



## Spaces for Living



## Bau-Verein Group in figures

in TEUR	01/01-06/30/2007	01/01-06/30/2006
Revenues	24,504	25,946
a) Sale of properties	5,260	12,453
b) Rental income	9,255	9,944
c) Construction management and other	9,989	3,549
EBITDA	2,247	3,744
EBIT	7,733	9,136
EBT	3,562	4,287
Consolidated net profit/loss	2,053	2,400
Earnings per share in EUR	0.09	0.11

in TEUR	06/30/2007	12/31/2006
Total assets	332,818	329,094
Shareholders' equity	119,760	117,540
Equity ratio (%)	36.0	35.7

	12/31/2006
NAV per share in EUR*	7.18

WKN/ISIN	517900/DE0005179006
Ticker symbol	BVH
Share capital in EUR	69,799,980.00
Number of shares	23,266,660
Free float	29 %

Sector	Real Estate
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Market segment	Prime Standard
Stock exchange	Hamburg, Frankfurt/Main

Price in EUR	01/02/2007	6.28
Price in EUR	06/29/2007	5.70
High during period under review in EUR	02/02/2007	6.32
Low during period under review in EUR	06/27/2007	5.38
Market capitalisation in TEUR	06/29/2007	132,619

\* NAV is published annually together with the figures for the year as of 12/31.



Residential apartments Zehlendorf, Berlin

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## Dear shareholders, ladies and gentlemen,

In the second quarter of 2007, the Bau-Verein zu Hamburg Group (hereinafter referred to as Bau-Verein) continued its growth strategy, closing the first half of the year profitably. The purchase of residential real estate portfolios in good urban locations in German cities as well as the successful realisation of residential development projects in the first half of 2007 ensured steady value enhancement and portfolio extensions.

This is based on the buy, build & hold strategy aimed at active portfolio development and long-term value accumulation. Accordingly, the focus is on acquiring, developing and managing real estate.

One of the main highlights in 2007 is a major development project in Hamburg, entailing the construction of a vibrant estate with 750 residential units directly adjacent to the City Park.

In addition, residential estates in Hamburg and Berlin are undergoing extensive modernisation. At these locations, we are creating modern homes by means of complete renovation and the addition of balconies.



Bärenparksiedlung, Berlin

## Interim Group management report

### The real estate market

Despite the increase in the rate of value added tax, the German economy remained robust in the first half of the year. In the wake of this performance, the national real estate market continued to recover steadily. In addition to foreign investors' interest in the German real estate market and the resultant growth in transaction volumes, this trend was particularly reflected in the further increase in residential rentals in German urban regions. Like the TAG Group as a whole, Bau-Verein has benefited from the focus on German cities. This positive performance, which was particularly driven by demand for rented residential property, resulted in a further increase in real estate prices. By comparison, demand for owner-occupied housing remained muted.

### Current projects

#### Innovative construction project

Bau-Verein is planning to build a total of 315 residential units with a gross floor area of 36,420 sqm close to Hamburg City Park, one of the city's most popular recreation areas. The total of four plots making up the former Barmbek freight rail depot were acquired from the joint project development company DESIGN Bau BV Hamburg GmbH & Co. KG in February 2007 for sole development. Excellent transportation links and a well developed infrastructure - the Hamburg inner city district is only 15 minutes away - are further advantages offered by this property, which measures some 17,500 sqm. Peaceful yet in the heart of the city: The district is planned as an urban alternative to living on the city outskirts.

Jointly acquired with DESIGN Bau AG in December 2006, the land was originally owned by the German railway company Deutsche Bahn. The total project entails

the development and construction of 750 apartments together with commercial and retail units with a floor area of around 14,000 sqm.

A convincing idea. Entitled „Working and Living Close to the City Park“, the master plan was drawn up by Copenhagen-based architect Prof. Carsten Lorenzen and received first prize in the urban development competition organised by Deutsche Bahn Immobiliengesellschaft in conjunction with the Hamburg Department of Urban Development.

A vibrant and diverse estate accommodating the individual needs of its users is being built here as a perfect example of sustainable urban development. The mixture of rented and owner-occupied homes in different sizes and structures will guarantee an optimum balance of different residential forms. The spacious and well-lit architecture provides for several individual buildings on each

## Interim Group management report

construction plot with landscaped courtyards. The underlying idea involves a modern blend of different types of apartments which address ecological, social and economic aspects in equal measure.

Applications were filed on 29 June for building permits for two of the plots and a total of 164 units. The activities which have already been commenced, such as the demolition of the existing buildings and the construction of sewerage systems as well as execution planning and structural engineering calculations are proceeding according to schedule, meaning that it should be possible to commence construction as planned in October. The tendering process for the roadwork has been completed, with contracts to be awarded by 20 September 2007. The project is scheduled for completion at the end of 2009.

### The Bärenparksiedlung project

Bau-Verein's current portfolio development project is „Bärenparksiedlung“ in Berlin-Tempelhof. Bau-Verein acquired the listed residential estate with its 885 apartments in December 2006. Listed as a historical „garden monument“, the park-like property has an area of around 67,000 sqm and a residential area of some 48,000 sqm in three and four-story pitched-roof buildings. Additional potential can be harnessed by converting the attics into apartments (additional floor area of around 9,000 sqm).

With their well preserved historical substance, the houses feature solid structures. Extensive modernisation efforts have been ongoing at „Bärenparksiedlung“ since the 1st quarter of 2007, with rental areas to be extended through the addition of modern and spacious attic apartments. In terms of size and floor areas, the portfolio comprises a range of 1 to 4-room apartments of up to 100 sqm in line with market requirements. After they have been modernised, the apartments will feature modern kitchens and

bathrooms and, in some cases, guest washrooms. On the exterior, the facades have been overhauled and painted in a bright colour. These extensive modernisation activities will result in a substantial increase in rental income, thus enhancing the value of the portfolio.

Since March 2007, 30 apartments of between 45 and 68 sqm in size have been renovated on a premium-quality basis and have now largely already been rented. In fact, with their attractive fittings and location, they are fetching rentals in excess of the levels initially budgeted. In addition to the conversion of the attic space into apartments with dormers and roof-top terraces, a further 100 apartments are to be modernised over the next few months. As well as this, two units are to be combined to form larger single apartments with floor space of up to 100 sqm.

### Results of operations, financial condition and net assets

#### Stable total revenues, 42 % increase in rental and management income

At EUR 24.5 million in the first half of 2007, revenues remained steady at the year-ago figure of EUR 25.9 million. As expected, income from the sale of land contracted from EUR 12.5 million to EUR 5.3 million as a result of the decision to concentrate on portfolio development.

Rental and management income rose by 42 % from EUR 13.5 million to EUR 19.2 million.

#### Other operating expenses up as a result of extensions to portfolio and growing volume of project development activities

Other operating expenses climbed to EUR -2.4 million in the first half of 2007, up from EUR -1.7 million in the same period one year earlier. Among other things, this was due to expenditure on internal services provided for TAG Asset Management GmbH. In addition, loan

arrangement costs rose as a result of new acquisitions.

#### Staff costs reduced

Despite further portfolio growth and rising project development activities, staff costs contracted to EUR -2.7 million in the first half of 2007, down from EUR -2.9 million in the same period of 2006. This drop is primarily due to the reallocation of a number of services within the TAG Group.

#### Net borrowing costs improved

Net borrowing costs contracted by 9 % from EUR 4.4 million in the previous year to EUR 4.0 million in the period under review.

#### Value enhancement

The consolidated net profit was primarily underpinned by gains of EUR 5.6 million from fair-value remeasurement based on the calculations of external, internationally acknowledged surveyors. The increase in value was achieved thanks to the continued favourable market conditions as well as successful portfolio development efforts. This effect was ad-

ditionally amplified by the reclassification of a previous available-for-sale property as an investment property. Fair value remeasurement as of 30 June 2007 resulted in gains of EUR 3.6 million.

#### Stable earnings

In the first half of 2007, earnings before tax (EBT) came to EUR 3.6 million, down from EUR 4.3 million in the same period of 2006. Consolidated net profit for the first half of 2007 reached EUR 2.1 million, compared with EUR 2.4 million in the previous year.

#### Extensions to portfolio

During the period under review, further efforts were made to extend the real estate portfolio, with the number of investment properties increased as a result of additional acquisitions in good urban locations in German cities. As a result, the value of the portfolio rose by 30 % from EUR 110.6 million as of 31 December 2006 to EUR 143.7 million as of 30 June 2007.

#### Stable high equity ratio of 36 %

The Group's equity is also exhibiting an upward trend, rising in value from EUR

## Interim Group management report

117.5 million as of 31 December 2006 to EUR 119.8 million as of 30 June 2007. As a result, the equity ratio widened from 35.7 to 36.0 %. No new equity was issued in the first half of 2007. At EUR 332.8 million as of 30 June 2007, total assets rose in value over 31 December 2006 (EUR 329.1 million).

### Interest exposure hedged

Extensive use is made of derivatives to hedge the Group's exposure to changes in interest rates. Hedges are effected shortly after the completion of new acquisitions in order to reduce interest risks.

### Forecast, opportunities, risks

Following on from the Group's encouraging performance in the first half of the year, business is expected to remain upbeat throughout the next few months. Given sustained favourable market conditions, the growth strategy will be retained, with further acquisitions of residential real estate in the pipeline. The acquisition strategy is concentrating on investments in urban locations in Ger-

man cities offering extensive development potential, e.g. in the form of scope for extending floor space and enhancing rental income as a means of active value enhancement. With its good equity ratio, Bau-Verein has sufficient cash for further acquisitions. In July 2007, a new property was acquired in Nuremberg.

Looking forward, the Group will continue to pursue its buy, build & hold strategy aimed at achieving long-term value growth. Thus, it plans to make extensive residential real estate acquisitions over the next 12 to 15 months, something which will result in rising rental income.

As the economic forecast set out in the Group Management Report for 2006 continued to apply to the first half of 2007, there were no changes to the Group's opportunities and risks. At this stage, the extent to which the crisis currently afflicting the financial and credit markets spreads to the German real estate market remains to be seen. On the basis of current forecasts, however, no ramifications are expected.

The focus on residential properties in good locations in German cities and the business model covering the entire real estate value chain provide the basis for continued successful growth.

Hamburg, 28 August 2007

The Management Board

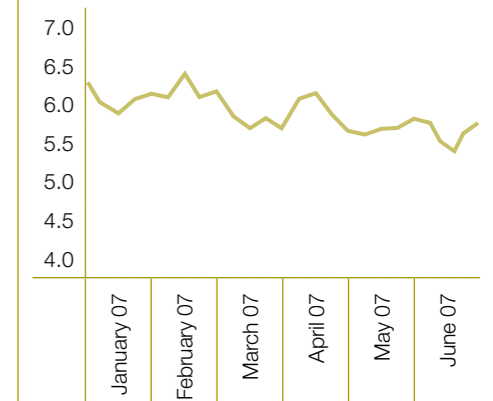
## Stock

Listed in the Prime Standard, Bau-Verein stock closed the 2nd quarter at EUR 5.70, i.e. below the price at which it had entered the year (EUR 6.28). With a high of EUR 6.32 and a low of EUR 5.38 for the period, the stock also shed value and was unable to shield itself from the effects of muted market sentiment towards listed real estate companies in the 2nd quarter.

The number of shares is unchanged at 23,266,660. The share of 71.23 % held by TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft and the free float of around 29 % are also unchanged.

Institutionals continue to invest in the stock and have thus retained their confidence in the Company.

Stock Price  
(in EUR)





## Consolidated income statement

in TEUR	01/01– 06/30/2007	01/01– 06/30/2006	04/01– 06/30/2007	04/01– 06/30/2006
Revenues	24,504	25,946	15,504	14,992
a) Sale of properties	5,260	12,453	3,073	5,686
b) Rental income	9,255	9,944	5,404	5,942
c) Construction management expenses and other	9,989	3,549	7,027	3,364
Other operating income	139	311	58	198
Cost of goods and services purchased	-17,349	-17,908	-11,872	-10,831
<b>Gross profit</b>	<b>7,294</b>	<b>8,349</b>	<b>3,690</b>	<b>4,359</b>
Personnel expenses	-2,663	-2,859	-1,356	-1,528
Depreciation/amortisation	-77	-62	-55	-31
Other operating expenses	-2,384	-1,746	-965	-1,027
Difference arising from remeasured fair value of investment properties	5,563	5,454	2,300	2,064
<b>EBIT</b>	<b>7,733</b>	<b>9,136</b>	<b>3,614</b>	<b>3,837</b>
Share of profit of associates	-176	-455	-46	-410
Net borrowing costs	-3,995	-4,394	-1,877	-2,224
<b>EBT</b>	<b>3,562</b>	<b>4,287</b>	<b>1,691</b>	<b>1,203</b>
Income taxes	-1,245	-1,528	-557	-369
Other taxes	-254	-344	-125	-186
<b>Consolidated net profit before minority interests</b>	<b>2,063</b>	<b>2,415</b>	<b>1,009</b>	<b>648</b>
Minority interests	-10	-15	-3	1
<b>Consolidated net profit</b>	<b>2,053</b>	<b>2,400</b>	<b>1,006</b>	<b>649</b>
<b>Earnings per share (EUR), basic</b>	<b>0.09</b>	<b>0.11</b>	<b>0.04</b>	<b>0.03</b>

## Consolidated cash flow statement

in TEUR	01/01– 06/30/2007	01/01– 06/30/2006
Consolidated net profit/loss	2,053	2,400
Depreciation/amortisation	77	62
Difference arising from remeasured fair value of investment properties	-5,563	-5,454
Changes from POC recognition of profits	0	1,108
Changes in associated companies	176	455
Impairment losses on receivables	15	45
Changes in deferred income taxes	1,244	1,528
Changes in provisions	-4,192	432
Changes in receivables and other assets	-4,025	46,295
Changes to payables and other liabilities	-13,371	-2,338
<b>Cash flow from operating activities</b>	<b>-23,586</b>	<b>44,533</b>
Payments made for investment properties	-7,194	0
Payments made for investments in intangible assets and property, plant and equipment	-78	-52
Payments made for investments in financial assets	-354	-278
<b>Cash flow from investing activities</b>	<b>-7,626</b>	<b>-330</b>
Payments received from equity issues	0	17,537
Repayment of property finance loans	-5,118	-72,111
Use of property finance loans	22,107	745
Payments made to special buyer accounts for property finance loans	-969	35
Payments received from special buyer accounts for property finance loans	911	5,004
Payments received and made in connection with loans to/from associates	539	3,353
Payments made and received in connection with loans to/from affiliated companies	-8,926	-6,000
<b>Cash flow from financing activities</b>	<b>8,544</b>	<b>-51,437</b>
Net change in cash and cash equivalents	-22,668	-7,234
Cash and cash equivalents at the beginning of the period	29,891	17,242
<b>Cash and cash equivalents at the end of the period</b>	<b>7,223</b>	<b>10,008</b>

## Consolidated statement of equity changes

Appenzeller Straße,  
Munich



in TEUR	Equity holders of parent company					Total	Minority interests	Total Shareholders' equity
	Subscribed capital	Share premium	Retained earnings	Hedge accounting reserve	Unappr. profit/loss			
<b>01/01/2006</b>	<b>50,820</b>	<b>28,376</b>	<b>15,255</b>	<b>0</b>	<b>-9,778</b>	<b>84,673</b>	<b>107</b>	<b>84,780</b>
Consolidated net profit/loss	0	0	0	0	2,400	2,400	-15	2,385
Cash equity issue	12,000	7,000	0	0	0	19,000	0	19,000
Cost of cash equity issue (after tax)	0	-883	0	0	0	-883	0	-883
Changes in minority interests	0	0	0	0	0	0	30	30
<b>06/30/2006</b>	<b>62,820</b>	<b>34,493</b>	<b>15,255</b>	<b>0</b>	<b>-7,378</b>	<b>105,190</b>	<b>122</b>	<b>105,312</b>
Consolidated net profit/loss	0	0	0	0	12,211	12,211	16	12,227
Cost of cash equity issue (after tax)	0	-36	0	0	0	-36	0	-36
Equity issue from company funds	6,980	-6,980	0	0	0	0	0	0
Withdrawal from share premium	0	-14,548	0	0	14,548	0	0	0
Changes in minority interests	0	0	0	0	0	0	37	37
<b>12/31/2006</b>	<b>69,800</b>	<b>12,929</b>	<b>15,255</b>	<b>0</b>	<b>19,381</b>	<b>117,365</b>	<b>175</b>	<b>117,540</b>
Consolidated net profit/loss	0	0	0	156	2,053	2,209	11	2,220
<b>06/30/2007</b>	<b>69,800</b>	<b>12,929</b>	<b>15,255</b>	<b>156</b>	<b>21,434</b>	<b>119,574</b>	<b>186</b>	<b>119,760</b>

## Consolidated segment report

01/01-06/30/2007 in TEUR	Residential/ Portfolio	Residential/ Portfolio/ development	Residential/ New construction	Commercial	Recon- ciliation	Group
<b>Total revenues</b>	<b>5,769</b>	<b>8,250</b>	<b>10,197</b>	<b>0</b>	<b>289</b>	<b>24,504</b>
Previous year	4,930	10,425	6,028	5,164	-601	25,946
- of which external revenues	5,563	7,901	10,219	0	822	24,504
Previous year	4,718	10,066	5,765	5,164	234	25,946
- of which internal revenues	206	349	-22	0	-533	0
Previous year	212	360	263	0	-834	0
<b>Segment earnings (EBIT)</b>	<b>10,981</b>	<b>-1,733</b>	<b>-363</b>	<b>0</b>	<b>-1,151</b>	<b>7,733</b>
Previous year	7,964	2,004	-586	1,414	-1,661	9,136
- of which non-cash impairment losses on land and receivables	-67	-21	-4	0	0	-92
Previous year	-52	-6	-4	0	0	-62
<b>Segment assets</b>	<b>253,938</b>	<b>94,011</b>	<b>69,769</b>	<b>0</b>	<b>-84,901</b>	<b>332,818</b>
Previous year	182,763	97,146	42,704	72,126	-76,834	317,905
- of which shares in associates	3,693	0	0	0	0	3,693
Previous year	3,538	0	0	0	0	3,538
<b>Segment liabilities</b>	<b>128,758</b>	<b>79,269</b>	<b>66,889</b>	<b>0</b>	<b>-61,858</b>	<b>213,058</b>
Previous year	82,036	79,970	42,734	55,710	-48,780	211,670
<b>Segment investments</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>411</b>	<b>432</b>
Previous year	321	6	4	0	0	330

## Notes on the interim financial statements as at 30 June 2007

### General information

These interim consolidated financial statements of Bau-Verein zu Hamburg Aktien-Gesellschaft (hereinafter referred to as the "Company" or "Bau-Verein AG") have been prepared in accordance with the provisions of Section 37w of the German Securities Trading Act governing first-half financial reports. The period under review is the first half of the 2007 financial year. The comparison figures refer to 31 December 2006 with respect to the consolidated balance sheet and otherwise the first half of the 2006 financial year. In addition, the consolidated income statement and the consolidated cash flow statement contain figures pertaining to the second quarter of the 2007 (1 April through 30 June 2007) together with the corresponding comparison figures for the previous year.

The report on the first half of the financial year has 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 Reporting). In addition, the recommendations contained in the draft of German Accounting Standard No. 16 (DRS 16 – Interim Reporting) dated 18 July 2007 have been additionally adopted.

The recognition and measurement policies as well as notes and details for the first-half financial report are based on the same recognition and measurement policies applied in the consolidated financial statements as at 31 December 2006 with the exception of the amended standards IAS 1, IAS 32 and IFRS 1 and the new standard IFRS 7. However, the application of these new or amended standards did not have any effect on the Company's net asset, financial condition or results of operations.

For the first time, gains and losses from an interest hedging agreement entered into in the period under review were recognised in accordance with the principles applicable to cash flow hedge accounting in the first half of 2007. The gains and losses from

this interest hedging agreement are recognised under equity making due allowance for deferred taxes.

### Consolidation group

The consolidation group as of 30 June 2007 includes Bau-Verein AG and, as a matter of principle, all companies in which Bau-Verein AG 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 financial instruments in accordance with IAS 39.

The consolidation group has not changed since 31 December 2006. Accordingly, there were no acquisitions or disposals of shares in other entities in the first half of 2007.

Compared with 30 June 2006, the consolidation group has been extended with the establishment of the following companies, which are consolidated on a pro-rata basis: "An den Obstgärten" Bauträger GmbH & Co. KG and its general partner "An

den Obstgärten" Verwaltungs GmbH as well as DESIGN Bau BV Hamburg GmbH & Co. KG and its general partner DESIGN Bau BV Hamburg Verwaltungs GmbH.

Moreover, Bau-Verein zu Hamburg Gewerbeimmobilien GmbH, Hamburg, (since renamed "TAG Gewerbeimmobilien-Aktiengesellschaft") was deconsolidated effective 31 December 2006. 90 % of the shares in this company, in which Bau-Verein AG had previously held 100 % of the voting rights, were transferred to the parent company TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft, (TAG) pursuant to a contract certified by a notary on 14 December 2006. A further 5.1 % of the capital of associated company GAG Grundstücksverwaltungs-Aktiengesellschaft was sold. In a contract dated 30 May 2006, 40 % of the shares in Bau-Verein zu Hamburg Hausverwaltungsgesellschaft mbH which had previously been a 100 % subsidiary of Bau-Verein AG, were sold for a price of TEUR 200.

Reference is made to the notes to the consolidated financial statements as at 31 December 2006 for details of the effects of these transactions on the balance sheet.

### Material transactions and changes to the consolidated balance sheet and the consolidated income statement

Bau-Verein AG will continue its growth strategy by acquiring further residential properties and projects in urban locations in German metropolitan regions. In April, the Company acquired four plots of land from a joint project development company with DESIGN Bau AG in Hamburg for exclusive development. Following the grant of the building permits, construction work is to continue in 2007. It is planned to build 370 residential units for retention in the Company's own portfolio and for sale. In the first half of 2007 Bau-Verein AG placed on its books a residential portfolio in Leipzig acquired in December 2006 as an investment property at a cost of TEUR 7,194. Moreover, a property previously recognised as a



Langenhorn, Hamburg

## Notes on the interim financial statements as at 30 June 2007

current asset was reclassified as an investment property (book value TEUR 20,325) to reflect a change in its future intended use. The property will now be held on a long-term basis to generate rental income.

In Munich, the Wodanstrasse/Parsifalstrasse residential property was acquired in the first half of the year for a sum of TEUR 3,784 and is classified as an available-for-sale asset.

Additions to other inventories reflect the increase in assets under construction relating to the operating costs for rented properties.

The hedge accounting reserve within equity relates to an interest derivative for hedging cash flows from a long-term real estate finance contract. Deferred tax assets and liabilities are netted. Deferred taxes shown in the consolidated balance sheet break down as follows:

	06/30/2007 TEUR	12/31/2006 TEUR
Tax losses	12,001	10,768
Fair value surplus from re-measurement of investment properties	-14,258	-11,775
Other	618	715
	<b>-1,639</b>	<b>-292</b>

Bank borrowings consist almost exclusively of liabilities arising in connection with the acquisition of investment properties or the acquisition and development of available-for-sale properties. Investment properties are normally financed on a long-term basis and available-for-sale properties on a short-term basis.

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

In a contract dated 19 July 2007, the Company's subsidiary Wohnanlage Ottobrunn GmbH acquired the Deutscherherrenstraße property in Nuremberg. Further acquisitions of residential portfolios offering development potential are planned for 2007.

### Material transactions with related parties

The loans granted by TAG to Bau-Verein AG in 2006 with a residual amount of TEUR 18,442 as at 31 December 2006 were repaid in an amount of TEUR 9,968 and discharged in full through the assumption of a liability of TEUR 8,474 as at 30 June 2007. In the first half of 2007, TAG granted Bau-Verein AG the following temporary short-term loans at an interest rate of 6%:

- Loan agreement of 4 May 2007 TEUR 3,513 (TEUR 997 repaid on 30 June 2007)
- Loan agreement of 10 May 2007 TEUR 2,000
- Loan agreement of 27 June 2007 TEUR 5,000

TAG issued guarantees of TEUR 8,750 towards banks in favour of Bau-Verein AG as at 30 June 2007. The secured loans concern overdraft facilities held by Bau-Verein AG. TAG received remuneration of TEUR 41 for this.

In the first half of 2007, the following main service contracts were in force between Bau-Verein AG or its subsidiaries and other members of the TAG:

- Bau-Verein AG received fees of TEUR 69 from TAG and fees of TEUR 199 from TAG Gewerbeimmobilien-Aktiengesellschaft for the provision of accounting, legal and payment services etc.
- In connection with the acquisition of a real estate package within TAG Gewerbeimmobilien-Aktiengesellschaft, Bau-Verein AG earned commission of TEUR 201 for arranging the finance and TEUR 204 for the provision of advice on the transaction.
- Project management and development contract for the Kolbstraße property in Stuttgart between Ottobrunn GmbH and TAG Stuttgart-Südtor Projektleitungs GmbH & Co KG with a fee of TEUR 62 in the period under review.
- Management contract for the Tübingerstraße property between Bau-Verein zu Hamburg Altbau-Im-

mobilien GmbH and TAG Gewerbeimmobilien-Aktiengesellschaft with a fee of TEUR 50 in the period under review.

- Management contract for properties between Wohnanlage Ottobrunn GmbH and TAG Gewerbeimmobilien-Aktiengesellschaft with a fee of TEUR 92 in the period under review.
  - TAG Asset Management GmbH received from Bau-Verein AG a total sum of TEUR 407 for controlling and other management activities.
  - Bau-Verein AG received from TAG Asset Management GmbH an amount of TEUR 87 for legal advice and payment services.
  - In connection with the acquisition of a real estate portfolio in Leipzig TAG Asset Management GmbH received commission of TEUR 160 from Bau-Verein AG.
- In the first half of 2007, revenues of TEUR 8,699 were generated from construction management activities with the associated company GAG Grundstücksverwaltungs-Aktiengesellschaft. These revenues were matched by amounts paid to exter-

nal companies in almost the same amount. In addition, miscellaneous services, e.g. house management and controlling, amounting to TEUR 244 were provided for GAG Grundstücksverwaltungs-Aktiengesellschaft.

On 26 June 2007, the control and profit transfer agreement entered into on 20 December 2001 by and between Bau-Verein AG and Bau-Verein zu Hamburg Wohnungsgesellschaft mbH was terminated effective 31 December 2007.

### Other details

There has been no material change in the Group's contingent liabilities since 31 December 2006.

As at 30 June 2007, the Bau-Verein AG Group had a total of 109 employees, down from 115 on 31 December 2006.

## Notes on the interim financial statements as at 30 June 2007

### Basis for reporting

The preparation of the interim consolidated financial statements pursuant to IFRS requires the management boards and management staff of the consolidated companies to make assumptions and estimates influencing the assets and liabilities carried on the balance sheet, the disclosure of contingent liabilities on the balance-sheet date and the expenses and income reported during the periods under review. The actual amounts arising in future periods may differ from these estimates. Moreover, 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 the Company can neither control, influence nor precisely estimate. This concerns, for example, future market and economic conditions, other market participants' behaviour, the ability to successfully integrate companies after acquisition and tap expected synergistic benefits as well as changes to tax legislation. Readers are reminded not to place any undue confidence in these forward-looking statements, which apply only on the date on which they are given. The Company 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.

### Responsibility statement in accordance with Sections 37y and 37w(2) No. 3 of the German Securities Trading Act

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated 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, 28 August 2007

The Management Board

### Financial calendar

Interim Report - 2nd quarter of 07	30th August 2007
Interim Report - 3rd quarter of 07	15th November 2007



Herrengaben, Hamburg

## Contact

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## Certificate of review

### To Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg

We have reviewed the interim consolidated financial statements - comprising the abridged balance sheet, the abridged income statement, the abridged cash flow statement, the abridged statement of changes in equity and selected notes - as well as the interim management report of the Group report of Bau-Verein zu Hamburg Aktien-Gesellschaft, Hamburg, for the period from 1 January until 30 June 2007, which form part of the interim financial report in accordance with Section 37w of the German Securities Trading Act. The preparation of the abridged consolidated interim financial statements in accordance with the International Financial Reporting Standards (IFRS) for interim reporting as adopted in the EU, and the Group

interim management report in accordance with the provisions applicable to Group interim management reports in the German Securities Trading Act is the responsibility of the Company's statutory representatives. Our duty is to issue a certificate on the abridged interim consolidated financial statements and the interim management report of the Group on the basis of our review.

We conducted our review of the abridged consolidated interim financial statements and of the Group interim management report in accordance with the German principles for the review of financial statements promulgated by Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those principles require that we plan and perform the review such that in the light of critical considerations it is possible to

exclude with reasonable assurance that the abridged interim consolidated financial statements have not been prepared to a material extent in accordance with the provisions of the IFRS applicable to interim reporting as adopted in the EU and that the interim management report of the Group has not been prepared to a material extent in accordance with the provisions of the German Securities Trading Act applicable to Group interim management reports.

A review is primarily confined to questioning the Company's employees and conducting analytic assessments and therefore does not achieve the level of certainty afforded by an audit of the financial statements. As we were not instructed to conduct an audit, we are unable to issue an auditor's report. On the basis of our review, we did not

become aware of any facts leading us to assume that the the abridged interim consolidated financial statements had not been prepared to a material extent in accordance with the provisions of the IFRS applicable to interim reporting as adopted in the EU or that the interim management report of the Group had not been prepared to a material extent in accordance with the provisions of the German Securities Trading Act applicable to Group interim management reports

Hamburg, 29 August 2007

Nörenberg • Schröder  
GmbH Wirtschaftsprüfungsgesellschaft

Thiel	Cronemeyer
German Public	German Public
Auditor	Auditor



Model apartment Zehlendorf, Berlin

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ZU HAMBURG  
Aktien-Gesellschaft



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