TAG

We create value

TAG | Interim report - 1st half | 2007

TAG Group in figures

in TEUR	01/01/-06/30/07	01/01/-06/30/06
Revenues	34,348	45,234
a) Sale of properties	8,749	28,953
b) Rental income	16,109	11,448
c) Construction management expenses and other	9,490	4,833
EBITDA	3,598	4,373
EBIT	21,033	11,410
EBT	14,292	3,777
Consolidated net profit/loss	6,521	1,060
Earnings per share in EUR	0.19	0.09

in TEUR	06/30/2007	12/31/2006
Total assets	779,802	693,251
Shareholders' equity	296,383	288,703
Equity ratio (%)	38.0	41.6

	12/31/2006	09/30/2006
NAV per share in EUR*	11.35	11.26
NNAV per share in EUR*	11.00	10.22

WKN/ISIN		830350/DE0008303504
Ticker symbol		TEG
Share capital in EUR		32,566,364.00
Number of shares		32,566,364
Free float		94 %
Sector		Real Estate
Market segment		SDAX
Stock exchange		Munich, Frankfurt/Main
Stock price in EUR	01/02/2007	9.50
Stock price in EUR	06/29/2007	9.10
High for period under review in EUR	02/20/2007	11.69
Low for period under review in EUR	06/27/2007	9.02
Market capitalisation in TEUR	06/29/2007	296,353

* NAV is published annually together with the figures for the year as of 12/31.

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- Fourfold increase in earnings before tax (EBT) to EUR 14 million
- Sharp increase in volume of real estate portfolio
- TAG Gewerbeimmobilien-Aktiengesellschaft registered as a pre-REIT
- Full-year EBIT guidance of EUR 31 million confirmed

Dear shareholders and business associates,

TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (hereinafter referred to as TAG) was able to increase its earnings substantially in the first half of 2007. Earnings before tax (EBT) came to EUR 14.3 million in the first half of 2007, up fourfold over the same period in 2006. This performance was materially driven by revenues from rental and management business, which increased to EUR 25.6 million in the first half of 2007, up from EUR 16.3 million one year earlier.

TAG‘s clear strategy of assigning one company or subgroup to each of the areas in which it is engaged, namely commercial real estate, residential real estate and real estate asset management, allowed it to harness synergistic benefits and achieve further specialisation and expertise in the individual segments. The success of our strategy is reflected in the disproportionately strong increase in earnings in the first half of 2007.

At the core of our activities is the “buy, build & hold“ strategy, which seeks to create long-term value for the portfolio by means of development activities.

TAG Gewerbeimmobilien Aktiengesellschaft was able to reach all the targets which had been set for the first half of 2007. This includes the successful acquisition of the Siemens portfolio with a volume of EUR 171 million as well as registration as a pre-REIT. Commercial real estate in good locations with stable cash flows and development potential coupled with our employees‘ many years of real estate expertise provides an ideal basis for successfully establishing a REIT.

Services have also been extended and integrated in our real estate asset management activities. Revenues from management activities in the first half of 2007 rose to EUR 9.5 million, up from EUR 4.8 million in the first half of 2006. This segment owes its success to detailed expertise, extensive knowledge of all aspects of asset management as well as the provision of premium-quality services for external companies.

This favourable performance in the first half of the year is not reflected in TAG‘s share price, however. The problems afflicting US mortgage banks as well as rising interest rates exerted pressure on nearly all listed real estate companies despite the upbeat state of the German market. TAG stock was unable to shrug off the effects of negative market sentiment.

On the strength of our steady expansion strategy and encouraging business performance, we confirm our guidance for the current financial year and expect to be able to report consolidated EBT of EUR 31 million.

Interim Group Management Report for the first half of 2007

The real estate market

Despite the increase in the rate of value added tax, the German economy remained robust in the first half of the year. In the wake of this performance, the German real estate market continued to recover steadily. In addition to foreign investors' interest in the real estate market and the resultant growth in transaction volumes, this trend was particularly reflected in the further increase in residential rentals in German urban regions. TAG was able to benefit from its decision to concentrate on large German cities. This positive performance, which was particularly driven by demand for rented residential property, resulted in a further increase in real estate prices. By comparison, demand for owner-occupied housing remained muted.

The market for commercial real estate is also upbeat, with vacancy rates across Europe declining on account of companies' large space requirements. In Germany, office space is scare in Hamburg in particular, with vacancy rates of 7.1 percent there, compared with around ten percent in Berlin, Düsseldorf and Munich. One of the consequences of the growing scarcity of office space is the rise in rentals.

According to real estate agent Jones Lang LaSalle, the top rental index for the five main German cities of Munich, Frankfurt, Düsseldorf, Hamburg and Berlin rose by 0.4 percent in the first quarter of 2007 and was up 4.5 percent year on year. Hamburg recorded the greatest increase of ten percent over the previous year.

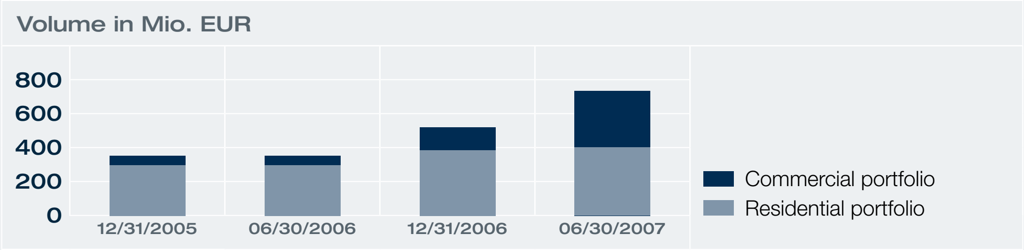
Jones Lang LaSalle forecasts further market differentiation: whereas further increases in rentals are likely in the top segment, this is less probable for older real estate in sub-premium locations. As a result, vacancies could persist in this segment.

Portfolio performance

As of 30 June 2007, TAG's real estate portfolio was valued at EUR 718 million and has thus doubled over the past few months. In this connection, there was a sharp rise in the acquisition of commercial real estate to benefit from the favourable conditions in the German office building market and also to prepare for TAG's G-REIT.

Looking ahead over the next twelve to fifteen months, further acquisitions worth EUR 250 - 300 million in urban locations in large German cities are planned.

Change in real estate volume



Acquisitions

A recent example illustrating TAG's expansion is the acquisition of a commercial real estate portfolio worth around EUR 171 million in June 2007. With a total floor area of 179,000 sqm, the portfolio comprises office buildings located in choice places in Berlin, Munich, Cologne, Fuerth and Mannheim. The previous owner was Siemens Real Estate GmbH & Co. OHG, with which Siemens AG as the tenant signed leases with contractual terms of between 5 and 10 years.

In April 2007, TAG Gewerbeimmobilien-Aktiengesellschaft acquired two attractive packages of commercial real estate at central locations in Hamburg and Nuremburg for around EUR 40 million. Predominantly used as offices and for other commercial purposes, this portfolio has a total rented floor area of 21,000 sqm.

With these transactions, TAG is continuing its strategy of establishing a REIT with an attractive and high-growth real estate portfolio.

The acquisition of commercial properties in good locations in German cities forms part of the strategy for a successful REIT characterised by an appealing portfolio offering strong growth for the future. As a result of this transaction, the volume of assets held by TAG Gewerbeimmobilien-Aktiengesellschaft doubled to around EUR 316 million.

The contract for the acquisition of the Siemens office building portfolio was signed in June, with part of the portfolio already being placed on the balance sheet as of 30 June 2007. Two properties in Cologne and Munich will be transferred to TAG at the beginning of the fourth quarter.

heidberg.villages, Hamburg

Siemens Portfolio

Berlin, Siemensdamm 50/Wernerwerkdamm 16

- Type of use: office complex
- Area sqm: 54,001
- Net rent TEUR p.a.: 3,000
- Rental term: 8 years
- Inclusion on balance sheet: 06/30/2007

Munich, St.-Martin-Straße 53/Kustermannpark

- Type of use: office complex
- Area sqm: 17,142
- Net rent TEUR p.a.: 1,900
- Rental term: 5 years
- Inclusion on balance sheet: 06/30/2007

Munich, Hofmannstraße 51

- Type of use: office complex
- Area sqm: 21,827
- Net rent TEUR p.a.: 1,800
- Rental term: 5 years
- Inclusion on balance sheet: 10/01/2007

Mannheim, Dynamostraße 4

- Type of use: office complex
- Area sqm: 21,514
- Net rent TEUR p.a.: 2,196
- Rental term: 10 years
- Inclusion on balance sheet: 06/30/2007

Cologne, Franz-Greuer-Straße 10

- Type of use: office complex
- Area sqm: 22,313
- Net rent TEUR p.a.: 2,400
- Rental term: 10 years
- Inclusion on balance sheet: 10/01/2007

Current projects

Innovative construction project in Hamburg

TAG is planning to build a total of 315 residential units with a gross floor area of 36,420 sqm close to Hamburg City Park, one of the city's most popular recreation areas. The total of four plots making up the former Barmbek freight rail depot were acquired from DESIGN Bau BV Hamburg GmbH & Co. KG in February 2007. Excellent transportation links and a well developed infrastructure - the Hamburg inner city district is only 15 minutes away - are further advantages offered by this property, which measures some 17,500 sqm. Peaceful yet in the heart of the city: The district is planned as an urban alternative to living on the city outskirts.

Jointly acquired with DESIGN Bau AG in December 2006, the land was originally owned by the German railway company Deutsche Bahn. The total project entails the development and construction of 750 apartments together with commercial and retail units with a floor area of around 14,000 sqm.

A convincing idea. Entitled “Working and Living Close to the City Park“, the master plan was drawn up by Copenhagen-based architect Prof. Carsten Lorenzen and received first prize in the urban development competition organised by Deutsche Bahn Immobiliengesellschaft in conjunction with the Hamburg Department of Urban Development.

A vibrant and diverse estate accommodating the individual needs of its users is being built here as a perfect example of sustainable urban development. The mixture of rented and owner-occupied homes in different sizes and structures will guarantee an optimum balance of different residential forms. The spacious and well-lit architecture provides for several individual buildings on each construction plot with landscaped courtyards. The underlying idea involves a modern blend of different types of apartments which address ecological, social and economic aspects in equal measure.

Applications were filed on 29 June for building permits for two of the plots with a total of 164 units. The activities which have already been commenced, such as the demolition of the existing buildings and the construction of sewerage systems as well as execution planning and structural engineering calculations are proceeding according to schedule, meaning that it should be possible to commence construction as planned in October. The tendering process for the roadwork has been completed, with contracts to be awarded by 20 September 2007. The project is scheduled for completion at the end of 2009.

Preliminary success with portfolio development project in Berlin

The TAG Group's current portfolio development project is “Bärenparksiedlung“ in Berlin-Tempelhof. Bau-Verein acquired the listed residential estate with its 885 apartments in December 2006. Listed as a historical “garden monument“, the park-like property has an area of around 67,000 sqm and a residential area of some 48,000 sqm in three and four-story pitched-roof buildings. Additional potential can be harnessed by converting the attics into apartments (additional floor area of around 9,000 sqm).

With their well preserved historical substance, the houses feature solid structures. Extensive modernisation efforts have been ongoing at "Bärenparksiedlung" since the 1st quarter of 2007, with rental areas to be extended through the addition of modern and spacious attic apartments. In terms of size and floor areas, the portfolio comprises a range of 1 to 4-room apartments of up to 100 sqm in line with market requirements.

After they have been modernised, the apartments will feature modern kitchens and bathrooms and, in some cases, guest washrooms. On the exterior, the facades have been overhauled and painted in a bright colour. These extensive modernisation activities will result in a substantial increase in rental income, thus enhancing the value of the portfolio.

Since March 2007, 30 apartments of between 45 and 68 sqm in size have been renovated on a premium-quality basis and have now largely already been rented. In fact, with their attractive fittings and location, they are fetching rentals in excess of the levels initially budgeted. In addition to the conversion of the attic space into apartments with dormers and roof-top terraces, a further 100 apartments are to be modernised. As well as this, two units are to be combined to form larger single apartments with floor space of up to 100 sqm.

Results of operations, financial condition and net assets

TAG Group

Fourfold increase in earnings before tax (EBT)
In the first half of 2007, TAG achieved a disproportionately strong increase in earnings. Earnings before tax (EBT) rose fourfold to EUR 14.3 million, up from EUR 3.8 million in the same period one year earlier. Consolidated net profit climbed from EUR 1.1 million in the first half of 2006 to EUR 6.5 million in the first half of 2007.

Revenues
Total revenues dropped from EUR 45.2 million in the first half of 2006 to EUR 34.3 million in the first half of 2007.

However, income from rental and management business increased from EUR 16.3 million to EUR 25.6 million in the first half of 2007. The rise in management income is due to extensions to service business.

As planned, revenues from selling activities contracted from EUR 29.0 million in the first half of 2006 to EUR 8.7 million in the first half of 2007 as a result of TAG's realignment as a developer and the resultant steady gains achieved in the value of the portfolio.

Staff costs down in spite of rising asset volumes
Despite numerous acquisitions and extensions to service business, staff costs came to EUR -4.3 million, thus dipping slightly below the previous year's level.

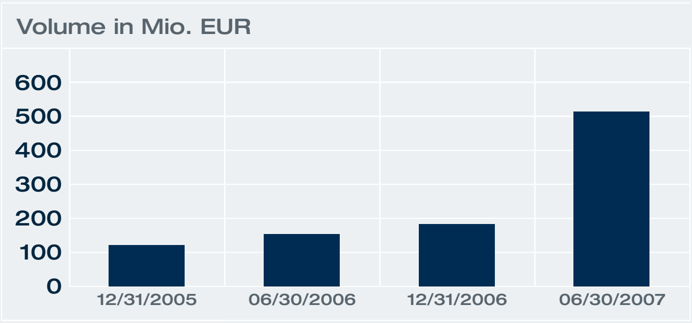
Other operating expenses
Other operating expenses climbed from EUR -4.1 million in the first half of 2006 to EUR -4.9 million in the first half of 2007 due to borrowing costs.

Net costs improved
Net costs contracted from EUR -7.0 million in the first half of 2006 to EUR -6.6 million despite the extensive investments.

Enhancement to the value of the real estate portfolio
The extensive acquisition activities and the related moderate purchase prices as well as development activities aimed at enhancing the value of the existing portfolio resulted in fair value gains of EUR 18.8 million, up from EUR 7.3 million in the first half of 2006. This effect was additionally amplified by the reclassification of previous available-for-sale commercial properties as investment properties. Fair value remeasurement as of 30 June 2007 resulted in gains of EUR 12.6 million.

Threefold rise in investment properties over 31 December 2006
The volume of investment properties rose sharply, tripling in value since the end of 2006.

Changes in investment property



Accordingly, they rose in value from EUR 172.1 million as of 31 December 2006 to EUR 502.3 million as of 30 June 2007 as a result of new additions as well as the reclassification of previous available-for-sale properties as non-current assets.

As a result of the decision to hold newly acquired real estate on a long-term basis and the corresponding changes to finance structures, non-current liabilities to banks rose from EUR 37.7 million as of 31 December 2006 to EUR 220.0 million as of 30 June 2007.

Total assets climbed in value from EUR 693.3 million as of 31 December 2006 to EUR 779.8 million as of 30 June 2007.

Equity ratio of 38 %
Equity increased from EUR 135.6 million as of 31 December 2006 to EUR 296.4 million as of 30 June 2007, resulting in an equity ratio of 38 % as of 30 June 2007, i.e. close to the figure reported for the end of 2006.

Interest risk
Extensive use is made of interest swaps to hedge exposure to interest risks. Hedges were particularly used in connection with new acquisitions of commercial properties shortly after completion of the transaction.

Bau-Verein zu Hamburg Group

Stable total revenues, 42 % increase in rental and management income

At EUR 24.5 million in the first half of 2007, revenues remained steady at the year-ago figure of EUR 25.9 million. As expected, income from the sale of land contracted from EUR 12.5 million to EUR 5.3 million as a result of the decision to concentrate on portfolio development.

Rental and management income rose by 42 % from EUR 13.5 million to EUR 19.2 million.

Other operating expenses up as a result of extensions to portfolio and growing volume of project development activities

Other operating expenses climbed to EUR -2.4 million in the first half of 2007, up from EUR -1.7 million in the same period one year earlier. Among other things, this was due to expenditure on internal services provided by TAG Asset Management GmbH. In addition, loan arrangement costs rose as a result of new acquisitions.

Staff costs reduced

Despite further portfolio growth and rising project development activities, staff costs contracted to EUR -2.7 million in the first half of 2007, down from EUR -2.9 million in the same period of 2006. This drop is primarily due to the reallocation of a number of services within the TAG Group.

Net costs improved

Net costs contracted by 9 % from EUR 4.4 million in the previous year to EUR - 4.0 million in the period under review.

Value enhancement

The consolidated net profit was primarily underpinned by gains of EUR 5.6 million from fair-value remeasurement based on the calculations of external, internationally acknowledged valuers. The increase in value was achieved thanks to the continued favourable market conditions as well as successful portfolio development efforts. This effect was additionally amplified by the reclassification of a previous available-for-sale property as an investment property. Fair value remeasurement as of 30 June 2007 resulted in gains of EUR 3.6 million.

Stable earnings

In the first half of 2007, earnings before tax (EBT) came to EUR 3.6 million, down from EUR 4.3 million in the same period of 2006. Consolidated net profit for the first half of 2007 reached EUR 2.1 million, compared with EUR 2.4 million in the previous year.

Extensions to portfolio

During the period under review, further efforts were made to extend the real estate portfolio, with the number of investment properties increased as a result of additional acquisitions in good urban locations in German cities. As a result, the value of the portfolio rose by 30 percent from EUR 110.6 million as of 31 December 2006 to EUR 143.7 million as of 30 June 2007.

Interim Group Management Report

Stable high equity ratio of 36 %

The Group's equity is also exhibiting an upward trend, rising in value from EUR 117.5 million as of 31 December 2006 to EUR 119.8 million as of 30 June 2007. As a result, the equity ratio widened from 35.7 to 36.0 percent. No new equity was issued in the first half of 2007. At EUR 332.8 million as of 30 June 2007, total assets rose in value over 31 December 2006 EUR 329.1 million.

Interest exposure hedged

Extensive use is made of derivatives to hedge the Group's exposure to changes in interest rates. Hedges are effected shortly after the completion of new acquisitions in order to reduce interest risks.

TAG Gewerbeimmobilien-Aktiengesellschaft (formerly Bau-Verein zu Hamburg Gewerbeimmobiliengesellschaft mbH)

Following the company's conversion into a German public company (AG) and its registration as a pre-REIT, the conditions for the establishment of a REIT have been created.

Earnings

Driven by numerous new acquisitions and the enhanced value of the existing portfolio, TAG Gewerbeimmobilien-Aktiengesellschaft's earnings increased at a disproportionately strong rate to EUR 7.0 million in the first half of 2007, up from EUR 0.8 million in the first half of the year 2006.

Maximilianstraße, Berlin

Revenues, increase of 120 % in rental revenues

Revenues edged up from EUR 5.2 million in the first half of 2006 to EUR 5.5 million in the first half of 2007, with the share of income from selling activities shrinking from 56 % to 10 % in the first half of 2007. Rental income surged by 120 % to EUR 5.0 million primarily as a result of the income contributed by newly acquired properties.

Other operating expenses up due to acquisitions
Other operating expenses rose from EUR - 0.2 million to EUR - 1.1 million as a result of acquisition costs.

Fair-value remeasurement
In line with the decision to retain the commercial real estate portfolio on a long-term basis, a large part has been reclassified as investment properties. On the basis of external reports, fair values were recalculated and resulted in remeasurement gains of EUR 12.6 million.

Higher interest expenses on account of extensions to portfolio
Net borrowing costs widened from EUR - 1.1 million to EUR - 3.8 million due to new business.

Surge in total assets
As of 30 June 2007, total assets increased fivefold in value to EUR 326.9 million, up from EUR 71.9 million as of 30 June 2006, doubling compared with 31 December 2006 (EUR 165.3 million).

Equity increased
Equity increased from EUR 15.1 million as of 31 December 2006 to EUR 22.1 million on 30 June 2007.

TAG Asset Management GmbH

Following the pooling of service activities, major successes were achieved in the first half of 2007. TAG Asset Management GmbH provides the TAG Group as well as other companies with services in the area of controlling, accounting, public relations, business development and IT support as well as asset management and various project and construction management tasks.

Earnings after tax achieved
The earnings achieved testify to the company's success as a provider of real estate services. Earnings after tax rose to EUR 0.1 million in the first half of 2007, reversing the post-tax net loss of EUR 0.6 million in the year-ago period.

Earnings before tax in the first half of 2007 stand at EUR 0.5 million, up from EUR 0.4 million in the previous year.

Revenues down, but income from management activities up sevenfold
Revenues dropped from EUR 18.3 million in the first half of 2006 to EUR 8.5 million in the first half of 2007.

While income from the sale of properties contracted by EUR 13.3 million, revenues from management activities increased from EUR 0.6 million in the first half of 2006 to EUR 4.8 million in the first half of 2007.

Staff costs up only marginally despite extensions to service business
As a result of the extensions to services to the Group and external companies, staff costs widened from EUR -0.8 million in the first half of 2006 to EUR -1.0 million in the first half of 2007.

Other operating expenses up
Other operating expenses came to EUR -1.6 million, up from EUR -0.9 million in the same period one year earlier.

Net costs improved
Net costs contracted from EUR -2.0 million in the first half of 2006 to EUR -0.9 million in the first half of 2007.

Total assets steady
At around EUR 85.2 million, total assets remained largely unchanged compared to 31 December 2006 due to the focus on services. The real estate held by TAG Asset Management GmbH is enhanced in the interests of optimising returns and, following the completion of these measures, either rented out or, if necessary, sold for strategic reasons.

Forecast, opportunities, risks

As expected, earnings were very favourable in the first half of 2007. On the strength of these figures, TAG‘s management confirms its full-year EBT guidance of EUR 31 million for 2007.

Key steps have been completed towards achieving G-REIT status. Thus, TAG Gewerbeimmobilien-Aktiengesellschaft has been registered as a pre-REIT. With the acquisition of the Siemens portfolio worth around EUR 171 million, the volume of assets held by TAG Gewerbeimmobilien Aktiengesellschaft will double to around EUR 400 million. Advantages arising from the REIT legislation have already been utilised by both the buyer and the seller in connection with this transaction.

Looking ahead over the next 12 to 15 months, further transactions are planned. In this connection, the “buy, build & hold“ strategy aimed at securing long-term value growth will be retained. TAG‘s acquisition strategy will continue to focus on properties in urban locations in German cities offering development potential.

With market conditions still upbeat, the outlook for the Company's business performance remains positive and TAG's management is confident of being able to reinforce the Group's stable position and keep it on its growth trajectory.

There have been no material changes in the opportunities and risks in the Group's future performance described in the Group Management Report for 2006. At this stage, the extent to which the crisis currently afflicting the financial and credit markets spreads to the German real estate market remains to be seen. However, on the basis of the current forecasts, TAG does not expect any ramifications for the Group.

Hamburg, 28 August 2007

The Management Board

Stock

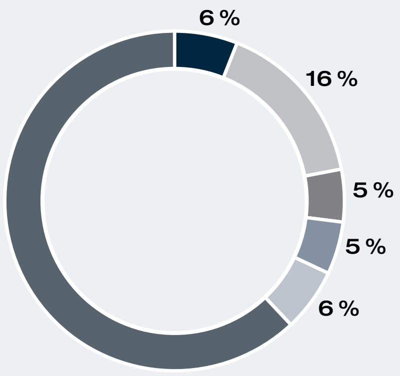
The price of SDAX-listed TAG stock dropped from EUR 9.50 at the beginning of the year to EUR 9.10 at the end of the second quarter, equivalent to a decline of 4 percent. In spite of the Group's favourable business performance, encouraging analyst ratings and successful road shows in Germany, the United Kingdom, Netherlands and the United States, TAG stock shed value and was unable to shield itself from the weak market sentiment towards listed real estate companies in the second quarter. TAG stock is currently trading at far below its net net asset value of EUR 11.00 per share (31 December 2006).

The shareholder structure, which is characterised by the presence of institutional investors, as well as favourable analyst ratings testify to the continued appeal of the stock despite the current muted market conditions with a target price of EUR 13.00.

The number of shares outstanding as of 30 June 2007 was unchanged at 32,566,364 with an unchanged free float of 94 percent. Roughly 45 percent of the Company's share capital was represented at this year's annual general meeting held on 15 June 2007 at Handwerkskammer Hamburg. With the exception of Item 4 of the agenda "Abolition of existing authorised capital and creation of new authorised capital", all items were approved with a large majority. Dr. Lutz R. Ristow, the former CEO, was elected to the Supervisory Board.

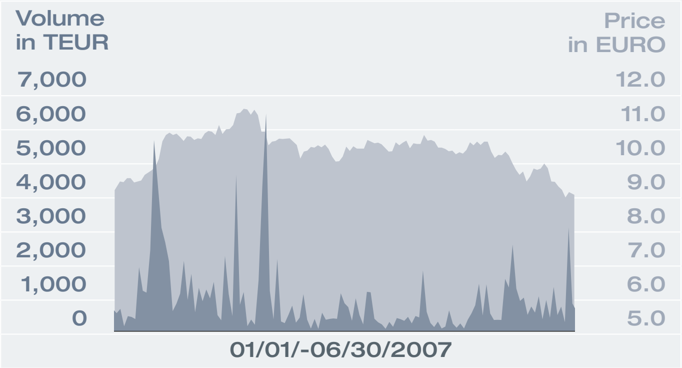
Stock

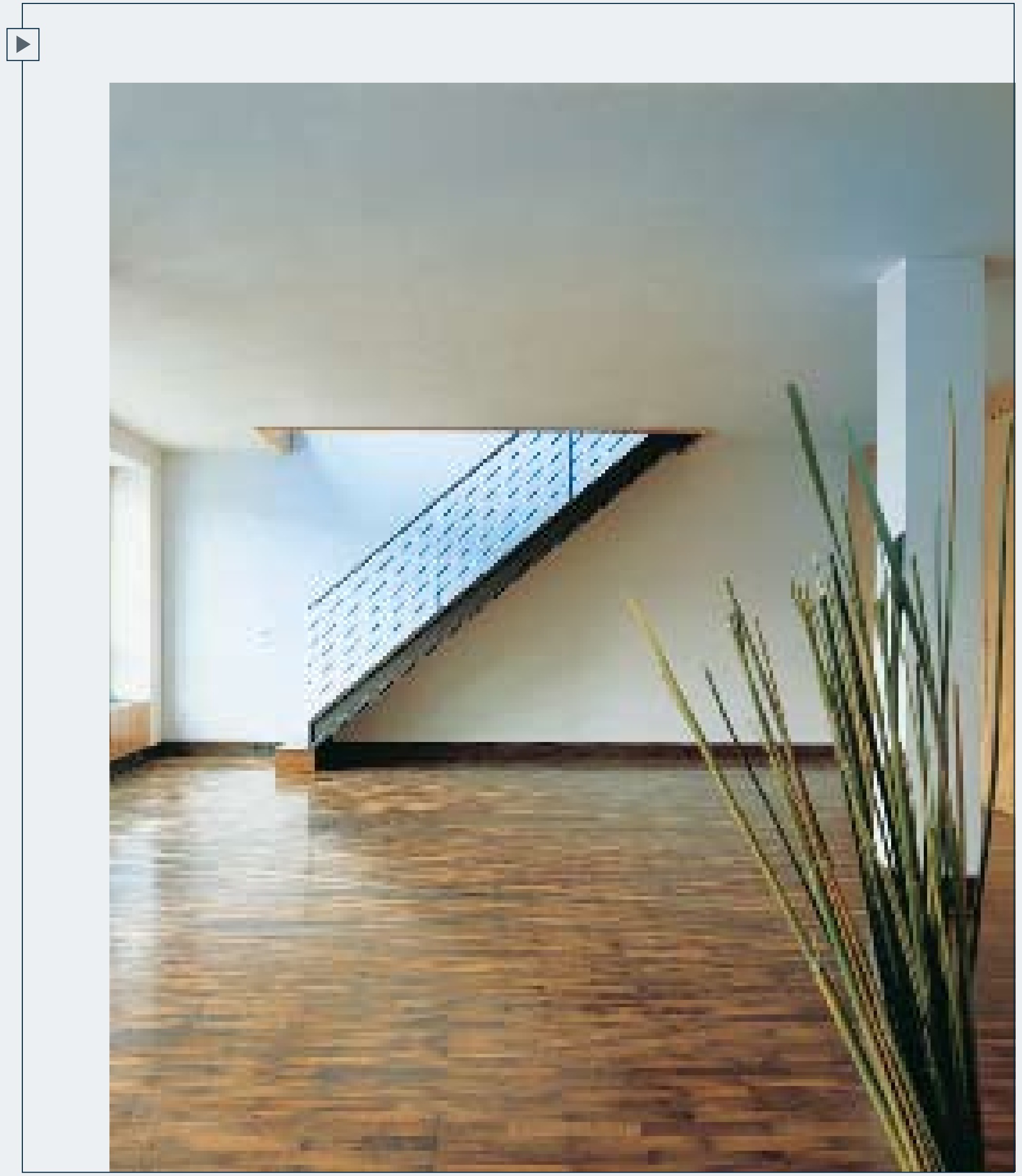
Shareholder structure 06/30/2007



- Taube Hodson Stonex Partners Ltd.[1)]
- The European Asset Value Fund[1)]
- Lansdowne Partners Ltd.[1)]
- Tudor Group Verwaltungsgesellschaft Great Burgh[1)]
- Dr. Ristow group
- Free Float

[1)] to be allocated to free float according to the definition of Deutsche Börse





Behrenstraße, Berlin

Consolidated balance sheet

ASSETS in TEUR	06/30/2007	12/31/2006
Non-current assets		
Investment properties	502,295	172,136
Intangible assets	53	34
Property, plant and equipment	5,247	4,816
Investments in associates	3,694	3,869
Other financial assets	2,266	2,270
	513,555	**183,125**
Current assets		
Land with unfinished and finished buildings	210,508	338,667
Other inventories	5,264	5,355
Trade receivables	13,021	37,273
Income tax refund claims	1,251	1,021
Other current assets	17,114	10,560
Cash and cash equivalents	14,909	113,070
	262,067	**505,946**
Non-current available-for-sale assets	**4,180**	**4,180**
	779,802	**693,251**

EQUITY AND LIABILITIES in TEUR	06/30/2007	12/31/2006
Shareholders' equity		
Equity holders of parent company		
Subscribed capital	32,566	32,566
Share premium	219,714	219,714
Other reserves	6,756	6,689
Unappropriated surplus/accumulated deficit	4,527	-1,994
Minority interests	32,820	31,728
	296,383	**288,703**
Non-current liabilities		
Bank borrowings	219,999	37,727
Retirement benefit provisions	2,189	2,188
Other non-current liabilities	423	424
Deferred income taxes	7,636	1,478
	230,247	**41,817**
Current liabilities		
Other provisions	9,745	12,359
Income tax liabilities	5,632	2,727
Bank borrowings	213,542	271,119
Trade payables	17,205	72,411
Other current liabilities	6,829	3,853
	252,953	**362,469**
Liabilities in connection with non-current available-for-sale assets	**219**	**262**
	779,802	**693,251**

Consolidated income statement

in TEUR	01/01/–06/30/07	01/01/–06/30/06	04/01–06/30/07	04/01–06/30/06
Revenues	34,348	45,234	21,505	30,640
a) Sale of properties	8,749	28,953	5,677	20,123
b) Rental income	16,109	11,448	9,157	6,459
c) Construction management expenses and other	9,490	4,833	6,671	4,058
Other operating income	1,561	2,084	978	1,174
Cost of goods and services purchased	-23,115	-34,554	-16,314	-25,547
Gross profit	**12,794**	**12,764**	**6,169**	**6,267**
Personnel expenses	-4,275	-4,334	-2,177	-2,339
Depreciation/amortisation	-1,405	-247	-1,312	-125
Other operating expenses	-4,921	-4,057	-2,824	-2,072
Difference arising from remeasured fair value of investment properties	18,840	7,284	15,577	3,595
EBIT	**21,033**	**11,410**	**15,433**	**5,326**
Net investment income	0	-153	0	-77
Share of profit of associates	-176	-455	-46	-410
Net borrowing costs	-6,565	-7,025	-3,731	-3,437
EBT	**14,292**	**3,777**	**11,656**	**1,402**
Income taxes	-6,255	-1,742	-5,325	-446
Other taxes	-428	-444	-397	-257
Consolidated net profit before minorities	**7,609**	**1,591**	**5,934**	**699**
Minority interests	-1,088	-531	-762	-190
Consolidated net profit after minorities	**6,521**	**1,060**	**5,172**	**509**
Earnings per share (EUR), basic	0.19	0.09	0.18	0.05

Consolidated statement of cash flows

in TEUR	01/01/-06/30/07	01/01/-06/30/06
Consolidated net profit/loss	**6,521**	**1,060**
Depreciation/amortisation	1,405	247
Share of profits of associates	-18,840	-7,284
Difference arising from remeasured fair value of investment properties	176	608
Changes in deferred income taxes	202	0
Changes in provisions	6,158	588
Profit/loss on disposal of non-current assets	423	5,608
Changes in receivables and other assets	11,803	79,250
Changes in liabilities	-51,246	-12,864
Cash flow from operating activities	**-43,398**	**67,213**
Payments made for investment properties	-187,274	0
Payments received from the disposal of investment properties	9,667	795
Payments made for investments in intangible assets and property, plant and equipment	-1,855	-143
Payments made for investments in consolidated companies and financial assets	4	-4,392
Payments received from the sale of consolidated companies	0	7,125
Cash flow from investing activities	**-179,458**	**3,385**
Payments received from equity issues (less transaction costs)	0	20,514
Changes in bank borrowings	115,396	-67,862
Settlement of loans and purchase price payment obligations	0	-2,930
Cash flow from financing activities	**115,396**	**-50,278**
Net change in cash and cash equivalents	-107,460	20,320
Change in cash and cash equivalents as a result of changes to consolidation group	0	333
Cash and cash equivalents at the beginning of the period	124,571	15,737
Cash and cash equivalents at the end of the period	**17,111**	**36,390**

Consolidated statement of changes in shareholders' equity

	Equity holders of parent company							
			Other reserves					
in TEUR	Subscribed capital	Share premium	Retained earnings	Hedge Accounting Reserve	Unappr. loss	Total	Minority interests	Total Shareholders' equity
01/01/2006	**10,045**	**76,663**	**6,689**	**0**	**-11,194**	**82,203**	**8,038**	**90,241**
Consolidated net profit/loss	0	0	0	0	1,060	1,060	0	1,060
Cash equity issues	2,511	18,836	0	0	0	21,347	0	21,347
Cost of equity issues	0	-833	0	0	0	-833	0	-833
Changes in minority interests	0	0	0	0	0	0	21,952	21,952
06/30/2006	**12,556**	**94,666**	**6,689**	**0**	**-10,134**	**103,777**	**29,990**	**133,767**
Consolidated net profit/loss	0	0	0	0	1,785	1,785	2,068	3,853
Cash equity issues	20,010	140,070	0	0	0	160,080	0	160,080
Cost of equity issues	0	-8,667	0	0	0	-8,667	0	-8,667
Sale of treasury stock	0	-6,355	0	0	6,355	0	0	0
Changes in minority interests	0	0	0	0	0	0	-330	-330
12/31/2006	**32,566**	**219,714**	**6,689**	**0**	**-1,994**	**256,975**	**31,728**	**288,703**
Consolidated net profit/loss	0	0	0	67	6,521	6,588	0	6,588
Changes in minorities	0	0	0	0	0	0	1,092	1,092
06/30/2007	**32,566**	**219,714**	**6,689**	**67**	**4,527**	**263,563**	**32,820**	**296,383**

Consolidated segment reporting

in TEUR	Residential real estate 01/01/-06/30/07	Commercial real estate 01/01/-06/30/07	Services 01/01/-06/30/07	Reconciliation 01/01/-06/30/07	Group 01/01/-06/30/07
Total revenues	**27,377**	**6,174**	**8,074**	**-7,277**	**34,348**
Previous year	38,164	5,708	2,263	-901	45,234
- of which external revenues	26,903	6,174	6,513	-5,242	34,348
Previous year	37,143	5,708	2,149	234	45,234
- of which internal revenues	474	0	1,561	-2,035	0
Previous year	1,020	0	115	-1,135	0
Segment earnings (EBIT)	**6,953**	**12,987**	**3,074**	**-1,981**	**21,033**
Previous year	10,979	1,969	1,193	-2,731	11,410
- of which non-cash impairment losses on land and receivables	-147	-1,200	-5	-191	-1,543
Previous year	-163	-74	-3	-270	-510
Segment assets	**503,104**	**356,038**	**11,308**	**-90,648**	**779,802**
Previous year	399,788	91,337	9,522	-53,123	447,524
- of which shares in associates	3,694	0	0	0	3,694
Previous year	3,538	0	0	466	4,004
Segment liabilities	**345,171**	**337,973**	**4,238**	**-203,964**	**483,419**
Previous year	258,822	73,643	4,039	-24,541	311,962
Segment investments	**9,324**	**179,805**	**0**	**0**	**189,129**
Previous year	397	0	24	84	505

Notes on the interim financial statements as at 30 June 2007

General information

The interim consolidated financial statements of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (hereinafter referred to as the "Company" or "TAG") have been prepared in accordance with the provisions contained in Section 37w of the German Securities Trading Act pertaining to half-year reporting. The period under review is the first half of the 2007 financial year. The comparison figures refer to 31 December 2006 with respect to the consolidated balance sheet and otherwise the first half of the 2006 financial year. In addition, the consolidated income statement contain figures pertaining to the second quarter of 2007 (1 April through 30 June 2007) together with the corresponding comparison figures for the previous year.

The report on the first half of the financial year has been prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) endorsed by the EU concerning interim reporting (IAS 34 – Interim Reporting). Moreover, the recommendations contained in the draft of German Accounting Standard No. 16 (DRS 16 – Interim Reporting) dated 18 July 2007 have been additionally adopted.

The recognition and measurement policies as well as the notes and details for the first-half financial report are based on the same recognition and measurement policies applied in the consolidated financial statements as at 31 December 2006 with the exception of the amended standards IAS 1, IAS 32 and IFRS 1 and the new standard IFRS 7. However, the application of these new or amended standards did not have any effect on the Company's net assets, financial condition or results of operations.

For the first time, gains and losses from an interest hedging agreement entered into in the period under review were recognised in accordance with the principles applicable to cash flow hedge accounting in the first half of 2007. The gains and losses from this interest hedging agreement are recognised under equity making due allowance for deferred taxes.

Consolidation group

The consolidation group as of 30 June 2007 includes TAG and all companies in which TAG directly or indirectly holds a majority of the voting capital. If shares in subsidiaries are considered to be of subordinate significance from the Group's perspective, they are recognised as financial instruments in accordance with IAS 39.

Since 31 December 2006, the consolidation group has been extended with the addition of TAG Logistik Immobilien GmbH & Co KG and its general partner TAG Logistik Immobilien Verwaltungsgesellschaft mbH. Both companies were acquired by TAG as "shelf entities" in the course of the second quarter of 2007 at a cash price of TEUR 3 and TEUR 28, respectively. After being consolidated, TAG Logistik Immobilien GmbH & KG acquired a logistics centre, which is to be held as a long-term investment property.

Compared with 30 June 2006, the consolidation group has been extended with the establishment within the consolidation group of Bau-Verein zu Hamburg Aktien-Gesellschaft of the following companies, which are consolidated on a pro-rata basis: "An den Obstgärten" Bauträger GmbH & Co. KG and its general partner "An den Obstgärten" Verwaltungs GmbH as well as DESIGN Bau BV Hamburg GmbH & Co. KG and its general partner DESIGN Bau BV Hamburg Verwaltungs GmbH. However, the inclusion of these companies in the consolidated financial statements as of 30 June 2007 did not exert any material effect on the Group's net assets, financial condition and results of operations compared with the previous year.

The consolidation group also changed as at 30 June 2007 compared with 30 June 2006 as a result of the purchase in December 2006 of 90 % of the capital of Bau-Verein zu Hamburg Gewerbeimmobiliengesellschaft mbH (since renamed “TAG Gewerbeimmobilien-Aktiengesellschaft“). Up until December 2006, TAG held 71.23 % of this company‘s voting rights via Bau-Verein zu Hamburg Aktien-Gesellschaft. Reference is made to the notes to the consolidated financial statements as at 31 December 2006 for details of the effects of these transactions on the balance sheet.

In the TAG Asset Management GmbH subgroup, a number of previously fully consolidated companies were deconsolidated as of 30 June 2007 for materiality reasons. The deconsolidation of these companies resulted in a loss of TEUR - 202 in the first half of 2007.

Material transactions and changes to the consolidated balance sheet and the consolidated income statement

In the first quarter of 2007, a real estate portfolio in Leipzig was placed on the balance sheet of subsidiary Bau-Verein zu Hamburg Aktien-Gesellschaft as an investment property in an amount of around EUR 7 million. Moreover, the Company acquired four plots of land in April 2007 from a joint project development company for exclusive exploitation. Following the issue of the building permits, construction work is expected to begin in 2007. It is planned to build 370 residential units for retention in the Company’s own portfolio and for sale. Further acquisitions are planned for 2007.

In the second quarter of 2007, Bau-Verein zu Hamburg Gewerbeimmobilien GmbH was converted into a German public company (AG) and renamed TAG Gewerbeimmobilien-Aktiengesellschaft. This company acquired a commercial real estate portfolio with a transaction volume of around EUR 171 million in the second quarter of 2007. Effective 30 June 2007, four properties from this portfolio with a volume of around EUR 110 million were placed on the balance sheet. The rights and obligations arising from the other two properties in Cologne and Munich will be transferred in the fourth quarter of 2007. In addition, the TAG Group placed six commercial properties with a value of around EUR 45 million on the balance sheet in the first six months of 2007.

Other current assets increased primarily as a result of a secured loan of EUR 4 million granted to the general partner of a joint project development company.

The decline in cash and cash equivalents and the rise in bank loans is chiefly related to finance raised for the real estate acquired by the Group in the first half of 2007.

Non-current liabilities rose at a disproportionately high rate in line with TAG’s investment strategy.

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

The TAG Group is continuing its growth strategy with the acquisition of further commercial and residential real estate in the current year. In this connection, a subsidiary of Bau-Verein zu Hamburg Aktien-Gesellschaft, Wohnanlage Ottobrunn GmbH, acquired the Deutschherrenstraße project in Nuremberg in a contract dated 19 July 2007.

As mentioned above, two further properties, one in Cologne and one in Munich, will be placed on the Group‘s balance sheet in the fourth quarter of 2007.

Material relations with related parties

In the first half of 2007, revenues of TEUR 8,699 were generated from construction management activities with the associated company GAG Grundstücksverwaltungs-Aktiengesellschaft. These revenues were matched by amounts paid to external companies in almost the same amount. In addition, miscellaneous services, e.g. house management and controlling, amounting to TEUR 244 were provided for GAG Grundstücksverwaltungs-Aktiengesellschaft.

Other details

The Group's contingent liabilities increased by EUR 3 million compared with 31 December 2006 due to possible purchase price adjustments in connection with the acquisition of real estate.

On 30 June 2007, the TAG Group had 164 employees, up from 160 on 31 December 2006.

Hamburg, 28 August 2007

The Management Board

Basis for reporting

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

Responsibility statement in accordance with Sections 37y and 37w(2) No. 3 of the German Securities Trading Act

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Hamburg, 28 August 2007

The Management Board

TAG | Notes on the interim report |

Certificate of review

To TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft, Tegernsee

We have reviewed the abridged interim consolidated financial statements-comprising the abridged balance sheet, the abridged income statement, the abridged cash flow statement, the abridged statement of changes in equity and selected notes - as well as the interim management report of the Group of Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft, Tegernsee, for the period from 1 January until 30 June 2007, which form part of the interim financial report in accordance with Section 37w of the German Securities Trading Act. The preparation of the abridged interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) for interim reporting as adopted in the EU, and the interim management report of the Group in accordance with the provisions applicable to Group interim management reports in the German Securities Trading Act is the responsibility of the Company's statutory representatives. Our duty is to issue a certificate on the abridged interim consolidated financial statements and the interim management report of the Group on the basis of our review.

We conducted our review of the abridged interim consolidated financial statements and of the interim management report of the Group in accordance with the German principles for the review of financial statements promulgated by Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those principles require that we plan and perform the review such that in the light of critical considerations it is possible to exclude with reasonable assurance that the abridged interim consolidated financial statements have not been prepared to a material extent in accordance with the provisions of the IFRS applicable to interim reporting as adopted in the EU and that the interim management report of the Group has not been prepared to a material extent in accordance with the provisions of the German Securities Trading Act applicable to Group interim management reports.

A review is primarily confined to questioning the Company's employees and conducting analytic assessments and therefore does not achieve the level of certainty afforded by an audit of the financial statements. As we were not instructed to conduct an audit, we are unable to issue an auditor's report.

On the basis of our review, we did not become aware of any facts leading us to assume that the the abridged interim consolidated financial statements had not been prepared to a material extent in accordance with the provisions of the IFRS applicable to interim reporting as adopted in the EU or that the interim management report of the Group had not been prepared to a material extent in accordance with the provisions of the German Securities Trading Act applicable to the interim management reports of Groups.

Hamburg, 29 August 2007

Nörenberg • Schröder
GmbH Wirtschaftsprüfungsgesellschaft

Thiel	Cronemeyer
German Public Auditor	German Public Auditor

Financial calendar

Interim Report - 1st half 2007	30 August 2007
German Mid Cap Conference	20 September 2007, London
HVB German Investment Conference	25-27 September 2007, Munich
EXPO REAL	8-10 October 2007, Munich
IIA Annual Conference	25-26 October 2007, Frankfurt
Deutsches Eigenkapitalforum	12-14 November 2007, Frankfurt
Interim Report - 3rd quarter of 2007	15 November 2007

TAG
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