2012

Growing Assets

Interim Report on the 1st quarter of 2012

TAG Immobilien AG

Group Financials (IFRS)

in TEUR	01/01 – 03/31/2012	01/01 – 03/31/2011
A. Income statement key figures		
Revenues	57,033	36,018
a) Property sales	21,045	9,831
b) Rental income	34,369	24,366
c) Property management and other services	1,619	1,821
EBIT	107,592	26,245
EBT	93,417	12,001
Consolidated net profit / loss	88,603	11,121
FFO	5,600	./.
FFO incl. gains from sales	18,435	./.
Earnings per share in EUR	1.12	0.18

B. Balance sheet key figures	03/31/2012	12/31/2011
Total assets	3,220,000	2,047,683
Equity before minorities	766,667	547,392
Equity ratio in %	23.8	26.7
Bank loans	1,991,804	1,189,393
Of which current	259,636	172,568
Real estate volume	3,062,249	1,968,605
LTV in %	62.7	58.5
EPRA NAV per share in EUR	9.39	8.72

C. Employees of TAG	03/31/2012	12/31/2011
Number of employees	560	281

Further figures	
Market capitalisation in TEUR on 31 March 2012	674,033
Subscribed capital in EUR	96,428,250.00
WKN / ISIN	830350/DE0008303504
Number of shares	96,428,250
Free Float in %	97
Stock exchange	SDAX/EPRA

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Foreword

Dear Shareholders,
Ladies and Gentlemen,

The first quarter of 2012 was transformational for TAG – in two respects. First, we attained a whole new magnitude with the announced and completed purchase of DKB Immobilien AG. Second, TAG's operations have improved to a significantly higher level even without this new acquisition. Both provide reason and occasion to increase our earnings forecast for the year 2012.

With first-quarter FFO at approx. EUR 6 million – not including proceeds from sales – we have further increased the Group's cash-effective operating profitability. The reasons behind this are a continued decrease in vacancy rates, higher rents and an improved margin in our rental profits. At the same time, interest costs have decreased further. In other words, the results from the restructuring measures of recent years are becoming more and more evident.

Of course this figure does not yet include DKB Immobilien AG's FFO. If you annualise the FFO for the first quarter, you can se how close we already are to attaining our target to date – FFO of EUR 27 million without sales in 2012. Given this development and due to the acquisition of DKB Immobilien AG, we are raising our forecast for FFO without sales to around EUR 40 million for 2012. An FFO at this level would cover our dividends of currently EUR 0.20 per share more than twofold. This clearly shows that our aim of significantly increasing future dividends is substantiated by our operations.

The purchase of DKB Immobilien AG also increased our NAV per share again, because we were able to realise this purchase with a higher discount to the NAV than we incurred for the capital increase to finance this transaction. Our EPRA-NAV has increased from EUR 8.72 per share at year-end 2011 to EUR 9.39 at the end of the first quarter. So, true to our strategy, this growth step also increased our NAV. We expect NAV per share to be at least EUR 9.75 by the end of the year.

Based on the high first-quarter EBT – which is naturally distorted by the gains from the first-time consolidation– we are also raising our EBT forecast for the current year to EUR 140 million.

In the end, the figures presented herein show how strongly our company profits from appropriate financial leverage on the one hand – but above all from strong operating leverage on the other hand. Our mandate is to continue to apply this leverage profitably in the future for you, our shareholders.

The acquisition of DKB Immobilien AG is a continuation of precisely this strategy. While it increases the Group's LTV by approx. 4 percentage points, this increase doesn't really represent a higher risk, as DKBI's long-term loans are secured for a period of at least ten years. Even more importantly, enlarging our portfolio will help us to realise additional economies of scale and synergies, to further improve our company's operating profitability.

Besides, this acquisition will help us to attain new dimensions in terms of quality. In the future, we would like to be measured by our ability not only to master the great challenges facing the industry – first and foremost demographic change and the energy footprint of our residential portfolio – but to use them to our advantage. Our new size and structure puts us in an excellent position to do so.

In closing, it is worth noting that at the time of writing, all three of our company's convertible bonds are 'in the money' – in other words, their respective conversion prices are below the current TAG share price – even though most have not even half expired. This will further strengthen our balance sheet in the foreseeable future, and underscores the fact that our expansionist course has not been at the expense of a sound balance sheet – quite the opposite.

Thank you for the trust and confidence you have shown us to date.

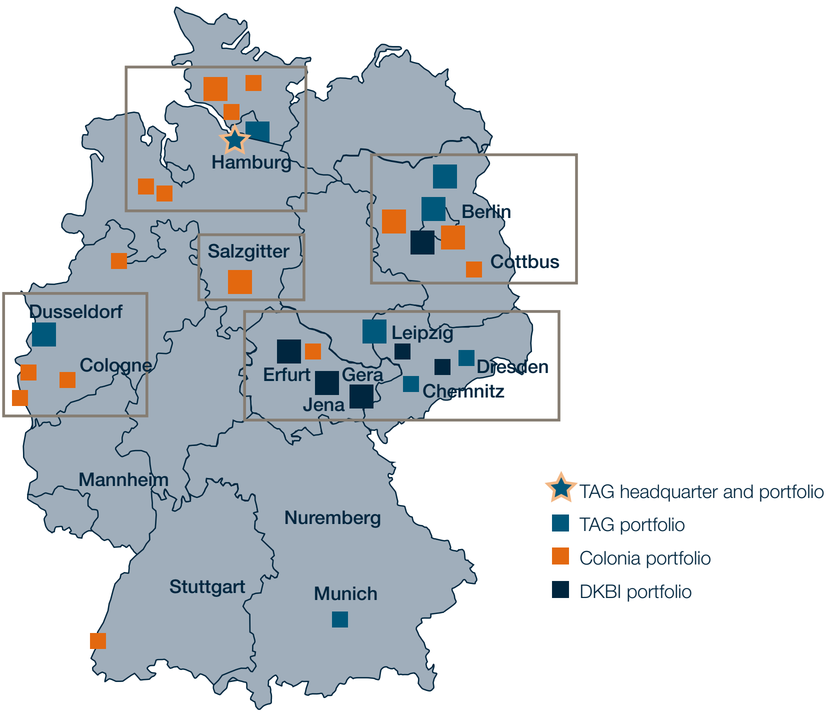
Kind regards,

Rolf Elgeti **Hans-Ulrich Sutter** **Dr. Harboe Vaagt**

Portfolio

Portfolio expansion in the greater Berlin area

The TAG group's residential portfolio in Greater Berlin increased to nearly 10,000 units in Q1/2012. An acquisition of 1,057 residential units in Eberswalde in the commuter belt north of Berlin further expanded the portfolio. The acquired units are a contiguous residential complex with total rental space of 59,911 m². Originally built in the 1970s/80s, the buildings were extensively renovated in 1999-2001 and upgraded to modern energy and living standards. The net rent for the newly acquired properties is EUR 2.9 million per year, and the purchase price was approx. EUR 30 million. The actual rent is just EUR 4.04 per sqm, meaning there is a lot of room to the top. Vacancy is around 7 percent. The management of the properties can be handled by the TAG Group's Berlin branch, for maximum cost effectiveness. In 2012, Berlin and environs continues to be the focus of our growth strategy of investing in selected regional locations with development potential and attractive yields. We feel that the commuter belt surrounding the capital represents an especially favourable opportunity-to-risk ratio, as it combines potential for rental increases with an attractive starting yield.



Jänschwalde, Cottbus

Integration of DKBI in TAG Group begins

At the end of February, TAG had submitted a binding bid to purchase DKB Immobilien AG ('DKBI' in the following). At the end of March, TAG won the bidding procedure managed by Deutsche Kreditbank AG. DKBI possesses some 25,000 residential units with a rental space of around 1.5 million m². The properties were valued at approx. EUR 1.060 million at 31 December 2011 and are located nearly exclusively in former East Germany, with a regional focus on Thuringia, the greater Berlin area and Saxony. Most of the portfolio is in a good condition – 85% are fully or partially renovated, 9% are new buildings and only 6% of the units are unrefurbished. The portfolio is comprised primarily of slab high-rises (50%) and housing developments (35%). Vacancy at year-end 2011 was reported at 10.9%.

With the acquisition of DKBI, TAG's residential portfolio has grown to around 56,000 residential units, and the Group's annualised rent for the year 2012 will increase to approx. EUR 210 million.

Bestensee near Berlin

Portfolio - Residential - TAG and DKBI

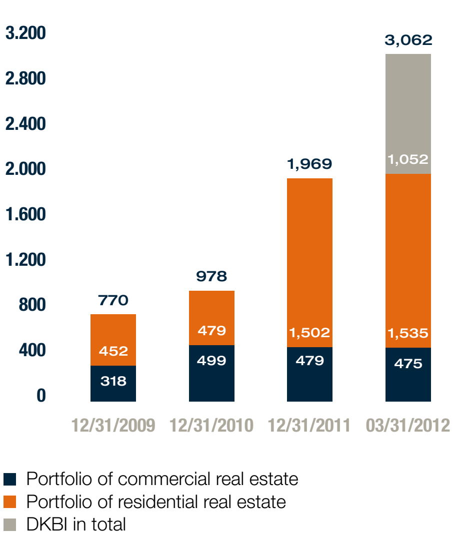
03/31/2012	(estimate) Combined	TAG	DKBI
Units	57,240	32,140	25,100
Floor area in sqm	3,478,000	1,988,000	1,490,000
Real estate volume TEUR	2,559,000	1,507,000	1,052,000
Vacancy in %	11.4	11.4	11.3
Net actual rent in EUR/sqm	4.84	5.01	4.60

Since TAG and DKBI both specialise in the management of residential properties and both have properties at various locations in former East Germany, it makes sense to merge their business activities, thereby leveraging potential for synergistic effects and economies of scale and improving the operating profitability of the whole group of companies. Synergies of around EUR 12 million can be achieved in this way and are expected to have an impact on results starting from the first quarter of 2013.

The purchase price for this portfolio totalled EUR 960 million this includes bank loans of around

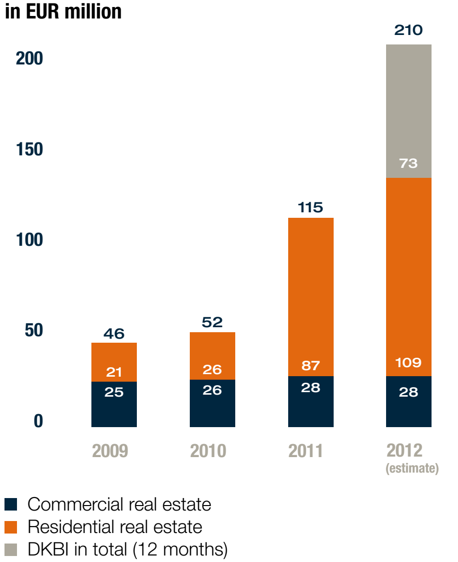
Real estate volume

Volume in EUR million



Net rental income per segment

in EUR million



EUR 800 million held by DKB Immobilien AG. DKBI will defer part of the cash component of the price, which totals EUR 160 million, for up to 18 months. The fixed rates in the loan contracts of all currently existing non-current liabilities will be extended through 2022, so that TAG can be assured of the properties' financing for the next ten years.

TAG will use the time until the second purchase price instalment comes due to advance the process of integrating the two companies.
On 30 March 2012, TAG Board members were appointed to two of the three seats on both the Supervisory Board and the Executive Board of DKBI, in addition to their regular duties.

The TAG share

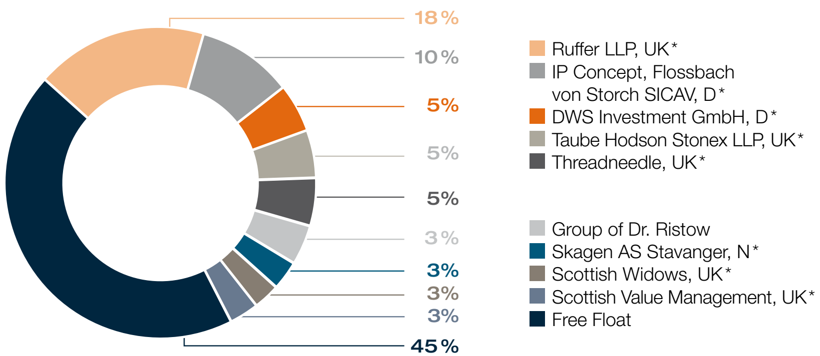
The price of the SDAX-listed TAG share showed a gratifying development in the first quarter: after listing at EUR 6.16 at year-end 2011, TAG's share improved by 12 percent over the first three months of 2012, and closed at EUR 6.99 on 31 March 2012.

The number of shares increased due to two capital increases during the first quarter, by 859,339 and 20,663,737 shares to currently 96,428,250 shares. Free Float remains unchanged at 97 percent. Based on the closing price of EUR 6.99 on 31 March 2012, TAG's market cap is now EUR 674 million.

A capital increase against cash which involved issuing up to 20,663,737 new shares at a subscription price of EUR 6.15 was fully placed in March 2012. The transaction generated a gross proceeds of around EUR 127 million for TAG, most of which was used to finance the acquisition of DKB Immobilien AG.

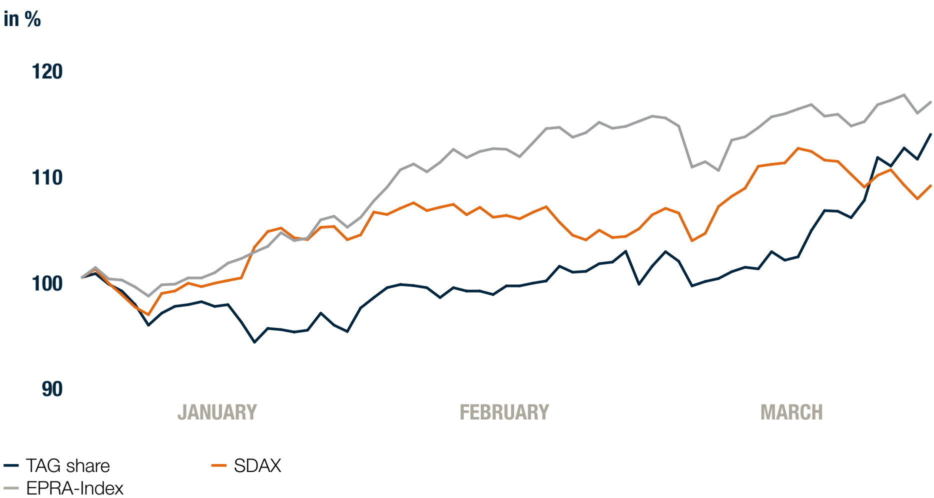
As before, the majority of TAG's shareholders are domestic and international investors with a mostly long-view investment strategy.

Shareholder structure on March 31, 2012



* part of Free Float according to the Deutsche Börse definition

Share price 2012



Group Management Report Q1/2012

Economic and general conditions

The Euro crisis continues to impact the German economy, as industry gets fewer orders from the affected European countries. Therefore, economic growth depends primarily on domestic demand and exports to emerging markets. Economists expect private consumption in Germany to rise noticeably and unemployment to decline further despite flat economic growth.

The experts at the German Institute for Economic Research (DIW) expect first-quarter growth in gross domestic product (GDP) to be weak at 0.1 percent, rising to 0.4 percent in the second quarter of 2012. The German government is sticking to its forecast of 0.7 percent growth in GDP for the full year, and expects economic growth of 1.6 percent for 2013.

The German residential property market underwent a much more positive development in Q1/2012 than the German economy in general. Trade in residential properties picked up considerably and reached a volume of approx. EUR 3.5 billion. This represents a 76-percent increase over Q1/2011. In fact, more than half (57 percent) of the whole prior year's trading volume (EUR 6.12 billion) was traded in the first three months of 2012. The number of transactions has decreased by 15 year-on-year to 43 deals. The approx. 68,000 residential units traded — and the residential space involved, at roughly 4.4 million m^2 - have each nearly doubled.

From a geographical point of view, the focus of investments was in Baden-Württemberg and eastern Germany. Berlin above all continues to be in high demand. In Q1/2012, 6,000 residential units were traded in the capital alone.

The transaction volume in the German commercial real-estate market was EUR 4.8 billion in Q1/2012, reflecting a 18.5 percent year-on-year decline. Compared with 2011, interest in office buildings has increased noticeably. In Q1/2012, 40 percent of the transacted volume was invested in retail properties; office properties accounted for approx. 32 percent.

Net assets, results of operations and financial position – TAG Group

The results of the first quarter of 2012 were decisively influenced by the first-time consolidation of DKB Immobilen AG at 31 March 2012. Due to the gain from the first-time consolidation, this had a significant impact on the income statement and also increased the balance sheet total by around EUR 1 billion. Due to the consolidation at the end of March 2012, DKBI's assets and liabilities are included in the quarterly report as of 31 march 2012, but not its earnings and expenses.

In all, the rental income increased from EUR 19.1 million in Q1/2011 to EUR 26.1 million in Q1/2012. This increase is primarily due to the inclusion of Colonia and other acquisitions in 2012 which were not yet included in the comparable period of 2011.

Of the six largest real-estate markets in Germany, Munich (+251%) and Dusseldorf (+117%) showed the highest year-on-year growth rates.

TAG focuses on residential property and is planning further growth in this sector, at locations where TAG already owns properties. Acquisitions in the commercial real-estate sector are not a priority at this time.

Personnel expenses in the first quarter of 2012 came to EUR 3.2 million (previous year: EUR 2.8 million) due to the increase in staff. Other operating expenses declined slightly from EUR 5.2 million to EUR 4.7 million. These effects result primarily from the ongoing expenditure by Colonia and the restructuring expenses in connection with TAG's acquisition of Colonia, which impacted results at the beginning of 2011.

The DKBI acquisition resulted in a preliminary first-time consolidation gain of EUR 83.1 million, the difference between the reappraised proportionate equity in DKBI and the lower purchase price paid by TAG for the shares in the DKBI group. Also in the first quarter, there was a EUR 7.8 million gain from the first-time consolidation of another property company in Eberswalde. Besides the EUR 7.0 million improvement in rental income to EUR 26.1 million, these gains are the reason behind the TAG group's increased EBIT: after EUR 26.2 million in Q1/2011, EBIT has improved to EUR 107.6 million in Q1/2012.

At EUR -14.2 million, net interest income remained on the same level as in Q1/2011. This was due primarily to lower interest rates in 2012 thanks to a more favourable refinancing.

The TAG group's first-quarter earnings before taxes (EBT) increased to EUR 93.4 million after EUR 12.0 million in Q1/2011. Earnings after taxes increased from EUR 11.1 million to EUR 88.6 million. Tax expenses incurred in Q1/2012 were mainly deferred tax expenses due to temporary valuation differences.

The balance sheet total increased by 57 percent, from EUR 2,047 million at 31 December 2011 to EUR 3,220 million at 31 March 2012, primarily due to the first-time inclusion of DKBI. This also increased the Group's real-estate assets from EUR 1,968 million at 31 December 2011 to EUR 3,062 million at 31 March 2012. Net liabilities to banks totalled EUR 1,923 million at 31 March 2012, after EUR 1,158 million at 31 December 2011. In all this results in an increase in the Loan-to-Value (LTV) ratio from 58.5% at 31 December 2011 to 62.7% at 31 March 2012.

Equity before minority interests surged by 40 percent to EUR 767 million. Besides the cash capital increase of EUR 125 million and the capital increase against contribution in kind of EUR 5 million, the Group positive's net income of EUR 88 million was decisive in increasing the equity. The equity rate at 31 March 2012 was 23.8 percent (previous year: 26.7 percent).

FFO Statement of TAG Group

We are reporting our Funds from Operations (FFO) for the first time in Q1/2012. FFO is an important financial indicator for real-estate companies and indicates a company's operating profitability. FFO is calculated based on EBT, adjusted for non-cash elements. FFO for the first quarter of 2012 was EUR 5.6 million.

TAG's business activity regularly includes property sales. For this reason, we also report 'FFO including sales' as another indicator. 'FFO including sales' additionally covers cash inflows from property sales. In the first quarter of 2012, these came to EUR 12.8 million from the sale of a residential property in downtown Hamburg, a commercial property in Hamburg, and the individual privatisation of residential units at several locations.

	Q1 2012
EBT	**93,417**
Adjustment for non-cash items	
Valuation result	-6,798
Gains from first-time consolidation of DKBI	-83,120
Depreciation	376
Impairment losses on receivables and inventories	1,266
Non-cash expenses	459
	-87,817
FFO	**5,600**
Plus liquidity from sales	12,835
FFO incl. gains from sales	**18,435**

Risks and Outlook

Due to the nature of its business, TAG is exposed to various operations-related and cyclical risks. Please refer to the detailed risk report in the Annual Report 2011 (see Group Management Report, p. 51 ff). Since 1 January 2012, no risks have materialised or become discernible that would lead to a change in assessment.

In our Annual Report 2011, we issued guidance of around EUR 75 million in pre-tax earnings (EBT) for the current year and a Net Asset Value per share (NAV), in accordance with EPRA standards, of EUR 9.75 at year-end 2012. We also predicted EUR 8 million in proceeds from real-estate sales and rental income of EUR 144 million. In all, FFO of EUR 27 million was forecast. This guidance did not yet reflect the acquisition of DKBI.

Based on the positive first-quarter performance and the acquisition of the DKBI portfolio, we are adjusting the previous forecast:

The Management Board expects earnings before taxes (EBT) of EUR 140 million. FFO of around EUR 40 million without results from sales should be attainable. The forecast NAV remains unchanged at EUR 9.75, since a dilution of the share capital through payments of dividends and exercise of conversion rights can be expected.

Hamburg, 07 May 2012

The Management Board

Consolidated balance sheet

Assets in TEUR	03/31/12	12/31/11
Non-current assets		
Investment properties	2,879,809	1,889,860
Intangible assets	7,221	7,320
Property, plant and equipment	36,037	12,010
Investments in associates	61	61
Other financial assets	12,634	12,150
Deferred taxes	19,786	118
	2,955,548	**1,921,519**
Current assets		
Land with unfinished and finished buildings	138,999	37,413
Other inventories	127	247
Trade receivables	18,230	13,188
Income tax refund claims	1,730	1,455
Derivative financial instruments	8,202	489
Other current assets	16,628	3,292
Cash and cash equivalents	68,801	31,714
	252,717	**87,798**
Non-current available-for-sale assets	**11,735**	**38,366**
	3,220,000	**2,047,683**

Equity and liabilities in TEUR	03/31/12	12/31/11
Equity		
Subscribed capital	96,428	74,905
Share premium	473,347	363,031
Other reserves	-17,136	-16,260
Unappropriated surplus	214,028	125,716
Attributable to the equity-holders of the parent company	**766,667**	**547,392**
Non-controlling interests	44,249	47,239
	810,916	**594,631**
Non-current liabilities		
Bank borrowings	1,732,168	1,016,825
Retirement benefit provisions	5,276	1,760
Non-current liabilities from convertible bonds	94,315	93,868
Derivative financial instruments	25,919	28,222
Other non-current liabilities	165	153
Deferred taxes	127,110	66,884
	1,984,953	**1,207,712**
Current liabilities		
Other provisions	41,915	17,807
Income tax liabilities	9,744	1,760
Bank borrowings	259,636	172,568
Trade payables	73,797	16,380
Derivative financial instruments	13,642	11,379
Current liabilities from convertible bonds	15,388	13,901
Other current liabilities	10,009	11,545
	424,131	**245,340**
	3,220,000	**2,047,683**

Consolidated income statement

in TEUR	01/01 – 03/31/2012	01/01 – 03/31/2011
Total revenues	**57,033**	**36,018**
Rental revenues	34,369	24,366
Rental expenses	-8,300	-5,315
Net rental income	26,069	19,051
Revenues from the sale of inventory real estate	1,633	1,726
Expenses on the sale of inventory real estate	-1,612	-1,638
Net revenues from sale of inventory real estate	21	88
Revenues from the sale of investment properties	19,412	8,105
Expenses on the sale of investment properties	-19,433	-8,069
Net revenues from sale of investment properties	-21	36
Revenues/net revenues from property management	1,619	1,821
Expenses for the provision of property management	-1,279	-1,760
Net income from the provisions of property management	340	61
Other operating income	83,908	15,625
Fair-value remeasurement of investment properties	-993	0
Net gains from the first-time consolidation of property companies	7,791	0
Total net gains from the remeasurement of investment properties	6,798	0
Gross profit	**117,115**	**34,861**
Personnel expenses	-3,223	-2,806
Depreciation/amortisation	-376	-334
Impairment losses on receivables and inventories	-1,266	-321
Other operating expenses	-4,658	-5,155
EBIT	**107,592**	**26,245**
Share of profit of associates	0	-31
Interest income	6,069	2,080
Borrowing costs	-20,244	-16,293
EBT	**93,417**	**12,001**
Income taxes	-4,931	-750
Other taxes	117	-130
Consolidated net profit	**88,603**	**11,121**
of which attributable non-controlling interests	291	498
of which attributable to the Parent Company's equityholders	88,312	10,623
Earnings per share (EUR), basic		
Basic loss per share	1.12	0.18
Diluted loss per share	0.95	0.16

Consolidated statement of comprehensive income

in TEUR	01/01 – 03/31/2012	01/01 – 03/312011
Net loss as shown in the income statement	**88,603**	**11,121**
Unrealised gains and losses from hedge accounting	-1,070	7,403
Deferred taxes on unrealised gains and losses	178	-2,331
Other comprehensive income after taxes	-892	5,072
Total comprehensive income	**87,711**	**16,193**
of which attributable non-controlling interests	279	583
of which attributable to the Parent Company's equityholders	87,432	15,610

Consolidated cash flow statement

in TEUR	01/01 – 03/31/2012	01/01 – 03/31/2011
Consolidated net profit/loss	**88,312**	**10,623**
Depreciation/amortisation	376	334
Share of profits/losses of associates	0	31
Comprehensive income from investment properties	-6,798	0
Gains from business combinations	-83,120	-12,407
Gains on disposal of jointly held companies	0	-93
Losses on disposal of jointly held companies	0	25
Gains/losses from the disposal of investment properties	21	-36
Impairments on receivables and inventories	1,266	321
Changes in deferred income taxes	4,283	3,336
Changes in provisions	159	-2,127
Changes in receivables and other assets	15,634	8,688
Changes in payables and other liabilities	-1,625	-19,397
Cash flow from operating activities	**18,508**	**-10,702**
Payments made for investments in investment properties	-62,850	0
Payments received from the disposal of investment properties	19,412	8,105
Payments made for investments in intangible assets and property, plant and equipment	-174	-364
Payments made for acquisition of consolidated companies net of cash disposed of	-64,190	-25,554
Payments received from the disposal of joint ventures net of cash disposed of	0	-58
Payments made for investments in associates and other financial assets	-76	-31
Cash flow from investing activities	**-107,878**	**-17,902**
Payments received from cash equity issues	127,082	0
Cost of issuing equity (after income tax)	-3,234	0
Payments received from bank borrowings	42,280	10,727
Payments made for repaying bank borrowings	-38,476	-32,327
Payments made for business combinations without change of status	-3,278	-614
Cash flow from financing activities	**124,374**	**-22,214**
Net change in cash and cash equivalents	35,004	-50,818
Cash and cash equivalents at the beginning of the period	21,599	121,776
Cash and cash equivalents at the end of the period	**56,603**	**70,958**

Statement of changes in consolidated equity

in TEUR	Equity holders of the parent company							Minority interests	Total equity
			Other reserves						
	Subscribed capital	Share premium	Retained earnings	Hedge accounting reserve	Currency translation	Unappropriated surplus	Total		
01/01/2012	**74,905**	**363,031**	**527**	**-16,818**	**31**	**125,716**	**547,392**	**47,239**	**594,631**
Consolidated net profit	0	0	0	-880	0	88,312	87,432	279	87,711
Business combination Chemnitz	0	1,906	0	0	0	0	1,906	0	1,906
Business combination without change of status	0	-2	0	0	0	0	-2	-3,269	-3,271
Cash equity issue	20,664	106,418	0	0	0	0	127,082	0	127,082
Capital increase against contribution in kind	859	4,184	0	0	0	0	5,043	0	5,043
Cost of issuing equity (after income taxes)	0	-2,190	0	0	0	0	-2,190	0	-2,190
Currency translation	0	0	0	0	4	0	4	0	4
03/31/2012	**96,428**	**473,347**	**527**	**-17,698**	**35**	**214,028**	**766,667**	**44,249**	**810,916**
01/01/2011	**58,566**	**248,568**	**527**	**-10,034**	**0**	**58,834**	**356,461**	**8,849**	**365,310**
Consolidated net profit	0	0	0	4,985	0	10,625	15,610	583	16,193
Business combination Colonia	0	0	0	0	0	0	0	100,507	100,507
Business combination without change of status	0	787	0	0	0	0	787	-3,078	-2,291
Cost of issuing equity (after income taxes)	0	25	0	0	0	0	25	0	25
Currency translation	0	0	0	0	27	0	27	0	27
Other changes in non-controlling interests	0	0	0	0	0	0	0	14	14
03/31/2011	**58,566**	**249,380**	**527**	**-5,049**	**27**	**69,459**	**372,910**	**106,875**	**479,785**

Consolidated segment report

01/01 – 03/31/2012 in TEUR	Residential real estate						
	Hamburg	Berlin	Munich	NRW	Salzgitter	DKBI	Others
Total revenues	**18,790**	**11,992**	**1,359**	**3,066**	**6,959**	**0**	**899**
Previous year	3,738	7,475	1,326	2,432	3,566	0	1,474
Of which external revenues	18,790	11,953	1,316	3,066	6,959	0	899
Previous year	3,738	7,449	1,282	2,432	3,566	0	1,474
Of which internal revenues	0	39	43	0	0	0	0
Previous year	0	25	43	0	0	0	0
Segment profit/loss	**3,781**	**15,800**	**142**	**2,425**	**4,249**	**0**	**752**
Previous year	2,571	5,299	249	2,026	1,902	0	497
Of which remeasurement of investment properties	0	0	0	0	0	0	0
Previous year	0	0	0	0	0	0	0
Of which net gains/losses from the first-time consolidation of property companies	0	7,791	0	0	0	0	0
Previous year	0	0	0	0	0	0	0
Non-allocated other operating income							
Previous year							
Gross profit							
Previous year							
Miscellaneous non-allocated income and expenses							
Previous year							
EBT							
Previous year							
Segment assets	309,944	588,060	24,005	179,031	375,030	1,052,446	54,298
Previous year	328,574	526,748	25,112	178,295	375,030	0	54,991
Non-allocated assets							
Previous year							
Total assets							
Previous year							

Total Residential	Commercial real estate	Services	Other activities	Consoli-dation	Group
43,065	**12,262**	**2,441**	**341**	**-1,076**	**57,032**
20,010	14,080	2,129	346	-548	36,018
42,983	12,090	1,619	341	0	57,032
19,942	13,909	1,820	346	0	36,018
82	172	823	0	-1,076	0
69	170	309	0	-548	0
27,149	**5,386**	**340**	**332**	**0**	**33,207**
12,544	6,336	61	296	0	19,236
0	-993	0	0	0	-993
0	0	0	0	0	0
7,791	0	0	0	0	7,791
0	0	0	0	0	0
					83,907
					15,625
					117,115
					34,862
					-23,698
					-22,860
					93,417
					12,001
2,582,815	475,254	0	4,180	0	**3,062,249**
1,488,749	475,676	0	4,180	0	1,968,605
					157,751
					79,077
					3,220,000
					2,047,683

Notes on the condensed interim consolidated financial statements to 31 March 2012

General information

These condensed interim consolidated financial statements of TAG Immobilien AG (the 'Company' or 'TAG' in the following) have been prepared in accordance with the provisions of Section 37x paragraph 3 of the German Securities Trading Act pertaining to 'quarterly financial reports'. The period under review covers the first three months of fiscal 2012. The comparison figures refer to 31 December 2011 with respect to the consolidated balance sheet and otherwise to the first nine months of fiscal 2011. The consolidated profit and loss statement and the consolidated statement of comprehensive income also contain information for the first quarter of fiscal 2012 (period from 1 January to 31 March 2012), with comparative figures for the previous period. The disclosures in the quarterly financial report are made mainly in thousands of euros (TEUR). This may result in rounding differences between the various parts of the financial statements.

The condensed quarterly financial report is prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) endorsed by the EU for interim reporting (IAS 34 - Interim Financial Reporting). In addition, the rules contained in German Accounting Standard No. 16 (DRS 16 Interim Financial Reporting) are taken into account.

The accounting and valuation principles as well as the notes and explanations on the quarterly financial report are fundamentally based on the recognition and measurement principles applied to the consolidated financial statements for the year ending 31 December 2011. For further information on the accounting and valuation methods, please refer to the consolidated financial statements for the year ending 31 December 2011 compiled pursuant to IFRS, which in accordance with IAS 34 form the material basis for this interim consolidated financial statement.

Consolidation group and company acquisitions during the reporting period

The consolidation group as of 31 March 2012 includes TAG, and basically all companies in which TAG holds, directly or indirectly, a majority of the voting capital. If shares in subsidiaries are considered to be of subordinate importance from the Group's perspective they are recognised as available-for-sale financial assets in accordance with IAS 39.

During the period from January to March 2012, the Group acquired another 2.88 percent of shares in Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg, (Bau-Verein AG) for TEUR 3,015 and another 0.19 percent of shares in Colonia Real Estate AG for TEUR 263. The share purchases were recorded as a business acquisition without change of status within Group equity.

With effect from 1 February 2012, TAG Group acquired a property portfolio in Chemnitz (to be known as TAG Chemnitz Immobilien GmbH) by means of a share deal. The purchase price used for the property portfolio was approx. EUR 24 million The property holdings acquired with the company consist of some 430 residentially used units with rentable space of around 32,000 sqm and actual rent of approx. EUR 1.8 million per year. To purchase these shares, TAG AG carried out a capital increase against contribution in kind of EUR 859,339.00 by issuing 859,339 shares. In addition, a cash component of about TEUR 260 was paid for the shares. The company's first-time consolidation is in Q1/2012. TAG Chemnitz GmbH's assets and debts were assessed at Fair Value, The difference to the purchase price in the amount of TEUR 1,906 was recorded under equity, with no effect on net income.

Also in a share deal with effect from 1 February 2012, the TAG Group acquired a property portfolio in Eberswalde (to be known as TAG Spreewaldviertel-Immobilien GmbH) by Berlin. The purchase price stipulated for the property portfolio was approx. EUR 30 million. The real estate inventory acquired with the company consists of 1.057 residentially and 11 commercially used units with rentable space of about 60,000 sqm and annual net actual rent of around EUR 2.7 million. To acquire these shares, the 2,967,712 shares in Estavis AG held by TAG AG were paid to the seller as a purchase price component, along with an additional cash component in the amount of TEUR 3,500. It was also consolidated for the first time in Q1/2012. The first-time consolidation of TAG Spreewaldviertel-Immobilien GmbH resulted in a gain of approx. TEUR 7.791, shown under the valuation result.

Acquisition of DKBI

On 26 March 2012, Deutsche Kreditbank AG (DKB) accepted TAG's bid to acquire DKB Immobilien AG (DKBI). On 29 February 2012, TAG Immobilien AG had submitted a binding bid to buy DKB Immobilien AG, which included a cash component in the amount of EUR 160 million. DKBI was first included in TAG's consolidation group as a fully consolidated company at 31 March 2012.

DKBI owns approx. 25,000 residential units and around 500 commercial units with total rental space of around 1.5 million m². They generate net rental income of approx. EUR 73,2 million. The company's properties are nearly all located in former East Germany, with an emphasis on Thuringia, Greater Berlin and Saxony. Its real-estate inventory is valued at approx. EUR 1,060 million. The DKBI group of companies' bank loans amounting to approx. EUR 800 million were taken on as part of the acquisition. Of the fixed purchase price of EUR 160 million, EUR 100 million was already paid in Q1/2012. The remaining purchase price of EUR 60 million is listed under Trade payables.

The initial consolidation resulted in a first-time consolidation gain (negative difference), which is shown in the Group income statement under Other operating income and is calculated as follows:

in TEUR	Fair value on acquisition	IFRS carrying amount on acquisition
Investment properties	948,513	911,428
Intangible assets, property, plant and equipment	2,746	4,769
Deferred income tax assets	3,020	1,834
Other non-current assets	408	408
Land with finished and unfinished buildings	103,934	103,934
Current receivables	6,233	6,233
Cash and cash equivalents	35,810	35,810
Other current assets	20,540	8,947
Non-current bank borrowings	683,599	676,502
Deferred income tax liabilities	39,294	24,688
Other non-current liabilities	3,517	3,517
Current liabilities	112,925	112,925
Other current liabilities	38,749	23,429
Net assets at fair value or IFRS equity capital	243,120	232,302
Costs of the business combination	160,000	
Gain from first-time consolidation	**83,120**	

Material business and other transactions during the period covered by this interim report

The corporate acquisitions served to further expand TAG's residential real estate portfolio. As not all the information required to account for this business combination was available when these financial statements were prepared, the profit shown should be regarded as provisional. Accordingly, changes may arise between now and the publication of the consolidated financial statements as at 31 December 2012.

The first-time consolidation profit results from the valuation of the asset and liability items at fair value, taking into account any deferred taxes. The investment properties were valued using third-party appraisal reports; while the liabilities and derivative financial instruments were assessed using actuarial methods. The acquired assets included trade receivables of EUR 9.8 million, to which valuation adjustments (impairments) of EUR 3.5 million had been made. If the acquisition had taken place on 01 January 2012, DKBI would have contributed rental revenues of EUR 18.4 million and pre-tax profits of approximately EUR 2.2 million to the TAG Group.

The increase in subscribed capital, from TEUR 74,905 to TEUR 96,428 is the result of a capital increase against contribution in kind for the purchase of TAG Chemnitz Immobilien GmbH in the amount of TEUR 859, and a cash capital increase of 2 TEUR 20,664.

Please refer to the segment reporting – which is an integral part of these notes and for clarity is shown in a separate table above the notes – for developments in sales revenues and gross profit.

Material events after the end of the interim reporting period

On 24 April 2012, TAG Immobilien AG notified Bau-Verein zu Hamburg Aktien-Gesellschaft (‚Bau-Verein' in the following), that it intends to carry out a "squeeze-out" in accordance with §§ 327 a ff. AktG based on its share majority of over 95%.

On 30 June 2012, Chief Financial Officer Hans-Ulrich Sutter will resign from his duties on the TAG Immobilien AG Management Board. Mr Sutter will continue to remain closely associated with the Group through his Supervisory Board mandates: he will continue to sit on the DKB Immobilien AG Supervisory Board and will run for election to the Supervisory Board of Colonia at the Annual General Meeting next June. On 23 April 2012, the Supervisory Board appointed Mr Georg Griesemann to succeed him as the new Chief Financial Officer.

Material business relations with related parties

During the reporting period there was an ongoing clearing account in place between Bau-Verein AG and the associated company GIB Grundbesitz Investitionsgesellschaft Bergedorf GmbH & KG, Hamburg in favour of Bau-Verein AG of TEUR 230 (previous year: TEUR 214). The interest on the clearing account is 6% per year.

Noerr LLP of Munich, which is affiliated with Supervisory Board member Prof. Dr. Ronald Frohne, received fees amounting to TEUR 230 for legal consultation services during the reporting period (previous year: TEUR 214).

WH Vermögensverwaltungs GmbH, Düsseldorf, which is affiliated with Supervisory Board member Rolf Hauschildt, granted TAG supplementary collateral free of charge as security for a bank loan, which at the reporting date amounted to TEUR 8,568 (prior year: TEUR 15,295). TAG primarily provided collateral of its own as security for this loan.

Other disclosures

There has been no material change in the Group's contingent liabilities since 31 December 2011.

On 31 March 2012, TAG Group employed 560 people, as compared to 281 people at 31 December 2011.

Basis of reporting

The preparation of the condensed interim consolidated financial statements pursuant to IFRS requires the Management Board and managing 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 those estimates. Moreover, these condensed interim consolidated financial statements include statements that are neither 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 results may deviate substantially from those stated in 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' behaviour, the ability to successfully integrate companies after acquisition and realise expected synergistic benefits, and changes to tax legislation. Readers are reminded not to place any undue confidence in these forward-looking statements, which apply only on the date on which they are given.

Hamburg, 7 May 2012

Rolf Elgeti **Hans-Ulrich Sutter** **Dr. Harboe Vaagt**

Rambachstraße, Hamburg

TAG Financial Calendar

14 June	Annual General Meeting 2012 in Hamburg
09 August	Half-Year Financial Report 2012 published
08 November	Interim Report – Q3/2012 published

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This interim report is also published in German.
In cases of doubt, the German version takes precedence.

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