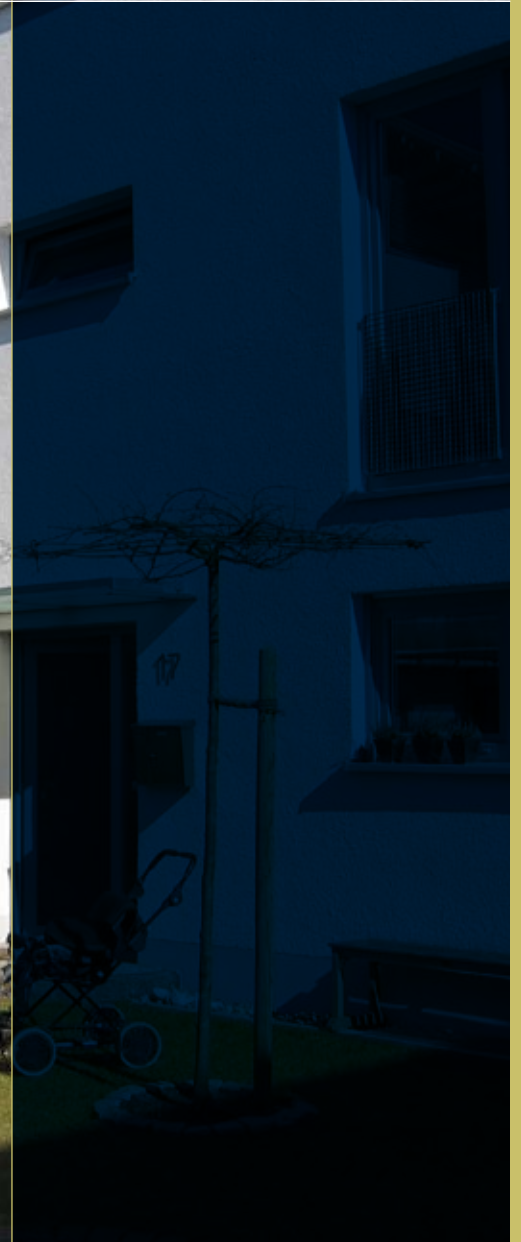




## Spaces for Living



## Group performance indicators

in T€	01/01-03/31/2007	01/01-03/31/2006
Revenues	9,000	10,955
a) Sale of properties	2,187	6,767
b) Facility management	3,851	4,002
c) Asset management	2,962	186
EBITDA	878	1,940
EBIT	4,119	5,298
EBT	1,871	3,084
Consolidated net profit/loss	1,047	1,750
Earnings per share in EUR	0.04	0.09

in T€	03/31/2007	12/31/2006
Total assets	342,337	329,094
Shareholders' equity	118,593	117,540
Equity ratio (%)	34.6	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	03/30/2007	5.76
High during period under review in EUR	02/05/2007	6.32
Low during period under review in EUR	03/05/2007	5.65
Market capitalisation in TEUR	03/30/2007	134,015

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



Residential apartments Zehlendorf, Berlin

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## Dear Shareholders, Ladies and Gentlemen,

In the first quarter of 2007, Bau-Verein zu Hamburg Group (hereinafter referred to as "Bau-Verein") successfully and systematically continued its activities targeted at the German residential real estate segment, closing the quarter with a profit. It is continuing to pursue a buy, build and hold strategy aimed at developing its portfolio and generating longterm value. Further activities aimed at enhancing the value of the portfolio were implemented in

the quarter under review. In this connection, efforts to renovate existing properties were stepped up and, more particularly, preparations for new projects intensified. As a result, Bau-Verein will be able to generate steady profits in the course of 2007 primarily from the new construction projects in the Hamburg region.

## Business performance

Bau-Verein's revenues contracted from EUR 11.0 million in the first quarter of 2006 to EUR 9.0 million in the quarter under review. As expected, the share of sales proceeds in revenues was a low 24%. This was due, on the one hand, to the portfolio development strategy being pursued and, on the other, to seasonal restraint on the part of market participants at the beginning of the year. By contrast, rental and management income was up 63% on the 1st quarter of 2006.

The Group closed the quarter with consolidated earnings before tax (EBT) of EUR 1.9 million, thus testifying to the successful completion of the strategy. This was primarily due to gains from the remeasurement of real estate holdings. Thanks to its active portfolio management, Bau-Verein again generated a value surplus of EUR 3.3 million on its investment properties.

At 35 percent, the equity ratio was virtually unchanged over 31 December 2006. Total assets widened from EUR 329 million to EUR 342 million due to the addition of a portfolio of resi-



## Outlook

dential real estate in central locations in Leipzig and the higher value of the investment properties.

Personnel costs and net financial result were unchanged over the same period one year earlier. Other operating expenses increased from EUR -0.7 million in the yearago period to EUR -1.4 million on account of higher loan-raising costs and recharged expenses for outsourced external services within the Group.

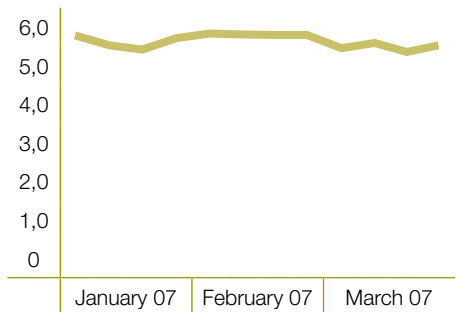
### Stock

Bau-Verein stock, which is listed in the Prime Standard, was trading at EUR 5.76 on 30 March 2007, below the price of EUR 6.28 at which it had entered the year. Market capitalisation stood at EUR 134 million. The number of shares is unchanged at 23,266,660.

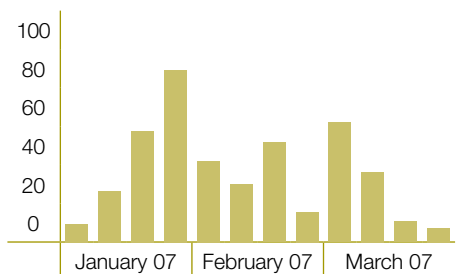
TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft continues to hold 71.23 percent, with the free float thus standing at around 29%.

Bau-Verein will continue to pursue its growth strategy by acquiring further portfolios and projects. Looking forward, it will again focus on residential real estate and, in the near term, plans to acquire highreturn properties in German metropolitan regions offering strong potential. These activities will spur earnings in the course of the year. The current projects include three exclusive patio houses in the center of Berlin inspired by town houses of the type seen in London and Amsterdam. The project is scheduled for completion in the autumn. In the east of Hamburg, the foundations have been laid for Dalbek-Hof, an innovative terraced housing project. 19 terraced houses and five apartments will be completed in December 2007. In addition, Bau-Verein has acquired four plots of land in Hamburg-Winterhude from the joint property development company with DESIGN Bau AG for exclusive development. Following the issue of building permits, work is to commence in 2007 for the construction of 370 residential units, some of which will be retained in the portfolio and others sold.

### Stock Price (in EUR)



### Volume (in TEUR)



The Management Board is confident that the trend in revenues and earnings emerging in the 1st quarter of 2007 will continue throughout the rest of the year.



EQUITY AND LIABILITIES in T€	03/31/2007	12/31/2006
<b>Shareholders' equity</b>		
Equity holders of parent company		
Subscribed capital	69,800	69,800
Share premium	12,929	12,929
Retained earnings	15,255	15,255
Unappropriated surplus/accumulated deficit	20,427	19,381
Minority interests	182	175
	<b>118,593</b>	<b>117,540</b>
<b>Non-current liabilities</b>		
Bank borrowings	32,682	32,940
Retirement benefit provisions	2,189	2,188
Other non-current liabilities	9	9
Deferred income taxes	981	292
	<b>35,861</b>	<b>35,429</b>
<b>Current liabilities</b>		
Other provisions	5,055	6,714
Income tax liabilities	464	741
Bank borrowings	148,556	122,724
Trade payables	5,218	19,830
Other current liabilities	28,590	26,116
	<b>187,883</b>	<b>176,125</b>
	<b>342,337</b>	<b>329,094</b>

## Consolidated income statement

in T€	01/01 - 03/31/2007	01/01 - 03/31/2006
Revenues	9,000	10,955
a) Sale of properties	2,187	6,767
b) Rental income	3,851	4,002
c) Construction management expenses and other	2,962	186
Other operating income	81	113
Cost of goods and services purchased	-5,477	-7,077
<b>Gross profit</b>	<b>3,604</b>	<b>3,991</b>
Personnel expenses	-1,307	-1,331
Depreciation/amortisation	-22	-31
Other operating expenses	-1,419	-720
Difference arising from remeasured fair value of investment properties	3,263	3,389
<b>EBIT</b>	<b>4,119</b>	<b>5,298</b>
Share of profit of associates	-130	-45
Net borrowing costs	-2,118	-2,169
<b>EBT</b>	<b>1,871</b>	<b>3,084</b>
Income taxes	-688	-1,159
Other taxes	-129	-159
Minority interests	-7	-16
<b>Consolidated net profit/loss</b>	<b>1,047</b>	<b>1,750</b>

## Consolidated cash flow statement

in T€	01/01 - 03/31/2007	01/01 - 03/31/2006
Consolidated net income/loss	1,047	1,750
Depreciation/amortisation	22	31
Difference arising from remeasured fair value of investment properties	-3,263	-3,389
Changes from POC recognition of profits	0	-321
Changes in associated companies	130	45
Impairment losses on receivables	7	19
Changes in deferred income taxes	688	1,159
Changes in provisions	-1,935	-1,932
Changes in receivables and other assets	-8,196	14,299
Changes to payables and other liabilities	-12,138	1,204
<b>Cash flow from operating activities</b>	<b>-23,638</b>	<b>12,865</b>
Payments made for investment properties	-6,729	0
Payments made for investments in intangible assets and property, plant and equipment	-31	-24
Payments made for investments in financial assets	0	-18
<b>Cash flow from investing activities</b>	<b>-6,760</b>	<b>-42</b>
Repayment of property finance loans	-5,300	-21,617
Use of property finance loans	19,622	394
Payments to special buyer accounts for property finance loans	-492	-3,214
Payments from special buyer accounts for property finance loans	1,242	5,330
Payments made and received from loans for affiliated companies	-4,455	-3,000
<b>Cash flow from financing activities</b>	<b>10,617</b>	<b>-22,107</b>
Net change in cash and cash equivalents	-19,781	-9,284
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>10,110</b>	<b>7,958</b>

Model apartment  
Appenzeller Straße,  
Munich



## Consolidated statement of equity changes

in T€	Equity holders of parent company					Minority interests	Total Shareholders' equity
	Subscribed capital	Share premium	Retained earnings	Unappr. profit/loss	Total		
<b>01.01.2006</b>	<b>50,820</b>	<b>28,376</b>	<b>15,255</b>	<b>-8,853</b>	<b>85,598</b>	<b>107</b>	<b>85,705</b>
Consolidated net profit/loss	0	0	0	1,750	1,750	-16	1,734
Cost of cash equity issue (after tax)	0	-4	0	0	-4	0	-4
Changes in minority interests	0	0	0	0	0	32	32
<b>31.03.2006</b>	<b>50,820</b>	<b>28,372</b>	<b>15,255</b>	<b>-7,103</b>	<b>87,344</b>	<b>123</b>	<b>87,467</b>
Consolidated net profit/loss	0	0	0	11,936	11,936	17	11,953
Cash capital increase	12,000	7,000	0	0	19,000	0	19,000
Cost of cash equity issue (after tax)	0	-915	0	0	-915	0	-915
Equity issue from company funds	6,980	-6,980	0	0	0	0	0
Withdrawal from share premium		-14,548	0	14,548	0	0	0
Changes in minority interests	0	0	0	0	0	35	35
<b>31.12.2006</b>	<b>69,800</b>	<b>12,929</b>	<b>15,255</b>	<b>19,381</b>	<b>117,365</b>	<b>175</b>	<b>117,540</b>
Consolidated net profit/loss	0	0	0	1,046	1,046	7	1,053
<b>31.03.2007</b>	<b>69,800</b>	<b>12,929</b>	<b>15,255</b>	<b>20,427</b>	<b>118,411</b>	<b>182</b>	<b>118,593</b>

## Consolidated segment report

01/01 – 03/31/2007 in T€	Residential/ Portfolio	Residential/ Portfolio development	Residential/ New construction	Commercial	Reconcil- iation	Group
<b>Total revenues</b>	<b>2,699</b>	<b>3,640</b>	<b>2,867</b>	<b>0</b>	<b>-206</b>	<b>9,000</b>
Previous year	1,744	5,050	1,335	3,020	-194	10,955
- of which external revenues	2,595	3,445	2,817	0	143	9,000
Previous year	1,623	4,900	1,285	3,020	127	10,955
- of which internal revenues	104	195	50	0	-349	-0
Previous year	121	150	50	0	-321	0
<b>Segment earnings (EBIT)</b>	<b>4,512</b>	<b>1,090</b>	<b>-391</b>	<b>0</b>	<b>-1,093</b>	<b>4,119</b>
Previous year	4,691	902	-528	906	-674	5,298
- of which non-cash impairment losses on land and receivables	-4	-2	0	0	0	-7
Previous year	-1	-1	0	-17	0	-19
<b>Segment assets</b>	<b>258,876</b>	<b>93,601</b>	<b>66,967</b>	<b>0</b>	<b>-77,107</b>	<b>342,337</b>
Previous year	173,153	132,191	44,025	73,042	-75,326	347,085
- of which shares in associates	3,739	0	0	0	0	3,739
Previous year	3,692	0	0	0	0	3,692
<b>Segment liabilities</b>	<b>135,296</b>	<b>78,671</b>	<b>63,786</b>	<b>0</b>	<b>-54,009</b>	<b>223,744</b>
Previous year	88,745	116,896	43,813	57,230	-47,065	259,619
<b>Segment investments</b>	<b>6,749</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>6,760</b>
Previous year	48	5	2	0	0	55

## Notes on the interim financial statements for the first quarter of 2007

### General information

The interim consolidated financial statements of Bau-Verein zu Hamburg Aktien-Gesellschaft (Bau-Verein AG) for the period ending 31 March 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and their interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The standards which have already been adopted and published and are therefore binding have been applied.

The recognition and measurement principles as well as the notes and explanations on the interim consolidated financial statements are fundamentally based on the recognition and measurement principles applied to the consolidated financial statements for the year ending 31 December 2006.

For more details of the recognition and measurement principles applied, please refer to the consolidated finan-

cial statements for the year ending 31 December 2006 compiled pursuant to IFRS, which in accordance with IAS 34 form the material basis for these interim financial statements.

These interim financial statements were set up in accordance to the requirements of quarterly financial reporting for issuers and comply with chapter 37x of German Securities Trading Act (WpHG) and DRS 16. The description of major reportable events and business transactions in the first quarter 2007 and their effects on the groups financial and profit situation can be extracted from the above stated interim report and the notes comments

### Consolidation group

The consolidation group as of 31 March 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 been extended since the previous year with the establishment of the following companies, which are consolidated on a prorata 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. "An den Obstgärten" Bauträger GmbH & Co. KG will be constructing residential real estate in the Rhine/Main region, while DESIGN Bau BV Hamburg GmbH & Co. KG is responsible for residential units in Hamburg.

Bau-Verein zu Hamburg Gewerbeimmobilien GmbH, Hamburg (BV GI) was deconsolidated effective 31 December 2006. 90% of the shares in BV GI, in which Bau-Verein AG had previously held 100% of the voting



Residential apartments,  
Otto-brunn near Munich

rights, were transferred to the parent company TAG Tegernsee Immobilien- und Beteiligungs-Aktiengesellschaft, Hamburg, 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, Hamburg, was sold.

#### **Other material transactions**

In the first quarter of 2007, Bau-Verein AG placed on its books a residential real estate portfolio in Leipzig which it had acquired in December 2006. In addition, a property held by Bau-Verein AG and previously recognised as a current asset was reclassified as an investment property, while a property held by BV Hamburger Wohnimmobilien was also transferred from property, plant and equipment to investment properties. The properties are to be held on a longterm basis for generating rental income.

In Munich, the Wodanstr./Parsifalstr. residential property acquired in the first

quarter was recognised as a current asset by subsidiary Wohnanlage Otto-brunn.

The increase in other current assets relates to a loan of EUR 4 million granted to the general partner of a project development company and EUR 3.8 million for outlays on behalf of an affiliated company.

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

Bau-Verein AG will be continuing 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 the joint project development company DESIGN Bau AG 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. Further acquisitions of residential

portfolios offering development potential are planned for 2007.

#### **Other details**

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

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

Hamburg, 15 May 2007

#### **The Management Board**

The preparation of the consolidated interim 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 forwardlooking statements are subject to risk and uncertainty as a result of which the actual figures may deviate substantially from those stated in such forwardlooking statements. Many of these risks and uncertainties are related to factors which the Com-

pany 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.

## Financial calendar

124th shareholder meeting, Hamburg	14th June 2007
Interim Report - 2nd quarter of 07	30th August 2007
Interim Report - 3rd quarter of 07	15th November 2007

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Model apartment Zehlendorf, Berlin

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Aktien-Gesellschaft



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