



Growing Assets

Financial report on the first half of 2013

Group Financials IFRS

in TEUR	01/01 – 06/30/2013	01/01 – 06/30/2012
A. Income statement key figures		
Revenues	236,680	118,037
a) Property sales	109,644	27,032
b) Rental income	125,556	87,394
c) Property management and other services	1,480	3,611
EBITDA	80,325	152,913
EBIT	75,812	159,369
EBT	25,021	120,566
Consolidated net profit/loss	26,382	116,099
FFO I	31.5	16.4
FFO II	79.1	33.5
FFO I per share in EUR	0.24	0.17
FFO II per share in EUR	0.61	0.35
Earnings per share in EUR	0.20	1.34
B. Balance sheet key figures		
	06/30/2013	12/31/2012
Total assets	3,692,406	3,799,962
Equity before minorities	1,134,021	1,136,177
Equity ratio in %	30.7	29.9
Bank loans	2,132,163	2,216,047
of which current	523,052	411,261
Real estate volume	3,556,909	3,664,867
LTV in %	58.3	58.9
LTV incl. convertible bonds	63.3	63.7
EPRA NAV per share in EUR	9.81	9.96
Diluted EPRA NAV per share in EUR	9.34	9.49
C. Employees		
	06/30/2013	12/31/2012
Employees	501	508
Further figures		
Market capitalisation in TEUR on 30 June 2013		1,068,131
Subscribed capital in EUR		130,738,169.00
WKN/ISIN		830350/DE0008303504
Number of shares		130,738,169
Free Float in %		100
Stock exchange Index		MDAX/EPRA

Table of Contents

Group Financials IFRS	02	Group Management Report	24
Preface	04	Consolidated balance sheet	32
Portfolio	08	Consolidated income statement	34
NAV	14	Consolidated statement of comprehensive income	35
FFO	16	Consolidated cashflow statement	36
Refinancing update	18	Statement of changes in consolidated equity	37
TAG share	20	Consolidated segment report	38
Repurchase convertible bonds	22		
Issuance of a corporate bond	23		
		Notes to the consolidated financial statement	40
		Responsibility statement	44
		Financial calendar/Contact	44
		Notes	46

Preface

Dear Shareholders, Ladies and Gentlemen,

In the first half of 2013, the TAG Group for the first time included TAG Wohnen GmbH (formerly TLG Wohnen GmbH), which was acquired at the end of 2012. The integration of this company and its portfolio was already mostly completed in the first quarter, and makes the operational profitability of TAG's portfolio, which was significantly expanded by this acquisition, even more clearly evident.

For instance, in the first half of this year we recorded FFO I (i.e. not including gains from sales) of EUR 31.5 m and are thus more than on plan to achieve our guidance of EUR 68 m for the full year, as many positive effects will of course have a delayed effect and will only become manifest during the second half of the year. How well the integration

of our most recent major acquisition is progressing can also be seen, among other things, from the fact that our Other Operating Expenses fell by EUR 2 m year-on-year, even though the company now has almost twice as many residential units.

These earnings contributions, which are already foreseeable but not yet visible in the first-half profit and loss statement, include savings from the refinancing of TAG Wohnen. We acquired this portfolio with existing bank loans at an average interest rate of approximately 4.25 %, and have now refinanced it on average at about 2.55 %. In our Q1 report we were still assuming 2.65 %. This effect will mainly be recognised in the earnings and cash flow statement from the third quarter of 2013.

The gratifying vacancy reduction during the first half will also begin to bear monetary fruit later in the year. Across the Group, we have managed to reduce vacancy in the residential sector from 9.9% at year-end 2012 to currently 9.3%. It is particularly pleasing that vacancy in Salzgitter was reduced even faster in the second quarter than in the first quarter, and with 19.9% now is below 20% for the first time. At the end of Q1, we were still at 20.8%. In our Eastern German, Berlin and Hamburg portfolios some major measures are currently being undertaken, which should also lead to a further improvement of the rental situation in the quarters ahead.

At the same time, rents continue to rise as we can let apartments that become empty to new tenants at much higher rents. While in the first quarter we barely increased rents for our existing tenants, in the second quarter we were able to realise them in parts of our portfolios for seasonal reasons. This will also be reflected in our cash flow figures from the fourth quarter.

As a result, TAG Group is positioned to achieve a significant increase in cash flow in 2013. Beyond the operational effects described above, two other refinancings are also pending in the portfolios of Emersion Grundstücksverwaltungs-Gesellschaft in Salzgitter and Domus Grundstücksverwaltungs-Gesellschaft in Freiburg among other locations. These will significantly reduce our interest charges from Q4/2013, and from the first quarter of 2014 in the Colonia Berlin portfolio, as we have now been able to secure favourable terms for these loans. The downstream synergies of our two recent acquisitions will also contribute to this.



Herbsleberstraße, Gotha

This makes it difficult to be anything less than very optimistic about TAG's future prospects. For this reason, among others, and because the price of the TAG share developed contrary to the continuous improvement of our business in the first half of the year, we decided to partially repurchase our convertible bonds in a selective and price-sensitive manner. This reduces the dilutive effect of these instruments and increases the potential for our

shareholders. To finance this repurchase, last week we issued a EUR 200 m five-year bond at an interest rate of 5.125 %.

In sum, TAG is operationally strong and has further improved its cash flows while simultaneously seizing an opportunity to optimise its balance sheet. And as the integration of the last two major acquisitions is essentially complete, as a next step we can now

make our organisation and general administration more efficient and streamline it further. We hope to be able to report news about this soon.

Apart from this, we will continue to work on occasional opportunistic sales, take advantage of purchase options that present themselves, and further reduce our commercial portfolio. During the first half of the year, we were able to sell four properties from our commercial portfolio and are currently in various promising negotiations for further sales.

At the same time we are working on a very attractive pipeline of selective acquisitions for our residential portfolio. We will, as usual proceed in an extremely price-disciplined manner, as we

are in the very comfortable position that while we can and want to continue to grow and also have the necessary cash to do so, we are not under pressure to acquire additional portfolios. For this reason we have just purchased, in July 2013, a small residential portfolio in Chemnitz that met our price expectations.

We expect to be able to acquire as many as 10,000 additional residential units by year-end.

We thank you for the confidence you have placed us on this journey so far, and in particular for the widespread support we received at this year's Annual General Meeting in June 2013.

Kind regards,



Rolf Elgeti
CEO



Georg Griesemann
CFO



Claudia Hoyer
COO



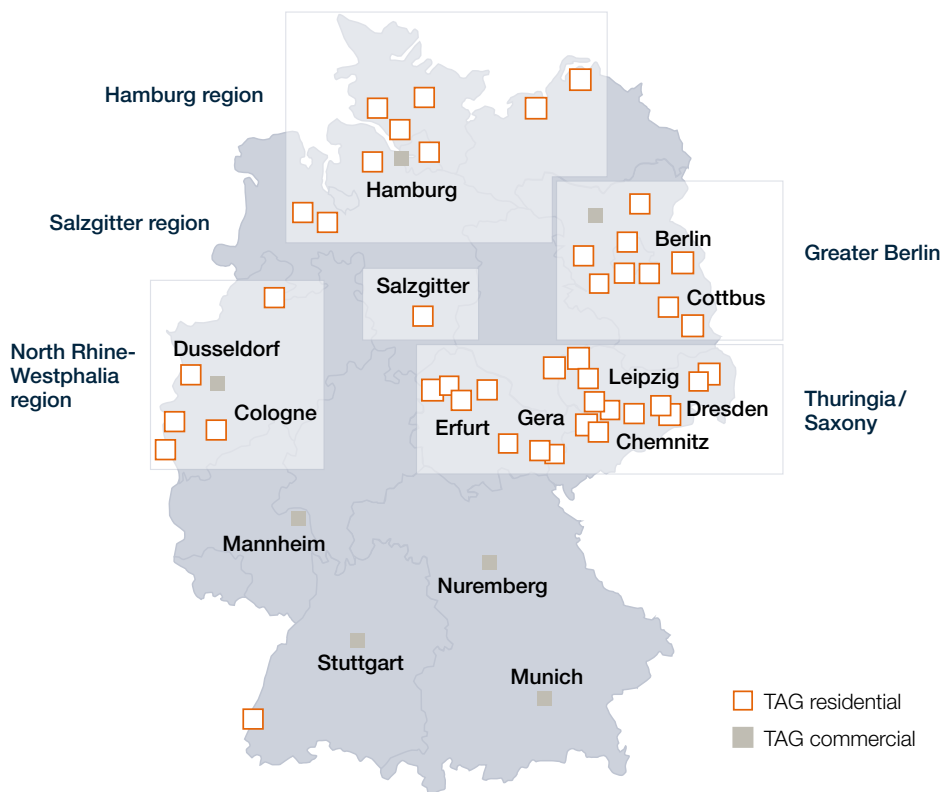
Dr. Harboe Vaagt
CLO

Portfolio

The overall portfolio

The TAG Group's property portfolio encompasses some 70,000 units and is for the most part located in good urban locations in German growth regions. Our growth strategy is focused on selected regional locations with development potential, stable cash flows and attractive yields, where TAG already

has holdings. This makes possible the central management of large parts of the portfolio by just a few branch offices, which leads to a particularly favourable risk/reward ratio, as rent increase potential, attractive initial yield and a cost-effective management of the portfolio can be combined.



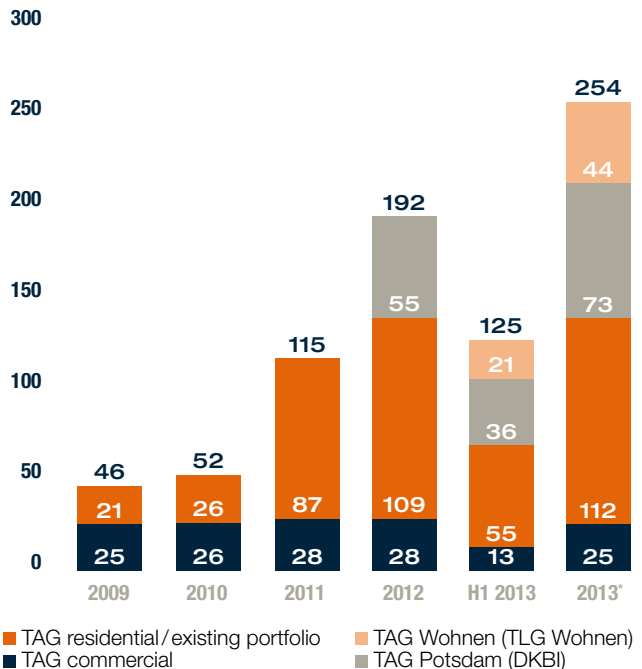
Portfolio as of 06/30/2013	Total
Units	67,958
Floor area sqm	4,458,517
Real estate volume in TEUR	3,556,888
Net actual rent EUR/sqm	5.21

Integration of last year's acquisitions into the TAG Group now complete

Both the 25,000 units of TAG Potsdam and the 11,350 residential units of TAG Wohnen have been fully integrated into the TAG Group portfolio. The following shows the Group's rental income by business division:

Rental income by portfolio

in EUR m



* Estimate

Property sales during the first half of 2013

Commercial properties are no longer the focus of the Group's strategy, so that the properties in this segment are successively and selectively being sold. By the end of Q2 the following commercial portfolio sales had been completed:

- Bogenstraße, Ahrensburg
- Königstorgraben, Nuremberg
- Stahlwiete, Hamburg
- Vahrenwalder Straße, Hanover

The company is currently in promising negotiations for the sale of other commercial properties.

But to optimise the portfolio sales are also being made from the residential portfolio, if they improve TAG Group's profitability and FFO. For instance, at the end of last year around 1,400 units were sold in Berlin and some units have also been sold in the Thuringia/Saxony region. Selectively and in exceptional cases, opportunities are used and then the released equity is reinvested by purchasing properties with higher initial returns.

Residential portfolio

The TAG residential real estate portfolio is focused on five locations: the regions of Hamburg and Salzgitter, the greater Berlin area, North Rhine-Westphalia and Thuringia/Saxony. As part of its

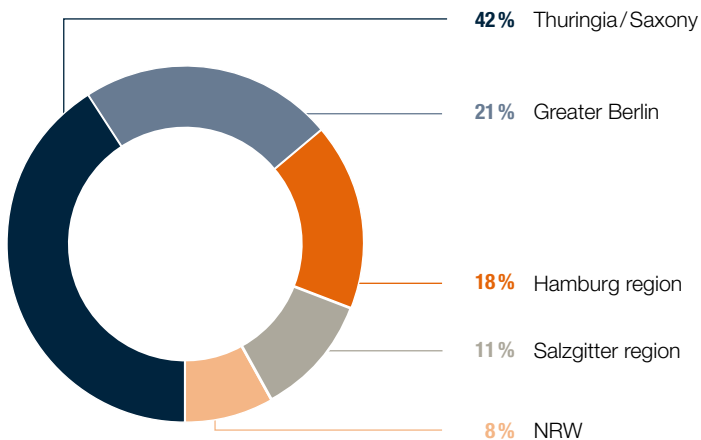
strategy, TAG will continue to make acquisitions in locations that can benefit from existing infrastructures for cost-effective integration and profitable management.

Region	Units	Floor area sqm	Vacancy** %	Net actual TEUR p. a.	Net actual EUR / sqm	Target rent TEUR p. a.	Book value TEUR
Residential portfolio*	67,166	4,107,391	9.3	221,820	4.99	241,549	3,075,625
Hamburg region	11,236	680,667	8.5	38,413	5.13	40,891	542,739
Greater Berlin	13,190	805,463	4.6	45,581	4.96	47,605	651,639
Thuringia/Saxony	29,715	1,800,347	8.8	93,901	4.84	101,988	1,289,130
NRW	3,822	255,971	4.8	16,177	5.54	17,105	236,543
Salzgitter region	9,203	564,942	20.2	27,748	5.13	33,960	355,575

* As of 30 June 2013 according to balance sheet value

** Excluding properties for sale

Residential real estate portfolio by region*



* As of 30 June 2013 according to balance sheet value

Vacancy development by region up to and including July 2013

Active asset and property management led to further successes in vacancy reduction: vacancy in the Group's residential property portfolio was reduced from 9.9% at year-end 2012 to 9.3% at

the end of the second quarter of 2013. Vacancy in the five regions of the TAG residential portfolio, has developed as follows since year-end:

Vacancy reduction during the last six months*

Region	February 2013	March 2013	April 2013	May 2013	June 2013	July 2013
Residential portfolio*	9.57 %	9.46 %	9.34 %	9.34 %	9.34 %	9.23 %
Hamburg region	8.72 %	8.79 %	8.60 %	8.60 %	8.48 %	8.36 %
Greater Berlin	4.88 %	4.82 %	4.77 %	4.69 %	4.64 %	4.62 %
Thuringia/ Saxony	8.74 %	8.60 %	8.61 %	8.72 %	8.79 %	8.71 %
NRW	4.89 %	4.75 %	4.36 %	4.35 %	4.84 %	4.85 %
Salzgitter region	21.40 %	21.12 %	20.75 %	20.56 %	20.25 %	19.94 %

* Excluding properties for sale



Am Bauerngraben, Salzgitter

Acquisition of a portfolio of 219 residential units in Chemnitz in July 2013

At the beginning of July 2013, TAG acquired 219 residential units in a central location in Chemnitz, Saxony. The purchase price was approximately EUR 7.7 m. The newly acquired property consists of contiguous residential units of 2- to 4-bedroom 1970s prefabricated buildings. The lettable area

totals 13,271 sqm and the average vacancy is 6.9%. The annual net rent is approximately EUR 0.7 m. This newly acquired portfolio also can be managed cost-effectively by the existing local TAG branch office, without requiring additional staff or infrastructure.

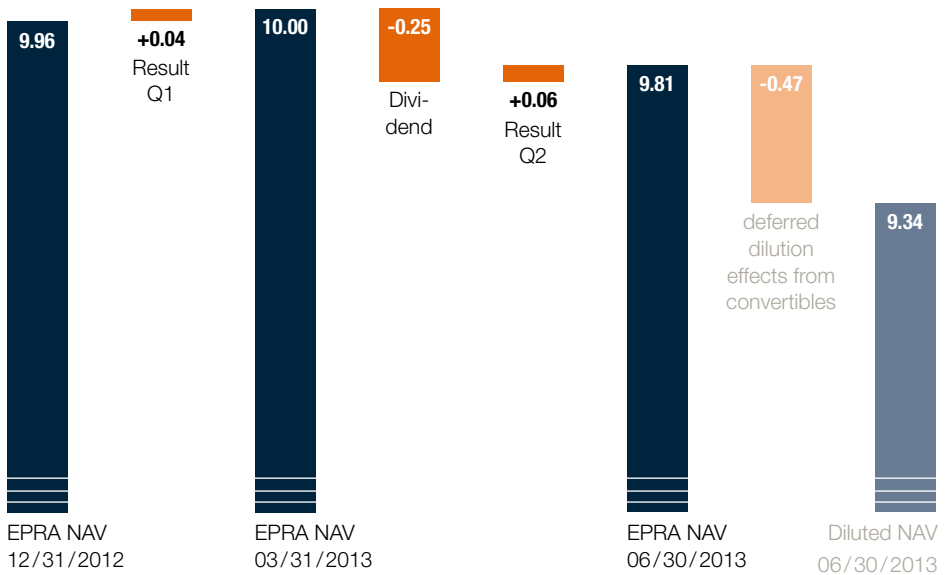
Net Asset Value – NAV

NAV is the international benchmark for evaluating real estate companies, a figure that represents the company's intrinsic strength. The calculation of NAV in accordance with EPRA (European Public Real Estate Association) guidelines aims to show the fair value of net assets on a consistent and long-term basis. When calculating NAV only the equity before minority interests according to the balance sheet is used, divided by the number of shares. Derivatives and deferred taxes are not included in the calculation. All values that are relevant for the calculation are validated by expert opinions/valuations.

In addition to the EPRA NAV, beginning with this quarter we are also reporting the diluted EPRA NAV, which takes into account the effects of potentially outstanding shares from convertible bonds. Because all of TAG's outstanding convertible bonds have an exercise price below the current NAV, all three convertible bonds have a dilutive effect for our shareholders. By repurchasing the convertible bonds in late July 2013, we were able to reduce the dilutive effect by about 7.7 m TAG shares.

NAV per share

in EUR m



FFO statement for TAG Group at the end of the first half of 2013

Funds from operations (FFO) is a key financial indicator for real-estate companies, as it describes a company's operating performance. FFO is calculated based on EBT, adjusted for non-cash elements. At the end of the second quarter of 2013, FFO I – i.e. without liquidity from sales – totalled EUR 31.5 m and has thus more than doubled in comparison with the first quarter of 2013 (Q1: EUR 15.1 m).

TAG's business activity regularly includes property sales, as described. For this reason, we also report the indicator FFO including property sales. Until 30 June 2013, FFO II came to EUR 79.1 m, mainly reflecting sales of residential properties in Berlin and commercial properties (see above).

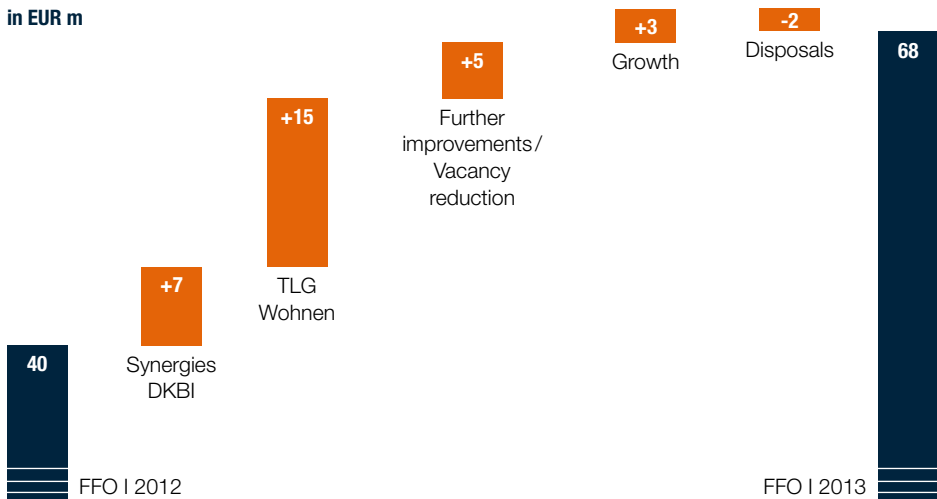
in EUR m	01/01– 06/30/2012	01/01– 12/31/2012	01/01– 03/31/2013	04/01– 06/30/2013	01/01– 06/30/2013
EBT	120.6	202.6	13.3	11.7	25.0
Adjustment for non-cash items					
valuation result	-10.5	-29.4	0.1	0.3	0.4
gains from first-time consolidation of DKBI in 2012	-99.1	-99.1	–	–	–
deconsolidation Polares in 2012	0.0	-5.4	–	–	–
first time consolidation TLG in 2012	–	-49.0	–	–	–
depreciation	0.8	1.7	0.5	0.6	1.0
impairment losses on receivables and inventories	3.3	13.6	1.2	1.9	3.1
non-cash financial expenses/income	1.3	4.6	0.4	1.1	1.6
sales result	0.0	0.1	-0.5	0.9	0.4
FFO I	16.4	39.6	15.1	16.4	31.5
plus liquidity from sales	17.1	29.9	44.9	2.7	47.6
FFO II	33.5	69.5	60.1	19.0	79.1
FFO per share in EUR	0.17	0.42	0.12	0.13	0.24

FFO guidance for 2013

We are well on track for achieving our FFO I guidance of EUR 68 m at year-end 2013. Our estimates do not include synergies from the acquisition of TAG Wohnen or the lower financing costs from renegotiating existing loan agreements. The reduction of vacancy costs will additionally contribute to the existing FFO potential.

FFO guidance 2013

in EUR m



Refinancing update

Above and beyond the results generated in the first half, other positive effects from savings achieved by refinancing TAG Wohnen's loans will arise during the second half of the year. We acquired the TAG Wohnen portfolio with existing bank loans at an average interest rate of approximately 4.25%, and have now refinanced it on average at about 2.55%. In our Q1 report we were still assuming an interest rate of 2.65%. The cost savings from these loan refinancings will primarily be recognised in the earnings and cash flow statement from the third quarter of 2013.

Two other refinancings are also pending in the portfolios of Emersion Grundstücksverwaltungs-Gesellschaft in Salzgitter and Domus Grundstücksverwaltungs-Gesellschaft in Freiburg among other locations that will significantly reduce our interest charges from the fourth quarter, and from the first quarter of 2014 in the Colonia Berlin portfolio. We have already been able to secure favourable terms for these loans as well.



The TAG share

The price of the MDAX listed TAG share fell slightly during the first half of 2013 and failed to keep pace with its index, which recorded an increase of 13%. At the beginning of the year, the TAG share had started with a year-to-date high of EUR 9.65. Mirroring the development of the EPRA benchmark index, the price trended moderately downwards until the end of the first half, and the TAG share was at EUR 8.17 on 28 June 2013. Currently, the share is quoted at EUR 8.90 (31 July 2013).

The subscribed capital and the number of shares with 130,737,996 have not changed since the end of 2012. Free float is also still at 100%. At the closing price of EUR 8.17 on 28 June 2013, TAG's market capitalisation was EUR 1,068 m.

The company's Annual General Meeting on 14 June 2013, which was attended by over 77% of the shareholders, approved all agenda items by a large majority. The line-up of the Supervisory Board has changed. Mr Cramer and Ms Stark did not stand for re-election and their positions were filled by Mr Lanz, a member of the Management Board of Axel Springer AG, and Dr. Wagner, a lawyer. Furthermore, EUR 20 m of authorised capital was created.

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

Invitation to repurchase convertible bonds

Further to its issuance of a corporate bond at the end of July 2013, TAG submitted a repurchase invitation to the holders of convertible bonds.

In 2010 and 2012 TAG Immobilien AG issued the following convertible bonds:

- Convertible bond in the amount of EUR 30 m. 5/2010/2015, interest rate 6.375% conversion price EUR 5.0263 (ISIN: DE000A1ELQFO)
- Convertible bond in the amount of EUR 66.6 m. 12/2010/2015, interest rate 6.5%, conversion price EUR 6.9289 (ISIN: DE000A1E89W7)
- Convertible bond in the amount of EUR 85.3 m. 2012/2019, interest rate 5.5%, conversion price EUR 8.5132 (ISIN: DE000A1PGZM3).

The repurchase price was:

- Convertible bond 5/2010/2015
EUR 184.80
(denomination: EUR 100.00)
- Convertible bond 12/2010/2015
EUR 10.62
(denomination: EUR 7.40)
- Convertible bond 2012/2019
EUR 131,000.00
(denomination: EUR 100,000.00)

The offer was accepted to the sum of EUR 76.4 m and was financed with funds from the corporate bond issued at the same time. This reduces the dilutive effect of outstanding bonds, which ultimately benefits all of our shareholders.

Issuance of a corporate bond to optimise the financing structure

Also in late July/early August, TAG issued a debenture in the form of a fixed-rate bond with a volume of EUR 200m. The bond, which is subject to shareholders' pre-emptive subscription rights has a term of up to five years and will bear interest at a coupon rate of 5.125 % per annum. The bond was successfully placed within a few days in a favourable market environment and was oversubscribed many times.

The bonds are already trading in the Open Market, the Entry Standard on the Frankfurt Stock Exchange, the participation in the Prime Standard for corporate bonds.

The funds generated are intended for use for general business purposes, the repurchase of TAG convertible bonds, and also to optimise the financing structure.

Borrowing terms at a glance

Volume	EUR 200 m
Denomination	EUR 1,000.00 each
Nominal value per bond	EUR 1,000,00
Term	5 years
Interest rate	5.125%
Issue price	at par
Trade	Open Market/Entry Standard/Prime Standard

Group management report for the first half of 2013

Economic and general conditions in Germany

After the cyclical slowdown at the end of last year, economic activity in Germany stabilised in the first half of 2013.

This is shown in the labour market data – despite a slight weather-related rise at the beginning of the year, at the end of the second quarter, unemployment dropped from 7.4% in January to 6.6% in June 2013.

Price levels also remained constant in the first half. The consumer price index in June exceeded last year's level by 1.8%, and is still very low. Looking at the German finance market, overall government tax revenue rose by 4.3% in June 2013 compared to the previous year. Federal revenues (+1.9%) and expenses (+1.8%) also remained stable year-on-year. The inflation rate anticipated this trend and tended to be flat between January (1.7%) and June 2013 (1.8%). Given the pan-European situation, the IFO Business Climate Index, the main barometer of the German economy, predicts that the German economy will see only moderate growth through the end of the year.

The German real-estate market

The residential real-estate market

The continuing strong fundamentals of the German economy, coupled with the ongoing trend towards residential property, have made the German real estate market the most popular asset class. Year-on-year, transaction volumes in residential real-estate portfolios remained high at EUR 6.14 billion (previous year: EUR 7 billion). More than 91,000 residential units changed hands in 85 transactions, with the majority of investors (74 %) coming from the domestic market. The most apartments by far (17,500 units) were sold in the capital, Berlin - this represents a share of 13 %. The high demand from institutional and private investors, in particular in the segment of multi-family houses as an investment product, has led to rising purchasing prices and declining initial returns in major cities. This especially increases the focus on B locations in places like North Rhine-Westphalia and northern Germany, but also on properties in B locations with an attractive opportunity-to-risk ratio.

Conclusion based on trends in the German real estate market:

The performance of the German real estate market in the first two quarters of 2013 shows that German real estate also remains an increasingly attractive asset class globally. Transactions can be expected to remain lively during the second half of the year. It appears realistic that a total transaction volume of EUR 10 billion can be reached by the end of the year.

TAG exploits opportunities in the German housing market, investing in real estate portfolios with growth and earnings potential. Our focus is on residential properties in selected locations, characterised by attractive locations, as well as positive prospects, and which can be managed by the current TAG branches without significant additional cost. The Group has offices in Hamburg, Berlin, Leipzig, Dusseldorf, Salzgitter, Rostock, Nauen, Döbeln, Erfurt and Gera.

The commercial real estate market

At the end of June 2013, the German commercial real estate market recorded its best half-year result since the boom year of 2007. Total investment came to EUR 12.6 billion, representing a significant increase of approximately 34% over the first half of last year. At EUR 3.1 billion, i.e. almost 24%, a large part of the volume comes from package sales, representing a year-on-year increase of 5%. As usual, investors focused mainly on the five major German investment centres in Berlin, Dusseldorf, Frankfurt, Hamburg and Munich. At EUR 5.6 billion, or 44%, office buildings make up the largest share of the transactions. Overall, the activity of domestic investors in the purchase of commercial real estate rose to 72% in the first half of 2013, from 66% in the same period last year, confirming the exceptionally dynamic run of the first six months. This market activity is influenced mainly by sustained low interest rates and by excess demand for core properties. Therefore, a nationwide transaction volume of EUR 25 billion for the full year 2013 appears realistic.

TAG Group's strategic focus is residential real estate, so no acquisitions are planned in the commercial property sector. Instead, the real estate inventory will be opportunistically diminished through selected sales. The current book value of the commercial portfolio represents approximately 10% of the Group's total real estate volume.

TAG Group's net assets, financial position and results of operations

The first half of 2013 went well for the TAG Group. The impact on earnings of the management of the TAG Wohnen portfolio acquired with effect from 31 December 2012 was included and had a positive effect. The first quarter was also dominated by the sale of three residential complexes in Berlin with 1,400 residential units at a price of EUR 87 m, the sale of the land on Lake Tegernsee and the shares in Tegernsee-Bahnbetriebsgesellschaft, and of a property in Nuremberg.

Rental income in particular saw a significantly year-on-year increase, soaring by 46 % to EUR 98.5 m. This increase is primarily due to rental earnings from acquisitions in 2012, which were not yet included in the comparative period of 2012. Vacancy in the residential portfolio came to 9.3 % at the end of the first half of the year (not including properties to be sold) vs. 11.4 % at the end of H1 2012 and 9.9 % at the end of 2012.

Revenue from the sale of investment properties in the first half of 2013 amounted to EUR 104.7 m, well above revenues in the same period in 2012 (EUR 22.0 m). The corresponding expenses from the sale of investment property amounted to EUR 105.9 m for the period January to June 2013 and EUR 22.0 m for the comparative period last year. Significant sales included the properties Bärenparksiedlung (Berlin), Argentinische Allee (Berlin) and various properties in the Steglitz district of Berlin. Sales from properties held for sale during the reporting period of 2013 came to EUR 4.9 m, versus EUR 5.0 m in the same period last year. The corresponding expenses from the sale of inventories amounted to EUR 4.2 m for the first half of 2013 and EUR 5.1 m for the same period last year.

In the first half of 2013, personnel expenses rose by EUR 4.5 m compared to the first quarter of 2012, to EUR 14.8 m. The reasons for this increase were the acquisitions of the financial year 2012. During the comparative period last year, personnel expenses from these acquisitions didn't arise until the respective date at which each company was included in the TAG Group's financial statements.

At EUR 4.4 m, Other operating income was well below the level of the same period in the previous year (EUR 106.2 m). This is mainly due to the fact that in the comparative period, the impact on earnings from the preliminary initial consolidation of TAG Potsdam Immobilien GmbH was included with the amount of EUR 99.2 m. Due to the sale of shares in the first half of the year, deconsolidation effects in the amount of EUR 0.7 m are included in other operating income.

Despite the acquisitions of 2012, Other operating expenses came to EUR 8.9 m, slightly down year-on-year (H1 2012: EUR 11.1 m). This is primarily due to savings in the areas of IT, occupancy costs, legal and consulting costs, as well as other administrative costs.

The net interest income clearly reflects the previous year's corporate and property acquisitions. Total net interest expenses rose by EUR 12.0 m to EUR 50.9 m. TAG Potsdam-Immobilien GmbH, TAG Wohnen GmbH and TAG Stadthaus am Anger GmbH accounted for EUR 18.1 m of this. Effects from the valuation of derivatives are also included in net interest income.

At EUR 75.8 m, first-half EBIT for 2013 is well above the EUR 60.2 m recorded for the comparative period in 2012 (excluding initial consolidation effects).

In the period under review, the TAG Group's Earnings before taxes (EBT) amounted to EUR 25.0 m, compared to EUR 120.6 m in the same period last year or EUR 21.4 m excluding initial consolidation. This is primarily due to interest expenditure on loans taken out to finance the acquisitions of the previous year. Post-tax earnings came to EUR 26.4 m. Tax result in the first half of 2013 consisted of gains from the valuation of deferred income tax of EUR 2.3 m, and income tax expenses of EUR 1.0 m.

Total assets decreased by approximately 2.8% from EUR 3,800.0 m at 31 December 2012 to EUR 3,692.4 m at 30 June 2013. This reduction is mainly due to the sales in Berlin during the first half. Modernisation measures led to an increase in the value of the properties held for sale. The decrease in total assets can be attributed mainly to the development/change in assets held for sale, which were reduced by 93.7% from EUR 111.6 m to EUR 7.0 m. Net bank borrowings decreased accordingly and amounted to EUR 2,132.2 m at 30 June 2013, compared with EUR 2,216.0 m at 31 December 2012. Overall, this leads to a reduction and therefore an improvement in the loan-to-value (LTV) ratio from 58.9% at 31 December 2012 to 58.3% at 30 June 2013.

The equity ratio during the first half increased from 29.9% at 31 December 2012 to 30.7% due to the decrease in net bank borrowings and the positive performance.

Material events occurring after the balance sheet date

On 29 July 2013, TAG issued five-year corporate bonds with a volume of EUR 200 m. The interest rate has been fixed at 5.125 % per annum. The company also issued an invitation to buy back outstanding convertible bonds. Offers totalling EUR 50.8 m (nominal value) were accepted; the buyback price was EUR 76.2 m. The buyback was processed on 7 August 2013.

In a purchase agreement dated 8 July 2013, the TAG group acquired in 219 residential units at a central location in Chemnitz for a purchase price of approx. EUR 7.7 m. The net annual rent is approx. EUR 0.7 m. Average vacancy in this portfolio is 6.9%.

There were no other significant events after the end of the reporting period.

Risks and outlook

TAG's business activities expose it to various operating and economic risks. Please refer to the comprehensive risk report in the annual report for 2012 (page 65 of the Group management report). Since 1 January 2013 no risks necessitating any modifications to this assessment have arisen or become discernible.

The properties and companies the company acquired last year have been fully integrated in TAG's risk management system. No additional risks have arisen as a result of the acquisitions.

This also applies to the risk of a subsequent levying of property transfer tax, as described in the 2012 Annual Report, on the shareholdings owned in the Colonia AG subgroup by GIMAG, Switzerland.

In the outlook chapter of our 2012 Annual Report, we had forecast rental income for the current financial year of around EUR 254 m and FFO of approximately EUR 68 m, and a lowering of interest rates in the Group in the course of refinancing loans. Due in part to the positive development of the first half of 2013, we continue to stick by these forecasts.

Hamburg, 8 August 2013

The Supervisory Board

Consolidated balance sheet

Assets in TEUR	06 / 30 / 2013	12 / 31 / 2012
Non-current assets		
Investment properties	3,456,289	3,455,667
Intangible assets	4,094	2,045
Property, plant and equipment	10,806	10,664
Investments in associates	65	68
Other financial assets	25,631	25,514
Deferred taxes	0	1,502
	3,496,885	3,495,460
Current assets		
Land with unfinished and finished buildings	85,737	89,642
Other inventories	214	568
Trade receivables	16,939	20,133
Income tax receivables	3,124	3,037
Derivative financial instruments	8,770	8,850
Other current assets	15,124	14,888
Cash and cash equivalents	58,594	55,753
	188,502	192,871
Non-current assets available-for-sale	7,019	111,631
	3,692,406	3,799,962

Equity and liabilities in TEUR	06/30/2013	12/31/2012
Equity		
Subscribed capital	130,738	130,738
Share premium	739,606	739,971
Other reserves	-15,245	-20,210
Unappropriated surplus	278,922	285,678
Attributable to the equity-holders of the parent company	1,134,021	1,136,177
Attributable to non-controlling interests	20,978	20,279
	1,154,999	1,156,456
Non-current liabilities		
Bank borrowings	1,609,111	1,804,786
Retirement benefit provisions	4,999	5,126
Liabilities from convertible bonds	174,533	173,105
Derivative financial instruments	23,318	23,796
Other non-current liabilities	593	3,643
Deferred taxes	121,910	123,359
	1,934,464	2,133,815
Current liabilities		
Other provisions	30,054	33,544
Income tax liabilities	8,952	8,951
Bank borrowings	523,052	411,261
Trade payables	16,505	13,784
Derivative financial instruments	11,898	29,368
Liabilities from convertible bonds	2,718	1,532
Other current liabilities	9,764	9,695
	602,943	508,135
Liabilities in connection with the non-current assets available for sale	0	1,556
	3,692,406	3,799,962

Consolidated income statement

in TEUR	01/01 – 06/30/2013	01/01 – 06/30/2012 (adjusted)	04/01 – 06/30/2013	04/01 – 06/30/2012 (adjusted)
Total revenues	236,680	118,037	71,814	61,004
Rental revenues	125,556	87,394	62,381	53,025
Rental expenses	-27,012	-20,106	-13,063	-11,806
Net rental income	98,544	67,288	49,318	41,219
Revenues from the sale of inventory real estate	4,927	5,038	1,866	3,405
Expenses on the sale of inventory real estate	-4,211	-5,120	-1,868	-3,508
Net revenues from sale of inventory real estate	716	-82	-2	-103
Revenues from the sale of investment properties	104,717	21,994	6,657	2,582
Expenses on the sale of investment properties	-105,854	-21,966	-7,546	-2,533
Net revenues from sale of investment properties	-1,137	28	-889	49
Revenues from property management	1,480	3,611	910	1,992
Expenses for the provision of property management	-8	-2,761	-3	-1,482
Net income from the provisions of property management	1,472	850	907	510
Other operating income	4,428	106,172	2,200	22,264
Fair-value remeasurement of investment properties	-379	2,680	-250	3,673
Net fair value gains and losses from measurement of newly acquired investment properties	0	7,791	0	0
Total net gains from the remeasurement of investment properties	-379	10,471	-250	3,673
Gross profit	103,644	184,727	51,284	67,612
Personnel expenses	-14,799	-10,250	-7,560	-7,027
Depreciation/ amortisation	-1,036	-780	-563	-404
Impairment losses on receivables and inventories	-3,098	-3,235	-1,859	-1,969
Other operating expenses	-8,899	-11,093	-4,471	-6,572
EBIT	75,812	159,369	36,831	51,640
Net profit from investments	135	136	67	136
Share of profit from associates	-3	-6	-4	-6
Loss absorption	-7	0	0	0
Interest income	6,055	5,820	3,508	1,694
Borrowing costs	-56,971	-44,753	-28,710	-26,315
EBT	25,021	120,566	11,692	27,149
Income taxes	1,290	-4,604	470	327
Other taxes	71	137	90	20
Consolidated net profit	26,382	116,099	12,252	27,496
of which attributable to non-controlling interests	453	188	355	-103
of which attributable to the Parent Company's shareholders	25,929	115,911	11,897	27,599
Earnings per share (EUR)				
Basic earnings per share	0.20	1.34	0.09	0.22
Diluted earnings per share	0.20	1.13	0.09	0.18

Consolidated statement of comprehensive income

in TEUR	01/01 – 06/30/2013	01/01 – 06/30/2012	04/01 – 06/30/2013	04/01 – 06/30/2012
Net income as shown in the income statement	26,382	116,099	12,252	27,496
Unrealised gains and losses from hedge accounting	7.026	-2.215	2.428	-1.145
Deferred taxes on unrealised gains and losses	-1.676	412	-582	234
Other comprehensive income after taxes	5,350	-1,803	1,846	-911
Total comprehensive income	31,732	114,296	14,098	26,585
of which attributable to non-controlling interests	827	323	523	44
of which attributable to the Parent Company's shareholders	30,905	113,973	13,575	26,541

Consolidated cashflow statement

in TEUR	01/01– 06/30/2013	01/01– 06/30/2012
Consolidated net profit/loss	26,382	116,099
Depreciation / amortisation	1,025	780
Share of profits/losses of associates	3	6
Gains from the remeasurement from investment properties	379	-10,471
Gains from business combinations	0	-99,157
Gains/losses from the disposal of joint ventures	1,137	-28
Gains/losses from disposal of property, plant and equipment	2	-804
Impairments on receivables and inventories	3,098	3,235
Changes in deferred income taxes	53	4,426
Changes in provisions	-3,616	-1,078
Changes in receivables and other assets	3,995	8,520
Changes in payables and other liabilities	-8,802	-18,764
Cashflow from operating activities	23,656	2,764
Payments received from the disposal of investment properties	104,717	21,994
Expenditure on investments in investment properties	-8,175	0
Payments received from sale of property, plant and equipment	8	1,550
Payments made for investments in intangible assets and property, plant and equipment	-3,226	- 519
Payments received from disposals of other non-current assets held for sale	5,932	0
Payment made for the acquisition of consolidated companies less cash and cash equivalents	0	-155,521
Payments made for investments in associates and other financial assets	0	-152
Expenditure on the acquisition of real estate companies (incl. transaction costs)	0	-3,962
Cashflow from investing activities	99,256	-136,610
Payments received from cash equity issues	0	127,082
Cost of issuing equity in connection with capital increase	-353	-3,500
Payments received from the issue of convertible bonds	0	85,300
Costs in connection with the issue of convertible bonds	0	-1,419
Dividend payouts	-32,685	-19,114
Payments received from bank borrowings	157,391	7,930
Payments made for repaying bank borrowings	-242,124	-35,276
Payments made for increasing shares without a change of status	-256	-3,332
Cashflow from financing activities	-118,027	157,671
Net change in cash and cash equivalents	4,885	23,825
Cash and cash equivalents at the beginning of the period	31,712	21,599
Cash and cash equivalents at the end of the period	36,597	45,424

Statement of changes in consolidated equity

in TEUR	Attributable to the parent's shareholders								Non-controlling interests	Total equity
	Subscribed capital	Share premium	Other reserves			Un-appropriated surplus	Total			
			Retained earnings	Hedge accounting reserve	Currency translation					
Amount on 01/01/2013	130,738	739,971	527	-20,833	96	285,678	1,136,177	20,279	1,156,456	
Consolidated net profit	0	0	0	0	0	25,929	25,929	453	26,382	
Other comprehensive income	0	0	0	4,976	0	0	4,976	374	5,350	
Total comprehensive income	0	0	0	4,976	0	25,929	30,905	827	31,732	
Increase in shares without change of status	0	-127	0	0	0	0	-127	-128	-255	
Cost of issuing equity (after income taxes)	0	-239	0	0	0	0	-239	0	-239	
Dividend payouts	0	0	0	0	0	-32,685	-32,685	0	-32,685	
Currency translation	0	0	0	0	-11	0	-11	0	-11	
Amount on 06/30/2013	130,738	739,606	527	-15,857	85	278,922	1,134,021	20,978	1,154,999	
Amount on 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	0	0	115,911	115,911	188	116,099	
Other comprehensive income	0	0	0	-1,938	0	0	-1,938	135	-1,803	
Total comprehensive income	0	0	0	-1,938	0	115,911	113,973	323	114,296	
Acquisition of DKBI	0	0	0	0	0	0	0	1,447	1,447	
Acquisition of Chemnitz	0	1,906	0	0	0	0	1,906	0	1,906	
Increases or decreases in shares without any change of status	0	-6	0	0	0	0	-6	-3,326	-3,332	
Issue of convertible bonds	0	4,592	0	0	0	0	4,592	0	4,592	
Capital increase from conversion	303	1,213	0	0	0	0	1,516	0	1,516	
Capital increase against contribution in kind	859	4,185	0	0	0	0	5,044	0	5,044	
Cash equity issue	20,664	106,418	0	0	0	0	127,082	0	127,082	
Cost of issuing equity (after income taxes)	0	-2,370	0	0	0	0	-2,370	0	-2,370	
Dividend payouts	0	0	0	0	0	-19,114	-19,114	0	-19,114	
Currency translation	0	0	0	0	4	0	4	0	4	
Amount on 06/30/2012	96,731	478,969	527	-18,756	35	222,513	780,019	45,683	825,702	

Consolidated segment report

For the period from 1 January to 30 June 2013

in TEUR	Residential real estate				
	Hamburg	Berlin	NRW	Salzgitter	Thuringia/ Saxony
Rental income	19,188	23,250	8,130	13,690	47,983
Previous year	13,411	18,648	8,398	13,417	18,771
■ of which external rental income	19,188	23,222	8,130	13,690	47,934
Previous year	13,411	18,620	8,398	13,417	18,719
■ of which internal rental income	0	28	0	0	49
Previous year	0	28	0	0	52
Rental expenses					
Previous year					
Asset sales					
Previous year					
Net income from services					
Previous year					
Remeasurement					
Previous year					
Investment properties					
Previous year					
Non-allocated other operating income					
Previous year					
■ of which consolidation gains					
Previous year					
Gross profit					
Previous year					
■ Miscellaneous nonallocated expenses					
Previous year					
EBT					
Previous year					
Segment assets	543,392	653,128	236,584	355,588	1,313,318
Previous year	545,598	745,498	243,830	353,417	1,309,073
Non-allocated assets					
Previous year					
Total assets					
Previous year					

Total residential	Total commercial	Other activities	Consolidation	TAG Group
112,241	13,382	266	-333	125,556
72,645	14,469	804	-524	87,394
112,164	13,155	237	0	125,556
72,565	14,112	717	0	87,394
77	227	29	-333	0
80	357	87	-524	0
				-27,012
				-20,106
				-421
				-54
				1,472
				850
				-379
				2,680
				0
				7,791
				4,428
				106,172
				0
				99,145
				103,644
				184,727
				-78,623
				-64,161
				25,021
				120,566
3,102,010	454,899	0	0	3,556,909
3,197,416	461,519	5,932	0	3,664,867
				135,497
				135,095
				3,692,406
				3,799,962

Notes on the abridged consolidated interim financial statements as of 30 June 2013

General information

These condensed consolidated interim financial statements prepared by TAG Immobilien AG (hereinafter referred to as the “Company” or “TAG”) have been prepared in accordance with the provisions contained in Section 37w, paragraph 3 of the German Securities Trading Act pertaining to ‘interim financial reporting’. The period under review comprises the first six months of 2013. The comparison figures refer to 31 December 2012 with respect to the consolidated balance sheet and otherwise to the first six months of 2012. In addition, the consolidated income statement and the consolidated statement of comprehensive income contain figures pertaining to the second quarter of 2013 (1 April to 30 June 2013) together with the corresponding comparison figures for the previous period. These condensed financial statements and the interim management report have not been reviewed by an auditor, nor have they been audited in accordance with Section 317 of the German Commercial Code (HGB).

The figures reported in the quarterly financial statements are mostly denominated in TEUR (thousands of euros). This may result in rounding differences between the individual parts of the financial statements.

The quarterly financial statements have been prepared on a consolidated basis in accordance with the International Financial Reporting Standards (IFRS) endorsed by the EU concerning interim reporting (IAS 34 – Interim financial reporting). In addition, allowance has been made for the provisions contained in German Accounting Standard No. 16 (DRS 16 – Interim Reporting).

The recognition and measurement principles as well as the notes and explanations on the quarterly financial statements for the first half of the year are fundamentally based on the recognition and measurement principles applied to the consolidated financial statements for the year ending 31 December 2012. For more details concerning the recognition and measurement principles applied, please refer to the consolidated financial statements for the year ending 31 December 2012 prepared in accordance with IFRS, which pursuant to IAS 34 form the material basis for these interim financial statements.

Consolidated companies and acquisitions in the period under review

The consolidation group as of 30 June 2013 includes TAG and, as a matter of principle, all companies in which TAG directly or indirectly holds a majority of the voting capital. If shares in subsidiaries are considered to be of subordinate significance from the Group's perspective, they are recognised as available-for-sale financial assets in accordance with IAS 39.

Business combination with no change of status

In the period from January to June 2013, 40,000 shares in Colonia Real Estate AG, corresponding to 0.09% of shares, were acquired for TEUR 186. The acquisition was recorded within equity as an increase in shareholding with no change of status.

Material transactions during the period under review

Effective 31 January 2013, TAG sold investment properties with a total value of EUR 87 m to Union Investment Institutional Property GmbH. The transaction involved three residential complexes in Berlin with 1,384 residential units. The pre-tax profit of around EUR 12 m determined on the basis of IFRS book values was already taken into account in the prior year as part of the valuation of assets held for sale.

In addition, effective 28 February 2013, the Group sold its shares in the Tegernsee-Bahnbetriebsgesellschaft and properties located along Lake Tegernsee, to the city of Tegernsee, the municipality of Gmund and to Miesbach district for a total purchase price of EUR 12 m. With this sale, TAG finally gave up its historic, railroad-related business activities along Lake Tegernsee.

Based on the resolution of the Annual General Meeting of 14 June 2013, a dividend of EUR 32.7 m or EUR 0.25 per share was paid out for the 2012 financial year.

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

The TAG Group has signed a sale agreement for one commercial property in Hamburg (Stahlwiete) for EUR 5.1 m. The transfer of ownership is expected to take place during the third quarter of the year.

In a purchase agreement dated 8 July 2013, the TAG group acquired 219 residential and 5 commercial units in Chemnitz-Helbersdorf for a total of EUR 7.7 m. The transfer of ownership will take place during the second half of the year.

On 29 July 2013, TAG issued five-year corporate bonds with a volume of EUR 200 m. The interest rate has been fixed at 5.125 % per annum. The company also issued an invitation to buy back outstanding convertible bonds. Offers totalling EUR 50.8 m (nominal value) were accepted, the buyback price was EUR 76.2 m. The buyback was processed on 7 August 2013.

Material transactions with related parties / persons

There were no material changes in the business relations with related persons and companies compared with the consolidated financial statements at 31 December 2012.

Other information

There has been no material change in the Group's contingent liabilities since 31 December 2012.

On 30 June 2013, the TAG Group had 501 employees. At 31 December 2012, it had 508 employees.

At the Annual General Meeting of 14 June 2013, Mr Lothar Lanz and Dr Philipp K. Wagner were elected to the company's Supervisory Board. Mr Andrés Cramer and Mrs Bettina Stark resigned from the Supervisory Board.

Basis of reporting

The preparation of the condensed consolidated interim financial statements pursuant to IFRS requires the management board and management staff of the consolidated companies to make assumptions and estimates influencing the assets and liabilities carried on the balance sheet, the disclosure of contingent liabilities on the balance-sheet date and the expenses and income reported during the periods under review. The actual amounts arising in future periods may differ from these estimates. Moreover, the condensed consolidated interim financial statements and the management report include statements that do not entail reported financial data or any other type of historical information. These forward-looking statements are subject to risk and uncertainty as a result of which the actual figures may deviate substantially from those stated in such forward-looking statements. Many of these risks and uncertainties are related to factors which the Company can neither control, influence nor precisely estimate. This concerns, for example, future market and economic conditions, other market participants' behaviour, the ability to successfully integrate companies after acquisition and tap expected synergies 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.

Hamburg, 8 August 2013



Rolf Elgeti
CEO



Georg Griesemann
CFO



Claudia Hoyer
COO



Dr. Harboe Vaagt
CLO

Responsibility statement

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

Hamburg, 8 August 2013

The Management Board

TAG Financial Calendar

8 August 2013	Publication of the half-year financial report 2013
7 November 2013	Publication of the interim report – Q3 2013



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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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