



TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft

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Immobilien- und Beteiligungs-Aktiengesellschaft

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Interim report on the year to September 30, 2004

- **TAG continuing turnaround in the third quarter of 2004. Q3 revenues of EUR 29.3 million, up 32% on the previous year (EUR 22.2 million)**
- **Increase in consolidated revenues from EUR 67.6 million to EUR 75.6 million (up 11.8 %)**
- **Consolidated net income of EUR 1,0 million achieved thus reversing the year-ago of EUR 13.3 million**



Business performance

Dear shareholders and business associates,

The German economy slipped back into stagnation in the third quarter. Against this backdrop, it is all the more encouraging for TAG to be able to report that it continued its turnaround, closing the quarter with a profit for the third consecutive time.

TAG stock

Unfortunately, the stock failed to continue the upward course of the first half of 2004 in the third quarter, dropping by EUR 7.90 to EUR 6.50 by the end of the third quarter of 2004. Equity per TAG share on the Group level stood at EUR 17.04 on September 30, 2004. Following the successful completion of the turnaround, we now expect to see stimulus for the stock.

Bau-Verein zu Hamburg AG

The Bau-Verein Group generated revenues of EUR 49.9 million in the year to September 30, 2004, up from EUR 47.8 million in the year-ago period. On an encouraging note, revenues in the third quarter of 2004 rose from EUR 15.0 million one year earlier to EUR 17.0 million. The sum total of personnel expenses and borrowing costs improved again in the year to September 30, 2004. In the third quarter of 2004, Bau-Verein zu Hamburg AG entered negotiations to restructure its liabilities and to optimize its loan structures. These talks were successfully completed at the end of October 2004. In the Hamburg Hafen-City project, the Company continued to sell apartments successfully following the completion of a model apartment in the "Dock 4" building.

JUS AG

In the first nine months of the year, the JUS Group achieved revenues of EUR 24.5 million, up from EUR 18.6 million in the same period one year earlier. Borrowing costs also improved, shrinking from EUR -4.9 million in the previous year to EUR -4.6 million. JUS AG is very satisfied with the progress being made in selling "Schokoladen-Palais" in Leipzig, which is currently its largest project. At this stage, the Company is engaged in negotiations with interested investors concerning modified parameters for the "Stuttgart-Südtor" project. JUS AG expects the project to be completed in fiscal 2005.

Assets

The TAG Group's total assets are valued at EUR 620.1 million, up from EUR 608.5 million on September 30, 2003 and EUR 605.7 million on December 31, 2003. With equity standing at EUR 106.1 million, this translates into an equity ratio of 17.1%. Liabilities to banks were trimmed by EUR 10.6 million or 2.6% compared with the same date one year earlier. This reduction is due to developments at Bau-Verein AG, whereas JUS AG's liabilities to banks rose by around EUR 3.5 million

Revenues and earnings

The TAG Group's revenues rose from EUR 67.6 million one year ago to EUR 75.6 million in the first nine months of this year, equivalent to an increase of 11.8 %. As a result, the TAG Group achieved EBITDA of EUR 12.5 million, up from EUR 12.0 million in the previous year. EBIT for the first nine months stands at EUR 14.3 million compared with the year-ago figure of EUR 0.3 million. Finally, consolidated net income came to EUR 1.0 million, reversing the previous year's net loss of EUR 13.3 million.

Business performance

This shows that TAG continued its turnaround in the third quarter of 2004.

Employees

On September 30, 2004, the TAG Group had 144 employees, down from 146 one year earlier.

Outlook

In spite of the economic stagnation emerging in the third quarter of 2004 as well as the vacation-related restraint of buyers, the TAG Group confirmed its turnaround situation for the third consecutive quarter, thus creating the basis for future growth in its core business segments.

The Dr. Ristow / Haupt investor group is happy to welcome further major investors to TAG to strengthen the Group's capital base. "However, we have no intention of selling any of our TAG stock. We have all worked hard to achieve the successful turnaround which is now on the verge of completion," says Dr. Lutz R. Ristow, spokesman for the investor group and simultaneously CEO of TAG AG.

Business performance

TAG

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CONSOLIDATED BALANCE SHEET

ASSETS

		9/30/2004	12/31/2003
		EUR 000s	EUR 000s
A.	<u>Fixed assets</u>		
I.	Investment properties	95,726	85,940
II.	Tangible assets	4,859	7,457
III.	Intangible assets	110	113
IV.	Goodwill	27,053	27,053
V.	Financial assets		
	Shares in associated companies	1,345	1,345
	Other financial assets	3,592	3,581
		<u>4,937</u>	<u>4,926</u>
B.	<u>Deferred taxes</u>	12,949	10,101
C.	<u>Current assets</u>		
I.	Land available for sale and other inventories		
	Properties and leasehold rights with finished buildings	311,386	330,504
	Properties and leasehold rights with unfinished buildings	52,595	50,634
	Other inventories	26,413	17,003
		<u>390,394</u>	<u>398,141</u>
II.	Receivables and other assets		
	Trade receivables	17,816	28,632
	Receivables from construction orders	25,512	15,524
	Other assets	8,298	10,129
		<u>51,626</u>	<u>54,285</u>
III.	Cash and cash equivalents	32,249	17,460
D.	<u>Prepaid expenses</u>	147	220
		<u>620,050</u>	<u>605,696</u>

Business performance

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CONSOLIDATED BALANCE SHEET

		EQUITY AND LIA- BILTIES	
		9/30/2004	12/31/2003
		EUR 000s	EUR 000s
A.	<u>Shareholders' equity</u>		
	Equity attributable to shareholders in the parent company		
I.	Subscribed capital	6,229	5,663
II.	Capital reserve	90,574	86,744
III.	Revenue reserves	6,689	6,689
IV.	Accumulated deficit	-5,889	-6,929
	Minority interests	8,526	9,450
		106,129	101,617
B.	<u>Long-term liabilities</u>		
	Liabilities to banks	97,019	99,335
	Pension provisions	2,453	2,453
	Other long-term liabilities	998	1,098
		100,470	102,886
C.	<u>Short-term liabilities</u>		
	Liabilities to banks	299,186	303,354
	Trade accounts payable	25,829	40,337
	Tax provisions	617	1,593
	Other short-term liabilities	75,680	45,669
		401,312	390,953
D.	<u>Deferred taxes</u>	12,074	10,147
E.	<u>Deferred income</u>	65	93
		620,050	605,696

Business performance

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CONSOLIDATED INCOME STATEMENT

	9 M 2004 EUR 000s	9 M 2003 EUR 000s	Q3 2004 EUR 000s	Q3 2003 EUR 000s
Revenues	75,627	67,621	29,297	22,184
Other operating income	6,221	6,011	356	1,455
Changes in inventories of unfinished goods and services	-6,246	15,505	-3,613	5,043
Other own work capitalized	347	783	116	315
Cost of materials	-46,653	-60,937	-19,695	-20,283
Personnel expenses	-6,256	-6,141	-2,072	-1,839
Other operating expenses	-10,579	-10,819	-3,358	-3,898
EBITDA	12,461	12,023	1,031	2,977
Depreciation excluding Goodwill	-443	-506	-155	-165
Revaluation of investment properties	2,286	-600	1,125	-200
EBITA	14,304	10,917	2,001	2,612
Goodwill amortization	0	-10,604	0	-9,574
EBIT	14,304	313	2,001	-6,962
Net income from investments	32	63	-2	42
Net income from associated companies	0	0	0	0
Net income from financial assets	-14,069	-14,877	-4,532	-4,801
EBT	267	-14,501	-2,533	-11,721
Income taxes	715	1,014	733	1,422
Minority interests	58	210	-90	82
Consolidated earnings	1,040	-13,277	-1,890	-10,217
Earnings per share (EUR), basic	0.17	-2.37	-0.31	-1.82

Business performance

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CONSOLIDATED CASH FLOW STATEMENT

	9M 2004 EUR 000s	9M 2003 EUR 000s
Consolidated earnings	1,040	-1,790
Amortization excluding goodwill	443	342
Changes in the value of investments/associated companies	0	0
Goodwill amortization	0	1,030
Changes in value of properties held as investments	-2,286	400
Increase/decrease in other long-term liabilities (excluding financial liabilities)	-100	-187
Increase/decrease in deferred tax liabilities	-921	-96
Cash flow in accordance with DVFA/SG	-1,824	-301
Profit from the disposal of fixed assets	7	0
Increase/decrease in receivables and other assets	10,479	-11,885
Increase/decrease in account payable and other liabilities (excluding financial liabilities)	14,499	-382
Cash flow from operating activities	23,161	-12,568
Proceeds from sale of properties held as investments	-1,615	-12
Payments for investments in intangible assets	-10	-1
Proceeds from sale of intangible assets	0	0
Payments for investments in tangible assets	-3,716	-1,699
Proceeds from sale of tangible assets	8	50
Payments made for investments in financial assets	-27	-10
Proceeds from sale of financial assets	0	0
Payments for acquisition of consolidated companies	0	0
Cash flow from investing activities	-5,360	-1,672
Payments received from capital increases (less cost of capital increase)	4,396	4,150
Raising/repayment of debt	-6,484	10,393
Cash flow from financing activities	-2,088	14,543
Net change in cash and cash equivalents	15,713	303
Consolidation-related changes	-924	1,698
Cash and cash equivalents at the beginning of the period	17,460	9,622
Cash and cash equivalents at the end of the period	32,249	11,623

Business performance

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CONSOLIDATED STATEMENT OF EQUITY CHANGES

	Subscribed Capital EUR 000s	Capital reserves EUR 000s	Revenue reserves EUR 000s	Unappr. loss EUR 000s	Minority interests EUR 000s	Total EUR 000s
1/1/2003	5,163	97,777	6,689	-6,455	9,533	112,707
Consolidated earnings				-15,132		-15,132
Withdrawal from capital reserves		-14,658		14,658		0
Cash capital increase	500	3,650				4,150
Miscellaneous		-25			-83	-108
12/31/2003	5,663	86,744	6,689	-6,929	9,450	101,617
Consolidated earnings				1,040		1,040
Cash capital increase	566	3,830				4,396
Miscellaneous					-924	-924
9/30/2004	6,229	90,574	6,689	-5,889	8,526	106,129

Business performance

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Interim report on the year to September 30, 2004

CONSOLIDATED SEGMENT REPORTING

	Railway infra- structure 9M 2004 EUR 000s	Building manage- ment 9M 2004 EUR 000s	Construct- ion activity 9M 2004 EUR 000s	Reconcil- iation 9M 2004 EUR 000s	Con- solidated 9M 2004 EUR 000s
External revenues	952	7,850	66,885	-60	75,627
<i>Previous year</i>	946	6,421	60,254	0	67,621
Internal revenues	0	865	765	-1,630	0
<i>Previous year</i>	0	664	218	-882	0
Revenues	952	8,715	67,650	-1,690	75,627
<i>Previous year</i>	946	7,085	60,472	-882	67,621
Segment earnings	1,256	3,265	-3,958	-296	267
<i>Previous year</i>	106	2,323	-3,747	-13,183	-14,501
- of which earnings from associated companies	0	0	0	0	0
- of which depreciation/amortization	-41	-281	-186	65	-443
- of which interest income	0	1,551	848	-1,524	875
- of which interest expenses	0	-4,209	-11,244	509	-14,944
- of which non-cash	911	1,304	-1,462	0	753
Segment liabilities	461	95,236	420,081	-1,858	513,920
<i>Previous year</i>	1,205	111,678	409,361	-17,173	505,071
Segment assets	3,798	197,868	437,819	-19,435	620,050
<i>Previous year</i>	2,756	216,640	441,957	-52,871	608,482
-of which associated companies	0	0	0	1.345	1.345
Segment investments	0	3,667	58	15	3,740
<i>Previous year</i>	0	1,758	112	0	1,870

Business performance

Notes

General information

The interim consolidated financial statements of TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft (TAG) for the period ending September 30, 2004 have been prepared in accordance with the International Accounting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The standards which have already been adopted and published and are therefore binding have been applied.

The accounting and valuation principles as well as the notes and explanations on the interim consolidated financial statements are fundamentally based on the accounting and valuation principles applied to the consolidated financial statements for the year ending December 31, 2003.

The implementing guidelines for IAS (revised 2003) stipulate a new breakdown for equity. Equity now comprises "equity attributable to shareholders in the parent company" and minority interests. This means that consolidated equity is higher because minority interests are now included. This is shown in the statement of equity movements accordingly.

For more details of the accounting and valuation principles applied, please refer to the consolidated financial statements for the year ending December 31, 2003 compiled pursuant to IFRS, which pursuant to IAS 34 form the material basis for these interim financial statements, as well as the disclosures on the first quarter of 2004 with details and information on the new IFRS 3.

Material transactions

No other material transactions occurred in the period under review. Reference is made to the consolidated financial statements for the year ending December 31, 2003 concerning the further disclosures stipulated by IAS 34.17.

Business performance

Consolidation group

There were no material changes to the consolidation group, which comprises TAG as the parent company and a further 70 entities, compared with the consolidated financial statements for the year ending December 31, 2003. Reference is made to the details contained in our annual report for 2003.

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

Schedule of events

October 21, 2004

Conference on listed property companies in Frankfurt/M.

November 2004

Publication of the figures for the first nine months of 2004

April 2005

Publication of the annual financial statements for fiscal 2004

May 5, 2005

Annual press conference, analyst conference for 2005

Publication of report for the first quarter of fiscal 2005

September 8 – 9, 2005

EPRA (European Public Real Estate Association) conference in Paris

Statutory disclosures



TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft

TAG

Tegernsee Immobilien- und Beteiligungs-AG
Steckelhörn 9
20457 Hamburg

Tel: +49 40 – 30 60 59 – 40

FAX: +49 40 – 30 60 59 – 49

www.tag-ag.com

E-Mail: info@tag-ag.com

Investor relations

Olaf G. Borkers, Mitglied des Vorstands

Tel: +49 40 – 30 60 59 – 40

FAX: +49 40 – 30 60 59 – 49

E-Mail: info@tag-ag.com