TAG

Visions

are born of

Properties

ANNUAL REPORT 2002

KEY FINANCIALS (IAS)

	IAS 31.12.2002 € 000s	IAS 31.12.2001 € 000s	HGB 31.12.2001 € 000s	HGB 31.12.2000 € 000s
Revenues	142,391	128,942	41,779	1,290
EBITDA	20,638	1,375	11,045	578
EBIT	20,453	50	9,808	369
EBT	2,294	-15,648	4,109	474
Consolidated earnings	1,054	-7,959	3,868	345
Total assets	576,619	617,397	184,335	19,473
Shareholders' equity	103,174	73,451	55,880	15,916
Equity ratio	17.90%	11.90%	30.34%	82.30%
Capitalization ratio	23.21%	18.97%	36.41%	28.36%
Current ratio	75.44%	79.94%	63.59%	71.64%
Financing (capital buildup)	22.68%	14.95%	45.87%	684.46%

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

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

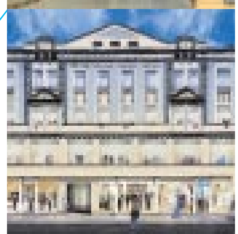
$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Total assets}} \times 100$$

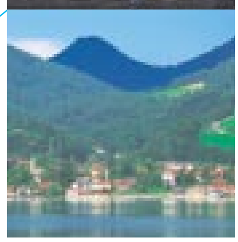
$$\text{Financing (capital buildup)} = \frac{\text{Equity}}{\text{Debt}} \times 100$$

Properties are born of Visions

Success based on Assets

TAG combines visions and assets in its core business segments, Residential Properties, Commercial Properties and Special-Purpose Properties. Our existing assets, our return- and cash-flow-oriented growth fueled by both organic expansion and acquisitions and our experienced management team make us one of the prime companies in the property market and on the stock exchange.





Dear Shareholders,
Ladies and Gentlemen

This is the first time that our financial accounts have been drawn up in accordance with International Accounting Standards (IAS). These standards satisfy your information and transparency requirements to an even greater degree than the German accounting standards. Apart from a new quantitative dimension resulting from unusually extensive accounting information, we have also included fair-value assessments of our properties for the first time, thereby taking account of the market situation.

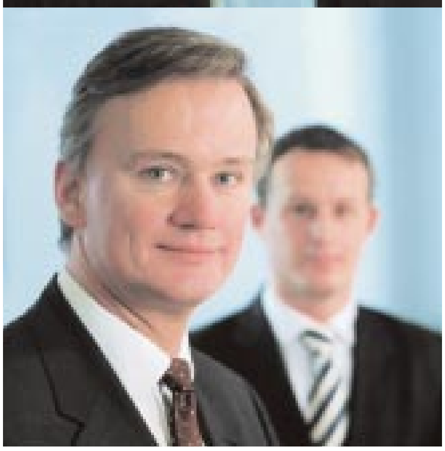
Fiscal 2002, which was characterized by a difficult market environment, marked our third year as a property company. Lackluster economic growth in Germany and, above all, the announcement of changes in the taxation of property sales and subsidization of owner-occupied homes hampered positive trends. We nevertheless succeeded in continuing our business policy of dynamic growth. The overall economic uncertainties and the ensuing persistent restraint on the part of real-estate investors forced us to reduce our original target figures in fall. Unfortunately, significant growth was not accompanied by corresponding earnings trends in all divisions of our group.

However, we are still confident that we are pursuing the right course with the “diversified portfolio” strategy we have adopted. With Bau-Verein zu Hamburg AG as our largest investment and management company within the core business segment of residential properties, we are well prepared for the upcoming changes in the German residential property market. A cautious and selective approach to the acquisition of further residential property portfolios in the current fiscal year and to the hitherto unpredictable nature of the market environment will create a stable starting base for the opportunities that will be created in such an environment in the future. Our goal of significantly increasing our residential property portfolio within the TAG Group has remained unchanged – on the basis of reduced prices. The creation of project-related consortia with banks and local partners will enable us to achieve a degree of financial strength and acceptance that will also set the stage for the acquisition of larger residential property portfolios.

With JUS AG and its activities in the field of refurbishing old buildings, we have one of the last remaining products allowing investors to save taxes. Consequently, the TAG Group is charting a successful course in this segment. This has been confirmed by the sales activities of the JUS team and the resulting earnings. For this reason, JUS AG will remain a profitable foundation for future growth.

The acquisition of the Munich-based company AGP AG in the year under review was an initial step in the direction of enhancing the value of our properties in Tegernseer Tal through future development. This was showcased at a large event held in Tegernsee in May, to which we had invited shareholders, investors, Tegernsee residents and other guests.

Our plans to acquire a participation in a commercial property company were postponed in fiscal 2002, the reason again being the decline in commercial property prices throughout Germany. Only in rare cases is it possible to make purchases at the nadir of a cycle; this applies to both stocks and real estate. We believe that the downward trend in prices has not yet run its course and have therefore opted against an acquisition in this business segment for the time being.



Olaf G. Borkers

Member of the TAG Management Board
in charge of finance and investor relations

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

Michael Haupt

Member of the TAG Management Board
in charge of real estate properties

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

Day-to-day business in the real-estate sector requires not only rapid responses to acquisition opportunities, but also flexible adjustments to changes in the marketplace. In this context, one should not leave one's chosen path once it has been identified as the right one. We have therefore expanded our strategy of asset-oriented growth by joining forces with a bank's subsidiary in the establishment of REAL Immobilien GmbH towards the end of the fiscal year.

In the year under review, the growth of the TAG Group was once again accompanied by an expansion of our equity capital base. The implementation of two capital increases through non-cash capital contributions increased our equity capital. This also bears testimony to the fact that this path is not entirely closed even in times of weak stock markets. Nevertheless, we hope for our company and our shareholders that the bearish trend in the stock markets of the last three years will come to an end.

In the last few months, we have succeeded in substantially broadening our circle of shareholders. Besides the former shareholders of Bau-Verein zu Hamburg AG, which exchanged their Bau-Verein stock for TAG stock after a swap offer, we were able to welcome Hamburgische Landesbank, a major financial institution, as a new shareholder in early 2003. We expect these developments to lead to further significant joint advantages for the residential property business of both companies.

These successes were realized thanks to the outstanding commitment of our own and our subsidiaries' employees. They are also attributable to a corporate culture creating room for entrepreneurial initiatives. The medium-sized-enterprise structure and flat hierarchies of the TAG Group result in short decision-making lines, delegation of responsibilities to experienced managers and decentralized utilization of competencies. We intend to use the resulting momentum to increase our enterprise value.

Our share price unfortunately recorded a very unsatisfactory trend in the fiscal year under review. Like its competitors, TAG did not succeed in fulfilling its "safe haven" function in security portfolios, which is based on the value of its property portfolio. Here, we plan to bring about positive changes through active investor relations activities. What is more, the restructuring of the banking sector and the changes in index segmentation initiated by Deutsche Börse AG will focus investors' attention on a smaller number of companies. With its inclusion in the "Prime Standard" segment on January 1, 2003, and the decision to retain the stock in the SDAX, TAG will be one of these companies.

Our added-value orientation requires a long-term and sustainable corporate strategy. In this context, we pass through different cycles and a continuous transformation process. In all our efforts, our goal is to create value and maintain the economic efficiency of our company. With our group structure and the contacts and possibilities we have at our disposal, we are on the right track.

We hope that you, as our shareholders, will accompany us on this journey.

Michael Haupt　　Olaf G. Borkers

Highlights 2002/03

JANUARY

Inclusion of the TAG stock in the EPIX 30/50 index of Bankhaus Ellwanger & Geiger

Voluntary swap proposal submitted to the free-float shareholders of Bau-Verein zu Hamburg AG and acquisition of a further block of shares. The issue of 598,000 shares raises TAG's share capital to EUR 3,391,430.

FEBRUARY

TAG increases its stake in JUS AG to 94%. The issue of 50,345 shares raises TAG's share capital to EUR 3,441,775.

JUNE

Acquisition of a 66.7% participation in Munich-based AGP AG Allgemeine Gewerbebau- und Projektentwicklungs-Aktiengesellschaft

119th Annual General Meeting in Hamburg attended by more than 200 shareholders and guests

JULY

Capital increase from retained earnings (bonus shares) at a ratio of 2:1. The share capital increases to EUR 5,162,661.

NOVEMBER

TAG and Landesbank Sachsen join forces in the establishment of REAL Immobilien GmbH

DECEMBER

Conversion to IAS/IFRS accounting. TAG prepares its first annual report in accordance with International Accounting Standards.

JANUARY

On January 1, 2003, TAG is admitted to the Prime Standard segment of Deutsche Börse AG

TAG implements a cash capital increase to place 500,000 new shares and increases its share capital to EUR 5,662,661. Hamburgische Landesbank subscribes 400,000 of these stocks and thus holds a 7% stake in TAG.

MARCH

TAG remains in the SDAX after the index realignment of Deutsche Börse AG

Growth requires assets

TAG has chosen to pursue its own specific course in the form of a diversification strategy. A multi-dimensional business model with management companies in the core business segments, Residential Properties, Commercial Properties and Special-Purpose Properties, allows the company to offset different cycles in the real estate industry.

In this context, the company focuses first and foremost on properties in German cities offering appreciation potential and a functioning market for active portfolio management.

TAG Tegernsee Immobilien- und Beteiligungs-AG

RESIDENTIAL PROPERTIES

Acquisition, management and privatization of portfolios and housing companies

COMMERCIAL PROPERTIES

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

SPECIAL-PURPOSE PROPERTIES

Acquisition and management of logistic centers, multi-story car parks and serviced apartments

In its capacity as a holding company, TAG bundles its property competences and capacities in management companies for the individual core business segments. Bau-Verein zu Hamburg AG is the management company for Residential Properties and pursues the goal of expanding its residential property portfolio. A strengthening of activities in the core business segment Commercial Properties will be achieved through the acquisition of a management company. With its activities, JUS AG – the first major equity participation of TAG – ensures a return that forms the foundation for the growth of TAG Group. In addition, TAG's growth is supported by the involvement of financially strong partners on the equity and debt front.

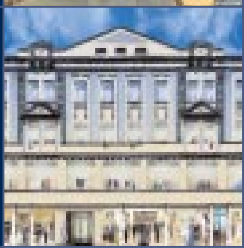
BAU-VEREIN ZU HAMBURG Aktien-Gesellschaft
Berlin · Frankfurt · Hamburg · München

Management company for the core business segment Residential Properties. Bau-Verein AG has a portfolio of 4,500 apartments in Munich, Hamburg and Berlin and is currently the biggest equity participation of TAG, which holds a stake of 88% in this company. TAG will increase its housing portfolio via Bau-Verein AG.

J·U·S AG
AKTIENGESELLSCHAFT FÜR GRUNDBESITZ

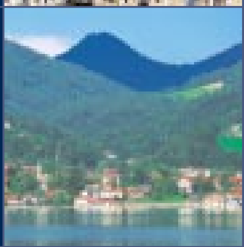
JUS AG specializes in the refurbishment of old buildings and is one of the market leaders in the sale of "loft apartments". It focuses on high-quality refurbishing of valuable landmarked buildings as well as housing estates from the 1920s and 1930s. Consequently, JUS AG offers one of the last products available for tax-saving financial investments. TAG holds a 94% stake in JUS AG.

AGP AG



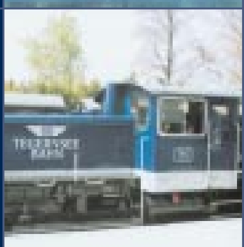
AGP AG is mainly responsible for development and project management activities for the properties in Tegernseer Tal. AGP AG's experience in retail space project development will be used to expand its activities in this segment. TAG holds a 67% stake in this company.

KRAFTVERKEHR TEGERNSEE IMMOBILIEN GmbH



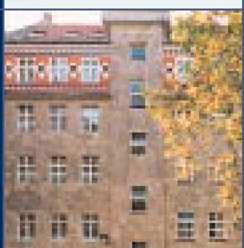
Single-property company in which TAG holds a 98% stake for historical reasons. KVT owns approximately 15,000 square meters of land and buildings in Tegernseer Tal.

TEGERNSEE BAHN



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

FEUERBACHSTRASSE 17/17A AG UND CO. KG



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

WOHNEN IM LOFT JUS AG UND CO. OHG

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

REAL Immobilien GmbH

Value growth potential due to low purchase prices. In its acquisition, development and sales activities, REAL pursues a distinct "buy & sell" strategy. TAG holds a 49% stake in this company.

BAU-VEREIN
ZU HAMBURG
Aktien-Gesellschaft

Berlin · Frankfurt · Hamburg · München

Modern living with Bau-Verein zu Hamburg AG

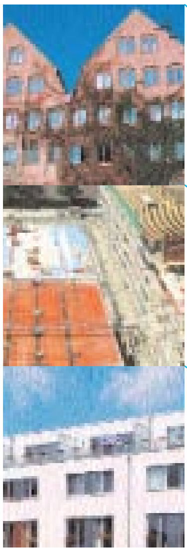
Bau-Verein zu Hamburg AG's most extensive ongoing project of this type and also its biggest new-housing project is "heidberg.villages" in Hamburg-Langenhorn. Consideration of the physical environment – the surrounding areas include a park with old trees, fields and meadows and a nature reserve – played a particularly important role in the design of these urban development and landscaping plans.

Four nationally and internationally renowned architect's offices were asked to submit draft designs for "heidberg.villages". Apart from a trailblazing architectural design, key planning criteria include supreme quality, minimum environmental burdens and maximum economic efficiency. These factors will ensure sustainable sales success for the project.

The "heidberg.villages" project in Hamburg-Langenhorn will create a total of 524 dwelling units in 5 construction phases covering more than 200,000 square meters.

Social responsibility and economic efficiency are not contradicting

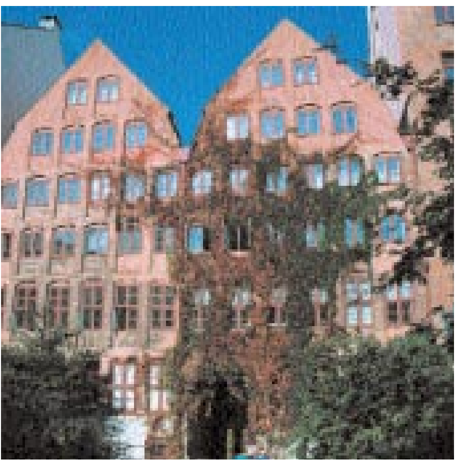
Originally a non-profit organization, Bau-Verein zu Hamburg AG has been a successful player in the real estate industry for 110 years. Its activities have included the purchase of residential portfolios in Berlin, Frankfurt, Hamburg, Munich, and North Rhine Westphalia. Bau-Verein AG is the management company for TAG's core business segment, Residential Properties. In this capacity, it combines all the functions of a housing company. In the coming years, Bau-Verein AG will continue to exploit the possibilities resulting from this positioning by focusing on three core business units: portfolio management, portfolio development and new-housing construction.



In its *portfolio management* activities, Bau-Verein AG rents out apartments it has built or bought, taking account of its social responsibility towards its numerous tenants.

The future of a housing company lies in the *enhancement and further development* of existing residential portfolios. Bau-Verein AG benefits in many respects from the added-value through active *portfolio development*.

In addition, demand for *newly constructed*, affordable homes is particularly brisk in Germany. Bau-Verein AG has had many years of experience and is well positioned in this segment, too.



Paradieshof, Hamburg

Portfolio management

Market-oriented, long-term rental agreements and the maintenance of its own residential portfolio have been a core competence of Bau-Verein AG for many years. The company owns a number of rental properties in Hamburg, Berlin and Munich. Management of these rental properties in its long-term portfolio ensures a continuous cash flow in the form of rental income. The long-term goal of Bau-Verein AG is to significantly expand its residential portfolio of currently around 4,500 apartments and, by extension, to increase the value, or substance, of TAG's real estate portfolio, too.

Portfolio development

Bau-Verein AG undertakes housing investments with the goal of boosting their value through active portfolio development measures.

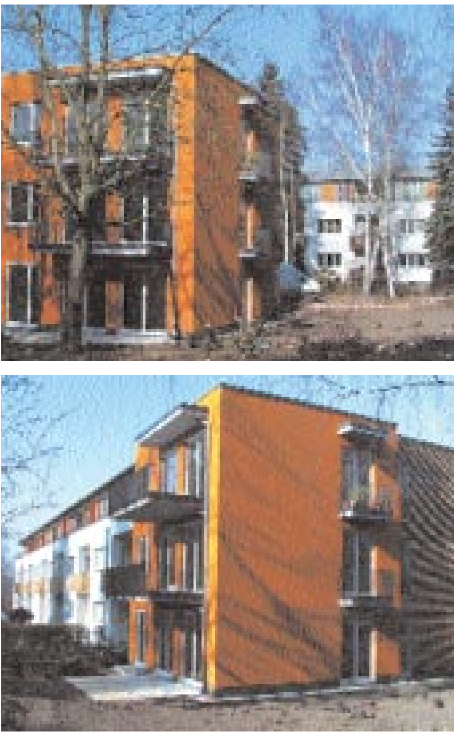
Some of the purchased and renovated apartments are retained on the company's own books. Repairs and modernization, judicious new construction and enhancements of the surroundings lead to improvements in tenant structures and rental incomes. The development of its own high-quality portfolio allows Bau-Verein AG to generate sustainable and stable rental income at a high level.

Bau-Verein AG sells the remaining apartments to tenants, owner-occupiers and investors. The sale of these dwelling units generates attractive returns.

In 1996, Bau-Verein AG bought a housing estate in München-Ottobrunn on a property measuring 116,000 square meters. This project was completed last year. The organically grown residential estate, with its 28 terraced houses and 471 apartments, has been renovated and modernized. Throughout the estate, ground-level apartments were allotted large garden shares with customized landscaping and utilization options. At the same time, a number of new buildings – low-energy terraced houses and well-designed apartments – were constructed, with due attention being paid to the existing parkland.

Bau-Verein AG offers high-quality housing geared to people's natural needs. The housing estate in Ottobrunn near Munich with its parkland setting is an excellent example.

Ottobrunn near Munich, an example of a portfolio development project implemented by Bau-Verein zu Hamburg AG

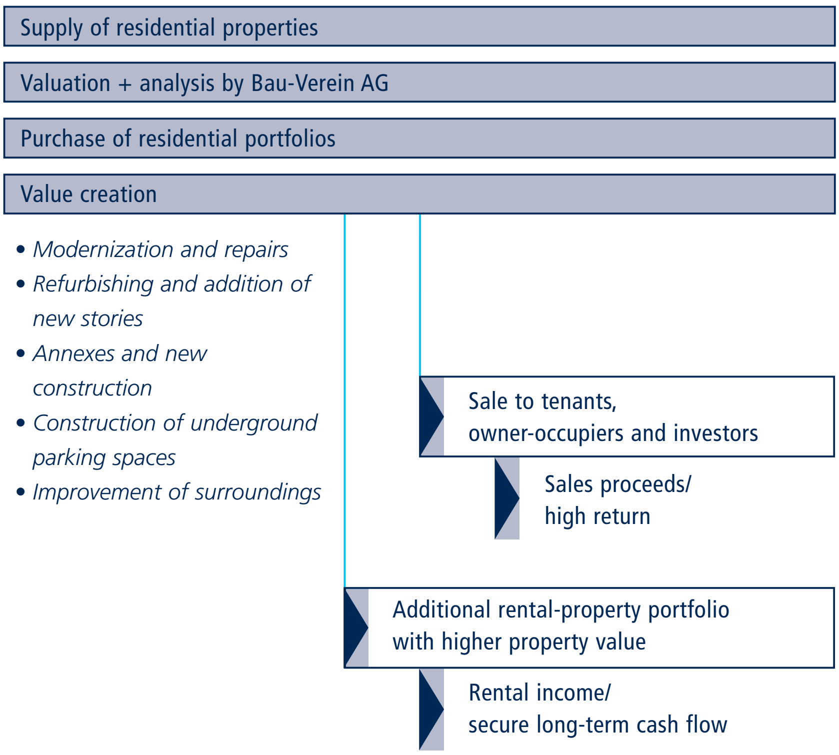


Berlin-Gartenstadt Zehlendorf

The period under review also saw completion of new-construction work, improvements in the form of additional stories and revamping of common areas on the Berlin-Gartenstadt Zehlendorf housing estate.

Bau-Verein AG bought this property, with 497 existing dwelling units on 75,782 square meters, in late 1998 with a view to further developing its portfolio.

Social responsibility is an indispensable requirement for active and successful portfolio development. Extensive modernization measures can only be implemented with the tenants' consent. The "social responsibility" factor thus results in a decisive competitive edge over other bidders. Companies buying large volumes of residential property must prove that they are committed to respecting tenants' interests. In this respect, social responsibility and the pursuit of profit are not contradicting.



Construction of new housing

More than 100 years ago, Bau-Verein AG was already building low-cost, affordable housing for broad sections of the population. Since then, the demands placed on modern homes have changed fundamentally. The desire to live in one's own four walls is still very high. For economic reasons, demand initially focused primarily on the acquisition of owner-occupied apartments, but the last ten years have seen a surge in the demand for semi-detached houses, townhouses, terraced maisonette apartments and "house-inside-a-house" units.

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

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

Requirement-oriented project development geared to the various buyer groups can optimize exploitation of the existing demand potential.

Cost-optimized construction approaches allow families who have hitherto lived in rental units to buy their own homes for a reasonable additional sum of approximately EUR 100-200 per month.

Bau-Verein AG has embarked on this special type of housing construction at four sites in the Hamburg metropolitan area and at further locations in the Rhine/Main region.

The largest project focusing on inexpensive construction of new homes is heidberg.villages in Hamburg-Langenhorn. In early 2000, Bau-Verein AG acquired the land for construction of 524 new terraced houses and apartments with a living space of 57,000 square meters.

"heidberg.villages", Hamburg-Langenhorn

Experienced-and-proven positioning and strategy

TAG supports this experienced-and-proven positioning and strategy of Bau-Verein AG as a housing company and residential portfolio developer and supplier of affordable terraced houses and maisonette apartments.

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

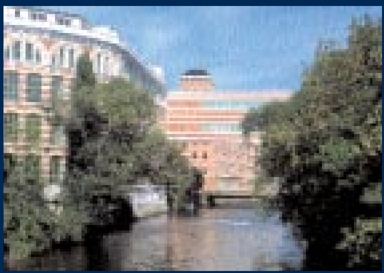
J·U·S AG
Aktiengesellschaft für Grundbesitz

Visions for factories

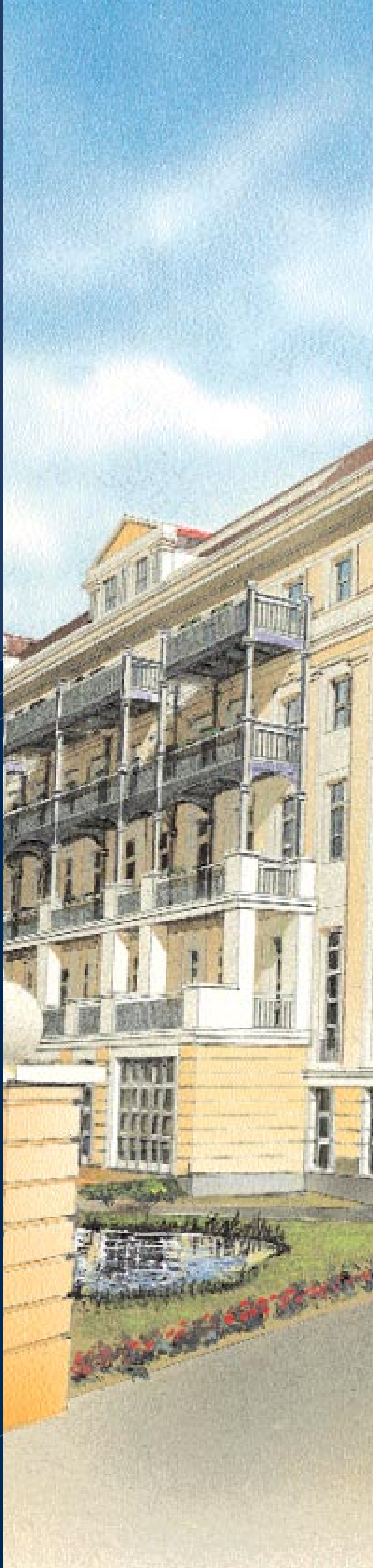
This artist´s rendering shows one of our promises for 2004. By then, the former Felsche chocolate factory in Leipzig will have been converted into "Schokoladenpalais". The picture below shows the current reality of this neglected factory in one of Leipzig's most luxurious residential neighborhoods.

In 1999, JUS AG had a vision, too. It revolved around the former Buntgarn factory in Leipzig-Plagwitz. Since 2002, more than 180 tenants have been living in this building in modern loft apartments. JUS kept its promise. Today JUS is the market leader for loft apartments in Germany.

Schokoladenpalais
Reality 2002



Elsterlofts
Vision 1999
Reality 2002



Special properties need specialists

Feuerbachstraße 4, Weinligstraße 15, Leipzig

With more than ten years of experience, JUS AG is a leading supplier of landmarked properties and loft apartments in Germany today.

Our buyers and investors not only rely on JUS AG's many years of expertise in the historically correct restoration of old buildings listed for preservation, but also on the high quality of the properties selected. In addition, they benefit from the tax advantages of the respective financing models. The buyers of these attractively located apartments can deduct the lion's share of their investments from their tax bills over a period of ten years. This has led to consistently high demand.

JUS AG's business model allows development of both stand-alone and joint-venture projects. As a matter of principle, we endeavor to outsource the actual construction work to general contractors, avoiding the riskier assignment of specific building jobs to individual suppliers.

Implementation of the construction projects is the responsibility of JUS AG's subsidiary B.u.P. Projektmanagement GmbH, which has handled the revamping of around 100,000 square meters of floor space in landmarked buildings in Leipzig so far. Both buyers and investors can now benefit from these unique capabilities. We have the expertise to convincingly assess project risks, are acquainted with our project implementation partners and operate in familiar markets.

Home advantage in Leipzig

Leipzig is JUS AG's traditional location. We are well acquainted with the real estate market of this historical, commercial, financial and trade fair city in the heart of Europe, buyers' and tenants' requirements and the available property supply and have successfully positioned our brand in this market. Last year, this location accounted for 70% of the sales volume generated by JUS AG. Our market segment is characterized by a decidedly stable development, and our specialization in large-scale loft projects and particularly representative buildings allows us to enjoy a virtually unmatched market presence in Leipzig.

Over the last year, ongoing construction projects proceeded without any lengthy disruptions. Even the disastrous flooding in August 2002 did not have a negative effect on the progress of the individual construction projects undertaken in Leipzig.

We completed the "Elsterlofts" project. In this location, we offered serviced apartments for the first time in fiscal 2002. The project comprises 27 furnished loft apartments, accompanied by a service offering (www.bhel.de). We succeeded in concluding our first year of operation with an occupancy rate of more than 90%, which exceeded our original expectations.

Our latest spectacular large-scale property is "Schokoladen-Palais" in Leipzig's Gohlis-Süd neighborhood. We will start selling these 100 dwelling units in one of Leipzig's top locations in the current year. This attractive complex is to be completed by 2004.

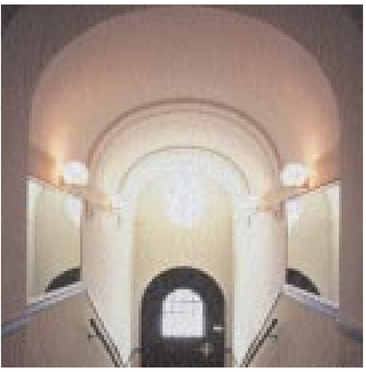
With demand still very strong, we are considering the launch of a further property offering temporary living quarters. A downtown location would be an ideal supplement to our two already existing properties.

Grünebergerstraße 50,
Adamshof Berlin

Future prospects in Berlin

Greater Berlin, with its six million inhabitants, is gaining increasing significance in our portfolio and for our strategy. We now generate approximately 30% of our sales volume in this area and plan to expand our activities in the future.

In Berlin, we are increasingly collaborating with local real estate companies. This approach allows us to combine the restoration expertise of JUS AG with the market knowledge of our local partners. In the future, we plan to exploit synergy effects resulting from our affiliation with Bau-Verein zu Hamburg AG in Berlin. The two TAG group companies cannot help but benefit from such collaboration.



Käthe-Kollwitz-Straße 84, Kantstraße 11, Kasselerstraße 6, Leipzig

One of JUS AG's ongoing restoration projects is the "Adamshof" housing estate in the westernmost part of the city, in Berlin-Spandau. A hallmark of this neighborhood is the high quality of life resulting from a green environment combined with direct connections to the city center. The "Adamshof" project is a joint venture with another developer and marks JUS AG's entry into the renovation of landmarked housing estates from the 1920s and 1930s. As always, our goal is to strike a balance between modern standards and the requirements imposed by the preservation of historical buildings and create a living space that will remain attractive for its inhabitants in the long term.

Another joint-venture project is "Heinrich-Hubracht-Höfe" in Berlin-Friedrichshain. In this hip location in the heart of Berlin, we are developing an Art Nouveau residence with some wonderfully preserved details, which shares its grounds with a former factory. The latter is being converted into spacious loft apartments.

Changing real estate markets

The real estate markets are undergoing rapid changes. Thanks to its specialization, JUS AG counts among the real estate companies that are benefiting from increasing market differentiation. Even the increasing competition within the context of the changed financing environment is working to our advantage. Other competitors with less experience and lower credit ratings are finding it virtually impossible to finance their projects, because banks are no longer willing to provide intermediate or end-financing for their residential properties. In a previously fragmented industry, JUS AG is thus continuously gaining market shares from smaller competitors.

Uncertainties in the industry were also exacerbated by protracted political discussions about the future taxation of private real estate sales. In the period from the summer recess to November 2002, this lack of legal certainty had a very negative effect on our sales. Since this period of the year has traditionally been the most important sales season for tax-oriented financial investments, we recorded a noticeable decline in revenues. We now know, however, that both the higher depreciation level for the renovation of historical buildings and private investors' possibility of realizing tax-free sales will be retained.

The favorable trend in interest rates doubtless made a positive contribution to demand, helping to offset the traditionally rather low returns generated by residential properties. Nevertheless, we are concerned about the fact that many banks are now prepared to support JUS AG's business model only on considerably less favorable financing terms, despite the fact that the company basically does not have to engage in any risky project developments. Buyers can only benefit from the higher depreciation granted for historical buildings if they conclude a purchase agreement prior to commencement of restoration.

Kantstraße 13, Waldstraße 51-53, Wettinerstraße 15, 15b, 17, Leipzig

A strong group subsidiary

In fiscal 2002, JUS AG once again demonstrated its sales and earnings strength, thus succeeding in further distancing itself from the sector and economic environment. More than 170 landmarked dwelling units were sold to investors and owner-occupiers. The resulting sales volume of more than EUR 30 million was thus in line with the levels recorded the preceding three years. All told, the JUS Group, with an annual net income of EUR 4 million as per IAS, made the same contribution to group earnings as in the previous years under HGB-compliant accounting.

For fiscal 2003, JUS AG expects earnings to remain stable at the very least and sales results to expand.

Decision in favor of further growth

In 2002, the number of employees at JUS AG (including building management) was increased by 3 to 26 staff members. Furthermore, Mr. Jan von Lewinski was appointed as an additional member of the Management Board of JUS AG effective January 1, 2003. Since Mr. Michael Haupt had previously been the sole representative of the company since its establishment in 1992, this is a major step forward in the integration of JUS into the TAG Group and towards a broader positioning for future tasks. Further information on JUS AG and its properties is available on the company's website at *www.jus.de.*

Jan von Lewinski

Jan von Lewinski, age 44, has been a member of the Management Board of JUS AG since January 1, 2003. Having originally completed a banking traineeship, he previously was responsible for privatization of residential apartments as a member of the Management Board of Dr. Lübke Immobilien. From 1992 to 2000, Mr. von Lewinski's work in the industry already took him to Eastern Germany. Until 1995, he and his family lived in Leipzig, to which he will now return. "My family and I are very happy to come back to our adopted hometown. I became fascinated by the 'Gründerzeit' environment in 1991, a fascination that has never left me. The freedom conveyed by the city's slogan – 'Leipziger Freiheit' – is ever-present there, like the wonderful historical buildings I deal with in my everyday work."

J·U·S AG
Aktiengesellschaft für Grundbesitz

Doing good and earning money – compatible aims

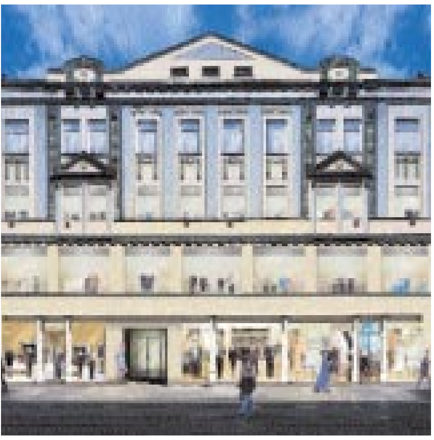
TAG's shareholders not only own their two landmarked railroad stations on the shores of Lake Tegernsee. Through its participation in JUS AG, the company is also making a major contribution to the salvation of historical buildings.

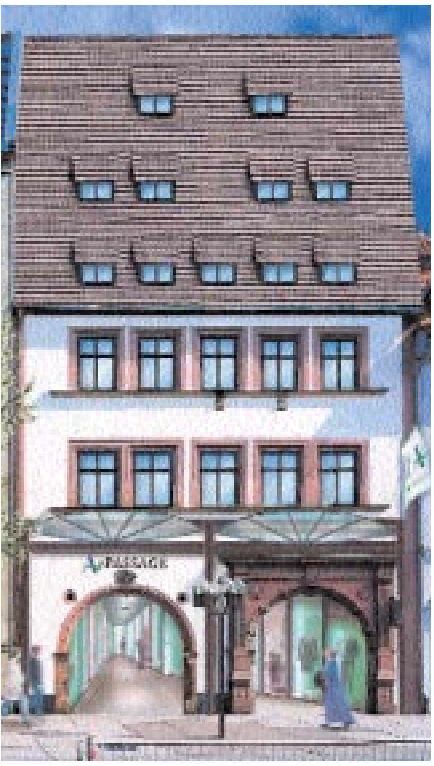
Originally erected in the neoclassical era, this building in Leipzig's Waldstraßen neighborhood is one of 80 registered landmarked properties that JUS AG has saved from decay so far.

Owner-occupiers and investors enjoy the considerable tax advantages granted for the restoration of historical buildings; they acquire the revamped buildings from JUS in move-in condition. They rely on the experience JUS and its craftsmen and restorers have gained in their battles against the vagaries of historical buildings, which have been fought on more than 100,000 square meters to date. This beautiful building is now owned by a doctor's family from Leipzig and is the home of five tenants.

Building previous to renovation Gustaf-Adolf-Straße

Success through an eye for detail – AGP AG





Bahnhofstraße 4a, Anger Passage, Erfurt

Business segment

Within the TAG Group, AGP AG is responsible for development and project management activities for the historical properties in Tegernseer Tal. In addition, it will increasingly focus on the development and revitalization of supraregional retail spaces. This will enhance the significance of AGP AG within the TAG Group.

Projects

AGP AG is currently the general contractor for the development of Anger Passage, a downtown shopping arcade in Erfurt. From Erfurt's pedestrian precinct, the "Anger", two Renaissance portals in the building at Anger 11, which itself hails from late medieval times, give access to the shopping arcade. With its inviting design, abundant green spaces, communication zones, courtyards and eateries, this glass-covered arcade offers visitors a link between Anger and Bahnhofstraße that is protected from the elements, flooded with light and full of attractions. Additional purchases of neighboring properties, which are to be integrated into the existing architectural design, will lead to a substantial expansion of retail space.

The book and media store on the Anger in Erfurt, which is owned by AGP AG and is one of Thuringia's largest and most beautiful book stores, has been enlarged and optimized through the additional refurbishing of the CC Centrum event center in the back of the property. In addition, the property also features a building permit reserve of 4,700 square meters for 90 underground parking spaces, which will be developed in the next few years and linked with the CC Centrum event center.

Initial success has already been achieved in the development of TAG's properties in Tegernseer Tal. The ongoing negotiations with the town of Tegernsee concerning a project and development plan will be completed within the next few months. This will set stage for the construction of attractive new buildings.

AGP AG

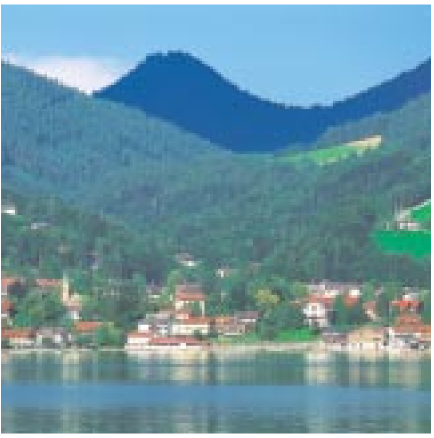
Allgemeine Gewerbebau- und Projektentwicklungs
Aktiengesellschaft

Anger Passage

Anger Passage: On more than 16,000 square meters of floor space, a shopping center is being built that will offer a wide variety of specialty stores, office units, residential apartments and eateries, communication zones and approximately 350 parking spaces in the arcade's own underground car park.

The sector mix, the central location with good traffic connections and the favorable parking situation will ensure that Anger Passage will also become a popular meeting place outside of business hours.

This will create a downtown experience zone, which will be an additional highlight in Erfurt's newly revamped Anger area. The shopping arcade's attractiveness is further enhanced by the integration of the Habel book and media store.



Tegernsee

Historical roots in Tegernseer Valley

Lake Tegernsee is located in the idyllic, upper Bavarian foothills of the Alps, not far from the Bavarian capital of Munich. Embedded in the spectacular scenery of the surrounding mountains, the five lakeshore municipalities together form Tegernseer Tal. With its attractive combination of water and mountains, this valley has been a popular summer resort and vacation destination for generations of visitors.

Its scenic beauty and the restrictive construction limits of the past have ensured that this region has not only been an appealing recreation area, but also a popular and expensive residential location.

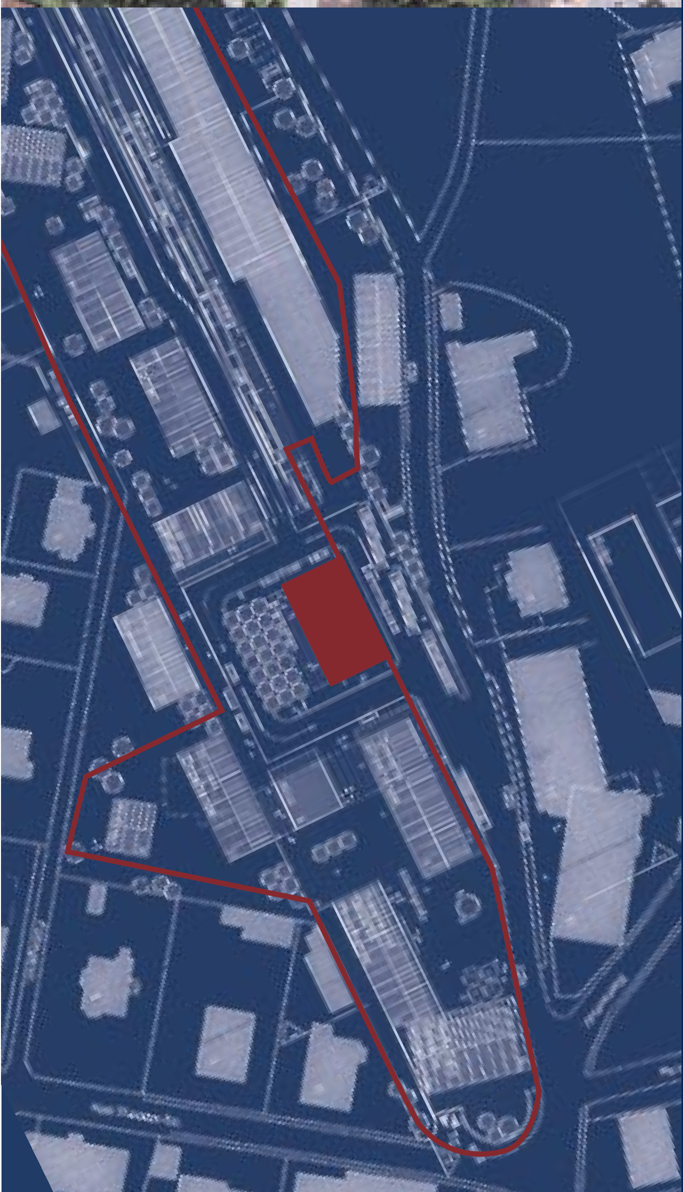
To create a train link to the lake, Ferdinand von Miller, Theodor Bischoff and Dr. Heinrich Merck established a consortium for the construction of a private railroad line for the Tegernsee region as far back as 1880. The tracks between Schaftlach and Gmund were built in 1883, and in 1902, the line was extended to Tegernsee – these are the origins of the company later to be called Tegernseebahn AG. Through realignments and name changes, this company metamorphosed into TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft in 1999.

To emphasize the importance we attach to our historical roots and the Bavarian railroad tradition, TAG proudly celebrated the centennial anniversary of the Tegernsee railroad station in May 2002. This gave residents and friends of the valley and the Tegernsee railroad line as well as TAG's shareholders and business associates an opportunity to come together and commemorate the railroad pioneers of yore.

With approximately 192,000 square meters, some 145,500 square meters of which are accounted for by track space, TAG with its subsidiaries Kraftverkehr Tegernsee Immobilien Gesellschaft (KVT) and Tegernsee-Bahn Betriebsgesellschaft (TBG), is one of the largest landowners in Tegernseer Tal.

Our properties in the vicinity of Gmund and Tegernsee railroad stations offer considerable development potential due to their central location. Our long-term goal is to develop real estate properties on track areas no longer needed for railroad operation.

We believe that the good headway we have already made in redesigning the utilization of our sites in Tegernsee – in close alignment with the town's representatives – will induce the town of Gmund to see the advantages of this consensual approach. The planning process for the entire railroad station site will be handled in a cooperative and constructive manner.



Alternative development of the railway station grounds

Its unspoilt nature and beauty make Tegernseer Tal one of the most expensive regions in the German real estate market. For historical reasons, TAG owns sizable areas of land in the center of Tegernsee, some of them in the vicinity of the railroad station. Only part of this land is needed for railroad operation, so that large areas are available for attractive new developments.

In collaboration with the town's representatives and supported by a resident-initiated project group, plans for the railroad station grounds were therefore drawn up in 2002. Detailed designs will be prepared in the next few months and subsequently implemented within the context of a project and development plan. The plans envisage an attractive utilization mix of retail stores, restaurants, residential and commercial units. The project will be implemented in two construction phases in the years 2004 to 2007.

Apart from realizing substantial hidden reserves, TAG intends to enhance the attractiveness of the area surrounding the railroad station. This will not only benefit our shareholders, but also the town of Tegernsee and its guests, since this downtown development will provide important touristic and commercial stimuli.

Corporate Governance

The main aim of the German Corporate Governance Code drafted by the German Federal Government and representatives of corporate Germany is to enhance behavior standards and disclosure obligations as well as transparency requirements for German listed companies. It contains nationally and internationally recognized standards for sound and responsible corporate management and supervision.

The goal of the German Corporate Governance Code (GCGC) is to build and enhance sustained trust on the part of both existing and potential shareholders, employees, business associates and the general public. TAG has also committed itself to complying with these principles and ensuring responsible shareholder-value-oriented corporate governance.

On December 6, 2002, the Management Board and Supervisory Board of TAG issued the statements of conformity required by Section 161 of the German Stock Corporation Act (AktG) and gave the financial community permanent access to these statements on the company's website at *www.tag-ag.com.* Save for a few exceptions, the TAG Group conforms to the recommendations made by the Government Commission for the German Corporate Governance Code.

The following paragraphs provide details on deviations from the recommended Corporate Governance principles:

- The company's D&O policy does not provide for a deductible for the Management and Supervisory Board (GCGC No. 3.8, Abs. 2). The D&O policy taken out by the TAG Group is a collective insurance, covering not only the Management and Supervisory Board, but also a large number of current, former or future senior executives of the holding company and the subsidiaries. TAG takes the view that differentiation between Management and Supervisory Board on the one hand and other senior executives on the other would not be an appropriate approach.
- The company's Management Board, which has two members, has neither a chairman nor a spokesman (GCGC No. 4.2.1, sentence 1). This decision reflects the equal standing of the two board members as well as the company's strategy.

- The Supervisory Board of TAG will initially not form any committees (GCGC No. 5.3.1). This also applies to the establishment of an Audit Committee (GCGC No. 5.3.2). Given the company's specific situation, the Supervisory Board believes that the establishment of such committees is neither necessary nor expedient for improving the efficiency of the Supervisory Board's work.
- The company's consolidated financial statements and interim reports will not be published within the shorter periods specified by the German Corporate Governance Code (GCGC No. 7.1.2). In accordance with the admission requirements for official trading on the Frankfurt stock exchange (Prime Standard), the company's consolidated financial statements and quarterly reports will be published within four and two months of the end of the respective reporting period (Section 62(3); Section 63(8) of the Regulations of the Frankfurt Stock Exchange (BörsO FWB)). As the differences in the publication periods are only minor, the Management and Supervisory Boards of TAG do not regard the added costs incurred by compliance with even shorter periods as justified.

Apart from conforming to the provisions of the German Corporate Governance Code, TAG Tegernsee Immobilien- und Beteiligungs-AG has set itself additional goals and joined the corporate governance initiative launched by the German real estate industry (Initiative Corporate Governance der deutschen Immobilienwirtschaft e.V.) in September 2002 with a view to taking account of the special characteristics of the Germany real estate industry not covered by the German Corporate Governance Code. This made the real estate industry the first sector to adapt the general rules of the German Corporate Governance Code to suit its own specific needs and make these rules binding for real estate companies. In this context, the corporate governance initiative of the German real estate industry will focus in particular on the definition of real-estate-specific supplements to the general principles for corporate management and supervision. Key aspects include continuous improvements in the market transparency of property valuations, the elimination of conflicts of interest, and enhanced supervision of property transactions.

TAG will proactively implement the corporate governance principles in the company, regularly review them and comply with any requests for improvements.

Dear Shareholders,
Ladies and Gentlemen

In fiscal 2002, the Supervisory Board performed its duties according to the laws and the articles of association, serving as advisor and monitoring the actions of the Management Board of TAG on a regular basis. The Supervisory Board was involved in all decision-making processes of fundamental significance for the Company. Within the context of the oral and written reports presented by the Management Board, the Supervisory Board received timely, regular and comprehensive information about all issues pertaining to the Group's strategy, business development and general position including its risk situation.

In a total of five meetings held during fiscal 2002, the Supervisory Board, among other things, was informed in detailed oral and written reports about the developments of the Group and the Company and dealt with all important matters. All transactions requiring the Supervisory Board's approval pursuant to the law or the Company's articles of association and all transactions of particular importance were extensively discussed prior to passing the corresponding resolutions. Between the individual meetings, the Supervisory Board was kept informed about special or urgent plans and, if required, asked for its approval.

In particular, the issues discussed in the meetings of the Supervisory Board included the conversion of the Group's accounting to IAS, the capital measures undertaken by TAG, the joint establishment of a real estate company with a partner, the envisaged acquisition of a management company for the core business segment of Commercial Properties and reports on the state of the Group's participations.

In addition, the Management Board provided the Supervisory Board with an explanation of the regulations of the German Corporate Governance Code and its implementation at TAG. A statement of conformity pursuant to Section 161 of the German Stock Corporation (AktG) and the rules of conduct for the Management and Supervisory Boards was passed unanimously.

The annual financial statements of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft, the consolidated financial statements and the management report and group management report for fiscal 2002 presented by the Management Board were audited by the accounting company Schröder, Nörenberg + Partner GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, which was elected as auditor at the Annual General Meeting on June 25, 2002. The auditors confirmed compliance with the legal regulations and gave the annual financial statements, the consolidated financial statements and the management reports an unqualified auditors' opinion.

Rolf Hauschildt
Deputy Chairman of the Supervisory Board, Düsseldorf

Prof. Dr. Ronald Frohne
Member of the Supervisory Board, Berlin

Dr. Lutz R. Ristow
Chairman of the Supervisory Board, Hamburg

Prof. Dr. Stephan Breidenbach
Member of the Supervisory Board, Berlin

The financial statements, the management reports on the position of the Company and the Group and the auditors' reports were made available to all members of the Supervisory Board in good time. The auditors attended the meeting at which the Supervisory Board discussed the financial statements, reported on key issues and focal points of the audit and answered questions.

After the final result of its own review of the documents mentioned above, the Supervisory Board raised no objections. The Supervisory Board approves and hereby confirms the annual financial statements.

The Supervisory Board wishes to extent special thanks to the members of the Management Board and all employees of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft and its affiliated companies for their commitment and achievements.

Tegernsee, April 2003

The Supervisory Board
Dr. Lutz R. Ristow
Chairman

TAG STOCK

Indices

In the course of fiscal 2002, the TAG stock was included in further indices. On January 1, 2002, our stock was added to the EPIX 30/50 of Bankhaus Ellwanger & Geiger, and on June 24, 2002, it was retained in the SDAX, despite the reduction in the number of index companies to 50. In addition, Bayerische Landesbank took the TAG stock into its BayX30 index on September 20, 2002. With the new segmentation of the German stock market on January 1, 2003, TAG was accepted for listing in the Prime Standard segment. It was also retained in the SDAX when the composition of this index was changed in March 2003. This is particularly satisfactory because the number of MDAX companies was slashed from 70 to 50, so that some former MDAX companies were then included in the SDAX. As a result, only 11 companies previously tracked by the SDAX, including TAG, were retained in this index after March 2003. This additional reduction will thus sharpen the focus of the capital market.

Capital measures

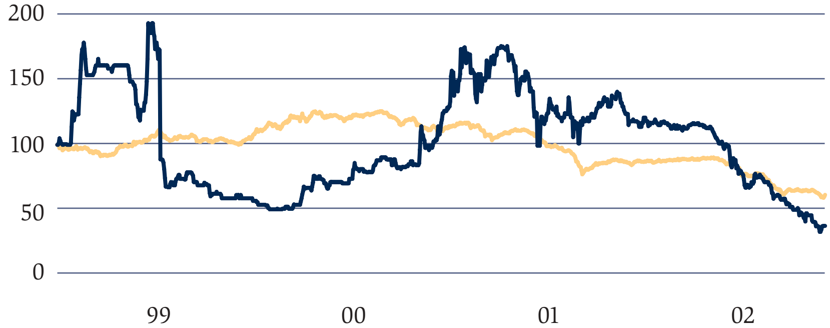
Despite the persistently bearish stock market environment, TAG was able to implement a number of capital measures in fiscal 2002, significantly increasing the number of shares outstanding. At the start of the year, the number of shares outstanding stood at 2,792,500. After two capital increases through non-cash contributions of shares of JUS AG and Bau-Verein zu Hamburg AG in the first quarter, the number of shares rose to 3,441,775. On July 22, 2002, the issue of bonus shares in a ratio of 2:1, in accordance with the shareholders' resolution adopted at the Annual General Meeting, lifted the number of TAG shares outstanding to 5,162,661, leading to a further significant improvement in TAG's marketability. A logical technical consequence was adjustment of the TAG share price in line with the issue ratio on July 22, 2002. Consequently, statements and information concerning the TAG stock (e.g. NAV, share price targets) from the past must be adjusted accordingly.

KEY DATA

Ticker symbol	TEG
German Security Code	830 350
ISIN	DE0008303504
Daily trading volume	About 4.000 shares
Type of stock	Bearer common stock
Indices	SDAX, DIMAX, EPIX30/50, GPR General Index
Market segment	Official trading, Prime Standard
Stock exchanges	Munich, Frankfurt

PERFORMANCE OF TAG STOCK BETWEEN 1999 AND 2002

in €, January 5, 1999 = 100 (logarithmic)

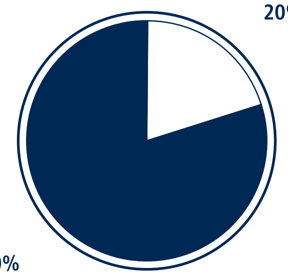


TAG STOCK

SDAX

SHAREHOLDER STRUCTURE

as defined by Deutsche Börse AG
Shares issued: 5.662.661 shares with a par value of EUR 1 each, as of: March 2003



Dr. Ristow/Haupt group of investors thereof Management Board

Free float

Performance

The performance of the TAG stock was unsatisfactory. Starting the year at EUR 28.00 (adjusted) and closing at EUR 9.30, the TAG stock lost 66.8% of its value in the twelve months under review. In the first half of the year, the TAG stock succeeded in charting a stable course. At the end of June 2002, a pronounced downward trend began, after an industry information service had published negative comments about one of our competitors. This also affected other listed real estate companies, including TAG. Whereas the TAG stock had still significantly outperformed major reference indices in the previous fiscal year, the comparison for 2002 shows a less favorable performance of the TAG stock. During the year under review, the SDAX receded 29%, which was still better than Germany's blue chip index, the DAX, which plunged 44%. With a 20% decline in the DIMAX, real estate stocks did not do justice to their image as asset-value-oriented, safe-haven investments, although their performance was clearly more stable than that of other stocks. Consequently, the performance of the TAG stock was -14% over a 3-year period and +5.8% over a 5-year period, underscoring the medium- and long-term nature of investments in TAG.

KEY FIGURES

	2002	2001	2000
Number of shares outstanding at yearend	5,162,661	2,792,500	900,000
Notional share in share capital in €	1.00	1.00	1.00
Dividend per share in €	–	Stock split	0.20
Market capitalization in € 000s (yearend)	46.5	115.90	40.70

Investor relations activities

In the course of the year, TAG was closely monitored by 8 national and international equity research specialists and discussed by corresponding company analysts. On average, the companies tracked by the SDAX were covered by 2.3 analysts, so that TAG's figure indicates that our company attracted significantly higher attention. We continued to publish quarterly reports, regularly informing the financial community and the public at large about the business trends of the TAG Group with minimum delay and in great detail.

In addition, we have redesigned and significantly expanded our website at *www.tag-ag.com*. The average daily number of visitors of 2,200 indicates that this medium has become indispensable for good investor relations activities and is used accordingly by interested shareholders and investors.

We succeeded in further improving our contacts with the press. In the annual survey of WVFI Wissenschaftliche Vereinigung zur Förderung des Immobilienjournalismus e.V., a scientific association for the promotion of real estate journalism, TAG ranked second among the companies with the most active press activities in 2002 in the category "listed real estate companies". This means that we have advanced one notch, to second place, compared to the evaluation in the previous year's survey.

Within the context of "Initiative Immobilienaktien", we joined forces with other companies to further disseminate the idea of investing in real estate companies among the public. In addition, we were able to use the ceremony held on the occasion of our centennial anniversary of the Tegernsee railroad station as a forum for presenting TAG and its historical roots as a railroad company to shareholders, business associates and friends of Tegernseer Tal.

Financials

Tobias Meibom

Finance Director

“The rules of the International Accounting Standards require the presentation of financial information fulfilling high quantitative and qualitative requirements. This has implications for all internal and external business segments.”

Differences between HGB and IAS

In contrast to the target groups of HGB-compliant annual financial statements (creditors, company owners and tax authorities), financial statements prepared in accordance with IAS are primarily directed towards investors, employees, creditors, public-sector authorities, customers and the public at large, with investors’ interests being seen as indicative of the interests of the remaining addressees.

Accounting in accordance with the German Commercial Code (HGB) places the main emphasis on net worth, reporting of past events and cutoff-date orientation. In IAS accounting, the focus is on a company's cash flows, business situation, and future return potential and an orientation towards flow variables.

The IAS rules have significant consequences and implications for our annual financial statements. The assets of current subsidiaries had to be retrospectively reported at their fair value at the date of acquisition. Any goodwill generated must be amortized over a useful life of 20 years and reflected accordingly in the income statement.

The properties in our group portfolio are now investment properties posted at fair value in the balance sheet. Value changes arising from re-appraisals in any fiscal year are reflected in current earnings.

Long-term construction contracts have been defined in our inventories, with pro-rata revenue and profit realization depending on their percentage of completion. This has placed considerable demands on our cost accounting.

The list of potential changes and implications of the new accounting standards has by no means been exhausted. What can also be seen, however, is that substantial changes had to be planned and realized in the accounting departments of our Group.

Management Report for fiscal 2002

OVERALL ECONOMIC SITUATION

Another difficult year has drawn to a close for the German economy. The actually achieved economic figures once again fell short of experts' forecasts, disappointing employees, entrepreneurs, consumers and shareholders in equal measure. The upswing predicted for the summer of 2002 has still not materialized. Compared to the year-earlier level, the number of companies filing for insolvency increased by 16%. The unemployment figure exceeded the pivotal four-million mark, and consumer spending contracted for the first time since Germany's reunification. At 0.2%, we also look back on the weakest economic growth rate in eight years. Even in the extremely unsatisfactory year 2001, the German economy expanded by 0.6%. The DAX ended the year with a loss of nearly 44%, its third annual plunge in succession. After standing at 5,160 points one year earlier, the index receded to 2,892 points by December 30, 2002.

SITUATION IN THE CONSTRUCTION AND PROPERTY SECTOR

The German construction industry was affected by a particularly pronounced slide, ending the year with a contraction in the order of 3.3%. The persistent decline in construction investments will continue to subdue employment figures in the construction sector. According to statements made by LBS, the number of building permits dipped 10% below the previous year's level in 2002. Apart from concerns about economic developments, the originally projected reduction in own-home subsidies and future taxation of capital gains resulting from property sales played a role in this context. In addition, the projected reduction in declining-balance tax write-offs on residential rental properties to 3% had an adverse effect on the willingness to invest. The remaining straight-line write-off of 2% over 38 years will no longer ease the burdens weighing on investors to a sufficient extent, in particular during the critical initial loss-making phase of an investment.

According to statements made by the Association of German Mortgage Banks, new commitments for the financing of rental-apartment construction tumbled 58% year-on-year in the first eight months of 2002. In the future, the sharp decline in housing completions will presumably lead to a rise in rents. In large metropolitan areas such as Munich or Hamburg in particular, this scale-back in supply brought the housing situation to a head. The market for residential investment properties was sluggish, despite the fact that underlying conditions were favorable. Given the moderate purchase prices, rising rents and historically low interest rates, this trend is surprising. One explanation is the uncertainty prevailing in the market with respect to the projected changes in underlying conditions.

The economic downturn also clearly left its mark on Germany's major markets for office properties. A radical trend reversal was discernible in office-work strongholds such as Munich, Frankfurt, Düsseldorf or Hamburg. Only two years ago, companies were still desperately looking for office space in locations now featuring rising vacancy rates in office properties, which, in turn, imply falling rents. Frankfurt has been hit particularly hard by this development. Germany's most important financial center recorded substantial revenue slumps in the aftermath of business consolidations and workforce downsizings. In 2002, a total of 470,000 square meters were rented out or sold, which corresponds to the lowest level in more than ten years. Despite this decline, Frankfurt remained the city with the most expensive office space in Germany. A future revival of the office market presupposes a resurgence in the number of employees and, hence, office jobs.

TRENDS IN THE CAPITAL INVESTMENT MARKET FOR PROPERTY PRODUCTS

Open-end property funds were again the favorite vehicle among indirect property investment products in Germany. Persistent turbulences in the stock market convinced many investors of the merits of this form of investment. Consequently, inflows into property funds swelled to a remarkable amount of more than € 13 billion in the period from January to September 2002. In contrast, equity funds saw inflows of a meager € 1.3 billion, turning them into one of the considerably less sought-after products. The stocks of listed property companies sustained significant prices losses in 2002, although these plunges were not always comprehensible from a fundamental perspective. On average, listed property companies saw their market capitalization tumble by 50 to 70%. Most of them recorded substantial valuation discounts compared to their net asset value (the market value of their property portfolio minus liabilities). One of the consequences of the difficult situation in the industry was the fact that large listed property companies canceled their planned capital increases. Overall, only two companies dared to stage initial public offerings. One of them was forced to file for insolvency after only ten months.

CONVERSION OF ACCOUNTING METHODS TO IAS/IFRS

In January 2002, the Parliament and the Council of Ministers of the European Union passed a resolution requiring all listed European companies to prepare their consolidated financial statements in accordance with International Accounting Standards (IAS; future name: IFRS) from 2005 onwards. The regulations of Deutsche Börse AG make the adoption of IAS mandatory for companies included in the SMAX or the Prime Standard segment from 2002 onwards. Consequently, 2002 is the first fiscal year for which TAG has drawn up its consolidated financial statements in accordance with IAS.

The conversion process took ten months and placed very considerable additional demands on the accounting departments of the affiliated companies. The new accounting standards result in more transparent external reporting. This not only involves a quantitative dimension, as reflected in the vast amount of financial information supplied in the annual financial statements. The adoption of IAS also has qualitative consequences for all significant segments of the Group and the subgroups. In particular, properties were stated at their fair value, taking account of the overall market situation.

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

A meaningful comparison between the annual financial statements for fiscal 2002 and 2001 is possible only to a limited extent, the reason being that our accounting has been retroactively converted to IAS for fiscal 2001, too, and the fact that Bau-Verein AG was simultaneously integrated into the TAG Group.

BUSINESS TRENDS IN THE GROUP

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

In its Residential Properties core business segment, TAG – via its management company Bau-Verein zu Hamburg Aktien-Gesellschaft (Bau-Verein AG) – focuses on the acquisition, management and privatization of housing estates. The goal is the expansion of the residential property portfolio and, by extension, the net asset value, or substance, of the TAG Group. TAG plans to strengthen its existing activities in the Commercial Properties business segment through the acquisition or development of a dedicated management company, which will subsequently also be used for the acquisition and management of properties for the Group's portfolio. In fiscal 2002, TAG's search for a suitable management company involved the identification and review of three companies. Discussions and negotiations were conducted with potential sellers, but no deals were concluded due to differing views with respect to the purchase price. Given the continuous weakening of the market environment in the field of commercial properties, it can be stated from today's vantage point that time has worked in favor of TAG and that its restraint has proven to be foresighted. In cooperation with Landesbank Sachsen, TAG is now building up REAL Immobilien GmbH, a company newly established in November 2002.

BAU-VEREIN ZU HAMBURG AKTIENGESELLSCHAFT (BAU-VEREIN AG)

Bau-Verein AG is the largest company in the TAG Group and the management company responsible for the Residential Properties core business segment. For Bau-Verein AG, the fiscal year under review was characterized by the successful implementation of its risk provisioning and restructuring program initiated in 2001. The revenues generated by Bau-Verein Group resulted from property sales, which accounted for a share of 76.8%, and income from building management, which contributed a share of 23.2%. These revenues were largely attributable to satisfactory revenue trends in the construction of affordable new housing in the regions of Hamburg, Munich and Frankfurt as well as rental income from existing dwelling units in the company's portfolio and portfolio development. Revenues in the area of housing privatization in Hamburg, Berlin and Munich as well as in the commercial property segment fell short of expectations, in some instances even considerably. In the construction of affordable new housing, the share accounted for by investors was increased. In this segment, Bau-Verein AG is excellently positioned with respect to the development of apartments and terraced houses. The decline in sales is primarily attributable to the negative environment prevailing in the real estate industry, the announced changes in taxation and the more difficult situation in the final-purchaser financing business. This has contributed to a significant decline in potential buyers' willingness to purchase real estate. Systematic implementation of the initiated restructuring program helped to partially offset the downward trend in revenues. The company realized savings with respect to personnel, interest and other operating expenses. No new acquisitions were added to the existing property portfolio in 2002. Bau-Verein AG participated in public bidding processes for the acquisition of housing estates in Western Germany. The fact that some competitors' bids were not commensurate with market conditions induced TAG to postpone the expansion of its residential property portfolio. In retrospect, the continued decline in sales prices for housing estates validated this approach in the above-mentioned bidding processes. As regards the acquisition of new developer projects, a number of initiatives are currently under negotiation, some of which were already successfully acquired and launched in early 2003. With total assets of € 417 million and revenues of € 108 million, Bau-Verein Group generated net annual income of € 1.0 million. Within the context of the adoption of IAS in the TAG Group, Bau-Verein Group prepared its first balance sheet in accordance with International Accounting Standards.

JUS AKTIENGESELLSCHAFT FÜR GRUNDBESITZ (JUS AG)

For more than 10 years, JUS AG has been one of the leading providers of landmarked properties in Germany. In fiscal 2002, JUS AG once again proved its sales and earnings strength. Consequently, it succeeded in further differentiating itself from the sector and economic environment. 170 landmarked dwelling units were sold to investors and owner-occupiers, so that the revenue volume of approximately € 30 million was more or less in line with the levels recorded the preceding three years. This result was generated against the background of protracted political discussions about the future taxation of private real estate sales. In the period from the summer recess to November 2002, this discussion largely paralyzed sales and prevented revenue improvements. A positive aspect in this context is the fact that, on the basis of today's information, both the higher depreciation level for the renovation of landmarked buildings and private investors' possibility of realizing tax-free sales will be retained. The situation was exacerbated by banks' financing restraint with respect to both potential real estate buyers and JUS AG itself. For this reason, JUS AG took recourse to considerably higher intragroup loans from TAG in fiscal 2002. In the final analysis, however, JUS AG also benefited to a significant extent from crowding-out competition within the context of the changed financing environment. Competitors with less experience and lower credit ratings reached the end of their tether, allowing JUS AG to continuously take over market shares from smaller competitors in a previously fragmented industry. This trend was particularly noticeable at the company's traditional location, Leipzig, which continues to play a stable role with a share of 70% in total sales. Here, the company enjoys a virtually peerless market presence, notably with respect to large-scale loft projects and particularly representative buildings. With a share of 30%, Berlin gained in significance as a location for JUS AG. The "Adamshof" project in Berlin-Spandau, a joint venture with another developer, marks JUS AS's entry into the renovation of landmarked housing estates from the 1920s and 1930s in Berlin. In Leipzig, the JUS Group has so far renovated approximately 100,000 square meters in landmarked buildings, thereby gathering a wealth of experience. The actual construction work has been very successfully farmed out to efficient general contractors. This approach allows the company to avoid the significantly more risky assignment of individual building jobs. In 2002, one third of sales were accounted for by loft apartments in former factory buildings. This means that JUS AG succeeded in defending its leading position in this market for the third consecutive year. For 2003, the company has placed another large-scale, attractive project in one of Leipzig's top residential neighborhoods on its sales agenda: "Schokoladenpalais", with 100 dwelling units. Within the context of the adoption of IAS in the TAG Group, JUS AG prepared its first balance sheet in accordance with IAS. A characteristic of the previously used accounting methods of the German Commercial Code (HGB) was the significant time difference between the actual sale and the title transfer, which is the relevant date from a commercial-law perspective. Consequently, dwelling units sold prior to the commencement of construction were regularly transferred only after their completion in the following period under review. Results thus largely reflected the business success of earlier periods, with more pronounced fluctuations occurring depending on the number of project completions. The IAS-compliant accounting approach allows JUS AG to present a more accurate view of its business success in the respective fiscal year through pro-rata-temporis capitalization of all sales. The number of employees at JUS AG (including building management) increased by 3 to 26 staff members. To broaden the positioning of JUS AG with respect to future responsibilities, Mr. Jan von Lewinski was appointed as an additional member of the Management Board of JUS AG effective January 1, 2003. With total assets of € 101.6 million and revenues of € 32.7 million, JUS Group generated net annual income of € 4.0 million. TAG holds a stake of 93.6% in this company.

ALLGEMEINE GEWERBEBAU- UND PROJEKTENTWICKLUNGS-AKTIENGESELLSCHAFT (AGP AG)

As a follow-up to a cooperation agreement, TAG acquired a 66.7% stake in AGP AG in June 2002. Within the TAG Group, this Munich-based company is responsible for development and project management activities for the historical properties in Tegernseer Tal. In addition, it will increasingly focus on the development and revitalization of supraregional retail spaces. AGP AG is currently the general contractor for the development of a downtown shopping arcade in Erfurt. The book and media store on the Anger in Erfurt, which is owned by AGP AG, has been developed further through an additional enlargement. In fiscal 2002, AGP AG generated a net annual loss of € 0.2 million.

REAL IMMOBILIEN GMBH (REAL)

REAL was newly established in November 2002. Landesbank Sachsen and TAG each hold shares of 49% in this company. REAL will seize the opportunities currently existing in the German real estate market by acquiring, revamping and subsequently reselling properties, including those subject to insolvency and forced-administration procedures. Its starting point is the fact that statutory regulations limit the possibility of optimum management and market-geared enhancement of properties in this phase. REAL is not subject to such restrictions and can use this to its own benefit. In addition, the company will also exploit other business opportunities. Eventually, it may also offer its services to third parties for the realization of value-added potential of their properties in the marketplace. REAL did not yet embark on any business activities in fiscal 2002.

FEUERBACHSTRAßE 17/17A LEIPZIG GRUNDSTÜCKSVERWALTUNG AG & CO. KG (FEUERBACHSTRAßE 17 KG)

Feuerbachstrasse 17 KG is a property company in the TAG Group. The associated property is a boarding house in Leipzig's Waldstrassenviertel neighborhood that offers an alternative to traditional hotels to guests staying in town for extended periods. The property includes 36 studio and one-bedroom apartments with floor space of 45 to 75 square meters. The property is also used by JUS AG, in its capacity of general tenant, for temporary accommodation of tenants and purchasers, e.g. during the construction phase of the apartments they have rented or bought. Third-party occupancy of the boarding house came to 64% in the year under review, not least on account of the establishment of new industrial facilities in Leipzig on the part of renowned car manufacturers. The company generated a balanced result in fiscal 2002. Via its direct and indirect participations, TAG holds a stake of 99.6% in this company.

WOHNEN IM LOFT OHG

Wohnen im Loft OHG is another property company in the TAG Group. The associated property comprises 27 loft apartments located in "Elsterlofts", a former yarn factory in Leipzig on the banks of the Weiße Elster river, which JUS AG has converted into sophisticated apartments.

With floor space of between 60 and 110 square meters, the lofts are offered to guests as "serviced apartments", just like their counterparts at Feuerbachstrasse. The high occupancy level of the property at Feuerbachstrasse prompted TAG to extend this business model to this location, too. The Group is satisfied with the business development of Wohnen im Loft OHG. The occupancy level now exceeds 90%. The shareholders have decided to include this building in the Group's fixed assets as a long-term investment property. In the fiscal year under review, the company generated net annual profit of € 2.5 million. Via its direct and indirect participations, TAG holds a stake of 93.9% in this company.

KRAFTVERKEHR TEGERNSEE IMMOBILIEN GMBH (KVT)

KVT is a property company in the TAG Group. The company owns 15,000 square meters of land in Tegernseer Tal and generated earnings on ordinary activities of € 0.3 million. In fiscal 2002, KVT sold one piece of land in Gmund to AGP AG. Under IAS, this transaction did not affect the operating result. Like TAG, KVT is a historically grown property company and thus unable to pursue retail-oriented further development of its own multi-family homes in a manner that is optimally geared to the company's interests. A profit transfer agreement is in force between KVT and TAG, which holds a participation of 98% in this company.

TEGERNSEE-BAHN BETRIEBSGESELLSCHAFT MBH (TBG)

TBG operates as a railway infrastructure company for historical reasons and holds the Group's railway license. The company primarily derives income from leasing its infrastructure to Bayerische Oberlandbahn GmbH (BOB), with which TBG has concluded a long-term infrastructure utilization agreement. Given the political importance of Bayerische Oberlandbahn's business model and the infrastructural significance of railway connections for Tegernseer Tal, this will remain a steady source of income. In fiscal 2002, TBG generated net annual income of € 0.04 million. TAG holds a 100% stake in TBG.

FINANCING

Financing within the companies of the TAG Group was based on internal and external liquid funds, capital increases through non-cash capital contributions and the issue of TAG shares from TAG's own portfolio. Intragroup loans were used to optimize financing within the group. Consequently, the Group recorded the following financing structure at the end of the year under review:

	Total € 000s 2002	as a percentage of total assets 2002	Total € 000s 2001	as a percentage of total assets 2001
Shareholders' equity	103,174	17.89	73,451	11.89
Bank liabilities	375,611	65.14	397,610	64.40
Other externally borrowed funds	88,291	15.31	99,994	16.20

Bank liabilities result from participation, project and portfolio financings of the individual affiliated companies. Loans have been agreed for short-term, medium-term and long-term maturities. Within the context of their bank liabilities, individual companies also had and utilized short-term credit lines for day-to-day operations and investment credit lines. In the fiscal year under review, interest expenses at an average interest rate of 4.98% were incurred for externally borrowed funds. To some extent, TAG in its capacity as parent company of the Group provided guarantees for the loans taken out by affiliated companies.

INCOME AND REVENUES

Due to the first-time consolidation of Bau-Verein AG, revenues in the TAG Group increased significantly, from € 41.8 million (HGB) in the previous year to € 142.4 million in the year under review. By far the largest share of revenues (78%) is generated by property sales. In fiscal 2002, declining apartment sales figures in the privatization efforts of Bau-Verein AG, which fell short of original expectations, were not fully offset by the sales results generated by JUS AG and the equally satisfactory new-construction business of Bau-Verein AG. Within the context of the envisaged stabilization of revenue flows, the Group plans to boost the share of income from tenancy and lease agreements through a significant increase in the residential property portfolio held by the TAG Group via Bau-Verein zu Hamburg AG. The PoC method applied in fiscal 2002 within the context of IAS adoption and the capitalization of interest on externally borrowed capital had a favorable impact in the year under review. Revaluations of investment properties and the resulting disclosure of hidden reserves enhanced earnings by € 2.6 million in fiscal 2002.

EXPENSES

Apart from recognizing earnings-reducing expenses from TAG's activities at the group level (primarily cost of materials of € 106.3 million, personnel expenses of € 9.1 million, other operating expenses of € 17.7 million, and interest expenses of € 23.4 million), TAG posted its first IAS-compliant goodwill amortization of € 1.9 million. Mention should be made of the fact that Bau-Verein AG succeeded in realizing considerable cost reductions with respect to personnel, interest and other operating expenses, which are, among other things, a result of the comprehensive restructuring efforts undertaken in fiscal 2001. The earnings-boosting effect resulting from the disclosure of hidden reserves was partially offset by simultaneous transfers to corresponding deferred taxes of € 0.5 million.

EARNINGS

The EBITDA of the TAG Group increased from € 10.5 million (HGB) to € 20.6 million as of December 31, 2002. At € 1.0 million, the resulting net annual income fell short of original expectations. The previous year's earnings, computed in accordance with HGB, stood at € 3.9 million.

ORGANIZATION AND EMPLOYEES

Following the integration of Bau-Verein AG, the number of employees in the TAG Group rose from 36 to 150. The organization of TAG remained lean and is embedded in a group structure with 7 staff members. The operational real estate business is handled by the individual subsidiaries within the TAG Group. Bau-Verein AG, for its part, reduced its workforce by 27 to 106 employees within the context of its restructuring measures. JUS AG increased its workforce by 3 to 26 staff members to take account of its rising business volume.

RISK REPORT

Monitoring, management and appropriate consideration of business opportunities and risks are an important element of the corporate culture of TAG Group. Above-average results can frequently be achieved only by deliberately accepting risks. Accordingly, systematic and organized processes for identifying, analyzing and responding to risks are crucial for a company's future success. In addition, the availability of capital is a top priority for both our Group, which is currently being developed and growing strongly, and the individual affiliated companies. The financial markets are still in a weak state. Banks and investors are being plagued by uncertainties, so that both equity capital and loans are more difficult to raise. This situation has deteriorated further compared to the previous year.

Market risks

The TAG Group operates in a continuously changing market environment. Different locations and market segments require continuous market observation and an ongoing dialog with market participants. Uncertainties result from plans to change the laws governing real estate taxation and subsidization; a final assessment of the ultimate implications on the market is not yet possible from today's vantage point. This also involves price and sales risks with respect to the residential property portfolio and portfolio development as well as rental risks, primarily with respect to the commercial property portfolio. The negotiation result achieved by the Joint Mediation Committee of the German Bundestag and Bundesrat, which is favorable from the real estate industry's perspective, will initially restore the necessary planning basis. In addition, short-term counter-measures are possible, including further cost savings. The diversification of the property portfolio in three core business segments, which TAG pursues as an integral part of its long-term strategy, helps minimize these general risks.

Loan-loss risks

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

Financing risks

The TAG Group relies on decentralized cash and financing management. Liquidity in the Group is optimized by means of intragroup loans. Banks' pronounced restraint with respect to the financing of company acquisitions and properties is hampering the business possibilities of the TAG Group companies. Intragroup loans must therefore be made available to associated companies for longer periods, at least in some instances, so that the corresponding funds will not be available to TAG for its own purposes. Investment opportunities can be seized by the individual companies only to a limited extent. Successful raising of equity capital via capital increases in the form of cash or non-cash contributions is not always possible in a bearish stock market environment. The executives responsible for financing management in the individual entities and the holding company continuously analyze developments in the capital markets and take the necessary measures.

The Management Board of TAG points out that financing risks may jeopardize the continued existence of the TAG Group or individual affiliated companies or materially influence their net assets or financial position.

Risks emanating from affiliated companies

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

EVENTS AFTER THE CLOSE OF FISCAL 2002

In January 2003, TAG placed 500,000 shares through implementation of a cash capital increase with exclusion of shareholders' subscription rights. This increased the share capital by approximately 9.7%, to € 5,662,661.00. Via this transaction, TAG received a cash infusion of € 4.15 million. Against the background of the uncertain situation prevailing in the financial markets and banks' restrictive approach with respect to the extension of new loans, this measure must be regarded as a remarkable success.

EXPECTED DEVELOPMENTS AND OUTLOOK

The integration of Bau-Verein zu Hamburg AG has resulted in a considerable enlargement of the TAG Group. Following this move, the current business focus has also shifted to the activities in the Residential Properties core business segment. Within this business segment, the Group's continued intention is to purchase attractive packages of apartments at reasonable prices via Bau-Verein zu Hamburg AG. Small and large housing companies and apartment portfolios will be acquired through national and international collaborations with financially strong partners. With the sale of affordable homes in attractive cities, which is the responsibility of Bau-Verein zu Hamburg AG, and tax-favored landmarked properties, which are the domain of JUS AG, TAG operates in two attractive market segments. The compromise reached in early April in the Joint Mediation Committee of the German Bundestag and Bundesrat with respect to the "Tax Breaks Reduction Act" brought a favorable result for the real estate industry. For the time being, both own-home subsidies and the speculation period for property sales will be retained, so that private investors will still be able to sell their properties after ten years without incurring any taxes. Both Bau-Verein AG and JUS AG stand to benefit to a particular extent from this trend. The decision of the German National Olympic Committee regarding the nomination of the city of Leipzig as a candidate for the 2012 Olympic Games will significantly support the sales efforts of JUS AG, which generates the lion's share of its revenues at this location where it can look back on a long tradition. The acquisition or development of a management company for the Commercial Properties core business segment remains a prime goal of the TAG Group in its efforts to develop a diversified business structure.

So far, no signs of a pickup in the German economy and, by extension, a rise in investor confidence are discernible. With the underlying data for the German real estate sector being known now, the extent to which they will have a favorable effect remains to be seen. Nevertheless, they permit cautious optimism with respect to Germany's macroeconomic environment in general and the situation in the real estate sector in particular.

Tegernsee, April 11, 2003
TAG Tegernsee Immobilien- und
Beteiligungs-Aktiengesellschaft

Michael Haupt   Olaf G. Borkers

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31, 2002

ASSETS	Notes	31.12.2002 € 000s	31.12.2001 € 000s
A. FIXED ASSETS			
I. Investment properties	1	82,024	78,827
II. Tangible assets	2	6,687	6,170
III. Intangible assets	3	118	80
IV. Goodwill	4	38,047	27,729
V. Financial assets	5		
Shares in associated companies	5	1,232	0
Other financial assets	5	5,739	4,332
B. CURRENT ASSETS			
I. Land available for sale and other inventories	7		
Properties and leasehold rights with finished buildings	8	314,825	330,629
Properties and leasehold rights with unfinished buildings	8	57,433	53,998
Other inventories	9	7,441	6,414
II. Receivables and other assets	10		
Trade accounts receivable	10	32,989	47,427
Other assets	10	12,669	14,288
III. Cash and cash equivalents	11	9,622	40,809
C. DEFERRED TAX ASSETS	6, 39	**7,564**	**6,493**
D. PREPAID EXPENSES	12	**229**	**201**
TOTAL ASSETS		**576,619**	**617,397**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.2002 € 000s	31.12.2001 € 000s
A. SHAREHOLDERS' EQUITY			
I. Subscribed capital	13	5,163	2,754
II. Capital reserve	14	97,777	73,364
III. Revenue reserves	15	6,689	6,689
IV. Profit available for distribution		-6,455	-7,509
V. Own shares		0	-1,847
B. MINORITY INTERESTS	16	**9,533**	**46,341**
C. LONG-TERM LIABILITIES	17		
Liabilities due to banks	17	108,438	115,780
Pension provisions	18	2,413	2,511
Other long-term liabilities	19	1,391	1,601
D. SHORT-TERM LIABILITIES	20		
Liabilities due to banks	20	267,163	281,831
Trade accounts payable	20	36,381	21,905
Tax provisions	21	2,117	3,357
Other short-term liabilities	22, 25	37,052	64,350
E. DEFERRED TAX LIABILITIES	23, 39	**8,820**	**6,237**
F. DEFERRED INCOME		**137**	**33**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**576,619**	**617,397**

CONSOLIDATED INCOME STATEMENT

	Notes	2002 € 000s	2001 € 000s
1. Revenues	26	142,391	128,942
2. Other operating income	27	4,046	5,741
3. Change in inventories, work in progress	28	5,652	15,843
4. Other internally produced and capitalized assets	29	1,653	389
5. Cost of materials	30	-106,270	-129,623
6. Personnel expenses	31	-9,091	-6,251
7. Other operating expenses	32	-17,743	-13,666
8. EBITDA		**20,638**	**1,375**
9. Amortization of intangible assets and depreciation on tangible assets	33	-832	-574
10. Revaluation of investment properties	34	2,615	316
11. EBITA		**22,421**	**1,117**
12. Goodwill amortization	35	-1,968	-1,067
13. EBIT		**20,453**	**50**
14. Income from investments	36, 37	701	1,253
15. Income from financial assets	38	-18,860	-16,951
16. EBT		**2,294**	**-15,648**
17. Income taxes	39	-1,568	-3,012
18. Minority interests	40	328	10,701
19. EARNINGS ON ORDINARY BUSINESS ACTIVITIES		**1,054**	**-7,959**
20. NET ANNUAL INCOME		**1,054**	**-7,959**
21. EARNINGS PER SHARE (€), UNDILUTED		**0.21**	**-2.03**

CONSOLIDATED STATEMENT OF CASH FLOWS

PAYMENT FLOWS	2002 € 000s	2001 € 000s
Results in the period under review	**1,054**	**-7,959**
Depreciation/appreciation of tangible assets and amortization/appreciation of intangible assets	832	574
Goodwill amortization	1,968	1,067
Depreciation/appreciation of properties held as financial investments	-2,615	-316
Increase/decrease in other long-term liabilities (excluding financing liabilities)	-308	-1,516
Increase/decrease in long-term deferred tax liabilities	1,512	-4,420
Cash flows in accordance with DVFA/SG	**2,443**	**-12,570**
Profit/loss from sale of fixed assets	-52	-10
Increase/decrease in receivables and other assets	27,372	-40,903
Increase/decrease in accounts payable and other liabilities (excluding financial liabilities)	-50,766	17,807
Cash flows from operating activities	**-21,003**	**-35,676**
Payments for investments in properties held as financial investments	0	-3,782
Proceeds from sale of properties held as financial investments	1,360	0
Payments for investments in intangible assets	-92	-35
Proceeds from sale of intangible assets	3	0
Payments for investments in tangible assets	-411	-1,149
Proceeds from sale of tangible assets	144	17,014
Payments for investments in financial assets	-3,250	-358
Proceeds from sale of financial assets	611	4,056
Payments for acquisition of consolidated companies	-17,737	-15,771
Cash flows from investing activities	**-19,372**	**-25**
Proceeds from capital increases	0	23,366
Repurchase of own shares	0	-1,886
Proceeds from/payments for financial liabilities	-22,010	45,245
Cash flows from financing activities	**-22,010**	**66,725**
Net change in cash and cash equivalents	-62,385	31,024
Consolidation-related changes	31,198	-3,045
Cash and cash equivalents at January 1	**40,809**	**12,830**
Cash and cash equivalents at December 31	**9,622**	**40,809**

ADDITIONAL INFORMATION

TRANSACTIONS WITHOUT CASH FLOW RELEVANCE:

Fiscal 2001

On the basis of an agreement concluded on February 20, 2001, TAG acquired 75% of the share capital of **JUS Aktiengesellschaft für Grundbesitz** (JUS or JUS AG), Berlin, through issue of 500,000 non-par shares. Further ancillary acquisition costs of € 350,000 were paid in cash.

In an initial step, TAG acquired a total stake of 44.35% in **Bau-Verein zu Hamburg Aktien-Gesellschaft** (Bau-Verein), Hamburg. This transaction involved the transfer of 233,762 non-par TAG shares and a cash payment of € 37,062,000 for ancillary acquisition costs.

Fiscal 2002

In a public takeover bid to the Bau-Verein shareholders ending January 25, 2002, TAG acquired a further stake in Bau-Verein (2,695,185 shares). In this context, TAG issued 598,930 shares. TAG purchased an additional 995,437 Bau-Verein shares from a group of shareholders at a total price of € 14,026,000, incurring further ancillary acquisition costs of € 4,967,000 in this connection. Following this transaction, TAG held 7,447,931 shares, or a stake of 87.92%, in Bau-Verein.

On the basis of an option agreement concluded at the time of the initial acquisition, TAG purchased a total of 26 JUS bearer shares with a nominal value of € 12,782.30, i.e. shares with a total nominal value of € 332,000 (18.57% of the share capital of JUS). This took place via a non-cash capital increase involving the issue of 50,345 TAG shares as well as a cash component of € 1,278,000. Further direct ancillary acquisition costs of € 77,000 were incurred. Following this transaction, TAG now holds a total of 93.57% of the share capital of JUS.

On the basis of an agreement dated June 20, 2002, TAG acquired 32.66% of the share capital (= 49.49% of the voting capital = 980 common shares) as well as all non-voting preference shares (= 1,020 shares = 34% of the company's share capital) of **AGP AG Allgemeine Gewerbebau und Projektentwicklungs** AG (AGP), Munich. The purchase price was paid with € 695,000 in cash and through issue of 18,000 own shares held by TAG itself. In addition, direct ancillary acquisition costs of € 15,000 were incurred.

Further payment flows contained in the consolidated statement of cash flows:

PAYMENT FLOWS	2002 € 000s	2001 € 000s
Interest paid	25,558	18,368
Interest received	4,577	1,417
Dividends received	72	72
Income tax payments and refunds (balance)	-56	-1,837

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Subscribed capital € 000s	Capital reserve € 000s	Revenue reserve € 000s	Profit available for distribution € 000s	Own shares € 000s	Total € 000s
1.01.2001 HGB	**900**	**14,471**	**527**	**586**	**0**	**16,484**
IAS changes			6,238	-13		6,225
1.01.2001 IAS	**900**	**14,471**	**6,765**	**573**	**0**	**22,709**
Dividend payout				-123		-123
Consolidated net income				-7,959		-7,959
Increase in non-cash capital	735	36,585				37,320
Increase in cash capital	558	22,908				23,466
Bonus shares	600	-600				0
Other	-39		-76		-1,847	-1,962
31.12.2001	**2,754**	**73,364**	**6,689**	**-7,509**	**-1,847**	**73,451**
Consolidated net income				1,054		1,054
Increase in non-cash capital	649	26,270				26,919
Bonus shares	1,721	-1,721				0
Other	39	-136			1,847	1,750
31.12.2002	**5,163**	**97,777**	**6,689**	**-6,455**	**0**	**103,174**

SEGMENT REPORTING

	Railway infrastructure € 000s	Residential and commercial building management € 000s	Developer activities € 000s	Transition € 000s	Consolidated € 000s
External revenues	1,098	15,052	123,814	0	139,964
Previous year	*1,051*	*11,163*	*117,325*	*0*	*129,539*
Internal group revenues	33	695	1,519	180	2,427
Previous year	*63*	*235*	*814*	*-1,709*	*-597*
Revenues	1,131	15,747	125,333	180	142,391
Segment earnings	**474**	**1,440**	**6,833**	**-6,453**	**2,294**
Previous year	*320*	*1,907*	*-9,906*	*-7,969*	*-15,648*
– thereof earnings from associated companies	0	0	0	-145	-145
– thereof depreciation/amortization	-75	-347	-410	0	-832
– thereof interest income	3	3,349	2,023	-797	4,578
– thereof interest expenses	0	-6,415	-16,818	-204	-23,437
– thereof non-cash-relevant items	453	-372	2,534	0	2,615
Segment liabilities	1,331	86,286	387,378	-11,085	463,910
Previous year	*1,088*	*80,305*	*432,467*	*-16,255*	*497,605*
Segment assets	2,807	191,085	421,612	-38,885	576,619
Previous year	*2,434*	*220,486*	*445,879*	*-51,401*	*617,398*
– thereof associated companies	0	1,377	0	-145	1,232
Segment investments	85	389	239	0	713
Previous year	*36*	*294*	*286*	*0*	*616*

SHAREHOLDINGS

POS.	NAME AND LOCATION	Participation in %	via position
1	TAG Tegernsee Immobilien- und Beteiligungs-AG, Tegernsee		
2	Kraftverkehr Tegernsee-Immobilien GmbH, Tegernsee	98.00	1
3	Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee	100.00	1
4	Feuerbachstraße 17/17a Leipzig Grundstücksverwaltung AG & Co. KG, Leipzig	99.55	1, 5
5	JUS Aktiengesellschaft für Grundbesitz, Berlin	93.57	1
6	Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg	87.92	1
7	AGP AG Allgemeine Gewerbebau- und Projektentwicklungs Aktiengesellschaft, Munich	49.49	1
8	Real Immobilien GmbH, Leipzig	49.98	1, 7
9	Wenzelsplatz Grundstücks GmbH, Leipzig	93.57	5
10	Trinom Hausverwaltungs GmbH, Leipzig	93.57	5
11	Studio am Zoo GmbH, Leipzig	93.57	5
12	BuP Projektmanagement GmbH, Leipzig	93.57	5
13	Defod. 58 Vermögensverwaltungs AG, Leipzig	93.57	5
14	Trinom Hausverwaltungs GmbH, Berlin	93.57	5
15	GbR Böhlitz-Ehrenberg, Leipzig	46.78	5
16	GbR Elsterstr. 40, Leipzig	46.78	5
17	WKA Gückelsberg oHG, Leipzig	93.10	5
18	GbR Elsterstr. 42/42a, Leipzig	46.78	5
19	Rathausstr. oHG, Leipzig	46.78	5
20	GbR Funkenburgstr., Leipzig	46.78	5
21	JUS AG 1. Grundbesitz KG, Leipzig	93.57	5
22	JUS AG & Co. Heimat KG, Leipzig	87.95	5
23	GbR Feuerbachstr. 4, Leipzig	46.78	5
24	Neue Ufer GmbH & Co. KG Leipzig	46.78	5
25	GbR Siedelmeisterweg, Berlin	46.78	5
26	GbR Elsterlofts, Leipzig	46.78	5
27	GbR Wald-/Wettiner Str., Leipzig	46.78	5
28	GbR Hauptstr. 38, Leipzig	46.78	5
29	Pölitzstr. 6 GmbH & Co. KG, Leipzig	9.31	5
30	Mozart-/Schwägerichenstr. GbR, Leipzig	93.57	5
31	Wohnen im Loft OHG, Leipzig	93.95	5
32	IKB GmbH, Leipzig	46.78	5
33	Gottschedstr. GmbH & Co. KG, Leipzig	11.22	5
34	GbR Kirschbergstr. 78-82, Leipzig	74.85	5
35	GbR Wohnen am Elbufer, Dresden	4.07	5

POS.	NAME AND LOCATION	Participation in %	via position
36	Wenzelsplatz 2-4 GmbH & Co. KG, Leipzig	93.57	5
37	Studio am Zoo KG, Leipzig	93.57	5
38	Stuttgart-Südtor Verwaltungs GmbH, Leipzig	93.57	5
39	Stuttgart-Südtor Projektleistungs GmbH & Co. KG, Leipzig	93.57	5
40	Wenzelsplatz GmbH & Co. Nr. 1 KG, Leipzig	93.57	5
41	Defod. 58 & AGP KG Angerpassage Erfurt, Leipzig	46.78	5
42	Bau-Verein zu Hamburg Altbau-Immobilien GmbH, Hamburg	87.92	6
43	Bau-Verein zu Hamburg Wohnungsgesellschaft mbH, Hamburg	87.926	
44	BV Hamburger Wohnimmobilien GmbH, Hamburg	86.16	6
45	Bau-Verein zu Hamburg Gesellschaft für Immobilien und Projektentwicklung mbH, Hamburg	87.92	6
46	Grundstücksgesellschaft Boschstr. GbR, Hamburg	83.52	6, 62
47	Hamburg-Bremer Vermögensverwaltungsgesellschaft mbH, Hamburg	87.92	6
48	Trigometa Grundstücksverwaltung GmbH, Hamburg	87.92	6, 49
49	GAG Grundstücksverwaltungs-Aktiengesellschaft, Hamburg	87.92	6, 49
50	G+R Altbausanierung Reinhardstr. 15 GmbH, Berlin	87.92	6, 44, 54
51	G+R City-Immobilien GmbH, Berlin	74.73	6, 44, 54
52	G+R Altbau-Immobilien GmbH, Berlin	87.92	6, 44
53	VFHG Verwaltungs GmbH, Berlin	87.92	6
54	Wohnanlage Ottobrunn GmbH, Hamburg	87.92	6
55	Bau-Verein zu Hamburg Eigenheim-Immobilien GmbH, Hamburg	87.92	6
56	Bau-Verein zu Hamburg WestHyp Immobilien GmbH, Hamburg	58.61	6, 57
57	Bau-Verein zu Hamburg Junges Wohnen GmbH, Hamburg	87.92	6
58	Urania Grundstücksgesellschaft mbH, Hamburg	86.16	6
59	Bau-Verein zu Hamburg Hausverwaltungsgesellschaft mbH, Hamburg	87.92	6
60	Bau-Verein zu Hamburg Gewerbeimmobiliengesellschaft mbH, Hamburg	87.92	6
61	Archplan Projekt Dianastraße GmbH, Hamburg	58.61	6, 57
62	Bau-Verein zu Hamburg Fonds Verwaltungs-Gesellschaft mbH, Hamburg	87.92	6, 47
63	Bau-Verein zu Hamburg Grundstücksgesellschaft Adlershof mbH, Hamburg	87.92	6, 47
64	Zweite Bau-Verein zu Hamburg Fonds Verwaltungsgesellschaft mbH, Hamburg	87.92	6, 47
65	Grundstücksentwicklung Habersaathstr. GmbH, Berlin	43.96	6, 54
66	VFHG Haus- und Grundstücks GmbH & Co. Wohnanlage Friedrichstadt KG, Berlin	41.32	6, 57
67	B.N. Bauregie Nord GmbH, Hamburg	87.92	6
68	GbR Katharinenstr., Leipzig	46.78	5
69	Adamshof Grundstücks GmbH, Berlin	74.86	5
70	Fürstenbergische Häuser GmbH, Berlin	18.71	5

Notes to consolidated financial statements

GENERAL INFORMATION

The fiscal year ending December 31, 2002, is the first in which the consolidated financial statements of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (TAG) have been prepared in accordance with the International Accounting Standards (IAS; future name: International Financial Reporting Standards (IFRS)) adopted by the International Accounting Standards Committee (IASC), now called the International Accounting Standards Board (IASB), and their interpretations issued by the Standing Interpretations Committee (SIC; future name: International Financial Reporting Interpretations Committee (IFRIC)).

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

TAG has taken advantage of the exemption option pursuant to Section 292(a) German Commercial Code (HGB), which grants a company exemption from its obligation to prepare consolidated financial statements in accordance with HGB if its consolidated financial statements are drawn up in accordance with internationally accepted accounting standards and are consistent with the 4th and 7th EU Directive. For interpretation of the Directive, TAG refers the reader to German Accounting Standard No. 1 (DRS 1), “Exemption from the preparation of annual financial statements pursuant to Section 292(a) HGB”. The previous year’s figures have been calculated on the same basis.

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

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

SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

2002 is the first fiscal year in which TAG has prepared its consolidated financial statements in accordance with International Accounting Standards (IAS). In this context, it has taken account of the following significant accounting and valuation methods deviating from German law:

The goodwill resulting from the acquisition of consolidated subsidiaries has been capitalized and subjected to regular amortization. The goodwill that had been partially offset against reserves prior to the adoption of IAS – in accordance with the regulations of the German Commercial Code – has also been capitalized.

In accordance with IAS 40, which became effective on January 1, 2001, properties held as financial investments in the group of companies were for the first time stated at their fair value on this cut-off date. Valuation of such investment properties was performed at January 1, 2001, by recognized external property appraisers on the basis of the gross rental method for the computation of the fair value or the discounted cash flow (DCF) method for the computation of the respective current market value. For the properties of the Bau-Verein subgroup (see explanations below), valuation was performed on the first-time consolidation dates of July 1, 2001, December 31, 2001, and December 31, 2002. Value changes resulting from IAS conversion on January 1, 2001, were transferred to or offset against shareholders’ equity (revenue reserves), taking account of deferred taxes.

After adjustment for all associated income tax benefits, the costs of an equity capital transaction were recognized in the balance sheet as a deduction from shareholders' equity and offset against the capital reserve. These costs were fully reflected as expenses in the income statement of the HGB-compliant annual financial statements.

In addition, the percentage of completion (PoC) method pursuant to IAS 11 was applied to long-term construction contracts from January 1, 2002, onwards, because the companies in the TAG Group subsequently fulfilled the necessary prerequisites with respect to project controlling stipulated by the IAS regulations. IAS 11 allows realization of partial profits on long-term construction contracts by their percentage state of completion.

The balance sheet liability method of IAS 12 (Income Taxes) provides for the accrual of assets and liabilities resulting from future income tax benefits or burdens using the tax rate relevant for their expected realization; this also includes the obligation to recognize deferred tax assets generated through offsetting of tax-loss carryforwards and expected future profits, provided that their realization can be guaranteed with a sufficient degree of security.

Pension provisions were calculated using the accrued benefit present value method ("projected unit credit method"). The transitional amount in comparison with the pension provisions posted in the HGB-compliant balance sheet was recognized in the opening balance sheet at January 1, 2002, without affecting the income statement.

Derivative financial instruments (swap transactions) were recognized as assets or liabilities at their current market value on the balance sheet date. All changes in their current market value were posted as income or expenses in the income statement. The German Commercial Code (HGB) requires balance sheet recognition of pending transactions only if a loss is anticipated.

Foreign currency liabilities were translated on the basis of the selling exchange rate applicable at the balance sheet date. Foreign exchange differences arising on translation were recognized in the income statement.

In the answer to the question of whether a company is controlled within the meaning of IAS 27 and should thus be fully consolidated as a subsidiary in the consolidated financial statements, the existence of potential voting rights was also taken into account in accordance with SIC 33.

IMPLICATIONS OF THE TRANSITION TO IAS

In accordance with SIC 8, the transition to IAS was carried out under the assumption that the company had always prepared its annual financial statements in accordance with IAS. Due to extensive company acquisitions in fiscal 2001 and 2002, pro-forma consolidated financial statements were prepared for fiscal 2002 and 2001 in order to present meaningful figures for the previous year.

The implications as compared with the consolidated financial statements prepared in accordance with the German Commercial Code (HGB) for the fiscal year ending December 31, 2001, are shown below. The differences versus HGB presentation recorded on December 31, 2001, were transferred to or offset against shareholders' equity under revenue reserves or the capital reserve.

In the balance sheet, transition to IAS resulted in the following figures:

ASSETS	HGB 31.12.2001 € 000s	IAS 31.12.2001 € 000s
Intangible assets, tangible assets, properties held as financial investments, goodwill	14,806	112,806
Financial investments	52,272	4,332
Current assets and prepaid expenses	117,257	493,766
Deferred tax assets	0	6,493
Total	**184,335**	**617,397**

SHAREHOLDERS' EQUITY AND LIABILITIES	HGB 31.12.2001 € 000s	IAS 31.12.2001 € 000s
Shareholders' equity and minority interests	55,879	119,792
Non-recurrent item	162	0
Long-term liabilities	6,459	119,892
Short-term liabilities and deferred income	121,835	371,476
Deferred tax liabilities	0	6,237
Total	**184,335**	**617,397**

The main facts on which these changes are based are detailed below:

For the properties reported under "tangible assets" in the consolidated financial statements prepared in accordance with HGB, which are held to earn rentals or for capital appreciation, the hidden reserves contained in the properties in question must be disclosed through application of the fair value method and recognized in a separate balance-sheet item. This increases both the value of the properties recognized and the equity capital reported in the balance sheet. Future implications will result from income and expenses arising from value changes.

Goodwill from the capital consolidation of subsidiaries is capitalized pursuant to IAS 22 and amortized over a useful life of 20 years.

In accordance with IAS 22, companies acquired in the fiscal year under review are recognized at the value of the assets and liabilities transferred. In the consolidated financial statements, this leads not only to increased acquisition costs for the participations, but also to an increase in equity capital due to offsetting with the capital reserve.

Deferred tax assets and liabilities result from temporary differences between the IAS-compliant financial statements and the annual financial statements prepared in accordance with tax regulations.

The previous year's HGB-compliant earnings have been converted into IAS-compliant earnings as follows:

	2001 € 000s
Consolidated net annual income in accordance with HGB	3,868
Elimination of 2001 consolidated postings	2,574
Change in earnings at JUS	-2,449
Earnings of Bau-Verein, July 1 to December 31, 2001	-19,729
Capital appreciation of investment properties	374
Depreciation on tangible assets	357
Deferred taxes	-135
2001 consolidated postings	7,476
Other changes	-295
Consolidated earnings in accordance with IAS	-7,959

The changes in earnings at JUS result mainly from the increase in cost of materials and the reduction in income from financial assets. Capital appreciation of investment properties and deferred tax expenses were posted at € 597,000 and € 392,000, respectively.

In HGB-compliant earnings, Bau-Verein was not yet included in the consolidation group. Under IAS, however, the income statement of Bau-Verein was fully consolidated for a period of six months from July 1 to December 31, 2001.

In the 2001 consolidated postings, subsidiaries' income from investments of € 2,467,000 was eliminated. Goodwill amortization of € 1,035,000 was recognized. In addition, the figure includes the pro-rata loss of € 10,978,000 incurred by Bau-Verein that is attributable to minority interests.

CONSOLIDATION GROUP

The consolidated financial statements for the fiscal year ending December 31, 2002, include TAG and, as a general principle, all enterprises with business operations in which TAG is directly or indirectly entitled to exercise the majority of the respective company's voting rights. The enterprises are included in the consolidated financial statements from the date on which TAG obtained control.

Significant associated companies are recognized at equity.

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

The balance sheet date of all companies included in the consolidated financial statements is December 31, 2002. The joint overview of the Group's shareholdings pursuant to Sections 285, No. 11 and Section 313(2), No. 1 through 4 of the German Commercial Code (HGB) is submitted to the Commercial Register of the Munich Local Court. The enclosed overview of shareholding lists all significant subsidiaries included in the consolidated financial statements and the enterprises recognized at equity.

At December 31, 2002, TAG directly or indirectly held 100.00% of Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee (TGB), 99.58% of Feuerbachstr. 17/17 a AG & Co. KG, Leipzig, 98.00% of Kraftverkehr Tegernsee Immobiliengesellschaft mbH (KVT), Tegernsee, 93.57% of JUS Aktiengesellschaft für Grundbesitz (JUS), Berlin, 93.95% of Wohnen im Loft JUS AG & CO. oHG, Leipzig, 87.92% of Bau-Verein zu Hamburg Aktien-Gesellschaft (Bau-Verein), Hamburg, 66.66% (thereof only 49.49% voting stock) of AGP AG Allgemeine Gewerbebau- und Projektentwicklungs Aktiengesellschaft (AGP), Munich, and 49.98% of REAL Immobilien GmbH (REAL), Leipzig.

CAPITAL CONSOLIDATION PRINCIPLES

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

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

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

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

USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with IAS makes it necessary for the members of the Management Board and the managing directors of the consolidated enterprises to make assumptions and use estimates influencing the reported assets and liabilities, contingent liabilities at the balance sheet date and the reporting of expenses and income during the periods under review. The amounts actually recognized in future periods may deviate from these estimates.

COMPANY ACQUISITIONS

On the basis of a capital contribution agreement dated February 20, 2001, TAG acquired 75% (approximately € 1,342,000 in share capital, 105 shares) of **JUS Aktiengesellschaft für Grundbesitz** (JUS or JUS AG), Berlin, through a capital increase via a non-cash capital contribution in return for the issue of 500,000 non-par shares on April 3, 2001 (entry in the Commercial Register). The value of the shares issued came to € 27,500,000. In addition, direct acquisition costs of € 350,000 were paid in cash.

First-time consolidation, within the context of full consolidation pursuant to IAS 22, was implemented as an acquisition on April 1, 2001. This involved revaluation of the identifiable assets and liabilities of JUS on the basis of the acquired share in the company (IAS 22.32). The resulting difference between acquisition costs and pro-rata revalued assets and liabilities was recognized as goodwill in accordance with IAS 22.41 et seq. Regular goodwill amortization was effected as of April 1, 2001, using the straight-line method over an estimated useful life of 20 years (IAS 22.44 et seq.). The table below shows a breakdown of the purchase price:

	1.04.2001 € 000s
Tangible assets	14,995
Other fixed assets	635
Deferred tax assets	2,226
Inventories	33,188
Cash and cash equivalents	21,581
Other assets	4,121
Long-term liabilities	-8,385
Short-term and other liabilities	-66,895
Goodwill	26,384
Acquisition costs	**27,850**

In compliance with IAS (22.19), a total of 75% of the earnings of JUS AG were accounted for in the consolidated income statements of TAG as of April 1, 2002. At the same time, consolidation of JUS AG is included in the pro-forma information required by IAS for the year under review and the previous year (at the end of this chapter) as of January 1, 2001.

On February 20, 2001, the remaining shareholders of JUS and TAG had concluded an agreement that TAG would grant the sellers an irrevocable option (put option) to sell and transfer the JUS shareholdings held by them (35 shares, or 25%) to TAG in the period from January 1, 2002, to January 31, 2002. TAG could choose whether to pay the purchase price in cash or through issue of TAG shares.

Actual implementation of the option agreement was effected by means of a written agreement between the sellers and TAG dated February 7, 2002. According to this agreement, a total of 26 JUS bearer shares with a nominal value of € 12,782.30, corresponding to a total nominal value of approximately € 332,000 (18.57% of the share capital of JUS) were transferred to TAG. This took place via a non-cash capital increase involving the issue of 50,345 TAG shares with a value of € 2,064,000 and a cash component of € 1,278,000 paid on February 7, 2002. Further direct ancillary acquisition costs of € 77,000 were also incurred. Following this transaction, TAG now holds a total of 93.57% of the share capital of JUS AG. The capital increase of TAG was entered in the Commercial Register on April 25, 2002.

Since no business events of major significance occurred at JUS in the period from February 7, 2002, to April 25, 2002, the newly acquired 18.57% stake in JUS was fully consolidated as of March 31, 2002. Pursuant to IAS 22.36, successive acquisition of shares makes is necessary to individually value each significant transaction for the purpose of determining the goodwill or negative difference resulting from the respective transaction. Consequently, another revaluation of the pro-rata assets and liabilities of JUS was performed as of March 31, 2002. The table below shows the breakdown of the purchase price for the additionally acquired stake of 18.57%, with the resulting goodwill being treated in the same manner as described above:

	31.03.2002 € 000s
Investment properties	799
Tangible assets	677
Other fixed assets	145
Deferred tax assets	423
Inventories	10,199
Cash and cash equivalents	2,045
Other assets	2,687
Long-term liabilities	-4,612
Short-term and other liabilities	-11,670
Goodwill	2,726
Acquisition costs	**3,419**

As a result, 93.57% of the earnings generated by JUS is included in the consolidated income statements of TAG as of April 1, 2002.

On June 14, 2001, TAG took the first step towards the acquisition of **Bau-Verein zu Hamburg Aktien-Gesellschaft** (Bau-Verein), purchasing 769,998 shares within the context of a cash capital increase of € 8,470,000. Following this move, the share capital of Bau-Verein amounted to € 25,410,000, subdivided to 8,469,997 non-par shares. Following this transaction, TAG held a stake of 9.09% in Bau-Verein.

In a second step, completed financially on June 29, 2001, TAG acquired 1,990,874 Bau-Verein shares for a total price of € 28,051,000 in cash. Following this transfer, TAG held 2,760,872 shares, or a stake of 32.60%, in this company.

In a third step, TAG acquired 995,437 Bau-Verein shares through issue of 233,762 new TAG shares. The transfer became effective upon entry of the non-cash capital increase in the Commercial Register of TAG on July 12, 2001. Following this transaction, TAG held 3,756,309 shares, or a stake of 44.35%, in Bau-Verein.

Since TAG held further potential voting rights resulting from a call option (SIC 33) and was able to exercise de-facto control over the company, the 44.45% stake in Bau-Verein was fully consolidated as of July 1, 2001, for simplification reasons.

Direct ancillary acquisition costs for these acquisition steps amounted to € 541,000, which had to be paid in cash. Upon first-time consolidation, the pro-rata assets and liabilities of Bau-Verein were revalued pursuant to IAS 22, and the resulting difference was categorized as goodwill and will be amortized over 20 years using the straight-line method. The table below shows the breakdown of the purchase price.

	1.07.2001 € 000s
Investment properties	26,300
Other fixed assets	3,155
Deferred tax assets	1,979
Inventories	162,243
Receivables and other assets	17,166
Other assets	114
Bank liabilities	-135,885
Trade accounts payable	-7,870
Provisions	-8,729
Other liabilities	-12,607
Deferred tax liabilities	-814
Goodwill	1,828
Acquisition costs	**46,880**

In accordance with IAS 22, a total of 44.35% of the earnings generated by Bau-Verein are recognized in the consolidated income statements of TAG as of July 1, 2002. At the same time, the consolidation of Bau-Verein is included in the pro-forma information required by IAS for the year under review and the previous year as of January 1, 2001.

In a public takeover bid submitted on December 11, 2001, TAG offered Bau-Verein's shareholders the opportunity to swap their Bau-Verein shares against TAG shares in a ratio of 4.5 to 1. The offering period commenced on December 12, 2001, and ended on January 18, 2002. The takeover declaration became effective on January 25, 2002, with TAG receiving 2,695,185 Bau-Verein shares against delivery of 598,930 TAG shares. On the basis of the above-mentioned agreement, TAG moreover purchased a total of 995,437 Bau-Verein shares from the group of shareholders at a price totaling € 14,026,000 on January 25, 2002, within the context of a put option. The corresponding agreement with this group of shareholders contains further contractual provisions with respect to purchase price respite and various options. Further ancillary acquisition costs of € 4,967,000 were incurred within the context of this share purchase. Following this transaction, TAG held 7,447,931 shares, or a stake of 87.92%, in Bau-Verein.

Pursuant to IAS 22.36, successive acquisition of shares makes it necessary to individually value each significant transaction for the purpose of determining the goodwill or negative difference (negative goodwill) resulting from the respective transaction. Consequently, another revaluation of the pro-rata assets and shareholders' equity and liabilities of Bau-Verein was performed on January 1, 2002, for the newly acquired 43.57%. The table below shows the breakdown of the purchase price for the additionally acquired shares, with the resulting goodwill being treated in the same manner as described above:

	1.01.2002 € 000s
Investment properties	25,576
Other fixed assets	2,499
Deferred tax assets	1,877
Inventories	146,994
Receivables and other assets	19,774
Other assets	590
Bank liabilities	-133,607
Trade accounts payable	-2,897
Provisions	-10,468
Other liabilities	-13,990
Deferred tax liabilities	-681
Goodwill	8,150
Acquisition costs	**43.817**

As of January 1, 2002, 87.92% of the earnings generated by Bau-Verein are included in the consolidated income statements of TAG.

On the basis of an agreement dated June 20, 2002, TAG acquired 32.66% of the share capital (= 49.49% of the voting capital = 980 common shares) as well as all non-voting preference shares (= 1,020 shares = 34% of the company's share capital) of **AGP AG Allgemeine Gewerbebau und Projektentwicklungs AG** (AGP), Munich. TAG thus holds in 66.66% of AGP AG's share capital, with only 49.49% thereof being voting stock.

The purchase price was paid with € 695,000 in cash and through issue of 18,000 own shares held by TAG itself. In addition, direct ancillary acquisition costs of € 15,000 were incurred. Since TAG has a significant influence on but does not control AGP's financial and business policies, the participation is stated in the balance sheet at equity pursuant to IAS 28. In accordance with IAS 28.17, first-time accounting of shares held in associated enterprises must be posted in such a manner that acquisition costs are compared with the pro-rata net asset value of the acquired company, revalued on the basis of its current market value. Any resulting difference must be posted as goodwill, which is recognized in the balance sheet in accordance with IAS 22. For simplification reasons, first-time inclusion of the participation in the consolidated financial statements was implemented as of June 30, 2002. The table below shows a breakdown of the purchase price:

	30.06.2002 € 000s
Investment properties	7,093
Other fixed assets	9
Deferred tax assets	375
Other assets	182
Other liabilities	-5,751
Deferred tax liabilities	-863
Goodwill	314
Acquisition costs	**1,359**

Through an incorporation agreement dated November 25, 2002, Real Immobilien GmbH, Leipzig, was established, with TAG directly and indirectly holding a capital share of 49.98% (corresponding to share capital of € 990,000 on a consolidated basis). As this company did not commence business activities in fiscal 2002, equity consolidation was dispensed with.

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS 2001

The pro-forma income statement for the period from January 1 to December 31, 2001, presented below (pro-forma income statement 2001) shows the net assets, financial position and earnings situation of the TAG Group as calculated on the basis of full consolidation of JUS AG (75%) and Bau-Verein (44.35%) as of January 1, 2001 (instead of April 1, 2001, and July 1, 2001, respectively).

Changes in the balance sheet refer exclusively to goodwill computation. Under the assumption of first-time consolidation of Bau-Verein and JUS as of January 1, 2001, the goodwill after amortization at December 31, 2001 amounts to € 26,141,000.

PRO-FORMA INCOME STATEMENT 2001

	2001 € 000s
Revenues	169,177
Other operating income	6,060
Change in work-in-progress and finished-goods inventories	20,819
Other internally produced and capitalized assets	829
Cost of materials	-159,161
Personnel expenses	-9,748
Other operating expenses	-19,399
Amortization of intangible fixed assets and depreciation on tangible assets	-896
Revaluation of investment properties	116
Goodwill amortization	-1,389
Income from investments	1,253
Income from financial assets	-26,909
Earnings on ordinary business activities	-19,248
Income taxes	-2,434
Consolidated net annual income	-21,682
Profit share of minority shareholders	12,016
Net annual income	-9,666
Earnings per share (€), undiluted	-2.46

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS 2002

On the basis of full consolidation of JUS AG (93,57%) as of January 1, 2002 (instead of April 1, 2002), the net assets, financial position and earnings situation of the TAG would change only with respect to goodwill and the share in earnings attributable to minority shareholders. The goodwill of the JUS shareholding acquired in 2002 would be reduced by € 141,000 to € 2,584,000. As goodwill amortization would have to be calculated for the full fiscal year, however, goodwill amortization would increase by € 27,000 to € 129,000. In the income statement of the pro-forma annual financial statements, the loss would be increased by this amount. Addition of the imputed loss share attributable to minority shareholders for JUS in the first quarter of 2002 of € 190,000 would increase the loss further, by exactly this amount.

ACCOUNTING AND VALUATION METHODS

a. Properties held as financial investments (investment properties)

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

The fair values of the properties for the respective period under review were calculated by independent, externally recognized property appraisers from the beginning of the previous year's reporting period on January 1, 2001, mostly using the discounted cash flow (DCF) method or other recognized appraisal methods. Changes resulting from the transition to IAS on January 1, 2001, were transferred to shareholders' equity (revenue reserves), taking account of any deferred taxes (IAS 40.70).

The provisions of IAS 40 were also applied in the 2001 and 2002 pro-forma financial statements.

b. Tangible assets

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

c. Intangible assets

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

d. Goodwill

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

e. Financial assets

Participations in associated companies are carried at acquisition costs in accordance with IAS 28 in conjunction with IAS 39; other financial assets are stated at the lower of acquisition costs or fair value in accordance with IAS 39. Existing goodwill resulting from capital consolidation is recognized under "participations in associated companies" and posted in the balance sheet in accordance with the regulations of IAS 22.

f. Land available for sale and other inventories

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

Unfinished buildings subject to long-term construction contracts are recognized in accordance with IAS 11 from fiscal 2002 onwards, provided that the necessary prerequisites of the IAS regulations are fulfilled.

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

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

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

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

Application of IAS 11 as of January 1, 2002, must be classified as a change in accounting estimates pursuant to IAS 8. Due to the complex calculations required for the necessary data, quantification of the resulting earnings amount that would have been generated in the various preceding fiscal years has been dispensed with for economic reasons.

g. Receivables and other assets

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

h. Cash and cash equivalents

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

i. Deferred taxes

Annual income taxes are calculated on the basis of consolidated earnings, using uniform valuation methods.

Under the balance sheet liability method laid down in IAS 12, deferred income taxes are accrued only for temporary differences between the consolidated and tax balance sheet valuations of assets and liabilities, using a tax rate of approximately 40%.

Deferred tax assets resulting from tax-loss carryforwards are capitalized only to the extent to which future taxable income will be available for offsetting purposes within a foreseeable planning horizon and tax regulations permit loss utilization.

j. Pension provisions

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

k. Other long-term liabilities and provisions

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

l. Other liabilities

Other liabilities are generally stated at their repayment amount.

m. Expenses and income

Expenses and income for the fiscal year under review are recognized irrespective of whether they are cash-relevant or not. Proceeds from sale or lease are realized when the obligation or service owed has been fulfilled or provided, risk has passed and a reliable estimate of the amount of the expected counter-performance is possible. In addition, long-term construction contracts are posted in accordance with IAS 11 from January 1, 2002, onwards, in the manner already described above. If the necessary prerequisites are fulfilled, PoC-based recognition of income and expenses in the respective reporting periods is therefore effected on the basis of a project progress for which a profit can be expected.

Similarly, the regulations of IAS 40 (cf. also the explanations above) requiring recognition of properties held as financial investments (investment properties) at fair value make it necessary to state capital appreciation and impairment losses of properties as income or expenses in the consolidated income statements in the respective reporting period.

n. Contract costs for long-term construction contracts

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

o. Borrowing costs

Borrowing costs directly allocable to the acquisition, construction or production of an asset have been capitalized as acquisition or production costs pursuant to IAS 23. Capitalization of expenses ended when the asset was completed for its intended use or sale. For properties acquired for the purpose of development, but held without commencement of associated development or project management activities scheduled for the foreseeable future, borrowing costs incurred during this period have not been capitalized pursuant to IAS 23.22. Borrowing costs were capitalized for the first time as of January 1, 2002.

NOTES TO THE BALANCE SHEET

01 PROPERTIES HELD AS FINANCIAL INVESTMENTS (INVESTMENT PROPERTIES)

Pursuant to IAS 40, properties held over a long-term horizon to earn rentals or achieve capital appreciation must be classified as investment properties. Upon their addition to the portfolio, they must initially be recognized at their acquisition or production costs. In subsequent periods, these properties must be stated at fair value, with annual changes being reflected in the income statement as operating income or expenses. Pursuant to IAS 40, properties recognized at fair value are no longer subjected to regular depreciation.

The fair values of the properties for the respective period under review were calculated by independent, externally recognized property appraisers from the beginning of the previous year's reporting period on January 1, 2001, mostly using the discounted cash flow (DCF) method or other recognized appraisal methods. Changes resulting from the transition to IAS on January 1, 2001, were transferred to shareholders' equity (revenue reserves), taking account of any deferred taxes (IAS 40.70).

The table below shows the development of the property portfolio since January 1, 2001:

INVESTMENT PROPERTIES	€ 000s
Acquisition costs at 1.01.2001	15,475
Additions to consolidation group	59,254
Additions 2001	3,782
Change in fair value at 31.12.2001	316
At 31.12.2001	78,827
Withdrawals 2002	1,360
Reclassifications	1,942
Change in fair value at 31.12.2002	2,615
At 31.12.2002	82,024

In the year under review, € 56,733,000 (previous year: € 51,741,000) of the properties held as financial investments were secured by real-property liens. Significant contractual obligations to produce or develop the properties or carry out maintenance work did not exist at December 31, 2002.

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

INVESTMENT PROPERTIES	2002 € 000s	2001 € 000s
Rental income from investment properties	7,892	4,953
Operating expenses (maintenance expenses, building management etc.) for rented properties	6,044	2,237

02 TANGIBLE ASSETS

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

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

ESTIMATED USEFUL LIFE	Years
Buildings	50
Technical equipment and machinery	5 – 15
Other plants, operating and office equipment	5 – 10

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

TANGIBLE ASSETS ACQUISITION AND PRODUCTION COSTS	Properties with residential buildings € 000s	Properties with commercial buildings € 000s	Undeveloped land and buildings on third-party properties € 000s	Machinery € 000s	Operating and office equipment € 000s	Total € 000s
At 1.01.2001	0	0	0	540	365	905
Additions to consolidation group	958	20,438	195	2,176	2,154	25,921
Additions 2001	54	41	0	23	1,031	1,149
Withdrawals 2001	0	17,395	0	5	189	17,589
Reclassifications	0	0	0	0	-53	-53
At 31.12.2001	1,012	3,084	195	2,734	3,308	10,333
Additions 2002	0	0	62	48	301	411
Withdrawals 2002	0	0	52	20	649	721
Reclassifications	159	-135	0	0	0	24
At 31.12.2002	1,171	2,949	205	2,762	2,960	10,047

TANGIBLE ASSETS DEPRECIATION	Properties with residential buildings € 000s	Properties with commercial buildings € 000s	Undeveloped land and buildings on third-party properties € 000s	Machinery € 000s	Operating and office equipment € 000s	Total € 000s
At 1.01.2001	0	0	0	222	186	408
Additions to consolidation group	767	1,132	70	221	1,607	3,797
Additions 2001	60	185	0	51	253	549
Withdrawals 2001	0	491	0	70	154	715
Reclassifications	-6	0	0	130	0	124
At 31.12.2001	821	826	70	554	1,892	4,163
Additions 2002	107	119	2	142	411	781
Withdrawals 2002	0	0	52	20	557	629
Reclassifications	-856	-99	0	0	0	-955
At 31.12.2002	72	846	20	676	1,746	3,360
Book value 31.12.2002	1,099	2,103	185	2,086	1,214	6,687
Book value 31.12.2001	191	2,258	125	2,180	1,416	6,170

In addition, there are liens on the properties with residential buildings amounting to € 782,000 (previous year: € 180,000) and on the properties with commercial buildings amounting to € 4,211,000 (previous year: € 000s 4.225).

03 INTANGIBLE ASSETS

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

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

INTANGIBLE ASSETS ACQUISITION AND PRODUCTION COSTS	Concessions and similar rights and assets € 000s	Down-payments made on intangible assets € 000s	Total € 000s
At 1.01.2001	0	0	0
Additions to consolidation group	287	0	287
Additions 2001	35	0	35
At 31.12.2001	322	0	322
Additions 2002	22	70	92
Withdrawals 2002	135	0	135
At 31.12.2002	209	70	279

INTANGIBLE ASSETS AMORTIZATION	Concessions and similar rights and assets € 000s	Down-payments made on intangible assets € 000s	Total € 000s
At 1.01.2001	0	0	0
Additions to consolidation group	217	0	217
Additions 2001	25	0	25
At 31.12.2001	242	0	242
Additions 2002	51	0	51
Withdrawals 2002	132	0	132
At 31.12.2002	161	0	161
Book value 31.12.2002	48	70	118
Book value 31.12.2001	80	0	80

04 GOODWILL

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

The significant goodwill resulting from the capital consolidations in the years 2001 and 2002 within the context of the acquisition of JUS AG (addition in the year under review € 2,726,000, previous year: € 26,384,000) and Bau-Verein zu Hamburg AG (addition: € 8,150,000, previous year: € 1,828,000) have been reviewed for impairment at the respective balance sheet dates. This review did not indicate any reason for impairment loss recognition.

The acquisition of Feuerbachstr. 17/17a AG & Co. KG on December 31, 2000, resulted in negative goodwill. Owing to various changes in participations in the JUS AG subgroup, this negative goodwill increased to € 187,000 in the years 2001 and 2002. Following these changes in participations, TAG now holds a stake of approximately 99.6% in Feuerbachstr. 17/17a AG & Co. KG. In the year under review, the negative difference was dissolved with subsequent recognition in the income statement pursuant to IAS 22.61. The income resulting from dissolution of the negative goodwill is recognized under "other operating income" in the income statement.

GOODWILL/ACQUISITION COSTS	€ 000s
At 1.01.2001	0
Additions to consolidation group	826
Additions 2001	28,040
At 31.12.2001	28,866
Withdrawals from consolidation group	-173
Additions 2002	12,459
At 31.12.2002	41,152

GOODWILL/AMORTIZATION	€ 000s
At 1.01.2001	0
Additions to consolidation group	70
Additions 2001	1,067
At 31.12.2001	1,137
Additions 2002	1,968
At 31.12.2002	3,105
Book value 31.12.2002	38,047
Book value 31.12.2001	27,729

05 FINANCIAL ASSETS

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

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

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

The table below shows the development of financial assets in fiscal 2002, using opening balances in fiscal 2001 as a starting point:

FINANCIAL ASSETS ACQUISITION AND PRODUCTION COSTS	Shares in affiliated companies € 000s	Loans to affiliated companies € 000s	Partici-pations and cooperative shares € 000s	Loans to associated companies € 000s	Shares in associated companies € 000s	Total € 000s
At 1.01.2001	0	0	0	0	0	0
Additions to consolidation group	5,531	367	1,615	0	0	7,513
Additions 2001	324	8	639	0	0	971
Withdrawals 2001	2,479	13	1,564	0	0	4,056
Reclassifications	-25	0	0	0	0	-25
At 31.12.2001	3,351	362	690	0	0	4,403
Additions 2002	23	16	1,103	896	1,377	3,415
Withdrawals 2002	0	20	0	0	145	165
Reclassifications	41	0	-39	0	0	2
At 31.12.2002	3,415	358	1,754	896	1,232	7,655

FINANCIAL ASSETS AMORTIZATION	Shares in affiliated companies € 000s	Loans to affiliated companies € 000s	Partici-pations and cooperative shares € 000s	Loans to associated companies € 000s	Shares in associated companies € 000s	Total € 000s
At 1.01.2001	0	0	0	0	0	0
Additions to consolidation group	56	0	15	0	0	71
Additions 2001	0	0	294	0	0	294
Withdrawals 2001	0	0	294	0	0	294
Reclassifications	0	0	0	0	0	1
At 31.12.2001	56	0	15	0	0	71
Additions 2002	0	0	2	0	0	2
Withdrawals 2002	0	0	-611	0	0	-611
At 31.12.2002	56	0	628	0	0	684
Book value 31.12.2002	3,359	358	1,126	896	1,232	6,971
Book value 31.12.2001	3,295	362	675	0	0	4,332

06 DEFERRED TAX ASSETS

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

07 LAND AVAILABLE FOR SALE AND OTHER INVENTORIES

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

LAND AVAILABLE FOR SALE AND OTHER INVENTORIES	2002 € 000s	2001 € 000s
Properties and leasehold rights with finished buildings	314,825	330,629
Properties and leasehold rights with unfinished buildings	57,433	53,998
Other	63	55
Downpayments made (not PoC)	7,378	6,359
Total	**379,699**	**391,041**

Please see the following paragraphs for detailed explanations on the individual items.

08 LAND AVAILABLE FOR SALE

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

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

PROPERTIES AND LEASEHOLD RIGHTS WITH UNFINISHED BUILDINGS	2002 € 000s	2001 € 000s
At 1.01.	53,998	0
Additions to consolidation group	0	38,156
Additions	27,970	48,894
Withdrawals (charged to expenses in the income statement)	22,311	33,052
Reclassification	-2,224	0
At 31.12.	57,433	53,998
thereof secured with real-property liens	47,932	48,998

PROPERTIES AND LEASEHOLD RIGHTS WITH FINISHED BUILDINGS	2002 € 000s	2001 € 000s
At 1.01.	330,629	0
Additions to consolidation group	0	357,451
Additions	51,639	31,369
Withdrawals (charged to expenses in the income statement)	67,368	42,410
Reclassification	125	0
Impairment losses on net selling value	200	15,781
At 31.12.	314,825	330,629
thereof secured with real-property liens	314,799	330,599

Properties with a book value of € 1,519,000 (previous year: € 26,612,000) were recognized at their lower net selling value.

For projects based on long-term construction contracts and fulfilling the necessary prerequisites in this respect, the percentage of completion (PoC) method pursuant to IAS 11 was adopted from fiscal 2002 onwards. Under IAS 11, it is possible to realize partial profits for long-term construction contracts depending on their pro-rata state of completion. The reader is referred to our introductory remarks for the prerequisites that must be fulfilled in this respect and the classification. Pursuant to IAS 11.22, proceeds and cost associated with the individual construction contracts are stated as revenues and expenses depending on the percentage of completion recorded at the balance sheet date. IAS 11.36 stipulates that an expected loss resulting from a construction contract must immediately be charged to expenses in the period under review.

Properties with finished and unfinished buildings can be broken down as follows into those associated with long-term construction contracts within the meaning of IAS 11, for which the PoC method was used:

PROPERTIES AND LEASEHOLD RIGHTS WITH FINISHED AND UNFINISHED BUILDINGS	Work-in-progress 2002 € 000s	Finished goods 2002 € 000s
Long-term construction contracts (PoC)	3,485	0
Other	53,948	314,825
Total	57,433	314,825

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

PERCENTAGE OF COMPLETION (POC)	2002 € 000s
Contract revenues from PoC	10,285
Costs incurred for PoC (portfolio change)	-6,559
Profits realized from PoC (after deferred taxes)	1,071
Downpayments received for PoC properties	3,239
Amounts retained from PoC properties	0

In the year under review, borrowing costs of € 2,121,000 were capitalized for properties for the first time pursuant to IAS 23. The interest capitalized for the previous year would have amounted to approximately € 2,000,000.

09 OTHER INVENTORIES

Inventories mainly consist of raw materials and supplies.

10 RECEIVABLES AND OTHER ASSETS

Receivables and other assets are stated at nominal value less reasonable individual or flat-rate value adjustments. In the year under review, value adjustments amounted to € 1,428,000 (previous year: € 2,054,000). The table below shows a breakdown of receivables and other assets:

RECEIVABLES AND OTHER ASSETS	31.12.2002 € 000s	31.12.2001 € 000s
Trade receivables	32,989	47,427
Receivables from affiliated companies	48	1,221
Receivables from associated companies	4,173	3,627
Other assets	8,448	9,440
Total	**45,658**	**61,715**

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

MATURITY	2002 € 000s	2001 € 000s
Up to one year	45,607	61,659
One year to five years	51	56
More than five years	0	0
Total	**45,658**	**61,715**

11 CASH AND CASH EQUIVALENTS

The item “cash and cash equivalents”, which came to € 9,622,000 (previous year: € 40,809,000), includes checks, cash on hand and credit balances with banks. All cash and cash equivalents have maturities of less than one year.

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

12 PREPAID EXPENSES

Prepaid expenses of € 228,000 (previous year: € 201,000) mainly refer to the following items:

PREPAID EXPENSES	2002 € 000s	2001 € 000s
Insurance payments, membership dues etc.	229	158
Discount	0	43
Total	**229**	**201**

13 SUBSCRIBED CAPITAL

The share capital of the TAG Group at December 31, 2002, amounted to € 5,163,000 (previous year: € 2,793,000) and is subdivided into 5,162,661 non-par shares with equal voting rights (previous year: 2,792,500 non-par shares with equal voting rights).

In accordance with the resolution passed by the shareholders at the Annual General Meeting on August 30, 2001, the share capital was increased by € 599,000 to € 3,392,000 by means of a capital increase through issue of 598,930 non-par shares against non-cash contribution of Bau-Verein shares. Entry in the Commercial Register was effected on February 15, 2002.

In accordance with the resolution passed by the shareholders at the Annual General Meeting on August 30, 2001, the share capital was increased by a further € 50,000 to € 3,442,000 against non-cash contribution of JUS shares.

At the regular Annual General Meeting of TAG on June 25, 2002, the shareholders of TAG passed a resolution to reduce the share capital through redemption of a fully paid-in share at the expense of other revenue reserves, the goal being to smooth the share capital for a subsequent capital increase. At the same time, the Annual General Meeting passed a resolution requiring an increase in share capital of € 1,721,000 to € 5,163,000 using the company's own funds through conversion of a portion of the capital reserve. Entry in the Commercial Register was effected on July 9, 2002.

The Management Board has been authorized to increase the share capital subject to the Supervisory Board's approval in one or several tranches in the period until June 25, 2007, by a maximum amount of € 2,581,000 through issue of up to 2,581,330 non-par shares. The Management Board has been authorized to exclude shareholders' statutory subscription rights subject to the Supervisory Board's approval,

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

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

14 CAPITAL RESERVE

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

The resolution on the non-cash contribution of shares of Bau-Verein zu Hamburg Aktien-Gesellschaft and the acquisition of an additional stake in JUS AG (18.57%) increased the capital reserve by € 26,270,000, to € 97,777,000 (previous year: € 73,364,000). At the same time, the capital reserve was reduced by the amount covered by the resolution to increase the share capital by € 1,721,000 from the company's own funds.

15 REVENUE RESERVES

The change in revenue reserves of € 6,689,000 (previous year: € 6,689,000) can be seen from the enclosed statement of changes in shareholders' equity. The first-time preparation of annual financial statements in accordance with IAS at December 31, 2002, led to the transfer of earnings effects resulting from conversion to these accounting standards to revenue reserves as of January 1, 2001, without affecting net income.

16 MINORITY INTERESTS

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

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

MINORITY INTERESTS	2002 € 000s	2001 € 000s
JUS AG	-150	472
Bau-Verein	9,677	45,848
Other	6	21
Total	**9,533**	**46,341**

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

17 LONG-TERM LIABILITIES

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

LONG-TERM LIABILITIES	2002 € 000s	2001 € 000s
Liabilities due to banks	108,438	115,780
Provisions for pension plans and similar obligations	2,413	2,511
Other long-term liabilities	1,391	1,601
Total	**112,242**	**119,892**

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

MATURITY – LONG-TERM LIABILITIES DUE TO BANKS	2002 € 000s	2001 € 000s
One to five years	63,142	46,659
More than five years	45,296	69,121
Total	**108,438**	**115,780**

In addition, short-term liabilities also include liabilities due to banks of € 267,163,000 (previous year: € 281,831,000).

Of these total liabilities due to banks (long-term and short term: € 375,601,000 (previous year: € 397,611,000)), € 33.594.000 (previous year: € 34.513.000) have been secured by pledging of shares. Liabilities due to banks are reported at their repayment amount. Any differences between the paid-out amount and the repayment amount (premium, discount) are recognized in the income statement or amortized. Pro-rated accrued interest is reported together with the respective liabilities.

18 PROVISIONS FOR PENSION PLANS AND SIMILAR OBLIGATIONS

The table below shows the development of provisions for pension plans and similar obligations in fiscal 2002, using opening balances in fiscal 2001 as a starting point:

PENSION PROVISIONS	€ 000s
Opening balance at 1.01.2001	0
Change in consolidation group	2,544
Withdrawals	202
Additions	169
At 31.12.2001	2,511
Withdrawals	233
Additions	135
At 31.12.2002	2,413

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

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

	31.12.2002	31.12.2001
Adjustment amount resulting from undocumented actuarial gains	€ 0	€ 0
Imputed interest rate	5.75%	5.75%
Projected salary increases of currently working employees with vested pension rights	2.00 – 3.00%	2.00 – 3.00%
Pension age	Pursuant to Social Security Code VI	

The maturity structure of pension obligations is as follows:

MATURITY	2002 € 000s	2001 € 000s
Up to one year	269	275
One to five years	1,074	1,100
More than five years	1,070	1,136

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

	31.12.2002 € 000s	31.12.2001 € 000s
Expenses for pension rights vested in the year under review	2	2
Interest costs	145	117
Pension expenses in the period under review	147	119

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

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

	2002 € 000s	2001 € 000s
Opening balance at January 1	2,511	0
Change in consolidation group	0	2,544
Pension expenses	147	119
Pension payments	-245	-152
Closing balance at December 31	2,413	2,511

19 OTHER LONG-TERM LIABILITIES – OTHER PROVISIONS

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

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

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

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

DEVELOPMENT OF OTHER LONG-TERM LIABILITIES – OTHER PROVISIONS	€ 000s
At 1.01.2001	182
Change in consolidation group	883
Withdrawals	270
Additions	806
At 31.12.2001	1,601
Withdrawals	460
Additions	250
At 31.12.2002	1,391

The maturity structure of this item is as follows:

MATURITIES	2002 € 000s	2001 € 000s
One to five years	666	774
More than five years	725	827
Total	**1,391**	**1,601**

20 SHORT-TERM LIABILITIES

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

SHORT-TERM LIABILITIES	2002 € 000s	2001 € 000s
Downpayments received for orders (excluding PoC)	5,592	5,584
Trade accounts payable	36,381	21,905
Liabilities resulting from the acceptance of drawn bills or the drawing of own bills	0	12,328
Liabilities due to affiliated companies	813	695
Liabilities due to associated companies	6,277	12,464
Liabilities due to banks	267,163	281,831
Tax provisions	2,117	3,357
Other short-term liabilities	24,370	33,279
Total	**342,713**	**371,443**

21 TAX PROVISIONS

Tax provisions include provisions for current income tax liabilities and for other taxes. Current income tax provisions are netted against corresponding tax refund claims if the prerequisites of IAS are fulfilled. The table below shows the development of tax provisions in the year under review, using the changes in fiscal 2001 as a starting point:

TAX PROVISIONS	€ 000s
Opening balance at 1.01.2001	211
Change in consolidation group	6,696
Withdrawals	4,178
Retransfers	224
Additions	852
At 31.12.2001	3,357
Withdrawals	1,361
Retransfers	12
Additions	133
At 31.12.2002	2,117

Provisions are mainly accounted for by the following companies:

	2002 € 000s	2001 € 000s
TAG	0	43
JUS AG	170	463
Bau-Verein	1,944	2,850
Other group companies	3	1
Total	**2,117**	**3,357**

Tax assessments for several years are still outstanding for a number of group companies. For some of these currently not yet fully assessed years, tax audits have already been initiated. The management believes that the Group has made sufficient provisions for potentially incurred tax payments for these still unassessed years. In addition, some companies still have corporate tax credits from previous years that will reduce their corporate tax burden in future profit distribution. Due to the most recent changes in tax legislation, however, these corporate tax credits cannot be utilized in the next three assessment periods.

22 OTHER SHORT-TERM LIABILITIES

The table below shows the most important items of other short-term liabilities:

OTHER SHORT-TERM LIABILITIES	2002 € 000s	2001 € 000s
Outstanding costs of properties sold	9,813	14,539
Liabilities due to associated companies	6,777	12,464
Downpayments received on orders (not PoC)	5,592	5,984
Other provisions	4,154	3,997
Tax liabilities	3,375	5,995
Rent guarantees	3,130	5,043
Repair of defects	1,314	1,101
Liabilities resulting from the settlement of properties sold	965	11
Liabilities due to affiliated companies	813	695
Financial derivatives	659	456
Litigation risks	555	522
Security deposits	157	157
Customers with credit balance	144	86
Bills payable	0	12,328
Other liabilities	104	81
Liabilities due to other creditors	0	851
Interest accruals and deferrals	0	440
Total	**37,052**	**64,350**

23 DEFERRED TAX LIABILITIES

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

24 CONTINGENT LIABILITIES AND FINANCIAL OBLIGATIONS

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

Contingent liabilities in the TAG Group consist of warranty obligations of € 50,733,000 (previous year: € 35,472,000).

Apart from provisions, liabilities and contingent liabilities, other financial obligations consist of the following items:

OTHER FINANCIAL OBLIGATIONS	2002 € 000s	2001 € 000s
Rent guarantees	2,658	8,692
Rents for business premises	417	1,049
Leasing	88	176
Total	**3,163**	**9,917**

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

25 REPORTING ON FINANCIAL INSTRUMENTS

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

Significant derivative financial instruments were used by one company in the TAG Group in both the year under review and the previous year. In this context, a cross-currency-interest-rate swap with a maturity of 5 years was concluded with a bank in 2002, in which the group company committed itself to paying a pre-defined interest rate on an amount in foreign currency (CHF 15,833). At the same time, interest is credited to the company on an amount of € 10,226,000 depending on a variable basis of calculation. Interest statements are prepared at regular intervals, and at the end of the maturity period, the swapped capital amounts are netted against each other and the difference is credited or debited to the affiliated company. To hedge the currency risk resulting from the swap transaction, the affiliated company intends to use corresponding hedging instruments in 2003.

The following amounts are recognized in the consolidated income statement:

INCOME-STATEMENT ITEM	2002 € 000s	2001 € 000s
Other operating expenses	-203	-265
Interest income	343	172
Interest expenses	-474	-237
Total	**-334**	**-330**

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

NOTES TO THE INCOME STATEMENT

26 REVENUES

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

In addition, long-term construction contracts are recognized in the balance sheet in accordance with IAS 11 (percentage-of-completion method – PoC) from January 1, 2002 onwards – as has already been described above. If the necessary prerequisites are fulfilled, this method requires pro-rata statement of proceeds and costs recorded in the respective period under review as revenues and expenses in accordance with the state of completion recorded. IAS 11.36 requires immediate recognition of expected losses resulting from construction contracts in the period under review. Application of IAS 11 from January 1, 2002, onwards must be classified as a change in accounting estimates. Due to the complex calculations required for the necessary data, quantification of the resulting earnings amount that would have been generated in the various preceding fiscal years has been dispensed with for economic reasons.

Revenues can be broken down as follows:

REVENUES	2002 € 000s	2001 € 000s
Revenues from sale of properties	100,563	110,486
Rental income	29,332	19,730
Increase/decrease in long-term construction contracts (PoC)	10,825	0
Sales deductions	-165	-1,445
Other	1,836	171
Total	**142,391**	**128,942**

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

RENTAL INCOME	2002 € 000s	2001 € 000s
Rental income from investment properties	7,892	4,953
Other rental income from current-asset properties	21,440	14,777
Total	**29,332**	**19,730**

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

27 OTHER OPERATING INCOME

The table below shows a breakdown of other operating income:

OTHER OPERATING INCOME	2002 € 000s	2001 € 000s
Other	920	163
Income from retransfer of provisions	866	1,719
Release of a pledge	750	0
Income from previous years	705	39
Other reimbursements	313	1,116
Investment subsidies	281	0
Pension fund	148	206
Profits from asset divestitures	53	10
Reimbursement of personnel and office expenses	10	8
Income from write-ups	0	2,480
Total	**4,046**	**5,741**

28 CHANGE IN WORK-IN-PROGRESS INVENTORIES

The table below shows the change in work-in-progress inventories:

CHANGE IN WORK-IN-PROGRESS INVENTORIES	2002 € 000s	2001 € 000s
Change in work-in-progress inventories	12,211	15,843
Change in work-in-progress inventories (PoC)	-6,559	0
Total	**5,652**	**15,843**

29 OTHER INTERNALLY PRODUCED AND CAPITALIZED ASSETS

Other internally produced and capitalized assets of € 1,653,000 (previous year: € 389,000) are mainly comprised of overheads incurred that can be directly allocated to individual properties.

30 COST OF MATERIALS

The table below shows a breakdown of cost of materials:

COST OF MATERIALS	2002 € 000s	2001 € 000s
Expenditure for properties held for sale and for long-term construction contracts (PoC method)	18,703	0
Expenditure for properties held for sale – other	71,915	117,294
Expenditure for services purchased – other	9,608	9,802
Expenditure for investment properties	6,044	2,237
Other	0	290
Total	**106,270**	**129,623**

31 PERSONNEL EXPENSES

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

PERSONNEL EXPENSES	2002 € 000s	2001 € 000s
Wages, salaries and other remuneration	7,756	5,269
Pension expenses	159	105
Social security contributions	1,176	877
Total	**9,091**	**6,251**

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

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

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

At December 31, 2002, the number of employees in the TAG Group stood at 150 (previous year: 173). The average number of employees during fiscal 2002 was 162 (previous year: 176).

32 OTHER OPERATING EXPENSES

The table below shows a breakdown of other operating expenses:

OTHER OPERATING EXPENSES	2002 € 000s	2001 € 000s
Administrative expenses	4,286	2,422
Legal, consulting and auditing fees	3,314	1,467
Rental and leasing expenses	2,656	1,444
Other	1,753	1,593
Write-downs on receivables	1,087	1,861
Other taxes	868	487
Credit procurement fees	848	663
General administrative expenses	827	378
Cost allocation	440	189
Project costs	369	105
Other employee-related expenses	362	199
Vehicle expenses	335	205
Non-recoverable taxes	333	174
Additions to provisions	177	651
Other	88	244
Losses from asset divestitures	0	1,413
Costs incurred for capital increase	0	171
Total	**17,743**	**13,666**

33 DEPRECIATION AND AMORTIZATION – EXCLUDING GOODWILL AMORTIZATION

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

Depreciation and amortization can be broken down as follows:

DEPRECIATION AND AMORTIZATION – EXCLUDING GOODWILL AMORTIZATION	2002 € 000s	2001 € 000s
Amortization of intangible assets	51	25
Depreciation on tangible assets		
– buildings	228	245
– technical equipment and machinery	142	51
– other plants, operating and office equipment	411	253
Total	**832**	**574**

34 REVALUATION OF INVESTMENT PROPERTIES

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

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

REVALUATION OF INVESTMENT PROPERTIES	2002 € 000s	2001 € 000s
JUS AG	2,961	597
Bau-Verein	-800	-654
TAG	10	213
TBG	453	154
KVT	-9	6
Total	**2,615**	**316**

35 GOODWILL AMORTIZATION

Goodwill from the acquisition of consolidated subsidiaries is regularly amortized in accordance with IAS 22 over a period of 20 years using the straight-line method, taking account of the strategic significance of the acquisition as well as the factors influencing its useful life. Additions during the fiscal year were amortized on a pro-rata-temporis basis. Goodwill items are regularly reviewed for impairment (impairment test). If signs of a decline in value emerge, extraordinary impairment losses on the recoverable amount must be are recognized. As was already explained in the Notes to the balance sheet, no impairment losses had to be recognized at the TAG Group level in the fiscal year under review and the previous year.

The increase in goodwill amortization results from the acquisitions undertaken in fiscal 2002 and first-time inclusion of full-year amortizations of acquisitions undertaken in fiscal 2001.

The table below provides a breakdown of goodwill amortization:

GOODWILL AMORTIZATION	2002 € 000s	2001 € 000s
JUS AG	1,421	989
Bau-Verein	499	46
From JUS AG subgroup	48	32
Total	**1,968**	**1,067**

36 INCOME FROM INVESTMENTS

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

INCOME FROM INVESTMENTS	2002 € 000s	2001 € 000s
Income from associated companies and participations	247	1,564
Income from other securities and loan receivables related to long-term financial assets	41	145
Income from earnings transfer agreements	415	28
Write-downs on financial assets	-2	-294
Expenses related to earnings transfer agreements	0	-190
Total	**701**	**1,253**

37 INCOME FROM ASSOCIATED COMPANIES

Participations in enterprises over which the Group has significant influence and which must be consolidated at equity account for a negative contribution to income from financial assets of € 145,000 (previous year: € 0).

38 INCOME FROM FINANCIAL ASSETS

Other income from financial assets consists of the following items:

INCOME FROM FINANCIAL ASSETS	2002 € 000s	2001 € 000s
Interest and similar expenses	-23,437	-18,368
Interest and similar income	4,577	1,417
Total	**-18,860**	**-16,951**

The increase in interest expenses and income in comparison with the previous year mainly results from inclusion of Bau-Verein in the consolidated income statement for the entire fiscal year from January 1 to December 31 (previous year: July 1 to December 31).

39 INCOME TAXES

Income taxes can be broken down as follows:

INCOME TAXES	2002 € 000s	2001 € 000s
Current taxes	-56	-1,837
Other deferred taxes	-464	-1,053
Deferred taxes on investment properties	-1,048	-122
Total	**-1,568**	**-3,012**

In this context, expenses for other deferred taxes consist of the following items:

EXPENSES FOR OTHER DEFERRED TAXES	2002 € 000s	2001 € 000s
Sale of properties	529	0
Provisions	-479	1,396
Tax-loss carryforwards	3,532	-1,770
Valuation of other properties	-2,746	-1,466
Temporary differences	-1,300	787
Total	**-464**	**-1,053**

Pursuant to IAS 12, deferred taxes must be calculated using the statutory tax rates applicable at the time when temporary differences are likely to be equalized. The implications of changes in tax legislation on both deferred tax assets and deferred tax liabilities are recognized in the income statement in the period in which the change takes effect. Computation of deferred taxes for still unutilized tax-loss carryforwards are based on a foreseeable period of two years, if the underlying tax conditions applying to the individual group companies are uncertain. In addition, the increasingly restrictive tax regulations limiting the utilization of tax-loss carryforwards in the individual companies have been taken into account.

In the taxation of corporations, a uniform corporate income tax rate of 25% applies in Germany for the years 2001 and 2002 for both distributed and retained profits (the so-called “Halbeinkünfteverfahren”, or half-income method). For periods prior to January 1, 2001, the old “Anrechnungsverfahren” (crediting method) still applied to corporate income tax. The transition from the crediting to the half-income method resulted in corporate tax credits in a number of group companies, which will reduce the income tax payable on future distributions. A distribution-related tax reduction or increase will lead to recognition of a tax asset or liability only when the distribution obligation must be stated under liabilities, too, i.e. when a distribution resolution has been passed.

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

The table below shows the conversion from HGB-compliant tax expenditure to the actual tax expenditure.

ACTUAL TAX EXPENDITURE	2002 € 000s	2001 € 000s
Earnings before income taxes	2,622	-4,947
Estimated tax benefit	-1,049	1,979
Excluding tax-loss carryforwards	-3,708	-9,010
Non-tax-deductible goodwill amortization	1,621	1,007
Balance of income tax expenditure fiscal year	56	1,837
Deferred taxes	1,512	1,175
Actual tax expenditure	**-1,568**	**-3,012**

The table below shows the tax-loss carryforwards still available in the Group and the resulting deferred taxes.

TAX-LOSS CARRYFORWARDS	2002 € 000s	2001 € 000s
2001	52,637	52,637
2002	10,459	0
Total	**63,096**	**52,637**
Thereof not utilized	34,600	27,400

From the period prior to the integrated inter-company relationship, Bau-Verein has tax-loss carryforwards of approximately € 30,000,000 that cannot yet be utilized.

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

DEFERRED TAX ASSETS AND LIABILITIES	2002 € 000s	2001 € 000s
Deferred tax assets		
Tax-loss carryforwards	5,374	1,842
Provisions for impending losses	1,454	1,934
Temporary tax differences	0	914
Investment properties	567	0
Currency translation	120	902
Other tax assets	49	901
Total	**7,564**	**6,493**
Deferred tax liabilities		
Investment properties	6,764	4,687
Other tax liabilities	2,056	1,550
Total	**8,820**	**6,237**

The maturities of deferred taxes present the following picture:

MATURITIES	2002 € 000s	2001 € 000s
Short-term deferred tax assets up to one year	5,374	2,756
Long-term deferred tax assets	2,190	3,737
Total deferred tax assets	**7,564**	**6,493**
Short-term deferred tax liabilities up to one year	1,333	1,332
Long-term deferred tax liabilities	7,487	4,905
Total deferred tax liabilities	**8,820**	**6,237**

40 MINORITY SHAREHOLDERS' PROFIT AND LOSS SHARES

The table below shows the profit shares attributable to minority shareholders in fiscal 2002:

MINORITY SHAREHOLDERS' PROFIT AND LOSS SHARES	2002 € 000s	2001 € 000s
Bau-Verein	123	-10,979
JUS AG	-190	0
From JUS AG subgroup	-276	631
Feuerbach	0	2
From Bau-Verein subgroup	14	-355
Other	1	0
Total	**-328**	**-10,701**

EARNINGS PER SHARE

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

In the year under review, the number of shares outstanding changed due to various capital increase measures, the issue of bonus shares and buy-backs of own shares.

	2002	2001
Consolidated earnings	€ 000s 1,054	€ 000s -7,959
Number of shares outstanding[1)]	5,047,080	3,927,913
Basic (undiluted) earnings per share	€ 0.21	€ -2.03

[1)] The number of shares outstanding in fiscal 2001 was adjusted after the issue of bonus shares (capital increase from retained earnings) to ensure comparability.

SEGMENT REPORTING

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

Railway infrastructure:

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

Building management (residential and commercial properties):

Apart from TAG, Bau-Verein, JUS and KVT are responsible for activities in the building management segment. They manage residential and commercial properties in Tegernseer Tal and the cities of Leipzig, Berlin, Hamburg and Munich.

Construction:

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

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

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

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

RELATIONSHIPS WITH AFFILIATED COMPANIES OR PERSONS

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

Affiliated companies

On the basis of a purchase agreement dated June 28, 2002, AGP, which is represented in the financial statements as an associated company, acquired a property including inheritable buildings rights from the fully consolidated company KVT and from TAG at a purchase price of € 1,339,000. This transaction entailed neither a profit nor a loss at the consolidated level.

In addition, a project development and collaboration agreement was concluded with AGP on September 1, 2001. In fiscal 2002, this agreement resulted in payments of € 142,000 to AGP (previous year: € 47,000).

On the basis of the Supervisory Board's resolutions passed in March 2001 and December 2002, Prof. Dr. Ronald Frohne, a member of the Supervisory Board, the partners associated with him in the professional firm of Noerr Stiefenhofer Lutz (Attorneys, Public Accountants and Tax Consultants) and Treuhand Aktiengesellschaft für Handel und Industrie Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (THI AG), in which Prof. Dr. Ronald Frohne is a member of the Management Board, were given approval for the provision of legal advice to the TAG Group pursuant to Section 114 German Stock Corporation Act (AktG). In 2002, payments of € 281,000 (previous year: € 164,000) were made to the above-mentioned professional firm and to THI AG.

Prof. Dr. Ronald Frohne continues to be a shareholder of Albert Asmussen & Co. KG. On the basis of various service and consulting agreements concluded with TAG, a number of due-diligence reviews were assigned to Albert Asmussen & Co. KG in 2001. In 2002, payments of € 44,000 (previous year: € 151,000) were made to this company. These payments referred exclusively to previously advanced directly allocable costs billed without profit surcharges. Albert Asmussen & Co. KG did not make any profit on these assignments, and Prof. Dr. Frohne consequently did not derive any benefit from them.

Associated persons

On the basis of a lease agreement dated December 3, 2000, Dr. Lutz R. Ristow, the Chairman of the Supervisory Board, has sublet offices in Hamburg to TAG for the period until December 31, 2002. In 2002, this agreement resulted in expenses of € 35,000 (previous year: € 35,000) for the company.

In the years 2000 and 2001, Dr. Ristow performed extensive services for TAG in the field of corporate acquisition. Under a contractual agreement, Dr. Ristow is entitled to a contingent remuneration of 3% of the transaction volume for the intermediation of JUS and Bau-Verein. To facilitate the acquisition of a majority interest in Bau-Verein, Dr. Ristow assumed personal liability without consideration for an amount of € 14,000,000 on the basis of a stock purchase agreement.

Dr. Ristow received a monthly remuneration plus special payment for his time-consuming and extensive activities performed for TAG on the basis of a contract for services in 2002. These activities exceed the scope of responsibilities assigned to the Chairman of the Supervisory Board. Payments of € 715,000 (previous year: € 187,000) were made.

To facilitate the acquisition of housing estates by GbR Bölitz-Ehrenberg, Dr. Ristow assumed unlimited personal liability for a loan with a volume of € 12,271,000. In return, the above-mentioned company constituted under German civil law (GbR) paid a guaranty commission of 4.16% to the Chairman of the Supervisory Board, which was paid out in the fiscal years 2001 and 2002.

LURIS AG, Hamburg, in which Dr. Ristow's wife is a member of the Management Board, holds the remaining shares of 6.43% in JUS AG. For 2001 and 2002, LURIS AG has waived all profit and dividend rights resulting from JUS AG.

In an agreement concluded on December 10, 2001, the Deputy Chairman of the Supervisory Board, Mr. Rolf Hauschildt, committed himself to buying 39,000 of the own shares held by TAG itself by June 30, 2002, unless TAG was able to sell or utilize these shares at a higher value than their acquisition costs. On June 28, 2002, Mr. Hauschildt therefore bought 21,000 TAG shares not utilized by the company at a purchase price of € 1,016,000. A residual block of 51,000 own shares was also acquired by Mr. Hauschildt at a purchase price of € 626,000 in early December 2002.

As a member of the Management Boards of TAG and JUS, Michael Haupt manages an intercompany clearing account, from which he receives 7% interest per annum. On the value date of December 31, 2002, this clearing account had a balance of € 8,000 (previous year: € 850,000), and Mr. Haupt received interest payments of € 1,000 (previous year: € 28,000).

Members of the Management and Supervisory Boards made marketable TAG shares available via an interest-free lending transaction within the context of the offer to swap TAG shares against Bau-Verein shares.

TOTAL REMUNERATION RECEIVED BY THE SUPERVISORY AND MANAGEMENT BOARDS

The total remuneration received by the members of the Supervisory Board amounted to € 41,000 (previous year: € 41,000); the exclusively fixed total remuneration of the members of the Management Board amounted to € 332,000 (previous year: € 268,000). No variable remuneration was paid to the members of the Management Board.

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

EVENTS AFTER THE CLOSE OF THE FISCAL YEAR

Post-balance-sheet events with particularly negative or positive effect on the net assets, financial position and earnings situation presented in the annual financial statements occurred after the balance sheet date:

In January 2002, a cash capital increase with exclusion of shareholders' subscription rights was implemented and 500,000 shares were issued. Hamburgische Landesbank subscribed 400,000 of these shares. This transaction has increased the share capital of TAG to € 5,663,000.

This report contains various forward-looking statements referring to future business trends. These statements are based on carefully made assumptions. Due to the residual risks and uncertainties, no guarantee can be assumed that these statements will prove correct in their entirety or individually.

OTHER INFORMATION

SUPERVISORY BOARD

Members of the Supervisory Board and offices held by them in fiscal 2002

Dr. Lutz R. Ristow, Hamburg, Business Management Graduate (Chairman)

Supervisory board offices held:

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

Offices held in comparable German and international corporate governance bodies:

- Knowledge House Inc., Halifax, Canada (until 05.02)
- REG Real Estate Group, Zurich
- REAL Immobilien GmbH, Leipzig

Rolf Hauschildt, Düsseldorf, Banking Officer (Deputy Chairman)

Supervisory board offices held:

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

Offices held in comparable German and international corporate governance bodies:

- Rheinische Bio Ester GmbH & Co.KG, Neuss

Prof. Dr. Ronald Frohne, Berlin, Attorney and Public Accountant

Supervisory board offices held:

- 8 sens Biognostic AG, Berlin
- Eckert & Ziegler Medizintechnik AG, Berlin
- Würzburger Versicherungs-AG, Würzburg
- Filmboard Berlin-Brandenburg GmbH, Potsdam
- TELLUX-Beteiligungsgesellschaft mbH, Munich
- Scholz & Friends AG, Berlin
- Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee

Offices held in comparable German and international corporate governance bodies:

- AGICOA, Geneva
- Mc Donald's Deutschland Inc., Munich
- CAB, Copenhagen

Prof. Dr. Stephan Breidenbach, Berlin, University Professor

Supervisory board offices held:

- Tegernsee-Bahn Betriebsgesellschaft mbH, Tegernsee

MANAGEMENT BOARD

Members of the Management Board and offices held by them in fiscal 2002

Olaf G. Borkers, Hamburg, Business Management Graduate

Supervisory board offices held:

- ClanSailing AG, Hamburg

Michael Haupt, Berlin, Attorney

Supervisory board offices held:

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

Offices held in comparable German and international corporate governance bodies:

- REAL Immobilien GmbH, Leipzig

Tegernsee, April 11, 2003
TAG Tegernsee Immobilien- und
Beteiligungs-Aktiengesellschaft

Michael Haupt   Olaf G. Borkers

AUDITORS' CERTIFICATE

AUDITORS' CERTIFICATE

We have audited the consolidated financial statements, comprising the balance sheet, the income statement, the statements of changes in shareholders' equity and cash flows as well as the notes to the financial statements, prepared by TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft, Tegernsee, for the fiscal year from January 1 to December 31, 2002. The preparation and the content of the consolidated financial statements are the responsibility of the Company's executive board. Our responsibility is to express an opinion whether the consolidated financial statements are in accordance with International Accounting Standards (IAS) based on our audit.

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

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

Our audit, which also extends to the group management report prepared by the executive board for the fiscal year from January 1 to December 31, 2002, has not led to any reservations. In our opinion, the group management report on the whole provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the fiscal year from January 1 to December 31, 2002, satisfy the conditions required for the Company's exemption from its obligation to prepare consolidated financial statements and a group management report in accordance with German law.

Hamburg, April 14, 2003
Schröder, Nörenberg + Partner GmbH
Wirtschaftsprüfungsgesellschaft

H. Schröder
German Public Auditor

FINANCIAL CALENDER

May 8, 2003	Annual press conference in Frankfurt/Main
May 8, 2003	Analysts' meeting in Frankfurt/Main
May 2003	1st quarter report
July 8, 2003	Annual stockholders' meeting at "Curiohaus", Hamburg
August 2003	2nd quarter report
November 2003	3rd quarter report

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