2015

Interim Report on the 2nd quarter

TAG Immobilien AG

GROUP FINANCIALS IFRS

in TEUR	01/01 – 06/30/2015	01/01 – 06/30/2014
A. Income statement key figures		
Rental income in total	128,918	130,486
a) Rental income from continuing operations	128,918	121,988
b) Rental income from discontinued operations	0	8,498
EBITDA in total (adjusted)	80,439	85,001
EBIT	106,855	75,024
EBT	58,368	26,024
Consolidated net profit	48,274	14,177
FFO I per share in EUR	0.30	0.30
FFO I in EUR m	36.7	39.2
FFO II in EUR m	48.0	38.3
AFFO in EUR m	20.0	24.5

B. Balance sheet key figures	**06/30/2015**	**12/31/2014**
Total assets	3,674,089	3,734,246
Equity	1,011,122	1,005,053
Equity ratio in %	27.5	26.9
Real estate volume	3,463,755	3,371,269
LTV in %	63.2	62.2
LTV in % incl. outstanding convertible bonds	65.7	65.3
NAV per share in EUR	9.78	10.10
Diluted NAV per share in EUR	9.57	9.85

C. Employees	**06/30/2015**	**12/31/2014**
Number of employees	562	521

D. Other key figures	
Market cap at 06/30/2015 in TEUR	1,406,258
Share capital in EUR	133,929,302.00
WKN/ISIN	830350/DE0008303504
Number of shares (issued) at 06/30/2015	133,929,302
Number of shares (outstanding after share buyback) at 06/30/2015	122,802,124
Free Float in % (remainder treasury shares)	92
Index	MDAX/EPRA

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FOREWORD

**Dear Shareholders,
Ladies and Gentlemen,**

The second quarter of the 2015 financial year went very well for us operationally. Although vacancy in our residential units increased from 8.1 % at 31 December 2014 to 9.0 % at the beginning of the year due to the integration of new acquisitions and sales, we were able to reduce vacancy to 8.7 % at 30 June 2015. It fell further after the reporting date to 8.6 % in July 2015.

This positive trend was also clearly visible in the Salzgitter region. Here we managed to reduce vacancy significantly in the first half of 2015, from 15.5 % at the end of 2014 to 14.6 % at 30 June 2015, and 14.0 % in July 2015. This development validates the soundness of our rental policies and measures in Salzgitter. In July 2015, during a visit to our social projects in Salzgitter, Vice Chancellor Sigmar Gabriel opened our modern parkour leisure facility that was realised in cooperation with the German Sports University in Cologne. Thanks to this and similar projects, we have been able to retain existing tenants, attract new ones, and improve the attractiveness of our residential portfolio even in cities with demographically induced residential vacancy.

The average actual net rent in our residential units remained stable at EUR 5.00 per sqm despite the fact that acquisitions made during financial year 2014 only had rent of EUR 4.79 per sqm and the sales portfolios tended to have higher rental rates. On a like-for-like basis, rents increased 1.3 % over the last 12 months. Including the effects of the vacancy reduction, this resulted in overall rental growth of 2.3 % as of 30 June 2015. Maintenance costs and investments (Capex) in our residential units totalled EUR 7.06 per sqm in the first six months of 2015 (annualised this equals EUR 14.12 per sqm) and were therefore about on par with the previous year's value of EUR 13.37 per sqm at 31 December 2014.

All in all, we were able to increase Funds from Operations (FFO) to EUR 18.6 m in Q2 2015, compared to EUR 18.1 m at 31 March 2015. Net Asset Value (NAV) was reduced as a result of the tax-free dividend of EUR 0.50 per share paid out at the end of June 2015, and at 30 June 2015 is now EUR 9.78 after EUR 10.10 as of 31 December 2014.

In the first half of 2015, we continued the capital recycling strategy we initiated at the end of 2014. For instance, a total of 972 residential units were sold in the Berlin districts of Marzahn and Hellersdorf at a purchase price of EUR 59.8 m. This corresponded to about 17 times the current annual net cold rent. This sale generated a book profit of EUR 10.7 m and net cash inflow of EUR 34.6 m. Conversely, in May, June and July 2015, three residential portfolios in Saxony, Saxony-Anhalt, Brandenburg and on Rügen with a total of 1,174 residential units were acquired for a total purchase price of EUR 35.6 m. The portfolios will be gradually transferred during the third quarter of 2015. We were able to negotiate attractive terms, with purchase price factors of between 7.9 and 11.9 times the current annual net cold rent.

After the reporting date, we achieved significant successes related to our financing structure. In late July 2015, the clean-up call was made for a convertible bond issued in financial year 2010, which was due in December 2015 and still had a book value of EUR 32.2 m at the beginning of the year. Therefore, we expect the complete conversion of this loan into equity shortly. This will reduce our loan-to-value (LTV) ratio, which including liabilities from convertible bonds amounted to 65.7 % at 30 June 2015, by around 50 basis points. As this bond still has an interest coupon of 6.5 % p. a., the conversion will also lead to considerable interest savings.

In July 2015, we also concluded an agreement with a credit institution on the early repayment of loans with a total volume of around EUR 46.5 m, which will take effect in Q3 2015. Interest rates on these loans generally ranged from 4.0 % to 5.4 % p. a. Although breakage fees amounting to approx. EUR 1.7 m were incurred in this context, the premature loan repayment will save us approx. EUR 2.1 m in interest payments p. a., so this measure will also reduce our financing costs on a sustainable basis.

Against this backdrop, our outlook for the second half of 2015 is more than positive. We thank you for the confidence you have placed in us and particularly thank you for your continued broad support at this year's Annual General Meeting in June 2015.

Yours sincerely,

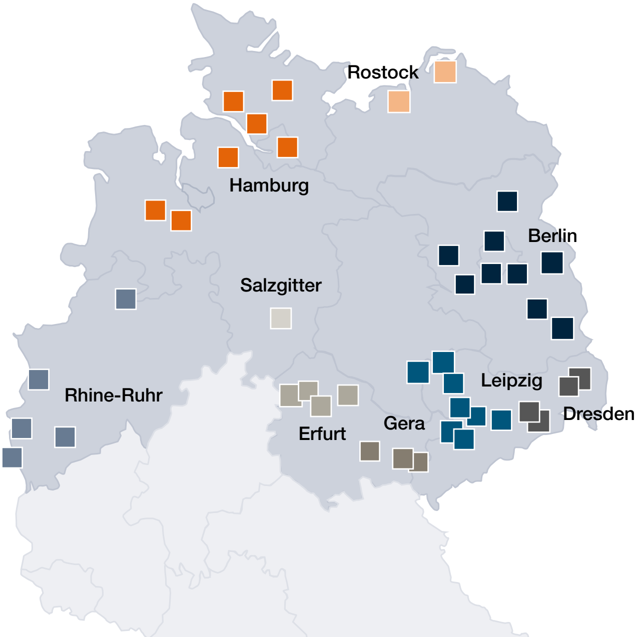
Claudia Hoyer	**Martin Thiel**	**Dr Harboe Vaagt**
COO	**CFO**	**CLO**

Stielerstrasse, Erfurt

REAL ESTATE PORTFOLIO OF TAG

At the end of Q2 2015, the TAG's real estate portfolio was comprised of approx. 75,000 units, mainly located in regions showing positive economic growth and development. The focus is on the management and development of residential real estate with stable cash flows and attractive returns in locations where TAG already has investments and offices. The regional emphasis is mainly on northern and eastern Germany.

Portfolio	as of 06/30/2015	as of 12/31/2014
Units	74,179	72.530
Rentable area in sqm	4,554,911	4,436,670
Real estate volume in TEUR	3,463,755	3,371,269
Actual net cold rent in EUR/sqm/month (total)	5.16	5.16
Actual net cold rent in EUR/sqm/month (residential units)	5.00	5.00
Annualised actual net cold rent in TEUR (total)	259,731	252,287
Vacancy in % (total)	9.0	9.0
Vacancy rate in % (residential units)	8.7	8.1



Hamburg region (9.8 %)
LIM: Hamburg

Rostock region (7.7 %)
LIM: Mecklenburg-Vorpommern

Berlin region (13.7 %)
LIM: Berlin / Brandenburg

Salzgitter region (11.5 %)
LIM: Salzgitter

Dresden region (16.3 %)
LIM: Dresden, Doebeln / Chemnitz

Leipzig region (10.4 %)
LIM: Leipzig

Gera region (11.8 %)
LIM: Gera

Erfurt region (11.4 %)
LIM: Erfurt

Rhine-Ruhr region (7.4 %)
LIM: Dusseldorf

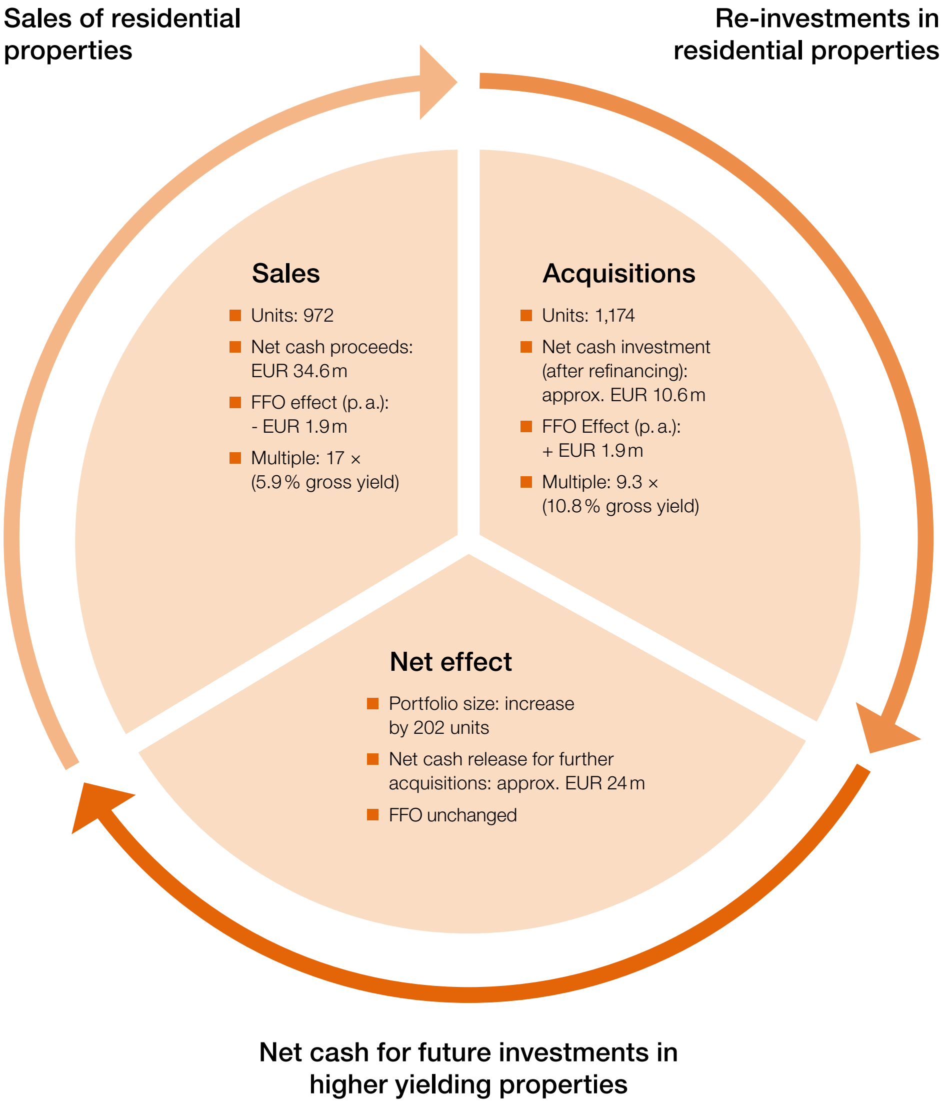
% acc. IFRS book value

Capital recycling strategy

The company's strategy centres on the return per individual share. As a part of capital recycling, selective sales opportunities are taken advantage of in high-priced locations so that the proceeds can be reinvested 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 compensate for the decline in FFO from sales, while simultaneously creating free cash flow that can be used for further acquisitions.

In line with this strategy, in the 2015 financial year TAG purchased real estate portfolios with a total of 1,174 units at factors of between 7.9 and 11.9 times the current annual net cold rent, and at the same time sold 972 units at around 17 times the current annual net cold rent.

2015


Sales of residential properties
Re-investments in residential properties
Sales
Units: 972
Net cash proceeds: EUR 34.6m
FFO effect (p.a.): - EUR 1.9m
Multiple: 17 × (5.9% gross yield)
Acquisitions
Units: 1,174
Net cash investment (after refinancing): approx. EUR 10.6m
FFO Effect (p.a.): + EUR 1.9m
Multiple: 9.3 × (10.8% gross yield)
Net effect
Portfolio size: increase by 202 units
Net cash release for further acquisitions: approx. EUR 24m
FFO unchanged
Net cash for future investments in higher yielding properties

Acquisition of two residential portfolios with a total of 994 units in May and June 2015 in Saxony, Saxony-Anhalt and Brandenburg

In May and June 2015, two residential real estate portfolios with approx. 1,000 residential units were acquired for a purchase price of EUR 27.4 m. The properties with a rentable area of approx. 61,300 sqm are at various locations in the eastern German states, predominantely in Saxony, Saxony-Anhalt and Brandenburg. They are concentrated around the university city of Leipzig and the greater Leipzig area with 400 units, and the Dresden region with almost 200 units. Over and above that, there are an additional approx. 130 units in Magdeburg. The portfolio will be expected to be transferred during the third quarter of 2015. The regional distribution fits perfectly into the existing management structure, so the portfolio will sustainably increase TAG's operating cash flow and FFO.

The current rent of this portfolio is around EUR 3.15 m p.a. Parts of the portfolio have vacancy rates of up to 14.8 %, so there is interesting potential for development. With purchase price factors ranging at 7.9 and 11.1 times the current annual net cold rent, we were able to negotiate attractive terms that underscore our strategy of recycling capital to reinvest the equity released from sales into properties with higher initial yields in TAG's core regions.

Veilchenweg, Brandenburg / Havel

Expansion of the portfolio by 180 units in July 2015: Rügen in Mecklenburg-Vorpommern

The acquisition of a residential portfolio in the town of Bergen on Rügen Island, with 180 residential units and a rentable area of around 11,500 sqm for a purchase price of EUR 8.2 m, took place after the balance sheet date in mid-July 2015 for 11.9 times the annual net cold rent (around EUR 0.69 m p. a.). The transfer of this portfolio is expected to take place in Q3 2015. The complex consisting of prefabricated large-panel construction residential units was built in the 1980s and has since been renovated to above-average standards. Its vacancy rate is currently at about 6.2 %.

Sales in the first half of 2015

This year too, sales opportunities were exploited in the highly sought-after Berlin market, with transactions concluded at purchase prices clearly exceeding the book value of the properties. In April 2015, we sold a total of 972 additional prefabricated large-panel construction residential units totalling around 56,400 sqm, with only 1.7 % vacancy in the Marzahn and Hellersdorf districts of Berlin for a sale price of EUR 59.8 m. At 17 times the current annual net cold rent, the price factor achieved confirms the value increase potential that we have realized through successful asset management in just a few years. The transfer of the portfolio occurred on 30 June 2015.

In addition, TAG generated sales proceeds of EUR 13.7 m from individual sales of approx. 200 residential properties in the regions of Berlin, Dresden and Hamburg.

Region	Units	Floor area sqm	IFRS book value 06/30/2015 TEUR	In-place yield %
Berlin	8,620	504,571	432,668	6.8
Dresden	11,186	678,348	516,182	7.1
Erfurt	7,800	436,967	362,132	6.7
Gera	9,632	561,785	373,454	7.3
Hamburg	6,263	379,142	311,414	7.1
Leipzig	7,870	464,421	331,406	7.6
Rhine-Ruhr	3,738	241,363	233,449	6.6
Rostock	5,299	314,228	242,822	7.4
Salzgitter	9,171	562,830	363,656	7.7
Total residential units	**69,579**	**4,143,655**	**3,167,183**	**7.1**
Acquisitions (transfer 2015)	2,851	181,800	137,416	7.6
Commercial units (within residential portfolio)	1,274	164,366	–	–
Total residential portfolio	**73,704**	**4,489,821**	**3,304,599**	**7.5**
Others*	475	65,090	159,156	4.5
Grand total	**74,179**	**4,554,911**	**3,463,755**	**7.4**

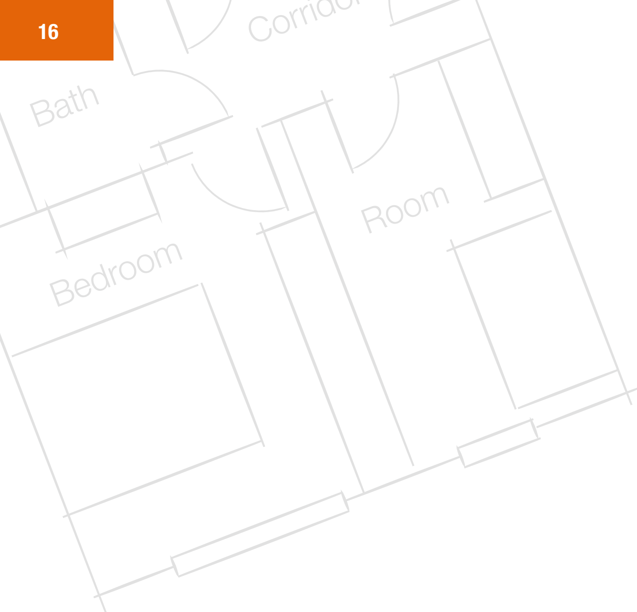
* includes six commercial properties and three serviced apartments

Portfolio – regions and locations

In accordance with the organisational structure of our asset and property management, the portfolios are defined regionally, and in each case are assigned to a Head of Real Estate Management (Leiter Immobilienmanagement "LIM"). Each Head of Real Estate Management is largely responsible for their own regional budgets and cost control, as well as for planning and implementing activities to develop the portfolio. This decentralised management and distribution of tasks enables us to take advantage of local expertise and arrive at quick and appropriate decisions for each region.

Vacancy 06/30/2015 %	Vacancy 12/31/2014 %	Net actual rent EUR/sqm	Reletting rent EUR/sqm	L-f-l rental-growth EUR/sqm (y-o-y) %	L-f-l rental-growth total** (y-o-y) %	Mainte-nance EUR/sqm	Capex EUR/sqm
5.0	4.4	5.13	5.33	2.1	2.8	2.35	2.59
10.7	9.2	5.03	5.34	0.8	0.2	2.10	4.41
6.3	8.0	4.97	5.15	2.2	4.0	3.10	6.22
12.1	10.7	4.62	4.89	1.3	2.6	2.56	5.30
6.9	7.2	5.24	5.72	0.9	1.8	3.53	2.09
6.8	6.7	4.86	5.06	0.8	1.2	2.51	2.02
2.9	2.6	5.49	5.94	1.2	1.3	4.86	1.30
6.9	7.3	5.12	5.36	2.2	3.6	2.45	5.13
14.6	15.5	4.84	5.32	0.8	4.3	5.41	5.06
8.7	**8.1**	**5.00**	**5.30**	**1.3**	**2.3**	**3.10**	**3.96**
5.3	12.4	5.08	–	–	–	2.52	0.21
17.6	17.3	7.40	–	–	–	–	–
8.9	**8.9**	**5.08**	**–**	**–**	**–**	**2.96**	**3.67**
16.8	17.2	11.06	–	–	–	2.57	0.57
9.0	**9.0**	**5.16**	**–**	**–**	**–**	**2.96**	**3.63**

** incl. effects from vacancy reduction



Vacancy and rent development over time

The development of the total residential portfolio shows a positive trend at nearly all locations. Although vacancy in our residential units has statistically increased from 8.1 % at year-end 2014 to 8.7 % at 30 June 2015, this is exclusively due to the integration of portfolios newly acquired in the previous year, which had a vacancy rate of 12.4 %. At the same time, real estate with very low vacancy rates was sold off, which further contributed to the mathematical increase in vacancy.

Looking at the development of vacancy on a like-for-like basis, i. e. taking the previous year's acquisitions and the sales into account in the vacancy rate at 31 December 2014, would result in a 30 basis-point reduction in vacancy across the total residential units, from 9.0 % to 8.7 %. After the reporting date, in July 2015, vacancy in the residential units was reduced by another 10 basis points to currently 8.6 %.

In the Salzgitter region, vacancy had been reduced in the first half of 2015 from 15.5 % at the end of 2014 to 14.6 % at 30 June 2015, and 14.0 % in July 2015. This development validates the soundness of the rental policies and measures we have applied in Salzgitter.

Average net rent in our residential units remained stable at EUR 5.00 per sqm despite the fact that acquisitions from financial year 2014 that now have been included in the figure only had a rent of EUR 4.79 per sqm, and the portfolios sold tended to have higher rental rates. On a like for like basis, rents increased 1.3 % over the last 12 months. Including the effects of the vacancy reduction, this resulted in overall rental growth of 2.3 % as of 30 June 2015.

Maintenance costs / Capex in our residential units totalled EUR 7.06 per sqm in the first six months (annualised this equals EUR 14.12 per sqm) and were therefore about on par with the previous year's value of EUR 13.37 per sqm at 31 December 2014. Special Capex measures started in Erfurt in the form of senior-friendly and tenant-friendly housing concepts, and will lead to further success in vacancy reduction.

> "It is important that residential property companies raise the quality of life for their tenants with social projects like those here in Salzgitter."
>
> Vice Chancellor Sigmar Gabriel was here on location

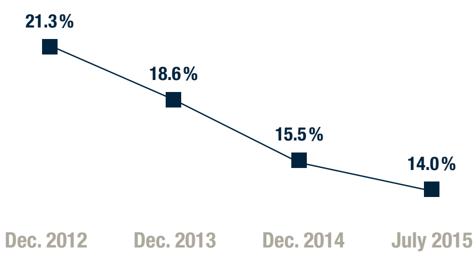
Parkour park, Salzgitter

Vice Chancellor Sigmar Gabriel praises TAG's social commitment in Salzgitter

TAG is achieving a lot in the city of Salzgitter with intelligent concepts. In recent years, for example, an intergenerational get together and a new advisory centre were established in partnership with the Diakonie – the church's welfare and social work – and a children's and youth facility with Jumpers e.V. There are also projects with Aktion Mensch and ARCHE children's charity. In July 2015, Vice Chancellor Sigmar Gabriel accepted an invitation and, besides visiting the social facilities here that we sponsored, he opened our innovative parkour park, that

was realised in cooperation with the German Sports University Cologne and one of its sports scientists, Professor Ingo Froböse. TAG's efforts make it possible to retain existing tenants and attract potential new ones even in cities with demographically induced residential vacancy.

Vacancy rates in Salzgitter since 2012



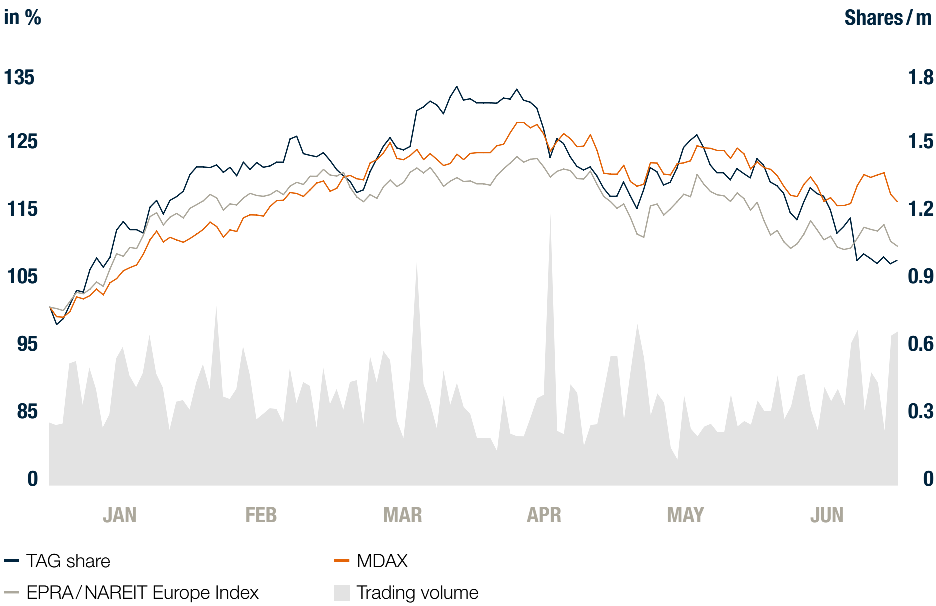
THE TAG SHARE AND BONDS

In the first half of 2015, the price of the MDAX-listed TAG share trended slightly upward, and at plus 7 % developed nearly on par with the respective benchmark indices. The MDAX gained 16 percentage points since the beginning of the year. The TAG share started the year at EUR 9.81 and was trading at EUR 10.50 on 30 June 2015 after a dividend payment of EUR 0.50 per share on 19 June 2015 after the Annual General Meeting. The EPRA index, comprised of various real estate companies listed on international stock exchanges, also developed positively at +10 %. The price of TAG shares is currently listed at EUR 10.29 as at 31 July 2015.

At a closing price of EUR 10.50 on 30 June 2015, TAG's market capitalisation on this effective date amounted to EUR 1,406 m. As before, national and international investors with a predominantly long-term investment strategy make up the majority of TAG shareholders. At the company's Annual General Meeting, the shareholders voted in favour of all agenda items by a large majority and thereby expressed their agreement with the company's strategy and business policy.

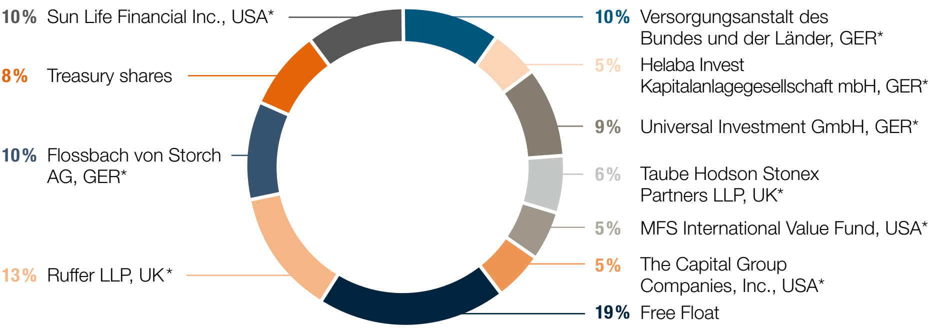
The share capital and number of shares have increased to 133,929,302 since year-end 2014 due to the exercise of conversion rights amounting to EUR 2,216,443 and the same number of shares. Free float is 92 % of the share capital, with the remaining 8 % of the share capital being shares held by TAG that were repurchased in the October 2014 share buyback at EUR 9.30 per share. This puts TAG in a position to grow flexibly without weakening the company's liquidity.

Share price January – June 2015



Elbstrasse, Wedel

Shareholder structure as of 30 June 2015



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

Analyst recommendations

Institution	Analyst	Recommendation	Target price EUR	Date
Oddo Seydler	Manuel Martin	Buy	13.70	05 August 2015
Bankhaus Lampe	Dr Georg Kanders	Buy	13.50	31 July 2015
Commerzbank	Thomas Rothäusler	Hold	11.00	31 July 2015
Baader Bank	André Remke	Hold	11.00	30 July 2015
Citigroup	Aaron Guy	Neutral	12.20	21 July 2015
VictoriaPartners	Bernd Janssen	n/a	9.50–10.80	16 July 2015
Merrill Lynch	Mike Bessell	Underperform	11.00	12 June 2015
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	25 March 2015
S&P Capital IQ	William Howlett	Hold	12.25	2 March 2015
Kepler Cheuvreux	Thomas Neuhold	Buy	13.50	27 February 2015
Nord/LB	Michael Seufert	Sell	10.00	26 February 2015
Mean			**12.20**	

Dividend

TAG lets its shareholders participate in the company's success by continually paying a dividend, and pays out a significant share of its profits as dividends. The Annual General Meeting in June 2015 approved a dividend payment of EUR 0.50 per share for the 2014 financial year after a dividend of EUR 0.35 per share in the previous year. To maintain TAG shares as an attractive dividend stock, we are planning to increase the dividend to EUR 0.55 per share for financial year 2015.

Supervisory Board includes two new employee representatives

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

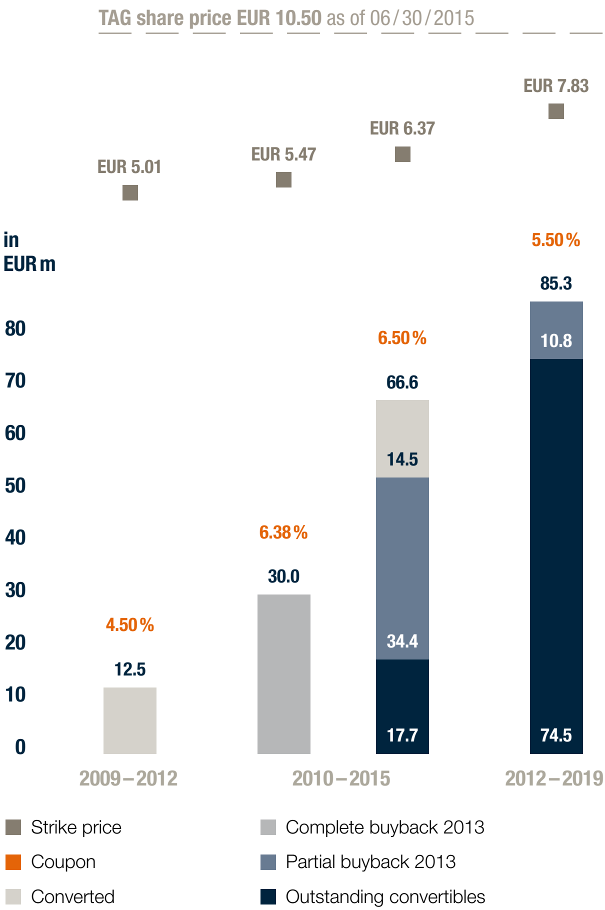
Overview of TAG corporate bonds

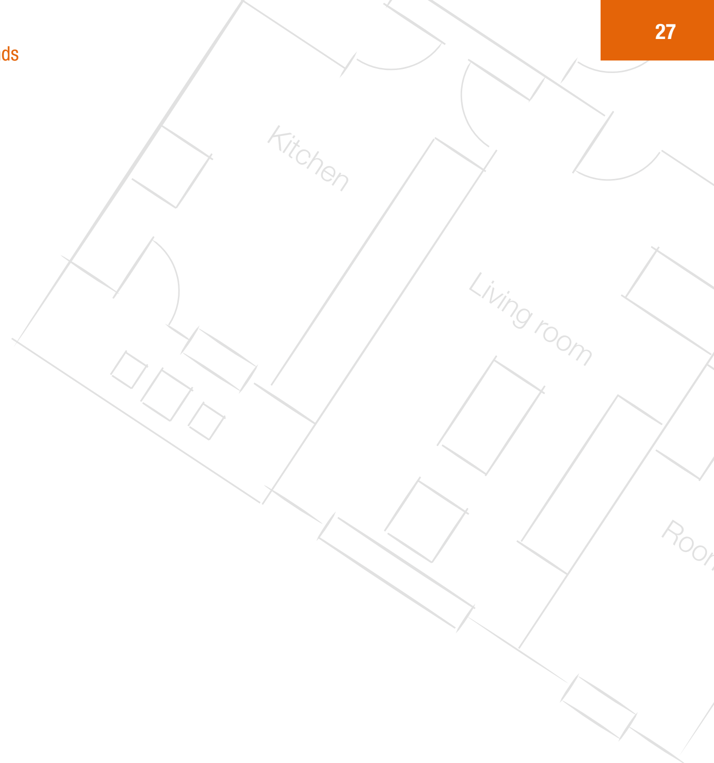
WKN A1TNFU	WKN A12T10
Volume: EUR 310 m	Volume: EUR 125 m
Division into shares: EUR 1,000.00 per share	Division into shares: EUR 1,000.00 per share
Nominal value per bond: EUR 1,000.00	Nominal value per bond: EUR 1,000.00
Maturity: 5 years until 08/07/2018	Maturity: 6 years until 06/25/2020
Interest 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 17.7 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 6.37	Conversion price: EUR 7.83

Convertible Bonds issued by TAG since 2009





On 21 July 2015, TAG announced the early termination of a convertible bond due in December 2015 with a total nominal value of EUR 66.6 m. After TAG had already bought back parts of this convertible bond in financial year 2013, a number of conversions of the bond into shares took place in the 2015 financial year, so that the total outstanding nominal value was less than 20 % of the original total nominal value. Bondholders have a final opportunity to exercise their conversion rights under the bond terms at a current conversion price of EUR 6.3717 through 10 August 2015. If bondholders do not exercise their conversion rights, unconverted bonds will be prematurely repaid at the nominal value of EUR 7.40 per bond on 24 August 2015, including interest accrued to 21 August 2015.

GROUP INTERIM MANAGEMENT REPORT FOR THE FIRST HALF OF FINANCIAL YEAR 2015

I. The Economy

a) State of the overall economy

The chief economists of the International Monetary Fund (IMF) lowered their global growth forecasts slightly in July 2015 to 3.3 % for the full year (previous forecast 3.5 %). For the eurozone, the growth forecasts remain virtually unchanged at 1.5 %, which is basically the result of the largest economies Germany, France, Italy and Spain. German gross domestic product (GDP) is expected to grow by 1.6 % in 2015. The EU-Commission, too, estimates economic growth of around 1.9 % in Germany alone in its spring forecast. Given the various crises around the world as well as the financial crisis in Greece, the German federal government is somewhat more restrained and expects solid growth of 1.8 % in 2015.

In June 2015, consumer prices in Germany were only 0.3 % higher than the previous year. The inflation rate as measured by this index fell by 0.1 %. The unemployment rate was at 6.2 % at the end of June 2015, compared to 6.4 % at the end of the previous year.

b) State of the German real estate market

In the first half of this year almost EUR 15.1 billion was invested in German residential portfolios, almost twice the amount invested during the same period last year. The number of units traded rose to more than 221,000, mainly due to company acquisitions with large portfolios. At present, publicly listed German residential property companies own 800,000 – 900,000 units, which corresponds to almost 5 % of Germany's total residential portfolio.

There was a significant shift in emphasis in investment locations. In the first 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 p. a. But the tide turned in 2014. Property prices increased sharply by more than 5 % even in "A" cities, but for the first time this increase was lower than the average for smaller "B" cities.

Industry experts expect turnover in the residential sector to continue to be high for the full year, with well over half of this turnover driven by transactions in the capital market. The strong demand and continued favourable financing conditions have led to price levels being spread more broadly. This means that buyers who are eager to acquire certain portfolios for strategic reasons are often willing to pay prices above the market average. This is especially true for high-quality project developments in prime locations, but also increasingly for larger property portfolios, e. g. to increase market share or leverage synergies.

c) Business performance

Real estate purchases during the first half of 2015

In May 2015, TAG acquired a residential property portfolio with 860 units at a purchase price of EUR 18.6 m, equivalent to 7.9 times the current net cold annual rent. The properties are located at various sites, mainly in Saxony and Saxony-Anhalt. They are concentrated around the city of Leipzig and the greater Leipzig area with 400 units, and the Dresden region with almost 200 units. Another around 130 units are concentrated in Magdeburg. The portfolio will be transferred during the third quarter of 2015. The rentable area of the portfolio is around 49,900 sqm, and current rent is EUR 2.4 m p. a. The acquisition has interesting development potential, given its 14.8 % vacancy, which TAG will be able to effectively manage based on its good infrastructure.

In addition, 134 residential units were acquired in the city of Brandenburg for a purchase price of EUR 8.8m in June 2015. This is equivalent to 11.1 times the current annual net cold rent. The portfolio here is also expected to be transferred during the third quarter of 2015. The rentable area of the portfolio is around 11,400 sqm, and current rent is EUR 0.74 m. p. a. The portfolio has a vacancy rate of only 1.3 % and is in excellent condition, given that it was only built in the mid-1990s.

Property sales during the first half of 2015

In April 2015, the sale of residential property in the Hellersdorf and Marzahn districts of Berlin was notarised. A total of 972 units were sold at a purchase price of EUR 59.8 m, equivalent to about 17 times the net cold annual rent. This sale generated a book profit of EUR 10.7 m (before taking breakage fees of EUR 1.5 m into account) and a net cash inflow of EUR 34.6 m, after repayment of the corresponding bank loans and breakage fees. The transfer of the portfolio became effective on 30 June 2015.

Dividend payout

At the Annual General Meeting on 19 June 2015, a dividend payment of EUR 0.50 per share was adopted, which was subsequently disbursed to shareholders.

d) Results of operations, financial position and net asset position of the TAG Group

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 financial year 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 operations were included under “Post tax result of discontinued operations”. In the current interim reporting period, no transactions took place that would have been allocated to discontinued operations.

In the first half of 2015, the Group increased its rental income from continued operations by 5.7 % year-on-year, from EUR 122.0 m to EUR 128.9 m. The main reasons for the increase in rental income were the portfolios newly acquired, 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 104.2 m in the first half of 2015 (previous year EUR 100.4 m), including second-quarter rental profit of EUR 51.5 m for Q2 2015 (previous year: EUR 50.6 m). This corresponds to a margin of 81 % for the first six months of the 2015 financial year, compared to 82 % in H1 of the previous year.

During the reporting period, the Group generated revenues of EUR 73.5 m (previous year EUR 7.9 m) from property sales in its continued operations segment. EUR 59.8 m of these revenues relate to the portfolio in the Marzahn and Hellersdorf districts of Berlin. TAG also generated revenues of EUR 13.7 m from the sale of approx. 200 residential properties in Berlin, Dresden and Hamburg.

The valuation result for the first half of 2015 was EUR 20.8 m (previous year EUR 6.9 m) of which EUR 20.4 m was due 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 slightly during the reporting period to EUR 17.3 m (previous year EUR 16.5 m). This is mainly due to the increase in the number of employees due to the company's growth, and especially the expansion of in-house caretaker and craftsmen services.

The decrease in impairment losses on inventories and receivables to EUR 2.6 m (previous year EUR 8.9 m) relates primarily to an impairment of receivables totalling EUR 5.7 m from the sale of shares of Polares Real Estate Asset Management GmbH in the first quarter of 2014.

Other operating expenses fell slightly to EUR 10.3 m after EUR 10.9 m in the same period of the previous year. As was the case in the same period of the previous year, additional expenditures were incurred for the implementation of our new ERP system. Since 1 January 2015, all companies of the Group use this software so that all IT systems are unified.

Interest income, i.e. the net result of interest income minus interest expense, decreased, although weighed down by a one-time charge (breakage fee) of a total of EUR 2.8m (previous year: EUR 0.0m), slightly from EUR -49.2m in the first six months of financial year 2014 to EUR -48.6m at 30 June 2015. The decrease is due to lower financing costs for our financial debt.

The average interest rate on our bank loans was 3.3% at 30 June 2015, after 3.6% on 30 June 2014, and their average maturity is now 10.7 years (30 June 2014: 10.0 years). Our total cost of debt, i.e. taking into account the interest rates on corporate and convertible bonds, amounted to 3.62% at 30 June 2015 after 3.87% at 30 June 2014.

Overall, TAG generated EBT of EUR 58.4m from continuing operations in the first half of the 2015 financial year (previous year: EUR 26.0 m) and total net income of EUR 48.3m (previous year: EUR 14.2m).

FFO I came to EUR 36.7m in the first six months of 2015, compared to EUR 39.2m in the same period of the previous year. In Q2 2015, FFO I was EUR 18.6m, compared to FFO I of EUR 18.1m for Q1 2015.

Assets and financial position

Total assets at 30 June 2015 were EUR 3,675.4m, following EUR 3,724.2m at 31 December 2014. At 30 June 2015, the book value of the entire real estate portfolio was EUR 3,463.8m (31 December 2014: EUR 3,371.3 m), of which EUR 3,429.8m (31 December 2014: EUR 3,331.6 m) was attributable to investment properties.

The equity ratio at the balance sheet date was 27.5%, after 26.9% at 31 December 2014. The main reasons for the increased equity ratio were effects from the exercise of convertible bonds and the significantly improved Group result year-on-year.

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

	06/30/2015 TEUR	12/31/2014 TEUR (adjusted)	12/31/2014 TEUR (historical)
Equity (before non-controlling shareholders' equity)	973,935	953,651	979,509
Deferred taxes on investment properties	221,833	211,293	211,293
Fair values of derivative financial instruments	5,122	7,377	7,377
Net Asset Value	**1,200,890**	**1,172,321**	**1,198,179**
Number of relevant shares (after share buyback)	122,802	118,586	118,586
NAV per share in EUR	9.78	9.89	10.10

The decrease in NAV in comparison with 31 December 2014 is primarily explained by the dividend of EUR 0.50 per share that was paid out in June 2015.

Taking into account the potential dilutive effects of convertible bonds, this leads to a diluted NAV per share of EUR 9.57, after EUR 9.85 on 31 December 2014.

The loan-to-value (LTV) ratio, not including liabilities from convertible bonds, was 63.2 % at 30 June 2015 (31 December 2014: 62.2 %), and 65.7 % including convertible bonds (December 31, 2014: 65.3 %). The LTV is derived from dividing the net liquidity position (financial debt less cash and cash equivalents, including the purchase prices already deposited into notary accounts), by the total real estate assets.

e) HR report (employees) and personnel changes on the Supervisory Board

At 30 June 2015, the TAG Group had 562 employees. At 31 December 2014, it employed 521 people. In addition, 182 (31 December 2014: 134) caretakers are employed by the Group.

At year-end 2014, two employee representatives, Wencke Röckendorf and Andrea Mäckler, resigned from the board for personal reasons after serving for about five years. TAG's employees elected Mr Harald Kintzel and Mr Marco Schellenberg as their new representatives on 20 April 2015. Thus, the Supervisory Board once again consists of six members.

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 continuously monitors the vacancy rate and the rental income generated.

Vacancy in our total residential units, i.e. without the real estate where the transfer of rights and obligations first occurred in the current financial year, and without commercial units, totalled 8.7 % at 30 June 2015, after 8.1 % at 31 December 2014. In particular, this development is the result of 2014 acquisitions which now are included and, whose vacancy rate should be reduced long-term driven by our asset management. The real estate that was sold by 31 December 2014 also tended to have a higher vacancy rate. Vacancy across the entire portfolio at the reporting date remained unchanged compared with 31 December 2014, at 9.0 %.

Average net rent per sqm across the total residential units was EUR 5.00 at the reporting date (31 December 2014: EUR 5.00). New lettings at 30 June 2015 averaged EUR 5.30 per sqm (31 December 2014: EUR 5.23 per sqm). In the overall portfolio, averaged net in place rent per sqm at the end of Q2 2015 remained unchanged compared with 31 December 2014 at EUR 5.16 per sqm.

II. Material events after the reporting date

On 15 July 2015, the acquisition of a residential portfolio in Bergen, Rügen with 180 residential units for a purchase price of EUR 8.2 m was notarised. The transfer of this portfolio is expected to take place in Q3 2015. The rentable area of the portfolio is around 11,500 sqm, and it was acquired for 11.9 times the net cold annual rent (around EUR 0.69 m p. a.). The complex consisting of prefabricated large-panel construction residential units built in the 1980s has since been renovated to above-average standards and currently has a vacancy rate of 6.2 %.

On 16 July 2015 an agreement with a bank concerning the early repayment of loans with a total volume of around EUR 46.5 m was agreed, which will take effect in Q3 2015. The interest rates on these loans generally ranged between 4.0 % and 5.4 % p. a. Although breakage fees amounting to approx. EUR 1.7 m arise in this context, the premature loan repayment saves approx. EUR 2.1 m in interest p. a.

On 21 July 2015, TAG announced the early termination of a convertible bond with an original total nominal value of EUR 66.6 m, issued at the end of financial year 2010 with an interest rate of 6.5 % p. a. and an original term of five years ending 10 December 2015. After TAG had already bought back parts of this convertible bond in financial year 2013, in the 2015 financial year a number of conversions of the bond into shares took place, so that the outstanding total nominal value was less than 20 % of the original total nominal value. Bondholders have a final opportunity to exercise their conversion rights under the bond terms at a current conversion price of EUR 6.3717 until 10 August 2015. If bondholders do not exercise their conversion rights, any unconverted bonds will be prematurely repaid at the nominal value of EUR 7.40 plus accrued interest on 24 August 2015.

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 Risks Report" section of the Group Management Report for the 2014 financial year. Since 1 January 2015, no significant developments have occurred or become apparent that would lead to a different assessment.

Our FFO forecast has not changed through the end of Q2 2015 either. Based on the number of shares at 31 December 2014, 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, 5 August 2015

Claudia Hoyer

Claudia Hoyer
COO

M. Thiel

Martin Thiel
CFO

Dr Harboe Vaagt
CLO

CONSOLIDATED BALANCE SHEET

Assets in TEUR	06/30/2015	12/31/2014 (adjusted*)	01/01/2014 (adjusted*)
Non-current assets			
Investment properties	3,429,799	3,331,600	3,544,075
Intangible assets	3,226	3,831	5,142
Property, plant and equipment	14,394	14,422	13,028
Investments in associates	118	146	119
Other financial assets	11,450	12,659	18,178
Deferred taxes	58,214	58,981	50,341
	3,517,201	**3,421,639**	**3,630,883**
Current assets			
Land with unfinished and finished buildings	15,511	19,308	46,874
Other inventories	382	677	618
Trade receivables	31,204	70,693	16,221
Income tax receivables	3,077	1,953	3,293
Derivative financial instruments	3,040	3,551	8,884
Other current assets	16,457	10,269	14,984
Cash and cash equivalents	79,521	196,646	85,326
	149,192	**303,097**	**176,200**
Non-current assets held for sale	**7,696**	**9,510**	**5,969**
	3,674,089	**3,734,246**	**3,813,052**

* For the adjustments see page 46

Equity and liabilities in TEUR	06/30/2015	12/31/2014 (adjusted*)	01/01/2014 (adjusted*)
Equity			
Subscribed capital	122,802	118,586	131,298
Share premium	611,852	582,002	680,040
Other reserves	-3,892	-5,665	-10,930
Retained earnings	243,173	258,728	281,040
Attributable to the equity holders of the parent company	973,935	953,651	1,081,448
Attributable to non-controlling interests	37,187	51,402	45,918
	1,011,122	**1,005,053**	**1,127,366**
Non-current liabilities			
Bank borrowings	1,776,678	1,797,751	1,947,049
Liabilities from corporate bonds	434,969	434,972	197,006
Liabilities from convertible bonds	70,434	69,925	106,125
Derivative financial instruments	4,150	5,447	13,519
Retirement benefit provisions	6,241	6,317	5,618
Other non-current liabilities	3,509	3,445	293
Deferred taxes	220,459	211,120	170,438
	2,516,440	**2,528,977**	**2,440,048**
Current liabilities			
Other provisions	17,154	16,429	24,214
Income tax liabilities	6,547	6,925	9,423
Liabilities to banks	69,061	105,959	179,534
Trade payables	13,832	9,147	11,385
Derivative financial instruments	4,012	5,481	9,166
Liabilities from corporate bonds	6,240	8,764	4,100
Liabilities from convertible bonds	17,762	35,539	190
Other current liabilities	11,919	11,972	7,626
	146,527	**200,216**	**245,638**
	3,674,089	**3,734,246**	**3,813,052**

* For the adjustments see page 46

CONSOLIDATED INCOME STATEMENT

in TEUR	01/01–06/30/2015	01/01–06/30/2014	04/01–06/30/2015	04/01–06/30/2014
Total revenues	**203,324**	**131,623**	**130,523**	**68,208**
Rental revenues	128,918	121,988	64,794	61,905
Rental expenses	-24,706	-21,541	-13,288	-11,292
Net rental income	104,212	100,447	51,506	50,613
Revenues from the sale of inventory real estate	4,893	4,359	2,234	3,365
Expenses on the sale of inventory real estate	-4,191	-4,195	-1,811	-3,378
Net revenues from sale of inventory real estate	702	164	423	-13
Revenues from the sale of investment properties	68,652	3,549	63,024	1,599
Expenses on the sale of investment properties	-58,017	-3,955	-51,941	-1,877
Net revenues from the sale of investment properties	10,635	-406	11,083	-278
Revenues from property management	861	1,727	471	1,339
Expenses for the provision of property management	-495	-519	-278	-517
Net income from property management	366	1,208	193	822
Other operating income	1,911	4,279	1,340	2,488
Fair-value revaluation of investment properties	-395	0	-395	10
Valuation gains/losses on newly acquired investment properties	21,227	6,875	-243	4,851
Total valuation gains/losses on investment properties	20,832	6,875	-638	4,861
Gross profit	**138,658**	**112,567**	**63,907**	**58,493**
Personnel expenses	-17,287	-16,487	-9,179	-8,455
Depreciation/amortisation	-1,657	-1,260	-793	-643
Impairment losses on receivables and inventories	-2,572	-8,883	-796	-1,491
Other operating expenses	-10,287	-10,913	-5,270	-5,947
EBIT	**106,855**	**75,024**	**47,869**	**41,957**
Net profit from investments	190	135	67	55
Share of profit or loss of associates	-28	16	-28	10
Interest income	1,757	1,757	985	815
Interest expenses	-50,406	-50,908	-24,839	-24,973
EBT	**58,368**	**26,024**	**24,054**	**17,864**
Income taxes	-10,067	-8,391	-3,774	-7,265
Other taxes	-27	-155	-15	-145
Consolidated net profit from continuing operations	**48,274**	**17,478**	**20,265**	**10,454**

in TEUR	01/01–06/30/2015	01/01–06/30/2014	04/01–06/30/2015	04/01–06/30/2014
Post tax result of discontinued operations	0	-3,301	0	-4,204
Consolidated net profit	**48,274**	**14,177**	**20,265**	**6,250**
of which attributable to non-controlling interests	3,536	78	2,184	670
of which attributable to equity holders of the parent company	44,738	14,099	18,081	5,580
Earnings per share (in EUR)				
Earnings per share	0.37	0.11	0.15	0.05
Diluted earnings per share	0.35	0.11	0.14	0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01–06/30/2015	01/01–06/30/2014	04/01–06/30/2015	04/01–06/30/2014
Net profit as shown in the income statement	**48,274**	**14,177**	**20,265**	**6,250**
Unrealised gains and losses from hedge accounting	2,337	8,196	1,557	8,983
Deferred taxes on unrealised gains and losses	-548	-2,850	-371	-2,976
Other comprehensive income after taxes	1,789	5,346	1,186	6,007
Total comprehensive income	**50,063**	**19,523**	**21,451**	**12,257**
of which attributable to non-controlling interests	3,536	658	2,184	1,250
of which attributable to equity holders of the parent company	46,527	18,865	19,267	11,007

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	01/01–06/30/2015	01/01–06/30/2014
Consolidated net profit	48,274	14,177
Net interest income/expense through profit and loss	48,649	58,233
Current income taxes through profit and loss	111	-1,319
Depreciation/amortisation on intangible assets and property, plant and equipment	1,657	1,260
Share of profit or loss of associates	-162	-16
Total valuation profit/losses of investment properties	-20,832	-6,875
Gains/losses from the disposal of investment properties	-10,635	390
Gains/losses from the disposal of discontinued operations	0	-1,004
Impairments on inventories and receivables	2,572	9,263
Changes in deferred income taxes	10,106	10,427
Changes in provisions	649	-4,119
Interest received	864	838
Interest paid	-44,708	-46,139
Income tax refunds received	152	797
Income tax paid	-641	-842
Changes in receivables and other assets	5,569	2,108
Changes in payables and other liabilities	-4,333	-3,341
Cashflow from operating activities	**37,292**	**33,838**
Payments made for the acquisition of real estate asset companies	-103,000	0
Payments received from the disposal of investment properties (less selling costs)	103,414	5,254
Payments made for investments in investment properties	-30,346	-38,351
Payments received from the disposal of discontinued operations (less cash and cash equivalents)	0	70,282
Payments made for investments in intangible assets and property, plant and equipment	-1,018	-1,593
Payments received from other financial assets	1,181	0
Cashflow from investing activities	**-29,769**	**35,592**
Payments received from the issuance of corporate bonds	0	238,300
Costs associated with the issuance of corporate bonds	0	-238
Payments made for repaying convertible bonds	-3,605	0
Dividends paid	-60,293	-45,954
Payments received from bank borrowings	7,899	9,096
Payments made for repaying bank borrowings	-45,155	-113,879
Payments made for business combinations without a change of status	0	-577
Cashflow from financing activities	**-101,154**	**86,748**
Net change in cash funds	-93,631	156,178
Cash and cash equivalents at the beginning of the period	171,433	79,008
Currency translation	-16	-6
Cash funds at the end of the period	**77,786**	**235,180**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

in TEUR	Attributable to the parent's shareholders								
			Other reserves						
	Subscribed capital	Share premium	Retained earnings	Hedge accounting reserve	Currency translation	Retained earnings	Total	Non-controlling interests	Total equity
Amount on 01/01/2015 (historical*)	**118,586**	**607,860**	**46**	**-5,727**	**16**	**258,728**	**979,509**	**25,544**	**1,005,053**
Adjustment of comparable figures from previous year	0	-25,858	0	0	0	0	0	25,858	0
Amount on 01/01/2015 (adjusted*)	**118,586**	**582,002**	**46**	**-5,727**	**16**	**258,728**	**953,651**	**51,402**	**1,005,053**
Consolidated net profit	0	0	0	0	0	44,738	44,738	3,536	48,274
Other comprehensive income	0	0	0	1,789	0	0	1,789	0	1,789
Total comprehensive income	0	0	0	1,789	0	44,738	46,527	3,536	50,063
Issue of treasury shares	2,000	17,294	0	0	0	0	19,294	-19,294	0
Sale of subsidiaries	0	0	0	0	0	0	0	-161	-161
First-time consolidation of real estate asset companies	0	29	0	0	0	0	29	2,242	2,271
Conversion of bonds	2,216	12,527	0	0	0	0	14,743	12	14,755
Payments to minority shareholders	0	0	0	0	0	0	0	-550	-550
Dividends paid	0	0	0	0	0	-60,293	-60,293	0	-60,293
Currency translation	0	0	0	0	-16	0	-16	0	-16
Amount on 06/30/2015	**122,802**	**611,852**	**46**	**-3,938**	**0**	**243,173**	**973,935**	**37,187**	**1,011,122**
Amount on 01/01/2014 (historical*)	**131,298**	**705,898**	**527**	**-11,546**	**89**	**281,040**	**1,107,306**	**20,060**	**1,127,366**
Adjustment of comparable figures from previous year	0	-25,858	0	0	0	0	0	25,858	0
Amount on 01/01/2014 (adjusted*)	**131,298**	**680,040**	**527**	**-11,546**	**89**	**281,040**	**1,081,448**	**45,918**	**1,127,366**
Consolidated net profit	0	0	0	0	0	14,099	14,099	78	14,177
Other comprehensive income	0	0	0	4,766	0	0	4,766	580	5,346
Total comprehensive income	0	0	0	4,766	0	14,099	18,865	658	19,523
Business combinations without a change of status	0	-577	0	0	0	0	-577	5	-572
Conversion of bonds	14	82	0	0	0	0	96	0	96
Dividends paid	0	0	0	0	0	-45,954	-45,954	0	-45,954
Currency translation	0	0	0	0	-6	0	-6	0	-6
Amount on 06/30/2014	**131,312**	**679,545**	**527**	**-6,780**	**83**	**249,185**	**1,053,872**	**46,581**	**1,100,453**

* For the adjustments see page 46

CONSOLIDATED SEGMENT REPORT

For the time period from 1 January to 30 June 2015

		Segment by LIM Region						
in TEUR		LIM Berlin	LIM Dresden	LIM Rhine-Ruhr	LIM Erfurt	LIM Gera	LIM Hamburg	LIM Leipzig
Segment revenues	H1 2015	**17,917**	**19,914**	**8,689**	**14,010**	**14,403**	**13,966**	**13,774**
	H1 2014	23,952	16,703	8,345	11,410	11,071	11,935	12,180
Rental revenues	H1 2015	17,917	19,914	8,689	14,010	14,403	13,966	13,774
	H1 2014	23,952	16,703	8,345	11,410	11,071	11,935	12,180
Segment expenses	H1 2015	**-3,484**	**-3,391**	**-2,286**	**-2,889**	**-4,335**	**-3,418**	**-2,015**
	H1 2014	-3,198	-1,917	-2,687	-2,346	-3,231	-2,728	-2,713
Rental expenses	H1 2015	-1,591	-1,535	-735	-980	-2,628	-1,267	-776
	H1 2014	-1,363	-781	-925	-511	-1,799	-1,032	-1,374
Maintenance	H1 2015	-1,441	-1,615	-1,199	-1,528	-1,542	-1,531	-1,214
	H1 2014	-1,771	-886	-1,242	-687	-1,774	-1,291	-979
Impairment losses on receivables	H1 2015	-487	-264	-370	-392	-183	-621	-84
	H1 2014	-104	-282	-527	-1,188	309	-419	-388
Miscellaneous income/expenses	H1 2015	35	23	18	11	18	1	59
	H1 2014	40	32	7	40	33	14	28
Segment results	H1 2015	**14,433**	**16,523**	**6,403**	**11,121**	**10,068**	**10,548**	**11,759**
	H1 2014	20,754	14,786	5,658	9,064	7,840	9,207	9,467
Segment assets	06/30/2015	**444,644**	**537,010**	**254,181**	**385,605**	**373,787**	**387,691**	**346,080**
	12/31/2014	488,495	515,383	233,363	359,470	371,362	332,401	339,759

This Group segment report is an integral part of the selected notes to the financial statements.
The figures for H1 2014 also contain revenues and expenses for discontinued operations.

LIM Rostock	LIM Salzgitter	Other activities	Consoli-dation	Total
9,125	**14,198**	**3,339**	**-417**	**128,918**
8,456	**15,403**	**11,410**	**-379**	**130,486**
9,125	14,198	3,339	-417	128,918
8,456	15,403	11,410	-379	130,486
-1,769	**-5,118**	**-621**	**2,287**	**-27,039**
-1,530	**-4,986**	**-2,396**	**1,613**	**-26,119**
-872	-2,087	-410	1,886	-10,995
-466	-2,106	-1,253	1,225	-10,385
-791	-3,047	-141	401	-13,648
-714	-2,757	-1,071	388	-12,784
-113	20	-72	0	-2,566
-362	-134	-79	0	-3,174
7	-4	2	0	170
12	11	7	0	224
7,356	**9,080**	**2,718**	**1,870**	**101,879**
6,926	**10,417**	**9,014**	**1,234**	**104,367**
242,822	**363,656**	**128,279**	**0**	**3,463,755**
241,503	**360,916**	**128,617**	**0**	**3,371,269**

SELECTED NOTES ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2015

General information

These condensed consolidated interim financial statements were prepared by TAG Immobilien AG (hereinafter referred to as the “Company” or “TAG”) in accordance with the provisions contained in Section 37w of the German Securities Trading Act (WpHG) pertaining to interim financial reporting. The period under review comprises the first six months of 2015. The comparison figures refer to 1 January 2014 and to 31 December 2014 with respect to the consolidated balance sheet and otherwise to the first six months of 2014. In addition, the consolidated income statement and the consolidated statement of comprehensive income contain figures pertaining to the second quarter of 2015 together with the corresponding comparison figures for the same period of the previous year.

The interim financial report for the first half of the year was prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) in the version endorsed by the EU concerning interim reporting (IAS 34 – Interim Reporting) subject to mandatory application as of the reporting date. The figures reported in the interim financial statements are mostly denominated in T€ (thousands of euros). This may result in rounding differences between the individual parts of the financial statements.

IFRIC 21, which contains new guidance on the recognition of government levies, was applied for the first time during the period under review and affected the consolidated interim financial statements as provisions must now be recognised in full for property taxes as of 1 January of each year. As the rechargeable portions of the property taxes are simultaneously capitalised, consolidated net profit is not materially affected by this new guidance.

The amendments to IAS 19 Employee Benefits and to other standards in connection with the IFRS 2010–2012 and 2011–2013 annual improvement cycles did not have any material effect on the consolidated interim financial statements.

Further, the recognition and valuation principles, as well as the notes and explanations on the interim consolidated financial statements, are based on the recognition and valuation principles applied to the consolidated financial statements for the year ending 31 December 2014. For more details concerning the recognition and valuation 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 30 June 2015 includes the parent company TAG and all companies which are controlled by TAG. Under IFRS 10, the Group is deemed to control a subsidiary 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 subsidiary to affect the amount of the Group's returns.

The subsidiary'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.

Adjustments to comparison figures for the previous year within consolidated equity

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.

In this connection, the treatment of acquisitions of shares which had been executed in earlier years following the acquisition of a majority interest in Colonia Real Estate AG in 2011 was reviewed. As a result, the comparison figures for the previous year, i. e. those contained in the consolidated balance sheet as of 31 December 2014 and 1 January 2014, were adjusted. Whereas in earlier years in case of further acquisitions the fair value of the non-controlling interests had been deducted from the carrying amount of the shares, the reduction in the carrying amount is now calculated on a proportionate basis according to the ratio of the shares acquired to the total shares held by third parties.

This correction resulted in an increase in non-controlling interests as of 31 December 2014 as well as of 1 January 2014 of TEUR 25,858. In addition, there was a reduction of the same amount in the share premium and, hence, the equity attributable to the equity holders of the parent company. There were no changes in total equity, i. e. including non-controlling interests. Likewise, this adjustment did not have any effect on the consolidated income statement or the consolidated cash flow statement.

Material transactions during the period under review

Purchase of 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. 626 residential units (around 27 % of the portfolio acquired) are located in the German state of Thuringia, particularly 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 book value of the investment properties to increase by EUR 123.3 m as of 31 January 2015, the date of preliminary consolidation. Valuation gains of EUR 20.4 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 book value of the investment properties to increase by EUR 14.1 m as of 31 January 2015, the date of preliminary consolidation. Valuation gains of EUR 0.8 m were recorded through profit and loss.

In May 2015, TAG acquired a portfolio of 860 residential units for a price of EUR 18.6 m. The real estate is spread over various locations, primarily in Saxony and Saxony-Anhalt, in particular Leipzig and the greater Leipzig region (around 400 units) and the Dresden region (just under 200 units). An additional approx. 130 units are also located in Magdeburg. Ownership rights and obligations under this portfolio will be transferred in the course of the third quarter of 2015.

In addition, 134 residential units were acquired in the town of Brandenburg for a price of EUR 8.8 m in June 2015. Ownership rights and obligations under this portfolio are expected be transferred in the course of the third quarter of 2015.

Sale of a real estate portfolio

The sale of residential real estate in the Berlin districts of Marzahn and Hellersdorf was notarised in April 2015. A total of 972 units were sold at a price of EUR 59.8 m, equivalent to a multiple of around 17 of the current annual net cold rent. This sale generated a book profit (before breakage fees of EUR 1.5 m) of around EUR 10.7 m and net cash proceeds of EUR 34.6 m after repayment of the corresponding bank loans and settlement of the breakage fees. Ownership rights and obligations under this portfolio were transferred effective 30 June 2015.

Disclosures on individual items in 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 cash flow method in line with the International Valuation Standards. For this purpose, the expected future cash flow surpluses for each period are discounted using a market-oriented discount rate for the property in question as of the valuation 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 valuation of the fair value of the real estate were made by the independent appraisor 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 real estate transfer tax as well as broker and notary fees, share deals can be structured in such a way as to avoid real estate 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 appraisor 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 in 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 7.4 %.

The definition of the relevant submarket is unchanged over the previous year. If the market for asset deals was deemed to be the main market for all German states, the fair value of the residential real estate would be roughly EUR 190 m (31 December 2014 roughly EUR 185 m) lower. If no main market was identifiable for all the German states, meaning that the market for share deals would be deemed to be the most appropriate market for measuring fair value, the fair value of the residential real estate would rise by around EUR 77 m (31 December 2014 around EUR 75 m).

Cash and cash equivalents

The Group had cash and cash equivalents of EUR 79.5 m as of 30 June 2015 (31 December 2014: EUR 196.6 m). The change within the first half of 2015 was predominantly due to consideration rendered for the acquisition of residential real estate and the dividend of EUR 60.3 m distributed in June 2015.

The cash and cash equivalents in the cash flow statement are shown as follows:

	06 / 30 / 2015 TEUR	12 / 31 / 2014 TEUR
Cash and cash equivalents per balance sheet	79,521	196,646
Bank balances subject to drawing restrictions	-1,735	-25,213
Cash funds per cash flow statement	**77,786**	**171,433**

Deferred income tax assets and liabilities

Deferred income tax assets break down as follows:

Deferred tax assets	**06 / 30 / 2015 TEUR**	**12 / 31 / 2014 TEUR**
Tax losses carried forward	53,154	52,670
Derivative financial instruments	3,753	4,102
Others (including offsetting)	1,307	2,209
	58,214	**58,981**

The following table breaks down the deferred income tax liabilities:

Deferred tax liabilities	**06 / 30 / 2015 TEUR**	**12 / 31 / 2014 TEUR**
Valuation of investment properties	225,586	215,594
Others (including offsetting)	-5,127	-4,474
	220,459	**211,120**

Rental expenses

Rental expenses for continuing activities break down as follows:

Rental expenses	**01 / 01 – 06 / 30 / 2015 TEUR**	**01 / 01 – 06 / 30 / 2014 TEUR**
Maintenance expenses	13,648	11,755
Non-recoverable ancillary expenses	4,931	4,658
Operating costs for vacant real estate	6,127	5,128
	24,706	**21,541**

Other operating income

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

Other operating income	**01/01–06/30/2015 TEUR**	**01/01–06/30/2014 TEUR**
Income from the reversal of provisions	324	1,746
Gains from the disposal of discontinued operations	0	1,004
Other off-period income	919	802
Others	668	1,744
Total	**1,911**	**5,296**
of which for discontinued operations	0	1,017
Continuing activities	**1,911**	**4,279**

Impairments on inventories and receivables

This item can be broken down as follows:

Impairments	**01/01–06/30/2015 TEUR**	**01/01–06/30/2014 TEUR**
Impairments of rental receivables	2,567	3,174
Impairments of other receivables	0	6,089
Impairments of inventory real estate	5	0
Total	**2,572**	**9,263**
of which for discontinued operations	0	-380
Continuing activities	**2,572**	**8,883**

Net interest income/expense

The following table breaks down net interest income/expense:

Interest result	01/01–06/30/2015 TEUR	01/01–06/30/2014 TEUR
Interest income (cash)	864	1,242
Interest expense (cash)	-44,708	-47,927
Gains/losses from fair value revaluation of derivative financial instruments	-133	-9,529
Miscellaneous non-cash revenues and expenses	-1,909	-1,992
Funding costs and other non-recurring items	-2,763	-27
Total	**-48,649**	**-58,233**
of which for discontinued operations	0	9,082
Continuing activities	**-48,649**	**-49,151**

Income taxes

The table below analyses income taxes:

Income taxes	01/01–06/30/2015 TEUR	01/01–06/30/2014 TEUR
Actual income taxes for current year	229	226
Actual income taxes for previous years	-118	-1,545
Deferred income taxes	9,956	10,468
Total	**10,067**	**9,149**
of which for discontinued operations	0	758
Continuing activities	**10,067**	**8,391**

Explanations on the segment reporting

The results shown in the segment reporting segue as follows into the rent results, as shown in the profit and loss accounts:

	01/01–06/30/2015 TEUR	01/01–06/30/2014 TEUR
Segment results	101,879	104,367
Depreciation on rent receivables	2,566	3,174
Remaining expenses and revenues	-233	-239
Rent results of the posted business report	0	-6,855
Rent results per the Group profit and loss report	**104,212**	**100,447**

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	06/30/2015 TEUR	12/31/2014 TEUR
Assets			
Investment properties	Level 3	3,429,799	3,331,600
Derivatives with no hedging relationship	Level 2	3,040	3,551
Equity and liabilities			
Derivatives with no hedging relationship	Level 2	638	856
Derivatives with a hedging relationship	Level 2	7,524	10,072

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

30 June 2015	Carrying amount TEUR	IAS 39 Category*	Fair value TEUR	Fair value hierarchy
Assets				
Other financial assets				
Investments	5,621	AfS	n/a	n/a
Other financial assets	5,830	LaR	5,830	Level 2
Trade receivables	31,204	LaR	31,204	Level 2
Other current assets	16,457	LaR	16,457	Level 2
Cash and cash equivalents	79,521	LaR	79,521	Level 2
Equity and liabilities				
Liabilities to banks	1,845,739	AmC	1,909,690	Level 2
Liabilities from convertible bonds	88,196	AmC	96,397	Level 2
Liabilities from corporate bonds	441,209	AmC	457,830	Level 2
Other non-current liabilities	3,509	AmC	3,509	Level 2
Trade payables	13,832	AmC	13,832	Level 2
Other current liabilities	11,919	AmC	11,919	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				
Liabilities to banks	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

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

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

- Level 1: The prices listed in active markets for identical assets or liabilities (unchanged)
- 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 cash flow method), the inputs for which are derived from active markets. The fair values of investment properties are remeasured by external appraisors 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 cash flows in light of their duration and risk-adjusted market interest rates. Non-current liabilities to banks 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 assets available-for-sale (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 cash flow 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.

Other disclosures

There were no material changes in the Group‘s contingent liabilities compared with 31 December 2014. Similarly, there were no material transactions with related parties.

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

On 15 July 2015, the acquisition by TAG of a portfolio of 180 residential units in Bergen, Rügen for a price of EUR 8.2 m was notarised. Ownership rights and obligations under this portfolio are expected to be transferred in the third quarter of 2015.

An agreement was signed with a bank on 16 July 2015 providing for the premature repayment of loans of a total of around EUR 46.5 m to take effect in the third quarter of 2015. The interest on these loans was generally between 4.0 % and 5.4 % p. a. Although breakage fees of around EUR 1.7 m are payable as a result, early termination will result in annual savings of around EUR 2.1 m in interest expense.

On 21 July 2015, TAG announced the early redemption on 10 December 2015 of a convertible bond which had been issued at the end of 2010 with an original total nominal amount of EUR 66.6 m, a coupon of 6.5 % p. a. and an original term of five years. As TAG had bought back parts of this convertible bond in 2013, there were numerous transactions in 2015 in particular to convert it into shares. Consequently, the still outstanding nominal amount was less than 20 % of the original amount. Bond creditors will have a final opportunity expiring on 10 August 2015 to exercise their conversion right in accordance with the applicable issue terms at a price of EUR 6.3717. If they do not exercise this right, the non-converted parts of the bond will be prematurely redeemed at a price of EUR 7.40 per unit including accrued interest on 24 August 2015.

Basis of reporting

The preparation of the condensed 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 condensed 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, 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 presented.

Hamburg, 5 August 2015

Claudia Hoyer

M. Thiel

Claudia Hoyer
COO

Martin Thiel
CFO

Dr Harboe Vaagt
CLO

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements present 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, 5 August 2015

Claudia Hoyer
COO

Martin Thiel
CFO

Dr Harboe Vaagt
CLO

REVIEW REPORT OF THE INDEPENDENT AUDITOR

To TAG Immobilien AG

We have reviewed the condensed interim consolidated financial statements of the TAG Immobilien AG – comprising consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidatet statement of comprehensive income, consolidated cashflow statement, statement of changes in consolidated equity, consolidated segment report and notes on the abriged consolidated interim financial statement as of June 30, 2015 together with the interim group management report of the TAG Immobilien AG, Hamburg, for the period from January 1, 2014 to June 30, 2015 that are part of the semi annual financial report according to § 37 w WpHG („Wertpapierhandelsgesetz“: „German Securities Trading Act“). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hamburg, 5 August 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Madsen	**Krüger**
German public auditor	**German public auditor**

TAG FINANCIAL CALENDAR

6 August 2015	Publication of Interim Report – Q2 2015
5 November 2015	Publication of Interim Report – Q3 2015
End of February 2016	Publication of Preliminary Results 2015
End of March 2016	Publication of Annual Report 2015
5 May 2016	Publication of Interim Report – Q1 2016
17 June 2016	Annual General Meeting – Hamburg
28 June 2016	Capital Markets Day – Hamburg
11 August 2016	Publication of Interim Report – Q2 2016
10 November 2016	Publication of Interim Report – Q3 2016

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The Interim Report – Q2 2015 is also available in German.
The German version is legally binding.

Biesnitzer Strasse, Goerlitz

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