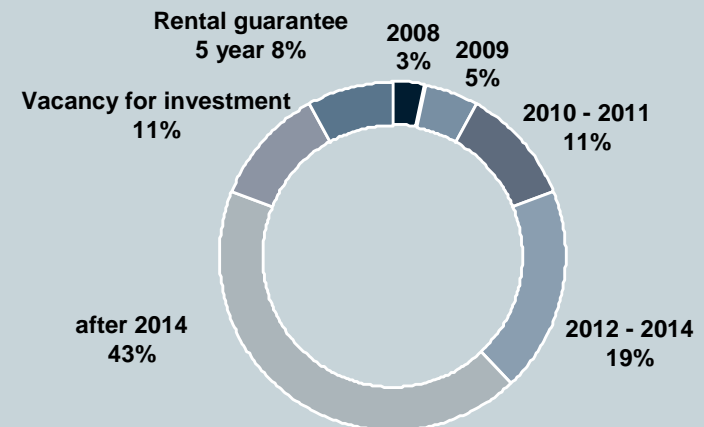
Real estate portfolio by type ¹⁾



Commercial real estate portfolio by region ¹⁾



Duration commercial rent ²⁾



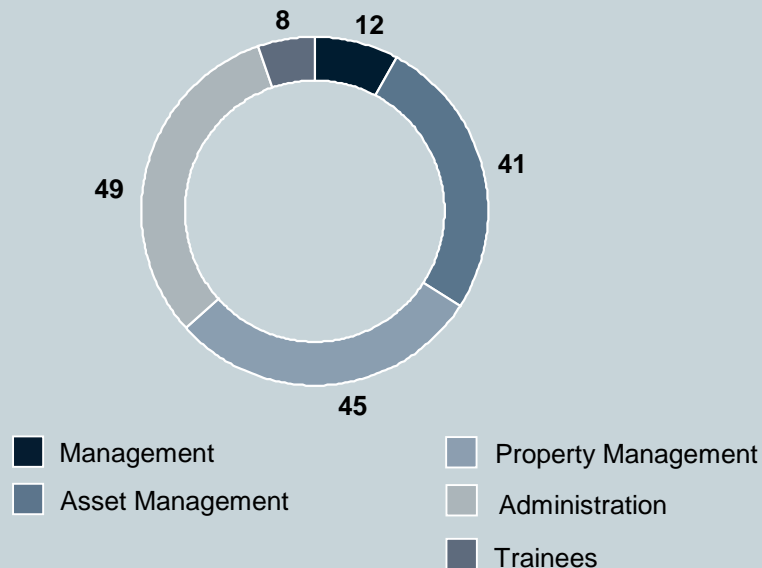
1) by market value

2) size in sqm

Asset Management

- Strategic and value- oriented management of a real estate portfolio
- Strengthening its service activities with a joint venture with HSH Real Estate since end of 2007
- € 1.2 billion under management
- 7,200 units comprising jointly held as well as real estate managed on behalf of third parties

Employees per 12/31/2007 per function



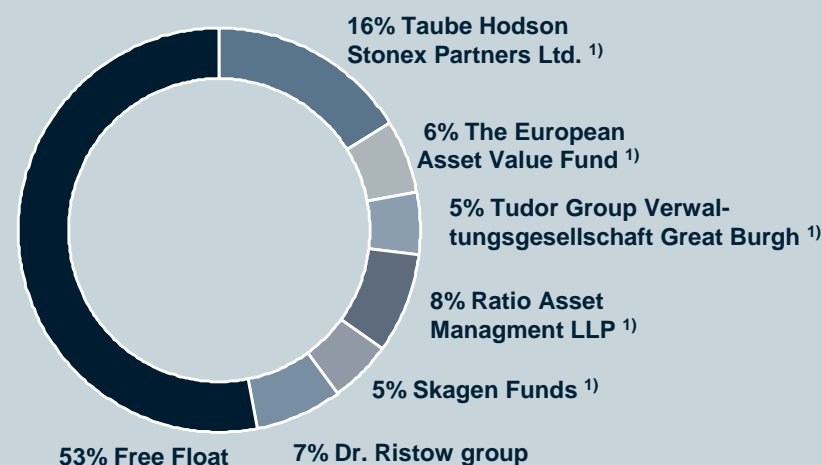
NAV and stock market data

NAV

	in TEUR
Investment properties	556,702
Land with unfinished and finished buildings	204,610
Market value of financial assets	5,367
Other assets	119,924
Liabilities	-580,090
Net Asset Value shown on balance sheet	306,513
Unrealized real estate reserves (difference over market value)	39,989
Unrealized reserves in investments	408
Service business (DCF-value)	55,494
Net Asset Value (NAV)	402,404
Net Asset Value (NAV) per share	12.36 €
Of which minority shares in unrealized reserves	-9,903
Of which minority shares in unrealized reserves per share	-0.30 €
Number of shares	32,566,364

Share price: € 6.09 (04/15/08)

Shareholder structure April 2008



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

Review for the year 2007

Innovative project development



Bird's eye view of the Alte Wöhr construction site

Four properties located close to the Hamburg City Park acquired from a joint venture (50%)

Acquisition of high return real estate



Stahlwiete, Hamburg

Commercial real estate worth EUR 40m acquired in Hamburg and Nuremberg

Innovated terraced housing project



Visualisation of Börnsen

Foundations laid for an innovative terraced housing project in Börnsen near Hamburg



Bartholomäusstraße, Nürnberg

February

April

May

Review for the year 2007

Acquisition of Siemensportfolio with Exit Tax

Six office buildings acquired from Siemens Real Estate GmbH & Co. OHG with a total floor area of 179,000 sqm and an investment volume of around EUR 180 m.



Siemensdamm, Berlin

Pre-REIT status

Pre-REIT Status gained for TAG Gewerbeimmobilien-AG with a planned asset volume of EUR 400 m

June

Joint Venture in Mainz-Finthen



Visualisation Mainz-Finthen

Foundations laid for the first terraced houses in Mainz-Finthen. 106 terraced houses are to be built on a total area of around 35,000 sqm in four stages.

September

Development project successfully sold



Visualisation „Alte Wöhr“

„Wohnen und Arbeiten am Stadtpark“ construction project in Hamburg sold to an international investor, with a return of 45 percent.

Sale of commercial real estate

Four retail buildings worth EUR 13.4 million sold to optimize the commercial real estate portfolio.

December

Joint Venture with HSH Real Estate AG

As the end of 2007, TAG and HSH established a joint venture in which they each hold 50 percent. The company specialises in property and asset management for commercial real estate in Germany with a real estate volume of an initial EUR 1.2 billion.

TAG REIT

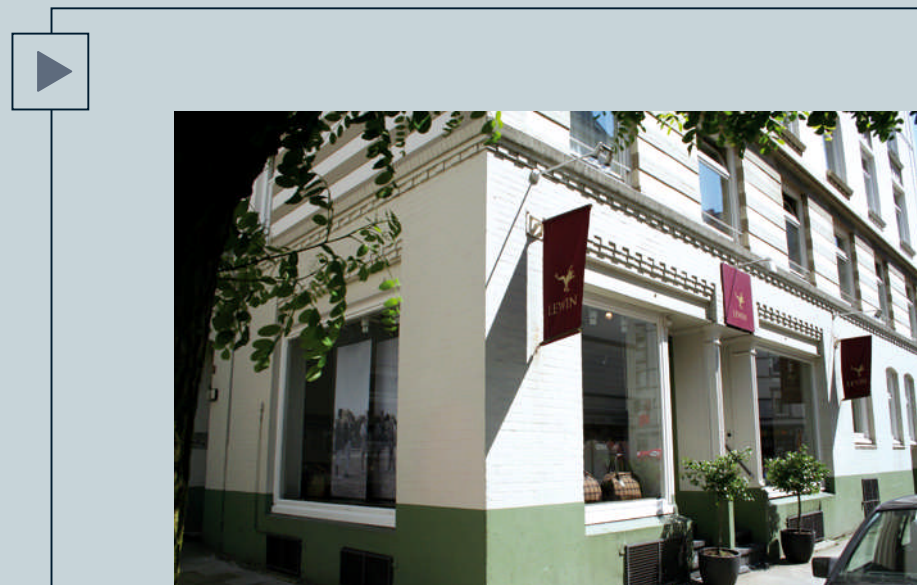
- Pre-REIT status gained on June 2007
- Planned asset volume € 400 m
- Focus on office real estate in urban locations with growth potential
 - A locations in B cities
 - B locations in A cities
- Good portfolio mix
 - investment properties ensure stable cash flows
 - value growth potential tapped by means of project development
- Buy Build & Hold strategy means active value creation, additional boost enterprise value and profitability

- Listing of the shares and placement on the capital market at the moment of fair valuation of the stock, alternatives under consideration.



Outlook 2008

- Planned investment volume € 50 mn in existing real estate and development
- Planned acquisition volume € 100 mn focus on attractive portolios with stable cash flows value growth potential
- Moderate growths in all segments in regard to sales, earnings and profit
- Proven BUY, BUILD& HOLD strategy will be continued
- Placement of the REIT shares as soon as the market guarantees a fair valuation of the stock
- A positive expectation of the residential and commercial real estate market conditions.



APPENDIX

Group in Figures

Company financials

	TAG Group	TAG GI	BV	TAG AM ⁴⁾
Revenues TEUR	146,134	39,383	96,606	14,184
of which from the sale of properties	80,962	23,329	52,130	5,503
of which from rentals	40,277	16,054	19,878	1,702
of which from management activities	24,895	0	24,598	6,979
EBIT TEUR	51,097	31,471	23,352	3,346
EBT TEUR	31,092	18,414	13,811	1,628
Consolidated net profit TEUR	16,467	11,076	7,090	1,131
Consolidated earnings per share in EUR	0.51	1.08	0.30	
Total assets TEUR	886,603	403,900	365,763	80,741
Volume of real estate carried on the balance sheet TEUR	761,312	370,914	295,253	66,015
of which investment properties	556,702	361,276	129,406	37,741
of which current assets	204,610	9,639	165,847	28,274
Volume of real estate by market value TEUR ¹⁾	801,301	350,097	329,403	69,363
Volume of real estate by market value EUR/sqm ¹⁾	1,340	1,446	1,256	0
Available floor area sqm	598,073	242,152	262,323	67,589
Equity TEUR	306,513	25,352	123,894	15,367
Equity ratio in %	35	6	34	19

¹⁾ Capital spending deducted to calculate the market value

²⁾ Adjusted for sales and new acquisitions not yet placed on the balance sheet, calculated on a p.a. basis

³⁾ For listed companies only

⁴⁾ Figures include project development for Stuttgart Südtor

Company financials and Portfolio

	TAG Group	TAG GI	BV	TAG AM ⁴⁾
Liabilities to banks TEUR	512,958	289,309	190,972	16,716
of which non-current	295,580	199,045	108,370	
of which current (< 1 year)	217,378	90,264	82,602	
Average interest rate in %				
non-current	5.39	5.47	5.29	
current	5.58	5.50	5.67	
Planned capital spending (excluding new acquisitions) as of 2008 in TEUR	143,206	19,707	57,816	62,941
Planned capital spending (excluding new acquisitions) as of 2008 in EUR/sqm	239	81	220	931
Current rental p.a. TEUR ²⁾	39,342	21,831	15,764	1,390
Current rental EUR/sqm ²⁾	5.48	7.51	5.01	1.71
Market rental TEUR	61,324	27,268	25,375	7,619
Market rental EUR/sqm	8.54	9.38	8.06	9.39
Vacancies for investment purposes in %	22.2	4.3	17.1	72.9
Vacancies for non-investment purposes in %	5.7	2.0	5.8	2.8
Market capitalization TEUR ³⁾	212,984		102,373	
NAV per share ³⁾	12.36		7.60	
NAV EUR/sqm ³⁾	673		674	

¹⁾ Capital spending deducted to calculate the market value

²⁾ Adjusted for sales and new acquisitions not yet placed on the balance sheet, calculated on a p.a. basis

³⁾ For listed companies only

⁴⁾ Figures include project development for Stuttgart Südtor

Consolidated Income Statement

in TEUR		2007	2006
Revenues		146,134	107,334
a) Sale of properties		80,962	72,732
b) Rental income		40,277	25,077
c) Construction management and others		24,895	9,525
Other operating income		8,141	6,303
Fair-value remeasurement of investment properties		30,263	11,558
Cost of goods and services purchased		-104,898	-85,783
a) Sale of properties		-70,445	-67,223
b) Rental income		-14,070	-12,323
c) Construction management and others		-20,383	-6,237
Gross profit		79,640	39,412
Personnel expenses		-12,398	-10,145
Depreciation/amortisation		-1,650	-621
Other operating expenses		-14,495	-11,547
EBIT		51,097	17,099
Share of profit of investees		-627	-52
Share of profit of associates		-295	-110
Net borrowing costs		-19,083	-10,512
EBT		31,092	6,425
Income taxes		-10,469	-545
Other taxes		-1,335	-967
Consolidated net profit before minorities		19,288	4,913
Minorities		-2,821	-2,068
Consolidated net profit after minorities		16,467	2,845
Earnings per share (€), basic		0.51	0.14

Consolidated balance sheet

Asset in TEUR		12/31/2007	12/31/2006
Non-current assets			
Investment properties		556,702	172,545
Intangible assets		83	34
Property, plant and equipment		2,130	4,344
Investments in associates		3,831	3,762
Other financial assets		1,536	2,270
		564,282	182,995
Current assets			
Land with unfinished and finished buildings		204,610	338,667
Other inventories		10,969	5,355
Trade receivables		65,685	37,273
Income tax refund claims		458	1,021
Other current assets		26,485	10,017
Cash and cash equivalents		14,114	113,070
		322,321	505,403
Non-current available-for-sale assets		0	4,180
		886,603	692,538

Consolidated balance sheet

EQUITY AND LIABILITIES in TEUR		12/31/2007	12/31/2007
Equity			
Equity holders of the parent			
Subscribed capital		32,566	32,566
Share premium		219,606	219,714
Other reserves		-208	420
Unappropriated surplus		20,049	3,582
Minority interests		34,500	31,728
		306,513	288,010
Non-current liabilities			
Bank borrowings		295,580	37,727
Retirement benefit provisions		10,962	2,188
Other non-current liabilities		8	424
Deferred taxes		8,352	1,458
		305,902	41,797
Current liabilities			
Other provisions		22,148	12,359
Income tax liabilities		4,190	2,727
Liabilities to banks		217,378	271,119
Trade payables		20,166	72,411
Other current liabilities		10,306	3,853
		274,188	362,469
Liabilities in connection with the non-current available-for-sale assets		0	262
		886,603	692,538

Consolidated Statement of Cash Flows

In TEUR		2007	2006
Consolidated net profit		16,467	2,845
Depreciation/amortisation		1,650	621
Impairment losses on financial assets		700	28
Share of profit of associates		295	110
Impairment losses on receivables and inventories		1,171	1,419
Fair-value remeasurement of investment properties		-30,263	-11,558
Changes in deferred taxes		6,894	-108
Changes in provisions		9,563	-3,686
Profit for deconsolidation and disposal of non-current assets		-3,059	-804
Changes in receivables and other assets		-27,137	-83,136
Changes in payables and other liabilities		-45,402	78,548
Cash flow from operating activities		-69,121	-15,721
Investments in investment properties		-249,301	-20,011
Payments received from the disposal of investment properties		10,065	804
Investments in intangible assets and property, plant and equipment		-391	-1,257
Investments in consolidated companies and financial assets		-331	-6,668
Payments received from the sale of consolidated companies		3,643	7,325
Cash flow from investing activities		-236,315	-19,807
Payments received from equity issues (less transaction costs)		141	171,927
Payments received from new bank loans		261,609	105,671
Payments made to repay bank loans		-68,998	-119,305
Repayment of loans and settlement of purchase price obligations		0	-21,281
Cash flow from financing activities		192,752	137,012
Cash changes in cash and cash equivalents		-112,684	101,484
Cash and cash equivalents at the beginning of the period		124,571	23,087
Cash and cash equivalents at the end of the period		11,887	124,571

Contacts

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