IVG

Prospectus

for the public offering

of

69,283,885 new, no-par value ordinary bearer shares

and

for admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and for admission to the regulated markets of the stock exchanges in Berlin, Dusseldorf and Munich

of

69,283,885 new, no-par value ordinary bearer shares

from the capital increase against cash contributions from authorized capital with indirect subscription rights of the shareholders of IVG Immobilien AG resolved by the Management Board of the Company on November 29, 2011 with the approval of the Supervisory Board of the Company on November 30, 2011

– each share having a notional interest in the share capital of EUR 1.00 and carrying full dividend rights as of January 1, 2011 –

of

IVG Immobilien AG
Bonn

International Securities Identification Number (ISIN): DE0006205701

Wertpapier-Kenn-Nummer (WKN – Securities Identification Number): 620570

Stock Market Symbol: IVG

Joint Global Coordinators

Berenberg Bank **COMMERZBANK** **UBS Investment Bank**

Joint Bookrunners

Berenberg Bank **COMMERZBANK** **UBS Investment Bank** **UniCredit Bank AG**

November 30, 2011

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CONTENTS

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1. SUMMARY OF THE PROSPECTUS

*This summary should be read as an introduction to this prospectus (the "**Prospectus**"). It summarizes selected information contained in this Prospectus and is supplemented by more detailed information contained elsewhere in this Prospectus. Investors should base any decision as to whether to invest in the shares of IVG Immobilien AG, registered with the commercial register of the Local Court of Bonn (Amtsgericht Bonn) under registration number HRB 4148 (the "**Company**" and together with its consolidated subsidiaries, the "**Group**" or "**IVG**") described herein on examination of the Prospectus as a whole due to the considerably more detailed information in other parts of the Prospectus.*

*The Company as well as COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany ("**COMMERZBANK**"), Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany ("**Berenberg Bank**") and UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom ("**UBS**" or "**UBS Investment Bank**") (together with Berenberg Bank and COMMERZBANK, the "**Joint Global Coordinators**"), as well as UniCredit Bank AG, Arabellastraße 14, 81925 Munich, Germany (together with the Joint Global Coordinators, the "**Joint Bookrunners**"), hereby assume responsibility for the content of this summary and its translation in accordance with section 5 para. 2 sentence 3 no. 4 of the Wertpapierprospektgesetz (WpPG – German Securities Prospectus Act). They can be held liable for the content of the summary, however, only in cases where the summary is misleading, inaccurate or contradictory when read in conjunction with the other parts of the Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the relevant national legislation of the individual states of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

1.1 Summary of the business

Business activities

IVG purchases, manages, develops and sells its own and third-party commercial real estate as well as caverns and also initiates institutional and private funds and selectively co-invests in those funds. IVG has offices in 19 locations in 12 countries. As of September 30, 2011, IVG had 589 employees (full time equivalents ("**FTE**")) and assets under management amounting to EUR 21.7 billion comprising on-balance sheet: EUR 4.1 billion in the Real Estate segment, EUR 1.5 billion invested capital in the Development segment, EUR 0.9 billion invested capital in the Caverns segment, as well as off-balance sheet: EUR 12.2 billion in the Institutional Funds segment and EUR 3.0 billion in the Private Funds segment.

IVG was founded in 1916 as a state-owned company and, following a change in corporate form and an initial public offering, listed its shares on the Frankfurt Stock Exchange in 1986. In 1993, IVG was fully privatized. In 2002, IVG changed its name to today's IVG Immobilien AG after disposing of all non real estate related businesses.

Since the onset of the financial crisis in 2008 and 2009, IVG has made significant changes to its strategic goals and organizational structure. IVG's management has focused on activities reducing IVG's risk exposure, reorganized the Group's business into a two division structure with a close alignment of activities and strategic goals and resolved to phase out its Development segment in the medium term. Moreover, beginning in 2009, IVG's management successfully commenced the financial restructuring of IVG by, amongst other activities, bundling several bilateral credit lines in a single syndicated loan with an extended maturity profile. In this context, IVG also furthered its debt relief through a sales program of caverns to a specialized fund structured by IVG investing in caverns (the "**IVG Cavern Fund**") and thereby achieving further financial stability. In addition, in order to fund its development projects, other investments and its operations, IVG has sold assets belonging to its real estate investment portfolio on an ongoing basis. IVG will be required to continue to sell parts of its real estate portfolio to fund its liquidity needs, mainly through the sale of properties that it considers outside the scope of its future investment strategy, thereby optimizing its portfolio. The recent roll-over and prolongation of four of its credit facilities were some of the last steps in IVG's financial restructuring. Throughout and due to its financial restructuring process, IVG maintained the support of its financing banks.

Today, IVG's business comprises two divisions: the Investment division and the Funds division. In addition, IVG Asset Management GmbH operates as a central service unit offering professional asset management services to IVG's two divisions and aims to ensure sustainable cash flow from its own and third-party real estate investments.

The Investment division encompasses three segments: "Real Estate", "Development" and "Caverns". IVG's core business in the Real Estate segment comprises the purchase, modernization, renting and sale of commercial real estate, particularly office properties, with a current geographic focus on Germany, France, Benelux and Finland. IVG intends to narrow the geographic focus of its Real Estate business to Germany in the future. As of September 30, 2011, IVG held 234 properties with a total market value amounting to EUR 4.1 billion on-balance sheet. In its Development segment, IVG focuses on the development of office properties in selected European growth regions and, as of September 30, 2011, the value of current assets in this segment amounted to EUR 1,018 million. Thereof, EUR 980.0 million are related to the six major projects. In 2011, IVG intends to complete its remaining two project developments which are still under construction. IVG further envisages to continue selling off its development assets and to not enter into new project developments in order to complete its phase out of the Development segment by 2013. In the Caverns segment, IVG engages in the construction, operation and renting of underground storage facilities for oil and gas. It currently encompasses 52 caverns suitable for storing oil and gas in a combined volume of about 30 million cubic meters. IVG envisages establishing a portfolio of 130 caverns by 2022, of which 60 will be owned by IVG. 70 caverns (some of which are under development) have already been sold to the IVG Cavern Fund of which 51 have been transferred to the IVG Cavern Fund at the date of this Prospectus and 19 will be transferred until 2014.

The Funds division is divided into the segments "Institutional Funds" and "Private Funds". In its Funds division, IVG initiates funds for institutional and private investors, i.e., structures, initiates, places and manages investment products. IVG also selectively co-invests in certain of these funds which match its strategic focus aligning its interests with those of third-party investors. In its Institutional Funds segment, IVG focuses on the structuring, initiation, placement and management of real estate funds and real estate structured products for institutional investors. As of September 30, 2011, IVG managed 41 open-ended property funds in the Institutional Funds segment with assets under management amounting to EUR 12.2 billion. In its Private Funds segment, IVG focuses on the structuring, initiation, placement and management of real estate funds for private investors. As of September 30, 2011, IVG managed 26 closed-end funds in the Private Funds segment with approximately 60,000 private investors and assets under management amounting to EUR 3.0 billion.

Competitive strengths

- IVG has an experienced in-house asset management team operating from a pan-European network of offices.
- The Company believes that IVG has a strong position in the construction and operation of caverns providing it with a reliable stream of income.

- IVG's diversified business activities generate sustainable income streams from rental and real estate business while providing growth opportunities from caverns and co-investments.
- As an integrated investment platform, IVG has the flexibility to use its real estate expertise in direct investments, indirect investments through co-investing in its funds and as a fund and asset manager.
- IVG's management is successfully repositioning IVG's business.

Group strategy

- IVG's overall strategy is to further reduce its risk exposure and continue to focus on recurring cash flows for the Group.
- Operationally, IVG will, in the future, reduce its development risks and no longer act as a trader-developer for third parties.
- Financially, IVG intends to achieve a marked reduction in IVG's risk exposure by reducing the loan-to-value, i.e., the sum of IVG's convertible bond, bank loans and commercial paper divided by its total assets ("**LTV**") to a level comparable with other real estate market participants in the medium term and taking into account changing market conditions.
- For its Investment division and the on-balance portfolio, IVG will concentrate on the German market and focus on increasing its profitability.
- In line with its strategy to become an integrated investment platform, IVG will also focus on further the integration and realization of synergies between its Investment and Funds divisions.

1.2 Summary of the Offering

Subject matter of the Offering	This offering (the "**Offering**") relates to 69,283,885 new, no-par value ordinary bearer shares of IVG Immobilien AG, each with a notional interest of EUR 1.00 in the share capital and with full dividend rights as of January 1, 2011 (the "**New Shares**"). The New Shares will be issued by way of a capital increase against cash contributions from authorized capital with indirect subscription rights for the shareholders according to section 3 paras. 2, 3 and 4 of the Articles of Association. According to section 3 para. 2 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company, with the consent of the Supervisory Board, on or prior to May 13, 2014, by way of issuance of ordinary voting bearer shares and/or preferred bearer shares with and without voting rights against cash contributions on one or several occasions in a gross amount of up to EUR 24,000,000.00 (Authorized Capital I). Furthermore, according to section 3 para. 3 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company, with the consent of the Supervisory Board, on or prior to May 17, 2016, by way of issuance of no-par value ordinary voting bearer shares with a notional interest of EUR 1.00 in the share capital

	against cash contributions on one or several occasions in a gross amount of up to EUR 21,299,999.00 (Authorized Capital II). Finally, according to section 3 para. 4 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company, with the consent of the Supervisory Board, on or prior to May 13, 2014, by way of issuance of ordinary voting bearer shares and/or preferred bearer shares with and without voting rights against cash or non-cash contributions on one or several occasions in a gross amount of up to EUR 24,000,000.00 (Authorized Capital III) (together the "**Authorizing Resolutions**"). The Authorizing Resolutions and the corresponding changes of the Articles of Association were registered with the Commercial Register of the Local Court of Bonn (*Amtsgericht Bonn*).
Subscription Offer	A syndicate of banks led by Berenberg Bank, COMMERZBANK and UBS has agreed on an underwriting agreement entered into among the Company and the Joint Bookrunners ("**Underwriting Agreement**") to subscribe for the New Shares and to offer them to shareholders for subscription during the Subscription Period (as defined below) according to the Subscription Ratio (as defined below) by way of indirect subscription rights at the Subscription Price (as defined below) (the "**Subscription Offer**"). The Underwriting Agreement is subject to, among other things, entry of the completion of the capital increase in the commercial register. The implementation of the capital increase is expected to be registered with the Commercial Register of the Local Court of Bonn (*Amtsgericht Bonn*) on December 16, 2011. Berenberg Bank as sole underwriter has agreed to take-up and purchase at the Subscription Price all New Shares that are not subject to binding commitments to subscribe (*Festbezugserklärungen*), have not been subscribed for by any other investor as part of the Subscription Offer and have not been placed with investors prior to or in the Rump Placement (as defined below) that is expected to take place after the end of the Subscription Period (as defined below). The other Joint Bookrunners have agreed to place the Offering without a firm underwriting commitment.
Subscription Ratio	The New Shares will be offered to shareholders for subscription at a subscription ratio of 2:1, i.e., two existing shares entitle the shareholder to subscribe for one New Share (the "**Subscription Ratio**").
Subscription Period	The subscription period will run from and including December 1, 2011 up to and including December 14, 2011 (the "**Subscription Period**").

Subscription Price	The subscription price is EUR 2.10 per New Share (the "**Subscription Price**").
Exercise of subscription rights	IVG requests that its shareholders may exercise their subscription rights for the New Shares during the period from and including December 1, 2011, up to and including December 14, 2011 through their respective depositary bank at one of the subscription agents referred to below during ordinary business hours. Subscription rights which are not timely exercised will expire without value. There will be no compensation for subscription rights which are not exercised. The subscription rights (ISIN DE000A1MBE85, WKN A1M BE8) which are attributable to the existing shares of the Company (ISIN DE0006205701, WKN 620570) will be booked automatically to the depositary banks through Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany, on the evening of November 30, 2011 for existing shares held in collective safe custody deposit. Shareholders of IVG Immobilien AG who still hold effective, but subsequently incorrect, share certificates following the deposit procedure (*Hinterlegungs-verfahren*), which has been completed, must submit their respective claims with the depository office (*Hinterlegungsstelle*) at the Local Court of Bonn (*Amtsgericht Bonn*), Wilhelmstraße 21, 53111 Bonn. Subscription agents are the German branches of COMMERZBANK Aktiengesellschaft.
Subscription rights trading	The subscription rights (ISIN DE000A1MBE85, WKN A1M BE8) for the New Shares will be traded in the period from December 1, 2011 up to and including December 12, 2011 on the regulated market of the Frankfurt Stock Exchange. There will be no compensation for subscription rights which are not exercised. After expiration of the Subscription Period, subscription rights which are not exercised will expire without value. Beginning on December 1, 2011, the existing shares of the Company will be listed "ex-rights". Joh. Berenberg, Gossler & Co. KG may take appropriate measures to provide liquidity for orderly subscription rights trading, such as the buying and selling of subscription rights for New Shares. In this respect, Joh. Berenberg, Gossler & Co. KG has reserved the right to conduct hedging transactions with regard to the shares of the Company or corresponding derivatives.

Commitments and declarations of principal shareholders and a new investor regarding the Offering	Mann Immobilien-Verwaltung Aktiengesellschaft ("**Mann AG**") has committed, subject to certain conditions, to participate in the Offering by exercising all of its subscription rights. Furthermore, Mann AG has declared that it may decide to acquire additional New Shares in the placement of New Shares that have not been subscribed for during the subscription offer and that are intended to be placed with investors (the "**Rump Placement**"), and the Company has committed to consider this offer with preference. Finally, Mann AG has declared that it may decide to acquire up to 4,157,033 New Shares for the Subscription Price, if and to the extent such New Shares are not placed otherwise in the Rump Placement. Universal-Investment-Gesellschaft mit beschränkter Haftung has committed, subject to certain conditions, to participate in the Offering by exercising its subscription rights as well as subscription rights held by its subsidiaries and funds in such amount that it will acquire 2,497,898 New Shares. Santo Holding AG has waived the majority of its subscription rights. However, it has committed to enable the Joint Bookrunners to offer New Shares to interested investors in an amount equal to the amount of New Shares which Santo Holding AG will not subscribe for in the Subscription Offer. Furthermore, Santo Holding AG has declared vis-à-vis the Company that it intends to directly hold at least 10% plus one share of the Company's share capital following the Offering. A third-party investor has committed, subject to certain conditions, to participate in the Offering by way of a binding acquisition commitment, in which it has agreed to acquire New Shares corresponding to the number for which Santo Holding AG has waived its subscription rights. The Company and Berenberg Bank have committed to deliver such number of New Shares to the investor at the Subscription Price.
Stock exchange admission	It is expected that the admission of the New Shares to the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and to the regulated markets of the stock exchanges in Berlin, Dusseldorf and Munich will take place on December 16, 2011. The inclusion of the New Shares in the existing listing of the shares of the Company is expected to take place on December 19, 2011.

Certification and delivery of the New Shares	The New Shares (ISIN DE0006205701, WKN 620570) will be represented by a global share certificate which is expected to be deposited on December 16, 2011 with Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany. Shareholders are not entitled to individual share certificates. It is expected that the New Shares subscribed for in the Subscription Offer will be made available as of December 19, 2011, through collective safe custody deposit unless the Subscription Period is extended.
Disposal of unsubscribed New Shares	Any New Shares not subscribed for in the Subscription Offer will be offered in private placements to qualified investors in Germany and outside Germany (with the exception of Japan, Canada and Australia). In the United States, the New Shares will be offered solely to so-called qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**").
Publication of the Prospectus and of the Subscription Offer	The Prospectus will be published on the website of the Company at www.ivg.de. Furthermore, printed copies of this Prospectus will be available free of charge as of the date of the Prospectus during ordinary business hours, i.e., excluding Saturdays, Sundays as well as local and national bank holidays at IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany. The German language Subscription Offer will include the Subscription Price and is expected to be published in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*) on November 30, 2011 and in the *Frankfurter Allgemeine Zeitung* on December 1, 2011.
Stabilization measures	In connection with the offering of the New Shares, stabilization measures may be undertaken in accordance with applicable law.
Lock-up agreements	The Company has agreed with the Joint Bookrunners, that it will not and that it will procure that none of its subsidiaries will, except for the New Shares, before the end of the six month period following the closing of the Offering, (i) directly or indirectly, issue, sell, offer, contract to sell, otherwise dispose of or announce the offering of any shares of the Company out of authorized capital (*genehmigtes Kapital*) or treasury shares (*eigene Aktien*) or any other securities that are convertible into or exchangeable for or that carry the right to acquire any such shares of the Company shares (other than in fulfillment of a stock program for the benefit of employees or board members of the Company existing at the date of the Underwriting Agreement); (ii) initiate a capital increase in the Company; and (iii) enter into any transaction (including

	a derivatives transaction) having an economic effect similar to that of a sale of shares of the Company, unless in each case, the Company has obtained the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld, and it being understood that a proposal to the Company's shareholders' meeting on authorizations for the issuance of new shares pursuant to an authorized capital (*genehmigtes Kapital*) or convertible bonds (*Wandelschuldverschreibungen*) shall not require the Joint Global Coordinators' prior written consent.
Selling restrictions	The New Shares and the subscription rights have not been and will not be registered under the Securities Act or with securities supervisory authorities in any of the individual states of the United States. Except in reliance on an exemption from the registration and notification requirement of the U.S. securities and stock exchange laws and to the extent that any other applicable U.S. regulations are complied with, the New Shares and subscription rights may not be offered or sold in or directly or indirectly delivered in or into the United States.
Reasons for the Offering and use of proceeds	The net proceeds from the Offering are intended to address IVG's major strategic goals, especially pursuing the growth of assets under management and recurring income. IVG intends to use the main portion (85%-95%) of the net proceeds to secure the financing for the commencement of and continued construction of future caverns. The construction of further caverns will establish the basis for the Company's successive de-leveraging by increasing asset values and enabling debt repayments. IVG intends to use a smaller portion (5%-15%) of the net proceeds to increase its investment capacity in line with its platform strategy for potential seed investments, i.e., an initial equity (co-) investment in funds that are structured by IVG, thereby strengthening its operational flexibility.
ISIN, WKN, stock market symbol of New Shares and subscription rights	International Securities Identification Number (ISIN): for the New Shares: DE0006205701; for the subscription rights to the New Shares: DE000A1MBE85 Wertpapierkennnummer (WKN – German Securities Identification Number): for the New Shares: 620570; for the subscription rights to the New Shares: A1M BE8 Stock market symbol of the shares: IVG
Paying and registration agent	The paying agent and registration agent for the Company's shares is COMMERZBANK Aktiengesellschaft.

1.3 Summary of general information regarding the Company

Management Board	The Management Board consists of three members: Dr. Wolfgang Schäfers, Dr. Hans V. Volckens and Christian Kühni.
Supervisory Board	The Supervisory Board consists of nine members: Detlef Bierbaum, Frank F. Beelitz, David C. Günther, Wolfgang Herr, Klaus-Joachim Wolfgang Krauth, Rudolf Lutz, Klaus R. Müller, Thomas Neußer-Eckhoff and Dr. Bernd Thiemann.
Share capital prior to the Offering	EUR 138,599,999.00
Auditors	PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Moskauer Straße 19, 40227 Dusseldorf, Germany.
Registered office and financial year of the Company	The registered office of the Company is in Bonn, Germany. The Company is registered with the Commercial Register of the Local Court of Bonn (*Amtsgericht Bonn*) under the registration number HRB 4148. The Company's business address is Zanderstraße 5-7, 53177 Bonn, Germany. The Company's financial year corresponds to the calendar year.
Principal shareholders	Mann Immobilien-Verwaltung Aktiengesellschaft and Santo Holding AG
Employees	The total number of employees (FTE) at IVG was 589 as of September 30, 2011. Between September 30, 2011 and the date of the Prospectus, there was no material change to the total number of employees (FTE).

1.4 Summary of the consolidated financial and operating information

The financial and operating information for financial years 2010, 2009 and 2008 as well as the nine month period ended September 30, 2011 (including comparable figures for the nine month period ended September 30, 2010) summarized below has been extracted from the audited consolidated financial statements of IVG Immobilien AG for those financial years, each ended December 31, which are included in the Financial Statement section of this Prospectus, and from the unaudited consolidated interim financial statements for the nine month period ended September 30, 2011, which are also included in the Financial Statement section of this Prospectus, as well as from the accounting records of IVG. The consolidated financial statements and the consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The consolidated financial statements for financial years 2010, 2009 and 2008 were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, who in each case issued an unqualified auditors' report each containing an emphasis of matter paragraph drawing attention to risks threatening the going concern of the IVG Immobilien AG group companies (*ergänzender Hinweis auf bestandsgefährdende Risiken*).

Selected Information from the Consolidated Income Statement

	Year ended December 31			Nine month period ended September 30	
	2010	2009	2008	2011	2010
	(audited, unless stated otherwise)			*(unaudited)*	*(unaudited)*
	(in EUR million, unless stated otherwise)				
Revenues	821.8	838.8	608.6	440.4	697.8
Changes in inventories and other own work capitalized	170.3	97.9	452.7	72.4	37.4
Unrealized changes in market value of investment property	53.0	2.8	-583.3	16.1	50.3
Realized changes in market value of investment property.	-0.1	-64.1	171.1	-1.2	-0.7
Other operating income	25.2	80.5	290.3	13.3	16.8
Material expenses	-570.1	-588.4	-692.6	-282.5	-390.6
Personnel expenses	-71.0	-73.7	-68.8	-52.9	-50.8
Depreciation and amortisation of intangible assets and property, plant and equipment[1]	-10.1	-11.8	-17.9	-5.6	-6.9
Expenses from investment property	-68.2	-69.7	-81.7	-56.5	-52.0
Other operating expenses	-112.5	-137.4	-178.6	-77.6	-80.4
Gains/losses from associated companies accounted for using the equity method	15.8	-12.2	2.0	3.0	14.7
Income from equity investments	1.9	1.3	-0.4	0.8	1.5
Earnings before interest and taxes (EBIT)	**256.2**	**64.1**	**-98.6**	**69.6**	**237.1**
Financial income	81.6	121.1	202.6	94.0	50.9
Financial expenses	-316.7	-374.5	-601.1	-279.2	-229.8
Financial results	**-235.1**	**-253.4**	**-398.5**	**-185.2**	**-179.0**
Net profit before income taxes[2]	**21.1**	**-189.3**	**-497.1**	**-115.6**	**58.2**
Income taxes	2.1	31.3	45.4	60.9	-11.6
Consolidated net profit	**23.2**	**-158.0**	**-451.7**	**-54.7**	**46.5**
Share attributable to Group shareholders[3].	-8.8	-190.1	-484.3	-78.7	21.6
Share attributable to hybrid capital providers[4].	32.0	32.0	32.0	24.0	24.0
Share attributable to third parties[5].	0.0	0.1	0.6	0.0	0.9
Undiluted earnings per share in EUR[6].	-0.07	-1.61	-4.18	-0.58	0.17
Diluted earnings per share in EUR (unaudited).	-0.07[7]	-1.61[7]	-4.18[7]	-0.58	0.17[7]

1 In the English-language version of the financial report 2008 this line item is called “Depreciation and amortisation of intangible assets and property, plant and equipment and investment property”. This does not apply to the German-language version of the respective financial report.

2 In the English-language version of the financial report 2009 this line item is called “Net profit before tax”. This does not apply to the German-language version of the respective financial report.

3 In the English-language version of the financial reports 2008 and 2009 this line item is called “Share of Group shareholders in earnings”. This does not apply to the German-language version of the respective financial report.

4 In the English-language version of the financial reports 2008 and 2009 this line item is called “Share of hybrid capital providers in earnings”. This does not apply to the German-language version of the respective financial report.

5 In the English-language version of the financial reports 2008 and 2009 this line item is called “Share of third parties in earnings”. This does not apply to the German-language version of the respective financial report.

6 In the English-language version of the financial reports 2008 and 2009 this line item is called “Basic earnings per share in EUR”. This does not apply to the German-language version of the respective financial report.

7 After adjustment; as reported in the consolidated interim financial statements for the nine month period ended September 30, 2011.

Selected Information from the Consolidated Statement of Financial Position[1]

	As of December 31			As of September 30
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*	**2011** *(unaudited)*
	(in EUR million)			
Assets				
Non-current Assets				
Intangible assets	250.0	250.1	249.7	251.3
Investment property	4,760.7	4,767.7	5,172.2	4,263.3
Property, plant and equipment	128.9	119.2	368.1	137.8
Financial assets	153.9	171.4	245.5	133.6
Investments in participations accounted for using the equity method[2]	81.9	76.5	37.9	93.3
Derivative financial instruments	3.5	—	—	—
Deferred tax assets	271.0	281.2	367.0	324.3
Receivables and other assets	47.6	39.1	30.9	64.2
Total non-current assets	**5,697.5**	**5,705.1**	**6,471.3**	**5,267.9**
Current Assets				
Inventories	1,065.0	939.6	1,002.2	1,036.9
Receivables and other assets	177.0	178.4	168.7	159.6
Income tax receivables	45.2	49.0	39.9	30.4
Derivative financial instruments	—	1.4	38.7	0.0[3]
Securities	2.0	6.3	1.4	2.1
Cash and cash equivalents	274.9	266.9	44.2	150.7
	1,564.2	**1,441.6**	**1,295.1**	**1,379.8**
Non-current assets held for sale	30.7	246.8	109.1	301.5
Total current assets	**1,594.9**	**1,688.3**	**1,404.2**	**1,681.3**
Total assets	**7,292.4**	**7,393.4**	**7,875.5**	**6,949.2**

1 In the English-language version of the financial report 2008 this statement is called "Consolidated Balance Sheet". This does not apply to the German-language version of the respective financial report.

2 In the English-language version of the financial report 2009 this line item is called "Shares in equity investments accounted for using the equity method" and in the English-language version of the financial report 2008 "Investments in associated companies accounted for using the equity method". This does not apply to the German-language version of the respective financial report. In the German-language version of the financial report 2008 this line item is called "Anteile an at equity bewerteten assoziierten Unternehmen". This does not apply to the English-language version of the respective financial report.

3 Extracted from the accounting records of IVG.

	As of December 31			As of September 30
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)
	(in EUR million)			
Equity and Liabilities				
Equity				
Subscribed capital	126.0	126.0	116.0	138.6
Capital reserve	622.1	621.6	561.0	696.0
Treasury shares	-0.5	-0.5	-0.5	-0.5
Other reserves	-101.3	-133.4	-133.0	-73.2
Retained earnings	238.5	250.1	443.5	161.9
Equity attributable to Group shareholders	**884.8**	**863.8**	**987.0**	**922.8**
Hybrid capital	400.9	400.9	400.9	400.9
Minority interests	0.3	0.4	3.0	0.0
Total equity	**1,286.1**	**1,265.1**	**1,390.9**	**1,323.8**
Non-current liabilities and provisions				
Financial liabilities	4,143.1	4,452.5	4,250.4	3,585.2
Derivative financial instruments	46.0	101.0	87.9	45.3
Deferred tax liabilities	71.5	99.6	246.0	62.5
Pension provisions	16.3	12.6	10.8	17.1
Other provisions	27.4	24.6	27.9	12.5
Liabilities	3.2	4.0	10.0	47.7
Total non-current liabilities	**4,307.4**	**4,694.3**	**4,633.0**	**3,770.2**
Current liabilities				
Financial liabilities	1,145.4	802.0	1,349.1	1,390.5
Derivative financial instruments	66.5	24.6	17.1	51.2
Other provisions	54.4	71.9	147.0	84.7
Liabilities	354.8	370.1	270.0	275.5
Income tax liabilities	77.8	80.5	68.4	53.3
	1,698.9	**1,349.1**	**1,851.6**	**1,855.2**
Liabilities associated with non-current assets held for sale[1]	—	84.9	—	—
Total current liabilities	**1,698.9**	**1,434.0**	**1,851.6**	**1,855.2**
Total equity and liabilities	**7,292.4**	**7,393.4**	**7,875.5**	**6,949.2**

[1] In the English-language version of the financial report 2009 this line item is called "Liabilities in connection with non-current assets held for sale" and in the English-language version of the financial report 2008 this line item is called "Liabilities associated with the sale of non-current assets held for sale". This does not apply to the German-language version of the respective financial report.

Selected Information from the Consolidated Cash Flow Statement

	Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)				
Cash flow from current activities	158.8	168.2	277.2	96.2	110.1
Cash flow from operating activities	-233.3	-50.5	-422.6	-215.4	-100.0
Cash flow from investing activities	208.8	485.8	-410.7	249.2	21.9
Cash flow from financing activities	24.6	-204.4	772.0	-158.2	33.1
Net change in cash and cash equivalents from operations	0.1	230.9	-61.3	-124.4	-45.0
Cash and cash equivalents as of 01.01.[1]	274.9	44.2	106.2	274.9	274.9
Cash and cash equivalents as of 31.12.[2].	274.9	274.9	44.2	—	—
Cash and cash equivalents as of 30.09.	—	—	—	150.7	229.8

[1] In the financial reports 2008 and 2009 this line item is called "Cash and cash equivalents at January 1".
[2] In the financial reports 2008 and 2009 this line item is called "Cash and cash equivalents at December 31".

Selected Segment Information

	Real Estate					Development				
	Year ended December 31			Nine month period ended September 30		Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)					(in EUR million)				
Total revenues	303.0	632.8	364.1	227.2	221.6	408.8	67.8	69.4	133.4	399.0
EBIT	110.6	-44.0	-427.7	97.1	78.4	-7.3	-125.8	-137.2	-87.1	30.3
Investments	88.4	97.1	1,055.5	45.6	76.2	21.0	24.5	1.1	0.9	15.1

	Caverns					Institutional Funds				
	Year ended December 31			Nine month period ended September 30		Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)					(in EUR million)				
Total revenues	45.8	61.4	57.2	33.9	28.3	58.0	66.4	67.0	43.1	43.5
EBIT	163.2	233.8	442.6	73.0	132.1	18.2	23.0	23.3	13.7	14.6
Investments	131.1	103.5	184.0	89.6	90.4	0.0	13.4	56.5	1.3	0.0

	Private Funds				
	Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)				
Total revenues	6.2	14.5	52.3	2.8	5.2
EBIT	2.1	1.7	19.7	-4.2	2.9
Investments	0.0	12.9	8.7	0.0	0.0

Other Financial and Operation (Non-IFRS) Data

Prospective investors should bear in mind that the following figures, performance indicators and ratios are not financial measures defined in accordance with IFRS or *Handelsgesetzbuch* (HGB – German Commercial Code) and, as such, may be calculated by other companies using different methodologies and having different results. These figures, performance indicators and ratios, therefore, are not directly comparable to similar such figures and ratios reported by other companies.

The following tables provide an overview of certain performance indicators and ratios used by IVG:

	As of December 31			As of September 30
	2010	**2009**	**2008**	**2011**
	(audited, unless stated otherwise)			*(unaudited)*
	(in EUR million, unless stated otherwise)			
Net asset value (NAV)[1] (unaudited)	**884.8**	**863.8**	**987.0**	**922.8**
Difference between the fair value of all caverns and their carrying amount (unaudited)	356.3	389.6	486.1	276.8
NAV adjusted (unaudited)	**1,241.1**	**1,253.4**	**1,473.1**	**1,199.6**
NAV per share in EUR[2] (unaudited)	**7.02**	**6.86**	**8.51**	**6.66**
NAV adjusted per share in EUR[2] (unaudited)	**9.85**	**9.95**	**12.70**	**8.66**
Convertible bond	324.6	314.6	305.3	332.3
Bank loans, current	1,122.2	782.4	1,270.1	1,369.4
Bank loans, non-current	3,781.0	4,055.2	3,891.4	3,212.9
Commercial paper	—	—	67.0	—
Sum of convertible bond, bank loans and commercial paper	5,227.8	5,152.2	5,533.8	4,914.7
Total assets	7,292.4	7,393.4	7,875.5	6,949.2
Loan-to-value (carrying amounts) in %[3] (unaudited)	**71.7**	**69.7**	**70.3**	**70.7**

1 NAV corresponds to "Equity attributable to Group shareholders" in the consolidated statement of financial position.
2 On the basis of the number of shares at the relevant date (September 30, 2011: 138.6 million, December 31, 2010: 126.0 million, December 31, 2009: 126.0 million and December 31, 2008: 116.0 million).
3 LTV is derived from the consolidated statement of financial position and is calculated by dividing the sum of convertible bond, bank loans and commercial paper by total assets.

	Year ended December 31[1]		Nine month period ended September 30	
	2010 *(unaudited)*	2009 *(unaudited)*	2011 *(unaudited)*	2010 *(unaudited)*
	(in EUR million, unless stated otherwise)			
Earnings before interest and taxes (EBIT)	**256.2**	**64.1**	**69.6**	**237.1**
Deduction of unrealized changes in value[2]	-5.3	152.8	68.6	-40.0
EBIT before unrealized changes in value	**250.9**	**216.9**	**138.3**	**197.1**
Elimination of non-recurring EBIT from development activities[3]	-39.2	-14.8[10]	0.2	-39.5
Elimination of non-recurring result from trading activities (excl. development activities)[4]	0.1	63.6	1.0	0.7
Elimination of non-cash effects included in EBIT (excl. development activities)[5]	-8.0	-6.9	-0.7	-4.3
Deduction of regular payments to other stakeholders[6]	-188.8	-202.9	-124.4	-138.2
Funds from operations I (FFO I) – recurring (excl. activities from development and trading)	**15.0**	**55.9**	**14.4**	**15.9**
Add back eliminated result from trading activities	-0.1	-63.6	-1.0	-0.7
Add back eliminated result from development activities	39.2	14.8[10]	-0.2	39.5
Elimination of non-cash effects included in EBIT from development activities[7]	-11.9	-1.5	-2.1	-11.1
Add back eliminated cash effective from development financing (incl. hybrid)[8]	-32.0	-33.6	-20.5	-24.1
FFO II – total (incl. activities from development and trading)	**10.2**	**-28.1**	**-9.4**	**19.5**
FFO I per share in EUR[9]	**0.12**	**0.31**	**0.11**	**0.13**
FFO II per share in EUR[9]	**0.08**	**-0.37**	**-0.07**	**0.15**

[1] The FFO measure was implemented at IVG at the beginning of 2009.

[2] "Unrealized changes in value" includes all valuation effects from the following International Accounting Standards ("**IAS**"): IAS 2, IAS 36, IAS 39 and IAS 40 without tax effects. This measure is part of the consolidated income statement.

[3] Corresponds to the earnings before interest and taxes ("**EBIT**") before changes in value as stated in the segment reporting. In 2009, a further adjustment was made (see footnote 10).

[4] Corresponds to "Realized changes in market value of investment property" of the Group – as stated in the segment reporting after deducting the Development segment.

[5] Comprises non-cash effects such as depreciation and amortization of intangible assets and property, plant and equipment, gains and losses from associated companies accounted for using the equity method, other non-cash effects and material non-recurring items, i.e., one-off effects (excl. Development segment).

[6] Comprises the net interests paid and accrued payouts to hybrid holders (excl. those attributable to the Development and Caverns segments) and net taxes paid.

[7] Comprises non-cash effects such as depreciation and amortization of intangible assets and property, plant and equipment, gains and losses from associated companies accounted for using the equity method and other non-cash or effects and material non-recurring items, i.e., one-off effects, for the Development segment only.

[8] Comprises the net interests paid and accrued payouts to hybrid holders attributable to the Development segment and net taxes paid.

[9] On the basis of the weighted number of shares in the relevant period (January 1 to September 30, 2011: 136.6 million, January 1 to September 30, 2010: 126.0 million, January 1 to December 31, 2010: 126.0 million and January 1 to December 31, 2009: 117.9 million).

[10] Includes adjustment for an asset sale of EUR 9.4 million not recorded in the Development segment.

1.5 Summary of the risk factors

Potential investors should carefully read and consider the risk factors together with the other information contained in this Prospectus before making their investment decision on whether to buy shares and subscription rights. The materialization of one or more of these risks individually or in conjunction with other circumstances may materially impair the business of the Group and have a material adverse effect on its net assets, financial position and results of operations. The quoted market price of the shares of the Company and of the subscription rights could drop significantly if any one or a combination of these risks materializes, and investors could lose a portion, or even all, of their investment. In addition to the risks described in this Prospectus, other risks and uncertainties which are presently unknown to the Company can negatively impact the operations of the Company and its affiliated companies and could have a material adverse effect on its business and its net assets, financial position and results of operations. The order in which the following risks are listed is no indication of the likelihood of their occurrence, their scope or the significance of the individual risk. The risks listed here may materialize individually or cumulatively.

1.5.1 Market-related risks

- IVG is dependent on the overall macroeconomic environment in which it operates.
- A downturn in the macroeconomic environment could negatively affect IVG's investments, due to a decline in demand for IVG's real estate, caverns or funds and could lead to forced sales of parts of its portfolio.
- A deterioration in the macroeconomic climate could negatively affect IVG's rental activities through decreased demand for its rented real estate and caverns and decreases in its rental income.
- IVG's caverns business is exposed to risks arising out of the supply of, and demand for, oil and gas, including political developments and changes to the economic viability of accessing oil and gas reserves.
- IVG's funds business could be negatively affected by a deterioration in investor confidence in the real estate market or changes to investor strategies.
- Increasing competition in the real estate markets in which IVG operates could lead to an oversupply of real estate for sale and for rent, and IVG's competitors may benefit from a more advantageous regulatory or tax treatment.
- IVG's investment and asset management activities could be impaired in the event that the financial markets do not provide sufficient financing as a result of the sovereign debt crises and credit rating downgrades and general reduction in liquidity on the markets.

1.5.2 Risks related to the business

- IVG is exposed to risks relating to its liquidity position.
- IVG is exposed to the risk of impairment of its assets, and valuation reports could incorrectly reflect the actual market value of the properties or become outdated.
- A decline in the political or economic significance or the social character of the locations of IVG's real estate could lead to a decrease in the value of IVG's real estate assets.
- Financing and refinancing risks such as increases in interest rates or lower property values, as they are relevant for the calculation of financial covenants, may lead to a default under financing arrangements, prevent IVG from refinancing on sustainable terms and could force IVG to liquidate all or part of its real estate portfolio at discounted prices.

- IVG is exposed to risks related to the purchase and sale of real estate assets, including non-completion of transactions, inaccurate or incomplete due diligence and valuation reports and the insufficiency of sellers' warranties to cover IVG's potential liabilities, any of which could lead to additional unrecoverable costs and lower income levels for IVG.
- IVG's project developments may be impaired by technical issues, budget overruns, unexpected delays, additional costs and claims for damages, the malfeasance of its sub-contractors and/or decline in their financial condition which could result in IVG being unable to complete or dispose of a project at all or at the projected price.
- IVG is exposed to risks as an owner of real estate, including the detrimental influence of third parties with neighboring rights on its business and its failure to comply with all applicable public laws and regulations.
- IVG may incur unexpected and/or higher than expected costs for maintenance of real estate assets it owns and leases.
- IVG may incur unexpected and higher than expected costs for refurbishment and modernization of real estate assets it owns and leases.
- IVG is exposed to risks arising out of its position as a lessor, including a decline in the financial condition of its tenants and claims being brought against IVG for breaches of its contractual or statutory obligations.
- IVG is exposed to risks related to the operation of its caverns, including claims arising out of its failure to comply with the specific legal framework, its potential inability to obtain and maintain all necessary permits and licenses and the occurrence of technical difficulties in the construction process.
- The failure to detect environmental hazards and pollution as part of due diligence processes as well as known environmental issues with respect to IVG's real estate could force IVG to bear the cost of decontamination and waste disposal, irrespective of fault, and could lead to additional costs, reduced income and/or reputational damage for IVG.
- IVG is exposed to risks in connection with its funds business, including early termination by investors, IVG's substitution as fund manager and the consequent reduction in fees and claims arising from IVG's prospectus liability.
- A decline in the financial condition of IVG's commercial partners or their ability to perform their contractual obligations to IVG to the agreed standard may lead to delays and additional costs for IVG.
- IVG is exposed to concentration risks in relation to a small number of lease agreements with key tenants.
- IVG is dependent on a limited number of key members of its management and qualified employees.
- IVG is exposed to risks related to natural disasters and risks resulting from acts of terrorism affecting its real estate and caverns.
- IVG may be insufficiently insured against losses and damage affecting business.
- IVG's hedging arrangements in relation to transactions in foreign currencies and floating interest rate liabilities may be insufficient and the value of hedging instruments may be subject to fluctuations.
- IVG is exposed to risks from pension obligations.

1.5.3 *Legal and tax risks*

- Disadvantageous changes in the legal framework could negatively affect IVG's operational flexibility and its tenancy arrangements and increase the cost of compliance with applicable laws and regulations.
- The invalidity of clauses used in standardized contracts can lead to claims against IVG under a number of contracts.
- IVG is involved in a number of legal disputes that entail risks and may be exposed to risks from potential future legal disputes.
- IVG may be subject to claims for taxes arising out of tax audits or be liable for unexpected or higher levels of tax than expected if a change occurs in the interpretation of applicable tax legislation.
- IVG's compliance and risk management systems and its monitoring capabilities may prove insufficient to prevent or detect any breaches of the law.
- IVG is exposed to risks arising from the absence of a monthly reporting system.

1.5.4 *Risks related to the Offering*

- The price of the Company's shares may be subject to strong fluctuations and decreases.
- The sale of a large number of the Company's shares could have a negative effect on the stock exchange price of the Company's shares.
- There is no guarantee that active trading in the subscription rights for the Company's shares will develop and that the subscription rights will not be subject to higher price fluctuations than the Company's shares.
- The stake of those shareholders in the Company's share capital who do not or do not fully participate in this Offering will be diluted.
- The Company may be unable to meet its dividend and hybrid coupon payment objectives.
- The Offering may be terminated and the subscription rights may lapse or become worthless if and when the Underwriting Agreement is terminated.

2. GERMAN TRANSLATION OF THE SUMMARY OF THE PROSPECTUS ZUSAMMENFASSUNG DES PROSPEKTS

*Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt (der "**Prospekt**") gelesen werden. Sie fasst ausgewählte Informationen dieses Prospekts zusammen und wird durch die an anderer Stelle des Prospekts enthaltenen, detaillierten Informationen ergänzt. Anleger sollten wegen der wesentlich detaillierteren Informationen in anderen Teilen des Prospekts ihre Anlageentscheidung bezüglich der in diesem Prospekt beschriebenen Aktien von IVG Immobilien AG (die "**Gesellschaft**" und gemeinsam mit ihren konsolidierten Tochtergesellschaften, die "**Gruppe**" oder "**IVG**"), eingetragen im Handelsregister des Amtsgerichts Bonn unter HRB 4148, auf die Prüfung des gesamten Prospekts stützen.*

*Die Gesellschaft sowie die COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland ("**COMMERZBANK**"), die Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Deutschland ("**Berenberg Bank**") und die UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, Vereinigtes Königreich ("**UBS**" oder "**UBS Investment Bank**") (zusammen mit Berenberg Bank und COMMERZBANK die "**Joint Global Coordinators**") sowie die UniCredit Bank AG, Arabellastraße 14, 81925 München, Deutschland (gemeinsam mit den Joint Global Coordinators, die "**Konsortialbanken**") übernehmen gemäß § 5 Abs. 2 Satz 3 Nr. 4 Wertpapierprospektgesetz (WpPG) die Verantwortung für diese Zusammenfassung. Sie können für diese Zusammenfassung haftbar gemacht werden, jedoch nur für den Fall, dass diese Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung einzelstaatlicher Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben.*

2.1 Zusammenfassung der Geschäftstätigkeit

Geschäftstätigkeit

IVG kauft, verwaltet, entwickelt und verkauft Gewerbeimmobilien und Kavernen im Eigen- und Drittbestand, initiiert institutionelle und private Fonds und beteiligt sich selektiv an diesen Fonds als Co-Investor. IVG ist mit Niederlassungen an 19 Standorten in 12 Ländern vertreten. Zum 30. September 2011 hatte IVG 589 Mitarbeiter (Vollzeitäquivalent) und verwaltete Vermögenswerte in Höhe von EUR 21,7 Mrd. Letztere setzen sich zusammen aus bilanziell ausgewiesenem Anlagevermögen im Segment "Real Estate" (*Immobilien*) in Höhe von EUR 4,1 Mrd., investiertem Kapital im Segment "Development" (*Entwicklung*) in Höhe von EUR 1,5 Mrd., im Segment "Caverns" (*Kavernen*) investiertem Kapital in Höhe von EUR 0,9 Mrd. sowie außerbilanziell EUR 12,2 Mrd. im Segment "Institutional Funds" (*institutionelle Fonds*) und EUR 3,0 Mrd. im Segment "Private Funds" (*private Fonds*).

IVG wurde 1916 als staatliches Unternehmen gegründet. Nach Änderung ihrer Rechtsform und dem Börsengang wurden ihre Aktien im Jahre 1986 zum Handel an der Frankfurter Börse zugelassen. 1993 wurde IVG voll privatisiert. 2002 wurde IVG nach Veräußerung aller nicht-immobilienrelevanten Geschäftsbereiche in IVG Immobilien AG umfirmiert.

Seit dem Beginn der Finanzkrise in den Jahren 2008 und 2009 nimmt IVG wesentliche Änderungen bei ihren strategischen Zielen sowie in ihrer Organisationsstruktur vor. Die

Geschäftsleitung von IVG baut vermehrt Risiken, denen IVG ausgesetzt ist, ab. Ferner wird die Geschäftstätigkeit der Gruppe in zwei Geschäftsbereiche gegliedert und die Abstimmung zwischen der Geschäftstätigkeit der Gruppe und ihren strategischen Zielen verbessert. Außerdem hat die Geschäftsleitung beschlossen, das Segment "Development" mittelfristig aufzugeben. Darüber hinaus betreibt die Geschäftsführung der Gesellschaft seit 2009 die finanzielle Restrukturierung von IVG und hat dafür unter anderem mehrere bilaterale Kredite in einem syndizierten Darlehensvertrag mit verlängerter Laufzeit zusammengefasst. In diesem Zusammenhang hat IVG ihren Verschuldungsgrad reduziert und weitere finanzielle Stabilität gewonnen, indem sie Kavernen an einen von ihr initiierten Spezialfonds, der in Kavernen investiert, ("**Kavernenfonds**") verkauft hat. Des Weiteren hat IVG kontinuierlich Anlagevermögen ihres Immobilienportfolios verkauft, um ihre Entwicklungsprojekte, ihre anderen Investitionsvorhaben und ihre laufende Geschäftstätigkeit zu finanzieren. Auch in Zukunft wird IVG darauf angewiesen sein, Teile ihres Immobilienportfolios zu verkaufen, um die notwendige Liquidität vorzuhalten. Dabei sollen in erster Linie Immobilien verkauft werden, welche nicht Teil der zukünftigen Investitionsstrategie von IVG sind, wodurch gleichzeitig die Optimierung des eigenen Portfolios vorangetrieben wird. Die jüngst erfolgte Verlängerung von vier Kreditfazilitäten bildet einen der letzten Meilensteine der finanziellen Restrukturierung von IVG. Durch den finanziellen Restrukturierungsprozess ist es IVG gelungen, die Unterstützung der sie finanzierenden Banken auch während dieser Zeit aufrechtzuerhalten.

Die Geschäftstätigkeit von IVG ist derzeit in den Geschäftsbereich Investment und den Geschäftsbereich Fonds gegliedert. Daneben erbringt die als zentrale Serviceeinheit tätige IVG Asset Management GmbH professionelle Asset-Management-Leistungen für die beiden Geschäftsbereiche von IVG mit dem Ziel der Sicherung nachhaltiger Cashflows von den Immobilienanlagen im Eigen- und Drittbestand.

Der Geschäftsbereich Investment umfasst drei Segmente: "Real Estate", "Development" und "Caverns". Im Segment "Real Estate" liegt das Kerngeschäft von IVG im Kauf, der Modernisierung, der Vermietung und dem Verkauf von Gewerbeimmobilien, insbesondere Büroimmobilien, mit aktuellen regionalen Schwerpunkten in Deutschland, Frankreich, Benelux und Finnland. IVG beabsichtigt, ihren geographischen Portfolioschwerpunkt zukünftig in Deutschland zu setzen. Zum 30. September 2011 hielt IVG 234 Immobilien mit einem Gesamtmarktwert von rund EUR 4,1 Mrd. im eigenen Bestand. Der Schwerpunkt der Geschäftstätigkeit von IVG in ihrem Segment "Development" liegt auf der Entwicklung von Büroimmobilien in ausgewählten europäischen Wachstumsregionen. Zum 30. September 2011 belief sich der Wert des Umlaufvermögens in diesem Segment auf EUR 1.018 Mio. Hiervon entfallen EUR 980,0 Mio. auf die sechs bedeutendsten Projektentwicklungen. IVG beabsichtigt die beiden noch laufenden Entwicklungsprojekte, die sich noch im Bau befinden, in 2011 abzuschließen. Des Weiteren beabsichtigt IVG zum einen den Abverkauf ihrer Entwicklungsprojekte und zum anderen keine neuen Entwicklungsprojekte zu beginnen und somit in diesem Segment bis 2013 aus dem Markt auszutreten. Im Segment "Caverns" betätigt sich IVG in der Errichtung, dem Betrieb und der Vermietung von unterirdischen Erdöl- und Gaslagerstätten. Das Kavernenportfolio umfasst derzeit 52 Kavernen mit einer Kapazität von insgesamt rund 30 Mio. Kubikmetern für die Lagerung von Öl und Gas. IVG plant, das Kavernenportfolio bis zum Jahr 2022 auf insgesamt 130 Kavernen auszubauen, wovon 60 Kavernen im eigenen Bestand gehalten werden sollen. 70 Kavernen (wovon einige noch immer in der Entwicklung sind) wurden bereits an den Kavernenfonds verkauft. Davon sind 51 zum Datum des Prospekts an den Kavernenfonds übertragen worden und 19 weitere werden bis 2014 übertragen.

Der Geschäftsbereich Fonds ist in die Segmente "Institutional Funds" und "Private Funds" unterteilt. In diesem Geschäftsbereich entwickelt und vertreibt IVG Anlageprodukte für institutionelle und private Investoren, was die Strukturierung, die Initiierung, die

Platzierung und das Management von Investmentprodukten umfasst. IVG tritt darüber hinaus bei einigen dieser Investmentprodukte, die ihrem strategischen Fokus entsprechen, als Co-Investor auf und bringt somit eigene Interessen in Einklang mit den Interessen von Drittinvestoren. Der Schwerpunkt der Geschäftstätigkeit von IVG in ihrem Segment "Institutional Funds" liegt auf der Strukturierung, Initiierung, Platzierung und dem Management von Immobilienfonds und strukturierten Immobilienprodukten für institutionelle Investoren. Zum 30. September 2011 verwaltete IVG im Segment "Institutional Funds" 41 offene Immobilienfonds mit einem Fondsvolumen in Höhe von EUR 12,2 Mrd. Der Schwerpunkt der Geschäftstätigkeit der IVG in ihrem Segment "Private Funds" liegt auf der Strukturierung, Initiierung und Platzierung sowie dem Management von Immobilienfonds für private Investoren. Zum 30. September 2011 verwaltete IVG im Segment "Private Funds" 26 geschlossene Immobilienfonds mit rund 60.000 Privatanlegern und einem Fondsvolumen in Höhe von EUR 3,0 Mrd.

Wettbewerbsvorteile

- IVG hat ein erfahrenes eigenes Asset Management Team, welches auf der Grundlage eines europaweiten Geschäftsstellennetzwerks arbeitet.
- Die Gesellschaft ist der Meinung, dass IVG eine herausragende Position beim Bau und im Betrieb von Kavernen einnimmt, die für IVG eine kontinuierliche Einkommensquelle darstellen.
- Die verschiedenen Geschäftstätigkeiten von IVG generieren nachhaltige Einkommensquellen durch die Vermietung und den Verkauf von Immobilien und schaffen gleichzeitig Wachstumschancen, die sich aus dem Kavernengeschäft und den Co-Investments ergeben.
- Als integrierte Investmentplattform verfügt IVG über die Flexibilität, ihre Immobilienexpertise für Direktinvestitionen, indirekte Investitionen über Co-Investments in Immobilienfonds sowie als Fondsinitiator und Asset Manager einzusetzen.
- Die Geschäftsführung von IVG positioniert die Geschäftstätigkeit von IVG erfolgreich neu.

Konzernstrategie

- Die Gesamtstrategie von IVG umfasst den weiteren Abbau von Risikopositionen und die Konzentration auf wiederkehrende Zahlungsströme für die Gruppe.
- In operativer Hinsicht beabsichtigt IVG zukünftig die Entwicklungsrisiken zu reduzieren und nicht mehr als Immobilienentwickler für Dritte zu agieren.
- Auf Finanzierungsebene beabsichtigt IVG mittelfristig und unter Berücksichtigung sich verändernder Marktbedingungen insbesondere einen deutlichen Abbau der eigenen Risikopositionen durch die Reduzierung des Loan-to-Value, d.h. der Summe aus Wandelschuldverschreibung, Bankkrediten und Geldmarktpapieren von IVG geteilt durch ihre Bilanzsumme ("**LTV**") auf ein mit anderen Immobilienmarktteilnehmern vergleichbares Niveau.
- Im Geschäftsbereich Investment und hinsichtlich des bilanziell ausgewiesen Portfolios konzentriert sich IVG auf den deutschen Markt und auf die Erhöhung der Profitabilität.
- Gemäß der Strategie, sich zu einer integrierten Investmentplattform zu entwickeln, beabsichtigt IVG, weiterhin Synergien zwischen ihrem Geschäftsbereich Investment und ihrem Geschäftsbereich Fonds zu integrieren und realisieren.

2.2 Zusammenfassung des Angebots

Gegenstand des Angebots	Gegenstand des Angebots (das **"Angebot"**) sind 69.283.885 neue, auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien) der IVG Immobilien AG, jeweils mit einem anteiligen Betrag am Grundkapital von EUR 1,00 und mit voller Gewinnanteilsberechtigung ab dem 1. Januar 2011 ("**Neue Aktien**"). Die Neuen Aktien stammen aus einer Kapitalerhöhung gegen Bareinlagen aus genehmigtem Kapital mit mittelbarem Bezugsrecht gemäß § 3 Abs. 2, 3 und 4 der Satzung der Gesellschaft (die **"Satzung"**). Gemäß § 3 Abs. 2 der Satzung ist der Vorstand ermächtigt, das Grundkapital bis zum 13. Mai 2014 mit Zustimmung des Aufsichtsrats durch Ausgabe neuer auf den Inhaber lautender Stamm- und/oder Vorzugsaktien mit oder ohne Stimmrecht gegen Bareinlagen einmalig oder mehrmals um bis zu insgesamt EUR 24.000.000,00 zu erhöhen (Genehmigtes Kapital I). Gemäß § 3 Abs. 3 der Satzung ist der Vorstand ferner ermächtigt, das Grundkapital bis zum 17. Mai 2016 mit Zustimmung des Aufsichtsrats durch Ausgabe neuer, auf den Inhaber lautender Stückaktien mit anteiligem Betrag des Grundkapitals von je EUR 1,00 gegen Bareinlagen einmalig oder mehrmals um bis zu insgesamt EUR 21.299.999,00 zu erhöhen (Genehmigtes Kapital II). Schließlich ist der Vorstand gemäß § 3 Abs. 4 der Satzung ermächtigt, das Grundkapital bis zum 13. Mai 2014 mit Zustimmung des Aufsichtsrats durch Ausgabe neuer auf den Inhaber lautender Stamm- und/oder Vorzugsaktien mit oder ohne Stimmrecht gegen Bar- oder Sacheinlagen einmalig oder mehrmals um bis zu EUR 24.000.000,00 zu erhöhen (Genehmigtes Kapital III) (gemeinsam die "**Beschlüsse über das genehmigte Kapital**"). Die Beschlüsse über das genehmigte Kapital und die entsprechenden Satzungsänderungen wurden in das Handelsregister des Amtsgerichts Bonn eingetragen.
Bezugsangebot	Ein Konsortium von Banken unter Führung der Berenberg Bank, der COMMERZBANK und der UBS hat sich in einem zwischen der Gesellschaft und den Konsortialbanken geschlossenen Aktienübernahmevertrag ("**Aktienübernahmevertrag**") verpflichtet, die Neuen Aktien zu zeichnen und sie den Aktionären im Rahmen eines mittelbaren Bezugsrechts während der Bezugsfrist (wie nachstehend definiert) entsprechend dem Bezugsverhältnis (wie nachstehend definiert) zum Bezugspreis (wie nachstehend definiert) zum Bezug anzubieten ("**Bezugsangebot**"). Der Aktienübernahmevertrag enthält unter anderem die Bedingung, dass die Durchführung der Kapitalerhöhung im Handelsregister eingetragen wird. Die Eintragung der

	Durchführung der Kapitalerhöhung in das Handelsregister des Amtsgerichts Bonn wird voraussichtlich am 16. Dezember 2011 erfolgen. Berenberg Bank als alleinige Übernehmerin hat sich verpflichtet, alle diejenigen Neuen Aktien zum Bezugspreis zu übernehmen und zu kaufen, die nicht Gegenstand von Festbezugserklärungen sind, nicht von einem anderen Investor im Rahmen des Bezugsangebots bezogen wurden und nicht bei Investoren vor oder im Rahmen der Restplatzierung (wie nachstehend definiert) platziert worden sind, die voraussichtlich am Ende der Bezugsfrist (wie nachstehend definiert) stattfinden wird. Die anderen Konsortialbanken haben sich verpflichtet, das Angebot ohne eine feste Übernahmeverpflichtung zu platzieren.
Bezugsverhältnis	Die Neuen Aktien werden den Aktionären im Verhältnis 2:1 angeboten, das heißt zwei alte Aktien berechtigen den Aktionär zum Bezug einer Neuen Aktie (das "**Bezugsverhältnis**").
Bezugsfrist	Die Bezugsfrist beginnt am 1. Dezember 2011 und endet am 14. Dezember 2011 (jeweils einschließlich) (die "**Bezugsfrist**").
Bezugspreis	Der Bezugspreis beträgt EUR 2,10 pro Neue Aktie (der "**Bezugspreis**").
Ausübung der Bezugsrechte	IVG fordert seine Aktionäre auf, ihr Bezugsrecht auf die Neuen Aktien während der Bezugsfrist vom 1. Dezember 2011 bis zum 14. Dezember 2011 (jeweils einschließlich) über die Depotbanken der Aktionäre bei einer der unten genannten Bezugsstellen während der üblichen Geschäftszeiten auszuüben. Nicht fristgemäß ausgeübte Bezugsrechte verfallen wertlos. Ein Ausgleich für nicht ausgeübte Bezugsrechte findet nicht statt. Die Bezugsrechte (ISIN DE000A1MBE85, WKN A1M BE8), die auf die bestehenden Aktien der Gesellschaft (ISIN DE0006205701, WKN 620570) entfallen, werden, soweit sich die bestehenden Aktien in Girosammelverwahrung befinden, am 30. November 2011, abends, durch die Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Deutschland, den Depotbanken automatisch eingebucht. Aktionäre der IVG Immobilien AG, die nach dem in der Vergangenheit abgeschlossenen Hinterlegungsverfahren noch effektive, unrichtig gewordene Aktienurkunden halten, müssen ihre jeweiligen Ansprüche gegenüber der Hinterlegungsstelle des Amtgerichts Bonn, Wilhelmstraße 21, 53111 Bonn, geltend machen. Bezugsstellen sind die deutschen Niederlassungen der COMMERZBANK Aktiengesellschaft.
Bezugsrechtshandel	Die Bezugsrechte (ISIN DE000A1MBE85, WKN A1M BE8) für die Neuen Aktien werden in der Zeit vom

1. Dezember 2011 bis einschließlich 12. Dezember 2011 im regulierten Markt an der Frankfurter Wertpapierbörse gehandelt. Ein Ausgleich für nicht ausgeübte Bezugsrechte findet nicht statt. Nach Ablauf der Bezugsfrist verfallen die nicht ausgeübten Bezugsrechte wertlos. Ab dem 1. Dezember 2011 werden die bestehenden Aktien der Gesellschaft "ex Bezugsrecht" notiert.

Die Joh. Berenberg, Gossler & Co. KG kann geeignete Maßnahmen ergreifen, um für einen geordneten Bezugsrechtshandel Liquidität zur Verfügung zu stellen, wie beispielsweise Bezugsrechte auf Neue Aktien kaufen oder verkaufen. In diesem Zusammenhang behält sich die Joh. Berenberg, Gossler & Co. KG vor, Absicherungsgeschäfte in Aktien der Gesellschaft oder entsprechenden Derivaten vorzunehmen.

Verpflichtungserklärungen und sonstige Erklärungen von Hauptaktionären und eines neuen Investors im Zusammenhang mit dem Angebot

Die Mann Immobilien-Verwaltung Aktiengesellschaft ("**Mann AG**") hat sich vorbehaltlich bestimmter Bedingungen verpflichtet, durch vollständige Ausübung ihrer Bezugsrechte am Angebot teilzunehmen. Darüber hinaus hat die Mann AG erklärt, dass sie sich entschließen könnte, weitere Neue Aktien zu erwerben im Rahmen der Platzierung von Neuen Aktien, für die Bezugsrechte nicht ausgeübt wurden und die bei Investoren platziert werden sollen (die "**Restplatzierung**"), und die Gesellschaft hat sich verpflichtet, dieses Angebot bevorzugt zu berücksichtigen. Schließlich hat die Mann AG erklärt, dass sie sich entschließen könnte, bis zu 4.157.033 Neue Aktien zum Bezugspreis zu erwerben, falls, und bis zu einer Anzahl in der, solche Neuen Aktien nicht anderweitig in der Restplatzierung platziert werden.

Universal-Investment-Gesellschaft mit beschränkter Haftung hat sich vorbehaltlich bestimmter Bedingungen verpflichtet, am Angebot in einer Höhe von 2.497.898 Neuen Aktien durch Ausübung ihrer Bezugsrechte sowie der Bezugsrechte ihrer Tochtergesellschaften und Fonds teilzunehmen.

Die Santo Holding AG hat auf einen Großteil ihrer Bezugsrechte verzichtet. Gleichzeitig hat sich die Santo Holding AG jedoch verpflichtet, es den Konsortialbanken zu ermöglichen, Neue Aktien in Höhe der Anzahl der Neuen Aktien, die die Santo Holding AG im Rahmen des Bezugsangebotes nicht beziehen wird, interessierten Investoren anzubieten. Darüber hinaus hat die Santo Holding AG gegenüber der Gesellschaft erklärt, dass sie beabsichtigt, nach dem Angebot mindestens 10 % plus eine Aktie am Grundkapital der Gesellschaft unmittelbar zu halten.

	Ein Drittinvestor hat sich vorbehaltlich bestimmter Bedingungen verpflichtet, an dem Angebot teilzunehmen im Wege einer Festübernahmeerklärung, in der er sich verpflichtet hat, Neue Aktien entsprechend der Anzahl, auf die die Santo Holding AG durch die Nichtausübung ihrer Bezugsrechte verzichtet hat, zu beziehen. Die Gesellschaft und die Berenberg Bank haben sich verpflichtet eine solche Anzahl von Neuen Aktien an den Investor zum Bezugspreis zu liefern.
Zulassung und Handel der Neuen Aktien	Die Zulassung der Neuen Aktien zum regulierten Markt mit gleichzeitiger Zulassung im Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (Prime Standard) der Frankfurter Wertpapierbörse und zu den regulierten Märkten der Wertpapierbörsen in Berlin, Düsseldorf und München wird für den 16. Dezember 2011 erwartet. Es ist vorgesehen, dass die Neuen Aktien am 19. Dezember 2011 erstmalig in die bestehende Notierung für die Aktien der Gesellschaft einbezogen werden.
Verbriefung und Lieferung der Neuen Aktien	Die Neuen Aktien (ISIN DE0006205701, WKN 620570) werden in einer Globalurkunde verbrieft, die voraussichtlich am 16. Dezember 2011 bei der Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Deutschland, hinterlegt wird. Der Anspruch eines Aktionärs auf Einzelverbriefung ist ausgeschlossen. Die im Rahmen des Bezugsangebots bezogenen Neuen Aktien werden voraussichtlich ab dem 19. Dezember 2011 durch Girosammeldepotgutschrift zur Verfügung gestellt, es sei denn, die Bezugsfrist wurde verlängert.
Verwertung nicht bezogener Neuer Aktien	Etwaige, aufgrund des Bezugsangebots nicht bezogene Neue Aktien werden im Rahmen von Privatplatzierungen qualifizierten Anlegern in Deutschland und außerhalb Deutschlands (mit Ausnahme von Japan, Kanada und Australien) angeboten. In den Vereinigten Staaten von Amerika werden die Neuen Aktien ausschließlich an sogenannte "*qualified institutional buyers*" gemäß Rule 144A des U.S. Securities Act von 1933 in der jeweils gültigen Fassung ("**Securities Act**") zum Erwerb angeboten.
Veröffentlichung des Prospekts und des Bezugsrechtsangebots	Der Prospekt wird auf der Internetseite der Gesellschaft unter www.ivg.de veröffentlicht. Des Weiteren werden Exemplare kostenfrei ab dem Tag der Veröffentlichung des Prospekts während der üblichen Geschäftszeiten (Samstage, Sonntage und Feiertage sind damit ausgeschlossen) in den Geschäftsräumen der IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, erhältlich sein. Das in deutscher Sprache verfasste Bezugsangebot wird den Bezugspreis enthalten und wird voraussichtlich am 30. November 2011 im elektronischen Bundesanzeiger und am 1. Dezember 2011 in der Frankfurter Allgemeine Zeitung veröffentlicht.

Stabilisierungsmaßnahmen	Im Zusammenhang mit dem Angebot der Neuen Aktien können Stabilisierungsmaßnahmen im gesetzlich zulässigen Rahmen unternommen werden.
Marktschutzvereinbarung	Die Gesellschaft hat sich gegenüber den Konsortialbanken verpflichtet dafür Sorge zu tragen, dass keine ihrer Tochtergesellschaften und auch sie selbst nicht, mit Ausnahme der Neuen Aktien, vor Ablauf von sechs Monaten nach Abschluss des Angebots (i) Aktien der Gesellschaft unmittelbar oder mittelbar ausgibt, veräußert, anbietet, sich vertraglich zum Verkauf verpflichtet oder auf andere Weise absetzt oder ein Angebot ankündigt aus genehmigtem Kapital oder aus eigenen Aktien oder aus anderen Wertpapieren, die in Aktien der Gesellschaft gewandelt oder ausgetauscht werden können oder die das Recht beinhalten, Aktien der Gesellschaft zu erwerben (außer in Ausführung eines Aktienprogramms, welches zum Zeitpunkt des Underwriting Agreement besteht, zum Vorteil der Angestellten oder Vorstands- oder Aufsichtsratsmitglieder der Gesellschaft); (ii) eine Kapitalerhöhung der Gesellschaft einleitet; und (iii) eine Transaktion beginnt (einschließlich einer Derivate-Transaktion), die eine vergleichbare wirtschaftliche Auswirkung hat ähnlich der Veräußerung von Aktien der Gesellschaft, es sei denn die Gesellschaft erhält im jeweiligen Einzelfall die vorherige, schriftliche Zustimmung der Joint Global Coordinators, wobei eine solche Zustimmung nicht unangemessen verweigert werden darf. Ein Vorschlag gegenüber der Hauptversammlung hinsichtlich von Ermächtigungen zur Ausgabe neuer Aktien aus einem genehmigten Kapital oder Wandelschuldverschreibungen bedarf allerdings keiner vorherigen, schriftlichen Zustimmung der Joint Global Coordinators.
Verkaufsbeschränkungen	Die Neuen Aktien und die Bezugsrechte sind und werden weder nach den Vorschriften des Securities Act noch bei Wertpapieraufsichtsbehörden von Einzelstaaten der Vereinigten Staaten von Amerika registriert. Die Neuen Aktien und die Bezugsrechte dürfen in den USA weder angeboten noch verkauft oder direkt oder indirekt dorthin geliefert werden, außer auf Grundlage und unter Beachtung einer Befreiungsvorschrift von den Registrierungserfordernissen nach dem Securities Act, den börsenrechtlichen Vorschriften sowie allen anderen einschlägigen US-rechtlichen Vorschriften.
Gründe für das Angebot und Verwendung des Emissionserlöses	Die Gesellschaft beabsichtigt, den Nettoemissionserlös aus dem Angebot der Neuen Aktien zur Verfolgung ihrer strategischen Hauptziele zu nutzen, insbesondere der Steigerung des verwalteten Vermögens und der wiederkehrenden Erträge. IVG beabsichtigt, den überwiegenden Teil (85 %-95 %) des Emissionserlöses für die Sicherstellung der Finanzierung des Beginns und der Weiterführung des Baus zukünftiger Kavernen zu verwenden. Der Bau weiterer Kavernen

	soll die Grundlage bilden für eine fortgesetzte erfolgreiche Reduzierung der Verschuldung der Gesellschaft durch Erhöhung der Vermögenswerte und Ermöglichung der Schuldenrückzahlung. IVG beabsichtigt, den geringeren Teil (5 %-15 %) des Emissionserlöses für die Vergrößerung ihrer Investitionskapazitäten zu nutzen, und zwar, im Einklang mit der Plattformstrategie, für potentielle Eigenkapitalinvestitionen zu Gründungszwecken in Fonds, die von IVG strukturiert werden. Dadurch soll die operative Flexibilität von IVG gestärkt werden.
ISIN, WKN und Börsenkürzel der Neuen Aktien und der Bezugsrechte	International Securities Identification Number (ISIN): für die Neuen Aktien: DE0006205701, für die Bezugsrechte: DE000A1MBE85. Wertpapierkennnnummer (WKN): für die Neuen Aktien 620570, für die Bezugsrechte: A1M BE8. Börsenkürzel der Aktien: IVG
Zahl- und Anmeldestelle	Zahl- und Anmeldestelle für die Aktien der Gesellschaft ist die COMMERZBANK Aktiengesellschaft.

2.3 Zusammenfassung der allgemeinen Information über die Gesellschaft

Vorstand	Der Vorstand der Gesellschaft besteht aus drei Mitgliedern: Dr. Wolfgang Schäfers, Dr. Hans V. Volckens und Christian Kühni.
Aufsichtsrat	Der Aufsichtsrat der Gesellschaft besteht aus neun Mitgliedern: Detlef Bierbaum, Frank F. Beelitz, David C. Günther, Wolfgang Herr, Klaus-Joachim Wolfgang Krauth, Rudolf Lutz, Klaus R. Müller, Thomas Neußer-Eckhoff und Dr. Bernd Thiemann.
Grundkapital vor dem Angebot	EUR 138.599.999,00
Wirtschaftsprüfer	PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Moskauer Straße 19, 40227 Düsseldorf, Deutschland.
Unternehmenssitz und Geschäftsjahr der Gesellschaft	Die Gesellschaft hat ihren Sitz in Bonn, Deutschland. Die Gesellschaft ist im Handelsregister des Amtsgerichts Bonn unter der Handelsregisternummer HRB 4148 eingetragen. Die Geschäftsanschrift der Gesellschaft lautet: Zanderstraße 5-7, 53177 Bonn, Deutschland. Das Geschäftsjahr der Gesellschaft entspricht dem Kalenderjahr.
Hauptaktionäre	Mann Immobilien-Verwaltung Aktiengesellschaft und Santo Holding AG
Mitarbeiter	IVG hatte zum 30. September 2011 589 Mitarbeiter (Vollzeitäquivalent). Zwischen dem 30. September 2011 und dem Datum des Prospekts gab es keine wesentliche Änderung der Anzahl der Mitarbeiter (Vollzeitäquivalent).

2.4 Ausgewählte konsolidierte Finanz- und Geschäftsinformationen

Die Informationen über die Finanz- und Ertragslage in den Geschäftsjahren 2010, 2009 und 2008 sowie dem Neunmonatszeitraum mit Stichtag 30. September 2011 (einschließlich Vergleichszahlen des Neunmonatszeitraums mit Stichtag 30. September 2010) sind im folgenden zusammenfassend dargelegt. Sie wurden den geprüften Konzernabschlüssen der Gesellschaft für die jeweils am 31. Dezember endenden Geschäftsjahre entnommen, die in diesem Prospekt im Kapitel "*Financial Statements*" abgebildet sind, sowie dem ungeprüften konsolidierten Zwischenabschluss für den Neunmonatszeitraum mit Stichtag 30. September 2011, der ebenfalls in diesem Prospekt im Kapitel "*Financial Statements*" abgebildet ist, sowie den Rechnungslegungsunterlagen von IVG. Die konsolidierten Abschlüsse und der konsolidierte Zwischenabschluss wurden nach den in der Europäischen Union geltenden International Financial Reporting Standards ("**IFRS**") erstellt. Die konsolidierten Abschlüsse für die Geschäftsjahre 2010, 2009 und 2008 wurden von PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft geprüft und jeweils mit einem uneingeschränkten Bestätigungsvermerk versehen, der den ergänzenden Hinweis enthält, dass der Fortbestand des IVG Konzerns durch Risiken bedroht ist, die im Konzernlagebericht dargestellt sind.

Ausgewählte Informationen aus der Konzern-Gewinn- und Verlustrechnung

	1. Januar bis 31. Dezember			**1. Januar bis 30. September**	
	2010	**2009**	**2008**	**2011**	**2010**
	(geprüft, es sei denn anders gekennzeichnet)			*(ungeprüft)*	*(ungeprüft)*
	(in Mio. EUR, es sei denn anders gekennzeichnet)				
Umsatzerlöse	821,8	838,8	608,6	440,4	697,8
Bestandsveränderungen und andere aktivierte Eigenleistungen	170,3	97,9	452,7	72,4	37,4
Unrealisierte Marktwertänderungen von Investment Property	53,0	2,8	-583,3	16,1	50,3
Realisierte Marktwertänderungen von Investment Property	-0,1	-64,1	171,1	-1,2	-0,7
Sonstige betriebliche Erträge	25,2	80,5	290,3	13,3	16,8
Materialaufwand	-570,1	-588,4	-692,6	-282,5	-390,6
Personalaufwand	-71,0	-73,7	-68,8	-52,9	-50,8
Abschreibungen auf immaterielle Vermögensgegenstände und Sachanlagen[1]	-10,1	-11,8	-17,9	-5,6	-6,9
Aufwendungen aus Investment Property	-68,2	-69,7	-81,7	-56,5	-52,0
Sonstige betriebliche Aufwendungen	-112,5	-137,4	-178,6	-77,6	-80,4
Ergebnis aus at equity bewerteten assoziierten Beteiligungen	15,8	-12,2	2,0	3,0	14,7
Beteiligungsergebnis	1,9	1,3	-0,4	0,8	1,5
Ergebnis vor Finanzergebnis und Ertragsteuern (EBIT)	**256,2**	**64,1**	**-98,6**	**69,6**	**237,1**
Finanzerträge	81,6	121,1	202,6	94,0	50,9
Finanzaufwendungen	-316,7	-374,5	-601,1	-279,2	-229,8
Finanzergebnis	**-235,1**	**-253,4**	**-398,5**	**-185,2**	**-179,0**
Ergebnis vor Ertragsteuern[2]	**21,1**	**-189,3**	**-497,1**	**-115,6**	**58,2**
Ertragsteuern	2,1	31,3	45,4	60,9	-11,6
Konzernergebnis	**23,2**	**-158,0**	**-451,7**	**-54,7**	**46,5**
Anteile Konzernaktionäre am Ergebnis[3]	-8,8	-190,1	-484,3	-78,7	21,6
Anteil Hybridkapitalgeber am Ergebnis[4]	32,0	32,0	32,0	24,0	24,0
Anteile Konzernfremder am Ergebnis[5]	0,0	0,1	0,6	0,0	0,9
Unverwässertes Ergebnis je Aktie in EUR[6]	-0,07	-1,61	-4,18	-0,58	0,17
Verwässertes Ergebnis je Aktie in EUR (ungeprüft)	-0,07[7]	-1,61[7]	-4,18[7]	-0,58	0,17[7]

1 In der englischsprachigen Fassung des Geschäftsberichts 2008 wird dieser Punkt "Depreciation and amortisation of intangible assets and property, plant and equipment and investment property" genannt. Dies betrifft nicht die deutschsprachige Fassung des jeweiligen Geschäftsberichts.

2 In der englischsprachigen Fassung des Geschäftsberichts 2009 wird dieser Punkt "Net profit before tax" genannt. Dies betrifft nicht die deutschsprachige Fassung des jeweiligen Geschäftsberichts.

3 In der englischsprachigen Fassung der Geschäftsberichte 2008 und 2009 wird dieser Punkt "Share of Group shareholders in earnings" genannt. Dies betrifft nicht die deutschsprachige Fassung des jeweiligen Geschäftsberichts.

4 In der englischsprachigen Fassung der Geschäftsberichte 2008 und 2009 wird dieser Punkt "Share of hybrid capital providers in earnings" genannt. Dies betrifft nicht die deutschsprachige Fassung des jeweiligen Geschäftsberichts.

5 In der englischsprachigen Fassung der Geschäftsberichte 2008 und 2009 wird dieser Punkt "Share of third parties in earnings" genannt. Dies betrifft nicht die deutschsprachige Fassung des jeweiligen Geschäftsberichts.

6 In der englischsprachigen Fassung der Geschäftsberichte 2008 und 2009 wird dieser Punkt "Basic earnings per share in EUR" genannt. Dies betrifft nicht die deutschsprachige Fassung des jeweiligen Geschäftsberichts.

7 Nach Anpassung; wie im Zwischenfinanzbericht für den Neunmonatszeitraum mit Stichtag 30. September 2011 ausgewiesen.

Ausgewählte Informationen aus der Konzernbilanz[1]

	Zum 31. Dezember			Zum 30. September
	2010 *(geprüft)*	**2009** *(geprüft)*	**2008** *(geprüft)*	**2011** *(ungeprüft)*
	(in Mio. EUR)			
Aktiva				
Langfristiges Vermögen				
Immaterielle Vermögenswerte	250,0	250,1	249,7	251,3
Investment Property	4.760,7	4.767,7	5.172,2	4.263,3
Sachanlagen	128,9	119,2	368,1	137,8
Finanzanlagen	153,9	171,4	245,5	133,6
Anteile an at equity bewerteten Beteiligungen[2]	81,9	76,5	37,9	93,3
Derivative Finanzinstrumente	3,5	—	—	—
Latente Steueransprüche	271,0	281,2	367,0	324,3
Forderungen und sonstige Vermögenswerte	47,6	39,1	30,9	64,2
Summe langfristiges Vermögen	**5.697,5**	**5.705,1**	**6.471,3**	**5.267,9**
Kurzfristiges Vermögen				
Vorräte	1.065,0	939,6	1.002,2	1.036,9
Forderungen und sonstige Vermögenswerte	177,0	178,4	168,7	159,6
Forderungen aus Ertragsteuern	45,2	49,0	39,9	30,4
Derivative Finanzinstrumente	—	1,4	38,7	0,0[3]
Wertpapiere	2,0	6,3	1,4	2,1
Zahlungsmittel und Zahlungsmitteläquivalente	274,9	266,9	44,2	150,7
	1.564,2	**1.441,6**	**1.295,1**	**1.379,8**
Zur Veräußerung gehaltene langfristige Vermögenswerte	30,7	246,8	109,1	301,5
Summe kurzfristiges Vermögen	**1.594,9**	**1.688,3**	**1.404,2**	**1.681,3**
Bilanzsumme	**7.292,4**	**7.393,4**	**7.875,5**	**6.949,2**

1 In der englischsprachigen Fassung des Geschäftsberichts 2008 wird dieser Punkt "Consolidated Balance Sheet" genannt. Dies betrifft nicht die deutschsprachige Fassung des jeweiligen Geschäftsberichts.

2 Im Geschäftsbericht 2008 wird dieser Punkt "Anteile an at equity bewerteten assoziierten Unternehmen" genannt. In der englischsprachigen Fassung des Geschäftsberichts 2009 wird dieser Punkt "Shares in equity investments accounted for using the equity method" und in der englischsprachigen Fassung des Geschäftsberichts 2008 "Investments in associated companies accounted for using the equity method" genannt. Dies betrifft nicht die deutschsprachige Fassung des jeweiligen Geschäftsberichts.

3 Den Rechnungslegungsunterlagen von IVG entnommen.

	Zum 31. Dezember			Zum 30. September
	2010 *(geprüft)*	2009 *(geprüft)*	2008 *(geprüft)*	2011 *(ungeprüft)*
	(in Mio. EUR)			
Passiva				
Eigenkapital				
Gezeichnetes Kapital	126,0	126,0	116,0	138,6
Kapitalrücklage	622,1	621,6	561,0	696,0
Eigene Anteile	-0,5	-0,5	-0,5	-0,5
Sonstige Rücklagen	-101,3	-133,4	-133,0	-73,2
Gewinnrücklagen	238,5	250,1	443,5	161,9
Konzernaktionären zustehendes Eigenkapital	**884,8**	**863,8**	**987,0**	**922,8**
Hybridkapital	400,9	400,9	400,9	400,9
Minderheitenanteile	0,3	0,4	3,0	0,0
Summe Eigenkapital	**1.286,1**	**1.265,1**	**1.390,9**	**1.323,8**
Fremdkapital				
Langfristiges Fremdkapital				
Finanzschulden	4.143,1	4.452,5	4.250,4	3.585,2
Derivative Finanzinstrumente	46,0	101,0	87,9	45,3
Latente Steuerverbindlichkeiten	71,5	99,6	246,0	62,5
Pensionsrückstellungen	16,3	12,6	10,8	17,1
Sonstige Rückstellungen	27,4	24,6	27,9	12,5
Verbindlichkeiten	3,2	4,0	10,0	47,7
Summe langfristiges Fremdkapital	**4.307,4**	**4.694,3**	**4.633,0**	**3.770,2**
Kurzfristiges Fremdkapital				
Finanzschulden	1.145,4	802,0	1.349,1	1.390,5
Derivative Finanzinstrumente	66,5	24,6	17,1	51,2
Sonstige Rückstellungen	54,4	71,9	147,0	84,7
Verbindlichkeiten	354,8	370,1	270,0	275,5
Verbindlichkeiten aus Ertragsteuern	77,8	80,5	68,4	53,3
	1.698,9	**1.349,1**	**1.851,6**	**1.855,2**
Verbindlichkeiten im Zusammenhang mit zur Veräußerung gehaltenen langfristigen Vermögenswerten[1]	—	84,9	—	—
Summe kurzfristiges Fremdkapital	**1.698,9**	**1.434,0**	**1.851,6**	**1.855,2**
Bilanzsumme	**7.292,4**	**7.393,4**	**7.875,5**	**6.949,2**

[1] In der englischsprachigen Fassung des Geschäftsberichts 2009 wird dieser Punkt “Liabilities in connection with non-current assets held for sale” und in der englischsprachigen Fassung des Geschäftsberichts 2008 wird dieser Punkt “Liabilities associated with the sale of non-current assets held for sale” genannt. Dies betrifft nicht die deutschsprachige Fassung des jeweiligen Geschäftsberichts.

Ausgewählte Informationen aus der Konzernkapitalflussrechnung

	1. Januar bis 31. Dezember			1. Januar bis 30. September	
	2010 *(geprüft)*	**2009** *(geprüft)*	**2008** *(geprüft)*	**2011** *(ungeprüft)*	**2010** *(ungeprüft)*
	(in Mio. EUR)				
Cashflow aus laufender Geschäftstätigkeit	158,8	168,2	277,2	96,2	110,1
Cashflow aus betrieblicher Geschäftstätigkeit	-233,3	-50,5	-422,6	-215,4	-100,0
Cashflow aus Investitionstätigkeit	208,8	485,8	-410,7	249,2	21,9
Cashflow aus Finanzierungstätigkeit	24,6	-204,4	772,0	-158,2	33,1
Zahlungswirksame Veränderung aus der Geschäftstätigkeit	0,1	230,9	-61,3	-124,4	-45,0
Zahlungsmittel und Zahlungsmitteläquivalente 01.01.[1]	274,9	44,2	106,2	274,9	274,9
Zahlungsmittel und Zahlungsmitteläquivalente 31.12.[2]	274,9	274,9	44,2	—	—
Zahlungsmittel und Zahlungsmitteläquivalente zum 30.09.	—	—	—	150,7	229,8

[1] Im Geschäftsbericht 2010 wird dieser Punkt "Zahlungsmittel und Zahlungsmitteläquivalente zum 01.01." genannt.
[2] Im Geschäftsbericht 2010 wird dieser Punkt "Zahlungsmittel und Zahlungsmitteläquivalente zum 31.12." genannt.

Ausgewählte Informationen zu den Segmentergebnissen

	Real Estate					Development				
	1. Januar bis 31. Dezember			1. Januar bis 30. September		1. Januar bis 31. Dezember			1. Januar bis 30. September	
	2010 *(geprüft)*	**2009** *(geprüft)*	**2008** *(geprüft)*	**2011** *(ungeprüft)*	**2010** *(ungeprüft)*	**2010** *(geprüft)*	**2009** *(geprüft)*	**2008** *(geprüft)*	**2011** *(ungeprüft)*	**2010** *(ungeprüft)*
	(in Mio. EUR)					*(in Mio. EUR)*				
Umsatzerlöse gesamt	303,0	632,8	364,1	227,2	221,6	408,8	67,8	69,4	133,4	399,0
EBIT	110,6	-44,0	-427,7	97,1	78,4	-7,3	-125,8	-137,2	-87,1	30,3
Investitionen	88,4	97,1	1.055,5	45,6	76,2	21,0	24,5	1,1	0,9	15,1

	Caverns					Institutional Funds				
	1. Januar bis 31. Dezember			1. Januar bis 30. September		1. Januar bis 31. Dezember			1. Januar bis 30. September	
	2010 *(geprüft)*	**2009** *(geprüft)*	**2008** *(geprüft)*	**2011** *(ungeprüft)*	**2010** *(ungeprüft)*	**2010** *(geprüft)*	**2009** *(geprüft)*	**2008** *(geprüft)*	**2011** *(ungeprüft)*	**2010** *(ungeprüft)*
	(in Mio. EUR)					*(in Mio. EUR)*				
Umsatzerlöse gesamt	45,8	61,4	57,2	33,9	28,3	58,0	66,4	67,0	43,1	43,5
EBIT	163,2	233,8	442,6	73,0	132,1	18,2	23,0	23,3	13,7	14,6
Investitionen	131,1	103,5	184,0	89,6	90,4	0,0	13,4	56,5	1,3	0,0

	Private Funds				
	1. Januar bis 31. Dezember			1. Januar bis 30. September	
	2010 (geprüft)	2009 (geprüft	2008 (geprüft)	2011 (ungeprüft)	2010 (ungeprüft))
	(in Mio. EUR)				
Umsatzerlöse gesamt	6,2	14,5	52,3	2,8	5,2
EBIT	2,1	1,7	19,7	-4,2	2,9
Investitionen	0,0	12,9	8,7	0,0	0,0

Sonstige Finanz- und betriebliche (nicht-IFRS) Kennzahlen

Interessierte Investoren sollten berücksichtigen, dass die folgenden Zahlen, Performance-Indikatoren und -Verhältnisse keine Finanzkennzahlen im Sinne der IFRS oder des Handelsgesetzbuchs ("**HGB**") sind, und somit möglicherweise von anderen Gesellschaften unter Anwendung einer abweichenden Methodik ermittelt werden, was zu abweichenden Ergebnissen führen kann. Diese Zahlen, Performance-Indikatoren und -Verhältnisse sind somit nicht unmittelbar mit ähnlichen, von anderen Gesellschaften berichteten, Zahlen und Verhältnissen vergleichbar.

Die nachfolgenden Tabellen geben einen Überblick über die von IVG verwendeten Performance-Indikatoren und -Quoten:

	Zum 31. Dezember			Zum 30. September
	2010	2009	2008	2011
	(geprüft, es sei denn anders gekennzeichnet)			(ungeprüft)
	(in Mio. EUR, es sei denn anders gekennzeichnet)			
Net asset value (NAV)[1] (ungeprüft)	**884,8**	**863,8**	**987,0**	**922,8**
Differenz zwischen dem Verkehrswert aller Kavernen und deren Buchwert (ungeprüft)	356,3	389,6	486,1	276,8
NAV adj. (ungeprüft)	**1.241,1**	**1.253,4**	**1.473,1**	**1.199,6**
NAV je Aktie in EUR[2] (ungeprüft)	**7,02**	**6,86**	**8,51**	**6,66**
NAV adj. je Aktie in EUR[2] (ungeprüft)	**9,85**	**9,95**	**12,70**	**8,66**
Wandelanleihe	324,6	314,6	305,3	332,3
Verbindlichkeiten gegenüber Kreditinstituten, kurzfristig	1.122,2	782,4	1.270,1	1.369,4
Verbindlichkeiten gegenüber Kreditinstituten, langfristig	3.781,0	4.055,2	3.891,4	3.212,9
Commercial Papers	—	—	67,0	—
Summe aller Wandelanleihen, Verbindlichkeiten gegenüber Kreditinstituten und Commercial Papers	5.227,8	5.152,2	5.533,8	4.914,7
Bilanzsumme	7.292,4	7.393,4	7.875,5	6.949,2
Loan-to-Value (Buchwerte) in %[3], (ungeprüft)	**71,7**	**69,7**	**70,3**	**70,7**

1 NAV entspricht dem Posten "Konzernaktionären zustehendes Eigenkapital" in der Konzernbilanz.

2 Auf Basis der Anzahl der Aktien zum entsprechenden Stichtag (30. September 2011: 138,6 Mio., 31. Dezember 2010: 126,0 Mio., 31. Dezember 2009: 126,0 Mio. und 31. Dezember 2008: 116,0 Mio.).

3 LTV leitet sich aus der Konzernbilanz ab und wird berechnet, indem man die Summe der Wandelanleihen, der Verbindlichkeiten gegenüber Kreditinstituten und der Commercial Papers durch die Bilanzsumme teilt.

	1. Januar bis 31. Dezember[1]		1. Januar bis 30. September	
	2010 *(ungeprüft)*	2009 *(ungeprüft)*	2011 *(ungeprüft)*	2010 *(ungeprüft)*
	(in Mio. EUR, es sei denn anders gekennzeichnet)			
Konzernergebnis vor Zinsen und Steuern (EBIT)	**256,2**	**64,1**	**69,6**	**237,1**
Unrealisierte Wertänderungen[2]	-5,3	152,8	68,6	-40,0
EBIT vor unrealisierten Wertänderungen	**250,9**	**216,9**	**138,3**	**197,1**
Eliminierung des Non-recurring EBIT aus Development-Aktivitäten[3]	-39,2	-14,8[10]	0,2	-39,5
Eliminierung des Non-recurring Ergebnisses aus Trading-Aktivitäten (exkl. Trading-Aktivitäten Development)[4]	0,1	63,6	1,0	0,7
Eliminierung der im EBIT enthaltenen Non-Cash Effekte (exkl. Development-Aktivitäten)[5]	-8,0	-6,9	-0,7	-4,3
Abzüglich regelmäßiger Zahlungen an andere Stakeholder[6]	-188,8	-202,9	-124,4	-138,2
Funds from operations I (FFO I) – recurring (exkl. Development- und Trading-Aktivitäten)	**15,0**	**55,9**	**14,4**	**15,9**
Addition des zuvor herausgerechneten Ergebnisses aus Trading-Aktivitäten	-0,1	-63,6	-1,0	-0,7
Addition des zuvor herausgerechneteten Ergebnisses aus Development-Aktivitäten	39,2	14,8[10]	-0,2	39,5
Eliminierung von im Development EBIT enthaltenen Non-Cash-Effekten[7]	-11,9	-1,5	-2,1	-11,1
Addition der zuvor herausgerechneten Finanzierungskosten für Development-Finanzierungen (inkl. Hybrid)[8]	-32,0	-33,6	-20,5	-24,1
FFO II – total (inkl. Development- und Trading-Aktivitäten)	**10,2**	**-28,1**	**-9,4**	**19,5**
FFO I je Aktie in EUR[9]	**0,12**	**0,31**	**0,11**	**0,13**
FFO II je Aktie in EUR[9]	**0,08**	**-0,37**	**-0,07**	**0,15**

1 Die FFO-Kennzahl wurde bei IVG Anfang 2009 eingeführt.

2 "Unrealisierte Wertänderungen" beinhalten alle Bewertungseffekte der International Accounting Standards ("**IAS**") 2, IAS 36, IAS 39 und IAS 40 ohne steuerliche Effekte. Diese Bewertung ist Teil der Konzern-Gewinn-und Verlustrechnung.

3 Entspricht dem Konzernergebnis vor Zinsen und Steuern ("**EBIT**") vor Wertänderungen des jeweiligen Segmentberichts. 2009 wurde eine weitere Anpassung vorgenommen (siehe Fußnote 10).

4 Entspricht dem Posten "Realisierte Wertänderungen von Investment Property" der Gruppe – entsprechend dem jeweiligen Segmentbericht nach Abzug des Development Segments.

5 Beinhaltet Non-Cash-Effekte, wie etwa Abschreibungen auf immaterielle Vermögenswerte und Sachanlagen, Ergebnis aus at equity bewerteten assoziierten Unternehmen und sonstige im EBIT enthaltene Non-Cash-Effekte und Einmaleffekte (jeweils exkl. Development Segment).

6 Beinhaltet die gezahlten Netto-Zinsen und die Stückzinsen der Hybridkapitalanleger (exkl. derjenigen, die dem Development und Kavernen Segment zugerechnet werden) sowie die Nettosteuerzahlungen.

7 Beinhaltet Non-Cash-Effekte, wie etwa Abschreibungen auf immaterielle Vermögenswerte und Sachanlagen, Ergebnis aus at equity bewerteten assoziierten Unternehmen und sonstige im EBIT enthaltene Non-Cash-Effekte und Einmaleffekte, ausschließlich für das Development Segment.

8 Beinhaltet die gezahlten Netto-Zinsen und die Stückzinsen der Hybridkapitalanleger, die dem Development Segment zugerechnet werden, sowie die Nettosteuerzahlungen.

9 Auf Basis der gewichteten Anzahl der Aktien in dem entsprechenden Zeitraum (1. Januar bis 30. September 2011: 136,6 Mio., 1. Januar bis 30. September 2010: 126,0 Mio., 1. Januar bis 31. Dezember 2010: 126,0 Mio. und 1. Januar bis 31. Dezember 2009: 117,9 Mio.).

10 Beinhaltet eine Anpassung für einen Immobilienverkauf in Höhe von EUR 9,4 Mio., der nicht im Development Segment ausgewiesen wurde.

2.5 Zusammenfassung der Risikofaktoren

Anleger sollten vor ihrer Anlageentscheidung die Risikofaktoren zusammen mit den anderen in diesem Wertpapierprospekt enthaltenen Informationen sorgfältig lesen und bei ihrer Anlageentscheidung hinsichtlich des Kaufs von Aktien oder Bezugsrechten berücksichtigen. Die Realisierung eines oder mehrerer dieser Risiken allein oder zusammen mit anderen Umständen, kann die Geschäftstätigkeit der Gruppe wesentlich beeinträchtigen und erhebliche nachteilige Auswirkungen auf die Vermögens-, Finanz- und Ertragslage haben. Der Börsenkurs der Aktien und der Bezugsrechte der Gesellschaft könnte auf Grund der Realisierung jedes einzelnen dieser Risiken erheblich fallen und Anleger könnten ihr investiertes Kapital teilweise oder sogar ganz verlieren. Neben den in diesem Wertpapierprospekt beschriebenen Risiken können weitere, der Gesellschaft gegenwärtig noch nicht bekannte Risiken und Unsicherheiten auftreten und sich negativ auf die Gesellschaft und ihre verbundenen Unternehmen auswirken und erhebliche nachteilige Auswirkungen auf ihre Geschäftstätigkeit und ihre Vermögens-, Finanz- und Ertragslage haben. Die Reihenfolge, in der die nachfolgenden Risiken aufgeführt werden, enthält keine Aussage über die Wahrscheinlichkeit ihres Eintritts oder über den Umfang oder die Bedeutung der einzelnen Risiken. Die genannten Risiken können sich einzeln oder kumulativ verwirklichen.

2.5.1 Marktbezogene Risiken

- IVG ist vom gesamtwirtschaftlichen Umfeld abhängig, in dem sie tätig ist.
- Eine Abschwächung des gesamtwirtschaftlichen Umfelds könnte sich wegen rückläufiger Nachfrage nach Immobilien, Kavernen oder Fonds von IVG negativ auf die Investments von IVG auswirken und Zwangsverkäufe von Teilen ihres Portfolios nach sich ziehen.
- Eine Verschlechterung des gesamtwirtschaftlichen Umfelds könnte die Vermietungsaktivitäten von IVG aufgrund des Nachfragerückgangs bei der Vermietung von Immobilien und Kavernen sowie aufgrund von rückläufigen Mieterträgen negativ beeinflussen.
- Das Kavernengeschäft von IVG unterliegt Risiken, die sich aus der Angebots- und Nachfragesituation von Öl und Gas sowie aus politischen Entwicklungen und Veränderungen in der Wirtschaftlichkeit der Erschließung von Öl- und Gasreserven ergeben.
- Das Fondsgeschäft von IVG könnte durch den Vertrauensverlust von Anlegern in den Immobilienmarkt oder durch die Veränderung von Anlegerstrategien negativ beeinträchtigt werden.
- Ein zunehmender Wettbewerb auf den Immobilienmärkten, auf welchen IVG tätig ist, könnte zu einem Überangebot von Verkaufs- sowie Mietimmobilien führen, außerdem könnten Wettbewerber von IVG von vorteilhafteren regulatorischen oder steuerlichen Vorschriften profitieren.
- Die Aktivitäten von IVG in den Bereichen Investment und Asset Management könnten dadurch beeinträchtigt werden, dass eine ausreichende Finanzierung an den Finanzmärkten aufgrund der Staatsschuldenkrise und der Herabstufungen von Bonitäten sowie aufgrund einer grundsätzlichen Verringerung der Liquidität auf den Märkten nicht mehr möglich ist.

2.5.2 Mit der Geschäftstätigkeit verbundene Risiken

- IVG ist Risiken im Zusammenhang mit ihrer Liquiditätslage ausgesetzt.
- IVG trägt das Risiko von Wertberichtigungen auf ihre Vermögenswerte und das Risiko veralteter Bewertungsberichte oder von Bewertungsberichten, die den tatsächlichen Verkehrswert der Immobilien falsch einschätzen.

- Nimmt die politische oder wirtschaftliche Bedeutung oder das soziale Profil der Immobilienstandorte von IVG ab, so könnte dies den Wert des Immobilienvermögens von IVG belasten.
- Finanzierungs- und Refinanzierungsrisiken beispielsweise aus steigenden Zinsen oder sinkenden Grundstückswerten, die für Finanzierungszusagen entscheidend sind, können dazu führen, dass die Zinsaufwendungen von IVG steigen, Finanzierungsvereinbarungen kündbar werden, IVG ihre Verbindlichkeiten nicht zu nachhaltigen Bedingungen refinanzieren kann und IVG hierdurch zur Veräußerung von Immobilienportfolien im Ganzen oder in Teilen zu reduzierten Preisen gezwungen wird.
- IVG trägt Risiken im Zusammenhang mit dem Kauf und Verkauf von Immobilienvermögen. Hierzu gehören nicht abgeschlossene Transaktionen, ungenaue oder unvollständige Due-Diligence- oder Bewertungsberichte und unzureichende Garantien der Verkäufer für eventuelle Verbindlichkeiten von IVG. All diese Faktoren könnten jeweils zusätzliche, nicht erstattungsfähige Kosten nach sich ziehen und/oder die Erträge verringern.
- Die Projektentwicklungen von IVG können beeinträchtigt werden von technischen Problemen Budgetüberschreitungen, unerwarteten Verzögerungen, zusätzlichen Kosten, Forderungen von Schadensersatz, der Schlechtausführung durch Subunternehmen und/oder einer Verschlechterung der Finanzlage, die wiederum dazu führen könnte, dass IVG ein Projekt möglicherweise nicht oder nicht zum veranschlagten Preis fertig stellen oder veräußern kann.
- IVG ist Risiken ausgesetzt, die sich aus der Eigentümerstellung von Immobilien ergeben, wie zum Beispiel erhebliche Geschäftsbeeinträchtigungen aufgrund von geltend gemachten Nachbarrechten Dritter oder Verstößen gegen einschlägige Gesetze und Verordnungen.
- IVG könnte unerwarteten und/oder höher als erwarteten Instandhaltungskosten für ihr vermietetes und im Eigentum stehendes Immobilienvermögen ausgesetzt sein.
- IVG könnte unerwarteten und höher als erwarteten Sanierungs- und Modernisierungskosten für ihr vermietetes und im Eigentum stehendes Immobilienvermögen ausgesetzt sein.
- IVG trägt solche Risiken, die sich aus der Position als Vermieter ergeben, einschließlich des Risikos aus der Verschlechterung der finanziellen Situation ihrer Mieter und aus Ansprüchen gegen IVG, die aufgrund von Verstößen gegen vertragliche oder gesetzliche Pflichten geltend gemacht werden.
- IVG trägt Risiken im Zusammenhang mit dem Kavernenbetrieb. Hierzu gehören eventuelle Ansprüche wegen der Verletzung bestimmter rechtlicher Rahmenbedingungen, das Risiko, dass nicht alle erforderlichen Genehmigungen und Lizenzen erteilt werden und das Risiko technischer Probleme im Bauprozess.
- Bei Umweltgefahren und Umweltverschmutzungen, die im Rahmen des Due-Diligence-Prozesses für IVGs Immobilien nicht aufgedeckt werden und auch bei bekannten umweltrechtlichen Problemen, könnte IVG verschuldensunabhängigen Dekontaminierungs- und Entsorgungskosten ausgesetzt sein. Zusätzliche Kosten sowie Ertragseinbußen und/oder Rufschädigungen für IVG könnten die Folge sein.
- IVG trägt Risiken im Zusammenhang mit dem Fondsgeschäft. Hierzu gehört der vorzeitige Ausstieg von Investoren, das Ersetzen von IVG als Fondsmanager und damit verbundene reduzierte Gebühreneinnahmen sowie Prospekthaftungsansprüche gegen IVG.

- Eine Verschlechterung der Finanzlage der Geschäftspartner von IVG oder deren Fähigkeit, ihren vertraglichen Verpflichtungen gegenüber IVG wie vereinbart nachzukommen, kann zu Verspätungen und zusätzlichen Kosten für IVG führen.
- IVG trägt Konzentrationsrisiken durch eine geringe Anzahl von Mietverträgen mit Hauptmietern.
- IVG ist angewiesen auf wenige Mitarbeiter in Schlüsselpositionen des Managements und qualifizierte Mitarbeiter.
- IVG trägt Risiken im Zusammenhang mit Naturkatastrophen und Terrorismus, welche die Immobilien und Kavernen von IVG beeinträchtigen könnten.
- Möglicherweise ist IVG gegen geschäftsschädigende Verluste und Schäden nicht hinreichend versichert.
- Möglicherweise bieten Wechselkurs- und Zinsabsicherungsvereinbarungen keinen hinreichenden Schutz, und der Wert der Absicherungsinstrumente kann Schwankungen unterliegen.
- IVG trägt Risiken aus Pensionsverpflichtungen.

2.5.3 Rechtliche und steuerliche Risiken

- Nachteilige Änderungen von Rechtsnormen könnten die operative Flexibilität oder die Mietverträge von IVG negativ beeinflussen und die Kosten für die Einhaltung geltender Gesetze und Verordnungen steigern.
- Die Unwirksamkeit von Vertragsbedingungen im Rahmen standardisierter Verträge kann im Rahmen mehrerer Vertragsverhältnisse zu Ansprüchen gegen IVG führen.
- IVG ist an mehreren Rechtsstreitigkeiten beteiligt, die mit Risiken verbunden sind und kann außerdem im Zusammenhang mit zukünftigen Rechtsstreitigkeiten Risiken ausgesetzt sein.
- IVG könnte aufgrund von Betriebsprüfungen unvorhergesehenen oder höher als erwarteten Steuerbelastungen ausgesetzt sein, falls sich die Auslegung der anwendbaren Steuergesetze ändert.
- Die Vorkehrungen von IVG hinsichtlich Compliance und Risikomanagement und die Überwachungsmöglichkeiten von IVG könnten sich als unzureichend erweisen, etwaige Gesetzesverstöße zu verhindern oder zu ermitteln.
- IVG trägt Risiken im Zusammenhang mit dem fehlenden monatlichen Berichterstattungssystem.

2.5.4 Mit dem Angebot verbundene Risiken

- Der Preis der Aktien der Gesellschaft kann starken Schwankungen und Abwärtsbewegungen ausgesetzt sein.
- Der Verkauf einer erheblichen Anzahl von Aktien der Gesellschaft kann sich negativ auf den Börsenkurs der Aktien der Gesellschaft auswirken.
- Ein aktiver Handel von Bezugsrechten für Aktien der Gesellschaft kann nicht garantiert werden, und es gibt keine Garantie, dass die Preise für Bezugsrechte nicht stärker schwanken als die der Aktien der Gesellschaft.
- Nehmen Aktionäre nicht oder nicht in vollem Umfang an dem Angebot teil, so wird ihr Anteil am Grundkapital der Gesellschaft verwässert.

- Möglicherweise ist die Gesellschaft nicht in der Lage ihren Dividendenzielen sowie Ausschüttungszielen für Hybridinstrumente nachzukommen.
- Wenn der Aktienübernahmevertrag gekündigt wird, kann das Angebot abgebrochen werden und die Bezugsrechte können wertlos verfallen.

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3. RISK FACTORS

*Potential investors should carefully read and consider the following risk factors together with the other information contained in this Prospectus before making their investment decision on whether to buy shares and subscription rights. The materialization of one or more of these risks individually or in conjunction with other circumstances may materially impair the business of IVG Immobilien AG (the "**Company**" and together with its consolidated subsidiaries, the "**Group**" or "**IVG**") and of the Group and have a material adverse effect on its net assets, financial position and results of operations. The quoted market price of the shares of the Company and of the subscription rights could drop significantly if any one or a combination of these risks materializes, and investors could lose a portion, or even all, of their investment. In addition to the risks described below, other risks and uncertainties which are presently unknown to the Company can negatively impact the operations of the Company and its affiliated companies and could have a material adverse effect on its business and its net assets, financial position and results of operations. The order in which the following risks are listed is no indication of the likelihood of their occurrence, their scope or the significance of the individual risk. The risks listed here may materialize individually or cumulatively.*

3.1 Market-related risks

3.1.1 IVG is dependent on the overall macroeconomic environment in which it operates.

IVG operates in various European markets for commercial real estate with a focus on office properties as well as in the market for oil and gas storage with its caverns (infrastructure properties). IVG operates as a real estate purchaser, vendor, lessor and developer, a caverns developer and lessor and an initiator of real estate funds in which it also partly co-invests. Macroeconomic developments in these markets, e.g., fluctuations in interest rates, energy costs, inflation and general business conditions, influence the performance of IVG's business, both in terms of its investments and rental income and conditions and are typically beyond the control of IVG. Investors' investment behavior and tenants' spending levels may also be influenced by taxation rates and policies, including increases in real estate transfer tax, and by the prevailing legal, economic and political climate.

Since 2008, the macroeconomic environment was characterized by the effects of the global financial and economic crisis which resulted in a high level of uncertainty and volatility, particularly in 2008 and 2009. The macroeconomic environment was negatively affected, in particular, by the scarcity of financing resulting from the crisis in the financial sector, tensions in the capital markets, the ongoing economic downturn, as well as weak consumer confidence in many countries and the resulting decline in consumption levels. These factors had a negative impact on the real estate market. In addition, the German market for real estate transactions slowed down significantly due to the limited availability of debt financing and affected values of real estate. As a result, opportunities for the purchase of attractive real estate portfolios have been very limited during this period. Notwithstanding continuous high volatility in the macroeconomic conditions, there have been improvements in the European commercial real estate markets in which IVG operates, resulting in improved investment and rental activities since 2010. However, any improvement could be reversed by the occurrence of events that harm consumer confidence in general, e.g., the earthquake, tsunami and nuclear emergency in Japan, political unrest in the Middle East and Northern Africa, international terrorism, epidemic outbreaks or high levels of inflation. Furthermore, strong volatility in the financial markets has been caused by the downgrading of the U.S. sovereign rating and the sovereign debt crisis in the euro area, which continues to exert a destabilizing influence on the markets and macroeconomic environment. It cannot be ruled out that the macroeconomic environment will recover more slowly than expected or will deteriorate once more. Moreover, even if the economy as a whole developed favorably, this may not be the case for certain regional and local real estate markets that may be relevant for IVG's business.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.1.2 A downturn in the macroeconomic environment could negatively affect IVG's investments, due to a decline in demand for IVG's real estate, caverns or funds and could lead to forced sales of parts of its portfolio.

With regard to IVG's investment activities, any economic downturn could have a negative effect on the demand for IVG's real estate or caverns (held directly or indirectly through a fund) or development projects, and the demand for participation in IVG's real estate funds, in turn, could have a negative effect on their market value and any potential income from the sale of such real estate or properties. The general ability to sell parts of the IVG's real estate and caverns portfolios depends on the investment markets that may lack liquidity. This factor is particularly acute in the case of real estate and caverns investments that are less liquid than other asset classes. As a result, if IVG is required to liquidate parts of its real estate and caverns portfolio, in particular on short notice for any reason, including raising cash to support its operations, there will be no guarantee that it would be able to sell any portion of its real estate and caverns portfolio on favorable terms or at all. In the event of forced sale, in particular, a forced portfolio sale, there would likely be a significant shortfall between the current fair value of a property or portfolio and the price that IVG would be able to achieve upon the sale of such property or portfolio, and there can be no guarantee that the price thus obtained would even cover the book value of the property sold. In contrast, an improvement in the macroeconomic environment could lead to an increase in demand for real estate and thus, an increase in the market value of real estate in which IVG may wish to invest or purchase, thereby leading to higher investment costs for potential acquisitions. A deterioration in the macroeconomic environment could also have a negative impact on IVG's ability to finance its business activities (see section "*– IVG's investment and asset management activities could be impaired in the event that the financial markets do not provide sufficient financing as a result of the sovereign debt crises and credit rating downgrades and general reduction in liquidity on the markets.*")

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.1.3 A deterioration in the macroeconomic climate could negatively affect IVG's rental activities through decreased demand for its rented real estate and caverns and decreases in its rental income.

IVG's business model and its ability to achieve its targeted return depend on its ability to achieve and maintain sufficient and reliable rental revenues. However, any macroeconomic downturn could have a negative effect on the demand for rental space in IVG's properties, in particular, its office real estate and caverns as well as on the solvency of current tenants and therefore their ability to meet agreed rent payments. Lower demand for its rental space potentially results in vacancies or rent reductions as well as increased incentives, such as rent free periods, due to increased bargaining power on the part of tenants, thus leading to lower levels of rental income and potentially additional capital expenditure requirements to meet market standards for offered rental space. In addition to potential reductions in rental income, IVG's profit may be negatively influenced by its inability to pass-on fixed operating costs for vacant space, including local taxes and service charges and would have to bear such costs until the affected rental space is fully rented again.

Most of IVG's lease agreements include clauses providing for partial or full indexation of the applicable rent in line with a certain reference index, in the case of real estate located in Germany, typically the German consumer price index. In accordance with applicable German law, these clauses provide not only for upward adjustments but also for downward adjustments tied to changes in the relevant index. Consequently, rental proceeds may decrease if the macroeconomic environment worsens and hence consumer prices decline. Furthermore, rent adjustments from indexation under IVG's lease agreements will generally only be triggered if certain thresholds are exceeded. If the relevant index rises slowly over a longer period of time so that the relevant threshold for a rent adjustment is only exceeded after such a longer period of time, the applicable rent will remain constant for such lease term, while IVG's costs of maintaining the property may increase at the same time due to a variety of possible factors. The same may apply if a lease contains no or only a partial indexation or equivalent adjustment clause so that the applicable rent will remain constant for a portion of the lease or adjust disproportionately to the increase in the index, while IVG's costs of maintaining the property may increase.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.1.4 IVG's caverns business is exposed to risks arising out of the supply of, and demand for, oil and gas, including political developments and changes to the economic viability of accessing oil and gas reserves.

IVG's caverns business, i.e., its business in the construction, leasing, operation and sale of underground storage facilities for oil and gas, is dependent on developments in the market for oil and gas that, in turn, are dependent on the supply and demand for oil and gas and on the political environment, i.e., changes in policies regarding the use or taxation of oil and gas as energy sources. Any policies which seek to reduce or phase out the use of oil or gas as energy sources will likely lead to a reduction in demand for the storage of oil and gas.

IVG is also dependent on the availability of oil and gas for the viability and profitability of its caverns business. Fossil fuels, as natural resources, are limited by nature and reserves are therefore depleted over time. Similarly, as reserves become scarcer over time, it may become more costly and ultimately, uneconomical to extract such reserves, thereby leading to a reduction in the supply of oil and gas, and hence in demand for storage capacity.

With regard to gas, increased stability in demand for gas, and hence gas prices, may lead to lower demand for gas storage, such as that provided by IVG's caverns business, since gas stored in the caverns is used by entities to store gas that is traded on an ongoing basis to cover peaks in gas consumption and to benefit from seasonal effects on the gas price. With regard to oil, in the event of a decrease in the demand for oil, for whatever reason, it is possible that there would be a consequent decrease in the demand for oil storage space such as IVG's oil caverns.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.1.5 IVG's funds business could be negatively affected by a deterioration in investor confidence in the real estate market or changes to investor strategies.

IVG's funds business is dependent on the continued participation by investors, including by way of re-investment, in its funds and the attraction of investors to new funds. Factors beyond the control of IVG could negatively affect IVG's ability to retain existing investors in or attract new investors to its funds, e.g., changing investor priorities and strategies, the degree of risk aversion, investor confidence in the real estate sector, the funds business model, the location of the funds' properties, the volatility in the funds' valuation as a result of fluctuations in the investment markets, the effectiveness of third parties' distribution channels and asset manager's and investors' willingness to cooperate and co-invest with other investors.

The occurrence of one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.1.6 Increasing competition in the real estate markets in which IVG operates could lead to an oversupply of real estate for sale and for rent, and IVG's competitors may benefit from a more advantageous regulatory or tax treatment.

IVG is exposed to competition in all aspects of its real estate business, i.e., the purchase, modernization, development, renting and sale of real estate as well as the initiation of real estate funds. The competition on the German real estate market is significant and increasing between real estate companies and fund initiators seeking investors to invest through funds.

The competition on the real estate market may cause an oversupply of real estate available for sale and for rent, especially of office properties, or result in inflated prices of properties due to competing offers of potential buyers. Consequently, such competitive situation may have a material adverse effect on the ability of IVG to find and retain suitable solvent tenants, to obtain appropriate rents or to acquire properties at reasonable prices. Furthermore, competition in the market for real estate funds could lead to an oversupply of real estate fund products making it more difficult or impossible for IVG to place its fund products with suitable investors on favorable terms or at all. An increase in the number or popularity of index-linked funds in the real estate market, which benefit from a potentially lower costs base, could place pricing pressure on IVG's fund products and make it more difficult for IVG to place its fund products with suitable investors on favorable terms or at all.

Furthermore, competitors that have a legal status different from that of IVG could benefit from potential changes in tax laws or other laws or regulations which make a sale to such entities more attractive to potential sellers of real estate by virtue of their different legal status such as for real estate investment trusts ("**REITs**").

The occurrence of one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.1.7 IVG's investment and asset management activities could be impaired in the event that the financial markets do not provide sufficient financing as a result of the sovereign debt crises and credit rating downgrades and general reduction in liquidity on the markets.

IVG's business is dependent on financing or refinancing on attractive terms through banks or in the debt and equity capital markets. Volatility in and disruptions to the debt and equity capital markets, the banking loan markets and the real estate markets might influence and limit the debt capacity and the availability of liquidity, and hence may negatively impact upon IVG's business.

The current sovereign debt crises in the euro area and in the United States have resulted in growing concern, amongst both investors and banks, in the ability of sovereign borrowers to repay their debts in full and when due. Furthermore, higher levels of required regulatory capital imposed by more stringent rules under the future Basel III regime, combined with the aforementioned general loss of confidence have resulted in banks becoming increasingly reluctant to lend to corporations, such as IVG. Similarly, these factors have also negatively affected liquidity in the inter-bank market which indirectly also influences levels of lending to corporations. The inability to access debt financing may impair IVG's ability to refinance existing financing arrangements before or when they fall due and may limit IVG's ability to invest in real estate assets and caverns and to finance developments of real estate assets and caverns, and could therefore force IVG to partially or fully abandon its current business model.

The occurrence of one or more of the aforementioned risks may have an impact on IVG's future refinancing transactions and, should the financing market continue to be characterized by volatility and fluctuations, may continue to have such an impact. This could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2 Risks related to the business

3.2.1 IVG is exposed to risks relating to its liquidity position.

IVG's liquidity position is dependent on several factors that affect its cash inflows and cash outflows.

IVG's cash inflows are influenced, in particular, by IVG's disposals of parts of its real estate, caverns and development portfolio, decreases in its rental income which result from the disposal of such assets and any other factors affecting the level of rent that IVG can obtain from its rental portfolio. In order to ensure that it has sufficient liquid funds available on an ongoing basis, IVG currently aims to dispose parts of its real estate, caverns and development portfolio. This strategy is dependent on IVG's ability to achieve sales proceeds which are sufficient, at the time when needed to alleviate its liquidity position. The level of proceeds which IVG achieves when selling such real estate, caverns and development assets is, in turn, dependent on the market for such assets. The market for such assets is influenced by a number of developments (see section "*– Market-related risks – A downturn in the macroeconomic environment could negatively affect IVG's investments, due to a decline in demand for IVG's real estate, caverns or funds and could lead to forced sales of parts of its portfolio.*").

For the financial years ended December 31, 2010, December 31, 2009 and December 31, 2008, the respective auditors' reports contain an emphasis of matter paragraph drawing attention to risks threatening the going concern of the Group (*ergänzender Hinweis auf bestandsgefährdende Risiken*). IVG's management has described these in the risk reporting chapter of each management report. These chapters mention risks in connection with the realization of real estate and cavern sales as well as the intended prolongation of loan agreements and the risk of extra repayments in connection with covenant agreements.

IVG's cash outflows are influenced, in particular, by interest rate increases and ongoing costs associated with its development portfolio, e.g., the project development THE SQUAIRE and to a large extent dictated by investment decisions that the management took in the past and therefore the amount and time of such cashflows are not subject to IVG's discretion (see section "*– IVG's project developments may be impaired by technical issues, budget overruns, unexpected delays, additional costs and claims for damages, the malfeasance of its sub-contractors and/or decline in their financial condition which could result in IVG being unable to complete or dispose of a project at all or at the projected price.*"). In connection with its existing loan and debt securities obligations, a significant increase in interest rates might have an adverse effect on IVG's liquidity situation, as the burden of floating interest rate liabilities increases, thus leading to higher interest expenses in the event that such liabilities are not fully covered or not covered at all by IVG's existing hedging arrangements. Any breach of loan-to-value covenants, loan-to-value being the sum of IVG's convertible bond, bank loans and commercial paper divided by its total assets ("**LTV**"), may lead to cash outflows due to extraordinary repayments unless a waiver agreement can be reached. To the extent that IVG's real estate assets have been pledged as collateral under the financing agreements, IVG may be unable to liquidate such portfolio without the lenders' consent and if IVG were to default on its payment obligations, the pledged real estate assets could be subject to liquidation by the lenders.

3.2.2 IVG is exposed to the risk of impairment of its assets, and valuation reports could incorrectly reflect the actual market value of the properties or become outdated.

IVG holds portfolios of real estate assets and caverns which are exposed to the risk of impairment. In accordance with IFRS, IVG must conduct, and has conducted in the past, annual revaluations of its real estate in the form of impairment tests in connection with the preparation of its unconsolidated financial statements.

A part of IVG's real estate assets and cavern assets are measured at fair value pursuant to International Accounting Standard ("**IAS**") 40. After initial recognition, an entity that adopts the fair value method in connection with IAS 40 has to measure all of its investment property at fair value and any gain or loss arising from a change in the fair value of investment property has to be recognized in the profit or loss statement for the year in which it arises. As of January 1, 2009, the fair value method is also applicable to investment property under construction. IAS 40 does not allow the use of the fair value method if the fair value of an investment property cannot be reliably determined. For its caverns under construction, IVG believes that the fair value can be reliably determined once the cavern under construction exceeds 300,000 cubic meters of storage space. Caverns under construction which have not yet reached this threshold are also classified as investment property according to IAS 40, but measured using the cost method (i.e., construction cost including borrowing costs or the lower fair value). The fair value of the real estate and cavern assets owned by IVG reflecting the market value is regularly determined by an independent appraiser and might be subject to change. Generally, such market value depends on a variety of factors, a number of which are exogenous and are not under IVG's control, such as declining market rent levels, decreasing occupier and investor demand or over-supply. In addition, many factors are decisive in the valuation of a property, including a property's expected rental income, its condition and its location. With regard to real estate and caverns in particular, the value is derived from risk premiums and market rent levels. In any case, valuation reports are based on specific assumptions and estimates, which, in turn, take numerous factors into account, based, among other things, on national and regional economic conditions, interest rates, discount rates and risk premiums, the expected rental income, the location and condition of the respective property and cost structures and maintenance requirements. The assumptions underlying a valuation may not remain valid over time and may have to be revised and adjusted due to market and other developments.

A further part of IVG's real estate assets is measured at cost pursuant to IAS 2. According to IAS 2, development projects presented under inventories are measured at the lower of construction cost (including borrowing costs) or net realizable value. The net realizable value is the estimated selling price less estimated costs to complete and the estimated costs of sale. The estimated selling price does not necessarily need to be calculated on a discounted cash flow basis and may include company-specific conditions. The net realizable value is assessed by the Company on a quarterly basis without being verified by an independent appraiser. Such a net realizable value depends on assumptions regarding the foreseen sale which are partially exogenous and may not be under IVG's control, such as declining market rent levels, decreasing occupier and investor demand or over-supply. In addition, many factors are decisive in the assessment of the net realizable value of a project development, including its expected rental income, its condition and location, the expected completion date, the expected outstanding construction costs, the foreseen timing for the sale and the tax structure of the sale. These factors and the assumptions underlying an assessment may change over time and may have to be revised and adjusted due to market and other developments.

For IVG's main project development, THE SQUAIRE, the book value according to IAS 2 amounted to EUR 785.2 million as of September 30, 2011. This value is significantly influenced by the estimated selling price as construction costs have already exceeded the expected realizable value. Should IVG's expectation with regard to the estimated selling price for THE SQUAIRE change to the negative, or should this property ultimately be sold at a price lower than its book value, then the Company would incur an additional loss in relation to this project.

Risks with respect to valuation also apply to the reports by independent appraisers published in this prospectus. The independent valuation reports are based on assumptions that could subsequently turn out to have been imprecise or incorrect. The assumptions underlying the valuations are tested merely through random sampling, as is customary in such appraisals. Additionally, the valuation of real estate is based on a multitude of factors that also enter into subjective valuations by the appraiser. Moreover, valuation methods that are currently generally accepted and that were used for the purpose of developing the independent valuation reports could subsequently be determined to have been unsuitable. Also, the assumptions underlying the valuations of the properties in the past or in the future could later be determined to have been erroneous. The values assigned to the appraised properties in the independent valuations could exceed the proceeds that can be generated from the sale of the appraised properties. This could also apply to sales that occur on or shortly after the respective valuation date. Accordingly, the independent valuation reports do not represent the future or current actually achievable sales price for IVG's properties or property portfolios.

The occurrence of one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial liquidity position and results of operations.

3.2.3 A decline in the political or economic significance or the social character of the locations of IVG's real estate could lead to a decrease in the value of IVG's real estate assets.

The real estate in which IVG holds a direct or indirect interest is currently located throughout Germany and Europe. The value of such real estate is derived from certain factors which are either intrinsically connected to the real estate itself or which relate to the asset's location and surroundings. Any changes to the property's surroundings, such as a decline in their economic or financial position, zoning law status, political or economic significance or a sustained deterioration in its infrastructure or social character, may negatively affect the value and functionality of the property. Such changes may impede IVG's ability to sell such real estate at or above their current book value. Similarly, it may become more challenging for IVG to attract tenants to rent such properties and may be forced to grant additional rent discounts or rent free periods in order to avoid sustained vacancies.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.4 *Financing and refinancing risks such as increases in interest rates or lower property values, as they are relevant for the calculation of financial covenants, may lead to a default under financing arrangements, prevent IVG from refinancing on sustainable terms and could force IVG to liquidate all or part of its real estate portfolio at discounted prices.*

In the course of its business, IVG is dependent on the financing of its investments and developments.

In connection with the renewal of its existing financing arrangements, increases in interest rates could also lead to higher costs under newly concluded or renewed financings arrangements. Furthermore, the ability to take on new debt or extending existing loans for refinancing purposes might be influenced by IVG's level of debt and the market conditions at the relevant time (see section "– *IVG is exposed to risks relating to its liquidity position.*"). In the event that IVG cannot refinance itself to the extent required, it might be forced to liquidate all or parts of its property portfolio and/or access capital markets. Due to the potentially urgent need for action and the time required to liquidate real estate assets, IVG might be forced to accept certain financing instruments and terms which will lead to inflated interest costs and/or lower sale prices with a likely shortfall between the current fair value of its real estate assets and the price that IVG would be able to achieve upon such sale at short notice. The sale of certain real estate assets in the IVG portfolio may in addition result in a loss of reputation if tenants may be exposed to unfavorable situations.

IVG's financing agreements typically contain several financial covenants, including LTV and IVG's debt ratio for the overall IVG portfolio, LTV for specific property financing agreements and interest cover ratios ("**ICR**") and debt service cover ratios ("**DSCR**") for specific property financing agreements. In the past, IVG's financing of the CORE real estate portfolio under the loan agreement between IVG and a syndicate of banks, dated September 11, 2007 ("**CORE financing agreement**"), operated with a high LTV and IVG avoided a breach of an LTV covenant through the negotiation of a waiver agreement. The waiver agreement is due to expire on December 31, 2011, however, based on a binding term sheet, dated November 10, 2011, subject to certain conditions precedent, IVG will be granted an extension for the loan from its original maturity date of September 7, 2012 to December 31, 2015 and such extension shall operate with a LTV covenant of 88% (75% before extension). IVG may breach LTV and IVG's debt ratio covenants in the event that the value of IVG's real estate assets or caverns decreases as this impairs the value element of such ratio and in some of its loan agreements, IVG operates with little head room. Moreover, decreased rental income in the case of new lease agreements or a failure to extend existing lease agreements negatively affect IVG's ICR and DSCR and could lead to a breach of the respective covenants. Any breach of covenants and, if applicable, a failure by IVG to obtain a waiver in this regard may lead to an increase of interest rates and/or additional amortization or repayment requirements or an obligation to provide additional collateral, and IVG may even be forced to repay the loan immediately in whole or in part. Such contractual defaults may cause a significant increase in IVG's payment obligations. IVG's comparatively high LTV ratio may also negatively affect IVG's ability to refinance with renewals or new loan agreements. This in turn may force IVG to sell all or part of its real estate assets or caverns to access sufficient cash resources and to meet its repayment obligations. If IVG were to be unable to meet its repayment obligations following a default, a considerable part of IVG's portfolio assets which have been pledged as collateral could be liquidated by the lenders and could also trigger a cross-default in IVG's other debt financing agreements, finally resulting in IVG's insolvency.

Regarding existing or future debt securities, IVG is exposed to the risk that it may not be able to refinance these securities, especially due to the typically large number of bondholders, it may not be able to negotiate a restructuring or extension of the term of existing convertible bonds, but rather may have to find other ways of refinancing, such as the issuance of new convertible securities, which may be difficult in the event that IVG has a high LTV ratio. With regard to hybrid securities (subordinated perpetual securities), IVG is exposed to the risk of increasing interest rates from May 2013 onwards, when the applicable interest rate will switch from a fixed to a floating interest rate, which could lead to an increase in interest expenses.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.5 IVG is exposed to risks related to the purchase and sale of real estate assets, including non-completion of transactions, inaccurate or incomplete due diligence and valuation reports and the insufficiency of sellers' warranties to cover IVG's potential liabilities, any of which could lead to additional unrecoverable costs and lower income levels for IVG.

As part of its business, IVG purchases and sells real estate, either in the form of an asset deal or a share deal or indirectly through IVG's co-investment in certain of its funds. The purchase and sale of real estate is subject to uncertainty and several risks, including the non-completion of a purchase or sale despite having already invested significant amounts of time, money and management resources to such purchase or sale.

In connection with the purchase of real estate, IVG performs a due diligence examination to determine all risks and liabilities in connection with the purchase of the respective property and often also instructs appraisers to prepare valuation reports regarding the relevant target assets. There is a risk that the due diligence and valuation reports may give an incorrect indication of the value of the relevant property and its inherent economic characteristics, risks and potential and may not identify all defects (including structural, technical and environmental defects) on such property. IVG may base its value assessment and investment decision on such reports and could therefore make an ill-informed decision regarding the purchase as such and/or pay a higher purchase price than the true value of the property or could be subject to additional, unexpected costs associated with such defects after its purchase. Moreover, the values assigned to the properties could exceed the proceeds that can be generated from the sale of the properties. This could also apply to sales that occur on or shortly after the respective valuation date. Accordingly, the valuation reports do not represent sales prices which can, in fact, be achieved either at present or in the future for IVG's properties or property portfolios.

While IVG may obtain warranties from sellers of real estate, it is exposed to the risk that these claims made by IVG on the basis of such warranties may not cover all potential liabilities and costs related to the purchase or fully compensate for a decrease in the value of the property or other loss or that a seller may not be able to cover such claims. In addition, IVG might be exposed to risks of litigation in case of enforcing warranties against a seller, especially, in the event of the insolvency of the seller or the expiry of such warranties.

IVG is also exposed to risks related to warranties given to a purchaser of real estate assets it sells as regards factual matters, such as the condition of the property, and legal matters relating to a sold property. In case of breach of a warranty IVG may be subject to proceedings arising out of claims by a purchaser which could have material adverse affect on IVG's financial position. Similarly, on a case by case basis IVG provides rent guarantees, under which IVG guarantees to the purchaser a certain level or rental income in relation to a specific property. In the event that such rental income is not achievable, IVG may be liable under the rent guarantee to compensate the purchaser for the difference between the actual and the guaranteed levels of rental income. Specifically, provisions formed by IVG to cover costs incurred under such guarantee may not be sufficient.

Where IVG directly purchases or sells real estate assets, but also in cases where it purchases or sells shares in companies holding real estate, it is exposed to certain contractual risks. These risks include the risk that the relevant contractual agreements are not formed in a legally binding manner or are not valid and/or enforceable for other reasons. Furthermore, one or more conditions precedent agreed upon in such agreements may not occur in a manner allowing for the execution of the agreement. Moreover, IVG's contractual counterparties may decide to exercise a contractual or statutory right to withdraw from the relevant agreement. These factors may threaten the execution of the envisaged transactions and thus endanger IVG's strategic plans in connection with the purchase or sale of certain real estate.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.6 IVG's project developments may be impaired by technical issues, budget overruns, unexpected delays, additional costs and claims for damages, the malfeasance of its sub-contractors and/or decline in their financial condition which could result in IVG being unable to complete or dispose of a project at all or at the projected price.

In addition to purchasing real estate, IVG currently engages in project development with respect to real estate and caverns. As a project developer, IVG must plan, finance and implement such projects and ultimately, find suitable tenants and potential purchasers.

In the course of such project development and even thereafter, IVG is subject to several risks. In general, the costs of realization of projects might exceed the expected budget and result in additional costs and expenses and reduced net profit or loss for IVG, such as occurred in relation to THE SQUAIRE. Also, it may take IVG longer to complete the project than contractually agreed upon, e.g., as in the case of THE SQUAIRE, or IVG may in other ways be forced to derogate from agreed terms and conditions. Consequently, IVG may become liable for contractual penalties and claims for damages or incur additional costs and expenses in an unknown amount. Furthermore, during project developments, IVG is dependent on the performance of its sub-contractors in the implementation of the project, e.g., IVG may be affected by delays, malfeasance or insolvencies of its contractual partners. The occurrence of any such event may cause IVG to incur higher than expected costs and expenses in connection with the project, thereby leading to reduced income or even a loss from the project development or even force IVG to halt the project completely, which would be accompanied by considerable loss and reputational damage. In 2011, IVG intends to complete its remaining two project developments which are still under construction. IVG further envisages to continue selling off its development portfolio, consisting of five properties and to not enter into new project developments in order to complete its phase out of the Development segment by 2013.

In the case of THE SQUAIRE, certain project development risks have already materialized, such as cost overruns, delays to the construction and completion timetable, difficulties with contractors, sub-contractors and agents, e.g., an unplanned substitution of the general contractor, diverse time- and resource-consuming court proceedings and, during the financial years 2008 to 2010 and the nine month period ended September 30, 2011, write-downs totaling EUR 343.1 million. Furthermore, certain residual risks remain as the project has not yet been fully completed and costs which have already arisen, but remain unquantified, will become payable in the future. In the event that there are further delays to the completion of the project or other difficulties, it is possible that certain tenants or holders of rights of use may exercise their right to terminate their lease or right of use agreement or to claim compensation from IVG. In the event that key tenants or the hotel operator discontinued their involvement with THE SQUAIRE, IVG would face loss of (rental) income due to vacancy.

Even though a project development might be completed, IVG may have difficulties finding suitable or a sufficient number of tenants, e.g., due to lower than expected demand for the relevant kind of real estate at the anticipated rental level, and such project development may therefore only be sold with a substantial reduction of the purchase price. Moreover, a project development might not yield the expected amount of rental income. After the completion and disposal of a project development, IVG could be held liable, in particular, for construction defects based on a number of contracts, business relations and other legal requirements.

Furthermore, IVG's activities in project development tie up considerable amounts of its capital for an extended period of time. Especially during the initial phase of a project development, IVG may have to bear most of the costs and expenses incurred, whereas IVG's revenues stemming from the project development are only generated at a later point in time. Thus, IVG may not have the financial resources to invest in other opportunities and businesses and it may not be possible or economical for IVG to withdraw from or discontinue a project once it has committed resources to its commencement. Moreover, the terms upon which IVG obtains financing for its project development may prove to be unfavorable or unsustainable in comparison to the subsequent market value of the project once completed. It may also be more difficult for IVG to dispose of the project on completion and/or to generate the income anticipated from the project, in subsequent, less favorable market conditions. In turn, IVG may not be able to cover its financing obligations or to yield projected income levels, thereby leading to reduced income for IVG or even a loss from project developments.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.7 IVG is exposed to risks as an owner of real estate, including the detrimental influence of third parties with neighboring rights on its business and its failure to comply with all applicable public laws and regulations.

IVG holds real estate, partly as an owner and in part, as the beneficiary of heritable building rights (*Erbbaurechte*). As such, IVG is exposed to risks stemming from neighboring rights, applicable administrative regulations and from co-ownership of real estate and relevant buildings thereon.

Neighboring rights arise from the relationship between neighbors and are based on the principle of mutual consideration (*wechselseitige Rücksichtnahme*). In the event that any of IVG's real estate is or becomes subject to neighboring rights, IVG may be obligated to grant a right of way (*Wegerecht*) to the relevant claimant or make other concessions in relation to the relevant property. In the event that an agreement cannot be reached with the relevant neighbor or can be reached only on unfavorable terms, IVG may suffer lost opportunities or be unable to maximize its potential gains from the purchase, refurbishment or sale of a real estate asset.

According to German law and equivalent provisions in jurisdictions in which IVG owns and co-owns real estate, such co-ownership requires agreement between co-owners with regard to the maintenance and refurbishment of such real estate. In the event that agreement cannot be reached or can be reached only on unfavorable terms, IVG may suffer lost opportunities or be unable to maximize its potential gains from the purchase, refurbishment or sale of a real estate asset.

IVG's business is influenced by various regulations under public laws, e.g., public planning regulations and public building restrictions affecting, among other things, the development and use of IVG's real estate and buildings thereon. There is a risk that IVG may not, in all cases, comply with such regulations and restrictions such as those relating to fire safety, environmental, health and planning, e.g., due to changes to the interpretation of existing laws as well as the enactment of stricter laws and regulations. Such non-compliance could increase IVG's costs of owning and developing new and existing properties and caverns or lead to administrative sanctions or may result in IVG's inability to pursue planned development projects. Furthermore, in many instances, IVG requires planning permits for its business activities and IVG is therefore exposed to the risk that such planning permits may not be granted. The rejection of an application for a planning permit or the imposition of additional conditions to an existing planning permit may impact the ability of IVG to complete project development and consequently lead to unexpected costs or prevent it from recouping costs already incurred.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.8 IVG may incur unexpected and/or higher than expected costs for maintenance of real estate assets it owns and leases.

As part of its business as an owner and lessor of real estate, IVG is exposed to risks relating to its general maintenance expenses.

IVG is legally required to maintain and repair its real estate in the condition stipulated by the relevant lease agreement with its tenants. Additionally, IVG aims to maintain and repair its properties according to market standards that may be above the minimum requirements and as such, may incur additional maintenance costs. Pursuant to German law, these maintenance and repair costs can only be passed on to the tenant to a limited extent. If the maintenance and repair costs increase significantly and if IVG is not permitted to raise the rents (due to legal or contractual constraints) to compensate for the costs incurred, this may adversely affect IVG's profitability. Furthermore, economic developments may lead to tenants having a relatively stronger position in rental negotiations, enabling them to negotiate that IVG would bear higher maintenance and repair costs than those stipulated by law. In addition, in the event that IVG does not fulfill its obligations to maintain and repair its properties tenants may be entitled to withhold or reduce rental payments or even terminate the lease agreement, leading to a reduction in rental income and thus profitability.

While IVG performs due diligence examinations to determine any risks and liabilities in connection with the purchase of real estate (and estimation of its projected maintenance and repair costs), such due diligence processes may not expose all issues relevant to maintenance and repair. In the event that such issues are discovered or occur at a later point, IVG may be forced to incur higher than expected maintenance and repair costs.

3.2.9 IVG may incur unexpected and higher than expected costs for refurbishment and modernization of real estate assets it owns and leases.

As part of its business as an owner and lessor of real estate, IVG is exposed to risks relating to the refurbishment of its properties and modernization measures relating to its properties.

Some of the real estate properties of IVG may require refurbishment or repositioning measures due to technical or legal requirements or to maintain or improve them to market standards, in particular, in cases where tenants leave premises in a condition which requires modernization rather than simple refurbishment. Necessary refurbishments or modernizations may be required by statute or limited in the event that a building qualifies as a protected monument (*denkmalgeschützter Bau*), thereby increasing IVG's expected costs and making it more difficult for IVG to enhance the value of its properties. Refurbishments or modernizations may lead to properties remaining vacant, at least temporarily, thereby leading to decreased rental income for IVG, especially if such refurbishments or modernizations take longer than expected. Refurbishments or modernizations may also be more extensive than projected, thereby leading to higher costs. Furthermore, economic developments may lead to tenants having a relatively stronger position in rental negotiations, enabling them to negotiate that IVG would cover costs of refurbishment or repositioning which IVG would otherwise not be required to undertake by law or expose IVG to the risk of unplanned or higher than planned vacancies.

In many instances, IVG requires planning permits for the refurbishment or modernization of properties. IVG is exposed to the risk that such planning permits may not be granted. The rejection of an application for a planning permit or the imposition of additional conditions to an existing planning permit may impact the ability of IVG to complete a refurbishment or modernization and consequently lead to unexpected costs or prevent it from recouping costs already incurred. Furthermore, changes to the interpretation of existing laws as well as the enactment of stricter laws, e.g., the introduction of an energy efficiency certificate for buildings (*Wärmepass*), could lead to non-compliance by IVG and/ or increase IVG's costs of refurbishing or modernizing existing properties to ensure compliance with such new laws. Similar risks to those described herein apply to the execution of technical improvements to IVG's caverns, such as to the facilities used to administer the oil caverns and the leading infrastructure for creating caverns.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.10 IVG is exposed to risks arising out of its position as a lessor, including a decline in the financial condition of its tenants and claims being brought against IVG for breaches of its contractual or statutory obligations.

IVG's business includes renting commercial real estate to tenants, with a focus on office space, and caverns for storing gas to tenants. IVG cannot guarantee its rental income will continue to develop as it has in the past. Its ability to achieve its targeted return from its rental income depends, in part, on the timely payments in full of rent due from its tenants, particularly from key tenants which contribute a more significant portion of IVG's rental income than other tenants. If individual tenants do not meet some or all of their payment obligations, IVG's rental income could be reduced temporarily or on a long-term basis. IVG is therefore exposed to risks related to their tenants' solvency, liquidity positions and willingness to pay amounts due to IVG. Unforeseeable developments regarding their tenants' financial situation may put IVG at risk of non-payment and thereby lead to lost or delayed rental income. Furthermore, the unavailability of suitable tenants and the failure to extend lease agreements at current rent levels may lead to IVG's properties remaining or becoming vacant or being rented below rent levels, thus reducing its expected rental income.

Pursuant to the laws in jurisdictions in which IVG acts as a lessor, it has a number of contractual and statutory obligations towards their tenants. If IVG fails to fulfill its obligations, IVG may be subject to legal claims by tenants for specific performance, damages or rent reductions. Such claims by tenants may be caused by defects in IVG's rented properties. There remains a residual risk that some defects may remain undiscovered in cases where IVG performs due diligence examinations to determine any liabilities, defects and any other risks in connection with the respective property. In accordance with tenancy law, such latent liabilities and defects may constitute defects in relation to which tenants may be entitled to reduce their rent payments in whole or in part or claim damages for any further losses caused by such defects.

Furthermore, German tenancy provisions provide that tenants may exercise a right of termination if certain formal requirements are not complied with. Such formal requirements include the requirement that a lease agreement must be in writing and contains the signatures of both parties (*Schriftformerfordernis*) and that a document contains all the material terms of the lease agreement and all attachments and amendments. If one or more tenants would exercise their right to termination, this could lead to a decrease of IVG's expected rental income. Similar concepts relating to the formal and other requirements of lease agreements also apply in other jurisdictions in which IVG acts as a lessor.

IVG is also subject to risks arising out of the fixed term nature of their lease agreements with tenants. A failure to renew lease agreements with existing tenants at all or a renewal on less favorable conditions could lead to a reduction in rental income.

The occurrence of one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.11 IVG is exposed to risks related to the operation of its caverns, including claims arising out of its failure to comply with the specific legal framework, its potential inability to obtain and maintain all necessary permits and licenses and the occurrence of technical difficulties in the construction process.

IVG's business in the construction and operation of caverns is regulated by German law, e.g., mining law (*Bergrecht*), soil protection law (*Bodenschutzrecht*) and emissions law (*Immissionsschutzrecht*) and requires the performance of environmental compatibility tests. The construction and operation of caverns requires the issuance of permits and licenses by the relevant planning authorities. IVG is exposed to the risks that it may not, in all cases, obtain such permits and licenses when applied for, and that existing permits and licenses may be revoked or limited in their scope, thereby affecting its ability to operate planned new caverns or existing caverns. Changes to the interpretation of existing laws as well as the enactment of stricter laws and regulations governing, for example, leaching processes or safety features in existing structures, could increase IVG's costs of constructing and maintaining new and existing caverns or lead to administrative sanctions. Moreover, any public sentiment which is directed against the use of caverns in general and any resulting political action against the use of caverns could lead to stricter regulations or, in the worst case, to the prohibition of the use of caverns.

The construction of a cavern, i.e., the drilling process as well as the process of leaching out the salt in the salt dome to create the space to be used as a cavern, is associated with the risk of causing geological instability, including changes to the surface structure and thus, damage to the infrastructure for which IVG may be liable. Drilling is a complex procedure which may require repeated attempts to achieve the desired outcome, thereby leading to higher than expected costs in relation to materials, staff and rent for drilling equipment and/or prolonged leaching processes. Furthermore, it is possible that, following the initiation of leaching work, the salt deposits at a chosen cavern site may not be of sufficient quality to function as an oil repository or to ensure the required gas integrity or that the projected cavern volumes are not achieved during the leaching process, and costs already incurred may not be recouped.

The operation of caverns as a repository for oil and gas is associated with certain technical risks. These risks include the risks associated with such flammable and volatile substances, i.e., fire and explosions, damage to health and spillages and leakages. IVG is also exposed to the risk that it may not be possible to remove certain parts of stored oil, thus resulting in IVG being liable to compensate the relevant owner of the stored oil. Furthermore, there is a risk that, due to the geological irregularity of the salt domes, the cavern may suffer from limited usability through the collapse of the cavern site.

IVG is also exposed to the risk that any insurance in place to cover losses arising from the materialization of the aforementioned risks does not fully or at least partially cover such losses. IVG is also exposed to the risk that it will be legally required to remove a cavern and return the land to its original condition (*Rückbauverpflichtungen*) and the provisions formed for such eventualities may not suffice to cover the costs of same.

Finally, a citizens' initiative has been organized to campaign against the expansion of IVG's caverns at Etzel. While IVG has commissioned investigations to monitor potential ground depressions at the Etzel cavern site and the prognosis indicates that the depressed area will not expand significantly before 2044, IVG is exposed to the risk that such citizens' initiative or other such initiatives could cause negative publicity or reputational damage to IVG and may delay the caverns' envisaged development plan.

The occurrence of one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.12 The failure to detect environmental hazards and pollution as part of due diligence processes as well as known environmental issues with respect to IVG's real estate could force IVG to bear the cost of decontamination and waste disposal, irrespective of fault, and could lead to additional costs, reduced income and/or reputational damage for IVG.

A significant part of IVG's business relates to the purchase, asset management and the sale of real estate. Prior to the purchase of real estate, IVG performs due diligence to determine and evaluate potential environmental risks and issues associated with such properties. However, such due diligence processes may not expose all environmental issues, which may include undetected contamination, soil and/or groundwater pollution or hazardous materials. In the event that such issues are discovered at a later point, IVG may incur costs relating to the issues for a number of reasons. Furthermore, in addition to real estate assets and caverns, IVG owns woodlands which were used as military training grounds, so that these are contaminated with munitions and explosives. While such properties are not used or developed for retail or residential purposes and remain fenced off, IVG is exposed to the risk that it may be obliged to bear the cost of decontamination of such substances from these sites.

IVG may be forced, either pursuant to statutory or contractual obligations or for commercial reasons, to decontaminate a site and arrange for the disposal of contaminated or hazardous materials or to remedy soil and/or groundwater pollution, including as a result of residual liability (*Nachhaftung*) as a former owner of a contaminated site. In the event that IVG does not comply with its obligations to undertake such corrective measures, it may be held liable for damages by official authorities or private parties. Any such remedial measures or damage claims could give rise to significant costs and expenses.

The obligation or commercial necessity to engage in decontamination and disposal activities may arise even if IVG is not the originator of the contamination or pollution. Furthermore, IVG could fail to recoup costs and expenses incurred by decontamination from the originator of the contamination and/or the seller due to the insolvency of such party or the expiration of the statutory limitation period in relation to the compensation claim.

In the course of decontamination procedures, tenants of the respective building may withhold part or all of their rent, may view such contamination as cause to exercise their right to extraordinary termination or assert damage claims due to an interruption of their business. Additionally, tenant employees may claim damages due to personal injury caused by the contamination.

Furthermore, a changed interpretation of existing laws as well as the enactment of stricter laws and regulations governing, for example, hazardous construction materials in existing structures, and the remediation of existing environmental contamination could increase IVG's costs of maintaining, refurbishing, owning and leasing real estate.

In connection with the sale of its real estate, IVG is exposed to the risk that environmental hazards or contamination are discovered after such sale takes place. The sale contract may provide that IVG is liable for costs arising out of the decontamination and necessary disposal of such environmental hazards or contamination, thereby leading IVG to incur additional costs and expenses in connection with the sale of such real estate assets. In addition, under most environmental laws former owners have residual liability (*Nachhaftung*).

The construction of caverns may lead to the risk of surface damage, i.e., depressions in the ground. IVG has commissioned two investigations which have confirmed that no significant depression is to be expected by 2044 and that effects are generally expected to occur near to the surface and can be managed with technical measures. However, IVG is exposed to the risk that the investigations' prognosis proves to be inaccurate and the depressed area expands farther and sinks deeper than expected and that it cannot be managed with technical measures.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.13 IVG is exposed to risks in connection with its funds business, including early termination by investors, IVG's substitution as fund manager and the consequent reduction in fees and claims arising from IVG's prospectus liability.

As part of its funds business, IVG initiates and manages private and institutional funds and is co-invested via participations in a certain number of these funds. In this respect, IVG is exposed to several risks. Such risks include the fact that the amount and/or the size of issued fund products could decrease, hence fees from assets under management may decrease, or a fund might not develop as expected and IVG may forego performance fees or may be subject to early termination. Real estate investment funds with a pool of investors and which have already existed for a substantial part of their scheduled term are especially vulnerable to such early termination in the event that one of the investors decides to terminate its fund participation. As about 15 investors make up approximately 70% of the capital base of IVG's institutional funds, the sentiment of these key investors is especially vital for IVG's institutional funds business. In cases of a termination, the fund may then be forced to sell its most fungible assets to gain the liquidity necessary to pay out the departing investor. Instead of continuing their investment with a fund consisting of the remaining, less fungible real estate, the other investors could then collectively also terminate their participations which leads to a closure of the fund. Due to specific regulatory provisions, IVG is also exposed to the risk of being substituted as a manager in the event that such a fund managed by IVG does not perform as well as expected or if potential conflicts of interests arising out of opposing interests of IVG acting as a fund manager and IVG's investment division are not managed appropriately, which could lead to a short-term decrease in assets under management and therefore its overall income from fund management fees and its reputation as fund manager could be tarnished.

IVG is also exposed to certain regulatory risks. In connection with certain funds, IVG prepares and issues prospectuses and other types of offering documents describing the individual funds. According to the German law on prospectus liability, IVG may be liable for any incomplete, false or misleading information contained in such offering documents and could, if found liable, be forced to compensate investors in such funds for loss of their investment. Specifically in regard to its open-ended funds under the *Investmentgesetz* (InvG – German Investment Act), IVG is subject to a variety of fund-specific regulations and is, among other things, exposed to the risk of being fined or suffering reputational loss if it is not able to comply with such regulations.

In general, IVG, as a fund initiator, is also indirectly exposed to the same risks as the fund's investors, e.g., real estate market risks, volatility of the fund's value due to the volatility of the value of the underlying real estate and any loss of rent, as IVG's fee income decreases and reputational risk increases as the performance and value of the fund decreases. Similarly, IVG as a co-investor in certain of its funds is directly exposed to the risks inherent in the real estate or cavern assets underlying the fund and in the event that such risks materialize, could lose some or all of its investments.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.14 A decline in the financial condition of IVG's commercial partners or their ability to perform their contractual obligations to IVG to the agreed standard may lead to delays and additional costs for IVG.

As part of its overall business operations, IVG has contractual relations with many commercial partners, such as companies providing distribution services in IVG's funds business, property managers, contractors, purchasers of property and co-investors in IVG's development projects and real estate investments. As a result, IVG is subject to risks arising out of the ability of such contractual partners to perform their obligations to IVG on time and to the required standard or their complete inability to perform their obligations, e.g., due to such partners' insolvency. In such cases, IVG may be forced to accommodate its contractual partners by delaying its business activities or postponing scheduled repayments from borrowers under vendor loans granted by IVG, thereby incurring extra costs which may not be recoverable in full or at all. It may also be necessary to replace such counterparty. However, a suitable replacement may not be available at all or not available on the same terms and at the same cost, which could lead to additional delays and expenses for IVG in its business activities.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.15 IVG is exposed to concentration risks in relation to a small number of lease agreements with key tenants.

IVG has a number of key tenants in its rented properties and is therefore exposed to concentration risks relating to such tenants due to their heightened significance for IVG's rental business. At the end of 2010, less than half of IVG's properties by share of total rent volume were rented by ten key tenants, and different companies of the Allianz group had a share of approximately one fourth of IVG's total rental volume. As such, in the event that Allianz group or any of the other key tenants does not prolong its lease agreements or becomes unable to fulfill its contractual obligations, IVG could suffer a significant loss in rental income.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.16 IVG is dependent on a limited number of key members of its management and qualified employees.

IVG depends on the performance and expertise of employees in key positions. IVG's ability to achieve its targeted returns and business objectives depends on the availability to find and retain suitable employees in such positions and it is exposed to the risk of not finding such employees. It may be difficult for IVG to find suitable employees with the required professional skills and experience in the real estate sector, also due to competition in the sector.

The competition for qualified employees has tightened in the last years and may intensify in the future. The professional skills and the experience of IVG's employees make them attractive for competitors or other employers and may result in additional fluctuations to staff. This may impact continuity in the execution of the business.

If IVG fails to meet any of the aforementioned requirements, the employee structure could be negatively affected which could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.17 IVG is exposed to risks related to natural disasters and risks resulting from acts of terrorism affecting its real estate and caverns.

IVG's real estate and caverns are exposed to risks related to natural disasters and from acts of terrorism. Storms, floods, fires, earthquakes or other disastrous natural events may result in damage to IVG's real estate and consequently, to losses of rental income. Tenants may withhold all or part of the agreed rent for the duration of any resulting effects on the properties or may terminate their lease agreements. In the case of caverns, natural disasters may cause structural damage to the storage domes and could potentially lead to leakages and spillages, thereby leading to further costs for IVG that are, in whole or in part, not covered by IVG's insurance policies.

Certain real estate or caverns owned by IVG or held by funds initiated by IVG could bear a higher than average risk of becoming targets of acts of terrorism due to its location at prominent venues or centers, such as THE SQUAIRE which is adjacent to the Frankfurt International Airport. IVG's caverns are also subject to this higher risk due to their strategic infrastructural value as a source of fuel and their potential as a destructive target containing highly flammable and volatile substances. If properties are damaged or destroyed by acts of terrorism, physical damage, business interruptions, loss of rental income as well as reputational damage could result in losses that are, in whole or in part, not covered by IVG's insurance policies.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.18 IVG may be insufficiently insured against losses and damage affecting business.

IVG has entered into numerous insurance policies to protect itself against various risks which it encounters as part of its business activities including floods, fires, storms, earthquakes and similar natural disasters, acts of terrorism as well as interruptions to IVG's business operations. IVG may suffer a loss or incur a liability against which it may be uninsured or insufficiently insured. Furthermore, the unavailability of certain insurance policies may put IVG at risk of being uninsured in relation to certain events. In such cases, IVG could be forced to cover such costs itself and may lose capital it invested in the property as well as expected future profits.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.19 IVG's hedging arrangements in relation to transactions in foreign currencies and floating interest rate liabilities may be insufficient and the value of hedging instruments may be subject to fluctuations.

In the course of its business, IVG is exposed to risks arising out of fluctuations in currency exchange rates between the euro and other foreign currencies and rising interest rates for floating (un-hedged) interest rate loans or other liabilities. Any changes in interest rates and foreign currency positions which are not designated to hedge accounting could have an adverse effect on IVG's financial result. The use of financial instruments to hedge against these risks carry their own risk, namely that such instruments do not cover all risks or only cover them partially. Moreover, changes in the interest rates of IVG's financial instruments not designated in hedge accounting can adversely affect IVG's financial result, while changes in the value of derivatives in hedge accounting can affect provisions for hedges in equity and the fair value of such derivatives. Furthermore, there is a counterparty risk if there are derivatives with a positive fair value.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.2.20 IVG is exposed to risks from pension obligations.

IVG has pension obligations towards its employees, members of the Management Board and senior managers, as well as former employees and pensioners. Total payments to IVG's former Management Board members and their surviving dependants amounted to EUR 1.6 million in 2010 and IVG's pension obligations amounted to EUR 42.3 million as of September 30, 2011. The level of obligations reported is determined on the assumption of continuity of the current legal situation and accounting principles, using certain actuarial assumptions such as discount factors, biometric probabilities (such as life expectancy), pension progression rates and future salary trends. If actual developments vary from these assumptions, the liabilities towards their actual and retired employees and the value at which these liabilities are reported in IVG's financial statements may substantially increase.

An increase in IVG's pension related liabilities could have a material adverse impact on the material adverse effect on IVG's business, revenues, financial position and results of operations.

3.3 Legal and tax risks

3.3.1 Disadvantageous changes in the legal framework could negatively affect IVG's operational flexibility and its tenancy arrangements and increase the cost of compliance with applicable laws and regulations.

The nature of IVG's business exposes it to certain legal risks. IVG's business and tax-related framework conditions apply to purchase, administration, development and sale of real estate assets in general and office properties and caverns in particular. Especially amendments to tenancy law and changes in dismissal protection could affect the flexibility of changing the tenant structure and have negative effect on the value of the rented properties. Legal regulations regarding project developments may provide stricter regulations.

Changes in the legal framework in general, in particular changes in economic or political conditions may lead to such laws and regulations as well as changes in the legal application of existing legislation by public authorities or legal rulings, which in turn might influence IVG's business.

IVG might be affected especially by changes in landlord-tenant legislation, building and construction laws and regulations, environmental laws and regulations as well as tax laws, e.g., any change of the current real estate transfer tax regulations might impact on the valuation of IVG and its assets.

Stricter environmental regulations may lead to an increase of the costs incurred by complying with these regulations, IVG might therefore be exposed to higher costs of owning, maintaining and refurbishing properties, in case of enactment of stricter laws and regulations. Such laws and regulations might relate to environmental contamination in general as well as hazardous construction materials in existing structures, the improvement of access for disabled people, fire protection requirements, governmental promotion measures or other matters.

IVG may be negatively affected by changes to the regulation of funds, both in relation to retail and institutional investors. The introduction of more stringent rules relating to its funds business, such as minimum holding periods or termination limitation periods, could increase the IVG's compliance costs and could make IVG's fund products less attractive or even prohibitive for certain investors.

Any such amendment of legal or tax-related framework could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.3.2 The invalidity of clauses used in standardized contracts can lead to claims against IVG under a number of contracts.

IVG maintains contractual relationships with a large number of parties (in particular tenants) and uses standardized contracts, e.g., leases. Any errors or ambiguities in standardized contracts can therefore affect a multitude of contractual relationships. This applies particularly to new court rulings on general terms and conditions (*Allgemeine Geschäftsbedingungen*), which could also affect the interpretation of existing contracts. Likewise, individualized contracts may be recharacterized as general terms and conditions and certain provisions contained therein could be ruled to be invalid or subject to notice if the provisions on standardized terms are violated. Such developments could lead to a substantial number of claims being brought against IVG or IVG being forced to bear costs which they had considered to be allocable to contractual counterparties. For example, IVG's lease agreements include provisions regarding the end of rent obligations, the allocation of renovation costs at lease end, the allocation of ancillary costs (*Nebenkostenvereinbarung*) or the allocation of ancillary costs for common areas. There is a risk that courts could declare such provisions void in a lease dispute, since courts tend to rule in favor of the interests of tenants.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.3.3 IVG is involved in a number of legal disputes that entail risks and may be exposed to risks from potential future legal disputes.

In connection with its business activities, IVG may become the subject of legal disputes, administrative proceedings and government investigations. Such legal disputes and investigations may, in particular, arise from its relationship to contractual counterparties, authorities, sub-contractors, investors, employees, tenants or third-parties alleging injury, health, environmental, safety or operational concerns, negligence or failure to comply with applicable laws and regulations. The entities concerned may be required to pay fines or damages, take certain actions or refrain from others, e.g., to comply with the terms of injunctions or other legal sanctions granted against it, particularly in relation to current and future class-action lawsuits. It is also possible that there may be investigations by governmental authorities into circumstances of which IVG currently is not aware or that will arise in the future including possible regulatory and environmental laws, licensing requirements or criminal proceedings. If IVG were to be found liable under any such claims, any provisions formed for the payment of such liabilities may not be sufficient and this could have a negative effect on its business, revenues, financial position and results of operations. Furthermore, it is possible that, as the owner or lessee of other possibly contaminated sites, IVG may share responsibility under environmental liability laws. If IVG were to be found liable under any such claims, this could have a negative effect on its business, revenues, financial position and results of operations. Furthermore, even if complaints, litigation or investigations are successfully disposed of without direct adverse financial effect, they could have a material adverse effect on IVG's reputation and divert its financial and management resources from more beneficial uses.

3.3.4 IVG may be subject to claims for taxes arising out of tax audits or be liable for unexpected or higher levels of tax than expected if a change occurs in the interpretation of applicable tax legislation.

The Company and its subsidiaries are subject to regular tax audits in Germany and abroad. The most recent tax audits have at least covered the financial year 2004 up to and including the financial year 2007. The Company currently has a case pending at the competent tax court (*Finanzgericht*) regarding non-deductible input value added tax ("**VAT**") for general administration expenses. For this risk which amounts to EUR 23.2 million and comprises the period from January 1, 2001 to September 30, 2011, IVG has formed a provision, which amounts to EUR 12.9 million as of September 30, 2011. It cannot be ruled out that ongoing or future tax audits of the Company or its subsidiaries may lead to demands for back taxes, tax penalty payments and similar payments or that the utilization/availability of loss carry forwards or deductible losses will be jeopardized or denied for the past or the future. Such demands for back taxes may arise, for example, from the non-recognition, or only partial recognition, of internal or external transfer prices and/or transactions, claimed tax exemptions (in particular exemptions available for certain real estate companies), valuation of assets or deviating legal interpretations of the tax law.

Provisions for certain tax risks which have been made by the Company and its subsidiaries and which are continuously reviewed and adjusted, may be insufficient if the actual claim is higher than the risk forecast by the Company and/or its respective subsidiary.

Risks may also arise due to changes in German and foreign tax laws interpretations of the tax authorities or accounting principles (which may under certain circumstances also apply retroactively). This applies particularly to changes in tax law relating to real estate, e.g., regarding increase in real estate transfer tax (*Grunderwerbsteuer*) or property tax (*Grundsteuer*), capital gains taxation and restrictions regarding the tax deductibility of interest expenses.

One of IVG's subsidiaries has obtained the status of a German corporation registered with the German federal tax authorities as having fulfilled certain requirements of a REIT but not yet registered as a REIT ("**pre-REIT**"), valid until August 2012. This subsidiary may be exposed to substantial compensation claims, which according to IVG's estimates may amount to EUR 16.7 million plus interest, from sellers of real estate to such subsidiary, if the subsidiary does not achieve the full REIT status within a certain time frame.

Moreover, the current loss or loss carry forwards of the Company or its subsidiaries may partially or totally not be available for a set off anymore. This may apply in case of a change of shareholders or a transfer of voting or similar rights. In particular, this may apply if, within a time frame of five years, more than 25% (proportional collapse of tax losses) or 50% (total collapse of tax losses) of the shares or voting or similar rights are transferred to a single acquirer or a group of acquirers acting in concert. Such a change of shareholders or transfer of voting rights or similar rights may also occur in connection with the new shares issued in this offering (the "**New Shares**").

Where the conveyance of real estate to IVG constitutes a transfer of a business, it may become secondary liable under certain conditions for taxes and amounts of withholding tax in connection with the operation of the transferred corporation, provided that the taxes have accrued since the beginning of the last calendar year before the conveyance and are assessed until the end of the year following the registration of the new owner of the business with the tax authorities. This liability may also extend to claims by the government for the reimbursement of tax refunds. Any liability is limited to the portfolio of assets taken over. Such liability could nevertheless have material adverse effects on IVG's business, cash flows, financial position and results of operations.

All these factors could increase IVG's tax burden and have a material adverse effect on IVG's business, revenues, financial condition and results of operations.

3.3.5 IVG's compliance and risk management systems and its monitoring capabilities may prove insufficient to prevent or detect any breaches of the law.

IVG's business is subject to various regulations. Thus, IVG is reliant on the compliance of its employees and the members of the management with applicable laws as well as documented policies and procedures. Despite the existence of compliance policies and procedures, it cannot be excluded that employees or members of the management have committed or will commit criminal, unlawful or unethical acts (including corruption) or that IVG's compliance and risk management and its monitoring capabilities may prove insufficient to prevent or detect any breaches of the law. Any such acts or breaches of law could cause significant civil penalties and damage claims as well as considerable damage to IVG's reputation in the real estate market and thereby negatively affect future business opportunities.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.3.6 IVG is exposed to risks arising from the absence of a monthly reporting system.

IVG only compiles quarterly reports which are generated as part of its standard interim financial reporting processes and does not produce monthly reports on the basis of International Financial Reporting Standards ("**IFRS**") standards or the *Handelsgesetzbuch* (HGB – German Commercial Code) standards. IVG's internal controlling department also produces certain selected information on an ongoing basis. IVG intends to introduce IFRS monthly reporting systems as part of a project which aims to ensure the timely compilation of monthly IFRS group-level reports which, save for some simplifications, are consistent with the quarterly and annual financial reports in terms of their methodology, processes and mechanics. Until the completion of such project, it is therefore possible that the information available to IVG's management and which would be required to provide a complete overview of and to accurately assess IVG's current assets, financial position and results of operation, is not complete, correct and has not been provided to IVG's management in a timely manner. As a result, and despite ongoing internal reporting on significant matters of relevance to IVG, it may not be possible for IVG's management to introduce operative measures which are obviously necessary on the basis of IFRS reporting figures or to inform investors in a timely manner of potentially negative developments.

The occurrence of any one or more of the aforementioned risks could have a material adverse effect on IVG's business, revenues, financial position and results of operations.

3.4 Risks related to the Offering

3.4.1 The price of the Company's shares may be subject to strong fluctuations and decreases.

The price of the Company's shares has been very volatile in the past. Going forward, such strong volatility may continue. The share price is influenced by the relative supply and demand for the Company's shares, which are in turn affected by a number of factors, including the development of the Company's financial position and results of operation; any deviations between expected and actual results; any change to the earnings outlook, strategy and business prospects and the assessment of the associated risks; any change in the general business conditions; any change in the shareholders' composition; any change to the legal framework; the development of the businesses and the share prices of the Company's competitors; the development of those industries that are of significance to the Company's business; changes in share prices levels generally as well as in the stock market environment and capital market sentiment; the inclusion of the Company's shares in the SDAX stock index of Deutsche Börse AG and the weighting of the Company's shares in such index as well as the inclusion in other stock indices; derivative transactions in the Company's shares; speculative investment decisions; and forecasts by securities analysts and investors.

It is possible that investors buy the New Shares in connection with the subscription offer at a price that is higher than the price they would have paid had they bought the shares on the market. There can be no assurance that the subscription price for the New Shares, plus the price for the subscription rights, as the case may be, will be the same as the price at which the Company's shares are traded at the exchange following the consummation of this offering (the "**Offering**").

The above factors may also cause a high degree of volatility in the Company's share price, without this necessarily being attributable to IVG's business or earnings prospects.

3.4.2 The sale of a large number of the Company's shares could have a negative effect on the stock exchange price of the Company's shares.

In connection with the Offering, no lock-up agreements have been entered into with the Company's shareholders. The effect that future stock sales by shareholders may have on the Company's share price cannot be predicted with any certainty. If major shareholders sell, offer for sale or market the Company's shares on a large scale, or if the market expects this to happen, the Company's share price may drop. Falling stock prices could create additional sales pressure from the disposal of shares held by shareholders who have funded their shareholdings, in whole or in part, by way of borrowing or have entered into derivative transactions in the Company's shares.

As a general rule under German corporate law, shareholders have subscription rights relating to any shares issued by the Company in a capital increase, in proportion to their shareholding. Due to the terms of the capital increase shareholders may possibly be excluded from participating in future capital increases. Shareholders outside Germany may due to restrictions in other jurisdictions possibly be prohibited under applicable local law to participate in future capital increases. The aforementioned factors could result in a dilution of those shareholders' proportionate interests in the Company.

Furthermore, the potential exercise of conversion and option rights by holders of any convertible bonds or bonds with warrants issued or yet to be issued, as well as the potential acquisition of equity investments in companies in exchange for new shares to be issued by the Company and the exercise of stock options by IVG's employees under former and future stock option plans or the issuance of shares to employees under current or future employee participation plans could also result in a dilution of those shareholders' proportionate interests in the Company.

Moreover, open-market purchases to counteract such dilution could be on terms less favorable than those offered to other shareholders in connection with a capital increase.

To cover its capital demand, the Company may in the future issue new shares, option bonds or convertible bonds. As a consequence, the quoted market price of the Company's shares may fall. Moreover, the future issuance of new shares, option bonds or convertible bonds or the exercise of conversion or option rights on shares of the Company granted through option bonds or convertible bonds issued at a future date could dilute the stake of the existing shares in the Company's share capital and in the voting rights if the issuance takes place without the granting of subscription rights or if such rights are not exercised.

3.4.3 There is no guarantee that active trading in the subscription rights for the Company's shares will develop and that the subscription rights will not be subject to higher price fluctuations than the Company's shares.

The Company intends to have the subscription rights traded on the regulated market (*regulierter Markt*) at the Frankfurt Stock Exchange from the commencement of the subscription period up to and including the third trading day before the end of the subscription period. There can be no assurance that active trading in subscription rights will develop at the Frankfurt Stock Exchange and that an appropriate price develops. In line with German market practice, price determination for subscription rights only takes place once a day. The quoted market price of subscription rights depends, inter alia, on the development of the quoted market price for the Company's shares, but may also be subject to significantly higher fluctuations caused by a surplus on the supply or demand side. Furthermore, there is a risk that the subscription rights cannot be sold at their notional value.

3.4.4 The stake of those shareholders in the Company's share capital who do not or do not fully participate in this Offering will be diluted.

Following the capital increase, the stake of the existing shares in the increased share capital of the Company will drop to approximately 66%. The stake in the share capital of those shareholders who do not exercise their subscription rights will be reduced in the same proportion. The dilutive effect will be proportionately lower for shareholders who exercise their subscription rights in part. Subscription rights may only be exercised during the subscription period. Subscription rights not exercised during the subscription period will lapse, unless they are automatically sold by the depositary banks in accordance with the terms and conditions of the custody.

3.4.5 The Company may be unable to meet its dividend and hybrid coupon payment objectives.

As a stock corporation, IVG, in principle, distributes profits by way of dividend distribution. Such dividend distribution is based on the amount of distributable net profit (*Bilanzgewinn*) as determined in accordance with German generally accepted accounting principles based on the Company's unconsolidated financial statements, and, moreover, is subject to restrictions pursuant to German law.

The amount of distributable net profit is dependent on a number of parameters including, amongst other things, the revenues and costs, which in turn are dependent on the successful management of the properties, the yield on properties and the successful operation of IVG as a business. If IVG does not generate sufficient net profit, it may not have sufficient distributable net profit to pay dividends, which in turn could trigger payments under its hybrid debt instruments.

The decision to distribute future dividends will be made by the Company's General Shareholders' Meeting. This decision is dependent on the circumstances at the time, including the Company's results of operations, financial and investment needs, existing and future financing arrangements, the availability of distributable net profit, distributions the Company receives from its subsidiaries and other relevant factors. These factors may restrict the Company's ability to distribute dividends and to pay out shares of the net profit attributable to hybrid capital providers. In some situations, the Company might distribute either no dividend/hybrid coupon payment or a dividend/hybrid coupon payment that is small relative to the sector as a whole.

3.4.6 The Offering may be terminated and the subscription rights may lapse or become worthless if and when the Underwriting Agreement is terminated.

The New Shares are subscribed for by the Joint Bookrunners subject to the obligation of them being offered to the Company's shareholders for subscription. This subscription takes place on the basis of an underwriting agreement which is, inter alia, subject to a number of conditions precedent, e.g., the validity and consummation of various commitments, such as the two binding subscription commitments by two shareholders to participate in the Offering by exercising all or some of their subscription rights. The underwriting agreement may be terminated early under certain circumstances and if the above conditions precedent are not satisfied. If and when the underwriting agreement is terminated, the Offering will lapse and the subscription rights are forfeit or become worthless. Investors who have acquired subscription rights in the secondary market will suffer the corresponding loss, as transactions in subscription rights will not be reversed upon termination of the Offering. Where an investor has carried out short sales, the investor will bear the risk that the associated obligation cannot be fulfilled by delivering the relevant shares.

The value of the subscription rights essentially depends on the quoted market price of the Company's shares. Should the quoted market price of the Company's shares fall, the notional value of the subscription rights will drop accordingly. In addition, the stock exchange price of the subscription rights may also be subject to significantly higher price fluctuations than the share. Should the quoted market price fall below the subscription price, the subscription rights will become worthless.

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4. GENERAL INFORMATION

4.1 Responsibility for the contents of the Prospectus

IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany (the "**Company**" and together with its consolidated subsidiaries, the "**Group**" or "**IVG**"), as well as COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany ("**COMMERZBANK**"), Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany ("**Berenberg Bank**") and UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom ("**UBS**" or "**UBS Investment Bank**" and together with Berenberg Bank and COMMERZBANK, the "**Joint Global Coordinators**") as well as UniCredit Bank AG, Arabellastraße 14, 81925 Munich, Germany (together with the Joint Global Coordinators, the "**Joint Bookrunners**") hereby assume responsibility for the contents of this Prospectus in accordance with section 5 para. 4 of the *Wertpapierprospektgesetz* (WpPG – German Securities Prospectus Act) and declare that, to their knowledge, the information contained in this Prospectus is correct and that no material circumstances have been omitted. Notwithstanding section 16 of the WpPG, neither the Company nor the Joint Bookrunners are under any legal obligation to update the Prospectus.

4.2 Subject matter of the Prospectus

The subject matter of this Prospectus relates to

(i) the public offering in Germany and Luxembourg of 69,283,885 new, no-par value ordinary bearer shares of the Company, each share having a notional interest in the share capital of EUR 1.00 and carrying full dividend rights as of January 1, 2011 (the "**New Shares**") pursuant to the capital increase resolved by the Management Board on November 29, 2011 and the Supervisory Board on November 30, 2011 to be made against cash contributions from authorized capital together with subscription rights;

(ii) the trading of subscription rights (ISIN DE000A1MBE85, WKN A1M BE8) for the New Shares in the period from December 1, 2011 up to and including December 12, 2011 on the regulated market of the Frankfurt Stock Exchange; and

(iii) the admission of 69,283,885 New Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and for the admission to the regulated markets of the stock exchanges in Berlin, Dusseldorf and Munich.

The New Shares are subject to German law.

4.3 Forward-looking statements

This Prospectus contains certain forward-looking statements. Forward-looking statements are statements that do not refer to historical facts and events. Any statement containing the words "shall", "may", "will", "could", "expects", "predicts", "estimates", "plans", "intends" or similar phrases indicate such forward-looking statements.

This applies, in particular, to statements in this Prospectus regarding the future financial returns, plans and expectations related to the business and management of the Company, growth and profitability, the markets in which IVG is active, as well as general economic and regulatory conditions and other factors affecting IVG.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause IVG's actual results, performance, profitability, achievements or industry results to differ materially from those expressed or implied by such forward-looking statements. The forward-looking statements are based on numerous assumptions regarding IVG's present and future business strategies and the environment in which IVG will operate in the future. Investors should not place undue reliance on any such forward-looking statements. The important factors that could cause actual results, performance, profitability, achievements or industry results to differ materially from such forward-looking statements include, among other things,

- the general economic condition as well as the cyclicality of the real estate market,
- the demand for lettable space in the portfolio as well as the general supply and demand for real estate,
- the successful implementation of the capital increase,
- changes in political, economic and legal conditions, especially in Germany, United Kingdom, France, Finland and Belgium,
- changes of the competitive markets in which IVG operates,
- costs of compliance with current and future environmental, health and safety regulations,
- availability and costs of financing,
- exchange rate fluctuations, as well as
- force majeure and other unforeseeable events.

Additional factors that could cause actual results, performance, profitability, achievements or industry results to differ materially from such forward-looking statements, many of which are not under IVG's control, include, but are not limited to, those discussed in the section "*Risk Factors*". Investors are also strongly advised to read sections "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Business*" and "*Recent Developments and Outlook*", which include a more detailed description of factors that have an impact on IVG's business and the markets in which IVG operates.

These forward-looking statements speak only as of the date of this Prospectus. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. New factors emerge from time to time, and it is not possible for the Company to predict in advance all of those factors. Further, the Company cannot assess in advance the impact of each factor on its business or the extent to which any factor, or any combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Moreover, the forward-looking estimates and forecasts derived from third-party studies included in this Prospectus (see section "– *Sources of market data and additional numerical information*") may prove to be inaccurate. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Prospectus might not materialize. Accordingly, neither the Company nor its Management Board nor the Joint Bookrunners assume responsibility for the future accuracy of the opinions expressed in this Prospectus or as to the actual occurrence of any predicted developments. In addition, it is emphasized that neither the Company nor the Joint Bookrunners assume any obligation beyond the legal requirements to update any such forward-looking statements or to adjust them to future events or developments. All forward-looking statements in this Prospectus are qualified by reference to this cautionary statement.

The obligation of the Company to provide updates by supplement in certain circumstances under section 16 of the WpPG remains unchanged.

4.4 Availability of the Prospectus

This Prospectus will be published on the website of the Company at www.ivg.de. Furthermore, printed copies of this Prospectus will be available free of charge as of the date of this Prospectus during regular business hours on any weekday (i.e., excluding Saturday, Sunday and public holidays) at the offices of IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany.

4.5 Inspection of documents

For the duration of the validity of this Prospectus, copies of the following documents may be inspected free of charge during regular business hours on any weekday (i.e., excluding Saturdays, Sundays and public holidays) at the offices of IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany:

- The Articles of Association of the Company
- The unaudited consolidated interim financial statements (IFRS) of IVG Immobilien AG for the nine month period ended September 30, 2011
- The audited consolidated financial statements (IFRS) of IVG Immobilien AG for the financial year ended December 31, 2010
- The audited consolidated financial statements (IFRS) of IVG Immobilien AG for the financial year ended December 31, 2009
- The audited consolidated financial statements (IFRS) of IVG Immobilien AG for the financial year ended December 31, 2008
- The audited unconsolidated financial statements (HGB) of IVG Immobilien AG for the financial year ended December 31, 2010
- The real estate evaluation of Jones Lang LaSalle GmbH, dated November 25, 2011
- The evaluation of the caverns of BDO AG Wirtschaftsprüfungsgesellschaft, dated October 7, 2011
- The real estate evaluation of De Crombrugghe & Partners, dated November 25, 2011
- The real estate evaluation of La Compagnie Immobilière Sarl, dated November 25, 2011
- The real estate evaluation of Kiinteistötaito Peltola & Co Oy, dated November 25, 2011

Future annual and interim reports of the Company will be provided on the Company's website at www.ivg.de and will be publicly available in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*) (www.ebundesanzeiger.de) and may be inspected at the offices of the Company. Neither the information contained on the Company's website nor any other website to which reference is made in this Prospectus forms a part of this Prospectus or is to be deemed to be incorporated by reference in this Prospectus.

4.6 Presentation of financial and currency information

4.6.1 Financial information

The consolidated financial statements of the Company for the financial years ended December 31, 2010, December 31, 2009 and December 31, 2008 as well as the consolidated interim financial statements for the nine month period ended September 30, 2011 were prepared by the Company in accordance with International Financial Reporting Standards, as adopted by the EU ("**IFRS**"). The unconsolidated financial statements of the Company for the financial year ended December 31, 2010 were prepared in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code) and German accounting principles. Such financial statements are included in the section "*Financial Statements*" of this Prospectus. Unless stated otherwise, the financial data in this Prospectus are based on the consolidated financial statements, the consolidated interim financial statements and are derived from the accounting records of IVG. Any financial data taken from the unconsolidated financial statement of the Company prepared in accordance with the HGB are identified as such.

The consolidated financial statements of the Company for the financial years ended December 31, 2010, December 31, 2009 and December 31, 2008 were audited by the auditors of the Company and issued with an unqualified auditors' report containing an emphasis of matter paragraph drawing attention to risks threatening the going concern of the IVG Immobilien AG group companies (*ergänzender Hinweis auf bestandsgefährdende Risiken*) (for more information in connection with the auditors of the Company, see section "*– Auditors*"). The consolidated interim financial statements of the Company for the nine month period ended September 30, 2011 are unaudited.

This Prospectus contains certain financial measures that are not defined under IFRS, this includes one measure of funds from operations ("**FFO I**") which is calculated on the basis of earnings before interests and taxes ("**EBIT**"), after deducting unrealized changes in value, adjusting for non-recurring EBIT from development activities and non-cash effects included in EBIT and deducting the regular payouts to other stakeholders; another measure of funds from operations ("**FFO II**") which is calculated on the basis of EBIT, after deducting unrealized changes in value, adjusting for non-cash effects included in EBIT and deducting the regular payouts to other stakeholders; net asset value ("**NAV**") which is calculated on the basis of the current value of IVG's assets less its debt; and loan-to-value, i.e., the sum of IVG's convertible bond, bank loans and commercial paper divided by its total assets ("**LTV**"). In this context it should be taken into consideration that not all companies calculate such non-IFRS measures in the same manner and thus the financial measures presented by IVG might not necessarily be comparable with similarly titled measures used by other companies.

Management presents the non-IFRS financial measures, that are not included in IVG's consolidated financial statements (e.g., FFO I, FFO II, NAV and LTV) and has frequently published such measures in reports because the management of IVG expects that such measures are of interest to investors for the purpose of evaluating the operating performance. These financial measures should not be considered as an alternative to, or in isolation from, financial measures such as consolidated net profit/loss, inflow/outflow of funds from operating activities or other IFRS financial measures.

In respect of financial data set out in the main body of the Prospectus, a dash (—) shows that the relevant figure either equals exactly zero or is not available, while a mathematical zero (0.0) shows that the relevant figure is available in the Company's financial statements and/or in the accounting records of IVG and has been rounded to zero. By contrast, no such differentiation has been made in respect of the financial data set out in the section "*Financial Statements*" of the Prospectus starting on page F-1: in this section, zero (0.0) is used to show both non-available figures and figures which either equal exactly zero or have been rounded to zero.

4.6.2 Currency information

The amounts in this Prospectus in "euro", "EUR" or "€" refer to the legal currency of Germany as of January 1, 1999. Figures quoted in another currency are expressly noted by indication of the appropriate currency or the respective currency symbol in accordance with International Organization for Standardization-Code ("**ISO-Code**") (ISO 4217).

The following table contains the average annual exchange rates and exchange rates at the end of a period of the euro against the respective national currency (the data have been derived from the respective consolidated financial statement of the Company).

		Year-end exchange rate on-balance sheet date (in EUR)		Average annual exchange rate (in EUR)	
Currencies	**ISO-Code**	**2010** *(unaudited)*	**2009** *(unaudited)*	**2010** *(unaudited)*	**2009** *(unaudited)*
Swedish krona	100 SEK	11.1418	9.7476	10.4737	9.4124
British pound	1 GBP	1.1594	1.1236	1.1651	1.1220
U.S. dollar	1 USD	0.7474	0.6942	0.7536	0.7176
Czech koruna	100 CZK	3.9839	3.7770	3.9537	3.7774
Hungarian forint	100 HUF	0.3587	0.3692	0.3613	0.3564
Polish zloty	100 PLN	25.2500	24.3724	25.0307	23.0862

4.7 Sources of market data and additional numerical information

This Prospectus contains and refers to third-party information, including numerical data, market data, commercial publications and publicly available information, as well as estimates of the Company which are based on such third-party information.

Unless indicated otherwise, the data in this Prospectus regarding market conditions, market developments, growth rates, market trends and competitive situation in the markets and segments in which IVG operates, are based on publicly available and commercial sources, in particular third-party studies or the Company's estimates which in turn are generally based on public data or figures derived from publicly accessible or commercial sources.

In preparation of this Prospectus the following sources were used:

- European Commission (Directorate-General for Economic and Financial Affairs)
  - Commission Staff Working Document: European Economic Forecast (spring 2011)
- Eurostat Press Office
  - Eurostat newsrelease euro indicators 114/2011: Euro area unemployment rate at 9.9%, dated August 1, 2011
  - Eurostat newsrelease euro indicators 118/2011: Euro area and EU27 GDP up by 0.2%, dated August 16, 2011
  - Eurostat newsrelease euro indicators 124/2011: Euro area unemployment rate at 10%, dated August 31, 2011
  - Eurostat newsrelease euro indicators 150/2011: Euro area annual inflation up to 3.0%, dated October 14, 2011
- BNP Paribas Real Estate
  - At a glance: Main Office Markets In Western Europe, dated October 2011
  - At a glance: Main Investment Markets In Western Europe, dated July 2011
  - Property Report: Investment Market In Germany, dated January 2011
  - Investmentmärkte im 1. Halbjahr 2011 im Überblick I, dated June 30, 2011
  - Property Report: Investment In Europe, dated May 2011

- CB Richard Ellis, Inc.
  - EMEA Viewpoint: European Office Development: No Signs of a Resumption, dated July 2011
  - EMEA Viewpoint: The Real Estate – Bond Yield GAP dated September 2011
  - MarketView: European Capital Markets (Q2 2011)
  - MarketView: European Investment Quarterly (Q4 2010)
  - MarketView: European Investment Quarterly (Q2 2011)
  - MarketView: European Investment Quarterly (Q3 2011)
  - MarketView: EMEA Rents and Yields (Q4 2010)
  - MarketView: EMEA Rents and Yields (Q2 2011)
  - MarketView: EMEA Rents and Yields (Q3 2011)
  - MarketView: Central London Offices (Q4 2009)
  - MarketView: Central London Offices (Q4 2010)
  - MarketView: Central London Offices (Q2 2011)
  - Monthly Overview: Central London Offices (August 2011)
  - Market View: Conjoncture immobilière (Q4 2009)
  - Market View: Conjoncture immobilière (Q4 2010)
  - Market View: Conjoncture immobilière (Q2 2011)
- IVG European property markets research based on data from Cushman & Wakefield European Research Group, London (2nd quarter and 3rd quarter 2011)
- Jones Lang LaSalle
  - Press information (January 8, 2010) – Kein Feuerwerk zum Jahresende, aber Trendumkehr bei den Renditen
  - On Point – Investmentmarktüberblick – Capital Markets Newsletter: 1. Halbjahr 2011
  - On Point – Research Report – Brussels City Report: Q4 2010
  - On Point – Research Report – Brussels Office Market: Q1 2011
  - On Point – Dutch Capital Markets Bulletin 2011
  - On Point – Office Market Update Quarterly: Amsterdam Q4 2009
  - On Point – Office Market Update Quarterly: Amsterdam Q4 2010
  - Amsterdam Office Market Profile Q1 2011
  - On Point – Research Report: Luxembourg City Profile Q4 2009
  - On Point – Research Report: Luxembourg City Profile Q3 2010
  - On Point – Research Report: Luxembourg City Profile Q4 2010
  - On Point – Research Report: Luxembourg Office Market Q1 2011
  - On Point: European Capital Markets Bulletin, March 2011
  - Capital Markets Bulletin: Poland Q4 2010
  - Office Market Overview Q2 2011
- Lambert Smith Hampton
  - UKIT – Quarterly Bulletin 2010 Q4, dated January 2011

- Dynamis B.V.
  - Sprekende Cijfers: 11 Kantorenmarkten, dated 2011
- Catella
  - Property Market Trends, dated fall 2010
  - Property Market Trends, dated spring 2011
  - Property Market Trends, dated fall 2011
- DekaBank
  - Deka Immobilien Monitor – Ausgabe 3/2011, dated September 30, 2011
- DTZ Research
  - Property Times: Warsaw Q1 2011 – Occupiers on the move, dated April 19, 2011
  - Property Times: Poland Q4 2010, dated January 20, 2011
- DTZ Foresight
  - European Fair Value Q2 2011
- Bundesverband Investment und Asset Management e.V.
  - BVI Investmentstatistik Gesamtüberblick, dated September 30, 2011
- Bloomberg
  - www.bloomberg.com/markets/rates-bonds/government-bonds/germany/, dated August 26, 2011
- INREV Research & Market Information
  - INREV Investment Intentions Survey 2011 (Executive Summary), dated February 2011
- VGF Verband Geschlossene Fonds Betriebsgesellschaft mbH
  - VGF Branchenzahlen 2010
- Oliver Voss
  - Real estate investing in Germany, in: The Capital & Marketing Group (Ed.), The definitive guide to Real Estate Investing, dated February 2011
- IVG Immobilien AG
  - Annual Report 2010
  - IVG's Market Report Germany 2011
  - Market Tracker Europe (September 2011)
- Feri Euro Rating Service AG
  - The Institutional Real Estate Letter (September 2011)
- Erdölbevorratungsverband
  - Geschäftsbericht 2009/2010

Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, investors should consider that market studies are often based on information and assumptions that may not be exact or appropriate and are, by nature, forward-looking and speculative. In addition, publicly available or commercial sources often contain diverging information. Information published by third parties, including such third-party information on which the estimates of the Company are based, have not been verified by the Company. Therefore, the Company cannot assume any responsibility for the accuracy of the data and the accuracy of the information on which its estimates are based.

The Company believes that its estimates, which are not based on publicly available sources, have been prepared with reasonable care and reflect the underlying information in a non-biased way. The information derived from its internal estimates can differ from the estimates of its competitors or from future surveys conducted by market research institutes or other independent sources.

Individual figures and financial and market data including percentages shown in this Prospectus have been rounded using standard business rounding principles (*kaufmännische Rundung*). The totals or sub-totals contained in tables may differ from the non-rounded figures contained elsewhere in this Prospectus due to such rounding. Furthermore, figures that have been rounded may not add up to the sub-totals or totals contained in tables or stated elsewhere in this Prospectus.

4.8 Information on the Company's share price

The following table contains the stock market prices (Xetra) of the no-par value ordinary bearer shares of the Company as of December 31, 2010, 2009 and 2008 and as of September 30, 2011 as well as the annual high and annual low of the stock market price during these periods.

	Financial Year ended December 31			Nine month period ended September 30
	2010	2009	2008	2011
Period high (in EUR)*	6.83	8.16	23.83	7.71
Period low (in EUR)*	4.76	3.39	3.20	2.19
Period-end (in EUR)*	6.45	5.35	5.72	2.63

* Final price (*Schlusskurs*) in Xetra trading.

Source: Bloomberg.

4.9 Auditors

The consolidated financial statements of IVG Immobilien AG as of and for the financial years ended December 31, 2010, 2009 and 2008 and the annual financial statements of IVG Immobilien AG as of and for the financial year ended December 31, 2010 included in this Prospectus have been audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**PwC**"), Moskauer Straße 19, 40227 Dusseldorf, independent auditors, as stated in the auditors' reports appearing herein. PwC is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin.

The auditors' reports have been issued in accordance with section 322 of the *Handelsgesetzbuch* (HGB – German Commercial Code) on the consolidated financial statements of IVG Immobilien AG as of and for the financial years ended December 31, 2010, 2009 and 2008 and the annual financial statements of IVG Immobilien AG as of and for the financial year ended December 31, 2010.

The auditors' reports of PwC for the consolidated financial statements of IVG Immobilien AG as of and for the financial years ended December 31, 2010, 2009 and 2008 refer to group management reports, the auditors' report of PwC for the annual financial statements of IVG Immobilien AG as of and for the financial year ended December 31, 2010 refers to the management report. Except for the sections that the auditors' reports reference to, the (group) management reports are neither included nor incorporated by reference in this Prospectus.

For the financial year ended December 31, 2008, IVG's auditors included the following emphasis of matter paragraph in their auditors' report for the consolidated financial statements of IVG Immobilien AG (IFRS): "We are required to advise that the continued existence of the Group as a going concern is threatened by risks that are outlined in Section 6.1 of the Group management report. The section details the conditions for the extension of significant credit lines and implementation of property disposals."

For the financial year ended December 31, 2009, IVG's auditors included the following emphasis of matter paragraph in their auditors' report for the consolidated financial statements of IVG Immobilien AG (IFRS): "We are required to advise that the continued existence of the Group as a going concern is threatened by risks that are outlined in Section 6.4 of the group management report. The section details the conditions for the extension of significant credit lines of development projects, the remediation of a possible covenant breach and the implementation of property disposals."

For the financial year ended December 31, 2010, IVG's auditors included the following emphasis of matter paragraph in their auditors' report for the consolidated financial statements of IVG Immobilien AG (IFRS): "We are required to advise that the continued existence of the Group as a going concern is threatened by risks that are outlined in Section 6.4 of the group management report. The section details the need for extending a project loan, the permanent regulation of a covenant and the implementation of property and cavern disposals."

For the financial year ended December 31, 2010, IVG's auditors included the following emphasis of matter paragraph in their auditors' report for the annual financial statements of IVG Immobilien AG (HGB): "We are required to advise that the continued existence of the Company as a going concern is threatened by risks that are outlined in Section 6.4 of the management report. The section details the need for extending a project loan, the permanent regulation of a covenant and the implementation of property and cavern disposals."

The examinations of and the auditors' reports upon such (group) management reports are required under German auditing standards. Those examinations were not made in accordance with generally accepted auditing or attestation standards in the United States. Accordingly, PwC does not express any opinion on this information or on the consolidated financial statements included in this prospectus, in each case in accordance with U.S. generally accepted auditing standards or U.S. attestation standards.

4.10 Real estate portfolio valuation

Of IVG's investment property real estate portfolio, which is almost completely measured at fair value according to IAS 40, 99.1% is covered in the valuation reports that are included in this Prospectus on pages R-1 *et seq.* (the "**Valuation Reports**"). Furthermore, 65.4% of IVG's caverns assets is covered in the Valuation Reports. The remaining caverns are measured at cost according to International Accounting Standard ("**IAS**") 40 as they do not exceed 300,000 cubic meters of storage space, which is the threshold for the fair value accounting of cavern assets. On the other hand, none of IVG's real estate development project assets, which are measured at cost according to IAS 2 since they are developed with the intention to be sold after completion, are included in the Valuation Reports. However, in relation to IVG's combined portfolio of investment property and project development real estate as well as caverns, 78.5% is covered in the Valuation Reports.

The Valuation Reports are described below.

Jones Lang LaSalle

On November 25, 2011, Jones Lang LaSalle GmbH, Wilhelm-Leuschner-Straße 78, 60329 Frankfurt, Germany ("**Jones Lang LaSalle**"), prepared a valuation report on the market value ("**JLL Valuation**") of IVG's real estate portfolio as of September 30, 2011. The JLL Valuation was prepared at the request of the Company. A real estate condensed valuation report of the JLL Valuation has been reproduced on pages R-2 *et seq.* of this Prospectus with Jones Lang LaSalle's authorization.

The JLL Valuation has been prepared in accordance with the Valuation Standards ("**VS**") of the Royal Institution of Chartered Surveyors ("**RICS**") and in accordance with the International Valuation Standards Council in International Valuation Standard 1 ("**IVS 1**"), as well as the International Financial Reporting Standards ("**IFRSs**") and according to the European Securities and Markets Authority update of the Committee of European Securities Regulators recommendations – The consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive – dated March 23, 2011 ("**ESMA recommendations**"). This is included in the General Principles Adopted in the Preparation of Valuations and Reports of Jones Lang LaSalle. This is an internationally accepted basis of valuation.

Jones Lang LaSalle has prepared the JLL Valuation acting as "External Valuers", as defined by the RICS Red Book, qualified for the purpose of the Valuation. Furthermore, Jones Lang LaSalle has acted as an "Independent Valuer" according to the definition contained in the ESMA recommendations.

Jones Lang LaSalle hires qualified real estate valuation experts, certified for their expertise in their area of valuation.

(For details on the real estate valuation see section "*Real Estate Valuation Condensed Report 1*").

BDO

On October 7, 2011, BDO AG Wirtschaftsprüfungsgesellschaft, Ferdinandstraße 59, 20095 Hamburg, Germany ("**BDO**"), prepared a market value expert opinion valuation of IVG's cavern portfolio as of September 30, 2011. The valuation was prepared at the request of the Company. A real estate condensed valuation report of the BDO valuation has been reproduced on pages R-84 *et seq.* of this Prospectus with BDO's authorization.

The determination of the aggregate fair market value by BDO was carried out on the basis of treating the caverns to be valued as properties. Determination of the fair value therefore was based on the principles and methods of property valuation, set forth in the relevant valuation literature, taking into account the provisions of IAS 40. Moreover, BDO has taken into account special factors of influence on the cavern assets. BDO hires qualified real estate valuation experts, certified for their expertise in their area of valuation.

(For details on the real estate valuation see section "*Real Estate Valuation Condensed Report 2*").

De Crombrugghe

On November 25, 2011, De Crombrugghe & Partners, Av. Herrmann-Debroux 54, 1160 Brussels, Belgium ("**De Crombrugghe**"), prepared a market value expert opinion valuation of IVG's real estate portfolio as of September 30, 2011. The valuation was prepared at the request of the Company. A real estate condensed valuation report of the valuation has been reproduced on pages R-99 *et seq.* of this Prospectus with De Crombrugghe's authorization.

The determination of the aggregate fair market value by De Crombrugghe was carried out on the basis of customary appraisal and valuation standards and the methodology in accordance with the appropriate sections of the current VS contained within the RICS Appraisal and Valuation Standards and also defined by the IVS 1. This is an internationally accepted basis of valuation.

De Crombrugghe hires qualified real estate valuation experts, certified for their expertise in their area of valuation.

(For details on the real estate valuation see section "*Real Estate Valuation Condensed Report 3*").

La Compagnie Immobilière

On November 25, 2011, La Compagnie Immobilière Sarl, 18 Rue du Saut de Loup, 78290 Croissy-sur-Seine, France ("**La Compagnie Immobilière**"), prepared a market value expert opinion valuation of IVG's real estate portfolio as of September 30, 2011. The valuation was prepared at the request of the Company. A real estate condensed valuation report of the valuation has been reproduced on pages R-111 *et seq.* of this Prospectus with La Compagnie Immobilière's authorization.

The determination of the aggregate fair market value by La Companie Immobilière was carried out on the basis of customary appraisal and valuation standards and the methodology in accordance with the appropriate sections of the current VS contained within the RICS Appraisal and Valuation Standards and also defined by the IVS 1. This is an internationally accepted basis of valuation.

La Companie Immobilière hires qualified real estate valuation experts, certified for their expertise in their area of valuation.

(For details on the real estate valuation see section "*Real Estate Valuation Condensed Report 4*").

Kiinteistötaito Peltola

On November 25, 2011, Kiinteistötaito Peltola & Co Oy, Av. Pieni Roobertinkatu 11, 00130 Helsinki, Finland ("**Kiinteistötaito Peltola**"), prepared a market value expert opinion valuation of IVG's real estate portfolio as of September 30, 2011. The valuation was prepared at the request of the Company. A real estate condensed valuation report of the valuation has been reproduced on pages R-122 *et seq.* of this Prospectus with Kiinteistötaito Peltola's authorization.

The determination of the aggregate fair market value by Kiinteistötaito Peltola was carried out on the basis of customary appraisal and valuation standards and the methodology in accordance with the appropriate sections of the current VS contained within the RICS Appraisal and Valuation Standards and also defined by the IVS 1. This is an internationally accepted basis of valuation.

Kiinteistötaito Peltola hires qualified real estate valuation experts, certified for their expertise in their area of valuation.

(For details on the real estate valuation see section "*Real Estate Valuation Condensed Report 5*").

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5. THE OFFERING

5.1 Subject matter of the Offering

This offering (the "**Offering**") relates to 69,283,885 new, no-par value ordinary bearer shares of IVG Immobilien AG, each with a notional interest of EUR 1.00 in the share capital and with full dividend rights as of January 1, 2011 (the "**New Shares**").

The New Shares will be issued by way of a capital increase against cash contributions from authorized capital with indirect subscription rights for the shareholders according to section 3 paras. 2, 3 and 4 of the Articles of Association.

According to section 3 para. 2 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company, with the consent of the Supervisory Board, at any time prior to May 13, 2014, by way of issuance of up to 24,000,000 ordinary voting bearer shares and/or preferred bearer shares with and without voting rights against cash contributions on one or several occasions in an amount of up to a total of EUR 24,000,000.00 (Authorized Capital I). Furthermore, according to section 3 para. 3 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company, with the consent of the Supervisory Board, at any time prior to May 17, 2016, by way of issuance of up to 21,299,999 no-par value ordinary voting bearer shares with a notional interest of EUR 1.00 in the share capital against cash contributions on one or several occasions in an amount of up to a total of EUR 21,299,999.00 (Authorized Capital II). Moreover, according to section 3 para. 4 of the Articles of Association, the Management Board is authorized to increase the share capital of the Company, with the consent of the Supervisory Board, at any time prior to May 13, 2014, by way of issuance of up to 24,000,000 ordinary voting bearer shares and/or preferred bearer shares with and without voting rights against cash or non-cash contributions on one or several occasions in an amount of up to a total of EUR 24,000,000.00 (Authorized Capital III) (together the "**Authorizing Resolutions**").

The Authorizing Resolutions and the corresponding changes of the Articles of Association were registered with the Commercial Register of the Local Court of Bonn (*Amtsgericht Bonn*).

According to the Authorizing Resolutions, the New Shares can be subscribed by one or more banks or enterprises specified by the Management Board and operating in accordance with section 53 para. 1 sentence 1, section 53b para. 1 sentence 1 or section 53b para. 7 of the *Kreditwesengesetz* (KWG – German Banking Act) with the obligation that they be offered to the shareholders for subscription (indirect subscription right).

According to the Authorizing Resolutions, the Management Board is authorized, with the consent of the Supervisory Board, to determine further details of the capital increase and its implementation, in particular the additional conditions for the issue of the New Shares and the subscription price of EUR 2.10 per New Share (the "**Subscription Price**"). The Management Board, with the consent of the Supervisory Board, must determine the best possible Subscription Price per share, which may not be below EUR 1.00 per share, taking into account the current market situation and an appropriate risk discount. The costs of the capital increase and its implementation will be borne by the Company.

Utilizing the Authorizing Resolutions, the Management Board has determined on November 29, 2011, with the consent of the Supervisory Board of November 30, 2011, the Subscription Price, the number of New Shares, the subscription ratio and the subscription period pursuant to the Authorizing Resolutions (the "**Utilization Resolution**").

The Subscription Price amounts to EUR 2.10 per New Share, the number of New Shares to 69,283,885. The New Shares will be offered to shareholders at a subscription ratio of 2:1, i.e., two existing shares entitle a shareholder to subscribe for one New Share (the "**Subscription Ratio**"). The subscription period is expected to run from and including December 1, 2011 up to and including December 14, 2011. Under certain circumstances, the subscription offer may be cancelled (see also section "*– Subscription offer – Important notices*" and section "*– Joint Bookrunners, Underwriter, Underwriting Agreement*").

On November 30, 2011, a syndicate of banks led by Berenberg Bank, COMMERZBANK and UBS has agreed on an underwriting agreement entered into among the Company and the Joint Bookrunners ("**Underwriting Agreement**") to subscribe for the New Shares and to offer them to shareholders for subscription during the subscription period according to the Subscription Ratio by way of indirect subscription rights at the Subscription Price per New Share. The Underwriting Agreement is subject to, among other things, entry of the completion of the capital increase in the commercial register. The implementation of the capital increase is expected to be registered with the Commercial Register of the Local Court of Bonn (*Amtsgericht Bonn*) on December 16, 2011.

In connection with the Offering, subscription rights will be traded on a stock exchange. The subscription rights (ISIN DE000A1MBE85, WKN A1M BE8) for the New Shares will be traded in the period from December 1, 2011 up to and including December 12, 2011 on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange. There will be no compensation for subscription rights which are not exercised. After expiration of the subscription period, subscription rights which are not exercised will expire without value. As of December 1, 2011, the existing shares of the Company will be listed "ex-rights".

New Shares not subscribed in the subscription offer will be offered in private placements to qualified investors in Germany and outside Germany (with the exception of Japan, Canada and Australia). In the United States, the New Shares will be offered solely to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**").

5.2 Timetable for the Offering

The Offering is based on the following prospective timetable:

November 30, 2011	Approval of the Prospectus by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, the "**BaFin**"); notification of the approved Prospectus to the competent authority in Luxembourg (*Commission de Surveillance du Secteur Financier*) (the "**CSSF**"); publication of the Prospectus on the Company's website (www.ivg.de)
November 30, 2011	Publication of the subscription offer in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*)
December 1, 2011	Publication of the subscription offer in the *Frankfurter Allgemeine Zeitung*
December 1, 2011	Commencement of the subscription period and subscription rights trading; listing of the shares of the Company "ex-rights"; booking of the subscription rights of the shareholders of the Company to the securities deposit accounts reflecting the status as of the evening of November 30, 2011

December 12, 2011	End of subscription rights trading
December 14, 2011	End of subscription period; latest point in time for payment of the Subscription Price
December 15, 2011	Announcement of the result of the subscription offer on the website of the Company (www.ivg.de)
December 15, 2011	Private placement of unsubscribed New Shares
December 16, 2011	Delivery of global share certificate to Clearstream Banking AG
December 16, 2011	Subscription of New Shares by the Joint Bookrunners; registration of the implementation of the capital increase with the commercial register
December 19, 2011	First day of trading of New Shares; closing and settlement

5.3 Subscription offer

An English language translation of the German language version of the subscription offer which assumes the Offering will be conducted according to the (estimated) dates in the above timetable is set forth below. The German language subscription offer will include the Subscription Price and is expected to be published in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*) on November 30, 2011 and in the *Frankfurter Allgemeine Zeitung* on December 1, 2011.

"IVG Immobilien AG

Bonn

ISIN DE0006205701

WKN 620570

Subscription Offer

By way of three distinct resolutions, two of which were resolved on May 14, 2009 and one of which was resolved on May 18, 2011, the General Shareholders' Meeting of IVG Immobilien AG (the "**Company**") authorized the Management Board to increase the share capital of the Company by up to EUR 69,299,999.00 through the issuance of new, no-par value ordinary bearer shares (the "**New Shares**") against contribution in cash with indirect subscription right for the shareholders of the Company (together the "**Authorizing Resolutions**"). The Authorizing Resolutions were registered with the Commercial Register of the Local Court of Bonn (*Amtsgericht Bonn*). The New Shares will be issued at the minimum issue price of EUR 1.00 per New Share and will carry dividend rights as of January 1, 2011.

Pursuant to the Authorizing Resolutions, the Management Board determined on November 29, 2011, with the consent of the Supervisory Board dated November 30, 2011, the subscription price, the number of New Shares, the subscription ratio and the subscription period. The subscription price amounts to EUR 2.10 (the "**Subscription Price**"), the number of New Shares to 69,283,885. The New Shares will be offered to shareholders for subscription at a subscription ratio of 2:1, i.e., two existing shares entitle to subscribe for one New Share (the "**Subscription Ratio**"). The subscription period will run from and including December 1, 2011 up to and including December 14, 2011 ("**Subscription Period**").

COMMERZBANK Aktiengesellschaft, Joh. Berenberg, Gossler & Co. KG and UBS Limited (together, the "**Joint Global Coordinators**") as well as UniCredit Bank AG (together with the Joint Global Coordinators, the "**Joint Bookrunners**") have agreed in an underwriting agreement entered into by the Company and the Joint Bookrunners on November 30, 2011 (the "**Underwriting Agreement**") to subscribe for the New Shares and to offer them to the shareholders for subscription by way of indirect subscription rights during the Subscription Period according to the Subscription Ratio at the Subscription Price per New Share (the "**Subscription Offer**"). The implementation of the capital increase is expected to be registered with the Commercial Register of the Local Court of Bonn (*Amtsgericht Bonn*) on December 16, 2011.

The subscription rights (ISIN DE000A1MBE85, WKN A1M BE8) which are attributable to the existing shares of the Company (ISIN DE0006205701, WKN 620570) will be booked automatically to the depositary banks through Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany, on the evening of November 30, 2011 to the extent that they are held in collective safe custody deposit *(Girosammelverwahrung)*.

Shareholders of IVG Immobilien AG who still hold effective, but subsequently incorrect, share certificates following the deposit procedure (*Hinterlegungsverfahren*), which has been completed, must submit their respective claims with the depository office (*Hinterlegungsstelle*) at the Local Court of Bonn (*Amtsgericht Bonn*), Wilhelmstraße 21, 53111 Bonn.

We request that our shareholders exercise their subscription rights for the New Shares during the period from and including December 1, 2011 up to and including December 14, 2011 through their respective depositary bank at one of the subscription agents referred to below during ordinary business hours. Subscription rights which are not exercised prior to the deadline will expire without value. There will be no compensation for subscription rights which are not exercised.

The subscription agent is COMMERZBANK Aktiengesellschaft acting through its German branches.

According to the Subscription Ratio of 2:1, two existing shares entitle a shareholder to subscribe for one New Share at the Subscription Price. The exercise of the subscription rights is subject to the registration of the implementation of the capital increase with the commercial register and to further restrictions described in section "*– Important notices*".

Subscription Price

The Subscription Price per New Share is EUR 2.10. The Subscription Price must be paid upon exercise of the subscription rights, but no later than December 14, 2011.

Subscription rights trading

The subscription rights (ISIN DE000A1MBE85, WKN A1M BE8) for the New Shares will be traded in the period from December 1, 2011 up to and including December 12, 2011 on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange. There will be no compensation for subscription rights which are not exercised. After expiration of the Subscription Period, subscription rights which are not exercised will expire without value. Beginning on December 1, 2011, the existing shares of the Company will be listed "ex-rights".

Joh. Berenberg, Gossler & Co. KG may take appropriate measures in its function as rights trading coordinator to provide liquidity for orderly subscription rights trading, such as the buying and selling of subscription rights for New Shares. In this respect, Joh. Berenberg, Gossler & Co. KG has reserved the right to conduct hedging transactions with regard to the shares of the Company or corresponding derivatives.

In conformity with German market practice, the price of the subscription rights will be determined only once per day. The market price of the subscription rights depends on the performance of the shares of the Company, but could also be subject to significantly greater price fluctuations.

Important notices

Shareholders and investors are advised to read the securities prospectus dated November 30, 2011 (the "Prospectus") carefully prior to making a decision concerning the exercise, purchase or sale of subscription rights and, in particular, to consider the risks described in the section "*Risk Factors*" of the Prospectus in their decision. In view of the current high volatility of share prices and the market environment, shareholders should inform themselves of the current share price of the shares of the Company prior to exercising their subscription rights at the Subscription Price.

The Joint Bookrunners may withdraw from the Underwriting Agreement under certain circumstances. These circumstances include in particular termination or non-fulfilment of certain binding commitments to subscribe, material adverse changes in the net assets, financial position or results of operations of IVG Immobilien AG and its subsidiaries, to the extent that they are not described in the Prospectus, material limitations of stock exchange trading or banking business, an outbreak or escalation of hostilities, a declaration of a national emergency by Germany, the United Kingdom or the United States or the occurrence of any other calamity or crises, which have or can be expected to have a material adverse effect on financial markets.

The obligations of the Joint Bookrunners will also terminate if the implementation of the capital increase has not been registered with the Commercial Register of the Local Court of Bonn (*Amtsgericht Bonn*) prior to the expiration of December 19, 2011, and the Company and the Joint Bookrunners have not agreed upon a later date prior to the expiration of December 22, 2011. There will also be a right of withdrawal if the New Shares have not been admitted to trading on the stock exchange by December 19, 2011, or a later time agreed among the Company and the Joint Bookrunners.

In the event of withdrawal from the Underwriting Agreement prior to the registration of the implementation of the capital increase with the commercial register, the subscription right of the shareholders will expire. In such a case, subscription rights trading transactions will not be reversed by the brokers. Investors who have acquired the subscription rights on a stock exchange would, in such cases, suffer a total loss of their investment. To the extent the Joint Bookrunners withdraw from the Underwriting Agreement after the registration of the implementation of the capital increase with the commercial register, the shareholders who have exercised their subscription rights may acquire the New Shares at the Subscription Price.

If the Joint Bookrunners terminate the Underwriting Agreement after the closing and settlement of the Subscription Offer (which is expected on December 19, 2011), such termination would apply solely to New Shares which have not been subscribed for. Share purchase agreements relating to such shares are therefore subject to reservation. In case of short sales prior to the cancellation of the booking of the shares, the person selling such shares will bear the risk of being unable to meet his obligation to deliver the New Shares.

Certification of the New Shares and delivery of the New Shares for which subscription rights have been exercised

The New Shares (ISIN DE0006205701, WKN 620570) will be represented by a global share certificate which will be deposited with Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany. Shareholders are not entitled to individual share certificates. It is expected that the New Shares subscribed for in the Subscription Offer will be made available as of December 19, 2011, through collective safe custody deposit unless the Subscription Period is extended.

Commission

The depositary banks will charge customary commissions for the subscription of the New Shares.

Trading of New Shares on stock exchanges

The applications for admission of the New Shares to the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) and to the regulated markets of the stock exchanges in Berlin, Dusseldorf and Munich are expected to be submitted on December 5, 2011. The letters of admission are expected to be issued on December 16, 2011. It is intended that the New Shares will be included in the existing quotation for the shares of the Company (ISIN DE0006205701, WKN 620570) in Frankfurt am Main, Berlin, Dusseldorf and Munich.

Disposal of unsubscribed New Shares / private placements

Any New Shares not subscribed for in the Subscription Offer will be offered by the Joint Global Coordinators in private placements to qualified investors in and outside Germany (with the exception of Japan, Canada and Australia). In the United States, the New Shares will be offered solely to so-called qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**").

Settlement (delivery of New Shares against payment) with regard to the New Shares placed in the private placement is expected to take place on December 19, 2011.

Stabilization

In connection with the offering of the New Shares, stabilization measures may be undertaken in accordance with applicable law. Joh. Berenberg, Gossler & Co. KG will act as stabilization manager and may take steps, including through companies with which it is affiliated, designed to support the stock market price or market price of the Company's no-par value ordinary bearer shares in order to offset any existing selling pressure ("**Stabilization Measures**").

The stabilization manager is under no obligation to implement Stabilization Measures. Consequently, there is no guarantee that Stabilization Measures will be implemented. If Stabilization Measures are implemented, they may be terminated at any time without prior notice.

Such Stabilization Measures may be undertaken as of the point in time when the Subscription Price is published and must end no later than 30 calendar days after the Subscription Period expires, which is expected to be January 13, 2012 (the "**Stabilization Period**").

Stabilization Measures may result in a higher stock market price or market price for the Company's shares than would have been the case without the Stabilization Measures. In addition, the stock market price or market price may temporarily reach a level that is not sustainable.

Within one week of the end of the Stabilization Period, the Company will announce whether or not stabilization measures were implemented, the date on which the price stabilization began, the date on which the last Stabilization Measure was implemented and the price range within which the stabilization took place, with the foregoing applying to every date on which a price-Stabilization Measure was implemented.

Publication of the Prospectus

The Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the "**BaFin**") on November 30, 2011, following the completion of a review of the Prospectus for completeness, including the review of the presented information for coherence and comprehensibility. The Prospectus was published on the website of the Company at www.ivg.de. Furthermore, printed copies of this Prospectus are available free of charge as of the date of the Prospectus during ordinary business hours at IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn.

Selling restrictions

The New Shares and the subscription rights have not been and will not be registered under the Securities Act, or with securities supervisory authorities in any of the individual states of the United States. The New Shares and subscription rights may not be offered, exercised or sold in or delivered directly or indirectly in or into the United States, other than in reliance on an exemption from the registration requirements of the Securities Act and the securities laws of the relevant individual states of the United States.

Acceptance of the offering of the New Shares outside Germany and Luxembourg may be subject to restrictions. Persons who want to accept the offering outside Germany or Luxembourg are requested to inform themselves about restrictions existing outside Germany or Luxembourg and to take these restrictions into consideration.

Bonn, in November 2011

IVG Immobilien AG

The Management Board"

5.4 Disposal of subscription rights

The subscription rights are freely transferable. If the conditions of the depositary banks so provide, the banks will attempt to dispose of the subscription rights for the benefit of the owners of such subscription rights, provided that they have not received another instruction to exercise the subscription rights.

5.5 Unexercised subscription rights

Subscription rights which are not exercised within the subscription period will lapse and have no value.

5.6 Joint Bookrunners, Underwriter, Underwriting Agreement

The Joint Bookrunners are COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany and UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom as well as UniCredit Bank AG, Arabellastraße 14, 81925 Munich, Germany. On November 30, 2011, the Company and the Joint Bookrunners entered into an Underwriting Agreement. In this Underwriting Agreement, the Joint Bookrunners agreed to subscribe for 69,283,885 New Shares and to offer them to the shareholders of the Company for subscription by way of indirect subscription rights during the subscription period according to the Subscription Ratio at the Subscription Price per New Share.

Any New Shares not subscribed for in the subscription offer will be offered in private placements to qualified investors in Germany and other selected jurisdictions (with the exception of Japan, Canada and Australia). In the United States, the New Shares will be offered solely to so-called qualified institutional buyers pursuant to Rule 144A under the Securities Act.

Berenberg Bank as sole underwriter (the "**Underwriter**") has agreed to take-up and purchase at the Subscription Price all New Shares that are not subject to binding commitments to subscribe (*Festbezugserklärungen*) which is the case in relation to 23.61% of the Offering, have not been subscribed for by any other investor as part of the subscription offer and have not been placed with investors prior to or in the Rump Placement (as defined below) that is expected to take place after the end of the subscription period. Thus, Berenberg Bank has agreed to underwrite 76.39% of the Offering on a firm commitment. The other Joint Bookrunners have agreed to place the Offering without a firm underwriting commitment. The Company's shareholders Mann AG and Universal GmbH (in each case as defined below) have provided binding commitments to subscribe (*Festbezugserklärungen*) for 23.61% of the Offering.

According to the Underwriting Agreement, the Company is obliged to pay the Joint Bookrunners a base fee of 1.75% of the Underwriting Proceeds (as defined below) of which the Underwriter is entitled to 50% and the other three Joint Bookrunners are each entitled to one-sixth. "**Underwriting Proceeds**" means the gross proceeds from the subscription or sale of New Shares with the exception of the gross proceeds from such number of New Shares subscribed for and paid by Mann Immobilien-Verwaltung Aktiengesellschaft ("**Mann AG**") and Universal-Investment-Gesellschaft mit beschränkter Haftung ("**Universal GmbH**") based on their binding commitments to subscribe (*Festbezugserklärungen*). The Company is also obliged to pay COMMERZBANK Aktiengesellschaft and UBS Limited an equally shared structuring fee of 1.0% of the sum of the Underwriting Proceeds and the proceeds covered by New Shares having been subscribed for by Mann AG and Universal GmbH based on their binding commitments to subscribe (*Festbezugserklärungen*), subject to a maximum amount of EUR 2.5 million. In addition to the structuring fee, the Company is obliged to pay the Underwriter an underwriting fee of 2.0% of the Underwriting Proceeds. In addition, the Underwriter will receive a further fee of EUR 241,638. The Company has also agreed to reimburse the Joint Bookrunners for certain expenses incurred by them in connection with the Offering.

Under certain circumstances, the Underwriter on behalf of the Joint Bookrunners is entitled to withdraw from the Underwriting Agreement. If the Joint Bookrunners withdraw from the Underwriting Agreement following registration of the implementation of the capital increase in the commercial register, the shareholders who have exercised their subscription rights may acquire New Shares at the Subscription Price. If the Underwriter on behalf of the Joint Bookrunners terminates the Underwriting Agreement after the closing of the subscription offer (expected on December 19, 2011), the termination would only refer to New Shares not subscribed for. Share purchase agreements for unsubscribed shares are thus conditional. A withdrawal from the Underwriting Agreement is principally still possible even after the inclusion of the New Shares in the current listing. For more information regarding the possibility of withdrawal of the Joint Bookrunners from the Underwriting Agreement see section "*– Subscription offer – Important notices*" above.

5.7 Lock-up agreements

The Company has agreed with the Joint Bookrunners, that it will not and that it will procure that none of its subsidiaries will, except for the New Shares, before the end of the six-month period following the closing of the Offering, (i) directly or indirectly, issue, sell, offer, contract to sell, otherwise dispose of or announce the offering of any shares of the Company out of authorized capital (*genehmigtes Kapital*) or treasury shares (*eigene Aktien*) or any other securities that are convertible into or exchangeable for or that carry the right to acquire any such shares of the Company shares (other than in fulfillment of a stock program for the benefit of employees or board members of the Company existing at the date of the Underwriting Agreement); (ii) initiate a capital increase in the Company; and (iii) enter into any transaction (including a derivatives transaction) having an economic effect similar to that of a sale of shares of the Company, unless in each case, the Company has obtained the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld, and it being understood that a proposal to the Company's General Shareholders' Meeting on authorizations for the issuance of new shares pursuant to an authorized capital (*genehmigtes Kapital*) or convertible bonds (*Wandelschuldverschreibungen*) shall not require the Joint Global Coordinators' prior written consent.

5.8 Selling restrictions

The New Shares and the subscription rights have not been and will not be registered under the Securities Act or with securities supervisory authorities in any of the individual states of the United States. Except in reliance on an exemption from the registration and notification requirement of the U.S. securities and stock exchange laws and to the extent that any other applicable U.S. regulations are complied with, the New Shares and subscription rights may not be offered or sold in or directly or indirectly delivered in or into the United States. The Joint Bookrunners are therefore obliged under the Underwriting Agreement (i) to offer or sell the New Shares and subscription rights of the Company within the United States only to persons whom they reasonably consider to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act or in reliance on Rule 903 of Regulation S under the Securities Act and (ii) with respect to the New Shares and subscription rights in the United States, not to engage, directly or through a third party acting on their behalf, (x) in directed selling efforts within the meaning of Regulation S under the Securities Act or (y) in general advertising or general solicitation, each within the meaning of Regulation D under the Securities Act.

The Company does not intend to register the subscription offer or any part thereof in the United States or to conduct a public offering of shares or subscription rights in the United States.

There are also selling restrictions in the United Kingdom. Each of the Joint Bookrunners has represented, warranted and undertaken to the Company that

(i) it only communicated and caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any New Shares in circumstances in which section 21 para.1 of the FSMA does not apply to the Company; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Shares in, from, or otherwise involving the United Kingdom.

The Joint Bookrunners have further agreed in the Underwriting Agreement that they have not and will not, apart from Germany and Luxembourg, publicly offer the New Shares in any of the member states of the European Economic Area which have implemented the Directive 2003/71/EC, as amended (the "**Prospectus Directive**"), from the date of the implementation of the Prospectus Directive, unless (i) a prospectus for the Offer Shares has been previously published that have been approved by the competent authority in such member state or have been approved in another member state of the European Economic Area that has implemented the Prospectus Directive and the competent authority in the member state in which the offer takes place has been informed thereof in compliance with the Prospectus Directive; (ii) the offer is exclusively intended for so-called qualified investors within the meaning of the Prospectus Directive, or the offer takes place under other circumstances in which the publication of a prospectus by the Company is not required under Article 3 of the Prospectus Directive, to the extent that this exemption has been implemented in the respective member state.

5.9 Information on the New Shares

5.9.1 Form, voting rights

The New Shares are new, no-par value ordinary bearer shares of the Company. Each New Share represents a notional interest of EUR 1.00 in the share capital of the Company and carries one vote at the General Shareholders' Meeting.

See section "*Description of the Capital of the Company – Share capital and shares*" for a detailed description of the share capital and shares of the Company.

5.9.2 Dividend rights, participation in liquidation proceeds

The New Shares carry full dividend rights as of January 1, 2011, i.e., for the entire financial year 2011 of the Company and for all subsequent financial years.

The New Shares participate in any liquidation proceeds in accordance with their interest in the share capital of the Company.

5.9.3 Stock exchange admission, certification, delivery

It is expected that the admission of the New Shares to the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and admission to the regulated markets of the stock exchanges in Berlin, Dusseldorf and Munich will take place on December 16, 2011. The inclusion of the New Shares in the existing listing of the shares of the Company is expected to take place on December 19, 2011.

The New Shares will be made available to the purchasers as co-ownership interests in a global share certificate which is expected to be deposited on December 16, 2011 with Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany, in the collective safe custody system. Shareholders have no right to receive individual share certificates for their New Shares.

The delivery of the New Shares will be effected through collective safe custody deposit. If and to the extent the Underwriting Agreement is not terminated (for further details concerning the possible termination of the Underwriting Agreement, see section "– *Subscription Offer – Important notices*"), the New Shares subscribed for in the subscription offer are expected to be delivered on December 19, 2011, to the extent the subscription period is not extended, and the New Shares acquired in the private placements are expected to be delivered by Clearstream Banking AG by way of booking after the closing of the private placements December 19, 2011.

5.9.4 ISIN, WKN, stock market symbol

International Securities Identification Number (ISIN):

- for the New Shares: DE0006205701
- for the subscription rights to the New Shares: DE000A1MBE85

Wertpapierkennnummer (WKN – German Securities Identification Number):

- for the New Shares: 620570
- for the subscription rights to the New Shares: A1M BE8

Stock market symbol of the shares: IVG

5.9.5 Transferability, selling restrictions

The New Shares are freely transferable in accordance with the legal requirements for bearer shares. Except for the restrictions set forth above in the section "– *Lock-up agreements*" and section "– *Selling restrictions*", there are no prohibitions on disposal or restrictions with respect to the transferability of the New Shares.

5.9.6 Announcements

The Articles of Association provide that announcements of the Company will be made in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*). Additionally, announcements vis-à-vis the shareholders of the Company may also be made via data transmission. The announcements relating to shares of the Company will also be made in the electronic version of the German Federal Gazette and in a pan-regional newspaper designated for notices of the Frankfurt Stock Exchange.

5.10 Paying and registration agent

The paying agent and registration agent for the Company's shares is COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany.

5.11 Offering-related commitments and declarations of principal shareholders and a new investor

The Company's largest shareholder, Mann Immobilien-Verwaltung Aktiengesellschaft ("**Mann AG**"), has committed, subject to certain conditions, to the Company and to the benefit of the Joint Bookrunners to participate in the Offering by exercising all of its subscription rights on the basis of the proportion of its respective share in the Company prior to the Offering (*Festbezugserklärung*). Furthermore, Mann AG has declared that it may, given certain prerequisites, decide to acquire additional New Shares in the placement of New Shares that have not been subscribed for during the subscription offer and that are intended to be placed with investors (the "**Rump Placement**") in an amount to be determined, and the Company has committed to consider this offer with preference. Finally, Mann AG has declared that it may decide to acquire up to 4,157,033 New Shares for the Subscription Price, if and to the extent such New Shares are not placed otherwise in the Rump Placement.

The Company's shareholder Universal-Investment-Gesellschaft mit beschränkter Haftung has committed, subject to certain conditions, to the Company and to the benefit of the Joint Bookrunners to participate in the Offering by exercising the respective amount of its subscription rights as well as subscription rights held by its subsidiaries and funds in such amount that it will acquire 2,497,898 New Shares (*Festbezugserklärung*).

The Company's second largest shareholder, Santo Holding AG has waived vis-à-vis COMMERZBANK by way of a binding waiver declaration (*Verzichtserklärung*) the majority of its subscription rights with the effect that its subscription rights will expire without value. However, it has committed to enable the Joint Bookrunners to offer shares to interested investors in an amount equal to the amount of New Shares which Santo Holding AG will not subscribe for in the subscription offer. Furthermore, Santo Holding AG has declared vis-à-vis the Company that it intends to directly hold at least 10% plus one share of the Company's share capital following the Offering.

Corresponding to the binding waiver declaration of Santo Holding AG described above, a third-party investor has committed, subject to certain conditions, to the Company and to Berenberg Bank to participate in the Offering by way of a binding acquisition commitment (the "**Binding Acquisition Commitment**") (*Festübernahmeerklärung*) in which the investor has agreed to acquire New Shares corresponding to the number for which Santo Holding AG has waived its subscription rights. The Company and Berenberg Bank have committed to deliver such number of New Shares to the investor at the Subscription Price. Berenberg Bank and the third party investor have agreed on a consideration to be provided by Berenberg Bank for the Binding Acquisition Commitment.

5.12 Interests of persons involved in the Offering

The Joint Bookrunners have a contractual relationship with the Company in relation to the Offering and the admission of the New Shares of the Company to the stock exchanges. Berenberg Bank, COMMERZBANK and UBS have been instructed by the Company as Joint Global Coordinators for the Offering. They advise the Company in implementing the Offering and the stock exchange listings of the New Shares and coordinate the structure and execution of the Offering. The Joint Bookrunners will receive a commission if the transaction is completed successfully.

The Joint Bookrunners or their respective affiliates may, from time to time, enter into business relations with IVG or may render services to IVG in the ordinary course of business. The Joint Bookrunners, or their respective affiliates, are currently engaged in various business relationships with IVG; among other things, the majority of the Joint Bookrunners have granted loans and credit lines to companies of the Group (for a description of the loan agreements, see section "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and capital resources – Financial liabilities*").

6. REASONS FOR THE OFFERING, USE OF PROCEEDS AND COSTS OF THE OFFERING

6.1 Proceeds and costs of the issue

In connection with the Offering, the Company receives net proceeds equal to the gross proceeds from the sale of the New Shares less the total issue-related expenses to be borne by the Company. Assuming that all New Shares will be sold at the Subscription Price of EUR 2.10, the gross proceeds of the Offering would amount to approximately EUR 145.5 million.

The Company estimates the total expenses incurred in connection with the public offering and admission to trading of the New Shares (including commissions of the Joint Bookrunners in the amount of approximately EUR 5.9 million) to be approximately EUR 10.3 million.

As a result, the Company expects to receive net proceeds of approximately EUR 135.2 million.

6.2 Reasons for the Offering and use of proceeds

The net proceeds from the Offering are intended to address IVG's major strategic goals, including the establishment of a basis for financial repositioning and the increase of assets under management and recurring income.

IVG intends to use the main portion (85%-95%) of the net proceeds to secure the financing for the commencement of and continued construction of future caverns. The Company expects to use the net proceeds from the Offering to finance such future caverns which are not yet measured at fair value and which are pre-let and, in part, pre-sold. For more information on the future caverns, see section "*Business – Business activities – Investment division – Caverns*". The construction of further caverns will establish the basis for the Company's successive de-leveraging by increasing asset values and enabling debt repayments. The reasoning is as follows: In accordance with IAS 40, caverns qualify as investment property under construction. As soon as caverns exceed a volume of 300,000 cubic meters, the caverns are no longer measured at cost, but rather at fair value. Due to this, the caverns increase in value on-balance sheet. In the past, the average value increase on invested capital ranged from 100% to 150%. Thus, such value increase in assets, could reduce the Company's current LTV ratio. In addition, a subsequent sale of caverns at fair value and the use of the sales proceeds for further debt repayments augments this effect by reducing the LTV ratio even further.

IVG intends to use the smaller portion (5%-15%) of the net proceeds to increase its investment capacity in line with its platform strategy for potential seed investments, i.e., an initial equity investment in funds that are structured by IVG, thereby strengthening its operational flexibility. Seed investments are co-investments by the initiator of fund products undertaken in line with the other investors in a certain new fund products. Such co-investment increases the confidence of investors in the relevant new fund product and thus enhances the fund's marketability and, in turn, the growth potential of IVG's assets under management.

Also, IVG's seed investments lever its return on invested capital, while reducing the risk exposure to the performance of the fund at the same time. For IVG, income from funds in which it co-invests consists of two components: the dividend income from the investment in the fund product in addition to the fee income for the management of the fund. While dividend payments depend on the performance of the fund, management fees are independent of such performance, and a portion of IVG's fund management fees are paid independently of such performance. In addition, the combination of performance linked income and income independent of such performance reduces income volatility and thus the risk for the Company.

IVG envisages to engage in co-investments, that should, in general, be in a range of 10% to 20% of the respective equity stake of certain fund products and, in the event that opportunities arise, may engage in investments in excess of such levels. Even though there is no pre-defined investment pipeline for such products, excess liquidity from the Offering would increase IVG's flexibility to make use of certain market opportunities.

7. EARNINGS PER SHARE AND DIVIDEND POLICY

The dividend for a financial year is proposed jointly by the Management Board and Supervisory Board of the Company, and its payment is resolved by the shareholders at the General Shareholders' Meeting in the subsequent financial year. Unless otherwise provided for in the dividend resolution, dividends resolved at the General Shareholders' Meeting are payable on the first business day after the General Shareholders' Meeting. The claim for payment of dividends is subject to a three year limitation period. In case of limitation of the entitlement to a dividend, the claim for payment of a dividend expires and the dividend remains with the Company. The paying agent for dividends of the Company is COMMERZBANK Aktiengesellschaft.

Details concerning dividends are published in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*) and in at least one pan-regional newspaper designated for stock exchange notices. Dividends may only be distributed from the net retained profits (*Bilanzgewinn*) of IVG Immobilien AG reported in its annual financial statements. The net retained profit may only be distributed to the extent it is not subject to a constraint of distribution under section 268 para. 8 of the *Handelsgesetzbuch* (HGB – German Commercial Code). In contrast to the consolidated financial statements of IVG Immobilien AG which are prepared in accordance with IFRS, the annual financial statements are prepared in accordance with HGB. There are differences between financial reporting under HGB and under IFRS. Due to the Company's status as a holding company, the net retained profits are also determined by distributions of domestic and foreign subsidiaries as well as profit and loss transfers under existing profit and loss transfer agreements with domestic subsidiaries. To determine the distributable net retained profits, the net profit/loss for the period is adjusted for retained profits/accumulated losses brought forward from the previous year and for withdrawals from or appropriations to the reserves. Certain reserves must be established by law and must be deducted when determining the distributable net retained profits. Dividends are generally paid net of 25% withholding tax and the 5.5% solidarity surcharge payable on the withholding tax (see section "*Taxation in the Federal Republic of Germany – Taxation of shareholders – Taxation of dividends*").

The following table displays the consolidated profit of IVG under IFRS and the net profit reported in annual financial statements of IVG Immobilien AG under HGB, as well as the earnings per share in each case for financial year ended December 31, 2010, 2009 and 2008. The diluted earnings per share were adjusted for antidilutive effects as reported in the consolidated interim financial statements for the nine month period ended September 30, 2011. The table also contains information about the dividend per share distributed by the Company.

	Financial year		
	2010	**2009**	**2008**
	(audited, unless stated otherwise)		
Consolidated net profit of the Group in accordance with IFRS (in EUR million)	23.2	-158.0	-451.7
Consolidated net profit of the Group attributable to Group shareholders (in EUR million)	-8.8	-190.1	-484.3
Earnings per share according to IAS 33 (undiluted, in EUR)	-0.07	-1.61	-4.18
Earnings per share according to IAS 33 (diluted, unaudited, in EUR)[1]	-0.07	-1.61	-4.18
Unconsolidated net profit of IVG Immobilien AG in accordance with HGB (in EUR million)	-81.0	-552.5	421.1
Number of shares as of December 31 (unaudited)	126,000,000	126,000,000	116,000,000
Dividend distributed (in EUR) per share (unaudited)	—	—	—

[1] After adjustment; as reported in the consolidated interim financial statements for the nine month period ended September 30, 2011.

The ability of the Company to pay a dividend in future years generally depends on the amount of distributable net retained profits. The Company cannot make any statement on the amount of future net retained profits or on the issue whether net retained profits will be generated in the future. Consequently, no assurance can be given that dividends will be paid in future years. Moreover, dividends paid in previous years are no indication of the amount of future dividends because, e.g., the management of the Company may decide- on a case-by-case basis or on the basis of a dividend policy which may be adopted in the future - to suggest to the General Shareholders' Meeting to use future distributable net retained profits for a different purpose than the payment of dividends.

8. CAPITALIZATION AND INDEBTEDNESS

The following tables show the capitalization and net financial debt of IVG as of September 30, 2011 based on the Company's unaudited consolidated interim financial statements (IFRS).

CAPITALIZATION

	As of September 30, 2011	
	Unadjusted	As adjusted to reflect the capital increase, the Offering and the use of proceeds
	(unaudited)	
	(in EUR million)	
Total current liabilities	**1,855.2**	**1,855.2**
Thereof guaranteed[1]	10.0	10.0
Thereof secured[2]	1,318.2	1,318.2
Thereof unguaranteed/unsecured	527.0	527.0
Total non-current liabilities	**3,770.2**	**3,770.2**
Thereof guaranteed[1]	44.0	44.0
Thereof secured[2]	1,569.0	1,569.0
Thereof unguaranteed/unsecured	2,157.2	2,157.2
Total liabilities	**5,625.4**	**5,625.4**
Equity[3]	**1,323.8**	**1,459.0**
Subscribed capital[4]	138.6	207.9
Capital reserve[5]	696.0	761.9
Treasury shares[6]	-0.5	-0.5
Other reserves[7]	-73.2	-73.2
Retained earnings[8]	161.9	161.9
Hybrid capital[9]	400.9	400.9
Minority interests[10]	0.0	0.0
Total capitalization	**6,949.2**	**7,084.4**

1 All of which are bank guarantees.
2 All of which are real estate properties secured by land charges.
3 "Equity" corresponds to the "Total equity" in the consolidated statement of financial position.
4 "Subscribed capital" corresponds to the share capital divided into 138,599,999 no-par value ordinary bearer shares (adjusted for the capital increase: 207,899,998 no-par value ordinary bearer shares).
5 "Capital reserves" comprise any surplus proceeds from capital increases, the equity portion of equity-settled share-based payment transactions and the equity portion of the convertible bond.
6 "Treasury shares" comprise own shares held for future employee participation schemes, which are deducted within "Equity".
7 "Other reserves" comprise cumulative currency translation differences, fair value changes of financial instruments classified as "held for sale" and of derivatives designated to a specific hedge relationship and any related deferred taxes.
8 "Retained earnings" comprise the legal reserve, actuarial gains and losses as well as the profit and loss reserve.
9 "Hybrid capital" concerns a subordinate hybrid bond issued by IVG in two tranches in the years 2006 and 2007.
10 "Minority interests" comprise interests other shareholders have in the equity of consolidated subsidiaries.

NET FINANCIAL DEBT

	As of September 30, 2011	
	Unadjusted	**As adjusted to reflect the capital increase, the Offering and the use of proceeds**
	(unaudited)	
	(in EUR million)	
A. Cash and cash equivalents	150.7	285.9
B. Securities	2.1	2.1
C. Liquidity (A) + (B)	**152.8**	**288.0**
D. Current financial receivable	—	—
E. Current bank liabilities	1,152.3	1,152.3
F. Current portion of non-current liabilities	217.2	217.2
G. Other current financial liabilities	21.0	21.0
H. Current financial liabilities (E) + (F) + (G)	**1,390.5**	**1,390.5**
I. Net current financial indebtedness (H) – (D) – (C)	**1,237.7**	**1,102.5**
J. Non-current bank loans	3,212.9	3,212.9
K. Bonds issued	332.3	332.3
L. Other non-current financial liabilities	39.9	39.9
M. Non-current financial indebtedness (J) + (K) + (L)	**3,585.2**	**3,585.1**
N. Net financial indebtedness (I) + (M)	**4,822.8**	**4,687.6**

Indirect, contingent indebtedness and other financial commitments

As of September 30, 2011, the Group had indirect and contingent indebtedness amounting to EUR 94.7 million from contingent liabilities for securities and guarantees as well as other financial liabilities of EUR 4.1 million in connection with leasing and rent commitments and EUR 73.3 million in connection with investments and other purchase commitments.

Material changes in the financial position or trading position

After September 30, 2011 and before the date of this Prospectus the following three loans were extended:

- on the basis of an agreement reached with the lender on October 24, 2011 and a binding unconditional term sheet, the property financing for the Pegasus portfolio, originally dated December 22, 2004 with an original volume of EUR 150.0 million, originally expected to mature on October 31, 2011, will be prolonged in the amount of EUR 144.8 million with a new maturity on October 31, 2013;

- on the basis of a binding term sheet, dated November 8, 2011, subject to certain conditions precedent, a loan agreement between IVG and a syndicate of banks, originally dated May 12, 2009 ("**Syndicated Loan 2009**") with an original volume of EUR 1,319.4 million, originally expected to mature on December 28, 2012, will be prolonged and extended in the amount of EUR 1,017.4 million with a new maturity on September 25, 2014; and

- on the basis of a binding term sheet, dated November 10, 2011, subject to certain conditions precedent, a loan agreement between IVG and a syndicate of banks, originally dated September 11, 2007 ("**CORE financing agreement**") with an original volume of EUR 980.0 million, originally expected to mature on September 7, 2012, will be prolonged in the amount of EUR 932.5 million as of September 30, 2011 with a new maturity on December 31, 2015.

On October 26, 2011 and on November 4, 2011, respectively, IVG sold two properties, one located at 7 Place Vendôme in Paris, France and one located at 20/22 Rue Grange Dame Rose "Thalès" in Vélizy Villacoublay, Greater Paris, France. The combined purchase price of the two transactions amounted to EUR 251.0 million. Both transactions are expected to close on or before December 31, 2011.

Working capital statement

The Company is of the opinion that, from today's perspective, the Group has sufficient working capital to meet its payment obligations at least within the next twelve months and that it has sufficient working capital for its current requirements within this period.

Moreover, for the financial years 2010, 2009 and 2008, IVG's auditors have included emphasis of matter paragraphs in their auditor's reports stating that they are required to advise that the continued existence of the Group as a going concern is threatened by risks mentioned in the group management reports which are reproduced for the financial year 2010 on page F-106, for the financial year 2009 on page F-191 and for the financial year 2008 on page F-289. Some of these risks, including risks in connection with the non-occurrence of the expected sales of caverns and properties and the non-implementation of the agreed extensions with binding commitments, are also mentioned in the interim management report of the interim financial statements for the nine month period ended September 30, 2011 that does not contain an auditor's report or a review report.

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9. DILUTION

Shareholders who exercise their subscription rights for the New Shares will maintain their percentage of ownership in the Company's share capital following the capital increase. To the extent that shareholders do not exercise their subscription rights, each shareholder's share in the Company would be diluted by 33.33%.

The net book value of the Company (corresponding to the equity of the Company attributable to the Group shareholders) amounted to EUR 922.8 million as of September 30, 2011 (based on the unaudited consolidated interim financial statements for the nine month period ended September 30, 2011), which corresponds to EUR 6.66 per share (based on the 138,599,999 outstanding shares of the Company as of the date of this Prospectus).

The Company is expecting gross proceeds of the Offering from the capital increase in an amount of approximately EUR 145.5 million based on the Subscription Price of EUR 2.10 per New Share. The Company estimates the total expenses incurred in connection with the public offering and admission to trading of the New Shares (including commissions of the Joint Bookrunners in the amount of approximately EUR 5.9 million) to be approximately EUR 10.3 million. Deducting these costs from the gross proceeds of approximately EUR 145.5 million, net proceeds would amount to approximately EUR 135.2 million. Thus, by September 30, 2011, the net book value of the Company would have been approximately EUR 1,058.0 million, which corresponds to approximately EUR 5.09 per share (after the placement of the 69,283,885 New Shares, i.e., based on 207,883,884 outstanding shares of the Company following the implementation of the capital increase contemplated in this Offering). This would represent an immediate decrease in the net book value of the Company by approximately EUR 1.57 (23.56%) per share for existing shareholders who do not exercise their subscription rights and a direct increase from EUR 2.10 per New Share by approximately EUR 2.99 (142.35%) per New Share for those who acquire the New Shares at the Subscription Price.

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10. SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

*The financial and operating information for the financial years 2010, 2009 and 2008 summarized below has been extracted from the audited consolidated financial statements of IVG Immobilien AG for those financial years, each ended December 31, which are also included in the section "Financial Statements". The financial and operating information for the nine month period ended September 30, 2011 (including comparable figures for the nine month period ended September 30, 2010) summarized below has been extracted from the unaudited consolidated interim financial statements for that period, which are also included in the section "Financial Statements" as well as from the accounting records of IVG. The consolidated financial statements and the consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"). The consolidated financial statements for the financial years 2010, 2009 and 2008 were audited by PwC, who in each case issued an unqualified auditors' report each containing an emphasis of matter paragraph drawing attention to risks threatening the going concern of the IVG Immobilien AG group companies (ergänzender Hinweis auf bestandsgefährdende Risiken). The financial information summarized below should be read in particular in conjunction with the section "Management's Discussion and Analysis of Financial Position and Results of Operations", the audited consolidated financial statements of IVG, the unaudited consolidated interim financial statements of IVG as well as the audited annual financial statements of the Company included in this Prospectus together with the accompanying notes, and the additional financial information included elsewhere in this Prospectus.*

Selected Information from the Consolidated Income Statement

	Year ended December 31			**Nine month period ended September 30**	
	2010	**2009**	**2008**	**2011**	**2010**
	(audited, unless stated otherwise)			*(unaudited)*	*(unaudited)*
	(in EUR million, unless stated otherwise)				
Revenues	821.8	838.8	608.6	440.4	697.8
Changes in inventories and other own work capitalized	170.3	97.9	452.7	72.4	37.4
Unrealized changes in market value of investment property	53.0	2.8	-583.3	16.1	50.3
Realized changes in market value of investment property	-0.1	-64.1	171.1	-1.2	-0.7
Other operating income	25.2	80.5	290.3	13.3	16.8
Material expenses	-570.1	-588.4	-692.6	-282.5	-390.6
Personnel expenses	-71.0	-73.7	-68.8	-52.9	-50.8
Depreciation and amortisation of intangible assets and property, plant and equipment[1]	-10.1	-11.8	-17.9	-5.6	-6.9
Expenses from investment property	-68.2	-69.7	-81.7	-56.5	-52.0
Other operating expenses	-112.5	-137.4	-178.6	-77.6	-80.4
Gains/losses from associated companies accounted for using the equity method	15.8	-12.2	2.0	3.0	14.7
Income from equity investments[2]	1.9	1.3	-0.4	0.8	1.5
Earnings before interest and taxes (EBIT)	**256.2**	**64.1**	**-98.6**	**69.6**	**237.1**
Financial income	81.6	121.1	202.6	94.0	50.9
Financial expenses	-316.7	-374.5	-601.1	-279.2	-229.8
Financial results	**-235.1**	**-253.4**	**-398.5**	**-185.2**	**-179.0**
Net profit before income taxes	**21.1**	**-189.3**	**-497.1**	**-115.6**	**58.2**
Income taxes	2.1	31.3	45.4	60.9	-11.6
Consolidated net profit	**23.2**	**-158.0**	**-451.7**	**-54.7**	**46.5**
Share attributable to Group shareholders[3]	-8.8	-190.1	-484.3	-78.7	21.6
Share attributable to hybrid capital providers[4]	32.0	32.0	32.0	24.0	24.0
Share attributable to third parties[5]	0.0	0.1	0.6	0.0	0.9
Undiluted earnings per share in EUR[6]	-0.07	-1.61	-4.18	-0.58	0.17
Diluted earnings per share in EUR (unaudited)	-0.07[7]	-1.61[7]	-4.18[7]	-0.58	0.17[7]

1 In the English-language version of the financial report 2008 this line item is called "Depreciation and amortization of intangible assets and property, plant and equipment". This does not apply to the German-language version of the respective financial report.

2 In the English-language version of the financial report 2009 this line item is called “Income from share investments”. This does not apply to the German-language version of the respective financial report.

3 In the English-language version of the financial reports 2008 and 2009 this line item is called “Share of Group shareholders in earnings”. This does not apply to the German-language version of the respective financial report.

4 In the English-language version of the financial reports 2008 and 2009 this line item is called “Share of hybrid capital providers in earnings”. This does not apply to the German-language version of the respective financial report.

5 In the English-language version of the financial reports 2008 and 2009 this line item is called “Share of third parties in earnings”. This does not apply to the German-language version of the respective financial report.

6 In the English-language version of the financial reports 2008 and 2009 this line item is called “Basic earnings per share in EUR”. This does not apply to the German-language version of the respective financial report.

7 After adjustment; as reported in the consolidated interim financial statements for the nine month period ended September 30, 2011.

Selected Information from the Consolidated Statement of Financial Position[1]

	As of December 31			As of September 30
	2010 *(audited)*	2009 *(audited)*	2008 *(audited)*	2011 *(unaudited)*
	(in EUR million)			
Assets				
Non-current Assets				
Intangible assets	250.0	250.1	249.7	251.3
Investment property	4,760.7	4,767.7	5,172.2	4,263.3
Property, plant and equipment	128.9	119.2	368.1	137.8
Financial assets	153.9	171.4	245.5	133.6
Investments in participations accounted for using the equity method[2]	81.9	76.5	37.9	93.3
Derivative financial instruments	3.5	—	—	—
Deferred tax assets	271.0	281.2	367.0	324.3
Receivables and other assets	47.6	39.1	30.9	64.2
Total non-current assets	**5,697.5**	**5,705.1**	**6,471.3**	**5,267.9**
Current Assets				
Inventories	1,065.0	939.6	1,002.2	1,036.9
Receivables and other assets	177.0	178.4	168.7	159.6
Income tax receivables	45.2	49.0	39.9	30.4
Derivative financial instruments	—	1.4	38.7	0.0[3]
Securities	2.0	6.3	1.4	2.1
Cash and cash equivalents	274.9	266.9	44.2	150.7
	1,564.2	**1,441.6**	**1,295.1**	**1,379.8**
Non-current assets held for sale	30.7	246.8	109.1	301.5
Total current assets	**1,594.9**	**1,688.3**	**1,404.2**	**1,681.3**
Total assets	**7,292.4**	**7,393.4**	**7,875.5**	**6,949.2**

1 In the English-language version of the financial report 2008 this statement is called “Consolidated Balance Sheet”. This does not apply to the German-language version of the respective financial report.

2 In the English-language version of the financial report 2009 this line item is called “Shares in equity investments accounted for using the equity method” and in the English-language version of the financial report 2008 “Investments in associated companies accounted for using the equity method”. This does not apply to the German-language version of the respective financial report.

3 Extracted from the accounting records of IVG.

	As of December 31			As of September 30
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)
	(in EUR million)			
Equity and Liabilities				
Equity				
Subscribed capital	126.0	126.0	116.0	138.6
Capital reserve	622.1	621.6	561.0	696.0
Treasury shares	-0.5	-0.5	-0.5	-0.5
Other reserves	-101.3	-133.4	-133.0	-73.2
Retained earnings	238.5	250.1	443.5	161.9
Equity attributable to Group shareholders	**884.8**	**863.8**	**987.0**	**922.8**
Hybrid capital	400.9	400.9	400.9	400.9
Minority interests	0.3	0.4	3.0	0.0
Total equity	**1,286.1**	**1,265.1**	**1,390.9**	**1,323.8**
Non-current liabilities and provisions				
Financial liabilities	4,143.1	4,452.5	4,250.4	3,585.2
Derivative financial instruments	46.0	101.0	87.9	45.3
Deferred tax liabilities	71.5	99.6	246.0	62.5
Pension provisions	16.3	12.6	10.8	17.1
Other provisions	27.4	24.6	27.9	12.5
Liabilities	3.2	4.0	10.0	47.7
Total non-current liabilities	**4,307.4**	**4,694.3**	**4,633.0**	**3,770.2**
Current liabilities				
Financial liabilities	1,145.4	802.0	1,349.1	1,390.5
Derivative financial instruments	66.5	24.6	17.1	51.2
Other provisions	54.4	71.9	147.0	84.7
Liabilities	354.8	370.1	270.0	275.5
Income tax liabilities	77.8	80.5	68.4	53.3
	1,698.9	**1,349.1**	**1,851.6**	**1,855.2**
Liabilities associated with non-current assets held for sale[1]	—	84.9	—	—
Total current liabilities	**1,698.9**	**1,434.0**	**1,851.6**	**1,855.2**
Total equity and liabilities	**7,292.4**	**7,393.4**	**7,875.5**	**6,949.2**

[1] In the English-language version of the financial report 2009 this line item is called "Liabilities in connection with non-current assets for sale" and in the English-language version of the financial report 2008 this line item is called "Liabilities associated with the sale of non-current assets held for sale". This does not apply to the German-language version of the respective financial report.

Selected Information from the Consolidated Cash Flow Statement

	Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)				
Cash flow from current activities	158.8	168.2	277.2	96.2	110.1
Cash flow from operating activities	-233.3	-50.5	-422.6	-215.4	-100.0
Cash flow from investing activities	208.8	485.8	-410.7	249.2	21.9
Cash flow from financing activities	24.6	-204.4	772.0	-158.2	33.1
Net change in cash and cash equivalents from operations	0.1	230.9	-61.3	-124.4	-45.0
Cash and cash equivalents as of 01.01.[1]	274.9	44.2	106.2	274.9	274.9
Cash and cash equivalents as of 31.12.[2].	274.9	274.9	44.2	—	—
Cash and cash equivalents as of 30.09.	—	—	—	150.7	229.8

1 In the financial reports 2008 and 2009 this line item is called "Cash and cash equivalents at January 1".
2 In the financial reports 2008 and 2009 this line item is called "Cash and cash equivalents at December 31".

Selected Segment Information

	Real Estate					Development				
	Year ended December 31			Nine month period ended September 30		Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)					*(in EUR million)*				
Total revenues	303.0	632.8	364.1	227.2	221.6	408.8	67.8	69.4	133.4	399.0
EBIT	110.6	-44.0	-427.7	97.1	78.4	-7.3	-125.8	-137.2	-87.1	30.3
Investments	88.4	97.1	1,055.5	45.6	76.2	21.0	24.5	1.1	0.9	15.1

	Caverns					Institutional Funds				
	Year ended December 31			Nine month period ended September 30		Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)					*(in EUR million)*				
Total revenues	45.8	61.4	57.2	33.9	28.3	58.0	66.4	67.0	43.1	43.5
EBIT	163.2	233.8	442.6	73.0	132.1	18.2	23.0	23.3	13.7	14.6
Investments	131.1	103.5	184.0	89.6	90.4	0.0	13.4	56.5	1.3	0.0

	Private Funds				
	Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)				
Total revenues	6.2	14.5	52.3	2.8	5.2
EBIT	2.1	1.7	19.7	-4.2	2.9
Investments	0.0	12.9	8.7	0.0	0.0

Other Financial and Operation (Non-IFRS) Data

Prospective investors should bear in mind that the following performance indicators and ratios are not financial measures defined in accordance with IFRS or HGB and, as such, may be calculated by other companies using different methodologies and having different results. These performance indicators and ratios, therefore, are not directly comparable to similar figures and ratios reported by other companies.

The following tables provide an overview of certain performance indicators and ratios used by IVG:

	As of December 31			As of September 30
	2010	**2009**	**2008**	**2011**
	(audited, unless stated otherwise)			*(unaudited)*
	(in EUR million, unless stated otherwise)			
Net asset value (NAV)[1] (unaudited)	**884.8**	**863.8**	**987.0**	**922.8**
Difference between the fair value of all caverns and their carrying amount (unaudited)	356.3	389.6	486.1	276.8
NAV adjusted (unaudited)	**1,241.1**	**1,253.4**	**1,473.1**	**1,199.6**
NAV per share in EUR[2] (unaudited)	**7.02**	**6.86**	**8.51**	**6.66**
NAV adjusted per share in EUR[2] (unaudited)	**9.85**	**9.95**	**12.70**	**8.66**
Convertible bond	324.6	314.6	305.3	332.3
Bank loans, current	1,122.2	782.4	1,270.1	1,369.4
Bank loans, non-current	3,781.0	4,055.2	3,891.4	3,212.9
Commercial paper	—	—	67.0	—
Sum of convertible bond, bank loans and commercial paper	5,227.8	5,152.2	5,533.8	4,914.7
Total assets	7,292.4	7,393.4	7,875.5	6,949.2
Loan-to-value (carrying amounts) in %[3], (unaudited)	**71.7**	**69.7**	**70.3**	**70.7**

1 NAV corresponds to "Equity attributable to Group shareholders" in the consolidated statement of financial position.

2 On the basis of the number of shares at the relevant date (September 30, 2011: 138.6 million, December 31, 2010: 126.0 million, December 31, 2009: 126.0 million and December 31, 2008: 116.0 million).

3 LTV is derived from the consolidated statement of financial position and is calculated by dividing the sum of convertible bond, bank loans and commercial paper by total assets.

	Year ended December 31[1]		Nine month period ended September 30	
	2010 *(unaudited)*	2009 *(unaudited)*	2011 *(unaudited)*	2010 *(unaudited)*
	(in EUR million, unless stated otherwise)			
Earnings before interest and taxes (EBIT)	**256.2**	**64.1**	**69.6**	**237.1**
Deduction of unrealized changes in value[2]	-5.3	152.8	68.6	-40.0
EBIT before unrealized changes in value	**250.9**	**216.9**	**138.3**	**197.1**
Elimination of non-recurring EBIT from development activities[3]	-39.2	-14.8[10]	0.2	-39.5
Elimination of non recurring result from trading activities (excl. development activities)[4]	0.1	63.6	1.0	0.7
Elimination of non-cash effects included in EBIT (excl. development activities)[5]	-8.0	-6.9	-0.7	-4.3
Deduction of regular payments to other stakeholders[6]	-188.8	-202.9	-124.4	-138.2
Funds from operations I (FFO I) – recurring (excl. activities from development and trading)	**15.0**	**55.9**	**14.4**	**15.9**
Add back eliminated result from trading activities	-0.1	-63.6	-1.0	-0.7
Add back eliminated result from development activities	39.2	14.8[10]	-0.2	39.5
Elimination of non-cash effects included in EBIT from development activities[7]	-11.9	-1.5	-2.1	-11.1
Add back eliminated cash effective from development financing (incl. hybrid)[8]	-32.0	-33.6	-20.5	-24.1
FFO II – total (incl. activities from development and trading)	**10.2**	**-28.1**	**-9.4**	**19.5**
FFO I per share in EUR[9]	**0.12**	**0.31**	**0.11**	**0.13**
FFO II per share in EUR[9]	**0.08**	**-0.37**	**-0.07**	**0.15**

1 The FFO measure was implemented at IVG at the beginning of 2009.

2 "Unrealized changes in value" includes all valuation effects from the following IAS 2, IAS 36, IAS 39 and IAS 40 without tax effects. This measure is part of the consolidated income statement (see pages F-4, F-27, F-108 and F-193).

3 Corresponds to the EBIT before changes in value as stated in the segment reporting (see pages F-12, F-14, F-91, F-174 and F-255). In 2009, a further adjustment was made (see footnote 10).

4 Corresponds to the "Realized changes in market value of investment property" of the Group – as stated in the segment reporting (see pages F-12, F-14, F-91, F-174 and F-255) after deducting the Development segment.

5 Comprises non-cash effects such as depreciation and amortization of intangible assets and property, plant and equipment, gains and losses from associated companies accounted for using the equity method and other non-cash effects and material non-recurring items, i.e., one-off effects (excl. Development segment).

6 Comprises the net interests paid and accrued payouts to hybrid holder (excl. those attributable to the Development and Caverns segments) and net taxes paid.

7 Comprises non-cash effects such as Depreciation and amortization of intangible assets and property, plant and equipment, gains and losses from associated companies accounted for using the equity method and other non-cash effects and material non-recurring items, i.e., one-off effects, for the Development segment only.

8 Comprises the net interests paid and accrued payouts to hybrid holder attributable to the Development segment and net taxes paid.

9 On the basis of the weighted number of shares in the relevant period (January 1 to September 30, 2011: 136.6 million, January 1 to September 30, 2010: 126.0 million, January 1 to December 31, 2010: 126.0 million and January 1 to December 31, 2009: 117.9 million).

10 Includes adjustment for an asset sale of EUR 9.4 million not recorded in the Development segment.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Investors should read the following discussion and analysis of IVG's financial condition and results of operations in conjunction with the sections entitled "Risk Factors" and "Financial Statements". The following discussion includes forward-looking statements which are subject to risks, uncertainties and other factors which may cause actual results to differ from the results contained or implied in the forward-looking statements. For further information, see sections "General Information – Forward-looking statements" and "Risk Factors". The financial information included in the following discussion is based on the audited consolidated financial statements and the unaudited consolidated interim financial statements of the Group as well as the audited annual financial statements of the Company (together, the "**Financial Statements**"), which are included in the section "Financial Statements". Financial data included in the tables below are stated as being "audited" or "unaudited", indicating whether they have been derived from the audited consolidated financial statements included in this Prospectus in accordance with item 20.4 of Annex I to the Regulation (EC) No. 809/2004 of the European Commission or the unaudited consolidated interim financial statements included in this Prospectus in accordance with item 20.6.2 of Annex I to the Regulation (EC) No. 809/2004 of the European Commission. Unless otherwise explicitly stated, all financial data shown in this section, in the text and in the tables are quoted in EUR millions and have been commercially rounded to the nearest one decimal place. The percentage changes specified in the text and in the tables have been rounded to one decimal place unless otherwise expressly indicated. The rounding of the percentage changes was based on the unrounded absolute figures. As a result of the rounding, the figures set out in the tables in certain cases do not add up precisely to the corresponding total, and the percentage figures in certain cases do not add up precisely to 100.0%.*

11.1 Overview

IVG purchases, manages, develops and sells its own and third-party commercial real estate as well as caverns and also initiates institutional and private funds and selectively co-invests in those funds. IVG has offices in 19 locations in 12 countries. As of September 30, 2011, IVG had 589 employees (full time equivalents ("**FTE**")) and assets under management amounting to EUR 21.7 billion comprising on-balance sheet: EUR 4.1 billion in the Real Estate segment, EUR 1.5 billion invested capital in the Development segment, EUR 0.9 billion invested capital in the Caverns segment, as well as off-balance sheet: EUR 12.2 billion in the Institutional Funds segment and EUR 3.0 billion in the Private Funds segment.

Since the onset of the financial crisis in 2008 and 2009, IVG has made significant changes to its strategic goals and organizational structure. IVG's management has focused on activities that reduce the Company's risk exposure, reorganized the business into a two division structure with a close alignment of activities and strategic goals and resolved to phase out its Development segment in the medium term. Moreover, beginning in 2009, IVG's management successfully commenced the financial restructuring of IVG by bundling several bilateral credit lines in a single syndicated loan with an extended maturity profile. In this context, IVG also furthered its debt relief through a sales program of caverns to a specialized fund structured by IVG investing in caverns (the "**IVG Cavern Fund**") thereby achieving further financial stability. In addition, in order to fund its development projects, other investments and its operations, IVG has sold assets belonging to its real estate investment portfolio on an ongoing basis. IVG will be required to continue to sell parts of its real estate portfolio to fund its liquidity needs, mainly through the sale of properties that it considers outside the scope of its future investment strategy, thereby optimizing its portfolio. The recent roll-over and prolongation of four of its major credit facilities were some of the last steps in IVG's financial restructuring. Throughout and due to its financial restructuring process, IVG maintained the support of its financing banks.

Today, IVG's business comprises two divisions: the Investment division and the Funds division. In addition, IVG Asset Management GmbH operates as a central service unit offering professional asset management services to IVG's two divisions and aims to ensure sustainable cash flow for the two divisions.

The Investment division encompasses three segments: "Real Estate", "Development" and "Caverns". IVG's core business in the Real Estate segment comprises the purchase, modernization, renting and sale of commercial real estate, particularly office properties with a current geographic focus on Germany, France, Benelux and Finland, and IVG intends to narrow the focus of its Real Estate business to Germany in the future. As of September 30, 2011, IVG held 234 properties with a total market value amounting to EUR 4.1 billion on-balance sheet. In its Development segment, IVG focuses on the development of office properties in selected European growth regions and, as of September 30, 2011, the value of current assets in this segment amounted to EUR 1,018 million. Thereof, EUR 980.0 million are related to the six major projects. In 2011, IVG intends to complete its remaining two project developments which are still under construction. IVG further envisages to continue selling off its development assets and to not enter into new project developments in order to complete its phase out of the Development segment by 2013. In the third segment in the Investment division, the Caverns segment, IVG engages in the construction, renting and operation of underground storage facilities for oil and gas. IVG's caverns business currently encompasses 52 caverns suitable for storing oil and gas in a combined volume of about 30 million cubic meters. IVG envisages establishing a portfolio of 130 caverns by 2022, of which 60 will be owned by IVG. 70 caverns (some of which are under development) have already been pre-sold to the IVG Cavern Fund of which 51 have been transferred to the IVG Cavern Fund at the date of the Prospectus and 19 will be transferred until 2014.

The Funds division is divided into the segments "Institutional Funds" and "Private Funds". In its Funds division, IVG initiates funds for institutional and private investors, i.e., structures, initiates, places and manages investment products. IVG also selectively co-invests in certain of these funds which match its strategic focus in order to align its interests with those of third-party investors. In its Institutional Funds segment, IVG focuses on the structuring, initiation, placement and management of real estate funds and real estate structured products for institutional investors. As of September 30, 2011, IVG managed 41 open-ended property funds in the Institutional Funds segment with assets under management amounting to EUR 12.2 billion. In its Private Funds segment, IVG focuses on the structuring, initiation, placement and management of real estate funds for private investors. As of September 30, 2011, IVG managed 26 closed-end funds in the Private Funds segment with approximately 60,000 private investors and assets under management amounting to EUR 3.0 billion.

11.2 Material factors affecting the results of operations

The following section discusses external market-related factors and factors resulting from the operating business of the Company that, in the opinion of the Company, are material and have affected IVG's results of operations in the past or may affect them in the future.

11.2.1 General economic conditions and their impact on the commercial real estate market

Macroeconomic developments and general economic conditions affect the markets for commercial real estate, including office real estate, and therefore have an impact on IVG's activities as a real estate purchaser, vendor, lessor, manager and developer and an initiator of, and in part, co-investor in real estate funds. Since 2007, the global financial and economic crisis as well as its aftermath have had a significant effect on the European and German real estate markets. The reduced availability of financing during and since the crisis, whether through the issuance of debt or bank loans, has limited the opportunities for IVG to purchase real estate and reduces the number of potential investors for selling real estate. In the fourth quarter of 2007, the transaction volumes in the real estate investment market in Europe amounted to around EUR 60.0 billion. Thereafter, the quarterly investment volume continuously decreased to EUR 11.5 billion in the first quarter of 2009 before increasing to EUR 35.0 billion in the last quarter of 2010. Quarterly transaction volume has since declined again to approximately EUR 25.0 billion in the second quarter of 2011.

Prime rents decreased in many markets between fall 2008 and the end of 2009. Since then, rental levels in the 20 major European markets for prime offices have increased by an average of 5.4%. While prime rents remain on a downward trend in markets such as Madrid, there has been some recovery in other markets, such as London, Paris and Frankfurt. The average vacancy rate increased significantly in the 20 European markets observed between fall 2008 and the end of 2009 from approximately 8% to approximately 10%. After stabilization at this level during 2010, the average vacancy rate has recently decreased to 9.5% (source: IVG European property markets research based on data from Cushman & Wakefield European Research Group, London (3rd Quarter 2011)).

Tensions in the capital markets, a general lack of liquidity and/or a lack of investor confidence could diminish both potential purchasers' ability and willingness to buy IVG's properties and investors' appetite to invest in funds structured and/or initiated and managed by IVG. An overall economic downturn could also affect the financial condition of IVG's existing tenants in its rented properties and therefore increases the likelihood of tenants delaying, defaulting on or seeking reduction in rental payments as well as instances of vacancies and potentially limits IVG's ability to find suitable and financially stable new tenants.

11.2.2 Accounting for investment property and its disposal

According to IAS 40, investment property is property held to earn rentals or for capital appreciation or both. Due to a change of IAS 40, since the beginning of 2009 property under construction that is to be used as investment property in the future may qualify as investment property under IAS 40. Most of IVG's own on-balance sheet real estate assets qualify as investment property. Some of IVG's properties cannot be measured according to IAS 40 because they are owner-occupied. Real estate assets being developed by IVG for third parties, i.e., with the intention to sell these assets upon completion, do not qualify as investment property. Such project developments are accounted for according to IAS 2 and presented as "Inventories". All of IVG's caverns qualify as investment property in spite of being partially pre-sold.

IAS 40 allows a company to measure its investment property portfolio either using the cost model or the fair value model. Following the European Public Real Estate Association's recommendations IVG's management has opted for the fair value model since the beginning of 2007. According to the fair value model, upon its purchase the initial measurement of an investment property takes place at cost including ancillary purchase costs. In subsequent reporting periods, investment property is measured at fair value. Any change in the fair value between two dates is recognized in the consolidated income statement and presented as "Unrealized changes in value of investment property". Thus, increases in fair value have a positive effect, while decreases have a negative effect on IVG's consolidated net profit. Upon disposal of an investment property, the difference between the net sales proceeds and its carrying amount, i.e., the capital gain, is recognized in the consolidated income statement and presented as “Realized changes in value of investment property”.

As long as the fair value of an investment property cannot be reliably determined, it has to be measured using the cost method. In case of real estate assets under construction, its fair value can normally be determined reliably as soon as the building permit is obtained. For caverns under construction, however, IVG’s management does not consider the presence of a legal permit to be enough to determine its fair value on a reliable basis. Due to geological uncertainties especially in the first construction phase, IVG’s management considers that the fair value of a cavern under construction can only be reliably determined once the cavern exceeds 300,000 cubic meters of economically usable storage space, which is roughly 50% of the maximum storage space per cavern.

Using the cost method, investment property is valued at depreciated cost less any accumulated impairment losses after initial measurement. In case of investment property under construction, measurement takes place at construction cost including borrowing costs less any accumulated impairment losses. Impairment tests are performed on a quarterly basis, whereby the carrying amount is reduced to its lower fair value. IVG’s management would not normally expect to record such an impairment loss unless a cavern’s foreseeable storage space is substantially lower than the planned storage space.

Fair value measurement is based on several parameters, including annual rent increases, likelihood of rent renewal, market rent level and capitalization rates as well as discount rates. Any vacancies in connection with refurbishments or otherwise, may have a negative effect on the value of an investment property, which will be the case for the property Großer Burstah in Hamburg in connection with the termination of the lease agreement by the tenant Allianz. For investment property under construction, aside from the usual valuation parameters, the significant parameters are capital expenditure, degree of realization and other milestones, such as the granting of a building permit and any pre-letting agreements.

Stated fair values of investment property are based on valuations performed by reputable neutral appraisers (especially Jones Lang LaSalle GmbH) on a quarterly basis.

11.2.3 Rental income

Rental income is primarily determined by the total space rented out multiplied by the rent per square meter for such space. Rental income is significantly influenced by the location and condition of the rented property as well as by general economic conditions and hence, demand in the real estate rental market. The expansion of total occupied space and the ability to raise rents lead to higher rental income. Increased vacancy and rent discounts, however, lead to lower rental income.

Rents are typically agreed for the term of the lease and may change in either direction only under certain pre-agreed adjustment mechanisms, such as, indexation clauses (*Indexmieten*) and graduated rents (*Staffelmieten*). After the expiry of the fixed lease term, rents are likely to be adjusted to a market rent if the existing tenant renews his lease or a new lease agreement is entered into with a new tenant. If the lease contract contains a renewal option for the tenant with pre-agreed terms, the lessor may be restricted in its ability to adjust the rental level to market rent after the fixed term has expired. Rental income may either increase or decrease depending on whether new and/or renewed leases generate more or less income compared to the loss of rental income caused by termination of leases. Letting success is determined by the quality of the vacant space, the location of the property, the overall economic and rental market environment and the ability of the asset manager to market rental space. Lease terms may vary significantly and depend on the country, the location of the property and the specific situation of the tenant. In Germany, a typical lease contains a five year fixed term and a five year renewal option for the tenant, which is also reflected in the weighted average unexpired lease term (WAULT) of IVG's investment properties of five years.

11.2.4 Maintenance and refurbishment

Real estate held by IVG directly or indirectly through a fund is in need of regular maintenance and may additionally be subject to refurbishment measures in order to maintain and enhance its value. Maintenance costs and refurbishment expenses are presented in the line item "expenses from investment property" in the consolidated income statement which includes expenses for service charges, expenses for ongoing maintenance, expenses for tenant improvements, property management services, property taxes, insurance costs and expenses for accounting. Larger refurbishment or improvement projects on investment property are directly capitalized in the line item "investment property" on the consolidated balance sheet. At the next balance sheet date, the carrying amount of the investment property, including the capitalized improvement, is adapted to the new fair value, potentially impacting the income statement line item "unrealized changes in market value".

11.2.5 Accounting for development projects and their disposals

Properties developed by IVG are accounted for as inventories as long as IVG intends to develop and sell such property to a third party and not to transfer it to its own portfolio. Most of the project developments in the Development segment are treated as inventories. In exceptional cases, project developments are allocated to the Real Estate segment but are still accounted for as inventories if there is a specific strategy to dispose of them. An important example for this was a project development in Milan which was initially started for the purpose of setting up a fund in the Private Fund segment. As of January 1, 2009, this project was reallocated to the Real Estate segment because the strategy for this property was adapted to the changed market conditions. Finally, this project development was sold in 2009 for EUR 287.5 million shortly after its completion in order to generate liquidity.

Project developments are measured at the lower of construction costs including borrowing costs and the net realizable value and are presented under "Inventories" in the consolidated balance sheet. Construction and borrowing costs are not capitalized directly on the consolidated balance sheet. Instead, they are presented on a gross basis in the consolidated income statement according to the "nature of expense method" (*Gesamtkostenverfahren*), i.e., capitalizable costs are shown simultaneously as expenses and as income without having an impact on EBIT. More precisely, construction costs are reflected in the line item "material expenses" and borrowing costs in "financial expenses". The capitalization of these costs is presented as income in the line item "changes in inventories and other own work capitalized". In case an impairment loss or a reversal of an impairment loss is triggered, this is presented in the line item "material expenses". Until 2009, reversals of impairments were presented as a gross amount in the line item "other operating income" and not in the line item "material expenses". Other project-related costs which are not capitalizable, such as marketing costs, are mainly presented in the line item "other operating expenses". Any rents received for the period between completion and sale of the property are shown as "other net rents" under the line item "revenues".

Once a project development is sold, the realized selling price reduced by selling expenses is presented as "income from project disposals" under the line item "revenues". The derecognition of the carrying amount in the inventories of the sold project development is recorded in the line item "changes in inventories and other own work capitalized".

Due to the fact that the development pipeline has contained project developments with varying project volumes and various project timelines across years, the figures in the Development segment and, similarly, the Group's figures are very volatile. The following table shows how the development pipeline progressed in the period from January 1, 2008 to September 30, 2011:

	Year ended December 31			Nine month period ended September 30	
	2010	2009	2008	2011	2010
	(unaudited, unless stated otherwise)			*(unaudited)*	*(unaudited)*
Development segment					
Income from project disposals (in EUR million)	388.7[1]	49.4[1]	53.0[1]	114.0	386.5
Number of projects sold	9	3	3	1	9
Real Estate segment					
Income from project disposals (in EUR million)	3.0[1]	287.5[1]	—	7.9	0.0
Number of projects sold	1	1	—	2	—

[1] Audited.

Besides the realization of project developments, their valuation may have a relevant impact on the Company's EBIT. For IVG, especially the valuation effects related to the project THE SQUAIRE have had a relevant and repeated effect on the Group's EBIT. The following table gives an overview of IVG's EBIT before and after impairment losses on THE SQUAIRE:

	Year ended December 31			Nine month period ended September 30	
	2010	2009	2008	2011	2010
	(audited, unless stated otherwise)			*(unaudited)*	*(unaudited)*
	(in EUR million)				
Earnings before interest and taxes (EBIT)	**256.2**	**64.1**	**-98.6**	**69.6**	**237.1**
Impairment losses on THE SQUAIRE	-38.9	-149.4	-67.9	-86.9	-4.3
Earnings before interest and taxes (EBIT) before impairment losses on THE SQUAIRE[1] (unaudited)	**295.1**	**213.5**	**-30.7**	**156.5**	**241.4**

[1] Non-IFRS measure.

Apart from the described project-related effects only a minor amount of overhead costs affects the results of the Development segment.

IVG's management expects cash outflows totaling EUR 125.0 million for the period from September 30, 2011 to the end of 2012 related to the completion and realization of the last project developments.

11.2.6 Caverns transaction in 2008 and promote structure

At the end of 2008, IVG sold 40 completed caverns and pre-sold 30 fully pre-let caverns under construction to the IVG Cavern Fund. With this sale IVG generated a total gain of EUR 351.0 million in 2008, consisting of realized changes in market value of investment property of EUR 175.7 million from the disposal of caverns and a capital gain from the sale of a consolidated subsidiary of EUR 175.3 million (presented in the line item "Other operating income").

As part of the sale, a promote structure was agreed upon with the purchaser in connection with the 40 completed oil caverns with rental agreements ending between 2009 and 2015.

According to this promote structure, IVG is entitled to additional annual payments in case it manages to increase the total annual rents for these caverns above a stipulated rent level by successfully extending the existing leases or agreeing on new ones. The maximum cumulated additional amount to which IVG may be entitled for the period until 2015 is EUR 92.9 million.

IVG recognizes the expected annual inflowing payments on a discounted basis in respect of a new or renewed lease agreement as income from transactions, concept and sales in respect of a new or renewed lease agreement as soon as this agreement is concluded. Additionally, interest income has to be accrued over the term of the promote structure.

On the basis of several prolongations and new leases agreed upon with the tenants, a total income from transactions, concept and sales of EUR 80.9 million was generated from January 1, 2009 up to September 30, 2011, of which EUR 16.9 million in the nine month period ended September 30, 2011, EUR 20.9 million in 2010 (thereof EUR 13.5 million in the nine month period ended September 30, 2010) and EUR 43.1 million in 2009. In addition, EUR 5.1 million have been accrued for interest income from January 1, 2010 to September 30, 2011. IVG's management estimates that the cap for this promote structure has been reached during the third quarter of 2011 and that the remaining income potential of EUR 6.9 million will be fully allocated to interest accruals for the remaining period of the agreement.

11.2.7 Availability and costs of financing

Any purchase, refurbishment and development of properties by IVG is regularly in need of partial third-party debt financing. The amount, type and conditions of such financing have a significant impact on IVG's net profit. Any change in interest levels may lead to increasing or decreasing costs of financing for IVG. Similarly, any trends in margins when loans are taken out or bonds are being issued could have a material effect on the costs of financing. The financial and economic crisis has affected the risk premiums which are demanded by lending institutions and have generally led to challenges when extending loan terms. Moreover, these risk premiums have led to higher interest rates and thus, to higher costs of financing.

In general, banks are becoming more cautious when providing funding for real estate. This might lead to an additional increase in margins and limit the amounts banks are willing to lend.

In the past, lower money market rates have positively influenced IVG's cost of financing while higher margins have had a negative impact. Both effects have generally offset each other. The following table presents some parameters of IVGs financing situation for the financial years 2010, 2009 and 2008 as well as for the nine month period ended September 30, 2011:

	Year ended December 31			**Nine month period ended September 30**
	2010	**2009**	**2008**	**2011**
	(audited, unless stated otherwise)			*(unaudited)*
	(in %, unless stated otherwise)			
Average interest rate for all liabilities to bank and convertible bond	3.98	4.04	4.57	4.31
Weighted margin	1.63	1.41	0.81	1.67
Weighted average maturity (years)	2.37	3.14	3.71	2.17
Loan-to-value (carrying amounts) (unaudited)	71.7	69.7	70.3	70.7
Percentage of fixed interest rate (incl. hedge) (unaudited)	60.2	69.1	61.0	64.6

Since September 30, 2011, loans maturing in 2011 and 2012 and with an aggregate outstanding amount, at the date of the Prospectus, of EUR 2.6 billion were extended (see section "*– Liquidity and capital resources – Financial liabilities*").

11.3 Results of operations

The discussion below presents a comparison of IVG's results of operations for the nine month periods ended September 30, 2011 and September 30, 2010 and for the financial years 2010, 2009 and 2008, each ended December 31.

The table below shows financial information from the income statements for the nine month periods ended September 30, 2011 and September 30, 2010 and for the financial years 2010, 2009 and 2008, each ended December 31, on the basis of IVG's respective audited consolidated financial statements.

	Year ended December 31			Nine month period ended September 30	
	2010 *(audited)*	2009 *(audited)*	2008 *(audited)*	2011 *(unaudited)*	2010 *(unaudited)*
	(in EUR million)				
Revenues	**821.8**	**838.8**	**608.6**	**440.4**	**697.8**
Changes in inventories and other own work capitalized	170.3	97.9	452.7	72.4	37.4
Unrealized changes in market value of investment property	53.0	2.8	-583.3	16.1	50.3
Realized changes in market value of investment property	-0.1	-64.1	171.1	-1.2	-0.7
Other operating income	25.2	80.5	290.3	13.3	16.8
Material expenses	-570.1	-588.4	-692.6	-282.5	-390.6
Personnel expenses	-71.0	-73.7	-68.8	-52.9	-50.8
Depreciation and amortization of intangible assets and property, plant and equipment	-10.1	-11.8	-17.9	-5.6	-6.9
Expenses from investment property	-68.2	-69.7	-81.7	-56.5	-52.0
Other operating expenses	-112.5	-137.4	-178.6	-77.6	-80.4
Gains/losses from associated companies accounted for using the equity method	15.8	-12.2	2.0	3.0	14.7
Income from equity investments	1.9	1.3	-0.4	0.8	1.5
Earnings before interest and taxes (EBIT)	**256.2**	**64.1**	**-98.6**	**69.6**	**237.1**
Financial income	81.6	121.1	202.6	94.0	50.9
Financial expenses	-316.7	-374.5	-601.1	-279.2	-229.8
Financial results	**-235.1**	**-253.4**	**-398.5**	**-185.2**	**-179.0**
Net profit before income taxes	**21.1**	**-189.3**	**-497.1**	**115.6**	**58.2**
Income taxes	2.1	31.3	45.4	60.9	-11.6
Consolidated net profit	**23.2**	**-158.0**	**-451.7**	**-54.7**	**46.5**

11.3.1 Revenues

IVG's total revenues consist primarily of net rents from investment property and other net rents, income from service charges, income for project disposals, income from construction contracts, income from transactions, concepts and sales, income from fund and property management and other revenues. Net rents from investment property or other net rents comprise contractually agreed rents as charged to tenants excluding VAT. Rents are usually payable on a monthly basis, outside of Germany often on a quarterly basis. Lease incentives, e.g., payments made by IVG to or on behalf of a tenant to motivate the tenant to sign a lease agreement, are accounted for as reductions of net rents on a straight-line basis over the term of the lease. Income from service charges results from the running property costs which IVG is allowed to recharge to its tenants according to the lease agreements.

Income from project disposals comprises the net proceeds from the disposal of property accounted for as "Inventories" according to IAS 2, i.e., IVG's project developments for third parties. Income from construction contracts refers to project developments accounted for using the percentage-of-completion method, i.e., purchaser-specific project developments.

Income from transactions, concepts and sales comprises several types of non-recurring fees, such as acquisition fees, structuring fees, equity placement fees as well as the income resulting from the promote structure in the Caverns segment. Income from fund and property management comprises the recurring fees from fund and property management charged to funds managed by IVG.

The following table shows the revenues with a breakdown of the different sources of income.

	Year ended December 31			Nine month period ended September 30	
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*	**2011** *(unaudited)*	**2010** *(unaudited)*
	(in EUR million)				
Net rents from investment property	254.2	289.7	361.2	184.0	191.4
Other net rents	12.0	20.6	38.3	9.1	9.8
Income from service charges	39.4	40.2	42.2	36.4	26.6
Income from project disposals	396.9	336.1	52.6	122.8	387.9
Income from construction contracts	6.6	6.6	7.2	5.0	2.7
Income from transactions, concepts and sales	27.8	59.2	33.6	22.5	17.9
Income from fund and property management	75.0	76.0	62.1	51.5	56.4
Other revenues	9.9	10.4	11.4	9.1	5.1
Total	**821.8**	**838.8**	**608.6**	**440.4**	**697.8**

In the nine month period ended September 30, 2011, IVG's revenues decreased by EUR 257.4 million to EUR 440.4 million, primarily due to the EUR 265.1 million decrease in income from project disposals, from EUR 387.9 million to EUR 122.8 million. This change was almost completely attributable to the Development segment, where the income from project sales fell from EUR 386.5 million (mainly nine projects) by EUR 272.5 million to EUR 114.0 million (mainly one project) and is consistent with IVG's strategy to reduce its project development exposure.

In 2010, IVG's revenues decreased by EUR 17.0 million, or 2.0%, to EUR 821.8 million, compared to EUR 838.8 million in 2009. This decrease was mainly due to the decline in the amount of net rents attributable to investment properties which were sold in the Real Estate segment in 2009/2010. The decrease was also due to a decline in income from transactions, concepts and sales which were generated in the Caverns segment in connection with a promote structure agreed upon with the IVG Cavern Fund in 2008. This decrease was due to a lower volume of signed lease agreements regarding caverns owned by the IVG Cavern Fund. These effects were only compensated in part by an increase in proceeds from project disposals (2010: ten projects sold, 2009: four projects sold).

In 2009, revenues of the Group increased by EUR 230.2 million, or 37.8%, to EUR 838.8 million, compared to EUR 608.6 million in 2008. This was mainly due to the sale of four project developments, three in the Development segment and one in the Real Estate segment, generating revenues in the amount of EUR 334.4 million (2008: three projects sold totaling EUR 52.6 million) partly compensated by decrease in net rents from investment properties by EUR 71.5 million. The latter was primarily attributable to the Caverns segment (EUR 49.8 million) due to the caverns disposal in 2008 and to the Real Estate segment (EUR 20.1 million) as a result of real estate assets sold. The increase in revenues was also due to income from transactions, concepts and sales in the amount of EUR 43.1 million in the Caverns segment, resulting from the promote structure in combination with a cavern transfer to the IVG Cavern Fund in 2008.

Besides the non-recurring income from project disposals, which is described in section "*– Material factors affecting the results of operations – Accounting for development projects and their disposals*", the major recurring component of revenues are the total net rents, i.e., net rents from investment property and other net rents. Total net rents decreased in the nine month period ended September 30, 2011 by EUR 8.1 million, or 4.0%, to EUR 193.1 million compared to EUR 201.2 million in the nine month period ended September 30, 2010. This decline was mainly attributable to the Real Estate segment and mainly due to the disposal of properties.

Total net rents decreased in 2010 by EUR 44.1 million, or 14.2%, to EUR 266.2 million, compared to EUR 310.3 million in 2009, due, in particular, to the disposal of properties, such as several sales to the IVG Protect Fund in 2009, the sale of the Maciachini property in Milan in 2009 and the deconsolidation of EuroSelect 20 TheNorthGate in 2010.

In 2009, the EUR 89.2 million decrease in total net rents from EUR 399.5 million in 2008 to EUR 310.3 million in 2009 was mainly due to the reduction in total net rents attributable to caverns which were sold in 2008 (EUR 49.9 million) and loss of rents due to investment property sold in the Real Estate and Private Funds segments (EUR 41.8 million). Main reasons for the latter effect were property disposals to the IVG Protect Fund in 2009, separate property disposals mainly in Germany and the U.K. as well as the deconsolidation of the EuroSelect 16 The Square fund with its property in Luxembourg as result of the placement of the fund's equity.

11.3.2 Revenues by segments

The following table shows the total revenues according to segments:

	Year ended December 31			**Nine month period ended September 30**	
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*	**2011** *(unaudited)*	**2010** *(unaudited)*
	(in EUR million)				
Real Estate	303.0	632.8	364.1	227.2	221.6
Development	408.8	67.8	69.4	133.4	399.0
Caverns	45.8	61.4	57.2	33.9	28.3
Institutional Funds	58.0	66.4	67.0	43.1	43.5
Private Funds	6.2	14.5	52.3	2.8	5.2
Total[1]	**821.8**	**838.8**	**608.6**	**440.4**	**697.8**

1 Also includes revenues from IVG corporate functions and consolidation.

11.3.2.1 Real Estate segment

Revenues in the Real Estate segment mainly consist of net rents from IVG's investment property, income from service charges and income from disposals of projects.

In the nine month period ended September 30, 2011, total revenues in this segment increased slightly by EUR 5.6 million, or 2.5%, compared to the corresponding period in the previous year, as a result of the income from two project sales. On a like-for-like basis, net rents declined by 1.1% year-on-year.

In 2010, revenues in the Real Estate segment of the Group decreased by EUR 329.8 million, or 52.1%, to EUR 303.0 million, compared to EUR 632.8 million in 2009, where the income from the disposal of a development project in Milan accounted for in the Real Estate segment contributed EUR 287.5 million to the segment revenues. Additionally, the loss of rents from this project development and other investment property sold in 2009/2010 negatively affected the revenues in this segment. On a like-for-like basis adjusted for lease extensions already concluded, net rents declined by 1.1% in 2010.

In contrast, revenues in the Real Estate segment of the Group increased in 2009 by EUR 268.7 million, or 73.8%, to EUR 632.8 million, compared to EUR 364.1 million in 2008.

This increase was mainly due to the sale of the project development in Milan, generating net sales proceeds of EUR 287.5 million, reduced by the loss of rents from investment property sold in 2009 and 2008. On a like-for-like basis adjusted for lease extensions already concluded, net rents declined by 2.9% in 2009.

11.3.2.2 Development segment

Revenues in the Development segment mainly consist of income from disposals of projects.

In the nine month period ended September 30, 2011, revenues in this segment decreased by EUR 265.6 million, or 66.6%, to EUR 133.4 million, compared to EUR 399.0 million in the corresponding period in 2010, primarily due to the EUR 272.5 million decline in income from project disposals, from EUR 386.5 million (mainly nine project sales) in the nine month period ended September 30, 2010 to EUR 114.0 million (mainly one project sale) in the nine month period ended September 30, 2011.

In 2010, revenues in the Development segment increased by EUR 341.0 million to EUR 408.8 million, compared to EUR 67.8 million in 2009. The significant increase in total revenues in 2010 was mainly due to the disposal of project developments in Glasgow, Berlin, London, Paris and Warsaw and to the transfer of three project developments, one each in Bonn, Munich and Frankfurt, to the IVG Premium Green Fund. The total net sales proceeds for these nine project developments was EUR 388.7 million.

In contrast, revenues in the Development segment in 2009 decreased by EUR 1.6 million, or 2.3%, to EUR 67.8 million, compared to EUR 69.4 million in 2008, mainly due to the lower volume of project disposals in 2009.

11.3.2.3 Caverns segment

With regard to the Caverns segment, revenues relate mainly to income from management, from transactions, concepts and sales and from net rents from investment property.

In the nine month period ended September 30, 2011, total revenues increased by EUR 5.6 million, or 19.8%, to EUR 33.9 million from EUR 28.3 million in the corresponding period in 2010, primarily due to the EUR 3.4 million increase in income from transactions, concepts and sales derived from the promote structure and the EUR 2.5 million increase in net rents from investment property.

In 2010, revenues in the Caverns segment of the Group decreased by EUR 15.6 million, or 25.4%, to EUR 45.8 million, compared to EUR 61.4 million in 2009. In 2009, revenues in the Caverns segment increased by EUR 4.2 million, or 7.3%, to EUR 61.4 million, compared to EUR 57.2 million in 2008. The decrease in total revenues in 2010 was mainly due to the decrease in income in the amount of EUR 22.2 million derived from the promote structure which was agreed upon with the IVG Cavern Fund during the sale of several caverns in 2008.

The EUR 4.2 million increase in revenues in 2009 was due to two main effects. On the one hand, the loss of rents from all caverns sold in 2008 (EUR 49.8 million) and on the other hand, the income generated by the promote structure in 2009 (EUR 43.1 million) as well as the fees generated in 2009 through the management of sold caverns (EUR 11.3 million).

11.3.2.4 Institutional Funds segment

Revenues in the Institutional Funds segment are generated mainly by fund and property management fees including incentive fees and transaction fees, the latter shown as income from transactions, concepts and sales. In the nine month period ended September 30, 2011, revenues decreased by EUR 0.4 million, or 0.9%, to EUR 43.1 million from EUR 43.5 million in the same nine month period in 2010, due to a lower volume of fund and property management fees which could only partly be compensated by an increase in transaction income.

In 2010, revenues in the Institutional Funds segment decreased by EUR 8.4 million, or 12.7%, to EUR 58.0 million, compared to EUR 66.4 million in 2009. This decrease in total revenues in 2010 was mainly due to the reduction of fund and property management fees stemming from the outsourcing of property management services to third party providers as of January 1, 2010 and to the decrease in transaction fees as a result of a lower level of fee-generating acquisitions.

In 2009, revenues in the Institutional Funds segment decreased by EUR 0.6 million, or 0.9%, to EUR 66.4 million, compared to EUR 67.0 million in 2008. While the increased assets under management resulted in an increase of management fees by EUR 0.9 million, especially from the IVG Cavern Fund and the IVG Protect Fund, the acquisition fees decreased by EUR 2.2 million, mainly because no such fees were received for the transfer of IVG's properties to the IVG Protect Fund.

11.3.2.5 Private Funds segment

Revenues in the Private Funds segment stem mainly from transactions, concepts and sales and from fund management fees, i.e., non-recurring fees for the structuring and selling of real estate funds to private investors and recurring fees for the management of these funds. The structuring and selling fees primarily depend on the successful structuring and placement of funds and on their volume of equity. Occasionally, the Private Funds segment holds properties on a temporary basis for the period between the sourcing of the fund and the placement of its equity. In such cases, this segment's revenues also include property-related income, mainly net rents and income from service charges. In the nine month period ended September 30, 2011, total revenues declined by EUR 2.4 million, or 46.2%, to EUR 2.8 million, mainly due to the lack of income from transactions, concepts and sales in the first nine months of 2011.

In 2010, revenues in the Private Funds segment of the Group decreased by EUR 8.3 million, or 57.2%, to EUR 6.2 million, compared to EUR 14.5 million in 2009. This decrease in revenues was mainly due to a volume of equity placed and to changes in the invoicing process. Sales partners began charging brokerage commission directly to the fund, which resulted in a decrease in both revenues and material expenses in this segment.

In 2009, revenues decreased by EUR 37.8 million, or 72.3%, to EUR 14.5 million, compared to EUR 52.3 million in 2008. There were two key reasons for this: Firstly, the structuring fees fell by EUR 14.5 million to EUR 11.1 million in line with the lower placement volume (2008: EUR 257.0 million, 2009: EUR 175.0 million). Secondly, there were no net rents from properties to be placed in 2009 as compared to EUR 24.2 million net rents from two properties in 2008. One of the properties – located in Luxembourg – was held temporarily before it was sold through the EuroSelect 16 The Square fund in 2008. Another property was transferred to the real estate segment at the end of 2008, after the decision was taken not to sell it through a private fund.

11.3.3 Revenues by geographical locations

The following table shows the revenues according to geographical regions based on each property's location for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 (audited)	2009 (audited)	2008 (audited)
	(in EUR million)		
Germany	522.1	411.1	469.7
United Kingdom	94.3	7.5	18.7
France	68.5	33.7	41.3
Belgium, Netherlands, Luxembourg	6.1	23.9	37.7
Finland	21.6	21.4	25.4
Poland	103.7	7.0	—
Other countries	5.7	334.2	15.8
Total	**821.8**	**838.8**	**608.6**

Changes in revenues in Germany were mainly influenced by the volatility of income from project sales. The EUR 111.0 million rise in 2010 was primarily attributable to four German project developments sold, three of them to the IVG Premium Green Fund. Also, the EUR 58.6 million decline in 2009 was mainly due to a lower volume of project sales in Germany in 2009 as compared to 2008.

The EUR 86.8 million rise in revenues in the U.K. from EUR 7.5 million to EUR 94.3 million in 2010 mainly results from sales of three project developments in London.

In 2010, the revenues in Poland increased by EUR 96.7 million to EUR 103.7 million in 2010, compared to EUR 7.0 million in 2009. This significant increase results primarily from the sale of a project development in Warsaw. In France, revenues increased by EUR 34.8 million from EUR 33.7 million to EUR 68.5 million, due to the income from one project disposal in Paris (EUR 37.3 million).

In 2009, revenues in other countries amounted to EUR 334.2 million and included proceeds from the sales of project developments in Milan (EUR 287.5 million) and Budapest.

The EUR 13.8 million decrease in revenues in Belgium, Netherlands and Luxembourg from EUR 37.7 million to EUR 23.9 million in 2009 and the decrease of further EUR 17.8 million in 2010 result primarily from the loss of rents due to asset sales in Luxembourg (2009) and Brussels (2010).

11.3.4 Changes in inventories and other own work capitalized

This line item includes capitalized construction and borrowing costs for project developments. On the sale of such a project development its carrying amount, i.e., the cumulated construction and borrowing costs less cumulated impairment losses, are derecognized through this line item as well.

In the nine month period ended September 30, 2011, IVG's changes in inventories and other own work capitalized strongly increased by EUR 35.0 million from EUR 37.4 million in the same nine month period in 2010 to EUR 72.4 million. This increase was attributable to the Development segment with EUR 41.5 million, from EUR 32.4 million in the nine month period ended September 30, 2010 to EUR 73.9 million, which resulted mainly from the construction progress in this segment, including investments capitalized in line with construction progress and reported in "Material expenses", offset by the derecognition effect related to nine project developments which IVG sold in the nine month period ended September 30, 2010.

The following table shows the changes in inventories and other own work capitalized for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 *(audited)*	2009 *(audited)*	2008 *(audited)*
	(in EUR million)		
Increase in inventories of finished goods and work in progress	533.9	397.4	472.7
Decrease in inventories of finished goods and work in progress	-369.3	-303.6	-29.1
Other own work capitalized	5.7	4.1	9.1
Total	**170.3**	**97.9**	**452.7**

In 2010, changes in inventories and other own work capitalized increased by EUR 72.4 million, or 74.0%, to EUR 170.3 million, compared to EUR 97.9 million in 2009. This increase was mainly driven by increases in inventories and work in progress in the Development segment due to the continuous project activity, especially of the project THE SQUAIRE. This effect was partly offset by decreases in inventories from the sale of project developments, which increased by EUR -65.7 million, from EUR -303.6 million to EUR -369.3 million, due to the larger volume of project sales in 2010.

In 2009, changes in inventories and other own work capitalized decreased by EUR 354.8 million to EUR 97.9 million, compared to EUR 452.7 million in 2008. This decrease was due to a larger number of project developments which were still under construction in 2008 and only three project developments were sold 2008.

11.3.5 Unrealized changes in market value of investment property

Unrealized changes in market value of investment property originate from the fair value measurement of investment property according to IAS 40. Any positive or negative change in the fair value between two dates is recognized in the consolidated income statement and presented in this line item. From 2009, investment property under construction is, under certain conditions, also measured at fair value. This is relevant for some of IVG's properties and especially for those caverns which have already achieved more than 300,000 cubic meters of economically usable storage space. Due to geological uncertainties, caverns are not measured at fair value unless more than 300,000 cubic meters of economically usable storage space is achieved, which is roughly 50% of the usual storage space per cavern.

The following table shows the unrealized changes in market value of investment property:

	Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)				
Real Estate	-87.8	-194.2	-671.2	-37.1	-69.1
Development	—	—	38.0	—	—
Caverns	140.8	197.0	48.5	53.2	119.4
Consolidation	—	—	1.4	—	—
Total	**53.0**	**2.8**	**-583.3**	**16.1**	**50.3**

In the nine month period ended September 30, 2011, IVG's unrealized changes in market value of investment property decreased by EUR 34.2 million to EUR 16.1 million. The negative unrealized changes in market value of investment property in the Real Estate segment improved by EUR 32.0 million from EUR -69.1 million to EUR -37.1 million in the nine month period ended September 30, 2011, mainly due to changes in the renting situation of IVG's real estate portfolio. While the real estate portfolio experienced a negative change in value of 1.6% in the nine month period ended September 30, 2010, it only experienced negative changes of 0.8% in the nine month period ended September 30, 2011.

The improvement of unrealized changes in market value of investment property in the Real Estate segment could not fully compensate for the reduction in unrealized changes in market value of investment property in the Caverns segment. In this segment, the positive unrealized changes in market value of investment property decreased by EUR 66.2 million from EUR 119.4 million to EUR 53.2 million, primarily due to the lower number of caverns which changed to fair value accounting (three caverns in the nine month period ended September 30, 2011 as opposed to seven caverns in the nine month period ended September 30, 2010).

In 2010, unrealized changes in market value of investment property increased by EUR 50.2 million to EUR 53.0 million, compared to EUR 2.8 million in 2009. This was due to two major effects: On the one hand, negative unrealized changes in market value of investment property decreased by EUR 106.4 million in the Real Estate segment. On the other hand, only nine caverns reached the threshold for fair value accounting (i.e., over 300,000 cubic meters of storage space) in 2010 (2009: 13 caverns), thus reducing the positive unrealized changes in market value of investment property by EUR 56.2 million.

In 2009, unrealized changes in market value of investment property increased by EUR 586.1 million to EUR 2.8 million, compared to EUR -583.3 million in 2008. This increase was mainly due to the bottoming out in the investment markets and to the measurement of 13 caverns under construction at fair value. The latter generated an increase in unrealized changes in market value of investment property of EUR 148.5 million.

In 2008, the pressure from the global financial and economic crisis caused negative unrealized changes in market value of investment property of EUR -583.3 million across IVG's investment property portfolio, only the caverns and one investment property in the Development segment were not impacted by this. In 2009 and 2010, some minor adjustments were made, mainly driven by the pressure in the rentals markets. However, in both years positive unrealized changes in market value of investment property in the Caverns segment overcompensated these effects.

11.3.6 Realized changes in market value of investment property

Upon disposal of an investment property, the difference between the net sales proceeds and its carrying amount, i.e., the capital gain, is recognized in the consolidated income statement and presented in this line item. The net sales proceeds comprise the property's selling price, transaction costs and provisions for outstanding commitments related to the property sold, e.g., rental guarantees.

The following table shows the realized changes in market value of investment property resulting from the disposal of investment property:

	Year ended December 31			**Nine month period ended September 30**	
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*	**2011** *(unaudited)*	**2010** *(unaudited)*
	(in EUR million)				
Real Estate	1.0	-63.6	15.8	-0.4	-0.7
Development	—	-0.4	-20.4	-0.1	—
Caverns	-1.2	-0.4	175.7	-0.6	—
Consolidation	0.0	0.4	—	0.0	—
Total	**-0.1**	**-64.1**	**171.1**	**-1.2**	**-0.7**

In the nine month period ended September 30, 2011, IVG's realized changes in market value of investment property decreased by EUR 0.5 million from EUR -0.7 million in the nine month period ended September 30, 2010 to EUR -1.2 million. This low value shows both the stabilization observed in the investment markets and the intrinsic value of IVG's portfolio.

In 2010, realized changes in market value of investment property improved by EUR 64.0 million to EUR -0.1 million, compared to EUR -64.1 million in 2009, mainly due to the discontinuation of the negative realized changes in market value of investment property experienced in the Real Estate segment in 2009 (EUR -63.6 million).

In 2009, realized changes in market value of investment property fell by EUR 235.2 million to EUR -64.1 million, compared to EUR 171.1 million in 2008. This decline was mainly due to three reasons. Firstly, IVG performed real estate asset sales in this period in the amount of EUR 932.7 million, the proceeds of which were needed to finance the extensive investment program. Because of the difficult situation in the real estate investment markets in 2009 this resulted in realized changes in market value of investment property in the Real Estate segment of EUR -63.6 million, as opposed to the positive realized changes in market value of investment property this segment was able to generate in 2008 (EUR 15.8 million), almost completely in the first six months. Secondly, realized changes in market value of investment property in the Caverns segment amounted to EUR -0.4 million in 2009. This was EUR 176.1 million less than in 2008, when realized changes in market value of investment property of EUR 175.7 million were generated with the sale of completed caverns to the IVG Cavern Fund, which were already accounted for at fair value. Thirdly, in 2009 the Development segment reduced its realized changes in market value of investment property by EUR 20.0 million from EUR -20.4 million to EUR -0.4 million, mainly due to the sale of a property in London in 2008, causing a partial offsetting effect.

11.3.7 Other operating income

Other operating income comprises all operating income items (except income tax refunds and financial income) which cannot be allocated to any other income line item. Therefore, the structure of this line item changes from year to year. Furthermore, the Company has undertaken some changes in the presentation which affects the comparability, especially regarding the reversal of provisions and the retraction of impairments on inventories.

In the nine month period ended September 30, 2011, other operating income decreased by EUR 3.5 million from EUR 16.8 million to EUR 13.3 million, primarily due to a capital gain of EUR 7.3 million reported under this line item in the nine month period ended September 30, 2010 and arising from the deconsolidation of the EuroSelect 20 TheNorthGate fund as a result of the successful placement of its equity. The major offsetting effects were caused by a write-up related to a cavern measured at cost (EUR 1.6 million) and capital gains from properties accounted for as "Property, plant and equipment" and measured at cost (EUR 0.5 million), both effects in the nine month period ended September 30, 2011.

The following table shows a breakdown of other operating income for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*
	(in EUR million)		
Earnings from disposal of consolidated companies and from participations accounted for using the equity method	9.4	5.8	205.0
Income from non execution of a premium option	2.6	0.0	—
Gains/losses from the realization of a subsequent purchase price adjustment	1.9	5.5	—
Other operating income from the retraction of impairments	1.2	16.9	—
Income from reimbursements received/costs passed on from reconstruction obligations; Tenant improvements	0.5	2.0	—
Income from reversal of provisions	—	19.0	27.9
Income from reimbursement of property taxes (*Grunderwerbsteuer*)	—	—	22.8
Other operating income	9.7	31.3	34.6
Total	**25.2**	**80.5**	**290.3**

In 2010, IVG's other operating income decreased by EUR 55.3 million, or 68.7%, to EUR 25.2 million, compared to EUR 80.5 million in 2009. Similarly, other operating income decreased in 2009, but by a much larger figure, by EUR 209.8 million, or 72.3%, to EUR 80.5 million, compared to EUR 290.3 million in 2008.

In 2010, the result from the sale of shares in consolidated companies and equity investments accounted for using the equity method arose primarily from the successful placement of the EuroSelect 20 TheNorthGate fund, accounting for EUR 7.3 million, and from the disposal of an associated company accounted for using the equity method in the IVG Caverns segment, accounting for EUR 1.7 million. The EUR 15.7 million decrease in income from retraction of impairments, from EUR 16.9 million in 2009 to EUR 1.2 million in 2010, was mainly attributable to a change in accounting policy, whereby income from retraction of impairments on inventories are accounted for as negative "Material expenses" from the beginning of 2010. Similarly, the EUR 19.0 million decline in income from reversal of provisions in 2010 is also attributable to a change in accounting policy, whereby reversals of provisions are accounted for as negative expenses in the same line item they were originally presented from the beginning of 2010.

In contrast, in 2009, other operating income primarily included income from the retraction of impairments on development projects totaling EUR 16.9 million, with EUR 9.6 million thereof mainly due to write-ups on inventories following the signing of a rental agreement for a project development at significantly better terms than expected and an additional

EUR 7.2 million relating to the reversal of provisions due to a lower than expected cost burden from the unwinding of projects. In 2009, operating income also included EUR 19.0 million of income from the reversal of provisions.

In 2008, earnings from the sale of shares in consolidated companies resulted in particular from the sale of a consolidated subsidiary in relation to the cavern transaction (EUR 175.3 million), a project development in France (EUR 22.3 million) and the disposal of a property portfolio in Luxembourg due to the successful placement of the fund EuroSelect 16 (EUR 7.4 million).

11.3.8 Material expenses

Material expenses include expenses for materials, services and consumables which are closely related to the core business of the Company and to the revenues generated by it. Material expenses mainly comprise the costs of construction for the development of real estate or caverns and services purchased in connection with fund and asset management services. Material expenses also include impairment losses on inventories, i.e., project developments, according to IAS 2 and, since 2010, the income from the retraction of such impairments. Costs related to the generation of rental income of investment property, however, are not included here, but rather presented separately under expenses from investment property.

In the nine month period ended September 30, 2011, material expenses decreased by EUR 108.1 million from EUR 390.6 million to EUR 282.5 million. This decrease was primarily attributable to the Development segment, where material expenses decreased from EUR 382.8 million in the nine month period ended September 30, 2010 by EUR 108.4 million, or 28.3%, to EUR 274.4 million in the nine month period ended September 30, 2011, due to two opposite effects: the decrease in construction activity by EUR 186.1 million from EUR 373.6 million to EUR 187.5 million, which was partially offset by the increase in impairment losses of EUR 77.7 million from EUR 9.2 million to EUR 86.9 million. The impairment losses in the nine month period ended September 30, 2011 mainly related to the major project development THE SQUAIRE and were mainly driven by increased construction costs as part of the finalization of the project development.

The following table shows a breakdown of material expenses for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*
	(in EUR million)		
Project development	427.1	333.8	401.6
Purchased services	81.4	72.2	66.7
Project development (PoC)	12.6	8.1	7.2
Raw materials and consumables	3.6	7.3	0.1
Impairment losses on inventories	59.4	166.9	217.0
Appreciation in value-inventories	-14.0	—	—
Total	**570.1**	**588.4**	**692.6**

In 2010, IVG's total material expenses decreased by EUR 18.3 million, or 3.1%, to EUR 570.1 million, compared to EUR 588.4 million in 2009. This decrease was a continuation of a trend from 2009, when total material expenses decreased by EUR 104.2 million, or 15.0%, to EUR 588.4 million, compared to EUR 692.6 million in 2008.

In 2010, the increase in project development expenses, i.e., expenses for the costs of construction, including planning, resulted primarily from the increased project volume in the Development segment and mainly comprised expenses for the projects THE SQUAIRE in Frankfurt of EUR 380.4 million, Horizon Plaza in Warsaw of EUR 19.8 million and for the cavern operating company in Etzel in the amount of EUR 19.1 million. As of December 31, 2010, total expenses incurred in connection with construction contracts amounted to EUR 28.8 million. There are construction contracts on the balance sheet with a positive balance vis-à-vis customers in the amount of EUR 21.3 million.

In 2009, expenses for project developments were primarily related to THE SQUAIRE in Frankfurt with EUR 209.5 million as well as to Maciachini in Milan with EUR 21.0 million. The reduction in expense for project developments was mainly due to a lower project volume in the Funds segment and the Development segment. Total expenses arising from construction contracts as of December 31, 2009 amounted to EUR 16.1 million. Construction contracts with amounts due to customers amounted to EUR 14.7 million.

In 2010, material expenses included impairment losses in the Development segment, and were chiefly attributable mainly to THE SQUAIRE in the amount of EUR 38.9 million and to the Hackesches Quartier project in the amount of EUR 18.9 million.

In 2009, material expenses included impairment losses in the Development segment and were primarily related to THE SQUAIRE (EUR 149.4 million).

In 2008, material expenses included impairment losses in the Development segment amounting to EUR 215.1 million (thereof EUR 67.9 million relate to THE SQUAIRE) and were primarily due to the revision of rental and exit assumptions and project strategies as a consequence of the financial and banking crisis.

Reversals of impairment losses on inventories in 2010 primarily relate to the IVG project Front Office in Asnières nearby Paris in the amount of EUR -7.2 million and the IVG Development (Euston Road) Limited, London, project in the amount of EUR -3.4 million. In the previous year, reversals of impairment losses on inventories totaling EUR -9.6 million were reported under “Other operating income”.

11.3.9 Personnel expenses

Personnel expenses include expenses for salaries and wages of staff and management, social security contributions borne by the IVG including pension schemes and expenses for performance plans.

In the nine month period ended September 30, 2011, personnel expenses increased by EUR 2.1 million, or 4.1%, from EUR 50.8 million to EUR 52.9 million.

The following table shows a breakdown of personnel expenses for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*
		(in EUR million)	
Salaries and wages	56.0	59.6	61.6
Social security contribution	14.3	13.7	12.8
Thereof for pensions	9.9	9.1	8.9
Expenses from performance plans	0.8	0.2	-5.6
Total	**71.0**	**73.7**	**68.8**

In 2010, IVG's personnel expenses decreased by EUR 2.7 million, or 3.7%, to EUR 71.0 million, compared to EUR 73.7 million in 2009. In contrast, personnel expenses increased by EUR 4.9 million, or 7.1%, to EUR 73.7 million, compared to EUR 68.8 million in 2008.

The EUR 2.7 million decrease in 2010 was mainly due to the outsourcing of property management activities as per January 1, 2010.

The EUR 4.9 million increase in 2009 was primarily attributable to the nearly full release of provisions for the performance plans in 2008 due to the decline in the Company's share price. This generated an income which, in turn, decreased the total personnel expenses.

11.3.10 Depreciation and amortization

Depreciation and amortization include scheduled depreciation for non-current assets with a finite useful life. Non-scheduled depreciation or impairment losses related to intangible assets, to property, plant and equipment or to investment property accounted for at cost and are to be recorded as soon as there is evidence that the net realizable value is below the carrying amount.

In the nine month period ended September 30, 2011, depreciation and amortization declined by EUR 1.3 million to EUR 5.6 million, mainly because of the impairment losses on equipment in the Caverns segment included in the nine month period ended September 30, 2010 which totaled EUR 2.2 million.

The following table shows a breakdown of depreciation and amortization for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*
	(in EUR million)		
Depreciation and amortization	6.6	6.2	5.4
Impairment losses	3.5	5.6	12.5
Total	**10.1**	**11.8**	**17.9**

In 2010, depreciation and amortization decreased by EUR 1.7 million, or 14.4%, to EUR 10.1 million, compared to EUR 11.8 million in 2009. This decrease was less pronounced than in 2009, when depreciation and amortization decreased by EUR 6.1 million, or 34.1%, to EUR 11.8 million, compared to EUR 17.9 million in 2008.

In 2010, scheduled depreciations slightly increased by EUR 0.4 million from EUR 6.2 million to EUR 6.6 million, after increasing from EUR 5.4 million in 2008 by EUR 0.8 million to EUR 6.2 million in 2009. Scheduled depreciations primarily relate to property, plant and equipment in the Caverns segment.

The impairment losses of EUR 3.5 million in 2010 relate to technical equipment under construction intended for the construction of caverns and to a cavern, whose storage space will most likely not reach the expected level.

In 2009, write-downs in the amount of EUR 5.6 million became necessary due to goodwill impairment relating to the buy-back of residual participations in a real estate fund and the squeeze out procedure for a listed subsidiary. Additionally, a cavern, whose storage space will most likely not reach the expected level, suffered an impairment loss.

The impairment losses in 2008 relate to goodwill originating from the buy-back of residual participations in a real estate fund and the squeeze out procedure for a listed subsidiary.

11.3.11 Expenses from investment property

Expenses from investment property include expenses for service charges, insurance costs, expenses for accounting and property management services, expenses for ongoing maintenance, expenses for tenant improvements and property taxes as long as the concerned property classifies as investment property. This line item does not include larger refurbishment or improvement projects as these are capitalized directly on the balance sheet.

In the nine month period ended September 30, 2011, expenses for investment property increased by EUR 4.5 million, or 8.7%, to EUR 56.5 million, compared to EUR 52.0 million in the nine month period ended September 30, 2010.

The following table shows a breakdown of expenses from investment property for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*
	(in EUR million)		
Expenses from rented investment property	61.4	63.0	79.0
Expenses from partially vacant investment property	6.8	6.6	2.7
Total	**68.2**	**69.7**	**81.7**

In 2010, IVG's expenses from investment property decreased by EUR 1.5 million, or 2.2%, to EUR 68.2 million, compared to EUR 69.7 million in 2009, whereas expenses from investment property decreased in 2009 by EUR 12.0 million, or 14.7%, to EUR 69.7 million, compared to EUR 81.7 million in 2008.

The EUR 1.5 million decrease in 2010 was primarily due to the effects of asset sales in 2009.

The EUR 12.0 million decrease in 2009 is mainly attributable to the effects of the sales of investment property in 2008/2009, including the sale of the caverns in 2008.

11.3.12 Other operating expenses

Other operating expenses contain expenses, except for taxes and financial expenses which cannot be allocated to any other line item.

In the nine month period ended September 30, 2011 the other operating expenses decreased by EUR 2.8 million to EUR 77.6 million, primarily as a consequence of the cost reduction program.

The following table shows a breakdown of other operating expenses for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 *(audited)*	2009 *(audited)*	2008 *(audited)*
	(in EUR million)		
Auditing, legal and consultancy fees	20.0	28.2	35.9
Purchased external services	19.7	18.7	18.5
Communications and marketing	10.8	7.2	7.3
Data processing	11.4	11.0	15.8
Rents/leasing expense	6.1	9.2	7.6
Other taxes	5.0	1.2	2.1
Levies/fees/banking charges/early redemption penalties/charitable donations	4.2	2.6	7.7
Impairment losses on receivables	4.1	4.0	5.8
Travel expenses and ancillary personnel costs	4.0	3.8	5.9
Rent guarantees and general leases	3.7	13.7	1.0[1]
Service/maintenance	3.5	2.8	7.1
Office, postal and telephone expenses	1.6	1.8	1.9
Insurance premiums	1.4	1.2	2.1
Losses from disposal of finance lease	—	4.2	—
Losses from disposal of non-current assets	—	—	11.4
Commitment from pending acquisitions	—	—	7.8
Restructuring obligations	—	—	7.0
Expenses from unrealized projects	—	0.0	5.8
Expenses from reversal of property disposals	—	0.0	3.8
Other expenses[2]	17.0	27.7	24.1
Total	**112.5**	**137.4**	**178.6**

1 Presented under "Other expenses" in the financial statements 2008.

2 In the financial statements 2008 the "Other expenses" included "Rent guarantees and general leases".

In 2010, other operating expenses decreased by EUR 24.9 million, or 18.1%, to EUR 112.5 million, compared to EUR 137.4 million in 2009, whereas other operating expenses decreased in 2009 by EUR 41.2 million, or 23.1%, to EUR 137.4 million, compared to EUR 178.6 million in 2008. The decrease in 2010 resulted mainly from cost-saving initiatives, especially with regard to audit, legal and consultancy fees, but also from lower rental guarantees granted. Rental guarantees of EUR 13.7 million in 2009 were attributable to the Development segment (EUR 4.9 million) for two project developments and to the Real Estate segment (EUR 8.8 million) mainly related to the sale of IVG's properties to the IVG Protect Fund and to the disposal of a project development in Italy.

Rents and leasing expenses mainly comprise rents for self-used premises. In 2009, this line item included expenses of EUR 3.3 million from lease commitments the Development segment took over from a tenant.

11.3.13 EBIT (Segment result)

Earnings before interest and taxes ("**EBIT**") comprise the line items "Revenues", "Changes in inventories and other own work capitalized", "Unrealized changes in market value of investment property", "Realized changes in market value of investment property", "Other operating income", "Material expenses", "Personnel expenses", "Depreciation and amortization of intangible assets and property, plant and equipment", "Expenses from investment property", "Other operating expenses", "Gains/losses from associated companies accounted for using the equity method" and "Income from equity investments".

The following table shows the EBIT by segment for the financial years 2010, 2009 and 2008 as well as for the nine month periods ended September 30, 2011 and 2010:

	Year ended December 31			Nine month period ended September 30	
	2010 *(audited)*	2009 *(audited)*	2008 *(audited)*	2011 *(unaudited)*	2010 *(unaudited)*
	(in EUR million)				
Real Estate	110.6	-44.0	-427.7	97.1	78.4
Development	-7.3	-125.8	-137.2	-87.1	30.3
Caverns	163.2	233.8	442.6	73.0	132.1
Institutional Funds	18.2	23.0	23.3	13.7	14.6
Private Funds	2.1	1.7	19.7	-4.2	2.9
Corporate functions and Consolidation	-30.6	-24.6	-19.3	-22.8	-21.1
Total	**256.2**	**64.1**	**-98.6**	**69.6**	**237.1**

The impairment losses on THE SQUAIRE had a material and repeated effect on the Group's EBIT. The following table gives an overview of the Group's EBIT before and after impairment losses on THE SQUAIRE:

	Year ended December 31			Nine month period ended September 30	
	2010	2009	2008	2011	2010
	(audited, unless stated otherwise)			*(unaudited)*	*(unaudited)*
	(in EUR million)				
Earnings before interest and taxes (EBIT)	**256.2**	**64.1**	**-98.6**	**69.6**	**237.1**
Impairment losses on THE SQUAIRE	-38.9	-149.4	-67.9	-86.9	-4.3
Earnings before interest and taxes (EBIT) before impairment losses on THE SQUAIRE[1] **(unaudited)**	**295.1**	**213.5**	**-30.7**	**156.5**	**241.4**

1 Non-IFRS measure.

11.3.13.1 Real Estate segment

	Year ended December 31			Nine month period ended September 30	
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*	**2011** *(unaudited)*	**2010** *(unaudited)*
	(in EUR million)				
Revenues	303.0	632.8	364.1	227.2	221.6
Net rents from investment property	255.6	290.4	310.5	182.0	192.5
Other net rents	3.7	13.0	10.5	2.1	2.6
Income from service charges	37.6	38.4	40.9	32.9	25.0
Income from project disposals	3.0	287.5	—	7.9	0.0
Income from construction contracts	—	—	—	—	—
Income from transactions, concepts and sales	—	—	—	—	—
Income from fund and property management	0.6	0.3	—	—	0.4
Other revenues	2.5	3.2	2.2	2.3	1.0
Changes in inventories and other own work capitalized.	-2.9	-276.0	-0.9	-7.0	0.3
Unrealized changes in market value of investment property.	-87.8	-194.2	-671.2	-37.1	-69.1
Realized changes in market value of investment property.	1.0	-63.6	15.8	-0.4	-0.7
Other operating income.	9.6	32.0	41.8	7.0	6.5
Material expenses.	-1.5	-26.1	-2.2	-2.0	-0.6
Personnel expenses.	-1.9	-0.3	-0.8	-1.9	-1.2
Depreciation and amortization of intangible assets and property, plant and equipment.	-0.4	-4.3	-12.9	-0.3	-0.3
Expenses from investment property	-68.2	-69.9	-75.1	-56.5	-51.9
Other operating expenses.	-47.8	-66.5	-69.9	-33.5	-33.1
Gains/losses from associated companies accounted for using the equity method.	5.5	-10.7	-16.5	0.9	5.3
Income from equity investments.	2.0	2.9	0.1	0.7	1.5
Earnings before interest and taxes (EBIT)	**110.6**	**-44.0**	**-427.7**	**97.1**	**78.4**

In the nine month period ended September 30, 2011, EBIT in the Real Estate segment increased by EUR 18.7 million to EUR 97.1 million, compared to EUR 78.4 million in the nine month period ended September 30, 2010. Revenues increased by EUR 5.6 million, from EUR 221.6 million to EUR 227.2 million, mainly due to income from two project disposals. The net rents from investment property declined by EUR 10.5 million to EUR 182.0 million, mainly due to the loss of rents as a result of investment property sold. The negative unrealized changes in market value of investment property decreased by EUR 32.0 million from EUR -69.1 million to EUR -37.1 million in the nine month period ended September 30, 2011. The expenses from investment property increased by EUR 4.6 million from EUR 51.9 million in the nine month period ended September 30, 2010 to EUR 56.5 million in the nine month period ended September 30, 2011.

In 2010, the Real Estate segment's EBIT increased by EUR 154.6 million to EUR 110.6 million, compared to EUR -44.0 million in 2009. Revenues decreased by EUR 329.8 million, or 52.1%, to EUR 303.0 million, compared to EUR 632.8 million in 2009, where the income from project disposals related to a project development in Milan allocated to the Real Estate segment contributed EUR 287.5 million to the segment revenues. Additionally, the loss of rents from this project development and other investment property sold in 2009/2010 negatively affected the revenues in this segment. In 2009, changes in inventories amounted to EUR -276.0 million and increased by

EUR 273.1 million to EUR -2.9 million in 2010, which included the derecognition of the carrying value of the project development in Milan. Negative unrealized changes in market value of investment property decreased by EUR 106.4 million, from EUR -194.2 million in 2009 to EUR -87.8 million in 2010, due to the decreasing pressure on the real estate investment and rental markets. Realized changes in market value of investment property improved by EUR 64.6 million to EUR 1.0 million, compared to EUR -63.6 million in 2009, because the latter included negative effects caused by liquidity-driven real estate asset sales for a volume of EUR 932.7 million. Other operating income fell by EUR 22.4 million from EUR 32.0 million in 2009 to EUR 9.6 million in 2010, primarily due to non-recurring effects included in the figure for 2009 related to sale of property, plant and equipment and a debtor warrant as well as the change in the accounting for accrual releases (EUR 9.0 million in 2009). Material expenses decreased by EUR 24.6 million to EUR 1.5 million, compared to EUR 26.1 million in 2009, because the latter included expenses related to the project development in Milan sold in 2009. Other operating expenses decreased by EUR 18.7 million from EUR 66.5 million in 2009 to EUR 47.8 million in 2010, mainly because of the discontinuation of one-time effects in 2009 related to rental guarantees from property disposals and costs for property sales not implemented. Gains/losses from associated companies accounted for using the equity method improved by EUR 16.2 million from EUR -10.7 million in 2009 to EUR 5.5 million in 2010, reflecting the value changes of such interests.

In 2009, EBIT in the Real Estate segment increased by EUR 383.7 million, or 89.7%, to EUR -44.0 million, compared to EUR -427.7 million in 2008. Revenues increased by EUR 268.7 million, mainly due to the disposal of a project development in Milan (EUR 287.5 million), the additional net rents from this project development (EUR 10.3 million) newly allocated to this segment and offset by the loss of rents from investment property sold in 2009 and 2008 and decline in net rents on like-for-like basis. Changes in inventories increased by EUR 275.1 million from EUR 0.9 million in 2008 to EUR 276.0 million in 2009, due to the derecognition of the carrying amount for the project development in Milan disposed of in 2009 included in this line item. Negative unrealized changes in market value of investment property improved by EUR 477.0 million to EUR -194.2 million, compared to EUR -671.2 million in 2008. This effect was mainly due to the bottoming out in the investment markets. Realized changes in market value of investment property deteriorated by EUR 79.4 million to EUR -63.6 million, compared to EUR 15.8 million in 2008. This decline was mainly due to three reasons: Firstly, IVG performed real estate asset sales in 2009 in the amount of EUR 932.7 million, the proceeds of which were needed to finance the extensive investment program. Because of the difficult situation in the real estate investment markets in 2009 this resulted in realized changes in market value of investment property in the Real Estate segment of EUR -63.6 million, as opposed to the positive realized changes in market value of investment property this segment was able to generate in 2008 (EUR 15.8 million), almost completely in the first six months. Other operating income decreased by EUR 9.8 million to EUR 32.0 million in 2009, compared to EUR 41.8 million in 2008, mainly caused by a one-time tax refund received in 2008 (EUR 22.8 million). Material expenses increased by EUR 23.9 million to EUR 26.1 million in 2009, compared to EUR 2.2 million in 2008, primarily due to the construction progress related to the project development in Milan.

11.3.13.2 Development segment

	Year ended December 31			Nine month period ended September 30	
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*	**2011** *(unaudited)*	**2010** *(unaudited)*
	(in EUR million)				
Revenues	408.8	67.8	69.4	133.4	399.0
Net rents from investment property	0.0	0.1	1.4	—	—
Other net rents	9.2	9.0	5.0	8.1	7.6
Income from service charges	1.9	1.7	1.2	3.7	1.5
Income from project disposals	388.7	49.4	53.0	114.0	386.5
Income from construction contracts	6.6	6.6	7.2	5.0	2.7
Income from transactions, concepts and sales	2.2	0.0	—	2.4	0.5
Income from fund and property management	—	0.1	0.1	—	—
Other revenues	0.2	0.9	1.5	0.2	0.2
Changes in inventories and other own work capitalized.	172.4	367.3	386.2	73.9	32.4
Unrealized changes in market value of investment property.	—	—	38.0	—	—
Realized changes in market value of investment property.	—	-0.4	-20.4	-0.1	—
Other operating income.	1.2	29.2	36.7	1.8	0.7
Material expenses.	-561.7	-544.9	-611.7	-274.4	-382.8
Personnel expenses.	-0.8	-8.0	-10.6	-0.8	-0.8
Depreciation and amortization of intangible assets and property, plant and equipment.	-0.1	-0.6	-0.8	0.0	0.0
Expenses from investment property	0.0	0.0	-3.8	0.0	0.0
Other operating expenses.	-36.8	-32.0	-24.1	-22.9	-27.0
Gains/losses from associated companies accounted for using the equity method.	9.6	-1.9	3.9	2.1	8.8
Income from equity investments.	0.0	-2.2	0.0	0.0	0.0
Earnings before interest and taxes (EBIT)	**-7.3**	**-125.8**	**-137.2**	**-87.1**	**30.3**

In the nine month period ended September 30, 2011, EBIT deteriorated by EUR 117.4 million to EUR -87.1 million, compared to EUR 30.3 million in the nine month period ended September 30, 2010. Revenues decreased by EUR 265.6 million from EUR 399.0 million to EUR 133.4 million, primarily caused by the decrease in income from project disposals by EUR 272.5 million from EUR 386.5 million or nine project sales in the nine month period ended September 30, 2010 to EUR 114.0 million or mainly one project sale in the nine month period ended September 30, 2011. Accordingly, changes in inventories improved by EUR 41.5 million from EUR 32.4 million to EUR 73.9 million. These figures include both the construction and borrowing costs capitalized and the outgoing carrying amount in case of project sales. Material expenses decreased by EUR 108.4 million from EUR 382.8 million in the nine month period ended September 30, 2010 to EUR 274.4 million in the nine month period ended September 30, 2011. If changes in value of EUR 86.9 million in the nine month period ended September 30, 2011, mainly resulting from net impairment losses related to the project THE SQUAIRE (nine month period ended September 30, 2010: EUR 9.2 million) are excluded, material expenses from construction progress would have decreased by EUR 186.1 million from EUR 373.6 million in the nine month period ended September 30, 2010 to EUR 187.5 million in the nine month period ended September 30, 2011, as a result to the reduction in construction activity.

In 2010, EBIT of the Development segment increased by EUR 118.5 million, or 94.2%, to EUR -7.3 million, compared to EUR -125.8 million in 2009. Revenues increased by EUR 341.0 million to EUR 408.8 million, compared to EUR 67.8 million in 2009, primarily as a result of the project sales which generated an income of project disposals of EUR 388.7 million in 2010 (2009: EUR 49.4 million). Accordingly, changes in inventories decreased by EUR 194.9 million from EUR 367.3 million in 2009 to EUR 172.4 million in 2010. Other operating income decreased by EUR 28.0 million to EUR 1.2 million, compared to EUR 29.2 million in 2009, mainly due to write-ups on project developments. Material expenses increased by EUR 16.8 million, or 3.1%, to EUR 561.7 million, compared to EUR 544.9 million in 2009. Excluding changes in value of EUR 46.5 million in 2010 (2009: EUR 166.9 million), material expenses from construction progress would have increased by EUR 137.2 million from EUR 378.0 million in 2009 to EUR 515.2 million in 2010, when nine project developments were close to completion and thus triggered a large construction volume. Personnel expenses decreased by EUR 7.2 million to EUR 0.8 million, compared to EUR 8.0 million in 2009, mainly due to the reduced activity and partial wind up. Gains/losses from associated companies accounted for using the equity method increased by EUR 11.5 million from EUR -1.9 million in 2009 to EUR 9.6 million in 2010, primarily due to the income from a development joint venture in Paris.

In 2009, the Development segment's EBIT increased by EUR 11.4 million, or 8.3%, to EUR -125.8 million, compared to EUR-137.2 million in 2008. Revenues decreased by EUR 1.6 million to EUR 67.8 million, compared to EUR 69.4 million in 2008, mainly due to the EUR 3.6 million decrease in income from project disposals which partly offset by an increase in total net rents of EUR 2.7 million. Changes in inventories decreased by EUR 19.0 million from EUR 386.2 million to EUR 367.3 million in 2009. Realized and unrealized changes in market value of investment property altogether decreased by EUR 18.0 million, primarily due to the discontinuation of the one-time effects in 2008, mainly related to a redeveloped investment property in London sold in 2008. Material expenses decreased by EUR 66.8 million to EUR 544.9 million, compared to EUR 611.7 million in 2008. Excluding changes in value of EUR 166.9 million in 2009 (2008: EUR 215.1 million), material expenses from construction progress would have decreased by EUR 18.6 million from EUR 396.6 million in 2008 to EUR 378.0 million in 2009, reflecting the large and almost steady construction volume.

The Development segment's EBIT was significantly affected by the impairment losses on THE SQUAIRE project. The following table gives an overview of the EBIT of the Development segment before and after impairment losses on THE SQUAIRE:

	Year ended December 31			**Nine month period ended September 30**	
	2010	**2009**	**2008**	**2011**	**2010**
	(audited, unless stated otherwise)			*(unaudited)*	*(unaudited)*
	(in EUR million)				
Earnings before interest and taxes (EBIT)	**-7.3**	**-125.8**	**-137.2**	**-87.1**	**30.3**
Impairment losses on THE SQUAIRE	-38.9	-149.4	-67.9	-86.9	-4.3
Earnings before interest and taxes (EBIT) before impairment losses on THE SQUAIRE[1] (unaudited)	**31.6**	**23.6**	**-69.3**	**-0.2**	**34.6**

[1] Non-IFRS measure.

11.3.13.3 Caverns segment

	Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)				
Revenues	45.8	61.4	57.2	33.9	28.3
Net rents from investment property	—	—	49.8	2.5	—
Other net rents	—	0.1	0.2	—	0.0
Income from service charges	—	—	—	—	—
Income from project disposals	5.2	1.6	—	0.9	1.4
Income from construction contracts	—	—	—	—	—
Income from transactions, concepts and sales	20.9	43.1	—	16.9	13.5
Income from fund and property management	13.2	11.3	—	7.1	10.1
Other revenues	6.5	5.3	7.2	6.4	3.3
Changes in inventories and other own work capitalized.	0.9	6.6	16.7	5.6	4.7
Unrealized changes in market value of investment property.	140.8	197.0	48.5	53.2	119.4
Realized changes in market value of investment property.	-1.2	-0.4	175.7	-0.6	—
Other operating income.	5.8	5.8	181.8	2.8	2.1
Material expenses.	-8.3	-13.2	-3.4	-7.2	-7.5
Personnel expenses.	-7.0	-6.2	-7.3	-6.0	-5.2
Depreciation and amortization of intangible assets and property, plant and equipment.	-7.8	-5.5	-2.6	-4.1	-5.2
Expenses from investment property	—	0.0	-2.8	0.0	—
Other operating expenses.	-6.4	-11.3	-22.8	-4.6	-4.8
Gains/losses from associated companies accounted for using the equity method.	0.3	-0.5	—	—	0.3
Income from equity investments.	—	—	1.6	—	—
Earnings before interest and taxes (EBIT).	**163.2**	**233.8**	**442.6**	**73.0**	**132.1**

In the nine month period ended September 30, 2011, EBIT in the Caverns segment decreased by EUR 59.1 million to EUR 73.0 million, compared to EUR 132.1 million in the nine month period ended September 30, 2010. The main reason for this was the decline by EUR 66.2 million in unrealized changes in market value of investment property from EUR 119.4 million to EUR 53.2 million, primarily due to the lower number of caverns which changed to fair value accounting in the nine month period ended September 2011 (three caverns as opposed to seven caverns in the nine month period ended September 2010). This effect was partly offset by the EUR 3.4 million increase in income from transactions, concepts and sales regarding the promote structure and the EUR 2.5 million increase in net rents from investment property.

In 2010, the EBIT in the Caverns segment decreased by EUR 70.6 million, or 30.2%, to EUR 163.2 million, compared to EUR 233.8 million in 2009. Revenues decreased by EUR 15.6 million from EUR 61.4 million in 2009 to EUR 45.8 million in 2010. This decline was mainly due to the EUR 22.2 million decrease in income from transactions, concepts and sales derived from the promote structure. Unrealized changes in market value of investment property decreased by EUR 56.2 million to EUR 140.8 million, compared to EUR 197.0 million in 2009, because only nine caverns reached the threshold for fair value accounting in 2010 (2009: 13 caverns).

In 2009, EBIT of the Caverns segment decreased by EUR 208.8 million, or 47.2%, to EUR 233.8 million, compared to EUR 442.6 million in 2008. Revenues increased by EUR 4.2 million, or 7.3%, to EUR 61.4 million, compared to EUR 57.2 million in 2008. This increase was mainly the result of the decline in net rents by EUR 49.9 million because of the transfer of caverns to IVG Cavern Fund, the increase in income from transactions, concepts and sales by EUR 43.1 million derived from the promote structure and the increase in income from fund and property management by EUR 11.3 million resulting from the management of the caverns sold. Unrealized changes in market value of investment property increased by EUR 148.5 million to EUR 197.0 million, compared to EUR 48.5 million in 2008, primarily because 13 caverns under construction reached the threshold for fair value accounting in 2009. The cavern transaction which took place in 2008 generated a total impact of EUR 351.0 million, consisting of realized changes in market value of investment property of EUR 175.7 million in 2008 (2009: EUR -0.4 million) and a capital gain from the sale of a consolidated subsidiary in relation to the cavern transaction of EUR 175.3 million presented in the line item “Other operating income” in 2008 (2009: EUR 5.8 million, 2008: EUR 181.8 million).

11.3.13.4 Institutional Funds segment

	Year ended December 31			Nine month period ended September 30	
	2010 *(audited)*	2009 *(audited)*	2008 *(audited)*	2011 *(unaudited)*	2010 *(unaudited)*
	(in EUR million)				
Revenues	58.0	66.4	67.0	43.1	43.5
Net rents from investment property	—	—	—	—	—
Other net rents	—	—	—	—	—
Income from service charges	—	—	—	—	—
Income from project disposals	—	—	—	—	—
Income from construction contracts	—	—	—	—	—
Income from transactions, concepts and sales	2.2	5.2	7.4	3.1	1.5
Income from fund and property management	55.6	59.6	58.7	40.0	41.8
Other revenues	0.2	1.6	0.8	—	0.2
Changes in inventories and other own work capitalized.	—	—	0.1	—	—
Unrealized changes in market value of investment property.	—	—	—	—	—
Realized changes in market value of investment property.	—	—	—	—	—
Other operating income.	1.2	1.8	3.7	1.0	0.6
Material expenses.	-0.2	—	0.0	-0.1	-0.1
Personnel expenses.	-12.9	-11.8	-9.1	-8.9	-8.7
Depreciation and amortization of intangible assets and property, plant and equipment.	-0.2	-0.3	-0.5	-0.2	-0.2
Expenses from investment property	—	—	—	—	—
Other operating expenses.	-28.0	-33.3	-37.1	-21.2	-20.8
Gains/losses from associated companies accounted for using the equity method.	0.3	—	—	0.0	0.3
Income from equity investments.	—	0.2	-0.8	—	—
Earnings before interest and taxes (EBIT)	**18.2**	**23.0**	**23.3**	**13.7**	**14.6**

In the nine month period ended September 30, 2011, EBIT in the Institutional Funds segment slightly decreased by EUR 0.9 million to EUR 13.7 million, compared to EUR 14.6 million in the nine month period ended September 30, 2010, basically due to the decline in revenues and the increase in other operating expenses. Revenues decreased by EUR 0.4 million, from EUR 43.5 million to EUR 43.1 million in the nine month period ended September 30, 2010, as a result of an increase by EUR 1.6 million in income from transactions, concepts and sales (from EUR 1.5 million in the nine month period ended September 30, 2010 to EUR 3.1 million) due to larger acquisition volumes, and a decline in income from fund and property management by EUR 1.8 million from EUR 41.8 million in the nine month period ended September 30, 2010 to EUR 40.0 million in the nine month period ended September 30, 2011, due to a decrease in the assets under management. The other operating expenses increased by EUR 0.4 million to EUR 21.2 million, compared to EUR 20.8 million in the nine month period ended September 30, 2010.

In 2010, the EBIT of the Institutional Funds segment decreased by EUR 4.8 million, or 20.9%, to EUR 18.2 million, compared to EUR 23.0 million in 2009, caused by a decline in revenues which could not be fully offset by decrease in expenses. Revenues decreased by EUR 8.4 million from EUR 66.4 million in 2009 to EUR 58.0 million in 2010, due to both a decline by EUR 3.0 million in income from transactions, concepts and sales caused by a lower acquisition volume, and a decrease by EUR 4.0 million in income from fund and property management. The latter is mainly due to the consequences of the out-sourcing of property management activities, whereby both revenues and expenses were reduced. Furthermore, personnel expenses increased by EUR 1.1 million to EUR 12.9 million, compared to EUR 11.8 million in 2009, primarily due to one-time effects from members of the management leaving the company. The outsourcing of property management was the main reason for the EUR 5.3 million decrease in other operating expenses from EUR 33.3 million in 2009 to EUR 28.0 million in 2010.

In 2009, EBIT in the Institutional Funds segment decreased by EUR 0.3 million, or 1.3%, to EUR 23.0 million, compared to EUR 23.3 million in 2008. Revenues decreased by EUR 0.6 million to EUR 66.4 million in 2010 compared to EUR 67.0 million in 2009. Income from fund and property management increased by EUR 0.9 million to EUR 59.6 million primarily due to the IVG Cavern Fund that was placed in the previous year and the IVG Protect Fund, which was launched in the second quarter of 2009. By contrast, income from transactions, concepts and sales fell by EUR 2.2 million from EUR 7.4 million to EUR 5.2 million, largely because no such fees were received for the transfer of the IVG properties to the IVG Protect Fund. Personnel expenses increased by EUR 2.7 million to EUR 11.8 million in 2009, due to the intragroup transfer of employees from IVG's corporate functions to the Institutional Funds segment. By contrast, other operating expenses decreased by EUR 3.8 million to EUR 33.3 million, mainly as a result of the above-mentioned staff transfer, as these internal services were previously charged to the Institutional Funds segment.

11.3.13.5 Private Funds segment

	Year ended December 31			Nine month period ended September 30	
	2010 *(audited)*	2009 *(audited)*	2008 *(audited)*	2011 *(unaudited)*	2010 *(unaudited)*
	(in EUR million)				
Revenues	6.2	14.5	52.3	2.8	5.2
Net rents from investment property	—	—	—	—	—
Other net rents	—	—	24.2	—	—
Income from service charges	—	—	0.1	—	—
Income from project disposals	—	—	—	—	—
Income from construction contracts	—	—	—	—	—
Income from transactions, concepts and sales	2.4	11.1	25.6	0.1	2.4
Income from fund and property management	3.6	3.1	2.5	2.6	2.7
Other revenues	0.2	0.3	0.0	0.1	0.2
Changes in inventories and other own work capitalized	—	—	50.6	—	—
Unrealized changes in market value of investment property	—	—	—	—	—
Realized changes in market value of investment property	—	—	0.0	—	—
Other operating income	6.7	8.3	14.3	0.3	6.5
Material expenses	-0.6	-6.3	-75.2	-0.1	-1.1
Personnel expenses	-5.0	-5.0	-4.8	-2.8	-3.7
Depreciation and amortization of intangible assets and property, plant and equipment	-0.1	-0.1	-0.1	-0.1	-0.1
Expenses from investment property	0.0	—	—	—	0.0
Other operating expenses	-5.2	-11.1	-32.0	-4.5	-4.0
Gains/losses from associated companies accounted for using the equity method	—	0.9	14.6	—	—
Income from equity investments	0.2	0.4	0.0	0.1	0.0
Earnings before interest and taxes (EBIT)	**2.1**	**1.7**	**19.7**	**-4.2**	**2.9**

In the nine month period ended September 30, 2011, the EBIT in the Private Funds segment decreased by EUR 7.1 million to EUR -4.2 million, compared to EUR 2.9 million in the nine month period ended September 30, 2010. This decline was mainly caused by a EUR 2.3 million decrease in revenues from transactions, concepts and sales from EUR 2.4 million to EUR 0.1 million because no new products could be launched in 2011. Furthermore, other operating income decreased by EUR 6.2 million from EUR 6.5 million in the nine month period ended September 30, 2010 to EUR 0.3 million in the nine month period ended September 30, 2011, primarily due to lower placement volume. These changes could only partly be offset by a decrease in personnel expenses by EUR 0.9 million from EUR 3.7 million to EUR 2.8 million, also due to the reduced activity.

In 2010, the EBIT of the Private Funds segment increased by EUR 0.4 million, or 23.5%, to EUR 2.1 million, compared to EUR 1.7 million in 2009. Income from transactions, concepts and sales decreased by EUR 8.7 million from EUR 11.1 million in 2009 to EUR 2.4 million in 2010 because of two reasons: a lower product pipeline and a shortened invoicing process from the sales partners. As now sales partner invoice their brokerage commission directly to the fund, the Private Funds segment now reports less revenues and less material expenses. Furthermore, the other operating income, which primarily contained the deconsolidation effects of the EuroSelect 20 TheNorthGate fund in 2010 and EuroSelect 17 Amstelveen fund in 2009, declined by EUR 1.6 million from

EUR 8.3 million in 2009 to EUR 6.7 million in 2010. In 2010, also the material expenses decreased by EUR 5.7 million from EUR 6.3 million to EUR 0.6 million in 2010. In the 2009 figure, the selling expenses for the EuroSelect 17 Amstelveen were included. In addition, the already mentioned change in the invoicing process also contributed to this decrease. Finally, the other operating expenses decreased by EUR 5.9 million to EUR 5.2 million in 2010, compared to EUR 11.1 million in 2010, mainly as a result of the lower product pipeline. However, in total IVG was able to reduce costs at a stronger rate than the decline in revenues.

In 2009, the EBIT of the Private Funds segment decreased by EUR 18.0 million, or 91.4%, to EUR 1.7 million, compared to EUR 19.7 million in 2008. This decline had several reasons. Revenues decreased by EUR 37.8 million from EUR 52.3 million in 2008 to EUR 14.5 million in 2009, because of the decline in other net rents from EUR 24.2 million in 2008 to EUR 0.0 in 2009 caused by the loss of rents from two properties (one sold through a private fund, another transferred to the Real Estate segment), and because income from transactions, concepts and sales decreased by EUR 14.5 million from EUR 25.6 million to EUR 11.1 million in 2010, caused by the lower placement volume achieved in 2009. Changes in inventories from a project development in Milan decreased from EUR 50.6 million in 2008 to EUR 0.0 million in 2009, because this project development was reallocated to the Real Estate segment based on strategy change. The other operating income, which mainly contained the deconsolidation effects of the EuroSelect 17 Amstelveen fund in 2009 and the EuroSelect 16 The Square fund in 2008, decreased by EUR 6.0 million from EUR 14.3 million in 2008 to EUR 8.3 million in 2009. Material expenses decreased by EUR 68.9 million to EUR 6.3 million, compared to EUR 75.2 million in 2008. This decline was mainly due to two reasons: the already mentioned reallocation of the project development in Milan (EUR 51.5 million decrease) and the lower placement volume (EUR 17.4 million decline). The other operating expenses decreased by EUR 20.9 million from EUR 32.0 million to EUR 11.1 million, mainly due to the lower product pipeline in 2009 and to the reallocation of the project development in Milan. Gains/losses from associated companies accounted for using the equity method decreased by EUR 13.7 million from EUR 14.6 million in 2008 to EUR 0.9 million in 2009, because the 2008 figure contained positive effects from interests in Italian and U.K. funds.

11.3.14 Financial result

The financial result comprises income and expenses from foreign currency, interests, hedging transactions not included in hedge accounting, valuation of financial assets, subsequent valuation of minority interests treated as liabilities and other financial income and expenses.

In the nine month period ended September 30, 2011, the financial result decreased by EUR 6.2 million from EUR -179.0 million to EUR -185.2 million, mainly due to the decline in foreign currency earnings and the decrease in income from valuation of financial assets, which were partly offset by the improvement of the interest expenses because of the lower debt basis and decreased money market rates.

The following table shows a breakdown of the financial result for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 *(audited)*	2009 *(audited)*	2008 *(audited)*
	(in EUR million)		
Foreign currency income	38.8	72.7	155.2
Foreign currency expenses	-39.1	-74.5	-188.3
Foreign currency earnings	**-0.3**	**-1.8**	**-33.1**
Interest income	21.0	19.8	26.8
Capitalized interest (assets)	6.2	8.3	4.2
Interest expense	-224.8	-235.6	-311.5
Interest earnings	**-197.6**	**-207.6**	**-280.5**
Income from hedging transactions	19.7	9.5	4.6
Expenses from hedging transactions	-38.3	-22.2	-12.5
Earnings from hedging transactions	**-18.5**	**-12.7**	**-7.9**
Income from valuation of financial assets	4.2	13.8	0.0
Expenses from valuation of financial assets	-5.2	-21.9	-82.8
Income from valuation of financial assets	**-1.1**	**-8.1**	**-82.8**
Earnings from subsequent valuation of minority interests in partnerships	**-5.3**	**1.6**	**16.0**
Other financial income	1.1	3.8	0.0
Other financial expenses	-13.4	-28.5	-10.2
Other financial result	**-12.3**	**-24.7**	**-10.2**
Financial results	**-235.1**	**-253.4**	**-398.5**

The financial result increased from EUR -398.5 million in 2008 by EUR 145.1 million, or 36.4%, to EUR -253.4 million in 2009 and then increased by EUR 18.3 million, or 7.2%, to EUR -235.1 million in 2010.

Foreign currency income and expenses mainly included effects from the foreign currency transactions of IVG and from the valuation of internal and external loans to Eastern European project companies. Foreign currency investments are financed with the currency of the country in which IVG invests (natural hedging). In this case income offsets expenses. Due to the reduction of investment activities in the U.K., both foreign currency income and foreign currency expenses decreased from 2008 to 2010. The negative foreign currency earnings in 2008 mainly result from the valuation of CHF-loans which were converted into EUR-loans in 2009 (EUR -15.2 million) and EUR-loans of Eastern European project companies (EUR -15.7 million).

Interest expenses decreased due to the amortization of financial liabilities and due to lower money market interest rates.

Expenses and income from hedging transactions relate to gains and losses from the market valuation of hedge transactions not included in hedge accounting. Thus, the hedging result was negatively impacted by lower interest rate levels during 2010, 2009 and 2008.

The improvement in the income from valuation of financial assets was mainly driven by the discontinuation of one time effects. In 2009, income from the valuation of financial assets of EUR 13.8 million was primarily due to the write-up of a loan to a business partner of the Private Funds segment and expenses mainly result from write-downs relating to a consolidated Asian fund of funds and an Italian fund.

In 2008, expenses from the valuation of financial assets of EUR 82.8 million consisted mainly of write-downs of a loan to a business partner with respect to the EuroSelect 14 "The Gherkin" fund in the Private Funds segments (EUR 50.7 million), a consolidated Asian fund of funds (EUR 25.0 million) and unrealized changes in value of an index linked bond.

Other financial expenses in 2009, being substantially higher than in 2008 and 2010, were characterized by non-recurring effects such as accrued fees for the Syndicated Loan 2009, prepayment penalties and breakage costs related to the debt restructuring and other financial expenses, such as cash management fees and credit commitment fees.

11.3.15 Income taxes

Income taxes include all current tax expenses which are income-based, e.g., corporate tax and trade tax. Furthermore, this line item includes deferred tax expenses arising from the recognition of deferred tax assets and liabilities. Deferred tax are future tax assets or liabilities which are induced by differences between book values and tax values or related to tax losses carried forwards.

Income taxes improved by EUR 72.5 million from EUR -11.6 million (i.e., tax expense) in the nine month period ended September 30, 2010 to EUR 60.9 million (i.e., tax income) in the nine month period ended September 30, 2011. The main reasons for this development were the negative net profit before tax in the current period which triggers tax relief instead of tax burden and the capitalization of mainly German trade tax losses carried forward in the nine month period ended September 30, 2011. The latter effect is primarily a consequence of the restructuring of IVG's internal financing.

The following table shows a breakdown of the income taxes for the financial years 2010, 2009 and 2008:

	Year ended December 31		
	2010 *(audited)*	**2009** *(audited)*	**2008** *(audited)*
	(in EUR million)		
Current income tax expense	-31.4	-24.3	-400.6
Income tax expense from other periods	12.2	-0.3	-2.3
Deferred taxes	21.3	55.9	452.6
Deferred taxes from other periods	—	—	-4.3
Total	**2.1**	**31.3**	**45.4**

Income taxes decreased from EUR 45.4 million in 2008 by EUR 14.1 million, or 31.1%, to EUR 31.3 million in 2009 and then decreased by EUR 29.2 million, or 93.3%, to EUR 2.1 million in 2010. In 2010, income taxes dropped by EUR 29.2 million to EUR 2.1 million mainly due to the improvement of the net profit before tax from EUR -189.3 million to EUR 21.1 million, which in general triggers a tax burden rather than a tax relief as in the previous years. In 2009, the Group's tax rate increased to 16.5% compared to 9.1% in 2008, primarily due to a lower level of non-deductible negative valuation impacts.

11.4 Financial position

11.4.1 NAV

The NAV reflects the economic equity of a company. It comprises the current value of Group assets – essentially the value of IVG's properties – less debt.

The following table gives an overview of IVG's NAV:

	As of December 31			As of September 30
	2010	2009	2008	2011
	(audited, unless stated otherwise)			(unaudited)
	(in EUR million, unless stated otherwise)			
Assets				
Real Estate	4,475.8	4,672.3	5,422.8	4,279.5
Development	1,076.1	1,005.3	757.9	1,028.0
Caverns	771.3	595.5	342.4	751.8
Institutional Funds	260.5	263.1	314.7	266.3
Private Funds	11.9	95.3	378.9	14.3
Corporate functions / Consolidation	422.4	479.4	253.1	285.0
Total segment assets[1]	**7,018.0**	**7,110.8**	**7,469.8**	**6,624.8**
Derivative financial instruments and deferred tax assets	274.5	282.5	405.7	324.3
Total assets[2]	**7,292.4**	**7,393.4**	**7,875.5**	**6,949.2**
Liabilities				
Financial liabilities	5,288.5	5,254.4	5,599.5	4,975.6
Other liabilities	533.8	648.7	533.9	490.7
Derivative and deferred tax liabilities	184.0	225.1	351.0	159.0
Total liabilities	**6,006.3**	**6,128.3**	**6,484.6**	**5,625.4**
Hybrid capital and minority interests	**401.3**	**401.3**	**403.9**	**400.9**
NAV[3] (unaudited)	**884.8**	**863.8**	**987.0**	**922.8**
Difference between the fair value of all caverns and their carrying amount (unaudited)	356.3	389.6	486.1	276.8
NAV adjusted (unaudited)	**1,241.1**	**1,253.4**	**1,473.1**	**1,199.6**
NAV per share in EUR[4] (unaudited)	**7.02**	**6.86**	**8.51**	**6.66**
Difference between the fair value of all caverns and their carrying amount per share in EUR (unaudited)	2.83	3.09	4.19	2.00
NAV adjusted per share in EUR[2] (unaudited)	**9.85**	**9.95**	**12.70**	**8.66**

1 Segment assets are those assets which can be allocated to the segments according to IFRS 8. This measure is part of the Segment reporting within the Notes to the financial statements.

2 Total assets according to the consolidated statement of financial position.

3 NAV corresponds to the "Equity attributable to Group shareholders" in the consolidated statement of financial position.

4 On the basis of the number of shares at the relevant date (September 30, 2011: 138.6 million, December 31, 2010: 126.0 million, December 31, 2009: 126.0 million and December 31, 2008: 116.0 million).

In the nine month period ended September 30, 2011, total segment assets decreased by EUR 393.2 million to EUR 6,624.8 million. This decrease was primarily influenced by the sale of six completed caverns to the IVG Cavern Fund, the sale of real estate assets and the transfer of a project development in Berlin to the IVG Premium Green Fund. In the same period, the derivative and deferred tax assets increased by EUR 49.8 million to EUR 324.3 million mainly due to the German trade tax losses capitalized. The decrease in total liabilities from EUR 6,006.3 million by EUR 380.9 million to EUR 5,625.4 million was caused primarily by the partial repayment of a syndicated loan and the full repayment of three project loans, mainly due to project sales.

In 2010, the values of total segment assets and total assets remained stable as the disinvestments and negative valuation effects in the Real Estate and Private Funds segments were compensated to a large extent by investments in the Development segment as well as investments and positive valuation effects in the Caverns segment. In

2009, the values of total segment assets decreased by 4.8% and total assets decreased by 6.1%, respectively. This was primarily due to the large volume of asset sales in the Real Estate segment, including a project development which was previously accounted for in the Private Funds segment. Investments in the Development and Caverns segments were only able to partly compensate this effect.

In 2010, IVG's derivative and deferred tax liabilities decreased by 18.3% to EUR 184.0 million. This continued a trend from 2009 when they decreased by 35.9% to EUR 225.1 million compared to EUR 351.0 million in 2008.

In 2010, the NAV per share increased slightly from EUR 6.86 per share to EUR 7.02 per share, mainly due to the increase in net profit in 2010. In 2009, the NAV per share decreased from EUR 8.51 per share in 2008 by EUR 1.65 per share, or 19.4%, to EUR 6.86 per share in 2009. This decrease was primarily due to the net loss in 2009, which was only partly compensated by the proceeds of a capital increase.

In 2010, the net asset value adjusted for components of the market value of caverns which are not recognized on the balance sheet (NAV adjusted) per share remained stable at EUR 9.85 per share, compared to EUR 9.95 per share in 2009. The value decreased in 2009 to EUR 9.95 per share, or 21.7%, from EUR 12.70 per share in 2008, due to significant negative changes in value in the Real Estate and Development segments as well as in financial instruments.

11.4.2 LTV

Loan-to-value, i.e., the sum of IVG's convertible bond, bank loans and commercial paper divided by its total assets ("**LTV**") is derived from IVG's consolidated statement of financial position and is calculated by dividing the sum of the convertible bond, bank loans and commercial paper by the total assets.

The following table gives an overview of IVG's LTV:

	As of December 31			As of September 30
	2010	2009	2008	2011
	(audited, unless stated otherwise)			*(unaudited)*
	(in EUR million, unless stated otherwise)			
Convertible bond	324.6	314.6	305.3	332.3
Bank loans, current	1,122.2	782.4	1,270.1	1,369.4
Bank loans, non-current	3,781.0	4,055.2	3,891.4	3,212.9
Commercial paper	—	—	67.0	—
Sum of convertible bond, bank loans and commercial paper	5,227.8	5,152.2	5,533.8	4,914.7
Total assets	7,292.4	7,393.4	7,875.5	6,949.2
Loan-to-value (carrying amounts) in %, (unaudited)[1]	**71.7**	**69.7**	**70.3**	**70.7**

[1] LTV is derived from the consolidated statement of financial position and is calculated by dividing the sum of convertible bond, bank loans and commercial paper by total assets.

In the nine month period ended September 30, 2011, LTV decreased by 100 basis points to 70.7%, compared to 71.7% as of December 31, 2010.

In 2010, LTV went up by 200 basis points from 69.7% in 2009 to 71.7% in 2010, as financial liabilities slightly rose to finance the investments in the Development and Caverns segments and negative changes in market value in the Real Estate segment negatively affected the total assets.

In 2009, LTV improved by 60 basis points to 69.7%, compared to 70.3% in 2008, mainly due to the debt reduction program and the numerous real estate assets sold to finance the investments in the Development and Caverns segments.

11.5 Funds from operations

FFO is a liquidity-based key financial figure that describes net cash from operating activities. It is a widely used key figure in the real estate sector for the operating performance of listed real estate companies, especially asset management companies. IVG has split the FFO measure, which it implemented in the beginning of 2009, into a recurring FFO (FFO I), which does not include cash from development and trading activities, and a total FFO (FFO II), which includes cash from development and trading activities. However, since FFO is a non-IFRS measure, its method of calculation can vary considerably between different companies and is therefore not a suitable basis for comparing companies. The following table provides an explanation on how FFO is calculated by IVG on the basis of EBIT.

	Year ended December 31		Nine month period ended September 30	
	2010 *(unaudited)*	2009 *(unaudited)*	2011 *(unaudited)*	2010 *(unaudited)*
	(in EUR million, unless stated otherwise)			
Earnings before interest and taxes (EBIT)	**256.2**	**64.1**	**69.6**	**237.1**
Deduction of unrealized changes in value[1]	-5.3	152.8	68.6	-40.0
EBIT before unrealized changes in value	**250.9**	**216.9**	**138.3**	**197.1**
Elimination of non-recurring EBIT from development activities[2]	-39.2	-14.8[9]	0.2	-39.5
Elimination of non-recurring result from trading activities (excl. development activities)[3]	0.1	63.6	1.0	0.7
Elimination of non-cash effects included in EBIT (excl. development activities)[4]	-8.0	-6.9	-0.7	-4.3
Deduction of regular payments to other stakeholders[5]	-188.8	-202.9	-124.4	-138.2
Funds from operations I (FFO I) – recurring (excl. activities from development and trading)	**15.0**	**55.9**	**14.4**	**15.9**
Add back eliminated result from trading activities	-0.1	-63.6	-1.0	-0.7
Add back eliminated result from development activities	39.2	14.8[9]	-0.2	39.5
Elimination of non-cash effects included in EBIT from development activities[6]	-11.9	-1.5	-2.1	-11.1
Add back eliminated cash effective from development financing (incl. hybrid)[7]	-32.0	-33.6	-20.5	-24.1
FFO II – total (incl. activities from development and trading)	**10.2**	**-28.1**	**-9.4**	**19.5**
FFO I per share in EUR[8]	**0.12**	**0.31**	**0.11**	**0.13**
FFO II per share in EUR[8]	**0.08**	**-0.37**	**-0.07**	**0.15**

1 "Unrealized changes in value" include all valuation effects from IAS 2, IAS 36, IAS 39 and IAS 40 without tax effects. This measure is part of the full Consolidated income statement (refer to pages F-4, F-27, F-108 and F-193).

2 Corresponds to the EBIT before changes in value as stated in the segment reporting (refer to pages F-12-F-14, F-91, F-174 and F-255). In 2009, a further adjustment was made (see footnote 9).

3 Corresponds to the "Realized changes in market value of investment property" of the Group – as stated in the segment reporting (refer to pages F-12-F-14, F-91, F-174 and F-255) after deducting the Development segment.

4 Comprises non-cash effects such as Depreciation and amortization of intangible assets and property, plant and equipment, gains and losses from associated companies accounted for using the equity method and other non-cash effects and material non-recurring items, i.e., one-off effects (excl. Development segment).

5 Comprises the net interests paid and accrued payouts to hybrid holder (excl. those attributable to the Development and Caverns segments) and net taxes paid.

6 Comprises non-cash effects such as Depreciation and amortization of intangible assets and property, plant and equipment, gains and losses from associated companies accounted for using the equity method and other non-cash effects and material non-recurring items, i.e., one-off effects, for the Development segment only.

7 Comprises the net interests paid and accrued payouts to hybrid holder attributable to the Development segment and net taxes paid.

8 On the basis of the weighted number of shares in the relevant period (January 1 to September 30, 2011: 136.6 million, January 1 to September 30, 2010: 126.0 million, January 1 to December 31, 2010: 126.0 million and January 1 to December 31, 2009: 117.9 million).

9 Includes adjustment for an asset sale of EUR 9.4 million not recorded in the Development segment.

In the nine month period ended September 30, 2011, FFO I decreased by EUR 1.5 million, or 9.4%, to EUR 14.4 million, compared to EUR 15.9 million in the nine month period ended September 30, 2010. This decline was mainly due to the decrease in EBIT before unrealized changes in value especially from the Real Estate and Private Funds segments, which could only be partly offset by the reduction of the regular payments to other stakeholders, the latter mainly due to the decline in interest payments. In the same period, FFO II declined by EUR 28.9 million to EUR -9.4 million, compared to EUR 19.5 million in the nine month period ended September 30, 2010. This decline was mainly caused by the decrease in EBIT from development activities, which are not included in FFO I.

In 2010, FFO I decreased by EUR 40.9 million, or 73.2%, to EUR 15.0 million, compared to EUR 55.9 million in 2009. This decline was mainly due to the decrease in EBIT before unrealized changes in value and realized changes in market value from investment property from all segments (Development segment excluded), especially from the Real Estate and the Caverns segments, which could only partly be offset by the reduction of the regular payments to other stakeholders, the latter mainly due to the decline in tax payments. In the same period, FFO II improved by EUR 38.3 million to EUR 10.2 million, compared to EUR -28.1 million in 2009. This increase is primarily the result of the improvement of two results which are not included in FFO I: Firstly, the result from trading activities which improved by EUR 63.5 million from EUR -63.6 million to EUR -0.1 million, and secondly, the result of development activities which increased by EUR 24.4 million from EUR 14.8 million to EUR 39.2 million.

11.6 Liquidity and capital resources

IVG has operational cash inflows from rental income, income from investments, fund management fees and asset management fees. These income finances operating costs, interest payments, repayments of annuity loans and capital expenditure for the real estate portfolio. Cash inflows from investment activities such as sale of real estate assets and other investments held and the exit of project developments as well as draw downs from development loans are used to finance the capex programs of caverns and development. Sale proceeds of caverns sold to the IVG Cavern Fund are used to repay financial debt.

11.6.1 Consolidated cash flow statement

11.6.1.1 Comparison of financial years 2010, 2009 and 2008

The following table is a summary of IVG's consolidated cash flow statements for 2010, 2009 and 2008 and for the nine month periods ended September 30, 2010 and September 30, 2011. For a detailed presentation of the statement of cash flows for the periods indicated, please refer to the audited consolidated financial statements in the Financial Statement.

	Year ended December 31			Nine month period ended September 30	
	2010 (audited)	2009 (audited)	2008 (audited)	2011 (unaudited)	2010 (unaudited)
	(in EUR million)				
Cash flow from current activities	158.8	168.2	277.2	96.2	110.1
Cash flow from operating activities	-233.3	-50.5	-422.6	-215.4	-100.0
Cash flow from investing activities	208.8	485.8	-410.7	249.2	21.9
Cash flow from financing activities	24.6	-204.4	772.0	-158.2	33.1
Net change in cash and cash equivalents from operations	0.1	230.9	-61.3	-124.4	-45.0
Cash and cash equivalents as of January 1	274.9	44.2	106.2	274.9	274.9
Cash and cash equivalents as of December 31.	274.9	274.9	44.2	—	—
Cash and cash equivalents as of September 30.	—	—	—	150.7	229.8

11.6.1.2 Cash flow from current activities

Cash flow from current activities corresponds to the cash flow from operating activities excluding cash inflows and outflows related to project developments.

Current activities provided cash inflow of EUR 96.2 million in the nine month period ended September 30, 2011 and an inflow of EUR 110.1 million in the same period 2010.

Current activities provided cash inflow of EUR 158.8 million in 2010, resulted in cash inflow of EUR 168.2 million in 2009 and provided cash inflow of EUR 277.2 million in 2008.

11.6.1.3 Cash flow from operating activities

Cash flow from operating activities comprises all cash inflows and outflows directly related to the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. It comprises the cash flow from current activities and the cash inflows and outflows related to project developments.

Cash flow from operating activities decreased from a cash outflow of EUR 100.0 million in the nine month period ended September 30, 2010 to a cash outflow of EUR 215.4 million in the nine month period ended September 30, 2011. This decline was mainly due to the cash outflows relating to a number of project developments, which were only partly offset by the sale of a project development in Berlin. In the nine month period ended September 30, 2010, such offsetting effect was greater because eight project developments were sold. Operating activities provided cash outflow of EUR 233.3 million in 2010, resulted in cash outflow of EUR 50.5 million in the financial year 2009 and provided cash outflow of EUR 422.6 million in 2008.

Cash flow from operating activities deteriorated in 2010 by EUR 182.8 million from a cash outflow of EUR 50.5 million to a cash outflow of EUR 233.3 million and was characterized by outflows from ongoing investments in project developments and inflows from the project disposals in Germany, London, Poland and France in the year under review.

Cash flow from operating activities improved in 2009 from a cash outflow of EUR 422.6 million to a cash outflow of EUR 50.5 million, due in particular to the successful disposal of selected project developments in the second half of the year. Cash flow from operating activities is also characterized by current investments in project developments.

11.6.1.4 Cash flow from/for investing activities

Cash flow from/for investing activities comprises all cash inflows and outflows attributable to the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Investing activities provided cash inflow of EUR 249.2 million in the nine month period ended September 30, 2011 and an inflow of EUR 21.9 million in the same period 2010. This increase in the amount of EUR 227.3 million was primarily caused by the sale of six caverns and three real estate assets in Hamburg, Berlin and Paris.

Investing activities provided cash inflow of EUR 208.8 million in 2010, resulted in cash inflow of EUR 485.8 million in 2009 and provided cash outflow of EUR 410.7 million in 2008.

In 2010, cash flow from investing activities comprised cash inflow from the placement of the private fund EuroSelect 20 TheNorthGate, the asset sales in U.K. and the sale of four caverns less the payments for current investments, especially for caverns under construction.

Cash flow from investing activities in 2009 of EUR 485.8 million primarily contained proceeds from the sale of real estate assets (EUR 636.0 million) and from the sale of a tranche of the company's interest in the IVG Cavern Fund which was only held temporarily. These were offset by payments for current investments, especially for caverns under construction.

11.6.1.5 Cash flow from financing activities

Cash flow from financing activities comprises all cash inflows and outflows that result from changes in the size and composition of the contributed equity and borrowings of the Company.

Financing activities provided a cash outflow of EUR 158.2 million in the nine month period ended September 30, 2011 and an inflow of EUR 33.1 million in the same period in 2010. The EUR 191.3 million decline was primarily influenced by the scheduled repayments of loans offset by the proceeds from the capital increase performed in February 2011.

Cash inflow from financing activities increased to EUR 24.6 million in 2010 and decreased to a cash outflow of EUR 204.4 million in 2009 from a cash inflow of EUR 772.0 million in 2008.

From 2009 to 2010 the cash flow from financing activities increased from a cash outflow of EUR 204.4 million to a cash inflow of EUR 24.6 million, after scheduled loan capital repayments for current project financing.

Cash flow from financing activities decreased significantly from 2008 to 2009 from a cash inflow of EUR 772.0 million in 2008 to a cash outflow of EUR 204.4 million in 2009 and resulted primarily from borrowing loans for the purchase of the Allianz property portfolio, reduced by redemption in connection with the cavern transaction. After the deduction of transaction costs, IVG generated a cash inflow of EUR 70.6 million from the capital increase carried out in the fourth quarter.

11.6.2 Investments

Investments include all capital expenditure for non-current assets. Project developments are presented under inventories, therefore related expenditure is not included under investments. IVG's investments include ongoing capital expenditure for existing real estate assets, mainly located in Germany, as well as ongoing development of caverns and the construction of any required infrastructure, such as pipes and pumps. Furthermore, investments include co-investments in certain funds initiated by IVG.

The following table shows a breakdown of IVG's investments by segment for the financial years 2010, 2009 and 2008 and for the nine month period ended September 30, 2011:

	Year ended December 31			Nine month period ended September 30
	2010 *(audited)*	2009 *(audited)*	2008 *(audited)*	2011 *(unaudited)*
	(in EUR million)			
Real Estate	88.4	97.1	1,055.5	45.6
Development	21.0	24.5	1.1	0.9
Caverns	131.1	103.5	184.0	89.6
Institutional Funds	0.0	13.4	56.5	1.3
Private Funds	0.0	12.9	8.7	0.0
Asset Management and Corporate Functions	7.8	17.2	2.4	7.5
Total	**248.4**	**268.6**	**1,308.2**	**144.8**

In 2008, IVG made investments of EUR 1,308.2 million, of which EUR 1,044.5 million were invested in investment property in the Real Estate segment, mainly relating to the acquisition of the CORE portfolio, and EUR 180.2 million were invested in property, plant and equipment in the Caverns segment.

In 2009, IVG made investments in the amount of EUR 268.6 million, of which EUR 151.6 million were invested in investment property in the Real Estate, Development and Caverns segments, EUR 20.7 million were invested in property, plant and equipment primarily in the Caverns segment and EUR 70.2 million were invested in financial assets mainly Funds related to the IVG Protect Fund and to equity investments in the Caverns and Institutional segments.

In 2010, IVG made investments in the amount of EUR 248.4 million, of which EUR 187.9 million were invested in investment property in the Real Estate, Development and Caverns segments, EUR 19.7 million were invested in property, plant and equipment mainly in the Caverns segment and EUR 31.4 million were invested in financial assets mainly related to the IVG Premium Green Fund and to an equity investments in the Caverns segment.

In the nine month period ended September 30, 2011, IVG made investments in the amount of EUR 144.8 million, of which EUR 97.4 million were invested in investment property in the Real Estate and Caverns segments, EUR 14.8 million were invested in property, plant and equipment mainly in the Caverns segment, EUR 31.1 million were invested in financial assets mainly related to the IVG Premium Green Fund, the IVG Cavern Fund and an Asian fund, which was sold in the third quarter of 2011, and EUR 1.3 million were invested in a goodwill in the Institutional Funds segment.

In the period between October 1, 2011 and the day prior to the date of the Prospectus, IVG made investments in the amount of approximately EUR 38.5 million, of which IVG invested EUR 10.0 million in a co-investment in October 2011. At the date of the Prospectus, there are no current material investments undertaken by IVG. IVG plans to carry out investments in the amount of approximately EUR 21.4 million in the period between the day following the date of the Prospectus and December 31, 2011.

The following table shows investments that have already been carried out or are still planned to be carried out in the three month period ending December 31, 2011. These investments are primarily financed internally, e.g., the sale of real estate assets, while a smaller portion is financed externally:

	Three month period ended December 31
	2011 *(unaudited)*
	(in EUR million)
Real Estate	25.5
Development	—
Caverns	34.2
Institutional Funds	—
Private Funds	—
Asset Management and Corporate Functions	0.2
Total	**59.9**

In the three month period ending December 31, 2011, IVG intends to invest EUR 25.5 million in its Real Estate segment, of which EUR 8.7 million relate to tenant improvements, EUR 6.4 million relate to refurbishments and EUR 10.4 million to financial investments. IVG does not plan any investments in non-current assets in its Development segment. Investments in the Caverns segment are expected to amount to EUR 34.2 million, of which EUR 20.9 million relate to the construction of caverns and EUR 13.2 million relate to infrastructure for caverns, such as pipes and pumps. IVG does not intend to engage in any principal investment in its Institutional Funds and the Private Funds segments. IVG's investments in co-investment structures are allocated to the Real Estate segment.

Committed investments for the financial years 2012 and 2013 amount to approximately EUR 85.0 million, mainly attributable to the development and construction of pre-let and partly pre-sold caverns. Apart from these investments, IVG has not planned principal future investments to which the Supervisory Board has given its final consent.

11.6.3 Financial liabilities

As of September 30, 2011, IVG's financial liabilities (including finance leases) amount to EUR 4,975.6 million, compared to EUR 5,288.5 million as of December 31, 2010, EUR 5,254.4 million as of December 31, 2009 and EUR 5,599.5 million as of December 31, 2008.

The following table presents an overview of IVG's financial liabilities as of September 30, 2011. Between September 30, 2011 and the date of the Prospectus, there has been no material change to IVG's financial liabilities:

	As of September 30, 2011 *(unaudited)*		
	Total	**Non-current**	**Current**
	(in EUR million)		
Convertible bond	332.3	332.3	—
Bank loans	4,582.4	3,212.9	1,369.4
Finance leases	1.5	—	1.5
Financing liabilities to affiliates	3.9	0.0	3.9
Financing liabilities to associated companies	1.4	—	1.4
Liabilities to equity investments	0.7	—	0.7
Minority interests in partnerships	39.9	39.9	—
Other financial liabilities	13.5	—	13.5
Total	**4,975.6**	**3,585.2**	**1,390.5**

The convertible bond was issued in 2007 and has a term until March 29, 2017. However, there is an investor put option on March 29, 2014.

IVG's bank loans consist of syndicated loans, real estate loans, project financing, bilateral credit lines, bridge financing and other loans.

More details on the Syndicated Loan 2007, the Syndicated Loan 2009, CORE financing agreement and THE SQUAIRE financing can be found in the section "*Business – Material agreements*".

The following table gives an overview of IVG's bank loan maturities as of September 30, 2011 excluding accruals:

	As of September 30, 2011	
	Fixed-interest liabilities *(unaudited)*	**Weighted interest rate** *(unaudited)*
	(in EUR million)	*(in %)*
Up to 1 year	3.5	4.99
Over 1 year	23.5	5.67
Thereof 2 to 3 years	2.7	4.99
Thereof 3 to 4 years	10.7	4.67
Thereof 4 to 5 years	0.8	4.85
Thereof over 5 years	43.1	5.02
Total	**84.3**	**5.16**

	As of September 30, 2011	
	Variable-interest liabilities *(unaudited)*	**Weighted margin** *(unaudited)*
	(in EUR million)	*(in %)*
Up to 1 year	1,361.5	1.62
Over 1 year	936.6	2.59
Thereof 2 to 3 years	1,967.3	1.29
Thereof 3 to 4 years	106.9	1.53
Thereof 4 to 5 years	45.6	1.85
Thereof over 5 years	91.4	1.48
Total	**4,509.3**	**1.67**

Between June 30, 2011 and September 30, 2011, the following loans were agreed to be extended or prolonged or newly negotiated:

On the basis of a binding term sheet, dated September 29, 2011, subject to certain conditions precedents, a loan agreement between THE SQUAIRE GmbH & Co. KG, a subsidiary of IVG Immobilien AG, and Deutsche Pfandbriefbank AG (previously Hypo Real Estate Bank Aktiengesellschaft), originally dated February 22, 2007 ("**THE SQUAIRE financing agreement**") with an original volume of EUR 501.0 million, originally expected to mature on September 30, 2011, will be prolonged as of January 1, 2012 with a new maturity on December 31, 2013 (after having initially been prolonged by an amendment agreement until December 31, 2011). By the same term sheet, a separate VAT loan facility under the THE SQUAIRE financing agreement will be refinanced with a EUR 6.0 million VAT loan facility which will become due for repayment three months after the date of completion of THE SQUAIRE, but no later than September 30, 2012. Simultaneously, the Company signed a loan agreement for EUR 35.0 million with a German Landesbank for the financing of the development project THE SQUAIRE Parking. Furthermore, one property financing in the amount of EUR 50.0 million originally expiring on December 31, 2011 was prolonged with an amount of EUR 45.0 million for a period of ten years and certain other short- to mid-term maturing maturities were prolonged.

Between September 30, 2011 and the date of this Prospectus, the following three major loans were prolonged:

On the basis of an agreement reached with the lender on October 24, 2011 and a binding unconditional term sheet, the property financing for the Pegasus portfolio, originally dated December 22, 2004 with an original volume of EUR 150.0 million, originally expected to mature on October 31, 2011, will be prolonged in the amount of EUR 144.8 million with a new maturity on October 31, 2013.

On the basis of a binding term sheet, dated November 8, 2011, subject to certain conditions precedent, a loan agreement between IVG and a syndicate of banks, originally dated May 12, 2009 ("**Syndicated Loan 2009**") with an original volume of EUR 1,319.4 million, originally expected to mature on December 28, 2012, will be prolonged and extended in the amount of EUR 1,017.4 million with a new maturity on September 25, 2014. In addition to the already agreed repayments of EUR 204.2 million in 2012, scheduled repayments from cavern sales amount to a total EUR 300.0 million (EUR 127.6 million in 2013 and EUR 172.4 million in 2014) until 2014. Furthermore, a bilateral credit line amounting to EUR 50.0 million and originally due on December 7, 2011 was partly rolled over into the prolonged Syndicated Loan 2009.

On the basis of a binding term sheet, dated November 10, 2011, subject to certain conditions precedent, a loan agreement between IVG and a syndicate of banks, originally dated September 11, 2007 ("**CORE financing agreement**") with an original volume of

EUR 980.0 million, originally expected to mature on September 7, 2012, will be prolonged in the amount of EUR 932.5 million as of September 30, 2011 with a new maturity on December 31, 2015. As a part of the facility prolongation it is agreed that the facility shall operate with a loan-to-value covenant of 88% (75% before prolongation), two properties in one of the EuroSelect funds shall be sold and the facility shall be subject to annual repayments of EUR 20.0 million.

After 2012, a bilateral credit facility with an original volume of EUR 100.0 million, expected to mature on December 31, 2013 and a facility agreement between IVG and several banks, dated September 25, 2007, (the "**Syndicated Loan 2007**") with an original volume of EUR 1,350.0 million, expected to mature on September 25, 2014, will be scheduled for extension.

IVG paid a total arrangement fee for the prolongations of EUR 7.5 million. Partly higher margins could be compensated by lower interest rate swap levels. Successful financing activities led to significantly increased maturity profile as shown in the table below. If the prolongations had already been effective as of September 30, 2011, the average maturity of the bank loans and the convertible bond would have increased from 2.17 years to 2.83 years.

	As of September 30, 2011	
	Bank loans *(unaudited)*	**Ceteris paribus after prolongation of bank loans** *(unaudited)*
	(in EUR million)	*(in EUR million)*
Up to 1 year	1,365.0	632.0
Over 1 year	960.1	278.8
Thereof 2 to 3 years	1,970.0	2,895.8
Thereof 3 to 4 years	117.6	137.6
Thereof 4 to 5 years	46.4	514.9
Thereof over 5 years	134.5	134.5
Total	**4,593.6**	**4,593.6**

11.6.4 Derivative financial instruments

The following derivative financial instruments were held at the balance sheet date:

	As of September 30, 2011	
	Nominal volume	**Market value**
	(unaudited)	*(unaudited)*
	(in EUR million)	
Assets		
Currency hedges	—	—
Interest rate hedges	—	—
Total	**—**	**—**
Liabilities		
Currency hedges	—	—
Interest rate hedges	3,265.7	-89.5
Total	**3,265.7**	**-89.5**

The table does not include the writer put option as part of the IVG Protect Fund (market value: EUR -7.0 million).

IVG currently does not employ currency hedges due to its natural hedging activities using foreign currency loans. Interest rate hedges mainly consist of interest rate payer swaps, hedging risks arising from future interest rate cash flows. The carrying amounts of the derivatives are close to market value. The opposed changes in the value of hedged items are not taken into account when determining the market value of derivative financial instruments. They therefore do not represent the combined amount that IVG would receive or incur for hedges and hedged items when selling directly and immediately under current market conditions.

11.6.5 Guarantees and contingent liabilities

	Year ended December 31		
	2010	**2009**	**2008**
	(audited)		
	(in EUR million)		
Financial guarantees	64.8	120.6	339.6
thereof bank guarantees	45.7	56.3	62.7
Contractual guarantees	14.8	15.7	38.3
Other contingent liabilities	41.2[1]	53.3	60.4
Total	**120.8**	**189.6**	**438.3**

1 This figure differs to the figure contained in the corresponding table under 11.2 of the notes to the consolidated financial statements as of December 31, 2010 on page F-89 because the figure contained in the above table includes a contingent liability related to an exit tax penalty which could be payable to Allianz in case IVG does not list a REIT (as defined below) on the stock exchange by 2012 (EUR 16.7 million).

Financial guarantees are guarantees by IVG to third parties for the benefit of parties that are not related to IVG and which are not included in the consolidated financial statements. Bank guarantees are guarantees given by banks on behalf of IVG to third parties to cover payment, performance and warranty obligations of IVG.

Contractual guarantees are, in this case, letters of comfort issued to third parties. Adequate provisions have been formed for rent guarantees given on property sales.

In 2010, other contingent liabilities primarily related to a legal dispute in connection with the exercise of an option to retransfer ownership of a property (EUR 22.9 million), a contingent liability related to an exit tax penalty which could be payable to Allianz in case IVG does not list a real estate investment trust ("**REIT**") on the stock exchange by 2012 (EUR 16.7 million) and to legal disputes regarding fee payments (EUR 1.6 million).

In 2009, other contingent liabilities mainly related to litigation in connection with pre-emptive rights from a rental contract amounting to EUR 33.2 million (2008: EUR 33.2 million).

No provisions were recognized in connection with the above-mentioned ongoing or pending litigations, provided that in IVG's management's and its legal advisers' opinion the probability of an outflow of resources is less than 50%.

The Company believes that significant outflows of resources from contingent liabilities which have an impact on its income are unlikely.

11.6.6 Qualitative and quantitative disclosure on market risk

11.6.6.1 Currency risks

Due to the international nature of its business, IVG is exposed to currency risks. IVG tries to limit this risk by using currency derivatives or by borrowing in the currency of the foreign currency investments. IVG's largest currency positions are denominated in GBP, USD and a number of Eastern European currencies.

Investments in GBP are hedged with loans in GBP (GBP 32.0 million as of September 30, 2011). There can be a residual effect on IVG's net profit resulting from internal Group loans which are valued at the balance sheet date. Investments in Asian real estate funds made in USD are hedged with loans in USD (USD 5.8 million as of September 30, 2011). Project developments in Poland and Hungary are, in part, financed by bank loans or by IVG in EUR (EUR 58.8 million as of September 30, 2011). A currency translation of these EUR loans into local currency may have an effect on IVG's net profit. In 2010, this effect amounted to an income of EUR 5.5 million (2009: EUR 3.0 million). The loans are subject to currency risk until the developed projects are sold.

Information on loans in foreign currencies and currency derivatives is given in the notes of IVG's financial statements which are contained in the section "*Financial Statements*".

11.6.6.2 Liquidity risks

Liquidity risks can arise from loans that are due and intended for extension but for some reason may not be extended as well as from delays in certain sales activities (e.g., for project developments). Other liquidity risks include, among other things, obligations to make additional payments for certain project financings or breached covenants for property loans. To the extent that the Company relies on property sales to fund its operation, there are additional liquidity risks associated with this. For the financial years 2010, 2009 and 2008, IVG's auditors have advised in their auditors' report that the continued existence of IVG as a going concern is threatened by risks which have been described in the risk reporting chapters of IVG's group management reports. For the nine month period ended September 30, 2011, some of these risks are also mentioned in the risk reporting chapter of IVG's interim management report. These chapters mention, among other things, risks in connection with the realization of real estate and cavern sales as well as the implementation of agreed prolongations of loan agreements and the risk of extra repayments in connection with covenant agreements.

11.6.6.3 Interest rate risks

Interest rate risks arise from fluctuations in the market interest rate. Such fluctuations may affect the amount of interest expenses in a financial year as well as the market value of derivatives held by IVG. A major part of IVG's bank liabilities is fixed or hedged (by way of interest rate derivatives) and therefore correlates with the fixed cash flow from rents. As of September 30, 2011, 64.6% of IVG's bank loans including the convertible bond were fixed. Thus, the effects of market interest rate fluctuations may, in part, be estimated for the medium term.

11.7 Significant accounting and valuation policies

To a certain degree, a financial statement under IFRS requires assumptions and estimates that have a significant influence on the carrying amounts and presentation of assets and liabilities recognized on the balance sheet as well as the disclosures regarding contingent assets and liabilities as of the balance sheet date and the income and expenses reported for the financial year. Even though the assumptions and estimates are based on up-to-date information and currently available data, the estimates may diverge from the actual later amount because assumptions and estimates are made in the face of uncertain future developments. Primarily the following facts and circumstances are affected by assumptions and estimates. Exact descriptions can be found in the corresponding notes to the unaudited condensed consolidated financial statements for the nine month period ended September 30, 2011 and the notes to the audited financial statements for the financial years 2010, 2009 and 2008, which are included in the section "*Financial Statements*" of this Prospectus.

11.7.1 Intangible assets and goodwill

Intangible assets are carried at cost less any accumulated depreciation and amortization. The cost of acquired assets comprises costs directly attributable to their acquisition.

Goodwill is any excess of the cost of a business acquisition over the Group's interest in the fair value of the net assets of the company being acquired at the acquisition date and is attributed to intangible assets. Goodwill arising from acquisitions of associated companies is included in the carrying amount of the equity investment in associated companies. Goodwill is carried at cost less any accumulated impairment losses. It is allocated to cash generating units and tested for impairment annually and any time there are reasons for an impairment of value. The determination of gains and losses from company disposals includes the carrying amount of any goodwill attributed to the business which is being sold.

11.7.2 Fair value of investment property

IVG classifies property as investment property if it is held to generate rental income and/or for capital appreciation (IAS 40). Real estate developed for future use as investment property is reported as investment property. Otherwise, real estate is accounted for in property, plant and equipment. IVG recognizes properties that are held as available for sale during normal business operations in line with the regulations of IAS 2. Properties constructed or developed with the intention of selling them are also reported under inventories. The same applies to properties previously held as financial investments where there has been a start to development with a view to sale.

Upon purchase, investment property is valued at cost including ancillary purchase costs. In subsequent reporting years, investment property is valued at fair value. Real estate under construction intended for future use as investment property is carried at fair value as soon as this figure can be reliably determined. In the early development phases of investment property under construction, reliable estimates of the fair value are not available, meaning that this investment property under construction is initially carried at amortized cost. Fair value of properties can usually be determined with the purchase of the construction permit. Due to geological uncertainties, caverns are not measured at fair value unless more than 300,000 cubic meters of economically usable storage space is achieved, which is roughly 50% of the maximum storage space per cavern.

Borrowing costs are capitalized in the case of investment property under construction as long as valuation is made at amortized cost.

The stated fair values of the investment property are based on valuations performed by reputable neutral appraisers (especially Jones Lang LaSalle GmbH) and calculated in accordance with VS of the RICS and in accordance with the IVS 1, as well as the IFRSs and according to the ESMA guidelines on the basis of market value.

The financial market crisis and, in particular, the collapse of certain major investment banks and the nationalization of a significant number of banks, starting in mid-September 2008, led to a significant degree of uncertainty in the real estate industry and to market corrections. In this market environment it is possible that prices and value trends are subject to medium volatility. The danger of lack of liquidity on the market means that it could be difficult in the short term to acquire properties on the market. For more information, see section "*Risk Factors – Market-related Risks – IVG's investment and asset management activities could be impaired in the event that the financial markets do not provide sufficient financing as a result of the sovereign debt crises and credit rating downgrades and general reduction in liquidity on the markets*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Material factors affecting the results of operation – Availability and costs of financing*".

11.7.3 Rental income

If all risks and rewards associated with the ownership of a leased asset remain with the lessor, the relevant lease is classified as an operating lease. Payments received or made under an operating lease are recognized as income over the term of the lease. Real estate leasing contracts constitute operating leases in accordance with this definition.

Revenues from lease agreements are recognized as income as soon as the rental payments are contractually agreed or may be reliably determined and it is likely that any related conditions will be met.

11.7.4 Deferred tax

Deferred tax assets and liabilities are recognized using the balance sheet liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax assets for temporary differences and for tax loss carryforwards are recognized to the extent that it is probable that the temporary difference or unused tax loss carryforwards can be offset against future taxable income. Deferred tax assets and liabilities are measured using the tax rates and tax laws which are effective or substantively effective at the balance sheet date and which are expected to apply when the asset is realized or when the liability is settled.

The income tax rate for German group companies is 31%. This includes the uniform corporation tax rate (*Körperschaftssteuer*), the solidarity surcharge (*Solidaritätszuschlag*) and an average trade tax rate (*Gewerbesteuer*). The tax rates for foreign companies varied between 10% and 35% in 2010 and between 19% and 35% in 2008 and 2009.

11.7.5 Inventories

Inventories are measured at the lower of cost or the net realizable value. Cost is calculated according to the weighted average cost formula. The cost of finished goods and work in progress includes costs of product design, materials and supplies, direct labor, other direct costs and directly allocable overheads.

Borrowing costs are capitalized as part of costs in the period in which all major work is completed if they can be directly allocated to the purchase, construction or production of a qualifying asset, in order to refurbish the asset for its intended use or sale. The financing rate underlying the capitalized borrowing costs was 4.0% as of December 31, 2010, 4.2% as of December 31, 2009 and 5.0% as of December 31, 2008. The financing rate is an average weighted financing rate, which is determined by IVG in cases where no directly allocable borrowing was actually undertaken. For property specific financing, the actual interest expense, less any income derived from intermediate assets, is recognized.

The net realizable value is the estimated selling price less estimated costs to completion and the estimated costs of sale but, unlike investment properties, is not verified by valuations performed by neutral appraisers.

11.7.6 Impairment of assets

Intangible assets which have an indeterminable useful life are not amortized over their expected useful lives; they are subject to an annual impairment test or more frequently, if required.

Other intangible assets and property as well as plant and equipment are tested for impairment when relevant events or changes to circumstances indicate that the carrying amount is no longer realizable.

An impairment loss is recognized in the amount by which the realizable value is exceeded by the carrying amount. The realizable value is the higher amount of the fair value of the assets less costs to sell and the value in use. If the reasons for the impairment cease to apply, the impairment is reversed up to the amortized or depreciated carrying amount that would have resulted if no impairment loss had been recognized. Where impairment losses are recognized for goodwill, these are not reversed if the reasons cease to apply in subsequent periods.

11.7.7 Derivative financial instruments

Derivative financial instruments are recorded at the date on which the relevant instrument is created and are recognized as financial assets or liabilities at fair value regardless of their purpose. Options are initially recognized as an expense as derivative financial instruments in the amount of the option premium and then valued at fair value.

Valuation is based both on statements from financial institutions (mark to market) and mathematical analysis of the value (mark to model). The market value of interest rate and currency swaps is determined by discounting the expected future cash flows over the remaining term of the contract on the basis of current interest rate yield curves.

Changes in the fair value of these derivatives are recognized directly as income, unless the derivative financial instruments have a designated and sufficiently effective hedging function in relation to an underlying transaction. In this case, recognition of the changes in fair value depends on the type of hedging relationship.

Cash flow hedges are designated in order to hedge against a risk that future cash flows from a recognized asset or liability or a planned transaction that is highly likely to take place will vary. In this context, unrealized gains and losses from the hedge are initially recognized in equity (other reserves). They are not transferred to the income statement until the underlying hedged transaction is recognized as income.

Net investment hedges are used to hedge foreign currency risks from equity investments with foreign functional currencies and to disclose hedging relationships in the balance sheet. Unrealized gains and losses from hedge transactions are recognized in equity until the disposal of the equity investment.

When a hedging instrument expires or is disposed of or the hedged item no longer meets the criteria for hedge accounting, the accumulated gains or losses remain in equity and are only recognized in the income statement when the underlying transaction is realized or no longer expected to take place. Any future gains and losses from the hedge are recognized in earnings for the period from the end of the designation.

11.8 Information on the annual financial statements (HGB) of IVG Immobilien AG for the financial year 2010

IVG Immobilien AG's unconsolidated annual financial statements as of and for the financial year ended December 31, 2010 have been prepared in accordance with the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code) taking into account the additional provisions of the *Aktiengesetz* (AktG – German Stock Corporation Act). According to these annual financial statements, IVG Immobilien AG's equity decreased from EUR 652.6 million as of December 31, 2009 to EUR 580.4 million as of December 31, 2010 due to the net loss incurred into in 2010 of EUR 81.0 million partially offset by positive impacts on equity from changes in accounting regulations (EUR 9.0 million). Provisions decreased from EUR 134.3 million as of December 31, 2009 to EUR 75.7 million as of December 31, 2010 mainly due to the decrease in provisions related to the Development and Private Funds segments and to the decrease in pension provisions caused by the offsetting with plan assets, which was previously not allowed. Liabilities increased from EUR 3,888.0 million as of December 31, 2009 to EUR 3,938.3 million as of December 31, 2010 mainly due to the group internal financing of the Caverns and Development segments. For further information on IVG Immobilien AG's annual financial statements, see the notes to IVG Immobilien AG's annual financial statements as of and for the financial year ended December 31, 2010, which are set forth on pages F-33 *et seq*. of this Prospectus. IVG Immobilien AG did not pay a dividend in 2011 for the financial year ended December 31, 2010. No dividend payments were made in 2010, 2009 and 2008.

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12. MARKET AND COMPETITION

12.1 Market overview

12.1.1 European markets

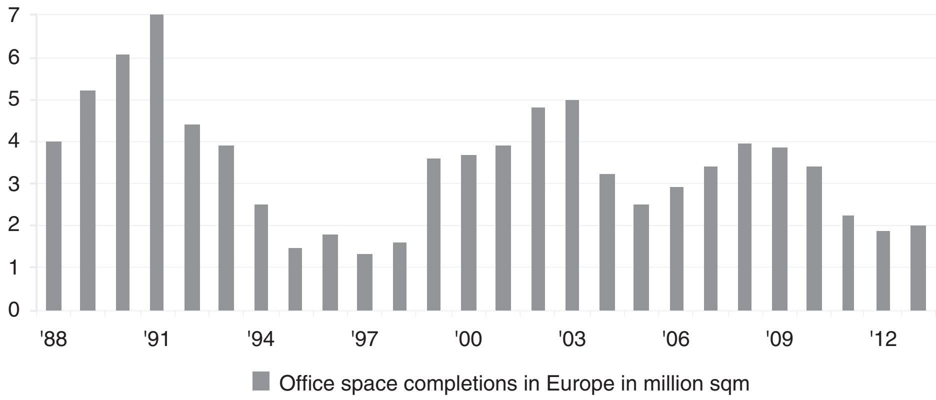
12.1.1.1 General market conditions

Since 2008, the overall macroeconomic development in the global and European markets was characterized by the effects of the global financial and economic crisis and by a high level of uncertainty and volatility as well as a significant decline in economic activity. From 2010, there has been some improvement in macroeconomic conditions for the European commercial real estate markets in which IVG operates, resulting in improved investment and rental activities. However, any improvement in the macroeconomic environment could be reversed by the occurrence of events that harm consumer confidence in general, e.g., the earthquake, tsunami and nuclear emergency in Japan, political unrest in the Middle East and Northern Africa, international terrorism, epidemic outbreaks or high levels of inflation. Furthermore, strong volatility in the financial markets has been caused by the downgrading of the U.S. sovereign rating and the sovereign debt crisis in the euro zone, which continues to exert a destabilizing influence on the markets and macroeconomic environment. The sovereign debt crisis forces the affected governments to consolidate public budgets by decreasing public spending on a large scale, which may constrain further growth prospects and demand for real estate.

Economic output in the European Union increased by approximately 1.8% in 2010 (source: European Commission (Directorate-General for Economics and Financial Affairs), Commission Staff Working Document: *European Economic Forecast* (Spring 2011)) and unemployment in the EU labor market decreased by 20 basis points to 9.4% in the six month period ended June 30, 2011 (source: Eurostat Press Office, Eurostat newsrelease euro indicators 114/2011: *Euro unemployment rate estimated at 9.9%*, dated August 1, 2011). As of September 2011, the year-to-year inflation rate in the euro zone was 3.0% due to strong increases of costs of energy, commodities and tobacco (source: Eurostat Press Office, Eurostat newsrelease euro indicators, 150/2011: *Euro area annual inflation up to 3.0%*, dated October 14, 2011).

12.1.1.2 Office real estate market development

Despite the limited economic recovery since 2010, during which the rate of gross domestic product ("**GDP**") growth in the EU was below 2% (source: European Commission (Directorate-General for Economic and Financial Affairs), Commission Staff Working Document: *European Economic Forecast*, dated Spring 2011) and the continued risks to the economy, at least the preconditions on the supply side support a continued upturn in real estate markets. Virtually no new space will be completed until after 2012 and the level of activity in the construction of new buildings will remain moderate subsequently driven by the restrictive conditions of real estate financing (source: CB Richard Ellis, Inc., EMEA View point: *European office development: No signs of a resumption*, dated July 2011).

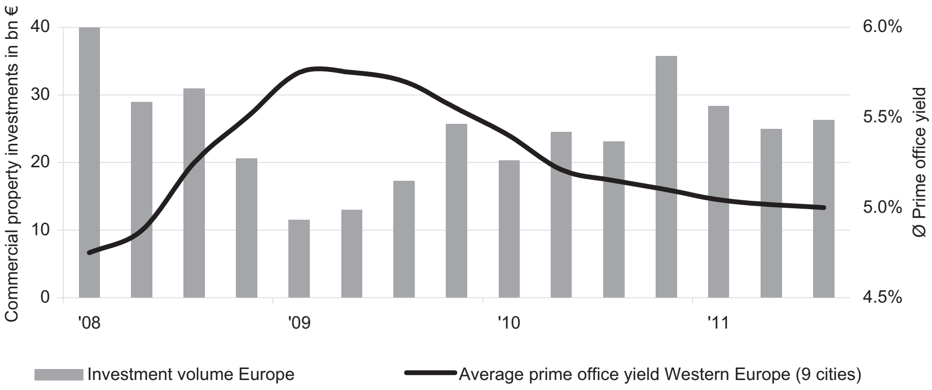


Source: CB Richard Ellis, Inc., EMEA View point: European office development: No signs of a resumption, dated July 2011.

The real estate market is currently benefitting from deferred investments, i.e., investments not undertaken during the financial and economic crisis. Investors are seeking to invest in assets with sound intrinsic values. In this regard, real estate has proved to be a favored investment opportunity. Thus, properties in prime locations with sound tenant structures ("**core properties**") have been heavily sought after, especially in the U.K., France and Germany attracting the major share of commercial property investments in 2010 (source: *Jones Lang LaSalle, On Point: European Capital Markets Bulletin, March 2011*). As a consequence, the average prime yield of such core properties in major Western European markets (London, Paris, Munich, Brussels, Hamburg, Madrid, Frankfurt, Milan and Berlin) decreased from 5.2% in mid-2010 to 5% in October 2011 (source: BNP Paribas Real Estate, *At a glance: Main Office Markets In Western Europe*, dated October 2011). Investors remain risk averse, but they are increasingly prepared to consider more risky markets or property with the potential for value-add, i.e., adding value to the property by refurbishments or by letting vacant space (source: CB Richard Ellis, Inc., *MarketView: European Capital Markets (Q2 2011)*). The investment volume in the European real estate markets amounted to approximately EUR 105.0 billion in 2010, increasing by EUR 32.0 billion compared to 2009 (source: CB Richard Ellis, Inc, *MarketView: European Investment Quarterly (Q4 2010)*). In the second quarter of 2011, the transaction volume amounted to EUR 25.7 billion, and in the third quarter of 2011 it increased by 2% to EUR 26.3 billion. This development was mainly driven by investments in France and Italy increasing by approximately 42% and 69%, respectively (source: CB Richard Ellis, Inc., *MarketView: European Investment Quarterly (Q3 2011)*). Investor interest was mainly driven by the stabilization in the rental markets, the low yield on government bonds in the major countries of the EU and an easing of the financing conditions. Similarly, there was an increase in the number of major transactions (source: CB Richard Ellis, Inc., *MarketView: European Capital Markets (Q2 2011)*).

Since August 2011, investor confidence in the economic growth prospects in many European countries has deteriorated and stock markets have seen a severe downward adjustment as a consequence of the risks and uncertainties related to the sovereign debt crisis. It is not yet clear whether this trend will continue and whether the investment markets for commercial real estate will be affected. Currently, however, well-let properties in prime locations are attractive to real estate investors as the gap between prime office yields and long-term government bonds of countries such as Germany and the U.K. has widened as a consequence of the recent turmoil on the financial markets (sources: DTZ Foresight, *European Fair Value Q2 2011*; CB Richard Ellis, *EMEA Viewpoint*: *The Real Estate – Bond Yield GAP*, dated September 2011; IVG Immobilien AG, *Market Tracker Europe*, dated September 2011).

The following diagram shows the development of European commercial property investments and of the average prime office yields in nine major Western European markets in the period between 2008 and September 2011:

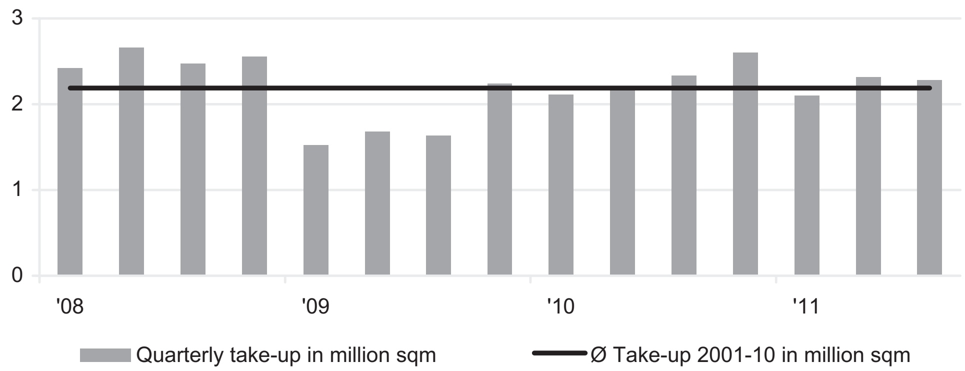


Source: regarding investment volume Europe: CB Richard Ellis Inc., *MarketView: European Investment Quarterly (Q3 2011)*; regarding average prime office yield Western Europe: BNP Paribas Real Estate, *At a glance: Main Office Markets In Western Europe*, dated October 2011, which includes in its research the following cities or parts of these cities: London, Paris, Berlin, Hamburg, Madrid, Frankfurt, Munich, Milan and Brussels.

The compression of prime yields in the investment market since 2009 reflects the stabilization and recovery of the European letting markets. As rental growth expectations continuously increased, investors were ready to pay higher prices for real estate, thereby causing a decrease in prime yields.

Quarterly take-up in the European office rental market (based on the data for 20 major European office locations) recovered in 2010 from the low levels of 2009 and slightly exceeded the long-term quarterly average of the last decade of 2.2 million square meters.

The following diagram provides an aggregated overview of the office space take-up in Europe (for 20 major European markets) as of September 2011:



Source: IVG European property markets research based on data from Cushman & Wakefield, European Research Group, London (3rd Quarter 2011), for 20 European markets, i.e., Amsterdam, Barcelona, Berlin, Brussels, Budapest, Dusseldorf, Frankfurt, Greater Paris, Hamburg, Lisbon, Madrid, Milan, Munich, London-City/-Docklands, London-West End, Prague, Rome, Stockholm, Vienna and Warsaw.

As a result of the international financial crisis, the vacancy rate increased significantly in 20 European markets observed between fall 2008 and the end of 2009 from approximately 8% to 10%. After the vacancy rate remained stable at this level throughout 2010, it has recently decreased to 9.5% (source: IVG European property markets research based on data from Cushman & Wakefield, European Research Group, London (3rd Quarter 2011)) due to an increase in economic activity.

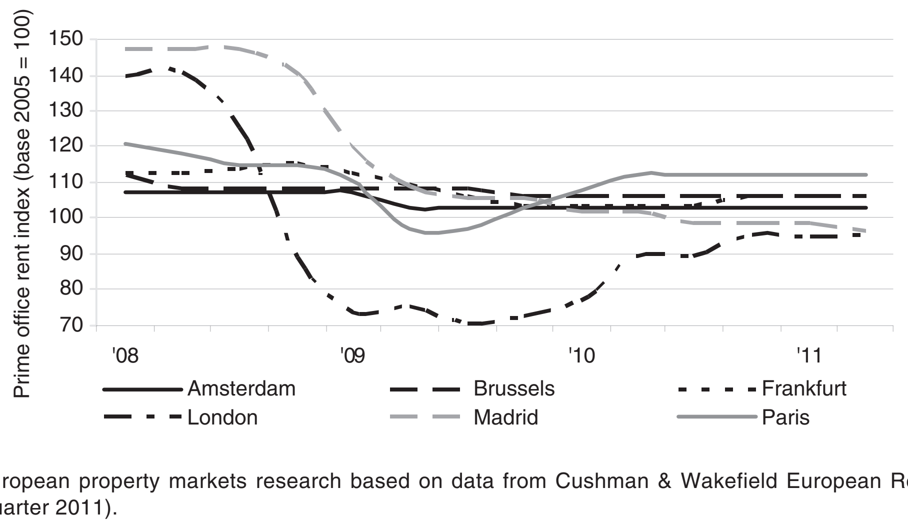
The level of prime rents decreased in many markets between fall 2008 and the end of 2009. Since then, rental prices in 20 major European markets for prime offices have increased by an average of 6.4% (source: IVG European property markets research based on data from Cushman & Wakefield, European Research Group, London (3rd Quarter 2011)). The increase in prime rents was caused by a shortage of modern office space, which in turn, is due to the low level of construction activity in recent years.

The following diagram provides an overview of the vacancy rates and prime office rents in real estate rental markets in Europe (for 20 major European markets) in the period between 2008 and September 2011:

Source: IVG European property markets research based on data from Cushman & Wakefield, European Research Group, London (3rd Quarter 2011), for 20 European markets.

There have been significant regional differences in the development of nominal rents within Europe in the last three years, as demonstrated in the graph below. While prime rents remain on a downward trend in markets such as Madrid, there has already been some recovery in other markets, such as London, Paris and Frankfurt.

The following diagram shows how prime office rents have evolved in various major European markets since the year 2008 (rent index with base end 2005 = 100):



Source: IVG European property markets research based on data from Cushman & Wakefield European Research Group, London (2nd Quarter 2011).

The growth in prime rents halted in the second quarter of 2011 (source: CB Richard Ellis, Inc., *MarketView: EMEA Rents and Yields (Q2 2011)*) such that it remains difficult to speak of a general rental recovery. This reflects both continuing economic uncertainty, linked to the sovereign debt crisis in the euro area and signs of renewed caution in occupiers' decision-making.

According to INREV's Investment Intentions Survey 2011, 55% of the investors, funds of funds managers and fund managers interviewed intended to increase their allocations of funds to non-listed real estate and 67% expect to expand their allocations to joint ventures. The domicile of such investors is significant, with over 60% of those expecting to increase their allocation to non-listed real estate funds coming from Germany, the Netherlands and Scandinavia, compared to only 30% of investors from other countries. Investors still prefer core products, suggesting that they continue to be cautious in their investment strategies (67%) (source: INREV Research & Market Information, *INREV Investment Intentions Survey 2011* (*Executive Summary*)).

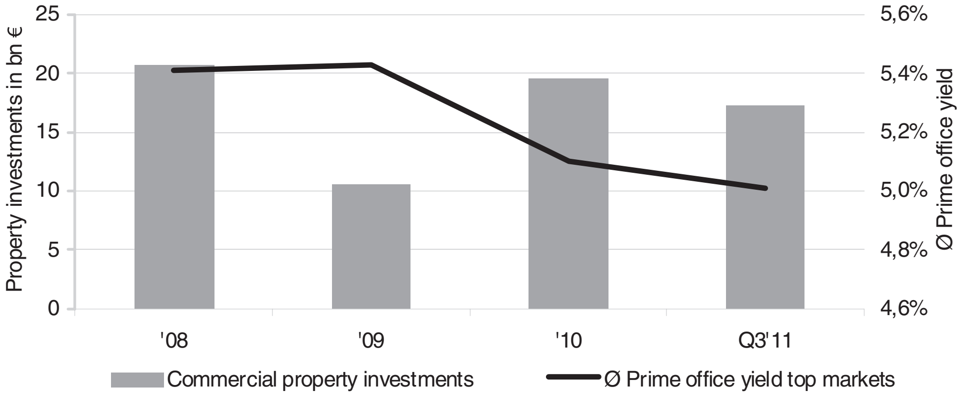
12.1.2 Specific regional office markets

12.1.2.1 Germany

Especially in 2010, Germany's economy benefitted from the limited recovery of the global economy by way of export surpluses and an increasing domestic demand for investments. In 2010, overall GDP growth amounted to 3.6%, while the inflation rate was 1.2% (source: European Commission (Directorate-General for Economic and Financial Affairs, *Commission Staff Working Document: European Economic Forecast*, dated spring 2011). Although quarterly GDP growth has slowed down from 1.3% in the first quarter to 0.1% in the second quarter of 2011 (source: Eurostat Press Office, *Eurostat newsrelease euro indicators 118/2011*: *Euro area and EU27 GDP up by 0.2%, dated August 16, 2011*), Germany's seasonally adjusted unemployment rate has fallen steadily since the beginning of 2011 from 6.4% to 6.1% in July 2011 (source: Eurostat Press Office, *Eurostat newsrelease euro indicators 124/2011*: *Euro area unemployment rate at 10.0%, dated August 31, 2011*). As a consequence of the recent turmoil on the international financial markets, the yields for fixed-interest 10-year German government bonds have fallen to approximately 2.2% at the end of August 2011 (source: Bloomberg, *www.bloomberg.com/markets/rates-bonds/government-bonds/germany, dated August 26, 2011*). As a consequence of the international sovereign debt crisis, Germany's economic growth prospects have weakened in recent times.

The German commercial real estate investment market is popular among investors due to its high level of price stability, low volatility in rents and high initial yields, especially in comparison to equivalent markets in other European countries. The main reasons for the high level of price stability of office real estate are the geographically decentralized structure of the office market (tenant demand in the office sector is spread over many markets and large numbers of tenants from the volatile banking sector are only relevant in Frankfurt), the existence of German investors with a firm capital base seeking conservative long-term investments, the German real estate financing system (e.g., importance of German covered bonds; loans usually based on fixed, not variable interest rates) and the highly diversified demand structure on the rental market (source: Oliver Voss, *Real estate investing in Germany, in: The Capital & Marketing Group (Ed.)*, *The definitive guide to Real Estate Investing, page 60*). Regarding the types of demands, of the five largest German rental markets, only Frankfurt and Berlin have a certain sector specialization with the financial industry and federal public government, respectively. However, the rental demand by the federal public government has an additional stabilizing effect on the rental market development in Berlin (source: IVG Immobilien AG, *Annual Report 2010, page 56*).

The following diagram gives an overview of the investment market for commercial properties and prime office yields in Germany:



Source: regarding commercial property investments: BNPPRE; regarding prime office yield top markets: Jones Lang LaSalle.

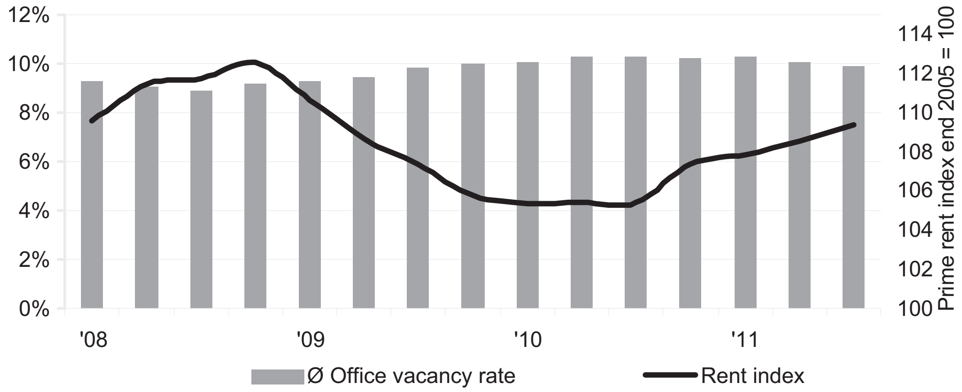
In 2010, the volume of commercial property transactions in Germany amounted to EUR 19.6 billion (source: BNP Paribas Real Estate, *Property Report: Investment Market In Germany*, dated January 2011). Foreign investors accounted for 37.2% of these transactions. The transaction volume in the real estate office sector amounted to EUR 7.3 billion. 82% thereof were attributable to the five largest office real estate markets Berlin (16.9 million square meters), Dusseldorf (8.9 million square meters), Frankfurt (11.9 million square meters), Hamburg (14.4 million square meters) and Munich (19.8 million square meters) (source: BNP Paribas Real Estate, *Property Report: Investment Market In Germany*, dated January 2011). The determination as largest markets in Germany is based on the area of the office properties in square meters (source: Jones Lang LaSalle, *Office Market Overview Q2 2011*). As these five cities are also the office markets in Germany where the highest prime rents and lowest prime yields are achieved, they also tend to be the cities with office properties with the highest capital value. Due to their size, they are also the five markets with the highest relevance for office investments, reflected in the accumulated high share of 82% of all office investments in Germany in the year 2010 (source regarding a complete overview of the relevant office properties, prime rents and prime yields in German cities: IVG Immobilien AG, *IVG's Market Report Germany 2011 on pages 24-25.*). In the six month period ended June 30, 2011, commercial property investments in Germany amounted to EUR 11.3 billion (source: BNP Paribas Real Estate, *Investmentmärkte im 1. Halbjahr 2011 im Überblick I*, dated June 30, 2011).

As potential investors and real estate financiers were primarily concentrating on the core segment, yields for prime office real estate in the seven largest German office real estate markets (also including Stuttgart and Cologne) decreased on average from 5.4% to 5.0% since the end 2009 due to increasing price levels (source: Jones Lang LaSalle, *Press information (January 8, 2010) – Kein Feuerwerk zum Jahresende, aber Trendumkehr bei den Renditen;* Jones Lang LaSalle*, On Point – Investmentmarktüberblick – Capital Markets Newsletter: 1. Halbjahr 2011*). The lowest prime office yields are found in Munich, at just 4.8%. Frankfurt and Hamburg follow with 4.9%, Berlin with 4.95% and Dusseldorf has 5.15% (source: Jones Lang LaSalle, *On Point – Investmentmarktüberblick – Capital Markets Newsletter: 1. Halbjahr 2011*).

In 2010, the rate of office space take-up in Germany amounted to approximately 2.5 million square meters in the five largest office real estate markets. Turnover on the letting market was driven less by expansion, but primarily by cost savings. Generally, corporate demand for additional space was relatively moderate up to the six month period ended June 30, 2011. By mid-2011, the average vacancy rate was 10.1% (source: IVG

European property markets research based on data of Cushman & Wakefield, European Research Group, London (2nd Quarter 2011)). The vacancy rate was relatively low in Berlin (8.2%), Munich (9.0%) and Hamburg (9.3%), while Dusseldorf (11.9%) and Frankfurt (14.2%) are subject to abundant supply (source: IVG European property markets research based on data from Cushman & Wakefield European Research Group, London (2nd Quarter 2011)). However, there remains a shortage of high-quality modern space, especially in central locations.

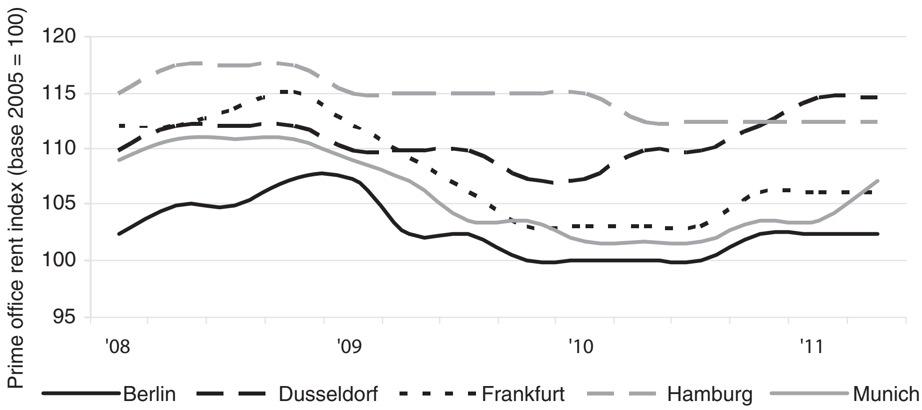
The following diagram gives an overview of the development of the vacancy rate and prime rent in Germany (for the five major German markets) from 2008 to September 2011:



Source: IVG European property markets research based on data from Cushman & Wakefield European Research Group, London (3rd Quarter 2011), for five German markets.

On average, prime office rents in the five main German markets began to recover in fall 2010. Increases in nominal prime rents have been realized in all markets other than Hamburg, while prime office rents in Dusseldorf have already passed their pre-crisis level.

The following diagram provides information about the development of prime office rents in Berlin, Dusseldorf, Frankfurt, Hamburg and Munich (rent index based on end 2005):



Source: IVG European property markets research based on data from Cushman & Wakefield European Research Group, London (2nd Quarter 2011).

12.1.2.2 United Kingdom (U.K.)

The U.K. economy is currently in a period of stagnation. This is in part due to the government's efforts to consolidate public sector budgets caused by its fiscal deficit leading to reduced public spending. In 2010, the U.K.'s GDP increased by 1.3% compared to the previous year (source: European Commission – Directorate-General for Economic and Financial Affairs, *Commission Staff Working Document: European Economic Forecast*, dated spring 2011).

In 2010, domestic and foreign investment in the U.K. commercial real estate market increased by 41% from the previous year and amounted to GBP 35 billion (source: Lambert Smith Hampton, *UKIT – Quarterly Bulletin 2010 Q4*, dated January 2011). Foreign investors were particularly active in Central London, accounting for two-thirds of the transactions with an overall value of GBP 9.1 billion (source: CB Richard Ellis, *MarketView: Central London Offices (Q4 2010)*). Increase in demand for high-quality office properties led to a decrease in yields by 75 basis points and 100 basis points, respectively, to 4.0% in the West End of London and to 5.0% in the City since the end of 2009 (sources: CB Richard Ellis, Inc., *MarketView: EMEA Rents and Yields (Q3 2011)*; CB Richard Ellis, Inc., *MarketView: EMEA Rents and Yields (Q4 2010)*). In the largest British regional centers, yields have remained stable at an average of 6.0% in the second quarter of 2011 compared to 6.2% in the second quarter of 2010 (source: CB Richard Ellis, Inc., *MarketView: EMEA Rents and Yields (Q2 2011)*).

Although the U.K. economy has displayed only slow signs of economic recovery overall, rental take-up in Central London in 2010 has surged by 67% from the previous year to 1.4 million square meters, the highest since 2006 (source: CB Richard Ellis, Inc., *MarketView: Central London Offices (Q4 2010)*). While rental take-up began slowly in 2011 with around 418,000 square meters in the first six months, the reduction in supply evident in 2010 continued. Since the end of 2009, the vacancy rate has decreased continuously from 7.2% to 4.9% in June 2011 in Central London. In the West End submarket, the vacancy rate is low at 3.8%, but in the City of London, it is relatively high at 6.6%. Due to the shortage in supply of space, nominal rents in both sub-markets have increased since the end of 2009 by 16% to GBP 996 per square meter per annum in the West End and by 25% to GBP 552 per square meter per annum in the City (sources: CB Richard Ellis, Inc., *MarketView: Central London Offices (Q2 2011)*; CB Richard Ellis, Inc., *MarketView: Central London Offices (Q4 2009)*).

As a result of the booming rental market, many new construction projects have commenced in recent months, but will not be ready to be occupied before 2013. It is estimated that in 2011 and 2012, the office market in Central London will be characterized by a moderate number of completions of construction projects (source: CB Richard Ellis, Inc., *Monthly Overview: Central London Offices*, dated August 2011).

12.1.2.3 France

The French economy grew with a growth rate of 1.6% in 2010 (source: European Commission (Directorate-General for Economic and Financial Affairs), *Commission Staff Working Document: European Economic Forecast,* dated spring 2011). The French economy is largely driven by domestic demand. Since 2010, the rate of inflation has remained stable at between 2.1% and 2.4% (source: Eurostat Press Office, *Eurostat newsrelease euro indicators 150/2011: Euro area annual inflation up to 3.0%*, dated October 14, 2011).

In 2010, the transaction volume returned to the level of the years prior to the boom in 2006/2007. Around two-thirds of the total investment volume of EUR 11.0 billion, i.e., EUR 7.5 billion, relate to office real estate. Almost one-quarter of investments were attributable to regions beyond the Île-de-France. The office investment market is dominated by domestic risk-averse investors who prefer to buy fully-let prime properties in Paris Centre Ouest and the adjacent Croissant Ouest (source: CB Richard Ellis, Inc., *Market View: Conjoncture immobilière (Q4 2010)*). Yields for prime properties have fallen in these districts. For example, in the Central Business District, average yields decreased from 5.5% at the end of 2009 to 4.65% in July 2011. Some investors have moved to regional centers, where prime office properties are traded at yields of 6.0% (e.g., in Lyon) and above (sources: CB Richard Ellis, Inc., *Market View: Conjoncture immobilière (Q4 2009)*; CB Richard Ellis, Inc., *Market View: Conjoncture immobilière (Q2 2011)*).

In 2010, rental take-up in Greater Paris amounted to 2.16 million square meters. A large portion of the demand stemmed from the manufacturing sector as well as from the banking and insurance industry. In the six month period ended June 30, 2011, rental take-up reached 1.1 million square meters (sources: CB Richard Ellis, Inc., *Market View: Conjoncture immobilière (Q4 2010)* and CB Richard Ellis, Inc., *Market View: Conjoncture immobilière (Q2 2011)*).

Since the end of 2009, the vacancy rate has generally remained stable at 6.7% in the Greater Paris office market. By mid-2011, average prime rents amount to EUR 687 per square meter per annum. Currently, new tenants usually enjoy a rent-free period of 1.5 to 2 months per annum of the leasing period in Greater Paris (e.g., if tenants sign for a new three-years-contract, they do not have to pay the rent in the 4.5 to 6 months at the beginning of the lease) (sources: CB Richard Ellis, *Market View: Conjoncture immobilière (Q4 2009)*; *Market View: Conjoncture immobilière (Q4 2010)*; *Market View: Conjoncture immobilière (Q2 2011))*. Despite increased letting activities, there has been no significant reduction in vacant space in the French regional centers due to low net absorption, i.e., low demand for additional space.

12.1.2.4 Belgium

Belgium has benefitted from the economic upturn in Germany by way of foreign trade. In 2010, economic output increased by 2.2%. Employment is currently increasing by approximately 0.7% per annum (source: European Commission (Directorate-General for Economic and Financial Affairs), *Commission Staff Working Document: European Economic Forecast*, dated spring 2011).

In the first quarter of 2011 in Brussels, transactions in commercial real estate were conducted in the amount of approximately EUR 364.0 million, thereof office real estate in the amount of approximately EUR 275.0 million. This is a stark contrast to the total transaction volume of EUR 590.0 million for the entire year 2010 (source: BNP Paribas Real Estate, *Property Report: Investment In Europe*, dated May 2011). This trend is due to the fact that investors are now focusing increasingly on properties in good secondary locations (in addition to the scarce core properties) or with an added value or redevelopment potential. The Brussels prime yield for properties with the so-called 3/6/9 rental agreements, which are customary in Belgium, i.e., agreements with lease term of 9 years with a break option for both the tenant and the owner every 3 years, has fallen slightly to 6.25% (source: BNP Paribas Real Estate, *At a glance: Main Investment Markets In Western Europe*, dated July 2011; CB Richard Ellis, Inc., *MarketView: EMEA Rents and Yields (Q2 2011)*). Prime properties with long rental leases are traded at yields of 5% to 5.5% (source: Jones Lang LaSalle, *On Point – Research Report – Brussels Office Market: Q1 2011*).

In contrast to Belgium as a whole, economic developments in Brussels were characterized by stagnation in 2010 and the rental market therefore remained rather inactive. Rental take-up in both 2010 (467,000 square meters) and in the first quarter of 2011 (47,000 square meters) was well below the average of the previous ten years (sources: Jones Lang LaSalle, *On Point – Research Report – Brussels Office Market: Q1 2011*; Jones Lang LaSalle, *On Point – Research Report – Brussels City Report: Q4 2010*). Approximately two thirds of the rental take-up was realized by private sector companies with a local focus on Brussels' city center. Despite moderate demand for space, the vacancy rate remained at 11.2% throughout 2010. Nominal rents have stabilized in recent times, but there remains the need for incentives for tenants. Effective rents are approximately 15% below nominal rents (source: Jones Lang LaSalle, *On Point – Research Report – Brussels Office Market: Q1 2011*).

12.1.2.5 Netherlands

Dutch GDP increased by 1.8% in 2010. The economic recovery was due mainly to a marked rise in net exports, while domestic demand decreased in comparison to 2009 because of decreasing investment. An average growth rate of 1.8% is currently forecast for 2011 and the rate of unemployment of 4.5% is also expected to decrease. However, the government's efforts to reduce the size of the public sector with the aim of consolidating the budget will have a dampening effect on the trend in employment (source: European Commission (Directorate-General for Economic and Financial Affairs), *Commission Staff Working Document: European Economic Forecast,* dated spring 2011).

In 2010, approximately EUR 6.1 billion were invested in commercial real estate in the Netherlands. Office real estate, with a transaction volume of EUR 2.1 billion, was the most sought-after type of real estate after retail properties, with a transaction volume of EUR 2.2 billion. Foreign investors, German closed-end funds and so-called *Spezialfonds*, in particular, were the main market participants in the office sector, and they were responsible for 40% of the transaction volume. Very few properties outside the prime segment were sold or purchased in 2010 (source: Jones Lang LaSalle, *On Point – Dutch Capital Markets Bulletin 2011*).

Prime office yields have fallen over the course of 2010 as a result of increased investor interest in all major Randstad locations, namely to 5.45% in Amsterdam (-35 basis points), to 5.65% in The Hague and Rotterdam (-55 basis points) and to 5.80% in Utrecht (-45 basis points) (source: Jones Lang LaSalle, *On Point – Dutch Capital Markets Bulletin 2011*).

The rental market for office space in Amsterdam has not yet regained momentum despite the economic recovery. While take-up increased by more than a third compared to 2009, it was 16% down on the ten-year average at 248,600 square meters. Although there is currently no need for additional offices, the vacancy rate has remained stable in the municipal area, at 17.2%, since the end of 2009 due to moderate completion figures. As a result, there is still an oversupply of space (sources: Jones Lang LaSalle, *On Point – Office Market Update Quarterly: Amsterdam Q4 2010*; Jones Lang LaSalle, *On Point – Office Market Update Quarterly: Amsterdam Q4 2009*; Jones Lang LaSalle, *Amsterdam Office Market Profile – Q1 2011*). Generally, nominal rents, which are supported by generous incentives for tenants (average discount of 18% according to the source Dynamis B.V., *Sprekende Cijfers: '11 Kantorenmarkten*), are subject to downward pressure. Due to the cancellation of many office projects it is likely that the vacancy rate will stabilize in 2011. Prime rents remained stable.

12.1.2.6 Luxembourg

Luxembourg's economic output returned to pre-crisis levels at the end of last year, partly due to government expenditure programs. Over 2011 and 2012, it is expected that growth rates will reach 2010 levels, which were approximately 3.5%. Employment will increase at a much slower rate in the near future than during the boom in the last ten years. The rate of inflation was 2.8% in 2010 (source: European Commission (Directorate-General for Economic and Financial Affairs), *Commission Staff Working Document: European Economic Forecast,* dated spring 2011) and is running at 3.8% year-on-year as of September 2011 (source: Eurostat Press Office, *eurostat newsrelease euro indicators 150/2011: Euro area annual inflation up to 3.0%*, dated October 14, 2011).

A shortage of supply of core properties in the city center and in Kirchberg has had a significant impact on the Luxembourg investment market in 2010. The volume of transactions amounted to EUR 320.0 million, which was -30% year-on-year less than in

2009. Foreign investors accounted for three-fifths of all transactions (source: Jones Lang LaSalle, *On Point – Research Report: Luxembourg City Profile Q4 2010*). The prime yield for office properties remains unchanged at 6.0% (source: CB Richard Ellis, Inc., *MarketView: EMEA Rents and Yields (Q2 2011)*).

Letting activity in the Luxembourg office market is relatively muted despite the economic recovery. Take-up in 2010 amounted to 104,000 square meters and was thus up by only 5% year-on-year (source: Jones Lang LaSalle, *On Point – Research Report: Luxembourg City Profile Q4 2010*). The number of major transactions (larger than 5,000 square meters) is currently very low. Demand for rental space was driven by Luxembourg public administration (15% share of take-up), the financial sector (25% share of take-up) and providers of corporate services (25% share of take-up) in 2010 (source: Jones Lang LaSalle, *On Point – Research Report: Luxembourg City Profile Q4 2010*).

The vacancy rate increased from 5.2% at the end of 2009 to 7.6% in the third quarter of 2010. This was mainly due to large numbers of speculative completions (space completed without preletting contract). Since then the vacancy rate has been decreasing. At the end of March 2011, only 7.0% of the total office space was vacant. However, there are large regional differences. While the city center and Kirchberg have a low vacancy rate, below 5%, approximately 19.6% of the properties in the periphery of the capital are vacant. Such geographical differences are reflected in the trend in rents. Prime rents have remained at EUR 456 per square meter per annum in the central business district since April 2009, while rents for office properties with modest quality or a peripheral location are considerably lower (sources: Jones Lang LaSalle, *On Point – Research Report: Luxembourg City Profile Q4 2009*; Jones Lang LaSalle, *On Point – Research Report: Luxembourg City Profile Q3 2010*; Jones Lang LaSalle, *On Point – Research Report: Luxembourg Office Market Q1 2011)*.

12.1.2.7 Finland

The Finnish economy is subject to strong fluctuations due to Finland's high dependency on exports. Economic output increased by 3.1% in 2010 after decreasing by 8.2% in 2009, which was a result of the global financial and economic crisis. According to the European Commission's forecasts, the rate of employment will increase by approximately 0.8% in 2011 and 2012 (source: European Commission (Directorate-General for Economic and Financial Affairs), Commission Staff Working Document: *European Economic Forecast*, dated spring 2011).

The volume of transactions in the Finnish real estate investment market amounted to EUR 1.8 billion in 2010. Foreign investors accounted for under one-third of these investments (sources: Catella, *Property Market Trends*, dated spring 2011; Catella, *Property Market Trends*, dated fall 2010). As of September 30, 2011, the prime yield for office properties in Helsinki amounted to 5.4% (source: CB Richard Ellis, Inc., *MarketView: EMEA Rents and Yields (Q3 2011)*).

Despite the economic recovery, there was only moderate demand for office space in the greater Helsinki area. However, the vacancy rate fell slightly since mid-2010 to 12% (sources: Catella, *Property Market Trends*, dated spring 2011; Catella, *Property Market Trends*, dated fall 2011).

Due to prospective tenants' preference for prime space, the amount of vacant space has fallen particularly in sub-markets, with a strong supply of modern office buildings, particularly in Leppävaara, Aviapolis and Keilaniemi. In contrast, sub-markets without modern office locations displaying high vacancy rates. Consequently, prime rental prices are decreasing in these sub-markets, while prime rental prices in the Helsinki central business district have been increasing by 3.7% to EUR 336 per square meter per annum since summer 2010 (sources: Catella, *Property Market Trends*, dated spring 2011; Catella, *Property Market Trends*, dated fall 2010).

The vacancy rate is expected to decrease slightly in the Helsinki metropolitan region in 2011 and 2012 (source: DekaBank, Deka, *Immobilien Monitor – Ausgabe 3/2011*, dated September 30, 2011).

12.1.2.8 Poland

Unlike its Central European neighbors, Poland is experiencing a sharp increase in domestic demand and substantial growth in consumption. Consequently, the Polish economy is currently expanding at an annual rate of 4% (source: European Commission (Directorate-General for Economic and Financial Affairs), *Commission Staff Working Document: European Economic Forecast*, dated spring 2011).

This economic boom has attracted many investors, who spent almost EUR 2.0 billion on commercial property in 2010. Of this, approximately EUR 600.0 million were attributable to office properties (source: Jones Lang LaSalle, *Capital Markets Bulletin: Poland*, Q4 2010). Prime yields for office properties in Warsaw have fallen from 6.75% as of the end of 2009 to 6.25% as of September 2011 (source: CB Richard Ellis, Inc., *MarketView: EMEA Rents and Yields (Q4 2010 and Q3 2011)*).

In line with the Polish economic development, Warsaw is currently one of the most dynamic office rental markets in Europe. In 2010, take-up excluding rent renewals increased to 350,000 square meters, i.e., by 60% from the previous year. Take-up in the first quarter of 2011 amounted to 150,000 square meters (sources: DTZ Research, *Property Times: Warsaw Q1 2011 – Occupiers on the move*, dated April 19, 2011; DTZ Research, *Property Times: Poland Q4 2010*, dated January 20, 2011). Apart from the strong economy, the key reason for the unusually high demand for space is the expectation that the supply of office space will shrink substantially over the course of 2011, while rent prices continue to be moderate at present.

The vacancy rate has fallen from 8.1% in mid-2010 to 6.1% in mid-2011, mainly due to strong corporate demand. Moreover, the situation in Warsaw is unusual as the proportion of vacant space in decentralized office locations is lower (5.2%) than in the city center (approximately 8%). This is partly due to the substantial difference in rent between secondary locations (rents up to EUR 192 per square meter per annum) and the city center, where prime rent has risen by 10.6% since mid-2010 to approximately EUR 312 per square meter (source: IVG European property markets research based on data from Cushman & Wakefield, European Research Group, London (2nd Quarter 2011)).

12.2 Competitive position

12.2.1 Asset management

IVG is one of Europe's major real estate companies by assets under management. As of September 30, 2011, IVG had 589 employees (FTE) at 19 locations and has EUR 21.7 billion assets under management.

The table below shows a ranking of fund managers according to the gross value of real estate assets under management in Europe and also includes the worldwide gross value of real estate assets under management for these fund managers:

Ranking	Fund manager	Europe (in EUR million)	Total (in EUR million)
1	AXA Real Estate Investment Management	39,744	39,927
2	ING Real Estate Investment Management	26,436	66,155
3	Aviva Investors	25,398	27,123
4	Aberdeen Property Investors Holding AB	22,695	23,957
5	**IVG Immobilien AG**	**20,800**	**21,798**
6	UBS Global Asset Management	17,138	42,975
7	AEW Group	16,681	33,703
8	Commerz Real	16,500	18,700
9	Prudential Property Investment Managers Ltd	15,904	18,634
10	RREEF	15,071	42,555
11	LaSalle Investment Management	12,983	32,084
12	Henderson Global Investors	11,812	13,810
13	Legal & General Property	11,297	11,297
14	Standard Life Investments	11,225	11,671
15	Schorder Property Investment Management Limited	11,061	11,061
16	CB Richard Ellis Investors	10,893	28,055
17	BNP Paribas Real Estate Investment Management	10,791	10,791
18	F&C REIT Asset Management	8,815	8,836
19	Morgan Stanley Real Estate	8,422	33,807
20	Blackstone Group LP	7,673	41,440

Source: Feri EuroRating Services AG, *The Institutional Real Estate Letter* (September 2011).

IVG's most significant competitors, among other fund and asset managers based on real estate assets in Europe, are AXA Real Estate Investment Management with EUR 39.7 billion assets under management, ING Real Estate Investment Management with EUR 26.4 billion assets under management and Aviva Investors with EUR 25.4 billion real estate assets under management. IVG ranks as fifth largest real estate fund and asset manager with respect to gross value of real estate assets under management in Europe.

12.2.2 Caverns (storage business)

Through its subsidiary IVG Caverns GmbH, IVG operates gas and oil storage facilities located in Northern Germany approximately 20 kilometers southwest of Wilhelmshaven. The caverns store parts of Germany's strategic oil and gas reserves. IVG's gas and oil storage business comprises three main parts: caverns, surface facilities and pipelines. IVG employs different business models regarding gas and oil storage.

Gas storage

Gas caverns are rented out to international utilities, i.e., BP, EdF, EnBW, E.ON, Gazprom, Statoil and Total that act as storage operators. Thus, IVG owns the caverns and the respective rights regarding the caverns and rents the cavern on a long-term basis to the storage operator, who in turn operates the caverns by using its own gas facilities and pipelines.

As of September 30, 2011, IVG managed gas caverns with a cavity volume of approximately 18.5 million cubic meters. In line with its business model, IVG believes that it is the only independent provider in Germany renting out caverns on a long-term basis to gas storage operators without being involved in the gas storage business.

Oil storage

With regard to oil storage, IVG acts as storage operator and owns the oil infrastructure, i.e., connecting pipelines from the deep water port in Wilhelmshaven with its oil terminal to the caverns and the respective pumping station. IVG receives oil from its clients (in general oil stockholding agencies).

As of September 30, 2011, IVG managed oil caverns with a total volume of approximately 11.4 million cubic meters oil, of which approximately 60% was compulsory oil stock stored for the benefit of the German Oil Stockholding Agency (*Erdölbevorratungsverband*). According to the German Oil Stockholding Agency's annual report 2009/2010, 34% of German compulsory oil stock is stored in oil caverns managed by IVG (source: Erdölbevorratungsverband, Geschäftsbericht 2009/2010).

12.2.3 Funds

There are three major aspects to competition in the funds business. Firstly, market participants must have the expertise, experience and personnel resources to initiate and structure state-of-the-art investment products which meet investor demand. Secondly, an institutionalized access to high quality institutional equity investors is necessary. Long-term and sustainable customer relationships provide the possibility to continuously analyze clients' needs and regularly introduce and present new product initiatives. Finally, the access to attractive investment opportunities and a professional coverage of target markets and transaction is a prerequisite to allow competitors in the market for fund managers and initiators to provide their clients with attractive investment products.

12.2.3.1 Institutional funds

As of September 30, 2011, IVG managed 41 funds in its Institutional Funds segment, 36 of which are regulated under the *Investmentgesetz* (InvG – German Investment Act), with approximately 150 investors and assets under management amounting to EUR 12.2 billion. IVG, in its Institutional Funds segment, focuses on Core/Core+ commercial properties and infrastructure (caverns).

In the German market for special real estate investment funds under the InvG (*Spezialfonds*), IVG is market leader with a market share of 23.0%, measured by the aggregated sum of all assets (net fund assets) and manages a total net asset value (equity value) amounting to EUR 7.2 billion (source: Bundesverband Investment und Asset Management e.V., *BVI-Investmentstatistik Gesamtüberblick, dated September 30, 2011*). IVG's most significant competitors on the German market for special real estate investment funds are Internationales Immobilien-Institut GmbH with a market share of 9.6% and assets under management amounting to EUR 3.0 billion and WARBURG-HENDERSON Kapitalanlagegesellschaft für Immobilien mbH with a market share of 6.9% and assets under management amounting to EUR 2.2 billion (source: Bundesverband Investment und Asset Management e.V., *BVI-Investmentstatistik Gesamtüberblick, dated September 30, 2011*).

12.2.3.2 Private funds

As of December 31, 2010, IVG managed 26 Funds in its Private Funds segment with approximately 60,000 retail investors and assets under management amounting to EUR 3.0 billion. With its EuroSelect funds, IVG focuses on commercial real estate, with a focus on Core/Core+ office properties in gateway cities in Europe, including London, Brussels and Luxembourg. IVG ranked fourth among providers of closed-end property funds with equity of EUR 71.0 million based on the placement of equity in real estate properties located outside of Germany (source: VGF Verband Geschlossene Fonds Betriebsgesellschaft mbH, VGF, *Branchenzahlen 2010*). IVG's most significant competitors among initiators are, among other things, HIH Hamburgische Immobilien Handlung with an amount of EUR 93.3 million, Real I.S. with EUR 77.2 million and Wölbern with EUR 73.0 million (source: VGF Verband Geschlossene Fonds Betriebsgesellschaft mbH, *VGF Branchenzahlen 2010)*.

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13. BUSINESS

13.1 Overview

IVG purchases, manages, develops and sells its own and third-party commercial real estate as well as caverns and also initiates institutional and private funds and selectively co-invests in those funds. IVG has offices in 19 locations in 12 countries. As of September 30, 2011, IVG had 589 employees (full time equivalents ("**FTE**")) and assets under management amounting to EUR 21.7 billion comprising on-balance sheet: EUR 4.1 billion in the Real Estate segment, EUR 1.5 billion invested capital in the Development segment, EUR 0.9 billion invested capital in the Caverns segment, as well as off-balance sheet: EUR 12.2 billion in the Institutional Funds segment and EUR 3.0 billion in the Private Funds segment.

IVG was founded in 1916 and, following a change in corporate form and an initial public offering, listed its shares on the Frankfurt Stock Exchange in 1986. In 1993, IVG was fully privatized. In 2002, IVG changed its name to today's IVG Immobilien AG after disposing of all non real estate related businesses.

Since the onset of the financial crisis in 2008 and 2009, IVG has made significant changes to its strategic goals and organizational structure. IVG's management has focused on activities reducing the Company's risk exposure, reorganized the business into a two division structure with a close alignment of activities and strategic goals and resolved to phase out its Development segment in the medium term. Moreover, beginning in 2009, IVG's management successfully commenced the financial restructuring of IVG by bundling several bilateral credit lines in a single syndicated loan. In this context, IVG also furthered its debt relief through a sales program of caverns to a specialized fund structured by IVG investing in caverns (the "**IVG Cavern Fund**") and thereby achieving further financial stability. In addition, in order to fund its development projects, other investments and its operations, IVG has sold assets belonging to its real estate investment portfolio on an ongoing basis. IVG will be required to continue to sell parts of its real estate portfolio to fund its liquidity needs, mainly through the sale of properties that it considers outside the scope of its future investment strategy, thereby optimizing its portfolio. The recent roll-over and prolongation of four of its major credit facilities were some of the last steps in IVG's financial restructuring. Throughout and due to its financial restructuring process, IVG maintained the support of its financing banks.

Today, IVG's business comprises two divisions: the Investment division and the Funds division. In addition, IVG Asset Management GmbH operates as a central service unit offering professional asset management services to IVG's two divisions and aims to ensure sustainable cash flow for the two divisions.

The Investment division encompasses three segments: "Real Estate", "Development" and "Caverns". IVG's core business in the Real Estate segment comprises the purchase, modernization, renting and sale of commercial real estate, particularly office properties with a geographic focus on Germany, France, Benelux and Finland. As of September 30, 2011, IVG held 234 properties with a total market value amounting to EUR 4.1 billion on-balance sheet. In its Development segment, IVG focuses on the development of office properties in selected European growth regions and, as of September 30, 2011, the value of current assets in this segment amounted to EUR 1,018 million. Thereof, EUR 980.0 million are related to the six major projects in this segment. In 2011, IVG intends to complete its remaining two project developments which are still under construction. IVG further envisages to continue selling off its development assets and to not enter into new project developments in order to complete its phase out of the Development segment by 2013. In the Caverns segment, IVG engages in the construction, renting and operation of underground storage facilities for oil and gas. It currently encompasses 52 caverns suitable for storing oil and gas in a combined volume of about 30 million cubic meters.

IVG envisages establishing a portfolio of 130 caverns by 2022, of which 60 will be owned by IVG. 70 caverns (some of which are under development) have already been sold to the IVG Cavern Fund of which 51 have been transferred to the IVG Cavern Fund at the date of this Prospectus and 19 will be transferred until 2014.

The Funds division is divided into the segments “Institutional Funds” and “Private Funds”. In its Funds division, IVG initiates funds for institutional and private investors, i.e., structures, initiates, places and manages investment products. IVG also selectively co-invests in certain of these funds which match its strategic focus aligning its interests with those of third-party investors. In its Institutional Funds segment, IVG focuses on the structuring, initiation, placement and management of real estate funds and real estate structured products for institutional investors. As of September 30, 2011, IVG managed 41 open-ended property funds in the Institutional Funds segment with assets under management amounting to EUR 12.2 billion. In its Private Funds segment, IVG focuses on the structuring, initiation, placement and management of real estate funds for private investors. As of September 30, 2011, IVG managed 26 closed-end funds in the Private Funds segment with approximately 60,000 private investors and assets under management amounting to EUR 3.0 billion.

13.2 Competitive strengths

13.2.1 IVG has an experienced in-house asset management team operating from a pan-European network of offices.

IVG has extensive experience in real estate management, i.e., executing transactions, renting properties, real estate development and asset management. IVG’s in-house asset management team operates through a pan-European network of offices, drawing upon an experienced staff of well-trained asset managers with extensive regional knowledge and local competence. Moreover, for reasons of cost-efficiency, IVG outsources most property management tasks and the day-to-day handling of its real estate. IVG’s branch offices outside of Germany primarily use their local expertise to support IVG’s Funds division. IVG believes that its organizational and personnel resources also provide it with sufficient capacity to accommodate further growth in terms of assets under management.

13.2.2 The Company believes that IVG has a strong position in the construction and operation of caverns providing it with a reliable stream of income.

IVG has extensive experience and know-how in the construction, development and operation of caverns which, according to the view of the Company, place it in a unique position in the wider market for such activities. IVG believes that its caverns business also occupies a strong position in the market for oil and gas storage. IVG aims to establish a portfolio of a total of 130 caverns under its management by 2022 of which 52 caverns are in operation and 78 are under construction or planned to be constructed.

Furthermore, pursuant to a cavern sale and transfer agreement with the IVG Cavern Fund, IVG has sold 51 caverns to the IVG Cavern Fund from 2008 to 2011 and has received the IVG Cavern Fund’s commitment to acquire a further 19 caverns up to 2014. IVG acts as a manager for the total cavern portfolio. IVG believes that such arrangements provide it with a foreseeable and reliable stream of income from its caverns business.

13.2.3 IVG’s diversified business activities generate sustainable income streams while providing growth opportunities.

IVG’s income stream stems from several sources, including rental income, asset and fund management fees and returns on co-investments in funds. IVG’s rental income is generated by renting office properties located in gateway cities, mainly in the German market (Berlin, Dusseldorf, Frankfurt, Hamburg and Munich). Furthermore, IVG's fund business generates management, structuring and performance fees. IVG believes that as the market leader for special real estate investment funds with a market share of 23.0% as of September 30, 2011 (source: Bundesverband Investment und Asset Management e.V., *BVI Investmentstatistik Gesamtüberblick*, dated September 30, 2011), such fees will increase in the future, as funds are an increasingly attractive investment option for institutional as well as private investors. In connection with its funds structuring activities, IVG is involved in creating tailored products, such as city-focused funds for institutional investors and new core funds for private investors. Finally, dividend income from IVG's co-investment in selected fund products are a growing source of sustainable income.

13.2.4 As an integrated investment platform, IVG has the flexibility to use its real estate expertise in direct investments, indirect investments through co-investing in its funds and as a fund and asset manager.

IVG draws upon its real estate expertise when providing asset management services and when structuring, initiating, placing and managing funds. Moreover, it selectively co-invests in newly initiated funds which increases the rate of return on the invested capital in comparison to direct investments due to fund and asset management fees on the total fund volume, thereby yielding higher returns for IVG than its ordinary investments in core real estate assets. Thus, in addition to the return from its co-investments, which depends on the performance of the specific fund, IVG also receives management fees irrespective of such performance. This combination of performance-based and non-performance-based income reduces the volatility and risk of the return profile of IVG's income from its funds business and, consequently, for IVG's business activities as a whole.

In the context of its integrated investment platform model, IVG's different business segments have cooperated in the establishment of several products that have successfully been placed in the market, e.g., the IVG Cavern Fund, the IVG Protect Fund and the IVG Premium Green Fund. Furthermore, IVG's co-investments in such products have demonstrated IVG's ability to align its interests with those of its investors, while at the same time reducing the risk exposure on its invested capital (so-called co-investment strategy). This co-investment strategy, in conjunction with IVG's asset management expertise, increases the amount of capital raised by IVG for its funds, i.e., more investors participate in the fund and/or investors increase the size of their investments, since it strengthens investor confidence in the commercial viability of the respective fund which is structured, managed and co-invested in by IVG.

13.2.5 IVG's management is successfully repositioning IVG's business.

IVG's management has repositioned IVG's business model, which is now based on two main divisions whose activities and strategic goals are closely aligned. Moreover, the ongoing phase out of the development pipeline and of the Development segment has achieved and is expected to continue to achieve a decrease of typical development risks. Also, THE SQUAIRE is almost completely operational and is becoming a valuable contributor to IVG's rental income, while the economic occupancy rate is increasing consistently (currently at 80%). As announced in 2009, in line with its organizational changes, IVG's management has reduced other operating costs by 37% from 2008 to 2010.

Furthermore, beginning in 2009, IVG's management successfully commenced the financial restructuring of IVG by bundling several bilateral credit lines maturing between 2009 and 2011 in a single syndicated loan. Thereafter, IVG strengthened its financial position after reducing its total financial liabilities from EUR 5,600 million as of December 31, 2008 to EUR 4,976 million as of September 30, 2011. IVG also furthered its debt relief through a sales program of caverns to its IVG Cavern Fund, the disposal of development projects and the repayment of their respective financing arrangements and, to a limited extent, the sale of investment properties and their respective debt financing arrangements, thereby achieving further financial stability. Finally, IVG's financial restructuring was, for the most part, accomplished with the recent roll-over and prolongation of four major credit facilities prior to maturity since the end of September 2011, including, based on a binding term sheet subject to certain conditions precedent, THE SQUAIRE financing agreement, based on a binding term sheet, subject to certain conditions precedent, the CORE financing agreement, based on an agreement reached on October 24, 2011 with the lender and a binding unconditional term sheet, the property financing for the Pegasus portfolio, as well as, based on a binding term sheet subject to certain conditions precedent, the prolongation of the Syndicated Loan 2009. If the prolongations had already been effective as of September 30, 2011, the average maturity of the bank loans and the convertible bond would have increased from 2.17 years to 2.83 years. Since September 30, 2011, debt with an aggregate outstanding amount, at the date of the Prospectus, of EUR 2.6 billion has been either rolled over or a prolongation was agreed with the financing banks. Consequently, no significant debt liabilities will become due until the end of 2013. Throughout and due to its financial restructuring process, IVG maintained the support of its financing banks.

The financial and organizational transition is closely related to the Company's Chief Financial Officer ("**CFO**"). His continued presence in the Company's Management Board as new Chief Executive Officer ("**CEO**") (*Sprecher des Vorstands*) will ensure that the trend of effective implementation of repositioning measures will continue.

13.3 Group strategy

IVG's overall strategy is to further reduce its risk exposure and continue to focus on recurring cash flows for the Group. In the future, IVG intends to receive cash inflows from three distinct sources: rental income, fund management fees and returns on fund co-investments. IVG's operational goals comprise growth of assets under management and improved generation of recurring cash flows.

IVG intends to significantly strengthen the Company's balance sheet. In particular, IVG intends to achieve a marked reduction in IVG's risk exposure by reducing LTV to a level comparable to other German non-REIT real estate market participants in the medium term and taking into account changing market conditions. IVG believes that such level would currently amount to 62%-65%. De-leveraging is intended to be achieved with the continuous development and sales of caverns, and further portfolio divestments, including the intended sale of the Dieselstraße properties in Unterföhring and THE SQUAIRE in Frankfurt am Main, as a whole or in parts to third parties or private institutional funds.

The development and subsequent sale of caverns provides IVG with an efficient means to reach its planned de-leveraging target. The average sales price and fair market valuation is more than twice the sum of the related construction costs and thereby improves the amortization efficiency and effect of investments made therein. IVG envisages to achieve approximately EUR 500.0 million from the sale of caverns up to 2014, while significant amounts of capital expenditure has already been invested. IVG will continue to pursue this strategy, which was commenced after the conclusion of the Syndicated Loan 2009, and which has already resulted in redemptions in December 2010 and April 2011 totaling EUR 302.0 million. In addition, maintaining caverns on IVG's balance sheet after they exceed the threshold of 300,000 cubic meters for fair value accounting up to their completion will support a decrease in LTV by increasing asset values.

For its Investment division and the on-balance portfolio, IVG will concentrate on the German market and focus on increasing its profitability. To this end, IVG will eliminate assets from its portfolio which do not conform to its strategy, in particular properties located outside of Germany, low yielding and dilutive properties or sites which are already today classified as workout properties. This streamlining process will result in continued sales from the investment portfolio, will encompass the reduction of properties abroad and will lead to a decrease in revenues from renting but higher rates of return.

Furthermore, IVG intends to re-position parts of its portfolio towards higher yielding assets. This will include maintaining some caverns on IVG's balance sheet after the completion of their construction. This is expected to lead to positive effects in the Company's earnings and NAV due to the fact that the fair market value of caverns (which is the value applied once a cavern exceeds a volume of 300,000 cubic meters) significantly exceeds the associated construction costs. Furthermore, rental income in relation to construction costs of caverns significantly exceeds rental yields on IVG's real estate portfolio. In addition, THE SQUAIRE will support top line earnings until a whole or partial disposal is undertaken. Furthermore, some property sales are planned to support the restructuring process and especially to further optimize the portfolio.

IVG's management intends to continue its successful caverns business. In line with its ongoing phase-out of the Development segment, IVG will, in the future, no longer act as a trader-developer for third parties. However, it will continue to modernize its existing real estate portfolio, engage in refurbishment, e.g., of properties in Hamburg, either through the introduction of new concepts of use for individual properties or refurbishments. Such activity will be executed amongst others by personnel currently employed in the Development segment and which will be, to a large extent, transferred and integrated into IVG's asset management team.

In line with its strategy to become an integrated investment platform, IVG will also focus on further benefitting from synergies between its Investment and Funds divisions. IVG will target new client segments, in particular international institutional investors, with customized products and using new asset classes. In the course of this initiative, IVG will take advantage of its international network of local branches. IVG plans to support the marketability of selected funds by continuing to align its interests with those of investors by making material co-investments in the newly initiated products.

Moreover, IVG has identified that the success of its caverns business corresponds to a general upward trend regarding infrastructure as an asset class in general. Consequently, and drawing on its experience in the operation of its caverns infrastructure, IVG sees itself ideally positioned to use the opportunity to invest further in this asset class, e.g., transmission grids or other utility infrastructure, in the future.

13.4 Business activities

IVG's business comprises two divisions: the Investment division and the Funds division, both of which are supported by IVG's asset management service unit.

13.4.1 Investment division

The Investment division encompasses the segments "Real Estate", "Development" and "Caverns" and invests in real estate and caverns for IVG's own balance sheet. IVG also employs a selective "co-investment approach" whereby it invests directly in funds initiated and managed by it on a case-by-case basis in accordance with internal guidelines and strategic goals such as return profile, regional allocation and asset class.

13.4.1.1 Real Estate

In its Real Estate segment, IVG focuses on the purchase, management and sale of commercial real estate, particularly office properties in gateway cities. IVG has a strong geographic focus on Germany, where real estate accounting for 85% of the market value of IVG's total portfolio is located. In Germany, IVG focuses on investing in prime German office property markets, such as Berlin, Dusseldorf, Frankfurt, Hamburg and Munich. Aside from Germany, IVG currently also has a secondary geographic focus on France, Belgium, Netherlands, Luxembourg and Finland. However, IVG is reducing its activities outside of Germany in its on-balance sheet activities in order to focus on its German portfolio and to benefit from the lower German market volatility.

The following table provides an overview of IVG's real estate portfolio structure according to investment-styles and branches as of September 30, 2011:

	Properties	Lettable area	Area let	Parking lots	Econ. occupancy rate	Ann. contracted rent	WAULT(1)	Market value	Share in market value of portfolio	Current yield(2)
	in #	*in '000 sqm*	*in '000 sqm*	*in #*	*in%*	*in EUR '000*	*in years*	*in EUR '000*	*in%*	*in%*
Total Portfolio	**234**	**2,068.5**	**1,761.8**	**28,278**	**89.1**	**246,289.8**	**5.0**	**4,072,993.5**[3]	**100.0**	**6.0**
Core/Core+	**95**	**1,385.5**	**1,310.9**	**18,067**	**94.7**	**201,025.5**	**5.4**	**3,107,073.6**	**76.3**	**6.5**
Berlin	8	107.1	98.9	1,038	91.8	12,677.4	3.7	201,630.0	5.0	6.3
Dusseldorf	10	92.7	87.9	1,411	94.4	9,294.5	5.9	124,950.0	3.1	7.4
Frankfurt	7	260.0	246.0	2,848	94.1	41,510.3	7.9	682,440.0	16.8	6.1
Hamburg	25	259.4	236.6	3,880	92.8	37,551.5	2.1	581,200.0	14.3	6.5
Munich	22	489.3	480.2	5,582	98.3	65,779.7	7.1	1,051,833.8	25.8	6.3
Total Germany	**72**	**1,208.5**	**1,149.7**	**14,759**	**95.2**	**166,813.3**	**5.9**	**2,642,053.8**	**64.9**	**6.3**
Brussels	5	25.8	24.7	661	96.1	4,939.9	1.2	49,675.0	1.2	9.9
Helsinki	15	95.8	84.0	1,281	91.6	13,516.9	3.8	133,744.8	3.3	10.1
Other	—	—	—	—	—	—	—	—	—	—
Paris	3	55.4	52.6	1,366	91.3	15,755.4	3.7	281,600.0	6.9	5.6
Total International	**23**	**177.0**	**161.2**	**3,308**	**92.1**	**34,212.2**	**3.4**	**465,019.8**	**11.4**	**7.4**
Value Add	**43**	**391.1**	**271.2**	**5,539**	**73.6**	**32,220.7**	**3.0**	**546,697.2**	**13.4**	**5.9**
Berlin	3	31.2	21.6	441	72.3	2,210.9	1.6	42,610.0	1.0	5.2
Dusseldorf	13	104.0	70.3	1,651	71.8	8,290.5	3.6	146,990.0	3.6	5.6
Frankfurt	6	91.6	60.5	1,645	72.8	7,724.4	2.9	144,640.0	3.6	5.3
Hamburg	5	38.9	25.7	264	54.8	1,721.1	2.2	38,150.0	0.9	4.5
Munich	4	55.6	38.8	655	77.7	5,107.7	4.7	101,720.0	2.5	5.0
Total Germany	**31**	**321.3**	**217.0**	**4,656**	**71.7**	**25,054.6**	**3.4**	**474,110.0**	**11.6**	**5.3**
Brussels	—	—	—	—	—	—	—	—	—	—
Helsinki	11	61.6	49.3	828	83.5	6,695.0	1.5	65,237.2	1.6	10.3
Other	1	8.3	4.9	55	56.1	471.1	2.4	7,350.0	0.2	6.4
Paris	—	—	—	—	—	—	—	—	—	—
Total International	**12**	**69.8**	**54.2**	**883**	**80.9**	**7,166.1**	**1.6**	**72,587.2**	**1.8**	**9.9**
Workout	**96**	**292.0**	**179.7**	**4,672**	**64.9**	**13,043.6**	**2.8**	**419,222.6**	**10.3**	**3.1**
Berlin	17	86.4	62.6	160	81.6	3,936.6	2.8	68,700.0	1.7	5.7
Dusseldorf	7	17.1	9.9	451	54.2	1,022.8	2.1	54,630.0	1.3	1.9
Frankfurt	15	54.2	31.0	431	87.2	3,101.5	3.8	65,713.2	1.6	4.7
Hamburg	10	73.7	36.9	253	31.2	1,225.8	2.3	56,961.9	1.4	2.2
Munich	31	26.6	22.9	2,870	87.9	1,973.2	2.7	100,510.0	2.5	2.0
Total Germany	**80**	**258.0**	**163.3**	**4,165**	**68.5**	**11,259.9**	**2.9**	**346,515.1**	**8.5**	**3.2**
Brussels	7	18.4	3.4	357	16.0	328.8	4.3	40,672.8	1.0	0.8
Helsinki	5	14.3	11.7	148	90.2	1,354.3	1.6	12,036.6	0.3	11.3
Other	4	1.3	1.3	2	100.0	100.6	0.3	19,998.1	0.5	0.5
Paris	—	—	—	—	—	—	—	—	—	—
Total International	**16**	**34.0**	**16.3**	**507**	**48.7**	**1,783.7**	**2.0**	**72,707.5**	**1.8**	**2.5**

(1) Weighted average unexpired lease term.

(2) Annual contracted rent / market value.

(3) The book value for the total portfolio amounts to EUR 4,078.9 million, of which EUR 3,720.5 million are allocated to the line item "Investment property", EUR 301.5 million to the line item "Non-current assets held for sale", EUR 40.0 million to the line item "Inventories", EUR 14.5 million to the line item "Property, plant and equipment" and EUR 2.3 million to the line item "Financial assets".

Invested properties are managed by IVG's asset management platform and through their respective local branch in each relevant city. IVG operates on the basis of an active portfolio management strategy that focuses on identifying and realizing a property's specific potential by undertaking appropriate measures and taking into account the cyclicality of the relevant real estate markets.

IVG Asset Management GmbH employs various measures to increase rental income, economic occupancy rates and realize other upside potential to increase profitability and the value of each individual property held by IVG in its Real Estate segment. These measures include modernization, light refurbishments, potential realization of development rights reserves, the repositioning of own properties, renting and marketing of properties.

IVG's property portfolio in its Real Estate segment covers a range of property investment styles:

- "Core/Core+": properties with a stable income base in a favorable location with average lease terms of approximately five years and benefiting from the lower volatility of German real estate markets as compared to real estate markets in other European countries;
- "Value-add": properties which may see a significant increase in value by using asset management measures, such as the reduction of the vacancy rate; and
- "Workout": properties, including woodlands which were used as military training grounds, which do not conform to IVG's strategy, are not used or developed for commercial or residential purposes and are largely accounted for as held for sale.

The Core/Core+ properties constitute 76.3% of the total market value of the portfolio. The total workout properties amounted to 10.3% of the total market value, whereby income producing properties, amounted to 5.1% and the non income producing properties to 5.1% of the total portfolio market value. The remaining 13.4% of the total market value of the portfolio are value-add properties.

As of September 30, 2011, IVG's real estate portfolio consisted of 234 properties, with an aggregate lettable area of 2,068,534 square meters, an economic occupancy rate of 89.1%, an aggregate contracted annualized rent of EUR 246.3 million, a weighted average unexpired lease term (WAULT) based on the net rent still outstanding until the next date on which termination rights or break option become exercisable or break option of 5.0 years and a total value of the portfolio of EUR 4.1 billion (according to current market value appraisals).

The following table provides an overview of IVG's top ten properties within the Real Estate portfolio by share of market value as of September 30, 2011:

Property	**Market value in EUR '000**	**Share in market value of portfolio in %**
Frankfurt am Main, Theodor-Stern-Kai 1	237,880.0	5.8
Unterföhring, Dieselstr. 6[4]	211,540.0	5.2
Stuttgart, Buschlestr. 1/ Reinsburgstr. 26-34	195,210.0	4.8
Munich, Fritz-Schäffer-Str. 9	168,800.0	4.1
Paris, 7 Place Vendôme[1]	166,700.0	4.1
Munich, Rosenheimer Str. 145, 145a-i / Anzinger Str. 1-17	129,320.0	3.2
Stuttgart, Uhlandstr. 2	128,040.0	3.1
Unterföhring, Dieselstr. 4 / Gutenbergstr. 8[4]	118,400.0	2.9
Munich, St.-Martin-Str. 76	110,010.0	2.7
Vélizy Villacoublay, 20/22 Rue Grange Dame Rose "Thalès"[2]	83,000.0	2.0
Total Top 10	**1,548,900.0**	**38.0**
Other	2,524,093.5	62.0
Total	**4,072,993.5**[3]	**100.0**

1 IVG sold this property on October 26, 2011. The transaction is expected to close on or before December 31, 2011 (see also section "*Recent Developments and Outlook*").

2 IVG sold this property on November 4, 2011. The transaction is expected to close on or before December 31, 2011 (see also section "*Recent Developments and Outlook*").

3 The book value for the total portfolio amounts to EUR 4,078.9 million, of which EUR 3,720.5 million are allocated to the line item "Investment property", EUR 301.5 million to the line item "Non-current assets held for sale", EUR 40.0 million to the line item "Inventories", EUR 14.5 million to the line item "Property, plant and equipment" and EUR 2.3 million to the line item "Financial assets".

4 IVG intends to sell this property to the planned EuroSelect 21 fund which will be granted an option to acquire this property in mid-2012.

IVG has specific strategic goals depending on the investment profile of each property. In relation to its Core/Core+ properties, IVG intends to maintain or increase the economic occupancy rates. In relation to its value-add properties, IVG intends to improve the quality of such properties, reduce vacancy rates and engage in an opportunistic sales process as and when the respective properties have been repositioned. For portfolio properties in the workout phase, IVG's strategy is to sell non-strategic properties. In general terms, it is envisaged that the proportion of Core/Core+ properties will be increased and that of the workout portfolio will be decreased on an ongoing basis.

40.9% of IVG's total annual contracted rent is covered by its top ten tenants as of September 30, 2011. The largest tenant across various locations is Allianz renting a total area of approximately 408,200 square meters and an annual contracted rent of approximately EUR 63.8 million, which amounts to 25.9% of IVG's total annual contracted rent.

The following table provides an overview of the lease duration of IVG's Real Estate portfolio as of September 30, 2011:

Period	Lease expiry in EUR '000 annual contracted rent	Share of overall annual contracted rent in %
Before September 30, 2012	36,759.5	14.9
October 1, 2012—September 30, 2013	37,655.0	15.3
October 1, 2013—September 30, 2014	21,114.8	8.6
October 1, 2014—September 30, 2015	22,077.6	9.0
October 1, 2015—September 30, 2016 *et seq.*	118,303.5	48.0
Indefinite	10,379.4	4.2
Total	**246,289.8**	**100.0**

IVG's portfolio is rented out at 38.8% in the medium-term (leases expiring or terminable within the next three years), 57.0% for longer than three years and 4.2% with indefinite lease contracts according to annual contracted rent as of September 30, 2011. A significant portion of IVG's lease agreements contain index-clauses that tie the annual rent to a consumer price index or other adjustment mechanisms such as graduated rents.

As of September 30, 2011, the weighted average unexpired lease term (WAULT) based on the net rent still outstanding in the portfolio is at 5.0 years, excluding certain termination rights and break options in a limited number of contracts, among other things, contracts with Allianz. Furthermore, some of IVG's lease agreements with Allianz provide for special termination rights for the benefit of Allianz. For example, four out of IVG's seven lease agreements with Allianz provide for such additional early termination rights for the benefit of Allianz under which Allianz may terminate parts of their leases with 18 months notice, so-called flex-leases. Such termination rights affect one property in Hamburg, one property in Frankfurt and two properties in Stuttgart. Allianz may terminate 50% of this letting area earlier than the ordinary duration of the lease. The total letting area of these four properties is approximately 229,100 square meters, therefore Allianz may exercise early termination rights in relation to approximately 114,600 square meters in total. Since acquisition of the four properties, Allianz has already exercised termination rights in relation to a total area of approximately 57,900 square meters, including the recent termination of 29,100 square meters of the lease in the property in Hamburg. Therefore, approximately 56,600 square meters could be terminated by Allianz earlier with 18 months notice. However, IVG believes that it has taken appropriate measures in order to counteract or to re-let these areas in case of further terminations in the future.

Due to the importance of Allianz as a tenant, IVG has a dedicated account manager for Allianz, while operational issues relating to individual properties are dealt with in IVG's local offices by managers of branches and asset-management.

13.4.1.2 Development

(i) Overview

In its Development segment, IVG has focused on the development of commercial real estate, especially office properties in selected European gateway cities. As of September 30, 2011, the value of assets in this segment amounted to EUR 1,018 million. Thereof, EUR 980.0 million are related to the six major projects described below.

Following its decision to phase out its Development business, IVG began selling development projects with an aggregate gross asset value of more than EUR 1.0 billion from 2008 by the date of this Prospectus. Such sold development projects include Cap Sud in Paris with a value of approximately EUR 80.0 million and sold in the second quarter of 2008, Fourteen Cornhill in London with a value of approximately GBP 119.0 million and sold in the first quarter of 2009, Central in Frankfurt am Main with a value of approximately EUR 40.0 million and sold in September 2009, Horizon Plaza in Warsaw with a value of approximately EUR 100.0 million and sold in the second quarter of 2010, An den Brücken in Munich with a value of approximately EUR 98.0 million and sold in the second quarter of 2010, Medienbrücke in Munich with a value of approximately EUR 31.0 million and sold in December 2010 as well as Hackesches Quartier in Berlin with a value of approximately EUR 161.0 million and sold in the first quarter of 2011.

In 2011, IVG intends to complete its remaining two project developments which are still under construction. IVG further envisages to continue selling off its development assets and to not enter into new project developments in order to complete its phase out of the Development segment by 2013.

The following table provides an overview of the six major projects in the Development segment as of September 30, 2011:

Name	**Country**	**Address**	**Start of construction**	**Book value**(1) *in EUR million*
THE SQUAIRE	Germany	Am Flughafen, Frankfurt am Main	2006	785.2
Front Office, Asnières	France	38, Quai Aulagnier, Asnières-sur-Seine	2007	109.1
THE SQUAIRE Parking	Germany	Am Flughafen, Frankfurt am Main	2010	33.9
Infopark E	Hungary	Neumann János u. 1./E, Budapest	2008	24.2
Drukarnia (Galeria Astoria)	Poland	ul. Jagiellońsha 1, Bydgoszcz	2006	17.9
StefániaPark	Hungary	Stefánia út 101-103, Budapest	2007	9.7
Total				**980.0**

(1) Carrying amount of the related inventories in the balance sheet.

Name	Type of use	Lettable area (in '000 square meters)	Economic occupancy rate(1) (in %)	Envisaged annual rent (in EUR million)	Degree of completion(2) (in %)	Degree of realization(3) (in %)	Year of completion (estimated)
THE SQUAIRE	Office, Hotel, Retail	142	80	44(4)	97	94	2011
Front Office, Asnières	Office	24	28	8	100	88	2010
THE SQUAIRE Parking	Parking	—	34	5	55	55	2011
Infopark E	Office	17	68	3	100	81	2009
Drukarnia (Galeria Astoria)	Retail	11	93	2	100	91	2007
StefániaPark	Office	5	95	1	100	89	2008
Total		**200**		**63**			

(1) Economic occupancy rate as of September 30, 2011.
(2) Based on investment costs as of September 30, 2011 and outstanding construction costs for the completion of the building.
(3) Based on investment costs as of September 30, 2011 and still outstanding construction costs and planned expenses for letting activities (marketing and incentives).
(4) Including revenues from the operation of the hotel business (which are not based on rental agreements).

In addition to the completion of the current developments, IVG seeks to increase the value of the projects by improving the economic occupancy rate and stabilizing or, ideally, increasing the respective contracted rents. In the context of its Development segment, completion refers to the finalization of construction of the relevant development project building while realization refers to the completion of the project development as a whole, i.e., the process of preparing the property for disposal, e.g., by arranging for an appropriate tenant structure.

(ii) Major projects

THE SQUAIRE

THE SQUAIRE is a multi-functional office, retail and hotel building built on top of the ICE high-speed train station at the Frankfurt International Airport in Frankfurt am Main, Germany. THE SQUAIRE is based on a concept entitled "NEW WORK CITY", which aims to strike a balance between work and life related activities. The building combines office space and a mixture of restaurants and shops as well as a medical center, health clubs, a day care center, a commercial conference center and two hotels from the Hilton Worldwide Group. THE SQUAIRE is also part of the Airport City with various retail amenities for tenants and customers.

THE SQUAIRE is located at an intersection of rail, air and road networks at a central point in continental Europe and therefore offers large companies the opportunity to establish a representative office benefitting from these features.

THE SQUAIRE is owned by THE SQUAIRE GmbH & Co. KG. IVG currently holds 97.5% of the interest of THE SQUAIRE GmbH & Co. KG, the remaining 2.5% are held by Fraport AG.

In six physical divisions (*Realteilbarkeit*), THE SQUAIRE has a lettable area of approximately 141,500 square meters office, hotel and retail space. Additionally, THE SQUAIRE offers 625 in-house parking spaces and the separate development project THE SQUAIRE Parking will provide additional 2,500 parking spaces upon completion. The property can be sold either through a sale of the six individual divisions or through a sale of interests in the THE SQUAIRE GmbH & Co. KG.

Construction of THE SQUAIRE commenced in November 2006. IVG expects THE SQUAIRE to be completed in 2011, while further costs, e.g., relating to fittings, may also arise after the completion date as tenants begin their tenancy by moving into the property and payments on final invoices (*Schlussrechnungen*) that IVG expects to receive within the next months may also arise. As of September 30, 2011, the project was 94% realized.

Since January 2011, a series of tenants has moved into THE SQUAIRE including one of the key tenants, KPMG AG Wirtschaftsprüfungsgesellschaft ("**KPMG**"), (approximately 28% of the total lettable area of 141,500 square meters). However, as the handover of the rented premises to KPMG was delayed, IVG paid contractual penalties and it cannot be excluded that KPMG will claim for further damages.

Furthermore, on June 2, 2006, IVG entered into an operation and management agreement with Hilton International Co. ("**Hilton**") regarding the hotel premises in THE SQUAIRE (approximately 25% of the total lettable area of 141,500 square meters). The hotel premises are divided into two distinct hotel operations, namely the "Hilton" and the "Hilton Garden Inn". Whereas IVG undertakes to finance, build, furnish, maintain and equip the hotels (including employees) in close co-operation with Hilton, Hilton will operate and manage the hotels upon completion as a service provider to IVG, with IVG bearing the operational and occupancy risks from the hotel. The hotel premises were handed over to Hilton on November 16, 2011 (so-called soft opening), while the opening of the hotels to the public is scheduled for December 20, 2011 (so-called hard opening).

Besides the conclusion of minor lease agreements, the increase in occupancy is due to the signing of the rental agreement with Deutsche Lufthansa AG ("**Lufthansa**") for approximately 18,500 square meters. On April 1, 2012, parts of the rented area are expected to be handed over to Lufthansa, and on May 16, 2012, the remaining parts of the rented area are expected to be handed over to Lufthansa.

Additionally, as of the date of the Prospectus, IVG has moved all of its market-oriented units, i.e., its investment and funds departments and parts of its asset management and research functions, from Bonn to THE SQUAIRE. It has also relocated the institutional funds functions and other parts of the asset management services from Wiesbaden to THE SQUAIRE, and it is envisaged that the Frankfurt branch of IVG will move to THE SQUAIRE shortly, thus concentrating IVG personnel in one office location and improving effectiveness of internal collaboration although Bonn will remain IVG's headquarter.

As of September 30, 2011, approximately 80% of the total lettable area was already occupied (including approximately 3% which is rented to IVG).

There have been difficulties in THE SQUAIRE's development process, including delays to the construction and completion timetable, issues with contractors, sub-contractors and agents, e.g., an unplanned substitution of the general manager and cost overruns and certain residual risks remain as the project has not yet been fully completed. The Company believes that, on the basis of currently available information, e.g., invoiced services, expected invoices and the current status of construction, the outstanding net risk of the project development THE SQUAIRE may be estimated at EUR 25.0 to 35.0 million through cost overruns that will not enhance the value of the property. This net risk figure takes into account certain potential counterclaims in an estimated amount of EUR 10.0 to EUR 17.0 million. As of September 30, 2011, the book value of THE SQUAIRE is EUR 785.2 million. Impairments for the period between 2008 and September 30, 2011 amounted to EUR 343.1 million.

However, the Company believes that the development process is now close to completion. In the future, besides minor construction works and tenant fit outs. IVG's focus is to increase the occupancy of the property.

THE SQUAIRE Parking

The construction of THE SQUAIRE Parking commenced in October 2010 and is scheduled to be completed by the end of 2011. As of September 30, 2011, the project was 55.0% realized, 34.7% of the car park was rented and approximately 596 parking spaces were pre-let to KPMG. THE SQUAIRE Parking is fully owned by IVG and will provide 2,500 parking spaces to complement the facilities contained in THE SQUAIRE. THE SQUAIRE Parking will be connected to THE SQUAIRE by "Skylink", a suspended railcar. As of the date of the Prospectus, the construction works for THE SQUAIRE Parking are nearly finished.

THE SQUAIRE Parking will comply with modern ecological standards, e.g., with the inclusion of a green roof and a solar energy power system operated by a third party providing electricity for the car park. IVG expects the building to obtain the LEED Gold certification, the internationally accepted standard for sustainable buildings.

Front Office, Asnières (France)

Front Office, Asnières is an office building in the North West of Paris, France with a lettable area of 23,500 square meters. Construction on the project began in April 2007 and was completed in January 2010. As of September 30, 2011, the economic occupancy rate was 28% and the project was 88% realized. Major tenants of Front Office Asnières include Alma Consulting Group SAS and IVG Immobilier France SAS. IVG holds 100% of the interest in the company holding the property.

To support letting activities at Front Office, Asnières, IVG has installed an electric bus shuttle between the property and the nearest metro station and engaged in extensive marketing initiatives such as events like whole building light installations.

Infopark E (Hungary)

Infopark E is an office center primarily designated for IT, telecommunication and software development companies and forms part of a technology park in Budapest, Hungary. The project is located near the Technical University of Budapest and has a lettable area of 17,100 square meters. Infopark E is the last stage of the Infopark development which has been built in accordance with high architectural and ecological standards, with half of the Infopark consisting of green areas, water facilities and a central park.

Construction on the project began in February 2008 and was completed in August 2009. As of September 30, 2011, the project was 81% realized and 68% of the lettable area was rented. IVG holds 100% of the interest in the company holding the property.

Drukarnia (Galeria Astoria) (Poland)

Drukarnia (Galeria Astoria) is a shopping center in Warsaw, Poland with a lettable area of 10,600 square meters. Construction on the project began in January 2006 and was completed in November 2007. As of September 30, 2011, the economic occupancy rate was 93% and the project was 91% realized. Major tenants are C&A POLSKA SP. Z O.O. and BOMI S.A. IVG holds 100% of the interest in the company holding the property.

Stefánia Park (Hungary)

Stefánia Park is an office building in Budapest, Hungary with a lettable area of 5,400 square meters. Construction on the project began in November 2007 and was completed in December 2008. As of September 30, 2011, the economic occupancy rate was 95% and the project was 89% realized. Major tenants are HLB Klient Holding Szolgáltató Kft and bnt Szolgáltató Kft. IVG holds 100% of the interest in the company holding the property.

13.4.1.3 Caverns

(i) General

In its Caverns segment, IVG focuses on the construction, leasing, operation and sale of underground storage facilities for oil and gas. Caverns are subterranean cavities in salt domes. Rock salt is impermeable for oil and gas and does not chemically react with or liquidate when it comes into contact with either substance and thus can serve as a repository for both. IVG's caverns are located in Etzel in Northern Germany, where a mushroom-shaped salt dome with a length of approximately 17 kilometers and a width of approximately 5 kilometers is used for creating caverns. The salt dome starts in a minimum depth of 700 meters in the underground and is of the required quality and stability. It provides the required space for building the planned number of up to 130 caverns. The favorable geological conditions mean that there are further opportunities to build additional caverns.

The following diagram shows the different phases in the construction of a cavern:

	Site construction/drilling	Leaching	Gas/oil facilities
Activities	■ Rights, planning, site construction ■ Site constructions and connection to infrastructure ■ Preparation of the drilling location ■ Drilling	■ Engineering ■ Execution of leaching	■ Well completion ■ Installation of cavern well head facilities ■ If applicable, gas integrity test ■ If applicable, construction of oil facilities
Duration	0.5 years	2.5 years	0.5 years

In order to construct a cavern, a well shaft must be drilled to a depth of approximately 1,500 to 1,800 meters. Several pipes are inserted in the shaft to obtain two separated transport pipelines, one for seawater and the other for brine. After drilling is completed, the so-called leaching process starts. The brine string is inserted and seawater from the main pumping station in Wilhelmshaven is floated into the salt dome. Through this, the salt dissolves in the water and is pumped back to the main pumping station as highly enriched brine. This continuous process of filling the cavern with seawater and pumping the brine back into the sea takes about up to 2.5 years for a 650,000 cubic meter cavern. When the cavern reaches the intended dimension the inserted brine strings are replaced by filling brine strings for oil and gas. On average, it takes approximately 3.5 to 4 years to develop a cavern from the initial construction to operation, including the development of appropriate infrastructure i.e., field pipelines. The cost of site construction and drilling amount to approximately EUR 4.5 to 5.5 million (approximately 45% of the historic construction costs between EUR 10.0 and 12.0 million), the leaching process mainly causes energy costs, which amount to approximately EUR 3.0 to 3.5 million (approximately 30% of the historic construction costs between EUR 10.0 and 12.0 million), and finally, the complete cavern and thus, the final construction phase, involves approximately EUR 2.5 to 3.0 million (approximately 25% of the historic construction costs between EUR 10.0 and 12.0 million), investment costs.

Regarding the storage of gas, Etzel is advantageous because of its proximity to the North Sea. Gas is transported in pipelines from gas producing stations in the North Sea to Etzel, which is connected to the most important international natural gas and oil pipeline systems. Hence, Etzel serves as a hub for imported gas and oil. Currently, construction is ongoing for the establishment of the Etzel-Bunde pipeline, which will enhance the connection of Etzel to the Middle European network of gas pipelines.

Regarding the storage of oil, Etzel is connected to Germany's only deep water port in Wilhelmshaven with its oil terminal and also connected to the *Nord-West-Ölleitung* ("**NWO**") and *Norddeutsche Ölleitung* ("**NDO**") oil pipelines. The NWO pipeline facilitates the transport of oil to four refineries in the Ruhr area. The NDO pipeline supplies one refinery in Hamburg.

Caverns have several advantages as secure and efficient methods of storing gas and oil. The caverns utilize the natural characteristics of salt domes, without the need for significant changes and avoid environmental pollution. Moreover, explosions and fires, e.g., potentially as a result of plane crashes or similar external events, do not pose the same threat to caverns as to more usual over-ground facilities. Caverns can also accommodate very high volumes of gas in comparison to above-ground storage applications and are therefore a space efficient form of storage.

Furthermore, the caverns are used as interim storage locations for imported oil and gas and, in particular, for storing a large part of Germany's strategic oil reserves. Gas stored in the caverns is used by utilities to cover peaks in consumption. In addition, European regulations require that a certain amount of oil must be stored by all EU member states, so that all members of the EU and the International Energy Agency are required to store oil reserves in order to permanently ensure the oil supply. The member states must hold oil stocks equivalent to 90 days of their annual oil consumption. These requirements have resulted in an increasing demand for oil storage spaces. IVG's oil storage caverns facilitate the strategic storage of oil, i.e., oil reserves for extraordinary periods of scarcity. Therefore, fluctuations in oil prices do not affect the demand for oil storage capacity.

IVG has been operating underground storage caverns for oil and gas in Northern Germany for forty years. In 2005, IVG acquired the cavern facility from the German government. IVG believes that, in the future, its caverns business may also benefit from the so-called turnaround in energy policy which was implemented by the German government in its recent legislature, including, among other things, a nuclear-power phase out. During the period of transition to a comprehensive supply of renewable energy, underground storage facilities could prove essential in securing a reliable supply of energy.

(ii) Cavern portfolio

As of September 30, 2011, IVG manages an operational cavern portfolio which amounts to approximately 29 million cubic meters for the storage of oil and gas for national and international customers in 52 caverns with an annual contracted rent of approximately EUR 105.0 million.

Of the 52 caverns in operation, IVG owns one and the remaining 51 are owned by the IVG Cavern Fund. Caverns owned by the IVG Cavern Fund have been continuously purchased from IVG, beginning in 2008 (for more information regarding the IVG Cavern Fund, see section "*– Funds – Institutional Funds – Recent fund initiatives*").

78 further caverns in Etzel are under construction or construction is planned. Of the 78 caverns under construction or planned construction, 19 will be transferred to the IVG Cavern Fund. Of the remaining 59 future caverns which are not presold to the IVG Cavern Fund, six caverns are pre-rented to a consortium of international utility companies (e.g., BP, E.ON, EnBW, Statoil) and will become operational from 2013 to 2017 and 11 caverns are under option contracts stipulating that existing tenants can exercise an option to rent further caverns.

IVG envisages establishing a total portfolio of up to 130 caverns by 2022, of which 60 will be owned by IVG according to its current business plan. The construction speed of caverns depends on the amount of seawater that can be discharged from the North Sea near Wilhelmshaven and the amount of brine that can be disposed of into the North Sea. These amounts are limited in terms of cubic meter per hour and amount of salt in tons by a water permit (*wasserrechtliche Erlaubnis*). The water permit has been granted for the withdrawal of fresh seawater and a maximum discharge of brine of 6,000 cubic meters per hour – with a maximum amount of 1.26 million tons of salt per month into the North Sea, which allows IVG to leach approximately 20-25 caverns at the same time. Both the permission to withdraw fresh seawater and the permission to discharge brine are unlimited in duration. IVG currently invests approximately EUR 120.0 million per annum in cavern construction.

The following table provides an overview of IVG's cavern portfolio as of September 30, 2011:

Number of caverns	Thereof valuation step-up already occured	Marketing status	Construction status	Current owner	Future owner
51	51	51 let	in operation	IVG Cavern Fund	n/a
1	1	1 let	in operation	IVG	n/a
19	12	19 pre-let	under construction	IVG	IVG Cavern Fund
59	1	6 pre-let 11 options	under construction / planned	IVG	IVG

Of the 36 pre-let and optioned caverns, one to two caverns are expected to have the valuation step-up in the fourth quarter of 2011, five to seven caverns in 2012, seven to nine caverns in 2013 and three to five in 2014. It is envisaged to complete seven caverns in 2012, six in 2013 and nine in 2014.

The total construction cost for a standard cavern with a volume of 600,000 to 650,000 cubic meters is between EUR 10.0 and 12.0 million. The average valuation step-up based on historic data is approximately EUR 10-16 million.

IVG has sold or presold 70 caverns to the IVG Cavern Fund for an average price of approximately EUR 25.0 million per cavern due to the attractive cashflow profile for investors from oil and gas storage contracts.

The lease agreements under which the caverns are rented are long-term agreements with terms between 25 and 35 years for gas caverns. Oil caverns are rented with terms between three and 15 years.

Currently there are storage contracts in place for strategic oil reserves with the strategic oil storage associations of Portugal, Belgium, Netherlands and Germany.

The gas caverns are rented to international utilities, i.e., BP, EdF, EnBW, E.ON, Gazprom, Statoil and Total.

As of September 30, 2011, the book value of IVG's caverns (including infrastructure) in the consolidated balance sheet was EUR 659.1 million presented under "investment property", thereof EUR 354.9 million accounted "at fair value" (IAS 40) and EUR 304.2 million accounted "at cost".

13.4.2 Funds

The IVG Funds division encompasses the segments "Institutional Funds" and "Private Funds". It focuses on the restructuring, placement and management of investment products for institutional and private investors. Management believes that IVG is one of the leading, bank-independent real estate fund providers for institutional and private investors in Europe (see section "*Market and Competition*"). The fund investments focus is on high-quality commercial properties in large European and North American cities. As of September 30, 2011, IVG has EUR 15.2 billion assets under management in its Funds division of which approximately 80% are managed in the Institutional Funds segment and approximately 20% are managed in the Private Funds segment.

The following table provides an overview of the regional distribution of assets under management under the Funds division as of September 30, 2011:

Location	**Assets under Management ("AuM")** *(in EUR million)*	**Share of total** *(based on contracted AuM) (in %)*
Berlin	1,020	6.7
Dusseldorf	920	6.1
Frankfurt	432	2.8
Hamburg	814	5.4
Munich	831	5.5
Stuttgart	260	1.7
Etzel (Caverns)	1,247	8.2
Total Germany	**5,524**	**36.4**
Belgium	607	4.0
Finland	193	1.3
France	1,347	8.9
Iberia	511	3.4
Italy	309	2.0
Canada	318	2.1
Luxembourg	499	3.3
Netherlands	1,529	10.1
Austria	103	0.7
Poland	284	1.9
Sweden	493	3.2
Czech Republic	137	0.9
United Kingdom	2,446	16.1
Hungary	110	0.7
USA	780	5.1
Total International	**9,665**	**63.6**
Total	**15,188**	**100.0**

In contrast to stand-alone fund providers, the IVG Funds division benefits from its position as part of a large international real estate company as it assists the value creation process, i.e., the purchase, operation and disposal of individual properties and property portfolios. Since 2008, IVG placed approximately EUR 1.8 billion of new equity in the Institutional Funds and Private Funds segments. Such placed equity is allocated approximately as follows: 45% IVG Cavern Fund, 11% Silver Tower (which was placed after September 30, 2011), 8% IVG Protect Fund, 8% IVG Premium Green Fund, 6% EuroSelect 20 and 5% EuroSelect 17. The total amount of placed equity from 2008 until the date of the Prospectus will lead to an amount of assets under management of over EUR 3.8 billion when fully invested.

13.4.2.1 Institutional Funds

(i) General

In its Institutional Funds segment, IVG focuses on the structuring, initiation, placement and management of specialized real estate funds and real estate structured products for institutional investors. As of the date of the Prospectus, IVG manages 41 real estate investment funds and segregated accounts in this segment with assets under management amounting to EUR 12.2 billion. IVG is market leader for special real estate investment funds under the InvG (*Spezialfonds*) with a market share of 23.0% and total net asset value (equity value) under management amounting to EUR 7.2 billion, as of September 30, 2011 (source: Bundesverband Investment und Asset Management e.V., *BVI Investmentstatistik Gesamtüberblick,* dated September 30, 2011). About 15 key investors make up approximately 70% of the capital base of IVG's institutional funds.

Funds offered by IVG are regulated under the German and Luxembourg investment laws. Institutional investors include pension funds, insurance companies, saving banks, corporations and semi-institutional investors. IVG focuses on Core/Core+ properties and infrastructure assets (caverns).

The following table provides an overview of IVG's most significant funds according to assets under management as of September 30, 2011:

Top 7 Funds as of September 30, 2011	**Assets under Management** *(in EUR million)*	**Share of total (in %)** *(based on AuM Institutional Funds (EUR 12.2 bn)*
IVG Cavern Fund	1,247	10
EURIM	986	8
American Fund	944	8
Europafonds	712	6
ISFD	653	5
EPF Fund	547	4
Mediclin Fonds	528	4

IVG's portfolio of institutional funds consists of 61.5% office real estate, 15.0% retail properties, 3.2% industrial and 20.3% of properties with other uses, including the caverns portfolio accounting for 10.2% of the total portfolio of institutional funds.

40.5% of the asset value in IVG's institutional funds portfolio is located in Germany, 11.5% in France, 10.8% in the Netherlands, 7.1% in the U.K. and 6.4% in the USA. The remaining 24.1% real estate of the portfolio are located mainly in countries throughout Europe and in Canada.

IVG Institutional Funds has over 20 years of experience and expertise in the initiation, placement and management of real estate funds in accordance with the requirements of its institutional investors. In recent years, many institutional investors have shifted their investment focus from diversified portfolios towards products with a specific investment target (special funds, *Spezialfonds*), according to their own needs, goals and calculations. Certain characteristics of the investment product, such as the level of diversification and the structure of the portfolio based on the type of use and regional location are now more commonly determined by investors rather than the fund management.

IVG's Institutional Funds segment follows a standardized process when setting up a new fund. First, IVG determines the fund's strategy with regard to the fund's geographical focus, type of asset use and investment style in accordance with the relevant investors' preferences and market cycles, after which IVG engages in specific marketing measures. Once IVG has received appropriate investor feedback during the marketing phase, the investment vehicle is structured and the required legal documentation for the fund is prepared. While the overall process of a fund establishment is standardized, each fund vehicle is unique as it addresses specific investor preferences as well as the tax and regulatory environment applicable to the target domiciliation of the fund and the fund assets. IVG selectively holds a minority interest in some of its own funds according to its own investment goals and in order to align their interest with those of the fund investors.

In order to avoid conflicts of interest between various funds within IVG's Institutional Funds segment, all funds are distinguished by a clearly differentiated investment strategy. The individual real estate special funds have various differentiating factors in their investment criteria, these include criteria relating to the risk profile such as minimum return profile, technical criteria such as country allocation, type of use such as office, residential or logistics, investment volume and the maturity of the fund. Hence, funds have different investment profiles and there are funds with an existing portfolio as well as funds that are established and for which properties are still being purchased. Currently, there is no fund with an identical investment profile or strategy to another fund at IVG Institutional Funds GmbH. Provided that other departments or investment vehicles within the company pursue a similar investment strategy, a regulated allocation process is applied.

All fund managers of IVG Institutional Funds GmbH (including the investment managers of the IVG balance sheet) receive information on all of the properties that are offered for purchase that fall into the group-wide search pattern of properties ("preteasers"). The fund managers compare the property offers with the investment profile of the administered mandate in order to detect whether the particular property is suitable and may express their interest. Due to the limited extent of overlapping investment strategies within the IVG Institutional Funds segment, conflicts of interest and internal company competition are rare. Should there still be an overlapping of interests, the allocation is made through an allocation committee, on the basis of different parameters (last transaction, months of allocation of means that have not yet been invested, fund volume, number of properties, term of the fund, etc.) and is registered accordingly. While providing services to IVG's Real Estate, Development, Institutional Funds and Private Funds segments, it is, in principle, possible that two or more segments may wish to compete for the same real estate asset, thereby potentially leading to a conflict of interest between the relevant segments. However, due to the limited extent of overlapping investment strategies between IVG's various segments, such instances are rare.

With regard to its fee structure, IVG recoups several types of fees, including an acquisition fee for properties and property companies acquired for managed funds, a management fee, which is usually a percentage of the gross/net fund investment volume, an incentive fee and a sales fee.

(ii) Activities

The following table provides an overview of the distribution of assets under management according to the different assets types as of September 30, 2011:

Asset Type	Assets under Management *(in EUR million)*	Share of total (in %) *(based on contracted AuM)*
Office	7,503	61.5
Commercial / Logistics	393	3.2
Trade / Retail	1,829	15.0
Hotel	43	0.4
Other	2,423	19.9
Thereof caverns	1,247	10.2
Total	**12,192**	**100.0**

IVG's product range in its Institutional Funds segment is constantly aligned with the expectations of institutional investors. Therefore, on an ongoing basis and based on its active asset management, all properties in existing funds are constantly reviewed and analyzed as to their compatibility with the overall fund strategy. In addition, investors increasingly prefer funds with a definite lifetime over "evergreen" funds. Investors also prefer funds with focused investment strategy according to geographical scope and type of use. The average size of a fund has also become smaller since investors prefer to invest in club-deal structures with a small number of investors to ensure that the interests of investors are aligned. In the last two years, IVG, through its Institutional Funds segment, has successfully placed the IVG Protect Fund, the IVG Premium Green Fund and the IVG Cavern Fund.

IVG seeks to meet specific investor needs, e.g., by concentrating on specific types of use at locations with attractive growth potential where IVG already has a presence. In this way, investors can rely on IVG's local real estate and location expertise.

(iii) Recent funds initiatives

The IVG Premium Green Fund was established in 2010 and has an investment volume of approximately EUR 300.0 million and a current leverage of 45%. The fund was launched with five institutional investors (including IVG) each assuming an equal share of the portfolio in the amount of EUR 33.0 million. IVG co-invests in the portfolio with a 20% share. The fund is a special real estate investment fund under the InvG (*Spezialfonds*). The IVG Premium Green Fund invests in four properties in Munich, Frankfurt, Bonn and Berlin. It takes advantage of the growing demand for "sustainable" properties, i.e., properties that fulfill specific ecological, economical, social and administrative criteria. As a minimum requirement, all properties invested in by the IVG Premium Green Fund must fulfill the "LEED Silver" status (the internationally accepted standard for sustainable buildings), which is based on the Green Building rating developed by the U.S. Green Building Council and which enjoys a high rate of acceptance among investors and tenants. Any additional costs incurred by adhering to sustainable construction methods are offset by higher rental income, while from the tenant's point of view, sustainable properties offer lower operating costs and a healthier working environment.

The IVG Protect Fund was established in 2009 and had an initial investment volume of approximately EUR 300.0 million, a current leverage of 44% and five institutional investors participated in the fund with a minimum amount of EUR 15.0 million each. IVG co-invests in this fund with a 20% share in the fund's placed equity. The fund is a special real estate investment fund under the InvG (*Spezialfonds*). It initially invested in eight office buildings from IVG's own portfolio in Brussels, London, Paris, Berlin, Hamburg and Munich.

The IVG Cavern Fund was established in 2008 and has a target investment volume of approximately EUR 1.7 billion, committed equity capital of EUR 910.0 million from 13 investors, current leverage of 32% and committed debt capital of approximately EUR 780.0 million. The fund plans to invest in 70 caverns, currently or previously held by IVG in its Caverns segment. As of September 30, 2011, the IVG Cavern Fund has already purchased 51 caverns. The fund plans to purchase seven further caverns in 2012, five caverns in 2013 and seven caverns in 2014. All caverns are located within the cavern field in Etzel and are serviced and managed by IVG in its Caverns segment. IVG co-invests in this fund with a 5.4% share in the fund's placed equity.

13.4.2.2 Private Funds

(i) General

In its Private Funds segment, IVG focuses on the structuring, initiation, placement and management of closed-end real estate funds for private investors. As of September 30, 2011, IVG manages 26 funds in this segment with about 60,000 private investors and assets under management amounting to EUR 3.0 billion. In 2010, IVG ranked fourth among providers of closed-end property funds with placed equity of EUR 71.0 million in real estate properties outside of Germany in 2010 (source: VGF Verband Geschlossene Fonds Betriebsgesellschaft mbH, *VGF Branchenzahlen 2010*) (for more information on IVG's competitive position, see section "*Market and competition – Competitive position*").

Closed-end property funds are a specific form of investment giving private investors the opportunity to invest in large and expensive properties which they would usually not be able to invest in on an individual basis due to the high capital requirements and lack of access to the market. Such funds are also suitable instruments for risk diversification and as such a feasible component in a well-structured private asset portfolio.

IVG's funds for private investors are called EuroSelect funds and are initiated and issued by IVG Private Funds GmbH, an indirect wholly-owned subsidiary of the Company. EuroSelect funds are structured with the aid of specialized legal and tax advisors and are supported throughout their terms by professional fund and asset management. EuroSelect funds focus their investments on selected office properties in large European cities taking into account a number of criteria which aim to maximize returns while reducing risks. These criteria include, among other things, architectural attractiveness, functionality, efficient space allocation, long-term rental and financing agreements, taxes and legal conditions, the creditworthiness of tenants, options for subsequent letting and potential exit options.

Under certain conditions, IVG allows private investors to exit a fund prematurely at the end of a financial year, and in certain funds, IVG is obliged to repurchase the shares in certain extraordinary circumstances such as death or unemployment. Whether a disposal of the investor's interest is possible is partly dependent on factors beyond IVG's control, e.g., demand for such fund investment in the secondary market at a given time.

(ii) Activities

In IVG's Private Funds segment, IVG observes the guidelines of the Association of Closed-End Funds (*VGF Verband Geschlossene Fonds e.V.*). IVG's high standards and proven record of successful fund management have been acknowledged by the Scope rating agency in August 2010. With an improved rating result of "AA", which was confirmed in January 2011, both IVG Private Funds GmbH and IVG Private Funds Management GmbH achieved a rating of "very high quality." Also, nearly all of IVG's funds for private investors were rated "A – very good" in the last assessments by the European rating agency Feri EuroRating Services. Similarly, IVG Private Funds GmbH received the distinction "Best Initiator – International Properties" from Feri Rating Services in February 2010. Feri EuroRating Services is a credit rating agency, with its registered seat in Bad Homburg, Germany, registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Credit Rating Agencies Regulation**"). Scope rating agency, with its registered seat in Berlin, Germany, is neither registered nor certified in accordance with the Credit Rating Agencies Regulation.

(iii) Recent fund initiatives

EuroSelect 20 – TheNorthGate Fund

The EuroSelect 20 – TheNorthGate Fund was established in 2010 with an equity investment volume of EUR 131.5 million. The current total investment volume comprising equity and debt amounts to EUR 201.5 million with a debt-to-equity ratio of 35%. 5,419 investors participated in the fund, each with a minimum amount of EUR 10,000.00. The fund is a specialized real estate fund under German investment law. It initially invested in three high-yield office buildings, with a rentable space of approximately 60,000 square meters and 984 parking spaces, in Brussels. The properties are fully rented by the governmental institution *Régie des Batiments*. The rental agreement will expire in 2025.

EuroSelect 17 – Amstelveen Fund

The EuroSelect 17 – Amstelveen Fund was established in 2009 with an equity investment volume of EUR 99.5 million. The current total investment volume comprising equity and debt amounts to EUR 179.5 million with a debt-to-equity ratio of 45%. 3,875 investors participated in the fund, each with a minimum amount of EUR 10,000.00. The fund is a specialized real estate fund under German investment law. The EuroSelect 17 – Amstelveen Fund initially invested in a new developed high-yield office center in Amstelveen, a suburb of Amsterdam. The office center consists of six office parts owned by EuroSelect 17 and further three office parts, which were transferred to institutional funds of IVG and which are managed by an IVG company. The rentable space amounts to approximately 37,525 square meters and is accompanied by approximately 1,100 parking spaces. The office center is subject to long-term lease agreements that will expire on October 8, 2024.

Euroselect 16 – TheSquare

EuroSelect 16 – TheSquare is a closed-ended real estate fund under German investment law. Placement started in 2008 with a fund size of EUR 250.5 million equity. The current total investment volume stands at EUR 400.5 million with a gearing of 37%. 10,525 investors participated in the fund with a minimum amount of EUR 10,000 each. The fund initially invested in an office complex consisting of four individual office buildings, with a lettable area of 53,955 square meters and 1,183 parking spaces, in the financial and banking district Kirchberg in the city of Luxembourg. The properties are fully let and have an average remaining lease term of 5.1 years.

13.4.3 Asset management

IVG centrally provides asset management services for its Real Estate, Development, Institutional Funds and Private Funds segments but not its Caverns segment. As of September 30, 2011, IVG manages 755 properties with a total floor space of approximately 6.8 million square meters and a market value of EUR 19.5 billion.

Using its European network of branch offices, IVG manages properties held in its own portfolio and in funds, buys and sells single properties as well as real estate portfolios with the support of the central asset management division located at THE SQUAIRE in Frankfurt.

IVG's asset management activities aim at increasing the value of real estate portfolios. To this end, IVG focuses on modernizing individual properties. This, in turn, triggers increases in rental income and raises occupancy levels and, thus, increases returns stemming from this property. Modernization measures include changes in the usage of a property or renovations. When a modernization measure is to be executed, IVG's asset managers supervise the project as project managers, i.e., outsource certain activities and oversee their execution.

The following table contains an overview of the locations in which IVG performs asset management functions:

Location	**Assets under management** *(in EUR million)*	**Share in total** *(in %)*	**Total floor space** *(in thousand square meters)*	**No. of properties**
Berlin	1,333	6.8	611	66
Dusseldorf	1,247	6.4	627	97
Frankfurt	2,164	11.1	580	49
Hamburg	1,490	7.7	629	68
Munich	2,115	10.9	947	85
Stuttgart	635	3.3	310	22
Total Germany	**8,984**	**46.1**	**3,704**	**387**
Belgium	697	3.6	243	35
Finland	404	2.1	214	41
France	1,761	9.0	363	54
Iberia	511	2.6	166	27
Italy	317	1.6	105	12
Canada	318	1.6	139	6
Luxembourg	499	2.6	70	6
Netherlands	1,529	7.9	529	85
Austria	103	0.5	42	3
Poland	327	1.7	126	12
Sweden	493	2.5	166	17
Czech Republic	137	0.7	46	7
United Kingdom	2,457	12.6	284	38
Hungary	158	0.8	66	8
USA	780	4.0	551	17
Total International	**10,491**	**53.9**	**3,110**	**368**
Total	**19,475**	**100.0**	**6,814**	**755**

IVG's network of offices throughout Europe ensures that it stays in close contact with and can provide ongoing services to its customers, tenants and investors as well as to its properties and the relevant markets. Its local presence enables IVG to identify any potential for increasing the value of individual properties as well as property portfolios. IVG's asset management personnel also review and implement IVG's acquisition activities and identifies opportunities, new markets and market trends. Even though IVG outsources activities relating to the properties to third parties such as property and facility managers (administrative tasks) and realtors (supporting the sale process), the expertise of its personnel is the key factor in the process of increasing the value of IVG's properties. On the other hand, IVG strategically outsources most property management tasks and the day-to-day handling of its real estate for cost-efficiency reasons. Companies to whom such tasks are outsourced include in particular Hochtief, Bilfinger Berger and STRABAG.

In return for services rendered, IVG earns various types of fees, including recurring fees such as management fees and administrative fees, as well as non-recurring fees such as transaction fees (for the purchase and sale of properties) and performance fees.

When providing transaction services, IVG Asset Management GmbH actively seeks possibilities to purchase and sell properties. However, it also reacts to specific opportunities which arise in the market over time. It is guided by certain fixed criteria when evaluating such opportunities and also employs realtors in the process. In connection with the purchase process, IVG Asset Management GmbH identifies and presents the purchase opportunities either to fund investors (Funds segments) or to IVG's corporate management (Real Estate segment) and, finally, executes the transactions. IVG Asset Management GmbH seeks possibilities for the sale of individual properties or property portfolio in accordance with the exit strategy of either IVG or a specific fund and manages and conducts the sales process.

When providing letting services, IVG Asset Management GmbH regularly surveys the market for letting opportunities. It also establishes tenant loyalty programs, i.e., programs used to increase customer satisfaction by strengthening ties between IVG and its tenants and reducing the turnover of tenants.

When providing management services, IVG Asset Management GmbH provides assistance with financial reporting, budgeting and debt recovery correspondence. It does not engage in invoicing, which is rather performed by the facility management.

13.5 Properties

With the exception of the properties, hold as freehold ownership (*Eigentum*), of its real estate portfolio, its cavern portfolio and its development portfolio (see section "*– Business activities – Investment division – Real Estate*"; section "*– Business activities – Investment division – Caverns*" and section "*– Business activities – Investment division – Development*"), including its headquarter located in Bonn, IVG does not own any further properties as of September 30, 2011.

13.6 Material agreements

Material agreements in which the Company is a contracting party are summarized below.

13.6.1 Framework lease agreement with Allianz

IVG became a party to a framework lease agreement dated August 2, 2007 and seven individual lease agreements with Allianz Versicherungs-AG and Allianz Lebensversicherungs-AG (together "**Allianz**"). These agreements had originally been concluded among Allianz group companies but were subsequently transferred to IVG, along with the associated rented properties. As of the date of the Prospectus, Allianz is the largest tenant across various locations renting a total area of approximately 408,200 square meters and an annual contracted rent of EUR 63.8 million, which is approximately a fourth of IVG's total annual contracted rent.

The framework lease agreement provides for a special termination right for the benefit of Allianz that applies to four of such individual lease agreements, so-called flex-leases.

Pursuant to this right, Allianz may terminate with 18 months prior notice up to 50% of the total letting area earlier than the ordinary duration of the lease. The total letting area of these four properties is approximately 229,100 square meters, therefore Allianz may exercise early termination rights in relation to approximately 114,600 square meters in total. Since acquisition of the four properties, Allianz has already exercised termination rights in relation to a total area of approximately 57,900 square meters, including the recent termination of 29,100 square meters of the lease in the property in Hamburg. Therefore, approximately 56,600 square meters could be terminated by Allianz earlier than their scheduled term with 18 months notice.

The seven individual lease agreements provide for indexation clauses with respect to the contractual rent and for the allocation of costs for the maintenance of special equipment, corrective maintenance and refurbishment. In general, the majority of such costs are allocated to Allianz, however, certain costs relating to corrective maintenance and refurbishment are covered by IVG. Allianz is responsible for most facility management services at the relevant properties. As Allianz is most familiar with the technical equipment at each location, it controls the management of the buildings and external services, while IVG bears the costs attributable to its obligations as landlord.

13.6.2 Caverns sale and transfer agreement

IVG Caverns GmbH and IVG Institutional Funds GmbH entered into a sale and transfer agreement on November 11, 2008 governing the sale of 70 leased and pre-leased caverns in the salt stock of Etzel, Germany, from IVG Caverns GmbH to the IVG Institutional Funds GmbH as the trustee for the IVG Cavern Fund. The IVG Cavern Fund is a so-called special fund (*Spezialfonds*) for institutional investors under the InvG. Pursuant to the agreement, 40 completed caverns (*Bestandskavernen*) were sold in 2008 and a further 30 future caverns which were either under construction or in the planning stages (*Potentialkavernen*) were or are to be transferred in a staggered sale process (one cavern in 2009, four caverns in 2010, six caverns in 2011, seven caverns in 2012, five caverns in 2013 and seven caverns in 2014).

With regard to the completed caverns (*Bestandskavernen*), the sold assets comprise the freehold property and the licenses to excavate cavities in salt domes (*Salzabbaugerechtigkeiten*) as well as legal title to access the caverns above ground (e.g., ownership of surface, easement or contractual right of use). Furthermore, the lease and storage agreements are intended to be transferred by way of the sale and transfer agreement. In the event that the license-holder is not the owner of the property, the operator of the cavern needs an easement (*Hohlraumdienstbarkeit*) which is also transferred to the purchaser. With regard to the future caverns (*Potenzialkavernen*), the same rights and licenses form a part of the sold assets. IVG Caverns GmbH has an obligation to develop the caverns at its own cost and to deliver them to IVG Institutional Funds GmbH “ready for first fill”. The purchase of the future caverns is conditional upon the entry into the necessary financing agreements.

IVG Caverns GmbH has an obligation to indemnify IVG Institutional Funds GmbH for any losses it suffers based on construction defects rendering the caverns non-compliant with statutory provisions or stipulations under the lease/storage agreements in place for the caverns; the indemnification is limited to the purchase price for the individual cavern. IVG Caverns GmbH also guarantees to IVG Institutional Funds GmbH certain qualities of the caverns, including existence of all permits, non-existence of contaminations, etc., the breach of which may trigger a claim for damages if no cure is possible. Moreover, IVG Institutional Funds GmbH has a right to rescind the purchase of individual caverns to the extent that the lessees have not consented to the transfer of the caverns or if the necessary easements for the operation/use of the caverns are not in place.

A contractually fixed sales price based on the rental revenues is paid upon the transfer of each cavern. An operation and management agreement between IVG Caverns GmbH and IVG Institutional Funds GmbH ensures that the required infrastructure to use, operate and lease the caverns is provided and maintained by IVG Caverns GmbH.

IVG Caverns GmbH qualifies as an operator (*Unternehmer*) under the *Bundesberggesetz* (BBergG – German Federal Mining Act) and is therefore responsible for the closure and deconstruction of the caverns after they have reached the end of their operating lifespan. Under the cavern sale and transfer agreement, the IVG Cavern Fund is obliged to pay a contractually fixed amount every year to an escrow account which will cover the costs of deconstruction by IVG Caverns GmbH. The amount of the settlements is based on an independent deconstruction report.

In addition to the caverns sale and transfer agreement, IVG Caverns GmbH and IVG Institutional Funds GmbH have concluded a related operational management agreement. Furthermore, IVG has transferred its shares in relation to its co-investment in the IVG Cavern Fund to a third-party custodian under a security transfer agreement. The security transfer agreement provides that the shares serve as collateral for a potential claim for repayment of the purchase price under the caverns sale and transfer agreement which could result from a rightful termination of the agreement in whole or in part by IVG Institutional Funds GmbH, e.g., based on contractual rights of rescission.

13.6.3 Financing agreements

For the financing of its projects, acquisitions and other business activities, IVG has entered into a number of financing agreements with banks. The Company considers the following financing agreements to be of particular importance to IVG's business and financial position and, thus, to be dependent on them.

13.6.3.1 Syndicated Loan 2007

On September 25, 2007, IVG Immobilien AG and IVG Immobilien-Management Holding AG entered into an agreement as borrowers (and in respect of IVG Immobilien AG also as a guarantor for IVG Immobilien-Management Holding AG) for loan facilities with a syndicate of banks and Commerzbank Aktiengesellschaft, Luxembourg branch as agent ("**Syndicated Loan 2007**"). The Syndicated Loan 2007 has a total nominal amount of EUR 1,350.0 million, comprising a tranche A term loan of EUR 675.0 million and a tranche B multicurrency revolving facility of EUR 675.0 million and was granted for the purpose of IVG's general corporate financing (tranche A) and for bridge financings (tranche B). The Syndicated Loan 2007 matures on September 25, 2014. There are no other scheduled mandatory prepayments or repayments. The amount drawn as of September 30, 2011 was EUR 1,350.0 million.

Interest payable on the tranche A and tranche B facilities is calculated based on the applicable LIBOR or EURIBOR rate plus the agreed margin (tranche A: 70 bps to 130 bps; tranche B: 60 bps to 120 bps; each depends on IVG's prevailing debt ratio, currently the margins are 90 bps (tranche A) and 80 bps (tranche B); the margin is subject to increase in case of an event of default). IVG has entered into hedging arrangements with respect to the variable interest rates. Additional fees apply and a commitment fee must be paid by IVG on any loan commitments of the tranche B facility that are not drawn down and not cancelled. In addition, IVG is obliged to pay a utilization fee of 10 bps while commitments utilized under the tranche B facility equal or exceed 50% of all outstanding amounts under the tranche B facility.

The Syndicated Loan 2007 also provides that the borrowers must comply with certain financial covenants during the term of the loan. These are covenants regarding IVG's debt ratio, senior debt ratio and interest cover ratio, which are tested with regular intervals.

IVG's debt ratio (relation of portfolio market value less carve-out assets to financial liabilities plus liabilities to bank associated with non-current assets held for sale (IFRS 5 liabilities) less cash less carve-out debt) may not be higher than 75%; in case of takeovers/acquisitions it may rise to a maximum of 85% for two quarters. The senior debt ratio (total financial debt less preferred debt in relation to total financial debt) may not be lower than 60%. The interest cover ratio (EBITDA in relation to net interest expenses) must not be less than 1.5:1. The interest cover ratio shall only be tested if the debt ratio is equal to or above 75%. As of September 30, 2011, IVG's debt ratio was 73.0% based on relevant debt in the amount of EUR 3,023.6 million and relevant assets in the amount of EUR 4,139.8 million, the senior debt ratio was 63.9% and the interest cover ratio was not tested since the debt ratio was below 75%. The borrowers have also agreed to a negative pledge which prohibits the borrowers from disposing of certain assets, to undertake mergers, undertake a change of their business or make certain acquisitions. The lenders under the Syndicated Loan 2007 have a right to terminate the loan and demand immediate repayment in case of certain events of default (unless timely cured, where possible). It can also be terminated by the lenders in the event of a change of control of IVG.

13.6.3.2 Syndicated Loan 2009

On May 12, 2009, IVG Immobilien AG entered into a loan agreement as borrower with a syndicate of banks and Commerzbank Aktiengesellschaft, Luxembourg branch as agent for loan facilities with a principal amount of EUR 1,319.4 million ("**Syndicated Loan 2009**"). The Syndicated Loan 2009 was granted for the refinancing of several unsecured bilateral credit lines and unsecured loans maturing between 2009 and 2011 and for IVG's general corporate financing. The loan agreement will be amended on the basis of a binding term sheet, dated November 8, 2011, subject to certain conditions precedent. By the agreed amendments, the maturity of the loan will be prolonged to September 25, 2014 which corresponds to the maturity of the Syndicated Loan 2007. Furthermore, a new bank, currently a creditor under an unsecured bilateral credit line of the Company will join the syndicate of banks of the Syndicated Loan 2009 by way of a refinancing in the amount of EUR 30.0 million. Consequently, the principal amount of the loan will increase by EUR 30.0 million.

Currently, the loan comprises a secured tranche A term loan of EUR 650.0 million, a secured tranche B1 term loan of EUR 200.0 million and an unsecured tranche B2 term loan of EUR 167.4 million and has been fully drawn. As of September 30, 2011, following several amortization payments upon the sale of caverns to the IVG Cavern Fund, the amount outstanding under the loan facilities was EUR 1,017.4 million.

Interest payable on the tranche A, tranche B1 and tranche B2 facilities is calculated based on the applicable LIBOR or EURIBOR rate plus the agreed margin (tranche A: 250 bps; tranche B1: 300 bps; tranche B2: 350 bps; the margins are subject to increase in case of an event of default). Additional fees apply. IVG has entered into hedging arrangements with respect to the variable interest rates. The Syndicated Loan 2009 provides for financial covenants on IVG's debt ratio. IVG's debt ratio (relation of portfolio market value less carve-out assets to financial liabilities plus liabilities to bank associated with non-current assets held for sale (IFRS 5 liabilities) less cash less carve-out debt) may not be higher than 75%. As of September 30, 2011, IVG's debt ratio was 73.0% based on relevant debt in the amount of EUR 3,023.6 million and relevant assets in the amount of EUR 4,139.8 million. Furthermore, the Syndicated Loan 2009 includes a negative pledge by IVG which includes, among other things, limitations on the provision of collateral to third parties, termination of certain other loan agreements, the sale of assets, reorganizations, acquisitions, etc. The tranche A and tranche B1 facilities are secured by land charges (*Grundschulden*) over assets with a market value as of September 30, 2011 of EUR 898.8 million. The lenders under the Syndicated Loan 2009 have a right to terminate the loan and demand immediate repayment in case of certain events of default (unless timely cured, where possible), including non-compliance with financial covenants and in the event of a change of control.

When the prolongation and the accession of the new bank to the syndicate of banks becomes effective (as described above), the outstanding amount under tranche A will increase to EUR 669.2 million and the tranche A facility will have to be repaid on July 31, 2014 (EUR 126.0 million) and September 25, 2014 (EUR 543.2 million). The outstanding amount under tranche B2 will increase to EUR 172.3 million and the tranche B2 facility will have to be repaid in full on July 30, 2012. The outstanding amount under tranche B1 will increase to EUR 206.0 million and the tranche B1 facility matures on July 31, 2014. Under the tranche B1 facility, EUR 31.9 million are to be repaid on July 30, 2012, EUR 127.6 million are to be repaid on July 31, 2013 and EUR 46.4 million are to be repaid on July 31, 2014. There are certain other mandatory prepayment and repayment obligations in the event of a sale of assets or certain above-plan cash flows. Furthermore, the margin for tranche A will be increased by 75 bps and the margin for tranche B1 will be increased by 50 bps.

13.6.3.3 CORE financing agreement

On September 11, 2007, IVG Immobilien-Management Holding AG entered into a secured loan agreement as borrower with Deutsche Pfandbriefbank AG (previously Hypo Real Estate Bank Aktiengesellschaft) as lender which has subsequently been syndicated with a number of additional banks ("**CORE financing agreement**"). The CORE financing agreement was provided for the financing of the acquisition of the Allianz portfolio and was fully drawn as of September 30, 2011, at which time the total nominal amount outstanding amounted to EUR 932.5 million. On the basis of a binding term sheet, dated November 10, 2011, subject to certain conditions precedent, the facility will be prolonged until December 31, 2015 as of January 1, 2012. As a part of the prolongation it is agreed that the facility shall operate with a loan-to-value covenant of 88% (75% before prolongation), two properties in one of the EuroSelect funds shall be sold in connection with an amortization of at least EUR 315.0 million from sale proceeds and the facility shall be subject to annual repayments of EUR 20.0 million.

The interest payable on the facility is calculated based on the applicable EURIBOR rate plus the agreed margin (70 bps, temporarily it was 95 bps based on the non-compliance with a financial covenant). Additional fees apply. The CORE financing agreement provides for financial covenants in the form of interest service coverage ("**ISC**") and LTV both of which are tested with regular intervals. The ISC ratio (net rental income in relation to interest payments) must be at least 105% (originally 110%). The LTV ratio (total net debt under the loan in relation to the market value of properties charged as collateral) may not be higher than 75%. As of September 30, 2011, the ISC ratio was 118% and the LTV ratio was 82.6%. In recent times, IVG's CORE financing agreement operated with a high LTV. IVG avoided a default based on non-compliance with the LTV covenant of the CORE financing agreement through conclusion of a waiver agreement on April 20, 2010, with several extensions of this waiver. The waiver is now due to expire on December 31, 2011, but based on negotiations between the parties the LTV covenant will be 88% (see above). The lenders' claims under the loan facility are secured by way of land charges (*Grundschulden*), rent assignments (*Mietabtretungen*), cash deposits and assignments of other claims to assets, including share pledges, with a combined market value of such collateral amounting to EUR 1,136.5 million (as of September 30, 2011).

13.6.3.4 THE SQUAIRE financing agreement

On February 22, 2007, THE SQUAIRE GmbH & Co. KG, a subsidiary of IVG Immobilien AG, entered into a secured loan agreement as borrower with Deutsche Pfandbriefbank

AG (previously Hypo Real Estate Bank Aktiengesellschaft) as lender ("**THE SQUAIRE financing agreement**"). THE SQUAIRE financing agreement was originally due for repayment on December 31, 2010 and was later on extended to December 31, 2011. On September 29, 2011, the term of the facility was extended by means of a binding term sheet subject to certain conditions precedent for a refinancing facility in the form of a EUR 501.0 million development loan which can be rolled over into an investment loan with a maturity on December 31, 2013. By the same term sheet, a separate VAT loan facility under the THE SQUAIRE financing agreement will be refinanced with a EUR 6.0 million VAT loan facility which will become due for repayment three months after the date of completion of THE SQUAIRE, but no later than September 30, 2012. Subject to non-achievement of certain criteria which primarily relate to the completion of THE SQUAIRE and the leasing of available space, early quarterly repayments of 2.0% per annum will apply as of July 1, 2012 and an additional special repayment of EUR 20.0 million will become due on August 31, 2012. There are no scheduled prepayment obligations.

Simultaneously, the Company signed a loan agreement for EUR 35.0 million with Landesbank Berlin. The loan was granted for the purpose of financing the development project THE SQUAIRE Parking, a multi-storey car park located near THE SQUAIRE. The loan matures by the end of 2013.

The interest payable under THE SQUAIRE financing agreement is calculated based on the applicable EURIBOR rate plus the agreed margin (following the amendment of THE SQUAIRE financing agreement, the margin is 240 bps; after a roll-over into an investment loan which is subject to completion of THE SQUAIRE and the leasing of 85% of the total lettable areas, and certain other conditions, the interest margins may decrease; for the VAT loan the margin is fixed at 250 bps). Additional fees apply. While financial covenants do not apply, there are a number of non-financial covenants common in this type of project financing, including negative pledges with respect to additional liabilities, third party-financing, certain consent requirements with respect to management of the project, etc. The facility is secured by land charges (*Grundschulden*), rent and lease assignments (*Mietabtretungen und Pachtabtretungen*), a cost-overrun guarantee provided by IVG, cash deposits, a share pledge by the borrower and assignments of receivables. There is no commitment fee payable in relation to the facility. Under the term sheet for the refinancing of the THE SQUAIRE financing additional security has to be provided by IVG, including certain cash deposits. THE SQUAIRE financing agreement can be terminated by the lenders in case of an event of default which includes, among other things, non-payment, non-compliance with IVG's obligation to fund, delays with respect to completion, jeopardizing/deterioration of collateral, etc. It is also subject to termination upon a change of control of either THE SQUAIRE GmbH & Co. KG or IVG Immobilien AG.

13.7 Employees

As of September 30, 2011, the total number of employees (FTE) at IVG was 589. The total number of employees (FTE) in the Real Estate segment amounted to 15, in the Caverns segment to 81, in the Development segment to 6, in the Funds division to 145 (thereof 103 in the Institutional Funds segment and 42 in the Private Funds segment) and to 226 in IVG Asset Management GmbH. As of September 30, 2011, 116 employees were performing corporate functions. The number of apprentices and trainees, who are not considered employees, was 19. Between September 30, 2011 and the date of the Prospectus, there was no material change to the total number of employees (FTE) at IVG.

IVG emphasizes structured and strategic personnel development. This includes annual appraisal interviews between employees and management. In annual Human Resources Development Rounds the IVG management aligns their assessment of employee performance and future potential. Based on the results of these assessments individual development steps as well as internal job placements and corporate succession planning are defined. Under IVG's Talent Management Program, started in 2010, employees identified as top performers receive an individualized training and specific development opportunities. The program aims to train high potential employees in certain practical aspects and to develop their management expertise in order to prepare them for tasks which require a high level of personal responsibility.

IVG offers its employees participation in its employee loans scheme. The IVG employee loan is a savings scheme free of any exchange risk under which the employees make capital available to IVG. As of January 1, 2011, this scheme was able to offer participating employees a return on their investment of around 9.8% over a period of six years.

13.8 Information technology

IVG uses market standard software products from reputable software developers, such as SAP, IBM FileNet, BisonXP and Microsoft products.

The different IVG segments require different kinds of IT systems. The business processes in the Real Estate and Development segments are supported by standardized applications for commercial and real estate focused processes, such as SAP and Microsoft products. Specific software products are required for the Caverns segment as well as for the Fund segments, characterized by regulatory and investor-specific features.

In case standardized software does not meet IVG's needs or in case the adjustment of standardized software would cause disproportionate costs, IVG, in individual cases, uses self-developed software.

13.9 Industrial property rights

IVG owns several Internet domains, such as www.ivg.de, www.euroselect.de, www.ivg-funds.de, www.kavernen.info, www.newworkcity.de and www.thesquaire.com.

Pursuant to the *Markengesetz* (MarkenG – German Trademark Act), IVG registered THE SQUAIRE as a trademark. Other than certain other trademark registrations of various company names, IVG does not own any other trademarks or other industrial property rights.

13.10 Research and development

Due to the subject matter of its business, IVG conducts no research or development.

13.11 Insurance

IVG has concluded customary insurance policies in order to limit its liability for risks, liability insurance policies for personal injury, property damage and financial losses, as well as buildings insurance policies (fire, tap water, storm and natural hazards), including an insurance policy against loss of rent for damage to leased properties, an environmental liability insurance and an insurance policy against losses from terrorist attacks. In addition, IVG has concluded a so-called directors and officers ("**D&O**") liability insurance policy (third-party liability insurance for executive bodies and managers) for the members of the Management Board and the Supervisory Board for the breach of their obligations associated with their work for the respective executive body. Since December 1, 2009, in accordance with section 93 para. 2 of the *Aktiengesetz* (AktG – German Stock Corporation Act) and article 3.8 of the German Corporate Governance Code, a deductible for the members of the Management Board and the Supervisory Board members in the amount of at least 10% of the damages up to at least the amount of one-and-a-half times the fixed annual compensation of the relevant member of the governing body has been agreed.

In the opinion of IVG, the insurance policies concluded and their respective terms and conditions (sums insured, premiums, limitations of liability and liability exclusions, deductibles, etc.) are customary in this industry and ensure adequate and appropriate protection, considering the costs and potential risks. The insurance protection is regularly reviewed and adjusted if necessary. It can, however, not be excluded that IVG will incur losses or that claims will be brought against IVG which go beyond the nature and scope of the existing insurance protection.

13.12 Corporate social responsibility ("CSR") and corporate sustainability ("CS")

In general, CSR and CS aim to integrate sound economic decision making and responsible actions into account the broader social and environmental effects. IVG aims to strengthen its image as an enterprise operating in line with sustainability efforts both within and outside the corporation.

The Company's 4/6 CS model is composed of four dimensions – ecological, social, economic and governance – and is aimed at six groups of stakeholders – tenants, investors, shareholders, employees, service providers and the public.

The Company believes that firms addressing CS concerns, such as an employee and environmental focus, are also rewarded economically. Listed companies are closely observed by analysts, customers and the wider public and judged not only by their economic success, but also by their corporate social responsibility. As a sustainable group of companies, IVG is contributing towards communicating the principles of sustainability both within and outside the real estate industry.

The Company addresses the need to implement sustainability into its strategy on several levels. To this effect, IVG has, as the first company in the German real estate sector to do so, established a distinct corporate function "Corporate Sustainability & Research" in January 2011.

Under its CSR Supply Chain Management, IVG selects its contractual partners, such as suppliers and customers also according to CSR standards and IVG's six core values have a huge relevance, which are: lawful conduct, fairness, prevention of conflicts of interests, transparency, confidentiality and professionalism.

CSR also has an effect on product development, compliance and employee retention and development.

IVG's CSR department prepares and disseminates the IVG Sustainability Report, it formulates IVG's global CSR strategy and screens IVG's portfolio in order to analyze which properties might not be in line with IVG's CSR and especially its sustainability goals. Currently IVG is analyzing its goals step by step. Depending on these results the company will implement different measures.

Sustainability can, due to energy efficient buildings, cause lower operating costs and help to create a healthy environment at the workplace as well as reduce the environmental impact by improved indoor climate, enhanced feeling of well-being of employees and reduce long-term follow-up costs due to environmental damage. Environmental damages can be minimized by the sustainable construction and the use of renewable energy.

Office buildings which are in line with sustainability standards may be positioned better in the market due to their enhanced building quality, e.g., energy efficiency, indoor climate, ancillary costs and image. This has a positive impact on both letting out the buildings as well as on the value of the property itself.

13.13 Environmental matters

IVG may be forced, either pursuant to statutory or contractual obligations or for commercial reasons, to decontaminate a site and arrange for the disposal of contaminated or hazardous materials as well as munitions or to remedy soil and/or groundwater pollution. Furthermore, IVG owns woodlands which were used as military training grounds, so that these are contaminated with munitions and explosives. While such properties are not used or developed for commercial or residential purposes and remain fenced off, IVG is exposed to the risk that it may be obliged to bear the cost of decontamination of such substances. IVG has formed provisions in the total amount of EUR 7.2 million as of September 30, 2011 to cover costs incurred pursuant to any such obligations. However, these provisions may not be sufficient to cover such obligations in full.

Finally, a citizens' initiative has been organized to campaign against the expansion of IVG's caverns at Etzel. In addition to the general objection to the expansion of the Etzel caverns, the initiative focuses on the risk of surface damage, i.e., depressions in the ground, as a result of the cavern construction. IVG Caverns GmbH recently commissioned two investigations to closely monitor ground depressions at the Etzel cavern site and to attempt to predict on-site developments up to 2044. This appraisal limits the depression area to the immediate surroundings of the cavern field. According to the investigation's prognosis, the depressed area will not expand significantly before 2044. The deepest part of the trough, located on the IVG premises, is expected to sink to between 1.01 meters and 1.47 meters by 2044. Scientific calculations estimate that the depression at the outskirts of the trough nearest to the closest settlement to be only marginal (a matter of millimeters). Based on such scientific calculations, IVG believes that the effects of the forecast depressions are expected to occur near to the surface and can be managed with technical measures so that no immediate action is necessary. However, there remains a risk that the investigations' prognosis proves to be inaccurate and the depressed area expands farther and sinks deeper than expected and that it cannot be managed with technical measures.

13.14 Significant litigation

As is the case with other companies, the Company was and is also involved in legal disputes, arbitration proceedings and official proceedings in the context of its business activities. Such legal disputes and proceedings may arise in particular in relation to tenants, suppliers, buyers and sellers of properties, employees or authorities. This may entail payment or other obligations for the Company.

Reasonable and economically sensible provisions have been made in order to cover these risks. However, as certain risks may only be assessed to a limited extent, it is still possible that losses may nevertheless occur which are not covered by the reserved amounts.

With the exception of the proceedings mentioned below, the Company is currently not exposed to any state interventions and is not involved in administrative, legal or arbitration proceedings which could have a substantial impact on the financial position or the profitability of the Company and/or the Group, or have had such an impact in recent times. Such proceedings are neither threatened or expected, according to the Company's knowledge, nor have been pending or concluded in the past twelve months.

13.14.1 Arbitration proceedings with PATRIZIA Gewerbeinvest Kapitalanlagegesellschaft mbH

On September 14, 2010, PATRIZIA Gewerbeinvest Kapitalanlagegesellschaft mbH ("**PATRIZIA**"), former LB Immo Invest GmbH, filed a claim against IVG Deutschland Immobilien GmbH, a Group company, regarding a project in Helsinki which has led to arbitration proceedings. The proceedings relate to IVG's sale of shares in a property company to PATRIZIA. As purchaser of these shares, PATRIZIA has filed a claim for rescission of the share purchase contract. On October 27, 2011, the arbitral tribunal presiding over the case found that the claim of PATRIZIA is justified. It has ordered IVG Deutschland Immobilien GmbH to repurchase the formerly sold shares and thus to pay PATRIZIA the deal value of approximately EUR 23.2 million as well as any transfer tax levied in connection with the transfer of shares and to indemnify PATRIZIA regarding the costs of the arbitration proceedings.

13.14.2 Arbitration proceedings with Alpine Bau Deutschland AG

IVG is also subject to arbitration proceedings in Germany in relation to the project development THE SQUAIRE. IVG terminated the appointment of the general construction company for THE SQUAIRE, Alpine Bau Deutschland AG ("**Alpine**"), on the basis of delays and malfeasance. Alpine disputes IVG's right to terminate its appointment and the nature of IVG's right to terminate is the subject of the ongoing arbitration proceedings. Subject to the outcome of the arbitration proceedings Alpine has indicated its intention to claim damages and costs of approximately EUR 20.0 million. In response to Alpine's claims, and subject to the outcome of the arbitration, IVG intends to claim damages for Alpine's alleged delays and malfeasance, in an amount which remains undetermined. However, the Company believes that its potential claim for damages against Alpine is at least equal to if not in excess of Alpine's claimed damages and costs.

13.14.3 Rescission for declaration of nullity against the re-election of Mr. Bierbaum

In addition to the arbitration proceedings described above, an action for avoidance and annulment (*Anfechtungs- und Nichtigkeitsklage*) was filed on June 21, 2010 by a shareholder of IVG against the re-election of the chairman of the Supervisory Board, Mr. Detlef Bierbaum, to this position (see section "*Information on the Governing Bodies of the Company – Supervisory Board – Members of the Supervisory Board*").

13.14.4 Tax litigation

The Company currently has a case pending at the tax court (*Finanzgericht*) regarding non-deductible input VAT for general administration expenses. For this risk which amounts to EUR 23.2 million for the years 2001 and thereafter, IVG has formed a provision, which totaled EUR 12.9 million as of September 30, 2011.

14. REGULATORY ENVIRONMENT

14.1 Provisions of public law and civil law

As to such part of its commercial real estate portfolio located in Germany, the Company is subject to the provisions of German law.

14.1.1 Civil law

The Company's main business activities, i.e., the buying and selling, as well as renting and development of real estate, with such development activities including the appointment of third parties for the construction of buildings, are subject to the provisions of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code) for sales, tenancy, rights *in rem* and contract law, as well as certain special other laws, e.g., laws regulating heritable building rights (*Erbbaurechte*) or condominiums (*Wohnungseigentum*).

In particular, the following restrictions in German tenancy law may have an impact on the Company's business as landlord under various agreements:

Requirement of written form

German tenancy law generally requires that rental agreements with a term of more than one year must be concluded in written form. Moreover, the principles governing the written form have been specified extensively in case law. Nevertheless, rental agreements are not automatically invalid in the event that the written form requirement is breached. Rather, the agreement is deemed to have been concluded for an indefinite period which means that it can be terminated at the earliest at the end of one year after the handover of the leased property to the tenant subject to the statutory notice period (i.e., notice of termination is admissible at the latest on the third working day of a calendar quarter to the end of the next calendar quarter). However, against the background of the case law which has been evolving in recent years regarding the requirement of written form, there remains a risk that rental agreements which originally complied with the written form requirement no longer satisfy the requirements currently applicable and thus, regardless of the agreed fixed term, can be terminated at short notice.

Operating costs

In the area of the operating costs of commercial tenancies, most of the ongoing costs of the property accruing to the landlord may essentially be apportioned to the tenants. However, this requires a clause in the lease agreement stipulating explicitly and specifically which operating costs shall be borne by the tenant. These clauses have to be even more specific and transparent in case they form part of the General Terms and Conditions (*Allgemeine Geschäftsbedingungen*) used by the landlord. With respect to heating costs further legal provisions are contained in the *Heizkostenverordnung* (HeizkostenV – German Regulation on Heating Costs), banning lump-sum cost indemnification clauses and restricting the landlord's leeway in apportioning heating cost among tenants. Furthermore and as a general rule, costs which do not adhere to the landlord's statutory obligation to take a cost-effectiveness approach (*Wirtschaftlichkeitsgebot*) may also not be apportioned to tenants and may even result in the landlord being held for damages. However, other than these principles, there is no general discernable trend that case law is likely to impose further restrictions in this regard.

Maintenance costs, cosmetic repairs, final decorative repairs

Responsibility for the maintenance and repair of let properties may generally be transferred to the tenants in commercial rental agreements. This general principle is limited to the extent that the costs of maintenance and repairs to the roof and structures and of areas located in the let property used by several tenants are not apportionable in agreements that are subject to the provisions regarding general terms and conditions. With regard to the latter, case law on General Terms and Conditions requires a contractual limitation on the amount apportioned.

Expenses for cosmetic repairs (*Schönheitsreparaturen*) may, in principle, be allocated to the tenants, provided that the obligation to carry out ongoing cosmetic repairs is not combined with an undertaking to perform initial and/or final decorative repairs. However, in the event of General Terms and Conditions an allocation of expenses to the tenant is not admissible if the execution of cosmetic repairs is fixed to set deadlines or if the tenant is otherwise unfairly disadvantaged.

There is a trend in the case law of the German Federal Supreme Court (*Bundesgerichtshof*) to the effect that restrictions originally developed for residential tenancy law are increasingly being applied to commercial tenancies. This may result in provisions contained in commercial rental agreements for cosmetic repairs and final decorative repair obligations, but also for maintenance and repair, no longer being enforceable against tenants in certain circumstances in the future and the costs of follow-up refurbishment or possibly also ongoing maintenance and repair measures having to be borne by the landlord. The same could apply to measures carried out by tenants if they claim back refurbishment costs paid by them based on a future adjustment of case law.

14.1.2 Public law

The provisions of German public law include provisions on regional planning of building projects, construction planning and the respective building law of each German federal state (*Bundesland*). German building law contains rules for the construction of individual buildings. It is very detailed and also provides for permitted building materials, minimum clearances, proper construction, fire prevention, ventilation and noise protection.

Furthermore, German public law comprises legislation on energy saving in buildings, among other things, regulated by the *Energiesparverordnung* (EnEV – German Energy Saving Regulation), that provides special provisions for levels of energy consumption by buildings, particularly in cases of new buildings and modernizations. Liability under public law cannot be waived through private law agreements whereas warranty-based liability under civil law can be limited or excluded.

14.1.3 Environmental law

The Company can be held liable for hazardous soil pollution and existing contamination under the provisions of both public and civil law and German law also requires compliance with certain environmental, soil and water protection regulations.

Civil liability for existing contamination can arise from contractual warranty claims and statutory claims. Warranty claims can generally be waived or restricted by contractual provisions. However, statutory claims may oblige the party that caused the soil contamination to pay damages or remove the contamination and its effects. The Company may be exposed to such liability for damages or contamination removal if a property formerly or currently held by the Company emits hazards that adversely affect the property of a third party. This civil liability, based on the BGB, applies regardless of any claims made by government authorities under the provisions of the *Bundesbodenschutzgesetz* (BBodSchG – German Federal Soil Protection Act).

Pursuant to the *Bundesbodenschutzgesetz*, liability for existing contamination under public law applies to, among other things, the party that caused the soil pollution, that party's legal successors, the former owner of the contaminated property (if that owner transferred the title after March 1, 1999 and was, or should have been, aware of the contamination) and the party holding actual power over the property. Regulatory powers based on the *Bundesbodenschutzgesetz* may comprise risk assessments, inspection orders, clean-up orders and other measures necessary to prevent hazardous soil changes or provide protection from existing contamination. Apart from any requirements imposed by the authorities, the law provides for a settlement claim between the parties obligated under the *Bundesbodenschutzgesetz*. This claim is assessed according to the respective parties' contribution to the pollution and can be excluded by an express contractual agreement.

14.2 Cavern-specific provisions

The Caverns segment is subject to German public law and private law, including a number of special regulatory provisions, including mining law (*Bergrecht*), licenses to excavate spaces in salt domes (*Salzabbaugerechtigkeiten*) and, in the event that IVG does not hold the properties on the basis of freehold ownership or heritable building rights, the *in-rem* securities (easements and servitudes) relating to such activities.

IVG's ownership of the properties where the caverns are situated is based on the freehold estate which it holds in the land below which the caverns are located because German law provides that such freehold ownership also extends to the ground beneath the surface based on the principle that ownership of land above and below the ground may not be separated.

However, ownership in the land does not automatically encompass the right to exploit the caverns. Such right is subject to the rights to extract rock and potash salt as provided for in the Prussian law dated August 4, 1904 and section 149 para. 1 no. 5 of the *Bundesberggesetz* (BBergG – Federal Mining Act) (licenses to excavate cavities in salt domes). The license to excavate cavities in salt domes is a right equivalent to real estate property which is subject to civil real estate law or licenses pursuant to sections 8 and 9 of the BBergG (mining property rights). The BBergG and a number of executive orders that are based on it set the legal framework to exploit the caverns.

In the event that the license holder is not the owner of the property, the operator of the cavern needs an easement (*Hohlraumdienstbarkeit*) registered in the land register in favor of the respective holder of the license to excavate cavities in salt domes.

The license holder may store liquid or gaseous hydrocarbon in the cavern.

The ownership of the cavern comprises several rights (to the extent that the holder of the license to excavate the cavities in the salt domes is not the owner of the surface soil and there is no easement in place), including the owner's civil law rights of use regarding the cavities which arise out of the relevant licenses.

In general, a storage operator may determine the conditions for the access to his storage facility. However, pursuant to section 28 of the *Energiewirtschaftsgesetz* (EnWG – German Energy Industry Act), any access has to be granted under reasonable technical and economic conditions, free of discrimination. This includes the prices for the access to storage. As long as the conditions of access are reasonable and the right to access is granted free from discrimination, the storage operator may freely determine the conditions. Such conditions are usually determined according to the amount of rented storage capacity or the used injection and withdrawal capacities or are based on fixed fees or variable indexed prices with references to oil or coal price indices.

14.3 Funds-specific provisions

The Company's funds business is subject to the provisions of *Investmentgesetz* (InvG – German Investment Act) and is regulated by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")). The InvG applies to collective investment schemes that invest in accordance with the principle of risk diversification. According to the InvG, real estate investment funds can only be established in contractual form. These funds are designed as separate trust assets (*Sondervermögen*). They have no legal personality and the assets are separate from the assets of an investment management company (*Kapitalanlagegesellschaft*).

The legal relationship between the investment management company and the investors is governed by the general and special fund rules and mandatory provisions of the InvG. Multiple restrictions apply regarding the buying and selling of real estate, the borrowing and encumbering of real estate, as well as liquidity requirements or risk management and diversification.

The BaFin monitors compliance with the provisions of the InvG. Moreover, the operating activities and the individual funds are also subject to monitoring by the relevant custodian bank. The custodian bank is responsible for the safe custody of assets other than real estate assets. Furthermore, the custodian bank ensures that a fund always acts within the best interest of the investors. To this end, the custodian has to grant its consent for certain activities such as selling or encumbering assets or taking loans.

15. PRINCIPAL SHAREHOLDERS

As of the date of this Prospectus, IVG Immobilien AG received the following notifications from shareholders reaching or exceeding 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% of voting rights in the Company. The following table contains the most recent shareholder notifications in each case in accordance with sections 21 *et seq*. of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act); the reported share of voting rights may have changed since the date of the notified threshold contact.

Registrant	Residence or location	Voting rights held directly[1]	Attributed voting rights[2]	Total voting rights	Proportion of capital in EUR
Mann Immobilien-Verwaltung Aktiengesellschaft	Karlsruhe, Germany	20.00%[3]		20.00%[3]	27,723,547
Santo Holding AG	Zurich, Switzerland	14.39%[4]		14.39%[4]	18,133,651
Universal-Investment-Gesellschaft mit beschränkter Haftung	Frankfurt am Main, Germany	0.37%[3]	*4.27%*[3]	4.64%[3]	6,430,460
Clemens J. Vedder	Zurich, Switzerland		*4.94%*[4]	4.94%[4]	6,219,254
Goldsmith Capital Partners Limited	Grand Cayman, Cayman Islands		*4.94%*[4]	4.94%[4]	6,219,254
Goldsmith Capital Partners L.P.	Grand Cayman, Cayman Islands		*4.94%*[4]	4.94%[4]	6,219,254
Blacksmith Fund Limited	Grand Cayman, Cayman Islands	2.57%[4]	*2.36%*[4]	4.94%[4]	6,219,254
Klaus-Peter Schneidewind	Dusseldorf, Germany	0.78%[4]	*4.16%*[4]	4.94%[4]	6,219,254
NHH Norddeutsche Handels Holding GmbH	Hamburg, Germany	1.58%[4]	*3.35%*[4]	4.94%[4]	6,219,254
Schneidewind Vermögensverwaltungs GmbH	Dusseldorf, Germany		*4.94%*[4]	4.94%[4]	6,219,254

1 Directly held according to section 21 para.1 of the WpHG.

2 Attributed within the meaning of section 22 of the WpHG and indirectly held through a subsidiary or because of any other qualifying legal relationship. Shares directly held may, depending on the circumstances, be attributed to several registrants and therefore be included in several amounts in the columns entitled "Attributed" and "Total".

3 Percentage is based on a share capital of EUR 138,599,999.00 taken from a notification after the capital increase of February 14, 2011.

4 Percentage is based on a share capital of EUR 126,000,000.00 taken from a notification prior to the capital increase of February 14, 2011.

The Company's largest shareholder, Mann Immobilien-Verwaltung Aktiengesellschaft ("**Mann AG**"), has committed, subject to certain conditions, to the Company and to the benefit of the Joint Bookrunners to participate in the Offering by exercising all of its subscription rights on the basis of the proportion of its respective share in the Company prior to the Offering (*Festbezugserklärung*). Furthermore, Mann AG has declared that it may, given certain prerequisites, decide to acquire additional New Shares in the placement of New Shares that have not been subscribed for during the subscription offer and that are intended to be placed with investors (the "**Rump Placement**") in an amount to be determined, and the Company has committed to consider this offer with preference. Finally, Mann AG has declared that it may decide to acquire up to 4,157,033 New Shares for the Subscription Price, if and to the extent such New Shares are not placed otherwise in the Rump Placement.

The Company's shareholder Universal-Investment-Gesellschaft mit beschränkter Haftung has committed, subject to certain conditions, to the Company and to the benefit of the Joint Bookrunners to participate in the Offering by exercising the respective amount of its subscription rights as well as subscription rights held by its subsidiaries and funds in such amount that it will acquire 2,497,898 New Shares (*Festbezugserklärung*).

The Company's second largest shareholder, Santo Holding AG has waived vis-à-vis COMMERZBANK by way of a binding waiver declaration (*Verzichtserklärung*) the majority of its subscription rights with the effect that its subscription rights will expire without value. However, it has committed to enable the Joint Bookrunners to offer shares to interested investors in an amount equal to the amount of New Shares which Santo Holding AG will not subscribe for in the subscription offer. Furthermore, Santo Holding AG has declared vis-à-vis the Company that it intends to directly hold at least 10% plus one share of the Company's share capital following the Offering.

Corresponding to the binding waiver declaration of Santo Holding AG described above, a third-party investor has committed, subject to certain conditions, to the Company and to Berenberg Bank to participate in the Offering by way of a binding acquisition commitment (*Festübernahmeerklärung*) in which the investor has agreed to acquire New Shares corresponding to the number for which Santo Holding AG has waived its subscription rights. The Company and Berenberg Bank have committed to deliver such number of New Shares to the investor at the Subscription Price.

16. TRANSACTIONS AND LEGAL RELATIONSHIPS WITH RELATED PARTIES

According to International Accounting Standard 24 (IAS 24), entities and persons are considered to be related (*nahestehend*) to a reporting company in particular if the entity or person:

- controls the reporting company or is controlled by this company;
- has an interest in the reporting company which gives it significant influence over this company;
- has joint control over the reporting company;
- is an associate of the reporting company within the meaning of IAS 28;
- is a joint venture in which the reporting company is a venturer within the meaning of IAS 31;
- is a member of the management board or of the supervisory board of the reporting company or a close member of the family of such a member;
- is an entity that is controlled by a member of the management board or of the supervisory board of the reporting company or by a close family member of any such individual, is jointly controlled or is significantly influenced by these persons or for which significant voting power in this entity directly or indirectly resides with these persons; or
- is a post-employment benefit plan for the benefit of the employees of the reporting company or for the benefit of an entity related to this company.

Described below are the material transactions and legal relationships which have existed between the Company and/or other companies in the Group and the aforementioned related persons and entities in 2010, 2009 and 2008 or in 2011 up to and including the date of this Prospectus. Business relationships between companies of the Group are not included. A list of subsidiaries, which are directly or indirectly controlled by the Company can be found in Annex II (Shareholdings of IVG Group companies) to the notes to the annual financial statements of the Company for the financial year ended December 31, 2010, which is set out in the section "*Financial Statements*".

Related party transactions in 2010

MANN Immobilien-Verwaltung Aktiengesellschaft acquired 18.4% of IVG's shares and thereby became the new major shareholder of IVG. No transactions were entered into with companies of MANN Immobilien-Verwaltung Aktiengesellschaft. There are no business relations with the MANN Group.

In 2010, IVG companies paid EUR 1.9 million in commissions to companies of the Sal. Oppenheim Group for the arrangement of IVG property funds. Sal. Oppenheim jr. & Cie. KGaA, Cologne was an indirect shareholder of IVG until the beginning of 2010.

Related party transactions in 2009

IVG companies paid EUR 3.3 million in 2009 (2008: EUR 1.1 million) for different services to companies of the Sal. Oppenheim Group. Sal. Oppenheim jr. & Cie. KGaA, Cologne was an indirect shareholder of IVG in 2009. Most of these services were consulting services in the amount of EUR 1.5 million regarding future financial and corporate development and contractual commissions for the arrangement of IVG property funds in the amount of EUR 1.3 million.

IVG sold several real estate properties to the IVG Protect Fund for a purchase price of EUR 280.3 million. The Company also issued a value guarantee until May 2014 in exchange for a premium in the amount of EUR 5.0 million. In addition, a replacement tenant guarantee limited to EUR 5.0 million was submitted, of which EUR 0.2 million was utilized in 2009.

Bunde-Etzel-Pipelinegesellschaft mbH & Co. KG paid IVG for invoiced construction services (EUR 0.9 million) over the course of 2009. IVG transferred EUR 11.8 million to Bunde-Etzel-Pipelinegesellschaft mbH & Co. KG on the basis of cash calls made by Bunde-Etzel-Pipelinegesellschaft mbH & Co. KG to its shareholders (IVG was an indirect shareholder thereof) for equity for pipeline construction.

FRANKONIA Eurobau Parkstadt-Schwabing GmbH, as a joint venture in which IVG held an interest, had a loan liability due to IVG Immobilien AG for EUR 6.3 million including incurred interest as of December 31, 2009.

Related party transactions in 2008

In 2008, IVG obtained a loan of over EUR 50.0 million from companies of the Sal. Oppenheim Group. For the arrangement, IVG paid a commission of EUR 500,000.00 to companies of the Sal. Oppenheim Group. Furthermore, IVG utilized services, such as the arrangement of property funds, provision of ongoing capital market services and advice on future corporate development and finance strategy provided by companies of the Sal. Oppenheim Group, for which it paid approximately EUR 1.1 million. Sal. Oppenheim jr. & Cie. KGaA, Cologne was an indirect shareholder of IVG in 2008.

In 2008, 2009, 2010 and 2011 up to the date of this Prospectus, there have been no further related party transactions.

In the opinion of the Company, all abovementioned transactions were concluded at standard market terms and did not differ in principle from trade and service relationships with other companies.

17. GENERAL INFORMATION ABOUT THE COMPANY

17.1 Formation and history of the Company

1916 IVG Immobilien AG was incorporated in 1916 as a state-owned German limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) under the name Verwertungsgesellschaft für Montanindustrie GmbH.

1951 The Company's name was changed to Industrieverwaltungsgesellschaft mbH.

1986 The General Shareholders' Meeting of the Company resolved upon the conversion of the Company into a German stock corporation (*Aktiengesellschaft*), an initial public offering of the Company's shares was undertaken and 45% of the Company's shares were privatized. On July 15, 1986, the conversion became effective by way of registration with the competent commercial register.

1993 IVG AG was completely privatized.

1996 A holding model was launched in order to separate the Company's strategic and operational functions. Moreover, the Company's name was changed to IVG Holding AG.

1997 IVG Holding AG began to focus on the European commercial real estate market.

2002 The Company's name was changed to its current name, IVG Immobilien AG, and all non-real estate business segments were disposed of.

2004 The Company acquired 50.1% of Oppenheim Immobilien-Kapitalanlagegesellschaft mbH ("**OIK**").

2005 The Company acquired 33 caverns at the Etzel caverns facility near Wilhelmshaven from their previous owner, the Federal Republic of Germany.

2007 The Company increased its share in OIK to 94%.

2008 The Company launched the IVG Cavern Fund with a total investment volume of EUR 1.7 billion.

2010 The Company launched the IVG Green Building Fund, as of today the largest European fund of its kind, with a total investment volume of EUR 300.0 million. It was awarded with LEED Silver, Gold and Platinum by the U.S. Green Building Council.

17.2 Legal form, registered name, domicile, financial year and duration of the Company

IVG Immobilien AG is a stock corporation (*Aktiengesellschaft – AG*) established under the laws of Germany and is subject to, among other German legal provisions, the rules of the German stock corporation law.

The Company is registered with the Commercial Register at the Local Court of Bonn (*Amtsgericht Bonn*) under registration number HRB 4148. The Company's registered name is "IVG Immobilien AG". The business address of the Company is Zanderstraße 5-7, 53177 Bonn, Germany. The Company's telephone number is +49 (0) 228 844-0.

The financial year of the Company corresponds to the calendar year. The Company is established for an indefinite term. "IVG Immobilien AG" and "IVG" are used as commercial names of the Company.

17.3 Corporate purpose

Pursuant to section 2 para. 1 of the Articles of Association, the Company's purpose is (1) to acquire, build, use, manage, develop, optimize and sell real property and premises, (2) to build, operate and manage storage facilities for commodities, energy carriers and chemical products, (3) to draw up, market and manage real estate investment funds for institutional and private investors, and (4) to render services in the area of real estate management and building services engineering.

Pursuant to section 2 para. 2 of the Articles of Association, the Company is further entitled to undertake any business transactions and to take all steps which appear suitable to promote the Company's purpose.

17.4 Group structure and material shareholdings

IVG's business model is founded on two divisions: the Investment division and the Funds division, both of which are supported by IVG Asset Management GmbH, a central service unit offering professional asset management services.

IVG Immobilien AG is the parent company of the Group. Besides conducting its own business operations, it assumes central control tasks within its group management role.

The following description provides an overview of significant subsidiaries of the Company as of the date of this Prospectus within the meaning of European Commission Regulation (EC) No 809/2004. The financial information has been prepared in accordance with HGB and is audited. Reference is made to the list of companies controlled directly or indirectly by the Company which can be found in Annex II (Shareholdings of IVG Group companies) to the notes to the annual financial statements of the Company for the financial year ended December 31, 2010, which is set out in the section "*Financial Statements*". Since December 31, 2010 there has been no material change in connection with the subsidiaries and equity interests.

1. IVG Polar Oy, Helsinki (Finland)	
Share in shareholders' equity of IVG	100%
Total equity (in EUR thousands)	391,600

2. IVG Caverns GmbH, Bonn (Germany)	
Share in shareholders' equity of IVG	100%
Total equity (in EUR thousands)	1,636,601

3. IVG Asset Management GmbH, Bonn (Germany)	
Share in shareholders' equity of IVG	100%
Total equity (in EUR thousands)	-13,042

4. IVG Immobilien-Management Holding AG, Bonn (Germany)	
Share in shareholders' equity of IVG	100%
Total equity (in EUR thousands)	-288,990

5. THE SQUAIRE GmbH & Co. KG, Frankfurt am Main (Germany)

Share in shareholders' equity of IVG	66.66%
Total equity (in EUR thousands)	-261,308

6. IVG Institutional Funds GmbH, Wiesbaden (Germany)

Share in shareholders' equity of IVG	94%
Total equity (in EUR thousands)	22,513

7. IVG Immobilière SAS, Paris (France)

Share in shareholders' equity of IVG	100%
Total equity (in EUR thousands)	160,861

8. IVG Real Estate Belgium S.A., Brussels (Belgium)

Share in shareholders' equity of IVG	100%
Total equity (in EUR thousands)	10,734

9. Batipromo S.A., Brussels (Belgium)

Share in shareholders' equity of IVG	100%
Total equity (in EUR thousands)	170,928

10. IVG Italia S.r.l., Milan (Italy)

Share in shareholders' equity of IVG	100%
Total equity (in EUR thousands)	2,194

17.5 Notifications, paying and registration agent

In accordance with section 5 para. 1 of the Articles of Association, all notifications of the Company shall be published in the electronic version of the German Federal Gazette (*elektronischer Bundesanzeiger*), unless mandatory law stipulates otherwise.

Notifications in connection with the approval of the Prospectus or supplements thereto will be published in the form specified in the Prospectus in accordance with the rules of the *Wertpapierprospektgesetz* (WpPG – German Securities Prospectus Act), i.e., in particular by means of publication on the website of the Company. Printed copies of the Prospectus may be obtained from the Company.

Paying and registration agent is COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany.

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18. DESCRIPTION OF THE CAPITAL OF THE COMPANY

18.1 Share capital and shares

At the date of this Prospectus, the share capital of the Company, as recorded in the commercial register, amounts to EUR 138,599,999.00. It is divided into 138,599,999 no-par value ordinary bearer shares, each representing a notional interest of EUR 1.00 in the share capital of the Company. Section 21 para. 1 of the Articles of Association provides that each no-par value ordinary bearer share shall entitle to one vote at the General Shareholders' Meeting. The share capital is fully paid in.

Over the past three financial years, the registered share capital has increased from EUR 116,000,000.00 or 116,000,000 no-par value ordinary bearer shares (as of January 1, 2008) to EUR 138,599,999.00 or 138,599,999 no-par value ordinary bearer shares as of the date of this Prospectus.

On May 21, 2008, the General Shareholders' Meeting authorized the Management Board to increase the share capital of the Company, with the consent of the Supervisory Board, at any time prior to May 20, 2013 in an amount of up to a total of EUR 10,000,000.00 against cash contributions. In accordance with this authorization, the Company increased its nominal share capital from EUR 116,000,000.00 by EUR 10,000,000.00 to EUR 126,000,000.00 by way of issuance of 10,000,000 new, no-par value ordinary bearer shares. The capital increase was registered with the commercial register on October 22, 2009.

On May 20, 2010, the General Shareholders' Meeting authorized the Management Board to increase the share capital of the Company, with the consent of the Supervisory Board, at any time prior to May 19, 2015 in an amount of up to a total EUR 12,600,000.00 against cash contributions. In accordance with this authorization, the Company increased its nominal share capital from EUR 126,000,000.00 by EUR 12,599,999.00 to EUR 138,599,999.00 by way of issuance of 12,599,999 new, no-par value ordinary bearer shares. The capital increase was registered with the commercial register on February 14, 2011.

After the execution of the capital increase which is the subject-matter of this Prospectus, the share capital of the Company, as registered with the commercial register, would amount to EUR 207,883,884.00 divided into 207,883,884 no-par value ordinary bearer shares, each representing a notional interest of EUR 1.00 in the share capital of the Company.

18.2 Certification and transferability of the shares

Pursuant to section 3 para. 1 of the Articles of Association, the Management Board determines, with the consent of the Supervisory Board, the form of the share certificates as well as the form of the dividend and renewal coupons. The Company may issue multiple shares in one certificate (global certificate). In this respect, the right to request certification of individual shares is excluded.

The Company's shares are predominantly represented by three global certificates. The globally certificated shares are deposited with Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn. When in collective custody (*Girosammelverwahrung*), their transfer is executed through sale and credit to the deposit. Some of the Company's shares are held in individual safe-deposits or private custody (*Streifbandverwahrung oder Eigenverwahrung*); their transfer is generally executed through agreement and delivery.

18.3 Stock exchange admission

The share capital of the Company has been admitted to stock exchange trading at the official market (now the regulated market) at the Frankfurt, Berlin, Dusseldorf and Munich stock exchanges. The share capital of the Company has also been admitted to trading on the sub-segment of the official market (now the regulated market) of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard).

18.4 General provisions on change in share capital

Ordinary capital increase

In accordance with the *Aktiengesetz* (AktG – German Stock Corporation Act), the share capital of a stock corporation can be increased by a resolution of the General Shareholders' Meeting. This resolution requires, in principle, a majority of at least three quarters of the share capital represented at such General Shareholders' Meeting, unless the articles of association of the stock corporation stipulate higher majorities. In accordance with section 21 para. 2 of the Articles of Association, resolutions shall be adopted by a simple majority of votes cast, unless mandatory statutory provisions require otherwise. Where the law requires a majority of the represented share capital in addition to a majority of votes cast, resolutions are adopted by a simple majority of the registered share capital represented upon adoption of the relevant resolution. A mandatory higher majority for resolutions required by law applies, for example, to capital increases executed under exclusion of subscription rights. In this case, the resolution regarding the capital increase requires a three-quarters majority of the registered share capital represented in addition to a simple majority of votes cast.

Authorized capital

In accordance with the AktG, the General Shareholders' Meeting may resolve to authorize the Management Board to issue new shares. Such a resolution must be adopted by a majority of at least three quarters of the share capital represented at such resolution. Pursuant to this resolution, the Management Board is authorized to issue shares up to a specific amount within a period of not more than five years beginning with the registration of the authorization (technically an amendment of the Articles of Association) with the commercial register. The nominal value of the authorized capital may not exceed half of the share capital existing at the time of the authorization.

Contingent capital

The General Shareholders' Meeting may also resolve to authorize the Management Board to issue contingent capital for the purpose of issuing shares to the holders of convertible bonds or other securities that grant the bearers a subscription right to shares. It may also do so for the purpose of issuing shares that serve as consideration for a merger with another company or for the purpose of issuing shares that are offered to executive staff or employees. The AktG provides that such a resolution of the General Shareholders' Meeting generally requires a majority of three quarters of the share capital represented at such resolution. If the contingent capital is being raised to issue shares to executive staff or employees, the nominal value of the contingent capital may not exceed one-tenth of the share capital existing at the time of the resolution. In all other cases, it may not exceed half of the share capital existing at the time of the resolution.

Capital reduction

The AktG also provides for the resolution of a reduction of share capital. In accordance with the AktG, such a resolution requires, in principle, a majority of three quarters of the share capital represented at such resolution. The articles of association may demand a higher majority of share capital and further requirements.

18.5 Authorized capital

At the date of this Prospectus, the authorized capital of the Company amounts to a total of EUR 69,299,999.00. The authorized capital was created by three distinct authorizing resolutions referred to as Authorized Capital I (*Genehmigtes Kapital I),* Authorized Capital II (*Genehmigtes Kapital II)* and Authorized Capital III (*Genehmigtes Kapital III*):

Authorized Capital I (Genehmigtes Kapital I)

On May 14, 2009, the General Shareholders' Meeting authorized the Management Board to increase the share capital of the Company, with the consent of the Supervisory Board, at any time prior to May 13, 2014, by way of issuance of up to 24,000,000 ordinary no-par value bearer shares with voting rights and/or preferred bearer shares with and without voting rights against cash contributions on one or several occasions in an amount of up to a total EUR 24,000,000.00 (Authorized Capital I) (section 3 para. 2 of the Articles of Association).

According to the resolution of the General Shareholders' Meeting, the shareholders shall be granted subscription rights for the new shares. The new shares can be subscribed by one or more banks or companies specified by the Management Board and operating in accordance with section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or section 53b para. 7 of the *Kreditwesengesetz* (KWG – German Banking Act) with the obligation that they be offered to the shareholders for subscription (indirect subscription rights).

The Management Board is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from the shareholders' subscription rights. The Management Board is also authorized, with the consent of the Supervisory Board, to specify the other details of the capital increase and its implementation, including the dividend rights of the new shares. If, on the basis of such authorization, preferred bearer shares are issued on more than one occasion (e.g., in several tranches), the Management Board shall be authorized to issue further preferred bearer shares (with or without voting rights) which rank prior or equal to the preferred bearer shares issued previously when the profit or company assets are distributed.

Authorized Capital II (Genehmigtes Kapital II)

On May 18, 2011, the General Shareholders' Meeting authorized the Management Board to increase the share capital of the Company, with the consent of the Supervisory Board, at any time prior to May 17, 2016, by way of issuance of up to 21,299,999 no-par value ordinary bearer shares, each with a notional interest of EUR 1.00 in the share capital of the Company, against cash contributions on one or several occasions in an amount of up to a total EUR 21,299,999.00 (Authorized Capital II) (section 3 para. 3 of the Articles of Association).

According to the resolution of the General Shareholders' Meeting, the shareholders shall be granted subscription rights for the new shares. The new shares can be subscribed by one or more banks or companies specified by the Management Board and operating in accordance with section 53 para. 1 sentence 1 or para. 1 sentence 1 or section 53b para. 7 of the KWG with the obligation that they be offered to the shareholders for subscription (indirect subscription rights).

The Management Board is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from the shareholders' subscription rights. The Management

Board is authorized to exclude, with the consent of the Supervisory Board, the subscription rights of the shareholders if the issuing price of the new shares is not substantially lower than the stock market price of the shares that are already listed and equipped with the same rights and if the proportion of the share capital represented by the new shares, for which the subscription rights are excluded, does not exceed 10% of the share capital at the time of the registration or at the time of the exercise of the authorization, if at that time the amount is lower. This limit of 10% of the share capital shall take into account shares disposed of in another way than on the stock market or by way of an offer to all shareholders during the term of this authorization until the issue of new shares on the basis of an authorization to acquire treasury shares under section 186 para. 3 sentence 4 of the AktG as well as shares issued to service convertible bonds and/or warrant bonds if the respective bond is issued during this term of this authorization excluding subscription rights in accordance with section 186 para. 3 sentence 4 of the AktG on the basis of existing or future authorizations to issue convertible bonds and/or warrant bonds while excluding subscription rights.

The Management Board is also authorized, with the consent of the Supervisory Board, to specify the other details of the capital increase and its implementation, including the dividend rights of the new shares. If, on the basis of such authorization, preferred bearer shares are issued on more than one occasion (e.g., in several tranches), the Management Board shall be authorized to issue further preferred bearer shares (with or without voting rights) which rank prior or equal to the preferred bearer shares issued previously when the profit or Company assets are distributed.

Authorized Capital III (Genehmigtes Kapital III)

On May 14, 2009, the General Shareholders' Meeting authorized the Management Board to increase the share capital of the Company, with the consent of the Supervisory Board, at any time prior to May 13, 2014, by way of issuance of up to 24,000,000 ordinary no-par value bearer shares with voting rights and/or preferred bearer shares with and without voting rights against cash or non-cash contributions on one or several occasions in an amount of up to a total EUR 24,000,000.00 (Authorized Capital III) (section 3 para. 4 of the Articles of Association).

According to the shareholders' resolution, the shareholders shall be granted subscription rights for the new shares in case of any capital increase against cash contributions. The new shares can be subscribed by one or more banks or companies specified by the Management Board and operating in accordance with section 53 para. 1 sentence 1 or para. 1 sentence 1 or section 53b para. 7 of the KWG with the obligation that they be offered to the shareholders for subscription (indirect subscription rights).

The Management Board is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from the shareholders' subscription rights. Moreover, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights in case of any capital increase against non-cash contributions in order to issue new shares as part of company mergers or of the acquisition of companies, parts of companies or participating interests in companies, including the increase in an existing ownership of shares, or other depositable assets related to such an acquisition project, including receivables from the Company. The Management Board is also authorized, with the consent of the Supervisory Board, to specify other details of the capital increase and its implementation, including dividend rights of the new shares. If, on the basis of such authorization, preferred shares are issued on more than one occasion (e.g., in several tranches), the Management Board shall be authorized to issue further preferred shares (with or without voting rights) which rank prior or equal to the preferred shares issued previously when the profit or Company assets are distributed.

18.6 Contingent capital

At the date of this Prospectus, the Company has three contingent capitals with a total amount of EUR 60,654,262.00 of which EUR 52,000,000.00 may still be used.

Contingent Capital (Bedingtes Kapital)

On May 24, 2007, the General Shareholders' Meeting resolved that the share capital of the Company is contingently increased by up to EUR 8,654,262.00. The contingent capital increase will be implemented only to the extent that the bearers of the convertible bonds and/or warrant bonds by the Company issued until May 22, 2007 on the basis of the authorization of the Management Board of May 23, 2002 exercise their conversion or option right (section 3 para. 5 of the Articles of Association).

Contingent Capital (Bedingtes Kapital) 2007

On May 24, 2007, the General Shareholders' Meeting resolved that the share capital of the Company is contingently increased by up to EUR 22,000,000.00 by way of issuance of up to 22,000,000 new, no-par value ordinary bearer shares, each with a notional interest of EUR 1.00 in the share capital of the Company (section 3 para. 6 of the Articles of Association).

This contingent capital increase serves to grant shares to bearers or creditors of convertible bonds or warrant bonds by the Company issued until May 23, 2012 on the basis of the authorization by the General Shareholders' Meeting of May 24, 2007 or issued by a Group company that is subject to the control of the Company and which are guaranteed by the Company.

The new shares shall be issued on the basis of a conversion or option price to be determined in accordance with the aforementioned authorization. The contingent capital increase is to be implemented only to the extent that bearers of the convertible bonds or warrant bonds exercise their conversion or option right, or fulfill their conversion or option obligations, and the contingent capital is necessary according to the conversion or option conditions.

The new shares arising from the exercise of the option or conversion rights are entitled to dividends for the entire financial year of the Company in which the shares were issued.

The Management Board is authorized to specify additional details for implementing the contingent capital increase.

Contingent Capital (Bedingtes Kapital) 2010

On May 20, 2010, the General Shareholders' Meeting resolved that the share capital of the Company is contingently increased by up to EUR 30,000,000.00 by way of issuance of up to 30,000,000 new, no-par value ordinary bearer shares, each with a notional interest of EUR 1.00 in the share capital of the Company (section 3 para. 7 of the Articles of Association).

This contingent capital increase serves to grant shares to bearers or creditors of convertible bonds or warrant bonds by the Company issued until May 19, 2015 on the basis of the authorization by the General Shareholders' Meeting of May 20, 2010 or issued by a Group company that is subject to the control of the Company, and which are guaranteed by the Company.

The new shares shall be issued on the basis of a conversion or option price to be determined in accordance with the aforementioned authorization. The contingent capital increase is to be implemented only to the extent that bearers of the convertible bonds or warrant bonds exercise their conversion or option right, or fulfill their conversion or option obligations, and the contingent capital is necessary according to the conversion or option conditions.

The new shares arising from the exercise of the option or conversion rights are entitled to dividends for the entire financial year of the Company in which the shares were issued. The Management Board is authorized, with the consent of the Supervisory Board, to specify additional details for implementing the contingent capital increase.

18.7 Warrant bonds and convertible bonds

18.7.1 Authorization I

On May 24, 2007, the General Shareholders' Meeting authorized the Management Board to issue, with the consent of the Supervisory Board, convertible and/or warrant bonds on one or several occasions until May 23, 2012, in a total nominal amount of up to EUR 1,500,000,000.00 with a maximum term of 20 years (Authorization I).

The convertible and/or warrant bonds may also be issued through a Group company that is under the control of the company. In this case, the Management Board is authorized, with the consent of the Supervisory Board, to assume for the Company the guarantee for the convertible and/or warrant bonds and to grant the holder of convertible and/or warrant bonds convertible or options rights for Company bearer shares.

The bearer of convertible and/or warrant bonds may be granted conversion and option rights to Company shares in a notional interest in the share capital of up to EUR 22,000,000.00 in accordance with the requirements of the warrant or convertible bonds and in accordance with the contingent capital created for this purpose.

Subscription rights

The convertible and/or warrant bonds shall be offered to shareholders for subscription. However, this can occur in such a way that the convertible and/or warrant bonds are subscribed by a bank or by a company operating according to section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or section 53b para. 7 of the KWG, or by a consortium of such banks or companies, with the obligation that they be offered to the shareholders for subscription. If the convertible and/or warrant bonds are issued by a Group company, then the Company must ensure that the shareholders are granted subscription rights.

Exclusion of subscription rights

The Management Board is authorized to exclude, with the consent of the Supervisory Board, the subscription rights of shareholders when issuing convertible bonds and/or warrant bonds,

– if they are issued against cash payment and the issue price of the convertible bonds and/or warrant bonds is not significantly lower than the hypothetical market value calculated according to recognized financial (*finanzmathematisch*) methods. However, this authorization to exclude subscription rights only applies to the issuance of convertible bonds and/or warrant bonds with a conversion or option right to shares with a proportional amount not exceeding 10% of the existing share capital at the time of the resolution made by the General Shareholders' Meeting or – if this amount is lower – at the time of the exercise of the authorization. Deducted from this 10% limitation are shares that during the duration of this authorization until the issue of convertible bonds and/or warrant bonds (i) are sold as own shares of the Company pursuant to section 71 para. 1 no. 8 sentence 1 of the AktG in connection with section 186 para. 3 sentence 4 of the AktG with the exclusion of subscription rights or (ii) are issued from authorized capital pursuant to section 186 para. 3 sentence 4 of the AktG with the exclusion of subscription rights.

– to exclude fractional amounts, which result from subscription ratios; or

– to the extent that this exclusion is necessary in order to grant bearers of convertible bonds and/or warrant bonds already issued at the time of the exercise of this authorization a subscription right in the amount which they would be entitled to as shareholder after exercise of the conversion or option right.

Warrant bonds

In the case of the issuance of warrant bonds with option rights, subscription warrants issued by the Company will be attached to the warrant bond, which entitle the bearer to subscribe to new bearer shares in accordance with the warrant requirements. The provisions in section 9 para. 1 and section 199 of the AktG remain unaffected by this.

Convertible bonds

In the case of the issuance of convertible bonds, the bearers receive the right to exchange their bonds into new bearer shares in accordance with the conditions of the convertible bonds. The exchange ratio is calculated by dividing the nominal value or the issue price, whichever is lower, of a convertible bond by the specified conversion price for one bearer share of the Company. In this connection, the conversion ratio may be rounded using full values. Moreover, an additional payment in cash can be set. The provisions in section 9 para. 1 of the AktG and section 199 of the AktG remain unaffected by this.

Substitution right, conversion and option obligation

The bond conditions may provide for the right of the Company not to grant new shares of the Company in cases where a conversion or warrant is exercised, but instead to pay the countervalue in cash, in whole or in part, for the shares that would otherwise be delivered, and which according to the bond conditions corresponds to the average closing share price (rounded to full cents) of shares of the Company in the Xetra closing auction (or a comparable successor system) on the Frankfurt Stock Exchange over the last ten trading days prior to the declaration of the exercise of the conversion or warrant.

The bond conditions may also provide that the Company may determine that the conversion bonds or warrant bonds, are converted, in whole or in part, into existing company shares, rather than into new shares from contingent capital, or that the option right can be satisfied by delivery of such shares.

The bond conditions may provide for a convertible or warrant obligation at the end of the duration or at some other time, or establish a right to grant company shares (new or existing), in whole or in part, instead of the money that falls due at the aforementioned time.

Conversion or option price

The conversion or option price for a no-par value ordinary bearer share of the Company with a notional interest of EUR 1.00 in the share capital of the Company is determined in euro.

The price must either correspond to 130% of the stock exchange price for shares of the Company in the Xetra closing auction (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day prior to the day of the resolution of the Management Board regarding the issue, or in the case of a grant of a subscription right – 130% of the average closing share price for shares of the Company, rounded to full cents, in the Xetra closing auction (or in a comparable successor system) on the Frankfurt Stock Exchange on those days, when the subscription rights of the issue are traded, with the exception of the last two trading days. The provision in section 9 para. 1 of the AktG remains unaffected by this.

Dilution protection clause

Insofar as the Company raises its share capital during the option or conversion period which is subject to the granting of an exclusive subscription right to their shareholders, or carries out a capital increase using Company funds by issuing new shares, or issues or guarantees additional warrant or convertible bonds, but does not permit the holders of warrants or conversion rights (which were granted based on this authorization) to retain a subscription right to the extent as would be due to them were they to exercise a warrant or conversion right, then the holder of the warrant or conversion right is granted dilution protection irrespective of section 9 para. 1 of the AktG, by adjusting the option or conversion right, preserving its economic value, to the extent that this adjustment is not already regulated by legal mandate. This applies accordingly in the case of other capital measures, restructuring, an extraordinary dividend or other comparable measures, which may result in a dilution of the value of Company shares that have already been issued.

Additional design options

The Management Board is authorized, with the consent of the Supervisory Board, to specify the additional details of the issue, as well as the terms of the convertible and/or warrant bonds, in particular the interest rate, the issue price, the duration and the warrant or conversion time period.

18.7.2 Authorization II

On May 20, 2010, the General Shareholders' Meeting authorized the Management Board to issue, with the consent of the Supervisory Board, until May 19, 2015, convertible bonds and/or warrant bonds with or without restrictions on maturity, on one or several occasions with a total nominal amount of up to EUR 2,000,000,000.00 and to grant the bearers of the bonds conversion or option rights (including conversion obligations) to bearer shares in the Company with a total notional interest in the share capital of up to EUR 30,000,000.00 in accordance with the terms and conditions of the convertible bonds and/or warrant bonds (Authorization II). Bonds are issued against cash payment only.

Authorization II does not suspend Authorization I. Both authorizations are effective according to the terms and conditions as set out in the respective shareholders' resolution. However, the Management Board may only make use of the Authorizations in a way that the total volume of bonds that can be issued under Authorization I and Authorization II does not exceed a total nominal amount of EUR 2,000,000,000.00.

The bonds under Authorization II may be issued in euro or – in line with the appropriate equivalent amount – in the legal currency of another country, such as an OECD state. They can also be issued by Group companies managed by the company; in such event the Management Board is authorized to assume, with the consent of the Supervisory Board, the guarantee for the bonds on behalf of the Company and to grant the bearers conversion or option rights (including conversion obligations) to bearer shares in the Company.

Subscription rights

The convertible and/or warrant bonds shall be offered to shareholders for subscription. However, this can occur in such a way that the convertible and/or warrant bonds are subscribed by a bank or by a consortium of banks, with the obligation that they be offered to the shareholders for subscription. Should convertible and/or warrant bonds be issued by a Group company, then the Company must ensure that shareholders are granted subscription rights is.

Exclusion of subscription rights

The Management Board is authorized to exclude, with the consent of the Supervisory Board, the subscription rights of shareholders when issuing convertible bonds and/or warrant bonds,

- if the Management Board, after conduction a duly careful review, concludes that the issue price of the convertible bonds and/or warrant bonds is not significantly lower than the hypothetical market value calculated according to recognized, financial (*finanzmathematisch*) methods. However, this authorization to exclude subscription rights only applies to the issuance of convertible bonds and/or warrant bonds with an conversion right or an option right to shares with a notional interest in existing share capital not exceeding 10% at the time of the resolution made by the General Shareholders' Meeting or – if this amount is lower – at the time of the exercise of the authorization. Deducted from this 10% limitation are shares that during the duration of this authorization until the issue of convertible bonds and/or warrant bonds (i) issued during the term of this authorization until the issue of bonds as part of a capital increase pursuant to section 186 para. 3 sentence 4 of the AktG with subscription rights excluded or (ii) disposed of on the basis of an authorization to acquire treasury shares under 186 para. 3 sentence 4 of the AktG during the term of this authorization until the issue of bonds other than on the stock market or by way of an offer to all shareholders or (iii) issued to service bonds with warrants or convertible bonds with option or conversion rights or option or conversion obligations if the bonds are issued during this term of this authorization until the issue of the bonds under this authorization pursuant to section 186 para. 3 sentence 4 of the AktG with subscription rights excluded.
- to exclude fractional amounts, which result from subscription ratios; or
- to the extent that this exclusion is necessary in order to grant bearers of convertible bonds and/or warrant bonds already issued at the time of the exercise of this authorization a subscription right in the amount which they would be entitled to as shareholder after exercise of the convertible privilege or the option right.

Warrant bonds

In the case of the issuance of warrant bonds with option rights, subscription warrants issued by the Company will be attached to the warrant bond, which entitle the holder to subscribe new IVG bearer shares in accordance with warrant terms and conditions to be determined by the Management Board. The term of the warrant cannot exceed the term of the bond with warrants. In addition, fractional amounts can also be combined or settled in cash. The provisions in section 9 para. 1 of the AktG and section 199 of the AktG remain unaffected by this.

Convertible bonds

In the case of the issuance of convertible bonds, the holders receive the right to convert their bonds into bearer shares in the Company in accordance with the further terms and conditions of the convertible bonds to be determined by the Management Board. The exchange ratio is calculated by dividing the nominal value or the issue price, whichever is lower, of a convertible bond by the specified conversion price for one bearer share of the Company. In this connection, the conversion ratio may be rounded using full values; moreover, an additional payment in cash can be set. Fractional amounts can also be combined or settled in cash. The provisions in section 9 para. 1 of the AktG and section 199 of the AktG remain unaffected by this.

Conversion and option obligation

The terms and conditions of the convertible bonds (it is not entirely clear from the wording of the relevant shareholders' resolution whether this also applies to the terms and conditions of the warrant bonds) can also provide for a conversion (or option obligation) at the end of their term or at an earlier date. The proportional amount of the share capital of the Company shares issued per bond on conversion (or exercise of the option) cannot exceed the nominal amount of the bond. The provisions in section 9 para. 1 of the AktG and section 199 of the AktG remain unaffected by this.

Substitution authorization

The terms and conditions of the convertible bonds and/or the warrant bonds can provide for the right of the company to grant bond bearers new shares in the company or treasury shares fully or partially in place of the payment of a cash amount owed. The value of the shares will be calculated as equal to the arithmetic mean of the closing auction prices, rounded up to full cents, of shares in the company of the same class in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange on the last three trading days before the declaration of the conversion or the exercise of the option in line with the further terms and conditions of the bonds.

Furthermore, the terms and conditions of the convertible bonds and/or warrant bonds may stipulate that treasury shares of the company may also be granted in the event of conversion or the exercise of options. The terms and conditions may provide for the company not to grant shares in the company to the beneficiaries or liable parties of conversion or option rights but instead to pay the equivalent cash value of the shares that would otherwise have to be granted. The equivalent value of the shares will be calculated as equal to the arithmetic mean of the closing auction prices, rounded up to full cents, of shares in the Company of the same class in Xetra trading (or a functionally similar successor system that has replaced the Xetra system) on the Frankfurt Stock Exchange on the last three trading days before the declaration of the conversion or the exercise of the option in line with the further terms and conditions of the bonds.

Conversion and option price

The option or conversion price to be stipulated must be at least 80% of the arithmetic mean of the closing auction prices of shares in the Company of the same class in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange on the last three trading days before the date of the resolution by the Management Board on the issue of bonds or – in the event that subscription rights are granted – at least 80% of the arithmetic mean of the closing auction prices of shares in the Company of the same class in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt Stock Exchange in the period from the start of the subscription period to the third day before the announcement of the final conditions in accordance with section 186 para. 2 sentence 2 of the AktG (inclusively). The provisions in section 9 para. 1 of the AktG and section 199 of the AktG remain unaffected by this.

Dilution protection

If the company increases its share capital during a conversion or option period and in doing so grants subscription rights to its shareholders or issues further convertible bonds or warrant bonds or grants or guarantees conversion and option rights and does not grant the bearers of existing conversion and option rights subscription rights as they would be owed after exercising their conversion or option rights or fulfilling their conversion or option obligations, or if the share capital is increased by way of a capital increase from company resources, the terms and conditions of the convertible bonds and warrant bonds shall ensure that the economic value of the existing conversion or option rights remains unaffected by adjusting their value to the extent that this adjustment is not already required by law. This applies accordingly in the event of a capital reduction or other capital measures, restructuring, a change of control, an extraordinary dividend or other similar measures that can lead to a dilution in the value of the shares. The provisions in section 9 para. 1 of the AktG and section 199 of the AktG remain unaffected by this.

Other design options

The Management Board is authorized to determine, with the consent of the Supervisory Board, the further details of the issue and features of the bonds, including in particular the interest rate and type of interest, issue price, term and denomination, dilution protection provisions, conversion or option period and the conversion or option price or to determine the above by arrangement with the executive bodies of the Group companies issuing the bonds.

18.8 Profit participation schemes

IVG offers its employees two profit participation schemes: The IVG value program was introduced in 1996 and offers employees to acquire shares in IVG. Additionally, under the IVG employee loan incentive system employees can make capital available to IVG as an employee loan, which, because of a tax-free supplement and interest payments, results in a return of around 9.8% over a six-year period.

18.9 Authorization to acquire own shares

Authorization to acquire treasury stock as of May 20, 2010

On May 20, 2010, the General Shareholders' Meeting authorized the Company to purchase Company shares of any class until May 19, 2015. This authorization is limited to the purchase of shares equivalent to a maximum total amount of 10% of the existing share capital at the time of the resolution made by the General Shareholders' Meeting or – if this amount is lower – at the time this authorization is exercised. The authorization can be exercised in full or in part and in the latter case on multiple occasions. It can also be exercised by a dependent company of IVG Immobilien AG or a company in which it has a majority shareholding or a third party acting on behalf of IVG Immobilien AG or a third party acting on behalf of a dependent company of IVG Immobilien AG or a company in which IVG Immobilien AG has a majority shareholding.

At the discretion of the Management Board, the purchase is carried out on the stock exchange by way of a public purchase offer made to all shareholders of the Company or by way of a public invitation to all shareholders to submit offers for sale.

If the purchase is carried out on the stock exchange, the payment per share made by the Company (excluding ancillary purchase costs) may not exceed 5% or fall short by more than 10% of the arithmetic mean of the closing prices of Company shares of the same class in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt stock exchange on the last three trading days before the date of the purchase.

If the purchase is made by way of a public offer to all shareholders of the Company, the purchase price offered per share (excluding ancillary purchase costs) may not exceed or fall short by more than 10% of the arithmetic mean of the closing auction prices of the Company shares of the same class in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt stock exchange on the last three trading days before the effective date described below. The effective date is the date on which the Management Board of IVG Immobilien AG makes a final decision on the formal offer. In the event of an adjustment of the offer, which is permitted if there are significant deviations from the relevant share price after the publication of the offer, the effective date is date on which the Management Board of IVG Immobilien AG makes a final decision on the formal adjustment. The volume of the public purchase offer can be limited. If the purchase offer is oversubscribed, the purchase can be made based on the ratio of shares offered (offer ratio) rather than on the proportion of shares held. Furthermore, ratios can be rounded up or down in line with commercial principles so as to avoid fractions of shares and, if a shareholder offers 100 shares or fewer, acceptance of such shares can be given precedence. In the cases referred to in this sub-section, the shareholders' right to further offers are excluded.

If the purchase is made by way of a public invitation to all shareholders to submit offers for sale, the Management Board specifies a purchase price range per share within which offers can be submitted. The purchase price range can be adjusted if there are significant deviations during the bidding period from the price at the time of publication of the invitation to submit offers for sale. The purchase price per share paid by the Company (excluding ancillary purchase costs) that the Company calculates on the basis of the offers of sale received, may not exceed 10% or fall short by more than 10% of the arithmetic mean of the closing prices of Company shares of the same class in Xetra trading (or a functionally comparable successor system replacing the Xetra system) on the Frankfurt stock exchange on the last three trading days before the effective date described below. The effective date is the date on which the Management Board makes a final formal decision on the acceptance of the offers for sale. The volume of the public purchase offer can be limited. If the purchase offer is oversubscribed, the purchase can be made based on the ratio of shares offered (offer ratio) rather than on the proportion of shares held. Furthermore, ratios can be rounded up or down in line with commercial principles so as to avoid fractions of shares and, if a shareholder offers 100 shares or fewer, acceptance of such shares can be given precedence. In the cases referred to in this sub-section, the shareholders' right to further offers are excluded.

Authorization to use acquired treasury stock as of May 20, 2010

With the approval of the Supervisory Board, which can be issued in advance as authorization for a maximum amount for the period between two Supervisory Board meetings, the Management Board is authorized to use the shares purchased on the basis of the authorization – in addition to sale on the stock exchange or through an offer to all shareholders – for the following purposes:

1. Sale of Company shares in a way other than on the stock exchange or by way of an offer made to all shareholders, provided that the sale takes place pursuant to section 186 para. 3 sentence 4 of the AktG in exchange for cash payment and at a price which does not significantly fall below the stock exchange price of the Company of the same class. This authorization is limited to the sale of shares equivalent to a maximum total amount of 10% of the existing share capital at the time of the resolution made by the General Shareholders' Meeting or – if this amount is lower – at the time of the exercise of this authorization. Determining this 10% limit of the share capital shall take into account shares that (i) are issued during the term of this authorization until the treasury shares are issued as part of a capital increase with subscription rights excluded pursuant to section 186 para. 3 sentence 4 of the AktG or (ii) are issued to service bonds with warrants or convertible bonds with option or conversion rights or with an option or conversion obligations, provided the bonds are issued during the term of this authorization with subscription rights excluded pursuant to section 186 para. 3 sentence 4 of the AktG until the treasury shares are sold;

2. Transfer of Company shares to third parties as part of a merger or the acquisition of companies, parts of companies or equity investment in companies, including increases in an existing investment, or other assets relating to an acquisition plan of this kind, including receivables from the Company;

3. Redemption of Company shares without the redemption and its implementation requiring a further resolution by the General Shareholders' Meeting. The redemption leads to a capital reduction in the amount of the part of the share capital relating to the shares redeemed. As an exception to this, the Management Board can determine, with the approval of the Supervisory Board, that the share capital remain unchanged upon redemption and rather the proportional amount of the share capital increases as set out in section 8 para. 3 of the AktG. In this case, the Management Board is authorized to adjust the number of shares in the Articles of Association of the Company.

The authorizations to use purchased shares can be used once or more than once, in full or in part, individually or collectively. They also include the use of Company shares that are purchased on the basis of section 71d sentence 5 of the AktG or (i) by a dependent company of IVG Immobilien AG or a company in which IVG Immobilien AG has a majority shareholding or (ii) by a third party acting on behalf of a dependent company of IVG Immobilien AG or a company in which IVG Immobilien AG has a majority shareholding.

When using treasury shares in accordance with the authorization described above in Numbers 1 and 2, shareholders' subscription rights are excluded. Moreover, in the event of the sale of treasury shares by way of an offer made to all shareholders, the Management Board can, with the approval of the Supervisory Board, exclude fractional amounts from shareholders' subscription rights.

18.10 General provisions governing the liquidation of the Company

Except in the case of a liquidation based on insolvency proceedings, the Company may only be liquidated by a resolution of the General Shareholders' Meeting, which requires a majority of at least three-quarters of the share capital represented when the vote is taken. In this case, any assets remaining after all of the Company's liabilities have been settled will be distributed among the shareholders in proportion to their share of the share capital, pursuant to the provisions of the AktG. Certain requirements for the protection of creditors must be complied with in this process.

18.11 General provisions regarding subscription rights

In accordance with the AktG, in principle, every shareholder has subscription rights regarding the issuance of new shares in connection with a capital increase, but not in connection with a contingent capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights, or participation bonds. Concrete subscription rights are freely transferable, so that they can be traded on the German stock exchanges during the subscription period until a fixed date prior to the expiration of this period if such subscription rights trading is organized. In general, there is no right to demand the organization of such subscription rights trading. To the extent that the Articles of Association do not require a greater capital majority, the General Shareholders' Meeting of the Company may, completely or partly, exclude shareholders' subscription rights in its resolution which must be passed with a majority of at least three quarters of the share capital of the Company represented at such resolution. In the case of authorized capital, the right to exclude shareholders' subscription rights may be transferred to the Management Board by an authorizing resolution.

The Articles of Association can stipulate greater majorities and further requirements. A valid exclusion of subscription rights further requires a report by the Management Board and an objective justification for the exclusion. In relation to the objective justification for the exclusion of subscription rights, the report of the Management Board must show that the reasons for the interest of the Company in excluding the subscription rights outweighs the shareholders' interest in retaining their subscription rights. In accordance with section 186 para. 3 sentence 4 of the AktG (so-called simplified exclusion of subscription rights), it is permitted to exclude subscription rights, in particular, if and to the extent that the capital is increased through cash contribution, the amount of the capital increase does not exceed 10% of the existing share capital and the issue price of the new shares is not materially lower than the quoted market price.

Subscription rights are not considered to have been excluded if, pursuant to the resolution, the new shares are subscribed by a credit institution or an enterprise active in the banking sector in accordance with section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or section 53b para. 7 of the KWG with the obligation of offering them to shareholders section 186 para. 5 sentence 1 of the AktG, (so-called indirect subscription right).

18.12 Squeeze-out of minority shareholders

Stock corporation law squeeze-out

In accordance with sections 327a *et seq.* of the AktG (so-called stock corporation law squeeze-out) the general shareholders' meeting of a stock corporation may, by request of a shareholder who holds 95% of the share capital of the company (majority shareholder), pass a resolution that the shares held by the remaining shareholders (minority shareholders) be transferred to the majority shareholder against payment of adequate cash compensation.

Takeover law squeeze-out

In accordance with sections 39a *et seq.* of the *Wertpapiererwerbs- und Übernahmegesetz* (WpÜG – German Securities Acquisition and Takeover Act) (so-called takeover law squeeze-out), a bidder who holds at least 95% of the voting share capital of the target company after a takeover or mandatory bid, is entitled to receive the remaining voting shares by court order upon his application and against payment of adequate compensation. If the bidder also holds at least 95% of the total share capital, he is also entitled to receive the remaining non-voting (preferred) shares against adequate compensation. An application for the transfer of the shares has to be filed within three months of the expiration of the acceptance deadline. The Regional Court of Frankfurt am Main (*Landgericht Frankfurt am Main*) has exclusive jurisdiction. The compensation must correspond to the takeover bid or the mandatory bid. Cash payments always have to be offered as an alternative.

Merger-related squeeze-out

In accordance with section 62 para. 5 of the *Umwandlungsgesetz* (UmwG – German Companies Reorganization Act), a parent company that holds at least 90% of the voting share capital of its subsidiary is entitled to receive the remaining voting shares if the general shareholders' meeting of the subsidiary resolves to merge the subsidiary into the parent company and against payment of adequate compensation. This is only possible, however, if the parent company and the subsidiary have the legal form of a German stock corporation, a partnership limited by shares (*Kommanditgesellschaft auf Aktien*, KGaA) or a European public company (*Societas Europaea*, SE).

Integration

In accordance with sections 319 *et seq.* of the AktG (integration), the general shareholders' meeting of a stock corporation can resolve its integration into another stock corporation based in Germany (principal company), if the future principal company holds at least 95% of the shares of the company to be integrated. The former shareholders of the integrated company are entitled to an adequate compensation. Generally, compensation has to be granted in the form of shares of the principal company. Where compensation is granted in the form of shares of the principal company, the compensation is, in principle, considered adequate, when the shares are granted in an exchange ratio which would have to be granted in the event of a merger of the two corporations. Fractional amounts may, however, be compensated for with additional cash contribution.

18.13 Shareholding notification requirements

Notification of changes in voting rights

Due to the listing of its shares for stock exchange trading to the regulated market of the German stock exchanges, the Company is subject to, amongst other provisions, the provisions of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) concerning disclosure requirements in connection with voting rights attached to shares held in the Company. Every domestic issuer must publish the total amount of its voting rights at the end of each calendar month in which an increase or a decrease of voting rights occurs. Furthermore, every shareholder who, through purchase sale or otherwise, reaches, exceeds or falls below a 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% threshold regarding voting rights in a listed company, must, without undue delay, and no later than within four trading days, provide the respective company and the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the "**BaFin**") with this information (so-called notification of changes in voting rights).

To determine whether a threshold has been met, exceeded or undercut, the WpHG contains various rules intended to ensure the attribution of the shareholdings to those persons who actually control the voting rights of the shares or who might control them from an abstract point of view. For example, shares held by a third-party company are attributed to a company if the company controls the other company; the same applies to shares held by a third-party company for the account of the first company or for a company controlled by it. German issuers must publish any notification of changes in voting rights which they receive, without undue delay, and no later than three trading days after having received the information, by means of media, including media that can be expected to distribute the information throughout the entire EU and the remaining Member States of the Agreement creating the European Economic Area.

If a shareholder who holds voting rights does not comply with the disclosure requirements, he or she will be precluded from exercising any rights associated with his or her shares until proper notice has been given (including voting rights and the right to draw dividends; but in relation to the latter only if the disclosure was omitted willfully and has not been rectified by subsequent notification). This also applies if voting rights of a subsidiary or a third party, who holds the voting rights for the account of the person responsible for disclosure, are attributed to the shareholder. As far as the proportion of voting rights is concerned, the period may be extended by six months if the breach has been committed willfully or with gross negligence. If the disclosure requirements for notifications of changes in voting rights are not complied with, the BaFin can impose a fine irrespective of the relevant attribution provisions.

Obligations to disclose interests in financial instruments

Anyone holding financial instruments directly or indirectly which give the bearer the right (section 25 of the WpHG) or a de facto position (section 25a of the WpHG, that comes into force as of February 1, 2012) to purchase, unilaterally and under a legally binding agreement, shares which have already been issued and which are associated with voting rights, of an issuer whose country of origin is Germany, must disclose to the issuer and simultaneously the BaFin without undue delay the reaching, exceeding or falling below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights. Holdings in such financial instruments are aggregated with holdings that must be disclosed in the context of notifications of changes in voting rights.

Disclosure of transactions by persons discharging managerial responsibilities

Persons performing “managerial tasks” within the meaning of the WpHG for an issuer of shares must within five working days notify the issuer and the BaFin of any transactions undertaken on their own account relating to the shares of this issuer or relating to financial instruments based thereon, particularly derivatives. This also applies to persons who are “closely related to such persons” within the meaning of the WpHG.

Disclosure obligations of persons with material interests

In general, anyone who holds or exceeds the threshold of 10% or more of the voting shares is obliged to inform the issuer, whose country of origin is Germany, within 20 trading days of the purpose of its investment and the origin of the funds used for such investment. A change of these purposes must be disclosed within 20 trading days.

Publication of the acquisition of control

Furthermore, any person who acquires direct or indirect control of a company listed in Germany must publish this fact and specify the percentage of the acquired voting rights without undue delay, and in any case, within seven calendar days. Control within the meaning of the WpÜG means an interest of at least 30% of the voting rights of a company listed in Germany. Subsequently, a mandatory public offer must be made to all shareholders of the company unless an exemption from this requirement has been granted by the BaFin. As with disclosure requirements concerning notification of changes in voting rights, the WpÜG contains a number of provisions according to which shareholdings are attributed to those who actually control the voting rights attached to the shares.

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19. INFORMATION ON THE GOVERNING BODIES OF THE COMPANY

The governing bodies of the Company are the Management Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the General Shareholders' Meeting (*Hauptversammlung*). The responsibilities of these bodies are primarily governed by the *Aktiengesetz* (AktG – German Stock Corporation Act), the Articles of Association of the Company and the Rules of Procedure of the Management Board and the Supervisory Board, each in their current version.

Provisions relating to both the Management Board and the Supervisory Board

The members of the Management Board and of the Supervisory Board owe duties of care and loyalty to the Company. The board members must take into account a broad spectrum of interests, in particular those of the Company, its shareholders, its employees and its creditors when discharging these duties. The Management Board must also take into account the rights of shareholders with respect to equal treatment and equal information.

If members of the Management Board or the Supervisory Board have breached their duties towards the Company and if the Company suffers a loss, the Company may file damage claims in court against members of the Management Board or the Supervisory Board. In such cases, in the event of claims against members of the Supervisory Board, the Company will be represented by the Management Board and, in the event of claims against the members of the Management Board, it will be represented by the Supervisory Board. According to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), the Supervisory Board is required to bring damages claims against members of the Management Board if they appear to be enforceable, unless significant grounds relating to the welfare of the Company speak against such action and unless these grounds outweigh the grounds in favor of the pursuit of such claims or are at least of equal weight. If the relevant body with the power to represent the Company decides not to pursue a damages claim, the claims for damages of the Company against members of the Management Board or the Supervisory Board must nevertheless be brought if the General Shareholders' Meeting so decides by a simple majority vote. The General Shareholders' Meeting can appoint a special representative to pursue these claims. Shareholders whose combined shareholding constitutes 10% of the share capital or a proportionate amount of EUR 1.0 million may also request the court to appoint a special representative to assert these claims for damages. If such representative is appointed, he will be responsible for pursuing the claims instead of the governing bodies of the Company. If there are facts justifying a strong suspicion that the Company has suffered losses due to dishonesty or gross breaches of duty, shareholders whose combined shareholding constitutes 1% of the share capital or a proportionate amount of EUR 100,000.00 may, under certain conditions, be permitted by the court with jurisdiction to assert the claims for damages of the Company against board members in their own names on behalf of the Company. Such a claim becomes impermissible if the Company itself files a claim for damages.

The Company may generally only waive or settle any damage claims against board members if three years have elapsed since the claims came into existence, and only if a simple majority of the shareholders votes in favour of such waiver or settlement at the General Shareholders' Meeting and provided that a minority of the shareholders whose shares collectively reach the level of 10% of the share capital does not raise an objection which is entered in the minutes of the meeting.

The members of the Management Board and the Supervisory Board of the Company are, up to a certain limit of indemnity, covered for breaches of their duties as board members by a D&O insurance (directors' and officers' liability insurance). As part of an amendment of the D&O group insurance policy of IVG, effective as of July 1, 2010, an (appropriate) deductible was agreed upon in accordance with the *Gesetz zur Angemessenheit der Vorstandsvergütung* (VorstAG – German Act on the Appropriateness of Executive Board Remuneration). The costs of the D&O group insurance policy are borne by the Company.

Under German law, individual shareholders like any other persons, are prohibited from using their influence on the Company to instruct a member of the Management Board or the Supervisory Board to take an action detrimental to the Company. Shareholders with a controlling influence may not use their influence to cause a controlled stock corporation with which no controlling agreement (*Beherrschungsvertrag*) exists to enter into a legal transaction which is detrimental to such corporation or to take any measures that are detrimental to such corporation or to omit any measures if such omission would be detrimental to such corporation, unless it is compensated for such detriment. Any person who intentionally uses its influence on a company to cause members of the management board or the supervisory board, a holder of a registered power of representation (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the company or its shareholders must compensate the company for any resulting damage. Moreover, in this case the members of the management board and the supervisory board will be jointly and severally (*gesamtschuldnerisch*) liable if they have acted in breach of their duties.

19.1 Management Board

Composition of the Management Board and appointment of members of the Management Board

In accordance with section 7 para. 1 of the Articles of Association of the Company, the Management Board must consist of at least two persons. The Supervisory Board shall appoint and dismiss the members of the Management Board and shall determine their number. Substitute members of the Management Board may be appointed. At present, the Management Board of the Company has three members: Dr. Wolfgang Schäfers, Dr. Hans V. Volckens and Christian Kühni.

The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. They may be reappointed or their term of office may be extended, in each case for a maximum of five years. The Supervisory Board can revoke the appointment of a member of the Management Board before expiry of his term of office for good cause, e.g., for gross violation of duties or if the General Shareholders' Meeting withdraws its confidence in a member of the Management Board, unless such vote of "no confidence" was based on obviously unobjective grounds. The Supervisory Board is also responsible for entering into, amending and cancelling employment contracts with the members of the Management Board.

Allocation of responsibilities and internal structure

The Management Board conducts the business of the Company in accordance with provisions under statute, the Articles of Association of the Company and the Rules of Procedure of the Management Board. The Management Board is directly responsible for managing the Company. Under the Rules of Procedure of the Management Board, every member of the Management Board has a particular responsibility for his own area of responsibility. However, the members have a joint responsibility for the management of the Company. The members of the Management Board bear joint responsibility for the general management. They shall work together collegially and shall inform each other on any important measures and procedures within their respective areas of responsibility on the Management Board. The entire Management Board shall decide on any and all issues which are of fundamental or material importance and on all other issues which require a decision of the entire Management Board under statute, the Articles of Association or the Rules of Procedure of the Management Board. The Management Board adopts resolutions by a simple majority of the votes cast. If there is a tied vote, the Chairman shall have the casting vote.

According to section 8 of the Articles of Association of the Company, the Company is represented by both members of the Management Board or by one member of the Management Board acting jointly with a holder of a registered power of representation (*Prokurist*). Incidentally, the Company will be represented by holders of a registered power of representation *(Prokuristen)* or other authorized signatories (*andere Zeichnungsberechtigte*) in accordance with the assignment by the Management Board.

The Management Board must ensure that an appropriate risk management and risk control system is established within the Group, so that developments which may jeopardize the existence of the Company can be recognized at an early stage.

According to the Articles of Association of the Company, the Management Board requires the prior approval of the Supervisory Board to take certain measures and to enter into certain transactions which are of particular importance to the Company or which entail an exceptional economic risk. Section 10 para. 1 of the Articles of Association contains a list of measures and transactions requiring the approval of the Supervisory Board. The measures contained in section 10 para. 1 of the Articles of Association and specified in the Rules of Procedure for the Management Board include (i) the incorporation or disposal of new branch offices, the establishment and dissolution of subsidiaries; (ii) any fundamental change to the structure of the Company or the Group; (iii) the acquisition and establishment of other companies; the acquisition and divestment of shares in other companies as well as changes to the shareholding and participation in an increase of capital in exchange for contributions to the extent that, with respect to the other companies, these exceed the limit which has been set by the Supervisory Board according to the rules of procedure at EUR 25.0 million if the sole object of the other company is to purchase, manage or sell real estate and the fixed assets substantially consist of real estate; (iv) conclusion of, significant changes to or rescission of company agreements; (v) project-related expenses, which in each case exceed the limit which has been set by the Supervisory Board according to the rules of procedure at EUR 25.0 million; (vi) the taking up of loans or credit outside of the course of business exceeding a limit to be set by the Supervisory Board; (vii) the acquisition, disposal and mortgage of property rights and other similar rights to the extent that in each case the limit which has been set by the Supervisory Board according to the Rules of Procedure at EUR 25.0 million is exceeded; or (ix) appointment of authorized company representatives.

Moreover, the rules of procedure of the Management Board contain details and additions to these requirements of approval. Furthermore, the Supervisory Board can make other types of transactions subject to its approval. It may also approve certain types of transactions in advance, by general approval or subject to certain conditions (e.g., by framework approval (*Rahmengenehmigung*)).

Duty to report to the Supervisory Board

The Management Board provides the Supervisory Board with regular, prompt and comprehensive information on all issues relevant to the Company and the Group with regard to planning, business development, risk situation and risk management. It reports on deviations of the course of business from agreed plans and targets and identifies the relevant reasons. As a rule, the Management Board must provide the Supervisory Board with a long-term plan for the Group on an annual basis and must report on significant deviations from the existing plan. As a rule, the Management Board must make its reports to the Supervisory Board in text form.

In addition, the Supervisory Board may request special reports from the Management Board at any time. Furthermore, the Management Board and the Supervisory Board report annually on the corporate governance of the Company in the Annual Report.

19.1.1 Members of the Management Board

The members of the Management Board of the Company and the areas for which they are responsible as of the date of this Prospectus are listed in the following overview.

Name	Area of responsibility
Dr. Wolfgang Schäfers (CEO)	• Communication and Marketing • Corporate Development • Corporate Office • CS & Research • IR & Capital Markets • Risk and Process Management • Caverns
Dr. Hans V. Volckens (CFO)	• Accounting & Taxes • Controlling • Finance • Legal & Compliance • IT Management
Christian Kühni (COO)	• Real Estate • Development • Institutional Funds • Private Funds • Asset Management

The term of Dr. Schäfer's appointment to the Management Board as CFO ended on October 31, 2011. In its meeting on May 17, 2011 the Supervisory Board decided that he was offered a new appointment as CEO (*Sprecher des Vorstands*) of the Company as of November 1, 2011. The term of the new appointment will end on December 31, 2014. Dr. Schäfers' appointment is based on an agreement which provides for a so-called most favored nations clause. Therefore, in the event that the Supervisory Board appoints a new member of the Management Board and such appointment is made under more favorable terms than stipulated in Dr. Schäfers' appointment, Dr. Schäfers is entitled to unilaterally invoke a respective change of his appointment. The recent employment of two new members of the Management Board has not led to any change in this regard. In the event that Dr. Schäfers leaves the Company at the end of his term of appointment on December 31, 2014 as a member of the Management Board of IVG and re-assumes his position as a C-4 Professor at the University of Regensburg, IVG has agreed to offer Dr. Schäfers a 10-year advisory contract from the point of his departure.

Dr. Volcken's and Dr. Kühni's appointments' terms will each end on September 30, 2014.

With regard to its future development and implementation of its strategic goals, the Supervisory Board may elect to expand the Management Board by appointing a further board member.

The following is a summary of the management expertise and experience of the current members of the Management Board:

Dr. Wolfgang Schäfers

Dr. Wolfgang Schäfers was born in 1965. He holds a masters degree in business administration (*Diplom-Kaufmann*) from the University of Mannheim as well as an MBA in real estate economics from the European Business School at Oestrich-Winkel, Germany. He was awarded a doctorate in real estate economics in 1996 from the European Business School. Thereafter, he worked with Arthur Andersen GmbH, Frankfurt, holding a registered power of representation (*Prokura*). In 2000, Dr. Schäfers was announced partner. From 2002 until 2009, he was managing director and head of real estate investment banking of Sal. Oppenheim Jr. & Cie KGaA, Cologne. Since 2004, he has acted as a professor for real estate management at the University of Regensburg and is currently released from his duties in this regard due to his position at IVG. Dr. Schäfers joined the Company as CFO in 2009. As of November 1, 2011 he became CEO (*Sprecher des Vorstands*) of the Company.

Dr. Hans V. Volckens

Dr. Hans V. Volckens was born in 1970. Following his professional education as an industrial manager, he studied law at the Universities of Göttingen and Munich.

After completion of his studies, he worked for Bruckhaus Westrick Heller Löber (now Freshfields Bruckhaus Deringer LLP) in Hamburg. In 2000, he was awarded a doctorate in law from the University of Osnabrück and began to work in the department of corporate finance (Warburg Dillon Read) at UBS AG in Frankfurt. From 2000 to 2008, he worked as a tax advisor and since 2003 as a specialist lawyer for tax law at Beiten Burkhardt Rechtsanwaltsgesellschaft mbH in Munich in the position of head of the tax and fund department. At Beiten Burkhardt Rechtsanwaltsgesellschaft mbH he became salary partner in 2002 and equity partner in 2005. Between 2008 and 2011, Dr. Volckens became managing director at Hannover Leasing GmbH & Co. KG in Pullach. In 2011, he became a member of the management board at IC Immobilien Holding AG in Unterschleißheim. Dr. Volckens joined the Management Board of the Company as CFO on October 1, 2011.

Dr. Volckens is a member of the Real Estate and Urban Development Working Party in the World Economic Forum.

Christian Kühni

Christian Kühni was born in 1955. He holds a diploma in banking (*eidg. dipl. Bankfachmann*) from the University of Applied Sciences in Bern, Switzerland.

Following his studies, he worked for Migros Genossenschafts-Bund as well as UBS AG, Credit Suisse AG and Amtsersparniskasse from 1972 until 1980. In 1980, he became treasurer and area controller for Italy, Greece and Turkey at BP Oil International Ltd. in London and BP (Switzerland) AG in Zurich. From 1983 until 1985, he worked as an analyst at Pyra Private Equity AG in Zurich and London. In 1985, he took up a position at Royal Trust of Canada in Toronto as vice president and head of the North America representative office and for Royal Trust Bank (Switzerland) in Zurich as vice director of marketing and sales. Mr. Kühni became managing director at ABB Credit B.V. in Amsterdam and Zurich in 1990 and remained in that position until 1993, when he became vice director and head of the project development and promotion department. In 1998, he joined sanofi-aventis s.a., where he worked as vice president and head of the real estate group. From 2006 to 2011, Mr. Kühni worked for the UniCredit Group in Munich and Milan, as well as for Wealth Management Capital Holding GmbH in Munich as managing director. During this time, he also became senior vice president and head of the real estate group at UniCredit S.p.A. in Milan and member of the management board at HVB Immobilien AG in Munich. Mr. Kühni joined the Management Board of the Company as COO on October 1, 2011.

The members of the Management Board can be reached at the business address of IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn.

Overview of additional activities of the members of the Management Board

The following overview contains the names of the members of the Management Board of the Company who are in office as of the date of this Prospectus as well as all entities and companies in which the members of the Management Board were members of the administrative, management or supervisory bodies or partners during the last five years, whereas subsidiaries of IVG Immobilien AG in which the respective member of the Management Board is also member of the administrative, management or supervisory boards are not all listed.

Name	Member of administrative, management or supervisory body or partner or comparable mandates
Dr. Wolfgang Schäfers	**Ongoing:** n/a **Past:** n/a
Dr. Hans V. Volckens	**Ongoing:** n/a **Past:** – Hannover Leasing GmbH & Co KG (managing director until March 2011) – IC Immobilien Holding AG (member of the management board until September 2011)
Christian Kühni	**Ongoing:** – Peach Property Group AG (member of the administrative board) **Past:** – AGROB Immobilien AG (vice chairman until June 2009 and member of the supervisory board until June 2010) – Food & more GmbH (chairman of the management board until September 2008) – HVB Gesellschaft für Gebäude Beteiligungs GmbH (managing director until September 2009) – HVB Gesellschaft für Gebäude mbH & Co KG (managing director until September 2009) – HVB Immobilien AG (chairman of the management board until September 2009) – HVB Project GmbH (managing director until October 2009) – HVB Secur GmbH (member of the management board until September 2008) – HVB Tecta GmbH (managing director until October 2009) – Hypo-Bank Verwaltungszentrum GmbH (managing director until September 2009) – Internationales Immobilien-Institut GmbH (member of the supervisory board until September 2009) – Portia Grundstücksverwaltungs-Gesellschaft mit beschränkter Haftung (managing director until September 2009) – Portia Grundstücks-Verwaltungsgesellschaft mbH & Co. Objekt KG (managing director until September 2009) – Salvatorplatz-Grundstücksgesellschaft mbH (managing director until September 2009) – TIVOLI Grundstücks-Aktiengesellschaft (vice chairman of the supervisory board until June 2010) – UniCredit Real Estate, Societa' Consortile per Azioni (member of the board of directors until September 2009) – US Property Investments Inc. (chairman of the board of directors until September 2011) – Wealth Management Capital Holding GmbH (member of the management board until September 2009 and managing director until September 2011)

19.1.2 Remuneration of the members of the Management Board

Effective beginning January 1, 2010, a new remuneration scheme for the Management Board was introduced that meets the requirements of the VorstAG and the recommendations of the German Corporate Governance Code.

The remuneration of the Management Board comprises (i) a fixed annual salary; (ii) a variable cash remuneration with short-term incentives; (iii) a share-based remuneration as a variable remuneration component with a short-term incentive effect; (iv) a share-based remuneration as a variable remuneration component with a long-term incentive effect; and (v) a company pension. For the financial year 2010, the Management Board's total remuneration including non-cash remuneration amounted to EUR 2,361,452.10.

The fixed annual salary consists of a monthly base salary and other payments consisting primarily of the taxable value of the private use of a company car.

The variable remuneration with short-term incentive effect ("**STI**") is granted in the form of a bonus. The amount of the bonus is based on the extent to which company-related and personal targets are achieved. For the most part, the targets are derived directly from the medium-term planning agreed by the Management Board and Supervisory Board and set out for each Management Board member at the beginning of the year by the Supervisory Board. The company-related and personal targets are each weighted at 50%.

The degree to which all goals can be achieved varies from 0% to 200%. The Supervisory Board can, at its sole discretion, adjust this degree by +/-20 percentage points. The total bonus is limited to double the contractually provided bonus value corresponding to 100% achievement (bonus cap).

The portion of the bonus pertaining to the achievement of personal goals is paid out in the month of the General Shareholders' Meeting of the following year. The portion of the bonus granted for the achievement of Company targets is converted into limited share acquisition rights (Restricted Stock Units – RSUs). The number of share acquisition rights is calculated by dividing the pro rata bonus by the average share price of the Company during the 30 trading days before and after the General Shareholders' Meeting of the following year.

After a lock-up period of three years, the shares of the Company are distributed for the share acquisition rights. Thus, the members participate directly in any positive and negative development of the shares of the Company, effectively aligning their interests to those of the shareholders of the Company.

Variable remuneration with long-term incentives ("**LTI**") is granted in the form of participation in the performance cash plan. The Supervisory Board decides on the participation on an annual basis. The term of a performance cash plan begins in the month after the General Shareholders' Meeting and ends after four complete years. Initially, the participants receive a commitment in a specified amount. The amount to be paid out is calculated by multiplying this initial amount by the following performance multiplier after the end of the performance period of four years. The performance multiplier varies between zero and a maximum of two and is calculated based on the development of three equally weighted performance indicators: If an established performance target is not achieved (underperformance) the respective multiplier is zero. Starting with the 2010 performance plan, the Supervisory Board may, at its sole discretion, adjust a multiplier of zero to a multiplier of between zero and one. The performance indicators are as follows:

1. Performance indicator (shareholder point of view): Performance of the shares of the Company vis-à-vis the FTSE EPRA/NAREIT Developed Europe Index.

2. Performance indicator (earnings point of view): Increase in the FFO I per share as compared to the planned figure.
3. Performance indicator (assets point of view): Increase in the NAV per share as compared to the planned figure.

The scaling of the three performance indicators is based on the current medium-term planning approved by the Supervisory Board.

The employment contract of Dr. Georg Reul, who left the Management Board in 2010, was not converted to the new remuneration model. He therefore received a remuneration in line with the model in place until the end of 2009, as contractually agreed. As fixed remuneration components, Dr. Reul received a base salary and a company car in 2010. As variable remuneration with short-term incentive effect, Dr. Reul could claim a bonus in the amount of 0.35% of consolidated net profit before income taxes and other taxes but not less than EUR 100,000.00 gross.

The new remuneration model as described above also applies to Dr. Hans V. Volckens and Christian Kühni, who became members of the Management Board on October 1, 2011.

The following table shows the detailed remuneration of members of the Management Board in 2010:

in EUR	Dr. Niesslein	Dr. Reul *(until May 21, 2010)*	Dr. Schäfers	Total
Base salary	430,000.00	116,935.48	350,000.00	896,935.48
Other payments	11,900.00	5,280.25	7,218.60	24,398.85
Total fixed remuneration	441,900.00	122,215.73	357,218.60	921,334.33
Cash bonus (personal targets of the STI)	180,000.00	52,973.83	180,000.00	412,973.83
Total cash remuneration	621,900.00	175,189.56	537,218.60	1,334,308.16
Fair value at time of issue of the RSUs granted for company-related targets of the STI	209,991.04	(0.00)	170,922.94	380,913.98
Fair value at time of issue of the participation in the Performance Cash Plan (LTI)	356,255.00	(0.00)	289,975.00	646,230.00
Total share-based remuneration	566,246.04	(0.00)	460,897.94	1,027,143.98
Total remuneration	1,188,146.04	175,189.56	998,116.54	2,361,452.10

As of December 31, 2010, the Company has formed pension provisions in the amount of EUR 603,892.00 for Dr. Niesslein.

19.2 Supervisory Board

19.2.1 Legal position in the organizational structure of the Company

Composition of the Supervisory Board and appointment of members of the Supervisory Board

In accordance with section 11 of the Articles of Association, the Supervisory Board consists of nine members, namely, six shareholder representatives, who are elected in accordance with the provisions of the AktG, and three employee representatives, who are elected in accordance with the provisions of the *Mitbestimmungsgesetz* (MitbestG – German Co-determination Act).

Directly following the General Shareholders' Meeting upon the conclusion of which the new term of office commences, at a meeting to be held without any special notice, the Supervisory Board, shall elect from its midst in accordance with the provisions of the AktG and the *Mitbestimmungsgesetz* a Chairman and a Deputy Chairman of the Supervisory Board; the term of such positions shall correspond to the respective term of office as a member of the Supervisory Board. If the Chairman or the Deputy Chairman leave office before expiry of the term of office, the Supervisory Board must promptly hold an election to elect a new officer.

According to section 11 para. 2 of the Articles of Association, the members of the Supervisory Board are elected for a term of office that ends upon the conclusion of the General Shareholders' Meeting which resolves on the discharge for the fourth financial year following the beginning of the term of office. The financial year in which the term of office commences is not included in this calculation. According to section 11 para. 5 of the Articles of Association, each member of the Supervisory Board may resign from his office without good cause by way of a written declaration to the Management Board. The right to resign with good cause is not affected thereby.

A member of the Supervisory Board elected by the General Shareholders' Meeting without being bound by an election proposal, i.e., a member elected outside the special rules for the appointment of employee representatives, may be removed by the General Shareholders' Meeting at any time before expiry of his appointment without good cause, by a resolution adopted by a majority of three quarters of the votes cast.

If the Supervisory Board does not have the number of members required for a quorum, or lacks the number of prescribed members for more than three months, members can be appointed by court upon request of the Management Board, a member of the Supervisory Board or a shareholder, so that the Supervisory Board again has the number of members required.

Section 100 para. 5 of the AktG requires capital market oriented companies within the meaning of section 264d of the *Handelsgesetzbuch* (HGB – German Commercial Code) to have at least one independent member of the Supervisory Board with expertise in the fields of accounting or auditing. As concerns the Supervisory Board of the Company, Mr. Beelitz is designated by the Supervisory Board as possessing the respective expertise and independence. The further members of the Supervisory Board possess the knowledge and experience required for their membership in the Supervisory Board (thereto, see the compilation in the table in section "*– Members of the Supervisory Board*").

Responsibilities of the Supervisory Board

The Supervisory Board appoints the members of the Management Board and is authorized to remove them from office for good cause.

The Supervisory Board advises the Management Board on managing the Company and supervises its conduct of the business. In this regard, the Supervisory Board may demand special reports from the Management Board at any time. In addition, the Management Board must regularly report to the Supervisory Board on the business of the Company and fundamental issues of business planning (see also the detailed information in section "*– Management Board – Duty to report to the Supervisory Board*" above).

The Articles of Association of the Company provide that the Management Board requires the prior approval of the Supervisory Board to take certain measures and to enter into certain transactions which are of particular importance to the Company or its subsidiaries or which entail an exceptional economic risk. Section 10 para. 1 of the Articles of Association of the Company contains a list of measures and transactions requiring the approval of the Supervisory Board. In addition, the Supervisory Board can make other types of transactions subject to its approval. It may also approve certain types of transactions in advance, by general approval or subject to certain conditions (e.g., by framework approval (*Rahmengenehmigung*)).

Internal organization and committees

In accordance with the Articles of Association of the Company, the Supervisory Board may, in addition to the committee to be formed in accordance with section 27 para. 3 of the MitbestG, i.e., the Mediation Committee (*Vermittlungsausschuss*), form further committees from among its members to perform specific functions.

As of the date of the Prospectus, there exist three such committees: the Audit Committee, the Personnel Committee and the Nomination Committee.

The Audit Committee is concerned, in particular, with monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the external audit process, particularly the independence of the Company's auditors and any additional services performed by the auditors. The Audit Committee comprises the following members: Mr. Frank F. Beelitz (Chairman), Mr. Wolfgang Herr (Deputy Chairman) and Mr. Rudolf Lutz. The Audit Committee held four meetings in 2010.

The Personnel Committee makes suggestions to the Supervisory Board with regard to matters involving Management Board members' contracts and all other personnel matters requiring approval from the Supervisory Board. It also makes recommendations to the Supervisory Board with regard to the appointment and termination of Management Board members and holders of a registered power of representation (*Prokuristen*). The Personnel Committee comprises the following members: Mr. Detlef Bierbaum (Chairman), Mr. Klaus R. Müller (Deputy Chairman) and Mr. David C. Günther.

The Nomination Committee proposes suitable candidates to the Supervisory Board for elections at upcoming General Shareholders' Meetings. The Nomination Committee comprises the following members: Mr. Frank F. Beelitz, Mr. Detlef Bierbaum and Mr. Klaus R. Müller.

Meetings and adoption of resolutions

Supervisory Board meetings shall be convened by its Chairman and, in the event of his incapacity, by the Deputy Chairman or by the Management Board on behalf of the Chairman of the Supervisory Board or his deputy. In 2010 ten Supervisory Board meetings were held, two of which were extraordinary meetings. In 2011, eight ordinary and two extraordinary Supervisory Board meetings were held up to the date of this Prospectus.

The Supervisory Board shall have a quorum if no less than half of the members of which it must be constituted participate in adopting the relevant resolution. Absent members of the Supervisory Board may participate in adopting the relevant resolution by submitting written votes. A written vote shall also be deemed to have been submitted if it has been submitted by facsimile or other electronic text form. Unless section 29 of the MitbestG provides otherwise, Supervisory Board resolutions shall be adopted by a majority of votes cast. In the event of a tied vote, the Chairman shall have a casting vote, even if his vote is cast by another member of the Supervisory Board in accordance with section 108 para. 3 sentences 1 and 2 of the AktG.

19.2.2 Members of the Supervisory Board

The following overview contains the names of the current members of the Supervisory Board of the Company and all entities and companies at which the members of the Supervisory Board were during the last five years also members of the administrative, management or supervisory bodies or partners, respectively, for the whole period or part of the last five years. Not all the subsidiaries of IVG Immobilien AG at which the members of the Supervisory Board are also members of the respective administrative, management or supervisory bodies are listed.

Name[1]	Member of administrative, management or supervisory body or partner or comparable mandates
Detlef Bierbaum (2004-2014)	**Ongoing:** – Argantis GmbH (chairman of the supervisory board) – Deutsche Bank (Österreich) AG (member of the supervisory board) – Dundee REIT (member of the board of trustees) – Dundee REIT International (chairman of the board of trustees) – Gesellschaft für bankenwissenschaftliche Forschung e.V. (chairman of the management board) – Integrated Asset Management plc. (member of the board of directors) – GenRe AG (formerly Kölnische Rückversicherungs-Gesellschaft AG) (member of the supervisory board) – Lloyd George Management (B.V.I.) Ltd. (chairman of the board of directors) – LVM Landwirtschaftlicher Versicherungsverein Münster a.G. (member of the supervisory board) – LVM Lebensversicherungs-AG (member of the supervisory board) – LVM Pensionsfonds-AG (member of the supervisory board) – Monega Kapitalanlagegesellschaft mbH (member of the supervisory board) – Oppenheim Asset Management Services S.à.r.l. (vice chairman of the supervisory board) – Oppenheim International Finance (member of the board of directors) – Oppenheim Kapitalanlagegesellschaft mbH (vice chairman of the supervisory board) – Oppenheim Private Equity Holding GmbH & Co. KG (member of the investment committee) – Tertia Handelsbeteiligungsgesellschaft mbH (member of the supervisory board) – The Central European and Russia Fund, Inc. (member of the supervisory board) – The European Equity Fund, Inc. (member of the supervisory board) **Past:** – Attica Holding (UK) Ltd. (chairman of the board of directors until December 2006) – CA Immobilien Anlagen AG, Vienna (member of the supervisory board until May 2011) – CAM Private Equity Consulting & Verwaltungs-GmbH (member of the shareholders' committee until January 2008) – Douglas Holding AG (member of the supervisory board until March 2011) – DWS Investment GmbH (member of the supervisory board until April 2008) – Foreign Colonial Europe Trust plc. (chairman of the board of directors until January 2008) – Moderne Stadt Gesellschaft zur Förderung des Städtebaues und der Gemeindeentwicklung mbH (chairman of the supervisory board until September 2011)

Name	Member of administrative, management or supervisory body or partner or comparable mandates
	– Modernes Köln Gesellschaft für Stadtentwicklung mbH (chairman of the supervisory board until September 2011) – Oppenheim ACA Concept SICAV (member of the management board until April 2009) – Oppenheim Investment Managers Limited (chairman of the board of directors until May 2008) – Oppenheim Research GmbH (member of the advisory council until December 2007) – Oppenheim Vermögenstreuhand GmbH (member of the advisory council until June 2010) – Sal. Oppenheim jr. & Cie. Beteiligungen S.A. (member of the board of directors until May 2008) – Sal. Oppenheim jr. & Cie. KG auf Aktien (personally liable shareholder until April 2008 member of the supervisory board until March 2010) – Sal. Oppenheim jr. & Cie. S.C.A. (personally liable shareholder until April 2008) – SMS GmbH (member of the supervisory board until June 2010) – IV. Oppenheim AG (member of the management board until August 2007) – V. Oppenheim AG (member of the management board until August 2008)
Frank F. Beelitz (2008-2013)	**Ongoing:** n/a **Past:** – Software Aktiengesellschaft (chairman of the supervisory board until April 2009) – Südwestbank AG (member of the supervisory board until May 2010) – Syntek AG (member of the supervisory board until June 2008)
David C. Günther (2007-2015)	**Ongoing:** n/a **Past:** n/a
Wolfgang Herr (2010-2015)	**Ongoing:** – Mann Immobilien-Verwaltung Aktiengesellschaft (member of the management board) – POLIS Immobilien AG (member of the supervisory board) **Past:** n/a
Klaus-Joachim Wolfgang Krauth (2011-2016)	**Ongoing:** – Hobnox AG (chairman of the supervisory board) – InterComponentWare AG (ICW AG) (vice chairman of the supervisory board) – Santo Holding (Deutschland) GmbH (managing director) – SÜDWESTBANK AG (member of the supervisory board) **Past:** – Conergy AG (member of the supervisory board until August 2011)

Name	Member of administrative, management or supervisory body or partner or comparable mandates
Rudolf Lutz (2004-2015)	**Ongoing:** n/a **Past:** n/a
Klaus R. Müller (2010-2015)	**Ongoing:** – POLIS Immobilien AG (vice chairman of the supervisory board) **Past:** n/a
Thomas Neußer-Eckhoff (2010-2015)	**Ongoing:** n/a **Past:** n/a
Dr. Bernd Thiemann (2010-2015)	**Ongoing**: – DES Deutsche EuroShop AG (member of the supervisory board) – Deutsche Pfandbriefbank AG (chairman of the supervisory board) – EQC AG (vice chairman of the supervisory board) – Hypo Real Estate Holding AG (chairman of the supervisory board) – M.M. Warburg KGaA (vice chairman of the supervisory board) – VHV Vereinige Hannoversche Versicherung AG (member of the supervisory board) – WAVE Management AG (vice chairman of the supervisory board) – Würth Finance International B.V. (member of the supervisory board) – Würth Gruppe (vice chairman of the advisory board) **Past**: – Celanese AG (chairman of the supervisory board until December 31, 2006) – Constantin Film AG (chairman of the supervisory board until July 1, 2009) – Drueker & Co. GmbH & Co. KG (managing shareholder until December 31, 2007) – ThyssenKrupp Stainless AG (member of the supervisory board until September 30, 2009) – VHV Leben AG (member of the supervisory board until July 5, 2010)

[1] The first year stated in the parentheses after each name shows the year in which the term of office of the respective member of the Supervisory Board commenced. The second year shows the year in which the term of office is expected to lapse; the exact point in time of such second date being the conclusion of the General Shareholder's Meeting which will resolve on the discharge for the previous financial year (see also section "– *Legal position in the organizational structure of the Company*").

The following overview contains the names of the members of the Supervisory Board and their work experience.

Name	Work experience
Detlef Bierbaum	Profession: Banker Relevant work experience: 1991 – 2008: Personal liable partner, Sal. Oppenheim jr. & Cie. KGaA 1982 – 1991: Member of the management board, Nordstern Versicherungs AG 1974 – 1982: Managing director, ADIG Investment GmbH
Frank F. Beelitz	Profession: Investment banker/managing partner, Beelitz & Cie. Relevant work experience: 1993 – 2000: Member of the management board, Lehman Brothers Bankhaus AG 1985 – 1993: Member of the management board, Salomon Brothers Inc. 1980 – 1985: Managing director, Warburg Paribas Becker Inc.
David C. Günther	Profession: Lawyer/employee IVG Asset Management GmbH Relevant work experience: 1997 – 1998: Employee, KGAL GmbH & Co. KG
Wolfgang Herr	Profession: Member of the management board of Mann Immobilien-Verwaltung Aktiengesellschaft Relevant work experience: 2001 – 2007: Managing director of the Mann Group 1990 – 2000: Authorized financial representative (*Finanzprokurist*) of the Mann Group 1983 – 1996: Consultant for accounting for the Mann Group
Klaus-Joachim Wolfgang Krauth	Profession: Santo Holding GmbH, head of family office Relevant work experience: 2003 – 2005: Hexal AG, CFO 2001 – 2003: TeraGate AG, CFO 1999 – 2001: Giesecke & Devruent Americ Inc., vice president and CFO 1992 – 1999: Giesecke & Devrient GmbH, controller 1988 – 1992: Arthur Andersen & Co, consultant 1986 – 1988: Nixdorf Computer AG, employee software department
Rudolf Lutz	Profession: Employee, IVG Immobilien AG Relevant work experience: -
Klaus R. Müller	Profession: Lawyer/company lawyer of Mann Immobilien-Verwaltung Aktiengesellschaft Relevant work experience: 1980 – 1986: Lawyer at law firm in Karlsruhe 1986 – 1990: Vice section head of the department “law and contracts” at the Mann Group 1990 – 1992: Company lawyer responsible for the real estate companies of the Mann Group
Thomas Neußer-Eckhoff	Profession: Technical asset manager IVG, Asset Management GmbH Relevant work experience: 1996 – 2007: Technical property manager at Oppenheim Immobilien-Kapitalanlagegesellschaft mbh 1995 – 1996: Freelance architect 1993 – 1995: Architect in regular (deputy office manager) Architekturbüro Peter Dietz
Dr. Bernd Thiemann	Profession: Former CEO of DG Bank AG Relevant work experience: 1991 – 2001: Chairman of the management board, DG Bank AG 1981 – 1991: Chairman of the management board, Nord/LB 1976 – 1981: Member of the management board, Nord/LB

The members of the Supervisory Board can be contacted at the business address of IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn.

On May 21, 2008, the General Shareholders’ Meeting elected Mr. Frank F. Beelitz as new shareholder representative to the Supervisory Board.

On May 20, 2010, the General Shareholders’ Meeting elected Dr. Bernd Thiemann, Mr. Klaus R. Müller and Mr. Wolfgang Herr as new shareholder representatives to the Supervisory Board. Also, Mr. Detlef Bierbaum, as a shareholder representative, was re-elected to the Supervisory Board. Mr. Thomas Neußer-Eckhoff succeeded Mr. Claus Schäffauer as an employee representative on the Supervisory Board, Mr. David C. Günther and Mr. Rudolf Lutz were reelected as employee representatives to the Supervisory Board.

On May 18, 2011, the General Shareholders' Meeting elected Mr. Klaus-Joachim Wolfgang Krauth as new shareholder representatives to the Supervisory Board.

On June 21, 2010, a Company shareholder filed an action in rescission/for declaration of nullity (*Anfechtungs- und Nichtigkeitsklage*) against the re-election of Mr. Bierbaum. This action was rejected by the Regional Court of Cologne (*Landgericht Köln*) as the court of first instance on November 26, 2010. Upon the claimant's appeal against this ruling, the Higher Regional Court of Cologne (*Oberlandesgericht Köln*) has held on July 28, 2011 that the re-election of Mr. Bierbaum was null and void based on the grounds that certain shareholder questions had not been answered sufficiently during the General Shareholders' Meeting on May 20, 2010. The holding of the Higher Regional Court of Cologne is not final and binding since the Company has requested that a further appeal against that holding to the German Federal Supreme Court (*Bundesgerichtshof*) be permitted. The German Federal Supreme Court has not yet decided upon this request.

19.2.3 Remuneration of members of the Supervisory Board

Section 16 of the Articles of Association of the Company regulates the remuneration of the members of the Supervisory Board. It takes into account the responsibilities and scope of activities of the Supervisory Board members as well as the economic situation of the Company. Upon recommendation of the Management Board and the Supervisory Board, the remuneration system was amended by resolution of the General Meeting on May 20, 2010. The fixed annual remuneration of the Supervisory Board members was supplemented with an attendance fee. The variable remuneration previously based on the consolidated result per share was linked to the development of the company's share price against the "FTSE EPRA/NAREIT Developed Europe Index".

The members receive an annual fixed remuneration of EUR 20,000.00 plus a variable remuneration as calculated below. The Chairman receives twice the fixed and variable remuneration, the Deputy Chairman one and a half times the fixed and variable remuneration. Members of the Supervisory Board who belong to the Audit Committee receive an additional fixed annual remuneration of EUR 4,000.00, while members of the Supervisory Board who belong to another committee (except for the Nomination Committee) receive an additional fixed annual remuneration of EUR 2,500.00. The chairman of a Supervisory Board committee receives double the additional fixed remuneration. In addition, the members of the Supervisory Board receive an attendance fee of EUR 1,000.00 per meeting of the Supervisory Board or the Audit Committee physically attended. They also receive variable remuneration, the amount of which depends on the development of the Company's share price compared with the FTSE EPRA/NAREIT Developed Europe Index during a two-year reference period. The reference period is always two years and ends on December 31 of the year during which the respective Supervisory Board members have been elected. On each following December 31 another two year-reference period ends for each Supervisory Board member who is still a Supervisory Board member in such year. For any Supervisory Board members, the last reference period ends on December 31 of that year during which the Supervisory Board members' office terminates.

The variable remuneration is calculated as follows: If the share price of the Company performs worse than the EPRA index during the reference period, the Supervisory Board members receive no variable remuneration. If the share price of the Company performs better than the EPRA index during the reference period, the Supervisory Board members receive variable remuneration calculated by multiplying the target remuneration of EUR 10,000.00 with a set multiplier that depends on the average annual deviation between the development of the share price of the Company and the EPRA index. This multiplier varies between 1 and 2.

Members of the Supervisory Board also receive a reimbursement of their out-of-pocket expenses for each Supervisory Board or committee meeting.

The remuneration of the Supervisory Board totaled EUR 387,887.32 in 2010 (2009: EUR 230,000.00). The variable remuneration was recognized as share-based remuneration at fair value at the date it was granted.

The following tables provide an overview of the remuneration of the Members of the Supervisory Board for the financial year 2010:

in EUR	Fixed remuneration[1]	Fair value at time of issue of the variable remuneration granted in 2010	Total remuneration
Detlef Bierbaum (Chairman)	51,000.00	19,536.00	70,536.00
Frank F. Beelitz (Deputy Chairman)	43,693.15	14,652.00	58,345.15
Dr. Hans Michael Gaul	30,346.57	9,768.00	40,114.57
David L. Günther	26,547.95	9,768.00	36,315.95
Wolfgang Herr	21,778.08	8,105.71	29,883.79
Dr. Eckard John von Freyend	5,698.63	1,243.73	6,942.36
Matthias Graf von Krockow	6,575.34	1,435.07	8,010.41
Rudolf Lutz	30,346.57	9,768.00	40,114.57
Friedrich Merz	8,630.13	1,674.25	10,304.38
Klaus R. Müller	18,931.51	8,105.71	27,037.22
Thomas Neußer-Eckhoff	17,383.56	8,105.71	25,489.27
Claus Schäffauer	8,630.13	1,674.25	10,304.38
Dr. Bernd Thiemann	16,383.56	8,105.71	24,489.27
Total	**285,945.18**	**101,942.14**	**387,887.32**

1 Including attendance fees.

Members of the Supervisory Board do not receive pension benefits.

19.3 Shares held by members of the Management Board and members of the Supervisory Board

The following table shows the number of shares in the Company which are held by members of the Management Board or members of the Supervisory Board as of the date of this Prospectus. Members of the Management Board or the Supervisory Board not mentioned in the table do not hold any shares in IVG.

Name	Shares in IVG
Dr. Hans V. Volckens	5,000 shares
Detlef Bierbaum	160,000 shares Convertible bonds (nominal amount of EUR 3 million)
Frank F. Beelitz	5,000 shares Convertible bonds (nominal amount of EUR 200,000.00)
David C. Günther	253 shares
Rudolf Lutz	345 shares
Klaus R. Müller	2,500 shares
Thomas Neußer-Eckhoff	745 shares

19.4 Certain information regarding members of the Management Board and the Supervisory Board

In the last five years, no current member of the Management Board or the Supervisory Board has been convicted of fraudulent offences. Nor have there been any public incriminations or sanctions with respect to members of the Management Board or the Supervisory Board brought by statutory or regulatory authorities (including designated professional bodies).

In the last five years, no current member of the Management Board or the Supervisory Board was subject to insolvency, administration or liquidation in connection with his activities as a member of an administrative, management or supervisory body or as a member of senior management.

No court has ever disqualified a current member of the Management Board or the Supervisory Board from acting as a member of an administrative, management or supervisory body of a company or from acting in the management or conducting the affairs of any issuer.

As of the date of this Prospectus, there are no family relationships between the members of the Management Board or the members of the Supervisory Board nor between the members of the Management Board and the members of the Supervisory Board.

There are no service contracts between the Company or any of its subsidiaries and members of the Supervisory Board or the Management Board of the Company which provide for benefits at the end of the employment relationship. However, IVG has agreed to offer Dr. Schäfers a 10-year advisory contract in the event that he leaves the Company at the end of his term of appointment on December 31, 2014 as a member of the Management Board of IVG and re-assumes his position as a C-4 Professor at the University of Regensburg. It is envisaged that such advisory contract will allow Dr. Schäfers' extensive know-how and expertise in the areas of corporate management, real estate and capital markets to be preserved for the Company following a possible departure.

The members of the Management Board as well as the members of the Supervisory Board are not subject to any potential conflicts of interests regarding their obligations towards the Company on the one hand and their private interests or other obligations on the other hand.

19.5 General Shareholders' Meeting

Convening the meeting and announcement of the agenda

According to section 18 para. 1 of the Articles of Association of the Company, the General Shareholders' Meeting of the Company shall be held at the registered office of the Company or at the registered office of one of the German stock exchanges. According to the AktG, the annual ordinary General Shareholders' Meeting shall be held within the first eight months of each financial year. The General Shareholders' Meeting will also be convened if the welfare of the Company so requires, or if shareholders whose aggregate shares constitute 5% of the share capital demand a meeting in writing stating the purpose and reasons for the meeting.

Unless a shorter period of time is prescribed by law, notice of the General Shareholders' Meeting must be made at least 30 days prior to the last day before the General Shareholders' Meeting. This period of time is prolonged according to section 123 para. 2 sentence 5 of the AktG.

Section 19 of the Articles of Association of the Company provides that only shareholders who register themselves with the Company before the General Shareholders' Meeting and present proof of their shareholdings by way of a certification of the depositary credit or financial institution in text form in German or English are authorized to participate in the General Shareholders' Meeting and to exercise voting rights. The certification must refer to the beginning of the 21st day prior to the meeting. Registration and certification must be received by the Company at the address specified for this purpose in the notice of convening no later than six days before the meeting. The date of receipt is not counted.

Responsibility and adoption of resolutions

The General Shareholders' Meeting may adopt resolutions regarding, in particular, the distribution of net retained profits, the discharge of the Management Board and the Supervisory Board, the selection of the independent auditors and, in the cases prescribed by law, the approval of the annual financial statements.

Unless otherwise required by mandatory statutory provisions, section 21 para. 2 of the Articles of Association provides that resolutions of the General Shareholders' Meeting are adopted by a simple majority of the votes cast and, if the law requires a majority of the capital in addition to a majority of the votes, resolutions of the General Shareholders' Meeting are adopted by a simple majority of the share capital represented at the adoption of the resolution.

In accordance with the AktG, resolutions of fundamental importance additionally require a majority of at least three quarters of the share capital represented at the adoption of the resolution. Resolutions of fundamental importance in particular include the following:

- amendments to the Articles of Association;
- capital increases with exclusion of subscription rights;
- share capital reductions;
- the creation of authorized capital or contingent capital;
- the execution of intercompany agreements (such as for example controlling agreements and profit/loss transfer agreements);
- changes of legal form, mergers and other measures of corporate reorganization under the *Umwandlungsgesetz* (UmwG – German Reorganization Act); as well as
- the dissolution of the Company.

Entitlement to participate in the General Shareholders' Meeting and shareholders' rights at the General Shareholders' Meeting

Each no-par value ordinary bearer share shall be entitled to one vote at the General Shareholders' Meeting pursuant to section 21 para. 1 of the Articles of Association.

Every shareholder has a right to ask questions and to speak at the General Shareholders' Meeting, which may be subject to certain restrictions, particularly with respect to the confidentiality concerns of the Company and its interest in the orderly and expeditious progress of the General Shareholders' Meeting. Section 20 para. 3 of the Articles of Association of the Company provides that the Chairman of the General Shareholders' Meeting is entitled to impose reasonable time restrictions on the shareholders' rights to ask questions and to speak. Above all, he may at the commencement or during the course of the General Shareholders' Meeting set reasonable time limits for the entire General Shareholders' Meeting, for the period of discussion on any individual agenda items and for presenting any individual questions and speeches.

19.6 Corporate governance

The Government Commission on the German Corporate Governance Code (*Regierungskommission deutscher Corporate Governance Kodex*) appointed by the Federal Minister of Justice (*Bundesministerin für Justiz*) in September 2001 adopted the German Corporate Governance Code (the "**Code**") on February 26, 2002 and, most recently, adopted various amendments to the Code on May 26, 2010. The Code provides recommendations and suggestions on managing and supervising listed German companies. In doing so, it is based on recognized international and national standards for good and responsible corporate governance. The purpose of the Code is to make the German corporate governance system transparent and comprehensible. The Code contains recommendations and suggestions on corporate governance with respect to shareholders and the general shareholders' meeting, the management board, the supervisory board, transparency, accounting and auditing.

There is no legal obligation to comply with the recommendations and suggestions of the Code. Section 161 of the AktG merely requires the management board and supervisory board of a listed company annually to either make a declaration that the company has been and will be in compliance with the recommendations of the Code or to state which recommendations have not or will not be applied and why. The declaration is to be made permanently available on the website of the company and in the management report of the company as a part of the declaration on corporate governance. A company may deviate from the suggestions made in the Code without disclosing this. On November 16, 2010, the Management Board and the Supervisory Board of the Company most recently issued the following declaration of compliance with the Code required by section 161 of the AktG:

"IVG Immobilien AG fully complies with the recommendations made by the 'Government Commission on the German Corporate Governance Code', as amended on 26 May 2010. Since its last Declaration of Compliance on 12 November 2009, IVG Immobilien AG has complied with all the recommendations of the Code, as amended on 18 June 2009. Since 2 July 2010 (date of announcement of the current Code in the electronic version of the Federal Gazette), IVG Immobilien AG has been in compliance with all the recommendations made in the Code, as amended on 26 May 2010."

As of the date of this Prospectus, the Company is in compliance with the recommendations of the Code in the scope declared in the Declaration of Compliance by the Management Board and the Supervisory Board of November 16, 2010.

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20. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

This section summarizes certain major taxation principles under German law which are or may become relevant in connection with the acquisition, holding or transfer of the shares and subscription rights. The information herein does not purport to be exhaustive and does not provide a complete explanation of all possible relevant tax issues in this area. The summary is based on current German tax law, including typical provisions from double taxation treaties concluded between the Federal Republic of Germany and other states. It should be considered that the current law may – under certain circumstances even retroactively – be changed.

Potential investors should consult their tax advisor with regard to tax consequences which may arise in connection with the purchase, receipt, holding and sale or transfer by way of inheritance or gift of the shares and subscription rights. The same applies to rules regarding a potential refund of German withholding tax (Kapitalertragsteuer). The specific tax situations of the individual shareholder can only be considered in a sufficient manner by means of individual professional tax advice.

20.1 Taxation of the Company

German corporations are, in principle, subject to corporate income tax (*Körperschaftsteuer*) in respect of their taxable income at a uniform rate of 15% for distributed and retained profits, plus a solidarity surcharge (*Solidaritätszuschlag*) of 5.5% thereon (in total 15.825%).

Economically, 95% of the dividends or other profit shares which the Company receives from German or foreign corporations are exempt from corporate income tax. The remaining 5% of the respective revenues are deemed non-deductible business expenses and, therefore, are subject to corporate income tax (plus solidarity surcharge). The same applies to capital gains of the Company from the sale of shares in another German or foreign corporation. However, such an exemption from taxation does, inter alia, not apply with respect to shares acquired for the purposes of realizing short-term capital gains from share-trading if and to the extent the Company qualifies as a financial enterprise (*Finanzunternehmen*) within the meaning of the *Kreditwesengesetz* (KWG – German Banking Act) whose main purpose is the purchasing and holding of participations (see section "*– Taxation of shareholders – Special rules for companies in the financial and insurance sectors*").

In addition, corporations are subject to trade tax (*Gewerbesteuer*) with respect to their trade earnings (*Gewerbeertrag*) from permanent establishments in Germany (*inländische Betriebsstätten*). Generally, trade tax ranges from 7% to 17% of the taxable trade earnings, depending on the trade tax assessment rate (*Gewerbesteuerhebesatz*) set by the local municipalities in which the Company maintains its permanent establishments. Trade tax cannot be deducted as a business expense at the level of a corporation for corporate income tax purposes. In principle, the trade earnings are determined as the taxable income for corporate income tax purposes, but certain add-backs and shortages apply.

For trade tax purposes, dividends and other shares in profits received from German or foreign corporations as well as capital gains from the sale of shares in another corporation are generally treated in the same way as for corporate income tax purposes. However, dividends and other shares in profits are in principle economically 95% exempt from trade tax only if the Company holds at least 15% (10% in case of EU companies within the meaning of Article 2 of the Council Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended, (the "**Parent-Subsidiary Directive**") of the registered share capital (*Grundkapital* or *Stammkapital*) of the distributing corporation at the beginning and in case of a participation in a foreign corporation since the beginning of the relevant tax assessment period. Otherwise, profit distributions are fully subject to trade tax. With respect to dividends and other shares in profits received from foreign corporations, further restrictions apply.

Under the so-called interest barrier rules (*Zinsschranke*), the tax deductibility of interest expenses may be limited. Accordingly, the net interest expenses of the respective business year are, in general, only tax deductible up to 30% of the earnings before interest, taxes, depreciation and amortization ("**EBITDA**") for tax purposes. However, exceptions may be available from such limitation. In particular, if the annual net interest expense of a business is below EUR 3,000,000.00 p.a., the interest expense would be fully deductible. Non-deductible interest expenses and unused amounts of EBITDA may under certain requirements be carried forward into the following business years.

The Company may use tax loss carry forwards only up to EUR 1.0 million to fully offset positive income of a tax assessment period that is subject to the corporate income tax or trade tax. Tax loss carry forwards in excess of EUR 1.0 million can only be deducted in an amount up to 60% of the amount exceeding EUR 1.0 million (so-called minimum taxation, *Mindestbesteuerung*). In addition, for corporate income tax purposes losses in an amount of up to EUR 511,500.00 can be carried back for one year and deducted from the taxable income of such previous year. Unused tax loss carry forwards can be carried forward indefinitely and may in principle be used in future tax assessment periods to offset within the described 60% limitation against taxable income. If within five years more than 50% of the subscribed capital, the participation or voting rights are transferred, whether directly or indirectly, to an acquiring party, affiliates or a group of acquirers with aligned interests, unused tax loss carry forwards as well as interest and EBITDA carry forwards will generally be fully forfeited and losses accrued until the transfers as well as non-deductible interest expenses of the relevant business year cannot be used to offset future profits. In case of a transfer of more than 25% and up to 50% of the shares or voting rights, the carried forward and current losses as well as interest expenses and interest and EBITDA carry forwards will, generally, be forfeited only in the proportion to the transferred shares or voting rights. The same rules apply to the capital increase if and to the extent it changes the (capital) shareholding structure of the Company. However, in either case, the unused loss carry forwards can still be utilized, if and to the extent the unused loss carry forwards do not exceed the full or proportional amount of the hidden reserves of the German business assets of the Company at the time of the harmful transfer.

20.2 Taxation of shareholders

With respect to the taxation of shareholders, a distinction has to be made between the taxation in connection with the holding of shares (taxation of dividends), the sale of shares and subscription rights (taxation of capital gains) and the gratuitous transfer of shares and subscription rights (inheritance and gift tax). With effect for the tax assessment period 2009, taxation of shareholders has been changed by introduction of a special flat tax rate of 25% (*Abgeltungsteuer*) (the "**Flat Tax**") as well as by other related substantial changes in the income tax law. The following section describes the tax law applicable to shares or subscription rights acquired in the tax assessment period 2010 or later.

20.2.1 Taxation of dividends

The Company must withhold and remit to the German tax authorities a withholding tax (*Kapitalertragsteuer*) in the amount of 25% on dividends it distributes plus a solidarity surcharge of 5.5% on the amount of the withholding tax (a total of 26.375%). Where applicable, church tax due may be withheld and remitted upon application of the individual taxpayer (generally) vis-à-vis a domestic credit institution, domestic financial services provider, domestic broker or a domestic security trading bank (including domestic branches of such foreign institutions) or the sale is conducted by such institution which credits or disburses the proceeds from the sale (the "**Domestic Paying Agent**"). The assessment basis for the withholding tax is the dividend resolved by the General Meeting.

The withholding tax is in principle withheld irrespective of whether and to what extent the dividend is tax exempt at the level of the shareholder and whether the shareholder is a resident in Germany or abroad.

Upon application and subject to certain conditions, withholding tax on dividends which are distributed to a company (parent company) that is resident in another member state of the EU within the meaning of Article 2 of the Parent-Subsidiary Directive, may be waived (*Freistellung im Steuerabzugsverfahren*).

Dividend payments, for which an amount of the special contribution account for tax purposes (*steuerliches Einlagekonto*) is deemed to be used, are subject to tax as capital gains only if and to the extent the payments exceed the acquisition cost or respectively the tax book value of the shares.

Most recently, the German legislator passed new rules with respect to the withholding of withholding taxes. These amendments relate to dividends paid (i) in connection with shares, which are held in collective custody (*Girosammelverwahrung*) within the meaning of section 5 of the *Depotgesetz* (DepotG – Germany Custody Act) or in individual safe custody (*Streifbandverwahrung*) within the meaning of section 2 sentence 1 of the DepotG or (ii) in an over the counter scenario, i.e., against delivery of the dividend coupon. These amendments will take effect with respect to dividends paid after December 31, 2011. In these scenarios, the Company paying the dividend will be released from its obligation to withhold any withholding taxes on the dividend. Such obligation will be assumed by the financial institution holding the shares in custody or which pays the dividends, which, in case of a payment to a foreign account, is the last domestic institution.

20.2.1.1 Taxation of shareholders resident in Germany

(i) Shares held as private assets

In the case of individuals who are subject to unlimited taxation (*unbeschränkte Steuerpflicht*) in Germany and hold shares as private assets (*Privatvermögen*), dividends are subject to individual income tax as capital income at the Flat Tax plus a solidarity surcharge of 5.5%, i.e., a total of 26.375% and, where applicable, church tax.

Generally, the Flat Tax on dividends is deducted from the taxable capital income by way of withholding tax by the Company. By this withholding, usually, the income tax on the dividends is satisfied, i.e., such income does not need to be included in the personal income tax return of the shareholder – subject to certain declaration obligations regarding church tax (see section "– *Other taxes*").

If the capital income has been subject to the withholding tax, the shareholder may – upon application – include such income in his income tax return, e.g., in order to utilize unused amounts of the general saver's allowance (*Sparer-Pauschalbetrag*) or a loss carry forward, credit foreign taxes or to avoid the application of the withholding tax based on a lump sum substitute basis (*Ersatz-Bemessungsgrundlage*). In cases where such income is declared and transferred into the assessment procedure the income tax will still be applied at the Flat Tax plus the solidarity surcharge and church tax, if applicable, but not at the individual, progressive income tax rate.

In the assessment procedure and upon application vis-à-vis the Domestic Paying Agent in the withholding procedure as well, a saver's allowance in the amount of EUR 801.00 (or EUR 1,602.00 for married couples filing jointly) per annum can be deducted from the capital income. Expenses actually incurred to generate the income (*Werbungskosten*) cannot be deducted.

The shareholder may apply for a so-called most-favored-test (*Günstigerprüfung*) and thus achieve that the capital income is not subject to the Flat Tax, but to the individual progressive income tax rate, if this leads to a lower tax burden regarding the capital income. Regarding an application for a most-favored-test, further details need to be taken into consideration. Withholding taxes amounting to 26.375% (including solidarity surcharge) withheld by the Company will be credited against the respective individual income tax liability of the shareholding or refunded to the extent of a potential overpayment in such a scenario.

Furthermore, upon application, the Flat Tax will not be applied to a shareholder, who directly or indirectly either (i) holds at least 25% of the registered share capital of the Company or (ii) holds at least 1% of the registered share capital of the Company and is simultaneously an employee of the Company; regarding such applications, further details need to be taken into consideration.

If the Flat Tax is not applicable due to the reasons mentioned in the previous paragraph, 60% of the dividends are subject to taxation (partial income system, *Teileinkünfteverfahren*). These 60% of the dividends are subject to the individual progressive income tax rate (up to the maximum rate of currently 45%) plus a solidarity surcharge in the amount of 5.5% (at the maximum rate of currently 45% that would result in a combined maximum rate of currently 47.475%) and church tax, if applicable. Expenses economically connected with these dividends are tax-deductible only at 60% of these expenses. The saver's (tax-free) allowance is not additionally granted.

(ii) Shares held as business assets

If the shares are held as business assets, taxation depends on whether the shareholder is a corporation, sole proprietor, commercial or commercial tainted partnership (*Mitunternehmerschaft*).

Withholding taxes amounting to 26.375% (including solidarity surcharge) withheld by the Company will be credited against the respective individual income or corporate income tax liability of the shareholder or refunded to the extent of a potential overpayment. The Flat Tax is not applicable in the assessment procedure.

(1) Corporations

Dividends received by corporations resident in Germany are – except for certain exemptions for enterprises of the financial and insurance sectors (see section "*– Special rules for companies in the financial and insurance sectors*") – in principle economically exempt from corporate income tax and solidarity surcharge to the amount of 95%. 5% of the dividends are deemed non-deductible business expenses and are therefore subject to corporate income tax (plus solidarity surcharge). Otherwise, business expenses actually incurred in connection with the dividends may be deducted to the full amount. A minimum participation or minimum holding period is not required. Dividends are, however, generally fully subject to trade tax after deduction of business expenses economically related to the dividend, unless the corporation holds at least 15% of the registered share capital of the Company at the beginning of the tax assessment period. In this case, only economically 5% of the dividends – accordingly to corporate income tax – are subject to trade tax.

(2) Sole proprietors (individuals)

If the shares are held as business assets of a sole proprietor, 60% of the dividends are considered as income for the purposes of income taxation and are subject to the individual income tax rate (including solidarity surcharge currently 47.475% and plus church tax, if applicable). Business expenses economically related to such dividends are deductible only at 60% of such expenses. In addition, the dividends are fully subject to trade tax if the shares are attributable to a permanent establishment of a commercial business in Germany, but not if the taxpayer held at least 15% of the share capital of the Company at the beginning of the relevant tax assessment period. In principle, trade tax will be credited against the shareholder's individual income tax on a lump sum basis.

(3) Partnerships (*Mitunternehmerschaft*)

If the shareholder is a partnership, individual income or corporate income tax is only levied at the level of the respective partner of the partnership. Taxation of each partner depends on whether the partner is a corporation or an individual.

If the partner is a German resident corporation, economically 95% of dividends are, in principle, exempt from taxation (see also section "*– Corporations*" above). If the partner is an individual residing in Germany, 60% of dividends are subject to income tax plus solidarity surcharge (see also section "*– Sole proprietors (individuals)*").

If the shares are attributable to a permanent establishment in Germany as business assets, the dividend income is in general subject to trade tax in full at the level of the partnership irrespective of whether corporations or individuals are involved as partners. If however, the partnership holds at least 15% of the share capital of the Company at the beginning of the relevant taxation period, economically only 5% of dividend payments are subject to trade tax to the extent corporations are partners of the partnership. If and to the extent individuals are partners of the partnership and the partnership holds at least 15% of the share capital of the Company at the beginning of the relevant tax assessment period, the net dividend, i.e., dividend reduced by expenses in direct connection with the dividend, is fully exempted from trade tax. If the partnership holds less than 15% of the distributing Company's share capital, individuals will be credited fully or partially against their individual income tax liability on a lump-sum tax basis for any trade tax incurred by the partnership, if and to the extent the trade tax is attributable to such partner.

Special rules for credit institutions, financial services providers, financial enterprises as well as life-insurance and health-insurance enterprises and pension funds as specified in section "*– Special rules for companies in the financial and insurance sectors*" apply.

20.2.1.2 Taxation of non-resident shareholders

Shareholders (individuals or corporations) resident outside of Germany and holding shares as business assets in a permanent establishment or fixed base of business in Germany or as business assets for which a permanent representative in Germany has been appointed, are subject to German taxation on their individual income. The above statements with respect to German residents holding the shares as business assets insofar apply accordingly.

If shareholders not residing in Germany for tax purposes hold the shares neither as business assets of a permanent establishment or fixed base in Germany nor as business assets for which a permanent representative has been appointed in Germany, a potential German tax liability will be satisfied by way of withholding tax.

If the shareholder is a corporation subject to the non-resident limited tax liability, two-fifths of the withheld and remitted withholding tax and the solidarity surcharge will, subject to certain conditions, be refunded by the German Federal Central Tax Office (*Bundeszentralamt für Steuern, An der Köppe 1, 53225 Bonn*) upon application under an officially provided form. The refund requires that the shareholder does not fall within the scope of the anti-abuse rule as set out in section 50d para. 3 of the *Einkommensteuergesetz* (EStG – German Income Tax Act).

The withholding tax rate for distributions to such non-resident shareholders may be reduced in accordance with the provisions of a potentially applicable double taxation treaty or under the Parent-Subsidiary Directive. In principle, a withholding tax reduction is granted in such a manner that the difference between the total amount withheld including the solidarity surcharge and the withholding tax which is actually due in accordance with the applicable double taxation treaty (normally 15%) or if applicable under the Parent-Subsidiary Directive (0%) is refunded, upon application, by the German Federal Central Tax Office. Forms for the refund procedure can be obtained from the German Federal Central Tax Office (www.bzst.bund.de) and from German embassies and consulates. The refund requires that the shareholder does not fall within the scope of the anti-abuse rule set out in section 50d para. 3 of the EStG.

20.2.2 Taxation of capital gains

20.2.2.1 Shareholders resident in Germany

(i) Shares/subscription rights held as private assets (acquisition after December 31, 2008)

Capital gains earned from the sale of shares (acquired after December 31, 2008) are income from capital investment and thus fully subject to taxation, irrespective of any holding period. A sale in this sense encompasses also redemption, repayment, assignment or hidden contribution of the shares into a corporation.

If the shares are held in custody or administered by the Domestic Paying Agent, the Domestic Paying Agent has to withhold and to remit the Flat Tax (including solidarity surcharge and if applicable – upon application of the shareholder – church tax from the capital gain by way of withholding tax from the taxable capital investment income. Regarding the withholding mechanism and the applicable tax rates, the corresponding information regarding withholding tax on dividends as discussed in section "*– Taxation of dividends – Taxation of shareholders resident in Germany – Shares held as private assets*" apply accordingly. In these cases, the income tax for capital income is generally satisfied with the withholding of tax, i.e., parts of the income need not to be filed in the respective tax return of the shareholder subject to potential declaration obligations regarding church tax (see section "*– Other taxes*"). The possibility to transfer capital income – upon application – into the assessment procedure as well as the possibility for a most-favored-test (*Günstigerprüfung*) corresponds to those set out above in connection with dividends (see section "*– Taxation of dividends – Taxation of shareholders resident in Germany – Shares held as private assets*").

If shares are in the custody of a foreign paying agent and no withholding tax on capital gains is applied, the capital gains must be declared in the assessment procedure.

The above discussed principles are also applicable to the sale of subscription rights. The acquisition costs of the subscription rights are taken into account upon the sale generally at EUR 0 and the Flat Tax will be determined based on the proceeds from the sale.

From the total amount of capital investment income (dividends, interest, certain liquidation proceeds, revenue from silent partnerships, capital gains etc.) a saver's allowance

(*Sparer-Pauschbetrag*) can be deducted in the amount of EUR 801.00 (or EUR 1,602.00 for married couples filing jointly) which is assessed per annum. There must be no deduction of expenses actually incurred.

Losses from the sale of shares in stock corporations may solely be off-set against capital gains from the sale of shares in stock corporations, but not against other capital income, e.g., dividends, and also not against income of any other kind (limitation of loss utilization, *Verlustverrechnungsbeschränkung*). Losses from the sale of shares in stock corporations not yet off-set can only be carried forward to future tax periods but not carried back to preceding tax periods. These amounts are assessed separately.

Losses from the sale of subscription rights can only be off-set against capital income, e.g., received dividends but not against income of any other kind. Losses from capital income not yet off-set, e.g., losses from the sale of subscription rights, can only be carried forward to future tax periods but not carried back to preceding tax periods. The amounts are also assessed separately.

Regarding subscription rights, the German tax authorities assume that they are acquired at the same time as the shares underlying them. If the shares underlying the subscription rights have been acquired before January 1, 2009 and therefore before the provisions regarding Flat Tax came into effect, the capital gain from a sale of such subscription rights (as well as the sale of the shares) would be tax exempt as the sale would occur after the one-year holding period has closed.

The German tax authorities do not consider the exercise of subscription rights held as private assets as a sale. At the time of the exercise of the subscription rights, the new shares are considered to be acquired for the subscription price.

The Flat Tax is not applicable to capital gains realized on a sale of shares or subscription rights, if a shareholder (individual), or in the case of a gratuitous transfer, the shareholder's legal predecessor, or if the shares have been gratuitously transferred several times in a consecutive manner one of its legal predecessors, directly or indirectly held at least 1% of the share capital of the Company at any time during the five years preceding the sale. The obligation of the Domestic Paying Agent to withhold the withholding tax (plus the solidarity surcharge and upon application also church tax, if applicable) remains unaffected by this.

If the Flat Tax is not applicable, 60% of the capital gains or capital losses from the sale of shares are subject to taxation or deductible respectively. Corresponding principles should apply with respect to capital gains from subscription rights. Taxation is effected with the specific progressive individual income tax rate (regarding tax rates see section "*– Taxation of dividends – Taxation of shareholders resident in Germany – Shares held as private assets*").

(ii) Shares/subscription rights held as business assets

If the shares or the subscription rights are a shareholder's business asset, taxation depends on whether the shareholder is a corporation, sole proprietor or partnership (*Mitunternehmerschaft*).

(1) Corporations

Except for certain exceptions regarding enterprises from the financial and insurance sector, capital gains (sale price reduced by tax book value and business expenses of the sale) from the sale of shares by taxable persons that are subject to corporate income tax are, in principle, exempt from trade tax and corporate income tax (including the solidarity surcharge) to the amount of economically 95% and irrespective of the amount of shares held or the holding period. 5% of the capital gain is considered a non-deductible business expense and, as such, is subject to corporate income tax (plus solidarity surcharge) and trade tax. Losses from the sale of shares and any other profit reductions related to such sale are not tax deductible.

However, capital gains from the sale of subscription rights are fully subject to corporate income tax (plus solidarity surcharge) and trade tax. As a consequence, losses from the sale of subscription rights and other profit reductions in this connection should generally be fully deductible. The exercise of subscription rights is not considered by the German tax authorities to be a sale of the subscription rights.

An existing Domestic Paying Agent is generally exempt from its obligation to withhold tax from the capital gain.

(2) Sole proprietors (individuals)

Capital gains from the sale of shares held as business assets by a sole proprietor being subject to unlimited taxation in Germany are subject to individual income tax plus solidarity surcharge (plus church tax, if applicable) and subject to trade tax, if the shares are attributable to a permanent establishment as business assets of a commercial business in Germany.

In the case of sale of shares, 60% of the capital gains are subject to income tax. 60% of the business expenses related to the capital gains are tax deductible (*Teileinkünfteverfahren*). Taxation applies at the individual progressive tax rate.

Likewise, only 60% of capital gains resulting from the sale of subscription rights should be subject to income tax (plus solidarity surcharge and church tax, if applicable) and trade tax. Correspondingly, only 60% of the losses realized from the sale of subscription rights or other connected profit reductions would be deductible. The exercise of subscription rights is not considered by the German tax authorities as a sale of subscription rights.

In principle, trade tax is credited as a lump sum fully or partially against the shareholder's individual income tax liability.

The Domestic Paying Agent is exempt from its obligation to withhold tax on capital gains, if the sole proprietor declares, using an official form, vis-à-vis the Domestic Paying Agent that the shares are held as German business assets. If withholding tax and solidarity surcharge have been withheld with respect to shares or subscription rights held as business assets, such withholding taxes have not the effect that the tax liability is satisfied, but these amounts will only be credited against the respective individual income tax liability of the seller or refunded to the extent of a potential overpayment by the withholding taxes.

(3) Partnerships (*Mitunternehmerschaft*)

If the shareholder is a partnership, individual income tax and corporate income tax, as the case may be, is levied only at the level of each partner. The taxation of each partner depends on whether the partner is a corporation or an individual.

If the partner is a corporation residing in Germany for tax purposes, capital gains from the sale of shares are in principle economically 95% tax exempt (see section "– *Corporations*"). If the partner is an individual residing in Germany, 60% of the capital gains from the sale of shares are subject to individual income tax plus solidarity surcharge and where applicable church tax (see section "*– Sole proprietors (individuals)*").

In addition, if the shares are attributable to a German permanent establishment of a commercial business of the partnership, the capital gain from the sale is generally subject to trade tax at the level of the partnership, with 60% of the gains being subject to trade tax if and to the extent the partners are individuals and in general economically 5% if and to the extent the partners are corporations. For the purposes of trade tax, capital losses and other profit reductions connected to the disposed shares are not taken into consideration, if and to the extent the partner is a corporation. However, if and to the extent the partner is an individual they will be taken into account at 60%. Furthermore, if and to the extent the partners are individuals, all or part of the trade tax the partnership pays is generally credited as a lump-sum against the individual partners' individual income tax.

If the partner is a corporation, capital gains realized from the sale of subscription rights are fully subject to taxation, i.e., corporate income tax (plus solidarity surcharge) (see section "*– Corporations*"). Therefore, losses from the sale of subscription rights and other related profit reductions should generally be fully tax deductible. If and to the extent the partner is an individual (see section "*– Sole proprietors (individuals)*"), only 60% of the capital gains from the sale of subscription rights should be subject to income tax (plus solidarity surcharge and church tax, if applicable). Accordingly, only 60% of the connected losses or profit reductions are tax deductible. Moreover, corresponding to the respective interest in the partnership and the respectively applicable exemptions from trade tax, the capital gains are subject to trade tax. The exercise of subscription rights is not considered a sale of subscription rights by the German tax authorities.

The Domestic Paying Agent is exempt from withholding tax on capital gains, if the partnership as creditor of the capital income declares on an official form vis-à-vis the Domestic Paying Agent that the shares are held as German business assets. If withholding tax and solidarity surcharge have been withheld with respect to shares or subscription rights held as business assets, such withholding taxes have not the effect that the tax liability is satisfied, but these amounts will only be credited against the respective individual income tax liability of the seller or refunded to the extent of a potential overpayment by the withholding taxes.

Special rules for credit institutions, financial services providers, financial enterprises as well as life-insurance and health-insurance enterprises and pension funds are described below under section "*– Special rules for companies in the financial and insurance sectors*".

20.2.2.2 Non-resident shareholders

If the shares or subscription rights are sold by a shareholder that is an individual and resident outside of Germany for tax purposes, and subject to taxation as a non-resident, who (i) holds the shares or subscription rights as business assets of a permanent establishment or fixed base in Germany or as business asset for which a permanent representative has been appointed in Germany or (ii) himself or in case of a gratuitous transfer any of his legal predecessors held directly or indirectly at least 1% of the share capital of the Company at any time during the five years preceding the sale, 60% of the realized capital gains are subject to income tax plus solidarity surcharge on the income tax liability. If in such a scenario the shares or subscription rights are attributable to a permanent establishment as business asset in Germany, the capital gain is also subject to trade tax in the respective amounts. Correspondingly, only 60% of any losses or other profit reductions in relation to the shares or subscription rights can be deducted as business expenses for tax purposes.

However, if the capital gain from the sale of shares in the above-mentioned scenarios (i) and (ii) is realized by a corporation not residing in Germany, the capital gain is in principle economically 95% exempt from trade tax (if applicable) and corporate income tax, except in cases of certain exemptions for corporations from financial and insurance sectors (see section "– *Special rules for companies in the financial and insurance sectors*"). Losses realized from a sale and other profit reductions related to the disposed shares may not be deducted as business expenses for tax purposes. Capital gains from the sale of subscription rights in scenario (i) and (ii) should be fully subject to corporate income tax and trade tax (if applicable); respective losses or other profit reductions related to the disposed subscription rights should be tax deductible.

Regarding the above-mentioned scenario (i) a potentially available Domestic Paying Agent is exempt from its obligation to withhold tax on capital gains if the shareholder declares on an official form vis-à-vis the Domestic Paying Agent that the shares are held as German business assets. If withholding tax and solidarity surcharge have been withheld with respect to shares or subscription rights held as business assets, such withholding taxes do not have the effect that the tax liability is satisfied, but these amounts will only be credited against the respective individual income tax liability of the seller or refunded to the extent of a potential overpayment by the withholding taxes.

Regarding the above-mentioned scenario (ii) most double taxation treaties provide for an exemption from German taxation.

According to the opinion of the German tax authorities regarding the above-mentioned scenario (ii) a Domestic Paying Agent is not obligated to withhold taxes.

20.2.3 Special rules for companies in the financial and insurance sectors

If and to the extent credit institutions (*Kreditinstitute*) or financial services providers (*Finanzdienstleistungsinstitute*) hold or sell shares that are allocable to their trading book (*Handelsbuch*) according to section 1 para. 1a of the KWG, the partial income system (*Teileinkünfteverfahren*) or the economically 95% exemption from corporate income tax and, if applicable, trade tax (as well as the respective exemption from the solidarity surcharge) do not apply to dividends or capital gains. The same applies to shares that are acquired by a financial enterprise (*Finanzunternehmen*) within the meaning of the KWG for purposes of realizing short-term capital gains for their own account. The preceding sentence applies accordingly to credit institutions, financial services providers and financial companies residing in another member state of the EU or another contracting state to the agreement on the European Economic Area. Capital gains from the sale of subscription rights by such institutions should be fully subject to corporate (plus solidarity surcharge) and trade tax, irrespective of a potential allocation to their trading book.

The economically 95% tax exemption from corporate income tax and, if applicable, trade tax also does not apply to dividends from shares which are attributable to the capital investments of life insurance and health insurance companies as well as capital gains from the sale of such shares or subscription rights. The same applies to pension funds.

However, an exception from the above the economically 95% tax exemption applies to dividends received by the above mentioned companies, if and to the extent the Parent-Subsidiary Directive applies.

20.2.4 Inheritance and gift tax

In principle, a transfer of shares or subscription rights to another person by way of gift or due to death is subject to German gift or inheritance tax only if:

(i) the testator, donator, heir, donee or other acquirer at the time the transfer was effected had his place of residence or ordinary residence in Germany, or held the German citizenship and had not lived abroad for a continuous period of more than 5 years without having a domicile in Germany; or

(ii) the shares or subscription rights belonged to the testator's or donator's business assets, for which a permanent establishment was maintained in Germany or a permanent representative was appointed; or

(iii) at the time of death or transfer by way of gift, the testator or donator alone, or jointly with other persons closely related to him, held a direct or indirect participation in the share capital of the German resident Company of at least 10%.

The few inheritance tax double taxation treaties currently in effect in Germany typically provide that German gift or inheritance tax is only payable under the circumstances specified under (i) and, with certain limitations, under the circumstances specified under (ii) above.

Special rules apply to certain German citizens who live abroad and former German citizens.

20.2.5 Other taxes

The purchase, sale or other disposition of shares or subscription rights is not subject to a German capital transfer tax, value added tax, stamp duty or similar taxation. Under certain circumstances, enterprises may, however, opt for value added tax in cases that would otherwise be exempt from value added tax. Currently, a wealth tax (*Vermögensteuer*) is not levied in Germany.

As of the tax assessment period 2009, shareholders being subject to church tax who hold shares or subscription rights as private assets may – upon application in writing vis-à-vis the Domestic Paying Agent – arrange that the Domestic Paying Agent will withhold the applicable amount of church tax (*Kirchensteuerabzug*). Regarding the application, further details need to be considered. With the withholding of the church tax, the church tax on the capital gain will be satisfied. The church tax paid in such withholding scenario cannot be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment. As a compensation, the Flat Tax will be reduced by 26.375% of the church tax due on the capital income.

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21. TAXATION IN THE GRAND DUCHY OF LUXEMBOURG

This section summarizes certain major taxation principles under Luxembourg law which are or may become relevant in connection with the acquisition, holding or transfer of the shares and subscription rights. The information herein does not purport to be exhaustive and does not provide a complete explanation of all possible relevant tax issues in this area. The summary is based on current Luxembourg tax law, including typical provisions from double taxation treaties concluded between Luxembourg and other states. It should be considered that the current law may – under certain circumstances even retroactively – be changed.

Potential investors should consult their tax advisor with regard to tax consequences which may arise in connection with the purchase, receipt, holding and sale or transfer by way of inheritance or gift of the shares and subscription rights. The same applies to rules regarding a potential refund of Luxembourg withholding tax. The specific tax situations of the individual shareholder can only be considered in a sufficient manner by means of individual professional tax advice.

21.1 Luxembourg taxation of shares of a non-resident company

The following information is of a general nature only and is based on the laws in force in Luxembourg as of the date of this Prospectus. It does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the offering and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. This summary is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to any change in law that may take effect after such date. Prospective shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Corporate shareholders may further be subject to net wealth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

21.2 Income tax

21.2.1 Taxation of income derived from shares and capital gains realized on shares/subscription rights by Luxembourg residents

21.2.2 Luxembourg resident individuals

Dividends and other payments derived from shares by resident individual shareholders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the progressive ordinary rate with a current top effective marginal rate of 41.34% depending on the annual level of income of individuals. For the year 2011, a one-off solidarity tax of 0.8% will be levied additionally. A tax credit may be granted for foreign withholding taxes, provided it does not exceed the corresponding Luxembourg tax. Under current Luxembourg tax law, 50% of the gross amount of dividends received by resident individuals from a company resident in another Member State of the EU and covered by Article 2 of the Parent-Subsidiary Directive, such as the Company, is exempt from income tax.

Capital gains realized on the disposal of shares/subscription rights by resident individual shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if shares/subscription rights are disposed of within six months after their acquisition or if their disposal precedes their acquisition. Participation is deemed to be substantial where a resident individual shareholder holds, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company. The same regime applies to subscription rights if a holder of subscription rights holds also a substantial participation of shares in the Company. A shareholder is also deemed to transfer a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the transferor (or the transferors in case of successive transfers free of charge within the same five-year period). Capital gains realized on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half-global rate method (that is, the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on a substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of shares/subscription rights.

Capital gains realized on the disposal of shares/subscription rights by resident individual shareholders, who act in the course of their professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the shares/subscription rights have been disposed of and the lower of their cost or book value.

21.2.3 Luxembourg fully-taxable residents and Luxembourg permanent establishments of foreign companies

Unless benefiting from a special tax regime, dividends and other payments made by the Company to a Luxembourg resident fully-taxable company are subject to corporation taxes at the global rate of 28.80%. Under current Luxembourg tax law, 50% of the gross amount of dividends received from a company resident in another Member State of the EU and covered by Article 2 of the Parent-Subsidiary Directive, such as the Company, is exempt from income tax. A tax credit may further be granted for foreign withholding taxes, provided it does not exceed the corresponding Luxembourg corporate tax on the dividends and other payments derived from shares of the Company.

However, dividends derived from shares of an entity covered by Article 2 of the Parent-Subsidiary Directive, such as the Company, may be exempt from income tax at the level of the shareholder if cumulatively, (i) the shareholder is (a) a fully taxable Luxembourg resident undertaking with a collective character, (b) a Luxembourg permanent establishment of an undertaking with a collective character covered by Article 2 of the Parent-Subsidiary Directive, (c) a Luxembourg permanent establishment of a company limited by share resident in a country having a tax treaty with Luxembourg or

(d) a Luxembourg permanent establishment of a company limited by share or a cooperative company resident in the European Economic Area other than an EU Member State, (ii) the shareholder has been holding or commits itself to hold the shares for an uninterrupted period of at least 12 months, (iii) during this uninterrupted period of 12 months the shares represent a participation of at least 10% in the share capital of the Company or a participation of an acquisition price of at least EUR 1.2 million and (iv) the dividend is put at its disposal within such period. Liquidation proceeds may be exempt under the same conditions. Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the assets of the transparent entity.

Capital gains realized by a Luxembourg fully-taxable resident company on shares are subject to corporation taxes at the global rate of 28.80%, unless the conditions of the participation exemption regime, as described above, are satisfied, except that the acquisition price must be at least EUR 6.0 million for capital gains purposes. Shares held through a tax transparent entity are considered as being a direct participation holding proportionally to the percentage held in the assets of the transparent entity.

Capital gains realized by a Luxembourg fully-taxable resident company on subscription rights are subject to corporation taxes at the global rate of 28.80%.

Taxable gains are determined as being the difference between the price for which the shares/subscription rights have been disposed of and the lower of their cost or book value.

21.3 Net wealth tax

Shares/subscription rights held by a Luxembourg fully-taxable resident company or a Luxembourg permanent establishment of a foreign company are subject to Luxembourg net wealth tax (*impôt sur la fortune*) ("**NWT**"), at the rate of 0.5% applied on its net assets as determined for NWT purposes. Net worth is referred to as the unitary value (*valeur unitaire*), as determined at January 1 of each year. The unitary value is basically calculated as the difference between (a) assets estimated at their fair market value (*valeur estimée de réalisation* or *Gemeiner Wert*) and (b) liabilities vis-à-vis third parties, unless one of the exceptions mentioned below are satisfied.

Unless benefiting from a special tax regime, Luxembourg NWT will be levied on the shares/subscription rights in the hands of a Luxembourg fully-taxable resident company or of a Luxembourg permanent establishment of a foreign company.

Further, in case of a company covered by Article 2 of the Parent-Subsidiary Directive, such as the Company, the shares may be exempt for a given year, if the shares represent at the end of the previous year a participation of at least 10% in the share capital of the Company or a participation of an acquisition price of at least EUR 1.2 million.

The NWT charge for a given year can be reduced if a specific reserve, equal to five times the NWT to save, is created before the end of the subsequent tax year and maintained during the five following tax years. The maximum NWT to be saved is limited to the corporate income tax amount due for the same tax year, including the employment fund surcharge, but before imputation of available tax credits.

21.4 Other taxes

Under Luxembourg tax law, where an individual shareholder is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, shares/subscription rights are included in his or her taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of shares/subscription rights, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

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22. REAL ESTATE VALUATION CONDENSED REPORTS

Real Estate Valuation Condensed Report 1 – JLL – Summary Valuation Report of IVG's portfolios in Germany, Italy and Spain

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25th November 2011

Dear Sirs and Madams

Summary Valuation Report
IVG Immobilien AG-portfolios in Germany, Italy and Spain

1 Introduction

We, Jones Lang LaSalle GmbH, were instructed by IVG Immobilien AG (the "**Company**"), by means of an engagement letter (the "**Engagement Letter**"), to carry out a valuation (the "**Valuation**") of the real estate assets (the "**Properties**") referred to in the attached property schedule (the "**Schedule**") in order to advise you of our opinion of the Market Value ("**Market Value**"), as at 30th September 2011 (the "**Valuation Date**"), of the freehold or leasehold interests (as appropriate) in each of the Properties. This report is dated 25th November 2011.

2 Compliance with Appraisal and Valuation Standards

We confirm that the Valuation has been made in accordance with the appropriate sections of the current Valuation Standards ("**VS**") contained within the Royal Institute of Chartered

Jones Lang LaSalle GmbH
International Real Estate Consultants
Sitz: Frankfurt am Main HRB NR. 13139
Zertifiziert nach ISO 9001
CEO: Andreas Quint

Surveyors ("**RICS**") Appraisal and Valuation Standards, 7th Edition (the "**Red Book**") and also defined by the International Valuation Standards Council in International Valuation Standard 1 (IVS 1) (8th Edition, 2007). This is an internationally accepted basis of valuation.

3 Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the Valuation acting as External Valuers, as defined in the RICS Red Book, qualified for the purpose of the Valuation.

Furthermore we confirm that Jones Lang LaSalle has acted as an Independent Valuer according to the definition of ESMA guidelines (ESMA (European Securities and Markets Authority) update of the CESR recommendations — The consistent implementation of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive, dated March 23, 2011).

In accordance with Valuation Standard 1.9 (RICS, Red Book) we confirm that we regularly value the subject properties on behalf of the Company for IFRS accounting purposes.

4 Purpose of the Valuation Report

We understand that this valuation report (the "**Valuation Report**") and the Schedule are required firstly, to confirm the Market Value of the Properties as at 30th September 2011 for the Board of the Company and secondly, for inclusion in a securities prospectus (the "**Prospectus**") concerning the capital increase of the Company (the "**Offer**"). Investors will rely on the Prospectus in making their decision to invest in the Company.

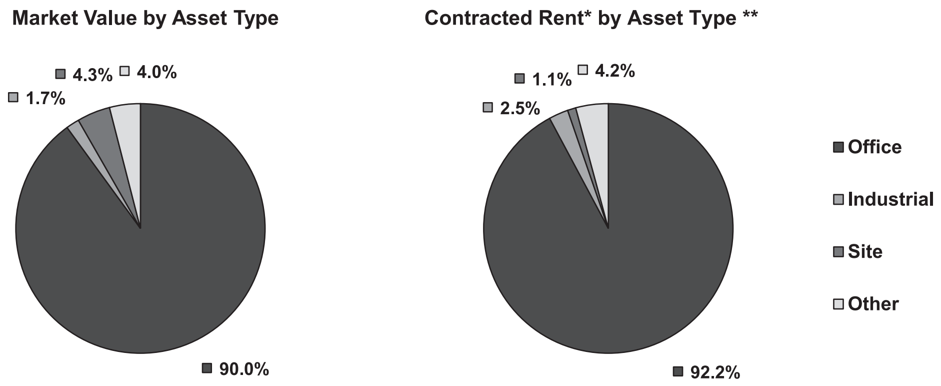
5 Analysis of the Portfolio

5.1 Portfolio by Countries

The subject portfolio comprises 178 Properties. 176 Properties are located in Germany and one Property in Italy and one Property in Spain. As the value of the non-German Properties is marginal (0.2% of the total volume valued in this report with an aggregate market value of € 7,410,000 and an annual rental income of approximately € 488,000 as of 30th September 2011), we have limited the following analysis to the portfolio located in Germany.

5.2 Property Categories Germany

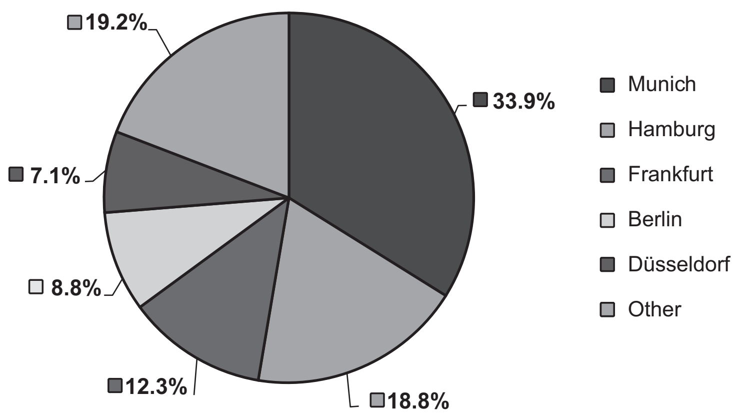
The German portfolio comprises 176 properties as at the date of valuation. The portfolio can be categorized into the following main use types: 111 office properties, 6 industrial properties, 46 developed and undeveloped sites (thereof 12 income producing) and 13 other miscellaneous real estate assets (one data centre, one hotel and conference centre, one kindergarten, one canteen, two parking garages, two specialised properties from the aerospace industry and five residential properties).



* Contracted Rent = initial monthly net income x12
Basis: Total Contracted Rent as at the Valuation Date: € 202m
(according to the definition in section 7.2 of this Valuation Report)

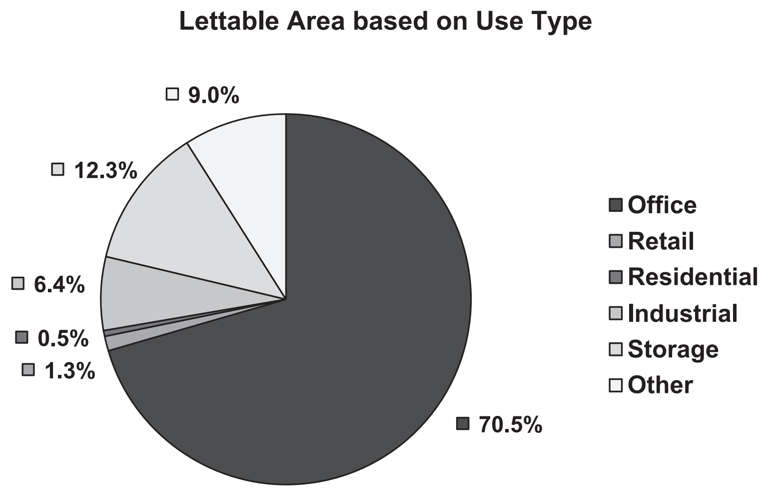
** rounded figures

5.3 Distribution of Market Value by Greater Conurbation Area*

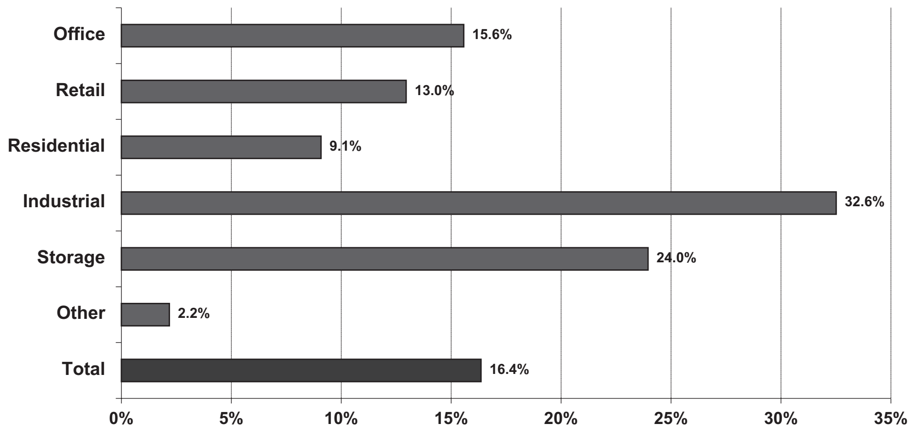


* the definition "Greater Conurbation Area" includes municipalities within a 15 km range beyond the principal city.

5.4 Lettable Area based on Main Use Type



5.5 Vacancy Rate* (as at 30th September 2011) by Use Type



* the calculation of the vacancy rate is based on Lettable Areas

6 Inspection of the Properties

We have inspected 150 Properties internally and externally at least once over the past 18 months prior to the Valuation Date and 26 Properties since the Valuation Date, but prior to the date of this report.

A detailed overview of the inspection dates per property is disclosed in the attached Schedule. None of the subsequent inspections revealed any material changes that have affected our opinion of Market Value on an individual property basis.

7 Basis of Valuation and Current Net Annualised Rent

7.1 Market Value

The value of each of the Properties has been assessed in accordance with the relevant parts of the Red Book. Under these provisions, the Market Value represents

> *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

In undertaking our Valuation on the basis of Market Value, we have considered the comments made by the International Valuation Standards Council, which are included in the Red Book standards. The RICS is of the opinion that the application of the Market Value definition provides the same result as the Open Market Value, a basis of value supported by previous editions of the Red Book. According to VS 3.2, paragraph 3.3;

> *"Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for associated taxes."*

The above definitions concur with that the concept of "Fair Value" defined by the currently valid International Financial Reporting Standards and the appropriate International Accounting Standard 40, paragraphs 1-86.

7.2 Contracted Rent (incl. Rental Guarantees)

The initial monthly income x12 (the "**Contracted Rent**"), for each of the Properties is referred to in the Schedule. Contracted Rent is defined for the purposes of this Valuation as

> *"The current net annualised rent generated by the Properties, including rental guarantees"*

(i) ignoring any special receipts or deductions arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) excluding charges to tenants.

The Schedule also includes the respective Market Rent of each of the Properties. The Market Rent is assessed in accordance with VS 3.3, which has been approved by the International Valuation Standards Committee. Under these provisions, the Market Rent represents

> *"The estimated amount for which a property, or space within a property, should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

In accordance with the above, where the Properties or parts thereof are vacant at the date of valuation, the rental value reflects the Market Rent that we consider obtainable on an open market letting for vacant areas as at the date of valuation.

In relation to the historic indexation of rents, we have relied on the information provided to us by the Company in the form of actual rent rolls.

7.3 Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposal (e.g. valuation gains) nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any potential liability to repay any government or other grants, or taxation allowance that may arise upon disposals.

8 Value Added Tax

The Market Values and Market Rents listed in this Valuation Report do not include the relevant Value Added Tax at the prevailing rate.

9 Assumptions and Sources of Information

An assumption is defined in the Glossary to the Red Book to be a "supposition taken to be true" ("**Assumption**"). Assumptions are

"Facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, needs not be verified by a valuer as part of the valuation process".

In undertaking our Valuation, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, we have let the Company or the Company's advisers confirm that our Assumptions are correct to the best of their knowledge. In the event that any of these Assumptions prove to be incorrect, our Valuation would require to be reviewed. The Assumptions we have made for the purposes of our Valuation are referred to below:

9.1 Title

We have made the Assumption that the Properties have good and marketable freehold or leasehold title in each case and that the Properties are free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Properties are free from mortgages, charges or other encumbrances.

9.2 Condition of Structure and Services, Deleterious Materials, Plant and Machinery and Goodwill

We have not been provided with copies of condition surveys for the Properties. Unless otherwise informed by the Company or its advisers, we have made the Assumption that the Properties are free from any mildew, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not investigated whether high alumina cement, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations of any of the Properties. For the purposes of this Valuation, unless otherwise informed by the Company or its advisers, we have made the Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the foundations of the Properties are free from any defect. Unless otherwise informed by the Company or its advisers, we have made the Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed thereon. We have also made the Assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services, nor have the drains been tested. Unless otherwise informed by the Company or its advisers, we have made the Assumption that all services to the Properties are functioning satisfactorily.

No allowance has been made in this Valuation for any items of plant or machinery not forming part of the service installations of the Properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Furthermore, no account has been taken in our Valuation of any goodwill that may arise from the present occupation of the Properties.

It is a condition of Jones Lang LaSalle GmbH or any related Company or any qualified employee providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to or gives warranties as to the condition of the structure, foundations, soil and services.

9.3 Environmental matters

No environmental reports for the Properties have been made available to us. However, we have not undertaken nor been instructed to conduct a formal environmental assessment, and have not carried out any investigation into past uses, either of the Properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites.

We have assumed that there are no abnormal ground conditions or contamination, which are sufficient to affect value or adversely affect the present or future occupation or development of the Properties.

9.4 Areas

We have not measured the Properties, but have applied floor areas provided by the Company or its advisers. These areas are based on the lettable areas as stated in the individual lease contracts. We have assumed that these areas have been measured and calculated in accordance with the current market practice in the relevant country in which the Properties are located.

9.5 Statutory requirements and planning

We have made the Assumption that the buildings have been constructed in full compliance with valid local planning and building regulations, that all necessary certifications are existent and that there are no outstanding statutory notices as to their construction, use or occupation. We have made a further Assumption that the existing uses of the Properties are duly authorised or established, and that no adverse planning conditions or restrictions apply.

9.6 Leasing

We do not normally read leases or documents of title. Where these have been provided to us, we are not liable for the accurate interpretation of the content, if the items have not been verified by your lawyers.

We have made the Assumption that copies of all relevant documents have been made available to us and that they are complete, correct and up to date.

We have been provided with tenancy schedules and have checked the respective areas against any provided lease contracts. Our Valuation is based on the areas stated in the lease contracts.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge or we have been specifically advised to the contrary, we have made the Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised, we have also made the Assumption that there are no material arrears of rent or service charges, breaches of covenants or current or anticipated tenant disputes.

However, our Valuation reflects the type of tenants currently leasing the Properties or responsible for meeting lease commitments or likely to lease vacant spaces, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, all notices have been served legally within the appropriate time limits.

9.7 Information

We have made the Assumption that the information the Company and its professional advisers have supplied to us in respect to the Properties is complete, correct and up to date.

This means that we have also made the Assumption that the Company and its advisers have provided us with all details regarding matters likely to affect value, such as prospective lettings, rent reviews, outstanding legal requirements and planning decisions, and that the information supplied is up to date.

10 Confidentiality and Disclosure

The contents of this Valuation Report and Schedule may be used only for the purpose of this Valuation and Prospectus. Before this Valuation Report, or any part thereof, is reproduced or referred to in any other document (other than the Prospectus), circular or statement and before its contents (other than as contemplated in this Prospectus), or any part thereof, are otherwise disclosed verbally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must be first obtained. For the avoidance of doubt, such approval is required whether or not Jones Lang LaSalle GmbH is referred to by name and whether or not the contents of our Valuation Report are combined with others. In the event of consent to disclosure to a third party, the Company agrees to notify the respective third parties (this does not include possible investors relying on the Prospectus as referred to in section 4) in writing and to underline that Jones Lang LaSalle generally assumes no liability towards third parties for the work and services provided and that third parties may make no claims whatsoever against Jones Lang LaSalle on the basis of the work and services provided (this again, does not apply to possible investors relying on the Prospectus as set forth in section 4).

11 Valuation Results – IVG Immobilien AG Portfolio Germany, Italy and Spain

We are of the opinion that the aggregate of the Market Values as at the effective date of valuation, 30th September 2011, of the freehold or leasehold interests in the altogether 178 Properties in Germany (176), Italy (1) and Spain (1), as described in the Schedule, subject to the Assumptions and comments in this Valuation Report, was as follows:

€ 3,452,330,000

(in words: THREE BILLION, FOUR HUNDRED & FIFTY-TWO MILLION, THREE HUNDRED & THIRTY THOUSAND EUROS)

Thereof, the German portfolio (176 properties) accounts for:

€ 3,444,920,000

(in words: THREE BILLION, FOUR HUNDRED & FOURTY-FOUR MILLION, NINE HUNDRED & TWENTY THOUSAND EUROS)

The Italian Property accounts for:

€ 7,350,000

(in words: SEVEN MILLION, THREE HUNDRED & FIFTY THOUSAND EUROS)

And the Spanish Property accounts for:

€ 60,000

(in words: SIXTY THOUSAND EUROS)

The above figures are rounded and are understood as the value without regard to costs of purchase, such as legal costs, agent's fees and, where applicable, land transfer tax, normally incurred by the purchaser. Land transfer tax has been considered where the transaction would be made in the form of an asset deal.

Where the transaction has been assessed assuming a "share deal structure" (sale of the shares of the owning special purpose vehicle "SPV"), no land transfer tax has been considered. Furthermore, we have made no examination of the SPV regarding potential liabilities, e.g. for deferred taxes.

The above figure represents the amount a seller would receive in the event of a potential sale; for clarity, no allowance has been made for any expenses of realisation or for taxation, which may arise in the event of a disposal.

Yours faithfully

Andrew M. Groom MRICS
International Director
Head of Valuation & Transaction Advisory
Jones Lang LaSalle GmbH

Ralf Kemper
National Director
Valuation & Transaction Advisory
Jones Lang LaSalle GmbH

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1)]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2)]	Market Rent	Market Value[3)]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
1	Theodor-Stern-Kai 1	60596	Frankfurt	02 Nov 2010	Office	65,452	548	Freehold	The financial metropolis Frankfurt am Main is located in the south of the federal state of Hesse. The subject property is located approx. 2km south-west of Frankfurt's city centre in the district Sachsenhausen. The property is bordered by Theodor-Stern-Kai to the north and Gartenstraße to the south. Both roads are one way roads and run parallel to the river Main. The surrounding area is mainly characterised by residential and office use. The accessibility both by car and public transport is good. The visibility of the property from both roads and the opposite side of the Main river is good.	The subject building complex consists of 6 six-storey office buildings and an office tower with 16 floors, both erected in 2002. The total lettable area amounts to around 65,000sqm. Parking spaces are provided in the underground parking garage. The complex can be accessed from the main entrance at Theodor-Stern-Kai. The buildings, which are connected via a passage section, were built internally and externally in the corporate fit-out standard of Allianz in 2002. All building parts are reinforced concrete framework constructions with predominantly glass/aluminium facades and flat roofs. The fit-out of the office areas feature carpeted floors and ceilings with suspended lighting. The fit-out of the tower office units complies with a more representative office standard. Cabling and media is provided via double flooring. External areas are predominantly green with water installations in the inner courtyards.	Allianz Deutschland AG (92.1% of total income)	The property is occupied by 6 tenants with an occupancy rate of 88%. The main tenant Allianz has a lease term until December 2020. Allianz has an extraordinary termination right for the properties in Frankfurt (Theodor-Stern-Kai), Hamburg (Großer Burstah) and Stuttgart (Buschlestraße and Uhlandstraße). This right allows Allianz to terminate up to 50% of the total leased areas of these properties until the regular term ends in December 2020. The lease termination may be allocated to one single building or pro-rata to several or all buildings. There is no penalty payment for such termination(s). As at the date of valuation, Allianz has terminated a total lettable area of 57,6sqm (23% of the leased space), i.e. the remaining lease termination right comprises an additional 119,024sqm. Within the subject property an area of 15,072sqm has been terminated.	12,938,035	12,463,738	237,880,000
2	Großer Burstah 3/Trostbrücke 2	20457	Hamburg	22 Nov 2010	Office	31,038	198	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the centre of Hamburg in the district Hamburg-Altstadt. Großer Burstah is a side road, which connects the city centre (Moenckebergstraße, town hall) with arterial roads to the south. The surrounding area is mainly characterised by mixed use buildings with retail, office and residential use. The accessibility both by car and public transport is good. The visibility of the property from Großer Burstah is good. Due to the high-rise character, the property is also visible from the ring road around the city centre.	The subject building complex consists of 3 interconnected building sections with a total lettable area of around 31,000sqm. Parking spaces are provided in the underground parking garage. The main building (tower with 14 storeys) alongside Großer Burstah was built in 1971 and features internally and externally the corporate fit-out standard of Allianz. Retail units are located on the ground floor level. The second building part is a listed building on Trostbrücke, which was built circa 1900. The third building is a connecting building section between the other two buildings already mentioned. The main building on Großer Burstah is a reinforced concrete framework construction with an aluminium facade and flat roof. The listed building is a solid brickwork construction. The fit-out of the office areas feature carpeted floors and ceilings with integrated lighting. The fit-out of the upper floor tower office units comply with a more representative office standard. Cabling and media is provided via double flooring or floor ducts. External areas are predominantly paved.	Allianz Deutschland AG (99% of total income)	The property is occupied by five tenants, with an occupancy rate standing at 96%. However, the main tenant Allianz (29,138 sqm) has terminated the lease completely. The lease ends in June 2013.	5,457,603	5,485,364	76,590,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
3	Dieselstraße 6	85774	Unterföhring	04 Nov 2010	Office	65,502	926	Freehold	Unterföhring is located to the north of the Bavarian capital city Munich. The subject property is located approx. 15km from Munich city centre. Dieselstraße is an arterial road in the business park "up". The surrounding area is mainly characterised by larger office buildings. Some plots in the business park are undeveloped. The accessibility both by car and public transport is good. The visibility of the property from Dieselstraße is good.	The subject building is the Allianz headquarters with six-storeys and a total net lettable area of around 65,500sqm and an underground parking garage. The complex can be accessed from the main entrance at Dieselstraße. The building was built in 2004 and features the corporate fit-out standard of Allianz internally and externally. All building sections are reinforced concrete framework constructions with predominantly glass/aluminium facades and flat roofs. The fit-out of the office areas feature carpeted floors and ceilings with suspended lighting. A flexible layout of the individual units is possible. Cabling and media is provided via double flooring. External areas are predominantly green with water installations in the inner courtyards. The site is fully enclosed.	Allianz Deutschland AG (100% of total income)	The property is fully let to Allianz. The tenant has a lease term until December 2024.	11,195,422	11,049,416	211,540,000
4	Buschlestr. 1/ Reinsburgstr. 26-34	70178	Stuttgart	03 Nov 2010	Office	89,089	591	Freehold	The state capital, Stuttgart, is located in the middle of the federal state of Baden Wuertemberg. Stuttgart is the sixth largest city in Germany and the centre of the metropolitan region of Stuttgart. The subject property is located in the south-west of the city centre of Stuttgart in the district of Stuttgart-Feuersee. Buschlestraße is a small side road providing access to the subject building complex only. Augustenstraße borders the subject complex to the north and Reinsburgstraße runs thru the area in the southern part of the Allianz complex. The surrounding area is mainly characterised by residential and office use. The accessibility both by car and public transport is good. The visibility of the property from Buschlestraße is good.	The subject building complex consists of several buildings of different ages. Most of the buildings are interconnected. The total lettable area is around 89,000sqm. "Buschleareal" consists of Reinsburgstraße 26, 28, 30, 32, 34 (built 1900), Silberburgstraße 172 and Buschlestraße 1. Modernisation of this area took place in 1990, when the building Buschlestraße 1 was erected. Hermannstraße 6 (built 2006) and Reinsburgstraße 36 form another interconnected complex. Reinsburgstraße 19 consists predominantly of two office towers with 13 upper floors each. The buildings were built in 1976 and features the corporate fit-out standard of Allianz internally and externally. All building parts are solid constructions with reinforced concrete framework structures or brickwork. The fit-out of the office areas varies from part to part. All of them feature carpeted floors and ceilings with suspended or integrated lighting. Cabling and media is provided via double flooring or floor ducts. External areas are predominantly green or paved.	Allianz Deutschland AG (90.6% of total income)	The property is occupied by four office tenants (plus several parking tenants) and stands at an occupancy rate of 94%. The main tenant Allianz has a lease term until December 2020. Allianz has an extraordinary termination right for the properties in Frankfurt (Theodor-Stern-Kai), Hamburg (Großer Burstah) and Stuttgart (Buschlestraße and Uhlandstraße). This right allows Allianz to terminate up to 50% of the total leased areas of these properties until the regular term ends in December 2020. The lease termination may be allocated to one single building or pro-rata to several or all buildings. There is no penalty payment for such termination(s). As at the date of valuation, Allianz has terminated a total lettable area of 57,6sqm (23% of the leased space), i.e. the remaining lease termination right comprises an additional 119,024sqm. Within the subject property an area of 12,874sqm has been terminated.	11,718,826	11,045,111	195,210,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							€ (month 1 x 12)	€ p.a.	€
5	Uhlandstraße 2	70182	Stuttgart	03 Nov 2010	Office	51,598	570	Freehold	The state capital, Stuttgart, is located in the middle of the federal state of Baden Wuertemberg. Stuttgart is the sixth largest city in Germany and the centre of the metropolitan region of Stuttgart. The subject property is located close to the city centre of Stuttgart (approx. 500m east). Uhlandstraße is a small side road providing access to the subject building complex only. Olgastraße borders the subject complex to the east and Charlottenstraße to the south. The surrounding area is mainly characterised by residential and mixed use buildings. The accessibility both by car and public transport is good. The visibility of the property from Uhlandstraße et at is good.	The subject property is a seven-storey office building with retail use on the ground floor level, constructed between 1982 - 1989. The retail units can be accessed via separate entrances. It consists of a reinforced concrete framework construction with a natural stone facade. The fit-out of the office areas feature carpeted floors and ceilings with integrated lighting. Cabling and media is provided via floor ducts.	Allianz Deutschland AG (91 % of total income)	The property is occupied by eleven tenants (plus several parking and residential tenants) with an occupancy rate of 99%. The main tenant Allianz has a lease term until December 2020. Allianz has an extraordinary termination right for the properties in Frankfurt (Theodor-Stern-Kai), Hamburg (Großer Burstah) and Stuttgart (Buschlestraße and Uhlandstraße). This right allows Allianz to terminate up to 50% of the total leased areas of these properties until the regular term ends in December 2020. The lease termination may be allocated to one single building or pro-rata to several or all buildings. There is no penalty payment for such termination(s). As at the date of valuation, Allianz has terminated a total lettable area of 57,6sqm (23% of the leased space), i.e. the remaining lease termination right comprises an additional 119,024sqm. Within the subject property an area of 70sqm has been terminated.	8,038,046	6,868,843	128,040,000
6	Dieselstr. 4 / Gutenbergstr. 8	85774	Unterföhring	04 Nov 2010	Other	65,442	166	Freehold	Unterföhring is located to the north of the Bavarian capital city Munich. The subject property is located approx. 15km from Munich city centre. Dieselstraße is an arterial road in the business park "up". The surrounding area is mainly characterised by larger office buildings. Some plots in the business park are undeveloped. The accessibility both by car and public transport is good. The visibility of the property from Dieselstraße is good.	The subject property is the data centre of the Allianz Group with a lettable area of around 65,500sqm. The property has a four-storey office section and two data centre areas adjoining to the west and east. It consists of a reinforced concrete framework construction with an aluminium facade. The fit-out of the office areas feature carpeted floors. Cabling and media is provided via floor ducts. The data centre section was purpose built for data storage and IT use approx. in the mid 1990ies. Natural light in the multi storey data centre section is limited. A print shop is also located in this building section. The property is fully enclosed.	Allianz Deutschland AG (100% of total income)	The property is fully let to Allianz. The tenant has a lease term until December 2024.	7,025,754	6,824,484	118,400,000
7	Stromstr. 1-7/ Alt Moabit 90 a-d	10555	Berlin	06 Oct 2011	Office	28,760	67	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 4 km north-west of the city centre (Potsdamer Platz), in the district Moabit. Stromstraße (north - south)/Alt Moabit (east - west) are main roads within the district. The surrounding area is mainly characterised by larger office complexes as well as residential buildings. The accessibility both by car and public transport is good. The visibility of the property from Stromstraße and Alt Moabit is good.	The subject office complex comprises five building parts. Stromstraße 1 and 2 were built in 1989 (4 storeys), Stromstraße 4-7 (4 storeys) were built in 2002 and the heritage listed building Stromstraße 3 (3 storeys) was built ca. 1900 (refurbishment in 2000). The buildings are reinforced concrete framework constructions (Stromstraße 3 brickwork) with stone and glass facades. The fit-out of the office areas feature carpeted floors and ceilings with suspended lighting. Cabling and media is provided via double flooring.	Beta Systems Software AG (35.8% of total income)	The property is occupied by 21 tenants and has an occupancy rate of 88%. The main tenant has a lease term until March 2015.	3,616,950	2,850,961	49,530,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							€ (month 1 x 12)	€ p.a.	€
8	Tempelhofer Weg 62	12347	Berlin	12 May 2011	Office	8,003	150	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 6 km south of the city centre (Potsdamer Platz), in the district Tempelhof-Kreuzberg. Tempelhofer Weg is a side road parallel to the thoroughfare B1, which is one of the main arterial roads from Aachen to Küstrin-Kietz. The surrounding area is mainly characterised by mixed use properties. The accessibility by car and public transport is good. The visibility of the property from Tempelhofer Weg is good.	The subject property is a seven-storey office building, constructed between 1995 and 1997. It consists of a reinforced concrete framework construction with a glass facade. The fit-out of the office areas features carpeted, tile floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking. Furthermore, the property contains internal parking spaces in the basement.	Walter Services ComCare GmbH & Co. (approx. 42 % of total income)	The property is occupied by 8 tenants. The main tenant has a lease term until June 2012. The occupancy rate stands at 73%.	611,070	802,902	10,170,000
9	Tempelhofer Weg 64	12347	Berlin	12 May 2011	Office	5,936	132	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 6 km south of the city centre (Potsdamer Platz), in the district Tempelhof-Kreuzberg. Tempelhofer Weg is a side road parallel to the thoroughfare B1, which is one of the main arterial roads from Aachen to Küstrin-Kietz. The surrounding area is mainly characterised by mixed use properties. The accessibility by car and public transport is good. The visibility of the property from Tempelhofer Weg is good.	The subject property is a seven-storey office building, constructed between 1995 and 1997. It consists of a reinforced concrete framework construction with a glass facade. The fit-out of the office areas features carpeted, tiles floors and suspended ceilings with integrated lighting. Cabling and media is provided by perimeter trunking. Furthermore, the property contains internal parking spaces in the basement.	BIOTRONIK GmbH & Co. KG (approx. 33 % of total income)	The property is occupied by 8 tenants. The main tenant has a lease term until December 2015. The occupancy rate stands at 94%.	581,510	624,323	8,630,000
10	Am Borsigturm 44-46, 52-54	13507	Berlin	06 Oct 2011	Office	9,057	137	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 13 km north-west of the city centre (Potsdamer Platz), in the district Tegel. Am Borsigturm is a side road providing access to the commercial zone. The surrounding area is mainly characterised by office buildings and a larger shopping centre ("Hallen am Borsigturm"). The accessibility both by car and public transport is good. The visibility of the property from Am Borsigturm is good.	The subject property is a four-storey office building, constructed in 1998. It consists of a reinforced concrete framework construction with a brick facade. The fit-out of the office areas feature carpeted floors and ceilings with suspended lighting. Cabling and media is provided via floor ducts. External areas are green in the inner courtyards or paved.	Comline Computer und Softwarelösungen AG (25.5% of total income)	The property is occupied by 15 tenants and has an occupancy rate of 57%. The main tenant has a lease term until December 2011.	527,382	952,192	12,230,000
11	Am Borsigturm 13-17, 19, 27-33	13507	Berlin	06 Oct 2011	Office	14,341	154	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 13 km north-west of the city centre (Potsdamer Platz), in the district Tegel. Am Borsigturm is a side road providing access to the commercial zone. The surrounding area is mainly characterised by office buildings and a larger shopping centre ("Hallen am Borsigturm"). The accessibility both by car and public transport is good. The visibility of the property from Am Borsigturm is good.	The subject property consists of two six-storey office buildings, constructed in 2000. The buildings are made up of a reinforced concrete framework construction with a brick facade. The fit-out of the office areas features carpeted floors and ceilings with suspended lighting. Cabling and media is provided via double flooring. External areas are predominantly green.	TRX Germany GmbH (14% of total income)	The property is occupied by 34 tenants (plus several parking tenants) and has an occupancy rate of around 71%. The main tenant has a lease term until 31 May 2013.	1,033,849	1,475,765	20,210,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
12	Taubenstraße 44, 45	10117	Berlin	12 May 2011	Office	4,426	32	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 1 km north of the city centre (Potsdamer Platz), in the district Mitte. Taubenstraße is a side road of the well-known Friedrichstraße, which is one of the prime retail locations in Berlin. The surrounding area is mainly characterised by mixed use properties. The accessibility by car and public transport is good. The visibility of the property from Taubenstraße is good.	The subject property is a seven-storey office building, constructed in 1999. It consists of a reinforced concrete framework construction with a natural stone facade. The fit-out of the office areas features carpeted floors and ceilings with integrated lighting. Cabling and media is provided by double flooring. Furthermore, the property contains internal parking spaces in the basement.	Not applicable	Completely vacant	0	808,524	11,510,000
13	Lahnstr. 34-40	60326	Frankfurt	07 Nov 2011	Office	6,780	130	Freehold	The financial metropolis Frankfurt am Main is located in the south of the federal state of Hesse. The subject property is located approx. 3.5 km west of Frankfurt's city centre in the district Gallusviertel. Lahnstraße is a parallel road to Mainzer Landstraße, one of the main arterial roads from the city centre and banking district to the west. The surrounding area is mainly characterised by residential and office use. The accessibility both by car and public transport is good. The visibility of the property from Lahnstraße is good.	The property is a six-storey office building, constructed in 1991. It consists of a reinforced concrete frame construction and a facade with glass and natural stone elements. The fit-out of the office areas features carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via floor ducts.	Bosch Sicherheitssysteme GmbH (100% of total income)	The subject property is fully let to one tenant. The tenant has a lease term until 31 March 2015 with break option for part of the lettable are as of 31 March 2013.	750,887	878,130	12,760,000
14	Emil-von-Behring-Str. 8-14	60439	Frankfurt	07 Nov 2011	Office	33,296	567	Freehold	The financial metropolis Frankfurt am Main is located in the south of the federal state of Hesse. The subject property is located approx. 10 km north of Frankfurt's city centre in the district Mertonviertel. Emil-von-Behring-Straße is a side road, however close to Rosa-Luxemburg-Straße, one of the main arterial roads from the city centre and banking district to the north. The surrounding area is mainly characterised by office use. The accessibility both by car and public transport is good. The visibility of the property from Emil-von-Behring-Straße is good.	The property is an eight-storey office building, constructed in 1996. It consists of a reinforced concrete frame construction and a natural stone facade. The fit-out of the office areas features carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via floor ducts.	Bundesagentur für Arbeit (50.7% of total income)	The subject property is around 55% let to seven tenants. The main tenant has a lease term until 30 September 2012.	2,500,612	4,798,607	60,830,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1)]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2)]	Market Rent	Market Value[3)]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
15	Siemensstr. 14	63263	Neu-Isenburg	07 Nov 2011	Office	6,567	103	Freehold	Neu-Isenburg is located near the financial metropolis Frankfurt am Main (10 km to the south) in the south of the federal state of Hesse. The subject property is located approx. 1.5 km west of Neu-Isenburg's city centre in a commercial area. Siemensstraße is a side road, but is connected to Neu-Isenburg's main arterial road B3 via Carl-Ullrich-Straße / Rathenaustraße. The surrounding area is mainly characterised by office and commercial use. The accessibility both by car and public transport is good. The visibility of the property from Siemensstraße is good.	The property is a five-storey office building, constructed in 1992/93. It consists of a reinforced concrete frame construction and a natural stone/rendered facade. The fit-out of the office areas features carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking.	Stadt Neu-Isenburg (100% of total income)	The subject property is fully let to one tenant. The tenant has a lease term until 31 October 2011.	793,080	808,013	8,850,000
16	Kanzlerstr. 8	40472	Düsseldorf	13 Apr 2010	Office	9,106	187	Freehold	The city of Düsseldorf is located in the west the federal state of North Rhine-Westphalia. The subject property is located 7.2 km north-east of the city centre in the district of Rath. Kanzlerstraße is a side road leading off Sankt-Franziskusstraße (L455), which is one of the main arterial roads from Düsseldorf to Ratingen. The surrounding area is mainly characterised by office use. The accessibility both by car and public transport is good. The property is not visible from Sankt-Franziskusstraße due to a number of other building obstructing the view.	The subject property is a six-storey office building, constructed in 1993. It is a steel framed construction with a natural stone facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking.	Niscayah Administration (41.24% of total income)	The subject property is let to 6 tenants. The main tenant has a lease term until 31 January 2014. Furthermore, the property's vacancy rate is approx. 29%.	847,063	1,156,498	14,870,000
17	Friedrich-Ebert-Straße 55	40210	Düsseldorf	12 Apr 2010	Office	2,483	30	Freehold	The city of Düsseldorf is located in the west the federal state of North Rhine-Westphalia. The subject property is located in the west of the city centre, close to Düsseldorf's main railway station. Friedrich-Ebert-Straße is a through road, connecting the main station with Oststraße (L52), which is a main thoroughfare through Düsseldorf's city centre. The surrounding area is mainly characterised by retail and office use. The accessibility by both car and public transport is good. The visibility of the property from Friedrich-Ebert-Straße is good.	The subject property is a four/five-storey office building, constructed in 1994. It is a reinforced concrete framed construction with a natural stone facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking.	Yidrim (56.70% of total income)	The subject property is let to 2 tenants. The lease contract with the main tenant has a lease term until 31 July 2015. Furthermore, the property's vacancy rate is 74%.	103,973	355,470	4,190,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
18	Immermannstr. 59 / Karlstr. 76	40210	Düsseldorf	12 Apr 2010	Office	6,571	40	Freehold	The city of Düsseldorf is located in the west the federal state of North Rhine-Westphalia. The subject property is located in the west of the city centre, close to Düsseldorf's main railway station. Immermannstraße is a through road, connecting the main station with Oststraße (L52) and beyond that with Berlinerallee (L55), both of which are main thoroughfares through Düsseldorf's city centre. The surrounding area is mainly characterised by retail and office use. The accessibility by both car and public transport is good. The visibility of the property from Immermannstraße is good.	The subject property is a seven/ eight-storey mixed-use building with retail and office space, constructed in 1961. The retail areas can be accessed via separate entrances. The property consists of two parts and is a reinforced concrete framework construction with a rendered facade. The office areas and retail areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking.	Debeka (48.96% of total income)	The subject property is let to 7 tenants. The main tenant has a lease term until February 2016. Furthermore, the property's vacancy rate is 30%.	719,826	920,884	13,740,000
19	Willstätterstraße 11-15	40549	Düsseldorf	12 Apr 2010	Office	24,137	602	Freehold	The city of Düsseldorf is located in the west the federal state of North Rhine-Westphalia. The subject property is located on the west side of the Rhine River, approximately 7.5 km west of the city centre in the district of Lörick. Willstätterstraße is a through road connecting Böhlerstraße with Hansaallee, which is one of the main arterial roads from the west bank of the Rhine to Düsseldorf's city centre via the Oberkasseler Bridge. The surrounding area is mainly characterised by commercial use. The accessibility both by car and public transport is good. The visibility of the property from Willstätterstraße is good.	The subject property is a three-storey mixed-use building with office and warehouse space, constructed between 1986 and 1992. The warehouse units can be accessed via separate entrances and have a two-storey underground car park. The building consists of a reinforced concrete framework construction with a mostly glass facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking.	Dr. Bruno Lang (37.13% of total income)	The subject property is let to 8 tenants. The main tenant has a lease term until 31 December 2016. Furthermore, the property's vacancy rate is 16%.	2,098,323	2,299,267	32,470,000
20	Neue Weyerstraße 6	50676	Köln	07 Apr 2010	Office	4,276	56	Freehold	The metropolis Cologne is located in the west of the federal state of North Rhine-Westphalia. The subject property is located approx. 2 km south-west of Cologne's city centre. Neue Weyerstraße is the name of the federal road B55 in this part. Therefore the property is located at a main arterial road in the vicinity, leading from the city centre to the western districts of Cologne. The surrounding area is mainly characterised by residential and office use. The accessibility both by car and public transport is good. The visibility of the property from Neue Weyerstraße is very good.	The property is a ten-storey office building, constructed in 1992. It consists of a reinforced concrete frame construction and a facade with natural stone, glass and aluminium elements. The fit-out of the office areas features carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via floor ducts.	Steria Mummert (36.5% of total income)	The subject property is around 98% let to five tenants. The remaining lease term of the main tenant is until January 2016.	612,939	602,485	9,170,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
21	Ostwall 11-19	47798	Krefeld	07 Apr 2010	Office	3,149	44	Freehold	The city of Krefeld is located in the west the federal state of North Rhine-Westphalia. The subject property is located in the south of the city centre, opposite Krefeld's main railway station. Ostwall is a main road running through Krefeld's city centre from the main railway station in the south to Nordwall (L475) in the north. The surrounding area is mainly characterised by retail and office use. The accessibility both by car and public transport is good. The visibility of the property from Ostwall and Hansastraße is good.	The subject property is a seven-storey mixed-use building with retail and office space, constructed in 1975. The retail areas can be accessed via separate entrances. It consists of a reinforced concrete framework construction with a natural stone and rendered facade. The office areas feature mainly heavy-duty lino floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking. Furthermore, there is an underground car park.	Privatschule Niederrhein (35.76% of total income)	The subject property is let to 7 tenants. The main tenant has a lease term until 31 March 2012. Furthermore, the property's vacancy rate is 41%.	232,067	313,950	3,430,000
22	Baumwall 5-7	20459	Hamburg	16 Apr 2010	Office	11,078	124	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district Neustadt in Hamburg's city centre. Baumwall is a heavily trafficked street bordering the right bank of the Elbe River and the newly erected quarter, HafenCity. The surrounding area is mainly characterised by commercial-use properties. The accessibility by car is good. Train stations are situated close by providing good accessibility by public transport. The visibility of the property is also good.	The subject property is a 9-storey mixed-use building, constructed in 1982. The property provides retail and office areas. The retail areas are situated on the ground floor and can be accessed via separate entrances. The floors above accommodate the office spaces. The building consists of a reinforced concrete framework construction. The facades features red bricks, aluminium elements and large glazed windows. The areas feature different fit-outs depending on the respective tenants. The fit-out of the office areas features mainly carpeted floors and extended ceilings with suspended or integrated lighting. Cabling and media is provided by perimeter trunking. Some office spaces are equipped with separate air conditioning systems. Parking is available in the basement garage and in the back courtyard.	Dierkes & Partner Wirtschaftsprüfer u. Steuerberatungsgeselschaft m.b.H (18% of total income)	The property is let to 33 tenants. The current occupancy rate is 77%. The main tenant has a remaining lease term until December 2014.	1,821,788	2,313,852	41,500,000
23	Heidenkampsweg 44-46	20097	Hamburg	15 Apr 2010	Office	4,175	55	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district Hammerbrook to the south of Hamburg's city centre. The site is bordered by the streets Frankenstraße, Gotenstraße and Heidenkampsweg. Heidenkampsweg is a thoroughfare leading to the city centre and is heavily trafficked. The property belongs to the real estate market called "Kernbereich Süd". The surrounding area is mainly characterised by large office buildings. The accessibility by car is good. The accessibility by public transport is limited given the rather long distance by foot to the nearest train station. However, the property is good visible from the street and it provides sufficient parking spaces.	The subject property is a 5-storey office building, constructed in 1959. The property was refurbished in 1984. The property additionally provides a small retail unit, which is situated on the ground floor and can be accessed via a separate entrance. The floors above accommodate the office spaces. The building consists of a reinforced concrete framework construction. The facades features white aluminium elements and large glazed windows. The fit-out of the office areas feature mainly carpeted floors and extended ceilings with integrated lighting. Cabling and media is provided by floor ducts. Parking is available in the basement garage and in the back courtyard.	Bundesanstalt für Immobilienaufgaben (47% of total income)	The property is let to 19 tenants. The current occupancy rate is 86%. The main tenant has a remaining lease term until 31st December 2011	427,258	485,879	5,830,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
24	Altonaer Poststraße 9 - 13b	22767	Hamburg	22 Nov 2010	Office	8,761	56	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the western district of Altona, 3.5 km west of the main train station and the city centre. Altonaer Poststraße is a side road connecting to Max-Brauer-Allee via Ehrenbergstraße, which is one of the main roads connecting to the A7 motorway via Behringerstraße (distance 4 km). To the north, Altonaer Poststraße connects to Grosse Bergstraße, a pedestrian zone. The surrounding area is characterised by a mix of residential, retail and office use. The accessibility by car is adequate and is excellent by public transport. The visibility of the property from Altonaer Poststraße is good.	The subject property consists of two three- and five-storey office and administrative buildings, constructed in 1892 and 1910. The buildings were originally erected for the Prussian postal ministry. Both buildings were partially refurbished in 1998. The three-storey building has an inner yard covered by a steel and glass roof and is used as a retail area. The newer building is used commercially with mainly office and retail spaces on the ground level. The retail areas can be accessed via separate entrances. The external areas are mainly paved and used as parking spaces. The buildings consist of solid concrete constructions with red brick and sandstone facades. The fit-out of the office areas feature carpeted and linoleum floors, partially suspended ceilings depending on the tenant fit-out with suspended lighting. Cabling and media is provided via light metal cable canals below the ceiling. The second floor of the building constructed in 1910 is used as technical areas at the moment and the windows are currently sealed.	Deutsche Post Immobilien GmbH (19% of total income)	The property is let to 32 tenants. The current occupancy rate is 99%. The main tenant has an undefined lease term.	824,147	839,452	11,250,000
25	Rödingsmarkt 26	20549	Hamburg	23 Sep 2011	Office	7,752	26	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district Neustadt in Hamburg's city centre. Rödingsmarkt 26 is a heavily trafficked street connecting the city centre to the harbour and to the newly erected quarter HafenCity. The surrounding area is mainly characterised by commercial-use properties such as office, hotel and retail buildings. The accessibility by car is good. Train stations in the vicinity offer good accessibility by public transport. The visibility of the property is also good.	The subject property is a 9-storey mixed-use building, completed in 2010. The property consists of two building parts, which are connected by a stairwell with glazed facade. The property provides retail and office areas. The retail areas are situated on the ground floor and can be accessed via separate entrances. The floors above accommodate the office spaces. The buildings consist of a reinforced concrete framework construction. The facades feature aluminium and glazed elements. The internal areas have not yet been completed. The landlord intends to use high-quality state-of-the-art materials including carpet, natural stone, parquet flooring, extended ceilings with integrated lighting and floor ducts. The area will be equipped with a ventilation and air conditioning system. Parking is available in the basement.	Not applicable	The property has been newly completed is vacant as at the date of valuation.	0	1,598,325	25,190,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
26	Mittelweg 176-177	20148	Hamburg	15 Apr 2010	Office	13,961	220	Leasehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district of Rotherbaum, approx. 2 km north of the main train station and the city centre. Mittelweg is one of the arterial roads of Rotherbaum. The surrounding area is a mixed-use area with predominantly residential properties. However, some large-scale office buildings and the university of Hamburg are situated in the vicinity. The visibility and the accessibility of the property are both very good. Furthermore, sufficient parking spaces are available on site. The property is located in front of a small park and not far from the Außenalster River.	The subject property is a 6-storey office building, constructed in 1994 and totally refurbished in 2002. The property additionally features a canteen, which is situated on the ground floor. The building has two L-shaped parts, which are connected by a fully glazed central component. The two building parts consist of a reinforced concrete framework construction. The facades combine natural stone and aluminium elements with large glazed windows. The top floor is set back and has facade consisting of aluminium elements and glazed windows. The fit-out of the office areas feature mainly carpeted floors and extended ceilings with integrated lighting. Cabling and media is provided by floor ducts. The rooms are equipped with ventilation and air conditioning systems as well as with a CCTV and alarm system. Parking is available in the basement.	Verlagsgruppe Milchstr. (100% of total income)	The property is let to one tenant. The current occupancy rate is 100%. The main tenant has a remaining lease term until December 2011 and has terminated the lease.	3,496,699	3,254,384	41,040,000
27	Heidenkampsweg 99, 101	20097	Hamburg	15 Apr 2010	Office	18,574	232	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district Hammerbrook to the south of the Hamburg's city centre. The site is bordered by the streets Süderstraße and Heidenkampsweg. A channel borders the property to the east. Heidenkampsweg is a thoroughfare leading to the city centre and is heavily trafficked. The property belongs to the real estate market called "Kernbereich Süd". The surrounding area is mainly characterised by large office buildings. The accessibility by car is good. The accessibility by public transport is limited given the rather long distance by foot to the nearest train station. However, the property is well visible from the street and provides sufficient parking spaces.	The subject property consists of two attached office buildings, constructed from 1988 to 1992. The first one, Heidenkampsweg 99 (largest part), is a 8-11 storey building, and the second features 8 storeys. Additionally the buildings have a common basement accommodating the parking spaces and technical facilities. The property additionally provides retail units, which are situated on the ground floor and which can be accessed via separate entrances. The buildings consist of reinforced concrete framework constructions. The facades feature red bricks and glazed windows. The fit-out of the office areas feature mainly carpeted floors and extended ceilings with integrated or suspended lighting. Cabling and media is provided by perimeter trunking. The internal fit-out of the building Heidenkampsweg 99 has been refurbished in the past year; this building additionally features a canteen. This building is fully let by a single tenant. Parking is available in the basement garage and around the buildings.	E.ON Hanse AG (85% of total income)	The property is let to nine tenants (excl. Other units). The current occupancy rate is 85%. The main tenant has a remaining lease term until August 2013.	2,424,433	2,448,181	37,100,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
28	Sendlinger-Tor-Platz 5 / Thalkircher Str. 2	80336	München	08 Nov 2011	Office	4,491	7	Leasehold	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city in Germany. The subject property is located in the centre of Munich, approx. 1.2 km south of the central railway station in the district Ludwigsvorstadt. Sendlinger-Tor-Platz is located at the road junction of Sonnenstraße/Blumenstraße, known as the Munich ring road around the city centre, and Lindwurmstraße, which is one of the main arterial roads from the south-west to the city centre. The surrounding area is mainly characterised by residential and commercial use. The accessibility both by car and public transport is very good due to the location on the Munich ring road, the vicinity to the subway station "Sendlinger Tor" and a bus stop in front of the building. The visibility of the property from Sendlinger-Tor-Platz is good.	The subject property is a seven-storey mixed-use building with retail areas on the ground floor, office areas on the upper floors and residential areas on the seventh floor. The building was constructed in 1981. The retail units can be accessed via separate entrances. The building consists of a reinforced concrete framework construction with a natural stone facade. The fit-out of the office areas feature carpeted and wooden floors, and in parts extended ceilings with suspended lighting.	Consulate General of South Africa (24% of total income)	The property is 93% let to 24 tenants. The lease of the main tenant, the Consulate General of South Africa, expires in March 2013.	942,137	943,091	11,370,000
29	Landsberger Straße 155	80687	München	05 May 2010	Office	20,821	278	Freehold with land charge (annuity payment) in favour of a private individual.	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city of Germany. The subject property is an office building called "Artemis". It is located in the west of Munich about 4 km west of the city centre in the district of Untersendling. Landsberger Straße is an arterial road leading from the city centre of Munich to the west and ending in motorway A 99. The surrounding area is mainly characterised by office and commercial buildings. In the direct neighbourhood, there is a DIY store to the west and a discotheque to the south. A frequented railway line runs east of the subject property, resulting in the site partly being exposed to railway-related noise. The accessibility by both car and public transport is good due to the location on the arterial road Landsberger Straße and the proximity of the suburban train station "Donnersberger Brücke". The visibility of the property from Landsberger Straße is good.	The subject property is a five-storey office building constructed in 2000. The building consists of a reinforced concrete framework construction with a metal arched roof and a facade with plastering mortar and glass elements as well as external sunscreens. The fit-out of the office areas feature carpeted and wooden floors. In parts, the ceilings are suspended with integrated lighting. Cabling and media is provided via double flooring. The building has a two-storey underground car park. The external areas consist of paved parking areas, a paved inner courtyard and some green areas.	Cable & Wireless Telecommunications Services (24% of total income)	The property is 68% let to 19 tenants. The lease of the main tenant expires in March 2020.	2,178,995	3,349,065	45,080,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
30	Leopoldstraße 236 - 238	80807	München	05 May 2010	Office	10,273	138	Freehold	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city of Germany. The subject property called "Pallas Haus" is located about 4 km north of the Munich city centre in the district of Schwabing. Leopoldstraße is an arterial road leading from the city centre of Munich to the north and to the motorway A 99. The surrounding area is characterised by both residential and office buildings. Multi-storey residential buildings are located in the west of Leopoldstraße, whereas the east of Leopoldstraße is mainly characterised by office buildings and the office location "Parkstadt Schwabing". The accessibility by both car and public transport is good due to the location on the arterial road, Leopoldstraße, and the vicinity of a tram line station. The visibility of the property from Leopoldstraße is very good, as the property is located at the street corner of Karl-Weinmaier-Straße and Leopoldstraße.	The subject property is a four-storey office building constructed in 1990. The building consists of a reinforced concrete framework construction with a metal arched roof and a facade of natural stone and extensive glass elements. The fit-out of the office areas feature carpeted and wooden floors. Mainly ceilings are suspended with integrated lighting. Offices are separated by flexible drywall with glass elements. Cabling and media is provided by perimeter trunking running underneath the windowsills. The building has a one-storey underground car park. The external areas consist of paved parking areas, a partly paved inner courtyard and some green areas.	Microsoft Deutschland GmbH (30% of total income)	The property is 66% let to 5 tenants. The lease of the main tenant expires in April 2016 but has a break option in April 2013.	1,101,257	1,671,872	25,540,000
31	Bundesallee 204-206	10717	Berlin	12 May 2011	Office	14,461	311	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 5 km south-west of the city centre (Potsdamer Platz), in the district Charlottenburg-Wilmersdorf. Bundesallee is a main road parallel to Martin-Luther-Straße, which is also a main arterial road. The surrounding area is mainly characterised by residential use. The accessibility by car and public transport is good. The visibility of the property from Bundesallee is good. Furthermore, the subject property consists of surplus land, directly located at Bundesallee.	The subject property is a traditional 10-storey office/administration building, constructed in 1972 on a site of 7.472sqm. It consists of a reinforced concrete framework construction with a concrete-glass facade. The fit-out of the office areas features carpeted floors and suspended lightning. Cabling and media is provided by perimeter trunking. The external areas comprise parking spaces. As the property is in a poor and out-dated condition, we assumed the building to be demolished after expiry of the lease contract. Furthermore, the subject property contains surplus land. The surplus land has an almost rectangular shape and an even topography.	Agentur für Arbeit Berlin (100% of total income)	The property is occupied by one tenant. The tenant has a lease term until December 2013. The occupancy rate stands at 97%.	1,317,613	0	10,320,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
32	Leibnizstraße 49, 53 / Walter-Benjamin-Platz 1-8	10629	Berlin	12 May 2011	Office	14,034	296	Freehold and partial ownership	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 6 km west of the city centre (Potsdamer Platz), in the district Charlottenburg-Wilmersdorf. Leibnizstraße is a connecting road and connects Kurfürstendamm and Kantstraße. The surrounding area is mainly characterised by residential use. The accessibility by car and public transport is good. The visibility of the property from Leibnizstraße is good.	The subject properties are a 7- and a 8-storey mixed-use building with office and retail space, constructed in 1999. The retail units can be accessed via separate entrances. The buildings consist of reinforced concrete framework constructions with natural stone facades. The fit-out of the office areas features carpeted/parquet floors and suspended ceilings with integrated lighting. The fit-out of the retail areas feature carpeted/natural stone/parquet floors and almost suspended ceilings with integrated lighting. Cabling and media is provided by double flooring ducts. Furthermore, the property contains a kindergarten and an underground car park. The property is held partly in freehold (4 plots with a total site area of 6,696sqm) and a co-ownership share of 63% ("63,010/100,000 Miteigentumsanteile") of a total site area of 3,024sqm.	alphabet AG (approx. 10 % of total income)	The property is occupied by 40 tenants. The main tenant has a lease term until 31 August 2015 and partially until 31 August 2020. The occupancy rate stands at 96%	2,442,679	2,498,555	41,580,000
33	Janderstr. 1, 7, 8, 9, 10 / Schildkrötstraße	68199	Mannheim	10 Aug 2011	Office	12,630	234	Freehold	The university town Mannheim, is located in the northern end of the federal state of Baden-Wuertemberg. Mannheim with its 315,000 inhabitants is the second largest city of the federal state of Baden-Wuertemberg.. The subject property is located in the south and is 4 km from the city centre. Janderstraße and Schildkrötstraße are side roads parallel to Morschfeldstraße. Janderstraße and Schildkrötstraße are located within the business park Mannheim-Neckarau. The surrounding area is mainly characterised by office and commercial use. The accessibility by car and public transport is good. The visibility of the property from the street is limited. The outdoor facility is fully paved with landscaped areas arranged along the properties.	The "High Tech Park I" consists of four buildings (D, F, E and G). Buildings D and F are three-storey office-use buildings, constructed in 1994 and refurbished in 2003. The buildings consist of reinforced concrete framework constructions with chalkstone facades. Furthermore, the subject properties provide an underground car park. The office areas feature carpeted floors. Cabling and media is provided by perimeter trunking. Buildings E and G are two-storey office-use buildings, constructed also in 1994 and refurbished in 2003. These buildings similarly consist of reinforced concrete framework constructions with chalkstone facades. The office areas feature carpeted floors. Cabling and media is provided by perimeter trunking.	Hypotheken-Management GmbH (27% of total income)	The subject property is let to eleven tenants. The main tenant has a lease term until 31 May 2014. Furthermore, the total vacancy rate amounts to approx. 10%.	1,340,635	1,582,035	22,380,000

JONES LANG LASALLE®

Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
34	Janderstr. 2, 3, 4, 5, 6	68199	Mannheim	10 Aug 2011	Office	7,840	161	Freehold	The university town Mannheim, is located in the northern end of the federal state of Baden-Wuertemberg. Mannheim with its 315,000 inhabitants is the second largest city of the federal state of Baden-Wuertemberg. The subject property is located in the south and is 4 km from the city centre. Janderstraße is a side road parallel to Morschfeldstraße. Janderstraße is located within the business park Mannheim-Neckarau. The surrounding area is mainly characterised by office and commercial use. The accessibility by car and public transport is good. The visibility of the property from the street is limited. The outdoor facility is fully paved with landscaped areas arranged along the property.	The "High Tech Park II" consists of three buildings (A, B and C). Building B is a three-storey office-use buildings, constructed in 2002 and 2003. It consists of a reinforced concrete framework construction with chalkstone facade. Furthermore, it provides basement areas. The office areas feature carpeted floors. Cabling and media is provided by perimeter trunking. Buildings A and C are two-storey office-use buildings, also constructed in 2002 and 2003. The properties consist of reinforced concrete framework constructions with chalkstone facades and provide an underground car park. The office areas feature carpeted floors. Cabling and media is provided by perimeter trunking.	Biogenerix AG (29% of total income)	The subject property is let to twelve tenants. The main tenants has a lease term until 31 December 2012. Furthermore, the total vacancy rate amounts to approx. 3% at the date of valuation.	1,009,315	983,896	14,210,000
35	Heinrich-Kley-Str. 6	80807	München	08 Nov 2011	Office	5,688	102	Freehold	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city of Germany. The subject property called "Fashion Mall bronce" is located about 4 km north of the Munich city centre in the district of Schwabing. Heinrich-Kley-Straße is a side road parallel to Leopoldstraße, an arterial road leading from the city centre of Munich to the north and to the motorway A 99. The surrounding area is characterised by both residential and office buildings. Multi-storey residential buildings are located in the west of the Leopoldstraße, whereas the east of Leopoldstraße and the direct vicinity mainly is characterised by office buildings and the office location "Parkstadt Schwabing". The accessibility by both car and public transport is good due to the site being near the arterial road, Leopoldstraße, and a tram line station. The visibility of the property from Heinrich-Kley-Straße is good.	The subject property is a three-storey office and retail building for the fashion industry, constructed in 2007. The building consists of a reinforced concrete framework construction with a flat roof with asphalt cover and a facade of metal and extensive glass elements as well as external sunscreens. The fit-out of the lettable areas feature tiled and wooden floors. Most ceilings are suspended with integrated lighting. Lettable areas are mainly separated by flexible drywall. Cabling and media is provided via floor ducts. The building has a one-storey underground car park. The external areas consist of paved parking areas, a paved inner courtyard and some green spaces.	Max Mara Vertrieb GmbH (13% of total income)	The property is 93% let to 15 tenants. The lease of the main tenant expires in May 2017.	984,692	1,072,850	17,580,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
36	Karl-Weinmair-Str. 9-11	80807	München	08 Nov 2011	Office	9,857	239	Freehold	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city of Germany. The subject property called "Fashion Mall Titan" is located about 4 km north of the Munich city centre in the district of Schwabing. Karl-Weinmaier-Straße is a side road connecting Leopoldstraße, an arterial road leading from the city centre of Munich to the north and to the motorway A 99, with Anni-Albers-Straße in the office location "Parkstadt Schwabing". The surrounding area is characterised by both residential and office buildings. Multi-storey residential buildings are located in the west of the Leopoldstraße, whereas the east of Leopoldstraße and the direct vicinity mainly is characterised by office buildings and the office location "Parkstadt Schwabing". The accessibility by both car and public transport is good due to the site being near the arterial road, Leopoldstraße, and the proximity of a tram line station. The visibility of the property from Karl-Weinmaier-Straße is good.	The subject property is a three-storey office and retail building for the fashion industry, constructed in 2009. The building consists of a reinforced concrete framework construction with a flat roof with asphalt cover and extensive vegetation. The facade is made of metal and extensive glass elements as well as external sunscreens. The fit-out of the lettable areas feature tiled and wooden floors. The ceilings are mainly suspended with integrated lighting. Lettable areas are generally separated by flexible drywall. Cabling and media is provided by floor ducts. The building has a one-storey underground car park. The external areas consist of paved parking areas, a paved inner courtyard and some green areas.	S. Oliver (20% of total income)	The property is 100% let to 16 tenants. The lease of the main tenant expires in October 2013.	1,878,970	2,079,221	33,690,000
37	D2 Park 5	40878	Ratingen	13 Apr 2010	Office	5,605	104	Freehold	Ratingen is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 1.5 km north of the city centre in an isolated commercial area. The street D2 Park is a small side road that leads onto the main road Blyth-Valley-Ring, which is one of the main arterial roads through the town. The surrounding area is mainly characterised by office use, open fields and residential and commercial use at some distance. The accessibility by both by car and public transport (buses) is good. The visibility of the property from the main road is limited. The entire office agglomeration around the street D2 Park was originally built and is occupied by the tenant Vodafone D2.	The subject property is a four-storey office building, constructed in 1995/1996. It consists of a reinforced concrete framework construction with a natural stone. The fit-out of the office areas feature carpeted floors, extended ceilings with integrated lighting. Cabling and media is provided via floor ducts. It is currently planned to change some of the smaller office units into group offices. The measures will be managed by the tenant but financed by the landlord.	Vodafone D2 (100% of total income)	The property is fully let to one tenant. The lease expires in December 2018.	669,431	667,424	8,480,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
38	Hans-Böckler-Straße 33	40476	Düsseldorf	13 Apr 2010	Office	10,030	149	Freehold	Düsseldorf is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 2 km north of the city centre in the district of Derendorf and in the office agglomeration of Kennedydamm. Hans-Böckler-Straße is a side road of the street Kennedydamm, which is one of the main arterial roads from the north into the city centre. The surrounding area is mainly characterised by office and residential use. The accessibility both by car and public transport is good. The visibility of the property from the street is limited, as the property is located behind another large building at a side section of the street.	The subject property is a ten-storey office building with a canteen on the ground floor, constructed in 1969 and refurbished in 1989. It consists of a reinforced concrete framework construction with a glass and at the back partially metal panel facade. The fit-out of the office areas feature carpeted floors and extended ceilings with integrated lighting. The fit-out of the canteen areas feature tiled floors and extended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking.	DekaBank Deutsche Girozentrale (96% of total income)	The property is 66% let to four tenants. The lease of the main tenant expires in June 2016.	1,217,662	1,596,921	23,500,000
39	Franz-Rennefeld-Weg 2-6	40472	Düsseldorf	26 Oct 2011	Office	13,063	232	Freehold	Düsseldorf is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 7.5 km north of the city centre in the district of Lichtenbroich. Franz-Rennefeld-Weg is a side road of the street Theodorstraße, which is one of the larger roads in the north of Düsseldorf. The surrounding area is mainly characterised by office and residential use and a DIY store. The accessibility both by car and public transport (buses) is good. The visibility of the property from the street is good. The site is located not far from the international airport of Düsseldorf.	The subject property is a six-storey office building, constructed in 2002. It consists of a reinforced concrete framework construction with a natural stone facade. The fit-out of the office areas feature carpeted floors and extended ceilings with integrated lighting. Cabling and media is provided via floor ducts.	Hill-Rom GmbH (9.7% of total income)	The property is 82% let to 22 tenants. The lease of the main tenant expires in December 2012.	1,851,920	2,113,642	32,460,000
40	Kanzlerstr. 8 a	40472	Düsseldorf	13 Apr 2010	Office	4,816	115	Freehold	The city of Düsseldorf is located in the west the federal state of North Rhine-Westphalia. The subject property is located 7.2 km north-east of the city centre in the district of Rath. Kanzlerstraße is a side road leading off Sankt-Franziskusstraße (L455), which is one of the main arterial roads from Düsseldorf to Ratingen. The surrounding area is mainly characterised by office use. The accessibility both by car and public transport is good. The property is not visible from Sankt-Franziskusstraße due to a number of other buildings obstructing the view.	The subject property is a four/five-storey office building, constructed in 1994. It is a steel framed construction with a natural stone facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking.	Guso GbR (77.19% of total income)	The subject property is let to 3 tenants. The main tenant has an open-ended lease. Furthermore, the property's vacancy rate is 82%.	125,500	644,678	7,570,000

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Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
41	Am Wehrhahn 28 + 30	40211	Düsseldorf	12 Apr 2010	Office	2,535	0	Freehold	The city of Düsseldorf is located in the west the federal state of North Rhine-Westphalia. The subject property is located in the northern part of Düsseldorf's city centre. Am Wehrhahn forms part of the L392, which is a one of the main arterial roads connecting Düsseldorf's city centre to the northern suburbs. The surrounding area is mainly characterised by retail and office use. The accessibility both by car and public transport is good. The visibility of the property from Am Wehrhahn is good.	The subject property is a six-storey office building, constructed in 1958. It is a steel framed construction with a natural stone facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking. Furthermore, there is an underground car park.	ABC Privatkundenbank (24.11% of total income)	The subject property is let to 11 tenants. The main tenant has a lease term until 30 November 2011. Furthermore, the property's vacancy rate is 24%.	281,252	371,636	5,250,000
42	Eduard-Schulte-Str. 1	40225	Düsseldorf	12 Apr 2010	Office	8,251	159	Freehold	Düsseldorf is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 3 km south of the city centre in the district of Bilk. Eduard-Schulte-Straße is a very small side road parallel to Münchner Straße, which is one of the large roads in the south of Düsseldorf that leads on into the city centre and the motorway A 46. The surrounding area is mainly characterised by residential and office use. The accessibility both by car and public transport is good. The visibility of the property from the main street is limited due to large bushes along the road.	The subject property is a six-storey office building, constructed in 1994. It consists of a reinforced concrete framework construction with a natural stone and glass facade. The fit-out of the office areas feature mostly carpeted floors, and extended ceilings with either integrated or suspended lighting. Cabling and media is provided via floor ducts and double flooring.	BLB Nordrhein Westfahlen (100% of total income)	The property is fully let to one tenant. The lease expires in December 2019.	1,163,292	1,152,678	18,660,000
43	Willy-Brandt-Straße 23	20456	Hamburg	23 Sep 2011	Office	10,487	111	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the central district of Altstadt, 500 m south of the city centre and near the main train station. Willy-Brandt-Straße is an arterial road connecting to the ring road around the city centre and the motorways A1, A7, A23, A24 and A252. The surrounding area is characterised by a mix of office, retail and residential use. The accessibility by both car and public transport is good. The visibility of the property from Willy-Brandt-Straße is good.	The subject property is part of the Spiegel complex consisting of two separate office buildings and one pavilion designed by Werner Kallmorgen. The external areas are mainly paved and consist of parking spaces. Additionally, a shared parking garage is available. The property consists of a 17-storey office building as well as a 3-storey annex constructed in 1965, amended in 1995 and refurbished in 2002. Parts of the building are used as a TV-studio. The building has a reinforced concrete framework construction with a blended sheet metal and glass facade. The fit-out of the office areas feature mainly carpeted floors, suspended ceilings with integrated and suspended lighting depending on the fit-out of the different spaces. Cabling and media is provided mainly by double flooring and floor ducts. The roof is equipped with a communications laser.	Spiegel AG (100% of total income)	The property is let to one tenant. The current occupancy rate is 100%. The main tenant has a lease term until October 2011 and has terminated the lease.	1,818,126	1,903,587	21,460,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
44	Brandstwiete 19 (Spiegelhaus)	20457	Hamburg	23 Sep 2011	Office	8,878	100	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the central district of Altstadt, 500 m south of the city centre and near the main train station. Brandstwiete is a side road connecting to Willy Brandt-Straße, which is an arterial road connecting to the ring road around the city centre and the motorways A1, A7, A23, A24 and A252. The surrounding area is characterised by a mix of office, retail and residential use. The accessibility by both car and public transport is good. The visibility of the property from Willy-Brandt-Straße and Brandstwiete is good.	The subject property is part of the Spiegel complex consisting of two separate office buildings and one pavilion designed by Werner Kallmorgen. The external area is mainly paved and consists of parking spaces. Additionally, a shared parking garage is available. The property consists of a 13-storey office building as well as a three-storey annex constructed in 1968; the annex was refurbished in 1995 and the main building was modernised in 2002. The areas of the building feature a listed canteen fitted out in 1970s style. The basement features a swimming pool used as storage. The building has a reinforced concrete framework construction with a concrete, metal and glass facade. The fit-out of the office areas feature mainly carpeted floors, suspended ceilings with integrated and suspended lighting depending on the fit-out of the different spaces. Cabling and media is provided mainly by double flooring and floor ducts.	Spiegel AG (99% of total income)	The property is let to two tenants. The current occupancy rate is 100%. The main tenant has a lease term until October 2011 and has terminated the lease.	1,568,694	1,628,230	18,150,000
45	Christoph-Probst-Weg 26-31	20251	Hamburg	16 Apr 2010	Office	13,885	275	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the northern district of Eppendorf, 7 km north of the main train station and the city centre. Christoph-Probst-Weg is a side road connecting to Osterfeldstraße, which is one of the main roads connecting to the A7 motorway. The surrounding area is characterised by a mix of residential, office and commercial use. The accessibility by both car and public transport is adequate. The visibility of the property from Osterfeldstraße and Christoph-Probst-Weg is good. The property is in close distance to Hamburg International Airport (approx. 5.5 km).	The subject property is part of an ensemble of three office buildings "Quartier am Zeughaus" consisting of two newer office developments (Christoph-Probst-Weg 1-2, Christoph-Probst-Weg 3-4) and an older refurbished building (Christoph-Probst-Weg 26-31). The buildings together provide a campus feel. All office buildings share a common parking garage. The subject property consists of a two-storey office building with an additional attic storey as well as three connected former industrial halls, which have been converted into modern office areas. The building was constructed in 1930, refurbished in 2006 and partially modernised in 2008. The outside areas consist mainly of paved areas and parking spaces. To the north of the main building is a surplus land area (2,709sqm). The structure consists of a reinforced concrete framework construction with a façade consisting of red face brick, aluminium and glass elements. The fit-out of the office areas feature mainly carpeted floors and lowered ceilings. Due to the different building parts, the fit-out varies. Cabling and media is mainly provided by raised floors.	GMG Generalmietgesellschaft mbH (62% of total income)	The property is let to six tenants. The current occupancy rate is 99.8%. The main tenant has a remaining lease term until July 2020. There are two break options in the lease (June 2013 and June 2015), both connected with a penalty payment for the case that the tenant exercises one fo the breaks.	2,553,143	2,431,195	47,040,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
46	Christoph-Probst-Weg 3-4	20251	Hamburg	16 Apr 2010	Office	12,209	288	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the northern district of Eppendorf, 7 km north of the main train station and the city centre. Christoph-Probst-Weg is a side road connecting to Osterfeldstraße, which is one of the main roads connecting to the A7 motorway. The surrounding area is characterised by a mix of residential, office and commercial use. The accessibility by both car and public transport is adequate. The visibility of the property from Osterfeldstraße and Christoph-Probst-Weg is good. The property is in close distance to Hamburg International Airport (approx. 5.5 km).	The subject property part is of an ensemble of three office buildings “Quartier am Zeughaus” consisting of two newer office developments (Christoph-Probst-Weg 1-2, Christoph-Probst-Weg 3-4) and an older refurbished building (Christoph-Probst-Weg 26-31). The buildings together provide a campus feel. All office buildings share a common parking garage. The subject property is a five-storey office building with an additional attic storey, constructed in 2005. Some areas on the ground floor are used for retail purposes. The external areas consist mainly of paved areas and parking spaces as well as some green areas. The structure consists of a reinforced concrete framework construction with a façade comprising red face brick, aluminium and glass elements. The fit-out of the office areas feature mainly carpeted floors and lowered ceilings with integrated lighting. Cabling and media is provided by raised floors.	Vestas Deutschland GmbH (19% of total income)	The property is let to 26 tenants. The current occupancy rate is 67%. The main tenant has a remaining lease term until May 2016.	1,414,822	2,139,199	33,870,000
47	Christoph-Probst-Weg 1-2	20521	Hamburg	16 Apr 2010	Office	12,443	232	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the northern district of Eppendorf, 7 km north of the main train station and the city centre. Christoph-Probst-Weg is a side road connecting to Osterfeldstraße, which is one of the main roads connecting to the A7 motorway. The surrounding area is characterised by a mix of residential, office and commercial use. The accessibility by both car and public transport is adequate. The visibility of the property from Osterfeldstraße and Christoph-Probst-Weg is good. The property is in close distance to Hamburg International Airport (approx. 5.5 km).	The subject property is part of an ensemble of three office buildings “Quartier am Zeughaus” consisting of two newer office developments (Christoph-Probst-Weg 1-2, Christoph-Probst-Weg 3-4) and an older refurbished building (Christoph-Probst-Weg 26-31). The buildings together provide a campus feel. All office buildings share a common parking garage. The subject property is a five-storey office building with an additional attic storey, constructed in 2008. Some areas on the ground floor are used for retail purposes. The external areas consist mainly of paved areas and parking spaces. The structure consists of a reinforced concrete framework construction with a façade comprising red face brick, aluminium and glass elements. The fit-out of the office areas feature mainly carpeted floors and lowered ceilings with integrated lighting. Cabling and media is provided by raised floors.	Verlagsgruppe Milchstraße (45% of total income)	The property is let to 9 tenants. The current occupancy rate is 82%. The main tenant has a remaining lease term until March 2014.	1,777,949	2,171,387	35,880,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1)]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2)]	Market Rent	Market Value[3)]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
48	Schellerdamm 22-28	21079	Hamburg	15 Apr 2010	Office	16,125	0	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the southern district of Harburg, 2.3 km south-east of the Harburg main train station and 1.3 km from the Harburg city centre. Schellerdamm is a side road connecting to Karnapp, which is a main road and Kanalplatz, which is also a side road. Both roads lead to the A1, A7, A253 motorways. The surrounding area is characterised by a mix of office and retail use. The accessibility by car is adequate and by public transport it is good. The visibility of the property from Schellerdamm is limited.	The subject property is part of the channel-Hamburg business park consisting in total of 11 separate buildings. The building Channel 5-7 is a four-storey office building completely refurbished in 1997. It consists of a reinforced concrete structure with a red brick, rendered and steel-and-glass facade. The fit-out of the office areas feature mainly carpeted floors, and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. Cabling and media is provided via double flooring. The building features an atrium at the main entrance. The business park is connected to the Airbus-IT-Network. The external areas are mainly paved. Rented parking spaces are additionally available on plots adjacent to the channel-Hamburg business park.	Brunel / Sogeti Hightech GmbH (20% of total income)	The property is let to 24 tenants. The current occupancy rate is 48%. The main tenant has a remaining lease term until November 2012.	737,501	1,958,017	20,890,000
49	channeltower, Karnapp 25	21079	Hamburg	15 Apr 2010	Office	9,217	38	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the southern district of Harburg, 2.3 km south east of the Harburg main train station and 1.3 km from the Harburg city centre. Karnapp is a main road connecting to the A1, A7, A253 motorways. The surrounding area is characterised by a mix of office and retail use. The accessibility by car is adequate and by public transport, it is good. The visibility of the property from Karnapp is good.	The subject property is part of the channel-Hamburg business park consisting in total of 11 separate buildings. The building Channel Tower is a recognizable 18-storey office building constructed in 2002. It consists of a reinforced concrete and steel-frame structure with a red face brick and steel-and-glass facade. The fit-out of the office areas feature mainly carpeted floors, and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. The ground floor features a secured lobby area. Cabling and media is provided by double flooring. The business park is connected to the Airbus-IT-Network. Rented parking spaces are additionally available on plots adjacent to the channel-Hamburg business park.	Lundbeck GmbH (37.4% of total income)	The property is let to 23 tenants. The current occupancy rate is 95%. The main tenant has a remaining lease term until November 2012.	1,323,898	1,350,560	20,870,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
50	Palmspeicher, Harburger Schloßstraße 22a	21079	Hamburg	15 Apr 2010	Office	5,104	38	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the southern district of Harburg, 2.3 km south-east of the Harburg main train station and 1.3 km from the Harburg city centre. Harburger Schlossstraße is a side road connecting to Karnapp, which is a main road and Kanalplatz, which is also a side road. Both roads lead to the A1, A7 and A253 motorways. The surrounding area is characterised by a mix of office and retail use. The accessibility by car is adequate and by public transport, it is good. The visibility of the property from Harburger Schlossstraße is limited.	The subject property is part of the channel-Hamburg business park consisting in total of 11 separate buildings. The building Palmspeicher has five storeys and was completely refurbished in 1995. It consists of a reinforced concrete structure with a red brick and glass facade. The fit-out of the office areas feature mainly carpeted floors, and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. Cabling and media is provided mainly by double flooring and perimeter trunking. The business park is connected to the Airbus-IT-Network. The ground floor features a restaurant area including a kitchen. The external areas are mainly paved. Rented parking spaces are additionally available on plots adjacent to the channel-Hamburg business park.	Airbus S.A.S. (51.6% of total income)	The property is let to 11 tenants. The current occupancy rate is 91%. The main tenant has a remaining lease term until June 2015.	577,342	614,516	7,540,000
51	Harburger Schloßstr. 18	21079	Hamburg	15 Apr 2010	Office	3,665	76	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the southern district of Harburg, 2.3 km south-east of the Harburg main train station and 1.3 km from the Harburg city centre. Harburger Schlossstraße is a side road connecting to Karnapp, which is a main road and Kanalplatz, which is also a side road. Both roads lead to the A1, A7 and A253 motorways. The surrounding area is characterised by a mix of office and retail use. The accessibility by car is adequate and by public transport, it is good. The visibility of the property from Harburger Schlossstraße is limited.	The subject property is part of the channel-Hamburg business park consisting in total of 11 separate buildings. The building Channel 1 is part of 4 identical four-storey office buildings (Channel 1-4) constructed in 1998. It consists of a reinforced concrete and steel-frame structure with a steel and glass facade. The fit-out of the office areas feature mainly carpeted floors and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. Cabling and media is provided by double flooring. The business park is connected to the Airbus-IT-Network. The external areas are mainly paved. Rented parking spaces are additionally available on plots adjacent to the channel-Hamburg business park.	Siemens AG (48.7% of total income)	The property is let to 12 tenants. The current occupancy rate is 100%. The main tenant has a remaining lease term until December 2011.	509,312	534,391	6,830,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							€ (month 1 x 12)	€ p.a.	€
52	channel 2, Harburger Schloßstraße 24	21079	Hamburg	15 Apr 2010	Office	3,663	114	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the southern district of Harburg, 2.3 km south-east of the Harburg main train station and 1.3 km from the Harburg city centre. Harburger Schlossstraße is a side road connecting to Karnapp, which is a main road and Kanalplatz, which is also a side road. Both roads lead to the A1, A7 and A253 motorways. The surrounding area is characterised by a mix of office and retail use. The accessibility by car is adequate and by public transport, it is good. The visibility of the property from Harburger Schlossstraße is limited.	The subject property is part of the channel-Hamburg business park consisting in total of 11 separate buildings. The building Channel 2 is part of 4 identical four-storey office buildings (Channel 1-4) constructed in 1998. It consists of a reinforced concrete and steel-frame structure with a steel and glass facade. The fit-out of the office areas feature mainly carpeted floors and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. Cabling and media is provided by double flooring. The business park is connected to the Airbus-IT-Network. The external areas are mainly paved. Rented parking spaces are additionally available on plots adjacent to the channel-Hamburg business park.	Elan GmbH (65% of total income)	The property is let to 15 tenants. The current occupancy rate is 100%. The main tenant has a remaining lease term until November 2015.	527,912	557,810	7,940,000
53	channel 3, Harburger Schloßstraße 26	21079	Hamburg	15 Apr 2010	Office	3,598	91	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the southern district of Harburg, 2.3 km south-east of the Harburg main train station and 1.3 km from the Harburg city centre. Harburger Schlossstraße is a side road connecting to Karnapp, which is a main road and Kanalplatz, which is also a side road. Both roads lead to the A1, A7 and A253 motorways. The surrounding area is characterised by a mix of office and retail use. The accessibility by car is adequate and by public transport, it is good. The visibility of the property from Harburger Schlossstraße is limited.	The subject property is part of the channel-Hamburg business park consisting in total of 11 separate buildings. The building Channel 3 is part of 4 identical four-storey office buildings (Channel 1-4) constructed in 1998. It consists of a reinforced concrete and steel-frame structure with a steel and glass facade. The fit-out of the office areas feature mainly carpeted floors and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. Cabling and media is provided by double flooring. The business park is connected to the Airbus-IT-Network. The external areas are mainly paved. Rented parking spaces are additionally available on plots adjacent to the channel-Hamburg business park.	boxXpress.de GmbH (36% of total income)	The property is let to 8 tenants. The current occupancy rate is 63%. The main tenant has a remaining lease term until May 2016.	346,658	539,708	6,790,000
54	channel 4, Harburger Schloßstraße 28	21079	Hamburg	15 Apr 2010	Office	3,525	62	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the southern district of Harburg, 2.3 km south-east of the Harburg main train station and 1.3 km from the Harburg city centre. Harburger Schlossstraße is a side road connecting to Karnapp, which is a main road and Kanalplatz, which is also a side road. Both roads lead to the A1, A7 and A253 motorways. The surrounding area is characterised by a mix of office and retail use. The accessibility by car is adequate and by public transport, it is good. The visibility of the property from Harburger Schlossstraße is limited.	The subject property is part of the channel-Hamburg business park consisting in total of 11 separate buildings. The building Channel 4 is part of 4 identical four-storey office buildings (Channel 1-4) constructed in 1998. It consists of a reinforced concrete and steel-frame structure with a steel and glass facade. The fit-out of the office areas feature mainly carpeted floors and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. Cabling and media is provided by double flooring. The business park is connected to the Airbus-IT-Network. The external areas are mainly paved. Rented parking spaces are additionally available on plots adjacent to the channel-Hamburg business park.	InnoGames GmbH (48% of total income)	The property is let to 6 tenants. The current occupancy rate is 100%. The main tenant has a remaining lease term until October 2014. The tenant has a break options October 2012 and 2013.	531,778	508,035	7,010,000

Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
55	channel 8, Harburger Schloßstraße 30	21079	Hamburg	15 Apr 2010	Office	2,565	15	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the southern district of Harburg, 2.3 km south-east of the Harburg main train station and 1.3 km from the Harburg city centre. Harburger Schlossstraße is a side road connecting to Karnapp, which is a main road and Kanalplatz, which is also a side road. Both roads lead to the A1, A7 and A253 motorways. The surrounding area is characterised by a mix of office and retail use. The accessibility by car is adequate and by public transport, it is good. The visibility of the property from Harburger Schlossstraße is limited.	The subject property is part of the channel-Hamburg business park consisting in total of 11 separate buildings. The building Channel 8 is a separate five-storey office building with an additional attic storey constructed in 2000. It consists of a reinforced concrete and steel frame structure with a rendered and steel-and-glass facade. The fit-out of the office areas feature mainly carpeted floors, and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. Cabling and media is provided by double flooring. The business park is connected to the Airbus-IT-Network. The outside areas are mainly paved. Rented parking spaces are additionally available on plots adjacent to the channel-Hamburg business park.	SKN Schlarmann Kilian Niemeyer (51.6% of total income)	The property is let to 7 tenants. The current occupancy rate is 100%. The main tenant has a remaining lease term until February 2012.	369,975	358,402	4,740,000
56	Blohmstr. 10-14	21079	Hamburg	15 Apr 2010	Office	10,600	169	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the southern district of Harburg, 2.3 km south east of the Harburg main train station and 1.3 km from the Harburg city centre. Blohmstraße is a side road connecting to Karnapp, which is a main road and Kanalplatz, which is also a side road. Both roads lead to the A1, A7, A253 motorways. The surrounding area is characterised by a mix of office and retail use. The accessibility by car is adequate and by public transport, it is good. The visibility of the property from Blohmstraße is good.	The subject properties are part of the channel-Hamburg business park consisting in total of 11 separate buildings. The buildings Channel 9, 10 and 11 are 3 identical four-storey office buildings constructed in 2005 and 2006. They consist of a reinforced concrete and steel-frame structures with a steel-and-glass facade. The fit-out of the office areas feature mainly carpeted floors, and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. Cabling and media is provided by double flooring. The business park is connected to the Airbus-IT-Network. The outside areas are mainly paved. Rented parking spaces are additionally available on plots adjacent to the channel-Hamburg business park.	Airbus S.A.S. (37% of total income)	The properties are let to 9 tenants. The current occupancy rate is 100%. The main tenant has a remaining lease term until December 2012.	1,595,040	1,564,200	23,510,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
57	St.-Martin-Straße 76	81541	München	05 Nov 2010	Office	57,424	1,287	Freehold	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city of Germany. The subject property, which is part of a Siemens Campus, is located about 4 km south of the Munich city centre in the district of Giesing. St.-Martin-Straße is a main road leading from the Ostfriedhof east of the property to the Rosenheimer Straße in the west. The surrounding area is characterised by both residential and office buildings. West of the property, a residential area can be found, whereas a railway line runs to the east. The accessibility by both car and public transport is good due to the site being near the arterial road, Rosenheimer Straße, and the direct proximity of a suburban railway station, a bus station and a subway station. The visibility of the property from St.-Martin-Straße is good. As the property consists of multiple buildings, some of them are located in the second row and not visible from St.-Martin-Straße.	The subject property consists of eight five- to six-storey buildings constructed in 1992 and 1993. Seven buildings are for office use and one building is a multi-functional building with infrastructural functions such as shops, restaurants and conference areas. All buildings are architecturally built in the same way. The buildings consist of a reinforced concrete framework construction with a flat roof with asphalt cover and gravel protection. The facade is made of rear ventilated aluminium and glass elements as well as external sunscreens. The fit-out of the lettable areas feature mainly carpeted floors. Ceilings are suspended with integrated lighting. Lettable areas are mainly separated by flexible drywall. Cabling and media is provided by perimeter trunking running underneath the window sills. The subject property also includes a multi-storey car park located on the other side of the St.-Martin-Straße. This building was built in 1985 and consists of a reinforced concrete framework construction. The multi-storey car park has 13 mezzanine storeys. The external areas consist of paved parking areas, a paved inner courtyard and some green spaces.	Siemens AG(100% of total income)	The property is fully let to one tenant. The lease expires in February 2017.	6,830,819	7,037,033	110,010,000
58	Fritz-Schäffer-Str. 9	81737	München	04 Nov 2010	Office	71,617	672	Freehold	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city of Germany. The subject property is located approx. 8km east of the city centre in the district of Neuperlach. Fritz-Schäffer-Straße is a small side road providing access to the subject building and several other office properties. Ständler Straße is an arterial road leading east from motorway A8 and borders the property to the north. The surrounding area is characterised by larger office buildings to the south and residential apartment blocks to the north. The accessibility of the site by car and public transport is good. The visibility of the property from Fritz-Schäffer as well as Ständler Straße is good.	The subject building complex consists of two interconnected buildings with a total net lettable area of around 71,600sqm and an underground parking garage. The older building complex at the eastern side was built in 1981. The western part was built in 1996. The complex can be accessed from the main entrance at Fritz-Schäffer-Straße. The buildings were built in the corporate fit-out standard of Allianz internally and externally. All building sections are reinforced concrete framework constructions with predominantly aluminium or stone-covered facades and flat roofs. The fit-out of the office areas feature carpeted floors and ceilings with integrated lighting. A flexible layout of the individual units is possible. Cabling and media is provided via double flooring (western part) or floor ducts (eastern part). External areas are predominantly paved.	Allianz Deutschland AG (100% of total income)	The property is fully let to Allianz. The tenant has a lease term until December 2020.	10,269,528	9,600,777	168,800,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
59	Van-der-Smissen-Straße 1 - 2a	22767	Hamburg	15 Apr 2010	Office	7,753	122	Site is leased ("Grundpacht")	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district Altona, 4 km west of the main train station and the city centre. The surrounding area is a mixed-use area with mainly office and retail properties. The property borders the Elbe River and directly adjoins a cruise terminal. The well-known fish market, Altona, is located opposite the property. The visibility of the property as well as its accessibility are good. It offers sufficient parking spaces.	The subject property is a 2-6-storey office building, constructed in 1992. The property additionally provides a restaurant on the ground floor with a separate entrance. The building has a steel-frame structure and façades with glass and aluminium elements. The fit-out of the office areas feature mainly carpeted floors and extended ceilings with integrated lighting. Cabling and media is provided by floor ducts. Some office areas are equipped with separate air conditioning systems. Parking is available in the underground garage. The subject site is owned by the city of Hamburg and let to IVG. The buildings on site, however, are owned by IVG. As the site is in the Hamburg harbour area, it cannot be purchased by any person or private entity.	Alfred E. Tiefenbacher GmbH (60% of total income)	The property is fully let to 14 tenants. The main tenant has a remaining lease term until December 2018.	1,686,179	1,796,133	29,890,000
60	Zapp-Platz 1/ Alter Kirchweg/ R.-Zapp Str. 5	40880	Ratingen	12 Apr 2010	Industrial	25,398	180	Freehold	Ratingen is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 1.5 km north of the city centre in a commercial area. The subject site is located between some smaller streets, parallel to the street Am Roten Kreuz, which is a main road through the city. The surrounding area is mainly characterised by commercial, residential and some office use. Vehicular access to the property is average. The next access to motorway A52 is located some 2 km to the north. The visibility of the property from the street is limited. The main office building on the site features good visibility; the warehouse buildings are however mostly blocked by either bushes or buildings. There are 6,000 sqm of surplus land on the site. Additionally, the site offers railway access and there is a small strip of land that extends from the site that offers space to park a train.	The subject property consists of one office building, three warehouses and production complexes and some auxiliary buildings, constructed between 1972 and 1992. The office building is constructed as a reinforced concrete framework construction with a glass facade. The fit-out of the office areas feature mostly carpeted floors, and extended ceilings with either integrated or suspended lighting. Cabling and media is provided via perimeter trunking. The warehouse let to the tenant Zapp has a reinforced concrete frame with wall elements of concrete and covered with profiled metal elements. The roof is constructed as a flat roof and covered with trapezoidal roof sheeting. The roof of the warehouse section is equipped with roof lights, providing some daylight to the areas. The production warehouse let to the tenant Arcelor has a reinforced concrete frame with wall elements of cement asbestos. The roof is constructed as a flat roof and covered with trapezoidal roof sheeting. The roof of the warehouse section is equipped with roof lights, providing some daylight to the areas. The building features a crane and railway access within the production hall section. The third smaller warehouse has a steel frame and outer walls of profiled metal elements and underlying thermal insulation. The roof is constructed as a flat roof and covered with trapezoidal roof sheeting. The roof of the warehouse section is equipped with roof lights, providing some daylight to the areas.	Zapp AG (58% of total income)	The property is fully let to two tenants. The lease of the main tenant expires in parts in September 2014 and in parts in September 2019.	1,549,163	1,358,848	16,770,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
61	Schleswiger Straße 103	24941	Flensburg	11 Feb 2011	Industrial	11,732	4	Freehold	Flensburg is located in the north of the federal state of Schleswig-Holstein. The subject property is located 2.5 km south of the city centre in the district of Südstadt, in the commercial district "Gewerbegebiet Süd". Schleswiger Straße is a main street connecting to the city centre and federal road 200, which leads to motorway 7. The surrounding area is mainly characterised by commercial and industrial use. The accessibility both by car and public transport is good. The visibility of the property from Schleswiger Straße is good.	The subject property is consists of a multi-part storage building with a connected office tract as well as a separate residential house, constructed in 1960 and extended in 1988. The main storage and office building is constructed as a reinforced concrete structure and has outer walls of red brick and concrete elements. The high rack warehouse connected to the main building has a steel-frame construction with a façade consisting of metal sheeting. The roof is partially constructed as a flat roof and covered with bitumen roof sheeting and thermal insulation. The main part of the building has a pitched roof. The residential house has brick walls with a brick and concrete façade and a pitched roof. Additionally, the site features a detached lorry repair shop. The segments of the storage space have a clearance height between approximately 3 m and 10 m. Loading access is provided mainly via 13 rolling gates on one side of the high rack warehouse section. The main part of the building has approximately 10 additional loading bays. The office and social areas are attached to the warehouse section and the interior space features a standard fit-out with carpeted and linoleum floors, plasterboard walls and painted ceilings with suspended lighting.	Calgros Andresen GmbH (91.4% of total income)	The property is let to six tenants. The current occupancy rate is 99%. The main tenant has a remaining lease term until July 2014.	223,272	311,485	1,810,000
62	Osterbrookweg 35	22869	Schenefeld	15 Apr 2010	Office	4,118	0	Freehold	Schenefeld is located in the south of the federal state of Schleswig-Holstein. The subject property is located in the south of Schenefeld in the commercial district of Achtern-Teenbargen. Osterbrooksweg is a side road leading to Blankeneser Chaussee and Altonaer Chausee, which are main roads connecting the area with the motorways A 7 and A 23 (distance approx. 8 km). The surrounding area is mainly characterised by residential, commercial and industrial use. The accessibility both by car and public transport is average. The visibility of the property from Osterbrooksweg is moderate as the property is located in the second row. The property is not visible from any of the main streets. The property has a legally secured access to Osterbrooksweg.	The subject property is a two-storey office building, constructed in 1992 and extended in 2000. It consists of a reinforced concrete framework construction with a red brick and metal sheeting facade. The fit-out of the office areas feature carpeted floors, and extended ceilings with integrated and suspended lighting. The fit-out of the retail areas feature carpeted floors, and suspended ceilings with integrated and suspended lighting. Cabling and media is provided by perimeter trunking. The basement of the property is technically equipped to be used as a data centre.	Spar Handelsgesellschaft mbH (100% of total income)	The property is let to one tenant. The current occupancy rate is 100%. The main tenant has a remaining lease term until December 2011.	247,080	257,385	1,630,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area1)	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent2)	Market Rent	Market Value3)
						sqm							€ (month 1 x 12)	€ p.a.	€
63	Völklinger Straße 2	40219	Düsseldorf	13 Apr 2010	Office	13,191	71	Freehold	Düsseldorf is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 1.7 km south of the city centre in the district of Unterbilk. Völklinger Straße is one of the main arterial roads that lead from north to south through Düsseldorf. The surrounding area is mainly characterised by office and some residential and mixed use. The accessibility both by car and public transport is good. The visibility of the property from the main street is good.	The subject property is a four-storey office building with a canteen on the ground floor, constructed in 1967. It consists of a reinforced concrete framework construction with a metal panel facade. The fit-out of the office areas feature mostly carpeted floors and extended ceilings with integrated lighting. The fit-out of the canteen areas feature tiled floors and extended ceilings with integrated lighting. Cabling and media is provided via floor ducts.	Not applicable	The property is currently completely vacant.	0	1,821,506	20,480,000
64	Osterbrookweg 36 - 49	22869	Schenefeld	15 Apr 2010	Industrial	49,755	0	Freehold	Schenefeld is located in the south of the federal state of Schleswig-Holstein. The subject property is located in the south of Schenefeld in the commercial district of Achtern-Teenbargen. Osterbrooksweg is a side road leading to Blankeneser Chaussee and Altonaer Chausee, which are main roads connecting the area with the motorways A 7 and A 23 (distance approx. 8 km). The surrounding area is mainly characterised by residential, commercial and industrial use. The accessibility both by car and public transport is average. The visibility of the property from Osterbrooksweg is good. The property is not visible from any of the main streets. The property consists of several non-connected plots on both sides of Osterbrooksweg.	The subject properties consist of two separate logistics buildings as well as two office buildings constructed successively between 1959 and 2002. Additionally, the site consists of a sufficiently large parking lot. The logistics buildings as well as the office buildings are constructed as a reinforced concrete and partially steel-frame structure and have outer walls of profiled metal and underlying thermal insulation. The roof is constructed as a flat roof and covered with trapezoidal roof sheeting and thermal insulation. The office buildings have a reinforced concrete structure and an exposed concrete façade with glass elements. The roof of the warehouse section is equipped with vertical light-bands, providing sufficient daylight to the areas. The segments of the warehouses have clearance heights of 5-6 m, 7-8 m and 9-10 m. Loading access is provided via several rolling gates on two sides of the buildings. The warehouses are partially equipped with cooling systems. The interior areas of the office areas feature a standard fit-out with carpeted floors, plasterboard walls and partially suspended ceilings. Cabling is provided via perimeter trunking.	Hermes Schleifmittel GmbH & Co. KG (50.4% of total income)	The property is let to four tenants. The current occupancy rate is 31%. The main tenant has a remaining lease term until December 2021.	837,427	2,206,788	15,520,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
65	Lehmstraße 1-3	47059	Duisburg	11 Feb 2011	Office	5,143	60	Freehold	Duisburg is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 2 km west of the city centre in the district of Neuenkamp. Lehmstraße is a side road, leading off Essenbergerstraße, which connects the subject property to the city centre via Schwanenstraße. The surrounding area is mainly characterised by commercial use. The accessibility by car is good. The visibility of the property from Lehmstraße and Paul-Rückerstraße is good.	The subject property is a one/two-storey mixed-use building, constructed in 1979 and further extended in 1984. It consists of a reinforced concrete framework construction with a steel panelled facade. The office areas feature heavy duty lino flooring and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking.	Leffek Industrie Service GmbH (100.00% of total income)	The subject property is let to 1 tenants. The main tenant has a lease term until 31 December 2017. Furthermore, the property's vacancy rate is approx. 43%.	113,332	191,182	1,670,000
66	Völklinger Str. 2	40219	Düsseldorf	13 Apr 2010	Site	0	0	Freehold and Leasehold	Düsseldorf is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 1.7 km south of the city centre in the district of Unterbilk. Völklinger Straße is one of the main arterial roads that leads from north to south through Düsseldorf. The surrounding area is mainly characterised by office and some residential and mixed use. The accessibility both by car and public transport is good. The visibility of the property from the main street is limited, as the site is located behind the building Völklinger Straße 2.	The site with a total area of 10,726sqm has an irregular shape and an even topography. It is covered with rows of trees and partially paves for parking purposes between the trees. There are some small remaining buildings on the site that are however planned to be deconstructed. Some parts of the site are held freehold and some leasehold, however, with an pre-emptive right of purchase for the lessee after the expiry of the leasehold.	Not applicable	Not applicable	0	0	8,660,000
67	Dahmestraße	15749	Mittenwalde	09 Sep 2011	Site	0	0	Freehold	Mittenwalde is located in the east of the federal state of Brandenburg, near Berlin. The subject property is located in the east of Mittenwalde. Dahmestraße is a side road parallel to Schenkendorfer Straße, which is the main road from Schenkendorf to Mittenwalde. The surrounding area is mainly characterised by commercial use. The accessibility by car is good. The visibility of the property from Dahmestraße is good.	The site (consisting of several plots with a total site area of 13,247sqm) has an almost irregular shape and an even topography. It is almost fully green. The site is fully serviced.	As the subject property is an undeveloped site, no tenant exists.	Not applicable	0	0	280,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
68	Im Atzelnest 3	61352	Bad Homburg	07 Nov 2011	Office	2,456	62	Freehold	Bad Homburg (v.d.Höhe) is located near the financial metropolis Frankfurt am Main (17 km to the north) in the south of the federal state of Hesse. The subject property is located approx. 3.5 km west of the city centre in a commercial area. Im Atzelnest is a side road, but is connected to the Südring, the main arterial road in the vicinity, leading to the city centre and the motorway A661. The surrounding area is mainly characterised by office and commercial use. The accessibility both by car and public transport is good. The visibility of the property from Im Atzelnest is good.	The property is a three-storey office building, constructed in 1989/90. It consists of a reinforced concrete frame construction and a natural stone facade. The fit-out of the office areas features carpeted/parquet floors and suspended ceilings with integrated lighting. Cabling and media is provided via floor ducts.	Syzygy GmbH (79% of total income)	The subject property is around 99% let to two tenants. The main tenant has a lease term until 30 June 2016.	252,960	273,664	3,670,000
69	Dornhofstr. 18	63263	Neu-Isenburg	07 Nov 2011	Office	3,593	72	Freehold	Neu-Isenburg is located near the financial metropolis Frankfurt am Main (10 km to the south) in the south of the federal state of Hesse. The subject property is located approx. 1.2 km west of Neu-Isenburg's city centre in a commercial area. Dornhofstraße is a side road, but is connected to Neu-Isenburg's main arterial road B3 via Carl-Ullrich-Straße/ Hugenottenstraße. The surrounding area is mainly characterised by office and commercial use. The accessibility both by car and public transport is good. The visibility of the property from Dornhofstraße is good.	The property is a three-storey office building, constructed in 1989/90. It consists of a reinforced concrete frame construction and a natural stone facade. The fit-out of the office areas features carpeted/parquet floors and suspended ceilings with integrated lighting. Cabling and media is provided via floor ducts.	Business Operation Systems GmbH (42.3% of total income)	The subject property is around 28% let to three tenants. The remaining lease term of the main tenant is until June 2012.	119,936	423,071	4,670,000
70	Im Atzelnest 5	61352	Bad Homburg	07 Nov 2011	Office	2,993	46	Freehold	Bad Homburg (v.d.Höhe) is near to the financial metropolis Frankfurt am Main (17km to the north) in the south of the federal state of Hesse. The subject property is located approx. 3.5 km west of the city centre in a commercial area. Im Atzelnest is a side road, but is connected to the Südring, the main arterial road in the vicinity, leading to the city centre and the motorway A661. The surrounding area is mainly characterised by office and commercial use. The accessibility both by car and public transport is good. The visibility of the property from Im Atzelnest is good.	The property is a three-storey office building, constructed in 1990/91. It consists of a reinforced concrete frame construction and a rendered facade. The fit-out of the office areas features carpeted /parquet floors and suspended ceilings with integrated lighting. Cabling and media is provided via floor ducts.	CPM GmbH (100% of total income)	The subject property is fully let to one tenant. The tenant has a lease term until 30 April 2014.	292,632	291,411	3,840,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
71	Otto-Hahn-Str. 48	63303	Dreieich-Sprendlingen	07 Nov 2011	Office	1,723	32	Freehold	Dreieich is located near the financial metropolis Frankfurt am Main (12 km to the south) in the south of the federal state of Hesse. The subject property is located approx. 2 km north of Dreieich's city centre, in a commercial area of the district Sprendlingen. Otto-Hahn-Straße is a side road, but is directly connected to the main arterial road in the vicinity, the federal road B46, leading to the south/city centre and north/Frankfurt. The surrounding area is mainly characterised by office and commercial use. The accessibility by car and public transport is good. The visibility of the property from Otto-Hahn-Straße is good.	The property is a five-storey office building, constructed in 1990/91. It consists of a reinforced concrete frame construction and a natural stone facade. The fit-out of the office areas features carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via floor ducts on the ground floor level, but perimeter trunking in the upper storeys.	Maturity GmbH (23.9% of total income)	The subject property is around 73% let to six tenants. The remaining lease term of the main tenant is until December 2011.	124,102	164,649	1,870,000
72	Cargo City Süd, Logistik Center 543	60549	Frankfurt	04 Oct 2011	Industrial	11,676	42	Leasehold	The financial metropolis Frankfurt am Main is located in the south of the federal state of Hesse. The subject property is located approx. 15 km south-west of Frankfurt's city centre at the "Rhine-Main Airport". Cargo-City Süd is a specialised and secured logistics area close to the A5 motorway and federal road B44, main arterial roads towards the north and the city centre/banking district, respectively. The surrounding area is mainly characterised by logistics use. The accessibility by car is excellent, but limited by public transport. The property has a good visibility inside Cargo-City, but is not visible from outside the secured area.	The property is a logistics building with an adjacent office tract and directly connected to the airfield of the airport. It was constructed in 1999. The logistics component consists of an unsupported steel frame construction with partially metal cladding, partially concrete elements. The one side, directed towards Cargo-City, offers 13 loading gates, whereas the airport side features two loading ramps on the ground floor level. The office component was constructed as a reinforced concrete frame construction and a facade with metal cladding. The fit-out of the office areas features carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via raised floors and perimeter trunking.	Aviapartner Cargo GmbH (100% of total income)	The subject property is fully let to one tenant. The tenant has a lease term until 30 September 2029.	1,487,572	1,374,612	17,440,000
73	Benzstraße 1	61352	Bad Homburg	09 Apr 2010	Office	14,463	237	Freehold	Bad Homburg (v.d.Höhe) is located near the financial metropolis Frankfurt am Main (17 km to the north) in the south of the federal state of Hesse. The subject property is located approx. 1 km south of the city centre in a commercial area. Benzstraße is a side road, but is connected to the Zeppelinstraße, the main arterial road in the vicinity, via Siemensstraße. Siemensstraße leads to the city centre, whereas Zeppelinstraße leads to the motorway A661. The surrounding area is mainly characterised by office and commercial use. The accessibility both by car and public transport is good. The visibility of the property from Benzstraße is good.	The property is a five-storey office building, constructed in 2006. It consists of a reinforced concrete frame construction. The facade partially consists of natural stone elements, and partially of aluminium-sandwich panels. Additionally an adjoining multi-storey car park forms part of the property. The fit-out of the office areas features carpeted floors and suspended ceilings with integrated lighting and, partially, cooling ceilings. Cabling and media is provided via floor ducts.	MEDA Pharma GmbH & Co. KG(100% of total income)	The subject property is fully let to one tenant. The tenant has a lease term until 30 November 2014.	3,030,828	2,433,666	39,100,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
74	Gottlieb-Daimler-Str. 6-10	68165	Mannheim	09 Feb 2011	Office	24,128	431	Freehold	The university town Mannheim, is located in the northern end of the federal state of Baden-Wuertemberg. Mannheim with its 315,000 inhabitants is the second largest city of the federal state of Baden-Wuertemberg. The subject property is located about 3 km south-east of Mannheim city centre in the district of Schwetzinger Vorstadt. Gottlieb-Daimler-Straße is a side road parallel to the Wilhelm-Varnholt-Allee, which is the direct connection from the city centre to the motorway A6. The surrounding area is mainly characterised by office buildings and commercial usage. North of the property, the Planetarium Mannheim is located and in the east, the Daimler Branch Mannheim. The accessibility by both car and public transport is good due to the site being near the arterial road, Wilhelm-Varnholt-Allee, and the direct vicinity of a bus station. The visibility of the property from Gottlieb-Daimler-Straße is good. Visibility is even provided from Wilhelm-Varnholt-Allee.	The subject property consists of three connected nine-storey office buildings constructed in 1972. The buildings consist of a reinforced concrete framework construction with flat roofs. Building number 8 was refurbished in 2007 and has been since re-let. The facade is made of extensive elements with external sunscreens. The fit-out of the lettable areas feature mainly carpeted floors. In some areas, the ceilings are suspended with integrated lighting. Lettable areas are mainly separated by flexible drywall with glass elements. Cabling and media is provided by double flooring. Buildings number 6 and 10 are in very bad condition and not lettable in their current state. They have an old natural stone facade and a very simple and not up-to-date fit out-standard. The property includes a backyard with a car park and therefore offers external parking areas. The external areas consist of paved parking areas, access areas and some green areas.	Johnson Controls Systems & Service GmbH (36% of total income)	The property is 26% let to 14 tenants. The lease of the main tenant expires in November 2011.	916,826	2,996,700	20,280,000
75	Lademannbogen 12, 12a	22339	Hamburg	18 Feb 2011	Office	4,100	55	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district of Hummelsbüttel, 14 km north of the main train station and the city centre. Lademannbogen is a side road connecting to Gehlengraben, a main road eventually leading to motorway 7 (distance 10 km). The surrounding area is mainly characterised by commercial and industrial use. The accessibility by car and public transport is average. The visibility of the property from Lademannbogen is good. The property is in close distance to Hamburg International Airport (approx. 4 km).	The subject property comprises three- and four-storey commercial buildings featuring storage and office areas; they were constructed in 1978 and refurbished in 1992. The buildings consist of a reinforced concrete framework structure with a red brick and concrete facade. The fit-out of the office areas feature carpeted, linoleum and parquet floors, painted ceilings and suspended ceilings with integrated and suspended lighting depending on the tenant fit-out. Cabling and media is provided via perimeter trunking. The storage area is currently used as a TV-studio.	Studio Hamburg Produktion GmbH (100% of total income)	The property is let to one tenant. The current occupancy rate is 55%. The main tenant has a remaining lease term until January 2012.	152,400	376,512	4,110,000

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Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
76	Werner-von-Siemens Ring 1-5, 6-10	85630	Grasbrunn	05 May 2010	Office	34,378	639	Freehold	The municipality Grasbrunn is located in the administrative district of Munich about 15 km east of the state capital Munich. The subject property, which is part of the so-called “Technopark”, is located about 3 km north of Grasbrunn in the district of Neukeferloh. Werner-von-Siemens-Ring is the main access road to the micro-location “Technopark”, which is a small conglomeration of similar office buildings. The surrounding area is characterised by these office buildings. The motorway is reachable within 500 m, so the accessibility by car is very good. A bus station is also located in the vicinity of the property. The visibility of the property from Werner-von-Siemens-Ring is good. Visibility is even provided from the federal road B304, the direct connection to the motorway.	The subject property consists of two four-storey buildings constructed in 2001. Both buildings are for office use and were constructed and fit-out in the same way. The buildings consist of a reinforced concrete framework construction with a flat roof with asphalt cover and gravel protection. The facade is made of aluminium and extensive glass elements as well as external sunscreens. The fit-out of the lettable areas feature mainly carpeted floors. In some parts of the property, the ceilings are suspended with integrated lighting. Lettable areas are mainly separated by flexible drywall with glass elements. Cabling and media is provided by floor ducts. The building has a two-storey underground car park. The external areas consist of paved parking areas and some green areas.	Bosch Sicherheitssysteme GmbH (100% of total income)	The property is fully let to one tenant. The lease of the main tenant expires in December 2021.	3,784,920	4,281,636	63,650,000
77	In den Schwarzwiesen 9	61440	Oberursel	10 Feb 2011	Office	6,116	105	Freehold	Oberursel is located near the financial metropolis Frankfurt am Main (19 km to the north-west) in the south of the federal state of Hesse. The subject property is located approx. 1.5 km south of the city centre in a commercial area. In den Schwarzwiesen is a side road, but is connected to the Frankfurter Straße, Oberursel’s main arterial road, via Zimmermühlenweg. Frankfurter Straße connects the city centre with the main roads leading towards the south and Frankfurt. The surrounding area is mainly characterised by office and commercial use. The accessibility both by car and public transport is good. The visibility of the property from In den Schwarzwiesen is good.	The property is a four-storey office building, constructed in 1994. It consists of a reinforced concrete frame construction and a facade with both concrete-stone and glass elements. The fit-out of the office areas features mostly carpeted floors and suspended ceilings. Cabling and media is provided via floor ducts.	Hochtief Construction AG (100% of total income)	The subject property is fully let to one tenant. The tenant has a lease term until 31 December 2013.	1,025,980	756,506	9,280,000
78	Monrepossstraße 49	71634	Ludwigsburg	09 Feb 2011	Office	5,391	95	Freehold	Ludwigsburg is located in the north of the federal state of Baden-Wuerttemberg. The subject property is situated in the north of the city. Monrepossstraße is a side road, parallel to the federal road B 27, which is one of the main arterial roads in Ludwigsburg. The surrounding area is mainly characterised by mixed-use properties. The accessibility by car and public transport is good. The visibility of the property from the street is limited.	The subject property is a five-storey office-use building, constructed in 1993. The retail areas can be accessed via separate entrances. It consists of a reinforced concrete framework construction. The subject property provides 86 internal parking spaces and 9 external parking spaces. The office and retail areas feature carpeted floors. Cabling and media is provided by double flooring.	Eßwein GmbH (28% of total income)	The subject property is let to twenty-five tenants. The main tenant has a lease term until 31 March 2013. Furthermore, the total vacancy rate amounts to approx. 9%.	414,117	465,022	5,100,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
79	Friesische Str. 1-9, Rote Str. 2	24937	Flensburg	11 Feb 2011	Office	3,344	32	Freehold	The urban municipality Flensburg is located in the very north of the federal state of Schleswig-Holstein. Flensburg is the third largest city in the federal state of Schleswig-Holstein. The subject property is located near the pedestrian precinct and therefore in the city centre of Flensburg. Friesische Straße is a main street leading from the district "Westliche Höhe" directly to the city centre. Rote Straße is a side road, which is known as a shopping street. The surrounding area is characterised by mixed-use properties, which is typical for intra-urban locations. Most of the neighbouring buildings are residential and commercial buildings with retailing areas and restaurants. The accessibility by both car and public transport is good due to the site being near Suedermarkt, which offers many bus connections. The visibility of the property from Friesische Straße and Suedermarkt is good, as the property is located at the street corner of Friesische Straße and Rote Straße.	The subject property consists of two office buildings constructed in 1984. One building is located at the street corner of Friesische Straße and Rote Straße named "Ärztehaus Südermarkt" and the second building is located in the inner courtyard and named "Harmshof". On the ground floor of the "Ärztehaus Südermarkt" some retail areas and one restaurant are provided. The upper floors offer office areas in many cases used as medical practices. The building "Harmshof" is used by a small school. Both buildings overall have the same building structure and fit-out quality. The building consists of a reinforced concrete framework construction with a curb roof. The facade is made of clay brick and in parts plastering mortar. The fit-out of the office and practice areas mainly feature linoleum floors. In some areas, the ceilings are suspended with integrated lighting. Cabling and media is provided by perimeter trunking running underneath the windowsills. The building has an underground car park. The external areas consist of paved access areas to the underground car park and the building "Harmshof" in the inner courtyard.	SALO Bildung und Beruf GmbH (21% of total income)	The property is 84% let to 18 tenants. The lease of the main tenant expires in December 2013.	307,656	354,597	4,770,000
80	Markttwiete 8-10	23611	Bad Schwartau	10 Feb 2011	Office	2,928	28	Freehold	The city of Bad Schwartau is located in the administrative district of Ostholstein in the east of the federal state Schleswig-Holstein. Bad Schwartau is located directly in the northern neighbourhood of the city of Luebeck and forms an agglomeration with Luebeck. The subject property is located directly in the pedestrian precinct and therefore in the city centre of Bad Schwartau. Markttwiete is a side road, which is used as a pedestrian zone. The surrounding area is characterised by mixed usage, which is typical for intra-urban locations. Most of the neighbouring buildings are residential and commercial buildings with retailing areas and restaurants. The accessibility by both car and public transport is good due to the site being near Rathausgasse, where the central bus terminal is located. The visibility of the property from Markttwiete is good.	The subject property is a three-storey retail and office building constructed in 1987. The building consists of a reinforced concrete framework construction with a flat roof. The facade is made of clay brick and the windows have external sunscreens. A part of the building located in the direction of the Rathausgasse is a one-storey building. A shopping arcade runs through the building from Markttwiete to Rathausgasse and offers retail areas in different sizes. The fit-out of the office areas feature mainly carpeted floors. The ceilings are suspended with integrated lighting. Offices are separated by flexible drywall. Cabling and media is provided via perimeter trunking running underneath the windowsills. Some office areas in the third floor have no fit-out. Some improvements will have to be made for a re-letting. The building has a one-storey underground car park. The external areas consist of paved access areas.	Matzen Kaufhäuser GmbH & Co. KG (19% of total income)	The property is 62% let to 30 tenants. The lease of the main tenant has an unlimited lease term with a termination notice period of 12 months.	328,076	433,572	5,510,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
81	Willinghusener Weg 5a-e	22113	Oststeinbek	10 Feb 2011	Office	6,178	60	Freehold	The municipality Oststeinbek is located in the administrative district of Stormarn about 20 km east of the Free and Hanseatic City of Hamburg, which is in the south of the federal state of Schleswig-Holstein. The subject property is located in a commercial area at the north-western border of the municipality. The site is situated at the street corner of Willinghusener Weg and the street Meessen. Willinghusener Weg is one of the main access roads to the commercial area. The surrounding area is characterised by mixed-use commercial buildings and large-scale retailers. The motorway A1 (Hamburg - Luebeck) is reachable in a 1 km distance, so the accessibility by car is very good. The visibility of the property from Willinghusener Weg is good.	The subject property is a one- to two-storey logistics and office building constructed in 1990. The building consists of a reinforced concrete framework construction with a flat roof with asphalt cover. The facade is made of plastering mortar and metal elements. The windows have external sunscreens. The building has three segments. Each segment has a logistics component with warehouse areas and a two-storey office part component. The fit-out of the office areas feature mainly carpeted floors. The ceilings are suspended with integrated lighting. Offices are separated by flexible drywall with glass elements in some areas. Cabling and media is provided via perimeter trunking running underneath the windowsills. The external areas consist of paved parking and manoeuvring areas, loading docks and some green space.	Medithek GmbH(37% of total income)	The property is let by 88% to six tenants. The lease of the main tenant has a unlimited lease term with a termination notice period of 12 months.	418,367	437,027	4,980,000
82	Westfalendamm 67	44141	Dortmund	11 Feb 2011	Office	3,450	46	Freehold	Dortmund is located in the west of the federal state of North Rhine-Westphalia. The subject property is located in the south-east of Dortmund, 4 km from Dortmund's city centre. Westfalendamm (which forms part of the B1) is an arterial road, which stretches from Aachen in the west to the Polish border in the east. The surrounding area is mainly characterised by mixed use (mostly residential and commercial). The accessibility both by car and public transport is good. The visibility of the property from Westfalendamm is good.	The subject property is a six-storey office building, constructed between 1974-1976. It is a reinforced concrete construction with a natural stone facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via perimeter trunking.	Städtische Seniorenheime Dortmund GmbH (31.45% of total income)	The subject property is let to 6 tenants. The main tenant has a lease term until 31 December 2017. Furthermore, the property's vacancy rate is 8%.	405,494	386,340	5,300,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
83	Einsteinstr. 2	85716	Unterschleißheim	15 Feb 2011	Office	2,802	36	Freehold	The city of Unterschleißheim is located in the administrative district of Munich about 15 km north of the state capital, Munich. The subject property is located about 2 km north-west of the city centre of Unterschleißheim in the commercial area Lohhof. The site is located at the street corner of Einsteinstraße and Edisonstraße. While Einsteinstraße is a side road, Edisonstraße is one of the main access roads to the commercial area Lohhof. The surrounding area is characterised by mixed-use commercial buildings with mainly three- to four-storey office buildings. Some larger sites in the neighbourhood of the subject property are not yet developed. The motorway A92 is reachable in a 2 km distance, so the accessibility by car is very good. A bus station is also located in the vicinity of the property. The visibility of the property from Einsteinstraße is good. As some neighbouring sites are undeveloped, very good visibility is even provided from the Edisonstraße.	The subject property is a three-storey office building constructed in 1998. The building consists of a reinforced concrete framework construction with a curb roof. The facade is made of plastering mortar and glass as well as external sunscreens. The fit-out of the office areas feature mainly carpeted floors. The ceilings are suspended with integrated lighting. Offices are separated by flexible drywall. Cabling and media is provided by perimeter trunking running underneath the windowsills. Some lettable areas on the ground floor have the character of storage areas or office areas with a very simple fit-out. The building has a one-storey underground car park. The building is located on the southern half of the site. The northern part has the potential to be used as surplus land. This part of the site is about 2,000sqm. The external areas consist of paved parking areas, a lorry dock and some green space.	GSI Lumonics GmbH (100% of total income)	The property is fully let to one tenant. The lease expires in January 2013. However, the property is not used by the tenant anymore.	489,144	290,828	3,840,000
84	Colmarer Straße 5 & 11	60528	Frankfurt	09 Apr 2010	Office	16,192	161	Freehold	The financial metropolis Frankfurt am Main is located in the south of the federal state of Hesse. The subject property is located approx. 8 km south-west of Frankfurt's city centre in the district Niederrad. Colmarer Straße is a side road, however close to the motorway A5 as well as several larger roads leading towards the city centre. The surrounding area is mainly characterised by office use. The accessibility by car is good, but only average in terms of public transport. The visibility of the property from Colmarer Straße is good. Additionally, the property is easily visible from the A5.	The property is a seven-storey office building, constructed in 2003/04. It consists of two parts, Colmarer Straße 5 and Colmarer Straße 11. Both are similar in terms of building standard and quality. The property consists of a reinforced concrete frame construction. The facade has metal cladding. The fit-out of the office areas features carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via floor ducts/ raised floors.	Cegelec Deutschland GmbH (25.8% of total income)	The subject property is around 79% let to 15 tenants. The remaining lease term of the main tenant is until August 2016.	1,695,076	2,043,457	21,840,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
85	Implerstraße 7-9 / Kapellenweg 4-6	81371	München	08 Nov 2011	Office	13,983	110	Freehold	The state capital, Munich, is located in the south of the Free State of Bavaria. Munich is the third largest city in Germany. The subject property is located about 4 km south of the Munich city centre in the district of Sendling. The site is located some metres from the street corner of Implerstraße and Lindwurmstraße. Implerstraße is a main road leading south, whereas Lindwurmstraße is an arterial road leading via Sendlinger-Tor-Platz to the city centre. The surrounding area is mainly characterised by multi-storey residential buildings. Some office buildings can be found along Implerstraße. The accessibility by both car and public transport is good due to the site being near the arterial road, Lindwurmstraße, and the vicinity of a subway station, Poccistraße. The visibility of the property from Implerstraße is good. A frequented railway line runs to the east of the subject property, resulting in the site being exposed to railway-related noise.	The subject property consists of two office buildings. One buildings is located along the street front Implerstraße. This is a six-storey building constructed in 1974. Apart from the office areas, there are some retail areas on the ground floor. The building consists of a reinforced concrete framework construction with a flat roof with asphalt cover and gravel protection. The facade is made of plastering mortar and glass elements with external sunscreens. The fit-out of the lettable areas features mainly carpeted floors. The ceilings are suspended with integrated lighting. Lettable areas are mainly separated by flexible drywall and glass elements. Cabling and media is provided via perimeter trunking, running underneath the windowsills. The second building is located in the backyard of the site. It is a six-storey building constructed in 2004 and has a better fit-out standard than the older building. The building consists of a reinforced concrete framework construction with a flat roof with asphalt cover and gravel protection. The facade is made of plastering mortar and extensive glass elements with external sunscreens. In addition to the fit-out of the older building, in the newer building, cabling and media is provided via double flooring. The subject property has a underground car park. The external areas consist of paved parking areas, a paved courtyard and some green space.	Landeshauptstadt München Kommunalreferat (64% of total income)	The property is 79% let to 12 tenants. The lease of the main tenant expires in August 2021.	2,053,213	1,999,837	28,630,000
86	Arnulfstraße 25-27	80335	München	05 Nov 2010	Office	13,653	156	Freehold	The state capital, Munich, is located in the south of the Free State of Bavaria. Munich is the third largest city in Germany. The subject property is located about 2 km west of the Munich city centre in the district of Maxvorstadt. It is situated 1 km west of Munich central railway station, in the neighbourhood of the newly developed commercial area, Arnulfpark. Arnulfstraße is a main road leading from the district Neuhausen-Nymphenburg to the west to the central railway station of Munich to the east of the property. The surrounding area is mainly characterised by office buildings. To the south of the property, the new central bus terminal "ZOB" is located. So, the accessibility by both car and public transport is very good due to the site being near the central bus terminal, a tram station in front of the building and the suburban train station "Donnersberger Bruecke", which is reachable in 100 m. The visibility of the property is very good due to the location at the junction of Arnulfstraße and Grasserstraße / Wredestraße.	The subject property is a six-storey office building constructed in 1992. The building consists of a reinforced concrete framework construction with a flat roof with asphalt cover and gravel protection. The facade is made of natural stone and extensive glass elements. The fit-out of the office areas features carpeted and wooden floors. Most ceilings are suspended with integrated lighting. Offices are separated by flexible drywall with glass elements. Cabling and media is provided via floor ducts. The building has a two-storey underground car park. The external areas consist of paved parking areas, a partly paved inner courtyard and some green space.	Syskoplan AG (13% of total income)	The property is 76% let to 15 tenants. The lease of the main tenant expires in August 2014.	1,953,311	2,342,027	37,710,000

Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
87	Suhrenkamp 71-77 "Penta Hof"	22335	Hamburg	16 Apr 2010	Office	23,540	460	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district of Fuhlsbüttel, 10 km north of the main train station and the city centre. Suhrenkamp is a small street running from the arterial road Sengelmannstraße. The surrounding area is a mixed-use area with office, residential and industrial properties. A prison is also located near the property. The visibility of the property as well as its accessibility by public transport are limited. However, the property provides sufficient parking spaces. The property is in close distance to Hamburg International Airport (approx. 1 km).	The subject property is a pentagon-shaped 6-storey office building, constructed in 1999. The property additionally provides a canteen, fitness rooms and chilled data rooms, which have all been set up by the sole tenant, Shell. The building consists of a reinforced concrete framework structure. The facades feature red bricks, aluminium elements and large glazed windows. The top floor is set back and has a facade consisting of aluminium elements and glazed windows. The fit-out of the office areas feature mainly carpeted floors and extended ceilings with integrated lighting. Cabling and media is provided via floor ducts. Some office areas are equipped with separate air conditioning systems. Parking is available in the underground garage and around the building.	Shell Deutschland Oil GmbH (99.7% of total income)	The property is let to one tenant (excl. "other" units). The current occupancy rate is 92% with a remaining lease term until April 2016 (partly break option in 12/2011 and 12/2013).	2,802,999	2,971,693	44,360,000
88	Rankestr. 17 / Schaperstr. 12 + 13	10789	Berlin	12 Apr 2010	Office	4,931	41	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 500 m south of the city centre (Kurfürstendamm), in the district Charlottenburg. Rankestraße is parallel to Joachimstaler Straße, which is an arterial road to the south. The surrounding area is mainly characterised by smaller office buildings and residential properties. The accessibility both by car and public transport is good. The visibility of the property from Rankestraße is good.	The subject office property (with retail on the ground floor) consists of two building parts. The building part alongside Schaperstraße has five storeys. The building part along Rankestraße has eight storeys. Both parts were built in 1958 and refurbished in 2000. It consists of a reinforced concrete framework construction with a facade of partly brick or metal claddings. The fit-out of the office areas features carpeted floors and ceilings with integrated lighting. Cabling and media is provided via floor ducts. External areas are paved.	Dr. Zitelmann P.B. GmbH (25.3% of total income)	The property is occupied by 16 tenants and has an occupancy rate of 96%. The main tenant has a lease term until December 2016.	689,797	690,168	10,300,000
89	Plieninger Straße 140	70567	Stuttgart	07 Nov 2011	Office	20,920	609	Freehold	The state capital, Stuttgart, is located in the middle of the federal state of Baden Wuertemberg. Stuttgart is the sixth largest city in Germany and the centre of the metropolitan region of Stuttgart. The subject property is located about 6 km south of the Stuttgart city centre in the district of Möhringen. Plieninger Straße is a main road leading from the district Steckfeld in the east to the centre of Stuttgart-Möhringen in the west. Plieniniger Straße is directly connected to the federal road B27, which leads to the motorway A8 (Munich - Karlsruhe) in a 2 km distance south. The surrounding area of the subject property is mainly characterised by office buildings, with the headquarters of Daimler AG across the street. In the western neighbourhood, there is a cinema and theatre-complex. Accessibility by both car and public transport is very good due to the site being near a motorway connection and a bus stop. The visibility of the property is good due to its position by the big junction, Plieninger and Kurt-Schumacher-Straße.	The subject property is a five- to six-storey office building constructed in 1982. The building consists of a reinforced concrete framework construction with a flat roof with asphalt cover and gravel protection. The facade is made of clinker bricks and extensive glass elements with external sunscreens. The fit-out of the office areas mainly features carpeted floors. Ceilings are suspended with integrated lighting. Offices are separated by flexible drywall with glass elements in parts. Cabling and media is provided by floor ducts. The office areas are air-conditioned. The property only uses about one-fourth of the extensive site. As there is no underground car park, large areas of the site are used as external parking areas. Nevertheless, an area of about 9,900sqm of the site still has the potential to be used as surplus land. The external areas consist of paved parking areas and some green space. The whole site is fenced.	Daimler AG(100% of total income)	The property is fully let to one tenant. The lease expires in November 2014.	3,783,298	2,907,600	52,010,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
90	Monschauer Str. 5-9/Am Markt 29-31/Poensgenstr.19	53937	Schleiden	13 Apr 2010	Other	6,661	95	Freehold	Schleiden is located in the south of the federal state of North Rhine-Westphalia. The subject property consists of two separate complexes on two separate sites, one of which is located in the centre of the town and one few hundred metres to the north of the town centre, in the main town of Schleiden. Monschauer Straße is part of the federal road B258 and thus an arterial road through Schleiden and in the surrounding region. The surrounding area of Monschauer Straße is mainly characterised by residential and mixed use properties, while Poensgenstraße is characterised by residential use. The accessibility by car is average (the accessibility within the town is good; the town itself is however located in a very rural location). The visibility of the property at Monschauer Straße from the street is good, while visibility of the property at Poensgenstraße is limited due to a number of large trees.	The subject properties consist of a conference and hotel centre in the city centre with between one to four storeys and a small hotel some minutes away from the centre with two storeys that were constructed between the 19th century and 1995. The complex in the town centre consists of a number of buildings with different shapes and designs that are all connected and of solid construction types and pitched roofs. The complex features 109 hotel rooms, a sauna and fitness section, a restaurant and 15 conference rooms. The fit-out of the hotel and conference areas comprise mostly carpeted floors and partially extended ceilings. Additionally there is a small creek underneath parts of the property. The small additional hotel building at Poensgenstraße is also a solid construction in the style of a residential building with a plastered facade and a flat roof. It features 13 additional hotel rooms with carpeted floors that are of a more basic standard then those in the main complex.	KPMG (100% of total income).	The property is fully let to one tenant. The lease expires in April 2019.	497,924	479,592	5,620,000
91	Handelstraße 3	18069	Rostock	31 Aug 2011	Industrial	37,459	0	Freehold	Rostock is located in the north of the federal state of Mecklenburg-Western Pomerania. The subject property is located north-east of the city centre in the district of Schmarl. Handelsstraße is a side road that turns off from Schmarler Damm, which is a through road. The surrounding area is mainly characterised by mixed use. Vehicular access to the property is good. The nearest access to motorway A 19 is located 5 km to the east. The visibility of the property from the street is good. The site can be fully circled.	The subject property is a two-storey warehouse/logistics building, constructed in 1978. It consists of a reinforced concrete framework construction with a rendered facade (warehouse) and a brick facade (office building). The fit-out of the office areas features carpeted floors and ceilings with suspended lighting. The warehouse consists of 50 loading docks and sufficient level docks. Vehicular access is granted around the building.	Nordex Energy GmbH (approx. 50% of total income)	The property is occupied by 31 tenants. The main tenant has a lease term until 29 February 2016. The occupancy rate stands at 76%.	803,602	1,186,200	6,730,000
92	Frankenstraße 9	93059	Regensburg	14 Apr 2010	Office	3,578	71	Freehold	Regensburg is located in the east of the federal state of Bavaria. The subject property is located in the south and is 4.5 km from the city centre. Frankenstraße is a main road, which is one of the main arterial roads from the A93 to B15. The surrounding area is mainly characterised by mixed-use properties. The accessibility by car and public transport is good. The visibility of the property from the street is good.	The subject property is a five-storey office-use building, constructed in 2003. It consists of a reinforced concrete framework construction with a plastered facade. The subject property provides 47 internal parking spaces and 24 external parking spaces. The office areas feature carpeted floors. Cabling and media is provided by perimeter trunking.	KPMG (51% of total income)	The subject property is let to eighteen tenants. The main tenant has a lease term until 30 April 2019. Furthermore, the subject property is fully let.	384,652	385,449	5,480,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
93	Sonninstraße 24-28 "Sonninhof"	20097	Hamburg	15 Apr 2010	Office	20,808	188	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district Hammerbrook to the south of the Hamburg's city centre. The site is bordered by the streets Am Mittelkanal and Sonninstraße. A channel borders the property to the west and a further channel runs to the south of the street Am Mittelkanal. The property belongs to the real estate market called "Kernbereich Süd". The surrounding area is mainly characterised by large office buildings. The accessibility by car is good. The accessibility by public transport is limited given the rather long distance by foot to the train station. The property is not located on a thoroughfare and therefore has limited visibility.	The subject property is a 10-storey mixed-use building, constructed in 1915. The building has been successively refurbished from 1995 to 2002. It consists of a reinforced concrete framework structure. The two last floors are set back and they consist of a steel construction. The facades feature red bricks and glazed windows. The facades are listed as historical monuments. The facades of the two top floors consist of metallic elements with glazed windows. The areas feature different fit-outs depending on the respective tenants. The fit-out of the office areas mainly features carpeted floors and extended ceilings with suspended or integrated lighting. Cabling and media is provided via perimeter trunking. Some office areas are equipped with separate air conditioning systems. Parking is mainly available on an adjoining plot, which is not part of the valued property.	Commerzbank AG (52% of total income)	The property is let to 19 tenants. The current occupancy rate is 82%. The main tenant has a remaining lease term until September 2012.	2,528,995	2,356,331	35,200,000
94	Garmischerstr. 2-12, Ridlerstr. 51	80339	München	15 Feb 2011	Office	22,893	356	Freehold	The state capital, Munich, is located in the south of the Free State of Bavaria. Munich is the third largest city in Germany. The subject property is located about 4 km south-west of the Munich city centre in the district of Schwanthalerhöhe. The subject property is located at the Heimeranplatz, the junction of Garmischer Straße with Ridlerstraße. Garmischer Straße is an arterial road leading from the Heimeranplatz south to the Mittlerer Ring and motorway A95. The surrounding area is characterised by both multi-storey residential buildings and office buildings. The accessibility by both car and public transport is very good due to the location by the arterial road, Garmischer Straße, and the direct connection to the subway and bus station at the Heimeranplatz. Furthermore, a suburban train station is situated south of the property. The visibility of the property from Heimeranplatz is very good. A frequented railway line runs in the south of the subject property, resulting in the site being exposed to the railway-related noise.	The subject property is a six-storey office and eleven-storey hotel building constructed in 1981. The building consists of a reinforced concrete framework construction with a flat roof with asphalt cover and gravel protection. The facade is made of natural stone and rear ventilated metal as well as glass with external sunscreens. The fit-out of the office areas mainly features carpeted floors. The ceilings are suspended with integrated lighting. Offices are separated by flexible drywall. Cabling and media is provided via perimeter trunking running underneath the windowsills. Some lettable areas on the ground floor are for retail use. The hotel areas have a good fit-out that meets the standard of a four-star hotel. The building has a two-storey underground car park, which is available for public use. The external areas consist of paved parking areas, paved vehicle access for the hotel and some green space.	Arabella Hotel Betriebs GmbH (51% of total income)	The property is 94.5% let to 30 tenants. The lease of the main tenant expires in December 2020.	3,025,322	3,754,754	46,740,000

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Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
95	Freundallee 11	30173	Hannover	23 Apr 2010	Office	3,298	70	Freehold	Hanover is located in the south-east of the federal state of Lower Saxony. The subject property is located 2.4 km east of the city centre and the main train station in the district of Bult. Freundallee is a main road leading to the Hans-Böckler-Straße, an arterial road connecting the city centre and Federal road no. 3. The surrounding area is characterised by office, commercial and mixed use. The area has been formally used as an industrial site. The accessibility both by car and public transport is adequate. The visibility of the property from the street is good.	The subject property is a 4-storey office building, constructed in 1987. Access to the property is provided via one main entrance from Freundallee and one side entrance. It consists of a reinforced concrete framework structure with a red brick facade. The fit-out of the office areas feature a standard suited for administrative buildings. The floors are covered partially by carpet and partially by linoleum. The ceilings in the office spaces are smoothed with lighting bands or down lights. The office areas also have natural ventilation. Cabling and media is provided via perimeter trunking.	Bundesagentur für Arbeit (BA, 100% of total income)	The property is let to one tenant. The current occupancy rate is 100%. The main tenant has a remaining lease term until September 2012.	322,398	342,127	4,200,000
96	Lavener Weg 3, Im Steinviertel 45	27607	Langen	18 Feb 2011	Industrial	13,457	0	Freehold	The small city of Langen is located in the administrative district of Cuxhaven in the north of the federal state of Niedersachsen. The city Bremerhaven is only about 10 km south. The subject property is located at the southern border of the municipality. Lavener Weg is a side street with a direct connection to the Debstedter Straße, the rural road L118 leading from Langen to Neuenwalde in the north-east of Langen. The surrounding area is mainly characterised by residential buildings. The motorway A27 (Bremen - Cuxhaven) is reachable in a 4 km distance, so the accessibility by car is good. The visibility of the property from Lavener Weg is good.	The subject property consists of a production hall, a small office building and several subsidiary buildings like a residential building, a small repair shop and a garage. The property originally was constructed in 1963. The production hall is the main building, which is used as a repair shop for military vehicles. It consists of a one-storey steel construction with flat roof in main parts. A part of the production hall has a shed roof. The building was extended over the years and therefore has different internal heights. The internal walls are made of brickwork. The building is heated by a hot-air blower. The small office building is a western annex of the production hall and consists of a two-storey brickwork construction. The building has a flat roof and one basement floor. The fit-out is functional. The outside facilities consist of partly paved and partly unpaved parking and manoeuvring areas. The site is fenced and has its own fire water pond. Some large areas of the site are green spaces.	MWB Fahrzeugtechnik GmbH (100% of total income)	The property is fully let to one tenant. Termination of the lease is possible with a notice period of 12 months to the end of any quarter.	126,000	160,605	1,430,000
97	Vahrenwalder Straße	30179	Hannover	03 Apr 2010	Site	0	0	Freehold	Hanover is located in the south-east of the federal state of Lower Saxony. The subject property is located 5.5 km north of the city centre in the district of Sahlkamp. Vahrenwalder Straße is an arterial road leading to the motorway A7. The surrounding area is characterised by mainly commercial, office and retail use. The accessibility both by car and public transport is good. The visibility of the property from the street is good.	The subject properties consist of a gas station as well as surplus land. Currently there are office and storage buildings on the surplus land, which are at present partially used, but in the future will no longer be lettable. Therefore, we assumed a demolition of these buildings after lease expiries. The site has an irregular shape and an even topography.	Deutsche BP AG (Aral, 62% of total income)	The property is currently occupied by a filling station and another office tenant. We have assumed that the office spaces will be vacated in three months and the building will be demolished. The filling station has an undefined lease term.	109,199	67,907	4,930,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
98	Essener Str. / Essener Bogen	22419	Hamburg	15 Apr 2010	Site	0	0	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district of Langenhorn, 10 km north of the main train station and the city centre. Essener Straße is a side road connecting to Langhorner Chaussee and parallel to Ohechaussee, which links the area to the motorway no. 7 (approx. 4 km distance). The surrounding area is mainly characterised by commercial use with some office developments. The accessibility by car and public transport is average. The visibility of the property from Essener Straße and Langhorner Chaussee is good. The property is in close distance to Hamburg International Airport (approx. 6 km).	The site has an irregular shape and an even topography. It is covered with trees, bushes and grass. The site is partially serviced.	Not applicable	Not applicable	0	0	3,180,000
99	Essener Bogen 6 a-d	22419	Hamburg	15 Apr 2010	Office	5,357	79	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district of Langenhorn, 10 km north of the main train station and the city centre. Essener Straße/Essener Bogen are side roads connecting to Langhorner Chaussee and parallel to Ohechaussee, which links the area to the motorway no. 7 (approx. 4 km distance). The surrounding area is mainly characterised by commercial use with some office developments. The accessibility by car and public transport is average. The visibility of the property from Essener Straße and Langhorner Chaussee is good. The property is in close distance to Hamburg International Airport (approx. 6 km).	The subject property is a four-storey office and production building, constructed in 2007. The outside areas consist mainly of parking spaces. An additional land plot across the street (Essener Bogen) provides additional parking spaces. The building consists of a reinforced concrete framework construction with a façade comprising concrete, sheeted iron and glass elements. The structure has a flat roof. The lettable areas have a flexible layout. The fit-out of the office areas feature mainly carpeted floors and lowered ceilings with integrated lighting. Cabling and media is provided via floor ducts. The building has a secured data centre and a canteen on the ground floor.	Jungheinrich AG (86% of total income)	The property is let to two tenants. The current occupancy rate is 100%. The main tenant has a remaining lease term until June 2017.	647,107	612,678	8,690,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
100	Essener Str. 97	22419	Hamburg	15 Apr 2010	Office	1,358	36	Freehold	Hamburg is located in the north of Germany and is one of the major cities in the country, as well as a federal state. It is bordered by the federal states Lower Saxony and Schleswig-Holstein. The subject property is located in the district of Langenhorn, 10 km north of the main train station and the city centre. Essener Straße is a side road connecting to Langhorner Chaussee and parallel to Ohechaussee, which is links the area to the motorway no. 7 (approx. 4 km distance). The surrounding area is mainly characterised by commercial use with some office developments. The accessibility by car and public transport is average. The visibility of the property from Essener Straße and Langhorner Chaussee is good. The property is in close distance to Hamburg International Airport (approx. 6 km).	The subject property is a three-storey office and administrative building, constructed in 1972 and refurbished in 2007. The outside areas mainly comprise parking spaces. Additionally, the site consists of significant surplus land that previously featured industrial buildings, which have been since demolished. The structure consists of a reinforced concrete framework construction with a façade comprising red face brick, concrete and glass elements. The structure has a flat roof. The lettable areas have a flexible layout. The fit-out of the office areas feature mainly carpeted floors and lowered ceilings with integrated lighting. Cabling and media is provided via floor ducts and perimeter trunking.	Jungheinrich AG (40.2% of total income)	The property is let to two tenants. The current occupancy rate is 100%. The main tenant has a remaining lease term until June 2017.	149,924	139,254	3,890,000
101	Max-Planck-Straße 15 / Lohbruchweg	40699	Erkrath	26 Oct 2011	Office	3,979	64	Freehold	Erkrath is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 4.5 km south of the town centre in a commercial area alongside the A 46 motorway. Max-Plank-Straße is a main road through the commercial area. The surrounding area is mainly characterised by office and commercial use. The accessibility by car is good. The visibility of the property from the street is limited. The property is not visible from the street due to a small strip of forest between the building and the street.	The subject property consists of a four-storey office building with a warehouse building at the rear, constructed in 1985. The office building consists of a reinforced concrete framework construction with a concrete façade. The fit-out of the office areas features carpeted floors and extended ceilings with integrated lighting. The warehouse building consists of a steel-frame construction and has outer walls of profiled metal elements. It is of a below-average standard with a limited load bearing capacity of the floor, as the property was erected on pillars above the parking lot. Cabling and media in the office building is provided via perimeter trunking.	Mölnlycke Health Care GmbH (97% of total income).	The property is 58% let to one tenant. The lease expires in June 2012. The remaining rental income in generated by an antenna.	222,759	304,723	2,900,000
102	Otto-Hahn-Str. 27	44227	Dortmund	12 Apr 2010	Office	1,413	28	Freehold	Dortmund is located in the west of the federal state of North Rhine-Westphalia. The subject property is located in the south-west of Dortmund, 8 km from Dortmund's city centre in the district of Dorstfeld. Otto-Hahnstraße is a through road connecting Hauert with Vogelpothsweg. The surrounding area is mainly characterised by office use. The accessibility both by car and public transport is good. The visibility of the property from Otto-Hahnstraße is good.	The subject property is a three-storey office building, constructed in 1992. It is of a reinforced concrete construction with a brickwork facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via flooring and perimeter trunking.	Dentona AG (38.61% of total income)	The subject property is let to 4 tenants. The main tenant has a lease term until 31 July 2016. Furthermore, the property's vacancy rate is 10%.	143,118	164,055	2,140,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							€ (month 1 x 12)	€ p.a.	€
103	Martin-Schmeisser-Weg 18, 22	44227	Dortmund	12 Apr 2010	Office	3,395	95	Freehold	Dortmund is located in the west of the federal state of North Rhine-Westphalia. The subject property is located in the south-west of Dortmund, 8 km from Dortmund's city centre in the district of Dorstfeld. Martin-Schmeisser-Weg is a side road parallel to Hauert, which is connected to Ruhrschnellweg (B1), a major arterial road stretching from Aachen in the west to the Polish border in the east. The surrounding area is mainly characterised by office use. The accessibility both by car and public transport is good. The visibility of the property from Martin-Schmeisser-Weg is good.	The subject property is a four-storey office building, constructed in 1991. It is a reinforced concrete construction with a brickwork facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via flooring and perimeter trunking.	SMF KG (44.11% of total income)	The subject property is let to 4 tenants. The main tenant has a lease term until 31 January 2012. Furthermore, the property's vacancy rate is approx. 40%.	224,149	411,599	5,030,000
104	Kölner Str. 263	51149	Köln-Porz	13 Apr 2010	Office	3,944	73	Freehold (External parking partial ownership)	Cologne-Porz is located in the south of the federal state of North Rhine-Westphalia. The subject property is located 9 km south-east of the town centre in the district of Westhoven. Kölner Straße is one of the main arterial roads in Cologne-Porz. The surrounding area is mainly characterised by other office buildings that were built in the same style as the subject building, a military base and commercial use. The accessibility both by car and public transport (buses) is good. The visibility of the property from the street is good. The site is located right alongside a railway line.	The subject property is a five-storey office building, constructed in 1994. It consists of a reinforced concrete framework construction with a metal panel facade with steel rails. The fit-out of the office areas feature carpeted or vinyl covered floors, extended ceilings with integrated lighting. Cabling and media is provided via floor ducts. The external parking lots are held on the basis of partial ownership.	MicroStrategy Deutschland GmbH (64% of total income)	The property is 56% let to two tenants. The main lease expires in April 2014.	336,910	474,107	5,770,000
105	Zanderstrasse 5	53177	Bonn	03 Jun 2010	Office	5,120	3	De facto freehold[4]	Bonn is located in the south of the federal state of North Rhine-Westphalia. The subject property is located 8.5 km south of the city centre in the district of Bad Godesberg. Zanderstraße is a side road parallel to Mainzer Street, which is one of the main arterial roads connecting the south of the city with the centre. The surrounding area is mainly characterised by residential and to some extend by office use. The accessibility both by car and public transport is average. The visibility of the property from the street is good.	The subject property is a four-storey office building, constructed in 1960, but fully refurbished in 2003. It consists of a reinforced concrete framework construction and a natural stone facade. The fit-out of the office areas feature carpeted or natural stone floors, as well as extended ceilings with integrated lighting. Cabling and media is provided via double flooring or floor ducts.	IVG Immobilien AG (100% of total income)	The property is fully let to one tenant. The lease expires in December 2020.	877,412	576,900	10,650,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
106	Zanderstrasse 7	53177	Bonn	03 Jun 2010	Office	4,166	106	De facto freehold[4]	Bonn is located in the south of the federal state of North Rhine-Westphalia. The subject property is located 8.5 km south of the city centre in the district of Bad Godesberg. Zanderstraße is a side road parallel to Mainzer Street, which is one of the main arterial roads connecting the south of the city with the centre. The surrounding area is mainly characterised by residential and to some extend by office use. The accessibility both by car and public transport is average. The visibility of the property from the street is good.	The subject property is a four-storey office building, constructed in 2003. It consists of a reinforced concrete framework construction and a natural stone facade. The fit-out of the office areas feature carpeted or natural stone floors, and extended ceilings with integrated lighting. Cabling and media is provided via double flooring or floor ducts.	IVG Immobilien AG (100% of total income)	The property is fully let to one tenant. The lease expires in December 2020.	855,056	591,060	10,580,000
107	Heltorfer Straße	40472	Düsseldorf	26 Oct 2011	Site	0	0	Freehold	Düsseldorf is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 8.5 km north of the city centre in the district of Lichtenbroich. Heltorferstraße is a side road and leads onto Wanheimer Straße, which is one of the larger roads in the north of Düsseldorf. The surrounding area is mainly characterised by office and commercial use. The accessibility by car is good. The visibility of the property from the street is good. The site is located close to the international airport of Düsseldorf.	The site with a total area of 23,021sqm has an almost rectangular shape and an even topography; nevertheless, most of the site is slightly lower than the surrounding area, presumably as consequence of former ground works. It is mostly lawned or covered with bushes and small trees and gravel or paving in some sections.	Not applicable	Not applicable	0	0	4,450,000
108	Zeppelinstraße 10-16	53177	Bonn-Bad Godesberg	11 Feb 2011	Other	1,893	0	Freehold	The city of Bonn is located in the south of the federal state North Rhine-Westphalia. The subject property is located approx. 8 km south-west of the city centre in the district Bad-Godesberg in a calm residential area. Zeppelinstraße is a side road, parallel to Koblenzer Straße, which forms part of the B9, a major arterial road stretching from Kranenburg (rural district Kleve) on the Dutch border to the French border near Lauterbourg. The surrounding area is mainly characterised by residential use. Further there are some commercial properties (e. g. police station) and a school in the surrounding area. The accessibility by car and public transport is good. The visibility of the property from the street is good.	The subject property is a three-storey multi-family house, constructed in 1962. The residential units can be accessed via four separate entrances at the front side of the building. The property was built as a solid construction and has a flat roof. An basement level also exists. The facade is made of plaster and bricks and is not insulated. The windows are double-glazed with wooden frames. All residential units have balconies. The property is heated by a gas central heating system, which was renewed in 2010/2011. Parking areas are available on site.	Not applicable	100% occupancy rate, 24 tenants, undefined lease terms.	121,592	124,923	1,500,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
109	Fichtenhain A 13a	47807	Krefeld	07 Apr 2010	Office	10,387	183	Freehold	The city of Krefeld is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 6 km to the south of Krefeld in the district of Fichtenhain. Fichtenhain A is a side road parallel to Oberschliesienstraße (L382), which is an important arterial road linking Krefeld with the A44.The surrounding area is mainly characterised by commercial use. The accessibility by car is good. The visibility of the property from Fichtenhain A is good.	The subject property is a one/two/ four-storey warehouse and office building, constructed in 1994. It is a reinforced concrete construction with a pre-fabricated clinker facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via flooring and perimeter trunking.	Bray Armaturen & Antriebe Europa (23.11% of total income)	The subject property is let to 7 tenants. The main tenant has a lease term until 31 October 2014. The vacancy rate of the property is approx. 39%.	522,633	933,045	9,120,000
110	Jagenbergstraße/ Bonner Straße	41468	Neuss	07 Apr 2010	Office	39,839	675	Freehold	Neuss is located in the west of the federal state of North Rhine-Westphalia close to the state capital Düsseldorf. The subject property is located approx. 8 km south-east of Neuss' city centre in the district Grimlinghausen. Jagenbergstraße is a side road, but directly connected to the federal road B9 ("Bonner Straße"), which connects the city centre with the motorway A46. The surrounding area is mainly characterised by office and residential use. The accessibility by car is very good, but average by public transport. The visibility of the property from Jagenbergstraße is good.	The property is a business park consisting of a variety of buildings, partially interconnected, partially free-standing. Generally the property can be divided into four parts ("Bauabschnitte", BA). Part 1 consists of an office building and a light industrial/production hall. The three-storey office building was constructed in 1990/91 and has a bricked facade, whereas the production hall was built in 1990 as a concrete frame construction. BA 2 consists of two larger buildings, offering a combination of office and storage/warehouse space, divided into multiple units. Part 3 was constructed in 2004 as a reinforced concrete frame construction and consists of logistics/storage and office space, again divided into multiple units. BA 4 was built in 2005 as a reinforced concrete frame construction and offers the business park typical combination of storage/ warehouse space and offices. Generally, the fit-out of the office areas is rather heterogeneous. The minimum standard features carpeted floors and media utilities provided via perimeter trunking; the storage/ warehouse spaces have a load bearing capacity of 5 tons/sqm.	Benz & Hilgers (Benhil, 25.2% of total income)	The subject property is around 65% let to 19 tenants. The remaining lease term of the main tenant is until December 2020.	1,917,525	2,937,048	30,170,000
111	Theodorstraße 298	40472	Düsseldorf	26 Oct 2011	Site	0	0	Freehold	Düsseldorf is located in the west of the federal state of North Rhine-Westphalia. The subject property is located 7.5 km north of the city centre in the district of Rath. Theodorstraße is one of the larger roads in the north of Düsseldorf. The surrounding area is mainly characterised by office and commercial use and other open plots. The accessibility by car is good. The visibility of the property from the street is good.	The site with a total area of 5,772sqm has an irregular shape and an even topography. It is mostly lawned and covered with small bushes and gravel in some sections.	Not applicable	Not applicable	0	0	920,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
112	Gerichtsstraße / Am Scheunenviertel	15806	Zossen	06 Oct 2011	Site	0	0	Freehold	Zossen is located in the centre of the federal state of Brandenburg, approx. 20 km south of Berlin. The subject property is located approx. 1.5 km east of the city centre. Gerichtsstraße is a federal road (B246; East -West) and Am Scheunenviertel is a calm and low frequented side road, which offers sufficient public parking spaces. The surrounding area is mainly characterised by residential use (one-family-, row or semi-detached houses). The accessibility by public transport is average. The visibility of the property from the street is good.	The site with a size of 19,734 sqm has an irregular shape and even topography. In accordance with the building law, the subject sites are designated as residential sites.	Not applicable	Not applicable	0	0	1,160,000
113	Mühlenbecker Weg / Brieseweg	16515	Lehnitz	06 Oct 2011	Site	0	0	Freehold	The site is located in Lehnitz, which is a part of Oranienburg. Oranienburg is approx. 30 km north of the centre of Berlin. Mühlenbecker Weg is an arterial road running south - east and Brieseweg is a small access road only. The surrounding area is mainly characterised by residential buildings (family houses). The accessibility by car is good. The visibility of the property from both streets is good.	The site with a size of 6,047sqm has an irregular shape and an even topography. In accordance to the building law the subject sites are designated as residential sites.	Not applicable	Not applicable	0	0	330,000
114	Stockholmer Allee 32	44269	Dortmund	26 Nov 2010	Office	6,663	116	Freehold	Dortmund is located in the west of the federal state of North Rhine-Westphalia. The subject property is located in the south-east of Dortmund, 8 km from Dortmund's city centre. Stockholmer Allee is a side road, parallel to Westfalendamm (which forms part of the B1), which is a major arterial road, stretching from Aachen in the west to the Polish border in the east. The surrounding area is mainly characterised by mixed use properties (mostly residential and office). The accessibility by car is good. The visibility of the property from Stockholmer Allee is good.	The subject property is a three-storey office building, constructed in 2001. It is a reinforced concrete construction with a brickwork facade. The office areas feature carpeted floors and suspended ceilings with integrated lighting. Cabling and media is provided via flooring trunking.	WBS Training AG (22.78% of total income)	The subject property is let to 8 tenants. The main tenant has a lease term until 30 April 2013. Furthermore, the property's vacancy rate is approx. 8%.	750,444	805,003	11,050,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
115	Streitstr. 5-19	13587	Berlin	06 Oct 2011	Office	23,334	210	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 15 km north-west of the city centre (Kurfürstendamm), in the district Spandau. Streitstraße is a main road, which runs to the north. The surrounding area is mainly characterised by residential properties and some commercial buildings. The accessibility both by car and public transport is good. The visibility of the property from Streitstraße is good.	The subject property is a heritage listed four- to six-storey office building with retail units on the ground floor level. The building was refurbished between 2001 and 2003 and consists of a solid construction with a plastered facade. The office units are partly in a core and shell fit-out and will be finished after letting. The fit-out of the let office areas feature carpeted floors and ceilings with integrated lighting. Cabling and media is provided via floor ducts. A parking site provides external parking spaces.	Bundesagentur für Arbeit´(18% of total income)	The property is occupied by 38 tenants and has an occupancy rate of 60%. The main tenant has a lease term until November 2014.	1,275,196	2,160,252	14,010,000
116	Streitstr. 5-19	13587	Berlin	06 Oct 2011	Office	14,866	0	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 15 km north-west of the city centre (Kurfürstendamm), in the district Spandau. Streitstraße is a main road, which runs to the north. The surrounding area is mainly characterised by residential properties and some commercial buildings. The accessibility both by car and public transport is good. The visibility of the property from Streitstraße is good.	The subject property is a non-refurbished simple office and storage building. It consists of a solid construction with a plastered facade. The fit-out of the let office areas feature carpeted floors and ceilings with integrated lighting. Cabling and media is provided via floor ducts.	Deutsche Post Immobilien GmbH (28% of total income)	The property is occupied by 54 tenants and has an occupancy rate of 33%. The main tenant has a lease term until 31 March 2015.	251,696	644,005	1,850,000
117	Streitstr. 6-19	13587	Berlin	06 Oct 2011	Office	13,822	0	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 15 km north-west of the city centre (Kurfürstendamm), in the district Spandau. Streitstraße is a main road, which runs to the north. The surrounding area is mainly characterised by residential properties and some commercial buildings. The accessibility both by car and public transport is good. The visibility of the property from Streitstraße is good.	The site has an irregular shape and an even topography. The total site area is 164,676 sqm and a share of 105,644 sqm is undeveloped and considered as developable land. The remaining site area is covered with simple storage and commercial buildings. A letting of these buildings and sale of the undeveloped parts of the site has been assumed.	Shell Deutschland Oil GmbH (21.7% of total income)	The property is occupied by 32 tenants and has an occupancy rate of 16%. The main tenant has a lease term until December 2012.	225,650	441,702	16,860,000
118	Freiheit 15, 16	13597	Berlin	10 Feb 2011	Site	0	0	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 9 km west of the city centre (Kurfürstendamm), in the district Spandau. Freiheit is a side road, which provides access to a commercial/industrial zone. The surrounding area is mainly characterised by commercial and industrial properties. Some plots are undeveloped. The accessibility by car is good. The visibility of the property from Freiheit is good.	The site with a total area of 31,525sqm has an almost square shape and an even topography and is let to one tenant. The property built on the site (mainly oil tanks and some small ancillary buildings) is owned by the tenant, not by the landlord. The external areas are mainly sealed.	TanQuid GmbH & Co. KG (100% of total income)	Full letting of the site to the main tenant. The tenant has a lease term until December 2014.	419,185	419,185	6,400,000

Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
119	Hallerstr. 1-6 / Pascalstr. 15	10587	Berlin	09 Mar 2011	Office	13,087	159	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 3 km north of the city centre (Kurfürstendamm), in the district Charlottenburg. Hallerstraße is a side road, which provides access to the subject property and the vicinity. The surrounding area is mainly characterised by office buildings and residential properties. The accessibility both by car and public transport is good. The visibility of the property from Hallerstraße is good.	The subject office property consists of two building parts. The older building part (Hallerstraße 1) was built in 1926. It consists of a solid construction with a brickwork facade. A small side building with residential units belong to this building. The second office part (Hallerstraße 3-6) was built in 1993 and consists of a reinforced concrete framework construction with metal cladding facade. The newer part has an underground parking garage. The fit-out of the office areas feature carpeted floors and ceilings with integrated or suspended lighting. Cabling and media is provided via floor ducts. External areas are paved and some are green.	4 flow AG (19.9% of total income)	The property is occupied by 19 tenants and has an occupancy rate of at around 80%. The main tenant has a lease term until 30 September 2014.	1,104,430	1,374,779	18,000,000
120	Eugen-Sänger-Ring 1	85649	Brunnthal	08 Apr 2011	Site	5,779	66	#N/A	#N/A	#N/A	#N/A	#N/A	180,000	0	4,110,000
121	Waldstr. 8, Gartenstr. 15, 17, Wifostr. 1, 5, Berliner Str. 5	86697	Oberhausen	18 Feb 2011	Other	314	0	Freehold	Oberhausen is located in the centre of the federal state of Bavaria, approx. 30 km east of the city of Ingolstadt in a rural settlement. The subject property is located at the northern border of the municipal area. Gartenstraße, Waldstraße und Wifostraße are calm side roads. The federal road B16, which runs from Füssen in the south to the Bavarian Forest in the north-east, is located in a distance of approx. 1.2 km from the property. The surrounding area is characterised by residential use only. A few shopping facilities for the daily demand are available in walking distance. The accessibility by public transport is below average. The visibility of the property from the street is good.	The subject properties are two-storey semi-detached buildings, constructed in 1940. The properties were built as solid constructions and have saddled roofs. The non-insulated facades are made of plaster; balconies are not available but every property has a garden. The windows are insulated with wooden frames. Comprehensive refurbishment work has not been carried out yet. The subject sites are sufficiently large for parking.	Not applicable	100% occupancy rate, 4 tenants, undefined lease terms.	13,516	15,072	300,000

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Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
122	Lilienthalstraße	85521	Taufkrichen	08 Apr 2011	Site	0	0	Freehold	Taufkirchen is located in the southern part of the greater Munich area, approx. 16 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated in the centre of the commercial area “Businesspark vor München”, between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Lilienthalstraße is part of the street network within the commercial area. The accessibility by car is good, as federal road B471 - passing the business park to the south - offers quick access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich). The accessibility by public transport is provided by local bus lines. The visibility of the property from Lilienthalstraße is good. The property is not visible from the federal road.	The site with a total site area of 13,276sqm has an almost trapezoidal shape and an even topography. It is covered with a building occupied by IABG. The landlord has granted a leasehold in favour of IABG until 2013, i.e. the building is owned by the user IABG, whereas the site owner is IVG.	Not applicable	Not applicable	0	0	3,490,000
123	Max-Planck-Straße 15	85521	Taufkirchen	08 Apr 2011	Site	0	0	Freehold	Taufkirchen, approx. 16 km from Munich city centre, is located in the southern part of the greater Munich area. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated in the centre of the commercial area “Businesspark vor München”, between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Max-Planck-Straße is one of the main access roads from federal road B471 into the business park. The accessibility by car is good, as federal road B471 – passing the site to the south – offers quick access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich). The accessibility by public transport is provided by local bus lines. The visibility of the property from Max-Planck-Straße and from federal road B471 is good.	The property is a forest with a total area of 250,191sqm and has an irregular shape and an even topography. The site is broader on the northern end than on the southern end, as an almost rectangular parcel, towards federal road B471, was sold some years ago.	Not applicable	Not applicable	0	0	6,790,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							€ (month 1 x 12)	€ p.a.	€
124	Meisenstraße	85649	Brunnthal	08 Apr 2011	Other	901	0	Freehold	Brunnthal is located in the southern part of the greater Munich area, approx. 20 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated south of the commercial area "Brunnthal-Nord", approx. 7 km north of the municipality of Brunnthal and cannot be accessed from the commercial area. The accessibility of the property is rather weak. Meisenstraße can be reached via Haidgraben, leading off from the federal road B471 and providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich). Meisenstraße is a small road only providing access to a small residential area and the valued property. The property is set back from the streets and can only be accessed via a narrow side road. It is not visible from the street, as it is located in a forest and surrounded by trees and a rampart.	The property is a specialised building for the simulation of magnetic fields. Due to this use, it is located in the centre of a large irregularly shaped site, keeping distance from all surrounding properties and being separated by a rampart.	IABG Holding GmbH (100% of total rental income)	The property fully let to IABG. The lease contract expires on 31 December 2013.	127,823	124,338	1,310,000
125	Eugen-Sänger-Ring 4+6	85649	Brunnthal	08 Apr 2011	Site	4,989	45	Freehold	Brunnthal is located in the southern part of the greater Munich area, approx. 20 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated centrally in the commercial area "Brunnthal-Nord", approx. 7 km north of the municipality of Brunnthal. Eugen-Sänger-Ring is the ring road through the commercial area. It leads off from the federal road B471, passing the commercial area to the north and providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring encircling Munich). The surrounding area is mainly characterised by mixed use properties (office, light industrial, retail warehouse, gym, undeveloped sites). The accessibility by car is good. Furthermore, there is a bus stop in walking distance. The visibility of the property from Eugen-Sänger-Ring is good. As the building located in the centre of the commercial area, visibility is not provided from federal road B471.	The site with a total area of 11,216sqm has an irregular shape and an almost even topography. The interconnected office and light industrial buildings, which were erected in the 1950s, have a rather poor appearance. Given the weak condition and the low occupancy rate, it is assumed that the buildings are to be demolished within three years after the date of valuation. The external areas are green and comprise parking spaces and manoeuvring space.	Start Point (master lease, 100% of total income)	The property is fully let to Start Point for an undefined term. Start Point sublets the office space to smaller companies, often start-ups. However, the occupancy rate (subtenants) is low.	130,000	0	2,530,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
126	Rheingoldstr. 27	85579	Neubiberg	18 Feb 2011	Other	91	2	Freehold	Neubiberg is located in the south of the federal state of Bavaria in the rural district Munich, directly at the south city border of Munich. The subject property is located approx. 1 km east of the city centre of Neubiberg. Rheingoldstraße is a low frequented side road with sufficient public parking spaces. The surrounding area is mainly characterised by residential use (one- and two-family houses). There are only very few shopping facilities in the surrounding. The accessibility both by car and public transport is average; the motorway A8 is located in a distance of approx. 8 km. The visibility of the property from the street is good.	The subject property consists of a condominium in a freestanding multi-family house, constructed in 1968. The multi-family house consists of two storeys. It was built as a solid construction and has a saddled roof. The non-insulated facade is made of plaster. The property has double-glazed windows with wooden frames. There are parking garages directly beside the building: two of the garages are part of the subject property.	Not applicable	100% occupancy rate, 1 tenant, undefined lease term.	7,712	11,039	200,000
127	Nordostpark 122 Pavillon	90411	Nürnberg	10 Aug 2011	Site	124	19	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the north-west of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the property from Äußere Bayreuther Straße is good.	The site consists of two parts "Quartier 2" and "Quartier 3" with a total site area of 16,827sqm. The site of Quartier 2 has a square shape and an even topography. The site of Quartier 3 has a rectangular shape and also even topography. The building on the site consists of a lightweight construction and therefore the property is very flexible. Furthermore, the external areas comprise some parking spaces.	Der Beck GmbH (83% of total income)	The subject property is let to three tenants. The main tenant has a lease term until 31 October 2013.	26,962	22,848	2,870,000
128	Nordostpark 51	90411	Nürnberg	10 Aug 2011	Site	1,383	154	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the centre of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the property within the business park is good. However, the visibility of the property from Äußere Bayreuther Straße is limited.	The site with a total area of 62,885sqm has an irregular shape and an even topography. The old former industrial properties built on the site are assumed to be demolished after the expiry of the lease contracts. The external areas comprise parking spaces and some undeveloped areas.	Conti Temic microelectronic GmbH (23% of total income)	The subject property is let to fifteen tenants. The main tenant has a lease term until 30 December 2011.	84,076	0	6,750,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
129	Nordostpark 62, 64, 66, 72	90411	Nürnberg	10 Aug 2011	Site	10,578	64	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the south of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the property within the business park is good. However, the visibility of the property from Äußere Bayreuther Straße is below average.	The site with a total area of 21,384sqm has an irregular shape and an even topography. The out-dated industrial properties built on the site are assumed to be demolished after the expiry of the lease contracts. The external areas comprise parking spaces and production buildings.	IMS Imprint Media Service GmbH (97% of total income)	The subject property is let to six tenants. The main tenant has a lease term until 31 December 2014. Furthermore, the total vacancy rate amounts to approx. 57%.	218,708	0	2,470,000
130	Rosenheimer Straße	81671	München	07 Apr 2011	Site	0	0	Freehold	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city of Germany. The subject property is located approx. 4 km east of the city centre in the district of Ramersdorf/Haidhausen. Rosenheimer Straße is an arterial road leading south from Munich city centre and flowing into motorway A 8 (Munich - Salzburg). The surrounding area is a mix of office and residential buildings, and to the north mainly dominated by out-dated industrial properties. These are partly vacant and partly occupied by commercial and light industrial use, while some are used as cafés, restaurants and nightclubs ("Kunstpark Ost"). The subject site is part of the town-planning restructuring concept for the district around the train station "Ostbahnhof". This concept comprises a restructuring of the whole surrounding with an intended mix of office, commercial and residential properties. The accessibility of the site by car and public transport is good due to the location on an important arterial road, the vicinity to train station "Ostbahnhof" (suburban railway) and a bus stop in front of the building. The visibility of the property from Rosenheimer Straße is good.	The site with a total area of 8,784sqm has an irregular shape and a slightly sloping topography. The existing buildings were demolished in 2010, so the property is ready to be developed.	Not applicable	Not applicable	0	0	10,430,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
131	Rosenheimer Str. / Anzinger Str.	81671	München	07 Apr 2011	Site	0	954	Freehold	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city of Germany. The subject property is located approx. 4 km east of the city centre in the district of Ramersdorf/Haidhausen. Rosenheimer Straße is an arterial road leading south from Munich city centre and flowing into motorway A 8 (Munich - Salzburg), whereas Anzinger Straße leads further east from the property. The surrounding area is a mix of office and residential buildings, and to the north mainly dominated by out-dated industrial properties. These are partly vacant, partly occupied by commercial and light industrial use, partly being used as cafés, restaurants and nightclubs ("Kunstpark Ost"). The subject site is close to but not part of the town-planning restructuring concept for the district around the train station "Ostbahnhof". This concept comprises a restructuring of the whole surrounding, with an intended mix of office, commercial and residential properties. The accessibility of the site by car and public transport is good due to the location on an important arterial road, the vicinity to train station "Ostbahnhof" (suburban railway) and a bus stop in front of the building. The visibility of the property is neither provided from Rosenheimer Straße nor from Anzinger Straße, as the site is set back behind a large office building fronting these two streets.	The property comprises a parking garage on the eastern end of the site and an irregularly shaped development site of 7,684sqm. The building comprises 944 internal parking spaces spread over five storeys plus basement and roof storey. The building was extensively refurbished in 2004 and 2005. The external parking spaces are located beside the building. The development site was formerly covered by warehouse buildings, which all were demolished in 2009 and 2010.	PM Personaldienstleistungen und Gebäudemanagement (100% of total rental income)	PM is the operator of the parking garage and has an undefined lease term that can be terminated annually on 31 May with a notice period of 6 months.	226,971	399,480	18,280,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
132	Lise-Meitner-Str. 1 / Christa-Mc Auliffe-Str. 5-7	85521	Ottobrunn	08 Apr 2011	Site	0	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated on the northern fringe of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Christa-Mc Auliffe-Straße and Lise-Meitner-Straße are part of the street network within the commercial area. The accessibility by car is good. Federal road B471, providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached within a short drive through the commercial area. The accessibility by public transport is provided by local bus lines. The visibility of the property from Christa-Mc Auliffe-Straße and Lise-Meitner-Straße is good, however limited to these two streets.	The site with a total area of 10,035sqm has an almost rectangular shape and an even topography. It is covered with an office building erected in the 1960s. The property is completely vacant. Due to the weak condition and high building age, the property built on the site will presumably be demolished within three years after the date of valuation. The external areas mainly green.	Not applicable	Building is completely vacant.	0	0	1,200,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
133	Lise-Meitner-Str.	85521	Ottobrunn	08 Apr 2011	Site	0	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property (external parking site) is situated on the northern fringe of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Christa-Mc Auliffe-Straße is part of the street network within the commercial area. The accessibility by car is given from the street Haidgraben or via the neighbouring site (covered with an office building) located on Lise-Meitner-Straße. Federal road B471, providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached within a short drive through the commercial area. The accessibility by public transport is provided by local bus lines. The visibility of the property is limited from Lise-Meitner-Straße as it is set back behind the office building.	The site with a total area of 10,342sqm has an irregular shape and an even topography. As it serves as external parking area, it is almost completely paved. The site is not let and being regarded as development site.	Not applicable	Not applicable	0	0	2,210,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
134	Ludwig-Bölkow-Allee, Geb. 40	85521	Ottobrunn	08 Apr 2011	Other	2,023	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated on the western fringe of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Ludwig-Bölkow-Allee is the western border of the business park and one of the main access roads from federal road B471. The accessibility by car is good, as federal road B471 offers quick access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich). The accessibility by public transport is provided by local bus lines. The visibility of the property is good from Ludwig-Bölkow-Allee and also from motorway A99, passing the business park to the west.	The subject property is a specialized commercial building for the aerospace industry to measure antennas/satellites. It was constructed in the 1960s and extended in 1997. It consists of a steel framed construction with a curtain wall facade. The older part is mainly used as office and storage space with a rather simple fit-out. The newer part of the building mainly comprises specialized rooms and facilities for the measurement of antennas.	Astrium GmbH (100% of total rental income)	The property is fully let to Astrium. The lease contract expires on 31 December 2017.	197,504	206,346	2,170,000
135	Robert-Koch-Str.	85521	Ottobrunn	08 Apr 2011	Site	0	561	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated on the western fringe of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Robert-Koch-Straße is part of the street network through the business park. The accessibility by car is good, as federal road B471, offering access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached via Ludwig-Bölkow-Allee. The accessibility by public transport is provided by local bus lines. The visibility of the property is good from Ludwig-Bölkow-Allee.	The site with a total area of 15,052sqm has an almost rectangular shape and an even topography. As the former use of the site was external parking, it is almost completely paved.	Not applicable	Not applicable	0	0	3,220,000

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Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
136	Lise-Meitner-Str. 7	85521	Ottobrunn	08 Apr 2011	Site	0	3	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated in the centre of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Lise-Meitner-Straße is part of the street network within the commercial area. The accessibility by car is good, as federal road B471, providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached within a short drive through the commercial area. The accessibility by public transport is provided by local bus lines. The visibility from Lise-Meitner-Straße is good.	The site with a total area of 20,280sqm has an almost rectangular shape and an even topography. It is covered with a dilapidated building, which formerly served as a canteen and has been vacant for some years. The property built on the site is assumed to be demolished within three years after the date of valuation.	Not applicable	Not applicable	0	0	3,880,000
137	Ludwig-Bölkow-Allee	85521	Ottobrunn	08 Apr 2011	Site	0	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated in the centre of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). The property is accessible from Lilienthalstraße, being part of the street network within the commercial area. The accessibility by car is good, as federal road B471, providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached within a short drive through the commercial area. The accessibility by public transport is provided by local bus lines. The visibility from Lilienthalstraße is good.	The site with a total area of 16,158sqm has an almost rectangular shape and an even topography. It is covered with a dilapidated building, which formerly served as an office building and has been vacant for some years. The property built on the site will presumably be demolished within three years after the date of valuation. The site is fully serviced.	Not applicable	Not applicable	0	0	3,370,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
138	Ludwig-Bölkow-Allee	85521	Ottobrunn	08 Apr 2011	Site	0	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated in the centre and to the western fringe of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Ludwig-Bölkow-Allee is the western border of the business park and one of the main access roads from federal road B471. The accessibility by car is good, as federal road B471 provides quick access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich). The accessibility by public transport is offered by local bus lines. The visibility of the property is good from Ludwig-Bölkow-Allee and from Lilienthalstraße, being part of the street network through the commercial area.	The site with a total area of 42,188sqm has an irregular shape and an even topography. The small property built on the site is rather old and has not been occupied for years. It will presumably be demolished within three years after the date of valuation. The site is mainly undeveloped.	Not applicable	Not applicable	0	0	4,690,000
139	Neubau Kasino	85521	Ottobrunn	08 Apr 2011	Other	2,642	1	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated in the centre of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). The property is located on the crossing of Robert-Koch-Straße and Lilienthalstraße, being part of the street network within the commercial area. The accessibility by car is good, as federal road B471, providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached within a short drive through the commercial area. The accessibility by public transport is offered by local bus lines (the main bus stop is in front of the building). The visibility from Lilienthalstraße and from Robert-Koch-Straße is good.	The subject property is a two-storey canteen building, constructed in 2007. The ground floor comprises four small retail/office units and the dining area of the canteen. On the upper floor, the self-service counter, dining area and kitchen can be found. The building has a terrace on the ground floor and a balcony on the first floor, also used as an external dining area. The building consists of a reinforced concrete framework construction with a flat roof. The fit-out of the internal areas feature wooden flooring in the dining area, and carpeted floors in the retail/office units.	HSG Zander GmbH (79% of total rental income).	The property is fully let. HSG Zander is the operator of the canteen and has a lease contract until 31 August 2012. The other tenants occupy the retail/office units on the ground floor and have leases expiring between 2011 and 2013.	257,572	247,674	3,190,000

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Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
140	Lise-Meitner-Str. 4	85521	Ottobrunn	08 Apr 2011	Site	0	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated centrally in the northern part of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Lise-Meitner-Straße is part of the street network within the commercial area. The accessibility by car is good, as federal road B471, providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached within a short drive through the commercial area. The accessibility by public transport is offered by local bus lines. The visibility from Lise-Meitner-Straße (passing the site to the west) and Marie-Curie-Straße (passing to the north) is good.	The site with a total area of 6,894sqm has an almost rectangular shape and an even topography. The property built on the site has not been occupied for years and will presumably be demolished within three years after the date of valuation. The external areas comprise some parking spaces and are partly green.	Not applicable	Not applicable	0	0	1,400,000
141	Robert-Koch-Str. (östl. IABG)	85521	Ottobrunn	08 Apr 2011	Site	0	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated on the north-eastern fringe of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Further east and north, outside the borders of the business park, the southern residential areas of Ottobrunn are located. Robert-Koch-Straße is part of the street network through the business park. The accessibility by car is good, as federal road B471, providing quick access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached within a short drive through the commercial area. The accessibility by public transport is offered by local bus lines. The visibility of the southern part of the property is good from Robert-Koch-Straße, but limited for the northern part of the site.	The site with a total area of 18,262sqm comprises two connected and almost rectangular plots and has an even topography. It is covered with trees and bushes and is therefore undeveloped.	Not applicable	Not applicable	0	0	3,530,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
142	Ludwig-Bölkow-Allee	85521	Ottobrunn	08 Apr 2011	Site	0	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated centrally in the western part of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Ludwig-Bölkow-Allee is the western border of the business park and one of the main access roads from federal road B471. The accessibility by car is good, as federal road B471 provides quick access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich). The accessibility by public transport is offered by local bus lines. The visibility of the property is good from Ludwig-Bölkow-Allee.	The site with a total area of 8,615sqm has an irregular shape and an even topography. It is mainly green.	Not applicable	Not applicable	0	0	2,090,000
143	Maria-Merian-Str.8 / Robert-Koch-Str. 94-98	85521	Ottobrunn	08 Apr 2011	Site	0	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated in the north-eastern corner of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Further east and north, outside the borders of the business park, the southern residential areas of Ottobrunn are located. Robert-Koch-Straße and Maria-Merian-Straße are part of the street network through the business park. The accessibility by car is good, as the federal road B471 providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached within a short drive through the commercial area or via Einsteinstraße, the eastern border of the business park. The accessibility by public transport is offered by local bus lines. The visibility of the property is good from Robert-Koch-Straße and Maria-Merian-Straße.	The site with a total area of 29,534sqm has an irregular shape and an even topography. It is covered with seven partly interconnected three- to six-storey office properties. The buildings were mainly erected in the 1960s and 1970s and are in poor and out-dated condition. As the properties have been completely vacant for several years (except some short interims lettings of small parts of the property), they will presumably be demolished within three years after the valuation date. The external areas are partly paved and used as external parking spaces, and partly green.	Bosch Sicherheitssysteme (100% of rental income, interim letting mainly of external areas)	Except for the interim letting until the end of 2011, the property is completely vacant.	132,631	0	4,600,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							€ (month 1 x 12)	€ p.a.	€
144	Maria-Merian-Str. 10	85521	Ottobrunn	08 Apr 2011	Site	0	0	Freehold	Ottobrunn is located in the southern part of the greater Munich area, approx. 13 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject property is situated in the north-eastern corner of the commercial area "Businesspark vor München", between the municipalities Taufkirchen (approx. 4 km west) and Ottobrunn (approx. 2 km north). The business park is mainly characterized by companies from the aviation and aerospace industry. The buildings in the surrounding area are mixed use (office, research and development, light industrial). Further east and north, outside the borders of the business park, the southern residential areas of Ottobrunn are located. Maria-Merian-Straße is part of the street network through the business park. The accessibility by car is good, as federal road B471, providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich), can be reached within a short drive through the commercial area or via Einsteinstraße, the eastern border of the business park. The accessibility by public transport is given by local bus lines. The visibility of the property is good from Robert-Koch-Straße and Maria-Merian-Straße.	The site with a total area of 1,834sqm has an almost square shape and even topography. It is covered with a small office/conference building, which was erected in the 1970s. The building is out-dated and has been completely vacant for years. Therefore, the property will presumably be demolished within three years after the valuation date. The external areas are partly paved and used as external parking spaces, and partly green.	Not applicable	Not applicable	0	0	180,000
145	Eugen-Sänger-Ring (Baufeld 7+9)	85649	Brunnthal	08 Apr 2011	Site	0	0	Freehold	Brunnthal is located in the southern part of the greater Munich area, approx. 20 km from Munich city centre. Munich, the state capital of Bavaria, is located in the south of the federal state. The subject undeveloped sites are situated in the eastern and south-eastern part of the commercial area "Brunnthal-Nord", approx. 7 km north of the municipality of Brunnthal. Eugen-Sänger-Ring is the ring road through the commercial area. It leads off from the federal road B471, passing the commercial area to the north and providing access to motorways A8 (Munich - Salzburg) and A99 (motorway ring circling Munich). The surrounding area is mainly characterised by mixed use properties (office, light industrial, retail warehouse, gym). The accessibility by car is good. Furthermore, there is a bus stop in walking distance. The visibility of the sites from Eugen-Sänger-Ring is good. As the sites are located in the eastern and south-eastern end of the commercial area, visibility is not provided from federal road B471.	The sites (three development parcels with a total area of 16,016sqm) have an almost rectangular shape and even topography. They are partly covered with trees, partly cleared of plants.	Not applicable	Not applicable	0	0	3,730,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
146	Nordostpark 16	90411	Nürnberg	10 Aug 2011	Office	4,167	21	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the south-west of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the property from Äußere Bayreuther Straße is limited. However, the visibility of the property within the business park is good.	The subject property NOP 16 is a five-storey office use building with restaurant and small retail unit on the ground floor, constructed during the 1990s. The restaurant and retail area can be accessed via separate entrances. The building consists of a reinforced concrete framework construction. The office areas feature carpeted floors. Cabling and media is provided by hollow flooring. The fit-out of the retail areas feature parquet floors.	Mask Tech GmbH (21% of total income)	The subject property is let to eleven tenants. The main tenant has a lease term until 31 December 2011. Furthermore, the total vacancy rate amounts to approx. 34%.	293,392	434,622	5,180,000
147	Nordostpark 26	90411	Nürnberg	10 Aug 2011	Other	0	406	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the south-west of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the property from Äußere Bayreuther Straße is below average. However, the visibility of the property within the business park is good.	The subject property NOP 26 is a five-storey parking garage, constructed in 1992. This parking garage provides 406 parking spaces. It consists of a reinforced concrete framework construction with a steel grid facade.	amball business-software (25% of total income)	The subject property is let to seventeen tenants. The main tenant has a lease term until 31 December 2011. Furthermore, the total vacancy rate amounts to approx. 20%.	161,777	192,960	2,110,000
148	Nordostpark 96	90411	Nürnberg	10 Aug 2011	Office	5,786	111	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the north-east of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The property is located on the crossing of the streets Nordostpark and Thurn-und-Taxis-Straße, another side road in the business park. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the property from Thurn- und Taxis-Straße is good.	The subject property is a four-storey office-use building. It consists of a reinforced concrete framework construction. The fit-out of the office areas feature carpeted floors. Cabling and media is provided by perimeter trunking. The subject property is almost completely vacant (only interim letting of some storage space) and needs extensive refurbishment.	Alcatel-Lucent Deutschland AG (74% of total income)	The subject property is let to three tenants. The main tenant has a lease term until 31 December 2014. Furthermore, the subject property is almost completely vacant with a vacancy rate amounting to approx. 97%.	20,976	406,992	990,000

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Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
149	Thurn-und-Taxis-Str. 18	90411	Nürnberg	10 Aug 2011	Site	0	0	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject site is located in the north-east of the city centre. Furthermore, the site is located in the north of the business park "Nordostpark Nürnberg". Thurn- und Taxis-Straße is a side road of Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the property from Thurn- und Taxis-Straße is good. However, the visibility of the property within the business park is good.	The site with a total area of 4,773 sqm has an irregular shape and an even topography. It is landscaped with some trees, shrubs and lawns. The site is fully serviced.	Not applicable	Not applicable	0	0	630,000
150	Nordostpark 89-93	90411	Nürnberg	10 Aug 2011	Office	9,136	192	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the centre of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the property from Thurn- und Taxis-Straße and Äußere Bayreuther Straße is below average. However, the visibility of the property within the business park is good.	The subject property is a four-storey office-use building. It consists of a reinforced concrete framework construction with a sandstone facade with glass panels. The office areas feature carpeted floors. Cabling and media is provided by double flooring. The subject property provides internal parking spaces in a parking garage.	Fraunhofer Gesellschaft zur Förderung der angewandten Forschung e.V. (61% of total income)	The subject property is let to twelve tenants. The main tenant has a lease term until 30 April 2013. Furthermore, the property is almost fully let (vacancy rate approx. 1%).	1,182,578	1,129,320	16,970,000
151	Nordostpark 87	90411	Nürnberg	10 Aug 2011	Other	444	15	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the centre of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the property within the business park is limited. However, the visibility of the property from Thurn- und Taxis-Straße and Äußere Bayreuther Straße is below average.	The subject property is a one-storey kindergarten, constructed in 2000. It consists of a wooden wallboard framework construction. Furthermore, the subject property provides a terrace and greened external areas.	Stadtmission Nürnberg e.V. (100% of total income)	The subject property is completely let to one tenant. The tenant has a lease term until 30 September 2031.	17,685	19,584	220,000

Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
152	Thurn-und-Taxis-Str.	90411	Nürnberg	08 Apr 2011	Site	0	0	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject site is located in the north-east of the city centre. Furthermore, the site is located in the north of the business park "Nordostpark Nürnberg". Thurn- und Taxis-Straße is a side road of Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The visibility of the site within the business park and from Thurn- und Taxis-Straße is good. However, the visibility of the site from Äußere Bayreuther Straße is limited.	The site with a total area of 1,917sqm has an irregular shape and an even topography. It is covered with paved parking spaces. The site is not fully serviced.	Not applicable	Not applicable	0	0	70,000
153	Rosenheimer Str. 145, 145a-i / Anzinger Str. 1-17	81671	München	07 Apr 2011	Office	89,493	197	De facto freehold[4]	The state capital Munich is located in the south of the Free State of Bavaria. Munich is the third largest city of Germany. The subject property is located approx. 4 km east of the city centre in the district of Ramersdorf/ Haidhausen. Rosenheimer Straße is an arterial road leading south from Munich city centre and ending in motorway A 8 (Munich - Salzburg), whereas Anzinger Straße leads further east from the property. The surrounding area is a mix of office and residential buildings, and to the north mainly dominated by out-dated industrial properties. These are partly vacant, partly occupied by commercial and light industrial use, while some are used as cafés, restaurants and nightclubs ("Kunstpark Ost"). The subject property is near but not part of the town-planning restructuring concept for the district around the train station "Ostbahnhof". This concept comprises a restructuring of the whole surrounding, with an intended mix of office, commercial and residential properties. The accessibility of the property by car and public transport is good due to the location on an important arterial road, the vicinity to the train station "Ostbahnhof" (suburban railway) and a bus stop in front of the building. The visibility of the property is very good both from Rosenheimer Straße and from Anzinger Straße as it borders the frontages of these two streets.	The property is a former manufacturing building and was erected in 1939. The premises comprises three interconnected building parts, each part surrounding a courtyard. The buildings have five to six storeys plus a basement and are made up of steal framed reinforced concrete constructions. The internal walls are mainly made up of masonry. Commencing around 1990, the property was successively refurbished and changed from production/manufacturing into office use. One of the building parts, being completely occupied by the main tenant EPCOS, is still partly used for manufacturing and laboratory use. The tenant has fitted out some rooms as dust-free rooms for the production of electronic components. The rest of the EPCOS-unit is used as office space. The remaining buildings are occupied by a large number of small tenants, mainly from the creative sector such as fashion, architects, media companies and service providers. The units are let in a loft-concept and fitted out by the tenants themselves; i.e. the internal standard of the property is rather inhomogeneous. Furthermore, there are cafés, restaurants, medical practices, a gym and a nightclub situated in the building.	EPCOS AG (37% of total rental income)	The property is occupied by approx. 96% and is let to more than 80 tenants. The main tenant EPCOS has a lease term until 31 December 2017.	8,998,489	9,233,286	129,320,000

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Property Schedule Germany

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						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
154	Nordostpark 12-14	90411	Nürnberg	10 Aug 2011	Office	8,490	0	De facto freehold[4]	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the south-west of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The accessibility by car and public transport is good. The visibility of the property from the street Nordostpark is limited as the building is set back behind another office property.	The subject property is a six-storey office-use building, constructed during the 1990s. It consists of a reinforced concrete framework construction with a natural stone facade and a flat roof. The office areas feature carpeted floors. Cabling and media is provided by double flooring.	amball business Software (38% of total income)	The subject property is let to ten tenants. The main tenant has a lease term until 30 September 2015. Furthermore, the total vacancy rate amounts to approx. 1%.	977,422	951,873	13,210,000
155	Stralauer Allee 1 "Spreespeicher Kühlhaus"	10245	Berlin	12 May 2011	Office	18,088	117	Leasehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 7 km east of the city centre (Potsdamer Platz), in the district Friedrichshain-Kreuzberg. Stralauer Allee is a main road, which leads to the city centre. The surrounding area is mainly characterised by residential and office use. The accessibility by car and public transport is good. The visibility of the property from Stralauer Allee is good.	The subject property is a 7-storey office building (plus two attic storeys), constructed in 1913 and extensively refurbished in 2000. It consists of a reinforced concrete framework construction with a glass/ natural stone facade. The fit-out of the office areas features carpeted/ parquet floors and ceilings with integrated lighting. Cabling and media is provided by floor ducts. Furthermore, internal parking spaces are located in the underground car park.	Universal Music Entertainment GmbH (100 % of total income)	The property is completely occupied by one tenant. The tenant has a lease term until 31 December 2019.	2,233,548	2,363,588	36,870,000
156	Stralauer Allee 2 "Spreespeicher Getreidespeicher"	10245	Berlin	12 May 2011	Office	18,499	79	Leasehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 7 km east of the city centre (Potsdamer Platz), in the district Friedrichshain-Kreuzberg. Stralauer Allee is a main road, which leads to the city centre. The surrounding area is mainly characterised by residential and office use. The accessibility by car and public transport is good. The visibility of the property from Stralauer Allee is good.	The subject property is a six-storey office building with retail units (plus two attic storeys), constructed in 1913 and extensively refurbished in 2000. The retail units can be accessed via separate entrances. It consists of a reinforced concrete framework construction with a natural stone facade. The fit-out of the office areas features carpeted/ parquet floors and ceilings with suspended lighting. The fit-out of the retail areas features natural stone/ parquet floors and ceilings with suspended lighting. Cabling and media is provided by floor ducts. Furthermore, internal parking spaces are located in the underground car park.	CCC Competence Call Center GmbH (approx. 16 % of total income)	The property is occupied by 28 tenants. The main tenant has a lease term until 30 November 2014. The occupancy rate stands at 93%.	1,966,540	2,191,297	32,890,000
157	Hermannstraße 25, 26	12049	Berlin	10 Feb 2011	Site	0	0	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 6 km south of the city centre (Potsdamer Platz), in the district Neukölln. Hermannstraße is a main road, which runs parallel to federal road B96 (north - south). The surrounding area is mainly characterised by residential buildings. The accessibility both by car and public transport is good. The visibility of the property from Hermannstraße is good.	The property (consisting of one plot of land with two parcels and a total size of 1,876sqm) has an almost square shape and a slightly sloping topography. The plot is covered with a multi-family house. IVG has granted a leasehold in favour of the owner of the building, i.e. the building is owned by a third party, whereas the site owner is IVG. Ground rent has been paid in advance.	Not applicable	No letting. Leasehold agreement (without leasehold payments) until 31 December 2058.	0	0	80,000

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Property Schedule Germany

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						sqm							€ (month 1 x 12)	€ p.a.	€
158	Stuttgarter Platz 6	10627	Berlin	10 Feb 2011	Site	0	0	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 3 km west of the city centre (Kurfürstendamm), in the district Charlottenburg. Stuttgarter Platz is a side road, which runs parallel to arterial road Kantstraße. The surrounding area is mainly characterised by residential buildings and the train station Berlin-Charlottenburg. The accessibility both by car and public transport is good. The visibility of the property from Stuttgarter Platz is good.	The property (consisting of one plot of land with a size of 874sqm) has an almost square shape and an even topography. The plot is covered with a multi-family house. IVG has granted a leasehold in favour of the owner of the building, i.e. the building is owned by a third party, whereas the site owner is IVG. Ground rent has been paid in advance.	Not applicable	No letting. Leasehold agreement (without leasehold payments) until 31 December 2059.	0	0	70,000
159	Gravensteinstraße 50-56d	13127	Berlin	10 Feb 2011	Site	0	0	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 13 km north of the city centre (Potsdamer Platz), in the district Pankow. Gravensteinstraße is a side road, which runs close to motorway A114 (Berlin city centre - to the north). The surrounding area is mainly characterised by single-family houses. The accessibility by car is good. The visibility of the property from Gravensteinstraße is good.	The property (consisting of seven plots of land with a total site area of 2,091sqm) has an almost rectangular shape and an even topography of each parcel. The plots are each covered with a semi-detached house. IVG has granted a leasehold in favour of the residential users, i.e. the buildings are owned by the residential user, whereas the site owner is IVG.	Not applicable	No letting. Income from ground rent payments until 31 December 2100.	12,374	0	280,000
160	Waldauer Weg 78	34253	Lohfelden	22 Sep 2011	Site	0	0	Freehold	Lohfelden is a suburb of the major city in the north of the federal state of Hesse, Kassel. The subject site is located approx. 6.5 km south-east of Kassel's city centre in a commercial area. Waldauer Weg is a main road in the vicinity and leads towards the motorway A49 via Marie-Curie-Straße. The surrounding area is mainly characterised by commercial use such as light industrial. The accessibility by car is good, but only average in terms of public transport. The visibility of the site from Waldauer Weg is good.	The site has an irregular shape and an even topography. It is partially covered with trees and shrubs, and partially paved. The total site area amounts to 4,797sqm.	Not applicable	Not applicable.	0	0	240,000
161	Am Scheunenviertel/ Lörracher Straße/ Wittlicher Str. (Wohnbauanlage)	15806	Zossen	06 Oct 2011	Other	1,203	0	Freehold	Zossen is located in the centre of the federal state of Brandenburg, approx. 20 km south of Berlin. The subject property is located approx. 1.5 km east of the city centre. Gerichtsstraße is a federal road (B246; East -West) and Am Scheunenviertel is a calm and low frequented side road, which offers sufficient public parking spaces. The surrounding area is mainly characterised by residential use (one-family-, row or semi-detached houses). The accessibility by public transport is average. The visibility of the property from the street is good.	The subject properties comprise seven row houses and five semi-detached houses, constructed in the 1990s. The buildings have two storeys. The properties were built as prefabricated or solid constructions and have saddled roofs or half-hipped roofs. They are also equipped with basement levels. The insulated facades are made of plaster; balconies are not available but the properties have gardens. The windows are insulated with PVC-frames. The houses are heated by single storey gas heating systems.	Not applicable	48% occupancy rate, 6 tenants, undefined lease terms.	39,009	79,378	1,130,000

Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1)]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2)]	Market Rent	Market Value[3)]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
162	Hamburger Straße 24	12623	Berlin	10 Feb 2011	Other	75	1	Freehold	Berlin is located in the east of Germany and is Germany's capital city. The subject property is located approx. 17 km to the west of the city centre (Kurfürstendamm), in the district Spandau. Hamburger Straße is an access road for the neighbouring properties. The surrounding area is mainly characterised by smaller multi- and single-family houses. The accessibility by car is good. The visibility of the property from Hamburger Straße is good.	The subject property is an apartment in a 2.5-storey apartment building, constructed in 1998. The total lettable area is 75 sqm. It consists of a solid construction with a plastered facade. The subject apartment has a balcony.	Hildebrandt (100% of income)	Fully let to main tenant. Undefined lease term.	6,050	6,133	100,000
163	Nordostpark 3-5	90411	Nürnberg	10 Aug 2011	Office	5,837	4	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the centre of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The accessibility by car and public transport is good. The visibility of the property from Äußere Bayreuther Straße is good and very good from the ring road Nordostpark.	The subject property is a four-storey office-use building, constructed in 2007. It consists of a reinforced concrete framework construction with a glass facade with a post and beam construction. The fit office areas feature carpeted floors. Cabling and media is provided by hollow flooring. The subject property provides some external parking spaces.	Immowelt AG (51% of total income)	The subject property is let to four tenants. The main tenant has a lease term until 31 December 2012. Furthermore, the total vacancy rate amounts to approx. 2%.	799,906	710,310	10,440,000
164	Nordostpark 7-9	90411	Nürnberg	10 Aug 2011	Office	5,555	5	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the centre of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The accessibility by car and public transport is good. The property is not visible from Äußere Bayreuther Straße due to the location behind the property "Nordostpark 3-5". However, the visibility of the property within the business park is good.	The subject property is a four-storey office building, constructed in 2008. It consists of a reinforced concrete framework construction with a perforated facade with a post and beam construction. The office areas feature carpeted floors. Cabling and media is partly provided via empty conduit system on the ceilings. The subject property provides some external parking spaces.	paragon AG (34% of total income)	The subject property is let to eight tenants. The main tenant has a lease term until 31 August 2020. Furthermore, the total vacancy rate amounts to approx. 3%.	811,468	719,940	10,640,000
165	Nordostpark 17	90411	Nürnberg	10 Aug 2011	Other	0	436	Freehold	Nuremberg is located in the north of the federal state of Bavaria. The subject property is located in the north-east of the city centre. Furthermore, the property is located in the centre of the business park "Nordostpark Nürnberg". The street Nordostpark is the ring road through the business park. It leads off Äußere Bayreuther Straße, which is one of the main arterial roads through Nuremberg. The surrounding area is mainly characterised by office use. The accessibility by car and public transport is good. The property is not visible from Äußere Bayreuther Straße. However, the visibility of the property within the business park is good.	The subject property is a five-storey parking garage, constructed in 2010. It consists of a reinforced concrete framework construction with a coloured perforated facade. The parking garage provides 436 parking spaces.	Continental Engineering Services GmbH (34% of total income)	The subject property is let to ten tenants. The main tenant has a lease term until 31 December 2011. Furthermore, the total vacancy rate amounts to approx. 70%.	74,754	209,280	2,290,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
166	Rudower Fließ	15831	Großziethen	10 Feb 2011	Site	0	0	Freehold	Großziethen is located in the centre of the federal state of Brandenburg. The subject property is located approx. 17 km south of Berlin's city centre (Potsdamer Platz). Telefunkenweg is a side road in the newly developed single-family housing area and located near the main road Rudower Chaussee. The surrounding area is predominantly characterised by residential use. The accessibility by car is good. The visibility of the property from Telefunkenweg is good. Rudower Fließ is a newly developed single-family housing area, with undeveloped areas.	The site (which consists of several plots with a total area of 14,860sqm) has an irregular shape and an even topography. The sites are green and fully serviced.	As the subject property is an undeveloped site, no tenant exists.	Not applicable	0	0	1,320,000
167	Erich-Medelsohn-Allee u.a.	14469	Potsdam	10 Feb 2011	Site	0	0	Freehold	Potsdam is located in the west of the federal state of Brandenburg, near to the capital city Berlin. The subject property is located approx. 3 km north of the city centre in the district of Bornstedter Feld. Erich-Mendelsohn-Allee is a side road in the single-family housing area. The surrounding area is mainly characterised by residential use. The accessibility by car is good. The visibility of the property from Erich-Mendelsohn-Allee is good.	The property (consisting of two plots of land with a total area of 481sqm) has an almost rectangular shape and an even topography. The plots are each covered with a single-family house. IVG has granted a leasehold in favour of the residential users, i.e. the building is owned by the residential user, whereas the site owner is IVG.	Not applicable	Not applicable	0	0	100,000
168	Poststraße 7		Bomlitz	14 Feb 2011	Site	5,281	0	Freehold	Bomlitz is located in the centre of the federal state of Lower Saxony. The subject property is located in the south of Bomlitz in the district of Benefeld. The surrounding area is mainly characterised by residential use in the north and forests in the south, east and west. The accessibility by car is average. The property is not visible from the main arterial road due to its location on the southern border of Bomlitz and its location in the forest. The property comprises several production buildings, which were almost vacant at the date of valuation. Besides the production buildings, the site comprises 58,431 sqm of forested areas.	The subject properties are 2-storey industrial-use and office-use buildings, constructed between 1972 - 1989, as well as some buildings that were constructed in 1930 and are currently used as storage. The buildings consist of reinforced concrete framework constructions; the fit-out of the office areas can be described as average. Cabling and media is provided by perimeter trunking.	Cohrs Werkstätten (34% of total income)	The property is let to 4 tenants; the main tenant has a lease contract for an undefined term. The occupancy rate, as at the date of valuation, amounts to 7.7%.	18,394	185,602	1,050,000
169	Kasernenstraße	27313	Dörverden	14 Feb 2011	Site	0	0	Freehold	Dörverden is located in the centre of the federal state of Lower Saxony. The subject property is located in the south-east of Dörverden in the district of Barme. The surrounding area is mainly characterised by residential use in the north-east and forests in the south, east and west. The accessibility by car is average. The property is not visible from the main arterial road due to its location on the southern border of Dörverden and its location in the forest.	The property was formerly used as a military base; however, the site was vacant at the date of valuation. As all buildings are to be demolished and the projected costs for demolition will be higher than the existing land value of the respective site, we have made the assumption that the market value amounts to € 1 as at the date of valuation.	Not applicable	Not applicable	0	0	1

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							€ (month 1 x 12)	€ p.a.	€
170	Breslauerstraße		Liebenau	14 Feb 2011	Site	12,869	0	Freehold	Liebenau is located in the centre of the federal state of Lower Saxony. The subject property is located in the east of Liebenau. The surrounding area is mainly characterised by residential use in the east and forests as well as agricultural areas in the south, north and west. The accessibility by car is provided by Breslauer Straße and can be described as average. The property is not visible from the main arterial road due to its location on the western border of Bomlitz.	The property comprises several production buildings, which were partially vacant at the date of valuation. Besides the production buildings, the site comprises 11,400,000 sqm of forested areas. The subject properties are multi-storey industrial-use and office-use buildings, constructed during the Second World War. The buildings consist of reinforced concrete framework constructions; the fit-out of the office areas can be described as average. Cabling and media is provided via perimeter trunking. Most of the buildings are not lettable due to their year of construction and the accompanying danger of collapse.	Oxxynova GmbH (39% of total income)	The property is let to 23 tenants, the main tenant has a lease contract for an undefined term.	631,833	631,833	13,690,000
171	Breslauerstr.		Clausthal	27 Sep 2011	Site	0	0	Freehold	Clausthal is located in the south-east of the federal state of Lower Saxony. The subject property is located in the south-east of Clausthal. The surrounding area is mainly characterised by residential use in the west and forests in the south, north and east. The accessibility by car is provided via forest trails and can be described as poor. The property is not visible from the main arterial road due to its location on the eastern border of Clausthal.	The property comprises several production buildings, which were partially vacant at the date of valuation and are not in a lettable condition. Besides the production buildings, the site comprises approx. 1,000,000 sqm of forested areas.	Not applicable	Not applicable	0	0	1,410,000
172	Draghan, Liebenau		Wald Dörverden	14 Feb 2011	Site	0	0	Freehold	Dörverden is located in the centre of the federal state of Lower Saxony. The subject property is located in the south-east of Dörverden in the district of Barme. The surrounding area is mainly characterised by residential use in the north-east and forests in the south, east and west. The accessibility by car is average. The property is not visible from the main arterial road due to its location on the southern border of Dörverden and its location in the forest.	The site comprises approx. 2,450,000 sqm of forested areas.	Not applicable	Not applicable	0	0	1,870,000
173	n.a		Hessisch-Lichtenau	27 Sep 2011	Site	0	0	Freehold	Hessisch-Lichtenau is located in the north-east of the federal state of Hesse. The subject property is located in the north-east of Hessisch-Lichtenau. The surrounding area is mainly characterised by forests and agricultural use. The accessibility by car is poor and only via forest trails. The property is not visible from the main arterial road.	The site comprises approx. 984,000 sqm of forested areas.	Not applicable	Not applicable	0	0	840,000
174	n.a		Lippoldsberg	27 Sep 2011	Site	0	0	Freehold	Lippoldsberg is located in the north of the federal state of Hesse. The subject property is located in the east of Lippoldsberg. The surrounding area is mainly characterised by forests and agricultural use. The accessibility by car is average and provided via Birkenallee. The property is not visible from the main arterial road.	The total site area amounts to approx. 150,000 sqm. The site comprises a rehabilitation centre as well as forested areas. The subject site is held freehold by the owner; however, leasehold is granted to the operator of the rehabilitation centre until 2046 for the whole site.	Not applicable	Not applicable	0	0	1,620,000

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Property Schedule Germany

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
175	n.a		Krümmel	26 Sep 2011	Site	0	0	Freehold	Krümmel is located in the south-east of the federal state of Schleswig-Holstein. The subject property is located in the west of Geesthacht. The surrounding area is mainly characterised by forests and agricultural use. The accessibility by car is average. The property is not visible from the main arterial road.	The site comprises approx. 1,130,000 sqm of forested areas.	Not applicable	Not applicable	0	0	1,460,000
176	Rosenheimer Straße 143	81671	München	15 Feb 2011	Office	7,772	40	Freehold	The state capital, Munich, is located in the south of the Free State of Bavaria. Munich is the third largest city in Germany. The subject property is located approx. 4 km east of the city centre in the district of Haidhausen. Rosenheimer Straße is an arterial road leading south from Munich city centre and ending in motorway A 8 (Munich - Salzburg), while Anzinger Straße leads further east of the property. The surrounding area is a mix of office and residential buildings, and to the north, mainly dominated by out-dated industrial properties. These are partly vacant, partly occupied by commercial and light industrial use, partly being used as cafés, restaurants and discotheques ("Kunstpark Ost"). The subject site is near but not part of the town-planning restructuring concept for the district around the train station "Ostbahnhof". This concept comprises a restructuring of the whole surrounding area, with an intended mix of office, commercial and residential properties. The accessibility of the site by car and public transport is good due to the location on an important arterial road, the vicinity to the train station "Ostbahnhof" (suburban railway) and a bus stop in front of the building. The visibility of the property is neither given from Rosenheimer Straße nor from Anzinger Straße, as the site is set back behind a large office building fronting these two streets.	The subject property called "Medienbruecke" has the architectural look of a bridge. Two staircases build the supporting structure for the 6th to 10th floor. There are no floors beneath the 6th. The office building was constructed in 2010 and 2011. The building consists of a reinforced concrete vertical construction and a horizontal steel construction and is covered by a flat roof. The 10th floor is a stacked storey with a roof terrace. The facade is made of extensive glass elements. The fit-out of the lettable areas is of high quality. Floors are mainly wooden. Ceilings are not suspended. Lettable areas are separated by flexible drywall and in many cases glass elements. Cabling and media is provided by floor ducts.	GroupM Germany (57% of total income)	The property is 89% let to five tenants. The lease of the main tenant expires in July 2020.	1,494,840	1,654,653	29,800,000
						1,811,030	**22,328**						**202,027,939**	**220,582,261**	**3,444,920,001**

1) Excluding parking spaces, antennas, advertising panels and miscellaneous areas
2) Definition in line with summary report (current net annualised rent including rental guarantees)
3) Value without regard to costs of purchase
4) Properties are held freehold by special purpose entities with a minority interest by IVG Immobilien AG. However, these entities are fully consolidated according to the Standing Interpretations Committee Interpretation SIC-12. These properties have been valued under the assumption of a freehold interest by IVG Immobilien AG.

Property Schedule Italy

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
1	Via Dione Cassio 13	20138	Milan	17 Feb 2011	Office	8,258	55	Freehold	Milan, the second-largest city of Italy, serves as economical centre of the northern part of the country and is the capital of the Lombardi region. The subject property is located in the south-eastern periphery of Milan, approx. 9 km from the city centre and 2 km south of the office area of Forlanini. Via Dione Cassio is a small street in the commercial area and a side road to Via Mecenate, providing access to Milan's eastern ring road. The surrounding area is mainly characterised by industrial and logistics use and dominated by rather old and obsolete warehouse buildings. The residential area of Morsenchio is approx. 500 m to the south. The accessibility by car is good. Linate International Airport is located some 5 km north-east, accessible through Via Mecenate and Via Forlanini, one of the main artery roads of Milan. The visibility of the property from Via Dione Cassio and Clemente Prudenzio is good.	The subject property has a mixed use of office and light industrial/storage and was constructed in 1981. The structure of the building is of reinforced concrete with a darkened glazed main façade and an exterior stone cladding finish to the sides and rear of the building. The property can be divided into two blocks. The first block comprises six floors above ground and includes a reception area serving the entire building and storage accommodation on the ground floor. The upper floors provide office accommodation generally characterized by having lateral technical stripes in some areas, ceramic tiled or wooden flooring, suspended ceiling with inset lighting, aluminium framed double-glazed windows and multi split air conditioning. The second block, providing three storeys above ground, is located to the rear of the first block and accommodates light industrial/storage space. The ground floor comprises the majority of the storage accommodation, while the first floor is more designed for light industrial activity possessing in some units a double floor-to-ceiling height. The third floor consists of an office unit.	Cremascoli & Iris S.r.l. (39% of total rental income).	The occupancy of the property amounts to approx. 63%. Besides the main tenant, having a lease contract until April 2015, the property is let to 12 tenants.	486,192	800,000	7,350,000

1) Excluding parking spaces, antennas, advertising panels and miscellaneous areas
2) Definition in line with summary report (current net annualised rent including rental guarantees)
3) Value without regard to costs of purchase

Property Schedule Spain

No.	Address	ZIP	City	Date of last inspection	Main use	Lettable area[1]	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent[2]	Market Rent	Market Value[3]
						sqm							*€ (month 1 x 12)*	*€ p.a.*	*€*
1	Calle de la Infanta Mercedes, 67	28020	Madrid	15 Feb 2011	Parking	0	2	Freehold	Madrid, the capital of Spain and the third-largest metropolitan in Europe, is located centrally in the country. The subject property is located approx. 7 km north-west of Madrid's city centre in the Tetuán/Castillejos sector, a secondary CBD area west of Castellana Street. Calle de la Infanta Mercedes is a side road parallel to Bravo Murillo and Sor Angela de la Cruz, being two of the main arterial roads from Madrid city centre to the north. The surrounding area is mainly characterised by residential and office use. The accessibility by car is good due to the vicinity to two arterial roads, which can be quickly reached via secondary roads. The property is located under a residential complex which, due to a corner location, benefits from good visibility from Infanta Mercedes and Sor Angela de la Cruz.	The property consists of two underground parking spaces located on the basement level. The spaces are adjacent to each other. In terms of location within the underground parking, the spaces are very well situated near the access ramps, staircases and elevators. The basement parking is made of concrete floors and ceilings, and concrete structure. The condition is commensurate with its age. There is ample manoeuvring space and the parking spaces are average in size.	Let to two separate tenants.	Both parking spaces are let for an undefined term.	1,946	2,160	60,000

1) Excluding parking spaces, antennas, advertising panels and miscellaneous areas
2) Definition in line with summary report (current net annualised rent including rental guarantees)
3) Value without regard to costs of purchase

Real Estate Valuation Condensed Report 2 – BDO – Cavern Valuation Report

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Munich, October 7, 2011

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Dear Sirs and Madams

SUMMARY VALUATION REPORT

Fair Value measurement of caverns according to IAS 40 as of September 30, 2011

CONTENTS

LIST OF ABBREVIATIONS

Abbreviation	Complete term
AG	Aktiengesellschaft (stock corporation)
BauGB	Baugesetzbuch (Building Code)
BBergG	Bundesberggesetz (Federal Mining Act)
BC	Borrowed capital
BDO	BDO AG Wirtschaftsprüfungsgesellschaft, Munich
cbm	Cubic meter
DCF	Discounted cash flow
EUR	Euro
GmbH	Gesellschaft mit beschränkter Haftung (limited liability company)
GmbH & Co. KG	Gesellschaft mit beschränkter Haftung und Compagnie Kommanditgesellschaft (limited partnership with a limited liability company as general partner)
IAS	International Accounting Standards
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany, Incorporated Association)
IFRS	International Financial Reporting Standards
InvG	Investmentgesetz (Investment Act)
IVG AG	IVG Immobilien AG, Bonn
IVG Caverns	IVG Caverns GmbH, Bonn
IVG Funds	IVG Funds GmbH, Bonn
MRP	Market risk premium
p. a.	per annum
r.f.f.f.	ready-for-first-fill
TC	Total capital
TEUR	Thousand euro
WACC	Weighted average cost of capital

Because the calculation steps described in this report have been determined electronically, some of the values shown may include rounding differences.

1 ASSIGNMENT AND PERFORMANCE

Introduction

BDO AG Wirtschaftsprüfungsgesellschaft, Munich, (hereinafter "BDO") was instructed by

IVG Immobilien AG
Zanderstraße 5
53177 Bonn
Germany
(in the following referred to as "IVG" or "Company")

by means of an engagement letter dated September 26, 2011, to determine the fair values of caverns according to IAS 40, as amended in 2009, that are owned by IVG Caverns GmbH, Bonn (hereinafter "IVG Caverns"), a 100% subsidiary of IVG.

Purpose of the Valuation Report

The purpose of our valuation (the "Valuation") is the board of directors' consideration to increase the registered share capital of IVG and the release of our fair value appraisal and summary of this valuation report in a securities prospectus (the "Prospectus") concerning the capital increase of the the Company (the "Offer"). Therefore, we understand the summary valuation report (the "Valuation Report") and Schedule are required firstly, to confirm the fair value (the "Fair Value") resp. market value (the "Market Value") of caverns as at September 30, 2011 for the board of directors of the Company and secondly, for inclusion in the Prospectus.

Valuation Object

Our valuation covers a total of 14 caverns (the "Caverns") for accounting purposes (the "Valuation Object"). 12 of the 14 Caverns have been sold to a special fund (the "Fund Caverns"). Since the Fund Caverns are transferred only after completion, as a matter of principle, until such time they are to be attributed to the assets of IVG Caverns. As regards two more caverns, IVG Caverns intends to complete them and operate them for the time being (the "Potential Caverns"). The Schedule (see Annex of this Valuation Report) shows the composition of the Valuation Object.

Valuation Date

All considerations regarding the Valuation have been applied as of September 30, 2011 (the "Valuation Date"). The fair value appraisal shown below has taken into account the status quo of the Valuation Object impacting on the value until September 30, 2011 as well as the conditions on the financial markets until September 30, 2011.

On-site inspection

We have performed the investigations necessary for the Valuation in September 2011 in our offices in Munich and Berlin and on June 2011 and September 2011 in Etzel.

Letter of representation

Any and all documents and information requested by us have been readily provided by the Company's management. The management of IVG has issued a letter of representation on October 06, 2011, stating that we have been provided accurately and in full with all information that is of relevance for the Valuation and that has been available to the Company.

Compliance with Appraisal and Valuation Standards

Determination of the Fair Value resp. Market Value of the Valuation Object is based on the principles and methods of property valuation, set forth in the relevant valuation standards. We confirm that the Valuation has been made in accordance with the appropriate sections of the current valuation standards contained within the Royal Institute of Chartered Surveyors ("RICS"), Appraisal and Valuation Standards, 7th Edition and also confirms with the International Valuation Standards ("IVS"). This is an internationally accepted basis of Valuation.

We note that as part of the Valuation we have not reviewed accounting records, annual financial statements, or the management of the Valuation Object to be appraised.

Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the Valuation acting as external valuers, as defined in the RICS Red Book, qualified for the purpose of the Valuation. Furthermore we confirm that BDO has acted as an independent valuer according to the definition of ESMA guidelines (ESMA European Securities and Markets Authority) update of the CESR recommendations – The consistent implementation of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive, dated March 23, 2011).

2 METHODOLOGICAL PRINCIPLES

2.1 Preliminary remarks

The Fund Caverns (those 12 from the Valuation Object) currently under construction are planed to be successively completed till 2013. Since they will be transferred to the special fund only after completion ("ready for first fill", also abbreviated "r.f.f.f."), as a matter of principle, until completion/transfer they must be attributed to the assets of IVG Caverns.

2.2 General valuation principles

The Fair Value in accordance with IAS 40.5 is defined as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction."

The definition of Fair Value is largely identical with the Market Value (the "Market Value") definition by the RICS (as set forth in the "Red Book"), the Fair Value definition in Art. 49 para. 2 of the European Council Directive as well as the Fair Value definition in Section 194 BauGB and the Fair Value in accordance with IVS. In doing so, the Fair Value refers to transactions between independent business partners. Such a transaction is a business transaction by and between parties, who do not have any special relation with each other that creates transaction prices that are untypical for the market.

2.2.1 Future capitalized value using cashflow projections

If neither current prices in an active market for similar Caverns nor current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts) are available, according to the prevailing opinion in both theory and valuation practice, the value of any property held as an investment property must be derived based on the present value of the cashflow associated with the title to the investment property. Any future cashflow must be discounted at the capitalization rate as of the Valuation Date. The capitalization rate ("Capitalization Rate") here reflects the yield on an adequate alternative investment that is comparable with regard to risk, term, and taxation. The Company's individual return expectations are not to be taken into account due to the need for neutrality.

The Valuation therefore requires a forecast of the future cashflows from the Caverns. These are determined based on the assets' condition at the Valuation Date, the geographical location, the economic usability, the term of the lease agreements, the future demand for oil and natural gas storage as well as the future volatility of commodities markets. With respect to the Valuation Object the income to be discounted to determine the Fair Value of the Valuation Object largely depends on the sales price (Fund Caverns) or the opportunity to lease the Caverns to generate a positive cashflow (Potential Caverns).

The objective of the Valuation is the Fair Value determination for accounting purposes. Our Valuation reflects the Fair Value under current conditions.

2.3 Valuation approach and assumptions

2.3.1 Basic matters

To derive the Fair Values of already presold Fund Caverns with fixed purchase prices, the investments yet to be made until completion as well as the stipulated purchase prices must be discounted as of the Valuation Date.

Since the Potential Caverns have not been sold yet and therefore purchase prices are not known, instead of the purchase price, we have determined a present value on the basis of continued operations ("Present Value on Operation") after completion. The Present Value on Operation is determined based on the Caverns' operation and largely depends on the following parameters:

- Storage volume;
- Lease agreement/rent;
- Operating costs;
- Subsequent leaching process;
- Decommissioning costs and
- Investor's yield expectations.

2.3.2 Investment planning

Investment planning is mainly based on the planning of the leaching process. The costs of the leaching process per Cavern were forecasted by the Company based on past experience and known leaching capacity. Investment costs in a range between approx. TEUR 12,000 and TEUR 15,700 have been estimated for the construction of a gas cavern with a storage volume between 600,000 cbm and 700,000 cbm.

Construction of all Fund Caverns and Potential Caverns has already commenced. The investments to be taken into account were derived based on measures planned by IVG Caverns.

2.3.3 Capitalization rate

Since the Valuation Date for the investments yet to be made as well as the cashflows that can be generated subsequently deviate, the cashflow has to be taken into account at its present value.

Due to the short term of the payment flows for Fund Caverns, we have estimated a period-specific interest rate. Since the costs of borrowed funds are determined on the basis of a risk-free interest rate plus a credit spread, they are also taken into account period-specifically in the valuation.

One exception from the described approach is the calculation of the Present Value on Operation in case of the Potential Caverns. Because of the long-term cashflow projections (approx. 100 years), we have assumed a fixed WACC when discounting the cashflows.

2.3.3.1 Risk-free interest rate

The risk-free component of the capitalization rate – also called base interest rate – usually is determined based on the yield of government bonds. We have used the interest rate structure curve published by the German Central Bank (Deutsche Bundesbank).

2.3.3.2 Risk premium

The risk-free rate must be supplemented by a risk premium so that the risk of a business commitment can be adequately reflected. So as to establish risk equivalency with the cashflow to be discounted, determination of the risk premium has to be based on the risk structure of the asset to be valued. The risk premium is based on the market-specific risk (market risk premium), which has to be adjusted to the corporate or asset -individual risk by way of a so-called beta factor. Based on empirical studies for the German capital market, a market risk premium of 5.0% has been taken into account for the assets to be valued.

Beta factor

To derive company-specific risks – or in the present case, the asset specific risks of Caverns – in general, a peer group of companies is used in order to determine the beta factor. A company, which is exclusively owning or developing caverns, which have already been let in the long term to tenants with good credit ratings and which in addition (Fund Caverns) have been sold to a special fund at fixed purchase prices upon completion, cannot be observed on the capital market. Therefore, the determination of the asset-specific beta factor has to be derived by an expert.

We have used a group of property investors as the peer group. In order to derive the beta factor, based on data by financial service provider Bloomberg, we have conducted an analysis for a period of two years and based on weekly yields.

The average debt-free beta factor of a peer group of property investors is approx. 0.37. Compared to the property investors of the peer group, caverns have a lower risk due to the already progressed construction of the Caverns, the unusually long term lease agreements , the fixed purchase prices or purchase prices under negotiation as well as a relatively short time until the due date of the purchase price. We therefore have made a minor expert adjustment of the debt-free beta factor to 0.35 for the Valuation.

The unlevered beta determined based on the peer group in a second stage has to be adjusted to the specific debt level of the valuation property (in relation to the respective market values) (“relevering”). The debt level or the financing structure in respect of the respective market value has been shown in a simplified manner as unchanged throughout the planning period. In case of an equity capital ratio of 50%, as expected, and taking into account the effective tax advantage from the debt financing, the relevered beta is approx. 0.62.

2.3.3.3 Credit Spread

The long-term credit spread to be used for the Present Value on Operation as well as the period-specific credit spread, was derived from the comparison of the interest structure curve of European bonds issued by European financial institutions with an AA rating and the risk-free interest rate. According to the above, this long-term credit spread was 286 base points, which we have rounded to 280 base points in this report.

2.3.3.4 *Summary composition of capitalization interest rates (period specific WACC and standard fix WACC)*

The following table shows the composition of capitalization interest rate differentiated according to period specific WACC (with a remaining term between 1 and 2 years) and standard fix WACC as of September 30, 2011.

Capitalization interest rates as of September 30, 2011

	Period-specific WACC remaining term (years)		Standard fix WACC
	1	2	
Risk free rate	0,38%	0,59%	3,25%
Beta unlevered	0,35	0,35	0,35
Beta relevered	0,62	0,62	0,62
Market risk premium	5,00%	5,00%	5,00%
Equity-/ Total capital ratio	50%	50%	50%
Cost of equity	3,45%	3,67%	6,33%
Risk free rate	0,38%	0,59%	3,25%
Credit-Spread	2,79%	3,57%	2,80%
Corporate tax rate	24,23%	24,23%	24,23%
Borrowed-/ Total capital ratio	50%	50%	50%
Cost of debt	2,40%	3,15%	4,58%
WACC	**2,93%**	**3,41%**	**5,46%**

2.3.4 *Determination of Fair Values for Potential Caverns*

The Fair Values for Potential Caverns are determined from a cavern operator's view. Because of the exiting agreements, which in principle have long terms as well as the subsequent decommissioning obligation ("Decommissioning Obligation"), we have estimated a planning period of approx. 100 years after construction of the individual cavern. This is taking into account the limited use of the caverns to be constructed due to restrictions under mining law (BBergG) as well as the until then uncertain availability of resources to be stored in the Caverns. Our Valuation assumes a commercially expedient and technically possible use of the constructed caverns.

Rental income

The rental terms currently stipulated in agreements which have been reflected in the Valuation. To the extent that the agreement provides for contributions to infrastructure or decommissioning, they have been taken into account in calculating the rental income. Indexation clauses – derived from past inflation rates (average 2%) at the relevant adjustment time (mostly every 36 month) – were taken into account in the contractually stipulated amount.

Other rental income/payments

IVG Caverns also renders services for its clients (e.g. storage and removal). In return, IVG Caverns is paid lump sums by the tenants for this services. Since we exclusively value assets (caverns) as part of the fair value determination, this additional service business is not taken into account here.

Renewal or extension of existing leases/re-letting

Upon expiration of an existing or potential lease agreement, in line with market conditions and the expert's estimate, a rent level for the storage volume is assumed. In case of new or follow-up letting, rent for storage volume in the amount of EUR 3.07 /cbm (plus infrastructure and decommissioning contribution of EUR 0.22 /cbm) for gas storage and EUR 4.49 / cbm for oil storage is assumed, based on weighted arithmetic mean from the current contractually stipulated remuneration for gas storage, not taking into account inflation.

The remuneration level in follow-up letting was kept constant.

Management costs

Non-allocable operating costs are estimated based on past experience values with approx. EUR 0.09 /cbm for gas caverns and approx. EUR 0.50 /cbm for oil caverns. As per the provided information there is no need for additional maintenance measures with the exception of additional leaching in case of convergence.

No rental loss risk was assumed. With regard to possible tenants of the caverns to be built, the Company is assuming a first-rate credit rating. Experience with the tenants of existing caverns supports this assumption with first-rate credit rating.

Vacancy rate

With regard to vacancy rates, a distinction is made between short-term and permanent vacancies. We do not anticipate any permanent vacancies for the caverns' period of use. Any short-term vacancies have not been taken into account explicitly.

Convergence reserve

In case of oil caverns there is a difference between the geometric volume and the contractual usage volume. We have assumed this deviation to be permanent in the future as well.

Convergence/subsequent leaching process

Due to storage volume reduction caused by subterranean pressure (the "Convergence"), we have expanded our valuation model by the Convergence – unless contractually agreed as part of the rent to be paid-in follow-up letting.

Survey records have shown that the Convergence is marginal in case of the existing Caverns. As far as the storage of gas in Caverns is concerned, the operators' experience does not reach back as far as it does in the case of oil storage. In our view, major factors for the Convergence of Caverns filled with gas mainly are the changing pressure in the storage. According to our information, a convergence between 1 and 3% p.a. is detected for exisiting caverns used for gas storage.

During the contract term, we are merely showing the contractually stipulated Convergence. These could also exceed or fall short of the technical Convergence. With regard to follow-up letting, we have assumed a Convergence of 2.0% p.a. for gas Caverns and of 0.2% p.a. for oil Caverns.

In order to be able to operate the Caverns economically, our valuation model assumed subsequent leaching processes whenever Convergence reaches a threshold of 25.0% of the originally leached storage volume. Therefore we included leaching costs for 250,000 cbm of EUR 1.5 Mio. (on basis of 2007 prices – which we have inflated for the specific year of subsequent leaching).

Since the cavern volume can not be used during subsequent leaching, no rental income was assumed for the year of subsequent leaching.

With regard to the gas Caverns we have modelled subsequent leaching up to four times, for the first time after the expiration of the initial lease contract term. Because of the low level of Convergences in oil Caverns, there is no plan for subsequent leaching under economical aspects so as to effectively use the storage volume.

Decommissioning and recultivation obligations

Upon the end of operations – assumed to be after around 100 years of use per Cavern – decommissioning and recultivation obligations ("Decommissioning and Recultivation Obligations") apply in accordance with Section 53 et seq. BBergG.

IVG Caverns has agreed to assume decommissioning and recultivation in accordance with Section 53 et seq. BBergG for the cavern facilities as well as for existing contamination (e.g. soil and ground water contamination) or mining damage. Management has declared that at this point in time it has no knowledge of any existing contamination and that it also does not expect that there might be any major contamination on the assets. IVG Caverns merely assumes that subsequent to the decommissioning of the cavern facilities, the surface will have to be levelled as a consequence of soil subsistence. The costs to be expected for such surface levelling have been taken into account as a cashoutflow in the year of decommissioning in the Valuation.

With regard to the Fund Caverns, the decommissioning costs have not been taken into account for the Valuation, since compensation is paid in the amount of the calculated decommissioning costs from the special fund. With regard to the Potential Caverns, currently the costs have to be borne by IVG Caverns and accordingly have been taken into account in the Valuation.

2.3.5 Valuation Results

The planning results for the relevant caverns therefore represent the investments yet to be made as well as payments received by IVG Caverns until r.f.f.f. The already fixed purchase price payment was taken into account by the special fund for Fund Caverns or the determined value from the operating stage for the Potential Caverns. The caverns' Fair Value therefore is equivalent to the sum of discounted cashflows.

As of the relevant Valuation Date, September 30, 2011, the total Fair Value of 14 caverns as described in the Schedule for accounting purposes is approx.

EUR 354.9 million.

3 SUMMARY AND CONCLUSION

We submit this expert opinion regarding the Fair Value resp. Market Value of the Valuation Object (14 caverns) of IVG Caverns GmbH, Bonn, as of September 30, 2011. The Valuation has taken into account the facts impacting on the value until September 30, 2011 as well as the capital market-specific facts until September 30, 2011. The Valuation was performed to the best of our knowledge based on our careful investigations, documents made available to use and information provided and based on the professional standards for auditors.

Munich, October 7, 2011

BDO AG
Wirtschaftsprüfungsgesellschaft

Bartuschka	Beck
Partner	Senior Manager

ANNEX

IVG - caverns schedule

No.	Identification	Storage-Type	sold	r.f.f.f.*	Current Volume as of Sep 30, 2011	Contracted Volume	Fair Value as of Sep 30, 2011
1	Cavern 307	gas	yes	01.08.2013	418.688 m^3	745.000 m^3	19.430.000 EUR
2	Cavern 310	gas	yes	01.04.2012	701.317 m^3	720.000 m^3	32.360.000 EUR
3	Cavern 311	gas	yes	01.04.2012	666.879 m^3	750.000 m^3	33.040.000 EUR
4	Cavern 314	gas	yes	01.07.2013	495.030 m^3	785.000 m^3	20.820.000 EUR
5	Cavern 315	gas	yes	01.07.2013	524.358 m^3	750.000 m^3	20.170.000 EUR
6	Cavern 316	gas	yes	01.07.2012	610.659 m^3	660.000 m^3	19.870.000 EUR
7	Cavern 322	gas	yes	01.07.2013	537.575 m^3	720.000 m^3	19.070.000 EUR
8	Cavern 323	gas	yes	01.07.2013	348.117 m^3	700.000 m^3	18.020.000 EUR
9	Cavern 328	gas	no	01.04.2013	568.294 m^3	800.000 m^3	40.270.000 EUR
10	Cavern 329	gas	yes	01.07.2012	789.103 m^3	775.000 m^3	24.440.000 EUR
11	Cavern 330	gas	yes	01.07.2012	704.814 m^3	745.000 m^3	22.620.000 EUR
12	Cavern 337	gas	yes	01.07.2012	746.195 m^3	750.000 m^3	22.820.000 EUR
13	Cavern 344	oil	no	01.04.2011	523.185 m^3	480.000 m^3	37.070.000 EUR
14	Cavern 345	gas	yes	01.07.2012	762.969 m^3	785.000 m^3	24.860.000 EUR
Total					**8.397.183 m^3**	**10.165.000 m^3**	**354.900.000 EUR**

* r.f.f.f. = ready for first fill

All caverns located in Etzel, administrative district Friedeburg. On-site-inspection date was June 9, 2011 and September 17, 2011. Tenants in total have a (AA+ to AA-) credit rating. Average rental term is 28.5 years.

Real Estate Valuation Condensed Report 3 – De Crombrugghe – Summary Valuation Report of IVG's portfolio in Belgium

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United Kingdom

UniCredit Bank AG
Arabellastraße 14
81925 Munich
Germany

25/11/2011

Dear Sir and Madam

Summary Valuation Report
IVG Belgium & Luxembourg portfolio

1 Introduction

We, de Crombrugghe & Partners by means of an engagement letter (the "**Engagement Letter**"), were instructed by IVG Immobilien AG (the "**Company**"), to carry out a valuation (the "**Valuation**") of the real estate assets (the "**Properties**") referred to in the attached property schedule (the "**Schedule**") in order to advise you of our opinion of the Market Value, as at 30th September 2011 (the "**Valuation Date**"), of the freehold or leasehold interests (as appropriate) in each of the Properties. This report is dated 25/11/2011.

2 Compliance with Appraisal and Valuation Standards

We confirm that the Valuation has been made in accordance with the appropriate sections of the current Valuation Standards ("**VS**") contained within the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation Standards, 7th Edition (the "**Red Book**") and also defined by the International Valuation Standards Council in International Valuation Standard 1 (IVS 1) (8th Edition, 2007). This is an internationally accepted basis of the Valuation.

3 Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the Valuation acting as External Valuers, as defined in the RICS Red Book, qualified for the purpose of the Valuation.

We further confirm that there are no conflicts of interest prohibiting de Crombrugghe & Partners from acting as an independent expert as part of the Prospectus (as defined below).

4 Purpose of the Valuation Report

We understand that this valuation report (the "**Valuation Report**") and Schedule are required firstly, to confirm the Market Value of the Properties as at 30th September 2011 for the Board of the Company and secondly, for inclusion in a securities prospectus (the "**Prospectus**") concerning the capital increase of the Company (the "**Offer**"). Investors will rely on the Prospectus in making their decision to invest in the Company.

5 Analysis of the Portfolio

5.1 Portfolio by Countries

The subject portfolio comprises 14 properties. 13 properties are located in Belgium and one property in Luxembourg.

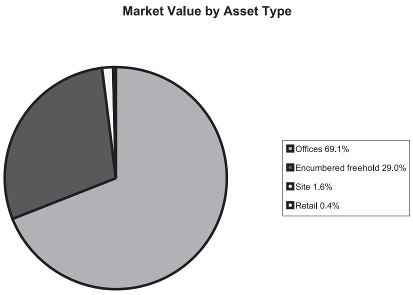
5.2 Property Categories

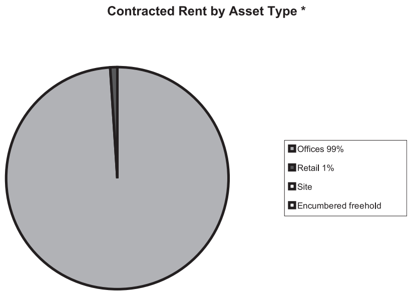
In total the subject portfolio comprises 39,558 m² office space, 634 m² retail space, 1,865 m² archive space and 1,970 m² miscellaneous areas such as atrium, catering, telecom areas.

The portfolio consists of 14 properties, of which:

- 7 offices buildings (of which Pleiades which is a complex composed of three independent buildings), are located in and around Brussels and in Luxemburg:
  - LA HULPE (Chée de la Hulpe, 154 – Brussels, periph.)
  - PLEIADES A (Av. des Pléiades, 11 – Brussels, periph.)
  - PLEIADES B (Av. des Pléiades, 15 – Brussels, periph.)
  - PLEIADES C (Av. des Pléiades, 19 – Brussels, periph.)
  - OAKTREE (Drève de Bonne Odeur, 20 – Auderghem)
  - BT Ignate (Bessenveldstraat, 9 – Diegem)
  - THOMAS (Rue Thomas Edison, 1a – 1b, Luxemburg)
- part of an offices floor located at the 19th level of a 22-storeyed tower in Brussels,
  - WTC (Bd du Roi Albert II, 28-30 – Brussels)
- a commercial property located in the Walloon Region (Verviers),
  - VERVIERS (Rue du Collège, 35-39 – Verviers)
- two plots of land around Brussels:
  - MOLENVELD (Bessenveldstraat – Diegem – Land)
  - BESSENVELD (Bessenveldstraat – Diegem – Land)

- three encumbered freehold relating to offices buildings in Brussels:
  - NORTH GATE I + II + III (Bd du Roi Albert II, 6 – Brussels)
  - TERVUREN PLAZA : (Av. de Tervuren, 226-236 – Brussels, periph.)
  - GRIBAUMONT : (Av. L. Gribaumont, 1 – Brussels, periph.)

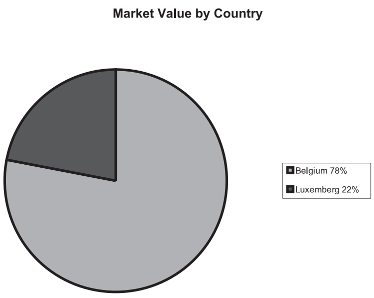


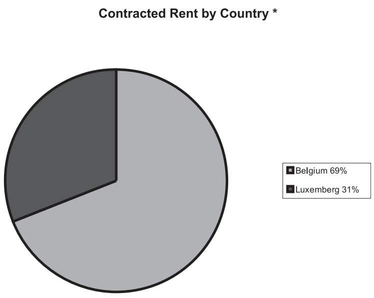


** excluding lands and encumbered freeholds*

Total Contracted Rent = 5,229,106 €/yr (as at 30th September 2011)

5.3 Distribution by Countries



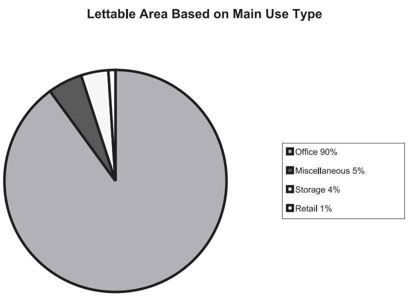


** excluding lands and encumbered freeholds*

Total Contracted Rent = 5,229,106 €/yr (as at 30th September 2011)

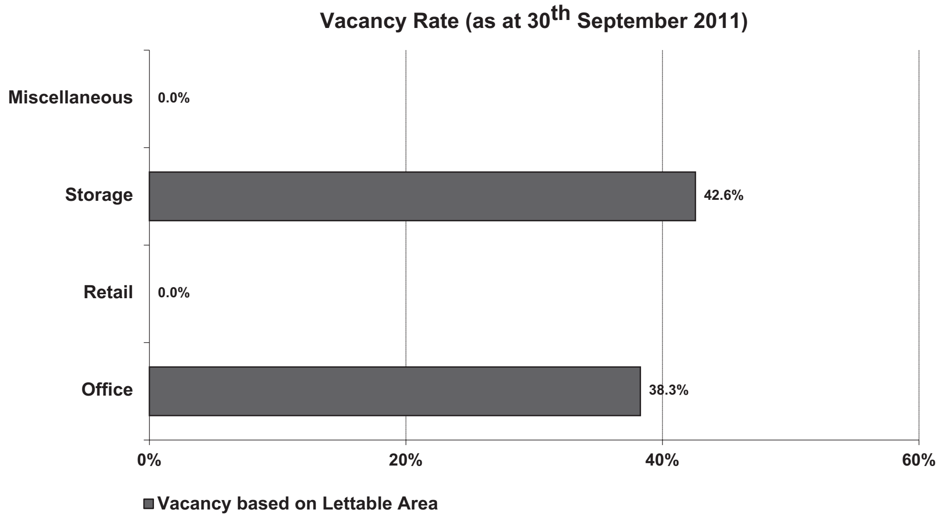
For the definition of Contracted Rent please refer to section 7.2

5.4 Lettable Area based on Main Use Type*



** Encumbered freeholds and lands are not taken into account in the lettable areas.*

5.5 Vacancy Rate (as at 30th September 2011)



6 Inspection of the Properties

We have inspected all Properties internally and externally at least once over the past 18 months prior to the Valuation Date.

A detailed overview of the inspection dates per property is disclosed in the attached Schedule (see appendices 4).

7 Basis of Valuation and Contracted Rent

7.1 Market Value

The value of each of the Properties has been assessed in accordance with the relevant parts of the Red Book. Under these provisions, the Market Value (the "**Market Value**") represents

> *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length-transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

In undertaking our Valuation on the basis of Market Value, we have considered the comments made by the International Valuation Standards Council, which are included in the Red Book standards. The RICS is of the opinion that the application of the Market Value definition provides the same result as the Open Market Value, a basis of value supported by previous editions of the Red Book.

According to VS 3.2, paragraph 3.3, "Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for associated taxes".

7.2 Contracted Rent (incl. Rental Guarantees)

The contracted rent, i.e. initial monthly income x12 (the "Contracted Rent") for each of the properties is referred to in the Schedule. Contracted Rent is defined for the purposes of this Valuation as

"The Contracted Rent generated by the properties, including rental guarantees"

(i) ignoring any special receipts or deductions arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) excluding charges to tenants.

The Schedule also includes the respective Market Rent of each of the Properties. The Market Rent is assessed in accordance with VS 3.3, which has been approved by the International Valuation Standards Committee. Under these provisions, the Market Rent represents

"The estimated amount for which a property, or space within a property, should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.".

In accordance with the above, where the Properties or parts thereof are vacant at the Valuation Date, the rental value reflects the Market Rent that we consider obtainable on an open market letting for vacant areas as at the Valuation Date.

In relation to the historic indexation of rents, we have relied on the information provided to us by the Company.

7.3 Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposal (e.g. valuation gains) nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any potential liability to repay any government or other grants, or taxation allowance that may arise upon disposals.

8 Value Added Tax

The Market Values and Market Rents listed in this Valuation Report do not include the relevant Value Added Tax at the prevailing rate.

9 Assumptions and Sources of Information

An assumption is defined in the Glossary to the Red Book to be a "supposition taken to be true" ("**Assumption**"). Assumptions are

"Facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, needs not be verified by a valuer as part of the valuation process".

In undertaking our Valuation, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, we have let the Company or the Company's advisers confirm that our Assumptions are correct to the best of their knowledge. In the event that any of these Assumptions prove to be incorrect, our Valuation would require to be reviewed. The Assumptions we have made for the purposes of our Valuation are referred to below:

9.1 Title

We have made the Assumption that the Properties have good and marketable freehold or leasehold title in each case and that the Properties are free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Properties are free from mortgages, charges or other encumbrances.

9.2 Condition of Structure and Services, Deleterious Materials, Plant and Machinery and Goodwill

We have not been provided with copies of condition surveys for the Properties. Unless otherwise informed by the Company or its advisers, we have made the Assumption that the Properties are free from any mildew, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not investigated whether high alumina cement, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations of any of the Properties. For the purposes of this Valuation, unless otherwise informed by the Company or its advisers, we have made the Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the foundations of the Properties are free from any defect. Unless otherwise informed by the Company or its advisers, we have made the Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed thereon. We have also made the Assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services, nor have the drains been tested. Unless otherwise informed by the Company or its advisers, we have made the Assumption that all services to the Properties are functioning satisfactorily.

No allowance has been made in this Valuation for any items of plant or machinery not forming part of the service installations of the Properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Furthermore, no account has been taken in our Valuation of any goodwill that may arise from the present occupation of the Properties.

It is a condition of de Crombrugghe and Partners or any related Company or any qualified employee providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to or gives warranties as to the condition of the structure, foundations, soil and services.

9.3 Environmental matters

No environmental reports for the Properties have been made available to us. However, we have not undertaken nor been instructed to conduct a formal environmental assessment, and have not carried out any investigation into past uses, either of the Properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites.

We have assumed that there are no abnormal ground conditions or contamination, which are sufficient to affect value or adversely affect the present or future occupation or development of the Properties.

9.4 Areas

We have not measured the Properties, but have applied floor areas provided by the Company or its advisers. These areas are based on the lettable areas as stated in the individual lease contracts. We have assumed that these areas have been measured and calculated in accordance with the current market practice in the relevant country in which the Properties are located.

9.5 Statutory requirements and planning

We have made the Assumption that the buildings have been constructed in full compliance with valid local planning and building regulations, that all necessary certifications are existent and that there are no outstanding statutory notices as to their construction, use or occupation. We have made a further Assumption that the existing uses of the Properties are duly authorised or established, and that no adverse planning conditions or restrictions apply.

9.6 Leasing

Access has been given to a representative sample of lease contracts and most of the provided information has been checked. Where these have been provided to us, we are not liable for the accurate interpretation of the content, if the items have not been verified by your lawyers.

We have made the Assumption that copies of all relevant documents have been made available to us and that they are complete, correct and up to date.

We have been provided with tenancy schedules and have checked the respective areas against any provided lease contracts. Our Valuation is based on the areas which were provided and have been considered as accurate.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge or we have been specifically advised to the contrary, we have made the Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised, we have also made the Assumption that there are no material arrears of rent or service charges, breaches of covenants or current or anticipated tenant disputes.

However, our Valuation reflects the type of tenants currently leasing the Properties or responsible for meeting lease commitments or likely to lease vacant spaces, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, all notices have been served legally within the appropriate time limits.

9.7 Information

We have made the Assumption that the information the Company and its professional advisers have supplied to us in respect to the Properties is complete, correct and up to date.

This means that we have also made the Assumption that the Company and its advisers have provided us with all details regarding matters likely to affect value, such as prospective lettings, rent reviews, outstanding legal requirements and planning decisions, and that the information supplied is up to date.

10 Confidentiality and Disclosure

We confirm that use of our Summary Valuation Report and Schedule for publication in the Prospectus is authorised.

The contents of this report are intended to be confidential to the addressees, their banks, auditors and controlling offices and are only intended for the mentioned purpose of the Valuation, and in particular for the publication in securities prospectus.

11 Valuation Results – IVG Belgium & Luxembourg Portfolio

We are of the opinion that the aggregate of the Net Market Values as at the effective Valuation Date, 30th September 2011, of the freehold or leasehold interests in the subject Properties described in the Schedule, subject to the Assumptions and comments in this Valuation Report, was as follows:

€ 90,347,750
(Ninety million three hundred and forty-seven thousand seven hundred and fifty euros)

The above figure is understood as the value without regard to costs of purchase, such as legal costs, agent’s fees and, where applicable, land transfer tax, normally incurred by the purchaser. The net price excludes purchaser’s costs and therefore does not include registration tax. The Valuation therefore considers normal purchase costs applicable for the considered locations.

The Valuation does not take into account marketing costs typical of a transaction, such as brokers wages or publicity with regard to a potential sale.

The above figure represents the amount a seller would receive in the event of a potential sale; for clarity, no allowance has been made for any expenses of realisation or for taxation, which may arise in the event of a disposal.

Yours faithfully

Patrizia Tortolani Guibert de Crombrugghe, FRICS

4 Appendices

4.1 Property schedule

Nr	Address	ZIP	City	Date of last inspection	Main use	Lettable area* sqm	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent** € (month 1 x 12)	Market Rent € p.a.	Market Value*** €
1	VERVIERS - Rue du Collège, 35-39	4800	Verviers	20 Oct 2011	Retail	634		Leasehold	In the middle of town within a residential environment provided with local shops. Town center accessible via local roads and close to the E42 (+- 3.5 km).	The property consists of three small shops part of a Carrefour Supermarket. They were constructed in 1973 and consist of a concrete frame construction with weather boarding facade and a flat roof covered with roofing. The internal fit-out standard is very simple and at tenants costs. The premises are equipped with metal radiators with standard valves (urban heating).	Vercol sprl (+/- 69.8% of total income)	The property is fully let to two tenants. The average break date is 26/02/2013.	50,936	48,868	325,000
2	WTC - Boulevard du Roi Albert II, 28-30. Floor 19.	1000	Brussels	13 Sep 2011	Office	1,099	8	Leasehold	North area being the most recent office area of the town centre. Housed by mainly large-scale private and public occupiers (national and international). Easy access, except during rush hours. Public car parking in building and at North Station.	Part of 19th floor of a 22-storeyed tower built in 1970. The tower consists of a concrete frame and a curtain wall facade with windows in aluminium and with double glazing. The offices are fitted-out with linoleum floors and suspended acoustic tiled ceiling incorporating recessed lighting. The premises are equipped with ejecto convectors.	Axima Services s.a. (+/- 5.5 % of total income)	The property is completely vacant with the exception of 6 parking units let to Axima until 30/06/2012.	7,836	141,800	375,000
3	NORTH GATE - Boulevard du Roi Albert, 6	1000	Brussels	13 Sep 2011	Office	°55,956	°1,003	Encumbered freehold	North area being one of the most recent office area of the town centre. Housed by mainly large-scale private and public occupiers (national and international). Easy access, except during rush hours. Public car parking at North Station.	Constructions on the site consist of a large-scale office complex with 3 wings built in 1994-1995. The constructions are built in a concrete frame with a natural stone and glass facade and a flat roof covered with roofing and gravel ballast. The windows are in aluminium with double glazing. Finishing of the premises is standard with suspended ceilings incorporating recessed lighting.		Encumbered freehold. Long term lease on the constructions until 31/08/2064.	No application	No application	25,332,500
4	LA HULPE - Chaussée de la Hulpe, 154	1170	Watermael-Boitsfort	12 Sep 2011	Office	4,568	72	Freehold	Along one of the main entrance roads into town. Neighbourhood is typed by a mixture between residential and offices at the edge of the Forêt de Soignes. The chaussée de la Hulpe liaises the R0 with towncenter. Direct access to the E411 and the E19.	The property is a six-storey office building, constructed in 1975. It consists of a concrete frame construction, a glass facade with elements in architectonical concrete. The premises are fitted out with fully carpeted floors, suspended accoustic tiled ceiling incorporating recessed lighting. These are equipped with ventilo convectors.	Sappi Europe s.a. (100 % of total income)	The property is fully let to one tenant. The lease expires as of 31/10/2015. The next break date is 31/12/2012 but the tenant has to pay a penalty of 8 months of rent if he leaves on this date.	614,880	609,490	5,725,000
5	TERVUREN PLAZA - Avenue de Tervuren, 226-236	1150	Woluwe-Saint-Pierre	01 Apr 2008	Office	°9,548	°159	Encumbered freehold	East of Brussels, close to the Montgomery roundabout and the Parc Mellaerts. Mainly residential with the exception of office buildings along the chaussée de Tervuren. Via Chaussée de Tervuren access to the RO (motorway network) and town center. Parkings along the chaussée de Tervuren.	Constructions on the site consist of a large-scale office complex with a front building and a rear building, built in 1984 and fully refurbished in 2003. The constructions are built in a concrete frame. The facade are in architectonical concrete for the front building and in massonary for the rear building. The flat roof is covered with roofing with insulation. The windows are in aluminium with double glazing. Finishing of the premises is standard with suspended metal ceilings incorporating recessed lighting.		Encumbered freehold. Long term lease on the constructions until 03/05/2108.	No application	No application	805,000
6	GRIBAUMONT - Avenue Louis Gribaumont, 1	1150	Woluwe-Saint-Pierre	01 Apr 2008	Office	°922	°14	Encumbered freehold	East of Brussels, close to the Montgomery roundabout and the Parc du Cinquantenaire. Mainly residential with the exception of office buildings along the chaussée de Tervuren. Via Chaussée de Tervuren access to the RO (motorway network) and town center. Parkings along the chaussée de Tervuren.	Constructions on the site consist of 7-storey office building dating from 1979. The constructions are built in a concrete frame. The flat roof is covered with roofing with insulation. The windows are in aluminium with double glazing. Finishing of the premises is standard with suspended accoustic tiled ceilings incorporating recessed lighting and fully carpeted floors.		Encumbered freehold. Long term lease on the constructions until 03/05/2108.	No application	No application	73,250

° areas of the construction located on the plot of land (encumbered freehold)
* excluding parking spaces, antennas, advertising panels and miscellaneous areas
** definition in line with summary report (current net annualised rent including rental guarantees (month 1x12), excluding turnover rents and ground rent)
*** after deduction of purchaser's costs

de Crombrugghe & Partners

Nr	Address	ZIP	City	Date of last inspection	Main use	Lettable area* sqm	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent** € (month 1 x 12)	Market Rent € p.a.	Market Value*** €
7a	PLEIADES A - Avenue des Pléiades 11	1200	Woluwe-Saint-Lambert	12 Sep 2011	Office	4,692	61	Freehold	Offices along the A3 liaising Brussels towncenter with the E40 Motorway. Surroundings mainly residential. Close to town and the Leopold area via the avenue De Roodebeek, which also gives access to the E40 with direct connection to the R0.	This building makes part of a complex of 3 office buildings built between 1989 and 1991. This building consists of 5 levels above ground and of a concrete frame construction with roughcasting and prefab colons. The facade is made with massonary and windows in aluminium and double glazing. The roof is flat covered with roofing and gravel ballast (partly sloping covered with zinc). The internal fittings out are standard with fully carpeted false floors and suspended ceilings with integrated light fixtures. Premises are equipped with ventilo convectors.	Invemaco s.a. (+/-11.5 % of total income).	The property is partly let to two tenants, based on lease contracts with an indefinite duration (potential break at any time with notice period of 6 months).	71,275	451,960	3,150,000
7b	PLEIADES B - Avenue des Pléiades 15	1200	Woluwe-Saint-Lambert	12 Sep 2011	Office	6,027	124	Freehold	Offices along the A3 liaising Brussels towncenter with the E40 Motorway. Surroundings mainly residential. Close to town and the Leopold area via the avenue De Roodebeek, which also gives access to the E40 with direct connection to the R0.	This building makes part of a complex of 3 office buildings built between 1989 and 1991. This building consists of 5 levels above ground and of a concrete frame construction with roughcasting and prefab colons. The facade is made with massonary and windows in aluminium and double glazing. The roof is flat covered with roofing and gravel ballast (partly sloping covered with zinc). The internal fittings out are standard with fully carpeted false floors and suspended ceilings with integrated light fixtures. Premises are equipped with ventilo convectors.	Belgacom Mobile (+/- 1.3 % of total income).	The property is completely vacant with the exception of 50 m² of storage let to Belgacom Mobile until 30/04/2013.	7,846	603,135	3,750,000
7c	PLEIADES C - Avenue des Pléiades 19	1200	Woluwe-Saint-Lambert	12 Sep 2011	Office	3,932	63	Freehold	Offices along the A3 liaising Brussels towncenter with the E40 Motorway. Surroundings mainly residential. Close to town and the Leopold area via the avenue De Roodebeek, which also gives access to the E40 with direct connection to the R0.	This building makes part of a complex of 3 office buildings built between 1989 and 1991. This building consists of 5 levels above ground and of a concrete frame construction with roughcasting and prefab colons. The facade is made with massonary and windows in aluminium and double glazing. The roof is flat covered with roofing and gravel ballast (partly sloping covered with zinc). The internal fittings out are standard with fully carpeted false floors and suspended ceilings with integrated light fixtures. Premises are equipped with ventilo convectors.	No tenants	The property is completely vacant.	0	373,600	2,300,000
8	OAKTREE - Drève de Bonne Odeur, 20	1160	Auderghem	12 Sep 2011	Office	3,554	88	Freehold	At motorway exit located at the edge of the Forêt de Soigne on the border of the village Jezus-Eik. The office building is surrounded by a few houses. Excellent location at the foot of the motorway E411 and at a few kilometers from the R0 leading to the E19 at the East and the E40 at the North.	The property is a four-storey office building, constructed in 1992 and partilly refurbished in 2008. It consists of a concrete frame construction with massonery facade including elements in architectonical concrete and windows in aluminium with double glazing. The internal finishing is standard with fully carpeted floors and suspended accoustic tiled ceiling incorporating recessed lighting. Premises are equipped with ventilo convectors.	Armando Testa Brussels s.a (17.4 % of total income).	About 66% of the building is let to several tenants. The average next break is 08/06/2016.	241,860	384,190	3,850,000
9	BT - Bessenveldstraat, 9	1831	Diegem	06 Sep 2011	Office	13,715	330	Freehold	An office area just outside Brussels along the A201 providing access to the R0 and Brussels Airport. The A201 with direct and quick access (except during rush hours) to town center and the R0 (+- 3 km). Also direct access to Brussels airport.	The property is a five-storey office building, built in 2000. It consists of two wings linked by an atrium and is made by a concrete frame construction with facade made with structural glasing combined with blocs in natural stone and windows in aluminium with double reflecting glasses. The internal fitting-out is standard with fully carpeted raised floors and false ceiling with integrated light fixtures. Premises are equipped with cold ceilings.	BT Ignite (100 % of the total income).	The property is fully let to one tenant. The lease expires as of 22/12/2012.	2,605,194	1,857,190	23,300,000
10	THOMAS - Rue Thomas Edisson 1a - 1b	1445	Strassen	Last external inspection: 18 Jan 2011; Forecast internal inspection: 20 Oct 2011	Office	5,806	250	Freehold	Large health care center and other recent office premisses behind. Property slightly set back from main street. (neighbouring companies are DZ Banking, DEXIA, etc.). Good access to motorway E25 within 5 minits (+- 1.5 km) and direct access to town center (+- 3.0 km)	The property is a five-storey office building, built in 1993. It consists of a concrete frame construction with facade made with partly natural stone, weather boarding and structural glazing and windows in aluminium with double reflecting glazing. The internal fitting-out is standard with fully carpeted raised floors and false ceiling with integrated light fixtures. Premises are equipped with ventilo convectors.	Exxon Chemical Films (+/- 46.6 % of the total income).	With the exception of 55 m² of storage and 66 parking units, the building is fully let to several tenants. The average break date is 03/09/2012.	1,629,281	1,514,680	19,950,000

Nr	Address	ZIP	City	Date of last inspection	Main use	Lettable area* sqm	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent** € (month 1 x 12)	Market Rent *€ p.a.*	Market Value*** €
11a	LAND Molenveld	1831	Diegem	06 Sep 2011	Land	No application	No application	Freehold	Plot of land located in an office area just outside Brussels along the A201 providing access to the R0 and Brussels Airport. The A201 with direct and quick access (except during rush hours) to town center and the R0 (+- 3 km). Also direct access to Brussels airport. This side of the road is still agricultural land. The other side is housed with office developments along the A201.	Three successive rectangular plots of land with a total ground area of 5,550 m², located along a made-up road. This land presents a potential for office developments (potentially +/- 6,940 m² expected to be built).	No application	No application	No application	No application	591,500
11b	LAND Bessenveld	1831	Diegem	06 Sep 2011	Land	No application	No application	Freehold	Plot of land located in an office area just outside Brussels along the A201 providing access to the R0 and Brussels Airport. The A201 with direct and quick access (except during rush hours) to town center and the R0 (+- 3 km). Also direct access to Brussels airport. This side of the road is still agricultural land. The other side is housed with office developments along the A201.	A rectangular plot of land with a total ground area of 7,695 m², located along a made-up road. This land presents a potential for office developments (potentially +/- 9,620 m² expected to be built).	No application	No application	No application	No application	820,500

° areas of the construction located on the plot of land (encumbered freehold)
* excluding parking spaces, antennas, advertising panels and miscellaneous areas
** definition in line with summary report (current net annualised rent including rental guarantees (month 1x12), excluding turnover rents and ground rent)
*** without regard to costs of sale or purchase, and without offset for associated taxes

Real Estate Valuation Condensed Report 4 – La Compagnie Immobilière – Summary Valuation Report of IVG's portfolio in France

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London EC2M 2PP
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UniCredit Bank AG
Arabellastraße 14
81925 Munich
Germany

25th November 2011

Dear Sirs and Madams,

Summary Valuation Report
IVG French portfolio

1 Introduction

We, La Compagnie Immobilière, were instructed by IVG Immobilien AG (the "**Company**"), by means of an engagement letter (the "**Engagement Letter**"), to carry out a valuation (the "**Valuation**") of the real estate assets (the "**Properties**") referred to in the attached property schedule (the "**Schedule**") in order to advise you of our opinion of the Market Value, as at 30th September 2011 ("**Valuation Date**"), of the freehold or leasehold interests (as appropriate) in each of the Properties. This report is dated 25th November 2011.

2 Compliance with Appraisal and Valuation Standards

We confirm that the Valuation has been made in accordance with the appropriate sections of the current Valuation Standards ("**VS**") contained within the Royal Institution of Chartered Surveyors ("**RICS**") Appraisal and Valuation Standards, 7th Edition (the "**Red Book**") and also defined by the International Valuation Standards Council in International Valuation Standard 1 (IVS 1) (8th Edition, 2007). This is an internationally accepted basis of valuation.

3 Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the Valuation acting as Independent Valuers, as defined in the RICS Red Book, qualified for the purpose of the Valuation and also under the guidelines of the ESMA (item 129), taking into consideration Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (dated March 23, 2011).

We further confirm that there are no conflicts of interest prohibiting La Compagnie Immobilière from acting as an independent expert as part of the securities Prospectus (as defined below).

4 Purpose of the Valuation Report

We understand that this valuation report (the "**Valuation Report**") and the Schedule are required firstly, to confirm the Market Value of the Properties as at 30th September 2011 for the Board of the Company and secondly, for inclusion in a securities prospectus (the "**Prospectus**") concerning the capital increase of the Company (the "**Offer**"). Investors will rely on the Prospectus in making their decision to invest in the Company.

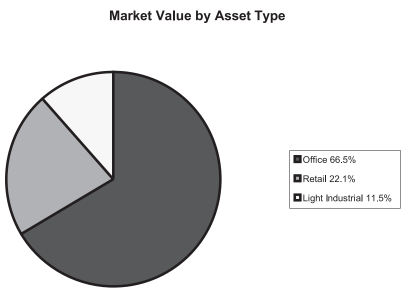
5 Analysis of the Portfolio

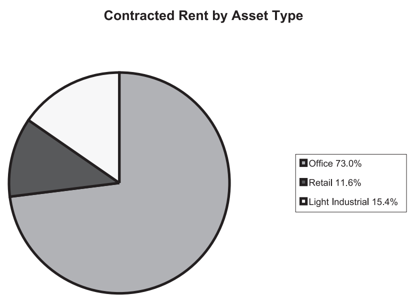
The portfolio comprises a prime Paris CBD office, retail and limited residential use building of top quality and two suburban buildings, one pure office in nature and one light industrial. The suburban properties are modern/recent assets whilst the Paris property dates back to the 18th Century albeit having received a major rebuild in the 1930's.

The Paris property is multi-tenanted with some of the retail tenants benefiting from rental protection due to their old 9 year leases. Hence these units can be difficult to move to full Market Rents. One large retail unit is vacant as at the Valuation Date.

The suburban assets are let to single tenants who exploit them as additional space to their significant adjacent accommodation. Hence further lease renewals are highly probable.

5.1 Property Categories France

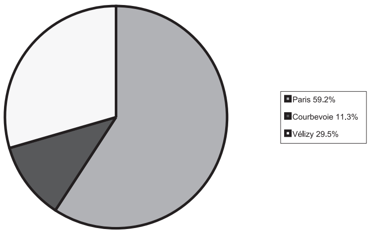




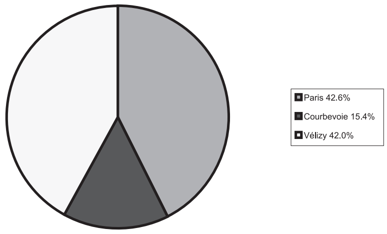
Total contracted rent € 15,786,407 p.a. (September 2011)

5.2 Distribution by Town

Market Value Distribution by Town

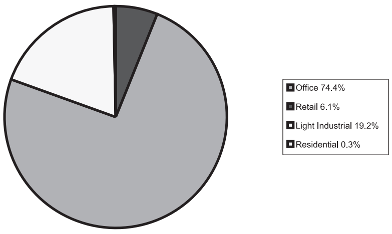


Contracted Rent Distribution by Town



5.3 Lettable Areas based on Asset Type

Lettable Area based on Main Asset Type



6 Basis of Valuation and Contracted Rents

6.1 Inspection of the Properties

We have inspected all properties internally and externally at least once over the past 18 months prior to the Valuation Date.

Inspection dates per property are disclosed in the attached Schedule.

6.2 Market Value

The value of each of the Properties has been assessed in accordance with the relevant parts of the Red Book. Under these provisions, the Market Value ("**Market Value**") represents

> *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

In undertaking our Valuation on the basis of Market Value, we have considered the comments made by the International Valuation Standards Council, which are included in the Red Book standards. The RICS is of the opinion that the application of the Market Value definition provides the same result as the Open Market Value, a basis of value supported by previous editions of the Red Book.

According to VS 3.2, paragraph 3.3, *"Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for associated taxes".*

The above definitions concur with that the concept of 'Fair Value' defined by the currently valid International Financial Reporting Standards and the appropriate International Accounting Standard 40, paragraphs 1-86.

6.3 Contracted Rents

The current rents, i.e. initial monthly income x12 (the "**Contracted Rent**") for each of the Properties is referred to in the Schedule. Contracted Rent is defined for the purposes of this Valuation as

> *"The current net annualised rent generated by the Properties, including rental guarantees"*

(i) ignoring any special receipts or deductions arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) excluding charges to tenants.

The Schedule also includes the respective Market Rent of each of the Properties. The Market Rent is assessed in accordance with VS 3.3, which has been approved by the International Valuation Standards Committee. Under these provisions, the Market Rent represents

> *"The estimated amount for which a property, or space within a property, should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.".*

In accordance with the above, where the Properties or parts thereof are vacant at the date of valuation, the rental value reflects the Market Rent that we consider obtainable on an open market letting for vacant areas as at the date of valuation.

6.4 Taxes and Costs of Sale

We have not made any adjustments to reflect any liability to taxation that may arise on disposal (e.g. Capital Gains Tax) nor for any costs associated with disposals incurred by the owner, such as legal fees or agent's commissions. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise upon disposals.

7 Value Added Tax

The Market Values and Market Rents listed in this Valuation Report do not include the relevant Value Added Tax at the prevailing rate.

8 Assumptions and Sources of Information

An assumption is defined in the Glossary to the Red Book to be a "supposition taken to be true" ("**Assumption**"). Assumptions are:

> *"Facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, needs not be verified by a valuer as part of the valuation process".*

In undertaking our Valuation, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, we have let the Company or the Company's advisers confirm that our Assumptions are correct to the best of their knowledge. In the event that any of these Assumptions prove to be incorrect, our Valuation would require to be reviewed. The Assumptions we have made for the purposes of our Valuation are referred to below:

8.1 Title

We have made the Assumption that the Properties have good and marketable freehold or leasehold title in each case and that the Properties are free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Properties are free from mortgages, charges or other encumbrances.

8.2 Condition of Structure and Services, Deleterious Materials, Plant and Machinery and Goodwill

We have not been provided with copies of condition surveys for the Properties. Unless otherwise informed by the Company or its advisers, we have made the Assumption that the Properties are free from any mildew, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not investigated whether high alumina cement, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations of any of the Properties. For the purposes of this Valuation, unless otherwise informed by the Company or its advisers, we have made the Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the foundations of the Properties are free from any defect. Unless otherwise informed by the Company or its advisers, we have made the Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed thereon. We have also made the Assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services, nor have the drains been tested. Unless otherwise informed by the Company or its advisers, we have made the Assumption that all services to the Properties are functioning satisfactorily.

No allowance has been made in this Valuation for any items of plant or machinery not forming part of the service installations of the Properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Furthermore, no account has been taken in our Valuation of any goodwill that may arise from the present occupation of the Properties.

It is a condition of La Compagnie Immobilière or any qualified employee providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to or gives warranties as to the condition of the structure, foundations, soil and services.

8.3 Environmental Matters

No environmental reports for the Properties have been made available to us. However, we have not undertaken nor been instructed to conduct a formal environmental assessment, and have not carried out any investigation into past uses, either of the Properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites.

We have assumed that there are no abnormal ground conditions or contamination, which are sufficient to affect value or adversely affect the present or future occupation or development of the Properties.

8.4 Areas

We have not measured the Properties, but have applied floor areas provided by the Company or its advisers. These areas are based on the lettable areas as stated in the individual lease contracts. We have assumed that these areas have been measured and calculated in accordance with the current market practice in the relevant country in which the Properties are located.

8.5 Statutory Requirements and Planning

We have made the Assumption that the buildings have been constructed in full compliance with valid local planning and building regulations, that all necessary certifications are existent and that there are no outstanding statutory notices as to their construction, use or occupation. We have made a further Assumption that the existing uses of the Properties are duly authorised or established, and that no adverse planning conditions or restrictions apply.

8.6 Leasing

We do not normally read leases or documents of title. Where these have been provided to us, we are not liable for the accurate interpretation of the content, if the items have not been verified by your lawyers.

We have made the Assumption that copies of all relevant documents have been made available to us and that they are complete, correct and up to date.

We have been provided with tenancy schedules and have checked the respective areas against any provided lease contracts. Our Valuation is based on the areas stated in the lease contracts.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge or we have been specifically advised to the contrary, we have made the Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised, we have also made the Assumption that there are no material arrears of rent or service charges, breaches of covenants or current or anticipated tenant disputes.

However, our Valuation reflects the type of tenants currently leasing the Properties or responsible for meeting lease commitments or likely to lease vacant spaces, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, all notices have been served legally within the appropriate time limits.

8.7 Information

We have made the Assumption that the information the Company and its professional advisers have supplied to us in respect to the Properties is complete, correct and up to date.

This means that we have also made the Assumption that the Company and its advisers have provided us with all details regarding matters likely to affect value, such as prospective lettings, rent reviews, outstanding legal requirements and planning decisions, and that the information supplied is up to date.

9 Confidentiality and Disclosure

We confirm that use of our Summary Valuation Report and Schedule for publication in the Prospectus is authorised.

The contents of this Summary Valuation Report and Schedule may be used only for purposes set out in Section 4 above.

Before the Summary Valuation Report, or any part thereof, is reproduced or referred to in any other document (other than the Prospectus), circular or statement and before its contents (other than as contemplated in the Prospectus), or any part thereof, are otherwise disclosed verbally or otherwise to a third party, La Compagnie Immobilière's written approval as to the form and content of such publication or disclosure must be first obtained.

For the avoidance of doubt, such approval is required whether or not La Compagnie Immobilière is referred to by name and whether or not the content of our Summary Valuation Report are combined with others.

In the event of a consent to disclose to a third party the Company agrees to notify the respective third parties (this does not include possible investors relying on the Prospectus as set forth in Section 4) in writing and to underline that La Compagnie Immobilière generally assumes no liability towards third parties for the work and services provided and that third parties may make no claims whatsoever against La Compagnie Immobilière on the basis of the work and services provided (this again, does not apply to possible investors relying on the Prospectus as set forth in Section 4).

10 Valuation Results – French Portfolio

We are of the opinion that the aggregate of the Market Values as at the Valuation Date of 30th September 2011, of the freehold interests in the three properties described in the Schedule in Appendix I, subject to the assumptions and comments in this Valuation Report, was as follows:

€ 281,600,000

(TWO HUNDRED AND EIGHTY ONE MILLION SIX HUNDRED THOUSAND EURO)

Our valuation is reported net of property transfer taxes. It is normal practice in France to deduct 6.2% for the costs of an asset sale.

The above figure represents the amount a seller would receive in the event of a potential sale; for clarity, no allowance has been made for any expenses of realisation such as legal costs and agent's fees or for taxation such as Capital Gains Tax, which may arise in the event of a disposal.

Yours faithfully

La Compagnie Immobilière

La Compagnie Immobilière

APPENDIX I

Nr	Address	ZIP	City	Date of last inspection	Main use	Lettable area*	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent** (month 1 × 12)	Market Rent p.a.	Market Value***
1	7 Place Vendome	75001	Paris	25 June 2010	– Office – Retail – Residential	11,052 sq m	There are no Parking spaces under the building	Freehold	Paris is the capital city of France. The building is situated in the heart of the Paris prime CBD on Place Vendôme and rue St Honoré. Access by metro or bus is simple and a large underground car park is situated in the place Vendome. Place Vendome and rue St Honoré are both prime retail locations for high value fashion & jewellery. The recent opening of the luxury hotel Mandarine Oriental just opposite the subject with two new retail tenants - DSquarede2 & Ports will add to the already numerous brands on rue St Honoré.	Mixed office, retail and residential building, dating from the 18th century and refurbished in the 1930's in the art deco style, total lettable area 12,162m². There are no parking spaces. Reinforced concrete construction behind 18th century facades on place Vendome and rue St Honoré. The property provides retail space on ground, mezzanine and basement levels and office accommodation on 6 levels & apartments on the 7th floor.	Main tenant by income is Swiss Life (26.8% of total income)	79% Occupancy rate by area, total of 27 tenants, with 9 or 12 year lease terms.	€ 6,720,504	€ 8,750,000	€ 166,700,000
2	47 rue de Fauvelles	92400	Courbevoie	8 September 2011	Light industrial (Workshop) and Offices	10,986 sqm	180	Freehold	Courbevoie is located 4km to the west of Paris next to the office district La Défense. Public transport is excellent and access from Paris and the surrounding suburbs is quick.	The property is a three-storey reinforced concrete structure built in 2003 and provides workshop, canteen and office accommodation to the PSA Group, whose factory is just opposite and is joined to the subject by a foot-bridge.	Sole tenant is Peugeot Citroen Automobiles SA	100% Occupancy rate, single tenant	€ 2,427,976	€ 2,430,000	€ 31,900,000
3	20-22 rue Grange Dame Rose	78140	Vélizy-Villacoublay	8 September 2011	Offices & Canteen	32,715 sqm	1,186	Freehold	Vélizy-Villacoublay is located some 10Km south-west of Paris and is a recognized zone for high-tech companies. Nearby occupiers include Dassault Systems, Thomson, Alcatel-Lucent, Sun micro-systems, PSA Citroen to name but a few.	The subject comprises a campus of 4 office buildings (2 of ground plus 3 floors and 2 of ground plus 4 floors) linked by elevated foot-bridges and an independent canteen - all built on a site of 3 hectares. The buildings are arranged around internal courtyards and benefit from lifts but no air-conditioning. They were completed in December 1991 and are constructed of reinforced concrete and curtain walling.	Sole tenant is Thales Group	100% occupancy rate, single tenant	€ 6,637,927	€ 6,580,000	€ 83,000,000

* excluding parking spaces, antennas, advertising panels and miscellaneous areas
** definition in line with summary report (contracted rent including rental guarantees (month 1x12), excluding turnover rents and ground rent)
*** without regard to costs of sale or purchase, and without offset for associated taxes

Real Estate Valuation Condensed Report 5 – Kiinteistötaito Peltola – Summary Valuation Report of IVG's portfolio in Finland

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UniCredit Bank AG
Arabellastraße 14
81925 Munich
Germany

25th of November 2011

Dear Sirs and Madams

Draft Summary Valuation Report
IVG Immobilien AG-portfolio in Finland

1 Introduction

We, Kiinteistötaito Peltola & Co Oy, were instructed by IVG Immobilien AG (the "**Company**"), by means of an engagement letter (the "**Engagement Letter**"), to carry out a valuation (the "**Valuation**") of the real estate assets (the "**Properties**") referred to in the attached property schedule (the "**Schedule**") in order to advise you of our opinion of the Market Value, as at 30th September 2011 (the "**Valuation Date**"), of the freehold or leasehold interests (as appropriate) in each of the Properties. This report is dated 25th of November 2011.

2 Compliance with Appraisal and Valuation Standards

We confirm that the Valuation has been made in accordance with the appropriate sections of the current Valuation Standards ("**VS**") contained within the Royal Institute of Chartered Surveyors ("**RICS**") Appraisal and Valuation Standards, 7th Edition (the "**Red Book**") and also defined by the International Valuation Standards Council in International Valuation Standard 1 (IVS 1) (8th Edition, 2007). This is an internationally accepted basis of valuation.

3 Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the Valuation acting as External Valuers, as defined in the RICS Red Book, qualified for the purpose of the Valuation.

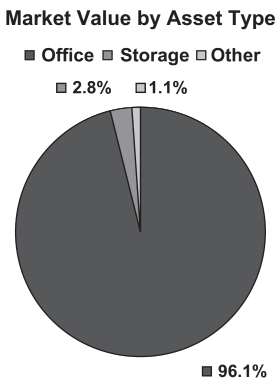
We further confirm that there are no conflicts of interest prohibiting Kiinteistötaito Peltola & Co Oy from acting as an independent expert as part of the prospectus as defined below.

4 Purpose of the Valuation Report

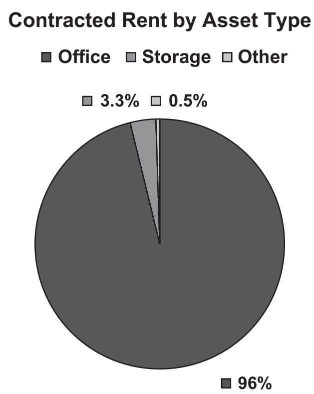
We understand that this valuation report (the "**Valuation Report**") and Schedule are required firstly, to confirm the Market Value of the Properties as at 30th September 2011 for the Board of the Company and secondly, for inclusion in a securities prospectus (the "**Prospectus**") concerning the capital increase of the Company (the "**Offer**"). Investors will rely on the Prospectus in making their decision to invest in the Company.

5 Analysis of the Portfolio

5.1 Market Value by Asset Type

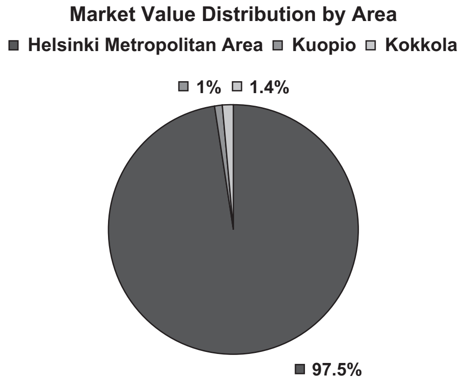


5.2 Contracted Rent by Asset Type

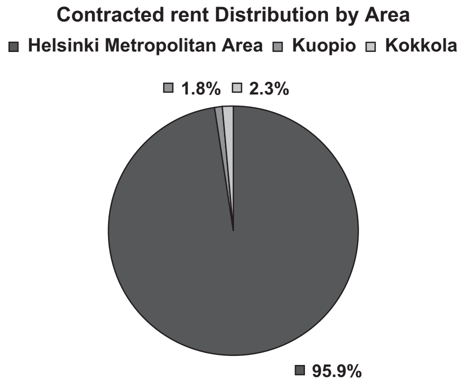


Total Contracted Rent as at 30th of September: about € 1,841,500 per month.

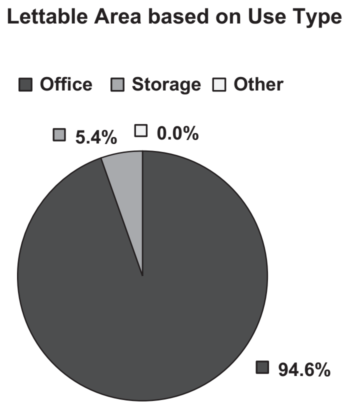
5.3 Market Value Distribution by Area



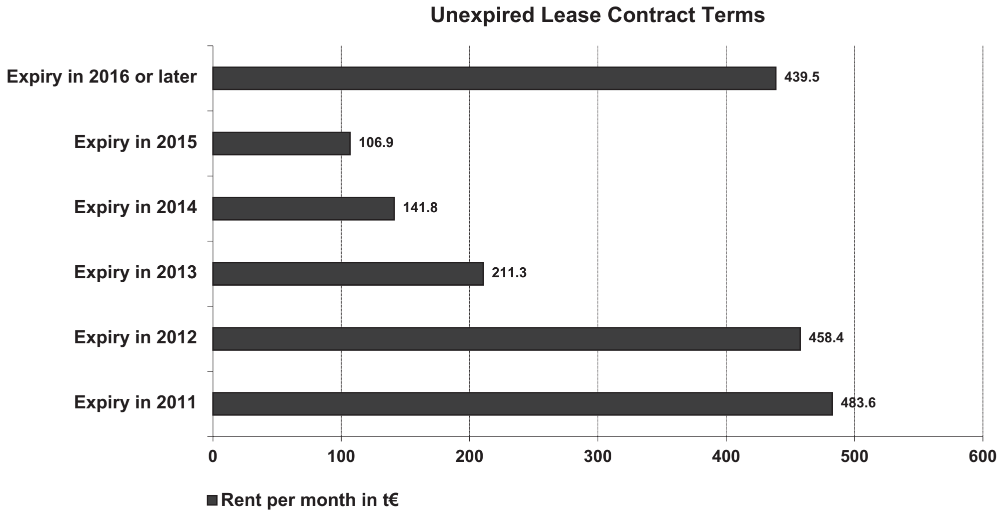
5.4 Contracted Rent Distribution by Area



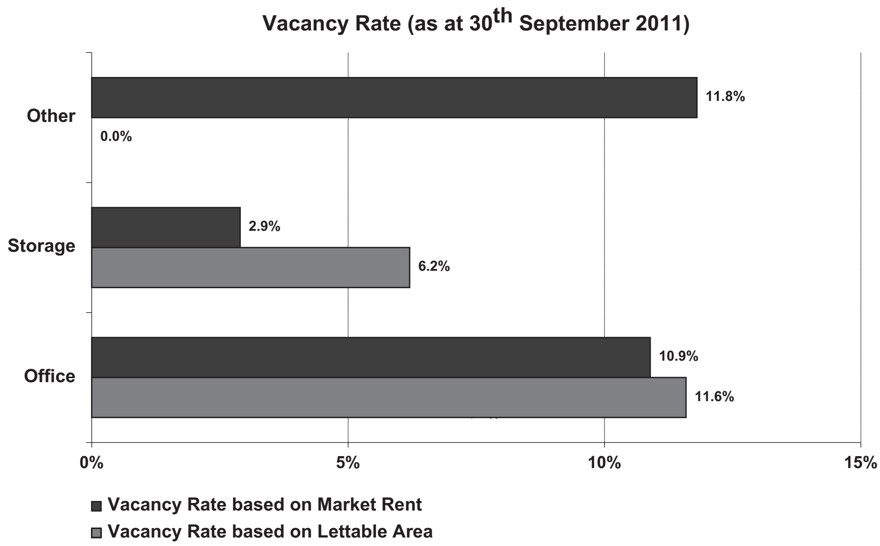
5.5 Lettable Area based on Main Use Type



5.6. Unexpired lease contract terms (including lease agreements that are valid until further notice which end date is based on notice time as at 30th of September 2011 situation)



5.7 Vacancy Rate (as at 30th of September 2011)



5.8 Written Analysis

The subject portfolio consists of 30 properties. 28 of them are located in Helsinki Metropolitan Area.

One office property is located in Kuopio and one in Kokkola (both located about 400-500 km distance from Helsinki). Their portion of the portfolio's market value is only about 2.5 %.

24 of 28 Helsinki Metropolitan Area located properties are in office use. Two of them are mainly used for light industrial / warehouse purposes. One of them is unbuilt site with a detailed office plan. One includes 37 parking spaces in a parking garage that is located in Helsinki's CBD.

Office properties are located in various areas of the Helsinki Metropolitan Area. Eight of them are located Helsinki's downtown (KOy Pasilanraitio 5, KOy Sörnäisten Rantatie 25, KOy Vallilan Toimisto, KOy Vanha Talvitie 11, KOy Vilhonkatu 5, Ratamestarinkatu 9, KOy Helsingin Radiokatu 20 and KOy Kumpulantie 3). Seven properties are located in other areas of Helsinki (Malmi, Metsälä and Pitäjänmäki districts). Six office properties are located in Espoo and three in Vantaa (near airport).

6 Inspection of the Properties

We have inspected all Properties internally and externally at least once over the past 18 months.

A detailed overview of the inspection dates per property is disclosed in the attached Schedule.

7 Basis of Valuation and Current Net Annualised Rent

7.1 Market Value

The value of each of the Properties has been assessed in accordance with the relevant parts of the Red Book. Under these provisions, the Market Value (the "**Market Value**") represents

> *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

In undertaking our Valuation on the basis of Market Value, we have considered the comments made by the International Valuation Standards Council, which are included in the Red Book standards. The RICS is of the opinion that the application of the Market Value definition provides the same result as the Open Market Value, a basis of value supported by previous editions of the Red Book.

According to VS 3.2, paragraph 3.3, "Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for associated taxes".

7.2 Contracted Rent (incl. Rental Guarantees)

The contracted rent, i.e. initial monthly income x12 (the "Contracted Rent") for each of the Properties is referred to in the Schedule. Contracted Rent is defined for the purposes of this Valuation as

> *"The current net annualised rent generated by the Properties, including rental guarantees"*

(i) ignoring any special receipts or deductions arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) excluding charges to tenants.

The Schedule also includes the respective Market Rent of each of the Properties. The Market Rent is assessed in accordance with VS 3.3, which has been approved by the International Valuation Standards Committee. Under these provisions, the Market Rent represents

> *"The estimated amount for which a property, or space within a property, should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.".*

In accordance with the above, where the Properties or parts thereof are vacant at the date of valuation, the rental value reflects the Market Rent that we consider obtainable on an open market letting for vacant areas as at the date of valuation.

In relation to the historic indexation of rents, we have relied on the information provided to us by the Company.

7.3 Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposal (e.g. valuation gains) nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any potential liability to repay any government or other grants, or taxation allowance that may arise upon disposals.

8 Value Added Tax

The Market Values and Market Rents listed in this Valuation Report do not include the relevant Value Added Tax at the prevailing rate.

9 Assumptions and Sources of Information

An assumption is defined in the Glossary to the Red Book to be a "supposition taken to be true" ("**Assumption**"). Assumptions are

> *"Facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, needs not be verified by a valuer as part of the valuation process".*

In undertaking our Valuation, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, we have let the Company or the Company's advisers confirm that our Assumptions are correct to the best of their knowledge. In the event that any of these Assumptions prove to be incorrect, our Valuation would require to be reviewed. The Assumptions we have made for the purposes of our Valuation are referred to below:

9.1 Title

We have made the Assumption that the Properties have good and marketable freehold or leasehold title in each case and that the Properties are free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Properties are free from mortgages, charges or other encumbrances.

9.2 Condition of Structure and Services, Deleterious Materials, Plant and Machinery and Goodwill

We have not been provided with copies of condition surveys for the Properties. Unless otherwise informed by the Company or its advisers, we have made the Assumption that the Properties are free from any mildew, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not investigated whether high alumina cement, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations of any of the Properties. For the purposes of this Valuation, unless otherwise informed by the Company or its advisers, we have made the Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the foundations of the Properties are free from any defect. Unless otherwise informed by the Company or its advisers, we have made the Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed thereon. We have also made the Assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services, nor have the drains been tested. Unless otherwise informed by the Company or its advisers, we have made the Assumption that all services to the Properties are functioning satisfactorily.

No allowance has been made in this Valuation for any items of plant or machinery not forming part of the service installations of the Properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Furthermore, no account has been taken in our Valuation of any goodwill that may arise from the present occupation of the Properties.

It is a condition of Kiinteistötaito Peltola & Co Oy or any related Company or any qualified employee providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to or gives warranties as to the condition of the structure, foundations, soil and services.

9.3 Environmental matters

No environmental reports for the Properties have been made available to us. However, we have not undertaken nor been instructed to conduct a formal environmental assessment, and have not carried out any investigation into past uses, either of the Properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites.

We have assumed that there are no abnormal ground conditions or contamination, which are sufficient to affect value or adversely affect the present or future occupation or development of the Properties.

9.4 Areas

We have not measured the Properties, but have applied floor areas provided by the Company or its advisers. These areas are based on the lettable areas as stated in the individual lease contracts. We have assumed that these areas have been measured and calculated in accordance with the current market practice in the relevant country in which the Properties are located.

9.5 Statutory requirements and planning

We have made the Assumption that the buildings have been constructed in full compliance with valid local planning and building regulations, that all necessary certifications are existent and that there are no outstanding statutory notices as to their construction, use or occupation. We have made a further Assumption that the existing uses of the Properties are duly authorised or established, and that no adverse planning conditions or restrictions apply.

9.6 Leasing

We do not normally read leases or documents of title. Where these have been provided to us, we are not liable for the accurate interpretation of the content, if the items have not been verified by your lawyers.

We have made the Assumption that copies of all relevant documents have been made available to us and that they are complete, correct and up to date.

We have been provided with tenancy schedules. Our Valuation is based on the areas stated in the tenancy schedules.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge or we have been specifically advised to the contrary, we have made the Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised, we have also made the Assumption that there are no material arrears of rent or service charges, breaches of covenants or current or anticipated tenant disputes.

However, our Valuation reflects the type of tenants currently leasing the Properties or responsible for meeting lease commitments or likely to lease vacant spaces, and the market’s general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, all notices have been served legally within the appropriate time limits.

9.7 Information

We have made the Assumption that the information the Company and its professional advisers have supplied to us in respect to the Properties is complete, correct and up to date.

This means that we have also made the Assumption that the Company and its advisers have provided us with all details regarding matters likely to affect value, such as prospective lettings, rent reviews, outstanding legal requirements and planning decisions, and that the information supplied is up to date.

10 Confidentiality and Disclosure

The valuation report is confidential and prepared for and only for the addressees mentioned in the first page of this summary report for the purposes as outlined in chapter 4.

This valuation report forms a part of the securities prospectus in the context of the offering and listing of new shares. As the Company qualifies as a property company within the definition of item 129 of the ESMA update of the CESR-recommendations, the Company can publish this Valuation Report as part of the Prospectus.

11 Valuation Results – IVG Immobilien AG Portfolio

We are of the opinion that the aggregate of the Market Values as at the effective date of valuation, 30th September 2011, of the freehold or leasehold interests in the subject Properties described in the Schedule, subject to the Assumptions and comments in this Valuation Report, was as follows:

€ 211,070,000

(in words: TWO HUNDRED ELEVEN MILLION

AND SEVENTY THOUSAND EURO)

The above figure is rounded and is understood as the value without regard to costs of purchase, such as legal costs, agent's fees and, where applicable, land transfer tax, normally incurred by the purchaser.

The above figure represents the amount a seller would receive in the event of a potential sale; for clarity, 2.0 % allowance has been made for any expenses of realisation or for taxation, which may arise in the event of a disposal.

Yours faithfully

Matti Vierula, MRICS
Kiinteistötaito Peltola & Co Oy

Nr	Property	Address	ZIP	City	Date of last inspection	Main use	Lettable area*	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent**	Market Rent	Market Value***
							sqm							€ (month 1 x 12)	€ p.a.	€
1	Helsingin Kirkonkyläntie 3 KOy	Kirkonkyläntie 3	00700	Helsinki	30 aug 2011	Office	1.359	Total 15 (of which 2 inside and 13 outside)	Freehold	The property is situated about 100 meters north-west from Malmi railway station. The bus station of Malmi situates about 50 meters from the property. There are restaurants, shops and supermarkets in the area. The accessibility of the object by car is good. The accessibility of the object by public transport is also good.	The property was built in 1949. It is in office use. The main construction material is concrete.	Malmin Apteekki (29 % of income). The lease agreement of the main tenant is continuous with notice time of 3 months.	The property is let to 14 tenants. The average existing lease term is 0.4 years. The existing vacancy rate is 10.2 %.	188,420	224,567	1,462,584
2	Helsingin Kumpulantie KOy	Kumpulantie 3	00520	Helsinki	30 aug 2011	Office	10.859	45 inside	Freehold	The property is situated on the border of Vallila and Pasila areas. It is situated about 500 meters south-east from Pasila railway station. There are other office and residential buildings on the area of the object. The accessibility of the object by car is good. The accessibility of the object by public transport is also good.	The property was built in 1952 and refurbished in 1999. It is in office use. The material of the building and the facade is concrete.	Bisnode Finland Oy (27 % of income). The main lease agreement of the main tenant expires 31st October 2014.	The property is let to 17 tenants. The average existing lease term is 1.9 years. The existing vacancy rate is 12.0 %.	1,274,827	1,644,379	15,357,600
3	Helsingin Latokartanontie 7 Koy	Latokartanontie 7	00700	Helsinki	30 aug 2011	Office	3.554	32 outside	Leasehold	The property is situated about 200 meters south from Malmi railway station. The object situates along the main road of Malmi area. There are restaurants, shops and supermarkets in the area. The accessibility of the object by car is good. The accessibility of the object by public transport is also good.	The property was built in 1987. It is in office use. The main construction material is concrete. The facade material is brick. The building has four floors.	Helsingin kaupunki Sosiaalivirasto (21 % of income). The lease agreement of the main tenant expires 30th September 2013.	The property is let to 22 tenants. The average existing lease term is 0.8 years. The existing vacancy rate is 0.2 %.	575,472	537,067	3,638,445
4	Helsingin Radiokatu KOy	Radiokatu 20	00240	Helsinki	30 aug 2011	Office	10,833	Total 118 (of which 63 inside and 55 outside)	Leasehold	The property is situated in West Pasila, about one kilometer from Pasila railway station. There are other office, residential buildings and headquarter of Finland's national public service broadcasting company nearby. The accessibility of the object by car is good. The accessibility of the object by public transport is average.	The property was built in 1985. It is in office use. The main construction material is concrete. The facade material is plastering. The building has eight floors.	Suomen Liikunta ja Urheilu SLU ry (73 % of income). The main lease agreement of the main tenant expires 31st January 2018.	The property is let to 31 tenants. The average existing lease term is 5.4 years. The existing vacancy rate is 4.9 %.	1,715,572	1,631,450	11,891,009
5	Kamppi Parkki Oy Ab		00100	Helsinki	30 aug 2011	Other (parking spaces)	—	37 inside	Freehold	The object consists of 37 owned parking spaces in a parking garage. The garage situates in centre of Helsinki under a shopping centre called Forum. It is easily accessible from the main streets of centre Helsinki.	The object consist of 37 parking spaces.	BK Group Oy (100 % of income). The lease agreement of the tenant expires 31st December 2013.	The object is fully let to one tenant. The existing lease term is 2.3 years.	78,366	88,800	1,345,628
6	Kiiskinkatu 5 KOy	Vellamonkatu 30	00550	Helsinki	30 aug 2011	Storage	4,167	57 (44 inside and 13 outside)	Leasehold	The property is situated in Hermanni residential buildings area. The nearest bus stops are in Hämeentie, which situates about 100 meters from the object. There are residential buildings in the area. The accessibility of the object by car is good. The accessibility of the object by public transport is average.	The building was built in 1991. It is in storage and office use. The main construction material and facade material is concrete. The building has three floors.	Helsingin poliisilaitos poliisin soittokunta (18 % of total income). The lease agreement of the main tenant is continuous with notice time of 6 months.	The property is let to 19 tenants. The average existing lease term is 1.0 years. The existing vacancy rate is 7.9 %.	456,391	473,776	2,594,492

Nr	Property	Address	ZIP	City	Date of last inspection	Main use	Lettable area*	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent**	Market Rent	Market Value***
							sqm							€ (month 1 x 12)	€ p.a.	€
7	Kilometri, Espoo	Kutojantie 9	02630	Espoo	31 aug 2011	Land area	—		Freehold	The property is an unbuilt plot in Kilo district in Espoo. It is suitable for a office building. In the detailed city plan the plot is directed to office and retail use.	The plot is currently used partly as a parking lot.				—	942.353
8	Kilon Helmi KOy	Kutojantie 11	02630	Espoo	31 aug 2011	Office	3,769	80 outside	Freehold	The property is situated about 300 meters south from Kera railway station. The ring road II and Turku highway situate near. There are office and logistics buildings in the area. The accessibility of the object by car is excellent. The accessibility of the object by public transport is average.	The building was built in 1991. It is in office use. The main construction and facade material is concrete. The building has five floors.	Yhtyneet Insinöörit Oy (23 % of total income). The lease agreement of the main tenant is continuous with notice time of 6 months.	The property is let to 11 tenants. The average existing lease term is 0.7 years. The existing vacancy rate is 29.0 %.	457,479	543,630	4,040,899
9	Kilon Timantti KOy	Kutojantie 7	02630	Espoo	31 aug 2011	Office	4,005	Total 95 (of which 2 inside and 93 outside)	Freehold	The property is situated about 350 meters south from Kera railway station. The ring road II and Turku highway situate near. There are office and logistics buildings in the area. The accessibility of the object by car is excellent. The accessibility of the object by public transport is average.	The building was built in 1991. It is in office use. The main construction and facade material is concrete. The building has five floors.	Puma Finland Oy (34 % of total income). The lease agreement of the main tenant expires 28th February 2013.	The property is let to 8 tenants. The average existing lease term is 0.8 years. The existing vacancy rate is 1.2 %.	551,247	582,198	4,718,588
10	Kornetintie 6 KOy	Kornetintie 6	00380	Helsinki	30 aug 2011	Office	3,265	Total 41 (of which 11 inside and 30 outside)	Leasehold	The property is situated in Pitäjänmäki area, about 500 meters from Valimo rain station and 300 meters from Vihdintie highway. There are office buildings and light industrial buildings nearby. The accessibility of the object by car is excellent. The accessibility of the object by public transport is average.	The building was built in two parts in 1966 and 1985. It is refurbished partially in 1998. It is in office use. The main construction material is concrete. The building has three floors.	ESP Clothing Finland Oy (35 % of total income). The lease agreement of the main tenant is continuous with notice time of 6 months.	The property is let to 8 tenants. The average existing lease term is 0.4 years. The existing vacancy rate is 13.2 %.	305,117	406,227	1,988,131
11	Kuopion Satama 4 KOy	Minna Canthinkatu 4	70100	Kuopio	5 sep 2011	Office	5,595	26 outside	Freehold	The property is situated in the centre of Kuopio, about 800 meters from Kuopio railway station. There are office and retail buildings in the centre area. The accessibility of the object by car is excellent. The accessibility of the object by public transport is good.	The building was built in 1940 and partially refurbished in 1985. It is in office use. The main construction material is reinforced concrete. The facade material is plastering. The building has five floors.	Pro Mylly Pohjois-Savon taidetoimikunta (32 % of total income). The lease agreement of the main tenant is continuous with notice time of 6 months.	The property is let to 45 tenants. The average existing lease term is 0.5 years. The existing vacancy rate is 12.2 %.	403,734	476,384	2,208,588
12	Kutomotie KOy	Kutomotie 6	00380	Helsinki	30 aug 2011	Office	7,599	49 outside	Freehold	The property is situated in Pitäjänmäki area, about 800 meters from Valimo rain station and 500 meters from Vihdintie highway. There are office buildings and light industrial buildings nearby. The accessibility of the object by car is excellent. The accessibility of the object by public transport is average.	The building was built in 1946 and refurbished in 1966. It is in office use. The main construction material is concrete. The building has four floors.	Kuvaverkko Oy (23 % of total income). The lease agreement of the main tenant expires 30th June 2013.	The property is let to 22 tenants. The average existing lease term is 0.8 years. The existing vacancy rate is 5.0 %.	796,013	753,988	5,651,821

Nr	Property	Address	ZIP	City	Date of last inspection	Main use	Lettable area*	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent**	Market Rent	Market Value***
							sqm							€ (month 1 x 12)	€ p.a.	€
13	Malmin Kauppatie 8 KOy	Malmin Kauppatie 8	00700	Helsinki	30 aug 2011	Office	4,655	77 outside	Leasehold	The property is situated about 300 meters south-west from Malmi railway station. The bus station of Malmi situates about 150 meters from the property. There are restaurants, shops and supermarkets in the area. The accessibility of the object by car is good. The accessibility of the object by public transport is also good.	The property was built in 1987. It is in office use. The main construction material is concrete. The facade material is brick. The building has four floors.	Wise Group Finland Oy (19 % of total income). The lease agreement of the main tenant expires 31st January 2014.	The property is let to 13 tenants. The average existing lease term is 2.3 years. The existing vacancy rate is 25.2%.	446,579	605,226	3,987,916
14	Niittylänpolku 16 KOy	Niittylänpolku 16	00620	Helsinki	30 aug 2011	Office	2,947	13 outside	Freehold	The property is situated in Metsälä area, about 400 meters west from Käpylä railway station. There are other office buildings nearby. The accessibility of the object by car is excellent. The accessibility of the object by public transport is average.	The building was built in 1988. It is in office use. The main construction material is concrete. The facade material is brick. The building has two floors.	Genera Oy has leased the whole property (100 % of income). The lease agreement of the tenant expires 31st December 2014.	The property is fully let to one tenant. The existing lease term is 3.3 years.	264,000	270,774	2,229,059
15	Niittymäenpolku KOy	Niittymäentie 9	02200	Espoo	31 aug 2011	Office	5,064	Total 157 (of which 46 inside and 111 outside)	Freehold	The property is situated in Niittykumpu area. The Länsiväylä highway goes on the southern side of the property. The centre of Tapiola is about one kilometre north-east of the object. There are office and residential buildings in the area. The accessibility of the object by car is excellent. The accessibility of the object by public transport is average.	The building was built in 1991. It is in office use. The main construction and facade material is concrete. The building has four floors.	Capgemini Finland Oy (96 % of income). The lease agreement of the main tenant expires 30th September 2015.	The property is let to two tenants. The average existing lease term is 3.9 years. The existing vacancy rate is 20.2 %.	697,159	831,659	6,348,697
16	Pakkalan K-Koski 12 KOy	Pakkalankuja 7	01510	Vantaa	30 aug 2011	Office	3,399	27 outside	Freehold	The property is situated in so called Aviapolis area in Vantaa, near the airport of Helsinki-Vantaa and Jumbo shopping centre. There are office buildings next to the object. The accessibility of the object by car is excellent. The accessibility of the object by public transport is weak.	The building was built in 2001. It is in office use. The main construction material is concrete. The facade material is metal sheet. The building has four floors.	Normek Oy (19 % of income). The lease agreement of the main tenant is continuous with notice time of 6 months.	The property is let to 9 tenants. The average existing lease term is 0.8 years. The existing vacancy rate is 0.0 %.	708,488	680,243	6,271,912
17	Pakkalan K-Koski 3 KOy	Pakkalankuja 6	01510	Vantaa	30 aug 2011	Office	7,846	Total 243 (of which 13 inside and 230 outside)	Freehold	The property is situated in so called Aviapolis area in Vantaa, near the airport of Helsinki-Vantaa and Jumbo shopping centre. There are office buildings next to the object. The accessibility of the object by car is excellent. The accessibility of the object by public transport is weak.	The building was built in 1992. It is in office use. The main construction material and facade material is concrete. The building has seven floors.	Oy Electrolux Ab (20 % of income). The lease agreement of the main tenant expires 30th April 2012.	The property is let to 19 tenants. The average existing lease term is 1.2 years. The existing vacancy rate is 4.6 %.	1,320,216	1,382,624	12,049,207
18	Pasilanraitio 5 KOy	Pasilanraitio 5	00240	Helsinki	30 aug 2011	Office	6,762	Total 62 (of which 28 inside and 34 outside)	Leasehold	The property is situated in Pasila. It is situated about 150 meters west from Pasila railway station. There are other office and residential buildings on the area of the object. The accessibility of the object by car is good. The accessibility of the object by public transport is very good.	The property was built in 1984. It is in office use. The main construction material is concrete. The facade material is brick. The building has six floors.	Plan Suomi Säätiö (18 % of income). The lease agreement of the main tenant is continuous with notice time of 6 months.	The property is let to 36 tenants. The average existing lease term is 1.6 years. The existing vacancy rate is 14.2 %.	1,058,192	1,232,774	9,112,403
19	Pitkänsillankatu 1-3 KOy	Pitkänsillankatu 1-3	67100	Kokkola	6 sep 2011	Office	6,349	43 outside	Freehold	The property is situated in the centre of Kokkola, about 500 meters from Kokkola railway station and 300 meters from the main square of the city. There are office, residential and retail buildings in the centre of the city. The accessibility of the object by car is excellent. The accessibility of the object by public transport is good.	The building was built in 1887 and refurbished in 1990 and 1998. It is in office use. The main construction material is concrete. The building has four floors.	Kokkolan kaupunki (26 % of income). The main tenant has several lease agreements with various end terms.	The property is let to 26 tenants. The average existing lease term is 0.9 year. The existing vacancy rate is 14.5 %.	510,777	588,643	3,040,251

Nr	Property	Address	ZIP	City	Date of last inspection	Main use	Lettable area*	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent**	Market Rent	Market Value***
							sqm							€ (month 1 x 12)	€ p.a.	€
20	Plaza Forte KOy	Äyritie 12 C	01510	Vantaa	30 aug 2011	Office	6,066	Total 199 (of which 154 inside and 45 outside)	Freehold	The property is situated in so called Aviapolis area in Vantaa, near the airport of Helsinki-Vantaa and Jumbo shopping centre. There are office buildings next to the object. The accessibility of the object by car is excellent. The accessibility of the object by public transport is weak.	The building was built in 2002. It is in office use. The main construction material and facade material is concrete. The building has eight floors.	Oy Hong Kong Import (16 % of income). The lease agreement of the main tenant is continuous with notice time of 6 months.	The property is let to 23 tenants. The average existing lease term is 0.8 years. The existing vacancy rate is 14.5 %.	1,315,663	1,508,568	14,330,822
21	Ratamestarinkatu 9	Kellosilta 4	00520	Helsinki	31 aug 2011	Office	901	22 inside	Freehold	The property is situated in Pasila. It is situated about 200 meters west from Pasila railway station. There are other office and residential buildings on the area of the object. The accessibility of the object by car is good. The accessibility of the object by public transport is also good.	The property was built in 1984. It is in office use. The main construction material is concrete. The facade material is also concrete. The building has seven floors.	HUS-kuntayhtymä (97 % of income). The lease agreement of the main tenant expires 31st March 2015.	The property is let to 6 tenants. The average existing lease term is 3.4 years. 16 parking spaces are vacant, otherwise premises are fully let.	162,562	169,060	1,454,558
22	Satomalmi KOy	Malminkaari 5	00700	Helsinki	30 aug 2011	Office	3,417	Total 58 (of which 31 inside and 27 outside)	Freehold	The property is situated about 200 meters south from Malmi railway station. There are restaurants, shops and supermarkets in the area. The accessibility of the object by car is good. The accessibility of the object by public transport is also good.	The property was built in 1989. It is in office use. The main construction material is concrete. The facade material is brick. The building has five floors.	Econet Oy (22 % of income). The lease agreement of the main tenant expires 31st August 2014.	The property is let to 25 tenants. The average existing lease term is 1.5 years. The existing vacancy rate is 6.6 %.	467,359	488,684	2,972,522
23	Scifin Alfa KOy	Piispantilankuja 4	02240	Espoo	31 aug 2011	Office	4,652	0	Freehold	The object is situated in Piispankylä, Espoo. The Länsiväylä highway situates about 100 meters from the object. There are office and residential buildings in the surroundings. The accessibility of the object by car is good. The accessibility of the object by public transport is weak.	The building was built in 1991. It is in office use. The main main construction material is concrete. The building has three floors.	Ricoh Finland Oy Irene Toivola (43 % of income). The lease agreement of the main tenant expires 30th June 2013.	The property is let to 9 tenants. The average existing lease term is 1.5 years. The existing vacancy rate is 14.9 %.	541,826	665,714	4,907,472
24	Sinimäentie 10 KOy	Sinimäentie 10	02630	Espoo	31 aug 2011	Office	10,842	Total 289 (of which 8 inside and 281 outside)	Freehold	The property is situated in Mankkaa, Espoo. The highway to Turku is situated about 200 meters from the object. There are light industrial buildings and office buildings in the area. The accessibility of the object by car is good. The accessibility of the object by public transport is weak.	The building was built in 1989. The main construction material and facade material is concrete. The building is in office use. The building has four floors.	Nexon Consulting Oy (9 % of income). The lease agreement of the main tenant is continuous with notice time of 6 months.	The property is let to 41 tenants. The average existing lease term is 0.8 years. The existing vacancy rate is 31.7 %.	928,266	1,405,691	10,114,192
25	Sörnäisten Rantatie 25 KOy	Sörnäisten rantatie 25	00500	Helsinki	30 aug 2011	Office	7,076	Total 104 (of which 60 inside and 44 outside)	Freehold	The property is situated in Sörnäinen area, about 200 meters from Sörnäinen metro station and about 300 meters from Kalasatama metro station. It is situated also along the main street of the area, Sörnäisten rantatie. There are office buildings and light industrial buildings on the area. The accessibility of the object by car is good. The accessibility of the object by public transport is very good.	The property was built in 1961 and refurbished in 1985. The main building material is concrete. The building has six floors.	Kansallinen Audiovisuaalinen Arkisto (38 % of income). The lease agreement of the main tenant expires 31st July 2019.	The property is let to 22 tenants. The average existing lease term is 6.9 years. 21 parking spaces are vacant, otherwise premises are fully let.	1,242,683	1,208,022	14,342,241
26	Tapiontuuli KOy	Itätuulentie 1	02100	Espoo	31 aug 2011	Office	6,823	Total 138 (of which 28 inside and 110 outside)	Freehold	The property is situated in the centre of Tapiola, the biggest local centre of Espoo. Tapiola bus terminal situates about 50 meters east of the object. There are office and retail buildings in the surroundings of the object. The accessibility of the object by car is good. The accessibility of the object by public transport is also good.	The building was built in 1977 and refurbished in 1999. It is in office use. The main construction material and facade material is concrete. The building has four floors.	Senaatti-kiinteistöt (36 % of income). The lease agreement of the main tenant expires 30th November 2018.	The property is let to 15 tenants. The average existing lease term is 3.7 years. The existing vacancy rate is 30.8 %.	933,098	1,272,512	13,039,572

Nr	Property	Address	ZIP	City	Date of last inspection	Main use	Lettable area*	Parking spaces	Ownership status	Location description	Property description	Main tenant	Letting status	Contracted Rent**	Market Rent	Market Value***
							sqm							€ (month 1 x 12)	€ p.a.	€
27	Vallilan Toimisto KOy	Satamaradankatu 1	00510	Helsinki	31 aug 2011	Office	13,996	100 inside	Freehold	The object is situated in Vallila area. It has good tram and bus connections to Helsinki city centre. It is situated next to the main street of the area, Sturenkatu. There are office and light industrial buildings in the area. The accessibility of the object by car is good. The accessibility of the object by public transport is also good.	The building was built in 1930s and refurbished partially during 1999 - 2001. The main building material is concrete. The facade material is plastering. The building has six floors.	Suomen Osuuskauppojen Keskuskunta (100 % of income). The main lease agreement of the tenant expires 31st December 2020.	The property is fully let to one tenant. The existing lease term is 8.6 years.	2,335,283	2,264,622	26,072,645
28	Vanha Talvitie 11 KOy	Vanha Talvitie 11	00580	Helsinki	30 aug 2011	Office	6,625	37 outside	Leasehold	The property is situated in Hermanni, in logistic buildings area. There are wholesale stores nearby. The nearest metro station, Kalasatama, is situated about 300 metres south from the object. The accessibility of the object by car is good. The accessibility of the object by public transport is also good.	The building was built in 1919 and refurbished in 1991. The main construction material and facade material is brick. The building has five floors.	Yellow Film & Tv Oy (17 % of income). The lease agreement of the main tenant is continuous with notice time of 3 months.	The property is let to 43 tenants. The average existing lease term is 0.3 years. The existing vacancy rate is 9.9 %.	656,490	771,312	4,316,866
29	Vilhonkatu 5 KOy	Vilhonkatu 5	00100	Helsinki	30 aug 2011	Office	6,411	51 inside	Freehold	The property is situated in the centre of Helsinki, about 150 meters from Helsinki main railway station. There is a metro station under the property. There are office, retail and residential buildings in the centre area. The accessibility of the object by car is average. The accessibility of the object by public transport is excellent.	The building was built in 1893/1992. The main construction materials are concrete and brick. The building has five floors.	City Apartments Oy (14 % of income). The main lease agreement of the tenant expires 31st May 2015.	The property is let to 22 tenants. The average existing lease term is 1.8 years. The existing vacancy rate is 15.0 %.	1,253,931	1,537,874	17,304,828
30	Ykkösseppä KOy	Läkkisepäntie 11	00620	Helsinki	30 aug 2011	Storage	4,608	Total 43 (of which 11 inside and 32 outside)	Leasehold	The property is situated in Metsälä area, about 350 meters west from Käpylä railway station. There are other office buildings nearby. The accessibility of the object by car is excellent. The accessibility of the object by public transport is average.	The building was built in 1989. It is in office use. The main construction material is concrete. The facade material is brick. The building has two floors.	Malmberg-Elektro Oy Malmbergs Elektriska(19 % of income). The lease agreement of the main tenant is continuous with notice time of 6 months.	The property is let to 12 tenants. The average existing lease term is 0.6 years. The existing vacancy rate is 4.7 %.	452,419	461,895	3,334,890

* excluding parking spaces, antennas, advertising panels and miscellaneous areas
** definition in line with summary report (current net annualised rent including rental guarantees (month 1x12), excluding turnover rents and ground rent)
*** without regard to costs of sale or purchase, and without offset for associated taxes

23. FINANCIAL STATEMENTS

The consolidated financial statements according to IFRS for the financial years 2010, 2009 and 2008 are derived from the respective English language annual reports of IVG, which are translations of IVG's German-language annual reports. The consolidated interim financial statements for the nine month period ended September 30, 2011 are derived from IVG's interim financial report 3rd quarter 2011.

The English-language statutory annual financial statements of the Company are a translation, which was created for the purpose of this Prospectus from the original German-language statutory annual financial statements according to German GAAP (HGB) for the financial year 2010.

Consolidated Interim Financial Statements of IVG Immobilien AG (IFRS) as of September 30, 2011 (unaudited)

Consolidated income statement for the first nine months

in € m	Before changes in value	Unrealised changes in value[1]	Total	Before changes in value	Unrealised changes in value[1]	Total
			9M/2011			9M/2010
Revenues	440.4		440.4	697.8		697.8
Changes in inventories and other own work capitalised	72.4		72.4	37.4		37.4
Unrealised changes in market value of investment property	0.0	16.1	16.1	0.0	50.3	50.3
Realised changes in market value of investment property	-1.2		-1.2	-0.7		-0.7
Other operating income	11.7	1.6	13.3	16.8	0.0	16.8
Material expenses	-196.4	-86.1	-282.5	-382.5	-8.1	-390.6
Personnel expenses	-52.9		-52.9	-50.8		-50.8
Depreciation and amortisation of intangible assets and property, plant and equipment	-5.4	-0.2	-5.6	-4.7	-2.2	-6.9
Expenses from investment property	-56.5		-56.5	-52.0		-52.0
Other operating expenses	-77.6		-77.6	-80.4		-80.4
Gains/losses from associated participations accounted for using the equity method	3.0		3.0	14.7		14.7
Income from equity investments	0.8		0.8	1.5		1.5
Earnings before interest and taxes (EBIT)	**138.3**	**-68.6**	**69.6**	**197.1**	**40.0**	**237.1**
Financial income	43.0	50.9	94.0	7.6	43.3	50.9
Financial expenses	-202.8	-76.4	-279.2	-174.7	-55.1	-229.8
Financial result	**-159.7**	**-25.5**	**-185.2**	**-167.1**	**-11.8**	**-179.0**
Net profit before income taxes	**-21.5**	**-94.1**	**-115.6**	**30.0**	**28.2**	**58.2**
Income taxes			60.9			-11.6
Consolidated net profit			**-54.7**			**46.5**
Share attributable to Group shareholders			*-78.7*			*21.6*
Share attributable to hybrid capital providers			*24.0*			*24.0*
Share attributable to third parties			*0.0*			*0.9*
Undiluted earnings per share in €			-0.58			0.17
Diluted earnings per share in €			-0.58			0.17[2]

[1] *The unrealised changes in value include all valuation effects from IAS 2, IAS 36, IAS 39 and IAS 40 without tax effects*
[2] *Information on the adjustment of diluted earnings per share can be found in the notes*

Condensed consolidated statement of comprehensive income for the first nine months

in € m	9M/2011	9M/2010
Consolidated net profit	**-54.7**	**46.5**
Market valuation available-for-sale securities	1.1	1.7
Market valuation of hedging instruments	23.9	8.7
Adjustment for currency translation of foreign subsidiaries	0.1	1.7
Actuarial earnings and losses from performance-based pension plans and similar obligations	0.3	-3.7
Deferred taxes on value adjustments set off directly against equity	3.0	3.3
Income and expenses recognised in equity	**28.4**	**11.7**
Total comprehensive income	**-26.3**	**58.2**
Share attributable to Group shareholders	*-50.3*	*33.3*
Share attributable to hybrid capital providers	*24.0*	*24.0*
Share attributable to third parties	*0.0*	*0.9*

Consolidated income statement for the third quarter

in € m	Before changes in value	Unrealised changes in value[1]	Total	Before changes in value	Unrealised changes in value[1]	Total
	3Q/2011			3Q/2010		
Revenues	121.0		121.0	136.0		136.0
Changes in inventories and other own work capitalised	46.0		46.0	94.2		94.2
Unrealised changes in market value of investment property	0.0	8.5	8.5	0.0	28.7	28.7
Realised changes in market value of investment property	-1.8		-1.8	-1.6		-1.6
Other operating income	4.6	0.1	4.7	5.0	0.0	5.0
Material expenses	-53.1	-0.1	-53.2	-131.5	-0.2	-131.7
Personnel expenses	-18.1		-18.1	-17.1		-17.1
Depreciation and amortisation of intangible assets and property, plant and equipment	-1.7	-0.2	-1.9	-1.6	0.0	-1.6
Expenses from investment property	-20.7		-20.7	-15.8		-15.8
Other operating expenses	-27.4		-27.4	-29.1		-29.1
Gains/losses from associated participations accounted for using the equity method	1.3		1.3	13.3		13.3
Income from equity investments	0.0		0.0	0.5		0.5
Earnings before interest and taxes (EBIT)	**50.3**	**8.3**	**58.6**	**52.4**	**28.5**	**80.9**
Financial income	17.4	10.1	27.5	3.5	14.4	17.8
Financial expenses	-71.3	-31.8	-103.1	-60.2	-12.8	-73.0
Financial result	**-53.9**	**-21.7**	**-75.6**	**-56.7**	**1.6**	**-55.1**
Net profit before income taxes	**-3.6**	**-13.4**	**-17.0**	**-4.4**	**30.1**	**25.7**
Income taxes			20.0			-7.4
Consolidated net profit			**3.0**			**18.3**
Share attributable to Group shareholders			*-5.0*			*10.2*
Share attributable to hybrid capital providers			*8.0*			*8.0*
Share attributable to third parties			*0.0*			*0.1*
Undiluted earnings per share in €			-0.04			0.08
Diluted earnings per share in €			-0.04			0.08[2]

[1] *The unrealised changes in value include all valuation effects from IAS 2, IAS 36, IAS 39 and IAS 40 without tax effects*
[2] *Information on the adjustment of diluted earnings per share can be found in the notes*

Condensed consolidated statement of comprehensive income for the third quarter

in € m	**3Q/2011**	**3Q/2010**
Consolidated net profit	**3.0**	**18.3**
Market valuation available-for-sale securities	-1.1	2.2
Market valuation of hedging instruments	-13.3	19.5
Adjustment for currency translation of foreign subsidiaries	1.1	0.0
Actuarial earnings and losses from performance-based pension plans and similar obligations	-1.4	0.0
Deferred taxes on value adjustments set off directly against equity	8.2	-2.1
Income and expenses recognised in equity	**-6.5**	**19.6**
Total comprehensive income	**-3.5**	**37.9**
Share attributable to Group shareholders	*-11.5*	*29.8*
Share attributable to hybrid capital providers	*8.0*	*8.0*
Share attributable to third parties	*0.0*	*0.1*

Consolidated statement of financial position

in € m	30.09.2011	31.12.2010
ASSETS		
Non-current assets		
Intangible assets	251.3	250.0
Investment property	4,263.3	4,760.7
Property, plant and equipment	137.8	128.9
Financial assets	133.6	153.9
Investments in participations accounted for using the equity method	93.3	81.9
Derivative financial instruments	0.0	3.5
Deferred tax assets	324.3	271.0
Receivables and other assets	64.2	47.6
Total non-current assets	**5,267.9**	**5,697.5**
Current assets		
Inventories	1,036.9	1,065.0
Receivables and other assets	159.6	177.0
Income tax receivables	30.4	45.2
Securities	2.1	2.0
Cash and cash equivalents	150.7	274.9
	1,379.8	**1,564.2**
Non-current assets held for sale	301.5	30.7
Total current assets	**1,681.3**	**1,594.9**
Total assets	**6,949.2**	**7,292.4**

in € m	30.09.2011	31.12.2010
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	138.6	126.0
Capital reserve	696.0	622.1
Treasury shares	-0.5	-0.5
Other reserves	-73.2	-101.3
Retained earnings	161.9	238.5
Equity attributable to Group shareholders	**922.8**	**884.8**
Hybrid capital	400.9	400.9
Minority interests	0.0	0.3
Total equity	**1,323.8**	**1,286.1**
Liabilities		
Non-current liabilities		
Financial liabilities	3,585.2	4,143.1
Derivative financial instruments	45.3	46.0
Deferred tax liabilities	62.5	71.5
Pension provisions	17.1	16.3
Other provisions	12.5	27.4
Liabilities	47.7	3.2
Total non-current liabilities	**3,770.2**	**4,307.4**
Current liabilities		
Financial liabilities	1,390.5	1,145.4
Derivative financial instruments	51.2	66.5
Other provisions	84.7	54.4
Liabilities	275.5	354.8
Income tax liabilities	53.3	77.8
	1,855.2	**1,698.9**
Liabilities associated with non-current assets held for sale	0.0	0.0
Total current liabilities	**1,855.2**	**1,698.9**
Total equity and liabilities	**6,949.2**	**7,292.4**

Statement of changes in equity

				Other reserves								
in €m	Subscribed capital	Capital reserve	Treasury shares	Market valuation avail.-for-sale securities	Market valuation hedging instruments	Hedge of net investment	Adjustments for currency translation	Retained earnings	Equity attributable to Group shareholders	Hybrid capital	Minority interests	Total equity
Balance at 01.01.2010	**126.0**	**621.6**	**-0.5**	**4.8**	**-115.8**	**12.9**	**-35.3**	**250.1**	**863.8**	**400.9**	**0.4**	**1,265.1**
Consolidated net profit								21.6	21.6	24.0	0.9	46.5
Earnings recognised directly in equity				2.1	10.5		1.7	-2.6	11.7			11.7
Total comprehensive income	**0.0**	**0.0**	**0.0**	**2.1**	**10.5**	**0.0**	**1.7**	**19.0**	**33.3**	**24.0**	**0.9**	**58.2**
Accrual on profit distribution for hybrid capital									0.0	-24.0		-24.0
Capital increase									0.0			0.0
Share-based payment		0.1							0.1			0.1
Changes to group of consolidated companies/others								-0.5	-0.5		-0.1	-0.6
Balance at 30.09.2010	**126.0**	**621.7**	**-0.5**	**6.9**	**-105.3**	**12.9**	**-33.6**	**268.6**	**896.7**	**400.9**	**1.2**	**1,298.8**
Balance at 01.01.2011	**126.0**	**622.1**	**-0.5**	**8.3**	**-87.8**	**12.9**	**-34.7**	**238.5**	**884.8**	**400.9**	**0.3**	**1,286.1**
Consolidated net profit								-78.7	-78.7	24.0	0.0	-54.7
Earnings recognised directly in equity				0.9	27.1		0.1	0.3	28.4			28.4
Total comprehensive income	**0.0**	**0.0**	**0.0**	**0.9**	**27.1**	**0.0**	**0.1**	**-78.4**	**-50.3**	**24.0**	**0.0**	**-26.3**
Accrual on profit distribution for hybrid capital									0.0	-24.0		-24.0
Capital increase	12.6	74.3							86.9			86.9
Share-based payment		0.7							0.7			0.7
Changes to group of consolidated companies/others		-1.1						1.8	0.7		-0.3	0.4
Balance at 30.09.2011	**138.6**	**696.0**	**-0.5**	**9.2**	**-60.7**	**12.9**	**-34.6**	**161.9**	**922.8**	**400.9**	**0.0**	**1,323.8**

Condensed consolidated statement of cash flows

in € m	9M/2011	9M/2010
Earnings before interest and taxes (EBIT)	**69.6**	**237.1**
Unrealised changes in market value of investment property	-16.1	-50.3
Realised changes in market value of investment property	1.2	0.7
Depreciation and appreciation of intangible assets and property, plant and equipment	5.6	6.9
Other non-cash income and expenses	80.4	-73.4
Changes in receivables and inventories of other segments (not including Development, Real Estate and Private Funds)	-0.5	20.7
Changes in liabilities and provisions	-42.2	-24.6
Non-distributed earnings from participations accounted for using the equity method	-3.7	-14.3
Changes in non-current assets and liabilities held for sale	0.0	4.0
Dividends received	1.9	3.3
Cash flow from current activities	**96.2**	**110.1**
Changes in inventories for developing of real estate in Development, Real Estate and Private Funds segments including sale of real estate and project development companies[1)]	-155.1	-55.1
Cash flow from short/mid-term investments in operating activities	**-155.1**	**-55.1**
Cash flow from operating activities before interest and taxes	**-58.9**	**55.0**
Net interest payments	-147.3	-142.1
Net tax payment	-9.2	-12.9
Cash flow from operating activities	**-215.4**	**-100.0**
Cash flow from investing activities	**249.2**	**21.9**
Cash flow from financing activities	**-158.2**	**33.1**
Net change in cash and cash equivalents from operations	-124.4	-45.0
Cash and cash equivalents as of 01.01.	**274.9**	**274.9**
Changes in cash and cash equivalents due to exchange rate movements	0.2	-0.1
Cash and cash equivalents as of 30.09.	**150.7**	**229.8**
thereof cash in property disposal group	*0.0*	*0.0*
Cash and cash equivalents reported on the balance sheet	150.7	229.8

1) *Gain on disposal is included in other operating income*

Segment reporting for the first nine months of 2011

9M/2011 in €m	Real Estate Before changes in value	Real Estate Unrealised changes in value	Real Estate Total	Development Before changes in value	Development Unrealised changes in value	Development Total	Investment Caverns Before changes in value	Investment Caverns Unrealised changes in value	Investment Caverns Total
External revenues	225.2		225.2	132.9		132.9	33.9		33.9
Internal revenues	2.0		2.0	0.4		0.4	0.0		0.0
Total revenues	**227.2**	**0.0**	**227.2**	**133.4**	**0.0**	**133.4**	**33.9**	**0.0**	**33.9**
Net rents from investment property	182.0		182.0	0.0		0.0	2.5		2.5
Other net rents	2.1		2.1	8.1		8.1	0.0		0.0
Income from service charges	32.9		32.9	3.7		3.7	0.0		0.0
Income from project disposals	7.9		7.9	114.0		114.0	0.9		0.9
Income from construction contracts	0.0		0.0	5.0		5.0	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	2.4		2.4	16.9		16.9
Income from fund and property management	0.0		0.0	0.0		0.0	7.1		7.1
Other revenues	2.3		2.3	0.2		0.2	6.4		6.4
Changes in inventories and other own work capitalised	-7.0		-7.0	73.9		73.9	5.6		5.6
Unrealised changes in market value of investment property	0.0	-37.1	-37.1	0.0		0.0	0.0	53.2	53.2
Realised changes in market value of investment property	-0.4		-0.4	-0.1		-0.1	-0.6		-0.6
Other operating income	7.0		7.0	1.8		1.8	1.2	1.6	2.8
Material expenses	-2.9	0.9	-2.0	-187.5	-86.9	-274.4	-7.1	-0.1	-7.2
Personnel expenses	-1.9		-1.9	-0.8		-0.8	-6.0		-6.0
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.3		-0.3	0.0		0.0	-3.9	-0.2	-4.1
Expenses from investment property	-56.5		-56.5	0.0		0.0	0.0		0.0
Other operating expenses	-33.5		-33.5	-22.9		-22.9	-4.6		-4.6
Gains/loss from associated participations accounted for using the equity method	0.9		0.9	2.1		2.1	0.0		0.0
Income from share investments	0.7		0.7	0.0		0.0	0.0		0.0
Segment result (EBIT)	**133.3**	**-36.2**	**97.1**	**-0.2**	**-86.9**	**-87.1**	**18.5**	**54.5**	**73.0**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Segment assets			4,279.5			1,028.0			751.8
thereof investments in associated participations accounted for using the equity method			*71.3*			*8.2*			*0.0*
Investments			45.6			0.9			89.6

Funds												
Institutional Funds			**Private Funds**				**Consolidation**			**Group**		
Before changes in value	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**	**IVG Corporate Functions**	**Before changes in value**	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**
42.7		42.7	2.8		2.8	3.0	0.0		0.0	440.4	0.0	440.4
0.5		0.5	0.0		0.0	22.6	-25.5		-25.5	0.0	0.0	0.0
43.1	**0.0**	**43.1**	**2.8**	**0.0**	**2.8**	**25.6**	**-25.5**	**0.0**	**-25.5**	**440.4**	**0.0**	**440.4**
0.0		0.0	0.0		0.0	0.0	-0.5		-0.5	184.0	0.0	184.0
0.0		0.0	0.0		0.0	0.4	-1.5		-1.5	9.1	0.0	9.1
0.0		0.0	0.0		0.0	0.1	-0.4		-0.4	36.4	0.0	36.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	122.8	0.0	122.8
0.0		0.0	0.0		0.0	0.0	0.0		0.0	5.0	0.0	5.0
3.1		3.1	0.1		0.1	0.0	0.0		0.0	22.5	0.0	22.5
40.0		40.0	2.6		2.6	1.9	-0.1		-0.1	51.5	0.0	51.5
0.0		0.0	0.1		0.1	23.2	-23.0		-23.0	9.1	0.0	9.1
0.0		0.0	0.0		0.0	-0.1	0.0		0.0	72.4	0.0	72.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	16.1	16.1
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-1.2	0.0	-1.2
1.0		1.0	0.3		0.3	14.2	-13.9		-13.9	11.7	1.6	13.3
-0.1		-0.1	-0.1		-0.1	-0.5	1.7		1.7	-196.4	-86.1	-282.5
-8.9		-8.9	-2.8		-2.8	-32.5	0.0		0.0	-52.9	0.0	-52.9
-0.2		-0.2	-0.1		-0.1	-0.9	0.0		0.0	-5.4	-0.2	-5.6
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-56.5	0.0	-56.5
-21.2		-21.2	-4.5		-4.5	-28.6	37.6		37.6	-77.6	0.0	-77.6
0.0		0.0	0.0		0.0	0.0	0.0		0.0	3.0	0.0	3.0
0.0		0.0	0.1		0.1	0.0	0.0		0.0	0.8	0.0	0.8
13.7	**0.0**	**13.7**	**-4.2**	**0.0**	**-4.2**	**-22.8**	**0.0**	**0.0**	**0.0**	**138.3**	**-68.6**	**69.6**
										-159.7	-25.5	-185.2
										-21.5	**-94.1**	**-115.6**
												60.9
												-54.7
		266.3			14.3	285.0			-0.1			6,624.8
		13.9			*0.0*	*0.0*			*0.0*			*93.3*
		1.3			0.0	7.5			0.0			144.8

Segment reporting for the first nine months of 2010

9M/2010 in €m	Real Estate Before changes in value	Real Estate Unrealised changes in value	Real Estate Total	Development Before changes in value	Development Unrealised changes in value	Development Total	Investment Caverns Before changes in value	Investment Caverns Unrealised changes in value	Investment Caverns Total
External revenues	219.8		219.8	399.0		399.0	28.3		28.3
Internal revenues	1.9		1.9	0.0		0.0	0.0		0.0
Total revenues	**221.6**	**0.0**	**221.6**	**399.0**	**0.0**	**399.0**	**28.3**	**0.0**	**28.3**
Net rents from investment property	192.5		192.5	0.0		0.0	0.0		0.0
Other net rents	2.6		2.6	7.6		7.6	0.0		0.0
Income from service charges	25.0		25.0	1.5		1.5	0.0		0.0
Income from project disposals	0.0		0.0	386.5		386.5	1.4		1.4
Income from construction contracts	0.0		0.0	2.7		2.7	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	0.5		0.5	13.5		13.5
Income from fund and property management	0.4		0.4	0.0		0.0	10.1		10.1
Other revenues	1.0		1.0	0.2		0.2	3.3		3.3
Changes in inventories and other own work capitalised	0.3		0.3	32.4		32.4	4.7		4.7
Unrealised changes in market value of investment property	0.0	-69.1	-69.1	0.0		0.0	0.0	119.4	119.4
Realised changes in market value of investment property	-0.7		-0.7	0.0		0.0	0.0		0.0
Other operating income	6.5		6.5	0.7		0.7	2.1		2.1
Material expenses	-1.7	1.1	-0.6	-373.6	-9.2	-382.8	-7.5		-7.5
Personnel expenses	-1.2		-1.2	-0.8		-0.8	-5.2		-5.2
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.3		-0.3	0.0		0.0	-3.0	-2.2	-5.2
Expenses from investment property	-51.9		-51.9	0.0		0.0	0.0		0.0
Other operating expenses	-33.1		-33.1	-27.0		-27.0	-4.8		-4.8
Gains/losses from associated participations accounted for using the equity method	5.3		5.3	8.8		8.8	0.3		0.3
Income from share investments	1.5		1.5	0.0		0.0	0.0		0.0
Segment result (EBIT)	**146.4**	**-68.0**	**78.4**	**39.5**	**-9.2**	**30.3**	**14.9**	**117.2**	**132.1**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Segment assets			4,567.6			1,000.1			846.0
thereof investments in associated participations accounted for using the equity method			*67.1*			*10.3*			*0.0*
Investments			76.2			15.1			90.4

Funds												
Institutional Funds			Private Funds				Consolidation			Group		
Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total	IVG Corporate Functions	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
42.9		42.9	5.2		5.2	2.7	0.0		0.0	697.8	0.0	697.8
0.6		0.6	0.1		0.1	21.6	-24.1		-24.1	0.0	0.0	0.0
43.5	**0.0**	**43.5**	**5.2**	**0.0**	**5.2**	**24.3**	**-24.1**	**0.0**	**-24.1**	**697.8**	**0.0**	**697.8**
0.0		0.0	0.0		0.0	0.0	-1.1		-1.1	191.4	0.0	191.4
0.0		0.0	0.0		0.0	0.4	-0.8		-0.8	9.8	0.0	9.8
0.0		0.0	0.0		0.0	0.1	-0.1		-0.1	26.6	0.0	26.6
0.0		0.0	0.0		0.0	0.0	0.0		0.0	387.9	0.0	387.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	2.7	0.0	2.7
1.5		1.5	2.4		2.4	0.0	0.1		0.1	17.9	0.0	17.9
41.8		41.8	2.7		2.7	2.7	-1.4		-1.4	56.4	0.0	56.4
0.2		0.2	0.2		0.2	21.0	-20.7		-20.7	5.1	0.0	5.1
0.0		0.0	0.0		0.0	0.0	0.0		0.0	37.4	0.0	37.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	50.3	50.3
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-0.7	0.0	-0.7
0.6		0.6	6.5		6.5	14.5	-14.1		-14.1	16.8	0.0	16.8
-0.1		-0.1	-1.1		-1.1	-0.7	2.1		2.1	-382.5	-8.1	-390.6
-8.7		-8.7	-3.7		-3.7	-31.3	0.0		0.0	-50.8	0.0	-50.8
-0.2		-0.2	-0.1		-0.1	-1.1	0.0		0.0	-4.7	-2.2	-6.9
0.0		0.0	0.0		0.0	-0.1	0.1		0.1	-52.0	0.0	-52.0
-20.8		-20.8	-4.0		-4.0	-26.7	36.1		36.1	-80.4	0.0	-80.4
0.3		0.3	0.0		0.0	0.0	0.0		0.0	14.7	0.0	14.7
0.0		0.0	0.0		0.0	0.0	0.0		0.0	1.5	0.0	1.5
14.6	**0.0**	**14.6**	**2.9**	**0.0**	**2.9**	**-21.1**	**0.0**	**0.0**	**0.0**	**197.1**	**40.0**	**237.1**
										-167.1	-11.8	-179.0
										30.0	**28.2**	**58.2**
												-11.6
												46.5
		265.1			21.5	398.6			-0.2			7,098.7
		14.0			*0.0*	*0.0*			*0.0*			*91.5*
		0.0			0.0	6.2			-0.1			187.9

Segment reporting for the third quarter of 2011

3Q/2011 in €m	Real Estate Before changes in value	Real Estate Unrealised changes in value	Real Estate Total	Development Before changes in value	Development Unrealised changes in value	Development Total	Investment Caverns Before changes in value	Investment Caverns Unrealised changes in value	Investment Caverns Total
External revenues	80.9		80.9	5.6		5.6	18.1		18.1
Internal revenues	0.8		0.8	0.4		0.4	0.0		0.0
Total revenues	**81.7**	**0.0**	**81.7**	**6.0**	**0.0**	**6.0**	**18.1**	**0.0**	**18.1**
Net rents from investment property	61.2		61.2	0.0		0.0	0.9		0.9
Other net rents	0.7		0.7	3.5		3.5	0.0		0.0
Income from service charges	11.4		11.4	1.6		1.6	0.0		0.0
Income from project disposals	7.9		7.9	0.0		0.0	0.2		0.2
Income from construction contracts	0.0		0.0	0.0		0.0	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	0.7		0.7	12.9		12.9
Income from fund and property management	0.0		0.0	0.0		0.0	2.5		2.5
Other revenues	0.5		0.5	0.1		0.1	1.5		1.5
Changes in inventories and other own work capitalised	-7.2		-7.2	51.6		51.6	1.8		1.8
Unrealised changes in market value of investment property	0.0	-13.2	-13.2	0.0	0.0	0.0	0.0	21.7	21.7
Realised changes in market value of investment property	-1.8		-1.8	0.0		0.0	0.0		0.0
Other operating income	2.6		2.6	0.9		0.9	0.2	0.1	0.3
Material expenses	-1.0		-1.0	-50.1	0.0	-50.1	-2.5	-0.1	-2.6
Personnel expenses	-0.7		-0.7	-0.2		-0.2	-2.0		-2.0
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.1		-0.1	0.0		0.0	-1.2	-0.2	-1.4
Expenses from investment property	-20.7		-20.7	0.0		0.0	0.0		0.0
Other operating expenses	-12.8		-12.8	-5.7		-5.7	-1.0		-1.0
Gains/losses from associated participations accounted for using the equity method	0.4		0.4	1.1		1.1	0.0		0.0
Income from share investments	0.0		0.0	0.0		0.0	0.0		0.0
Segment result (EBIT)	**40.4**	**-13.2**	**27.1**	**3.6**	**0.0**	**3.6**	**13.4**	**21.5**	**35.0**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Investments			4.7			0.7			26.3

Funds												
Institutional Funds			Private Funds				Consolidation			Group		
Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total	IVG Corporate Functions	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
14.5		14.5	0.7		0.7	1.3	0.0		0.0	121.1	0.0	121.1
0.2		0.2	0.0		0.0	6.9	-8.2		-8.2	0.0	0.0	0.0
14.7	**0.0**	**14.7**	**0.7**	**0.0**	**0.7**	**8.2**	**-8.2**	**0.0**	**-8.2**	**121.0**	**0.0**	**121.0**
0.0		0.0	0.0		0.0	0.0	-0.3		-0.3	61.8	0.0	61.8
0.0		0.0	0.0		0.0	0.2	-0.6		-0.6	3.8	0.0	3.8
0.0		0.0	0.0		0.0	0.0	-0.3		-0.3	12.8	0.0	12.8
0.0		0.0	0.0		0.0	0.0	0.0		0.0	8.1	0.0	8.1
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
0.8		0.8	0.0		0.0	0.0	0.0		0.0	14.4	0.0	14.4
13.9		13.9	0.7		0.7	0.4	0.3		0.3	17.9	0.0	17.9
0.0		0.0	0.0		0.0	7.5	-7.4		-7.4	2.3	0.0	2.3
0.0		0.0	0.0		0.0	-0.2	0.0		0.0	46.0	0.0	46.0
0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5	8.5
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-1.8	0.0	-1.8
0.6		0.6	0.1		0.1	4.7	-4.4		-4.4	4.6	0.1	4.7
0.0		0.0	0.0		0.0	-0.2	0.7		0.7	-53.1	-0.1	-53.2
-3.3		-3.3	-1.0		-1.0	-10.9	0.0		0.0	-18.1	0.0	-18.1
-0.1		-0.1	0.0		0.0	-0.3	0.0		0.0	-1.7	-0.2	-1.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-20.7	0.0	-20.7
-7.1		-7.1	-2.0		-2.0	-10.7	11.9		11.9	-27.4	0.0	-27.4
-0.2		-0.2	0.0		0.0	0.0	0.0		0.0	1.3	0.0	1.3
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
4.6	**0.0**	**4.6**	**-2.2**	**0.0**	**-2.2**	**-9.4**	**0.0**	**0.0**	**0.0**	**50.3**	**8.3**	**58.6**
										-53.9	-21.7	-75.6
										-3.6	**-13.4**	**-17.0**
												20.0
												3.0
		0.0			0.0	2.5			0.0			34.3

Segment reporting for the third quarter of 2010

3Q/2010 in €m	Real Estate Before changes in value	Real Estate Unrealised changes in value	Real Estate Total	Development Before changes in value	Development Unrealised changes in value	Development Total	Investment Caverns Before changes in value	Investment Caverns Unrealised changes in value	Investment Caverns Total
External revenues	72.0		72.0	39.3		39.3	9.2		9.2
Internal revenues	0.5		0.5	0.0		0.0	0.0		0.0
Total revenues	**72.5**	**0.0**	**72.5**	**39.3**	**0.0**	**39.3**	**9.2**	**0.0**	**9.2**
Net rents from investment property	64.2		64.2	0.0		0.0	0.0		0.0
Other net rents	1.0		1.0	1.4		1.4	0.0		0.0
Income from service charges	6.8		6.8	0.5		0.5	0.0		0.0
Income from project disposals	0.0		0.0	36.7		36.7	0.0		0.0
Income from construction contracts	0.0		0.0	0.8		0.8	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	0.0		0.0	4.5		4.5
Income from fund and property management	0.2		0.2	0.0		0.0	4.1		4.1
Other revenues	0.3		0.3	0.0		0.0	0.6		0.6
Changes in inventories and other own work capitalised	0.2		0.2	95.2		95.2	-1.1		-1.1
Unrealised changes in market value of investment property	0.0	-20.3	-20.3	0.0	0.0	0.0	0.0	49.0	49.0
Realised changes in market value of investment property	-1.6		-1.6	0.0		0.0	0.0		0.0
Other operating income	2.4		2.4	0.4		0.4	1.8		1.8
Material expenses	-0.6		-0.6	-131.0	-0.2	-131.2	0.1		0.1
Personnel expenses	-0.3		-0.3	-0.3		-0.3	-1.7		-1.7
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.1		-0.1	0.0		0.0	-1.0	0.0	-1.0
Expenses from investment property	-15.8		-15.8	0.0		0.0	0.0		0.0
Other operating expenses	-12.8		-12.8	-8.2		-8.2	-1.8		-1.8
Gains/losses from associated participations accounted for using the equity method	6.3		6.3	7.1		7.1	0.0		0.0
Income from share investments	0.5		0.5	0.0		0.0	0.0		0.0
Segment result (EBIT)	**50.8**	**-20.3**	**30.5**	**2.5**	**-0.2**	**2.3**	**5.5**	**49.0**	**54.5**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Investments			17.7			4.1			37.0

Funds												
Institutional Funds			**Private Funds**				**Consolidation**			**Group**		
Before changes in value	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**	**IVG Corporate Functions**	**Before changes in value**	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**
13.4		13.4	1.0		1.0	1.2	0.0		0.0	136.0	0.0	136.0
0.2		0.2	0.0		0.0	7.5	-8.2		-8.2	0.0	0.0	0.0
13.6	**0.0**	**13.6**	**1.0**	**0.0**	**1.0**	**8.6**	**-8.2**	**0.0**	**-8.2**	**136.0**	**0.0**	**136.0**
0.0		0.0	0.0		0.0	0.0	-0.2		-0.2	64.0	0.0	64.0
0.0		0.0	0.0		0.0	0.2	-0.3		-0.3	2.2	0.0	2.2
0.0		0.0	0.0		0.0	0.1	0.0		0.0	7.3	0.0	7.3
0.0		0.0	0.0		0.0	-0.5	0.5		0.5	36.7	0.0	36.7
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.8	0.0	0.8
0.6		0.6	0.0		0.0	0.0	0.0		0.0	5.1	0.0	5.1
13.0		13.0	1.0		1.0	2.0	-1.3		-1.3	18.9	0.0	18.9
0.0		0.0	0.0		0.0	7.0	-6.9		-6.9	0.9	0.0	0.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	94.2	0.0	94.2
0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.7	28.7
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-1.6	0.0	-1.6
0.2		0.2	0.1		0.1	4.6	-4.6		-4.6	5.0	0.0	5.0
0.0		0.0	-0.6		-0.6	-0.2	0.8		0.8	-131.5	-0.2	-131.7
-3.4		-3.4	-1.2		-1.2	-10.2	0.0		0.0	-17.1	0.0	-17.1
-0.1		-0.1	0.0		0.0	-0.4	0.0		0.0	-1.6	0.0	-1.6
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-15.8	0.0	-15.8
-8.4		-8.4	-1.6		-1.6	-8.6	12.1		12.1	-29.1	0.0	-29.1
-0.1		-0.1	0.0		0.0	0.0	0.0		0.0	13.3	0.0	13.3
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.5	0.0	0.5
1.8	**0.0**	**1.8**	**-2.2**	**0.0**	**-2.2**	**-6.1**	**0.1**	**0.0**	**0.1**	**52.4**	**28.5**	**80.9**
										-56.7	1.6	-55.1
										-4.4	**30.1**	**25.7**
												-7.4
												18.3
		0.0			0.0	2.4			0.0			61.1

Selected explanatory notes

This interim financial report has been prepared in accordance with the rules of the International Financial Reporting Standards (IFRS) as applicable within the European Union. The interim financial statements of the consolidated companies are based on uniform accounting policies.

In accordance with IAS 34, IVG has elected to prepare condensed reporting for the presentation of the consolidated interim financial report of IVG Immobilien AG for the period ended 30 September 2011 compared with the annual financial statements. Except for the amendments and new regulations specified below, IVG has applied the same accounting policies in preparing the interim financial statements as in the consolidated financial statements for the 2010 financial year. For further information on this please see the consolidated financial statements as at 31 December 2010.

In the income statement and segment reporting, unrealised measurement effects resulting from the write-down of and the reversal of whrite-downs on inventories (IAS 2), impairment losses and reversals of impairments losses (IAS 36), the fair value measurement of financial instruments (IAS 39) and the fair value measurement of investment property (IAS 40) (excluding tax effects) are reported in the separate column "unrealised changes in value". Due to the form of presentation, the consolidated income statement and segment reporting consist of the total of the two columns "before changes in value" and "unrealised changes in value".

In the interim financial statements, an adjustment of the diluted earnings per share for the reporting period and the prior-year period as well as for the 2008, 2009 and 2010 consolidated financial statements was performed due to the adjustment for non-dilutive effects.

The condensed interim financial statements and the interim financial report as of 30 September 2011 have neither been audited nor reviewed by an auditor.

Changes to accounting principles

The following new or amended standards and interpretations were adopted for the first time from 1 January 2011:

– Changes to IFRS 1 "First-time Adoption of International Financial Reporting Standards" – Limited exemption from comparative IFRS 7 disclosures
– Improvements to IFRSs 2010 "Improvements to International Financial Reporting Standards" with regard to individual changes to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 21, IAS 28, IAS 31, IAS 34 and IFRIC 13
– Changes to IAS 24 "Related Party Disclosures" – Change to definitions and simplification of disclosure requirements for government-related entities
– Changes to IAS 32 "Financial Instruments: Disclosure and Presentation" – Classification of rights issues
– Changes to IFRIC 14 "IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
– IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

The regulations effective for the first time from 1 January 2011 had no significant effect on the interim financial report of the IVG Group as at 30 September 2011.

Adjustment of diluted earnings per share

The diluted earnings per share were adjusted for the inclusion of non-dilutive effects in prior periods that was not in line with the standards.

The correction of this error in accordance with IAS 8.42 occurred for the first time in the second quarter of 2011.

The corrected values for previous periods are shown below.

per share in €	Diluted EPS* before adjustment	Adjustment	Diluted EPS* after adjustment
Third quarter 2010	0.09	-0.01	0.08
9 months 2010	0.22	-0.05	0.17
Consolidated financial statements 2010	0.02	-0.09	-0.07
Consolidated financial statements 2009	-1.41	-0.20	-1.61
Consolidated financial statements 2008	-3.80	-0.38	-4.18

* *EPS = earnings per share*

Significant transactions in the reporting period

- Revenues declined by €257.4 million to €440.4 million in the reporting period. This reduction is due to the high comparable figure in the first nine months of 2010, which was determined by the invoicing of a total of nine project developments in the IVG Development segment with a volume of €386.5 million. By contrast, only one project development in Berlin was invoiced at €109.0 million in this segment in the first nine months of 2011; this project development was transferred to the IVG Premium Green Fund in the first quarter of 2011.
- Of the unrealised changes in market value of investment property up to 30 September 2011 (+€16.1 million), -€37.1 million relates to the IVG Real Estate segment and +€53.2 million to the IVG Caverns segment.
- Of the seven caverns completed in April 2011 and handed over to tenants, six were sold to the IVG Cavern Fund for a purchase price of €180.0 million. The transaction resulted in realised changes in market value of -€0.6 million. In the IVG Real Estate segment, realised changes in market value improved slightly from -€0.7 million in the first nine months of 2010 to -€0.4 million in the reporting period.
- By 30 September 2011, the material expenses of €282.5 million included write-downs to the lower net realisable value totalling -€86.1 million. These primarily related to the major project THE SQUAIRE at Frankfurt Airport in the context of finalising the project.
- For a commitment to purchase back an investment property which was sold in Finland in 2005 a provision was formed for the difference between repurchase price and fair market value considering interest and other costs.
- Of the unrealised changes in value of financial income (financial expenses) totalling +€50.9 million (-€76.4 million), +€36.4 million (-€50.8 million) relates to predominantly positive (negative) changes in the fair value of derivative financial instruments (Q3 2011: income of +€4.4 million and expenses of -€19.8 million).
- The €72.5 million increase in income taxes to +€60.9 million in the first nine months of 2011 is due firstly to the development of pre-tax earnings and secondly to the additional capitalisation of commercial tax loss carryforwards.
- On 30 September 2011, we let around 18,500 sqm in THE SQUAIRE project at Frankfurt Airport to Deutsche Lufthansa. The occupancy rate by space has consequently risen to 82%.
- In February 2011, 12.6 million new bearer shares were issued as part of a capital increase, generating gross income of €86.9 million. Directly attributable transaction costs amounted to €1.1 million; this amount was deducted from the capital reserve as “Other change”.
- The €312.8 million reduction in financial liabilities is chiefly the result of a partial repayment relating to the syndicated loan from 2009 from the proceeds of the cavern sales and the repayment of a project financing.

- Property financing in the amount of €45 million expiring towards the end of the year was prolonged for a period of ten years. A bank also granted an unconditional credit facility for the financing of the project THE SQUAIRE Parking.
- The project financing for THE SQUAIRE project maturing as at 30 September 2011 was extended until 31 December 2013 in line with the current exit planning on the basis of a binding term sheet and/or an addendum to the loan agreement.

Treasury shares

IVG held 32,229 treasury shares as at 30 September 2011. This corresponds to 0.0233% of IVG's share capital, i.e. €32,229.

Significant transactions with related parties

As described in the notes to the 2010 consolidated financial statements, IVG conducts arm's-length transactions with unconsolidated subsidiaries and companies accounted for using the equity method.

In the first quarter of 2011, there was a large transaction involving the sale of 94.9% of shares in Investitionsgesellschaft Hackescher Markt mbH & Co. KG to the associated IVG Premium Green Fund. The purchase price for this share transfer was €16.5 million.

Events after the balance sheet date

In addition to the two financing agreements concluded at the end of September – a secured extension for THE SQUAIRE in the amount of €500 million and new financing for THE SQUAIRE Parking totalling €35 million – IVG managed to secure the following extensions on the basis of binding term sheets/binding commitments:

- The financing for the Pegasus portfolio expiring in the fourth quarter of 2011 was extended at its current volume of €145 million until 31 October 2013. IVG expects unchanged financing costs.
- A bilateral credit facility maturing in December 2011 will be partially extended until 25 September 2014 by being added to the syndicated loan from 2009.
- The syndicated loan from 2009 in the amount of €1,017 million maturing as at 28 December 2012 will be extended until 25 September 2014. By the new maturity date, repayments totalling €504 million will be paid, financed by cavern sales.
- The "CORE" financing for the Allianz portfolio in the amount of €933 million due to expire in September 2012 will be extended until 31 December 2015. A special repayment is scheduled for 2012 from the sale of two properties in Munich to a EuroSelect fund. Regular payments of €20 million per year are also agreed.

In doing so, we have succeeded in taking decisive steps towards restructuring IVG's financing structure in recent weeks.

In October 2011, we completed the Board of Management team. After Dr. Niesslein left the Board of Management as planned, since 1 November 2011 the Board of Management has consisted of Prof. Wolfgang Schäfers (Chairman of the Board of Management/CEO), Dr. Hans Volkert Volckens (CFO) and Christian Kühni (COO). With this new line-up, we will continue on our path with determination.

In contracts dated 26 October 2011 and 4 November 2011, we sold two properties in Paris. The total purchase price of both transactions amounts to approximately €250 million. Both properties are expected to be transferred to the buyers by the end of 2011.

In line with the investment platform strategy, a group of investors led by IVG concluded a purchase agreement on 28 October 2011 to acquire the fully-let “Silberturm” property in the Frankfurt banking district. The transaction was successfully carried out as a club deal in line with our co-investment approach together with eight institutional investors who provided over 90% of the fund’s equity and with IVG’s long-term equity stake.

Declaration of the board of management

“To the best of our knowledge, and in accordance with applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and profitability 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 rest of the financial year.”

Bonn, 10 November 2011

Prof. Dr. Wolfgang Schäfers

Dr. Hans Volkert Volckens

Christian Kühni

Risk Report of the Interim Management Report

As with all financial statements, plans and forecasts of IVG Immobilien AG, this interim report takes into consideration all opportunities and risks with a probability of occurrence of more than 50%, i.e. it shows the development IVG considers to be most probable. The risk report accordingly shows opportunities and risks with a probability of occurrence of less than 50%. As of the end of the third quarter of 2011, there are the following opportunities and risks for IVG Immobilien AG.

The greatest downside risks for the real estate markets continue to result from the general economic development:

The further exacerbation of the sovereign debt crisis in the euro area and the persistent problems in the banking sector have caused sentiment among consumers and companies to deteriorate in recent months, with the result that a renewed recession in many European countries seems not unlikely. Despite a low level of new construction activity, this results in risks not only for the rental markets but also for the commercial real estate investment markets. Core properties leased on a long-term basis could even benefit temporarily from investors' increased risk aversion due to the current high yield difference as against long-term German government bonds. However, there is essentially a risk that the initial yields for commercial properties could undergo an adjustment upwards again in view of weaker prospects for rent growth. A downgrade in the credit ratings of European countries as a result of the sovereign debt crisis and/or even more restrictive lending by the banking sector, resulting in rising interest on bonds and financing, would further increase the upwards pressure on initial yields.

Furthermore, there are considerable downside risks in Europe arising from the high volumes of property loans scheduled for refinancing in the coming years, not least since a loan extension generally implies deleveraging (lower loan-to-value ratio) due to the tense financing conditions. Properties outside the core segment are in a comparatively weak position, as they will not be the focus of active real estate investors and finance providers in the foreseeable future. These circumstances give rise to opportunities particularly for investors with good capital resources who are focussing not only on prime properties.

The financing behaviour of banks in the real estate sector continues to be risk-averse, thereby hampering the necessary financing for IVG's business model. There are liquidity risks in the planned sales of projects and properties. They are highly dependent on the sales yields (exit yields) achieved and are thus directly linked to the development of the real estate investment markets.

Significant individual risks result from the prolongation of existing financing for properties, portfolios and projects and from special repayments and/or margin increases that could be required if loan-to-value (LTV) covenants are breached. Rising market interest rates could stress IVG's liquidity and earnings.

There are possible risks of rising costs on one ongoing project development. In the case of three further project developments, there are cost risks but also opportunities in the context of the final settlement and outstanding supplementary negotiations. In addition, there is a risk of losses in the case of a project development agreed in 2007 with a partner company in the event that the joint venture is terminated early, i.e. before the project is completed.

Otherwise, there are risks of changes in value as well as vacancy and letting risks on individual properties held in IVG's investment portfolio which are market related and usual in the sector.

In the IVG Funds segment, the number and/or size of the newly placed fund products could decrease, the transaction speed could slow or existing funds might have to be wrapped up early, which might negatively influence one-off and recurring income. The possible reasons for this include unfavourable changes in the legal framework (regulation), a lack of customer satisfaction with the management, or the performance of existing IVG fund products.

Viewed in isolation, the risks above can be controlled by means of countermeasures and preventive measures. IVG has taken and initiated the corresponding precautionary measures at an early stage. The company could be threatened as a going concern if the following events happen concurrently: the expected sale of caverns and properties does not occur as planned, the agreed extensions with binding commitments are not implemented and cannot be offset by pre- or post-financing of existing assets.

Consolidated Financial Statements of IVG Immobilien AG (IFRS) as of December 31, 2010 (audited)

Consolidated income statement

for the financial year 2010

		2010			2009		
in € m	Notes	Before changes in value	Unrealised changes in value*	Total	Before changes in value	Unrealised changes in value*	Total
Revenues	7.1	821.8		821.8	838.8		838.8
Changes in inventories and other own work capitalised	7.2	170.3	0.0	170.3	97.9		97.9
Unrealised changes in market value of investment property	7.3	0.0	53.0	53.0	0.0	2.8	2.8
Realised changes in market value of investment property	7.4	-0.1	0.0	-0.1	-64.1		-64.1
Other operating income	7.5	24.0	1.2	25.2	63.6	16.9	80.5
Material expenses	7.6	-524.7	-45.4	-570.1	-421.5	-166.9	-588.4
Personnel expenses	7.7	-71.0	0.0	-71.0	-73.7		-73.7
Depreciation and amortisation of intangible assets and property, plant and equipment	7.8	-6.6	-3.5	-10.1	-6.2	-5.6	-11.8
Expenses from investment property	7.9	-68.2	0.0	-68.2	-69.7		-69.7
Other operating expenses	7.10	-112.5	0.0	-112.5	-137.4		-137.4
Gains/losses from associated companies accounted for using the equity method	7.11	15.8	0.0	15.8	-12.2		-12.2
Income from equity investments	7.12	1.9	0.0	1.9	1.3		1.3
Earnings before interest and taxes (EBIT)		**250.9**	**5.3**	**256.2**	**216.9**	**-152.8**	**64.1**
Financial income	7.13	18.9	62.7	81.6	25.2	95.9	121.1
Financial expenses	7.13	-234.1	-82.6	-316.7	-255.9	-118.6	-374.5
Financial result		**-215.2**	**-19.9**	**-235.1**	**-230.7**	**-22.7**	**-253.4**
Net profit before income taxes		**35.7**	**-14.6**	**21.1**	**-13.8**	**-175.4**	**-189.3**
Income taxes	7.14			2.1			31.3
Consolidated net profit				**23.2**			**-158.0**
Share attributable to Group shareholders				-8.8			-190.1
Share attributable to hybrid capital providers				32.0			32.0
Share attributable to third parties				0.0			0.1
Undiluted earnings per share in €	7.15			-0.07			-1.61
Diluted earnings per share in €**	7.15			0.02			-1.41

* *The unrealised changes in value include all valuation effects from IAS 2, IAS 36, IAS 39 and IAS 40 without tax effects.*

** *Investors should be aware that the following remark does not form part of the annual financial statements of the Company: The amount of diluted earnings per share has been restated in the unaudited IFRS consolidated interim financial statements for the six month period ended June 30, 2011 and the restated amount has been reported again in note "Adjustment of diluted earnings per share" to the unaudited IFRS consolidated interim financial statements for the nine month period ended September 30, 2011, which are included elsewhere in this Prospectus.*

Consolidated statement of financial position

as of 31 December 2010

in € m	Notes	31.12.2010	31.12.2009
Assets			
Non-current assets			
Intangible assets	8.1	250.0	250.1
Investment property	8.2	4,760.7	4,767.7
Property, plant and equipment	8.3	128.9	119.2
Financial assets	8.4	153.9	171.4
Investments in participations accounted for using the equity method	8.4	81.9	76.5
Derivative financial instruments	9.3	3.5	0.0
Deferred tax assets	9.4	271.0	281.2
Receivables and other assets	8.5	47.6	39.1
Total non-current assets		**5,697.5**	**5,705.1**
Current assets			
Inventories	8.6	1,065.0	939.6
Receivables and other assets	8.5	177.0	178.4
Income tax receivables	9.4	45.2	49.0
Derivative financial instruments	9.3	0.0	1.4
Securities	8.7	2.0	6.3
Cash and cash equivalents	8.8	274.9	266.9
		1,564.2	**1,441.6**
Non-current assets held for sale	8.9	30.7	246.8
Total current assets		**1,594.9**	**1,688.3**
Total assets		**7,292.4**	**7,393.4**

in € m	Notes	31.12.2010	31.12.2009
Equity and liabilities			
Equity			
Subscribed capital	9.1	126.0	126.0
Capital reserve	9.1	622.1	621.6
Treasury shares	9.1	-0.5	-0.5
Other reserves	9.1	-101.3	-133.4
Retained earnings	9.1	238.5	250.1
Equity attributable to Group shareholders	**9.1**	**884.8**	**863.8**
Hybrid capital	9.1	400.9	400.9
Minority interests	9.1	0.3	0.4
Total equity		**1,286.1**	**1,265.1**
Liabilities			
Non-current liabilities			
Financial liabilities	9.2	4,143.1	4,452.5
Derivative financial instruments	9.3	46.0	101.0
Deferred tax liabilities	9.4	71.5	99.6
Pension provisions	9.5	16.3	12.6
Other provisions	9.6	27.4	24.6
Liabilities	9.7	3.2	4.0
Total non-current liabilities		**4,307.4**	**4,694.3**
Current liabilities			
Financial liabilities	9.2	1,145.4	802.0
Derivative financial instruments	9.3	66.5	24.6
Other provisions	9.6	54.4	71.9
Liabilities	9.7	354.8	370.1
Income tax liabilities	9.4	77.8	80.5
		1,698.9	**1,349.1**
Liabilities associated with non-current assets held for sale	8.9	0.0	84.9
Total current liabilities		**1,698.9**	**1,434.0**
Total equity and liabilities		**7,292.4**	**7,393.4**

Consolidated statement of comprehensive income
for the financial year 2010

in € m	**2010**	**2009**
Consolidated net profit	**23.2**	**-158.0**
Market valuation available-for-sale securities		
Changes to other cumulative consolidates net profit recognised as income	4.3	7.7
Realisation/changes to other cumulative consolidated net profit recognised as income	0.0	-1.3
Market valuation of hedging instruments		
Changes to other cumulative consolidates net profit recognised as income	8.8	-22.2
Realisation/changes to other cumulative consolidated net profit recognised as income	23.0	4.3
Adjustment for currency translation of foreign subsidiaries	0.5	6.7
Actuarial earnings and losses from performance-based pension plans and similar obligations	-2.7	-2.5
Deferred taxes on value adjustments set off directly against equity	-3.7	5.2
Income and expenses recognised in equity	**30.2**	**-2.1**
Total comprehensive income	**53.4**	**-160.1**
Share attributable to group shareholders	21.4	-192.2
Share attributable to hybrid capital providers	32.0	32.0
Share attributable to third parties	0.0	0.1

Consolidated statement of cash flows statement

for the financial year 2010

in € m	31.12.2010	31.12.2009
Consolidated net profit before interest and taxes (EBIT)	**256.2**	**64.1**
Unrealised changes in market value of investment property	-53.0	-2.8
Realised changes in market value of investment property	0.1	64.1
Depreciation and appreciation of intangible assets and property, plant and equipment	8.9	11.8
Proceeds from disposal of intangible assets and property, plant and equipment	0.0	-1.8
Other non-cash income and expenses	-46.5	20.1
Changes in receivables and inventories of other segments (not including operative segments Development, Real Estate and Private Funds)	41.3	-40.9
Changes in liabilities and provisions	-41.3	46.6
Dividends received	9.3	2.3
Non-distributed earnings of associated companies	-16.2	4.7
Cash flow from current activities	**158.8**	**168.2**
Changes in inventories for developing of real estate in Development, Real Estate and Private funds segments including sale of real estate and project development companies*	-182.3	-31.2
Cash flow from short/mid-term investments in the operating activities	**-182.3**	**-31.2**
Cash flow from operating activities before interest and taxes	**-23.5**	**137.0**
Interest expenses	-205.4	-189.9
Interest income	13.2	24.1
Net tax payment	-17.6	-21.7
Cash flow from operating activities	**-233.3**	**-50.5**
Investment in investment property	-59.7	-38.9
Proceeds from disposal of investment property	267.9	636.0
Investment in investment property/asset under construction	-122.6	-98.7
Investment in intangible assets and property, plant and equipment	-10.9	-21.9
Investments for acquiring consolidated companies (less cash balances)	0.0	-10.1
Proceeds from disposal of consolidated companies (less cash balances)	105.4	0.0
Investments in financial assets and other assets	-31.4	-73.7
Proceeds from disposal of financial assets and other assets	60.1	93.1
Cash flow from investing activities	**208.8**	**485.8**
Dividends paid to providers of hybrid capital	-32.0	-32.0
Proceeds from capital increase	0.0	70.6
Proceeds from bank loans	488.2	385.2
Repayment of bank loans	-367.2	-628.2
Other cash outflows from financing activities	-64.4	0.0
Cash flow from financing activities	**24.6**	**-204.4**
Net change in cash and cash equivalents from operations	0.1	230.9
Cash and cash equivalents as of 01.01.	**274.9**	**44.2**
Changes in cash and cash equivalents due to exchange rate movements	-0.1	-0.2
Cash and cash equivalents as of 31.12.	**274.9**	**274.9**
thereof cash in property disposal group	*0.0*	*8.0*
Cash and cash equivalents reported on the balance sheet	274.9	266.9

Further information on the cash flow statement can be found in Section 11.6.

* *Gain on disposal is included in other operating income*

Statement of changes in equity

in € m	Subscribed capital	Capital reserve	Treasury shares	Other reserves: Market valuation avail.-for-sale securities	Other reserves: Market valuation hedging instruments	Other reserves: Hedge of net investment	Other reserves: Adjustments for currency translation	Other reserves: Actuarial earnings and losses	Retained earnings	Equity attributable to Group shareholders	Hybrid capital	Minority interests	Total equity
Balance at 01.01.2009	**116.0**	**561.0**	**-0.5**	**-0.5**	**-103.7**	**12.9**	**-42.0**	**0.3**	**443.5**	**987.0**	**400.9**	**3.0**	**1,390.9**
Consolidated net profit									-190.1	-190.1	32.0	0.1	-158.0
Earnings recognised directly in equity				5.3	-12.1	0.0	6.7	-0.3	-1.7	-2.1			-2.1
Total comprehensive income	**0.0**	**0.0**	**0.0**	**5.3**	**-12.1**	**0.0**	**6.7**	**-0.3**	**-191.8**	**-192.2**	**32.0**	**0.1**	**-160.1**
Accrual on profit distribution for hybrid capital										0.0	-32.0		-32.0
Capital increase	10.0	60.6								70.6			70.6
Share-based payment										0.0			0.0
Changes to group of consolidated companies/others									-1.6	-1.6		-2.7	-4.3
Balance at 31.12.2009/01.01.2010	**126.0**	**621.6**	**-0.5**	**4.8**	**-115.8**	**12.9**	**-35.3**	**0.0***	**250.1**	**863.8**	**400.9**	**0.4**	**1,265.1**
Consolidated net profit									-8.8	-8.8	32.0	0.0	23.2
Earnings recognised directly in equity				3.5	28.1	0.0	0.5	0.0	-1.9	30.2			30.2
Total comprehensive income	**0.0**	**0.0**	**0.0**	**3.5**	**28.1**	**0.0**	**0.5**	**0.0**	**-10.7**	**21.4**	**32.0**	**0.0**	**53.4**
Accrual on profit distribution for hybrid capital										0.0	-32.0		-32.0
Capital increase										0.0			0.0
Share-based payment		0.5								0.5			0.5
Changes to group of consolidated companies/others									-0.9	-0.9		-0.1	-1.0
Balance at 31.12.2010	**126.0**	**622.1**	**-0.5**	**8.3**	**-87.8**	**12.9**	**-34.7**	**0.0**	**238.5**	**884.8**	**400.9**	**0.3**	**1,286.1**

* *Actuarial gains and losses were reclassified to retained earnings in the current financial year*

Notes to the consolidated financial statements

1 General

IVG Immobilien AG (IVG) together with its subsidiaries is one of the largest publicly listed real estate companies in Europe. The Group operates in the IVG Investment division in the IVG Real Estate, IVG Development and IVG Caverns segments and in the IVG Funds division in the IVG Institutional Funds and IVG Private Funds segments.

The company is registered in the Commercial Register of the Regional Court in Bonn (HRB 4148). Its registered office is in Bonn, Germany. The address is: IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany.

The annual financial statements of IVG Immobilien AG and the consolidated financial statements of IVG Immobilien AG have received an unqualified auditors' opinion from PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf, and will be published in the electronic German Federal Gazette (Bundesanzeiger).

The IVG consolidated financial statements for financial year 2010 were signed off for publication by the Management Board.

2 Basis of preparation

IVG has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary provisions in accordance with Section 315 a (1) of the Handelsgesetzbuch (HGB – German Commercial Code).

The domestic and foreign company financial statements included in the consolidated financial statements are prepared at the same balance sheet date as the IVG annual financial statements (31 December 2010) and are based on uniform accounting principles.

To improve clarity, various items in the consolidated balance sheet and the consolidated income statement have been combined and are explained in the notes. Assets and liabilities are classified as non-current – with a maturity of more than one year – and current. Pension provisions and deferred taxes are generally shown as non-current.

In the IVG Development segment, the typical operating cycle for inventories often exceeds a one-year period, so that inventories that are expected to remain more than one year are reported as current here also.

The income statement is classified according to the total cost method.

The consolidated financial statements are prepared in Euro. All amounts, including those for the previous year, are shown in millions of euro (€ m) unless stated otherwise.

Slight differences may arise when adding up individual figures in the tables of these consolidated financial statements. This is due to figures being rounded up or down.

The shortages in the credit markets triggered by the financial and banking crisis in 2008 have eased slightly in the year under review, which has continued to make the refinancing required under our business model difficult. In 2010, IVG again succeeded in negotiating new loan commitments. In addition, following the capital increase in autumn 2009 another capital increase was successfully completed in February 2011. The risk regarding extension of existing property, portfolio and project financing as well the liquidity risk from the revival of the covenant for a property loan, were identified as remaining material potential risks. There are also possible increased costs in Development. Viewed in isolation, the risks above can be controlled accordingly by means of counter measures and preventive measures. Sufficient precautions have been taken against any remaining identifiable risks.

The Group could be threatened as a going concern if the following events happen concurrently: the expected sale of caverns, properties and projects does not occur as planned, the project financing mentioned above is not extended again or is extended to a substantially reduced degree only, and the covenant requirement of the above-mentioned property loan is revived and cannot be offset by pre- or post-financing of existing assets.

Due to the measures introduced, going concern is taken for granted and the financial statements have been drawn up on the basis of the going concern assumption.

Changes to accounting principles

The International Accounting Standards Board (IASB) has made various amendments to existing International Financial Reporting Standards (IFRS) and adopted new IFRS, which are applicable since 1 January 2010.

At the same time, the IFRS Interpretations Committee (IFRS IC) has adopted new interpretations (IFRIC) which are applicable since 1 January 2010, unless otherwise stated. The respective transitional provisions have been followed.

The revised IFRS 3 "Business Combinations" contains amended regulations concerning the reporting of business acquisitions. In particular, the regulations governing adoption and reporting of gradual acquisition of shares have been changed and the option has been introduced whereby the shares of non-controlling shareholders may be valued at either fair value or pro rata net assets individually for each transaction. Under these regulations, a decision is made as part of the business combination as to whether goodwill will be reported in full or only for the share held by IVG. The amendments will impact future business combinations.

In the revised version of IAS 27 "Consolidated and Separate Financial Statements", in particular the reporting of transactions with non-controlling shareholders of a group has been amended. Transactions in which a parent company changes its interest in a subsidiary without losing control over it are to be reported directly in equity as equity transactions in future. New regulations have also been introduced for reporting in the event of loss of a controlling position in a subsidiary. The standard defines how the deconsolidation profit is to be calculated and how the remaining interest in the former subsidiary following a partial sale is to be valued. The amendments will affect the reporting of corresponding business transactions in future.

The following is a listing of the standards and interpretations that are required to be applied for the first time in 2010 and those have been revised that have no material impact on the consolidated financial statements:

Changes to IFRS 1

"First-time Adoption of International Financial Reporting Standards" – New version and additional exemptions for first-time adopters

Change to IFRS 2

"Share-based Payment" – Group cash-settled share-based payment transactions

Improvements to IFRSs 2009

"Improvements to International Financial Reporting Standards" with regard to individual changes to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16

Change to IAS 39

"Financial Instruments: Recognition and Measurement" – Suitable hedged items

IFRIC 12

"Service Concession Arrangements" – Obligations and rights of private concession operators of government infrastructure services

IFRIC 15

"Agreements for the Construction of Real Estate" – Distinction between IAS 11 "Construction Contracts" and IAS 18 "Revenue" and time of revenue recognition from the construction of real estate

IFRIC 16

"Hedges of a Net Investment in a Foreign Operation" – Hedging foreign currency risks

IFRIC 17

"Distributions of Non-cash Assets to Owners" – Reporting at the company distributing the non-cash assets

IFRIC 18

"Transfers of Assets from Customers" – Time of transfer and revenue recognition at the recipient company

In the 2010 financial year, only the changes in the market value of investment property that arose between the end of the last quarter and the time of disposal are reported as realised. In the previous year, all changes in market value since the start of the year are reported as realised for disposed investment property. Prior-year figures were not restated due to immateriality.

Starting from financial year end reporting as of 31 December 2009, there was a change in presentation regarding letting revenues related to a promote structure from other operating income to revenues. Prior-year figures were not restated due to immateriality.

New accounting principles

Standards, amendments and interpretations of existing standards that are not yet applicable or are not applied at an early stage:

As at 28 February 2011, the International Accounting Standards Board (IASB) and the IFRS IC have published the following standards and interpretations which have not yet been adopted by the EU in some cases.

The (IASB) has published the IFRS 9 "Financial Instruments" standard on the categorisation and measurement of financial assets and financial liabilities. The standard establishes regulations on a new and less complex approach to categorisation and measurement of financial assets. An EU endorsement has not yet taken place. IFRS 9 must be applied for the first time starting on 1 January 2013. Voluntary early application is possible once the EU has endorsed the standard. The effects of the first-time adoption of these amendments on IVG's consolidated financial statements are currently under consideration.

The following standards and interpretations will probably not have a significant effect on IVG's consolidated financial statements:

Changes to IFRS 1

"First-time Adoption of International Financial Reporting Standards" – Limited exemption from comparative IFRS 7 disclosures and regulations on hyperinflation

Changes to IFRS 7

"Financial Instruments: Disclosures" – Additional disclosures for the derecognition of financial assets

Improvements to IFRSs 2010

"Improvements to International Financial Reporting Standards" with regard to individual changes to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 21, IAS 28, IAS 31, IAS 34 and IFRIC 13

Changes to IAS 12

"Income Taxes" – Deferred taxes: recovery of underlying assets

Changes to IAS 24

"Related Party Disclosures" – Change to definitions and simplification of disclosure requirements for government-related entities

Changes to IAS 32

"Financial Instruments: Disclosure and Presentation" – Classification of rights issues

Changes to IFRIC 14

"IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

IFRIC 19

"Extinguishing Financial Liabilities with Equity Instruments"

Discretionary decisions

Certain discretionary decisions are made by management with regard to the application of accounting principles. This applies in particular to the following matters:

- It must be determined whether assets available for sale can be sold in their present condition and how likely it is that they will be sold. If that is the case, the assets and any related liabilities must be classified and valued as “assets or liabilities available for sale”.
- Properties must be allocated to property, plant and equipment, inventories or investment property.
- In the case of property under construction intended for future use as an investment property, it must be determined when the change from measurement at cost to fair value measurement is to take place.
- Any relationship between a company and a special purpose entity must be examined to see if the special purpose entity is essentially controlled by the company.
- In the case of the disposal of financial assets or the classification of leases, it must be determined whether all opportunities and risks normally associated with ownership of financial assets or leased assets are transferred to other companies.
- In the case of assumption of control of a subsidiary or the acquisition of assets, it must be determined whether these transactions should be classified as a business combination pursuant to IFRS 3 or as acquisition of a group of assets or net assets.

The decisions made by the IVG Group in this regard are described in the explanation of accounting principles in the notes.

Assumptions and estimates

Preparation of the consolidated financial statements in accordance with IFRS requires that certain assumptions and estimates are made which have an effect on valuations of recognised assets, liabilities, income, and expenses as well as disclosure of contingent liabilities. These assumptions and estimates apply (among others) to

- the valuation of investment property. The most important valuation parameters here are expected cash flows, discounting and capitalisation.
- accounting and valuation of provisions. Expected yield of the plan assets and discount factor and other trend factors are important valuation parameters for pension provisions and other liabilities.
- future assumptions about impairment of goodwill with regard to forecasting and discounting future cash flows.
- recognisability of deferred tax assets. These are recognised as soon as recoverability of future tax advantages is probable. The actual tax situation in future financial years and therefore the actual applicability of deferred tax assets can vary from the estimate made at the time the deferred tax assets were capitalised.

Investment property is valued only by external appraisers. If no market values can be derived from the sales of comparable properties, the DCF method is used for measurement, under which future cash flows are discounted at the balance sheet date. These assessments include assumptions about the future. Due to the large number of properties involved and their geographical distribution, uncertainty about individual valuations is subject to a statistical balancing effect.

As of the balance sheet date, IVG continues to assume that future variations in fair value will result mainly from factors beyond IVG’s control. This includes mainly discount and capitalisation interest used in valuation. Potential effects of amended assumptions of these two valuation parameters can be seen in the table below. For example, land which is not valued on a cash flow basis is not included in the sensitivity analysis.

Sensitivity analysis of investment property (real estate)[1)]

		2010		
		Capitalisation rate %[2)]		
		-0.25	**0**	**0.25**
Discount rate[2)] in %	**-0.25**	4,213	4,110	4,016
	0.00	4,136	4,036	3,943
	0.25	4,061	3,963	3,873

		2009		
		Capitalisation rate in %[2)]		
		-0.25	**0**	**0.25**
Discount rate[2)] in %	-0.25	4,590	4,475	4,370
	0.00	4,505	4,355	4,290
	0.25	4,422	4,313	4,214

Sensitivity analysis of investment property (caverns)[1)]

	2010		
	Discount rate in %[2)]		
	-0.25	**0**	**0.25**
Fair value of caverns	429	424	420

	2009		
	Discount rate in %[2)]		
	-0.25	**0**	**0.25**
Fair value of caverns	286	285	283

1) *For financial year 2009 and 2010 including investment property under construction*
2) *See Section 6.2*

The discount factor is one important estimation parameter for pension provisions and other liabilities. The decrease in the discount rate leads to an increase in the cash value of pension commitments and, therefore, to a decrease in equity. An increase (or decrease) of the discount rate by 0.25% would reduce or increase the cash value of the commitments to company pension plans of the IVG Group by €1.5 million (2009: €1.2 million) and €1.5 million (2009: €1.3 million) respectively. The risk premium of senior bonds over risk-free bonds has not changed materially as against the last balance sheet date.

Further information about the assumptions and estimates involved can be seen in the individual notes to the items. All assumptions and estimates are based on current ratios and estimates at the balance sheet date. In estimating future business development, the realistic future economic climate in the industries and regions in which the IVG Group operates at the time of reporting was also taken into account. Although management expects that the assumptions and estimates applied are appropriate, any unforeseeable changes to these assumptions can affect the net assets, financial position and results of operations of the Group.

3 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all companies (including special-purpose entities) whose financial and operational policies are controlled by the Group. The ability to exert control is generally equated with ownership of more than half the voting rights. Potential voting rights that are exercisable or convertible at all times are considered when assessing control.

Subsidiaries are fully consolidated from the time when control is transferred to the parent and deconsolidated when control ceases.

The capital consolidation of acquired subsidiaries is carried out in accordance with the purchase method under IFRS 3 by offsetting the cost of shares against the pro rata revalued equity of the subsidiaries.

This means that the cost of acquiring shares is the fair value of assets given, equity instruments issued and any liabilities incurred or assumed at the time of the transaction. Costs directly attributable to the acquisition are expensed in the period in which they arise. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at fair value at the acquisition date when consolidated for the first time.

Any hidden reserves or losses discovered are adjusted in line with the corresponding assets and liabilities in the subsequent consolidation.

Any excess of the cost of an acquisition of shares over the fair value of the acquired share of net assets is recognised as goodwill. Goodwill is not amortised but is instead subject to impairment testing on an annual basis or whenever there is evidence of a reduction in value. Any negative goodwill is recognised as income after reassessment of the acquired net assets. If a group of non-operational assets is acquired and therefore IFRS 3 does not apply, the total purchase price will be split in accordance with fair value. During deconsolidation, the remaining carrying amount of goodwill is taken into account in calculating the disposal proceeds.

Transactions in which the interest in a subsidiary changes without control over it being lost are to be reported directly in equity as equity transactions.

In the event of loss of a controlling position in a subsidiary, the remaining interest in the former subsidiary is to be measured at fair value.

Intragroup transactions and positions as well as unrealised earnings on intragroup transactions are eliminated. Tax accruals and deferrals are recognised pursuant to IAS 12 for temporary differences arising on consolidation.

Sales of goods and services within the IVG Group are generally made on arms-length terms.

(b) Equity investments accounted for using the equity method

Equity investments accounted for using the equity method include associated companies and joint ventures. In the case of associated companies, IVG exercises a significant influence but not control, while joint ventures are characterised by common control of the partners.

Upon addition, equity investments accounted for using the equity method are recognised at cost including directly attributable ancillary costs, which is divided into the acquired share of the equity in the associated company or joint venture as well as any newly-valued assets, goodwill or liabilities. In the subsequent valuation, the prorated after-tax results, distributed dividends and any changes in equity are added or subtracted from the carrying amount.

The overall carrying amount measured using the equity method is subjected to an impairment test in line with IAS 36 if there is evidence in line with the provisions for financial instruments to suggest that an asset is impaired. If the realisable value falls below the carrying amount of an equity investment accounted for using the equity method, an impairment is charged in the amount of the difference. If the reasons for a previously recognised impairment no longer apply, the write-down is reversed accordingly in income.

Unrealised intragroup profits on transactions between Group companies and associated companies are eliminated to the extent of the Group's interest in the associates.

The following assets, liabilities, revenues and annual results from associated companies are attributable to the Group based on its shareholdings ratio:

in € m	2010	2009
Assets	229.1	246.7
Provisions and liabilities	148.1	176.4
Revenues	78.0	12.3
Net profit for the year	8.9	-5.9

As in the previous year, there were no material unrecognised accumulated losses.

One joint venture was disposed of in fiscal year 2010.

4 Group of consolidated companies

The group of consolidated companies encompasses 265 subsidiaries and 13 associated companies. The associated companies were accounted for using the equity method.

All substantial German and foreign subsidiaries and associated companies controlled directly or indirectly by IVG are included in the consolidated financial statements of IVG.

Shares in subsidiaries or associated companies not considered to be material from the Group's point of view are recognised in line with IAS 39.

	Germany	Other countries	2010	2009
Number of fully consolidated companies	154	111	265	273
Number of investments accounted for using the equity method	7	6	13	13
Total number of companies	**161**	**117**	**278**	**286**

The list of shareholdings is given as an appendix to the notes and includes companies affiliated with consolidated Group companies, companies accounted for using the equity method and certain other equity investments.

Loss of control of subsidiaries

Sales in the year under review related to property companies in Munich and Frankfurt/ Main with sales proceeds totalling €63.3 million to the newly established and placed IVG

Premium Green Fund, in which IVG holds an associated equity investment as of 31 December 2010. The IVG fund EuroSelect 20 TheNorthGate was placed in full.

in € m	2010
Disposal proceeds for subsidiaries	63.3
Costs and taken obligations relating to disposal	21.0
Net disposal price	42.3
Portion of the price paid in cash or cash equivalents	58.9
Amount of cash or cash equivalents paid	6.8
In the course of disposals of subsidiaries, the Group surrendered the following assets and liabilities:	
– Other non-current assets	36.7
– Inventories	117.9
– Other assets	0.6
– Assets of property disposal group	177.7
– Other receivables	4.2
– Liabilities to banks	71.6
– Other liabilities	84.0
– Deferred tax provisions	0.8
– Liabilities property disposal group	153.2

Business combinations after the balance sheet date

Over the past financial year, IVG did not make any acquisitions that are to be classified as business combinations pursuant to IFRS 3. The business combination described below took place after the balance sheet date but before the financial statements were authorised for issue.

On 20 January 2011, IVG Immobilien AG acquired 100% of the shares in HYPO Real Invest AG, headquartered in Vienna. HYPO Real Invest AG is a management company for real estate investments. The acquisition of HYPO Real Invest AG is strategically important to IVG, as it represents a further step to expand the product platform for IVG's institutional business and allows us to develop our expertise in fund and asset management in the core markets of Central and Eastern Europe. The purchase price was €1.9 million plus ancillary purchase costs of €0.2 million.

At the acquisition date, the fair values of the assumed assets and liabilities amounted to:

in € m	
Acquisition of HYPO Real Estate Invest AG	
Intangible assets	0.1
Property, plant and equipment	0.2
Deferred tax assets	0.1
Receivable and other assets	0.1
Cash and cash equivalents	1.3
Other provisions	-0.2
Liabilities	-1.0
Acquired net assets	**0.6**
Purchase price	1.9
Goodwill	**1.3**

On the basis of the purchase price allocation there was goodwill of €1.3 million, which reflects the much broader regional coverage of the core markets and the improved expertise in fund and asset management.

5 Currency translation

Foreign currency transactions are translated in the individual financial statements of companies included in the consolidated financial statements using the exchange rate at the date of the transaction. Monetary balance sheet items in foreign currencies are translated using the median exchange rate at balance sheet date and any resulting translation gains and losses are recognised in income.

Foreign subsidiaries are generally treated as independent entities; their financial statements are translated into Euro using the functional currency method. Under this method, equity items are translated using historical exchange rates and assets (including goodwill) and liabilities are translated using the exchange rate at balance sheet date. Any resulting currency translation differences are recognised in equity and reported in other reserves until a subsidiary is deconsolidated. Income and expenses of subsidiaries are translated into Euro using average monthly exchange rates.

The same process is applied to translation of currencies of foreign associated equity investments accounted for using the equity method.

The exchange rates used for translation in the course of consolidation are as follows:

Currency	Country	Exchange rate at 31.12.2010 in €	Exchange rate at 31.12.2009 in €
100 SEK	Sweden	11.1418	9.7476
1 GBP	UK	1.1594	1.1236
1 USD	United States	0.7474	0.6942
100 CZK	Czech Republic	3.9839	3.7770
100 HUF	Hungary	0.3587	0.3692
100 PLN	Poland	25.2500	24.3724

6 Accounting principles

6.1 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are carried at cost less any accumulated depreciation and amortisation. The cost of acquired assets comprises costs directly attributable to their acquisition. This also includes estimated costs for demolition, reconstruction and restoration of land.

The cost of self-constructed assets includes all costs directly related to the construction process and construction overheads which can be allocated. Capitalised borrowing costs are included in the cost of production.

Grants received for intangible assets and property, plant and equipment are deducted from cost.

Salt and surface rights relating to caverns are not amortised as they have an indefinite useful life. All material depreciable assets are depreciated on a straight-line basis, generally with depreciation periods as follows:

Other buildings (not investment property)	50 years
Plant and machinery	10 -19 years
Motor vehicles	3 - 6 years
Office equipment	3 - 10 years
Computer software, licences and rights of use	3 - 5 years

The residual values and useful lives are reviewed at each balance sheet date and adjusted as necessary.

Gains and losses arising from disposal of assets, determined as the difference between the income from property disposal and the carrying amount less any directly attributable costs of property disposal, are recognised in income under other operating income or expenses.

Goodwill is any excess of the cost of a business acquisition over the Group's interest in the fair value of the net assets of the company being acquired at the acquisition date and is attributed to intangible assets. Goodwill arising from acquisitions of associated companies is included in the carrying amount of the equity investment in associated companies. Goodwill is carried at cost less any accumulated impairment losses. It is allocated to cash generating units and tested for impairment annually and any time there are reasons for an impairment of value. The determination of gains and losses from company disposals includes the carrying amount of any goodwill attributed to the business which is being sold.

6.2 Investment property

Property is classified as investment property if it is held to generate rental income and/or for capital appreciation. Real estate developed for future use as investment property is reported as investment property. Otherwise, real estate is accounted for in property, plant and equipment. The IVG Group recognises properties that are held as available for sale during normal business operations in line with the regulations of IAS 2. Properties constructed or developed with the intention of selling them are also reported under inventories. The same applies to properties previously held as financial investments where there has been a start to development with a view to sale.

Upon acquisition, investment property is valued at cost including ancillary purchase costs.

In subsequent reporting years, investment property is valued at fair value. Real estate under construction intended for future use as investment property is carried at fair value as soon as this figure can be reliably determined. In the early development phases of investment property under construction, reliable estimates of the fair value are not available, meaning that this investment property under construction is initially carried at amortised cost. Fair value of properties can usually be determined with the acquisition of the construction permit. Due to geological uncertainties, caverns are not measured at fair value unless more than 300,000 m^3 of economically usable hollow space is achieved, which is roughly 50% of the maximum hollow space per cavern.

Borrowing costs (see Section 6.5) are capitalised in the case of investment property under construction as long as valuation is made at amortised cost.

In connection with the first-time application of IAS 40 (Revised 2008) as at 1 January 2009, investment property under construction was reclassified from property, plant and equipment at its remaining carrying amount. The effects of the reclassification and first-time measurement at fair value are included in the notes to the balance sheet (see Section 8.2).

The stated fair values of the investment property are based on valuations performed by reputable neutral appraisers (especially Jones Lang LaSalle GmbH) and calculated in accordance with the international valuation standards (IVS) of the International Valuation Standards Council (IVSC). Specifically, valuation is performed based on net cash inflows discounted to present value using the DCF method or based on market or comparative prices if available. All investment property is valued on the basis of the individual property and reflects the market conditions at the end of each quarter.

Under the DCF method, expected future cash flows from a property are discounted to the valuation date with the particular fair market discount rate for each property. Over a planning period of ten years, the annual surplus (net operating income) is estimated for each property.

It is derived from the addition of anticipated cash inflows and outflows. The cash inflows are normally the net rents and the outflows are the expenses, especially the operating expenses, which the owner has to pay. Net rents are based on a contractual rent increase in line with the expected inflation rate in the ten-year planning phase. Vacancy periods after the contractual lease expires are taken into account for each object if they occur. The discount rate as at 31 December 2010 averaged between 6.91% und 9.61% per country location (2009: between 6.58% and 9.62%). This results in the net present value of the net cash flows for the relevant periods. The residual value for the property being valued is forecast for the end of the ten-year planning period. The stabilised net cash flows of years ten and eleven are capitalised as an annuity using the growth-implied capitalisation rate. The capitalisation interest rate in the financial year averaged between 5.92% and 7.95% per country location (2009: between 6.00% and 7.62%). The residual value is then also discounted to the valuation date using the discount rate. The total of the discounted net cash flows and the discounted residual value minus a local transaction cost discount of a potential buyer represents the fair value of the property being valued.

We also refer you to the information on risks in the real estate sector in Section 6.5 of the Group management report as well as to Section 2, Assumptions and Estimates, of these Notes regarding the sensitivity analyses of the key valuation parameters.

Investment property is no longer recognised once it is sold or let as part of a finance lease. Gains and losses from disposal of investment property are recognised in the year of sale.

6.3 Impairment of assets (impairment test)

Intangible assets which have an indeterminable useful life are not amor-tised over their expected useful lives; they are subject to an impairment test annually or whenever required.

Other intangible assets and property, plant and equipment are tested for impairment when relevant events or changes to circumstances indicate that the carrying amount is no longer realisable.

An impairment loss is recognised in the amount by which the realisable value is exceeded by the carrying amount. The realisable value is the higher amount of the fair value of the assets less costs to sell and the value in use.

During the course of impairment tests, it may be necessary to carry out a valuation at the level of cash generating units (CGU). In the IVG Group, CGUs are formed on the basis of legal entities or a group of entities, but limited to the segment level at a maximum. If a CGU or group of CGUs is allocated goodwill, and if the carrying amount of the CGU or group of CGUs exceeds the realisable value, an extraordinary impairment loss will be recognised for the allocated goodwill in the amount of the difference between the realisable value and the carrying amount. If the write-down is larger than the allocated goodwill, the carrying amounts of the CGU's or group of CGUs' other assets will be reduced pro rata by the remaining balance.

If the reasons for impairment cease to apply, impairment is reversed up to the amortised or depreciated carrying amount that would have resulted if no impairment loss had been recognised. Where impairment losses are recognised for goodwill, these are not reversed if the reasons cease to apply in subsequent periods.

6.4 Financial assets and liabilities

Within the IVG Group, arms-length sales and purchases of financial assets are recognised on the trading day. This is the day on which the Group undertakes to buy or sell the asset.

Financial assets are no longer recognised if the contractual rights to cash flows from the asset expire or ownership of the financial asset is transferred. The latter occurs when all opportunities and risks arising in connection with the ownership of the asset are transferred or the authority to control the asset is relinquished.

The following shows the valuation categories and accounting and valuation methods used in the Group. Classification depends on the purpose for which the financial asset was acquired.

(a) Assets valued at fair value through profit and loss

(a1) Derivative financial instruments and hedging

As part of an active interest rate and foreign exchange management, IVG systematically uses derivative financial instruments such as interest rate swaps, combined interest rate/ currency swaps, caps, currency swaps and currency futures solely for hedging purposes. The use of derivatives for speculative purposes is not permitted by internal policies.

Derivative financial instruments are recorded at the date of contract conclusion and are recognised as financial assets or liabilities at fair value regardless of their purpose.

Options are initially recognised or expensed as derivative financial instruments in the amount of the option premium and then valued at fair value.

Valuation is based both on statements from financial institutions (mark to market) and mathematical analysis of the value (option pricing model).

The market value of interest rate swaps and interest rate/currency swaps is determined by discounting the expected future cash flows over the remaining term of the contract on the basis of current interest rate yield curves.

Changes in the fair value of these derivatives are recognised directly in income, unless the derivative financial instruments have a designated and sufficiently effective hedging function in relation to an underlying transaction. In this case, recognition of the changes in fair value depends on the type of hedging relationship.

Cash flow hedges are designated in order to recognise a hedge against a risk that future cash flows from a recognised asset or liability, or a planned transaction that is highly likely to take place, will vary. In this context, unrealised gains and losses from the hedge are initially recognised in equity (other reserves).

They are not transferred to the income statement until the underlying hedged transaction is recognised in income. If planned transactions are hedged and in a later period these transactions are used for a financial asset or a financial liability, all amounts included up to this time in equity are released and recognised in income in the reporting year in which the underlying hedged transaction influenced the result for the period. If the transaction leads to the use of non-financial assets or liabilities, the amounts recognised directly in equity are offset against the initial valuation of the asset or liability.

Net investment hedges are used to hedge foreign currency risks from equity investments with foreign functional currencies and to disclose hedging relationships in the balance sheet. Unrealised gains and losses from hedge transactions are recognised in equity until disposal of the equity investment.

In line with the rules and formal requirements of IAS 39, the requirements for the recognition of hedging transactions are fulfilled by IVG at each balance sheet date. In particular, the hedges must be fully documented, to show both the hedging relationship and the risk management strategy and targets.

Furthermore, the hedging relationship must be sufficient, i.e. the changes in fair value of the hedge transaction must prospectively and retrospectively cover a spread of 80% to 125% of the parallel changes in fair value of the underlying transaction. In line with IAS 39, only the effective part of a hedge relationship is recognised in line with the described rules. The ineffective part of a hedge relationship is directly recognised in the income statement.

When a hedging instrument expires or is disposed of or the hedged item no longer meets the criteria for hedge accounting, the accumulated gains or losses remain in equity and are only recognised in the income statement when the underlying transaction is realised or no longer expected to take place. Any future gains and losses from the hedge are recognised in earnings for the period from the end of the designation on.

(a2) Other assets valued at fair value through profit and loss

The fair value of publicly listed shares and securities is measured using the current quoted market price. The fair value of assets for which there is no active market or no market, price is determined using suitable valuation techniques.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. They arise when the Group provides a debtor directly with money, goods or services without any intention of trading the receivable. Loans and receivables are initially carried at fair value taking transaction costs into account, and recognised at subsequent balance sheet dates at amortised cost.

The carrying amount of any doubtful receivables is reduced to the lower recoverable amount. Besides necessary specific individual impairments, additional lump-sum impairment losses are recognised for at-risk receivables on the basis of general credit risk. For trade receivables, the nominal amount less any accumulated impairment losses is assumed to equal fair value.

Impairment of receivables is partially realised using impairment accounts. The decision as to whether a default risk should be recognised by way of an impairment account or as a direct reduction in the receivable depends on the reliability of the assessment of the risk situation.

Receivables denominated in foreign currencies are translated using the average exchange rate at the balance sheet date. Gains or losses on currency translation are recognised in the financial result.

Cash and cash equivalents includes cash in hand, bank balances and short-term deposits belonging to IVG Immobilien AG and those companies not yet included in the cash clearing system, with a remaining term of less than three months.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets designated as available for sale or not classified under any of the other categories mentioned. Initial valuation is made at fair value taking account of transaction costs. Subsequent valuation is made at fair value where this can be reliably determined. Any unrealised gains and losses are recognised in equity (other reserves) after taking deferred taxes into account. Upon disposal, proceeds will be recognised as gains or losses.

At each balance sheet date, financial assets and groups of financial assets are reviewed for any indications of impairment.

For equity instruments classified as available-for-sale financial assets, a material or sustained decline of the fair value to less than cost is seen as an indication of impairment. If indications of impairment exist for available-for-sale assets, the asset is written down to fair value. The cumulative losses previously recognised directly in equity are then recognised in income under depreciation and amortisation. Impairment losses of equity instruments recognised in income are not reversed in income.

6.5 Inventories

Inventories are measured at the lower of cost or net realisable value. Cost is assigned by the weighted average cost formula. The cost of finished goods and work in progress includes costs of product design, materials and supplies, direct labour, other direct costs, and directly allocable overheads.

So long as they can be directly allocated to the purchase, construction or production of a qualifying asset, borrowing costs are capitalised as part of costs in the period in which all major work is completed in order to furbish the asset for its intended use or sale.

At the IVG Group, a period exceeding 12 months was chosen. Otherwise borrowing costs will be expensed. The financing rate underlying the capitalised borrowing costs is 4.0% (2009: 4.2%). The financing rate is an average weighted financing rate, determined by the IVG Group and applied where no directly allocable borrowing was taken up. For property-specific financing, the actual interest expense, less any income derived from intermediate assets, is recognised.

The net realisable value is the estimated selling price less estimated costs to completion and the estimated costs of sale.

6.6 Construction contracts

A construction contract is defined in IAS 11 as a contract specifically negotiated for the construction of an asset.

If the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract income is recognised over the duration of the contract. If it is probable that total contract costs will exceed total contract income, the expected loss is recognised as an expense immediately. The Group uses the percentage of completion method to determine the revenues to be reported in a given financial year. The percentage of completion is the percentage of costs incurred until the balance sheet date compared to the expected total cost of the contract.

If the outcome of a construction contract cannot be measured reliably, contract income is only recognised to the extent that it is probable that incurred contract costs can be recovered.

The Group reports as an asset the gross amount due from customers for construction work – for all contracts in progress for which costs incurred plus reported earnings (or less recognised losses) exceed total progress billings. Progress billings not yet paid are reported under trade receivables.

The Group reports as a liability the gross amount due to customers for contract work – for all contracts in progress for which progress billings exceed costs incurred plus reported earnings (or less recognised losses).

6.7 Non-current assets held for sale

In accordance with IFRS 5, non-current assets to be sold as part of an asset deal are reported separately as available for sale in the consolidated financial statements if the disposal is highly probable within the next twelve months. If the disposals are planned as share deals, the other assets and liabilities to be disposed of are reported separately in the consolidated balance sheet in addition to the non-current assets.

Items available for sale are valued at the lower of their carrying amount and fair value less selling costs at the time of reclassification and at each subsequent balance sheet date. Depreciation and amortisation are no longer recognised from the date of reclassification. In variance to these valuation rules, investment property will continue to be valued in accordance with the relevant regulations of IAS 40 (Revised 2008), due to the option to use fair value for accounting purposes. Gains or losses arising from the valuation of individual non-current assets held for sale or disposal groups are recognised as income from continuing operating activities until they are sold.

6.8 Financial liabilities

Loan liabilities and other liabilities are measured at fair value at first-time recognition, taking account of transaction costs.

Any difference between the amount of a loan (after deduction of transaction costs) and the amount repaid is recognised in the income statement over the contractually agreed loan term using the effective interest method. Valuation in subsequent periods is made at amortised cost.

Pursuant to IAS 32 a company has an equity instrument only if it has no conditional or unconditional contractual obligation to deliver cash or another financial asset.

In effect, IAS 32 determines that the right of shareholders to demand that a company pay out the value of its shareholding at any time means that this should be recognised as a liability, even if the legal form of the shareholder is only a residual interest. Liabilities to limited partnership (KG) minority shareholders should therefore be valued at the fair value of the claim for reimbursement of limited liability capital. Changes are recognised in the financial result as “Revaluation of minority interests in partnerships”.

Liabilities are classified as non-current liabilities if the agreement provides for repayment after twelve months. Liabilities denominated in foreign currencies are translated using the mean exchange rate at the balance sheet date. Gains or losses on currency translation are recognised in the financial result. Derivatives recognised as liabilities are carried at fair (market) value. The fair values of financial liabilities disclosed in the notes are determined by discounting the contractually agreed future cash flows at the market rate of return that the Group would currently obtain for similar financial instruments.

6.9 Income taxes

Deferred tax assets and liabilities are recognised using the balance sheet liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS balance sheet.

Deferred tax assets for temporary differences and for tax loss carry-forwards are recognised to the extent that it is probable that the temporary difference or unused tax loss carryforwards can be offset against future taxable income.

Deferred tax assets and liabilities are measured using the tax rates and tax laws effective or substantively effective at balance sheet date and expected to apply when the asset is realised or the liability settled.

The income tax rate for German Group companies is 31% (2009: 31%).

As well as the uniform corporation tax rate (KSt) and the solidarity surcharge, this also includes an average business tax rate (GewSt). The tax rates for foreign companies vary between 10% and 35% (2009: between 19% and 35%).

Deferred tax liabilities are recognised for temporary differences in connection with equity investments in subsidiaries and associated companies, except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Unpaid amounts of current income taxes are recognised as a liability. If the amount already paid for income taxes exceeds the amount due, the difference is recognised as an asset.

6.10 Pension provisions

Pension provisions and similar obligations result from obligations towards employees. Obligations arising from performance plans are valued in accordance with the projected unit credit method. Using this method, forecast future increases in salaries and benefits are taken into consideration in addition to benefits and entitlements known at balance sheet date. The biometric basis is provided by the actuarial tables 2005G by Dr Klaus Heubeck. Actuarial gains and losses from amendments and changes to actuarial assumptions are recognised directly in equity under other reserves in the period in which they arise. The amount of obligations at the end of the year is set off against plan assets at fair value (finance status). Pension provisions are calculated taking into account any resulting asset values and after deduction of past service costs.

6.11 Other provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised for decommissioning obligations, the remediation of environmental damage, reconstruction obligations, legal proceedings and other obligations when the Group has a legal or constructive obligation to a third party, and it is probable that settling the obligation will require an outflow of resources embodying economic benefits, and the amount of the obligation can be reliably estimated.

Other provisions are valued in accordance with IAS 37 and IAS 19 by using the best estimate of the amount of the obligation. For individual risks this is the most likely amount. Provisions with a remaining term of more than one year are discounted using an interest rate appropriate in terms of risk and maturity. Provisions for reconstruction obligations are discounted at 4.8% (2009: 5.5%).

Contingent liabilities and contingent assets are possible liabilities or assets resulting from past events, of which the existence is determined by way of the incidence of one or more uncertain future events that do not lie within IVG's control. In addition, this means a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are recognised at fair value if they are acquired during the acquisition of a company.

Contingent assets are not recognised. Where an outflow of economic resources is likely, information about contingent liabilities will be made in the notes to the consolidated financial statements. The same applies to contingent assets, as soon as an economic benefit becomes likely.

6.12 Share-based payment

In accordance with IFRS 2, obligations from share-based remuneration components for managers are calculated by means of financial analysis using an option pricing model.

Share-based remuneration settled with equity is valued at fair value at the grant date. The fair value of the obligation is recognised time rated in income under personnel expenses over the vesting period of the option. Exercisable options which are not tied to market conditions are taken into account in the assumptions about the number of options expected to be exercised.

Obligations from cash-settled plans are recognised as other provisions and revalued at fair value at each balance sheet date. Expenses are also recognised over the vesting period of the option.

6.13 Leases

Leases for which substantially all the risks and rewards incidental to ownership of the leased assets remain with the lessor are classified as operating leases. Payments received or made under an operating lease are recognised in income over the term of the lease. Real estate leasing contracts are operating leases in accordance with this definition. Land for which IVG is granted use under heritable building rights contracts with long terms of up to 100 years is classified as operating leasing at IVG, as the principal opportunities and risks arising from this land are attributed to the party granting the heritable building rights (the lessor) due to its unlimited useful life. Leases which transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee are classified as finance leases.

If assets are leased under a finance lease, the present value of the minimum lease payments is carried as a lease receivable and the lease item is recognised as a disposal. Any difference between the gross receivable and the present value of the receivable is recognised in the financial result over the lease term. Interest income is recognised over the lease term using the annuity method, reflecting a constant annual return.

Book profits which are the difference between the present value of minimum lease payments and the remaining carrying amounts of lease items are recognised in income under other operating profit if the lease agreements concluded are manufacturer or dealer leases.

6.14 Revenue recognition

Rental income

Revenues from letting, renting and property management less any revenue deductions are recognised as soon as the remuneration is contractually agreed or may be reliably determined and it is likely that any related conditions will be met.

Proceeds from disposal of property

Proceeds from sales transactions (such as investment property) are recognised if:

- all significant risks and rewards of ownership have been transferred to the acquirer
- the Group retains neither titles nor effective control over the object
- the amount of income and the costs incurred or to be incurred in respect of the transaction can be measured reliably
- it is sufficiently probable that the economic benefits associated with the transaction will flow to the Group

Proceeds from provision of services

Revenues from the provision of services (fund management, property management fees, commissions and operation of caverns) are recognised in the financial year in which the services are provided.

For services provided in more than one reporting year, revenues are recognised as a ratio of services actually provided to the total amount of services to be provided.

7 Notes to the consolidated income statement

7.1 Revenues

For further information about revenues, see Section 11.7 (Segment reporting).

7.2 Changes in inventories and other own work capitalised

in € m	2010	2009
Increase in inventories of finished goods and work in progress	533.9	397.4
Decrease in inventories of finished goods and work in progress	-369.3	-303.6
Other own work capitalised	5.7	4.1
	170.3	**97.9**

At €397.3 million, the increases in inventories of finished goods and work in progress result from the scheduled construction progress of the project THE SQUAIRE (2009: €227.1 million).

These are offset by negative changes in inventories due to successful sales of project developments, primarily in Germany (€164.6 million), the UK (€83.5 million), Poland (€82.5 million) and France (€30.5 million).

7.3 Unrealised changes in market value of investment property

in € m	2010	2009
Germany	70.4	65.5
France	-10.7	-18.6
Finland	-6.7	-14.3
UK	-0.8	-7.7
BeNeLux	2.3	-20.5
Other countries	-1.5	-1.6
	53.0	**2.8**

Unrealised changes in market value of €53.0 million (2009: €2.8 million) comprise -€87.8 million (2009: -€194.2 million) from the IVG Real Estate segment and €140.8 million (2009: €197.0 million) from the IVG Caverns segment.

This includes unrealised changes in the market value of investment property under construction in the amount €143.8 million, of which €140.8 million (2009: €174.1 million) relates to caverns under construction and €3.0 million (2009: -€0.5 million) to the IVG Real Estate segment.

Unrealised market value gains of €195.7 million (2009: €214.5 million) are contrasted by market value losses of €142.7 million (2009: €211.7 million).

7.4 Realised changes in market value of investment property

Realised changes shown are changes in market value of investment property disposed of during the period from the end of the last quarter or from a later completion date until the date of disposal.

Realised market value gains from the IVG Real Estate segment of €1.0 million (2009: -€63.6 million) are contrasted by realised losses from the sale of caverns of -€1.1 million (2009: -€0.4 million).

The disposals of €283.9 million (2009: €654.3 million) were offset by proceeds of €288.1 million (2009: €596.1 million). Disposal costs totalling €4.3 million (2009: €5.9 million) were incurred in connection with the transactions.

7.5 Other operating income

in € m	2010	2009
Earnings from disposal of consolidated companies and from participations accounted for using the equity method	9.4	5.8
Income from non execution of a premium option	2.6	0.0
Gains/losses from the realisation of a subsequent purchase price adjustment	1.9	5.5
Other operating income from the retraction of impairments	1.2	16.9
Income from reimbursements received/costs passed on from reconstruction obligations;		
Tenant improvements	0.5	2.0
Other operating income	9.7	50.3
	25.2	**80.5**

The result from the disposal of consolidated companies and equity investments accounted for using the equity method arises primarily from the result of the successful placement of the EuroSelect 20 TheNorthGate fund, accounting for €7.3 million, and from the disposal of an associated company accounted for using the equity method in the IVG Caverns segment, accounting for €1.7 million.

7.6 Material expenses

in € m	2010	2009
Project development	427.1	333.8
Purchased services	81.4	72.2
Project development (PoC)	12.6	8.1
Raw materials and consumables	3.6	7.3
Impairment losses on inventories	59.4	166.9
Appreciation in value-inventories	-14.0	0.0
	570.1	**588.4**

Project development expenses chiefly consist of purchased construction services, architects' fees and planning costs.

The increase in project development expenses results primarily from the increased project volume in the IVG Development segment and mainly comprises expenses for the projects THE SQUAIRE in Frankfurt/Main of €380.4 million (2009: €209.5 million), Horizon Plaza in Warsaw of €19.8 million (2009: €8.4 million) and for the cavern operating company in Etzel in the amount of €19.1 million (2009: €15.8 million).

As of 31 December 2010, total expenses incurred in connection with construction contracts amounted to €28.8 million (2009: €16.1 million). There are construction contracts with a positive balance vis-à-vis customers in the amount of €21.3 million (2009: positive balance, €14.7 million).

The unrealised changes in value reported under material expenses relate to impairment losses recognised on the net realisable value in the IVG Development segment in the year under review, and are chiefly attributable to the project THE SQUAIRE in Frankfurt/Main in the amount of €38.9 million (2009: €149.4 million) and to the Hackesche Markt project in the amount of €18.9 million (2009: €3.9 million).

Reversals of impairment losses on inventories primarily relate to the IVG Front Office Asniéres SAS, Paris, project in the amount of -€7.2 million and the IVG Development (Euston Road) Limited, London, project in the amount of -€3.4 million. In the previous year, reversals of impairment losses on inventories totalling €9.6 million were reported under other operating income.

7.7 Personnel expenses

in € m	2010	2009
Salaries and wages	56.0	59.6
Social security contribution	14.3	13.7
thereof for pensions	9.9	9.1
Expenses from performance plans	0.8	0.2
	71.0	**73.7**

The average number of employees in 2010 was 623 plus 59 employees (Management Board, trainees, employees in the passive phase of partial retirement or on parental leave) (hourly-paid employees: 0, salaried employees: 682). In 2009, the average number of employees was 667 plus 62 employees (Management Board, trainees, employees in the passive phase of partial retirement or on parental leave) (hourly-paid employees: 7, salaried employees: 722).

Expenses for pension schemes chiefly comprise expenses for contribution-related schemes, including employer contributions to statutory pension schemes.

7.8 Depreciation and amortisation

in € m	2010	2009
Depreciation and amortisation	6.6	6.2
Impairment losses	3.5	5.6
	10.1	**11.8**

Write-downs mainly relate to impairment losses on technical equipment under construction intended for the construction of caverns.

7.9 Expenses from investment property

in € m	2010	2009
Expenses from leased investment property	61.4	63.0
Expenses from partially vacant investment property	6.8	6.6
	68.2	**69.7**

This item primarily includes maintenance, land tax, operating expenses and taxes and fees which are directly attributable to investment property.

The ratios at the balance sheet date are the decisive factor in differentiating between leased and vacant investment property.

7.10 Other operating expenses

in € m	2010	2009
Auditing, legal and consultancy fees	20.0	28.2
Purchased external services	19.7	18.7
Communications and marketing	10.8	7.2
Data processing	11.4	11.0
Rents/leasing expense	6.1	9.2
Other taxes	5.0	1.2
Levies/fees/banking charges/early redemption penalties/charitable donations	4.2	2.6
Impairment losses on receivables	4.1	4.0
Travel expenses and ancillary personnel costs	4.0	3.8
Rent guarantees and general leases	3.7	13.7
Service/maintenance	3.5	2.8
Office, postal and telephone expenses	1.6	1.8
Insurance premiums	1.4	1.2
Losses from disposal of finance lease	0.0	4.2
Other expenses	17.0	27.7
	112.5	**137.4**

Of the auditing, legal and consultancy fees, €2.5 million (2009: €3.9 million) relate to PricewaterhouseCoopers Aktiengesellschaft Wirtschafts-prüfungsgesellschaft (Germany), of which €2.2 million (2009: €3.1 million) was with respect to fees for auditing financial statements, €0.1 million (2009: €0.2 million) for tax consultation, €0.2 million (2009: €0.3 million) for other certification services and €0.0 million (2009: €0.3 million) for other services.

Purchased services mostly relate to expenses for services in connection with property management.

At €2.5 million, rent guarantees particularly include costs incurred in connection with leasing a project development in Germany which was completed in the year under review and was subsequently transferred to the newly established and placed IVG Premium Green Fund.

Other taxes consist mainly of property acquisition tax for properties not shown as investment property.

Other expenses of €2.1 million refer to subsequent disposal costs from disposals in previous years and unrealised transactions. Expenses for litigation, transport and distribution are also reported here.

7.11 Gains/losses from associated companies accounted for using the equity method

Of the result from equity investments accounted for using the equity method, €9.7 million arises from income (2009: expense of €3.9 million) from the pro rata earnings in the financial year of equity investments accounted for using the equity method, €6.6 million from reversals of write-downs (2009: write-downs of €6.7 million) on shares in associated companies and €0.5 million from expenses from write-downs of receivables (2009: €1.6 million) from associated companies.

7.12 Income from equity investments

in € m	2010	2009
Income from equity investments	2.2	3.7
Impairment of equity investments and shares in affiliates	-0.2	-2.4
	1.9	**1.3**

Income from equity investments mainly contains €1.9 million (2009: €2.9 million) in distributions of the IVG Cavern Fund.

7.13 Financial result

in € m	2010	2009
Foreign currency income	38.8	72.7
Foreign currency expenses	-39.1	-74.5
Foreign currency earnings	**-0.3**	**-1.8**
Interest income	21.0	19.8
Capitalised interest (assets)	6.2	8.3
Interest expense	-224.8	-235.6
Interest earnings	**-197.6**	**-207.6**
Income from hedging transactions	19.7	9.5
Expenses from hedging transactions	-38.3	-22.2
Earnings from hedging transactions	**-18.5**	**-12.7**
Income from valuation of financial assets	4.2	13.8
Expenses from valuation of financial assets	-5.2	-21.9
Income from valuation of financial assets	**-1.1**	**-8.1**
Earnings from subsequent valuation of minority interests in partnerships	**-5.3**	**1.6**
Other financial income	1.1	3.8
Other financial expenses	-13.4	-28.5
Other financial result	**-12.3**	**-24.7**
Financial result	**-235.1**	**-253.4**

Financial expenses (2010: €316.7 million; 2009: €374.5 million) refer to expenses from foreign currencies, interest expense (after deduction of capitalised interest), expenses from hedging transactions, expenses from valuation of financial assets, expenses from subsequent valuation of minority interests in partnerships and other financial expenses.

Financial income (2010: €81.6 million; 2009: €121.1 million) refers to foreign currency income, interest income, income from hedging transactions and income from valuation of financial assets.

Foreign currency income and expenses mainly include currency effects from the foreign currency transactions of IVG Immobilien AG and from the valuation of internal and external loans in Euro to eastern European project companies.

Expenses and income from hedging transactions relate to gains and losses from the market valuation of hedge transactions not included in hedge accounting.

Income from valuation of financial assets relates predominantly to the valuation of a long-term loan to a project partner of IVG Private Funds GmbH. Expenses from the valuation of financial assets relate almost entirely to share certificates in Asian and Italian real estate funds.

Other financial expenses include in particular bank fees and financing costs for structuring and concluding new and extended loans.

7.14 Income taxes

in € m	**2010**	**2009**
Current income tax expense	-31.4	-24.3
Income tax expense from other periods	12.2	-0.3
Deferred taxes	21.3	55.9
	2.1	**31.3**

Tax reconciliation

Taxes on Group earnings before tax differ from the theoretical amount which would have resulted from applying the same Group tax rate of 31% (2009: 31%) to the earnings before tax as follows:

in € m	**2010**	**2009**
IAS/IFRS earnings before income taxes	**21.1**	**-189.3**
Expected tax expenses/income (Group tax rate)	**-6.5**	**58.7**
Effects of trade taxes	3.6	6.6
Difference in foreign tax rates	5.7	-7.3
Changes in tax rates	-0.2	0.4
Non-deductible expenses	-19.8	-17.9
Tax-free income	3.2	5.5
Deductible notional return on equity in foreign jurisdictions	19.8	22.6
Current non-deductible losses less current non-deductible losses carried forward and temporary differences for which there are no deferred taxes	-15.4	-36.6
Effects from other periods	12.2	0.3
Other	-0.5	-1.0
Effective income taxes (current and deferred taxes)	**2.1**	**31.3**
Group tax rate in %	-10.0	16.5

7.15 Earnings per share

Basic earnings per share

The basic earnings per share is determined by dividing the consolidated net profit from the period due to the shareholders of the parent company by the weighted average number of ordinary shares in circulation during the reporting year.

		2010	2009
Amount of consolidated net profit attributable to Group shareholders	in € m	-8.8	-190.1
Weighted number of shares issued	in millions	126.0	117.7
Basic earnings per share	in €	-0.07	-1.61

Diluted earnings per share

Calculation of the diluted earnings per share is basically consistent with basic earnings per share.

However, the diluted earnings per share is calculated by adjusting the share of the consolidated net income for the period due to the shareholders of the parent company and the weighted average number of ordinary shares in circulation for all dilution effects of potential ordinary shares.

The IVG Group has potential ordinary shares resulting from the convertible bond issue. The earnings share of Group shareholders is diluted by all financial expenses (after tax) resulting from the convertible bond, interest for the relevant period, and bank fees, as these are discontinued upon conversion of the convertible bonds and have no further influence on the share of the Group shareholders. The weighted average number of ordinary shares in circulation increases by the weighted average number of additional ordinary shares which would have been in circulation if all potential ordinary shares with a dilution effect were converted.

		2010	2009
Amount of consolidated net profit attributable to Group shareholders	in € m	-8.8	-190.1
Interest expense from bond (after taxes)	in € m	11.7	11.2
Amount of consolidated net profit attributable to Group shareholders (diluted)	in € m	2.9	-178.9
Weighted number of shares issued	in m	126.0	117.9
Effect of potential conversion of bond	in m	8.7	8.7
Adjusted weighted number of shares issued	in m	134.7	126.6
Diluted earnings per share*	in €	0.02	-1.41

* *Investors should be aware that the following remark does not form part of the annual financial statements of the Company: The amount of diluted earnings per share has been restated in the unaudited IFRS consolidated interim financial statements for the six month period ended June 30, 2011 and the restated amount has been reported again in note "Adjustment of diluted earnings per share" to the unaudited IFRS consolidated interim financial statements for the nine month period ended September 30, 2011, which are included elsewhere in this Prospectus.*

(Diluted) earnings per share determined pursuant to EPRA

Earnings per share determined on the basis of EPRA recommendations are based on earnings derived from the operational main business of the IVG Group. Neither unrealised nor realised changes in market value of investment property are taken into account.

The EPRA earnings per share are determined as follows:

		2010	2009
Amount of consolidated net profit attributable to Group shareholders	in € m	-8.8	-190.1
Unrealised changes in market value of Investment Property	in € m	-53.0	-2.8
Realised changes in market value from the sale of investment property and equity investments*	in € m	-12.2	56.3
Taxes on realised changes in market value from the sale of investment property and equity investments	in € m	0.9	-15.5
Negative goodwill/impairment of goodwill	in € m	0.0	3.9
Changes in fair value of financial instruments	in € m	18.6	7.1
Deferred taxes on above	in € m	28.9	20.1
Minority shares on above	in € m	0.0	0.0
Adjusted amount of consolidated net profit attributable to Group shareholders	in € m	-25.6	-121.0
Weighted number of shares issued	in m	126.0	117.9
EPRA earnings per share	in €	-0.20	-1.03
Effect of potential conversion of bond	in m	8.7	8.7
Adjusted weighted number of shares issued	in m	134.7	126.6
Diluted EPRA earnings per share	in €	-0.10	-0.96

* *Also includes the result from the disposal of the equity investments*

8 Notes to the consolidated statement of financial position – assets

8.1 Intangible assets

2010 in € m	**Concessions, indust. property rights and other rights as well as licenses to such rights**	**Goodwill**	**Total**
Acquisition costs at 01.01.	**10.4**	**269.0**	**279.4**
Exchange rate differences	-0.1	0.0	-0.1
Additions	0.2	0.0	0.2
Disposals	0.0	0.0	0.0
At 31.12.	**10.6**	**269.0**	**279.6**
Amortisation at 01.01.	**9.5**	**19.8**	**29.3**
Exchange rate differences	0.0	0.0	0.0
Additions	0.2	0.0	0.2
thereof extraordinary	*0.0*	*0.0*	*0.0*
Disposals	0.0	0.0	0.0
At 31.12.	**9.8**	**19.8**	**29.5**
Carrying amount at 31.12.	**0.8**	**249.2**	**250.0**
Carrying amount at 01.01.	**0.9**	**249.2**	**250.1**

2009 in € m	Concessions, indust. property rights and other rights as well as licenses to such rights	Goodwill	Total
Acquisition costs at 01.01.	**10.7**	**265.1**	**275.8**
Exchange rate differences	-0.1	0.0	-0.1
Additions	0.8	3.9	4.7
Disposals	-1.0	0.0	-1.0
At 31.12.	**10.4**	**269.0**	**279.4**
Amortisation at 01.01.	**10.2**	**15.9**	**26.1**
Exchange rate differences	-0.1	0.0	-0.1
Additions	0.4	3.9	4.3
thereof extraordinary	*0.0*	*3.9*	*3.9*
Disposals	-1.0	0.0	-1.0
At 31.12.	**9.5**	**19.8**	**29.3**
Carrying amount at 31.12.	**0.9**	**249.2**	**250.1**
Carrying amount at 01.01.	**0.5**	**249.2**	**249.7**

The reported goodwill is mainly allocated to the cash-generating units (CGUs) IVG Institutional Funds (specialised real estate fund for institutional investors €237.9 million, 2009: €237.9 million) and IVG Private Funds (closed-end property funds for private investors €11.3 million, 2009: €11.3 million).

In the case of the CGU IVG Institutional Funds, the relevant monitoring level for IVG's management is the change in the enterprise value, the major component of which is the total volume of funds under management.

IVG's management's monitoring of the CGU IVG Private Funds is carried out on the basis of profit from operations, for which the main determinant is the performance in raising equity for the closed-end property funds.

The realisable value for the CGUs IVG Institutional Funds and IVG Private Funds is determined by the calculation of their value in use. These calculations are based on medium-term budgets approved by management, which cover a period of three years. To determine the value of the annuity (value component from the end of the detailed planning period), sustainable operating cash flows are extrapolated using a growth rate for the CGU IVG Institutional Funds of 1.0% p.a. (2009: 1.0%). The growth rate reflects the long-term expectations. No growth rate was taken into account for the CGU IVG Private Funds in (2009: 1.0%). The weighted average cost of capital (WACC) for each CGU was calculated in line with the capital asset pricing model (CAPM). The discount rates were set on the basis of market data and amounted to 6.8% (2009: 10.4%) for the CGU IVG Institutional Funds and 9.8% (2009: 15.5%) for the CGU IVG Private Funds before taxes.

As the value in use exceeded the carrying amounts of the CGUs IVG Institutional Funds and IVG Private Funds, there was no need for an impairment as of 31 December 2010. An increase of the discount rate of 0.5% and a reduction of the long-term growth rate of 0.5% from which the IVG Group determines the value in use for both funds' CGUs would not result in an impairment requirement.

8.2 Investment property

in € m	2010 IP (at fair value)	IP under constr. (at fair value)	IP under constr. (at cost)	2009 IP (at fair value)	IP under constr. (at fair value)	IP under constr. (at cost)
Carrying amount as of 01.01.	**4,252.6**	**327.5**	**187.6**	**5,172.2**	**0.0**	**0.0**
Exchange rate differences	4.2	0.0	0.0	17.2	0.0	0.0
Change in the group of consolidated companies	0.0	0.0	0.0	-56.8	0.0	0.0
Reclassifications from property, plant and equipment due to the first-time application of IAS 40 (Revised) at the carrying amounts	0.0	0.0	0.0	0.0	11.1	242.8
Additions	59.7	82.0	46.2	52.9	45.1	53.6
Disposals	-264.8	0.0	0.0	-123.1	0.0	-0.5
Realised changes in market value of investment property	-90.8	143.8	0.0	-179.0	196.5	0.0
Write-down	0.0	0.0	-1.3	0.0	0.0	-1.7
Appreciation	0.0	0.0	1.2	0.0	0.0	0.0
Reclassifications from IP under construction valued at cost to IP under construction valued at fair value	0.0	66.1	-66.1	0.0	106.6	-106.6
Reclassifications from IP under construction to IP	175.6	-175.6	0.0	31.8	-31.8	0.0
Reclassifications to non-current assets held for sale	-30.7	0.0	0.0	-677.8	0.0	0.0
Reclassifications from non-current assets held for sale	43.4	0.0	0.0	9.2	0.0	0.0
Reclassifications from property, plant and equipment and intangible assets	0.0	0.0	0.0	6.0	0.0	0.0
Carrying amount at 31.12.	**4,149.2**	**443.9**	**167.6**	**4,252.6**	**327.5**	**187.6**

Of the additions in the financial year, €128.2 million (2009: €98.7 million) relates to investments in investment property under construction and €19.2 million to the payment of the remaining purchase price for an office property in Munich.

In the financial year, €40.5 million (2009: €20.5 million) was invested in the property portfolio – €35.7 million (2009: €15.0 million) in Germany and €4.8 million (2009: €5.5 million) in the rest of Europe.

Disposals for carrying amounts mainly result from the sale of office and commercial property in London (€86.5 million), Glasgow (€32.6 million), Berlin (€8.3 million) and Neuss (€4.5 million). Four caverns (€123.4 million) were also sold to the IVG Cavern Fund.

The change in the group of consolidated companies in 2009 related to sales of investment property as part of share deals.

Real estate with a total value of €30.7 million (2009: €677.8 million) was reclassified in non-current assets held for sale in the 2010 financial year. As a result of abandoning the intention to sell, real estate with a total value of €43.4 million (2009: €9.2 million) was reclassified from non-current assets held for sale back to investment property (see Section 8.9).

8.3 Property, plant and equipment

2010 in € m	Land and buildings (own use)	Land and buildings – finance leasing	Technical plant and machines	Other plant, office equipment	Advance payments made and construction in progress	Total
Acquisition costs at 01.01.	**30.3**	**0.0**	**64.0**	**18.3**	**31.3**	**143.9**
Exchange rate differences	0.0	0.0	0.0	0.0	0.0	0.0
Change in the group of consolidated companies	0.0	0.0	0.0	0.0	0.0	0.0
Additions	4.3	1.7	10.2	1.1	2.3	19.7
Disposals	-0.5	0.0	-0.4	-1.3	0.0	-2.2
Reclassifications to investment property due to the first-time application of IAS 40 (Revised)	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications to investment property	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications to and from inventories	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.6	0.0	9.9	0.0	-10.5	0.0
At 31.12.	**34.8**	**1.7**	**83.7**	**18.1**	**23.1**	**161.4**
Amortisation at 01.01.	**5.2**	**0.0**	**8.2**	**11.3**	**0.0**	**24.7**
Additions	0.7	0.1	3.7	2.1	2.2	8.7
thereof extraordinary	*0.0*	*0.0*	*0.0*	*0.0*	*2.2*	*2.2*
Disposals	0.0	0.0	0.0	-1.0	0.0	-1.0
At 31.12.	**6.0**	**0.1**	**11.9**	**12.4**	**2.2**	**32.5**
Carrying amount at 31.12.	**28.8**	**1.6**	**71.8**	**5.8**	**20.9**	**128.9**
Carrying amount at 01.01.	**25.1**	**0.0**	**55.8**	**7.0**	**31.3**	**119.2**

2009 in € m	Land and buildings (own use)	Land and buildings – finance leasing	Technical plant and machines	Other plant, office equipment	Advance payments made and construction in progress	Total
Acquisition costs at 01.01.	**26.3**	**0.0**	**56.9**	**19.8**	**286.6**	**389.6**
Exchange rate differences	0.0	0.0	0.0	0.1	0.0	0.1
Change in the group of consolidated companies	0.8	0.0	0.0	0.0	0.0	0.8
Additions	2.1	0.0	1.5	1.2	15.9	20.7
Disposals	-0.3	0.0	0.0	-2.8	-3.3	-6.4
Reclassifications to investment property due to the first-time application of IAS 40 (Revised)	0.0	0.0	0.0	0.0	-253.9	-253.9
Reclassifications to investment property	0.0	0.0	0.0	0.0	-6.0	-6.0
Reclassifications to and from inventories	1.5	0.0	0.0	0.0	-2.5	-1.0
Reclassifications	-0.1	0.0	5.6	0.0	-5.5	0.0
At 31.12.	**30.3**	**0.0**	**64.0**	**18.3**	**31.3**	**143.9**
Amortisation at 01.01.	**4.9**	**0.0**	**4.8**	**11.8**	**0.0**	**21.5**
Additions	0.5	0.0	3.4	1.8	0.0	5.7
thereof extraordinary	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Disposals	-0.2	0.0	0.0	-2.3	0.0	-2.5
At 31.12.	**5.2**	**0.0**	**8.2**	**11.3**	**0.0**	**24.7**
Carrying amount at 31.12.	**25.1**	**0.0**	**55.8**	**7.0**	**31.3**	**119.2**
Carrying amount at 01.01.	**21.4**	**0.0**	**52.1**	**8.0**	**286.6**	**368.1**

The additions to property, plant and equipment totalling €19.7 million (2009: €20.7 million) chiefly relate to the expansion and completion of piping systems (€11.8 million), infrastructure measures (€3.5 million) and a logistics centre held under a finance lease (€1.7 million), allocated to the IVG Caverns segment.

Depreciation increased by €3.0 million from €5.7 million to €8.7 million. This includes a write-down on an item of technical equipment in the Caverns segment (€2.2 million) that the supplier was unable to deliver to requirements.

8.4 Financial assets

2010 in € m	Shares in equity investments accounted for using the equity method	Equity investments and shares in affiliates	Shares in other equity investments	Securities
Acquisition costs at 01.01.	**83.2**	**8.7**	**129.1**	**0.0**
Exchange rate differences	0.9	0.0	5.1	**0.0**
Additions	24.2	0.0	7.2	**0.0**
Changes at equity	0.3	0.0	0.0	**0.0**
Disposals	-27.0	-2.1	-11.0	**0.0**
Reclassifications	0.0	0.0	-17.3	**0.0**
At 31.12.	**81.6**	**6.7**	**113.2**	**0.0**
Amortisation at 01.01.	**6.7**	**5.5**	**34.2**	**0.0**
Exchange rate differences	0.0	0.0	1.5	**0.0**
Impairments	0.0	0.2	5.2	**0.0**
Write-up or appreciation	-6.6	-0.1	-2.0	**0.0**
Unrealised gains and losses recognised in other reserves	0.0	0.0	-1.6	**0.0**
Disposals	-0.4	-2.1	-0.1	**0.0**
Reclassifications	0.0	0.0	-15.8	**0.0**
At 31.12.	**-0.4**	**3.6**	**21.3**	**0.0**
Carrying amount at 31.12.	**81.9**	**3.1**	**91.8**	**0.0**
Carrying amount at 01.01.	**76.5**	**3.2**	**94.9**	**0.0**

2010 in € m	Loans to affiliates	Loans to equity investments accounted for using the equity method	Loans to other companies	Other loans	Financial assets
Acquisition costs at 01.01.	**9.4**	**2.0**	**8.8**	**114.4**	**355.6**
Exchange rate differences	0.0	0.0	0.0	0.0	**6.0**
Additions	0.5	0.8	0.0	6.4	**39.1**
Changes at equity	0.0	0.0	0.0	0.0	**0.3**
Disposals	-1.5	-1.9	0.0	-18.1	**-61.4**
Reclassifications	0.0	0.0	0.0	0.0	**-17.3**
At 31.12.	**8.4**	**1.0**	**8.7**	**102.7**	**322.3**
Amortisation at 01.01.	**9.4**	**0.0**	**8.8**	**43.2**	**107.7**
Exchange rate differences	0.0	0.0	0.0	4.3	**5.8**
Impairments	0.0	0.0	0.0	0.1	**5.5**
Write-up or appreciation	0.0	0.0	0.0	-2.5	**-11.2**
Unrealised gains and losses recognised in other reserves	0.0	0.0	0.0	0.0	**-1.6**
Disposals	-1.5	0.0	0.0	0.0	**-4.0**
Reclassifications	0.0	0.0	0.0	0.0	**-15.8**
At 31.12.	**7.9**	**0.0**	**8.8**	**45.2**	**86.4**
Carrying amount at 31.12.	**0.5**	**1.0**	**0.0**	**57.5**	**235.8**
Carrying amount at 01.01.	**0.0**	**2.0**	**0.0**	**71.2**	**247.9**

2009 in € m	Shares in equity investments accounted for using the equity method	Equity investments and shares in affiliates	Shares in other equity investments	Securities
Acquisition costs at 01.01.	**37.8**	**30.0**	**166.8**	**34.0**
Exchange rate differences	0.0	0.0	-0.7	**0.0**
Additions	55.3	0.2	14.7	**0.0**
Changes at equity	-7.0	0.0	0.0	**0.0**
Disposals	-2.9	-21.6	-46.4	**-34.0**
Reclassifications	0.0	0.1	-5.3	**0.0**
At 31.12.	**83.2**	**8.7**	**129.1**	**0.0**
Amortisation at 01.01.	**-0.1**	**24.7**	**33.4**	**-3.7**
Exchange rate differences	0.0	0.0	-0.2	**0.0**
Impairments	6.8	2.3	12.2	**0.0**
Write-up or appreciation	0.0	0.0	0.0	**0.0**
Evaluated at fair value through profit and loss	0.0	0.0	0.0	**0.0**
Unrealised gains and losses recognised in other reserves	0.0	0.0	-7.7	**0.0**
Disposals	0.0	-21.6	-1.3	**3.7**
Reclassifications	0.0	0.0	-2.2	**0.0**
At 31.12.	**6.7**	**5.5**	**34.2**	**0.0**
Carrying amount at 31.12.	**76.5**	**3.3**	**94.9**	**0.0**
Carrying amount at 01.01.	**37.9**	**5.4**	**133.5**	**37.7**

2009 in € m	Loans to affiliates	Loans to equity investments accounted for using the equity method	Loans to other companies	Other loans	Financial assets
Acquisition costs at 01.01.	**0.0**	**2.8**	**8.8**	**116.8**	**397.1**
Exchange rate differences	0.0	0.0	0.0	5.9	**5.2**
Additions	9.3	8.7	0.0	6.6	**94.8**
Changes at equity	0.0	0.0	0.0	0.0	**-7.0**
Disposals	0.0	-9.5	0.0	-14.8	**-129.2**
Reclassifications	0.1	0.0	0.0	-0.1	**-5.2**
Stand 31.12.	**9.4**	**2.0**	**8.8**	**114.4**	**355.6**
Amortisation at 01.01.	**0.0**	**0.0**	**8.8**	**50.8**	**113.7**
Exchange rate differences	0.0	0.0	0.0	0.0	**-0.2**
Impairments	9.4	0.0	0.0	5.7	**36.5**
Write-up or appreciation	0.0	0.0	0.0	-13.3	**-13.3**
Unrealised gains and losses recognised in other reserves	0.0	0.0	0.0	0.0	**-7.7**
Disposals	0.0	0.0	0.0	0.0	**-19.1**
Reclassifications	0.0	0.0	0.0	0.0	**-2.1**
At 31.12.	**9.4**	**0.0**	**8.8**	**43.2**	**107.7**
Carrying amount at 31.12.	**0.0**	**2.0**	**0.0**	**71.2**	**247.9**
Carrying amount at 01.01.	**0.0**	**2.8**	**0.0**	**66.1**	**283.4**

The addition to shares in equity investments accounted for using the equity method relate to the first-time consolidation and increases in equity of IVG Premium Green Fund (€14.0 million) and of the joint venture Freya-Pipeline GmbH & Co. KG, which was sold later in the year (addition of €10.1 million and disposal of €19.2 million). Another major disposal of €5.4 million relates to a capital repayment from the IVG Protect Fund. The change accounted for using the equity method includes income of €9.7 million from the pro rata earnings of equity investments accounted for using the equity method less the associated distributed dividends of €9.4 million. The impairment losses recognised in the previous year on the equity investment in the IVG Greater London Fund were reversed after the reasons for them ceased to apply.

In terms of additions, the changes in the shares in other equity investments particularly result from calling in funds for the specialised cavern fund placed by IVG (€2.7 million) and from fund units held by a subsidiary of IVG (€3.5 million). Fund units with an acquisition cost of €20.3 million including impairment losses of €15.8 million were reclassified as non-current assets held for sale and sold in the 2010 financial year (see Section 8.9). Further classifications totalling €3.0 million relate to retained interests of 5.1% each in two project companies that were sold to the IVG Premium Green Fund placed by IVG. The disposals of shares in other equity investments chiefly result from capital repayments of fund units, accounting for €10.8 million. The impairment losses of €4.4 million also relate to these fund units.

The disposals from loans to affiliates relate entirely to the repayment of a loan extended to a fully placed fund in 2009. Due to the repayment at nominal value, the written-down loan results in other financial income of €1.5 million.

The loan to equity investments accounted for using the equity method relates to the IVG Real Estate Investor Fund, which repaid a loan almost in full at €1.9 million in the year under review.

At €5.5 million, the additions to other loans relate to capitalised interest on a loan in British pounds extended to a project partner of IVG Private Funds in 2007.

In valuing this loan, impairments of €2.5 million were reversed. The repayment of a long-term loan to a French project development fund ("FDV II") was reported under disposals at €17.1 million (2009: €13.7 million).

8.5 Receivables and other assets

			2010			**2009**
in € m	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Trade receivables	38.6	0.9	37.7	43.7	0.3	43.4
Receivables from associated companies	19.6	0.0	19.6	16.2	0.0	16.2
Receivables from other taxes	24.5	0.0	24.5	23.8	6.7	17.1
Receivables from affiliates	5.7	0.0	5.7	5.8	0.0	5.8
Receivables from other equity investments	54.9	43.3	11.6	39.0	29.6	9.4
Surplus on plan assets (see Section 9.5)	2.8	2.8	0.0	1.5	1.5	0.0
Other assets	63.2	0.1	63.1	61.7	0.2	61.5
Accrued and deferred items	15.3	0.6	14.7	25.8	0.8	25.0
	224.6	**47.6**	**177.0**	**217.5**	**39.1**	**178.4**

The fair value of receivables and other assets approximate the carrying amounts.

Receivables from associated companies mainly refer to the project development companies HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer I und II Vermietungs KG with €4.9 million (2009: €4.8 million), and Frankonia Parkstadt Schwabing GmbH, Nettetal, with €5.5 million (2009: €5.2 million) and the property companies Moosacher Straße mbH & Co. KG with €1.8 million (2009: €1.8 million) and the IVG Premium Green Fund with

€2.8 million (2009: €0.0 million). This item also includes receivables from the investment companies Rantasarfvik Oy, Helsinki, with €2.7 million (2009: €2.6 million) and IVG Real Estate Investor Funds s.a.r.l., Luxembourg, with €1.9 million (2009: €1.8 million).

The other tax receivables mostly relate to recoverable value added tax (USt).

Receivables from other equity investments include mainly (€54.1 million; 2009: €38.2 million) from a compensation agreement as part of the sale of cavern assets to the specialised cavern fund launched in 2008. The receivables are due to IVG's lease extensions and new leases for the caverns allocated to fund assets.

Other assets included receivables from construction contracts from third parties of €21.3 million (2009: €14.7 million), receivables from financing from third parties of €1.8 million (2009: €2.8 million), receivables from disposals of assets of €2.6 million (2009: €10.3 million) and other assets of €37.3 million (2009: €33.8 million).

In financial year 2010, accounts receivable were written down by the Group in the amount of €4.1 million (2009: €4.0 million) and are recognised under other expenses.

8.6 Inventories

in € m	2010	2009
Raw materials and consumables	6.6	6.0
Unfinished goods, work in progress	998.6	789.4
Finished goods	55.8	137.8
Payments on account	4.0	6.4
	1,065.0	**939.6**

Of the inventories, €874.3 million (2009: €427.5 million) will probably remain for more than one year.

The increase in work in progress is primarily the result of project progress at THE SQUAIRE GmbH & Co. KG (€397.28 million; 2009: €227.1 million) and other project companies in Germany (€78.4 million; 2009: €98.6 million) and in other countries (€2.0 million; 2009: €80.9 million).

Impairment losses for inventories (see Section 7.6) amounted to €59.4 million (2009: €166.9 million). The decrease in finished goods results particularly from the disposal of inventories due to the sale of project developments in the UK, Germany and Poland. In 2010, borrowing costs of €25.8 million (2009: €38.8 million) were recognised in inventories.

The carrying amount of inventories stated at net realisable value is €963.7 million (2009: €757.5 million).

8.7 Securities and equity investments (current)

Other equity investments include repurchased interests in EuroSelect funds.

The sales in the year under review relate predominantly to partial sales of interests in the EuroSelect 17 Amstelveen fund reported in the previous year.

8.8 Cash and cash equivalents

This item includes primarily bank balances and to an insignificant extent short-term deposits belonging to IVG Immobilien AG, Bonn and those companies not yet included in the cash clearing system. In 2010, the interest rates for cash and cash equivalents ranged from 0.35% to 2.75% (2009: between 0.35% and 3.4%).

8.9 Non-current assets held for sale

in € m	2010	2009
Assets held for sale	**30.7**	**32.9**
Disposal group assets	**0.0**	**213.8**
Investment property	0.0	205.7
Other assets	0.0	0.1
Cash	0.0	8.0
Total	**30.7**	**246.8**
Disposal group liabilities	**0.0**	**84.9**
Bank loans	0.0	79.9
Other liabilities	0.0	3.8
Financial derivates	0.0	1.0
Deferred tax liabilities	0.0	0.3

Four investment properties from the IVG Real Estate segment classified as assets held for sale (total fair value of €19.0 million) and fund units from the IVG Real Estate segment (€5.7 million) were sold as planned in 2010.

In the financial year, fund units were reclassified to non-current assets held for sale that were sold in the financial year. These units are shares from the IVG Real Estate segment (€4.5 million).

Assets held for sale reported in the financial year 2010 refer to investment property from the IVG Real Estate segment, which are to be sold in financial year 2011.

The Brussels office complex “TheNorthGate”, which was reported as a disposal group of the IVG Real Estate segment in the previous year, was placed as planned via a fund construct in 2010.

The real estate portfolio in Nuremberg which was reported as a disposal group of the IVG Real Estate segment in the previous year, and the investment property of the IVG Real Estate segment in Munich and Berlin classified as assets held for sale in the previous year, were reclassified back to investment property due to the intention to sell being abandoned. These reclassifications did not have any impact on earnings.

9 Notes to the consolidated statement of financial position – equity and liabilities

9.1 Equity

Details of the effects of deferred taxes on the individual components of income and expenses directly recognised in equity are shown in the following table:

	2010			2009		
in € m	**Before deduction of taxes**	**Taxes**	**After deduction of taxes**	**Before deduction of taxes**	**Taxes**	**After deduction of taxes**
Market valuation available-for-sale securities	4.3	-0.7	3.5	6.4	-1.1	5.3
Market valuation of hedging instruments	31.8	-3.8	28.1	-17.9	5.8	-12.1
Adjustment for currency translation of foreign subsidiaries	0.5	0.0	0.5	6.7	0.0	6.7
Actuarial earnings and losses from performance-based pension plans and similar obligations	-2.7	0.8	-1.9	-2.5	0.5	-2.0
Income and expenses recognised in equity	**33.9**	**-3.7**	**30.2**	**-7.3**	**5.2**	**-2.1**

As at 31 December 2010, the share capital of IVG Immobilien AG amounted to €126,000,000.00 and was divided into 126,000,000 bearer shares with no par value. After almost complete utilisation of Authorised Capital II after the balance sheet date, the share capital now amounts to €138,599,999.00 since 14 February 2011. It is divided into 138,599,999 bearer shares with no par value.

At the balance sheet date, the authorised capital was as follows:

Authorised Capital I	
by issuing new registered ordinary shares and/or preference shares with or without voting rights in exchange for cash	€ 24 million in accordance with the resolution of the General Meeting on 14 May 2009
Authorised Capital II	
by issuing new no-par-value bearer shares with a pro rata share of the share capital of €1 each in exchange for cash	€ 12.6 million in accordance with the resolution of the General Meeting on 20 May 2010
Authorised Capital III	
by issuing new registered ordinary shares and/or preference shares with or without voting rights for payment in cash or in kind	€ 24 million in accordance with the resolution of the General Meeting on 14 May 2009

The Authorised Capital II was almost entirely utilised after the balance sheet date, with shareholders' subscription rights disapplied, through the placement of 12,599,999 new bearer shares with institutional investors as part of an accelerated book-building process. The placement price was €6.90 per share. The gross proceeds amounted to approximately €87 million, two thirds of which were used for the initiation of restructuring and the associated extension of the maturity profile of the company's liabilities to banks. The other third was used to finance SQUAIRE Parking project. The capital increase was entered in the Commercial Register on 14 February 2011.

There were also three contingent capital increases as of the balance sheet date:

The share capital was increased contingently by €8.7 million. This contingent capital serves to grant shares to the holders of the convertible bonds issued by a Dutch subsidiary for a total amount of €400 million. The contingent capital increase will be implemented only to the extent called up by the holders of the rights to convertible bonds or of warrants from bonds with warrants.

The convertible bonds issued on 29 March 2007 have a term of ten years. They can be called in early by the holders for the first time with effect from 29 March 2014.

The share capital is also contingently raised by €22.0 million (Contingent Capital 2007). This contingent capital serves to fulfil the granting of shares to the bearers or creditors of convertible bonds or options which have been issued pursuant to the authorisation by the General Meeting of 24 May 2007.

The share capital is also contingently raised by €30.0 million (Contingent Capital 2010). This contingent capital serves to fulfil the granting of shares to the bearers or creditors of convertible bonds or options which have been issued pursuant to the authorisation by the company's General Meeting of 20 May 2010.

IVG Immobilien AG once again issued no IVG shares to employees in 2010 as part of an employee savings scheme.

60 shares from the IVG value programme were taken back from departing employees, representing a value of €1,067.40.

IVG held 32,230 treasury shares as at 31 December 2010 (2009: 32,170). This corresponds to 0.0256% of IVG's share capital, i.e. €32,230.00.

The other reserves comprise cumulative translation differences, changes in the fair value of financial instruments in the category "held for sale", derivatives designated to a specific hedge relationship, and any related deferred taxes.

Retained earnings contain the undistributed net earnings of companies included in the consolidated financial statements and actuarial profits from pensions obligations recognised in equity and any related deferred taxes.

At the General Meeting on 20 May 2010, it was decided not to distribute any dividends to the shareholders for the 2009 financial year (2009: no dividends for the 2008 financial year).

9.2 Financial liabilities

			2010			2009
in € m	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Convertible bond	324.6	324.6	0.0	314.6	314.6	0.0
Bank loans	4,903.3	3,781.0	1,122.2	4,837.6	4,055.2	782.4
Finance leases	1.6	1.5	0.1	0.0	0.0	0.0
Financing liabilities to affiliates	4.2	0.0	4.2	4.1	0.0	4.1
Financing liabilities to associated companies	1.6	0.0	1.6	1.7	0.0	1.7
Liabilities to equity investments	0.7	0.0	0.7	7.3	0.0	7.3
Minority interests in partnerships	36.0	36.0	0.0	82.7	82.7	0.0
Other financial liabilities	16.5	0.0	16.5	6.4	0.0	6.4
Total	**5,288.5**	**4,143.1**	**1,145.4**	**5,254.4**	**4,452.5**	**802.0**

The nominal values of floating and fixed-interest rate bank loans are denominated in the following currencies (equivalents in Euro):

in € m	2010	2009
Euro	4,840.5	4,710.0
Pounds Sterling	37.3	127.6
US Dollars	38.9	0.0
	4,916.7	**4,837.6**

The decrease in loans denominated in pounds sterling (GBP) is due to repayment from sales proceeds of properties from London. The increase in loans in US dollars is a result of the partial reorganisation of hedging from EUR loans and currency swaps to natural hedging (loan financing in the investment currency).

The maturities of the floating and fixed-interest rate bank loans (including liabilities to banks from the disposal group, netting positions and accrued items) are as follows:

	2010		2009	
in € m	**Fixed-interest liabilities**	**Weighted interest rate in %**	**Fixed-interest liabilities**	**Weighted interest rate in %**
Up to 1 year	3.9	4.88	3.7	4.86
1 to 2 years	3.1	5.12	3.9	4.88
2 to 3 years	23.4	5.67	3.1	5.12
3 to 4 years	22.8	5.84	23.4	5.67
4 to 5 years	28.7	4.27	22.8	5.84
Over 5 years	4.8	4.85	33.6	4.35
Total	**86.7**	**5.15**	**90.5**	**5.14**

	2010		2009	
in € m	**Variable-interest liabilities**	**Weighted margin in %**	**Variable-interest liabilities**	**Weighted margin in %**
Up to 1 year	1,127.6	2.32	807.3	1.58
1 to 2 years	2,021.0	1.90	486.6	2.37
2 to 3 years	116.7	0.84	1,939.3	1.67
3 to 4 years	1,406.3	0.73	102.5	0.62
4 to 5 years	115.6	1.52	1,532.5	0.73
Over 5 years	42.8	1.85	0.0	0.00
Total	**4,830.0**	**1.63**	**4,868.2**	**1.41**

The average interest rate for all liabilities to banks and convertible bond amounts to 3.98% (2009: approximately 4.04%). Fixed interest loans are subject to an average interest rate of approximately 5.15% (2009: approximately 5.14%). Floating interest rate liabilities are subject to regular rate adjustments. The adjustments are mainly based on 1, 3, 6 or 12-month EURIBOR/LIBOR plus an average margin of 1.63% (2009: 1.41%).

Depending on term, interest rates in the euro zone were between 0.22% and 3.70% (2009: between 0.26% and 4.06%), those in the pound sterling zone were between 0.57% and 3.95% (2009: between 0.51% and 4.37%) and those in the US dollar zone were between 0.25% and 4.09% (2009: between 0.17% and 4.53%).

A part of the variable loans is backed by interest rate swaps. The nominal volumes of those interest rate swaps are as follows (annual averages):

	2010		2009	
in € m	**Year**	**Nominal**	**Year**	**Nominal**
	2011	2,604.5	2010	2,960.0
	2012	2,138.9	2011	2,346.0
	2013	754.3	2012	1,865.0
	2014	537.4	2013	268.0
	2015	342.6	2014	176.0
	2016 ff.	28.1	2015 ff.	86.0

Bank loans are in part secured by charges on property:

in € m	**2010**	**2009**
Financial liabilities secured by charges on property	3,044.5	2,850.3
thereof on investment property	*2,345.6*	*2,192.3*

Fixed-term deposits with a carrying amount of €20.0 million (2009: €20.0 million) are also pledged as security for financial liabilities. As in the previous year, no items of property, plant and equipment are pledged.

9.3 Derivative financial instruments

The following derivative financial instruments were held at the balance sheet date:

	2010		2009	
in € m	**Nominal volume**	**Market value**	**Nominal volume**	**Market value**
Assets				
Currency hedges	0.0	0.0	118.8	1.4
Interest rate hedges	477.5	3.5	0.0	0.0
Total	**477.5**	**3.5**	**118.8**	**1.4**
Liabilities				
Currency hedges	0.0	0.0	13.7	-0.3
Interest rate hedges	2,590.7	-107.1	3,239.8	-121.3
Total	**2,590.7**	**-107.1**	**3,253.5**	**-121.6**

The nominal value of all derivative financial instruments was €3,068.2 million (2009: €3,372.3 million). The total as at 31 December 2009 includes an interest rate swap from the property disposal group with a nominal value of €103.5 million and a market value of -€1.0 million. This does not include the writer put option as part of the "IVG Protect fund" (market value -€5.0 million as at 31 December 2009 and -€5.5 million as at 31 December 2010).

The decrease in hedging contracts results from the sale of real estate in the UK and from the change in hedging by way of currency swaps to natural hedging (loan financing in investment currency). The decrease in interest rate hedges is mainly a result of the expiration of interest rate swaps for financing the project THE SQUAIRE.

The opposed changes in the value of hedged items are not taken into account when determining the market values of derivative financial instruments. These therefore do not represent the combined amount that IVG would receive for hedges and hedged items on immediate direct sale under current market conditions.

The carrying amounts of the derivatives approximate to market value. Before derivative contracts are concluded, IVG runs a credit check on the business partner. As at 31 December 2010, all derivative contracts are with banks with good credit rating or banks that have accepted state emergency packages.

As at 31 December 2010, negative market values before deduction of deferred taxes of -€85.1 million (2009: -€116.9 million) are deferred in equity. It consists of positive market values of €12.9 million (2009: €12.9 million) from net investment hedges and positive market values of €3.5 million (2009: €0.0 million) from cash flow hedges and negative market values of -€101.5 million (2009: -€129.8 million) from cash flow hedges.

The following effects resulted after the deduction of deferred taxes in the financial year 2010: A sum of +€31.8 million (2009: -€17.9 million) was recognised in equity which results from changes in market value of the cash flow hedges of +€8.8 million (2009: -€22.2 million) and from the release of the cumulated amount of prematurely released cash flow hedges of €23.0 million (2009: €4.3 million).

Ineffectiveness of cash flow hedge relationships led to a negative contribution to earnings of -€1.2 million in 2010 (2009: -€5.2 million).

In 2010 the hedge accounting relationship was ended for interest rate swaps with a nominal value of €1,338.5 million (2009: €315.0 million). At the time of release, the swaps had a negative market value of -€70.7 million (2009: -€10.5 million).

The market value of swaps that are classified as net investment hedges, amounted to €0.0 million (2009: €0.0 million), the market value of derivatives allocated to a cash flow hedge relationship was -€25.5 million (2009: -€104.0 million). The market value of derivatives not included in hedge accounting amounted to -€78.1 million (2009: -€22.6 million).

The secured cash flows from the cash flow hedges occur as a consequence of interest payments. In future periods the following interest payments will be recognised in income in the following nominal volumes (annual averages):

	2010		2009	
in € m	**Year**	**Nominal**	**Year**	**Nominal**
	2011	1,345.0	2010	2,416.0
	2012	1,028.5	2011	2,267.0
	2013	731.8	2012	1,329.0
	2014	516.9	2013	245.0
	2015	338.4	2014	156.0
	2016 ff.	4.0	2015 ff.	82.0

As at 31 December 2010 and 31 December 2009, there were no derivatives in net investment hedge relationships.

9.4 Income taxes

Deferred tax assets and liabilities are netted at individual company level and within fiscal units when the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

Deferred tax assets and liabilities changed as follows over the financial year:

	2010		2009	
in € m	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Investment property	103.8	94.6	178.5	130.2
Receivables (particularly leasing)	0.4	20.8	0.9	5.8
Tax free provisions (including Section 6b of the German Income Tax Act (EStG))	0.0	9.8	0.0	32.8
Liabilities and provisions	49.8	37.0	29.8	15.0
Inventories	54.4	4.6	50.9	0.7
Financial assets and securities	8.7	7.1	2.1	10.0
Other temporary differences	4.1	12.4	5.9	2.8
Tax loss carryforwards	164.5	0.0	110.8	0.0
	385.7	**186.2**	**378.9**	**197.3**
Netting of deferred tax assets and liabilities	**-114.7**	**-114.7**	**-97.7**	**-97.7**
Recognition in financial statements	**271.0**	**71.5**	**281.2**	**99.6**
thereof current	*100.8*	*4.8*	*61.7*	*2.8*
thereof non-current	*170.2*	*66.7*	*219.5*	*96.8*

As at the 2010 balance sheet date, €9.4 million (2009: €13.1 million) of deferred tax assets and liabilities for hedge relationships and financial instruments in the category "held for sale" and for actuarial earnings and losses were recognised directly in equity.

On tax loss carryforwards of €802.2 million (2009: €746.2 million) and temporary differences of €404.9 million (2009: €267.3 million) no deferred tax assets were recognised, as it is assumed that these will not be able to be used in the future.

Maturity of unrecognised tax loss carryforwards:

in € m	2010	2009
Up to 1 year	2.1	0.1
1 to 5 years	0.9	2.6
Over 5 years	799.2	743.5
	802.2	**746.2**

Deferred tax liabilities resulting from temporary differences arising in connection with equity investments in subsidiaries of €6.3 million (2009: €6.2 million) are not recognised, as the Group can control the time when the temporary differences will be reversed and as it is likely that the temporary differences will not be reversed in the foreseeable future.

The receivables and liabilities from income taxes recognised in the balance sheet are split between the following term structures:

Current income tax receivables of €45.2 million (2009: €49.0 million) refer mainly to tax reimbursement claims from chargeable taxes, prepaid taxes and chargeable taxes from the Maltese company of €15.0 million. These reimbursement claims are offset against liabilities of €15.8 million.

Current income tax liabilities of €77.8 million (2009: €80.5 million) include, in addition to the above-mentioned liabilities, income taxes for the tax group of €11.7 million and income taxes for a Belgian company of €15.4 million

9.5 Pension provisions

IVG maintains both defined benefit and defined contribution plans for its employees. These plans include provisions for retirement, disability and surviving dependents of employees.

The IVG Group uses statistical and actuarial calculations from actuaries in order to take account of anticipated future developments regarding expenses and obligations under defined benefit plans. These calculations are based on assumptions about discount rates, expected income from plan assets and future changes to wages and salaries.

Actuarial assumptions

The actuarial calculations of retirement benefit obligations and pension expenses are based on the following assumptions:

in %	2010	2009
Discount rate:	**5.00**	**5.50**
Expected return from:		
Plan assets CTA	1.00	1.00
Pledged reinsurance policies	4.50	4.50
Salary trend:		
Management Board and senior management	2.00	2.00
Employees	2.00	2.00
Pension trend:		
Special obligations	2.00	2.00
Pensions scheme	1.00	1.00
Employee turnover:		
Management Board and senior management	0.89	3.50
Pensions scheme	3.46	4.13
Basis of calculation:	**Actuarial tables 2005G**	**Actuarial tables 2005G**

Reconciliation of benefit obligations to provisions

The position of financing that results from the difference between the cash value of defined benefit obligations and the current value of plan assets is reconciled as follows to the pension reserve in the balance sheet:

in € m	2010	2009
Total funded benefit obligations at 31.12.	37.8	35.2
Total unfunded benefit obligations at 31.12.	4.1	0.8
Total benefit obligations at 31.12.	**41.9**	**36.0**
Less fair value of plan assets	-28.4	-24.8
Asset surplus recognised as assets	2.8	1.5
Provision at 31.12.	**16.3**	**12.6**

Fund financed pension obligations are shown at a surplus of €2.8 million (2009: €1.5 million) and are stated under other assets (see Section 8.5).

Changes in total benefit obligations

The changes in cash value of defined benefit obligations are as follows:

in € m	2010	2009
Benefit obligations at 01.01.	**36.0**	**30.8**
Service cost	1.5	1.4
Actuarial (gains) losses	2.7	2.7
Unrealised past service cost	1.9	1.0
Transfers of employees	-0.2	0.0
Interest expense	1.9	1.8
Pension payments	-1.9	-1.7
Benefit obligations at 31.12.	**41.9**	**36.0**

Changes in plan assets

The development of the fair value of plan assets in this financial year was as follows:

in € m	2010	2009
Fair value of plan assets at 01.01.	**24.8**	**22.6**
Expected income from plan assets	0.2	0.6
Losses (earnings) from actual income from plan assets	0.1	0.3
Actual employer contributions	3.4	1.4
Actual contributions of legally independent insurance provider	-0.1	-0.1
Fair value of plan assets at 31.12.	**28.4**	**24.8**

Actual income from plan assets amounted to €0.3 million (2009: €0.9 million).

Plan assets comprise property (€6.4 million, 2009: €6.2 million), term deposits (€20.5 million, 2009: €17.1 million) and reinsurance policies (€1.5 million, 2009: €1.5 million). Plan assets do not include properties used by the Group or treasury instruments.

Determination of expected income from the plan assets normally follows the plan policies with respect to composition of asset classes and is calculated on the basis of publicly available market studies, forecasts and experience for each asset group.

In the financial year 2011, the Group anticipates IVG pension payments to employees in the amount of €1.8 million and employer contributions to plan assets of €0.0 million.

Pension expenses

The expenses recognised in the income statement consist of the following items:

in € m	2010	2009
Service cost	1.5	1.4
Interest expense	1.9	1.8
Expected income from plan assets	-0.2	-0.6
Past service cost	1.9	1.0
Pension expenses	**5.1**	**3.6**

The expected income from plan assets and interest expenses is recorded in personnel expenses.

Expenses from fixed contribution plans amounted to €4.8 million (2009: €5.5 million) and are recognised in personnel expenses as pension expenses. This also includes employer contributions to statutory pension schemes.

Multi-year overview of pension obligations

The following table shows the change in cash value of all defined benefit obligations, the fair value of plan assets, the position of financing and adjustments for defined benefit obligations and for plan assets based on past experience:

in € m	2010	2009	2008	2007	2006
Cash value of defined benefit obligations	41.9	36.0	30.8	30.5	33.0
Present value of plan assets	28.4	24.8	22.6	22.0	21.8
Surplus/deficit (-)	13.5	11.2	8.2	8.5	11.2
Adjustment to liabilities based on past experience	-0.1	0.2	0.1	4.0	-1.6
Adjustment to assets based on past experience	0.1	0.3	0.0	-0.4	0.2

The new actuarial losses in this year of €2.6 million (2009: €2.5 million) were recorded directly in equity under other reserves. Cumulative actuarial losses at the balance sheet date were €5.1 million (2009: €2.5 million).

9.6 Other provisions

The following changes were made to other provisions:

in € m	Opening balance	Net of provisions for early retirement with active value	Additions	Reversal	Accrued yield	Used	Closing balance	Non-current	Current
Obligations from plant closure	5.0	**0.0**	0.3	0.0	3.4	0.0	**8.7**	8.7	0.0
Imminent losses from pending transactions	7.3	**0.0**	5.4	3.2	0.0	4.0	**5.5**	0.0	5.5
Other personnel provisions	24.6	**0.0**	16.4	4.4	0.0	14.2	**22.4**	6.0	16.4
Provisions for early retirement	4.2	**2.5** *	0.8	0.3	0.0	0.3	**1.9**	0.5	1.4
Provisions for performance plans	0.2	**0.0**	0.5	0.1	0.0	0.0	**0.6**	0.0	0.6
Provisions for environmental risks	6.9	**0.0**	0.3	0.1	0.0	0.1	**7.0**	0.0	7.0
Provisions for rent guarantees	13.4	**0.0**	3.0	0.2	0.0	5.2	**11.0**	0.0	11.0
Other provisions	34.9	**0.0**	4.2	9.3	0.0	5.1	**24.7**	12.2	12.5
	96.5	**2.5**	**31.0**	**17.6**	**3.4**	**28.9**	**81.8**	**27.4**	**54.4**

* *The provisions for early retirement were net of with the corresponding active value*

Provisions for obligations from plant closure refer solely to the long-term letting of gas and oil caverns.

Loss provisions from pending transactions mainly relate to unit repurchase obligations concerning the actio (plus real estate investment fund of €2.2 million (2009: €2.7 million).

In particular, other personnel provisions contain €9.0 million (2009: €10.5 million) from the wage tax obligation to VBL. The interest payment obligation due to VBL was reclassified to other liabilities. This also includes bonus payments, severance payments and special remuneration.

The early retirement obligations are measured at actuarial net present value – weighted by the probability that those employees who have not yet signed early retirement agreements will do so – and arrears for wages and salaries are measured at nominal value. See Sections 11.10 to 11.12 with regard to provisions for stock options.

The environmental risks provision relates almost entirely to risks from legacy munitions sites.

The Group makes provisions for rent guarantees given as part of sales agreements if the probability of claims is higher than 50%. In no case did rent guarantees lead to the Group remaining exposed to the main risks and rewards of the assets sold.

Other provisions mainly comprise other tax risks of €12.2 million (2009: €14.8 million) and a reconstruction obligation of €4.6 million (2009: €5.0 million).

Probable cash outflows from provisions are €54.4 million (2009: €71.9 million) within one year, €18.5 million (2009: €19.4 million) within 1-5 years and €8.9 million (2009: €5.2 million) after 5 years.

9.7 Liabilities

			2010			2009
in € m	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Accounts payable	35.9	0.0	35.9	69.7	0.0	69.7
thereof to affiliates	*0.1*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*
Payments received for orders	3.6	0.0	3.6	6.7	0.0	6.7
Liabilities from other taxes	28.2	0.0	28.2	9.8	0.0	9.8
Liabilities from accrued interest	34.7	0.0	34.7	44.5	0.0	44.5
Liabilities from outstanding invoices	84.2	0.0	84.2	87.0	0.3	86.7
Other liabilities	163.9	2.4	161.5	143.3	3.7	139.6
thereof for social security	*58.3*	*0.0*	*58.3*	*54.3*	*0.0*	*54.3*
Deferrals	7.5	0.8	6.7	13.1	0.0	13.1
Total	**358.0**	**3.2**	**354.8**	**374.1**	**4.0**	**370.1**

The carrying amounts presented approximate fair value.

The year-on-year decrease in trade payables results primarily from completion costs for various properties in 2009 which were sold in the 2010 financial year.

Liabilities from other taxes mainly consist of value added tax liabilities.

The increase in other liabilities by €20.6 million as against the previous year is chiefly due to a higher volume of construction costs.

Other liabilities include in particular liabilities for social security in the amount of €58.3 million (2009: €54.3 million), which relate entirely to the obligation to VBL. The increase is mainly due to a reclassification of interest due to VBL from other provisions.

Other liabilities also include liabilities from rent deposit of €6.1 million (2009: €6.8 million), liabilities to employees from outstanding holidays of €2.2 million (2009: €2.4 million) as well as other liabilities of €97.3 million (2009: €79.8 million).

10 Leasing

The Group is not subject to any relevant restrictions on financing, dividends or other leasing agreements as a result of its financing and operating leases, whether as lessor or lessee.

10.1 Operating leases

10.1.1 IVG as lessor

The IVG Group is lessor in a number of operating lease agreements for investment property, from which it derives the majority of its revenues and income. Furthermore, various rental agreements exist for other properties.

With regard to operating leases, investment property with a carrying amount of €4,196.0 million (2009: €4,243.7 million) was leased.

Also, rents were achieved from properties with a carrying amount of €30.7 million (2009: €231.9 million) which were recognised under non-current assets held for sale.

IVG will receive the following minimum lease payments from existing operating leases with third parties:

in € m	2010	2009
Up to 1 year	252.0	258.9
1 to 5 years	751.9	751.6
Over 5 years	499.1	673.7
	1,503.0	**1,684.2**

The significant changes in minimum lease payments from 2009 to 2010 are due to the investment property and project developments sold in the financial year and the related leases.

The minimum lease payments represent expected net rents up to the end of the rent agreement or up to the earliest date at which the lessee (tenant) can cancel the agreement without regard to whether a cancellation or the waiver of a renewal option is actually expected.

10.1.2 IVG as lessee

Total expenses for operating leasing for IVG as lessee amounted to €6.1 million (2009: €9.2 million). As in the previous year, no contingent rent payments were made. The operating leases were primarily for properties let in various locations. The individual rent agreements are of minor significance for the financial position and financial performance of the Group. As in the previous year, income from sublets is negligible.

The following minimum lease payments are due in upcoming periods:

in € m	2010	2009
Up to 1 year	1.8	2.0
1 to 5 years	2.3	4.4
Over 5 years	0.0	0.0
	4.1	**6.4**

10.2 Finance leases

In the year under review, IVG concluded an agreement on the construction of a logistics centre which is classified as a finance lease (IVG as lessee). The agreement has a term of 10 years, or 15 years if the option is exercised.

The obligations from the finance lease fall due as follows:

	2010			2009		
in € m	Minimum lease payments	Discount	Present values	Minimum lease payments	Discount	Present values
Up to 1 year	0.2	0.1	0.1	0.0	0.0	0.0
1 to 5 years	0.8	0.2	0.6	0.0	0.0	0.0
Over 5 years	1.0	0.1	0.9	0.0	0.0	0.0
	2.0	**0.4**	**1.6**	**0.0**	**0.0**	**0.0**

The fair value of the liabilities from the finance lease is €1.6 million.

This figure was calculated on the basis of the current interest rate yield curves as at the balance sheet date.

11 Other notes

11.1 Financial risk management

11.1.1 Management of financial risk

The IVG Group is exposed to various financial risks in the course of its business: currency risk, credit risk, liquidity risk and interest rate risk. The overall risk management of the Group is focussed on the unpredictability of developments on financial markets with the objective of minimising the potentially negative impact on the financial position of the Group. To hedge itself against specific risks, the Group systematically uses derivative finance instruments.

The Management Board and Supervisory Board are informed regularly about the financial risk factors faced by the Group. Compliance with guidelines is monitored by the internal audit department.

The financial risk factors in the IVG Group are explained in the following. More supplementary information on this can be found in Section 6.5.3 of the Group management report.

(a) Currency risk

The Group operates on an international basis. As a result, it is exposed to currency risk as a result of changes in the exchange rates of various foreign currencies, primarily the British pound, the US dollar, the Polish zloty and the Hungarian forint.

Changes in exchange rates of IVG's financial instruments of derivatives and foreign currency positions not designated in hedge accounting can have an effect on the financial result, and changes in value of derivatives in hedge accounting can affect provisions for hedges in equity and the fair value of these derivatives.

If the Euro had been 10% stronger (or weaker) against other currencies as at 31 December 2010 or 31 December 2009, the financial result would have been

+€4.5 million (-€5.5 million) higher (lower) (2009: -€6.2 million/+€6.9 million), of which €0.0 million (€0.0 million) would be from derivatives (2009: €+12.0 million/-€14.5 million). The effect on provision for hedges in equity would be €0.0 million (€0.0 million) as at 31 December 2010 and €0.0 million (€0.0 million) as at 31 December 2009.

(b) Credit risk

There is no material credit risk within the Group. Derivative financial instrument contracts and financial transactions are only closed with financial institutions with high credit ratings or banks that have accepted state emergency packages, keeping counterparty default risk to a minimum. As a rule the Group has no netting agreements with its transaction partners, so the fair values of the financial assets are their maximum credit risk. IVG is subject to a default risk from its operational business. This risk is minimised by a good tenant mix and the creditworthiness of tenants. Accounts receivable are monitored decentrally during normal operations. Default risks are covered by individual provisions. The maximum theoretical default risk is shown in the carrying amount of financial assets presented in the balance sheet. There are further risks for loans, which are continually monitored by IVG.

(c) Liquidity risk

Group financial planning instruments ensure the early identification of the complex liquidity situation resulting from the implementation of the Group strategy and the Group planning process. In addition to financial planning with a time horizon of several years, the Group also has a rolling monthly liquidity plan for a planning period over twelve months. The 12-month liquidity overview is updated in a timely manner using actual data. The entire group of consolidated companies is mapped in the planning systems.

Prudent liquidity management includes a sufficient reserve of cash and cash equivalents (31 December 2010: €274.9 million, 31 December 2009: €260.2 million).

As at 31 December 2010, the IVG Group also had unused credit commitments of €0.02 billion (2009: €0.44 billion). There is also €0.40 billion (2009: €0.40 billion) of available financing in the commercial paper programme. The Belgian commercial paper programme was terminated in 2009.

The leeway in the commercial paper programme is effectively blocked due to the fact that the commercial paper market is no longer functioning for non-rated companies. Due to the dynamism of the business environment in which the Group operates, the objective of IVG Immobilien AG is to provide the appropriate financing flexibility.

(d) Interest rate risk

Interest rate risks result from market fluctuations in interest rates and changes in margins when taking out new loans or extending existing loans. They affect the amount of future interest expenses in the IVG Group. They also affect the market value of financial instruments.

Changes in interest rates of IVG financial instruments of derivatives and foreign currency positions not designated in hedge accounting can have an effect on the financial result, and changes in value of derivatives in hedge accounting can affect provisions for hedges in equity and the fair value of these derivatives.

If market interest rates had been 0.25% higher (or lower) as at 31 December 2010, the financial result would have been +€0.7 million (-€0.8 million) higher (lower) (2009: -€1.6 million/+€1.6 million) of which +€5.9 million (-€6.0 million) would be from derivatives (2009: +€2.5 million/-€2.5 million).

The effect on provisions for hedges in equity would be +€8.5 million (-€8.6 million) as at 31 December 2010 and +€14.6 million (-€14.7 million) as at 31 December 2009.

11.1.2 Additional notes on financial instruments

Financial instruments can be classified as original or derivative financial instruments. Original financial instruments on the assets side include other financial investments, receivables, short-term securities and cash and cash equivalents. Financial assets available for sale are shown at fair value, provided it can be reliably determined. Other financial assets are shown at amortised cost. On the liabilities side, original financial instruments include liabilities valued at amortised cost. The inventory of original financial instruments is shown on the balance sheet and the amount of the financial assets is equivalent to the maximum default risk.

Where default risks are identifiable for financial assets, these risks are recognised as impairment losses. Fair values are determined in accordance with recognised valuation methods. For valuation of derivatives, see Section 6.4.

For impairment losses on financial assets, see Section 8.4.

Impairment losses on receivables and other assets are as follows:

in € m	2010	2009
At 01.01.	**16.6**	**18.8**
Additions	4.1	4.0
Reversal	-3.3	-2.7
Used	-0.8	-3.5
At 31.12.	**16.6**	**16.6**

As at the balance sheet date, there were overdue receivables and other assets which had not been subjected to impairment loss of:

Receivables and other assets which had not been subjected to impairment loss

					Overdue	
in € m	**Carrying amount at 31.12.2010**	**Not overdue**	**Up to 90 days**	**91 to 180 days**	**181 to 364 days**	**Over one year**
Loans	58.9	19.6	0.0	0.0	0.0	1.5
Receivables and other assets	182.0	162.5	6.9	0.6	0.5	0.4
	241.0	**182.1**	**6.9**	**0.6**	**0.5**	**1.9**

Receivables and other assets which had not been subjected to impairment loss

					Overdue	
in € m	**Carrying amount at 31.12.2009**	**Not overdue**	**Up to 90 days**	**91 to 180 days**	**181 to 364 days**	**Over one year**
Loans	73.2	49.9	0.0	0.0	0.0	0.0
Receivables and other assets	166.4	156.2	4.4	0.4	1.4	1.1
	239.6	**206.1**	**4.4**	**0.4**	**1.4**	**1.1**

Financial instruments were recognised in the income statement with the following net profit (pursuant to IFRS 7):

in € m	**2010**	**2009**
Financial assets and liabilities recognised in the income statement at fair value	-46.1	-17.4
thereof: initially recognised as such	*0.0*	*-0.4*
thereof: held for trading purposes	*-18.7*	*-17.0*
Non-current financial assets held for sale	-3.1	-13.2
Loans and receivables	31.0	-43.2
Liabilities held at (amortised) cost	-202.8	-191.1

Net profit includes interest, dividends, impairment losses, reversals and earnings from the valuation of financial instruments at fair value, as well as currency effects.

The financial assets and liabilities can be classified in valuation categories and fair value levels with the following carrying amounts and fair values:

in € m	Valuation category according to IAS 39	Fair value level according to IFRS 7	Carrying amount at 31.12. 2010	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Not within application area of IFRS 7	Fair value at 31.12. 2010
Financial assets									
Shares	AfS	VL 3	95.0			95.0			95.0
Loans	LaR	n.a.	58.9	58.9					58.9
Securities									
Securities and equity investments (current)	AfS	n.a. VL 3	2.0		0.6	1.4			2.0
Derivative financial instruments									
Derivatives in hedge accounting	n.a.	VL 2	3.5			3.5			3.5
Derivatives in non-hedge accounting	FAHfT	VL 2	0.0				0.0		0.0
Receivables and other assets									
Trade receivables	LaR	n.a.	38.6	38.6					38.6
Receivables from production orders	LaR	n.a.	21.3	21.3					21.3
Receivables from associated companies	LaR	n.a.	19.6	19.6					19.6
Receivables from affiliates	LaR	n.a.	5.7	5.7					5.7
Receivables from other equity investments	LaR	n.a.	54.9	54.9					54.9
Receivables from other taxes	n.a.	n.a.	24.5					24.5	24.5
Surplus on plan assets	n.a.	n.a.	2.8					2.8	2.8
Other assets	LaR	n.a.	41.8	41.8					41.8
Accrued items	n.a.	n.a.	15.3					15.3	15.3
Cash and cash equivalents	LaR	n.a.	274.9	274.9					274.9
In the item Non-current held for sale									
Shares	AfS	VL 3	0.0			0.0			0.0
Cash and cash equivalents	LaR	n. a.	0.0	0.0					0.0

in € m	Valuation category according to IAS 39	Fair value level according to IFRS 7	Carrying amount at 31.12. 2010	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Not within application area of IFRS 7	Fair value at 31.12. 2010
Financial liabilities									
Convertible bond	FLAC	n.a.	324.6	324.6					296.5
Bank loans	FLAC	n.a.	4,903.3	4.903.3					4,830.3
Liabilities to affiliates	FLAC	n.a.	4.3	4.3					4.3
Minority interests in partnerships	FLAC	n.a.	47.1	47.1					47.1
Other financial liabilities (including CP programme)	FLAC	n.a.	9.3	9.3					9.3
Derivative financial instruments									
Derivatives in hedge accounting	n.a.	VL 2	30.7			30.7			30.7
Derivatives in non-hedge accounting	FLHfT	VL 2 VL 3	81.9				76.4 5.5		81.9
Liabilities									
Accounts payable	FLAC	n.a.	35.8	35.8					35.8
Payments received for orders	n.a.	n.a.	3.6	3.6					3.6
Liabilities from other taxes	n.a.	n.a.	28.2					28.2	28.2
Liabilities from accrued interest	FLAC	n.a.	34.7	34.7					34.7
Liabilities from outstanding invoices	FLAC	n.a.	84.2	84.2					84.2
Other liabilities	FLAC	n.a.	163.8	163.8					163.8
Deferrals	n.a.	n.a.	7.5					7.5	7.5
In the item Liabilities in connection with non-current financial instruments held for sale									
Bank loans	FLAC	n.a.	0.0	0.0					0.0
Other liabilities	FLAC FLHfT	n.a. VL 2	0.0	0.0		0.0	0.0		0.0

Legend:	AfS	Available for Sale	FAHfT	Financial Assets Held for Trading
	afvtpl	at fair value through profit or loss	FLAC	Financial Liabilities At Cost
	LaR	Loans and Receivables	VL 1-3	Valuation Level 1-3

The following graphic shows the development of level 3 financial instruments recognised at fair value:

in € m		**Available-for-sale financial assets**		**Financial liabilities held for trading**
	Shares (financial assets)	**Shares (non-current assets held for sale)**	**Securities and equity investments (current)**	**Derivatives in non-hedge accounting**
At 1 January 2010	**98.2**	**4.0**	**5.3**	**5.0**
Total gains/losses	-0.3			-0.5
thereof recognised in income	-4.5			-0.5
thereof recognised in equity	4.2			
Purchases/increase in equity	2.8		0.3	
Disposals/decrease in equity	-8.7	-4.0	-4.2	
Reclassifications	3.0			
At 31.12.2010	**95.0**	**0.0**	**1.4**	**5.5**

The changes through profit or loss of the financial assets available for sale are reported in the income and expenses from the valuation of financial assets.

in € m	Valuation category according to IAS 39	Fair value level according to IFRS 7	Carrying amount at 31.12. 2009	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Not within application area of IFRS 7	Fair value at 31.12. 2009
Financial assets									
Shares	AfS	VL3	98.2			98.2			98.2
Loans	LaR	n.a.	73.2	73.2					73.2
Securities									
Securities and equity investments (current)	AfS	n.a. VL3	6.3		1.1	5.3			6.3
Derivative financial instruments									
Derivatives in hedge accounting	n.a.	VL 2	0.0			0.0			0.0
Derivatives in non-hedge accounting	FAHfT	VL 2	1.4				1.4		1.4
Receivables and other assets									
Trade receivables	LaR	n.a.	43.7	43.7					43.7
Receivables from production orders	LaR	n.a.	14.7	14.7					14.7
Receivables from associated companies	LaR	n.a.	16.2	16.2					16.2
Receivables from affiliates	LaR	n.a.	5.8	5.8					5.8
Receivables from other equity investments	LaR	n.a.	39.0	39.0					39.0
Receivables from other taxes	n.a.	n.a.	23.8					23.8	23.8
Surplus on plan assets	n.a.	n.a.	1.5					1.5	1.5
Other assets	LaR	n.a.	47.0	47.0					47.0
Accrued items	n.a.	n.a.	25.8					25.8	25.8
Cash and cash equivalents	LaR	n.a.	266.9	266.9					266.9

in € m	Valuation category according to IAS 39	Fair value level according to IFRS 7	Carrying amount at 31.12. 2009	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Not within application area of IFRS 7	Fair value at 31.12. 2009
In the item Non-current held for sale									
Shares	AfS	VL 3	4.0			4.0			4.0
Cash and cash equivalents	LaR	n.a.	8.0	8.0					8.0
Financial liabilities									
Convertible bond	FLAC	n.a.	314.6	314.6					263.8
Bank loans	FLAC	n.a.	4,837.6	4,837.6					4,740.9
Liabilities to affiliates	FLAC	n.a.	4.1	4.1					4.1
Minority interests in partnerships	FLAC	n.a.	82.7	82.7					82.7
Other financial liabilities (including CP programme)	FLAC	n.a.	15.5	15.5					15.5
Derivative financial instruments									
Derivatives in hedge accounting	n.a.	VL 2	103.4			103.4			103.4
Derivatives in non-hedge accounting	FLHfT	VL 2 VL 3	22.2				17.2 5.0		22.2
Liabilities									
Accounts payable	FLAC	n.a.	69.7	69.7					69.7
Payments received for orders	n.a.	n.a.	6.7	6.7					6.7
Liabilities from other taxes	n.a.	n.a.	9.8					9.8	9.8
Liabilities from accrued interest	FLAC	n.a.	44.5	44.5					44.5
Liabilities from outstanding invoices	FLAC	n.a.	87.0	87.0					87.0
Other liabilities	FLAC	n.a.	143.3	143.3					143.3
Deferrals	n.a.	n.a.	13.1					13.1	13.1
In the item Liabilities in connection with non-current financial instruments held for sale									
Bank loans	FLAC	n.a.	79.9	79.9					80.1
Other liabilities	FLAC FLHfT	n.a. VL 2	5.0	4.0		0.4	0.6		5.0

Legend:

AfS	Available for Sale	FAHfT	Financial Assets Held for Trading
afvtpl	at fair value through profit or loss	FLHFT	Financial Liabilities held of Trading
LaR	Loans and Receivables	FLAC	Financial Liabilities At Cost
		VL 1-3	Valuation Level 1-3

The fair value for financial instruments is determined on the basis of the following three-level valuation hierarchy:

1. Valuation level (VL 1):

   Measured according to a stock market price or market price on an active market.

2. Valuation level (VL 2):

   Measured according to a stock market price or market price for similar assets and liabilities or according to measurement methods for which the key inputs are based on observable market data.

3. Valuation level (VL 3):

   Measured according to measurement methods for which the inputs are not based on observable market data.

The above table of financial assets and liabilities show the three valuation levels in a separate column.

The table below shows the total of contractually agreed undiscounted interest payments and capital repayments from non-derivative financial liabilities, liabilities from property disposal groups, liabilities and net interest payments for derivative financial instruments:

	Bank liabilities and CPs at floating interest rates (interest and repayment)		**Bank liabilities and loans at fixed interest rates (interest and repayment)**		**Derivative financial instruments**		**Other financial liabilities, liabilities and minority interests in partnerships**	
in € m	**31.12.2010**	31.12.2009	**31.12.2010**	31.12.2009	**31.12.2010**	31.12.2009	**31.12.2010**	31.12.2009
Up to 1 year	-1,234.1	-905.7	-15.3	-15.3	-62.4	-81.5	-255.2	-260.9
1 to 2 years	-2,091.5	-567.4	-14.3	-15.3	-45.4	-69.2	-2.4	0.0
2 to 3 years	-143.5	-2,003.1	-34.0	-14.3	-5.2	-41.6	0.0	0.0
3 to 4 years	-1,426.0	-127.3	-432.3	-34.0	0.5	-7.9	0.0	-46.7
4 to 5 years	-117.6	-1,550.4	-29.2	-432.3	2.4	-4.6	0.0	0.0
Over 5 years	-43.6	0.0	-5.9	-34.8	0.1	-0.3	-37.5	-82.7

Where the repayment date is to be determined by the other party, the liability is recognised on the basis of the earliest date in the time frame at which the IVG Group can be requested to make payments. Financial liabilities which the IVG Group can be required to pay upon demand, are allocated to the earliest time frame.

Floating-rate interest payments from liabilities were determined on the basis of the last fixed interest rate prior to 31 December 2010 or 31 December 2009. Foreign currency holdings were converted at the exchange rate at the balance sheet date. Changes in cash flows can result in particular from changes in interest rate levels, currency exchange rates, early repayment, prolongation of liabilities and future new contracts, leasing and derivatives.

For some property financing with agreed covenants, such as loan to value (LTV – ratio between net liabilities and fair value of financed property), where the agreed LTV is exceeded, some credit agreements allow IVG to make an extraordinary repayment or provision of additional guarantees within a fixed period in order to repair the level of loan to value. Significant changes in the fair value of financed properties can generally lead to agreed LTVs being exceeded.

A covenant (LTV) was not complied with for a property financing of €950 million on the basis of the value given in the bank reference. The LTV was suspended until 31 March 2011 through an addendum to the contract. There are current negotiations with the bank aiming to permanently regulate the covenant condition, significantly reduce the investment and extend the remaining financing until 2015. If the negotiations cannot be concluded successfully and the addendum is not extended, the LTV condition shall take effect again as at 1 April 2011. If that case, IVG would have to repay €100 million of the loan early or provide that amount in cash.

11.2 Guarantees and contingent liabilities

in € m	**2010**	**2009**
Financial guarantees	64.8	120.6
thereof bank guarantees	*45.7*	*56.3*
Contractual guarantees	14.8	15.7
Other contingent liabilities	24.5	53.3
	104.1	**189.6**

The financial guarantees are guarantees to third parties in favour of parties not related to the Group and Group companies not included in the consolidated financial statements. The bank guarantees are guarantees given by banks to third parties to cover payment, performance and warranty obligations of Group companies.

Contractual guarantee obligations include only letters of comfort of €14.8 million (2009: €15.7 million) issued to third parties. Adequate provisions have been recognised for rent guarantees given on property disposals.

Letters of comfort issued to third parties in respect of consolidated subsidiaries are only included to the extent that they give rise to separate obligations from the point of view of the Group as a whole.

Other contingent liabilities primarily relate to a legal dispute in connection with exercising an option to retransfer ownership of a property of €22.9 million and to legal disputes regarding fee payments of €1.6 million.

Concerning the acquisition of the Allianz portfolio in 2007, there is a risk that if IVG does not list a REIT on the stock exchange by 2012, it will have to pay an exit tax amounting to an estimated €16.7 million to Allianz. IVG expects the UCITS IV regulation to enter into force by July 2011.

No provisions were recognised in connection with the above-mentioned ongoing or pending litigation, provided that in our opinion and the opinion of our legal advisors the probability of an outflow of resources is less than 50%. We consider that for all other risks the probability of an outflow of resources is less than 10%.

Significant outflows of resources from contingent liabilities impacting income are unlikely. There were no guarantees for bills of exchange or cheques.

11.3 Capital management

The main aim of capital management at the IVG Group is to ensure that the ability to meet liabilities and financial security continue to be upheld in the future.

Financial security is mainly evaluated using the equity ratio. The main elements of this ratio are the total assets of the consolidated financial statements and the equity and liabilities shown in the consolidated balance sheet, including the hybrid loan classified as equity and minority interests in incorporated companies, which also represents capital as defined in IAS 1 in the IVG Group. The equity ratio is an important key figure for investors, analysts, banks and rating agencies.

Management of the capital structure at IVG is carried out by adjustment of dividends, reduction of corporate capital or issuance of new capital, and the issuance of financial instruments which qualify as equity under IFRS. Our goal is to have a capital structure which is in line with business risks.

IVG is subject to the minimum capital requirements for public corporations. Compliance with these requirements is monitored on an ongoing basis. IVG complied with all requirements in 2009 as well as 2010.

in € m	2010	2009	Change in %
Equity	1,286.1	1,265.1	1.7
Total assets	7,292.4	7,393.4	-1.4
Equity ratio in % according to carrying amounts	17.6	17.1	3.1

The equity ratio has increased, due in particular to the significant positive year-on-year development of the consolidated net profit and the sales of investment property and project developments in the year under review.

11.4 Other financial obligations

Financial obligations totalling €135.8 million (2009: €450.8 million) exist under contracts already awarded for commenced or planned investment projects and under contractual agreements with tenants and other parties.

Of this amount, €71.6 million (2009: €28.3 million) is attributable to purchases, construction and maintenance investments in investment property. There are also liabilities from project developments of €40.5 million (2009: €358.7 million) as well as a liability regarding obtaining certificates for a fund of €23.7 million (2009: €63.8 million). The decrease in liabilities from project developments is chiefly due to the higher degree of completion of the project THE SQUAIRE.

For future obligations from lease agreements, we refer to the separate notes on finance and operating leases in Section 10.

11.5 Contingent assets

There were no material contingent assets at the balance sheet date.

11.6 Consolidated cash flow statement

The cash flow statement shows how the Group's cash position has changed due to inflows and outflows of cash and cash equivalents (see Section 8.8) over the course of the financial year. In accordance with IAS 7 (Cash flow Statement), cash flows are classified into cash flows from operating activities and from investing and financing activities.

The cash and cash equivalents reported in the cash flow statement include all cash and cash equivalents, consisting of cash in hand and bank balances. Cash and cash equivalents of €64.3 million (2009: €14.0 million) relate to projects or only have limited availability to IVG due to contractual agreements.

Cash flows from investing and financing activities are determined directly from receipts and payments. In contrast, cash flows from operating activities are determined based on the consolidated net profit before taxes and interest (EBIT) using the indirect method. Under this indirect method, changes in balance sheet items relating to operating activities are adjusted for the effects of changes in the group of consolidated companies and changes in value caused by currency exchange rates.

As a result, the changes in balance sheet items reported in the cash flow statement cannot be reconciled with the corresponding figures in the published consolidated balance sheet.

11.7 Segment reporting

In accordance with IFRS 8 “Segment Reporting”, segment reporting is performed using the management approach based on the segment result (EBIT).

Segment reporting reflects the structure of internal reporting to the chief operating decision-maker, IVG’s Management Board, and takes place on the basis of IVG’s operating divisions.

On the basis of the current business model, there was a classification into the IVG Investment and IVG Funds divisions, the operating segments of which are described below:

IVG Investment division

(1) The **IVG Real Estate** segment is focused on optimising the value of the office properties in IVG’s portfolio on the basis of an active portfolio management strategy. In doing so, the segment concentrates on specific real estate potentials and the risk-return situation as well as the cycles of the German and European markets. The investment focus is on the top German office property markets and selected European cities.

(2) The focus of the **IVG Development** segment is the development of office property projects in selected European cities and growth regions. IVG has introduced a clear focus on its future core business with a simplification of its corporate structure. In line with this, development business on IVG’s own account is being systematically rolled back.

(3) The core business of the **IVG Caverns** segment is the construction, operation and leasing of caverns for oil and gas storage. Cavern lessees are companies of strong financial standing from the energy industry and public oil storage organisations. In operations, the division will concentrate on expanding the cavern field in Etzel near Wilhelmshaven and letting further caverns. The cavern field will be expanded from 41 caverns at present to at least 130 caverns by 2022.

IVG Funds division

(4) The **IVG Institutional Funds** segment enjoys a top position as a provider and manager of specialised real estate funds with the largest share of managed and administered volume for institutional investors in Germany.

(5) With the EuroSelect funds, the **IVG Private Funds** segment offers private investors in the closed-end property funds market investment opportunities in attractive European properties and portfolios.

In addition, the IVG corporate functions are reported in segment reporting. They contain the central service units and Group functions of IVG. The main item included here is the central service unit of the Group, IVG Asset Management, which is responsible for the professional management of IVG’s portfolio and fund properties and the buying and selling of individual properties and real estate portfolios.

IVG Asset Management and the other corporate functions are monitored by the chief operating decision-maker. Due to their size, they do not constitute reportable operating segments but are reported on together as the IVG corporate functions due to the similarity in their activity as internal service providers and their economic similarity.

Segment results

2010 in € m	Real Estate Before changes in value	 Unrealised changes in value	 Total	Development Before changes in value	 Unrealised changes in value	 Total	Investment Caverns Before changes in value	 Unrealised changes in value	 Total
External revenues	300.3		303.3	408.8		408.8	45.8		45.8
Internal revenues	2.7		2.7	0.0		0.0	0.0		0.0
Total revenues	**303.0**	**0.0**	**303.0**	**408.8**	**0.0**	**408.8**	**45.8**	**0.0**	**45.8**
Net rents from Investment Property	255.6		255.6	0.0		0.0	0.0		0.0
Other net rents	3.7		3.7	9.2		9.2	0.0		0.0
Income from service charges	37.6		37.6	1.9		1.9	0.0		0.0
Income from project disposals	3.0		3.0	388.7		388.7	5.2		5.2
Income from construction contracts	0.0		0.0	6.6		6.6	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	2.2		2.2	20.9		20.9
Income from fund and property management	0.6		0.6	0.0		0.0	13.2		13.2
Other revenues	2.5		2.5	0.2		0.2	6.5		6.5
Changes in inventories and other own work capitalised	-2.9		-2.9	172.4		172.4	0.9		0.9
Unrealised changes in market value of investment property	0.0	-87.8	-87.8	0.0		0.0	0.0	140.8	140.8
Realised changes in market value of investment property	1.0		1.0	0.0		0.0	-1.2		-1.2
Other operating income	9.6		9.6	1.2		1.2	4.6	1.2	5.8
Material expenses	-2.6	1.1	-1.5	-515.2	-46.5	-561.7	-8.3		-8.3
Personnel expenses	-1.9		-1.9	-0.8		-0.8	-7.0		-7.0
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.4		-0.4	-0.1		-0.1	-4.3	-3.5	-7.8
Expenses from investment property	-68.2		-68.2	0.0		0.0	0.0		0.0
Other operating expenses	-47.8		-47.8	-36.8		-36.8	-6.4		-6.4
Gains/loss from associated companies accounted for using the equity method	5.6		5.5	9.6		9.6	0.3		0.3
Income from equity investments	2.0		2.0	0.0		0.0	0.0		0.0
Segment result (EBIT)	**197.3**	**-86.7**	**110.6**	**39.2**	**-46.5**	**-7.3**	**24.6**	**138.5**	**163.2**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Segment assets			**4,475.8**			**1,076.1**			**771.3**
thereof Investments in associated companies accounted for using the equity method			*61.4*			*6.6*			*0.0*
Investments			88.4			21.0			131.1

Funds												
Institutional Funds			**Private Funds**				**Consolidation**			**Group**		
Before changes in value	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**	**IVG Corporate Functions**	**Before changes in value**	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**
50.2		50.2	6.1		6.1	10.7	0.0		0.0	821.8	0.0	821.8
7.8		7.8	0.1		0.1	31.5	-42.1		-42.1	0.0	0.0	0.0
58.0	**0.0**	**58.0**	**6.2**	**0.0**	**6.2**	**42.2**	**-42.1**	**0.0**	**-42.1**	**821.8**	**0.0**	**821.8**
0.0		0.0	0.0		0.0	0.0	-1.4		-1.4	254.2	0.0	254.2
0.0		0.0	0.0		0.0	0.4	-1.3		-1.3	12.0	0.0	12.0
0.0		0.0	0.0		0.0	0.2	-0.2		-0.2	39.4	0.0	39.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	396.9	0.0	396.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	6.6	0.0	6.6
2.2		2.2	2.4		2.4	0.0	0.1		0.1	27.8	0.0	27.8
55.6		55.6	3.6		3.6	11.0	-9.0		-9.0	75.0	0.0	75.0
0.2		0.2	0.2		0.2	30.1	-29.8		-29.8	9.9	0.0	9.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	170.3	0.0	170.3
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	53.0	53.0
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-0.1	0.0	-0.1
1.2		1.2	6.7		6.7	18.3	-17.6		-17.6	24.0	1.2	25.2
-0.2		-0.2	-0.6		-0.6	-7.9	10.0		10.0	-524.7	-45.4	-570.1
-12.9		-12.9	-5.0		-5.0	-43.4	0.0		0.0	-71.0	0.0	-71.0
-0.2		-0.2	-0.1		-0.1	-1.6	0.0		0.0	-6.6	-3.5	-10.1
0.0		0.0	0.0		0.0	-0.1	0.2		0.2	-68.2	0.0	-68.2
-28.0		-28.0	-5.2		-5.2	-37.7	49.4		49.4	-112.5	0.0	-112.5
0.3		0.3	0.0		0.0	0.0	0.0		0.0	15.8	0.0	15.8
0.0		0.0	0.2		0.2	-0.3	0.0		0.0	1.9	0.0	1.9
18.2	**0.0**	**18.2**	**2.1**	**0.0**	**2.1**	**-30.6**	**0.0**	**0.0**	**0.0**	**250.9**	**5.3**	**256.2**
										-215.2	-19.9	-235.1
										35.7	**-14.6**	**21.1**
												2.1
												23.2
		260.5			**11.9**	**422.6**			**-0.1**			**7,018.0**
		14.0			*0.0*	*0.0*			*0.0*			*81.9*
		0.0			0.0	7.8			0.0			248.4

2009 in € m	Real Estate Before changes in value	Real Estate Unrealised changes in value	Real Estate Total	Development Before changes in value	Development Unrealised changes in value	Development Total	Investment Caverns Before changes in value	Investment Caverns Unrealised changes in value	Investment Caverns Total
External revenues	630.0		630.0	65.2		65.2	61.4		61.4
Internal revenues	2.7		2.7	2.6		2.6	0.0		0.0
Total revenues	**632.8**	**0.0**	**632.8**	**67.8**	**0.0**	**67.8**	**61.4**	**0.0**	**61.4**
Net rents from Investment Property	290.4		290.4	0.1		0.1	0.0		0.0
Other net rents	13.0		13.0	9.0		9.0	0.1		0.1
Income from service charges	38.4		38.4	1.7		1.7	0.0		0.0
Income from project disposals	287.5		287.5	49.4		49.4	1.6		1.6
Income from construction contracts	0.0		0.0	6.6		6.6	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	0.0		0.0	43.1		43.1
Income from fund and property management	0.3		0.3	0.1		0.1	11.3		11.3
Other revenues	3.2		3.2	0.9		0.9	5.3		5.3
Changes in inventories and other own work capitalised	-276.0		-276.0	367.3		367.3	6.6		6.6
Unrealised changes in market value of investment property	0.0	-194.2	-194.2	0.0		0.0	0.0	197.0	197.0
Realised changes in market value of investment property	-63.6		-63.6	-0.4		-0.4	-0.4		-0.4
Other operating income	32.0		32.0	12.3	16.9	29.2	5.8		5.8
Material expenses	-26.1		-26.1	-378.0	-166.9	-544.9	-13.2		-13.2
Personnel expenses	-0.3		-0.3	-8.0		-8.0	-6.2		-6.2
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.4	-3.9	-4.3	-0.6		-0.6	-3.8	-1.7	-5.5
Expenses from investment property	-69.9		-69.9	0.0		0.0	0.0		0.0
Other operating expenses	-66.5		-66.5	-32.0		-32.0	-11.3		-11.3
Gains/loss from associated companies accounted for using the equity method	-10.7		-10.7	-1.9		-1.9	-0.5		-0.5
Income from equity investments	2.9		2.9	-2.2		-2.2	0.0		0.0
Segment result (EBIT)	**154.1**	**-198.1**	**-44.0**	**24.2**	**-150.0**	**-125.8**	**38.5**	**195.3**	**233.8**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Segment assets			**4,672.3**			**1,005.3**			**595.4**
thereof Investments in associated companies accounted for using the equity method			*33.1*			*4.2*			*8.8*
Investments			97.1			24.5			103.5

Funds												
Institutional Funds			**Private Funds**				**Consolidation**			**Group**		
Before changes in value	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**	**IVG Corporate Funktions**	**Before changes in value**	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**
59.4		59.4	14.3		14.3	8.5	0.0		0.0	838.8	0.0	838.8
7.0		7.0	0.3		0.3	37.8	-50.4		-50.4	0.0	0.0	0.0
66.4	**0.0**	**66.4**	**14.5**	**0.0**	**14.5**	**46.2**	**-50.4**	**0.0**	**-50.4**	**838.8**	**0.0**	**838.8**
0.0		0.0	0.0		0.0	0.1	-0.9		-0.9	289.7	0.0	289.7
0.0		0.0	0.0		0.0	0.5	-2.0		-2.0	20.6	0.0	20.6
0.0		0.0	0.0		0.0	0.2	-0.3		-0.3	40.2	0.0	40.2
0.0		0.0	0.0		0.0	0.0	-2.5		-2.5	336.1	0.0	336.1
0.0		0.0	0.0		0.0	0.0	0.0		0.0	6.6	0.0	6.6
5.2		5.2	11.1		11.1	1.3	-1.5		-1.5	59.2	0.0	59.2
59.6		59.6	3.1		3.1	15.0	-13.4		-13.4	76.0	0.0	76.0
1.6		1.6	0.3		0.3	29.1	-29.8		-29.8	10.4	0.0	10.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	97.9	0.0	97.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	2.8	2.8
0.0		0.0	0.0		0.0	0.0	0.4		0.4	-64.1	0.0	-64.1
1.8		1.8	8.3		8.3	21.6	-18.1		-18.1	63.6	16.9	80.5
0.0		0.0	-6.3		-6.3	-6.7	8.8		8.8	-421.5	-166.9	-588.4
-11.8		-11.8	-5.0		-5.0	-42.5	0.0		0.0	-73.7	0.0	-73.7
-0.3		-0.3	-0.1		-0.1	-1.0	0.0		0.0	-6.2	-5.6	-11.8
0.0		0.0	0.0		0.0	-0.1	0.3		0.3	-69.7	0.0	-69.7
-33.3		-33.3	-11.1		-11.1	-41.4	58.3		58.3	-137.4	0.0	-137.4
0.0		0.0	0.9		0.9	0.0	0.0		0.0	-12.2	0.0	-12.2
0.2		0.2	0.4		0.4	0.0	0.0		0.0	1.3	0.0	1.3
23.0	**0.0**	**23.0**	**1.7**	**0.0**	**1.7**	**-23.9**	**-0.7**	**0.0**	**-0.7**	**216.9**	**-152.8**	**64.1**
										-230.7	-22.7	-253.4
										-13.8	-175.4	-189.3
												31.3
												-158.0
		263.1			**95.3**	**479.4**			**0.0**			**7,110.8**
		13.3			*17.1*	*0.0*			*0.0*			*76.5*
		13.4			12.9	17.2			0.0			268.6

Key segment figures

The amounts reported in segment reporting are based on the same accounting principles that were used to prepare the consolidated financial statements.

The key segment performance indicator for IVG's chief operating decisionmaker is the segment result (EBIT). The reconciliation of the segment result to consolidated net profit before taxes is provided as part of segment reporting.

Segment assets are reconciled with Group assets as follows:

in € m	31.12.2010	31.12.2009
Segment assets	**7,018.0**	**7,110.8**
Other Group assets		
Deferred tax assets	271.0	281.2
Derivative financial instruments	3.5	1.4
Group assets	**7,292.4**	**7,393.4**

Inter-segment revenues show the amount of revenues between the segments. Transactions between segments are made on an arms-length basis.

Geographical segments

2010 in € m	Germany	UK	France	BeNeLux	Finland	Poland	Other countries	Group
External revenues	522.1	94.3	68.5	6.1	21.6	103.7	5.7	821.8
Segment result (EBIT)	182.9	29.5	-10.1	-37.7	3.4	16.6	71.6	256.2
Segment assets at carrying amounts	5,967.2	15.3	504.2	134.6	223.1	26.7	146.9	7,018.0
Investments	241.0	1.1	2.0	2.5	0.3	0.0	1.5	248.4

2009 in € m	Germany	UK	France	BeNeLux	Finland	Polen	Other countries	Group
External revenues	411.1	7.5	33.7	23.9	21.4	7.0	334.2	838.8
Segment result (EBIT)	78.5	1.4	15.1	-35.2	-4.1	-3.1	11.6	64.1
Segment assets at carrying amounts	5,550.5	211.7	532.0	298.4	251.1	100.9	166.2	7,110.8
Investments	198.7	32.4	0.3	0.1	5.6	0.0	7.3	244.3

The geographical segments are based on the location of the individual properties.

The €86.8 million rise in external revenues in England from €7.5 million to €94.3 million chiefly results from sales of project developments in London. The €196.4 million decrease in segment assets from €211.7 million to €15.3 million is mainly attributable to sales of project developments and investment property in London.

The €96.7 million increase in external revenues in Poland from €7.0 million to €103.7 million and the €74.2 million decrease in segment assets from €100.9 million to €26.7 million result primarily from the sale of a project development in Warsaw.

11.8 Events after the balance sheet date

Successful capital increase of approximately €87 million

On 11 February 2011, IVG successfully placed around 12.6 million new bearer shares with institutional investors as part of an accelerated book-building process. The share capital was thus increased from €126.0 million to approximately €138.6 million with partial utilisation of the authorised capital and with shareholders' subscription rights disapplied. The placement price was €6.90 per share, meaning that gross proceeds totalling around €87 million flowed to the company.

The majority of the proceeds will be used to initiate restructuring measures and for the associated prolongation of the debt maturity profile of liabilities due to banks. The remaining proceeds will be used for equity financing of the attractive project SQUAIRE parking. This major project at Frankfurt Airport enhances the appeal of the location and is intended to accelerate success in letting the project THE SQUAIRE.

Launch of an IVG Paris fund

IVG Institutional Funds has launched a Paris fund with an investment volume of €250 million and a term of ten years. The first closing took place in early February with four institutional investors. At the same time, the first property was secured for the fund.

The fund is a specialised real estate fund under German investment law. A maximum of six investors can participate with a minimum amount of €15 million each in the fund, which is being launched in a club deal structure. The fund invests only in office and retail properties in the centre of Paris.

11.9 Related party transactions

Related individuals are the Supervisory Board, Management Board and managerial staff and their close relatives. In addition to the consolidated subsidiaries, related companies include companies of the MANN Group, Karlsruhe, and the associated companies and unconsolidated subsidiaries of IVG.

Companies of the bank Sal. Oppenheim, Cologne, were also included in related companies until the first quarter of 2010. MANN Immobilien-Verwaltung AG in Karlsruhe became the new major shareholder of IVG Immobilien AG. This company notified us on 16 March 2010 that it had acquired 18.4% of shares in IVG Immobilien AG from Solidas 3 S.A., the former shareholder of Sal. Oppenheim.

There were no transactions with close relatives of members of the Supervisory Board or Management Board.

One manager has had significant influence on acb GmbH, Wiesbaden since the end of 2009. This company has entered into agreements pertaining to accounting services with IVG Institutional Funds GmbH, for which a total of €0.5 million was invoiced in 2010 (2009: €0.5 million).

Otherwise there were no material business dealings with managerial staff or their close relatives.

The main features of the remuneration system for the Management Board and Supervisory Board as well as detailed and individual information on the remuneration are given in the remuneration report (see Section 5.1 of the Group management report).

The total remuneration of the Management Board, the Supervisory Board and managerial staff (collectively members of management in key positions) was €21.0 million in the past financial year (2009: €21.5 million). Of this amount, €2.3 million (2009: €2.1 million) related to service cost for pensions. In financial year 2010, the management in key positions also received short-term remuneration components of €5.2 million (2009: €5.9 million) and share-based remuneration components (performance shares, performance cash plan and restricted stock units) of €0.4 million (2009: €0.2 million). Payments of €0.2 million (2009: €2.3 million) were made for the termination of employment.

Information on the members of the Management Board and the Supervisory Board is listed in accordance with Section 285 Number 10 of the Handelsgesetzbuch (HGB – German Commercial Code) in the Annual Report.

All business dealings with associated companies and unconsolidated subsidiaries (participation in global cash management, general contractor agreements, etc.) were conducted at arms length. In addition to the transactions described under financial assets and under gains/losses from participations accounted for using the equity method, the following significant transactions were entered into with associated companies:

in € m	2010	2009
Sale of land, buildings and other assets		
Amount of transaction	85.5	280.3
Unpaid amount at year end	2.8	0.0
Service delivered		
Amount of transaction	0.2	0.9
Unpaid amount at year end	0.2	0.0
Other receivables from associated companies		
Amount of transaction	-11.8	0.9
Unpaid amount at year end	28.2	39.9
Liabilities to associated companies		
Amount of transaction	0.8	9.8
Unpaid amount at year end	10.6	10.0
Pledged securities including financial guarantees		
Amount of transaction	0.0	0.0
Unpaid amount at year end	17.0	17.0

€0.4 million (2009: €1.6 million) in receivables from companies accounted for using the equity method were written down, bringing the corresponding impairment losses as at 31 December 2010 to €8.2 million (2009: €7.8 million).

IVG companies received €1.9 million (2009: €3.3 million) worth of services in financial year 2010 from companies in the Sal. Oppenheim Group. These were contractual commissions for the arrangement of IVG property funds (2009: €1.3 million), while in 2009 there were also in particular consulting services in the amount of €1.5 million regarding future financial and corporate development.

In the previous year, the IVG Group had receivables from bank balances from companies of Sal. Oppenheim amounting to €0.6 million and liabilities of €1.0 million. No transactions were entered into with companies of MANN Immobilien-Verwaltung AG. There are no business relations with the MANN Group.

11.10 Remuneration of the Management Board and Supervisory Board

The total remuneration of the Management Board in the past financial year amounted to €2.4 million (2009: €3.4 million). The fair value of the share-based payment in the form of participation in the 2010 Performance Cash Plan and the RSUs granted for the portion of the bonuses relating to achievement of the company targets amounted to €1.0 million at the grant date. On the basis of the ratios at the grant date, the members of the Management Board received 69,892 RSUs.

Total payments to former Management Board members and their surviving dependants amounted to €1.6 million (2009: €2.5 million). The corresponding pension obligations totalled €16.3 million as at 31 December 2010 (2009: €14.5 million).

The total remuneration of the Supervisory Board totalled €0.4 million (2009: €0.2 million). The share-based payment granted in the financial year was included at the fair value at the grant date of €0.1 (2009: €0.0 million) million.

11.11 2005 to 2008 Performance Share Plans

IVG has granted long-term incentives to the Management Board and selected managers since 1999. Since 2005 these incentives are arranged in the form of performance share plans.

The plans were open to all members of the Management Board of IVG Immobilien AG, the managing directors of the subsidiaries and other managers.

Overview

The beneficiaries received a commitment for a specific number of performance shares. Performance shares are virtual shares used as the basis for calculating the monetary amount to be paid to the beneficiaries under certain conditions after the performance period is over. Performance share do not carry voting or dividend rights.

The number of performance shares which are converted and paid out in a cash amount at the end of the performance period depends on two performance factors:

1. An absolute increase in the price of the IVG share,
2. The average earnings per share, i.e. the diluted earnings per share (diluted EPS).

Performance targets 1 and 2 for calculating the number of performance shares to be paid out after the end of the performance period are determined independently from each other and each given a weighting of 50%.

The final number [1]of performance shares is multiplied by the average share price of the IVG share on the 30 trading days before and 30 trading days after the General Meeting of IVG Immobilien AG in the year in which the performance period ends. Any increase of the final value against the start value in excess of 100% is not taken into account.

Should the final value of the IVG share have decreased by more than 30% against the start value, there is no payment of performance shares, irrespective of the diluted EPS performance factor.

The length of the performance period used for measuring the performance targets is three years. The performance period starts on the grant date and ends after the thirtieth trading day of the Frankfurt Stock Exchange after the General Meeting of IVG Immobilien AG in the third year. The right to obtain a certain monetary amount arises at the end of the performance period provided that the employment agreement with IVG or a subsidiary has not been terminated, among other conditions.

Basis data

The basis data for the performance share plans and for the valuation model parameters as at 31 December 2010 can be seen in the following overview.

A Monte Carlo simulation was used to determine option value:

	2008 PSP	2007 PSP	2006 PSP
Issue date	30.06.2008	30.06.2007	30.06.2006
Duration	3 years	3 years	3 years
Remaining duration	0,5 years	expired	expired
Basic share price (Ø 60 days) in €	15.68	31.55	23.66
Participants in year of issue	53	45	43
Number of shares issued	157,250	165,850	156,785
(thereof Management Board)	*52,000*	*76,000*	*67,327*
Value at 31.12.2010 in €	0.000	0.000	0.000
At 31.12.2010[1)]	112,000	0	0
Share price of IVG AG at 30.12.2010 in €	6.45		

[1)] *Changes as against issued shares caused by employees leaving employment*

The following changes occurred since the issue of the 2007 and 2008 performance share plans:

	2008 Plan	2007 Plan	2006 Plan
At 01.01.2009	**157,250**	**155,750**	**138,243**
Issued 2009	0	0	0
Exercised 2009	0	0	0
Expired 2009	26,250	18,500	138,243
At 31.12.2009	**131,000**	**137,250**	**0**
Issued 2010	0	0	0
Exercised 2010	0	0	0
Expired 2010	19,000	137,250	0
At 31.12.2010	**112,000**	**0**	**0**

11.12 2009 Performance Cash Plan

Since 2009, IVG has granted participation in a Performance Cash Plan as a long-term incentive which is intended to encourage the achievement of performance indicators that are key to the company on the basis of challenging comparison parameters. The Supervisory Board of IVG decides each year whether and in what form a Performance Cash Plan will be issued.

The plan is open to members of the Management Board and managers of IVG who report directly to the Management Board, with whom participation in the Performance Cash Plan is contractually agreed in their service or employment contract. In addition, the Management Board of IVG may approve the participation of individual employees or managers for one or more years independent of a contractual obligation.

The term of the plan begins with the month after the General Meeting and ends in each case after four full years, i.e. the term of the 2009 Performance Cash Plan runs from 1 June 2009 to 31 May 2013.

At the start, the participants receive a commitment in the amount of a specified initial figure. This initial figure is multiplied by the performance multiplier shown in the following, resulting in the payoff amount after the expiration of the performance period of four years.

The performance multiplier varies between 0 and a maximum of 2 and is calculated based on the development of three equally weighted performance indicators:

1. Performance indicator (shareholder point of view):
   Performance of IVG shares against the FTSE EPRA/NAREIT Developed Europe Index
2. Performance indicator (earnings point of view):
   Increase in the FFO I per share compared with the planned figure
3. Performance indicator (assets point of view):
   Increase in the adjusted NAV per share compared with the planned figure

The scaling of the three performance indicators takes place on the basis of current three-year medium-term planning approved by the Supervisory Board.

A claim to the cash payout from the Performance Cash Plan after the expiration of the fourth year presupposes that the employment agreement with IVG Immobilien AG or a subsidiary has not been terminated.

Basis data

The basis data for the 2009 Performance Cash Plan are shown in the following overview:

		2009 PCP
Issue date		01.06.2009
Duration		4 years
Remaining duration		29 month
Participants in year of issue		3
Participants at 31.12.2010		50
Initial values at 31.12.2009	**in €**	**1,580,000**
Issued 2010	in €	2,271,168
Expired 2010	in €	405,000
Value at 31.12.2010 of additional value	**in €**	**3,446,168**
Value at 31.12.2010 per €100 initial value	in €	21.35
Value at 31.12.2010 per €100 of additional value	in €	98.27

The values as at 31 December 2010 were reviewed externally on the basis of a Monte Carlo simulation.

At its first meeting in 2011, the Supervisory Board resolved to pay out the 2010 Performance Cash Plan 2010. Accordingly, this was not included in the balance sheet in the 2010 financial year.

11.13 Restricted stock units

Since 2010, IVG Immobilien AG has granted the Management Board and those managers reporting directly to the Management Board a new type of bonus as a variable remuneration component with a short-term incentive effect, in addition to their basic salary. The amount of the bonus is based on the extent to which company results targets and personal targets are achieved, with each of these weighted at 50%. The level of target achievement can vary between 0% and 200% for each target. The company results targets are mostly derived directly from the medium-term planning agreed between the Management Board and the Supervisory Board. The targets and the scaling are agreed in writing between the company and the employee at the beginning of the financial year.

The number of restricted stock units is calculated by dividing the pro rata bonus by the average IVG share price for the 30 trading days before and after the General Meeting in the following year. The RSUs are allocated on the first trading day after the expiry of the above-mentioned period of 30 trading days after the General Meeting ("allocation date").

The number of restricted stock units is calculated by dividing the pro rata bonus by the average IVG share price for the 30 trading days before and after the General Meeting in the following year. The RSUs are allocated on the first trading day after the expiry of the above-mentioned period of 30 trading days after the General Meeting ("allocation date").

After a vesting period of three years from the allocation date, real IVG shares are allocated for each RSU. If IVG does not hold any IVG shares at the conversion date or cannot dispose of them freely, the employee's claim is to be settled with a cash payment. In this case, the amount of the payment is based on the number of convertible RSUs multiplied by the closing price of the IVG shares in Xetra trading at the conversion date.

The regulations with regard to the amount of convertible RSUs are also linked with a so-called loyalty factor. If the employee leaves the IVG Group before the conversion date, conversion of the RSUs and crediting of the IVG shares after the end of the vesting period takes place only on a pro rata basis. If the employee leaves the Group during the first year after the allocation date of the RSUs, then 50% of the IVG shares are credited; if the employee leaves during the second year, 70% are credited; and if the employee leaves during the third year, 90% are credited.

Based on the expectations on the grant date regarding the development of the company targets, and factoring in the estimated target achievement, the vesting level and a fluctuation rate, IVG expects a bonus amount of €0.5 million as at 31 December 2010, which will then be used for the conversion into 132,851 RSUs. No claims to bonuses expired during the financial year, for instance due to entitled employees leaving the company.

In 2010, share-based payment (performance share plans, performance cash plan and restricted stock units) resulted in expense of €0.8 million (2009: €0.2 million) and income of €0.0 million (2009: €0.0 million).

€0.5 million of the expense related to bonus claims to be converted into RSUs (equity-settled) and €0.3 million related to the Performance Cash Plan (cash-settled). For the latter, there was a provision of €0.6 million as at 31 December 2010 (31 December 2009: €0.2 million).

12 Declaration on the German Corporate Governance Code pursuant to Section 161 AktG

On 16 November 2010, the Management Board and the Supervisory Board of IVG Immobilien AG jointly issued a new Declaration of Compliance with respect to the recommendations of the German Corporate Governance Code as published on 26 May 2010 pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration is permanently available to shareholders in both form and content on the company's website (http://www.ivg.de/de/1204221.asp).

Statement by the Management Board

The Management Board of IVG Immobilien AG is responsible for preparing the consolidated financial statements and the Group management report as well as all other information included in the Annual Report, and ensuring that it is complete and correct.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and the supplementary provisions of Section 315a(1) of the German Commercial Code (HGB).

The Group management report includes an analysis of the financial position and financial performance of the Group and other disclosures required under Section 315 of the HGB.

An effective internal management and control system ensures that the data used to prepare the consolidated financial statements and internal reporting is complete and correct. This includes Group-wide financial reporting guidelines, a risk management system as required by the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (German Control and Transparency Act – KonTraG), an integrated approach to financial controlling as part of value-driven management, plus audits by the internal audit department. The Management Board is thus able to identify material risks at an early stage and to take timely action as needed.

The Statement pursuant to Section 37y(1) of the Wertpapierhandels-gesetz (German Securities Trading Act – WpHG) in conjunction with Section 297(2) Sentence 3 and Section 315(1) Sentence 6 of the HGB is as follows:

“We confirm that to the best of our knowledge the consolidated financial statements prepared in accordance with the requirements of the applicable accounting principles give a true and fair view of the net assets, financial position and results of operations of the Group and that the Group management report is in accordance with the consolidated finan-cial statements and presents an accurate view of the Group’s position and of the opportunities and risks for its future development.”

Bonn, 28 February 2011

Dr Gerhard Niesslein

Professor Dr Wolfgang Schäfers

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and the group management report (*Konzernlagebericht*) of IVG Immobilien AG as of and for the fiscal year ended December 31, 2010.

The group management report is neither included nor incorporated by reference in this Prospectus, except for the sections referred to in the auditor's report.

Auditors' Report

"We have audited the consolidated financial statements prepared by the IVG Immobilien AG, Bonn, comprising the income statement, statement of comprehensive income, the statement of financial position, cash flow statement, statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

We are required to advise that the continued existence of the Group as a going concern is threatened by risks that are outlined in Section 6.4 of the group management report. The section details the need for extending a project loan, the permanent regulation of a covenant and the implementation of property and cavern disposals."

Dusseldorf, February 28, 2011

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Peter Albrecht Wirtschaftsprüfer (German Public Auditor)	Uwe Schwalm Wirtschaftsprüfer (German Public Auditor)

Excerpt from the section “Risk Management” of the Group Management Report (“6.4 Overall assessment of risks and opportunities”)

“By making a repayment of around €120 million of the SynLoan II loan from 2009, IVG has continued implementing its resolved debt relief programme as at the end of 2010 as scheduled. The project financing of €500 million for THE SQUAIRE expiring in the fourth quarter of 2010 was also extended until 30 September 2011. The banks’ financing behavior in the real estate area remains averse to risk, continuing to make the necessary financing for the business model difficult to obtain.

As a result, financial planning for the coming years has become extremely cautious. The scheduled reduction of the project pipeline through project sales is taken into consideration in the financial planning just as much as the transfer of already fully-let pre-sold caverns to a special real estate fund launched by IVG and the sale of selected properties. All of these are of fundamental importance to IVG’s financial position.

The discussion of individual risks addresses in particular the risk regarding extension of existing property, portfolio and project financing as well as the liquidity risk from the revival of the covenant for a property loan. There are also possible increased costs in Development. Viewed in isolation, the risks above can be controlled accordingly by means of counter measures and preventive measures. Sufficient precautions have been taken against any remaining identifiable risks.

The Group could be threatened as a going concern if the following events happen concurrently: the expected sale of caverns, properties and projects does not occur as planned, the project financing mentioned above is not extended again or is extended to a substantially reduced degree only, and the covenant requirement of the above-mentioned property loan is revived and cannot be offset by pre- or post-financing of existing assets.

In addition to these liquidity risks, IVG faces risks to consolidated net profit, especially in terms of the completion of caverns and real estate projects on schedule, on budget and in line with requirements and possible changes in the asset value of portfolio properties.”

Consolidated Financial Statements of IVG Immobilien AG (IFRS) as of December 31, 2009 (audited)

Consolidated income statement
for the financial year 2009

in € m	Notes	2009 Before changes in value	2009 Unrealised changes in value*	2009 Total	2008 Before changes in value	2008 Unrealised changes in value1)	2008 Total
Revenues	8.1	838.8		838.8	608.6		608.6
Changes in inventories and other own work capitalised	8.2	97.9		97.9	452.7		452.7
Unrealised changes in market value of investment property	8.3	0.0	2.8	2.8		-583.3	-583.3
Realised changes in market value of investment property	8.4	-64.1		-64.1	171.1		171.1
Other operating income	8.5	63.6	16.9	80.5	290.3		290.3
Material expenses	8.6	-421.5	-166.9	-588.4	-475.6	-217.0	-692.6
Personnel expenses	8.7	-73.7		-73.7	-68.8		-68.8
Depreciation and amortisation of intangible assets and property, plant and equipment	8.8	-6.2	-5.6	-11.8	-5.4	-12.5	-17.9
Expenses from investment property	8.9	-69.7		-69.7	-81.7		-81.7
Other operating expenses	8.10	-137.4		-137.4	-170.8	-7.8	-178.6
Gains/losses from investments accounted for using the equity method	8.11	-12.2		-12.2	2.0		2.0
Income from share investments	8.12	1.3		1.3	-0.4		-0.4
Earnings before interest and taxes (EBIT)		**216.9**	**-152.8**	**64.1**	**722.0**	**-820.6**	**-98.6**
Financial income	8.13	25.2	95.9	121.1	42.8	159.8	202.6
Financial expenses	8.13	-255.9	-118.6	-374.5	-317.5	-283.6	-601.1
Financial result		**-230.7**	**-22.7**	**-253.4**	**-274.7**	**-123.8**	**-398.5**
Net profit before tax		**-13.8**	**-175.4**	**-189.3**	**447.3**	**-944.4**	**-497.1**
Income taxes	8.14			31.3			45.4
Consolidated net profit				**-158.0**			**-451.7**
Share of Group shareholders in earnings				-190.1			-484.3
Share of hybrid capital providers in earnings				32.0			32.0
Share of third parties in earnings				0.1			0.6
Basic earnings per share in €	8.15			-1.61			-4.18
Diluted earnings per share in €**	8.15			-1.41			-3.80

* *The unrealised changes in value include all valuation effects from IAS 2, IAS 36, IAS 39 and IAS 40 without tax effects*

** *Investors should be aware that the following remark does not form part of the annual financial statements of the Company: The amount of diluted earnings per share has been restated in the unaudited IFRS consolidated interim financial statements for the six month period ended June 30, 2011 and the restated amount has been reported again in note "Adjustment of diluted earnings per share" to the unaudited IFRS consolidated interim financial statements for the nine month period ended September 30, 2011, which are included elsewhere in this Prospectus.*

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Consolidated statement of financial position
as of 31.12.2009

in € m	Notes	2009	2008
ASSETS			
Non-current assets			
Intangible assets	9.1	250.1	249.7
Investment property	9.2	4,767.7	5,172.2
Property, plant and equipment	9.3	119.2	368.1
Financial assets	9.4	171.4	245.5
Shares in equity investments accounted for using the equity method	9.4	76.5	37.9
Derivative financial instruments	10.3	0.0	0.0
Deferred tax assets	10.4	281.2	367.0
Receivables and other assets	9.5	39.1	30.9
Total non-current assets		**5,705.1**	**6,471.3**
Current assets			
Inventories	9.6	939.6	1,002.2
Receivables and other assets	9.5	178.4	168.7
Income tax receivables	10.4	49.0	39.9
Derivative financial instruments	10.3	1.4	38.7
Securities	9.7	6.3	1.4
Cash and cash equivalents	9.8	266.9	44.2
		1,441.6	**1,295.1**
Non-current assets held for sale	9.9	246.8	109.1
Total current assets		**1,688.3**	**1,404.2**
Total assets		**7,393.4**	**7,875.5**

in € m	Notes	2009	2008
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	10.1	126.0	116.0
Capital reserve	10.1	621.6	561.0
Treasury shares	10.1	-0.5	-0.5
Other reserves	10.1	-133.4	-133.0
Retained earnings	10.1	250.1	443.5
Equity attributable to Group shareholders	10.1	**863.8**	**987.0**
Hybrid capital	10.1	400.9	400.9
Minority interests	10.1	0.4	3.0
Total equity		**1,265.1**	**1,390.9**
Liabilities			
Non-current liabilities			
Financial liabilities	10.2	4,452.5	4,250.4
Derivative financial instruments	10.3	101.0	87.9
Deferred tax liabilities	10.4	99.6	246.0
Pension provisions	10.5	12.6	10.8
Other provisions	10.6	24.6	27.9
Liabilities	10.7	4.0	10.0
Total non-current liabilities		**4,694.3**	**4,633.0**
Current liabilities			
Financial liabilities	10.2	802.0	1,349.1
Derivative financial instruments	10.3	24.6	17.1
Other provisions	10.6	71.9	147.0
Liabilities	10.7	370.1	270.0
Income tax liabilities	10.4	80.5	68.4
		1,349.1	**1,851.6**
Liabilities in connection with non-current assets held for sale	9.9	84.9	0.0
Total current liabilities		**1,434.0**	**1,851.6**
Total equity and liabilities		**7,393.4**	**7,875.5**

Consolidated statement of comprehensive income

for the financial year 2009

in € m	2009	2008
Consolidated net profit	**-158.0**	**-451.7**
Market valuation available-for-sale securities		
Changes to other cumulative consolidated net profit recognised directly in equity	7.7	-0.8
Realisation/changes to other cumulative consolidated net profit recognised as income	-1.3	0.0
Market valuation of hedging instruments		
Changes to other cumulative consolidated net profit recognised directly in equity	-22.2	-129.8
Realisation/changes to other cumulative consolidated net profit recognised as income	4.3	3.3
Adjustment for currency translation of foreign subsidiaries	6.7	-26.4
Actuarial earnings and losses from performance-based pension plans and similar obligations	-2.5	1.5
Deferred taxes on value adjustments set off directly against equity	5.2	13.4
Income and expenses recognised in equity	**-2.1**	**-138.8**
Total comprehensive income	**-160.1**	**-590.5**
Share attributable to group shareholders	-192.2	-623.1
Share attributable to hybrid capital providers	32.0	32.0
Share attributable to third parties	0.1	0.6

Consolidated cash flow statement

for the financial year 2009

in € m	2009	2008
Consolidated net profit before interest and taxes (EBIT)	64.1	-98.6
Unrealised changes in market value of investment property	-2.8	583.3
Realised changes in market value of investment property	64.1	-171.1
Depreciation and appreciation of intangible assets and property, plant and equipment	11.8	17.9
Proceeds from disposal of intangible assets and property, plant and equipment	-1.8	-1.3
Other non-cash income and expenses	20.1	-77.8
Changes in receivables and inventories of other segments (not including Segment Development, Real Estate and Private Funds)[2]	-40.9	26.0
Changes in liabilities and provisions	46.6	-3.6
Dividends received	2.3	4.9
Non-distributed earnings of investments valued using the equity method	4.7	-2.5
Cash flow from current activities	**168.2**	**277.2**
Changes in inventories in connection with the construction of properties in the Development, Real Estate and Private Funds segments, including the sale of properties and project development companies[1] [2]	-31.2	-418.1
Cash flow from short/medium-term investments of the operating segments (Development, Real Estate and Private Funds)	**-31.2**	**-418.1**
Cash flow from operating activities before interest and taxes	**137.0**	**-140.9**
Interest expenses	-189.9	-287.4
Interest income	24.1	13.8
Income tax paid (less reimbursements)	-21.7	-8.1
Cash flow from operating activities	**-50.5**	**-422.6**
Investments in investment property	-38.9	-1.068.6
Proceeds from disposal of investment property	636.0	224.9
Investments in unfinished investment property/assets under construction	-98.7	-77.1
Investments in intangible assets and property, plant and equipment	-21.9	-36.7
Investments in consolidated companies (less cash balances)	-10.1	-15.6
Proceeds from the disposal of consolidated companies (less cash balances)	0.0	719.1
thereof from cavern transactions	*0.0*	*627.1*
Investments in financial assets and other assets	-73.7	-216.5
Proceeds from disposal of financial assets and other assets	93.1	59.8
Cash flow from investing activities	**485.8**	**-410.7**
Proceeds from convertible bond	0.0	-1.4
Purchase/disposal of treasury shares	0.0	-0.7
Dividends of IVG Immobilien AG	0.0	-81.2
Dividends paid to providers of hybrid capital	-32.0	-32.0
Dividends paid to minority interests	0.0	-0.1
Proceeds from capital increase	70.6	0.0
Proceeds from bank loans	385.2	1.414.0
Repayment of bank loans	-628.2	-391.3
Other cash outflows from financing activities	0.0	-135.3
Cash flow from financing activities	**-204.4**	**772.0**
Net change in cash and cash equivalents from operations	230.9	-61.3
Cash and cash equivalents at 1 January	**44.2**	**106.2**
Changes in cash and cash equivalents due to exchange rate movements	-0.2	-0.7
Cash and cash equivalents at 31 December	**274.9**	**44.2**
thereof cash in property disposal group	*8.0*	*0.0*
Cash and cash equivalents reported on the balance sheet	266.9	44.2

Further information on the cash flow statement can be found in Section 12.6.

[1] *Income from property disposals recognised under other income*

[2] *Figures from previous years were adjusted for better comparability*

Statement of changes in equity

				Other reserves		
in € m	Subscribed capital	Capital reserve	Treasury shares	Market value of AfS securities	Market value of cash flow hedges	Hedge on Net Investment
Balance as of 01.01.08	**116.0**	**561.1**	**-0.3**	**0.7**	**9.4**	**12.9**
Consolidated net profit						
Earnings recognised directly in equity				-1.2	-113.1	0.0
Total comprehensive income	**0.0**	**0.0**	**0.0**	**-1.2**	**-113.1**	**0.0**
Separate dividend paid on hybrid capital						
Equity share of convertible bond		-0.1				
Dividends						
Capital increase						
Treasury shares repurchased/ sold			-0.2			
Changes to other and group of consolidated companies						
Balance as of 31.12.2008/01.01.2009	**116.0**	**561.0**	**-0.5**	**-0.5**	**-103.7**	**12.9**
Consolidated net profit						
Earnings recognised directly in equity*				5.3	-12.1	0.0
Total comprehensive income	**0.0**	**0.0**	**0.0**	**5.3**	**-12.1**	**0.0**
Separate dividend paid on hybrid capital						
Capital increase	10.0	60.6				
Changes to other and group of consolidated companies						
Balance as of 31.12.2009	**126.0**	**621.6**	**-0.5**	**4.8**	**-115.8**	**12.9**

* *Actuarial gains and losses were reclassified to retained earnings in the current financial year*

Gains and losses on currency translation	Actuarial earnings and losses	Retained earnings	Equity attributable to Group share-holders	Hybrid capital	Minority interests	Equity
-15.6	**-1.6**	**1,030.9**	**1,713.5**	**400.9**	**2.7**	**2,117.1**
		-484.3	-484.3	32.0	0.6	-451.7
-26.4	1.9		-138.8			-138.8
-26.4	**1.9**	**-484.3**	**-623.1**	**32.0**	**0.6**	**-590.5**
			0.0	-32.0		-32.0
			-0.1			-0.1
		-81.2	-81.2		-0.1	-81.3
			0.0			0.0
			-0.2			-0.2
		-21.9	-21.9		-0.2	-22.1
-42.0	**0.3**	**443.5**	**987.0**	**400.9**	**3.0**	**1,390.9**
		-190.1	-190.1	32.0	0.1	-158.0
6.7	-0.3	-1.7	-2.1			-2.1
6.7	**-0.3**	**-191.8**	**-192.2**	**32.0**	**0.1**	**-160.1**
			0.0	-32.0		-32.0
			70.6			70.6
		-1.6	-1.6		-2.7	-4.3
-35.3	**0.0**	**250.1**	**863.8**	**400.9**	**0.4**	**1,265.1**

Notes to the consolidated financial statements

1. General

IVG Immobilien AG (IVG) together with its subsidiaries is one of the largest publicly listed real estate companies in Europe. The Group operates in the IVG Investment division in the Real Estate, Development and Caverns segments and in the IVG Funds division in the Institutional Funds and Private Funds segments.

The company is registered in the Commercial Register of the Regional Court in Bonn (HRB 4148). Its registered office is in Bonn, Germany. The address is: IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany.

The annual financial statements of IVG Immobilien AG and the consolidated financial statements of IVG Immobilien AG have received an unqualified auditors' opinion from PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf, and will be published in the electronic German Federal Gazette (Bundesanzeiger).

The IVG consolidated financial statements for financial year 2009 were signed off for publication by the Management Board.

2. Basis of preparation

IVG has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary provisions in accordance with Section 315 a (1) of the Handelsgesetzbuch (HGB – German Commercial Code).

The domestic and foreign company financial statements included in the consolidated financial statements are prepared at the same balance sheet date as the IVG annual financial statements (31 December 2009) and are based on uniform accounting principles.

To improve clarity, various items in the consolidated balance sheet and the consolidated income statement have been combined and are explained in the notes. Assets and liabilities are classified as non-current – with a maturity of more than one year – and current. Pension provisions and deferred taxes are generally shown as non-current. In the Development segment, the typical operating cycle for inventories often exceeds a one-year period, so that inventories that are expected to remain more than one year are reported as current here also.

The income statement is classified according to the total cost method. The consolidated financial statements are prepared in Euro. All amounts, including those for the previous year, are shown in millions of euro (€ m) unless stated otherwise.

Slight differences may arise when adding up individual figures in the tables of these consolidated financial statements. This is due to figures being rounded up or down.

The shortages in the credit markets triggered by the financial and banking crisis in 2008 have continued in the year under review, which has continued to make the refinancing required under our business model difficult. The risk of extending a project financing in connection with the possible cancellation of an anchor tenant of a project development in the case of further project delay and the liquidity risk from breaching the covenant of a property financing have been identified as potential material risks. Viewed in isolation, the risks above can be controlled accordingly by means of counter measures and preventive measures. Sufficient precautions have been taken against any remaining identifiable risks.

A viability risk for the company could result if an agreement regarding the treatment of the covenant is not reached and additionally if the above-mentioned project financing is not extended or extended only by a significantly reduced volume and could not be compensated for by means of careful and timely property sales.

Due to the measures introduced, going concern is taken for granted and the financial statements have been drawn up on the basis of the going concern assumption.

Changes to accounting principles

The International Accounting Standards Board (IASB) has made some amendments to existing International Financial Reporting Standards (IFRS) and adopted some new IFRS, which are applicable since 1 January 2009. At the same time, the International Financial Reporting Interpretations Committee (IFRIC) has adopted several new interpretations (IFRIC) which are applicable since 1 January 2009, unless otherwise stated. The respective transitional provisions have been followed.

Amendments to IFRS 7 “Financial instruments: Disclosures” require extended disclosures on fair value measurement of financial instruments and liquidity risks. The first-time application of the amendment will result in expanded notes to the IVG consolidated financial statements.

The amendments to IFRS 8 “Operating Segments” contain new regulations on the presentation of segment reporting. They require the use of the “management approach” in segment reporting. Segment reporting reflects the structure of internal reporting to the chief operating decision-maker, IVG’s Board of Management. The changes within segment reporting are attributable to the changes in IVG’s business model.

The revision of IAS 1 (Revised) “Presentation of Financial Statements” pertains in particular to the presentation and designation of the components of the financial statements. The key change is a strict division of owner and non-owner changes in equity. Non-owner changes in equity are to be reported as part of a comprehensive consolidated statement or in two separate income statements, an income statement and a statement of comprehensive income. IVG has decided in favour of the two separate income statements.

As a key part of the collective standard to improve the IFRS of May 2008, the changes to IAS 40 “Investment Property” (IAS 40 Revised 2008) mean that property under construction that is to be used as investment property in the future must be allocated to investment property and no longer to property, plant and equipment. Investment property under construction is carried at fair value as soon as it can be reliably determined; otherwise, it continues to be measured at amortised cost. The effects of first-time measurement at fair value are included in the notes to the income statement (see Section 8.3) and the notes to the balance sheet (see Section 9.2). There was no adjustment of corresponding figures in line with IFRS.

The following is a listing of the standards and interpretations that are required to be applied for the first time in 2009 and those have been revised that have no material impact on the consolidated financial statements:

Changes to IFRS 1 in connection with IAS 27

“First-time Adoption of International Financial Reporting Standards” and IAS 27 “Consolidated and Separate Financial Statements” – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Change to IFRS 2

“Share-based Payment”: Vesting Conditions and Cancellations

Improvements to IFRSs 2008

“Improvements to International Financial Reporting Standards” (with the exception of IAS 40 (Revised 2008)

Change to IAS 23

“Borrowing Costs” This change has no impact on the consolidated financial statements, as IVG has capitalised relevant borrowing costs in the case of a qualifying asset since 1 January 2007. This does not apply to properties under construction that are to be measured at fair value.

Changes to IAS 32 in connection with IAS 1

“Financial instruments: Disclosure and Presentation” and IAS 1 “Presentation of Financial Statements” – Puttable Financial Instruments and Obligations Arising on Liquidation

Changes to IFRIC 9

“Reassessment of Embedded Derivatives” and IAS 39 “Financial Instruments: Recognition and Measurement” – Embedded Derivates

Changes to IFRIC 13

“Customer Loyalty Programmes”

Changes to IFRIC 14

“IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”

Overall, the accounting principles, notes and disclosures are based on the same accounting principles as the 2008 consolidated financial statements.

New accounting principles

(a) Standards, amendments and interpretations of existing standards that are not yet applicable or are not applied at an early stage:

As at 5 March 2010, the International Accounting Standards Board (IASB) and the IFRIC have published the following standards and interpretations whereas adoption by the EU has still, in part, not been made.

The changes to IFRS 2 “Group Cash-settled Share-based Payment Transactions” ensure that transactions for which an employee receive a cash settlement that corresponds to the value of the equity-settled instruments of the parent company or subsidiary and that the subsidiary is not required to pay are in future to be accounted for as share-based payment transactions with settlement via equity-settled instruments in the separate IFRS financial statements of the subsidiary. The revised standard is to be applied for the first time in the first reporting period of a financial year beginning on 1 January 2010 or later. An earlier application is recommended but was not implemented by IVG. The effects of the first-time application of these new regulations are currently under consideration.

IFRS 3 (Revised) “Business Combinations” contains amended regulations concerning the reporting of business acquisitions. In particular, the regulations governing adoption and reporting of gradual acquisition of shares have been changed and the option has been introduced whereby the shares of non-controlling shareholders may be valued at either fair value or pro rata net assets. The standard is to be applied for the first time starting on 1 July 2009. The EU endorsement took place on 3 June 2009. The effects of this change on IVG’s consolidated financial statements are currently under consideration.

The IASB has published the IFRS 9 “Financial Instruments” standard on the categorisation and measurement of financial assets. The standard establishes regulations on a new and less complex approach to categorisation and measurement of financial assets. An EU endorsement has not yet taken place. IFRS 9 must be applied for the first time starting on 1 January 2013. Voluntary early application is permitted for financial years ending 2009 or later. IVG has not applied IFRS 9 early. The effects of the first-time adoption of these amendments on IVG’s consolidated financial statements are currently under consideration.

IAS 27 (Revised), “Consolidated and Separate Financial Statements”. In the revised version of IAS 27, the IASB has amended the regulations for reporting transactions with non-controlling shareholders of a Group and reporting of a loss of control over a subsidiary. The revised regulations of IAS 27 are to be applied at the latest for financial years which begin on or after 1 July 2009. The EU endorsement took place on 3 June 2009. Their effects on IVG’s consolidated financial statements are currently under consideration.

IFRIC 15 “Agreements for the Construction of Real Estate” addresses the issue of under which conditions entities that deal with the construction of real estate are to apply IAS 11 or IAS 18 and when the corresponding revenues should be recognised. The interpretation is applicable for the first time for financial years which begin on or after 1 January 2010. The effects of the first-time adoption of this regulation on IVG’s consolidated financial statements are currently under consideration.

The following standards and interpretations will probably not have a significant effect on IVG’s consolidated financial statements:

Changes to IFRS 1

“First-time Adoption of International Financial Reporting Standards”

Changes to IAS 24

“Related Party Disclosures”

Changes to IAS 32

“Financial Instruments: Disclosure and Presentation” – Classification of rights issues

Changes to IAS 39

“Financial Instruments: Recognition and Measurement” – Eligible hedged items

Changes to IFRIC 12

“Service Concession Arrangements”

Changes to IFRIC 14

“IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”

Changes to IFRIC 16

“Hedges of a Net Investment in a Foreign Operation”

Changes to IFRIC 17

“Distributions of Non-cash Assets to Owners”

Changes to IFRIC 18

“Transfers of Assets from Customers”

Changes to IFRIC 19

“Extinguishing Financial Liabilities with Equity Instruments”

(b) Standards already in force, amendments and interpretations of existing standards that have not been applied in the IVG Group, as they have not yet been adopted by the EU:

The collective standard to amend various IFRSs (2009) “Improvements to International Financial Reporting Standards” contains numerous small changes to various IFRS. The standard aids the IASB’s annual improvement process with the aim of substantiating the regulations and removing inconsistencies. Although some of the amendments are to be applied to financial years beginning on or after 1 January 2009, they have not yet been adopted by the EU. The effects of the amendments contained in the collective standard on the consolidated financial statements are currently being considered by IVG.

Discretionary decisions

Certain discretionary decisions are made by management with regard to the application of accounting principles. This applies in particular to the following matters:

- It must be determined whether assets available for sale can be sold in their present condition and how likely it is that they will be sold. If that is the case, the assets and any related liabilities must be classified and valued as “assets or liabilities available for sale”.
- Properties must be allocated to property, plant and equipment, inventories or investment property.
- In the case of property under construction intended for future use as an investment property, it must be determined when the change from measurement at cost to fair value measurement is to take place.
- Any relationship between a company and a special purpose entity must be examined to see if the special purpose entity is essentially controlled by the company.

– In the case of the disposal of financial assets or the classification of leases, it must be determined whether all opportunities and risks normally associated with ownership of financial assets or leased assets are transferred to other companies.
– In the case of assumption of control of a subsidiary or the acquisition of assets, it must be determined whether these transactions should be classified as a business combination pursuant to IFRS 3 or as acquisition of a group of assets or net assets.

The decisions made by the IVG Group in this regard are described in the explanation of accounting principles in the notes.

Assumptions and estimates

Preparation of the consolidated financial statements in accordance with IFRS requires that certain assumptions and estimates are made which have an effect on valuations of recognised assets, liabilities, income, and expenses as well as disclosure of contingent liabilities. These assumptions and estimates apply (among others) to

– the valuation of investment property. The most important valuation parameters here are expected cash flows, discounting and capitalisation.
– accounting and valuation of provisions. Expected yield of the plan assets and discount factor and other trend factors are important valuation parameters for pension provisions and other liabilities.
– future assumptions about impairment of goodwill with regard to forecasting and discounting future cash flows.
– recognisability of deferred tax assets. These are recognised as soon as recoverability of future tax advantages is probable. The actual tax situation in future financial years and therefore the actual applicability of deferred tax assets can vary from the estimate made at the time the deferred tax assets were capitalised.

Investment property is valued only by external appraisers. If no market values can be derived from the sales of comparable properties, the DCF method is used for measurement under which future cash flows are discounted at balance sheet date. These assessments include assumptions about the future. Due to the large number of properties involved and their geographical distribution, uncertainty about individual valuations is subject to statistical balancing effect.

At balance sheet date, IVG continues to assume that future variations in fair value will result mainly from factors beyond IVG's control. This includes mainly discount and capitalisation interest used in valuation. Potential effects of amended assumptions of these two valuation parameters can be seen in the table below. For example, land which is not valued on a cash flow basis is not included in the sensitivity analysis.

Sensitivity analysis of investment property (real estate)[1)]

				2009
		Capitalisation rate in %[2)]		
		-0.25	0	0.25
Discount rate[2)] in %	-0,25	4,590	4,475	4,370
	0,00	4,505	4,355	4,290
	0,25	4,422	4,313	4,214

				2008
		Capitalisation rate in %[2)]		
		-0.25	**0**	**0.25**
Discount rate[2)] in %	-0.25	5,345	5,216	5,095
	0.00	5,243	5,118	5,002
	0.25	5,147	5,023	4,909

Sensitivity analysis of investment property (caverns)[1)]

			2009
	Discount rate in %[2)]		
Fair value of caverns	**-0.25**	**0**	**0.25**
	286	285	283

[1)] *For financial year 2009 including investment property under construction*
[2)] *See Section 7.2*

The discount factor is one important estimation parameter for pension provisions and other liabilities. The range of yields for first-class industrial bonds on the market, from which the discount rate is derived, is also very wide. The decrease in the discount rate leads to an increase in the cash value of pension commitments and, therefore, to a decrease in equity. An increase (or decrease) of the discount rate by 0.25% would reduce or increase the cash value of the commitments to company pension plans of the IVG Group by €1.2 million (2008: €1.0 million) and €1.3 million (2008: €1.0 million) respectively. Due to the current situation on the financial markets, we are currently seeing an increase in the risk premium of senior bonds over risk-free bonds.

Further information about the assumptions and estimates involved can be seen in the individual notes to the items. All assumptions and estimates are based on current ratios and estimates at the balance sheet date. In estimating future business development, the realistic future economic climate in the industries and regions in which the IVG Group operates at the time of reporting was also taken into account. Although management expects that assumptions and estimates are appropriate, any unforeseeable changes to these assumptions can affect the net assets, financial position and results of operations of the Group.

3. Changes in presentation

There were no significant voluntary changes in the presentation of the consolidated financial statements in financial year 2009.

4. Principles of consolidation

(a) Subsidiaries

Subsidiaries are all companies (including special-purpose entities) of which the financial and operational policies are controlled by the Group. The ability to exert control is generally equated with ownership of more than half the voting rights. Potential voting rights that are currently exercisable or currently convertible are considered when assessing control.

Subsidiaries are fully consolidated from the time when control is transferred to the parent and deconsolidated when control ceases.

The capital consolidation of acquired subsidiaries is carried out in accordance with the purchase method under IFRS 3 by offsetting the cost of shares against the pro rata revalued equity of the subsidiaries. This means that the cost of acquiring shares is the fair value of assets given, equity instruments issued and any liabilities incurred or assumed at the time of the transaction plus any costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at fair value at the acquisition date when consolidated for the first time.

Any hidden reserves or losses discovered are adjusted in line with the corresponding assets and liabilities in the subsequent consolidation.

Any excess of the cost of an acquisition of shares over the fair value of the acquired share of net assets is recognised as goodwill. Goodwill is not amortised but is instead subject to impairment testing on an annual basis or whenever there is evidence of a reduction in value. During deconsolidation, the remaining carrying amount of goodwill is taken into account in calculating the disposal proceeds.

If the cost of an acquisition is less than the fair value of the acquired share of net assets of the subsidiary, the purchase price allocation is reassessed and any remaining difference is immediately recognised in income.

Where control is already established, the acquisition of remaining capital shares will be treated as acquisition of minority shares of a subsidiary. IVG applies the interest method here. Correspondingly, the difference between consideration and the carrying amount of the acquired "minority shares" is recognised as (additional) goodwill. Any negative goodwill is recognised as income pursuant to IFRS 3.56. If a group of non-operational assets is acquired and therefore IFRS 3 does not apply, the total purchase price will be split in accordance with fair value.

Intragroup transactions and positions as well as unrealised earnings on intragroup transactions are eliminated. Tax accruals and deferrals are recognised pursuant to IAS 12 for temporary differences arising on consolidation.

Sales of goods and services within the IVG Group are generally made on arms-length terms.

(b) Equity investments accounted for using the equity method

Equity investments accounted for using the equity method include associated companies and joint ventures. In the case of associated companies, IVG exercises a significant influence but not control, while joint ventures are characterised by common control of the partners.

Upon addition, equity investments accounted for using the equity method are recognised at cost, which is divided into the acquired share of the equity in the associated company or joint venture as well as any newly-valued assets, goodwill or liabilities. In the subsequent valuation, the prorated after-tax results, distributed dividends and any changes in equity are added or subtracted from the carrying amount.

The overall carrying amount measured using the equity method is subjected to an impairment test in line with IAS 36 if there is evidence to suggest that an asset is impaired. If the realisable value falls below the carrying amount of an equity investment accounted for using the equity method, an impairment is charged in the amount of the difference.

Earnings and losses on transactions between Group companies and associated companies are eliminated to the extent of the Group's interest in the associates.

The following assets, liabilities, revenues and annual results from associated companies are attributable to the Group based on its shareholdings ratio:

in € m	2009	2008
Assets	246.7	210.7
Provisions and liabilities	176.4	164.8
Revenues	12.3	87.8
Net profit for the year	-5.9	12.4

The following assets and expenses are allocated to the Group's joint ventures pro rata:

in € m	2009	2008
Non-current assets	8.8	0.0
Current assets	0.2	0.0
Expenses	0.2	0.0

There are no liabilities or income from joint ventures to be allocated to the Group pro rata.

As in the previous year, there were no unrecognised accumulated losses.

5. Group of consolidated companies

The group of consolidated companies encompasses 273 subsidiaries, 12 associated companies and one joint venture. The associated companies as well as the joint venture were accounted for using the equity method.

All substantial German and foreign subsidiaries, associated companies and joint ventures are included in the consolidated financial statements of IVG.

Shares in subsidiaries, joint ventures, or associated companies not considered to be material from the Group's point of view are recognised in line with IAS 39.

Over the past financial year, IVG has not made any acquisitions that are to be classified as business combinations pursuant to IFRS 3.

	Germany	Other countries	2009	2008
Number of fully consolidated companies	157	116	273	281
Number of investments accounted for using the equity method	7	6	13	11
Total number of companies	**164**	**122**	**286**	**292**

The complete list of the Group's shareholdings is published in the electronic German Federal Gazette (Bundesanzeiger). Companies affiliated with consolidated Group companies and equity investments accounted for using the equity method are listed in the Annual Report.

Acquisition and loss of control of subsidiaries

A project company was acquired in the financial year for a cash purchase price of €4.5 million and mainly recognised for €4.4 million in inventories and virtually no cash or liabilities.

Significant sales in the financial year related to two property companies in Paris, France with sales proceeds of €34.2 million, three property companies in Luxembourg with sales proceeds of €22.8 million and a project development company in Budapest, Hungary, with sales proceeds of €13.9 million.

in € m	2009
Disposal proceeds for subsidiaries	76.2
Costs relating to disposal	3.3
Net disposal price	72.9
Portion of the price paid in cash or cash equivalents	71.2
Amount of cash or cash equivalents paid	1.6
In the course of disposals of subsidiaries, the Group surrendered the following assets and liabilities:	
- Investment property	56.8
- Inventories	34.0
- Other assets	13.4
- Assets of property disposal group	139.0
- Other receivables	0.3
- Liabilities to banks	50.5
- Other liabilities	46.8
- Deferred tax provisions	1.1
- Liabilities property disposal group	85.2

6. Currency translation

Foreign currency transactions are translated in the individual financial statements of companies included in the consolidated financial statements using the exchange rate at the date of the transaction. Monetary balance sheet items in foreign currencies are translated using the median exchange rate at balance sheet date and any resulting translation gains and losses are recognised in income.

Foreign subsidiaries are generally treated as independent entities; their financial statements are translated into Euro using the functional currency method. Under this method, equity items are translated using historical exchange rates and assets (including goodwill) and liabilities are translated using the exchange rate at balance sheet date. Any resulting currency translation differences are recognised in equity and reported in other reserves until a subsidiary is deconsolidated. Income and expenses of subsidiaries are translated into Euro using average monthly exchange rates.

The same process is applied to translation of currencies of foreign associated equity investments accounted for using the equity method.

The exchange rates used for translation in the course of consolidation are as follows:

Currency	Country	Exchange rate at 31.12.2009 in €	Exchange rate at 31.12.2008 in €
100 SEK	Sweden	9.7476	9.1366
1 GBP	UK	1.1236	1.0235
1 USD	United States	0.6942	0.7055
100 CZK	Czech Republic	3.7770	3.7636
100 HUF	Hungary	0.3692	0.3777
100 PLN	Poland	24.3724	24.0819

7. Accounting principles

7.1 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are carried at cost less any accumulated depreciation and amortisation. The cost of acquired assets comprises costs directly attributable to their acquisition. This also includes estimated costs for demolition, reconstruction and restoration of land.

The cost of self-constructed assets includes all costs directly related to the construction process and construction overheads which can be allocated. Capitalised borrowing costs are included in the cost of production.

Grants received for intangible assets and property, plant and equipment are deducted from cost.

Salt and surface rights relating to caverns are not amortised as they have an indefinite useful life. All material depreciable assets are depreciated on a straight-line basis, generally with depreciation periods as follows:

Other buildings (not investment property)	50 years
Plant and machinery	10 - 19 years
Motor vehicles	3 - 6 years
Office equipment	3 - 10 years
Computer software, licences and rights of use	3 - 5 years

The residual values and useful lives are reviewed at each balance sheet date and adjusted as necessary.

Gains and losses arising from disposal of assets, determined as the difference between the income from property disposal and the carrying amount less any directly attributable costs of property disposal, are recognised in income under other operating income or expenses.

Goodwill is any excess of the cost of a business acquisition over the Group's interest in the fair value of the net assets of the company being acquired at the acquisition date and is attributed to intangible assets. Goodwill arising from acquisitions of associated companies is included in the carrying amount of the equity investment in associated companies.

Goodwill is carried at cost less any accumulated impairment losses. It is allocated to cash generating units and tested for impairment annually and any time there are reasons for an impairment of value. The determination of gains and losses from company disposals includes the carrying amount of any goodwill attributed to the business which is being sold.

7.2 Investment property

Property is classified as investment property if it is held to earn rentals and/or for capital appreciation. Real estate developed for future use as investment property is reported as investment property as at 1 January 2009. Otherwise, real estate is accounted for in property, plant and equipment. The IVG Group recognises properties pursuant to IAS 2 that are being held as available for sale during normal business operations or which are being developed or are to be developed with the intention of being sold and those properties that are currently being held as financial investments and where there has been a start to development of the property with a view to sale.

Upon acquisition, investment property is valued at cost including ancillary purchase costs. In subsequent reporting years, investment property is valued at fair value. Real estate under construction intended for future use as investment property is carried at fair value as soon as this figure can be reliably determined. In the early development phases of investment property under construction, reliable estimates of the fair value are not available, so that this investment property under construction is carried at amortised cost. Fair value of properties can usually be determined with the acquisition of the construction permit. Due to geological uncertainties, caverns are not measured at fair value unless more than 300,000 m^3 of economically usable hollow space is achieved, which is roughly 50% of the maximum hollow space per cavern.

Borrowing costs (see Section 7.5) are capitalised in the case of investment property under construction as long as valuation is made at amortised cost.

In connection with the first-time application of IAS 40 (Revised 2008) as at 1 January 2009, investment property under construction was reclassified from property, plant and equipment at its remaining carrying amount. The effects of reclassification and first-time measurement at fair value are included in the Notes to the income statement (see Section 8.3) and in the Notes to the balance sheet (see Section 9.2).

The stated fair values of the investment property are based on valuations performed by reputable neutral appraisers (especially Jones Lang LaSalle GmbH) and calculated in accordance with the international valuation standards (IVS) of the International Valuation Standards Council (IVSC). Specifically, valuation is performed based on net cash inflows discounted to present value using the DCF method or based on market or comparative prices if available. All investment property is valued on the basis of the individual property and reflects the market conditions at the end of each quarter.

Under the DCF method expected future cash flows from a property are discounted to the valuation date with the particular fair market discount rate for each property. Over a planning period of ten years, the annual surplus (net operating income) is estimated for each property. It is derived from the addition of anticipated cash inflows and outflows. The cash inflows are normally the net rents and the outflows are the expenses, especially the operating expenses, which the owner has to pay. Net rents are based on a contractual rent increase in line with the expected inflation rate in the ten-year planning phase. Vacancy periods after the contractual lease expires are taken into account for each object if they occur. The discount rate as at 31 December 2009 averaged between 6.58% and 9.62% per country location (2008: between 6.43% and 9.77%). This results in the net present value of the net cash flows for the relevant periods. At the end of the ten-year planning period, the residual value for the property being valued is forecast. The stabilised net cash flows of years ten and eleven are capitalised as an annuity using the growth-implied capitalisation rate. The capitalisation interest rate in the financial year averaged between 6.00% and 7.62% per country location (2008: between 5.89% and 7.77%). The residual value is then also discounted to the valuation date using the discount rate. The total of the discounted net cash flows and the discounted residual value minus a local transaction cost discount of a potential buyer represents the fair value of the property being valued.

We also refer you to the information on risks in the real estate sector in Section 6.5 of the Group management report as well as to Section 2, Assumptions and Estimates, of these Notes regarding the sensitivity analyses of the key valuation parameters.

Investment property is no longer being recognised once it is sold or let as part of a finance lease. Gains and losses from disposal of investment property are recognised in the year of sale.

7.3 Impairment of assets (impairment test)

Intangible assets which have an indeterminable useful life are not amortised over their expected useful lives; they are subject to an impairment test annually or whenever required.

Other intangible assets and property, plant and equipment are tested for impairment when relevant events or changes to circumstances indicate that the carrying amount is no longer realisable. An impairment loss is recognised in the amount by which the realisable value is exceeded by the carrying amount. The realisable value is the higher amount of the fair value of the assets less costs to sell and the value in use.

During the course of impairment tests, it may be necessary to carry out a valuation at the level of cash generating units (CGU). In the IVG Group, CGUs are formed on the basis of legal entities or a group of entities, but limited to the segment level at a maximum. If a CGU or group of CGUs is allocated goodwill, and if the carrying amount of the CGU or group of CGUs exceeds the realisable value, an extraordinary impairment loss will be recognised for the allocated goodwill in the amount of the difference between the realisable value and the carrying amount. If the write-down is larger than the allocated goodwill, the carrying amounts of the CGU's or group of CGU's other assets will be reduced pro rata by the remaining balance.

If the reasons for impairment cease to apply, impairment is reversed up to the amortised or depreciated carrying amount that would have resulted if no impairment loss had been recognised. Where impairment losses are recognised for goodwill, these are not reversed if the reasons cease to apply in subsequent periods.

7.4 Financial assets and liabilities

Within the IVG Group arms-length sales and purchases of financial assets are recognised on the trading day. That is the day on which the Group undertakes to buy or sell the asset.

Financial assets are no longer recognised if the contractual rights to cash flows from the asset expire or ownership of the financial asset is transferred. The latter occurs when all opportunities and risks arising in connection with the ownership of the asset are transferred or the authority to control the asset is relinquished.

The following shows the valuation categories and applied accounting and valuation methods used in the Group. Classification depends on the purpose for which the financial asset was acquired.

(a) Assets valued at fair value through profit and loss

(a 1) Derivative financial instruments and hedging

As part of an active interest rate and foreign exchange management, IVG systematically uses derivative financial instruments such as interest rate swaps, combined interest rate/currency swaps, caps, currency swaps and currency futures solely for hedging purposes. The use of derivatives for speculative purposes is not permitted by internal policies.

Derivative financial instruments are recorded at the date of contract conclusion and are recognised as financial assets or liabilities at fair value regardless of their purpose.

Options are initially recognised or expensed as derivative financial instruments at the amount of the option premium and then valued at fair value.

Valuation is built both on statements from financial institutions (mark to market) and mathematical analysis of the value (option pricing model).

The market value of interest rate swaps and interest rate/currency swaps is determined by discounting the expected future cash flows over the remaining life of the contract on the basis of current interest rate yield curves.

Changes in the fair value of these derivatives are recognised directly to income, unless the derivative financial instruments have a designated and sufficiently effective hedging function in relation to an underlying transaction. In this case, recognition of the changes in fair value depends on the type of hedging relationship.

Cash flow hedges are designated in order to recognise a hedge against a risk that future cash flows from a recognised asset or liability, or a planned transaction that is highly likely to take place, will vary. In this context, unrealised gains and losses from the hedge are recognised in equity (other reserves). They are not transferred to the income statement until the underlying hedged transaction is recognised to income. If planned transactions are hedged and in a later period these transactions are used for a financial asset or a financial liability, all amounts included up to this time in equity are released and recognised in income in the reporting year in which the underlying hedged transaction influenced the result for the period. If the transaction leads to the use of non-financial assets or liabilities, the amounts recognised directly in equity are offset against the initial valuation of the asset or liability.

Net investment hedges are used to hedge foreign currency risks from equity investments with foreign functional currencies and to disclose hedging relationships in the balance sheet. Unrealised gains and losses from hedge transactions are recognised in equity until disposal of the equity investment.

In line with the rules and formal requirements of IAS 39, the requirements for the recognition of hedging transactions are fulfilled by IVG at each balance sheet date. In particular, the hedges must be fully documented, to show both the hedging relationship and the risk management strategy and targets.

Furthermore, the hedging relationship must be sufficient, i.e. the changes in fair value of the hedge transaction must prospectively and retrospectively cover a spread of 80% to 125% of the parallel changes in fair value of the underlying transaction. In line with IAS 39, only the effective part of a hedge relationship is recognised in line with the described rules. The ineffective part of a hedge relationship is directly recognised in the income statement.

When a hedging instrument expires or is disposed of or the hedged item no longer meets the criteria for hedge accounting, the accumulated gains or losses remain in equity and are only recognised in the income statement when the underlying transaction is realised or no longer expected to take place. Any future gains and losses from the hedge are recognised in earnings for the period from the end of the designation on.

(a 2) Other assets valued at fair value through profit and loss

The fair value of publicly listed shares and securities is measured using the current quoted market price. The fair value of assets for which there is no active market or no market price is determined using suitable valuation techniques.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. They arise when the Group provides a debtor directly with money, goods or services without any intention of trading the receivable. Loans and receivables are initially carried at fair value taking transaction costs into account, and recognised at subsequent balance sheet dates at amortised cost.

The carrying amount of any doubtful receivables is reduced to the lower recoverable amount. Besides necessary specific individual impairments, additional lump-sum impairment losses are recognised for at-risk receivables on the basis of general credit risk. For trade payables and receivables, the nominal amount less any accumulated impairment losses is assumed to equal fair value.

Impairment of receivables is partially realised using impairment accounts. The decision as to whether a default risk should be recognised by way of an impairment account or as a direct reduction in the receivable depends on the reliability of the assessment of the risk situation.

Receivables denominated in foreign currencies are translated using the average exchange rate at balance sheet date. Gains or losses on currency translation are recognised in the financial result.

Cash and cash equivalents includes cash in hand, bank balances and short-term deposits belonging to IVG Immobilien AG and those companies not yet included in the cash clearing system, with a remaining term of less than three months.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets designated as available for sale or not classified under any of the other categories mentioned. Initial valuation is made at fair value taking account of transaction costs. Subsequent valuation is made at fair value where this can be reliably determined. Any unrealised gains and losses are recognised in equity (other reserves) after taking deferred taxes into account. Upon disposal, proceeds will be recognised as gains or losses.

At each balance sheet date, financial assets and groups of financial assets are reviewed for any indications of impairment.

For equity instruments classified as available-for-sale financial assets, a material or sustained decline of the fair value to less than cost is seen as an indication of impairment. If indications of impairment exist for available-for-sale assets, the asset is written down to fair value.

The cumulative losses previously recognised directly in equity are then recognised in income under depreciation and amortisation. Impairment losses of equity instruments recognised in income are not reversed in income.

7.5 Inventories

Inventories are measured at the lower of cost or net realisable value. Cost is assigned by the weighted average cost formula. The cost of finished goods and work in progress includes costs of product design, materials and supplies, direct labour, other direct costs, and directly allocable overheads.

So long as they can be directly allocated to the purchase, construction or production of a qualifying asset, borrowing costs are capitalised as part of costs in the period in which all major work is completed in order to furbish the asset for its intended use or sale.

At the IVG Group, a period exceeding 12 months was chosen. Otherwise borrowing costs will be expensed. The financing rate underlying the capitalised borrowing costs is 4.2% (2008: 5.0%). The financing rate is an average weighted financing rate, determined by the IVG Group and applied where no directly allocable borrowing was taken up. For property-specific financing, the actual interest expense, less any income derived from intermediate assets, is recognised.

The net realisable value is the estimated selling price less estimated costs to completion and the estimated costs of sale.

7.6 Construction contracts

A construction contract is defined in IAS 11 as a contract specifically negotiated for the construction of an asset.

If the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract income is recognised over the duration of the contract. If it is probable that total contract costs will exceed total contract income, the expected loss is recognised as an expense immediately. The Group uses the percentage of completion method to determine the revenues to be reported in a given financial year. The percentage of completion is the percentage of costs incurred until the balance sheet date compared to the expected total cost of the contract.

If the outcome of a construction contract cannot be measured reliably, contract income is only recognised to the extent that it is probable that incurred contract costs can be recovered.

The Group reports as an asset the gross amount due from customers for construction work – for all contracts in progress for which costs incurred plus reported earnings (or less recognised losses) exceed total progress billings. Progress billings not yet paid are reported under trade receivables.

The Group reports as a liability the gross amount due to customers for contract work – for all contracts in progress for which progress billings exceed costs incurred plus reported earnings (or less recognised losses).

7.7 Non-current assets held for sale

In accordance with IFRS 5, non-current assets to be sold as part of an asset deal are reported separately as available for sale in the consolidated financial statements if the disposal is highly probable within the next twelve months. If the disposals are planned as share deals, the other assets and liabilities to be disposed of are reported separately in the consolidated balance sheet in addition to the non-current assets.

Items available for sale are valued at the lower of their carrying amount and fair value less selling costs at the time of reclassification and at each subsequent balance sheet date. Depreciation and amortisation are no longer recognised from the date of reclassification. In variance to these valuation rules, investment property will continue to be valued in accordance with the relevant regulations of IAS 40 (Revised 2008), due to the option to use fair value for accounting purposes. Gains or losses arising from the valuation of individual non-current assets held for sale or disposal groups are recognised as income from continuing operating activities until they are sold.

7.8 Financial assets

Loan liabilities and other liabilities are measured at fair value at first-time recognition, taking account of transaction costs. Any difference between the amount of a loan (after deduction of transaction costs) and the amount repaid is recognised in the income statement over the contractually agreed loan term using the effective interest method. Valuation in subsequent periods is made at amortised cost.

Pursuant to IAS 32 a company has an equity instrument only if it has no conditional or unconditional contractual obligation to deliver cash or another financial asset.

In effect, IAS 32 determines that the right of shareholders to demand that a company pay out the value of its shareholding at any time means that this should be recognised as a liability, even if the legal form of the shareholder is only a residual interest. Liabilities to limited partnership (KG) minority shareholders should therefore be valued at the fair value of the claim for reimbursement of limited liability capital. Changes are recognised in the financial result as “Revaluation of minority interests in partnerships”.

Liabilities are classified as non-current liabilities if the agreement provides for repayment after twelve months. Liabilities denominated in foreign currencies are translated using the mean exchange rate at the balance sheet date. Gains or losses on currency translation are recognised in the financial result. Derivatives recognised as liabilities are carried at fair (market) value. The fair values of financial liabilities disclosed in the notes are determined by discounting the contractually agreed future cash flows at the market rate of return that the Group would currently obtain for similar financial instruments.

7.9 Income taxes

Deferred tax assets and liabilities are recognised using the balance sheet liability method, for temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS balance sheet.

Deferred tax assets for temporary differences and for tax loss carryforwards are recognised to the extent that it is probable that the temporary difference or unused tax loss carryforwards can be offset against future taxable income.

Deferred tax assets and liabilities are measured using the tax rates and tax laws effective or substantively effective at balance sheet date and expected to apply when the asset is realised or the liability settled.

The income tax rate for German Group companies is 31%. As well as the uniform corporation tax rate (KSt) and the solidarity surcharge, this also includes an average business tax rate (GewSt). The tax rates for foreign companies vary between 19% and 35%.

Deferred tax liabilities are recognised for temporary differences in connection with equity investments in subsidiaries and associated companies, except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Unpaid amounts of current income taxes are recognised as a liability. If the amount already paid for income taxes exceeds the amount due, the difference is recognised as an asset.

7.10 Pension provisions

Pension provisions and similar obligations result from obligations towards employees. Obligations arising from performance plans were valued in accordance with the projected unit credit method. Using this method, forecast future increases in salaries and benefits are taken into consideration in addition to benefits and entitlements known at balance sheet date. The biometric basis is provided by the actuarial tables 2005G by Dr Klaus Heubeck. Actuarial gains and losses from amendments and changes to actuarial assumptions are recognised directly in equity under other reserves in the period in which they arise. The amount of obligations at the end of the year is set off against plan assets at fair value (finance status). Pension provisions are calculated taking into account any resulting asset values and after deduction of personnel expenses.

7.11 Other provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised for decommissioning obligations, the remediation of environmental damage, reconstruction obligations, legal proceedings and other obligations when the Group has a legal or constructive obligation to a third party, and it is probable that settling the obligation will require an outflow of resources embodying economic benefits, and the amount of the obligation can be reliably estimated.

Other provisions are valued in accordance with IAS 37 and IAS 19 by using the best estimate of the amount of the obligation. For individual risks this is the most likely amount. Provisions with a remaining term of more than one year are discounted using an interest rate appropriate in terms of risk and maturity. Provisions for reconstruction obligations are discounted at 5.5% (2008: 5.5%).

Contingent liabilities and contingent assets are possible liabilities or assets resulting from past events, of which the existence is determined by way of the incidence of one or more uncertain future events that do not lie within IVG's control. In addition, this means a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are recognised at fair value if they are acquired during the acquisition of a company.

Contingent assets are not recognised. Where an outflow of economic resources is likely, information about contingent liabilities will be made in the notes to the consolidated financial statements. The same applies to contingent assets, as soon as an economic benefit becomes likely.

7.12 Share option plan

In accordance with IFRS 2, calculations relating to the share option plan for managers are performed by financial analysis using an option pricing model. Share-based remuneration with equity-settled instruments is valued at fair value at the grant date. The calculated option value is recognised time rated in income under personnel expenses over the vesting period of the option. Exercisable options which are not tied to market conditions are taken into account in the assumptions about the number of options expected to be exercised. Obligations from cash-settled plans are recognised as other provisions and revalued at fair value at each balance sheet date. Expenses are also recognised over the vesting period of the option. With regard to the LTI plans for 2003/2004, the IVG Group has exercised the elective right to settle in cash. Since 2005 IVG has only used cash-settled plans.

7.13 Leases

Leases in which substantially all the risks and rewards incidental to ownership of the leased assets remain with the lessor are classified as operating leases. Payments received or made under an operating lease are recognised in income over the term of the lease. Real estate leasing contracts are operating leases in accordance with this definition.

Leases which transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee are classified as finance leases.

If assets are leased under a finance lease, the present value of the minimum lease payments is carried as a lease receivable and the lease item is recognised as a disposal. Any difference between the gross receivable and the present value of the receivable is recognised in the financial result over the lease term. Interest income is recognised over the lease term using the annuity method, reflecting a constant annual return.

Book profits which are the difference between the present value of minimum lease payments and the remaining carrying amounts of lease items are recognised in income under other operating profit if the lease agreements concluded are manufacturer or dealer leases (IAS 17.42 et seq.).

7.14 Revenue recognition

Rental income

Revenues from letting, renting and property management less any revenue deductions are recognised as soon as the remuneration is contractually agreed or may be reliably determined and it is likely that any related conditions will be met.

Proceeds from disposal of property

Proceeds from sales transactions (such as investment property) are recognised if

- All significant risks and rewards of ownership have been transferred to the acquirer
- The Group retains neither titles nor effective control over the object
- The amount of income and the costs incurred or to be incurred in respect of the transaction can be measured reliably
- It is sufficiently probable that the economic benefits associated with the transaction will flow to the Group.

Proceeds from provision of services

Revenues from the provision of services (fund management, property management fees, commissions and operation of caverns) are recognised in the financial year in which the services are provided.

For services provided in more than one reporting year, revenues are recognised as a ratio of services actually provided to the total amount of service to be provided.

8. Notes to the consolidated income statement

8.1 Revenues

For further information about revenues, see Section 12.7 (Segment reporting).

8.2 Changes in inventories and other own work capitalised

in € m	2009	2008
Increase in inventories of finished goods and work in progress	397.4	472.7
Decrease in inventories of finished goods and work in progress	-303.6	-29.1
Other own work capitalised	4.1	9.1
	97.9	**452.7**

At €227.1 million, the increases in inventory of finished goods and work in progress result from the scheduled construction progress of the project Airrail (2008: €186.9 million). These are contrasted by negative changes in the portfolio, in particular due to the successful sale of a project development in Milan (€276.0 million).

8.3 Unrealised changes in market value of investment property

in € m	2009	2008
Germany	65.5	-451.0
France	-18.6	-71.8
Finland	-14.3	-8.6
UK	-7.7	-43.1
BeNeLux	-20.5	-9.0
Other countries	-1.6	0.2
	2.8	**-583.3**

Unrealised changes in market value of €2.8 million (2008: -€583.3 million) comprise -€194.2 million (2008: -€671.2 million) from the Real Estate segment and €197.0 million (2008: €48.5 million) from the Caverns segment. In 2008, another €38.0 million was attributable to the Development segment and €1.4 million to the inter-segment correction of disclosures.

Unrealised market value gains of €214.5 million (2008: €107.1 million) are contrasted by market value losses of €211.7 million (2008: €690.4 million).

Investment property under construction was measured at fair value for the first time in the financial year due to IAS 40 (Revised 2008). Gains of €174.1 million from the first-time measurement of caverns under construction are contrasted by losses of €0.5 million from the Real Estate segment. The unrealised changes in market value in the Caverns segment also include €22.9 million relating to a cavern that was completed in the third quarter of 2009.

8.4 Realised changes in market value of investment property

Realised changes shown are changes in market value from the beginning of the financial year of investment property disposed of during this period or from a later completion date.

Realised changes in market value of -€64.1 million in financial year 2009 (2008: €171.1 million) were mainly a result of the sale of investment property in the Real Estate segment of -€63.6 million.

8.5 Other operating income

in € m	2009	2008
Other operating income from reversal of provisions	19.0	27.9
Other operating income from the retraction of impairments made in the Development segment	16.9	0.0
Earnings from disposal of consolidated companies	5.8	205.0
Gains/losses from the realisation of a subsequent purchase price adjustment	5.5	0.0
Income from reimbursements received/costs passed on from reconstruction obligations; Tenant improvements	2.0	0.0
Income from reimbursement of property taxes (Grunderwerbsteuer)	0.0	22.8
Other operating income	31.3	34.6
	80.5	**290.3**

Other operating income from the reversal of impairments contained €9.6 million mainly due to write-ups on inventories due to the successful completion of a rental agreement for a project development at considerably better conditions than expected. An additional €7.2 million related to the reversal of provisions due to a lower cost burden from the reversals of project developments.

The result of the sale of consolidated companies was mainly the successful placement of the Euroselect 17 Office Center Amstelveen Fund.

8.6 Material expenses

in € m	2009	2008
Project development	333.8	401.6
Raw materials and consumables	7.3	0.1
Purchased services	72.2	66.7
Impairment losses on inventories	166.9	217.0
Project development (PoC)	8.1	7.2
	588.4	**692.6**

Project development expenses consist mainly of purchased construction services, architects' fees and planning expenses. Expenses for project developments primarily relate to the project Airrail in Frankfurt am Main with €209.5 million (2008: €173.0 million) as well as to Maciachini in Milan with €21.0 million (2008: €48.9 million). The reduction in expense for project developments was mainly due to a lower project volume in the Funds and Development segments.

The unrealised changes in value reported in material expenses refer to impairment losses during the financial year as against the net price of property disposal in the Development segment and primarily relate to €149.4 million (2008: €67.9 million) from the project Airrail in Germany.

Total expenses arising from construction contracts as at 31 December 2009 amounted to €16.1 million (2008: €7.2 million). Construction contracts with amounts due to customers amounted to €14.7 million (2008: €8.1 million).

8.7 Personnel expenses

in € m	2009	2008
Salaries and wages	59.6	61.6
Social security contributions	13.7	12.8
thereof for pensions	*9.1*	*8.9*
Expenses (2008: income) from performance plans	0.2	-5.6
	73.7	**68.8**

The average number of employees in 2009 was 667 plus 62 (Management Board, employees in passive early retirement or parental leave) (thereof 7 were manual workers and 722 were salaried employees). The average number of employees in 2008 was 649 plus 64 (Management Board, employees in passive early retirement or parental leave) (thereof 11 were manual workers and 702 were salaried employees).

Expenses for retirement pensions consist mainly of expenses for defined benefit contribution plans, including employers' contributions to the state pension scheme.

8.8 Depreciation and amortisation

in € m	2009	2008
Depreciation and amortisation	6,2	5,4
Impairment losses	5,6	12,5
	11,8	**17,9**

Non-scheduled depreciation consists mainly of impairment losses on goodwill over the course of the year (see section 9.1).

8.9 Expenses from investment property

in € m	2009	2008
Expenses from leased investment property	63.0	79.0
Expenses from partially vacant investment property	6.6	2.7
	69.7	**81.7**

This item consists mainly of maintenance, ground rents, operating costs, taxes and fees that can be directly attributed to investment property.

The distinction between leased and vacant investment property is made as at the balance sheet date.

8.10 Other operating expenses

in € m	2009	2008
Auditing, legal and consultancy fees	28.2	35.9
Purchased external services	18.7	18.5
Rental guarantee and general leases	13.7	1.0
Data processing	11.0	15.8
Rents/leasing expense	9.2	7.6
Communications and marketing	7.2	7.3
Capital from disposal of finance lease	4.2	0.0
Impairment losses on receivables	4.0	5.8
Travel expenses and ancillary personnel costs	3.8	5.9
Service/maintenance	2.8	7.1
Levies/fees/banking charges/early redemption penalties/charitable donations	2.6	7.7
Office, postal and telephone expenses	1.8	1.9
Other taxes	1.2	2.1
Insurance premiums	1.2	2.1
Losses on disposal of non-current assets	0.0	11.4
Commitment from pending acquisition	0.0	7.8
Reconstruction obligations	0.0	7.0
Expenses from unrealised projects	0.0	5.8
Expenses from reversal of property disposals	0.0	3.8
Other expenses	27.7	24.1
	137.4	**178.6**

Of the auditing, legal and consultancy fees, €3.9 million (2008: €6.2 million) relate to PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (Germany), of which €3.1 million (2008: €3.9 million) was with respect to fees for auditing financial statements, €0.2 million (2008: €0.2 million) for tax consultation, €0.3 million (2008: €2.1 million) for other certification services and €0.3 million (2008: €0.0 million) for other services.

Rent guarantees were given particularly in connection with the placement of the "IVG Protect Fund" (€5.0 million) as well as the sale of project developments in Milan (€2.8 million), Germany (€2.6 million) and Hungary (€1.3 million).

Purchased services mostly relate to expenses for services in connection with property management.

Other taxes consist mainly of property acquisition tax for properties not shown as investment property.

Other expenses of €5.6 million refer to subsequent disposal costs from disposals in previous years and unrealised transactions. Expenses for litigation, transport and distribution are also reported here.

8.11 Share of profit/loss from investments accounted for using the equity method

The share of profit and loss from equity investments accounted for using the equity method resulted in €6.7 million (2008: €14.2 million) from the amortisation of the shares in associated companies, €1.6 million from the expense of writing off loans (2008: €11.0 million in income from the balance of depreciation and appreciation of receivables) from two associated companies and €3.9 million in expense (2008: €5.2 million in income) from the pro rata share for the financial year of the companies accounted for using the equity method.

8.12 Income from investments

in € m	**2009**	**2008**
Income from equity investments	3.7	0.9
Impairment of equity investments and shares in affiliates	-2.4	-1.3
	1.3	**-0.4**

Income from equity investments mainly contains €2.9 million in distributions of the IVG Cavern Fund.

Impairment losses on equity investments and on shares in affiliates mainly relate to €2.3 million for the impairment on a Spanish project development company that was sold in the year under review.

8.13 Financial result

in € m	**2009**	**2008**
Foreign currency income	72.7	155.2
Foreign currency expenses	-74.5	-188.3
Foreign currency earnings	**-1.8**	**-33.1**
Interest income	19.8	26.8
Capitalised interest (assets)	8.3	4.2
Interest expense	-235.6	-311.5
Interest earnings	**-207.6**	**-280.5**
Income from hedging transactions	9.5	4.6
Expenses from hedging transactions	-22.2	-12.5
Earnings from hedging transactions	**-12.7**	**-7.9**
Income from valuation of financial assets	13.8	0.0
Expenses from valuation of financial assets	-21.9	-82.8
Income from valuation of financial assets	**-8.1**	**-82.8**
Earnings from subsequent valuation of minority interests in partnerships	**1.6**	**16.0**
Other financial income	3.8	0.0
Other financial expenses	-28.5	-10.2
Other financial result	**-24.7**	**-10.2**
Financial result	**-253.4**	**-398.5**

Financial expenses (2009: €374.5 million; 2008: €601.1 million) refer to expenses from foreign currencies, interest expense (after deduction of capitalised interest), expenses from hedging transactions, expenses from valuation of financial assets, and other financial expenses.

Financial income (2009: €121.1 million; 2008: €202.6 million) refers to foreign currency income, interest income, income from hedging transactions, income from valuation of financial assets, income from subsequent valuation of minority interests in partnerships and other financial income.

Foreign currency income and expenses mainly include currency effects from the foreign currency transactions of IVG Immobilien AG and from the valuation of internal and external loans in Euro to eastern European project companies. Expenses and income from hedging transactions relate to gains and losses from the market valuation of hedge transactions not included in hedge accounting.

Income from valuation of financial assets relates almost entirely to the valuation of a long-term loan to a project partner of IVG Private Funds GmbH. Expenses from the valuation of financial assets relate mostly to the valuation of share certificates in Asian and Italian real estate funds.

The other financial result includes in particular expenses from the reversals of already issued share certificates in the Balance Portfolio Asia and early redemption penalties especially as part of refinancing existing IVG Immobilien AG loans into the new syndicated loan as well as financing fees.

8.14 Income taxes

in € m	**2009**	**2008**
Current income tax expense	-24.3	-400.6
Income tax expense from other periods	-0.3	-2.3
Deferred taxes	55.9	452.6
Deferred taxes from other periods	0.0	-4.3
	31.3	**45.4**

Tax reconciliation

Taxes on Group earnings before tax differ from the theoretical amount which would have resulted from applying the same Group tax rate of 31% (2008: 31%) to the earnings before tax as follows:

in € m	**2009**	**2008**
IAS/IFRS earnings before income taxes	**-189.3**	**-497.1**
Expected tax expenses/income (Group tax rate)	**58.7**	**154.1**
Effects of trade taxes	6.6	19.3
Difference in foreign tax rates	-7.3	3.8
Changes in tax rates	0.4	2.3
Non-deductible expenses	-17.9	-28.0
Tax-free income	5.5	67.7
Other tax effects from subsidiaries and companies accounted for at equity	0.0	6.0
Deductible notional return on equity in foreign jurisdictions	22.6	20.1
Current non-deductible losses less current non-deductible losses carried forward and temporary differences for which there are no deferred taxes	-36.6	-192.0
Effects from other periods	0.3	-6.5
Other	-1.0	-1.4
Effective income taxes (current and deferred taxes)	**31.3**	**45.4**
Group tax rate in %	16.5	9.1

8.15 Earnings per share

Basic earnings per share

The basic earnings per share is determined by dividing the consolidated net profit from the period due to the shareholders of the parent company by the weighted average number of ordinary shares floating during the reporting year.

		2009	2008
Amount of consolidated net profit attributable to Group shareholders	in € m	-190.1	-484.3
Weighted number of shares issued	in millions	117.7	116.0
Basic earnings per share	in €	-1.61	-4.18

Diluted earnings per share

Calculation of the diluted earnings per share is basically consistent with basic earnings per share.

However, the diluted earnings per share is calculated by adjusting the share of the consolidated net income due for the period to the shareholders of the parent company and the weighted average number of ordinary shares in circulation for all dilution effects of potential ordinary shares.

The IVG Group has potential ordinary shares resulting from the convertible bond issue. The earnings share of Group shareholders is diluted by all financial expenses (after tax) resulting from the convertible bond, interest for the relevant period, and bank fees, as these are discontinued upon conversion of the convertible bonds and have no further influence on the share of the Group shareholders. The weighted average number of additional ordinary shares increases by the weighted average number of additional ordinary shares which would have a dilution effect on ordinary shares if all potential ordinary shares were converted.

		2009	2008
Amount of consolidated net profit attributable to Group shareholders	in € m	-190.1	-484.3
Interest expense from bond (after taxes)	in € m	11.2	10.8
Amount of consolidated net profit attributable to Group shareholders (diluted)	in € m	-178.9	-473.5
Weighted number of shares issued	in m	117.9	116.0
Effect of potential conversion of bond	in m	8.7	8.7
Adjusted weighted number of shares issued	in m	126.6	124.7
Diluted earnings per share*	in €	-1.41	-3.80

* *Investors should be aware that the following remark does not form part of the annual financial statements of the Company: The amount of diluted earnings per share has been restated in the unaudited IFRS consolidated interim financial statements for the six month period ended June 30, 2011 and the restated amount has been reported again in note "Adjustment of diluted earnings per share" to the unaudited IFRS consolidated interim financial statements for the nine month period ended September 30, 2011, which are included elsewhere in this Prospectus.*

(Diluted) earnings per share determined pursuant to EPRA

Earnings per share determined on the basis of EPRA recommendations are based on earnings derived from the operational main business of the IVG Group. Neither unrealised nor realised changes in market value of investment property are taken into account.

The EPRA earnings per share are determined as follows:

		2009	2008
Amount of consolidated net profit attributable to Group shareholders	in € m	-190.1	-484.3
Unrealised changes in market value of Investment Property	in € m	-2.8	583.3
Realised changes in market value from the sale of investment property and equity investments*	in € m	56.3	-202.2
Taxes on realised changes in market value from the sale of investment property and equity investments	in € m	-15.5	2.8
Negative goodwill/impairment of goodwill	in € m	3.9	12.5
Changes in fair value of financial instruments	in € m	7.1	7.9
Deferred taxes on above	in € m	20.1	-64.7
Minority shares on above	in € m	0.0	-0.6
Adjusted amount of consolidated net profit attributable to Group shareholders	in € m	-121.0	-145.3
Weighted number of shares issued	in m	117.9	116.0
EPRA earnings per share	in €	-1.03	-1.25
Effect of potential conversion of bond	in m	8.7	8.7
Adjusted weighted number of shares issued	in m	126.6	124.7
Diluted EPRA earnings per share	in €	-0.96	-1.16

* *Also includes the result from the disposal of the equity investments*

9. Notes to the consolidated statement of financial position – assets

9.1 Intangible assets

2009 in € m	**Concessions, indust. property rights and other rights as well as licenses to such rights**	**Goodwill**	**Total**
Acquisition costs at 01.01.	**10.7**	**265.1**	**275.8**
Exchange rate differences	-0.1	0.0	-0.1
Additions	0.8	3.9	4.7
Disposals	-1.0	0.0	-1.0
At 31.12.	**10.4**	**269.0**	**279.4**
Amortisation at 01.01.	**10.2**	**15.9**	**26.1**
Exchange rate differences	-0.1	0.0	-0.1
Additions	0.4	3.9	4.3
thereof extraordinary	*0.0*	*3.9*	*3.9*
Disposals	-1.0	0.0	-1.0
At 31.12.	**9.5**	**19.8**	**29.3**
Carrying amount at 31.12.	**0.9**	**249.2**	**250.1**
Carrying amount at 01.01.	**0.5**	**249.2**	**249.7**

2008 in € m	Concessions, indust. property rights and other rights as well as licenses to such rights	Goodwill	Total
Acquisition costs at 01.01.	**17.5**	**256.2**	**273.7**
Exchange rate differences	-0.2	0.0	-0.2
Additions	3.5	8.9	12.4
Disposals	-1.8	0.0	-1.8
Reclassifications	-8.3	0.0	-8.3
At 31.12.	**10.7**	**265.1**	**275.8**
Amortisation at 01.01.	**11.6**	**3.4**	**15.0**
Exchange rate differences	-0.3	0.0	-0.3
Additions	0.7	12.5	13.2
thereof extraordinary	*0.0*	*12.5*	*12.5*
Disposals	-1.8	0.0	-1.8
At 31.12.	**10.2**	**15.9**	**26.1**
Carrying amount at 31.12.	**0.5**	**249.2**	**249.7**
Carrying amount at 01.01.	**5.9**	**252.8**	**258.7**

The reported goodwill is mainly allocated to the cash-generating units (CGUs) IVG Institutional Funds (specialised real estate fund for institutional investors €237.9 million, 2008: €237.9 million) and IVG Private Funds (closed-end property funds for private investors €11.3 million, 2008: €11.3 million).

In the case of the CGU IVG Institutional Funds, the relevant monitoring level for IVG's management is the change in the enterprise value, the major component of which is the total volume of funds under management.

IVG's management's monitoring of the CGU IVG Private Funds is carried out on the basis of profit from operations, for which the main determinant is the performance in raising equity for the closed-end property funds.

The realisable value for the CGUs IVG Institutional Funds and IVG Private Funds is determined by the calculation of their value in use. These calculations are based on medium-term budgets approved by management, which cover a period of three years. To determine the value of the annuity (value component from the end of the detailed planning period), sustainable operating cash flows are extrapolated using a growth rate for the CGUs IVG Institutional Funds and IVG Private Funds of 1.0% p.a. (2008: 1.0%). The growth rate reflects the long-term expectations for each CGU. The weighted average cost of capital (WACC) for each CGU was calculated in line with the capital asset pricing model (CAPM). The discount rates were set on the basis of market data and for the CGU IVG Institutional Funds amounted to 10.4% (2008: 11.9%) and for CGU IVG Private Funds 15.5% (2007: 15.4%) before taxes.

As the value in use exceeded the carrying amounts of the CGUs IVG Institutional Funds and IVG Private Funds, there is no need for an impairment as of 31 December 2009. An increase of the discount rate of 0.5% and a reduction of the long-term growth rate of 0.5% from which the IVG Group determines the value in use for both funds' CGUs would not result in allowance, depreciation, write off.

Goodwill allocated to the CGU IVG Deutschland Immobilien AG was fully written of (€3.6 million) in financial year 2008.

Goodwill calculated in 2009 from the acquisition of minority shares with an additional charge on the premium was fully written of, amounting to €3.9 million (2008: €8.9 million), as no positive synergies are to be expected from the acquisition.

9.2 Investment property

	2009			2008
in € m	IP (at fair value)	IP under constr. (at fair value)	IP under constr. (at cost)	
Carrying amount as of 01.01.	**5,172.2**	**0.0**	**0.0**	**5,361.8**
Exchange rate differences	17.2	0.0	0.0	-38.2
Change in the group of consolidated companies	-56.8	0.0	0.0	-578.5
Reclassifications from property, plant and equipment due to the first-time application of IAS 40 (Revised 2008) at the carrying amounts	0.0	11.1	242.8	0.0
Additions	52.9	45.1	53.6	1,044.5
Disposals	-123.1		-0.5	-246.8
Realised changes in market value of investment property	-179.0	196.5	0.0	-583.3
Write-down	0.0	0.0	-1.7	0.0
Reclassifications from inventories	0.0	0.0	0.0	135.7
Reclassifications from IP under construction valued at cost to IP under construction valued at fair value	0.0	106.6	-106.6	0.0
Reclassifications from IP under construction to IP	31.8	-31.8	0.0	0.0
Reclassifications to non-current assets held for sale	-677.8	0.0	0.0	-95.8
Reclassifications from non-current assets held for sale	9.2	0.0	0.0	0.0
Reclassifications from property, plant and equipment and intangible assets	6.0	0.0	0.0	172.8
Carrying amount at 31.12.	**4,252.6**	**327.5**	**187.6**	**5,172.2**

Additions in the financial year related to investments in investment property under construction (€98.7 million) as well as the acquisition of a property in Glasgow (€32.4 million). In the financial year, €20.5 million was invested in the property portfolio – €15.0 million in Germany and €5.5 million in Finland.

The change in the group of consolidated companies relates to sales of investment property as part of share deals.

Disposals for carrying amounts refer mainly to the sale of office and commercial property in London (€56.8 million), Helsinki (€13.2 million), Brussels (€7.4 million) and Liebenau (€6.4 million). A cavern (€31.8 million) was also sold to the IVG Cavern Fund.

Real estate with a total value of €677.8 million was reclassified in non-current assets held for sale in the 2009 financial year. These reflect a significant portion of the selling program launched in 2009 and are virtually fully sold (see Section 9.9). There from, eight properties with a carrying amount of €322.9 million are marketed via the "IVG Protect Fund" launched by the IVG Institutional Funds. Another three properties in Luxembourg (€50.9 million) have been sold to an investor.

9.3 Property, plant and equipment

2009 in € m	Land and buildings (own use)	Technical plant and machines	Other plant, office equipment	Advance payments made and construction in progress	Total
Acquisition costs at 01.01.	**26.3**	**56.9**	**19.8**	**286.6**	**389.6**
Exchange rate differences	0.0	0.0	0.1	0.0	0.1
Change in the group of consolidated companies	0.8	0.0	0.0	0.0	0.8
Additions	2.1	1.5	1.2	15.9	20.7
Disposals	-0.3	0.0	-2.8	-3.3	-6.4
Reclassifications to investment property due to the first-time application of IAS 40 (Revised)	0.0	0.0	0.0	-253.9	-253.9
Reclassifications to investment property	0.0	0.0	0.0	-6.0	-6.0
Reclassifications to and from inventories	1.5	0.0	0.0	-2.5	-1.0
Reclassifications	-0.1	5.6	0.0	-5.5	0.0
At 31.12.	**30.3**	**64.0**	**18.3**	**31.3**	**143.9**
Amortisation at 01.01.	**4.9**	**4.8**	**11.8**	**0.0**	**21.5**
Additions	0.5	3.4	1.8	0.0	5.7
Disposals	-0.2	0.0	-2.3	0.0	-2.5
At 31.12.	**5.2**	**8.2**	**11.3**	**0.0**	**24.7**
Carrying amount at 31.12.	**25.1**	**55.8**	**7.0**	**31.3**	**119.2**
Carrying amount at 01.01.	**21.4**	**52.1**	**8.0**	**286.6**	**368.1**

2008 in € m	Land and buildings (own use)	Technical plant and machines	Other plant, office equipment	Advance payments made and construction in progress	Total
Acquisition costs at 01.01.	**40.5**	**26.7**	**20.0**	**358.8**	**446.0**
Exchange rate differences	0.0	0.0	0.0	-9.3	-9.3
Change in the group of consolidated companies	0.0	0.0	-0.1	-28.1	-28.2
Additions	0.6	26.1	3.3	150.2	180.2
Disposals	-0.1	0.0	-3.4	-6.8	-10.3
Reclassifications	-14.7	4.1	0.0	-178.2	-188.8
At 31.12.	**26.3**	**56.9**	**19.8**	**286.6**	**389.6**
Amortisation at 01.01.	**19.1**	**2.5**	**12.0**	**0.0**	**33.6**
Exchange rate differences	0.0	0.0	0.3	0.0	0.3
Additions	0.6	2.3	1.8	0.0	4.7
Disposals	0.0	0.0	-2.3	0.0	-2.3
Reclassifications	-14.8	0.0	0.0	0.0	-14.8
At 31.12.	**4.9**	**4.8**	**11.8**	**0.0**	**21.5**
Carrying amount at 31.12.	**21.4**	**52.1**	**8.0**	**286.6**	**368.1**
Carrying amount at 01.01.	**21.4**	**24.2**	**8.0**	**358.8**	**412.4**

The substantial change to prior year relates to reclassifications of €259.9 million, relating mainly to reclassification of properties and caverns under construction. These will be reported under investment property since the current financial year.

The additions of property, plant and equipment amounting to €20.7 million (2008: €180.2 million, therein €150.2 million in properties and caverns under construction) relate in particular to piping systems under construction.

9.4 Financial assets

2009 in € m	Shares in equity investments accounted for using the equity method	Equity investments and shares in affiliates	Shares in other equity investments	Securities
Acquisition costs at 01.01.	**37.8**	**30.0**	**166.8**	**34.0**
Exchange rate differences	0.0	0.0	-0.7	0.0
Additions	55.3	0.2	14.7	0.0
Changes at equity	-7.0	0.0	0.0	0.0
Disposals	-2.9	-21.6	-46.4	-34.0
Reclassifications	0.0	0.1	-5.3	0.0
At 31.12.	**83.2**	**8.7**	**129.1**	**0.0**
Amortisation at 01.01.	**-0.1**	**24.7**	**33.4**	**-3.7**
Exchange rate differences	0.0	0.0	-0.2	0.0
Impairments	6.8	2.3	12.2	0.0
Unrealised gains and losses recognised in other reserves	0.0	0.0	-7.7	0.0
Disposals	0.0	-21.6	-1.3	3.7
Reclassifications	0.0	0.0	-2.2	0.0
At 31.12.	**6.7**	**5.5**	**34.2**	**0.0**
Carrying amount at 31.12.	**76.5**	**3.3**	**94.9**	**0.0**
Carrying amount at 01.01.	**37.9**	**5.4**	**133.5**	**37.7**

2009 in € m	Loans to affiliates	Loans to equity investments accounted for using the equity method	Loans to other companies	Other loans	Financial assets
Acquisition costs at 01.01.	**0.0**	**2.8**	**8.8**	**116.8**	**397.1**
Exchange rate differences	0.0	0.0	0.0	5.9	5.2
Additions	9.3	8.7	0.0	6.6	94.8
Changes at equity	0.0	0.0	0.0	0.0	-7.0
Disposals	0.0	-9.5	0.0	-14.8	-129.2
Reclassifications	0.1	0.0	0.0	-0.1	-5.2
At 31.12.	**9.4**	**2.0**	**8.8**	**114.4**	**355.6**
Amortisation at 01.01.	**0.0**	**0.0**	**8.8**	**50.8**	**113.7**
Exchange rate differences	0.0	0.0	0.0	0.0	-0.2
Impairments	9.4	0.0	0.0	5.7	36.5
Write up or appreciation	0.0	0.0	0.0	-13.3	-13.3
Unrealised gains and losses recognised in other reserves	0.0	0.0	0.0	0.0	-7.7
Disposals	0.0	0.0	0.0	0.0	-19.1
Reclassifications	0.0	0.0	0.0	0.0	-2.1
At 31.12.	**9.4**	**0.0**	**8.8**	**43.2**	**107.7**
Carrying amount at 31.12.	**0.0**	**2.0**	**0.0**	**71.2**	**247.9**
Carrying amount at 01.01.	**0.0**	**2.8**	**0.0**	**66.1**	**283.4**

2008 in € m	Shares in equity investments accounted for using the equity method	Equity investments and shares in affiliates	Shares in other equity investments	Securities
Acquisition costs at 01.01.	**71.7**	**28.5**	**58.6**	**34.0**
Exchange rate differences	-3.8	0.0	2.2	0.0
Change in the group of consolidated companies	-29.8	0.0	0.0	0.0
Additions	11.6	1.7	108.7	0.0
Changes at equity	0.6	0.0	0.0	0.0
Disposals	-12.5	0.0	-2.8	0.0
Reclassifications	0.0	-0.2	0.2	0.0
At 31.12.	**37.8**	**30.0**	**166.9**	**34.0**
Amortisation at 01.01.	**0.0**	**23.3**	**8.5**	**-11.0**
Exchange rate differences	0.0	0.1	0.9	0.0
Impairments	0.0	1.3	25.0	0.0
Write up or appreciation	-0.1	0.0	0.0	0.0
Evaluated at fair value through profit and loss	0.0	0.0	0.0	7.3
Unrealised gains and losses recognised in other reserves	0.0	0.0	0.7	0.0
Disposals	0.0	0.0	-1.7	0.0
At 31.12.	**-0.1**	**24.7**	**33.4**	**-3.7**
Carrying amount at 31.12.	**37.9**	**5.3**	**133.5**	**37.7**
Carrying amount at 01.01.	**71.7**	**5.2**	**50.1**	**45.0**

2008 in € m	Loans to affiliates	Loans to equity investments accounted for using the equity method	Loans to other companies	Other loans	Financial assets
Acquisition costs at 01.01.	**0.3**	**5.0**	**8.8**	**133.7**	**340.6**
Exchange rate differences	0.0	0.0	0.0	-19.4	-21.0
Change in the group of consolidated companies	0.0	0.0	0.0	0.0	-29.8
Additions	0.0	1.1	0.0	5.9	129.0
Changes at equity	0.0	0.0	0.0	0.0	0.6
Disposals	-0.3	-3.3	0.0	-3.4	-22.3
At 31.12.	**0.0**	**2.8**	**8.8**	**116.8**	**397.1**
Amortisation at 01.01.	**0.0**	**0.0**	**8.7**	**0.0**	**29.5**
Exchange rate differences	0.0	0.0	0.0	0.0	1.0
Impairments	0.0	0.0	0.0	50.7	77.0
Write up or appreciation	0.0	0.0	0.0	0.0	-0.1
Evaluated at fair value through profit and loss	0.0	0.0	0.0	0.0	7.3
Unrealised gains and losses recognised in other reserves	0.0	0.0	0.0	0.0	0.7
Disposals	0.0	0.0	0.0	0.0	-1.7
At 31.12.	**0.0**	**0.0**	**8.7**	**50.7**	**113.7**
Carrying amount at 31.12.	**0.0**	**2.8**	**0.1**	**66.1**	**283.4**
Carrying amount at 01.01.	**0.3**	**5.0**	**0.1**	**133.7**	**311.1***

* *thereof shown in current receivables €0.5 million*

The changes in shares in at equity evaluated investments refer in particular to the acquisition of shares in "IVG Protect Fund" (€32.9 million) and in Freya-Pipeline GmbH & Co. KG (€8.9 million). After the acquisition of further shares in Real Estate Capital Partners L.P. in the amount of €3.6 million, the IVG Group gained significant influence on the company. Therefore, existing shares of €9.7 million were transferred from the shares in other equity investments and added to the shares in equity investments accounted for using the equity method.

Disposals refer to capital repayments for FDV II Venture SA (€2.6 million) and the sale of Bunde-Etzel-Pipeline GmbH & Co. KG to Freya-Pipeline GmbH & Co. KG for €0.3 million. The change accounted for using the equity method mainly contained the pro-rated amount attributable to IVG of Greater London Fund L.P.'s net loss for the year of €5.9 million (2008: €16.5 million). At €6.4 million, the additions to depreciation relate to the equity investment in Greater London Fund L.P., which is therefore depreciated.

At €28.1 million, disposals in other equity investments refer to 5.5% of the share certificates placed by IVG in the specialised cavern fund in the previous year. A valuation of the equity investment showed an increase in retained earnings not recognised in profit or loss of €7.2 million. Impairments of €12.2 million relates mainly to the fund units held by IVG subsidiaries.

A Bayerische Landesbank bond bought in 2005 and reported under securities, the value of which is dependent on the development of global share indices, was sold in the fiscal year. After the disposal of the carrying amount of €37.7 million, a loss of €0.4 million resulted.

Additions to loans to affiliates of €9.3 million relate entirely to financing from IVG to a funds company to acquire an office property. The additions and disposals of loans to equity investments accounted for using the equity method relate almost completely to loans to Bunde-Etzel-Pipeline GmbH & Co. KG.

Reversals of write-downs on other loans refer to €13.3 million for a 2007 long-term loan in pounds made to a project partner of IVG Private Funds (2008: impairment of €50.7 million). Further revaluations in the loan of €5.9 million have been made under valuation of foreign currency (2008: write-down of €19.4 million). Capitalised interest of €4.9 million (2008: €4.9 million) is included in additions. €13.7 million for the repayment of a long-term loan to a French project development fund ("FDV II") was reported under disposals.

9.5 Receivables and other assets

	2009			2008		
in € m	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Receivables from finance leasing	0.0	0.0	0.0	21.6	21.1	0.5
Trade receivables	43.7	0.3	43.4	40.0	0.7	39.3
Receivables from associated companies	16.2	0.0	16.2	15.0	0.0	15.0
Receivables from other taxes	23.8	6.7	17.1	50.5	5.8	44.7
Receivables from affiliates	5.8	0.0	5.8	4.5	0.0	4.5
Receivables from other equity investments	39.0	29.6	9.4	10.2	0.0	10.2
Surplus on plan assets (see Section 10.5)	1.5	1.5	0.0	2.6	2.6	0.0
Other assets	61.7	0.2	61.5	51.2	0.1	51.1
Accrued and deferred items	25.8	0.8	25.0	4.0	0.6	3.4
	217.5	**39.1**	**178.4**	**199.6**	**30.9**	**168.7**

The fair value of receivables and other assets approximate the carrying amounts.

Receivables from finance leases in the previous year relate mostly to finance lease agreements for office property in Belgium and were sold in financial year 2009.

Receivables from associated companies mainly refer to the project development companies HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer I und II Vermietungs KG with €4.8 million (2008: €4.9 million), property company Moosacher Straße mbH & Co. KG with €1.8 million (2008: €1.8 million) as well as investment companies Rantasarfvik Oy, Helsinki, with €2.6 million (2008: €2.6 million) and IVG Real Estate Investor Funds s.a.r.l., Luxembourg, with €1.8 million (2008: €1.7 million).

The other tax receivables mostly relate to recoverable value-added tax (USt).

Receivables from other equity investments include mainly (€38.2 million; 2008: €0.0 million) from a compensation agreement as part of the sale of cavern assets to the specialised cavern fund launched in the previous year. The receivables are due to IVG's lease extensions and new leases for the caverns allocated to fund assets. In the previous year, this position contained mostly a receivable from IVG EuroSelect 14 GmbH & Co. KG, Berlin in the amount of €8.6 million.

Other assets included receivables from construction contracts from third parties of €14.7 million (2008: €8.1 million), receivables from financing from third parties of €2.8 million (2008: €8.3 million), receivables from disposals of assets of €10.3 million (2008: €0.7 million) and other assets of €33.8 million (2008: €34.1 million).

In financial year 2009, accounts receivable were written down by the Group in the amount of €4.0 million (2008: €5.8 million) and are recognised under other expenses.

9.6 Inventories

in € m	2009	2008
Raw materials and consumables	6.0	28.5
Unfinished goods, work in progress	789.4	866.4
Finished goods	137.8	20.6
Payments in advance	6.4	86.7
	939.6	**1,002.2**

Of the inventories, €427.5 million (2008: €790.5 million) will probably remain for more than 1 year.

Changes to work in progress and finished goods result, among other things, from progression of the Airrail Center Verwaltungsgesellschaft Vermietungs-KG (€227.1 million; 2008: €186.9 million) project, other project companies in Germany (€98.6 million; 2008: €50.0 million) and project companies in other countries (€80.9 million; 2008: €79.9 million). These are contrasted by impairment losses for inventories (see Section 8.6) amounting to €166.9 million (2008: €217.0 million).

After successful completion of a project development in Poland and transfer to IVG, advanced payments were reclassified as finished goods (€44.9 million).

The increase in work in progress and finished goods was offset against the disposal of inventories due to the sale of project developments, especially in Milan and Budapest.

In 2009, borrowing costs of €38.8 million (2008: €41.7 million) were recognised in inventories.

The carrying amount of inventories stated at net realisable value is €757.5 million (2008: €574.2 million).

9.7 Securities and equity investments (current)

The listed bond reported in current securities in previous years was sold in financial year 2009. At €4.7 million, other equity investments contained units in the EuroSelect 17 Amstelveen fund acquired due to the exercise of the closing guarantee.

9.8 Cash and cash equivalents

This item includes primarily bank balances and to an insignificant extent short-term deposits belonging to IVG Immobilien AG, Bonn and those companies not yet included in the cash clearing system. In 2009, the interest rates for cash and cash equivalents range from 0.35% to 3.4% (2008: between 0.5% and 2.25%).

9.9 Non-current assets held for sale

in € m	**2009**	**2008**
Assets held for sale	**32.9**	**109.1**
Disposal group assets	**213.8**	**0.0**
Investment property	205.7	0.0
Other assets	0.1	0.0
Cash	8.0	0.0
Total	**246.8**	**109.1**
Disposal group liabilities	**84.9**	**0.0**
Bank loans	79.9	0.0
Other liabilities	3.8	0.0
Financial derivates	1.0	0.0
Deferred tax liabilities	0.3	0.0

Three investment properties from the Real Estate segment classified as an asset held for sale and one investment property from the Caverns segment classified as an asset held for sale in the previous year (total fair value €96.5 million) were sold as planned in 2009. The sale of two investment properties in Munich and one in Berlin originally planned for 2009 have been delayed (fair value €9.8 million). The Group holds on to the intended sale.

Several investment properties and several disposal groups were reclassified to non-current assets held for sale in the financial year that were sold in the financial year. They are properties in the Real Estate segment (total market value €637.4 million).

Assets held for sale reported in the financial year 2009 refer to investment property from the Real Estate segment and fund units from the Private Funds segment, which are to be sold in financial year 2010.

The properties in the Real Estate segment reported as a disposal group in the financial year 2009 refer to the Brussels office complex North Gate and a real estate portfolio in Nuremberg, each of which is to be placed via funds in 2010.

10. Notes to the consolidated statement of financial position – equity and liabilities

10.1 Equity

Details of the effects of deferred taxes on the individual components of income and expenses directly recognised in equity are shown in the following table:

	2009			2008		
in € m	**Before deduction of taxes**	**Taxes**	**Before deduction of taxes**	**Before deduction of taxes**	**Taxes**	**After deduction of taxes**
Market value of available-for-sale securities	6.4	-1.1	5.3	-0.8	-0.4	-1.2
Market value of cash flow hedges	-17.9	5.8	-12.1	-126.5	13.4	-113.1
Adjustment for currency translation of foreign subsidiaries	6.7	0.0	6.7	-26.4	0.0	-26.4
Actuarial earnings and losses from performance-based pension plans and similar obligations	-2.5	0.5	-2.0	1.5	0.4	1.9
Income and expenses recognised in equity	**-7.3**	**5.2**	**-2.1**	**-152.2**	**13.4**	**-138.8**

The share capital of IVG Immobilien AG amounts to €126,000,000.00, divided into 126 million no-par-value shares (2008: 116 million).

The share capital was increased from €116,000,000.00 to €126,000,000.00 by the placement of 10 million new no-par-value shares with effect from 22 October 2009 through the full utilisation of Authorised Capital II with shareholders' subscription rights excluded. The shares were placed at €7.20 each in an accelerated bookbuilding. After transaction costs, the proceeds from the capital increase were €70.6 million.

At balance sheet date the authorised capital was as following:

Authorised Capital I	
by issuing new registered ordinary shares and/or preference shares with or without voting rights in exchange for cash	€24 million in accordance with the resolution of the General Meeting on 14 May 2009
Authorised Capital III	
by issuing new registered ordinary shares and/or preference shares with or without voting rights for payment in cash or in kind	€24 million in accordance with the resolution of the General Meeting on 14 May 2009

At balance sheet date the conditional share capital was as follows:

The share capital was increased conditionally by €8,654,262. This conditional capital serves to fulfil the convertible bonds issued by a Dutch subsidiary for a total amount of €400 million. The conditional capital increase will only be implemented to the extent that the holders of the rights to convertible bonds or of options from bonds with warrants exercise their rights or options. The convertible bonds issued on 29 March 2007 have a term of ten years. The first effective date the holders can cancel them prematurely is 29 March 2014.

The share capital is also conditionally raised by €22 million (Conditional Capital 2007). This conditional capital serves to fulfil the granting of shares to the bearers or creditors of convertible bonds or options which have been issued pursuant to the authorisation by the General Meeting of 24 May 2007.

Two appeals were pending at the Regional Court in Bonn to contest the resolutions 2 to 10 passed at the 2006 General Meeting. The Regional Court in Bonn had initially rejected the claims on 23 October 2008. On the appeal of the claimants, the Higher Regional Court of Cologne altered that first instance judgement with a judgement on 27 August 2009 and declared that three resolutions of the 2006 General Meeting were void. This affected the resolutions regarding the discharge of the Management Board and Supervisory Board for financial year 2005 and the resolution in the election of Dr Eckart John von Freyend to the Supervisory Board. Dr Eckart John von Freyend was then appointed by the Regional Court in Bonn on 15 October 2009 as a member of the Supervisory Board.

Two appeals have been filed at the Regional Court in Bonn to contest resolutions passed at the 2008 General Meeting. Both claimants contested the election of Mr Beelitz to the Supervisory Board. The Regional Court in Bonn rejected both claims on 8 January 2009. The claimants have appealed against this decision but withdrew it again on notification that the Higher Regional Court in Cologne intended to reject the appeal. The first instance judgement and therefore the rejection of the claims are therefore legally valid.

This means there are currently no pending claims against the resolutions of the General Meeting.

IVG Immobilien AG once again issued no IVG shares to employees in 2009 as part of an employee savings scheme.

170 shares from the IVG value programme were taken back from departing employees, representing a value of €872.10.

The number of no-par-value shares held in treasury as at 31 December 2009 amounted to 32,170 (2008: 32,000), representing 0.0255% of the share capital and €32,170.00.

The other reserves comprise cumulative translation differences, changes in the fair value of financial instruments in the category "held for sale", derivatives designated to a specific hedge relationship, and any related deferred taxes.

Retained earnings contain the undistributed net earnings of companies included in the consolidated financial statements and actuarial profits from pensions obligations recognised in equity and any related deferred taxes.

At the General Meeting of 14 May 2009, it was decided not to distribute any dividends to the shareholders for the 2008 financial year (2008: €81.2 million or €0.70 per share for financial year 2007).

10.2 Financial liabilities

			2009			2008
in € m	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Convertible bond	314.6	314.6	0.0	305.3	305.3	0.0
Bank loans	4,837.6	4,055.2	782.4	5,161.5	3,891.4	1,270.1
Commercial paper	0.0	0.0	0.0	67.0	0.0	67.0
Financing liabilities to affiliates	4.1	0.0	4.1	6.8	0.0	6.8
Financing liabilities to associated companies	1.7	0.0	1.7	3.1	0.0	3.1
Liabilities to equity investments	7.3	0.0	7.3	0.5	0.0	0.5
Minority interests in partnerships	82.7	82.7	0.0	53.7	53.7	0.0
Other financial liabilities	6.4	0.0	6.4	1.6	0.0	1.6
Total	**5,254.4**	**4,452.5**	**802.0**	**5,599.5**	**4,250.4**	**1,349.1**

In 2009, several unsecured bilateral credit facilities and loans with terms between 2009 and 2011 were combined into a new syndicated loan of €1.32 billion. This loan has a term until 28 December 2012.

The carrying amounts of floating and fixed-interest rate bank loans are denominated in the following currencies (equivalents in Euro):

in € m	2009	2008
Euro	4,710.0	4,933.1
Swiss Franc	0.0	152.2
Pounds Sterling	127.6	18.5
US Dollars	0.0	57.7
	4,837.6	**5,161.5**

The decrease in loans in Swiss Franc is due to the conversion of a CHF200 million loan into euro and the pay off of another loan in Swiss Franc. The increase of loans in Pound Sterling is a result of the partial reorganisation of hedging from EUR loans and currency swaps to natural hedging (loan financing in the investment currency).

The decrease of loans in US dollars is due to reorganisation of the hedge via natural hedging in euro loans and currency swaps (see Section 10.3).

The maturities of the floating and fixed-interest rate bank loans (including liabilities to banks from the disposal group, netting positions and accrued items) are as follows:

	2009		2008	
in € m	**Fixed-interest liabilities**	**Weighted interest rate in %**	**Fixed-interest liabilities**	**Weighted interest rate in %**
Up to 1 year	3.7	4.86	165.8	5.51
1 to 2 years	3.9	4.88	32.5	4.91
2 to 3 years	3.1	5.12	81.3	5.40
3 to 4 years	23.4	5.67	32.0	4.93
4 to 5 years	22.8	5.84	55.5	5.27
Over 5 years	33.6	4.35	30.4	5.52
Total	**90.5**	**5.14**	**397.5**	**5.36**

	2009		2008	
in € m	**Variable-interest liabilities**	**Weighted margin in %**	**Variable-interest liabilities**	**Weighted margin in %**
Up to 1 year	807.3	1.58	1,104.4	1.16
1 to 2 years	486.6	2.37	700.0	0.93
2 to 3 years	1,939.3	1.67	197.3	0.83
3 to 4 years	102.5	0.62	1,002.0	0.72
4 to 5 years	1,532.5	0.73	104.7	0.62
Over 5 years	0.0	0.00	1,655.6	0.58
Total	**4,868.2**	**1.41**	**4,764.0**	**0.81**

The average interest rate for all liabilities to banks including the commercial paper programme and convertible bond amounts to 4.04% (2008: approximately 4.57%). Fixed interest loans are subject to an average interest rate of approximately 5.14% (2008: approximately 5.36%). Floating interest rate liabilities are subject to regular rate adjustments. The adjustments are mainly based on 1, 3, 6 or 12-month EURIBOR/LIBOR plus an average margin of 1.41% (2008: 0.81%).

Depending on term, interest rates in the euro zone were between 0.26% and 4.06% (2008: 2.05% to 3.86% and in the Swiss Franc zone between 0.06% and 2.97% (2008: between 0.26% and 2.75%), in the Pound Sterling zone between 0.51% and 4.37% (2008: between 2.05% and 3.55%), in the US Dollar zone between 0.17% and 4.53% (2008: between 0.13% and 2.70%).

A part of the variable loans is backed by interest rate swaps. The nominal volumes of those interest rate swaps are as follows (annual averages):

	2009		2008	
in € m	**Year**	**Nominal**	**Year**	**Nominal**
	2010	2,960.0	2009	2,670.0
	2011	2,346.0	2010	2,693.0
	2012	1,865.0	2011	1,898.0
	2013	268,0	2012	1,591.0
	2014	176,0	2013	409,0
	2015 ff.	86,0	2014 ff.	282,0

The commercial paper programme established by IVG is aimed at institutional investors looking for short-term investment options of between one and twelve months. All commercial papers existing as at 31 December 2008 (€67 million) were paid back in 2009. No new commercial papers were issued.

Bank loans are in parts secured by charges on property:

in € m	2009	2008
Financial liabilities secured by chargeson property	2,850.3	2,153.0
thereof on investment property	*2,192.3*	*1,656.5*

In addition, €79.5 million in bank liabilities under the balance sheet position "Liabilities in connection with non-current assets held for sale" are secured by charges on property. Fixed-term deposits with a carrying amount of €20.0 million (2008: €20.5 million) are also pledged as security for financial liabilities. As in the previous year, no items of property, plant and equipment are pledged.

10.3 Derivative financial instruments

The following derivative financial instruments were held at balance sheet date:

	2009		2008	
in € m	**Nominal volume**	**Market value**	**Nominal volume**	**Market value**
Assets				
Currency hedges	118.8	1.4	277.7	37.8
Interest rate hedges	0.0	0.0	566.8	0.9
Total	**118.8**	**1.4**	**844.5**	**38.7**
Liabilities				
Currency hedges	13.7	-0.3	24.9	-1.7
Interest rate hedges	3,239.8	-121.3	4,123.8	-103.3
Total	**3,253.5**	**-121.6**	**4,148.7**	**-105.0**

The nominal value of all derivative financial instruments was €3,372.3 million (2008: €4,993.2 million). The total as at 31 December 2009 includes an interest rate swap from the property disposal group with a nominal value of €103.5 million and a market value of -€1.0 million. This does not include the writer put option as part of the "IVG Protect Fund" (market value -€5.0 million).

The decrease in hedging contracts results from the sale of real estate in the UK and from the change in hedging by way of currency swaps to natural hedging (loan financing in investment currency). The decrease in interest rate hedges is mainly a result of the expiration of basis swaps and money market swaps.

The opposed changes in the value of hedged items are not taken into account when determining the market values of derivative financial instruments. These therefore do not represent the combined amount that IVG would receive for hedges and hedged items on immediate direct sale under current market conditions.

The carrying amounts presented approximate to market value. Before derivative contracts are concluded, IVG runs a credit check on the business partner. As at 31 December 2009, all derivative contracts are with banks with good credit rating or banks that have accepted state emergency packages.

As at 31 December 2009, negative market values before deduction of deferred taxes of -€116.9 million (2008: -€99.0 million) are deferred in equity. It consists of positive market values of €12.9 million (2008: €12.9 million) from net investment hedges and negative market values of -€129.8 million (2008: -€111.9 million) from cash flow hedges.

The following effects resulted after the deduction of deferred taxes in the financial year 2009: A sum of -€17.9 million (2008: -€126.5 million) recognised in equity results from changes in market value of the cash flow hedges of -€22.2 million (2008: -€123.3 million) and from the release of the cumulated amount of prematurely released cash flow hedges of €4.3 million (2008: -€3.2 million): Due to ineffectiveness of cash flow hedge relationships, there was a resulting loss of -€5.2 million in 2009 (2008: -€1.9 million).

Construction delays with one project company led to a failure in drawling the funds from external project financing as planned. In expectation of an excess amount through the hedge, the hedge relationship was terminated prematurely. At the time of release, the swap had a negative market value of -€10.5 million.

The market value of swaps that are classified as net investment hedges, amounts to €0.0 million (2008: €0.0 million), the market value of derivatives allocated to a cash flow hedge relationship was -€104.0 million (2008: -€87.8 million). The market value of derivatives not included in hedge accounting amounts to -€22.6 million (2008: €21.5 million).

The secured cash flows from the cash flow hedges occur as a consequence of interest payments. In future periods the following interest payments will be recognised in income in the following nominal volumes (annual averages):

	2009		2008	
in € m	**Year**	**Nominal**	**Jahr**	**Nominal**
	2010	2,416.0	2009	2,512.6
	2011	2,267.0	2010	2,508.0
	2012	1,329.0	2011	1,749.8
	2013	245.0	2012	1,545.8
	2014	156.0	2013	363.4
	2015 ff.	82.0	2014 ff.	261.0

As at 31 December 2008 and 31 December 2009, there were no derivatives in net investment hedge relationships.

As at the 2009 balance sheet date, €13.1 million (2008: €9.8 million) of deferred tax assets and liabilities for hedge relationships and financial instruments in the category "held for sale" and for actuarial earnings and losses were recognised directly in equity.

On tax loss carryforwards of €746.2 million (2008: €573.2 million) and temporary differences of €267.3 million (2008: €508.6 million) no deferred tax assets were recognised, as it is assumed that these will not be able to be used in the future.

Maturity of unrecognised tax loss carryforwards:

in € m	2009	2008
Up to 1 year	0.1	0.0
1 to 5 years	2.6	3.6
Over 5 years	743.5	569.6
	746.2	**573.2**

10.4 Income taxes

Deferred tax assets and liabilities are netted at individual company level and within fiscal units when the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority.

Deferred tax assets and liabilities changed as follows over the financial year:

	2009		2008	
in € m	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Investment property	178.5	130.2	278.7	191.7
Receivables (particularly leasing)	0.9	5.8	4.8	19.4
Tax free provisions (including Section 6b of the German Income Tax Act (EStG))	0.0	32.8	0.0	14.7
Liabilities and provisions	29.8	15.0	29.3	89.9
Inventories	50.9	0.7	12.6	8.9
Financial assets and securities	2.1	10.0	11.9	4.2
Other temporary differences	5.9	2.8	5.6	3.3
Tax loss carryforwards	110.8	0.0	110.2	0.0
	378.9	**197.3**	**453.1**	**332.1**
Netting of deferred tax assets and liabilities	**-97.7**	**-97.7**	**-86.1**	**-86.1**
Netting of deferred tax assets and liabilities	**281.2**	**99.6**	**367.0**	**246.0**
thereof current	*61.7*	*2.8*	*87.9*	*36.8*
thereof non-current	*219.5*	*96.8*	*279.1*	*209.2*

Deferred tax liabilities resulting from temporary differences arising in connection with equity investments in subsidiaries of €6.2 million (2008: €4.9 million) are not recognised, as the Group can control the time when the temporary differences will be reversed and as it is likely that the temporary differences will not be reversed in the foreseeable future.

The receivables and liabilities from income taxes recognised in the balance sheet are split between the following term structures:

Current income tax receivables of €49.0 million (2008: €39.9 million) refer mainly to tax reimbursement claims from chargeable taxes, prepaid taxes and chargeable taxes from the Maltese company of €23.9 million. These reimbursement claims are offset against liabilities of €27.1 million.

Current income tax liabilities of €80.5 million (2008: €68.4 million) include, in addition to the above-mentioned liabilities, income taxes for the tax group of €14.9 million and income taxes for a Belgian company of €15.4 million.

10.5 Pension provisions

IVG maintains both defined benefit and defined contribution plans for its employees. These plans include provisions for retirement, invalidity and surviving dependents of employees.

The IVG Group uses statistical and actuarial calculations from actuaries in order to take account of anticipated future developments regarding expenses and obligations under defined benefit plans. These calculations are based on assumptions about discount rates, expected income from plan assets and future changes to wages and salaries.

Actuarial assumptions

The actuarial calculations of retirement benefit obligations and pension expenses are based on the following assumptions:

in %	2009	2008
Discount rate:	**5.50**	6.00
Expected return from:		
Plan assets CTA	1.00	3.50
Pledged reinsurance policies	4.50	4.50
Salary trend:		
Management Board and senior management	2.00	2.00
Employees	2.00	2.00
Pension trend:		
Special obligations	2.00	2.00
Pensions scheme	1.00	1.00
Employee turnover:		
Management Board and senior management	3.50	3.50
Pensions scheme	4.13	3.80
Basis of calculation:	**Actuarial tables 2005G**	Actuarial tables 2005G

Reconciliation of benefit obligations to provisions

The position of financing that results from the difference between the cash value of defined benefit obligations and the current value of plan assets is reconciled as follows to the pension reserve in the balance sheet:

in € m	2009	2008
Total funded benefit obligations at 31.12.	35.2	30.2
Total unfunded benefit obligations at 31.12.	0.8	0.6
Total benefit obligations at 31.12.	**36.0**	**30.8**
Less fair value of plan assets	-24.8	-22.6
Asset surplus recognised as assets	1.5	2.6
Provision at 31.12.	**12.6**	**10.8**

Fund financed pension obligations are shown at a surplus of €1.5 million (2008: €2.6 million) and are stated under other assets (see Section 9.5).

Changes in total benefit obligations

The changes in cash value of defined benefit obligations are as follows:

in € m	2009	2008
Benefit obligations at 01.01.	**30.8**	**30.5**
Service cost	1.4	1.4
Actuarial (gains) losses	2.7	-1.5
Unrealised past service cost	1.0	0.4
Interest expense	1.8	1.6
Pension payments	-1.7	-1.6
Benefit obligations at 31.12.	**36.0**	**30.8**

Changes in plan assets

The development of the fair value of plan assets in this financial year was as follows:

in € m	2009	2008
Fair value of plan assets at 01.01.	**22.6**	**22.0**
Expected income from plan assets	0.6	0.6
Losses (earnings) from actual income from plan assets	0.3	0.0
Actual employer contributions	1.4	0.0
Actual contributions of legally independent insurance provider	-0.1	0.0
Fair value of plan assets at 31.12.	**24.8**	**22.6**

Actual income from plan assets amounted to €0.9 million (2008: €0.6 million).

Plan assets comprise property (€6.2 million, 2008: €5.9 million), securities (€17.1 million, 2008: €13.9 million) and reinsurances (€1.5 million, 2008: €2.8 million). Plan assets do not include properties used by the Group or treasury instruments.

Determination of expected income from the plan assets normally follows the plan policies with respect to composition of asset classes and is calculated on the basis of publicly available market studies, forecasts and experience for each asset group.

In the financial year 2010, the Group anticipates IVG pension payments to employees in the amount of €1.7 million and employer contributions to plan assets of €0.0 million.

Pension expenses

The expenses recognised in the income statement consist of the following items:

in € m	2009	2008
Service cost	1.4	1.4
Interest expense	1.8	1.6
Expected income from plan assets	-0.6	-0.6
Past service cost	1.0	0.4
Pension expenses	**3.6**	**2.8**

The expected income from plan assets and interest expenses is recorded in personnel expenses.

Expenses from fixed contribution plans were €5.5 million (2008: €6.1 million) that are recognised in personnel expenses as pension expenses. This also includes employer contributions to statutory pension schemes.

Multi-year overview of pension obligations

The following table shows the change in cash value of all defined benefit obligations, the fair value of plan assets, the position of financing and adjustments for defined benefit obligations and for plan assets based on past experience:

in € m	2009	2008	2007	2006	2005
Cash value of defined benefit obligations	36.0	30.8	30.5	33.0	31.3
Present value of plan assets	24.8	22.6	22.0	21.8	18.8
Surplus/deficit (-)	11.2	8.2	8.5	11.2	12.5
Adjustment to liabilities based on past experience	0.2	0.1	4.0	-1.6	0.2
Adjustment to assets based on past experience	0.3	0.0	-0.4	0.2	0.0

The new actuarial losses in this year of €2.5 million (2008: earnings of €1.5 million) were recorded directly in equity under other reserves. Cumulative actuarial losses at balance sheet date were €2.5 million (2008: €0.0 million).

10.6 Other reserves

The following changes were made to other reserves:

in € m	Opening balance	Change in the group of consolidated companies	Additions	Reversal	Accrued yield	Used	Closing balance	Non-current	Current
Obligations from plant closure	4.3	0.0	0.0	0.0	0.7	0.0	5.0	0.0	5.0
Imminent losses from pending transactions	32.8*	-0.2	2.6	10.8	0.0	17.1	7.3	4.4	2.8
Other personnel provisions	75.5	0.0	15.6	3.4	0.0	63.1	24.6	0.6	24.0
Provisions for early retirement	4.5	0.0	0.2	0.4	0.0	0.0	4.2	0.4	3.8
Provisions for Provisions for environmental risks performance plans	0.1	0.0	0.2	0.1	0.0	0.0	0.2	0.0	0.2
Provisions for environmental risks	7.5	0.0	0.6	1.0	0.0	0.2	6.9	0.0	6.9
Provisions for rent guarantees	3.8	0.0	12.9	0.8	0.0	2.4	13.4	1.3	12.1
Other provisions	46.4*	0.0	5.7	9.6	0.0	7.7	34.9	17.8	17.1
	174.9	**-0.2**	**37.9**	**26.2**	**0.7**	**90.6**	**96.5**	**24.6**	**71.9**

* *The previous year's figures for the loss provision from pending transactions and the other provisions were adjusted due to a reclassification between these two items*

Provisions for obligations from plant closure refer solely to the long-term letting of gas and oil caverns.

Loss provisions from pending transactions mainly relate to unit repurchase obligations concerning the actio (plus real estate investment fund of €2.7 million (2008: €4.4 million).

The change in other personnel provisions mainly result from a conversion of €53.2 million of VBL obligations due to other liabilities. In particular, other personnel provisions contain €10.5 million (2008: €61.4 million) from the obligation to VBL. This also includes bonus payments, severance payments and special remuneration.

The early retirement obligations are measured at actuarial net present value – weighted by the probability that those employees who have not yet signed early retirement agreements will do so – and arrears for wages and salaries are measured at nominal value. See Sections 12.10 and 12.12 with regard to provisions for stock options.

The environmental risks provision relates almost entirely to risks from legacy munitions sites.

The Group makes provisions for rent guarantees given as part of sales agreements if the probability of claims is higher than 50%. In no case did rent guarantees lead to the Group remaining exposed to the main risks and rewards of the assets sold.

Other reserves primarily contain other tax risks of €14.8 million (2008: €14.8 million), reconstruction obligations of €5.0 million (2008: €10.0 million) and provisions for €3.2 million relating to a subsequent purchase price adjustment.

Probable cash outflows from provisions are €71.9 million (2008: €147.0 million) within one year, €24.4 million (2008: €27.6 million) within 1-5 years and €0.2 million (2008: €0.3 million) after 5 years.

10.7 Liabilities

	2009			2008		
in € m	Total	Non-current	Kurzfristig	Total	Non-current	Current
Accounts payable	69.7	0.0	69.7	43.1	0.0	43.1
thereof to affiliates	*0.0*	*0.0*	*0.0*	*0.2*	*0.0*	*0.2*
Payments received for orders	6.7	0.0	6.7	5.8	0.0	5.8
Liabilities from other taxes	9.8	0.0	9.8	13.1	0.0	13.1
Liabilities from accrued interest	44.5	0.0	44.5	36.7	0.0	36.7
Liabilities from outstanding invoices	87.0	0.3	86.7	83.5	0.0	83.5
Other liabilities	143.3	3.7	139.6	82.7	7.1	75.6
thereof to related parties	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
thereof for social security	*54.3*	*0.0*	*54.3*	*1.0*	*0.0*	*1.0*
Deferrals	13.1	0.0	13.1	15.1	2.9	12.2
Total	**374.1**	**4.0**	**370.1**	**280.0**	**10.0**	**270.0**

The carrying amounts presented approximate fair value.

The year-on-year increase in other liabilities mainly results from a conversion of €53.2 million for a VBL obligation due from other reserves to other liabilities for social security. Total liabilities for social security are €54.3 million (2008: €1.0 million). Other liabilities also include a liability from a rent deposit of €6.8 million (2008: €8.1 million), liabilities to employees from outstanding holidays of €2.4 million (2008: €2.0 million) as well as other liabilities of €79.8 million (2008: €71.6 million).

11. Leasing

The Group is not subject to any relevant restrictions on financing, dividends or other leasing agreements as a result of its financing and operating leases, whether as lessor or lessee.

11.1 Operating leases

11.1.1 IVG as lessor

The Group is lessor in a number of operating lease agreements for investment property, from which it derives the majority of its revenues and income. Furthermore, various rental agreements exist for other properties. However, there are no significant pre-emption rights for tenants.

With regard to operating leases, investment property with a carrying amount of €4,243.7 million (2008: €5,029.6 million) was leased.

Also, rents were achieved from properties with a carrying amount of €231.9 million (2008: €108.2 million) which were recognised under non-current assets held for sale.

IVG will receive the following minimum lease payments from existing operating leases with third parties:

in € m	2009	2008
Up to 1 year	258.9	317.7
1 to 5 years	751.6	894.9
Over 5 years	673.7	837.4
	1,684.2	2,050.0

The significant change in minimum lease payments from 2008 to 2009 is due to the investment property sold in the previous financial year and the related leases.

The minimum lease payments represent expected net rents up to the end of the rent agreement or up to the earliest date at which the lessee (tenant) can cancel the agreement without regard to whether a cancellation or the waiver of a renewal option is actually expected. As in the previous year, no contingent rent payments were made.

11.1.2 IVG as lessee

Total expenses for operating leasing for IVG as lessee amounted to €9.2 million (2008: €6.6 million). As in the previous year, no contingent rent payments were made. The operating leases were primarily for properties let in various locations. The individual rent agreements are of minor significance for the financial position and financial performance of the Group. As in the previous year, income from sublets is negligible.

The following minimum lease payments are due in upcoming periods:

in € m	2009	2008
Up to 1 year	2.0	2.2
1 to 5 years	4.4	5.4
Over 5 years	0.0	0.1
	6.4	7.7

11.2 Finance leases

Receivables from finance leases for investment property in Belgium reported in the previous year (€21.6 million) were sold off this financial year. This means the Group has neither claims nor obligations from finance leases as either a lessor or leasee.

	2009					2008				
in € m	Gross amount	Discount	Net amount	Present value of non-guaranteed residual values	Present value of minimum lease payments	Gross amount	Discount	Net amount	Present value of non-guaranteed residual values	Present value of minimum lease payments
Up to 1 year	0.0	0.0	0.0	0.0	0.0	1.7	0.1	1.6	0.0	1.6
1 to 5 years	0.0	0.0	0.0	0.0	0.0	6.6	1.2	5.4	0.0	5.4
Over 5 years	0.0	0.0	0.0	0.0	0.0	40.7	26.1	14.6	2.9	11.7
	0.0	**0.0**	**0.0**	**0.0**	**0.0**	**49.0**	**27.4**	**21.6**	**2.9**	**18.7**

In the reporting year, as in the previous year, no contingent lease payments were received. There were no accumulated impairment losses for irrecoverable minimum lease payments.

12. Other notes

12.1 Financial risk management

12.1.1 Management of financial risk

The IVG Group is exposed to various financial risks in the course of its business: currency risk, credit risk, liquidity risk and interest rate risk. The overall risk management of the Group is focussed on the unpredictability of developments on financial markets with the objective of minimising the potentially negative impact on the financial position of the Group. To hedge itself against specific risks, the Group uses systematically derivative finance instruments.

The Management Board and Supervisory Board are informed regularly about the financial risk factors faced by the Group. Compliance with guidelines is monitored by the internal audit department.

The management of financial risk in the IVG Group is explained in the following. More supplementary information on this can be found in Section 6.5.3 of the Group management report.

(a) Currency risk

The Group operates on an international basis. As a result, it is exposed to currency risk as a result of changes in the exchange rates of various foreign currencies, primarily the British Pound and the Swiss Franc.

Changes in exchange rates of IVG's financial instruments of derivatives and foreign currency positions not designated in hedge accounting can have an effect on the financial result, and changes in value of derivatives in hedge accounting can affect provisions for hedges in equity and the fair value of these derivatives.

If the Euro had been 10% stronger (or weaker) against other currencies as at 31 December 2009 or 31 December 2008, the financial result would have been -€6.2 million (+€6.9 million) higher (lower) (2008: +€14.2 million/-€15.9 million), of which +€12.0 million (-€14.5 million) would be from derivatives (2006: €+24.0 million/-€26.6 million). The effect on provision for hedges in equity would be +€0.0 million (-€0.0 million) as at 31 December 2009 and +€0.1 million (-€0.1 million) as at 31 December 2008.

(b) Credit risk

There is no material credit risk within the Group. Derivative financial instrument contracts and financial transactions are only closed with financial institutions with high credit ratings, keeping counterparty default risk to a minimum. As a rule the Group has no netting agreements with its transaction partners, so the fair values of the financial assets are their maximum credit risk. IVG is subject to a default risk from its operational business. This risk is minimised by a good tenant mix and the creditworthiness of tenants. Accounts receivable are monitored decentrally during normal operations. Default risks are covered by individual provisions. The maximum theoretical default risk is shown in the carrying amount of financial assets presented in the balance sheet. There are further risks for loans, which are continually monitored by IVG.

(c) Liquidity risk

Group financial planning instruments ensure the early identification of the complex liquidity situation resulting from the implementation of Group strategy and Group planning process. In addition to financial planning with a time horizon of several years, the Group also has a rolling monthly liquidity plan for a planning period over twelve months. The 12-month liquidity overview is updated on a timely basis using actual data. The entire group of consolidated companies is mapped in the planning system.

Prudent liquidity management includes a sufficient reserve of cash and cash equivalents (31 December 2009: €260.2 million, 31 December 2008: €44.2 million).

In addition, as at 31 December 2009, the IVG Group had unused credit commitments of approximately €0.44 billion (2008: €0.86 billion), which are completely project related (2008: €0.71 billion). There is also €0.40 billion (2008: €0.53 billion) of available financing in the commercial paper programme. The Belgian commercial paper programme was terminated in 2009. The leeway in the commercial paper programme is effectively blocked due to the fact that the commercial paper market is no longer functioning. Due to the dynamism of the business environment in which the Group operates, the objective of the IVG Immobilien AG is to provide the appropriate financing flexibility.

(d) Interest rate risk

Interest rate risks result from market fluctuations in interest rates and changes in margins when taking out new contracts or prolonging contracts. They affect the amount of future interest expenses in the IVG Group. They also affect the market value of financial instruments.

Changes in exchange rates of IVG financial instruments of derivatives and foreign currency positions not designated in hedge accounting can have an effect on the financial result, and changes in value of derivatives in hedge accounting can affect provisions for hedges in equity and the fair value of these derivatives.

If market interest rates had been 0.25% stronger (or weaker) as at 31 December 2009, the financial result would have been -€1.6 million (+€1.6 million) lower (higher) (2008: +€1.4 million/-€1.5 million) of which +€2.5 million (+€2.5 million) would be from derivatives (2008: +€6.6 million (-€6.7 million). The effect on provision for hedges in equity would be +€14.6 million (-€14.7 million) as at 31 December 2009 and +€15.4 million (-€15.5 million) as at 31 December 2008.

12.1.2 Additional notes to financial instruments

Financial instruments can be classified as original or derivative financial instruments. Original financial instruments on the assets side include other financial investments, receivables, short-term securities and cash and cash equivalents. Financial assets held for sale are shown at fair value, provided that it may be reliably determined. Other financial assets are shown at amortised cost. On the liabilities side, original financial instruments include liabilities valued at amortised cost. The inventory of original financial instruments is shown on the balance sheet and the amount of the financial assets is equivalent to the maximum default risk.

Where default risks are identifiable for financial assets, these risks are recognised as impairment losses. Fair values are determined in accordance with recognised valuation methods. For valuation of derivatives, see Section 7.4.

For impairment losses of financial assets, see Section 9.4.

Impairment losses on receivables and other assets are as follows:

in € m	2009	2008
At 01.01.	**18.8**	**29.1**
Additions	4.0	5.8
Reversal	-2.7	-13.8
Used	-3.5	-2.3
At 31.12.	**16.6**	18.8

At balance sheet date there were overdue amounts, receivables and other assets which had not been subjected to impairment loss of:

Receivables and other assets which had not been subjected to impairment loss

						Overdue
in € m	**Carrying amount at 31.12.2009**	**Not overdue**	**Up to 90 days**	**91 to 180 days**	**181 to 364 days**	**Over one year**
Loans	73.2	49.9				
Receivables and other assets	166.4	156.2	4.4	0.4	1.4	1.1
	239.6	**206.1**	**4.4**	**0.4**	**1.4**	**1.1**

Receivables and other assets which had not been subjected to impairment loss

						Overdue
in € m	**Carrying amount at 31.12.08**	**Not overdue**	**Up to 90 days**	**91 to 180 days**	**181 to 364 days**	**Over one year**
Loans	68.9	55.4			1.9	1.7
Receivables and other assets	142.6	126.2	8.4	1.5	0.1	0.5
	211.5	**181.6**	**8.4**	**1.5**	**2.0**	**2.2**

Financial instruments are recognised in the income statement with the following net profit (pursuant to IFRS 7):

in € m	**2009**	**2008**
Financial assets and liabilities recognised in the income statement at fair value	-17.4	-11.7
thereof: initially recognised as such	*-0.4*	*-7.3*
thereof: held for trading purposes	*-17.0*	*-2.7*
Non-current financial assets held for sale	-13.2	-25.5
Loans and receivables	-43.2	-203.9
Liabilities held at (amortised) cost	-191.1	-146.5

Net profit includes interest, dividends, impairment losses, reversals and earnings from the valuation of financial instruments at fair value and currency effects.

Financial assets and liabilities can be classified in valuation categories and fair value levels with the following carrying amounts and fair values:

in € m	Valuation category according to IAS 39	Fair value level according to IFRS 7	Carrying amount at 31.12. 2009	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Not within application area of IFRS 7	Fair value at 31.12. 2009
Financial assets									
Shares	AfS	VL 3	98.2			98.2			98.2
Designated securities	afvtpl	n.a.	0.0					0.0	
Loans	LaR	n.a.	73.2	73.2					73.2
Securities									
Securities and equity investments (current)	AfS	n.a. VL 3	6.3		1.1	5.3			6.3
Derivative financial instruments									
Derivatives in hedge accounting	n.a.	n.a.	0.0			0.0			0.0
Derivatives in non-hedge accounting	FAHfT	VL 2	1.4				1.4		1.4
Receivables and other assets									
Trade receivables	LaR	n.a.	43.7	43.7					43.7
Receivables from production orders	LaR	n.a.	14.7	14.7					14.7
Receivables from associated companies	LaR	n.a.	16.2	16.2					16.2
Receivables from affiliates	LaR	n.a.	5.8	5.8					5.8
Receivables from other equity investments	LaR	n.a.	39.0	39.0					39.0
Receivables from other taxes	n.a.	n.a.	23.8					23.8	23.8
Surplus on plan assets	n.a.	n.a.	1.5					1.5	1.5
Other assets	LaR	n.a.	47.0	47.0					47.0
Accrued items	n.a.	n.a.	25.8					25.8	25.8
Cash and cash equivalents	LaR	n.a.	266.9	266.9					266.9

in € m	Valuation category according to IAS 39	Fair value level according to IFRS 7	Carrying amount at 31.12. 2009	Amortised acquisi- tion cost	Acquisi- tion cost	Fair value recognised directly in equity	Fair value recognis- ed as income	Not within application area of IFRS 7	Fair value at 31.12. 2009
In the item Non-current held for sale									
Shares	AfS	VL 3	4.0			4.0			4.0
Cash and cash equivalents	LaR	n. a.	8.0	8.0					8.0
Financial liabilities									
Convertible bond	FLAC	n.a.	314.6	314.6					263.8
Bank loans	FLAC	n.a.	4,837.6	4,837.6					4,740.9
Liabilities to affili- ates	FLAC	n.a.	4.1	4.1					4.1
Minority interests in partnerships	FLAC	n.a.	82.7	82.7					82.7
Other financial liabilities									
(including CP programme)	FLAC	n.a.	15.5	15.5					15.5
Derivative finan- cial instruments									
Derivatives in hedge accounting	n.a.	VL 2	103.4			103.4			103.4
Derivatives in non-hedge accounting	FLHfT	VL 2 VL 3	22.2				17.2 5.0		22.2
Liabilities									
Accounts payable	FLAC	n.a.	69.7	69.7					69.7
Payments received for orders	n.a.	n.a.	6.7	6.7					6.7
Liabilities from other taxes	n.a.	n.a.	9.8					9.8	9.8
Liabilities from accrued interest	FLAC	n.a.	44.5	44.5					44.5
Liabilities from outstanding invoices	FLAC	n.a.	87.0	87.0					87.0
Other liabilities	FLAC	n.a.	143.3	143.3					143.3
Deferrals	n.a.	n.a.	13.1					13.1	13.1
In the item Liabilities in connection with non-current financial instru- ments held for sale									
Bank loans	FLAC	n.a.	79.9	79.9					80.1
Other liabilities	FLAC FLHfT	n.a. VL 2	5.0	4.0		0.4	0.6		5.0

Legende				
	AfS	Available for Sale	FAHfT	Financial Assets Held for Trading
	afvtpl	at fair value through profit or loss	FLAC	Financial Liabilities At Cost
	LaR	Loans and Receivables	VL 1-3	Valuation Level 1-3

The following graphic shows the development of level 3 financial instruments recognised at fair value:

in € m	Available-for-sale financial assets			Financial liabilities held for trading
	Shares (financial assets)	Shares (non-current assets held for sale)	Securities and equity investments (current)	Derivatives in non-hedge accounting
At 1 January 2009	138.8	0.0	0.4	0.0
Total gains/losses	-7.4	1.0		0.0
thereof recognised in income	*-14.5*	*1.0*		
thereof recognised in equity	*7.1*			
Purchases	14.9		4.9	
Disposals	-45.1			
Issues				5.0
Reclassifications within level 3	-3.0	3.0		
At 31.12.09	**98.2**	**4.0**	**5.3**	**5.0**

The changes through profit or loss of the financial assets available for sale are reported in the income and expenses from the valuation of financial assets.

in € m	Valuation category according to IAS 39	Carrying amount at 31.12.08	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Not within application area of IFRS 7	Fair value at 31.12.08
Financial assets								
Shares	AfS	138.8			138.8			138.8
Designated securities	afvtpl	37.7				37.7		37.7
Loans	LaR	69.0	69.0					69.0
Securities								
Securities	AfS	1.4		1.0	0.4			1.4
Derivative financial instruments								
Derivatives in non-hedge accounting	FAHfT	38.7				38.7		38.7
Receivables and other assets								
Trade receiv-ables	LaR	40.0	40.0					40.0
Receivables from finance leasing	n.a.	21.6	21.6					30.8
Receivables from associated companies	LaR	15.0	15.0					15.0
Receivables from affiliates	LaR	4.5	4.5					4.5
Receivables from other equity invest-ments	LaR	10.2	10.2					10.2
Receivables from other taxes	n.a.	50.5					50.5	50.5
Other assets	LaR	51.2	51.2					51.2
Accrued items	n.a.	4.0					4.0	4.0
Cash and cash equivalents	LaR	44.2	44.2					44.2

in € m	Valuation category according to IAS 39	Carrying amount at 31.12.08	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Not within application area of IFRS 7	Fair value at 31.12.08
Financial liabilities								
Convertible bond	FLAC	305.3	305.3					154.6
Bank loans	FLAC	5,161.5	5,161.5					5,180.5
Liabilities to affiliates	FLAC	6.8	6.8					6.8
Minority interests in partnerships	FLAC	53.7	53.7					53.7
Other financial liabilities (including CP programme)	FLAC	72.2	72.2					72.2
Derivative financial instruments								
Derivatives in hedge accounting	n.a.	87.8			87.8			87.8
Derivatives in non-hedge accounting	FLHfT	17.2				17.2		17.2
Liabilities								
Accounts payable	FLAC	43.1	43.1					43.1
Payments received for orders	FLAC	5.8	5.8					5.8
Liabilities from other taxes	n.a.	13.1					13.1	13.1
Liabilities from accrued interest	FLAC	36.7	36.7					36.7
Liabilities from outstanding invoices	FLAC	83.5	83.5					83.5
Other liabilities	FLAC	82.7	82.7					82.7
Deferrals	n.a.	15.1					15.1	15.1

Legend:				
	AfS	Available for Sale	FAHfT	Financial Assets Held for Trading
	afvtpl	at fair value through profit or loss	FLHFT:	Financial Liabilities held of Trading
	LaR	Loans and Receivables	FLAC	Financial Liabilities At Cost
			VL	Valuation Level 1-3

The fair value for financial instruments is determined by the following three-level valuation hierarchy:

1. Valuation level (VL 1):

   Measured according to a stock market price or market price on an active market.

2. Valuation level (VL 2):

   Measured according to a stock market price or market price for similar assets and liabilities or according to measurement methods for which the key inputs are based on observable market data.

3. Valuation level (VL 3):

   Measured according to measurement methods for which the inputs are based on unobservable market data.

The above table of financial assets and liabilities show the three valuation levels in a separate column.

The table below shows the total of contractually agreed undiscounted interest payments and capital repayments from non-derivative financial liabilities, liabilities from property disposal groups, liabilities and net interest payments for derivative financial instruments with negative fair values:

in € m	Bank liabilities and CPs at floating interest rates (interest and repayment)		Bank liabilities and loans at fixed interest rates (interest and repayment)		Derivative financial instruments with negative fair value		Other financial liabilities, liabilities and minority interests in partnerships	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Up to 1 year	-905.7	-1,324.6	-15.3	-192.2	-81.5	-18.8	-260.9	-206.9
1 to 2 years	-567.4	-823.6	-15.3	-51.6	-69.2	-14.1	0.0	0.0
2 to 3 years	-2,003.1	-302.1	-14.3	-98.1	-41.6	-14.0	0.0	0.0
3 to 4 years	-127.3	-1,088.8	-34.0	-45.2	-7.9	-14.4	-46.7	-7.1
4 to 5 years	-1,550.4	-167.1	-432.3	-66.5	-4.6	-0.5	0.0	0.0
Over 5 years	0.0	-1,752.1	-34.8	-460.9	-0.3	-0.8	-82.7	-53.7

Where the repayment date is to be determined by the other party, the liability is recognised on the basis of the earliest date in the time frame at which the IVG Group can be requested to make payments. Financial liabilities which the IVG Group can be required to pay upon demand, are allocated to the earliest time frame.

Floating-rate interest payments from liabilities are determined on the basis of the last fixed interest rate prior to 31 December 2008 or 31 December 2009. Foreign currency holdings are converted at the exchange rate at balance sheet date. Changes to cash flows can result in particular from changes to interest rate levels, currency exchange rates, early repayment, prolongation of liabilities and future new contracts, leasing and derivatives.

For some property financing with agreed covenants, such as loan to value (LTV – ratio between net liabilities and fair value of financed property), where the agreed LTV is exceeded, some credit agreements require that IVG makes an extraordinary repayment or provision of additional guarantees within a fixed period in order to repair the level of loan to value. Significant changes in the fair value of financed properties can lead to agreed LTVs being exceeded.

A covenant (LTV) was not complied with for a property financing of €980 million due to the value given in the bank reference. However, the bank has not yet given a formal notification of the covenant breach. If it does, IVG would have to pay €130 million of the loan prematurely or provide that amount in cash within 20 days. IVG entered into negotiations with the bank in good time to avert breaching the covenant in the form of a restructuring of the financing. We expect an agreement in the form of an increase in the margins and payments totalling €70 million spread out until the end of 2012. The Management Board is confident that the agreement can be reached shortly. IVG has taken measures to be able to afford the required payment amounts.

12.2 Guarantees and contingent liabilities

in € m	2009	2008
Financial guarantees	120.6	339.6
thereof bank guarantees	*56.3*	*62.7*
Contractual guarantees	15.7	38.3
Other contingent liabilities	53.3	60.4
	189.6	**438.3**

The financial guarantees are guarantees to third parties in favour of parties not related to the Group and Group companies not included in the consolidated financial statements. The bank guarantees are guarantees given by banks to third parties to cover payment, performance and warranty obligations of Group companies.

Contractual guarantee obligations include only letters of comfort of €15.7 million (2008: €38.3 million) against third parties. Adequate provisions for rent guarantees given on property disposals have been made.

Letters of comfort issued to third parties in respect of consolidated subsidiaries are only included to the extent that they give rise to separate obligations from the point of view of the Group as a whole.

Other contingent liabilities refer mainly to litigations in connection with pre-emptive rights from a rental contract of €33.2 million (2008: €33.2 million), claims for damages for remedying defects and loss of rent (€0.8 million) and claims for damages from construction work on a property that had already been sold (€2.6 million; 2008: €2.6 million).

Concerning the acquisition of the Allianz portfolio in 2007, there is a risk that if IVG does not list the REIT on the stock exchange by 2011, it will have to pay an exit tax amounting to €16.7 million to Allianz.

No provisions were recognised in connection with ongoing or pending litigation on the sale of shares, rent guarantees, claims for defects or prospectus liability, as in our opinion and the opinion of our legal advisors, the probability of an outflow of resources is less than 50%. We consider that for all other risks the probability of an outflow of resources is less than 10%.

Significant outflows of resources from assumed liabilities are unlikely. There were no guarantees for bills of exchange or cheques.

12.3 Capital management

The main aim of capital management at the IVG Group is to ensure that the ability to meet liabilities and financial security continue to be upheld in the future.

Financial security is mainly evaluated by the equity ratio. The main elements of this ratio are the total assets of the consolidated financial statements and the equity and liabilities shown in the consolidated balance sheet, including the hybrid loan classified as equity and minority interests in incorporated companies, representing the capital of the IVG Group in the meaning of IAS 1. The equity ratio is an important key figure for investors, analysts, banks and rating agencies.

Management of the capital structure at IVG is carried out by adjustment of dividends, reduction of corporate capital or issuance of new capital, and the issuance of financial instruments which qualify as equity under IFRS. Our goal is to have a capital structure which is in line with business risks.

IVG is subject to the minimum capital requirements for public corporations. Compliance with these requirements is monitored on an ongoing basis. IVG complied with all requirements in 2008 as well as 2009.

in €m	2009	2008	Change in %
Equity	1,265.1	1,390.9	-9.0
Total assets	7,393.4	7,875.5	-6.1
Equity ratio in % according to carrying amounts	17.1	17.7	-3.3

The equity ratio decreased especially due to the negative consolidated net profit. The sales of investment property and project developments in the financial year, decrease in total assets, and the implemented capital increase had an opposite effect.

12.4 Other financial obligations

Financial obligations totalling €450.8 million (2008: €788.0 million) exist under contracts already awarded for commenced or planned investment projects and under contractual agreements with tenants and other parties.

Of this amount, €28.3 million (2008: €80.9 million) is attributable to purchases, construction and maintenance investments in investment property. There are also liabilities from project developments of €358.7 million (2008: €463.0 million) as well as a liability regarding obtaining certificates for a fund of €63.8 million (2008: €76.1 million). In 2008, there were financial liabilities of €168.0 million mainly due to a fund project that was completed in 2009.

For future obligations from lease agreements, we refer to the separate notes on finance and operating leases (see Section 11).

12.5 Contingent assets

There were no material contingent assets at balance sheet date.

12.6 Consolidated cash flow statement

The cash flow statement shows how the Group's cash position has changed due to inflows and outflows of cash and cash equivalents (see Section 9.8) over the course of the financial year. In accordance with IAS 7 (Cash Flow Statement), cash flows are classified into cash flows from operating, investing and financing activities.

The cash and cash equivalents reported in the cash flow statement include all cash and cash equivalents, consisting of cash in hand and bank balances.

Cash flows from investing and financing activities are determined directly from receipts and payments. However, cash flow from operating activities are determined from consolidated net profit before taxes and interest (EBIT) using the indirect method. Under this indirect method, changes in balance sheet items relating to operating activities are adjusted for the effects of changes in the group of consolidated companies and changes in value caused by currency exchange rates. As a result, the changes in balance sheet items reported in the cash flow statement can not be reconciled with the corresponding figures in the published consolidated balance sheet.

12.7 Segment reporting

In accordance with IFRS 8 “Segment Reporting”, segment reporting is performed using the management approach based on the segment result (EBIT).

Segment reporting reflects the structure of internal reporting to the chief operating decisionmaker, IVG’s Board of Management, and takes place on the basis of IVG’s operating divisions.

The changes within segment reporting from the previous year are attributable to the changes in IVG’s business model; the figures from previous years are adapted accordingly. On the basis of the new business model, there was a classification into the IVG Investment and IVG Funds divisions, the operating segments of which are described in the following:

Investment division

(1) The **IVG Real Estate** segment is focused on optimising the value of the office properties in IVG’s portfolio on the basis of an active portfolio management strategy. In doing so, the segment concentrates on specific real estate potentials and the risk-return situation as well as the cycles of the German and European markets. Investment focus is on the top German office property markets and selected European cities.

(2) The focus of the **IVG Development** segment is the development of office property projects in selected European cities and growth regions. IVG has introduced a clear focus on its future core business with a simplification of its corporate structure. In line with this the development business is being systematically rolled back on IVG’s own account.

(3) The core business of the **IVG Caverns** segment is the construction, operation and leasing of caverns for oil and gas storage. Cavern lessees are companies of strong financial standing from the energy industry and public oil storage organisations. In operations, the division will concentrate on expanding the cavern field in Etzel near Wilhelmshaven and leasing further caverns. The cavern field will be expanded from 41 caverns at present to at least 130 caverns by 2022.

Funds division

(4) The **IVG Institutional Funds** segment enjoys a top position as a provider and manager of real estate funds with the largest share of managed and administered volume for institutional investors in Germany.

(5) With the EuroSelect funds, the **IVG Private Funds** segment offers private investors in the closed-end property funds market investment opportunities in attractive European properties and portfolios.

In addition, the IVG corporate functions are reported in segment reporting. They contain the central service units and Group functions of IVG. The main item included here is the central service unit of the Group, IVG Asset Management, which is responsible for the professional management of IVG’s portfolio and fund properties and the buying and selling of individual properties and real estate portfolios.

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Asset Management and the other corporate functions are monitored by the chief operating decisionmaker. Due to their size, they do not constitute reportable operating segments but are reported on together as the IVG corporate functions due to the similarity in their activity as internal service providers and their economic similarity.

2009									**Investment**
		Real Estate			**Development**				**Caverns**
in € m	**Before changes in value**	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**
External revenues	630.0		630.0	65.2		65.2	61.4		61.4
Internal revenues	2.7		2.7	2.6		2.6	0.0		0.0
Total revenues	**632.8**	**0.0**	**632.8**	**67.8**	**0.0**	**67.8**	**61.4**	**0.0**	**61.4**
Net rents from Investment Property	290.4		290.4	0.1		0.1	0.0		0.0
Other net rents	13.0		13.0	9.0		9.0	0.1		0.1
Income from service charges	38.4		38.4	1.7		1.7	0.0		0.0
Income from project disposals	287.5		287.5	49.4		49.4	1.6		1.6
Income from construction contracts	0.0		0.0	6.6		6.6	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	0.0		0.0	43.1		43.1
Income from fund and property management	0.3		0.3	0.1		0.1	11.3		11.3
Other revenues	3.2		3.2	0.9		0.9	5.3		5.3
Changes in inventories and other own work capitalised	-276.0		-276.0	367.3		367.3	6.6		6.6
Unrealised changes in market value of investment property	0.0	-194.2	-194.2	0.0		0.0	0.0	197.0	197.0
Realised changes in market value of investment property	-63.6		-63.6	-0.4		-0.4	-0.4		-0.4
Other operating income	32.0		32.0	12.3	16.9	29.2	5.8		5.8
Material expenses	-26.1		-26.1	-378.0	-166.9	-544.9	-13.2		-13.2
Personnel expenses	-0.3		-0.3	-8.0		-8.0	-6.2		-6.2
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.4	-3.9	-4.3	-0.6		-0.6	-3.8	-1.7	-5.5
Expenses from investment property	-69.9		-69.9	0.0		0.0	0.0		0.0
Other operating expenses	-66.5		-66.5	-32.0		-32.0	-11.3		-11.3
Gains/loss from associated companies accounted for using the equity method	-10.7		-10.7	-1.9		-1.9	-0.5		-0.5
Income from equity investments	2.9		2.9	-2.2		-2.2	0.0		0.0
Segment result (EBIT)	**154.1**	**-198.1**	**-44.0**	**24.2**	**-150.0**	**-125.8**	**38.5**	**195.3**	**233.8**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Segment assets			**4,672.3**			**1,005.3**			**595.4**
thereof Investments in associated companies accounted for using the equity method			*33.1*			*4.2*			*8.8*
Investments			97.1			24.5			103.5

Funds												
Institutional Funds			**Private Funds**				**Consolidation**			**Group**		
Before changes in value	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**	**IVG Corporate Functions**	**Before changes in value**	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**
59.4		59.4	14.3		14.3	8.5	0.0		0.0	838.8	0.0	838.8
7.0		7.0	0.3		0.3	37.8	-50.4		-50.4	0.0	0.0	0.0
66.4	**0.0**	**66.4**	**14.5**	**0.0**	**14.5**	**46.2**	**-50.4**	**0.0**	**-50.4**	**838.8**	**0.0**	**838.8**
0.0		0.0	0.0		0.0	0.1	-0.9		-0.9	289.7	0.0	289.7
0.0		0.0	0.0		0.0	0.5	-2.0		-2.0	20.6	0.0	20.6
0.0		0.0	0.0		0.0	0.2	-0.3		-0.3	40.2	0.0	40.2
0.0		0.0	0.0		0.0	0.0	-2.5		-2.5	336.1	0.0	336.1
0.0		0.0	0.0		0.0	0.0	0.0		0.0	6.6	0.0	6.6
5.2		5.2	11.1		11.1	1.3	-1.5		-1.5	59.2	0.0	59.2
59.6		59.6	3.1		3.1	15.0	-13.4		-13.4	76.0	0.0	76.0
1.6		1.6	0.3		0.3	29.1	-29.8		-29.8	10.4	0.0	10.4
0.0		0.0	0.0		0.0	0.0	0.0		0.0	97.9	0.0	97.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	0.0	2.8	2.8
0.0		0.0	0.0		0.0	0.0	0.4		0.4	-64.1	0.0	-64.1
1.8		1.8	8.3		8.3	21.6	-18.1		-18.1	63.6	16.9	80.5
0.0		0.0	-6.3		-6.3	-6.7	8.8		8.8	-421.5	-166.9	-588.4
-11.8		-11.8	-5.0		-5.0	-42.5	0.0		0.0	-73.7	0.0	-73.7
-0.3		-0.3	-0.1		-0.1	-1.0	0.0		0.0	-6.2	-5.6	-11.8
0.0		0.0	0.0		0.0	-0.1	0.3		0.3	-69.7	0.0	-69.7
-33.3		-33.3	-11.1		-11.1	-41.4	58.3		58.3	-137.4	0.0	-137.4
0.0		0.0	0.9		0.9	0.0	0.0		0.0	-12.2	0.0	-12.2
0.2		0.2	0.4		0.4	0.0	0.0		0.0	1.3	0.0	1.3
23.0	**0.0**	**23.0**	**1.7**	**0.0**	**1.7**	**-23.9**	**-0.7**	**0.0**	**-0.7**	**216.9**	**-152.8**	**64.1**
										-230.7	-22.7	-253.4
										-13.8	**-175.4**	**-189.3**
												31.3
												-158.0
		263.1			**95.3**	**479.4**			**0.0**			**7,110.8**
		13.3			*17.1*	*0.0*			*0.0*			*76.5*
		13.4			12.9	17.2			0.0			268.6

2008									Investment
			Real Estate			Development			Caverns
in € m	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
External revenues	361.8		361.8	69.0		69.0	57.2		57.2
Internal revenues	2.3		2.3	0.4		0.4	0.0		0.0
Total revenues	**364.1**	**0.0**	**364.1**	**69.4**	**0.0**	**69.4**	**57.2**	**0.0**	**57.2**
Net rents from Investment Property	310.5		310.5	1.4		1.4	49.8		49.8
Other net rents	10.5		10.5	5.0		5.0	0.2		0.2
Income from service charges	40.9		40.9	1.2		1.2	0.0		0.0
Income from project disposals	0.0		0.0	53.0		53.0	0.0		0.0
Income from construction contracts	0.0		0.0	7.2		7.2	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	0.0		0.0	0.0		0.0
Income from fund and property management	0.0		0.0	0.1		0.1	0.0		0.0
Other revenues	2.2		2.2	1.5		1.5	7.2		7.2
Changes in inventories and other own work capitalised	-0.9		-0.9	386.2		386.2	16.7		16.7
Unrealised changes in market value of investment property	0.0	-671.2	-671.2	0.0	38.0	38.0	0.0	48.5	48.5
Realised changes in market value of investment property	15.8		15.8	-20.4		-20.4	175.7		175.7
Other operating income	41.8		41.8	36.7		36.7	181.8		181.8
Material expenses	-0.3	-1.9	-2.2	-396.6	-215.1	-611.7	-3.4		-3.4
Personnel expenses	-0.8		-0.8	-10.6		-10.6	-7.3		-7.3
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.4	-12.5	-12.9	-0.8		-0.8	-2.6		-2.6
Expenses from investment property	-75.1		-75.1	-3.8		-3.8	-2.8		-2.8
Other operating expenses	-69.9		-69.9	-24.1		-24.1	-22.8		-22.8
Gains/loss from associated companies accounted for using the equity method	-16.5		-16.5	3.9		3.9	0.0		0.0
Income from equity investments	0.1		0.1	0.0		0.0	1.6		1.6
Segment result (EBIT)	**257.9**	**-685.6**	**-427.7**	**39.9**	**-177.1**	**-137.2**	**394.1**	**48.5**	**442.6**
Financial result									
Net profit before tax									
Income taxes									
Consolidated net profit									
Segment assets			**5,422.8**			**757.9**			**342.4**
thereof Investments in associated companies accounted for using the equity method			*12.2*			*8.9*			*0.4*
Investments			1,055.5			1.1			184.0

Funds												
Institutional Funds			Private Funds				Consolidation			Group		
Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total	IVG Corporate Funktions	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
59.2		59.2	52.2		52.2	9.2	0.0		0.0	608.6	0.0	608.6
7.8		7.8	0.1		0.1	41.1	-51.7		-51.7	0.0	0.0	0.0
67.0	**0.0**	**67.0**	**52.3**	**0.0**	**52.3**	**50.3**	**-51.7**	**0.0**	**-51.7**	**608.6**	**0.0**	**608.6**
0.0		0.0	0.0		0.0	0.1	-0.6		-0.6	361.2	0.0	361.2
0.0		0.0	24.2		24.2	0.4	-2.0		-2.0	38.3	0.0	38.3
0.0		0.0	0.1		0.1	0.2	-0.2		-0.2	42.2	0.0	42.2
0.0		0.0	0.0		0.0	0.0	-0.4		-0.4	52.6	0.0	52.6
0.0		0.0	0.0		0.0	0.0	0.0		0.0	7.2	0.0	7.2
7.4		7.4	25.6		25.6	1.9	-1.3		-1.3	33.6	0.0	33.6
58.7		58.7	2.5		2.5	19.0	-18.2		-18.2	62.1	0.0	62.1
0.8		0.8	0.0		0.0	28.7	-29.0		-29.0	11.4	0.0	11.4
0.1		0.1	50.6		50.6	0.0	0.0		0.0	452.7	0.0	452.7
0.0		0.0	0.0		0.0	0.0	0.0	1.4	1.4	0.0	-583.3	-583.3
0.0		0.0	0.0		0.0	0.0	0.0		0.0	171.1	0.0	171.1
3.7		3.7	14.3		14.3	35.5	-23.5		-23.5	290.3	0.0	290.3
0.0		0.0	-75.2		-75.2	-8.4	8.3		8.3	-475.6	-217.0	-692.6
-9.1		-9.1	-4.8		-4.8	-36.2	0.0		0.0	-68.8	0.0	-68.8
-0.5		-0.5	-0.1		-0.1	-1.0	0.0		0.0	-5.4	-12.5	-17.9
0.0		0.0	0.0		0.0	0.0	0.0		0.0	-81.7	0.0	-81.7
-37.1		-37.1	-24.2	-7.8	-32.0	-58.4	65.7		65.7	-170.8	-7.8	-178.6
0.0		0.0	14.6		14.6	0.0	0.0		0.0	2.0	0.0	2.0
-0.8		-0.8	0.0		0.0	-1.3	0.0		0.0	-0.4	0.0	-0.4
23.3	**0.0**	**23.3**	**27.5**	**-7.8**	**19.7**	**-19.5**	**-1.2**	**1.4**	**0.2**	**722.0**	**-820.6**	**-98.6**
										-274.7	-123.8	-398.5
										447.3	**-944.4**	**-497.1**
												45.4
												-451.7
		314.7			**378.9**	**253.1**			**0.0**			**7,469.8**
		0.0			*16.4*	*0.0*			*0.0*			*37.9*
		56.5			8.7	2.4			0.0			1,308.2

Key segment figures

The amounts reported in segment reporting are based on the same accounting principles that were used to prepare the consolidated financial statements.

The key measure of segment management for IVG's chief operating decisionmaker is the segment result (EBIT). The reconciliation of the segment result to consolidated net profit before taxes is provided as part of segment reporting.

Segment assets are reconciled with Group assets as follows:

in € m	31.12.2009	31.12.2008
Segment assets	**7,110.8**	**7,469.8**
Other Group assets		
Deferred tax assets	281.2	367.0
Derivative financial instruments	1.4	38.7
Group assets	**7,393.4**	**7,875.5**

Inter-segment revenues show the amount of revenue transactions between the segments. Transactions between segments are made on an arms-length basis.

Geographical Segments

2009 in € m	Germany	UK	France	BeNelux	Finland	Other countries	Group
External revenues	411.1	7.5	33.7	23.9	21.4	341.2	838.8
Operating earnings	78.5	1.4	15.1	-35.2	-4.1	8.5	64.1
Segment assets at carrying amounts	5,550.5	211.7	532.0	298.4	251.1	267.1	7,110.8
Investments	198.7	32.4	0.3	0.1	5.6	7.3	244.3

2008 in € m	Germany	UK	France	BeNelux	Finland	Other countries	Group
External revenues	469.7	18.7	41.3	37.7	25.4	15.8	608.6
Operating earnings	-28.2	38.5	-122.1	16.9	5.1	-8.8	-98.6
Segment assets at carrying amounts	5,403.6	155.2	661.9	428.5	287.2	533.4	7,469.8
Investments	1,284.7	13.4	2.2	0.1	5.0	2.8	1,308.2

The geographical segments are based on the location of the individual properties.

External revenues of €298.1 million from financial year 2009 from other countries contain the sale of a project development in Milan, Italy. These revenues were €278.2 million in the previous year and contained in segment assets.

12.8 Events after the balance sheet date

Sale of properties to streamline portfolio

As part of portfolio streamlining, an agreement on the sale of three residential properties in Berlin for €18.1 million was completed on 4 January 2010. The payment of the purchase price and the transfer of the properties is slated for the second quarter of 2010. The funds will serve to pay the bank liabilities of the Group company implementing the disposal.

Project invoicing and sales

The reduction of the project pipeline has been continued as planned. As at 31 December 2009, a billing volume of €98.6 million was sold to third parties. This amount has not yet been recognised (see Section 6.5.2 of this management report). Including two additional disposals in Warsaw and Berlin that were contractually assured at the beginning of the year, the billing volume amounts to €201.6 million, or around one-fourth of the planned sales volume for 2010.

Placement of the EuroSelect 20 TheNorthGate

The placement of our EuroSelect 20 fund with the around 60,000 sqm North Gate property in Brussels is proceeding extremely successfully. The sale began in mid-October 2009 and has exceeded the 95% mark at the time this report went to press. It is expected to be fully placed in March 2010.

Termination of EuroSelect 18 GermanCities

The EuroSelect 18 fund encompasses five properties in attractive locations in Germany. As three of these properties are still under construction, this fund was perceived as a project development fund, leading to poor placement activity. IVG has decided to halt its sale and work with the investors to liquidate the fund.

Reduction of investment activity in Asia

On 9 February 2010 an agreement on the sale of all fund units in the Alpha Asia Macro Trends Fund was signed. Receipt of payment and the transfer are expected in March 2010.

Successful conceptual planning of “IVG Premium Green Fund”

With the new “IVG Premium Green Fund”, IVG is investing in sustainable property in Germany together with select institutional co-investors. Equipped with LEED-standard certified office properties in the urban areas of Berlin, Cologne/Bonn, Frankfurt am Main and Munich, we intend to meet the increasing demand for sustainable investments. The fund’s conceptual planning is complete. Its expected launch is 1 May 2010 with the transfer of the first two properties to the fund. The properties are still partly in the pipeline, which will therefore be further systematically reduced.

12.9 Related party transactions

Related individuals are the Supervisory Board, Management Board and managerial staff and their close relatives. In addition to the consolidated subsidiaries, related companies are companies of Sal. Oppenheim, Cologne, and the unconsolidated subsidiaries and equity-accounted companies in the IVG Group.

There were no transactions with close relatives of members of the Supervisory Board or Management Board.

One manager has had significant influence on ACB GmbH, Wiesbaden since the end of 2009. This company has entered into agreements pertaining to accounting services with IVG Institutional Funds GmbH, for which a total of €0.5 million were invoiced in 2009.

Otherwise there were no material business dealings with managerial staff or their close relatives.

The main features of the remuneration system for the Management Board and Supervisory Board as well as detailed and individual information on the remuneration are given in the remuneration report (see Section 5.1 of the Group management report).

The total remuneration of the Management Board, the Supervisory Board and managerial staff (collectively members of management in key positions) was €21.5 million in the past financial year (2008: €13.9 million). Of this amount, €2.1 million (2008: €1.5 million) related to service cost for pensions. In financial year 2009, the management in key positions also received short-term remuneration components of €5.9 million (2008: €5.9 million) and long-term remunerations components of €0.2 million as part of the long-term incentive and performance share plans as well as the 2009 Performance Cash Plan (2008: income of €5.6 million). Payments of €2.3 million (2008: €2.0 million) were made for the termination of employment.

Information on the members of the Management Board and the Supervisory Board is listed in accordance with Section 285 Number 10 of the Handelsgesetzbuch (HGB – German Commercial Code) in this Annual Report on pages 11 ff.

All business dealings with unconsolidated subsidiaries and equity-accounted companies (participation in global cash management, general contractor agreements, etc.) were conducted at arms length. The volume of services provided and services received in 2008 amounted to €2.0 million in income and €0.2 million in expenses. The following key business dealings were made with equity companies in 2009:

IVG Immobilien AG and additional subsidiaries sold properties with a total purchase price of €280.3 million to the "IVG Protect Fund". IVG Immobilien AG also issued a value guarantee until May 2014 in exchange for an appropriate premium (€5.0 million). In addition, a replacement tenant guarantee limited to €5.0 million was submitted, of which €0.2 million was utilised in financial year 2009.

HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer II Vermietungs KG has a loan of €9.2 million plus €1.1 million in accrued interest (of which €0.5 million in interest was recognised in profit and loss in 2009).

Bunde-Etzel-Pipelinegesellschaft mbH & Co. KG has paid IVG for invoiced construction services (€0.9 million) over the course of 2009. Bunde-Etzel-Pipelinegesellschaft mbH & Co. KG was also transferred €11.8 million in financial year 2009 as part of an arrangement in the company agreement for capital backing.

An interest-bearing loan receivable of €17.1 million is due from the FDV Group.

FRANKONIA Eurobau Parkstadt-Schwabing GmbH has a loan liability due to IVG Immobilien AG for €6.3 million including incurred interest as at 31 December 2009.

Furthermore, there are receivables from associated companies pertaining to property company Moosacher Straße mbH & Co. KG for €1.8 million, IVG Real Estate Investor Funds s.a.r.l. for €1.8 million and Rantasarfvik Oy for €2.6 million.

€1.6 million (2008: €0.9 million) in receivables from companies accounted for using the equity method were written down, bringing the corresponding impairment losses as at 31 December 2009 were €7.8 million (2008: €6.2 million).

IVG companies received €3.3 million (2008: €1.1 million) worth of services in financial year 2009 from companies in the **Sal. Oppenheim Group**. Most of these were consulting services in the amount of €1.5 million (2008: €0.5 million) regarding future financial and corporate development and contractual commissions for the arrangement of IVG property funds in the amount of €1.3 million (2008: €0.5 million).

As at 31 December 2009, IVG had liabilities of €1.0 million (2008: €0.5 million) for these services to the Sal. Oppenheim Group, while the IVG Group had receivables from bank balances from companies of Sal. Oppenheim amounting to €0.6 million (2008: €0.7 million) as at the same date.

Wert-Konzept Beteiligungs- und Verwaltungs GmbH has a small participation in three fund companies as a limited partner and therefore received a small amount of income.

Intra Beteiligungs- und Verwaltungs GmbH and **Fuscus Beteiligungs- und Verwaltungs GmbH** are fully liable partners in various fund companies. They do not participate in the capital of these fund companies and are excluded from management to the extent legally permitted. They receive a small liability compensation for this.

12.10 Long-term incentive plans

On 23 May 2002, the General Meeting approved a new share option plan to replace the now-expired Long Term Incentive plans introduced in 1999. The plan is open to members of the Management Board of IVG, managing directors of affiliated companies and other managers.

The rules of the new share option plan stipulate an overall term of five years. The performance target must be achieved to exercise the share options after a two-year vesting period. Performance target is an absolute rise in the IVG share price from the base price of at least 5% a year from the grant date. According to the corresponding resolutions by the Management Board and approvals by the Supervisory Board, all Long Term Incentive plans will pay exclusively in cash when exercised.

Key data on the 2003 and 2004 Long Term Incentive plans:

	2002 Plan concept	
	2004 Plan	**2003 Plan**
Issue date	30.6.2004	30.6.2003
Duration	5 years	5 years
Vesting period	2 years	2 years
Base price in €	9.80	7.63
Participants in year of issue	52	49
Number of options issues	756,000	749,250
thereof Management Board	*274,050*	*274,050*
Absolute hurdle rate (share price increase in % p.a.)	5.0	5.0
Hurdle rate	none	none
Value of options on issue date in €	1.85	1.42
Remaining period to 31.12.2009 (in whole months)	expired	expired

The following overview shows the changes in the share options issued from the 2003 and 2004 Long Term Incentive plans:

	2004 Plan	2003 Plan
At 01.01.2008	**92,250**	**7,000**
Issued 2008	0	0
Exercised 2008	8,000	5,000
Expired 2008	0	2,000
At 31.12.2008	**84,250**	**expired**
Issued 2009	0	
Exercised 2009	0	
Expired 2009	84,250	
At 31.12.2009	**0**	

The agreed hurdle rate of the Long Term Incentive plan was not exceeded in 2009 therefore no options were exercised. Since the plan expired after five years as at 30 June 2009, all existing share options have expired.

12.11 2005 to 2008 Performance Share Plans

In 2005, the decision was taken to have a performance share plan instead of the previous share option plans. The plans are open to all members of the Management Board of IVG Immobilien AG, the managing directors of the subsidiaries and other managers.

Overview

The beneficiaries receive a commitment for a specific number of performance shares. Performance shares are virtual shares used as the basis for calculating the monetary amount to be paid to the beneficiaries under certain conditions after the performance period is over. Performance share do not carry voting or dividend rights.

The number of performance shares which are converted and paid out in a cash amount at the end of the performance period depends on two performance factors.

1. An absolute increase in the price of the IVG share,
2. The average earnings per share, i.e. the diluted earnings per share (diluted EPS).

Performance targets 1 and 2 for assessing the number of performance shares, to be paid out after the end of the performance period, are determined independently from each other and each given a weighting of 50%.

The final number of performance shares is multiplied by the average share price of the IVG share on the 30 trading days before and 30 trading days after the General Meeting of IVG Immobilien AG in the year in which the performance period ends. Any increase of the final value against the start value in excess of 100% is not taken into account.

Should the final value of the IVG share have decreased by more than 30% against the start value, there is no payment of performance shares, irrespective of the diluted EPS performance factor.

The length of the performance period used for measuring the performance targets is three years. The performance period starts on the grant date and ends after the thirtieth trading day of the Frankfurt Stock Exchange after the General Meeting of IVG Immobilien AG in the third year.

The right to obtain a certain monetary amount arises at the end of the performance period provided that the employment agreement with IVG or a subsidiary has not been terminated, among other conditions.

Basis data

The basis data for the performance share plans and for the valuation model parameters as at 31 December 2009 can be seen in the following overview. A Monte Carlo simulation was used to determine option values:

	2008 PSP	2007 PSP	2006 PSP	2005 PSP
Issue date	30.06. 2008	30.06. 2007	30.06. 2006	17.05. 2005
Duration	3 years	3 years	3 years	3 years
Remaining duration	1,5 Jahre	0,5 Jahre	expired	expired
Basic share price (Ø 60 days) in €	15.68	31.55	23.66	14.53
Participants in year of issue	53	45	43	36
Number of shares issued	157,250	165,850	156,785	127,475
(thereof Management Board)	52,000	76,000	67,327	52,880
Value at 31.12.2009 1)2)	0.401	0.000	0.000	0.00
At 31.12.2009 3)	131,000	137,250	0	0
Share price of IVG AG at 30.12.2009	5.35	5.35		
Risk-free interest rate over remaining duration	1.069	0.440		
Dividend yield	2.01	2.01		
Volatility	71.89	70.78		

1) *Value of PSP issued to members of the Management Board for 2008 = €0.198 and for 2007 = €0.00*

2) *Reaching 0% EPS and 3% fluctuation*

3) *Changes as against issued shares caused by employees leaving employment*

For all plans, volatility was calculated over the period of remaining duration of the respective measurement date. The value shown at 31 December 2009 is the weighted average of both separately calculated option values with regard to the agreed option aims. The remaining average weighted duration of outstanding performance shares as at 31 December 2009 was one year.

The following changes occurred since the introduction of the performance share plans:

	PSP 2008	PSP 2007	PSP 2006	PSP 2005
At 01.01.2008		**165,850**	**145,785**	**115,430**
Issued 2008	157,250	0	0	0
Exercised 2008	0	0	0	112,180
Expired 2008	0	10,100	7,542	3,250
At 31.12.2008	**157,250**	**155,750**	**138,243**	**0**
Issued 2009	0	0	0	0
Exercised 2009	0	0	0	0
Expired 2009	26,250	18,500	138,243*	0
At 31.12.2009	**131,000**	**137,250**	**0**	**0**

* *The performance targets of the 2006 Performance Share Plan were not achieved. Therefore there was no pay out in the financial year*

12.12 2009 Performance Cash Plan

Against the background of the current discussion on the remuneration of Management Boards and managers, the Supervisory Board has decided to introduce a long-term remuneration element with a new Performance Cash Plan starting from 2009. It is intended to encourage the achievement of performance indicators that are key to the company on the basis of challenging comparison parameters.

The plan is open to members of the Management Board and select managers of IVG, with whom participation in the Performance Cash Plan is contractually agreed in their service or employment contract. In addition, the Management Board of IVG may approve the participation of individual employees or managers for one or more years independent of a contractual obligation.

In 2009, only the members of the Management Board were granted participation in the plan by means of the resolution of the Supervisory Board. The conditions for granting participation to managers were fulfilled for the first time in 2010.

The term on the plan begins with the month after the General Meeting and ends in each case after four full years, i.e. the term of the 2009 Performance Cash Plan runs from 1 June 2009 to 31 May 2013.

At the beginning of the plan, participants receive a commitment equivalent to a set initial figure. This initial figure is multiplied by the performance multiplier shown in the following, resulting in the payoff amount after the expiration of the performance period of four years.

The performance multiplier can vary between zero and a maximum of two and is calculated from the development of three equally weighted performance indicators:

1. Performance indicator (shareholder point of view):
   Performance of IVG shares on the FTSE EPRA/NAREIT Developed Europe Index
2. Performance indicator (earnings point of view):
   Increase of the FFO I per share compared with the planned figure
3. Performance indicator (assets point of view):
   Increase of the NAV per share compared with the planned figure

The scaling of the three performance figures at the beginning takes place on the basis of current three-year medium-term planning approved by the Supervisory Board in each case.

A claim to the cash payout from the Performance Cash Plan after the expiration of the fourth year presupposes that the employment agreement with IVG or a subsidiary has not been terminated.

Dr Niesslein's initial figure is €430,000.00, while Prof Schäfers' is €350,000.00 and Dr Reul's is €300,000.00 per year.

In recognition of their extraordinary achievements in the past year and as an incentive to continue on this path with the same degree of commitment, Dr Niesslein and Prof Schäfers shall receive a one-off payment of €300,000.00 (Dr Niesslein) and €200,000.00 (Prof Schäfers) in addition to their approved initial figures. The regulations that apply to the new Performance Cash Plan also apply to this increased amount, with the exceptions that the performance multiplier can vary between 1 and 2 only and that the claim remains in place even if the beneficiaries leave IVG Immobilien AG before the expiration of the plan.

Basis data

The basis data on the 2009 Performance Cash Plan are shown in the following overview:

	PCP 2009
Issue date	01.06.2009
Duration	4 years
Remaining duration	41 months
Participants in year of issue	3
Total initial value in €	1,580,000
Value at 31.12.2009 per €100 initial value	79.45
Initial values at 31.12. 2009	**1,580,000**

The figure as at 31 December 2009 was reviewed on the basis of the noarbitrage assessment in accordance with Black/Scholes.

Due to additions to provisions in 2009, the total cost of all existing employee incentive plans was €0.2 million (2008: income of €5.6 million). After taking a reversal of €0.1 million into consideration, the provision as at 31 December 2009 amounted to €0.2 million in total (31 December 2008: €0.1 million).

13. Corporate governance

Corporate governance refers to the entire system by which a company is managed and monitored, its corporate principles and guidelines, and the system of internal and external controls and supervision over the company's operations. Good, transparent corporate governance ensures that our company will be managed and monitored in a responsible manner geared to value creation. This fosters the confidence of investors, business associates and the general public in IVG Immobilien AG's management and supervision.

On 12 November 2009, the Management Board and the Supervisory Board of IVG Immobilien AG jointly issued a new Declaration of Compliance with respect to the recommendations of the German Corporate Governance Code as published on 18 June 2009 pursuant to Section 161 of the German Stock Corporation Act (AktG). The Declaration is permanently available to shareholders in both form and content on the company's website (www.ivg.de).

After its withdrawal from the stock market and following its change of business form, IVG Deutschland Immobilien AG operates under the name IVG Deutschland Immobilien GmbH and is therefore not required to submit Declaration of Compliance under Section 161 of the AktG.

Statement by the Management Board

The Management Board of IVG Immobilien AG is responsible for preparing the consolidated financial statements and the Group management report as well as all other information included in the Annual Report, and ensuring that it is complete and correct.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and the supplementary provisions of Section 315a(1) of the German Commercial Code (HGB).

The Group management report includes an analysis of the financial position and financial performance of the Group and other disclosures required under Section 315 of the HGB.

An effective internal management and control system ensures that the data used to prepare the consolidated financial statements and internal reporting is complete and correct. This includes Group-wide financial reporting guidelines, a risk management system as required by the Gesetz zur Kontrolle und Transparenz im Unternehmensbereich (German Control and Transparency Act – KonTraG), an integrated approach to financial controlling as part of value-driven management, plus audits by the internal audit department. The Management Board is thus able to identify material risks at an early stage and to take timely action as needed.

The Statement pursuant to Section 37y(1) of the Wertpapierhandels-gesetz (German Securities Trading Act – WpHG) in conjunction with Section 297(2) Sentence 3 and Section 315(1) Sentence 6 of the HGB is as follows:

"We confirm that to the best of our knowledge the consolidated financial statements prepared in accordance with the requirements of the applicable accounting principles give a true and fair view of the net assets, financial position and results of operations of the Group and that the consolidated management report is in accordance with the consolidated financial statements and presents a precise view of the Group's position and accurately presents the opportunities and risks for its future development."

Bonn, 8 March 2010

Gerhard Niesslein

Georg Reul

Wolfgang Schäfers

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and the group management report (*Konzernlagebericht*) of IVG Immobilien AG as of and for the fiscal year ended December 31, 2009.

The group management report is neither included nor incorporated by reference in this Prospectus, except for the sections referred to in the auditor's report.

Auditors' Report

We have audited the consolidated financial statements prepared by the IVG Immobilien AG, Bonn, comprising the income statement, statement of comprehensive income, the statement of financial position, cash flow statement, statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

We are required to advise that the continued existence of the Group as a going concern is threatened by risks that are outlined in Section 6.4 of the Group management report. The section details the conditions for the extension of significant credit lines of development projects, the remediation of a possible covenant breach and the implementation of property disposals.

Dusseldorf, March 8, 2010

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Albrecht)	(Schwalm)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Excerpt from the section "Risk Management" of the Group Management Report ("6.4 Overall assessment of risks")

"In the first half of 2009, IVG successfully converted various bilateral credit facilities totalling €1.3 billion which expired in 2009/2010 into new syndicated financing in the same amount with a maturity until 28 December 2012. However, the shortages on the credit markets resulting from the financial and banking crisis in 2008 persisted in the year under review, continuing to make the refinancing required under our business model more difficult.

As a result, financial planning for the coming years has become extremely cautious. Both the systematic reduction of the product pipeline by disposing of projects and selected property sales were taken into account in the financial planning. Both of these are of fundamental importance to IVG's financial position.

The discussion of individual risks addresses in particular the risk regarding extension of project financing in connection with the possible cancellation of an anchor tenant for a project development in the event of further project delays, as well as the liquidity risk from breaching the covenant of a property loan Considered in isolation, these risks can be controlled accordingly by means of countermeasures and precautions. Sufficient precautions have been taken against any remaining identifiable risks.

A threat for the continued existence of the Group as a going concern could arise if no agreement is reached regarding dealing with the covenant and, in addition, the project financing mentioned above is not extended or is only extended to a substantially reduced degree and cannot be offset against precautionary and timely property sales."

Consolidated Financial Statements of IVG Immobilien AG (IFRS) as of December 31, 2008 (audited)

Consolidated income statement[1)]

in € m	Notes	2008 Before changes in value	2008 Unrealised changes in value[2)]	2008 Total	2007 Before changes in value	2007 Unrealised changes in value[2)]	2007 Total
Revenues	8.1	608.6		608.6	532.4		532.4
Changes in inventories and other own work capitalized	8.2	452.7		452.7	269.7		269.7
Unrealised changes in market value of investment property	8.3		-583.3	-583.3		172.0	172.0
Realised changes in market value of investment property	8.4	171.1		171.1	137.8		137.8
Other operating income	8.5	290.3		290.3	75.6		75.6
Material expenses	8.6	-475.6	-217.0	-692.6	-356.7	-21.4	-378.1
Personnel expenses	8.7	-68.8		-68.8	-90.7		-90.7
Depreciation and amortisation of intangible assets, property, plant and equipment and investment property	8.8	-5.4	-12.5	-17.9	-5.7		-5.7
Expenses from investment property	8.9	-81.7		-81.7	-63.9		-63.9
Other operating expenses	8.10	-170.8	-7.8	-178.6	-181.1		-181.1
Gains/loss from associated companies accounted for using the equity method	8.11	2.0		2.0	6.7		6.7
Income from equity investments	8.12	-0.4		-0.4	0.9		0.9
Earnings before interest and taxes (EBIT)		**722.0**	**-820.6**	**-98.6**	**325.0**	**150.6**	**475.6**
Financial income	8.13	42.8	159.8	202.6	72.1	70.5	142.6
Financial expenses	8.13	-317.5	-283.6	-601.1	-191.4	-67.0	-258.4
Net profit before income taxes		**447.3**	**-944.4**	**-497.1**	**205.7**	**154.1**	**359.8**
Income taxes	8.14			45.4			-58.8
Consolidated net profit				**-451.7**			**301.0**
Share of Group shareholders in earnings				-484.3			271.1
Share of hybrid capital providers in earnings				32.0			30.2
Share of third parties in earnings				0.6			-0.3
Basic earnings per share in €	8.15			-4.18			2.34
Diluted earnings per share in €[3)]	8.15			-3.80			2.31

1) *For changes to the presentation of the Income Statement, see section 3.*

2) *The unrealised changes in value include all valuation effects from IAS 2, IAS 36, IAS 39 and IAS 40 without tax effects.*

3) *Investors should be aware that the following remark does not form part of the annual financial statements of the Company: The amount of diluted earnings per share has been restated in the unaudited IFRS consolidated interim financial statements for the six month period ended June 30, 2011 and the restated amount has been reported again in note "Adjustment of diluted earnings per share" to the unaudited IFRS consolidated interim financial statements for the nine month period ended September 30, 2011, which are included elsewhere in this Prospectus.*

Consolidated balance sheet
as at 31.12.2008

in € m	Notes	2008	2007
Assets			
Non-current assets			
Intangible assets	9.1	249.7	258.7
Investment property	9.2	5,172.2	5,361.8
Property, plant and equipment	9.3	368.1	412.4
Financial assets	9.4	245.5	238.9
Investments in associated companies accounted for using the equity method	9.4	37.9	71.7
Derivative financial instruments	10.3	0.0	41.2
Deferred tax assets	10.4	367.0	73.9
Receivables and other assets	9.5	30.9	73.1
Total non-current assets		**6,471.3**	**6,531.7**
Current assets			
Inventories	9.6	1,002.2	966.0
Receivables and other assets	9.5	168.7	220.2
Income tax receivables	10.4	39.9	17.4
Derivative financial instruments	10.3	38.7	3.0
Securities	9.7	1.4	11.4
Cash and cash equivalents	9.8	44.2	105.7
Total current assets		**1,295.1**	**1,323.7**
Non-current assets held for sale	9.9	109.1	385.6
Total current assets		**1,404.2**	**1,709.3**
Total assets		**7,875.5**	**8,241.0**

in € m	Notes	2008	2007
Equity and liabilities			
Equity			
Subscribed capital	10.1	116.0	116.0
Capital reserve	10.1	561.0	561.1
Treasury shares	10.1	-0.5	-0.3
Other reserves	10.1	-133.0	5.8
Retained earnings	10.1	443.5	1,030.9
Equity attributable to Group shareholders	10.1	**987.0**	**1,713.5**
Hybrid capital	10.1	400.9	400.9
Minority interests	10.1	3.0	2.7
Total equity		**1,390.9**	**2,117.1**
Liabilities			
Non-current liabilities			
Financial liabilities	10.2	4,250.4	3,496.7
Derivative financial instruments	10.3	87.9	0.0
Deferred tax liabilities	10.4	246.0	419.4
Pension provisions	10.5	10.8	9.6
Other provisions	10.6	27.9	48.8
Liabilities	10.7	10.0	58.0
Total non-current liabilities		**4,633.0**	**4,032.5**
Current liabilities			
Financial liabilities	10.2	1,349.1	1,292.5
Derivative financial instruments	10.3	17.1	1.8
Other provisions	10.6	147.0	132.0
Liabilities	10.7	270.0	261.1
Income tax liabilities	10.4	68.4	43.4
		1,851.6	**1,730.8**
Liabilities associated with the sale of non-current assets held for sale	9.9	0.0	360.6
Total current liabilities		**1,851.6**	**2,091.4**
Total equity and liabilities		**7,875.5**	**8,241.0**

Statement of recognised income and expenses
for the financial year 2008

in € m	2008	2007
Market valuation available-for-sale securities		
Changes to other cumulative consolidated net profit recognised directly in equity	-0.8	1.0
Realisation/ changes to other cumulative consolidated net profit recognised as income	0.0	0.8
Market valuation hedging instruments		
Changes to other cumulative consolidated net profit recognised directly in equity	-129.8	16.2
Realisation/ changes to other cumulative consolidated net profit recognised as income	3.3	0.0
Adjustment for currency translation of foreign subsidiaries	-26.4	-5.8
Revaluation as part of gradual acquisition of shares	0.0	-15.0
Actuarial earnings and losses from performance-based pension plans and similar obligations*	1.5	3.4
Deferred taxes on value adjustments set off directly against equity	13.4	-6.4
Income and expenses recognised in equity	**-138.8**	**-5.8**
Consolidated net profit	**-451.7**	**301.0**
Recognised income and expenses	**-590.5**	**295.2**
Share of Group shareholders	-623.1	270.5
Share of providers of hybrid capital	32.0	30.2
Third-party share	0.6	-5.5

* *For actuarial earnings and losses from performance-based pension plans and similar obligations, see section 10.5.*

Consolidated cash flow statement

for the financial year 2008[1)]

in € m	2008	2007
Consolidated net profit before interest and taxes (EBIT)	**-98.6**	**475.6**
Unrealised changes in market value of investment property	583.3	-172.0
Realised changes in market value of investment property	-171.1	-137.8
Depreciation and appreciation of intangible assets and property, plant and equipment	17.9	6.6
Proceeds from disposal of intangible assets and property, plant and equipment	-1.3	-28.2
Other non-cash income and expenses	-77.8	-42.2
Changes in receivables and inventories of other divisions (not including Funds and Development divisions)	-12.3	-199.2
Changes in liabilities and provisions	-3.6	151.1
Dividends received	4.9	4.8
Non-distributed earnings of associated companies	-2.5	-11.0
Cash flow from operating activities	**238.9**	**47.7**
Changes in inventories in Development division including sale of project development companies[2)]	-333.3	-298.7
Changes in inventories in Funds division	-46.5	-529.7
Cash flow from current/intermediate investments in operating activities (Funds and Development divisions)	**-379.8**	**-828.4**
Cash flow from operational activities before interest and taxes	**-140.9**	**-780.7**
Interest expenses	-287.4	-176.3
Interest income	13.8	37.0
Income tax paid (less reimbursements)	-8.1	-13.1
Cash flow from operating activities	**-422.6**	**-933.1**
Investment in investment property	-1,068.6	-2,413.1
Proceeds from disposal of investment property	224.9	302.2
Investment in unfinished investment property (asset under construction)	-77.1	-184.9
Investment in intangible assets and property, plant and equipment	-36.7	-97.1
Investments for acquiring consolidated companies (less cash balances)	-15.6	-164.8
Proceeds from disposal of consolidated companies (less cash balances)	719.1	275.7
thereof from cavern transactions	*627.1*	*0.0*
Investments in financial and other assets	-216.5	-147.3
Proceeds from disposal of financial assets and other assets	59.8	43.2
Cash flow from investing activities	**-410.7**	**-2,386.1**
Proceeds from hybrid capital	0.0	205.0
Proceeds from convertible bond	-1.4	394.2
Purchase/disposal of treasury shares	-0.7	0.3
Dividends of IVG Immobilien AG	-81.2	-58.0
Dividends paid to providers of hybrid capital	-32.0	-19.8
Dividends paid to minority interests	-0.1	-1.0
Proceeds from bank loans	1,414.0	3,545.1
Repayment of bank loans	-391.3	-1,125.5
Other cash inflows from financing activities	0.0	7.8
Other cash outflows from financing activities	-135.3	-67.8
Repayment of leasing liabilities	0.0	-5.8
Cash flow from financing activities	**772.0**	**2,874.5**
Net change in cash and cash equivalents from operations	-61.3	-444.7
Cash and cash equivalents at 1 January	106.2	551.2
Changes in cash and cash equivalents due to exchange rate movements	-0.7	-0.3
Cash and cash equivalents at 31 December	**44.2**	**106.2**
thereof cash in property disposal group	0.0	0.5
Cash and cash equivalents reported on the balance sheet	44.2	105.7

1) *For changes to the presentation of the Income Statement, see section 3.*

2) *Further information on the cash flow statement can be found in section 12.6, Income from property disposals recognised under other expenses.*

Notes to the consolidated financial statements

1. General

IVG Immobilien AG (IVG) together with its subsidiaries is one of the largest publicly listed real estate companies in Europe. The Group operates in the following divisions: Investment, Funds, Development and Caverns.

The company is registered in the Commercial Register of the Regional Court in Bonn (HRB 4148). Its registered office is in Bonn, Germany. The address is: IVG Immobilien AG Zanderstraße 5-7, 53177 Bonn, Germany.

The annual financial statements of IVG Immobilien AG and the consolidated financial statements of IVG Immobilien AG have received an unqualified auditors' report from PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Dusseldorf, and will be published in the electronic German Federal Gazette (Bundesanzeiger).

The IVG consolidated financial statements for the financial year 2008 were signed off for publication by the Management Board.

2. Basis of preparation

IVG has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary provisions in accordance with § 315a(1) of the German Commercial Code (HGB).

Management estimates with regard to financing risks have changed as composed to last year's assumptions. On 20 March 2009, IVG agreed a new syndicated financing to cover various bilateral credit lines totalling €1.3 billion that will expire in 2009/2010. The financing is dependent on conditions, in particular the final board approval of all arrangers. Therefore, until the legal implementation of the new financing arrangement is completed, there is a continuing viability risk. There can also be a continuing viability risk for the company if projected property disposals cannot be realised. Sufficient precautions have been taken against any remaining identifiable risks.

Due to the measures introduced, going concern is taken for granted and the financial statements have been drawn up on the basis of the going concern assumption.

Changes to accounting principles

The International Accounting Standards Board (IASB) has made some amendments to existing International Financial Reporting Standards (IFRS) and adopted some new IFRSs, which are applicable since 1 January 2008.

At the same time, the International Financial Reporting Interpretations Committee (IFRIC) has adopted several new interpretations (IFRIC) which are applicable since 1 January 2008, unless otherwise stated.

Amendments to IAS 39 "Financial instruments: Recognition and Measurement" and to IFRS 7 "Financial instruments: Disclosures" (reclassification of financial assets) had no effect on the IVG consolidated financial statements.

The first-time adoption of IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" had no effect on the IVG consolidated financial statements.

New accounting principles

(a) Standards, amendments and interpretations of existing standards, that are not yet effective and are not being applied before they become effective:

At 28 February 2009, the IASB and the IFRIC have published the following standards and interpretations whereas adoption by the EU has still, in part, not been made.

The collective standard to amend various IFRSs (2008) "Improvements to International Financial Reporting Standards" contains numerous small changes to various IFRSs. The changes are designed to substantiate the contents of the regulations and remove unintended existing inconsistencies. Most amendments are effective for financial years which begin on or after 1 January 2009. The effects of the amendments contained in the collective standard are currently being considered by IVG.

IFRS 1(2008) "The first-time adoption of International Financial Reporting Standards" will have no effect on the IVG consolidated financial statements.

IFRS 1(2008) in conjunction with IAS 27 (2008) "The first-time adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" will not effect the IVG consolidated financial statements.

IFRS 2 "Share-based Payment (2008)" includes amendments to definitions and treatment of vesting conditions and non-vesting conditions. The amendments also address the treatment of cancellations of a promise from a party other than the company.

The amendments to IFRS 2 are to be applied retrospectively to all share-based payments within the scope of IFRS 2 for those financial years which begin on or after 1 January 2009. The effects of the adoption of these new regulations on the IVG consolidated financial statements are currently being considered.

IFRS 3 (2008) "Business Combinations" governs amended regulations concerning the reporting of business acquisitions. In particular, the regulations governing adoption and reporting of gradual acquisition of shares have been changed and the option has been introduced whereby the shares of non-controlling shareholders may be valued at either fair value or pro rata net assets. The standard is effective for financial years which begin on or after 1 July 2009. The effects of the first-time adoption of these amendments on the IVG consolidated financial statements are currently being considered.

IFRS 8 "Operating Segments" contains new regulations covering the presentation of segment reporting which requires the use of the "management approach". The definition of segments and preparation of information used for segments is based on information prepared for internal management decisions regarding allocation of resources and performance assessment of segments. IFRS 8 is effective for the first time for financial years which begin on or after 1 January 2009. The effects of the first-time adoption of these amendments on the IVG consolidated financial statements are currently being considered.

IAS 1 (2007) "Presentation of Financial Statements (revised 2007)" contains new regulations about the presentation of financial statements. In particular, changes in equity where owners are acting in their capacity as owners should be shown separately from non-owner changes in equity, and there should be extended disclosures regarding other comprehensive income. IAS 1 (2007) is effective for the first time for financial years which begin on or after 1 January 2009. The first-time application of IAS 1 (2007) will result in changes to the presentation of the financial position and financial performance and expanded notes to the IVG consolidated financial statements.

IAS 23 (2007) "Borrowing Costs" will have no effect on the IVG consolidated financial statements, as IVG has capitalised relevant borrowing costs since 1 January 2007.

IAS 27 (2008) "Consolidated and Separate Financial Statements": In the revised version of IAS 27, the IASB has amended the regulations for reporting of transactions with non-controlling shareholders of a Group and reporting of a loss of control over a subsidiary.

The revised regulations of IAS 27 are effective at the latest for financial years which begin on or after 1 July 2009. The effects of the application of these new regulations on the IVG consolidated financial statements are currently being considered.

IAS 32 (2008) in conjunction with IAS 1 (2008) "Puttable Financial Instruments and Obligations Arising on Liquidation" will have no effect on the IVG consolidated financial statements.

IAS 39 (2008) "Eligible Hedged Items" will probably have no effect on the IVG consolidated financial statements.

IAS 40 (2008) "Investment Property" (and corresponding amendments to IAS 16) is part of the collective standard (2008) "Improvements to International Financial Reporting Standards". Property under construction that is to be used as investment property in the future is to be allocated to investment property and no longer to property, plant and equipment, effective for financial years which begin after 1 January 2009. If the fair value of the property under construction can be reliably determined, any property under construction designated as investment property shall be valued at fair value and recognised in income in the IVG Group. The effects of the first-time application of these new regulations are currently under consideration.

IFRIC 13 "Customer Loyalty Programmes" is effective for financial years which begin on or after 1 July 2008. The first-time application of IFRIC 13 will probably have no effect on the IVG consolidated financial statements.

IFRIC 14 "IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" deals with questions arising from asset ceilings in relation to if, and to what extent, refunds or reductions in future contributions are available to the company and if they can be regarded as income, particularly if, for example, legal regulations or the plan rules require a minimum financing of the plan.

According to the European Commission the interpretation is effective for financial years which begin on or after 1 January 2009. The first-time application of IFRIC 14 will probably have no significant effect on the IVG consolidated financial statements.

IFRIC 15 "Agreements for the Construction of Real Estate" deals with accounting for property disposals where contracts have been agreed with the purchaser before completion of construction. In particular, the interpretation specifies under which conditions IAS 11 or IAS 18 are to be applied and when the corresponding revenue should be recognised. The interpretation is effective for the first time for financial years which begin on or after 1 January 2009. The first-time application of IFRIC 15 will probably have no significant effect on the IVG consolidated financial statements.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" will probably have no effect on the IVG consolidated financial statements.

IFRIC 17 "Distribution of Non-cash Assets to Owners" will probably have no effect on the IVG consolidated financial statements.

IFRIC 18 “Transfers of Assets from Customers” will probably have no effect on the IVG consolidated financial statements.

(b) Standards, amendments and interpretations of existing standards, that are not yet applied as they are not yet adopted by the European Union (EU):

Amendments to IAS 39 and IFRS 7 “Reclassification of Financial Assets – Effective Date and Transition” will have no significant effect on the IVG consolidated financial statements.

IFRIC 12 “Service Concession Arrangements” deal with the accounting and valuation of obligations and rights for concession operators resulting from service concession arrangements. The first-time application of IFRIC 12 will probably have no signifi-cant effect on the IVG consolidated financial statements.

The accounting principles, notes and disclosures of the IFRS consolidated financial statements for the financial year 2008 are based on the same accounting principles as the 2007 consolidated financial statements.

The domestic and foreign company financial statements included in the consolidated financial statements are prepared at the same balance sheet date as the IVG annual financial statements (31 December 2008) and are based on uniform accounting principles.

To improve clearness various items in the consolidated balance sheet and the consolidated income statement have been combined and are explained in the notes. Assets and liabilities are classified as non-current – with a maturity of more than one year – and current. Pension provisions and deferred taxes are generally shown as non-current.

The income statement is classified according to the total cost method. The consolidated financial statements are prepared in euros. All amounts, including those for the previous year, are shown in millions of Euros (€ m) unless stated otherwise.

Discretionary decisions

Certain discretionary decisions are made by management with regard to application of the accounting principles. This applies in particular to the following circumstances:

- It should be determined whether assets which are available for sale can be sold in their present condition and how likely it is that they will be sold. If that is the case, the assets and any related liabilities should be classified and valued as “assets or liabilities available for sale”.
- Properties should be classified and allocated to property, plant and equipment, inventories or investment property.
- Any relationship between a company and a special purpose entity should be examined to see if the special purpose entity is essentially controlled by the company.
- Such an investigation should identify whether all opportunities and risks normally associated with ownership of financial and leased assets are transferred to other companies.
- Such an investigation should identify whether an assumption of control of a subsidiary or the acquisition of assets should be classified as acquisition of control of a business enterprise, and therefore as a business combination pursuant to IFRS 3, or as acquisition of a group of assets or net assets.

The decisions made by the IVG Group in this regard are described in the explanation of accounting principles in the notes.

Assumptions and estimates

Preparation of the consolidated financial statements in accordance with IFRS requires that certain assumptions and estimates are made which have an effect on valuations of recognised assets and liabilities, income and expenses and contingent liabilities. These assumptions and estimates apply (among others) to

- The valuation of investment property. The most important valuation parameters are expected cash flows, discounting and capitalisation.
- Accounting and valuation of provisions. Expected yield of the plan assets and discount factor and other trend factors are important valuation parameters for pension provisions and other liabilities.
- Future assumptions about recoverability of goodwill with regard to forecast and discounting of future cash flows.
- Appropriation of deferred tax assets. These are used as soon as recoverability of future tax advantages is probable. The actual tax situation in future financial years, and the actual recoverability of deferred tax assets can vary from the estimate made at the time the deferred tax assets were set aside.

Investment property are valued only by neutral appraisers. Where there are no market values of comparable properties to be used to make a valuation, we use the DCF method, whereby future cash flows are discounted at balance sheet date. These estimates include assumptions about the future. Due to the large number of properties involved and their geographical distribution, individual uncertainty about valuations underlies a statistical balancing effect.

At balance sheet date, IVG continues to assume that future variations in fair value will result mainly from factors beyond IVG's control. This includes mainly discount and capitalisation interest used in valuation. Potential effects of amended assumptions of these two valuation parameters can be seen in the table below. For example, land which is not valued on a cash flows basis is not included in the sensitivity analysis.

Sensitivity matrix for investment property

Discount rate* in %		**Capitalisation rate* in %**	
	-0.25	0	0.25
-0.25	5,345	5,216	5,095
0.00	5,243	5,118	5,002
0.25	5,147	5,023	4,909

* *see section 6.3.4. of the Group management report*

The discount factor is one important estimation parameter for pension provisions and other liabilities. The range of yields for first-class industrial bonds on the market, from which the discount rate is derived, is also very extended. The increase in the discount rate leads to a reduction in the cash value of pension commitments and, therefore, to an increase in equity. An increase (or decrease) of the discount rate by 0.25% would reduce (or increase) the cash value of the commitments to company pension plans of the IVG Group by €1.0 million accordingly. Due to the current situation on the financial markets, we are currently seeing an increase in the risk premium of senior bonds over risk-free bonds.

Further information about the assumptions and estimates involved can be seen in the individual notes to the items. All assumptions and estimates are based on current information and estimates at balance sheet date. In estimating future business development, account was also taken of the realistic future economic climate at the time of reporting in the industries and regions in which the IVG Group operates. Although management proceeds on the assumption that the requirements of the applied standards were applied appropriately, any unforeseeable changes to these assumptions can effect the financial position and financial performance of the Group.

3. Changes in presentation

In the financial year 2008, changes were made to the presentation of the Income Statement, segment reporting and cash flow statements.

All unrealised valuation effects (before tax effects) resulting from the depreciation or appreciation of inventories (IAS 2), from impairments or reversals (IAS 36), from market valuation of financial instruments (IAS 39) or from market valuations of investment property (IAS 40) in the Income Statement and segment reporting are shown in the separate column "unrealised changes in value". As a result of the new presentation form, the consolidated income statement and segment reporting show the sum of "before changes in value" and "unrealised changes in value".

The structure of the cash flow statement was changed in line with the recommendations of the European Public Real Estate Association (EPRA) in order to enable an improved comparison between industry branches and to give a better picture of the cash flow-based characteristics of the property business. In particular, the operational cash flow is divided into cash flow from current business operations and cash flow from current/medium-term investments of the capital intensive Funds and Development divisions, in order to enable investments in inventories in these divisions to be shown separately.

4. Principles of consolidation

(a) Subsidiaries

Subsidiaries are all companies (including special-purpose entities) of which the financial and operational policies are controlled by the Group. The ability to exert control is generally equated with ownership of more than half the voting rights. Potential voting rights that are currently exercisable or currently convertible are considered when assessing control.

Subsidiaries are fully consolidated from the time when control is transferred to the parent. They are deconsolidated when control ceases.

The capital consolidation of acquired subsidiaries is carried out in accordance with the purchase method under IFRS 3 by offsetting the cost of shares against the pro rata revalued equity of the subsidiaries. This means that the cost of an acquisition of shares is the fair value of assets given, equity instruments issued and any liabilities incurred or assumed, plus any costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at fair value at the acquisition date when consolidated for the first time.

The disclosed unrealised gains and charges are adjusted in line with the corresponding assets and liabilities in the context of subsequent consolidation.

Any excess of the cost of an acquisition of shares over the fair value of the acquired share of net assets is recognised as goodwill.

Goodwill is not amortised but is instead subject to impairment testing on an annual basis or whenever there is evidence of a reduction in value. During deconsolidation, the remaining carrying amount of goodwill is taken into account in calculating the profit upon sale.

If the cost of an acquisition is less than the fair value of the acquired share of net assets of the subsidiary, the purchase price allocation is reassessed and any remaining difference is immediately recognised in income.

Where control is already established, the acquisition of remaining capital shares will be treated as acquisition of minority shares of a subsidiary. IVG applies the interests method. Correspondingly, the difference between consideration and carrying amount of the acquired "minority share" is recognised as (additional) goodwill. If there is negative goodwill (excess of cost of acquisition over net assets), it is recognised as income pursuant to IFRS 3.56.

If a group of non operational assets is acquired and therefore IFRS 3 does not apply, the total purchase price will be split in accordance with fair value.

Intra-Group transactions, intra-Group balances and unrealised earnings on intra-Group transactions are eliminated. Tax accruals and deferrals are recognised pursuant to IAS 12 for temporary differences arising on consolidation.

Sales of goods and services within the IVG Group are generally made on arms-length terms.

(b) Associated companies

Enterprises in which IVG has a significant influence – generally those in which it holds between a 20% and a 50% ownership share – are accounted for using the equity method.

All material equity investments with a share of between 20% and 50% are included in the consolidated financial statements as associated companies accounted for using the equity method. For investment valued using the equity method, an investment is initially recorded at cost and its carrying amount is increased or decreased annually to recognise IVG's proportionate share of changes in the investee's equity. Investments in associated companies, that are included in the consolidated financial statements pursuant to the equity method, are recognised upon acquisition at pro rata new value of the asset (plus any goodwill), liabilities and contingent liabilities.

Goodwill arising from the use of the equity method is not amortised but subjected at least once per year to an impairment test.

Earnings and losses on transactions between Group companies and associated companies are eliminated to the extent of the Group's interest in the associates.

The following assets and income are attributable to the Group based on its shareholdings ratio:

in € m	**2008**	**2007**
Assets	210.7	299.6
Provisions and liabilities	164.8	235.2
Revenues	87.8	118.7
Earnings/loss for the year	**12.4**	**10.2**

As in the previous year, there were no unrecognised accumulated losses.

5. Group of consolidated companies

The group of consolidated companies includes 281 companies as well as 11 associated companies accounted for using the equity method.

All substantial German and foreign subsidiaries in which IVG exercises direct or indirect control are included in the consolidated financial statements of IVG.

Investments with a voting share of between 20% and 50%, of which the individual effect on the financial position and financial performance is not significant, are not valued at equity but in accordance with IAS 39.

Under IAS 27 and SIC 12, special purpose entities (SPEs) are included in the consolidated financial statements under certain circumstances even if the Group does not hold a majority of voting rights. The cavern Spezialfond was included in the 2008 consolidated financial statements for the first time as a special purpose entity, as most of the risks and opportunities for this company are attributable to IVG. The cavern Spezialfond was deconsolidated at the end of the financial year as most of the risks and opportunities for this company were no longer attributable to IVG.

The cavern Spezialfond was deconsolidated at the end of the financial year as most of the risks and opportunities for this company were no longer attributable to IVG.

Over the past year, IVG has not made any acquisitions that are to be classified as business combinations pursuant to IFRS 3.

in € m	Germany	Other countries	2008	2007
Number of fully consolidated companies	155	126	281	315
Number of investments accounted for using the equity method	6	5	11	11
Total number of companies	**161**	**131**	**292**	**326**

The complete list of the Group's shareholdings is published in the electronic German Federal Gazette (Bundesanzeiger). Companies affiliated to consolidated Group companies and companies accounted for using the equity method are listed in the Annual Report.

Effects of changes to the group of consolidated companies

The effects of the changes to the group of consolidated companies are shown in the tables below.

Balance sheet in € m	Group 31.12.2008	Thereof from additions to group of consolidated companies incl. start-ups	Thereof from disposals from group of consolidated companies
Investment property	5,172.2	0.0	578.5
Other assets (including assets in property disposal groups)	2,703.3	34.0	890.5
Provisions	185.7	12.6	3.2
Financial liabilities	5,599.5	32.8	84.4
Other liabilities (including liabilities from property disposal groups)	699.4	-2.8	761.2

Income statement in € m	Group 31.12.2008	Thereof from additions to group of consolidated companies incl. start-ups	Thereof from disposals from group of consolidated companies
Revenues	608.6	4.5	55.8
Operating income	939.5	48.0	267.8
Operating expenses	1,039.6	64.2	52.7
Income from share investments including earnings/loss from associated companies accounted for using the equity method	0.5	0.0	6.6
Earnings before interest and taxes (EBIT)	-98.6	-16.2	221.8
Financial earnings	-398.5	-1.8	-13.1
Net profit before income taxes	-497.1	-18.0	-208.7
Taxes	45.4	0.1	373.0
Consolidated net profit	-451.7	-17.9	-164.3

Sale of subsidiaries or other business units

Significant sales in the financial year in Germany included the portfolio sale of five property companies generating proceeds of €30.4 million (plus offset liabilities of €26.3 million). We also sold an office property in Paris, France, for €22.4 million and three office properties in Finland for total proceeds of €43.8 million. Proceeds from the sale of caverns amounted to €835.8 million before transaction costs.

in € m	2008
Disposal proceeds for subsidiaries and other business entities*	840.9
Costs relating to disposal	11.9
Net disposal price	829.0
Portion of the price paid in cash or cash equivalents	1,008.8
Amount of cash or cash equivalents paid	198.4
In the course of disposals of subsidiaries and other business entities, the Group surrendered the following assets and liabilities:	
– Investment property	664.7
– Other non-current assets	25.1
– Inventories	23.1
– Other assets	2.3
– Assets of property disposal group	69.5
– Other receivables	297.1
– Liabilities to banks	327.3
– Other liabilities	419.9
– Deferred tax provisions	5.1
– Liabilities property disposal group	0.5

* *Less the liability to banks for the special-purpose vehicles of the cavern fund of €310.0 million and the acquired shares in the special-purpose vehicles of €59.2 million.*

6. Currency translation

Foreign currency transactions are translated in the individual financial statements of companies included in the consolidated financial statements using the exchange rate at the date of the transaction. Monetary balance sheet items in foreign currencies are translated using the median exchange rate at balance sheet date and any resulting translation gains and losses are recognised in income.

Foreign subsidiaries are generally treated as independent entities; their financial statements are translated into Euros using the functional currency method. Under this method, equity items are translated using historical exchange rates and assets (including goodwill) and liabilities are translated using the exchange rate at balance sheet date. Any resulting currency translation differences are recognised in equity and reported in retained earnings until a subsidiary is deconsolidated. Income and expenses of subsidiaries are translated into Euros using average monthly exchange rates.

The same process is applied to translation of currencies at foreign associated companies accounted for using the equity method.

The exchange rates used for translation in the course of consolidation are as follows:

		Exchange rate at 31.12.2008	**Exchange rate at 31.12.2007**
Currency	**Country**	**in €**	**in €**
1 CHF	Switzerland	n.a.*	0.6026
100 SEK	Sweden	9.1366	n.a.*
1 GBP	United Kingdom	1.0235	1.3604
1 USD	United States	0.7055	0.6800
100 CZK	Czech Republic	3.7636	3.7679
100 HUF	Hungary	0.3777	0.3939
100 PLN	Poland	24.0819	27.7662

* *not applicable*

7. Accounting principles

7.1 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are carried at cost less any accumulated depreciation and amortisation. The cost of acquired assets comprises costs directly attributable to their acquisition. This also includes estimated costs for demolition, reconstruction and restoration of land.

The cost of self-constructed assets includes all costs directly related to the construction process and construction overheads which can be allocated. So long as they can be directly allocated to the purchase, construction or production of a qualifying asset, borrowing costs are capitalised as part of costs in the period in which all major work is completed in order to furbish the asset for its intended use or sale. Otherwise borrowing costs will be expensed. The financing rate underlying the capitalised borrowing costs is 5.0% (2007: 5.5%). The financing rate is an average weighted financing rate, determined by the IVG Group and applied where no directly allocable borrowing was taken up.

For property-specific financing, the actual interest expense, less any income derived from intermediate assets, is recognised. Grants received for intangible assets and property, plant and equipment are deducted from cost.

Salt and surface rights relating to caverns are not amortised as they have an indefinite useful life. All material depreciable assets are depreciated on a straight-line basis, generally with depreciation periods as follows:

Other buildings (not investment property)	50 years
Plant and machinery	10 - 15 years
Motor vehicles	3 - 5 years
Office equipment	3 - 10 years
Computer software, licences and rights of use	3 - 5 years

The residual values and useful lives are reviewed at each balance sheet date and adjusted as necessary.

Gains and losses arising from disposal of assets, determined as the difference between the property disposal proceeds and the carrying amount less any directly attributable costs of property disposal, are recognised in income under other operating income or expenses.

Goodwill is any excess of the cost of a business acquisition over the Group's interest in the fair value of the net assets of the company being acquired at the acquisition date and is attributed to intangible assets. Goodwill arising from acquisitions of associated companies is included in the carrying amount of the equity investment in associated companies. Goodwill is carried at cost less any accumulated impairment losses. It is allocated to cash generating units and tested for impairment annually and any time the-re are grounds for an impairment of value. The determination of gains and losses from company disposals includes the carrying amount of any goodwill attributed to the business which is being sold.

7.2 Investment property

Property is classified as investment property if it is held to earn rentals and/or for capital appreciation and if not more than 10% of lettable area is owner-occupied. Other properties are recognised under other property, plant and equipment. The IVG Group recognises properties pursuant to IAS 2 that are being held as available for sale during normal business operations or which are being developed or are to be developed with the intention of being sold and those properties that are currently being held as financial investments and where there has been a start to development of the property with a view to sale.

Upon acquisition, investment property is valued at cost including ancillary purchase costs.

In subsequent reporting years, investment property is valued at fair value. Fair value reflects market conditions at balance sheet date and takes account of rental income from existing leases and appropriate and representative estimates of future leases and rental income in line with current market conditions. The fair value of investment property is calculated using internationally recognised valuation methods.

The stated fair values of the investment property are based on valuations performed by reputable neutral appraisers in accordance with international valuation standards on the basis of market prices (IAS 40.44), comparative prices (IAS 40.45) or net cash inflows discounted to present value using the DCF method (IAS 40.46). Under the DCF method expected future cash flows from a property are discounted to the valuation date. Over a detailed planning period of ten years, the annual surplus (net operating income) is estimated for each property. It is derived from the addition of anticipated cash inflows and outflows. The cash inflows are normally the net rents and the outflows are the expenses, especially the operating expenses, that the owner has to pay. The net cash flows for each period are then discounted to the valuation date using a particular fair market discount rate for each property. The discount rate on 31 December 2008 was between 6.43% and 9.77% (2007: 4.84% to 9.39%), the capitalisation interest rate was between 5.89% and 7.77% (2007: 4.39% and 7.40%).

This results in the net present value of the net cash flows for the relevant periods. At the end of the detailed ten-year planning period, the residual value is being forecast for the property being valued. This reflects the most likely price that can be realised at the end of the detailed planning period. The net cash flows of years ten and eleven are capitalised as an annuity using the capitalisation rate. The residual value is then also discounted to the valuation date using the discount rate. The total of the discounted net cash flows and the discounted residual value represents the fair value of the property being valued. The previously mentioned methods of determining market values are used to value office properties (IAS 40.36).

Investment property is no longer being recognised once it is sold or let as part of a finance lease. Gains and losses from disposal of investment property are recognised in the year of sale.

7.3 Impairment of assets (impairment test)

Intangible assets which have an indeterminable useful life are not amortised over their expected useful lives; they are subject to an impairment test annually or whenever required.

Other intangible assets and property, plant and equipment are tested for impairment when relevant events or changes to circumstances indicate that the carrying amount is no longer realisable. An impairment loss is recognised in the amount by which the realisable value is exceeded by the carrying amount. The realisable value is the higher amount of the fair value of the assets less costs to sell and the value in use.

During the course of impairment tests, it may be necessary to carry out a valuation at the level of cash generating units (CGU). In the IVG Group, CGUs are formed on the basis of legal entities. If a CGU is allocated goodwill, and if the carrying amount of the CGU exceeds the realisable value, an extraordinary impairment loss will be recognised for the allocated goodwill in the amount of the difference between the realisable value and the carrying amount. If the write-down is larger than the allocated goodwill, the carrying amounts of the CGU's other assets will be reduced pro rata by the remaining balance.

If the reasons for impairment cease to apply, impairment is reversed up to the amortised or depreciated carrying amount that would have resulted if no impairment loss had been recognised. Where impairment losses are recognised for goodwill, these are not reversed if the reasons cease to apply in subsequent periods.

7.4 Financial assets

Within the IVG Group arms-length sales and purchases of financial assets are recognised on the trading day. That is the day on which the Group undertakes to buy or sell the asset.

Financial assets are no longer recognised if the contractual rights to cash flows from the asset expire or ownership of the financial asset is transferred. The latter occurs when all opportunities and risks arising in connection with the ownership of the asset are transferred or the authority to control the asset is relinquished.

The following shows the valuation categories and applied accounting and valuation methods used in the Group. Classification depends on the purpose for which the financial asset was acquired.

(a) Assets valued at fair value through profit and loss

(a 1) Derivative financial instruments and hedging

As part of an active interest rate and foreign exchange management, IVG systematically uses derivative financial instruments such as interest rate swaps, combined interest rate/currency swaps, caps, currency swaps and currency futures solely for hedging purposes. The use of derivatives for speculative purposes is not permitted by internal policies.

Derivative financial instruments are recorded at the date of contract conclusion and are recognised as financial assets or liabilities at fair value regardless of their purpose.

Purchased interest rate options (caps) are initially recognised as other assets at the amount of the option premium and then at fair value.

Valuation is built both on statements from financial institutions (mark to market) and mathematical analysis of the value (option pricing model).

The market value of interest rate swaps and interest rate/currency swaps is determined by discounting the expected future cash flows over the remaining life of the contract on the basis of current interest rate yield curves.

Changes in the fair value of these derivatives are recognised directly in income, unless the derivative financial instruments have a designated and sufficiently effective hedging function in relation to an underlying transaction. In this case, recognition of the changes in fair value depends on the type of hedging relationship.

Cash flow hedges are designated in order to recognise a hedge against a risk that future cash flows from a recognised asset or liability, or a planned transaction that is highly likely to take place, will vary. In this context, unrealised gains and losses from the hedge are recognised in equity (other comprehensive income). They are not transferred to the income statement until the underlying hedged transaction is recognised in income. If planned transactions are hedged and in a later period these transactions are used for a financial asset or a financial liability, all amounts included up to this time in equity are released and recognised in income in the reporting year in which the underlying hedged transaction influenced the result for the period. If the transaction leads to the use of non-financial assets or liabilities, the amounts recognised directly in equity are offset against the initial valuation of the asset or liability.

Net investment hedges are used to hedge foreign currency risks from equity investments with foreign functional currencies and to disclose hedging relationships in the balance sheet. Unrealised gains and losses from hedge transactions are recognised in equity until disposal of the equity investment.

In line with the rules and formal requirements of IAS 39, the requirements for the recognition of hedging transactions are fulfilled by IVG at each balance sheet date.

In particular, the hedges must be fully documented, to show both the hedging relations-hip and the risk management strategy and targets.

Furthermore, the hedging relationship must be sufficient, i.e. the changes in fair value of the hedge transaction must prospectively and retrospectively cover a spread of 80% to 125% of the parallel changes in fair value of the underlying transaction. In line with IAS 39, only the effective part of a hedge relationship is recognised in line with the described rules.

The ineffective part of a hedge relationship is directly recognised in the income statement.

When a hedging instrument expires or is disposed of or the hedged item no longer meets the criteria for hedge accounting, the accumulated gains or losses remain in equity and are only recognised in the income statement when the underlying transaction is realised or no longer expected to take place. Any future gains and losses from the hedge are recognised in earnings for the period from the end of the designation on.

(a 2) Other assets valued at fair value through profit and loss

The fair value of publicly listed shares and securities is measured using the current quoted market price. The fair value of assets for which there is no active market or no market price is determined using suitable valuation techniques. The IVG Group uses the elective fair value option pursuant to IAS 39.11A in conjunction with a subscribed bond, the value of which is dependent on the development of global share indices. In such circumstances, the entire hybrid contract will be recognised in income at fair value in accordance with the election made (see 9.4).

(b) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. They arise when the Group provides a debtor directly with money, goods or services without any intention of trading the receivable.

Loans and receivables are initially carried at fair value taking transaction costs into account, and recognised at subsequent balance sheet dates at amortised cost.

The carrying amount of any doubtful receivables is reduced to the lower recoverable amount. Besides necessary specific individual impairments, additional lump-sum impairment losses are recognised for at-risk receivables on the basis of general credit risk. For trade payables and receivables, the nominal amount less any accumulated impairment losses is assumed to equal fair value.

Impairment of receivables is partially realised using impairment accounts. The decision as to whether a default risk should be recognised by way of an impairment account or as a direct reduction in the receivable depends on the reliability of the assessment of the risk situation.

Receivables denominated in foreign currencies are translated using the average exchange rate at balance sheet date. Gains or losses on currency translation are recognised in the financial result.

Cash and cash equivalents includes cash in hand, bank balances and short-term deposits belonging to IVG Immobilien AG and those companies not yet included in the cash clearing system, with a remaining term of less than three months.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets designated as available for sale or not classified under any of the other categories mentioned. Initial valuation is made at fair value taking account of transaction costs. Subsequent valuation is made at fair value where this can be reliably determined. Any unrealised gains and losses are recognised in equity (other reserves) after taking deferred taxes into account. Upon disposal, proceeds will be recognised as gains or losses.

At each balance sheet date, financial assets and groups of financial assets are reviewed for any indications of impairment.

For equity instruments classified as available-for-sale financial assets, a material or sustained decline of the fair value to less than cost is seen as an indication of impairment. If indications of impairment exist for available-for-sale assets, the asset is written down to fair value.

The cumulative losses previously recognised directly in equity are then recognised in income under depreciation and amortisation. Impairment losses of equity instruments recognised in income are not reversed in income.

7.5 Inventories

Inventories are measured at the lower of cost or net realisable value. Cost is assigned by the weighted average cost formula. The cost of finished goods and work in progress includes costs of product design, materials and supplies, direct labour, other direct costs, and directly allocable overheads. Capitalised borrowing costs are included in the cost of production. The net realisable value is the estimated selling price less estimated costs to completion and the estimated costs of sale.

7.6 Construction contracts

A construction contract is defined in IAS 11 as a contract specifically negotiated for the construction of an asset.

If the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the duration of the contract. If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The Group uses the percentage of completion method to determine the revenue to be reported in a given financial year. The percentage of completion is the percentage of costs incurred till balance sheet date compared to the expected total cost of the contract.

If the outcome of a construction contract cannot be measured reliably, revenue is only recognised to the extent that it is probable that incurred contract costs can be recovered.

The Group reports as an asset the gross amount due from customers for construction work – for all contracts in progress for which costs incurred plus reported earnings (or less recognised losses) exceed total progress billings. Progress billings not yet paid are reported under trade receivables.

The Group reports as a liability the gross amount due to customers for contract work – for all contracts in progress for which progress billings exceed costs incurred plus reported earnings (or less recognised losses).

7.7 Non-current assets held for sale

In accordance with IFRS 5 non-current assets to be sold as part of an asset deal are reported separately as available for sale in the consolidated financial statements if the disposal is highly probable within the next twelve months. If the disposals are planned as share deals, the other assets and liabilities to be disposed of are reported separately in the consolidated balance sheet in addition to the non-current assets. The corresponding costs as well as cumulative depreciation and amortisation of items available for sale are reported separately in the consolidated statement of changes in assets.

Items available for sale are valued at the lower of their carrying amount and fair value less selling costs at the time of reclassification and at each subsequent balance sheet date. Depreciation and amortisation are no longer recognised from the date of reclassification. In variance to these valuation rules, investment property will continue to be valued in accordance with the relevant regulations of IAS 40, due to the option to use fair value for accounting purposes. Gains or losses arising from the valuation of individual non-current assets held for sale or disposal groups are recognised as income from continuing operating activities until they are sold.

7.8 Financial assets

Loan liabilities and other liabilities are measured at fair value at first-time recognition, taking account of transaction costs. Any difference between the amount of a loan (after deduction of transaction costs) and the amount repaid is recognised in the income statement over the contractually agreed loan term using the effective interest method. Valuation in subsequent periods is made at amortised cost. Pursuant to IAS 32 a company has an equity instrument only if it has no conditional or unconditional contractual obligation to deliver cash or another financial asset.

In effect, IAS 32 determines that the right of shareholders to demand that a company pay out the value of its shareholding at any time means that this should be recognised as a liability, even if the legal form of the shareholder is only a residual interest. Liabilities to limited partnership (KG) minority shareholders should therefore be valued at the fair value of the claim for reimbursement of limited liability capital. Changes are recognised in the financial result as "Revaluation of minority interests in partnerships".

Liabilities are classified as non-current liabilities if the agreement provides for repayment after twelve months. Liabilities denominated in foreign currencies are translated using the mean exchange rate at the balance sheet date. Gains or losses on currency translation are recognised in the financial result. Derivatives recognised as liabilities are carried at fair (market) value. The fair values of financial liabilities disclosed in the notes are determined by discounting the contractually agreed future cash flows at the market rate of return that the Group would currently obtain for similar financial instruments.

7.9 Income taxes

Deferred tax assets and liabilities are recognised using the balance sheet liability method, for temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS balance sheet.

Deferred tax assets for temporary differences and for tax loss carryforwards are recognised to the extent that it is probable that the temporary difference or unused tax loss carryforwards can be offset against future taxable income.

Deferred tax assets and liabilities are measured using the tax rates and tax laws effective or substantively effective at balance sheet date and expected to apply when the asset is realised or the liability settled.

The income tax rate for German Group companies is 31%. As well as the uniform corporation tax rate (KSt) and the solidarity surcharge, this also includes an average business tax rate (GewSt). The tax rates for foreign companies vary between 19% and 35%.

Deferred tax liabilities are recognised for temporary differences in connection with equity investments in subsidiaries and associated companies, except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

Unpaid amounts of current income taxes are recognised as a liability. If the amount already paid for income taxes exceeds the amount due, the difference is recognised as an asset.

7.10 Pension provisions

Pension provisions and similar obligations result from obligations towards employees. Obligations arising from performance plans were valued in accordance with the projected unit credit method. Using this method, forecast future increases in salaries and benefits are taken into consideration in addition to benefits and entitlements known at balance sheet date. The biometric basis is provided by the actuarial tables 2005G by Dr Klaus Heubeck. Actuarial gains and losses from amendments and changes to actuarial assumptions are recognised directly in equity under other provisions in the period in which they arise. The amount of obligations at the end of the year is set off against plan assets at fair value (finance status). Pension provisions are calculated taking into account any resulting asset values and after deduction of personnel expenses.

7.11 Other provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised for decommissioning obligations, the remediation of environmental damage, legal proceedings and other obligations when the Group has a legal or constructive obligation to a third party, and it is probable that settling the obligation will require an outflow of resources embodying economic benefits, and the amount of the obligation can be reliably estimated.

Other provisions are valued in accordance with IAS 37 and IAS 19 by using the best estimate of the amount of the obligation. For individual risks this is the most likely amount. Provisions with a remaining term of more than one year are discounted using an interest rate appropriate in terms of risk and maturity.

Contingent liabilities and contingent assets are possible liabilities or assets resulting from past events, of which the existence is determined by way of the incidence of one or more uncertain future events that do not lie within IVG's control.

Contingent liabilities are recognised at fair value if they are acquired during the acquisition of a company.

Contingent assets are not recognised. Where an outflow of economic resources is likely, information about contingent liabilities will be made in the notes to the consolidated financial statements. The same applies to contingent assets, as soon as an economic benefit becomes likely.

7.12 Share option plan

In accordance with IFRS 2, calculations relating to the share option plan for managerial staff are performed by financial analysis using an option pricing model. Share-based remuneration with equity-settled instruments is valued at fair value at the grant date. The calculated option value is recognised time rated in income under personnel expenses over the vesting period of the option. Exercisable options which are not tied to market conditions are taken into account in the assumptions about the number of options expected to be exercised. Obligations from cash-settled plans are recognised as other provisions and revalued at fair value at each balance sheet date. Expenses are also recognised over the vesting period of the option. With regard to the LTI plans for 2003/2004, the IVG Group has exercised the elective right to settle in cash. Since 2005 IVG has only used cash-settled plans.

7.13 Leases

Leases in which substantially all the risks and rewards incidental to ownership of the leased assets remain with the lessor are classified as operating leases. Payments received or made under an operating lease are recognised in income over the term of the lease. Real estate leasing contracts are operating leases in accordance with this definition.

Leases which transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee are classified as finance leases.

If assets are leased under a finance lease, the present value of the minimum lease payments is carried as a lease receivable and the lease item is recognised as a disposal. Any difference between the gross receivable and the present value of the receivable is recognised in the financial result over the lease term. Interest income is recognised over the lease term using the annuity method, reflecting a constant annual return. Book profits which are the difference between the present value of minimum lease payments and the remaining carrying amounts of lease items are recognised in income under other operating profit if the lease agreements concluded are manufacturer or dealer leases (IAS 17.42 et seq.).

7.14 Revenue recognition

Rental Income

Revenues from letting, renting and property management less any revenue deductions are recognised as soon as the remuneration is contractually agreed or may be reliably determined and it is likely that any related conditions will be met.

Proceeds from disposal of property

Proceeds from sales transactions (such as investment property) are recognised if:

- All significant risks and rewards of ownership have been transferred to the acquirer
- The Group retains neither titles nor effective control over the object
- The amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably
- It is sufficiently probable that the economic benefits associated with the transaction will flow to the Group.

Proceeds from provision of services

Revenues from the provision of services (fund management, property management fees, commissions and operation of caverns) are recognised in the financial year in which the services are provided.

For services provided in more than one reporting year, revenues are recognised as a ratio of services actually provided to the total amount of service to be provided.

8. Notes to the consolidated income statement

8.1 Revenues

For further information about revenues, see section 12.7 (segment reporting).

8.2 Changes in inventories and other own work capitalised

in € m	2008	2007
Increase/decrease in inventories of finished goods and work in progress	443.6	268.1
Other own work capitalised	9.1	1.6
	452.7	**269.7**

Changes to the group of consolidated companies are not included in net changes in inventory. The increase in inventory of finished goods and work in progress result mainly from the strong increase in project volume in the divisions Development and Funds.

8.3 Unrealised changes in market value of investment property

in € m	2008	2007
Germany	-451.0	108.8
France	-71.8	35.3
Finland	-8.6	19.4
United Kingdom	-43.1	9.1
Benelux	-9.0	-1.2
Other countries	0.2	0.6
	-583.3	**172.0**

The unrealised changes in market value comprise €-671.2 million from the Investment division, €38.0 million from the Development division and €48.5 million from the Caverns division, along with €1.4 million from inter-segment correction of disclosures.

8.4 Realised changes in market value of investment property

Realised changes shown are changes in market value from the beginning of the financial year of investment property disposed of during this period or from a later completion date.

Changes in market value totalled €171.1 million in the financial year 2008 (2007: €137.8 million) and resulted mainly from the disposal of caverns for €175.7 million. This includes an increase in value of the oil cavern portfolio of €32.1 million derived from the conclusion of rental agreements.

8.5 Other operating income

in € m	2008	2007
Earnings from disposal of consolidated companies	205.0	7.7
Proceeds from partial disposal of a subsidiary	1.3	0.0
Other operating income from reversal of provisions	27.9	9.6
Income from reimbursement of property taxes (Grunderwerbsteuer)	22.8	0.0
Reversal of previous impairment losses on receivables	0.6	0.1
Reversal of previous impairment losses on inventories	1.6	0.0
Income from reversal of negative balance	0.0	3.9
Income from short-term property trading	0.0	0.5
Other book profits	0.0	28.2
Other operating income	31.1	25.6
	290.3	**75.6**

The proceeds from a partial disposal of a subsidiary result from the sale of caverns via a fund vehicle. The earnings from the disposal of consolidated companies result in particular from the sale of a subsidiary in relation to the cavern transaction (€175.3 million), a project development in France (€22.3 million) and the disposal of a property portfolio in Luxembourg due to the successful placement of the fund EuroSelect 16 (€7.4 million).

8.6 Material expenses

in € m	2008	2007
Project development	401.6	312.4
Raw materials and consumables	0.1	0.6
Purchased services	66.7	42.9
Impairment losses on inventories	217.0	21.4
Project development (PoC)	7.2	0.8
	692.6	**378.1**

Project development expenses consist mainly of purchased construction services, architects' fees and planning expenses.

The increase is due mainly to the significant increase in project volume in the Development and Funds divisions.

Impairment losses during the financial year as against net price of property disposal refer in particular to projects in France (€73.4 million) and the United Kingdom (€38.5 million).

Impairment losses on inventories recognised in material expenses refer to €215.1 million for the Development division of which €118 million is for the short term pipeline, €51 million is for the long term pipeline and €46 million is for old properties under development. This is due to the fact that the rental and exit assumptions and project strategies had to be adjusted as a consequence of the financial and banking crisis.

Total expenses arising from construction contracts as of 31 December 2008 amounted to €7.2 million (2007: €0.8 million). Construction contracts with amounts due to customers amounted to €8.1 million (2007: €0.9 million).

8.7 Personnel expenses

in € m	2008	2007
Salaries and wages	61.6	71.2
Social security contributions	12.8	18.0
thereof for pensions	*8.9*	*10.2*
Income (2007: expense) from stock option plans	-5.6	1.5
	68.8	**90.7**

The average number of employees in 2008 was 713 (thereof 11 were manual workers and 702 were salaried employees). In 2007 the average number of employees was 786 (thereof 81 were manual workers and 705 were salaried employees).

Expenses for retirement pensions consist mainly of expenses for defined benefit contribution plans, including employers' contributions to the state pension scheme.

8.8 Depreciation and amortisation

in € m	2008	2007
Depreciation and amortisation	5.4	5.7
Impairment losses	12.5	0.0
	17.9	**5.7**

The non-scheduled depreciation of the previous year consists mainly of impairment losses on goodwill of IVG Deutschland Immobilien AG, Bonn and actio(plus KG K.u.K. Grundverwaltungs GmbH & Co., Berlin (see section 9.1).

8.9 Expenses from investment property

in € m	2008	2007
Expenses from leased investment property	79.0	61.0
Expenses from partially vacant investment property	2.7	2.9
	81.7	**63.9**

This item consists mainly of maintenance, ground rents, operating costs, taxes and fees that can be directly attributed to investment property.

The distinction between leased and vacant investment property is made as of the balance sheet date.

8.10 Other operating expenses

in € m	2008	2007
Auditing, legal and consultancy fees	35.9	39.8
Purchased external services	18.5	13.0
Data processing	15.8	12.8
Losses on disposal of non-current assets	11.4	0.1
Commitment from pending acquisition	7.8	0.0
Levies/fees/banking charges/early redemption penalties/charitable donations	7.7	10.9
Rents/leasing expense	7.6	6.8
Communications and marketing	7.3	9.6
Service/maintenance	7.1	6.1
Reconstruction obligations	7.0	4.0
Travel expenses and ancillary personnel costs	5.9	6.6
Impairment losses on receivables	5.8	6.0
Expenses from unrealised projects*	5.8	1.8
Expenses from reversal of property disposals	3.8	0.0
Other taxes	2.1	26.6
Insurance premiums	2.1	1.7
Office, postal and telephone expenses	1.9	2.4
Other expenses	25.1	32.9
	178.6	**181.1**

* *included in previous year under Other expenses*

Auditing, legal and consultancy fees in the amount of €6.2 million are for PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (2007: €4.3 million) of which €3.9 million was with respect to fees for auditing of financial statements (2007: €3.5 million), €2.1 million for other valuation and certification services (2007: €0.2 million) and €0.2 million for tax advice (2007: €0.6 million). The other certification services mostly relate to due diligence in relation to the cavern transaction. Of the fees for other certification services and tax advice, a total of €1.9 million was offset as costs of disposal under other operating income.

Purchased services mostly relate to expenses for services in connection with property management.

Losses from the disposal of investment asses in the amount of €6.3 million arose from the deconsolidation of Italy Office Fund KG and €3.1 million resulted from the derecognition of production costs for an unrealised cavern.

Other taxes consist mainly of property acquisition tax for properties not shown as investment property. In the previous year we recognised property acquisition tax of €24.1 million for intra-Group property transactions.

Other expenses refer to expenses for litigation, transport and distribution.

8.11 Share of profit and loss from associated companies accounted for using the equity method

The share of profit and loss from associated companies accounted for using the equity method of €14.2 million (2007: €0.0 million) from the amortisation of the shares in an associated company of €11.0 million (2007: €0.5 million) from the net positive balance from depreciation and appreciation of receivables against two associated companies at fair value and €5.2 million (2007: €6.2 million) income from the pro rata share for the financial year of the other associated companies.

8.12 Income from investments

in € m	**2008**	**2007**
Income from equity investments	0.9	1.8
thereof from affiliates	*0.0*	*0.1*
Impairment of equity investments and shares in affiliates	-1.3	-0.9
thereof from affiliates	*-0.1*	*-0.9*
	-0.4	**0.9**

Impairment losses of investments and shares in affiliates in this reporting year refer to the company Wohnen an der Spree GmbH and a sub-subsidiary.

In the financial year 2008, €0.0 million (2007: €1.3 million) net positive valuation changes in the category “assets held for sale” were recognised directly in equity under other reserves. In 2008 there were no changes through profit or loss to the other reserves for impairments for these assets (2007: €0.8 million).

8.13 Financial results

in € m	2008	2007
Foreign currency income	155.2	58.4
Foreign currency expenses	-188.3	-66.7
Foreign currency earnings	**-33.1**	**-8.3**
Interest income	26.8	72.1
thereof from affiliates	*0.1*	*1.1*
Capitalised interest (assets)	4.2	8.0
Interest expense	-311.5	-191.1
thereof from affiliates	*0.0*	*-0.6*
Interest earnings	**-280.5**	**-111.0**
Income from hedging transactions	4.6	6.6
Expenses from hedging transactions	-12.5	-0.3
Earnings from hedging transactions	**-7.9**	**6.3**
Income from valuation of financial assets	0.0	5.5
Expenses from valuation of financial assets	-82.8	0.0
Earnings from valuation of financial assets	**-82.8**	**5.5**
Income from subsequent valuation of minority interests	16.0	0.0
Expenses from subsequent valuation of minority interests	0.0	-8.3
Earnings from subsequent valuation of minority interests in partnerships	**16.0**	**-8.3**
Other financial expenses	**-10.2**	**0.0**
Financial results	**-398.5**	**-115.8**

Financial expenses (2008: €601.1 million; 2007: €258.4 million) refer to expenses from foreign currencies, interest expense (after deduction of capitalised interest), expenses from hedging transactions, expenses from valuation of financial assets, expenses from the subsequent valuation of minority interests in partnerships and other financial expenses.

Financial income (2008: €202.6 million; 2007: €142.6 million) refers to foreign currency income, interest income, income from hedging transactions and income from valuation of financial assets.

Foreign currency income and expenses mainly include currency effects from the foreign currency transactions of IVG AG and from the valuation of internal and external loans to eastern European project companies.

Expenses and income from hedging transactions relate to gains and losses from the market valuation of hedge transactions not included in hedge accounting.

Income from valuation of financial assets results from the valuation of a non-current loan to a project partner of IVG Private Funds GmbH and the valuation of share certificates in an Asian property fund.

Other financial expenses mainly shows early redemption penalties for the release of forfeit of receivables from long-term leases of caverns.

8.14 Income taxes

in € m	2008	2007
Current income tax expense	-400.6	-29.6
Income tax expense from other periods	-2.3	-9.3
Deferred taxes	452.6	-25.3
Deferred taxes from other periods	-4.3	5.4
	45.4	**-58.8**

The current income tax expense includes tax expenses of €372.9 million, derived from prestructuring prior to the sale of the caverns. On the other hand, there are deferred taxes of €324.5 million.

The income tax expense from other periods results mainly from tax audits for previous years. Counter-effects resulting from the deferral of the tax expense were taken into account under deferred taxes.

Tax reconciliation

Taxes on Group earnings before tax differ from the theoretical amount which would have resulted from applying the same Group tax rate of 31% (2007: 39%) to the earnings before tax as follows:

in € m	2008	2007
IAS/IFRS earnings before income taxes	**-497.1**	**359.8**
Expected tax expenses/income (Group tax rate)	**154.1**	**-140.4**
Effects of trade taxes	19.3	-18.0
Difference in foreign tax rates	3.8	13.8
Changes in tax rates	2.3	71.7
Non-deductible expenses	-28.0	-8.7
Tax-free income	67.7	43.1
Other tax effects from subsidiaries and companies accounted for at equity	6.0	-0.9
Deductible notional return on equity in foreign jurisdictions	20.1	18.4
Current non-deductible losses less current non-deductible losses carried forward and temporary differences for which there are no deferred taxes	-192.0	-35.1
Effects from other periods	-6.5	-3.9
Other	-1.4	1.2
Effective income taxes (current and deferred taxes)	**45.4**	**-58.8**
Group tax rate in %	9.1	16.3

8.15 Earnings per share

Basic earnings per share

The basic earnings per share is determined by dividing the consolidated net profit from the period due to the shareholders of the parent company by the weighted average number of ordinary shares floating during the reporting year.

		2008	2007
Amount of consolidated net profit attributable to Group shareholders	in € m	-484.3	271.1
Number of shares in circulation	in millions	116.0	116.0
Basic earnings per share	in €	-4.18	2.34

Diluted earnings per share

Calculation of the diluted earnings per share is basically consistent with basic earnings per share.

However, the diluted earnings per share is calculated by adjusting the share of the consolidated net income due for the period to the shareholders of the parent company and the weighted average number of ordinary shares in circulation for all dilution effects of potential ordinary shares.

The IVG Group has potential ordinary shares resulting from the convertible bond issue. The earnings share of Group shareholders is diluted by all financial expenses (after tax) resulting from the convertible bond, interest for the relevant period, and bank fees, as these are discontinued upon conversion of the convertible bonds and have no further influence on the share of the Group shareholders. The weighted average number of additional ordinary shares increases by the weighted average number of additional ordinary shares which would have a dilution effect on ordinary shares if all potential ordinary shares were converted.

		2008	2007
Amount of consolidated net profit attributable to Group shareholders	in € m	-484.3	271.1
Interest expense from bond (after taxes)	in € m	10.8	11.8
Amount of consolidated net profit attributable to Group shareholders (diluted)	in € m	-473.5	282.9
Weighted number of shares issued	in millions	116.0	116.0
Effect of potential conversion of bond	in millions	8.7	6.5
Adjusted weighted number of shares issued	in millions	124.7	122.5
Diluted earnings per share*	in €	-3.80	2.31

* *Investors should be aware that the following remark does not form part of the annual financial statements of the Company: The amount of diluted earnings per share has been restated in the unaudited IFRS consolidated interim financial statements for the six month period ended June 30, 2011 and the restated amount has been reported again in note "Adjustment of diluted earnings per share" to the unaudited IFRS consolidated interim financial statements for the nine month period ended September 30, 2011, which are included elsewhere in this Prospectus.*

(Diluted) earnings per share determined pursuant to EPRA

Earnings per share determined on the basis of EPRA recommendations is based on earnings derived from the operational main business of the IVG Group. Neither unrealised nor realised changes in market value of investment property are taken into account.

The EPRA earnings per share are determined as follows:

		2008	**2007**
Amount of consolidated net profit attributable to Group shareholders	in € m	**-484.3**	271.1
Unrealised changes in market value of investment property and equity investment	in € m	**583.3**	-172.0
Realised changes in market value from sale of investment property*	in € m	**-202.2**	-145.5
Taxes on realised changes in market value from sale of investment property and equity investments	in € m	**2.8**	21.9
Negative goodwill/impairment of goodwill	in € m	**12.5**	-3.9
Changes in fair value of financial instruments	in € m	**7.9**	-6.3
Deferred taxes on above	in € m	**-64.7**	62.8
Minority shares on above	in € m	**-0.6**	0.4
Adjusted amount of consolidated net profit attributable to Group shareholders	in € m	**-145.3**	28.5
Weighted number of shares issued	in € m	**116.0**	116.0
EPRA earnings per share	in €	**-1.25**	0.25
Effect of potential conversion of bond	in millions	**8.7**	6.5
Adjusted weighted number of shares issued	in millions	**124.7**	122.5
Diluted EPRA earnings per share	in €	**-1.16**	0.23

* *Also includes the earnings before the disposal of the investment*

9. Notes to the consolidated balance sheet – assets

9.1 Intangible assets

2008 in € m	Concessions, patents, trademark licences and similar rights	Goodwill	Total
Acquisition costs at 01.01.	**17.5**	**256.2**	**273.7**
Exchange rate differences	-0.2	0.0	-0.2
Changes in the group of consolidated companies	0.0	0.0	0.0
Additions	3.5	8.9	12.4
Disposals	-1.8	0.0	-1.8
Reclassifications	-8.3	0.0	-8.3
Balance 31.12.	**10.7**	**265.1**	**275.8**
Amortisation at 01.01.	**11.6**	**3.4**	**15.0**
Exchange rate differences	-0.3	0.0	-0.3
Change in the group of consolidated companies	0.0	0.0	0.0
Additions	0.7	12.5	13.2
thereof extraordinary	*0.0*	*12.5*	*12.5*
Reversals	0.0	0.0	0.0
Disposals	-1.8	0.0	-1.8
Reclassifications	0.0	0.0	0.0
Balance at 31.12.	**10.2**	**15.9**	**26.1**
Carrying amount at 31.12.	**0.5**	**249.2**	**249.7**
Carrying amount at 01.01.	**5.9**	**252.8**	**258.7**

2007 in € m	Concessions, patents, trademark licences and similar rights	Goodwill	Total
Acquisition costs at 01.01.	**17.5**	**256.2**	**273.7**
Exchange rate differences	0.0	0.0	0.0
Changes in the group of consolidated companies	-0.1	0.0	-0.1
Additions	0.1	0.0	0.1
Disposals	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0
Balance at 31.12.	**17.5**	**256.2**	**273.7**
Amortisation at 01.01.	**10.8**	**3.4**	**14.2**
Exchange rate differences	0.0	0.0	0.0
Changes in the group of consolidated companies	-0.1	0.0	-0.1
Additions	0.9	0.0	0.9
thereof extraordinary	*0.0*	*0.0*	*0.0*
Reversals	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0
Balance at 31.12.	**11.6**	**3.4**	**15.0**
Carrying amount at 31.12.	**5.9**	**252.8**	**258.7**
Carrying amount at 01.01.	**6.7**	**252.8**	**259.5**

The salt and surface rights at the storage cavern site in Etzel with a carrying amount of €5.0 million included under concessions in the previous year include additions from this financial year of €3.3 million. The salt and surface rights applicable to the caverns disposed of during the financial year were reclassified at €3.4 million in investment property before the disposal. The remaining salt and surface rights resulting from caverns under construction in the amount of €4.9 million were reclassified under property, plant and equipment.

The reported goodwill is mainly allocated to the cash-generating units (CGUs) in IVG Institutional Funds (Immobilien-Spezialfonds for institutional investors €237.9 million, 2007: €237.9 million) and IVG Private Funds (closed-end property funds for private investors €11.3 million, 2007: €11.3 million).

In the case of the CGU IVG Institutional Funds, the relevant monitoring level for IVG's management is the change in the enterprise value, the major component of which is the total volume of funds under management.

IVG's management's monitoring of the CGU IVG Private Funds is carried out on the basis of profit from operations, for which the main determinant is the performance in raising equity for the closed-end property funds.

The recoverable amount of three CGUs in the IVG Group is determined by calculating their value in use. These calculations are based on medium-term budgets prepared by management, which cover a period of three years. To determine the value of the annuity (the value component from the end of the detailed planning period), sustainable operating cash flows are extrapolated using a growth rate for the CGUs IVG Institutional Funds and IVG Private Funds of 1.0% p.a. (2007: 1.0%) and for the CGU IVG Deutschland Immobilien AG of 1.0% (2007: n.a.). The growth rate reflects the long-term expectations for each CGU. The cost of capital for each CGU have been calculated using the method. The discount rates were set on the basis of market data and for the CGU IVG Institutional Funds amounted to 11.9% (2007: 11.6%), and for CGU IVG Private Funds 15.4% (2007: 13.6%) and for CGU IVG Deutschland Immobilien AG 10.3% (2007: n.a.) before taxes. We changed the method during this financial year, because the derivation of the achievable amount from the share price was not appropriate anymore based on the current squeeze out process.

As the value in use exceeded the carrying amounts of the CGUs IVG Institutional and IVG Private Funds, there is no need for an impairment loss as of 31 December 2008. A change in the discount rate and growth rate, from which the IVG Group determines the value in use for both funds' CGUs would not result in an impairment loss.

Goodwill attributed to the CGU IVG Deutschland Immobilien AG in the amount of €0.0 million (2007: €3.6 million) was subject to full impairment in the current financial year.

Goodwill from the first time inclusion of the purchase of the remaining shares in actio(plus KG K. u. K. Grundverwaltungs GmbH & Co., Berlin, in 2008, was devalued from €8.9 million (2007: €0.0 million).

The recoverable amount of this CGU is determined by its fair value (value of share participation) less property disposal costs, which were under the carrying amount of the CGU. The buyback was made under fixed conditions.

9.2 Investment property

in € m	2008	2007
Carrying amount at 01.01.	**5,361.8**	**2,778.4**
Exchange rate differences	-38.2	-29.1
Changes to the group of consolidated companies	-578.5	20.6
Additions	1,044.5	2,337.8
Disposals	-246.8	-163.7
Unrealised changes in market value of investment property	-583.3	172.0
Reclassifications from inventories	135.7	52.6
Reclassifications to non-current assets held for sale	-95.8	-18.5
Reclassifications from non-current assets held for sale	0.0	7.0
Reclassifications from property, plant and equipment and intangible assets	172.8	204.7
Carrying amount at 31.12.	**5,172.2**	**5,361.8**

The main additions during the financial year refer to the purchase of five office properties in the Core portfolio (€875.5 million).

Changes to the group of consolidated companies of €503.5 million results exclusively from the disposal of caverns as part of the deconsolidation of the cavern fund. Further disposals refer mostly to the sales of investment property as part of share deals.

Disposals for carrying amounts totalling €246.8 million refer mainly to an office property in London (€150.5 million), a property in Madrid (€12.7 million), an office and commercial property in Berlin (€17.1 million) and forest and residential land in Liebenau (€13.2 million).

Reclassifications from inventories refers to a total of 20 office and commercial properties in Germany with a carrying amount totalling €135.7 million.

The reclassifications refer mainly to the completion of three caverns (€23.2 million) and an office property in London (€112.5 million).

The properties Köbisdreieck (€65.5 million) and Neuturmstraße (€28.2 million) were reclassified in the current financial year to non-current assets held for sale. No properties were reclassified under investment property.

9.3 Property, plant and equipment

2008 in € m	Land and buildings (own use)	Technical plant and machines	Other plant, office equipment	Advance payments made and construction in progress	Total
Acquisition costs at 01.01.	**40.5**	**26.7**	**20.0**	**358.8**	**446.0**
Exchange rate differences	0.0	0.0	0.0	-9.3	**-9.3**
Changes in the group of consolidated companies	0.0	0.0	-0.1	-28.1	**-28.2**
Additions	0.6	26.1	3.3	150.2	**180.2**
Disposals	-0.1	0.0	-3.4	-6.8	**-10.3**
Reclassifications in non-current assets held for sale	0.0	0.0	0.0	0.0	**0.0**
Reclassifications	-14.7	4.1	0.0	-178.2	**-188.8**
Balance at 31.12.	**26.3**	**56.9**	**19.8**	**286.6**	**389.6**
Depreciation at 01.01.	**19.1**	**2.5**	**12.0**	**0.0**	**33.6**
Exchange rate differences	0.0	0.0	0.3	0.0	**0.3**
Changes in the group of consolidated companies	0.0	0.0	0.0	0.0	**0.0**
Additions	0.6	2.3	1.8	0.0	**4.7**
Appreciation	0.0	0.0	0.0	0.0	**0.0**
Disposals	0.0	0.0	-2.3	0.0	**-2.3**
Reclassifications	-14.8	0.0	0.0	0.0	**-14.8**
Balance at 31.12.	**4.9**	**4.8**	**11.8**	**0.0**	**21.5**
Carrying amount at 31.12.	**21.4**	**52.1**	**8.0**	**286.6**	**368.1**
Carrying amount at 01.01.	**21.4**	**24.2**	**8.0**	**358.8**	**412.4**

2007 in € m	Land and buildings (own use)	Technical plant and machines	Other plant, office equipment	Advance payments made and construction in progress	Total
Acquisition costs at 01.01.	**52.1**	**49.1**	**19.9**	**364.7**	**485.8**
Exchange rate differences	0.1	0.2	-0.1	-11.5	**-11.3**
Changes in the group of consolidated companies	-8.3	-38.2	-2.2	0.0	**-48.7**
Additions	2.0	3.3	3.1	235.9	**244.3**
Disposals	-0.6	0.0	-0.7	0.0	**-1.3**
Reclassifications in non-current assets held for sale	0.0	0.0	0.0	0.0	**0.0**
Reclassifications	-4.8	12.3	0.0	-230.3	**-222.8**
Balance at 31.12.	**40.5**	**26.7**	**20.0**	**358.8**	**446.0**
Depreciation at 01.01.	**19.5**	**15.2**	**13.1**	**0.0**	**47.8**
Exchange rate differences	0.0	0.1	0.0	0.0	**0.1**
Changes in the group of consolidated companies	-1.1	-15.3	-2.1	0.0	**-18.5**
Additions	0.7	2.5	1.7	0.0	**4.9**
Appreciation	0.0	0.0	0.0	0.0	**0.0**
Disposals	0.0	0.0	-0.7	0.0	**-0.7**
Reclassifications	0.0	0.0	0.0	0.0	**0.0**
Balance at 31.12.	**19.1**	**2.5**	**12.0**	**0.0**	**33.6**
Carrying amount at 31.12.	**21.4**	**24.2**	**8.0**	**358.8**	**412.4**
Carrying amount at 01.01.	**32.6**	**33.9**	**6.8**	**364.7**	**438.0**

Of the additions to property, plant and equipment totalling €180.2 million (2007: €244.3 million) in the financial year 2008 €150.2 million refers to property under construction (2007: €235.9 million). This relates mainly to the development of land for the first tranche of potential caverns and conversion and new building of caverns.

Within advance payments and construction in progress €270.0 million (2007: €176.7 million) is shown for caverns under construction.

In the current year, borrowing costs of €4.2 million (2007: €8.0 million) were capitalised in connection with assets.

9.4 Financial assets

2008 in € m	Shares in associated companies accounted for under the equity method	Shares in affiliates	Shares in other equity investments	Securities
Acquisition costs at 01.01.	**71.7**	**28.5**	**58.6**	**34.0**
Exchange rate differences	-3.8	0.0	2.2	0.0
Changes in the group of consolidated companies	-29.8	0.0	0.0	0.0
Additions	11.6	1.7	108.7	0.0
Changes recognised in equity	0.6	0.0	0.0	0.0
Disposals	-12.5	0.0	-2.8	0.0
Reclassifications	0.0	-0.2	0.2	0.0
Balance at 31.12.	**37.8**	**30.0**	**166.9**	**34.0**
Amortisation at 01.01.	**0.0**	**23.3**	**8.5**	**-11.0**
Exchange rate differences	0.0	0.1	0.9	0.0
Changes in the group of consolidated companies	0.0	0.0	0.0	0.0
Additions	0.0	1.3	25.0	0.0
Impairment/reversals	-0.1	0.0	0.0	0.0
At fair value through profit and loss	0.0	0.0	0.0	7.3
Unrealised gains and losses	0.0	0.0	0.7	0.0
Disposals	0.0	0.0	-1.7	0.0
Reclassifications	0.0	0.0	0.0	0.0
Balance at 31.12.	**-0.1**	**24.7**	**33.4**	**-3.7**
Carrying amount at 31.12.	**37.9**	**5.3**	**133.5**	**37.7**
Carrying amount at 01.01.	**71.7**	**5.2**	**50.1**	**45.0**

2008 in € m	Loans to affiliates	Loans to associated companies	Loans to other companies	Other loans	Financial assets
Acquisition costs at 01.01.	**0.3**	**5.0**	**8.8**	**133.7**	**340.6**
Exchange rate differences	0.0	0.0	0.0	-19.4	-21.0
Changes in the group of consolidated companies	0.0	0.0	0.0	0.0	-29.8
Additions	0.0	1.1	0.0	5.9	129.0
Changes recognised in equity	0.0	0.0	0.0	0.0	0.6
Disposals	-0.3	-3.3	0.0	-3.4	-22.3
Reclassifications	0.0	0.0	0.0	0.0	0.0
Balance at 31.12.	**0.0**	**2.8**	**8.8**	**116.8**	**397.1**
Amortisation at 01.01.	**0.0**	**0.0**	**8.7**	**0.0**	**29.5**
Exchange rate differences	0.0	0.0	0.0	0.0	1.0
Changes in the group of consolidated companies	0.0	0.0	0.0	0.0	0.0
Additions	0.0	0.0	0.0	50.7	77.0
Impairment/reversals	0.0	0.0	0.0	0.0	-0.1
At fair value through profit and loss	0.0	0.0	0.0	0.0	7.3
Unrealised gains and losses	0.0	0.0	0.0	0.0	0.7
Disposals	0.0	0.0	0.0	0.0	-1.7
Reclassifications	0.0	0.0	0.0	0.0	0.0
Balance at 31.12.	**0.0**	**0.0**	**8.7**	**50.7**	**113.7**
Carrying amount at 31.12.	**0.0**	**2.8**	**0.1**	**66.1**	**283.4**
Carrying amount at 01.01.	**0.3**	**5.0**	**0.1**	**133.7**	**311.1**[1)]

[1)] *thereof shown in current receivables €0.5 million*

2007 in € m	Shares in associated companies accounted for under the equity method	Shares in affiliates	Shares in other equity investments	Securities
Acquisition costs at 01.01.	**46.8**	**37.1**	**62.4**	**34.0**
Exchange rate differences	-3.0	-0.1	-0.9	0.0
Changes in the group of consolidated companies	0.0	-7.7	-15.9	0.0
Additions	10.1	0.3	39.4	0.0
Changes recognised in equity	1.2	0.0	0.0	0.0
Disposals	-3.0	-5.0	-2.9	0.0
Reclassifications	19.6	3.9	-23.5	0.0
Balance at 31.12.	**71.7**	**28.5**	**58.6**	**34.0**
Amortisation at 01.01.	**0.0**	**27.8**	**15.8**	**-5.5**
Exchange rate differences	0.0	0.0	0.0	0.0
Changes in the group of consolidated companies	0.0	0.0	-6.1	0.0
Additions	0.0	0.9	0.0	0.0
Impairment/reversals	0.0	0.0	0.0	0.0
At fair value through profit and loss	0.0	0.0	0.0	-5.5
Unrealised gains and losses	0.0	-0.8	-1.0	0.0
Disposals	0.0	-4.6	-0.2	0.0
Reclassifications	0.0	0.0	0.0	0.0
Balance at 31.12.	**0.0**	**23.3**	**8.5**	**-11.0**
Carrying amount at 31.12.	**71.7**	**5.2**	**50.1**	**45.0**
Carrying amount at 01.01.	**46.8**	**9.3**	**46.6**	**39.5**

2007 in € m	Loans to affiliates	Loans to associated companies	Loans to other companies	Other loans	Financial assets
Acquisition costs at 01.01.	**0.3**	**9.5**	**8.7**	**53.4**	**205.4**
Exchange rate differences	0.0	0.0	0.0	0.0	-1.0
Changes in the group of consolidated companies	0.0	0.0	0.0	0.0	-23.6
Additions	0.0	0.4	0.1	97.1	137.3
Changes recognised in equity	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	-4.9	0.0	-16.8	-29.6
Reclassifications	0.0	0.0	0.0	0.0	-19.6
Balance at 31.12.	**0.3**	**5.0**	**8.8**	**133.7**	**268.9**
Amortisation at 01.01.	**0.0**	**0.0**	**8.7**	**0.5**	**47.3**
Exchange rate differences	0.0	0.0	0.0	0.0	0.0
Changes in the group of consolidated companies	0.0	0.0	0.0	0.0	-6.1
Additions	0.0	0.0	0.0	0.0	0.9
Impairment/reversals	0.0	0.0	0.0	0.0	0.0
At fair value through profit and loss	0.0	0.0	0.0	0.0	-5.5
Unrealised gains and losses	0.0	0.0	0.0	0.0	-1.8
Disposals	0.0	0.0	0.0	-0.5	-5.3
Reclassifications	0.0	0.0	0.0	0.0	0.0
Balance at 31.12.	**0.0**	**0.0**	**8.7**	**0.0**	**29.5**
Carrying amount at 31.12.	**0.3**	**5.0**	**0.1**	**133.7**	**239.4**[1)]
Carrying amount at 01.01.	**0.3**	**9.5**	**0.0**	**52.9**	**158.1**[2)]

1) *Thereof shown in current receivables €0.5 million*

2) *Thereof stated in current receivables €1.9 million.*

Changes to shares in associated companies include additions of €8.5 million from an increased equity carrying amount from the transition to consolidation of previously fully consolidated Italy Office Fund KG and from capital increases of €2.0 million for Moosacher Straße KG and €1.1 million for FDV II.

The effect from changes to the group of consolidated companies of €29.8 million results exclusively from the disposal of the Petrarca fund. Disposals refer to capital repayments for FDV I (€3.9 million), FDV II (€7.8 million) and Italy Office Fund (€0.8 million).

Of additions to other equity investments, €52.5 million is in respect of the purchase of share certificates in Asian target funds that were written down by €25.0 million due to an impairment of value. A further €56.2 million refers to the purchase of 11% of the share certificates in the cavern Spezialfond placed by IVG in this financial year. A valuation of the equity investment as of 31 December 2008 showed an increase in other reserves not recognised in profit or loss of €1.4 million.

A Bayerische Landesbank bond bought in 2005 (€37.7 million), for which performance is linked to global share indices and is therefore measured at fair value through profit or loss, was written down in this financial year by €7.3 million (2007: appreciation €5.5 million).

Impairment of other loans refers to €50.7 million for a 2007 loan in pounds sterling ma-de to a project partner of IVG Private Funds. Further write-down of the loan of €19.4 million has been made under valuation of foreign currency. Capitalised interest of €4.9 million is included in additions.

9.5 Receivables and other assets

	2008			2007		
in € m	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Receivables from finance leasing	21.6	21.1	0.5	53.5	53.0	0.5
Trade receivables	40.0	0.7	39.3	46.2	7.6	38.6
Receivables from associated companies	15.0	0.0	15.0	19.0	2.6	16.4
Receivables from other taxes	50.5	5.8	44.7	52.9	0.0	52.9
Receivables from affiliates	4.5	0.0	4.5	7.2	2.4	4.8
Receivables from other equity investments	10.2	0.0	10.2	12.5	0.0	12.5
Surplus on plan assets (section 10.5)	2.6	2.6	0.0	1.1	1.1	0.0
Current loans	0.0	0.0	0.0	0.5	0.0	0.5
Other assets	51.2	0.1	51.1	89.1	4.2	84.9
Accrued and deferred items	4.0	0.6	3.4	11.3	2.2	9.1
	199.6	**30.9**	**168.7**	**293.3**	**73.1**	**220.2**

Except for leasing receivables (see section 11), fair values almost equal the carrying amounts.

Receivables from finance leases mostly relate to finance lease agreements for office property in Belgium.

Receivables from associated companies mainly refer to the project development companies "Am Salzufer" (€4.9 million), "Parkstadt Schwabing" (€4.0 million) and "Moosacher Strasse" (€1.8 million) along with the investment companies Rantasarfvik Oy, Helsinki (€2.6 million) and Real Estate Investor Funds s.a.r.l., Luxembourg (€1.7 million).

The other tax receivables mostly relate to recoverable value added tax (USt).

Commitments to non-consolidated affiliated project development companies are shown under receivables from affiliates.

Other assets include receivables from disposals of assets of €0.7 million (2007: €15.3 million).

In the financial year 2008, accounts receivable were written down by the Group in the amount of €5.8 million (2007: €6.0 million) and are recognised under other expenses.

9.6 Inventories

in € m	**2008**	**2007**
Raw materials and consumables	28.5	2.3
Unfinished goods, work in progress	866.4	765.4
Finished goods	20.6	160.4
Payments on account	86.7	37.9
	1,002.2	**966.0**

Of the inventories, €790.5 million (2007: €457.0 million) will probably remain for more than 1 year.

Changes to work in progress result from progress with the project of AIRRAIL Center Verwaltungsgesellschaft Vermietungs-KG (€186.9 million) and further project companies in Germany (€50.0 million) and project companies in other countries (€79.9 million). These are contrasted by impairment losses for inventories (see section 8.6) amounting to €217.0 million (2007: €21.4 million). Concerning the reclassification of inventories to investment property, see section 9.2.

In 2008, borrowing costs of €41.7 million (2007: €11.3 million) were recognised in inventories.

The carrying amount of inventories stated at net realisable value is €574.2 million (2007: €131.6 million).

9.7 Securities (current)

Where possible, securities are measured at fair value (quoted market price at balance sheet date). Otherwise valuation is made at amortised cost. Changes in value of the securities in the category "held for sale" are recognised directly in the appropriate equity reserve. The current securities include publicly listed corporate bonds.

9.8 Cash and cash equivalents

This item includes cash in hand, bank balances and short-term deposits belonging to IVG Immobilien AG and those companies not yet included in the cash clearing system. In 2008, the interest rates for cash and cash equivalents range from 0.5% to 2.25% (2007: between 0.5% and 3.8%).

9.9 Non-current assets held for sale

in € m	2008	2007
Assets held for sale	109.1	26.1
Disposal group assets	0.0	359.5
Total	**109.1**	**385.6**
Disposal group liabilities	0.0	360.6

A property from the Investment division classified as an asset held for sale in the previous year (fair value €9.9 million) was sold as planned in 2008. The sale of three properties in Munich originally planned for 2008 has been delayed (fair value €13.7 million). The Group holds on to the intended sale.

Assets held for sale as shown in the financial year 2008 refer to investment property from the Investment segment, which are to be sold in the financial year 2009.

The properties from a Luxembourg property portfolio shown under the previous year as assets held for sale under the property disposal group from the Funds segment were fully placed with investors in a closed-end property fund during 2008.

10. Notes to the consolidated balance sheet – equity and liabilities

10.1 Equity

Details are shown in the following table.

in € m	Subscribed capital	Capital reserve	Treasury shares	Other reserves	Retained earnings	Equity attributable to Group shareholders	Hybrid capital	Minority interests	Equity
Balance at 31.12.2006	**116.0**	**458.9**	**-0.6**	**-2.7**	**826.9**	**1,398.5**	**195.9**	**9.2**	**1,603.6**
Earnings recognised directly in equity				8.5	-9.1	-0.6		-5.2	-5.8
Consolidated net profit					271.1	271.1	30.2	-0.3	301.0
Cash received from hybrid capital						0.0	205.0		205.0
Separate dividend paid on hybrid capital						0.0	-30.2		-30.2
Equity share of convertible bond		102.2				102.2			102.2
Dividends					-58.0	-58.0		-1.0	-59.0
Treasury shares repurchased/sold			0.3			0.3			0.3
Changes to group of consolidated companies						0.0			0.0
Balance at 31.12.2007	**116.0**	**561.1**	**-0.3**	**5.8**	**1,030.9**	**1,713.5**	**400.9**	**2.7**	**2,117.1**
Earnings recognised directly in equity				-138.8		-138.8		0.0	-138.8
Consolidated net profit					-484.3	-484.3	32.0	0.6	-451.7
Cash received from hybrid capital						0.0			0.0
Separate dividend paid on hybrid capital						0.0	-32.0		-32.0
Equity share of convertible bond		-0.1				-0.1			-0.1
Dividends					-81.2	-81.2		-0.1	-81.3
Treasury shares repurchased/sold			-0.2			-0.2			-0.2
Changes to group of consolidated companies					-21.9	-21.9		-0.2	-22.1
Balance at 31.12.2008	**116.0**	**561.0**	**-0.5**	**-133.0**	**443.5**	**987.0**	**400.9**	**3.0**	**1,390.9**

The share capital of IVG Immobilien AG amounts to €116,000,000.00, divided into 116 million no-par-value shares.

At balance sheet date the authorised capital was as following:

Authorised capital I for issue as new no-par-value shares payable in cash	€24 million by AGM resolution of 31 May 2005
Authorised capital II for issue as new no-par-value shares payable in cash	€10 million by AGM resolution of 21 May 2008
Authorised capital III for issue as new registered no-par-value shares payable in cash or in non-cash assets	€24 million by AGM resolution of 31 May 2005

At balance sheet date the conditional share capital was as follows:

The share capital is also conditionally raised by €8.7 million. This conditional capital increase serves to fulfil the convertible bonds issued by a Dutch subsidiary for a total amount of €400 million. The conditional capital increase will only be implemented to the extent called up by the holders of the rights to convertible bonds. The convertible bond has a maturity of ten years.

The share capital is also conditionally raised by €22 million. This conditional capital increase serves to fulfil the granting of shares to the bearers or creditors of convertible bonds or options which have been issued pursuant to the authorisation by the General Meeting of 24 May 2007.

Two appeals have been filed at the Regional Court in Bonn to contest the resolutions 2 to 10 passed at the 2006 General Meeting. The Regional Court (Landgericht) in Bonn rejected both claims on 23 October 2008. The claimants have appealed against this decision.

Two appeals have been filed at the Regional Court in Bonn to contest resolutions passed at the 2008 General Meeting. Both actions contest the election of Mr Beelitz to the Supervisory Board and the amendment to the Articles of Association regarding the period of office and an alternate elected member of the Supervisory Board. The Regional Court (Landgericht) in Bonn rejected both claims on 8 January 2009. The claimants have appealed against this decision.

IVG Immobilien AG once again issued IVG shares to employees in 2008 as part of an employee savings scheme. On 7 March 2008, 6,280 shares were sold each at a price of €23.48.

To meet the requirements of the IVG value programme, 70,000 shares (corresponding to 0.0603% of the share capital or €70,000.00) were purchased on 31 October 2008 at a price of €9.64 per share. As part of the IVG value programme, 38,000 shares (representing 0.0328% of the share capital or €38,000.00) were issued to employees with effect from 15 December 2008 at a price of €9.64 per share.

The number of no-par-value shares held in treasury at 31 December 2008 amounted to 32,000.00 (2007: 6,280), representing 0.0276% or €32,000 of the share capital.

The other reserves comprise cumulative translation differences and changes in the fair value of financial instruments in the category “held for sale”, derivatives designated to a specific hedge relationship, actuarial profits from pensions obligations recognised in equity and any related deferred taxes.

Retained earnings contains the undistributed net earnings of companies included in the consolidated financial statements.

The dividend paid in 2008 for the previous financial year was €82.1 million (€0.70 per share). At the General Meeting held on 21 May 2008 a resolution was taken to distribute to the shareholders a dividend of €0.70 per ordinary entitled share (2007: €0.50). The Management Board is proposing to the General Meeting that no dividend shall be distributed in the financial year 2008.

The minority interests mainly relate to other shareholders' interests in the equity of IVG Deutschland Immobilien AG, Bonn.

10.2 Financial liabilities

			2008			2007
in € m	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Convertible bond	305.3	305.3	0.0	298.1	298.1	0.0
Bank loans	5,161.5	3,891.4	1,270.1	4,101.2	3,140.5	960.7
Commercial paper	67.0	0.0	67.0	269.1	0.0	269.1
Finance leasing liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Financing liabilities towards affiliates	6.8	0.0	6.8	7.1	0.0	7.1
Financing liabilities towards associated companies	3.1	0.0	3.1	0.0	0.0	0.0
Liabilities against equity investments	0.5	0.0	0.5	0.0	0.0	0.0
Minority interests in partnerships	53.7	53.7	0.0	58.1	58.1	0.0
Other financial liabilities	1.6	0.0	1.6	55.6	0.0	55.6
Total	**5,599.5**	**4,250.4**	**1,349.1**	**4,789.2**	**3,496.7**	**1,292.5**

The carrying amounts of floating and fixed-interest rate bank loans are denominated in the following currencies (equivalents in euros):

in € m	**2008**	**2007**
Euros	4,933.1	3,584.0
Swiss Franc	152.2	139.7
Pounds Sterling	18.5	377.5
US Dollar	57.7	0.0
	5,161.5	**4,101.2**

The decrease in Pound Sterling loans results from the sale of the project development Cornhill and the reorganisation from hedging by natural hedge (loan in investment currency) to hedging by loans in Euros and currency swaps (see section 10.3). The increase in US Dollar loans results from the bridge financing for target fun shares of the ES-Fonds Balanced Portfolio Asia.

The maturities of the floating and fixed-interest rate bank loans (without commercial paper) are as follows:

		2008		2007
in € m	**Fixed-interest liabilities**	**Weighted interest rate in %**	**Fixed-interest liabilities**	**Weighted interest rate in %**
Up to 1 year	165.8	5.51	145.6	4.85
1 to 2 years	32.5	4.91	288.0	5.21
2 to 3 years	81.3	5.40	35.0	4.23
3 to 4 years	32.0	4.93	85.2	5.09
4 to 5 years	55.5	5.27	36.8	4.66
Over 5 years	30.4	5.52	128.0	5.08
Total	**397.5**	**5.36**	**718.6**	**5.03**

in € m	2008 Variable-interest liabilities	2008 Weighted margin in %	2007 Variable-interest liabilities	2007 Weighted margin in %
Up to 1 year	1,104.4	1.16	815.1	0.66
1 to 2 years	700.0	0.93	329.3	0.69
2 to 3 years	197.3	0.83	444.6	0.88
3 to 4 years	1,002.0	0.72	151.0	0.79
4 to 5 years	104.7	0.62	371.7	0.67
Over 5 years	1,655.6	0.58	1,270.9	0.55
Total	**4,764.0**	**0.81**	**3,382.6**	**0.65**

Floating interest rate liabilities are subject to regular rate adjustments. The adjustments are mainly based on 1, 3, 6 or 12-month EURIBOR/LIBOR plus an average margin of 0.81% (2007: 0.65%). Fixed interest loans are subject to an average interest rate of approximately 5.36% (2007: approximately 5.03%). The average interest rate for all liabilities to banks including commercial paper programme and convertible bond amounts to 4.57% (2007: approximately 5.11%).

Depending on term, interest rates in the eurozone were between 2.05% and 3.86% (2007: 4.14% to 4.91% and in the Swiss Franc zone between 0.26% and 2.75% (2007: between 2.13% and 3.69%), in the Pound Sterling zone between 2.05% and 3.55% (2007: between 4.65% and 5.99%), in the US Dollar zone between 0.13% and 2.70% (2007: between 3.81% and 5.03%).

A part of the variable loans is backed by interest rate swaps. The nominal volumes of those interest rate swaps is as follows:

	2008		2007
Year	**Nominal**	**Year**	**Nominal**
	in € m		**in € m**
2009	2,670	2008	2,569.0
2010	2,693	2009	2,544.0
2011	1,898	2010	2,360.8
2012	1,591	2011	1,760.8
2013	409	2012	1,660.8
2014 ff.	282	2013 ff.	480.8

Part of the interest rate swaps is backed with basis swaps to optimise interest rates.

The commercial paper programme established by IVG is aimed at institutional investors looking for short-term investment options of between one and twelve months. The average interest rate in the financial year was 4.96% (including average margin of 50bps) (2007: 4.43% including 40 bps margin).

Bank loans are in parts secured by charges on property:

in € m	2008	2007
Financial liabilities secured by charges on property	2,153.0	1,188.0
thereof on investment property	*1,656.5*	*1,188.0*

Fixed-term deposits with a carrying amount of €20.5 million (2007: €14.4 million) are pledged as security for financial liabilities. As in the previous year, no items of property, plant and equipment are pledged.

10.3 Derivative financial instruments

The following derivative financial instruments were held at balance sheet date:

in € m	2008 Nominal volume	2008 Market value	2007 Nominal volume	2007 Market value
Assets				
Currency hedges	277.7	37.8	121.8	13.0
Interest rate hedges	566.8	0.9	2,341.6	31.9
Total	**844.5**	**38.7**	**2,463.4**	**44.9**
Liabilities				
Currency hedges	24.9	-1.7	0.0	0.0
Interest rate hedges	4,123.8	-103.3	227.2	-1.8
Total	**4,148.7**	**-105.0**	**227.2**	**-1.8**

The nominal value of all derivative financial instruments was €4,993.2 million (2007: €2,690.6 million). The total as of 31 December 2007 includes an interest rate swap from the property disposal group with a nominal value of €150 million and a market value of €0.7 million.

The increase in hedging contracts results from the dissolution of natural hedges (loan financing in investment currency) and hedging by way of currency swaps. The increase in interest rate hedges results mainly from the closing of basis swaps and money market swaps, that largely serve to cover interest rate optimisation by adjusting the terms of interest rate swaps and the exercised drawing period for money market credit lines.

The opposed changes in the value of hedged items are not taken into account when determining the market values of derivative financial instruments. These therefore do not represent the combined amount that IVG would receive for hedges and hedged items on immediate direct sale under current market conditions.

The carrying amounts presented approximate to market value. Before derivative contracts are concluded, IVG runs a credit check on the business partner. As of 31 December 2008, all derivative contracts are with banks with good credit rating or banks that have accepted state emergency packages.

As of 31 December 2008, negative market values before deduction of deferred taxes of €-99.0 million (2007: €27.5 million) are deferred in equity. It consists of positive market values of €12.9 million (2007: €12.9 million) from net investment hedges and negative market values of €-111.9 million (2007: €14.6 million) from cash flow hedges.

The following effects resulted after the deduction of deferred taxes in the financial year 2008. A sum of €-126.5 million (2007: €14.7 million) recognised in equity results from changes in market value of the cash flow hedges of €-123.3 million (2007: €12.0 million), from the release of the cumulated amount of prematurely released cash flow hedges of €-3.2 million (2007: €0.0 million) and from changes in market value of net investment hedges of €0.0 million (2007: €2.7 million). Due to ineffectiveness of cash flow hedge relationships, there was a resulting loss of €-1.9 million in 2008 (2007: less than €0.05 million).

Construction delays with one project company led to a failure in drawling the funds from external project financing as planned. In expectation of an excess amount through the hedge, the hedge relationship was terminated prematurely. At the time of release, the swap had a positive market value of €0.3 million.

The market value of swaps that are classified as net investment hedges, amounts to €0.0 million (2007: €10.6 million), the market value of derivatives allocated to a cash flow hedge relationship was €-87.8 million (2007: €31.3 million). The market value of derivatives that are not included in hedge accounting amounts to €21.5 million (2007: €1.2 million).

The secured cash flows from the cash flow hedges occur as a consequence of interest payments. In future periods the following interest payments will be recognised in income in the following nominal volumes:

	2008		2007
Year	**Nominal**	**Year**	**Nominal**
	in € m		**in € m**
2009	2,512.6	2008	2,471.6
2010	2,508.0	2009	2,446.6
2011	1,749.8	2010	2,303.3
2012	1,545.8	2011	1,733.3
2013	363.4	2012	1,633.3
2014 ff.	261.0	2013 ff.	453.3

As of 31 December 2007 there were interest rate/currency swaps in net investment hedge relationships for a nominal amount of €63.4 million with maturity up to 2014. As of 31 December 2008, there were no derivatives in net investment hedge relationships.

10.4 Income taxes

Deferred tax assets and liabilities are netted at individual company level and within fiscal units when the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred tax assets and liabilities relate to taxes le-vied by the same taxation authority.

Deferred tax assets and liabilities changed as follows over the financial year:

	2008		2007	
in € m	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Investment property	278.7	191.7	3.0	355.5
Receivables (particularly leasing)	4.8	19.4	0.7	18.5
Tax free reserves (including § 6b German Income Tax Act (EStG))	0.0	14.7	0.0	13.7
Liabilities and provisions	29.3	89.9	13.3	75.4
Inventories	12.6	8.9	2.3	10.6
Financial assets and securities	11.9	4.2	4.8	13.4
Other temporary differences	5.6	3.3	6.4	2.2
Tax loss carryforwards	110.2	0.0	113.3	0.0
	453.1	**332.1**	**143.8**	**489.3**
Netting of deferred tax assets and liabilities	**-86.1**	**-86.1**	**-69.9**	**-69.9**
Balance sheet amount	**367.0**	**246.0**	**73.9**	**419.4**
thereof current	*87.9*	*36.8*	*51.5*	*17.3*
thereof non-current	*279.1*	*209.2*	*22.4*	*402.1*

In 2008, €9.8 million (2007: €7.1 million) of deferred tax assets and liabilities for hedge relationships and financial instruments in the category “held for sale” and for actuarial earnings and losses were recognised directly in equity.

In 2008, despite losses in the current year and the previous year, deferred tax assets were recognised against loss carryforwards, as the company expects to have tax positive results in the future. For this purpose, tax strategies have been developed which are currently being implemented.

On tax loss carryforwards of €573.2 million (2007: €427.4 million) and temporary differences of €508.6 million (2007: €60.0 million) no deferred tax assets were recognised, as it is assumed that these will probably not be able to be used in the future.

Maturity of unrecognised tax loss carryforwards:

in € m	**2008**	**2007**
Up to one year	0.0	0.0
1 to 5 years	3.6	6.3
Over 5 years	569.6	421.1
	573.2	**427.4**

Deferred tax liabilities resulting from temporary differences arising in connection with equity investments in subsidiaries of €4.9 million (2007: €16.8 million) are not recognised, as the Group can control the time when the temporary differences will be reversed and as it is likely that the temporary differences will not be reversed in the foreseeable future.

The receivables and liabilities from income taxes recognised in the balance sheet are split between the following term structure.

Current income tax receivables of €39.9 million (2007: €17.4 million) refer mainly to tax reimbursement claims from chargeable taxes, prepaid taxes and chargeable taxes from the Maltese company of €23.1 million. These reimbursement claims are offset against liabilities of €26.1 million.

Current income tax liabilities of €68.4 million (2007: €43.4 million) include, in addition to the above-mentioned liabilities, income taxes for the tax group of €15.4 million and income taxes for a Belgian company of €15.4 million.

10.5 Pension provisions

IVG maintains both defined benefit and defined contribution plans for its employees. These plans include provisions for retirement, invalidity and surviving dependents of employees.

The IVG Group uses statistical and actuarial calculations from actuaries in order to take account of anticipated future developments regarding expenses and obligations under defined benefit plans. These calculations are based on assumptions about discount rates, expected income from plan assets and future changes to wages and salaries.

Actuarial assumptions

The actuarial calculations of retirement benefit obligations and pension expenses are based on the following assumptions:

in %	2008	2007
Discount rate	**6.00**	**5.50**
Expected return from		
plan assets CTA	3.50	3.50
pledged reinsurance policies	4.50	4.50
Salary trend		
Management Board and senior management	2.00	2.00
Employees	2.00	2.00
Pension trend		
Special obligations	2.00	1.75
Pensions scheme	1.00	1.00
Employee turnover		
Management Board and senior management	3.50	3.50
Pensions scheme	3.80	3.80
Basis of calculation	**Actuarial tables 2005G**	**Actuarial tables 2005G**

Reconciliation of benefit obligations to provisions

The position of financing, that results from the difference between the cash value of defined benefit obligations and the current value of plan assets, is reconciled as follows to the pension reserve in the balance sheet:

in € m	2008	2007
Total funded benefit obligations at 31.12.	30.2	23.0 1)
Total unfunded benefit obligations at 31.12.	0.6	7.5 2)
Total benefit obligations at 31.12.	**30.8**	**30.5**
Less fair value of plan assets	-22.6	-22.0
Asset surplus recognised as assets	2.6	1.1
Provision at 31.12.	**10.8**	**9.6**

1) *In 2007 the obligation shortfall was €30.0 million*

2) *In 2007 the obligation shortfall was €0.5 million*

Fund financed pension obligations are shown at a surplus of €2.6 million (2007: €1.1 million) and are stated under other assets (see section 9.5).

Changes in total benefit obligations

The changes in cash value of defined benefit obligations is as follows:

in € m	2008	2007
Benefit obligations at 01.01.	**30.5**	**33.0**
Service cost	1.4	1.2
Actuarial (gains) losses	-1.5	-3.9
Unrealised past service cost	0.4	0.1
Interest expense	1.6	1.5
Pension payments	-1.6	-1.4
Benefit obligations at 31.12.	**30.8**	**30.5**

Changes in plan assets

The development of the fair value of plan assets in this financial year was as follows:

in € m	2008	2007
Fair value of plan assets at 01.01.	**22.0**	**21.8**
Expected income from plan assets	0.6	0.6
Losses (earnings) from actual income from plan assets	0.0	-0.4
Actual employer contributions	0.0	0.0
Actual contributions of legally independent insurance provider	0.0	0.0
Fair value of plan assets at 31.12.	**22.6**	**22.0**

Actual income from plan assets amounted to €0.6 million (2007: €0.2 million).

Plan assets comprise property (€5.9 million, 2007: €6.5 million), securities (€13.9 million, 2007: €12.8 million) and reinsurances (€2.8 million, 2007: €2.7 million). Plan assets do not include properties used by the Group or treasury instruments.

Determination of expected income from the plan assets normally follows the plan policies with respect to composition of asset classes and is calculated on the basis of publicly available market studies, forecasts and experience for each asset group.

In the financial year 2009, the Group anticipates IVG pension payments to employees in the amount of €1.7 million and employer contributions to plan assets of €0.0 million.

Pension expenses

The expenses recognised in the income statement consist of the following items:

in € m	2008	2007
Service cost	1.4	1.2
Interest expenses	1.6	1.5
Expected income from plan assets	-0.6	-0.6
Past service cost	0.4	0.1
Pension expenses	**2.8**	**2.2**

The expected income from plan assets and interest expenses is recorded in personnel expenses.

Expenses from fixed contribution plans were €6.1 million (2007: €7.2 million) that are recognised in personnel expenses as pension expenses. This also includes employer contributions to statutory pension schemes.

Multi-year overview of pension obligations

The following table shows the change in cash value of all defined benefit obligations, the fair value of plan assets, the position of financing and adjustments for defined benefit obligations and for plan assets based on past experience:

in € m	2008	2007	2006	2005
Cash value of defined benefit obligations	30.8	30.5	33.0	31.3
Present value of plan assets	22.6	22.0	21.8	18.8
Surplus/deficit (-)	8.2	10.4	11.2	12.5
Adjustment to liabilities based on past experience	0.1	4.0	-1.6	0.2
Adjustment to assets based on past experience	0.0	-0.4	0.2	0.0

The new actuarial gains in this year of €1.5 million (2007: earnings of €3.9 million) were recorded directly in equity under other provisions. Cumulative actuarial losses at balance sheet date were €0.0 million (2007: €1.5 million).

10.6 Other provisions

The following changes were made to other provisions:

in € m	Opening balance	Change in the group of consolidated companies	Additions	Reversal	Accrued yield	Used	Closing balance	Non-current	Current
Obligations from plant closure	**4.0**	0.0	0.0	0.0	0.3	0.0	**4.3**	4.3	0.0
Imminent losses from pending transactions	**28.8**	0.0	28.1	8.9	0.0	0.4	**47.6**	19.2	28.4
Other personnel provisions	**84.7**	0.0	13.4	3.0	0.0	19.6	**75.5**	0.6	74.9
Provisions for early retirement	**4.4**	0.0	1.8	1.7	0.0	0.0	**4.5**	0.4	4.1
Provisions for stock options	**6.8**	0.0	0.0	5.6	0.0	1.1	**0.1**	0.0	0.1
Provisions for environmental risks	**7.6**	0.0	0.6	0.7	0.0	0.0	**7.5**	0.0	7.5
Provisions for rent guarantees	**7.8**	0.0	0.5	3.7	0.0	0.8	**3.8**	0.5	3.3
Other provisions	**36.7**	-3.2	8.4	4.3	0.0	6.0	**31.6**	2.9	28.7
	180.8	**-3.2**	**52.8**	**27.9**	**0.3**	**27.9**	**174.9**	**27.9**	**147.0**

Provisions for obligations from plant closure refer solely to the long-term letting of gas and oil caverns.

Loss provisions from pending transactions mainly relate to share repurchase obligations concerning the actio(plus real estate investment fund of €4.4 million (2007: €13.3 million) and other tax risks of € 14.8 million (2007: €13.5 million). Other personnel provisions in particular result from €61.4 million (2007: €61.6 million) from obligations to VBL, bonuses, severance payments and special remuneration. The early retirement obligations are measured at actuarial net present value – weighted by the probability that those employees who have not yet signed early retirement agreements will do so – and arrears for wages and salaries are measured at nominal value.

See sections 12.13 and 12.14 with regard to provisions for stock options.

The environmental risks provision relates almost entirely to risks from legacy munitions sites.

The Group makes provisions for rent guarantees given as part of sales agreements if the probability of claims is higher than 50%. In no case did rent guarantees lead to the Group remaining exposed to the main risks and rewards of the assets sold.

Other provisions comprise €10.0 million (2007: €10.4 million) for a reconstruction obligation and €3.3 million (2007: €6.8 million) from social compensation plan obligations from the tank storage business sold in the previous year.

Probable cash outflows from provisions are €147.0 million (2007: €132.0 million) within one year, €27.6 million (2007: €40.1 million) within 1-5 years and €0.3 million (2007: €8.7 million) after 5 years.

10.7 Liabilities

	2008			2007		
in € m	**Total**	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Accounts payable	43.1	0.0	43.1	66.7	0.4	66.3
thereof to affiliates	*0.2*	*0.0*	*0.2*	*0.0*	*0.0*	*0.0*
Payments received for orders	5.8	0.0	5.8	12.8	0.0	12.8
Liabilities from other taxes	13.1	0.0	13.1	51.9	0.0	51.9
Liabilities from accrued interest	36.7	0.0	36.7	45.3	0.2	45.1
Liabilities from outstanding invoices	83.5	0.0	83.5	49.9	1.4	48.5
Other liabilities	82.7	7.1	75.6	64.5	48.0	16.5
thereof to related parties	*0.0*	*0.0*	*0.0*	*25.5*	*24.2*	*1.3*
thereof for social security	*1.0*	*0.0*	*1.0*	*0.8*	*0.0*	*0.8*
Deferrals	15.1	2.9	12.2	28.0	8.0	20.0
Total	**280.0**	**10.0**	**270.0**	**319.1**	**58.0**	**261.1**

The carrying amounts presented approximate to fair value. The other tax liabilities mostly relate to value added tax in other countries. In the financial year 2007 this included €24.1 million property acquisition tax (GrESt).

11. LEASING

11.1 Operating leases

11.1.1 IVG as lessor

The Group is lessor in a number of operating lease agreements for investment property, from which it derives the majority of its revenues and income. Furthermore various rental agreements exist for other properties. However, there are no significant preemption rights for tenants.

With regard to operating leases, investment property with a carrying amount of €5,029.6 million (2007: €5,361.8 million) was leased.

Also rents were achieved from properties with a carrying amount of €108,2 million (2007: €353.9 million) which were recognised under non-current assets held for sale. In addition, in 2007 rents from properties in current assets with a carrying amount of €619.7 million were also achieved.

IVG will receive the following minimum lease payments from existing operating leases with third parties:

in € m	2008	2007
Up to 1 year	317.7	338.7
1 to 5 years	894.9	1,159.3
Over 5 years	837.4	3,861.5
	2,050.0	**5,359.5**

The significant change in minimum lease payments from 2007 to 2008 results from the investment property purchased in the previous financial year and acquired in this financial year and from the disposal of cavern assets and the so related leases.

The minimum lease payments represent expected net rents up to the end of the rent agreement or up to the earliest date at which the lessee (tenant) can cancel the agreement without regard to whether a cancellation or the waiver of a renewal option is actually expected. As in the previous year, no contingent rent payments were made.

11.1.2 IVG as lessee

Total expenses for operating leasing for IVG as lessee amounted to €6.6 million (2007: €6.8 million). As in the previous year, no contingent rent payments were made. The operating leases were primarily for properties let in various locations. The individual rent agreements are of minor significance for the financial position and financial performance of the Group. As in the previous year, revenue from sublets is negligible.

The following minimum lease payments are due in upcoming periods:

in € m	2008	2007
Up to 1 year	2.2	5.8
1 to 5 years	5.4	12.4
Over 5 years	0.1	0.7
	7.7	**18.9**

The Group is not subject to any relevant restrictions on financing, dividends or other leasing agreements as a result of its financing and operating leases, whether as lessor or lessee.

11.2 Finance leases

The Group is a lessor with respect to finance leases for investment property. Neither had IVG obligations from finance leases as a lessee in this year nor in the previous year.

In future periods the following gross amounts will be received from finance leases. In addition to the minimum lease payments the gross amounts include the residual values of the leasing items when their realisation by the lessor is not certain (non-guaranteed residual values).

	2008					2007				
in € m	Gross amount	Dis-counted	Net amount	Present value of non-guaranteed residual values	Present value of minimum lease payments	Gross amount	Dis-counted	Net amount	Present value of non-guaranteed residual values	Present value of minimum lease payments
Up to 1 year	1.7	0.1	1.6	0.0	1.6	1.7	0.1	1.6	0.0	1.6
1 to 5 years	6.6	1.2	5.4	0.0	5.4	6.6	1.2	5.4	0.0	5.4
Over 5 years	40.7	26.1	14.6	2.9	11.7	145.3	98.8	46.5	2.7	43.7
	49.0	**27.4**	**21.6**	**2.9**	**18.7**	**153.6**	**100.1**	**53.5**	**2.7**	**50.7**

As in the previous year, the gross amounts include non-guaranteed residual values of €10.6 million (2007 €10.6 million). In the previous year, leasing receivables amounting to €75.5 million were sold. During the past financial year, after release of forfeit of receivables from leasing of caverns as part of the deconsolidation of the cavern Spezialfond, there was a fall in leasing receivables of €106.3 million (2007: €0.0 million).

In the reporting year, as in the previous year, no contingent lease payments were received. There were no accumulated impairment losses for irrecoverable minimum lease payments.

12. Other notes

12.1 Management of financial risk

The IVG Group is exposed to various financial risks in the course of its business: currency risk, credit risk, liquidity risk and interest rate risk. The overall risk management of the Group is focussed on the unpredictability of developments on financial markets with the objective of minimising the potentially negative impact on the financial position of the Group. To hedge itself against specific risks, the Group uses systematically derivative finance instruments.

Risk is managed in the Group Finance department in line with guidelines drawn up by the Management Board. IVG identifies, measures and hedges financial risks in close cooperation with the operating units of the Group. The Management Board prescribes both guidelines for risk management and principles for specific areas, e.g. handling currency risk, interest rate risk and credit risk, the use of derivative and non-derivative finance instruments and the use of liquidity surpluses.

The Management Board and Supervisory Board are informed regularly about the financial risk factors faced by the Group. Compliance with guidelines is monitored by the internal audit department.

(a) Currency risk

The Group operates on an international basis. As a result, it is exposed to currency risk as a result of changes in the exchange rates of various foreign currencies, primarily the Pound Sterling and the Swiss Franc.

Currency risks arise in relation to future business transactions, capitalised assets and debts which are denominated in a currency which is not the functional currency of the company. Currency risk is hedged partially by specific currency derivative contracts, especially by currency swaps and interest rate swaps with external third parties. Investments in foreign currency are also hedged in parts by borrowing in the same currency (natural hedge).

If the conditions for hedge accounting are cumulatively met, contracts are designated as cash flow hedges or net investment hedges, depending on the variant.

Changes in exchange rates of IVG's financial instruments of derivatives and foreign currency positions not designated in hedge accounting can have an effect on the financial result, and changes in value of derivatives in hedge accounting can affect provisions for hedges in equity and the fair value of these derivatives.

If the Euro had been 10% stronger (or weaker) against other currencies at 31 December 2008 or 31 December 2007 the financial result would have been €14.2 million (€-15.9 million) higher (lower) (2007: €+8.5 million/€-10.8 million), of which €+24.0 million (€-26.6 million) would be from derivatives (2007: €+3.0 million/-3.7 million). The effect on provision for hedges in equity would be €+0.1 million (€ -0.1 million) as at 31 December 2008 and €+5.2 million (€-6.4 million) as at 31 December 2007.

(b) Credit risk

There is no material credit risk within the Group. Derivative financial instrument contracts and financial transactions are only closed with financial institutions with high credit ratings, keeping counterparty default risk to a minimum. As a rule the Group has no netting agreements with its transaction partners, so the fair values of the financial assets are their maximum credit risk. IVG is subject to a default risk from its operational business. This risk is minimised by a good tenant mix and the credit-worthiness of tenants. Accounts receivable are monitored decentrally during normal operations. Default risks are covered by individual provisions. The maximum theoretical default risk is shown in the carrying amount of financial assets presented in the balance sheet. There are further risks for loans, which are continually monitored by IVG,

(c) Liquidity risk

Group financial planning instruments ensure the early identification of the complex liquidity situation resulting from the implementation of Group strategy and Group planning process. In addition to financial planning with a time horizon of several years, the Group also has a rolling monthly liquidity plan for a planning period over twelve months. The 12-month liquidity overview is updated on a timely basis using actual data. The entire group of consolidated companies is mapped in the planning system.

Prudent liquidity management includes a sufficient reserve of cash and cash equivalents.

In addition, as at 31 December 2008, the IVG Group had unused credit commitments of approximately €0.86 billion (2007: €1.67 billion) of which €0.71 billion is project-related and €0.53 billion (2007: €0.33 billion) leeway in its German and Belgian commercial paper programmes. The leeway in the commercial paper programme is effectively blocked due to the fact that the commercial paper market is no longer functioning. Due to the dynamism of the business environment in which the Group operates, the objective of the Group Finance department is to provide the necessary financing flexibility.

(d) Interest rate risk

Interest rate risks result from market fluctuations in interest rates and changes in margins when taking out new contracts or prolonging contracts. They affect the amount of future interest expenses in the IVG Group. They also affect the market value of financial instruments.

The aim is to minimise the risk of future fluctuations in interest expenses.

A material proportion of the bank loans in the IVG Group are at fixed interest rates, making the impact of interest rate fluctuations predictable for the medium-term future.

With floating rate bank loans the Group is exposed to a cash flow interest rate risk. The Group primarily protects itself against the cash flow interest rate risk by using interest rate swaps (payer swaps), which convert floating into fixed interest so that from an economic perspective the floating interest loans can be converted in fixed interest positions. Thus the Group usually takes out floating interest rate loans and used swaps to convert them into fixed interest loan obligations.

In order to optimise net interest expense, and as part of the active buy and sell strategy, a maximum of 30% of assumed liabilities are held at floating rates. Future interest payments on planned borrowings are also hedged.

Changes in exchange rates of IVG financial instruments of derivatives and foreign currency positions not designated in hedge accounting can have an effect on the financial result, and changes in value of derivatives in hedge accounting can affect provisions for hedges in equity and the fair value of these derivatives.

If market interest rates had been 0.25% stronger (or weaker) at 31 December 2008, the financial result would have been €+1.4 million (€-1.5 million) lower (higher) (2007: €-3.0 million / €3.0 million) of which €+6.6 million (€-6.7 million) would be from derivatives (2007: €+0.6 million (€-0.6 million). The effect on provision for hedges in equity would be €+15.4 million (€-15.5 million) as at 31 December 2008 and €+23.9 million (€-24.4 million) as at 31 December 2007.

12.1.1 Additional notes to financial instruments

Financial instruments can be classified as original or derivative financial instruments. Original financial instruments on the assets side include other financial investments, receivables, short-term securities and cash and cash equivalents. Financial assets held for sale are shown at fair value, provided that it may be reliably determined. Other financial assets are shown at amortised cost. On the liabilities side, original financial instruments include liabilities valued at amortised cost. The inventory of original financial instruments is shown on the balance sheet and the amount of the financial assets is equivalent to the maximum default risk.

Where default risks are identifiable for financial assets, these risks are recognised as impairment losses. Fair values are determined in accordance with recognised valuation methods. For valuation of derivatives, see section 7.4.

For impairment losses of financial assets, see section 9.4.

Impairment losses on receivables and other assets are as follows:

in € m	**2008**	**2007**
As of 01.01.	**29.1**	**25.6**
Additions	5.8	6.0
Reversal	-13.8	-0.6
Use	-2.3	-1.9
As of 31.12.	**18.8**	**29.1**

At balance sheet date there were overdue amounts, receivables and other assets which had not been subjected to impairment loss of:

Receivables not subject to impairment loss						Overdue
in € m	Carrying amount 31.12.2008	Not overdue	Up to 90 days	91 to 180 days	181 to 364 days	Over one year
Loans	68.9	55.4			1.9	1.7
Receivables and other assets	142.6	126.2	8.4	1.5	0.1	0.5
	211.5	**181.6**	**8.4**	**1.5**	**2.0**	**2.2**

Receivables not subject to impairment loss						Overdue
in € m	Carrying amount 31.12.2007	Not overdue	Up to 90 days	91 to 180 days	181 to 364 days	Over one year
Loans	138.5	138.5				
Receivables and other assets	228.0	204.6	5.0	0.6	1.6	0.8
	366.5	**343.1**	**5.0**	**0.6**	**1.6**	**0.8**

Financial instruments are recognised in the income statement with the following net profit (pursuant to IFRS 7):

in € m	2008	2007
Financial assets and liabilities recognised in the income statement at fair value	-11.7	11.8
thereof initially recognised as such	*-7.3*	*5.5*
thereof held for trading purposes	*-2.7*	*0.8*
Non-current financial assets held for sale	-25.5	1.0
Loans and receivables	-203.9	14.2
Liabilities held at (amortised) cost	-146.5	-153.1

Net profit includes interest, dividends, impairment losses, reversals and earnings from the valuation of financial instruments at fair value and currency effects.

Financial assets and liabilities can be classified in valuation categories with the following carrying amounts and fair values:

2008 in € m	Valuation category according to IAS 39	Carrying amount 31.12.2008	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Application of IFRS 7	Fair value 31.12.2008
Financial assets								
Shares	AfS	138.8			138.8			138.8
Designated securities	afvtpl	37.7				37.7		37.7
Loans	LaR	69.0	69.0					69.0
Securities								
Securities	AfS	1.4		1.0	0.4			1.4
Derivative financial instruments								
Derivatives in non-hedge accounting	FAHfT	38.7				38.7		38.7
Receivables and other assets								
Trade receivables	LaR	40.0	40.0					40.0
Receivables from finance leasing	n.a.	21.6	21.6					30.8
Receivables from associated companies	LaR	15.0	15.0					15.0
Receivables from affiliates	LaR	4.5	4.5					4.5
Receivables from other equity investments	LaR	10.2	10.2					10.2
Receivables from other taxes	n.a.	50.5					50.5	50.5
Other assets	LaR	51.2	51.2					51.2
Prepaid expenses	n.a.	4.0					4.0	4.0
Cash and cash equivalents	LaR	44.2	44.2					44.2
Financial liabilities								
Convertible bond	FLAC	305.3	305.3					154.6
Liabilities to banks	FLAC	5,161.5	5,161.5					5,180.5
Liabilities to affiliates	FLAC	6.8	6.8					6.8
Minority interests in partnerships	FLAC	53.7	53.7					53.7
Other financial liabilities (including CP programme)	FLAC	72.2	72.2					72.2
Derivative financial instruments								
Derivatives in hedge accounting	n.a.	87.8			87.8			87.8
Derivatives in non-hedge accounting	FLHfT	17.2				17.2		17.2
Liabilities								
Accounts payable	FLAC	43.1	43.1					43.1
Prepayments for orders	FLAC	5.8	5.8					5.8
Liabilities from other taxes	n.a.	13.1					13.1	13.1
Liabilities from accrued interest	FLAC	36.7	36.7					36.7
Liabilities from outstanding invoices	FLAC	83.5	83.5					83.5
Other liabilities	FLAC	82.7	82.7					82.7
Deferrals	n.a.	15.1					15.1	15.1

Legend	AfS:	Available for Sale	FAHfT:	Financial Assets Held for Trading
	afvtpl:	fair value through profit or loss	FLHfT:	Financial Liabilities Held of Trading
	LaR:	Loans and Receivables	FLAC:	Financial Liabilities At Cost

2007 in € m	Valuation category according to IAS 39	Carrying amount 31.12.2007	Amortised acquisition cost	Acquisition cost	Fair value recognised directly in equity	Fair value recognised as income	Application of IFRS 7	Fair value 31.12.2007
Financial assets								
Shares	AfS	55.4			55.4			55.4
Designated securities	afvtpl	45.0				45.0		45.0
Loans	LaR	138.6	138.6					138.6
Securities								
Securities	AfS	11.4		1.3	10.1			11.4
Derivative financial instruments								
Derivatives in hedge accounting	n.a.	41.2			41.2			41.2
Derivatives in non-hedge accounting	FAHfT	3.0				3.0		3.0
Receivables and other assets								
Trade receivables	LaR	46.2	46.2					46.2
Receivables from finance leasing	n.a.	53.5	53.5					66.0
Receivables from associated companies	LaR	19.0	19.0					19.0
Receivables from affiliates	LaR	7.2	7.2					7.2
Receivables from other equity investments	LaR	12.5	12.5					12.5
Receivables from other taxes	n.a.	52.9					52.9	52.9
Surplus on plan assets	n.a.	1.1					1.1	1.1
Loans	LaR	0.5	0.5					0.5
Other assets	LaR	89.1	89.1					89.1
Prepaid expenses	n.a.	11.3					11.3	11.3
Cash and cash equivalents	LaR	105.7	105.7					105.7
Held-for-sale non-current financial instruments								
Receivables and other assets	LaR	4.4	4.4					4.4
Cash and cash equivalents	LaR	0.5	0.5					0.5
Derivatives	n.a.	0.7			0.7			0.7
Financial liabilities								
Convertible bond	FLAC	298.1	298.1					312.1
Liabilities to banks	FLAC	4,101.2	4,101.2					4,099.1
Liabilities to affiliates	FLAC	7.1	7.1					7.1
Minority interests in partnerships	FLAC	58.1	58.1					58.1
Other financial liabilities (including CP programme)	FLAC	324.7	324.7					324.7
Derivative financial instruments								
Derivatives in hedge accounting	n.a.	0.0						0.0
Derivatives in non-hedge accounting	FLHfT	1.8				1.8		1.8
Liabilities								
Accounts payable	FLAC	66.7	66.7					66.7
Prepayments for orders	FLAC	12.8	12.8					12.8
Liabilities from other taxes	n.a.	51.9					51.9	51.9
Liabilities from accrued interest	FLAC	45.3	45.3					45.3
Liabilities from outstanding invoices	FLAC	49.9	49.9					49.9
Other liabilities	FLAC	64.5	64.5					64.5
Deferrals	n.a.	28.0					28.0	28.0
Held-for-sale non-current financial instruments recognised as liabilities								
Liabilities to banks	FLAC	343.8	343.8					343.8
Other liabilities	FLAC	7.4	7.4					7.4

Legend
AfS: Available for Sale
afvtpl: fair value through profit or loss
LaR: Loans and Receivables
FAHfT: Financial Assets Held for Trading
FLHfT: Financial Liabilities Held of Trading
FLAC: Financial Liabilities At Cost

The table below shows the total of contractually agreed undiscounted interest payments and capital repayments from non-derivative financial liabilities, liabilities from property disposal groups, liabilities and net interest payments for derivative financial instruments with negative fair values:

	Bank liabilities and CPs at floating interest rates (interest and repayment)		Bank liabilities and loans at fixed interest rates (interest and repayment)		Derivative financial instruments with negative fair value		Other financial liabilities, liabilities and minority interests to partnerships	
in € m	**31.12.2008**	**31.12.2007**	**31.12.2008**	**31.12.2007**	**31.12.2008**	**31.12.2007**	**31.12.2008**	**31.12.2007**
Up to 1 year	-1,324.6	-1,464.4	-192.2	-199.1	-18.8	0.7	-206.9	-243.3
1 to 2 years	-823.6	-473.6	-51.6	-330.1	-14.1	0.7	0.0	-0.3
2 to 3 years	-302.1	-573.0	-98.1	-63.6	-14.0	0.7	0.0	0.0
3 to 4 years	-1,088.8	-261.0	-45.2	-111.4	-14.4	0.7	-7.1	-23.8
4 to 5 years	-167.1	-473.8	-66.5	-68.6	-0.5	0.7	0.0	0.0
Over 5 years	-1,752.1	-1,700.9	-460.9	-650.2	-0.8	0.1	-53.7	-34.9

Where the repayment date is to be determined by the other party, the liability is recognised on the basis of the earliest date in the time frame at which the IVG Group can be requested to make payments. Financial liabilities which the IVG Group can be required to pay upon demand, are allocated to the earliest time frame.

Floating-rate interest payments from liabilities are determined on the basis of the last fixed interest rate prior to 31 December 2007 or 31 December 2008. Foreign currency holdings are converted at the exchange rate at balance sheet date. Changes to cash flows can result in particular from changes to interest rate levels, currency exchange rates, early repayment, prolongation of liabilities and future new contracts, leasing and derivatives.

For some property financing with agreed covenants, such as loan to value (LTV – ratio between net liabilities and fair value of financed property), where the agreed LTV is exceeded, some credit agreements require that IVG makes an extraordinary repayment or provision of additional guarantees within a fixed period in order to repair the level of loan to value. Significant changes in the fair value of financed properties can lead to agreed LTVs being exceeded.

In case of a property financing, the relevant LTV covenant is to be determined to 30 September 2009 as part of the fixed process of revaluation. At present there has been no breach of this covenant. The subsequent valuation will be made by a neutral appraiser pursuant to § 194 of the Federal Building Code (BauGB) and the 1998 regulation on the determination of value (WertV 98). If the covenant is exceeded at balance sheet date, this does not constitute a breach of contract. There is no breach until the financial performance figure is calculated pursuant to the prescribed calculation method and the breach is not repaired within 20 banking days of the determination being made. Repair of the breach can be made by laying down extra security in a reserve account or by partial repayment. IVG has set aside such reserves in its liquidity planning for 2009. If a higher LTV is set in the future, IVG will seek an alternative solution with respect to setting aside in property security.

12.2 Guarantees and contingent liabilities

in € m	**2008**	**2007**
Financial guarantees	339.6	280.9
thereof bank guarantees	*62.7*	*77.7*
Contractual guarantees	38.3	22.4
Other contingent liabilities	60.4	2.0
	438.3	**305.3**

The financial guarantees are guarantees to third parties in favour of parties not related to the Group and Group companies not included in the consolidated financial statements. The bank guarantees are guarantees given by banks to third parties to cover payment, performance and warranty obligations of Group companies.

Contractual guarantee obligations include only letters of comfort of €38.3 million (2007: €22.4 million) against third parties. Adequate provisions for rent guarantees given on property disposals have been made.

Long-term repurchase obligations are discounted at 5.5% p.a. (previous year 5.5%). Letters of comfort issued to third parties in respect of consolidated subsidiaries are only included to the extent that they give rise to separate obligations from the point of view of the Group as a whole.

Other contingent liabilities refer mainly to litigations regarding fulfilment of a contract for the sale of land in the amount of €2.2 million, a compensation claim from construction work on a property that was sold previously in the amount of €2.6 million, a legal dispute about pre-emption rights from a rental contract in the amount of €33.2 million, a claim for the return of share certificates amounting to €3.9 million and a commission payment of €1.8 million.

Concerning the sale of the Allianz portfolio in 2007, there is a risk that if IVG does not list the REIT on the stock exchange by 2011, it will have to pay an exit tax amounting to about €16.7 million to Allianz.

No provisions were recognised in connection with ongoing or pending litigation on the sale of shares, rent guarantees, claims for defects or prospectus liability, as in our opinion and the opinion of our legal advisors, the probability of an outflow of resources is less than 50%. We consider that for all other risks the probability of an outflow of resources is less than 10%.

Significant outflows of resources from assumed liabilities are unlikely. There were no guarantees for bills of exchange or cheques.

12.3 Capital management

The main aim of capital management at the IVG Group is to ensure that the ability to meet liabilities and financial security continue to be upheld in the future.

Financial security is mainly evaluated by the equity ratio. The main elements of this ratio are the total assets of the consolidated financial statements and the equity and liabilities shown in the consolidated balance sheet, including the hybrid loan classified as equity and minority interests in incorporated companies, representing the capital of the IVG Group in the meaning of IAS 1. The equity ratio is an important key figure for investors, analysts, banks and rating agencies.

Management of the capital structure at IVG is carried out by adjustment of dividends, reduction of corporate capital or issuance of new capital, and the issuance of financial instruments which qualify as equity under IFRS. Our goal is to have a capital structure which is in line with business risks.

IVG is subject to the minimum capital requirements for public corporations. Compliance with these requirements is monitored on an ongoing basis. In 2008 IVG complied with all requirements.

	2008	2007	Change in %
Equity in € m	1,390.9	2,117.1	-34.3
Total assets in € m	7,875.5	8,241.0	-4.4
Equity ratio in % according to carrying amounts	17.7	25.7	-31.1

The equity ratio decreased due to the negative consolidated net profit and the rising levels of investment activity in recent years which have led to increased borrowings. Our borrowings increased in particular by increasing the financial liabilities to banks.

12.4 Other financial obligations

Financial obligations totalling €788.0 million exist under contracts already awarded for commenced or planned investment projects and under contractual agreements with tenants and other parties (2007: €1,054.8 million).

They refer to investments in investment property of €80.9 million (2007: €1,053.9 million). Liabilities from investments in investment property amount to €70.9 million (2007: €1,052.5 million) refering to purchases, construction and extension work and €10.0 million (2007: €1.4 million) refer to repairs, maintenance and improvements. There are also obligations for fund projects amounting to €168.0 million, project developments amounting to €463.0 million and an obligation for the purchase of certificates of a fund amounting to €76.1 million.

For future obligations from lease agreements, we refer to the separate notes on finance and operating leases (see section 11).

12.5 Contingent assets

There were no material contingent assets at balance sheet date.

12.6 Consolidated cash flow statement

The cash flow statement shows how the Group's cash position has changed due to inflows and outflows of cash and cash equivalents (see section 9.8) over the course of the financial year. In accordance with IAS 7 (Cash Flow Statement), cash flows are classified into cash flows from operating, investing and financing activities.

The cash and cash equivalents reported in the cash flow statement include all cash and cash equivalents, consisting of cash in hand and bank balances. Fixed term deposits are pledged in an amount of €20.5 million (2007: €1.6 million).

Cash flows from investing and financing activities are determined directly from receipts and payments. However, cash flow from operating activities are determined from consolidated net profit before taxes and interest (EBIT) using the indirect method. Under this indirect method, changes in balance sheet items relating to operating activities are adjusted for the effects of changes in the group of consolidated companies and changes in value caused by currency exchange rates. As a result, the changes in balance sheet items reported in the cash flow statement can not be reconciled with the corresponding figures in the published consolidated balance sheet.

12.7 Segment reporting

Segment reporting was prepared in line with IAS 14 (Segment Reporting).

Based on the internal reporting and organisational structures within the Group, individual Group data relating to the financial statements is presented according to the line of business and geographical area. The objective of the segmentation is to transparently show the financial position and performance of the individual activities and different regions of the Group.

In line with the organisational structure of the Group, the primary reportable segment is the business segment.

As of 31 December 2008, the Group is organised into four business segment:

(1) IVG Investment focuses on optimising value of its own office properties. The division promotes an active buy and sell strategy, which is oriented on value potential of the property and market cycles.
(2) The IVG Funds division develops, sells and manages high-quality fund products. The business is developing along two independent product lines: one for institutional investors, the other for private investors.
(3) The focus of the IVG Development division is the development of office property projects in selected European cities and growth regions.
(4) As an autonomous company in Etzel, the IVG Caverns division builds and leases underground storage capacity facilities (caverns) to third parties for the storage of oil and gas.

In addition to these four main divisions, there are also the operational functions, Asset Management and Transaction. These departments provide services to the divisions and their costs are apportioned between the relevant divisions. The segment non-core business consisted in the previous year of the tank park division which was sold in the financial year 2007. The corporate functions are the Group functions.

01.01. - 31.12.2008	IVG Investment			IVG Funds		
in € m	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total
External revenues	361.8		361.8	111.4		111.4
Internal revenues	2.3		2.3	7.9		7.9
Total revenues	**364.1**	**0.0**	**364.1**	**119.3**	**0.0**	**119.3**
Net rents from investment property	310.5		310.5	0.0		0.0
Other net rents	10.5		10.5	24.2		24.2
Income from service charges	40.9		40.9	0.1		0.1
Income from project disposals	0.0		0.0	0.0		0.0
Income from production orders	0.0		0.0	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	33.0		33.0
Income from fund and property management	0.0		0.0	61.2		61.2
Other revenues	2.2		2.2	0.8		0.8
Changes in inventories and other own work capitalised	-0.9		-0.9	50.7		50.7
Unrealised changes in market value of investment property	0.0	-671.2	-671.2	0.0		0.0
Realised changes in market value of investment property	15.8		15.8	0.0		0.0
Other operating income	41.8		41.8	18.0		18.0
Material expenses	-0.3	-1.9	-2.2	-75.2		-75.2
Personnel expenses	-0.8		-0.8	-13.9		-13.9
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.4	-12.5	-12.9	-0.6		-0.6
Expenses from investment property	-75.1		-75.1	0.0		0.0
Other operating expenses	-69.9		-69.9	-61.3	-7.8	-69.1
Gains/loss from associated companies accounted for using the equity method	-16.5		-16.5	14.6		14.6
Income from share investments	0.1		0.1	-0.8		-0.8
Segment result (EBIT)	**257.9**	**-685.6**	**-427.7**	**50.8**	**-7.8**	**43.0**
Financial result						
Net profit before tax						
Income taxes						
Consolidated net profit						
Segment assets			5,408.4			644.2
thereof shares in associated companies			*21.3*			*7.7*
Segment liabilities			106.5			70.0
Investments			1,055.5			65.2

- *Unrealised changes in value of €38.0 million result from the completion of the property at 14Cornhill, London, in March 2008, This property was sold in December 2008 with a realised change in value of €-22.7 million). The total (positive) effect was €15.3 million).*

IVG Development			IVG Caverns				Consolidation					Group
Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total	IVG corporate functions	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Group earnings and losses
69.0		69.0	57.2		57.2	9.2	0.0		0.0	608.6	0.0	608.6
0.4		0.4	0.0		0.0	41.1	-51.7	0.0	-51.7	0.0	0.0	0.0
69.4	**0.0**	**69.4**	**57.2**	**0.0**	**57.2**	**50.3**	**-51.7**		**-51.7**	**608.6**	**0.0**	**608.6**
1.4		1.4	49.8		49.8	0.1	-0.6		-0.6	361.2	0.0	361.2
5.0		5.0	0.2		0.2	0.4	-2.0		-2.0	38.3	0.0	38.3
1.2		1.2	0.0		0.0	0.2	-0.2		-0.2	42.2	0.0	42.2
53.0		53.0	0.0		0.0	0.0	-0.4		-0.4	52.6	0.0	52.6
7.2		7.2	0.0		0.0	0.0	0.0		0.0	7.2	0.0	7.2
0.0		0.0	0.0		0.0	1.9	-1.3		-1.3	33.6	0.0	33.6
0.1		0.1	0.0		0.0	19.0	-18.2		-18.2	62.1	0.0	62.1
1.5		1.5	7.2		7.2	28.7	-29.0		-29.0	11.4	0.0	11.4
386.2		386.2	16.7		16.7	0.0	0.0		0.0	452.7	0.0	452.7
0.0	38.0*	38.0	0.0	48.5	48.5	0.0	0.0	1.4	1.4	0.0	-583.3	-583.3
-20.4		-20.4	175.7		175.7	0.0	0.0		0.0	171.1	0.0	171.1
36.7		36.7	181.8		181.8	35.5	-23.5		-23.5	290.3	0.0	290.3
-396.6	-215.1	-611.7	-3.4		-3.4	-8.4	8.3		8.3	-475.6	-217.0	-692.6
-10.6		-10.6	-7.3		-7.3	-36.2	0.0		0.0	-68.8	0.0	-68.8
-0.8		-0.8	-2.6		-2.6	-1.0	0.0		0.0	-5.4	-12.5	-17.9
-3.8		-3.8	-2.8		-2.8	0.0	0.0		0.0	-81.7	0.0	-81.7
-24.1		-24.1	-22.8		-22.8	-58.4	65.7		65.7	-170.8	-7.8	-178.6
3.9		3.9	0.0		0.0	0.0	0.0		0.0	2.0	0.0	2.0
0.0		0.0	1.6		1.6	-1.3	0.0		0.0	-0.4	0.0	-0.4
39.9	**-177.1**	**-137.2**	**394.1**	**48.5**	**442.6**	**-19.5**	**-1.2**	**1.4**	**0.2**	**722.0**	**-820.6**	**-98.6**
										-274.7	-123.8	-398.5
										447.3	**-944.4**	**-497.1**
												45.4
												-451.7
		757.9			342.0	30.1			0.0			7,182.6
		8.9			0.0	0.0			0.0			37.9
		80.1			44.5	101.4			0.0			402.5
		1.1			184.0	2.4			0.0			1,308.2

01.01. - 31.12.2007	IVG Investment			IVG Funds		
in € m	**Before changes in value**	**Unrealised changes in value**	**Total**	**Before changes in value**	**Unrealised changes in value**	**Total**
External revenues	253.0		253.0	147.4		147.4
Internal revenues	0.8		0.8	5.6		5.6
Total revenues	**253.8**	**0.0**	**253.8**	**153.0**	**0.0**	**153.0**
Net rents from investment property	208.9		208.9	10.6		10.6
Other net rents	7.5		7.5	2.1		2.1
Income from service charges	30.9		30.9	1.5		1.5
Income from project disposals	1.0		1.0	0.0		0.0
Income from production orders	0.0		0.0	0.0		0.0
Income from transactions, concepts and sales	0.0		0.0	136.0		136.0
Other revenues	5.5		5.5	2.8		2.8
Changes in inventories and other own work capitalised	-1.0		-1.0	0.0		0.0
Unrealised changes in market value of investment property		66.0	66.0		9.7	9.7
Realised changes in market value of investment property	69.2		69.2	1.4		1.4
Other operating income	25.9		25.9	20.4		20.4
Material expenses	-19.0		-19.0	-38.5	-1.6	-40.1
Personnel expenses	-11.9		-11.9	-27.2		-27.2
Depreciation and amortisation of intangible assets and property, plant and equipment	-0.4		-0.4	-1.4		-1.4
Expenses from investment property	-55.9		-55.9	-2.3		-2.3
Other operating expenses	-84.8		-84.8	-36.0		-36.0
Gains/loss from associated companies accounted for using the equity method	3.8		3.8	1.7		1.7
Income from share investments	-0.9		-0.9	1.8		1.8
Segment result (EBIT)	**178.8**	**66.0**	**244.8**	**72.9**	**8.1**	**81.0**
Financial result						
Net profit before income taxes						
Income taxes						
Consolidated net profit						
Segment assets			5,141.4			1,050.8
thereof shares in associated companies			*0.0*			*27.0*
Segment liabilities			135.8			422.3
Investments			2,380.5			5.1

	IVG Development			IVG Caverns						Group		
	Before changes in value	Unrealised changes in value	Total	Before changes in value	Unrealised changes in value	Total	Non-core business	IVG corporate functions	Consoli-dation	Before changes in value	Unrealised changes in value	Group earnings and losses
	69.9		69.9	49.1		49.1	13.0	0.0	0.0	532.4	0.0	532.4
	1.3		1.3	0.0		0.0	0.0	0.2	-7.9	0.0	0.0	0.0
	71.2	**0.0**	**71.2**	**49.1**	**0.0**	**49.1**	**13.0**	**0.2**	**-7.9**	**532.4**	**0.0**	**532.4**
	4.4		4.4	42.1		42.1	0.0	0.0	-3.1	262.9	0.0	262.9
	1.9		1.9	0.1		0.1	3.2	0.2	-2.0	13.0	0.0	13.0
	0.9		0.9	0.0		0.0	0.0	0.0	-0.7	32.6	0.0	32.6
	62.0		62.0	0.0		0.0	0.0	0.0	0.0	63.0	0.0	63.0
	0.9		0.9	0.0		0.0	0.0	0.0	0.0	0.9	0.0	0.9
	0.0		0.0	0.0		0.0	0.0	0.0	-4.9	131.1	0.0	131.1
	1.1		1.1	6.9		6.9	9.8	0.0	2.8	28.9	0.0	28.9
	269.1		269.1	1.6		1.6	0.0	0.0	0.0	269.7	0.0	269.7
		2.7	2.7		93.6	93.6	0.0	0.0	0.0	0.0	172.0	172.0
	67.3		67.3	0.0		0.0	0.0	0.0	-0.1	137.8	0.0	137.8
	19.6		19.6	0.5		0.5	5.8	20.9	-17.5	75.6	0.0	75.6
	-297.4	-19.8	-317.2	-1.7		-1.7	-0.6	-0.2	0.7	-356.7	-21.4	-378.1
	-8.6		-8.6	-4.2		-4.2	-4.8	-36.3	2.3	-90.7	0.0	-90.7
	-0.7		-0.7	-1.2		-1.2	-1.5	-0.5	0.0	-5.7	0.0	-5.7
	-1.2		-1.2	-4.7		-4.7	0.0	-0.3	0.5	-63.9	0.0	-63.9
	-22.9		-22.9	-9.0		-9.0	-3.6	-46.8	22.0	-181.1	0.0	-181.1
	1.2		1.2	0.0		0.0	0.0	0.0	0.0	6.7	0.0	6.7
	0.0		0.0	0.0		0.0	0.0	0.0	0.0	0.9	0.0	0.9
	97.6	**-17.1**	**80.5**	**30.4**	**93.6**	**124.0**	**8.3**	**-63.0**	**0.0**	**325.0**	**150.6**	**475.6**
										-119.3	3.5	-115.8
										205.7	**154.1**	**359.8**
												-58.8
												301.0
			775.6			667.2	0.0	50.7	0.0			7,685.7
			44.3			0.4	0.0	0.0	0.0			71.7
			66.5			30.8	11.1	158.2	0.0			824.7
			57.9			144.7	5.6	0.3	0.0			2,594.1

Segment results

Segment assets and segment liabilities consist of the following items and are reconciled with Group assets and Group liabilities as follows:

in € m	31.12.2008	31.12.2007
Intangible assets	249.7	258.7
Investment property	5,172.2	5,361.8
Other property, plant and equipment	368.1	412.4
Other shares	99.4	167.7
Shares in associated companies accounted for under the equity method	37.9	71.7
Inventories	1,002.2	966.0
Receivables and other assets	140.0	50.5
Non-current assets held-for-sale	109.1	385.6
Prepaid expenses	4.0	11.3
Segment assets	**7,182.6**	**7,685.7**
Other Group assets	692.9	555.3
Group assets	**7,875.5**	**8,241.0**

Other Group assets consist mainly of bank balances, deferred tax assets and non-current securities.

in € m	31.12.2008	31.12.2007
Pension provisions	10.8	9.6
Other provisions	174.9	176.7
Liabilities	201.7	249.8
Liabilities in connection with non-current assets held for sale	0.0	360.6
Deferrals	15.1	28.0
Segment liabilities	**402.5**	**824.7**
Other Group liabilities	**6,082.1**	**5,299.2**
Group liabilities	**6,484.6**	**6,123.9**

Inter-segment revenues show the amount of revenue transactions between the segments. They are carried out on an arms-length basis.

Transactions between segments are made on an arms-length basis.

Other Group liabilities mainly consist of financial liabilities (see section 10.2). The financial liabilities included in other Group liabilities are not segmented as the corresponding financial expenses are not included in the segment results.

Investments also include assumed liabilities.

Geographical segments

2008 in € m	Germany	UK	France	Benelux	Finland	Other countries	Group
External revenues	469.7	18.7	41.3	37.7	25.4	15.8	608.6
Operating earnings	-28.2	38.5	-122.1	16.9	5.1	-8.8	-98.6
Segment assets at carrying amounts	5,191.5	249.7	660.1	402.7	251.4	427.2	7,182.6
Investments	1,284.7	13.4	2.2	0.1	5.0	2.8	1,308.2

2007 in € m	Germany	UK	France	Benelux	Finland	Other countries	Group
External revenues	361.1	31.9	38.6	30.2	27.5	43.1	532.4
Operating earnings	204.0	89.1	74.8	-12.3	40.3	79.7	475.6
Segment assets at carrying amounts	4,962.0	569.9	743.2	767.5	295.3	347.8	7,685.7
Investments	2,367.1	52.9	164.9	0.0	5.1	4.1	2,594.1

The geographical segments are based on the location of the individual properties.

12.8 Events after the balance sheet date

Details of Management Board

The Supervisory Board of IVG Immobilien AG appointed Professor Dr Wolfgang Schäfers (44) as a member of the Management Board with effect from 1 February 2009. He replaces Dr Bernd Kottmann as CFO, who at his own request resigned from the Management Board with effect from 31 May 2009, after the General Meeting of IVG.

Sale of project developments

The Willy-Brandt-Straße 70 project in Hamburg was sold to an investor by transfer of the project company in its current state. Due to the current strategic reorganisation of IVG, the Management Board had decided to close down this project development.

Sale of property

To increase internal financing, IVG sold three properties in Berlin, Munich and Paris for over €140 million in separate transactions. The transactions have already contributed to liquidity and no external financing had to be paid off.

Squeeze out of IVG Deutschland Immobilien AG completed successfully

The „squeeze out“ resolution passed with a large majority at the General Meeting of IVG Deutschland Immobilien AG, held on 28 August 2008 and was registered in the Commercial Register on 10 March 2009. Shareholders have received a compensation in cash of €10.77 per share. IVG Deutschland Immobilien AG was delisted on 10 March 2009.

Prologation of loans

On 20 March 2009, IVG agreed new syndicated financing on the basis of term sheets for €1.3 billion with maturity to 28 December 2012 to cover various bilateral credit lines for the same amount that will expire in 2009/2010. The financing is still dependent on formal conditions, in particular the final Board approval of individual arrangers and relevant final loan and security documentation.

12.9 Related party disclosures

Related individuals are the Supervisory Board, Management Board and managerial staff and their close relatives. In addition to the consolidated subsidiaries, related companies are companies of Sal. Oppenheim, Cologne, and the unconsolidated subsidiaries and equity-accounted companies in the IVG Group.

Relationships with members of the Supervisory Board and Management Board are described in section 12.15. There were no transactions with close relatives of members of the Supervisory Board or Management Board.

In previous years, a loan was granted to one manager on arms-length terms. It was valued at balance sheet date at €80,000 (2007: €80,000). No collateral was provided. Otherwise there were no material business dealings with managerial staff or their close relatives.

Gross salaries of managerial employees totalled €22.9 million in the financial year 2008 (2007: €16.5 million).

All business dealings with unconsolidated subsidiaries and equity-accounted companies (participation in global cash management, general contractor agreements, etc.) were conducted at arms length. The volume of services provided amounts to €2.0 million (2007: € 5.2 million) (income) and services received (expense) amounted to €0.2 million (2007: €0.3 million).

In the financial year 2008, Sal. Oppenheim made a loan of over €50 million available to IVG in the period from 7 October to 18 November 2008 for the prefinancing of the caverns transaction. IVG paid a commission of €500,000.00 to Sal. Oppenheim for arranging the loan. IVG paid interest amounting to €41,917.78 to Sal. Oppenheim.

During the financial year 2008, IVG companies used services amounting to €1,083,176.22 from companies in the Sal. Oppenheim group (2007: €3.2 million). This refers mainly to contractual commissions for the arrangement of IVG property funds, provision of ongoing capital market services and advice about future corporate development and financing strategy. As of 31 December 2008, IVG had liabilities for these services against Sal. Oppenheim amounting to €514,428.00 (2007: €14,428.00).

On 31 December 2008 the IVG Group had receivables from bank balances against companies of Sal. Oppenheim amounting to €0.7 million (2007: €11.3 million).

12.10 Information pursuant to § 160 Abs. 1 No. 8 of the German Stock Corporation Act (AktG)

Universal-Investment-Gesellschaft mbH, Erlenstraße 2, 60325 Frankfurt am Main, Germany, notified us on 10 September 2008 pursuant to § 21 Abs. 1 and § 22 Abs. 1 sentence 1 No. 6 of the German Securities Trading Act (WpHG) that its share of voting rights in IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn exceeded the threshold of 3% on 8 September 2008 and on that day amounted to 3.45% (3,996,741 votes).

Universal-Investment-Gesellschaft mbH directly holds 0.59% (680,337 votes) and 2.86% (3,316,404 votes) were deemed as held by the company pursuant to § 22 Abs. 1 sentence 1 No. 6 WpHG (Spezialfonds).

UBS AG, Bahnhofstrasse 45, 8098 Zürich and Aeschenvorstadt 48, 4002 Basel, Switzerland, notified us on 26 September 2008 pursuant to § 21 Abs. 1 and § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn exceeded the threshold of 3% on 19 September 2008 and on that day amounted to 3.27% (3,795,452 votes).

UBS AG directly holds 3.27% (3,793,908 votes) and 0.001% (1,544 votes) are deemed as held by the company pursuant to § 22 Abs. 1 sentence 1 No. 1 WpHG.

UBS AG, Bahnhofstrasse 45, 8098 Zürich and Aeschenvorstadt 48, 4002 Basel, Switzerland, notified us on 26 September 2008 pursuant to § 21 Abs.1 and § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn had fallen below the threshold of 3% on 22 September 2008 and on that day amounted to 0.36% (414,773 votes).

UBS AG directly holds 0.36% (413,229 votes) and 0.001% (1,544 votes) are deemed as held by the company pursuant to § 22 Abs. 1 sentence 1 No. 1 WpHG.

Sal. Oppenheim jr. & Cie. S.C.A. notified us on 14 October 2008 pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that the share of the voting rights of Sal. Oppenheim jr. & Cie. Beteiligungen S.A. (Luxembourg), Rue Louvigny, 1946 Luxembourg in our company exceeded the threshold of 15% on 8 October 2008 and on that day amounted to 15.67% (18,178,481 votes).

Of these, 5.57% (6,462,481 votes) of Sal. Oppenheim jr. & Cie. Beteiligungen S.A. (Luxembourg) are deemed as held by Sal. Oppenheim jr. & Cie. KGaA pursuant to § 22 Abs. 1 sentence 1 No. 2 of the German Securities Trading Act (WpHG).

Sal. Oppenheim jr. & Cie. S.C.A. also notified us on 14 October 2008 pursuant to § 21Abs. 1 of the German Securities Trading Act (WpHG) that the share of the voting rights of Sal. Oppenheim jr. & Cie. KGaA, Unter Sachsenhausen 4, 50667 Cologne, in our company exceeded the threshold of 15% on that day and amounted to 15.67% (18,178,481 votes). 5.57% (6,462,481 votes) are directly held by Sal. Oppenheim jr. & Cie. S.C.A. ; this share is also deemed as held by Sal. Oppenheim jr. & Cie. S.C.A. pursuant to § 22 Abs.1 sentence 1 No. 2 of the German Securities Trading Act (WpHG) in conjunction with § 22 Abs. 1 sentence 2 WpHG. 10.10% (11,716,000 votes) of voting rights held by Sal. Oppenheim jr. & Cie. Beteiligungen S.A. (Luxembourg) are deemed as held by Sal. Oppenheim jr. & Cie. S.C.A. pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG).

Sal. Oppenheim jr. & Cie. S.C.A. also notified us on 14 October 2008 pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that the share of the voting rights of Sal. Oppenheim jr. & Cie. S.C.A., 4, rue Jean Monnet, L-2180 Luxembourg, in our company exceeded the threshold of 15% on 8 October 2008 and amounted to 15.67% (18,178,481 votes). All these voting rights were deemed as held by Sal. Oppenheim jr. & Cie. S.C.A. pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG).

The chain of companies controlled by Sal. Oppenheim jr. & Cie. S.C.A. that hold three per cent or more is:

- Sal. Oppenheim jr. & Cie. KGaA, Cologne
- Sal. Oppenheim jr. & Cie. Beteiligungen S.A. (Luxembourg)

5.57% (6,462,481 votes) of voting rights held by Sal. Oppenheim jr. & Cie. KGaA are also deemed as held by Sal. Oppenheim jr. & Cie. S.C.A. pursuant to § 22 Abs. 1 sentence 1 No. 2 of the German Securities Trading Act (WpHG) in conjunction with § 22 Abs. 1 sentence 2 WpHG.

Revising their notification of 14 October 2008, Sal. Oppenheim jr. & Cie. S.C.A. also notified us that pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that the share of the voting rights of Sal. Oppenheim jr. & Cie. KGaA, Unter Sachsenhausen 4, 50667 Cologne, in IVG Immobilien AG , Zanderstraße 5-7, 53177 Bonn, Germany, exceeded the threshold of 15% on 8 October 2008 and amounted to 15.67% (18,178,481 votes). 5.57% (6.462.481 votes) are directly held by Sal. Oppenheim jr. & Cie. KGaA; this share is also deemed as held by the company pursuant to § 22 Abs. 1 sentence 1 No. 2 of the German Securities Trading Act (WpHG) in conjunction with § 22 Abs. 1 sentence 2 WpHG. 10.10% (11,716,000 votes) of the voting rights held by Sal. Oppenheim jr. & Cie. Beteiligungen S.A. (Luxembourg) are deemed as held by Sal. Oppenheim jr. & Cie. KGaA. pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG).

Sal. Oppenheim jr. & Cie. S.C.A. also notified IVG Immobilien AG pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that the share of the voting rights of Sal. Oppenheim jr. & Cie. Beteiligungen S.A. (Luxembourg), Rue Louvigny, 1946 Luxembourg in IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany, exceeded the threshold of 20% on 23 October 2008 and on that day amounted to 20.00% + 1 share (23,200,001 votes).

Sal. Oppenheim jr. & Cie. S.C.A. also notified IVG Immobilien AG pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that the share of the voting rights of Sal. Oppenheim jr. & Cie. KGaA, Unter Sachsenhausen 4, 50667, Cologne, Germany, in IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany, exceeded the threshold of 20% on 23 October 2008 and on that day amounted to 20.00% + 1 share (23,200,001 votes). All of the voting rights of Sal. Oppenheim jr. & Cie. Beteiligungen S.A. (Luxembourg) are deemed as held by Sal. Oppenheim jr. & Cie. KGaA. pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG).

Sal. Oppenheim jr. & Cie. S.C.A. also notified IVG Immobilien AG pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that the share of the voting rights of Sal. Oppenheim jr. & Cie. S.C.A., 4, rue Jean Monnet, L-2180 Luxembourg, in IVG Immobilien AG, Zanderstraße 5-7, 53177 Bonn, Germany, exceeded the threshold of 20% on 23 October 2008 and on that day amounted to 20% + 1 share (23,200,001 votes). All these voting rights are deemed as held by Sal. Oppenheim jr. & Cie. S.C.A., 4, rue Jean Monnet, L-2180 Luxembourg, pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG). The chain of companies controlled by Sal. Oppenheim jr. & Cie. S.C.A., 4, rue Jean Monnet, L-2180 Luxembourg that hold three per cent or more is:

- Sal. Oppenheim jr. & Cie. KGaA
- Sal. Oppenheim jr. & Cie. Beteiligungen S.A. (Luxembourg).

LVM Landwirtschaftlicher Versicherungsverein Münster a.G, Münster, Germany, informed us on 30 October 2008 pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SIN: 620570 exceeded the threshold of 3% of voting rights on 9 September 2008 and now amounted to 3.31% (3,836,797 votes).

1.82% of the voting rights (2,115,525 votes) are deemed as held by Universal-Investment-Gesellschaft mbH, Erlenstraße 2, 60325 Frankfurt pursuant to § 22 Abs. 1 sentence 1 No. 1 WpHG.

On 14 January 2009, IVG Immobilien AG amended the voting rights notification from LVM of 30 October 2008 as follows.

LVM Landwirtschaftlicher Versicherungsverein Münster a.G, Münster, Germany, informed us on 30 October 2008 pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SIN: 620570 exceeded the threshold of 3% of voting rights on 9 September 2008 and now amounted to 3.31% (3,836,797 votes).

1.82% of the voting rights (2,115,525 votes) are deemed as held by the company pursuant to § 22 Abs. 1 sentence 1 No. 1 WpHG.

Janus Capital Management LLC, Denver, USA, informed us on 28 November 2008 pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SIN: 620570 had fallen below the threshold of 3% of voting rights on 29 October 2008 and now amounted to 2.55% of the voting rights (2,957,275 votes).

2.55% of the voting rights (2,957,275 votes) are deemed as held by Janus Capital Management LLC, Denver, USA pursuant to § 22 Abs. 1 sentence 1 No. 6 of the German Securities Trading Act (WpHG).

Clemens J. Vedder, Switzerland, informed IVG Immobilien AG on 18 December 2008 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that his share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the threshold of 3% of voting rights on 17 December 2008 and now amounted to 3.01% of the voting rights (3,492,203 of a total of 116,000,000 votes).

Of these voting rights Clemens J. Vedder, Switzerland, directly holds 0.57% (662,203 votes). These directly held voting rights were also deemed as held by Clemens J. Vedder, Switzerland, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

A further 2.44% (2,830,000 votes) of Blacksmith Fund Limited, Grand Cayman, Cayman Islands, via Goldsmith Capital Partners L. P., Grand Cayman, Cayman Islands, and Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, are deemed as held by Mr Vedder pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG). These directly held voting rights were also deemed to be held by Clemens J. Vedder, Switzerland, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, also notified IVG Immobilien AG (ISIN: DE0006205701) on 18 December 2008 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the threshold of 3% of voting rights on 17 December 2008 and now amounted to 3.01% of the voting rights (3,492,203 of a total of 116,000,000 votes).

Of these voting rights, 0.57% (662,203 votes) were deemed as held by Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

A further 2.44% (2,830,000 votes) of Blacksmith Fund Limited, Grand Cayman, Cayman Islands, via Goldsmith Capital Partners L. P., Grand Cayman, Cayman Islands, are deemed as held by Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG). These voting rights are also deemed to be held by Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, also notified IVG Immobilien AG (ISIN: DE0006205701) on 18 December 2008 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the threshold of 3% of voting rights on 17 December 2008 and now amounted to 3.01% of the voting rights (3,492,203 of a total of 116,000,000 votes).

Of these voting rights, 0.57% (662,203 votes) were deemed as held by Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

A further 2.44% (2,830,000 votes) of Blacksmith Fund Limited, Grand Cayman, Cayman Islands are deemed as held by Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG).

These voting rights are also deemed as held by Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 of the German Securities Trading Act (WpHG).

Blacksmith Fund Limited, Grand Cayman, Cayman Islands, also notified IVG Immobilien AG (ISIN: DE0006205701) on 18 December 2008 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the threshold of 3% of voting rights on 17 December 2008 and now amounted to 3.01% of the voting rights (3,492,203 of a total of 116,000,000 votes).

Of these voting rights, 0.57% (662,203 votes) were deemed as held by Blacksmith Fund Limited, Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 of the German Securities Trading Act (WpHG).

Santo Holding AG, Zurich, Switzerland informed us on 30 December 2008 pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SIN: 620570 exceeded the threshold of 3%, 5%, 10% and 15% of voting rights on 23 December 2008 and now amounted to 15.63% (18,133,651 votes).

Santo Holding AG, (Deutschland) GmbH, Stuttgart, Germany, informed us on 30 December 2008 pursuant to § 21 Abs. 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SIN: 620570 had fallen below the thresholds of 10%, 5% and 3% of voting rights on 23 December 2008 and now amounted to 0% (0 votes).

Clemens J. Vedder, Switzerland, notified IVG Immobilien AG (ISIN: DE0006205701) on 18 February 2009 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that his share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the threshold of 5% of voting rights on 18 February 2009 and now amounted to 5.17% of the voting rights (5,992,203 of a total of 116,000,000 votes).

Of these voting rights Clemens J. Vedder, Switzerland, directly holds 0.57% (662,203 votes). These directly held voting rights were also deemed as held by Clemens J. Vedder, Switzerland, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

A further 2.44% (2,830,000 votes) of Blacksmith Fund Limited, Grand Cayman, Cayman Islands, via Goldsmith Capital Partners L. P., Grand Cayman, Cayman Islands, and Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, are deemed as held by Mr Vedder pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG). These directly held voting rights were also deemed as held by Clemens J. Vedder, Switzerland, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

The 2.16% of the voting rights (2,500,000 votes) are deemed as held by Clemens J. Vedder, Switzerland, pursuant to § 22 Abs. 2 sentence 1 of the German Securities Trading Act (WpHG).

Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, also notified IVG Immobilien AG (ISIN: DE0006205701) on 18 February 2009 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of

IVG Immobilien AG (ISIN: DE0006205701) exceeded the threshold of 5% of voting rights on 18 February 2009 and now amounted to 5.17% of the voting rights (5,992,203 of a total of 116,000,000 votes).

Of these voting rights, 0.57% (662,203 votes) were deemed as held by Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

A further 2.44% (2,830,000 votes) of Blacksmith Fund Limited, Grand Cayman, Cayman Islands, via Goldsmith Capital Partners L. P., Grand Cayman, Cayman Islands, are deemed as held by Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG).

These voting rights are also deemed as held by Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

Of these voting rights, 2.16% (2,500,000 votes) were deemed as held by Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 2 sentence 1 of the German Securities Trading Act (WpHG).

Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, also notified IVG Immobilien AG (ISIN: DE0006205701) on 18 February 2009 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the threshold of 5% of voting rights on 18 February 2009 and now amounted to 5.17% of the voting rights (5,992,203 of a total of 116,000,000 votes).

Of these voting rights, 0.57% (662,203 votes) were deemed as held by Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

A further 2.44% (2,830,000 votes) of Blacksmith Fund Limited, Grand Cayman, Cayman Islands are deemed as held by Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands pursuant to § 22 Abs. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG). These voting rights are also deemed as held by Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 of the German Securities Trading Act (WpHG).

Of these voting rights, 2.16% (2,500,000 votes) were deemed as held by Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 2 sentence 1 of the German Securities Trading Act (WpHG).

Blacksmith Fund Limited, Grand Cayman, Cayman Islands, also notified IVG Immobilien AG (ISIN: DE0006205701) on 18 February 2009 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the threshold of 5% of voting rights on 18 February 2009 and now amounted to 5.17% of the voting rights (5,992,203 of a total of 116,000,000 votes).

Of these voting rights, 0.57% (662,203 votes) were deemed as held by Blacksmith Fund Limited, Grand Cayman, Cayman Islands, pursuant to § 22 Abs. 1 sentence 1 No. 6 of the German Securities Trading Act (WpHG).

Blacksmith Fund Limited, Grand Cayman, Cayman Islands, is also deemed to hold 2.16% of the voting rights (2,500,000 votes) pursuant to § 22 Abs. 2 sentence 1 of the German Securities Trading Act (WpHG).

Klaus-Peter Schneidewind, Germany, notified IVG Immobilien AG (ISIN: DE0006205701) on 23 February 2009 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that his share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the thresholds of 3% and 5% of voting rights on 18 February 2009 and now amounted to 5.17% of the voting rights (5,992,203 of a total of 116,000,000 votes).

Of these voting rights Klaus-Peter Schneidewind, Germany, directly holds 0.86% (1,000,000 votes). These directly held voting rights were also deemed as held by Klaus-Peter Schneidewind, Germany, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

A further 1.29% of the voting rights (1,500,000 votes) are deemed as held by Klaus-Peter Schneidewind, Germany, pursuant to § 22 Abs. 1 sentence 1 No. 1 WpHG.

Klaus-Peter Schneidewind, Germany, is also deemed to hold 3.01% (3,492,203 votes) of Blacksmith Fund Limited, Grand Cayman, Cayman Islands pursuant to § 22 Abs. 2 sentence 1 of the German Securities Trading Act (WpHG).

Schneidewind Vermögensverwaltungs GmbH, Dusseldorf, Germany, notified IVG Immobilien AG (ISIN: DE0006205701) on 19 February 2009 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the thresholds of 3% and 5% of voting rights on 18 February 2009 and now amounted to 5.17% of the voting rights (5,992,203 of a total of 116,000,000 votes).

Of these voting rights, 0.86% (1,000,000 votes) were deemed as held by Schneidewind Vermögensverwaltungs GmbH, Dusseldorf, Germany, pursuant to § 22 Abs. 1 sentence 1 No. 6 and sentence 2 of the German Securities Trading Act (WpHG).

A further 1.29% of the voting rights (1,500,000 votes) are deemed as held by Schneidewind Vermögensverwaltungs GmbH, Dusseldorf, Germany, pursuant to § 22 Abs. 1 sentence 1 No. 1 WpHG.

Schneidewind Vermögensverwaltungs GmbH, Dusseldorf, Germany, is also deemed to hold 3.01% (3,492,203 votes) of Blacksmith Fund Limited, Grand Cayman, Cayman Islands pursuant to § 22 Abs. 2 sentence 1 of the German Securities Trading Act (WpHG)

NHH Norddeutsche Handels Holding GmbH, Hamburg, Germany, notified IVG Immobilien AG (ISIN: DE0006205701) on 19 February 2009 pursuant to § 21 Abs. 1 sentence 1 of the German Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG (ISIN: DE0006205701) exceeded the thresholds of 3% and 5% of voting rights on 18 February 2009 and amounted to 5.17% of the voting rights (5,992,203 of a total of 116,000,000 votes).

Of these voting rights, 0.86% (1,000,000 votes) were deemed as held by NHH Norddeutsche Handels Holding GmbH, Hamburg, Germany, pursuant to § 22 Abs. 1 sentence 1 No. 6 of the German Securities Trading Act (WpHG).

NHH Norddeutsche Handels Holding GmbH, Hamburg, Germany, is also deemed to hold 3.01% (3,492,203 votes) of Blacksmith Fund Limited, Grand Cayman, Cayman Islands pursuant to § 22 Abs. 2 sentence 1 of the German Securities Trading Act (WpHG).

Notifications of voting rights from 2007

INKA Internationale Kapitalanlagegesellschaft mbH, Breite Strasse 29-31, 40213 Dusseldorf, Germany, informed us on 4 December 2007 pursuant to § 21 Abs. 1 of the German

Securities Trading Act (WpHG) that its share of the voting rights of IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SIN: 620570 exceeded the threshold of 3% of voting rights on 3 December 2007 and now amounted to 3.150% (3,654,336 votes). The voting rights were deemed as held by the company pursuant to § 22 Abs. 1 sentence 1 No. 6 of the German Securities Trading Act (WpHG).

12.11 Employee benefits – pensions

The various employers in the IVG Group maintain different types of employer-funded and employee-funded pension plans for employees, both as individual and collective agreements. Employer-funded schemes vary as to whether the employee is required to make contributions.

Pension provision for members of the Management Board is discussed in Section 12.15.

a) Employer-funded pension schemes without employee contributions

1a) Pension provision in accordance with VBL rules

Employees of IVG Immobilien AG generally have compulsory membership until 31 December 2007 of Versorgungsanstalt des Bundes und der Länder (VBL), a pension scheme operated by the German federal government and the German states. VBL is a pay-as-you-go pension scheme.

IVG pays VBL a contribution of 6.45% of the benefit and a refinancing contribution for liabilities of the VBL pay-as-you-go system primarily from the major reform to the VBL charter in 2001/2002.

For the last year of participation financial year 2007, this amounted to 15.54% for IVG Immobilien AG. Due to these incalculable future contributions in particular, IVG cancelled its participation in VBL, giving notice to 31 December 2007. Cancellation of the agreement with VBL by IVG Immobilien AG with effect from 31 December 2007 means that benefits of the VBL are limited to vested rights and current pensions at this date. Vested rights and future qualifying increases will have to be paid by IVG and financed by provisions. The amount of pension payable is based on the sum of annual pension credits in accordance with current VBL rules. Each pension credit is derived from the ratio of one twelfth of the additional employee contribution in relation to the reference amount of €1,000.00, multiplied by an age factor in the product measured of €4.00.

2a) Defined contribution book reserve schemes

The defined-contribution book reserve schemes in the IVG Group are based on a pension credit system and funded through pension provisions. For each calendar year of pensionable service, under collective agreements, the company concerned contributes 3% (for managerial employees 5%, managing directors 8%) of fixed annual salary.

The annual contribution is converted into accrued benefit (=pension credits) by applying an actuarially assessed commutation rate. The final benefit is the sum of the pension credits. When they fall due, annual benefits are paid out in twelve equal monthly amounts. The accrued benefits are independent of employees' pensions under the statutory pension system. They are subject to mandatory insolvency insurance with the Pensionssicherungsverein (PSV).

Each scheme is funded in its entirety by the company concerned. Employees pay income tax on the benefits when they fall due and are paid out. The pension provisions recognised for benefits accrued under individual or collective agreements are assessed annually by an independent actuary and recognised accordingly.

3a) Pension funds and additional superannuation funds for former OIK

At the former OIK there are two pension funds for employees who joined the company before 31 July 1995.

Pension fund Nr. I applies to employees who joined the company before 31 March 1982. In addition to the right to monthly pension payments, there is also a right to a one-off lump-sum payment upon retirement. The one-off lump-sum payment is covered by a direct insurance. The amount of the one-off lump-sum payment is determined by salary on 31 March 1982.

Pension fund Nr. II only gives monthly pension payments. Current claims against both pension funds are covered by provisions and are insured by the Pensionssicherungsverein (PSV).

Benefits for Pension funds I and II:

The amount of the one-off payment is as follows.
For the first 10 years of employment, the scheme pays 400% of monthly salary plus 60% of monthly salary for each subsequent year of employment (status 31 March 1982) up to a maximum of 1,300%. The amount of the monthly pension payment is calculated as follows: For the first 10 years of employment, the scheme pays 10% of average gross salary plus 0.5% of gross salary during the last three months before pension entitlement commences up to a maximum of 25%. Provisions are based on the highest possible percentage up to the 65th year and current salary.

The superannuation fund secures the part of salary by which the contribution limit exceeds pension insurance. The employee must show that own arrangements cover at least 50% of the excess amount. In this case, the employer will contribute to this superannuation fund. This permits pension provision to exceed the 25% limit of the scheme.

b) Employer-funded pension schemes with employee contributions

1b) Retirement pensions from the BVV pension fund

Employees of the former OIK who started to work for the company after 1 August 1995 have a pension plan with the banking pension fund BVV. On the basis of an agreement between BVV and the former OIK, contributions amount to 6.5% of gross salary up to the contribution limit fixed by BVV (presently €4,823.00). The employer pays two thirds of this amount, the employee pays one third. Contributions are paid as follows.

Up to 4% of the pension insurance up to the contribution limit is tax free (2008 = €212.00), the remainder is taxed on a lumpsum basis, according to tariff and length of membership (up to €146 per month) or is tax free (up to €150 per month). Some employees have superannuation funds in order to make use of the above limits.

All employee contributions are treated as deferred compensation in accordance with the relevant agreements. Employee claims are directed to BVV and not to the individual companies.

c) Employee-funded retirement pensions

The German Retirement Savings Act (AVmG) – adopted on 26 June 2001 to reform the statutory pension system and promote funded pension plans – provided from 1 January 2002 for the introduction of employee-funded top-up pensions and, by way of a new § 1a Abs. 1 inserted into the German Occupational Pensions Act (BetrAVG), accorded employees a personal entitlement to occupational pensions of this kind by allowing them to convert a portion of their salary to accrued benefits which immediately vest by law, up to the amount of 4% of the income limit for assessment of contribution in the statutory pension system. Under § 1a Abs. 3 BetrAVG, employees can additionally demand that the occupational pension plan is implemented in such a way as to establish entitlement to pension supplements from the state (known as Riester supplements) under § 10a and § 82 Abs. 2 of the German Income Tax Act (EStG).

IVG responded early to the new legislation with a two-module arrangement implemented in 2002. In the first module, IVG has secured attractive terms with an insurance company under a collective agreement. Under this collective agreement, each employee may sign directly with the insurance company for a personal plan meeting the criteria for Riester supplements under § 10a and § 82 Abs. 2 of the German Income Tax Act (EStG).

The collective agreement thus provides a framework for what are known as Riester pension plans taken out by employees themselves. The employee contributions must be funded out of net pay (after tax and social insurance contributions). The future benefits are fully taxable as other income at the time of payment.

The second module is enshrined in a second collective agreement and provides for the conversion of salary to pension contributions, implemented in the form of a pension pool under § 3 No. 63 of the German Income Tax Act (EStG). This is a straight pension plan. A salary-to-pension agreement must be signed with each employee. IVG deducts the contributions from payroll and pays them to the insurance company. The employee contributions are to be taken from gross pay tax-free up to 4% annually of the income limit for assessment of contribution in the statutory pension system. When the benefits fall due, they are paid by the pension pool directly to the recipient and are subject to personal tax and social insurance contributions.

Employees can choose one or both of the modules depending on their personal circumstances and income and tax position.

12.12 Severance benefits

Severance payments are individually agreed in voluntary redundancy agreements and can be part of a court settlement in a labour dispute. A provision is recognised for the full amount of the resulting liability in the year it arises. Where liabilities under labour disputes cannot be quantified exactly, they are valued in accordance with the litigation risk by IVG's independent legal counsel at the end of the financial year and a provision is recognised for the amount determined plus associated legal costs.

12.13 Long-term incentive plans

On 23 May 2002, the General Meeting approved a new share option plan, to replace the expired Long Term Incentive plans introduced in 1999, which was the first to include the management of foreign branche offices in the IVG Group. It was resolved to raise contingent share capital of €4,800,000 for this purpose.

This capital was approved for the sole purpose of issuing up to 4,800,000 ordinary (no-par-value) shares to cover share options granted under the IVG share option plan.

The rules of the share option plan stipulate an overall term of five years. A two-year minimum vesting period was supplemented by performance conditions. The condition is an absolute rise in the IVG share price from the base price of at least 5% a year from the grant date.

IVG Immobilien AG can choose:

– Instead of issuing new shares from its contingent share capital,
– To settle the options with IVG Immobilien AG shares that have already been issued and are held in treasury,
– Instead of shares in return for payment of the exercise price, to settle each exercised option in cash. The cash amount is the difference between the exercise price and the closing auction price of IVG Immobilien AG shares in Deutsche Börse AG's Xetra trading system on the effective date of the exercise notice, less any taxes, fees and other costs.

The plan is open to members of the Management Board of IVG Immobilien AG, managing directors of affiliated companies and other employees. The Management Board (and for the Management Board, the Supervisory Board) has been authorised to grant non-transferable options under the adopted share option plan to individuals in these groups.

LTI plans

The table below shows the number of options granted to members of the Management Board, managing directors of the divisional companies and senior managers in the years 2003 and 2004, options exercised and the number of options outstanding at the end of each year: The 2002 plan expired in 2007.

in € m	Plan 2004	Plan 2003
Issued 2003		749,250
Exercised 2003		
Expired 2003		
Outstanding on 31.12.2003		**749,250**
Issued 2004	756,600	
Exercised 2004		
Expired 2004		7,500
Outstanding on 31.12.2004	**756,600**	**741,750**
Issued 2005		
Exercised 2005		413,300
Expired 2005	34,500	38,400
Outstanding on 31.12.2005	**722,100**	**290,050**
Issued 2006		
Exercised 2006	588,000	269,550
Expired 2006		
Outstanding on 31.12.2006	**134,100**	**20,500**
Issued 2007		
Exercised 2007	41,850	13,500
Expired 2007		
Outstanding on 31.12.2007	**92,250**	**7,000**
Issue 2008		
Exercised 2008	8,000	5,000
Expired 2008		2,000
Outstanding on 31.12.2008	**84,250**	**0**

In line with resolutions of the Management Board approved by the Supervisory Board, all LTI plans are to be settled in cash. Of the 84,250 options outstanding on 31 December 2008 (2007: 99.250), 84,250 are exercisable (2007: 99,250). Options exercised in 2008 resulted in cash payments of €0.1 million. The average weighted remaining term of options outstanding to 31 December 2008 is 0.5 years.

The weighted average share price at the time the options were exercised was €14.27 for the 2003 plan and €19.42 for the 2004 plan. As of 31 December 2008, the fair value of the share options granted in 2004 was €0.138 This was measured by Towers Perrin on the basis of a Cox, Ross, Rubinstein binomial model. The risk-free rate of interest for the 2004 share options was determined at 1.498%. The calculations were also based on a dividend yield of 2.5% and a volatility of the IVG share of 62.74%. The volatility was calculated over the period of one year to the respective measurement date. The weekly closing prices of the IVG share were used as a basis. Due to strong share price fluctuation, weekly closing rates from October 2008 and the share price in the 50th calendar week in 2008 were not included in the estimates. The daily closing rate of the IVG share on the last trading day of 2008 (30 December 2008) used to make the valuation was €5.72.

Key data on the LTI plans adopted to date and current LTI plans:

	Plan concept 2002	
	Plan 2004	**Plan 2003**
Grant date	30.06.2004	30.06.2003
Duration	5 years	5 years
Vesting period	2 years	2 years
Base price in €	9.80	7.63
Participants in year of issue	52	49
Number of options granted	756,000	749,250
thereof Management Board	*274,050*	*274,050*
Absolute hurdle rate (share price increase in % p.a.)	5.0	5.0
Relative hurdle rate	none	none
Option value on issue date in €	1.85	1.42
Remaining period to 31.12.2008 (in whole months)	6	expired

12.14 Performance share plans 2005 to 2008

Objective

In 2005, the decision was taken to have a performance share plan instead of previous share option plans.

Participants

The plans are open to all members of the Management Board of IVG, the managing directors of the divisional companies and other managerial employees. A decision is taken every year on whether a performance share plan is to be granted. Decisions about inclusion in the plan are taken by the IVG Supervisory Board with regard to the participation of the members of the IVG Management Board and by the Management Board of IVG AG for decisions regarding managing directors of the divisional companies and other managerial employees.

Performance shares

The beneficiaries receive a commitment for a specific number of performance shares. Performance shares are virtual shares. They are used as the basis for calculating the monetary amount to be paid to the beneficiaries under certain conditions after the performance period is over. Performance share do not carry voting or dividend rights.

The number of performance shares which are converted and paid out in a cash amount at the end of the performance period depends on two performance factors.

Key performance targets

1. An absolute increase in the price of the IVG share,
2. The average earnings per share, i.e. the diluted earnings per share (diluted EPS).

Performance targets 1 and 2 for assessing the number of performance shares, to be paid out after the end of the performance period, are determined independently from each other and each given a weighting of 50%. This means that in each case, half of the performance shares to be granted are to be multiplied by an allocation ratio. The result is the number of performance shares to be converted into a cash amount and paid out.

Performance target 1

The absolute share price increase of the IVG share (performance target 1) is calculated on the basis of the Xetra closing prices for IVG shares (SIN 620570). In doing so, the average of the closing prices on the Frankfurt Stock Exchange of the 30 trading days before and the 30 trading days after the General Meeting of IVG Immobilien AG in the year of the issue (start value) are compared with the average of the closing prices of the 30 trading days before and the 30 trading days after the General Meeting of IVG Immobilien AG at the end of the performance period (final value). The percentage increase is determined by dividing the final value by the start value.

The allocation ratio for the performance target 1 (increase in share price) is:

– a share price increase of below	15%	=	0%
– a share price increase of	22.7%	=	100%
– a share price increase of	30%	=	130%.

Share price increases above this level are not taken into account.

For members of the Management Board, performance target 1 (share price increase) of the performance share plan 2008 has been raised in comparison with the managerial employees. The allocation ratio amounts to

– a share price increase of below	50%	=	0%
– a share price increase of	70%	=	100%
– a share price increase of	100%	=	130%.

Share price increases above this level are not taken into account.

Performance target 2

For the average diluted EPS (performance target 2), performance is measured on the basis of the figures from the performance period in the relevant financial years. The figure used is diluted EPS as published in the IVG Annual Report for the relevant financial year.

The allocation ratio for performance target 2 in the performance share plan 2008 is as follows:

average diluted EPS of less than	€1.59	=	0%
average diluted EPS of greater than or equal to	€2.36	=	130%

Any increases above this amount are not taken into account.

Should the final value of the IVG share have decreased by more than 30% against the start value, there is no payment of performance shares, irrespective of the diluted EPS performance factor.

Grant date and performance period

In 2008, the performance shares were granted as at 30 June 2008.

The length of the performance period used for measuring the performance targets is three years. The performance period starts on the grant date and ends after the thirtieth trading day of the Frankfurt Stock Exchange after the General Meeting of IVG Immobilien AG in the third year.

The right to obtain a certain monetary amount only accrues at the end of the performance period and provided that:

- the performance targets are reached,
- the employment agreement with IVG or a divisional company has not been terminated.

Number of performance shares to be paid out

Whether the performance targets have been reached is determined as at the date of the end of the performance period. The allocation ratio is calculated from the level of attainment of the performance targets, which determines the final number of performance shares to be paid out to the beneficiaries. Taking account of fluctuation and other possibilities of expiry, a grant is made of the number of performance shares available to be paid out due after expiry of the tranche.

Paying out the performance shares

The final number of performance shares is multiplied by the average Xetra closing price of the IVG share on the Frankfurt Stock Exchange on the 30 trading days before and 30 trading days after the General Meeting of IVG Immobilien AG in the year in which the performance period ends. Any increase of the final value against the start value in excess of 100% is not taken into account.

The basis data for the performance share plans and for the valuation model parameters as at 31 December 2008 can be seen in the following table. A Monte Carlo simulation was used to determine option values.

		PSP 2008	PSP 2007	PSP 2006	PSP 2005
Issue date		30.06.2008	30.06.2007	30.06.2006	17.05.2005
Duration		3 years	3 years	3 years	3 years
Vesting period		3 years	3 years	3 years	3 years
Remaining duration		2.5 years	1.5 years	0.5 years	expired
Basic share price (Ø 60 days)	in €	15,68	31,55	23,66	14,53
Participants in issue year		53	45	43	36
Number of shares issued		157,250	165,850	156,785	127,475
thereof Management Board		*52,000*	*76,000*	*67,327*	*52,880*
Value as at 31.12.2008[2)]	in €	0.995[1)]	0.112	0.005	0.0
Inventory as at 31.12.2008[3)]		157,250	155,750	138,243	0
Share price of IVG AG at 31.12.2008	in €	5.72	5.72	5.72	
Risk-free interest rate over remaining duration	in %	1.935	1.715	1.498	
Dividend yield	in %	2.5	2.5	2.5	
Volatility	in %	47.90	56.69	62.74	

1) Value of PSP issued to members of the Management Board = €0.818
2) Reaching 100% EPS and 3% fluctuation
3) Changes as against issued shares caused by employees leaving employment

For all plans, volatility was calculated over the period of remaining duration of the respective measurement date. The weekly closing prices of the IVG share were used as a basis. Due to strong share price fluctuation, weekly closing prices from October 2008 and the price in the 50th calendar week in 2008 were not included in the estimates. The value shown at 31 December 2008 is the weighted average of both separately calculated option values with regard to the agreed option aims.

The following changes occurred since the introduction of the performance share plans:

	PSP 2008	PSP 2007	PSP 2006	PSP 2005
Outstanding on 31.12.2004				**0**
Issued 2005				127,475
Exercised 2005				0
Expired 2005				0
Outstanding on 31.12.2005			**0**	**127,475**
Issued 2006			156,785	0
Exercised 2006			0	0
Expired 2006			0	295
Outstanding on 31.12.2006		**0**	**156,785**	**127,180**
Issued 2007		165,850	0	0
Exercised 2007		0	0	0
Expired 2007		0	11,000	11,750
Outstanding on 31.12.2007		**165,850**	**145,785**	**115,430**
Issued 2008	157,250	165,850	0	0
Exercised 2008	0	0	0	112,180
Expired 2008	0	10,100	7,542	3,250
Outstanding on 31.12.2008	**157,250**	**155,750**	**138,243**	**0**

The remaining average weighted duration of outstanding performance shares as at 31 December 2008 was 1.5 years.

Due to reversal of provisions in 2008, the total cost of all existing employee incentive plans was €5.6 million (2007: expense €0.9 million). The provision as of 31 December 2008 totalled €0.1 million (31.12.2007: €6.8 million). The options exercisable at the end of the period amounted to €0.00 million (31.12.2007: €1.4 million).

The income from the changes of provisions for the financial year 2008 amounted to €28,202.21 for Mr Barth, €178,864.73 for Dr Kottmann, €62,811.90 for Dr Leichnitz and €109,335.34 for Dr Reul. In the previous year we recognised an expense of €0.6 million for members of the Management Board.

12.15 Total remuneration of the Supervisory Board and the Management Board

Remuneration of the Supervisory Board

Pursuant to § 16 of the Articles of Association, members of the Supervisory Board receive an annual fixed remuneration of €20,000.00 and a variable component of remuneration in the amount of €500.00 per €0.01 by which Group earnings per share exceed €0.50.

The variable remuneration is capped at twice the fixed remuneration. The Chairman receives double, the Deputy Chairman one and a half times the fixed and variable remuneration. Members of the Supervisory Board who belong to committees receive an additional annual remuneration of €2,500; the Committee Chairman receives double this additional remuneration.

Also members of the Supervisory Board receive reimbursement of out-of-pocket expenses for each Supervisory Board meeting or committee meeting which they attend in the course of their duties.

Remuneration for the Supervisory Board in 2008 amounted to €0.2 million (2007: €0.6 million).

in €	Fixed remuneration	Variable remuneration	Total
Bierbaum (Chairman)	45,000.00	0.00	45,000.00
Beelitz (Deputy Chairman)	25,942.62	0.00	25,942.62
Dr Gaul	22,500.00	0.00	22,500.00
Günther	20,000.00	0.00	20,000.00
Dr John von Freyend	20,000.00	0.00	20,000.00
Graf von Krockow	15,628.41	0.00	15,628.41
Lutz	22,500.00	0.00	22,500.00
Merz	22,500.00	0.00	22,500.00
Rieck (Deputy Chairman)	13,483.61	0.00	13,483.61
Schäffauer	22,500.00	0.00	22,500.00
Total	**230,054.64**	**0.00**	**230,054.64**

The variable remuneration was not paid, as Group earnings per share did not exceed €0.50.

All amounts are shown net of value added tax (Umsatzsteuer) and without taking account of any other taxes.

As of 31 December 2008, no advance payments or loans had been made to members of the Supervisory Board.

Remuneration of the Management Board

The remuneration of the members of the Management Board is linked to performance and consists of performance-unrelated and performance-related remuneration components.

Decision-making authority concerning employment contracts with members of the Management Board has been delegated to the Personnel Committee of the Supervisory Board.

The **performance-unrelated remuneration components** consist of a monthly base salary, other payments and pension commitments. Other payments consist primarily of the taxable value of a company car for private use.

As a **performance-related variable remuneration** component every member of the Management Board in principle receives a bonus based on pre-tax consolidated net profit. Dr Leichnitz, who was Chairman of the Management Board until 30 September 2008 and Dr Niesslein who has been CEO since 1 November 2008 receive a bonus amounting to 0.5%, the Deputy Chairman and Board spokesman Dr Kottmann receives 0.4% and Dr Reul and Mr Barth each receive 0.35% of consolidated net profit before income taxes and other taxes but not less than €100,000.00 annually.

As a **performance-related variable remuneration component and long-term incentive** members of the Management Board receive performance shares.

Every year the Supervisory Board decides on whether and how many performance shares are to be paid out to members of the Management Board. In 2008 members of the Management Board received 52,000 performance shares. Further details can be found in the section on performance share plans.

In 2008, the members of the Management Board received the following total remuneration (2007 in brackets):

in €	Basic salary	Bonus	Other payments	Cash value of PSP plans at time of issue	Total remuneration
Barth	280,000.00	100,000.00	11,593.20	79,776.00	471,369.20
	(250,008.00)	(1,001,152.65)	(8,446.08)	(295,520.00)	(1,555,126.73)
Dr Kottmann	350,000.00	100,000.00	15,009.60	99,720.00	564,729.60
	(350,004.00)	(1,601,844.24)	(14,358.24)	(369,400.00)	(2,335,606.48)
Dr Leichnitz	360,000.00	100,000.00	22,337.28	0.00	482,337.28
until 30.09.2008	(420,000.00)	(2,002,305.30)	(14,891.52)	(443,280.00)	(2,880,476.82)
Dr Niesslein	71,667.00	16,666.67	1,108.00	0.00	89,441.67
from 01.11.2008	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Dr Reul	300,000.00	100,000.00	13,036.71	79,776.00	492,812.71
	(280,008.00)	(1,401,613.71)	(12,322.92)	(295,520.00)	(1,989,464.63)
Total	**1,361,667.00**	**416,666.67**	**63,084.79**	**259,272.00**	**2,100,690.46**
	(1,300,020.00)	**(6,006,915.90)**	**(50,018.76)**	**(1,403,720.00)**	**(8,760,674.66)**

In addition, Dr Niesslein receives a one-off special bonus tied to the growth in the share price by the time of the IVG General Meetings in 2012 or 2013. At a share price at balance sheet date of between €15.00 and 25.00, the special bonus will be €300,000.00 up to a maximum of €500,000.00.

Application of the performance share plans as part of determination of total remuneration was made in accordance with DRS 17.34 at the fair value of the performance shares issued at the time of issue in the relevant financial year. The figures for previous years were adjusted accordingly, as in variance to the position in the previous year, the pro rata change in the fair value of the options from current LTI/performance share plans is no longer included in the total remuneration of the individual members of the Management Board.

The following table shows changes in outstanding performance shares granted to members of the Management Board:

in €	Outstanding 01.01.2008	Issued 2008	Exercised 2008	Outstanding 31.12.2008
Barth	18,083	16,000	0	34,083
Dr Kottmann	50,500	20,000	15,250	55,250
Dr Leichnitz	32,896	0	0	32,896
Dr Reul	35,811	16,000	7,130	44,681
Total	**137,290**	**52,000**	**22,380**	**166,910**

Grant of shares by premature termination of employment

If the appointment of Dr Niesslein as Member of the Management Board is terminated before expiry of his contract, without good cause or there being a change of control, he shall receive payment of outstanding remuneration until the end of the remaining period of his contract, less a discount of 25%. The severance payment shall amount to no more than two times total annual remuneration (severance cap). The severance payment and severance cap shall be based on total remuneration for the last full financial year before leaving the Management Board as shown in the Remuneration report, taking into account probable total remuneration for the current financial year.

If the contract is terminated prematurely due to a change of control at the company, Dr Niesslein will receive a lump-sum severance payment in the amount of any remaining salary due from the time of the termination until the end of the agreed period of employment, reduced by 25%. The compensation, after the reduction of 25%, shall not be less than two times and not more than three times the total normal annual salary.

The members of the Management Board received the following pension commitments:

Pensions

Dr Leichnitz and Dr Kottmann are entitled to retirement benefits of 50% of their full fixed salary. At the time of leaving the IVG, having reached the age of 65, Dr Leichnitz is entitled to receive a vested right to a pension in the amount of €104,347.83 p.a.

Dr Niesslein and Mr Barth are entitled to receive a defined-contribution commitment linked to fixed salary.

Dr Reul also received a defined-contribution commitment linked to fixed salary, which also converts to a percentage commitment of 50% of fixed annual salary.

As a rule retirement benefits are paid from the age of 65 onwards.

If Dr Kottmann leaves IVG before his 65th birthday to enter retirement, he is entitled to full pension benefits from the age of 60. If Dr Kottmann leaves before his 65th birthday because IVG does not want to continue with his contract on the same terms, full retirement benefits shall also be payable. In this case, any other remuneration will be fully offset against retirement benefits. Otherwise, if Dr Kottmann leaves before his 65th birthday, vested retirement benefits accrued up to that point are payable. If the entitlement is claimed between the ages of 60 and 65, a discount of 0.5% is applied for each month by which the claim is premature.

Otherwise, if Dr Reul, Mr Barth or Dr Niesslein leave before their 65th birthday, vested retirement benefits accrued up to that point are payable. If the entitlement is claimed between the ages of 60 and 65 a discount of 0.5% is applied for each month by which the claim is premature.

IVG adjusts current retirement benefits on 1 January of each year to account for inflation (living costs for a four-person household). If the beneficiary leaves IVG early, entitlements are not inflation-linked or adjusted.

Disability benefits

If a member of the Management Board leaves IVG after the end of the waiting period and before claiming retirement benefits because they are incapacitated or partially incapacitated – as confirmed by an official doctor's certificate – they are entitled to a monthly incapacity benefit for the duration of the incapacity or partial incapacity.

For Dr Leichnitz and Dr Kottmann the entitlement is equivalent to the pension commitment/retirement benefit to which they would be entitled from the age of 65. For Dr Reul, Mr Barth and Dr Niesslein, the entitlement is equivalent to the vested retirement benefits accrued up to that point.

Surviving dependant benefits

Benefits of up to 100% of retirement benefits for members of the Management Board are paid to surviving dependants. If the member of the Management Board leaves IVG at their own request before the age of 65, benefits paid to surviving dependants are limited to 100% of the vested entitlement.

On the death of a member of the Management Board, the surviving spouse receives a pension for life of 60% of the benefits that the member received or would have received if they had become incapacitated at the time of their death, or 60% of the vested entitlement.

There is no entitlement to a widow's or widower's pension if the marriage of the member of the Management Board

- was concluded within six months of their death; this does not apply if the death was the result of an accident;
- was concluded after the age of 65 or after starting to claim retirement benefits.

For Dr Reul, Mr Barth and Dr Niesslein, the widow's or widower's pension will be curtailed if the surviving spouse has not yet reached the age of 45 or is more than 15 years younger than the deceased.

The benefits paid to surviving dependants expire at the end of the month in which the surviving spouse dies or remarries. In the latter case, the spouse receives a one-off compensation payment of 24 times or 18 times the surviving dependant's monthly pension.

If a member of the Management Board dies, their surviving children are entitled to an orphan's pension. With regard to Dr Leichnitz and Dr Kottmann, the orphan pension is 15% for half orphans and 20% for full orphans of the benefits that the member of the Management Board received or would have received if they had been incapacitated at the time of their death, or else 15% or 20% of the vested entitlement. For Dr Reul, Mr Barth and Dr Niesslein, the orphan's pension is 20% of the widow's or widower's pension for each half-orphan and 40% for each full orphan. The orphan's pension can be claimed by legitimate and illegitimate children, by children declared to be legitimate and by adopted, fostered and step-children whom the deceased was demonstrably legally obliged to support. A child in regular employment, or having reached the age of 18 at the time the member of the Managment Board died, is not entitled to an orphan's pension. For a child over the age of 18 in education or vocational training, or carrying out military or civilian service, or which is not capable of supporting itself due to physical or mental handicap, the orphan's pension will be paid until the end of this time but no later than the age of 25 or 27. Payment of the orphan's pension ends with the month in which the entitlement expires for the reasons mentioned above.

The pension expenses (service cost) for the financial year 2008 amounted to €28,566.00 for Mr Barth, €72,414.00 for Dr Kottmann, €522,220.00 for Dr Leichnitz, €20,748.00 for Dr Niesslein and €38,864.00 for Dr Reul. Total expenses of €682,812.00 (2007: €456,186.00) plus total remuneration pursuant to IFRS of €1,462,204.28 (2007: €7,999,548.99) makes a total of €2,145,016.28 (2007: 8,455,734.99) for personnel expenses.

As at 31 December 2008 no advance payments or loans had been made to members of the Management Board.

Total payments to former board members and their surviving dependants

Total payments to former Managment Board members and their surviving dependants amounted to €961,149.48 (2007: €0.7 million). The pension obligations totalled €10,143,413.00 million (2007: €9.0 million).

According to the agreement to terminate the contract of employment agreed with Dr Leichnitz on 30 October 2008, on 1 February 2009 the company paid a gross severance payment with respect to the claims for basic salary of €917,978.58. The amount is recognised under personnel expenses for the financial year. As part of the contractual arrangements, Dr Leichnitz receives further remuneration for the years 2008, 2009, 2010 and 2011 (pro rata until 30 June 2011) that are dependant upon business results. A provision has been set aside to cover these payments on the basis of the contractually agreed minimum payment (€100,000.00 p.a.).

13. Corporate governance

Corporate governance refers to the entire system by which a company is managed and monitored, its corporate principles and guidelines, and the system of internal and external controls and supervision over the company's operations. Good, transparent corporate governance ensures that our company will be managed and monitored in a responsible manner geared to value creation. This fosters the confidence of investors, business associates and the general public in IVG's management and supervision.

On 17 November 2008, the Management Board and the Supervisory Board of IVG Immobilien AG jointly issued a new Declaration of Compliance with respect to the recommendations of the German Corporate Governance Code as published on 6 June 2008 pursuant to § 161 of the German Stock Corporation Act (AktG). The Declaration is published on the IVG website, (www.ivg.de), where it may be accessed by shareholders at any time.

The publicly listed subsidiary IVG Deutschland Immobilien AG, which is included in the consolidated financial statements, issued a Declaration of Compliance in accordance with § 161 of the German Stock Corporation Act (AktG) on 18 November 2008 and published a revised version on its website (www.ivg-deutschland-immobilien.com).

14. Supervisory Board and Management Board

Supervisory Board

Detlef Bierbaum
Chairman
Member of the Supervisory Board of
Sal. Oppenheim jr. & Cie. KGaA
Cologne

Information pursuant to Section 285(10) of the German Commercial Code (HGB):

- Bank Sal. Oppenheim jr. & Cie. (Österreich) AG*
- Douglas Holding AG
- DWS Investment GmbH (bis 02.04.2008)
- IVG Institutional Funds GmbH (Chairman)
- Kölnische Rückversicherungs-Gesellschaft AG
- LVM Landwirtschaftlicher Versicherungsverein Münster a.G.
- LVM Lebensversicherungs-AG
- Monega Kapitalanlagegesellschaft mbH
- Oppenheim Kapitalanlagegesellschaft mbH*
- SMS GmbH

Similar positions:

- CA Immobilien Anlagen AG, Wien
- Dundee REIT, Toronto
- Integrated Asset Management plc., London
- Lloyd George Management Ltd., Britische Jungferninseln
- Oppenheim Asset Management S.à.r.l., Luxemburg*
- Oppenheim Investment Managers, Dublin* (Vorsitz, bis 03.07.2008)
- Tertia Handelsbeteiligungsgesellschaft mbH
- The Central European and Russia Fund, Inc., New York
- The European Equity Fund, Inc., New York

* *Oppenheim Group companies*

Frank F. Beelitz (from 1 March 2008)
Deputy Chairman (from 21 May 2008)
Investment banker, Managing Partner
Beelitz & Cie.
Bad Homburg

Information pursuant to Section 285(10) of the German Commercial Code (HGB):

- Software AG (Chairman)
- Südwestbank AG

Similar positions:
None

Peter Rieck (until 20 May 2008)
Deputy Chairman
Deputy Chairman of the Management Board of
HSH Nordbank AG
Reinbek

Information pursuant to Section 285(10) of the German Commercial Code (HGB):

- HSH Real Estate AG* (Chairman)
- LB Immo Invest GmbH* (Chairman)

Similar positions:

- Amentum Capital Ltd., Dublin*
- H/H-Stadtwerkefonds KGaA, Luxemburg (Chairman)

* *HSH Nordbank Group companies*

Dr. Hans Michael Gaul
Dusseldorf

Information pursuant to Section 285(10) of the German Commercial Code (HGB):

- Allianz Versicherungs-AG (until 24 April 2008)
- DKV Deutsche Krankenversicherung AG (until 3 March 2008)
- Evonik Industries AG
- HSBC Trinkaus & Burkhardt AG
- Siemens AG (from 24 January 2008)
- VNG – Verbundnetz Gas AG
- Volkswagen AG

Similar positions:
None

David C. Günther
Lawyer, administrator
IVG Asset Management GmbH
Grünwald

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
None

Dr. Eckart John von Freyend
Shareholder
Gebr. John von Freyend Verwaltungs- und Beteiligungsgesellschaft mbH
Bad Honnef

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- Finum AG (Chairman)
- Hahn Immobilien-Beteiligungs AG
- Hamborner AG (Chairman)
- Konzept[plus] AG (Chairman)
- Litos AG
- VNR Verlag für die Deutsche Wirtschaft AG

Similar positions:
- Infopark Fejlesztési Rt., Budapest (until 10 April 2008)

Matthias Graf von Krockow
(until 1 March 2008 and from 21 May 2008)
Spokesman of personally liable shareholder
of Sal. Oppenheim jr. & Cie. KGaA
and Sal. Oppenheim jr. & Cie. S.C.A.
Speaker of the Management Board
BHF-BANK AG Cologne

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- Bank Sal. Oppenheim jr. & Cie. (Österreich) AG* (Chairman)
- Fiat Group Automobiles Germany AG (Chairman)
- RWE-Power AG
- Schwestern-Versicherungsverein vom Roten Kreuz in Deutschland a.G. (Vorsitz)
- ThyssenKrupp Steel AG

Similar positions:
- Bank Sal. Oppenheim jr. & Cie. (Schweiz) AG, Zürich* (Chairman)
- Sal. Oppenheim jr. & Cie. Beteiligungen S.A.* (Luxembourg),since 13 May 2008)

* *Oppenheim Group companies*

Rudolf Lutz
Administrator
IVG Immobilien AG
Bonn

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
None

Friedrich Merz
Lawyer, Partner
Mayer Brown LLP
Arnsberg-Niedereimer

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- AXA Konzern AG
- DBV Winterthur AG
- Deutsche Börse AG
- Interseroh AG

Similar positions:
- BASF Antwerpen N.V., Antwerpen, Belgien
- Stadtler Rail AG, Bussnang, Schweiz

Claus Schäffauer
Administrator
IVG Asset Management GmbH
Heppenheim

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
None

Supervisory Board Committees of IVG Immobilien AG

Audit Committee
- Frank F. Beelitz, Chairman (from 21 May 2008)
- Peter Rieck, Chairman (until 20 May 2008)
- Dr. Hans Michael Gaul, Deputy Chairman
- Rudolf Lutz

Personnel Committee
- Detlef Bierbaum, Chairman
- Friedrich Merz, Deputy Chairman
- Claus Schäffauer

Nomination committee
- Detlef Bierbaum
- Dr. Eckart John von Freyend (from 21 May 2008)
- Peter Rieck (until 20 May 2008)

Management Board

Dr Gerhard Niesslein (from 1 November 2008)
Chief Executive Officer
Kronberg

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- ATP Planungs- und Beteiligungs AG, Innsbruck (until 2 March 2009)
- Compass Group Deutschland GmbH/EUREST Deutschland GmbH (until 17 December 2008)
- Deutsche Reihenhaus AG (Chairman, from 15 September 2008)
- STRABAG Property and Facility Services GmbH (Chairman, from 1 October 2008)
- IVG Institutional Funds GmbH* (from 16 December 2008)

Similar positions:
- Dawnay, Day International Limited, London – Projekt Royal Cape (until 4 November 2008)

* *IVG Group companies*

Dr Wolfhard Leichnitz (until 30 September 2008)
Chairman of the Management Board
Essen

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- IVG Deutschland Immobilien AG* (Chairman, from 30 September 2008)
- IVG Immobilien-Management Holding AG* (Chairman, until 30 September 2008)
- IVG Institutional Funds GmbH* (Chairman, until 30 September 2008)

Similar positions:
Keine

* *IVG Group companies*

Dr Bernd Kottmann
Deputy Chairman of the Management Board and
Chief Financial Officer (until 31 October 2008)
Deputy Chief Executive Officer, and Chief Financial Officer
(from 1 November 2008)
Wachtberg-Pech

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- IVG Deutschland Immobilien AG* (from 11 November 2008, Chairman from 18 November 2008)
- IVG Immobilien-Management Holding AG* (Chairman, from 31 October 2008)
- IVG Institutional Funds GmbH*

Similar positions:
- IT Immobilien Beteiligungsgesellschaft mbH*
- IVG Polar Oy, Helsinki* (Chairman)

* *IVG Group companies*

Andreas Barth
Member of the Management Board
Development and Caverns divisions
Bonn-Bad Godesberg

Information pursuant to Section 285(10)of the German Commercial Code (HGB):
- IVG Immobilien-Management Holding AG* (from 20 October 2008)

* *IVG Group companies*

Similar positions:
Keine

Dr Georg Reul
Member of the Management Board
Investment and Funds divisions
Bonn-Bad Godesberg

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
- IVG Immobilien-Management Holding AG*
- IVG Institutional Funds GmbH*

Similar positions:
- Goldbeck GmbH

* *IVG Group companies*

Professor Dr Wolfgang Schäfers
(from 1 February 2009)
Member of the Management Board
Bad Abbach

Information pursuant to Section 285(10) of the German Commercial Code (HGB):
Keine

Statement by the Management Board

The Management Board of IVG Immobilien AG is responsible for preparing the consolidated financial statements and the Group management report as well as all other information included in the Annual Report, and ensuring that it is complete and correct.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and the supplementary provisions of Section 315a(1) of the German Commercial Code (HGB).

The Group management report includes an analysis of the financial position and financial performance of the Group and other disclosures required under Section 315 of the German Commercial Code (HGB).

An effective internal management and control system ensures that the data used to prepare the consolidated financial statements and internal reporting is complete and correct. This includes Group-wide financial reporting guidelines, a risk management system as required by the German Control and Transparency Act (KonTraG), an integrated approach to financial controlling as part of value-driven management, plus audits by the internal audit department. The Management Board is thus able to identify material risks at an early stage and to take timely action as needed.

The Statement pursuant to -Section 37y(1) of the German Securities Trading Act (WpHG) in conjunction with Section 297(2) sentence 3 and Section 315(1) sentence 6 of the German Commercial Code (HGB) is as follows:

"We confirm that to the best of our knowledge the consolidated financial statements prepared in accordance with the requirements of the applicable accounting principles give a true and fair view of the net assets, financial position and results of operations of the Group and that the consolidated management report is in accordance with the consolidated financial statements and presents a precise view of the Group's position and accurately presents the opportunities and risks for its future development."

Bonn, 21 March 2009

Gerhard Niesslein

Bernd Kottmann Andreas Barth Georg Reul Wolfgang Schäfers

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and the group management report (*Konzernlagebericht*) of IVG Immobilien AG as of and for the fiscal year ended December 31, 2008.

The group management report is neither included nor incorporated by reference in this Prospectus, except for the sections referred to in the auditor's report.

Auditor's Report

We have audited the consolidated financial statements prepared by IVG Immobilien AG, Bonn, comprising the income statement, the balance sheet, statement of recognised income and expense, cash flow statement and the notes to the consolidated financial statements, together with the Group management report for the financial year from 1 January to 31 December 2008. The preparation of the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code (HGB) are the responsibility of the company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in the consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the company's Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a(1) of the German Commercial Code (HGB) and provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

We are required to advise that the continued existence of the Group as a going concern is threatened by risks that are outlined in Section 6.1 of the Group management report. The section details the conditions for the extension of significant credit lines and implementation of property disposals.

Dusseldorf, 21 March 2009

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Peter Albrecht	Uwe Schwalm
Wirtschaftsprüfer	Wirtschaftsprüfer

Excerpt from the section "Risk Management" of the Group Management Report ("6.1 Overall assessment")

"Management estimates with regard to financing risks have been amended as against previous assumptions. The financial and banking crisis has led to shortages in the financial markets, which has made the refinancing required under our business model significantly more difficult. As a result, financial planning for the coming years has been extremely cautious. Due to the uncertain situation in the financial markets and consequential restricted external financing, in financial planning we have ceased to take account of property disposals, either directly or via funds, and pre-selling of projects for internal financing purposes. At the same time, we are seeking to streamline the property portfolio by removing specific properties that do not conform with our strategy.

On 20 March 2009, IVG agreed new syndicated financing on the basis of term sheets for €1.3 billion with maturity to 28 December 2012 to cover various bilateral credit lines for the same amount that will expire in 2009/2010. The financing is still dependent on formal conditions, in particular the final Board approval of individual arrangers and relevant final loan and security documentation. A danger to the future viability of the company could only then arise if the new non-current financing was, against all expectations, not implemented.

There can also be a continuing viability risk for the company if planned property disposals cannot be realised and no alternative measures to increase internal financing can be realised. Sufficient precautions have been taken against any remaining identifiable risks."

Annual Financial Statements of IVG Immobilien AG (HGB) as of December 31, 2010 (audited)

IVG Immobilien AG, Bonn

Balance sheet as at 31 December 2010

ASSETS

	Note	As of 31 Dec. 2010	As of 31 Dec. 2009
		€	€ thou.
A. Non-current assets	1.		
I. Intangible assets			
Concessions, industrial property rights and other rights as well as licenses to such rights		521,500.00	643
		521,500.00	643
II. Property, plant and equipment	1.		
1. Land, land rights and buildings, including buildings on third-party land		201,550,489.95	211,420
2. Technical plant and machines		8,329.00	9
3. Other plant, and office equipment		988,747.02	1,151
4. Advance payments made and construction in progress		3,319,104.13	2,031
		205,866,670.10	214,611
III. Financial assets	2.		
1. Shares in associated companies		2,106,249,144.26	2,114,133
2. Loans to affiliated companies		147,545,129.08	92,075
3. Equity investments		2,699,828.64	43,517
4. Loans to other equity investments		40,550,000.00	40,550
5. Securities		27,475,625.92	0
6. Other loans		53,451,807.47	44,748
		2,377,971,535.37	2,335,023
		2,584,359,705.47	**2,550,277**
B. Current assets	3.		
I. Receivables and other assets			
1. Trade receivables		305,341.52	264
2. Receivables from affiliated companies		1,753,572,431.14	1,869,309
3. Receivables from other equity investments		14,020,605.88	18,074
4. Other assets		17,952,168.90	18,391
		1,785,850,547.44	1,906,038
II. Securities	4.	0.00	172
Own shares			
III. Cash and cash equivalents	5.	228,834,718.26	228,963
		2,014,685,265.70	**2,135,173**
C. Accured and deferred items	6.	**3,364,192.10**	**915**
		4,602,409,163.27	**4,686,365**

EQUITY AND LIABILITIES

	Note		As of 31 Dec. 2010	As of 31 Dec. 2009
		€	€	€ thou.
A. Equity	7.			
I. Subscribed capital				
1. Subscribed capital		126,000,000.00		126,000
2. Own shares		-32,230.00		0
			125,967,770.00	126,000
II. Capital reserves	8.		520,897,264.95	520,897
III. Retained earnings	9.			
1. Legal reserve			2,556,459.41	2,556
2. Reserve for own shares			0.00	172
3. Other retained earnings			0.00	2,961
			2,556,459.41	5,689
IV. Net accumulated losses/net retained profits	10.		-68,989,955.07	**0**
			580,431,539.29	**652,586**
B. Special tax-allowable reserve	11.		**0.00**	**2,331**
C. Provisions	12.			
1. Provisions for pensions and similar obligations			4,253,005.39	18,597
2. Provisions for taxes			11,765,834.27	14,933
3. Other provisions			59,680,490.00	100,783
			75,699,329.66	**134,313**
D. Liabilities	13.			
1. Bonds of which convertible: €400,000,000.99 (previous year: €400,000 thousand) (previous year: €400,000 thousand)			400,000,000.99	400,000
2. Liabilities to banks			2,841,569,141.06	2,924,655
3. Accounts payable			351,710.63	1,957
4. Liabilities to affiliated companies			579,668,182.56	458,483
5. Liabilities to other long-term investees or investors			264,348.07	73
6. Other liabilities of which from taxes: €18,908,152.58 (previous year: €1,678 thousand) of which social security: €57,789,690.84 (previous year: €53,692 thousand)			116,446,406.76	102,847
			3,938,299,790.07	**3,888,015**
E. Deferred income	14.		**7,978,504.25**	**9,120**
			4,602,409,163.27	**4,686,365**

IVG Immobilien AG, Bonn

Income statement for the financial year 2010

	Note	2010	2009
		€	€ thou.
1. Income from equity investments (of which income from profit transfer agreements: €93,743,263.18; previous year: €197,717 thousand) (of which cost of loss absorption: €23,542,845.48; previous year: €332,586 thousand)	1.	128,797,035.96	-121,389
2. Financial result (of which from affiliated companies: €56,327,958.57; previous year: €91,018 thousand) (of which to affiliated companies: €3,513,406.91; previous year: €5,946 thousand) (of which interest cost of loss absorption: €3,101,251.51; previous year: €0 thousand)	2.	-75,640,550.15	-65,179
3. Write-downs of long-term financial assets and investments classified as current assets	3.	-155,357,365.35	-358,232
4. Financial result		**-102,200,879.54**	**-544,800**
5. Other operating income (of which income from foreign currency translation: €16,298,100.90; previous year: €27,939 thousand)	4.	170,660,245.13	219,569
6. Personnel expenses	5.	-16,476,760.96	-20,890
7. Depreciation and amortisation of intangible fixed assets and depreciation and amortisation of tangible fixed assets	6.	-5,351,116.64	-15,393
8. Other operating expenses (of which cost of foreign currency translation: €15,058,892.01; previous year: €32,240 thousand)	7.	-128,713,108.97	-190,467
9. Result from ordinary activities		**-82,081,620.98**	**-551,981**
10. Extraordinary result	8.	-812,249.20	0
11. Taxes on income	9.	2,513,912.34	-492
12. Other taxes	9.	-635,331.00	-12
13. Net loss for the financial year		**-81,015,288.84**	**-552,485**
14. Retained profits brought forward from the previous year		0.00	466,041
15. Withdrawal from reserve for own shares		32,170.00	11
16. Withdrawal from other revenue reserves		11,993,163.77	86,433
17. Net accumulated losses/net retained profits		**-68,989,955.07**	**0**

Notes to the annual financial statements of IVG Immobilien AG as at 31 December 2010

Contents

I. General principles of the annual financial statements

The annual financial statements of IVG Immobilien AG (IVG) for the 2010 financial year were prepared in accordance with the regulations of the *Handelsgesetzbuch* (HGB – German Commercial Code) and the *Aktiengesetz* (AktG – German Stock Corporation Act). The amendments of the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Law Modernisation Act) were applied. The structure of the income statement was adapted to the holding company structure. Combined items of the income statement are reported separately in the notes. The annual financial statements were prepared under the assumption of a going concern. The financial year is the calendar year.

The annual financial statements of IVG Immobilien AG and the IVG Group have been filed with the electronic Federal Gazette and disclosed there.

The German Accounting Law Modernisation Act that came into effect on 29 May 2009 was adopted for the first time in terms of the accounting policies of the annual financial statements for the 2010 financial year (section 66(3) sentence 1 of the *Einführungsgesetz zum Handelsgesetzbuch* (EGHGB – Introductory Act to the German Commercial Code)). The option of early adoption (section 66(3) sentence 6 EGHGB) was not exercised.

The introduction of the BilMoG can result in changes in the measurement and reporting of items in the previous year's balance sheet in the BilMoG opening balance sheet as at 1 January 2010. In accordance with section 67(8) sentence 2 EGHGB, the prior-year figures were not updated in the context of first-time adoption.

As a result of the first-time adoption of the BilMoG, the following "of which" information was reported for the first time in the income statement:

– cost of interest on provisions under "Net interest income"
– income from currency translation under "Other operating income"
– cost of currency translation under "Other operating expenses"

II. Accounting policies

Intangible fixed assets purchased from third parties are carried at cost of acquisition and written down on a straight-line basis over their expected useful life. Internally generated intangible assets are not capitalised.

Tangible fixed assets are carried at acquisition or production cost less depreciation if depreciable. The straight-line method of depreciation is generally used.

Until the end of the 2009 financial year, movable assets were written down using the shortest useful life permissible for tax purposes using the straight-line method or the declining balance method with a subsequent transition to the straight-line method. From the 2010 financial year, movable assets are written down on a straight-line basis over their expected useful life. The option to continue using the prior carrying amounts was exercised.

Impairment write-downs are also recognised if the market values of individual assets fall short of their carrying amount and the loss of value is permanent. Permanent impairment is assumed for investment properties if the residual carrying amounts less the depreciation of the next five years are greater than the fair values on the balance sheet date.

The cost of production of internally generated assets includes all costs that can be directly allocated to the production process and necessary portions of production-related overheads. These include production-related write-downs, pro rata administrative costs and pro rata social security costs. Borrowing costs are not carried as an element of acquisition or production cost. Costs of repairs are recognised directly as an expense.

Under commercial law, the tax regulation of section 6(2) and (2a) of the *Einkommensteuergesetz* (EStG – German Income Tax Act) has been applied to low-value assets since 1 January 2008. The costs of acquisition or production of depreciable, movable fixed assets that are capable of independent use are recognised in full as operating expenses in the financial year of acquisition, production or contribution if the costs of acquisition or production, less any input tax amount included, does not exceed €150 for the individual asset. An annual omnibus item as defined in section 6(2a) EStG is recognised for low-value assets with a cost of acquisition or production, less any input tax amount included, of between €150 and €1,000. The annual omnibus item is written down over five years. If an asset is disposed of as an operating asset ahead of schedule, the omnibus item is not reduced.

Shares in affiliated companies and equity investments are carried at the lower of cost or market if impairment is expected to be permanent.

Loans to employees – including non-interest bearing and low-interest loans – are carried at nominal value. Loans to affiliated companies and other long-term investees or investors and other loans are recognised at the lower of nominal or market value if impairment is expected to be permanent.

Receivables and other assets are carried at the lower of nominal and market value on the balance sheet date. Appropriate specific valuation allowances are recognised for receivables for which recoverability is subject to discernible risks; uncollectible receivables are written down.

Non-current foreign currency receivables are carried at the lower of the FX offering price and market value when the receivable arises (imparity principle). Short-term foreign currency receivables (remaining term of one year or less) and cash and cash equivalents or other short-term assets in foreign currency are translated at the mean sport rate on the balance sheet date.

Cash and cash equivalents are carried at nominal value.

Disbursements before the reporting date are recognised as prepaid expenses if they constitute an expense for a specific period after this date.

The notional value of own shares reduces subscribed capital in accordance with section 272(1a) HGB).

Provisions for pensions and similar obligations are measured on the basis of actuarial procedures in line with the projected unit credit method using the Heubeck 2005 G mortality tables. The provisions for pensions and similar obligations were discounted at a flat rate using the average market interest rate for the last seven years as published by Deutsche Bundesbank in January 2011 for an assumed remaining term of 15 years (section 253(2) sentence 2 HGB). This interest rate is 5.15% (2009: 5.5%). In calculating provisions for pensions and similar obligations, annual wage and salary increases of 2.0% and annual pension increases of 2.0% and 1.0% respectively for commitments with an adjustment guarantee in accordance with section 16(3) no. 1 of the *Gesetz zur Verbesserung der betrieblichen Altersversorgung* (BetrAVG – German Occupational Pensions Improvement Act) were assumed together with a fluctuation rate of 2.5% p.a.

Obligations for pensions and similar obligations are offset against assets held solely to satisfy pension and similar obligations that cannot be accessed by third parties (plan assets). Earmarked, pledged and insolvency-protected plan assets are measured at fair value.

Partial retirement obligations are measured at actuarial present value (discount factor: 4.22%). The outstanding settlement amount for wages/salaries was recognised under wage/salary claims from the start of the non-active phase.

Other provisions are carried at settlement amount and take into account all discernible risks and uncertain obligations in line with prudent business judgment. Future price and cost increases are taken into account. Provisions with a remaining term of more than one year are discounted using the average market interest rate for the last seven financial years appropriate to their remaining term.

Liabilities are carried at redemption amount.

Hedging transactions are concluded to minimise cash flow risks on floating-rate loans. Micro hedges are recognised in line with section 254 HGB for both hedged items and hedges. The net hedge presentation method is used to recognise opposing changes in value arising in hedges (effective portions of the hedges recognised). Notes on hedges can be found in Section III. 17. Derivative financial instruments.

Non-current foreign currency liabilities are measured at the higher of the FX bid price when the liability arises or the market price at the balance sheet date rate (imparity principle). Current foreign currency liabilities (remaining term of one year or less) are translated at the mean sport rate on the balance sheet date.

Proceeds received before the reporting date are recognised as deferred income if they constitute income for a specific period after this date.

Deferred taxes are calculated for temporary differences between the accounting and tax carrying amounts of assets, liabilities, prepaid expenses and deferred income. This takes into account not just the differences of its own balance sheet items but also those calculated at the level of the companies and partnerships in membership of the financial unity of IVG Immobilien AG holds an interest. Furthermore, deferred tax assets are recognised on existing corporation and trade tax loss carryforwards and on tax interest carryforwards within the meaning of section 4h EStG in conjunction with section 8a of the http://www.dict.cc/englisch-deutsch/law.html *Körperschaftsteuergesetz* (KStG – German Corporation Tax Act) if these losses are expected to be offset within the next five years. Deferred tax assets and liabilities are reported net.

In the event of an excess of deferred tax assets as at the balance sheet date, the capitalisation option provided under section 274(1) sentence 2 HGB is not exercised. Deferred taxes are calculated on the basis of effective tax rates of between 16% and 31%.

III. Notes to the balance sheet of IVG Immobilien AG as at 31 December 2010

The development of individual line items of fixed assets is shown in the statement of changes in fixed assets (annex to the notes I).

1. Intangible assets and property, plant and equipment

The reduction in tangible assets is essentially due to the disposal of the property "Stellingdamm 9 – 11" in Berlin and partial disposals in Zossen.

2. Financial assets

Shares in affiliated companies declined by a total of €7.9 million in the financial year to €2,106.2 million. Book gains of €5.2 million were generated on disposals of associated companies. The additions of €57.3 million in the financial year – essentially from capital increases and acquisitions of shares in existing subsidiaries – were offset by write-downs on carrying amounts of equity investments of €77.5 million. €42.0 million of this was already recognised in income in previous years and is now reported in equity at IVG Itailia S.r.l. by way of debt conversion.

Loans to affiliated companies increased by €55.5 million to €147.5 million. Long-term loans were extended to finance investments in THE SQUAIRE GmbH & Co. KG (€180.1 million) and IVG European Properties AB, Goteborg (€4.2 million). The receivable from THE SQUAIRE GmbH & Co. KG was written down by €119.0 million and then sold to IVG Clearing GmbH at carrying amount.

The receivable from IVG EuroSelect Amstelveen I Verwaltungsges. mbH, Berlin that was written down in full in the previous year was partially repaid, resulting in the derecognition of write-downs.

The reduction in other equity investments of €40.8 million essentially resulted from the reclassification of the interest in actioplus KG K.u.K. Grundverwaltungs-GmbH & Co. (€32.2 million) to shares in affiliated companies and the reclassification of units in IVG Protect Fund (€32.9 million) to long-term investments.

Thirteen interests had to be written down on account of anticipated negative earnings prospects (€35.5 million). In the financial year, there were no write-downs not recognised on equity investments in accordance with section 253(3) sentence 4 HGB. Write-downs of €8.9 million from previous years were reversed on 15 interests in equity investments as the reasons for impairment no longer applied.

Long-term investments include fund units (20%) in the IVG Protect fund launched by IVG Institutional Funds GmbH. These units were reported under other equity investments last year. The IVG Protect fund is a fund in accordance with section 2(3) of the *Investmentgesetz* (InvG – German Investment Act) that invests in core properties in major European cities. The units can only be redeemed early on the condition that these units can be placed with other, possibly new investors and that IVG Institutional Funds GmbH grants written approval.

The value of the units as calculated in line with section 36 InvG of €27.9 million exceeds their carrying amount of €27.5 million. The distribution by the IVG Protect fund in the financial year amounted to €1.5 million.

The increase in other loans essentially resulted from the reversal of a write-down in the amount of €2.5 million on a loan of nominally GBP 52 million (EUR 81.1 million) plus interest. At €0.6 million, significant portions of disposals relate to repayments on a buyer loan granted in 2005. Other loans also include an amount of €14.7 million at UniCredit Luxembourg S.A., Luxembourg, serving as collateral for the future payment of a purchase price from a call option agreement.

Otherwise, other loans relate to long-term loans to finance investments.

3. Receivables and other assets

	31 Dec. 2010 € thou.	31 Dec. 2009 € thou.
Trade receivables	305	264
Receivables from associated companies	1,753,573	1,869,309
Receivables from other long-term investees and investors	14,021	18,074
Other assets (of which with a remaining term of more than one year)	17,952 (5)	18,391 (1,795)
	1,785,851	1,906,038

The receivables from affiliated companies are mainly daily allowances and loans granted by central treasury. Write-downs of €72.7 million were recognised on daily allowance receivables from affiliated companies.

The receivables from other long-term investees and investors essentially result from short-term loans granted by IVG to Hippon Verwaltungsgesellschaft mbH & Co. Salzufer II KG (€10.7 million) and Frankonia Eurobau Parkstadt Schwabing GmbH (€6.8 million).

Other assets include €17.2 million in tax receivables (2009: €14.6 million), €6.4 million of which relate to advance payments of trade tax, €10.1 million to advance payments of capital gains tax and €0.1 million to wage tax receivables. The reduction in other assets results from the fact that, in accordance with the BilMoG, partial retirement reinsurance policies, as plan assets, are netted against the provision on the liabilities side of the balance sheet.

The receivable with a remaining term of more than one year relates to a loan to a person employed by IVG in previous years.

Some impaired short-term receivables from and long-term loans to subsidiaries were transferred by IVG to IVG Clearing GmbH at carrying amount. The transfer agreements include recovery agreements benefiting IVG if, by the time the receivables mature, payments are received by IVG Clearing GmbH in excess of the carrying amount as at 31 December 2010. The purchase price for the receivables would retroactively increase in such cases.

4. Own shares

Owing to the changes brought about by the BilMoG, the notional value of own shares is deducted from subscribed capital on the face of the balance sheet. Please also see the notes under III. 7.

5. Cash and cash equivalents

In particular, cash and cash equivalents relate to invested term deposits, bank balances and, in the amount of €10.3 million, pledged bank balances and term deposits.

Under the BilMoG, the term deposits of IVG Pension Trust e.V. also reported here in the previous year are now netted against provisions for pensions and similar obligations as these assets constitute plan assets within the meaning of section 246(2) sentence 2 HGB.

6. Accrued and deferred items

Prepaid expenses include only deferred discounts on the borrowing of long-term bank loans and the hybrid bond.

7. Subscribed capital

As at 31 December 2010, the share capital of IVG amounted to €126,000,000 divided into 126 million no-par-value ordinary shares.

The notional value of own shares of €32,230 is deducted from subscribed capital on the face of the balance sheet. Own shares were acquired solely for the employee capital formation programme. The IVG Value programme was not reissued in 2010 as well as in 2009.

On 25 January 2010, 60 ordinary shares (corresponding to €60 or 0.00005% of the share capital) were acquired for €17.79 each from an early return of the IVG Value programme.

Thus, 32,230 ordinary shares are still held as at 31 December 2010 (2009: 32,170), corresponding to 0.0256% and a notional amount of €32,230 of share capital.

The acquisition dates of own shares are shown in the table below:

Year	Addition	Disposal	Amount
2007	25,000	18,720	6,280
2008	70,000	44,280	32,000
2009	170	0	32,170
2010	60	0	32,230

As of the reporting date, the following authorised capital was in place:

Authorised capital I	
By issue of new ordinary bearer or preference shares with or without voting rights against cash contributions	€24.0 million as per AGM resolution of 14 May 2009
Authorised capital II	
By issue of new ordinary bearer shares with a notional share of capital of €1 each against cash contributions	€12.6 million as per AGM resolution of 20 May 2010
Authorised capital III	
By issue of new ordinary bearer or preference shares with or without voting rights against cash or non-cash contributions	€24.0 million as per AGM resolution of 14 May 2009

In addition, there are three contingent capitals as at the reporting date:

Firstly, share capital has been contingently increased by €8,654,262. This contingent capital is for granting shares to the bearers of convertible bonds issued through a Dutch subsidiary with a total nominal amount of €400 million. The contingent capital increase will only be performed to the extent that the bearers of the convertible bonds or options from bonds with warrants exercise their options. The convertible bonds issued on 29 March 2007 have a term of ten years. They can be called in prematurely by the bearers for the first time effective 29 March 2014.

Furthermore, the share capital has been contingently increased by €22 million (contingent capital 2007). This contingent capital is to grant shares to the bearers or creditors or convertible bonds or bonds with warrants that can be issued by way of authorisation of the Annual General Meeting on 24 May 2007.

In addition, the share capital has been contingently increased by €30 million (contingent capital 2010). This contingent capital is to grant shares to the bearers or creditors or convertible bonds or bonds with warrants that can be issued by way of authorisation of the Annual General Meeting of the company on 20 May 2010.

8. Capital reserves

As in the previous year, the capital reserves still amount to €520.9 million.

9. Retained earnings

As in the previous year, the legal reserve still amounts to €2.6 million.

Owing to the first-time adoption of the BilMoG, the reserve for own shares was reversed in the amount of the notional value of own shares of €32 thousand and the remainder of €140 thousand was offset against capitalised own shares.

On account of the transition effects of the first-time adoption of the BilMoG and one withdrawal, other revenue reserves developed as follows:

	€ thou.
Other retained earnings as at 1 Jan. 2010	2,961
Reversal of special tax-allowable reserve within the meaning of sections 247(3), 273 HGB (old version) (section 67(3) sentence 2 EGHGB)	2,331
Reversal of provisions in amount that would have to be repaid by 31 December 2024 (section 67(1) sentence 3 EGHGB).	6,702
Offsetting of difference between purchase price and notional value of own shares acquired in 2010	-1
	11,993
Withdrawal from other retained earnings	-11,993
Other retained earnings as at 31 Dec. 2010	0

The other retained earnings were fully withdrawn to offset the net loss for the financial year of €81.0 million.

10. Net accumulated losses/net retained profits

	31 Dec. 2010	31 Dec. 2009
	€ thou.	€ thou.
Net loss for the financial year	-81,015	-552,485
Retained profits brought forward from the previous year	0	466,041
Withdrawal from reserve for own shares	32	11
Withdrawal from other retained earnings	11,993	86,433
	-68,990	0

11. Special tax-allowable reserve

The special tax-allowable reserve was reversed to other revenue reserves in line with the BilMoG.

12. Provisions

Provisions break down as follows:

	31 Dec. 2010	31 Dec. 2009
	€ thou.	€ thou.
Pensions	4,253	18,597
Taxes	11,766	14,933
Other		
VBL cancellation	7,885	10,477
Risks of project development and fund companies	10,143	37,338
Personnel	5,866	6,386
Outstanding invoices	8,767	10,573
Risk of special sales tax audit	11,950	14,800
Redevelopment, environmental protection	2,104	2,177
Miscellaneous	12,965	19,032
Other, total	59,680	100,783
	75,699	134,313

In order to secure the obligations under the company's pension commitments with assets, assets were invested on a trust basis with IVG Pension Trust e.V., Bonn, on the basis of a contractual trust arrangement. In addition, other assets were also pledged to pension recipients. These assets cannot be accessed by the company's creditors and are intended solely for the satisfaction of pension obligations. They therefore qualify as plan assets within the meaning of section 246(2) sentence 2 HGB and were netted against pension provisions for the first time in 2010. Specifically, the assets are fixed deposits invested by IVG Pension Trust, fixed deposits by IVG at a bank and the capitalised value of reinsurance policies. The nominal value of the fixed deposits and the capitalised value calculated by the insurance company for the reinsurance policies were recognised as the fair value. The fair value of these assets is therefore their cost of acquisition.

Provisions for pensions and similar obligations	€ thou.
Settlement amount of pensions and similar obligations	22,575
Less fair value of plan assets	18,322
Provision for pensions and similar obligations	4,253
Acquisition cost of plan assets	18,322

The change in pension provisions under the BilMoG as at 1 January 2010 (BilMoG opening balance sheet) resulted in an addition of €3.0 million as against the old amount recognised as at 31 December 2009. This was reported as an extraordinary expense. The remeasurement of plan assets did not result in an effect in income.

€2.0 million of tax provisions relates to provisions for trade taxes and €9.7 million to income taxes for the previous year.

The provisions for project risks relate to risks at a project company, repurchase commitments for fund units at set purchase prices and a provision for a value guarantee provided in the previous year.

Personnel provisions include obligations under early retirement agreements (€0.3 million; 2009: €1.2 million), bonuses (€1.6 million; 2009: €1.8 million) and severance pay (€1.3 million; 2009: €1.5 million).

Reinsurance policies are taken out and pledged to employees to secure partial retirement obligations. As the company's creditors cannot access the claims under these insurance policies and they are intended solely to satisfy partial retirement obligations, the capitalised values of the reinsurance policies qualify as plan assets within the meaning of section 246(2) sentence 2 HGB and were offset against partial retirement provisions for the first time in 2010. The capitalised value calculated by the insurance company, equal to the cost of acquisition, was recognised as the fair value.

Provisions for early retirement obligations	€ thou.
Settlement amount of early retirement obligations	1,179
Less fair value of plan assets	843
Provision for early retirement obligations	336
Acquisition cost of plan assets	843

The miscellaneous other provisions include risk provisions for rent guarantee obligations (€3.8 million; 2009: €5.8 million), litigation costs (€1.8 million; 2009: €2.9 million) and costs in connection with the annual financial statements (€0.8 million; 2009: €1.0 million).

13. Liabilities

€ thou.	31 Dec. 2010 total	up to 1 year	between 1 and 5 years	more than 5 years	31 Dec. 2009 total	up to 1 year
Bonds	400,000	0	0	400,000	400,000	0
Liabilities to banks	2,841,569	427,565	2,409,156	4,848	2,924,655	212,868
Accounts payable	352	352	0	0	1,957	1,957
Liabilities to affiliated companies	579,668	179,668	0	400,000	458,483	58,483
Liabilities to other long-term investees or investors	264	264	0	0	73	73
Other liabilities	116,447	114,500	1,947	0	102,847	102,187
(thereof taxes)	(18,908)	(18,908)	(0)	(0)	(1,678)	(1,678)
(thereof social security)	(57,790)	(57,790)	(0)	(0)	(53,692)	(53,692)
	3,938,300	722,349	2,411,103	804,848	3,888,015	375,568

Bonds include a hybrid bond issued in 2006 in the amount of €200.0 million and increased by a further €200.0 million in 2007. It has no maturity date and has a fixed coupon of nominally 8.0% in the first seven years. Thereafter interest is at a floating rate based on six-month Euribor plus the issue spread and a step-up of 175 basis points. IVG has a right to call the bond for the first time after seven years. The issue price when stocking up the bond was 103.5% and resulted in interest of 7.72% based on the issue price. Interest can be waived if IVG does not pay a dividend.

€850.0 million of liabilities to banks are secured by charges on property, including properties owned by affiliated companies (€739.0 million).

The long-term liabilities to affiliated companies include a convertible bond issued by IVG in February 2007 through a Dutch subsidiary with a term of ten years and issue proceeds of €400 million. The bond has an interest coupon of 1.75%. As at the reporting date, the convertible bond had a nominal amount of €400 million, divided into 4,000 bearer securities with a nominal value of €0.1 million each. The agreed conversion ratio is 2,163.6 shares per bond, resulting in an initial conversion price of €46.22. The convertible bonds can be converted into new shares in IVG at any time 40 days after issue until ten days before maturity (American option). In placing this issue, IVG exercised the authorisation granted by the Annual General Meeting in 2002. The creditors of the convertible bond can call as yet unconverted bonds for the first time as at 29 March 2014, thereby effecting early repayment.

Short-term liabilities to affiliated companies essentially relate to liabilities from Group financing transactions.

At €57.5 million (2009: €53.2 million), other liabilities include an obligation including interest (previous year: interest in provisions) to the VBL to be repaid by €5.0 million semi-annually from 2011 if an instalment agreement to this effect was concluded. Interest incurred on this to date of €4.3 million is also to be repaid in the first half of 2011.

As in the previous year, the commercial paper programmes had not been drawn on as at 31 December 2010.

Other liabilities include deferred interest liabilities of €37.0 million (2009: €43.9 million). €20.9 million of this relates to interest on the hybrid bond (2009: €20.9 million).

Employee loans created here in the context of capital formation in the financial year and previous years are also reported here in the amount of €1.3 million (2009: €1.3 million).

14. Deferred income

Deferred income essentially relates to the premium on the second tranche of the hybrid bond issued in 2007 (€2.6 million; 2009: €3.8 million) and a premium received from the IVG Protect fund in the previous year (€5.0 million; 2009: €5.0 million).

15. Contingent liabilities

	31 Dec. 2010 € thou.	31 Dec. 2009 € thou.
Financial guarantees	83,281	156,106
(thereof from associated companies)	(77,734)	(142,561)
Other contingent liabilities	101,938	127,610
(thereof from associated companies)	(96,552)	(120,055)
	185,219	283,716

The guarantees are obligations of IVG Immobilien AG to third parties for obligations of usually affiliated companies. No liabilities are secured by third-party companies.

Other contingent liabilities include obligations under letters of comfort, usually to associated companies, that are not expected to be utilised. To our knowledge, the obligations on which the guarantees and other contingent liabilities are based can be satisfied by the companies concerned in all cases; utilisation is not anticipated.

16. Other financial obligations

	31 Dec. 2010 € thou.	31 Dec. 2009 € thou.
Obligations under rental and leasing agreements		
Due in 2011 (previous year: 2010)	5,841	5,911
Due in 2012 – 2015 (previous year: 2011 – 2014)	10,927	12,531
Due after 2015 (previous year: due after 2014)	8,636	10,351
	25,404	28,793
Equity payment obligation	5,127	18,574
	30,531	47,367

In addition to the above obligations, there is another financial obligation from a letter of comfort issued by IVG for the general rental agreement concluded by a Group company for the discounted residual amount of €32.7 million (2009: €38.7 million, discounted at 5.5%; remaining term four years).

Furthermore, there are other financial obligations from a purchase commitment of €0.0 million (2009: €1.6 million).

17. Derivative financial instruments

Derivative financial instruments are used selectively to hedge interest and currency risks.

There were the following derivative financial instruments at the balance sheet date:

	31 Dec. 2010		31 Dec. 2009	
	Nominal volume	Market value	Nominal volume	Market value
	€ million	€ million	€ million	€ million
Interest rate swaps	1,751.0	-34.3	1,485.0	-37.5
Currency forwards	0.0	0.0	132.5	1.1
	1,751.0	-34.3	1,617.5	-36.4

The nominal volume of the hedges shown in the table is stated without netting while the market values are net figures. The nominal volume is the total of all buying and selling amounts on which the transactions are based

All interest rate derivatives are recognised in micro hedges. The total of the negative market values is €36.9 million, that of the positive market values €2.6 million.

The market values reported are based on confirmations from banks as at 31 December 2010. Market values were calculated using the mark-to-market method taking into account current market yield curves.

The interest rate derivatives are offset in full by hedged items (underlyings). Cash flow risks are hedged in the amount of €36.9 million with regard to variable three-month Euribor interest payment from the 2007 syndicated loan, the 2009 syndicated loan and portfolio financing. With the exception of the interest collar of nominally €120.0 million expiring at the end of 2015, all transactions are interest rate swaps (payer swaps). The terms of the interest derivatives are as follows:

	31 Dec. 2010	31 Dec. 2009
Year of maturity	Nominal amount € million	Nominal amount € million
2010	0.0	175.0
2011	446.0	450.0
2012	760.0	735.0
2013	175.0	125.0
2014	100.0	0.0
2015	270.0	0.0

In future, the opposing changes in the values of hedged items and hedges are expected to match in the full amount of the hedge. The hedged items pooled in hedge accounting have highly homogeneous risks. The key parameters for the hedges such as the reference interest rate are each chosen so that these match the hedged items and the hedges are therefore exposed to the same risk as the hedges. A high level of effectiveness is expected in these hedges.

The prospective effectiveness of hedges is determined by reference to the documented, appropriate and functional risk management system of IVG:

– the risk business areas that can lead to risk developments are determined.
– a systematic and ongoing process of risk identification and analysis is performed.
– there is regular risk reporting.
– the risk strategy is implemented effectively with suitable operative and financial measures.
– tasks and responsibilities are assigned.
– the risk strategy and methodology are reviewed at regular intervals.

The measures implemented are documented in IVG's risk policy and risk management manual.

The dollar offset method is used in cumulative form to calculate the amount of ineffectiveness to date.

In the dollar offset method, cumulative changes in the market value of hedged items are compared against the cumulative changes in the market value of hedges from the designation date in absolute money amounts at balance sheet dates. The calculation is performed in line with the dollar offset method at each reporting date.

Ineffectiveness is determined when a net loss arises from the cumulative changes in value of the hedged items and the cumulative changes in value of the hedging instruments. In such cases, a provision for expected losses is recognised in the amount of the net loss. Any net gains are disregarded.

On account of hedge accounting, a provision for expected losses of €36.9 million did not have to be recognised. This would have been due to the application of the individual measurement principle and the imparity principle in the context of the measurement of hedges with a negative market value as at the balance sheet date.

As in the previous year, counterparty and market risks were insignificant in the financial year.

IV. Notes to the income statement of IVG Immobilien AG for the period from 1 January to 31 December 2010

1. Income from equity investments

	2010	2009
	€ thou.	€ thou.
Income from equity investments	58,597	13,480
(of which affiliated companies)	(49,733)	(10,292)
Income from profit transfer agreements	93,743	197,717
Cost of loss absorption	-23,543	-332,586
	128,797	-121,389

The income from profit transfer agreements relates to the profits transferred from IVG Caverns GmbH (€46.7 million; 2009: €18.5 million), IVG Investment GmbH (€12.7 million; 2009: €178.2 million) and IVG Clearing GmbH (€34.3 million; 2009: loss of €315.9 million).

The costs of loss absorption relate to IVG Development GmbH (€11.2 million; 2009: €7.8 million), IVG Asset Management GmbH (€7.2 million; 2009: €5.5 million), IVG Media Works Munich Vermietgesellschaft mbH (€5.1 million; 2009: €3.3 million) and Pfäffikon Beteiligungs- und Verwaltungs GmbH (€0.01 million; 2009: profit of €1.0 million).

The matched recognition of net income from 19 subsidiaries resulted in €42.2 million (2009: €9.3 million).

2. Financial result

	2010	2009
	€ thou.	€ thou.
Income from long-term loans	23,410	18,338
(of which affiliated companies)	(16,648)	(12,169)
Other interest and similar income	60,306	108,359
(of which affiliated companies)	(56,328)	(91,018)
interest and similar expenses	-159,357	-191,876
(of which affiliated companies)	(-3,513)	(-5,886)
(of which cost of interest on pension and long-term other provisions)	(3,101)	(0)
	-75,641	-65,179

In particular, the drop in interest income is due to the decline in the Group's agreed internal interest rate. Interest expenses essentially decreased on account of the absence of non-recurring effects incurred in the previous year in connection with the conclusion of SynLoan II.

For the first time, net interest income included the cost of interest on pension and long-term personnel provisions and other provisions. The costs of interest on pension and partial retirement provisions were netted against the income from qualified plan assets.

Offsetting of interest and income from plan assets

	€ thou.
Cost of interest on pension and early retirement provisions (gross)	1,379
Income from plan assets	166
Cost of interest on pension and early retirement provisions (net)	1,213

3. Write-downs of long-term financial assets and investments classified as current assets

	2010	2009
	€ thou.	€ thou.
Write-downs of long-term financial assets	-155,357	-358,218
Write-downs of securities classified as current assets	0	-14
	-155,357	-358,232

For information on write-downs please see the statement of changes in fixed assets and our notes on financial assets under III.2.

4. Other operating income

Other operating income includes the following transactions:

	2010	2009
	€ thou.	€ thou.
Income from reversal of write-downs on receivables	81,470	91,453
Forwarding of personnel, administrative and IT expenses to subsidiaries	21,073	22,366
Income from exchange rate differences	16,298	27,939
Income from letting of investment properties	14,889	17,331
Reversals of write-downs on interests and long-term loans	11,376	15,215
Income from the reversal of provisions	6,625	8,102
Book gains on sales of shares	5,160	1,135
Reversals of write-downs on tangible assets	3,080	0
Book gains on sales of investment properties	386	1,327
Reversal of special tax-allowable reserve	0	30,140
Miscellaneous other operating income	10,303	4,561
	170,660	219,569

The income from the reversal of write-downs essentially results from daily allowances fully repaid in the financial year on account of rescheduling to three UK and two French subsidiaries.

The income from currency translation differences is mainly due to foreign currency gains as a result of remeasurement at the reporting date.

5. Personnel expenses

	2010	2009
	€ thou.	€ thou.
Wages and salaries	-13,762	-15,201
Social security, post-employment and other employee benefit costs	-2,715	-5,689
(of which in respect of post-employment costs)	(-1,124)	(-4,262)
	-16,477	-20,890

The wages and salaries include expenses of €0.4 million for obligations from performance share plans (2009: €0.2 million) and €0.5 million for obligations from restricted stock units.

6. Depreciation and amortisation of intangible fixed assets and depreciation and amortisation of tangible fixed assets

	2010	2009
	€ thou.	€ thou.
Scheduled depreciation and amortisation	-5,351	-6,216
Extraordinary depreciation	0	-9,177
	-5,351	-15,393

7. Other operating expenses

	2010	2009
	€ thou.	€ thou.
Impairment losses on receivables	-73,362	-67,925
Costs of exchange rate differences	-15,059	-32,240
IT expenses	-10,882	-10,360
Audit and consulting costs	-5,416	-7,961
Costs of let properties	-4,567	-5,442
Addition to provisions for project risks, rent guarantees, etc.	-4,394	-16,443
Rent and leases	-3,424	-3,639
Agency staff	-3,324	-5,683
Financial fees	-2,459	-2,323
Marketing costs	-1,444	-1,748
Cost of unrealised transactions	-1,359	-5,967
Losses on the disposal of fixed assets	-241	-24,356
Costs of the capital increase 2009	-60	-1,382
Miscellaneous other operating expenses	-2,722	-4,998
	-128,713	-190,467

€39.2 million of write-downs on receivables relate to IVG Immobilien-Management Holding AG, Bonn. The costs of currency translation differences predominantly result from the foreign currency measurement of GBP receivables at the reporting date rate.

For information on the costs for the auditor included in the audit and consulting expenses, please see the notes to the consolidated financial statements of IVG.

8. Extraordinary result

Transition effects owing to the first-time adoption of the BilMoG shown in the extraordinary result relate to the following matters:

	Extraordinary income	Extraordinary expense
	€ thou.	€ thou.
Remeasurement of foreign currency receivables and liabilities with a remaining term of more than one year at a past balance sheet date (section 66(3) in conjunction with section 67(7) EGHGB)	2,233	
Remeasurement of provisions for pensions and similar obligations (section 253(2) HGB)		3,041
Remeasurement of early retirement obligation (section 253(2) HGB)		5

9. Taxes

	2010	2009
	€ thou.	€ thou.
Taxes on income	2,514	-492
Other taxes	-635	-12
	1,879	-504

The taxes on income essentially relate to the reversal of income tax provisions (€5.3 million) and trade tax provisions for the reporting year (€2.0 million).

As at the balance sheet date, after netting deferred tax assets and liabilities (total difference analysis), there was an excess of deferred tax assets. The company has not exercised the capitalisation option of section 274(1) sentence 2 HGB, hence no deferred taxes are reported in the balance sheet overall.

The differences between the financial accounts and the tax accounts leading to deferred tax assets essentially result from

- loss carryforwards
- inventories
- tangible assets
- liabilities

The differences between the financial accounts and the tax accounts leading to deferred tax liabilities essentially result from

- special tax-allowable reserve under section 6b
- tangible assets

V. Other disclosures

1. Employees

The average number of employees in 2010 was 133 plus 22 (Board of Management, employees in non-active early retirement or on maternity/paternity leave) (of which paid hourly: none; salaried: 133). In 2009, the average number of employees was 125 plus 27 (Board of Management, employees in non-active early partial retirement or on maternity/paternity leave) (of which paid hourly: one; salaried: 124).

2. Total remuneration of the Supervisory Board and the Board of Management

The principles of the remuneration system for the Board of Management and Supervisory Board and detailed, individual information on remuneration can be found in the remuneration report, which is a component of the management report (4.1 Remuneration report).

The total remuneration of the Board of Management amounted to €2.4 million in the past financial year (2009: €3.4 million). The fair values of share-based remuneration in the form of participation in the performance cash plan 2010 and the granting of RSUs for the company target-based portion of the bonus was €1.0 million as at the time of being granted. The members of the Board of Management received 69,892 RSUs on the basis of circumstances as at the time of being granted.

Total remuneration of former Board of Management members and their surviving dependents amounted to €1.6 million (2009: €2.5 million). The corresponding pension obligations as at 31 December 2010 amounted to €16.0 million (2009: €12.1 million).

The total remuneration of the Supervisory Board was €0.4 million (2009: €0.2 million). This includes the share-based remuneration granted in the financial year with a fair value as at the time of being granted of €0.1 million (2009: €0.0 million).

As at 31 December 2010, there were no advances or loans to members of the Board of Management or the Supervisory Board.

The information on the members of the Board of Management and the Supervisory Board as per section 285 no 10 HGB can be found under VI.

3. Disclosures in accordance with section 160(1) no. 8 AktG

Deutsche Bank AG, Frankfurt/Main, Germany, notified us on 17 February 2011 in accordance with section 21(1) WpHG that its share of voting rights in IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SCN: 620570 fell below the thresholds of 5% and 3% of voting rights on 16 February 2011 and thereafter amounted to 0.53% (731,858 voting rights).*

NHH Norddeutsche Handels Holding GmbH, Hamburg, Germany, notified IVG Immobilien AG (ISIN: DE0006205701) on 1 February 2011 in accordance with section 21(1) sentence 1 WpHG that its share of voting rights in IVG Immobilien AG (ISIN: DE0006205701) fell below the threshold of 5% on 27 January 2011 and on this day amounted to 4.94% (6,219,254 of a total of 126,000,000 voting rights). 0.78% (980,000) of these voting rights are assigned to NHH Norddeutsche Handels Holding GmbH, Hamburg, Germany, in accordance with section 22(1) sentence 1 no. 6 WpHG. Furthermore, 2.57% (3,244,254) of these voting rights are assigned to NHH Norddeutsche Handels Holding GmbH, Hamburg, Germany, in accordance with section 22(2) sentence 1 WpHG.*

Schneidewind Vermögensverwaltungs GmbH, Düsseldorf, Germany, notified IVG Immobilien AG (ISIN: DE0006205701) on 1 February 2011 in accordance with section 21(1) sentence 1 WpHG that its share of voting rights in IVG Immobilien AG (ISIN: DE0006205701) fell below the threshold of 5% on 27 January 2011 and on this day amounted to 4.94% (6,219,254 of a total of 126,000,000 voting rights). 0.78% (980,000) of these voting rights are assigned to Schneidewind Vermögensverwaltungs GmbH, Düsseldorf, Germany, in accordance with section 22(1) sentence 1 no. 6 in conjunction with sentence 2 WpHG. A further 1.58% (1,995,000) of these voting rights are assigned to Schneidewind Vermögensverwaltungs GmbH, Düsseldorf, Germany, in accordance with section 22(1) sentence 1 no. 1 WpHG. Furthermore, 2.57% (3,244,254) of these voting rights are assigned to Schneidewind Vermögensverwaltungs GmbH, Düsseldorf, Germany, in accordance with section 22(2) sentence 1 WpHG.*

Mr. Klaus-Peter Schneidewind, Germany, notified IVG Immobilien AG (ISIN: DE0006205701) on 1 February 2011 in accordance with section 21(1) sentence 1 WpHG that his share of voting rights in IVG Immobilien AG (ISIN: DE0006205701) fell below the threshold of 5% on 27 January 2011 and on this day amounted to 4.94% (6,219,254 of a total of 126,000,000 voting rights). Mr. Klaus-Peter Schneidewind, Germany, holds 0.78% (980,000) of these voting rights directly. These voting rights held directly are also assigned to Mr. Klaus-Peter Schneidewind, Germany, in accordance with section 22(1) sentence 1 no. 6 in conjunction with sentence 2 WpHG. A further 1.58% (1,995,000) of these voting rights are assigned to Mr. Klaus-Peter Schneidewind, Germany, in accordance with section 22(1) sentence 1 no. 1 WpHG. Furthermore, 2.57% (3,244,254) of these voting rights are assigned to Mr. Klaus-Peter Schneidewind, Germany, in accordance with section 22(2) sentence 1 WpHG.*

Mr. Clemens J. Vedder, Switzerland, notified IVG Immobilien AG (ISIN: DE0006205701) on 1 February 2011 in accordance with section 21(1) sentence 1 WpHG that his share of voting rights in IVG Immobilien AG (ISIN: DE0006205701) fell below the threshold of 5% on 27 January 2011 and on this day amounted to 4.94% (6,219,254 of a total of 126,000,000 voting rights). 2.57% (3,244,254) of these voting rights are assigned to Mr. Clemens J. Vedder, Switzerland, in accordance with section 22(1) sentence 1 no. 1 WpHG. These voting rights are also assigned to Mr. Clemens J. Vedder, Switzerland, in accordance with section 22(1) sentence 1 no. 6 in conjunction with sentence 2 WpHG. Furthermore, 2.36% (2,975,000) of these voting rights are assigned to Mr. Clemens J. Vedder, Switzerland, in accordance with section 22(2) sentence 1 WpHG.*

Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, notified IVG Immobilien AG (ISIN: DE0006205701) on 1 February 2011 in accordance with section 21(1) sentence 1 WpHG that its share of voting rights in IVG Immobilien AG (ISIN: DE0006205701) fell below the threshold of 5% on 27 January 2011 and on this day amounted to 4.94% (6,219,254 of a total of 126,000,000 voting rights). 2.57% (3,244,254) of these voting rights are assigned to Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, in accordance with section 22(1) sentence 1 no. 1 WpHG. These voting rights are also assigned to Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, in accordance with section 22(1) sentence 1 no. 6 in conjunction with sentence 2 WpHG. Furthermore, 2.36% (2,975,000) of these voting rights are assigned to Goldsmith Capital Partners Limited, Grand Cayman, Cayman Islands, in accordance with section 22(2) sentence 1 WpHG.*

Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, notified IVG Immobilien AG (ISIN: DE0006205701) on 1 February 2011 in accordance with section 21(1) sentence 1 WpHG that its share of voting rights in IVG Immobilien AG (ISIN: DE0006205701) fell below the threshold of 5% on 27 January 2011 and on this day amounted to 4.94% (6,219,254 of a total of 126,000,000 voting rights). 2.57% (3,244,254) of these voting rights are assigned to Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, in accordance with section 22(1) sentence 1 no. 1 WpHG. These voting rights are also assigned to Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, in accordance with section 22(1) sentence 1 no. 6 WpHG. Furthermore, 2.36% (2,975,000) of these voting rights are assigned to Goldsmith Capital Partners L.P., Grand Cayman, Cayman Islands, in accordance with section 22(2) sentence 1 WpHG.*

Blacksmith Fund Limited, Grand Cayman, Cayman Islands, notified IVG Immobilien AG (ISIN: DE0006205701) on 1 February 2011 in accordance with section 21(1) sentence 1 WpHG that its share of voting rights in IVG Immobilien AG (ISIN: DE0006205701) fell below the threshold of 5% on 27 January 2011 and on this day amounted to 4.94% (6,219,254 of a total of 126,000,000 voting rights). Furthermore, 2.36% (2,975,000) of these voting rights are assigned to Blacksmith Fund Limited, Grand Cayman, Cayman Islands, in accordance with section 22(2) sentence 1 WpHG.*

Internationale Kapitalanlagegesellschaft mbH, Düsseldorf, Germany, notified us on 29 December 2010 in accordance with section 21(1) WpHG that its share of voting rights in IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SCN: 620570 fell below the threshold of 3% of voting rights on 27 December 2010 and on this date amounted to 2.168% (2,731,508 voting rights). 2.168% (2,731,508) of these voting rights are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG.

Universal-Investment GmbH, Frankfurt/Main, Germany, notified us as a correction on 8 December 2010 in accordance with section 21(1) WpHG that its share of voting rights in IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SCN: 620570 fell below the threshold of 5% of voting rights on 25 November 2010 and on this date amounted to 4.984% (6,280,157 voting rights). 4.687% (5,905,564) of these voting rights are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG (special fund).

Cohen & Steers, Inc., New York, USA, notified us on 2 June 2010 in accordance with section 21(1) WpHG that its share of voting rights in IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SCN: 620570 fell below the threshold of 3% of voting rights on 27 May 2010 and on this date amounted to 2.74% (3,457,239 voting rights). 2.74% (3,457,239) of these voting rights are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG in conjunction with sentence 2 WpHG.

Deutsche Bank AG, Theodor-Heuss-Allee 70, 60486 Frankfurt/Main, Germany notified us on 1 April 2010 in accordance with sections 21(1), 24 WpHG that the share of voting rights in IVG Immobilien AG, Zanderstrasse 5-7, 53177 Bonn, Germany, ISIN: DE0006205701, SCN: 620570, held by **Sal. Oppenheim jr. & Cie. S.C.A.**, 4, rue Jean Monnet, 2180 Luxembourg, Luxembourg, fell below the thresholds of 15%, 10%, 5% and 3% on 30 March 2010 and now amounts to 0% (0 voting rights). Furthermore, it notified us in accordance with sections 21(1), 24 WpHG that the share of voting rights in IVG Immobilien AG, Zanderstrasse 5-7, 53177 Bonn, Germany, ISIN: DE0006205701, SCN: 620570, held by **SGG S.A.**, 412 F, route d'Esch, 2086 Luxembourg, Luxembourg, fell below the thresholds of 15%, 10%, 5% and 3% on 30 March 2010 and now amounts to 0% (0 voting rights).

Solidas 2 S.A., 412 F, route d'Esch, 2086 Luxembourg, Luxembourg notified us on 31 March 2010 in accordance with section 21(1) WpHG that the share of voting rights in IVG Immobilien AG, Zanderstrasse 5-7, 53177 Bonn, Germany, ISIN: DE0006205701, SCN: 620570, held by **Solidas 3 S.A.**, 412 F, route d'Esch, 2086 Luxembourg, Luxembourg, fell below the thresholds of 15%, 10%, 5% and 3% on 30 March 2010 and on this date amounted to 0.00% (zero voting rights).

Furthermore, it notified us in accordance with section 21(1) WpHG that the share of voting rights in IVG Immobilien AG, Zanderstrasse 5-7, 53177 Bonn, Germany, ISIN: DE0006205701, SCN: 620570, held by **Solidas 2 S.A.**, 412 F, route d'Esch, 2086 Luxembourg, Luxembourg, fell below the thresholds of 15%, 10%, 5% and 3% on 30 March 2010 and on this day amounted to 0.00% (zero voting rights).

MANN Immobilien-Verwaltung AG, Karlsruhe, Germany, notified us on 30 March 2010 in accordance with section 21(1) WpHG that its share of voting rights in IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SCN: 620570 exceeded the thresholds of 3%, 5%, 10%, 15% and 20% of voting rights on 30 March 2010 and on this date amounted to 20.75% (26,148,557 voting rights).

Cohen & Steers Capital Management, Inc., New York, USA, notified us on 26 March 2010 in accordance with section 21(1) WpHG that its share of voting rights in IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SCN: 620570 fell below the threshold of 3% of voting rights on 18 March 2010 and on this day amounted to 2.88% (3,622,811 voting rights). 2.88% (3,622,811) of these voting rights are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG in conjunction with sentence 2 WpHG.

Santo Holding AG, Zurich, Switzerland, notified us on 28 October 2009 in accordance with section 21(1) WpHG that its share of voting rights in IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SCN: 620570 fell below the threshold of 15% of voting rights on 22 October 2009 and on this date amounted to 14.39% (18,133,651 voting rights).

LVM Landwirtschaftlicher Versicherungsverein Münster a.G, Münster, Germany, notified us on 30 October 2008 in accordance with section 21(1) WpHG that its share of voting rights in IVG Immobilien AG, Bonn, Germany, ISIN: DE0006205701, SCN: 620570 exceeded the threshold of 3% of voting rights on 9 September 2008 and thereafter amounted to 3.31% (3,836,797 voting rights). 1.82% (2,115,525) of these voting rights are attributable to the company in accordance with section 22(1) sentence 1 no. 1 WpHG.
* Notification issued after the balance sheet date.

4. Corporate governance (disclosure in accordance with section 285 no. 16 HGB)

Corporate governance comprises the system for managing and monitoring a company, the principles and guidelines of its business policy and the system of its internal and external control and monitoring mechanisms. Good, transparent corporate governance guarantees that our company is managed and controlled responsibly with a view to adding value. It promotes confidence among investors, business partners and members of the public in the management and monitoring of IVG Immobilien AG.

On 16 November 2010, the Board of Management and Supervisory Board of IVG Immobilien AG issued a joint declaration of compliance with the recommendations of the German Corporate Governance Code as amended 26 May 2010 in accordance with section 161 AktG. The form and content of the declarations of compliance can be accessed by shareholders on the company's website (http://www.ivg.de/de/1204221.asp) at all times.

5. Related party transactions

Related parties are the Supervisory Board, the Board of Management, key executives and close relatives of these persons. In addition to the consolidated subsidiaries, related companies also include the companies of the MANN Group, Karlsruhe, the associates and non-consolidated subsidiaries of IVG.

Companies of the bank Sal. Oppenheim, Cologne, were also related companies until the first quarter of 2010. MANN Immobilien-Verwaltung AG in Karlsruhe became the new major shareholder of IVG. It notified us on 16 March 2010 that it had acquired 18.4% of shares in IVG from Solidas 3 S.A., the former shareholder of Sal. Oppenheim.

No transactions were conducted with close relatives of the Supervisory Board or the Board of Management.

Since the end of 2009, one key executive has had significant influence at acb GmbH, Wiesbaden. This company concluded agreements for accounting services with IVG Institutional Funds GmbH, for which a total of €0.5 million was invoiced in 2010 (2009: €0.5 million).

No other transactions were performed with key executives or their close relatives.

In the 2009 financial year, key executives received total gross salaries of €5.2 million (2009: €6.3 million).

The following significant transactions were performed with consolidated subsidiaries in which IVG does not hold 100% of shares either directly or indirectly:

By 31 December 2010, loans totalling €449.4 million and daily allowances totalling €27.2 million (essentially capitalised interest) were extended to THE SQUAIRE GmbH & Co.KG (formerly Airrail Center Frankfurt Verwaltungsgesellschaft mbH & Co. Vermietungs KG). This resulted in interest of €11.4 million for the 2010 financial year. Services by IVG were invoiced to the company in the amount of €0.3 million.

By 31 December 2010, long-term funds totalling €70.0 million were extended to GELFOND Verwaltungsgesellschaft mbH & Co. Frankfurt – Niederrad Besitz KG. This resulted in interest income of €1.1 million for the 2010 financial year.

By 31 December 2010, long-term funds totalling €40.6 million were extended to Tardis Verwaltungsgesellschaft mbH & Co. Vermietungs KG. This resulted in interest income of €2.1 million for the 2010 financial year.

By 30 June 2010, short-term funds totalling €12.6 million were extended to IVG Euro-Select Achtzehn GmbH & Co. KG. This resulted in interest income of €0.3 million for the 2010 financial year.

IVG Institutional Funds was charged a total of €4.1 million for services in the context of internal cost allocation.

IVG leased its Bonn headquarters from IVG Immobilien GmbH & Co. Bonn I – Objekt Zanderstraße – KG. Expenses of €1.8 million were incurred for this in the financial year.

There are business relationships such as participation in central cash management and general contract agreements with associates and non-consolidated subsidiaries. In addition, the following significant transactions were performed with associates in 2010:

Together with other subsidiaries, IVG sold properties to the IVG Premium Green fund for a total purchase price of €83.2 million.

HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer II Vermietungs KG has a loan of €10.7 million including interest accrued (€0.5 million of which recognised in income in 2010).

The loan liability from FRANKONIA Eurobau Parkstadt-Schwabing GmbH to IVG amounted to €6.8 million including interest accrued as at 31 December 2010.

In the 2010 financial year, IVG procured services with a value of €0.0 million from companies of the Sal. Oppenheim Group (2009: €1.5 million).

6. List of shareholdings

The list of shareholdings can be found in the annex to the notes II. The figures shown for equity and net income/net losses for the financial year are the figures from the IFRS financial statements prepared for the consolidated financial statements.

VI. The Supervisory Board and the Board of Management

Supervisory Board

Detlef Bierbaum

Chairman of the Supervisory Board

Banker

Cologne

Disclosures in accordance with section 285 no. 10 HGB:

- Deutsche Bank (Austria) AG*
- Douglas Holding AG
- General Reinsurance AG (Genre)
- IVG Institutional Funds GmbH (Chairman)**

- LVM Landwirtschaftlicher Versicherungsverein Münster a.G.
- LVM Lebensversicherungs-AG
- Monega Kapitalanlagegesellschaft mbH
- Oppenheim Kapitalanlagegesellschaft mbH*
- SMS GmbH (until 30 April 2010)

Similar mandates:

- CA Immobilien Anlagen AG, Vienna
- Dundee REIT, Toronto
- Integrated Asset Management plc, London
- Lloyd George Management Ltd., Hong Kong
- Oppenheim Asset Management S.à.r.l., Luxembourg*
- Tertia Handelsbeteiligungsgesellschaft mbH
- The Central European and Russia Fund, Inc., New York
- The European Equity Fund, Inc., New York
- * Oppenheim Group companies
- ** IVG Group company

Frank F. Beelitz

Deputy Chairman of the Supervisory Board
Investment banker, managing partner
Bad Homburg

Disclosures in accordance with section 285 no. 10 HGB:

Südwestbank AG (until 12 July 2010)

Similar mandates:

None

Dr. Hans Michael Gaul

Member of the Supervisory Board

Düsseldorf

Disclosures in accordance with section 285 no. 10 HGB:

- Evonik Industries AG
- EWE Aktiengesellschaft
- HSBC Trinkaus & Burkhardt AG
- Siemens AG
- VNG – Verbundnetz Gas AG
- Volkswagen AG

Similar mandates:

None

David C. Günther

Member of the Supervisory Board

Lawyer/employee, IVG Asset Management GmbH

Grünwald

Disclosures in accordance with section 285 no. 10 HGB:

None

Wolfgang Herr (from 20 May 2010)
Member of the Supervisory Board
Member of the Board of Management of Mann Immobilien-Verwaltung AG
Baden-Baden

Disclosures in accordance with section 285 no. 10 HGB:

- POLIS Immobilien AG, Berlin*

* Mann Group company

Similar mandates:

None

Dr. Eckart John von Freyend (until 14. April 2010)

Member of the Supervisory Board

Shareholder of Gebrüder John von Freyend Vermögens- und Beteiligungsgesellschaft mbH

Bad Honnef

Disclosures in accordance with section 285 no. 10 HGB:

- EUREF AG
- Finum Finanzhaus AG (Chairman) (until 7 April 2010)
- Hahn Immobilien-Beteiligungs AG
- Hamborner REIT AG (Chairman)
- Investment AG für langfristige Investoren TGV
- VNR Verlag für die Deutsche Wirtschaft AG

Similar mandates:

None

Matthias Graf von Krockow (until 30 April 2010)

Member of the Supervisory Board

Cologne

Disclosures in accordance with section 285 no. 10 HGB:

- Bank Sal. Oppenheim jr. & Cie. (Austria) AG* (Chairman) (until 9 February 2010)
- Fiat Group Automobiles Germany AG (Chairman)
- Oppenheim Vermögenstreuhand GmbH*
- RWE-Power Aktiengesellschaft
- Schwestern-Versicherungsverein vom Roten Kreuz in Deutschland a.G.

Similar mandates:

- Sal. Oppenheim jr. & Cie. Beteiligungen S.A.* (Luxembourg), Luxembourg (until 15 March 2010)

* Oppenheim Group companies

Rudolf Lutz

Member of the Supervisory Board
Employee, IVG Immobilien AG
Bonn

Disclosures in accordance with section 285 no. 10 HGB:

None

Friedrich Merz (until 20 May 2010)
Member of the Supervisory Board
Lawyer/partner Mayer Brown LLP
Arnsberg-Niedereimer

Disclosures in accordance with section 285 no. 10 HGB:

- AXA Konzern AG
- DBV Winterthur AG
- Deutsche Börse AG
- WEPA Industrieholding SE (Chairman)

Similar mandates:

- BASF Antwerpen N.V., Antwerp, Belgium
- Stadler Rail AG, Bussnang, Switzerland

Klaus R. Müller (from 20 May 2010)
Member of the Supervisory Board
Lawyer/counsel at Mann Immobilien-Verwaltung AG
Germersheim

Disclosures in accordance with section 285 no. 10 HGB:

- POLIS Immobilien AG*

* Mann Group company

Similar mandates:

None

Thomas Neußer-Eckhoff (from 20 May 2010)
Member of the Supervisory Board
Architect
Ladenburg

Disclosures in accordance with section 285 no. 10 HGB:

None

Claus Schäffauer (until 20 May 2010)
Member of the Supervisory Board
Employee, IVG Asset Management GmbH
Heppenheim

Disclosures in accordance with section 285 no. 10 HGB:

None

Dr. Bernd Thiemann (from 20 May 2010)
Member of the Supervisory Board
Kronberg

Disclosures in accordance with section 285 no. 10 HGB:

- Deutsche Euroshop AG
- Deutsche Pfandbriefbank (Chairman)
- EQC AG
- Hypo Real Estate Holding AG (Chairman)
- VHV Leben AG
- VHV Vereinigte Hannoversche Versicherung a.G.
- Wave Management AG

Similar mandates:

- M.M. Warburg & CO KGaA
- Odewald & Compagnie
- Würth Finance International B.V., Amsterdam
- Würth Group

Committees of the Supervisory Board of IVG Immobilien AG

Audit Committee

- Frank F. Beelitz, Chairman
- Dr. Hans Michael Gaul, Deputy Chairman
- Wolfgang Herr (from 20 May 2010)
- Rudolf Lutz

Personnel Committee

- Detlef Bierbaum, Chairman
- Klaus R. Müller, Deputy Chairman (from 20 May 2010)
- David C. Günther (from 20 May 2010)
- Friedrich Merz, Deputy Chairman (until 20 May 2010)
- Claus Schäffauer (until 20 May 2010)

Nomination Committee

- Detlef Bierbaum
- Frank F. Beelitz (from 20 May 2010)
- Klaus R. Müller (from 20 May 2010)
- Dr. Eckart John von Freyend (until 14 April 2010)

Board of Management

Dr. Gerhard Niesslein
Chairman of the Board of Management
Kronberg

Disclosures in accordance with section 285 no. 10 HGB:

- Deutsche Reihenhaus AG (Chairman)
- IVG Institutional Funds GmbH*

* IVG Group company

Similar mandates:

None

Prof. Dr. Wolfgang Schäfers
Member of the Board of Management and CFO
Bad Abbach

Disclosures in accordance with section 285 no. 10 HGB:

- IVG Immobilien-Management Holding AG* (Chairman)
- IVG Institutional Funds GmbH*

* IVG Group companies

Similar mandates:

None

Dr. Georg Reul (until 21 May 2010)
Member of the Board of Management
Bonn-Bad Godesberg

Disclosures in accordance with section 285 no. 10 HGB:

- IVG Immobilien-Management Holding AG* (until 21 May 2010)
- IVG Institutional Funds GmbH* (until 21 May 2010)

* IVG Group companies

Similar mandates:

- Goldbeck GmbH

The declaration in accordance with section 264(2) sentence 3 and 289(1) sentence 5 HGB reads:

“To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company for the remaining months of the financial year”.

Bonn, 28 February 2011

Dr. Gerhard Niesslein　　　　Prof. Dr. Wolfgang Schäfers

IVG Immobilien AG

Statement of changes in fixed assets

	Acquisition/production cost				
	As of 1 Jan. 2010	**Additions**	**Disposals**	**Reclassification**	**As of 31 Dec. 2010**
	€	€	€	€	€
I. Intangible assets					
Concessions, industrial property rights and other rights as well as licenses to such rights	2,172,125.22	61,985.00	—	—	2,234,110.22
	2,172,125.22	61,985.00	—	—	2,234,110.22
II. Property, plant and equipment					
1. Land, land rights and buildings, including buildings on third-party land	268,189,291.24	242,141.81	8,723,990.49	1,233.79	259,708,676.35
2. Technical plant and machines	143,865.40	—	—	—	143,865.40
3. Other plant and office equipment	4,370,761.83	209,526.22	74,586.64	—	4,505,701.41
4. Advance payments made and construction in progress	2,031,153.97	1,289,183.95	—	-1,233.79	3,319,104.13
	274,735,072.44	1,740,851.98	8,798,577.13	—	267,677,347.29
III. Financial assets					
1. Shares in affiliated companies	2,390,905,808.66	57,261,832.71	8,188,059.03	32,212,143.38	2,472,191,725.72
2. Loans to affiliated companies	370,739,020.88	185,707,092.86	11,824,932.37	—	544,621,181.37
3. Equity investments	72,106,211.04	—	478,885.15	65,087,143.38	6,540,182.51
4. Loans to other equity investments	40,550,000.00	—	—	—	40,550,000.00
5. Securities	—	—	5,399,374.08	32,875,000.00	27,475,625.92
6. Other loans	107,441,766.60	6,196,933.38	602,500.00	—	113,036,199.98
	2,981,742,807.18	249,165,858.95	26,493,750.63	0.00	3,204,414,915.50
Total non-current assets	3,258,650,004.84	250,968,695.93	35,292,327.76	0.00	3,474,326,373.01

Depreciation, amortisation and write-downs						Carrying amounts	
As of 1 Jan. 2010	Additions*	Disposals	Reversals of write-down**	Reclassification	As of 31 Dec. 2010	As of 31 Dec. 2010	As of 31 Dec. 2009
€	€	€	€	€	€	€	€
1,529,352.22	183,258.00	—	—	—	1,712,610.22	521,500.00	642,773.00
1,529,352.22	183,258.00	—	—	—	1,712,610.22	521,500.00	642,773.00
56,769,615.28	4,820,481.42	351,963.89	3,079,946.41	—	58,158,186.40	201,550,489.95	211,419,675.96
134,673.40	863.00	—	—	—	135,536.40	8,329.00	9,192.00
3,219,633.81	346,514.22	49,193.64	—	—	3,516,954.39	988,747.02	1,151,128.02
—	—	—	—	—	—	3,319,104.13	2,031,153.97
60,123,922.49	5,167,858.64	401,157.53	3,079,946.41	—	61,810,677.19	205,866,670.10	214,611,149.95
276,772,674.54	77,495,365.35	3,688,789.43	8,909,669.00	24,273,000.00	365,942,581.46	2,106,249,144.26	2,114,133,134.12
278,664,052.29	119,862,000.00	1,450,000.00	—	—	397,076,052.29	147,545,129.08	92,074,968.59
28,589,016.62	—	475,662.75	—	-24,273,000.00	3,840,353.87	2,699,828.64	43,517,194.42
—	—	—	—	—	—	40,550,000.00	40,550,000.00
—	—	—	—	—	—	27,475,625.92	—
62,694,112.10	—	—	3,109,719.59	—	59,584,392.51	53,451,807.47	44,747,654.50
646,719,855.55	197,357,365.35	5,614,452.18	12,019,388.59	—	826,443,380.13	2,377,971,535.37	2,335,022,951.63
708,373,130.26	202,708,481.99	6,015,609.71	15,099,335.00	—	889,966,667.54	2,584,359,705.47	2,550,276,874.58

* *€42,000,000 of additions to write-downs on shares in affiliated companies and equity investments are not taken to profit or loss on account of the contribution to a subsidiary of a receivable written down in the previous year*

** *The reversals of write-downs on other loans include an effect of €643,442.99 shown under income from exchange rate differences.*

Shareholdings of IVG Group companies
as of December 31, 2010

Company code	Legal Entity	Parent Company number	Capital interests in %	Voting rights in %	Group share in %	Country	Country	Equity in TEUR	Net profit for the year TEUR	Remarks
	I. affiliated, consolidated companies[1)]									
3	IVG Polar Oy, Helsinki	609 665	37.94 62.06	37.94 62.06	100.00	FIN	Finland	391,600	21,144	
4	IVG Caverns GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	1,636.601	124,069	4)
7	Suomen Osakaskiinteistöt Oy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	-365	-375	
14	Kilometri Koy, Espoo	3	100.00	100.00	100.00	FIN	Finland	16	-10	
15	Kilon Helmi Koy, Espoo	3	100.00	100.00	100.00	FIN	Finland	3,818	-667	
16	Kilon Timantti Koy, Espoo	3	100.00	100.00	100.00	FIN	Finland	4,229	-607	
18	Kornetintie 6 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	-390	-202	
19	Kuopion Satama 4 Koy, Kuopio	3	100.00	100.00	100.00	FIN	Finland	1,552	-72	
20	Kutomotie 6 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	2,301	-416	
24	Malmin Kauppatie 8 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	3,109	-643	
25	Niittylänpolku 16 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	2,138	-377	
27	Pakkalan Kartanonkoski 12 Koy (Leija), Vantaa	3	100.00	100.00	100.00	FIN	Finland	234	-728	
28	Pakkalan Kartannnkoski 3 Koy, Vantaa	3	100.00	100.00	100.00	FIN	Finland	16,243	-1,280	
29	Pasilanraitio 5 Koy, Helsinki	3	100.00	91.60	100.00	FIN	Finland	8,590	-1,140	
30	Plaza Forte Koy, Vantaa	3	100.00	100.00	100.00	FIN	Finland	12,453	-3,362	
31	Pitkänsillankatu 1-3 Koy, Kokkola	3	100.00	100.00	100.00	FIN	Finland	-14	-305	
32	Satomalmi Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	3,249	-408	
33	Scifin Alfa Koy, Espoo	3	100.00	100.00	100.00	FIN	Finland	3,200	-1,239	
35	Sinimäentie 10 Koy, Espoo	3	100.00	100.00	100.00	FIN	Finland	504	-405	
42	Sörnäisten Rantatie 25 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	6,401	757	
45	Tapiontuuli Koy, Espoo	3	100.00	100.00	100.00	FIN	Finland	1,519	-560	
54	Vanha Talvitie 11 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	119	-930	
56	Vilhonkatu 5 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	3,008	-496	
116	IVG Nordostpark VIII GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	5,639	-848	5)
118	IVG Investment GmbH & Co. Hamburg XIV – Objekt Essener Bogen – KG, Bonn	410	100.00	100.00	100.00	GER	Germany	-1,437	-1,434	5)
120	IVG Development Frankfurt Objekt Savignystraße GmbH, Frankfurt am Main	410	100.00	100.00	100.00	GER	Germany	879	53	
136	IVG Immobilien-Management GmbH & Co. Bonn X – Objekt Düsseldorf, Eduard-Schulte-Straße – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	318	-1,756	5)
137	IVG Development Düsseldorf Objekt Fichtenhain GmbH, Dusseldorf	410	100.00	100.00	100.00	GER	Germany	23	-4	
138	IVG Immobilien-Management GmbH & Co. Hamburg V – Objekt Ludwig-Erhard-Strasse – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-1,535	45	5)
139	IVG Immobilien-Management GmbH & Co. Hamburg III – Objekt Altonaer Poststrasse – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-3,076	414	5)
140	IVG Immobilien-Management GmbH & Co. Hamburg IV – Objekt Rödings-markt – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	1,509	1,954	5)
142	IVG Immobilien-Management GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	-116	46	

Company code	Legal Entity	Parent Company number	Capital interests in %	Voting rights in %	Group share in %	Country	Country	Equity in TEUR	Net profit for the year TEUR	Remarks
143	IVG Immobilien-Management GmbH & Co. Hamburg I – Objekt Baumwall KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-5,223	-193	5)
144	IVG Immobilien-Management GmbH & Co. Hamburg II – Objekt Heidenkampsweg 44/46 – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-2,966	-485	5)
145	IVG Immobilien-Management GmbH & Co. Frankfurt I – Objekt Lahnstraße-KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-4,725	-186	5)
146	IVG Immobilien-Management GmbH & Co. Frankfurt II – Objekt Heddernheim – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-39,708	-6,962	5)
147	IVG Immobilien-Management GmbH & Co. Frankfurt III – Objekt Neu-Isenburg – KG, Bonn	173 500	5.10 94.90	5.10 94.90	100.00	GER	Germany	-2,208	469	5)
148	IVG Immobilien-Management GmbH & Co. Frankfurt IV – Objekt Mannheim, Schildkrötstraße – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-3,585	-749	5)
149	IVG Immobilien-Management GmbH & Co. Frankfurt V – Objekt Mannheim, High-Tech-Park II – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-2,523	-186	5)
150	IVG Immobilien-Management GmbH & Co. Berlin I – Objekt Focus Teleport – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-9,764	1,617	5)
151	IVG Immobilien-Management GmbH & Co. Berlin II – Objekt Tempelhofer Weg 62 – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-2,100	-612	5)
152	IVG Immobilien-Management GmbH & Co. Berlin III – Objekt Tempelhofer Weg 64 – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-1,621	146	5)
153	IVG Immobilien-Management GmbH & Co. Berlin IV – Objekt Am Borsigturm – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-8,159	666	5)
154	IVG Immobilien-Management GmbH & Co. Bonn I – Objekt Düsseldorf Airport Business Center – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-10,804	-2,181	5)
155	IVG Immobilien-Management GmbH & Co. Bonn II – Objekt Düsseldorf, Kanzlerstraße 8 – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-8,741	-234	5)
156	IVG Immobilien-Management GmbH & Co. Bonn III – Objekt Düsseldorf, Kanzlerstraße 8a – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-4,507	-391	5)
158	IVG Pegarino GmbH & Co. Frankfurt I – Objekt Bad Homburg – KG, Bonn	172 500	5.10 94.90	5.10 94.90	100.00	GER	Germany	-1,403	-127	5)
159	IVG Pegarino GmbH & Co. Frankfurt II – Objekt Neu-Isenburg, Dornhofstraße – KG, Bonn	172 500	5.10 94.90	5.10 94.90	100.00	GER	Germany	-1,488	-276	5)
161	IVG Pegarino GmbH & Co. Frankfurt IV – Objekt Bad Homburg, Im Atzelnest 5 – KG, Bonn	172 500	5.10 94.90	5.10 94.90	100.00	GER	Germany	-1,609	-422	5)
162	IVG Pegarino GmbH & Co. Frankfurt V – Objekt Dreireich-Sprendlingen – KG, Bonn	172	100.00	100.00	100.00	GER	Germany	-112	-32	5)
163	IVG Pegarino GmbH & Co. Bonn I – Objekt Düsseldorf Erkrath – KG, Bonn	172	100.00	100.00	100.00	GER	Germany	-914	119	5)
164	IVG Pegarino GmbH & Co. Bonn II Dortmund, Otto-Hahn-Straße – KG, Bonn	172	100.00	100.00	100.00	GER	Germany	31	-178	5)

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165	IVG Pegarino GmbH & Co. Bonn III – Objekt Dortmund, Mart.-Schmeisser-Weg – KG, Bonn	172	100.00	100.00	100.00	GER	Germany	-358	-53	5)
166	IVG Pegarino GmbH & Co. Bonn IV – Objekt Porz – KG, Bonn	172	100.00	100.00	100.00	GER	Germany	-2,734	-548	5)
167	IVG Pegarino GmbH & Co. Hamburg – Objekt Hannover, Freundallee – KG, Bonn	172	100.00	100.00	100.00	GER	Germany	-789	124	5)
170	IVG Asset Management GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	-13,042	-6,889	4)
172	IVG Pegarino Holding GmbH & Co. KG, Bonn	336	100.00	100.00	100.00	GER	Germany	-4,486	560	5)
173	IVG Immobilien-Management Holding AG, Bonn	100	100.00	100.00	100.00	GER	Germany	-288,990	-53,557	
174	IVG Development München Objekt Arabellapark GmbH, Munich	410	100.00	100.00	100.00	GER	Germany	81	-47	
177	IVG Immobilien-Management GmbH & Co. Hamburg X – Objekt Channel 9-11 – KG, Bonn	100 173	94.90 5.10	94.90 5.10	100.00	GER	Germany	277	1,479	5)
180	TERCON Immobilien Projektentwicklungsgesellschaft mbH, Bonn	200	100.00	100.00	100.00	GER	Germany	-4,578	-1,739	
189	OPUS 2 investment Sp. z o.o., Warsaw	190	100.00	100.00	100.00	POL	Poland	-10,592	201	
190	Opus 2 S.à r.l., Luxembourg	180	100.00	100.00	100.00	LUX	Luxembourg	-93	-31	
191	IVG Immobilien-Management GmbH & Co. Hamburg VI – Objekt Van-der-Smissen-Straße-KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-6,213	413	5)
193	IVG Immobilien-Management GmbH & Co. Hamburg VIII – Objekt Mittelweg – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-16,931	140	5)
194	IVG Immobilien-Management GmbH & Co. Hamburg IX – Objekt Spiegelinsel – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-9,122	-5,834	5)
195	IVG Immobilien-Management GmbH & Co. München I – Objekt Sendlinger-Tor-Platz – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-7,210	649	5)
200	IVG Investment GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	154,031	812	4)
201	IVG Immobilien GmbH & Co. Bonn I – Obj Zanderstraße – KG, Berlin	100 897	5.98 0.01	5.976 0.007	5.98	GER	Germany	14,199	1,325	3) 5)
202	The Squaire Parking BetriebsGmbH, Frankfurt	200	100.00	100.00	100.00	GER	Germany	269	14	4)
208	BURG Grundstücksverwaltung GmbH & Co. Ristamos KG, Berlin	100	96.31	96.31	96.31	GER	Germany	-2,306	694	5)
211	IVG Immobilienentwicklungsgesellschaft mbH & Co. – Objekt Hamburg Glinde – KG, Hamburg	200	100.00	100.00	100.00	GER	Germany	1,519	-4	5)
212	IVG Management GmbH & Co. Liebenau VIII – Objekt Bomlitz – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	1,196	-166	5)
215	IVG-Immobilien-GmbH & Co. Liebenau II – Objekt Dörverden – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-4,021	294	5)
216	IVG-Immobilien-GmbH & Co. Liebenau III – Objekt Liebenau – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	9,160	480	5)
217	IVG Management GmbH & Co. Liebenau IX – Objekt Clausthal – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-2,801	-104	5)
219	IVG-Immobilien-GmbH & Co. Liebenau IV – Objekt Dragahn – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	2,145	201	5)

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220	IVG Immobilien GmbH & Co. Liebenau V – Objekt Bremen-Blu menthal – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-3	-3	5)
221	IVG Immobilien GmbH & Co. Bonn II – Objekt Bad Godesberg – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	1,619	74	5)
223	IVG-Immobilien-GmbH & Co. München II – Objekt Unterpfaffenhofen – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	4,179	256	5)
224	IVG Management GmbH & Co. Berlin XI – Objekt Gravensteinstraße – KG, Bonn	200	100.00	100.00	100.00	GER	Germany	965	9	5)
225	IVG-Immobilien-GmbH & Co. München III – Objekt Ottobrunn – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	11,645	611	5)
229	BOTAGRUND Verwaltungs- GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	635	-2	4)
233	IVG Nordostpark I GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	315	98	5)
234	IVG Nordostpark II GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	13,392	1,287	5)
235	IVG Nordostpark III GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	1,000	1,244	5)
236	IVG Nordostpark IV GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	1,053	417	5)
237	IVG Businesspark Media Works Munich I GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	4,804	-161	5)
239	IVG Businesspark Media Works Munich II GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	11,479	-648	5)
241	IVG Businesspark vor München II GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	12,760	-450	5)
245	IVG Businesspark vor München V GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	9,877	-260	5)
247	IVG Management GmbH & Co. Liebenau X – Objekt Hessisch-Lichtenau – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	37	4	5)
248	IVG Management GmbH & Co. Liebenau XI – Objekt Lippoldsberg – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	1,355	236	5)
249	IVG Immobilienverwaltung Bonn GmbH & Co. – Objekt Langen – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	298	131	5)
250	IVG Immobilien GmbH & Co. Bonn XI – Objekt Frankfurt Flughafen – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	12,341	1,719	5)
256	IVG Management GmbH & Co. Liebenau XII – Objekt Fienerode – KG, Bonn	100 200	1.00 99.00	1.00 99.00	100.00	GER	Germany	1,648	11	5)
262	IVG-Immobilien-GmbH & Co. Bonn IV – Objekt Düsseldorf, Hohenzollernwerk – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	544	494	5)
263	IVG-Immobilien-GmbH & Co. Bonn V – Objekt Homburg/Saar – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	60	232	5)
264	IVG-Immobilien-GmbH & Co. Hamburg III – Objekt Hannover – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	3,901	887	5)
268	IVG Immobilien GmbH & Co. Berlin VIII – Objekt Neue Spreespeicher Cuvryhof – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-2,643	-106	5)
274	IVG Businesspark Micropolis Ost Verwaltungs GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	68	-2	5)
277	IVG Management GmbH & Co. Bonn XV Objekt – Zanderstr.1 und 3 – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	337	-27	5)
281	IVG-Immobilien-GmbH & Co. Kassel IX – Objekt Waldau – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	2,021	53	5)

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284	IVG Management GmbH & Co. München XIII – Objekt Leopoldstraße 157 – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-675	-15	5)
291	IVG-Immobilien-GmbH & Co. Berlin II – Objekt Streitstraße – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-823	1,105	5)
294	IVG-Immobilien-GmbH & Co. Berlin V – Objekt Freiheit – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	5,756	596	5)
309	IVG Nordostpark VI GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	6,277	313	5)
311	IVG Management GmbH & Co. Nord-bahnhof Berlin KG, Bonn	100	80.00	80.00	80.00	GER	Germany	2,415	598	5)
312	IVG Management GmbH & Co. Ham-burg VII – Objekt Spaldingstraße – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	3,531	-307	5)
316	IVG Institutional Management GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	5,402	25	
319	IVG Management GmbH & Co. München XVII – Objekt Heinrich Kley Straße – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	4,556	3,816	5)
321	IVG Immobilienentwicklungsgesellschaft mbH & Co. – Objekt Hamburg Glock-engießerwall 19 – KG, Hamburg	100	100.00	100.00	100.00	GER	Germany	-507	-1	5)
323	IVG Development Berlin Objekt Schöne-feld I GmbH, Berlin	410	100.00	100.00	100.00	GER	Germany	3,127	2,582	
324	IVG Clearing GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	358,907	39,944	4)
334	IVG Gewerbeimmobilien 1 GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	627	52	4)
335	IVG Gewerbeimmobilien 2 GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	769	104	4)
336	IVG Gewerbeimmobilien 3 GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	3,628	968	4)
338	IVG Regium Park Krefeld GmbH, Bonn	200 500	5.1 94.9	100.00	100.00	GER	Germany	2,142	-267	
339	IVG Finsbury GmbH, Berlin	200	100.00	100.00	100.00	GER	Germany	17,024	-4,722	4)
346	IVG Management GmbH & Co. Ham-burg X – Objekt Heidenkampsweg – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	3,861	1,393	5)
347	IVG Management GmbH & Co. München XVIII – Objekt Landsberger Straße – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-8,406	-2,800	5)
348	IVG Management GmbH & Co. Ham-burg XI – Objekt Christoph-Probst-Weg. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	3,245	4,769	5)
349	IVG Poland Sp. z o.o., Warsaw	410	100.00	100.00	100.00	POL	Poland	-45	141	
351	The Squaire GmbH & Co. KG, Frankfurt	100 180	56.66 10.00	56.66 10.00	66.66	GER	Germany	-261,308	-53,013	5)
354	XXTRA Liegenschaften GmbH & Co. KG, Nuremberg	200	100.00	100.00	100.00	GER	Germany	-244	34	5)
357	IVG Curtis Plaza II Sp. z o.o., Warsaw	415	100.00	100.00	100.00	POL	Poland	4,326	15,487	
365	Tardis Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Munich	100	0.034	15.00	0.034	GER	Germany	-26	5,515	3) 5)
367	IVG Management GmbH & Co. München XIX – Objekt Schwabing Leopoldstraße 236 - 238 – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-4,285	-439	5)
369	IVG Management GmbH & Co. Bonn XVI Objekt Düsseldorf Redlichstrasse KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-10,788	961	5)
370	Bessenveld SA, Brussels	200 829	99.00 1.00	99.00 1.00	100.00	BEL	Belgium	736	-115	

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371	Molenveld SA, Brussels	200 829	99.00 1.00	99.00 1.00	100.00	BEL	Belgium	493	-93	
373	IVG Development France SARL, Paris	100 200	99.00 1.00	99.00 1.00	100.00	FRA	France	-35	-23	
374	IVG Institutional Funds GmbH, Wiesbaden	4	94.00	94.00	94.00	GER	Germany	22,513	2,121	4)
375	IVG Netherlands BV	100	100.00	100.00	100.00	NED	Netherlands	1,682	-248	
376	IVG France S.A.S. Paris	665	100.00	100.00	100.00	FRA	France	1,622	90	
377	IVG UK Ltd., London	100	100.00	100.00	100.00	GBR	U.K.	4,660	774	
378	Property Management Gesellschaft mbH, Wiesbaden	374	100.00	100.00	94.00	GER	Germany	160	9	
380	IVG Management GmbH & Co. – Officeportfolio I – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-7,083	-231	5)
381	IVG Management GmbH & Co. – Officeportfolio II – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-4,550	174	5)
382	IVG Management GmbH & Co. – Officeportfolio III – KG, Bonn	100 173	95.01 4.99	95.01 4.99	100.00	GER	Germany	9,096	1,379	5)
383	IVG Management GmbH & Co. – Officeportfolio IV – KG, Bonn	100 173	67.58 32.42	67.58 32.43	100.00	GER	Germany	-24,686	-2,358	5)
384	IVG Management GmbH & Co. Hamburg XII Objekte Channel Karnapp/Schellerdamm KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-10,926	-1,927	5)
385	IVG Management GmbH & Co. Hamburg XIII Objekte Channel Harburger Schloßstraße KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-5,809	188	5)
386	Stefánia Park Kft., Budapest	410	100.00	100.00	100.00	HUN	Hungary	-955	-239	
388	IVG Management GmbH & Co. München XXI – Objekt St. Martin Straße – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-462	5,287	5)
389	IVG Management GmbH & Co. Berlin XV – Objekt Köbisdreieck – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	66,285	374	5)
390	IVG Fund Management GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	365	37	
391	IVG Management GmbH & Co. Berlin XIV – Objekt Taubenstraße – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	1,472	352	5)
392	IVG Management GmbH & Co. München XX. Objekt Nymphenburger Straße – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	-9,705	1,688	5)
393	IVG Balanced Portfolio Italy GmbH & Co. KG, Bonn	390	100.00	100.00	100.00	GER	Germany	-8,818	-1,728	5)
394	IVG Immobilien-Management GmbH & Co. Bonn IV – Objekt Düsseldorf, Am Wehrhahn – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-1,156	-76	5)
395	IVG Immobilien-Management GmbH & Co. Bonn V – Objekt Düsseldorf, Friedrich-Ebert-Straße – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-1,287	-678	5)
396	IVG Immobilien-Management GmbH & Co. Bonn VI – Objekt Düsseldorf, Immermannstraße/Karlstraße – KG, Bonn	173 500	5.10 94.90	5.10 94.90	100.00	GER	Germany	-1,190	480	5)
397	IVG Immobilien-Management GmbH & Co. Bonn VII – Objekt Düsseldorf, Willstätterstraße – KG, Bonn	100 173	94.90 5.10	94.90 5.10	100.00	GER	Germany	69	-1,087	5)
398	IVG Immobilien-Management GmbH & Co. Bonn VIII – Objekt Köln, Neue Weyerstraße – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-108	166	5)
399	IVG Immobilien-Management GmbH & Co. Bonn IX – Objekt Krefeld, Ostwall – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-1,686	-232	5)

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410	IVG Development GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	7,469	-9,075	4)
413	IVG Kavernenbetriebsführungsgesellschaft mbH, Friedeburg	4	100.00	100.00	100.00	GER	Germany	132	-138	4)
415	IVG Logistics Holding S.A., Luxembourg	100 200	1.00 99.00	1.00 99.00	100.00	LUX	Luxembourg	1,998	1,132	
433	IVG Austria GmbH	100	100.00	100.00	100.00	AUT	Austria	120	-128	
446	IVG Kavernen Informationszentrum Etzel GmbH & Co. KG, Friedeburg	4	100.00	100.00	100.00	GER	Germany	35	-65	5)
456	IVG The Squaire Parking GmbH & Co. KG, Frankfurt	100	100.00	100.00	100.00	GER	Germany	213	113	5)
496	IVG Glasgow Limited Partnership, London	4 100	98.00 2.00	98.00 2.00	100.00	GBR	U.K.	354	-402	
500	IVG Deutschland Immobilien GmbH, Bonn	100 829	2.34 97.66	2.34 97.66	100.00	GER	Germany	95,764	-7,345	
503	Property Security Belgium SA, Brussels	509 830	0.02 99.98	0.02 99.98	100.00	BEL	Belgium	31,080	686	
504	Stodiek Immobilien- und Verwaltungsgesellschaft mbH, Bonn	500	100.00	100.00	100.00	GER	Germany	34	2	
505	Stodiek Wohnpark Kaarst GmbH & Co. KG, Bonn	500	100.00	100.00	100.00	GER	Germany	380	-109	5)
509	Stodiek ESPANA SA, Madrid	500	100.00	100.00	100.00	ESP	Spain	10,901	114	
512	Stodiek Italia S.r.l., Milan	880 710	99.00 1.00	99.00 1.00	100.00	ITA	Italy	2,212	-965	
515	Stodiek Immobiliare S.r.l., Milan	880 710	99.00 1.00	99.00 1.00	100.00	ITA	Italy	782	-5	
517	Stodiek Inmobiliaria SA, Madrid	594	100.00	100.00	100.00	ESP	Spain	409	-1,580	
544	Vallilan Toimisto, Oy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	17,175	-815	
556	Kirkonkyläntie 3 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	-277	-55	
557	Helsingin Radiokatu Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	8,335	-880	
558	Kumpulantie 3 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	12,903	1,736	
562	Niittymäenpolku 9 Koy, Espoo	3	100.00	100.00	100.00	FIN	Finland	5,586	-602	
563	Ykkösseppän Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	2,635	-224	
564	Kiiskinkatu 5 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	2,198	-337	
565	Helsingin Latokartanontie 7 Koy, Helsinki	3	100.00	100.00	100.00	FIN	Finland	2,918	-292	
572	IVG Sweden AB, Stockholm	100	100.00	100.00	100.00	SWE	Sweden	500	459	
577	IVG Investments (UK) Limited, London	100	100.00	100.00	100.00	GBR	Great Britain	13,559	-967	
593	Stodiek Beteiligungs I Sarl, Luxembourg	500	100.00	100.00	100.00	LUX	Luxembourg	8,036	-1,938	
594	Stodiek Beteiligungs II Sarl, Luxembourg	593	100.00	100.00	100.00	LUX	Luxembourg	8,315	1,936	
595	IVG Developments (Melton St) Limited, London	676	100.00	100.00	100.00	GBR	Great Britain	80	747	
596	IVG Developments (Euston) Limited, London	676	100.00	100.00	100.00	GBR	Great Britain	70	1,977	
598	IVG Finance B.V., Amsterdam	100	100.00	100.00	100.00	NED	Netherlands	1,785	-36	
599	IVG Developments (London & UK) Limited, London	410	100.00	100.00	100.00	GBR	Great Britain	57,525	-14	
603	Pfäffikon Beteiligungs- und Verwaltungs GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	88	0	4)
609	IVG European Real Estate SA, Brussels	100 829	0.09 99.91	0.09 99.91	100.00	BEL	Belgium	140,931	-1,317	
610	IVG European Properties AB, Gothenburg	100	100.00	100.00	100.00	SWE	Sweden	102,084	7,059	
611	Asticus AB, Gothenburg	610	100.00	100.00	100.00	SWE	Sweden	123,341	-1,148	
613	Asticus Belgium II SNC, Brussels	614 830	70.12 29.88	70.12 29.88	100.00	BEL	Belgium	528,785	20,851	

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614	Asticus Belgium SNC, Brussels	830	100.00	100.00	100.00	BEL	Belgium	462,410	29	
615	Asticus Europe GIE, Brussels	830	100.00	100.00	100.00	BEL	Belgium	0	0	
616	Beaulieu SPV SA, Brussels	611	100.00	100.00	100.00	BEL	Belgium	-1,776	-35	
618	Bolet SA, Brussels	650 829	0.08 99.92	0.08 99.92	100.00	BEL	Belgium	-4,235	-2,257	
619	Bonne Odeur SA, Brussels	626 650	99.99 0.01	99.99 0.01	100.00	BEL	Belgium	-232	-554	
622	Demot SPV SA, Brussels	611	100.00	100.00	100.00	BEL	Belgium	-250	-18	
625	Gertrud SA, Brussels	830	100.00	100.00	100.00	BEL	Belgium	117,405	-53	
626	Groenhoek SA, Brussels	618 830	19.10 80.90	19.10 80.90	100.00	BEL	Belgium	-779	-493	
628	Immobilière Groenveld SA, Brussels	618	100.00	100.00	100.00	BEL	Belgium	12,691	267	
629	IVG Brussels SNC, Brussels	743	100.00	100.00	100.00	BEL	Belgium	2,267	25,652	
633	Madou Plaza SA, Brussels	829	100.00	100.00	100.00	BEL	Belgium	368,706	-3,334	
634	Praten SA, Brussels	625 829	92.04 7.96	92.04 7.96	100.00	BEL	Belgium	117,241	367	
637	Spoor SA, Brussels	829	100.00	100.00	100.00	BEL	Belgium	8,523	-474	
639	Svanen SA, Brussels	829	100.00	100.00	100.00	BEL	Belgium	-15,046	151	
640	Valen SA, Brussels	609 626	77.00 23.00	77.00 23.00	100.00	BEL	Belgium	3,726	-1,914	
641	Varla SA, Brussels	100	100.00	100.00	100.00	BEL	Belgium	991	9	
644	Edison SA, Luxembourg	100	100.00	100.00	100.00	LUX	Luxembourg	-1,892	0	
649	Thomas SA, Luxembourg	829	100.00	100.00	100.00	LUX	Luxembourg	3,140	-260	
650	Aranäs International NV, Amsterdam	681	100.00	100.00	100.00	NED	Netherlands	0	272	
665	IVG Immobilière SAS, Paris	4 681	43.24 56.76	43.24 56.76	100.00	FRA	France	160,861	-34,810	
672	C:ie Foncière Vendôme, Paris	665	100.00	100.00	100.00	FRA	France	114,964	1,861	
673	IVG Developments (Broadway) Ltd., London	676	100.00	100.00	100.00	GBR	Great Britain	21,480	491	
675	IVG Asticus (Caxton Hall) Ltd., London	677	100.00	100.00	100.00	GBR	Great Britain	15,729	991	
676	IVG Development (UK) Ltd., London	599	100.00	100.00	100.00	GBR	Great Britain	70,301	-7,162	
677	Brooksave Ltd., London	676	100.00	100.00	100.00	GBR	Great Britain	3,182	0	
678	IVG Asticus (Lombard) Ltd., London	577	100.00	100.00	100.00	GBR	Great Britain	14,008	-1,044	
680	IVG Asticus (Aldgate) Ltd., London	678	100.00	100.00	100.00	GBR	Great Britain	283	-7	
681	Asticus International AB, Stockholm	611	100.00	100.00	100.00	SWE	Sweden	74,860	10,237	
692	IVG Fauvelles SAS, Paris	100	100.00	100.00	100.00	FRA	France	15,664	-1,214	
697	IVG 55 Moorgate GmbH, Berlin	200	100.00	100.00	100.00	GER	Germany	12,682	-2,778	4)
705	Kribus Kft, Budapest	720	100.00	100.00	100.00	HUN	Hungary	4,275	60	
707	IVG Management GmbH & Co. Bonn III – Objekt Neuss – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	21,321	-255	5)
719	Infopark Fejlesztesi RT, Budapest	100	100.00	100.00	100.00	HUN	Hungary	8,979	739	
720	IVG Hungary Kft., Budapest	410	100.00	100.00	100.00	HUN	Hungary	2,403	82	
730	IVG Pablo Nerruda SAS, Paris	830	100.00	100.00	100.00	FRA	France	-125	-1,430	
733	IVG Front Office Asniéres SAS, Paris	665	100.00	100.00	100.00	FRA	France	20,149	-760	
734	IVG Boétie SAS, Paris	665	100.00	100.00	100.00	FRA	France	-564	2,050	
736	IVG Galilee Velizy, Paris	830	100.00	100.00	100.00	FRA	France	29,779	-387	
737	IVG Developpement SAS, Paris	665	100.00	100.00	100.00	FRA	France	2,151	-525	
738	IVG Development Obozowa Sp. Z o.o., Warsaw	415	100.00	100.00	100.00	POL	Poland	-861	-37	

Company code	Legal Entity	Parent Company number	Capital interests in %	Voting rights in %	Group share in %	Country	Country	Equity in TEUR	Net profit for the year TEUR	Remarks
739	Infopark E Kft, Budapest	410	100.00	100.00	100.00	HUN	Hungary	3,350	-69	
740	IVG Holding Ltd, Malta	830	100.00	100.00	100.00	MLT	Malta	626,944	24,602	
741	IVG Finance Ltd, Malta	740	100.00	100.00	100.00	MLT	Malta	633,117	65,759	
742	IVG Investments Ltd, Malta	634 829 830	13.46 18.43 68.11	13.46 18.43 68.11	100.00	MLT	Malta	1,001.692	38,890	
743	IVG Malta Ltd, Malta	742	100.00	100.00	100.00	MLT	Malta	1,011.454	142,956	
809	Grundbesitz Investitionsgesellschaft Leibniz-Kolonnaden mbH & Co. KG, Berlin	173	100.00	100.00	100.00	GER	Germany	4,419	835	5)
829	IVG Real Estate Belgium SA, Brussels	100 830	99.99 0.01	99.99 0.01	100.00	BEL	Belgium	10,734	-16,242	
830	Batipromo S.A., Brussels	200 633	0.01 99.99	0.01 99.99	100.00	BEL	Belgium	170,928	-43,287	
834	GELFOND Verwaltungsgesellschaft mbH & Co. Frankfurt – Niederrad Besitz KG, Munich	180 200	18.8 75.2	18.8 75.2	94.00	GER	Germany	-31,006	1,699	5)
842	IVG Spree-Speicher GmbH & Co. KG, Bonn	100	100.00	100.00	100.00	GER	Germany	11,872	1,051	5)
850	IVG Media Works Munich Vermie-tungsgesellschaft mbH, Bonn	100	100.00	100.00	100.00	GER	Germany	-476	1,088	4) 12)
880	IVG Italia S.r.l., Milan	100 200	99.00 1.00	99.00 1.00	100.00	ITA	Italy	2,194	-44,288	
881	IVG Italy s.r.l.; Milan	880	100.00	100.00	100.00	ITA	Italy	342	141	
891	IVG Private Funds Beteiligungs- und Verwaltungsgesellschaft mbH, Berlin	897	100.00	100.00	100.00	GER	Germany	801	97	
892	REM Gesellschaft für Stadtbildpflege und Denkmalschutz mbH, Berlin	180	100.00	100.00	100.00	GER	Germany	-973	-11	
895	IVG Private Funds GmbH, Bonn	4	100.00	100.00	100.00	GER	Germany	-1,179	-5,318	4)
897	IVG Private Funds Management GmbH, Berlin	200	100.00	100.00	100.00	GER	Germany	1,302	2,260	
903	FvH Grundstücksverwaltungs-GmbH & Co. Hardenbergstraße 26 – KG, Berlin	100	98.38	98.38	98.38	GER	Germany	1,381	42	5)
904	Investitionsgesellschaft Hackescher Markt mbH & Co. KG, Berlin	100	100.00	100.00	100.00	GER	Germany	-24,362	-20,261	5)
916	IVG Società di Gestione del Risparmio S.p.A., Milan	4	100.00	100.00	100.00	ITA	Italy	1,146	-463	
919	IVG Luxembourg S.à.r.l.	374	100.00	100.00	100.00	LUX	Luxembourg	126	-18	
921	IVG Immobilien-Management GmbH & Co.Berlin V – Objekt Kurfürstendamm Bayerhaus – KG, Bonn	173	100.00	100.00	100.00	GER	Germany	-823	3,086	5)
925	IVG Nordostpark V GmbH & Co. KG, Berlin	100 897	5.976 0.007	5.976 0.007	5.98	GER	Germany	12,108	925	3) 5)
929	actio(plus KG K.u.K. Grundverwaltungs GmbH & Co., Berlin	100 200	50.51 0.13	50.51 0.13	50.64	GER	Germany	17,347	1,027	5)
930	IVG Service GmbH & Co. Berlin – Objekt Potsdam – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	3,385	108	5)
931	IVG Service GmbH & Co. Berlin – Objekt Teltow – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	4,544	378	5)
932	IVG Service GmbH & Co. Berlin – Objekt Großziethen – KG, Bonn	100	100.00	100.00	100.00	GER	Germany	5,503	2,105	5)
933	Johs. Uckermann GmbH & Co. Grundstücksentwicklung KG, Bonn	100	92.50	92.50	92.50	GER	Germany	1,395	-21	5)
937	IVG Holland V GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	176	13	
950	IVG Immobilien-Management GmbH & Co. München II – Objekt Fritz-Schäffer-Straße – KG, Bonn	142 173	1.23 93.67	1.23 93.67	94.90	GER	Germany	192,060	11,104	5)

Company code	Legal Entity	Parent Company number	Capital interests in %	Voting rights in %	Group share in %	Country	Country	Equity in TEUR	Net profit for the year TEUR	Remarks
A22	IVG EuroSelect Crystal Dèfense SCI, Paris	730 897	99.00 1.00	99.00 1.00	100.00	FRA	France	30,833	-2,477	
A29	IVG EuroSelect Fonds IV GmbH & Co. KG, Berlin	897	100.00	100.00	100.00	GER	Germany	-20,602	4,333	5)
A37	IVG EuroSelect Achtzehn GmbH & Co. KG	897	100.00	100.00	100.00	GER	Germany	101	1,270	5)
				II. at equity shareholdings1)						
176	Objektgesellschaft Moosacher Straße mbH & o. KG, Munich	410	50.00	50.00	50.00	GER	Germany	4,218	-160	
325	Frankonia Eurobau Parkstadt Schwabing GmbH, Nettetal	100	33.33	33.33	33.33	GER	Germany	-1,290	-280	
343	IVG Italy Office Fund GmbH & Co.KG., Bonn	895	38.67	38.67	38.67	GER	Germany	13,280	-3,020	
372	FDV Venture SA, Luxembourg	100	24.22	24.22	24.22	LUX	Luxembourg	3,940	1,210	
379	Real Estate Capital Partners, N.Y.,	374	25.00	25.00	25.00	USA	USA	32,050	1,140	
425	FDV II Venture SA, Luxembourg	100	21.17	21.17	21.17	LUX	Luxembourg	84,320	44,723	
445	Premium Green Fund	200	16.64	16.64	16.64	GER	Germany	86,160	3,015	
575	Rantasarfvik Oy, Helsinki	3	50.00	50.00	50.00	FIN	Finland	0	0	
597	Real Estate Investor Fund s.a.r.l., Luxembourg	415	50.00	50.00	50.00	LUX	Luxembourg	14,400	3,520	
605	Greater London Trust, Jersey	415	50.00	50.00	50.00	GBR	Great Britain	18,030	280	
712	HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer I Vermietungs KG, Berlin	180 200	7.5 42.5	7.5 42.5	50.00	GER	Germany	280	-70	
713	HIPPON Verwaltungsgesellschaft mbH & Co. Salzufer II Vermietungs KG, Berlin	180 200	7.5 42.5	7.5 42.5	50.00	GER	Germany	-18,550	-710	
934	IVG Protect Fund	100	20.00	20.00	20.00	GER	Germany	139,440	8,350	
				III. other shareholdings11) 2)						
119	PMG Premium Green Objekt Frankfurt Central GmbH & Co.KG	410	5.10	5.10	5.10	GER	Germany	12,627	147	6)
197	PMG Premium Green Objekt München An den Brücken GmbH & Co.KG	410	5.10	5.10	5.10	GER	Germany	32,510	1,455	6)
175	Moosacher Straße 82 Verwaltung GmbH, Munich	410	50.00	50.00	50.00	GER	Germany	23	-1	
192	IVG Immobilien Management GmbH & Co Hamburg VII – Objekt Warburgerstraße – KG	173	5.10	5.10	5.10	GER	Germany	0	-215	7)
218	Deanery Estates Verw GmbH & Co. Kennedyd	100	5.10	5.10	5.10	GER	Germany	1,561	280	7)
292	Deanery Estates Verw GmbH&Co. Borsigstr.	100	5.10	5.10	5.10	GER	Germany	1,293	387	
528	Aiport Plaza Business Park Oy, Vantaa	30	33.30	33.30	33.30	FIN	Finland	6	-13	
535	Plaza Park Koy, Vantaa	30	34.60	34.60	34.60	FIN	Finland	5,140	-1	
537	Sarfvik Oy, Kikkonummi	575	20.00	20.00	20.00	FIN	Finland	2,188	-34	7)
542	Polar BEK Company, Alabama	60	49.00	49.00	49.00	USA	USA	537	42	7)
543	International Parc Associates LLC, Alabama	58	49.90	49.90	49.90	USA	USA	4,070	-79	7)
554	Ratamestarinkatu 9 Koy	3	9.28	9.28	9.28	FIN	Finland	8,737	-240	
714	Objekt Niederlehme Verwaltungsgesellschaft mbH, Duisburg	180 200	10,00 39,00	10.00 39.00	49.00	GER	Germany	86	7	7)
715	Objekt Niederlehme Verwaltungsgesellschaft mbH & Co. KG, Duisburg	180 200	10,00 39,00	10.00 39.00	49.00	GER	Germany	5,949	-216	7)
724	spirit at stadium GmbH, Deisenhofen	180	6.00	6.00	6.00	GER	Germany	1,453	72	

Company code	Legal Entity	Parent Company number	Capital interests in %	Voting rights in %	Group share in %	Country	Country	Equity in TEUR	Net profit for the year TEUR	Remarks
831	Immobilière Boulevard Jacqmain SPRL, Brüssel	829	50.00	50.00	50.00	BEL	Belgium	-75	-4	
838	Projektgesellschaft Frachtanlagen am Flughafen Frankfurt – Süd GbR, Mannheim	180	50.00	50.00	50.00	GER	Germany	0	0	7)
863	Aufbaugesellschaft Undine GbR i.L., Frankfurt a. M.	180	10.00	10.00	50.00	GER	Germany	-667	122	
871	VBM Grundstücks- und Projektentwicklungsgesellschaft AG, Berlin	715	80.67	80.67	39.53	GER	Germany	6,912	-121	6)
A39	IVG Kavernenfonds (Immo. Spezialfonds)	4	5.43	5.43	5.43	GER	Germany	580,043	51,808	
A50	Pacific Star	A29	50.00	50.00	50.00	USA	USA	16,502	-679	
A51	ING	A29	30.30	30.30	30.30	USA	USA	68,269	-443	
A52	Merrill Lynch	A29	11.60	11.60	11.60	USA	USA	68,563	439	
A53	Vesta	393	16.19	16.19	16.19	ITA	Italy	87,904	3,067	
	IV. affiliated, unconsolidated companies[2)]									
58	International Park Partner Inc., Alabama	3	100.00	100.00	100.00	USA	USA	-642	-142	9)
59	Polar Holding Inc., Delaware	3	100.00	100.00	100.00	USA	USA	-6,774	-2	9)
60	Polar Property Development Inc., Delaware	59	100.00	100.00	100.00	USA	USA	-4,220	2,432	9)
61	S+T Bautrading GmbH, Bonn	3	100.00	100.00	100.00	GER	Germany	20	-4	
77	Lansanrinne Koy, Espoo	7	100.00	100.00	100.00	FIN	Finland	20	0	7)
86	Parkitus Koy, Seinäjoki	3	100.00	100.00	100.00	FIN	Finland	803	0	7)
99	Santalahdenrinne Oy, Tampere	3	100.00	100.00	100.00	FIN	Finland	25	0	7)
117	IVG Businesspark Media Works Munich III GmbH & Co. KG	100	100.00	100.00	100.00	GER	Germany	97	-1	6)
157	IVG Pegarino GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	63	11	
168	IVG Hotel GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	23	-1	
182	Aglaia Verwaltungsgesellschaft mbH i.L., München	180	100.00	100.00	100.00	GER	Germany	26	-4	8)
204	StartPoint Management und Consulting GmbH, München	200	100.00	100.00	100.00	GER	Germany	194	-244	
206	Überseeische Industrie- und Handelsgesellschaft mit beschränkter Haftung i.L., Bonn	100	100.00	100.00	100.00	GER	Germany	58	0	6)
209	BURG Grundstücksverwaltungsgesellschaft mbH, Bonn	100	94.50	94.50	94.50	GER	Germany	80	20	6)
252	IVG Immobilienverwaltung Bonn GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	47	0	
297	IVG Immobilienentwicklungsgesellschaft mbH, Hamburg	200	100.00	100.00	100.00	GER	Germany	-33	0	
345	IVG EuroSelect Amstelveen I Verwaltungsgesellschaft mbH, Berlin	897	100.00	100.00	100.00	GER	Germany	-11,314	-501	
352	AIRRAIL center frankfurt Verwaltungsgesellschaft mbH, Oberhaching	351	100.00	100.00	66.66	GER	Germany	14	-1	
419	Central Square Sp.z.o.o., Warschau	415	100.00	100.00	100.00	POL	Poland	5	0	
420	Omnia Beteiligungs- und Verwaltungs GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	102	5	6)
436	IVG Development Frankfurt Objekt Oskar von Miller-Straße GmbH, Frankfurt	410	100.00	100.00	100.00	GER	Germany	-357	35	6)
440	IVG Grundstücks GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	44	10	6)

Company code	Legal Entity	Parent Company number	Capital interests in %	Voting rights in %	Group share in %	Country	Country	Equity in TEUR	Net profit for the year TEUR	Remarks
444	IVG Kavernen Informationszent.Etzel GmbH	4	100.00	100.00	100.00	GER	Germany	25	0	
476	IVG Development D1 GmbH, Bonn	410	100.00	100.00	100.00	GER	Germany	23	-1	
492	XXTRA Verwaltung GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	40	2	
497	IVG Glasgow (GP) Limited, London	4	100.00	100.00	100.00	GBR	Great Britain	-62	-8	
511	IVG EuropaFonds Entwicklungs GmbH, Bonn	100	100.00	100.00	100.00	GER	Germany	569	3	6)
534	Pakkalan Kartanonkoski 13 Koy, Vantaa	3	100.00	100.00	100.00	FIN	Finland	255	0	7)
549	Polar Holding GmbH, München	3	100.00	100.00	100.00	GER	Germany	-246	-2	7)
550	Polar Sol SA, Madrid	3	100.00	100.00	100.00	ESP	Spain	-630	-32	
570	IVG Iberische Immobilien S.A., Madrid	100	80.00	80.00	80.00	ESP	Spain	150	0	
710	IVG Immobilienbeteiligungs GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	-215	-	4)
732	Royal Iroda Ingatlanfejlesztlési Kft, Budapest	720	100.00	100.00	100.00	HUN	Hungary	-2	-1	
806	Radames Verwaltungsgesellschaft mbH i.L., Bonn	180	100.00	100.00	100.00	GER	Germany	40	3	6)
808	Verwaltung Grundbesitz Investitionsgesellschaft Leibniz-Kolonnaden mbH, Berlin	200 173	50,00 50,00	50,00 50,00	100.00	GER	Germany	88	4	
837	Neues Wohnen Thüringen Jena GbR, Jena	180	100.00	100.00	100.00	GER	Germany	-458	29	7)
840	IVG EuroSelect Zehn Verwaltungsgesellschaft Amersfoort mbH, Berlin	897	100.00	100.00	100.00	GER	Germany	29	3	7)
841	Investitionsgesellschaft Leipziger Platz 8 mbH & Co. KG, Berlin	200	75.00	75.00	75.00	GER	Germany	642	144	
844	Spree-Speicher Managementgesellschaft mbH, Berlin	100	100.00	100.00	100.00	GER	Germany	259	1	6)
862	HIPPON Verwaltungsgesellschaft mbH, München	180	100.00	100.00	100.00	GER	Germany	48	0	7)
864	TAURIS Verwaltungsgesellschaft mbH, Jena	180	100.00	100.00	100.00	GER	Germany	56	5	7)
866	GELFOND Verwaltungsgesellschaft mbH, München	834	100.00	100.00	94.00	GER	Germany	29	-1	6)
874	Modaupromenade GmbH, Jena	180	100.00	100.00	100.00	GER	Germany	-1,930	-58	6)
879	Wohnen am Märchenviertiel K.u.K. Grundverwaltungs GmbH & Co. KG (BOTAG-Fonds 81), Berlin	100	98.49	98.49	98.49	GER	Germany	-2,465	-11	6)
882	FORSET Verwaltungsgesellschaft mbH, München	100	100.00	100.00	100.00	GER	Germany	22	-1	6)
899	Verwaltungs Grundbesitz Investitionsgesellschaft Lindengallerie mbH, Berlin	200	100.00	100.00	100.00	GER	Germany	28	1	
900	Grundbesitz Investitionsgesellschaft Lindengalerie mbH & Co. KG, Berlin	200	100.00	100.00	100.00	GER	Germany	-299	-25	
920	Wohnen an der Spree Berlin-Köpenick K.u.K Grundverwaltungs-GmbH & Co KG (BOTAG-Fonds 73), Berlin	100	100.00	100.00	100.00	GER	Germany	-128	0	6)
923	Cetimo SA	200	100.00	100.00	100.00	BEL	Belgium	72	-1	
928	Lapis Grundstücksverwaltungs – GmbH, Bonn	200	100.00	100.00	100.00	GER	Germany	255	-12	
935	Wertkonzept Immobilien Fonds Verwaltungsgesellschaft Holland II mbH, München	897	100.00	100.00	100.00	GER	Germany	28	3	7)

Company code	Legal Entity	Parent Company number	Capital interests in %	Voting rights in %	Group share in %	Country	Country	Equity in TEUR	Net profit for the year TEUR	Remarks
936	Wertkonzept Immobilien Fonds Verwaltungsgesellschaft Holland III mbH, München	897	100.00	100.00	100.00	GER	Germany	26	1	7)
938	Wertkonzept Immobilien Fonds Verwaltungsgesellschaft Holland I mbH, München	897	100.00	100.00	100.00	GER	Germany	28	3	7)
944	Admete Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	180	51.00	51.00	51.00	GER	Germany	-878	205	7)
945	Admete Verwaltungsgesellschaft mbG, Pullach	180	51.00	51.00	51.00	GER	Germany	38	4	7)
A34	IVG EuroSelect Neunzehn GmbH & Co. KG	897	100.00	100.00	100.00	GER	Germany	-1	0	6)
A38	IVG EuroSelect Fonds X GmbH & Co. KG	897	100.00	100.00	100.00	GER	Germany	-1	0	6)
A42	IVG EuroSelect Fonds XIV GmbH & Co. KG	897	100.00	100.00	100.00	GER	Germany	-1	0	6)

1 *Values correspond to values contained in the financial statements according to IFRS.*
2 *Values correspond in part to values contained in the financial statements prepared according to country-specific provisions and do not necessarily reflect the company's contribution to the Group financial statement.*
3 *Special Purpose Entities (SPE) according to SIC 12.*
4 *Profit and loss transfer agreement/loss assumption.*
5 *Section 264b HGB.*
6 *Preliminary figures as of December 31, 2010.*
7 *Figures as of December 31, 2009.*
8 *Figures as of December 31, 2008.*
9 *Figures as of December 31, 2005.*
10 *Figures were not available on preparation date.*
11 *Other shareholdings comprise Group shareholdings above 5%.*
12 *Exemptions according to section 264 (3) HGB were applied.*

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with Section 322 German Commercial Code (*Handelsgesetzbuch*) on the annual financial statements and the management report (*Lagebericht*) of IVG Immobilien AG as of and for the fiscal year ended December 31, 2010.

The management report is neither included nor incorporated by reference in this Prospectus, except for the sections referred to in the auditor's report.

Auditor's Report

"We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the IVG Immobilien AG, Bonn, for the business year from January 1, 2010 to December 31, 2010. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations. In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

We are required to advise that the continued existence of the Company as a going concern is threatened by risks that are outlined in Section 6.4 of the management report. The section details the need for extending a project loan, the permanent regulation of a covenant and the implementation of property and cavern disposals."

Dusseldorf, February 28, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Uwe Schwalm Wirtschaftsprüfer (German Public Auditor)	ppa. Martin Flür Wirtschaftsprüfer (German Public Auditor)

Excerpt from the section "Risk Management" of the Management Report ("6.4 Overall assessment of opportunities and risks")

"By making a repayment of around €120 million of the SynLoan II loan from 2009, IVG has continued implementing its resolved debt relief programme as at the end of 2010 as scheduled. The project financing of €500 million for THE SQUAIRE expiring in the fourth quarter of 2010 was also extended until 30 September 2011. The banks' financing behaviour in the real estate area remains averse to risk, continuing to make the necessary financing for the business model difficult to obtain.

As a result, financial planning for the coming years has become extremely cautious. The scheduled reduction of the project pipeline through project sales is taken into consideration in the financial planning just as much as the transfer of already fully-let pre-sold caverns to a special real estate fund launched by IVG and the sale of selected properties. All of these are of fundamental importance to IVG's financial position.

The discussion of individual risks addresses in particular the risk regarding extension of existing property, portfolio and project financing as well as the liquidity risk from the revival of the covenant for a property loan. There are also possible increased costs in Development. Viewed in isolation, the risks above can be controlled accordingly by means of counter measures and preventive measures. Sufficient precautions have been taken against any remaining identifiable risks.

The Group could be threatened as a going concern if the following events happen concurrently: the expected sale of caverns, properties and projects does not occur as planned, the project financing mentioned above is not extended again or is extended to a substantially reduced degree only, and the covenant requirement of the above-mentioned property loan is revived and cannot be offset by pre- or post-financing of existing assets.

In addition to these liquidity risks, IVG faces risks to consolidated net profit, especially in terms of the completion of caverns and real estate projects on schedule, on budget and in line with requirements and possible changes in the asset value of portfolio properties."

24. RECENT DEVELOPMENTS AND OUTLOOK

Recent developments

IVG successfully continued its financial restructuring in October and November 2011. Major credit lines with an aggregate outstanding amount, at the date of the Prospectus, of EUR 2.6 billion have either been rolled over or a pre-maturity prolongation has been agreed with the financing banks. Since the end of September 2011, IVG concluded a binding term sheet, dated September 29, 2011, subject to certain conditions precedent, with the current syndicate banks for the roll-over of its financing arrangements for the development project THE SQUAIRE in the amount of EUR 501.0 million with a new maturity on December 31, 2013; reached an agreement with the lender on October 24, 2011 and concluded a binding unconditional term sheet, for the roll-over of the financing of its Pegasus portfolio in the amount of EUR 144.75 million with a new maturity on October 31, 2013; concluded a binding term sheet, dated November 8, 2011, subject to certain conditions precedent, for the increase and prolongation of the Syndicated Loan 2009 in the amount of EUR 1,017.4 million until September 25, 2014; and concluded a binding term sheet, dated November 10, 2011, subject to certain conditions precedent, for the prolongation of the CORE portfolio financing in the amount of EUR 932.5 million with a new maturity of December 31, 2015. This significant improvement of the maturity profile in conjunction with the envisaged debt repayments from cavern sales of more than EUR 500.0 million, property sales through fund products managed by IVG of more than EUR 300.0 million and the disposal of certain development projects lay the foundation for a significant de-leveraging of the Company's financial profile within the next 18 months.

Effective October 1, 2011, the Supervisory Board appointed Christian Kühni and Dr. Hans V. Volckens as additional members of the Management Board. As chief operating officer, Mr. Kühni is, in particular, responsible for IVG's operating units. As chief financial officer, Dr. Volckens' duties include the management of IVG's corporate functions, encompassing the departments Finance, Accounting & Taxes, Controlling and Legal & Compliance. Dr. Wolfgang Schäfers was appointed as chief executive officer effective November 1, 2011, in succession of Dr. Gerhard Niesslein, who left the Company on October 31, 2011 upon expiry of his contract.

At the end of October 2011, a group of investors led by IVG signed agreements regarding the purchase of the so-called Silver Tower property in Frankfurt am Main, Germany. The Silver Tower property was purchased by, and will be held through, a fund structure which was initiated and will be managed by IVG. IVG, which co-invests EUR 15.0 million in the fund, was able to procure over EUR 200.0 million of equity from institutional investors along with debt financing provided by an insurance company that is an IVG client. The loan-to-value of the Silver Tower investment amounts to approximately 45%. The Silver Tower property is located in the banking district of Frankfurt and comprises two buildings with a total lettable area of approximately 72,000 square meters. Currently ongoing refurbishment and modernization measures are expected to be completed by the beginning of 2012. The property is fully leased by Deutsche Bahn AG on the basis of a lease agreement with a term of at least 15 years.

The streamlining process of the on-balance portfolio resulted in further sales out of IVG's investment portfolio, in particular with respect to properties located outside of Germany. On October 26, 2011 and on November 4, 2011, respectively, IVG sold two properties, one located in Paris, France, at 7 Place Vendôme and one at 20/22 Rue Grange Dame Rose "Thalès" in Vélizy Villacoublay, Greater Paris, France. The combined purchase price of the two transactions amounted to EUR 251.0 million. Both transactions will close on or before December 31, 2011. The disposals are in line with IVG's strategy to focus its on-balance portfolio on the German real estate market as they significantly reduce IVG's on-balance activities in France.

Outlook

In 2011, IVG's earnings and liquidity situation have been dominated by the negative impact of the development project THE SQUAIRE, which was affected by significant cost overruns of EUR 73.8 millions in the second quarter, amounting to a cumulative total of over EUR 340.0 million since 2008. The Company believes that, on the basis of currently available information, e.g., invoiced services, expected invoices and the current status of construction, the outstanding net risk of the project development THE SQUAIRE may be estimated at EUR 25.0 to 35.0 million through cost overruns that will not enhance the value of the property. This net risk figure takes into account certain potential counterclaims in an estimated amount of EUR 10.0 to EUR 17.0 million. These factors lead to a negative outlook for IVG's 2011 earnings, whereby increased liquidity needs will be addressed by accelerated sales of properties until the end of 2011 and continue in 2012.

The current fluctuations in the macroeconomic situation and the ongoing sovereign debt crisis have deflated investor confidence and growth prospects. It is not yet clear whether this trend will continue and to what extent the markets for investments in, and leasing of, commercial real estate will be affected. The current low yields on government bonds and the widening spread to prime office yields could, however, support a continuing interest in real estate investments.

The outlook for the Investment division is heterogeneous. Although the operational business in the Real Estate and Caverns segments is in line with expectations, the Development segment has continued to produce negative effects due to issues in relation to the development project THE SQUAIRE.

In its Real Estate segment, IVG has begun to increase the profitability of the on-balance investment portfolio by selling assets from its portfolio which do not conform to its strategy, in particular properties located outside of Germany, low yielding properties or sites all of which are today already classified as workout properties. This streamlining process will result in continued sales from the investment portfolio and will lead to decreased revenues from renting but improved rental yields and margins.

IVG's management will continue its caverns business and believes that the perceived success of this business corresponds to a general upward trend regarding infrastructure as an asset class in general. IVG will continue the development, sale and operation of caverns and utilize the high value-creating potential of this asset class. Since December 2010, ten pre-sold caverns have been transferred to the IVG Cavern Fund, resulting in net proceeds of over EUR 300.0 million and which have been used for debt repayments. A further 19 pre-sold caverns will be transferred to the IVG Cavern Fund by 2014, which will result in total net proceeds of over EUR 500.0 million.

IVG's management will continue to focus on the reduction of risk exposure and the strengthening and generation of recurring income and cash flows. Consequently, IVG will continue phasing out its project development business as part of its repositioning through planned disposals of all remaining development projects over the medium term. Since April 2011, the development project THE SQUAIRE is operational. The economic occupancy rate is increasing consistently and is expected to support top line earnings for the first time in 2012. IVG envisages that the economic occupancy rate will increase to 95% by the end of 2012. Thereafter, IVG will seek a strategic exit in whole or in part. Certain residual risks remain as the THE SQUAIRE has not yet been fully completed.

In the Funds division, the Private Funds segment is largely dependent on the placement of new funds. A new closed end fund (Euro Select 21) with properties provided from IVG's on-balance sheet investment portfolio, a planned placed equity value of approximately EUR 200.0 million and a planned gross asset value of approximately EUR 320.0 million is intended to be placed between December 2011 and the second quarter of 2012. The fund will be granted an option to acquire the Dieselstraße properties in Munich in mid-2012.

Several funds in the Institutional Funds segment have reached the divestment phase in their lifecycle. Therefore, assets under management and fee income are expected to be slightly lower than in the previous year. The Institutional Funds segment plays a key role in IVG's integrated investment platform strategy. In the course of its operational repositioning, IVG plans to engage in material co-investments in selected fund products together with its clients, in line with recent fund initiatives, such as the IVG Premium Green Fund, the IVG Protect Fund and the IVG Cavern Fund. The purpose is to support the marketability of the funds by showing an alignment of interests with those of investors and to invest into funds that meet strategic objectives as well as IVG's investment criteria. IVG's investments are expected to be in a range of EUR 10.0-30.0 million per fund and typically for up to two funds per year. In addition to the dividend income from the funds investment, the investment returns include management fees that will lever the return on invested capital to between 8% to 10%.

In the future, IVG intends to focus on cash flows from three distinct sources: rental income from real estate and caverns, fund management fees and returns on fund co-investments with a shift in emphasis towards the latter two. With the additional support from a lower leverage ratio, IVG believes that this diversification can reduce risks to its returns. On this basis, IVG expects its recurring cash flows to be stable in the medium term.

25. GLOSSARY

Asset management	Value-driven property management via letting management, refurbishment projects and management of local suppliers.
Assets under management	Value of the assets managed by IVG in all divisions (real estate, developments, caverns, institutional funds and private funds). This includes both IVG's own assets and assets managed for third parties.
Capital expenditures (capex)	Investments in assets.
Cash flow	An indicator of a company's financial and earning capacity. The cash flow represents the financial surplus resulting from current business activities recognized in income.
Caverns	Underground storage space for storing liquids or gases, particularly crude oil and natural gas.
Closed-end fund	Type of fund with limited issue volume. The placement period for shares ends when the target fund volume has been reached. Normally the fund manager does not redeem shares over the lifetime of the fund.
Compliance	Measures taken within a company to comply with laws and regulations which are designed to ensure internal rules and legal or regulatory sanctions are observed and in order to prevent financial loss or damage to reputation.
Contracted rent	The contractually agreed rent at a certain point in time excluding ancillary costs paid by the tenant.
Core+ properties	Good quality properties in good locations, generally on classic markets, with low market and rental risks Property with a secure income base and low risk in a good location.
Core properties	High quality properties in prime locations in classic markets, with low rental risks.
Corporate governance	Rules of good, value-based company management. The goal is to protect shareholders' interests and ensure that company policy is responsible and directed towards long-term value creation.
Covenants	Loan clauses or (supplementary) agreements in a loan agreement. Covenants are contractually binding pledges by the borrower during the term of a loan agreement.
Corporate social responsibility (CSR)	Sum of all measures to seize social, ecological and economic responsibility of a company.
CSSF	*Commission de Surveillance du Secteur Financier.*

Declaration of compliance	Declaration by a management board and a supervisory board of a company in accordance with Section 161 of the German Stock Corporation Act on implementation of the recommendations of the government commission German Corporate Governance Code.
Deferred taxes	Asset and/or liability items for balancing the difference between the actual assessed tax debt and the economic tax burden on the basis of balancing in accordance with the provision of German commercial law.
Derivative	Financial instruments, whose value is primarily derived from the price, the price fluctuations and the price expectations of an underlying basic value, for instance shares, interest-bearing securities or foreign currencies; often used as a hedging instrument.
EBIT	Earnings before interest and taxes correspond to earnings before financial result and before income taxes.
EBITDA	Earnings before interests, taxes, depreciation and amortization means the profit for the financial year/period before interest (interest income less interest expenses) before taxes on income and profit, before amortization/write-ups of intangible assets, tangible fixed assets and investment property.
European Public Real Estate Association (EPRA)	An organization that represents the interests of large European real estate company vis-à-vis the public. The central goals of the EPRA include supporting, developing and representing European capital markets for real estate. EPRA endeavours to establish best practice standards in terms of accounting, disclosure and corporate governance.
Exit tax	Preferential tax treatment with respect to the disclosure of undisclosed reserves at specific immovables.
Fair value	Describes the current market value of an asset. The fair value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
FFO I	Funds from operations I: This figure is calculated starting by the EBIT after deduction of unrealized changes in value, adjusted for non-recurring EBIT from development activities and non-cash effects included in EBIT and reduced by regular payouts to other stakeholders.

FFO II	Funds from operations II: This figure is derived from EBIT after deduction of unrealized changes in value, adjusted for non-cash effects included in EBIT and reduced by regular payouts to other stakeholders.
Finance lease	A lease in which the risks and rewards of ownership are transferred to the lessee. Under IFRS, long-term rental contracts may under certain conditions be treated for business purposes like a sale.
Funds from operations (FFO)	FFO is a liquidity-based key financial figure that describes net cash from operating activities. It is a widely used key figure in the real estate sector for the operating performance of listed real estate companies, especially asset management companies.
FSMA	Financial Services and Markets Act 2000.
Gross domestic product (GDP)	Measurement of economic performance of a national economy, i.e., combined value of all goods and services earned within the country within a certain period.
German generally accepted accounting principles	Refer to the standard framework of guidelines for financial accounting used in Germany and includes the standards, conventions and rules accountants follow in recording and summarizing and in the preparation of financial statements.
Hilton	Hilton International Co.
Initial yield	Initial yield is the net rent generated by a property or by the portfolio as a whole expressed as a percentage of its valuation.
International Accounting Standard (IAS)	International Accounting Standard.
International Financial Reporting Standards (IFRS)	International financial reporting standards, especially for listed companies.
Investment property	In accordance with IAS 40, investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.
ISO-Code	International Organization for Standardization-Code.
LEED	Leadership in Energy and Environmental Design – U.S. system for classifying sustainable buildings. The evaluation is performed by awarding points. The total of the points awarded determines the allocation to the following categories: Certified, Silver, Gold and Platinum.
Loan-to-value (LTV)	LTV is calculated by dividing the sum of IVG's convertible bond, bank loans and commercial paper by its total assets.

Market value	See "Fair value".
NAV adjusted	Corresponds to NAV adjusted for the difference between the fair value of the caverns and their carrying amount.
Net asset value (NAV)	Reflects the economic equity of a company. It comprises the current value of IVG's assets, i.e., the value of its properties minus its debt.
Economic occupancy rate	Derived by dividing the annual contracted rent by the envisaged annual market rent.
Prime yield	Key performance figure which indicates the net initial yield of an investment in a property in a prime location. It compares the net rent to the purchase price.
REIT	Real estate investment trusts.
Rental income	Rental income is primarily determined by the total space rented out multiplied by the rent per square meter for such space.
Refurbishment	Industry term for a fundamental modernization up to renovation of a building.
Risk management	Systematic process designed to identify potential risks in a company at an early stage, to evaluate them and, if applicable, introduce necessary counter measures.
Stock options	Rights to purchase shares. Remuneration component for managers, subject to fulfilling certain performance criteria.
Vacancy rate	The Company determines its vacancy rate as the relationship between target rent for the vacant spaces and the aggregate target rent. For determination of the economic vacancy rate, loss of rent for vacant spaces is adjusted by contractual existing rent guarantee claims.
Value-add property	Economic classification of property. Property which can see a significant increase in value by using asset management measures (renovation, enhancement, letting, marketing etc.).
Volatility	Statistical measure for the margin of fluctuations of a rate or price, in particular securities or foreign currencies.
Weighted average unexpired lease term (WAULT)	Sum of the rental income from all existing rental contracts for a property or portfolio until their respective terms in relation to the current annualized rental income from these contracts.
Workout property	Economic classification of property. At IVG – parts of property that do not conform to strategy. Such property is usually held for sale.

SIGNATURE PAGE

Bonn, Frankfurt, London and Munich, in November 2011

IVG Immobilien AG

Signed: Dr. Wolfgang Schäfers

Signed: Dr. Hans V. Volckens

COMMERZBANK Aktiengesellschaft

Signed: Oliver Bruch

Signed: Carsten Schoenen

UBS Limited

Signed: Wolfgang Fuchs

Signed: Holger Hirschberg

UniCredit Bank AG

Signed: Peter Schaede

Signed: Mark Oesterwinter

Joh. Berenberg, Gossler & Co. KG

Signed: Stefan Ries

Signed: Marc Gei

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