TAG 2015

Interim Report on the 1st quarter

TAG Immobilien AG

GROUP FINANCIALS IFRS

in TEUR	01/01 – 03/31/2015	01/01 – 03/31/2014
A. Income statement key figures		
Rental income in total	64,124	65,145
EBITDA in total (adjusted)	40,035	42,376
EBIT	58,986	33,067
EBT	34,314	8,160
Consolidated net profit/loss	28,009	7,927
FFO I per share in EUR	0.15	0.15
FFO I in EUR m	18.1	19.2
FFO II in EUR m	17.9	18.7
AFFO in EUR m	11.3	11.3

B. Balance sheet key figures	03/31/2015	12/31/2014
Total assets	3,709,473	3,734,246
Equity	1,046,258	1,005,053
Equity ratio in %	28.2	26.9
Real estate volume	3,507,110	3,371,269
LTV in %	62.4	62.2
LTV in % incl. outstanding convertible bonds	65.2	65.3
NAV per share in EUR	10.24	10.10
Diluted NAV per share in EUR	10.01	9.85

C. Employees	03/31/2015	12/31/2014
Number of employees	545	521

D. Other key figures	
Market cap at 03/31/2015 in TEUR	1,172,494
Share capital in EUR	133,268,017.00
WKN/ISIN	830350/DE0008303504
Number of shares (issued) at 03/31/2015	133,268,017
Number of shares (outstanding after share buy-back) at 03/31/2015	122,140,839
Free Float in % (remainder treasury shares)	92
Index	MDAX/EPRA

TABLE OF CONTENTS

FOREWORD

Dear Shareholders,
Ladies and Gentlemen,

the first quarter of fiscal 2015 went as expected for us, with FFO I of EUR 18.1 m, which is almost exactly on par with the previous quarter. It should be noted that two portfolios already contractually acquired in November last year with a total of approximately 2,850 residential units weren't transferred into our portfolio until 31 January 2015, so that they did not yet make an earnings contribution in the month of January, while the sale of 3,500 units in Berlin had already become effective on 31 December 2014.

Against the background of the portfolios newly acquired in recent months, the vacancy rate in our residential units has risen from 8.1% at the end of last year to 8.9% at the end of the first quarter 2015. The average rent per square meter in our residential units has decreased slightly due to acquisitions from EUR 5.00 as of 31 December 2014, and now stands at EUR 4.98. Without taking into account the newly acquired portfolios – considering the portfolio like for like – there would be a steady development or a slight improvement in the vacancy and in the rents.

We have constantly continued our capital recycling strategy begun at the end of 2014. For instance, in early April 2015, a total of 972 residential units in the Berlin districts of Marzahn and Hellersdorf were sold at a purchase price of EUR 59.8 m, which corresponds to approximately 17 times the current annual net cold rent. This sale will result in a book profit of around EUR 10 m and net cash proceeds of approximately EUR 34 m, which will then be available for new acquisitions. We expect the transfer of rights and obligations from this transaction to occur on 30 June 2015.

For the remainder of the year, our strategy will be focused on targeted acquisitions in our core regions as well as on further optimising the return on our portfolio. The current vacancy rate, particularly in the newest portfolio acquisitions, contains enormous potential to increase operating cashflow. Capital recycling also allows us to further reduce our leverage. Since a number of loans are maturing simultaneously, the Company has high cash holdings and our convertible bonds are deep in the money, this opens up a number of options for us to reduce leverage while further increasing the return per share.

On 19 May 2015, TAG hosts its first Capital Markets Day, where we invite investors and analysts to Hamburg mainly to report on our operational organisation and the topics and trends in the regions we manage. Capital Markets Day also continues our strategy of very open and innovative communication with the capital markets.

We thank you, our shareholders, for your trust and confidence in us, and look forward to seeing many of you again at our Annual General Meeting in Hamburg on 19 June 2015.

Yours sincerely,

Claudia Hoyer M. Thiel

Claudia Hoyer
COO

Martin Thiel
CFO

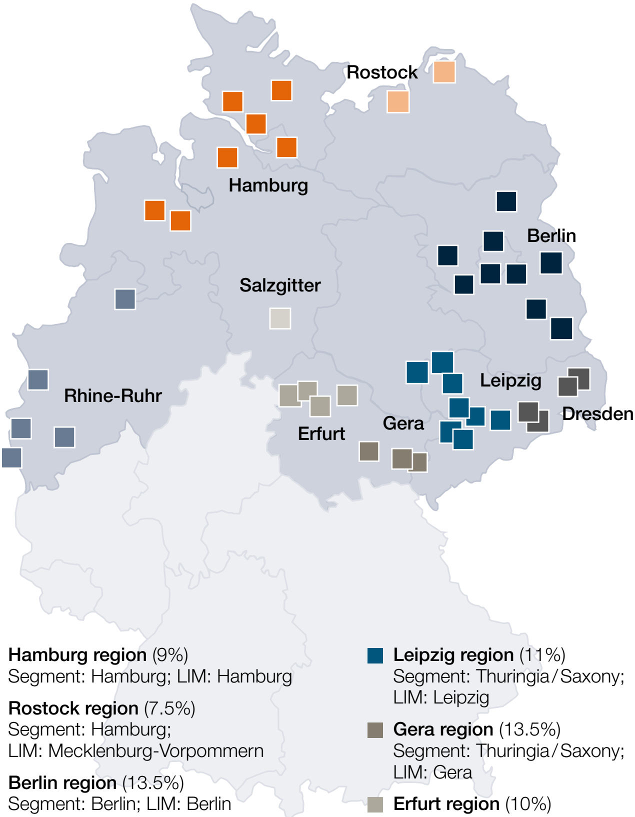
Dr. Harboe Vaagt
CLO

Wilhelm-Firl-Strasse, Chemnitz

TAG REAL ESTATE PORTFOLIO

The TAG Group's real estate portfolio comprised approximately 75,000 units at the end of the first quarter of 2015, mostly located in good urban locations in German growth regions. The focus is on the management and development of residential real estate with stable cashflows and attractive returns in locations where TAG already has investments and offices. The regional focus is mainly on northern and eastern Germany.

Portfolio	as of 03/31/2015	as of 12/31/2014
Units	75,223	72,530
Rentable area in sqm	4,615,148	4,436,670
Real estate volume in TEUR	3,507,110	3,371,269
Net actual rent in EUR/sqm/month (total)	5.13	5.16
Net actual rent in EUR/sqm/month (res. portfolio)	4.98	5.00
Annualised net actual rent in EUR m p.a. (total)	258,399	252,287
Vacancy in % (overall portfolio)	9.1	9.0
Vacancy rate in % (residential units)	8.9	8.1



Hamburg region (9%)
Segment: Hamburg; LIM: Hamburg

Rostock region (7.5%)
Segment: Hamburg;
LIM: Mecklenburg-Vorpommern

Berlin region (13.5%)
Segment: Berlin; LIM: Berlin

Salzgitter region (13.5%)
Segment: Salzgitter; LIM: Salzgitter

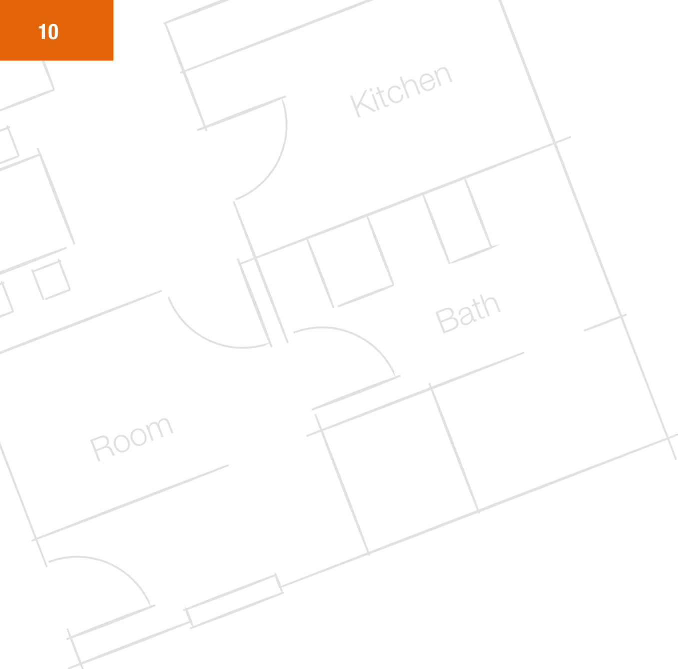
Dresden region (16%)
Segment: Thuringia / Saxony;
LIM: Dresden, Doebeln / Chemnitz

Leipzig region (11%)
Segment: Thuringia / Saxony;
LIM: Leipzig

Gera region (13.5%)
Segment: Thuringia / Saxony;
LIM: Gera

Erfurt region (10%)
Segment: Thuringia / Saxony;
LIM: Erfurt

Rhine-Ruhr region (6%)
Segment: NRW; LIM: Dusseldorf



Capital recycling strategy

The company's strategy centres on the return per individual share. To do this, we selectively take advantage of sales opportunities in high-priced locations and reinvest the proceeds in locations with development potential and clearly lower acquisition prices. In 2014, about 4,100 units were sold at 18 to 19 times the current annual net cold rent, and at the same time about 8,900 units were newly acquired with higher initial returns (on average 10 or 11 times the current annual net cold rent). The new acquisitions fully compensate for the decline in FFO from sales, while simultaneously creating free cashflow that can be used for further acquisitions. In line with this strategy, TAG will continue to purchase real estate that can be cost-effectively integrated and profitably administered using its existing infrastructure and decentralised asset and property management organisation.

2014

Sale of residential portfolio

4,100 units
Total sales proceeds of EUR 270 m

Investments in residential portfolio

Acquisition of 8,900 units
Total sales price of EUR 294 m

Disposals

- High priced markets
- High selling prices/ multiples
- Potential for value creation increased
- Active asset management (vacancy reduction, rent increases)
- FFO effect (p. a.): - EUR -7 m

Acquisitions

- Stable markets with developement potential
- Integration into TAG's local infrastructure
- Existing TAG regions
- High total return
- FFO effect (p. a.): + EUR 17 m

Net effect

- Portfolio size increased during the year by 4,800 units
- FFO effect (p. a.): + EUR 10 m
- Net cash release for further acquisitions: + EUR 10 m
- Higher total return on a per share basis

Increase in FFO and free cashflow for future investments

Sales in 2015

Sales opportunities were already exploited in the high-priced Berlin market last year, with transactions concluded at purchase prices clearly exceeding the book value of the properties. In April 2015, we also sold a total of 972 additional prefabricated large-panel construction residential units totalling around 56,400 sqm with only 1.7% vacancy in the Hellersdorf and Marzahn districts of Berlin for a sale price of EUR 59.75 m. The 17 times current annual net cold rent price factor attained confirms the value increase potential that we have achieved through successful asset management in just a few years. The sale and transfer of the portfolio is expected to occur as of 30 June 2015.

Portfolio – Regions and Locations

In accordance with the organisational structure of our property management, the portfolios are defined regionally, and in each case are assigned to a Head of Property Management (HPM). Each HPM is largely responsible for their own regional budgets and cost control, as well as for planning and implementing activities to develop the portfolio. On the basis of their local expertise, they or the head of a region are responsible for leasing, customer service, receivables management and technology. This decentralised management and distribution of tasks enables quick and appropriate decisions for each region.

Otto-Hofmann-Strasse, Chemnitz

Region	Units	Area sqm	IFRS BV 03/31/2015 TEUR	In-place yield %	Vacancy %	Net actual EUR/sqm	Reletting rent EUR/sqm	L-f-l rental growth (y-o-y) %	Maintenance EUR/sqm	Capex EUR/sqm
Berlin	9,595	561,451	482,126	6.8	5.2	5.10	5.65	1.8	1.43	1.38
Dresden	11,243	680,485	516,691	7.1	10.9	5.01	5.19	0.6	1.67	1.80
Erfurt	7,799	436,904	360,471	6.6	7.1	4.92	5.27	1.9	0.93	2.34
Gera	9,630	561,667	372,090	7.4	12.1	4.62	4.85	1.3	0.72	2.57
Hamburg	6,356	385,279	317,185	7.1	7.1	5.22	5.56	0.8	1.89	0.39
Leipzig	7,871	464,420	330,785	7.7	6.7	4.85	5.07	0.6	1.15	1.05
Rhine-Ruhr	3,736	241,189	233,296	6.6	2.4	5.47	5.62	0.9	2.40	1.01
Rostock	5,207	308,180	235,887	7.4	6.9	5.08	5.43	1.4	0.90	1.76
Salzgitter	9,171	562,839	361,804	7.7	15.0	4.84	5.17	0.9	2.46	1.58
Total residential units	**70,608**	**4,202,413**	**3,210,336**	**7.1**	**8.9**	**4.98**	**5.27**	**1.0**	**1.49**	**1.61**
Acquisitions 2015	2,848	181,584	137,363	7.6	5.2	5.07	–	–	0.95	–
Commercial units (within residential portfolio)	1,287	165,321	–	–	17.0	7.48	–	–	–	–
Total residential portfolio	**74,743**	**4,549,319**	**3,347,699**	**7.5**	**9.0**	**5.06**	**5.26**	**–**	**1.41**	**1.49**
Other*	480	65,829	159,411	4.3	16.4	10.36	5.37	–	2.46	0.36
Grand total	**75,223**	**4,615,148**	**3,507,110**	**7.4**	**9.1**	**5.13**	**5.26**	**–**	**1.43**	**1.47**

* Includes six commercial properties and three serviced apartments.

> ”One of the services a good landlord should provide is to take tenant wishes seriously to live together harmony with their direct neighbors.”
>
> Claudia Hoyer

Vacancy and rent development

The development of the residential portfolio shows a positive trend at almost all locations. This should be seen especially in the context of the sales and acquisitions TAG carried out last year. For the most part, the portfolios acquired in the last year were on the one hand below average TAG rents, and on the other, the vacancy rate was higher than that of our previous portfolio. At the same time, real estate was divested in high-priced markets with very low vacancy rates in which the rent potential had already been exhausted through steady development and good property management.

Nevertheless, thanks to successful asset and property management, vacancy in our residential units continued to fall until the end of the first quarter and remained constant at 8.9% compared to year-end 2014 (9.0% like for like on the basis of a comparable portfolio) with a further reduction to 8.9%.

This positive trend is clearly visible again in the Salzgitter region, where vacancy fell by more than 3 percentage points within a year, or a further 0.5 percentage points within the first three months of 2015 from 15.5% at the beginning of the year to 15.0% on 31 March 2015. This validates the soundness of our rental policies and actions we took in Salzgitter.

The average net in place rent in the residential units in comparison to the beginning of 2015 remained nearly constant at EUR 4.98 per sqm per month (rent at the beginning of 2015: EUR 5,00 per sqm). Rents for new leases were well above the previous rents – at 31 March 2015, they were EUR 5.27 per sqm in the total residential units.

THE TAG SHARE, BOARDS AND BONDS

In the first quarter of 2015, the price of the MDAX-listed TAG shares trended significantly upward, and at plus 30% outperformed the MDAX index, which gained 22 percentage points since the beginning of the year. The EPRA index, comprised of various real estate companies listed on international stock exchanges, was also on a steep upward trend at +19% . The TAG shares started the year at EUR 9.81 and were trading at EUR 12.85 on 31 March 2015. The TAG share price was listed at EUR 11.44 as of 30 April 2015.

At a closing price of EUR 12.85 on 31 March 2015, TAG's market capitalisation on this effective date was amounted to EUR 1,712 m. As before, national and international investors with a predominantly long-term investment strategy make up the majority of TAG shareholders.

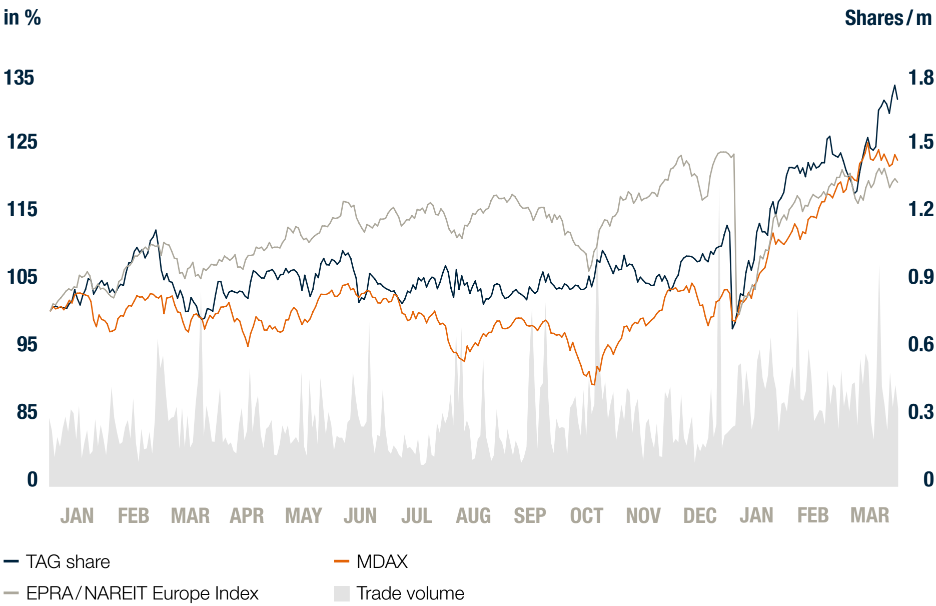
The share capital and number of shares have increased slightly to 133,268,017 since year-end 2014 due to the exercise of conversion rights amounting to EUR 1,555,158 and the same number of shares. Free float is 92% of the share capital, as TAG repurchased its own shares last year and to a large extent (8% of share capital) still owns them.

Share buy-back of around 10% in October 2014

Last autumn, given the high liquidity offset caused by unattractive investment options, the company repurchased around 10% of its own shares. In February 2015, 2 m of the shares (corresponds to approximately 2% of share capital) were purchased under the buy-back were exchanged for 3,600,000 shares of the Colonia Real Estate AG subsidiary, increasing the company's holding from 79% at year-end 2014 to 87%.

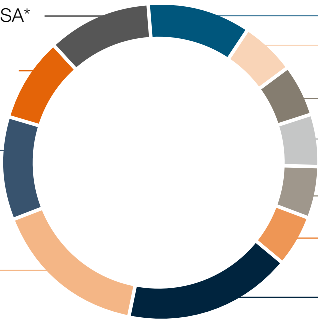
The company can use the remaining shares for future acquisition capital, for example, and is therefore able to grow in a flexible and efficient manner. Through the share repurchase that was done below NAV, the total share return was increased, thereby creating shareholder value.

Share price January 2014 – March 2015



Heeresbergstrasse, Gera

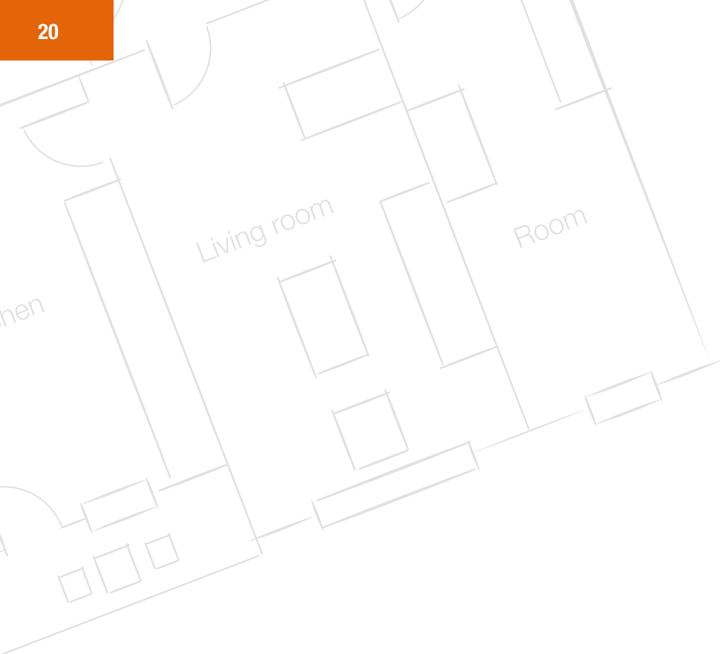
Shareholder structure as of 31 March 2015



* According to the German stock exchange definition that classifies it as free float.

Analyst recommendations

Institution	Analyst	Recommendation	Target price EUR	Date
Kempen & Co.	Bernd Stahli	Underweight	10.00	5 May 2015
Berenberg	Kai Klose	Buy	13.00	4 May 2015
Barclays	David Prescott	Hold	12.84	22 April 2015
HSBC	Thomas Martin	Hold	13.00	8 April 2015
Morgan Stanley	Bianca Riemer	Underweight	7.80	26 March 2015
Oddo Seydler	Manuel Martin	Buy	13.70	18 March 2015
S&P Capital IQ	William Howlett	Hold	12.25	2 March 2015
Kepler Cheuvreux	Thomas Neuhold	Buy	13.50	27 February 2015
Commerzbank	Thomas Rothaeusler	Hold	12.50	26 February 2015
Baader Bank	André Remke	Hold	12.80	26 February 2015
Victoriapartners	Bernd Janssen	n/a	10.00 – 11.50	18 February 2015
Bankhaus Lampe	Dr Georg Kanders	Buy	13.50	6 February 2015
Mean			**12.50**	



Dividend

TAG lets its shareholders participate in the company's success by continually paying a dividend, and pays out a significant share of the profits as dividends. The Annual General Meeting in June 2015 will vote on approving a dividend payment of EUR 0.50 per share for the 2014 financial year. To maintain TAG shares as an attractive dividend stock, we are planning a dividend payout of EUR 0.55 per share for fiscal 2015.

Supervisory Board expanded to include two employee representatives

At year-end 2014, two employee representatives resigned from the board for personal reasons after serving for five years. TAG's employees elected Harald Kintzel and Marco Schellenberg as their new representatives in April 2015.

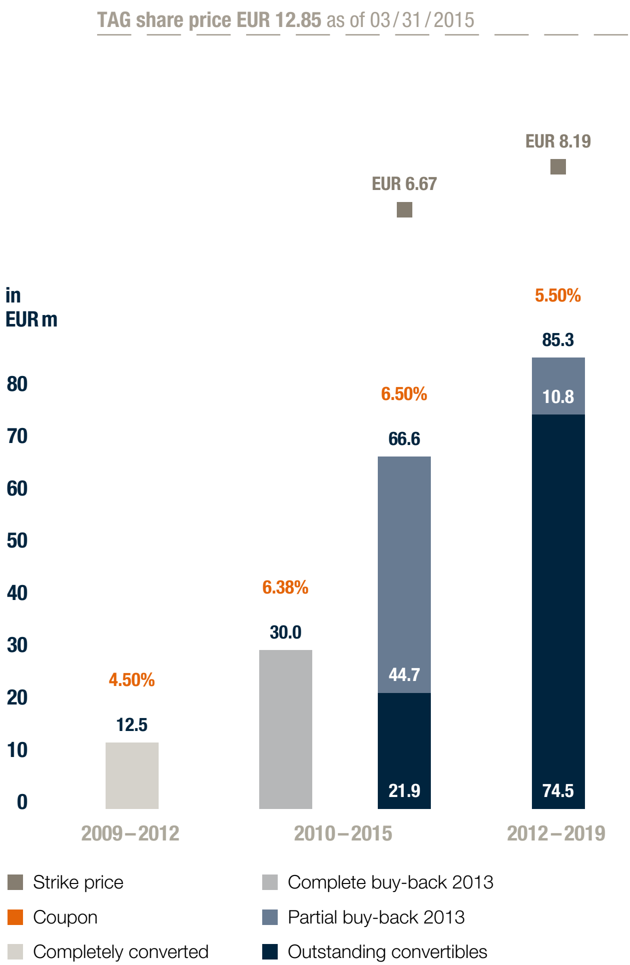
Overview of TAG corporate bonds

WKN A1TNFU	WKN A12T10
Volume: EUR 310 m	Volume: EUR 125 m
Division into shares: EUR 1,000.00 per share	Division into shares: EUR 1,000.00 per share
Nominal value per bond: EUR 1,000.00	Nominal value per bond: EUR 1,000.00
Maturity: 5 years until 08/07/2018	Maturity: 6 years until 06/25/2020
Interest rate (effective): 5.125% (200 m)/4.3% (110 m)	Interest rate: 3.75%
Issue price: at par (200 m)/to 103% (110 m)	Issue price: at par

Overview of outstanding TAG convertible bonds

WKN A1E 89W7	WKN A1PGZM3
Issued volume: EUR 66.6 m	Issued volume: EUR 85.3 m
Outstanding volume: EUR 21.9 m	Outstanding volume: EUR 74.5 m
Number of shares: 9,000,000	Number of shares: 853
Nominal value per bond: EUR 7.40	Nominal value per bond: EUR 100,000.00
Maturity: 5 years until 12/10/2015	Maturity: 7 years until 06/28/2019
Interest rate: 6.5%	Interest rate: 5.5%
Conversion price: EUR 6.6677	Conversion price: EUR 8.1923

Convertible Bonds issued by TAG since 2009



Dr.-Kortuem-Strasse, Heiligendamm

GROUP MANAGEMENT REPORT FOR THE FIRST THREE MONTHS OF FISCAL 2015

I. The Economy

a) State of the overall economy

According to chief economists at the International Monetary Fund (IMF) in April 2015, the world economy is considered stable on the whole. After 3.4% growth in both 2013 and 2014, the IMF forecasts 3.5% and 3.8%, respectively, for this year and next year. For the eurozone, the IMF says the main risk from the previous year – a recession in the eurozone – has decreased, and its position is sound. According to the forecast, growth will increase significantly almost everywhere; even in Greece, which the IMF expects will have growth of 2.5% this year and 3.7% next year.

The outlook for the German economy this spring is much better than it was last autumn. Leading economists now expect a strong recovery for the current year with growth of 2.1% – in its autumn report dated October 2014, the forecast was just 1.2%. The Federation of German Industry (BDI) also recently raised its forecast from 1.5% to 2.0%. Germany's federal government is cautious given the global crises, and expects growth of just 1.5% in Germany during 2015.

According to the government, in purely mathematical terms the growth is entirely driven by strong domestic demand, as consumer spending is high due to low interest rates making saving unattractive. In addition, wages are higher. The government expects net wages and salaries to increase by 2.6%, and inflation by only 1.4%.

b) State of the German real estate market

The overall economic situation in Germany is stable. For property investors in particular, the combination of low interest rates, high immigration and lack of investment alternatives provides good reasons to invest. This is also indicated by the German real estate industry barometer. According to real estate industry professionals surveyed for the BulwienGesa Real Estate Climate Index, the real estate industry particularly appreciates the housing sector as an attractive investment opportunity.

There was a significant shift in emphasis in investment locations. In the first few years of the market recovery since 2009, buyers mainly preferred “A” cities, and especially prime locations where prices rose noticeably faster than in “B” cities and / or peripheral locations. Average growth in “A” cities exceeded the average growth of all other cities in the last five years by almost 1.5% percentage points per year. But the tide turned in 2014. Property prices increased sharply by more than 5% even in “A” cities, but for the first time the increase was lower than average for smaller “B” cities. Some eastern German cities have made it into the top ten with double-digit increases in prices, and for these cities the very reasonable entry prices and relatively small market sizes in particular are likely to be decisive for the strong momentum.

The market reports for the first quarter of 2015 corroborate this analysis: Within the first three months of 2015, residential property portfolios worth almost EUR 9.7 billion changed hands. This represents a year-on-year increase of 76%. However, 80% of this high turnover is attributable to Deutsche Annington Immobilien SE’s acquisition of Gagfah SA. As a result, German buyers accounted for more than 90% of the total transaction volume. A total of 35% of the traded units were in “B” cities and 26% in “A” cities. This reflects a rising risk tolerance among investors to not limit themselves exclusively to major cities at this time.

Industry experts expect turnover to continue to be high in the residential sector, with well over half of this turnover to be driven by transactions in the capital market.

c) Business performance

Real estate purchases

In a share deal in November 2014, TAG acquired a residential real estate portfolio of 2,300 residential units for a purchase price of EUR 103.0 m, representing about 10.5 times the current annual net cold rent. The properties are located in various federal states in northern and eastern Germany. A total of 626 residential units (about 27%) are in the state of Thuringia, more specifically in Nordhausen and in Stadtilm near Erfurt. Another regional focus is northern Germany, with 1,064 units (approximately 47%) located in Kiel and Itzehoe, among other places. The rentable area of the apartments totals around 147,000 sqm, and the current rent is EUR 9.8 m p. a. The portfolio has a vacancy rate of 3.7%. The properties, all of which have been renovated, were built between 1958 and 1986.

Also in November 2014, the acquisition of a portfolio in Görlitz with around 550 units and a rentable area of about 34,300 sqm was closed at a purchase price of EUR 12.9 m. The portfolio is renovated and well-maintained and has a vacancy rate of 9.5% . The purchase price factor was 9.1 times the current annual net rental income of EUR 1.42 m.

The sale and transfer of both portfolios occurred on 31 January 2015.

Acquisition of additional shares in the Colonia Real Estate AG subsidiary

In February 2015, TAG purchased an additional 3.6 m shares in the Colonia Real Estate AG subsidiary in exchange for 2 m of its own shares, thereby increasing its stake in the company from 79% at 31 December 2014 to currently 87% . As a result of the share swap, the portfolio of internally-held TAG shares decreased from 13,127,178 shares to 11,127,178 shares.

Planned dividend payment of EUR 0.50 per share

At the Annual General Meeting on 19 June 2015, the Management Board and Supervisory Board will propose a dividend payment of EUR 0.50 per share for the 2014 financial year. This represents a significant increase in the dividend payment compared to the previous year (EUR 0.35 per share).

d) Results of operations, financial position and net asset position

Results of operations

As a result of the deconsolidation of TAG Gewerbeimmobilien GmbH on 30 May 2014, the provisions of IFRS 5 for “discontinued operations” were applied in the financial statements for fiscal 2014 as they had been for the previous quarterly reports in 2014. Accordingly, in the consolidated income statement for the previous year’s figures, all income and expenses attributable to the discontinued operation were included under “Earnings after tax of the discontinued operation”. In the current interim reporting period, no transactions took place that would have been allocated to discontinued operations.

In the first three months of 2015, the Group increased its rental income from continued operations by 6.7% year-on-year, from EUR 60.1 m to EUR 64.1 m. The main reasons for the increase in rental income were the newly-acquired portfolios during the 2014 financial year and in the first quarter of 2015 as well as the ongoing operational growth in rents.

The rental profit, i. e. rental income net of expenses for property management, amounted to EUR 52.7 m (previous year: EUR 49.8 m). This corresponds to a margin of 82.2% for the first three months of 2015 after 82.9% in Q1 of the previous year.

The Group generated revenues of EUR 8.0 m (previous year: EUR 2.9 m) from property sales in its continued operations segment during the reporting period. These sales involved around 140 residential units, predominantly in the regions of Dresden and Berlin.

The valuation result for the first three months of fiscal 2015 was EUR 21.5 m (previous year: EUR 2.0 m), of which EUR 0.8 m was due to newly acquired investment properties in Görlitz, and EUR 20.7 m to investment properties in northern and eastern Germany that were newly acquired as part of a share deal on 31 January 2015.

Personnel expenses increased marginally during the reporting period to EUR 8.1 m (previous year: EUR 8.0 m). This occurred because of the increase in the number of employees in Q1 due to company growth, and mainly affected the expansion of in-house maintenance services.

The decrease in impairment losses on inventories and receivables to EUR 1.8 m (previous year: EUR 7.4 m) relates primarily to an impairment of receivables from the sale of shares totalling EUR 5.7 m to Polares Real Estate Asset Management GmbH in the first quarter of 2014.

Miscellaneous operating expenses came to EUR 5.0 m, unchanged from EUR 5.0 m for the comparable period in the previous year. As was the case in fiscal 2014, additional expenditures totalling EUR 1.5 m were incurred for the implementation of our new ERP system in Q1 2015. Since 1 January 2015, all companies in the Group use this software, so all of the IT systems are now unified.

Interest income, i. e. the net result of interest income minus interest expenses, decreased slightly from EUR -25.0 m in the first three months of 2014 to EUR -24.8 m at 31 March 2015. This can in particular be traced back to lower financing costs for our financial obligations.

The average interest rate on our bank loans was 3.40% at 31 March 2015, after 3.64% at 31 March 2014, and their average maturity is now 11.0 years (31 March 2014: 9.4 years). Our total borrowing costs, i. e. taking into account the interest rates on corporate and convertible bonds, amounted to 3.7% at 31 March 2015 after 3.9% at 31 March 2014.

Overall, TAG generated EBT of EUR 34.3 m in the first three months of fiscal 2015 (previous year: EUR 8.2 m) from continuing operations, and total net income of EUR 28.0 m (previous year: EUR 7.9 m).

The FFO I came to EUR 18.1 m in the first three months of fiscal 2015, compared to EUR 19.2 m in the same period of the previous year and EUR 18.2 m in Q4 2014.

Assets and financial position

The balance sheet total at 31 March 2015 was 3,709.5 m after EUR 3,734.2 m at 31 December 2014. At 31 March 2015, the book value of the entire real estate portfolio was 3,507.1 m (31 December 2014: EUR 3,371.3 m), of which EUR 3,471.3 m (31 December 2014: EUR 3,331.6 m) were investment properties.

The equity ratio at the closing date was 28.2% after 26.9% at 31 December 2014. The main reason for the increased equity ratio was the markedly positive quarterly result and the effects from the exercise of bonds.

The following table shows the calculation of NAV in accordance with EPRA recommendations:

	03 / 31 / 2015 TEUR	12 / 31 / 2014 TEUR
Equity (before non-controlling shareholders' equity)	1,026,358	979,509
Deferred taxes on investment properties and derivative financial instruments	217,260	211,293
Fair values of derivative financial instruments	6,736	7,377
Net Asset Value	**1.250.354**	**1.198.179**
Number of relevant shares (after share buy-back)	122,141	118,586
NAV per share in EUR	10.24	10.10

Taking into account the potential dilutive effects of convertible bonds, this yields a diluted NAV per share of EUR 10.01 after EUR 9.85 on 31 December 2014.

Provided that all Group real estate is valued net of flat-rate transaction costs, an NAV per share of EUR 8.68 as of 31 March 2015 is calculated (31 December 2014: EUR 8.54).

The loan-to-value (LTV) ratio, without including the liabilities from convertible bonds, was 62.4% at 31 March 2015 (31 December 2014: 62.2%) and with inclusion of convertible bonds 65.2% (31 December 2014: 65.3%). The LTV is derived by dividing the net liquidity position (financial debt less cash and cash equivalents, including the purchase prices already deposited into notary accounts) by real estate assets.

As of 31 March 2015, the Group had cash and cash equivalents of EUR 85.3 m (31 December 2014: EUR 196.6 m). In addition, as of the reporting date it had other credit lines of EUR 24.4 m so that total available liquidity was EUR 109.7 m.

e) HR report (employees)

At 31 March 2015, the TAG Group had 545 employees. At 31 December 2014, it employed 521 people and new hires made in Q1 were primarily temporary and interim employees. In addition, 178 caretakers are employed by the Group (31 December 2014: 134).

f) Other financial and non-financial performance indicators

In addition to the above-described financial indicators Funds From Operations (FFO), Net Asset Value (NAV) and Loan To Value (LTV) ratio, TAG especially and continually monitors vacancy rate and rental income generated.

Vacancy in the residential units of our portfolio, not counting the acquisitions that became effective in the current fiscal year, totalled 8.9% at 31 March 2015, following 8.1% at 31 December 2014. The vacancy of the entire portfolio came to 9.1% at quarter-end compared with 9.0% at 31 December 2014. In particular, this development is the result of the acquisitions from the previous year that were used to set quotas, and whose vacancy rate should be reduced over the long-term within the context of our asset management.

Average net in place rent per sqm across the entire residential real estate portfolio was EUR 4.98 at the reporting date (31 December 2014: EUR 5.00). New lettings at 31 March 2015 average EUR 5.27 per sqm (31 December 2014: EUR 5.23 per sqm). In the overall portfolio, average net in place rent per sqm fell from EUR 5.16 at 31 December 2014 to EUR 5.13 at the end of the first quarter of 2015.

II. Material events after the reporting date

On 2 April 2015 a sale of real estate in the Hellersdorf and Marzahn districts of Berlin was closed. A total of 972 units were sold at a purchase price of EUR 59.8 m, equivalent to 17 times the net annual rent. For this sale, a book profit of around EUR 10.7 m is expected (before taking prepayment penalties into account) and a net cash inflow, after repayment of the corresponding bank loans and prepayment penalties of approximately EUR 34.2 m. The sale and transfer is anticipated on 30 June 2015.

As of year-end 2014, two employee representatives resigned from the Board for personal reasons after serving for five years. TAG's employees elected Harald Kintzel and Marco Schellenberg as their new representatives on 20 April 2015. With their election, the supervisory board again consists of 6 members.

III. Outlook, opportunities and risks

Through its activities, TAG is exposed to various operational and economic opportunities and risks. Please refer to the detailed disclosure in the "Opportunities and Risk Report" section of the Group Management Report for the 2014 fiscal year. Since 1 January 2015, no significant developments have occurred or become apparent that would lead to a different assessment.

Our FFO forecast did not change at the end of the first quarter of 2015. Based on the number of shares at 31 December 2014 and that means without the effects of the share conversions, the forecast is EUR 0.67 to EUR 0.69 per share after an FFO of EUR 0.63 per share in the 2014 financial year.

Hamburg, 7 May 2015

Claudia Hoyer	**Martin Thiel**	**Dr Harboe Vaagt**
COO	**CFO**	**CLO**

CONSOLIDATED BALANCE SHEET

Assets in TEUR	03/31/2015	12/31/2014
Non-current assets		
Investment properties	3,471,323	3,331,600
Intangible assets	3,492	3,831
Property, plant and equipment	14,334	14,422
Investments in associates	146	146
Other financial assets	12,748	12,659
Deferred taxes	56,270	58,981
	3,558,313	**3,421,639**
Current assets		
Land with unfinished and finished buildings	17,204	19,308
Other inventories	931	677
Trade receivables	19,248	70,693
Income tax receivables	1,651	1,953
Derivative financial instruments	3,036	3,551
Other current assets	16,047	10,269
Cash and cash equivalents	85,260	196,646
	143,377	**303,097**
Non-current assets held for sale	**7,783**	**9,510**
	3,709,473	**3,734,246**

Equity and liabilities in TEUR	03/31/2015	12/31/2014
Equity		
Subscribed capital	122,141	118,586
Share premium	623,911	607,860
Other reserves	-5,078	-5,665
Unappropriated surplus	285,384	258,728
Attributable to the equity holders of the parent company	1,026,358	979,509
Attributable to non-controlling interests	19,900	25,544
	1,046,258	**1,005,053**
Non-current liabilities		
Bank borrowings	1,761,647	1,797,751
Liabilities from corporate bonds	434,970	434,972
Liabilities from convertible bonds	70,179	69,925
Derivative financial instruments	4,436	5,447
Retirement benefit provisions	6,277	6,317
Other non-current liabilities	3,488	3,445
Deferred taxes	214,085	211,120
	2,491,830	**2,528,977**
Current liabilities		
Other provisions	19,556	16,429
Income tax liabilities	6,990	6,925
Bank borrowings	78,784	105,959
Trade payables	13,104	9,147
Derivative financial instruments	5,336	5,481
Liabilities from corporate bonds	5,964	8,764
Liabilities from convertible bonds	26,583	35,539
Other current liabilities	11,816	11,972
	171,385	**200,216**
	3,709,473	**3,734,246**

CONSOLIDATED INCOME STATEMENT

in TEUR	01/01–03/31/2015	01/01–03/31/2014
Total revenues	**72,801**	**63,415**
Rental revenues	64,124	60,083
Rental expenses	-11,418	-10,249
Net rental income	52,706	49,834
Revenues from the sale of inventory real estate	2,659	994
Expenses on the sale of inventory real estate	-2,380	-817
Net revenues from sale of inventory real estate	279	177
Revenues from the sale of investment properties	5,628	1,950
Expenses on the sale of investment properties	-6,076	-2,066
Net revenues from the sale of investment properties	-448	-116
Revenues from property management	390	388
Expenses for the provision of property management	-217	-2
Net income from property management	173	386
Other operating income	571	1,791
Fair-value remeasurement of investment properties	0	-10
Measurement gains/losses on newly acquired investment properties	21,470	2,024
Total measurement gains/losses on investment properties	21,470	2,014
Gross profit	**74,751**	**54,086**
Personnel expenses	-8,108	-8,032
Depreciation/amortisation	-864	-617
Impairment losses on receivables and inventories	-1,776	-7,392
Other operating expenses	-5,017	-4,978
EBIT	**58,986**	**33,067**
Net profit from investments	123	80
Share of profit or loss of associates	0	6
Interest income	772	942
Borrowing costs	-25,567	-25,935
EBT	**34,314**	**8,160**
Income taxes	-6,293	-1,126
Other taxes	-12	-10
Consolidated net profit from continuing operations	**28,009**	**7,024**

in TEUR	01/01 – 03/31/2015	01/01 – 03/31/2014
Post tax result of discontinued operation	0	903
Consolidated net profit	**28,009**	**7,927**
of which attributable to non-controlling interests	-1,352	-592
of which attributable to equity holders of the parent company	26,657	8,519
Earnings per share (in EUR)		
Earnings per share	0.22	0.06
Diluted earnings per share	0.21	0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01 – 03/31/2015	01/01 – 03/31/2014
Net profit as shown in the income statement	**28,009**	**7,927**
Unrealised gains and losses from hedge accounting	780	-787
Deferred taxes on unrealised gains and losses	-177	126
Other comprehensive income after taxes	603	-661
Total comprehensive income	**28,612**	**7,266**
of which attributable to non-controlling interests	1,352	-592
of which attributable to equity holders of the parent company	27,260	7,858

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	01 / 01 – 03 / 31 / 2015	01 / 01 – 03 / 31 / 2014
Consolidated net profit (continuing and discontinued operations)	28,009	7,927
Net interest income / expense through profit and loss	24,795	24,993
Current income taxes through profit and loss	4	- 271
Depreciation, amortisation and financial assets	864	617
Share of profit or loss of associates	0	- 6
Total measurement profit / losses of investment properties	- 21,470	- 2,014
Gains / losses from the disposal of investment properties	448	6
Impairments on inventories and receivables	1,776	7,397
Changes in deferred income taxes	5,676	1,895
Changes in provisions	3,087	- 8,101
Interest received	425	1,017
Interest paid	- 22,693	- 24,241
Income tax refunds received	30	378
Income taxes paid	- 34	- 107
Changes in receivables and other assets	3,384	18,913
Changes in payables and other liabilities	- 3,563	- 12,636
Cashflow from operating activities	**20,738**	**15,767**
Payments made for the acquisition of real estate companies	- 103,000	0
Payments received from the disposal of investment properties	52,593	3,000
Payments made for investments in investment properties	- 18,113	- 29,131
Payments made for investments in intangible assets and property, plant and equipment	- 431	- 800
Payments received from other financial assets	123	586
Cashflow from investing activities	**- 68,828**	**- 26,345**
Payments received from the issuance of corporate bonds	0	113,300
Costs associated with the issuance of corporate bonds	0	- 144
Payments received from bank borrowings	1,899	100
Payments made for repaying bank borrowings	-42,000	- 70,890
Cashflow from financing activities	**- 40,101**	**42,366**
Net change in cash and cash equivalents	- 88,191	31,788
Cash and cash equivalents at the beginning of the period	171,433	79,008
Currency translation	- 17	0
Cash and cash equivalents at the end of the period	**83,225**	**110,796**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

in TEUR	Attributable to the parent's shareholders							Non-controlling interests	Total equity
			Other reserves						
	Subscribed capital	Share premium	Retained earnings	Hedge accounting reserve	Currency translation	Inappropriated surplus	Total		
Amount on 01/01/2015	**118,586**	**607,860**	**46**	**-5,727**	**17**	**258,728**	**979,509**	**25,544**	**1,005,053**
Consolidated net profit	0	0	0	0	0	26,657	26,657	1,352	28,009
Other comprehensive income	0	0	0	603	0	0	603	0	603
Total comprehensive income	0	0	0	603	0	26,657	27,260	1,352	28,612
Issue of treasury shares	2,000	21,804	0	0	0	0	23,804	-9,238	14,566
Increase in shares without any change of status	0	-14,567	0	0	0	0	-14,567	2,242	-12,325
Conversion of bonds	1,555	8,814	0	0	0	0	10,369	0	10,369
Currency translation	0	0	0	0	-17	0	-17	0	-17
Amount on 03/31/2015	**122,141**	**623,911**	**46**	**-5,124**	**0**	**285,384**	**1,026,358**	**19,900**	**1,046,258**
Amount on 01/01/2014	**131,298**	**705,898**	**527**	**-11,546**	**89**	**281,040**	**1,107,306**	**20,060**	**1,127,366**
Consolidated net profit	0	0	0	0	0	8,519	8,519	-592	7,927
Other comprehensive income	0	0	0	-661	0	0	-661	0	-661
Total comprehensive income	0	0	0	-661	0	8,519	7,858	-592	7,266
Currency translation	0	0	0	0	-1	0	-1	0	-1
Amount on 03/31/2014	**131,298**	**705,898**	**527**	**-12,207**	**88**	**289,558**	**1,115,163**	**19,468**	**1,134,630**

CONSOLIDATED SEGMENT REPORT

For the time period from 1 January to 31 March 2015

		Segment by LIM Region						
in TEUR		**LIM Berlin**	**LIM Dresden**	**LIM Rhine-Ruhr**	**LIM Erfurt**	**LIM Gera**	**LIM Hamburg**	**LIM Leipzig**
Segment revenues	Q1 2015	8,944	9,911	4,416	6,761	7,287	6,932	6,884
	Q1 2014	11,937	7,992	4,124	5,737	5,628	6,113	6,159
Rental revenues	Q1 2015	8,944	9,911	4,416	6,761	7,287	6,932	6,884
	Q1 2014	11,937	7,992	4,124	5,737	5,628	6,113	6,159
Segment expenses	Q1 2015	-1,461	-1,491	-961	-1,597	-1,454	-1,537	-1,230
	Q1 2014	-1,850	-1,544	-1,582	-286	-1,855	-1,233	-506
Rental expenses	Q1 2015	-481	-311	-304	-976	-915	-551	-500
	Q1 2014	-688	-427	-453	-219	-793	-460	-366
Maintenance	Q1 2015	-858	-1,151	-588	-481	-443	-818	-555
	Q1 2014	-977	-1,055	-798	-62	-1,058	-646	-88
Impairment losses on receivables	Q1 2015	-136	-46	-81	-144	-107	-175	-155
	Q1 2014	-195	-64	-331	-5	-2	-128	-59
Miscellaneous income / expenses	Q1 2015	15	17	12	4	11	6	-21
	Q1 2014	10	2	0	0	-2	1	7
Segment results	Q1 2015	7,484	8,420	3,454	5,164	5,833	5,395	5,654
	Q1 2014	10,087	6,447	2,542	5,450	3,773	4,881	5,653
Segment assets	Q1 2015	494,102	537,480	254,028	383,944	372,424	393,505	345,446
	Q1 2014	488,495	515,383	233,363	359,470	371,492	338,369	339,630

This Group segment report is an integral part of the selected notes to the financial statements.
The statements for Q1 2014 also contain revenues and expenses for the business areas listed.

		Other activities	Consoli-dation	Total
LIM Rostock	LIM Salzgitter			Total
4,436	**7,083**	**1,697**	**-228**	**64,124**
4,131	**7,120**	**6,526**	**-186**	**65,281**
4,436	7,083	1,697	-228	64,124
4,131	7,120	6,526	-186	65,281
-637	**-2,617**	**-394**	**956**	**-12,423**
-389	**-2,284**	**-1,254**	**680**	**-12,104**
-262	-1,056	-174	832	-4,698
-270	-1,102	-627	588	-4,818
-282	-1,385	-148	124	-6,584
-101	-1,054	-587	92	-6,333
-98	-176	-2	0	-1,119
-20	-128	-41	0	-974
5	0	-71	0	-21
1	0	2	0	21
3,799	**4,466**	**1,303**	**728**	**51,701**
3,741	**4,836**	**5,273**	**493**	**53,177**
235,887	**361,804**	**128,490**	**0**	**3,507,110**
235,535	**360,916**	**128,616**	**0**	**3,371,269**

SELECTED NOTES ON THE ABRIDGED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 MARCH 2015

General information

These abridged interim consolidated financial statements of TAG Immobilien AG (hereinafter referred to as the “Company” or “TAG”) have been prepared in accordance with the provisions contained in Section 37x (3) of the German Securities Trading Act pertaining to interim financial reporting. The period under review comprises the first three months of 2015. The comparison figures refer to 31 December 2014 with respect to the consolidated balance sheet and otherwise to the first three months of 2014.

The interim financial report has been prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) in the version endorsed for application in the EU concerning interim reporting (IAS 34 – Interim Reporting) subject to mandatory application as of the reporting date. In addition, allowance has been made for the provisions contained in German Accounting Standard No. 16 (DRS 16 - Interim Reporting). The figures reported in the interim financial statements are mostly denominated in TEUR (thousands of euros). This may result in rounding differences between the individual parts of the financial statements.

The recognition and measurement principles as well as the notes and explanations on the interim consolidated financial statements are fundamentally based on the recognition and measurement principles applied to the consolidated financial statements for the year ending 31 December 2014. The new accounting regulations to be used starting 1 January 2015 have no impact on Group results. For more details concerning the recognition and measurement principles applied, please refer to the consolidated financial statements for the year ending 31 December 2014 prepared in accordance with IFRS, which pursuant to IAS 34 form the material basis for these interim financial statements.

Consolidated companies

The consolidation group as of 31 March 2015 includes the parent company TAG and all companies which it controls. Under IFRS 10, the Group is deemed to control an investee if it has power over it, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Group's returns. The investee's assets and liabilities are consolidated for the duration of such control.

Material changes to the consolidation group arose following the first-time consolidation from 31 January 2015 of four real estate asset companies organized as Luxembourg S.a.r.l. entities, which are owners of a portfolio of around 2,300 real estate units in Northern and Eastern Germany. Further, a Swiss subsidiary that no longer holds any real estate assets was deconsolidated.

Material transactions during the period under review

Acquisition of two real estate portfolios

A portfolio of around 2,300 residential units had already been acquired for a price of EUR 103.0 m in November 2014 under a share deal. The real estate is spread over various locations in Northern and Eastern Germany. A total of 626 residential units (around 27% of the portfolio acquired) are located in the German state of Thuringia, more specifically Nordhausen and Stadtilm, a town near Erfurt, while a further 1,064 units (around 47% of the portfolio) are located in Northern Germany, including Kiel and Itzehoe. Ownership rights and obligations under this portfolio were transferred effective 31 January 2015. This acquisition caused the carrying amount of the investment properties to increase by approximately EUR 123.7 m. Net measurement gains of EUR 20.7 m were recorded through profit and loss.

In addition, a portfolio of around 550 residential units in Görlitz was acquired for a price of EUR 12.9 m in November 2014 and similarly transferred effective 31 January 2015. This acquisition caused the carrying amount of the investment properties to increase by approximately EUR 13.7 m. Net measurement gains of TEUR 0.8 were recorded through profit and loss.

Acquisition of further shares in subsidiary Colonia Real Estate AG

In February 2015, TAG acquired a further 3.6 m shares in its subsidiary Colonia Real Estate AG in a swap for 2 m of its own shares. Accordingly, its share in this company increased from 79% as of 31 December 2014 to 87% . As a result of this transaction, TAG's treasury stock dropped from 13,127,178 to 11,127,178 shares.

Disclosures on individual items of the consolidated balance sheet and income statement

Investment properties

The fair value of all of the Group's real estate assets is measured effective 30 September of each year by CBRE GmbH as an independent expert. The fair value of the real estate is calculated using the discounted cashflow method in line with the International Valuation Standards. For this purpose, the expected future cashflow surpluses for each period are discounted using a market-oriented discount rate for the property in question as of the measurement date. Whereas the cash inflows are normally comprised of net rentals, the cash outflows chiefly include the management costs borne by the owner. The assumptions underlying the measurement of the fair value of the real estate were made by the independent appraiser on the basis of his professional experience and are therefore subject to uncertainty. The gross present value calculated on this basis is converted to a net present value by deducting the costs incurred by a potential buyer in an orderly transaction.

The amount of a potential buyer’s deductible transaction costs depends on the relevant market for the asset in question. In the case of real estate portfolios, it is necessary to draw a distinction between asset sales involving the direct sale of investment properties and share deals, which entail the sale of shares in companies holding real estate portfolios. Whereas asset deals are regularly subject to realty transfer tax as well as broker and notary fees, share deals can be structured in such a way as to avoid realty transfer tax.

The relevant market was deemed to be constituted by the submarkets of the German states. On the basis of information provided by the relevant valuer committees on asset deals on the one hand and freely available information on share deals on the other, it was not possible to unambiguously identify any main market for the eastern German states, with the exception of Berlin or for Lower Saxony. Accordingly, the market for share deals was assumed to be the most appropriate one for measuring the fair value of real estate holdings in these German states. The deductible market-specific transaction costs of a potential buyer under a share deal were assumed to equal 0.2%. No other discounts or premiums were taken into account in determining the fair value for share deals. With respect to real estate holdings in the other German states, i. e. western German states with the exception of Lower Saxony, the market for asset deals was assumed to be the main market in the absence of any evidence to the contrary. The average deductible transaction costs for these stand at an average of approximately 7.4%.

The definition of the relevant submarkets is unchanged over the previous year. If the market for asset deals were deemed to be the main market for all German states, the fair value of the residential real estate would be around EUR 190 m (31 December 2014 roughly EUR 185 m) lower. If no main market were identifiable for all the German states, meaning that the market for share deals were deemed to be the most appropriate market for measuring fair value, the fair value of the residential real estate would rise by around EUR 81 m (31 December 2014 EUR 75 m).

Cash and cash equivalents

The Group had cash and cash equivalents of TEUR 85,260 as of 31 March 2015 (31 December 2014 TEUR 196,646). The change in the first quarter of 2015 primarily resulted from the purchase price payments for the portfolios acquired during the time period of the report.

Deferred income tax assets and liabilities

Deferred income tax assets break down as follows:

Deferred tax assets	**03/31/2015 TEUR**	**12/31/2014 TEUR**
Used tax losses	52,957	52,670
Derivative financial instruments	3,938	4,102
Others (including offsetting)	-625	2,209
	56,270	**58,981**

The following table breaks down the deferred income tax liabilities:

Deferred tax liabilities	**03/31/2015 TEUR**	**12/31/2014 TEUR**
Gains/losses from valuation of investment properties	221,420	215,594
Others (including offsetting)	-7,335	-4,474
	214,307	**211,120**

Rental expenses

Rental expenses break down as follows:

Rental expenses	01/01–03/31/2015 TEUR	01/01–03/31/2014 TEUR
Maintenance expenses	6,584	5,790
Non-rechargeable ancillary expenses	1,909	2,215
Operating costs of vacant real estate	2,925	2,244
	11,418	**10,249**

Other operating income

The main elements of other operating income break down as follows:

Other operating income	01/01–03/31/2015 TEUR	01/01–03/31/2014 TEUR
Off-period income (e.g. time-barred liabilities)	187	217
Income from the reversal of provisions	55	1,236
Others	329	338
	571	**1,791**

Impairments on inventories and receivables

This item can be broken down as follows:

Impairments	01/01–03/31/2015 TEUR	01/01–03/31/2014 TEUR
Impairments of rental receivables	1,776	1,715
Impairments of other receivables	0	5,682
Total	**1,776**	**7,397**
of which for discontinued activities	0	-5
Continuing activities	**1,776**	**7,392**

Net interest income / expense

The following table breaks down net interest income / expense:

Interest result	01/01–03/31/2015 TEUR	01/01–03/31/2014 TEUR
Interest income (cash)	424	1.017
Interest expenses (cash)	-22,693	-24,241
Gains/losses from remeasurement of derivative financial instruments	-164	-2,660
Miscellaneous non-cash revenues and expenses	-1,066	-794
Funding costs and other non-recurring payments	-1,296	-50
Total	**-24,795**	**-26,728**
of which for discontinued activities	0	1,735
Continuing activities	**-24,795**	**-24,993**

Income taxes

The table below analyses income taxes:

Income taxes	01/01–03/31/2015 TEUR	01/01–03/31/2014 TEUR
Actual income taxes for current year	34	-378
Actual income taxes for previous years	-30	107
Deferred income taxes	6,298	2,022
Total	**6,293**	**1,751**
of which for discontinued activities	0	-625
Continuing activities	**6,293**	**1,126**

Disclosures on fair values and financial instruments

The fair values of the assets and liabilities recorded in the consolidated balance sheet break down as follows:

Fair value	Fair value hierarchy	03/30/2015 TEUR	12/31/2014 TEUR
Assets			
Investment properties	Level 3	3,471,323	3,331,600
Derivatives with no hedging relationship	Level 2	3,036	3,551
Equity and liabilities			
Derivatives with no hedging relationship	Level 2	704	856
Derivatives with a hedging relationship	Level 2	9,068	10,072

In addition, the following financial instruments are measured at amortised cost in the consolidated financial statements:

31 March 2015	Carrying amount TEUR	IAS 39 Category*	Fair value TEUR	Fair value hierarchy
Assets				
Other financial assets				
Investments	5,646	AfS	n/a	n/a
Other financial assets	7,102	LaR	7,102	Level 2
Trade receivables	19,248	LaR	19,248	Level 2
Other current assets	16,047	LaR	16,047	Level 2
Cash and cash equivalents	85,260	LaR	85,260	Level 2
Equity and liabilities				
Bank borrowings	1,840,431	AmC	1,907,833	Level 2
Liabilities from convertible bonds	96,762	AmC	107,118	Level 2
Liabilities from corporate bonds	440,934	AmC	466,360	Level 2
Other non-current liabilities	236	AmC	236	Level 2
Trade payables	13,104	AmC	13,104	Level 2
Other current liabilities	15,068	AmC	15,068	Level 2
31 December 2014				
Assets				
Other financial assets				
Investments	5,646	AfS	n/a	n/a
Other financial assets	7,013	LaR	7,013	Level 2
Trade receivables	70,693	LaR	70,693	Level 2
Other current assets	10,269	LaR	10,269	Level 2
Cash and cash equivalents	196,646	LaR	196,646	Level 2
Equity and liabilities				
Bank borrowings	1,903,710	AmC	1,983,490	Level 2
Liabilities from convertible bonds	105,464	AmC	112,277	Level 2
Liabilities from corporate bonds	443,736	AmC	466,515	Level 2
Other non-current liabilities	3,445	AmC	3,445	Level 2
Trade payables	9,147	AmC	9,147	Level 2
Other current liabilities	11,972	AmC	11,972	Level 2

* LaR: Loans and Receivables; AmC: Amortised Cost; AfS: Available for sale Financial Assets.

The fair value of assets and liabilities is determined by using inputs which are as market-oriented as possible. The measurement hierarchy divides the input factors into three levels depending on the availability of data:

- Level 1: Prices quoted in active markets for identical assets or liabilities (such as share prices)
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i. e. as prices) or indirectly (i. e. derived from prices)
- Level 3: Valuation techniques for which any significant input is not based on observable market data

If input factors for different hierarchical levels are applied, the fair value is calculated on the basis of the lower hierarchical level. There were no transfers between the individual hierarchical levels in the period under review.

Derivative financial instruments are measured using established methods (e. g. discounted cashflow method), the inputs for which are derived from active markets. The fair values of investment properties are remeasured by external appraisers as of 30 September of each year.

The investments are recognised at historical cost less any impairments, as it is not possible to reliably determine their fair values. These are non-listed investments for which there is no active market. These investments are predominantly subsidiaries engaged in the real estate sector with only minor business activities. At the moment, there is no specific intention for these investments to be sold.

The fair value of the other financial assets corresponds to the present value of the expected cashflows in light of their duration and risk-adjusted market interest rates. Non-current bank borrowings and other non-current liabilities are measured accordingly. Trade receivables, other current assets and cash and cash equivalents have short settlement periods. Accordingly, their carrying amount as of the balance sheet date comes close to their fair value. This also applies to current bank borrowings, trade payables, other current liabilities and liabilities in connection with non-current available-for-sale assets (if coming within the scope of IFRS 7). The fair value of non-current bank borrowings and other non-current liabilities is calculated using the discounted cashflow method. The discount rate is based on an appropriate market interest rate.

There were no material changes in the Group’s financial risks (interest, default, liquidity and finance risk) in the period under review compared with 31 December 2014.

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

On 2 April 2015, the sale of real estate in the Berlin suburbs of Marzahn and Hellersdorf was closed. A total of 972 units were sold at a price of EUR 59.8 m, equivalent to a multiple of around 17 times the current net cold rent excluding utility costs. This sale will generate a book profit (before premature termination fees) of around EUR 10.7 m and a net cash inflow of around EUR 34.2 m after repayment of the corresponding bank loans and settlement of the premature termination fees. The sale and transfer of ownership is planned for 30 June 2015.

As of year-end 2014, two employee representatives resigned from the Board for personal reasons after serving for five years. TAG’s employees elected Harald Kintzel and Marco Schellenberg as their new representatives on 20 April 2015. With their election, the supervisory board again consists of 6 members.

Basis of reporting

The preparation of the abridged consolidated interim financial statements pursuant to IFRS requires the management boards and management staff of the consolidated companies to make assumptions and estimates influencing the assets and liabilities carried on the balance sheet, the disclosure of contingent liabilities on the balance-sheet date and the expenses and income reported during the periods under review. The actual amounts arising in future periods may differ from these estimates. Moreover, the abridged consolidated interim financial report includes statements which do not entail reported financial data or any other type of historical information. These forward-looking statements are subject to risk and uncertainty as a result of which the actual figures may deviate substantially from those stated in such forward-looking statements. Many of these risks and uncertainties are related to factors which the Company can neither control, influence nor precisely estimate. This concerns, for example, future market and economic conditions, other market participants' behaviour, the ability to successfully integrate companies after acquisition and tap expected synergistic benefits, as well as changes to tax legislation. Readers are reminded not to place any undue confidence in these forward-looking statements, which apply only on the date on which they are given.

Hamburg, 7 May 2015

Claudia Hoyer
COO

Martin Thiel
CFO

Dr Harboe Vaagt
CLO

TAG FINANCIAL CALENDAR

7 May 2015	Publication of Interim Report – Q1 2015
19 June 2015	Annual General Meeting – Hamburg
6 August 2015	Publication of Interim Report – Q2 2015
5 November 2015	Publication of Interim Report – Q3 2015

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The Interim Report – Q1 2015 is also available in German.
The German version is legally binding.

Lupsteiner Weg, Berlin

NOTES

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